REPORT ON GROUND GAMMA-RAY SPECTROMETER SURVEY BLACK RIVER SOUTH PROPERTY GRIMSTHORPE TOWNSHIP, ONTARIO

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I. G.P.S. WAYPOINT DATA

GAMMA-RAY SPECTROMETER SURVEY: READINGS scale 1 : 4,000

GAMMA-RAY SPECTROMETER SURVEY: CONTOURED READINGS scale 1:4,000

GAMMA-RAY SPECTROMETER SURVEY: INTREPRETATION scale 1:4,000

Summary

This report summarizes the results of a ground gamma-ray spectrometry survey on the Black River South Property in Grimsthorpe Township, Ontario. The survey was completed by James M. Chard during December 12th, 2010 to January 10th, 2011.

The gamma-ray survey outlined 18 areas where the instrument measured readings of +40 counts per second, considered at least 2x background radiation. The subtle anomalies are potentially caused by areas of potassic-alteration. The survey outlined several anomalies along unconformity between metasedimentary and metavolcanic units of the Grimsthorpe Group and metavolcanic and metagabbroic flows of the Canniff Lake Complex. Several of the gamma-ray anomalies along the unconformity occur close to the gold occurrences by Herron Pond

Location, Property Ownership, Access

The Black River South Property is located in the Southern Ontario Mining Division approximately 185 kilometres northeast of Toronto, Ontario, Canada (Figure 1). The property is situated in Grimsthorpe Township in Hastings County.

The property consists of five contiguous non-patented mining claims covering a total area of 340 hectares (Figure 2). Table 1. summarizes the logistics of the mining claims. Titles to the mining claims comprising the Black River South property are held equally by:

Robert J. Dillman of Mount Brydges, Ontario,

James M. Chard of Cordova Mines, Ontario

The property is currently under a sales contract to Union Glory Gold Limited of Toronto, Ontario.

The property has good seasonal road access via the Lingham Lake Forest Access Road which crosses through the property. The Lingham Lake Access Road intersects with the Skootamatta Forest Access Road 4.5 km north of the property. The Skootamatta Forest Access Road is also a seasonal road. The Skootamatta Forest Access Road extends from the town of Gilmour located on the Weslemkoon Road to the town of Northbrook located on Provincial Highway 41.

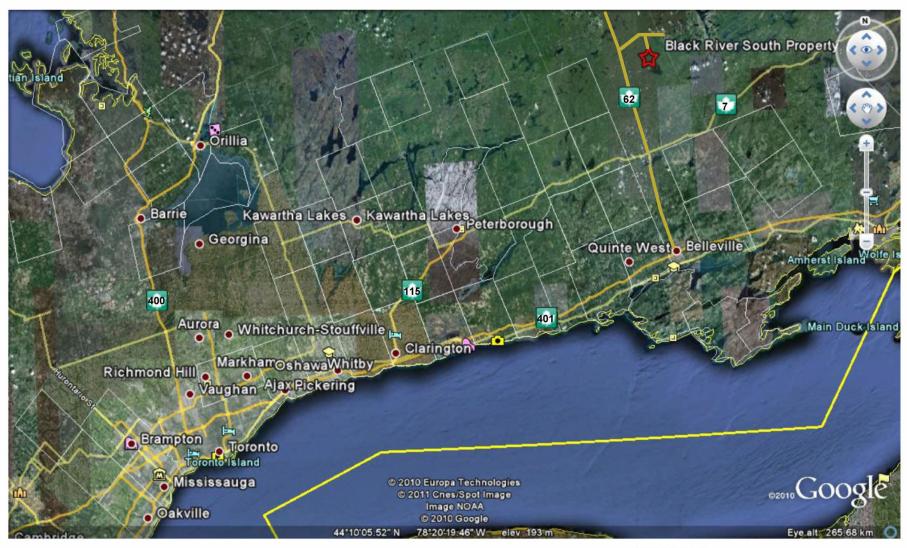


FIGURE 1.
PROPERTY LOCATION MAP
BLACK RIVER SOUTH PROPERTY
GRIMSTHORPE TWP., ONTARIO
UNION GLORY gOLD IIMITED

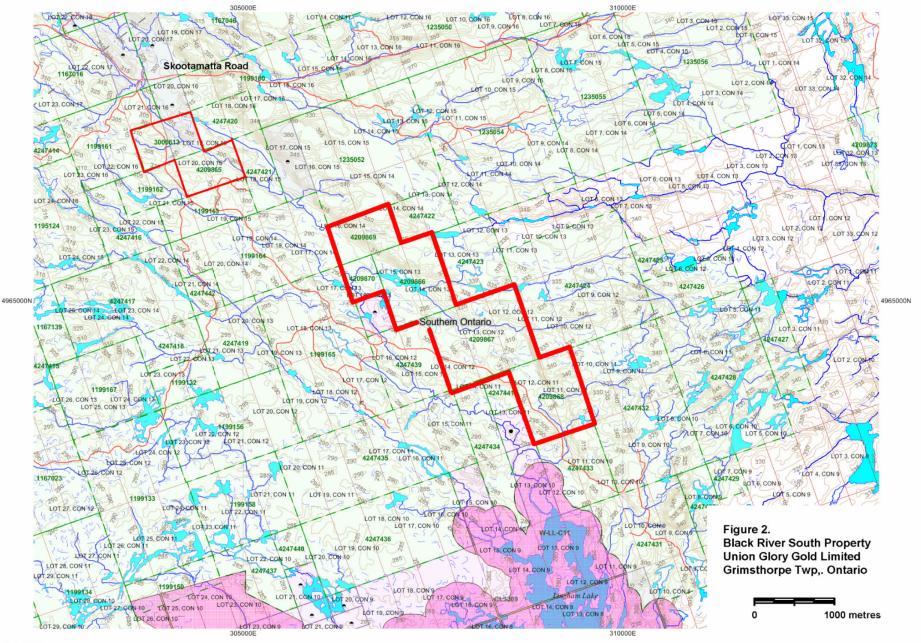


Table 1.

Claim Logistics

Black River South Property

Grimsthorpe Twp., Ontario

Claim <u>Number</u>	Location	Number of Units	Size Hectares	Assessment Due Date	Amount Due	Assessment Bank
4209866	Lot's 14 & 15, Conc. XIII	4	80 ha	02/ 09/ 2011	\$1600	\$0
4209867	Lot's 12, 13 & 14, Conc. XII	6	120 ha	02/ 09/ 2011	\$2400	\$0
4209868	Lot's 11 & 12, Conc. XI	4	80 ha	02/ 09/ 2011	\$1600	\$0
4209869	Lot's 15 & 16, Conc. XIV S.1/2	2	40 ha	02/ 09/ 2011	\$800	\$0
4209870	Lot's 16, Conc. XIII N.1/2	1	<u>20 ha</u>	02/ 09/ 2011	<u>\$400</u>	\$0
		17 Units	340 ha		\$6,800	

Title:

50% Robert J. Dillman 8901 Reily Drive Mount Brydges, Ontario N0L 1W0

50% James M. Chard 3495 Country Road 48 Cordova Mines, Ontario K0L 1Z0 Generally, there is no winter maintenance performed on the Skootamatta Road. A four-wheel drive truck was used to access the property during this survey.

Land Status and Topography

All of the Black River South Property is designated as Crown Land by the Ministry of Northern Development, Mines and Forestry.

The Black River South Property is at a mean elevation of 300 metres above sea level (Figure 3). The west half of the property has gentle topography ranging approximately 20 metres above the mean elevation. The north-central region of the property is crossed by the Black River. The river is generally slow moving and swampy. The east of the river the property is crossed by a northwest-southeast orientated ridge of outcrop ranging 50 metres above the mean elevation.

Most of the property is covered by mixed forest dominated by spruce, pine, maple and poplar. Areas east of the river have been clear-cut and numerous new skidder trails have been constructed during recent logging activities.

Regional and Local Geology

The Black River South Property is underlain by Proterozoic geological units belonging to the Grimsthorpe Domain of the Central Metasedimentary Belt of the Grenville Structural Province (Figure 4).

The Grimsthorpe Domain is dominated by mafic metavolcanic and volcanoclastic metasedimentary rocks older than 1270 Ma (Easton 1992). The Grimsthorpe Domain includes:

- the younger Grimsthorpe Group, consisting mainly of metavolcanic-claste metasedimentary rocks and minor metavolcanic flows of the Tudor Formation, minimum age 1279 +/13 Ma (Easton 2004).

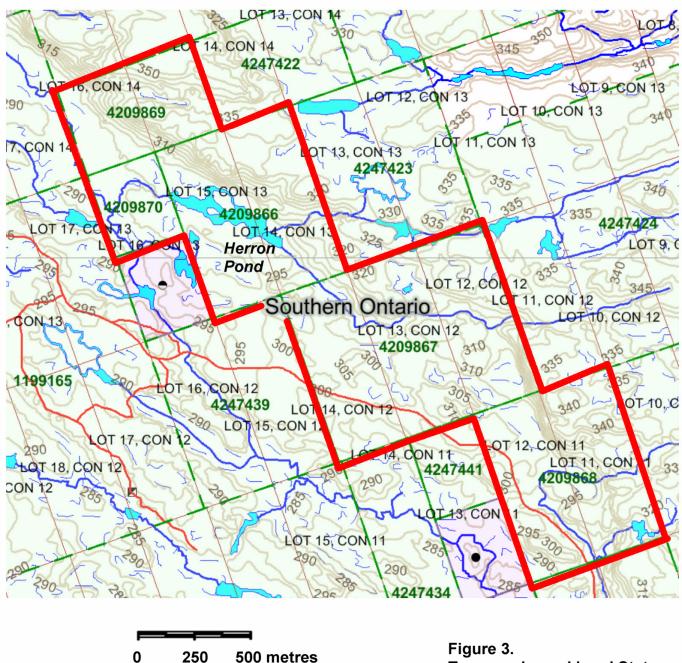
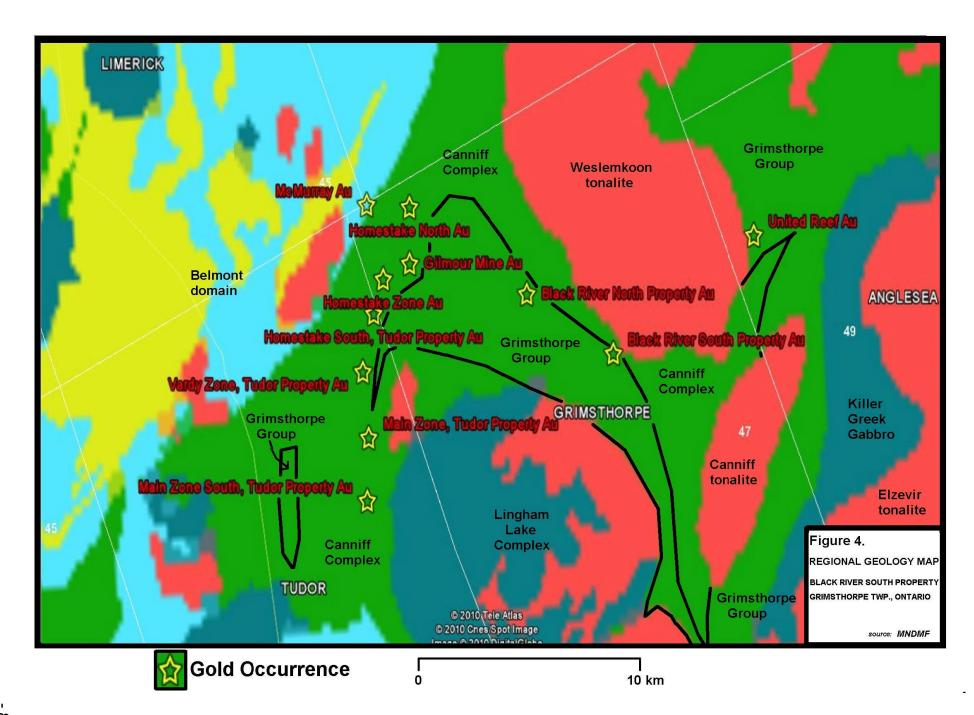


Figure 3.
Topography and Land Status
Black River South Property
Union Glory Gold Limited
Grimsthorpe Twp., Ontario



- the older Canniff Complex dominated by massive and pillowed tholeiitic metabasalts, metagabbro and metaperidotite.

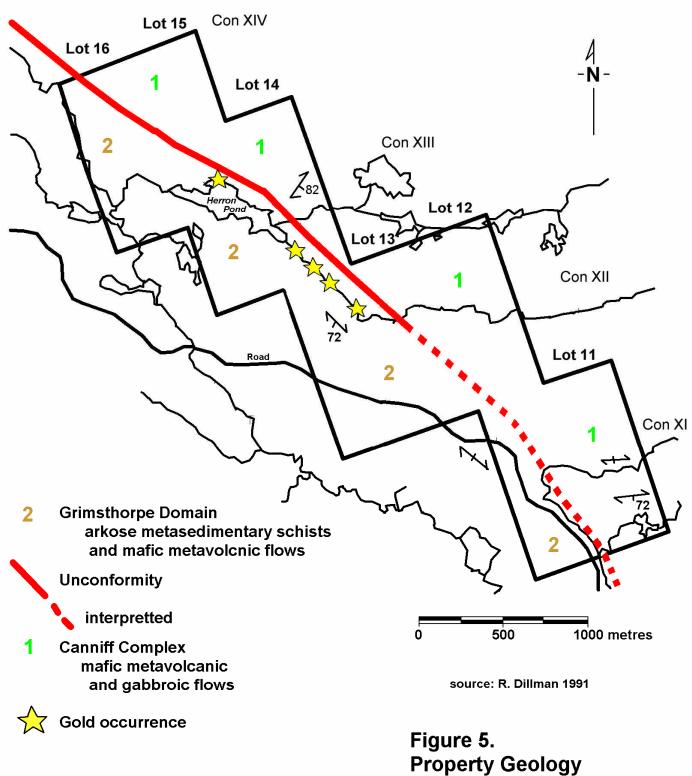
The property is situated over the unconformity between Grimsthorpe Group and the Canniff Complex (Figure 6). In the north section of the property, the unconformity follows the base of the northwest trending ridge situated east of Herron Pond. Outcrops northeast of the unconformity consist of metabasalts and metagabbro of the Canniff Complex. Outcrops west of the unconformity consist of northwest trending schistose metasedimentary units and metavolcanic flows of the Grimsthorpe Group. In the south section of the property, the position of the unconformity is unknown due to little exploration and increasing overburden and swamp.

The Grimsthorpe Domain, notably along the Grimsthorpe-Canniff unconformity has been subjected to a variety of mafic and felsic intrusive rocks including:

- northwest trending felsic aplite dikes
- east-west striking gabbroic dikes
- small, circular gabbroic plutons

The Grimsthorpe Domain in the north area of the property is sandwiched to the west by gabbroic and dioritic rocks of the Lingham Lake complex and to the northeast by tonalitic and granodioritic rocks of the Weslemkoon tonalite. In south section of the property the Grimsthorpe Domain trends northwest-southeast and contrasts sharply by almost 90° to the trend of the Canniff Complex.

The Grimsthorpe Domain in the project area has been subjected to amphibolite-biotite facies metamorphism. Rock units generally trend northwest-southeast and dip vertical to steeply southwest. Metasedimentary units proximal to the Grimsthorpe-Canniff unconformity are variably sheared by local northwest trending structures but are not extensively carbonated like other shear zones in the region. The entire sequence is crossed by southwest to east-west orientated strike-slip faults. Some of the younger faults have displaced the unconformity. The crosscutting faults occur as tight, brittle fractures with no apparent deformation or as intense shear zones showing strong ductile deformation in zones up to 25 metres wide with extensive quartz-carbonate veining, carbonate and chlorite alteration.



Property Geology
Black River South Property
Union Glory Gold Limited
Grimsthorpe Twp., Ontario

Economic Mineralization

A series of gold occurrences have been found in the metasedimentary unit situated west of the Grimsthorpe-Canniff unconformity in the vicinity to Herron Pond (Figure 6). The gold bearing zone has been traced on surface roughly 1,300 metres. The mineralization is part of a 5 km long gold trend following the unconformity northwest of the property and includes the gold occurrences on the Black River North Property.

The gold mineralization occurs in a variety of settings including:

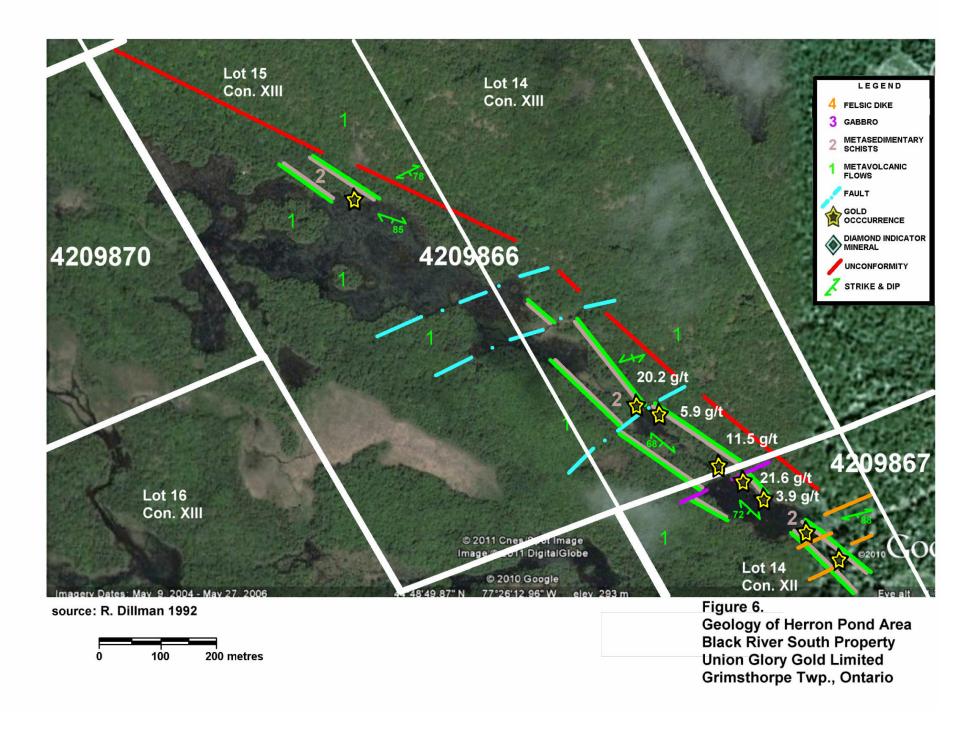
- deformed, saccharoidal quartz veins mineralized with pyrite and arsenopyrite
- bluish-grey quartz stringers mineralized with pyrite and arsenopyrite
- silicified and breccia zones mineralized with pyrite and arsenopyrite.
- white crystalline quartz veins mineralized with pyrite, chlorite and carbonate.

Assays of the mineralization in the vicinity to Herron Pond have shown a wide variation in gold content ranging as high as 21.6 g/t gold and at least one sample containing sphalerite returned 5 oz/t silver and 3% zinc.

History of Exploration

In 1941 and 1942, the geology of Grimsthorpe Township and surrounding area was mapped by V. B. Meen on behalf of the Ontario Department of Mines (Meen, 1942). The area was re-mapped in 1990 by R. M. Easton of the Ontario Geological Survey (Easton and Ford, 1990). Prior to 1991, there is no record of mineral exploration in the area covered by the Black River South Property.

In 1991, gold was discovered along the Black River by the author. Between 1991 and 2003, various low-cost surveys have been completed to determine the extent of gold mineralization and fulfil the rigorous duties of assessment work required to maintain claims over the gold occurrences. The surveys completed on the property include:



- prospecting, geological mapping, manual trenching, soil sampling, ground magnetometer and VLF surveys.

Reports for all the surveys are available online at the Ministry of Northern Development, Mines and Forestry website.

Survey Dates and Personnel

The ground spectrometer survey over the Black River South Property was completed in 10 days between December 10th, 2010 and January 12th, 2011. The survey was performed by James M. Chard of Cordova Mines, Ontario.

Survey Logistics

The ground spectrometry survey was completed on flagged lines using a GPS and compass to calculate navigation and distances. A total of 34 km of survey lines were traversed during the survey.

Instrument readings were recorded at 25 metre intervals on survey lines spaced approximately 100 metres apart. The GPS coordinates for the survey lines are appended to this report.

The instrument used for the survey was an Exploranium Gamma Radiation Detector Model GR-110G. The instrument uses a 4.5 cubic inch Sodium-Iodide detector and measures radiation in Counts Per Second (cps) at a rate of one reading per second. The instrument has an audio alarm which can be set to react to changes in background radiation. The instrument does not differentiate between uranium, thorium or potassium radioactive responses.

Background radiation over exposed or thinly covered outcrop ranges 20 to 30 cps. Areas of deep overburden returned responses ranging 10 to 20 cps.

Results from the survey and the interpretation of the results have been plotted at a scale of 1: 4,000 on maps accompanying this report.

Survey Results

The results of the spectrometer survey are summarized in Figure 7. Each anomaly is described in Table 2. The survey outlined 18 anomalous areas where radioactive levels exceeded 40 cps to a maximum of 93 cps. The radioactive areas are at least 2x background radiation and occur as multi-line, multi-station anomalies.

Anomalous radioactive areas were detected in both the Grimsthorpe Group and the Canniff Complex and along the unconformity separating the two rock units in close proximity to the gold mineralization at the Herron Pond.

Anomalous radioactive zones detected in the Grimsthorpe Group generally trends 340^o or north northwest- south southeast. Anomalous areas at this orientation and situated west of the unconformity include: BRS-1, BRS-8, BRS-14 and BRS-17. Anomaly BRS-1, situated between L.28+00N to 31+00N at 22+50W to 24+00W is the largest and strongest anomaly in the Grimsthorpe Group measuring 300 x 175 metres wide and up to 61 cps radiation.

The highest radioactive areas detected in the Canniff Complex appear to trend in a north-south direction. Anomalies at this orientation and east of the unconformity include: BRS-5, BRS- 10, BRS-11 and BRS-12. Anomaly BRS-11, occurring between 17+00N to 19+00N at 5+00W is the strongest response on the property measuring a maximum 93 cps. Anomaly BRS-6, located between 24+00N to 26+00N and 12+25W to 13+00W appears to trend in a direction similar to radioactive zones detected in the Grimsthorpe Group.

Northwest-southeast striking radioactive zones were detected in close proximity to the unconformity trending across the central region of the property. Anomalous believed to be associated with the unconformity include: BRS-2, BRS-3, BRS-4, BRS-7, BRS-9, BRS-13, BRS-15, BRS-16 and BRS-18. Most of these zones appear to occur adjacent to the unconformity in the upper most metasedimentary unit in Grimsthorpe Group. Anomalies BRS-3, BRS-4, BRS-7 and BRS-9 correlate directly with the Herron Pond gold zone and together, strike over 1000 metres.

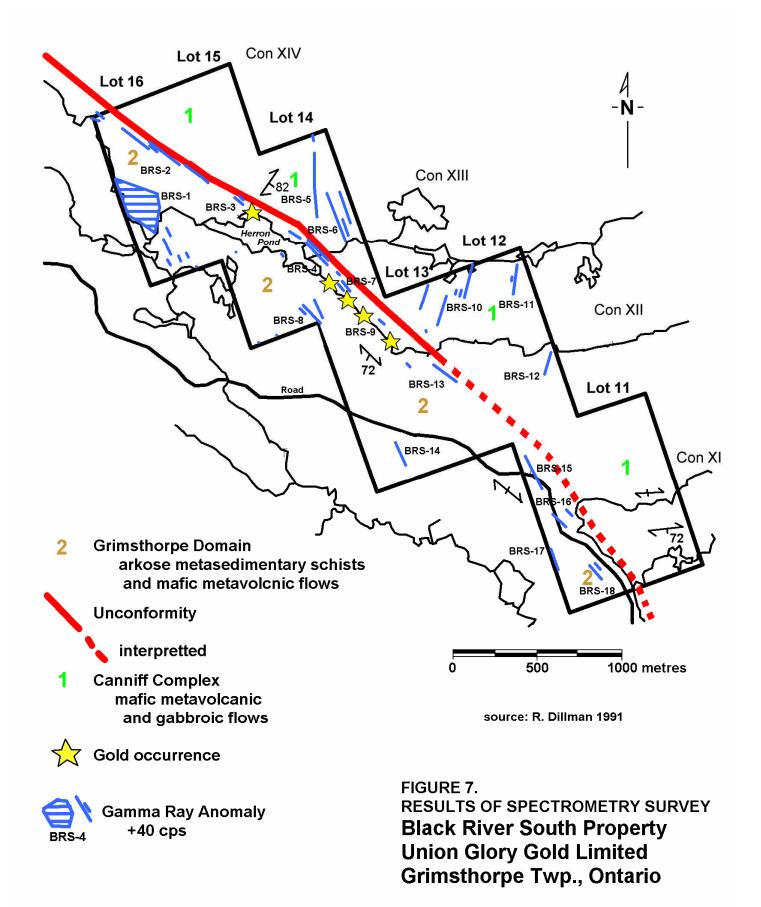


Table 2. +40 cps Anomaly Description, Gamma-Ray Spectrometry Survey, Black River South

Anomaly	Grid	Strike	Length	Domain	Highest	Comment
	Location		x Width		Reading	
BRS-1	29+00N to 31+00N	345 ⁰	200	Grimsthorpe	61 cps	Widest anomaly, possible
	22+25W to 24+00W		x 175 m	Domain		south extends to 25+00N, 21+00W
BRS-2	30+00N to 34+00N 19+50W to 22+75W	310 ⁰	500 m	Unconformity	67 cps	Possible extension of BRS-3
BRS-3	28+00N, 18+50W	310 ⁰		Unconformity	48 cps	Possible extension of BRS-4 / BRS-7 anomaly. Close to Herron Pond gold occurrence
BRS-4	23+00N to 25+00N 15+00W to 16+00W	310 ⁰	200 m	Unconformity	52 cps	Possible extension of BRS-3 and BRS-7. Close to Herron Pond gold occurrence
BRS-5	25+00N to 29+00N 14+75W to 13+25W	10 ⁰ / 30 ⁰	400 m	Canniff Complex	48 cps	
BRS-6	24+00N to 26+00N 12+00W to 13+00W	345 ⁰	150 x 100 m	Canniff Complex	67 cps	
BRS-7	21+00N, 14+00W	310 ⁰		Unconformity	44 cps	Close to Herron Pond gold occurrence
BRS-8	20+00N to 21+00N 15+50W to 16+75W	310 ⁰ / 340 ⁰	100 m	Grimsthorpe Domain	50 cps	Several highs at different orientations
BRS-9	18+00N, 12+25W	310 ⁰		Unconformity	43 cps	Close to Herron Pond gold occurrence
BRS-10	17+00N to 20+00N 10+00W to 6+25W	30°	500 m	Canniff Complex	75 cps	100 m wide at 19+00N, 7+55W to 8+25W
BRS-11	17+00N to 19+00N 5+75W to 4+50W	10 ⁰	200 m	Canniff Complex	93 cps	Strongest anomaly on property
BRS-12	13+00N to 14+00N 5+00W to 4+00W	10 ⁰	100 m	Canniff Complex	45 cps	
BRS-13	14+00N to 15+00N 9+50W to 10+00W	310 ⁰	100m	Unconformity	44 cps	On strike from Herron Pond gold zone.
BRS-14	11+00N to 12+00N 13+75W	345 ⁰	100 m	Grimsthorpe Domain	43 cps	
BRS-15	8+00N to 9+00N 7+50W to 7+75W	310 ⁰	100 m	Unconformity	47 cps	Possible extension of BRS-16 and BRS-18.
BRS-16	5+00N 6+00W & 7+00W	310 ⁰ ?		Unconformity	56 cps	Parallel highs.
BRS-17	2+00N to 3+00N 8+00W	345 ⁰	100 m	Grimsthorpe Domain	43 cps	
BRS-18	2+00N 5+50W to 6+00W	310 ⁰ ?		Grimsthorpe Domain	43 cps	Parallel highs. Possible extension of BRS-3 and BRS-7.

Discussion of Results

High radioactivity associated with uranium or thorium mineralization was not detected on the property and it can be concluded that such deposits do not exist on the claims. The spectrometer did outline subtle gamma-ray responses which correlate directly or closely to the unconformity and to the gold occurrences at Herron Pond which occur in metasedimentary rocks situated adjacent to the Grimsthorpe-Canniff unconformity. It is believed the weak radioactive responses are caused by zones of potassic alteration occurring within the metasedimentary units of the Grimsthorpe Group. The alteration could be associated with pervasive zones of silicification, biotite, sericite and/or K-feldspar mineralization and possible mark the unconformity and additional areas of gold mineralization. Thus, the spectrometer could be a useful tool for locating other zones of mineralization in the area especially along the unconformity in the south section of the property.

Recommendations

Good correlation exists between the location of gold occurrences on the property and the location of the radioactive anomalies in the Herron Pond area. Additional exploration of the anomalies as potential gold-bearing structures is warranted especially in the middle and south sections of the property. A combined prospecting and soil survey is recommended as the next phase to explore the mineral potential along the unconformity. The anomalous radioactive zones detected along the structure should be used as markers of structure and as target area to focus further exploration. A ground magnetometer survey is also recommended as a method to help identify the structure in the south section of the property. A grid should be cut for control of the surveys. The grid should consist of a 3.5 km baseline following the unconformity and 500 metre long cross lines at 100 metre intervals along the baseline. A budget for the proposed program is \$87,200 and is outlined in Table 3.

Respectfully submitted,

Robert James Dillman Arjadee Prospecting P.Geo

January 24, 2011

Table 3. Budget For Proposed Exploration

Line (Cutting/ Grid W	ork/			
	Line Cutting		21 km @ \$400 / km	\$8,400	
	Food, Hotel, Tr	ransportati	on	3,000	
				\$11,400	\$11,400
Prosp	ecting, Geolog	gical Work	S		
	Prospecting		2 men x \$350 /day x 14 days	\$9,800	
	Food, Hotel, Tr	ransportati	on	3,000	
	Maps, Reports			3,500	
				\$16,300	\$16,300
Soil S	Survey				
	Sample collect	ion 2 me	n x \$350 /day x 7 days	\$4,900	
	Assays	700 :	samples @ \$42 / sample	29,400	
	Food, Hotel, Tr	ransportati	on	1,500	
	Maps, Reports			3,500	
				\$39,300	\$39,300
Grour	nd Magnetome	ter Survey	<i>'</i>		
	Survey	21 kr	m @ \$200 / km	\$4,200	
	Food, Hotel, Transportation			1,500	
Maps, Reports			3,500		
				\$9,200	\$9,200
Conti	ngency 1	5%			<u>\$11,000</u>

\$87,200

Total

References

- Christie, B. J. 1992. Report on Prospecting, Geological Mapping and Soil Sampling, Dillman: Black River Property, Grimsthorpe Township, Southern Ontario Mining Division, Ontario. Unpublished internal report for Homestake Minerals.
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- **Dillman, R. J. 1992.** Report on Electromagnetic (VLF) and Magnetic Surveys. Black River Property, Grimsthorpe Township, Southern Ontario Mining Division, Ontario. Report for Ontario Prospectors Assistance Program, file no. OP92-235.
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- **Easton, R. M. and Ford, F. 1990.** Geology of the Grimsthorpe Area: In Summary of Field Work and Other Activities 1990. Ontario Geological Survey, Miscellaneous Paper 151, p. 99-110.
- **Meen, V. B. 1942.** Geology of Grimsthorpe-Barrie Area, Ontario Department of Mines, Vol. 51, pt. 4, p. 1-50 (with Map 51d: published 1944).

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arjadee1@yahoo.com

CERIFICATE of AUTHOR

- I, Robert J. Dillman, Professional Geologist, do certify that:
 - 1. I am the **President** and the holder of a **Certificate of Authorization** for:

ARJADEE PROSPECTING 8901 Reily Drive Mount Brydges, Ontario, Canada N0L1W0

- 2. I graduated in 1991 with a **Bachelor of Science Degree** in **Geology** at the **University of Western Ontario.**
- 3. I am an active member of:

Association of Professional Geoscientists of Ontario, APGO Prospectors and Developers Association of Canada, PDAC Geological Association of Canada, GAC

- 4. I have been a **licensed Prospector in Ontario** since 1985.
- 5. I have worked continuously as a **Professional Geologist** for 19 years.
- 6. Unless stated otherwise, **I am responsible** for the preparation of all sections of the Assessment Report titled:

REPORT ON GROUND GAMMA-RAY SURVEY BLACK RIVER SOUTH PROPERTY GRIMSTHORPE TOWNSHIP, ONTARIO

dated, January 24, 2011

7. I am not aware of any material fact or material change with respect to the subject matter of the Assessment Report that is not contained in the Assessment Report and its omission to disclose makes the Assessment Report misleading.

Dated this 24th day of January 24, 2011

Robert James Dillman Arjadee Prospecting P.Geo

APPENDIX I. G.P.S. WAYPOINT DATA RADIOMETRIC GAMMA-RAY SPECTROMETER SURVEY GRIMSTHORPE TWP, ONTARIO BLACK RIVER SOUTH PROPERTY

NAD83 UTM/UPS METRIC ZONE 18T

Line Number	Co-ordi	nates East to W	est	
	Е	N	E	N
LO	309617	4963398	308851	4963131
L1N	309584	4963493	308818	4963226
L2N	309551	4963587	308786	4963320
L3N	309516	4963681	308752	4963414
L4N	309484	4963774	308718	4963508
L5N	309448	4963867	308685	4963602
L6N	309417	4963963	308651	4963696
L7N	309385	4964058	308621	4963792
L8N	309356	4964153	308586	4963886
L9N	309322	4964247	308552	4963979
L10N	309282	4964362	307748	4963828
L11N	308866	4964325	307713	4963923
L12N	308833	4964418	307679	4964016
L13N	308800	4964513	307645	4964110
L14N	308766	4964607	307612	4964205
L15N	308734	4964700	307578	4964299
L16N	308700	4964794	307547	4964393
L17N	308666	4964889	307512	4964487
L18N	308633	4964983	307479	4964581

APPENDIX I. con't G.P.S. WAYPOINT DATA

Line Number			
	E N	E	N
L19N	308600 4965078	307447	4964677
L20N	308563 4965186	307028	4964655
L21N	307762 4965015	306995	4964749
L22N	307729 4965109	306962	4964843
L23N	307695 4965203	306929	4964938
L24N	307662 4965297	306896	4965032
L25N	307629 4965391	306466	4965000
L26N	307597 4965485	306434	4965095
L27N	307561 4965579	306402	4965189
L28N	307527 4965673	306369	4965284
L29N	307497 4965768	306334	4965378
L30N	307461 4965871	306301	4965468
L31N	307033 4965829	306267	4965562
L32N	307002 4965924	306234	4965656
L33N	306970 4966018	306200	4965751
L34N	306937 4966113	306166	4965844
L35N	306904 4966207	306134	4965939

