43-101 Technical Report
BLUE HILL CREEK GOLD PROJECT
Geology, Mineralization, Resource and Exploration Potential
Cassia County, Idaho

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3.0 - SUMMARY

The Blue Hill Creek Gold Project, located in Cassia County, Idaho, is approximately 15 miles south of Oakley near the Utah-Nevada border. It is a grassroots to intermediate-stage, classic epithermal hot spring-type gold exploration target containing a 235,200 ounce National Instrument 43-101 compliant open-ended gold resource. The project has good potential to increase in size through additional drilling as in-fill, as step-outs along numerous open-ended extensions of mineralization, and at depth for high-grade feeders. The property position, staked on March 17, 2007 by North American Exploration, Inc. as agent for Mitchell L. Bernardi, comprises 18 unpatented federal lode mining claims (“Blue” claims 1-18) and an adjacent 80 acres of Idaho State Lease Land, all in Sections 20 and 21, T16S, R22E. Lands covered by the 18 claims are administered by the Bureau of Land Management and the 80 acres of Idaho State Lease Land is administered by the Idaho Department of Lands. The property position is 100% owned by Bernardi and John R. Carden in equal shares, with no encumbrances of any kind on the federal mining claims and a 5% production royalty due to the State of Idaho should production occur on Idaho State Lease land.

Gold mineralization at Blue Hill Creek was originally discovered by consulting geologist Stan Dodd for Meridian Minerals in the summer of 1985. This mineralization is part of a larger, north-trending, 5-mile-long by 1-mile-wide belt of precious metal occurrences along the western margin of the Albion Range metamorphic core complex. At Blue Hill Creek, alteration and gold mineralization are mainly hosted by capping sinters and Tertiary Salt Lake Formation epiclastic sedimentary and tuffaceous volcanic rocks. Gold-bearing chalcedonic sinters and strongly silicified tuffaceous sedimentary rocks with disseminated pyrite and quartz veining compose the main target in the altered zone. This zone, currently 3,350-feet long and up to 1,000-feet wide, with mineralization open in all directions as well as at depth, contains surface gold values to 0.060 opt. Mineralization appears related to north- and northeast-trending, high-angle structures. Local, post-mineral northeast-trending faulting has displaced and buried mineralized sections to the northwest, some of which have yet to be drill tested.

A total of 11,403 feet of drilling spread among 26 reverse circulation (RC) holes have been placed on the property, 17 by Meridian to partially test the Tertiary-hosted target during the 1986 and 1987 field seasons, and an additional nine by Latitude Minerals Corp. to test the Tertiary-hosted target and suspected deeper feeders in Paleozoic carbonate rocks during the 1998 field season. Results of this drilling loosely define a 235,200 ounce 43-101 compliant gold resource, as determined by the author of this report, that is still open in every direction laterally in the Tertiary rocks, as well as at depth in underlying Paleozoic carbonate basement host rocks, some of which have been extensively altered to gold-bearing jasperoid. Of the 26 holes drilled, 22 encountered gold
mineralization and extensive zones of silicification, with 10 holes bottoming in rock containing in excess of 0.010 opt Au. Some of the best intercepts include 100 feet @ 0.033, 400 feet @ 0.017, 260 feet @ 0.024, and 170 feet @ 0.023 opt Au. These historic drill results confirm the presence of significant thicknesses of bulk-tonnage, epithermal hot-spring-type gold mineralization in the target area, as well as the potential for additional mineralization along the open-ended, lateral, and at depth extensions of the deposit.

National Instrument 43-101 non-compliant inferred Tertiary-hosted gold resources, as estimated by Dodd (1990) and based on Meridian’s 1986 and 1987 drilling results, comprise 170,000 ounces of gold contained within 10.0MM tons of material grading 0.017 opt Au, open-ended in all directions and to depth. A rough cross-sectional geologic resource calculation by Bernardi and Carden in 1998 corroborated Dodd’s estimate. Subsequent drilling by Latitude in 1998 (The Mining Record, 1998) further expanded the resource to 200,000 ounces, still open in all directions and to depth. The reader is cautioned that all of these resource estimates are considered relevant only from a historical perspective pertaining to the discussion at hand; they do not comply with the guidelines of National Instrument 43-101 and the author is not treating them as NI 43-101 defined reserves, as verified by a qualified person. However, recent Grade x Thickness estimate work by this report’s author and a qualified person as defined under the guidelines of National Instrument 43-101, indicates an inferred resource of 235,200 ounces of gold for the deposit, still open-ended in numerous directions and to depth (detailed in Section 19).

<table>
<thead>
<tr>
<th>G x T Minimum</th>
<th>Tons</th>
<th>Avg. Grade (oz. per ton)</th>
<th>Contained Ounces Au</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
<td>14,438,800</td>
<td>0.0163</td>
<td>235,200</td>
</tr>
<tr>
<td>1.0</td>
<td>9,942,600</td>
<td>0.0168</td>
<td>167,200</td>
</tr>
<tr>
<td>2.0</td>
<td>4,373,400</td>
<td>0.0174</td>
<td>76,000</td>
</tr>
</tbody>
</table>

The possibility of finding additional gold resources and ultimately a mineable deposit at Blue Hill Creek is considered good, specifically in the following five target areas: 1) within the main resource area where the deposit requires further in-fill and extension drilling; 2) within and along the extensions of the north-trending, higher-grade core in the central part of the target where a high-grade feeder (feeders?) may exist; 3) at depth where 6 of 17 previous drill holes bottomed in mineralization and where deeper, high-grade, underground, feeder-style potential remains in Paleozoic carbonate basement rocks, some of which comprise intensely altered gold-bearing jasperoid breccia; 4) in hydrothermal vent breccia; and 5) along the northwest extension of the mineralizing system, where previous drilling has shown that post-mineral faulting has locally down-
dropped, displaced, and buried the mineralized section to the northwest toward State Lease Land and the western edge of the claim block. Overall, excellent potential still remains at Blue Hill Creek for the discovery of a 0.5MM to 1.0MM ounce gold deposit comprising bulk-tonnage, near-surface Tertiary epiclastic and tuffaceous sedimentary rock-hosted mineralization, as well as associated Paleozoic carbonate-hosted higher-grade, underground, feeder-style mineralization.

Considering that 11,403 feet of historic drilling was performed on Blue Hill Creek, costs for this drilling, in 1990 dollars, result in a total exploration drilling expenditure of approximately $160,000. Considering that an inflation factor of 65% existed in the United States between 1990 and 2007 and equating this amount to today’s real dollar costs results in a current estimated amount spent of $265,000.

Recommended exploration at Blue Hill Creek for 2008-2009 comprises a US $500,000 program and budget consisting of the following items: 1) additional claim staking to cover the outer margins of the target area, where mineralization is downfaulted and appears to continue under post-mineral cover ($20,000); 2) surface rock-chip sampling and geological mapping throughout the claim block ($10,000); 3) CSAMT geophysical work to discover areas of altered (silicified) Paleozoic limestone basement ($70,000); and 4) 20,000 feet of RC drilling spread between a minimum of 26 holes ($400,000). Drilling should be conducted subsequent to all of the other above recommended work, with drill sites delineated by the results of this work. Permitting with the Bureau of Land Management and State to conduct this drilling is slated for early- to mid-summer 2008, with the actual drilling planned for fall 2008.

It is estimated that a minimum time frame of approximately one year will be required to thoroughly compile and interpret the details of the historic drilling, complete the proposed additional staking, mapping, rock sampling, CSAMT work, 2008 drilling, receive and compile assays, build cross-sections, further refine and develop the geologic model, update the drill-indicated resource, and finally write a summary report of the results of the program. Timing of the proposed work is planned to begin during the winter of 2008 and will be completed by the end of winter 2009. Results of this work will then dictate whether further exploration and drilling is warranted.
4.0 - INTRODUCTION AND TERMS OF REFERENCE

The Blue Hill Creek gold occurrence was discovered by geologist Stanton P. Dodd in the summer of 1985 while conducting gold exploration in the Oakley, Idaho region for Meridian Minerals Company. Prior to the discovery, the property contained no evidence of any major workings or modern-day exploration activity, and no mention of mineralization or past production existed in the geologic literature base. Dodd’s initial reconnaissance and ultimate discovery of the area was based on the ground-truthing of rocks erroneously described in the literature as rhyolites in the Blue Hill Creek area. As it turns out, these rhyolites are, in fact, textbook examples of hot spring sinter terrace deposits with variegated, blue and white banding. This distinctive ice-blue color to the banding is believed to be the derivation of the naming of Blue Hill Creek. Since Dodd’s discovery and the limited but successful drilling conducted by Meridian in 1986 and 1987 and by Latitude Minerals again in 1998, no further work has been conducted on this gold property. On March 17, 2007, North American Exploration, Inc., acting on behalf of and as agent for Mitchell L. Bernardi, located and staked 18 unpatented federal lode mining claims comprising 360 acres to cover the historic area of interest. Subsequently on November 13, 2007, Bernardi acquired an additional 80 acres of Idaho State Mineral Lease Land just west of and proximate to the 18 claims to further acquire and cover the area of interest.

Laurence E. Pancoast, Post Falls, Idaho, the author of this report, was retained by Otis Capital Corp. (“Otis”) to perform an evaluation of the Blue Hill Creek Gold Property in Cassia County, Idaho, and to provide a technical report compliant with Canadian Securities Administrators (CSA) National Instrument 43-101. This report has been prepared to meet CSA National Instrument 43-101 standards. The report provides a summary of the geology of the project and its potential to host economic gold mineral deposits. The purpose of this report is to provide an independent assessment of the Blue Hill Creek Gold project and, if warranted from the data at hand, recommend an exploration program to Otis to enhance the potential of the project.

The data utilized as part of the basis of this evaluation and in the preparation of this report was supplied in part by Bernardi and his property partner, John R. Carden, to Pancoast. Additionally, this report draws much of its content from both published and unpublished documents and maps and from previous project reports and interoffice memos detailing the results of drilling and surface geologic studies by Gehlen and Conway (1989), Hudson (1989), Dodd (1990), and Bernardi and Carden (1998). In addition, much of the report’s content is augmented by the author’s own observations made while overseeing and logging holes drilled during Latitude’s 1998 drill campaign at the Blue Hill Gold Project and from conducting subsequent trips to the property. The author’s most recent trip was conducted during this review while being retained by Otis
for the sole purpose of making possible recommendations for further exploration. After traveling on November 5th to the project from Spokane, Washington, the author spent November 6th and 7th in the field examining the surface geology, historic drill sites and drilling data, and collecting duplicate surface rock samples to verify the assay results of those taken by previous workers.

The author Laurence E. Pancoast, M.S. in Geology, is a Professional Geologist licensed in the State of Idaho (Reg. Prof. Geol. #790), with experience spanning a period of over 30 years, mostly pertaining to precious metals exploration and property evaluation and development. The author is particularly experienced in gold and silver exploration and mine development, including past employment with Barrick Gold Exploration, Echo Bay Mines, and Nerco DeLamar Silver, where he served as Mine Exploration Geologist.

**Terms of Reference:**

**Units of Measure**

Imperial units are used throughout this report because the majority of the historic and exploration data generated on the Blue Hill Creek Gold Project were originally measured and reported in Imperial units. Units of measure used in this report with metric conversions include:

**Linear Measure**

1 inch = 2.54 centimeters  
1 foot = 0.3048 meters  
1 mile = 1.609 kilometers

**Weight**

1 ounce = 28.35 grams  
1 pound = 0.454 kilograms  
1 short ton = 0.907 metric tonne

**Area**

1 acre = 0.4047 hectare  
1 square mile = 259 hectares
Definitions of Geologic Terms and Acronyms used:

1. As – The native metallic chemical element arsenic, which is a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
2. BLM – Bureau of Land Management
3. Epiclastic – A rock texture or rock type formed at the earth’s surface by consolidation of fragments of pre-existing rocks
4. Fuchsite – A bright-green, chromium-rich variety of muscovite, syn: chrome mica
5. Hg – The native metallic chemical element mercury, which is a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
6. IMC – Idaho Mining Claim
7. Jarosite – An ochre-yellow or brown mineral of the alunite group, KFe₃(SO₄)₂(OH)₆
8. Jasperoid – A dense, usually gray to tan, chert-like, siliceous rock in which chalcedony or cryptocrystalline quartz has replaced the carbonate minerals of limestone or dolomite, a silicified limestone. Commonly found associated with epithermal hot spring-type precious metal deposits.
9. MOU – Memorandum of Understanding
10. Opt Au – Ounces per ton gold
11. Otis – Otis Capital Corp.
12. ppm – parts per million
13. RC – Reverse Circulation
14. Sinter – A chemical sedimentary rock deposited as a hard encrustation or as fine beds and banded layers on rocks or on the ground by precipitation from hot spring or cold mineral waters. The term “sinter” when used alone, commonly refers to a siliceous composition, specifically, siliceous sinter.
15. Sb – The native metallic chemical element antimony, which is a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
5.0 - RELIANCE ON OTHER EXPERTS

The author has relied on the accuracy of the historical data as itemized in Sections 4, 8, and 13, and the various project reports as referenced in Section 23 of this report.

The locations of the unpatented federal lode mining claims and Idaho State Mineral Lease, shown in Figure 3 (Claim Location Map), which constitute the basis of the mineral holdings, were provided by Bernardi and Carden and were relied upon as defining the subject mineral holdings in the development of this report. Original claim location notices filed with the Bureau of Land Management (BLM) and Idaho State Lease Land documents were checked and verified as to date, location, and accuracy concerning the property owner’s Blue Hill Creek land position.

For the purposes of this report, the author has relied on historical assay data provided by Chemex Laboratories and topographic and geographic data provided by the U.S. Geological Survey. The author has not independently verified the information provided from these sources, however he is not aware of any information that would lead him to suspect that the information from these sources is not accurate or unreliable. The author was intimately involved in Latitude Mineral Corp.’s drilling of the property in 1998 and can vouch for the validity of the samples generated and assays performed by Chemex Laboratories, Sparks, Nevada during that campaign.

This Technical Report and all publications, exhibits, documentation, conclusions, and other work products obtained or developed by the author for this Technical Report are for the sole and exclusive use of Laurence E. Pancoast, M.S. Geology and Registered Professional Geologist #790, State of Idaho, USA. This Technical Report was prepared specifically for the purpose of complying with Canadian Securities Administrators National Instrument 43-101 and may be distributed to third parties and published without prior consent of the author if the Technical Report is presented in its entirety without omissions or modifications, subject to the regulations of NI 43-101. Consent is expressly given for submission of this Technical Report to all competent regulatory agencies, including but not limited to the British Columbia Securities Commission, the Ontario Securities Commission, the Alberta Securities Commission, the TSX-Venture Exchange, and the Toronto Stock Exchange. However, all reports, publications, exhibits, documentation, conclusions, and other work products obtained or developed by the author during completion of this Technical Report shall be and remain the property of the author. Unauthorized use or reuse by third parties of reports, publications, exhibits, documentation, conclusions, and other work products obtained or developed by the author for the purposes of this Technical Report is prohibited.
6.0 - PROPERTY DESCRIPTION AND LOCATION

The Blue Hill Creek Gold Project is located in Cassia County approximately two miles north of the Idaho-Utah state line on the western flank of Middle Mountain about 15 miles south of Oakley, Idaho (Fig. 1). Access to the property is relatively straightforward and is gained by following well-marked, county- and BLM-maintained, gravel and dirt roads south of the town of Oakley (Fig. 2, and see description of Accessibility in Section 7).

The majority of the property position consists of 18 unpatented federal lode mining claims staked and located by North American Exploration, Inc. as Agent for Mitchell L. Bernardi on March 17, 2007 (Fig. 3; Plates 1 and 2). The claims are owned and controlled 100% by Bernardi and partner John R. Carden on an equal basis, with no underlying agreements, royalties due, or encumbrances on them. The claims constitute the Blue No. 1 through Blue No. 18 Lode Mining Claims, which were assigned Bureau of Land Management (BLM) Idaho Mining Claim (IMC) numbers 190996 through 191013 to them on March 28, 2007. These claims comprise 360 acres in Sections 20 and 21, T16S, R22E, Boise Meridian, Cassia County, Idaho, on lands administered by the Bureau of Land Management (Fig. 3). Bernardi and Carden hold a 100% ownership in all 18 claims; as a result of this situation, there are no underlying or third party agreements with any other claim holders, lessees, or lessors concerning the project’s property position. The claims just touch on and slightly overlap 80 acres of Idaho State Lease Land to the west, which is also part of the property position and is described below (Fig. 3).

Land status of the west one-half of Section 21 includes private surface with all minerals owned by the federal government, which is categorized as Split Estate land (Fig. 2). Staking of the claims on this Split Estate land by Bernardi required submitting a Notice of Intent To Locate (NOITL) to the Bureau of Land Management, concurrently submitting a letter of intent to stake the claims to the private surface owner, Winecup, Inc., of Oakley, Idaho, and then, as per Federal Mineral Law, waiting 30 days before entering the land to stake the claims. A surface use agreement with Winecup, the private surface owner, is currently being negotiated. All exploration plans and activities pertaining to the area covered by the 18 Blue Claims are administered by the BLM in Burley, Idaho.

Eighty acres of Idaho State Mineral Lease Land comprises the remainder of the property position. This Lease Land lies directly west of and proximate to the majority of the 18 unpatented “Blue” claims and constitutes the south one-half (S½) of the northeast one-quarter (NE¼) of Section 20, T16S, R22E, Boise Meridian, Cassia County, Idaho (Fig. 3). This Lease Land was acquired by Bernardi from the Idaho Department of Lands on November 13, 2007 under Mineral Lease Application No. 9415. Terms of the mineral lease include a $160.00 annual rental fee ($2.00 per acre), a $100.00 annual bond
assurance fund fee, and a 5% royalty on gross receipts paid to the State of Idaho should mining occur anywhere on the property. The Lease term is 10 years and remains valid and in effect as long as annual rental and bond assurance fees are paid. Submission of a positive economic feasibility study to the Idaho Department of Lands is required prior to Department approval of any commercial mining operations. All work plans, exploration, and development on these Lease Lands are administered by the Idaho Department of Lands. To the extent known, there are no environmental liabilities to which the property is subject. The extent of mineralization, as presently known, is fully described in Sections 11 through 13 of this report and lies within the area of the claims.
7.0 - ACCESS, CLIMATE, INFRASTRUCTURE, AND PHYSIOGRAPHY

The Blue Hill Creek Gold Project area is located along the western flank of Middle Mountain in Cassia County, Idaho, approximately 15 miles south of Oakley and 2 miles north of the Idaho-Utah state line (Figs. 1 and 2). Specific directions to the property are as follows: Take exit 208 off Interstate 84 at Burley, Idaho. Proceed through the town of Burley 22 miles south on State Route 27 to the small town of Oakley, Idaho. At the first stop sign encountered when entering Oakley, turn west (right) and proceed approximately 0.5 mile to the Goose Creek Road turnoff on the west edge of town. Turn south (left) onto the Goose Creek Road and follow it south for 14.1 miles to the Emery Creek Road turnoff. Turn east (left) onto Emery Creek Road and follow the unimproved dirt road 1.8 miles to where the road T’s at a north-south dirt road. Turn south (right) and proceed an additional 2.4 miles across the Blue Hill Creek drainage to a dim drill access road on the east (left) side of the road just before a sharp bend. Turn east (left) onto this road and proceed uphill east another mile to the middle of the property.

Climate in Cassia County in the vicinity of the Blue Hill Creek Property is relatively mild compared with surrounding counties. Summers generally begin with a sudden change to warm and dry weather in early June during the day, but chilly nights commonly persist into July. Showers and afternoon thunderstorms are common especially on the west flank of Middle Mountain producing localized precipitation. In the summer, afternoon temperatures occasionally rise into the low 90’s, but nighttime temperatures are usually in the 50’s. The fall brings cooler weather with daytime temperatures rarely exceeding the 70’s and dipping into the 40’s by mid November, but remaining dry. Winter conditions usually arrive between late November and Christmas, with cold temperatures averaging about 19˚ F, but can hover around zero or sub-zero. These severe temperatures seldom persist for long periods. Snowfall adds moisture to the higher elevations of Middle Mountain during winter months and may accumulate to depths of several feet on the lower benches and bottomlands. The snow melt, summer precipitation, and springs in the area serve as the main sources of water found in Blue Hill Creek drainage.

The Blue Hill Creek Gold Property is located in southern Cassia County, Idaho which is predominately made up of rural areas, except the County Seat located in Burley at the northern extent of the County. The Population of Cassia County is approximately 21,400. The closest infrastructure to the Blue Hill Creek Project is the small urban center of Oakley (population 668) approximately 15 miles to the north, where a restaurant, grocery store, motel, and a small community cluster of homes exist. Numerous cattle ranches and large crop farms surround Oakley proper and extend beyond it for tens of miles. Open-pit quarries for decorative quartzite building stone, some of which has a light-green tint due to its fuchsite content, are a major enterprise in the area, with at least six major operations mining and shipping their product from quarries dug into quartzite along the western
flank of the Albion Range metamorphic core complex, only 5 to 9 miles north of the Blue Hill Creek Gold Project (Fig. 2). Overall, Cassia County land is divided such that approximately 44% is private and 24% is administered by the U.S. Forest Service, 29% by the BLM, and 3% by the State of Idaho. Power, telephone, and water are all accessible in the Goose Creek drainage, located only four (4) miles west of the project, where large cattle ranches exist. The five-mile-long Lower Goose Creek Reservoir, which lies 7 miles north/northwest of the project, constitutes the largest body of water in the area (Fig. 2).

The topography of Cassia County is primarily high mountain desert with elevations ranging from 4,100 feet in the valley bottoms, where the topography is flat or gently rolling, to 8,000 feet in the mountainous areas of the Albion and Raft River Ranges. The Blue Hill Creek Property lies on the western flank of Middle Mountain, with most of the property covered by a sagebrush-steppe/conifer-type vegetation at an elevation of between 5,800 and 6,400 feet (Plate 3). The dominant drainage in the area of the property is Blue Hill Creek, which generally drains from east to west (Figs. 2 and 3).

The property is generally composed of grasslands and sagebrush punctuated with sparse juniper and isolated outcrops of siliceous sinter, epiclastic sedimentary and tuffaceous volcanic rocks and breccia, and post-mineral volcanic flows. The most abundant tree is juniper occurring on State Lease Land on the west side of the property. Some of the more common native plant species found on the property include the Wyoming big sagebrush (*Artemisia tridentata* spp. *wyomingensis*), green rabbitbrush (*Chrysothamnus viscidiflorus*), greasewood (*Sarcobatus vermiculatus*), bluebunch wheatgrass (*Pseudoroegneria spicata*), Thurber’s needlegrass (*Achnatherum thurberianum*), Sandberg bluegrass (*Poa secunda*), arrowleaf balsamroot (*Balsamorhiza sagittata*), Indian ricegrass (*Achnatherum hymenoides*), some pinyon pine (*Pinus cembroides*), and juniper (*Juniperus scopulorum*). Much of the rangeland is comprised of crested wheatgrass (*Agropyron cristatum*) seedings with halogeton (*Halothamnus glomeratus*) and cheatgrass (*Bromus tectorum*) dispersed along roadways and disturbed sites. The area is home to many species of birds including hawks and other birds of prey. Mammals include occasional indigenous deer, coyote, and small rodents. Domesticated cattle graze in the area.

Should the property lend itself to a future mining operation, potential sites for processing the deposit abound throughout the area and its immediate surroundings. An ample source of labor is available from the nearby towns of Burley and Oakley and the surrounding rural population base.
8.0 - HISTORY

The Blue Hill Creek gold occurrence was discovered by geologist Stanton P. Dodd in the summer of 1985 while conducting gold exploration in the Oakley, Idaho region for Meridian Minerals Company. Prior to the discovery, the property contained no evidence of any major workings or modern-day exploration activity, and no mention of mineralization or past production existed in the geologic literature base. Dodd’s initial reconnaissance and ultimate discovery of the area was based on the ground-truthing of rocks erroneously described in the literature as rhyolites in the Blue Hill Creek area. As it turns out, these rhyolites are, in fact, textbook examples of hot spring sinter terrace deposits with variegated, blue and white banding (Plates 3 and 4). This distinctive ice-blue color to the banding is believed to be the derivation of the naming of Blue Hill Creek (Plates 5 and 6). Since Dodd’s discovery and the limited, successful drilling conducted by Meridian in 1986 and 1987 and by Latitude Minerals again in 1998, no further work has been conducted on the property.

Results of Dodd’s discovery in the summer of 1985 led to detailed mapping and sampling of the property at a scale of 1” = 400’ (Dodd and Bernardi, 1985), as well as the initiation of a larger program designed to evaluate the entire 5-mile-long belt of scattered precious metal anomalies along the western flank of the Albion Range. Based on the results of this work, claims were staked and State of Idaho Lease Land was acquired. Subsequently in 1986, a work plan was permitted with the BLM and Idaho State Lands Department. Work completed in 1986 included the drilling of ten RC holes in the target area for 3,700 feet (Table 1), and 2,400 feet of trenching, mostly in Paleozoic carbonates and siltstones east of the main Tertiary-hosted precious metals target.

Meridian continued work in the Blue Hill Creek area into 1987 with the drilling of 11 additional RC holes totaling 4,017 feet, 7 of which total 3,175 feet and were placed to further evaluate the main Tertiary-hosted target. Of the seventeen 1986-87 holes drilled to test part of the area containing Tertiary-hosted precious metals mineralization, 13 encountered extensive zones of silicification and quartz veining containing gold mineralization (Table 1). Meridian’s total 1986-1987 drilling comprises 6,875 feet. Inferred Tertiary-hosted NI 43-101 non-compliant gold resources, as estimated by Dodd (1990) and based on Meridian’s 1986 and 1987 drilling results, comprise 170,000 ounces of gold contained within 10.0MM tons of material grading 0.017 opt Au, open-ended in all directions and to depth. This estimate is mentioned only for historic reference and the reader’s information and does not comply with the guidelines of National Instrument 43-101. The author is not treating this resource as 43-101 compliant, as should be verified by a qualified person. In spite of this initial success and upon assessing their interest in 1988, Meridian decided to farm-out Blue Hill Creek as part of their Oakley Area Projects.
package in order to more fully pursue mine development projects in Nevada and the California Mother Lode gold belt.

WestGold acquired the Oakley package from Meridian in 1988, with 1988 and 1989 work concentrating on drilling Paleozoic-hosted targets and Tertiary-hosted mineralization at Cold Creek, some 4 miles to the north of Blue Hill Creek. No detailed work or drilling was ever conducted by WestGold on the Tertiary-hosted mineralization at Blue Hill Creek. The Oakley Project was dropped by WestGold in 1990 after testing its highest priority Paleozoic targets and Cold Creek, which it felt had a reasonable mining potential, but was too small. By May of 1993, all claims had been dropped and the area was open for mineral entry.

Twelve unpatented federal lode mining claims were staked over the main area of mineralization by Carden and Bernardi, Inc. on December 16, 1997 and leased to Latitude Minerals Corp. in early 1998. Latitude placed nine RC holes totaling 4,528 feet drilled on the main Blue Hill Creek target during the 1998 field season to test for the presence of north-trending feeders and explore for mineralization in the Paleozoic carbonate basement rocks underlying the Tertiary hot spring gold system. All nine holes intercepted significant thicknesses of gold mineralization ranging between 45 and 285 feet thick (Table 2). Latitude’s drilling confirmed the mineralization described by Dodd (1990), increased the dimensions of the deposit to 3,350-feet long and up to 1,000-feet wide, which still remains open-ended in all directions and at depth, and resulted in a loosely constrained 200,000 ounce National Instrument 43-101 non-compliant gold resource calculation. This latter point is mentioned for the reader’s information only and is to be considered relevant only from a historical perspective pertaining to the discussion at hand.

Most important, Latitude’s drilling resulted in the discovery of gold mineralization in underlying Paleozoic carbonate rocks altered to gold-bearing jasperoid breccia with quartz veins below the mineralized capping Tertiary Salt Lake Formation host rocks and hot spring sinter deposits. Drill hole LBR-29 (Table 2; Figs. 6, 8, and 9) intersected highly broken jasperoid on the edge of a feeder system cutting the underlying Paleozoic section peripheral to the north-trending structural core of the area of mineralization. The discovery of this mineralization is significant because it indicates both genetic and structural ties to the overlying Tertiary-hosted gold system and implies the presence of a new target in the yet unexplored Paleozoic carbonate rock-hosted sequence underlying the property at depth. Furthermore, Latitude’s drilling results showed that oxidation extends throughout the entire length of most holes and into the carbonate basement suggesting potential for good deposit metallurgy.

Latitude’s drilling results also revealed the presence of buried sinters and as much as 250-foot-thick sections of variably mineralized Tertiary volcaniclastic and epiclastic rock
containing strong argillic alteration, silicification, local quartz stockwork veining, and
brecciation below unaltered post-mineral latite flows and ash beds. With much of the
surrounding ground covered by this post-mineral rock, Latitude geologists felt that the
exploration potential was excellent to expand the area of known mineralization (The
Mining Record, 1998). Furthermore, Latitude geologists developed an exploration
deposit model partly based on Atlas Precious Metals’ Grassy Mountain gold deposit in
southeastern Oregon where 200-foot- to 300-foot-thick sections of low-grade gold
mineralization and hot spring sinter exist above/around a higher-grade feeder, mostly
capped by post-mineral volcanics. At Blue Hill Creek, Latitude geologists believed that
high-grade feeders extend into and mineralized Paleozoic carbonate basement rocks.
Although a second round of deeper drilling was planned by Latitude in 1999 to test for
these suspected high-grade feeders and to explore the Paleozoic section for the presence
of a carbonate sedimentary rock-hosted gold system, none was ever performed because
the precious metals market hit a record low and many juniors, including Latitude, were
not able to raise sufficient capital to continue exploration.

On March 17, 2007, North American Exploration, Inc., acting on behalf of and as agent
for Mitchell L. Bernardi, located and staked 18 unpatented federal lode mining claims
comprising 360 acres to cover the historic area of interest. Subsequently on November
13, 2007, Bernardi acquired an additional 80 acres of Idaho State Mineral Lease Land,
Idaho State Lease No. 9415, just west of and proximate to the 18 claims to further cover
the possibly northwesterly downfaulted extension of the area of interest.

No production has ever come from the property.
Table 1. Summary of 1986-1987 Drill Results, Meridian Minerals Co., Blue Hill Creek Gold Project

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Total Footage 6,875

*Holes bottoming in > or = 0.010 opt Au  \(^1\)Drilled Thickness*
Table 2. Summary of 1998 Drilling Results, Latitude Minerals Co., Blue Hill Creek Gold Project.

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Total Footage: 4,528

\(^1\) Drilled Thickness

Holes bottoming in \(> or = 0.010\) opt Au

Blue number denotes Lost Hole
9.0 - GEOLOGICAL SETTING

9.1 - Regional and General Geology

The Blue Hill Creek precious metal system is part of a larger, north-trending, 5-mile-long by 1-mile-wide belt of scattered precious metal anomalies along the west flank of Middle Mountain, a north-trending, Basin-and-Range mountain block, which serves as the westernmost extension of the Albion Range metamorphic core complex (Fig. 4). Specifically, the 1-mile-wide zone containing the property consists of deformed and attenuated Paleozoic marine sedimentary and Tertiary sedimentary and volcanic rocks that lie along the north-trending contact juxtaposing the western flank of the core complex with the eastern margin of the thick and varied volcanic and sedimentary Tertiary Goose Creek Basin to the west (Fig. 4). A summary of the latest depositional, tectonic, and thermal history of the general area, the details of which are beyond the scope of this report, suggests that an early to middle Tertiary rise in thermal activity produced plutons at depth, metamorphic core complexes in the subject Albion Range and adjacent Raft River Mountains (Fig. 4), and considerable attenuation of the sedimentary cover on the core complex domes. Late Tertiary events, largely the result of crustal extension, include folding and faulting to form the present mountains and sediment-filled basins.

Rocks exposed in and near the project area range in age from Precambrian to Quaternary, with units younging toward the west. Core complex rocks, just east and northeast of the claim block, consist of Precambrian through Mesozoic-age intrusive rocks, as well as schist and gneiss. To the west of and overlying these rocks is a series of quartzite, limestone, and minor phyllite of Paleozoic age that partly cover the northern and eastern portions of the claim block. The stratigraphy of these rocks, shown in Figure 5, is part of the package of pre-Cenozoic rocks that occur in fault-bounded tectonic sheets that cover the domed Archean rocks (Hintze, 1988).

Filling the Goose Creek Basin to the west of the Paleozoic rocks, and underlying the remainder of the claim block, is tuffaceous siltstone, sandstone, conglomerate, and tuff of the late Miocene Salt Lake Formation (Figs. 4 through 6). Comparison with Salt Lake Formation stratigraphy in the Raft River basin, roughly 10 miles east of the project area, suggests probable correlation with the Lower Tuffaceous Member (Williams and others, 1976; Hintze, 1988). The Salt Lake Formation is dated as late Miocene, at least in part, by a clustering of radiometric ages of between about 7 and 11 million years on specific volcanic members (Williams and others, 1982). Also capping and interbedded with these Salt Lake rocks are classic-looking, rhythmically-banded and bedded siliceous hot spring sinter terrace deposits (Plates 3 through 6).

Regionally, the Albion Range metamorphic core complex and westerly adjacent Goose Creek Basin lie in the northeastern part of the Basin-and-Range geologic province just
south of the Snake River Plain. This whole area is within the Cordilleran thermotectonic anomaly (CTTA) (Eaton and others, 1976 and 1978), which is roughly coextensive with the Basin-and-Range province and which is interpreted as the product of large-scale crustal extension resulting in high heat flow, much volcanism throughout middle and late Cenozoic time, and Basin-and-Range block faulting (Stewart, 1978).

Structurally, a series of north-trending normal faults border Middle Mountain on the west and form the dominate step-block fault topography to the west in Goose Creek. A series of apparently older northwest-trending faults generally downdrop the section to the north and control the localization of major Goose Creek tributaries that transect Middle Mountain. This northwest-trending fault system appears spacially proximal to hydrothermal alteration, especially where silicification of the Tertiary Salt Lake Formation host rocks has taken place at Blue Hill Creek.

9.2 - Project Geology

Results of detailed geological mapping of the Blue Hill Creek Gold Project area by Dodd and Bernardi (1985), as displayed in Figure 6 of this report, show that rock types comprising the main target area are mostly: 1) chalcedonic sinter, along with silicified siltstone, sandstone, conglomerate, and tuff, all of the latter generally termed as epiclastic sedimentary and volcanic rocks (map unit Ts, and Plates 3 through 6); 2) intensely silicified hydrothermal vent breccia (map unit Tbx, and Plates 7 through 10); and 3) post-mineral/post-sinter latite flows, ash, tuff and conglomerate (map unit Tsl). All of these rocks are included as part of the Lower Tuffaceous Member of the Salt Lake Formation of Late Miocene age. Comparison with Salt Lake Formation stratigraphy, just some 10 miles east of the Project area, suggests a strong correlation with the Lower Tuffaceous Member (Williams and others, 1976; Fig. 5). Also present on the property are brecciated and silicified Paleozoic rocks in fault contact on the north and east sides of the Tertiary section (Fig. 6). Stratigraphic assemblages of these carbonate-dominated rocks also appear to be present as fault-bounded tectonic sheets and as thrust plates east of the area of mineralization (Figs. 5 and 6). Results of Latitude Mineral Corp.’s 1998 drilling, particularly of hole LBR-29, indicate that Paleozoic carbonate rocks, intensely altered to gold-bearing jasperoid breccia, underlie the Tertiary section at depths of approximately 565 feet to 635 feet (T.D. of the hole) below the present-day surface of the area of Tertiary rock-hosted gold mineralization.

Structurally, the bulk of the Blue Hill Creek Project area is underlain by pervasively silicified and clay-altered Tertiary Salt Lake Formation epiclastic sedimentary and tuffaceous volcanic rocks related to a northwest-trending structural graben. Within this graben and the area of mineralization are a series of northeast-trending normal faults (Fig. 6), which have offset and downdropped mineralized material to the northwest towards State Lease Land (Fig. 3) and Goose Creek Basin under post-mineral cover. These post-
mineral faults displace and bury sections of mineralized material, some of which have yet to be drill tested. These faults also cut and offset surface exposures of hot spring sinter terrace deposits in the Blue Hill Creek main target area (Fig. 6; Plates 3 and 4).

Also present at the property are a series of north- to northeast-trending faults and fractures, with little to no displacement, believed to have acted as the primary loci or conduits for hydrothermal alteration and gold mineralization. Structural control to the presently defined mineralization and to possible higher-grade, feeder-style mineralization is more clearly defined in the Grade x Thickness Map presented later in Section 19 of this report. This latter fault trend is reported to also control thermal spring activity in the Goose Creek Basin to the west. Although still a point of debate, the possibility exists that these latest faults are part of a set of low-angle listric, normal faults associated with the juxtaposition of the area to an actively emerging metamorphic core complex. In support of this latter point, major low-angle listric faulting of late Tertiary age is present within the Salt Lake Formation east of the Grouse Creek Mountains approximately 25 miles southeast of the project area (Miller and others, 1980).

Subsurface geology, as indicated by detailed geologic logs pertaining to the nine RC holes drilled by Latitude Minerals Corp. in 1998 (Table 2; The Mining Record, 1998), reveal some interesting points and observations not readily apparent from project surface geology outcrops and mapping. First, quartz veinlets and quartz-lined vugs, brecciated material indicating fault zones, interbedded sinter beds and stacked sinters (to 315 feet deep in hole LBR-31), and locally intense argillic alteration of the Tertiary host rocks, all exist at depth. Furthermore, angle hole LBR-29 (Table 2), which intersected Paleozoic carbonate host rock altered to gold-bearing jasperoid breccia along the leading edge of a structural zone at depths of from 565 feet to the bottom of the hole at 635 feet (where the hole was lost due to its broken nature and extremely difficult drilling), also includes pale cream and altered gold-bearing (0.014 opt Au) aplastic dike rock from 605 feet to 615 feet with multi-phase quartz veins cutting the jasperoid. The presence of this altered dike material associated with structural zones and jasperoid breccia at depth below the low-grade, bulk-tonnage target developed in the overlying Tertiary rocks suggests the presence of high-angle, structurally-controlled, feeder-style gold mineralization in the roots of the mineralizing system, with the dikes, jasperoid breccia, and mineralization all localized in and along these deeper-seated structural avenues. This observation is consistent with criteria currently used by Barrick Gold geologists in their exploration for epithermal, hot spring-type, bulk-tonnage gold targets in the Basin-and-Range of Nevada.
10.0 - DEPOSIT TYPES AND DEPOSITIONAL MODEL

Mineralization at Blue Hill Creek is a prime example of the epithermal hot spring-type precious metals deposit type, classically characterized by its bulk-tonnage, low-grade, open-pittable nature and commonly found in the Basin-and-Range geologic province of the western United States. Numerous scientific articles have been written and published on this deposit type concerning its origins, physical, chemical, and geological settings, recognition criteria, major- and trace-element geochemistry, zoning, alteration types, ore mineralogy, ore grades and distribution of ore, and mineability. Some of the most definitive, classic, and timeless articles written on this deposit type include those by Buchanan (1981), Berger and Eimon (1982), and Silberman (1982), and the reader is referred to these for more information on the subject.

Epithermal hot spring-type precious metal (Au, Ag) deposits form at low to moderate temperatures in near-surface environments. These deposits are found in all rock types, but historically, the most important deposits occur as disseminated bulk-tonnage and/or stockwork-type vein deposits in volcanic rocks (e.g., Round Mountain, Nevada,) and as replacements in impure silty carbonate-hosted sedimentary sequences (Carlin, Nevada). Increases in the open-market prices for gold (Au) and silver (Ag) in the last few years have resulted in renewed, worldwide interest in precious metals and the economic viability of large-tonnage, low-grade deposits. These bulk-mineable deposits form as replacements in permeable horizons or as stockworks in the upper parts of otherwise bonanza-type hydrothermal systems that erupted onto the surface as hot springs, fumaroles, and geysers. Active geothermal areas such as Steamboat springs, Nevada and Broadlands, New Zealand (White, 1974), and Norris Geyser Basin in Yellowstone Park, Wyoming are modern day analogs of epithermal hot spring-type precious metal deposits currently forming. Prior to price increases for precious metals in the last 35 years, large-tonnage, low-grade epithermal hot spring-type deposits were an unconventional resource; however, now they constitute one of the main sources of precious metals in the United States.

In terms of a hot springs-type depositional model, most epithermal precious-metal mineral deposits generally form by hydrothermal systems that vent thermal waters to the surface. However, deposition from hot solutions at or very near the surface results in a set of geological characteristics that set “hot springs” deposits apart from those epithermal deposits formed at much greater depths, although hot spring-type deposits classically transcend and transition into structurally controlled higher-grade, feeder-type veins and precious metal-bearing root zones with depth. Some classic examples of hot spring-type precious metals deposits include Round Mountain, Nevada (Tingley and Berger, 1985), Hasbrouck Mountain, Divide district, Nevada (Silberman, 1981), DeLamar Mine, Idaho (L. Pancoast, author of this report who worked there as Mine Exploration Geologist),
Sulphur, Nevada (Wallace, 1980), Grassy Mountain, Oregon, and the McLaughlin Mine, Knoxville district, California (Becker, 1888; Averitt, 1945).

Several basic and important structural and mineralization features, along with associated recognition criteria, should be considered in any hot springs-type precious metal system deposit model put forth. These features and criteria generally include:

1) major, strong and persistent structural features such as Basin-and Range normal faults and basin and graben boundary faults that have served as channelways and depositional sites for hydrothermal fluids;

2) deposition of siliceous sinter on the surface and intermittently during the course of the mineralization at depth (sinters generally do not constitute a significant resource base in terms of total tons of metal);

3) below the siliceous sinter is a zone of intense silicification of the country rock; this silicified zone forms a seal or capping over the hydrothermal system and is characterized in ore-bearing metalliferous deposits by multiple episodes of brecciation, indicative of episodic rupturing and repeated activity of hydrothermal conduits; rupturing of the silica seal causes a sudden pressure decrease and a resultant boiling of hydrothermal fluids, with chemical and temperature changes accompanying the rapid boiling causing the deposition of quartz, sulfides, and precious metals;

4) in hot spring-type deposits, evidence of mineralization always occurs at the surface, most commonly in the form of hydrothermal breccias, often silicified; breccia zones in the silica cap may generally be followed downward beneath the cap into quartz stockwork veining; explosive breccias are common near the surface and beneath the silicified cap in the form of vents, pipes, veins, and dikes; some breccias appear as rubbly, non-matrix supported “fallout aprons” on the surface, where they occur as bedded sediments with fragments of sinter and the silica cap, while others occur as matrix-supported breccias where the cement is predominantly silica, with or without accompanying sulfides and precious metals – these breccias are generally an important source of ore in most hot spring-type precious metal deposits;

5) below the silica cap is the zone of acid-leaching where clay alteration and oxidation occur; gases evolved during boiling may recondense in cooler aquifers near or at the surface, and when the gases include $\text{H}_2\text{S}$ and $\text{CO}_2$, they result in acid-sulfate solutions that can pervasively acid-leach the host rocks through downward percolation (Berger and Eimon, 1982); minerals commonly found in the acid-leached parts of hot spring-type systems include quartz, k-feldspar (adularia), hydromica, kaolinite, alunite, jarosite, and iron oxides, depending on the chemistry of the mineralizing system and host rocks present; this zone is the main productive area of bulk-tonnage mineralization;
6) bulk tonnage, lower grade mineralization occurs as disseminations or replacements generally in host rocks with a high degree of permeability and/or chemical reactivity - epiclastic and tuffaceous sedimentary rocks, silty, thin-bedded, impure carbonate sedimentary rocks, and volcanic tuffs; deposits also occur in lesser reactive and less permeable andesitic rocks;

7) bulk tonnage ore and mineralization is normally above higher-grade, feeder-type, structurally-controlled bonanza- and quartz-sulfide-type vein mineralization; steeply dipping, subvertical to vertical structures control the placement of these veins and their rooted shape and structure.

Taking into account all of the above, Figure 7 is a schematic diagram showing the spatial relationships of alteration and the more important structural components as they relate to the epithermal hot spring-type gold target at Blue Hill Creek. The disseminated gold deposit model is based in part on Atlas Precious Metals’ Grassy Mountain hot spring-type gold deposit discovered in southeastern Oregon in 1988, where 200-foot- to 300-foot-thick sections of low-grade gold mineralization and stacked hot spring sinter deposits exist above and around higher-grade feeder material at depth, all mostly capped by post-mineral Tertiary volcanics. Mineralization within the high-grade feeder comprises the majority of the higher-grade material and ounces of gold within the deposit.

Specifically addressing the Grassy Mountain deposit and the above described epithermal hot spring-type depositional model characteristics and recognition criteria, and applying them to Blue Hill Creek, mineralization occurs at a major structural intersection of the north-trending Goose Creek Basin-Albion Range metamorphic core complex fault contact with the northwest-trending structural graben containing Tertiary Salt Lake Formation rocks hosting the Blue Hill Creek gold mineralization (Fig. 4). Siliceous hot spring sinter crops out on the surface (Plates 3 through 6) and, as indicated by the results of Latitude Mineral Corp.’s 1998 drilling, forms stacked and down-dropped bedded deposits locally to 315 feet deep (drill hole LBR-31). Results of Latitude’s drilling further reveal widespread silicification and silica cap development throughout much of the upper 200 to 300 feet of the mineralizing system, with quartz stockwork veinlets/microveinlets present and breccia textures common. Below the zone of silicification, the drilling results reveal clay alteration and mica (fine-grained sericite) development to depths of 500 feet below the surface. Finally, brecciation increases with depth, until gold-bearing jasperoid, developed from the alteration of Paleozoic carbonate basement rocks, and interspersed aplastic dikes are encountered (Table 2, present at depths of 565 feet to 635 feet along the edge of a deeper seated structural zone in drill hole LBR-29). Post-mineral latite flows and ash beds cover down-dropped and preserved sections of the mineralization, as indicated in geological logs of Latitude drill holes LBR-27, LBR-29, LBR-30, and LBR-31. Finally, hydrothermal vent breccia crops out on the surface in the southwestern part
of the main target area (Fig. 6; Plate 7), where it is intensely silicified, matrix supported, and is in turn, locally cut by northeast-trending silicified ribs (Plates 8 through 10). This breccia has not been drilled and remains as a priority exploration target.
11.0 - MINERALIZATION

Epithermal hot spring gold mineralization and alteration are present within two distinct environments in the Blue Hill Creek area. The first is in structurally deformed, pervasively leached, and locally silicified Paleozoic carbonates, quartzites, and clastic rocks primarily associated with north- to northeast-trending high-angle faults and in zones roughly concordant to bedding and detachment faulting east of the claim block in the upper reaches of Blue Hill Creek. This environment comprises the previous East Blue Hill Creek target drilled by Meridian, with generally negative results (Dodd, 1990). The second environment comprises the subject of this report, disseminated epithermal hot spring-type gold mineralization in silicified and argillized Salt Lake Formation Lower Tuffaceous Member siltstone, sandstone, conglomerate, and tuff, and associated siliceous hot spring sinter terrace deposits, as well as in underlying Paleozoic carbonate basement rocks. Of the two environments, the altered Tertiary section and underlying Paleozoics contain the best potential for the discovery of a bulk-tonnage epithermal gold deposit. Here, a complete section of the mineralized hot spring system is present, with sinter deposits existing as surface outcrops and interbeds within the drilled section.

Surface precious metals mineralization hosted by the Tertiary section at Blue Hill Creek exists in gold-bearing chalcedonic sinters and in strongly silicified tuffaceous sedimentary rocks, the latter containing disseminated pyrite and quartz veining, typically near the Tertiary-Paleozoic contact (Dodd, 1990). Altered and mineralized surface exposures comprise a zone at least 3,350-feet long and up to 1,000-feet wide (Figs. 6 and 9). Salt Lake Formation sandstones and conglomerates beneath and adjacent to the sinter deposits are either pervasively silicified or argillized. On the surface, silicification is proximal to the sinters and argillization of conglomerate and sandstone matrix occurs proximal to the silicification. Sinter layering strikes roughly north and dips about 20 degrees to the east, with sinter terraces downfaulted to the northwest (Plate 6).

Mineralization occurs in surface samples as blebs and fine-grained disseminations of pyrite in sinter and as scattered, small stockwork crystalline quartz and chalcedony veinlets cross-cutting the sinter and adjacent silicified sedimentary rocks. Some of the chalcedony veinlets are pyrite-bearing. Drill results indicate that fine-grained disseminated pyrite, commonly 1 percent to 5 percent by volume, occurs at depth. Oxidation of sulfide at depth is locally erratic suggesting abundant structure.

Maximum Au and Ag values from surface sinter and silicified Tertiary sedimentary rock-chip samples reach 0.06 opt (2.1 ppm) and 11.6 ppm, respectively. Associated trace elements typically elevated in epithermal hot springs systems (As, Sb, Hg) are generally anomalous. Trace element geochemical data from Kennecott rock sampling of Blue Hill sinter and silicified tuffaceous conglomerate and siltstone indicates values in the range of from 9 ppm to 159 ppm for As, less than 5 ppm to 19 ppm Sb, and less than 0.010 ppm to
0.489 ppm for Hg (Bourns, 1993). Geochemical assay results of Meridian’s and the author’s surface rock-chip sampling (see Section 16 of this report) indicate Ag/Au ratios of mineralized material generally in the 8:1 to 10:1 range, implying the presence of substantial silver in the deposit.

As previously mentioned in Section 9.2 of this report, angle hole LBR-29 (Table 2), intersected Paleozoic carbonate host rock altered to gold-bearing jasperoid breccia along the leading edge of a highly broken structural zone at depths of from 565 feet to the bottom of the hole at 635 feet (where the hole was lost due to its highly broken nature and resultant extremely difficult drilling). Also encountered was pale cream and altered gold-bearing (0.014 opt Au) aplitic dike rock from 605 feet to 615 feet with multi-phase quartz veins cutting the jasperoid. The presence of this altered dike material associated with structural zones and jasperoid breccia at depth below the Tertiary-hosted, low-grade, bulk-tonnage target suggests the presence of high-angle, structurally-controlled, feeder-style gold mineralization in the deeper roots of the mineralizing system, with the possibility of the dikes, jasperoid breccia, and mineralization all localized in and along these deeper-seated structural avenues.
12.0 - EXPLORATION

Overall, excellent potential still remains at Blue Hill Creek for the discovery of a 0.5MM to 1.0MM ounce gold deposit composed of Tertiary-hosted lower-grade, bulk-tonnage, near surface mineralization complemented by higher-grade, feeder-type, underground, Paleozoic carbonate rock-hosted material. Specifically, results of past exploration and interpretation of this exploration information show that good potential exists in the following areas where further drilling is needed and recommended:

1. **In-fill and extensions of the resource area** - Review of Figure 9, a Grade x Thickness map of the total gold content of the twenty-six (26) holes drilled in the main target area, reveals that the deposit is open in every direction laterally. Significant holes with open-ended, bulk-tonnage intercepts that need to be offset include BHC 8609 to the east and west, BHC 8713, BHC 8717, and LBR-29 to the south, BHC 8723 to the north, east, and west, BHC 8606, BHC 8607, BHC 8718, and LBR-28 to the west and southwest, BHC 8602 to the northwest, northeast, and southwest, BHC 8604 and BHC 8605 to the northwest, LBR-27 to the southwest, LBR-30 and LBR-31 to the north and northwest, LBR-24 to the south and southeast across the fault, LBR-25 and LBR-26 to the northeast, southeast, and south, and BHC 8608 to the southwest and southeast (Figs. 6 and 9; Tables 1 and 2). Most of these holes are at least 400 feet apart and require infilling to further delineate the deposit and explore for higher-grade material between them (Figs. 6 and 9). In the main area of mineralization, the open-ended zone of silicified material containing anomalous gold values (+0.010 opt Au) is presently up to 1,000-feet wide (Fig. 9).

2. **Higher-grade core in the central part of the target** - Excellent potential for the discovery of high-grade mineralization exists within and along the extensions of the north- to northeast-trending, higher-grade core in the central part of the target where a high-grade feeder(s) may exist. Gold Grade x Thickness values of the existing drilling illustrated in Figure 9 delineate this core, which is defined by Grade x Thickness values of 4.0 to 7.0 foot ounces. This zone contains the most extensive intervals of gold-bearing rock and highest grades drilled on the property. The zone appears to lie on the hanging-wall side of previously mapped, north- to northeast-trending faults. The zone is open-ended both to the northeast and south, and could be as much as 200-feet to 300-feet wide. Ten drill holes presently define the zone, with six of the ten having bottomed in mineralization. These drill results suggest the potential for additional mineralization at depth, as well as the potential for high-grade feeders, which have yet to be discovered on the property. Curvilinear structures detected from air photo coverage of the property and surroundings confirm the presence of underlying structures, particularly within the central core of the main target area. Specifically, the higher-grade zone appears to lie along a major curvilinear as seen from the air photo coverage.
3. **High-grade feeders at depth** - Potential exists for the discovery of high-grade, underground, feeder-style mineralization at depth, where 10 of 26 previous drill holes bottomed in mineralization. Drill holes need to be extended to depth to test for the presence of probable underlying limy Paleozoic rocks, which could host tightly-controlled, high-grade feeders extending upward into the overlying Tertiary section. Because the mineralized Tertiary section at Blue Hill Creek has been affected by post-mineral faulting, the possibility exists that +300 feet of Tertiary host rocks still remain to be drill tested (Dodd, 1990). These rocks could host feeder structures at depth, which, if encountered, might be enriched in the precious metals. This scenario for mineralization at Blue Hill Creek is analogous to the Grassy Mountain, Oregon deposit model previously described (see Section 10 of this Report) where the bulk of the gold mineralization is in a narrow, high-grade core or feeder at depth under areas of low-grade mineralization and interbedded sinters. Potential for higher-grade feeder-style mineralization in Paleozoic limestone below the Tertiary rock-hosted mineralization at Blue Hill Creek is evidenced by structurally controlled gold-bearing jasperoid breccia developed in the limestone (Sections 9.2, 10, and 11 of this report).

4. **Hydrothermal vent breccia** - Matrix-supported, hydrothermal vent breccia exists within a nearly circular, pipe-like body along the currently defined western edge of the main zone of mineralization (Fig. 6). Both the matrix and enclosed clasts are pervasively and locally intensely silicified, particularly near and within sub-vertical northeast-trending ribs, structures, and shears cutting the vent breccia (Plate 8). Intensely silicified material, as shown in Plates 9 and 10, displays jarosite staining and local fine-grained pyrite-rich clasts and clots embedded in a silicified fine-grained matrix, mostly composed of tuffaceous sedimentary rock. Argillic alteration of the breccia is common throughout portions of the outcrop area. Clastic material within the breccia comprises numerous lithologies including tuff, quartzite, argillite and a host of unidentified rock types. This breccia represents a priority target, which is yet to be drill tested.

5. **Northwest extension of the resource area** - Good potential still exists along the northwest extension of the resource area where previous drilling results show that post-mineral faulting has locally displaced and buried the mineralized section. Specifically, northeast-trending normal faults have offset and down-dropped mineralized material to the northwest towards State Lease Land and Goose Creek Basin under post-mineral cover. The presence of shallow, open-ended intercepts encountered in Meridian Minerals’ hole BHC 8602 (Table 1, 40 feet @ 0.014 opt Au from 10 to 50 feet), the most northwesterly hole drilled on the property, support the need for further drilling of the down-dropped Tertiary section to the northwest.

Excellent potential still remains at Blue Hill Creek for the discovery of 0.5MM to 1.0MM ounces of Tertiary-hosted, bulk-tonnage, near-surface and possible Paleozoic carbonate-hosted, high-grade, underground gold mineralization. Potential for a 10.0MM to 15.0MM
ton deposit grading 0.040 opt Au is easily envisioned within the Tertiary and underlying Paleozoic section at Blue Hill Creek (1,500’ x 400’ x 200’). Drill results indicate that the open-ended, higher-grade core area is already 600-feet long, up to 400-feet wide, and between 100- and 400-feet thick (Figs. 8 and 9; Tables 1 and 2). Further drilling of this zone could increase its overall average grade and easily extend its length and width. As pointed out by Dodd (1990), although the depth to the mineralized zones at Blue Hill Creek probably averages in excess of 200 feet, the width potential of the mineralization could keep the waste to ore ratio at approximately 3 or 4 to 1.
13.0 - DRILLING

A total of 7,717 feet in 21 RC holes was drilled by Meridian Minerals Company at Blue Hill Creek and scattered surrounding targets during 1986 and 1987. Of these 21 holes drilled, 6,875 feet of the drilling was spread among 17 holes sited to partially test the main area of Tertiary-hosted gold mineralization, the subject of this report. Results of the drilling are summarized in Table 1, with drill-hole locations shown in Figure 6.

Nearly all of the holes drilled in the Tertiary-hosted target contain anomalous gold intercepts. Specifically, of the 17 holes drilled, 13 encountered significant mineralization and extensive silicification, and of these 13, 10 contained mineralized intercepts of 50-feet thick or greater grading 0.010 opt Au or greater (Table 1). Intercepts as thick as 400 feet of material grading 0.017 opt Au were obtained (Fig. 6 and Table 1, drill hole BHC 8604), with 6 of 17 holes bottoming in +0.010 opt Au values (Table 1). Ten holes bottomed in strongly silicified tuffaceous rock. Other notable intercepts include 260 feet @ 0.024 opt Au that includes a higher grade intercept of 100 feet @ 0.033 opt Au in hole BHC 8609, 170 feet @ 0.023 opt Au in hole BHC 8615, and 170 feet @ 0.021 opt Au in hole BHC 8605 (Fig. 6 and Table 1). These drill results confirm the presence of substantial thicknesses of bulk-tonnage gold mineralization in the known resource area, as well as the potential for additional mineralization along the open-ended, lateral, and at depth extensions of the deposit.

In July of 1998, Latitude Minerals Corp. conducted a 4,528-foot drilling program spread among 9 RC holes, with all holes intersecting significant thicknesses of gold mineralization ranging between 45 and 285 feet. Results of the drilling are summarized in Table 2, with drill-hole locations shown in Figure 6. Overall, the results confirmed the mineralization indicated by Meridian Mineral’s 1986-87 drilling programs and increased the known extent of the mineralization, which remains open in all directions laterally and at depth. Results of Latitude’s drilling increased the dimensions of the main target area to 3,350-feet long by 1,000-feet wide by an average of 250-feet thick, all of which remains open-ended (Fig. 9).

Of major importance from Latitude’s drilling is the discovery of gold mineralization in Paleozoic carbonate rocks directly underlying the Tertiary-hosted main target area. Specifically, drill-hole LBR-29 intersected broken jasperoid on the edge of a feeder system cutting the underlying Paleozoic section, peripheral to the north-trending structural core of mineralization, known as the Paco Zone (Fig. 6). Latitude geologists felt that this deeper mineralization in the Paleozoics is significant as it indicates both genetic and structural ties to the overlying Tertiary-hosted gold system and implies the presence of a new target in the yet unexplored Paleozoic carbonate-hosted sequence underlying the property at depth.
Latitude’s drilling results also reveal the presence of buried sinters and as much as 500-foot-thick sections of variably mineralized Tertiary volcanioclastic and epiclastic rock containing silicification and strong argillic to quartz-sericitic alteration below unaltered post-mineral latite flows and ash beds. With much of this ground downfaulted and covered by this post-mineral rock along the northwest-trending open-ended mineralizing system (Fig. 6), potential is excellent to expand the area of known mineralization.

According to Dodd (1990), drilling conditions of the Tertiary-hosted target were generally difficult due to the broken nature of the rock and the large amount of water encountered. As a result of these problems, several holes that bottomed in mineralization had to be terminated prior to their planned target depths. Drilling by Latitude Minerals Corp. on the main target area in 1998 also encountered difficult drilling conditions at depth. Latitude holes that were abandoned prior to their planned target depths due to difficult, tight drilling conditions or because of broken and brecciated rock encountered and resultant sticking of drill rods on numerous occasions are signified as such in Table 2.

Considering that 11,403 feet of historic drilling has been performed on the Blue Hill Creek epithermal precious metals deposit, costs for this drilling in 1990 dollars, based on a weighted average of the timing and number of feet drilled in 1986 and 1987 by Meridian Minerals and in 1998 by Latitude Minerals, and including project overhead and associated geochemical analyses, result in a per drilled foot cost of approximately US$14.00 and a total exploration drilling expenditure of approximately US$160,000. Employing an inflation factor of approximately 65% in the United States between 1990 and 2007 (www.inflationdata.com) and equating this amount to today’s real dollar costs results in a current estimated amount spent of US$265,000.
14.0 - SAMPLING METHOD AND APPROACH

Seventeen surface rock-chip samples were collected by the author in a manner acceptable by current professional practice. Sampling was carried out taking into consideration the geological characteristics of the rock unit, as well as the distribution of the mineralization. As best as possible, duplicate/check rock-chip samples weighing about 2 to 6 pounds were collected by the author as close to historic Meridian locations as indicated on a map to determine the degree and style of mineralization present and confirm the historic assays. Because of the substantial amount of time lapsed since Meridian collected its samples in 1985, any marking of sites on the surface is long since gone due to the amount of time passed and weathering that has taken place. However, there is no reason to doubt that the samples are of an acceptable quality meeting professional standards.

Detailed notes were taken on each sample describing the rock type and the style and intensity of mineralization and alteration present. Sample locations were determined using a Garmin hand-held GPS with WAAS augmentation, which generally has accuracy to ± 5 m. All locations were measured and recorded by the GPS employing the 1000-meter Universal Transverse Mercator (UTM) grid-tick system. Sample locations were then plotted on 1:24,000-scale U.S. Geological Survey topographic maps, and the GPS coordinates of the sample’s location were entered into the field notes. Where a specific feature or particular type of mineralized host rock was being sampled, a select grab was taken and indicated in the field notes.

Table 3 shows the geochemical assay results of the rock-chip samples taken by the author as compared to those originally taken in the same general areas by Meridian Minerals geologists in 1985. On inspection, most of the author’s values are within acceptable limits of the originals and both populations fall within a similar specific range and order of magnitude for each element analyzed. In addition, average content of the five elements analyzed for Meridian’s sample population matches well with those of the author’s sample suite. Specifically, Meridian’s 17 samples show the following range of values for elements analyzed: 1) 0.03 ppm to 1.48 ppm for Au; 2) 0.4 ppm to 18.6 ppm for Ag; 3) 9 ppm to 220 ppm for As; 4) 2 ppm to 25 ppm for Sb; and 5) 0.08 ppm to 0.315 ppm for Hg. The author’s 17 samples show the following similar range of values: 1) 0.035 ppm to 0.915 ppm for Au; 2) 0.38 ppm to 5.76 ppm for Ag; 3) 5 ppm to 120 ppm for As; 4) 1.75 ppm to 15.1 ppm for Sb; and 5) 0.07 ppm to 2.22 ppm for Hg. Average elemental contents of Meridian’s suite of samples versus the author’s are as follows: 1) 0.25 ppm vs. 0.213 ppm for Au; 2) 2.85 vs. 1.89 for Ag; 3) 51.3 ppm vs. 52.2 ppm for As; 4) 7.53 ppm vs. 5.87 ppm for Sb; and 5) 0.135 ppm vs. 0.400 ppm for Hg.
### TABLE 3. COMPARATIVE BLUE HILL CREK GOLD PROJECT SURFACE ROCK-CHIP GEOCHEMISTRY

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<th>MERIDIAN SAMPLE NO.</th>
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<th>Ag ppm</th>
<th>As ppm</th>
<th>Sb ppm</th>
<th>Hg ppm</th>
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<th>Au ppm</th>
<th>Ag ppm</th>
<th>As ppm</th>
<th>Sb ppm</th>
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<td>6</td>
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<td>55</td>
<td>6</td>
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<td>1.89</td>
<td>52.2</td>
<td>5.87</td>
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15.0 - SAMPLE PREPARATION, ANALYSES AND SECURITY

Regarding the duplicate surface rock-chip samples taken by the author, each sample’s location was recorded by GPS in NAD 27 UTM coordinate space and each sample bag was sealed with a non-opening, yellow color-coded plastic tie. All samples were placed in large rice bags and retained in the author’s possession day and night to continue chain of custody until personally shipped to ALS Chemex Labs in Elko, Nevada for processing on November 15, 2007. The samples were subsequently analyzed at ALS Chemex Labs in Sparks, Nevada, with the results received on November 28, 2007.

ALS Chemex has attained ISO 9002 registration at all of their North American laboratories. ISO 9002 requires evidence of a quality management system covering all aspects of their organization. To ensure compliance with this system, regular internal audits are undertaken by staff members specially trained in auditing techniques. Additionally, ALS Chemex has attained ISO 17025 registration, which provides specific assessment of a laboratories’ analytical competence for specific analytical techniques. The combination of the two ISO standards provides their clients complete assurance regarding the quality of every aspect of ALS Chemex operations.

Upon receipt of the samples by Chemex, all sample preparation and analytical procedures are assigned unique code numbers so that it is known exactly which procedure was followed. Each code is fully documented by written procedures that contain unique filenames. By example, pulps sent to ALS Chemex for this project were logged in (Code Log-22) and weighed (Code WEI-21) under work order EL07134625. Samples were crushed so the 70% of the sample passed a 2 mm sieve and the sample was split with a riffle splitter and the sample was pulverized and split so that 85% had a particle size of < 75 µm. Gold was analyzed by 30 gram fire assay with an AA finish (code Au-AA23) and the other elements were obtained using an aqua regia digestion and an ICPMS analysis.

ALS Chemex’s standard operating procedures require the analysis of quality control samples (reference materials, duplicates, and blanks) with all sample batches. As part of the assessment of every data set, results from the control samples are evaluated to ensure they meet the standards determined by the precision and accuracy requirements of the method.

Regarding the historic sampling that was done by Meridian Minerals in 1985, little is known of the sampling or assay procedure, but the author has no reason to doubt that reasonable care was exercised during their sampling and that a reputable North American assay lab was used for analysis, as Meridian was a main stream minerals exploration company in operation during that period.
16.0 - DATA VERIFICATION

During the author’s visit to the project on November 6 and 7, 2007, he was given access to all available information and the property from Bernardi and Carden. As part of the data verification process, the author personally collected seventeen (17) rock-chip samples of areas previously sampled by Meridian Minerals in 1985 for gold (Au), silver (Ag), arsenic (As), antimony (Sb), and mercury (Hg) analyses. Even though the author had no way of knowing where Meridian’s samples were exactly taken on the ground due to the amount of time that had passed since they were collected and the loss of identifying sample marker tags that might be present, a map of the locations of the Meridian samples was supplied to the author by the property owners in order to get him as close to the original Meridian sample sites as possible in an attempt to duplicate them. In spite of this obvious built-in variability in trying to duplicate the original locations, all analyses of Meridian’s original samples and the author’s re-samples, as displayed in Table 3 corresponding to Section 14 of this report, match very well within a specific range of values and order of magnitude for each of the five (5) elements analyzed. Thus, verification of the data was obtained, with no failure to do so.
17.0 - ADJACENT PROPERTIES

The Cold Creek gold property, which is another epithermal hot springs-type gold prospect similar in nature to Blue Hill Creek, lies approximately 13 miles south of Oakley, Idaho and 4.5 miles north of the Blue Hill Creek Gold Project (Fig. 2). The geology comprises intensely silicified and stockwork-veined Tertiary Salt Lake Formation.

Similar to Blue Hill Creek, disseminated, bulk-tonnage, epithermal hot spring-type gold mineralization was discovered at Cold Creek by Meridian Minerals’ geologists in 1985. A total of 9,025 feet in 38 RC holes were placed by Meridian (1986 and 1987) and WestGold (1988) to partially test the Tertiary-hosted gold target (Gehlen and Conway, 1989; Dodd, 1990; Bernardi and Carden, 1998). Results of the drilling define a loosely-constrained 50,000 ounce National Instrument 43-101 non-compliant global gold resource estimated by WestGold (Gehlen and Conway, 1989) that clearly is still open in every direction laterally and to depth. The reader is cautioned that this resource estimate is considered relevant only from a historical perspective pertaining to the discussion at hand; it does not comply with the guidelines of National Instrument 43-101 and the author is not treating it as NI 43-101 defined reserves, as verified by a qualified person. Of the 38 holes drilled, 15 encountered significant intercepts of near-surface gold mineralization greater than 0.020 opt, as well as extensive zones of silicification. Some of the better intercepts include 30 feet @ 0.063 opt Au (hole CC8729), 40 feet @ 0.048 opt Au (hole CC8614), 30 feet @ 0.038 opt Au (hole CC8730), and 150 feet @ 0.020 opt Au (hole CC8612). Pervasive silicification and local strong chalcedonic quartz veining are the primary alteration types present at the main target in the altered zone. The zone, at least 5,000-feet long and up to 1,000-feet wide, contains surface gold values to 0.060 opt. Similar to Blue Hill Creek, Cold Creek mineralization is associated with a northwest-trending, fault-bounded graben and appears related to north- and northeast-trending, high-angle structures. The margins of the graben remain unexplored.
18.0 - MINERAL PROCESSING AND METALLURICAL TESTING

There are no known data regarding mineral processing and metallurgical testing. However, results of chip and core logging conducted during Latitude Mineral Corporation’s 1998 drilling campaign reveal that oxidation extends throughout the entire length of most holes (to 635 feet deep) and into the mineralized carbonate basement suggesting potential for good oxide deposit metallurgy.
19.0 - MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

There has been no historic economic evaluation of the mineralization described herein and none was performed for this report. Therefore, the estimate that follows is solely a mineral resource estimate. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Although more drilling needs to be performed and is recommended, the mineralization that has been described is relatively coherent and considered inferred.

Assumptions

The following assumptions were made by the author:

1. A unit weight of 125 pounds per cubic foot or 16 cubic feet per ton was assumed, based on the average density of silicified tuffaceous rocks and silicified mudstone and conglomerate.

2. The tuffaceous rock is relatively porous and permeable, and it is assumed gold-bearing hydrothermal fluids were relatively easily transmitted given the thicknesses of many of the intercepts in the main zone of mineralization encountered in many of the holes. Also, subsurface geology was considered and taken into account to define the Grade x Thickness envelopes.

3. For indicated mineral resources, the mineralized trend should be bracketed by drilling or relatively close to the drill hole to be drill-indicated. No such category was measured for Blue Hill Creek. For the inferred mineral resource given in this report, the mineralized trend was not fully defined or bracketed by drilling, but it is reasonable given the transmissivity of the host rock and the amount of drilling performed, that mineralization extends beyond the last hole for which assays have been defined.

4. The following mineral resource estimates are given at three different cutoffs, 0.5, 1.0, and 2.0 Grade x Thickness, respectively.
**Methods**

1. A histogram of the intercepts was constructed and Grade x Thickness cutoffs of 0.0-0.5 (white), 0.5-1.0 (green), 1.0-2.0 (yellow), 2.0-4.0 (orange), and 4.0-7.0 (red) were chosen.

2. The mineralized holes were contoured to reflect the Grade x Thickness cutoffs (Fig. 9) and each of the contoured Grade x Thickness areas was calculated.

3. Because many of the holes containing mineralized intercepts were angle holes, the Grade x Thickness values were corrected for true thickness by multiplying the apparent thickness of the intercept by the sine of the angle of the hole.

4. The Grade x Thickness for all holes comprising a contoured interval was averaged and used in determining ounces of gold contained.

**Estimated Inferred Mineral Resource**

Economics, mining method, stripping ratio, and recovery will dictate the appropriate cutoff grade and Grade x Thickness to be applied to the in-the-ground indicated and inferred mineral resource. The 0.5, 1.0, and 2.0 Grade x Thickness values were selected, as these cutoffs are used for many open pit mines in the western U.S.

The table below gives the ounces of gold contained at Blue Hill Creek at the specified Grade x Thickness cutoffs:

<table>
<thead>
<tr>
<th>G x T Minimum</th>
<th>Tons</th>
<th>Avg. Grade (oz. per ton)</th>
<th>Contained Ounces Au</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
<td>14,438,800</td>
<td>0.0163</td>
<td>235,200</td>
</tr>
<tr>
<td>1.0</td>
<td>9,942,600</td>
<td>0.0168</td>
<td>167,200</td>
</tr>
<tr>
<td>2.0</td>
<td>4,373,400</td>
<td>0.0174</td>
<td>76,000</td>
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</table>

Because grades of the drill-defined mineralized intercepts are confined to a relatively narrow range, the Grade x Thickness values are mainly dependent on thickness of the intercept. Therefore, the result of increasing the cutoff results in lowering the number of tons, but not increasing the grade accordingly. The estimate here corresponds well with those previous, historic, 43-101 non-compliant resource estimates described in Section 8 of this report.
20.0 - OTHER RELEVANT DATA AND INFORMATION

There is no known additional relevant data or information.
The Blue Hill Creek Gold Project is a large, classic epithermal hot-springs type precious metals target of Tertiary age that contains a number of open-ended targets that remain to be drill tested. Specifically, the deposit, as currently drilled out, contains a 235,200 ounce NI 43-101 compliant gold resource as determined by the author, with excellent potential to increase in size through additional drilling as in-fill, as step-outs along numerous open-ended extensions of mineralization, as tests for mineralization in downfaulted blocks covered by post-mineral cover, and as deeper holes to explore for high-grade feeders in Paleozoic carbonate basement rocks. Tuffaceous siltstone, sandstone, conglomerate, and tuff hosting mineralization in the main target area are included as part of the Lower Tuffaceous Member of the Salt Lake Formation of Late Miocene age. A complete section of the mineralized hot spring system exists on the property, which includes banded chalcedonic hot-spring sinter deposits and hydrothermal vent breccia at the surface.

To date, 11,403 feet of historic RC drilling spread among 26 RC holes has been placed on the property, 17 by Meridian Minerals to partially test the Tertiary-hosted gold target during the 1986 and 1987 field seasons, and an additional 9 by Latitude Minerals Corp. to test the Tertiary-hosted target and speculated deeper feeders in Paleozoic carbonate rocks during the 1998 field season. A cost estimate for this historic drilling, in 1990 dollars, results in a total exploration drilling expenditure of approximately $160,000. Considering that an inflation factor of 65% existed in the United States between 1990 and 2007 and equating this amount to today’s real dollar costs results in a current estimated amount spent of $265,000.

Geologically, results of the historic drilling reveal widespread silicification and silica cap development throughout much of the upper 200 to 300 feet of the mineralizing system, with quartz stockwork veinlets and microveinlets present and breccia textures common. Below the zone of silicification, drilling reveals clay alteration and mica development over a vertical depth of up to 500 below the surface. Brecciation increases with depth, until gold-bearing jasperoid, developed from the alteration of Paleozoic carbonate basement rocks, and interspersed altered aplite dike material are encountered. Post-mineral latite flows and ash beds cover down-dropped and preserved sections of mineralized material, as indicated in historic Latitude drill logs.

Recent Grade x Thickness estimate work by this report’s author and a qualified person as defined under the guidelines of National Instrument 43-101, indicates an inferred resource of 235,200 ounces of gold for the deposit, still open-ended in numerous directions and to depth (detailed in Section 19).
<table>
<thead>
<tr>
<th>G x T Minimum</th>
<th>Tons</th>
<th>Avg. Grade (oz. per ton)</th>
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<td>0.5</td>
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<td>2.0</td>
<td>4,373,400</td>
<td>0.0174</td>
<td>76,000</td>
</tr>
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</table>

Excellent potential still remains at Blue Hill Creek for the discovery of a 0.5MM to 1.0MM ounce gold deposit comprising near-surface, bulk-tonnage Tertiary epiclastic and tuffaceous sedimentary rock-hosted mineralization, as well as associated Paleozoic carbonate-hosted higher-grade, underground, feeder-style mineralization. Geologic targets that are currently known to exist on the property, any or all of which could contain additional mineralization delineated by recommended drilling, include: 1) the main resource area where the deposit sorely needs further in-fill and extension drilling; 2) within and along the extensions of the north-trending, higher-grade core in the central part of the main target area where a high-grade feeder (feeders?) may exist; 3) at depth in Paleozoic carbonate basement rocks where historic drilling indicates that structurally controlled mineralization is present and where high-grade feeder-style mineralization may exist; 4) in hydrothermal vent breccia, on the west edge of the main target area; and 5) along the northwest extension of the mineralizing system, where historic drilling has revealed that post-mineral faulting has locally down-dropped, displaced, and buried the mineralized section to the northwest toward State Lease Land and the western edge of the claim block.
22.0 - RECOMMENDATIONS

The proposed work plan for 2008-2009 comprises an exploration expenditure of $500,000 (U.S. Funds). The bulk of this $500,000 should be spent on: 1) additional claim staking to cover the outer margins of the target area, where mineralization may continue further out from the present land position under post-mineral cover ($20,000); 2) surface rock-chip sampling and geological mapping throughout the claim block, particularly in areas critical to an understanding of the deposit, in order to update and build upon Meridian’s 1985 mapping and sampling of the property ($10,000); 3) CSAMT geophysical work to a) discover areas of altered (silicified) Paleozoic limestone basement where high-grade feeders and gold-bearing jasperoid breccia similar to that found in drill-hole LBR-29 might exist, b) help delineate other potential favorable host rock packages in the subsurface, and c) look for structures along graben margins and at depth along edges of fault blocks that could contain mineralization ($70,000); and 4) 20,000 feet of RC drilling spread between a minimum of 26 holes ($400,000, 20,000 feet @ $20/ft including overhead and all-in costs). Drilling should be conducted subsequent to all of the other above recommended work, with drill sites delineated by and based, in part, on the results of this work. It is recommended that more than 26 drill-hole sites, approximately 30, be permitted in order to have alternatives and flexibility to alter the drill program as the project evolves based on the drilling results obtained. Permitting of the thirty (30) drill sites with the Bureau of Land Management on BLM land and with the State of Idaho Lands Department on State Lease Land should start as soon as all data from the above studies are compiled and analyzed and incorporated with all available historic mapping, sampling, and drilling data to logically and methodically pick hole locations.

The RC drilling should concentrate on: 1) testing the extensions of and infilling the known open-ended resource area; 2) testing the extensions of the open-ended, north- to northeast-trending higher-grade core of the property; 3) trying to locate higher-grade feeders possibly present at depth in altered and mineralized Paleozoic limestone below the mineralized Tertiary section; 4) testing the hydrothermal vent breccia in the main target area, which is yet to be drilled; 5) testing the northwest extension of the Blue Hill Creek structural graben and graben margins, all downfaulted to the northwest with mineralization possibly present under post-mineral cover; and 6) testing geophysical anomalies (alteration and structures) at depth that may be delineated from the recommended CSAMT work and might possibly signify higher-grade feeder structures and mineralization. Overall, numerous targets remain to be drill tested at Blue Hill Creek, which comprises a sizeable, yet still relatively unexplored epithermal hot-spring, precious metal target. Because cross-country access is available to many of the proposed sites, road building can be kept to a minimum, which should aid in the proposed drill program permitting process.
It is also recommended that one or two, 1,500-foot or more deep holes be drilled in the higher-grade core of the main target area to test for deeper mineralization and the possible presence of mineralized roots to the epithermal system. To date, the deepest hole on the property is Latitude’s hole LBR-29 drilled to 635 feet that encountered mineralized, brecciated, and jasperized Paleozoic limestone basement before being lost due to difficult drilling conditions.

Other work planned prior to and concurrent with the proposed drilling includes trying to obtain any additional outstanding historic information that can be recovered from the previous exploration/drilling campaigns, i.e., original assay sheets, detailed field maps, additional in-house company reports, drill logs and chips, etc. Additional prior and concurrent work should also include reconnaissance exploration in areas adjacent to the claim block and incorporating all subsurface geological and geophysical CSAMT work and information into the development of a coherent and consistent geologic model for the deposit. Model development may further help explain, define, and predict the style, nature, and extent of the epithermal mineralization and system, which may be related to detachment structure and development of the Albion Range metamorphic core complex.

It is estimated that a minimum time frame of approximately one year will be required to thoroughly compile and interpret the details of the pre-existing drilling, complete the proposed additional staking, mapping, rock sampling, CSAMT work, and drilling, receive and compile assays, build cross-sections, further refine and develop the geologic model, update the drill-indicated resource, and finally write a summary report of the results of the program. Timing of the proposed exploration is planned to begin during the winter of 2008 and will be completed by the end of winter 2009. Results of this work will then dictate whether further exploration and drilling is warranted.
23.0 - REFERENCES

Averitt, P., 1945, Quicksilver deposits of the Knoxville district, Napa, Yolo, and Lake Counties, California: Calif. Jour. of Mines and Geol., v.41, no. 2, p.65-89.


Dodd, S.P. and Bernardi, M.L. 1985, Geologic map of the Blue Hill Creek Gold target area, Cassia County, Idaho: Meridian Minerals Company, unpublished geologic map, scale 1” = 400’.


The Mining Record (Author Unknown), 1998, Drilling on Blue Hill Creek Project Confirms Resource: The Mining Record, September 23, 1998 issue, p. 3.


White, D.E., 1974, Diverse origins of hydrothermal ore fluids: Econ. Geol, V. 69, P954-973.

I Laurence E. Pancoast, M.S., P.G., do hereby certify that:

1. I am a consulting geologist living at 395 South Woodside Ave., Post Falls, ID 83854.

2. I graduated with a B.A. degree in Geology from Macalester College, St. Paul, MN and a M.S. degree in Geology from the University of Idaho, Moscow, ID.

3. I am a Registered Professional Geologist #790 in the State of Idaho.

4. I have worked as a geologist for 32 years.

5. I have read the definition of “Qualified Person” set out in National Instrument 43-101 and certify that by reason of my education, professional registration, and past relevant work experience, I fulfill the requirements to be a “Qualified Person” for the purposes of NI 43-101.


7. I have prior work experience on this property working with Latitude Minerals in 1998.

8. I am not aware of any material fact or material change with respect to the subject matter of this Technical Report that would affect the conclusions of this report that is not reflected in the Technical Report.

9. I am independent of the issuer applying all of the tests in NI 43-101.

10. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with same.

11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority.

Signed and Sealed
February 28, 2008

Laurence E. Pancoast, Idaho Prof. Geo. #790

SEAL
25.0 - ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

NOT APPLICABLE TO THIS PROPERTY
26.0 - ILLUSTRATIONS

*Figures*
Figure 1. General Location Map of the Blue Hill Creek Gold Project, Cassia Co., ID
Figure 2. Bureau of Land Management Surface Land Management Status and Road Access Map.

EXPLANATION
- Public Lands Administered by the B.L.M.
- State Land
- National Forest Administered by the U.S.F.S.
- Private, Split Estate, or Other Lands
- Secondary Road (unimproved)
- Rock Quarry
- Creek or Intermittent Drainage
- Topographic Contour Line
- Road Intersection and/or turnoff

Base map modified from 2008 U.S. Dept. of the Interior Bureau of Land Management 1:200,000 scale surface management and Topographic Map.
Figure 4. Index Map of the Raft River Region Showing General Tectonic Regime of the Albion Range: Metamorphic Core Complex. Location of the Blue Hill Gold Project is indicated by red star.
Figure 5. Stratigraphic Section of the Rocks in the Vicinity of the Blue Hill Creek Gold Project

Diagram modified by Hurst, 1988.
Figure 7. Epithermal Hot Spring Gold System Depositional Model and Deposit Type. Schematic diagram showing spatial relationships of alteration and the more important structural features at Blue Hill Creek.

Diagram Modified from Berger & Elmon, 1982
Plates
Plate 1. Typical discovery monument claim post showing plastic vials containing claim location notices for “Blue” claim numbers 7, 8, 9 and 10.

Plate 2. Detailed view of the claim location notices and discovery monument post for “Blue” claim nos. 7, 8, 9 and 10.
Plate 3. View looking west/northwest through Blue Hill Creek area of mineralization showing numerous siliceous sinter outcrops/mounds, some of which have been downfaulted.

Plate 4. Typical tilted sinter outcrop, Blue Hill Creek Gold Project.
Plate 5. Close-up of sinter banding, Blue Hill Creek Gold Project.

Plate 6. Blue Chalcedonic nature of sinter, Blue Hill Creek Gold Project.
Plate 7. View looking west of Blue Hill Creek gold system hydrothermal vent breccia.

Plate 8. Silicified Hydrothermal Vent Breccia Rib, Blue Hill Creek Gold Project.
Plate 9. Close-up of silicified and jarosite-stained hydrothermal vent breccia material, Blue Hill Creek Project.

Plate 10. Close-up of hydrothermal vent breccia material, Blue Hill Creek Gold Project.