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REPORT ON 1995 PHASE I EXPLORATION WORK

on the

TATSI GOLD-SILVER-COPPER PROSPECT

**Kitnayakwa River Area
Omineca Mining Division
British Columbia**

**Latitude: 54°20' North
Longitude: 127°44' West
NTS: 93L/5E**

for

GOLDEN HEMLOCK EXPLORATIONS LTD.

by

**N.C. CARTER, PH.D. P.ENG.
August 31, 1995**

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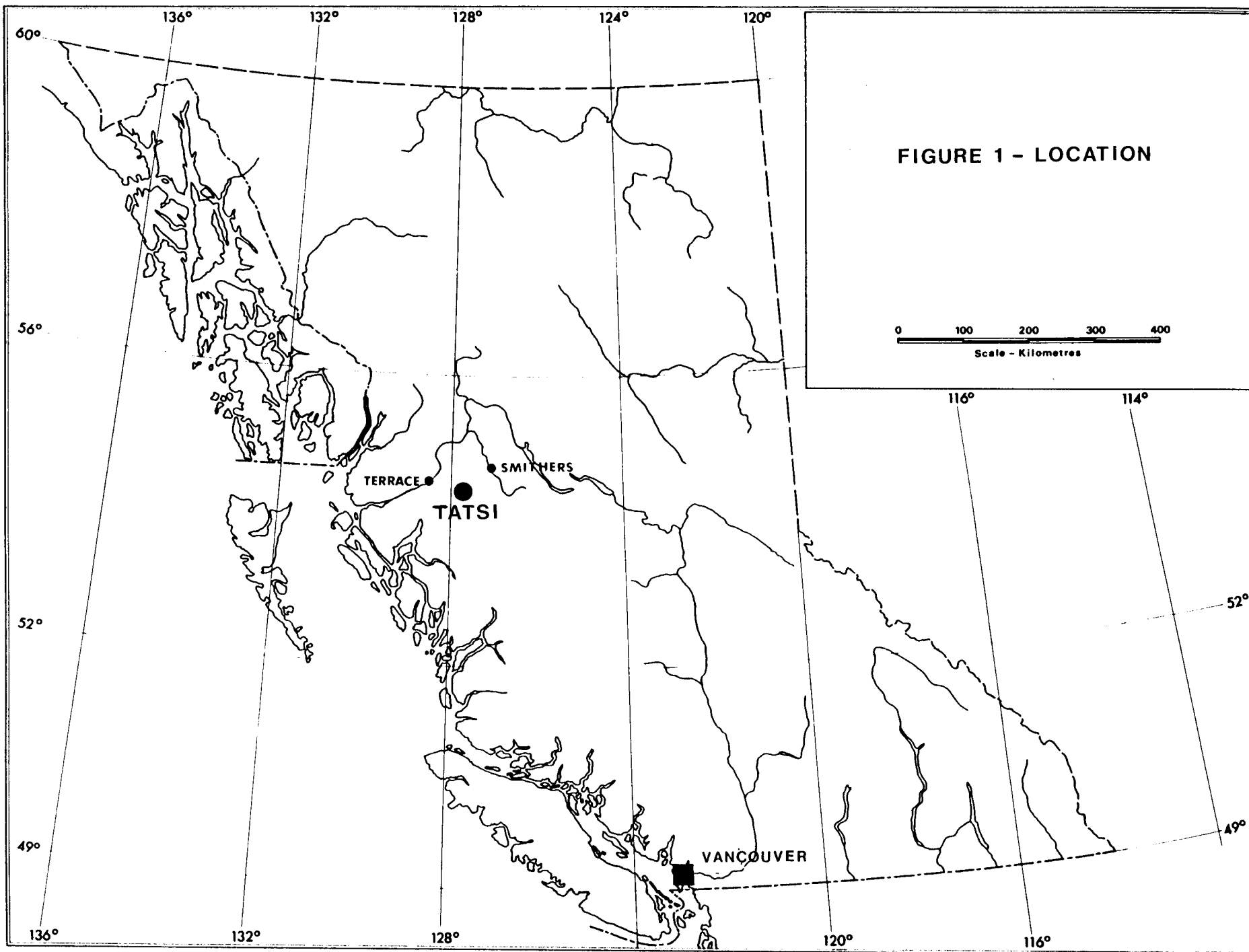
SUMMARY

Golden Hemlock Explorations Ltd. holds an option on the TATSI gold-silver-copper prospect situated midway between Smithers and Terrace in west-central British Columbia.

The property, which consists of two 4-post mineral claims (35 mineral claim units), is a partial relocation of ground originally worked in the early 1920's, the late 1940's and the late 1980's and includes a recently discovered (Main) zone containing locally high grade gold-silver-copper mineralization. Significant gold values have been obtained in the past from the original (Discovery) zone.

A recently completed initial phase of exploratory work has included geological mapping, prospecting, geophysical surveys and hand trenching of the principal mineralized zones. Detailed sampling of both the Main and Discovery zone trenches has yielded encouraging gold, silver and copper values and additional work is warranted.

A Phase II program is recommended to consist of 1500 metres of diamond drilling to further test the potential of the Main and Discovery zones at an estimated cost of \$389,550.00.



INTRODUCTION

Golden Hemlock Explorations Ltd. has recently completed a first phase exploratory program on the TATSI gold-silver-copper prospect which is situated midway between Smithers and Terrace in west-central British Columbia.

This report, prepared at the request of Golden Hemlock Explorations Ltd., summarizes the results of Phase I work which was carried out in accordance with recommendations contained in an earlier report by the writer dated November 10, 1994. The writer visited the property July 12 to 14 and August 5, 1995 while initial work was in progress.

LOCATION AND ACCESS

The TATSI property is situated south of Telkwa Pass midway between Terrace and Smithers in west-central British Columbia (Figure 1). The property covers the headwaters of Tatsi Creek, a west-flowing tributary of Kitnayakwa River which flows northward into Zymoetz River.

The geographic centre of the claims, at latitude 50°20' North and longitude 127°44' West in NTS map-area 93L/5E, is 60 air-kilometres southwest of Smithers and an equal distance east-southeast of Terrace (Figure 2). Access to the property is by helicopter from either Smithers or Terrace. A network of logging roads, extending from a point on highway 16 east

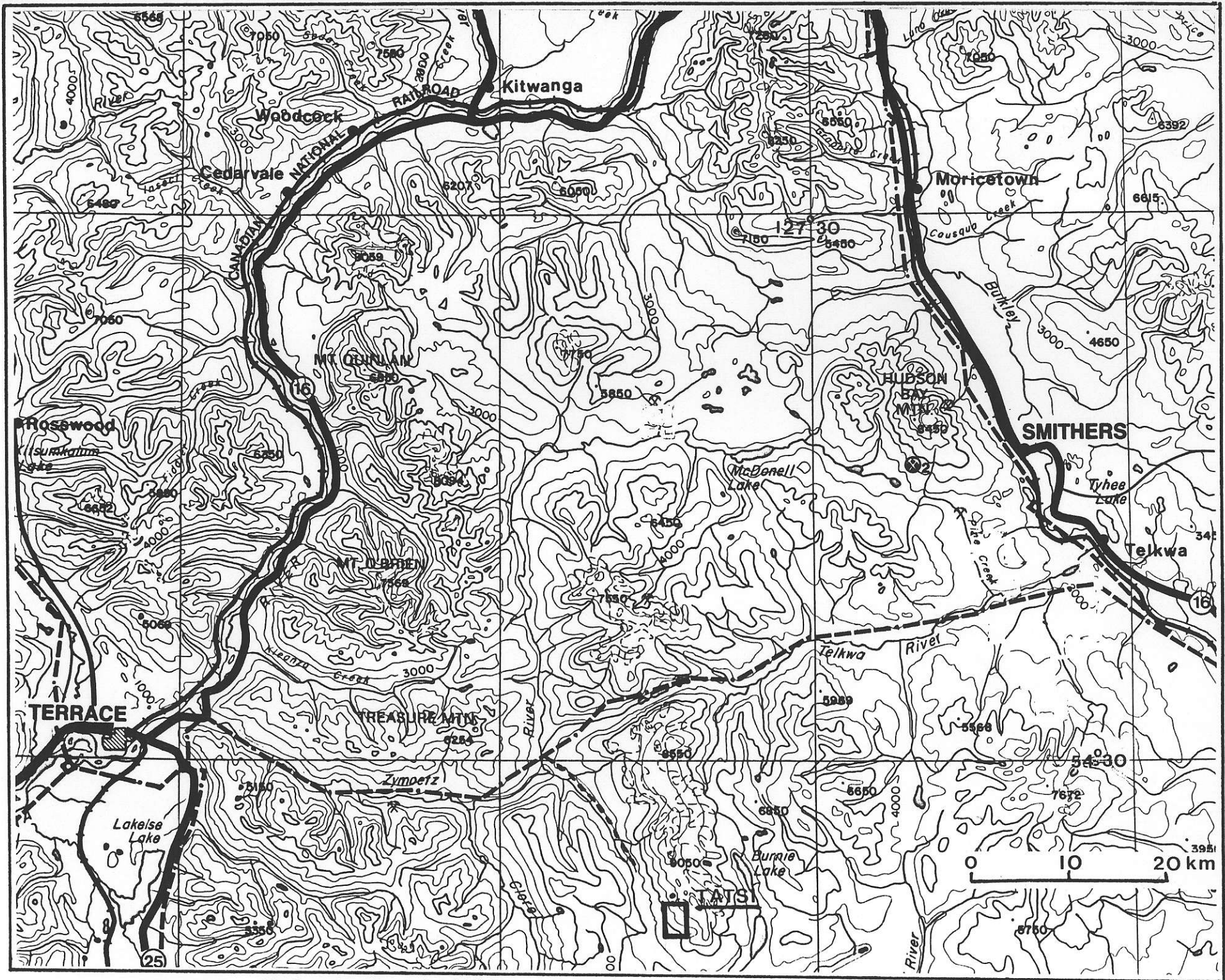


FIGURE 2 - LOCATION - TATSI PROPERTY

of Terrace and up Zymoetz River, provides conventional access into the Kitnayakwa River valley. End of road is currently 7 km northwest of the camp in the southern property area (Figures 2 and 3) and has afforded a staging area for the helicopter transport of equipment and supplies during the 1995 program.

MINERAL PROPERTY

The TATSI property consists of two 4-post mineral claims (35 mineral claim units) located in the Omineca Mining Division. The mineral claims are shown on Figure 3 and details are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Date of Record</u>
TATSI #1	330686	20	September 7, 1994
TATSI #2	330687	15	September 13, 1994

The mineral claims are believed to have been located in accordance with procedures as specified by the Mineral Tenure Act Regulations for the Province of British Columbia. No claim posts or lines have been examined by the writer.

The foregoing mineral claims, registered in the name of Angel Jade Mine Ltd., are subject to an option agreement between that company and Golden Hemlock Explorations Ltd. whereby Golden Hemlock can earn a 100% interest in the TATSI property (subject to a net smelter royalty payable to the vendor) by issuance of shares and cash payments over a

several year period.

PHYSICAL SETTING

The TATSI property is situated in alpine terrain of the Howson Range immediately west of the height of land between the Zymoetz and Telkwa River drainages. Howson Peak, several kilometres northwest of the property (Figure 3), has an elevation of more than 2700 metres above sea level and is one of the highest points in the Smithers - Terrace area.

The TATSI claims are within an east-facing cirque dissected by several west-flowing drainages including Tatsi Creek. Topography is moderate to rugged with elevations ranging from 1300 metres along Tatsi Creek near the western boundary of the property to more than 2200 metres in the northeastern claims area (Figure 3 - note that contours are in Imperial units).

Vegetation is sparse and where present, consists of alpine mosses. Bedrock is fairly well exposed but is obscured in a number of areas by talus and felsenmeer.

A small icefield separates higher peaks along the eastern property boundary (Figure 3). The relative lack of bedrock oxidation in the vicinity of the known mineralized zones suggests that this area was under year-round snow cover until recent times.

PREVIOUS WORK

Additional research, since the completion of the writer's earlier report on the property, suggests that initial work was done in the area of the current TATSI claims in 1920. A description of the Snowflake occurrence, contained in the Minister of Mines Annual Report for 1921, bears a marked similarity to the TATSI Discovery zone. The location of the Snowflake occurrence (BC Minfile 93L056) is incorrectly shown on the Minfile map for NTS map-area 93L as being on Nilah Creek, some 16 km north-northwest of Tatsi Creek.

Research of old claims recording data by Atna Resources Ltd. in 1987 indicated that Terrace-based prospector Alec Clore had held ground near Tatsi Creek in 1949. A subsequent field inspection of the area resulted in the discovery of three hand trenches excavated along a quartz-carbonate-filled shear zone. Claims were staked and preliminary mapping and sampling were completed by Atna Resources. This work included detailed chip sampling in the area of the hand trenches and the collection and analyses of of an additional 36 samples elsewhere on the property (Harivel,1988). In spite of encouraging results, no further work was done and the claims were allowed to lapse.

The trenches were re-examined by prospectors Dave and

Mike Heino in early September, 1994 and a decision was made to re-stake the ground. Additional areas of mineralization, south and east of the old trenches and containing locally high grade copper-silver mineralization, were noted while staking and detailed sampling was undertaken.

The claims were acquired by Angel Jade Mine Ltd. and subsequently by Golden Hemlock Explorations Ltd. by way of an option agreement. The current exploration program was initiated in late June of this year.

1995 PHASE I PROGRAM

The initial phase program on the TATSI property has included geological mapping, prospecting and reconnaissance bedrock sampling, 16 line-kilometres of VLF-EM and magnetometer surveys and the excavation of 12 hand trenches and detailed sampling of same. Total costs are in the order of \$260,000, broken down approximately as follows:

- Geological mapping, prospecting, sampling and analyses, supervision	\$52,700
- Geophysical surveys	\$6,275
- Trenching	\$7,600
- Topographic map	\$7,800
- Camp - construction, supplies	\$52,500
- operation	\$43,000
- Helicopter support - 85 hrs @ \$850/hr	\$72,250
- Equipment rentals	\$10,300
- Miscellaneous	\$5,500

REGIONAL GEOLOGICAL SETTING

The TATSI prospect is situated in Stikine terrane in the western part of the Intermontane tectonic belt. Stikine terrane is comprised of late Paleozoic to early Tertiary volcanic and sedimentary assemblages which are intruded by a variety of plutonic rocks.

Jurassic arc-related volcanic and sedimentary sequences (Hazelton Group) are the most widespread in the area of interest and these are intruded by coeval granitic rocks of the Topley intrusions and by younger late Cretaceous and early Tertiary intrusions.

The older Topley intrusions occur principally along the axis of the Skeena Arch, a major northeast-trending transverse uplift structure which marks the southern limits of the Bowser Basin and its contained clastic sediments of late Jurassic and early Cretaceous age. Skeena Arch, the axis of which is 20 - 30 km south Tatsi Creek, also marks the northern limits of areally extensive, early to mid-Tertiary continental volcanic rocks which overlie older Mesozoic assemblages.

West-central British Columbia is well known for its number and variety of mineral deposit types. Porphyry copper and/or molybdenum deposits and prospects, some of which contain significant by-product gold contents, have received

most of the attention over the past twenty years. These are associated with granitic plutons of late Cretaceous (Bulkley intrusions -70-80 million years) and Tertiary (Babine and Nanika intrusions -50 million years) age which cut Mesozoic sequences.

Polymetallic vein deposits and occurrences, related to the younger intrusive epochs, are widespread throughout the area.

Early and middle Jurassic volcanic and sedimentary sequences in west-central British Columbia host a variety of mineral deposit types including epithermal gold-silver mineralization, volcanogenic sulphide deposits, and a large number of copper-silver (gold) deposits, prospects and occurrences in the area between Terrace and the Telkwa Range south of Smithers. The latter may be considered as stratabound, being hosted principally by early Jurassic subaerial volcanics. Mineralization, mainly in the form of bornite, chalcocite and lesser chalcocite, occurs in flow tops and in quartz veins.

PROPERTY GEOLOGY AND MINERALIZATION

The TATSI property is underlain by Early Jurassic subaerial volcanic pyroclastics and flows of the basal Hazelton Group. Known as the Howson subaerial facies of the

Telkwa Formation (Tipper and Richards,1976), the sequence consists of maroon, reddish and purple and grey-green massive to well-bedded pyroclastics and flows of andesite-dacite composition.

These are preserved in an uplifted horst block (Harivel,1988) making up the Howson Range and defined by north-northwesterly faults parallelling Kitnayakwa and Burnie Rivers. The northern part of this uplifted block, in the Telkwa Pass area, is cored by coeval Topley granitic rocks. Limestone, noted locally in the western claims area, may be part of an overlying marine sequence.

In the immediate property area, the volcanic sequence strikes northerly, dips moderately to the east and west (see Figure 4) and consists of reddish, maroon and grey-green coarse pyroclastics and finer grained, well-bedded tuffs. Tertiary granitic stocks cut the volcanics south and west of the property (Figure 4) and a number of northerly trending biotite-feldspar porphyry and diorite dykes, up to 8 metres wide, have been noted in the central property area. Ireegular masses of equigranular granodiorite occur marginal to the Discovery zone in the northwestern claims area.

Several quartz vein structures containing appreciable gold, silver and copper grades have been identified by work to date, the most important of which are those within the

Discovery and Main zones (Figure 4).

The Main zone, situated south and east of Tatsi Creek, was initially thought to consist of several separate, apparently northeast trending quartz vein structures including the main, upper, lower west and lower east zones. Recent detailed geological mapping and trenching indicate that these apparent separate zones are all part of a single vein system which strikes easterly and dips gently (15 to 25 degrees) south, roughly paralleling the topography. As exposed, the structure has a strike length of about 100 metres, a down-dip extent of 250 metres and an average thickness of about 0.5 metre. The central part of the vein is obscured by between 5 and 25 metres of volcanic caprock and the potential strike extension to the east may also be beneath similar volcanic cover. The structure may extend down-dip beneath overburden at the head of the cirque north of the camp.

The structure is bisected by a prominent north-northwest trending draw, along which are remnants of very fine-grained, banded rhyolite dykes and widespread epidote alteration within Hazelton volcanic rocks. This structure, which has a marked VLF-EM response, may represent a feeder for the vein system. The rhyolite dykes are similar to those associated with copper-silver (+gold) occurrences in the Terrace area.

North-northeast striking, 5 to 10 metres wide, porphyry dykes occur immediately west of the exposed vein structure. Epidote alteration of Hazelton volcanic rocks is also developed marginal to these dykes but their relationship to the mineralized structure remains unclear.

The Main vein consists of quartz, some barite and a variety of metallic minerals including bornite, chalcopyrite, galena, sphalerite, chalcocite, electrum and some native silver and gold. Secondary copper minerals, notably malachite and azurite, occur locally. The footwall of the vein, as exposed in several trenches, consists of a fine-grained, banded volcanic tuff which commonly features iron carbonate alteration and locally contains quartz stringers.

A limited sampling program, undertaken in September of 1994 shortly after the discovery of the Main zone, yielded some significant silver, gold and copper values including 887.8 g/t silver, 0.64 g/t gold and more than 1% copper over a sample interval of 11.4 metres and 1158.0 g/t silver, 16.50 g/t gold and 2.65% copper over an interval of 4 metres.

Seven trenches were blasted and hand mucked within a 250 x 200 metre area in 1995 (Figure 5). Subsequent detailed sampling involved the collection of samples of both vein and footwall material at 1 metre intervals within the trenches. Analytical results for the 23 samples collected are listed in

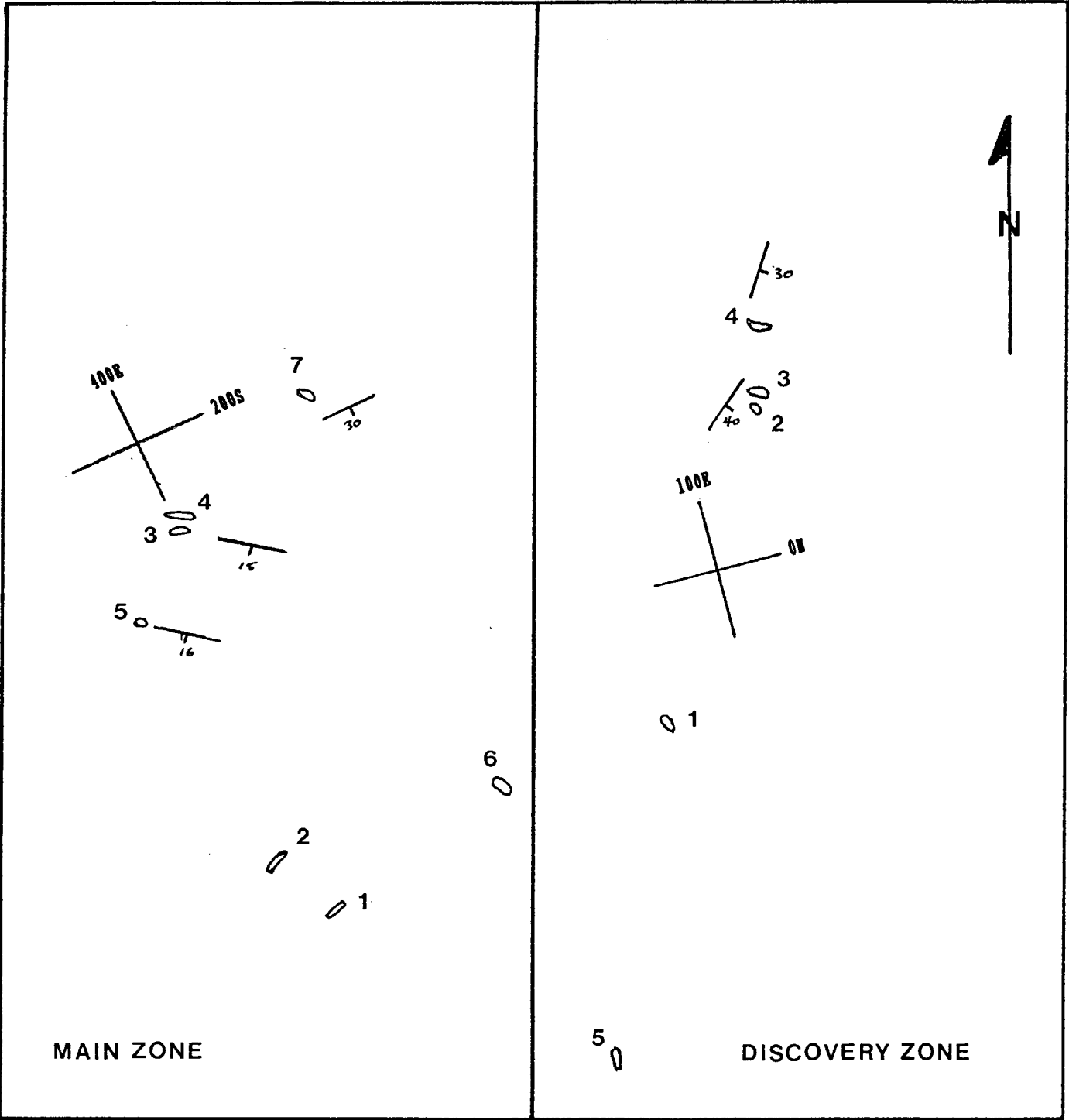


FIGURE 5 - TRENCHES-TATSI PROPERTY

0 100 metres

Appendix I.

Samples of vein material generally contain silver values exceeding 200 ppm and copper grades of between 0.5 and several percent; gold values are more diverse, with a range of between 10 and 7420 ppb. Lead and zinc contents are variable with best values for each being less than 1%. Footwall samples yielded generally low values for all elements.

The Discovery zone, north of Tatsi Creek in the northwestern property area (Figure 4), consists of a shear zone within which quartz and quartz-carbonate veins and stringers are developed in silicified and carbonate altered volcanics immediately east of an irregular mass of granodiorite. The zone consists of at least two, and possibly several, parallel quartz (carbonate) veins which strike northeasterly and dip moderately to the southeast. The zone may have widths of up to 10 metres and a strike length of more than 300 metres.

The mineralogy of this zone differs from the Main zone in that chalcopyrite, with minor bornite and some galena and sphalerite are the dominant sulphide minerals. Malachite is widespread.

1994 sampling of the Discovery zone in the area of the original hand trenches yielded weighted average grades of

39.26 g/t gold and 185.0 g/t silver. Five trenches across the zone were excavated in 1995 (Figure 5). Results of detailed sampling (Appendix I) indicate that better gold grades (1585 - 5910 ppb) are coincident with higher copper (3710 - >1%) copper values. Silver values, compared to the Main zone, are low and lead and zinc rarely exceed 1%.

The Big vein, found 450 metres west of the Discovery zone (Figure 5) during the current program, strikes northerly and dips moderately west. Best results from limited sampling to date include a 0.2 metre section of quartz vein containing 9.4 ppm silver, 963 ppm copper and 980 ppb gold.

Reconnaissance sampling of a number of additional quartz veins east and west of the Discovery zone included 5 samples with gold values of between 1110 and 4210 ppb and copper grades of between 1455 ppm and +1%.

CONCLUSIONS AND RECOMMENDATIONS

Results obtained to date from Phase I work are considered to be encouraging and a Phase II program of additional exploratory work, consisting diamond drilling of both the Main and Discovery zones, is warranted.

It is recommended that drilling of the Main zone be directed to assessing the potential of the vein structure beneath volcanic caprock by way of a number of short vertical and inclined holes. A few holes should also be directed underneath the north-northwest trending draw which apparently bisects the zone.

Drilling of the Discovery zone is recommended to include several inclined holes from two or three set-ups to test the depth potential of the structure.

COST ESTIMATE

Phase II

Diamond Drilling - 1500 metres @ \$160/metre (all-inclusive)	\$240,000.00
Camp Costs	\$35,000.00
Helicopter support - 75 hrs @ \$850/hr	\$63,750.00
Contingencies	<u>\$50,800.00</u>
Total, Phase II	\$389,550.00

N.C. Carter, Ph.D. P.Eng.

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Geological Survey of Canada
Bulletin 270

CERTIFICATE

I, NICHOLAS C. CARTER of 1410 Wende Road, Victoria, British Columbia, do hereby certify that:

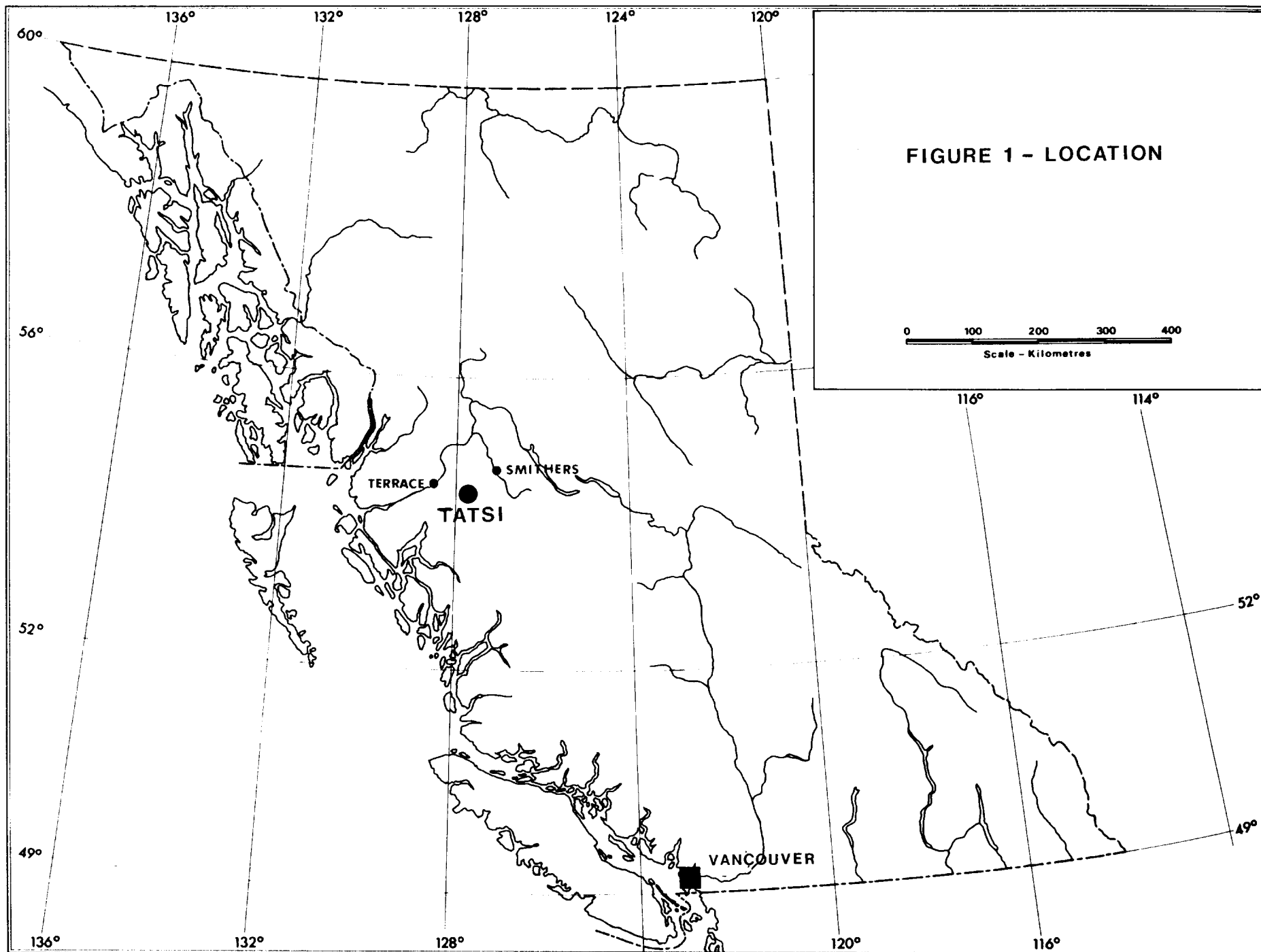
1. I am a Consulting Geologist registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1966.
2. I am a graduate of the University of New Brunswick with B.Sc.(1960), Michigan Technological University with M.S.(1962) and the University of British Columbia with Ph.D.(1974).
3. I have practised my profession in eastern and western Canada and in parts of the United States for more than 25 years.
4. I am the author of the foregoing Report on Phase I Exploration Work on the the TATSI Gold-Silver-Copper Prospect, Omineca Mining Division, B.C., which is based on an earlier report on the property by the writer dated November 10,1994, on a review of results obtained by way of the Phase I program completed on the property and on site visits in July and August of 1995.
5. I hold no interest, directly or indirectly, in the mineral claims comprising the TATSI property or in the securities of Golden Hemlock Explorations Ltd. nor do I expect to receive any such interest.
6. Permission is hereby granted to Golden Hemlock Explorations Ltd. to use this report in support of necessary filings with the British Columbia Securities Commission and the Vancouver Stock Exchange.

N.C. Carter, Ph.D. P.Eng.

Victoria, B.C.
August 31,1995

APPENDIX I

Trench Sampling Results



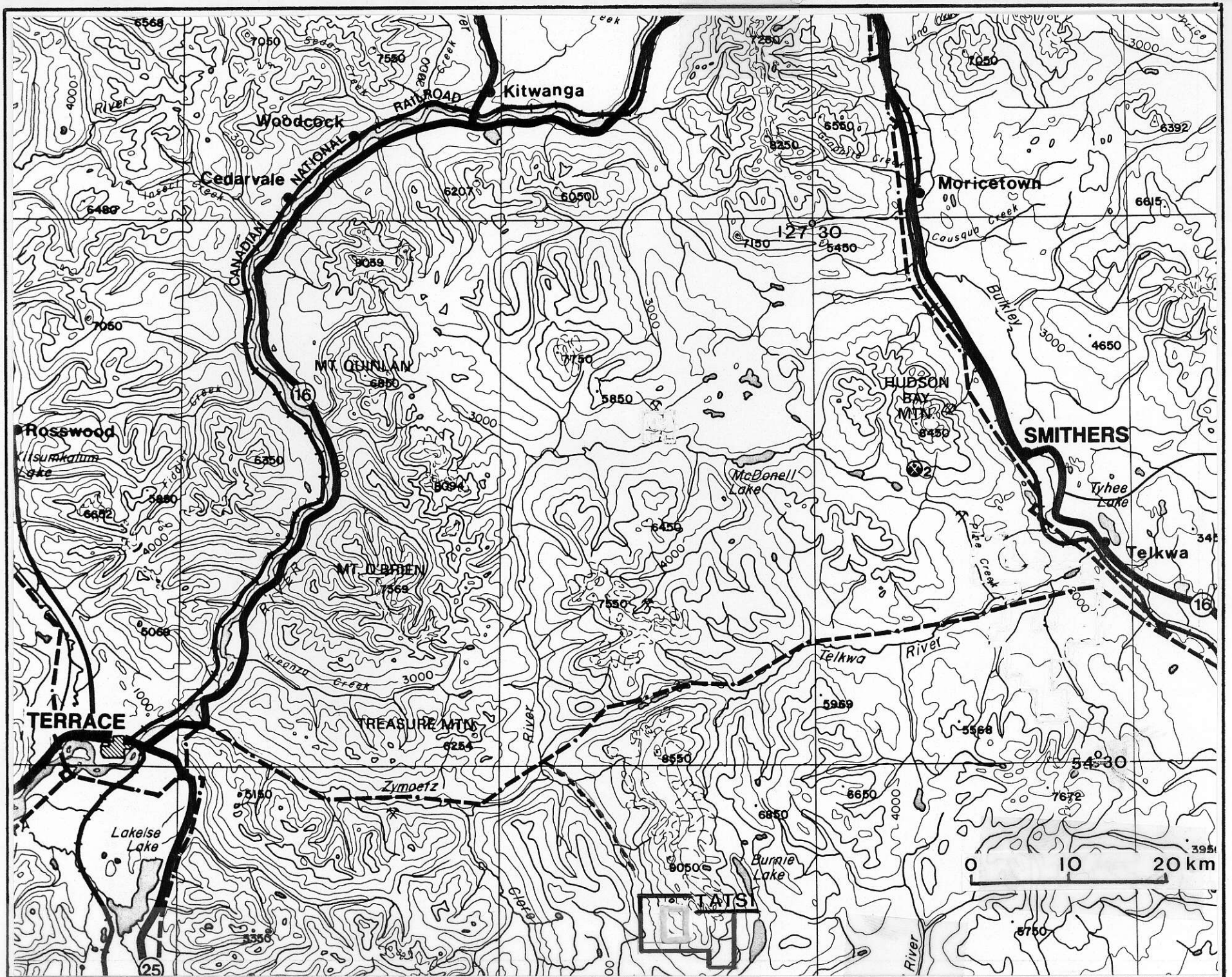
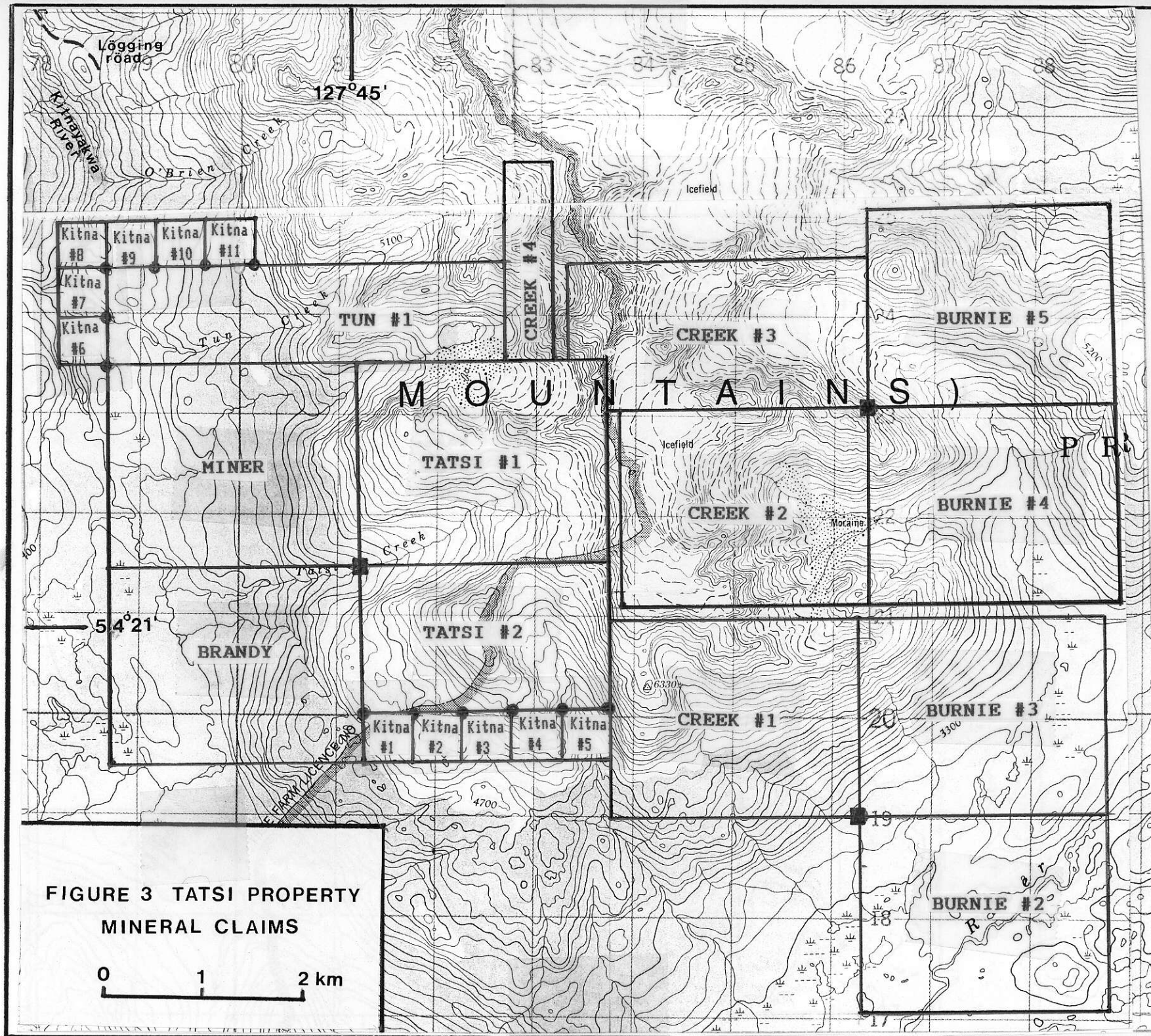


FIGURE 2 - LOCATION - TATSI PROPERTY



**FIGURE 3 TATS I PROPERTY
 MINERAL CLAIMS**

0 1 2 km

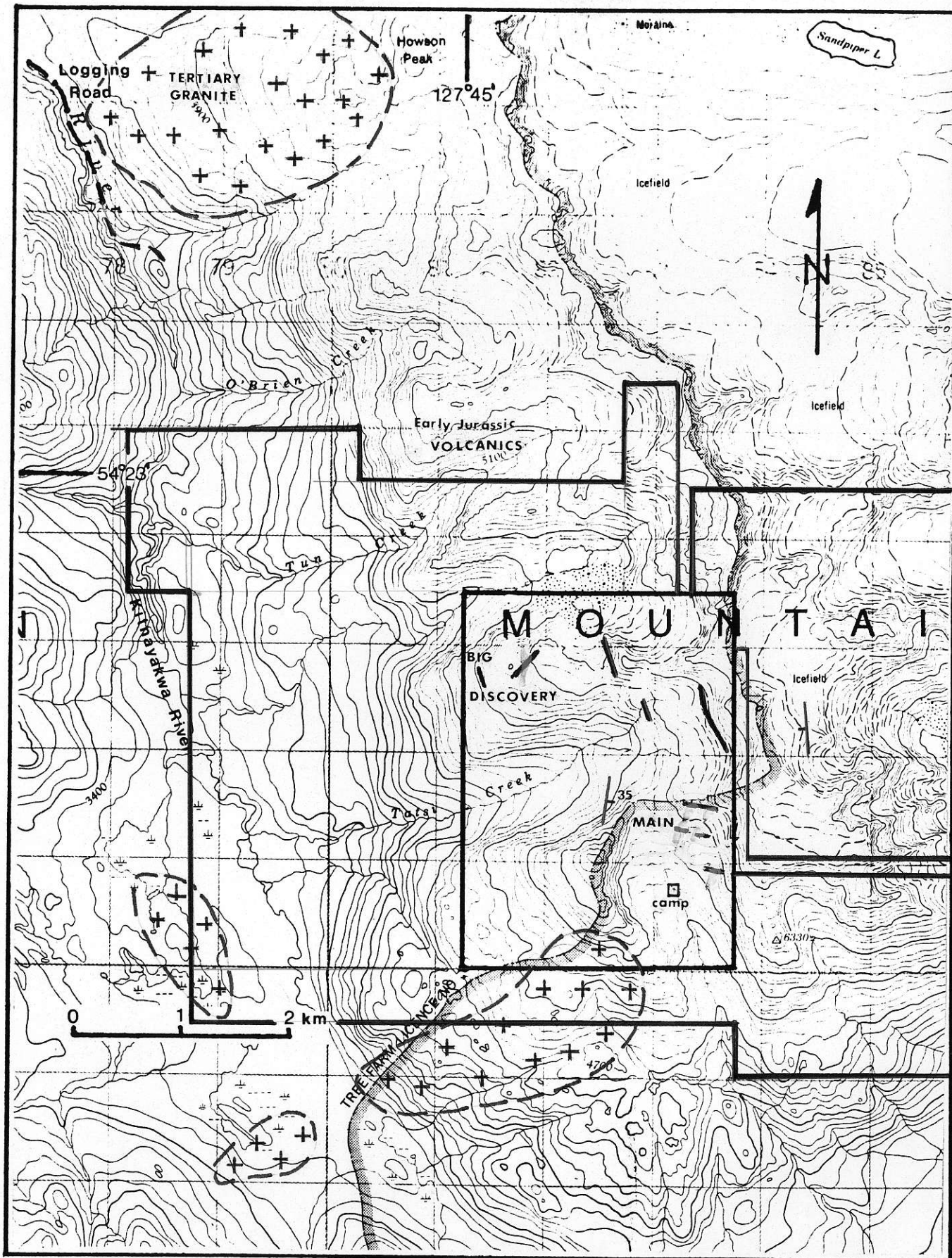


FIGURE 4 - TATSU PROPERTY - MINERALIZED ZONES

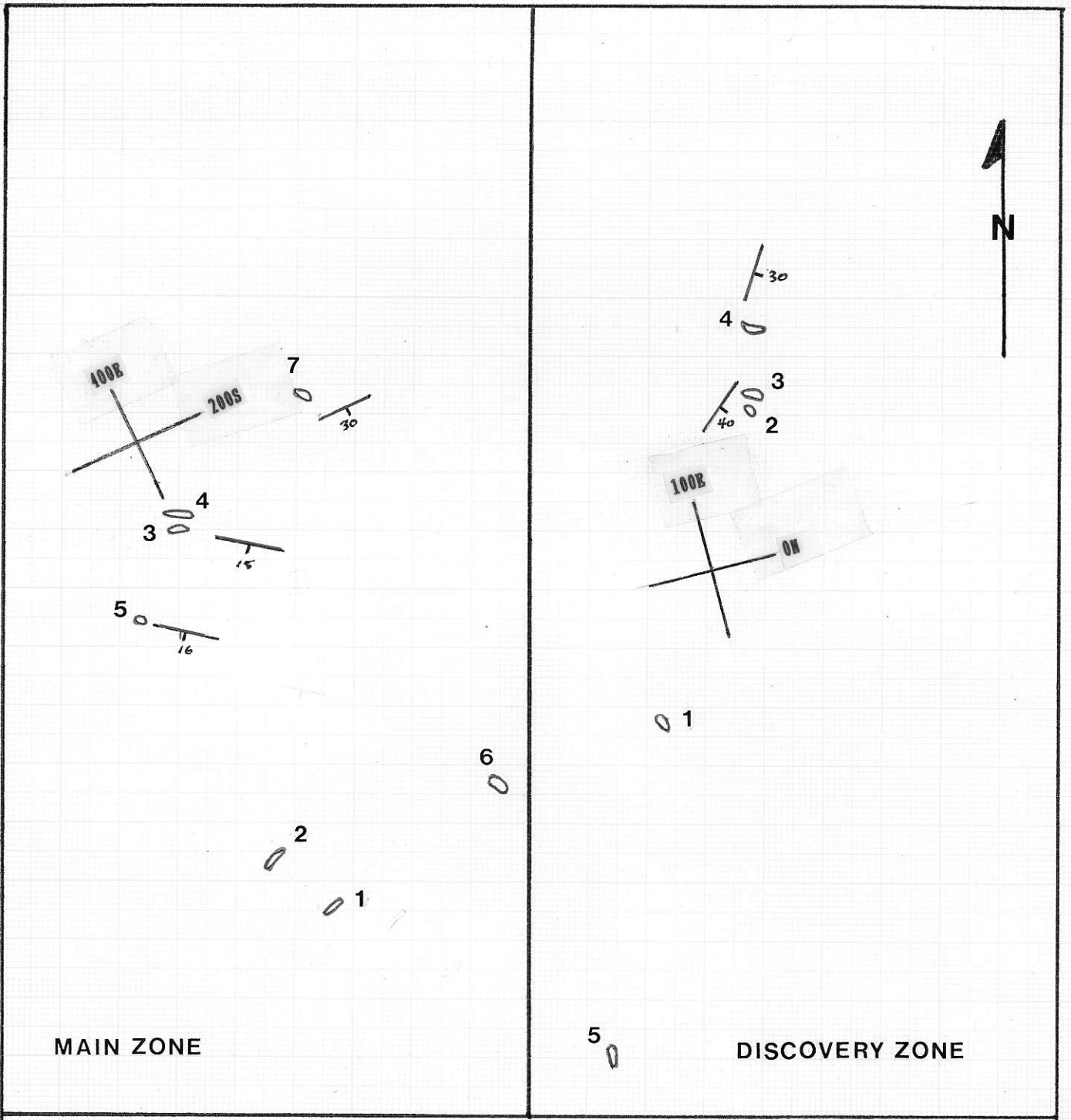


FIGURE 5 - TRENCHES-TATSI PROPERTY

0 100 metres