GEOLOGICAL and GEOCHEMICAL ASSESSMENT REPORT

on the

GEM MOLYBDENUM DEPOSIT
CLEAR CREEK AREA

Latitude: 49°42'41"/Longitude: 121°43'16"
(NTS 92H/12E), 92H.072

Prepared for

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May 18, 2006
Field work completed between September 27 to November 11, 2005
# TABLE OF CONTENTS

3. SUMMARY .......................................................................................................... 3  
4. INTRODUCTION AND TERMS of REFERENCE ................................................. 4  
5. DISCLAIMER ...................................................................................................... 4  
6. LOCATION ........................................................................................................ 5  
7. ACCESSIBILITY ............................................................................................... 5  
8. CLAIM STATUS, LIST of CLAIMS ...................................................................... 5  
9. FIELD PROCEDURES ..................................................................................... 5  
10. PROPERTY HISTORY ...................................................................................... 6  
11. GEOLOGICAL SETTING  
   11.1 REGIONAL GEOLOGY ............................................................................... 6  
   11.2 LOCAL GEOLOGY .................................................................................... 7  
12. MINERALIZATION ............................................................................................. 9  
13. DEPOSIT MODEL ............................................................................................. 10  
14. EXPLORATION in 2005 .................................................................................. 11  
15. GEOCHEMISTRY ............................................................................................ 12  
16. PROSPECTING in 1987 ................................................................................ 12  
17. GEOPHYSICS .................................................................................................. 12  
18. CONCLUSIONS ............................................................................................... 13  
19. RECOMMENDATIONS .................................................................................... 16  
20. REFERENCES (BIBLIOGRAPHY) ................................................................... 20  
21. DATE ............................................................................................................... 25  
22. STATEMENT of QUALIFICATIONS .................................................................. 26  
23. APPENDICES  
   Appendix I  STATEMENT of COSTS ............................................................... 27  
   Appendix II  ANALYTICAL PROCEDURES and ASSAY CERTIFICATES ........ 28  
   Appendix III  LIST of ROCK SAMPLES for CHIP SAMPLES  
                  COLLECTED in the GEM ADIT ......................................................... 29
ILLUSTRATIONS

1 LOCATION MAP ........................................................................................................................................... 4
2 ACCESS MAP, 1:250,000 ................................................................................................................................... 2
4a CLAIM MAP, 1:50,000 ................................................................................................................................... 6
4b LOCAL CLAIM MAP ........................................................................................................................................ 6
5 REGIONAL GEOLOGY, 1:250,000 .................................................................................................................................. 8
6 GENERAL GEOLOGY of the GEM PROPERTY, 1:12,000 ........................................................................................... 9
7 GEM ADIT SAMPLING, 2005 RESULTS, 1:500 ........................................................................................................ 13
7a SAMPLE LOCATIONS GEM PROPERTY for D. HEINO & D. CARDINAL ............................................................... 14
7b SAMPLE LOCATIONS for GEM ADIT DUMP FINES ................................................................................................. 15
8 DETAIL GEOLOGY, PROSPECTING TRAVERSES and GEOCHEMISTRY ............................................................... in pocket
9 AEROMAGNETIC MAP, 1:50,000 .............................................................................................................................. 11

TABLES

1 LIST of CLAIMS ....................................................................................................................................................... 5
3.0 SUMMARY

The GEM Group was located in June, 1991 to cover the well known GEM Molybdenite Deposit.

The claims are located at the headwaters of Clear and Spuzzum Creeks approximately 48km north of Harrison Hot Springs and 116km northeast of Vancouver.

Access is by four-wheel drive logging roads to the edge of the claim group. A helicopter was used in the 1988 program. A fly-in camp was established in October 2005 and a program of sampling the GEM Adit was completed. Samples were also collected along Ore Creek and in areas near the GEM Adit.

The general area is underlain by Coast Plutonic Complex and younger intrusives cutting schists and gneisses. The GEM stock is mainly composed of Miocene-age light grey, medium crystalline quartz monzonite roughly 4,000 by 1,800 feet in surface plan.

The GEM pluton is intruded by a smaller “pipe” of quartz monzonite porphyry breccia. A mixed breccia outcrops along the northeast edge of the quartz monzonite porphyry breccia. A program in October 2005 included rock and silt sample collection, pan concentrates and establishment of a base line along Upper Clear Creek.

The area of most intense known molybdenite mineralization is arcuate in shape located around the northeast edge of the quartz monzonite porphyry breccia.

Rough mineral inventory estimates by Utah personnel using surface diamond drilling results up to 1968 of the mineral inventory exceeding 0.10% MoS$_2$ is approximately 17,500,000 tons averaging 0.125% MoS$_2$. This estimate is historical and not to N.I. 43-101 standards.

Respectfully Submitted,

Jo Shearer, M.Sc., P.Geo.
4.0 INTRODUCTION AND TERMS OF REFERENCE

The Gem Group (Apex 3 and Apex 4) mineral claims were located in June, 1991 to cover the relatively well known GEM molybdenite deposit.

The extensive exploration work in the past, including underground drifting and 16,450 feet (5,014m) of surface diamond drilling focussed almost exclusively on evaluation of the molybdenum potential of the area. Saturn Minerals Inc. optioned the two Apex claims and the Pacific Nickel Sydicate staked the surrounding Lourdes 1-3 claims in 2003. The Gem Group is under option by Saturn Minerals Inc. from the owner (S. Rasovic). The purpose of the programs carried out in 2005 was to re-evaluate the molybdenum mineralization and other mineralization (gold and tungsten) that may be associated with the Gem Molybdenite deposit. Minister of Mines Reports from the 1920's refer to free gold being found on both Clear and Spuzuum Creeks. Zonation of gold outward from porphyry deposits has been noted by many workers (Boyle, 1979) and is due in part to the proximity of thermal sources (intrusives) and pressure/temperature gradients within the hydrothermal system. Ring fractures around large breccia bodies can be favourable sites for auriferous mineralization. Tungsten mineralization is commonly associated with Cascade-type porphyry-type deposits (Hollister, V.F.; 1978).

Initial silt sampling carried out for Foundation Resources Ltd. in 1987 returned values up to 205 ppb gold for samples from Power Creek in the central part of the claim block with higher values elsewhere. A small amount of sphalerite, chalcopyrite, pyrrhotite and arsenopyrite were noted in the Utah drill logs. Acicular bismuthinite has been identified lining vugs in quartz veins. Peripheral targets such as lenses of massive pyrrhotite, may host significant gold values (Rowins, S.M.; 2000).

The 1987-1988 prospecting program was of necessity of a preliminary nature in search for potential "outer" gold targets. Future work will concentrate more closely defining the gold-bearing model and further assessment of the tungsten mineralization found during the 2005 work program.

5.0 DISCLAIMER

The author in writing this report used as sources of information those reports and files listed in the bibliography. Most of the reports were prepared by persons holding university degree in Geological Sciences. Based on the author's assessment, the information in these reports is accurate.
6.0 LOCATION

The property is located between elevations of 700 metres and 1,200 metres on Clear Creek near the divide with Spuuum Creek. Clear Creek is a tributary of Big Silver Creek, 48km north of the community of Harrison Hot Springs, B.C., (or 116km northeast of Vancouver), Figure 1. The area of activity is about 14km east of Spuuum on the Trans Canada Highway.

Topography in the claim area is rugged with steep rock bluffs and coarse talus slopes dominating the landscape. Thick growth of alder and salmon berry underbrush is common in snow slide chutes.

7.0 ACCESSIBILITY

Access is by four-wheel drive road along Clear Creek to the hot springs cabin on the west side of the claims and then by foot or motorcycle to the Utah campsite at Ore Creek, Figures 2 and 3. In 1981, Amax access the property via Rene logging company's road up to the headwaters of Spuuum Creek from which a 1.2km foot trail runs to the 1981 drill site on upper Clear Creek. Helicopters and four-wheel drive trucks using the Harrison Lake roads were employed in 1988.

8.0 CLAIM STATUS, LIST of CLAIMS

The property is partly owned by Saturn Minerals Inc. who have an option from S. Rasovic on the two 2-post claims. The claims are listed in Table 1 and illustrated on Figure 4.

<table>
<thead>
<tr>
<th>Claim Name</th>
<th>Record Number</th>
<th>Units</th>
<th>Size</th>
<th>Record Date</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>APEX 3</td>
<td>300576</td>
<td>1</td>
<td>25.0</td>
<td>June 18, 1991</td>
<td>June 18, 2016</td>
</tr>
<tr>
<td>APEX 4</td>
<td>300577</td>
<td>1</td>
<td>25.0</td>
<td>June 18, 1991</td>
<td>June 18, 2016</td>
</tr>
<tr>
<td>LURDES 1</td>
<td>406265</td>
<td>1</td>
<td>500.0 ha</td>
<td>2006/OCT/27</td>
<td>October 27, 2009</td>
</tr>
<tr>
<td>LURDES 2</td>
<td>406266</td>
<td>1</td>
<td>500.0 ha</td>
<td>2006/OCT/27</td>
<td>October 27, 2009</td>
</tr>
<tr>
<td>LURDES 3</td>
<td>406267</td>
<td>1</td>
<td>300.0 ha</td>
<td>2006/OCT/27</td>
<td>October 27, 2009</td>
</tr>
</tbody>
</table>

* with assessment work documented in this assessment report.

The Apex 3 & 4, 2-post legacy claims are recorded in the name of Sasa Rasovic. The Lurdes 1 to 3, 4-post legacy claims are recorded in the name of Earl Dodson, manager of Pacific Nickel Syndicate.

9.0 FIELD PROCEDURES

Prospecting traverses were plotted on 1:50,000 scale topographic maps and later transferred to the 1:2,500 AutoCAD drawing. Both prospecting and geological traverses were aided by hip chain measurements. The available 1:1,200 geology map constructed
in 1964 as revised in 1975 proved to be a valuable starting point for continued detail mapping. Silt sampling methods are discussed in the geochemistry section.

10.0 PROPERTY HISTORY

The original discovery of molybdenite in the Clear Creek-Spuzzum Creek was made prior to 1912 (Fawley, 1962, Young & Aird, 1969) and was prospected by J. A. Jamieson during 1912 and 1913. Some shipments of high grade ore were packed down Spuzzum Creek for Jamieson. In 1921 J. F. Bailey and his father did further prospecting in the area. The showings were held in the 1930's as the H.L.M. Group owned by Mrs. Minnie Peters on Louis Creek (Hendry, 1938). Considerable surface work and prospecting was done in 1938 by H.L. Batten and Associates before dropping their option in the early part of 1939.

Early exploration work was directed towards narrow molybdenum-bearing quartz veins. The original showing, the GEM vein, was optioned by J. F. Bailey in 1961 to Vancouver interests who in June, 1962 incorporated GEM Explorations Limited. During 1962 and 1963 GEM Explorations carried out some stripping and X-ray diamond drilling. An adit was collared on the GEM vein on the southeast side of Clear Creek late in 1963. This quartz vein, from 1 to 3 feet wide, strikes 012° Az and dips 65° W. The adit was driven to a length of 493 feet in 1964.

Utah Construction and Mining Co. optioned the property in July 1964 and exploration efforts were directed toward outlining a large low-grade "porphyry" - type deposit. Geological mapping, induced polarization, resistivity and soil geochemistry were completed in 1964 (Rugg, 1968). From 1965 to 1968, Utah with joint venture partner Phelps Dodge completed 14,443 feet of diamond drilling in 21 holes.

Drilling to mid-1966 indicated a mineralized zone in excess of 30 million tons grading about 0.205% molybdenite (Minfile). Private, rough estimates of the mineral inventory by Utah personnel are approximately 17,500,000 tons averaging 0.125% MoS₂ with a 0.10% MoS₂ cut-off. This mineralized material was not profitable to mine at that particular time.

After the claims lapsed in 1975, the ground was acquired by AMAX Potash Limited. Limited geological mapping and petrology were completed in 1975 (Allen, 1975). Diamond drilling of one hole totalling 2,007 feet in length was done by AMAX and joint venture partner E&B Explorations in 1981, (Enns, 1981).

The AMAX claims were forfeited in 1987 and the area was staked by D. Javorsky as the GM 1-4 claims which were optioned to Foundation Resources Ltd.

11.0 GEOLOGICAL SETTING

11.1 REGIONAL GEOLOGY

Regional geological features have been compiled by Monger (1970), Figure 5. Generally, the Gem Molybdenum Deposit occurs at the contact of the Miocene Scuzzy Pluton (Map Unit 24, granodiorite, granite), Upper Cretaceous Spuzzum Pluton (Map
Unit 19, quartz diorite) and Map Unit Bc (Migmatitic equivalent of schist and amphibolite). Molybdenite mineralization is hosted by a biotite quartz monzonite porphyry stock (referred to as the Gem Stock) and large breccia bodies.

Monger (1969) describes the metamorphic rocks in the Gem area as follows; page 32:

"Rocks west and northwest of Mount Urquhart (units Bb and Bc)

About 8 miles northwest of Mount Urquhart is fine-grained, dark grey, biotite-quartz schist that locally contains garnet, sillimanite and staurolite, and is interlayered with light colored quartz-feldspar schist. Near the eastern contact with gneissic rocks amphibolite and granitoid layers are common (Roddick and Hutchinson, 1969).

Unit Bc is the migmatitic equivalent of unit Bb. Fine-grained biotite-quartz schist, commonly with garnet and locally with ilimanite, contains numerous concordant layers of granitoid gneiss 2 to 6 inches thick. The gneiss is of biotite granodiorite composition and commonly grades into pegmatite. It forms 30 to 70 percent of the rock.

Northwest of Mount Urquhart these schists from the flanks of a broad, northwest-trending, doubly plunging anticline or elongate dome, with gneiss (unit C) exposed in the core. Where seen, the contacts with gneiss are sharp and concordant. To the east the schists are in contact with quartz diorite of Late Cretaceous age (unit 19) and mid-Tertiary (?) granodiorite (unit 24). The contact with the quartz diorite is marked by a zone of lit-parlit migmatite about 100 yards wide. By contrast, that with the granodiorite is fairly sharp, with a transition zone only 5 to 25 feet wide containing abundant pegmatitic and aplitic material. To the southeast these rocks are separated by a narrow tongue of quartz diorite lithologically similar to rocks northwest of Hope. Southwards they seemingly grade into the complex of amphibolite, metachert, minor limestone pods and ultramafic rocks that form the Old Settler."

Rugg (1968, page 3) comments that the broad anticlinal fold mapped in Unit C gneisses "may have influenced emplacement of the intrusive (Gem Stock) or conversely the structure may have been a result of the intrusive activity."

Recent work by Ray and Coombes (1985) suggests that gold mineralization at the nearby RN mine and Doctors Point may form part of a synchronous, regional, magnetic-related Tertiary event at about 24 Ma along the Harrison Lake fracture system.
11.2 LOCAL GEOLOGY and MINERALIZATION

The local geology of the Gem Molybdenum Deposit is relatively well known. Descriptions can be found in several publications and private reports (Rugg, 1968), Young and Aird (1969), Allen (1975) and Enns (1981) and the following discussion is largely taken from these sources with minor modifications as results of 1987 and 2005 observations.

Local geological features are summarized on Figure 6 and presented in more detail on Figure 7 (in pocket). The claims cover a Miocene-age quartz monzonite stock (Gem stock), which intrudes foliated quartz diorite, coarse biotite schists and gneiss of the Coast Plutonic Complex. This stock is 1,200 by 550 metres in extent and is composed mainly of in equigranular to porphyritic quartz monzonite. Enns (1981) identified a younger porphyritic biotite granodiorite phase which was dated at 34 Ma occurring at depth within the stock.

A rough circular (in plan) breccia pipe, the Gem Breccia, approximately 400 metres in diameter, has intruded the northeastern contact of the quartz monzonite stock. Subangular to subrounded clasts commonly three to ten centimetres across comprise up to 50% of the rock. Quartz latite fragments (of unknown source) predominate but quartz monzonite, schist and aplite fragments are also present, being more common near the pipe's margin. The matrix consists of finely comminuted rock with conspicuous quartz phenocrysts and abundant fine brown biotite and locally chlorite. Intra-breccia dykes of quartz latite are present locally with parallel attendant flow-structures at 150° Az. A mega-breccia, termed "Mixed Breccia", restricted mainly to the stock's contact with country rock as well as with Gem Breccia is composed of large clasts of abundant coarse schist and foliated quartz diorite. This breccia is compact so that relatively little matrix exists between the subangular clasts.

Narrow one to three metre rhyolite porphyry dykes intrude all of the above units and are most plentiful near the east contact of the stock. They are pale white to cream coloured, weather to pale pink slabby talus bocks and contain prominent bi-pyramidal quartz phenocrysts.

Grey coarse grained feldspar-quartz porphyry intrusive dykes occur locally within the Gem Breccia. Late black andesite and lamprophyre dykes represent the youngest igneous stage. A north-northeast trending fault traces the course of Clear Creek.

Enns (1981) summarizes the known molybdenum occurrences as follows:

"Mineralization consists predominantly of molybdenite in all units except the coarse grained feldspar quartz porphyry and late andesite dykes are mineralized. Best mineralization as outlined by Utah's work appears to favour the quartz monzonite/schist-gneiss contact. It occurs as 1,600 by 200 foot crescent shaped zone straddling the eastern edge of the Gem Breccia. Molybdenite occurs in the following modes listed in order of decreasing abundance: 1) as medium grained (2mm to 5mm) crystals discontinuously sprinkled along the edges of and within
LEGEND FOR FIGURE 5 (from Monger, 1970)

Quaternary
25  Pleistocene and Recent
    Glacial, glaciofluvial and fluvial gravel, sand and clay, talus and slope wash deposits

Tertiary
24  Granodiorite, quartz diorite

Mesozoic
19  Upper Cretaceous or (?) older
    Quartz diorite

Lower Cretaceous
16a  Jackass Mountain Group:
    Sandstone, pelite and conglomerate
15  Brokenback Hill Formation: tuff, agglomerate, sandstone, pelite
14  Peninsula Formation: sandstone, conglomerate

Middle Jurassic
8  Mysterious Creek Formation: pelite
7  Echo Island Formation: tuff, minor agglomerate, sandstone, pelite
6  Harrison Lake Formation: intermediate to acidic flow and pyroclastic Rock

Palaeozoic
2  Pennsylvanian and Permian
    Chilliwack Group
    Basic volcanic rocks and pelites, intermediate to acidic tuff and agglomerate.

Devonian
1  Hozameen Group
    Pelite, chert, basic volcanic rock, minor limestone

Aa  Ultramafic Rock
    Serpentinite, serpentinized peridotite

Bc  Migmatic equivalent of Bb

Bb  Schist, amphibolite

C  Gneiss
    Fault                Plunging antiform
    Schistosity        Bedding
one to two centimetres coarse quartz (± calcite) veins; 2) as coarse 0.5 to 1.5 centimetres isolated spectacular rosettes and blebs in wide two centimetres to 0.5 metre wide quartz veins; 3) as fine grained quartz molybdenite bluish veins one to two millimetres wide, and; 4) as occasional "paint" along fractures. The first three modes combined in wide quartz veins (several feet) comprise the spectacular mineralization which attracted the early prospectors. Occasional minor pyrite and pyrrhotite accompany molybdenite-quartz veining which constitutes a random, coarse stockwork, two stages of molybdenite veining have been noted cut by a later barren quartz veining stage. Most veins display no wallrock effect; only occasional veins show distinct wallrock bleaching of feldspars. Only those quartz-molybdenite veins found in rhyolite porphyry dykes and extending into the Gem Breccia were observed to contain substantial sericite accompanying molybdenite."

12.0 MINERALIZATION

Most of the previous exploration was carried out with the aim of developing an economic deposit of molybdenite ore and little or no attention was paid to possible gold values and other accessory minerals (e.g. scheelite). There are, however, several mentions of gold in the previous reports which may be of significance.

Hendry (1938) reports that five vein samples were assayed for both MoS₂ and Au. These results are tabulated below:

<table>
<thead>
<tr>
<th></th>
<th>oz/ton Au</th>
<th>% MoS₂</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>0.02</td>
<td>0.20</td>
</tr>
<tr>
<td>#2</td>
<td>0.02</td>
<td>Tr</td>
</tr>
<tr>
<td>#3</td>
<td>Tr</td>
<td>0.20</td>
</tr>
<tr>
<td>#4</td>
<td>0.01</td>
<td>1.70</td>
</tr>
<tr>
<td>#5</td>
<td>0.01</td>
<td>0.90</td>
</tr>
</tbody>
</table>

The low grade samples reported by Hendry (1938) show no correlation between gold and molybdenum. This could lead to a conclusion that the gold source could be not only be associated with the molybdenite, but also from the copper-iron sulphides which have been noted, or from the quartz vein material itself.

In 1963, Gem Explorations Ltd. submitted a selected high grade sample (likely hand-cobbled) of molybdenite mineralization to Britton Research laboratories for flotation tests. This sample assayed 30.65% MoS₂ and 0.29 oz/ton Au. The flotation concentrate from this sample assayed 93.82 MoS₂ and 0.88 oz/ton Au, with recoveries of 91.8% of the Mo and 90.4% of the Au. The results of the flotation test on the high grade sample suggest that the gold is primarily associated with the molybdenite, but this was only one sample and would require further tests for verification.

An examination of the Utah drill logs show no assays for gold, but in E. S. Rugg's report on the program dated February 1968, there are mentions of occurrences of pyrrhotite, pyrite, and chalcopyrite associated with some of the veins and also disseminations of these sulphides and massive lenses of pyrrhotite in the schists. Apparently these were never sampled for gold values.
LEGEND

Q.M.P. Breccia
Granite
Mixed Breccia
Granodiorite
Schist and Gneiss

--- Fault (inferred)
- - - Contact
- - - Gneissosity - strike & dip

from CIM Bulletin, January 1969
There are mentions of free gold in some old Minister of Mines' reports and a verbal report by R. Steiner, geologist, of gold in certain granite near the Gem adit.

Deleted

13.0 DEPOSIT MODEL

The target of the drill program on the GEM Property is "porphyry Mo (Low-F-type) of the Cascade Porphyry Type. The following general description is compiled from Sinclair (1995) and other general reports listed in the Bibliography.

Examples and Characteristics of Reduced Porphyry Type Deposits (Porphyry Mo (Low-F-type) after Rowins, S.M; 2000:

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**Table 1. Distinguishing features of RPCG deposits**

- Pyrrhotite-rich hypogene ore assemblage (massive pyrrhotite veins very common)
- No primary magnetite, hematite, or sulphate minerals (e.g., anhydrite)
- Ore fluids commonly CO₂-bearing with a significant CH₄ component
- Mineralization associated with ilmenite-bearing, reduced I-type granitoids
- Relatively low grades of Cu and Au in potassic and/or phyllic alteration zones are common

**Table 2. Selected characteristics of some RPCG deposits**

<table>
<thead>
<tr>
<th>Name, Location, Age</th>
<th>Associated intrusions</th>
<th>Mineralization style</th>
<th>Hypogene alteration</th>
<th>Ore fluid P-T-X</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Mile Hill, W. Australia Proterozoic (~650 Ma)</td>
<td>IIm-bearing, reduced I-type monzogranite</td>
<td>Vn stows; Sx frac fillings &amp; dis; mass. Po vns</td>
<td>Potassic, phyllic, propylitic, argillic, sideritie</td>
<td>~2 kb; 142-61°F; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>San Anton. Mexico Mid-Tertiary (24-38 Ma)</td>
<td>IIm-bearing, reduced I-type (? ) quartz monzonite</td>
<td>Vn stows; Sx frac fillings &amp; dis; mass. Po vns</td>
<td>Potassic, phyllic, propylitic, argillic, sideritie</td>
<td>~2 kb; 265 to &gt;560°F; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>Madeleine, Quebec, Canada Devonian (~370 Ma)</td>
<td>Ilm &amp; Mag-bearing peralk granitoids &amp; peralk syenites</td>
<td>Plunging Qtz-Sx vln stow oebodies</td>
<td>Potassic, calc-silicate (Act-ep), Chl-Ms</td>
<td>1-2 kb; 400-600°C; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>Copper Canyon, Nevada, USA Eocene (39 Ma)</td>
<td>Reduced I-type (?) granodiorite porphyry</td>
<td>Vn stows; Repl. Sx in tabular lenses; Au skarn</td>
<td>Potassic, phyllic, calc-silicate skarn</td>
<td>~0.5 kb; 250-375°C; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>Rossland, B.C., Canada Early Jurassic (~190 Ma)</td>
<td>Mag-bearing Hbl-Bt monzodiorite &amp; augite porphyry</td>
<td>Parallel, tabular, eumorph vns of mass. Po-Pt-Qtz</td>
<td>Silicic (Qtz) &amp; propylitic (Cal-Ank-Sd-Chl)</td>
<td>~2 kb; &gt;400°C</td>
</tr>
<tr>
<td>Liberty Bell, Alaska, USA Late Cretaceous (~92 Ma)</td>
<td>IIm-bearing, reduced I-type Qtz-Fsp granite porphyry</td>
<td>Repl. Sx in tabular lenses &amp; stringers; mass. Po vns</td>
<td>Potassic, phyllic (Qtz-Ser-Clay), chloritic (Chl-Ser-Cal)</td>
<td>350-450°C; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>Shotgun, Alaska, USA Late Cretaceous (70 Ma)</td>
<td>Reduced I-type (?) granite porphyry</td>
<td>Vn stows; Sx frac &amp; dis; Sx Blk.</td>
<td>Albitic, phyllic (Ser-Qtz), carbonate</td>
<td>0.5 kb; 350-600°C; H₂O-NaCl-CO₂-CH₄</td>
</tr>
<tr>
<td>Boddington, W. Australia Late Archean (2650-~50 Ma)</td>
<td>I-type? Diorite to Qtz diorite</td>
<td>Stow Qtz-Sx vns; Qtz-native Au vns</td>
<td>Potassic, phyllic, propylitic, calc-silicate</td>
<td>~1 kb; 200-440°C; H₂O-CaCl₂-NaCl-CH₄</td>
</tr>
<tr>
<td>Clark Lake, Quebec, Canada Late Archean (2715 Ma)</td>
<td>Reduced I-type (?) tonalite porphyry</td>
<td>Vn stows; Sx frac fillings &amp; dis; mass. Po vns</td>
<td>Phyllic &amp; propylitic</td>
<td>~0.8 kb; 130-430°C; CaCl₂-NaCl-H₂O-CH₄</td>
</tr>
<tr>
<td>Lac Troilus, Quebec, Canada Late Archean (~2700 Ma)</td>
<td>Ilm-bearing, reduced I-type (?) Qtz-Fsp granite porphyry</td>
<td>Vn stows; Sx frac fillings &amp; dis; semi-mass. Sx vns</td>
<td>Potassic, phyllic, propylitic</td>
<td>~1 kb; 250-600°C; H₂O-CaCl₂-NaCl-CH₄</td>
</tr>
</tbody>
</table>

'Tectonic setting of all deposits is "convergent plate margin". Key references for each deposit are given in Rowins (in press). Abbreviations are as follows: Ma=million years, Ilm=ilmenite, Qtz=quartz, Mag=magnetite, peralk=peralkaline, Hbl=hornblende, Blk=biotite, Fsp=feldspar, Vn=ven, stows=stockworks, Sx=sulphide, frac=fractures, Blk=breccia, dis=disseminations, mass=massive. Po=pyrrhotite, Py=pyrite, Ksp=K-feldspar, Act=actinolite, Ep=epidote. Chl=chlorite, Ms= muscovite, Cal=calcite, Ank=ankerite, Sd=siderite, Ser=sericite.'
<table>
<thead>
<tr>
<th>Name, Location, Age</th>
<th>Associated Intrusions</th>
<th>Mineralization style</th>
<th>Hypogene alteration</th>
<th>Ore fluid P-Y-S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartz Creek, Washington, USA, Miocene (18-25 Ma)</td>
<td>Biot-Bt Qtz diorite &amp; granodiorite</td>
<td>Qtz-Sx</td>
<td>Potassic, local phylite (Qtz-Ser) &amp; Chl as acc. with Bx pipes</td>
<td></td>
</tr>
<tr>
<td>Middle Fork, Washington, USA, Miocene (18 Ma)</td>
<td>Biot-Bt Qtz diorite &amp; granodiorite</td>
<td>Qtz-Sx bx &amp; veins in echelon shear zones, Sx frac fillers &amp; diss</td>
<td>Potassic; local phylite (Qtz-Ser-Ank-Sk)</td>
<td>0.5-1.5kb, &lt;500'</td>
</tr>
</tbody>
</table>

Both Quartz Creek and Middle Fork are examples of Cascade Type Porphyry type deposits (Grant, R.A.; 1969; Hollister, V.F., 1978).

The target is zones of stockworks of molybdenite-bearing quartz veinlets and fractures in intermediate to felsic intrusive rocks and associated country rocks. Deposits are low grade but large and amenable to bulk mining methods.

Tuffs or other extrusive volcanic rocks may be associated with deposits related to sub-volcanic intrusive rocks. Genetically related intrusive rocks range from granodiorite to granite and their fine grained equivalents, with quartz monzonite most common; they are commonly porphyritic. The intrusive rocks are characterized by low F contents (generally <0.1% F) compared to intrusive rocks associated with Climax-type porphyry Mo deposits.

Deposits vary in shape from an inverted cup, to roughly cylindrical, to highly irregular. They are typically hundreds of metres across and range from tens to hundreds of metres in vertical extent.

Ore is predominantly structurally controlled; mainly stockworks crosscutting fractures and quartz veinlets, also veins, vein sets and breccias.

Molybdenite is the principal ore mineral; chalcopyrite, scheelite, and galena are generally subordinate.

Alteration – DELETED

Oxidation of pyrite produces limonitic gossans; oxidation of molybdenite produces yellow ferrimolybdate.

Quartz veinlet and fracture stockwork zones superimposed on intermediate to felsic intrusive rocks and surrounding country rocks; multiple stages of mineralization commonly present.

Magmatic-hydrothermal. Large volumes of magmatic, highly saline aqueous fluids under pressure strip Mo and other ore metals from temporally and genetically related magma. Multiple stages of brecciation related to explosive fluid pressure release from the upper parts of small intrusions result in deposition of ore and gangue minerals in crosscutting fractures, veinlets and breccias in the outer carapace of the intrusions and in associated country rocks. Incursion of meteoric water during waning stages of the magmatic-
14.0 EXPLORATION in 2005

Mo, Cu, and W may be anomalously high in hostrocks close to and overlying mineralized zones; anomalously high levels of Pb, Zn and Ag may occur in peripheral zones as much as several kilometres distant. Mo, W and Pb may be present in heavy mineral concentrates.

Magnetic anomalies may reflect presence of pyrrhotite or magnetite in hornfels zones. Limonitic alteration pyrite can result in widespread gossan zones. Yellow ferrimolybdite may be present in oxidized zones. Ag-Pb-Zn veins may be present in peripheral zones.

Sampling of the GEM Adit in 2005 was done by D. Heino and D. Cardinal, P.Geo.

The first 100 ft. (30m) of the portal contains anomalous Mo/Au hosted in a weakly-chloritic altered granite. The next 100ft. is generally low in Mo and little to no W was detected using an ultraviolet lamp. As a result, there is a section of about 45ft. (14m) that D. Heino did not sample. From about 200ft. (60m) to about 350ft. (106m) this section hosts numerous cross-cutting quartz/Mo veins. As well, W was detected along the entire 150ft (46m) corresponding with the veins.

In general, the results are somewhat lower than previous results. This may be due to the method of sampling. Continuous chip samples taking (where possible) across each sample interval was unbiased and a true representative of the interval.

The underground position of the GEM structure is shown in the sketch plan. Previous sampling of the structure assayed .436%Mo. This corresponds to the samples (G-001 to G-004) obtained along strike of the structure.

Based on the preliminary results obtained and the visual reconnaissance surveys, it would appear that the GEM structure tends to be enriched in Mo/W and Cu deficient. Whereas, the Ore Creek structure tends to be enriched in Mo/Cu. Both are anomalous in Au. As previously discussed it is important that Structures such as the ORE CREEK Structure and the GEM structures be properly defined and understood in order to better understand the mineral systems and events within the GEM property. Gold may tend to concentrate in certain structures more than others.

15.0 GEOCHEMISTRY

Preliminary silt sampling, refer to Figure 7a and 7b, was completed along the main Clear Creek and tributary Power Creek. Silt samples were collected from the active portions of the drainage. Gold values ranged from 5 to 450 ppb Au with 5 of the 18 samples being in excess of 100 ppb (samples on claims) and are considered anomalous. More detailed silt sampling is required on all the minor tributaries of Clear Creek to more closely define the areas of gold concentrations.
16.0 PROSPECTING in 1987

Most of the work done in 1987 consisted of prospecting along the Upper Clear Creek Valley (refer to Figure 7a and 7b for location of prospecting traverses and rock samples). Minor pyrite mineralization was observed. Alteration on the property associated with hydrothermal activity is generally lacking. Biotite in quartz monzonite is predominantly fresh. Local strong sausseritization and chloritization of quartz monzonite several tens of feet away from the Gem Breccia contact was noted in Breccia Creek. The overall Fe-sulphide content of the molybdenite system is conspicuously low. Three of the rock samples assayed returned slightly anomalous gold values (greater than 100 ppb Au), but there is no correlation between Mo and Au values.

17.0 GEOPHYSICS

A portion of the Aeromagnetic Map 8539 G - Mount Urquhart is shown as Figure 9. The Gem quartz monzonite stock appears as a distinct magnetic low at 57,090 gammas. The gneiss of Map Unit C immediately southwest of the stock is characterized by a complex series of magnetic highs up to 57,000 gammas. This may reflect in part peripheral pyrrhotite zones that can be associated with Cascade Type Porphyry Deposits and have associated gold mineralization (Rowins, S.M.; 2000). To the north of the Gem deposit, the contact phase of the Scuzzy Pluton is reflected by a moderately undulating magnetic signature with isolated highs of 57,450 gammas.

Ground geophysical surveys, induced polarization and resistivity, were conducted by Utah in 1964 (Young and Aird, 1969). A Wenner array was used with a 150 foot "a" spacing. No significant anomalies were discovered. Rock specimens containing disseminated MoS2 were tested in a test cell but did not produce anomalous chargeabilities.

18.0 CONCLUSIONS

The Gem Group covers a portion of the relatively well known Gem Molybdenum Deposit. Considerable preliminary exploration work has been completed in the past including 14,443 feet of diamond drilling by Utah Construction and Mining Ltd. prior to 1968. The longest drill intersection was hole GC-6 which averaged 0.135% MoS2 over 515 feet.

Rough estimates by Utah personnel of the mineral inventory of the volume exceeding 0.10% MoS2 based on the preliminary surface diamond drilling is approximately 16,500,000 tons averaging 0.125% MoS2. This mineralized material would not be profitable for mining or extraction at current molybdenum prices unless there were other significant associated mineral credits (e.g. tungsten).
GEM ADIT
SATURN MINERALS INC.

RESULTS OF UNDERGROUND CONTINUOUS CHIP SAMPLES
Zn, Cu, Ag, Au, Zn

PLOTTED BY: D. CARDINAL, P.E. 01/30/06
(UNDERGROUND SURVEY-CONSTRUCTION: D.M. (G.C.)

SCALE: 1:500

100 200 300 400 500 METRES
The Gem intrusive center was the site of emplacement of at least three types of Miocene – Oligocene intrusives: granite; porphyritic granodiorite and quartz monzonite. During the emplacement of the quartz monzonite, an explosion breccia, accompanied by a sidewall rent breccia was formed at the apex of the quartz monzonite intrusive. This intrusive center is located on the northeast trending portion of the Clear Creek transcurrent fault and is bounded to the northeast and southwest by prominent linears (Power Creek linear and Spuzzum Divide linear). Ilmenite is more prevalent than magnetite in these intrusives and this is reflected by the prominent magnetic low (<57,100 gammas) over the intrusive center. The Gem granite contains xenoliths of country rock (biotite gneiss and gneissic granodiorite) and zones of hornfelsed country rock are associated with the Gem granite.

Porphyritic quartz latite and rhyodacite dikes were late in the intrusive sequence and cut all lithologies except for andesite and lamprophere dikes. The felsic dikes have northeasterly and northwesterly strike directions.

A system of north northeast shear fractures developed (Ore Creek Structure; Gem Structure; Central Structure) during northwest strike slip faulting (and shearing) along the Harrison Lake and Fraser River Faults. Extensional fracture zones orientated northwest and northeast formed sheeted zones along the northeast shear fractures. These fracture zones and related structures created either normal (extension veins), parallel (shear veins), or oblique (oblique-extension) veins. Other unrecognized shear and fracture structures probably exist on the Gem Property. In addition, structures related to the development of the Gem breccia have yet to be examined.

Various mineral associations are found within the Gem intrusive center intrusive and breccia lithologies and within country rock (biotite gneiss and gneissic granodiorite).

Mineral associations include:

- molybdenite-powellite-scheelite (+/- gold-silver)
- molybdenite-chalcopyrite-scheelite (+/- gold-silver)
- bismuth tellurides (+/-lead) and bismuth sulfosalts (+/-lead)-molybdenite-gold-silver
- chalcopyrite, scheelite, sphalerite, bismuthinite (?) and calcite with minor molybdenite (+/-gold-silver)

In addition; pyrite, pyrrhotite and calcite have been recognized as accessories to various quartz vein and veinlet mineral assemblages. Magnetite and graphite, in minor amounts, has been observed. Pyrite and pyrrhotite and other sulphides are conspicuously lacking in the molybdenite-powellite-scheelite assemblage.
The Gem intrusive center was emplaced at an early stage of the Cascade Arc, which hosts Reduced Copper-Gold Porphyry deposits. In addition, the Cascade Province also hosts intrusive centers with mineralization that has characteristics of the Intrusive Related Gold class of deposits (e.g. Abo (RN); Doctors Point; Laidlaw, Slesse; Boundary Red Mountain; Lone Jack).

Gold geochemistry (soils) at the Abo (RN) property is associated with elevated Fe content, reflecting the presence of pyrrhotite and/or pyrite. Silver is anomalous with anomalous gold and copper may be elevated in some samples. Tungsten and molybdenum do not show any correlation with elevated gold results. There is a lack of sulphides at the Abo (RN) property, with localized pyrrhotite masses and blebs in the richer gold bearing zones. There is an association of gold mineralization to “hybrid zones” within or near the contact of the quartz diorite bodies and in part with felsic dikes (felsite). The “hybrid zones” appear to represent variably digested or “granitized” xenoliths of the hornfelsed metasedimentary rocks (hornfels).

Felsic dikes (quartz latite) at the Gem Property have been noted to contain a distinctly different sulphide assemblage which consists of an increase in chalcopyrite, scheelite, sphalerite and calcite while molybdenite decreases. An unidentified soft, bladed, silver-coloured mineral was noted. (Utah Construction DDH G-3). Further field work should be undertaken to locate, map and sample the late felsic dykes located on the Gem Property.

It has been previously noted (Enns, 1981 and Rugg, 1968) that alteration is weak to absent with the molybdenum bearing quartz veins and veinlets at the Gem Property. Pyrite and pyrrhotite only occasionally accompanies the molybdenum bearing veins and veinlets. Substantial sericite alteration was noted with quartz-molybdenite veins found in rhyolite porphyry dikes which extended into the Gem Breccia. Local saussuritization and chloritization has been noted in drill core and at the quartz monzonite-Gem Breccia contact. There has been a high degree of silicification in the area, both as quartz veining and pervasive flooding. Along the margins of the quartz veins there has been some bleaching alteration of the feldspar. A buff coloured carbonate sometimes occurs as irregular blebs in the quartz veins and their selvages (Rugg, 1968). Some samples collected during the 2005 field program are calcareous (metasedimentary rocks from Ore Creek and Gem granite north of Clear Creek and intrusive rocks from the Gem Adit). Also, there is a presence of a red-pink fluorescent mineral (manganocalcite (?) / scapolite (?)) associated with the Gem granite from the Gem Adit. An examination of selected intervals of core from Utah Construction DDH 18 showed bleaching up to 2 cm peripheral to quartz veinlets. Mineralized fractures displayed no macroscopically visible alteration. It is possible that an early albite alteration may be present and thin-section work is recommended on select samples in order to typify alteration features.
GA = GEM ADIT DUMP FINES
Petrographic examination of the Gem Breccia confirmed the presence of abundant hydrothermal biotite. Petrographic examination of altered quartz monzonite showed some hydrothermal biotite associated with clots of magnetite and diopside.

In summary the alteration found with the molybdenite-scheelite-powellite veins is weak saussurite, chlorite and epidote. Sodic alteration may also be present. Abundant biotite alteration is found with the Gem Breccia and is weakly developed with associated diopside and magnetite in altered quartz monzonite. Sericite alteration is strongly developed with the late rhyolite porphyry dikes. Silicification is widespread.

One variety of quartz veins contains feldspar and this vein type can change into pegmatite over a short distance. Granoblastic garnet and coarse grained feldspar and ferromagnesium minerals (pyroxenes) have been identified in certain areas of the metasedimentary rocks located in Ore Creek. This granoblastic texture may be a reflection of metasomatic processes related to the Gem intrusive suite.

The Gem mineralized system consists of a molybdenum-tungsten system that is best developed along the Gem Structure. A polymetallic suite consisting of tungsten-chalcopyrite-molybdenite +/- bismuth minerals; +/- sphalerite; +/- gold-silver has been recognized in the Ore Creek Structure and in quartz latite dikes (Utah Construction DDH - G 3).

DELETED

There are strong similarities of the Gem mineralization to the deposits found in Washington State (Reduced Porphyry Copper-Gold deposits of the Cascade Province).

The Gem mineralizing system is best assigned to the Reduced Copper-Gold type of deposits of the Cascade Province, with a tungsten-molybdenum type of mineralization and a "later" bismuth-tellurium-gold mineralization. DELETED

The mineral association of scheelite with copper and molybdenum is consistent with that observed with the Reduced Porphyry Copper-Gold deposits of the Cascade Province (Hollister, V.F.; 1978). The geologic characteristics of the Gem breccia is consistent with breccia pipes found with the Reduced Porphyry Copper-Gold deposits of the Cascade Province. Development of transverse structural zones are found associated with the Cascade Province Reduced Porphyry Copper-Gold deposits (Grant, R.A.; 1969) and a similar style transverse structural zone is indicated in the regional setting of the Gem Property.

19.0 RECOMMENDATIONS

The recognition of significant tungsten with early stage molybdenite mineralization and gold with later stage mineralization requires further
assessment. The following constitutes further work that should be undertaken in any additional exploration programs (as outlined by Lang, September 2005 and modified by McClaren, November, 2005)

1) Soil and Silt Sampling (High Priority to Establish a Large Geochem Target). A large area, based on structural interpretations and known mineralization, should be soil and talus fines sampled, possibly accompanied by silt sampling in creeks where practical. Lines should be spaced roughly 100 m apart where possible, but this will be dictated by topographic considerations. In areas where quartz veins are known to occur samples should be on 50 m spacing along the lines, and can be either 50 or 100 m apart in areas with no known mineralization and/or poor exposure. ***Samplers should make notes about the presence of quartz veins along the lines or near sample stations; they may need training to know what to note. ***GPS coordinates must be taken at each sample site and put into a digital file. Note: Bismuth is a key pathfinder element and has been detected in silt, heavy mineral separate samples and rock samples from the Gem Property taken in 2005.

2) Sampling Quartz Vein Systems (High Priority, For Size Potential, Grades and Grade Continuity). The distribution of quartz veins should be put onto copies of the geology/alteration map. Sample width should be 3-5 metres max. ***The sampling traverse should as perpendicular to the predominant vein strike as possible. ***Additional sampling traverses should be completed in other exposures of these vein systems elsewhere on the property, and in particular should focus on any sets of veins with iron oxide stain or indications of non-molybdenite sulphides.

3) Grab Samples (Moderate to High Priority); Veins or vein swarms that contain any significant visual non-molybdenite sulphides should be grab sampled. These samples will attempt to find higher Au grades than those in larger chip samples. These samples should be more rather than less numerous, assuming suitable material is common.

4) Salvage and Resample Drill Core (Moderate Priority). As much drill core as possible should be salvaged and intervals remarked accurately if they can be identified. Core with no labelling is essentially useless, except for reconnaissance geological examination. Core in good shape for which depths can be adequately determined should be resampled for assay. Sampling should be by either quartering with a rock saw (preferred), or by taking every other piece in an interval. It is recommended that each labeled core box be a single sample, as that gives an identifiable sample interval. ***At least some relogging, with a focus on veins and alteration, should be completed as the holes are resampled.
Utah Construction diamond drill holes 18 and 20 should be reassembled and examined for evidence of an intersection of the "ore Creek Structure".

5) Petrographic Samples (Low to Moderate Priority; For Model Generation).
A collection of at least 10-15 hand samples of mineralized and visually barren quartz veins, preferably of different types if they can be identified. The hand samples should be at least 10 cm in size if possible. They will be used for petrographic examination. DELETED Thin sections of selected samples should be made to determine accessory minerals and alteration features. Whole rock geochemical analysis of the various intrusive lithologies would assist in the development of the geological model.

6) Geological Reconnaissance (High to Moderate Priority), Lithological and Structural Features:

These features would include: evidence for magmatic-hydrothermal transition textures such as:
- Miarolitic cavities -- holes within intrusions that formed from exsolving fluid
- Unidirectional solidification textures -- layered quartz-granite zones
- Pegmatites
- Vein dykes -- high temperature veins with aplitic margins
- Aureoles in metasedimentary rocks (hornfels). Thin section evaluation may help to constrain depth and pressure-temperature conditions more accurately.
- Structures: Brittle faults and brittle-ductile structures
- Styles and vein textures: banded and comb textures in veins and breccia; massive buck quartz to comb texture in sheeted veins within intrusions; ribbons and styolites in veins in distal environments
- Locating, mapping and sampling felsic dikes is a high priority.

7) Air Photograph Interpretation (High to Moderate Priority for recognition of structural features). Air photographs that are available would be instrumental in obtaining data in regards to structural features and other geological features that may not have been recognized in previous work.

If positive results are obtained from a program as outlined above a second stage (success contingent) diamond drill program to test the more significant areas is recommended.
An estimated cost of this program is as follows (after Elwell, 1988):
Phase I

1. Relogging of the Utah Mining Co. drill core including the splitting and sampling of sections which are devoid of molybdenum, but contain pyrite and pyrrhotite $ 3,750.00

   One geologist for 2 weeks at $250/day

2. Detailed prospecting and reconnaissance mapping and sampling of claim area with particular attention to occurrences of pyrite, pyrrhotite and chalcopyrite as noted in earlier reports. 7,500.00

   One experienced prospector for 4 weeks at $300 per day

3. Silt sampling of tributary streams to Clear Creek. 3,750.00

   Allow 300 samples at $12.50 each

4. Resampling of high grade showing in Gem Exploration workings, including assays and petrographic studies. 500.00

5. Assaying – allow 200 samples at $10.00 each 2,000.00

6. Vehicle rental and camp 2,000.00

7. Crew maintenance at $100/day for 30 days 3,000.00

Total Phase I $ 22,500.00

Phase II (contingent of favourable results from Phase I)

1. Detailed mapping and sampling of areas of interest resulting from the prospecting and silt sampling programs. $ 3,750.00

   One geologist for 15 days at $250/day

2. Crew maintenance, 15 days at $100/day 1,500.00

3. Engineering and administration, including additional assays 3,000.00

Total Phase II $ 8,250.00

Sub-total, Phase I & II $ 30,750.00

Contingency allowance for both phases at approx. 14% 4,250.00

Total Phases I & II $ 35,000.00

Phase III

Subject to the results of Phase I and II working showing sufficient
evidence of gold mineralization to justify further work, Phase III exploration would be initiated. This would probably consist of trenching and diamond drilling.

A provisional budget of $100,000 has been allowed, distributed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 500m diamond drilling at $150/m, all inclusive</td>
<td>$75,000.00</td>
</tr>
<tr>
<td>2. Trenching, assaying, etc.</td>
<td>25,000.00</td>
</tr>
<tr>
<td><strong>Total Phase III</strong></td>
<td><strong>$100,000.00</strong></td>
</tr>
<tr>
<td><strong>Total Phase I, II and III</strong></td>
<td><strong>$135,000.00</strong></td>
</tr>
</tbody>
</table>

Further expenditures will be contingent on the results achieved.

Respectfully submitted,

J. T. Shearer, M.Sc., P.Geo.
May 8, 2006-05-22

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21.0 DATE
June 18/06 [Signature]
22.0 STATEMENT OF QUALIFICATIONS

I J. T. (Jo) Shearer do hereby certify that:

1. I am an independent consulting geologist and principal of Homegold Resources Ltd.

2. My academic qualifications are:
   - Bachelor of Science, Honours Geology from the University of British Columbia, 1973
   - Associate of the Royal School of Mines (ARSM) from the Imperial College of Science and Technology in London, England in 1977 in Mineral Exploration
   - Master of Science from the University of London, 1977

3. My professional associations are:
   - Member of the Association of Professional Engineers and Geoscientists in the Province of British Columbia, Canada, Member #19,279
   - Fellow of the Geological Association of Canada, Fellow #F439
   - Fellow of the Geological Society of London
   - Fellow of the Canadian Institute of Mining and Metallurgy, Fellow #97316
   - Fellow of the Society of Economic Geologists (SEG), Fellow #723766

4. I have been professionally active in the mining industry continuously for over 30 years since initial graduation from university.

5. I am responsible for the preparation of all sections of the technical report entitled "Geological and Geochemical Assessment Report" dated May 18, 2006. I have visited the Property on October 13, 2005. General logistic and geological parameters were examined.

6. I have had prior involvement with the property in 1988, which is the subject of the technical report.

7. I am not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission of which makes the technical report misleading.

8. Subject to agreement by Saturn Minerals Inc., I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report, for reading only.

Date  May 18, 2006

J. T. (Jo) Shearer, M.Sc., P.Geo.
COST STATEMENT

GEM PROJECT

EQUIPMENT MOBILIZATION $107.50
HELICOPTER $6,931.51
ANALYSES 3,246.99
MAP PREPARATION (CAD) 2,223.00
DAN CARDINAL, Oct. 28, 29, Nov. 6,7,8,9,10,11 2,800.00
RAY LANGLAIS @ $200/day, Oct. 27, 28, Nov. 4,5,6 910.00
DAVID HEINO, Sept. 20, 27, Oct. 26, 27, 28, 29, 30, 31, Nov. 1, 2, 3, 4, 5 4,250.00
MURRAY McCLAREN @ 450/day, Sept. 27, 28, 29, Oct. 13, 14, 19, 20, 21 2,475.00
MIKE ELSON (FIELD SUPERVISION), $225/DAY plus GST, 10 days 2,558.75
CAMP MATERIALS 127.00
TRUCK RENTAL 693.40
SATELLITE TELEPHONE 174.89
FOOD 1,307.99
GAS & ACCESSORIES 960.16
OFFICE SUPPLIES 83.72
ACCOMODATION 345.50
FIELD SUPPLIES 39.86
MAP REPRODUCTION 76.00
PHOTOCOPIES 4.00
TOTAL COSTS INCURRED $29,315.27

Two programs were carried out on the Gem Project.

1. September 27 to October 21
Program consisted of making base map for Gem Property (Scan Conversion) and then establishing camp with D. Heino.
First Field Program consisted of a reconnaissance of project area from a camp located at the end of the Clear Creek Forest Access Road.
Mr. M. McClaren and Mr. D. Heino worked out of this camp for a period of 5 days in October, 2005. Work included: relocation of drill sites; adit, sample collection (silt and rock), pan concentrates (2), and establishment of “baseline” along upper Clear Creek. An area for a camp was established in upper reaches of Clear Creek (at the drainage divide between Spuzzum and Harrison) by slashing out undergrowth and clearing area.

2. October 27th to November 5, 2006
Second Program consisted of flying in by helicopter camp materials and people.
Camp established across from Gem Adit. Program consisted of 3 people (Dan Cardinal, Ray Langlais and D. Heino --- under the supervision of Mike Elson).
Program consisted of sampling Gem Adit, traverse up Ore Creek and collection of rock samples from Ore Creek and in areas near Gem Adit. Program was cut short due to heavy snowfall.
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<th>Ag** gm/mt</th>
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GROUP 7AR - 1.000 GM SAMPLE, AQUA REGIA (HCL-HNO3-H2O) DIGESTION TO 100 ML, ANALYSED BY ICP-ES.
AG** & AU** BY FIRE ASSAY FROM 1 A.I. SAMPLE. W* GROUP 7AR - 0.500 GM SAMPLE BY PHOSPHORIC ACID LEACHED, ANALYSIS BY ICP-ES.
SAMPLE TYPE: ROCK R150

Data FA DATE RECEIVED: NOV 14 2005 DATE REPORT MAILED: DEC 11/05

All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of the analysis only.
| SAMPLE# | Mo  | Cu  | Pb  | Zn  | Ag  | Ni  | Co  | Mn  | Fe  | As  | U   | Th  | Sr  | Cd  | Sb  | Bi  | V   | Ca  | Cr  | Mg  | Ca  | Ba  | Ti  | B   | Al  | Na  | K   | W   | Sc  | Ti  | S   | Ga  | Se  | Sample |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| G-1     | 2.1 | 3.1 | 2.6 | 47  | <.1 | 8.0 | 4.3 | 565 | 1.98| <.5 | 1.6 | <.5 | 3.5 | 66  | <.1 | <.1 | 39  | .62 | .082| 7   | 79.9| 59  | 214 | .134| <.1 | .94 | .050| .45 | <.1 | 0.2 | 2.1 | .3  | <.05| 5   | <.5 |
| D.H.05-1| 28.5| 51.1| 13.1| 87  | .2  | 73.6| 17.4| 465 | 2.16| 80.9| 1.9 | 29.2| .9  | 28  | .5  | 2.3 | 10.4| 55  | .46 | .092| 3   | 123.6| 1.12| 242 | .145| 1.1 | 1.71| .023| .44 | .50 | .2 | .66 | 2.9 | <.05| 6   | 1.3 |
| D.H.05-2| 201.6| 113.0| 16.5| 202| 1.0 | 21.9| 6.4 | 731 | 2.91 | 168.0| 35.8| 11.9| 3.5 | 18  | 5.6 | 3.9 | 14.5| 69  | .35 | .032| 19  | 25.0| .30 | 126 | .204| 1.1 | 1.91| .013| .14 | .81 | .3 | .69 | .36 | <.05| 12  | 2.7 |
| D.H.05-3| 283.7| 242.2| 57.2| 224| 3.4 | 32.4| 9.6 | 2586| 2.99 | 175.6| 16.7| 146.5| 9.2 | 28  | 6.4 | 4.5 | 148.4| 34  | .59 | .057| 17  | 39.6| .38 | 122 | .076| 2   | 2.07| .019| .18 | .55 | .7 | .13 | 6.2 | <.05| 7   | 2.2 |
| G-S1    | 221.8| 14.5| 22.3| 24  | .3  | 5.2 | 5.9 | 1171| 1.50 | 45.0 | 3.5 | 11.0| 1.1 | 9   | .9  | 1.0 | 26.5| 39  | .13 | .030| 4   | 13.9| .20 | 41  | .085| 1   | .65 | .009| .08 | .38 | .67| 1.6 | <.05| 10  | .8  |
| G-S2    | 73.9 | 59.6| 17.7| 80  | .7  | 11.9| 4.7 | 614  | 1.12 | 109.3| 10.8| 65.4| 1.5 | 12  | 2.1 | 1.0 | 8.6 | 24  | .17 | .039| 8   | 15.9| .28 | 40  | .048| 1   | 1.72| .010| .05 | 24.2| 6.9 | 1.8 | <.05| 5   | 1.7 |
| STANDARD| 11.2 | 124.5| 29.6| 144 | .3  | 24.3| 10.5| 696 | 2.78 | 20.8 | 6.4 | 44.6| 3.0 | 40  | 6.2 | 3.6 | 5.0 | 55  | .85 | .077| 12  | 177.2| .57 | 165 | .078| 16  | 1.89| .072| .15 | 3.4 | 22 | 3.2 | 1.7 | <.05| 6.4 | 5.5 |

GROUP 10X - 15.00 GM SAMPLE LEACHED WITH 90 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR, DILUTED TO 300 ML, ANALYSED BY ICP-MS.

[+] CONCENTRATION EXCEEDS UPPER LIMITS. SOME MINERALS MAY BE PARTICIALLY ATTACKED. REFRAC TORY AND GRAPHITIC SAMPLES CAN LIMIT AU SOLUBILITY.

SAMPLE TYPE: SILT SSBO 60C

Data FA DATE RECEIVED: NOV 14 2005 DATE REPORT MAILED: Dec 3/05

C. Leong

All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of the analysis only.
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<th>Cu %</th>
<th>Ag** kg/mt</th>
<th>Au** kg/mt</th>
<th>W %</th>
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GROUP 7AR - 1.000 GM SAMPLE, AGUA - REGIA (HCl-HNO3-H2O) DIGESTION TO 100 ML, ANALYSED BY ICP-ES.
Ag** & Au** BY FIRE ASSAY FROM A.A.T. SAMPLE. W* GROUP 7KP - 0.500 GM SAMPLE BY PHOSPHORIC ACID LEACHED, ANALYSIS BY ICP-ES.
- SAMPLE TYPE: ROCK R150

Data Log FA __ DATE RECEIVED: NOV 14 2005 DATE REPORT Mailed: __ Dec 7/05 __

Clarence Leong

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### Geochemical Analysis Certificate

**Saturn Minerals Inc.** File #: A507410

| SAMPLE# | Mo  | Cu  | Pb  | Zn  | Ag  | Ni  | Fe  | As  | U   | Th  | Sr  | Cd  | Sb  | Bi  | V   | Ca  | P   | La  | Cr  | Mg  | Ba  | Ti  | B  | Al  | Na  | K  | W  | Hg  | Se  | Tl  | S  | Ga  | Se  | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  | %  |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 862923  | >2000 | 16.4 | 15.8 | 25  | 6.1  | 1.5 | .4  | 236 | .69 | 27.3 | 4.2 | 55.3 | 9.9 | 1 <.1 | 3.4 | 141.7 | <1 | .03 | .06 | 3  | 8.6 | .03 | 15 | .006 | 1  | .18 | .028 | .07 | 3.6 | .01 | 2.3 | .1  | .13 | 2.1 | 2.0 |
| 862925  | >2000 | 16.9 | 27.3 | 35  | 1.4 | .8  | .9  | 254 | .72 | 5.3 | 8.5 | 248.8 | 11.0 | 2 <.1 | 4.2 | 327.0 | <1 | .03 | .001 | 6  | 8.0 | .01 | 10 | .001 | 1  | .13 | .028 | .06 | 3.4 | <0.1 | 4.4 | <1 | 1.9 | 1.8 | 1.9 | 4.4 | 33 | 3.9 |
| 862926  | 1598.2 | 418.7 | 25.4 | 59  | 2.3 | 1.8 | .9  | 763 | 1.31 | 57.3 | 5.3 | 41.3 | 9.1 | 2 1.9 | 3.4 | 55.1 | 1 1.10 | .009 | 10  | 7.6 | 0.06 | 9 | 0.11 | 2  | .33 | .030 | .11 | .003 | 5.1 | .2  | .34 | 3.9 | 3.4 | .01 | 4.4 | .1  | 2.9 | 2.8 |
| 862928  | >2000 | 2493.5 | 149.6 | 349 | 15.7 | 1.1 | 1.7 | 1076 | 2.99 | 4527.7 | 5.7 | 842.1 | 45.9 | 3 140 | 20.6 | 400.5 | <1 | .06 | .008 | 33  | 6.7 | .03 | 15 | .001 | 2  | .23 | .022 | .05 | 4.7 | 0.03 | 4.6 | .1  | 1.2 | 0.96 | 2.8 | 2.7 |
| STANDARD D56 | 11.6 | 126.1 | 28.8 | 144 | .3 | 25.8 | 11.2 | 711 | 2.87 | 21.1 | 6.5 | 47.0 | 2.8 | 38 | 6.0 | 2.8 | 4.9 | 55 | 87 | .080 | 12 | 185.9 | 59 | 163 | .077 | 16.1 | 93 | .074 | 13 | 3.5 | 23 | 3.1 | 1.7 <.05 | 6 | 4.1 |

**GROUP 1Dx - 15.0 GN SAMPLE LEACHED WITH 90 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR, DILUTED TO 300 ML, ANALYSED BY ICP-MS.**

(>) CONCENTRATION EXCEEDS UPPER LIMITS. SOME MINERALS MAY BE PARTIALLY ATTACKED. REFRACTORY AND GRAPHITIC SAMPLES CAN LIMIT AU SOLUBILITY.

- **SAMPLE TYPE:** ROCK R150

**Data AV FA**

| DATE RECEIVED: | NOV 14 2005 | DATE REPORT MAILED: | DEC 5/05 |

**DIE STRUCTURE:**
- Anomalous in: Mo/Cu/Au/Bi/Sb + Ag values
- Low in W/ High Cu

**GEM STRUCTURE:**
- Anomalous in: Mo/Au/W
- High in W/Low Cu

Based on Preliminary Results:

Both structures contain anomalous values in Mo & Au

---

All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of the analysis only.
### Saturn Minerals Inc.  FILE # A507407

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**Sample type:** ROCK R150.

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All results are considered the confidential property of the client. Acme assumes no liabilities for actual cost of the analysis only.
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Sample type: ROCK R150. Samples beginning 'PB' are Reruns and 'RBB' are Reject Reruns.

All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of the analysis only.
# APPENDIX III

List of Rock Samples for Chip Samples Collected in the GEM Adit

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<th>Sample #</th>
<th>Feet</th>
<th>Rock Type</th>
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