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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 Geophysical

TOTAL COST: $ 9,259.50

AUTHOR(S): Laurence Sookochoff, PEng

SIGNATURE(S): Laurence Sookochoff

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

YEAR OF WORK: 2016

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): 5618191 September 12, 2016

PROPERTY NAME: Toni

CLAIM NAME(S) (on which the work was done): 1046577

COMMODITIES SOUGHT: Copper, Gold

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN: 092HNE297 092HNE299

MINING DIVISION: Nicola

NTS/BCGS: 092H.089, 092H.090, 092H.099, 092H.100

LATITUDE: 49 ° 53 ' 10 " **LONGITUDE:** 120 ° 12 ' 53 " **(at centre of work)**

OWNER(S):

1) Victory Resources Corporation

2)

MAILING ADDRESS:
132366 Cliffstone Court
Lake Country BC V4V 2R1

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

1) Victory Resources Corporation

2)

MAILING ADDRESS:
132366 Cliffstone Court
Lake Country BC V4V 2R1

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):
Pleistocene-Holocene, Volcanics, Eocene, Princeton Group, Andesites, Triassic, Nicola Group, Eastern Volcanic Facies, Basaltic Rocks, Sedimentary Rocks, Triassic-Jurassic, Pennask Batholith, Granodiorites, Jurassic, Osprey Lake Batholith, Granites

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS: 01685, 34170, 34420, 34574, 34661,34700, 34881, 35155, 35156, 35501, 35862, 35932, 35933, 36155

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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	249 hectares	1046577	$ 6,000.00
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic	2.5	1046577	3,259.50
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:	$ 9,259.50

VICTORY RESOURCES CORPORATION

(Owner & Operator)

GEOLOGICAL & GEOPHYSICAL

ASSESSMENT REPORT

(Event 5618191)

Work done between September 9, 2016 to September12, 2016
on

Tenure 1046577

of the 15 claim

Toni 1046577 Claim Group

Nicola Mining Division

BCGS Map 092H.089/.090/.099/.100

Centre of Work

5,529,690N 700,082E
(Zone 10 UTM 83)

Author & Consultant

Laurence Sookochoff, PEng
Sookochoff Consultants Inc.

Submitted

February 11, 2017

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SUMMARY

The 15 claim Toni 1046577 Claim Group ("Property") TONI property covers an area of 6,094 hectares and is located 225 kilometres east-northeast of Vancouver, nine kilometres west of the formerly productive Brenda mine, and nine kilometres northeast of the formerly productive Elk mine.

At the Elk mine, past production was 51,460 ounces gold from the processing of material averaging 97 g/t (>3 opt). The property is currently under renewed exploration by Gold Mountain Mining Corporation which reports (2012 Corporate Presentation) an existing gold resource of 301,000 ounces in a measured and indicated category with 263,000 ounces of gold in an inferred category. In October 2013, Gold Mountain had 500 tons of 13.8 gram gold per tonne ore taken from the Elk mineral deposit and processed; which generated a return of $250,408.00

Gold-silver mineralization on the Elk property is hosted primarily by pyritic quartz veins and stringers in altered pyritic granitic and granodiorite, and less frequently in volcanic rocks.

At the Elk, the structural controlling relationship with the intersection of faults is shown by the extensive north-south trending Elk fault intersected by numerous east-northeasterly trending structures. The mineral zones are mostly adjacent to the Elk Fault and related to the cross fault intersection. The Elk structure is indicated topographically over a distance of at least 20 kilometres from south of the Elk mineral zones to the SNOW *(Minfile 092HNE292)* mineral showing in the north where a drill hole intersected minor copper mineralization in weakly to moderately chloritized granite of the Pennask batholith.

As indicated by the BC government supported MapPlace geological maps, the Toni 1046577 Claim Group is predominantly underlain by a localized capping of Eocene volcanic rocks which cap a succession of Upper Triassic Nicola Group sedimentary rocks which in turn cap Nicola Group volcanic rocks. In the northern and western fringes of the Property the aforementioned rocks are all in a partial contact with the Late Triassic to Early Jurassic granodioritic rocks of the Pennask batholith. Tenure 1046577 is partially underlain by granites and granodiorites of the Otter Lake batholith in the south in contact with the Pennask batholith in the north.

In the structural analysis of Tenure 1046577, one cross-structural location, "A", was delineated from an indicated major westerly and a northerly trending structure. The cross-structure is located within granitic to granodioritic rocks of the Osprey Lake batholith, the primary host of the gold-silver bearing pyritic quartz veins and stringers on the Elk property.

The premise to the interpretation of the magnetometer survey, which covered only granitic or granodioritic rocks, is that a general mag LO reflects a structure where the magnetic minerals have been partially eliminated and/or variably altered to non-magnetic minerals by dynamic metamorphism. The relative anomalous mag LO's reflect a higher degree of metamorphism and a complete destruction of the magnetic minerals which could have resulted from thermal metamorphism indicative of the introduction of hydrothermal fluids.

Based on this premise, the anomalous mag LO's may reflect the location of cross-structures which would be the centre of maximum brecciation and the most favourable feeder zone to any convective hydrothermal fluids sourced from a potentially mineral laden reservoir. The mag LO/cross-structure correlation is supported by the delineation of the indicated cross-structure "A" in the structural analysis of Tenure 1046577 correlating with an anomalous mag LO as determined from the magnetometer survey.

INTRODUCTION

From September 9, 2016 to September 12, 2016 a structural analysis and a localized magnetometer survey were completed on Tenure 1046577 of the 15 claim Toni 1046577 claim group ("Property"). The purpose of the program was to delineate potential structures and correlative magnetic responses which may be integral in geological controls to potentially economic mineral zones that may occur on Tenure 1046577 or other claims of the Property.

Information for this report was obtained from sources as cited under Selected References and from work the author has performed on the Toni Property since 2006.

Figure 1. **Location Map**

PROPERTY LOCATION & DESCRIPTION

Location

The Property is located within BCGS Map 092H.099/.100 of the Nicola/Similkameen Mining Divisions, 230 kilometres east-northeast of Vancouver, 50 kilometres southeast of Merritt and 82 kilometres south of Kamloops. The formerly productive Brenda mine is eight kilometres east.

Description

The Property is comprised of 15 contiguous claims covering an area of 6094.8122 hectares.

Particulars are as follows:

Property Location & Description *(cont'd)*

Table I. **Tenures of Toni 1046577 Claim Group**
(From MapPlace)

Tenure Number	Type	Claim Name	Good Until*	Area (ha)
965989	Mineral	TOE122	20170212	499.3795
966029	Mineral	TOE124	20170212	415.8311
966069	Mineral	TOE125	20170212	519.9499
966089	Mineral	TOE126	20170212	478.3755
966109	Mineral	TOE126	20170212	498.8154
966129	Mineral	TOE128	20170212	374.3912
966149	Mineral	TOE129	20170212	520.0801
966169	Mineral	TOE110	20170212	499.1078
972969	Mineral	V3280	20170212	498.9594
1037938	Mineral		20170212	416.1259
1039980	Mineral		20170212	312.1922
1040063	Mineral		20170212	312.2743
1044603	Mineral		20170606	249.7572
1045235	Mineral		20170708	249.765
1046577	Mineral		20170909	249.8077

*Upon the approval of the assessment work filing, Event Number 5618191

Figure 2. **Claim Location**
(Base Map from MapPlace & Google)

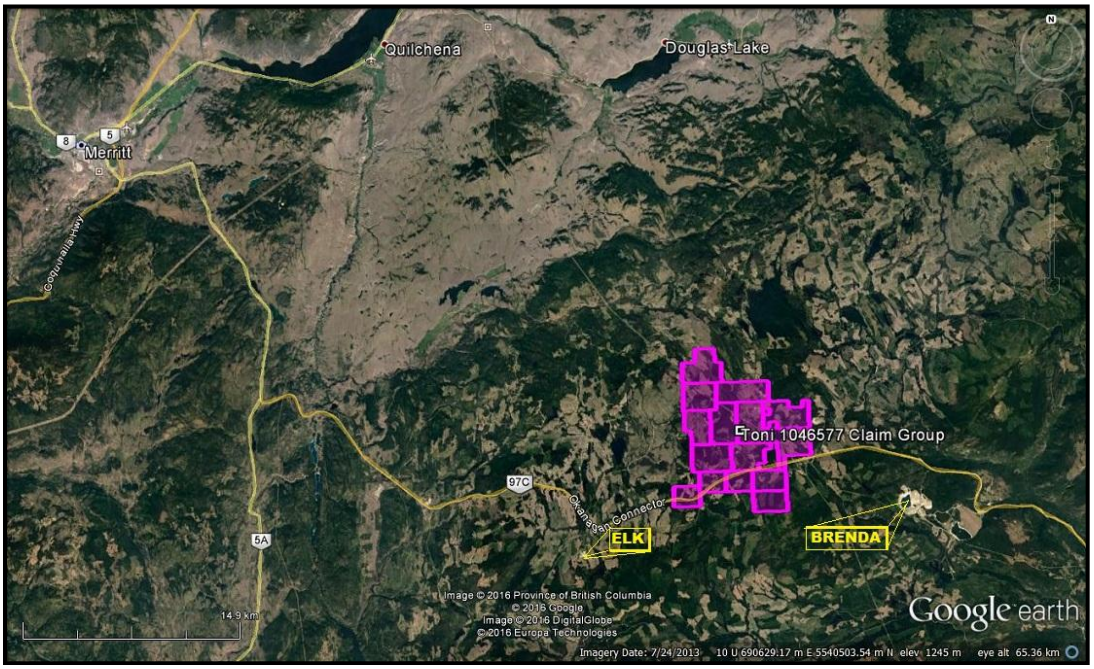
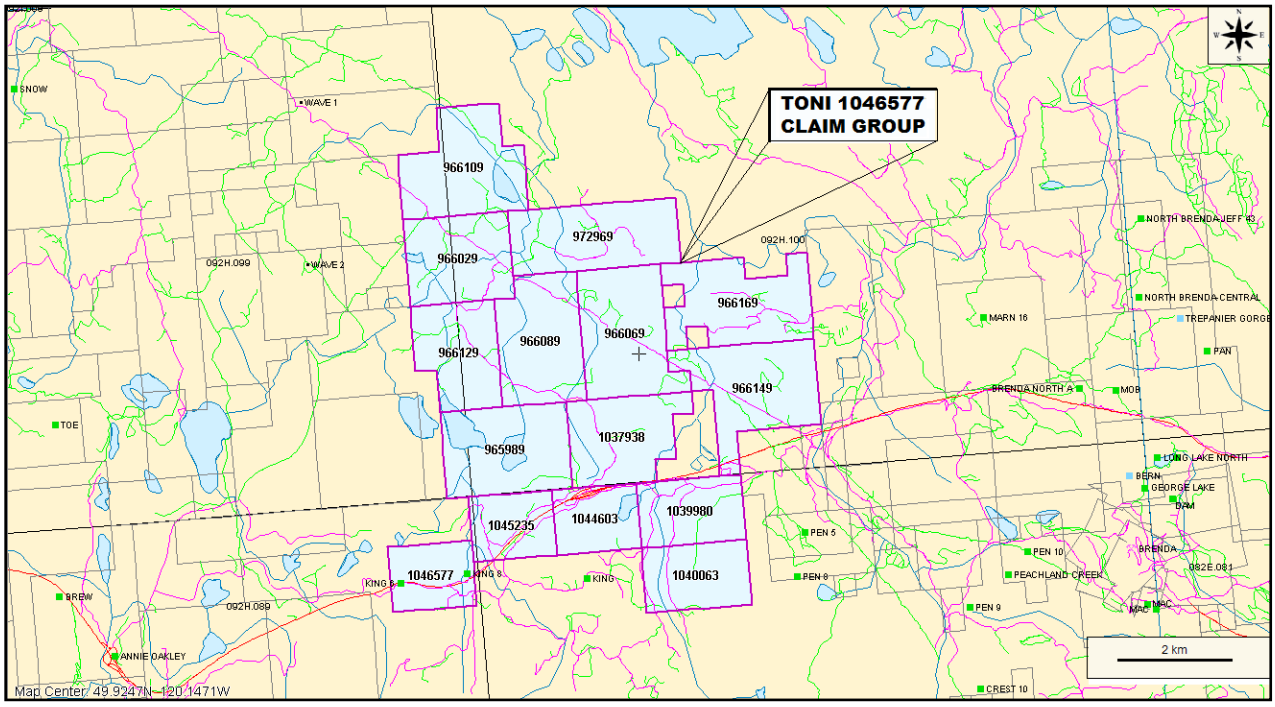


Figure 3. **Claim Map**
(*Base Map from MapPlace*)



ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE & PHYSIOGRAPHY

Access

Access to the Property is southward from Merritt via Highway 5A/97C for 26 kilometres to the Aspen Grove junction thence eastward via Highway 97C or the Coquihalla Connector for 35 kilometres to the western boundary of Tenure 1046577.

Numerous logging roads provide an access route to many areas within Tenure 1046577.

Climate

The region is situated within the dry belt of British Columbia with rainfall between 25 and 30 cm per year. Temperatures during the summer months could reach a high of 35° and average 25°C with the winter temperatures reaching a low of -10° and averaging 8°. On the Property snow cover on the ground could be from December to April and would not hamper a year-round exploration program.

Sufficient water for all phases of the exploration program could be available from lakes and creeks which are located within the confines of the Property. Water may be scarce during the summer months and any water required for exploratory purposes, would be transported.

Local Resources and Infrastructure

Merritt, and/or Kamloops, historic mining centres, could be a source of experienced and reliable exploration and mining personnel and a supply for most mining related equipment. Kamloops is serviced daily by commercial airline and is a hub for road and rail transportation. Vancouver, a port city on the southwest corner of, and the largest city in, the Province of British Columbia is three hours distant by road and less than one hour by air from Kamloops.

Accessibility, Climate, Local Resources, Infrastructure, and Physiography *(cont'd)*

Physiography

The topography of Tenure 1046577 is of a moderately sloped forested area with localized clear-cut areas. Elevations range from 1,580 metres in the northeast corner to 1,700 metres in the southwest sector.

HISTORY: PROPERTY AREA

The history on some of the more selected significant reported *MINFILE* mineral properties peripheral to the Toni 1046577 Claim Group is reported as follows. The distance from the Property is relative to the Toni 1046577 Claim Group.

BRENDA past producer (Porphyry Cu +/- Mo +/- Au)
MINFILE 092HNE047
Eight kilometres east

The Brenda mine began production in early 1970 with measured geological (proven) reserves of 160,556,700 tonnes grading 0.183 per cent copper and 0.049 per cent molybdenum at a cutoff of 0.3 per cent copper equivalent [eCu = % Cu + (3.45 x % Mo)]. The mine officially closed June 8, 1990.

ELK past producer (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn +/-Au; Au-quartz veins)
MINFILE 092HNE096
Nine kilometres southwest

From 1992 and 1995 (inclusive), 16,570 tonnes of ore were mined and milled and 1,518,777 grams (48,830 ounces) of gold and 1,903,000 grams (61,183 ounces) of silver recovered.

In 1996, Fairfield shipped all remaining stockpiles, estimated to contain 2700 tonnes and grading greater than 12 grams per tonne (Information Circular 1997-1, page 21). A total of 994 metres of ramp access and three development levels exist underground.

Reverse circulation drilling, underground diamond drilling, reclamation, road construction, water sampling and aerial photography were also undertaken during this period. Surface and underground diamond drill programs were carried out in the Siwash Mine area from 1994 to 1996 to define the resource. Exploration surface drilling was also carried out during the 1995 and 1996 field seasons to test trench targets between the Siwash mine site and the South Showing area 2.5 kilometres to the south. Limited prospecting and environmental monitoring was undertaken from 1997 to 1999.

In 1995, Fairfield Minerals with the support from the Explore B.C. Program carried out an extensive program including geochemistry, 13,972 metres of surface and underground diamond drilling in 315 holes and reserve calculations.

PEN 5 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE300
One kilometre east

From 1986 to 1990, Fairfield Minerals Ltd. completed prospecting in the area and subsequently staked the claims in 1990.

In 1991, Fairfield Minerals Ltd. conducted soil sampling and prospecting consisting of 2886 soil samples and 35 rock samples.

History: Property Area *(cont'd)*

Pen5 *showing (cont'd)*

In 1993, Fairfield Minerals Ltd. collected 1156 soil, 11 rock and three stream sediment samples throughout the Pen claims.

In 1994, Fairfield Minerals Ltd. executed an exploration program of infill soil sampling, trenching and rock sampling.

In 1995, Fairfield Minerals Ltd. completed soil geochemical surveys on the property and later dropped the Pen 5 claim.

In 2005, Charles Greig and Bernard Kreft staked the area over the old Pen 5 and 8 claims, which were renamed Puupster and Puupster 2, as part of the North Brenda property.

In 2006, Bitterroot Resources Ltd. optioned the North Brenda property from Charles Grieg and Bernard Kreft.

In 2009 and 2010, Bitterroot Resources Ltd. completed stream sediment sampling near the Pen 5 showing.

PEN 8 showing (Cu skarn, Au skarn)
MINFILE 092HNE301
One kilometre east

The area was originally explored in the 1960s for copper-molybdenum mineralization similar to that of the Brenda (MINFILE 092HNE047) deposit to the east.

From 1986 to 1990, Fairfield Minerals Ltd. completed prospecting in the area and subsequently staked the claims in 1990.

In 1991, Fairfield Minerals Ltd. conducted soil sampling and prospecting consisting of 2886 soil samples and 35 rock samples.

In 1993, Fairfield Minerals Ltd. collected 1156 soil, 11 rock and three stream sediment samples throughout the Pen claims.

In 1994, Fairfield Minerals Ltd. executed an exploration program of infill soil sampling, trenching and rock sampling.

In 1995, Fairfield Minerals Ltd. completed soil geochemical surveys on the property and later dropped the Pen 8 claim.

In 2005, Charles Greig and Bernard Kreft staked the area over the old Pen 5 and 8 claims, which were renamed Puupster and Puupster 2, as part of the North Brenda property.

In 2006, Bitterroot Resources Ltd. optioned the North Brenda property from Charles Grieg and Bernard Kreft.

In 2009 and 2010, Bitterroot Resources Ltd. completed stream sediment sampling near the Pen 8 showing.

PEN 9 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE302
Four kilometre east

History: Property Area *(cont'd)*

Pen 9 *showing (cont'd)*

The area was originally explored in the 1960s for copper-molybdenum mineralization similar to that of the Brenda (MINFILE 092HNE047) deposit to the east.

From 1986 to 1990, Fairfield Minerals Ltd. completed prospecting in the area and subsequently staked the claims in 1990.

In 1991, Fairfield Minerals Ltd. conducted soil sampling and prospecting consisting of 2886 soil samples and 35 rock samples.

In 1993, Fairfield Minerals Ltd. collected 1156 soil, 11 rock and three stream sediment samples throughout the Pen claims.

In 1994, Fairfield Minerals Ltd. executed an exploration program of infill soil sampling, trenching and rock sampling.

In 1995, Fairfield Minerals Ltd. completed soil geochemical surveys on the property.

PEACHLAND CREEK showing (Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE303
Five kilometres east

The Peachland Creek showing is 900 metres north of Peachland Creek and 5.6 kilometres east-southeast of the summit of Pennask Mountain.

PEN 10 showing (Porphyry related Au)
MINFILE 092HNE313
Three kilometres east

The area was originally explored in the 1960s for copper-molybdenum mineralization similar to that of the Brenda (MINFILE 092HNE047) deposit to the east.

From 1986 to 1990, Fairfield Minerals Ltd. completed prospecting in the area and subsequently staked the claims in 1990.

In 1991, Fairfield Minerals Ltd. conducted soil sampling and prospecting consisting of 2886 soil samples and 35 rock samples.

In 1992, Fairfield Minerals Ltd. followed up on anomalous soil sites found in 1991 and completed prospecting which led to the discovery of the Pen 10 showing.

In 1993, Fairfield Minerals Ltd. collected 1156 soil, 11 rock and three stream sediment samples throughout the Pen claims. Highlights at the Pen 10 showing include PEN93-R11, which assayed 5.025 grams per tonne gold (Assessment Report 23255).

In 1994, Fairfield Minerals Ltd. executed an exploration program of infill soil sampling, trenching and rock sampling. Two trenches totaling 122 metres were excavated, mapped and sampled. Highlights included chip sample PE941-3, which assayed 42.16 grams per tonne gold over 0.65 metre (Assessment Report 23919).

In 1995, Fairfield Minerals Ltd. completed soil geochemical surveys, rock sampling and 124.05 metres of diamond drilling in five holes. No significant mineralization was found in the drillcore.

History: Property Area *(cont'd)*

BRENDA NORTH A showing (Au-quartz veins)
MINFILE 092HNE318
Six kilometres east

In 1970, Arrow Inter-America completed an airborne magnetic survey, totalling 752 line-kilometres, on the area as the Tic and Toc claims. Geological mapping and soil sampling of the occurrence was completed by Brenda Mines Ltd. in 1981. The occurrence was restaked as the Pen claims by Fairfield Minerals Ltd. in 1990, and subsequently soil sampled and prospected by the company during 1991 through 1995. During 2006 through 2012, Bitterroot Resources completed programs of rock, silt and soil sampling, geological mapping, 147.6 line-kilometres of ground magnetic surveys and a 66.2 line-kilometre ground induced polarization survey on the area as the North Brenda property.

HISTORY: PROPERTY

KING 6, KING showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE297
Within Tenure 1046577

The showing was sampled by Kingsvale Resources Inc. in 1991.

KING, KING 8 showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE299
Within Tenure 1046577

The King showing occurs along a logging roadcut, 1.5 kilometres southeast of the Coquihalla Highway (Okanagan Connector), 4.0 kilometres northeast of Culmination Point and 3.5 kilometres west-southwest of the summit of Pennask Mountain.

GEOLOGY: REGIONAL

The Aspen Grove geological district is located within the regional Quesnel Trough, a 30 to 60, km wide belt of Lower Mesozoic volcanic and related strata enclosed between older rocks and much invaded by batholiths and lesser intrusions (Campbell and Tipper, 1970). The southern part is the well-known Nicola belt, continuing nearly 200 km to its termination at the U.S. border and containing the important copper deposits of the Highland Valley, Craigmont, Copper Mountain, Afton, Brenda, in addition to the historic Hedley gold camp.

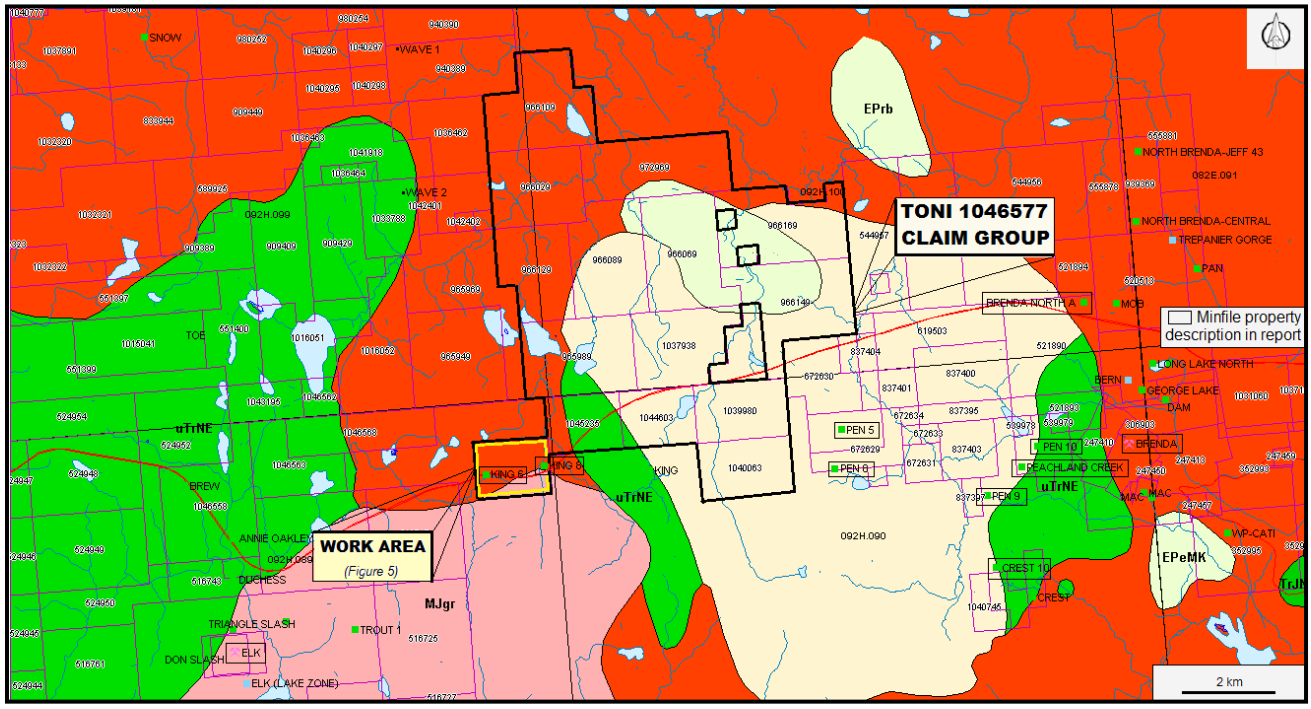
The Nicola Group has been divided into western, central, and eastern belts on the basis of lithology and lithogeochemistry and by major fault systems. Variation from calc-alkaline to shoshinitic compositions from west to east has been interpreted to reflect eastward dipping subduction in the Nicola arc.

GEOLOGY: PROPERTY AREA

The geology on some of the more selected significant reported *MINFILE* mineral showings, and past producers peripheral to the Property is reported as follows. The distance from the Property is relative to the Toni 1046577 Claim Group.

Figure 4. **Geology, Claims, Index, & Minfile**

(Base Map from MapPlace)



GEOLOGY MAP LEGEND

Pleistocene to Holocene

Qvk

Unnamed alkalic volcanic rocks

Eocene

EPrb**: Princeton Group**

andesitic volcanic rocks

Upper Triassic: Nicola Group

Eastern Volcanic Facies

uTrNE

basaltic volcanic rocks

uTtNsf

mudstone, siltstone, shale, fine clastic sedimentary rocks

uTrNMl

basaltic volcanic rocks

uTrJum

unnamed ultramafic rocks

Late Triassic to Early Jurassic

LTrJgd: **Pennask batholith**

granodiorites

LTrJdr

dioritic to gabbroic intrusive rocks

Middle Jurassic

MJgr: **Osprey Lake batholith**

granites and granodiorites

Geology: Property Area *(cont'd)*

BRENDA *past producer (Porphyry Cu +/- Mo +/- Au)*
MINFILE 092HNE047
Eight kilometres east

The Pennask Mountain area is mainly underlain by a roof pendant comprising westerly younging, Upper Triassic sedimentary and volcaniclastic rocks of the Nicola Group. These are intruded and enclosed to the north, east and south by plutonic rocks of the Early Jurassic Pennask batholith and Middle Jurassic Osprey Lake batholith. Both the Nicola rocks and the Pennask batholith are unconformably overlain by Tertiary sediments and volcanics of the Princeton Group.

The Brenda copper-molybdenum deposit is within the "Brenda stock", a composite quartz diorite/granodiorite body which forms part of the Pennask batholith. Several ages and compositions of pre and post-ore dikes cut the stock. The deposit is approximately 390 metres from the contact with Nicola Group rocks to the west.

Nicola Group tuffs, volcanic breccias and flows adjacent to the Brenda stock have been altered to "schistose hornfels". This hornfels, which is as wide as 450 metres, is characterized by the development of bands and aligned lenses of felted brown to black biotite. Schistosity generally strikes roughly parallel to the intrusive contact and dips west at 30 to 70 degrees. The schistose hornfels grades westerly into recognizable west-dipping volcanic rocks which in turn are overlain by greywacke, argillite and shales.

The Brenda stock is a composite, zoned quartz diorite to granodiorite body which can be divided into two units. Unit 1 is of quartz diorite composition and contains abundant mafic minerals (hornblende > biotite) and angular quartz grains, whereas unit 2 is porphyritic granodiorite and contains fewer mafic minerals (biotite > hornblende), well-defined biotite phenocrysts and subhedral quartz grains.

The contact between units 1 and 2 is generally gradational, but locally sharp. At sharp contacts, unit 2 is chilled against unit 1.
Dikes of several ages and compositions cut the Brenda stock. At least four types, aplite-pegmatite, andesite, trachyte porphyry and basalt, have been identified in the Brenda orebody. Similar dikes, as well as felsite, dacite and quartz diorite have been mapped beyond the limits of economic mineralization. The aplite-pegmatite dikes are cut by all other dikes and by all mineralized fractures. The andesite dikes have been altered and mineralized during ore formation. Two types of quartz diorite dikes are found and both are cut by quartz-sulphide veins. Dacite porphyry and felsite dikes are also cut by quartz-sulphide veins.

A trachyte porphyry dike up to 4.5 metres wide and 300 metres in strike length is exposed in the Brenda pit. A weakly mineralized vein was observed in the dike which suggested an intermineral age for the dike. Further evidence has clearly shown that the dikes cut all stages of mineralization, except some of the latest quartz veins (Canadian Institute of Mining and Metallurgy Special Volume 15). Several post-mineral hornblende lamprophyre dikes also occur within the Brenda orebody and are probably genetically related to the trachyte porphyry dikes. Irregular, branching basalt dikes, probably related to Tertiary volcanism, have been intruded along pre-existing fault zones. They cut all phases of mineralization and alteration.

Initial potassium-argon dating of two samples from the Brenda mine area resulted in different ages for hornblende (176 Ma) and biotite (148 Ma).

Geology: Property Area *(cont'd)*

Brenda *past producer (cont'd)*

Interpretation of these results suggests that the Brenda stock crystallized about 176 million years ago. Biotite samples from the pit area have been dated at about 146 Ma, which probably represents the age of mineralization (Canadian Institute of Mining and Metallurgy Special Volume 15).

Faults in the Brenda pit are expressed as fracture zones in which the rock is intensely altered to clay minerals, sericite, epidote and chlorite. These fracture zones range in width from a few centimetres to 9 metres. Most strike 070 degrees and dip steeply south. Northwest-striking faults exhibit left-lateral movement. The faults transect all mineralization, except some calcite veins. Sulphides, especially molybdenite, have been smeared along fault planes. Shear zones are wider and more numerous in the north half of the pit, where they control bench limits.

ELK past producer (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn +/-Au; Au-quartz veins)
MINFILE 092HNE096
Nine kilometres southwest

The Elk property is underlain by Upper Triassic volcanics and sediments of the Nicola Group and by Middle Jurassic granites and granodiorites of the Osprey Lake batholith. The contact between these units trends northeasterly across the property. Early Tertiary feldspar porphyry stocks and dikes of the Otter intrusions occur throughout the property. The western property area is underlain by steeply west-dipping andesitic to basaltic flows, agglomerates, tuffs and minor siltstone and limestone units of the Nicola Group. The eastern half of the property is underlain by granitic rocks of the Osprey Lake batholith.

PEN 5 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE300
One kilometre east

The occurrence is hosted in a small elongate stock of granodiorite, near its eastern margin. This north-trending stock is 1.8 kilometres long and intrudes andesitic ash and lapilli tuff of the Upper Triassic Whistle Creek Formation (Nicola Group). The stock may be related to the Early Jurassic Pennask batholith, which surrounds the Nicola Group volcanics and sediments comprising this roof pendant.

PEN 8 showing (Cu skarn, Au skarn)
MINFILE 092HNE301
One kilometre east

The showing occurs in tuffaceous siltstone and argillite of the Upper Triassic Whistle Creek Formation (Nicola Group), at the south end of a small north-trending stock of granodiorite, 1.8 kilometres long. This stock may be related to the Early Jurassic Pennask batholith, which surrounds the Nicola Group volcanics and sediments comprising this roof pendant.

PEN 9 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE302
Four kilometre east

Narrow quartz veins cut black argillite of the Upper Triassic Stemwinder Mountain Formation (Nicola Group). Dark-grey to black limestone is locally interbedded with the argillite.

Geology: Property Area *(cont'd)*

PEN 10 showing (Porphyry related Au)
MINFILE 092HNE313
Three kilometres east

Regionally, the area is underlain by volcanic and sedimentary rocks of the Upper Triassic Nicola Group and granodiorite of the Late Triassic to Early Jurassic Pennask Batholith. Lithologies of the Nicola Group include argillite, siltstone and limestone interspersed with felsic to mafic flows and tuffs. Quartz veining is abundant locally near the edges of the batholith, which comprises white to grey, medium- to fine-grained granodiorite. Silicification and bleaching of the volcanics and argillite is present near contacts with intrusives.

BRENDA NORTH A showing (Au-quartz veins)
MINFILE 092HNE318
Six kilometres east

The area is underlain by porphyritic quartz diorite of the Early Jurassic Pennask Batholith, locally known as the Brenda stock.

Locally, as exposed by trenching, granodiorites host a 25 centimetre wide shear zone, comprised of blue-green clay gouge and limonite alteration, containing fragments of broken quartz veins and disseminated pyrite. This structure was stripped along a length of 27 metres, while cross trenches have cut the east-west trending structure at intervals of 30 to 40 metres, extending the known strike length to 100 metres.

Mineralized quartz veins have also been exposed up to 30 metres to the north of, and parallel to, the main structure.

GEOLOGY: PROPERTY

As indicated by the BC government supported MapPlace geological maps, the Toni 1046577 Claim Group is predominantly underlain by a localized capping of Eocene volcanic rocks which cap a succession of Upper Triassic Nicola Group sedimentary rocks which in turn cap Nicola Group volcanic rocks. In the northern and western fringes of the Property the aforementioned rocks are all in a partial contact with the Late Triassic to Early Jurassic granodioritic rocks of the Pennask batholith. Tenure 1046577 is partially underlain by granites and granodiorites of the Otter Lake batholith in the south in contact with the Pennask batholith in the north.

KING 6, KING showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE297
Within Tenure 1046577

A drusy quartz vein, 10 centimetres wide, cuts coarse-grained, feldspar megacrystic granite of the Middle Jurassic Osprey Lake batholith.

KING 8, KING showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE298
Within Tenure 1046577

A shear zone, 70 centimetres wide, cuts coarse-grained, phyllic (sericitic (?))-altered granite of the Middle Jurassic Osprey Lake batholith, near an andesitic dike. The showing is approximately 100 metres south of the contact with andesitic ash and lapilli tuff of the Upper Triassic Whistle Creek Formation (Nicola Group).

MINERALIZATION: PROPERTY AREA

The mineralization on some of the more selected significant reported *MINFILE* mineral properties, peripheral to the Property is reported as follows. The distance from the Property is relative to the Toni 1046577 Claim Group.

BRENDA past producer (Porphyry Cu +/- Mo +/- Au)
MINFILE 092HNE047
Eight kilometres east

The Brenda orebody is part of a belt of copper-molybdenum mineralization that extends north-northeast from the Nicola Group-Brenda stock contact. Mineralization of economic grade (0.3 per cent copper equivalent) is confined to a somewhat irregular zone approximately 720 metres long and 360 metres wide. Ore-grade mineralization extends more than 300 metres below the original surface.

Lateral boundaries of ore-grade mineralization are gradational and appear to be nearly vertical.

Primary mineralization is confined almost entirely to veins, except in altered dike rocks and in local areas of intense hydrothermal alteration which may contain minor disseminations. The grade of the orebody is a function of fracture (vein) density and of the thickness and mineralogy of the filling material. The average total sulphide content within the orebody is 1 per cent or less.

Chalcopyrite and molybdenite, the principal sulphides, generally are accompanied by minor, but variable, quantities of pyrite and magnetite. Bornite, specular hematite, sphalerite and galena are rare constituents of the ore. Johnson (1973), in a study of 17 samples from the deposit, reported minor pyrrhotite, mackinawite, carrollite, cubanite, ilmenite, rutile and native gold (?), as well as several secondary sulphides (Canadian Institute of Mining and Metallurgy Special Volume 15).

Pyrite is most abundant in altered andesite dikes and in quartz-molybdenite veins. The ratio of pyrite to chalcopyrite in the orebody is about 1:10, with the chalcopyrite content diminishing beyond the ore boundaries.

Because mineralization is confined almost entirely to veins in relatively fresh homogeneous rock, the veins are divided into separate stages, based on crosscutting relations and their mineralogy and alteration effects on the hostrock. The vein density within the orebody is not uniform.

Ranges are recorded from less than 9 per metre near the periphery of the orebody to 63 per metre and occasionally 90 per metre near the centre of the orebody. Some veins have very sharp contacts with wallrocks, but most contacts are irregular in detail where gangue and sulphide minerals replace the wallrock.

A vein may show features characteristic of fracture- filling in one part and of replacement in another. Mineralized solutions were introduced into fractures and, during development of the resultant veins, minor replacement of the wallrock ensued.

The chronological stages of mineralization are as follows: (1) biotite-chalcopyrite (oldest); (2) quartz-potassium feldspar- sulphide; (3) quartz-molybdenite-pyrite; (4) epidote-sulphide- magnetite; and (5) biotite, calcite and quartz. Stages 1 through 4 are all genetically related to a single mineralizing episode, which was responsible for the orebody. Stage 5 represents a later, probably unrelated, event(s) (Canadian Institute of Mining and Metallurgy Special Volume 15). Stage 2 veins form the bulk of the mineralization in the deposit, and are the most important source of ore.

Hydrothermal alteration at the Brenda deposit generally is confined to narrow envelopes bordering veins.

Mineralization: Property Area *(cont'd)*

Brenda *past producer (cont'd)*

These alteration envelopes commonly grade outward into unaltered or weakly propylitic-altered rock. Where veins are closely spaced, alteration envelopes on adjacent veins may coalesce to produce local areas of pervasive alteration. For the most part, hydrothermal alteration at the Brenda deposit is exceptionally weak for a porphyry copper system.

Four types of alteration are recognized in the Brenda deposit, three of which are related to the mineralizing process. Two of these are potassic (potassium feldspar) and biotite, and the other is propylitic. Later argillic alteration has been superimposed on the system along post-mineral faults.

Potassium feldspar and biotite alteration generally are separated in space, but locally occur together. Both types of alteration accompanied sulphide deposition. Potassium feldspar replaces plagioclase adjacent to most stage 2 and, to a lesser extent, stage 3 veins. These irregular envelopes range in width from a centimetre or less up to a metre, with an average of about 2 centimetres. Potassium feldspar also occurs as a minor constituent of stage 1 veins.

Hydrothermal biotite replaces magmatic mafic minerals (hornblende, biotite) and, more rarely, plagioclase in hostrock adjacent to stage 2 and especially stage 3 veins. These envelopes of hydrothermal biotite range in width from less than 1 millimetre to several centimetres.

Weak to intense propylitic alteration, which is characterized by the development of chlorite and epidote, as well as less obvious microscopic sericite and carbonate, is sporadically distributed throughout the Brenda stock.

Large areas within the orebody have not been propylitized and in these areas, veins with potassic alteration envelopes clearly cut across propylitized quartz diorite, indicating an early hydrothermal or even a pre-ore origin for the propylitization (Canadian Institute of Mining and Metallurgy Special Volume 15). A second period of propylitization accompanied the development of stage 4 veins and is reflected as envelopes of epidote and chlorite.

Locally intense argillic alteration is confined to post-mineral fault zones where the hostrock has been highly shattered. Kaolinite, sericite and epidote have almost completely replaced the host rocks.

Surface weathering, which is expressed predominantly by the development of limonite, extends as a highly irregular blanket over the mineralized zone for depths ranging from a few metres to greater than 30 metres. In this weathered area, limonite stains all fractures. Fault zones have been especially susceptible to surface weathering, and the argillic alteration of these zones may be primarily the result of groundwater action. Secondary minerals developed during weathering, all highly subordinate in quantity to limonite, include malachite, azurite, hematite, ferrimolybdite, powellite and cupriferous manganese oxides. Cuprite, covellite, chalcopyrite, native copper, tenorite and ilsemannite are rare constituents.

Copper-molybdenum mineralization in the Brenda deposit was developed during several sequential stages, all of which constitute one mineralizing episode.

Each stage occupies unique sets of fractures, which are filled with specific combinations of metallic and gangue minerals. Although the attitudes of veins in each stage are unique in detail, most stages include conjugate steeply dipping sets of northeast and northwest striking veins. If these veins occupy shear fractures, it is probable that they were formed by generally east-west compressive forces.

Mineralization: Property Area *(cont'd)*

Brenda *past producer (cont'd)*

Examination of the structure in the Nicola Group rocks to the west reveals that north-northwest and north trending fold axes also indicate an east-west compression.

It is suggested that intermittent east-west compressional forces intensely fractured the rocks of the Brenda stock during several stages of time and tapped a hydrothermal source, either a later phase of the Brenda stock or a separate intrusive system.

As each stage of fractures developed, hydrothermal fluids introduced vein material which healed the fractures. Renewed build-up of compressional forces again fractured the rocks, which were again healed. Repetition of this sequence can explain all stages of mineralization within the Brenda deposit. East-west compression continued after ore deposition ceased and produced prominent east-northeast and northwest striking shear zones (Canadian Institute of Mining and Metallurgy Special Volume 15).

ELK past producer (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn +/-Au; Au-quartz veins)
MINFILE 092HNE096
Nine kilometres southwest

Gold-silver mineralization on the Elk property is hosted primarily by pyritic quartz veins and stringers in altered pyritic granitic and, less frequently, volcanic rocks. Crosscutting relationships indicate that the veins are Tertiary in age; they may be related to Tertiary Otter intrusive events.

To date, mineralization has been located in four areas on the Elk property: Siwash North, South Showing (092HNE261), North Showing (092HNE281) and Siwash Lake (092HNE041, 295).

The Siwash Lake zone is 800 metres south of the Siwash North deposit; the North Showing and South Showing areas are 2 and 3 kilometres south of Siwash North respectively.

In the Siwash North area, gold occurs in veins measuring 5-70 centimetres wide, hosted by a zone of strongly sericitic altered granite and, in the west, volcanic rocks.

In general, the mineralized zone trends east-northeast with southerly dips from 20-80 degrees (from east to west), and appears to be related to minor shearing. Quartz veining occurs in a number of parallel to subparallel zones. Each zone consists of one or more veins within an elevation range of 5 to 10 metres that can be correlated as a group to adjacent drill holes. In the eastern parts of the area, up to six subparallel zones occur.

Five of these zones are consistent enough to be labelled the A, B, C, D and E zones.

Mineralization in the west has been identified in one or locally two zones (the B and C zones). The main mineralized zone (B) is consistent, with only minor exceptions, across the entire drill grid.

The Siwash North structure has been tested to 335 metres down dip and along a strike length of 925 metres. The zone remains open to depth and along strike.

At surface, supergene alteration has leached out most of the sulphides with some pyrite and chalcopyrite remaining. Mineralization occurs primarily as native gold, occasionally as spectacular aggregates of coarse flakes in frothy quartz (strong pyrite boxwork) or in fractures in the vein.

Mineralization: Property Area *(cont'd)*

Elk *past producer (cont'd)*

Electrum was noted in one area as very coarse-grained flakes associated with strong manganese staining. Gold is rarely seen in boxworks in sericitic (phyllic) alteration.

In drill core, mineralization has not been affected by supergene processes. Metallic minerals in drill core include pyrite, chalcopyrite, sphalerite, galena, tetrahedrite, maldonite? pyrrhotite and native gold in order of decreasing abundance. Gold is strongly associated with pyrite and with a blue-grey mineral. Photomicrographs show the gold commonly in contact with this mineral, which may be a gold-bismuth alloy (maldonite?) or a copper-bismuth- antimony sulphosalt.

Gangue mineralogy consists primarily of quartz and altered wallrock fragments. Ankerite is commonly present, with lesser amounts of calcite. Minor barite is also present. Fluorite was noted in one vein as very small (less than 1 millimetre) zoned purple cubes scattered in the quartz.

Stronger alteration generally accompanies higher grade gold mineralization. Seven main types of alteration were recognized in the granitic rocks throughout the property: propylitic, argillic, sericitic, potassium feldspar stable phyllic, phyllic, advanced argillic and silicic. Locally, potassic alteration, skarnification and silicification are evident, but are relatively minor and do not appear to be related to mineralization.

Propylitic alteration is generally light green with biotite and hornblende altered to chlorite, and plagioclase is saussuritized. In volcanics, the colour is generally olive green, and the rock is soft. Argillic alteration is exemplified by bleached rock, with plagioclase white and clay-altered; potassium feldspar is slightly altered.

Volcanics are bleached to light green or grey. Sericitic alteration is typically pale green with a micaceous sheen, with plagioclase altered to sericite; trace disseminated pyrite may be present. This type of alteration is often associated with quartz veins and appears to be the lowest grade alteration associated with gold mineralization. It is not recognized in volcanics.

Potassium feldspar stable phyllic alteration is light pink, green or yellowish with potassium feldspar fresh and pink and blocky. Plagioclase and mafic minerals are altered to fine-grained quartz-sericite-pyrite. It often occurs with veins and is associated with gold mineralization; it is not recognized in volcanics.

Phyllic alteration is generally grey, fine-grained quartz-sericite-pyrite alteration usually associated with veins and often gradational to quartz and often auriferous. Advanced argillic alteration is exemplified by most or all of feldspar being destroyed, quartz is "free-floating". The alteration is often sheared and white in colour and is often associated with quartz veins.

Volcanics are white or blue coloured. Silicic alteration is quartz veining or replacement that is hard with moderate conchoidal fracture

There is a strong symmetrical zoning of alteration around the quartz veins: vein-advanced argillic-phyllic-potassium feldspar stable phyllic-argillic-propylitic.

Measured geological reserves of the Siwash North deposit are 308,414 tonnes grading 22.17 grams per tonne gold and 24.68 grams per tonne silver using a cutoff grade of 10 grams per tonne gold.

Mineralization: Property Area *(cont'd)*

Elk *past producer (cont'd)*

Reserves are based on results from 107 drillholes at 50-metre grid spacings along 804 metres of strike length to 304 metres downdip. All veining intercepts have been adjusted for true width and assays diluted to 2-metre mining widths (George Cross News Letter No. 223 (November), 1991).

The revised drill indicated reserve, based on more realistic open pit and underground mining widths of 0.39 to 0.79 metre with a 20.5 grams per tonne gold cutoff grade, is 122,458 tonnes averaging 54.5 grams per tonne gold (George Cross News Letter No. 65 (April 2), 1993).

Surface drilling was done on fences 10-50 metres apart, underground drilling on fences 10 metres apart. Reserve calculations by the company and consultant Roscoe Postle gave the following results (Explore B.C. Program 95/96 - A38):

Probable (undiluted) 16,991 tonnes at 28,200 tonnes at 50.2 g/t gold 26.6 g/t gold

Possible (undiluted) 50,260 tonnes at 66,400 tonnes at 42.0 g/t gold 31.4 g/t gold

The 1996 exploration program consisted of 6873 metres of drilling in 91 holes. The Siwash zone has been traced along a 914 metre strike length and downdip to 245 metres.

Reserves estimated by the company at January 1, 1996 were 121,350 tonnes grading 25.4 grams per tonne gold and 35.3 grams per tonne silver.

These include a diluted, probable open-pit resource of 11,340 tonnes grading 58.97 grams per tonne gold, an underground probable resource below the open pit of 20,225 tonnes grading 26.74 grams per tonne gold, and a further possible underground resource of 89,790 tonnes grading 23.66 grams per tonne gold (Information Circular 1997-1, page 21).

Surface diamond drilling totaling 1413.96 metres in 12 holes was completed on the Siwash Mining lease during 2000 testing the B, WD and Gold Creek West (GCW) zones.

A trenching program was carried out in 2001 in the Siwash East Area consisting of six trenches totaling 202 meters. Almaden Resources and Fairfield Minerals Ltd. merged into Almaden Minerals Ltd. in February, 2002.

In 2002, Almaden undertook a 26 hole surface diamond drill program for a total of 4995.67 metres testing the B, WD, GCW and Bullion Creek zones. During the 2003 field season a 6570 metre, 30 hole, diamond drill program was carried out by Almaden in the Siwash North area testing the WD zone. The WD vein system is located approximately 100 metres north of the Siwash B zone vein and has been tested over a strike length of 610m and down dip for 380m.

By the end of May 2004, a total of eight mineralized veins had been discovered on the property. Four vein systems had been drilled in the Siwash area: the B system with a strike length of 900 m has been tested down dip to 320 m; the WD zone with a strike length of 650 m has been tested to 370 m down dip; the GCW zone with a strike length of 300 m has been tested to 130 m down dip and the Bullion Creek (BC) zone which has been tested with two holes to a depth of 75 m.

A new 43-101 compliant resource was calculated using drill data for the Siwash B and WD veins, just two of eight known mesothermal vein structures on the property.

Mineralization: Property Area *(cont'd)*

Elk *past producer (cont'd)*

Global (bulk-tonnage and underground mineable) measured and indicated resources were reported to total 668,300 tonnes grading 9.66 grams per tonne gold (207,600 ounces) plus an additional 1,317,200 tonnes grading 4.91 grams per tonne gold (207,800 ounces) in the inferred category (News Release, Almaden Minerals Limited, May 28, 2004).

Included in the global figures is a higher grade, underground-mineable resource totaling 164,000 tonnes grading 33.69 g/t gold in the measured and indicated category, plus another 195 200 tonnes grading 16.38 g/t gold in the inferred category.

In 2004 a diamond drill program consisting of 10,265 meters of NQ drilling in 44 holes was completed.

Included in the global figures is a higher grade, underground-mineable resource totaling 164,000 tonnes grading 33.69 g/t gold in the measured and indicated category, plus another 195 200 tonnes grading 16.38 g/t gold in the inferred category.

In 2004 a diamond drill program consisting of 10,265 meters of NQ drilling in 44 holes was completed. As reported by Almaden in 2001, a possible extension to the B and WD vein systems was found roughly two kilometres along strike to the east, on the other side of an area of overburden cover and no outcrop, as part of a trenching program.

Grab samples of the vein material taken at surface returned averaged analyses of 31.6 grams per tonne gold and 104.4 grams per tonne silver (News Release, Almaden Minerals Limited, March 4, 2005. This discovery added about two kilometres of prospective, unexplored strike length to the high-grade vein system.

Update

Gold Mountain Mining Corporation, the present owner of the Elk property reports (2012 Corporate Presentation) on recent information at the Elk Property; past gold production at 51,500 ounces at 97 g/t (>3 opt) and an existing gold resource of 301,000 ounces gold in a measured and indicated category with 263,000 ounces of gold in an inferred category.

PEN 5 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE300
One kilometre east

Selected grab samples of sericite and chlorite-altered granodiorite, with clots and stringers of arsenopyrite, sphalerite and pyrite, assayed 1.6 grams per tonne gold and 5.0 grams per tonne silver (Assessment Report 22304, page 17, Table 2, sample PEN91-R8).

The volcanics near the granodiorite contact contain small massive sulphide pods in skarn and quartz-arsenopyrite veins. Selected grab samples of angular quartz vein float fragments up to 4 centimetres wide, with sparse to abundant arsenopyrite, yielded 3.77 grams per tonne gold and 3.2 grams per tonne silver (Assessment Report 22304, page 17, Table 2, sample PEN91-R9).

PEN 8 showing (Cu skarn, Au skarn)
MINFILE 092HNE301
One kilometre east
The siltstone and argillite are hornfelsed and intercalated with calc-silicate and quartz-garnet bands.

Mineralization: Property Area *(cont'd)*

Pen 8 *showing (cont'd)*

The bands are mineralized with disseminated pyrrhotite, arsenopyrite, chalcopyrite and sphalerite (?). Selected grab samples of outcrop and talus analysed 0.0075 gram per tonne gold and 1.0 gram per tonne silver (Assessment Report 22304, page 18, Table 2, sample PEN91-R19).

PEN 9 showing (Polymetallic veins Ag-Pb-Zn+/-Au: Au skarn)
MINFILE 092HNE302
Four kilometre east

Grab samples of quartz veins containing scattered grains of pyrite and galena have assayed up to 4.92 grams per tonne gold and 31.2 grams per tonne silver (Assessment Report 22304, page 11).

PEACHLAND CREEK showing (Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE303
Five kilometres east

An outcrop of mafic tuff of the Upper Triassic Peachland Creek Formation (Nicola Group) is mineralized with sphalerite, galena and pyrite.

PEN 10 showing (Porphyry related Au)
MINFILE 092HNE313
Three kilometres east

Mineralization occurs as pyrite with lesser pyrrhotite, chalcopyrite, molybdenite, galena, sphalerite, arsenopyrite and tetrahedrite hosted in diorite and altered volcanics crosscut by feldspar porphyry dikes.

BRENDA NORTH A showing (Au-quartz veins)
MINFILE 092HNE318
Six kilometres east

In 2009, several samples across this zone, from trench Tr09-01, assayed greater than 20 grams per tonne gold, up to 39.2 grams per tonne gold over a 25 centimetres width and 71.4 grams per tonne gold with 24.4 grams per tonne silver over a 10 centimetres width. A grab sample (Tr09-01-R001) of quartz vein material assayed 187.5 grams per tonne gold (Assessment Report 32070).

MINERALIZATION: PROPERTY

KING 6, KING showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE297
Within Tenure 1046577

The vein is mineralized with scattered blebs of chalcopyrite. A selected sample analysed 0.41 gram per tonne gold and 7.8 grams per tonne silver (Assessment Report 21922, page 9, Table 2, sample Q1b-R3).

KING 8, KING showing (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)
MINFILE 092HNE298

Within Tenure 1046577 A pyritic quartz-calcite vein/breccia is associated with the shear zone. A series of selected chips from the vein yielded 0.44 gram per tonne gold and 10.6 grams per tonne silver (Assessment Report 21922, page 9, Table 2, sample Q17-R2A).

STRUCTURAL ANALYSIS

a) Purpose

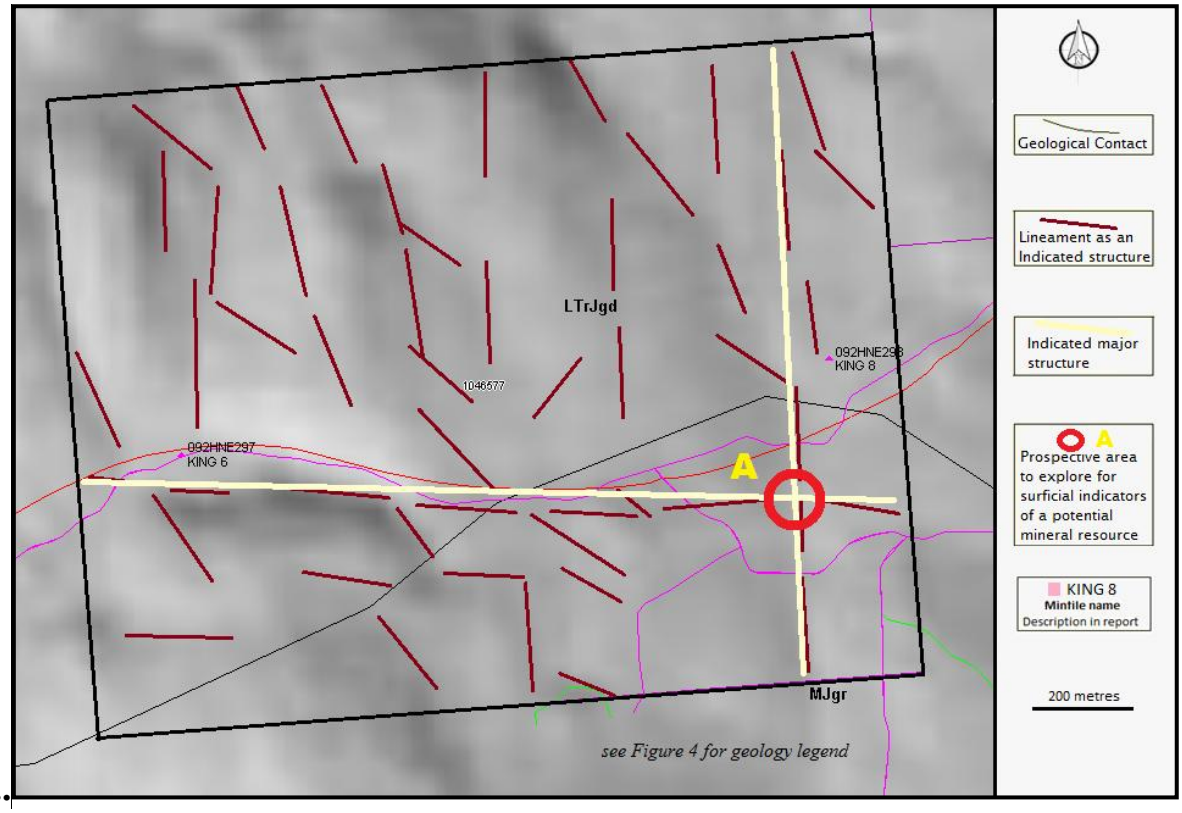
The purpose of the structural analysis was to delineate any area of relative major fault intersections which location could be the centre of maximum brecciation and be depth intensive to provide the most favourable feeder zone to any convective hydrothermal fluids sourced from a potentially mineral laden reservoir. The fluid constituents and/or the indications thereof should be etched in the surface material; where by means of standard exploratory procedures, the source and location may be identified and a foundation on which to warrant any follow-up exploration.

These surficial indications such as prime minerals, indicator minerals, or alteration patterns, may be an expression of sub-surface mineralization that originated from a potentially developed mineral resource. Thus, a cross-structural location would be the prime area to initially prospect for the surficial indicators which may be revealed as pathfinder minerals, minerals and/or alteration products that would be subject to interpretation as economic mineral indicators.

b) Method

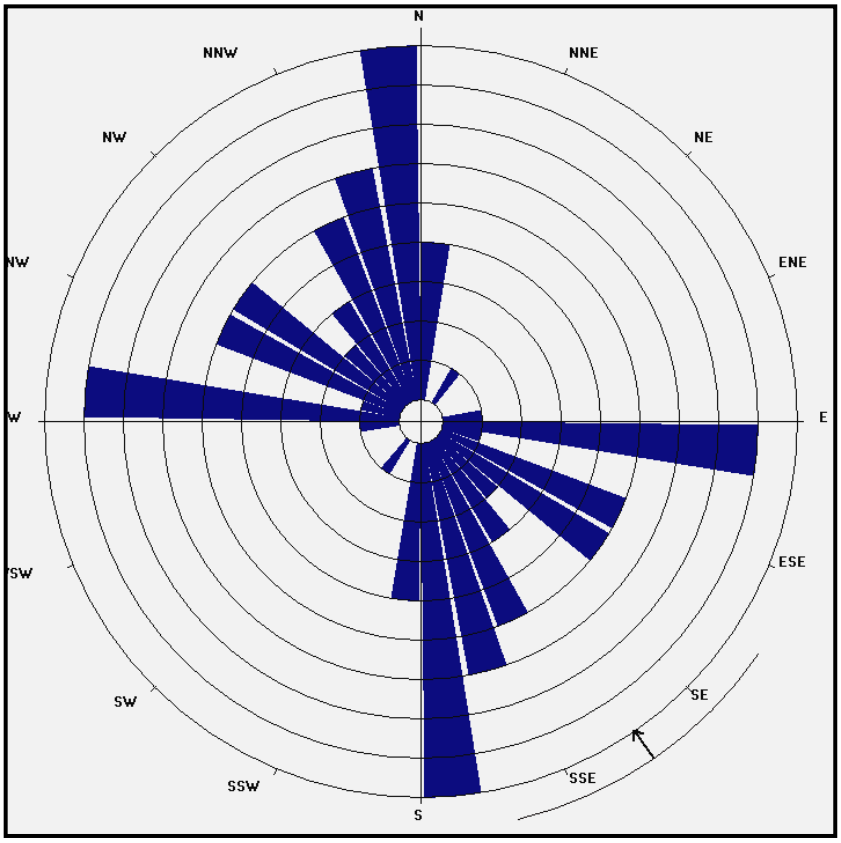
The structural analysis was performed on a DEM image hillshade map downloaded from MapPlace and by viewing of the map and marking the lineaments, or indicated structures, thereon. A total of 50 lineaments were marked on Tenure 1046577. The lineaments were compiled into a 10 degree class interval and plotted as a rose diagram. The indicated primary structural trend was then plotted on the lineament map with the trend influenced by the Rose Diagram and mainly by the consecutive lineal trend of the individual lineaments as shown on the lineament map.

Figure 5. **Lineaments as Indicated Structures on Tenure 1046577**



Structural Analysis *(cont'd)*

Figure 6. **Rose Diagram from indicated structures on Tenure 1046577**



STATISTICS

Axial (non-polar) data
No. of Data = 50
Sector angle = 10°
Scale: tick interval = 2% [1.0 data]
Maximum = 18% [9 data]
Mean Resultant dir'n = 145-325
[Approx. 95% Confidence interval = ±20.9°]
(valid only for unimodal data)

Mean Resultant dir'n = 145.4 - 325.4
Circ.Median = 008.0 - 188.0
Circ.Mean Dev.about median = 44.4°
Circ. Variance = 0.18
Circular Std.Dev. = 35.56°
Circ. Dispersion = 1.66
Circ.Std Error = 0.1822
Circ.Skewness = 3.17
Circ.Kurtosis = -20.66

kappa = 1.04
(von Mises concentration param. estimate)

Resultant length = 23.14
Mean Resultant length = 0.4628

'Mean' Moments: Cbar = 0.164; Sbar = -0.4327
'Full' trig. sums: SumCos = 8.1992; Sbar = -21.6365
Mean resultant of doubled angles = 0.289
Mean direction of doubled angles = 174

(Usage references: Mardia & Jupp,
'Directional Statistics', 1999, Wiley;
Fisher, 'Statistical Analysis of Circular Data',
1993, Cambridge University Press)
Note: The 95% confidence calculation uses
Fisher's (1993) 'large-sample method"'

Structural Analysis *(cont'd)*

c) Results

One cross-structural location, "A", was delineated from an indicated major westerly and a northerly trending structure. The cross-structure is located within granitic to granodioritic rocks of the Osprey Lake batholith, the primary host of the gold-silver pyritic quartz veins and stringers on the Elk property.

Figure 7. **Cross-structural and Minfile locations on Tenure 1046577**
(Base map from MapPlace & Google Earth)

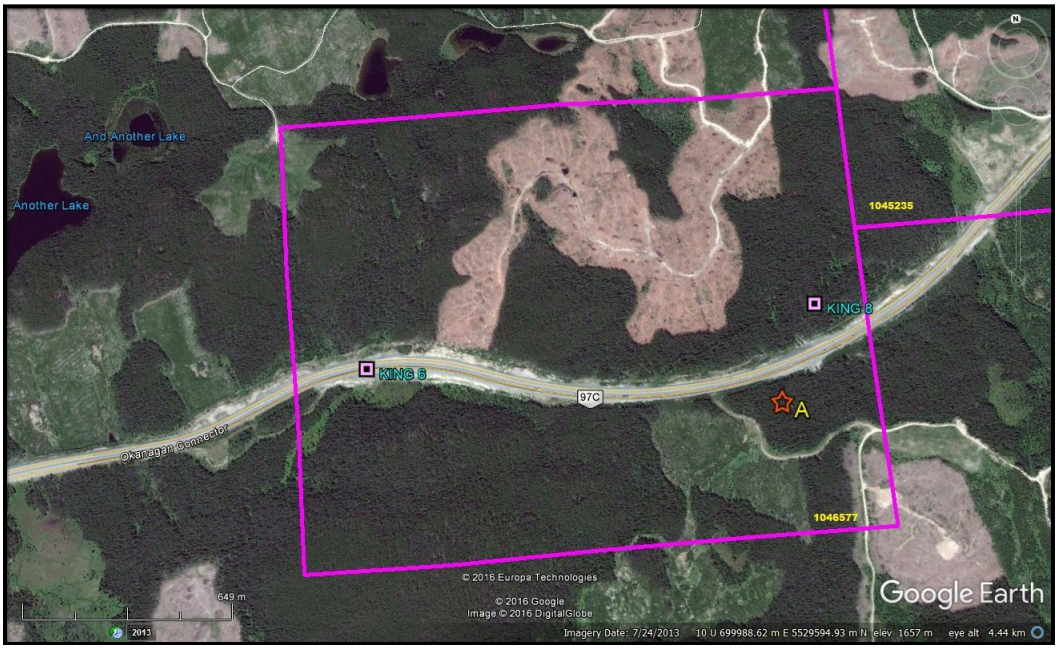


Table II. **Approximate location of cross-structure and Minfiles**
(10 NAD 83)

Cross-Structure	UTM East	UTM North	Elevation *(metres)*
A	700,761	5,529,321	1,607
Minfile			
King 6	699,479	5,529,481	
King 8	700,892	5,529,626	

Magnetometer Survey

a) Instrumentation

A Scintrex MF 2 Model magnetometer was used for the magnetometer survey. Diurnal variations were corrected by taking repeated readings at a base point throughout the day. Magnetometer values are total intensity and relative.

b) Theory

Only two commonly occurring minerals are strongly magnetic, magnetite and pyrrhotite; magnetic surveys are therefore used to detect the presence of these minerals in varying concentrations. Magnetics is also useful is a reconnaissance tool for mapping geologic lithology and structure since different rock types have different background amounts of magnetite and/or pyrrhotite.

Magnetometer Survey *(cont'd)*

c) Survey Procedure

From an initial grid station 5529350N 700500E a base-line station was established southward with base-line stations at 50 metre intervals to 5529150N. Magnetometer readings were taken at 25 metre intervals along each of the two grid lines to 701000E. The grid line stations were located with a GPS instrument. Line kilometres of magnetometer survey completed was 2.5. The field data is reported in Appendix I.

Figure 8. **Magnetometer Survey Grid**

(Base map from Google Earth)

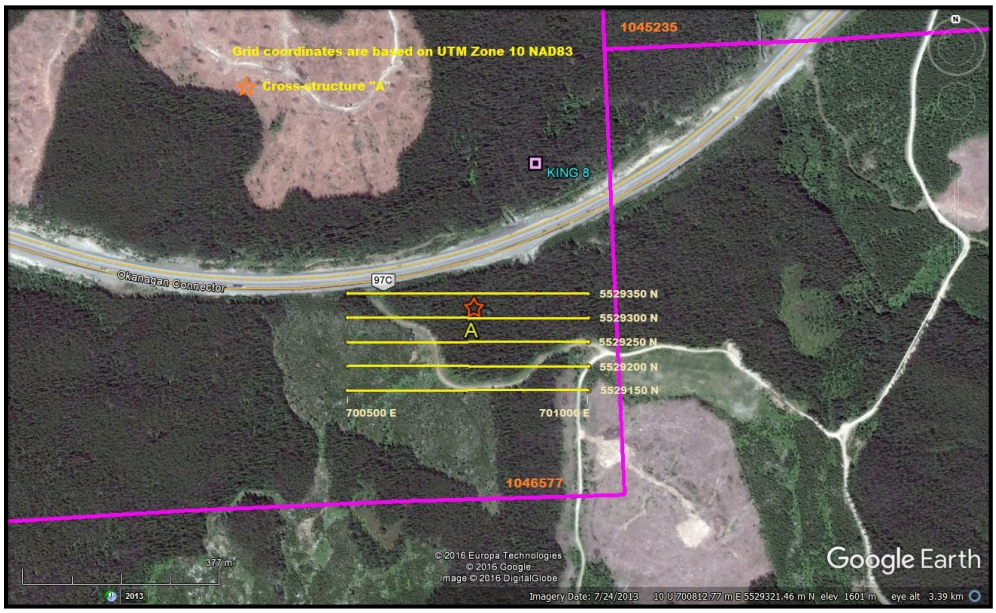
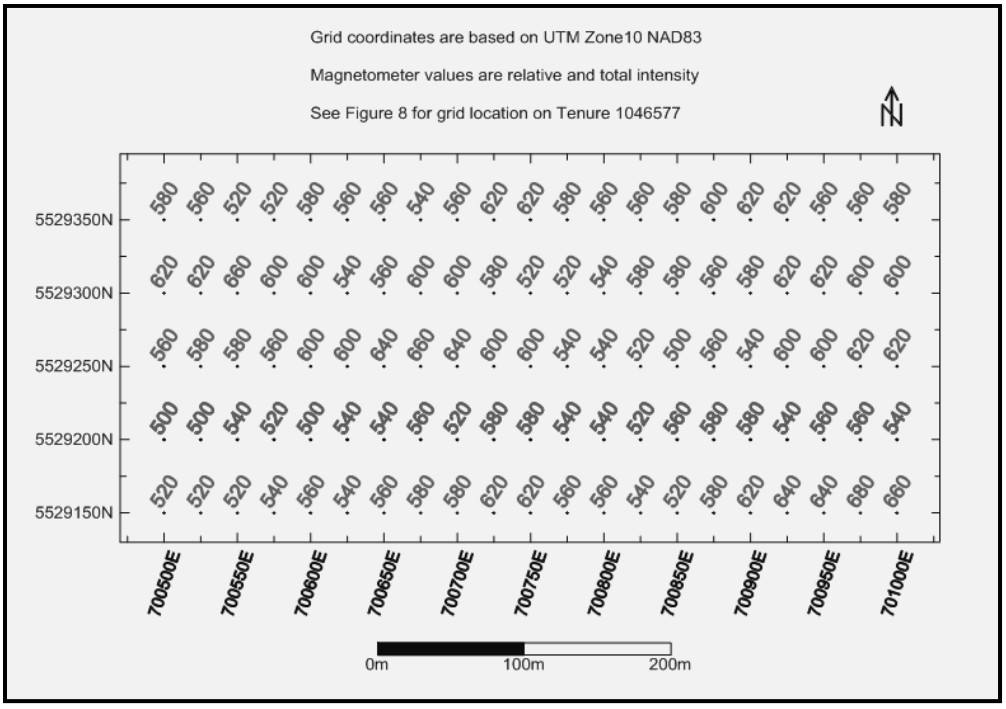


Figure 9 .**Magnetometer Survey Data**



Magnetometer Survey *(cont'd)*

d) Data Reduction

The field results were initially input to an Exel spreadsheet whereupon a Surfer 31 program was utilized to create the maps exemplified herein as Figures 9, 10, & 11.

Figure 10. **Magnetometer Survey Data Contour Map**

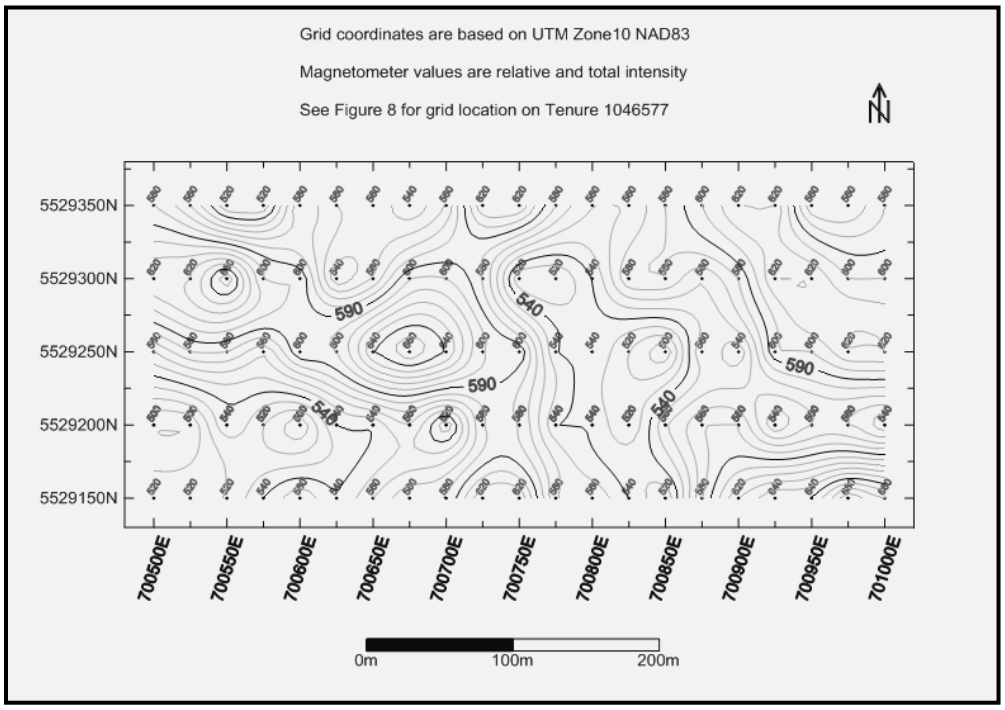
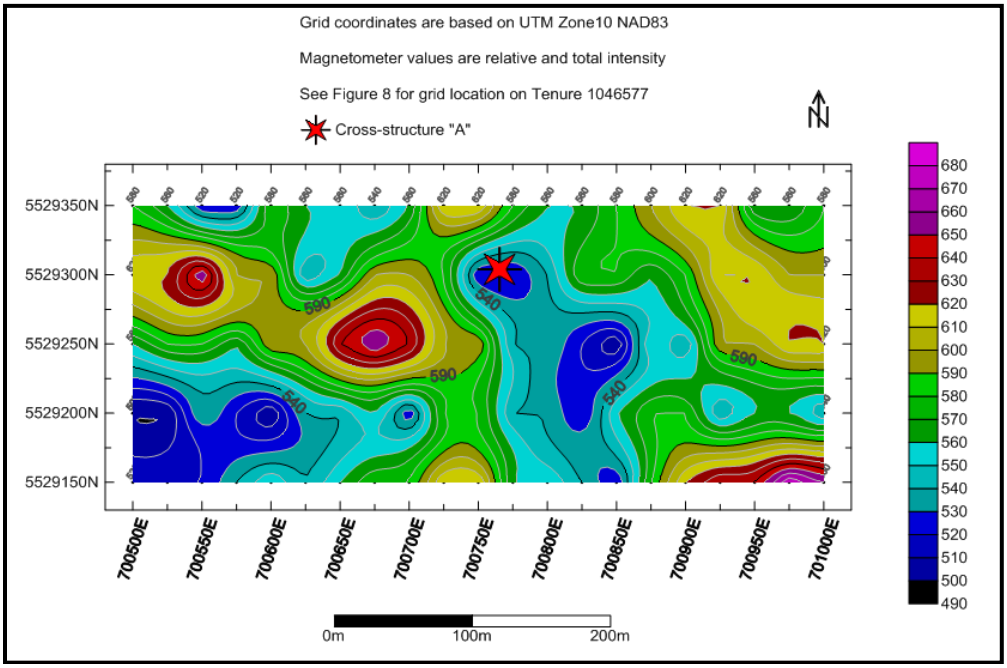


Figure 11. **Magnetometer Survey Data Coloured Contour Map**



Magnetometer Survey *(cont'd)*

e) Results

The localized magnetometer survey which covered granitic and granodioritic rocks, indicated two general magnetic lows ("mag LO") separated by general and spotty anomalous open magnetometer highs ("mag HI").

The first obvious mag LO is of a main general northerly trending mag LO with an intersecting weaker west-northerly northwesterly trending mag LO. At the intersection is a 100 metre wide and 200 metre long indicated sub-anomalous mag LO enveloping three localized anomalous mag HI's which indicate a preferential northerly and west-northwesterly trend open to the south.

The second apparent mag LO in the southwest corner is an indicated sub-anomalous zone enveloping an anomalous mag LO trending east-northeast for 125 metres and open for 75 metres to the west and 75 metres to the south. The east-northeasterly trend is projected 200 metres to the central anomalous mag HI and most prominent of the three within the first mag LO zone.

Cross-structure "A" correlates with a localized and westernmost anomalous mag HI within the first mag LO zone.

INTERPRETATION and CONCLUSIONS

The one cross-structural location, "A", delineated from the intersection of a northerly and a westerly major indicated structure, would be the prospective area to explore for surficial geological indicators of a potential masked mineral resource such as the resource of pyritic gold-silver bearing quartz veins and stringers in altered pyritic granitic at the past productive Elk Property (*MINFILE 092HNE096)* or a potential porphyry resource beneath a vein system.

The premise to the interpretation of the magnetometer survey, which covered only granitic or granodioritic rocks, is that a general mag LO reflects a structure where the magnetic minerals have been partially eliminated and/or variably altered to non-magnetic minerals by dynamic metamorphism. The relative anomalous mag LO's reflect a higher degree of metamorphism and a complete destruction of the magnetic minerals which could have resulted from thermal metamorphism indicative of the introduction of hydrothermal fluids.

Based on this premise, the anomalous mag LO's may reflect the location of cross-structures which would be the centre of maximum brecciation and the most favourable feeder zone to any convective hydrothermal fluids sourced from a potentially mineral laden reservoir. The mag LO/cross-structure correlation is supported by the delineation of the indicated cross-structure "A" in the structural analysis of Tenure 1046577 correlating with an anomalous mag LO as determined from the magnetometer survey.

Thus, all the anomalous mag LO locations of the magnetometer survey on Tenure 1046577 should be explored for surficial geological indicators of a potential masked mineral resource.

Respectfully submitted
Sookochoff Consultants Inc.

Laurence Sookochoff, PEng

SELECTED REFERENCES

Gold Mountain Mining Corporation – 2012 Corporate Presentation

Guilbert, J.M., Park Jr., C.F. - The Geology of Ore Deposits. Waveland Press, Inc. 2007.

John, D.A. - Porphyry Copper Deposit Model. Scientific Investigations Report 2010-5070-B.U.S. Department of the Interior. U.S. Geological Survey, Reston, Virginia: 2010.

kisgeo.com/SC09.htm – PROFESSIONAL DEVELOPMENT COURSE "Epithermal and Porphyry Ore Deposits- Field Aspects for Exploration Geologists-with Field visits" With Dr. Greg Corbett. Biga Peninsula, Turkey. March 11 to March 14, 2014.

MapPlace – Map Data downloads

Marshak, S., Mitra, G. – Basic Methods of Structural Geology. pp 258-259, 264* .Prentice-Hall Inc. 1988

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092HNE047 – BRENDA
092HNE096 – ELK
092HNE297 – KING 6
092HNE299 – KING 8
092HNE300 – PEN 5
092HNE301 – PEN 8
092HNE302 – PEN 9
092HNE303 – PEACHLAND CREEK
092HNE313 – PEN 10
092HNE318 – BRENDA NORTH A

Pareta, K., Pareta, U. – Geomorphological Interpretation Through Satellite Imagery & DEM Data. American Journal of Geophysics, Geochemistry and Geosystems. Vol 1, No. 2 , pp19-36.

Solgold.plc: www.solgold.com.au – Characteristics of Porphyry Copper Deposits.

Sookochoff, L. – Geological & Geophysical Assessment Report on Tenure 1037938 of the seven claim Toni 1037938 Claim Group of the Toni Property for Victory Resources Corporation. March 27, 2016**.**

Sookochoff, L. – Geological & Geophysical Assessment Report on Tenure 1039980 of the 11 Claim Toni 1039980 Claim Group of the Toni Property for Victory Resources Corporation. April 24, 2016**.** AR 35,933.

Sookochoff, L. – Structural Analysis on Tenure 1045235 of the eight Claim Toni 1045235 Claim Group for Victory Resources Corporation. December 4, 2016.

STATEMENT OF COSTS

Work on Tenure 1046577 was completed from September 9, 2016 to September 12, 2016 to the value as follows:

Structural Analysis

Laurence Sookochoff, P Eng: 3 days @ $ 1,000.00/day ----------	$ 3,000.00

Magnetometer Survey

Rick Pearson & Ross Heyer

September 10-11, 2016

Four man days @ $300.00 per day ----------	$ 1,200.00	
Truck rental: 2 days @ $145.00 ----------	290.00	
Kilometre charge: 323@ $0.70 ----------	226.10	
Fuel ----------	73.40	
Room & board: 4 man days @ $90.00 ----------	360.00	
Mag rental 2 days @ $80.00 ----------	160.00	2,309.50
		5,309,50
Maps ----------		750.00
Report ----------		3,200.00
		$ 9,259.50
		======

CERTIFICATE

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist and principal of Sookochoff Consultants Inc. with an address at Suite 120 125A-1030 Denman Street, Vancouver, BC V6G 2M6.

I, Laurence Sookochoff, further certify that:

1) I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.

2) I have been practicing my profession for the past fifty years.

3) I am registered and in good standing with the Association of Professional Engineers and Geoscientists of British Columbia.

4) The information for this report is based on information as itemized in the Selected Reference section of this report and from work the author has performed on the Toni Property since 2006.

5) I have no interest in the Property as described herein.

Laurence Sookochoff, P. Eng.

Appendix I

Magnetometer Data

E 5618191 T 1046577														
East	North	Mag	East	North	Mag	East	North	Mag	East	North	Mag	East	North	Mag
700500	5529150	520	700500	5529200	500	700500	5529250	560	700500	5529300	620	700500	5529350	580
700525	5529150	520	700525	5529200	500	700525	5529250	580	700525	5529300	620	700525	5529350	560
700550	5529150	520	700550	5529200	540	700550	5529250	580	700550	5529300	660	700550	5529350	520
700575	5529150	540	700575	5529200	520	700575	5529250	560	700575	5529300	600	700575	5529350	520
700600	5529150	560	700600	5529200	500	700600	5529250	600	700600	5529300	600	700600	5529350	580
700625	5529150	540	700625	5529200	540	700625	5529250	600	700625	5529300	540	700625	5529350	560
700650	5529150	560	700650	5529200	540	700650	5529250	640	700650	5529300	560	700650	5529350	560
700675	5529150	580	700675	5529200	560	700675	5529250	660	700675	5529300	600	700675	5529350	540
700700	5529150	580	700700	5529200	520	700700	5529250	640	700700	5529300	600	700700	5529350	560
700725	5529150	620	700725	5529200	580	700725	5529250	600	700725	5529300	580	700725	5529350	620
700750	5529150	620	700750	5529200	580	700750	5529250	600	700750	5529300	520	700750	5529350	620
700775	5529150	560	700775	5529200	540	700775	5529250	540	700775	5529300	520	700775	5529350	580
700800	5529150	560	700800	5529200	540	700800	5529250	540	700800	5529300	540	700800	5529350	560
700825	5529150	540	700825	5529200	520	700825	5529250	520	700825	5529300	580	700825	5529350	560
700850	5529150	520	700850	5529200	560	700850	5529250	500	700850	5529300	580	700850	5529350	580
700875	5529150	580	700875	5529200	580	700875	5529250	560	700875	5529300	560	700875	5529350	600
700900	5529150	620	700900	5529200	580	700900	5529250	540	700900	5529300	580	700900	5529350	620
700925	5529150	640	700925	5529200	540	700925	5529250	600	700925	5529300	620	700925	5529350	620
700950	5529150	640	700950	5529200	560	700950	5529250	600	700950	5529300	620	700950	5529350	560
700975	5529150	680	700975	5529200	560	700975	5529250	620	700975	5529300	600	700975	5529350	560
701000	5529150	660	701000	5529200	540	701000	5529250	620	701000	5529300	600	701000	5529350	580