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

**Assessment Report**
**Title Page and Summary**

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

**TOTAL COST:** $2,500

**AUTHOR(S):** J. T. Shearer

**SIGNATURE(S):** J Shearer

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

**YEAR OF WORK:** 2012

**STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S):** 5413381

**PROPERTY NAME:** Blustry Mountain

**CLAIM NAME(S) (on which the work was done):** 503908 + 503909.

**COMMODITIES SOUGHT:** Au/Ag

**MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN:**

**MINING DIVISION:** Kamloops and Lillooet

**NTS/BCGS:** 092I/062

**LATITUDE:** 50 ° 42 ' 0 " **LONGITUDE:** 121 ° 47 ' 0 " **(at centre of work)**

**OWNER(S):**

1) J. T. Shearer

2)

**MAILING ADDRESS:**

Unit 5 - 2330 Tyner Street

Port Coquitlam, BC V3C 2Z1

**OPERATOR(S) [who paid for the work]:**

1) Same as above

2)

**MAILING ADDRESS:**

Same as above

**PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):**

Highly altered Spences Bridge Group (Cretaceous) Volcanics - Kaolinit + advanced Argillic containing silicified zones assayin 4.508 g/tonne gold

**REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:**

Assessment Rpt 12948 (1984) + 27899

Next Page

| TYPE OF WORK IN THIS REPORT | EXTENT OF WORK (IN METRIC UNITS) | ON WHICH CLAIMS | PROJECT COSTS APPORTIONED (incl. support) |
|---|---|---|---|
| GEOLOGICAL (scale, area) | | | |
| Ground, mapping | | | |
| Photo interpretation | | | |
| 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: | |

# GEOLGOICAL and AIRPHOTO INTERPRETATION REPORT
# on the
# BLUSTRY MOUNTAIN PROPERTY

## KAMLOOPS and LILLOOET MINING DIVISIONS
## SOUTHWESTERN BRITISH COLUMBIA
## NTS 092I/062
## Event # 5413381

BC Geological Survey
Assessment Report
33935

**for**

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

**by**

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

**January 1, 2013**

**Fieldwork completed between May 1, 2012 and October 28, 2012**

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# SUMMARY

The Blustry Mountain Property is an early stage exploration property. It consists of 4 contiguous mineral claims, which encompass 286.98 hectares area (not all claims have assessment applied in this current work). The property was first staked in 1983 to cover an Au-Ag soil geochemical anomaly. At the time reconnaissance soil surveys outlined a series of coincidental Au-Ag-polymetallic anomalies overlaying a clay-silica bleached alteration zone. The ground subsequently lapsed and lay dormant until 2002 when the area was re-staked.

The initial mineral claims staked by J.T. Shearer, referred to as Blustry claims cover the soil anomaly outlined in the 1984(a) report. Additional ground was subsequently acquired contiguous to the Blustry claims. All the claims are presently registered and owned 100% by J.T. Shearer.

The property is geographically centered on Blustry Mountain, located 18 air-kilometres east- southeast of the town of Lillooet, British Columbia. Lillooet is a resource orientated community with a long history in mining and logging. It offers modern infrastructure including power, excellent transportation system and related services.

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

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

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

Based on exploration results to date, the geological-exploration model that best fits the property is the epithermal Au-Ag quartz vein model.

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

In 2003-05, the property was optioned to WYN Developments Inc., a junior resource company based in Vancouver. The company undertook a 2-phased ground geophysical exploration program. A 3-D array induced polarization (IP) survey was conducted over the alteration zone. This configuration allows for the application of 3-D interpretation techniques, including 3-D inversion algorithms. The geophysical report (Pezzot, 2004-05) documents data which shows several pods of extremely high resistivity that can be interpreted as areas of silica flooding. Several pods of anomalously high chargeability have been identified as possibly representing disseminated sulphide mineralization. These subsurface signatures appear to correlate with the mineralization found on surface. In 2006, WYN Developments Inc. terminated their option agreement and 100% of the property ownership was returned to Shearer.

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

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

The current program (2012) consisted of the interpretation of airphotos illustrating primary and secondary structures.

An early northwesterly set of linears appears to be cut by a stronger, younger series of northeasterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones whereas the northeasterly structures bound the known mineralized zones.

Respectfully submitted,

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

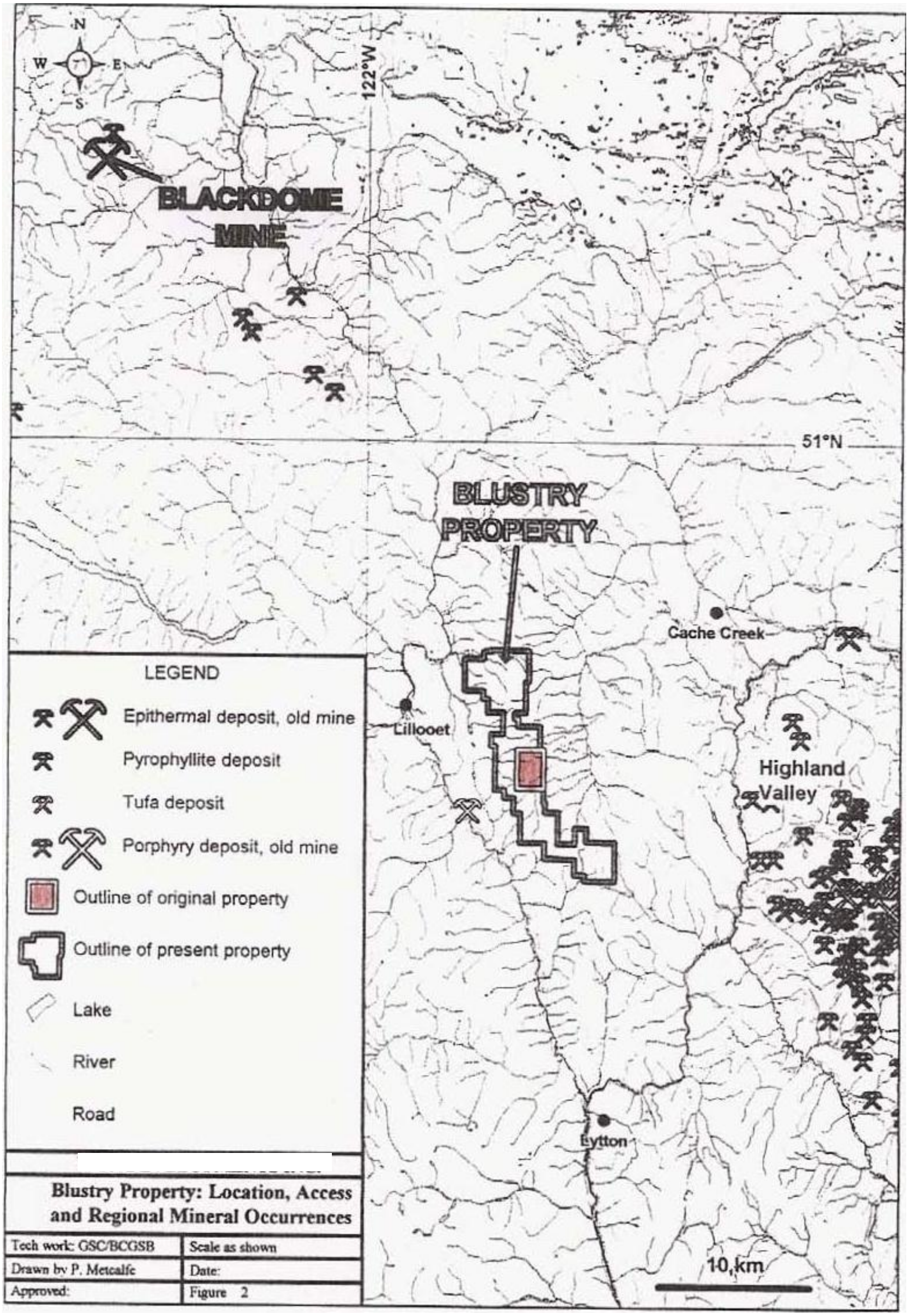
126°0'0"W
124°0'0"W
122°0'0"W
120°0'0"W
118°0'0"W
54°0'0"N
52°0'0"N
50°0'0"N
48°0'0"N
ALBERTA
BRITISH COLUMBIA
Prince George
Quesnel
Williams Lake
Revelstoke
Lillooet
Kamloops
Blustry Mountain Property
Vernon
Merritt
Kelowna
Campbell River
Penticton
VANCOUVER ISLAND
West Vancouver
Port Alberni
Nanaimo
Duncan
Victoria
WASHINGTON
Pacific Ocean
Victory Ventures Inc.
Blustry Mountain Property
Location Map
N
1:3,500,000
25 12.5 0 25 50 75 100
Kilometers
Prepared by: Jo Shearer, P.Geo.
Figure 1.

## INTRODUCTION

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

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

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


N
W
E
S
122°W
BLACKDOME MINE
51°N
BLUSTRY PROPERTY
Cache Creek
Lillooet
Highland Valley
Lytton
10 km
LEGEND
Epithermal deposit, old mine
Pyrophyllite deposit
Tufa deposit
Porphyry deposit, old mine
Outline of original property
Outline of present property
Lake
River
Road
Blustry Property: Location, Access and Regional Mineral Occurrences
Tech work: GSC/BCGSB
Scale as shown
Drawn by P. Metcalfe
Date:
Approved:
Figure 2

## LOCATION and ACCESS

The Blustry Mountain Property comprises 4 contiguous mineral claims (tenures) encompassing 286.98 hectares. The claims were initially staked under the old system of locating and recording now referred to as legacy claims.

The alteration-mineralized zone and exploration targets are located along the southern and central portion of the property, on Blustry tenures: 503908, 503909 (Figures 2 and 3). It is an early stage exploration property with no known mine showings other then for some minor, old, unrecorded pits and shallow trenches.

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

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

## CLAIM STATUS

The Blustry Property consists of the following 4 claims as shown in Table 1 and Figure 3.

In January 12, 2005 British Columbia Ministry of Energy and Mines implemented the Mineral Titles Online (MTO) tenure or cell claim acquisition - an internet-based administration system to register, maintain and manage tenure. The legacy claims where subsequently converted to cell claims listed in Table 1 below.

TABLE I

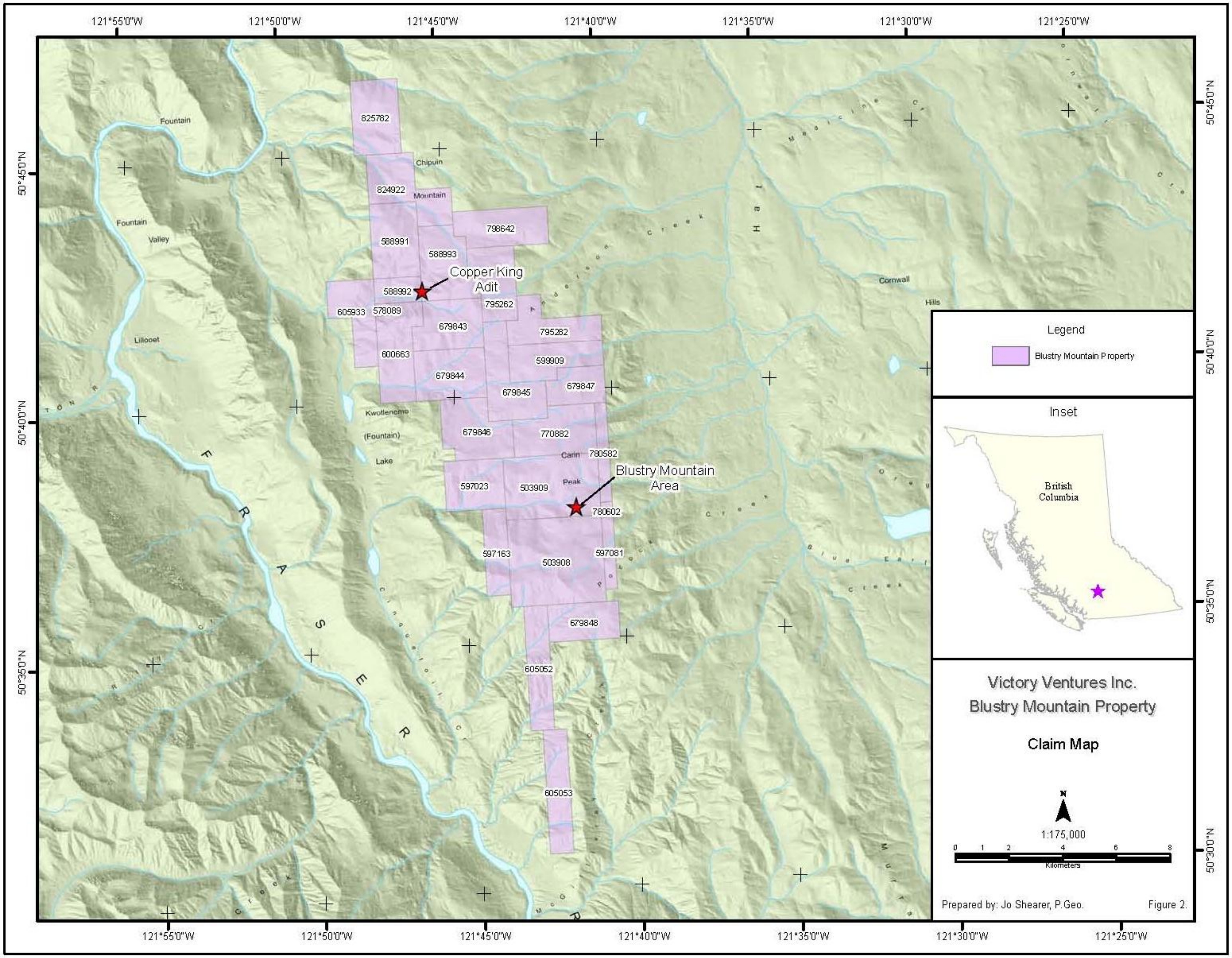
List of Claims

| Name | Tenure # | Area (ha) | Current Expiry Date | Registered Owner |
|---|---|---|---|---|
| | 503908 | 123.01 | October 30, 2014 | J. T. Shearer |
| | 503909 | 122.99 | October 30, 2014 | J. T. Shearer |
| Anderson E | 780582 | 20.49 | October 30, 2014 | J. T. Shearer |
| East | 780602 | 20.49 | October 30, 2014 | J. T. Shearer |

Total 286.98

* upon acceptance of assessment credits documented by this report.

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


Copper King Adit
Blustry Mountain Area
825782
824922
798642
588991
588993
588992
605933
578089
795262
679843
795282
600663
599909
679844
679847
679845
679846
770882
780582
597023
503909
780602
597163
503908
597081
679848
605052
605053
Fountain
Fountain Valley
Lillooet
Chipuin
Mountain
Kwotlenemo
(Fountain)
Lake
Cairn
Peak
Cornwall
Hills
F R A S E R
Legend
Blustry Mountain Property
Inset
British Columbia
Victory Ventures Inc.
Blustry Mountain Property
Claim Map
N
1:175,000
0 1 2 4 6 8
Kilometers
Prepared by: Jo Shearer, P.Geo.
Figure 2.
121°55'0"W
121°50'0"W
121°45'0"W
121°40'0"W
121°35'0"W
121°30'0"W
121°25'0"W
50°45'0"N
50°40'0"N
50°35'0"N
50°30'0"N

## HISTORY

Blustry or Top Hat Property

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

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

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

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

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

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

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

1. the initial 1984 geochemical soil surveys conducted by Ryan Exploration Company Ltd. supervised by G.G. Richards, P.Eng. (qualified person);
2. a 1987 2-phased follow-up geochemical soil survey and airborne Magnetometer-VLF-EM geophysical survey carried out by Kangeld Resources Ltd., under R.A. Gonzalez, P.Eng. (qualified person) and W.R. Lechow (Geophysicist).

3. In 2004-05 Wyn Developments Inc. and Goldera Resources Inc. commissioned induced polarization (IP) geophysical surveys conducted by S.J. Geophysics Ltd. supervised by E.T. Pezzot, P.Geo.

1984 GEOCHEMICAL SURVEYS

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

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

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

1987 GEOCHEMICAL SURVEYS

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

PREVIOUS 2004-05 GEOPHYSICAL SURVEYS

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

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

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

The survey was configured as a 3-D array with the current and potential electrodes located on adjacent survey lines, spaced at 100 metre intervals. This configuration allows for the application of 3-D interpretation techniques, including 3-D inversion algorithms. The purpose of the three dimensional IP Technique and inversion process is to convert surface IP/Resistivity measurements into realistic "Interpreted Depth Section". However, the technique is relatively new to the exploration industry and is to some degree still in the experimental stage (Pezzot, 2004). In conventional IP surveys, current and receiver electrodes are located on adjacent lines. Whereas this technique, multiple current locations can be applied to a single receiver electrode array and data acquisition rates can be significantly improved over the conventional surveys.

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

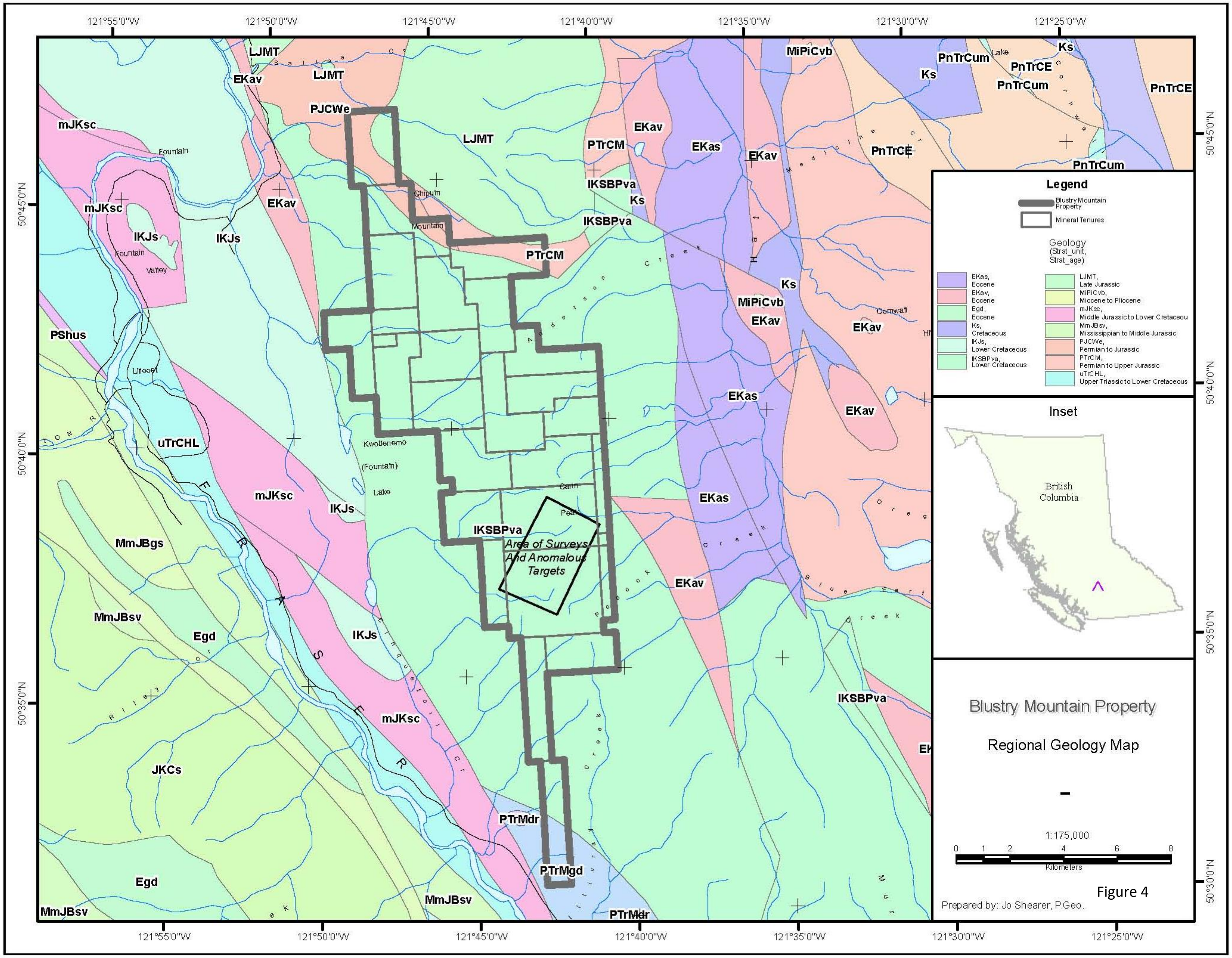
Using the IP grid as a reference, both the geochemical and geophysical data plotted overlap and produce coincidental anomalies in the area of silica-rich zone. These anomalies occur along the northwestern section of the grid between lines 2400N and 3100N. A total of 36 soils obtained from this area in 1984 and 1987 have elevated values with >100 ppb Au, highest being 900 ppb Au (sample 1218). Eighteen rock chips collected were > 100 ppb Au with one sample (R350) 2.1 ppm Au and 861.6 ppm Ag. A quartz breccia float sample (D1222) with economic values of 15.45 ppm Au and 26.2 ppm Ag was located about

250 metres northeast of Line 3100N in an area where 2 structures appear to intersect and where a small syenite plug was reported. The geophysical survey did not extend into this area.

Interpreted Resistivity and Chargeability cross section for Line 2600N defines at least 3 isolated pods of moderate to high resistivity extending to 50-70 metres below surface. At station 3600E resistivity reflects the silica-rich zone noted on surface. Further to the northwest and downslope of the ridge is another pod of high resistivity possibly reflecting a quartz vein system. At station 4000E the author believes the resistivity may be reflecting, based on the signature, a steeply dipping, structurally controlled silica-rich system. Separated by and flanking the structure, at about 50-100 metres below surface, are 2 anomalously high chargeability pods possibility reflecting zones of disseminated sulphide mineralization. At cross section Line 2700N there are 2 small pods of medium to high resistivity exposed to surface located between stations 3600E and 3800E, these again reflect the silica-rich zone found along the ridge surface. At station 4000E the structure noted above appears to dip steeply to the northwest with a small pod of low to medium resistivity detected at about 200 m below surface, down dip of the structure. The chargeability at this interpreted cross section is highly conductive and runs laterally across the structure for about 600 metres on either side of the structure (Figure 11). It extends from surface between stations 3600E and 3800E to about 150 metres below surface. This may reflect a possible laterally controlled, disseminated sulphide and or clay (kaolinite-illite) alteration zone, suggesting a stratabound control along a fractured-porous volcanic rock horizon.

Cross section Line 2400N shows an intensely high zone of chargeability between stations 4000E and 4400E exposed from surface to a depth of about of 75-100 metres. A small pod of moderate resistivity is coincident with this chargeability. Soil samples collected over this area during the 1984 geochemical surveys had one sample with elevated Au value of 280 ppb. Interpreted resistivity for this cross section shows a pod of weak to moderate resistivity at station 4000E. It is located about 200-250m below surface and appears to reflect and correlate with the steeply dipping structure interpreted on lines 2600N and 2700N.

On cross section Line 1200N (station 4200E-4600E), located along the southeastern portion of the grid area, is a large, intensely high zone of resistivity exposed from surface to a depth of 100-150 m. However there is no chargeability response in this area and the geochemical surveys did not cover this grid area. The author interprets this high resistance as probable shallow dipping siliceous volcanic rocks of possible rhyolitic-dacitic composition.


Legend
Blustry Mountain Property
Mineral Tenures
Geology (Strat_unit, Strat_age)
EKas, Eocene
EKav, Eocene
Egd, Eocene
Ks, Cretaceous
lKJs, Lower Cretaceous
lKSBPva, Lower Cretaceous
LJMT, Late Jurassic
MiPiCvb, Miocene to Pliocene
mJKsc, Middle Jurassic to Lower Cretaceou
MmJBsv, Mississippian to Middle Jurassic
PJCWe, Permian to Jurassic
PTrCM, Permian to Upper Jurassic
uTrCHL, Upper Triassic to Lower Cretaceous
Inset
British Columbia
Area of Surveys And Anomalous Targets
Blustry Mountain Property
Regional Geology Map
1:175,000
0 1 2 4 6 8
Kilometers
Figure 4
Prepared by: Jo Shearer, P.Geo.

## REGIONAL GEOLOGY

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

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

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

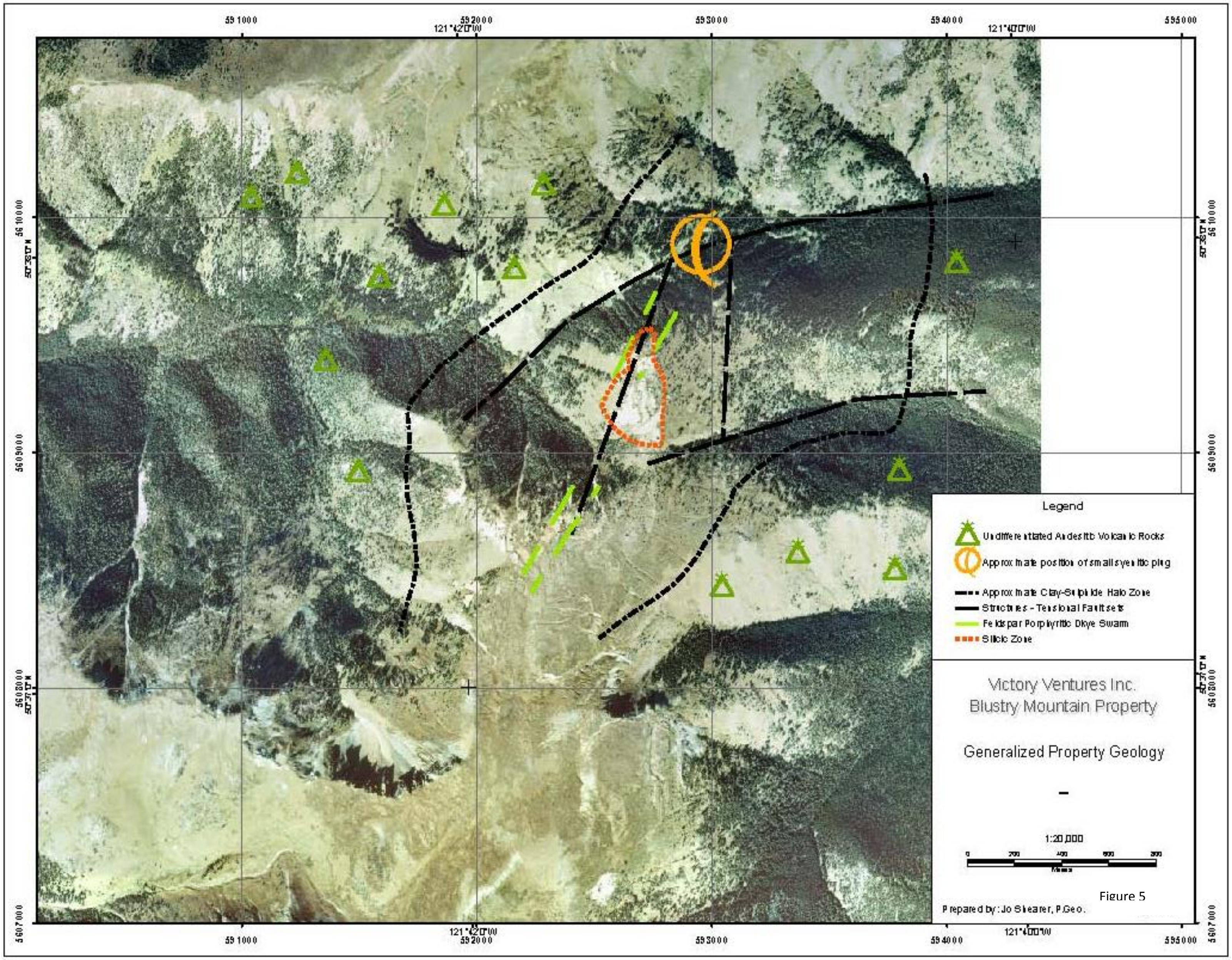
Some uncertainty exists as to the assignment of younger siliceous volcanic rocks that are associated with the Spences Bridge Group (Metcalfe 2003). To the east and southeast of the property, outliers of Eocene volcanic rocks have been assigned to the Kamloops Group. However, similar rocks hosting the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

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

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

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

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


591000
592000
121°42'0"W
593000
594000
121°40'0"W
595000
5610000
5609000
5608000
5607000
Legend
Undifferentiated Andesitic Volcanic Rocks
Approximate position of small syenitic plug
Approximate Clay-Sulphide Halo Zone
Structures - Tensional Fault sets
Feldspar Porphyritic Dkye Swarm
Silicic Zone
Victory Ventures Inc.
Blustry Mountain Property
Generalized Property Geology
1:20,000
Prepared by: Jo Shearer, P.Geo.
Figure 5

**PROPERTY GEOLOGY**

Blustry Mountain

A generalized property geology map (Figure 4) of the Blustry area has been produced based on Richards 1984 reconnaissance surveys, which shows approximate location of some of the bedrock. It also shows some of the main structures defined in the area of the alteration zone.

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

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

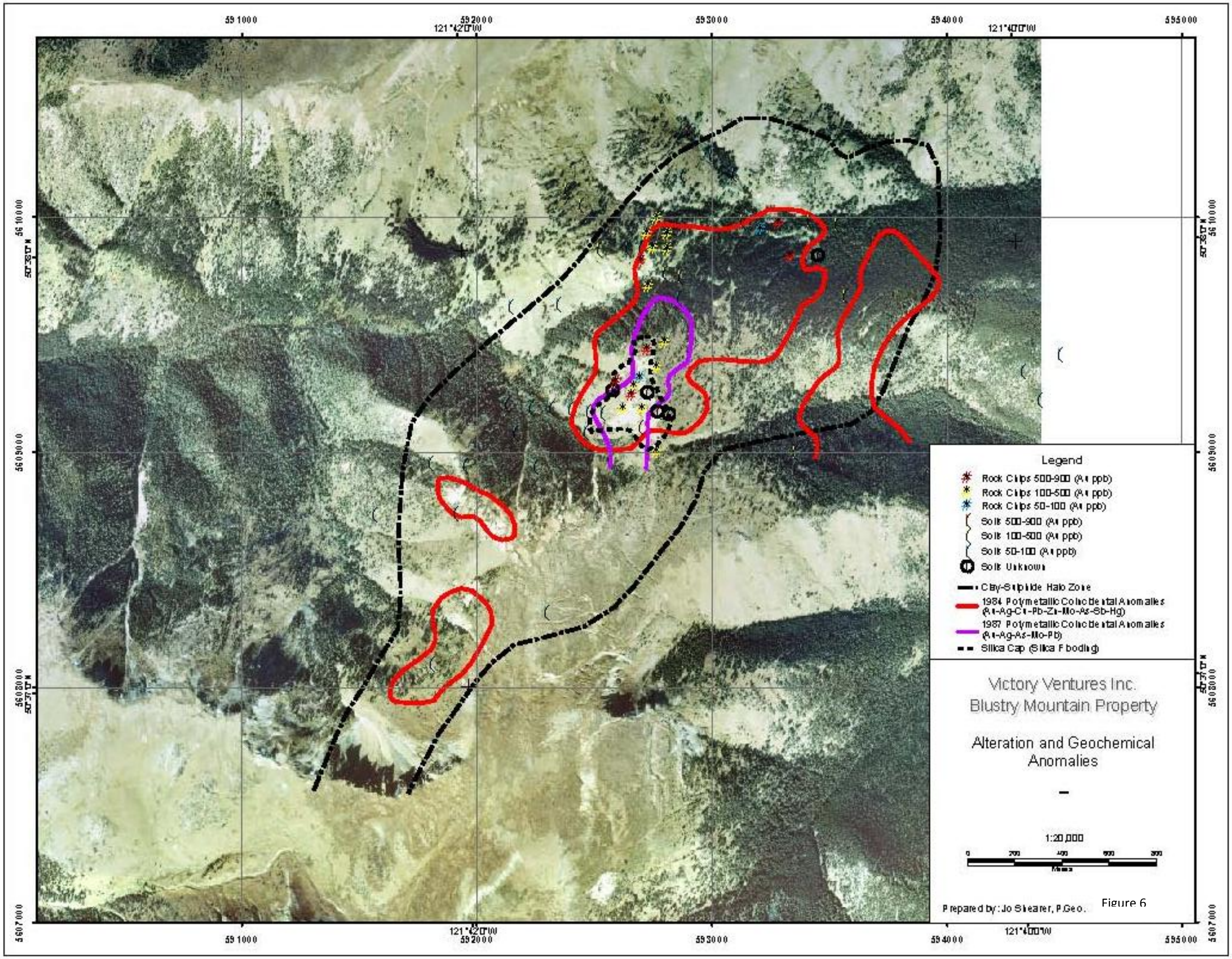
The clay-sulphide alteration zone on the property is reported to be related to mixed rhyolitic and dacitic rocks which either intrude or overlie the andesitic volcanics. The author believes these rocks to be related to a local, felsic intrusion(s) similar to intruded Eocene rhyo-dacitic rocks observed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

## MINERALIZATION

STYLES OF ALTERATION AND STRUCTURAL CONTROL

Zones of alteration are strongly controlled by structure. There are two structural regimes that are thought to reflect Lower Tertiary translation and extensional tectonics, probably in part related to the Fraser Fault system. The most prominent structural trend is easterly cross-cut by north-northeasterly trends. Northeasterly trends appear to be the locus for ascending hydrothermal solutions as evident by the surface alteration. These structures appear to have produced extensional (pull-apart) or dilating zones, acting as channel ways for migrating mineral-enriched solutions.

These structural regimes also control the northeastern trending dyke swarm which is associated with the clay-sulphide zone. The alteration halo is developed over an area 4500 metres long and up to 1500 metres wide (Metcalfe, 2003). Within this clay-sulphide zone are areas of silicification (silica flooding) which host precious metal and minor base metal mineralization. The author noted during the property visit a central, core-like zone of strong silicification or silicic litho-capping flanked by kaolinitic alteration.


591000
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595000
121°42'0"W
121°40'0"W
5610000
5609000
5608000
5607000
Legend
Rock Chips 500-900 (Au ppb)
Rock Chips 100-500 (Au ppb)
Rock Chips 50-100 (Au ppb)
Soils 500-900 (Au ppb)
Soils 100-500 (Au ppb)
Soils 50-100 (Au ppb)
Soils Unknown
Clay-Sulphide Halo Zone
1984 Polymetallic Coincidental Anomalies (Au-Ag-Cu-Pb-Zn-Mo-As-Sb-Hg)
1987 Polymetallic Coincidental Anomalies (Au-Ag-As-Mo-Pb)
Silica Cap (Silica Flooding)
Victory Ventures Inc.
Blustry Mountain Property
Alteration and Geochemical Anomalies
1:20,000
0
200
400
600
800
Prepared by: Jo Shearer, P.Geo.
Figure 6

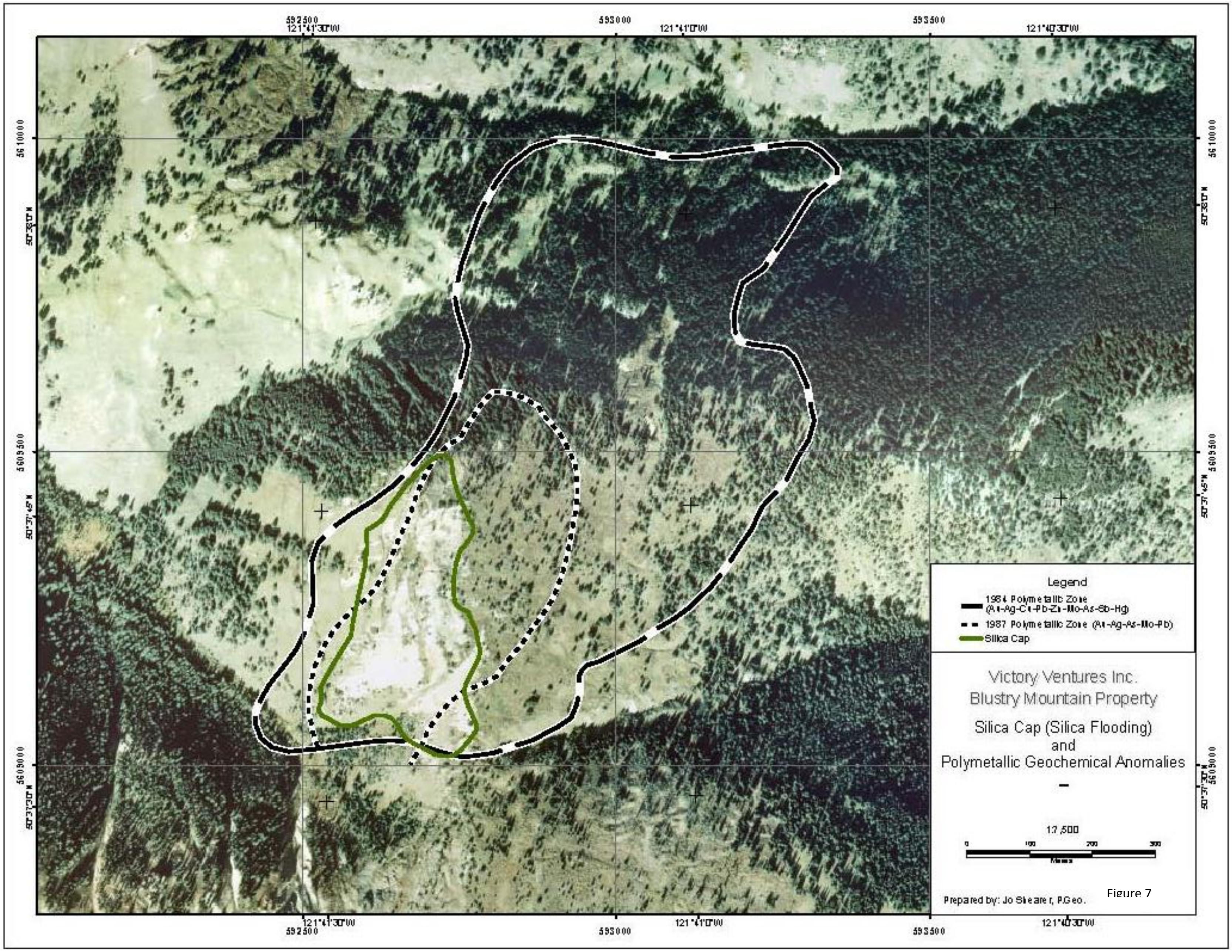

592500
593000
593500
121°41'30"W
121°41'0"W
121°40'30"W
5610000
5609500
5609000
Legend
1984 Polymetallic Zone (Au-Ag-Cu-Pb-Zn-Mo-As-Sb-Hg)
1987 Polymetallic Zone (Au-Ag-As-Mo-Pb)
Silica Cap
Victory Ventures Inc.
Blustry Mountain Property
Silica Cap (Silica Flooding)
and
Polymetallic Geochemical Anomalies
1:7,500
0
100
200
300
Prepared by: Jo Shearer, P.Geo.

Figure 7

## STYLES OF MINERALIZATION

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

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

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

The area covering the zone of intense silicification, which occurs along a ridge top, was noted to consist of 'in place-surface' (talus) rubble. What the author considers a result of intensely broken weathered bedrock in situ, covered by very thin to no residual soil. Because the zone occurs mainly as float or loose rubble the shape of mineralized quartz breccia and silicified rhyolite bodies are presently unknown. The author noted among the rubble mostly light grey to bone ash, silica-rich slag-looking rock containing numerous vugs some lined with fine glassy quartz crystals.

## PETROLOGY

Petrographic analysis was completed on twelve rock property specimens by Vancouver GeoTech Labs (J.T. Shearer, 2005). Four basic rock types were identified associated with the altered silica-rich zone and polymetallic geochemical anomaly.

- (i) Highly silicified (silica-sericite-kaolinite) quartz eye/plagioclase porphyry;
- (ii) (ii) Intensely silicified (silica-sericite-kaolinite) fragmental tuff;
- (iii) (iii) Silicified (silica-sericite-kaolinite) rhyolite and; (iv) altered hornblende-plagioclase porphyry.

Alteration is moderate to intense dominated by vuggy silica/quartz +/- adularia +/- kaolinite +/- possible alunite. Kaolinite/dickite occurs in several specimens and is mainly fine grained anhedral, platy flakes. Possible alunite was tentatively identified in one sample, closely associated with fine grained kaolinite. These alteration assemblages and vuggy textured quartz are normally associated with extremely low pH aqueous fluids or vapours often found in high-sulfidation systems. A PIMA short wave infrared spectroscopy (SWIR) analyzer may be useful for mapping of the clay-sulphide zonation on the property.

## PREVIOUS WORK in 2010

Results of the soil surveys were checked in 2010. The largest and most intense anomalous patterns occur over the area underlain by quartz, quartz breccias and silicified rhyolite west of Baseline B, between stations 100N and 1000N. Several coincidental poly-metallic (Pb, Zn, Sb, As, Mo and Ag) anomalies occur in this area (figures t and 6) and contain numerous rock chips and soils with elevated Au values in excess of .02 ppm (200 ppb). The highest gold value came from a quartz breccia float sample (D1222) carrying 1545 ppm Au with 26.2 ppm Ag and associated low values in related metals (12 ppm Cu/43 ppm Pb/19 ppm Zn/23 ppm Sb/ 174 ppm As and 0.22 ppm Hg). This sample was collected near grid co-ordinates L1000N-250E. It is coincident with two intersecting structures and the small syenite plug (Figure 4). The gold-bearing float is considered near source and believed to be derived from the area of silica-rich zone.

A grid was established to cover the intense colour anomaly associated with clay-sulphide alteration. It covers an approximate area 2.5km north-south be 2km east-west. A total of 1,076 samples were collected of which 3 were stream sediments, 8 rock chips and 988 were soils. Although there are no geostatistical data on background and threshold levels determined for gold, the author tentatively considers 30ppb Au or less as background and 40ppb Au as threshold with 50 ppb Au and greater as anomalous. Of the 988 soils collected there are essentially 3 au populations: approximately 95% are 30 ppb or less; 12 populate the 40 ppb – 50 ppb range and 41 range 50 ppb – 650 ppb Au. Of the 85 rock chip samples, 23 have >50ppb Au of which 2 are 15.45 ppm (D1222) and 2.1 ppm (R350. Seven (7) samples (rock and soil are >50 ppm Ag with one rock sample, R350, containing 861.6 ppm Ag.

Majority of the >50 ppm Au and Ag samples are located within the silica-rich zone. Four polymetallic geochemical anomalies were outlined within the clay-sulphide halo. The largest of the zones trends 1200m northwest and is approximately 500m wide; it reflects the underlying silica-rich core. Three are smaller satellite zones that flank the main zone to the east and southwest (Figure 5). The east zone appears to be open to the south-southeast. The 2 smaller satellite zones to the southwest may reflect potential quartz-gold vein(s) hosted in the northeast trending structures and are probably structurally related to the main zone.

The object of the 1987 geochemical soil survey was to verify the results of the 1984. Only a portion of the grid was tested targeting the silica-rich zone. A grid was established over an area covering 900 metres by 1000 metres. A total of 349 soil samples were collected. A polymetallic anomaly (Au, Ag, As, Mo and Pb) was outlined trending 650m north-south and approximately 200m wide. This survey in part confirmed the results of the initial (1984) survey (Figure 6 and 7). Of the 349 soils 44 have elevated values in gold >50 ppb with the highest value of 470 ppb Au. These all occur within the silica-rich zone.

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

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

A grid was established to cover the northeast trending polymetallic soil anomaly, concentrating along the area of the silica-rich zone (silica flooding) and extending to the southwest. The grid straddles the northerly trending ridge along which intense silica-rich alteration occurs. It is also the area where Au-Ag mineralized quartz breccia float was located (Figure 5). The survey consisted of 32 lines (00N to 3200N), oriented NE-SW and nominally spaced at 100 metre intervals. The survey lines were variable length, ranging from 450 to 1200 metres and totalled approximately 19.4km in length. Stations were flagged at 50 metre intervals along these lines (Figure 7).

The survey was configured as a 3-D array with the current and potential electrodes located on adjacent survey lines, spaced at 100 metre intervals. This configuration allows for the application of 3-D interpretation techniques, including 3-D inversion algorithms. The purpose of the three dimensional IP Technique and inversion process is to convert surface IP/Resistivity measurements into realistic “Interpreted Depth Section”. However, the technique is relatively new to the exploration industry and is to some degree still in the experimental stage (Pezzot, 2004). In conventional IP surveys, some current and receiver electrodes are located on adjacent lines. Whereas this technique, multiple current locations can be applied to a single receiver electrode array and data acquisition rates can be significantly improved over the conventional surveys.

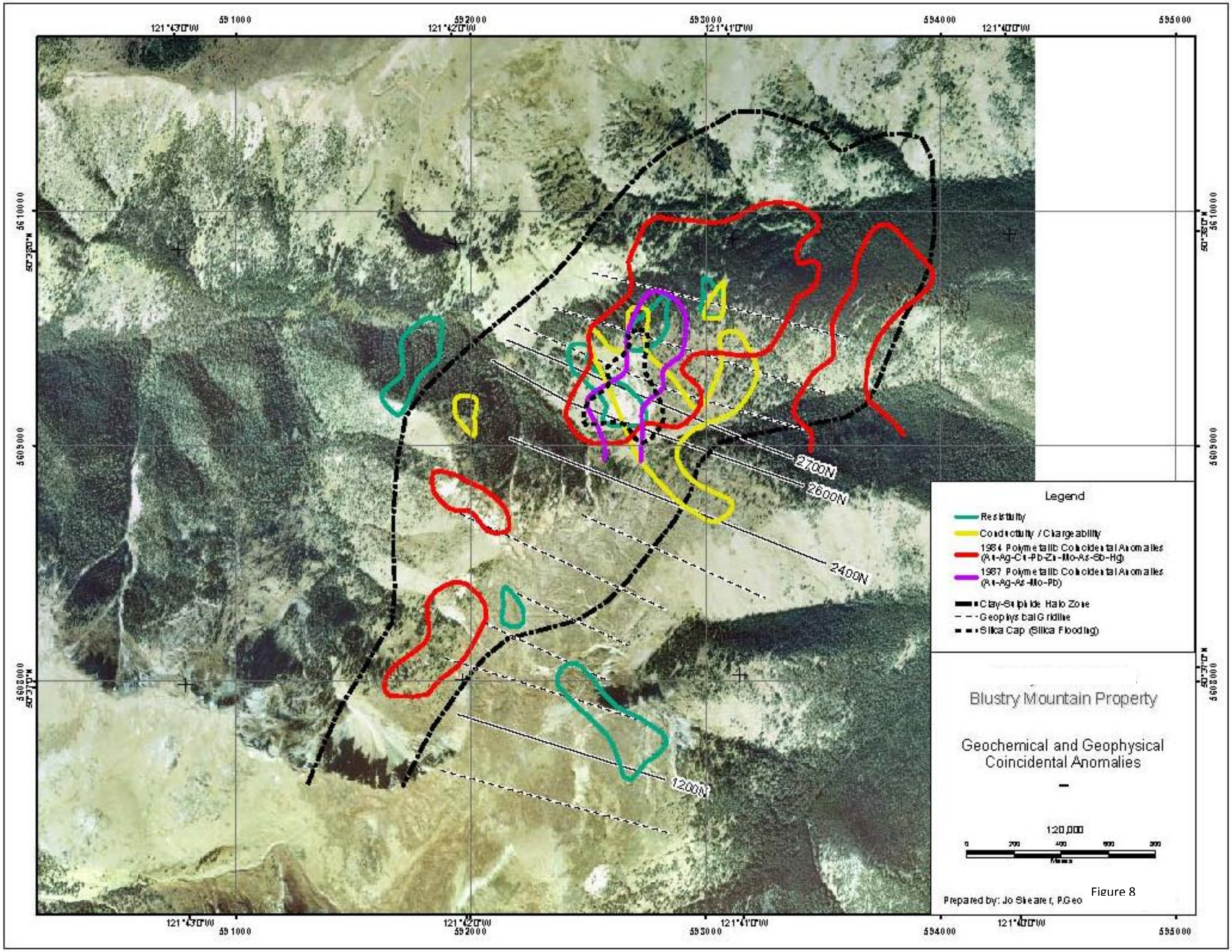
The author reviewed in detail the IP/Resistivity surveys and the interpreted depth sections produced in the report by E. T. Pezzot (2004-05). There are several pods of extremely high resistivity that can be interpreted as areas of silica flooding. Several pods of anomalously high chargeability have been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

Using the IP grid as a reference, both the geochemical and geophysical data plotted overlap and produce coincidental anomalies in the area of silica-rich zone. These anomalies occur along the northwestern section of the grid between lines 2400N and 3100N (Figure 7). A total of 36 soils obtained from this area in 1984 and 1987 have elevated values with >100 ppb Au, highest being 900 ppb Au (sample 1218). Eighteen rock chips collected were >100 ppb Au with one sample (R350) 2.1 ppm Au and 861.6 ppm Ag. A quartz breccia float sample (D1222) with economic values of 15.45 ppm Au and 26.2 ppm Ag was located about 250 metres northeast of Line 3100N in an area where 2 structures appear to intersect and where a small syenite plug was reported. The geophysical survey did not extend into this area.

Interpreted Resistivity and Chargeability cross section for Line 2600N (Figure 11) defines at least 3 isolated pods of moderate to high resistivity extending to 50-70 metres below surface. At station 3600E resistivity reflects the silica-rich zone noted on surface. Further to the northwest and downslope of the ridge is another pod of high resistivity possibly reflecting a quartz vein system. At station 4000E the author believes the resistivity may be reflecting, based on the signature, a steeply dipping, structurally controlled silica-rich system. Separated by and flanking the structure, at about 50-100 metres below surface, are 2 anomalies high chargeability pods possibility reflecting zones of disseminated sulphide mineralization (Figure 11). At cross section Line 2700N there are 2 small pods of medium high resistivity exposed to surface located between stations 3600E and 3800E, these again reflect the silica-rich zone found along the ridge surface. At station 4000E the structure noted above appears to dip steeply to the northwest with a small pod of low to medium resistivity detected at about 200m below surface, down dip of the structure. The chargeability at this interpreted cross section is highly conductive and runs laterally across the structure for about 600 metres on either side of the structure (Figure 12). It extends from surface between stations 3600E and 3800E to about 150 metres below surface. This may reflect a possible laterally controlled, disseminated sulphide and or clay (kaolinite-illite) alteration zone, suggesting a stratabound control along a fractured-porous volcanic rock horizon.

Cross section Line 2400N shows an intensely high zone of chargeability between stations 4000E and 4400E exposed from surface to a depth of about 75-100 metres (Figure 11). A small pod of moderate resistivity is coincident with this chargeability. Soil samples collected over this area during the 1984 geochemical surveys had one sample with elevated au value of 280 ppb. Interpreted resistivity for this cross section shows a pod of weak to moderate resistivity at station 4000E. It is located about 200-250m below surface and appears to reflect and correlate with the steeply dipping structure interpreted on lines 2600N and 2700N.

On cross section Line 1200N (station 4200E-4600E), located along the southeastern portion of the grid area, is a large, intensely high zone of resistivity exposed from surface to a depth of 100-150m. However there is no chargeability response in this area and the geochemical surveys did not core this grid area. The author interprets this high resistance as probable shallow dipping siliceous volcanic rocks of possible rhyolitic-dacitic composition.


Legend
Resistivity
Conductivity / Chargeability
1984 Polymetallic Coincidental Anomalies (Au-Ag-Cu-Pb-Zn-Mo-As-Sb-Hg)
1987 Polymetallic Coincidental Anomalies (Au-Ag-As-Mo-Pb)
Clay-Sulphide Halo Zone
Geophysical Gridline
Silica Cap (Silica Flooding)
Blustry Mountain Property
Geochemical and Geophysical Coincidental Anomalies
1:20,000
Prepared by: Jo Shearer, P.Geo
2700N
2600N
2400N
1200N
Figure 8

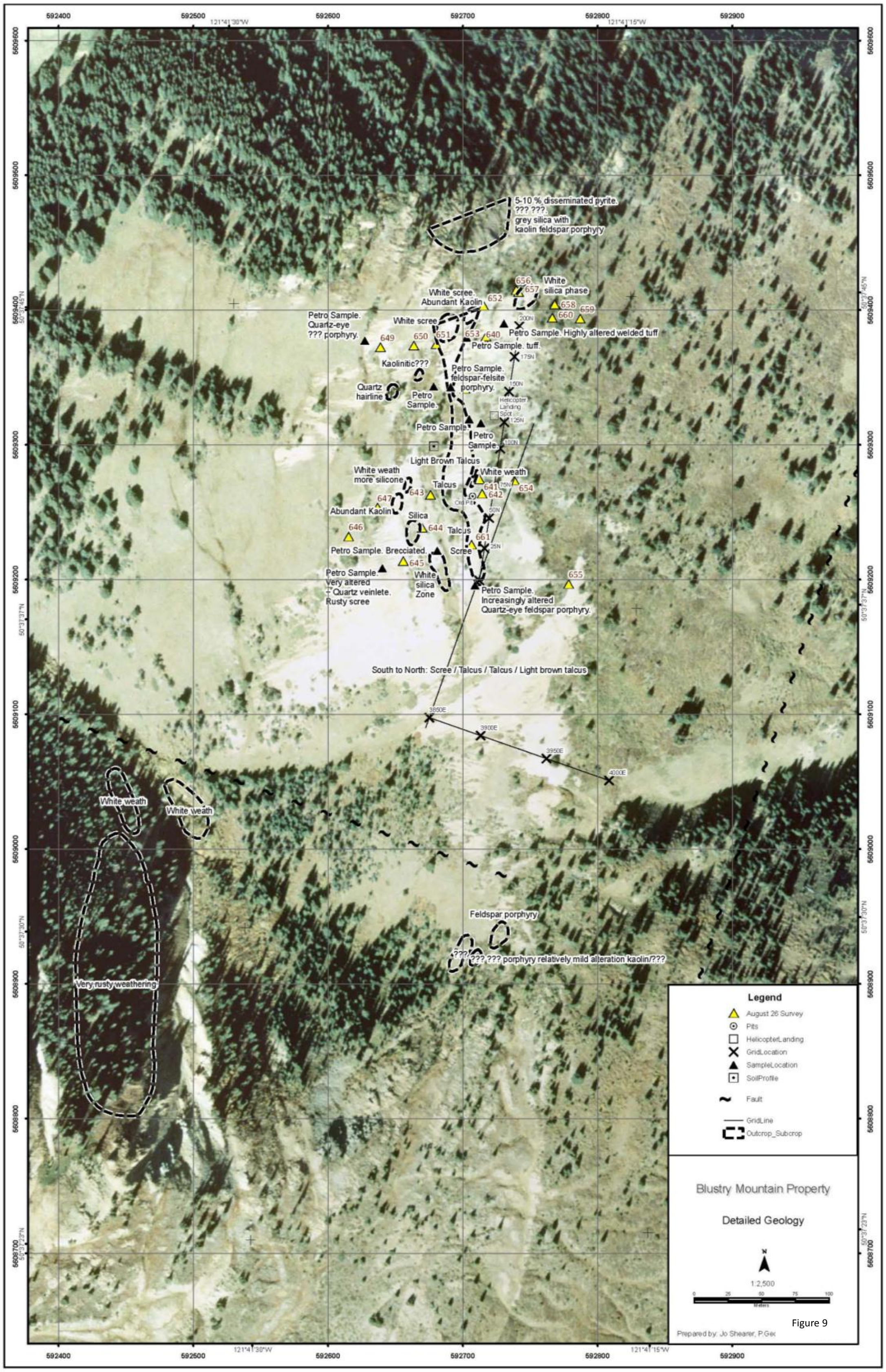
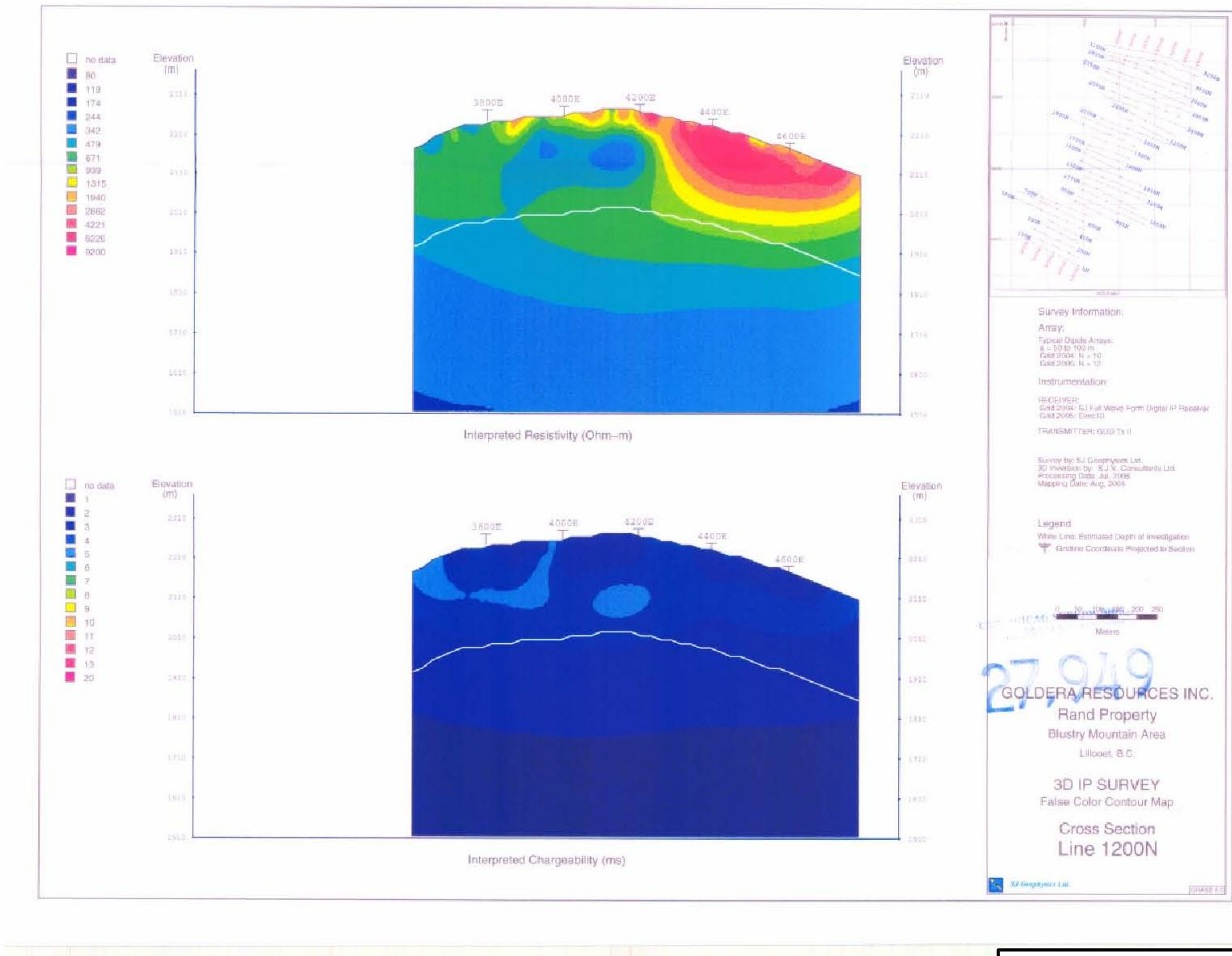

5-10 % disseminated pyrite.
??? ???
grey silica with
kaolin feldspar porphyry
White silica phase
White scree.
Abundant Kaolin
Petro Sample.
Quartz-eye
??? porphyry.
White scree
Petro Sample. Highly altered welded tuff
Petro Sample. tuff.
Kaolinitic???
Petro Sample.
feldspar-felsite
porphyry.
Quartz
hairline
Petro Sample
Petro Sample
Light Brown Talcus
White weath
more silicone
White weath
Talcus
Abundant Kaolin
Silica
Talcus
Petro Sample. Brecciated.
Scree
Petro Sample.
Very altered
Quartz veinlete.
Rusty scree
White
silica
Zone
Petro Sample.
Increasingly altered
Quartz-eye feldspar porphyry.
South to North: Scree / Talcus / Talcus / Light brown talcus
White weath
White weath
Feldspar porphyry
??? ??? porphyry relatively mild alteration kaolin/???
Very rusty weathering
Legend
August 26 Survey
Pits
HelicopterLanding
GridLocation
SampleLocation
SoilProfile
Fault
GridLine
Outcrop_Subcrop
Blustry Mountain Property
Detailed Geology
1:2,500
Prepared by: Jo Shearer, P.Geo


Figure 9

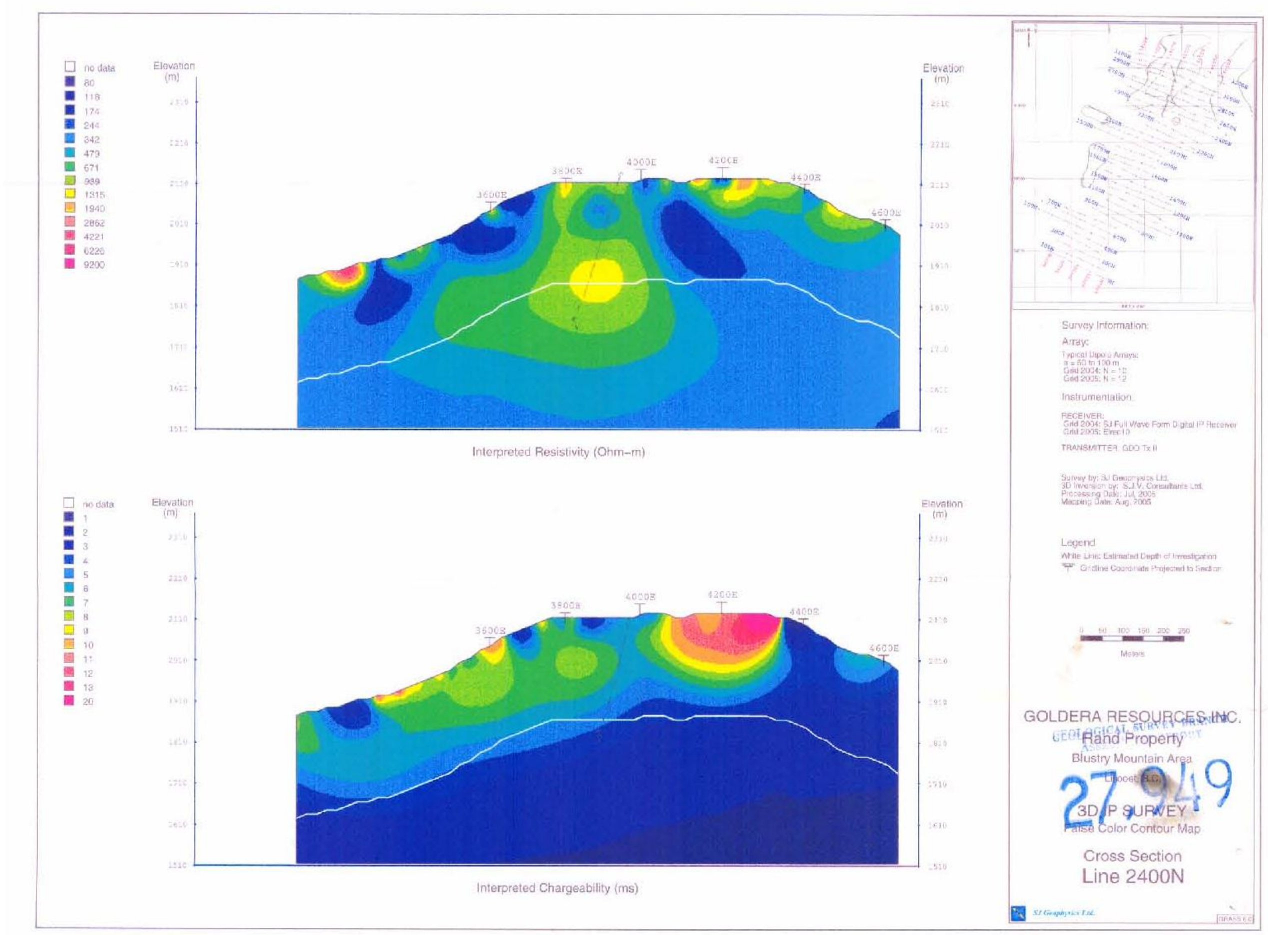



Victory Ventures Inc.
Blustry Mountain Property

Cross Section - Line 1200N

Figure 10

Prepared by: Jo Shearer, P.Geo.

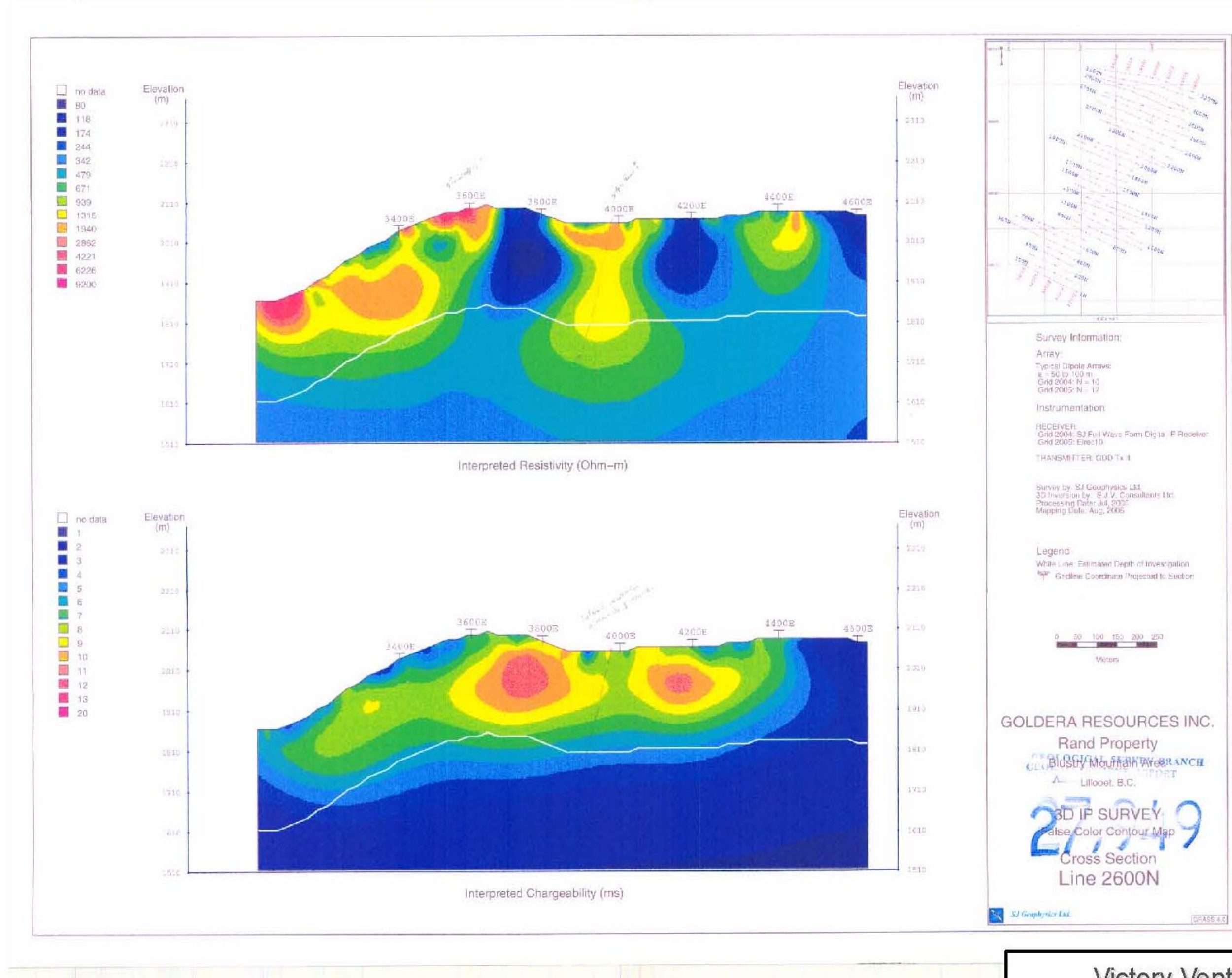



Victory Ventures Inc.
Blustry Mountain Property

Cross Section - Line 2400N

Figure 11

Prepared by: Jo Shearer, P.Geo.

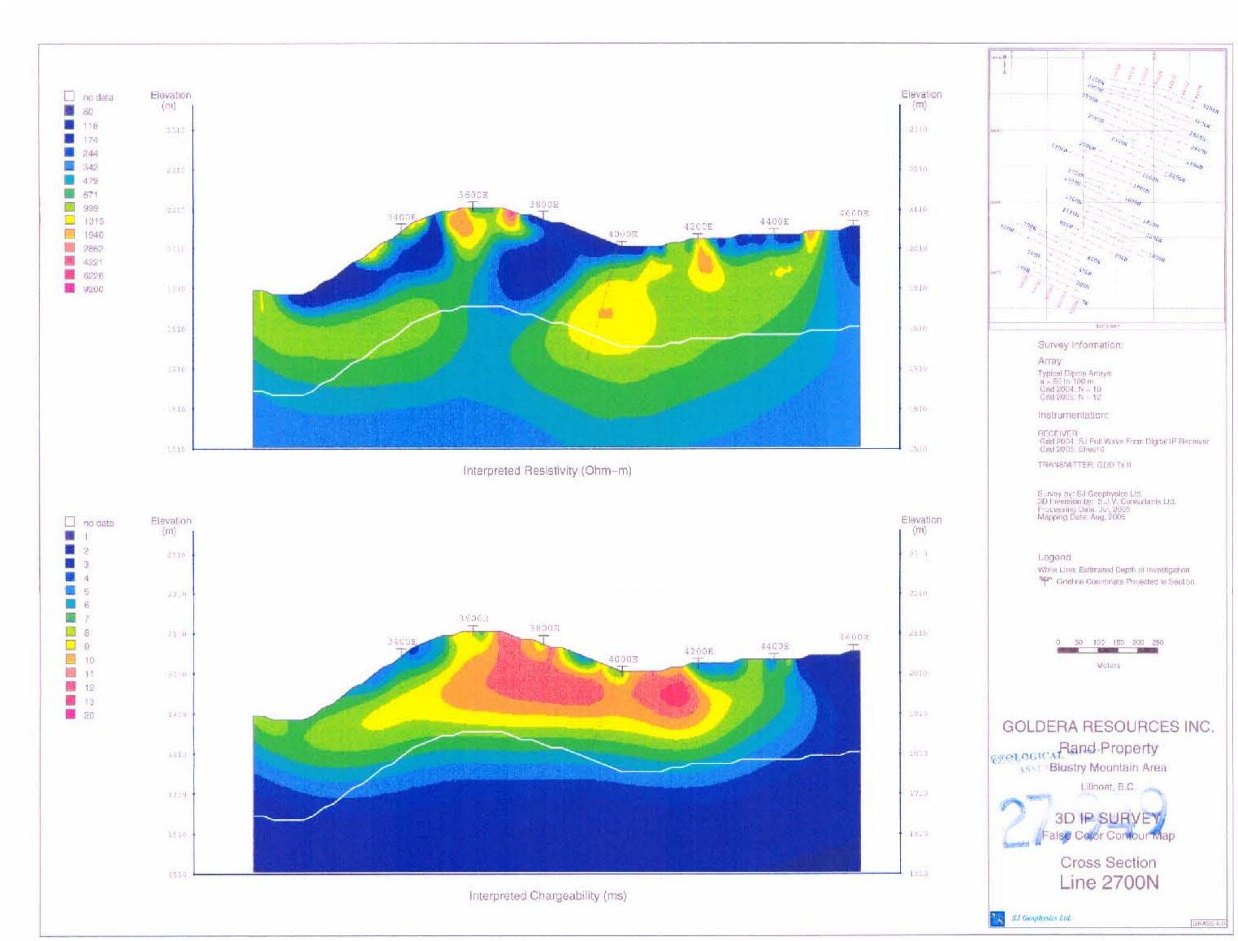



Victory Ventures Inc.
Blustry Mountain Property

Cross Section - Line 2600N

Figure 12

Prepared by: Jo Shearer, P.Geo.




Victory Ventures Inc.
Blustry Mountain Property

Cross Section - Line 2700N

Figure 13

Prepared by: Jo Shearer, P.Geo.

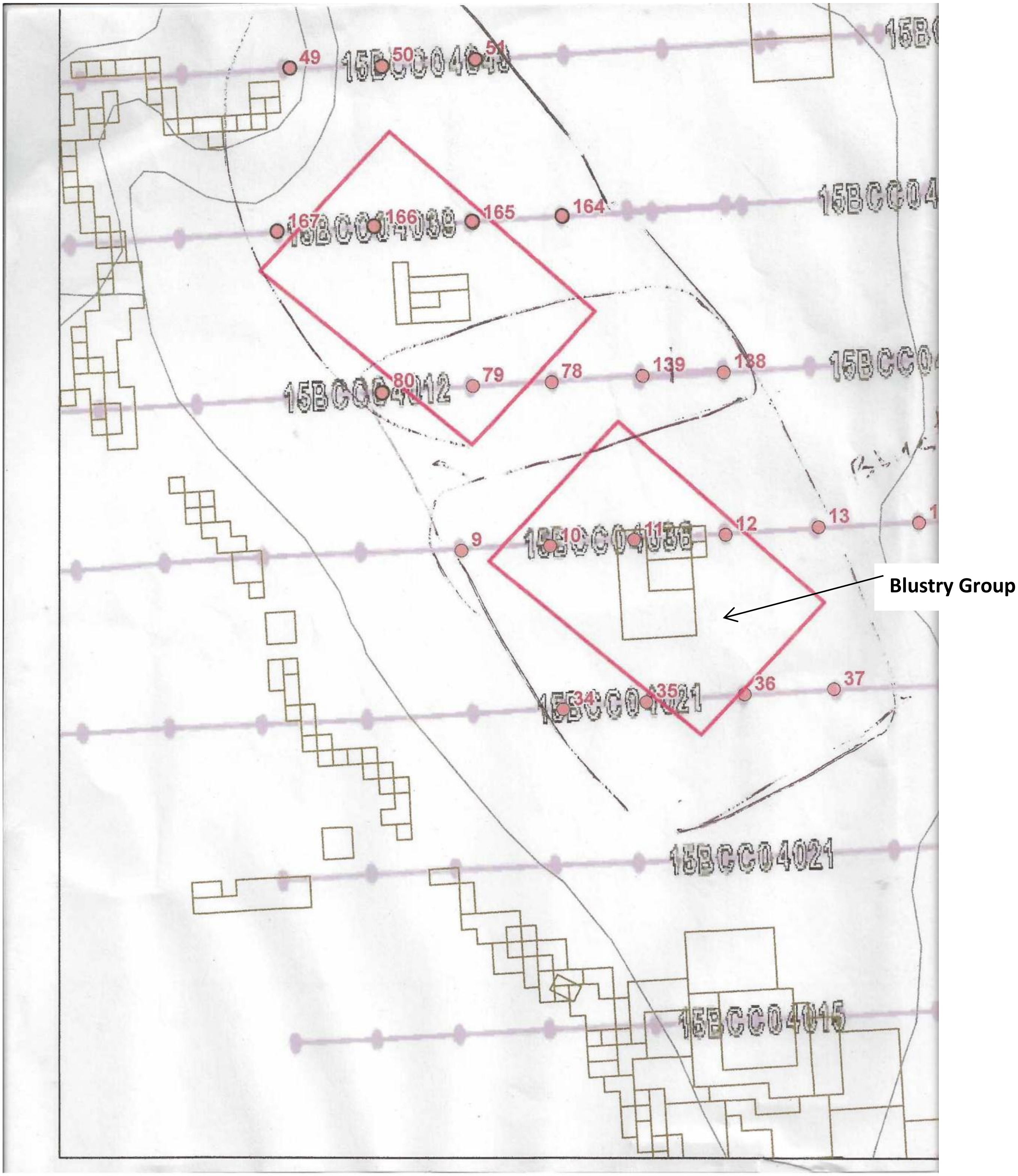



Figure 14 Location Key Airphotos Centre Locations

## AIR PHOTO INTERPRETATION

A total of 15 colour airphotos were received on digital DC format (consisting of 5 CD's). Each photo was greater than 1 GB of data. A selection of low digital scans of the printed product are contained in Appendix III. Each photo was plotted on standard airphoto size as to 9 inch by 9 inch and grouped to the flight lines.

The most important series are:

(1) Flight line 15BCC04036 No. 9-13
(2) Flight line 15BCC0021 No. 34-37

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

Unfortunately, the mapped trace of the alteration zones can not be reliably identified using the airphotos within the lower elevations obscured by trees. Farther to the north within the alpine environment with much less vegetation the individual zones can be discerned.

Figure 15 illustrates some of the Airphoto linears that are apparent. An early northwesterly set of linears appears to be cut by a stronger, younger series of northeasterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones whereas the northeasterly structures bound the known mineralized zones.

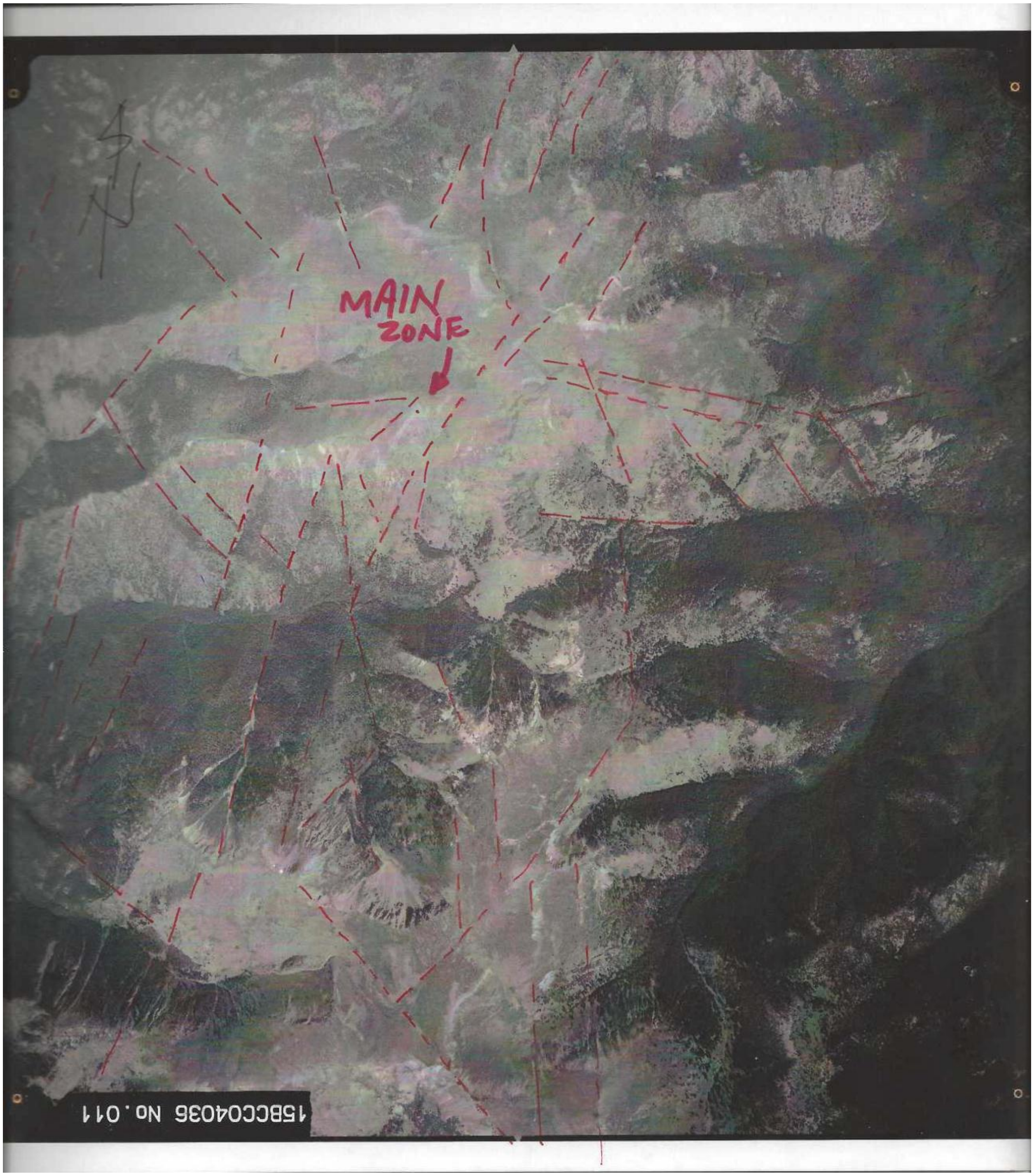



Figure 15 Airphoto 15BCC04036 No. 011 Showing Linears

## ADJACENT PROPERTIES

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

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

Sallus Creek property

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

More recently the area was explored in the spring of 1969 by Canadian Johns-Manville Co. Ltd. Who staked about 120 claims along the western contact of the Mount Martley stock. An additional 60 claims in subsequent years were staked to cover the northern and southeastern portion of the contact zone. Reconnaissance mapping and geochemistry were completed over the entire claim area in 1969 and 1970. During 1970 and 1971, detailed mapping, geochemistry and induced polarization surveys were completed over a possible porphyry copper-molybdenum deposit setting in the southern portion of the claim area (see Sallus Creek (No. 1 Showing), 092INW016). In the fall and early winter of 1970, detailed mapping, sampling and diamond drilling were completed in black argillite near the contact of the stock, in the northern portion of the claims (this description). The argillite at the North showing was found to be very anomalous in zinc and copper, and moderately anomalous in molybdenum, lead and silver. Diamond drilling proved to be unsuccessful in that penetration of the argillite was costly, and after three attempts, the programme was abandoned. In 1973, the field programme in the North showing area consisted of bedrock, soil and talus geochemistry. Percussion drilling was performed on some claims in 1974 and totalled 450 metres in twenty-five holes.

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

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

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

Botanie Mtn Area

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

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

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

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

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

Other deposits in the area

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

Limestone

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

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

Aggregate

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

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

Coal

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

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

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

## CONCLUSIONS and RECOMMENDATIONS

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

- Geology: the property is underlain by volcanic island arc terrane andesitic rocks (Spences Bridge Group), which host an area of intensely silicified, quartz breccia and rhyolite breccia cut by feldspathic dyke swarm and a small syenite plug. Superimposed over these rocks, is a large clay-sulphide alteration zone with a silica-rich core.

- Structurally: there are at least 2 sets of tensional cross-cutting faults that may have produced dilation zones and conduits for ascending mineral-bearing hydrothermal solutions.

- Soil geochemistry: polymetallic (Au-Ag-Cu-Pb-Zn-Mo-As-Sb and Hg) coincidental anomalies occur over the silica-rich cap/core. Numerous soil and rock chip samples have elevated Au-Ag values.

- Geophysics: surface and subsurface IP/Resistivity signatures interpreted as silica-rich pods and potential zones of disseminated sulphides coincidentally occur over the polymetallic anomalies.

- Petrology: petrographic studies show intensely altered and bleached rocks that include vuggy silica textured/quartz alteration associated with +/- adularia +/- kaolinite and/or dickite and +/- possible alunite. Vuggy quartz and the related clay minerals are indicative of low-pH ascending meteoric fluids probably along structurally controlled channel ways. Kaolinite and dickite are also indicative of temperature conditions that range between 150-250 degrees celcius.

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

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

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

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

An early northwesterly set of linears appears to be cut by a stronger, younger series of northeasterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones whereas the northeasterly structures bound the known mineralized zones.

Recommendations

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

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

Cost Estimate for Future Work:

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

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# Appendix I

# Statement of Qualifications

# January 2, 2013

## STATEMENT of QUALIFICATIONS

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

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

2. I have practiced my profession as an Exploration Geologist continuously since graduation and have been employed by such mining companies as McIntyre Mines Ltd., J.C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd. I am presently employed by Homegold Resources Ltd.

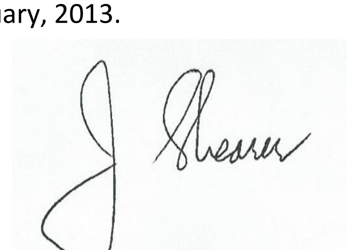
3. I am a fellow of the Geological Association of Canada (Fellow No. F439). I am also a member of the Canadian Institute of Mining and Metallurgy, the Geological Society of London and the Mineralogical Association of Canada. I am a member in good standing of the Association of Professional Engineers and Geoscientists of British Columbia (P.Geo., Member Number 19,279).

4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. at Unit #5 2330 Tyner Street, Port Coquitlam, British Columbia.

5. I am the author of the report entitled “Geological and Airphoto Interpretation Report on the Blustry Mountain Property” dated January 1, 2013.

6. I have visited the property on June 15, 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 Blustry 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 2nd day of January, 2013.



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

# Appendix II

# Statement of Costs

# January 2, 2013

**STATEMENT of COSTS**

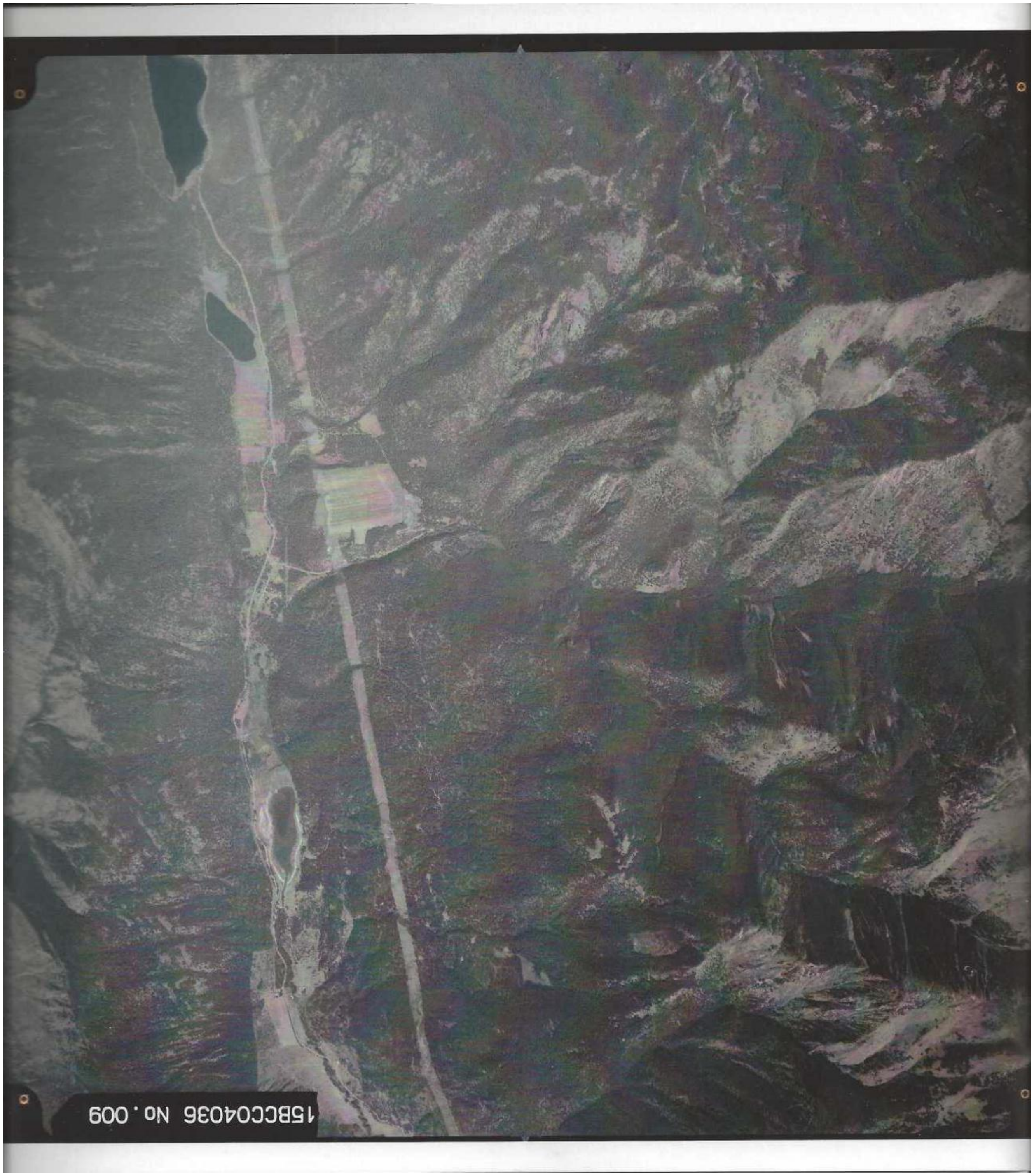
| | | Without HST |
|---|---|---|
| J. T. Shearer, M.Sc., P.Geo. (BC & Ontario),1 day @ $700/day<br>June 15, 2012 | | $ 700.00 |
| | Wages Subtotal | $ 700.00 |
| Truck 1, fully equipped 4x4, 1 day @ $120/day | | 120.00 |
| Fuel | | 94.00 |
| Hotel | | 60.00 |
| Meals & Supplies | | 48.00 |
| Airphoto Cost, 121 photos @ $13.50 per photo | | 162.00 |
| Airphoto Interpretation | | 1,400.00 |
| Report Preparation, Data Compilation and Interpretation | | 700.00 |
| Word Processing | | 200.00 |
| | Expenses Subtotal | $ 2,784.00 |
| | **Total** | **$ 3,484.00** |

| | |
|---|---|
| Event # | 5413381 |
| Date Filed | October 28, 2012 |
| Amount Filed | $2,500.00 |
| PAC Filed | $370.00 |
| Total Filed | $2,870.00 |

# Appendix III

# AIRPHOTOS

# January 2, 2013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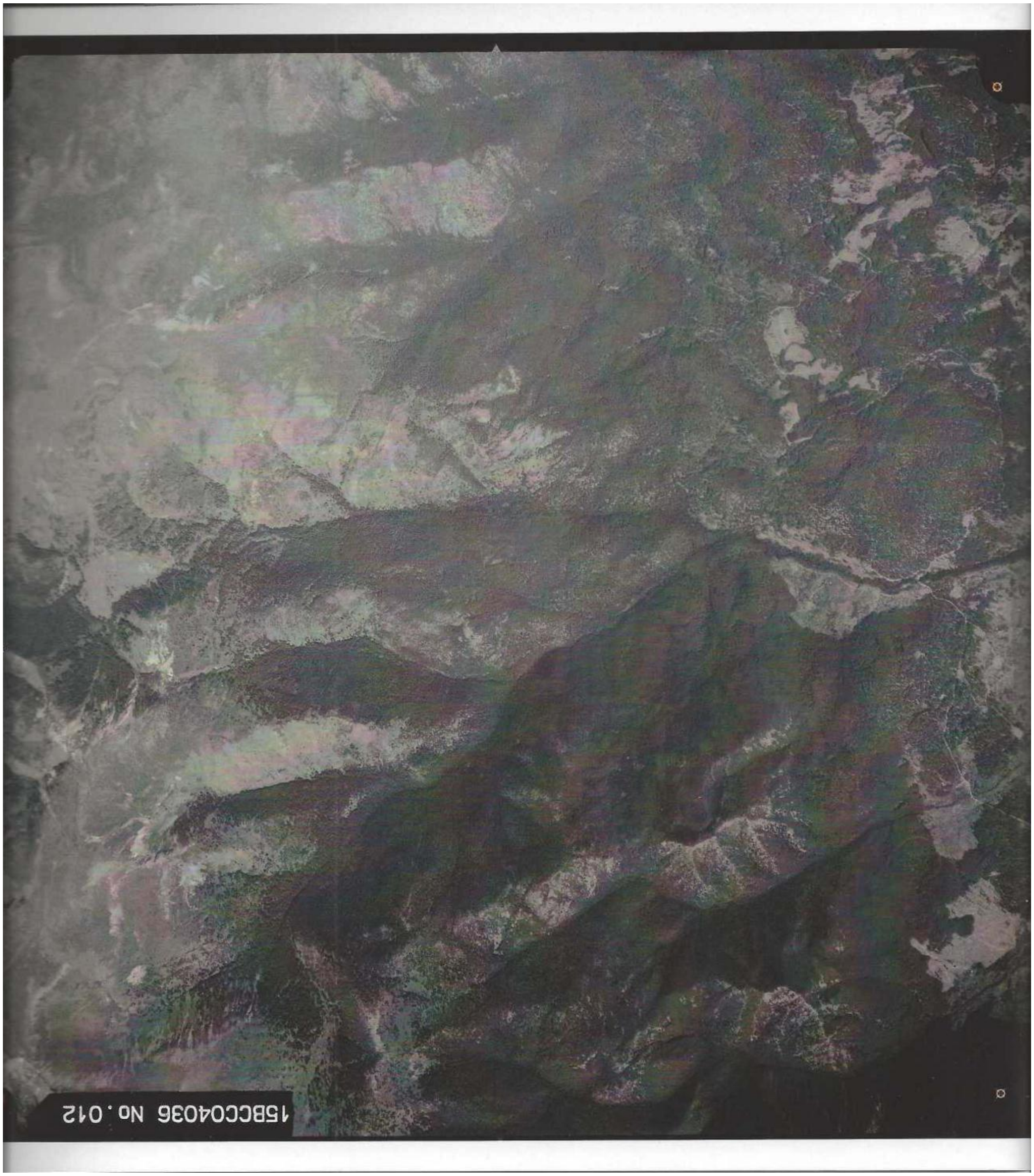
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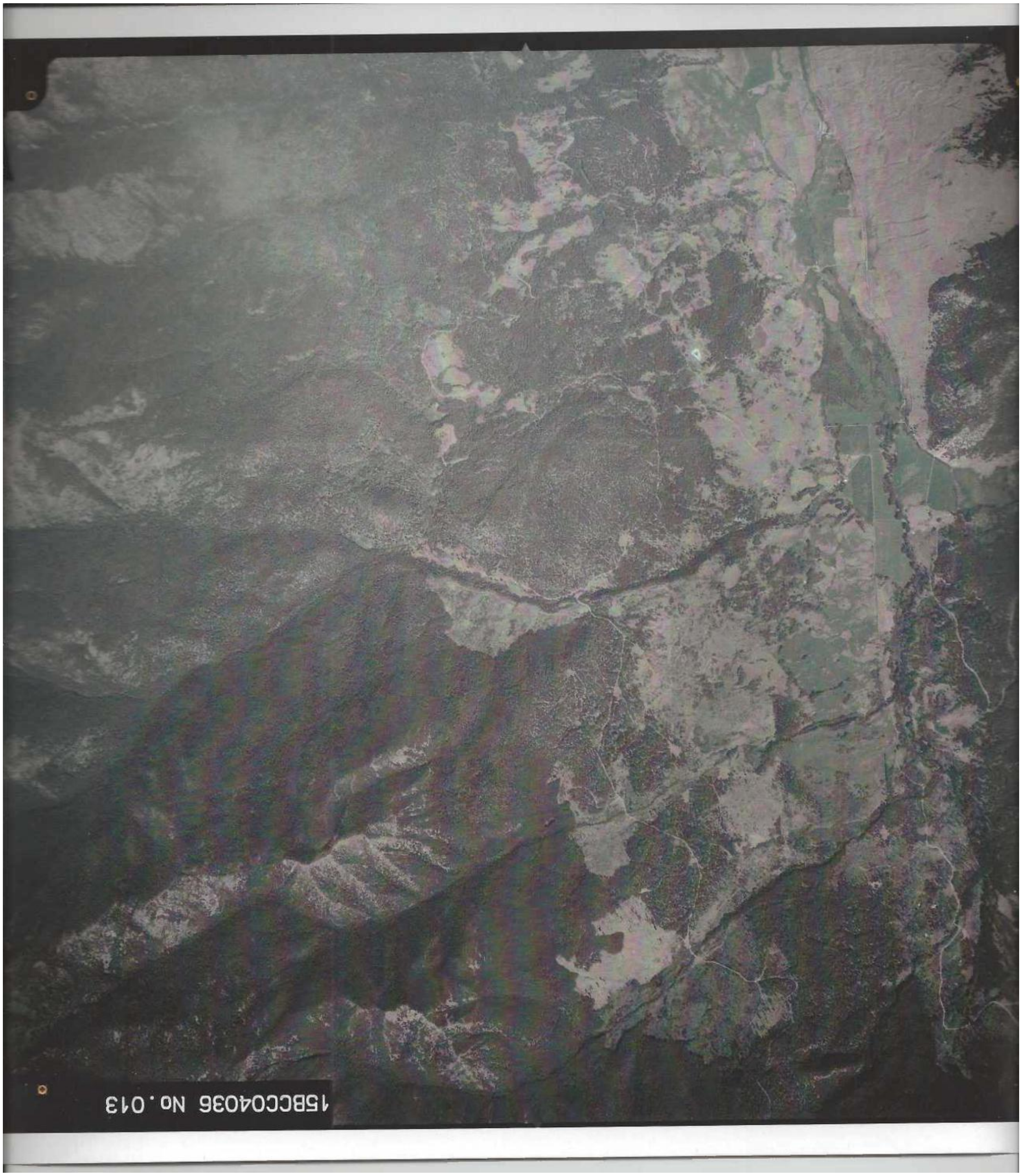
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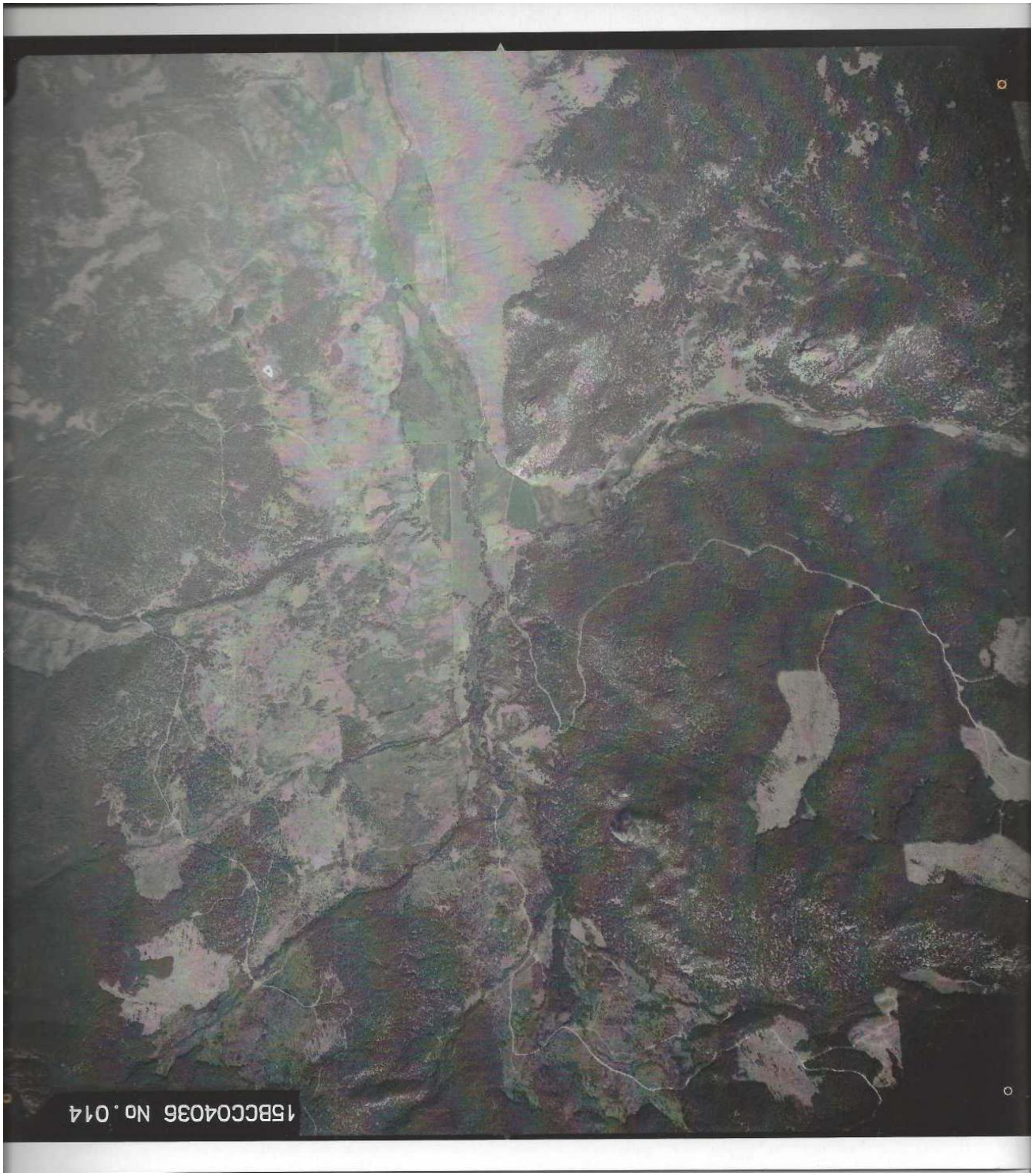
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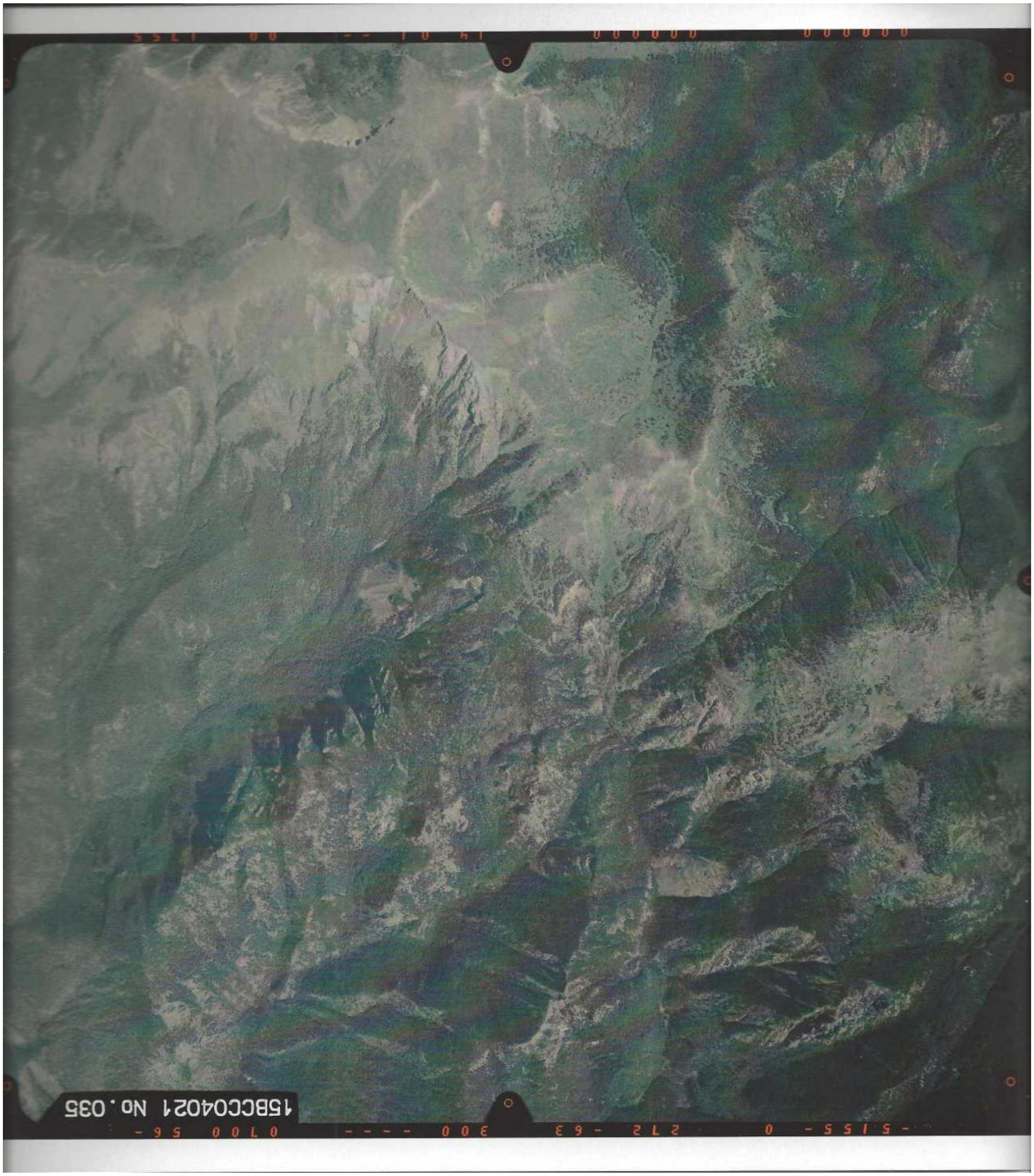
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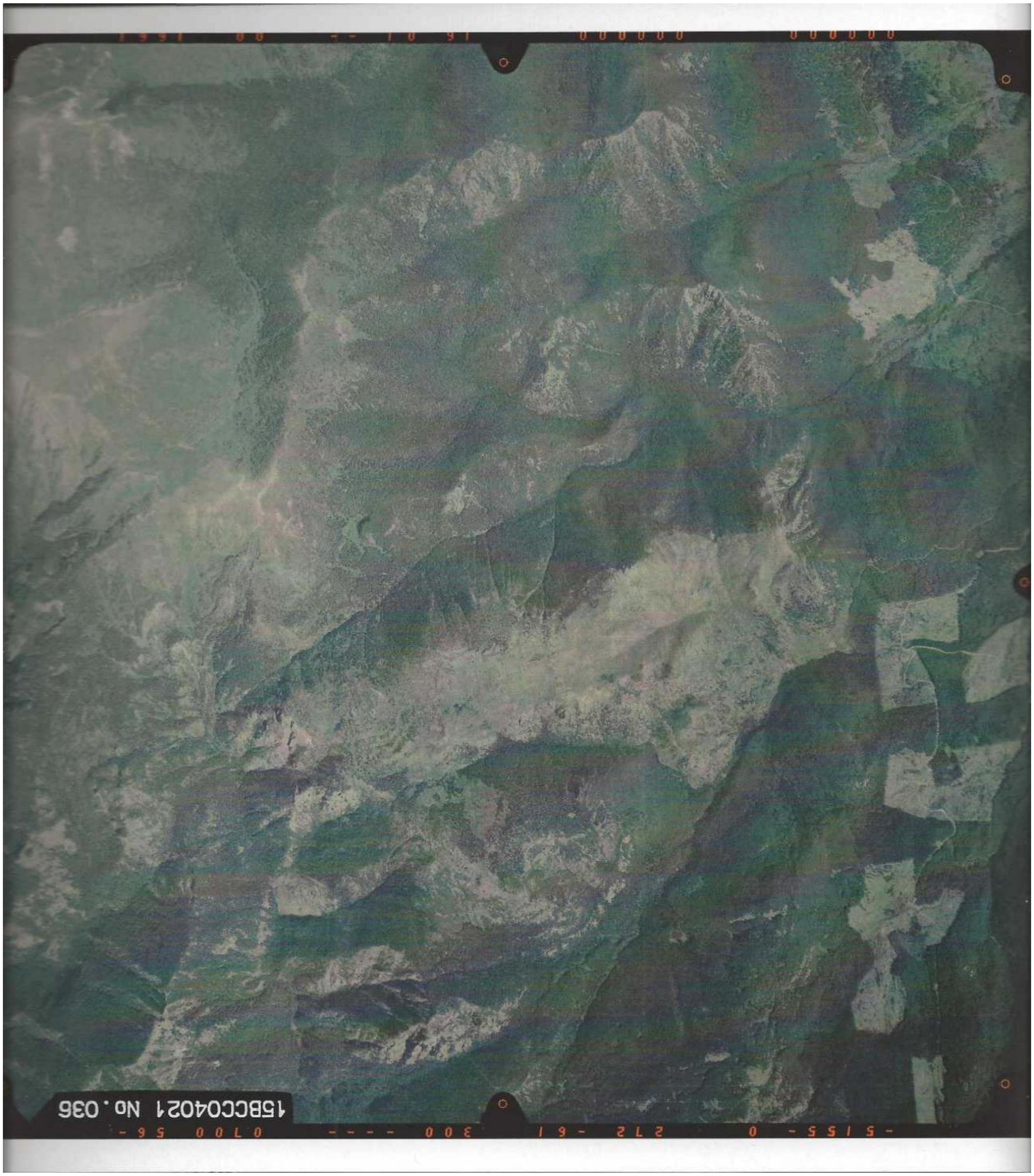
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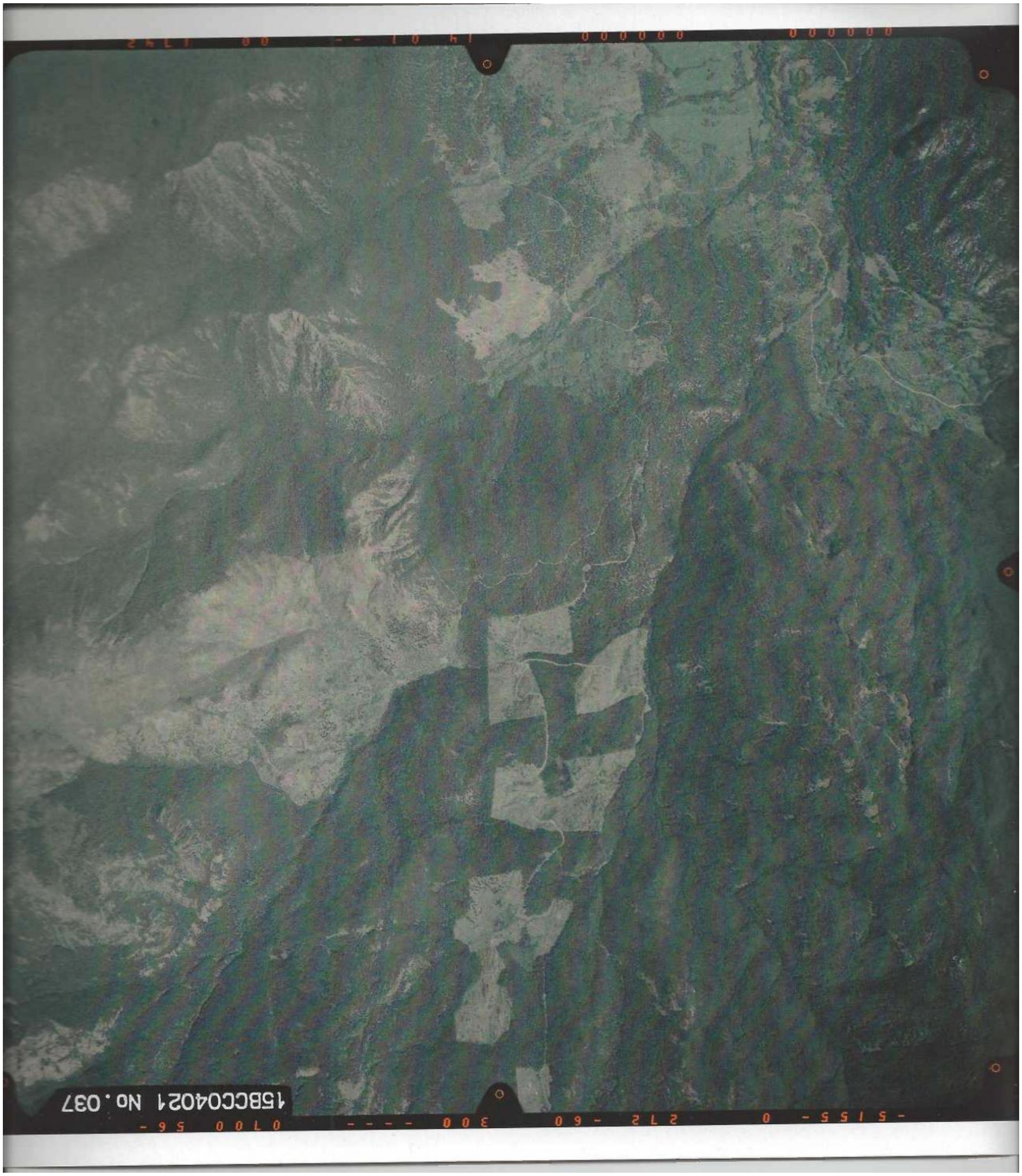
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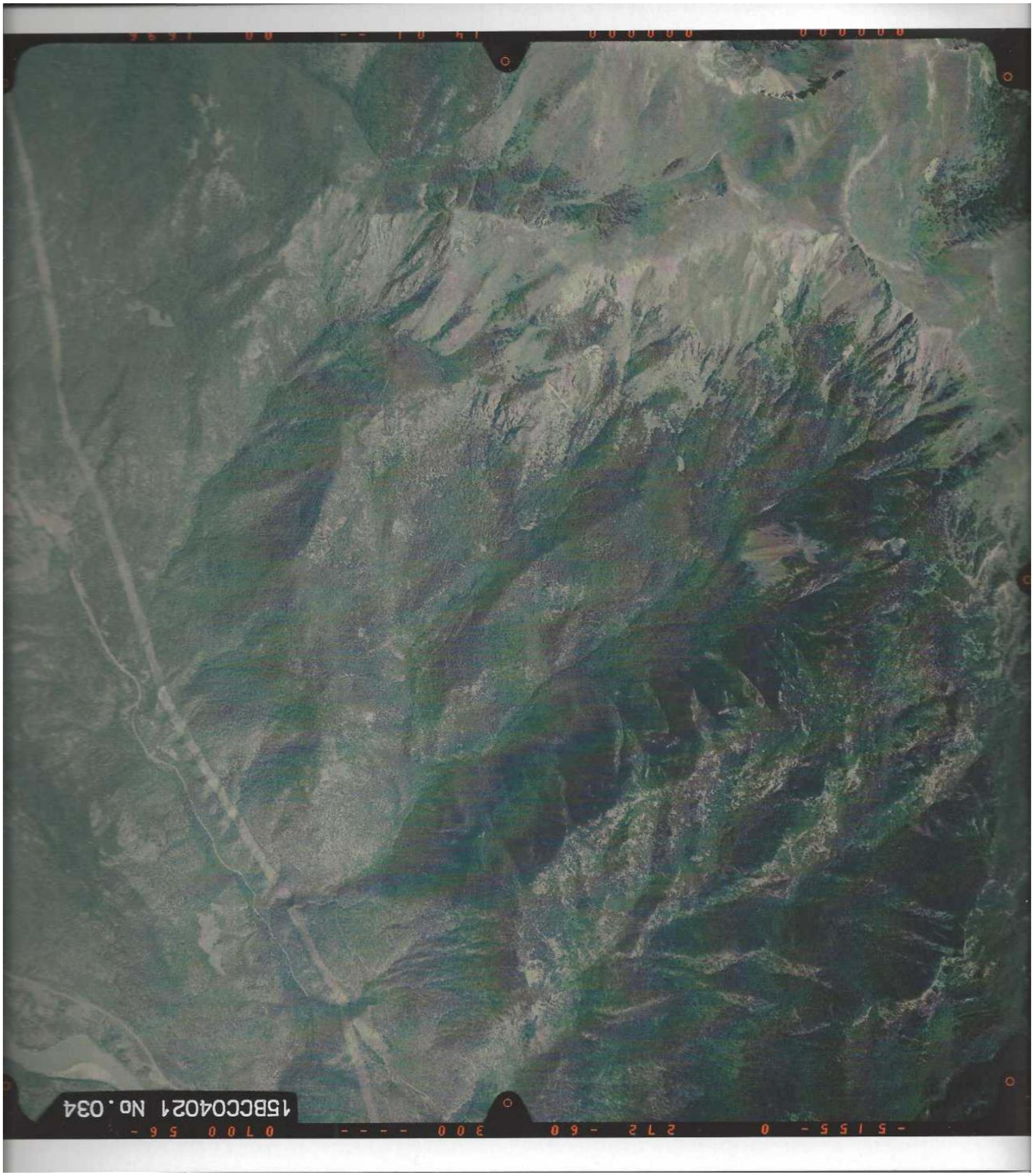
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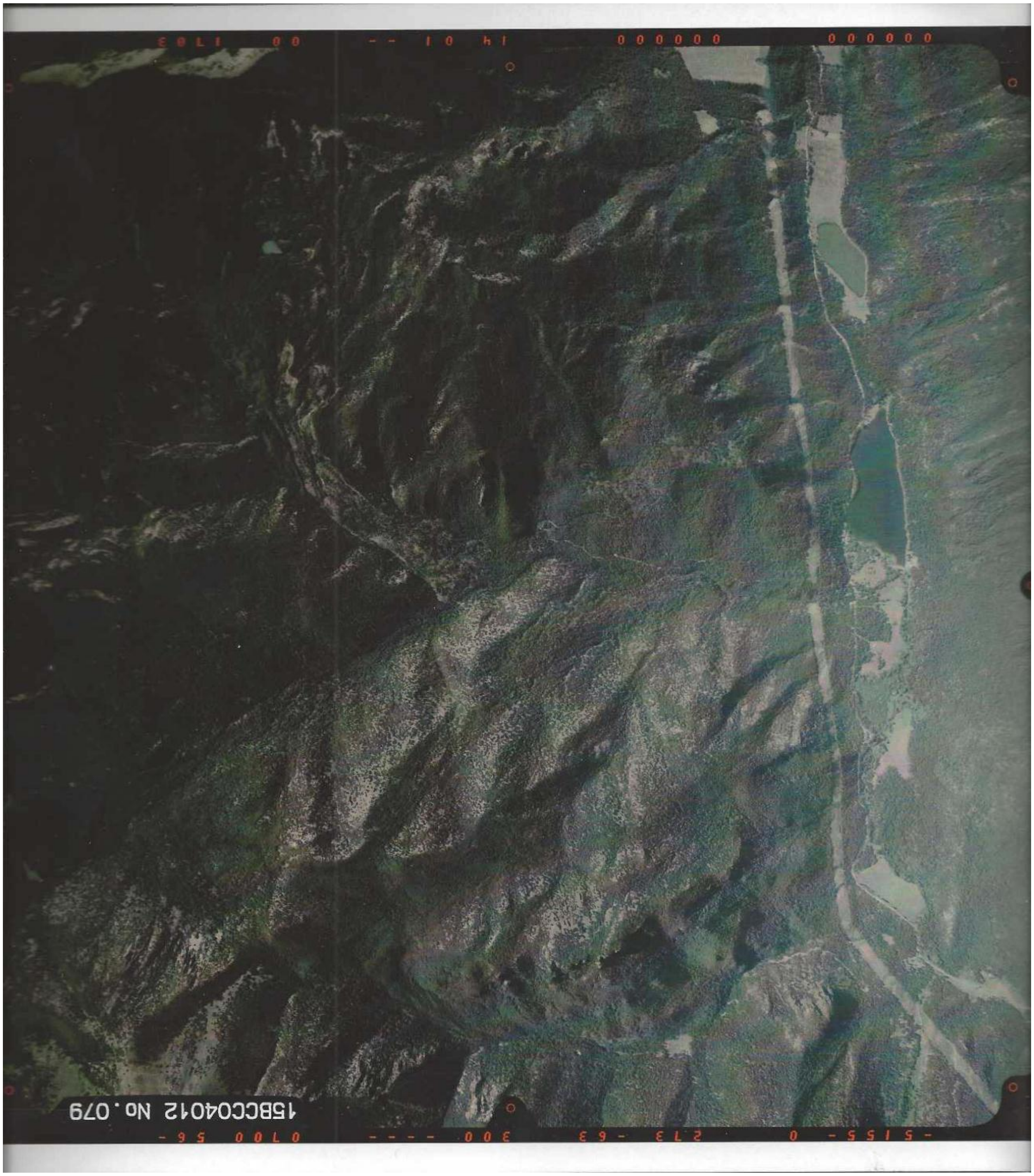
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