JERVIS INLET #1 MINERAL CLAIM
MCMURRAY BAY AREA
JERVIS INLET
VANCOUVER MINING DIVISION

NTS: 92F/16E, (92F,100) and 92G/13W

LATITUDE 49° 59'00", LONGITUDE 124° 00'30"

RECLAMATION PERMIT MX-7-120
WORK # NAN-98-0700125-51

Prepared for
HOMEGOLD RESOURCES LTD.
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Prepared by
Consulting Geologist

April 15, 1999

Fieldwork completed between July 7, 8 and 9, 1998
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SUMMARY

The Jervis Inlet #1 claim was staked in May 1998 and is located east of Mount Diadem about 35 kilometres east of Powell River and 110 kilometres northwest of Vancouver. On the south end of the claim is the easterly flowing Barren Creek and Barren Lake which empties into Jervis Inlet.

Exploration activity in the region commenced during the 1920's and has been carried out intermittently ever since. The most notable recent effort was made by Anaconda Canada Exploration Ltd. during 1983 and 1984 in the Mount Diadem Area.

The Jervis Inlet #1 claim covers part of a discontinuous belt of Jurassic volcanic and sedimentary rocks which locally contain precious and base metal values in quantity and widths sufficient to indicate mining potential. The metasedimentary rocks contain unusually high values of SiO₂ and Al₂O₃.

Additional exploration is recommended, particularly on the claims now held by Homegold Resources for a cost of approximately $34,100.
INTRODUCTION

The 1998 work program on the claim was completed between July 7 to 9, 1998 at the request of Homegold Resources Ltd. The property is mainly along tide water and numerous shoreline outcrops are easily accessible by boat. One focus of the 1998 program was on the elevated silica and alumina content of the altered metasedimentary rocks.

PROPERTY

The Jervis Inlet #1 claim is wholly owned by Homegold Resources Ltd. recorded in trust by J.T. Shearer.

TABLE 1
List of Claims

<table>
<thead>
<tr>
<th>Claim Name</th>
<th>Tenure Number</th>
<th>Units</th>
<th>Size</th>
<th>Location Date</th>
<th>*Current Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jervis Inlet</td>
<td>362727</td>
<td>12</td>
<td>6N2E</td>
<td>May 20, 1998</td>
<td>May 20, 2001</td>
</tr>
</tbody>
</table>

* with application of assessment credits documented in this report.
LOCATION AND ACCESS

The Jervis Inlet #1 claim is located approximately 42 kilometres east-northeast of Powell River, B.C., along Jervis Inlet, at latitude 49° 59'00"N and longitude 124° 00'30"W. The terrain is best accessible by boat with elevations up to 350 metres on the west. Exploration is mainly restricted to the shoreline and steep rocky cliff within 500m of the water. The area usually does not receive much snow.

The north portion of the claim is serviced by an old logging road which continues up the Brittain River valley. Part of the property has been logged and environmental concerns should not present problems too great for mineral production. Local magnetic declination is approximately N24°E. An old road was constructed along Lena Lake to Barren Lake, just west of the claim, from Hotham Inlet.

HISTORY

1928 Massive sulfides were discovered near the headwaters of No Man’s Creek, just northwest of the Jervis Inlet #1 claim, north of Diadem Mountain. Britain River Mining Co. Ltd. and Mount Diadem Mines Ltd. staked claims north and west of Mt. Diadem. Later, trenching and adit work exposed mineralization consisting of pyrite, chalcopyrite, sphalerite and galena up to 19 feet in width, but usually less than 5 feet with considerable variations in the type of sulfides along short strike lengths. Sampling of the upper quartz vein on No Man’s Creek is recorded as yielding 1.07 ounces per ton over an average width of 3.4” uncut. (Report of the Minister of Mines, 1950)

1947 Claims restaked by International Nickel Company and optioned to Bralorne Mines Ltd. in 1949. The “Tie-on” claims covered parts of the present Jervis Inlet #1 claim.

1967 Geological mapping and limited diamond drilling by Sphere Development Corp. on the main Diadem Property.

1971 Britain River Syndicate conducted geological, electromagnetic, magnetic and soil geochemical surveys on a reconnaissance basis throughout the area including the Jervis Inlet #1 claim.

1980 Fury Explorations Ltd. and R. Schmidt acquired claims in 1980 on the Diadem Area later optioned by Anaconda. Nine holes were drilled in 1983 on the main Diadem Trend to talling, 899 metres. Silver assays were interesting. The best intersection obtained by drilling was 4 metres averaging 10.5 oz/tonnes Ag, 2.1% Cu, 7.9% Pb and 2.5% Zn. Metal ratios apparently support a volcanogenic origin as similar ratios occur in deposits, such as Britannia and Westmin’s Buttle Lake deposits.

Sulfide occurrences are fairly frequent along the favorable Jurassic volcanic-sedimentary belt of Mount Diadem. Many of these have not been adequately prospected, blasted, sampled and mapped. Such basic work would establish a better understanding of the geological and structural controls. Graphite is present in the mineralized areas and the higher magnetics are not necessary related to sulfides.

Geological mapping and limited diamond drilling was performed by Sphere Development Corp. in 1967 on the Diadem Claims. Sampling of old adits and trenches, which contained massive sphalerite, pyrrhotite and chalcopyrite mineralization was also carried out at this time, the results of which are described by Cunningham-Dunlop (1971). In 1970, Tiger Silver Mines Ltd. performed geophysical magnometer and geochemical soil surveys (Bullis, 1970). Some areas with anomalous Zn and Cu anomalies and areas of known mineralization were defined.
Drift and valley-fill

JURASSIC (?) OR LATER COAST INTRUSIONS

Mainly coarse-grained hornblende granodiorite

Medium-grained biotite granodiorite

Main batholithic mass; mainly quartz diorite, granodiorite

Quartz-feldspar porphyry

AGE UNKNOWN

JARVIS GROUP

Basalt, andesite and associated pyroclastic rocks; minor limestone, dolomite limestone, chert, argillite

Mainly conglomerate, greywacke, sandstone, argillite; greenstone

Metavolcanic rocks; metasedimentary rocks; metadiabase

Gneiss

From: B.C. Department of Mines Bulletin 39 "Geology of Lower Jervis Inlet" by W.R. Bacon.

HOMEGOLD RESOURCES LTD.

JERVIS INLET CLAIM

REGIONAL GEOLOGY

NEW GLOBAL RESOURCES LTD.

Scale 1:125,000 Figure 4

Date: Dec. 1905

By: JTS/ACF
The ground as Mount Diadem eventually came to be owned by Fury Explorations Ltd. Mr. R. Schmidt holds the Fox claim adjoining to the north. Anaconda Ltd. optioned these claims in 1983 and conducted a diamond drilling program. Anaconda drilled nine holes for a total of 899 metres on these Diadem Claims.

FIELD PROCEDURES

Prospecting traverses were plotted on the 1:50,000 and 1:20,000 scale topographic maps and later transformed to the 1:5,000 enlargement. Sketch maps of variable scales were prepared for each prospecting traverses. Both prospecting and geological traverses were aided by hip chain measurements. Geological sketch maps were prepared from hip chain and compass measurements.

REGIONAL GEOLOGY

The property lies within the Coast Plutonic Complex along its western boundary with the insular belt. The Coast Complex consists mainly of quartz diorites, granodiorites, gneisses and migmatites enclosing numerous elongated NW trending belts of volcanics and sediments.

The age of the intrusives in the southern part of the Coast Mountains ranges from 75 to 158 my (Price et. al., 1981), whereas pendant rocks are generally referred to as Jurassic/Cretaceous.

The Skwim Lake pendant lying within the Coast Plutonic Complex, is dominated by weakly metamorphosed clastic sediments and tuffs, with lesser amounts of volcanic flows and/or intrusives occupying the eastern (basal?) portion of the section (see Bacon (1957), Figure 3.

The pendant rocks are believed to be, in part at least, Lower Jurassic in age, based on the presence of ammonites identified as Arnioceras Kwakiutiarus by H.W. Tipper of the
G.S.C. Faunal evidence suggests the Skwim Pendant stratigraphy to be time equivalent to the Bonanza Group of Vancouver Island (Riccio et. al., 1983).

All rock units are near vertical and strike in a north to northwest direction. Structural deformation has been intense with the early development of tight steeply to moderately (60-20°) north plunging folds. Locally developed isoclinal folds may indicate an earlier period of folding. Late open style folds disrupt earlier phase folds and cleavages. Two shear directions predominate. One is sub-parallel to regional banding and is generally parallel to the penetrative foliation while a second set of shearing strikes 060° to 100° and is steeply dipping. Both appear to locally control zones of massive sulfide mineralization in the vicinities of the Upper and Lower Adits on the Fury claims (Riccio et. al., 1983).

LOCAL GEOLOGY and PROSPECTING in 1998

The degree of structural deformation and the lack of one continuous marker horizon has led to difficulties in correlating and/or distinguishing between units of similar lithologies. Apparent rapid facies changes along strike also add to the complexity. A schematic stratigraphic column is presented in Figure 5 and the units are described below.

From east to west the pendant consists of a series of interbedded siltstones, sandstones, lapilli tuffs and siliceous, locally graphitic argillites cut by medium to fine grained gabbro-diorites. Locally these intrusive rocks are sill-like.

**Argillite**

Rusty to black weathering, thin bedded to finely laminated argillite defines one of the key rock units on the property. It is locally graphitic and contains some carbonate and lapilli tuff interbeds. Shearing is abundant within this sequence and is characterized by graphite-coated slickensides. Ammonites of possible Lower Jurassic age occur within this succession to the west on Mount Diadem.
Well Banded Sediments and Tuffs

This unit is notable for a steeply-dipping package of grey-green weathering very well banded (1-5 cm) and interbedded argillite, siltstone, sandstone and black chert. Lesser amounts of lapilli tuff and carbonate interbeds are also present. Where observed, graded bedding indicates a top to the east.

Geological mapping completed in 1998 is plotted on Figure 6 (in pocket). The main rock type encountered is a dark silvery white weathering dark grey to black slate which commonly is alternating on a fine bedded scale with very quartz-rich intense silicification and quartz stringers, hornfels. Throughout the slate sequence there are narrow<1.0 to 6m wide concordant to slightly cross cutting sills and dykes of porphyritic, chloritized diorite. These sills and dykes commonly form the headlands or more resistant knobs within the property.

The slate usually has well developed slaty cleavage. Bedding is commonly parallel to slaty cleavage and strikes 315° to 236° with dips ranging from 36°E to vertical. Some complex folding was observed along the north side of McMurray Bay. Most of the minor folds plunge 80° toward 033°.

The main mass of the Coast Plutonic Complex intrusives is best exposed on the property south of the creek draining Barren Lake on the west side of McMurray Bay and is composed of chloritic coarse crystalline hornblende diorite with mafic streaks elongated toward 094°. The diorite is cut by narrow aplitic dykes oriented at 128°/48°S.

CONCLUSIONS AND RECOMMENDATIONS

1999 PROGRAM

Detailed mapping is required to establish the structural and/or stratigraphic controls of the sequence. The pendant rocks are believed to be, in part at least, Lower Jurassic in age based on fossil evidence. The rocks encountered on the Jervis Inlet #1 are moderately to intensely hornfelsed. This has lead to a pervasive silicification throughout the metasediments.
PROPOSED COST ESTIMATE FOR 1999

Salaries, 21 days, geologists and 2 prospectors ($800 x 21) $16,800
Helicopter (in difficult topography), 5 hrs at $800 4,000
Food 2,000
Dynamite 300
Boat 1,000
Lodging 400
Fuel 400
Blasting equipment rental 300
Plugger rental 400
Assays 1,500
Transportation 500
Prints, maps, reports, drafting 2,000
Field supplies & Camp 1,500
Contingencies 1,000

GRAND TOTAL $34,100.00

Respectfully submitted,

J.T. (Jo) Shearer, M.Sc., P.Geo.
Consulting Geologist
REFERENCES


APPENDIX I

STATEMENT OF QUALIFICATIONS


April 15, 1999
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 25 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).

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 in July 1998. I have carried out mapping and sample collection and am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Jervis Inlet #1 claim by examining in detail the available reports and maps and have discussed previous work with persons knowledgeable of the area.

7. I consent to Homegold Resources using this report for any corporate purpose.

Dated as Vancouver, British Columbia, this 15th day of April, 1999.

APPENDIX II

STATEMENT OF COSTS

1998 Program

April 15, 1999
STATEMENT OF COSTS

For: Work on the Jervis Inlet #1 Program around Jervis Inlet & Prince of Wales Reach

Professional Services

Wages

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<th>Hours</th>
<th>Rate</th>
<th>Amount</th>
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<td>3 days</td>
<td>$350</td>
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<td>R. Glebe</td>
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<td>$200</td>
<td>600.00</td>
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<td></td>
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<td></td>
<td><strong>$1,650.00</strong></td>
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Expenses

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<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Boat Rental, 2 days @ $300 (used for privacy issues)</td>
<td>600.00</td>
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<tr>
<td>Truck Rental, 6 days @ $53.50</td>
<td>160.00</td>
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<tr>
<td>Gas for Truck and Boat</td>
<td>63.91</td>
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<td>Hotel, 3 days</td>
<td>189.25</td>
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<td>Topographic Maps, 4 maps @ $9.63</td>
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<td>Field supplies, Topo tread, Flagging</td>
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<td>Food for lunches</td>
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<td>Meals</td>
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<td>Report Preparation</td>
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<td><strong>Subtotal</strong></td>
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**TOTAL:** $3,363.51