JOHN R. KERR, P. ENG.
Providing Services to the Mineral Exploration Industry

JAN 2 0 1993

WDR PROPSUB

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520529
Lemon Lake

Jan 20/92

John:

Thanks for the opportunity of providing your staff with some of my thoughts on drilling. I think Wayne will ~~concur~~ that it was interesting & worth it while.

I brought the attached reports with me and intended to leave them with Wayne- however forgot. The Lemon Lake property is the most exciting, however it is doubtful if I'd want it taken out of the package until our IPO is completed.

I talked with Don Poirier last week- as I was at a meeting which he attended. He advised that he would be interested in sitting in on your committee for the Chamber.

Cheers

John.

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LEMON LAKE PROPERTY

Summary Report

- for -

CANIM LAKE GOLD CORP.

The property comprises 5 mineral claims (70 units) recorded in the name of John R. Kerr, in trust for Canim Lake Gold Corp. An additional 32 units tie on to the northern boundary of the property, and are the subject of negotiation for acquisition by the company.The property is located 10 km. east of Horsefly, in south-central Brish Columbia. Road access is excellent to all areas of the claims via logging and farm roads.

The claims cover one of 25 - 30 alkalic intrusive stocks in the south-central portion of the Quesnel Trough. The stock is quite unique to other stocks in the area in that it is a muti-phased and zoned intrusive complex, ranging in composition from a gabbro in the central core, to a diorite/monzonite/syenite in the peripheral contact areas. The basic core of the stock and associated high magnetite content provides strong magnetic relief, and is easily identified from airborne magnetic surveys.

The alkalic stocks of the Quesnel Trough host the principal porphyry Cu/Au deposits of British Columbia. The Polley Mtn. deposit is currently preparing for production 30 km. to the NW. Others include the Mount Milligan and Kemess deposits in the northern portion of the Quesnel Trough; the 10-12 deposits of the Iron Mask Batholith (Afton) near Kamloops; and the Similco deposit at Princeton. The Lemon Lake Stock is similar in many ways to the Iron Mask Batholith in that it is:

- multi-phased
- very basic/ultrabasic in part
- strongly magnetic, and
- riddled with copper showings.

Copper was initially discovered in the late 1800s, during the placer gold rush in the Cariboo, however intensive exploration and development did not occur until the late 1960s during the porphyry copper boom. In the early 1970s, Hudson's Bay Oil and Gas Ltd. controlled the property, completing detailed geochemistry, magnetics, IP surveys, trenching, and approximately 1000 meters of percussion drilling (11+ holes) on the property. The writer was employed by HBOG during a portion of this program, and completed all the grid-work and soil geochemistry. It was during this period that the potential of the southern portion of the Lemon Lake Stock was realized due to significant soil anomalies in this area. The area is covered by deep over-burden, therefore drilling and trenching of the potential targets was ineffective and expensive in the 1970s. Noranda completed some limited drilling in the mid 1970s in the northern portion of the property. During the mid-late 1980s, Orbex Industries Inc. (Dr. P.E. Fox) completed geochemistry and a 7 hole diamond drill program (1100m).

11 of the ? holes drilled by HBOG were filed for assessment purposes, with reported analytical work. It is the writer's memory that provides information that 15-20 holes may have been drilled by HBOG, however there is no recorded data to substantiate this work. Drll hole # 3 of HBOG intersected 120 ft. 0f 0.25% Cu. Their work did not include gold analysis. The drilling completed by Noranda was to the north of the Lemon Lake Stock, and did not provide any significant assays. The Fox drilling intersected significantly anomalous gold intercepts (up to 250 ppb Au), however did not include analytical work for copper. All previous drilling was completed in the northern portion of the property, on the claims subject to negotiation.

The writer's intimate knowledge of the property, and instinctive intuition for the potential of the Lemon Lake Stock to host porphyry Cu/Au deposits, precipitated staking of the claims for Canim Lake Gold Corp. in early 1992, and subsequent exploration expenditures exceeding $40,000 during July-October, 1992. The following summarizes the work completed, and results.

1992 FIELD PROGRAM

Soil sampling was completed on the property with lines spaced at 200 meter intervals and samples collected at 50 meter spacing along all lines. Infill sampling was completed in a selected area at 100 meter line intervals. All soils were analyzed for copper.

As there was no exposed outcrop on the claims, and the only expression of the Lemon Lake Stock was from previously completed magnetic surveys, a 12 hole (546.4m) prospecting and geological mapping drilling venture was initiated utilizing the extremely mobile and compact Explorer Drill System developed by Northspan Explorations Ltd. of Kelowna. Previous surface trenching in the area had failed due to overburden depths exceeding 6 meters (estimated to be 20-30 meters prior to drilling). Road construction to any drill site was not required as the drill is track-mounted, which provides for easy and inexpensive drill permitting in this period of environmental awareness.

The objectives of drilling were to drill through the overburden, collecting soil samples at 3m intervals, and thence 15 - 25 meters into the underlying bedrock, acquiring continuous rock-chip samples at every rod change (3.05m). All soils were geochemically analyzed for copper, and rock-chips were analyzed for copper and gold.

An on-site geologist (J. Kerr and M. Schatten) logged drill cuttings and overburden soils, noting rock-types, alteration, obvious mineralization, and nature and depth of overburden. Decisions were made in the field to alter locations and planned depths of holes pending visual results of earlier drilling, and access to drill sites.

The drill logs and chemical analysis permitted construction of bedrock and overburden profiles, thereby providing interpretation of anomalous chemical results in both rock and soil, as well as interpretation of zones of high rock alteration and basic geology (see attached profile sketches). This permitted interpretation of a surface plan, projecting mineralized drill hole intercepts, geology, and alteration patterns to the surface (also attached).

Drill hole geochemical analysis should not be regarded as definition of economic ore reserves, as sampling techniques were very crude, inexpensive, and inconsistent. As this was basically a prospecting venture (grass-roots drilling), the need for elaborate, expensive sampling techniques was not required. For example: there was no emphasis to collect the fines from wet samples. Only three of the holes were drilled dry. It was observed that the drilling technique tended to powder the copper minerals, and these fines would have been lost when drilling wet. The reader is therefore cautioned to interpret results as being anomalous and not attempt to express intersected mineralization into economic worth.

RESULTS

1) One drill hole, LRC92 - 3, encountered extemely anomalous values of both copper and gold over a length of 12 meters, averaging 1900 ppm Cu (.19%), and 570 ppb Au (.017 oz/T). The last 3 meter interval ran 4062 ppm Cu (.41%) and 960 ppb Au (.028 oz/T). The hole was terminated at this depth (planned), due to the inability to identify the copper bearing minerals and content in the drill powder, and problems encountered while drilling through an underlying dike rock. The significance of this hole was not realized until analytical returns were received two weeks later.

2) Anomalous values of copper (> 300 ppm), and gold (>25 ppb) were encountered in six other drill holes over drilled lengths of 10 - 30 meters.

3) The gold/copper ratio encountered at Lemon Lake is extremely high for porphyry Cu/Au deposits. This ratio ranges 1 ppb Au/2 - 10 ppm Cu, averaging approximalely 1/4. The association of copper and gold is vey sympathetic, being consistent in both weakly and highly anomalous results. At the current value of gold and copper, this ratio reflects a gold/copper dollar value of 3/2. Therefore, the potential at Lemon Lake is a porphyry gold deposit, with associated copper credits, and continued exploration of the property will have to emphasize stringent exploration techniques governing the mysterious nature of gold deposits.

The gold/copper ratios of other known porphyry alkalic stocks are:

Polley Mt.	-	1 ppb Au/10 ppm Cu
Mount Milligan	-	1 ppb Au/8 ppm Cu
Afton	-	1 ppb Au/12 ppm Cu

4) Rock alteration is one of the "finger-prints" of porphyry Cu/Au deposits in alkalic stocks. Each known deposit has its own unique alteration halo, eg. Polley Mt.is unique in that the principle alteration associated with ore is K-feldspar, with lesser epidote, and peripheral propyllitic (epidote/chlorite/carbonate) alteration forming a halo. Each of the deposits in the Iron Mask Batholith (Afton) has its own alteration package, K-feldspar, albite, epidote, and chlorite being the strongest mineral variables in the pckage.

Moderate to extreme alteration was logged in 8 of the holes drilled at Lemon Lake over lengths exceeding 20 meters. In holes #5 and 9, extreme secondary K-feldspar was encountered. The associated analytical results in both intercepts were disappointingly low, however anomalous results, and visual copper, was found immediately above the extreme alteration of hole #5. This establishes a relationship of the extreme K-feldspar to copper/gold values. The better analytical results encountered in holes #3, #4, #5, and #6 were directly associated with moderate to high alteration packages, dominant in chlorite, with lesser K-feldspar and epidote.

A significantly large alteration package has been interpreted from the results (see attached plan and sections). Considerable studies relating the nature of alteration to gold and copper concentrations will greatly assist ongoing exploration and development programs.

5) Copper minerals observed in drill cuttings are chalcopyrite, minor bornite, and malachite in near surface samples. Small specks of native copper were identified while drilling, however this was not substantiated from analytical work. Chalcocite is not an easy copper mineral to identify in cuttings, and must be suspected to occur in some of the higher grade samples. The nature of gold mineralization is unknown, however it is strongly suspected to be directly associated with copper bearing minerals.

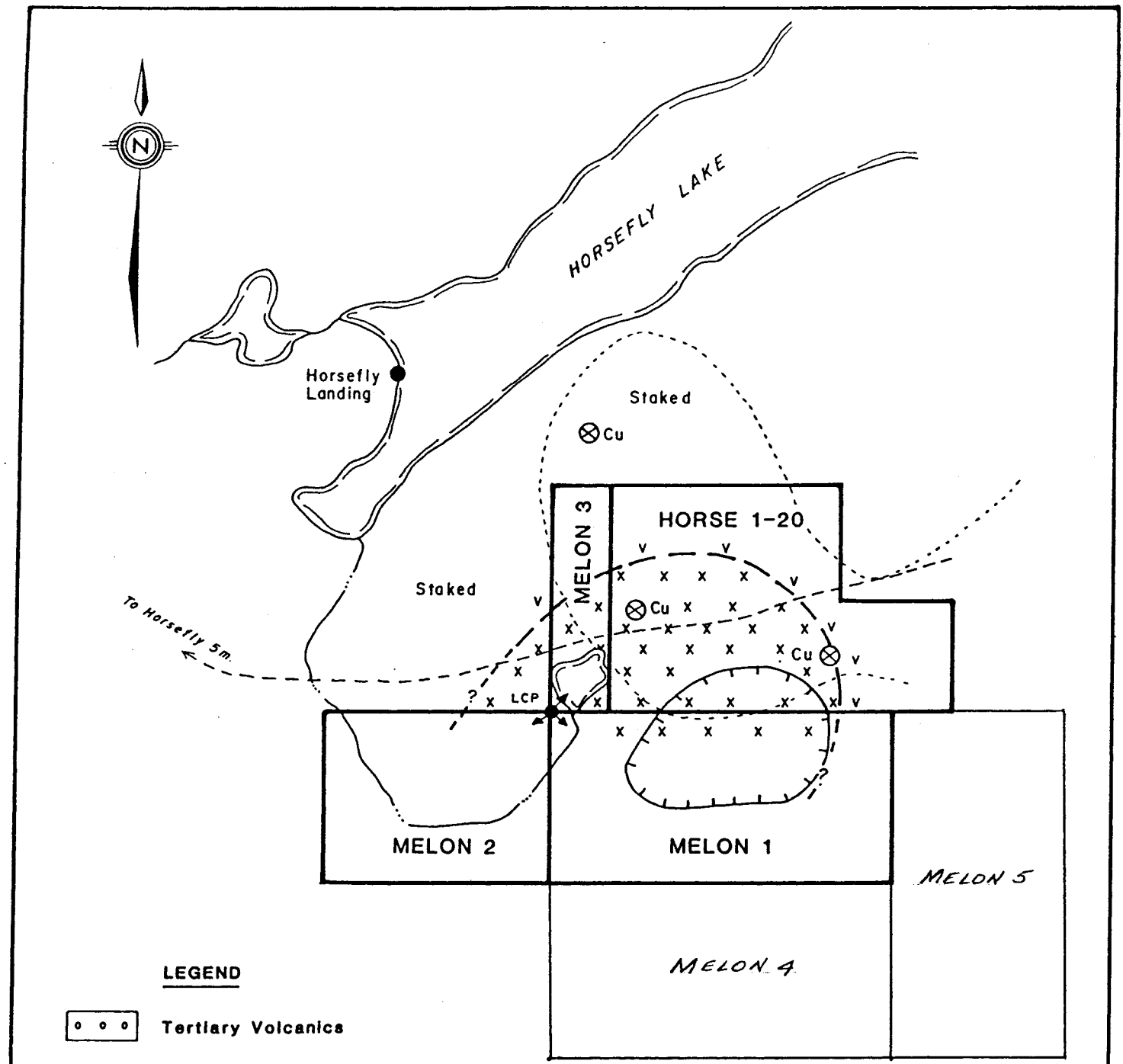
6) A tabular target, 800 meters long by 250 meters wide has been interpreted as the principle target for further exploration. The potential thickness of economic concentration of mineralization is virtually unknown, however an alteration package, 150 - 250 meters thick is interpreted from limited drilling and outcrop exposures to the north. The structural setting of such a model for economic porphyry Cu/Au deposits is interpreted by the intersection of two major lineaments: 1) E-W Trending Long Lake Fault (interpreted from ground magnetics as southerly dipping).
2) NW -SE Trending Lineament hosting two surface showings (interpreted from airborne magnetic map sheet)

RECOMMENDATIONS

A two phase exploration and development program is recommended for the Lemon Lake Stock. The initial phase is to include a blend of Diamond and Reverse Circulation drilling to depths of 100 meters, initially spaced at a density of 150 - 200 meters. At least two of the diamond drill holes should explore the porphyry system to depths of 300 meters. Costs for Phase I are as follows:

600 meters of NQ diamond drilling @ $120/meter (all inclusive)	-	$ 72,000
1500 meters of RC drilling @ $ 60/meter (all inclusive)	-	$ 90,000
Magnetic and geochemical surveys and geology	-	$ 20,000
Contingency	-	$ 20,000
TOTAL		$ 202,000

Phase II work would be detailed development drilling in areas of economic concentrations of gold and copper at 30 - 50meter drill density. Amount of drilling required and related costs would be totally contingent upon Phase I results.



LEGEND

- Tertiary Volcanics
- Alkalic Monzonite, Syenite, or Granodiorite Stock
- Takla volcanics
- Contact
- Mineral Occurrence
- Outcrop Area
- Magnetic Anomaly
- Roads

0 1 2
Kilometres

QUESNEL TROUGH SYNDICATE

LEMON LAKE PROPERTY

CARIBOO MINING DIVISION, B. C.

NTS 93A/6W

Drawn by: Geodrafting	Date: March 1992
Checked: J.R.K.	Scale: 1 : 50,000

LEMON LAKE PROPERTY
1: 7500

LEGEND

Projected to surface from Drill Hole interpretation.

- Moderately to Extremely Altered Intrusive Rock. Often includes dominant K-feldspar/Epidote/Chlorite, with lesser silica/sericite/pyrite/calcite.
- Anomalous Cu/Au in rock: Cu 300-1000 ppm, Au 25-100 ppb
- Highly Anomalous to Economic Cu/Au in rock: Cu > 1000 ppm, Au > 100 ppb.
- 50 ppm Cu — Soil Anomaly (Cu only)
- ..... Abrupt change in depth of over burden
- ----- Roads
- DH-1 Drill Hole Collars
- Sections (See letters for reference)

ROCK CLASSIFICATION

- LEMON LAKE STOCK: Complex multiphase alkalic intrusive ranging in composition from Gabbro/diorite/monzonite/syenite. Potassic altering with acidic minerals near periphery
- TAKLA VOLCANICS: Dark grey/green/maroon basalt/andesitic flows & tuffs.

Outcrop exposure. Highly Altered Diorite/Monzonite K-feldspar Epidote Anomalous. Contour at line of Cu throughout.

Principle Area For Further Exploration

Long Lake

Long Lake Gravel

Helicopter 12Km.

Baseline 15+00N

50 ppm Cu

50 ppm Cu

50 ppm Cu

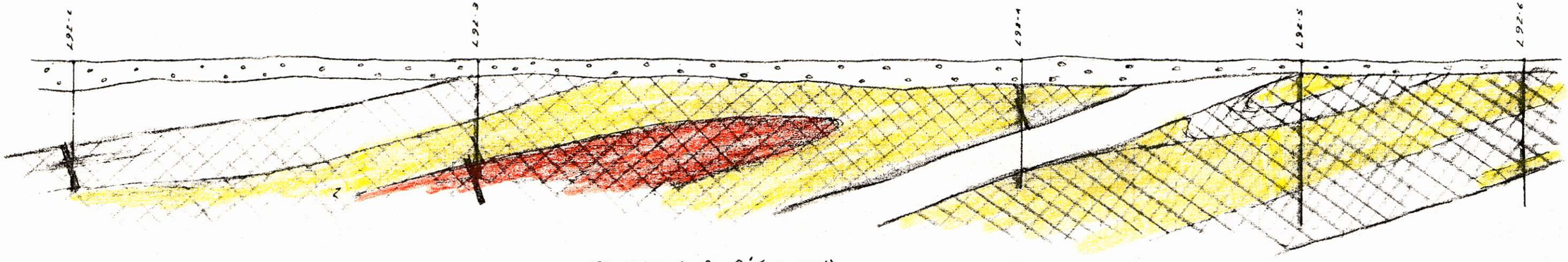
50 ppm Cu

o/b Limit 5-10m, 20-30m

Glacial Direction

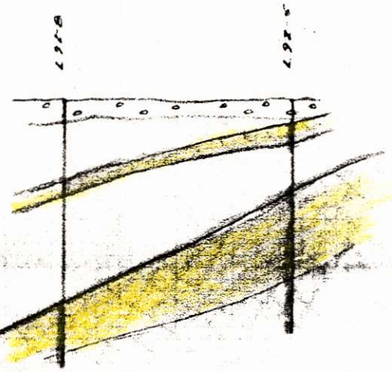
L-1 L-2 L-3 L-4 L-5 L-6 L-7 L-8 L-9 L-10 L-11 L-12

A A' B B' C C'



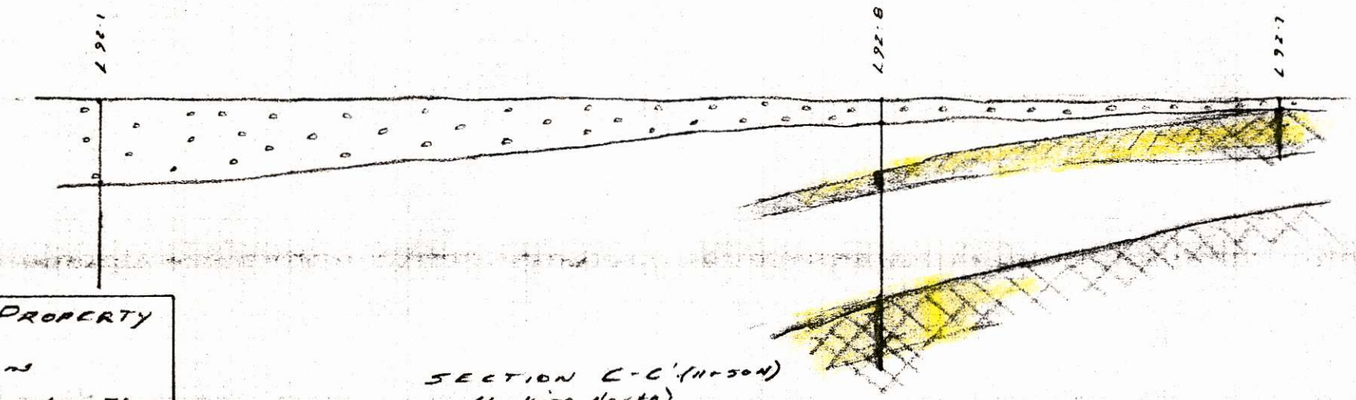
SECTION A-A' (12+50N)
(looking North)

Logged Dykes.

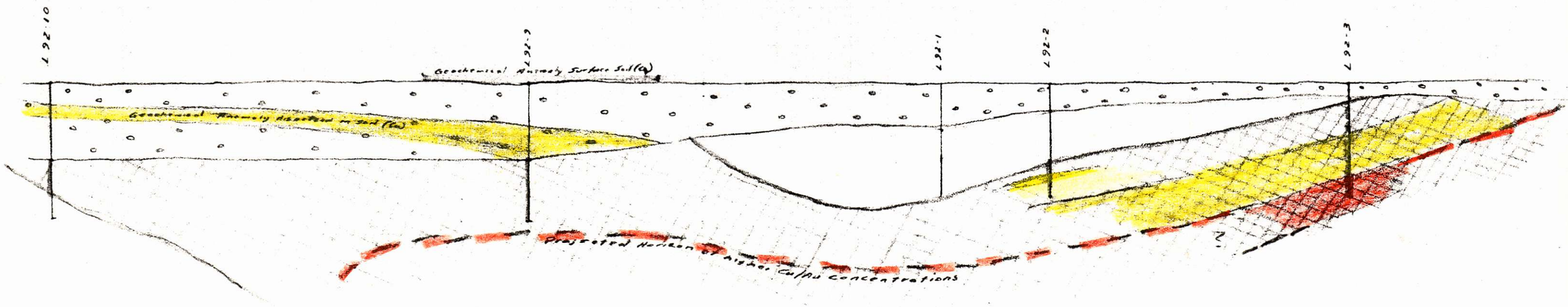


SECTION D-D' (A5+00E)
(looking West)

LEMON LAKE PROPERTY
1: 1500
Drill Hole Sections
Legend - See surface Plan



SECTION C-C' (11+50N)
(looking North)



SECTION E-E'
(looking northeast)
IDEALIZED.