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A REPORT ON THE FORT KNOX GROUP OKANAGAN FALLS AREA, BRITISH COLUMBIA OSOYOOS MINING DIVISION

N.T.S 82 E 6W

FOR
DOUBLESTAR RESOURCES LTD.
1540 -750 WEST PENDER STREET
VANCOUVER, B.C.
V6C 2T8

BY
HAROLD M. JONES, P.ENG
1818-701 WEST GEORGIA STREET
VANCOUVER, B.C.
V7Y 1C6

OCTOBER 15, 1996

HAROLD M. JONES, P. Eng.
CONSULTING GEOLOGIST
VANCOUVER, B.C.

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SUMMARY

The Fort Knox property is located in the Osoyoos Mining Division of southwestern British Columbia approximately 30 kilometres south of Penticton. It is accessible by paved highways and gravel logging roads.

The general area is underlain by Pre-Permian gneiss intruded by Cretaceous (?) Nelson Intrusives. Later Cretaceous Valhalla Plutonics intruded all of the older rocks. Tertiary sediments and volcanics unconformably overly all earlier formations and occur within fault-bounded basins at Okanagan Falls and in the property area. Two significant epithermal gold occurrences are known in these Tertiary rocks in the Okanagan Falls area - the Dusty Mac Mine which produced 93,653 tonnes grading 6.29 g/t gold and 146.6 g/t silver, and the Vault property with a high grade vein resource of 152,000 tonnes grading 14 g/t gold and a low grade resource of approximately one million tonnes grading 3.5 g/t gold.

Geological mapping on the Fort Knox property identified an interbedded sequence of volcanic sediments and flows, a conglomerate unit of which shows appreciable limonite (after pyrite?) and variable clay alteration and locally a small zone of quartz veining and silicification, a sample from which assayed 11.8 ppm Ag.

Four short percussion holes were drilled to test the above silicification. These intersected two silicified zones in conglomerate near or on its contact with argillite. Silicification appears to widen and silver values increase with depth. No gold values were present.

The geological model for the property suggests that gold-bearing hydrothermal solutions entered the Tertiary rocks via the basement fault and were concentrated in porous rocks, in this case the conglomerate units. The area for greatest alteration and mineralization would be in proximity to the intersection of the fault with the conglomerate.

It is concluded that the potential area of mineralization is approximately 200 - 300 metres below the surface. A limited reverse circulation drill program is recommended as Stage I, at a cost of $63,000, to further test the alteration located earlier as well as determining the dip of the basement fault. If those results are encouraging, a Stage II program costing $188,500 is recommended to test for a hidden epithermal gold deposit.

INTRODUCTION

This report on the Ft. Knox claim group was prepared at the request of the President of Doublestar Resources Ltd. It was compiled following an examination of the property on October 6, 1996 accompanied by M. Morrison, geologist, who staked the claims and conducted all of the recent exploration on the property.

The purpose of the report was to review all of the available data on the claims and recommend additional work, if warranted.

Location and Access

49^0 17' North Latitude
119^0 20' West Longitude

The Ft. Knox claim group is located in southwestern British Columbia approximately 30 kilometres south of Penticton and locally 18 kilometres southeast of the small town of Okanagan Falls (Figure 1).

The general Okanagan Falls area is very accessible by Provincial paved highways as well as by regular scheduled airline service to the Okanagan centers of Penticton and Kelowna. Locally, very good gravel forest access roads provide access from Okanagan Falls to the property, a driving distance of approximately 15 kilometres to its western edge. The Shuttleworth Creek forest access road traverses the full length of the property continuing on its way to south Okanagan sawmills and Mt. Baldy ski area. The 20 km. road marker is near the center of the property.

Topography And Vegetation

The property is situated within the Okanagan Highlands, a broad plateau-like terrain of rolling hills locally dissected by deeply incised creek valleys. Elevations commonly

range between 1400-1800 metres as compared to the nearby Okanagan Valley at 300-350 metres. The highest point of land in the district is Mt. Baldy, elevation 2300 metres.

The entire area is well forested with pine and fir except in some of the broad, shallow valleys which are occupied by marshes and small streams and lakes. The area has and is being actively logged, with many large areas now clear-cut and re-planted. Young trees in the reforested areas appear to be doing well.

Property

The property consists of 39 contiguous 2-post claims, referred to as the Fort Knox Group, located in the Osoyoos Mining Division (Figure 2). They are:

Claim Name	No. of Units	Tenure No.	Expiry Date
Fort Knox 1-6	one each	247342-47	Dec. 7, 1998
Fort Knox 7-10	one each	247348-51	Dec. 7, 2000
Fort 1, 2	one each	306875, 76	Dec. 1, 2002
Fort 3, 4	one each	306877,78	Dec. 1, 2003
Fort 5	one	306879	Dec. 1, 2001
Fort 6	one	306880	Dec. 1, 2003
Fort 7, 8	one each	306881, 2	Dec. 1, 2001
Fort 9	one	306883	Dec. 1, 1999
Fort 10	one	323725	Feb. 5, 1998
Fort 11-15	one each	323726-30	Feb. 5, 1997
Fort 16-21	one each	327054-59	June 19, 1998
Lucky Star 1-2	one each	327066-67	June 26, 1997
Lucky Star 3-8	one each	327068-73	July 3, 1997

The claims were staked in small blocks over a four year period and at differing orientations, resulting in considerable overlapping in the central part of the group. While the total number of units is 39, the effective area covered is approximately 33 units.
Doublestar Resources Ltd., 1540-750 West Pender Street, Vancouver, B.C. have acquired a 50% interest in the claim group from Southern Gold Resources Ltd. subject to a 1% NSR to M. Morrison of Kelowna, B.C. and a 1% NSR to Southern Gold Resources Ltd., at the same address as Doublestar Resources Ltd. Southern Gold has the right to

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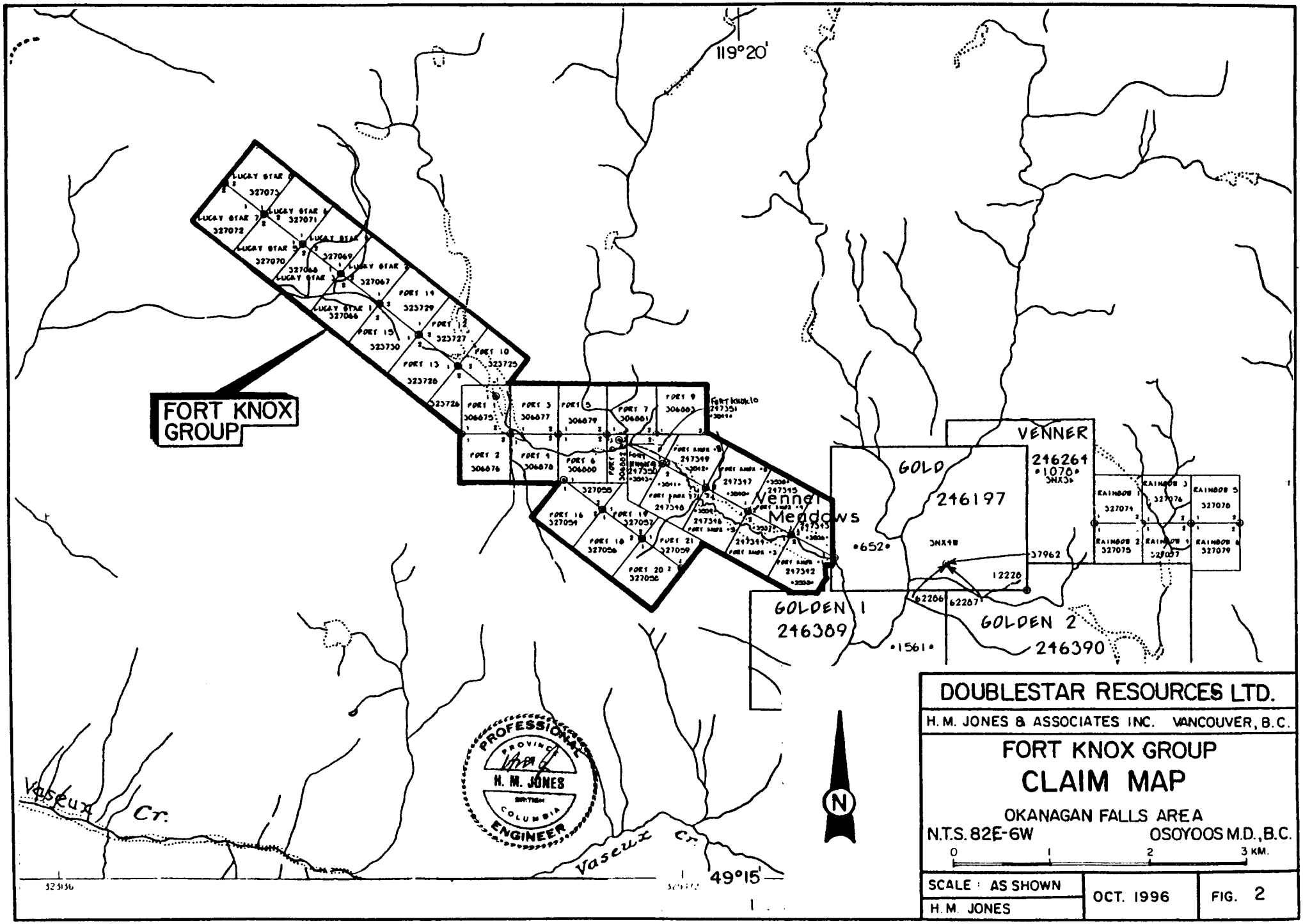
PROVINCE OF BRITISH COLUMBIA
H. M. JONES

DOUBLESTAR RESOURCES LTD.		
H.M. JONES & ASSOCIATES INC.		VANCOUVER, B.C
FORT KNOX GROUP		
LOCATION MAP		
OKANAGAN FALLS AREA		
N.T.S. 82E-6W		OSOYOOS M.D., B.C.
SCALE : AS SHOWN	OCT. 1996	FIG. 1
H.M. JONES		

CHONG


119°20'
FORT KNOX GROUP
VENNER
216261
GOLD
216197
Vennel Meadows
GOLDEN 1
216389
GOLDEN 2
216390
Vaseux Cr.
49°15'
PROFESSIONAL ENGINEER
H. M. JONES
PROVINCE OF BRITISH COLUMBIA
N
DOUBLESTAR RESOURCES LTD.
H. M. JONES & ASSOCIATES INC. VANCOUVER, B.C.
FORT KNOX GROUP
CLAIM MAP
OKANAGAN FALLS AREA
N.T.S. 82E-6W
OSOYOOS M.D., B.C.
0 1 2 3 KM.
SCALE : AS SHOWN
H. M. JONES
OCT. 1996
FIG. 2

CHONG

purchase at any time Morrison's remaining 50% interest for $80,000 and has assigned this right to Doublestar.

History and Previous Work

The general Okanagan - Kettle River area has a long history of mineral exploration and mining. The mines include copper-molybdenum porphyry deposits - Brenda, Bethlehem Copper, Highmont and Valley Copper mines - and silver-gold deposits - Utica and Highland Bell mines. Tertiary-aged rocks in the Okanagan Falls area were not seriously explored for precious metals until the late 1960's when Noranda Mines Ltd. made a significant silver-gold discovery on the Dusty Mac property, located 2.5 kilometres northeast of Okanagan Falls.

Noranda conducted extensive drilling on the discovery, which consisted of strongly silicified Tertiary volcanics. Their results, while favourable, indicated that the deposit was too small, at the current metal prices, to be of further interest to the company. A dramatic rise in precious metal prices occurred shortly after Noranda dropped the property permitting Dusty Mac to mine the small, well mineralized zone, custom mill the ore at the Dankoe (Utica Mines) mill at Cawston, and earn a substantial profit. They produced 93,653 tonnes grading 6.29 g/t gold and 146.59 g/t silver.

During the 1980's Esso Minerals and Minnova Inc. separately conducted additional drilling on the Dusty Mac property but results were not encouraging.

In 1982 Murray Morrison located a large silicified zone within Tertiary rocks four kilometres northwest of Okanagan Falls, staking the ground as the Vault property. The property was extensively explored in 1982-83 by Rio Algom, in 1984 by Dome Exploration Ltd., in 1985 by Seven Mile High Resources Ltd. and by Inco Ltd. in 1986-1990. Results from the above work partially defined two mineral resources: 152,000 tonnes grading 14 g/t gold plus minor silver within a persistent vein averaging 55 cm. in

width; and about one million tonnes of 3.5 g/t gold in a low grade, erratically mineralized zone.

Dusty Mac Mines Ltd. conducted additional exploration within Tertiary rocks in the local area, discovering in the early 1970's gold mineralization 22 kilometres southeast of Okanagan Falls near Venner Meadows. They staked the property as the AU property and optioned it to Teck Corp. who conducted preliminary exploration on it. The ground was dropped and later restaked partially by both Lacana Minerals and Energex Ltd. in the early 1980's. The area of interest was located on or very near the boundary between the two properties, with Lacana drilling the zone from its side and Rio Algom, under option from Energex, from the other side. Their drilling tested a composite quartz- carbonate - adularia vein approximately 2 metres wide, some intercepts from which returned assays up to 30 g/t gold over 30 cm and 300 g/t gold over 15 cm. Due to complex faulting, the vein was difficult to follow. While encouraging results were obtained, the two parties never pooled their interests to make a workable property. They have conducted no recent work on their respective properties.

The Fort Knox group were staked to cover a portion of the Venner Meadow Tertiary outlier because of its similar geological setting to that of the AU claim, Vault property and Dusty Mac mine. This ground had been previously staked several times in the past but no drilling was reported. Between 1991 to the present Morrison has conducted geological surveys and magnetic surveys over parts of the property. In 1994 Southern Gold Resources Ltd. purchased the Fort 1-4 and 10-15 mineral claims and conducted a program of shallow percussion drilling on Fort 3 claim. Five holes totaling 305 metres were drilled. Four holes tested a quartz stockwork zone exposed on surface. Silicification persisted to and appeared to widen with depth along with an increase in silver values. One hole tested, with negative results, a rock outcrop which assayed 550 ppb Au. A magnetometer survey was run over a part of the property. Several magnetic anomalies were recorded which appear to be reflecting one or possibly two volcanic flows.

GEOLOGY

General Geology

Pre Permian-aged gneiss underlies most of the area for up to 16 kilometres to the west and north of the Fort Knox Group and for a considerable distance to the south. These rocks were intruded by Cretaceous-aged (?) Nelson Intrusives to the north, northeast and east of the property. Later Cretaceous-aged Valhalla Plutonics intruded both the Monashee Group and Nelson Intrusives underlying much of the area immediately surrounding the property except to the west, which is underlain by Monashee gneiss (Figures 3 and 3a).

Tertiary-aged sediments and volcanics unconformably overly all earlier formations and occur within fault-bound basins at Okanagan Falls and in the property area. These Tertiary rocks have been folded and cut by late faulting. They are of economic interest because of occurrences of epithermal precious deposits within them in areas of strong hydrothermal alteration, i.e., Dusty Mac, Vault, and AU occurrences.

Property Geology

The property is situated within a northwest-trending outlier of Tertiary sediments and volcanics which form an elliptical-shaped body approximately ten kilometres long by 3 kilometres wide. It is bounded mostly by Valhalla Plutonics except for small areas to the west and south were Monashee gneiss is exposed. The claims cover the central-southwestern edge of the Tertiary outlier.

The Tertiary rocks are believed to be of Eocene age (Morrison, 1994) and possibly equivalent to the Marama Formation of the Okanagan Falls area. Morrison (1995) mapped the geology on the property and recognized the following units. Starting from the oldest rocks the units are:

(a) basal, chloritic, faulted volcanic(?) rock;

(b) massive lapilli tuff and banded or bedded tuff;

(c) conglomerate composed entirely of sub-angular andesitic clasts, and andesitic flow rock;

(d) conglomerate composed of sub-rounded clasts predominantly of andesitic composition;

(e) highly variable sequence of interbedded sediments and volcanics

(f) feldspathic sandstone;

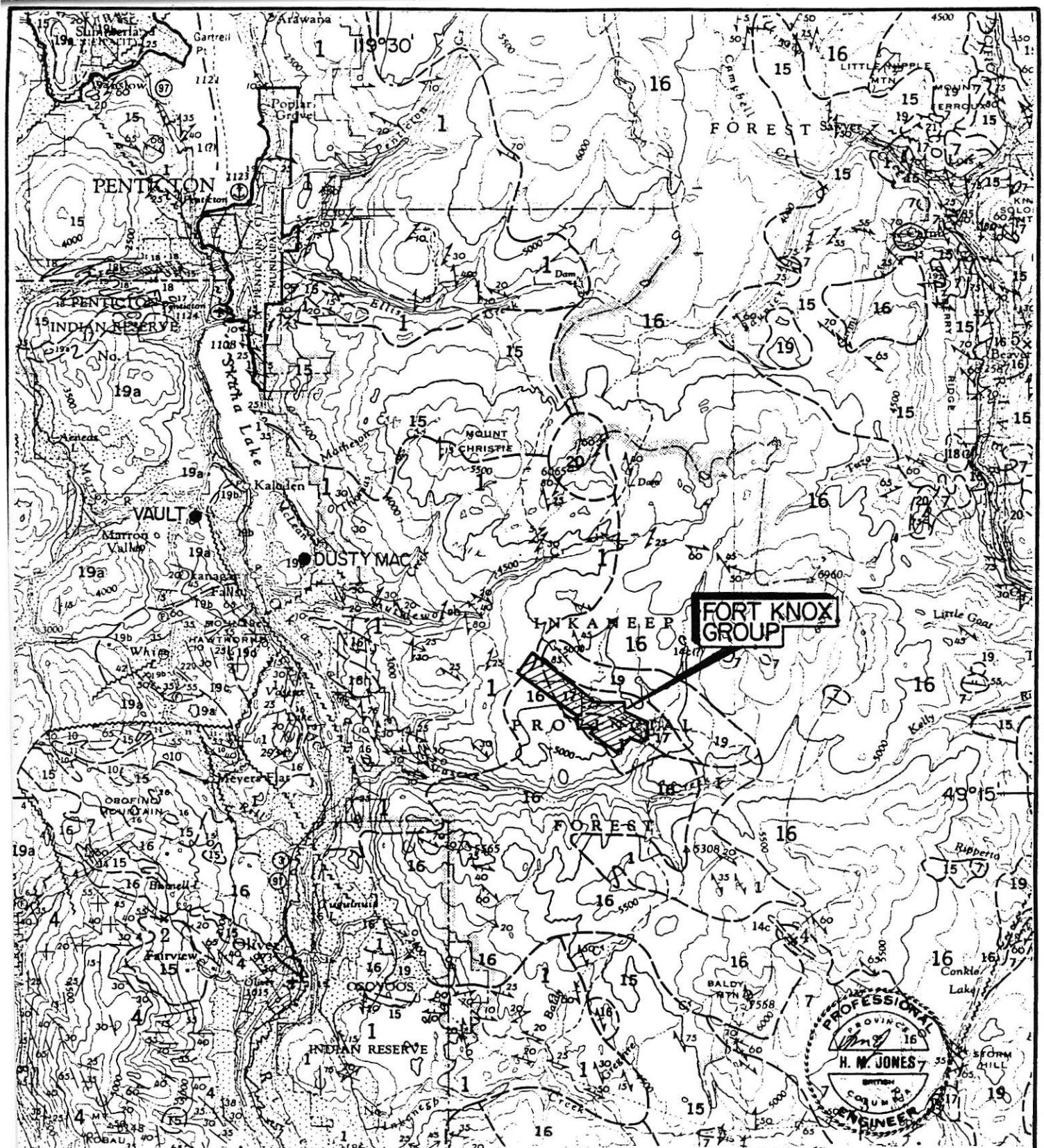
(g) thin- bedded siltstone and argillite unit; and

(h) conglomerate composed predominately of hornblende-feldspar porphyry clasts.

These rocks strike about $N50^0$ W and dip steeply northeast. They are inferred to be in fault contact ($N50^0$ W / 30^0-45^0 NE) with the underlying Monashee Group gneiss. The surface expression of this inferred fault, termed the "Fort Knox fault" by Morrison, is a very chloritic, limonitic, manganese-stained, slickensided rock unit thought to be a part of the Marama Formation. Its original texture is completely obliterated. The massive lapilli tuff that is in contact with the fault is faulted in several directions and highly disrupted in a few places. The effects of the faulting diminish in the rocks to the northeast (hanging wall) as the fault dips deeper under the present erosional surface. The inferred fault is partially substantiated on the adjoining AU property, where a fault, dipping 30^0 north, was identified in drilling in a similar sequence of rocks.

The above geology is poorly exposed over much of the property and is restricted to some small ridges, breaks in topography, and road cuts.

The most significant rock unit appears to be the conglomerate comprised of sub-rounded clasts predominately of andesite composition (unit (d) in above tabulation). This unit is



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GEOLOGY

OKANAGAN FALLS AREA

N.T.S. 82E-6W OSOYOOS M.D., B.C.

0 5 10 15 KM.

SCALE : AS SHOWN	OCT. 1996	FIG. 3a
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NG

CENOZOIC

TERTIARY

MIOCENE (?)

21 Basalt; minor olivine basalt.

OLIGOCENE (?)

20 CORYELL PLUTONIC ROCKS: syenite, granite; minor monzonite and shonkinite

EOCENE OR OLIGOCENE

19 Andesite, trachyte, minor basalt; locally, interbedded tuff and shale; 19a, andesite and trachyte flows and agglomerate; 19b, conglomerate, sandstone, shale, tuff; minor agglomerate and breccia; coal; 19c, andesite and trachyte; 19d, agglomerate and conglomerate

PALEOCENE OR EOCENE

18 Porphyritic granite and rhyolite

17 Conglomerate, sandstone, shale, tuff

MESOZOIC

CRETACEOUS (?)

16 VALHALLA PLUTONIC ROCKS: granite, granodiorite

15 NELSON PLUTONIC ROCKS: granodiorite, quartz diorite, diorite; granite, quartz monzonite, syenite, monzonite

JURASSIC (?)

14 14a, pyroxenite; 14b, hornblendite; 14c, serpentinite

TRIASSIC OR JURASSIC

13 Limestone

TRIASSIC

UPPER TRIASSIC

NICOLA GROUP

12 Greenstone, tuff, quartzite, limestone, argillite, and schist

TRIASSIC OR EARLIER

8–11 8. BARSLOW FORMATION: argillite
9. INDEPENDENCE FORMATION: chert, greenstone
10. SHOEMAKER FORMATION: chert, some tuff and greenstone
11. OLD TOM FORMATION: greenstone, minor diorite

PERMIAN AND/OR TRIASSIC

ANARCHIST GROUP

7 Greenstone, quartzite, greywacke, limestone; locally paragneiss

PALAEOZOIC

PERMIAN AND (?) PENNSYLVANIAN

5,6 5. CACHE CREEK GROUP: greenstone, quartzite, argillite, limestone
6. BLIND CREEK FORMATION: limestone; limy argillite

CARBONIFEROUS (?)

KOBAU GROUP

4 Quartzite, schist, greenstone

PRECAMBRIAN OR LATER

PRE-PERMIAN

3 OLD DAVE INTRUSIONS: serpentinized ultrabasic rocks

CHAPPERON GROUP

2 Chlorite schist, quartzite

MONASHEE GROUP

1 Layered gneiss (paragneiss); minor schist, amphibolite, quartzite, marble, and pegmatite

Drift-covered area

Geological boundary (defined, approximate)

Bedding (horizontal, inclined)

Bedding, tops unknown (inclined, vertical)

Gneissosity (inclined, vertical)

Schistosity (inclined, vertical)

Fault (defined, approximate, assumed)

Lineation

Glacial striae

Fossil locality

Mineral property

INDEX TO MINERAL PROPERTIES

1 Horn Silver (Canadian Radium Corporation Limited) Ag-Au
2 Fairview (The Consolidated Mining and Smelting Co. of Canada, Ltd.) sc-Au
3 Cariboo-Amelia (H & W Mining Company Limited) Au
4 Belchrome (Belair Mining Corporation Limited) Cr
5 Highland-Bell (Highland-Bell Limited) Ag-Pb-Zn-Cd
6 Bounty Fraction (Sheritt Lee Mines Limited) Ag-Pb-Zn
7 Golcanda (Keremeos Mines Limited) Cu-Mo

MINERAL SYMBOLS

Cadmium . . . . Cd	Lead . . . . . Pb
Chromium. . . . Cr	Molybdenum . . Mo
Copper. . . . . Cu	Silica . . . . . sc
Gold. . . . . Au	Silver. . . . . Ag
Zinc . . . . . Zn	

Geology by H. W. Little, 1958 and 1959

Cartography by the Geological Survey of Canada, 1961

Main roads

Other roads (all weather, dry weather)

Trail

Railway

Abandoned railway

Building

Post Office

Power transmission line

International boundary and boundary marker

District boundary

Indian Reserve, provincial park and forest boundary

Horizontal control point

Intermittent stream

Marsh

Contours (interval 500 feet)

Height in feet above mean sea-level 4145

Base-map prepared by the Surveys and Mapping Branch, 1957. Revisions to roads etc. by the Geological Survey of Canada from maps published by the Department of Lands and Forests, British Columbia

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LEGEND FOR FIG. 3a

OKANAGAN FALLS AREA

N.T.S. 82E-6W OSOYOOS M.D., B.C.

SCALE : AS SHOWN	OCT. 1996	FIG. 3b
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typically moderately limonitic (after pyrite?), up to 5% in some areas, and is cut by stockworks of quartz veins and chalcedony veinlets. It is 65-95 metres thick. The overlying highly variable sequence of interbedded sediments and volcanics are also locally very limonitic (after pyrite?).

Since outcrop is poorly exposed, magnetometer surveys were run over a part of the property to help define the geology and structure. The magnetic relief was found to be low, ranging from approximately 30 to 750 gammas. These values reflected the low magnetite content of the Tertiary rocks as well as the deep glacial till in some areas. The survey results show one definite and possibly a second northwest-trending, parallel, weakly magnetic zone. These are thought to be reflecting andesitic units within the Tertiary rocks and do not indicate any significant cross structures.

Other than the northwest-trending bedding and the inferred Fort Knox fault, no other significant structural features are apparent.

ALTERATION AND MINERALIZATION

Weak to strong limonite stain is widespread across the property, while clay and silicification are spotty. As previously mentioned, there is a marked increase in limonite in the conglomerates (units (d) and (e) in above list) which is attributed to the weathering of pyrite introduced into these permeable units by hydrothermal activity. Unit (b) - see above - locally has chalcedony filling very fine fractures and small vugs in both the lapilli tuff and banded tuff and also healing microbreccia zones.

Surface rock samples collected from bleached, silicified areas within the conglomerate units returned significant gold values ranging from 30 to 50 ppb Au. One sample of rusty conglomerate assayed 550 ppb Au. A small quartz-chalcedony stockwork zone hosted in the conglomerate assayed 11.8 ppm Ag (Morrison, 1995). This is within zone A, a zone

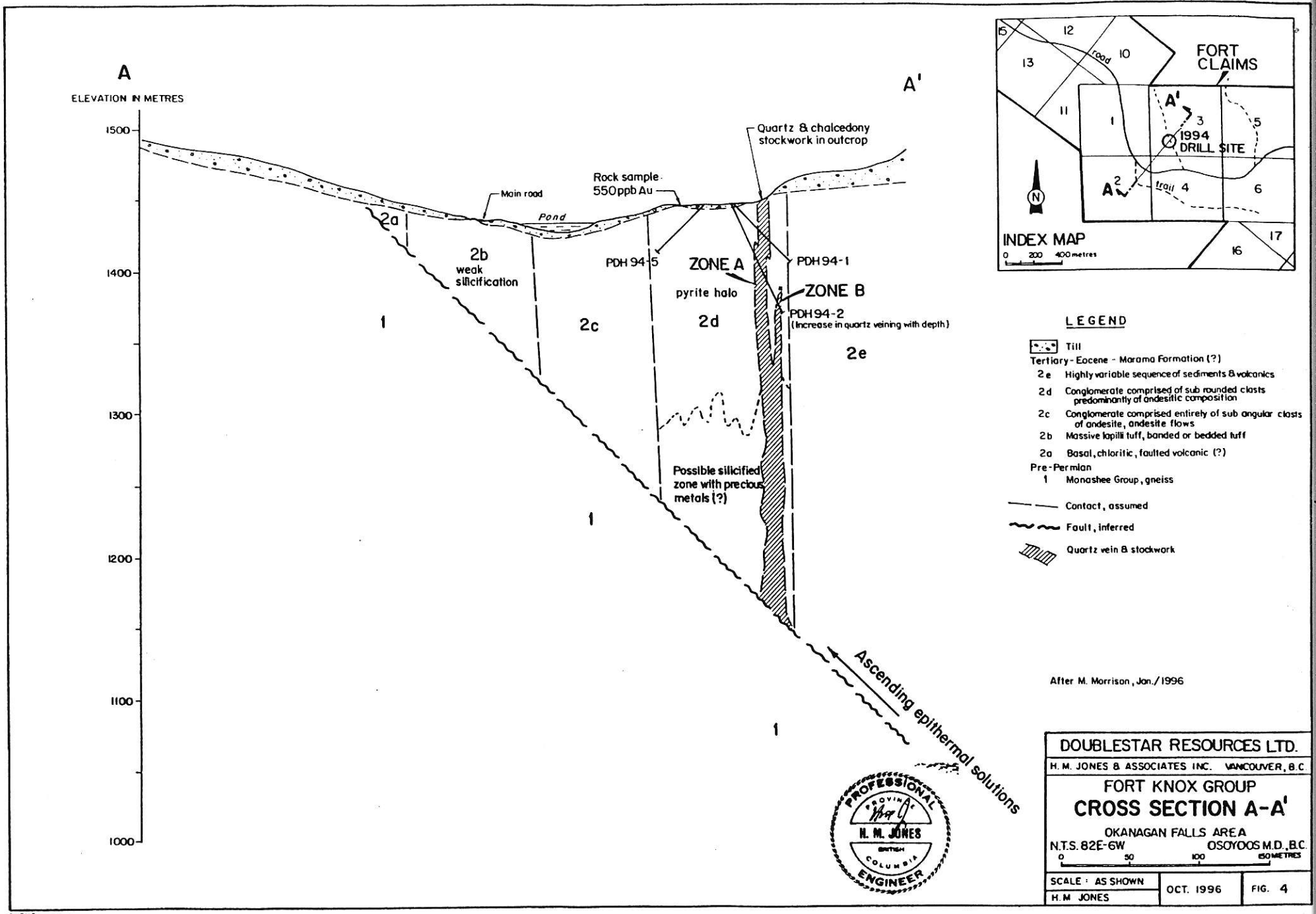
of quartz veining and silicification poorly exposed on surface over a strike length of about 100 metres.

In late 1994 a limited, short hole percussion drill program was conducted on the property, with four holes placed to test the area in immediate proximity to the above strongly anomalous silver assay. Drill results indicated that two silicified zones are present. Zone "A" was intersected over a true width of 5-10 metres, and a second zone "B" over 2.5-6.0 metres. Both appear to widen with depth (Figure 4). There is a suggestion that zone "A" strengthens to the southeast. Based on limited information, silver values appear to increase with depth, e.g., two intersections in zone "A", over only a vertical range of 15 metres, increased from 1.4 to 2.6 ppm Ag. There were no significant gold assays. Zone "A" is 10-20 metres southwest of the argillite contact while zone "B" is on the contact (see figure 4).

DISCUSSION

The two gold occurrences of interest located in the Okanagan Falls area in Tertiary rocks are the Dusty Mac and the Vault properties. The Dusty Mac property consists of an Eocene lahar unit which underwent several periods of quartz flooding and brecciation. It underlies a mudstone unit. The mudstone unit provided an impervious cap for ascending hydrothermal solutions, permitting the concentration of the precious metals. A small open pit on this property yielded 93,653 tonnes grading 6.89 g/t gold and 146.59 g/t silver.

The mineralization on the Vault property is similar to that on the Dusty Mac. The main deposit occurs in lahars and lapilli tuffs interbedded with mudstones and flow rocks. The lahars and tuffs underwent repeated periods of silica flooding and brecciation with the mudstones and flows providing the damming effect, concentrating the gold beneath them. Repeated brecciation and multiphase veinlets are characteristic of the deposit. This


A
A'
ELEVATION IN METRES
1500
1400
1300
1200
1100
1000
Quartz & chalcedony stockwork in outcrop
Rock sample 550ppb Au
Main road
Pond
2a
2b
weak silicification
PDH 94-5
ZONE A
pyrite halo
PDH 94-1
ZONE B
PDH 94-2
(Increase in quartz veining with depth)
2c
2d
2e
1
Possible silicified zone with precious metals (?)
Ascending epithermal solutions
INDEX MAP
0 200 400 metres
FORT CLAIMS
road
trail
1994 DRILL SITE
N
LEGEND
Till
Tertiary - Eocene - Marama Formation (?)
2e Highly variable sequence of sediments & volcanics
2d Conglomerate comprised of sub rounded clasts predominantly of andesitic composition
2c Conglomerate comprised entirely of sub angular clasts of andesite, andesite flows
2b Massive lapilli tuff, banded or bedded tuff
2a Basal, chloritic, faulted volcanic (?)
Pre-Permian
1 Monashee Group, gneiss
Contact, assumed
Fault, inferred
Quartz vein & stockwork
After M. Morrison, Jan./1996
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FORT KNOX GROUP
CROSS SECTION A-A'
OKANAGAN FALLS AREA
N.T.S. 82E-6W
OSOYOOS M.D., B.C.
0 50 100 150 METRES
SCALE : AS SHOWN
H.M. JONES
OCT. 1996
FIG. 4
CHONG

deposit is complicated by block faulting and erratic distribution of mineralization but is estimated to contain a resource of about one million tonnes grading 3.5 g/t gold.

The Vault property also hosts a high grade epithermal gold vein, termed the North Vein. It extends at least 1100 metres along strike, averages 55 cm in width and at least 200 metres in depth. The drilled portion (Inco) is reported to contain 152,000 tonnes grading 14 g/t gold plus minor values in silver.

Geology on the Fort Knox property has similarities to that of the Dusty Mac and Vault properties, except that surface alteration is much less and gold values are weaker. On the former property strong silicification and significant gold values were at surface; on the latter scattered areas of silicification were exposed but contained only low gold values, with significant values occurring in a block faulted horizon between 180-330 metres below surface. On the Fort Knox property the alteration and possible mineralized zones, if present, are probably at a deeper level.

The geological model for the Fort Knox property suggests that the inferred Fort Knox fault - a basement fault - was the main channel for gold-bearing hydrothermal solutions to enter the Tertiary rocks. The favourable rocks receptive for the hydrothermal solutions were those that were porous, which explains the alteration observed in the conglomerate units, primarily unit (d) and to a lesser degree unit (e). The area of greatest alteration and mineralization would be that in close proximity to the basement fault, i.e., where the conglomerate unit is intersected by the fault. If the fault dips at 45^0, the depth to the potential alteration zone is approximately 250-300 metres, shallower if the fault dips at about 30^0.

Limited surface exploration noted that silicification, limonite alteration and the number of pyritic seams increase to the east, especially to the southeast of the creek passing through this area. Additional drilling is required to test for increasing alteration and mineralization at depth as well as on trend to the east.

CONCLUSIONS

It is concluded that the Fort Knox property has a similar geological setting to several known gold deposits located in Tertiary outliers in the Okanagan Falls area of southern British Columbia. It is also concluded that the potential mineralized-alteration zone, if present, is not exposed but may be at a relatively shallow depth, say 200-300 metres below the present surface. Additional exploration is warranted and recommended to test for this possible hidden deposit both at depth and along strike.

RECOMMENDATIONS

It is recommended that a limited reverse circulation drill program be conducted to further define the alteration intersected in the previous drilling as well as determine the dip of the basement fault. Contingent on encouraging results being obtained, additional drilling would be warranted to test for a possible hidden epithermal gold deposit related to the Fort Knox (basement) fault.

Cost Estimate

Stage I Reverse circulation drilling

Reverse circulation drilling, say 1000 metres @ $51.50/metre		$ 51,500
Site preparation		1,500
Assays, say 100 samples @ $15/sample		1,500
Reclamation		1,500
Report and maps		1,000
	Sub-total	$ 57,000
	Contingencies	6,000
	Total	$ 63,000

Stage II Contingent on Stage I
Additional reverse circulation drilling

Reverse circulation drilling, say 3000 metres @ $57.00/metre		
	All inclusive	$171,000
	Contingencies	17,500
	Total	$188,500

Respectively submitted,

Harold M. Jones P.Eng.
October 15, 1996.

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1996: Percussion Drilling Assessment Report, Fort Knox Claim Group, Okanagan Falls Area, Osoyoos Mining Division; Assessment Report.

1996: Geophysical Assessment Report, Fort Knox Claim Group, Okanagan Falls Area, Osoyoos Mining Division; Assessment Report.

CERTIFICATE

I, **Harold M. Jones**, of the City of Vancouver, British Columbia, do hereby certify that:

1. I am a Consulting Geological Engineer with offices at Suite 1818 - 701 West Georgia Street, Vancouver, B.C.

2. I am a graduate of the University of British Columbia in Geological Engineering, 1956.

3. I have practised my professional as a Geological Engineer for over 40 years.

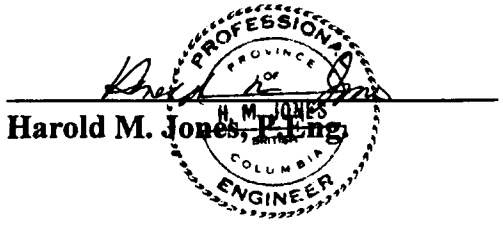
4. I am a member of the Association of Professional Engineers of British Columbia, Registration No. 4681.

5. I examined the Fort Knox property on October 6, 1996 and reviewed the data listed under "References" in this report.

6. I have no interest in, nor do I expect to receive any, in the Fort Knox property or in the securities of Doublestar Resources Ltd.

7. Doublestar Resources Ltd. is hereby given permission to reproduce this report, or any part of it, in a Prospectus, Statement of Material Facts or other documents as required by the regulatory authorities, provided, however, that no portion may be used out of context in such a manner as to convey a meaning differing from that set out in the whole.

Dated at Vancouver, B.C. this 15th day of October, 1996.



Harold M. Jones, P.Eng.