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Brussels
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SUPPLEMENTARY REPORT (PHASE II EXPLORATION)

on

THE BRUSSELS GROUP OF MINERAL CLAIMS

of

GOLDSTONE EXPLORATION LIMITED

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KAMLOOPS LAKE REGION

KAMLOOPS MINING DIVISION

BRITISH COLUMBIA

by

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Kelowna, B.C.

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SUMMARY

The Phase II Exploration Program recommended for the Kamloops Lake area Brussels gold property of Goldstone Exploration Limited in a June 1984 Engineer's Report, and further defined in an October 1984 Supplementary Report has been completed. Five Reverse Circulation Percussion Drill Holes, totalling 292 metres, have been drilled into the targets outlined in the Supplementary Report. Four of the five holes intercepted highly carbonate and silica replaced volcanic rock, while the fifth drill hole had to be abandoned short of its target. No significant precious metal intercepts were encountered, but the epithermal systems represented by strong carbonate alteration on surface were found to have good vertical dimensions (75 m) on parts of the property.

An alignment of several carbonate alteration zones in a northeasterly direction has been recognized on the northern portion of the property, and these aligned zones have collectively been named the Golden Lime Zone for future reference. There is known gold mineralization in rock at both the southwest and northwest extremes of the newly recognized Golden Lime Zone, and there is considerable gold dispersed in glacial gravels to the southeast of the zone (down glacier).

A revised Phase III work program has been proposed to concentrate exploration efforts on the new zone. Geological mapping, magnetometer and VLF-EM surveying, and geochemical surveying are recommended over the Golden Lime Zone. Two diamond drill holes are also proposed to test anomalies defined by Phase III work. The cost of Phase III work is estimated to be \$7,400.00, while the Phase IV Diamond Drilling is expected to cost \$25,000.00.

INTRODUCTION

Phase II of an exploration program on the Kamloops Lake, Brussels property of Goldstone Exploration Limited has been carried out as recommended in an October, 1984 Engineer's Report, supplemental to a June, 1984 Engineer's Report, entitled "Report on The Brussels Group of Mineral Claims of Goldstone Explorations Limited." The program carried out during May of this year (1985) involved the drilling of five Reverse Circulation Percussion Drill Holes, totalling 292 metres in all. Samples were collected from each 3 metre intersection of each drill hole and submitted for analysis for gold, silver, arsenic, copper and zinc.

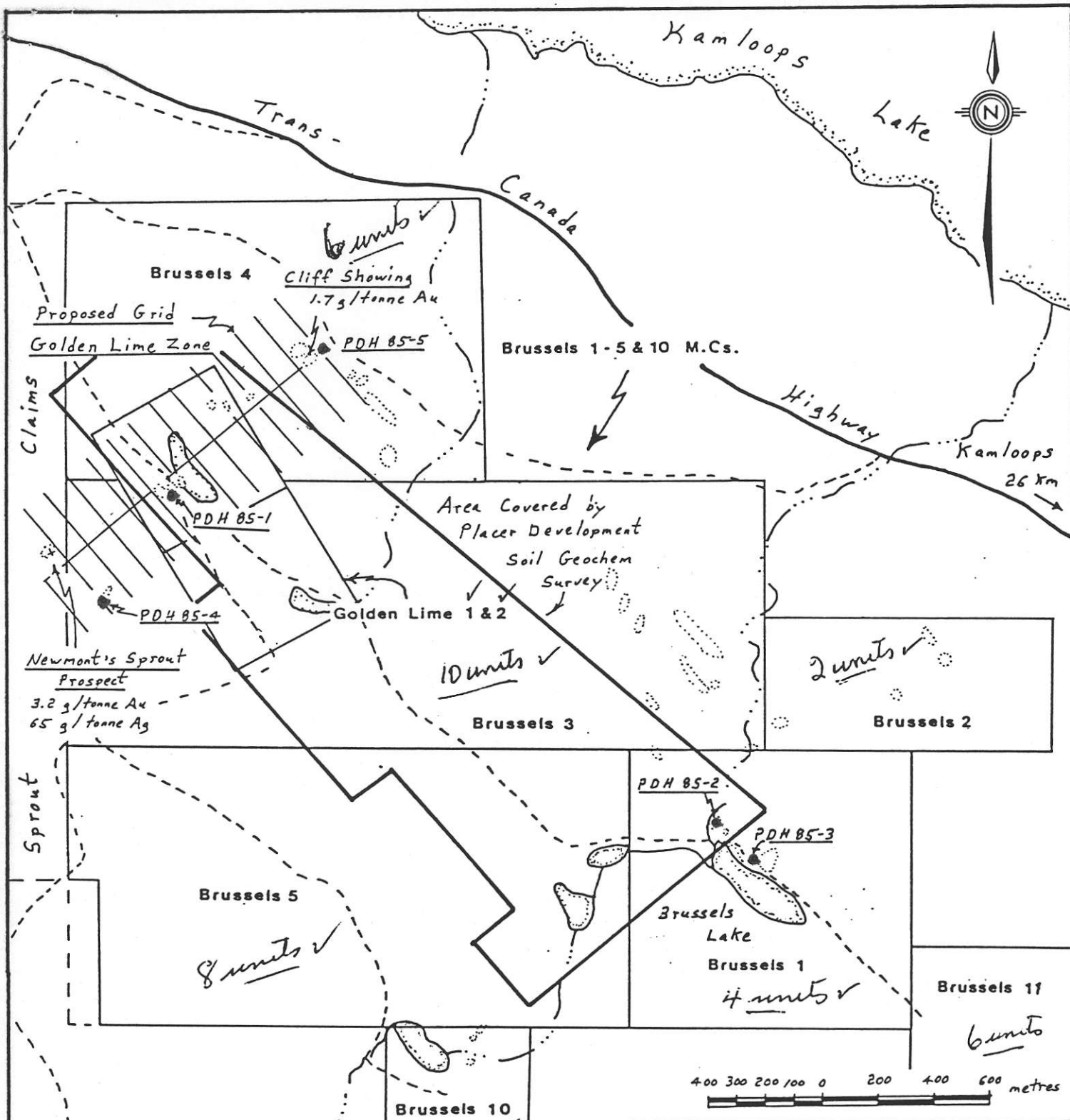
The five holes, drilled on widely separated targets across the property, are illustrated on Figure B-85-1 accompanying this report, while the drill logs and assay data are on file with company directors.

Although no ore intercepts were made during the drill program two of the drill holes proved that the carbonate-silica replacement zones exposed over large areas on surface are in excess of 75 metres thick, and that they do represent epithermal systems that are peripheral to intrusions.

Due to poor ground conditions the fifth drill hole failed to reach its target below an area that had yielded good surface values for gold and arsenic.

The Company has asked the writer to propose a revised Phase III exploration program for the Brussels property recognizing the inconclusive results achieved by the May drilling program, and further recognizing that the large property still has widespread unexplained gold geochemical anomalies.

Several factors have also come to light in recent months which indicate that the Brussels property still has potential as a gold property. It is the writer's intent to review these



Newmont's Sprout Prospect
3.2 g/tonne Au
65 g/tonne Ag

- Legend —
- ⊙ carbonate alteration zones
 - - - roads
 - ~ ~ ~ intermittent creeks
 - lakes
 - percussion drill holes, May 1985

37 - UNITS

M.M.

GOLDSTONE EXPLORATION LTD	
DRILL SITES MAY '85 PROPOSED GRID AUG. '85 Golden Lime 1 & 2, Brussels 1-5 & 11 M.Cs.	
Kamloops Lake Area, Kamloops M.D.	
Scale 1: 20,000	N.T.S. 92-1-13E
AUG 1985	Fig. No. B-85-1

INTRODUCTION - Continued

factor's, and suggest that further exploration work is warranted on the Goldstone Exploration Brussels property.

MAY 1985 DRILLING PROGRAM

The Five Reverse Circulation Percussion Drill Holes drilled in May 1985 were designed to test five widely separated targets on the large Brussels property as illustrated on Figure B-85-1. The drill logs and assay values for gold, silver, arsenic, copper and zinc for each 3 metre intercept are filed with Goldstone Exploration's directors. None of the drill holes encountered economic grades of precious metals, but four of the five holes penetrated intense zones of carbonate and silica replacement of Nicola Group volcanic rocks. Some of the zones exceeded 75 metres in thickness. Within the replacement zones quartz veining locally equals 10 to 30% over zones of up to 3 to 12 metres, and pyrite equals 2-5% over zones of up to 3 to 12 metres. Faulting was notable in some drill holes. Gold (up to 150 ppb), silver (up to 1.1 ppm), and arsenic (up to 250 ppm) were slightly elevated within the quartz-veined drill intercepts, but were uniformly low elsewhere.

A brief summary of the five percussion drill holes is given on the following pages.

MAY 1985 DRILLING PROGRAM - Continued

PDH 85-1 This vertical hole was drilled to 86 metres on the Brussels 3 mineral claim.

- 1.0 - 80.0m Highly altered Nicola Group volcanic rock almost totally replaced by carbonate and silica.
- 78.0 - 82.9m Fault contact.
- 80.0 - 86.0m Upper Cretaceous or Early Tertiary quartz monzonite intrusive.

Mineralization:

- 0.6 - 6.0m 10% quartz veining, 3% pyrite.
- 40.2 - 43.3m 7% " " , 1% " .
- 73.8 - 76.8m 10% " " , 3% " .

PDH 85-2 This hole was drilled at 300 degrees azimuth at minus 88 degrees to a depth of 28 metres on the Brussels 1 mineral claim.

- 0.3 - 22.0m Upper Cretaceous or Early Tertiary quartz monzonite intrusive.
- 22.0 - 28.0m Nicola Group trachyandesite.

Mineralization:

- 3.7 - 6.7m 30% quartz veining, 5% pyrite.
- 6.7 - 15.8m 10% " " , 1½% " .

PDH 85-3 This hole was drilled at 113 degrees azimuth at minus 70 degrees to a depth of 19 metres on the Brussels 1 mineral claim.

- 0.6 - 12.8m Highly carbonate altered Nicola Group andesite.
- 12.8 - 19.0m Much less carbonate altered Nicola Group andesite.

Mineralization:

- 0.6 - 3.7m 25% ankerite veinlets.

MAY 1985 DRILLING PROGRAM - Continued

PDH 85-4 This hole was drilled at 322 degrees azimuth at minus 80 degrees to a depth of 92 metres on the Brussels 3 mineral claim.

- 1.8 - 92.0m Entirely within Nicola Group volcanic rock.
- 1.8 - 40.2m Moderately to highly altered andesite.
- 40.2 - 64.6m Moderately to highly altered fine grained tuff.
- 64.6 - 92.0m Slightly to moderately altered trachyte.

Mineralization:

- at 21 m Fault.
- 25.0 - 43.3m 10 to 20% silica replacement.
- 43.3 - 46.3m 5% quartz veining, 1% pyrite.
- 55.5 - 61.6m 5% " " , 2% " .
- 79.9 - 82.9m 10% " " , 1½% " .
- at 92m End of hole due to limit of available drill rods.

PDH 85-5 This hole was drilled at 200 degrees azimuth at minus 60 degrees to a depth of 67.4 metres on the Brussels 4 mineral claim.

- 0 - 17.4m Overburden.
- 17.4- 67.4m Nicola Group basalts and andesites.
- 65.8- 67.4m Major fault and water channel. Hole abandoned short of target.

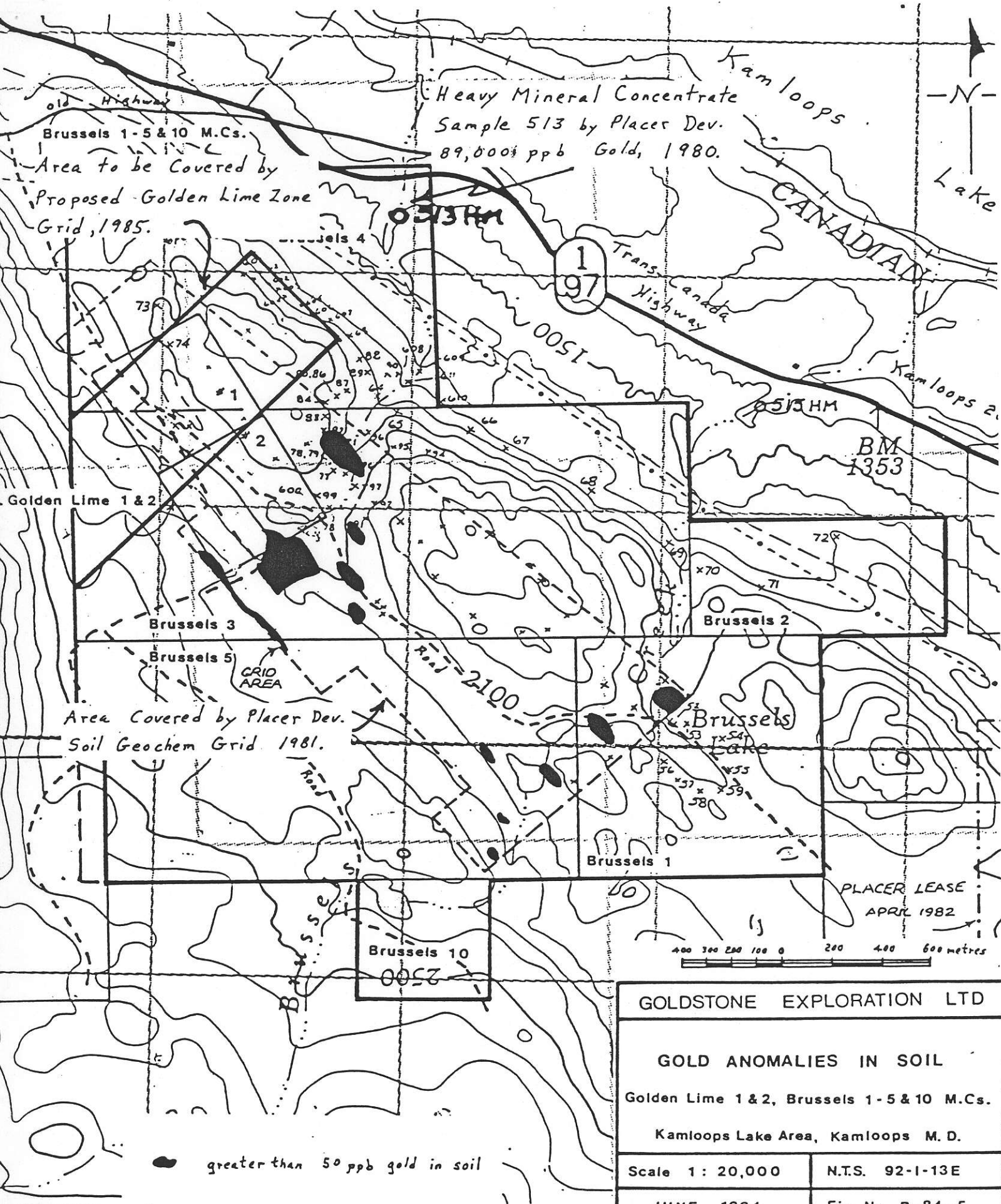
Drill Hole PDH-5 was a disappointment in that it had to be abandoned short of its target at 67.4 metres due to a heavy water flow from a wide fault zone. The carbonate altered bluff rising above PDH 85-5 had yielded the best gold (1775 ppb) and arsenic values (400 ppm) during the September, 1984 surface sampling program.

DISCUSSION OF EXPLORATION TO DATE

Although the May drilling program did not intersect any ore grade mineralization the drill holes did prove that the carbonate-silica replacement zones are sizeable, and that they do represent epithermal systems peripheral to intrusives. The fact that precious metals are associated with these epithermal systems is illustrated at the Newmont Exploration Sprout prospect just 45 metres west of Brussels #3 mineral claim boundary, and at the "cliff showing" above PDH 85-5 on the Brussels #4 mineral claim. Assays of 3.2 g/tonne gold and 65 g/tonne silver have been obtained from the Newmont prospect, while 1.7 g/tonne gold have been obtained from Goldstone's Cliff Showing.

A series of discontinuous carbonate alteration zones lie between the Newmont prospect and the Cliff Showing. The zones were probably aligned at the time of formation, but they have since been offset 100 to 200 metres by northwesterly striking faults. In places the late faulting has produced narrow graben valleys that are now infilled by glacial material. For further reference the newly identified zone (aligned zones) has been named the Golden Lime Zone.

Figure B-84-5 with the original Engineer's Report has been re-submitted with this report, because it shows the distribution of gold in soil in amounts of greater than 50 parts per billion. It may be seen that a series of anomalous gold zones lie 500 to 700 metres southwest of the newly identified Golden Lime Zone. These soil anomalies in deep glacial overburden have heretofore never been explained. A very high gold value (89,000 ppb) obtained by Placer Development from a creek, in a heavy mineral concentrate sample, on the Brussels 4 mineral claim, has, likewise, never satisfactorily been explained. The creek, however, passes through the region of elevated gold values in soil, and the gold anomalies in soil lie "down glacier" from the Golden Lime Zone. The silt and soil geochemical data indicate that the Golden Lime Zone is definitely worthy of further exploration.



GOLDSTONE EXPLORATION LTD	
GOLD ANOMALIES IN SOIL	
Golden Lime 1 & 2, Brussels 1-5 & 10 M.Cs.	
Kamloops Lake Area, Kamloops M. D.	
Scale 1 : 20,000	N.T.S. 92-1-13E
JUNE 1984	Fig. No. B-84-5

CONCLUSIONS AND RECOMMENDATIONS

Anomalous gold values obtained from silt and soil sampling by Placer Development Ltd. on Goldstone Exploration's Brussels property have never been satisfactorily explained, and there is a need for further exploration on the property. Data collected from on, and near, the property in recent months and outlined previously in this report, indicates that the Golden Lime Zone offers the most potential as an exploration target on the large Brussels property at this point. A revised Phase III work program involving grid lay-out, geochem surveying, magnetometer and VLF-EM surveying, and geological mapping is proposed for the Golden Lime Zone. The geochem program will involve the collecting of rock chip samples where possible, and soil samples where bedrock is not available. All samples will be analyzed for gold (fire assay), and arsenic. The purpose of Phase III work is to delineate a gold exploration drill target.

A Phase IV program of diamond drilling is recommended contingent upon positive results being obtained during Phase III.

Detailed exploration elsewhere on the Brussels property should await the results obtained from the Golden Lime Zone.

REVISED PHASE III EXPLORATION

As indicated earlier the revised Phase III exploration program should be confined to investigating the potential of the Golden Lime Zone on the northern portion of the property. To this end a flagged Baseline should be established at 230 degrees azimuth from the site of PDH 85-5, for a distance of 1.5 km, to the west boundary of the Brussels property (to a point near Newmont's Sprout prospect). Flagged grid lines at 100 metre intervals should be established at right angles to the Baseline, and survey stations should be marked at 25 metre intervals along each grid line for 250 metres on either side of the Baseline.

Geological mapping should be conducted over the 1.5 square kilometre grid area in an effort to determine the formational and structural controls of the carbonate alteration zones. An attempt should also be made to determine the amount of offsetting of the zones occurring along the northwesterly striking faults. Special attention should be given to the search for classical epithermal alteration patterns.

A VLF-EM ground survey should be conducted over the entire new grid area in an effort to define a fault structure that might align with the carbonate alteration zones. The northwesterly striking fault zones might also be better outlined by such a survey.

A magnetometer ground survey conducted over the new grid should be useful in distinguishing the carbonate altered (mag low) zones from the unaltered Nicola Group basalts and andesites that are believed to have a high magnetic content. This survey will be particularly useful for outlining suspected carbonate altered zones within the graben valleys that are infilled by glacial material.

A geochemical survey involving the collecting of rock chips, or if unavailable, soil samples from the B-horizon, at 50 metre intervals along the easternmost and westernmost grid lines is recommended (the central area has already been sampled by Placer Development Ltd. crews). The samples should be analyzed for

Continued . . .

REVISED PHASE III EXPLORATION - Continued

gold (fire assay) and arsenic. The arsenic is expected to be a good pathfinder for gold mineralization on the property.

An analysis of the results from all of the above listed surveys should be completed before proceeding to Phase IV.

PHASE IV EXPLORATION

Contingent upon favorable results being obtained during Phase III, the collecting of fill-in geochemical samples at 25 metre intervals along the established grid lines should be carried out to further define target areas. The new samples should also be analyzed for gold and arsenic. N.Q. Diamond drilling of at least two drill holes to depths of 100 to 130 metres should be considered if warranted by the results of the Phase III exploration.

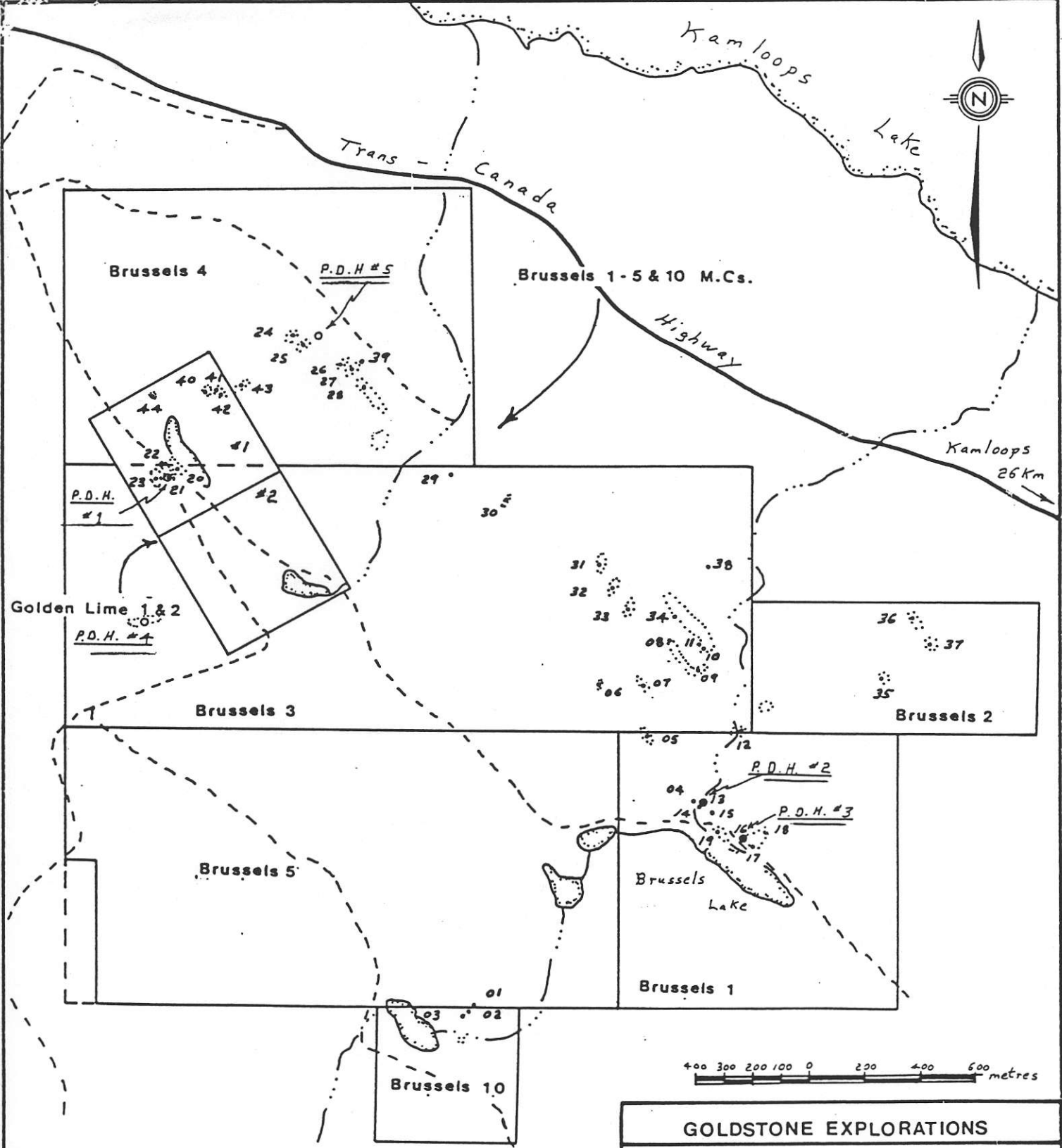
SUMMARY OF RECOMMENDATIONS

A revised two phase program is recommended for the property with the new Phase III program as follows:




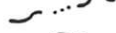


1. Lay out a 1.5 km flagged baseline at 230 degrees azimuth from PDH 85-5 to the west boundary of the Brussels property (to a point near Newmont's Sprout prospect), and establish flagged grid lines at right angles to the baseline at 100 metre intervals. Stations should be marked at 25 metre intervals along the grid lines.
2. Use the control grid for geological mapping.
3. Conduct a magnetometer and VLF-EM survey over the entire new grid area.
4. Collect rock chip samples, or, if unavailable, soil samples from the B-horizon, at 50 metre intervals along the easternmost and westernmost grid lines (the central area has already been sampled by Placer Development Ltd. crews).
5. Have the rock or soil samples analyzed for gold (fire assay) and arsenic.

Based on positive results from Phase III, Phase IV exploration would consist of:

1. Collecting fill-in geochemical samples at 25 metre intervals along the grid lines in areas indicated to be anomalous during Phase III work, and analyzing the samples for gold (fire assay) and arsenic.
2. Diamond drilling two holes to test the two best gold anomalies defined by Phase III exploration.



— Legend —

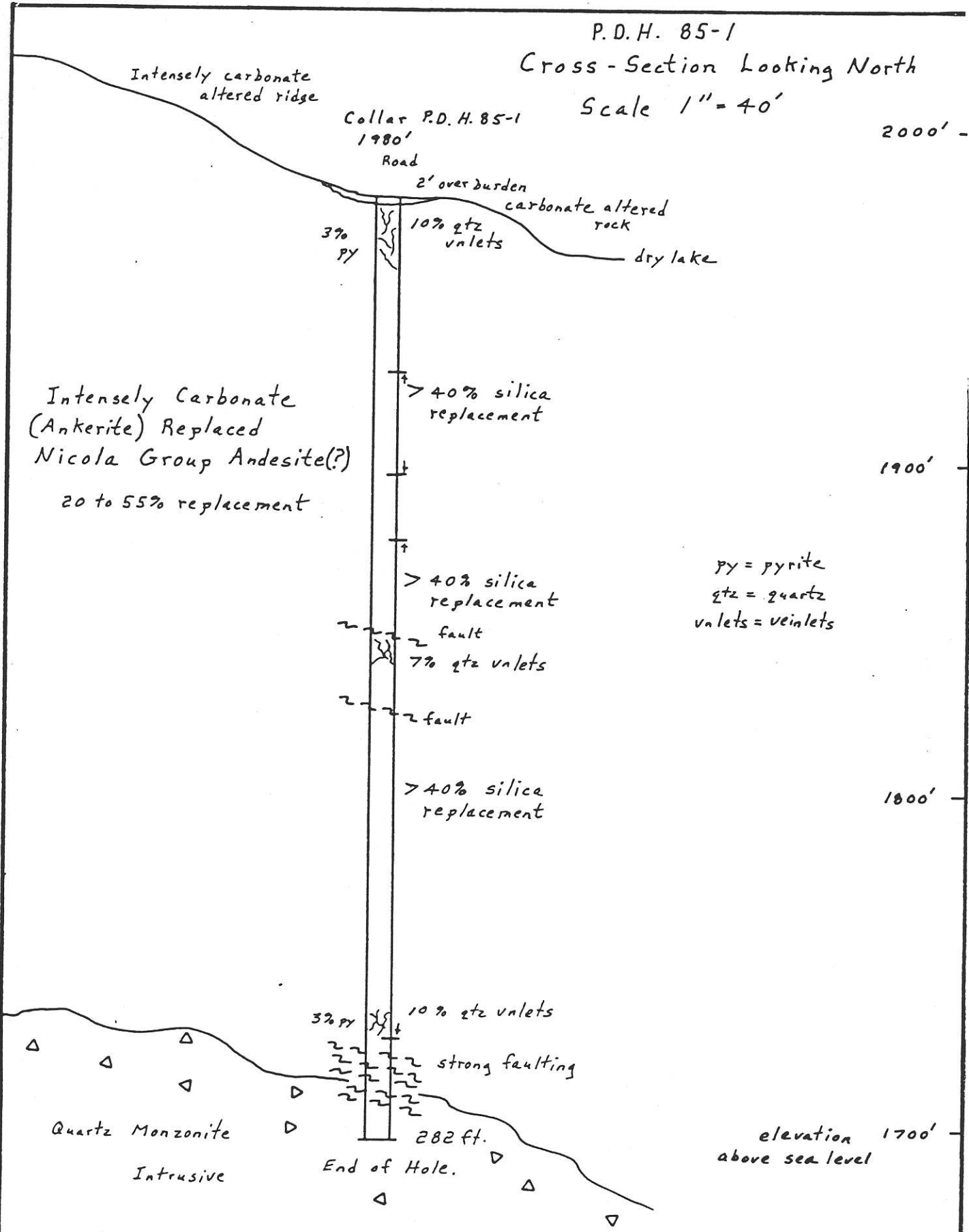
-  carbonate alteration zones
-  sample sites, Sept./84
-  roads
-  intermittent creeks
-  lakes, ponds.
-  Percussion Drill Holes May 1985.

GOLDSTONE EXPLORATIONS	
CARBONATE ALTERATION ZONES & SAMPLE SITES	
Golden Lime 1 & 2, Brussels 1-5 & 10 M.C.s.	
Kamloops Lake Area, Kamloops M.D.	
Scale 1 : 20,000	N.T.S. 92-1-13E
Sept. 1984	Fig. No. B-84-8

P.D.H. 85-1
 Cross-Section Looking North

Scale 1" = 40'

2000' -



Intensely Carbonate
 (Ankerite) Replaced
 Nicola Group Andesite(?)
 20 to 55% replacement

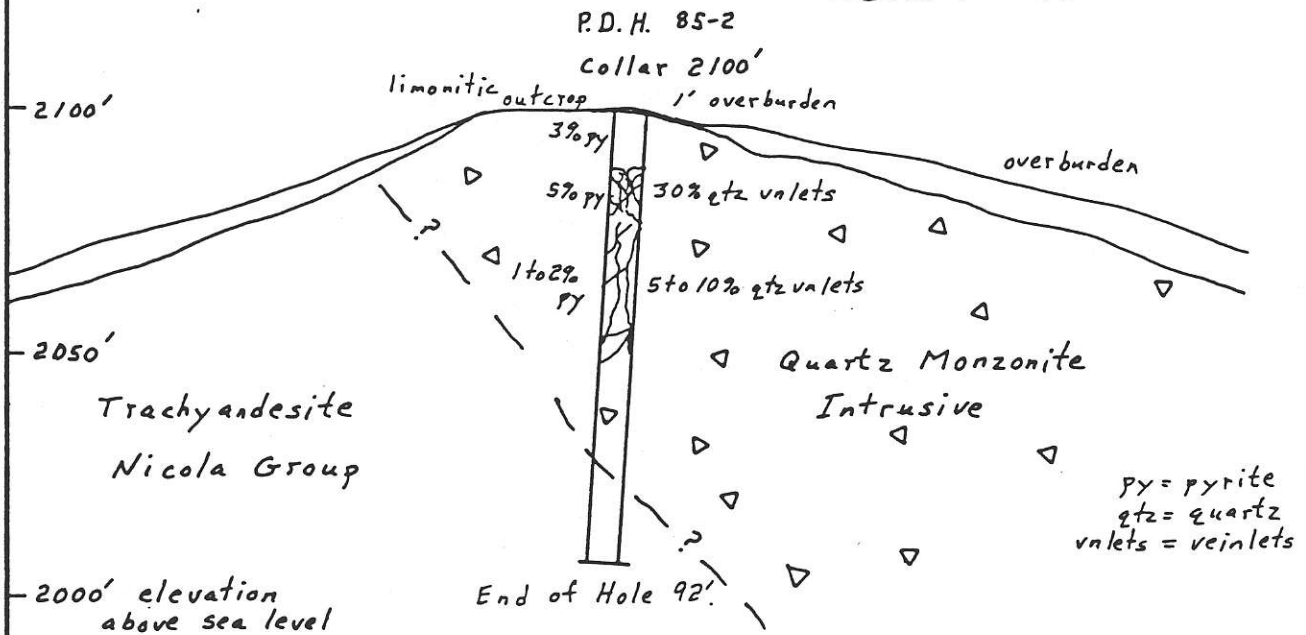
py = pyrite
 qtz = quartz
 vnlets = veinlets

M.M.

P.D.H. 85-2

Cross-Section Looking N.E. (030°)

Scale 1" = 40'



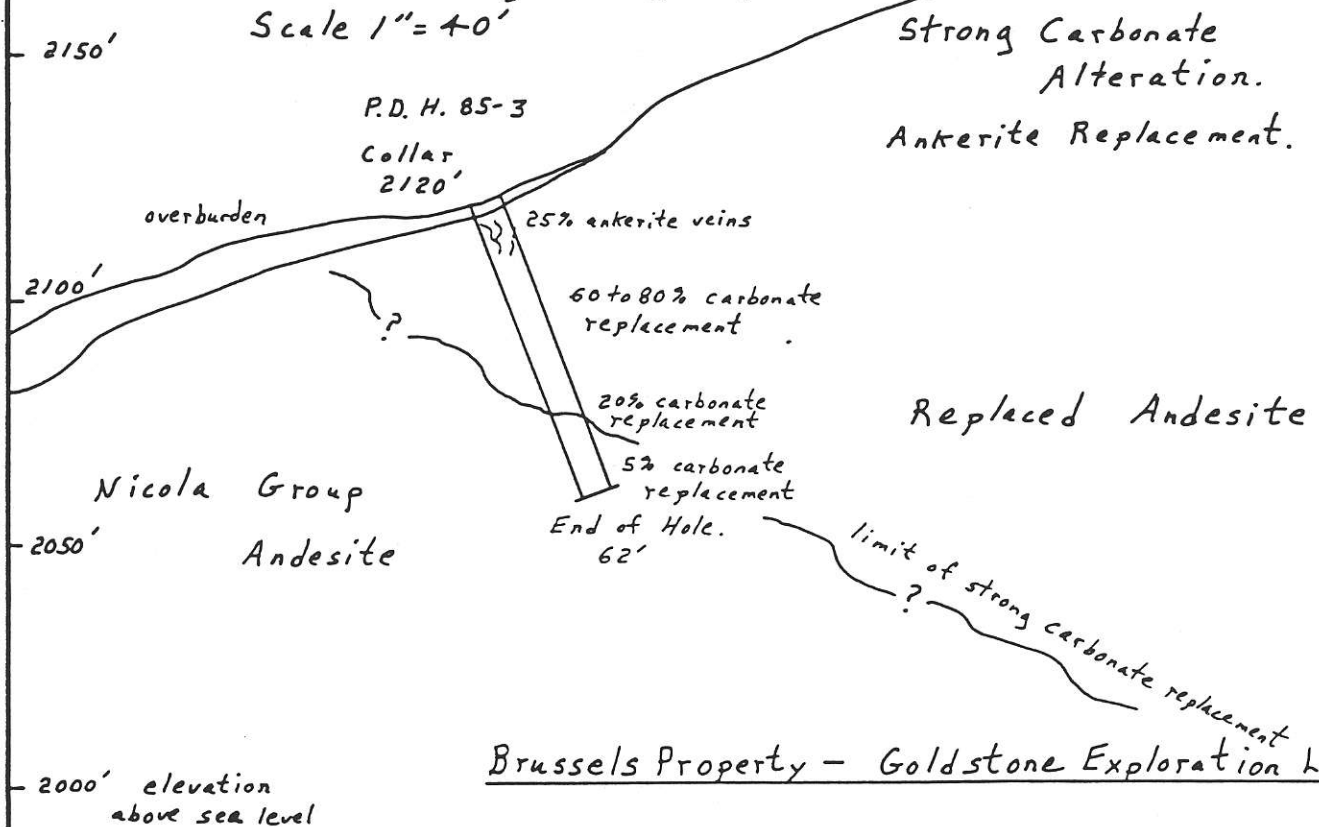
Brussels Property - Goldstone Exploration Ltd. 1985

M.M.

P.D.H. 85-3

Cross-Section Looking N.E. (023°)

Scale 1" = 40'



Brussels Property - Goldstone Exploration Ltd.

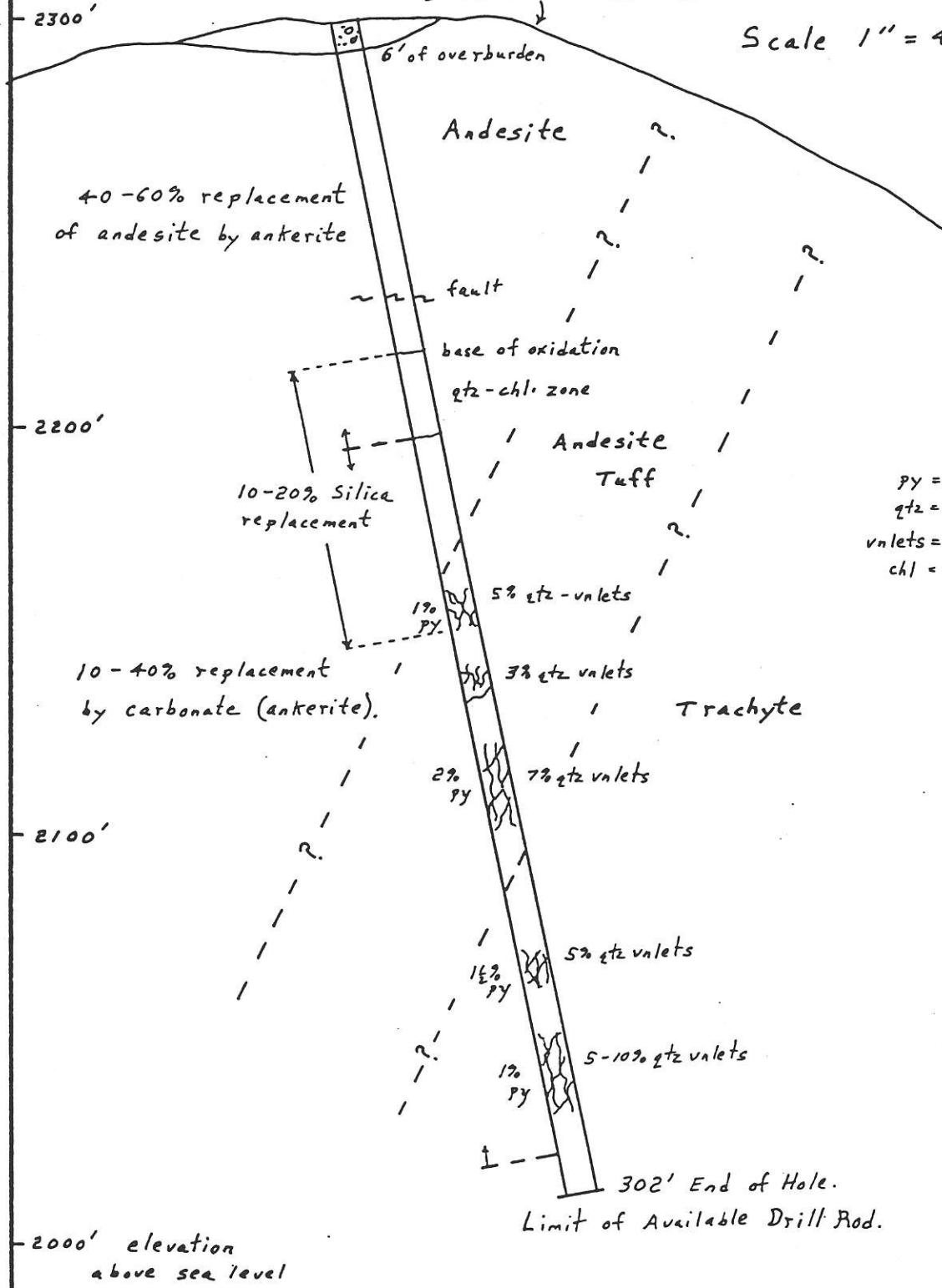
1985 M.M.

P.D.H. 85-4

Cross-Section Looking S.W.
(232°)

Scale 1" = 40'

P.D.H. 85-4
collar at
2300' strong carbonate alteration



Brussels Property - Goldstone Exploration Ltd.

1985

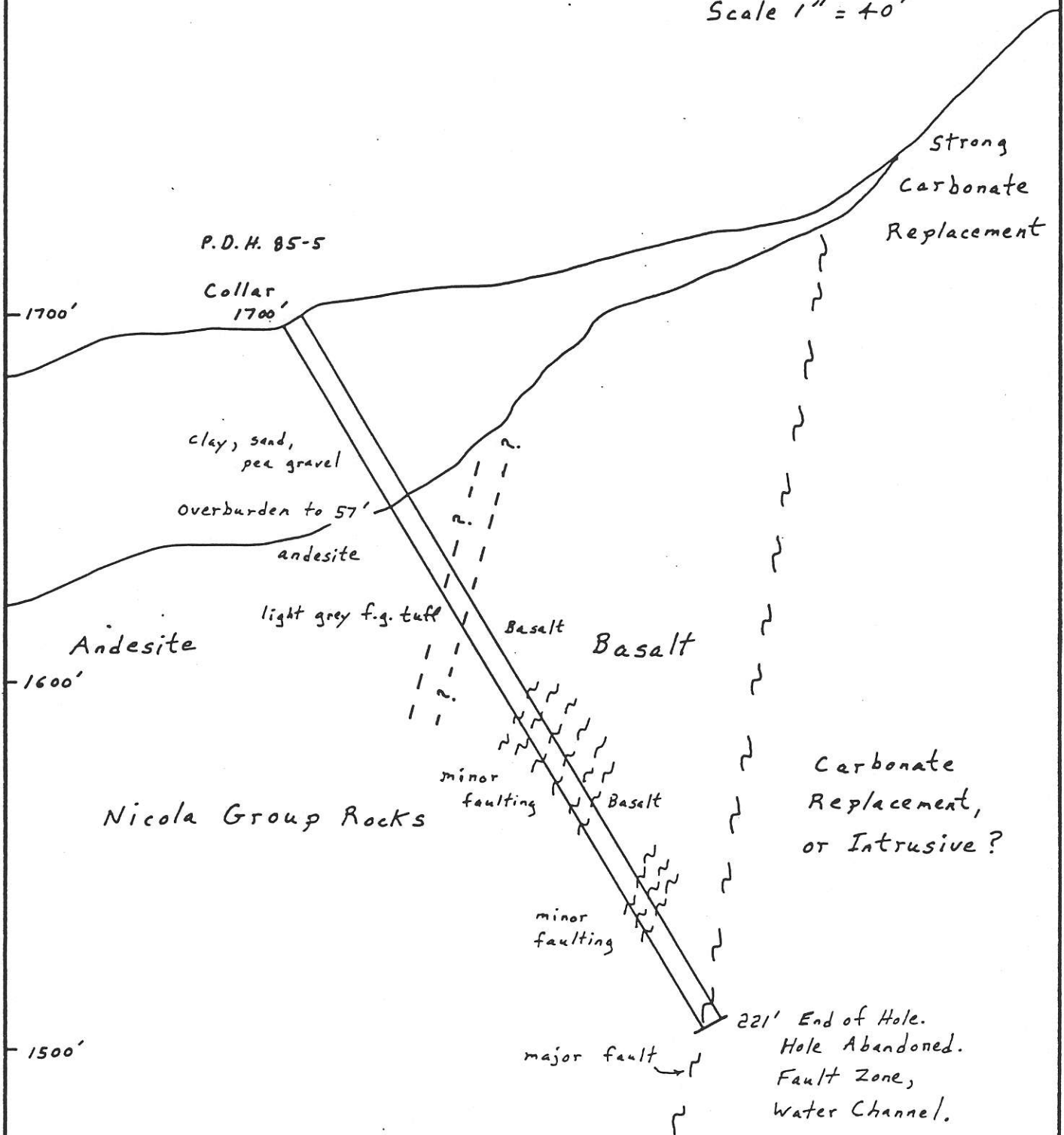
M.M.

P.D.H. 85-5

Cross-Section Looking East (110°)

Scale 1" = 40'

1800' elevation
above sea level



Brussels Property - Goldstone Exploration Ltd. 1985

M.M.