

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)]: Airphoto Interpretation

TOTAL COST: \$4,400.00

AUTHOR(S): J. T. Shearer, M.Sc., P.Geo

SIGNATURE(S): 

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

YEAR OF WORK: 2012/13

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): 5422119 and 5429437

PROPERTY NAME: Lorn Project

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

All Claims 841978
845185, 845188

COMMODITIES SOUGHT:

Cu/Au

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN:

MINING DIVISION: Clinton and Lillooet

NTS/BCGS: 0920/03 (920.015)

LATITUDE: 51 ° 06 ' "

LONGITUDE: 123 ° 10 ' "

(at centre of work)

OWNER(S):

1) Royal Sapphire Corp.

2)

MAILING ADDRESS:

602-595 Howe Street

Vancouver, BC, V6C 2T5

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):

Copper is found along the margins of the Lorna Stock and within
Jura-Cretaceous volcanic clastics

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

9570, 18715

Assessment Rpt 22312,

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		<i>All claims</i>	\$4,400.00
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:	\$4,400.00

**AIRPHOTO INTERPRETATION REPORT
on the
LORN PROJECT**

**CLINTON AND LILLOOET M.D.
BRITISH COLUMBIA
NTS MAP 0920/03 (920.015)
LATITUDE 51°06' N, LONGITUDE 123°10' W
EVENT # 5422119 and 5429437**

For

**Royal Sapphire Corp.
602 - 595 Howe Street
Vancouver, BC
V6C 2T5**

**BC Geological Survey
Assessment Report
33997**

By

**J. T. Shearer, M.Sc., P.Geo. (BC & Ontario)
Unit 5 – 2330 Tyner Street,
Port Coquitlam, BC
V3C 2Z1
E-mail: jo@HomegoldResorucesLtd.com**

February 15, 2013

**Work completed between June 1, 2012 and December 15, 2012
and between November 1, 2012 and January 30, 2013**

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SUMMARY

The Lorn Cu-Mo-Au property (the "Property"), consisting of 8 contiguous mineral tenures covering approximately 3,876 hectares, is centred 190 km north of Vancouver in south-western British Columbia. Property access is from Pemberton, Tyax Lake or Lillooet by fixed-wing float plane aircraft or helicopter.

The Property occurs within the Tyaughton Trough, a narrow, northwest trending basin that lies along the northeast margin of the Coast Plutonic Complex. The Tyaughton Trough includes mainly sedimentary strata ranging in age from Middle Jurassic to Upper Cretaceous. To the north and east of the Property, these rocks include argillite, turbidite, shale and siltstone. The majority of the Property is underlain by undivided andesitic pyroclastic rocks with minor andesitic to basaltic flows and local volcanic sandstone and conglomerate of the mid to late Cretaceous Kingsvale Group. It forms a continuous, northwest-trending belt that unconformably overlies the Tyaughton Trough sediments to the northeast and is intruded by the CPC to the southwest. Within and central to the Property is the Eocene Lorna Stock that is exposed as a cupola in the north flowing headwaters of Big Creek, which flows into Lorna Lake. This intrusive body is in contact with Kingsvale volcanic rocks that form the ridges on either side of the valley and in the cirque to the south. The contact is marked by a prominent gossan formed from the oxidation of iron-rich minerals, primarily pyrite, from the hornfels zone in the andesitic volcanic rocks.

Copper mineralization, in the form of chalcopyrite, locally accompanied by lesser amounts of molybdenite, is focused in greatest concentrations along the intrusive contact of the Lorna Stock. Secondary copper minerals, including malachite, azurite and chrysocolla, occur mainly in the volcanic rocks. South of the Lorna Stock copper mineralization is spatially associated with intrusive dykes cutting silicified andesite. Southwest of Lorna Lake, chalcopyrite is associated with a massive magnetite seam at the intrusive-volcanic contact. Molybdenite occurs in quartz-sericite veins within highly altered intrusive rocks and on fracture surfaces within the volcanic rocks associated with amphibole veins. In addition, trace amounts of galena and sphalerite occur with chalcopyrite in the southern part of the Property.

In June, 2011, Royal Sapphire completed a program of 260 km of airborne Z-Axis Tipper Electromagnetic surveying. This was followed on September 9 to 16 by a program of prospecting, soil sampling and rock sampling by Discovery Consultants of Vernon, BC. A field examination of the Property was carried out by the author on October 12, 2011.

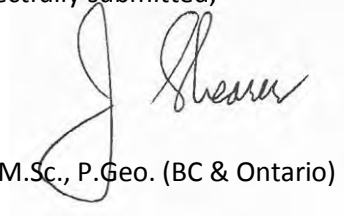
The ZTEM survey shows a central zone of high resistivity that correlates with the Lorna Stock, surrounded by a zone of high conductivity that correlates with the contact zone and adjacent hornfelsed and pyritic volcanic rocks. The surface program was designed to follow up on those areas of broader and more intense conductivity and to confirm mineralization outlined during a 1972 Cominco exploration program.

A success-contingent phased program of exploration is recommended based on the results of the above programs. A Phase I program comprising additional prospecting, detailed mapping and sampling is recommended to more accurately define the soil anomalies as presently configured followed by a Phase II program comprising diamond drilling. The estimated cost of the Phase I program is \$251,597 and \$492,910 for a Phase II program.

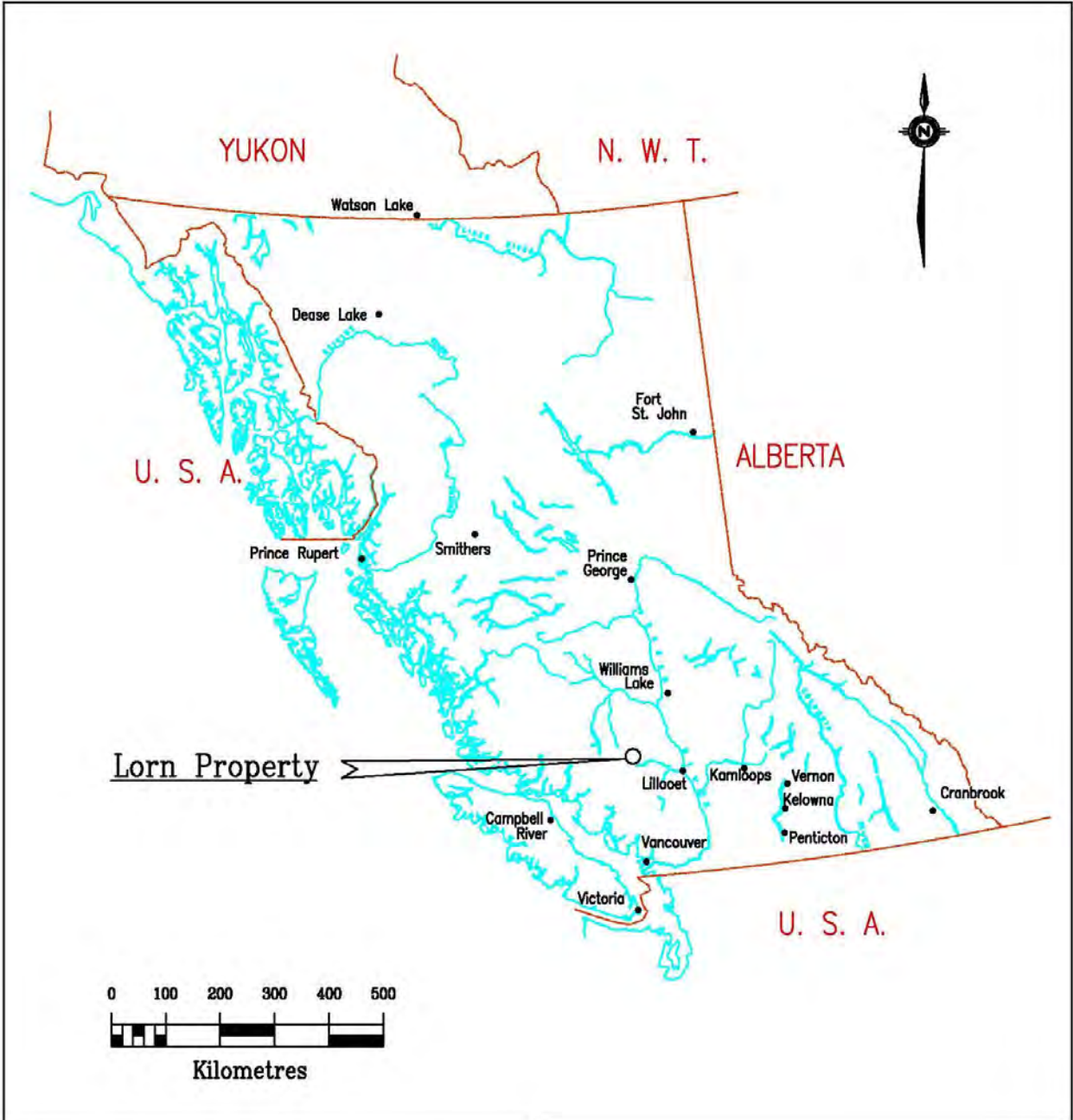
An early north set of linears appears to be cut by a stronger, younger series of northwesterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones and distribution of the intrusive-volcanic contact west of Lorne Creek.

Northeasterly linears appear to reflect structures in the volcanic "basement". Northerly linears are best developed in the intrusion. Some of the major rock exposures exhibit scarcer east-west structures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. T. Shearer". The signature is written in a cursive style with a large initial "J".

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



<p>To accompany a report by : TH Carpenter, P.Geo. Base map after : B.C. 1:2,000,000</p>	<p>Royal Sapphire Corp.</p>	
	<p>Lorn Property Clinton M.D. B.C.</p>	
	<p>Property Location</p>	
	<p>Dwg. by: Discovery</p>	<p>Scale: 1:10,000,000</p>
<p>Date: February 23, 2012</p>	<p>Figure: 1</p>	

INTRODUCTION

This Assessment report (“Report”) has been prepared at the request of the management of Royal Sapphire Corp, (“Royal Sapphire”). The writer has been asked to review all data pertaining to the Property and to prepare a Report that describes historical work completed on the Property, reviews the results of recent geophysical and geochemical surveys, examines Airphoto interpretation and makes recommendations for further work.

LOCATION and ACCESS

The Property is located 190 km north of Vancouver, BC and approximately 30 km east-southeast of the south end of Lower Taseko Lake at 51° 06' north latitude and 123° 10' west longitude. The Property comprises eight mineral tenures containing 3876.1 hectares (Figure 2).

The Property is located 190 km north of Vancouver, BC and approximately 30 km east-southeast of the south end of Lower Taseko Lake at 51° 06' north latitude and 123° 10' west longitude. The Property is located in the Clinton and Lillooet Mining Divisions between Barrick Gold Corporation's Poison Mountain Deposit, located 40 kilometres east, and Taseko Mines Limited's Prosperity Deposit, located 50 kilometres to the north, both porphyry deposits.

The Property can be accessed from Pemberton, Tyaughton Lake (Tyax Lodge), Gold Bridge, Williams Lake or the King Ranch by fixed-wing float plane aircraft to Lorna Lake or by helicopter from Lillooet. There is no road access to the Property, however an old exploration road terminates approximately ten kilometres west of the Property at the headwaters of Taseko River. To the east active logging and logging roads up Relay Creek occur within 20 kilometres of the Property. An extension of this road by 30 kilometres through Big Creek Provincial Park would both allow public access to Lorna Lake, and both the Big Creek and South Chilcotin Provincial Parks and private access to the Property.

Vegetation consists of Lodgepole Pine, Engelmann Spruce, and Whitebark Pine in the Big Creek valley with sub-alpine fir, common juniper, soapberry, kinnikinnick, lichen and various grasses at higher elevations.

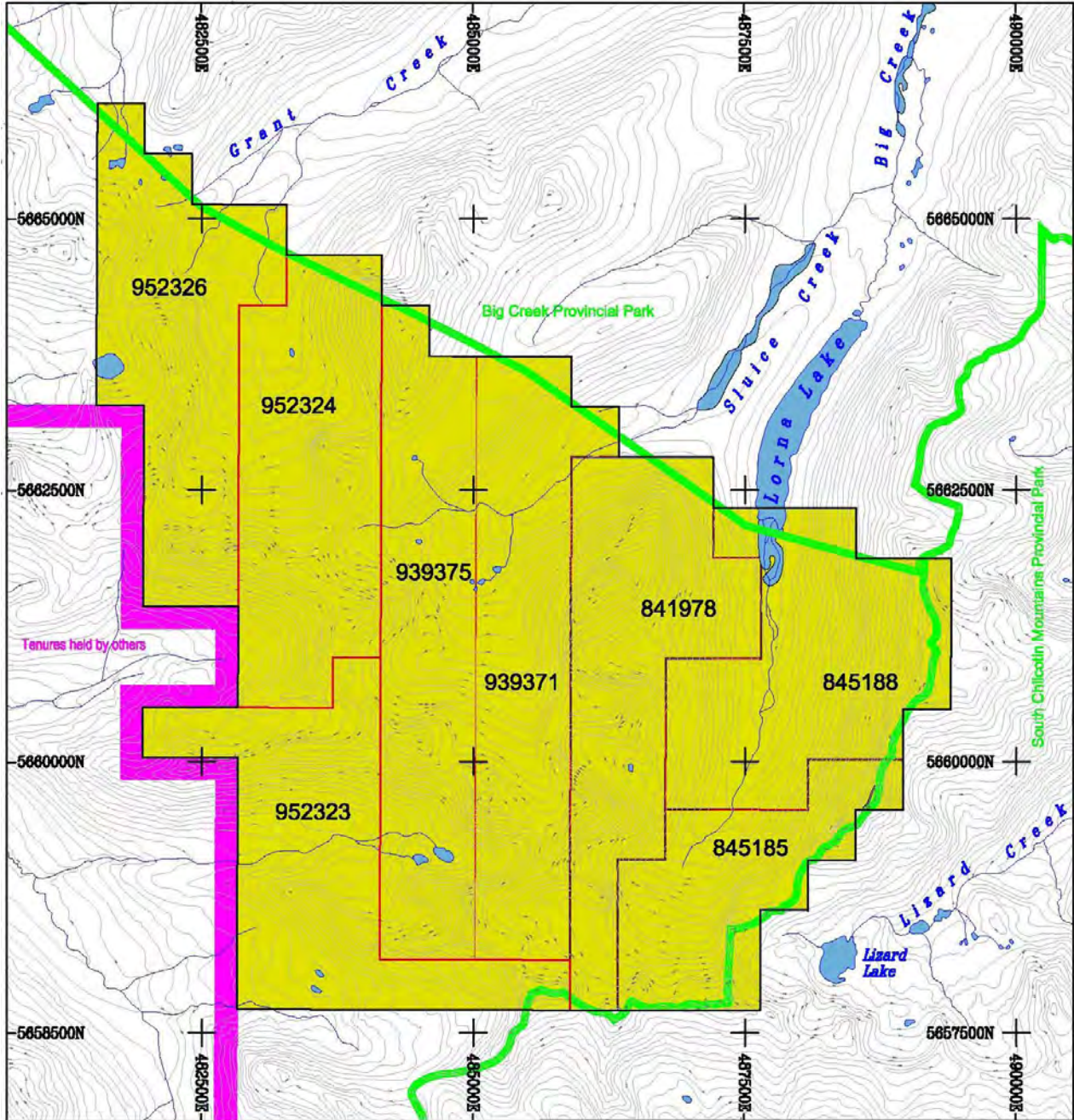
The climate is cold in winter and hot in the summer with limited precipitation and often high wind conditions. Work season is normally June to September. The Environment Canada Atmospheric Environment Service climate stations in the area record a mean annual temperature of 4.0 °C, a mean annual total precipitation of 39 cm and a mean snowfall of 180 cm.


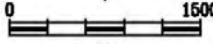
The Property is bounded to the north, east and south provincial parks. There are no local resources or infrastructure in the immediate vicinity. The community of Gold Bridge, approximately 35 kms to the south, is serviced with electricity from a hydro dam on Downton Lake immediately to the southwest. Major power generating facilities are also located on Carpenter Lake, Anderson Lake and Seton Lake, east and southeast of Gold Bridge.

The communities of Lillooet and William's Lake are service centres that could supply personnel and material to any development carried out on the Property.

The Property covers a north draining glacial valley surrounded on its east, south and west sides by steep, arête ridges that rise almost 1,000 metres above the valley floor. Elevations within the Property range from 2,100 metres to over 3,000 metres. Big Creek is fed at the south end of the Property by a receding glacier. Sluice Creek flows into Big Creek from the west, just north of Lorna Lake.

Timberline is at approximately 2,000 metres and virtually no vegetation exists above this level. The majority of the Property is underlain by loose talus grading with increasing altitude into steep outcrop bluffs. A moraine runs northerly between Lorna Lake and Sluice Creek and separates the two drainages.



  0 1500 metres Topographic contour interval = 100 feet NAD83 Zone 10	<p>Royal Sapphire Corp.</p> <p>Lorn Property</p> <p>Clinton M.D., B.C.</p> <p>Claim Locations</p>				
<p>To accompany a report by : TH Carpenter, PGeo.</p> <p>Base map after : 0920/03 1:50,000</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Dwg. by: Discovery</td> <td style="width: 50%;">Scale: 1:50,000</td> </tr> <tr> <td>Date: February 23, 2012</td> <td>Figure: 2</td> </tr> </table>	Dwg. by: Discovery	Scale: 1:50,000	Date: February 23, 2012	Figure: 2
Dwg. by: Discovery	Scale: 1:50,000				
Date: February 23, 2012	Figure: 2				

CLAIM STATUS

Property

The mineral tenures comprising the Property, shown in Table 1 were obtained using *the MTO* search engine available on the British Columbia Geological Survey Branch website. All claims listed in the table are in the *Lillooet and Clinton* Mining Divisions within the NTS map sheet 92O/03 and BC Map Sheets 92O.004, 92O.005, 92O.014 and 92O.015. The claim map shown in Figure 2 was generated from GIS spatial data downloaded from the Government of BC, Integrated Land Management Branch (ILMB), Land and Resources Data Warehouse (LRDW) data discovery and retrieval system (<http://archive.ilmb.gov.bc.ca/lrdw/>). These spatial layers are generated by the Mineral Titles Online (MTO) electronic staking system that is used to locate and record mineral tenures in British Columbia.

Information posted on the MTO website indicates that all of the claims listed in Table 1 are owned 50% by John A. Chapman (Free Miners Certificate no. 104633) and 50% by Gerald G. Carlson (Free Miners Certificate no. 104271), on behalf of KGE Management Ltd, a company wholly owned by G.G. Carlson. According to the terms of an option agreement between the Vendors and Royal Sapphire, the latter can earn a 100% interest in the Property, subject to a 2% NSR royalty, by spending \$2.6 million on exploration, making payments of \$165,000 and issuing 600,000 Royal Sapphire shares to the Vendors within four years from the date of listing of Royal Sapphire on the TSX Venture Exchange (TSX-V). Royal Sapphire has until December 31, 2012 to be listed on the TSX-V. As part of this agreement Royal Sapphire agreed to spend \$100,000 in exploration expenditures prior to listing. This obligation has now been met as a result of the work done on the property in 2011 and described in this report.

There are no back-in rights on the property, or other payments, agreements or encumbrances known to the author to which the property is subject.

Table 1: List of Mineral Tenures, Lorn Property, BC

Tenure #	Type	Claim Name	Area (ha)	Good to Date
841978	Mineral	Lucky Lorn 3	507.37	2021/Oct/31
845185	Mineral	Lorn 3	324.84	2021/Oct/31
845188	Mineral	Lorn Jac1	507.37	2021/Oct/31
939371	Mineral	Lorn Jac2	507.35	2013/Aug/31
939375	Mineral	Lorn Jac3	507.35	2013/Aug/31
1017394	Mineral	Lorn Jac4	507.54	2014/March/1
952324	Mineral	Lorn Jac5	507.20	2013/Aug/31
852326	Mineral	Lorn Jac5	507.08	2013/Aug/31

Total Area: 3876.1

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

Other Liabilities

The Property lies at the boundary between Engagement Zones A and B of the Tsilhqot'in Framework Agreement. Engagement Zone A encompasses a large area extending from Hagensborg in the west to Clearwater in the east and includes the communities of Lillooet, 100 Mile House, William's Lake and Quesnel. The Property lies 20 kilometres east of the southeast corner of Engagement Zone C, a buffer zone to Engagement Zone D which contains the Prosperity copper deposit.

The Prosperity deposit is the subject of ongoing negotiations between Taseko Mines Ltd, the deposit owner, and members of the Xeni Gwet'in band of the Tsilhqot'in First Nation regarding eventual development which may have a potential environmental affect on streams and rivers in the primary areas of concern within Engagement Zones C and D. These zones are unaffected by drainage from the Property, which is drained entirely by rivers within Engagement Zone B.

Aside from the above, the author is not aware of any particular environmental, political, or regulatory problems that would adversely affect mineral exploration and development on the Property.



Photo 1: View to north showing typical physiography over the Lorn property with Big Creek in the foreground and Lorna Lake in the distance. Note the zones of oxidation on the east and west sides of the valley.

HISTORY

In 1963 Phelps Dodge Corporation discovered copper and molybdenum mineralization on the Property as part of a regional mineral exploration program. Lee (1969) reported that a geologist and two prospectors spent 12 days prospecting and trenching, but no record of the results this work is available.

In 1969, Burlington Mines Ltd (“Burlington”) located 42 mineral claims and trenched a chalcopyrite-magnetite showing in the southwestern corner of the Property, at a contact between intrusive and volcanic rocks. The property was subsequently allowed to lapse. In 1969 Burlington reported one of their blasted bulk samples returned 0.16% copper, 0.01% molybdenum and 0.01 ounces per ton (“opt”) gold (Lee, 1969).

The Property was staked by Cominco Ltd. (“Cominco”) in 1971. In 1972, Cominco reported mineralization within the Lorna Stock, consisting of disseminated pyrite, chalcopyrite and pyrrhotite, with local molybdenite.

They also noted that volcanic rocks adjacent to the stock contained disseminated and fracture controlled pyrite, pyrrhotite and local chalcopyrite mineralization. Reconnaissance soil sampling gave anomalous values, ranging up to 4,800 ppm Cu and 200 ppm Mo along a four kilometre strike length.

In follow up analyses for gold in soil samples from earlier programs, Cominco determined that many samples exceeded 10 ppb gold with some over 100 ppb gold. In 1974, Cominco drilled 5 short holes (Freeze, 1974) from two set-ups (Table 3, Figure 10). Copper and molybdenum mineralization was reported in all five holes but assay data were not provided.

Table 2 – 1974 Cominco Drill Hole Data

Hole No.	Site	Elevation (m)	Azimuth	Dip	Depth (m)
LG-1	Site 1	2290	-	-90°	79
LG-2	Site 1	2290	190°	-50°	39
LG-3	Site 2	2480	-	-90°	134
LG-4	Site 2	2480	115°	-45°	54
LG-5	Site 2	2480	295°	-50°	148

Total 454

In 1988, an area that includes the Property was staked by Bond Gold Canada Inc. (“Bond”) for its epithermal gold and porphyry copper-gold potential (Vogt, et.al., 1988). Bond completed 63 km of ground VLF electromagnetic surveying and a magnetometer survey. This work identified several targets and a program of detailed mapping and sampling was recommended.

In 1991, Lac Minerals followed up on the Bond targets, with work focused on the 60° trending ridge north of Sluice Creek and two targets adjacent to the Lorna Stock (Kikauka and Leriche, 1991). The targets included both porphyry style and epithermal mineralization. Detailed geological mapping, soil sampling and an IP survey were recommended over the target areas defined as part of the 1991 work and shown northwest of Sluice Creek on Figure 10. No further work was carried out.

The Property was acquired by staking in 2010, 2011 and 2012 by the Vendors.

REGIONAL GEOLOGY

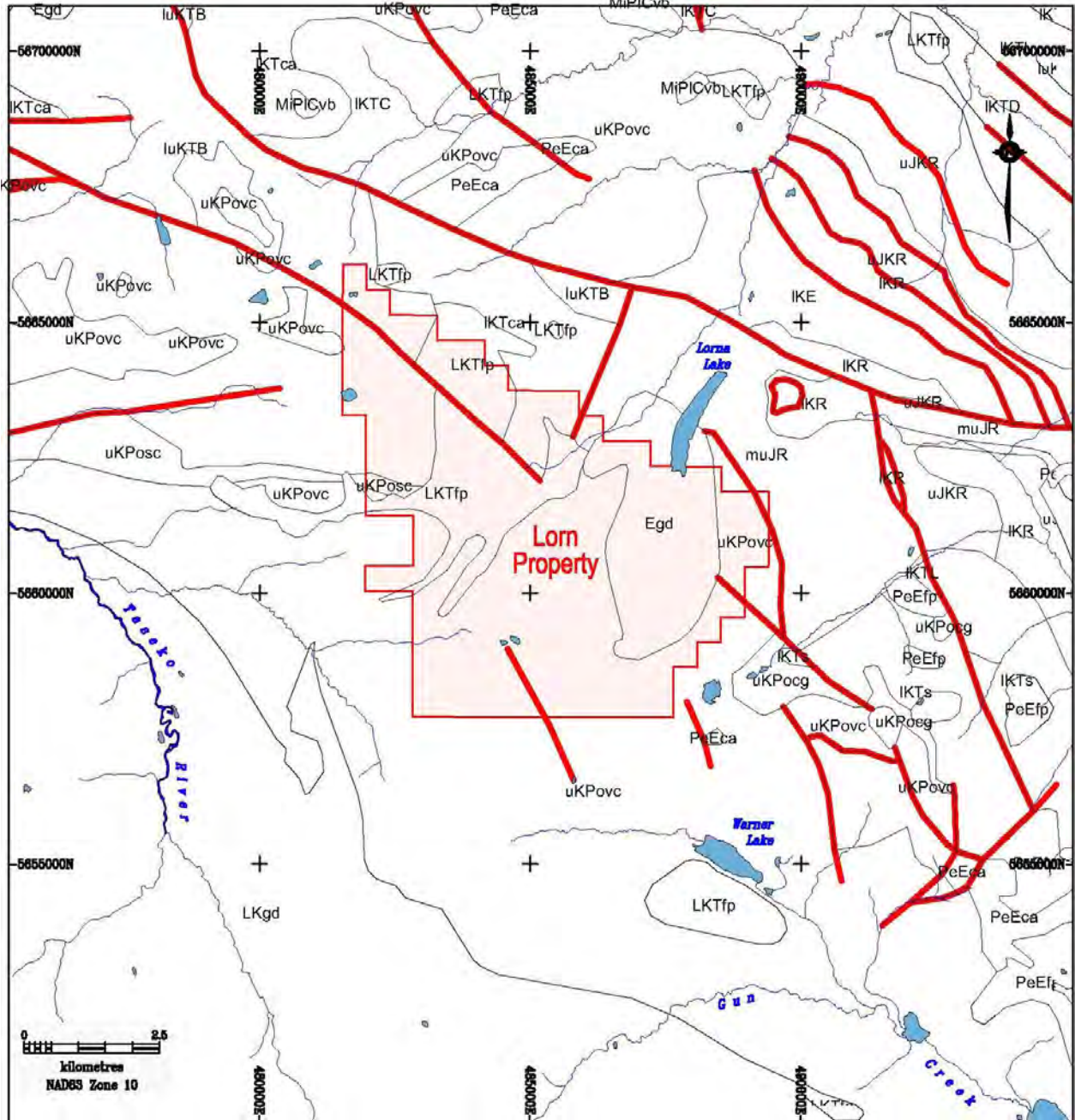
Regional geological mapping was carried out in the area by the Geological Survey of Canada in 1978 (Tipper). Subsequently, 1:50,000 mapping was carried out by the B.C. Geological Survey over the Warner Pass Map Sheet, containing the Property, (Schiarizza et.al., 1986, 1987) and the adjacent Noaxe Creek Map Sheet (Schiarizza et. al. 1987).


The Property occurs within the Tyaughton Trough, a narrow, northwest trending basin that lies along the northeast margin of the Coast Plutonic Complex ("CPC"). The Tyaughton Trough includes mainly sedimentary strata ranging in age from Middle Jurassic to Upper Cretaceous. To the north and east of the Property, these rocks include argillite, turbidite, shale and siltstone (Figure 3).

The majority of the Property is underlain by Unit 6 of Glover and Schiarizza (1987), which they correlate with the mid to late Cretaceous Kingsvale Group. This unit consists of undivided andesitic pyroclastic rocks with minor andesitic to basaltic flows and local volcanic sandstone and conglomerate. It forms a continuous, northwest-trending belt that unconformably overlies the Tyaughton Trough sediments to the northeast and is intruded by the CPC to the southwest.

Intrusive rocks include mid-Cretaceous quartz diorite to quartz monzonite of the CPC exposed extensively southwest of the Property. Within and central to the Property is the Eocene Lorna Stock that is exposed as a cupola in the north draining headwaters of Big Creek. This intrusive body is in contact with Kingsvale andesitic volcanic rocks which form the ridges on either side of the valley and in the cirque to the south. The contact is marked by a prominent gossan formed from the oxidation of iron-rich minerals, primarily pyrite, from the hornfels zone in the andesitic volcanic rocks.

The main target type on the Property is Cu-Mo-Au calc-alkaline porphyry-style mineralization similar to that encountered at the nearby Prosperity deposit and Poison Mountain deposits (Figure 4).



Egd Eocene – Lorna Lake Stock
 Granodiorite, quartz monzonite, quartz diorite
 uKPovc Upper Cretaceous – Powell Creek Formation / Kingsvale Group
 Andesitic breccia and lapilli tuff; volcanic conglomerate and
 pyroxene porphyry flows.
 Fault
 Geology after BCGS NM10, Minfile – 0920
 To accompany a report by : TH Carpenter, P.Geo.
 Base map after : 0920 1:250,000

Royal Sapphire Inc.
Lorn Property
 Clinton M.D. B.C.
Regional Geology

Dwg. by:	Discovery	Scale:	1:100,000
Date:	February 23, 2012	Figure:	3

PROPERTY GEOLOGY

The descriptions of the Property geology are taken largely from Freeze et al. (1972), Glover & Schiarizza (1987) and Vogt et al. (1988). The oldest rocks in the vicinity of the Property, along its northern boundary, comprise undivided sedimentary rocks of the Middle to Upper Jurassic Relay Mountain Group and the Lower to Upper Cretaceous Taylor Creek Group. Within the Property, these rocks include fine-grained and thinly laminated argillite with alternating light brown to white bands and locally trace amounts of pyrite (Freeze et al., 1972). Minor andesite dykes intrude these sedimentary strata (Figure 4).

The main lithology throughout the Property is the Upper Cretaceous Powell Creek Formation (Kingsvale Group) of volcanic and volcanoclastic rocks. These rocks are typically andesitic in composition, locally porphyritic and sometimes displaying flow banding. Adjacent to the contact with the Lorna Stock, the volcanic rocks are hornfelsed and contain pyrite, with lesser amounts of pyrrhotite and chalcopyrite. The pyrite content often exceeds several percent, imparting a bright reddish gossan locally along the contact.

The Eocene Lorna Stock intrudes in an elongate, north-northeasterly direction through the centre of the Property. It consists of biotite-hornblende quartz monzonite to local zones of hornblende-biotite quartz diorite. The intrusion varies from fine to coarse grain size and is locally porphyritic along contact zones. Phenocrysts include quartz and feldspar, up to 1 cm in length. In its core, the intrusion is fresh, while towards the contacts it becomes more highly fractured and altered. This alteration includes kaolinization of feldspars, silicification, sericitization and limonitization of ferromagnesian minerals and pyrite.

In the northern part of the Property, local occurrences of ferricrete, consisting of rounded to subangular boulders of volcanic and intrusive rocks cemented by iron oxide, occur down slope from occurrences of pyritic volcanic rocks.

Mineralization

Copper mineralization, in the form of chalcopyrite, locally accompanied by lesser amounts of molybdenite, appears to be genetically related to late hydrothermal stages of the Lorna Stock and is focused in greatest concentrations along the intrusive contact. Secondary copper minerals, including malachite, azurite and chrysocolla, occur mainly in the volcanic rocks.

South of the Lorna Stock, around the glacier, copper mineralization is spatially associated with intrusive dykes cutting silicified andesite. Southwest of Lorna Lake, chalcopyrite is associated with a massive magnetite seam at the intrusive-volcanic contact.

Molybdenite does not appear to correlate strongly with the copper mineralization. It occurs in quartz-sericite veins within highly altered intrusive rocks and on fracture surfaces within the volcanic rocks associated with amphibole veinlets.

In addition, trace amounts of galena and sphalerite occur with chalcopyrite in the southern part of the Property. Data from the Cominco files as provided to the Vendors show a horseshoe shaped copper anomaly in rocks that follows the mapped intrusive and country rock contact along the west, south and

east sides of the upper reaches of Big Creek, south of Lorna Lake. This anomaly extends to, and parallels the east side of Lorna Lake, an area within provincial parks.

From these data it is apparent that the stronger coincident copper and molybdenum areas occur on the west side of the Big Creek valley. Cominco placed three drill holes (LG-3, 4 and 5) at the south end of the larger anomaly. The platform for these holes was placed for ease of access and was not located in the area of best mineralization. It should be noted that, in comparison to the east side of the Big Creek valley, and as is evident in Photo 1, the west side is less steeply sloped and more amenable to sampling. Mineralization on the east side of the valley may be of similar tenor but Cominco sampling in this area was restricted due to the presence of a large talus slope.

Structures

The most important structural feature on the Property is the high degree of secondary fracturing in the intrusive and volcanic rocks focused along the contact zone. The shattering is not systematic in terms of orientation of fracture surfaces and is most intense in a porcelaneous, mafic-free variety of the quartz monzonite at the contact. This fracturing may be an important factor in localizing hydrothermal fluids and mineralization.

Minor shearing is observed throughout the Property but it is typically quite localized and does not appear to have any relation to mineralization, nor does it appear to be related to major regional structures.

Alteration

Hydrothermal alteration within the Lorna Stock is focused along the contact areas and is directly associated with the sulphide mineralization. It includes quartz-sericite veins, chloritization of mafic minerals and kaolinization of feldspars.

The adjacent volcanic rocks are less intensely altered and mainly propylitically altered with quartz-calcite-epidote veinlets, locally with pyrite and pyrrhotite mineralization. Massive pods of epidote also occur within the volcanic rocks.

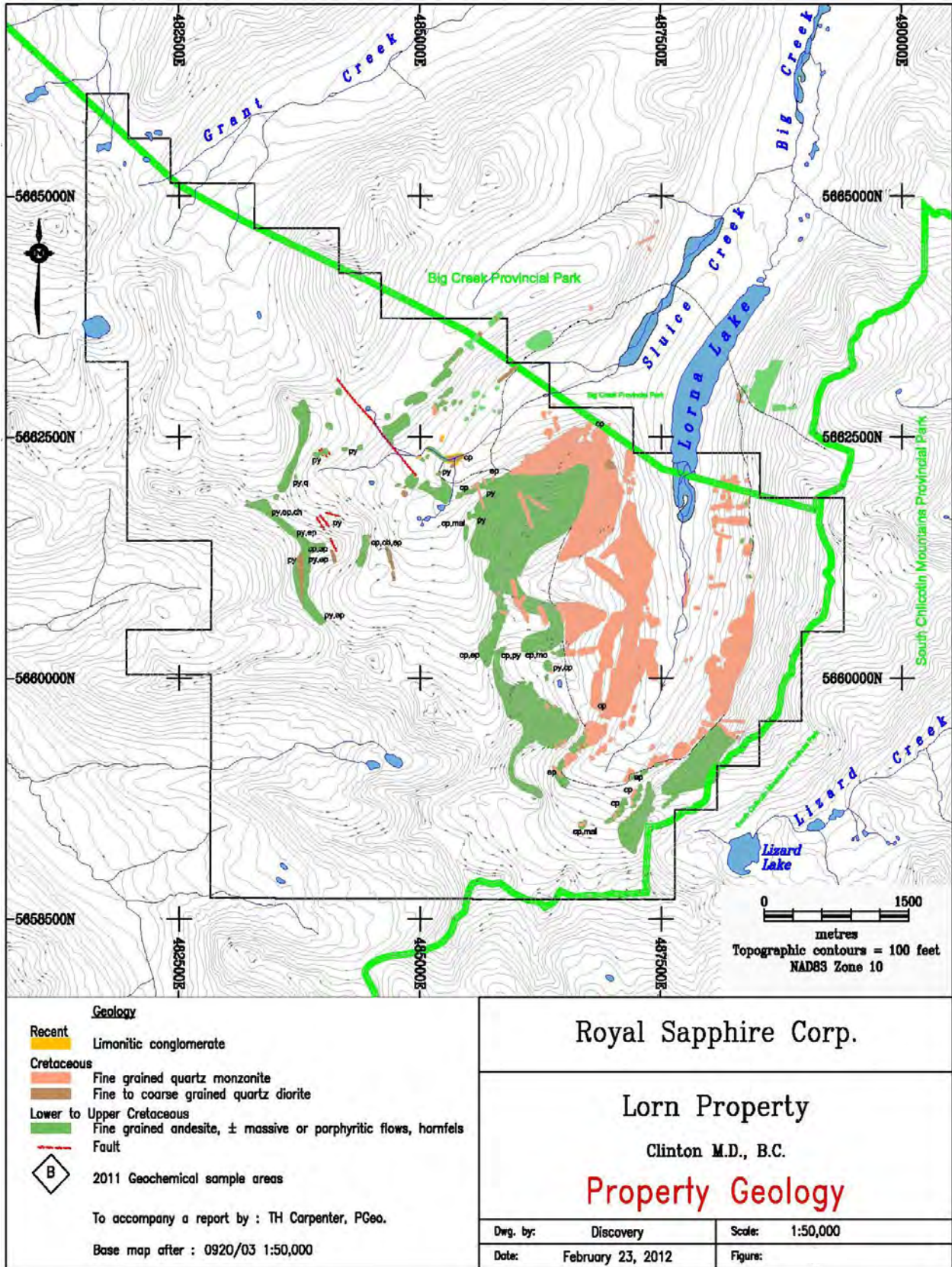


FIGURE 4

PREVIOUS EXPLORATION

In May and June, 2011, Geotech Ltd of Aurora, Ontario completed a program of 260 km of airborne ZAxis Tipper Electromagnetic (“ZTEM”) surveying. This was followed on September 9 to 16 by a program of prospecting, soil sampling and rock sampling by Discovery.

The ZTEM survey showed a central zone of high resistivity that correlates with the Lorna Stock, surrounded by a zone of high conductivity that correlates with the contact zone and adjacent hornfelsed and pyritic volcanic rocks. The surface program was designed to follow up on those areas of broader and more intense conductivity and to confirm mineralization outlined during the 1972 Cominco field program.

Survey Results

Figure 5 shows the stacked ZTEM plan maps, with higher frequencies at the top (shallower influence), and lower frequencies at the bottom. The cool or blue colours indicate higher resistivity and the elongate high resistivity zone in the centre of the image corresponds with the Lorna Stock. The surrounding areas of red and orange colours are the low resistivity areas and are interpreted to reflect, at least in part, sulphide mineralization.

The conductive zones bounding the Big Creek valley and evident as “bulls eyes” in the above figure also likely represent mineralization at the contact between the Lorna Stock and the overlying Kingsvale Group.

The TMI map of the Property (Figure 6) exhibits the same general overall pattern as the In-Phase Total Divergence but also shows a strong magnetic high on west side of the survey area as well as a strong magnetic low on to the southwest. The higher magnetism correlates to the Kingsvale Group rocks on the east and west sides of Big Creek. Cominco noted magnetite development in rocks on the west and southwest side of Big Creek and the zones of higher magnetic intensity exhibited above may correspond to an increase in magnetite development in this area. There is little information available as to the cause of the magnetic low to the southeast.

The limited 2011 field prospecting and sampling program however does appear to show some variations in mineralizing styles in the southeastern part of the Property. These variations are discussed in the following section.

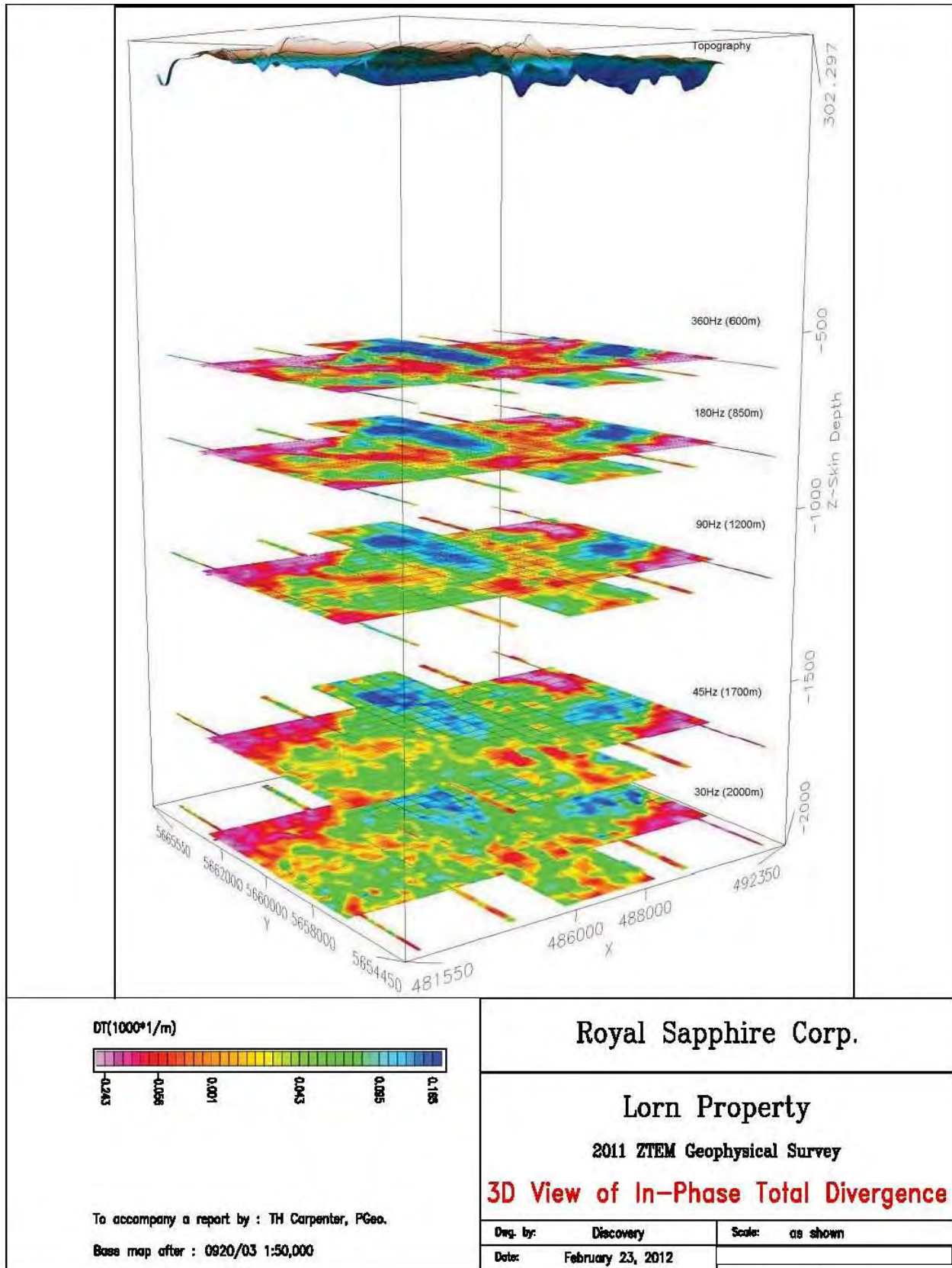


Figure 5

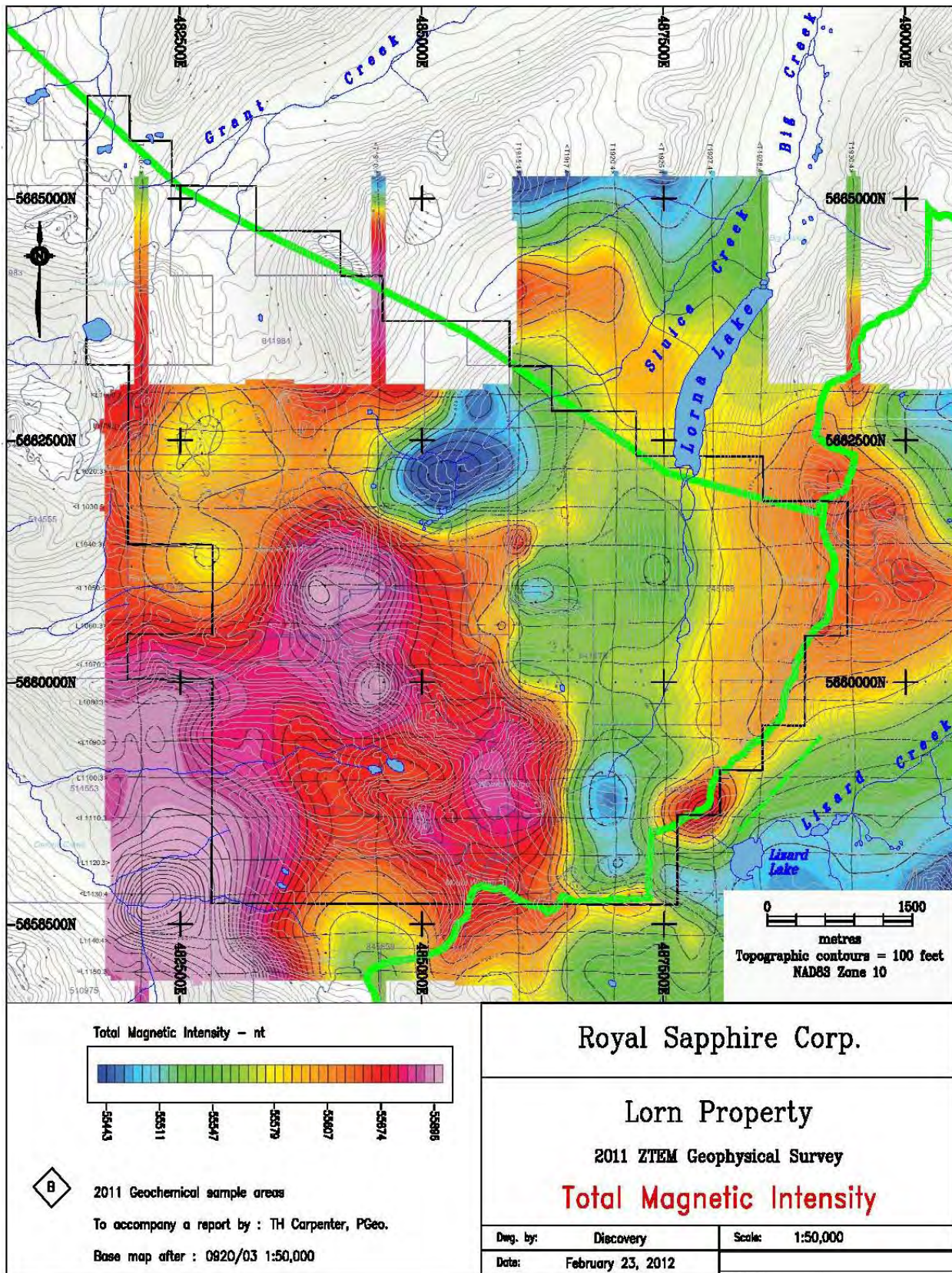


Figure 6

PROSPECTING and SAMPLING RESULTS

A seven day prospecting and contour sampling program was carried out by Discovery personnel between September 9 and September 16, 2011. Three prospectors/samplers were flown to the Property by a chartered fixed-wing float aircraft operating out of the Tyax Lodge on Tyaughton Lake, 35 km southeast of Lorna Lake. Exploration was carried out on foot from a wilderness campground located at the northwest end of Lorna Lake with a maximum travel distance of approximately 5 km to the furthest worksite.

Program Parameters

Four areas were selected for follow up of the 1972 Cominco sampling program. These areas are labelled Areas A to D on Figure 10 and were designed to cover and confirm the results derived from the 1972 Cominco program. In each area two parallel or roughly parallel lines were laid out to cover the previously defined anomalies. In the case of Area C, three lines were emplaced, one of which comprised a short line to avoid sampling difficulties associated with a moraine in the area. Soil/talus samples were collected at 25-metre intervals. Selected rock samples were collected from the four areas based on visual observations of alteration and mineralization. Soil lines and sample locations are also shown on Figure 10.

Program Results

Area A contains copper values to 1,295 parts per million (ppm), molybdenum values to 43 ppm, and silver values to 3.9 ppm in soil/talus fines. Rock samples in this area contained maximum values of 1.27% copper, 10 ppm molybdenum and 18.8 ppm silver. Metal values appear to be highest at the northeast end of the sampled lines.

Area B contains copper values to 3,442 ppm, molybdenum values to 18 ppm, and silver values to 3.3 ppm in soil/talus fines. Rock samples in this area contained maximum values of 2,289 ppm copper, 52 ppm molybdenum and 4.7 ppm silver. As in Area A metal values appear to be highest at the northeast end of the sampled lines. Area B was situated over the area tested by Cominco drill holes LG-1 and 2. Area C was located adjacent to Cominco drill holes LG-3, 4 and 5. As previously noted, sampling in this area was restricted due to the presence of moraine materials. Area C contains copper values to 1,175 ppm, molybdenum values to 90 ppm, and silver values to 6.6 ppm in soil/talus fines. Rock samples in this area contained maximum values of 711 ppm copper, 50 ppm molybdenum and 5.1 ppm silver.

Area D contained maximum copper, molybdenum and silver values of 6,640 ppm, 14 ppm and 8.1 ppm respectively. No rock samples were collected in the area of Area D. Copper, molybdenum and silver values are shown on Figures 11, 12 and 13.

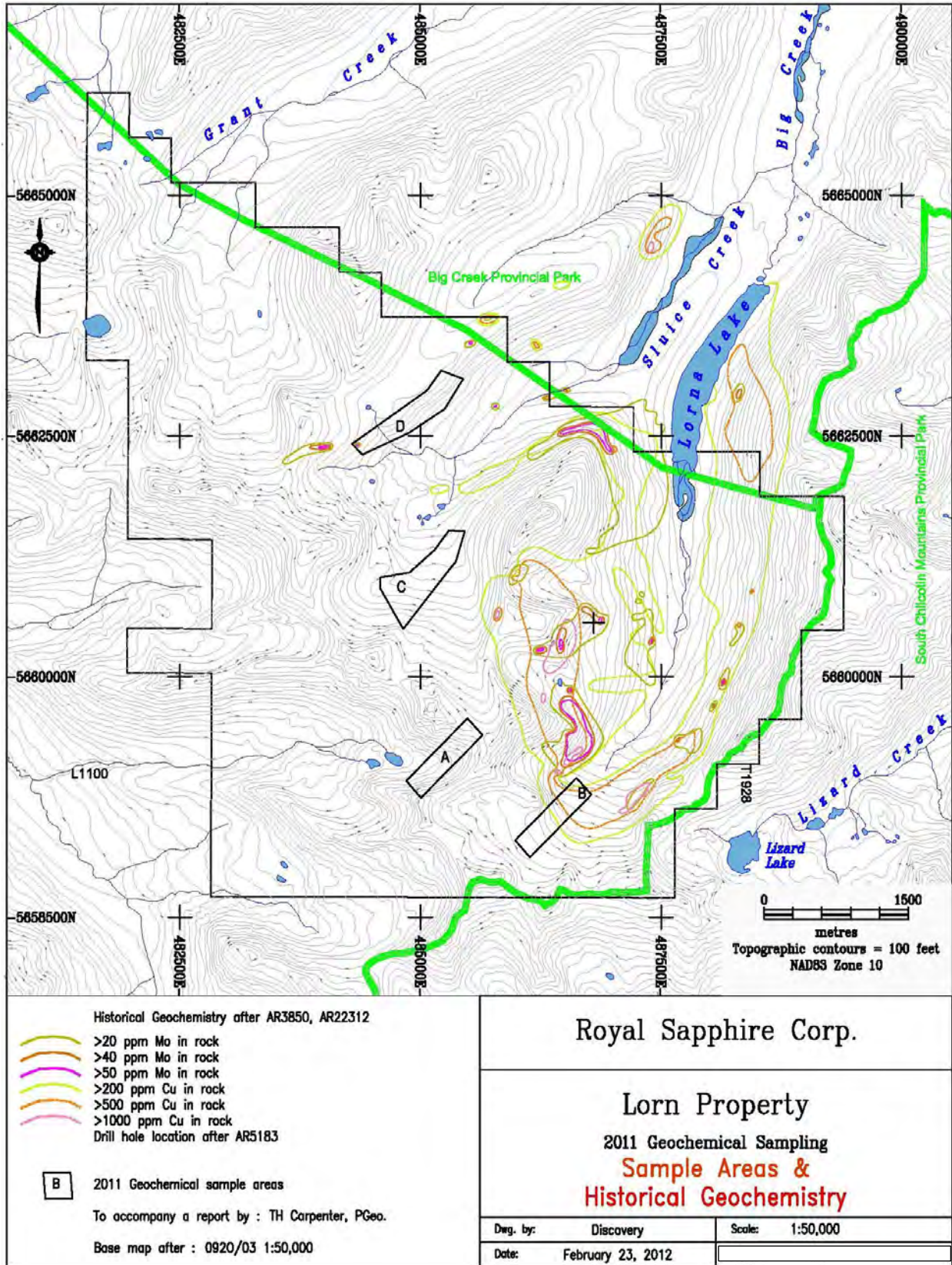


Figure 7

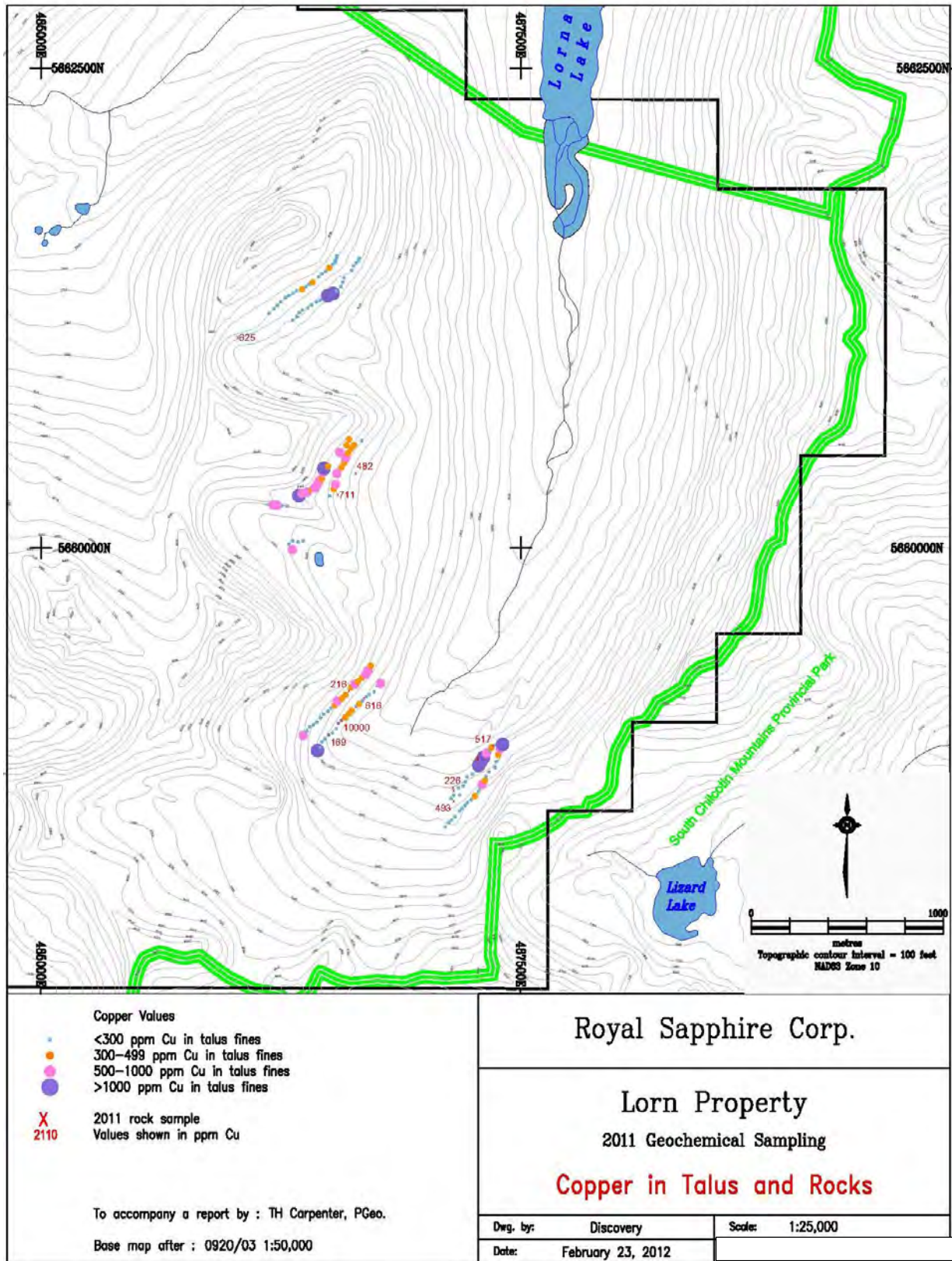


Figure 8

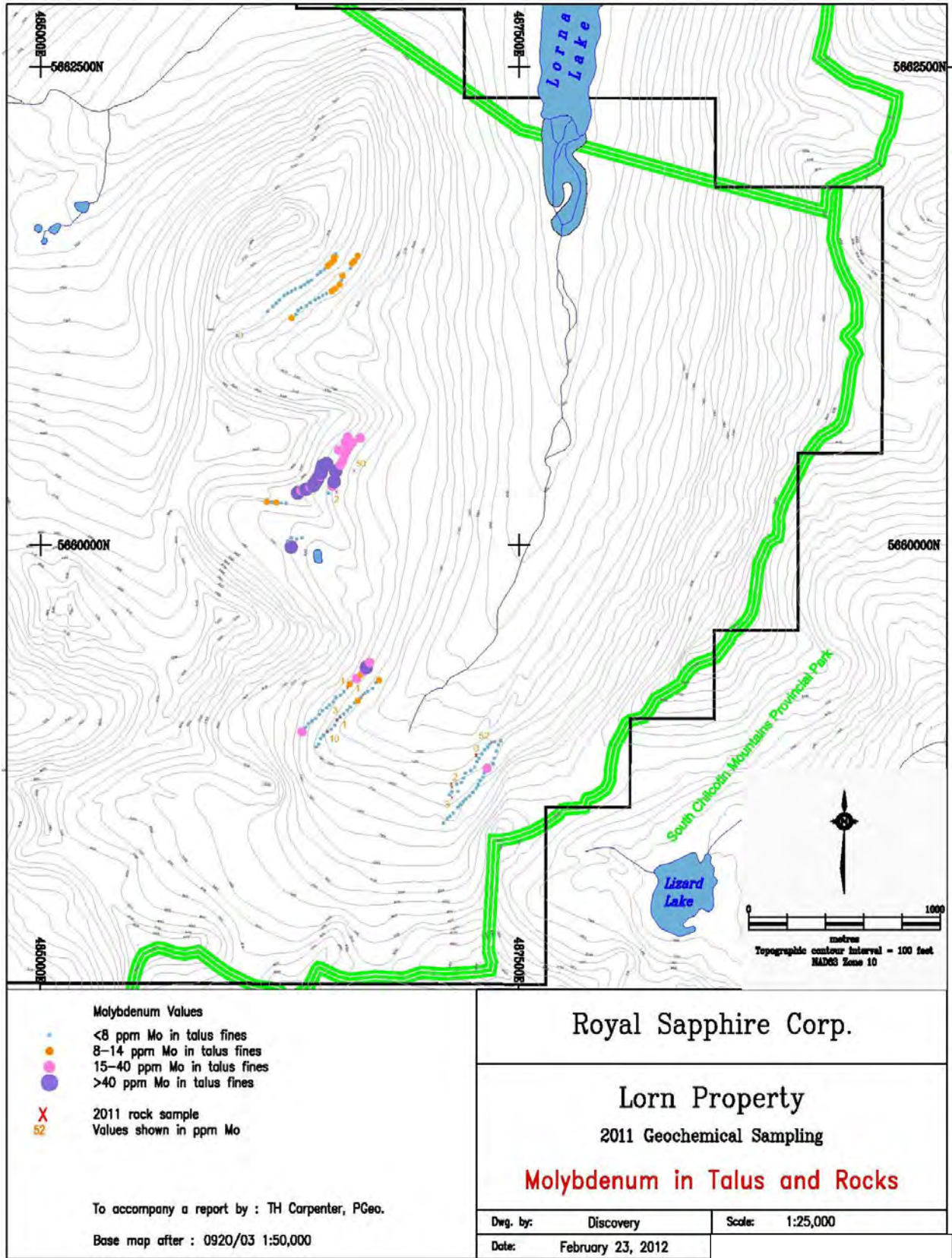


Figure 9

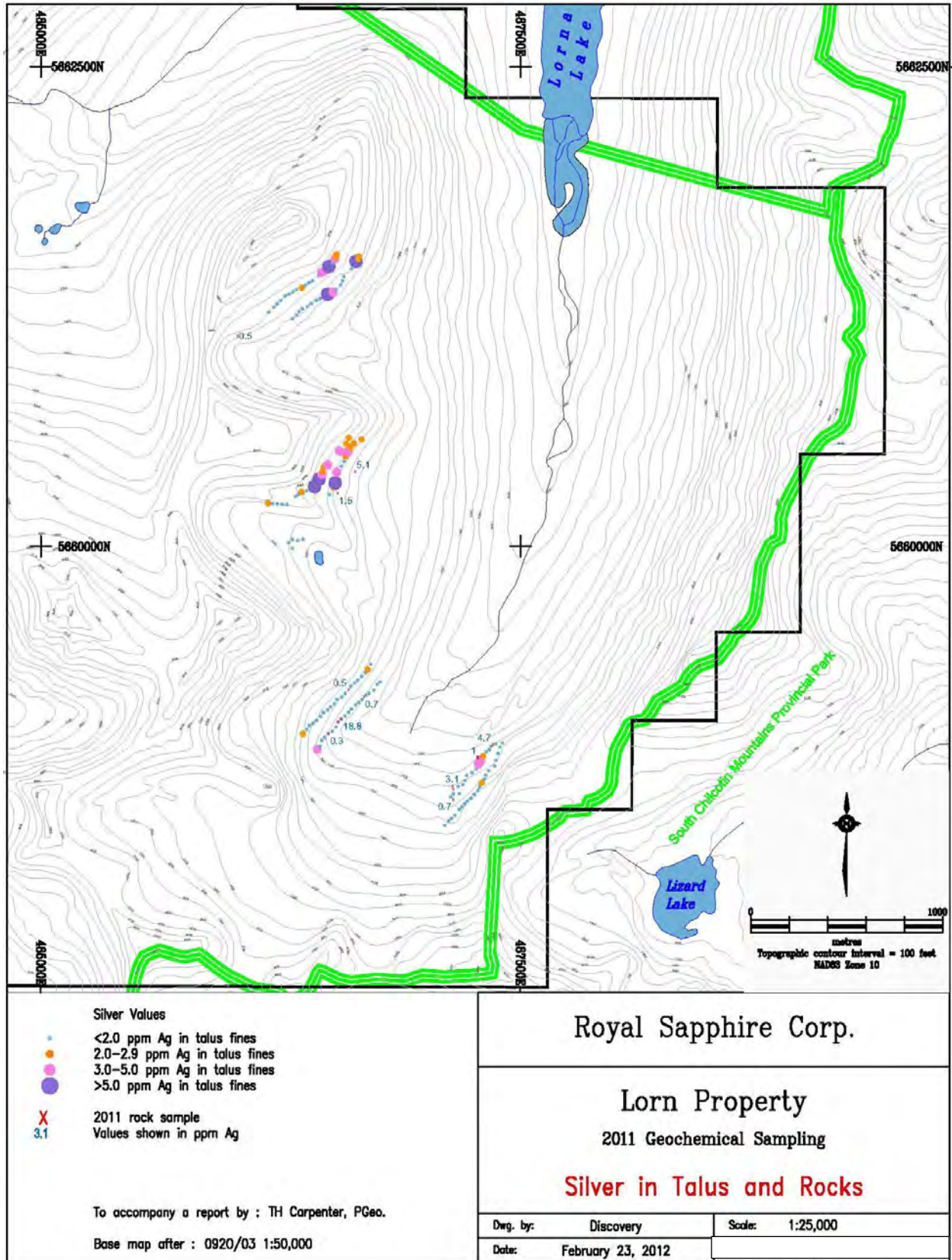


Figure 10

2012 + 2013 WORK (Airphoto Interpretation)

A total of 37 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 30BCC05093 No. 174, 173, 172, 171, 170, 169
- (2) Flight line 30BCC05046 No. 147, 146, 145, 144, 143, 142, 141, 140, 139
- (3) Flight line 30BCC05046 No. 76, 77, 78, 79, 80, 81, 82, 83, 84, 85
- (4) Flight line 30 BCC05046 No. 42, 41, 40, 39, 38, 37, 36, 35
- (5) Flight line 30BCC05046 No. 17, 18, 19, 20

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.

Figure 12 and 13 illustrate some of the Airphoto linears that are apparent. An early north set of linears appears to be cut by a stronger, younger series of northwesterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones and distribution of the intrusive-volcanic contact west of Lorne Creek.

Northeasterly linears appear to reflect structures in the volcanic "basement". Northerly linears are best developed in the intrusion. Some of the major rock exposures exhibit scarcer east-west structures.

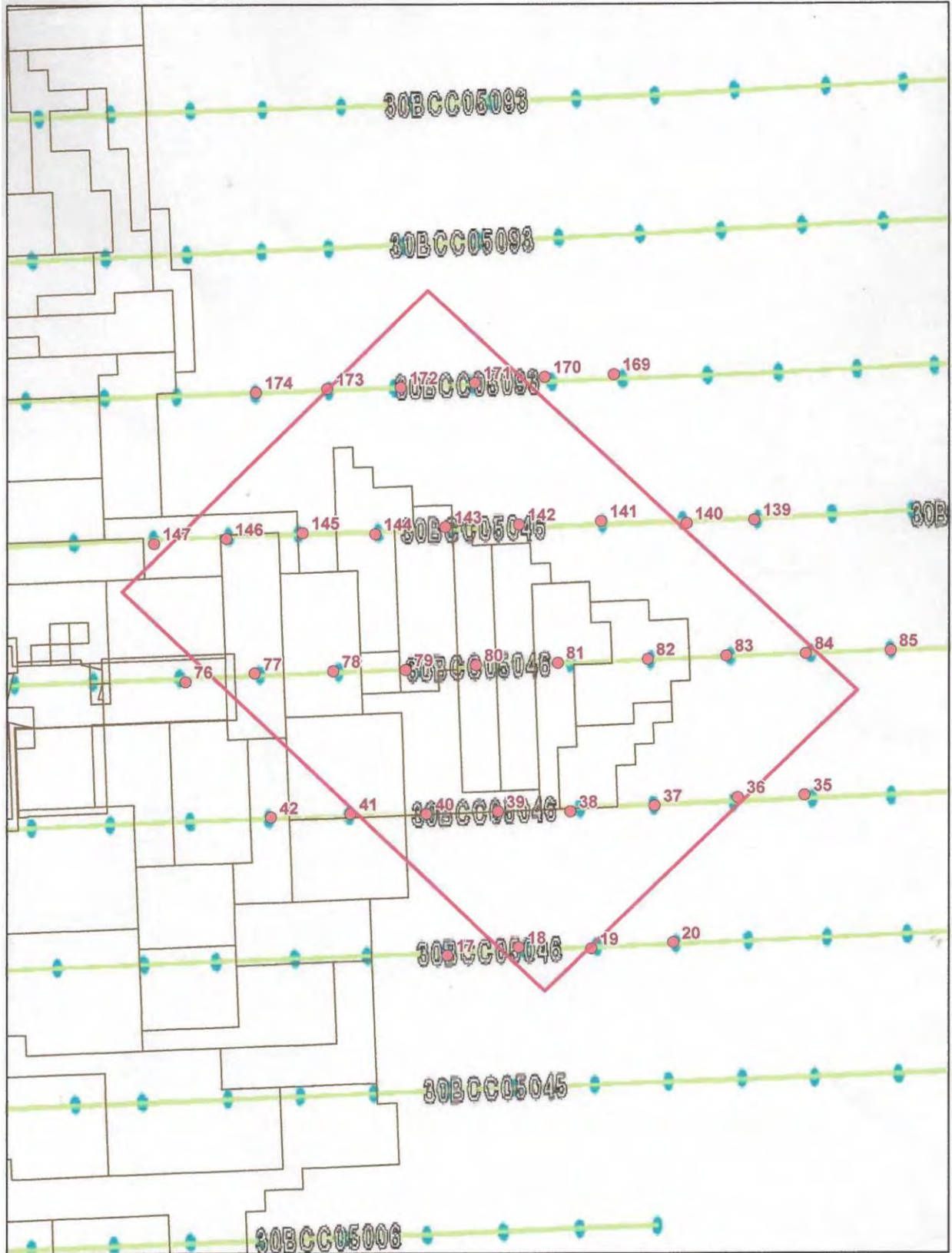


Figure 11



Figure 12 Airphoto 30BCC05046 No. 080



Figure 13 Airphoto 30BCC05046 No. 081

CONCLUSIONS and RECOMMENDATIONS

The Lorn Property contains mineralization associated with a porphyry type copper and molybdenum deposit. This mineralization is concentrated in volcanic rocks of the late Cretaceous Kingsvale Group at and near the contact with the Eocene Lorna Stock.

The Property, though classified as a porphyry copper, molybdenum and gold deposit, appears from the 2011 sampling to contain low gold values. The Property does appear however, based on the 2011 sampling, to contain significant silver values. Of the 155 soil/talus fine samples collected only one sample contained less than the detection limit of 0.1 ppm silver and 77 samples contained greater than 1 ppm silver, with a maximum value of 8.1 ppm silver.

The 2011 sampling has confirmed the work carried out by Cominco in 1972 and roughly duplicates the values obtained in the 1972 geochemical sampling. Grid based sampling and mapping is needed however to accurately define mineralized zones.

Previous drilling was constrained by the availability of flat ground suitable for the setup of the drill rigs available at the time and for proximity to water sources. Modern helicopter portable drill rigs capable of drill depths to 1000 metres, combined with newer water pumps and pressure hoses capable of pumping water over hundreds of metres vertically would allow the more accurate placement of drill collars to properly test the better parts of the mineralized system.

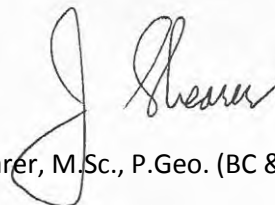
An early north set of linears appears to be cut by a stronger, younger series of northwesterly to northerly set of linears. The northwest structures control the distribution of many of the alteration zones and distribution of the intrusive-volcanic contact west of Lorne Creek.

Northeasterly linears appear to reflect structures in the volcanic "basement". Northerly linears are best developed in the intrusion. Some of the major rock exposures exhibit scarcer east-west structures.

Additional work on the Property is required to confirm and extend, both laterally and to depth the known mineralization within the Copper Zone as presently defined. Additional prospecting, detailed mapping and sampling are recommended during the Phase I program to more accurately define the soil anomalies as presently configured. An Audiomagnetotelluric (AMT) survey or a similar, non-grid based geophysical survey, is recommended to accurately define mineralization at depth. Results of this Phase I work would allow the Phase II drilling program to be accurately designed.

The Phase I program on the Property is estimated to cost \$251,597. A Phase II program, comprising 1000 metres of drilling, if warranted, is estimated at \$492,910.

Respectfully submitted,



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

Recommended Phase I Exploration Budget

	<u>Rate</u>	<u>Units</u>	<u>Subtotal</u>	<u>Total</u>
Planning & Mobilization				
Project Preparation & Planning			\$2,500	
Mob/demob			3,000	\$5,500
Field Crew				
Project Geologist	\$750/day	15 days	\$11,250	
Field Assistants (2)	\$700/day	15 days	10,500	\$21,750
Geophysics				
Mob & demob			\$5,000	
AMT Survey			\$80,000	\$85,000
Field Costs				
Helicopter	\$1,700/hr.	40 hrs.	\$68,000	
Fuel	\$300/hr.	40 hrs.	12,000	\$80,000
Food & Accommodations	\$800/day	15 days	\$12,000	
Communications	\$10/day	15 days	150	
Supplies			1,500	
Shipping			200	
Vehicle rental	\$100/day	15 days	1,500	
Fuel & maintenance	\$50/day	15 days	750	
Other rentals	\$25/day	15 days	375	\$16,475
Sampling				
Assays	\$30/sample	400		\$12,000
Program report				
43-101 compliant				\$8000
			Sub-total	\$228,725
Admin (~5%)				11,436
Contingency (~5%)				11,436
			Grand Total	\$251,597

Recommended Phase II Exploration Budget

	<u>Rate</u>	<u>Units</u>	<u>Subtotal</u>	<u>Total</u>
Planning & Mobilization				
Project Preparation & Planning			\$5,000	
Mob/demob			4,000	\$9,000
Field Crew				
Project Geologist	\$750/day	20 days	\$15,000	
Field Assistants (2)	\$700/day	20 days	14,000	\$29,000
Drilling				
Mob & demob			\$8,000	
Drill and ancillaries			150,000	\$158,000
Field Costs				
Helicopter	\$1,700/hr.	100 hrs.	\$170,000	
Fuel	\$300/hr.	100 hrs.	30,000	\$200,000
Food & Accommodations	\$800/day	20 days	\$16,000	
Communications	\$10/day	20 days	200	
Supplies			1,500	
Shipping			500	
Vehicle rental	\$150/day/ea.	20 days	3,000	
Fuel & maintenance	\$100/day	20 days	2,000	
Other rentals	\$50/day	20 days	1,000	\$24,200
Sampling				
Assays	\$30/sample	600		\$18,000
Program report				
43-101 compliant				\$10,000
			Sub-total	\$448,200
Admin (~5%)				22,405
Contingency (~5%)				22,405
			Grand Total	\$492,910

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APPENDIX I

STATEMENT of QUALIFICATIONS

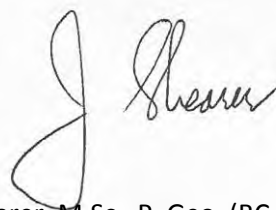
FEBRUARY 15, 2013

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 “Airphoto Interpretation Report on the Lorn Project” dated February 15, 2013.
6. I have visited the property on December 1, 2 and 3, 2012 and January 15 and 16, 2013. 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 Wapiti Phosphorite 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 15th day of February, 2013.



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

APPENDIX II

STATEMENT of COSTS

FEBRUARY 15, 2013

STATEMENT of COSTS

J. T. Shearer, M.Sc., P.Geo. (BC & Ontario), 4 days @ \$700/day December 1-3, 2012 and January 15-16, 2013	Without HST \$ 2,800.00
Wages Subtotal	<u>\$ 2,800.00</u>
Airphoto Cost	555.00
Airphoto Interpretation	1,400.00
Report Preparation, Data Compilation and Interpretation	700.00
Word Processing	<u>250.00</u>
Expenses Subtotal	<u>\$ 2,905.00</u>
Total	\$ 5,705.00

Event # 5422119
Filed December 15, 2012
Amount \$2,400
PAC Filed \$977.71
Total Filed \$3,377.71

and

Event # 5429437
Filed January 31, 2013
Amount \$2,000
PAC Filed \$626.03
Total Filed \$2,626.03

APPENDIX III

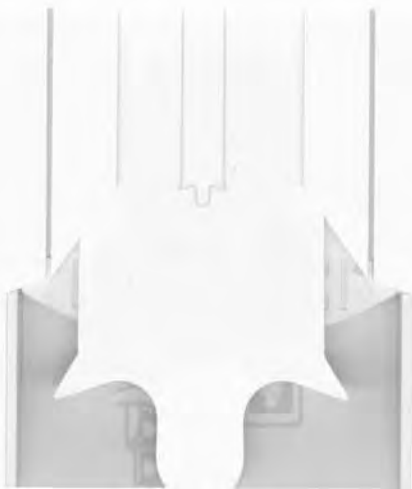
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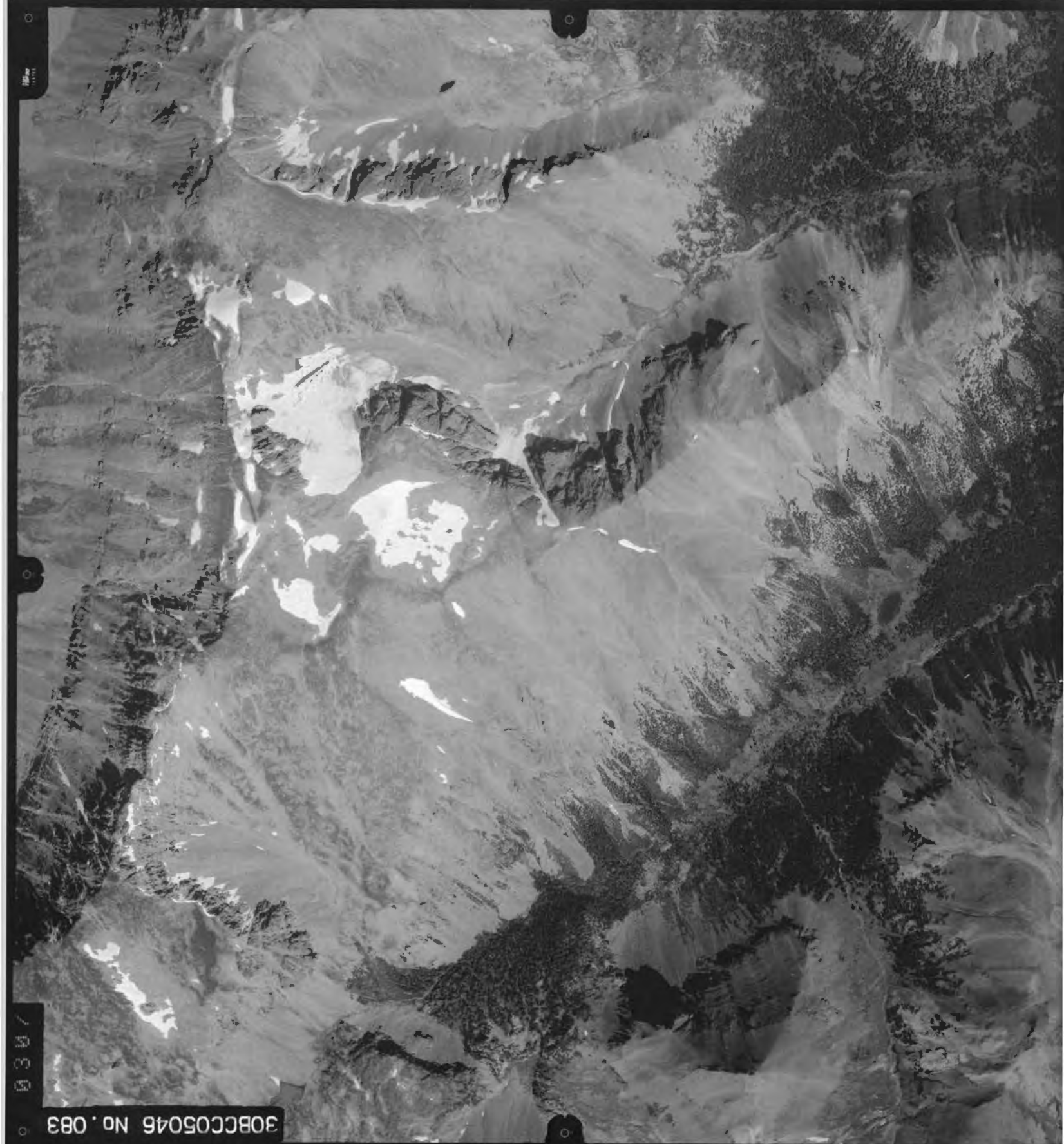
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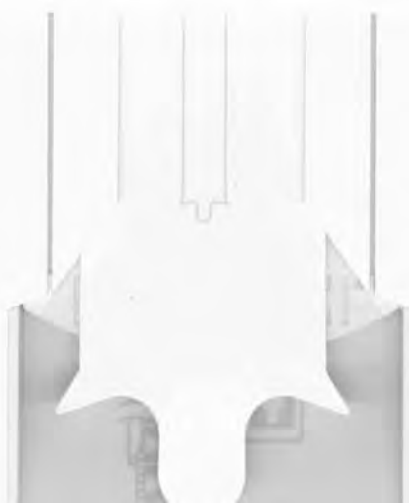


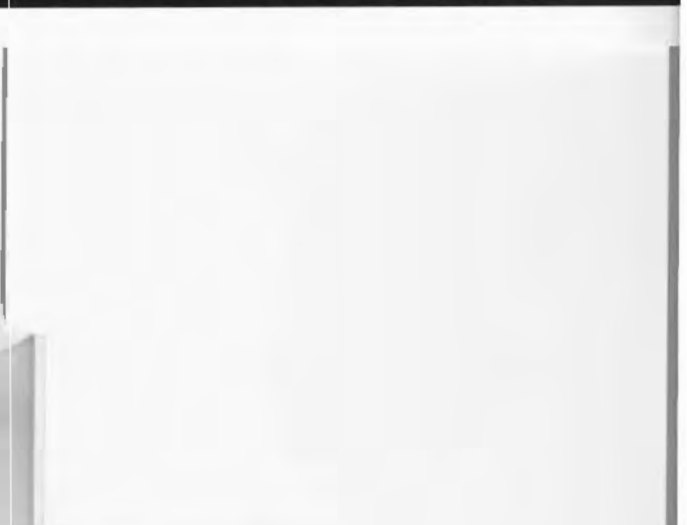
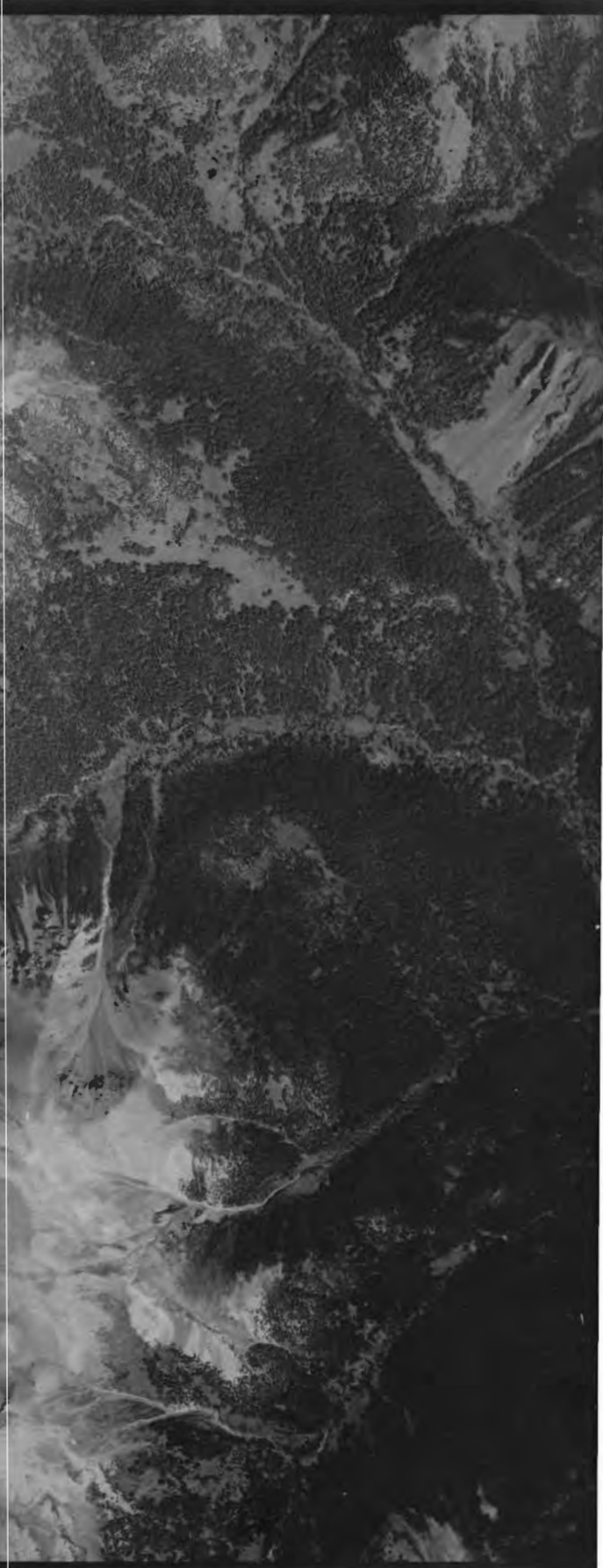


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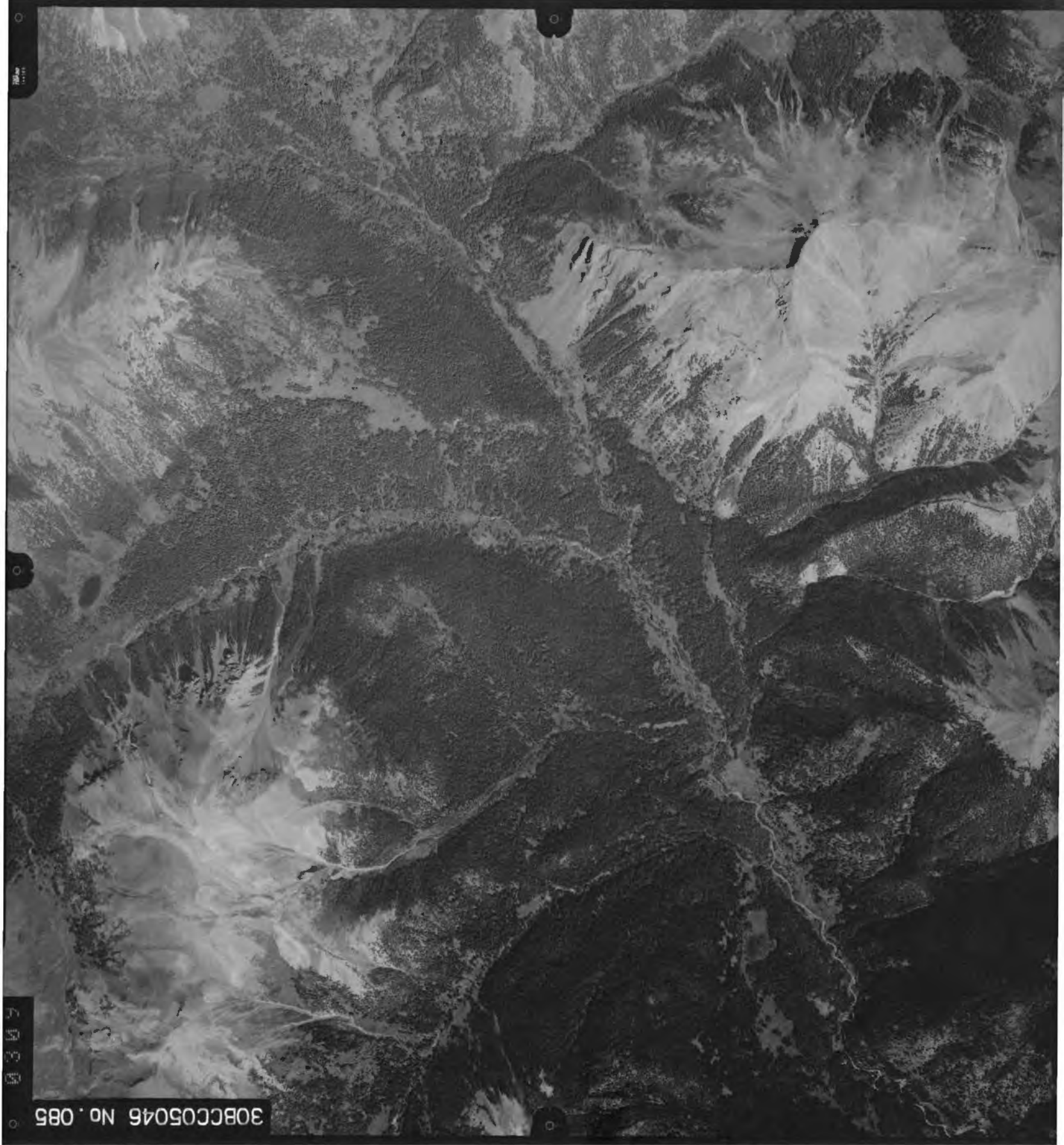




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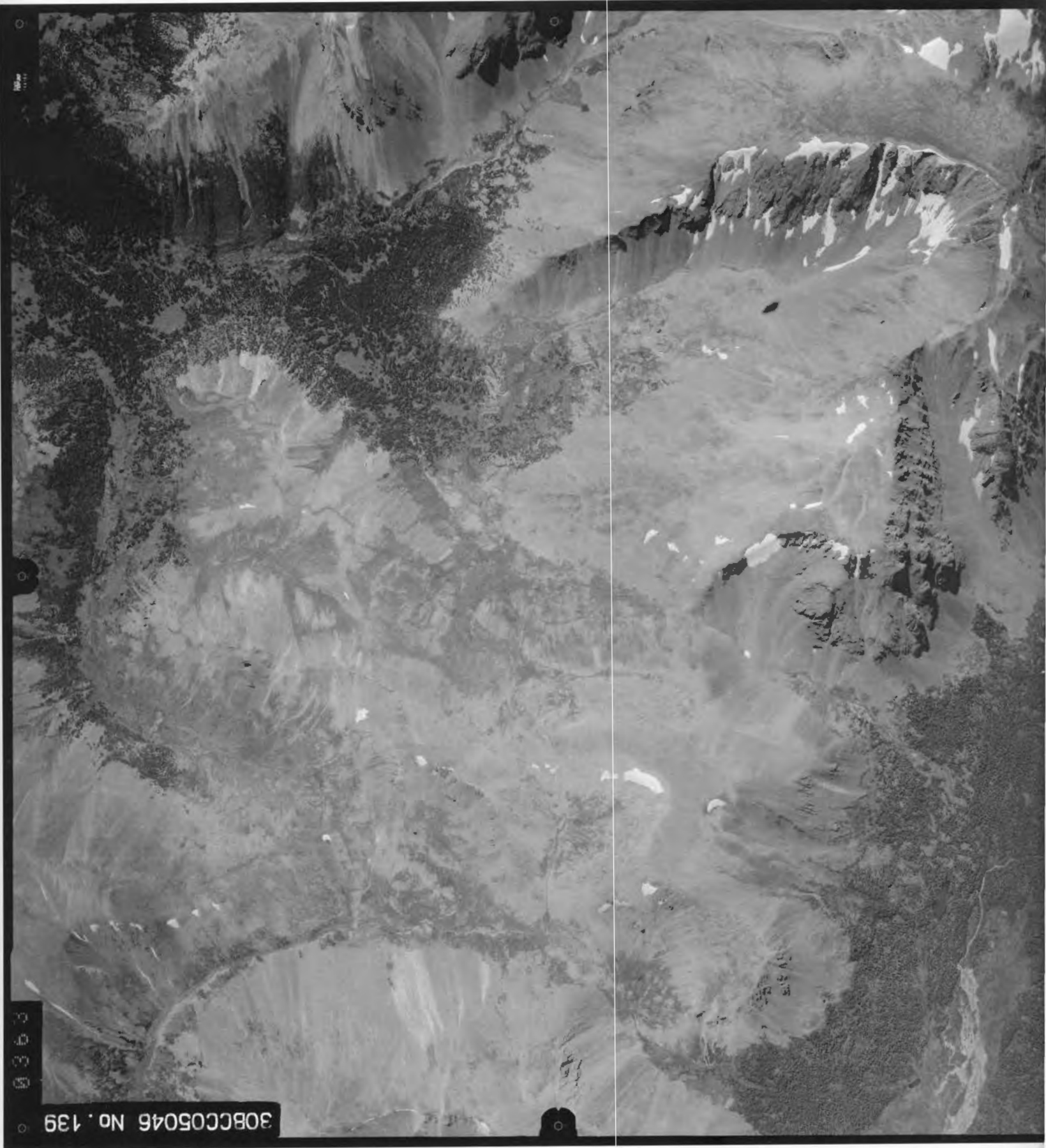
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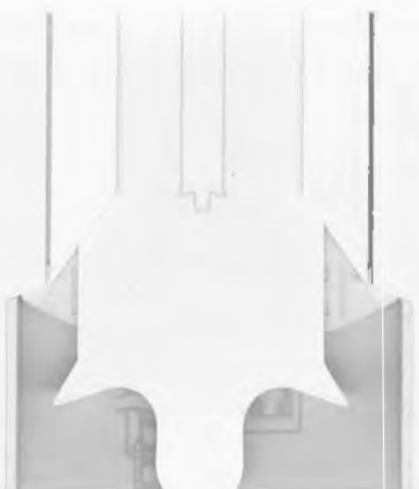


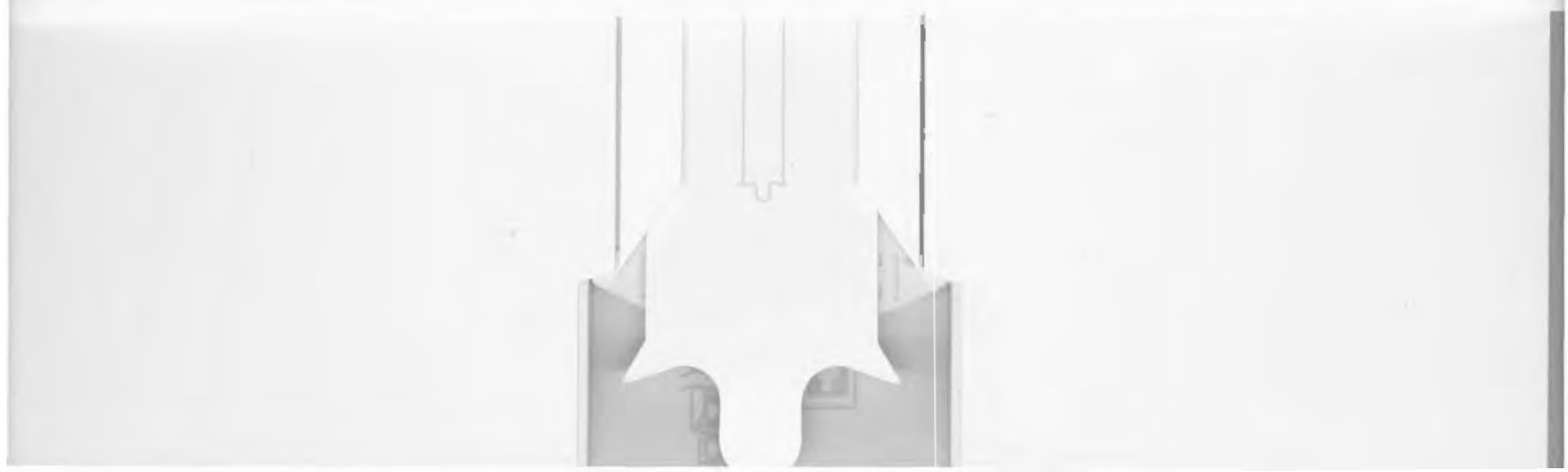


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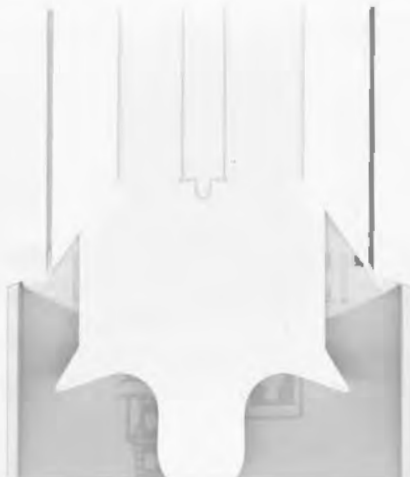




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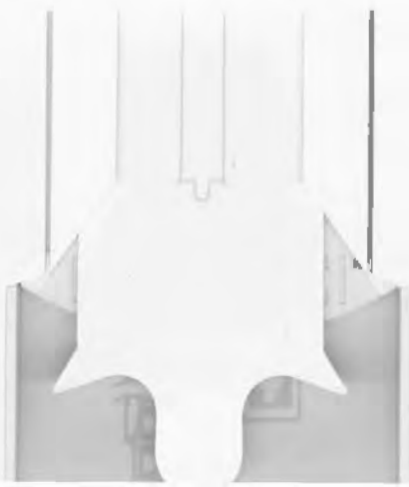
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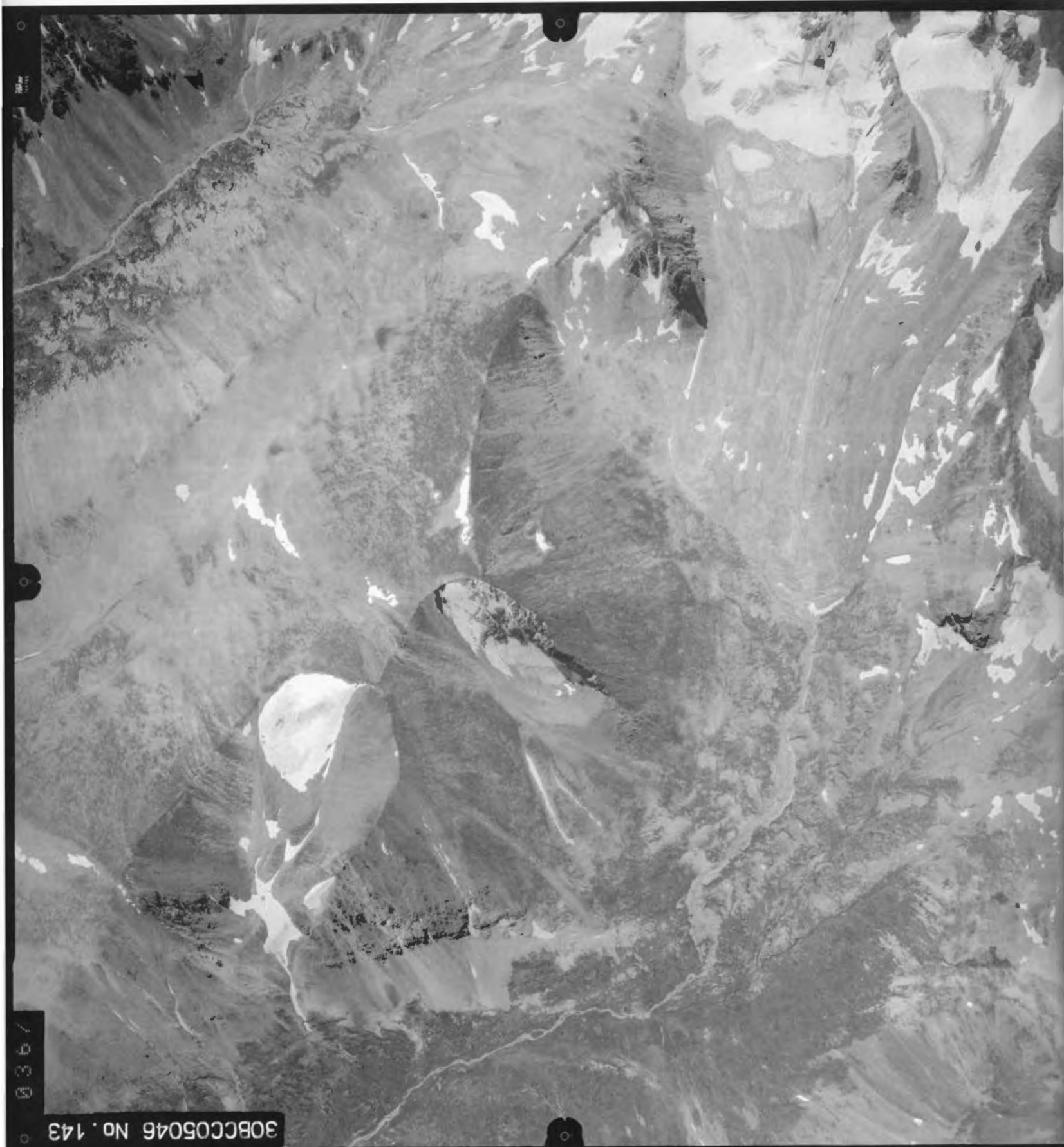




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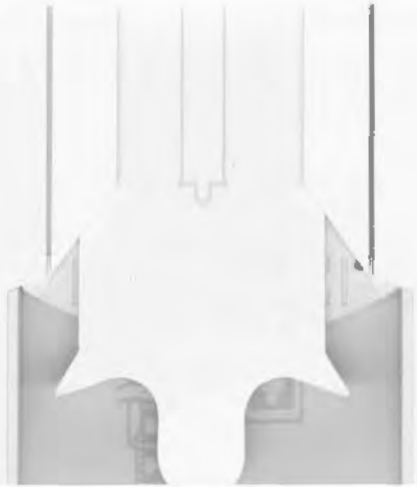
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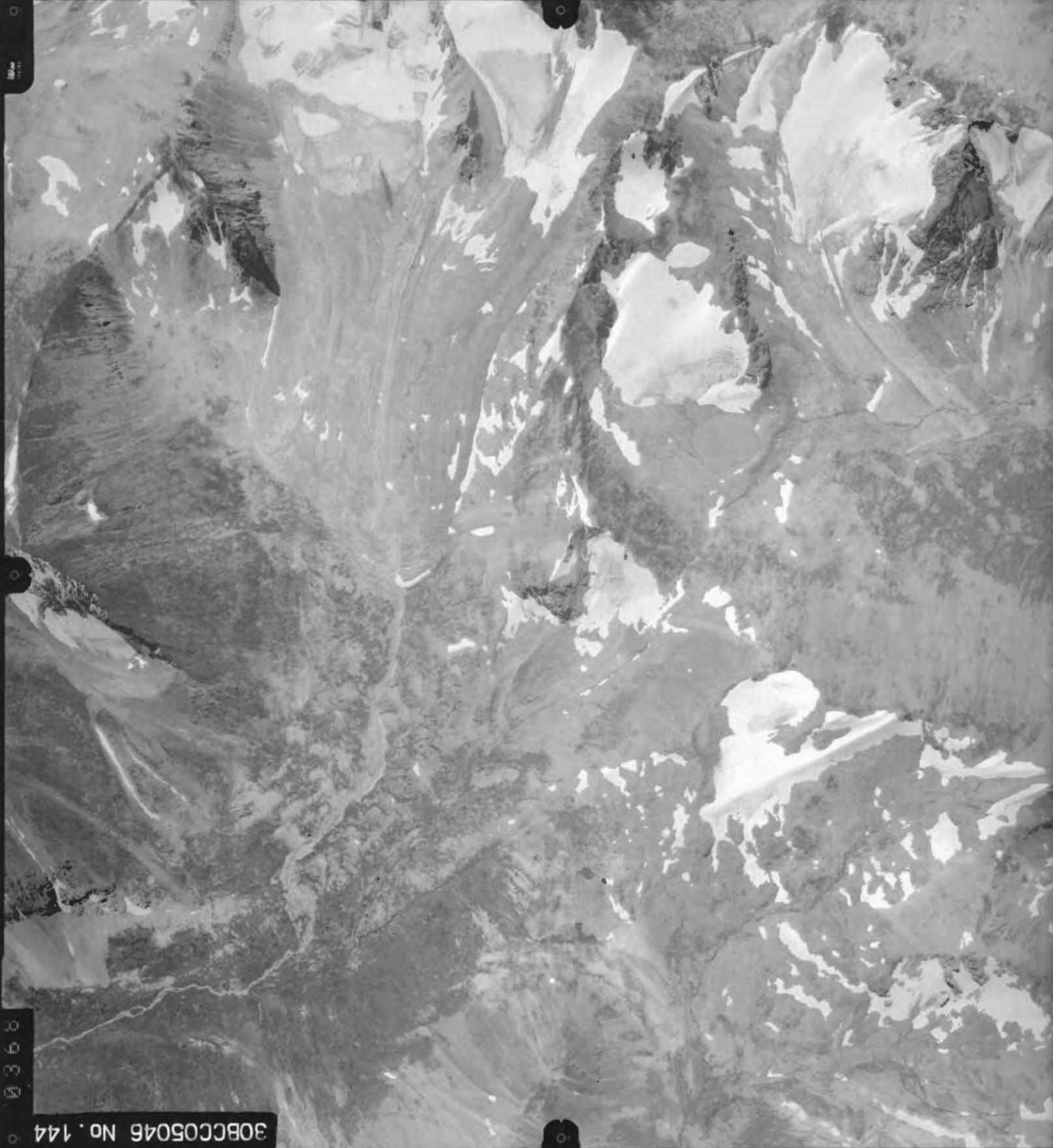




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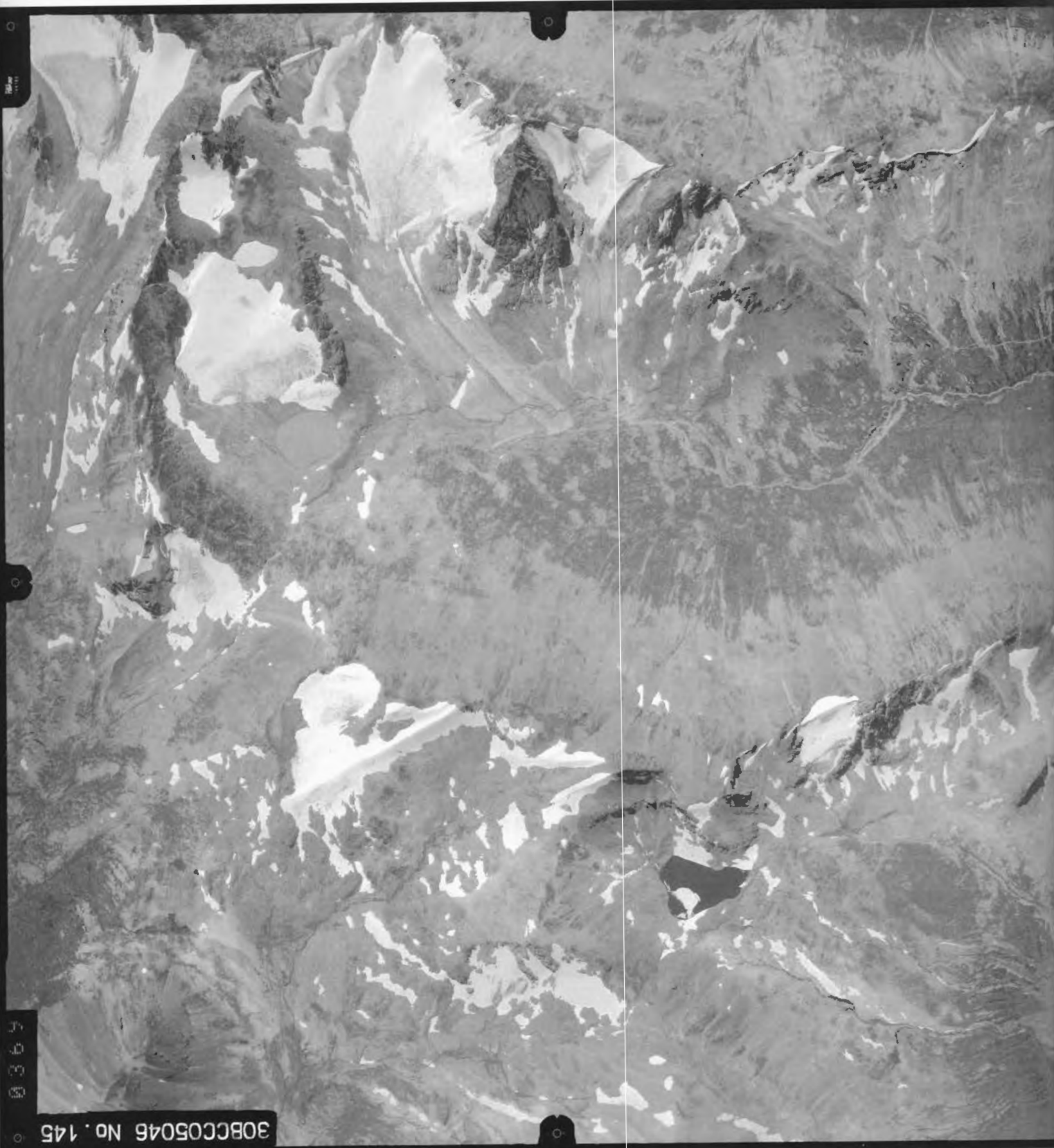


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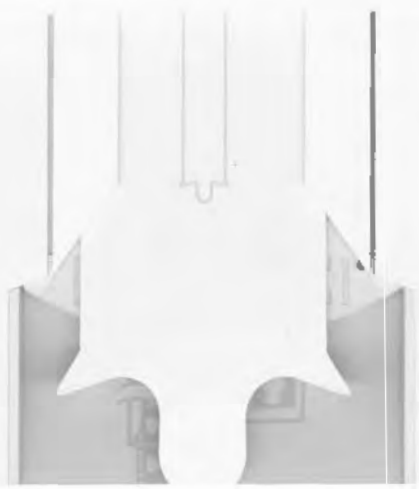
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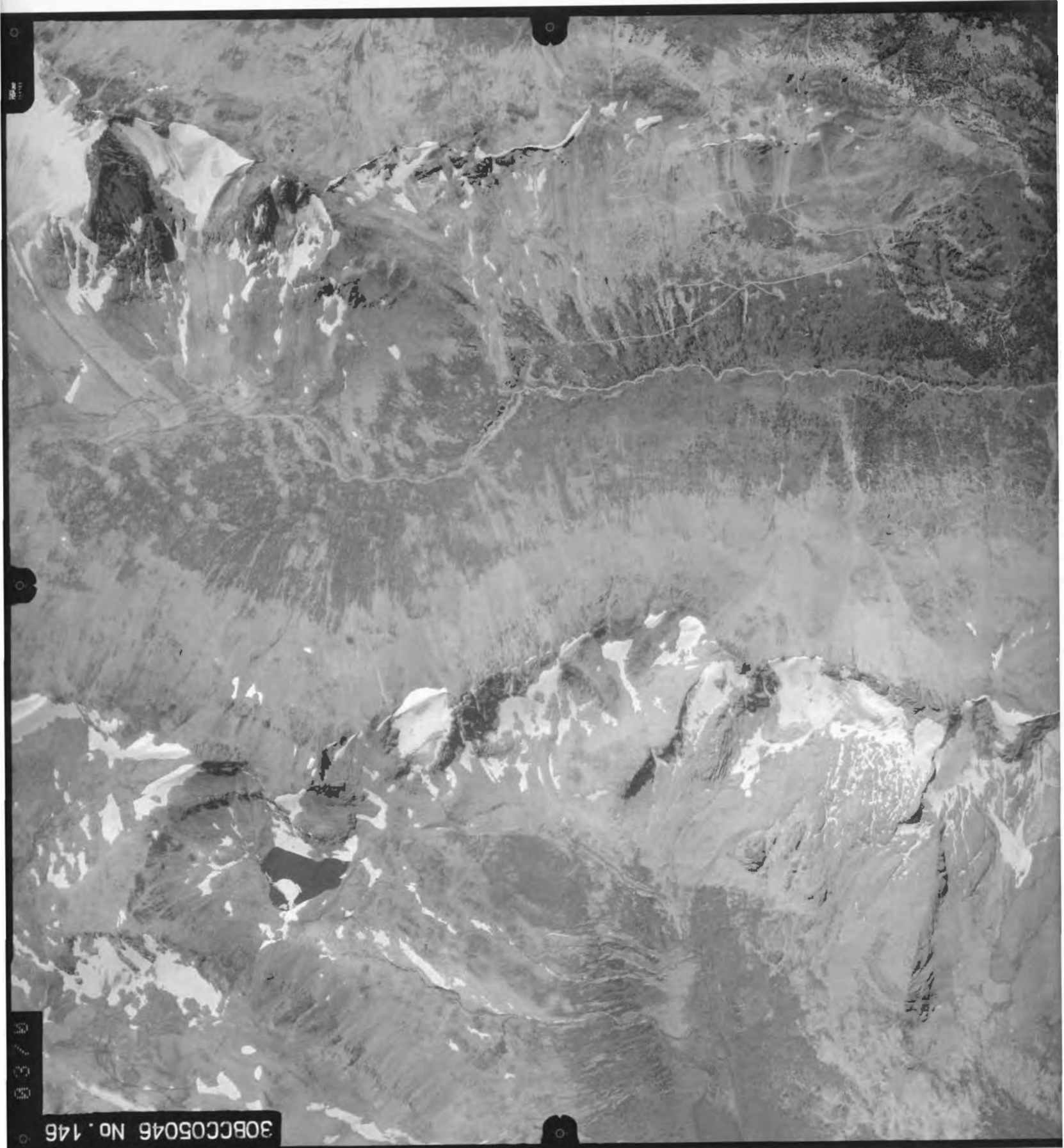




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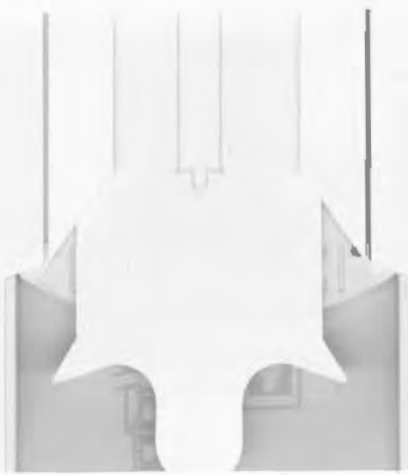
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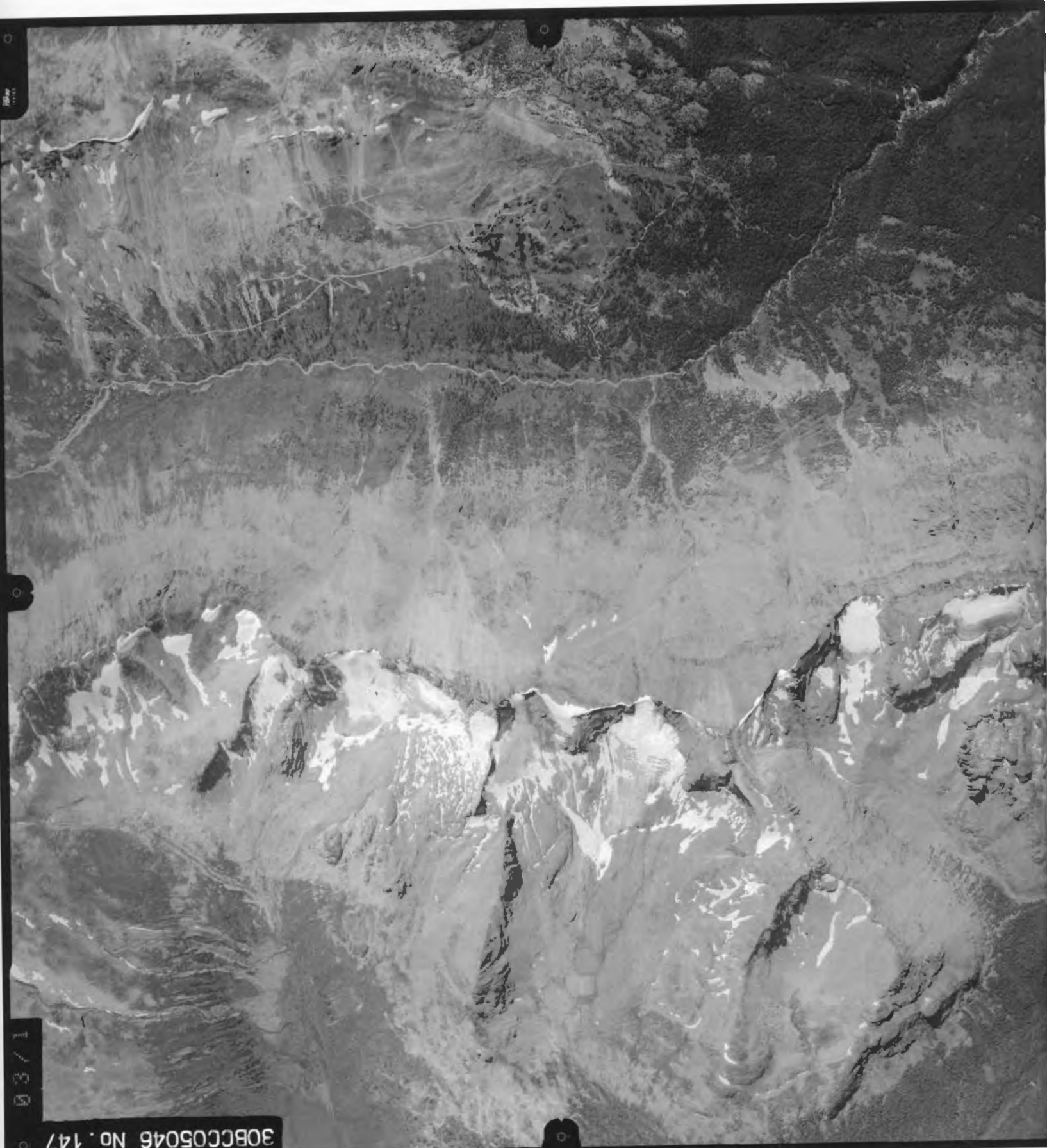




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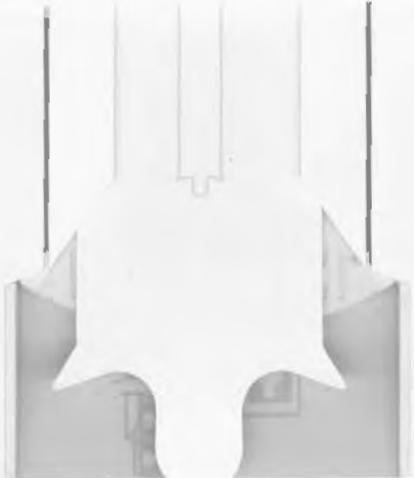
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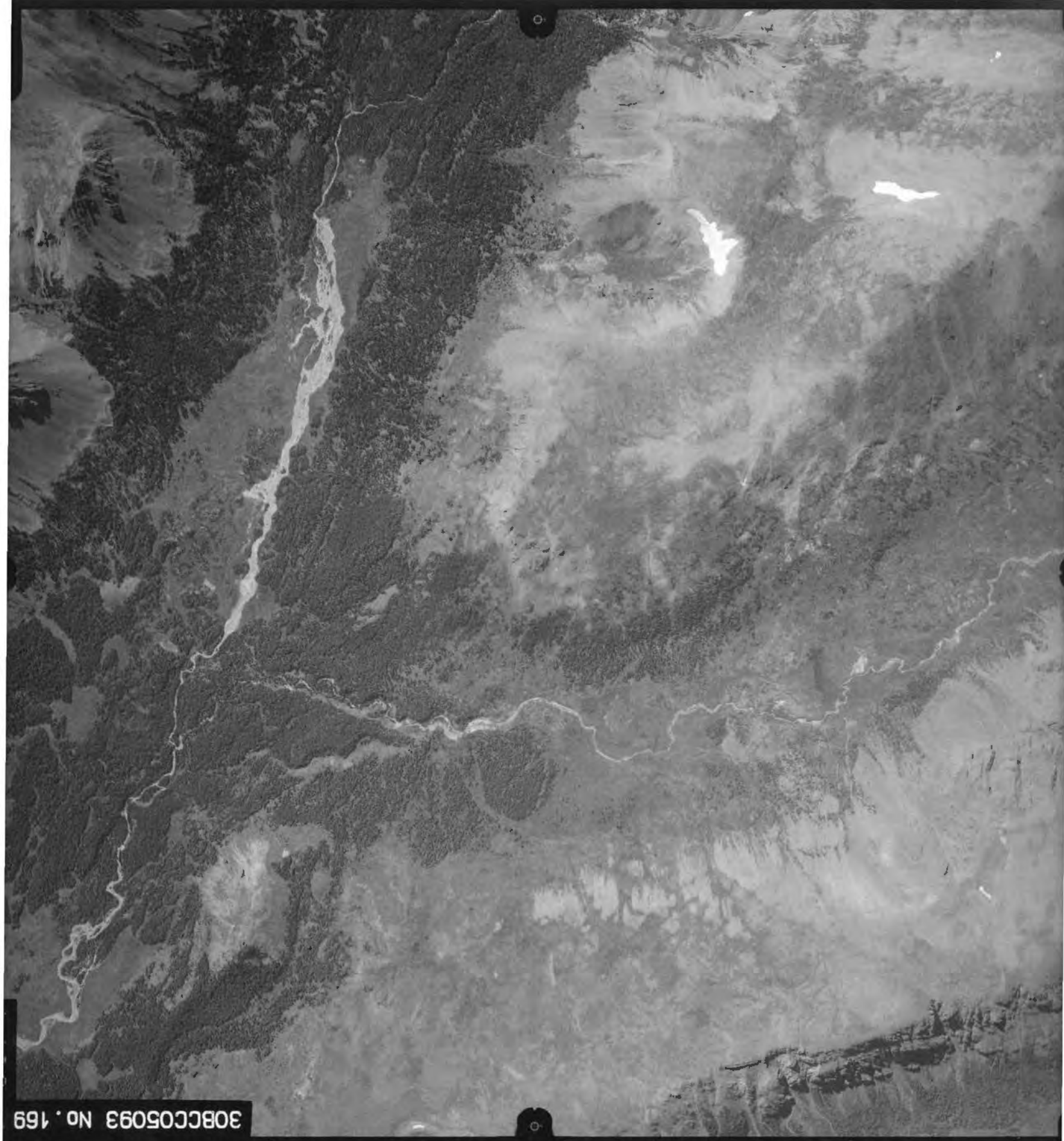




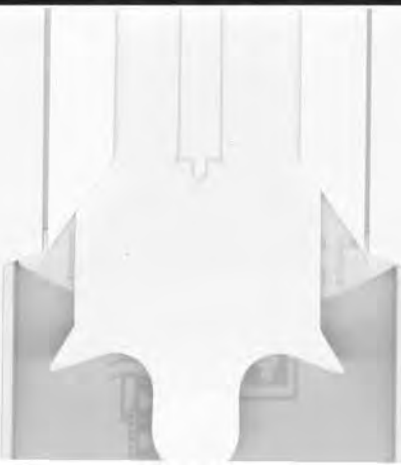
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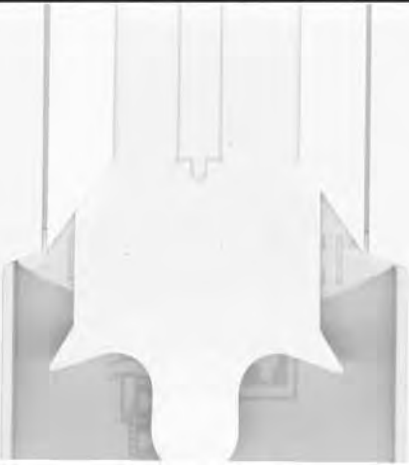


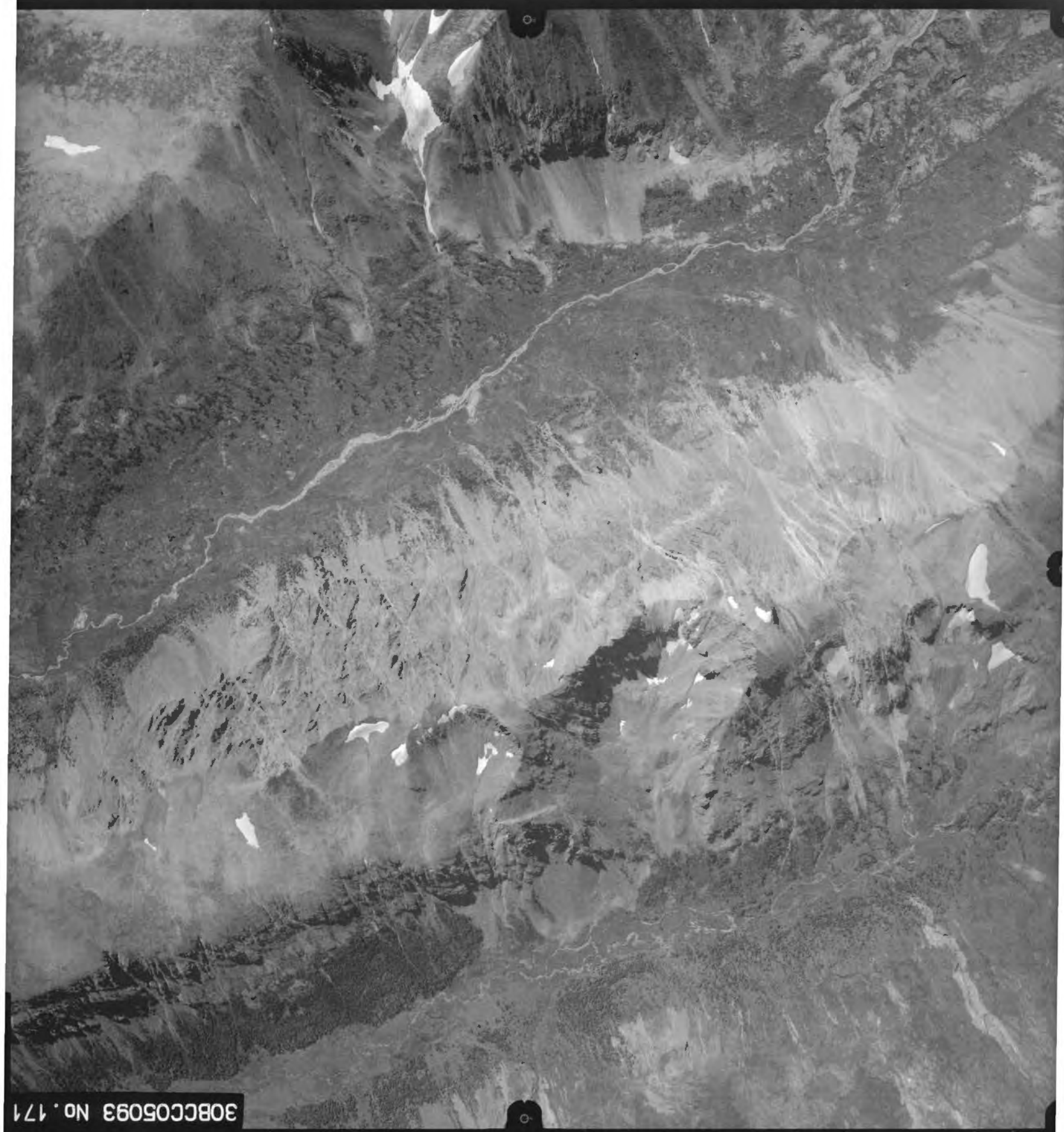
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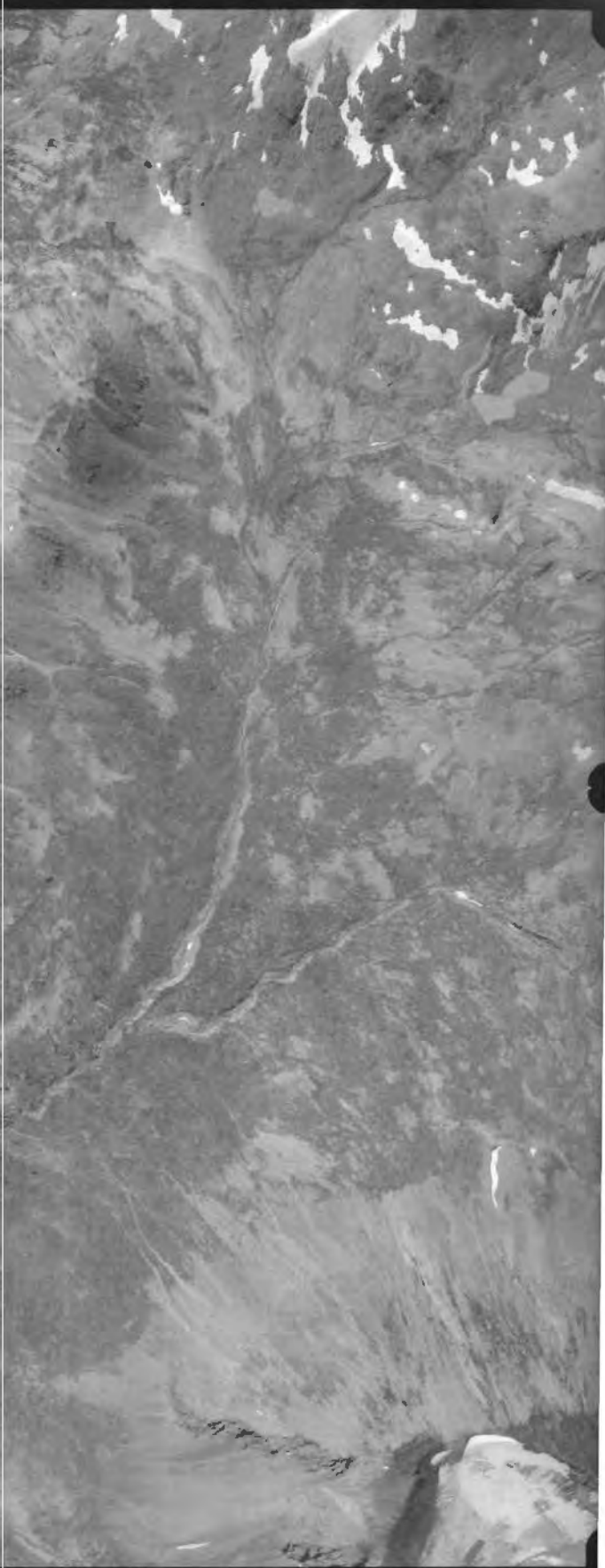
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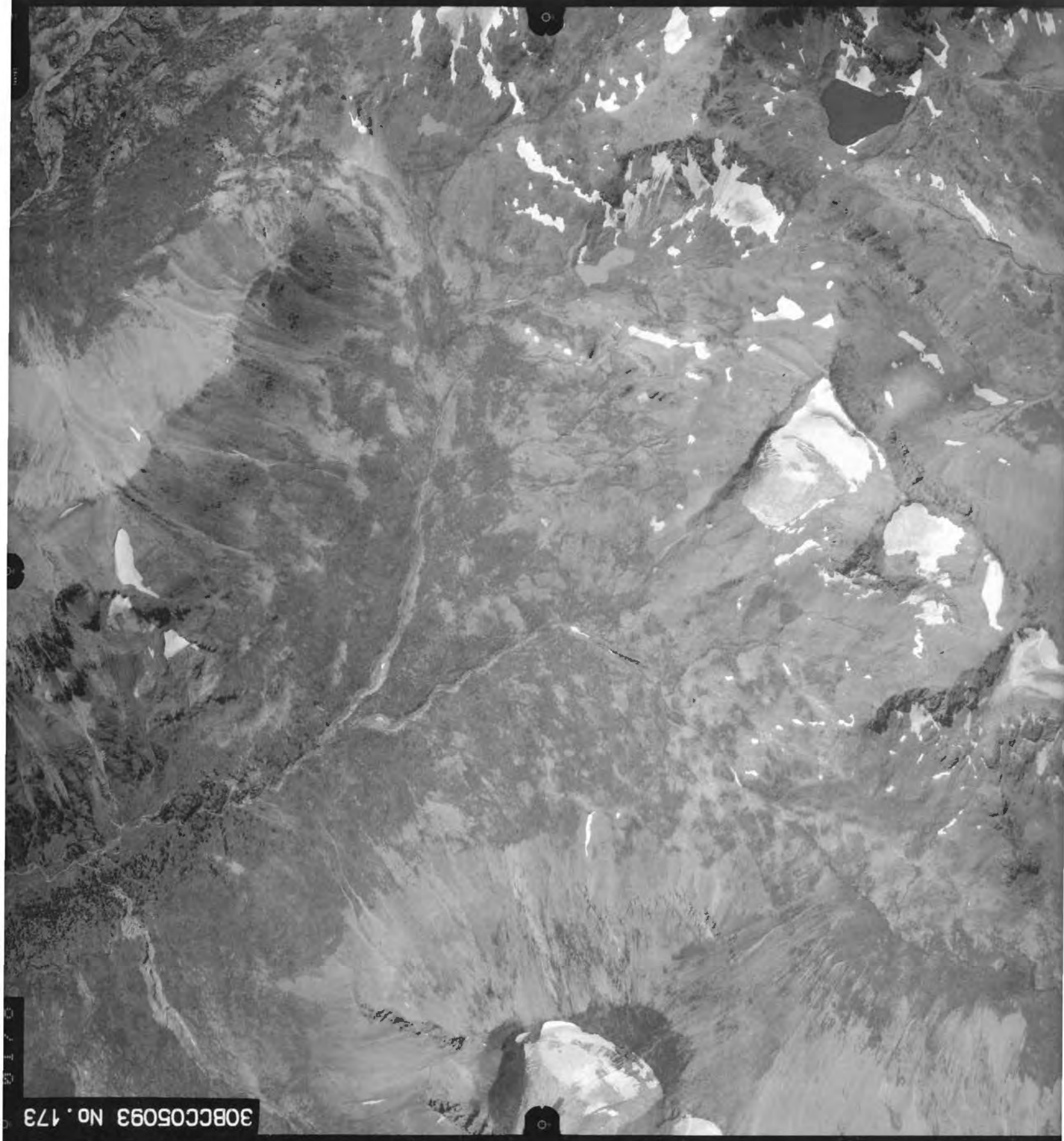
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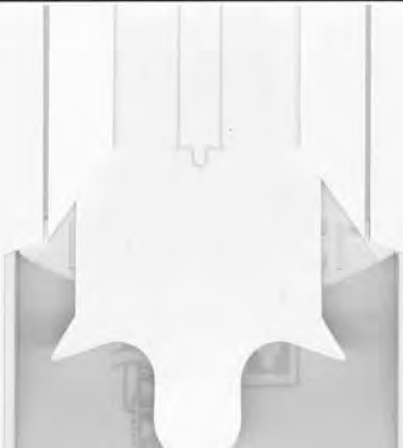


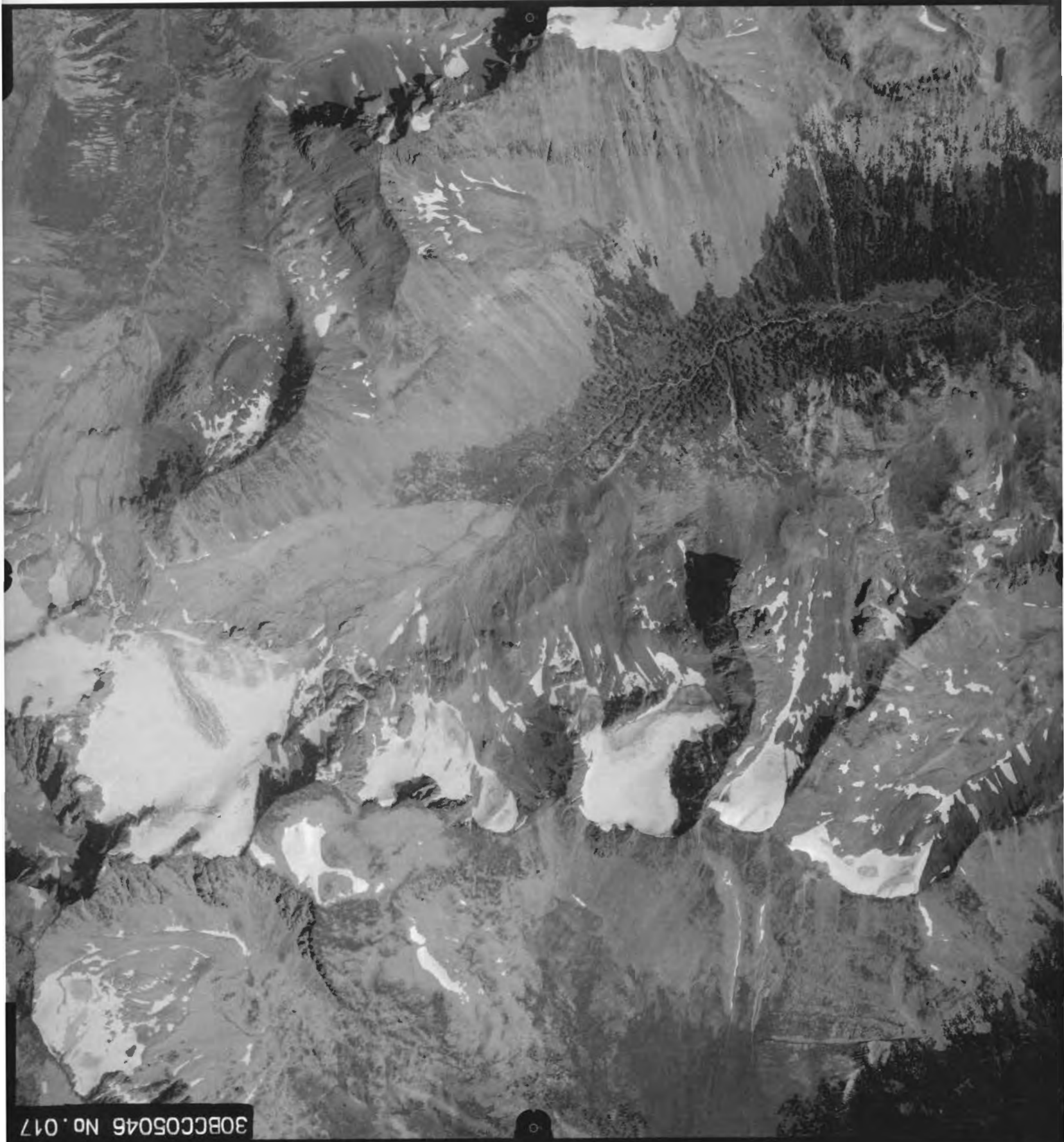
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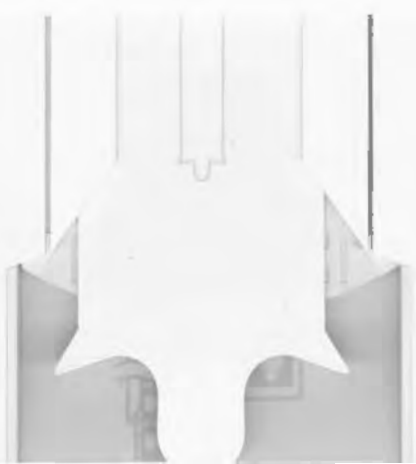


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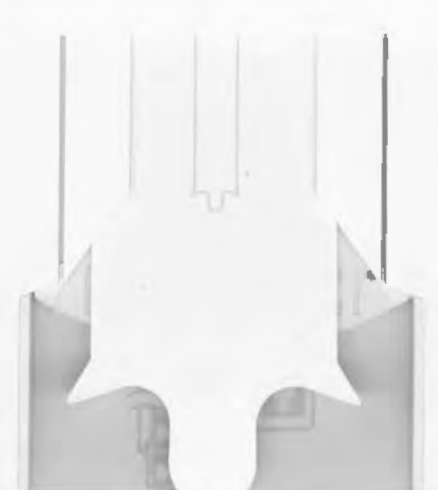


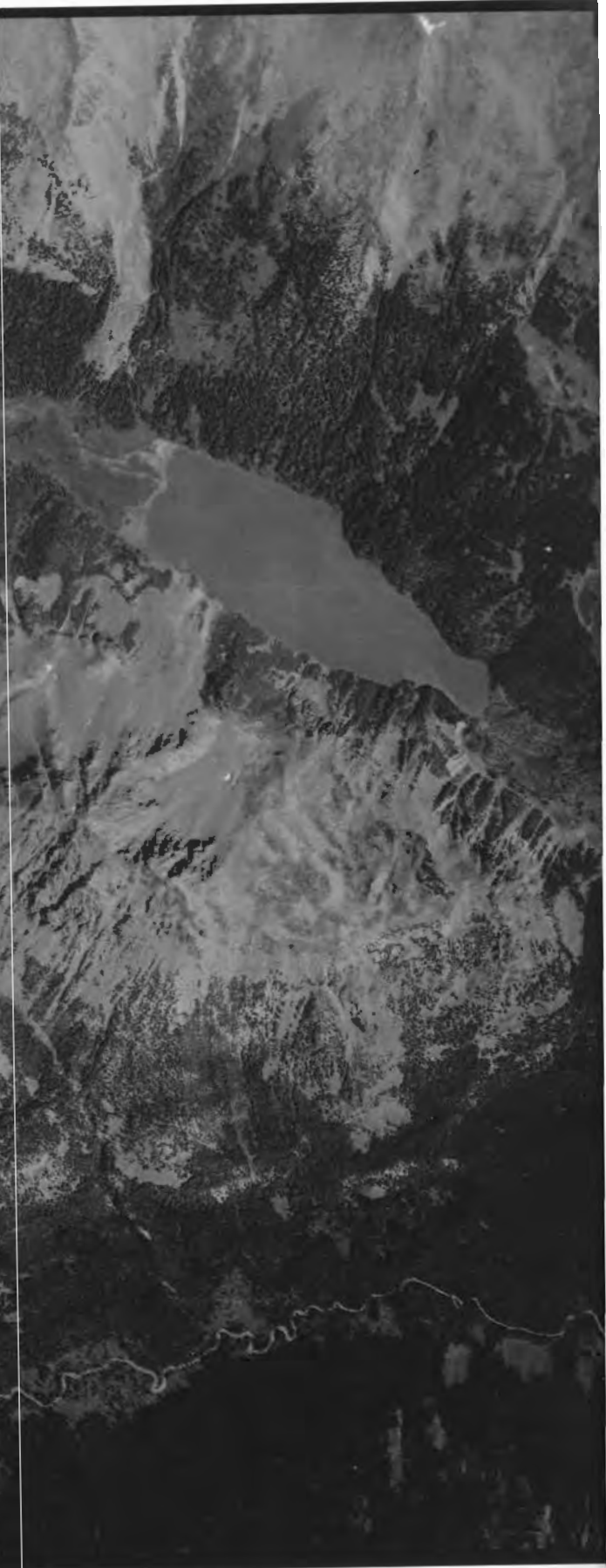
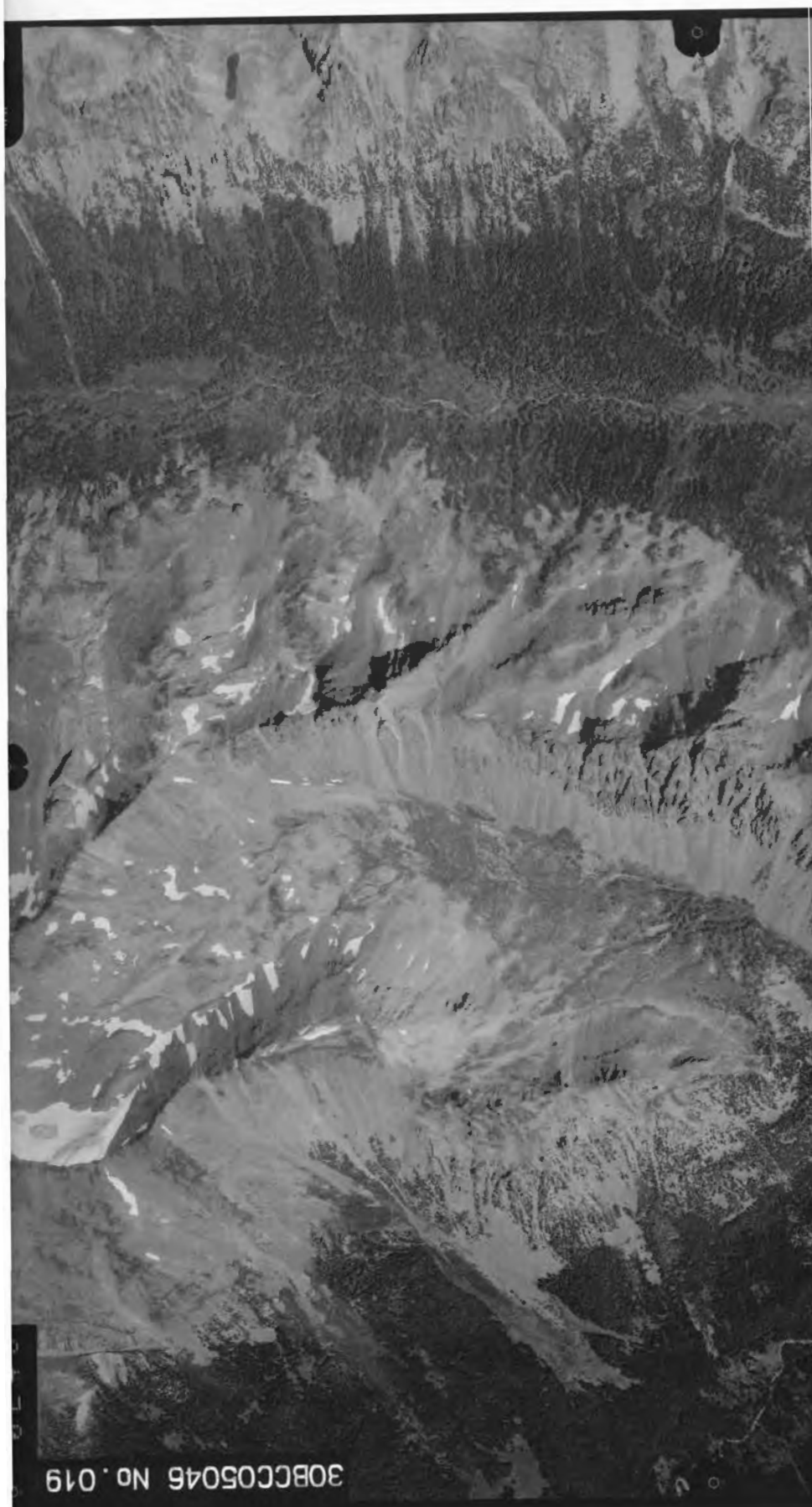
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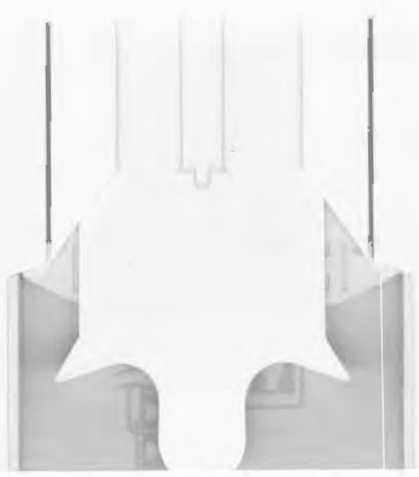


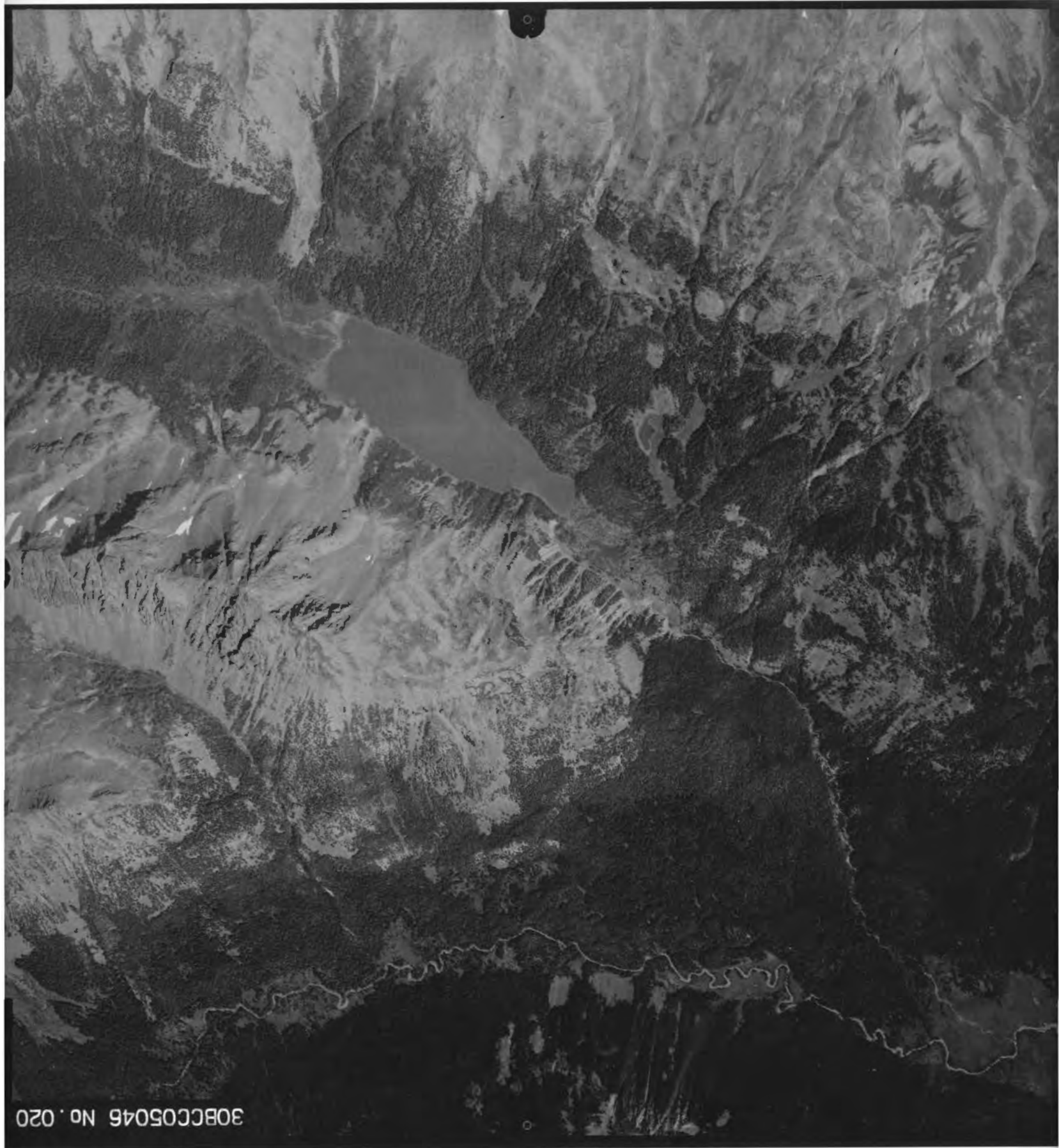
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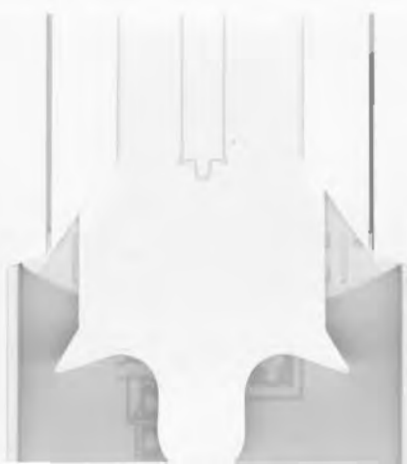


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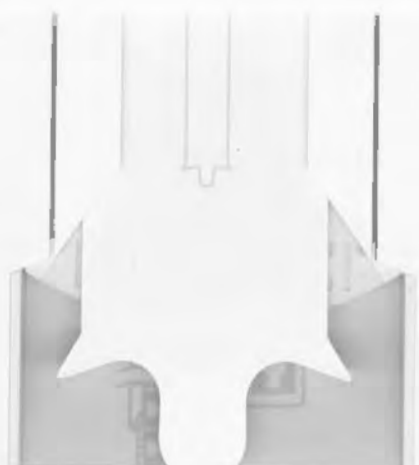


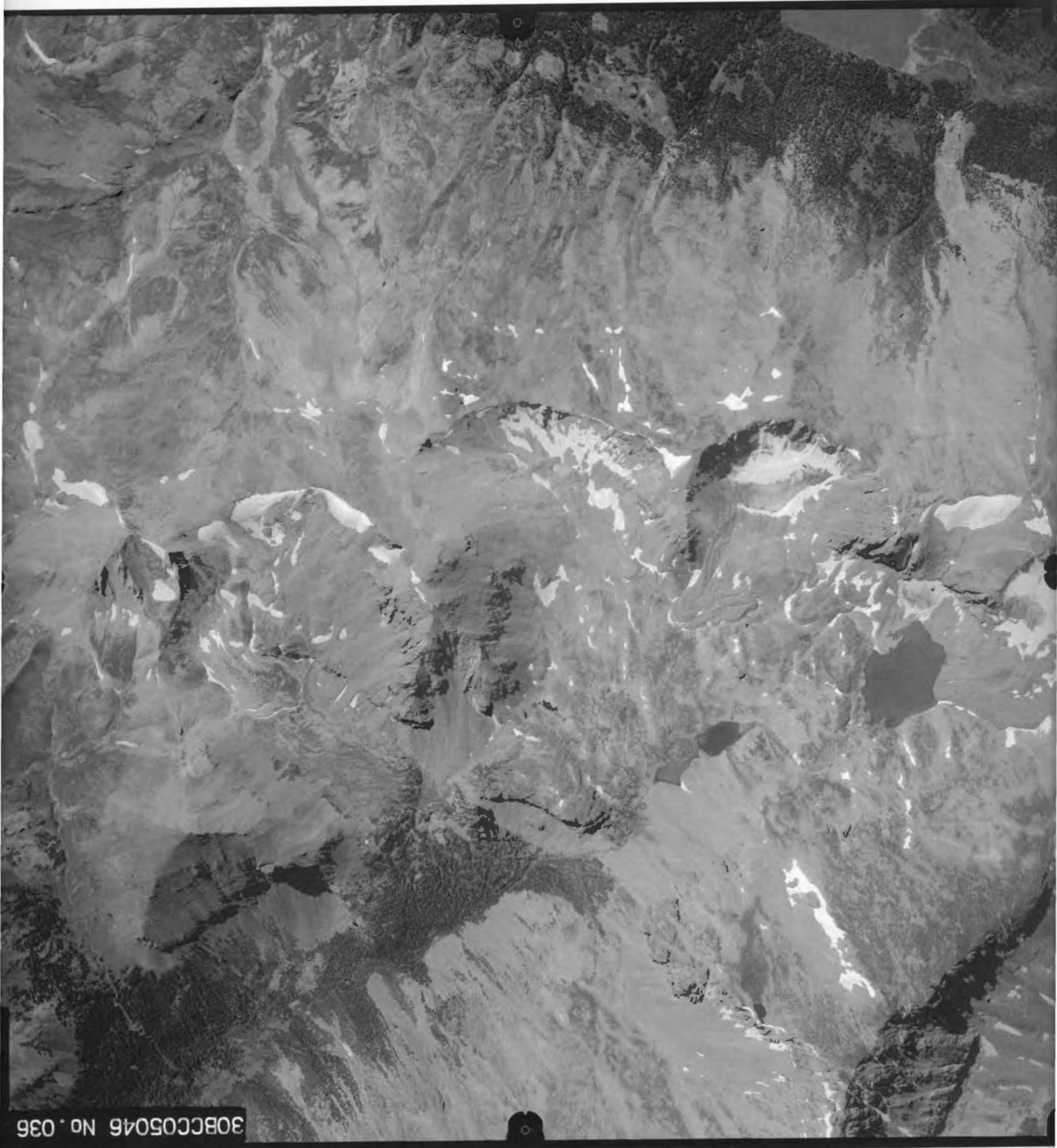
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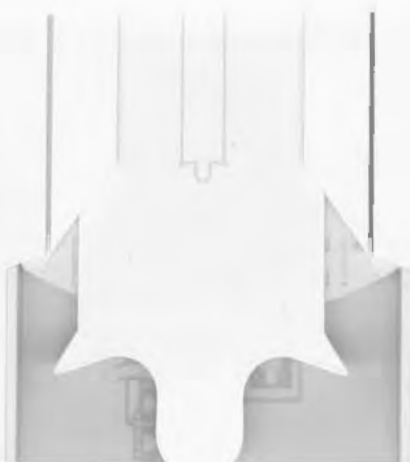


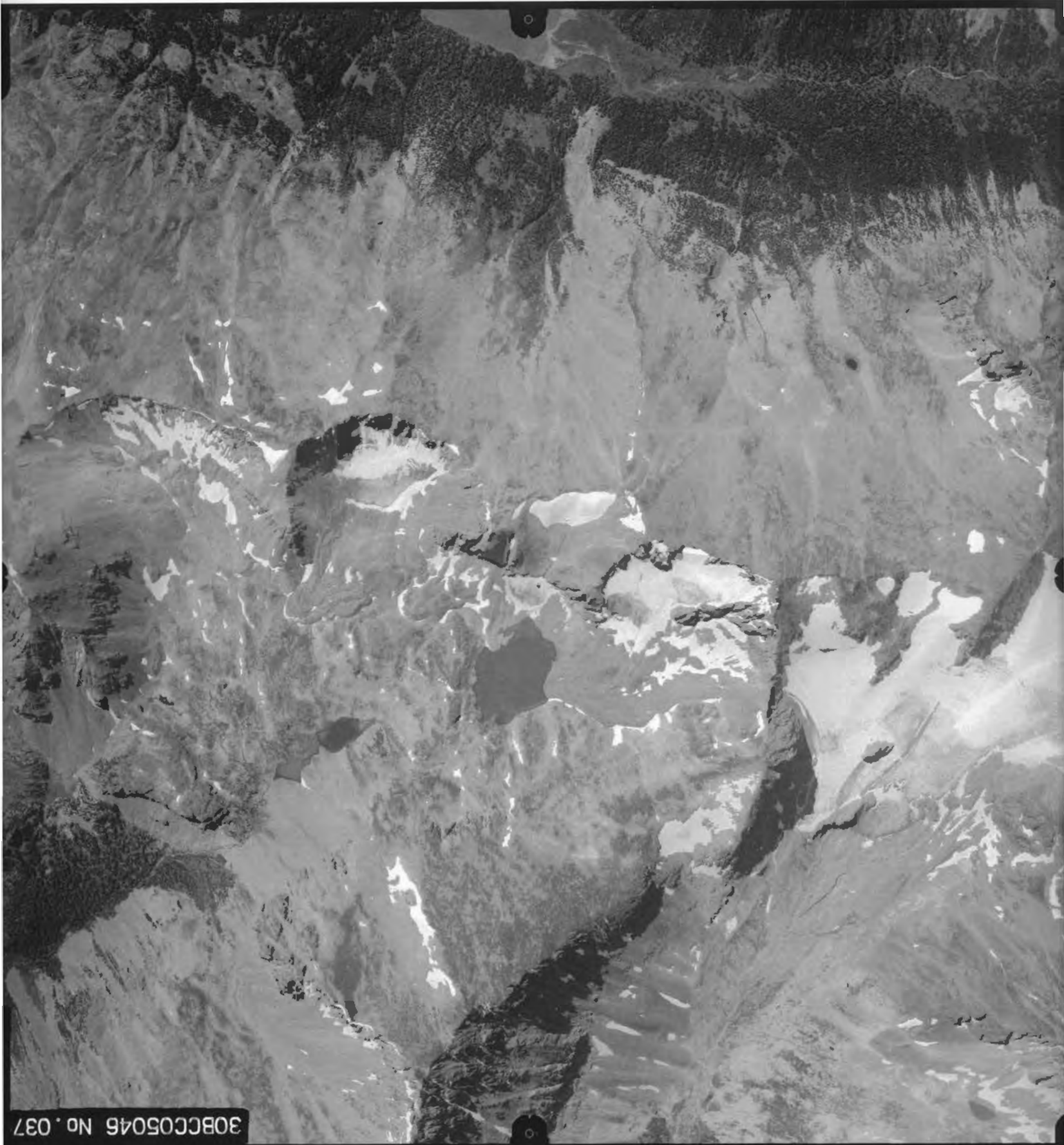
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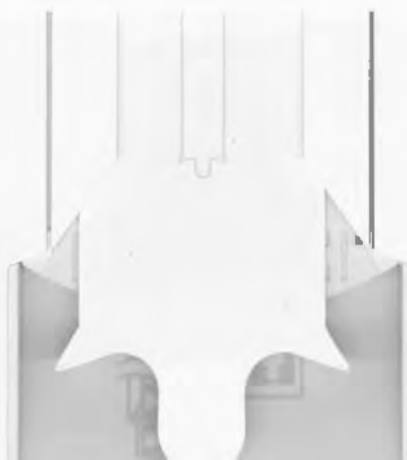


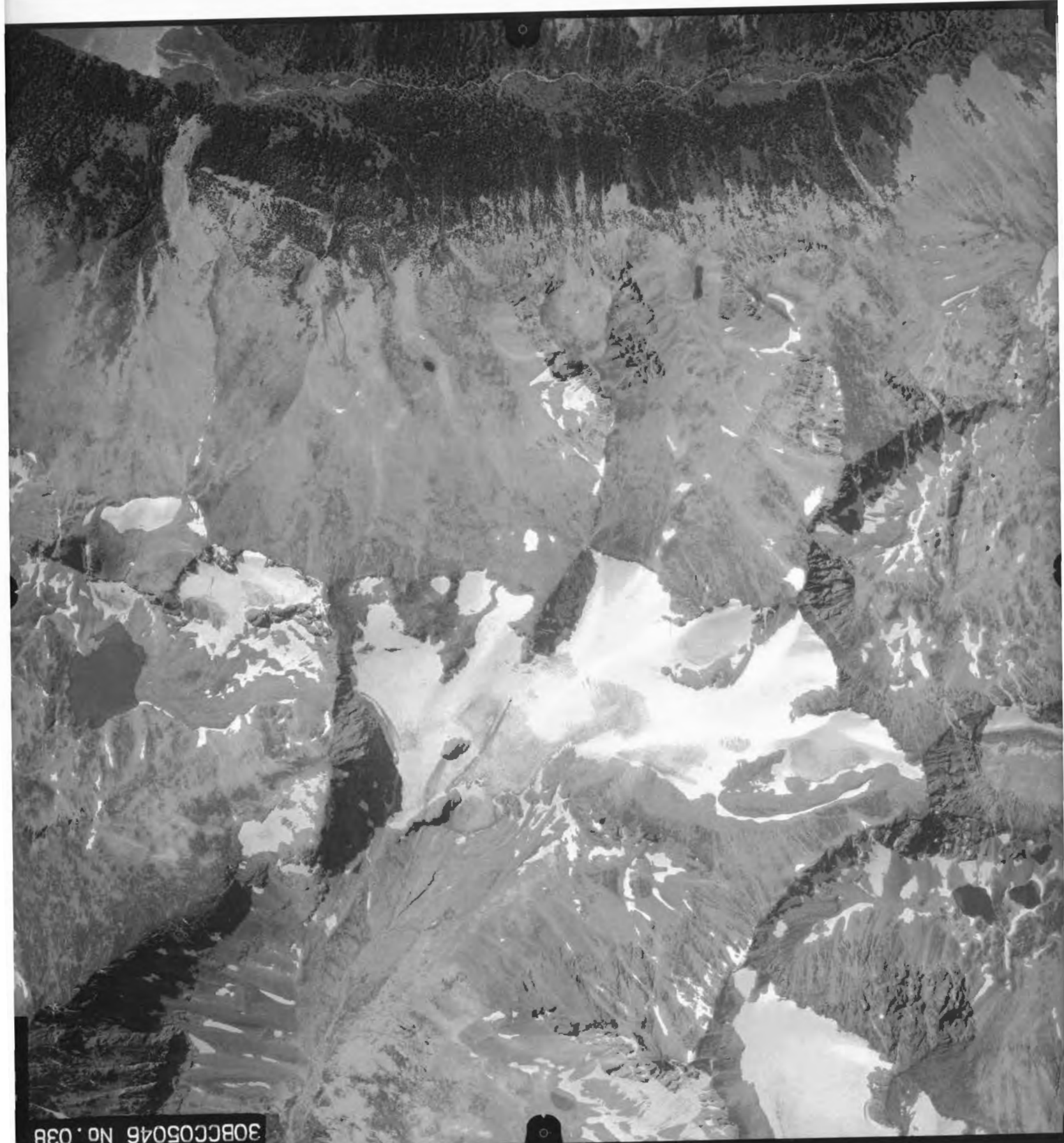
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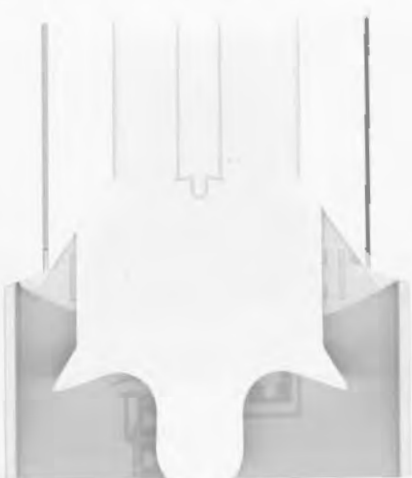


30BCC05046 No. 037



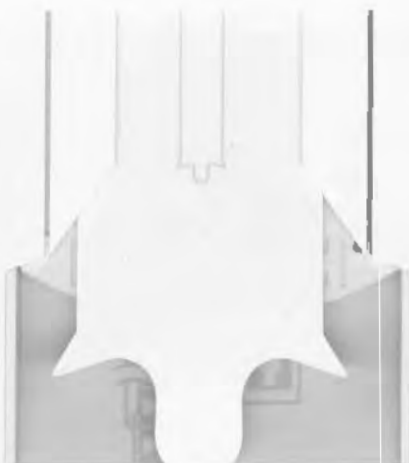


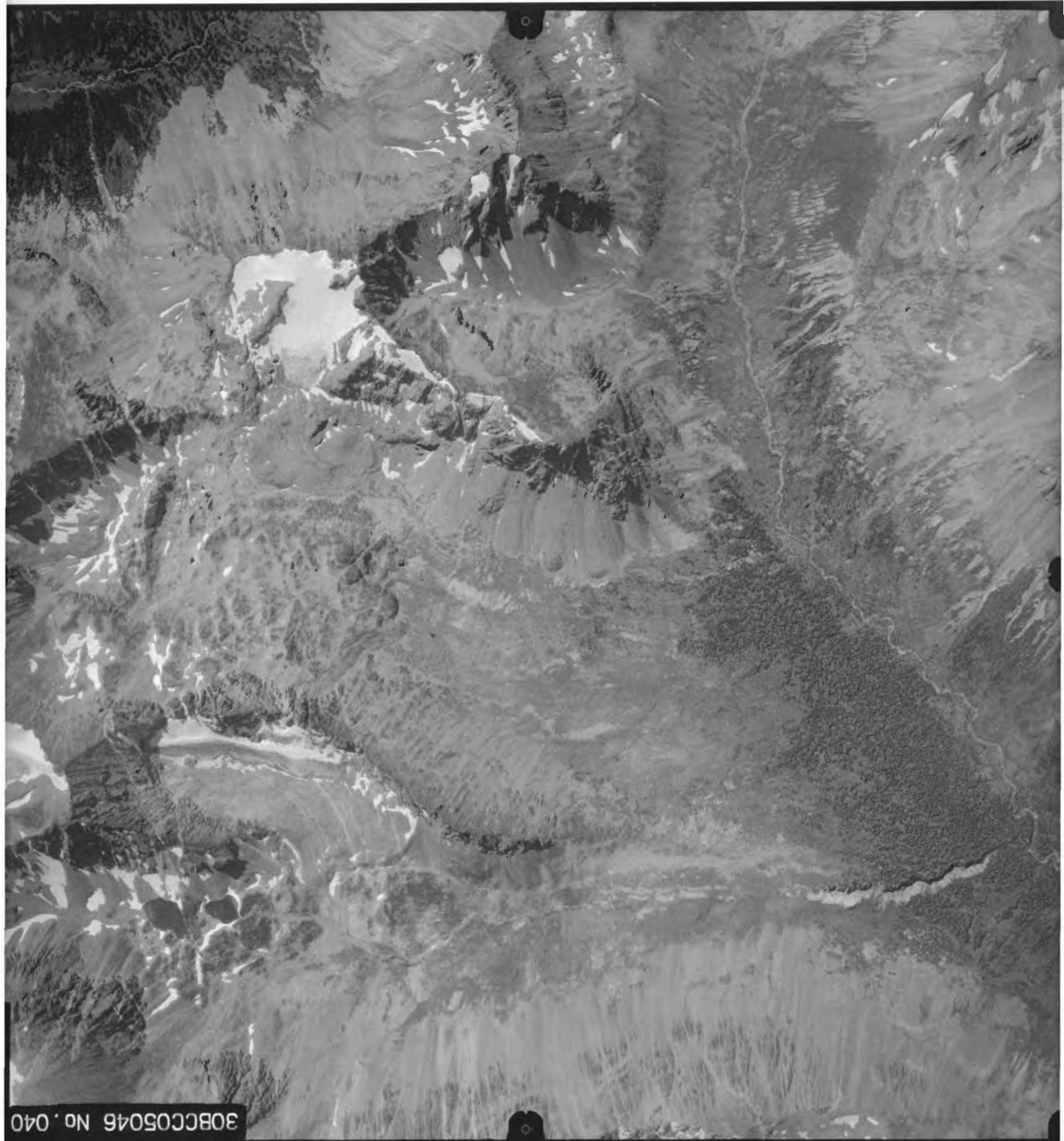
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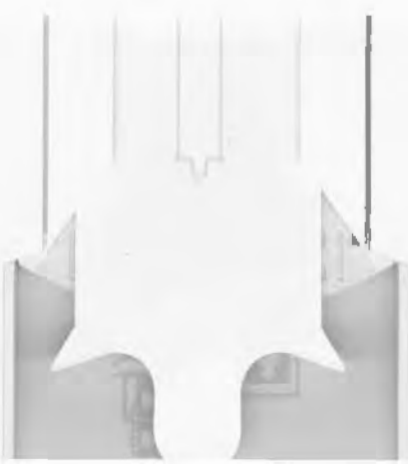


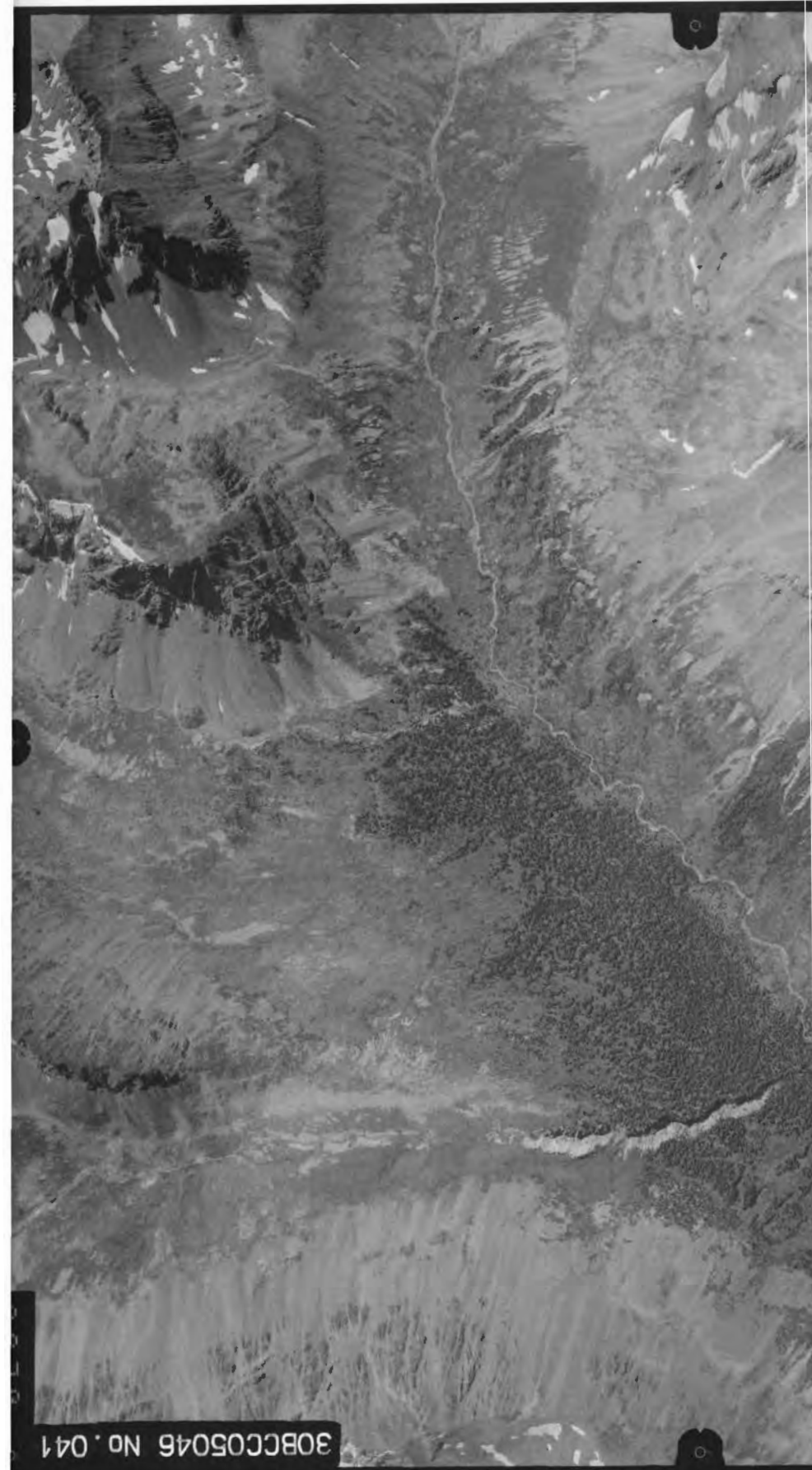
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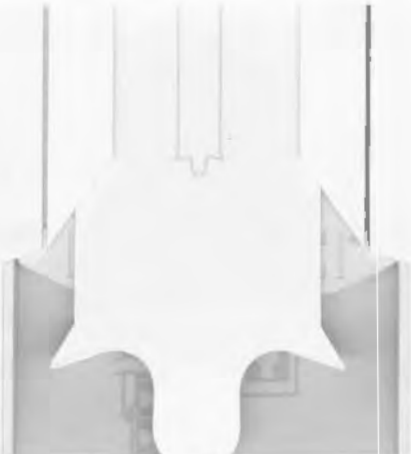
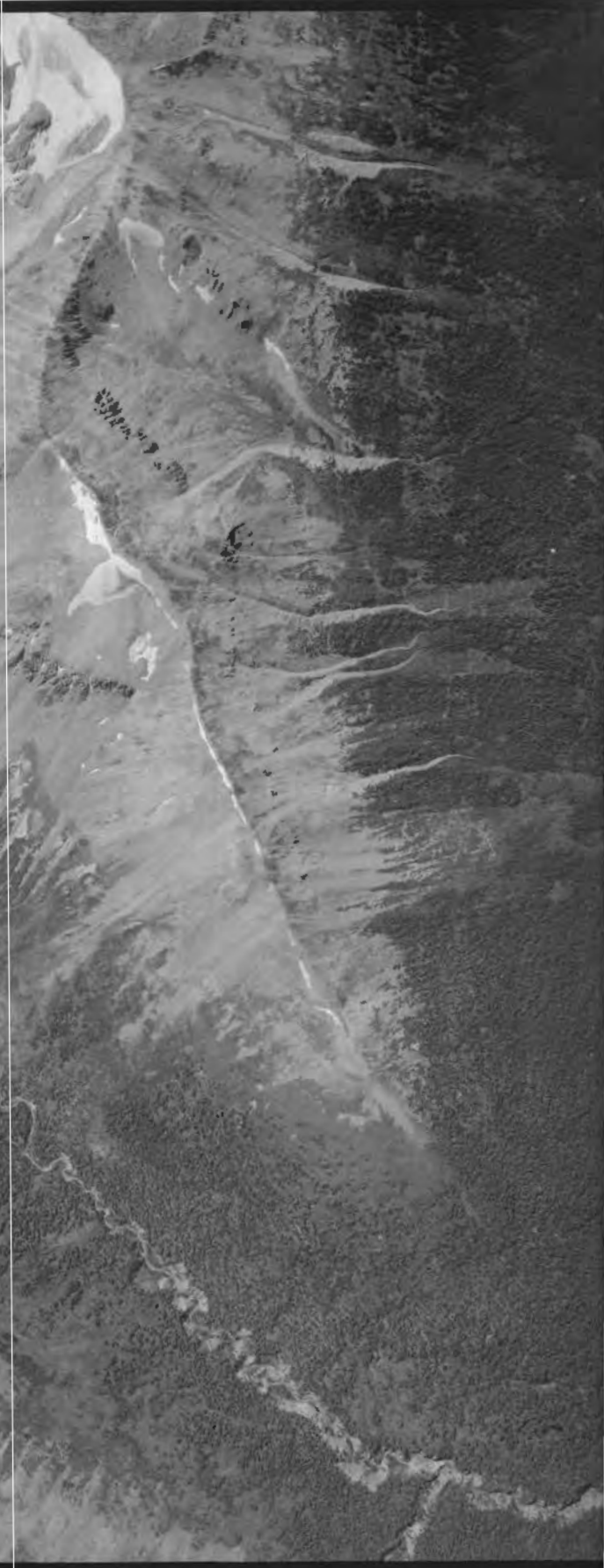


30BC05046 No. 040





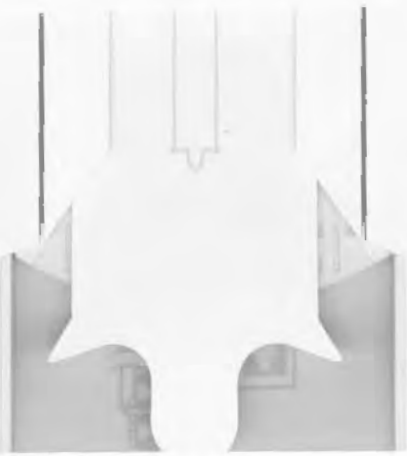
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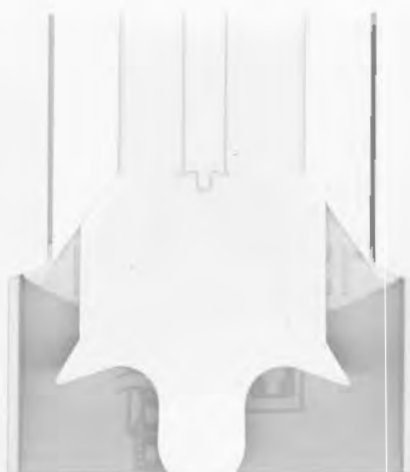
0027M

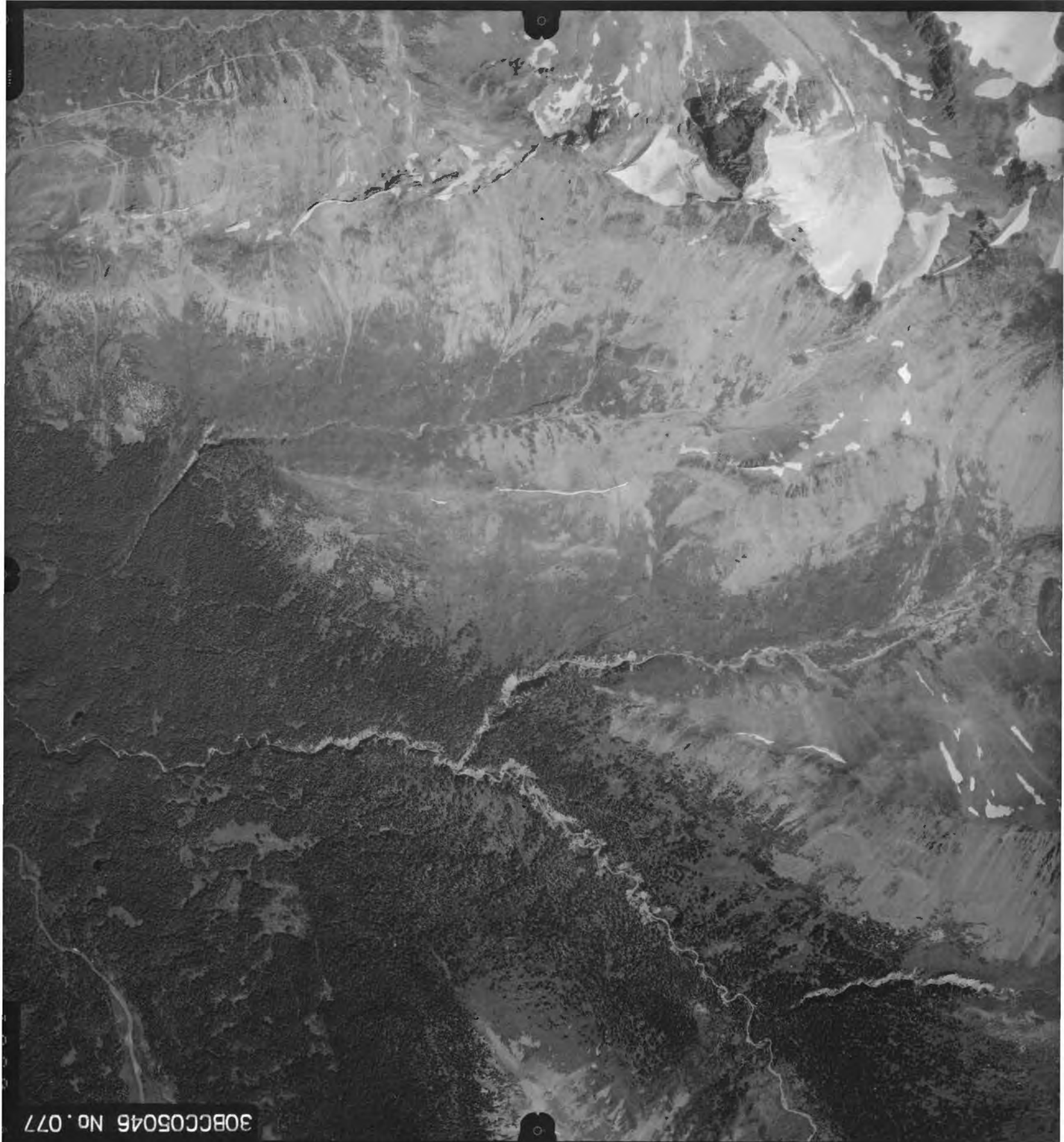
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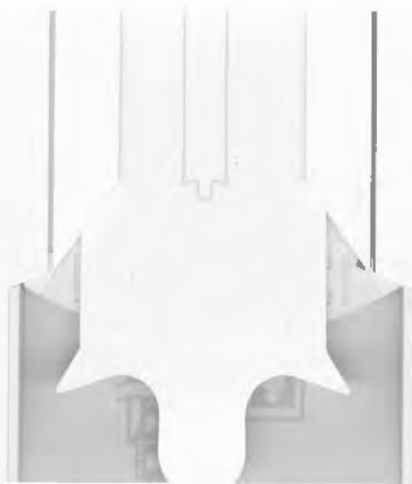


308CC05046 No. 076



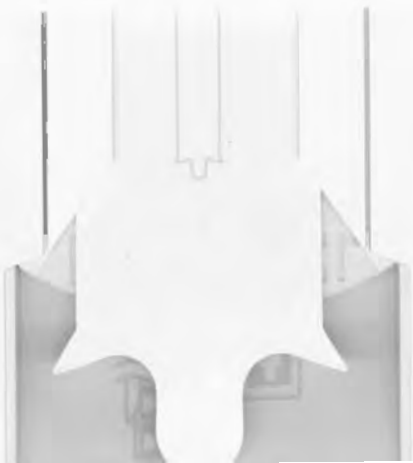


30BCC05046 No. 077





30BCC05046 No. 078





30BCC05046 No. 079

