Geology, Mineralization, Resource & Exploration Potential of the
OAKLEY GOLD PROPERTY
Cassia County, Idaho

Oakley Gold Property, Blue Hill Creek Project Area
showing Miocene-age, gold-bearing, hot spring sinter
(lighter colors in foreground and right center)

NI 43-101 Technical Report
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1.0 - SUMMARY

On January 10, 2013 Lateral Cold Corp (TSX-V: LTG) announced that it had entered into a Letter of Intent (LOI) agreement with Otis Gold Corp (TSX-V: OOO) to explore and acquire interest in the Oakley Gold Property. The Property includes two early-to-intermediate stage exploration project areas: 1) Blue Hill Creek, which contains an open-ended inferred gold resource; and 2) Cold Creek, which contains an open-ended, partially drilled zone of gold mineralization. Material information regarding previous mineral exploration on the Property and recommendations regarding further exploration are summarized herein.

1.1 - Property Description and Ownership

The Oakley Gold Property is located in Cassia County, Idaho approximately 15 miles south of Oakley, Idaho near borders with Utah and Nevada. The Property consists of 101 federal lode mining claims covering approximately 2,020 acres, plus an 80 acre Idaho State Mineral Lease, all 100% controlled or owned by Otis Gold Corp and comprising an approximate total Property area of 2,100 acres.

1.2 - Geology and Mineralization

Blue Hill Creek and Cold Creek lie within a north-trending, 5-mile-long by 1-mile-wide belt of previously unknown and unidentified low-sulphidation, hot spring-type gold occurrences along the western margin of the Albion Range metamorphic core complex. Prior to discovery in 1985, the Property contained no evidence of modern-day exploration activity; the gold occurrences may represent an entirely new and now emerging gold district in southeastern Idaho. The Blue Hill Creek zone is currently 3,350-feet long and up to 1,000-feet wide and the Cold Creek zone is at least 5,000-feet long and up to 1,000-feet wide.

At Blue Hill Creek, drill holes have intersected 400 feet @ 0.017 opt Au, 260 feet @ 0.024 opt Au and 290 feet @ 0.017 opt Au. At Cold Creek, drilling has intersected 260 feet @ 0.014 opt Au, 150 feet @ 0.020 opt Au and 40 feet @ 0.048 opt Au.

Mineralization at both Blue Hill Creek and Cold Creek is open in multiple directions, as well as to depth. Post-mineral rocks and northeast-trending faults have buried and displaced mineralization and most of the prospective post-mineral covered areas have not been drill tested.

1.3 - Status of Exploration

A total of 19,940 feet of drilling in 68 reverse circulation holes has been conducted on
the Property by Meridian, WestGold and Latitude Minerals from 1986-1998. In 2008, Otis Gold Corp conducted a CSAMT geophysical survey on both the Blue Hill and Cold Creek areas. Based on the results of the surveys, a total of 9 drill holes totaling 7,200 feet were proposed at Cold Creek and 9 reverse circulation drill holes totaling 8,000 feet were proposed at Blue Hill Creek. To date, none of the proposed holes have been drilled and all of the interpreted targets remain untested.

1.4 - Mineral Resource Estimates
An historical inferred mineral resource was estimated for the Blue Hill Creek project in a technical report prepared for Otis Gold Corp. dated April 7, 2008 at the 0.5 opt Au grade and thickness cutoff of 14,438,600 tons @ 0.0163 opt Au for a total of 235,200 contained ounces of gold. This estimate is historical and should not be relied upon.

A qualified person has not done sufficient work to classify the historical estimate as current mineral resource and Lateral Gold is not treating the historical resource as current mineral resources.

To bring the Oakley resource to current, new core or RC holes should be drilled on a grid with both surface and down-hole surveys performed. Assays on representative samples should be performed by a nationally recognized analytical lab. A thorough QA/QC program of checks should be instituted through a process of insertion of blind blanks, standard reference material and duplicates into the sample stream and monitored on a continuous basis with results plotted on standard control charts. The results of this new drilling program need to reviewed and statistically analyzed by a Qualified Person (QP) as defined by NI-43-101 and a new resource should be performed by computer-generated calculations.

1.5 - Conclusions and Recommendations
Excellent potential exists within the Oakley Gold Property for the development and new discovery of one or more 1.0MM+ ounce deposits of gold. Recommended work to further explore both the Blue Hill Creek historic resource and the Cold Creek mineralized zone includes drilling as in-fill, as step-outs along numerous open-ended extensions of mineralization, and at depth for additional high-grade feeders.

Further exploration is recommended; a two-phase program totaling $2,300,000 spent over 36 months is proposed. The initial program, projected for completion before the end of 2013, includes 3,000 feet of drilling and calls for a budget of $300,000.
2.0 - INTRODUCTION AND TERMS OF REFERENCE

This Technical Report on the Oakley Gold Property, Cassia County, Idaho has been prepared at the request of Lateral Gold Corp (“Lateral Gold”), which provided pertinent prior reports and data relative to the regional and property geology, history of the district and property, past exploration efforts and results, methodology, interpretations, and other data necessary to the understanding of the property sufficient to produce this report. This report is written in compliance with disclosure and reporting requirements set forth in the Canadian Securities Administrators’ National Instrument 43-101, Companion Policy 43-101CP and Form 43-101, newly revised in July 2011.

On January 11, 2013, Lateral Gold announced that it had entered into a Letter of Intent agreement with Otis Gold Corp (“Otis Gold”) to earn into an initial 70% interest with follow-on options for 100% ownership of the Oakley Gold Exploration Project, hereinafter referred to as the Oakley Gold Property. The purpose of this report is to provide a summary of scientific material and technical information concerning previous mineral exploration and to make recommendations concerning further exploration. This report will satisfy Lateral Gold’s obligation to file a technical report as public information in connection with the acquisition and continuing exploration of the Oakley Gold Property, as required under the policies of the various provincial Securities Commissions and the TSX Exchange.

The author believes that the data presented to him by Lateral Gold are a reasonable and accurate representation of the Oakley Gold Property. The author’s review of the data and of the property in the field, is sufficient in the professional opinion of the author so that he might reasonably rely on this information. 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.

This report draws much of its content from a summary of the Cold Creek project area by Bernardi and Carden (2007); on internal reports to Otis Gold made both by consulting geologist Griesel (2009) and geophysical contractor Zonge Geosciences (2008); and from a previous NI43-101 Technical Report on the Blue Hill Creek project area within the greater Oakley Mineral Property prepared for Otis Gold by Pancoast (2008), who in turn relied heavily on published and unpublished documents, maps, project reports and interoffice memos detailing the results of drilling and surface geologic studies conducted by Gehlen and Conway (1989), Hudson (1989), Dodd (1990), and Bernardi and Carden (1998). Prior to issuing his independent NI43-101 report to Otis Gold, Pancoast had worked as a geologist at Blue Hill Creek for Latitude Minerals and his report content was
augmented by first-hand observations made while overseeing and logging drill holes and from conducting later trips to the property.

The author conducted a personal inspection of the property on January 16, 2013. The properties, and access roads to it, were snow covered at the time and an A-Star helicopter supplied by Reeder Air Service was used to gain access from Twin Falls, Idaho. Nevertheless, the site inspection allowed observation of alteration and mineralization types and served to confirm geologic relationships (Plates 1 and 2).

Monetary figures used in this report are in US dollars. Units of measure are Imperial because the majority of the historic and exploration data generated on the Oakley Gold Property were originally measured and reported in Imperial units. Units of measure used in this report, with metric conversions, include:

**Linear**
- 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

**Temperature**
Degrees Fahrenheit minus 32 divided by 1.8 = Degrees Celsius

**Definitions of Geologic Terms and Acronyms:**

1. **adularia** – a hydrothermal alteration mineral, KAlSi₃O₈
2. **alunite** – a hydrothermal alteration mineral, K₂Al₃(OH)₆(SO₄)₃
3. **aplite (aplitic)** – very fine-grained intrusive rock
4. **argillic** – a type of rock alteration by which original rock forming minerals are partially converted to clay minerals
5. **ash** – fine particles carried by wind from a volcanic eruption; on the Oakley Gold Property, ash is younger than the gold mineralization and obscures its location
6. **As** – the chemical element arsenic, a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
7. *barite* – a hydrothermal gangue mineral, BaSO₄
8. *BLM* – Bureau of Land Management
9. *breccia* (*brecciated*) – a rock type composed of angular rock fragments; a rock texture characterized by angular rock fragments
10. *calcite* – a sedimentary rock mineral, a hydrothermal gangue mineral, CaCO₃
11. *carbonate* – a sedimentary rock composed of CaCO₃ and/or MgCO₃
12. *Cenozoic* – the present era of geologic time, beginning 65 million years ago
13. *chalcedony* – very fine-grained silica
14. *conglomerate* – a clastic sedimentary rock composed of rounded fragments
15. *core* – a method of drilling producing a cylinder of rock (also See: *RC*)
16. *core complex* – See: *metamorphic core complex*
17. *CSAMT* – controlled-source audio-frequency magnetotelluric, a surface-based geophysical method that provides resistivity information on subsurface rock
18. *dike* – an igneous rock sheet with a narrow width that cuts across older rocks
19. *ESA* – Endangered Species Act, US legislation passed in 1973 aimed to provide protection for species that are in danger of extinction and conserve the habitats on which those species depend
20. *epiclastic* – a sedimentary rock formed through consolidation of pre-existing rock fragments
21. *feeders* – main hydrothermal conduits of a hot spring system
22. *ft. opt* – foot-ounces-per-ton; See: *grade x thickness*
23. *FWS* – United States Fish and Wildlife Service
24. *gangue* – the less valuable minerals with which more valuable minerals are found
25. *gneiss* – a metamorphic rock with coarse mineral grains aligned in bands
26. *graben* – an elongated block bounded by sub-parallel geologic faults
27. *grade x thickness* – a method of resource estimation; multiplication of the grade of a mineral intercept times its length; e.g. multiplying (ounces per ton) times (feet intercepted) yields units of foot-ounces-per-ton, or *ft. opt*
28. *Grassy Mountain* – a hot spring-type gold deposit located in Malheur County, Oregon presently owned by Calico Resources (TSX-V:CKB)
29. *Hg* – the chemical element mercury, a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
30. *hydromica* – a hydrothermal alteration mineral, 
\[(K,H_3O)(Al,Mg,Fe)_2(Si,Al)O_10[(OH)_{2.5},(H_2O)]\]
31. *IMC* – Idaho Mining Claim
32. *inferred resources* – that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling
gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes

33. jarosite – a hydrothermal alteration mineral, KFe$_3$(SO$_4$)$_2$(OH)$_6$
34. jasperoid – a type of rock alteration by which original rock forming minerals are completely converted to silica minerals; See: silicification
35. kaolinite – a hydrothermal alteration mineral, Al$_2$Si$_2$O$_5$(OH)$_4$
36. Lateral Gold – Lateral Gold Corp
37. latite – a volcanic rock; on the Oakley Gold Property, latite flows are younger than the gold mineralization and obscure its location
38. Latitude – Latitude Minerals Corporation
39. Lek- An area where birds gather during the breeding season for community courtship displays to attract mates
40. listric fault – a curved, concave upward fault
41. LOI – Letter of Intent
42. low-sulphidation – a type of hydrothermal environment generally dominated by waters percolating from surface to depth and then back toward surface as hot springs, in contrast with high-sulphidation environments more influenced by magmatic fluids rising above a buried, hot intrusive
43. metamorphic core complex – deeply buried rocks exhumed by low-angle listric faults in response to crustal extension
44. Mesozoic – an era occurring between 230 million and 65 million years ago
46. Miocene – an epoch occurring from 23 million to 5 million years ago
47. NOI - Notice of Intent
48. opt – ounces per ton
49. Paleozoic – an era occurring between 570 million and 230 million years ago
50. Otis Gold – Otis Gold Corp, Otis Capital Corp (renamed)
51. POO - Plan of Operations
52. post-mineral – younger than mineralization; on the Oakley Gold Property, post-mineral rocks obscure the location of gold mineralization
53. ppb – parts per billion
54. ppm – parts per million
55. Precambrian – an era ending 570 million years ago
56. pyrite – a hydrothermal gangue mineral, FeS$_2$
57. quartz – a crystalline form of silica, SiO$_2$
58. quartzite – a metamorphic rock consisting of quartz in interlocking grains
59. Quaternary – an era beginning about 2 million years ago
60. RC – reverse circulation, a rotary drilling method by which rock is cut by a drill bit and drill cuttings are returned to surface inside drill rods (See: core)
61. *sandstone* – a sedimentary rock consisting of sand-sized particles
62. *Sb* – the chemical element antimony, a common and classic trace indicator element associated with epithermal hot spring-type precious metal deposits
63. *schist* – a metamorphic rock in which mineral grains are parallel aligned
64. *silica* – SiO\textsubscript{2} (silicon dioxide); various crystal habits include quartz, chalcedony and opal
65. *silicification* – a type of rock alteration by which original rock forming minerals are partially converted to silica minerals; See: jasperoid
66. *siltstone* – a sedimentary rock consisting of silt-sized particles
67. *sinter* – a sedimentary rock chemically precipitated from mineral-rich waters
68. *stockwork* – a network of veins and veinlets
69. *Tertiary* – an era occurring between 65 million and 2 million years ago
70. *tuff* (*tuffaceous*) – a volcanic rock, formed by compaction and cementation of ash; (containing tuff)
71. *volcaniclastic* – a sedimentary rock, composed chiefly of volcanic fragments
72. *WestGold* – Western Gold Exploration & Mining Company LP, a former partnership between Inspiration Resources Corporation of New York and Luxembourg based Minorco
3.0 - RELIANCE ON OTHER EXPERTS

The author’s principal task was to review and compile the historical data made available by Lateral Gold and this report relies strongly on that historical data as referenced in Section 27. The author has not independently verified the historical data, however after review, it is the opinion of the author that the historical data provided to him by Lateral Gold were collected in accordance with industry practices standard at the time; and he is not aware of any information that would lead him to suspect that the historical data are inaccurate or unreliable.

The details of the Idaho State Mineral Lease and of unpatented federal lode mining claims (listed in Appendix I and shown in Figure 4.4 through 4.7) constituting the Oakley Gold Property were provided by Otis Gold and were relied upon to describe the property holdings in Section 4 of this report. Checks of mining claim information against the BLM LR2000 Public Reports online database by the author revealed no discrepancies.
4.0 - PROPERTY DESCRIPTION AND LOCATION

The Oakley Gold Property is located in Cassia County, Idaho approximately two miles north of the historic California Trail and the Idaho-Utah state line, on the western flank of Middle Mountain (Figure 4.1). The center of the property is positioned at approximately 42.0558°N 113.8992°W.

On January 11, 2013 Lateral Gold Corp announced that it had signed a Letter of Intent with Otis Gold Corp to earn into an initial 70% interest with follow-on options for 100% ownership of the Oakley Gold Property. Terms call for Lateral to make Canadian currency cash payments to Otis of C$915,000, to spend C$5.7 million in escalating expenditures and to issue 4.95 million Lateral shares over a 5-year term. Lateral is also required to deliver to Otis an NI 43-101 compliant Resource Estimate on or before both the 3rd and 4th anniversary dates and a Preliminary Economic Assessment by the 5th anniversary date, at which time the 70% Interest will have been earned.

The first follow-on option allows Lateral to acquire an additional 10% interest by paying to Otis C$1,500,000 in cash (with C$500,000 to be paid within 90 days of earning its 70% interest and a further C$1,000,000 to be paid within 24 months of earnings its 70% interest), and 2,000,000 Lateral common shares (with 500,000 shares to be issued within 90 days of earning its 70% interest and a further 1,500,000 shares to be issued within 24 months of earnings its 70% interest).

The second follow-on option allows Lateral to acquire the remaining 20% interest by issuing to Otis an additional 5,000,000 Lateral common shares and paying to Otis a cash payment based on a multiple of any NI 43-101 Inferred gold ounces contained in a NI 43-101 Report to be filed with the Exchange in conjunction with its approval of the Agreement, both of which are to be made within 6 months of acquiring the 80% interest.

Should Lateral comply with the terms of the Agreement and exercise all of the options noted above, it will own 100% of Oakley. Additionally, an NSR of 2.5% will be issued in favor of Otis in connection with any lands not already encumbered by royalty agreements. All such royalties benefiting Otis and its previous Project partners can be purchased by Lateral for C$1,000,000 per each 1%.

The Property consists of 101 federal lode mining claims covering approximately 2,020 acres and an 80 acre Idaho State Mineral Lease, for a total area of approximately 2,100 acres. All of the mining claims and the state lease are 100% controlled or 100% owned by Otis Gold. Legal access to the federal lode mining claims is provided by the US General Mining Act of 1872 plus its amendments, and the US Stock-Raising Homestead Act of 1916; for land covered by the State Mineral Lease, legal access is provided by the lease. To retain the property, the company must pay federal maintenance fees, currently $140 per year, to the BLM and satisfy the obligations of the State Mineral Lease. Appendix I of this report is a list of federal lode mining claims, including details as to
The surface of the property is either: 1) federally owned and administered by the BLM; 2) split estate whereby the surface is privately owned and minerals are owned by the federal government; or 3) state owned and administered by the State of Idaho (Figure 4.2). Legal access to the private surface is provided by an agreement between Otis Gold and the owner of the private surface (Winecup, Inc.) dated March 10, 2010. (Figure 4.2).

Exploration programs on BLM administered and split estate lands will be conducted under a Notice of Intent to Operate (NOI) permit, which allows surface disturbance (access roads, drill sites, etc.) up to a maximum of 5 acres, and is guaranteed by a reclamation bond whose amount is calculated by the BLM. Under a Notice of Intent, the BLM makes recommendations to guide an operator toward following applicable state and federal regulations. A Notice of Exploration must also be submitted to the State of Idaho.

Additional work, in excess of the 5-acre limit, will require either reclamation of earlier disturbance or the filing for the next level of disturbance called a Plan of Operations (POO). This POO permit will require more detailed planning; environmental, archaeological and cultural reviews of proposed areas of surface disturbance; and additional reclamation bonding. The bond amount will be related to the amount of proposed disturbance. No permits have yet been obtained.

Exploration work plans and development on State-owned lands are administered by the Idaho Department of Lands. A Notice of Exploration is required for any motorized exploration operations on projects with surface disturbance up to five acres of contiguous disturbance or up to ten acres of non-contiguous disturbance. An Idaho Reclamation Permit is required for any activities within a single project area that exceeds five acres of contiguous disturbance or ten acres of non-contiguous disturbance. Submission of a positive economic feasibility study is required prior to Department approval of any commercial mining operation.

To the extent known, the property is not subject to any environmental liabilities.

The property lies about 8 miles southwest of the City of Rocks National Reserve, established in 1988 to promote unusual rock features popular with technical rock climbers and to preserve and protect scenic qualities of the historic California Trail landscape. The historic California Trail passes through the Reserve and crosses Middle Mountain in Utah about two miles south of the property. Middle Mountain itself lies between the City of Rocks and the property; the two lie within separate drainage basins.
and neither can be seen from the other. The Idaho Department of Parks and Recreation and the National Park Service jointly manage the Reserve.

The property, along with much of the surrounding region, falls within the habitat of the greater sage-grouse (Centrocercus urophasianus), a candidate for listing under the Endangered Species Act (ESA). At present according to the U.S. Fish and Wildlife Service (FWS), greater sage-grouse carry a “warranted but precluded” listing status, essentially a ‘waiting list’ behind more critically threatened species. The matter is a subject of significant debate and the influences and impacts of greater sage-grouse conservation on resource planning and land use within the region are evolving. At the federal level, the BLM is revamping resource management plans with new rules expected to be issued by September 2014. At the state level, greater sage-grouse are the subject of a number of ongoing studies and conservation programs. The FWS is expected to make a further decision as to the ESA listing status of the greater sage-grouse in 2015.
Figure 4.1 Location Map of the Oakley Gold Property Area
Figure 4.2 BLM Surface Management, Land Status and Road Access Map
Greater sage-grouse management in Idaho is currently dictated by the July 2006 Conservation Plan for Greater Sage-grouse, an annually updated working document of the Idaho Sage-grouse Advisory Committee. Conservation management is coordinated through local working groups, which maintain data, prioritize threats and identify appropriate conservation measures within their jurisdiction, or Sage-grouse Planning Area. The Oakley Gold Property falls within the South Magic Valley Sage-grouse Planning Area. At present, the Local Working Group Management Plan for the South Magic Valley Sage-grouse Planning Area is “in progress” and the July 2006 Conservation Plan serves as the guiding document (Sherman, 2013).

In June 2012, the Idaho Governor’s office submitted a Draft Federal Alternative for Sage-Grouse Management in Idaho (“Draft Alternative”) to the U.S. Secretary of the Interior and the U.S. Secretary of Agriculture. According to this document, most of the Oakley Gold Property is located within greater sage-grouse habitat classified as ‘Important’; the remainder is classified as ‘General’. According to Idaho BLM data, the property lies within an area classified as ‘Preliminary Priority Habitat’. The nearest known greater sage-grouse lek, or mating area, is located north of the Oakley Gold Property, approximately 2.4 miles from Cold Creek. State and federal classification areas and known lek locations are shown on Figure 4.3.

The purpose of Idaho’s Draft Alternative is to provide an Idaho specific direction for conservation and management of sage-grouse on federal land. At this time, it is unclear how the Draft Alternative will be employed. Insofar as present permitting, according to the Idaho BLM as reported by Sherman (2013), a project’s proximity to greater sage-grouse habitat does not push permitting requirements from a Notice of Intent to a Plan of Operations. However, future regulatory requirements posed by sage grouse conservation programs, possible sage grouse protection under the Endangered Species Act and/or unforeseen requirements due to discovery and/or recognition of environmental issues, endangered species and/or archaeological features potentially could delay exploration and development of the Oakley Gold Property.

Claims and leases comprising the Oakley Mineral Property are contained within four separate groups: 1) Blue Hill Creek, 2) Cold Creek, 3) Emery Creek, and 4) Spring Creek.
Figure 4.3: The greater sage-grouse lek is located north of the Oakley Gold Property.
4.1 - Blue Hill Creek Group

The Blue Hill Creek property group includes 36 federal lode mining claims, plus an Idaho State Mineral Lease (“Lease Land”) covering a total of approximately 800 acres in Sections 20, 21, 22 and 29 T16S R22E, Boise Meridian, Cassia County, Idaho (Figure 4.4). The 36 mining claims include a core group of 18 mining claims owned by Mitchell L. Bernardi and his partner John R. Carden on an equal basis; these consist of the Blue 1 through Blue 18 located on March 17, 2007. Bernardi acquired the Lease Land from the Idaho Department of Lands on November 13, 2007 under Mineral Lease Application No. 9415.

The core group of 18 mining claims and the Lease Land are unencumbered, subject only to an agreement dated April 15, 2008 between Bernardi and Carden and Otis Gold. The agreement calls for Otis Gold to make staged cash payments totaling $US440,000 and to issue 5,250,000 shares of Otis Gold in order to earn 100% interest. By April 15, 2011, Otis Gold had paid $260,000, had issued the full 5,250,000 shares and had earned an aggregate 70% interest in the core group of 18 claims and the Lease Land. As of early January 2013, Otis Gold renegotiated with Bernardi and Carden to obtain their remaining 30% ownership in the property by virtue of reduced cash payments of $80,000 to them by the end of 2013.

The core group of 18 claims is subject to a 2.5% net smelter royalty (“NSR”) payable to Bernardi and Carden upon production of gold. The NSR, or a portion thereof, may be purchased at any time, for US$1,000,000 per percentage point (i.e. $2,500,000 for the entire NSR). The NSR also applies to claims located by Otis Gold within one mile of the core group of 18 claims and Lease Land. The extent of Inferred Mineral Resources at Blue Hill Creek, as presently known and described in Section14 of this report, lies within the core group of 18 claims.

The remaining 18 claims in the Blue Hill Creek property group are 100% owned by Otis Capital USA Corp, a wholly owned subsidiary of Otis Gold; these consist of the Blue 19 through Blue 32 located on November 13 through 15, 2008, plus the Blue 39 through Blue 42, located on November 13-16, 2008. These claims lie within one mile of the core group of 18 claims and Lease Land and are subject to the above described 2.5% NSR.

According to BLM claim records within the LR2000 Public Reports database, maintenance and assessment for the Blue 1 through Blue 32 and the Blue 39 through Blue 42 mining claims are current through September 1, 2013.

Within the federal mining claim area, the west one-half of Section 21, T16S R22E is split estate whereby the surface is privately owned and minerals are owned by the federal government. Winecup, Inc. of Oakley, Idaho owns the surface. Surface use of the split estate is subject to an agreement between Otis Gold and Winecup dated March 10, 2010.
The agreement calls for an annual payment of $2.00 per acre per year ($640) and compensation for surface disturbance affecting productive ranching and grazing; it also includes a specific charge of $100 per drill site. The term is for ten (10) years or so long thereafter as exploration, development and mining activities are being conducted. The agreement can be assigned to another party with Winecup’s permission, which shall not be unreasonably withheld.
Figure 4.4 Blue Hill Creek Group Map
All exploration plans and activities pertaining to the area covered by the 36 Blue claims, including the area of split estate, are administered by the BLM in Burley, Idaho. The Lease Land constitutes the south one-half (S½) of the northeast one-quarter (NE¼) of Section 20, T16S, R22E, Boise Meridian, Cassia County, Idaho. The lease is between the Idaho Department of Lands and Mitchell L. Bernardi. Terms 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.

4.2 - Cold Creek Group
The Cold Creek property group consists of 53 federal unpatented lode mining claims totaling approximately 1,060 acres on BLM administered land within Sections 21, 22, 27, 28, 29, 33, 34 and 35, T15S R22E, Boise Meridian, Cassia County, Idaho (Figure 4.5) as follows: Cold 1 through Cold 4 and Cold 6 through Cold 28 located September 11, 2007; Cold 29 through Cold 37 located November 7, 2007; and Cold 38 through Cold 54 located November 8, 2007. Mitchell L. Bernardi located all 53 claims; all were subsequently transferred on October 6, 2008 to Otis Capital USA Corp, a wholly owned subsidiary of Otis Gold Corp, and are now 100% owned by Otis Gold. According to BLM claim records within the LR2000 Public Reports database, maintenance and assessment for the Cold mining claims are current through September 1, 2013. All exploration plans and activities pertaining to the area covered by the 53 Cold claims are administered by the BLM in Burley, Idaho.

4.3 - Emery Creek Group
The Emery Creek property group consists of 8 federal unpatented lode mining claims, the Emery 1 through Emery 8 located on November 12 and 13, 2008; these claims are 100% owned by Otis Capital USA Corp, a wholly owned subsidiary of Otis Gold Corp. The claims total approximately 160 acres in area and lie on BLM administered land in Section 9, T16S R22E, Boise Meridian, Cassia County, Idaho (Figure 4.6). According to BLM claim records within the LR2000 Public Reports database, maintenance and assessment for the Emery 1 through Emery 8 mining claims are current through September 1, 2013. All exploration plans and activities pertaining to the area covered by the 8 Emery claims are administered by the BLM in Burley, Idaho.

4.4 - Spring Creek Group
The Spring Creek property group consists of 4 federal unpatented lode mining claims, the Spring 1 through Spring 4 located on November 13, 2008; these claims are 100% owned
by Otis Capital USA Corp, a wholly owned subsidiary of Otis Gold Corp. The claims total approximately 80 acres in area and lie on BLM administered land in Sections 29 and 32, T15S R22E, Boise Meridian, Cassia County, Idaho (Figure 4.7). According to BLM claim records within the LR2000 Public Reports database, maintenance and assessment for the Spring 1 through Spring 4 mining claims are current through September 1, 2013. All exploration plans and activities pertaining to the area covered by the 4 Spring claims are administered by the BLM in Burley, Idaho.
Figure 4.7 Spring Creek Group Map
5.0 - ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

The Oakley Gold Property is accessible via paved, county-maintained gravel and unimproved dirt roads by means of four-wheel drive vehicle. 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 Oakley. 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.

To access the Blue Hill Creek project area, turn south (right) at the “T” and proceed 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 into the center of the project.

To access the Cold Creek project area, turn north (left) at the “T” and continue 3.4 miles to the turnoff of a rocky access road that heads uphill to the east. Turn east (right) and proceed uphill another 1.5 miles to the north end of the project.

The climate of the Oakley Gold Property area is relatively mild. In degrees Fahrenheit, summer temperatures rise into the 90’s and winters average in the teens. Precipitation falls as showers and thunderstorms from spring through fall and as snow from November through March, accumulating up to several feet on lower benches and in bottomlands.

The closest infrastructure to the Oakley Gold Property is the small town of Oakley (population 668) approximately 15 miles to the north, where a restaurant, grocery store, motel, and a small community cluster of homes exist. Power, telephone, and water are all accessible in the Goose Creek drainage, located 4 miles west of the property. Mining in the form of open-pit quarries for decorative quartzite building stone is a major local enterprise. At least six major operations mine and ship product from quarries dug into quartzite along the western flank of Middle Mountain, as close as 1 mile north of the property boundary.

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 Oakley Gold Property lies on the western flank of Middle Mountain at elevations between 5,800 and 6,400 feet. The dominant drainages in the area, from north to south,
are Cold Creek, Spring Creek, Emery Creek and Blue Hill Creek, all of which generally drain from east to west (Figure 4.2).

The Oakley Gold Property is covered by sagebrush-steppe/conifer-type vegetation generally composed of grasslands and sagebrush punctuated with sparse juniper and isolated outcrops of volcanic rocks and siliceous sinter. 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 (*Halogeton glomeratus*) and cheatgrass (*Bromus tectorum*) dispersed along roadways and disturbed sites. The area is home to many species of birds including greater sage-grouse, hawks and other birds of prey. Mammals include occasional 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.
6.0 - HISTORY

Geologist Stanton P. Dodd discovered the Oakley Gold Property in the summer of 1985 while conducting gold exploration in the Oakley, Idaho region for Meridian Minerals Company (“Meridian”). 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 (Plate 3). This distinctive ice-blue color to the banding is believed to be the derivation of the name Blue Hill Creek.

Meridian performed detailed sampling and mapping at a scale of 1” = 400’ (Dodd and Lehmann, 1985). Based on the results of that work, claims were staked and State of Idaho Lease Land was acquired. In 1986, a work plan was permitted with the BLM and Idaho State Lands Department and 2,400 feet of trenching was performed, mostly in Paleozoic carbonates and siltstones east of the main sinter outcrops.

Also in 1986, Meridian drilled ten (10) reverse circulation holes totaling 3,700 feet at Blue Hill Creek and twenty-eight (28) reverse circulation holes totaling 5,645 feet at Cold Creek. In 1987, Meridian drilled an additional three (3) reverse circulation holes totaling 640 feet at Cold Creek and eleven (11) reverse circulation holes totaling 4,017 feet at Blue Hill Creek. In total from 1986-87, Meridian drilled 14,002 feet in 52 holes within the area of the Oakley Gold Property.

In 1988, when Meridian’s corporate attention was focused on development projects in Nevada and California, it farmed out its Oakley exploration properties to Western Gold Exploration & Mining Co. LP (“WestGold”) which drilled seven (7) reverse circulation holes for a total of 1,410 feet at Cold Creek. WestGold returned the Oakley exploration properties to Meridian in 1990.

At Blue Hill Creek from 1986-87, a total of 7,717 feet were drilled in twenty-one (21) reverse circulation holes, all by Meridian (Table 10.1, Figure 10.1). Based on drilling results from seventeen (17) of these holes, Dodd (1990) estimated 10.0MM tons of material grading 0.017 opt Au comprising 170,000 ounces of gold at Blue Hill Creek and noted that mineralization was open-ended in all directions and to depth. This estimate is mentioned for historic reference and the reader’s information only and should not be relied upon. It does not comply with the guidelines of National Instrument 43-101 and the author is not treating this resource as compliant with NI43-101. A qualified person has not done sufficient work to classify this historical estimate as current mineral resource and Lateral Gold is not treating it as such.
At Cold Creek from 1986-88, a total of thirty-eight (38) reverse circulation holes totaling 7,695 feet were drilled by Meridan and WestGold (Table 10.2, Figure 10.2). Neither Meridian nor WestGold estimated mineral resources based on these drilling results; however Bernardi and Carden (2007) state that “Tertiary-hosted resources, inferred from Meridian’s and WestGold’s drilling results, comprise roughly 50,000 ounces of gold in about 2.0MM tons grading 0.025 to 0.030 opt”. This estimate is mentioned for historic reference and the reader’s information only and should not be relied upon. It does not comply with the guidelines of National Instrument 43-101 and the author is not treating this resource as compliant with NI43-101. A qualified person has not done sufficient work to classify this historical estimate as current mineral resource and Lateral Gold is not treating it as such.

On December 16, 1997, when the price of gold was $285 per ounce (source: kitco.com), the area of the Oakley Gold Property was open for mineral entry and Carden and Bernardi, Inc. located twelve unpatented federal lode mining claims at Blue Hill Creek. In 1998, these claims were leased to Latitude Minerals Corp (“Latitude”), which drilled nine (9) reverse circulation holes totaling 4,528 feet at Blue Hill Creek during the 1998 field season. All nine holes intercepted significant thicknesses of gold mineralization ranging between 45 and 285 feet thick (Table 10.1), showed oxidation extending throughout their length, confirmed the mineralization described by Dodd (1990) and increased the dimensions of Blue Hill Creek to 3,350 feet long and up to 1,000-feet wide.

Latitude planned a follow up round of deeper drilling in 1999 to explore the Paleozoic section for the presence of a carbonate rock-hosted gold system and to test for high-grade feeders; however the drilling was never 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, with gold selling for $650 per ounce (source: kitco.com), the area of the Oakley Gold Property was again open for mineral entry and Mitchell L. Bernardi commissioned the staking of 18 unpatented federal lode mining claims comprising 360 acres to cover Blue Hill Creek. Subsequently, Bernardi acquired an additional 80 acres via Idaho State Mineral Lease and staked 53 unpatented federal lode mining claims comprising 1,060 acres at Cold Creek.

On April 15, 2008, Bernardi and his partner John R. Carden entered into an agreement with Otis Capital Corp (later renamed Otis Gold Corp; “Otis Gold”) granting Otis Gold a five-year option to acquire up to a 100% interest in the 18 Blue Hill Creek claims and the Idaho State Mineral Lease. Blue Hill Creek constituted Otis Gold’s TSX Exchange Qualifying Transaction, for which a Technical Report was prepared by Pancoast (2008) describing an Inferred Mineral Resource of 235,200 ounces of gold.
On October 6, 2008, Bernardi transferred full interest in the 53 Cold Creek claims to Otis Gold in exchange for his staking costs. In November 2008, Otis Gold staked an additional 30 federal lode mining claims in three groups at Blue Hill Creek, Emery Creek and Spring Creek.

From October 9, 2008 to October 26, 2008, Zonge Geosciences (2008) performed a 16-line kilometer, controlled-source, audio-frequency magnetotelluric (CSAMT) survey on behalf of Otis Gold at Blue Hill Creek and Cold Creek. In 2009, the Cold Creek CSAMT data were interpreted by Griesel (2009), who earlier had conducted new geologic mapping on the western flank of Middle Mountain at scales from 1:12,000 to 1:400.

In 2010, based on results of the CSAMT survey, Otis Gold proposed drilling 9 RC holes totaling 8,000 feet at Blue Hill Creek and 9 RC holes totaling 7,200 feet at Cold Creek. To date, none of the proposed holes have been drilled and all of the interpreted drill targets remain untested.

No gold production has ever come from the Oakley Gold Property.
7.0 - GEOLOGICAL SETTING AND MINERALIZATION

The Oakley Gold Property lies within a north-trending, 5-mile-long by 1-mile-wide belt of precious metal occurrences scattered along the western flank of Middle Mountain, a north-trending, Basin-and-Range mountain block positioned along the westernmost extension of the Albion Range metamorphic core complex (Figure 7.1). The mineralized belt contains deformed and attenuated Paleozoic marine sedimentary and Tertiary sedimentary and volcanic rocks and occurs where the western flank of the core complex and the eastern margin of the Tertiary volcanic and sedimentary Goose Creek Basin coincide in a complex set of northwest-trending grabens.

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 (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).

Rocks exposed in and near the property range in age from Precambrian to Quaternary, with units generally younging toward the west. Core complex rocks consist of Precambrian through Mesozoic-age intrusive rocks, as well as schist and gneiss. Immediately west of and structurally overlying the core complex rocks is a series of brittle Paleozoic rocks, including quartzite, limestone, and minor phyllite. Filling the Goose Creek Basin, and underlying the heart of the property, are permeable and porous tuffaceous siltstone, sandstone, conglomerate, and tuff of the late Miocene probable Lower Tuffaceous Member of Salt Lake Formation (Figure 7.2).

The Salt Lake Formation is dated as late Miocene, in part by a clustering of radiometric ages of between about 7 and 11 million years on specific volcanic members (Williams and others, 1982). Locally within the Salt Lake Formation there are rhythmically-banded and bedded siliceous sinter deposits; in places, these are gold bearing (for example on the Oakley Gold Property). Sinters crop out at surface and also are covered, buried and obscured by younger Salt Lake Formation rocks.

The hot spring systems were focused, in part, by northwest-trending faults. Similar trending faults also drop the Salt Lake Formation, preserving these porous and permeable rocks within structural grabens where they serve as hosts to disseminated gold mineralization. The primary loci or conduits for hydrothermal alteration and gold
Figure 7.1 Index Map of the Oakley Gold Property Region Showing the General Tectonic Regime of the Albion Metamorphic Core Complex
Figure 7.2 Stratigraphic Section of the Rocks in the Vicinity of the Oakley Gold Property
mineralization is north to northeast-trending faults and fractures with little to no 
displacement. Reportedly, this trend also controls presently active thermal springs in the 
Goose Creek Basin to the west.

Also of major importance are a series of northeast-trending, post-mineral normal faults, 
which have offset and down dropped mineralization and the host grabens themselves to 
the north and northwest (Plate 4). These latest faults may be low-angle, listric normal 
faults associated with the juxtaposition to the actively exhuming metamorphic core 
complex.

The Oakley Gold Property contains a vertically complete, low-sulphidation, gold-
mineralized, hot spring system where mineralization is characterized by various forms of 
clay, silica and 1 percent to 5 percent primary fine-grained disseminated pyrite, now 
mostly oxidized to various iron oxides. At Blue Hill Creek, oxidation extends throughout 
the entire length of most holes (to 635 feet deep); however oxidation is locally erratic, 
suggesting abundant structural influence. At surface and to depth, primary mineralization 
occurs 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.

Gold is the primary metal of interest, followed by silver. Precious metal mineralization is 
associated with trace elements typically elevated in epithermal hot springs systems, 
including arsenic, antimony, and mercury.

7.1 - Blue Hill Creek Geology and Mineralization

The type and character of the gold mineralization at Blue Hill Creek is epithermal and 
disseminated in nature hosted in pervasively silicified and clay-altered Tertiary Salt Lake 
Formation epiclastic sedimentary and tuffaceous volcanic rocks related to a northwest-
trending graben (Figure 7.3). Distribution of the mineralization, as it is currently known 
to exist is depicted in Figure 7.3. Detailed geological mapping by Dodd and Lehmann 
(1985) shows the principle Salt Lake Formation mineralized rock types to be unit Ts: 
chalcedonic sinter, along with silicified siltstone, sandstone, conglomerate, and tuff; and 
unit Tbx: intensely silicified hydrothermal vent breccia. Also present are brecciated and 
silicified Paleozoic rocks in fault contact on the north and east sides of the Tertiary 
section and unit Ts: post-sinter and post-mineral latite flows, ash, tuff and conglomerate. 
A schematic cross section of the Blue Hill Creek project is shown in Figure 7.4.
Figure 7.3 General Geologic Map of the Blue Hill Creek Project Area
Figure 7.4 Blue Hill Creek Project Schematic Cross-section A-A’ with Drilling Results
North- to northeast-trending dilatant faults and fractures within the northwest-trending graben are believed to have focused the hydrothermal alteration and gold mineralization. As presently known, the zone of mineralization is 3,350-feet long and up to 1,000-feet wide. Structural control to the presently defined mineralization and to possible higher-grade, feeder-style mineralization is most clearly defined in Figure 14.1, a grade x thickness map.

Sinter layering strikes roughly north and dips about 20 degrees to the east. Northeast-trending post-mineral normal faults offset sinter and have down dropped mineralized material to the northwest beneath post-mineral cover in the direction of State Lease Land and Goose Creek Basin, as evidenced by blind step-out drilling (Plate 5).

Geologic logs of the nine reverse circulation holes drilled by Latitude offer observations not readily apparent from surface outcrops and geologic mapping; all of the following have been observed and recorded in the logs: quartz veinlets and quartz-lined vugs, brecciated material indicating fault zones, interbedded sinter beds and stacked sinters (to 315 feet deep in 98-LBR-31), locally intense argillie alteration of Tertiary host rocks, gold-bearing jasperoid breccia after Paleozoic carbonate rock (below 565 feet in 98-LBR-29), and gold-bearing aplitic dike rock with multi-phase quartz veins (0.014 opt Au from 605 feet to 615 in 98-LBR-29).

The presence of 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.

Maximum gold and silver values from surface samples of sinter and silicified Tertiary sedimentary rock reach 2.1 ppm and 11.6 ppm, respectively at Blue Hill Creek. Sampling by Pancoast (2008) suggests a silver to gold ratio in the 8:1 to 10:1 range. Associated trace elements (As, Sb, Hg) are weakly anomalous. Trace element geochemical data from rock sampling of Blue Hill Creek sinter and silicified sedimentary rocks by Kennecott indicate values ranging from 9 ppm to 159 ppm for As, less than 5 ppm to 19 ppm for Sb, and less than 10 ppb to 489 ppb for Hg (Bourns, 1993).

**7.2 - Cold Creek Geology and Mineralization**

The Cold Creek project is focused on a northwest-trending structural graben (Figure 7.5). The graben contains more than 450 feet of Quaternary and Tertiary sedimentary rocks
Figure 7.5 General Geologic Map of the Cold Creek Project Area
overlying Paleozoic marine sedimentary rocks. These rocks are in fault contact on the
east, west, and south, and probably unconformably overlie Precambrian core complex to
depth. East and west graben fault contacts are characterized by massive to brecciated
outcrops of white and tan quartzite, believed to be part of the Ordovician Eureka
Quartzite. Core complex rocks consist of Precambrian through Mesozoic-age intrusive
rocks, as well as schist and gneiss.

Permeable and porous tuffaceous siltstone, sandstone, conglomerate, and tuff of the late
Miocene Salt Lake Formation host hot spring-type gold mineralization within the graben.
The principle-mineralized lithology, as determined from drilling, appears to be well-
rounded, well-sorted, boulder-pebble conglomerate with a variable micaceous sand, silt,
and ash matrix. North- to northeast-trending dilatant faults and fractures within the
northwest-trending graben are believed to have focused hydrothermal alteration and gold
mineralization. Altered and mineralized surface exposures comprise a zone at least
5,000-feet long and up to 1,000-feet wide.

Pervasive silicification and local strong stockwork-type chalcedonic quartz veining are
the primary alteration types. Pervasive silica has replaced and filled the matrix of most of
the conglomerate exposed at surface within the graben. Chalcedony and lesser amounts
of crystalline quartz veining exist in most silicified rock, with abundant iron staining and
local breccia textures common (Plate 6). The most intense zones of veining form knobs
and ridges in the main mineralized zone. Large banded veins to 6-inches wide generally
strike north-northeast and contain fine-grained disseminated sulfides. Barite and calcite
pseudomorphs replaced by chalcedony are common in the most intensely veined areas.

Fine-grained pyrite is ubiquitous in the pervasively silicified rocks. It is locally
abundant, but is most commonly found disseminated in patches, up to 10 percent by
volume, in otherwise oxidized rock. No consistent correlation appears to exist between
the amounts of pyrite present and gold content.

Gold mineralization occurs exclusively in the silicified Tertiary rocks at Cold Creek
where the highest values are associated with intensely veined stockwork zones.
Maximum gold and silver values in surface rock samples as reported by Meridian and
WestGold are 2.2 ppm and 8.9 ppm, respectively (Gehlen and Conway, 1989;
unpublished Meridian rock sample and analytical data, 1985). These data also suggest a
silver to gold ratio of about 4:1. Associated trace elements (As, Sb, Hg) are erratic and
weakly anomalous. Combined Meridian and WestGold trace element data indicate
values in the range of less than 1 ppm to 265 ppm for arsenic (As), from 1 ppm to 12 ppm
for antimony (Sb), and from less than 20 ppb to 770 ppb for mercury (Hg).
8.0 - DEPOSIT TYPES

Mineralization within the Oakley Gold Property 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, mineralogy, grades 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 deposits form at low to moderate temperatures in near-surface environments. They 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), Sulphur, Nevada (Wallace, 1980), Grassy Mountain, Oregon, and the McLaughlin Mine, Knoxville district, California (Becker, 1888; Averitt, 1945). In addition to these fossil hot springs, active geothermal areas such as Steamboat springs, Nevada and Broadlands, New Zealand, and Norris Geyser Basin in Yellowstone Park, Wyoming are modern day analogs of epithermal hot spring-type precious metal deposits presently forming.

8.1 - Hot springs-type precious metal deposit model

The Oakley Gold Property deposit model is based in part on Calico Resources’ Grassy Mountain hot spring-type gold deposit discovered in southeastern Oregon by Atlas Precious metals 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 volcanic rocks. Mineralization within the high-grade feeder comprises the majority of the higher-grade material and the ounces of gold contained within the deposit.

There are a number of basic and important structural and mineralization features, along with associated recognition criteria, applicable to the hot springs-type precious metal deposit model, including:

- Strong and persistent structures, such as Basin-and Range normal faults and graben bounding faults, to serve as channelways for hydrothermal fluids.
• Deposition of siliceous sinter on the surface during the course of the mineralization at depth. In terms of total metal, the sinter itself generally does not constitute a significant resource.

• Intense silicification of the country rock below the siliceous sinter. This silicified zone forms a seal or capping over the hydrothermal system and is characterized in some metalliferous deposits by multiple episodes of brecciation indicative of episodic rupturing and repeated hydrothermal activity. Rupturing of the seal causes a sudden pressure decrease and a resultant boiling of hydrothermal fluids, in turn causing chemical and temperature changes leading to the deposition of silica in various forms, sulfides such as pyrite, and precious metals.

• Breccias are generally important in hot spring-type precious metal deposits. Explosive breccias are common near the surface and beneath the silicified cap in the form of vents, pipes, veins, and dikes. Breccia zones in the silica cap can generally be followed downward beneath the cap into quartz stockwork veining.

• The main productive area of bulk-tonnage mineralization lies below the silica cap, in the zone of acid-leaching where clay alteration and oxidation occur. Gases evolved during boiling may recondense in cooler aquifers near or at surface. When the gases include \( \text{H}_2\text{S} \) and \( \text{CO}_2 \), they result in acid-sulfate solutions that 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.

• Lower grade, bulk tonnage mineralization occurs as disseminations or replacements generally in host rocks with a high degree of porosity, permeability and/or chemical reactivity. Examples of such rocks include epiclastic and tuffaceous sedimentary rocks, silty, thin-bedded, impure carbonate sedimentary rocks, and volcanic tuffs.

• Higher-grade, feeder-type, structurally controlled bonanza- and quartz-sulfide-type vein mineralization normally lies below disseminated mineralization. Steeply dipping, subvertical to vertical structures controls the placement of these veins and their rooted shape and structure.
8.2 - Hot springs-type precious metal model applied to the Oakley Gold Property

Figure 8.1 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 model at the Oakley Gold Property. Specifically addressing the various epithermal hot spring-type depositional model characteristics and recognition criteria as they fit to Blue Hill Creek:

- Mineralization occurs at a major structural intersection of the north-trending Albion Range metamorphic core complex with a northwest-trending structural graben within the Goose Creek Basin.

- Siliceous hot spring sinter crops out on the surface (Plate 3) and forms stacked and down-dropped bedded sinter deposits locally to 315 feet deep as indicated by Latitude drill hole 98-LBR-31.

- Latitude’s drilling further reveals 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.

- Hydrothermal vent breccia crops out on the surface where it is intensely silicified, matrix supported, and is in turn, locally cut by northeast-trending silicified ribs. Brecciation increases with depth, until gold-bearing jasperoid, developed from the alteration of Paleozoic carbonate basement rocks, and interspersed aplastic dikes are encountered.

- Below the zone of silicification, drilling reveals clay alteration, fine-grained mica development and acid leaching to depths of 500 feet below surface.
Figure 8.1 Epithermal Hot Spring-Type Gold Deposit Model Schematic Diagram Applied to the Oakley Gold Property
9.0 - EXPLORATION

Lateral Gold has not conducted any exploration on the property on its own behalf. All exploration was conducted by previous operators in programs that were discontinuous and incomplete – interrupted by competing corporate priorities, fluctuating equities markets and gold prices. No systematic exploration has been performed since Meridian in 1985 and no drilling has been performed since the limited, yet successful, historical drilling campaigns by Meridian in 1986 and 1987, WestGold in 1988 and Latitude in 1998.

The most recent exploration, other than drilling, was a CSAMT survey performed by Zonge Geosciences (2008) for Otis Gold. A total of nine lines were run, four at Blue Hill Creek, each 2,000 meters long, for a total of 8,000 meters; and five at Cold Creek, each 1,600 meters long, for a total of 8,000 meters (Figure 9.1). Data were acquired using a 50-meter dipole along east-west oriented lines spaced 400 meters apart and were presented as 2D Smooth-Model Inversion plots; examples are included in Figure 9.2. Zonge did not interpret the data; however the 2D plots show known near-surface mineralization to be reflected by elevated resistivity values. Other areas of elevated resistivity occur near surface and to depth.

Based on the results of the CSAMT survey, a total of 9 drill holes totaling 7,200 feet were proposed at Cold Creek and 9 reverse circulation drill holes totaling 8,000 feet were proposed at Blue Hill Creek (Figure 9.1). None of the proposed holes have been drilled to date and all of the interpreted targets remain untested.
Figure 9.1 CSAMT Survey Line Location Map with Otis Gold Proposed Drill Holes and Sample Sites
Figure 9.2 CSAMT Survey Lines from Blue Hill Creek (4656400N) and Cold Creek (4663600N) 2D Smooth-Model Inversion.
10.0 - DRILLING

A total of 19,940 feet of drilling in 68 reverse circulation (RC) holes has been completed on the Oakley Gold Property by Meridian, WestGold and Latitude from 1986-1998. RC drilling uses compressed air to drive a drill bit to cut rock into small fragments; drill cuttings and subsurface water are brought to surface, inside the drill rods by air pressure, where the drill cuttings are split into samples for analysis.

According to Dodd (1990), Meridian encountered difficult conditions during its drilling due to broken rock and large amounts of groundwater. As a result, several holes had to be terminated prior to their planned target depths. Latitude also encountered difficult drilling conditions, on occasion abandoning holes prior to planned target depths due to broken and brecciated rock and/or tight drilling conditions and resultant sticking of drill rods. The effects, if any, of these drilling problems on the accuracy and reliability of drilling results are unknown.

10.1 - Blue Hill Creek Drilling

At Blue Hill Creek, from 1986-87 Meridian drilled 7,717 feet in twenty-one (21) RC holes; and in 1998 Latitude drilled 4,528 feet in nine (9) RC holes. Total Blue Hill Creek drilling equals 12,245 feet in thirty (30) RC drill holes (Table 10.1; Figure 10.1).

Significant intercepts include 400 feet @ 0.017 opt Au (BHC 8604), 260 feet @ 0.024 opt Au (BHC 8609), 290 feet @ 0.017 opt Au (BHC 8605), 285 feet @ 0.017 opt Au (98-LBR-26) and 245 feet @ 0.014 opt Au (98-LBR-25). These sample lengths are believed to represent true, or near-true, thicknesses of mineralization; however the orientation of mineralization is not fully understood and true thicknesses may therefore be different.

Seventeen (17) of Meridian’s holes, totaling 6,875 feet, were drilled to test for precious metals mineralization within the Tertiary Salt Lake Formation. This drilling encountered extensive zones of silicification and quartz veining with variable amounts of gold mineralization. Six (6) of Meridians drill holes bottomed in gold mineralization greater than or equal to 0.01 opt Au.

Latitude drilled to test for north-trending feeders and to explore for mineralization within Paleozoic carbonate basement rocks below the Tertiary Salt Lake Formation. All nine of its drill holes intercepted significant thicknesses of gold mineralization within Salt Lake Formation. Gold mineralization within quartz-veined jasperoid breccia was also intercepted in the Paleozoic carbonate basement. In particular, drill hole 98-LBR-29 is interpreted to have intersected highly broken jasperoid on the edge of a feeder system peripheral to the north-trending structural core of Blue Hill Creek.

Latitude’s drilling also discovered gold mineralization beneath post-mineral cover. Below unaltered post-mineral latite flows and poorly consolidated volcanic ash, drilling
Figure 10.1 Blue Hill Creek Project Historic Drill Hole Locations
### Table 10.1 Summary of Historic Drill Results Blue Hill Creek Project

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* Signifies drill hole ended in gold mineralization grading 0.010 opt or greater
revealed buried hot spring sinters and variably mineralized Tertiary volcaniclastic and epiclastic rock containing strong argillic alteration, silicification, local quartz stockwork veining and brecciation up to 250-feet thick.

10.2 - Cold Creek Drilling
At Cold Creek, from 1986-87 Meridian drilled 6,285 feet in thirty-one (31) RC holes; and in 1988 WestGold drilled 1,410 feet in seven (7) RC holes (Table 10.2; Figure 10.2). Total Cold Creek drilling equals 7,695 feet in thirty-eight (38) RC drill holes. Significant intercepts include 30 feet @ 0.063 opt Au in hole CC 87-29, 40 feet @ 0.048 opt Au in hole CC 86-14, 150 feet @ 0.020 opt Au in hole CC 86-12, and 260 feet @ 0.014 opt Au in hole CC 86-13. These sample lengths are believed to represent true, or near-true, thicknesses of mineralization; however the orientation of mineralization is not fully understood and true thicknesses may therefore be different.

Fifteen drill holes (15) encountered significant intercepts of near-surface gold mineralization greater than 0.020 opt, as well as extensive zones of silicification. In general, drill results confirm significant near-surface gold mineralization at Cold Creek and indicate potential for additional mineralization along open-ended extensions of the mineralized zone.
Figure 10.2 Cold Creek Project Historic Drill Hole Locations
### Table 10.2 Summary of Historic Drill Results Cold Creek Project

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<td>20 - 40</td>
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<td>262825</td>
<td>4662635</td>
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<td>60 - 80</td>
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<tr>
<td>CC88-32</td>
<td>West Gold</td>
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<td>4662690</td>
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<td>135 - 145</td>
<td>10</td>
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<td>200</td>
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</tr>
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</table>
11.0 - SAMPLE PREPARATION, ANALYSES AND SECURITY

Little is known about sampling conducted prior to 1998 by Meridian and WestGold, however both were main-stream exploration and operating companies well experienced in methods of sampling for gold. Industry practice at the time was to use experienced North American assay labs for gold analysis. In the author’s opinion, it is believed that sample collection, preparation, analysis and security were conducted to internal standards and that those standards were adequate and sufficient for present purposes.

In 1998, Latitude collected samples of RC drill cuttings, generally five-foot sample intervals over the length of each hole, split on-site to less than 25 pounds (John Carden, personal communication). These sample splits were shipped to Chemex Labs, Inc, (now ALS Chemex) in Sparks, Nevada where the samples were prepared and analyzed. ALS Chemex is ISO certified and is one of the premier geochemical laboratories in the world.

According to Chemex procedures prescribed by Chemex (internal codes 276, 3288, 983 and 1700), incoming drill samples were logged in, weighed, dried, crushed and split. From the split, 1,000 grams were ground via ring to approximately -150 mesh, from which 30 grams were conventionally fire assayed. Gold content of the resultant fire assay bead was determined by atomic adsorption analysis with a detection limit of 5 ppb and gold values were reported both in ppb and opt Au. Silver values were not reported.

Chemex maintains internal quality control protocols, as follows: Control samples, including certified reference materials, are inserted within each analytical run; the blank is inserted at the beginning; standards are inserted at random intervals; duplicates are analyzed at the end of each batch; all gathered data are automatically captured, sorted and retained in the QC database; every batch of samples has a dual approval and review process; individual analytical runs are monitored and approved by the analyst; the final work order has a second and very detailed review prior to final work order approval and certification (ALS Chemex fee and service schedule brochure).

Although the author was unable to independently verify sample preparation, analysis and security methods used by Meridian, WestGold and Latitude, he is not aware of any information that would lead him to suspect that the information from these sources is inaccurate or unreliable. In the author’s opinion, sample preparation, security and analytical procedures are adequate for the purposes of this report.
12.0 - DATA VERIFICATION

The author was given access to all available information as well as to the property from Lateral Gold and in the author’s opinion, the data are adequate and suitable for the purposes used in this technical report. No samples, sample splits or sample pulps from the historical drilling have been preserved, or are available to Lateral Gold; they therefore cannot be checked. However, work performed by previous operators on the Oakley Gold Property tend to check and verify data generated by Meridian and WestGold by means of short step out drilling and deeper drilling within known areas of mineralization. Inspection of these data by the author revealed no discrepancy giving rise to suspicion. Also, thorough assay verification data from surface sample sites on the property were generated by Pancoast (2008). These data were also examined by the author for unusual patterns and discrepancies, but none were found.

The author completed a reconnaissance trip to Lateral’s Oakley Gold Property the week of January 14, 2013. The author met Dr. John Carden in Twin Falls and he accompanied the author during the site inspection of the Oakley Gold Property claim area, Wednesday January 16, 2013. Access to the site was accomplished using an A-Star helicopter from Reeder Air Service of Twin Falls Idaho. The helicopter pilot was Travis Shepard of Reeder Air Service. Dr. Carden has extensive historic drilling and geological knowledge of the Oakley Property and he provided guidance to specific important outcrops, alteration zones, claim posts and historic drill hole locations on the property. That guidance maximized valuable helicopter time and expedited the inspection. The focus of this independent site visit was for the author to observe the local geology and confirm that the mineral claims encompassing the Oakley Gold Property have the geologic, mineral and alteration attributes described in this document and verify the general location of the claims as described herein.

The south central region of Idaho was snow covered at the time of inspection. However, many outcrops and windswept areas allowed the author to view rock exposures first hand and confirm the geologic terrain of the Blue Hill and Cold Creek areas. At the first Blue Hill helicopter landing zone historic drill hole locations and a lode claim post were visible within 100 meters of the landing zone. Two landing zones were visited at Blue Hill Creek and two also at the Cold Creek Claims. An important facet of the property inspection was the collection of samples of surficial rock types in the area. The author collected five outcrop samples during this inspection. Three samples were collected from the Blue Hill Creek claims and two samples were collected from the Cold Creek claims. These samples were submitted to an independent lab, ALS Chemex for assay and mineral analyses. A brief description of those samples and the results of those analyses are contained in this report as Table 12.1 and Figure 9.1 is a map detailing the sample locations.
The author witnessed the following geologic observations during the site inspection. The Middle Mountain region of the Albion Mountain range in the Blue Hill and Cold Creek areas is composed of at least five major lithological units the author observed and/or sampled at outcrops and snow free wind swept areas in the claim area.

(1) Precambrian Quartzite, Paleozoic Limestone, Granites and Metamorphic rocks

(2) Chalcedonic Sinter, Silicic Tuff and Silicified Conglomerates

(3) Hydrothermal Vent Breccia and in situ Collapse Breccia

(4) Post Sinter volcanic flows of Basalt, Latite and concurrent Tuffs & Conglomerates

(5) Quaternary Alluvium derived from all the above rock types

The author witnessed important structural observations during the site inspection. Surficial evidence of major northwest trending structural faulting was evidenced by the outcrops of chalcedonic sinter, which are repeated at several down dropped horizons. The down dropped blocks indicate normal faulting and potential graben formation especially in the Blue Hill Creek area. Some of the breccia outcrops display heavily silicified comingled rock types of sinter, quartzite, limestone and tuff indicating a zone of major structural activity. Outcrops of the breccia and sinter are commonly altered and display heavy silicification and massive oxidation of metallic minerals indicative of hydrothermal activities along fault zones.

The site inspection of the Oakley Gold Property verified this document’s description of the inherent geologic, mineral and alteration attributes of the property and provided evidence of historic exploration drilling activities and general claim locations.
Table 12.1: Oakley assay samples.

<table>
<thead>
<tr>
<th>Lithology</th>
<th>STURM SAMPLE NO.</th>
<th>Au ppm</th>
<th>Ag ppm</th>
<th>As ppm</th>
<th>Sb ppm</th>
<th>Hg ppm</th>
<th>TI ppm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silicified Conglomerate</td>
<td>BHS-01</td>
<td>1.185</td>
<td>15.8</td>
<td>107</td>
<td>18</td>
<td>1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Sinter</td>
<td>BHS-02</td>
<td>0.054</td>
<td>0.9</td>
<td>24</td>
<td>2</td>
<td>&lt;1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Silicified Conglomerate Matrix</td>
<td>BHS-03</td>
<td>0.283</td>
<td>0.7</td>
<td>9</td>
<td>2</td>
<td>&lt;1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Breccia</td>
<td>CCS-01</td>
<td>0.03</td>
<td>0.2</td>
<td>7</td>
<td>&lt;2</td>
<td>&lt;1</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Breccia Matrix</td>
<td>CCS-02</td>
<td>0.035</td>
<td>0.8</td>
<td>29</td>
<td>&lt;2</td>
<td>&lt;1</td>
<td>&lt;10</td>
</tr>
</tbody>
</table>

*Samples collected 01/16/2013 by S. Sturm during Oakley helicopter access reconnaissance
*Lab analyses by ALS Chem, full results included in Appendix
13.0 - 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’s 1998 drilling campaign reveal that oxidation extends throughout the entire length of most holes (to 635 feet) and into the mineralized carbonate basement, a favorable factor in respect to oxide deposit metallurgy.
14.0- MINERAL RESOURCE ESTIMATES

An historical inferred mineral resource was estimated for the Blue Hill Creek project in a technical report prepared for Otis Gold Corp. dated April 7, 2008 at the 0.5 opt Au grade and thickness cutoff of 14,438,600 tons @ 0.0163 opt Au for a total of 235,200 contained ounces of gold. This estimate is historical and should not be relied upon.

A qualified person has not done sufficient work to classify the historical estimate as current mineral resource and Lateral Gold is not treating the historical resource as a current mineral resource. There is no current mineral resource for the property.
Figure 14.1 Blue Hill Creek Project Grade x Thickness Map for the historic resource.
23.0 - ADJACENT PROPERTIES

There are no adjacent properties with similar epithermal hot spring-type precious metals geology. However, mining is presently active on adjacent properties for decorative quartzite building stone. At least six major operations mine by open cast from quarries dug into quartzite along the western flank of Middle Mountain, as close as 1 mile north of the property boundary (Figure 4.2). These operations are visible from roads accessing the property and are mentioned to avoid any confusion.
24.0 - OTHER RELEVANT DATA AND INFORMATION

The author is unaware of additional information concerning the Oakley Gold Property pertinent to this technical report.
25.0 - INTERPRETATION AND CONCLUSIONS

The author has reviewed the available Oakley Gold Property data in detail and has visited the site. He believes that the data made available by Lateral Gold provide an accurate and reasonable representation of the Oakley Gold Property.

It is apparent that the Oakley Gold Property hosts an underexplored, vertically complete, low-sulphidation, gold-mineralized, hot spring system. Results of past exploration, and interpretation of exploration information, show that excellent potential exists for the discovery a bulk tonnage gold deposit. High priority exploration targets include: 1) undiscovered portions of the gold-mineralized hot spring system covered beneath post-mineral rocks; and 2) higher-grade, potentially bonanza-grade, gold mineralization within feeders to the gold-mineralized hot spring system.

The hot spring system is large and only partially exposed at surface. Drilling reveals widespread silicification and silica cap development throughout much of the upper 200 to 300 feet of the system, with quartz stockwork 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 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 the system.

At Blue Hill Creek, potential is considered excellent for the discovery of a bulk tonnage gold deposit. Evidence also supports discovery potential for gold mineralization within underlying Paleozoic rocks.

Excellent potential also exists at Cold Creek to upgrade drilled gold mineralization into resources and to expand known mineralization laterally and to depth. In addition, there are targets with good surface samples and strong hydrothermal alteration yet to be drilled.

As an interesting note, despite the property’s proximity to the historic California Trail, only two miles from that major 1850’s route into the western gold fields, gold remained completely undiscovered on the Oakley Gold Property until 1985. Like Grassy Mountain in southeast Oregon, the Oakley Gold Property may represent a subtly expressed, entirely new, now-emerging gold district.

Also worth noting, despite encouraging exploration success, systematic exploration of the Oakley Gold Property has been limited, either due to internal competition for project funding within previous operating companies or the inability of junior exploration companies to raise equity funding during periods of low gold prices. The project lay idle and forgot for years until its significance was remembered and recognized by seasoned gold geologists Mitchell L. Bernardi and John R. Carden.
All mineral exploration projects carry risks, and the Oakley Gold Property is no exception. Mineral exploration and mining are subject to laws and regulations that are subject to change. Deposit modeling, from which exploration targets are created, is based on geologic inferences and interpretations rather than solid facts. As incremental information is gained, models are refined to accommodate the information gathered. Information gathering includes drilling, performed to test ideas; if an exploration geologist truly knows what is in the ground, there is no reason to drill a hole. Despite optimism, most exploration targets are found to not be economically viable. Mineral resources, while calculated from information considered reliable, are estimations – never anything more. When calculating mineral resources, multiple assumptions are made and mathematical variables are used, often with no practical means to determine validity and applicability. Lateral Gold knows that its activities are subject to changing rules and regulations and that its inferences, interpretations, assumptions and estimates will not all be proven entirely correct and readers of this report must also be aware of that as well.
26.0 - RECOMMENDATIONS

Additional exploration, including drilling, is recommended for the Oakley Gold Property in a two-phase program, with second phase work contingent on receiving positive results from the first. Expenditures of $300,000 are recommended for Phase 1 and expenditures of $2,000,000 are recommended for Phase 2, for a total proposed expenditure of $2,300,000.

26.1 Phase 1 Exploration Plan and Budget

Objectives of Phase 1 are as follows:

- Determine and drill test the deep controls on mineralization at Blue Hill Creek
- Determine and drill test the controls on mineralization at Cold Creek
- Develop and drill test new targets beneath post-mineral cover

During Phase 1, all public and proprietary geology, geochemistry, geophysics, drilling and land status will be compiled into a GIS database. Additional land acquisition via staking and/or lease may result from analysis of the compiled data. The CSAMT data collected by Zonge Geosciences (2008) will be interpreted by a qualified geophysicist. The time-horizon of mineralization, separating pre-mineral host rocks from post-mineral cover, will be mapped within the Salt Lake Formation. Soils developed on pre-mineral soils will be grid sampled; and biogeochemical and soil gas test orientation surveys will be performed over areas covered by post-mineral rocks.

Drilling methods and drill sites will be selected based upon review of the gathered data. It is expected that at least 3,000 feet of drilling will be required to meet Phase 1 goals, either as RC, core, or both. Once drill sites are selected, drilling activities will be permitted and bonded via a Notice of Intent (NOI) with the BLM. If State Lease lands will be disturbed, permits will be obtained from the Idaho Department of Lands.

Data compilation will begin during the early months of 2013. Work on the ground will begin once the snow melts and roads have dried, anticipated by mid-April 2013. Phase 1 is expected to be complete by the end of 2013, after which Phase 2 is projected to begin.

Cost breakdown for Phase 1 is as follows:

<table>
<thead>
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<th>Description</th>
<th>Cost</th>
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<td>GIS data compilation</td>
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<td>Additional land acquisition</td>
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<td>Geological mapping</td>
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<td>Geochemical sampling</td>
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<tr>
<td>Geophysical interpretation</td>
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<tr>
<td>Drilling, including sample analysis</td>
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<tr>
<td>Project Management &amp; other</td>
<td>$50,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$300,000</strong></td>
</tr>
</tbody>
</table>
26.2 *Phase 2 Exploration Plan and Budget*

Objectives of Phase 2 are as follows:

- Follow up drilling on the positive results of Phase 1
- In-fill and extension drilling of the resource area and the higher-grade resource core at Blue Hill Creek
- In-fill and extension drilling toward establishment of a resource at Cold Creek

The Phase 2 program is contingent upon receiving positive results from Phase 1. Work will continue under modifications and extensions of prior permits by keeping disturbance to less than 5 acres via on-going reclamation. It is expected that at least 25,000 feet of drilling will be required to meet Phase 2 goals, either as RC, core, or both. Phase 2 will begin upon positive completion of Phase 1 and is expected to be complete within 24 months thereafter.

**Cost breakdown for Phase 2 is as follows:**

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<tr>
<td>Project management &amp; other</td>
<td>$300,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,000,000</strong></td>
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</tbody>
</table>

26.3 *Blue Hill Creek Exploration Targets and Recommended Drilling*

Based on existing information, the following exploration targets are recommended for drilling at Blue Hill Creek:

A. **New discovery of high-grade feeders to the resource**

Potential exists for the discovery of high-grade, underground, feeder-style mineralization at depth, analogous to the Grassy Mountain, Oregon deposit model described in Section 8 where the bulk of hot spring-type gold mineralization lies in feeders under areas of low-grade mineralization and interbedded hot spring sinters. Drill holes need to be drilled to depth so as to search within zones of brecciation, boiling and gold precipitation.

B. **Extension of the resource area beneath post-mineral cover**

Potential exists along the northwest extension of the resource area where previous drilling shows 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 the Goose Creek Basin under post-mineral cover. Meridian drill hole BHC 8602 (40 feet @ 0.014 opt Au from 10 to 50 feet) supports the concept of further drilling of the down-dropped Tertiary section to the northwest.
C. Hydrothermal vent breccia – an untested target
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 (Figure 7.3). 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. Intensely silicified material 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 unidentifed rock types. This breccia presents a priority drill target.

D. In-fill and extensions of the resource area
The zone of silicification containing anomalous gold values (+0.010 opt Au) is up to 1,000-feet wide (Figure 7.3) and the known gold resource area is open laterally in multiple directions. Drill holes with significant open-ended intercepts recommended for offset include BHC 8609 to the east and west; BHC 8713, BHC 8717, and 98-LBR-29 to the south; BHC 8723 to the north, east, and west; BHC 8606, BHC 8607, BHC 8718, and 98-LBR-28 to the west and southwest; BHC 8602 to the northwest, northeast, and southwest; BHC 8604 and BHC 8605 to the northwest; 98-LBR-27 to the southwest; 98-LBR-30 and 98-LBR-31 to the north and northwest; 98-LBR-24 to the south and southeast across the fault; 98-LBR-25 and 98-LBR-26 to the northeast, southeast, and south; and BHC 8608 to the southwest and southeast (Table 10.1). Most of these holes are at least 400 feet apart and require infilling to further delineate the deposit and explore for higher-grade material in between.

E. In-fill and extensions of the higher-grade resource core
The higher-grade core of the Blue Hill Creek resource, as defined by grade x thickness values of 4.0 to 7.0 ft. opt (Figure 14.1), measures 600-feet long, up to 400-feet wide, and between 100- and 400-feet thick. Excellent potential exists for discovery of higher-grade gold mineralization within, below, and along northeast and southern extensions of the core. Ten drill holes presently define the core, with six of the ten having bottomed in mineralization.
26.4 - Cold Creek Exploration Targets and Recommended Drilling

Based on existing information, the following exploration targets are recommended for drilling at Cold Creek:

A. New discovery of high-grade feeders to the mineralized zone
Potential exists for the discovery of feeder-style mineralization below known near-surface mineralization. Historic drill holes encountered thin-bedded, sandy Paleozoic limestone and other types of carbonate rock immediately below the Tertiary section. These Paleozoic rocks could host high-angle, structurally-controlled, higher-grade feeder-type gold mineralization within the roots of the mineralizing system.

B. Extension of the mineralized zone area beneath post-mineral cover
Potential exists along the northwest extension of the mineralized zone where previous mapping and 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 mineralization to the northwest towards Goose Creek Basin under post-mineral cover.

C. In-fill and extensions of the mineralized zone
The Cold Creek mineralized zone is open in multiple directions; and numerous holes encountered shallow intercepts, generally from 100 feet or less below the surface. Drill holes with significant open-ended intercepts recommended for offset are: CC 86-05, CC 86-09, CC 86-16, CC 86-28, CC 87-29 and CC 88-32 (Table 10.2).

D. In-fill and extensions of the higher-grade mineralized core
Excellent potential for the discovery of higher-grade mineralization exists within and along the extensions of the north- to northeast-trending stockwork vein zones where higher grade and thicker intercepts occur. These zones contain the most extensive intervals of gold-bearing mineralization and many are still open-ended along strike. Drill holes recommended for offset and extension are CC 86-02 and CC 86-12 through CC 86-15 (Table 10.2).
27.0 - REFERENCES

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Cenozoic Tectonics and Regional Geophysics in the Western Cordillera: Geological Society of America Memoir 152, p. 51-92.


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


Zonge Geosciences, 2008, CSAMT Survey on the Blue Hill Creek and Cold Creek Prospects, Cassia County, Idaho, for Otis Capital Corporation, Data Acquisition Report, Job Number 2008.175.
28.0 - CERTIFICATE OF AUTHOR

I, Steve Sturm, do hereby certify that:

1. I am a consulting geologist living at 2888 South 21½ Rd., Glade Park, CO, 81523

2. I graduated with a B.S degree in Geology from Mesa State College in January 1979.

3. I am a member of the AIPG, and hold a Professional Geologist Certificate #8776 issued in May 1993.

4. I have worked as a geologist for a total of 33 years since my graduation from Mesa State College. My career has focused on lithologic and structural logging, sample selection and results management, surface, underground and open pit mapping, exploration project management, geophysical log interpretations, state and federal permit acquisitions, and directional drilling management. Commodities I have experience with include precious metals, coal, uranium, molybdenum, evaporite minerals and industrial minerals. I have worked in the Rocky Mountain States, Alberta Canada, California, Mid-Continent States, and upper mid-West States.

5. I have read the definition of “qualified person” in National Instrument 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.

6. I authored this Technical Report, and as a “Qualified Person” reviewed the data and exploration program of Lateral Gold Corp (“Columbia Star”) managed by Casey Danielson. I am responsible for the items and preparation of the technical report titled “Geology, Mineralization, Resource & Exploration Potential of the OAKLEY GOLD PROPERTY Cassia County, Idaho, USA” – dated February 8, 2013 - for Lateral Gold Corp, based upon my critical review of current and historical technical information.

7. I visited the Oakley Gold Property site for on January 16, 2013. I have had no prior involvement with the property that is the subject of this report.

9. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

10. I am independent of the issuer and vendor within the meaning of section 1.5 of the Instrument and have no financial or material interests in the property or with Lateral Gold Corp. I have no prior involvement with the property that is the subject of this report.

11. I have read National Instrument 43-101 and Form 43-101F1, updated July 30, 2011, and the Technical Report has been prepared in compliance with that instrument and form.
12. I consent to the use and public filing of this Technical Report prepared for Lateral Gold Corp, and to the filing of extracts from or a summary of the Technical Report in the written disclosure of Lateral Gold Corp as required, and confirm that it fairly represents the data of the Oakley Gold Property.

13. Dated the 8th day of February 2013.

[Signature]
**APPENDIX I**

_Oakley Gold Property Claim Data_

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PLATES

Plate 1: Outcrop of the vent breccia at Blue Hill Creek.

Plate 2: Oakley Gold Property site visit on January 16, 2013.
Plate 3: Blue Hill Creek, close up view of banded hot spring center.

Plate 4: Cold Creek, view looking northwest through mineralized zone, offset by northeast faults and down dropped to the north-northwest.
PLATES CONT.

Cover & Plate 5: Blue Hill Creek, view looking west-northwest through Inferred Resource area, showing numerous hot spring sinter outcrops, some of which have been down faulted.

Plate 6: Cold Creek silicified and iron stained siliceous breccia.