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SUMMARY REPORT

ON THE

FALCON PROPERTY

OMINECA MINING DIVISION

NTS 93N/3E

Lat.: 55° 13' N. Long.: 125° 07' W.

BY

Uwe Schmidt, B.Sc., F.G.A.C.

Aug., 1989

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1. SUMMARY AND RECOMMENDATIONS

The Falcon property is located in the Omineca Mining division, 100 km northwest of Fort St. James, in central British Columbia. The claims cover a molybdenum-copper porphyry system and sulphide occurrences of undefined origin, in a geologic setting which is being actively explored by a number of major and junior companies. These properties are being actively explored for gold and gold associated with copper mineralization.

Earlier work on the property included mapping, geochemical, magnetometer, VLF-EM, and drilling. This work outlined a number of surface copper and molybdenite showings and an underlying porphyry copper-moly system. In addition, geophysical and geochemical targets outlined by earlier workers, remain to be explored.

There is no record of previous analysis for gold in the assessment records. Samples taken recently from the property returned anomalous geochemical concentrations in gold and arsenic. This suggests that the property needs to be reexamined for its gold potential.

A program of selected line-cutting, mapping, sampling of surface showings and multi-element geochemical soil surveys is recommended as a first step in reexamining the property. First phase soil sampling should be carried out at a maximum line spacing of 100 metres and sample spacing of 50 metres.

2. INTRODUCTION

The Falcon property was staked in 1989 by a prospecting partnership. Four 20 unit claims cover copper-moly showings in intrusive rocks which have previously been explored in 1969, 1970, 1971, 1981 and 1982. The claims are located 100km northwest of Fort St. James in central British Columbia. The prospecting partnership is seeking an optionee to reexamine the property for gold or copper-gold mineralization. The recent discovery Cu-Au in the porphyry copper mineralization at Mount Milligan and high grade gold sulphide bearing shear zones on the Tas property, has

increased exploration activity in the area. Copper mineralization in similar geological environments, are being reexamined for their gold potential. Preliminary sampling of sulphide occurrences on the property has returned anomalous gold analyses and suggests that this property should also be reevaluated.

3. PROPERTY, LOCATION AND ACCESS

The Falcon property consists of 4 mineral claims totalling 80 units and having an area of 2,000 hectares (4,942 acres). The claims are located 100 km. northwest of Ft. St. James, B.C. in the Omineca Mining Division. The property was staked by a prospecting partnership which includes A.D. Halleran, A.A. Halleran, W.H. Halleran and U. Schmidt.

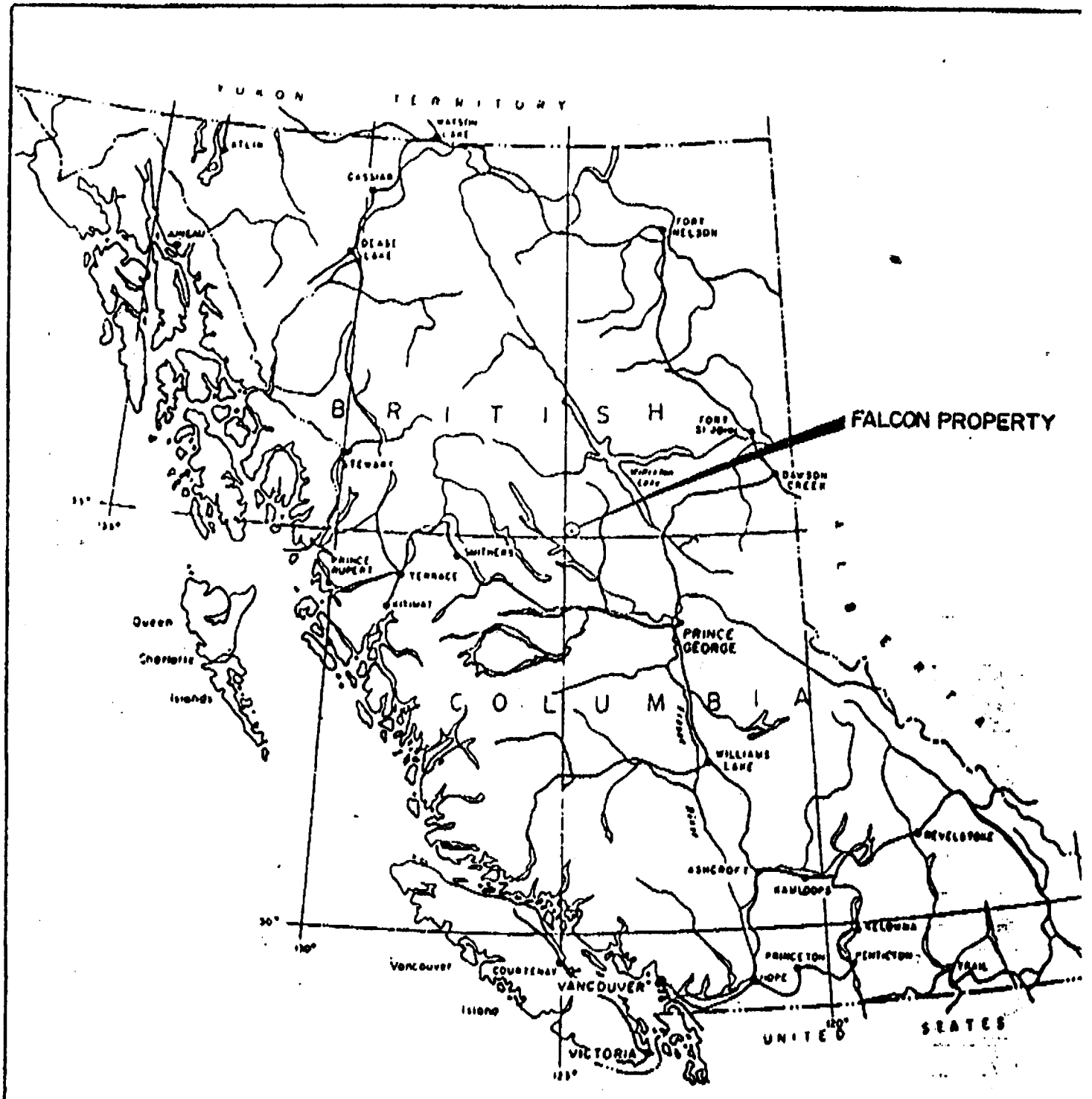
The property is located on NTS map sheet 93N/3E and the geographic coordinates of the approximate centre of the property are 55° 13' N. latitude and 125° 07' W. longitude.

The details of the claims are as follows:

CLAIM NAME	NO.OF UNITS	RECORD NO.	TAG NO.	STAKING DATE
Falcon 1	20	Pending	30896	June 16,1989
Falcon 2	20	Pending	30877	July 02,1989
Falcon 3	20	Pending	1270097	July 03,1989
Falcon 4	20	Pending	97029	July 04,1989
Total	80			

The claim locations are shown on Fig. 3.

The property is accessible via float equipped-fixed wing, helicopter or by boat. From Fort St.James, the route by road heads northwest along Leo Creek Road to its junction with the Leo-Purvis Road. This road passes a camp ground at the northwest end of Tchentlo Lake, where boats can be launched. From this point, to the centre of the property is approximately 12 km. The road distance to Tchentlo Lake from Fort St.James is 177 km.



Northwest Geological Consulting Ltd.			
LOCATION FALCON PROPERTY			
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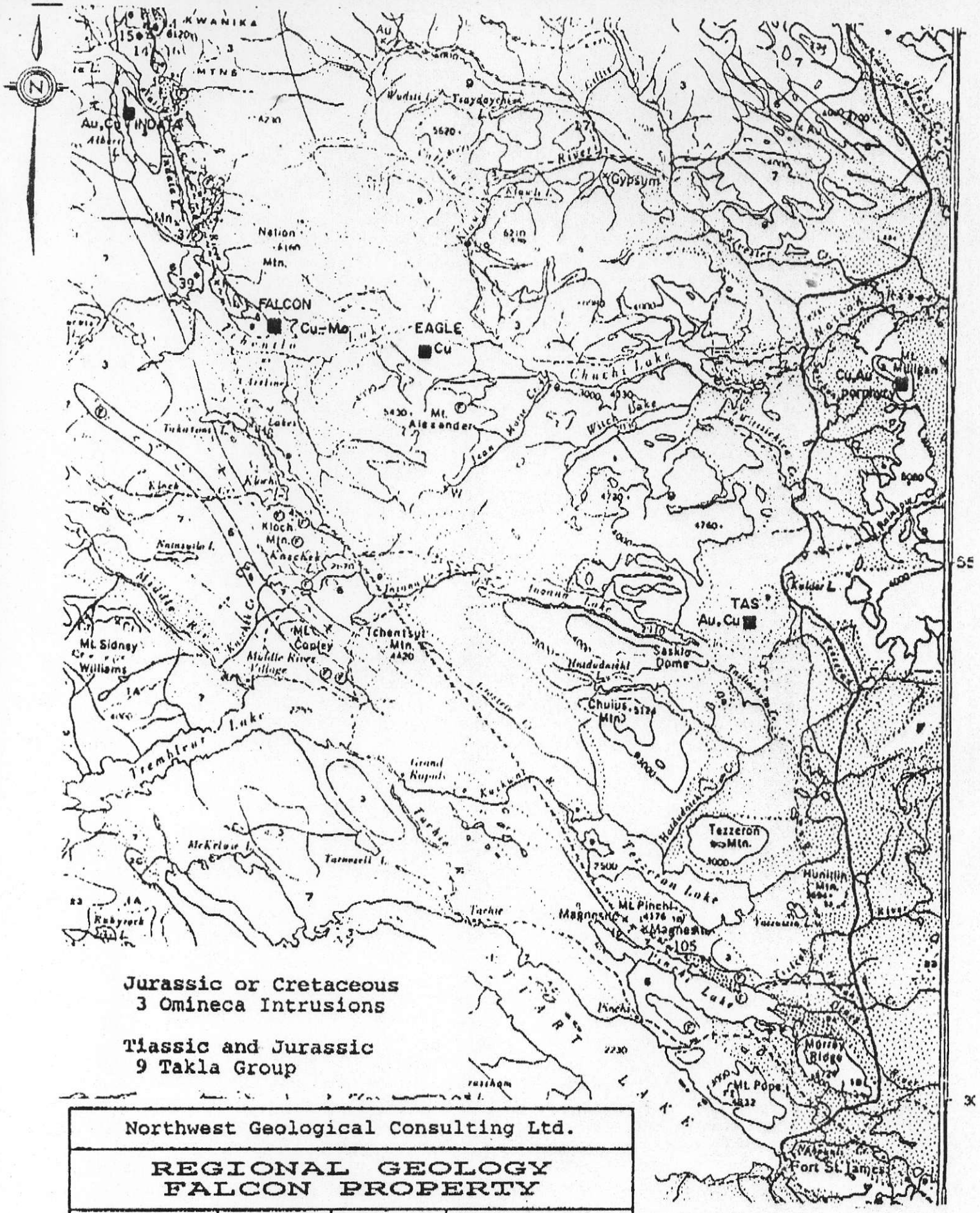

Jurassic or Cretaceous
3 Omineca Intrusions

Tiassic and Jurassic
9 Takla Group

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REGIONAL GEOLOGY FALCON PROPERTY			
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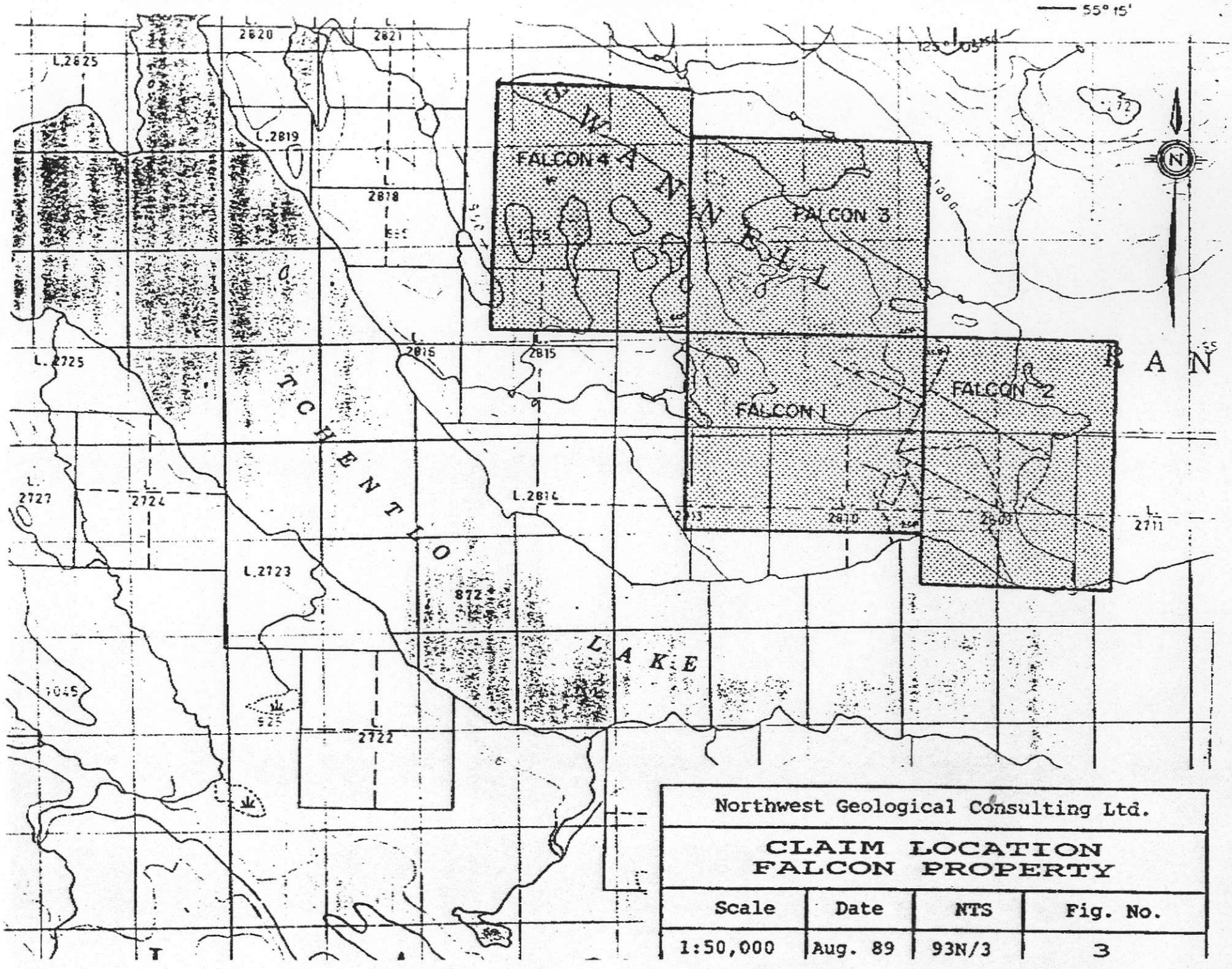
– modified from RICE 1949



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CLAIM LOCATION FALCON PROPERTY			
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4. PHYSIOGRAPHY

The property is located over gently rolling terrain on the north shore of Tchentlo Lake and south of Mnt. Nation. Elevations on the property range from 872 to 1095 metres. The west half of the property is covered by mature timber, including spruce, pine, balsam and poplar. The eastern half of the property is covered new growth over an area which was burned around 40 years ago. Bedrock exposure is variable, perhaps covering from 5 to 10 % of the property.

A typical field season lasts from early June to late October.

5. HISTORY

The earliest work recorded in the vicinity of the present Falcon 1, is grid soil sampling, magnetometer and EM survey, carried out by NBC Syndicate on the HI No.1 claim group in 1969.

Additional geophysical surveys were carried out in 1970 on HI claims which only partially cover the northern half of Falcon 4. The survey was intended to define the source of chalcopyrite and magnetite bearing float found southeast of the survey area.

In 1970 NBC Syndicate filed additional geochemistry, magnetometer survey and mapping data on the HI 1 to 3 claim groups.

In 1969 and 1970, soil sampling , line-cutting and trenching was carried out on the Bal claim group (Falcon 1) in two stages by Tchentlo Lake Mines Ltd. Although only a portion of the line-cutting was filed for assessment, the work is described by Sinclair 1970.

Limited deep diamond drilling was also done on the Bal group, but there is no record of this work in assessment files. It can be deduced however that the drilling was carried out in 1971 on behalf of Tchentlo Lake Mines. The drill core boxes located on the property are are labelled with a 71 prefix.

In June 1981, Placer Development Limited explored the JP #1 claim (Falcon 3) by geochemical and geophysical surveys. A 1 km long Cu anomaly was outlined by widely spaced sample stations. Within the anomalous area, 1 rock analysis returned 0.5 % Cu. The copper anomaly is associated with a syenodiorite intrusion.

Work on the OVB 2 claim (Falcon 2) by Placer included a heavy mineral soil and stream survey and VLF-EM survey. A small number of soil and stream samples were taken over the property and heavy mineral fractions were separated and analysed. Soil and stream anomalies in Cu, W and Ag were outlined near a pyrite, magnetite and pyrrhotite occurrence. This site is located on the present Falcon 2 and is associated with a dioritic intrusion.

In 1982, Placer Development returned to carry out a VLF-EM and magnetometer survey over the geochemical anomaly. A coincident magnetic high was partially outlined by the survey.

6. GEOLOGY

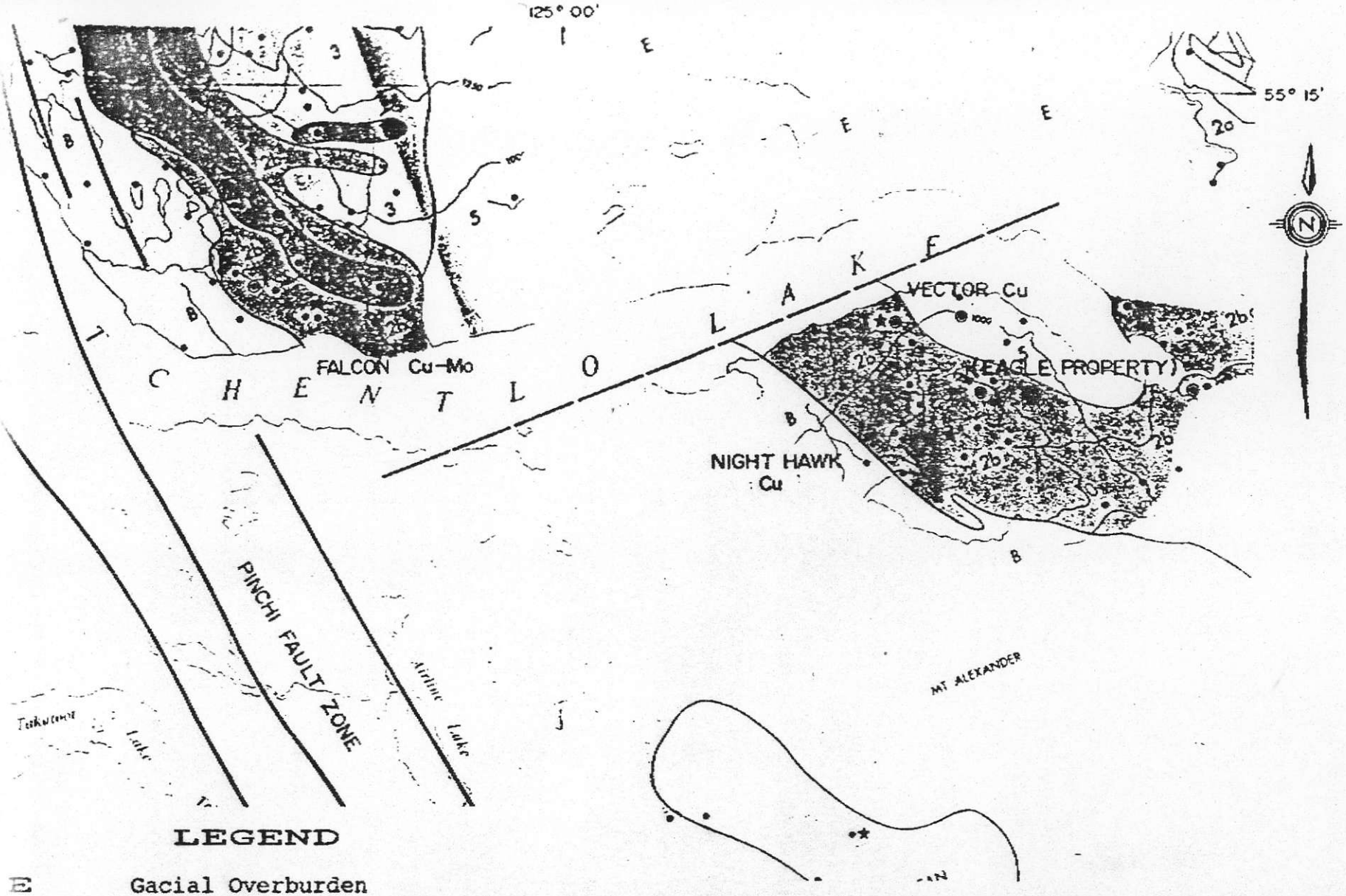
The property is located at the south end of the Hogem Batholith. A variety of intrusive rocks of the Hogem lie in contact with the Lower Mesozoic Takla Group.

The Takla Group lies within the Quesnel Trough, a sub-division of the Intermontane tectonic belt. The western boundary of Quesnel Trough is marked by the Pinchi Fault Zone, which is located a few kilometres west of the property.

The Hogem Batholith has a complex intrusive history containing three and probably four partial plutons with distinctive petrographic and chemical compositions.

Mapping by Garnett 1978 indicates that there are four intrusive units of the Hogem present on the property. The four varieties belong to the Hogem basic suite and Hogem granodiorite. These units have an age range of 176 to 212 my.

Drill core found on the property indicates that there is a porphyry copper-moly system on the property. On surface and in the upper sections of the drill core, rocks are coarse to medium



LEGEND

E Gacial Overburden

Upper Triassic - Lower Jurassic

5 Granodiorite, quartz monzodiorite

3 Monzodiorite, quartz monzodiorite

2a Monzonite

2b Monzodiorite

1 Diorite: minor gabbro, pyroxenite, hornblendite

B Takla Group

-modified from Garnett 1978

Northwest Geological Consulting Ltd.			
PROPERTY GEOLOGY FALCON PROPERTY AREA			
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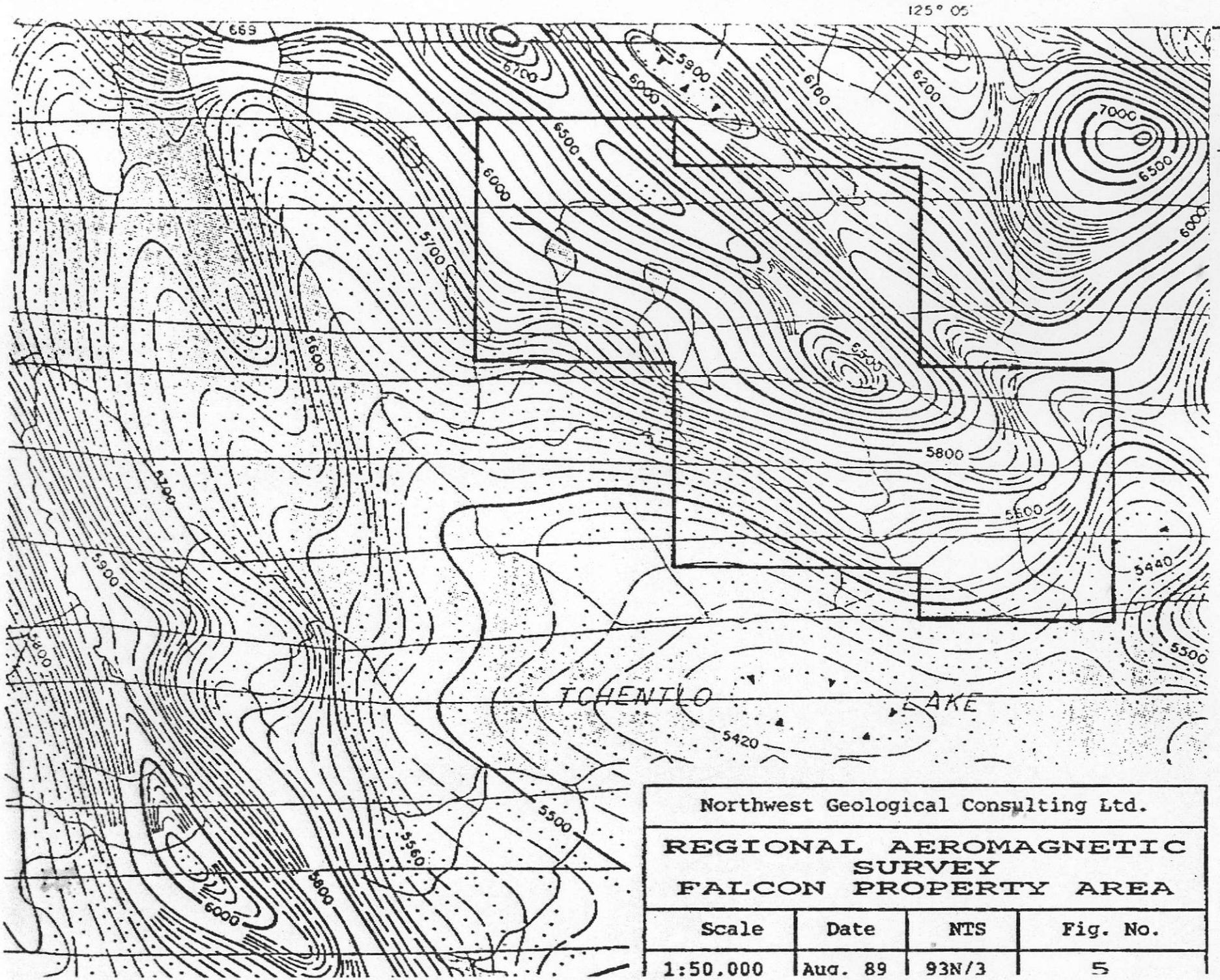


Northwest Geological Consulting Ltd.			
REGIONAL AEROMAGNETIC SURVEY FALCON PROPERTY AREA			
Scale	Date	NTS	Fig. No.
1:50.000	Aug. 89	93N/3	5

grained diorite to monzodiorite. Surface trenches and core are strongly pyritic. Chalcopyrite and molybdenite are common in drill core along vuggy and quartz-filled fractures. Moly and copper mineralization is less frequently observed in the trenches, possibly because of weathering. At depth, in drill core, a fine grained leucocratic intrusive of biotite quartz monzonite composition occurs. This unit is also mineralized by pyrite, chalcopyrite and molybdenite.

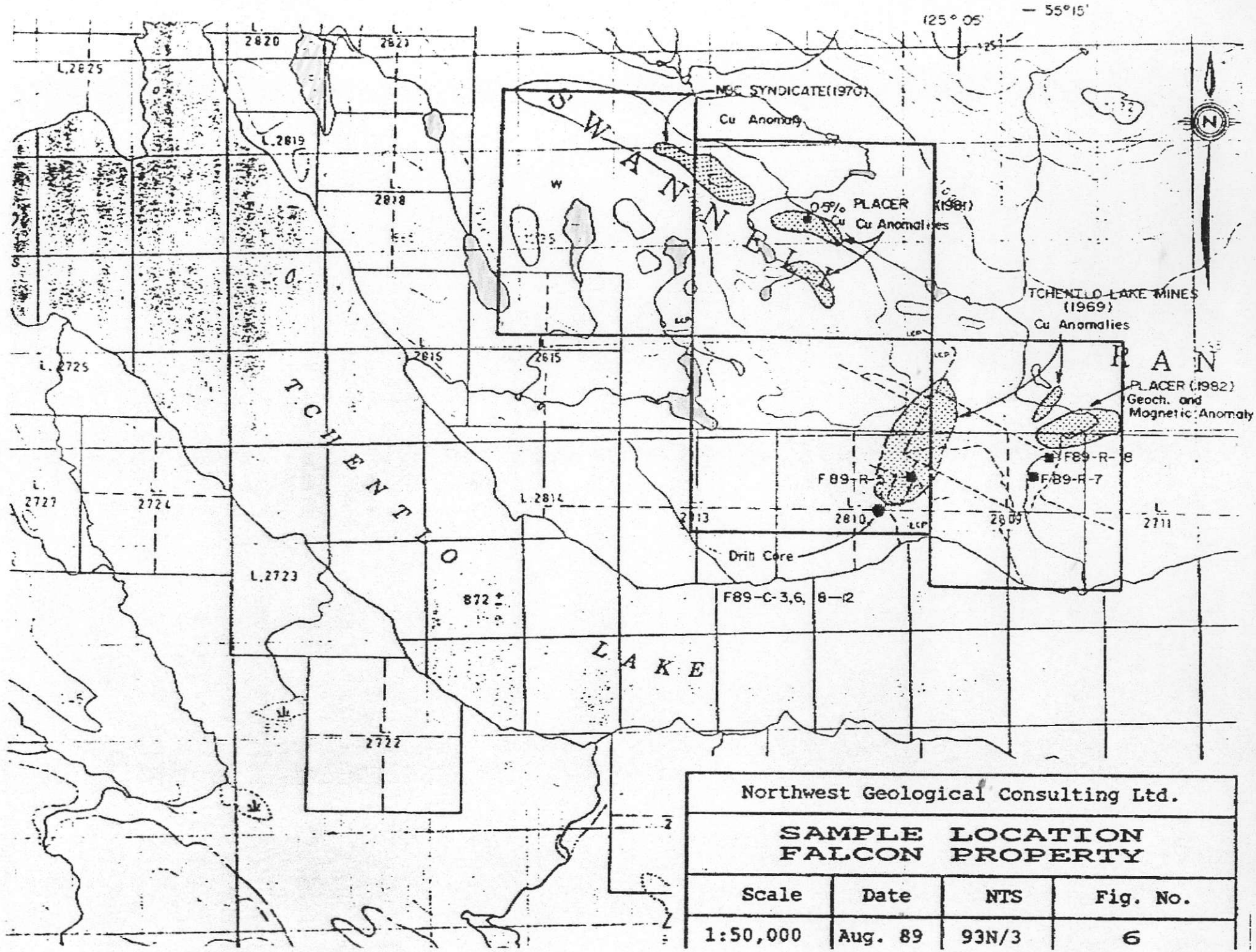
A variety core lithologies were sampled and geochemically analysed. Sample analyses are appended to this report. Surface rock samples include the letter "R" in the sample prefix. Core samples have a "C" prefix. Sample locations are shown on fig. 6.

The analyses show a wide range of Cu, Mo, Ag, Fe, As, W and Au analyses. Gold values are low in core samples, ranging from 1-25 ppb Au. Moly ranged from 11 ppm to 0.36% Mo. Copper ranged from 193 ppm to 0.27% Cu.

A rock sample of intrusive breccia (F89-R-5) in one of the trenches returned anomalous tungsten concentrations. The highest gold content was obtained from two samples of dioritic rock which had been previously outlined by Placer Development. One sample of a sulphide bearing outcrop, (F89-R-8) returned 0.11% Cu, 5.3 ppm Ag, 799 ppm As and 110 ppb Au. A second sample (F89-R-7) from an old trench contained 0.44% Cu, 0.15% Pb, 0.49% Zn, 10.0 ppm Ag, greater than 1% As and 72 ppb Au. These sample sites are associated with a magnetic high outlined by Placer in 1982. Placer's geochemical analyses did not include gold or arsenic.

Structure

The dominant structural feature in the area is the Pinchi Fault system which has been traced through Tchentlo Lake , just west of the property. An east-west fault through Tchentlo Lake south of the property shows an apparent left-lateral offset of the western border of the batholith. The eastward displaced south side of the fault are equivalent to intrusive lithologies of the Falcon claims. On the south side of Tchentlo Lake this suite of rocks hosts two copper occurrences (Eagle Property) which were



Northwest Geological Consulting Ltd.			
SAMPLE LOCATION FALCON PROPERTY			
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1:50,000	Aug. 89	93N/3	6

first explored in the late 1960's and are presently being reexamined by Noranda Exploration Company for their gold potential.

7. ECONOMIC GEOLOGY

Recent exploration activity in the area has been fuelled by the discovery of a large Cu-Au porphyry system near Mount Milligan and by the discovery of a large gold bearing sulphide system on the Tas property, in a similar geologic setting. These targets occur in volcanic rocks of the Takla Group and coeval alkalic intrusions. Gold is commonly associated with copper mineralization in this environment.

Exploration of known copper occurrences has expanded to include those associated with the Hogem Batholith. Although these copper deposits do not fit the Milligan, Tas models, they are known to have a copper gold association. Examples of a porphyry gold copper association within the Hogem intrusions are the Lorraine and Kwanika properties. Locally, on the south shore of Tchentlo Lake, Noranda Exploration Company is exploring a similar setting on the former Vector and Night Hawk copper occurrences (Eagle Property). These zones occur in rocks which are the fault displaced equivalents of the Falcon property.

To the north, Eastfield Resources and Imperial Metals are exploring a gold-silver vein system in the Indata Lake area. Immediately west of the Falcon property, Placer-Dome Inc. is exploring a large block of claims in a similar setting.

8. DISCUSSION

Previous work on the Falcon property has outlined several copper,molybdenum anomalies and copper-moly porphyry mineralization. A review of past exploration data indicates that many of the known anomalies remain to be tested. Past exploration has generally focussed on small areas which are now all assembled

into the Falcon property. This intermittent exploration by several companies has not allowed the systematic exploration of the area. Even the drilling has tested only a small area of the property. Much of the core, including mineralized sections, has not been sampled.

The discovery of gold bearing shear zones on the Tas property and the discovery of a large gold-bearing porphyry copper system at Mount Milligan were important catalysts in increasing the exploration activity in the area. Major companies such as Noranda, Rio Algom, Placer-Dome, Westmin and BP Minerals are actively involved in the area. Junior companies like Continental Gold, Black Swan Gold, City Resources (Canada), Eastfield-Imperial Metals, Pioneer Metals and Kookaburra Gold are also active in the area. As a result of this activity, all known porphyry showings have been restaked. The Falcon property is one of these and remains to be reexamined for its gold potential.

9.CONCLUSIONS

It is apparent from reviewing the history of mineral exploration of the Falcon property, that previous work was intermittent and fragmented because of the lack of common mineral title ownership in the past. There is no record of any gold or arsenic analysis in the previous exploration data. There is however sufficient encouragement in past exploration data and in current sampling to suggest that this property is an important target for precious metals exploration. This and recent successful gold exploration projects in similar geological environments suggests that a reexamination of the Falcon property is justified.

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GEOCHEMICAL ANALYSIS CERTIFICATE

HCl - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCl-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER. THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPB.
- SAMPLE TYPE: P1-P2 ROCK P3 SOIL/SILT AU* ANALYSIS BY ACID LEACH/AA FROM 10 GM SAMPLE.

DATE RECEIVED: JUN 21 1989 DATE REPORT MAILED: June 23/89 SIGNED BY ..C. Leong.. .B.TOYE, C.LEONG, J.WANG; CERTIFIED B.C. ASSAYERS

W. HALLERAN File # 89-1622 Page 1

SAMPLE#	Mo PPM	Cu PPM	Pb PPM	Zn PPM	Ag PPM	Ni PPM	Co PPM	Fe %	As PPM	W PPM	Au* PPB
F89-R-5	59	398	12	46	1.4	9	67	14.31	6	1808	2
F89-R-7	14	4363	1457	4935	10.0	103	113	36.92	10262	5	72
F89-R-8	11	1146	79	164	5.3	29	315	25.92	799	10	110
F89-C-3	1608	225	11	28	.2	5	9	1.91	30	1	1
F89-C-6	39	1088	70	296	2.6	16	45	9.47	300	190	14
F89-C-8	11	307	5	160	.1	2	17	14.39	34	1	10
F89-C-9	152	221	8	71	.2	6	22	6.69	8	167	1
F89-C-10	3572	221	11	13	.2	8	9	3.64	3	1	1
F89-C-11	517	193	9	16	.3	3	11	2.30	5	1	4
F89-C-12	791	2686	26	106	3.1	27	16	10.90	37	1	25
STD C/AU-R	18	62	39	135	6.7	88	31	4.22	41	12	480

- ASSAY REQUIRED FOR CORRECT RESULT -