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GEOLOGICAL REPORT

AND

WORK PROPOSAL

ON THE

PEMGOLD RESOURCES INC

CU-MOLY PROPERTY

LILLOOET RIVER AREA

NEW WESTMINSTER M.D.

NTS 92J/2 SE

Latitude 50°02' North

Longitude 122°32' WEST

BY

EDWARD W. GROVE, Ph.D., P.Eng.

VICTORIA, B.C.

APRIL 9, 1986

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Canadian Geoscience Corp May 10, 1984
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Donald W. Tully, AA 22/85
Fig 7. plan of geology + assays, No 1, 2 & 3 showings

SUMMARY

The Pemgold Resources Inc. gold, copper, molybdenum property lies on the west side of the Lillooet River about 95 kilometers north-northeast of Vancouver, B.C. The Cu-Moly property includes seven staked mineral claims comprising 29 units. Access to the property is relatively easy by paved highway and logging roads.

In 1978 the claim owner Mr. G. Nagy mined about 24 cubic meters from a pit on the No. 3 Showing which he milled producing about 681 kg. of molybdenum concentrate plus copper.

Since 1978, three areas of sulfide mineralization have been outlined which exhibit significant values in gold, silver, copper, lead, zinc and molybdenum. The known mineralization now includes the No. 1 Showing, an apparently stratabound quartzose sulfide zone at Billygoat Creek on the EILEEN 1 claim which has been partly exposed over an apparent length of up to 125 meters. Surface samples of this material have shown up to Ø.Ø5Ø oz. Au/ton, Ø.55 oz. Ag/ton with low copper and molybdenum.

The main No. 2 and No. 3 showings lie about two km south of the No. 1 and extend across the Cu-Moly claims over a known length of at least 11ØØ meters and over widths of at least 3ØØ meters. These showings have been exposed and sampled in pits, trenches, and extensive cuts and partly explored by diamond drilling. Samples from the No. 2 Showing indicate good to high grade mineralization assaying up to 1.Ø4 oz. Au/T, 5.Ø3 oz. Ag/T, 1.1Ø per cent Cu plus lead, zinc and molybdenum over widths of up to Ø.8Ø meters over a length of 15 meters. Northeasterly and easterly mineralized shears in the same area also show significant gold-silver and base metal mineralization.

The main deposit on the Cu-Moly property comprises a diatreme breccia located at the tip of an intrusive granitic reentrant into metasediments. Copper and molybdenite mineralization form the groundmass for the breccia fragments along an axial zone about 250 meters long by 50 meters wide. Part of this block has been sampled in some detail and cut by two core drill holes. An estimated grade for this zone is about 0.22 per cent Cu, 0.060 per cent Mo, 0.003 oz. Au/T, and 0.06 oz. Ag/T. This porphyry-like zone has been cut by northeasterly shears containing sulfide mineralization which has assayed up to 2.018 oz. Au/T, 22.78 oz. Ag/T, plus copper, molybdenum, lead and zinc over widths of from 0.10 to 0.40 meters. The work has not yet been sufficiently detailed to show the possible extent and grade of the shear/porphyry mineralization, but the potential is good and further work on the property is warranted.

Work can be carried out on the property most of the year utilizing equipment at hand. The exploration budget proposed for the 1986 work program is estimated to be about $441,800. A supplementary budget for extended work on unexplored parts of the property has also been proposed and estimated at about $491,000.

INTRODUCTION

Pemgold Resources Inc. Cu-Moly mineral property is located on the west side of the Lillooet River about 95 km north northeast of Vancouver, B.C. A number of areas of significant sulfide mineralization have been discovered by prospecting of the EILEEN 1, CU-MOLY 1, 11 and 12 claims.

The known mineralization includes quartzose stratabound sulfides, quartz-carbonate sulfide veins, and extensive

porphyry-type sulfide mineralization all of which contain significant gold and silver. Pyrite predominates with chalcopyrite prominent in the massive sulfide and porphyry zone. Galena and sphalerite are abundant in the quartz-carbonate veins and chalcopyrite and molybdenite are widespread in the large porphyry showing which is cut by prominent sub parallel auriferous pyritic shears. All of these showings have been opened by pits, trenches and cuts, sampled, and partly explored by diamond core holes. The main No. 2 and No. 3 vein and porphyry showings have been opened along extensive rock cuts and sampled in detail revealing mineralization over a known length of at least 1100 meters and a width of 300 meters.

During 1985 Pemgold Resources Inc. mapped the main showings areas in detail, completed seven holes totalling 391.3 meters of core drilling and took 500 rock, core and soil samples for assay and analysis. This, in addition to the previous rock work, sampling, and mineral processing on the property has produced significant results showing the presence of widespread gold, silver, copper and molybdenum mineralization. The property warrants further work to explore the mineral deposits to define limits including depth potential. Recent geological studies also show the potential for other deposits on the property.

At the request of Mr. George Nagy, Company President, the writer was on the property two days in February and five days in March in order to examine the geology and mineralization and to recommend a work program.

HISTORY

At one time the Harrison-Lillooet Trail was advertised as the most "HIGH-TONED and ELEGANT" route to the Cariboo gold fields. This trail was heavily travelled until the Cariboo Wagon road was opened in 1862 and was marked by a number of roadhouses of which 20 MILE HOUSE was noted for its hot springs and which is now known as Harrison Hot Springs. During the Cariboo Gold Rush prospectors en route to the placer fields located gold quartz veins at Harrison Lake, Fire Lake, along the Lillooet River and Lillooet Lake. Some production was recorded at the Fire Lake properties prior to 1900 and from Lilloet Lake properties during World War I. Work continued in the general area into the 1930's and during the 1950's. Some exploration was carried out on several of these properties during the 1960's. As a result of the recent gold boom Mr. George Nagy restaked many of the old lode gold properties in the area in 1978 leading to the development of the major Rhyolite Resources deposit on Harrison Lake and work on the Cu-Moly property.

In 1966 Vanguard Exploration drilled three short core holes on the Cu-Moly property. Fahrni (1984) indicated that this core drilling was reported to have intersected from 0.10 to 0.15% MoS over 100 feet in hole No. 1 which was drilled into breccia just above river level. In 1978 and 1979 the claim owner, Mr. George Nagy, mined 24 cubic meters of rich copper-molybdenum mineralization from a roadside pit located west of the old drill holes near the south central part of the main breccia zone. In 1979 Cominco personnel examined the prospect and made an offer on the property which was refused. In 1980 Sveinson Way Mineral Services of Calgary joined with Nagy and completed a limited program of trenching, sampling and assaying, geology and geochemistry on part of the mineralized breccia.

More recently Pemgold Resources Inc. received consulting reports on parts of the Cu-Moly property by Keith C. Fahrni, P.Eng. in 1984, and by Donald W. Tully, P.Eng. in 1985. These reports updated work on the property, presented geological concepts and made recommendations for further extensive exploration and development of the mineral deposits.

In 1985 Pemgold Resources Inc. proceeded with a basic program which included establishing a detailed grid accompanied by geological mapping, physical work, and sampling of the main mineral showings. This project was largely conducted by and under the supervision of Mr. Larry Jones, B.Sc.

During this period drilling, geological work and sampling included 19.8 line kilometers of survey grid, the geological mapping at 1:500, and 1:100 scales of 50.69 ha (125.25 acres), seven core drill holes totalling 391.3 meters and core logging. Together 500 samples representing pits, trenches, and rock cuts (142), soil and silt samples (19), and drill core (339) were taken and submitted for assay and analysis. In addition, 350 line meters were tested by combined VLF/EM and magnetometer survey. Physical work included clearing and roadbuilding about 0.9 kilometers of the upper road, building 150 meters of new spur road, clearing, trenching and blasting open 125 meters of new ground and extending the cuts on all the main showings. My estimate of the rock work (cuts, trenches etc.) performed on this property since the start of operations in 1978 is about 186 cubic meters.

In addition to the work performed on the Cu-Moly property by various companies including Vanguard Explorations, Cominco Ltd., and Sveinson Way Mineral Services Ltd., I estimate that Pemgold Resources Inc. and its contractors, consultants,

and agents have performed exploration and development on the mineral potential of the property worth at least $60,000.

LOCATION AND ACCESS

The Cu-Moly mineral property is located on the west side of Lillooet River about 95 km due north-northeast of Vancouver, B.C., between Little Lillooet Lake and Skookumchuck (Figure 1). The claims are bounded on the east by the Lilloet River and on the west by Garibaldi Provincial Park. There are at present two road access routes into the property from the Vancouver, B.C. area both of which are passable most of the year. The preferred route is along Highway 99 to Pemberton and Mount Currie then south by a good gravel road along Lillooet and Little Lillooet lakes to a bridge on the Lillooet River.

The Pemgold Resources Inc. main camp lies about 8 km south of the bridge at Nagy Creek. The overall distance for this route is about 175 kilometers. The road into camp continues south along the east side of Lillooet River through Skookumchuck along Harrison Lake to Harrison Hot Springs and Highway 7. This alternate route to Vancouver also has a length of about 175 kilometers but is not as well maintained.

The Cu-Moly claims extend from the west side of the Lillooet River from an elevation at about 200 meters up the heavily timbered west slope of the broad Lillooet Valley to about 1460 meters elevation near the Garibaldi Park boundary in the McBride Ranges.

Parts of the mineral property have been logged off from river level to about 350 meters elevation providing limited road access. However most of the slopes are covered by dense timber

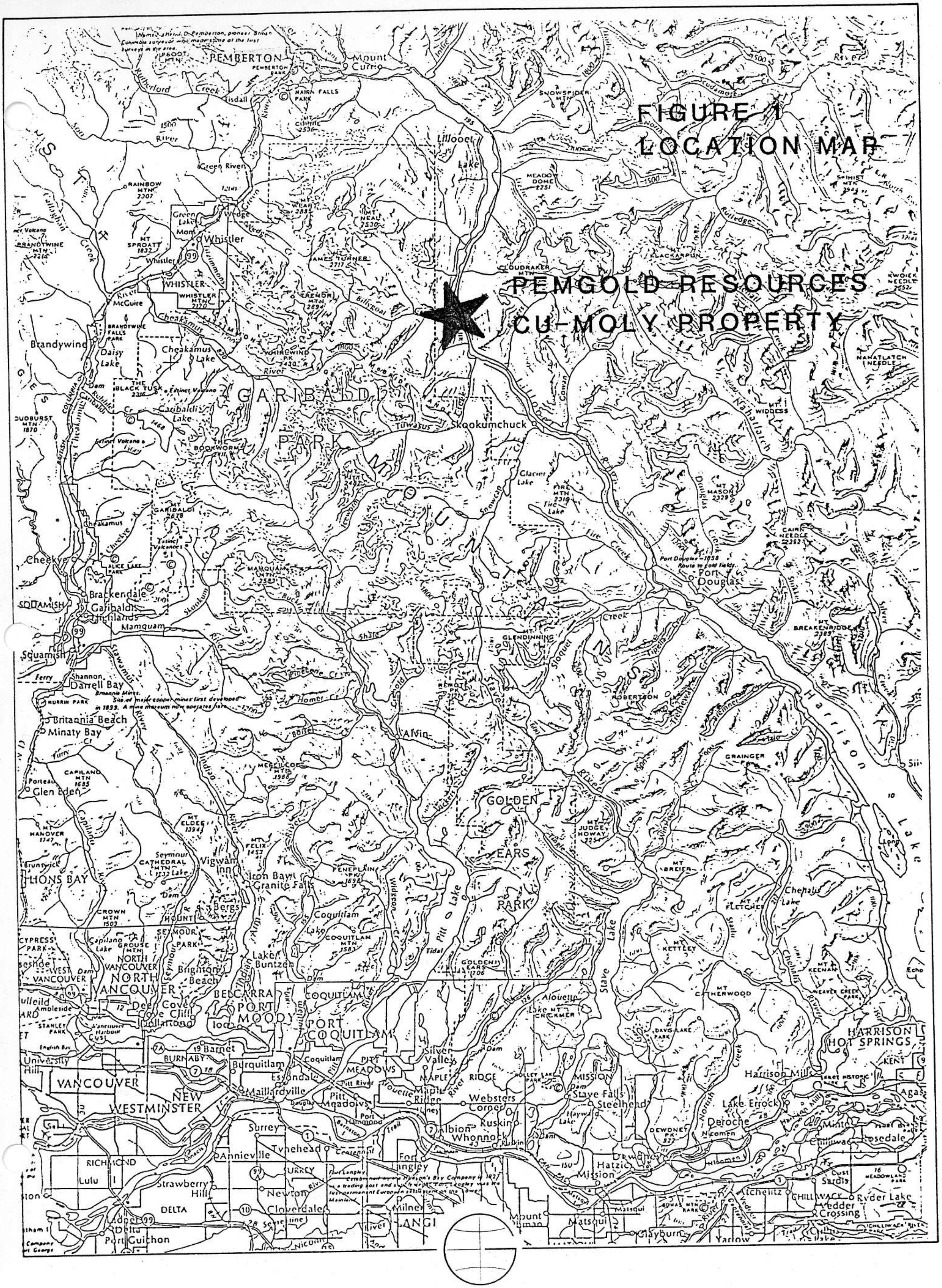
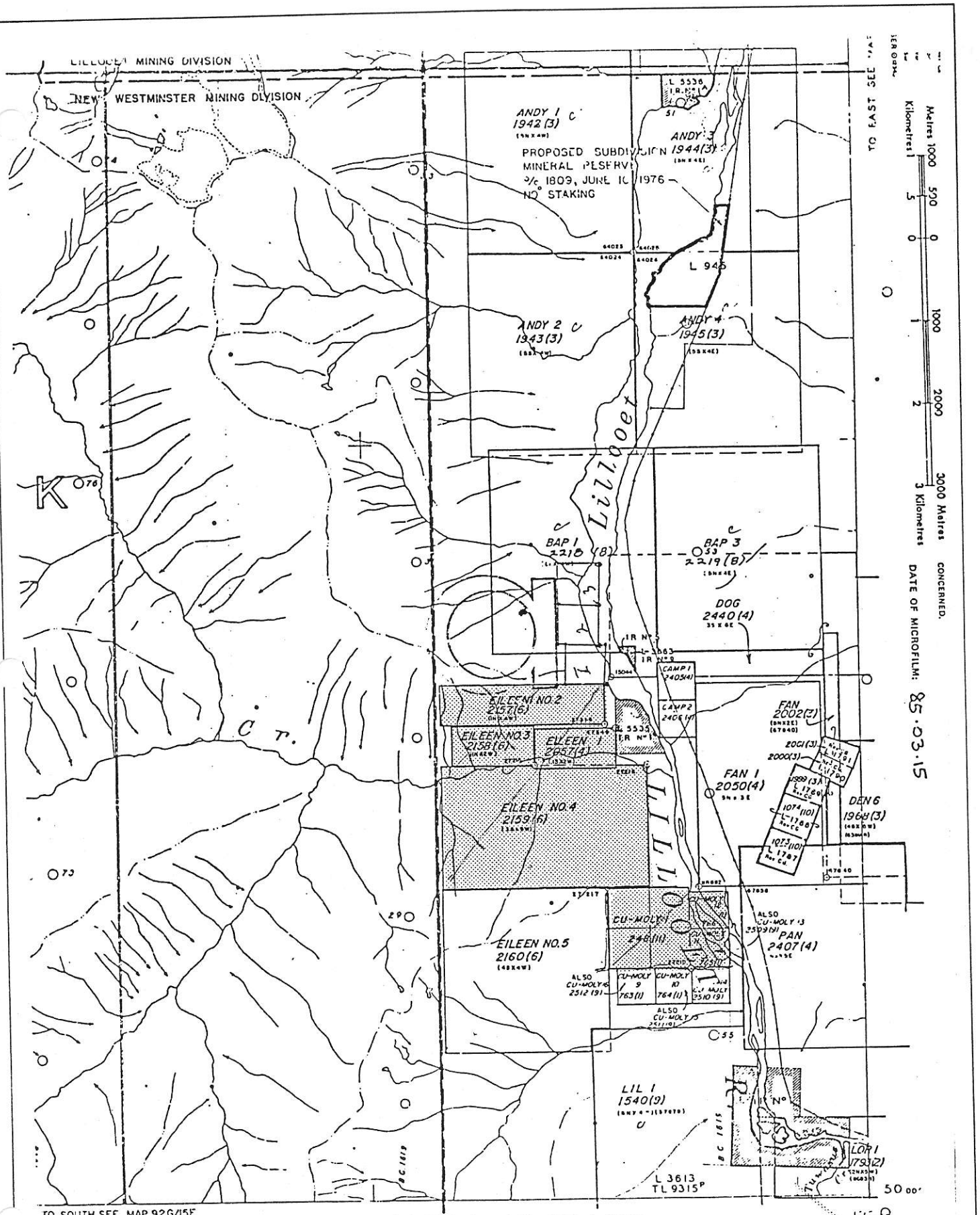


FIGURE 1
LOCATION MAP
PEMGOLD RESOURCES
CU-MOLY PROPERTY
PEMBERTON
Mount Currie
Lillooet
Lake
Green River
Whistler
WHISTLER MTN
McGuire
Brandywine
Daisy Lake
Cheakamus Lake
GARIBALDI
PARK
Garibaldi Lake
Skookumchuck
Glacier Lake
Fire Lake
Port Douglas
Harrison
Lake
Brackendale
Garibaldi Highlands
Squamish
Mamquam
Darrell Bay
Britannia Beach
Minaty Bay
Glen Eden
Alvin
GOLDEN
EARS
PARK
Pitt Lake
Stave Lake
Coquitlam Lake
Buntzen Lake
LIONS BAY
NORTH
VANCOUVER
PORT
MOODY
PORT
COQUITLAM
BURNABY
VANCOUVER
NEW
WESTMINSTER
RICHMOND
DELTA
Surrey
Langley
Mission
HARRISON
HOT SPRINGS
Harrison Mills
Lake Errock
Deroche
Chilliwack
Rosedale
Sardis
Vedder Crossing
Ryder Lake
Yarrow
Matsqui
Clayburn
Abbotsford
Cloverdale
Newton
Strawberry Hill
Port Guichon
Whonnock
Ruskin
Albion
Haney
Maple Ridge
Pitt Meadows
Websters Corner
Stave Falls
Steelhead
Hatzic
Dewdney
Silver Valley

Looking North - Lillooet River Valley

Nagyville



MINERAL TITLES REFERENCE MAP 92J/2E

DEPARTMENT OF MINES AND PETROLEUM RESOURCES VICTORIA, B.C.

FIGURE 2

CLAIM MAP

and relatively deep alluvium. Several large streams cross the property including Billygoat Creek, a major tributary of the Lillooet River. One small stream, locally called Nagy Creek, has been utilized to power a 15 KW hydro generator which has serviced the camp buildings and equipment. A layout of the current campsite and facilities has been included in this report as an appendix.

CU-MOLY PROPERTY

The Cu-Moly mineral property includes seven staked mineral claims comprising twenty-nine (29) units is 100 per cent owned by Pemgold Resources Inc. (Figure 2).

Claim	Units	Record No.	Recording Date	Expiry
CU-MOLY 1	4	248	November 24, 1977	1988
CU-MOLY 11	1	765	January 2, 1980	1987
CU-MOLY 12	1	766	January 3, 1980	1987
EILEEN No. 1	2	2057	April 15, 1985	1988
EILEEN No. 2	4	2157	June 23, 1985	1988
EILEEN No. 3	2	2158	June 23, 1985	1988
EILEEN No. 4	15	2159	June 23, 1985	1988
	29			

GEOLOGY

REGIONAL GEOLOGY

The Cu-Moly mineral property lies within Mesozoic country rocks forming part of a major pendant within the central, south end of the Coast Plutonic Complex (Figure 3). The country rocks in this pendant include sedimentary and

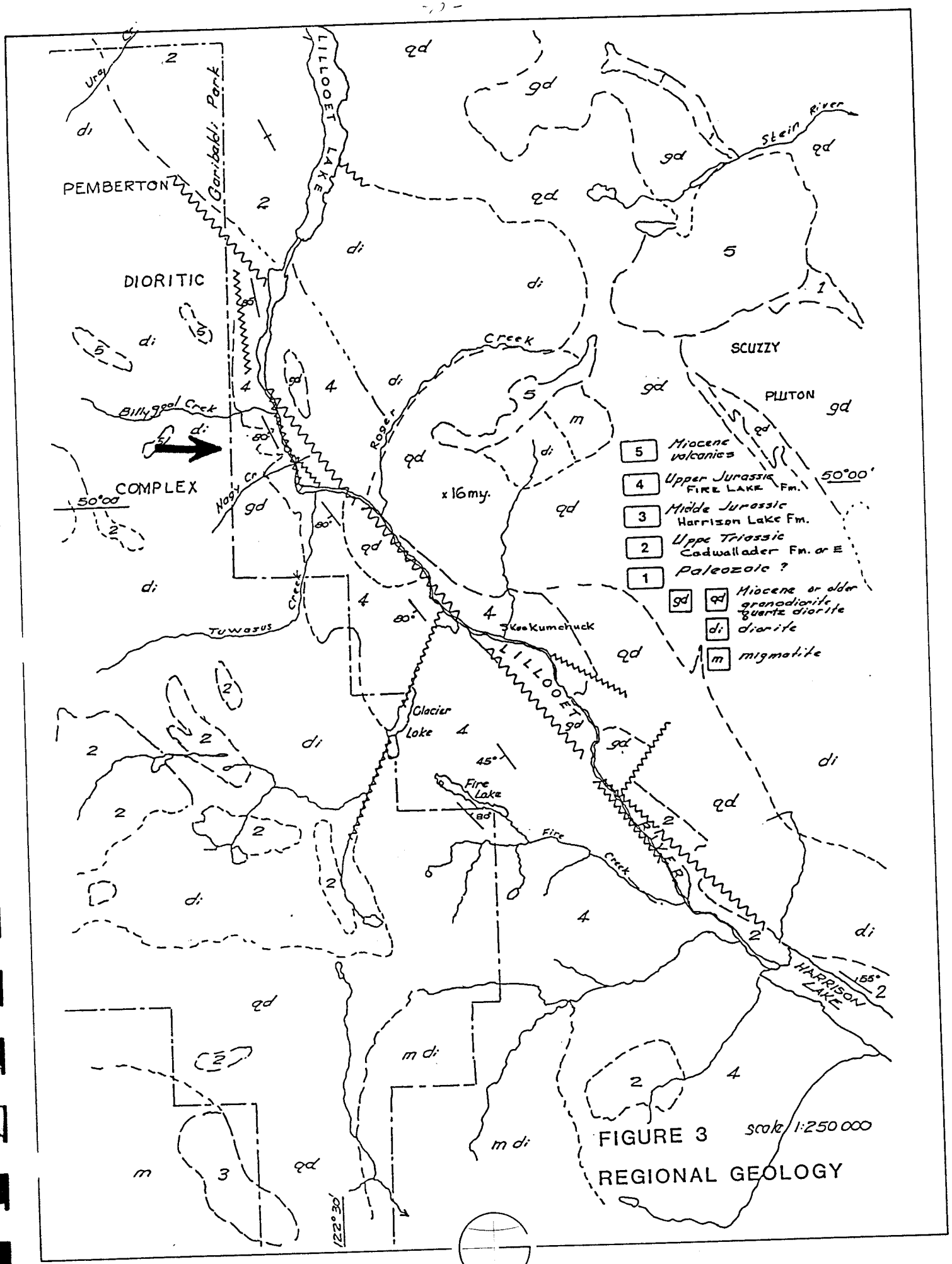


FIGURE 3 scale 1:250 000

REGIONAL GEOLOGY

volcanic units generally thought to range in age from Late Triassic to Early Cretaceous. Many of these rock units have been altered by both regional and local metamorphism related to repeated orogeny. Structure in these country rocks is poorly understood.

Plutonic rocks in this general area are abundant and include the major Pemberton Batholith, the diverse Pemberton Dioritic Complex, the Spetch Creek Pluton as well as numerous stocks, plugs, and dikes of various compositions and ages. Granitic plutons along the Lillooet River Fault Zone, east of the Pemgold property, have been dated at about 16 my forming some of the youngest intrusions in the Coast Plutonic Complex.

The major Lillooet River Fault Zone which trends northwesterly through Harrison Lake, along the Lillooet River, and Lillooet Lakes towards Chilko Lake forms one of the major structural features in the southern Coast Mountains. This fault zone is marked by numerous conjugate and branching ancillary fault systems which also form the locii for hot springs at, and north of Harrison Lake. Although ages of the plutons in this general area are poorly known the evidence at hand suggests the bulk of these rocks are Tertiary, possibly largely Miocene.

LOCAL GEOLOGY

As a preliminary to studying the Cu-Moly mineral property the writer made a reconnaissance along the west side of the Lillooet Valley from the north end of Little Lillooet Lake south to Skookumchuck on the Lillooet River, a distance of about 24 kilometers. The Cu-Moly property lies near the center of this survey (Figure 4).

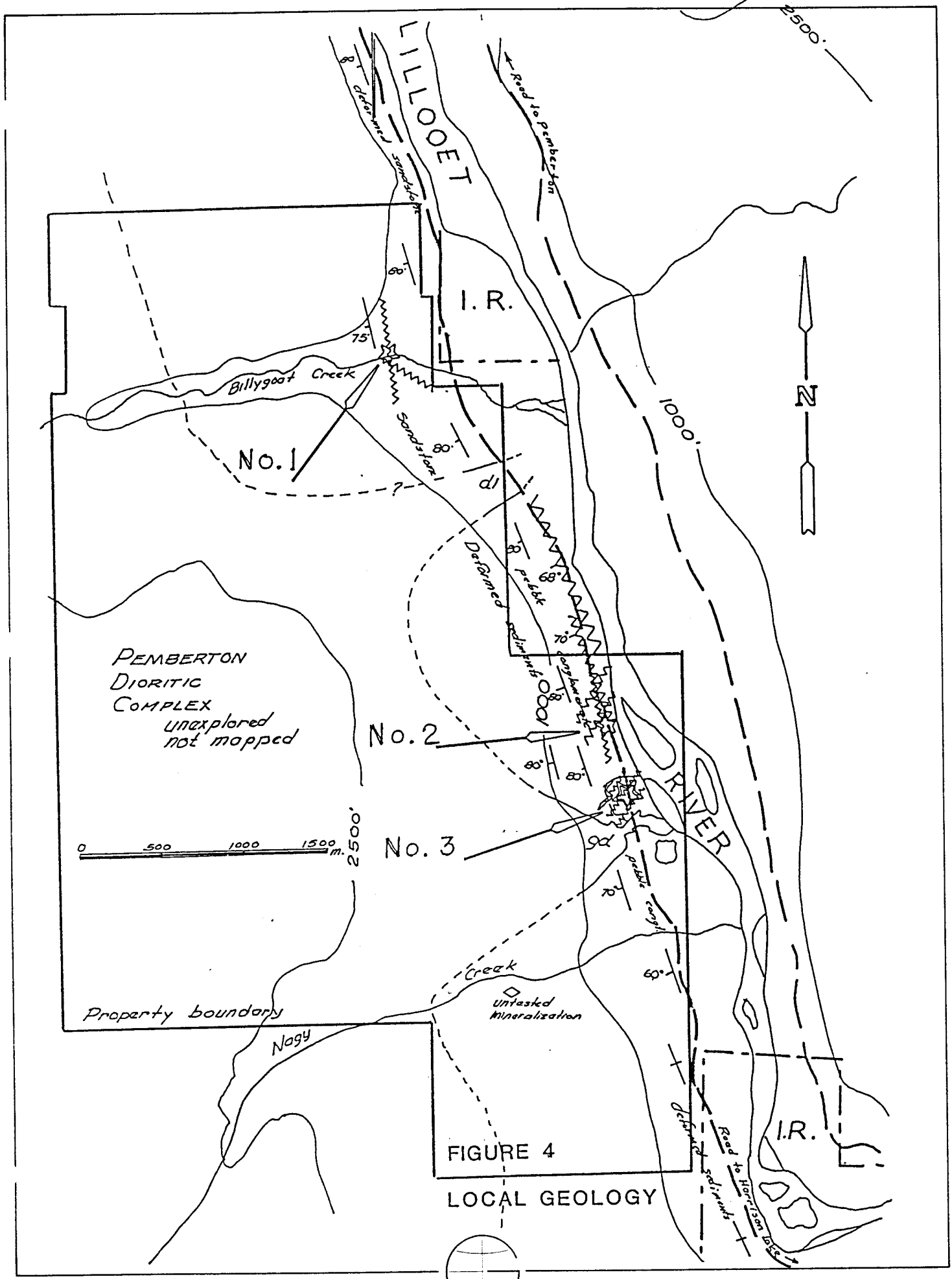


FIGURE 4

LOCAL GEOLOGY

The country rocks exposed from the head of Little Lillooet Lake south to Roger Creek comprise a north-northwest trending, steeply west dipping sequence of pebble conglomerate and felsic sandstone with some cobble and siltstone lenses. Where determined the sedimentary tops are upwards to the west. No major fold structures were noted but small scale slump folds are common. The bulk of these stratified rocks have suffered variable cataclastic deformation which has produced crude banding and streaking as well as a strong consistent steep pencil lineation in the pebble conglomerates and a general weak foliation in the sandstones. Easily recognizable sedimentary rocks occur within this package as lenses. In almost all instances primary sedimentary and secondary metamorphic banding were found to be parallel indicating that the ubiquitous weak foliation could be used as a substitute for primary banding.

This study showed that deformation has varied irregularly within the observed sequence which includes semi-schists marked by a moderate foliation and undeformed quartz grains, crudely banded and ribboned cataclasites and well banded mylonites, occasional ultramylonites, and some augen gneiss. All of the sedimentary rocks and their deformed equivalents have been cut by plutons of different size and composition and deformed by several tectonic events.

The main contact between these country rocks and the western intrusive complex has been examined at several places on the Cu-Moly claims and along the road. Reentrants of the igneous complex near the center of Little Lillooet Lake and just south of Billygoat Creek comprise isolated outcrops of massive dark, fine to medium grained hornblende diorite. At Nagy Creek the country rocks have been cut by a crudely ring-like pink/grey granodiorite dike zone which represents another reentrant of the

granitic complex to the west. To the south at Upper Skookumchuck the road cuts across a broad zone of pinkish granodiorite which probably represents an extension of the large 19 my pluton exposed on the east side of the river at Roger Creek. Overall, the contact appears to have a sinuous aspect crudely paralleling the northwesterly country rock structure but marked by tootb-like reentrants of dioritic and granitic material which cuts sharply across the structural fabric of the layered rocks.

Contact relationships vary considerably within short distances along these intrusive reentrants. They include knife sharp, gradational, and complex zones marked by dike swarms and by agmatitic migmatite. Country rock alteration includes induration, bleaching, low grade mineral alteration, and deformation. The most complex intrusive relationship observed is exposed near Nagy Creek on the Cu-Moly property where significant gold, copper, and molybdenum mineralization is being explored by Pemgold Resources Inc.

A numher of basalt and andenite dikes have also been mapped in the general area cutting both the country rocks and the major plutbns. The basalt dikes are fine grained, dark and trend northerly. They probably represent hypabyssal features related to the widespread Garibaldi Group volcanics. Andesitic dikes which are spessartite lamprophyres appear to be most common on the Cu-Moly property whene they cut across country rocks, intrusives, and mineralization.

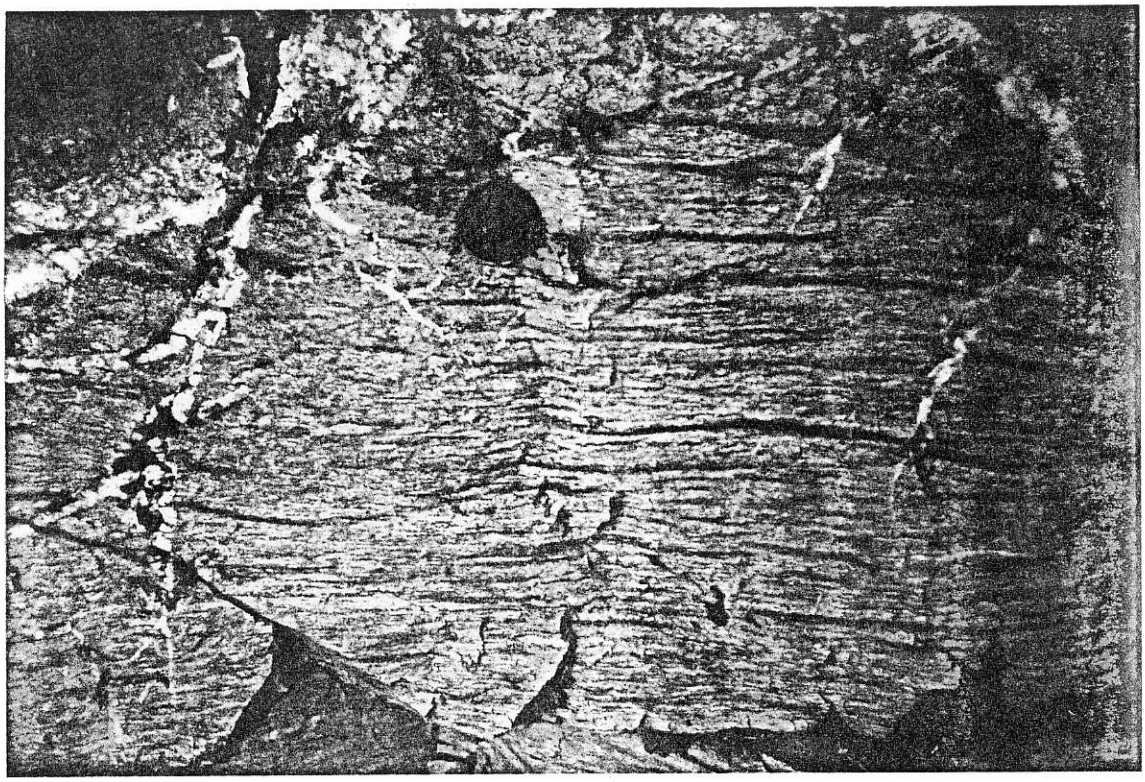
SUMMARY AND DISCUSSION

The Cu-Moly mineral property lies within variably deformed sedimentary rocks which form part of a major pendant

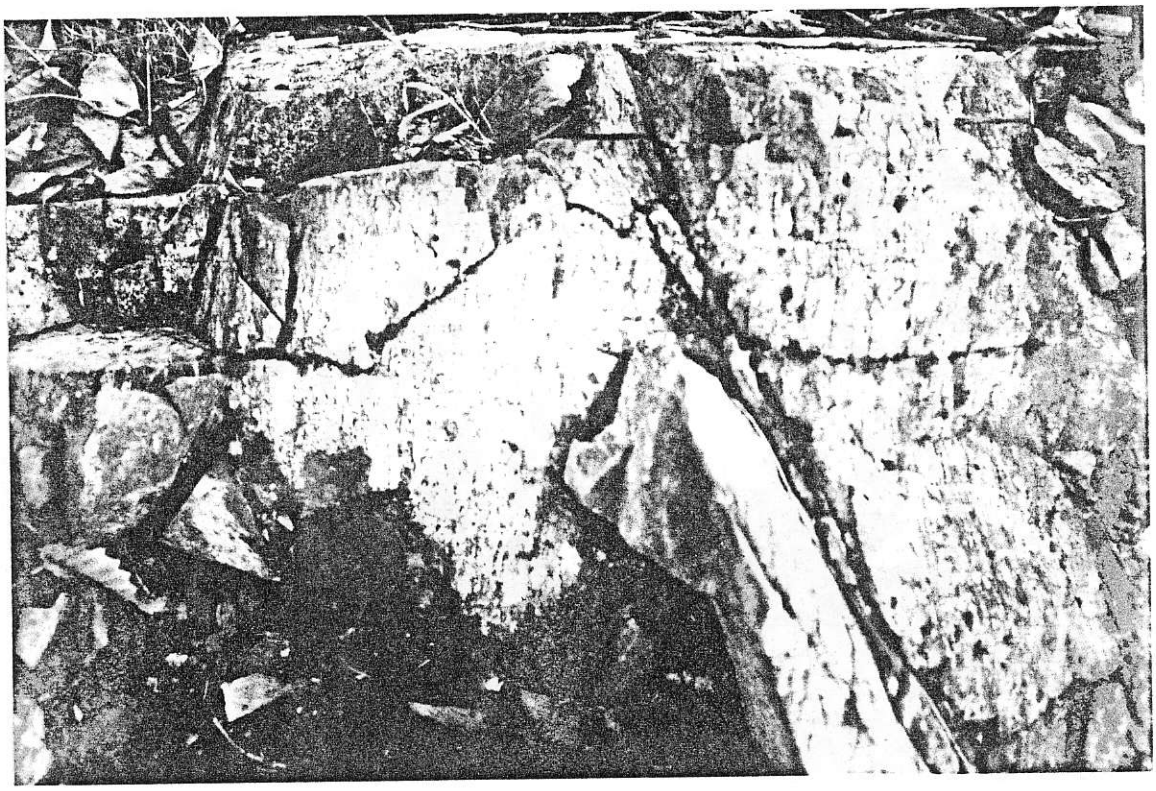
which extends about 180 kilometers from Harrison Lake at the south along Lillooet River, Lillooet lakes, and northwesterly through Pemberton into the Salal Creek - Bridge River area. This belt-like pendant lies along what is generally referred to as the Lillooet River Fault Zone and is bounded on the west primarily by the Pemberton Dioritic Complex, on the east by the younger Spetch Lake Pluton, other granitic and granodioritic plutons and what appear to be remnants of a more extensive dioritic complex. In terms of intrusive activity the area represents one of the most complex in the Coast Plutonic Complex.

Roddick (1965) has named the southernmost segment of this belt the Fire Lake Pendant and suggested the sedimentary volcanic sequences included rocks of possible Upper Jurassic age. Fossils recently found at Billygoat Creek on the Cu-Moly property by George Nagy also appear to indicate a Jurassic age for part of the sequence. However, northwest of Little Lillooet Lake the same sequence has been abruptly correlated to the Upper Triassic Cadwallader Group based upon fossils located at Tenquille Creek 35 km to the northwest. As Roddick pointed out, rock structures in the pendant are not well preserved and generally only poorly exposed.

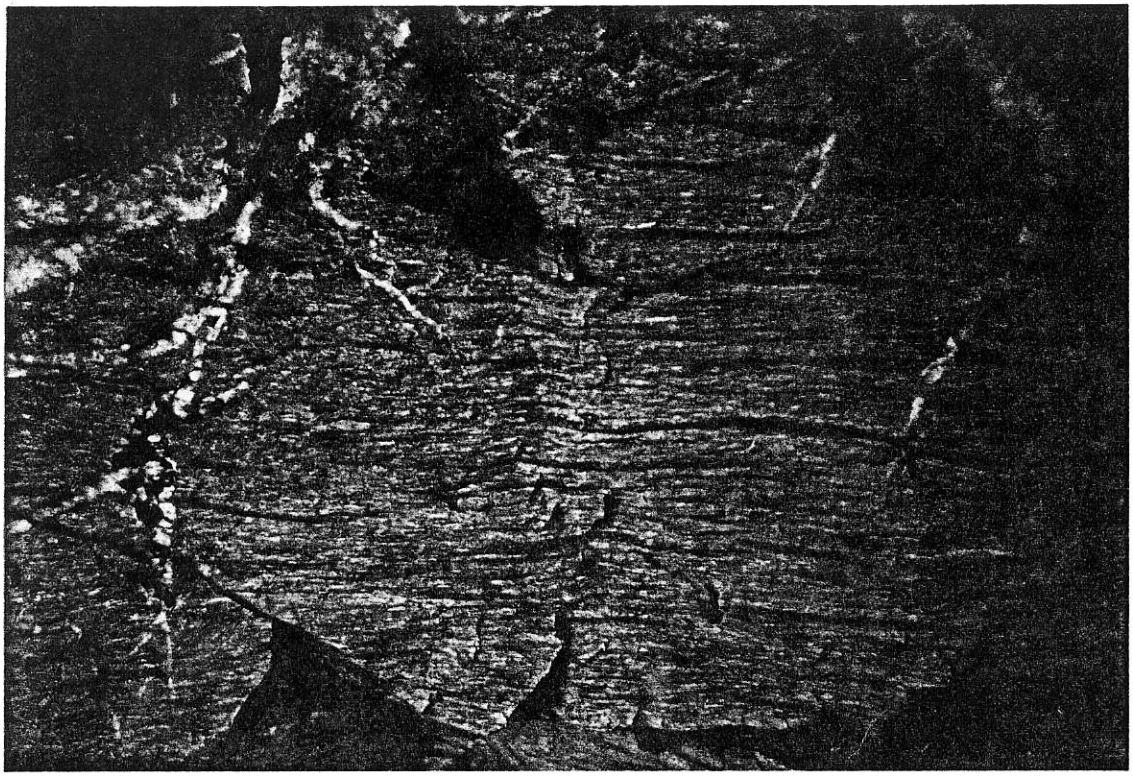
On review, it seems more reasonable that the pendant includes sedimentary and volcanic rocks of at least Upper Triassic through Jurassic to Lower Cretaceous age which have suffered periodic deformation and have been intruded by a variety of plutons ranging in age from Late Triassic to Miocene. The pendant has also been cut by basalt dikes related to the Pliocene to Recent Garibaldi Group volcanics which are found throughout the general area.



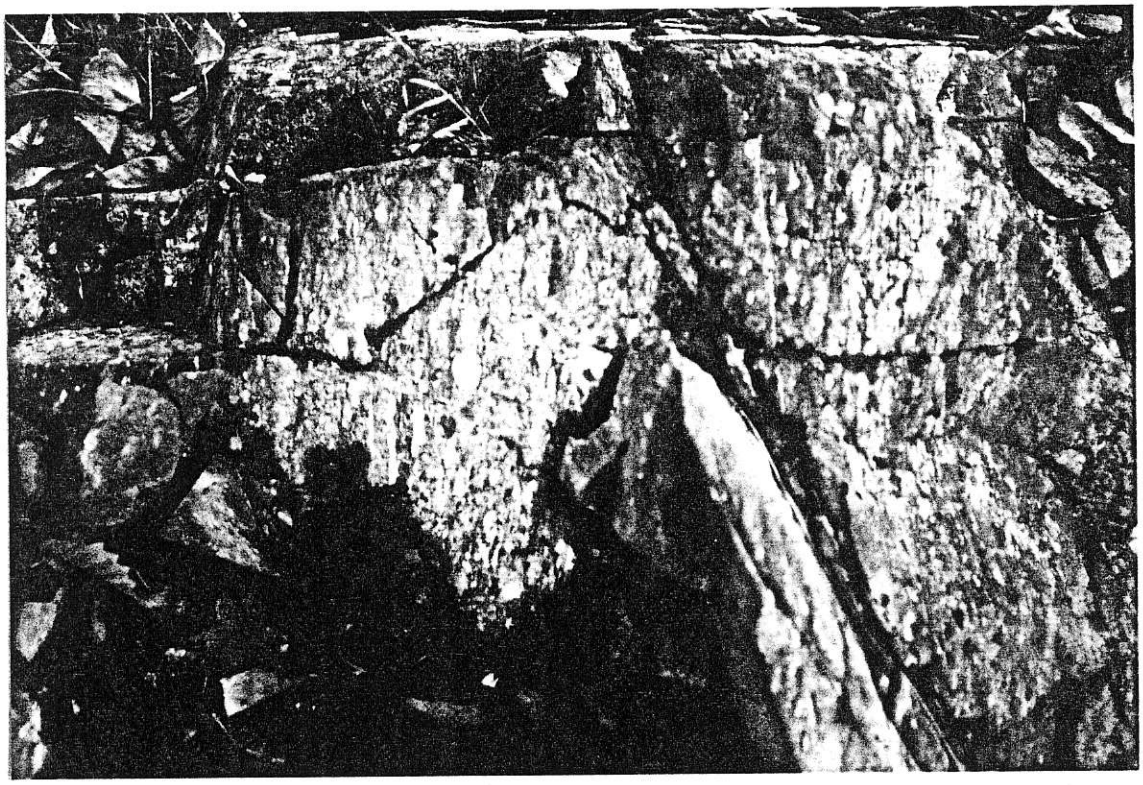
Weakly Deformed Pebbly Sandstone



Weakly Deformed Pebble Conglomerate



Weakly Deformed Pebbly Sandstone



Weakly Deformed Pebble Conglomerate

PROPERTY GEOLOGY

In 1985 Pemgold Resources Inc. extended a detailed grid along the east side of the claim group and initiated an extensive geological mapping program which now includes the main known areas of gold, copper, and molybdenum mineralization. These areas known as the #1, #2, and #3 showings have been mapped overall at the scale of 1:500 and in more detail at the scale 1:100 to show rock types, rock structure, mineral occurrences, and sampling locations. In March 1986 the writer reviewed the geology and has been responsible for both revising the nomenclature used by previous workers as well as suggesting a new structural interpretation regarding the local geology and mineral controls.

COUNTRY ROCKS

Country rocks exposed on the Cu-Moly mineral property west of the Lillooet River along the roads and as outcrop in the logged-off areas comprise a northwesterly trending, steep west dipping sequence of intercalated metasandstone, meta-conglomerate, and minor metasiltstone. Where preserved the sedimentary rocks include fine to medium grained felsic sand-stone pebble conglomerate, occasional pebble-cobble conglomerate and dark siltstone. The fine grained units show cm-scale mineral and color banding. Primary structures include grain size gradation and small scale scour channels both of which show that sedimentary tops are up to the west. These rocks show little general alteration except for low grade induration or hornfelsing where cut by intrusives.

Most of the country rocks have been involved in weak to moderate cataclastic deformation which has resulted in the

imposition of weak foliation, streaking, ribboning and mineral banding depending upon the extent of the deformation and the nature of the original rock. As a result most of these rocks are termed cataclasites including kakirites, semi-schists, proto-mylonites, mylonites, and rarely ultramylonites all crudely referred to as metasediments.

The pebble conglomerates form units over 50 m thick intercalated with thin bedded fine to medium grained felsic and quartzo-feldspatic sandstone and comprise up to 60 per cent of the mapped sequence. The weakly to strongly deformed pebble conglomerate units which are recognized by the presence of stretched pebbles have a well defined persistent pencil lineation at 160°/58°S which corresponds closely with the local rock lineation. The deformed sandstone units generally show a weak foliation which in places reaches semi-schist grade. Overall, foliation and primary structures are parallel. Most of these rocks have a light through medium tan weathered color but in fresh material show various shades of green, depending upon induration and alteration.

Although this package of rocks has been described as being volcanic, volcanic breccia, etc. in previous reports no definite recognizable volcanic rock has been identified by the writer. Previous reports have also described the country rocks as tuff, argillite, quartzite, and schist etc. It appears that all of these terms have been applied to the same sedimentary rocks described above by the writer.

INTRUSIVE ROCKS

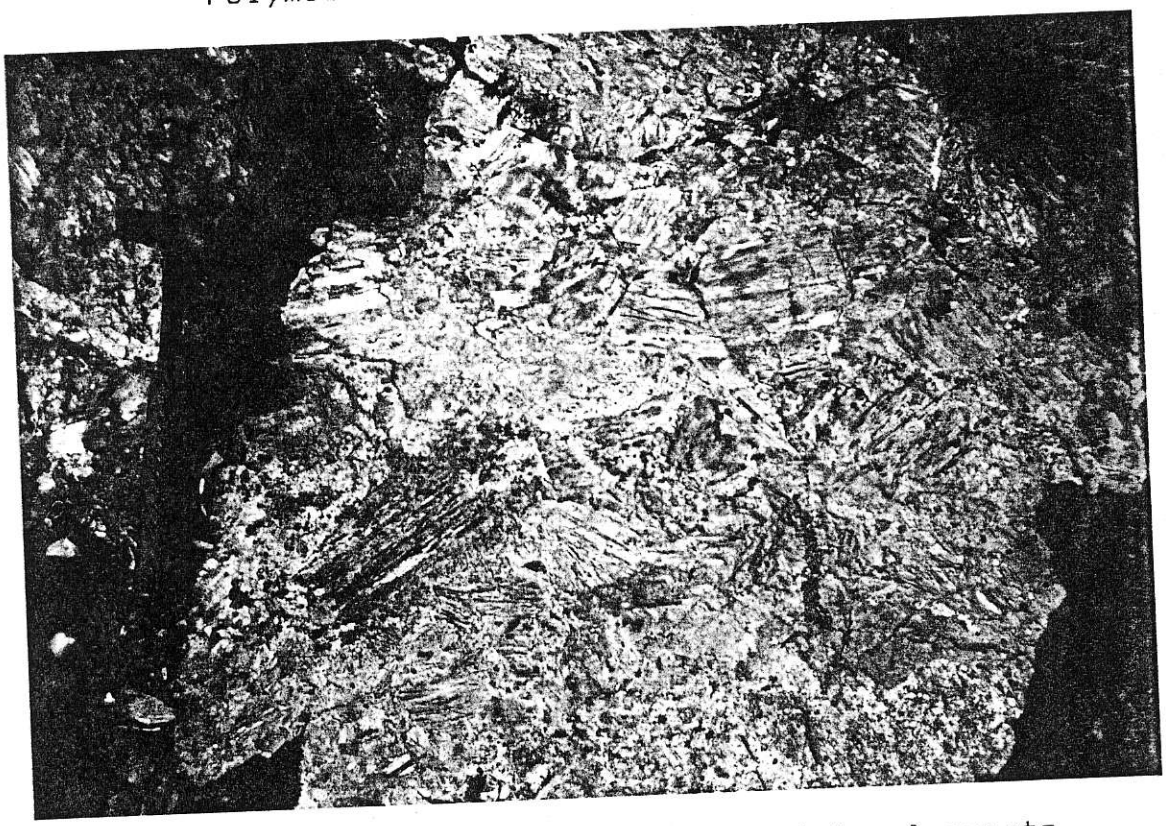
Preliminary work suggests that the upper western portion of the claim group includes mainly intrusive diorite and

granodiorite of the so-called Pemberton Dioritic Complex. So far the intrusive contact with the layered rocks has been partly defined only on the logged off lower slopes. The contact may be considerably more complex than shown on the property map where only the area close to Nagy Creek has been studied in detail because of the widespread mineralization.

The complex nature of the relationship between the granodiorite reentrant and the country rock is exhibited in good detail in the No. 3 Showing area. Study of this zone has shown that the granitic intrusion has cut easterly across weakly foliated sandstone and pebble conglomerate to form a crude ring-like dike complex which appears to have been partly cut off by the Lillooet River Fault Zone. The granitic rock forming the dikes is a medium to coarse grained white weathering pinkish/grey hornblende granodiorite very similar in aspect and composition to the main pluton to the west and to the south at Upper Skookumchuck. This rock is well fractured with pyrite covering the joint faces. Other sulfide minerals appear to be rare in the intrusive.

Similar granodiorite also forms well rounded pebbles, cobbles and boulders within as well as comprising a large part of the matrix of part of a roughly elliptical breccia pipe bounded by the north and south arms of the ring complex. The main body of this breccia zone also includes fine cm-scale clasts to more than two meter long angular blocks of banded metasandstone and variably deformed pebble conglomerate which make up the bulk of the east half of the pipe. The blocky angular breccia appears to have significantly less granitic material as fragments and matrix than breccia on the west side of the diatreme.

Polymictic Diatreme Breccia - West Side



Blocky Diatreme Breccia - Deformed Conglomerate

DIATREME BRECCIA

Detailed mapping of part of the breccia pipe in which widespread gold, copper and molybdenum have been found has shown the shape to be roughly elliptical. The north-south axis has a length of about 270 meters and the east-west axis a width of at least 200 meters. The latter appears to have been cut off by the Lillooet River Fault Zone and may extend under the river. The breccia was first reported in 1978 by Mr. Tom Lewis, P.Eng., who was employed as a field geologist under the Prospectors Assistance Program (B.C.). In 1980 the property was examined by Mr. Keith C. Fahrni, P.Eng., for Pemgold Resources Inc. who recognized the structure as a breccia pipe. The property was also examined in 1980 by Sveinson Way Mineral Services Inc. personnel who disagreed with the above and suggested the zone represented a sedimentary breccia caused by slumping. Because of the extensive gold, copper, and molybdenum mineralization associated with this feature (No. 3 Showing area) its genesis is important to present and future mineral exploration on the property.

The term 'pipe breccia' certainly expresses the physical character of this feature but the rock components show its origin. As indicated the breccia contains fine to very coarse angular country rock metasediments, and, both rounded to angular granodiorite blocks and granodiorite matrix which is identical to the younger 'ring dikes'. This indicates that both granodiorite and country rock were forced along the vent milling large amounts of both before forming a steep compact elliptical pipe-like breccia mass. This type of feature is commonly called a diatreme and similar heavily mineralized structures have been recognized in many parts of the world including the Highland Valley and nearby Coquihalla area. Diatreme venting preceded

the emplacement of the granitic complex which is now represented by the reentrant and the ring dike complex. Apart from being interesting geological features many diatremes commonly host a variety of commercial minerals including gold, silver, copper and molybdenum.

SUMMARY

Mapping of part of the Cu-Moly property has shown the presence of weakly to moderately deformed sedimentary rocks which form part of the much larger Lillooet River Pendant. These country rocks have been cut by granitic and dioritic plutons of Miocene and perhaps older age forming a serrated western boundary. The Lillooet River Fault Zone appears to form the main east structural boundary on the property. These major limits control the area in which locally known types of mineralization can be expected.

Mapping of the known mineralized areas has shown that the main contact has at least two reentrants of which only one has been studied in detail. Study of this zone has shown that the sedimentary sequence was first vented by a diatreme or pipe breccia prior to high level intrusion which resulted in the mineralized breccia being cut by ring-like arms of the intrusive reentrant. Obviously the contact zone which has a length of at least 7 to 8 kilometers on the property should be prospected and mapped in detail. By applying the above limits and geological criteria it appears that about 30 to 40 per cent of the staked Cu-Moly mineral property has a high priority in terms of basic prospecting and exploration. So far work on less than 10 per cent of the property has produced excellent results.

MINERALIZATION

REGIONAL

A variety of mineral deposits have been discovered along the length of the Lillooet River Pendant extending from the south end of Harrison Lake, along the Lillooet River Fault Zone, about 180 kilometers northwesterly to Salal Creek. Many of these gold and copper deposits were located in the 1850's, later worked on during World War I, and sporadically in the 1920's, 1930's and 1950's. During the late 1960's copper and molybdenum was found associated with the young Miocene stocks such as Salal Creek and on the present Cu-Moly property in country rocks intruded by diatreme-dike complexes.

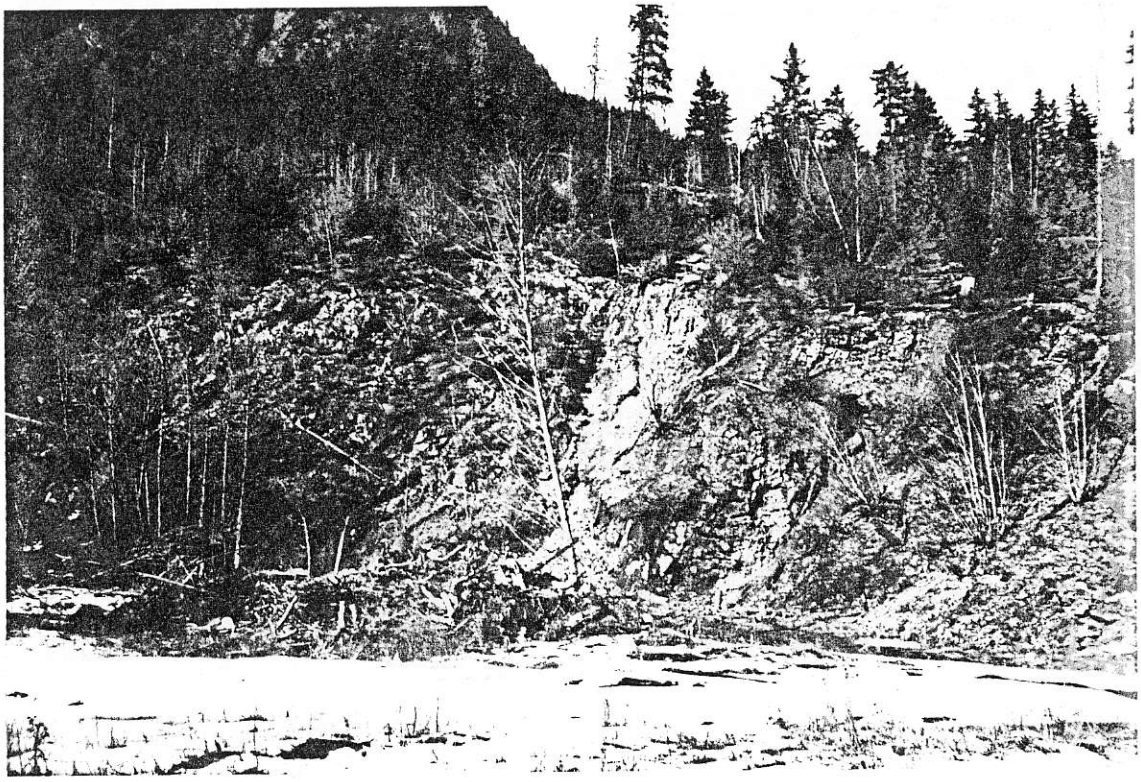
The lode deposits have rarely been described thoroughly but many appear to represent pyritic gold quartz veins and stockworks localized in altered sedimentary rocks near intrusive margins. This group includes the deposits along the west side of Harrison Lake. Cupriferous pyrite deposits such as the Apex, Boulder, Lake, Eagle and Margery on the southwest side of Lillooet Lake appear to represent stratiform massive sulfide zones in weakly altered sedimentary country rocks with little or no obvious genetic relationship to the young intrusives. The Seneca deposit located near the southwest end of the main Lillooet River Pendant near the south end of Harrison Lake has been studied in considerable detail. The Seneca deposit represents a pyritic Kuroko-like copper/zinc/silver/gold strata-bound breccia deposit localized within Middle Jurassic (?) country rocks. The host rocks include a complexly mixed volcanic/sediment sequence cut by numerous granitic dikes. Considerable tonnage was drilled off by Cominco Ltd. and later increased by Chevron Minerals.

Despite lying only a few hours from Vancouver and being shown to host a variety of gold and base metal deposits, the Lillooet River Pendant remains largely a geological unknown. As a result there is no concrete metallogenic concept regarding the zone which can be utilized to guide exploration and predict success.

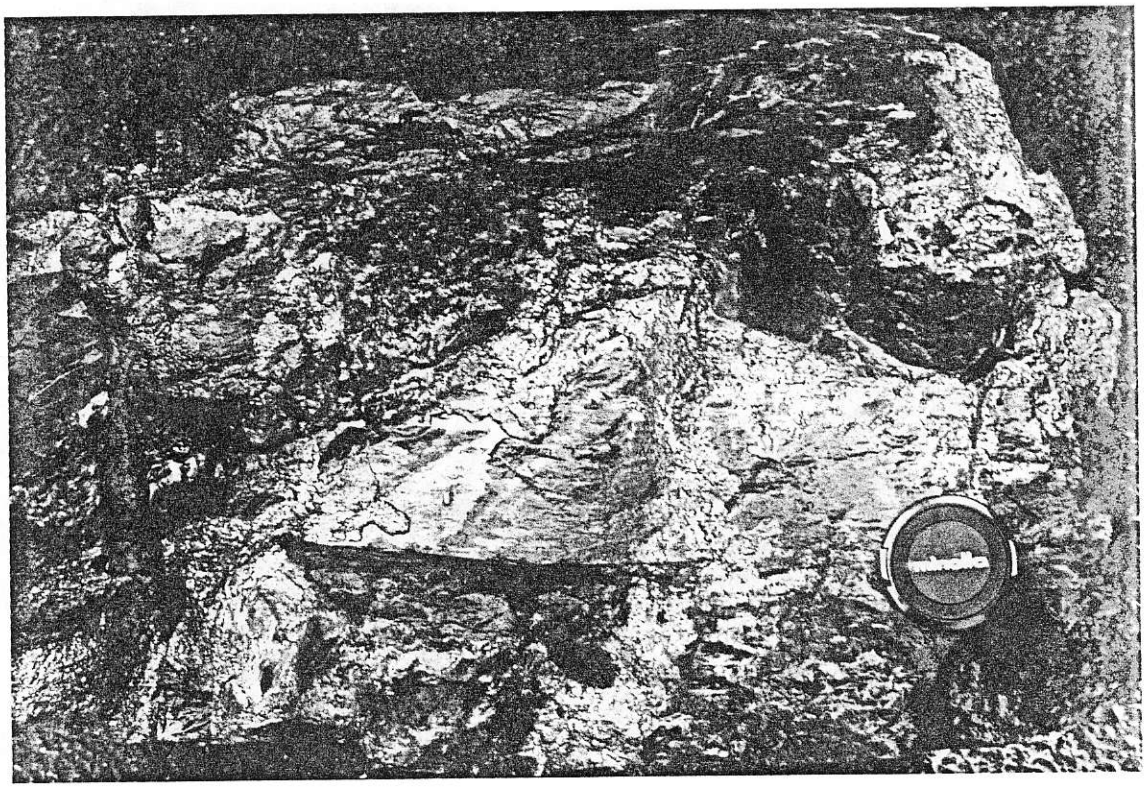
The limited data at hand suggests that the Lilloet River Pendant represents a discrete metallogenic terrain marked by gold and silver bearing Middle and possibly Upper Jurassic stratabound massive sulfide deposits, and by Tertiary gold, silver, copper and molybdenum bearing porphyry deposits. Prospecting successes such as the Salal Creek, Seneca, and the Cu-Moly deposits illustrate the moderate to high mineral potential of this major pendant over its entire 180 kilometer length.

PROPERTY

Several significant gold, silver and base metal sulfide rich structures have now been discovered on the Cu-Moly property. Rumors of old workings on Billygoat Creek dating from the 1850's suggest prospect finds at an early date. The 1966 work by Vanguard Exploration indicates that one drill hole intersected from 0.10 per cent to 0.15 per cent MoS over a length of 100 feet in what is now described as the No. 3 Showing, a diatreme breccia. The present property now includes three mineralized zones known as the No. 1 Showing, No. 2 Showing and No. 3 Showing. A No. 4 Showing located west of No. 3 was located in 1985 but because of proximity will be dealt with as part of the No. 3 description.



No. 1 Showing - North Side Billygoat Creek



Molybdenite & Chalcopyrite as Breccia Matrix - No. 3 Showing

No. 1 SHOWING

The No. 1 Showing is located on both sides of Billygoat creek on the EILEEN No. 1 claim (Figure 5). Two mineralized faces have been opened by rock cuts at stream level to expose concordant massive pyrite up to 2 meters wide with scattered chalcopyrite and rare bornite cut by quartz veins, by diorite and andesite dikes. The host rocks are weakly foliated meta-sandstone marked by several closely spaced north trending steep dipping fault breccia zones and by sub-parallel narrow shears on the north side of the creek and by northwesterly trending faults and shears at the south exposure. Although the distance between the two faces is about 130 meters and the area is covered by the creek one geophysical line suggests continuity. A fault has been postulated along Billygoat Creek but has not been proven.

Samples taken from the No. 1 Showing by Donald W. Tully, P.Eng. (1985) gave the following results:

Sample No.	Gold ozs.	Silver ozs.	Copper %	Moly %	Tungsten %	Width cm
4151c	Ø.Ø1Ø	Ø.Ø7	Ø.Ø8	Ø.Ø1	-	21Ø
4159c	Ø.Ø2Ø	Ø.Ø3	Ø.Ø2	Ø.Ø1	-	19Ø
4169c	Ø.Ø28	Ø.Ø3	-	-	Trace	Grab

More detailed sampling of the north exposure by Larry Jones, B.Sc., gave gold values up to Ø.Ø13 and silver to Ø.15 oz./ton. Grab samples from the muck pile gave Ø.Ø28 oz/T gold confirming the previous assay results. New sampling of the south rock face produced similar results (see Figure 5).

Three short core holes were drilled at the base of the

north exposure in a fan pattern. All three holes were collared in the wrong position to hit the target.

Despite the obvious low assay results the presence of the sulfide zone in the metasediments and the apparent continuity of the zone over 130 meters suggest some follow-up work is required. The rumor that there was earlier work along the creek in the 1850's or later also suggests that this portion of the property requires an overall basic program to assess the potential for sediment hosted sulfide deposits.

No. 2 SHOWING

The No. 2 (Gold) Showing is located 2.5 kilometers south of the No. 1 and has been partly exposed along rock cuts on the main logging road. The general area along this part of the road has been mapped at a 1:500 scale to show the rock units, local rock structures and the known pattern of gold occurrences.

Country rocks along this portion of the road comprise deformed mainly fine to medium pebble conglomerates marked by color streaking, thin banding and weak foliation. The rocks are closely jointed, and cut by intersecting sets of northerly and easterly shears. Most of these rocks are clean weathering but are notably rusty where significant gold/silver samples have been taken.

In addition to the main No. 2 Showing a number of new mineralized structures were located in the general map area (Figure 6). At the north, about line 500N, easterly trending vuggy to pyritic quartz veins assayed up to 0.02 oz. Au/ton (80094). Sampling of northwesterly and easterly sheared quartz-

sulfide zones along the road between 350N and 470N showed values to 0.290 oz./ton gold with good silver and base metals (80090) in strongly sheared vein material over widths of 10 centimeters.

The No. 2 Showing has been sampled in more detail, mapped at 1:100 scale, and cut by one drill hole (Figure 7). The main No. 2 mineralization comprises a strong variably sheared quartz/carbonate/sulfide vein now exposed over a length of about 15 meters on the west side of the main road. The zone trends about 340° and is vertical. Three samples taken from the No. 2 Showing vein by Sveinson Way gave the following results (no width given):

Sample No.	Gold oz./T	Silver oz./T	Copper %	Molybdenum % MoS	Lead %	Zinc %
CM-02	1.04	5.03	1.10	0.003	0.43	12.50
CM-03	0.012	0.03	0.01	0.002	0.01	0.08
CM-04	0.014	0.89	0.06	0.002	0.28	0.16

In addition, one sample taken by a Duval employee is reported to have assayed 0.90 oz. Au/T, 3.41 oz. Ag/T and 2.72 per cent Zn. Samples taken by Keith C. Fahrni, P.Eng., (1984) gave the following results:

Sample No.	Width	oz. Au/T	oz. Ag/T
2004	30 cm	0.703	3.17
2005	30 cm	0.884	4.95
2006	80 cm	0.026	0.20

Sampling of the same showing by Donald W. Tully, P.Eng. (1985) follows:

Sample No.	Width	oz. Au/T	oz. Ag/T	Cu %	Mo %
4160c	100 cm	0.008	0.18	0.52	0.13
4167c	5 cm	0.148	0.16	0.20	0.01

One more sample taken by Pemgold 10 meters south of 2005 gave 0.966 oz. Au/T, 17.64 oz. Ag/T plus strong copper, lead and zinc. An overall composite sample over 20 meters along the zone gave 0.148 oz. Au/T, 0.16 oz. Ag/T and 0.20 per cent Cu. As can be seen from Figure 7, this relatively strong, continuous structure has been covered to the north and south by the road.

The main No. 2 zone was also cut by drill hole DDH 85-2 from 2.0 to 2.5 meters giving 0.016 oz. Au/T, and 0.21 oz. Ag/T over 0.5 meters in strongly sheared gouge. Because of the location of the hole these results do not add nor detract from the rock sampling.

In 1985 another sheared rusty area in the deformed pebble conglomerates was sampled along the road about 25 meters north of the original No. 2 zone (Figure 7). Sampling of these close spaced north-northeast and northeast shears showed low values.

Work along the road in the No. 2 area has shown the presence of one strong mineral vein with good values in gold, silver and base metals. So far the north, south and depth limits are unknown and should be determined. In addition, parallel structures as well as the east-northeast gold bearing structures in the local area require further mapping, testing and sampling.

No. 3 SHOWING

To date the No. 3 Showing area has received the most detailed attention and has the most widespread mineralization. Work on this zone appears to have been started by Vanguard Exploration in 1966 when a limited geochemical survey anomaly was tested with three core holes. As reported the No. 1 core hole intersected from 0.10 to 0.15 per cent MoS over a 100 foot length. The locations of Vanguard's holes No. 1 and No. 2 have been plotted on Figure 8 (1:500) which shows the geology of the area and the location of cuts, trenches, core holes, and samples. In 1978-79 the claim owner, Mr. George Nagy, excavated about 24 cubic meters of rock from the west side of the main road from a pit which lies 50 meters southwest and well above Vanguard's No. 1 drill hole. In 1979 Cominco Ltd. personnel mapped and sampled the prospect and subsequently made an offer on the property. The results were not available to the writer for inclusion in this report. In 1980 Sveinson Way Mineral Services Ltd. of Calgary and George Nagy completed a short program on the No. 3 Showing which included geochemical sampling, geological mapping and rock sampling. This work has been filed as Assessment Report No. 9351 (Dec. 13, 1980). The geochemcial and rock sampling was completed over the area 80S to 300S on Figure 8 where the rock channel results have been plotted. In 1985, Pemgold Resources Inc. sampled the main No. 3 Showing rock cut in detail over a length of 100 meters and drilled two core holes on the zone (Figure 9). One more core hole was drilled along the road at 75S and a number of other mineralized outcrops were sampled. A new showing to the west at the end of the upper road was also opened and sampled (No. 4).

The main No. 3 showing area comprises a diatreme breccia pipe which has cut across deformed country rock pebble

conglomerate and sandstone and has in turn been cut by ring-like granodiorite dikes (Figure 8). This breccia pipe has an elliptical shape with a north-south axis about 270 meters long and a width of about 200 meters. The central-west part of the diatreme forms a prominent hill which rises steeply above both the upper and lower roads. Both the composition of the diatreme breccia and the size of the breccia fragments vary within the pipe. The main components include weakly to strongly deformed country rock pebble conglomerate and sandstone, and granodiorite as both fragments and matrix. The west half of the pipe includes relatively small blocks of sandstone, rounded cobbles and pebbles of granodiorite and has a granodiorite matrix. The eastern half down to river level includes compacted angular blocks of deformed pebble conglomerate generally ranging in size from 1 to 2 meters across. Granodiorite is rare as blocks in this portion but is present as a thin interfragment matrix. The largest size blocks appear to be localized at the east side above river level. Fragment size also appears to decrease both north and south along with a general increase in granodiorite content toward the margins. Mapping also suggest the north-south axis of the diatreme which is roughly cut by the main road represents a zone of both more intense fracturing and more intense granitic replacement. As shown in Figure 8 the country rocks and diatreme have been cut by the dike complex.

The overall alteration of the metasediments appears to be fairly simple. Induration and hornfelsing are ubiquitous accompanied by a darkening of the rocks to black green. Epidote and fine pyrite are prominent along the north-south axial zone which also appears to mark the highest concentration of chalco-pyrite and molybdenite mineralization.

Study of the mineralization along the length of the No.

3 main cut (Figure 9) shows that both chalcopyrite and molybdenite are present as coarse grained veins, lenses, streaks and specks concentrated along rock fragment boundaries and in the granitic matrix. In the pit area and several newly exposed sections along the cut these minerals form an anastamosing matrix with widths of up to 5 centimeters of massive sulfide. Elsewhere the chalcopyrite and molybdenite appear to be concentrated along fractures. Fracture control molybdenite and chalcopyrite are also found in the indurated country rocks adjacent to and near the granodiorite dikes. These dikes are marked by abondant fine bright pyrite (marcasite) on the joint surfaces.

Sampling has shown the presence of a significant copper and molybdenum content in the exposed axial zone of the diatreme. In addition to the drilling by Vanguard Exploration in 1966 at the east side of the diatreme, Sveinson Way channel sampled a number of exposures in a relatively narrow N-S area from 70S to 290S. Most of these samples were clustered along 250S between 50E and 100E in the southeastern part of the diatreme (Figure 8). The Sveinson Way report shows the results of 79 rock samples assayed only for Cu and MoS_2. The highest reported value for copper was 0.32 per cent and 0.18 per cent for MoS_2. The average value for each cut has been shown on Figure 8. The overall average of the 79 assays which each represented a two (2) meter cut was 0.10 per cent Cu, and 0.51 per cent MoS_2 as reported by Fahrni (1984). Fahrni reported that the Cominco Ltd. examination included nine (9) rock chip samples from the central and western part of the diatreme. These samples averaged 0.04 per cent Cu, 0.015 per cent Mo, 0.07 per cent Zn, 0.23 per cent fluorine, 0.584 per cent barium, and 0.003 per cent tungsten. This work included one sample which assayed 0.19 per cent Cu and 0.07 per cent Mo. Fahrni also

reported that one Cominco sample taken from the south granitic dike assayed Ø.Ø7 per cent Cu, Ø.Ø19 per cent Mo, Ø.Ø6 per cent Zn, Ø.27 per cent Fl, Ø.63 per cent Ba, and Ø.ØØ2 per cent W.

Tully (1985) took six samples from the breccia including one grab sample from the Moly Pit and five from fractured material immediately north of the pit. The results follow (also see Appendix II):

Sample No.	Gold ozs.	Silver ozs.	Copper %	Moly %	Lead %	Zinc %	Width cm	Remarks
4161c	Ø.12Ø	Ø.96	Ø.18	Ø.Ø1	-	-	4Ø	Fracture
4162c	Ø.Ø28	Ø.11	Ø.19	Ø.Ø4	-	-	1Ø5	Fracture
4163c	Ø.Ø16	Ø.Ø6	Ø.31	Ø.Ø3	-	-	3Ø	Fracture
4164c	Ø.Ø12	Ø.Ø2	-	1.55	Ø.Ø1	Ø.Ø1	Grab	Moly Pit
4165c	2.Ø18	22.78	-	Ø.41	-	-	1Ø	Rust zone
4166c	Ø.Ø1Ø	Ø.Ø7	-	Ø.Ø1	Ø.Ø1	Ø.Ø3	Grab	Fracture

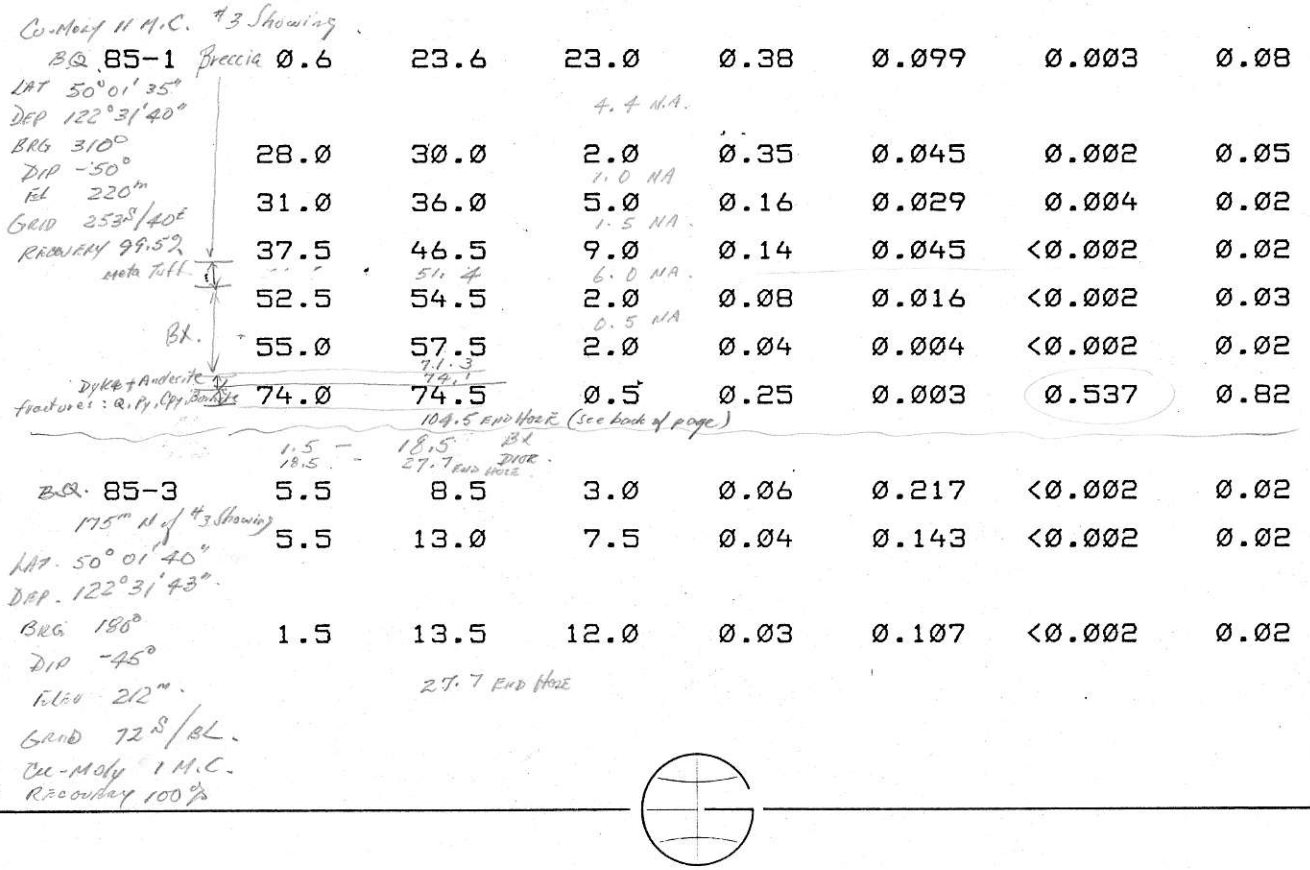
High grade sample 4165c represents a chip sample from a steep northeast trending rusty shear cutting the breccia.

In 1985 Pemgold Resources Inc. sampled the No. 3 Showing on two (2) meter intervals over a length of 9Ø meters. The results have been plotted on Figure 9 and shown as results over 1Ø meter intervals. The average of these assays over 9Ø meters was Ø.ØØ3 oz. Au/T, Ø.Ø5 oz. Ag/T, Ø.21 per cent Cu, and Ø.Ø47 per cent Mo. In addition, sampling of the cross-cutting mineralized northeast shears gave the following results (Figure 8):

Sample No.	Width	oz. Au/T	oz. Ag/T	Cu %	Mo %
4161	40 cm	Ø.12Ø	Ø.96	Ø.18	Ø.Ø1
4165	1Ø cm	2.Ø18	22.78	-	Ø.41
8ØØ86	Grab	Ø.135	1.78	-	-
8Ø131	12 cm	Ø.287	2.72	Ø.44	Ø.Ø62
8Ø139	1Ø cm	1.9ØØ	11.55	3.78	Ø.1Ø3

Pemgold also drilled three core holes into the breccia in 1985. Hole 85-3 was drilled on the road at the north contact of the pipe, and holes 85-1, and 85-4 were drilled from the road within the No. 3 main showing area (Figures 8 and 9). Core hole 85-3 cut mineralized breccia then passed into fresh granodiorite at 19.5 meters. Holes 85-1 and 85-4 were entirely within the diatreme breccia (Figure 1Ø). Assay results from the three holes has been summarized as follows:

Drill Hole No.	From m	To m	Width m	Cu %	Mo %	Gold oz./T	Silver oz./T
BQ 85-1	Ø.6	23.6	23.Ø	Ø.38	Ø.Ø99	Ø.ØØ3	Ø.Ø8
	28.Ø	3Ø.Ø	2.Ø	Ø.35	Ø.Ø45	Ø.ØØ2	Ø.Ø5
	31.Ø	36.Ø	5.Ø	Ø.16	Ø.Ø29	Ø.ØØ4	Ø.Ø2
	37.5	46.5	9.Ø	Ø.14	Ø.Ø45	<Ø.ØØ2	Ø.Ø2
	52.5	54.5	2.Ø	Ø.Ø8	Ø.Ø16	<Ø.ØØ2	Ø.Ø3
	55.Ø	57.5	2.Ø	Ø.Ø4	Ø.ØØ4	<Ø.ØØ2	Ø.Ø2
	74.Ø	74.5	Ø.5	Ø.25	Ø.ØØ3	Ø.537	Ø.82
BQ 85-3	5.5	8.5	3.Ø	Ø.Ø6	Ø.217	<Ø.ØØ2	Ø.Ø2
	5.5	13.Ø	7.5	Ø.Ø4	Ø.143	<Ø.ØØ2	Ø.Ø2
	1.5	13.5	12.Ø	Ø.Ø3	Ø.1Ø7	<Ø.ØØ2	Ø.Ø2



D.D.H. 85-1

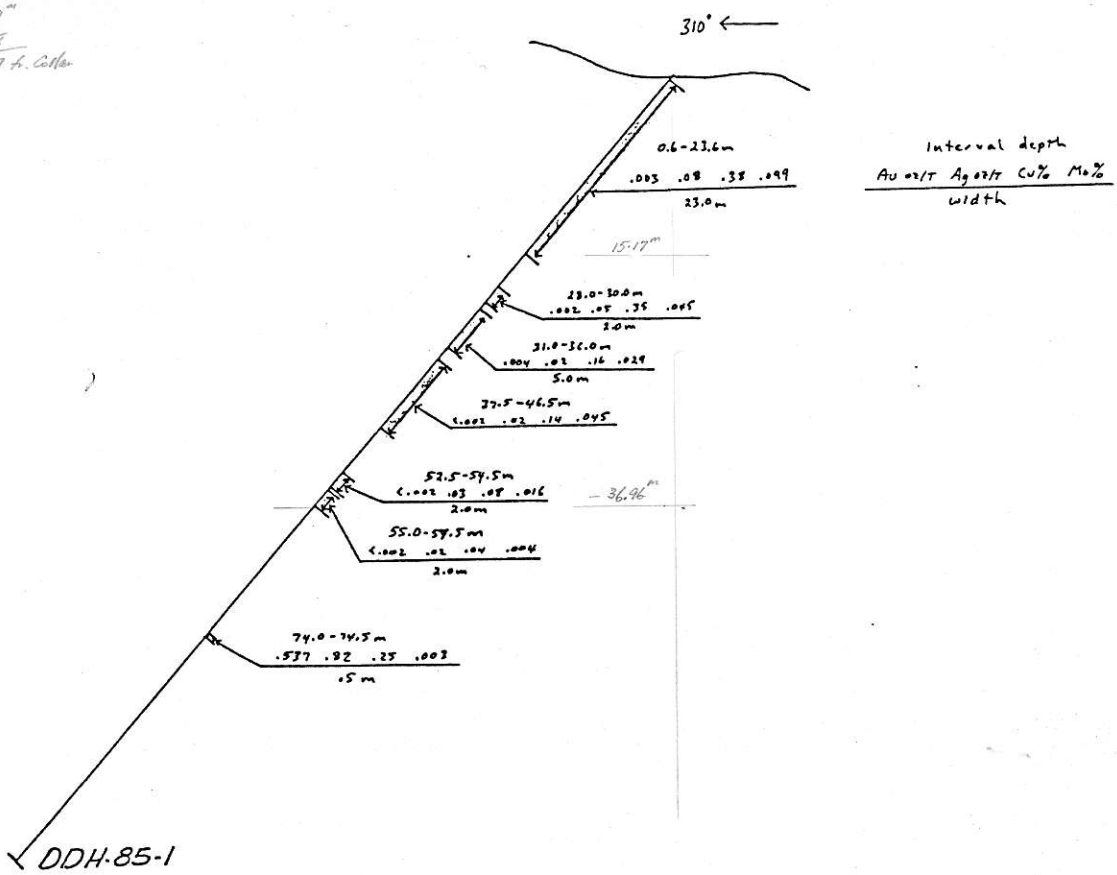
BX.	74.5 -	79.3 m
DIOR	-	86.7
BX+DIOR	-	87.8
DIOR.	-	94.2
BX.	94.2 -	102.8
DIOR	-	103.5
BX.	-	104.0 END.

Drill Hole No.	From m	To m	Width m	Cu %	Mo %	Gold oz./T	Silver oz./T
BRECCIA	0.6	72.6					
BQ Size 85-4	12.6	16.1	3.5	Ø.21	Ø.116	Ø.ØØ3	Ø.Ø2
LAT 50° 01' 35" DEP 122° 31' 40"	22.6	26.1	3.5 (6.5 NA)	Ø.35	Ø.155	Ø.ØØ2	Ø.Ø4
MYLONITE/FAULT 27.1 — 28.2	28.1	30.1	2.Ø (2.Ø NA)	Ø.41	Ø.Ø42	Ø.ØØ2	Ø.15
BRG 240° DIP -50° ELEV. 220m GRID 255S/40E Cu-Moly #11 M.C.	39.6	41.6	2.Ø (9.5 NA)	Ø.17	Ø.1Ø8	<Ø.ØØ2	Ø.Ø2
	52.1	54.1	2.Ø (10.5 NA)	Ø.1Ø	Ø.132	Ø.ØØ2	Ø.Ø2
	Ø.6	26.1	25.5	Ø.21	Ø.Ø85	Ø.ØØ2	Ø.Ø25
	Ø.6	72.6 END HOLE	72.Ø	Ø.16	Ø.Ø54	Ø.ØØ2	Ø.Ø37

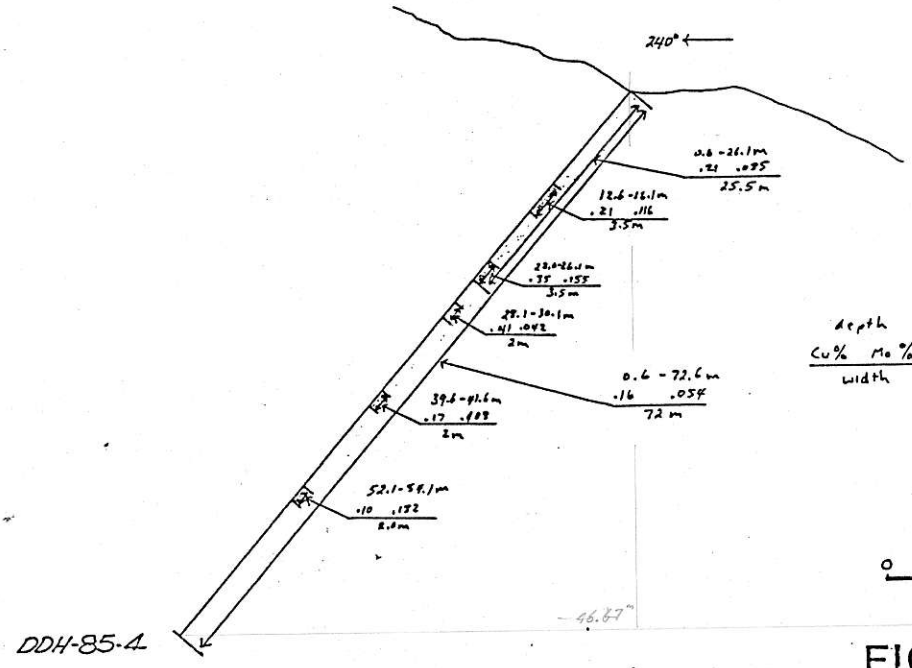
The present results of the rock sampling, limited core drilling and mapping of the breccia indicate the concentration of copper and molybdenum mineralization in an overall zone about 1ØØ meters wide extending in a north-northwest trend over a length of about 25Ø meters. This zone appears to correspond roughly with the north-south axis of the diatreme in which granodiorite forms a significant groundmass (matrix). Part of this area has been sampled in detail along the main rock cut and tested by two core drill holes (Figure 9). Together these three intercepts outline an irregular area about 8Ø meters long, by 5Ø meters wide comprising an area of about 2ØØØ square meters with a depth of at least 5Ø meters. The average grade of this block which includes about 3ØØ,ØØØ tonnes is estimated at about Ø.22 per cent Cu, .Ø6Ø per cent Mo, Ø.ØØ3 oz. Au/T, and Ø.Ø6 oz. Ag/T plus minor lead and zinc. But, this estimate does not include the good to high grade gold and silver localized along the northeasterly shears which cut the breccia at irregular spacing.

In order to evaluate the No. 3 Showing and calculate tonnage and grade more work including mapping, trenching and drilling will have to be completed. The data now at hand is

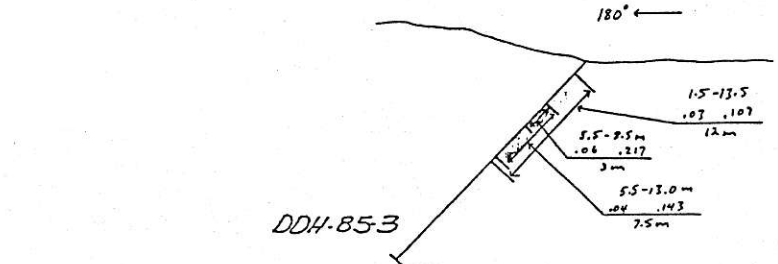
0.6428 X 0.6m = 0.39m
x 23.0m = 14.78
15.17 ft. Collar



Interval depth
Au oz/T Ag oz/T Cu% Mo%
width



depth
Cu% Mo%
width



depth
Cu% Mo%
width

FIGURE 10

insufficient for a reasonable tonnage and grade calculation which should include the high grade shears. Large portions of the mineralized axial zone which are now obscured by large talus blocks and overburden remain unknown as are large portions of the northwest and westerly limits of the diatreme where the breccia is relatively fine and has a significant granitic matrix. Recent sampling has also shown the presence of sulfide mineralization in the country rocks and a sulfide quartz stock-work zone (No. 4 Showing) near the northwest side of the diatreme (Figure 8).

GEOCHEMICAL SURVEYS

Geochemical surveys on the Cu-Moly property have been mainly limited to the No. 3 Showing area. The Sveinson Way program included some soil sampling which outlined three anomalous areas lying above the east side of the diatreme breccia. Tully (1985) took four soil samples above the road north of the Moly Pit (Appendix II) all of which were strongly anomalous in gold and silver. In 1985 Pemgold Resources took 19 soil and silt samples from various parts of the property. Four soil samples from the north end of the diatreme were all anomalous in gold and silver (Figure 8).

Soil profiles are relatively well developed over most of the property except on the logged-off areas where erosion has removed the soil. Elsewhere sandy reddish soils up to 2 or 3 meters deep covered by a dark surface organic layer cover the slopes. Areas below steep cliffs and bluffs such as the No. 3 Showing are covered by deep coarse blocky talus with rare fines. In general geochemical soil survey methods could be used to advantage on this property to extend known mineralization and search for new deposits.

GEOPHYSICAL SURVEYS

So far, geophysical exploration methods have been used sparingly on the Cu-Moly property. Short VLF/EM and magnetometer surveys have been run across each of the No. 1, No. 2, and No. 3 showings as part of the 1985 work program. These are relatively difficult to interpret in isolation, but the results suggest the continuity of the No. 1 Showing sulfide lens between the north and south exposures. With the exception of the lower logged-off area most of the Cu-Moly property is too heavily timbered and too steep and rugged to make efficient use of most ground geophysical methods. Detailed ground surveys will be of more value when geochemical soil surveys have been completed and the geology mapped more extensively.

CONCLUSIONS

The Cu-Moly property is located in a readily accessible area where surface exploration and development can be carried out for up to 10 months during the year. The main No. 3 Showing area can be accessed at different levels by three good roads and the No's. 1 and 2 areas are also on or near the main road. A large camp with a variety of buildings including stationary and hydro power facilities, a 30 ton pilot mill, and heavy equipment has been installed near the main showings.

Geological mapping of only part of the property has disclosed three main types of structurally or lithologically controlled mineralized features which comprise significant gold, silver and base metal sulfide deposits. The most important of these is an elliptical shaped diatreme breccia which hosts porphyry-type gold, silver, copper, and molybdenum mineralization as veinlets and matrix in the breccia. High grade gold,

silver, and base metals found as steep, northeasterly trending sheared sulfide zones cut across the mineralized main axial zone of the diatreme over a length of about 270 meters and a width of at least 100 meters. A block within this axial zone has been sampled in detail over a 90 meter length and cut by two core drill holes yielding significant grade and tonnage. Exploration of this large diatreme structure has not yet been either broad enough or detailed enough to estimate the potential of the structure.

The No. 2 Showing comprises a strong north-northwest trending quartz-carbonate sulfide zone exposed along part of the main road about 130 meters north of the main porphyry showing. Sampling of the rock cut has shown the presence of relatively continuous high grade gold, silver and base metals in the exposure over a length of about 15 meters and widths of about 0.8 meters.

The No. 2 Showing has not yet been explored beyond the rock cut and remains open for exploration. Sampling along the rock cuts north of No. 2 has also shown the presence of several well mineralized northeasterly, and east-northeasterly trending shears cutting rusty country rocks. Geological mapping, structural studies, and geochemical soil sampling could be used in these relatively poor outcrop areas to explore for extensions and intersections of the mineral lenses and shears.

The No. 1 Showing at Billygoat Creek appears to represent a relatively isolated quartzose sulfide zone lying within metasediments cut by narrow dikes and fault zones. Although the sampling of the two exposures indicates low metal values the mineralization appears to have a length of at least 130 meters and widths of up to 3 meters. Extensions of this

zone to both north and south could be checked by surface methods. The apparent similarity of this type of mineralization to more extensive deposits at Lillooet Lake suggests the area should be prospected beyond the current limits, at least to the main contact.

The work proposed by Keith C. Fahrni, P.Eng., in 1984 has been completed with promising results. More extensive exploration and development of the property is now warranted and a continuing program is recommended.

RECOMMENDATION

Sufficient preliminary work has now been completed on the Cu-Moly property to indicate that several types of gold-silver, and base metal types of mineralization are present. The most important of these, the porphyry-type diatreme zone, has been partly sampled and drilled but not in sufficient detail to outline the overall potential. In particular the cross-cutting high grade mineralized shears require detailing in order to calculate their effect on the overall outlines and grades. The diatreme should be completely mapped, sampled and trenched where possible to test the western and northern portions and the main axial zone should be drilled in detail on a grid to intersect both the high grade shears and the porphyry mineralization.

The No. 2 zone should be traced north and south by trenching and drilled to test depth potential. The possibility of intersections with the potentially good to high grade north, northeast and easterly shears should also be tested by mapping, geochemical soil surveys and trenching. This work should include the area between No. 2 and No. 3 showings and north of No. 2.

The mineralization at Billygoat Creek should be tested for extensions and parallel structures by geochemical soil sampling, mapping and trenching. The general area should be explored for similar sediment hosted deposits by prospecting and reconnaissance geochemical soil sampling.

The porphyry-like No. 3 Showing represents the major deposit on the property. The structure and its occurrence as a reentrant along the main contact between the granitic plutons and the country rock may be unique. But, the main contact should be explored in detail in order to test the potential for other diatreme deposits on the property. This will require mapping the contact zone in detail over its length followed up by surface testing where necessary.

EXPLORATION BUDGET - CU-MOLY PROPERTY - 1986

PHASE I

Stage I

1.	Camp - maintenance	$10,000	
	1 cook	12,000	
	Room & board @ $25/man/day	16,000	
	Fuel & propane	4,800	
			$42,800
2.	Core Drilling		
	Breccia showing, No. 2, prospects		
	1000 meters @ $40/m	40,000	
	Core logging, sampling, assaying	12,000	
			52,000

3.	Prospecting, etc.		
	2 men @ $75/man/day	15,000	
	Sampling & assaying	6,000	
			21,000
4.	Geochemical Soil Sampling		
	2 men, grid etc.	$3,000	
	1000 samples @ $12.00/sample	12,000	
			$15,000
5.	Geology/Studies		
	1 Geologist	12,000	
	Sampling & assaying	3,000	
			15,000
6.	Trenching		
	Equipment rental, fuel, powder etc.	12,000	
	Sampling & assaying	3,000	
	Labour	6,000	
			21,000
7.	Transportation		
	To and from property & on property		2,000
8.	Sundries		
	Maps, photos, equipment, freight, etc.		5,000
9.	Supervision		6,000
10.	Engineering		
	Including reports etc.		10,000
	Sub-Total Stage I		$189,800
	Contingencies @ 10%		19,000
	Stage I TOTAL		$208,800

Stage II

Contingent upon the results of Stage I program and a recommendation to continue testing.

1.	Camp costs - additional	$30,000
2.	Core drilling Breccia Showing & prospects as required (detailed 20 x 20 grid and stepout) 2000 meters @ $60/meter including core logging and assaying, etc.	140,000
3.	Personnel - extended	20,000
4.	Transportation	2,000
5.	Engineering Supervision, reports etc.	20,000
	Sub-Total Stage II	$212,000
	Contingencies @ 10%	21,000
	Stage II TOTAL	$233,000
	TOTAL STAGE I + STAGE II	$441,800

PHASE II

Contingent upon the results of PHASE I exploration and upon the further recommendation to test the mineral zone(s) by open cuts/ underground development, deep drilling, and further property exploration as warranted.

1.	Surface Cuts/Underground Development	
	Including basic costs plus test milling	$200,000
2.	Core Drilling	
	2000 meters @ $60/m plus core logging, assaying	140,000
3.	Geochemical Surveys	
	Labour, sampling, analyses, etc.	35,000
4.	Geological Mapping/Studies	
	Sampling, reports, etc.	20,000
5.	Trenching - as required	12,000
6.	Transportation - camp etc.	3,000
7.	Engineering & Supervision	
	Including reports etc.	36,000
	PHASE II Sub-Total	$446,000
	Contingencies @ 10%	45,000
	TOTAL PHASE II	$491,000

REFERENCES

Fahrni, Keith C. (1984): Pemgold Resources Inc. Lillooet River Property, New Westminster M.D., B.C., Proposal for Development, August 15, 1984.

Roddick, J.A. (1965): Vancouver North, Coquitlam, and Pitt Lake Map-Areas, British Columbia, G.S.C. Memoir 335.

Tully, Donald W. (1985): Report on the Eileen-Cu-Moly Mineral Claim Group, Lillooet Lake - Billy Goat Creek Area, New Westminster M.D., Pemberton, B.C., April 22, 1985.

Way, B. and Allen, G. (1980): Geology and Rock Sampling of the Cu-Moly Prospect, Sveinson Way Mineral Services Ltd., December 13, 1980.

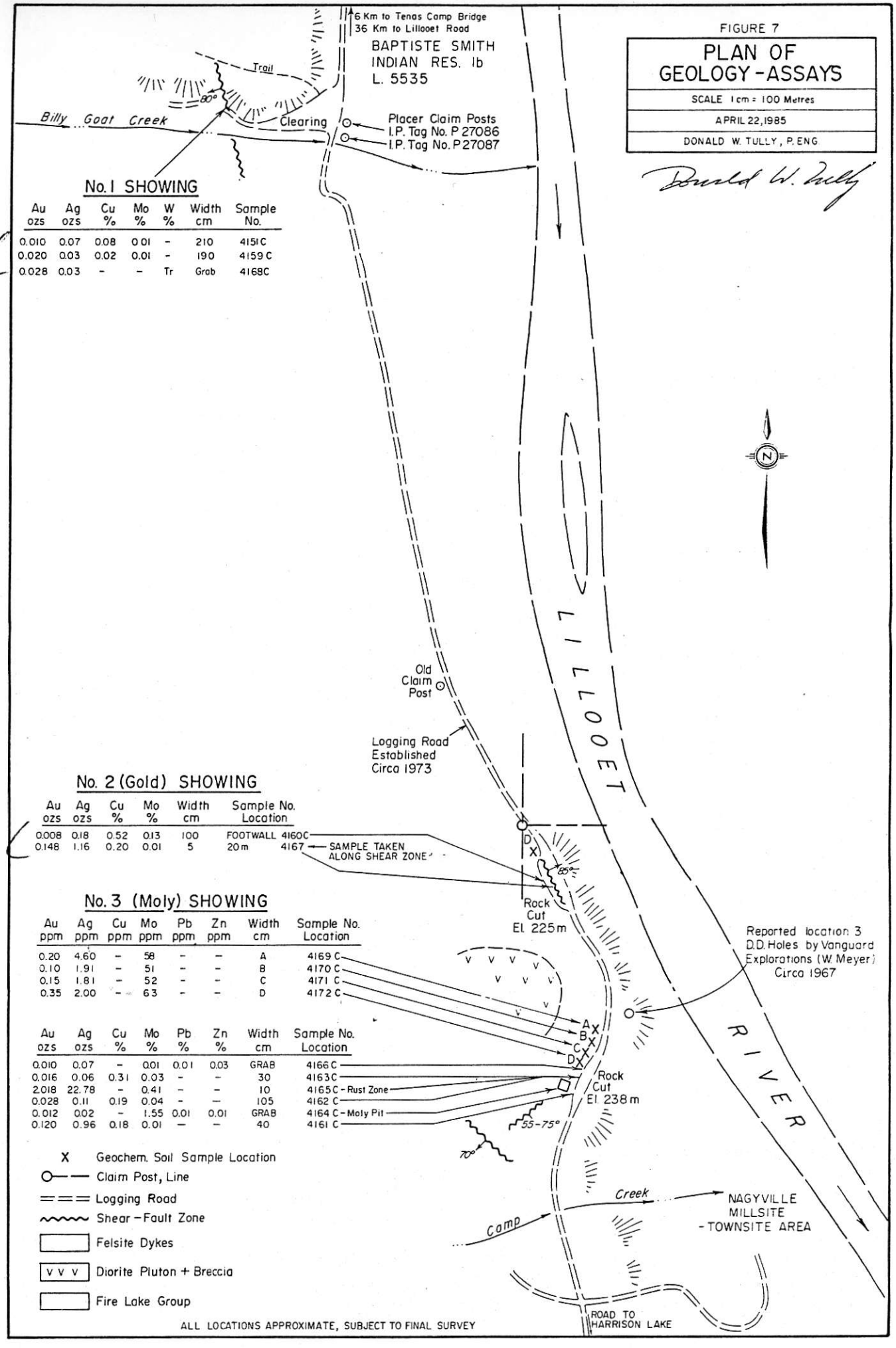
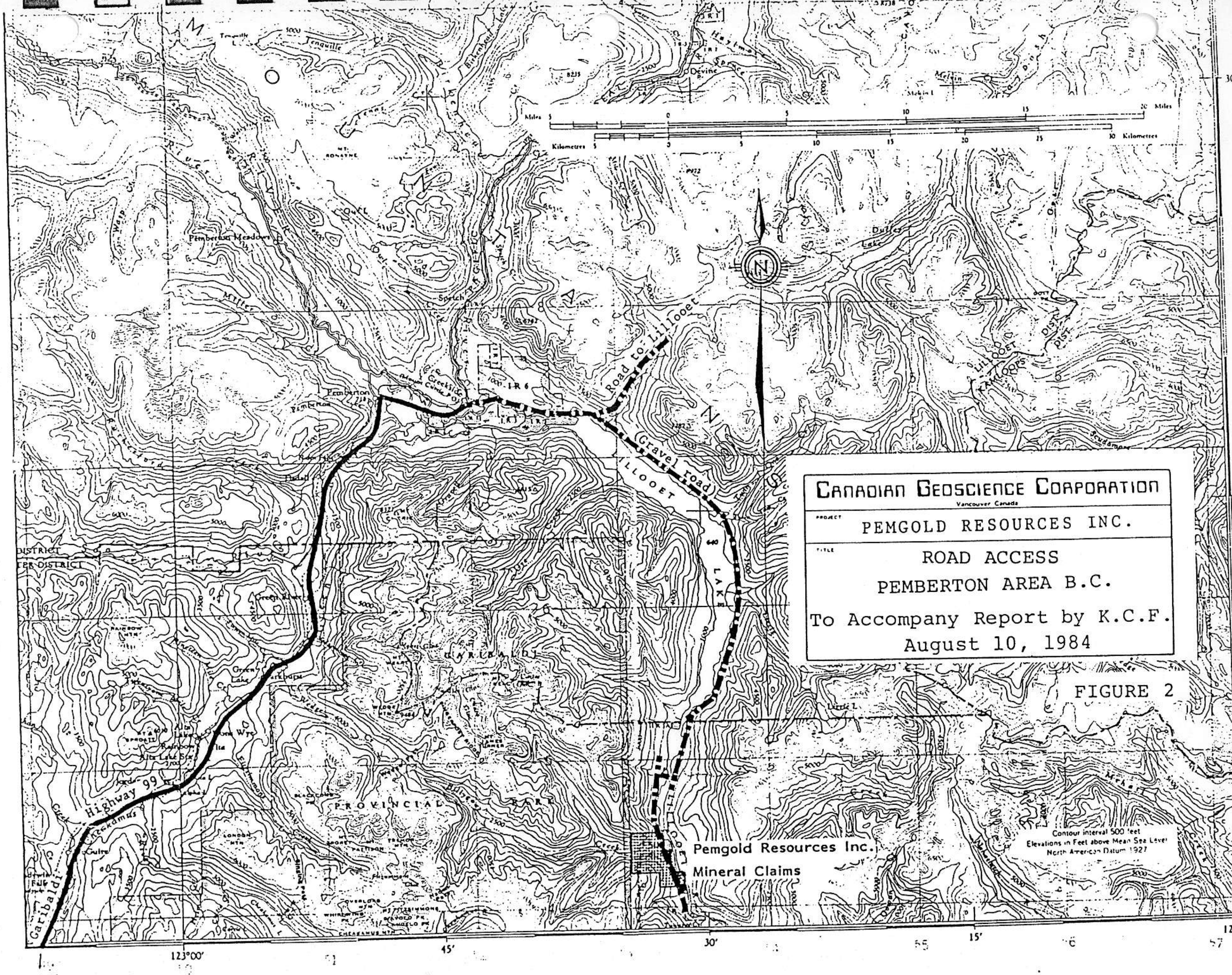
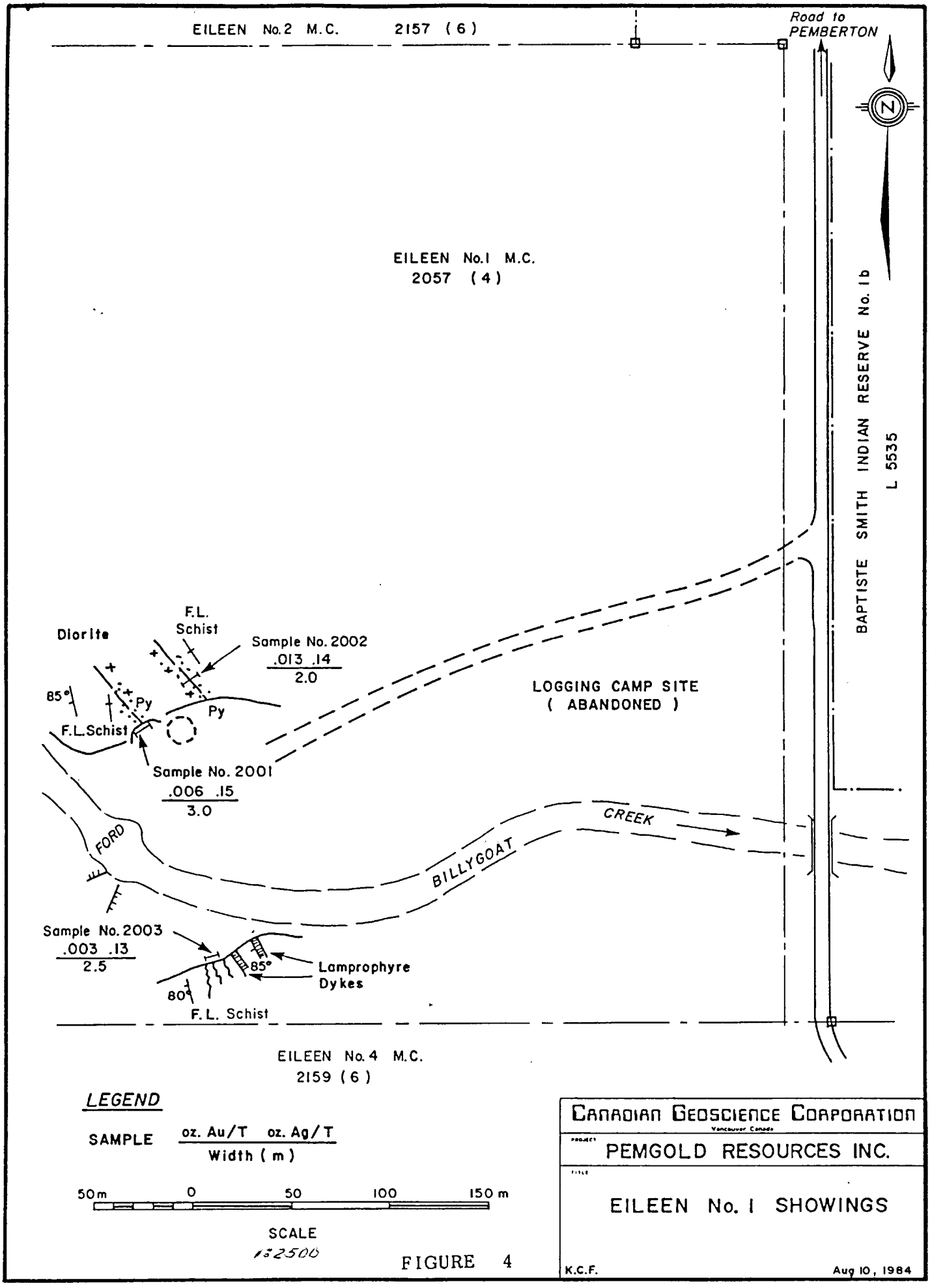


FIGURE 7
PLAN OF GEOLOGY - ASSAYS
SCALE 1 cm = 100 Metres
APRIL 22, 1985
DONALD W. TULLY, P. ENG
Donald W. Tully
6 Km to Tenas Camp Bridge
36 Km to Lillooet Road
BAPTISTE SMITH INDIAN RES. Ib
L. 5535
Trail
Billy Goat Creek
Clearing
Placer Claim Posts
I.P. Tag No. P 27086
I.P. Tag No. P 27087
No. 1 SHOWING
Au ozs | Ag ozs | Cu % | Mo % | W % | Width cm | Sample No.
0.010 | 0.07 | 0.08 | 0.01 | - | 210 | 4151C
0.020 | 0.03 | 0.02 | 0.01 | - | 190 | 4159C
0.028 | 0.03 | - | - | Tr | Grab | 4168C
LILLOOET
Old Claim Post
Logging Road Established Circa 1973
No. 2 (Gold) SHOWING
Au ozs | Ag ozs | Cu % | Mo % | Width cm | Sample No. Location
0.008 | 0.18 | 0.52 | 0.13 | 100 | FOOTWALL 4160C
0.148 | 1.16 | 0.20 | 0.01 | 5 | 20m 4167 — SAMPLE TAKEN ALONG SHEAR ZONE
No. 3 (Moly) SHOWING
Au ppm | Ag ppm | Cu ppm | Mo ppm | Pb ppm | Zn ppm | Width cm | Sample No. Location
0.20 | 4.60 | - | 58 | - | - | A | 4169 C
0.10 | 1.91 | - | 51 | - | - | B | 4170 C
0.15 | 1.81 | - | 52 | - | - | C | 4171 C
0.35 | 2.00 | - | 63 | - | - | D | 4172 C
Au ozs | Ag ozs | Cu % | Mo % | Pb % | Zn % | Width cm | Sample No. Location
0.010 | 0.07 | - | 0.01 | 0.01 | 0.03 | GRAB | 4166 C
0.016 | 0.06 | 0.31 | 0.03 | - | - | 30 | 4163C
2.018 | 22.78 | - | 0.41 | - | - | 10 | 4165C - Rust Zone
0.028 | 0.11 | 0.19 | 0.04 | - | - | 105 | 4162 C
0.012 | 0.02 | - | 1.55 | 0.01 | 0.01 | GRAB | 4164 C - Moly Pit
0.120 | 0.96 | 0.18 | 0.01 | - | - | 40 | 4161 C
Rock Cut El 225m
Rock Cut El 238m
Reported location 3 D.D. Holes by Vanguard Explorations (W. Meyer) Circa 1967
55-75°
70°
Creek
Camp
NAGYVILLE MILLSITE - TOWNSITE AREA
ROAD TO HARRISON LAKE
RIVER
X Geochem. Soil Sample Location
Claim Post, Line
Logging Road
Shear - Fault Zone
Felsite Dykes
Diorite Pluton + Breccia
Fire Lake Group
ALL LOCATIONS APPROXIMATE, SUBJECT TO FINAL SURVEY


CANADIAN GEOSCIENCE CORPORATION
Vancouver Canada
PROJECT
PEMGOLD RESOURCES INC.
TITLE
ROAD ACCESS
PEMBERTON AREA B.C.
To Accompany Report by K.C.F.
August 10, 1984
FIGURE 2
Pemgold Resources Inc.
Mineral Claims
Highway 99
Road to Lillooet
(Gravel road)
Pemberton
Garibaldi
Provincial Park
Contour interval 500 feet
Elevations in Feet above Mean Sea Level
North American Datum 1927
Miles
Kilometres
123°00'
45'
30'
15'
122°00'
50°00'
To Squamish



LEGEND

SAMPLE oz. Au/T oz. Ag/T / Width (m)

50m 0 50 100 150 m

SCALE 1:2500

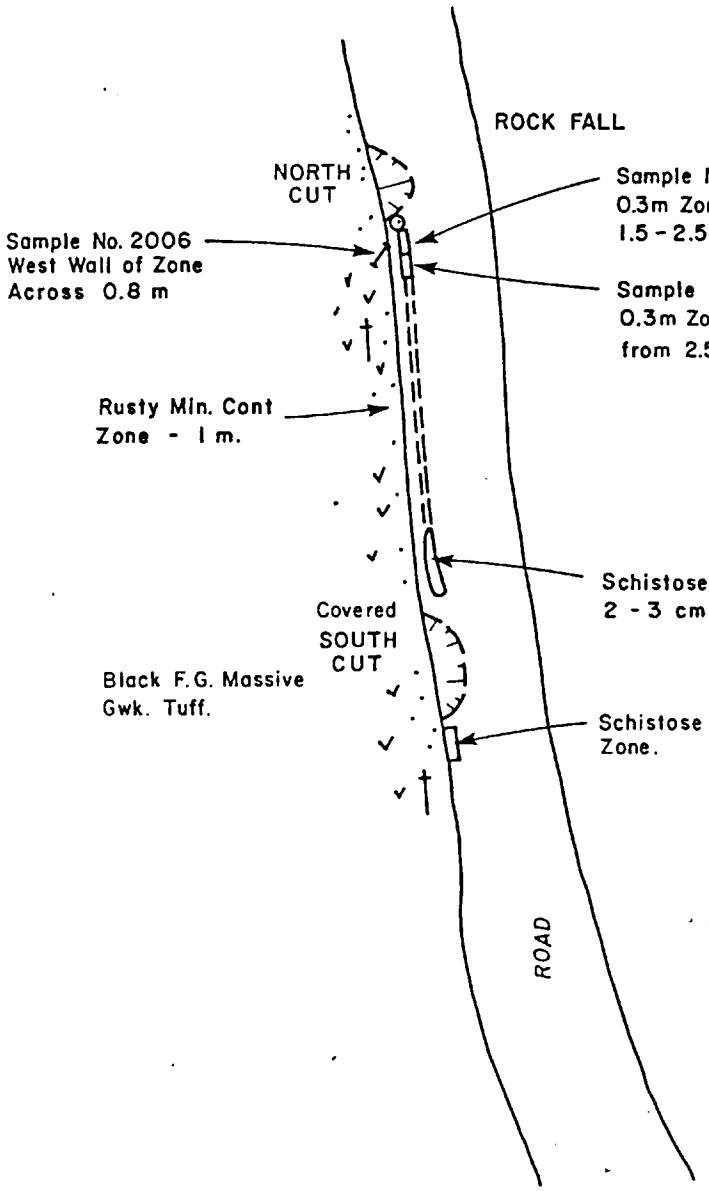
FIGURE 4

CANADIAN GEOSCIENCE CORPORATION
Vancouver Canada

PROJECT: PEMGOLD RESOURCES INC.

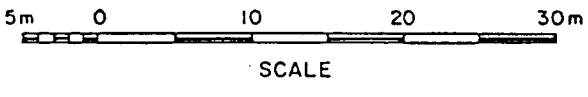
TITLE: EILEEN No. 1 SHOWINGS

K.C.F. Aug 10, 1984



North Cut Shows Lenses of Quartz with PbS, ZnS, Chp. etc. Some Yellow Stain of Arsenic ?, Carbonate and Clay Minerals.

Tag No.	Width (m)	oz Au/T	oz Ag/T
2004	0.3	.703	3.17
2005	0.3	.884	4.95
2006	0.8	.026	0.20



1:500

FIGURE 5

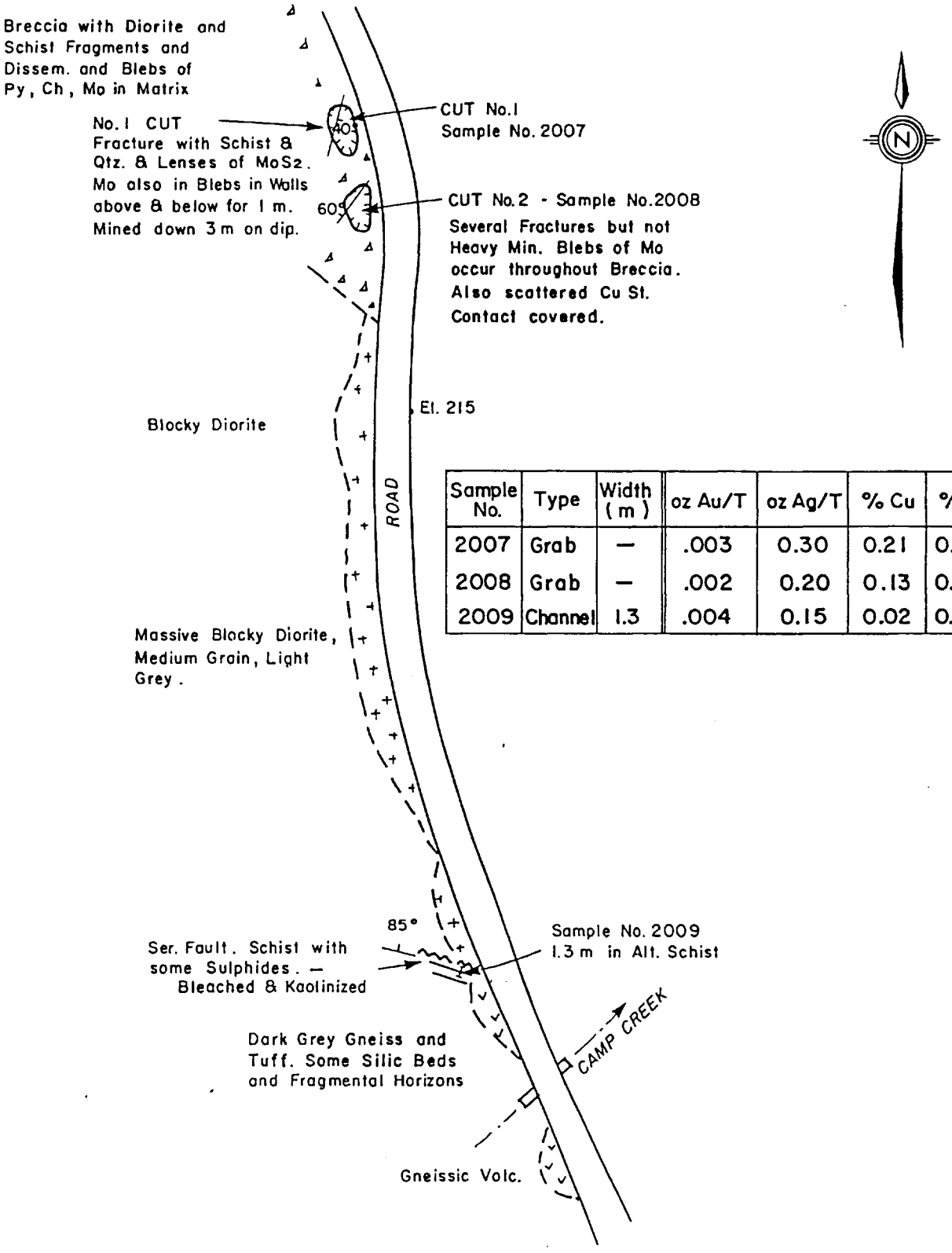
CANADIAN GEOSCIENCE CORPORATION
Vancouver Canada

PROJECT: PEMGOLD RESOURCES INC.

TITLE: GOLD SHOWINGS

K.C.F.

Aug 10, 1984



Sample No.	Type	Width (m)	oz Au/T	oz Ag/T	% Cu	% Mo
2007	Grab	—	.003	0.30	0.21	0.062
2008	Grab	—	.002	0.20	0.13	0.042
2009	Channel	1.3	.004	0.15	0.02	0.001

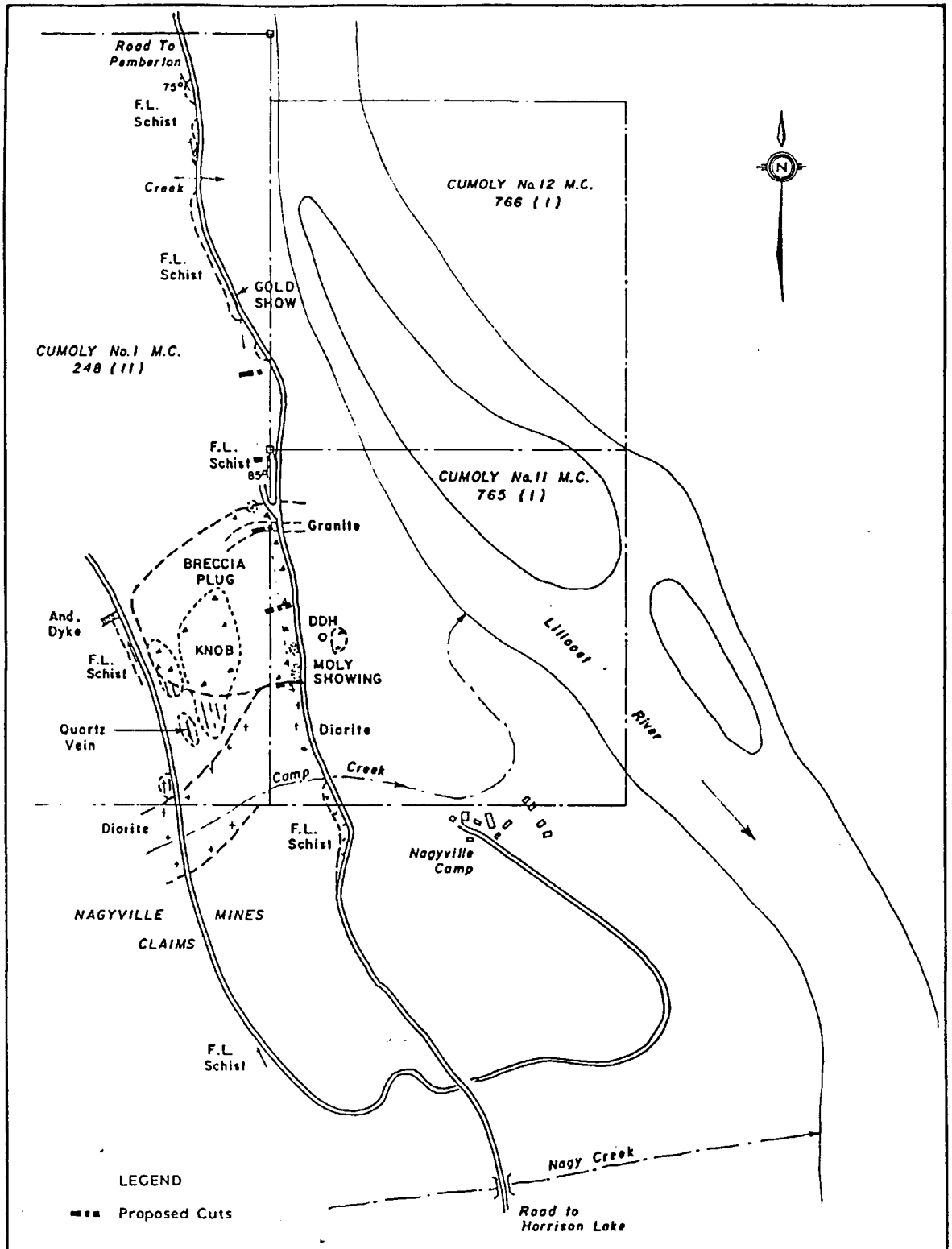
FIGURE 6

CANADIAN GEOSCIENCE CORPORATION
Vancouver, Canada

PROJECT: PEMGOLD RESOURCES INC.

TITLE: MAIN CUTS IN BRECCIA PIPE

K.C.F. Aug 10, 1984.



NOTE :

DATA FROM OBSERVATION AND FROM VARIOUS PREVIOUS MAPS

CANADIAN GEOSCIENCE CORPORATION
Vancouver Canada

PROJECT: PEMGOLD RESOURCES INC.

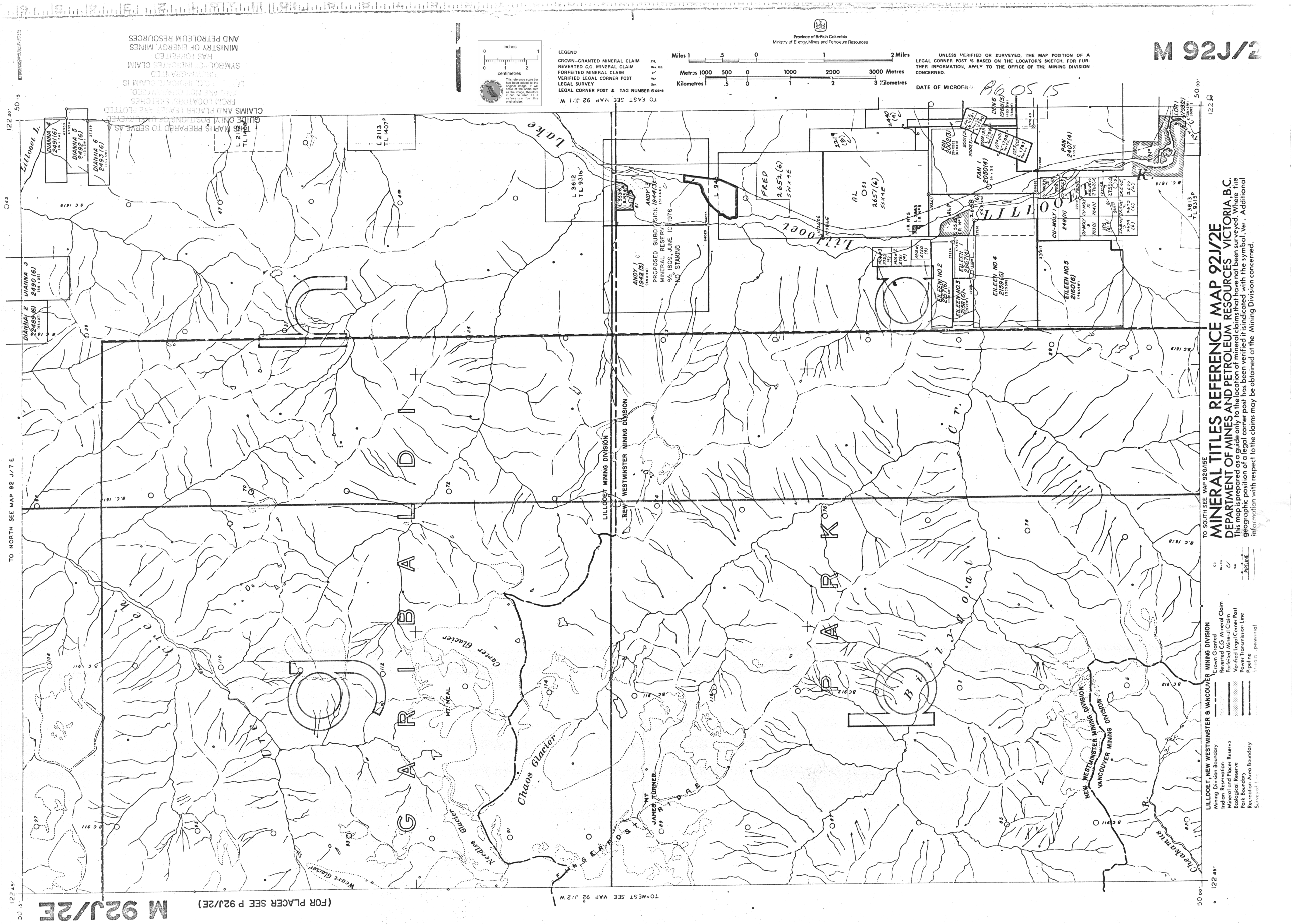
TITLE: GOLD & CUMOLY SHOWINGS

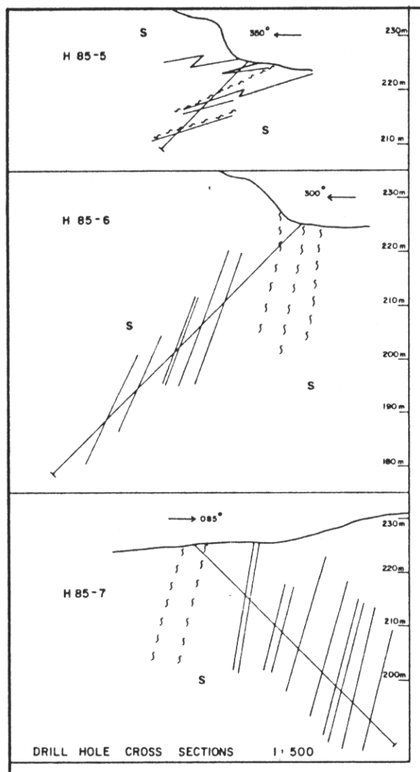
50m 0 50 100 150 200 250m

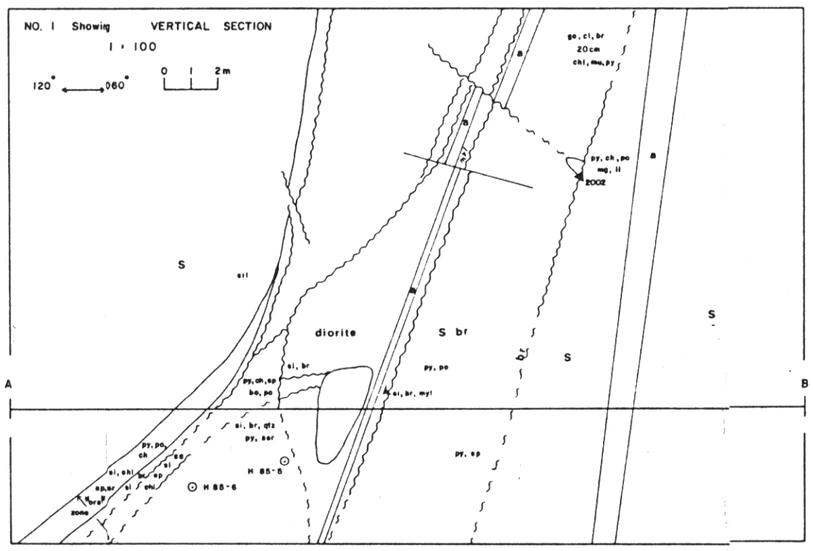
	BY	D	M	Y
DR	K.C.F.	10	8	84
TR				
AP				

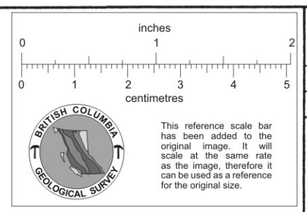
PROPOSED WORK

FIGURE 7


M 92J/2
Province of British Columbia
Ministry of Energy, Mines and Petroleum Resources
LEGEND
CROWN-GRANTED MINERAL CLAIM C.G.
REVERTED C.G. MINERAL CLAIM Rev. C.G.
FORFEITED MINERAL CLAIM
VERIFIED LEGAL CORNER POST Ver.
LEGAL SURVEY Sur.
LEGAL CORNER POST & TAG NUMBER ⊙12345
Miles 1 .5 0 1 2 Miles
Metres 1000 500 0 1000 2000 3000 Metres
Kilometres 1 .5 0 1 2 3 Kilometres
UNLESS VERIFIED OR SURVEYED, THE MAP POSITION OF A LEGAL CORNER POST IS BASED ON THE LOCATOR'S SKETCH. FOR FURTHER INFORMATION, APPLY TO THE OFFICE OF THE MINING DIVISION CONCERNED.
DATE OF MICROFIL 86 05 15
TO EAST SEE MAP 92 J/1 W
TO NORTH SEE MAP 92 J/7 E
TO WEST SEE MAP 92 J/2 W
TO SOUTH SEE MAP 92G/15E
MINERAL TITLES REFERENCE MAP 92J/2E
DEPARTMENT OF MINES AND PETROLEUM RESOURCES VICTORIA, B.C.
This map is prepared as a guide only to the location of mineral claims that have not been surveyed. Where the geographic position of a legal corner post has been verified it is indicated with the symbol, Ver. Additional information with respect to the claims may be obtained at the Mining Division concerned.
LILLOOET, NEW WESTMINSTER & VANCOUVER MINING DIVISION
Mining Division Boundary
Indian Reservation
Mineral and Placer Reserve
Ecological Reserve
Park Boundary
Recreation Area Boundary
Crown Granted
Reverted CG Mineral Claim
Forfeited Mineral Claim
Verified Legal Corner Post
Power Transmission Line
Pipeline
LILLOOET MINING DIVISION
NEW WESTMINSTER MINING DIVISION
VANCOUVER MINING DIVISION
GARIBALDI PARK
Lillooet Lake
Lillooet R.
Chaos Glacier
Carter Glacier
Needles Glacier
MT. NEAL
MT JAMES TURNER
Cheakamus R.
PROPOSED SUBDIVISION MINERAL RESERVE O/C 1805, JUNE 10 1976 NO STAKING
ANDY 1 1942(3)
ANDY 3 1944(3)
FRED 2652(6)
AL 2651(6)
EILEEN NO.2 2157(6)
EILEEN NO.3 2158(6)
EILEEN NO.4 2159(6)
EILEEN NO.5 2160(6)
FAN 1 2050(4)
FAN 2002(3)
PAN 2407(4)
DEN 6 1968(3)
CU-MOLY 1 248(11)
DIANNA 2 2489(6)
DIANNA 3 2490(6)
DIANNA 4 2491(6)
DIANNA 5 2492(6)
DIANNA 6 2493(6)
L 3612 TL 9316
L 2113 TL 1407P
L 3613 TL 9315P
(FOR PLACER SEE P 92J/2E)
M 92J/2E
THIS MAP IS PREPARED TO SERVE AS A GUIDE ONLY. POSITIONS OF UNSURVEYED CLAIMS AND PLACER LEASES ARE PLOTTED FROM LOCATORS' SKETCHES
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES







PEMGOLD RESOURCES INC.

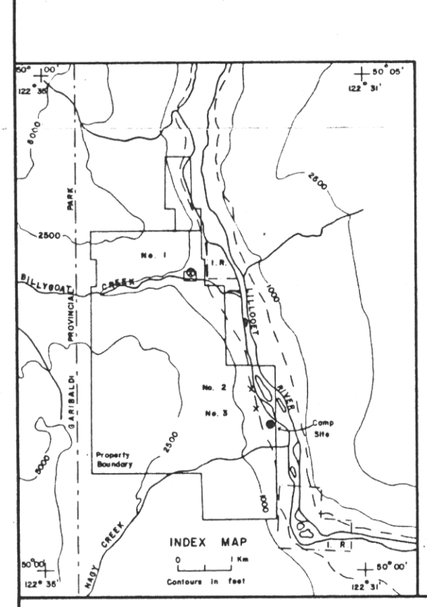
Scale: 0 10 20m	Revised, Geology E. W. GROVE	Drawn by: L. Jones
Date:		Revised: S. Cameron

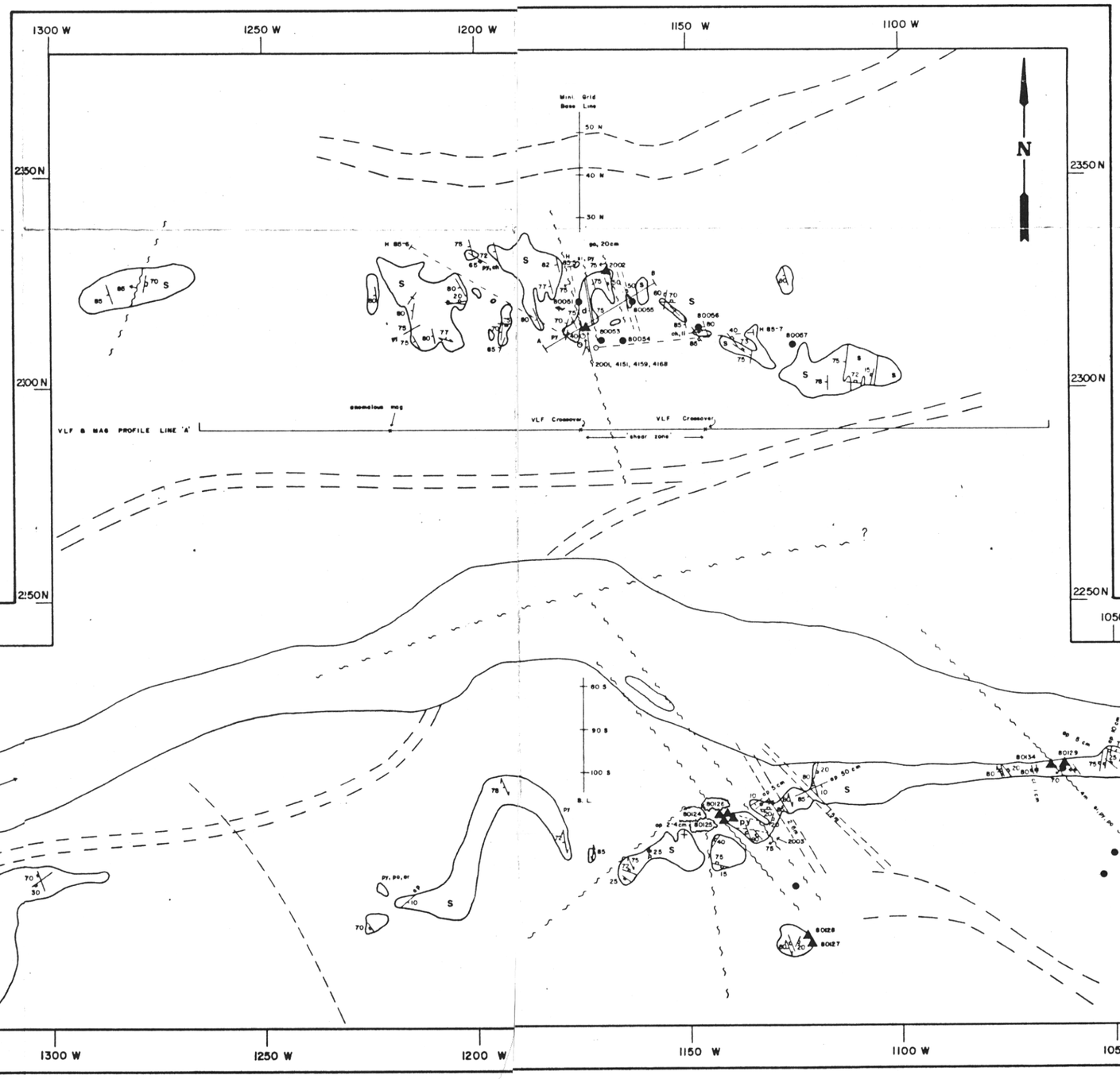
No. 1 Showing Area Geology & Sample Location

EILEEN #1 (2054)

Figure No. 5 | Drawing No. P-5

For Legend see Figure No. 8





GEOCHEMICAL ASSAY RESULTS

Sample Number	Au oz/t	Ag oz/t	Cu %	Pb %	Zn %	Mo %	Width cm
2001	.006	.15					300
2002	.013	.14					200
2003	.003	.13					250
4151	.010	.07					210
4159	.020	.03					190
4168	.028	.03					grab
80051	.019	.55	.06			.01	soil
80053	.002	.03	.02			.01	soil
80054	<.002	.006					soil
80055	<.002	.006					soil
80056	.002	.02					soil
80057	<.002	<.006					soil
80124	.009	.05	.02	<.01	<.01		grab
80125	.005	.02	.03	<.01	<.01		150
80126	.004	.02	.01	<.01	<.01		100
80127	<.002	.04	<.01	<.01	<.01		20
80128	<.002	.08	.01	<.01	<.01	.001	grab
80129	<.002	<.02	<.01	<.01	<.01		70
80134	<.002	.02	<.01	<.01	<.01		grab

250 W | 200 W | 150 W | 100 W | 50 W | B.L.

500N | 450N | 400N | 350N | 300N | 250N | 200N | 150N | 100N | 50N | 0

N

inches 0 1

0 1 2 centimetres

This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

PEMGOLD RESOURCES INC.		
Scale: 0 10 20m	Revised Geology: E. W. GROVE	Drawn by: L. Jones
Date:		Revised: S. Cameron

No. 2 Showing Area Geology & Sample Location

Cu - Moly # 1 (248)

Figure No. 6 | Drawing No. P-3

For Legend see Figure No. 8

LILLOOET RIVER

VLF & MAG PROFILE LINE '0'

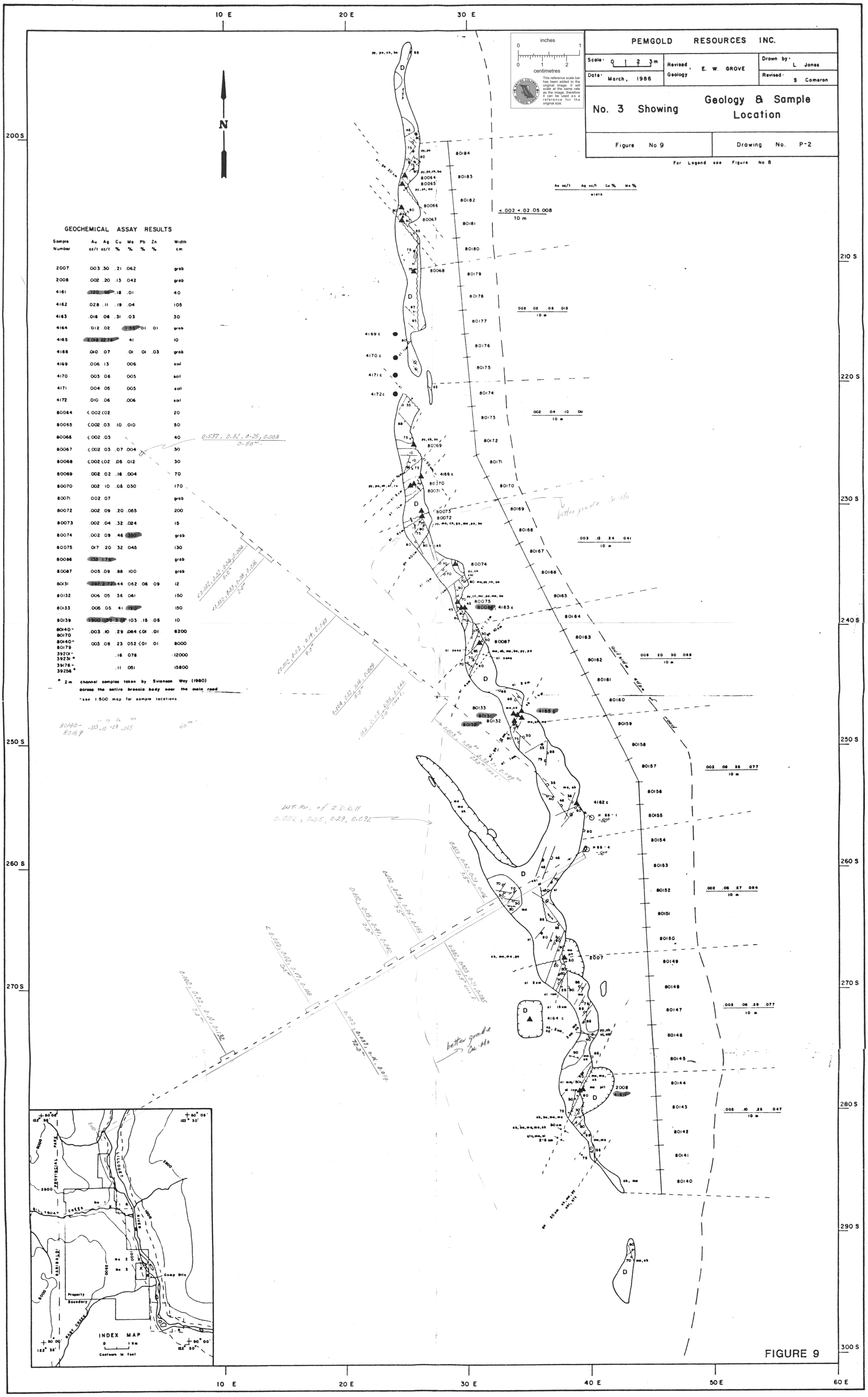
INDEX MAP

0 1 km

Contours in feet

FIGURE 6

Kerr's copy Sept. 29/87



GEOCHEMICAL ASSAY RESULTS

Sample Number	Au oz/t	Ag oz/t	Cu %	Mo %	Pb %	Zn %	Width cm
2007	.003	.30	.21	.062			grab
2008	.002	.20	.13	.042			grab
4161	.120	.96	.18	.01			40
4162	.028	.11	.19	.04			105
4163	.016	.06	.31	.03			30
4164	.012	.02		1.55	.01	.01	grab
4165	2.018	22.78		.41			10
4166	.010	.07		.01	.01	.03	grab
4169	.006	13		.006			soil
4170	.003	.06		.005			soil
4171	.004	.05		.005			soil
4172	.010	.06		.006			soil
80064	<.002	<.02					20
80065	<.002	.03	.10	.010			50
80066	<.002	.03					40
80067	<.002	.03	.07	.004			30
80068	<.002	<.02	.05	.012			30
80069	.002	.02	.16	.004			70
80070	.002	.10	.05	.030			170
80071	.002	.07					grab
80072	.002	.09	.20	.065			200
80073	.002	.04	.32	.024			15
80074	.002	.09	.46	.350			grab
80075	017	.20	.32	.045			130
80086	.135	1.78					grab
80087	.005	.09	.88	.100			grab
80131	.287	2.72	.44	.062	.06	.09	12
80132	.006	.05	.36	.061			150
80133	.006	.05	.41	.190			150
80139	1.900	11.55	3.78	.103	.15	.05	10
80140-80170	.003	.10	.29	.084	<.01	.01	6200
80140-80179	.003	.08	.23	.052	<.01	.01	8000
39201-39231*			.16	.076			12000
39176-39256*			.11	.051			15800

* 2 m channel samples taken by Svienson Way (1980) across the entire breccia body near the main road

*see 1:500 map for sample locations

FIGURE 9