A report prepared for Gunpoint Exploration Ltd.

COMMENTS ON FUTURE EXPLORATION OF THE TALAPOOSA GOLD-SILVER PROSPECT, NEVADA

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SUMMARY

- The large Talapoosa epithermal system is considered to possess additional gold and silver potential, both within and beyond the current resource, which merits additional exploration work.

- The current Talapoosa resource grade may have been understated because of the drilling and assaying techniques employed over the years, and might be significantly improved if large-diameter, angled holes and metallic screen analysis were systematically employed. Prior to embarking on the 11-hole programme proposed to test this concept, it might be worthwhile determining the effect on the then-existing resource of the five large-diameter, angled holes already drilled by Newcrest. If the effect proves to be negligible, the 11-hole programme would need reconsideration.

- If the 11 proposed holes (4,000 m) are drilled, quartered core would be available for additional metallurgical testing. Particular emphasis needs to be placed on cyanidation tests to investigate the possibility that this may offer a viable alternative to flotation, bearing in mind that sulphide-poor quartz like that at Talapoosa is typically amenable to cyanidation at other epithermal deposits. If it were, it might enhance the chances of eventual sale of the property.

- The North Dyke and South side of East Hill areas, adjoining the Talapoosa resource, both have potentially ore-grade intercepts in widely spaced drill holes. An additional 24 drill holes, for a total of approximately 6,000 m, would be sufficient to test these possible extensions.

- Exploration to date at Talapoosa has been somewhat constrained by the concept that the Talapoosa fault, the footwall limit of the main mineralized zones, played a role in ore localisation. The Talapoosa fault is considered here to be an exclusively post-mineral feature, which implies that mineralization could even occur in footwall sites. Therefore, several existing drill holes north of the resource area may merit twinning and, eventually, offsetting with the possibility of additional mineralized zones in mind. An initial 2,000-m programme would be justified.

- The Smokey veins, even farther north of the resource area, were one of the targets recently tested without success. Given that the holes were only shallow, two deeper holes in search of blind gold-silver mineralization are recommended. Two scissor holes would also be worthwhile on the Appaloosa structure to the northwest, where hydrothermal breccias are interpreted as the shallow expression of veins at depth.

INTRODUCTION

At the request of Max Baker, the writer spent four days in the Reno area in order to provide Gunpoint Exploration with an opinion on future exploration of the Talapoosa gold-silver prospect, Nevada. The assignment – a follow-up to a visit to the Appaloosa breccias in July 2010 – focused on the Talapoosa resource and comprised the following activities: discussions on the Talapoosa resource and potential with Steve Ristorcelli and Mike Lindholm of Mine Development Associates; field examination of the Talapoosa sector and nearby areas drill tested in 2011; inspection of selected drill core from the Bear Creek, Main, Dyke Adit and East Hill zones at Talapoosa; review of several historical maps and reports; wide-ranging discussions with Max Baker and, during the field visit, Mike Lindholm; and preparation of this summary report.

EXPLORATION CONTEXT

Preamble

The northwest-trending Talapoosa prospect area is approximately 8 km long and 2 km wide; however, the gold-silver resource is confined to a 1 x 0.2 km area near its southeastern limit: a situation suggesting that additional mineralized zones may well exist. As discussed previously (July 2010), the northwestern parts of the property, particularly the Appaloosa trend, display features characteristic of the shallow parts of low-sulphidation epithermal systems, above levels at which the presence of ore might be anticipated.

Talapoosa controls

Over the years, there has been considerable discussion concerning the role and even the precise location of the Talapoosa fault, which clearly demarcates the footwall of the premier Bear Creek zone. The 45°-dipping listric fault is marked by prominent red gouge (formerly considered as a paleosol) flanked in the immediate hanging- and footwalls by broad damage zones. At least the basal 30 m of the Bear Creek mineralized zone is transformed to crush breccia, whereas the juxtaposed basalt footwall is also intensely cataclased.

It is clearly evident that the Talapoosa fault is a post-mineral structure that cleanly truncates the Bear Creek zone gold-silver mineralization. Notwithstanding the apparent parallelism of outcropping quartz veins and assumed extensions of the Talapoosa fault at Dyke Adit and East Hill, it is suspected that neither the Talapoosa fault nor any coincident precursor structure existed at the time of the epithermal quartz veining and gold-silver mineralization.

The available geological evidence strongly suggests that the principal displacement on the Talapoosa fault is normal and could total 100-150 m. Certainly, observation of slickensides on the fault in the Dyke Adit zone confirm that the latest movement is dip slip. In contrast, the mineralization itself may have been generated in a pre-existing strike-slip fault regime. Furthermore, there is a strong possibility that the mineralization was deformed during the post-mineral faulting, with considerable drag effects present in proximity to the fault plane. Underground maps of the Dyke Adit zone prepared by D. L. Evans in 1975 clearly illustrate the existence of marked flattening and overturning of the mined veins against the post-mineral fault, which in fact is more suggestive of reverse rather than normal motion.

This possibility has not been factored into geological modelling of the resource area, although it would currently be impractical given the paucity of available drill core. Nevertheless, it could offer an explanation for the apparent complexity of quartz vein and gold grade distribution in the Bear Creek zone and elsewhere.

Once the Talapoosa fault is removed from the equation, it has to be accepted that Talapoosa-type mineralization may exist anywhere in the immediate area, and potentially farther afield, both in the hanging- and footwalls of the Talapoosa fault. Previously, there may have been a tendency to model the Talapoosa mineralized zones, especially the Bear Creek zone, on the assumption that the Talapoosa fault influenced ore deposition. Depiction of the Bear Creek high-grade veins, in particular, may have been influenced, at least subconsciously, by the observed attitude of the fault.

Talapoosa veins

Inspection of apparently representative drill core from the Bear Creek, Main and East Hill zones suggests that the best gold and silver grades are hosted by fine-grained, saccharoidal quartz, of the type normally found in low-sulphidation epithermal vein systems. The quartz is sulphide deficient and typically contains <0.5 volume % pyrite and traces of base-metal sulphides and silver sulphosalts. Most of the sulphides, largely pyrite and marcasite, occur in the surrounding silicified, adularised and illitized host andesite where they are the products of sulphidation of pre-existing iron during vein development.

The quartz is present as massive veins and veinlet stockworks, which, as noted above, become tectonically brecciated on approach to the Talapoosa fault. However, hydrothermal breccia – widely reported from Talapoosa – was not observed in any of the core inspected, suggesting that it may be relatively minor in extent.

Such sulphide-deficient, low-sulphidation epithermal quartz is generally amenable to processing by means of direct cyanidation. Indeed, the higher-grade, quartz-rich samples subjected to bottle-roll testing by Newcrest reported good gold recoveries. In contrast, the low-grade samples were characterised by poorer (50-60 %) recoveries, either due to the presence of clay minerals (as concluded by Newcrest) or occurrence of gold locked in the iron sulphide minerals.

The upper parts of the quartz vein zone and overlying, largely barren, vein-free rock are intensely kaolinized. This kaolinisation is interpreted as a steam-heated horizon generated above a descending paleo-water table, thereby showing that the Talapoosa resource area is the shallow portion of an epithermal system.

IMPROVEMENT OF THE TALAPOOSA RESOURCE

Grade improvement

The current Talapoosa resource is based on the best drilling and assay data available, following careful culling of the extensive database by Mine Development Associates. In particular, the results of reverse-circulation holes drilled wet and showing obvious signs of down-hole contamination were excised from the database.

It has been proposed recently that the overall grade of the resource might be substantially improved by drilling angled, PQ-size core holes and subjecting all potentially ore-grade samples to metallic screen analysis in order to circumvent a possible coarse gold problem. Importantly, Mine Development Associates has confirmed that the richer parts of the resource report higher gold and silver values when drilled using angled rather than steep holes, with the converse being true for the low-grade material. The explanation for this empirical observation remains uncertain, although a preponderance of steeply dipping quartz veins and veinlets might offer the most obvious explanation.

In view of the possible underestimation of the Talapoosa resource, Gunpoint Exploration plans to drill an additional 11 inclined (–60°) PQ core holes for a total of 4,000 m, commencing in September this year, as a means of determining if the actual gold and silver grades are, as anticipated, better than those predicted by the current block model. A positive result could lead to re-drilling of the entire Talapoosa resource. The planned 11-hole programme is endorsed; however, in order to provide added confidence prior to committing the US$1 million that would be required, it might be worthwhile carrying out the same exercise using the results of the five angled PQ holes drilled by Newcrest to see if indeed they resulted in the predicted upgrade. The cost involved in carrying out this exercise would be amply justified.

Metallurgical testing

If the proposed comparison of the results for the five Newcrest holes and the pre-existing block model provides clear evidence for the anticipated grade improvement and, as a consequence, the 11 proposed holes are drilled, then quartered core will be available for additional metallurgical test work. It is recommended that this embodies both cyanidation (bottle roll and column tests) and flotation, given the geological indication that cyanidation as well as flotation may be applicable to the sulphide resource. Indeed, the test work conducted on behalf of Newcrest showed an average bottle-roll gold recovery of >80 % for 11 samples at a 75-micron crush size.

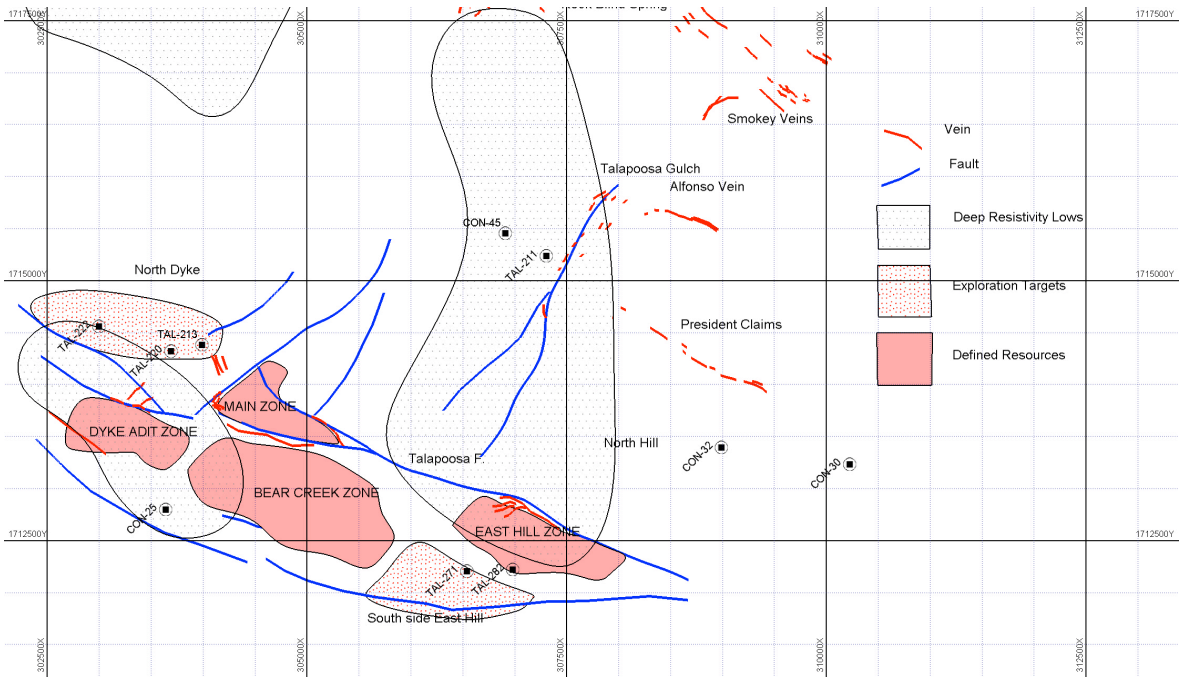
If it can be demonstrated that Talapoosa sulphide ore is amenable to gold recovery by both cyanidation and flotation, it would give Gunpoint Exploration more flexibility at the time of eventual sale of the property. Many potential operators would prefer the capability of on-site production of doré rather than sulphide concentrate because marketing the latter, possibly to Barrick as autoclave feed, would involve additional costs.

Resource expansion

The results (tabulated below) of several drill holes in close proximity to the current Talapoosa resource suggest that potential exists for appreciable resource expansion. Several recent studies have suggested that the North Dyke and South side of East Hill areas, shown on the accompanying map, are worth further drill testing with a view to increasing the existing resource. The 24 additional holes, for a total of about 6,000 m, proposed by Mine Development Associates seem eminently reasonable.

The area northeast of the Talapoosa resource, including the CON-45 area and vicinity of the President claims (see map), may also merit further scout drilling in view of the existence of several holes that reported potentially ore-grade intercepts (see tabulation). The pedigree of this area automatically improves if the Talapoosa fault is no longer

Area	DDH	From'	To'	Interval'	Au ppm	Comments
Northern Area:						
	CON-45	370	385	15	3.41	
	CON-45	365	425	60	1.86	
	TAL-211	160	180	20	0.31	
	CON-32	375	400	25	7.75	
	CON-30	525	545	20	0.31	EOH
South side East Hill:						
	TAL-271	310	440	130	1.24	
	TAL-282	405	470	65	1.55	
	TAL-282	405	590	185	0.93	EOH
Bear Ck Down Dip:						
	CON-25	665	685	20	1.86	
NorthDyke:						
	TAL-222	680	700	20	6.2	EOH
	TAL-213	170	195	25	12.4	
	TAL-220	225	480	255	0.93	



considered as a key ore control, as discussed above. These proposed holes need to be twinned with a core rig in order to determine their geological context, prior to consideration of one or more offset holes. A total of about 2,000 m of core drilling would be needed initially. Zones underlain by thick dacite porphyry units seem likely to be the most favourable target areas because andesitic/dacitic rocks, the host to the Talapoosa resource, sustain brittle fracture and, hence, provide good hosts for vein mineralization, in apparent marked contrast to the sedimentary rocks and basalt characteristic of the stratigraphically

underlying Pyramid Sequence. Such deeply penetrating dacite porphyry bodies may be outlined by deep IP resistivity lows, the potentially most interesting of which are schematised on the accompanying map.

Additional targets

The recent scout drilling of several exposed veins north of the resource gave disappointing results. Nevertheless, the three closely spaced chalcedonic veins at Smokey (see map) were tested only shallowly and are considered to warrant a deeper (at least 150 m) drill test to investigate the possibility that ore-grade gold mineralization exists at depth. Their chalcedonic character suggests that shallow vein expressions are exposed, thereby implying that any contained ore shoots are blind.

The Appaloosa breccias inspected in July 2010 are interpreted as surficial manifestations of a structurally controlled epithermal system. It now appears that most of the breccias may be underlain by sedimentary rocks of the Pyramid Sequence, which, as noted above, are probably an unreceptive host. However, observation of an outcropping dacite porphyry dyke suggests that larger porphyry bodies could also be present, which could potentially be located by means of an IP resistivity survey. At least one pair of scissor holes, each 250 m deep, is considered to be justified with a view to checking the nature of the underlying rocks, hopefully within the confines of a resistivity low, and determining if a feeder vein is present beneath the breccia outcrops.

Reno, NV
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