GEOLOGICAL AND PROSPECTING REPORT

ON THE

BETHEA 1-4 CLAIMS

Tenure #382530 – 382533
(VILLALTA AREA)

LABOUR DAY LAKE – NANAIMO LAKES AREA
VANCOUVER ISLAND
N.T.S. 92F/1W (92F.008)
LATITUDE 49° 05’20”, LONGITUDE 124°26’30”
NANAIMO MINING DISTRICT

For

R. BILLINGSLEY and J. T. SHEARER
(Owners)

by

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November 10, 2001

Fieldwork completed between July 15, 2001 and November 9, 2001
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SUMMARY

1) The Bethea 1-4 two post mineral claims cover the Gold-Hematite zone, which in the past has been known as the Villalta Deposit.

2) The property is located approximately 51km west of Nanaimo along the Nanaimo Lakes Mainline Logging Road, up Branch M22 for 3.4km to Branch M35C.

3) The gold-bearing hematite zone was discovered in 1976 by E. Specogna.

4) The property is underlain by Sicker Group volcanics and sedimentary rocks (Nitinat to McLaughlin Ridge Formation) and Buttle Lake Group limestone (Mt. Mark Formation). The limestone is overlain by a green tuff breccia containing clasts of silicified limestone.

5) Gold occurs in a "stratiform" band of hematite (Fe₂O₃), which is associated with the tuff breccia and Karstic erosional unconformity above the Limestone.

6) Cretaceous Nanaimo Group (Benson Formation) conglomerate unconformably overlies the sequence in the vicinity of the hematite zone.

7) Several programs of geological mapping, geochemistry and diamond drilling have taken place between 1980 and 1993.

8) Diamond drilling in 1980 and 1981 demonstrated that the hematite zone extends into the hillside at a low angle for at least 110m and is over 30m wide. Thickness of the mineralized horizon varies up to 14 metres.

9) Ore reserve "open pit" calculations vary from 13,606 to 22,677 tonnes grading 2.39 to 4.11 g/tonne gold (1991 Prospectus). Early estimates are up to 200,000 tons at 0.1 to 0.2 oz/ton Au including possible "underground" accessible reserves. Drilling to the north intersected 10.7m of 2.06 g/tonne Au and 9.9 g/tonne Ag.

10) The current program (2001) consisted of prospecting and preliminary geological mapping.

Respectfully submitted,

J. T. (Jo) Shearer, M.Sc., P.Geo.
November 10, 2001
INTRODUCTION

The Bethea 1-4 Mineral Claims owned by R. Billingsley and J. Shearer cover the well known but enigmatic stratiform gold-hematite deposit commonly referred to as the Villalta (Minfile #92F384).

The deposit is located about 51 km west of Nanaimo along the Nanaimo Lakes Mainline road of TimberWest at a point approximately 5 km west and 1.5 km north of Fourth Lake.

The Bethea Claims are underlain by a small exposure of Mount Mark limestone close to a contact with volcanic and related sedimentary rocks of the Paleozoic Sicker Group (Nitinat-McLaughlin Ridge Formation). The limestone is overlain by a green tuff, breccia that commonly contains clasts of silicified limestone. The gold mineralization occurs as a layer of hematite, which is associated with and surrounded by breccia. The hematite layer is in places unconformably overlain by Upper Cretaceous Nanaimo Group conglomerates (Benson/Comox Formation).

Numerous hypotheses have been advanced by various workers on the origin of the gold-hematite layer. They can be summarized as follows:

1) fault bounded or controlled by Karst development in the limestone, stratabound.


3) Tropical weathering of small, irregular thick, massive sulfide unit composed of primary magnetite, marcasite and minor arsenopyrite.

4) combine a skarn, developed in the Cameron River formation with supergene enrichment during the tropical weathering, which preceded the deposition of the Benson Formation.
LOCATION and ACCESS

The claims are located approximately 51 km west of Nanaimo along the Nanaimo Lakes road to branch road M22 for 3.4 km to branch road M35C. Branch M22 is 21.6km from the logging office at Second Lake along the Nanaimo Lakes Mainline. The property is within the private timberlands owned by TimberWest. Access can be restricted by the forest company according to their harvesting plans. The Operations Engineer, John Kay should be contacted at the TimberWest (Second Lake Area) office by phone 250-729-3770 (Fax 250-754-4122) to advise of travel arrangements to the claims.

There is a strictly regulated gate at the entrance to the TimberWest private forest lands. The immediate claim area was logged in the early 1980's. Logging in 2000 and 2001 is currently underway north and east of the claim area toward Labour Day Lake.

The main showing is at an elevation of about 850m. Currently Branch Road M22 is in good all weather condition. Branch road M35C requires a culvert near the junction with M22 and is starting to become overgrown with small alders. Road M35C could easily be cleared out if vehicle access is required.
CLAIM STATUS

The Bethea 1-4 two post claims were located to cover the Villalta Gold-hematite deposit as shown on figure 3 and Table 1.

<table>
<thead>
<tr>
<th>Claim Name</th>
<th>Tenure #</th>
<th>Size</th>
<th>Units</th>
<th>Date Located</th>
<th>Current Anniversary Date*</th>
<th>Owner</th>
</tr>
</thead>
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<tr>
<td>Bethea 1</td>
<td>382530</td>
<td>2 post</td>
<td>1</td>
<td>November 17, 2000</td>
<td>November 17, 2005</td>
<td>J. T. Shearer</td>
</tr>
<tr>
<td>Bethea 2</td>
<td>382531</td>
<td>2 post</td>
<td>1</td>
<td>November 17, 2000</td>
<td>November 17, 2005</td>
<td>J. T. Shearer</td>
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<td>Bethea 3</td>
<td>382532</td>
<td>2 post</td>
<td>1</td>
<td>November 17, 2000</td>
<td>November 17, 2005</td>
<td>J. T. Shearer</td>
</tr>
<tr>
<td>Bethea 4</td>
<td>382533</td>
<td>2 post</td>
<td>1</td>
<td>November 17, 2000</td>
<td>November 17, 2005</td>
<td>J. T. Shearer</td>
</tr>
</tbody>
</table>

Total 4 Units

* with application of assessment work contained in this report.

Mineral title is acquired in British Columbia via the Mineral Act and regulations, which require approved assessment work to be filed each year in the amount of $100 per unit per year for the first three years and then $200 per unit per year thereafter to keep the claim in good standing.

Under the present status of mineral claims in British Columbia, the consideration of industrial minerals requires careful designation of the products end use. An industrial mineral is a rock or naturally occurring substance that can be mined and processed for its unique qualities and used for industrial purposes (as defined in the Mineral Tenure Act). It does not include “Quarry Resources”. Quarry Resources includes earth, soil, marl, peat, sand and gravel, and rock, rip-rap and stone products that are used for construction purposes (as defined in the Land Act). Construction means the use of rock or other natural substances for roads, buildings, berms, breakwaters, runways, rip-rap and fills and includes crushed rock. Dimension stone means any rock or stone product that is cut or split on two or more sides, but does not include crushed rock.
The gold-bearing hematite deposit (Villalta Zone) was discovered in 1976 by E. Specogna. In 1980, Specogna formed Canamin Resources Ltd. and proceeded with a 6 hole (totalling 394.4m) drill program on the Villalta Zone at a cost of $30,242. An intersection in hole V-2 from 9.75-10.36m assayed 0.532 oz/ton. An 8 hole drill program in 1981 further tested the hematite zone. This work was reported on by G. D. Belik and J. F. Bristow (1980) in assessment Report 8458.

Asarco optioned the claims in 1982 and conducted soil geochemistry (16 line km) over the Villalta area at a cost of $21,800. Results were spotty for Au, Ag, Cu and Zn but a linear arsenic anomaly was detected. In 1982 a 1200 cubic foot bulk sample was excavated, which assayed 0.2 oz/tone Au, 0.3 oz/ton Ag, 0.47% Cu and 53% Fe.

Falconbridge optioned the property in October 1983 and commissioned a Dighem EM Survey over the entire area. Between June to October 1984 Falconbridge Limited completed a program consisting of (a) geology, 1:5,000, (b) lithogeochem, (c) silt sampling, (d) 2 soil grids, (e) VLF-EM and (f) diamond drilling 666m at a cost of $188,558.

Additional diamond drilling was completed in 1986 and 1987 by Canamin and C. F. Millar. A mine proposal including conventional gold recoveries was submitted to the Mine Development Steering Committee in 1986 and amplified by work done by Klohn Leonoff consulting engineers in 1988. The proposed operation was by open pit with a stripping ratio of 0:1. Although the proposed production was small, cyanide management in proximity to salmon values emerged as a key issue. Drilling in 1987 suggested that ore reserves were limited. A prospectus was filed by C. F. Millar in 1991 for an open pit, crush and cyanide heap leach at less than 10,000 tons per year. The tailings might be sold as cement plant feedstock. Minfile quotes reserves as 13,606 to 22,677 tonnes grading 2.39 to 4.11 g/tonne Au (Prospectus June 1991, C. F. Millar).
REGIONAL GEOLOGY

Vancouver Island is part of an allochthonous upper Paleozoic arc terrane accreted to the North American continent by Upper Jurassic to Lower Cretaceous time. The arc complex is composed of flows, breccias and volcaniclastic rocks overlain by limestone, clastics and chert followed by Mesozoic pillowed and sub aerial basalt flows. These are in turn succeeded by limestone, cherty limestone and clastic rocks. The history also includes Jurassic and Tertiary plutonism. Mineralization often accompanies the volcanic and plutonic episodes. Regional geological features are shown on Figure 4 after Mueller, 1968 and Massey et. al. 1993.

The oldest rocks on Vancouver Island are Paleozoic subaqueous volcanic and sedimentary rocks of the Sicker Group. Sicker rocks are exposed in three northwest trending structural culminations; Buttle Lake, Cowichan-Horne Lake, and Nanoose uplifts. The Cowichan-Horne Lake uplift, which includes the Bethea property, contains the most complete section of Sicker Group rocks. The lower, Nitinat Formation consists of pillows, flows and flow breccias of the basaltic composition, with local interbedded tuff. Nitinat volcanics have been pervasively metamorphosed to epidote-actinolite-chlorite-albite grade. Local to intrusions, thermal metamorphism has reached oligoclase-andesin amphibolite grade. The rocks are commonly shear folded. Nitinat flows are overlain by massive tuffs and volcaniclastic sediments of the Myra Formation. These bedded rocks range from heterogeneous volcanic breccias to variable grain sized tuffs, to argillites. Age of the Nitinat and Myra Formations, based on U-Pb ages from Saltspring Island, is thought to be late Devonian. Mineralization in the Sicker group centres around three areas. The Myra, Lynx and Price deposits at Buttle Lake are Kuroko-type exhalate massive sulfide deposits. Mineralization occurs in rhyolite, quartz porphyries and mixed breccias proximal to the vent source. A volcanic centre on Saltspring Island is thought to be the source for the nearby Mt. Sicker deposits. Thirdly, vein deposits in the China Creek area may also be remote exhalative products.

The upper unit of the Sicker Group is nearshore fossiliferous limestone with interbedded chert and siltstone of the Pennsylvanian-Permian age Buttle Lake Group (Mount Mark Formation). Intrusive activity has produced only minor known skarn occurrences in the Paleozoic carbonates.

Late Triassic rocks consist of a thick sequence of tholeilitic basalts; a result of rifting. The Karmutsen Formation is the oldest unit of the Vancouver Group and the only one exposed near the Bethea claims. It has been informally divided into a sequence of pillowed flows, pillow breccias and lava flows. Many copper occurrences have been noted in the Karmutsen. Copper minerals are derived from within the sequence and none have been of economic significance.

Jurassic “Island intrusions” range in composition from gabbro to quartz monzonite, but are mainly granodiorite and quartz diorite. They are in sharp, steep contact with the Karmutsen and gradational with the Sicker Group. Jurassic intrusive activity produced the porphyry copper deposit of Island Copper at Rupert Inlet.

The Upper Cretaceous Nanaimo Group is a transgressive sedimentary succession, from fluvial through deltaic, lagoonal and nearshore marine to offshore marine deposits. The basal Benson (Comox) Formation consists mainly of poorly sorted conglomerate with commonly a distinctive chlorite matrix.
HOMEGOLD RESOURCES LTD.
BETHEA 1 - 4 CLAIMS
REGIONAL GEOLOGY

SCALE as shown
DATE Aug. 1, 2001
N.T.S. 92F/1W
WORK BY J. T. Shearer
FIGURE 4
Tertiary intrusive rocks are predominantly dacite porphyry and take the form of sills and laccoliths. Porphyry copper deposits at Cutface Mountain, and Mt. Washington are related to Tertiary intrusions. These intrusive rocks are also related to vein deposits of gold, pyrite, arsenopyrite, sphalerite, galena and pyrrhotite in rocks of all ages.
LOCAL GEOLOGY

Geology of the Bethea Claims was mapped along road cuts and creek exposures in 2001 at a scale of 1:5,000. The field data to 1985 was previously compiled at 1:10,000 (see Chandler, 1985).

**Nitinat-McLaughlin Ridge Formation**

A large portion of the southwest map area is underlain by volcaniclastic and sedimentary rocks of the Nitinat-McLaughlin Ridge Formation. It consists of interbeds of volcanic breccia, variable grain sized tuff, argillite and chert.

Volcanic breccias are multilithic agglomerate lapilli tuffs composed of subangular fragments of dark grey basalt, cherty tuff, chert, crystal lithic tuff, laminated tuff and others, in a dark grey green feldspar porphyry coarse tuff matrix. Fragments range in size from .4 to 20 cm. Fragment rims range from distinct to indistinct, are often baked and are more readily visible in weathered surfaces. The matrix is composed of chlorite, epidote, feldspar crystals and fragments and lithic fragments. Original composition of the rock was probably andesitic now metamorphosed to greenschist facies. Bands of agglomerate lapilli tuff are often irregular and range from .5 to several metres thick (Chandler, 1985).

Massive tuffs are similar in appearance to the matrix of the volcanic breccia. Grain size ranges from 1 to 4mm and consists of chloritized mafic crystals and fragments, rounded to subangular feldspar grains and fragments, lithic fragments, glass fragments and fine grained chlorite and epidote. There is less than 1% of tiny disseminated pyrite. The unit contains 2 cm to 2m wide fragmented bands of black argillite parallel to bedding and local veinlets of quartz and/or epidote.

Banded tuff is very fine grained and ranges in colour from grey green to glue green and buff on some weathered surfaces. The banding shows up better on weathered surfaces because of differential weathering with respect to grain size. From grains size relationships it is possible to determine tops of bedding. Scale of the banding ranges from 1 cm to 1 metre.

Chert ranges in colour from maroon to green, to white and grey and is banded on scales of 10cm and 1 metre. The bands locally display open folds and fracture surfaces parallel to banding. The upper chert member of the McLaughlin Ridge Formation outcrops in the westernmost part of the property. All other members are intermixed. Bedding is grossly consistent and planar throughout the property (Chandler, 1985).

**Buttle Lake Group (Mount Mark Formation)**

Mount Mark limestone occurs in several small pods in the central and the eastern part of the property. In the central area, local to the gold-hematite showing, the unit is composed of light grey weathering, coarse crystalline limestone with 30 cm interbeds of siliceous sediments, now quartzite. Both rock types are light grey to white and both contain abundant crinoidal debris.

Of particular interest, drilling at the gold-hematite area has demonstrated the presence of fine grained tuffs, porphyritic andesitic flows and cherty tuff units stratigraphically above the Buttle Lake limestone. These rocks closely resemble the...
LITHOLOGIC TYPES

PLEISTOCENE TO RECENT

___ OVERBURDEN

NANAIMO GROUP

Ω GREEN CONGLOMERATE; CLASTS ANGULAR TO ROUNDED

PRE-NANAIMO REGOLITH

___ RED, HEMATITIC, DEEPLY WEATHERED ZONE; PRIMARY TEXTURES OF ORIGINAL LITHOLOGIES LOCALLY PRESERVED.

SICKER SERIES (UPPER VOLCANIC/SEDIMENTARY SERIES)

C DENSE, THINLY LAMINATED HEMATITE; LOCALLY TUFFACEOUS AND/OR CALCAREOUS

D LAMINATED, CALCAREOUS, BASIC TUFF AND TUFFACEOUS CARBONATE; LOCALLY WITH LAMINATIONS OF MASSIVE HEMATITE

F SILICIFIED BASIC TUFF

SICKER SERIES (BUTTLE LAKE LIMESTONE MEMBER)

___ LIMESTONE/MARBLE

___ CHERT

___ MASSIVE, CRUDELY BANDED SULPHIDES CONFORMABLE TO BEDDING; MASSIVE, COARSE, SULPHIDES AS IRREGULAR REPLACEMENT ZONES AND VEINS CROSS CUTTING BEDDING

LOWER TUFF/CHERT/SANDSTONE MEMBER

___ LIGHT GREEN FOLIATED TUFF; LAMINATED, GREEN SANDSTONE; CHERT
lower McLaughlin Ridge Formation rocks. Their presence above the limestone suggests an interfingering relations of reef facies limestone with volcanics at this location.

**Nanaimo Group (Benson Formation)**

Clastic rocks of the Nanaimo Group form a long ridge of northwest trending rounded bluffs in the north half of the property. The lower portion of this section is a matrix supported conglomerate composed of angular to rounded volcanic intrusive limestone and chert clasts ranging in size up to 20 cm. The upper portion of the Nanaimo group is black argillite that is buff to orange brown because of fine disseminated pyrite. The argillite is highly fractured and locally contains bivalves and buff concretions.

The Benson-type facies (fluvial), which are the focus of the present exploration program, are dark green and brown coloured, poorly bedded fanglomerates and associate greywackes occurring in irregular lenticular masses of small areal extent and extremely variable thickness. The components are unsorted subangular boulders, pebbles and grit, mainly of pre-Cretaceous volcanic material. Granitic clasts are rare even on a granitic substratum. The material has been transported over only a short distance and the deposits are probably basal conglomerates, formed along shoreline cliffs during transgression or in inshore valleys and canyons.

The base of the Nanaimo in contact with the Buttle Lake limestone is a 12 cm thick red regolith containing angular limestone fragments. Elsewhere, the lower contact is in angular unconformity with the McLaughlin Ridge Formation.

**Tertiary Intrusion**

The youngest rock unit in the area is Tertiary porphyritic dacite that forms resistant cliffs to the northwest part of the claims. Outcrops are clean and blocky. Weathered surfaces are light grey to white, fresh surfaces are light grey. The rock is composed of 5-30% white albite twinned plagioclase phenocrysts, .3 to 1 cm across, and 1-2% long narrow hornblende phenocrysts to 1 cm length in a <1mm matrix of subhedral plagioclase and K-feldspar, <5% quartz, plus epidote, biotite and chlorite.

There are no visible sulfides in this unit. The contact between the Tertiary intrusion and Nanaimo argillite is an interfingering one, along bedding in the argillite.

**Mapping in 2001**

The extensive Benson Formation exposures in the middle of Bethea 2 and 4 Claims show altered chloritic green matrix conglomerate. Numerous outcrops of hematite-rich sandstone were observed. Fossil and organic casts are common. At the junction of road M22 and M35C (to the east of Bethea 1 and 2 Claims) are composed of highly sheared slickensided altered Benson Formation conglomerate. Immediately north of the hematite deposit are cliffs of Nanaimo Group conglomerate. To the southwest and southeast of the hematite deposit are small exposures of grey weathering siliceous Mount Mark Formation limestone.
PREVIOUS DIAMOND DRILLING

The gold-hematite showing was discovered by E. Specogna in 1976 from exposure of hematite on a logging road. He sampled surface outcrops and obtained values ranging up to +1 oz/ton Au. Subsequently Specogna drilled 6 holes in 1980 and further 15 holes in 1981. G. Belik, a consultant, reported on the 1980 drilling and 8 of the 1981 holes. He also carried out geological mapping at 1:500 scale in the drilling area. Asarco optioned the property in 1982 and conducted surface soil sampling over the Villalta claims. Planned drilling was never carried out and the property was later returned to Specogna.

Falconbridge drilled 2 holes in 1984. Holes 84-V-22 and 23 were laid out to test for a northward projection of the zone based on the arsenic anomaly. A total of 468.9 metres were drilled in these holes. DDH 84-V-24 and 25 were located to test the centre of the hematite zone for grade continuity and structure, totalling 197.2 metres.

Mineralization

An essentially upright sequence of folded Sicker Group rocks are capped unconformably by Cretaceous age Nanaimo Group sediments. The Sicker Group rocks consist of a lower series of McLaughlin Ridge Formation tuffs in the south, overlain by Mount Mark Formation massive crinoidal limestone with local cherty and tuffaceous interbeds. Surface exposures of poddy and banded semi-massive to massive pyrrhotite and pyrite with minor sphalerite and chalcopyrite occur within both tuffaceous interbeds and massive limestone. The hematite zone outcrops near the unconformable interface of the Mount Mark limestone with the capping Nanaimo Group conglomerates and mudstones and was originally thought to represent a regolith. Detailed mapping shows the Sicker rocks to be tightly folded along axial trends of 135° with a 20° plunge to the NW. A second folding phase trending due north may be indicated by the surface outcrop pattern.

Chandler (1985) suggested that the hematite zone is semi-continuous over limited distances and appears to occur as a stratiform horizon, usually near the top of the limestone but locally enclosed within volcanic tuffs and wacke.

Descriptions of massive hematite intersections note the presence of rare chalcopyrite and tuffaceous or limy layers. Chandler (1985) postulated that likely that the hematite is a near surface oxidation product or gossan developed from down-dip sulphide rich horizons.

Gold content may be locally enhanced in the hematite relative to the sulphides but is certainly erratic in distribution. This is evident from the assay results of the closely spaced holes. The 1984 holes 84-V-24 and 25 encountered variable gold values with good values obtained over a narrow intersection in 84-V25 and negligible gold in the much thicker zone in 84-V-25.

Due to the folding in the Sicker Group, the fluctuation in assayed grades and the likelihood of down dip extensions into sulphide-phase horizons there is a reasonable potential for extending the known mineralization with further drilling. Unfortunately the step out drilling of holes 84-V-22 and 23 (see location on Figure 7, in pocket) failed to intersect the zone though several weak gold kicks were obtained in Sicker Group tuffs above the limestone. Following the zone to the north or west would require an ordered program of short holes extending outwards from the known mineralization.
Down-dip sulphide-rich horizons may be amenable to down-hole Pulse EM methods to aid drill hole site selection.

Calculations of mineral inventory or ore reserves varies widely as illustrated by the following:

<table>
<thead>
<tr>
<th>Tonnes</th>
<th>Grade</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) 50,000 tonnes at surface plus 150,000 tonnes underground</td>
<td>5.0 g/tonne Au</td>
<td>from Specogna June 2, 1986</td>
</tr>
<tr>
<td>(B) 200,000 tonnes @</td>
<td>0.1 to 0.2 oz/ton</td>
<td>Aug. 18/81 quoted in Neale &amp; Hawkins 1985</td>
</tr>
<tr>
<td>(C) open pit only 13,606 tonnes @ 22,677 tonnes @ 53% Fe</td>
<td>4.11 g/tonne Au 2.39 g/tonne Au</td>
<td>1991 Prospectus C. F. Miller</td>
</tr>
</tbody>
</table>

The zone is referred to having a known dimension of 110mx30mx14m. A 1980 drill hole assayed 126 g/tonne Au, 19.2 g/t Ag, 7.65% Zinc and 0.76% Cu over 30cm (Assessment Report 8458). Drilling to the north in 1987 intersected 10.7m of 2.06 g/tonne Au and 9.9 g/tonne Ag including 1.0m of 8.5 g/tonne Au and 22.3 g/tonne Ag (Vancouver Stockwatch, July 13, 1987).
PREVIOUS GEOCHEMISTRY and GEOPHYSICS

Geochemistry

The hematite-Au outcrop area is shown in the centre of coincident Pb, Zn and As anomalies. A linear As anomaly trends NNE towards the Tertiary intrusive with local subcoincident Pb and Zn highs.

Reconnaissance sampling of major streams draining the claim area was carried out in 1984 using conventional sampling methods (Chandler, 1985). No sample concentration techniques or sieving were employed to enhance ambient metal levels. Samples were collected in Kraft paper envelopes, dried and forwarded to CDN Labs, Delta for sample preparation and analysis of the –80 mesh fraction. All samples were analysed for Cu, Zn, Ag and Pb using conventional acid digestion and A.A. techniques and fire assay/A.A. finish methods for Au.

The initial 1984 sampling stage yielded 181 samples. A follow-up program was initiated with silt samples collected at 50 metre intervals on the anomalous drainages and tributaries. The results of this follow-up (a further 306 samples) were discouraging.

The 16 km of soil sampling done by ASARCO in 1982 (Fletcher, 1982) were anomalous for arsenic. Soil response for arsenic depicts a linear, enechelon northeast trend suggesting a definite structural control. A probability plot suggests:

- > 140 ppm = anomalous
- 100 – 139 ppm = probably anomalous
- 50 – 99 ppm = possibly anomalous
- < 49 ppm = background

Inspection of soil response for other elements does not readily depict rock type trend, structural trends or mineral trend in oxide form or in sulfide form.
CONCLUSIONS and RECOMMENDATIONS

The Bethea 1-4 Mineral Claims cover the unusual gold-hematite deposit known from extensive previous work as the Villalta Deposit.

A small reserve of relatively low grade gold has been defined close to surface. Previously a small heap leach operation was proposed in 1991 but did not receive a mine permit due to concerns with the sketchy Production Plan and cyanide leaching controls.

There are a number of hypotheses formulated by previous workers to explain the origin of the gold-hematite zone. It appears from recent work in 2000 and 2001 that the hematite is due to tropical weathering of massive sulfide zones in the Mount Mark Limestone. No previous exploration program focused on the potential for additional unweathered massive sulfide zones. These zones, when intersected by the drilling around the hematite zone, are variously described as random or sparse. A more systematic exploration approach is required.

Future work should concentrate on exploring for the massive sulfide zones in the limestone away from the hematite zone.

Respectfully submitted,

J. T. (Jo) Shearer, M.Sc., P.Geo.
November 10, 2001
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1944:
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Appendix I

STATEMENT OF QUALIFICATIONS

I, JOHAN T. SHEARER, of 1817 Greenmount Avenue, in the City of Port Coquitlam, in the Province of British Columbia, do hereby certify:

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

2. I have over 30 years experience in exploration for base and precious metals and industrial mineral commodities in the Cordillera of Western North America with such companies as McIntyre Mines Ltd., J.C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd.

3. I am a fellow in good standing of the Geological Association of Canada (Fellow No. F439) and I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (Member No. 19,279). I am also a Fellow of the Society of Economic Geologists (SEG).

4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. at #5-2330 Tyner St., Port Coquitlam, B.C.


6. I have visited the property on April 18, 1993 and again on November 17, 2000 and October 31 to November 2, 2001. I am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Bethea 1-4 by examining in detail the available reports, plans and sections, and have discussed previous work with persons knowledgeable of the area.

7. I own 50% of the Bethea 1-4 and 100% of Homegold Resources Ltd.

Dated at Port Coquitlam, British Columbia, this 10th day of November, 2001.

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

APPENDIX II

STATEMENT of EXPENDITURES

NOVEMBER 10, 2001
## APPENDIX II

### STATEMENT of EXPENDITURES

#### BETHEA CLAIMS

### Wages and Benefits

<table>
<thead>
<tr>
<th>Name</th>
<th>Hours</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.T. Shearer, M.Sc., P.Geo., Quarry Supervisor 98-3550</td>
<td>3 days</td>
<td>$350</td>
<td>$1,350.00</td>
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<tr>
<td>R. Billingsley, Assistant, Prospecting</td>
<td>2 days</td>
<td>$250</td>
<td>$500.00</td>
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### Transportation

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<tbody>
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<td>Truck Rental, Fully equipped 4x4</td>
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<tr>
<td>Gas</td>
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<tr>
<td>Ferries</td>
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<tr>
<td>Accommodation</td>
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<tr>
<td>Mapping Supplies, Base Map Production</td>
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<td>Report Preparation</td>
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<td>Word Processing and Reproduction</td>
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### Total

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
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<td>Total Wages</td>
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<tr>
<td>GST</td>
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<td>Subtotal Wages</td>
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<tr>
<td>Total</td>
<td>$3,274.16</td>
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Geological & Prospecting Report on the Bethea Claims

August 2001