PROSPECTING AND GEOCHEMICAL REPORT

ON THE

HEMATITE PROPERTY

Similkameen Mining Division

British Columbia

Claims:  HEMATITE (2077[11])
          FINNEGAN 1 (2194[7])
          FINNEGAN 2 (2195[7])

Latitude: 49°36'N. Longitude: 120°22'W.
N.T.S. 92H/9W

Owner and Operator: VERDSTONE GOLD CORPORATION
P.O. Box 12137 Nelson Square
Suite 501-808 Nelson Street
Vancouver, B.C. V6Z 2H2

Consultant: MINOREX CONSULTING LTD.
2391 Bossert Avenue
Kamloops, B.C. V2B 4V6
(604) 376-8228

GEOLOGICAL BRANCH
ASSESSMENT REPORT

August 7, 1985  J.D. Blanchflower, F.G.A.C.
Consulting Geologist

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INTRODUCTION

Verdstone Gold Corporation of Suite 501-808 Nelson Street, Vancouver, B.C. owns three contiguous M.G.S. mineral claims situated in the Similkameen Mining Division, southcentral British Columbia. This report, prepared at the request of the directors of Verdstone Gold Corporation, describes the 1985 exploration program which included: a chain and compass claim survey, the establishment of additional survey control grid, soil and rock geochemical surveying, and prospecting.

The purpose of the 1985 exploration program was to define the source(s) of a soil geochemical anomaly discovered in October, 1984. This assessment work, including report preparation, was carried out between May 28th and August 7th, 1985.

SUMMARY

The HEMATITE property is comprised of three contiguous M.G.S. mineral claims (46 units), all wholly owned by Verdstone Gold Corporation. It is situated approximately 17.5 kilometres northeast of Princeton, B.C. within the Similkameen Mining Division at geographic coordinates 49°36'N. latitude by 120°22'W. longitude (N.T.S. 92H/9W).

Vehicular access to the property is possible via the Osprey Lake gravel road which leads northeastward from Princeton to within 1.6 kilometres of the claim group. A recently constructed gravel logging road provides seasonal access from the Osprey Lake road northeastward to the southcentral portion of the property.

The claim group covers the northwesterly draining Finnegan Creek valley between elevations of 2,000 feet (915 m.) to 4,000 feet (1,220 m.) A.M.S.L. Most of the property is well forested with pine, fir and alder, and there is a paucity of outcrop due to a thick and extensive cover of glacial alluvium.

This area was first explored in 1927 when gold, silver, lead and zinc mineralization was reportedly discovered near Finnegan
Creek. The discovery was called the "Hematite" showing
(B.C.M.M.A.R., 1928). Later in 1971, E. Livgard supervised a base-
metal exploration program on behalf of Brewster Lake Mines who then
owned the FK claims covering the Hematite showing. Last year, the
writer supervised a soil geochemical survey of the HEMATITE claim
on behalf of Verdstone Gold Corporation. Results of that surveying
identified a linear and coincident gold, copper, lead and zinc
geochemical anomaly in the vicinity of the known showing.

The claim group is underlain by granitic rocks of the
Middle Jurassic Pennask batholith. These rocks have been intruded
by several varieties of dykes. Several distinct fracture systems
exist locally including the one reflected by the Finnegan Creek
valley. Most of the intrusive rocks are quite fresh, except in the
vicinity of major shearing where they have been sericitized and
hematitized. Hematite and local malachite mineralization is struc-
turally controlled near and within zones of intense fracturing.

The 1985 exploration program included: a chain and compass
survey of the Hematite mineral claim's legal corner post; establish-
ment of 2 line-kilometres of fill-in control grid; collection and
analysis of 82 "B" horizon soil geochemical samples for gold, silver,
copper, lead and zinc; prospecting the northwestern portion of the
survey grid and in the vicinity of the Hematite showing; collection
and analysis of 8 rock geochemical samples for gold, silver, copper,
lead and zinc; and report and map preparation.

The results of the exploration work were negative. Five
rock samples that were collected at the Hematite showing returned
negligible geochemical results. Two rock samples that were collected
at a newly discovered zone of fracturing, alteration and hematitiz-
ation were also barren.

No significant mineralization worthy of continued evaluation
was discovered. No further exploration is warranted.
PROPERTY AND OWNERSHIP

The subject property is comprised of three contiguous M.G.S. mineral claims, with the FINNEGAN 1 and 2 claims sharing a common Legal Corner Post (L.C.P.). The following table gives all pertinent claim data.

<table>
<thead>
<tr>
<th>Claim Name</th>
<th>Record No.</th>
<th>Units</th>
<th>Record Date</th>
<th>Registered Owner</th>
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<td>HEMATITE</td>
<td>2077(11)</td>
<td>6</td>
<td>Nov. 24/83</td>
<td>Verdstone Gold Corp.</td>
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<tr>
<td>FINNEGAN 1</td>
<td>2194(7)</td>
<td>20</td>
<td>July 24/84</td>
<td>Verdstone Gold Corp.</td>
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<td>FINNEGAN 2</td>
<td>2195(7)</td>
<td>20</td>
<td>July 24/84</td>
<td>Verdstone Gold Corp.</td>
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Due to the location of the FINNEGAN 1 and 2 claims east of pre-existing claims, the HEMATITE Group, totalling 46 units, covers a valid area of 43 units. The configuration of the claims and their relationship to adjoining and pre-existing claims is shown in Figure 2 accompanying this report. Figure 2 is a reproduction in part of the B.C. Ministry of Mines claim map 92H/9E.

The subject claims were grouped as the "HEMATITE" Group on September 25, 1984 (Notice to Grouping No. 1640, MR 217596 E).

LOCATION AND ACCESS

The claim group is situated 1.0 kilometre southeast of the junction of Finnegan and Hayes Creeks, or approximately 17.5 kilometres northeast of the town of Princeton, B.C. Its geographic coordinates are 49°36’N. latitude by 120°22’W. longitude, N.T.S. 92H/9W.

Vehicular access to the claims is possible via the Osprey Lake road northeastward from Princeton, a distance of 23 kilometres. Furthermore, there is a recently constructed gravel logging road which provides facile access to the southern portion of the property (see Figures 6 to 10).
HEMATITE PROPERTY
SIMILKAMEEN MINING DIVISION, B.C.

To accompany report by J.D. Blanchflower

Drawn by: P.J.M. Scale: 1:50,000
Date: August, 1985 Figure No.: 2
PHYSIOGRAPHY

The claims extend northward across the northwesterly draining Finnegan Creek valley, on the eastern side of Hayes Creek. Elevations range from 2,000 feet (915 m.) at the north-western boundary to 4,000 feet (1,220 m.) A.M.S.L. along the southern boundary of the property.

The climate is typical of the southcentral Interior region with temperatures ranging between -20°C. and +30°C. Precipitation usually totals 400 mm. annually and snowfalls are generally 200 to 300 cm. The exploration season may extend from May to November.

The area is well forested with pine, fir, alder and deciduous undergrowth.

There is a paucity of outcrop, except within the immediate Finnegan Creek canyon. Much of the area is covered by extensive glacial alluvium.

HISTORY

According to Peto (1984) the Hematite claim covers a known mineral occurrence first reported in the B.C. Minister of Mines Annual Report (1928). This report is as follows:

"This claim, owned by W.G. Wilkins et al., of Penticton and Princeton, is situated about 1 mile up Finnegan creek, which flows into Hayes creek about 6 miles from Jellicoe Siding on the Kettle Valley. On the west side of the creek an outcrop of granite composed of coarsely crystalline feldspars has been impregnated with hematite over an area roughly 30 by 40 feet. In the more highly mineralized fractures close to the creek several samples have been taken, and assay returns contained gold, silver, lead, and zinc in sufficient amounts that seemed to justify deeper exploration. Recent
advice from the owners states that better ore has been found. The location of the claim, about a mile from the road and 2 miles from the railway, is ideal, and if a quantity of low-grade ore is found there is plenty of water in Hayes creek for use in a mill."

In 1971 E. Livgard, P. Eng. supervised an exploration program being conducted over the "Hematite" occurrence for Brewster Lake Mines Ltd. This program included: geological mapping, photo interpretation, magnetic and soil geochemical (copper, molybdenum) surveys. The results of this work, as reported by Peto (1984), formed the basis of the ultimate acquisition and exploration of the property by Verdstone Gold Corporation.

During October, 1984 the writer supervised a soil geochemical survey of the subject property on behalf of the present owner. Results of that exploration work identified one coincident gold, copper, lead and zinc anomaly in the reported vicinity of the original "Hematite" showing. The writer recommended further exploration to define and evaluate the geochemical target.

GENERAL GEOLOGY

This property is situated regionally within the southern Intermontane Belt of the Canadian Cordilleran Orogen. Most of the region is underlain by volcanic and sedimentary rocks ranging in age from Late Paleozoic to Early Tertiary. Much of the strata have been folded, faulted, and metamorphosed prior to and during the emplacement of Mesozoic intrusions. See Figure 3 for the regional geology of the area.

The oldest rocks of the region include: cherty and slaty argillite, andesite, limestone, quartz mica schist, and gneiss belonging to the Bradshaw, Independence, Shoemaker and Old Tom Formations of Carboniferous and Permian age.

In Upper Triassic (Karnian) time, island-arc marine sediments and volcanics of the Nicola Group were deposited. These
After H.M.A. Rice, 1944
C.G.S. Memoir 243

MINOREX CONSULTING LTD.
GEOLOGICAL CONSULTANTS, KAMLOOPS, B.C.

VERDSTONE GOLD CORPORATION
VANCOUVER, BRITISH COLUMBIA

REGIONAL GEOLOGY MAP
HEMATITE PROPERTY
SIMILKAMEEN MINING DIVISION, B.C.

To accompany report by J.D. Blanchflower

Drawn by: P.J. M.  Scale: 1: 250,000
Date: August, 1985  Figure No.: 3
TERTIARY
MIOCENE or LATER
19 Valley basalt: vesicular, varicoloured basalt
18 Plateau basalt: amygdaloidal, brown basalt
EOCENE
PRINCETON GROUP
16 Mainly shale, sandstone, and conglomerate: coal
17 Varicoloured andesite and basalt

CRETACEOUS or TERTIARY
UPPER CRETACEOUS or LATER
14 OTTER INTRUSIONS: pink and grey granite and granodiorite
15 LIGHTNING CREEK INTRUSIONS: grey quartz diorite

CRETACEOUS
LOWER CRETACEOUS
KINGSVALE GROUP
12a Mainly volcanic breccia
12b Mainly andesite and basalt porphyry
13 Andesite and basalt porphyry and volcanic breccia
PASAYTEN GROUP
11 Mainly grit and shale
11a Mainly purple lava, tuff, and breccia
SPENCES BRIDGE GROUP
10 Andesite and basalt flows and breccias

JURASSIC (?) and CRETACEOUS
UPPER JURASSIC (?) and LOWER CRETACEOUS
DEWDNEY CREEK GROUP
9 Tuff, volcanic breccia, grit, argillite
9a Mainly conglomerate

TRIASSIC or LATER
8 COPPER MOUNTAIN INTRUSIONS: syenogabbro, augite diorite, pegmatite
COAST INTRUSIONS
5 Grey, slightly gneissic granodiorite
6 Mainly reddish, coarse-grained, siliceous granite and granodiorite
7 Light coloured granodiorite, quartz diorite, and gabbro
4 Peridotite, pyroxenite, gabbro

TRIASSIC
UPPER TRIASSIC
NICOLA GROUP
3 Varicoloured lava; argillite, tuff, limestone; chlorite and sericite schist

CARBONIFEROUS or LATER
2 BRADSHAW, INDEPENDENCE, SHOEMAKER, and OLD TOM FORMATIONS:
Cherty and slaty argillite, green andesite, limestone; quartz-mica schist and gneiss
HOZAMEEN GROUP
1 Chert, green andesite, limestone

After H.M.A. Rice (1946), G.S.C. Memoir 243
strata were subsequently folded and faulted; resulting in the development of a series of northerly trending folds. Major block faulting preceded the emplacements of the Late Triassic Copper Mountain and Middle Jurassic Pennask batholiths.

During Cretaceous time non-marine sediments and volcanics of the Spences Bridge, Pasayten and Kingsvale Groups were deposited during successive periods of uplift, volcanism and erosion. Calc-alkaline intrusions of the Late Cretaceous Lightning Creek and Cretaceous or Tertiary Otter stocks were emplaced during Late Mesozoic tectonism.

The Princeton Group comprises shale, sandstone, conglomerate, coal, and andesite to basaltic volcanics. This group was deposited in continental basins during Eocene time, prior to the extrusion of Miocene plateau basalts.

1985 EXPLORATION PROGRAM

A Stage IA exploration program to define and evaluate the results of the 1984 geochemical survey was undertaken between May 28th and June 27th. The program was carried out on behalf of the company by Minorex Consulting Ltd. personnel. The writer surveyed the legal corner post of the HEMATITE claim, prospected the area of the 1984 geochemical anomaly and collected the rock geochemical samples. Messrs. K. Kaye and T. Robinson, two experienced geological/geochemical assistants, established the additional survey control grid, collected the soil geochemical samples and aided the writer with his duties. A Statement of Qualifications for the writer accompanies this report.

Mineral Claim Survey

When plotting and evaluating the 1984 geochemical results the writer noted that the most interesting gold and base-metal values were apparently situated near the unsurveyed boundary of the
property. Thus, it was recommended in the summary report that the company should survey the legal corner post of the HEMATITE claim and establish its position relative to the area of exploration interest.

After the legal corner post (L.C.P.) was identified on the southwestern bank of Finnegan Creek a chain and compass survey was carried out to establish its position relative to the confluence of Finnegan and Hayes Creeks. Later, the legal corner post was surveyed to the Hematite showing and the established control grid. See Figures 4 and 9 for the results of this surveying.

Additional Survey Control Grid

Since the 1984 geochemical samples were collected from grid lines 200 metres apart it was necessary to establish four 500-metre grid lines over the soil geochemical target area prior to detailed sampling. These lines were blazed and flagged at grid coordinates 99, 101, 103 and 105 N. from 95 to 100 E. and marked with tyvek labels at 25-metre intervals. In total, 2 kilometres of additional control grid were established. See Figures 6 to 10 for the locations of these lines.

Geochemical Survey

Soil Sampling

Soil geochemical samples of the "B" soil horizon were collected using a grub hoe or mattock. Survey notes of the sample character (i.e. active, dry, or swamp); texture (i.e. clay, silt, sand, organic, or gravel); origin (i.e. residual, colluvial, alluvial, or glacial); horizon; depth; colour; and location were made at each sample station. From these notes, the soil samples consisted dominantly of a mixture of silt, clay and sand from the colluvial and glacial overburden. The "B" soil horizon was usually sampled 10 to 20 cm. beneath the surface to minimize organic contents.
The samples were collected by Messrs. K. Kaye and T. Robinson, employed by Minorex Consulting Ltd. A total of 82 soil samples were collected over a three-man day period.

All soil samples were placed in kraft paper envelopes, field dried, and delivered to Chemex Labs Ltd. in Vancouver, B.C. There the samples were dried at 60°C., sieved to -80 mesh and analysed by atomic absorption spectrophotometric methods under the supervision of professional assayers. All soil samples were analysed for gold (p.p.b.), silver (p.p.m.), copper (p.p.m.), lead (p.p.m.) and zinc (p.p.m.).

The Certificate of Analysis accompanies this report as Appendix I. Appendix IV documents the analytical procedures and all analytical results are plotted on Figures 6 to 9.

Rock Sampling

Eight rock geochemical samples were collected during the program; five of which were collected at the trench of the original Hematite showing. Three other samples were collected from interesting geological features during the prospecting program.

The samples 85-14-1 to 6 were logged, bagged and delivered to Chemex Labs Ltd. in Vancouver, B.C. The other two samples (85-14-7 and 8) that were collected later in the program were logged, bagged and delivered to Kamloops Research and Assay Laboratory Ltd. in Kamloops, B.C. At both facilities the respective samples were crushed to -80 mesh and analysed by atomic absorption spectrophotometric methods under the supervision of professional assayers. All rock geochemical samples were analysed for gold (p.p.b.), silver (p.p.m.), copper (p.p.m.), lead (p.p.m.) and zinc (p.p.m.).

The Certificate of Analysis and Geochemical Lab Report accompanies this report as Appendix II and III. The analytical results have been plotted on Figures 5 and 9, and Appendix IV contains detailed sample descriptions and analytical summaries.
Prospecting Program

It was originally the intent of this year's work to evaluate the 1984 geochemical results with detailed soil geochemical and geophysical surveying followed by hand trenching and sampling. However, after a preliminary reconnaissance of the area of interest it became apparent that there was sufficient outcrop in the Finnegan Creek valley to utilize prospecting as an effective assessment method. Thus, over a four man-day period the writer prospected the northwestern portion of the grid area, in the vicinity of the Hematite showing and from the southern access road to the Finnegan Creek valley.

The results of this work are shown on Figure 10. The analytical results of the rock geochemical samples that were collected while prospecting have been plotted and described on Figure 9 and Appendix V, respectively.

RESULTS OF THE 1985 EXPLORATION PROGRAM

The results of this latest exploration work are not encouraging, despite having discovered a new zone of mineralization in addition to the original Hematite showing.

Mineral Claim Survey

It was established by a chain and compass survey that the legal corner post of the HEMATITE mineral claim is situated 842 metres at an azimuth of 130° from the confluence of Hayes and Finnegan Creeks (see Figure 4).

After the original Hematite showing and trench were located 25 metres south of Finnegan Creek, sloughed in and overgrown with alder, the writer surveyed their position to the legal corner post and later to the established control grid. The trench is 214 metres at an azimuth of 136° from the legal corner post, or 160 metres
A Plan of Chain and Compass Survey of the Hematite L.C.P. Mineral Claim

Drawn by: P.J.M.
Date: Aug., 1985
Figure No.: 4

To accompany report by J.D. Blanchflower
at an azimuth of 274° from grid coordinate 102N by 195E. (see Figure 9). Thus, it is obvious that the established control grid does not cover the original showing. This error is due to the fact that the field personnel last year were unable to locate the very indistinct trench.

Geochemical Survey

Soil Geochemical Sampling

Figures 6 to 8 accompanying this report are plots of the gold, copper, lead and zinc values obtained from soil samples collected during the 1984 and 1985 soil geochemical surveys. A plot of the silver geochemical results is not presented on Figure 6 because the analytical results received last year from Kamloops Research and Assay Laboratory Ltd. and this year from Chemex Labs Ltd. show that consistently low silver geochemical values are present.

In 1984, the soil geochemical results were subjected to standard statistical calculations to determine mean, threshold and anomalous levels for each analysed element in the soil. The 1985 soil geochemical results have been combined with the previous results and the values have been contoured at intervals noted on each individual plan. In addition, the geostatistical results have been plotted for each element.

A summary of the geostatistical results is as follows:

<table>
<thead>
<tr>
<th>Element</th>
<th>Possibly Anomalous</th>
<th>Definitely Anomalous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold (p.p.b.)</td>
<td>34.1 to 50.0</td>
<td>&gt; 50.0</td>
</tr>
<tr>
<td>Copper (p.p.m.)</td>
<td>41.9 to 58.9</td>
<td>&gt; 58.9</td>
</tr>
<tr>
<td>Lead (p.p.m.)</td>
<td>8.2 to 10.0</td>
<td>&gt; 10.0</td>
</tr>
<tr>
<td>Zinc (p.p.m.)</td>
<td>66.2 to 83.0</td>
<td>&gt; 83.0</td>
</tr>
</tbody>
</table>

From the above, all possibly (threshold to definitely anomalous values) and definitely anomalous sample sites were identified and a compilation plan was plotted as Figure 9. Results
of the 1985 fill-in geochemical survey appear to confirm the 1984 results. It is, however, interesting to note that the 1985 results do identify specific north-south zones of shearing, alteration and hematitization. These zones, from 101N. to 105N. by 96+75E. and from 103 to 105N. by 95+50E., were later prospected and sampled at the writer's discretion.

Rock Sampling

As previously mentioned, eight rock geochemical samples were collected from the following sites:

1) Samples 84-16-1, 2, 4, 5 and 6 were collected as chip samples from the old trench at the Hematite showing (see Figure 5).

2) Sample 84-16-3 was collected from a discontinuous white quartz vein discovered 145 metres at an azimuth of 283° from grid coordinates 103N. by 95E. (i.e. ultimate grid coordinates 103+30N. by 93+60E.). See Figures 9 and 10.

3) Samples 84-16-7 and 8 were collected from a zone of shearing, sericitization and hematization at grid coordinates 102+20 to 102+30N. by 96+65E. See Figures 9 and 10.

From the analytical results it is apparent that none of the samples contained significant precious- or base-metal values (see Appendices II, III and V). Although these results are obviously disappointing, it is interesting to note that the lithogeochemical values are quite similar in magnitude to the soil geochemical results. This would suggest that the soil geochemical results probably reflect quite closely the bedrock geochemistry, at least in areas of higher relief and colluvial overburden.
HEMATITE SHOWING

Medium-grained granite - moderately fractured with fracture-controlled sericitization and hematitization

SCALE

LEGEND


Joints

Shear zone

ROCK SAMPLING PLAN

HEMATITE PROPERTY

SIMILKAMEEN MINING DIVISION, B.C.

Drawn by: P.J.M. Scale: 1:50
Date: August, 1985 Figure No.: 5
Prospecting Program

The writer prospected north-northwesterly from the old test pits at grid coordinates 93+25N. by 99+60E. and 95+90N. by 100+25E. to the Hematite showing with negative results. Minor malachite mineralization had been reported by E. Livgard (1971) in the former test pit, but the writer did not find any mineralization or alteration to warrant further investigation. All of the bedrock exposures in the intervening area were relatively unaltered medium-grained to porphyritic granite, barren of even minor pyrite mineralization.

Before the fill-in grid lines were established the writer prospected the soil geochemical anomaly discovered during last year's program. It was during this work that the original Hematite trench was located. Once this trench had been surveyed to both the legal corner post and the established control grid prospecting was carried out both north and south of the showing to trace the extent of the reported mineralization.

It was found that the site of the trench was the only location where significant hematite mineralization occurs, either to the north or south. Within the trench hematitization, with associated epidote, chlorite and minor silicification, occurs dominantly as fracture fillings within a fault zone oriented 013° and dipping -22° eastward. This zone pinches and swells from 7 to 30 centimetres wide. The footwall portion of the fault zone is propyllytically-altered, medium-grained granite that has been mineralized with disseminated specular hematite. The host rock is well fractured and moderately altered next to the fault, but quite massive and unaltered beyond 3 metres.

The most important feature of the showing is that the mineralization appears to be associated with a relatively shallow dipping, local structure; not with the more regional fracture zone as inferred by previous workers. The strike extensions, both north and south of the showing, were well prospected and found notably barren. Based on the local topography and limited mapping, the hematite mineralization, either as a host or an accessory mineral
to the precious metal values, is localized near the intersection of two shear zones - one along Finnegan Creek and its conjugate set striking northeastward.

Near grid coordinates 103+30N. by 93+60E. a white quartz vein was discovered within unaltered, massive granite. This vein was found to be discontinuous beyond 4 metres. The sample that was collected returned negligible gold, silver, or base-metal values.

On June 27th the writer returned to the property after the soil and rock geochemical results were received from Chemex Labs Ltd. The plotted results had confirmed the 1984 geochemical anomaly and it was obvious that this anomaly did not cover the Hematite showing and trench. The writer prospected along the southwestern side of Finnegan Creek, from the trench to the baseline, then northwestward along the cliffs on the northeastern side of the drainage. At grid coordinates 102N. by 96+75E. the writer discovered a second zone of fracturing, alteration and hematitization. This zone is hosted by medium-grained granite with porphyritic granite to the east and west. The zone itself trends due north and it is well reflected by the anomalous soil geochemistry.

Two rock geochemical samples were collected within the second zone of hematitization. Both samples were typical examples of the mineralization and both returned low metal values.

CONCLUSIONS

The results of the prospecting and geochemical survey are not encouraging. No economic mineralization worthy of continued exploration was discovered.

The prospecting undertaken beyond the limits of the survey grid, without soil geochemical coverage, located the original Hematite showing but rock geochemical results were negative. A second zone of structurally controlled hematite mineralization, well reflected by soil geochemistry, also returned negative geochemical results.
RECOMMENDATIONS

Based on the above results it is the writer's opinion that no further exploration is warranted.

Submitted by,
MINOREX CONSULTING LTD.

August 7, 1985
Kamloops, B.C.

J.D. Blanchflower, F.G.A.C.
Consulting Geologist
STATEMENT OF QUALIFICATIONS

I, J. DOUGLAS BLANCHFLOWER, of the City of Kamloops, Province of British Columbia, DO HEREBY CERTIFY THAT:

1) I am a Consulting Geologist with business office at 2391 Bossert Avenue, Kamloops, British Columbia, V2B 4V6; and President of Minorex Consulting Ltd.

2) I am a graduate in geology with a Bachelor of Science, Honours Geology degree from the University of British Columbia in 1971.

3) I am a Fellow of the Geological Association of Canada.

4) I have practised my profession as a geologist for the past thirteen years.


Seven years as Exploration Geologist with Canadian Superior Exploration Limited (1972 to 1980).

Three years as Exploration Geologist with Sulpetro Minerals Limited (1980 to 1982).

Two years as Consulting Geologist with Minorex Consulting Ltd.

Active exploration and development experience in Western North America.

5) This report is based on a prospecting and geochemical survey undertaken on the property between May 22nd and June 27, 1985; and on available published reports and maps.

6) I own no direct, indirect or contingent interest in any of the subject claims, nor shares in or securities of VERDSTONE GOLD CORPORATION.

7) I consent to the use of this report in a Prospectus or Statement of Material Facts.

J.D. Blanchflower, F.G.A.C.

Dated at Kamloops, British Columbia, this 7th day of August, 1985.
STATEMENT OF COSTS

Re: Chain and compass survey from the legal corner post of the HEMATITE mineral claim to the confluence of Hayes and Finnegan Creeks.

Establishment of 2 kilometres of fill-in control grid.

Collection and analysis of 82 "B" horizon soil geochemical samples. All samples were analysed for gold, silver, copper, lead and zinc at Chemex Labs Ltd. in Vancouver, B.C.

Prospecting of the northwestern portion of the control grid and in the vicinity of the Hematite showing.

Collection and analysis of 8 rock geochemical samples for gold, silver, copper, lead and zinc at Chemex Labs Ltd., Vancouver and Kamloops Research and Assay Laboratory Ltd., Kamloops, B.C.

Collation, plotting, drafting, interpretation and documentation of all resultant data.

1) Personnel

J.D. Blanchflower - geologist
   May 28 - project logistics 1 day
   May 29 to June 1 - prospecting and surveying 4 days
   June 27 - prospecting 1 day
   August 3 to 7 - report and map preparation 4 days
   10 days @ $300./day $3,000.00

K. Kaye - geological/geochemical assistant
   May 29 to June 1 -
   4 days @ $187./day 748.00

T. Robinson - geochemical assistant
   May 29 to June 1 -
   4 days @ $150./day 600.00
   $4,348.00  $4,348.00

2) Vehicle Expense

a) '83 Ford P/U 4WD (Minorex)
   5 days @ $35./day plus $175.00
   1,078 km. @ $.35/km. 377.30

b) Mobilization expenses for K. Kaye 63.00
   $615.30  615.30
3) Room and Board
   a) Room - 9 man days @ $20.69/man day $186.18
   b) Board - 13 man days @ $18.50/man day $240.50
       $426.68

4) Expendable Field Supplies
   7 rolls of flagging
   82 tyvek labels
   82 soil sample bags
   3 rolls of topofil thread
   8 plastic sample bags

5) Analyses
   a) 82 soil and 6 rock samples for Au, Ag, Cu, Pb and Zn
      plus preparation (Chemex) $950.60
   b) 2 rock samples for Au, Ag, Cu, Pb and Zn plus
      preparation (K.R.A.L.) $976.80

6) Office Expenses
   a) Drafting and Report Collation (P. Mason)
      Drafting - 6 hrs. @ $18./hr. 108.00
      Collation - 3 hrs. @ $12./hr. 36.00
   b) Typing (J & L Enterprises)
      7 hrs. @ $18./hr. 126.00
   c) Report photocopying and map printing
      (Universal Reproductions) 80.00
   d) Miscellaneous expenses - purchase of
      assessment report and topo map, telephone
      charges on client's behalf, postage, etc. 60.00

Total Cost of Exploration
Program from May 28 to Aug. 7, 1985 $6,833.20

To be applied for assessment credit as follows:

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August 7, 1985, Kamloops, B.C.

J.D. Blanchflower, P.G.A.C.
Geologist
BIBLIOGRAPHY


APPENDIX I

Chemex Labs Ltd.
Certificate of Analysis - Soils
Chemex Labs Ltd.

CERTIFICATE OF ANALYSIS

TO: MINOREX CONSULTING LTD.
2391 BOSsert AVE.
KAMLOOPS, B.C.
VZB 4V6

ATTN: DOUG BLANCHFLOWER CC: VERDSTONE GOLD CORP.

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Certified by [Signature]
### Certificate of Analysis

**TO:** MINOREX CONSULTING LTD.

**CERT. #:** A8512646-002-A

**INVOICE #:** I8512646

**DATE:** 17-JUN-85

**P.O. #:** 84-16

**HEMATITE**

**ATTN:** DOUG BLANCHFLOWER  
**CC:** VERDSTONE GOLD CORP.

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<td>202</td>
<td>10</td>
<td>5</td>
<td>35</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 97.75E</td>
<td>202</td>
<td>7</td>
<td>3</td>
<td>53</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 98.00E</td>
<td>202</td>
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<td>2</td>
<td>53</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 98.25E</td>
<td>202</td>
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<td>4</td>
<td>49</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 98.50E</td>
<td>202</td>
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<td>5</td>
<td>40</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
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<td>9</td>
<td>4</td>
<td>85</td>
<td>0.1</td>
<td>&lt;10</td>
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<tr>
<td>105N + 99.00E</td>
<td>202</td>
<td>6</td>
<td>2</td>
<td>60</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 99.25E</td>
<td>202</td>
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<td>44</td>
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<td>&lt;10</td>
</tr>
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<td>202</td>
<td>5</td>
<td>6</td>
<td>126</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
</tbody>
</table>

Certified by [Signature]
TO: MINOREX CONSULTING LTD.

2391 BOSSERT AVE.

KAMLOOPS, B.C.

V2B 4V6

ATTN: DOUG BLANCHFLOWER  CC: VERDSTONE GOLD CORP.

<table>
<thead>
<tr>
<th>Sample description code</th>
<th>Prep code</th>
<th>Cu ppm</th>
<th>Pb ppm</th>
<th>Zn ppm</th>
<th>Ag ppm</th>
<th>Au-AA ppb</th>
</tr>
</thead>
<tbody>
<tr>
<td>105N + 99.75E</td>
<td>202</td>
<td>5</td>
<td>4</td>
<td>102</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>105N + 100.00E</td>
<td>202</td>
<td>6</td>
<td>4</td>
<td>60</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
</tbody>
</table>

Certified by

[Signature]

[Note: The document is a certificate of analysis for metals in samples labeled 'HEMATITE'.]
APPENDIX II

Chemex Labs Ltd.
Certificate of Analysis - Rocks
**CERTIFICATE OF ANALYSIS**

TO: MINOREX CONSULTING LTD.

2391 BOSSERT AVE.
KAMLOOPS, B.C.
V2B 4V6

ATTN: DOUG BLANCHFLOWER  CC: VERDSTONE GOLD CORP.

<table>
<thead>
<tr>
<th>Sample description</th>
<th>Prep code</th>
<th>Cu ppm</th>
<th>Pb ppm</th>
<th>Zn ppm</th>
<th>Ag ppm</th>
<th>Au-AA ppb</th>
</tr>
</thead>
<tbody>
<tr>
<td>8516-01</td>
<td>205</td>
<td>13</td>
<td>3</td>
<td>71</td>
<td>0.1</td>
<td>&lt;10</td>
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<td>3</td>
<td>64</td>
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<td>&lt;10</td>
</tr>
<tr>
<td>8516-03</td>
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<td>1</td>
<td>60</td>
<td>0.1</td>
<td>&lt;10</td>
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<tr>
<td>8516-04</td>
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<td>23</td>
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<td>&lt;10</td>
</tr>
<tr>
<td>8516-05</td>
<td>205</td>
<td>4</td>
<td>2</td>
<td>28</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>8516-06</td>
<td>205</td>
<td>4</td>
<td>3</td>
<td>22</td>
<td>0.1</td>
<td>&lt;10</td>
</tr>
</tbody>
</table>

Certified by [Signature]
APPENDIX III

Kamloops Research & Assay Laboratory Ltd.
Geochemical Lab Report - Rocks
# Geochemical Lab Report

**Minorex Consulting Ltd.**
200-156 Victoria St.,
Kamloops, B.C.
V2C 1Z7

**B.C. Certified Assayers**
912 Laval Crescent — Kamloops, B.C.
V2C 5P5
PHONE: (604) 372-2784 — TELEX: 048-8320

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**KAMLOOPS**
**RESEARCH & ASSAY**
**LABORATORY LTD.**

---

**GEOCHEMICAL LAB REPORT**

**FILE NO.** G 1318

**DATE** July 4, 1985.

**ANALYST**

---

<table>
<thead>
<tr>
<th>NO.</th>
<th>IDENTIFICATION</th>
<th>ppb Au</th>
<th>ppm Cu</th>
<th>ppm Pb</th>
<th>ppm Zn</th>
<th>ppm Ag</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8516-7</td>
<td>L5</td>
<td>7</td>
<td>20</td>
<td>112</td>
<td>L0.1</td>
</tr>
<tr>
<td>2</td>
<td>8516-8</td>
<td>L5</td>
<td>4</td>
<td>16</td>
<td>87</td>
<td>L0.1</td>
</tr>
</tbody>
</table>

L means "less than"

Sample preparation: Grind, screen to -100 mesh

Au Method: Fire assay
  Atomic absorption

Cu, Pb, Zn, Ag Method: Hot acid extraction
  Atomic absorption

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APPENDIX IV

Analytical Procedures
for
Geochemical Analyses
GEOCHEMICAL ANALYSIS

**Gold Method**

- a) The samples are dried in a geochemical drying oven and then screened through a stainless steel 80 mesh sieve. The minus 80 fraction is reserved for analysis and the plus 80 mesh fraction is discarded.

- b) 29.17 grams of sample are weighed, silver added, along with fluxes and the sample is started as a fire assay. After cupellation the bead is dissolved and the samples are then mixed to insure homogeneity and are read, upon settling, on a Varian Techtron AA 5 or 475 atomic absorption spectrophotometer using an air-acetylene flame.

- c) All additions of liquid reagents are from Oxford Model S-A pipettors.
GEOCHEMICAL ANALYSIS

Silver, Copper, Lead and Zinc Method

a) The samples are dried in a geochemical drying oven and then screened through a stainless steel 80 mesh sieve. The minus 80 fraction is reserved for analysis and the plus 80 mesh fraction is discarded.

b) The samples are then weighed into test tubes, nitric acid is added, and they are placed in a hot water bath for thirty minutes. Hydrochloric acid is then added and the samples are digested for a further 90 minutes in the water bath. The samples are then diluted with deionized water.

c) The samples are then mixed to insure homogeneity and are read, upon settling, on a Varian Techtron AA 5 or 475 atomic absorption spectrophotometer. An air-acetylene flame is used for the analysis of silver, copper, lead and zinc.

d) All additions of reagents are from Oxford Model S-A pipettors.

e) Standards and re-assay checks are carried along with each run of 35 samples.
APPENDIX V

Sample Descriptions

and

Analytical Summaries
## APPENDIX V

### Sample Descriptions and Analytical Summaries

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Location N.</th>
<th>Location E.</th>
<th>Cu p.p.m.</th>
<th>Pb p.p.m.</th>
<th>Zn p.p.m.</th>
<th>Ag p.p.m.</th>
<th>Au p.p.b.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8516-1</td>
<td>102+10</td>
<td>93+05</td>
<td>13</td>
<td>3</td>
<td>71</td>
<td>0.1</td>
<td>&lt;10</td>
<td>Chip sample across 0.3 m. fault gouge zone oriented 013°/-22°E. Zone pinches and swells 0.1 to 0.3 m. wide.</td>
</tr>
<tr>
<td>8516-2</td>
<td>102+10</td>
<td>93+05</td>
<td>27</td>
<td>3</td>
<td>64</td>
<td>0.1</td>
<td>&lt;10</td>
<td>Chip sample across 2 m. of footwall below 013°/22E. fault zone. Disseminated to semi-massive hematite in propylitically-altered granite.</td>
</tr>
<tr>
<td>8516-3</td>
<td>103+25</td>
<td>93+75</td>
<td>5</td>
<td>1</td>
<td>60</td>
<td>0.1</td>
<td>&lt;10</td>
<td>Grab sample of white quartz vein material from a discontinuous lense in porphyritic granite.</td>
</tr>
<tr>
<td>8516-4</td>
<td>102+10</td>
<td>93+05</td>
<td>31</td>
<td>8</td>
<td>23</td>
<td>0.2</td>
<td>&lt;10</td>
<td>Grab sample of hematitized granite on hanging wall side of fault zone.</td>
</tr>
<tr>
<td>8516-5</td>
<td>102+10</td>
<td>93+05</td>
<td>4</td>
<td>2</td>
<td>28</td>
<td>0.1</td>
<td>&lt;10</td>
<td>Chip sample across 1 m. of fracture-filling hematite mineralization in altered (Ep, C1) granite.</td>
</tr>
<tr>
<td>8516-6</td>
<td>102+10</td>
<td>93+05</td>
<td>4</td>
<td>3</td>
<td>22</td>
<td>0.1</td>
<td>&lt;10</td>
<td>Grab sample of hematitized granite at west end of trench.</td>
</tr>
<tr>
<td>8516-7</td>
<td>102+20</td>
<td>96+65</td>
<td>7</td>
<td>20</td>
<td>112</td>
<td>&lt;0.1</td>
<td>&lt;5</td>
<td>Chip sample across 1 m. of propylitically-altered granite with fracture controlled specular hematite.</td>
</tr>
<tr>
<td>8516-8</td>
<td>102+40</td>
<td>96+65</td>
<td>4</td>
<td>16</td>
<td>87</td>
<td>&lt;0.1</td>
<td>&lt;5</td>
<td>Chip sample across 1 m. of altered granite with specular hematite disseminations.</td>
</tr>
</tbody>
</table>