

*Strong  
weak gold  
zone.*

Skum Lake  
920/13E

680406

**SUMMARY REPORT**  
on the  
**NEWTON MINERAL CLAIMS**  
**CLINTON MINING DIVISION**  
**BRITISH COLUMBIA**  
NTS 92 0/13E  
51°48' N. LATITUDE  
123°37' W. LONGITUDE

for

**VERDSTONE GOLD CORPORATION**  
Suite 310, 1959 - 152nd Street  
Surrey, B.C.  
V4A 9E3

by

Donald F. Penner, B.Sc., P.Geo.

August 7, 1991

*Bert: Here is the latest on the Skum  
Lake property - the last two pages  
concerning the 1991 trenching are the  
most interesting - as you can see  
it has significant implications for  
our Moss project (its on the  
creek feature)*

*Jim*

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## 1.0 INTRODUCTION

D.F. Penner Geological Consulting Ltd. was retained by Verdstone Gold Corporation to compile available information on the Newton property and to make recommendations for further exploration. The author conducted a field examination of the property on July 27, 1991 to verify previous work, to observe the geology, mineralization and alteration exposed in outcrop and trenches, to take several verification samples and to examine the Legal Corner Post of the Newton I and Newton 4 claims.

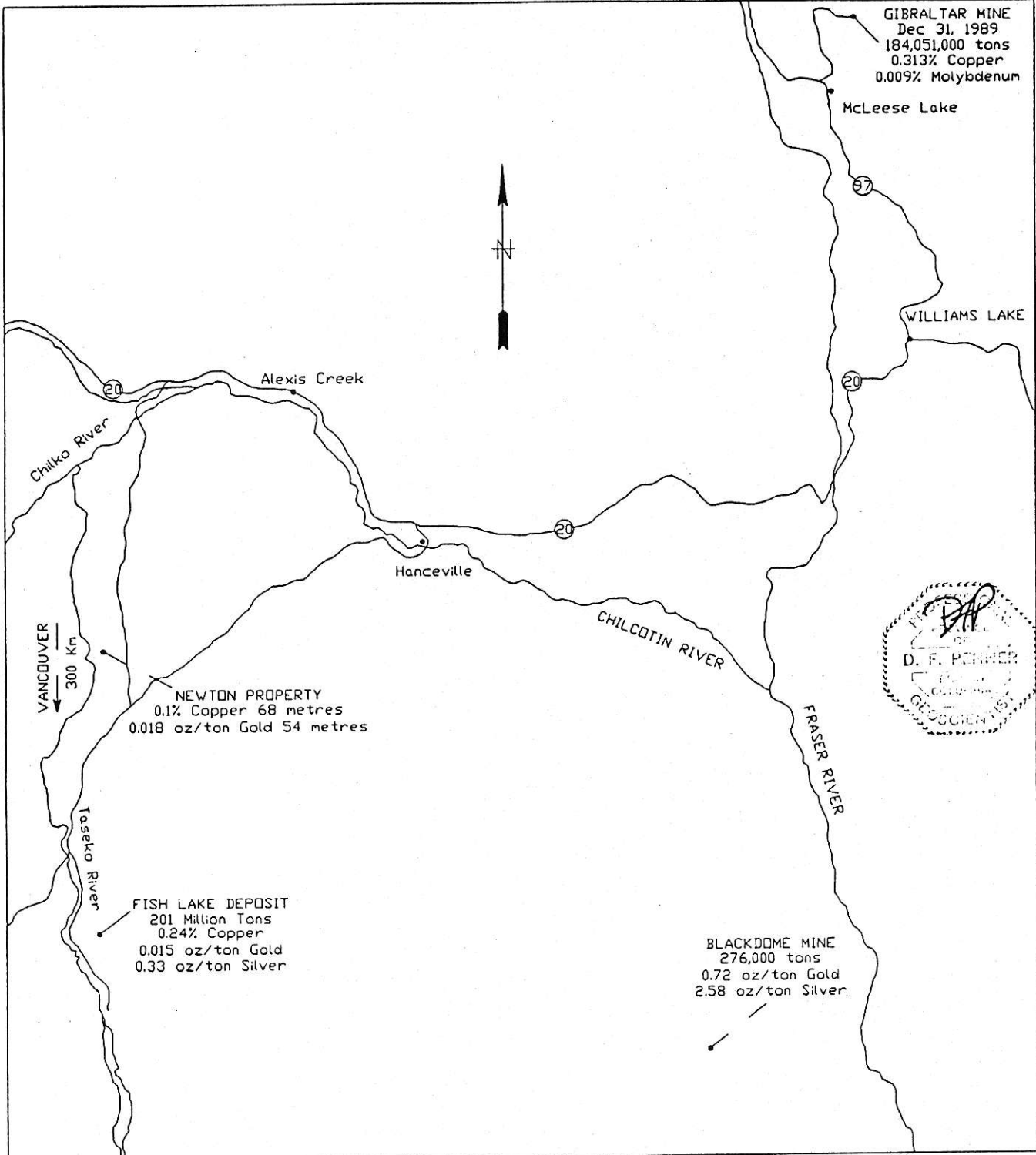
The property was acquired to explore an extensive hydrothermal alteration zone centred around Newton Hill in the Chilcotin Region of British Columbia. There is potential for this zone to host epithermal gold and/or porphyry copper-gold deposits similar in nature to those at the Blackdome Mine, located 80 kilometres southeast, and at the Fish Lake deposit, located 38 kilometres south. Original published reserves of the Blackdome Mine were 276,000 tons grading 0.72 oz/ton gold and 2.58 oz/ton silver. Published reserves of the Fish Lake deposit are 201 million tons grading 0.24% copper, 0.015 oz/ton gold and 0.33 oz/ton silver.

The Newton property encompasses an area underlain by volcanic and clastic rocks of the Upper Cretaceous Kingsvale Group, which have been intruded by hypabyssal to plutonic siliceous felsic intrusions of Eocene age. A 2 kilometre diameter hydrothermal alteration zone, characterized by sericite, kaolinite and quartz in highly fractured volcanoclastic and intrusive rocks, underlies much of the Newton Hill promontory. Previous work by Cyprus Explorations in 1972 indicated that much of this alteration zone contained greater than 5% sulphides. A major trenching program conducted for Rea Gold in 1990 also exposed significant mineralization.

## 2.0 LOCATION, ACCESS and PHYSIOGRAPHY

The Newton claims are located (Figure 1A) in the Clinton Mining Division, British Columbia, approximately 37 kilometres west-southwest of the community of Hanceville and 105 kilometres west-southwest of the city of Williams Lake. The claims are centred at 51 degrees 48 minutes north latitude and 123 degrees 37 minutes west longitude (NTS map sheet 92 O/13E).

The property is readily accessible from Williams Lake by two different routes. The first follows Highway 20 to Hanceville where the Taseke Lake access road branches off to the southwest. At approximately 48 kilometres along the Taseke Lake road, a rough four-wheel-drive trail to Scum Lake branches northwest, and after 8 kilometres bisects the Newton property from the south. The second route follows Highway 20 for approximately 120 kilometres west from Williams Lake, where the Weldwood 7000 logging road branches off to the south, crossing the Chilko River at the Siwash Bridge. The 7000



SCALE 1:750,000  
 500 0 500 1000 1500

VERDSTONE GOLD CORPORATION  
 NEWTON PROPERTY  
 LOCATION MAP

NTS 92 0/13E  
 Figure 1A

road ends at 28 kilometres and turns into a narrow four-wheel-drive trail which, after a further 11 kilometres, bisects the Newton property from the north. Previous exploration trails and a bulldozed seismic line provide good access on the property.

The physiography of the Newton property is dominated by Newton Hill, a dome shaped hill some four kilometres in diameter, which protrudes about 150 metres above the surrounding Fraser Plateau. Elevations on the property range from 1200 metres at Scum Lake to 1361 metres at the summit of Newton Hill.

Vegetation on the Newton property is characterized by open, mature forests of Douglas fir at higher elevations and lodgepole pine at lower elevations with willow in swampy areas. The undergrowth consists largely of grasses with occasional juniper bushes.

The Newton property provides adequate area for mine/mill development and for waste rock or tailings disposal. The Taseko River, two kilometres west of the property, could provide ample water for development. Power lines pass within 35 kilometres of the property. This area of the Chilcotin is not indicated as a proposed park.

### 3.0 PROPERTY STATUS and OWNERSHIP

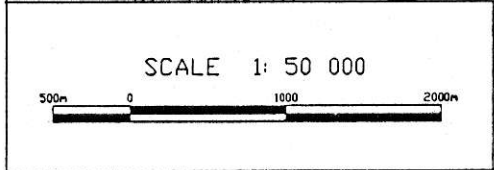
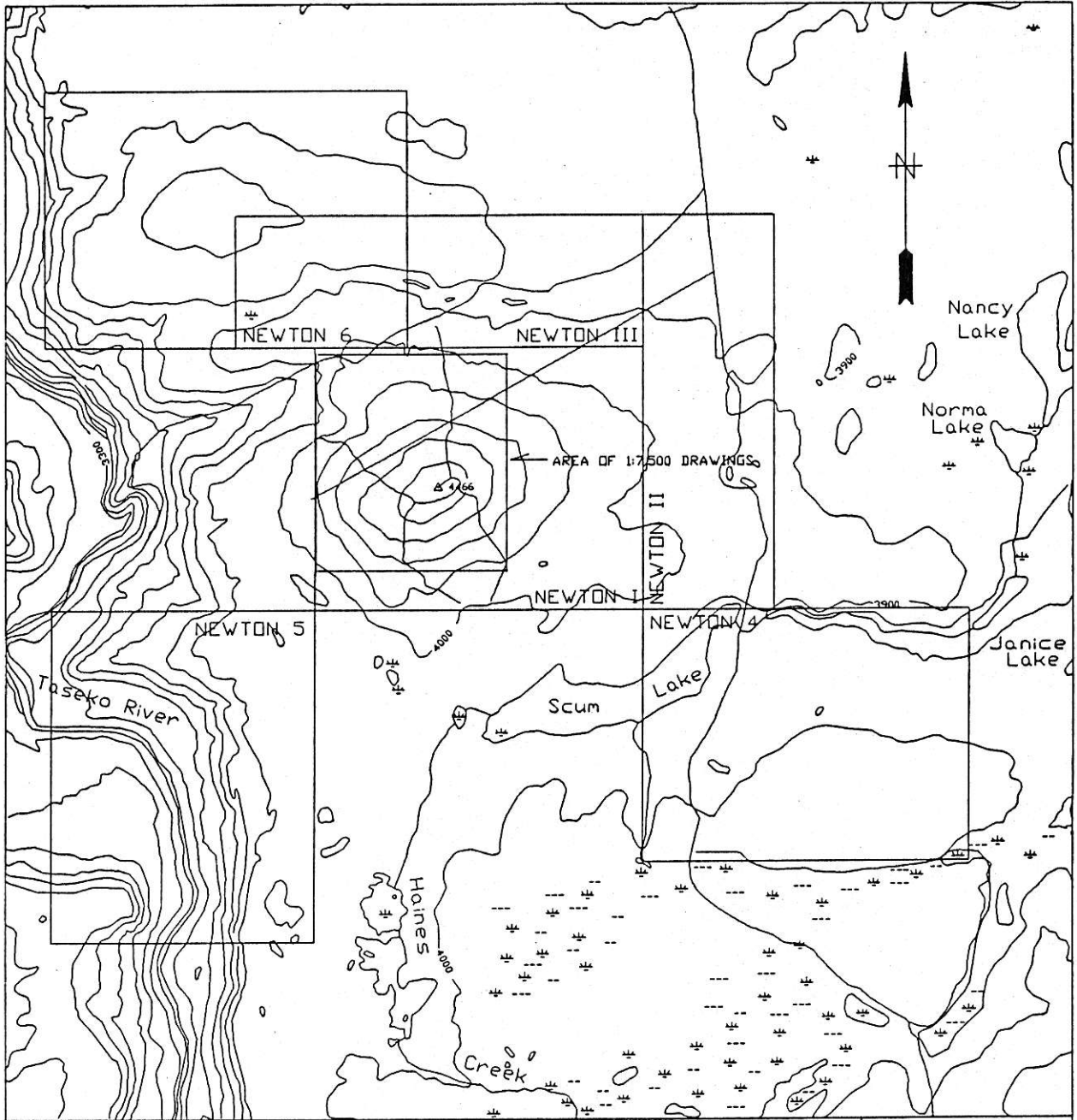
The Newton property consists of 6 contiguous Modified Grid mineral claims totalling 104 units and covering 2600 hectares (6424 acres). On July 26, 1991, the author examined each of the claim records for the Newton 1 to 6 claims at the government agent office in Clinton, B.C. The details are summarized below and the relative claim locations are outlined on the claim map (Figure 1B) at 1:50,000 scale.

TABLE 1: CLAIM INFORMATION

CLAIM NAME	RECORD NO.	NO. OF UNITS	DATE OF RECORD	YEAR OF EXPIRY
NEWTON 1	2408	20	09/14/87	1995
NEWTON 2	2774	12	10/09/88	1995
NEWTON 3	2775	12	10/11/88	1995
NEWTON 4	3576	20	02/05/91	1992
NEWTON 5	3577	20	02/06/91	1992
NEWTON 6	3578	20	02/05/91	1992

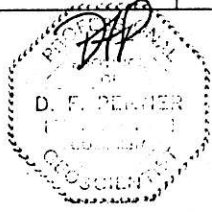
Rea Gold Corporation is the registered owner of the Newton mineral claims and has reportedly granted an option to Verdstone Gold Corporation to earn an interest in the property.

The author also made a field examination of the Newton 1 and Newton 4 Legal Corner Posts. The author believes that the claims were



VERDSTONE GOLD CORPORATION  
 NEWTON PROPERTY  
 LOCATION MAP

NTS 92 0/13E  
 FIGURE 1B



staked in accordance with the British Columbia Mineral Tenure Act and that the claims are not presently the subject of any legal dispute.

#### 4.0 PREVIOUS EXPLORATION

A description of the property area is first given in the 1916 B.C. Department of Mines report which documents a Mr. Newton working on Newton Hill, and obtaining gold assays of \$1 to \$3 per ton (ie. up to 0.1 ounce per ton). His work is still evident: both the Newton Shaft, a small shaft near the top of Newton Hill, and some open cuts remain. Mr. Newton probably accessed the property from his ranch to the north, the Newton Place, which is located just north of the Siwash Bridge.

The claims on Newton Hill were held by several people after Newton's time, but the first documented work was in 1971 and 1972 by Cyprus Exploration Corporation, who conducted geological mapping, induced polarization and magnetometer surveys followed by drilling of 10 BQ diamond drill holes totalling 1615 metres. The objective of this program was to explore for a supergene enriched, porphyry copper deposit. Feldspar porphyry intrusives with related hydrothermal alteration and a leached cap up to 30 metres thick were investigated. The induced polarization survey indicated a large zone around Newton Hill interpreted to contain 5% sulphide mineralization. The diamond drill program was conducted to test these high sulphide zones. The copper grades encountered were low and the claims were permitted to lapse.

In 1981, Taseko Mines Limited acquired the Ski claims, covering the Newton property and the surrounding area. In 1982, Taseko drilled 8 percussion and 4 diamond drill holes on the property. These drill holes, collared to test the outer portions of the anomalous induced polarization zones, are along the southern and western property boundary. The results of this work are discussed in Assessment Report 11,001 by J.R. Woodcock. Diamond drill hole 82-3, just inside the southern claim boundary, contained one 3 metre section of core assaying 1028 ppb gold.

Parts of the Ski claims subsequently lapsed and were then acquired by R.M. Durfeld in 1987 and 1988 as the Newton I, Newton #2 and Newton #3 minerals claims. New potential for an economic gold and/or copper deposit was seen. Initially, 82 soil samples and 129 rock samples (outcrop and 1972 drill core) were collected and analyzed for gold and pathfinder elements. This work showed two 3 metre sections of core in hole 72-6 to contain 2300 and 2790 ppb gold respectively. The orientation soil survey indicated several zones anomalous to strongly anomalous in gold (up to 580 ppb) and mercury.

In 1989, Rea Gold Corporation entered into an option agreement with Messrs. R.M. Durfeld and A.J. Schmidt to acquire a 100% interest in the Newton property. In the fall of 1989, Rea Gold commissioned Mr. Schmidt to conduct a reconnaissance scale geochemical soil survey



on the Newton claims. A total of 218 soil samples were collected and analyzed for gold, silver, arsenic and copper. A compilation of all the soil results (1987, 1988 and 1989 programs) indicated areas on Newton Hill with anomalous to strongly anomalous gold and pathfinder elements (mercury, arsenic, copper and silver) which warranted further evaluation.

Subsequently, Rea Gold conducted further exploration in 1990 consisting of geochemical soil sampling, geological mapping and back-hoe trenching.

## 5.0 REGIONAL GEOLOGY

The regional geology of the Scum Lake area was mapped by H.W. Tipper of the Geological Survey of Canada and is published as Open File 534. This work shows the volcanic and clastic rocks of the Upper Cretaceous Kingsvale Group to be unconformably overlying a basement of Mid-Jurassic granitic rocks. Eocene felsic stocks, dykes and related volcanics intrude and overlie all rocks except the younger Miocene age plateau basalts of the Chilcotin Group. The limited outcrop in the property area is masked by these Miocene plateau basalts and glacial drift of Quaternary Age.

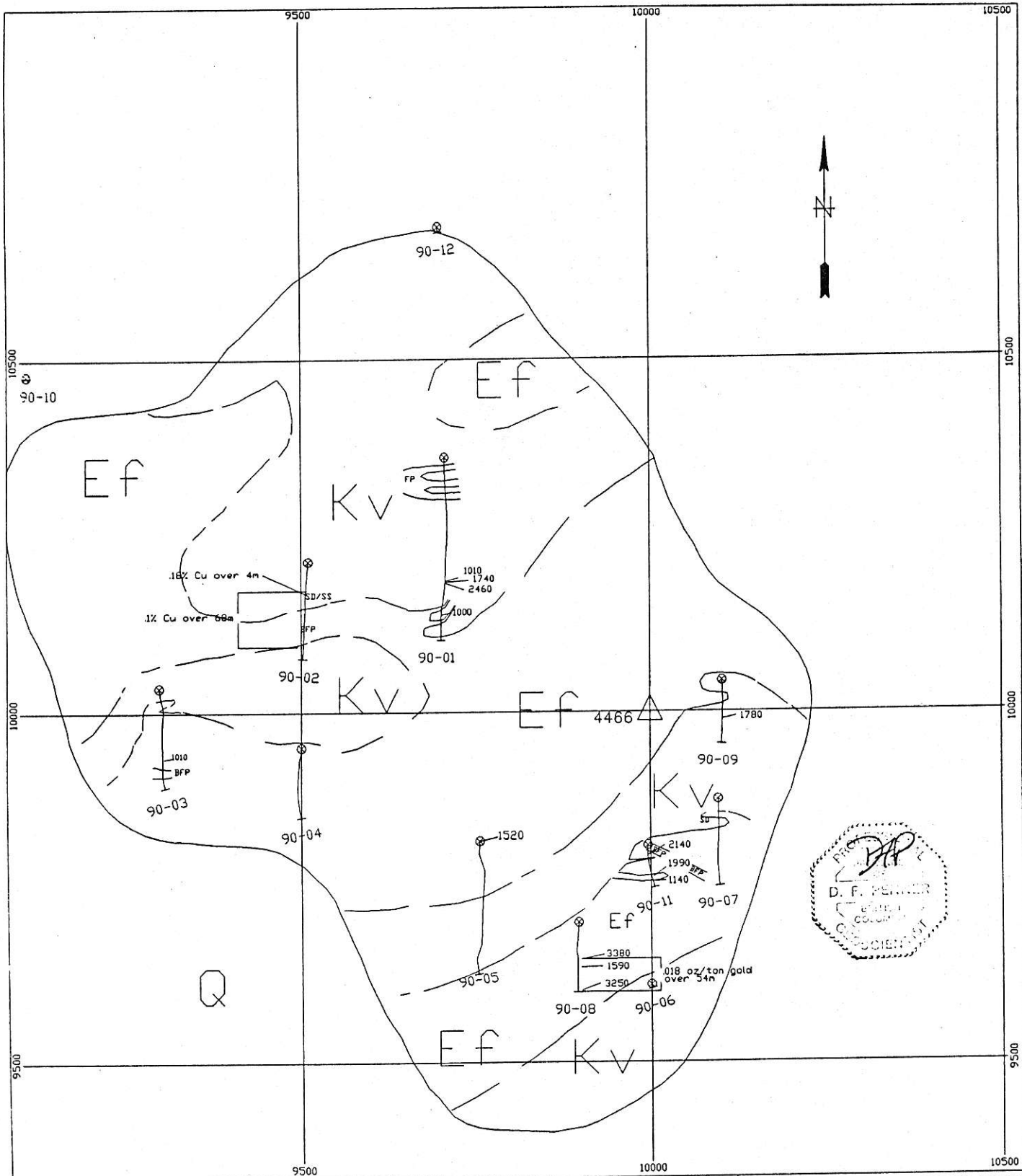
The dominant structural trend is northwesterly, parallel to the Yalakom and Chilcotin transcurrent faults, which lie south and north of the property respectively. Emplacement of the Newton Hill intrusions was controlled by this northwesterly structure, along with weaker northeasterly, easterly and north-south structures. Strong linear features on the flanks of Newton Hill are visual evidence for these structures. The hill is a topographic dome, probably related to the emplacement of the intrusive rocks. The Taseko River, immediately to the west of the Newton property, shows sharp northwesterly and northeasterly displacements from a regional north-south trend, further supporting the presence of strong structures in these directions.

Glacial striations indicate the direction of glacial movement to be north-northeast.

## 6.0 PROPERTY GEOLOGY AND MINERALIZATION

### 6.1 GEOLOGY

The initial 1:5000 scale geological mapping was done in conjunction with the grid soil sampling and is based on mapping of limited outcrop exposures and subcrop areas, as well as the prospecting of angular, local float from soil sample pits. Extensive Quaternary glacial till covers the flanks of Newton Hill and the surrounding Fraser Plateau. The trenches were mapped at a scale of 1:1000 and the lithological contacts on the 1:5000 Geology map were modified to reflect this work. The



**LEGEND**

- 4466 Mountain Peak with Elevation (Ft)
- 90-12 Location and Trace of 1990 Trenches
- 3380 2 metre sample location value in ppb gold

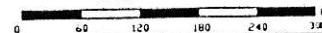
**LITHOLOGY**

- Ef - Felsic Intrusions
- BFP - Biotite Feldspar Porphyry
- FP - Feldspar Porphyry
- Kv - Kingsvale Group
- intermediate volcanics and sediments
- Geological Contact

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NEWTON PROJECT  
GEOLOGICAL PLAN

Scale 1:7500



Date: August 1991    NTS 930/13E    Figure: 2

D.F. PENNER GEOLOGICAL CONSULTING LTD

geology for the Newton property is given in Figure 2 (1:7,500 scale).

All rocks mapped on Newton Hill have undergone extensive hydrothermal alteration, making recognition of primary textures and compositions difficult.

The oldest rocks in the area are Mid-Jurassic granodiorite and andesite, and lie immediately west of the Newton property on the banks of the Taseko River.

The upper Cretaceous Kingsvale Group (Kv), formed by processes of continental sedimentation and volcanism, occurs on the Newton property as siltstone (SS), sandstone (SD), conglomerate (CNG) and intercalated tuffs (LAP).

The Kingsvale rocks have subsequently been intruded by irregular dykes, sills and stocks of Eocene age (Ef). The Eocene intrusions are felsic in composition, showing variation in texture and accessory minerals. The intrusions are often porphyritic in feldspar (F), quartz (Q) and/or biotite (B) showing both compositional and textural variation. These porphyries were mapped as quartz feldspar, quartz eye or granites representing a quartz saturated magma. In the central grid area, a medium grained biotite feldspar porphyry of monzonite composition shows no free quartz.

Megascopically, the Eocene intrusions occur as east-northeasterly trending dykes, sills or stocks with interfingered bands of Kingsvale Group rocks. Detailed mapping modifies these intrusive contacts, but also shows smaller dyke swarms with northeasterly and northwesterly trends.

## 6.2 STRUCTURE

The strongest structures in the property area are the northwesterly trending Yalakom and Chilcotin Faults with weaker structures trending northeasterly, easterly and northerly. Faults and joint sets in the property area are parallel to these major trends. Two prominent northeasterly trending fault and joint sets are most evident in a small shaft near the summit of Newton Hill. These joint sets are associated with small scale shears indicated by slickenside surfaces and narrow (up to 30 cm) fault breccia zones consisting of subangular clasts (up to 1 cm) in a fine grained limonitic matrix. The east-west distribution of the Eocene feldspar porphyry intrusions suggests that their emplacement was controlled by east-west structures.

## 6.3 ALTERATION

The geological mapping conducted in 1990 indicates the presence of a broad 2 km diameter hydrothermal alteration zone centred on

Newton Hill. The alteration products mapped are sericite, kaolinite and quartz as veining or silica flooding. Sericite and kaolinite are most common, with sericite alteration being the most intensive and extensive. Kaolinite alteration is strongest in zones of silicification and fracturing. In trenches one and two, a light green to yellow, soft, waxy mineral occurring in 1 to 2 centimetre thick veins has been identified as pyrophyllite. Secondary chlorite was noted in sections of andesitic to mafic Kingsvale rocks.

The Newton property displays strong surface weathering, as seen in diamond drill holes, to depths of 30 metres. Relict pyrite grains are common in surface samples. Bleaching of the bedrock was likely the result of acid development during the pyrite oxidation. Hematite and jarosite are two common oxide products mapped in the property.

#### 6.4 MINERALIZATION

Pyrite has been observed in only a few locations on the property, occurring as fine grained disseminations in concentrations of up to 5% of the rock. Previous drilling indicates that oxidation and leaching are nearly complete to a depth of 30 metres, and that below this level, pyrite is ubiquitous in concentrations ranging from less than 1% to 10% of the rock.

The only evidence of primary copper mineralization on the surface is trace amounts of turquoise. A thin supergene enriched layer immediately below the oxidized cap returned assay values as high as 0.2% copper in drill core.

#### 6.5 DIAMOND DRILLING

Cyprus Exploration Corporation was the first to conduct any drilling on the property. Ten holes totalling 1615 metres were drilled to test an IP anomaly around Newton Hill. Hole 72-3 intersected 40 feet of mineralization grading 0.2% copper on the edge of the IP anomaly. The rest of the holes had marginal results within the IP high. None of the samples were assayed for gold at that time.

Taseko Mines Limited subsequently acquired the property to test for copper/gold mineralization. The company drilled 8 percussion and 4 diamond drill holes in 1982. Hole 82-4, located near the southern property boundary, returned gold values of 0.015 oz/T over sixty feet, likely representing the extension of mineralization found in trench 90-8. Percussion hole 82-1 returned 45 feet of 0.023 Oz/T gold and another, hole 82-3, returned 20 feet of 0.085% copper. The remaining holes did not contain significant values and the claims were allowed to lapse.

## 7.0 GEOCHEMISTRY

### 7.1 INTRODUCTION

During the author's visit to the property, 5 check samples were taken in order to verify the presence of anomalous mineralization sampled during the 1990 trenching program. The trench walls had slumped in somewhat, making exact duplication of previous sampling difficult. A comparison of the results of the 1990 sampling and the author's check sampling are summarized in the following table. Note that the samples were assayed twice for gold.

1990 Sampling			1991 Sampling		
<u>Sample No.</u>	<u>Au (ppb)</u>	<u>Cu (ppm)</u>	<u>Sample No.</u>	<u>Au (ppb)</u>	<u>Cu (ppm)</u>
TR 01-142	1740	642	87501	240;290	193
TR 01-141	2460	320	87502	190;240	280
TR 02-240	250	1764	87503	360;410	1240
TR 08-825	3380	92	87504	310;190	98
TR 11-11124	2140	24	87505	90;10	49

The results of the check sampling verified the presence of anomalous copper and gold mineralization. Copper values correlated well with previous sampling, however, the results indicate the probability of a nugget effect for both gold and copper. Dilution from the sloughed-in trenches may also be a factor, nevertheless, the check samples did return anomalous values warranting further exploration.

Note that the geochemical contours shown on Figures 3 and 4 represent multiple sample anomalies. Previous soil surveys were conducted on lines 200 metres apart with sample stations every 25 metres over the area shown in Fig. 1B. It is presented in this manner to preserve clarity. Similarly, the trench results are displayed as histograms with only the values above 1000 ppb annotated.

### 7.2 GOLD GEOCHEMISTRY

The results for gold of the soil sampling and trenching are summarized in Figure 3.

Several areas have gold-in-soil values of greater than 150 ppb which, on the south side of the hill, correspond to subcrop of altered and silicified feldspar porphyry on a parallel northeasterly trend. Broad anomalous gold (>50 ppb) zones occur in the northwestern area with isolated highly anomalous values (up to 2120 ppb gold). Overlaying the property geology onto the geochemical map suggests that the anomalous gold zones occur in areas underlain by altered intrusives near the volcanic

contacts. These individual zones have possible widths of several hundred metres with lengths in excess of 800 metres parallel to the regional structures. The anomalous arsenic and mercury values coincident with the gold values on the south side of Newton Hill are indicative of an epithermal system.

0-05 Trenching of these gold-in-soil anomalies has shown significant gold mineralization assaying 2460 ppb (.07 oz/ton) over 2 metres or 1736 ppb (0.5 oz/ton) over 6 metres in trench 2, which tested the copper-gold anomaly in the north central grid area. Trenching of the southern gold-in-soil anomalies showed high gold values with generally lower copper values, particularly in trench 8 where a 2 metre section assayed to 3380 ppb (0.10 oz/ton) gold. This is part of a 54 metre section grading 599 ppb (.018 oz/ton) gold.

### 7.3 COPPER GEOCHEMISTRY

The results for copper of the soil sampling and trenching are summarized in Figure 4.

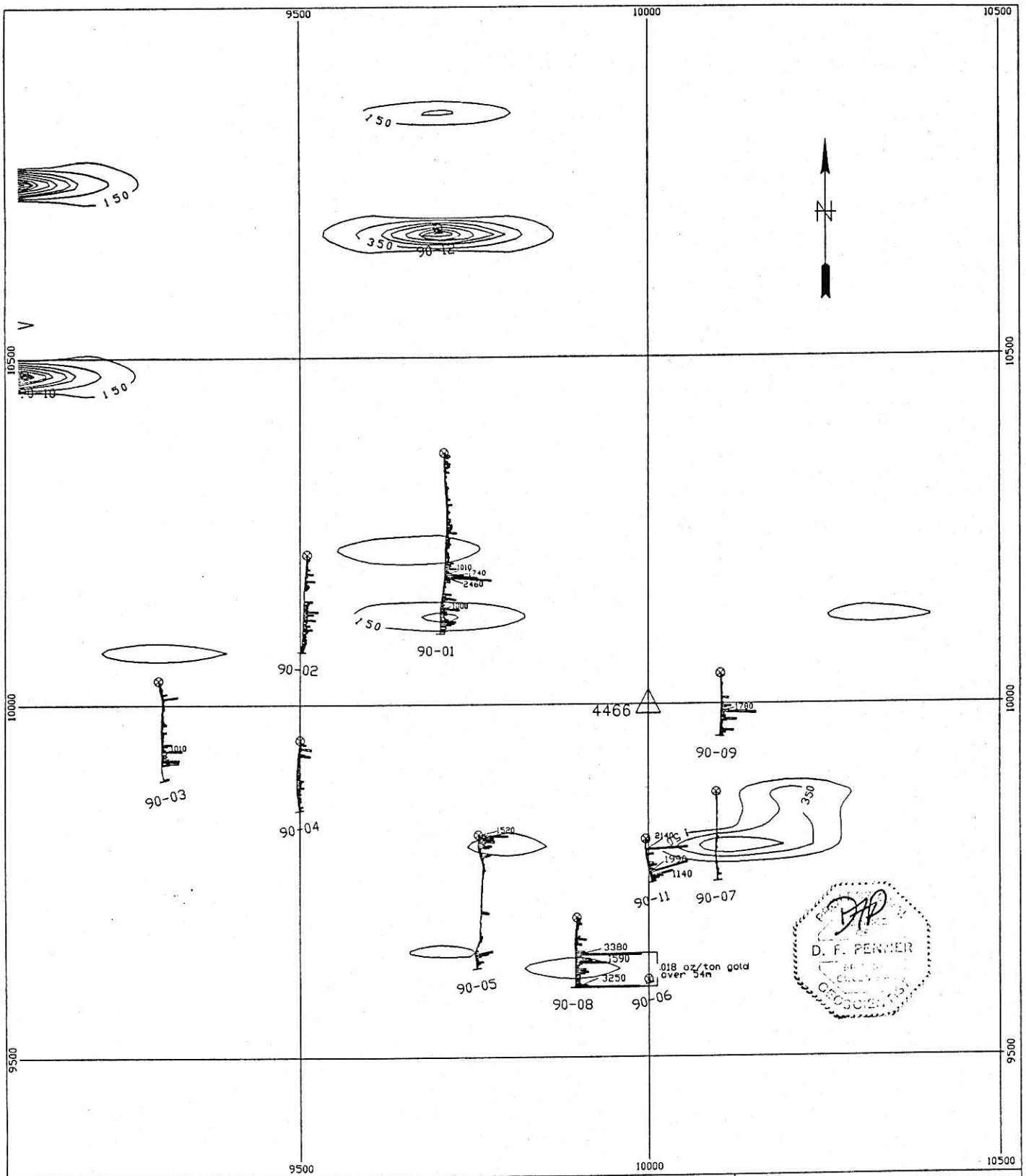
In the northwest section of the grid, a large area overlying altered intrusive and volcanoclastic rock contains anomalous copper (greater than 40 ppm) in soils covering an area 700 metres by 500 metres. Within this area, strongly anomalous copper (up to 380 ppm) occurs downslope from an altered biotite feldspar porphyry. Limited testing of this zone by trenches 1 and 2 showed this anomaly in part to be sourced by a mineralized biotite feldspar porphyry containing up to 0.18% copper and 235 ppb gold over 4 metres in a section grading 0.1% copper and 268 ppb gold over 68 metres. The copper anomaly in the east central grid area is largely untested.

Away from Newton Hill, the geochemical response is masked by thick accumulations of glacial drift.

### 8.0 GEOPHYSICS

In April 1991, Peter Walcott, of Peter E. Walcott and Associates, replotted and reviewed the results of the Induced Polarization Survey that he conducted for Cyprus Explorations in 1972. In this review, he comments on an arcuate high frequency effect anomaly along the west, north and eastern flanks of Newton Hill that would correspond to the pyritic halo of a potential porphyry system. Most of Cyprus' holes were drilled into this anomaly and encountered 5 to 10 percent pyrite with some significant copper values. In his report, Walcott suggests that "This scenario could leave a substantial area of potential porphyry copper mineralization untested as yet."

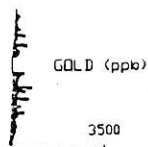
The high copper values in trenches 1 and 2 plot on the flanks of this frequency effect anomaly and the high gold values from trench 8



**LEGEND**

- 4466 Mountain Peak with Elevation (Ft)
- 90-12 Location and Trace of 1990 Trenches
- Contoured Gold in Soil (150, 350, ... ppb)

**TRENCH HISTOGRAMS (2 Metre Samples)**



**VERDSTONE GOLD CORPORATION**

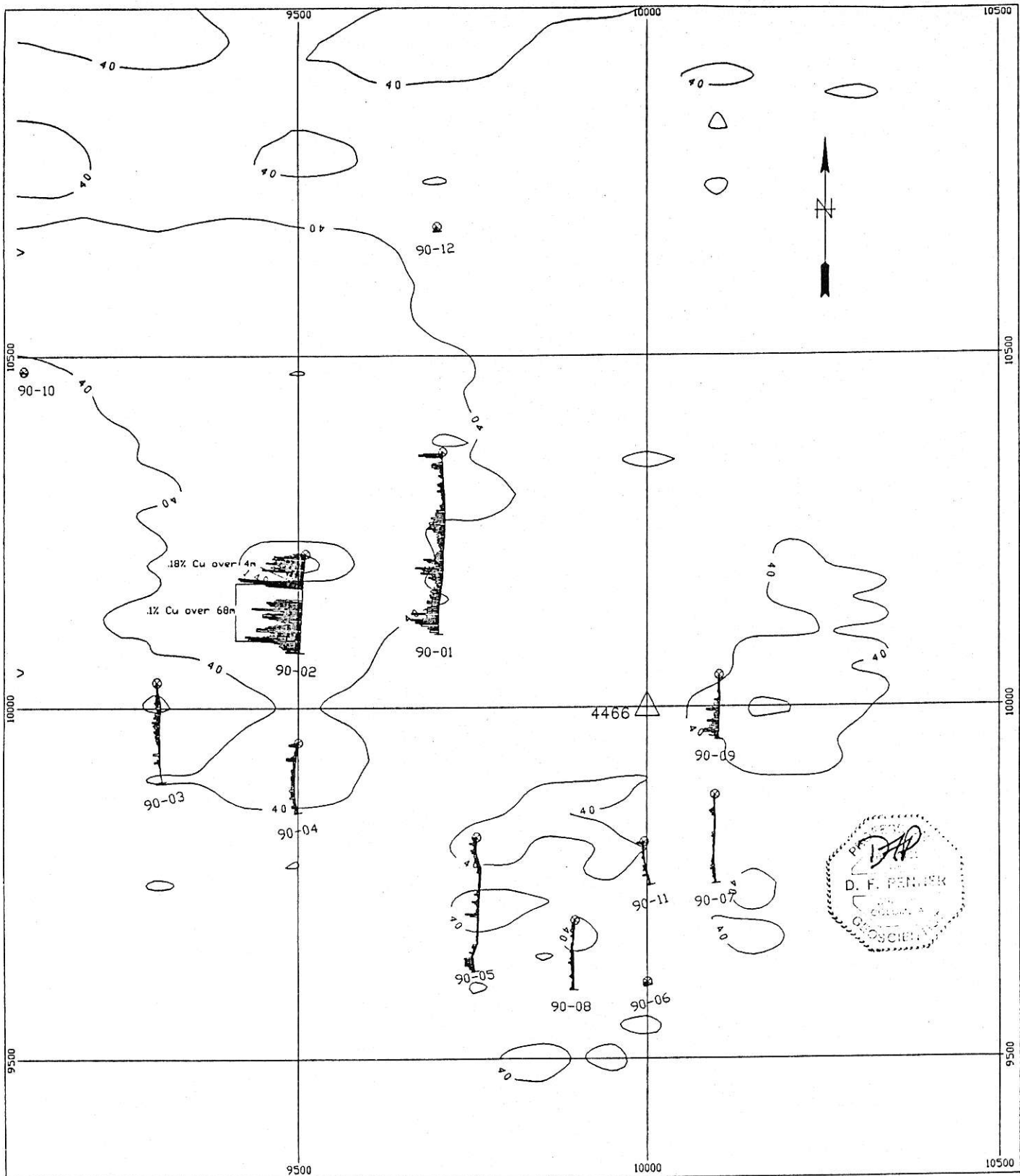
**NEWTON PROJECT  
GEOCHEMICAL PLAN**

GOLD (ppb)  
Scale 1:7500



Date: August 1991 NTS 93D/13E FIGURE 3

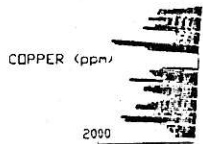
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**LEGEND**

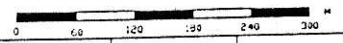
- Mountain Peak with Elevation (Ft)
- Location and Trace of 1990 Trenches
- Contoured Copper in Soil (40, 140, 240, ... ppm)

**TRENCH HISTOGRAMS (2 Metre Samples)**



**VERDSTONE GOLD CORPORATION**

NEWTON PROJECT  
 GEOCHEMICAL PLAN  
 COPPER (ppm)  
 Scale 1:7500



Date: August 1991    NTS 930/13E    FIGURE 4  
 D.F. PENNER GEOLOGICAL CONSULTING LTD



and the south side of Newton Hill would be within a frequency effect low.

Walcott also suggested conducting a reconnaissance Induced Polarization survey over the rest of the property to look for additional porphyry systems. He also noted ". . . that previous ground magnetic surveys had shown the quartz feldspar porphyry to exhibit lower magnetic relief, in particular in relation to the late Tertiary basalts", and as such, ground magnetic surveys would be of assistance in defining prospective areas.

## 9.0 CONCLUSIONS

The Newton property is underlain by volcanic and clastic rocks of the Upper Cretaceous Kingsvale Group, which were intruded by plutonic biotite feldspar porphyry and felsic hypabyssal rocks as irregular dykes, sills and stocks. The intrusive rocks represent calc-alkaline (quartz saturated) magmatism of probable Eocene age. Subsequent strong hydrothermal alteration, probably related to the Eocene intrusives have altered all rocks within a one kilometre radius of Newton Hill to sericite and kaolinite. The silicification, pyritization and gold-copper mineralization are probably related to this alteration event as well. Extensive steeply-dipping fractures and faults are present in all rocks parallel to the regional northwesterly, north-easterly, easterly and northerly structures. A zoned high level porphyry to epithermal copper-gold target best fits the Newton property.

A Fish Lake porphyry type copper-gold target is postulated for the large anomalous copper and gold zone in the northwest grid area. Trench 2 is in this area and cuts altered biotite feldspar porphyry that assayed 0.1% copper and 264 ppb gold over 68 metres. Trench 1, with anomalous copper and gold values, is 200 metres east of Trench 2. Both trenches tested a portion of a large anomalous copper zone (700 metres by 500 metres) warranting further systematic evaluation by trenching. The high gold and low copper analyses (0.18 oz/ton and 75 ppm copper respectively) over 54 metres in Trench 8 on the south side of Newton Hill, fit the high level porphyry to epithermal gold model. The extent of this mineralized zone, particularly to the south, should be tested by additional trenching. A zone of gold mineralization appears to extend from Trench 8 to 11 and remains open to the north and east of Trench 7. Additional trenching is required there as well.

Further exploration of the Newton property by backhoe trenching and induced polarization surveys followed by diamond drilling is warranted.

## 10.0 RECOMMENDATIONS

### 10.1 RECOMMENDED EXPLORATION PROGRAM

A two staged exploration program on the Newton property is warranted and recommended herein.

#### 10.1.1 Stage 1 - Target Definition

The 1990 excavator trenching program exposed mineralized rock which represents the source of several of the anomalous zones located by soil sampling. Further trenching is required to define and extend the trend of these mineralized zones prior to diamond drilling. There are areas anomalous in gold and/or copper as defined by soil sampling, which have not been investigated to date. An initial trenching program of approximately 1.5 kilometres, using a Cat 215 or equivalent excavator, would test additional targets while defining the extent and structural controls of known mineralization. Reconnaissance Induced Polarization surveys should also be conducted at this stage to define additional areas of potential sulphide mineralization.

#### 10.1.2 Stage 2 - Diamond Drilling

Contingent on favourable results from the Stage 1 program, the Stage 2 program should consist primarily of diamond drilling. This will explore the depth potential of the mineralized structures defined by the trenching and induced polarization surveys. Additional targets defined by the induced polarization surveys that have no geochemical surface expression should also be tested. An initial drill program of 900 metres should test the targets defined by the Stage 1 work.

## 10.2 PROPOSED BUDGET

STAGE 1

## Wages

Field Geologist	14 days @ \$300 =	\$ 4,200
Assistant	14 days @ \$200 =	\$ 2,800

## Camp Support

IP Crew	3 men x 6 days	
Geological staff	2 men x 14 days	
Cat operator	<u>1 man x 10 days</u>	
	56 man days @ \$50	\$ 2,800

Travel		\$ 1,000
--------	--	----------

Field Supplies & Equipment		\$ 1,000
----------------------------	--	----------

Assaying 500 samples @ \$15.00		\$ 7,500
--------------------------------	--	----------

Induced Polarization Survey 10 km @ \$900		\$ 9,000
---	--	----------

Trenching 10 days @ \$1,100		\$11,000
-----------------------------	--	----------

Report		<u>\$ 3,000</u>
--------	--	-----------------

		\$42,300
--	--	----------

Contingency @ 10%		<u>\$ 4,230</u>
-------------------	--	-----------------

		\$46,530
--	--	----------

G.S.T. @ 7%		<u>\$ 3,257</u>
-------------	--	-----------------

Total Stage 1		\$49,787
---------------	--	----------

Say		\$50,000
-----	--	----------

STAGE 2

## Wages

Field Geologist	12 days @ \$300 =	\$ 3,600
Assistant	12 days @ \$200 =	\$ 2,400
Camp Support	- 24 man days @ \$50 =	\$ 2,400
Travel		\$ 1,000
Field Supplies & Equipment		\$ 1,000
Diamond Drilling - 900m @ \$75.		\$67,500
Assaying - 450 samples @ \$15.		<u>\$ 6,750</u>
		\$84,650
	Contingency @ 10%	<u>\$ 8,465</u>
		\$93,115
	G.S.T. @ 7%	<u>\$ 6,518</u>
	TOTAL STAGE 2	\$99,633
	Say	\$100,000

TOTAL PROPOSED BUDGET

STAGE 1 & STAGE 2 \$150,000

Respectfully Submitted



Donald F. Penner, B.Sc., P.Geol.  
 Vancouver, British Columbia  
 August 7, 1991

APPENDIX A  
Bibliography

- Adamson, R.S. (1981): Preliminary Airphoto Geology of the Scum Lake Area.
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- Simpson, J.G. (1973): Scum Lake Project - Exploration and Diamond Drill Program 1972
- Tipper, H.W. (1978): Geology Taseko Lake (92 O) Map Area, Geological Survey of Canada Open File 534
- Walcott, P.E. (1991): A Review of The 1972 Induced Polarization Survey on The Newton Property, Scum Lake, British Columbia
- Wolfhard, M.R. (1976): Fish Lake - Porphyry Deposits of the Canadian Cordillera, The Canadian Institute of Mining and Metallurgy Special Volume 15
- Woodcock, J.R. (1982): Scum Lake Property - Drill Report on the Ti and Ski Claims. Assessment Report 11,001

APPENDIX B

ASSAY CERTIFICATE



REPORT NUMBER: 910137 GA

JOB NUMBER: 910137

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PAGE 1 OF 1

SAMPLE #	Cu ppm	Au ppb
87501	193	240
87502	280	190
87503	1240	360
87504	98	310
87505	49	90

DETECTION LIMIT  
nd = none detected

-- = not analysed

1  
ls = insufficient sample

5





REPORT NUMBER: 910137 GB

JOB NUMBER: 910137

D.P. PENNER GEOL. CONSULT. LTD.

PAGE 1 OF 1

SAMPLE #	Au ppb
87501	290
87502	240
87503	410
87504	190
87505	10

DETECTION LIMIT  
nd = none detected

-- = not analysed

5

ls = Insufficient sample

APPENDIX C


Certificate of Qualifications

I, Donald F. Penner, of 4715 Woodrow Crescent, North Vancouver, in the Province of British Columbia, do hereby certify that:

1. I am a Consulting Geologist with offices at 4715 Woodrow Crescent, North Vancouver, British Columbia.
2. I am a graduate of the University of British Columbia in 1976 with a Bachelor of Science degree in Geology.
3. I am a member in good standing of the Association of Professional Engineers and Geoscientists of British Columbia.
4. I am a Fellow of the Geological Association of Canada and a member of the Canadian Institute of Mining.
5. This report is based on a review of reports supplied by Verdstone Gold Corporation, government publications and assessment reports filed with the British Columbia Ministry of Mines. I conducted a field examination of the property on July 27, 1991.
6. I have no interest in the Newton Property, nor do I expect to acquire any such interest. I do not own, directly or indirectly, any shares of Verdstone Gold Corporation, nor do I expect to receive any such shares.
7. I consent to the use by Verdstone Gold Corporation of this report in a Prospectus, Statement of Material Facts or any such other document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

Dated at Vancouver, British Columbia, this 7<sup>th</sup> day of August, 1991.

Respectfully Submitted

  
*Donald F. Penner*

Donald F. Penner, B.Sc., P.Geo.

D. F Penner Geological Consulting Ltd.,  
4715 Woodrow Crescent,  
North Vancouver, B.C. V7K 3A9

Verdstone Gold Corporation,  
Suite 310, 1959-152nd Street,  
Surrey, B.C. V4A 9E3

December 12, 1991

Dear Sir:

Re: Verdstone Gold Corporation Newton Project

The Company recently completed a phase I trenching program on its Newton Hill property, as set out in the recommendations of my report dated August 7, 1991. The work was conducted from October 24, 1991 to November 7, 1991 under my direct supervision. The results of the program were most impressive, and as such, I recommend that the company proceed to the phase II program as described in the above mentioned report.

The purpose of the trenching program was to follow up and confirm results of a 1990 trenching and soil geochemistry program, and to further define the areas of mineralization to facilitate the location of targets for drill testing.

The Newton property is located approximately 105 km west southwest of Williams Lake, British Columbia. It is comprised of 6 contiguous claims totalling 104 units in the vicinity of Newton Hill, located on NTS mapsheet 92 O/13E.

The geologic setting in the Newton Hill area indicates that Upper Cretaceous volcanic and clastic rocks of the Kingsvale Group are intruded by hypabyssal to plutonic siliceous felsic intrusions of Eocene age. The Newton Hill area is characterized by an intense alteration zone approximately 2 km in diameter that occurs in highly fractured volcanoclastic and intrusive rocks. This area has the potential to host epithermal gold and/or porphyry copper-gold deposits similar to those at the Blackdome Mine, located 80 km to the southeast, and the Fish Lake deposit, located 38 km to the south.

The 1991 trenching program was carried out with a Mitsubishi backhoe. 15

trenches totalling 1.7 km in length were excavated, mapped and sampled. Bedrock was exposed in the trenches over a width of 1.5 metres and chip samples were then taken along the floor of the trench at 2 metre intervals. 838 rock samples and 10 soils were taken.

The samples were shipped to Vangeochem lab in Vancouver where they were analysed for gold by fire assay prep/atomic absorption methods, and the copper analysis was part of a 25 element ICP geochemical package.

Virtually all the trenches returned anomalous to high values in gold and copper except for trench 91-25, which did not return anomalous gold values, but did have significant copper values up to 620 ppm. The highest gold value occurred in trench 91-20 where sample 91-20-36 assayed 0.136 oz/T over a 2 m width and was part of a 10 metre interval that averaged 0.067 oz/T gold. High values of 640,1630,1860,1090,1970 and 1200 ppb were returned from trenches 91-13,14,15,18,19 and 24 respectively. These values occur in strongly altered feldspar porphyry intrusive rocks.

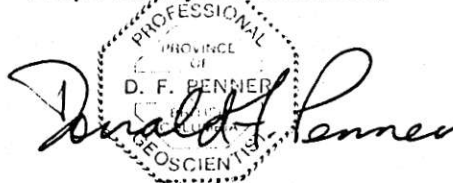
Virtually all the trenches returned anomalous to high copper values with a significant concentration seen within a biotite feldspar porphyry unit in the northwest corner of the trenching area. A high value of 3882 ppm was returned from sample 91-13-56, which is part of a strongly anomalous zone that spans more than 350 metres in length. Trenches 91-15 and 16 both have intervals of more than 100 metres that contain highly anomalous values in the hundreds of ppm.

In summary, the 1991 trenching results corroborate those from the 1990 program by extending anomalous intervals and/or filling-in between anomalous trenches. The results are highly significant in terms of grade and extent, and along with the favorable geological setting, the property offers good potential for the discovery of a significant mineral deposit.

Based on the foregoing, I recommend that exploration on the Newton property proceed to the next phase as set out in my report dated August 7, 1991.

I consent to the, use by Verdstone Gold Corporation, of this report in a Prospectus, Statement of Material Facts or any such other document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

respectfully...submitted,



Donald F. Penner, B.Sc., P. Geo.