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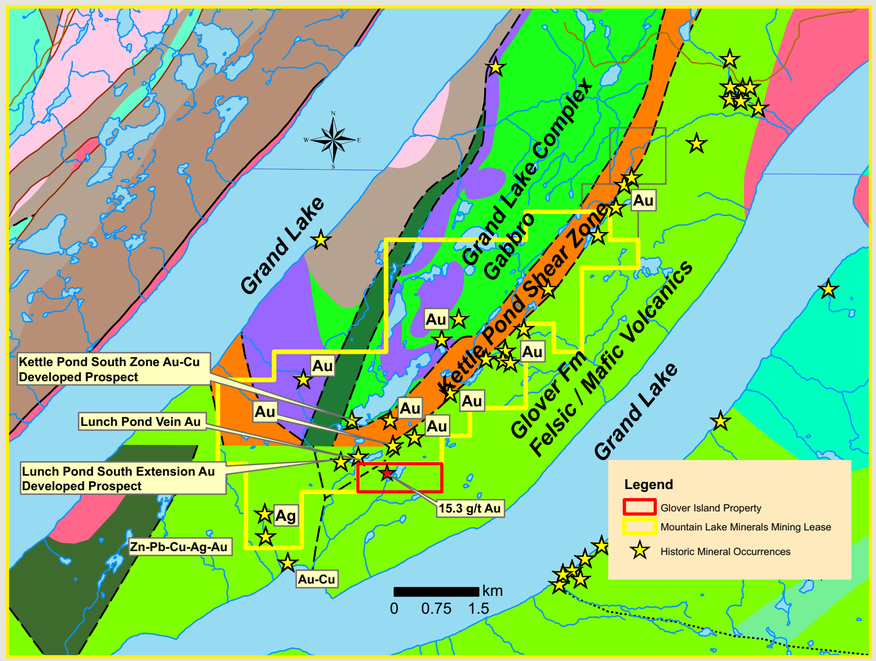
PROSPECTORS RESOURCE ROOM

Glover Island - Au



Map 2: Claims Location, Geology, Mineralization

The ***Glover Property*** is located on Glover Island in Grand Lake, western Newfoundland, 28 km SE of Corner Brook (Maps 1 and 2), NTS map 12A/12 and is best accessed by helicopter from Pasadena, about 30 km N of the claims.

Map 1: Property Location

Regional Geology

Tectonostratigraphic Zone - Humber. The Glover Island region lies along the Baie Verte-Brompton Line, a major Appalachian structure separating the North American margin from accreted structural terranes to the east. In this region, the Humber Zone consists of siliciclastic and carbonate rocks, unconformably overlying gneissic basement, with the whole sequence polydeformed and metamorphosed up to amphibolite-facies during mid-Paleozoic orogenesis. East of the line, the Dunnage Zone comprises a sequence of ultramafic to silicic igneous rocks and minor epiclastic rocks locally intruded by granite.

Local Geology

Six lithostratigraphic units are recognized on Glover Island: gneissic basement (Cobble Cove gneiss); unconformably overlying cover sequence (Keystone schist); plutonic ophiolitic rocks (Grand Lake complex); volcanic and high level intrusive rocks (Glover Formation); the Glover Island granodiorite; and red to olive green siliciclastics of the Carboniferous Anguille and Deer Lake groups. Fault bounded blocks of mafic igneous rock intruded by younger granitoids, probably representing broad correlatives of Glover Formation and Glover Island granodiorite, occur along the Cabot Fault system

Geology Source:
Crisby-Whittle, L. V. J. (compiler): 2012: Bedrock geology dataset for the Island of Newfoundland. Newfoundland and Labrador Department of Natural Resources, Geological Survey, Open File NFLD/2616 version 7.0.
Mineral Occurrence Source: Mineral Occurrence Database - Geological Survey, Department of Natural Resources Website: http://www.gov.nl.ca/mines&en/geosurvey

Mineralization and Previous Work

South Coast Resources carried out systematic exploration for gold in 1985/1986 consisted of prospecting, geological mapping, and rock, soil and stream sediment sampling, resulting in the discovery of the Kettle Pond South auriferous zone (see Barbour and Regular, 2013 for review of previous work). The Glover Island Property lies adjacent to Mountain Lake Resources Mining Lease on the Lunch Pond and Kettle Pond Developed Prospects. A significant assay of **15.3 g/t Au** was reported from a grab sample (Map 2). Nearby soil grid also shows anomalous gold values.

There are over 30 historic mineral prospects along the >11 km long Glover Island Gold Trend with significant known gold mineralization, including the high-grade Kettle Pond and Lunch Pond Au prospects located near the south end of the trend (Map 2). Much of this trend is included in a mining lease (Map 2) held by Mountain Lake Resources (MLM). Drill hole intercepts at Kettle Pond include 6.62 g/t Au over 6.5m in hole KPS-2. All but one of the prospects remain significantly underexplored, and 13 of those prospects include high-grade gold targets. Mountain Lake completed its Phase 1 drilling program in early 2012 that culminated in a NI 43-101 Mineral Resource Estimation (In Pit) @ 0.5 g/t Au Cut-Off Grade of

Indicated – 993,000 tonnes @ 1.72 g/t Au for 54,700 ounces gold
Inferred – 1,703,000 tonnes @ 1.59 g/t Au for 87,300 ounces gold

Highlights

- **Property adjacent to NI-43-101 Compliant Au Resource**
- **Within 300 m of Developed Au Prospect**
- **Grab returned assay of 15.3 g/t Au**
- **Part of the >11 km Glover Island Au Trend**
- **Deposit Model: Orogenic Gold**

Mineralization Models

Gold mineralization on the Property has similarities to orogenic, mesothermal style deposits in highly deformed greenstone belts worldwide. Gold is associated with discrete quartz veins with pronounced carbonate-silica-sericite altered zones superimposed on an earlier mineralization event characterized by wide (>100m) zones of pervasive silicification and variable potassic alteration. Both mineralizing events are characterized by variably amounts (up to 5%) of auriferous pyrite occurring as aggregates, stringers and disseminations, and late stage quartz-carbonate-chlorite veinlets. The best grades occur in areas of greatest alteration intensity, ubiquitous structural deformation, multiple stages of brecciation and where multiple phases of mineralization (including silicification, multiple cross-cutting quartz veins, multiple quartz infill and pyrite content) is most prolific.

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