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BULLION HYDRAULIC PIT PLACER PROJECT

Compilation Report on
Various 1988 Exploration Programs

Cariboo Mining Division
British Columbia

NTS 93A/12
Latitude: 52° 37' North
Longitude: 121° 38' West

DRAFT

Prepared For:
Candol Development Ltd.
Vancouver, British Columbia

Prepared By:
Canadian Gravity Recovery Inc.
Michael D. Philpot, B.Sc., M.B.A
M. Anita Brokx, B.Sc.

January 1988

Laboratory Results: Bullion Fit Samples

Project: 88-05
Date: March - May 16, 1988

SAMPLE NO. INTERVAL	SAMPLE WEIGHT (Kgs.)	+12 OVERSIZE (Kgs.)	+12 Au (grams)	-12 Au (grams)	TOTAL Au (grams / toz.)	GRADE (Wt. Method) (oz./cu.yd.)	ASSAY RESULTS Au (oz/t)	Pt (oz/t)	Ag (oz/t)
CGR 02		87-10 sample					0.006	<0.003	
CGR 03		87-08 sample					0.024	<0.003	
CGR 04		87-09 sample					0.042	0.004	
88-05-01 Free/Cons		28 pan sample			0.19912		0.265	0.111	
88-05-02 Middlings		28 pan sample					0.268	0.091	
88-05-03A Free/Cons Non-Mag	29.03	high grade black sand sample			0.23091		0.134	0.001	
88-05-03B Free/Cons Mag.		" " " " "					0.108	0.003	
88-05-04 Middlings		" " " " "					0.281	0.042	
88-05-05 Free/Cons	41.29	low grade black sand sample			0.00577		0.044	0.004	
88-05-06 Middlings		" " " " "			-		0.018	0.001	
88-05-07	1.14	sample of black sands from 1987			0.00158		0.149	0.004	
88-05-07A		amalgamated and sent to E. Mellows							

SAMPLE NO. INTERVAL	SAMPLE WEIGHT (kgs.)	+12 OVERSIZE (kgs.)	+12 Au (grams)	-12 Au (grams)	TOTAL Au (grams) (oz.)	GRADE (Wt. Method) (oz./cu.yd.)	VOLUME (actual) (cu.ft.)	VOLUME (theoretical) (cu.ft.)	CORRECTED WEIGHT (oz.)	GRADE (Pol. Method) (oz./cu.yd.)
88-05a-01 Cons from 9" By-0	140.96	76.47	0.5848	5.3850	5.9445	-				
88-05a-02 Sluice Tails	100.24	74.39	-	0.0011	0.0011	-				
88-05a-03 9" tails	130.53	74.84	-	0.0083	0.0083	-				
88-05a-04 Adit floor	35.83	29.02	0.2120	0.0169	0.22890	0.5759				
88-05b-01 Day 1 Cons	11.33	4.54	-	1.0937	1.09376	-				
88-05b-02 Apr 20-21 Cons	20.42	10.43	-	1.0555	01.0555	-				
88-05b-03 Sluice Box	25.85	14.97	0.00972	0.96030	0.97002	-				
88-05b-04 Under rail 6 + 50'	35.85	19.50	-	0.03900	0.03900	-				
88-05b-05 Under rail 6 + 75'	59.11	24.50	0.07596	0.31212	0.38808	-				

Table # 7

Probable Slough Gravel Reserves
Right Limit

Section	Yardage		Average Grade		Gold Reserves	
	(cu yd)	(cu metres)	(oz/cu yd)	(g/m)	(oz)	(g)
K	10080	7707	0.04268	1.73629	430.21	13381.59
L	53751	41096	0.00966	0.39298	519.23	16149.90
M	90936	69526	0.00189	0.07688	171.87	5345.16
N	70797	54128	0.00296	0.12041	209.56	6517.55
O	85571	65424	0.01802	0.73308	1541.99	47961.03
P	42786	32713	0.01431	0.58215	612.27	19043.87
Q	17046	13033	0.00320	0.13018	54.55	1696.64
R	32649	24962	0.00224	0.09112	73.13	2274.53
S	44882	34315	0.00560	0.22781	251.34	7817.30
T	4119	3149	0.00560	0.22781	23.07	717.37
U	8138	6222	0.00560	0.22781	45.57	1417.43
V	43099	32952	0.00560	0.22781	241.35	7506.80
W	51719	39542	0.00560	0.22781	289.63	9008.06
TOTAL:	555573	424769			4460.77	138637.29

BULLION HYDRAULIC PIT PLACER PROJECT
Cariboo Mining District, British Columbia

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1.0 SUMMARY

Canadian Gravity Recovery Inc. was contracted by Candol Development Ltd. to supervise the placer sampling program on the Bullion Pit Placer Project. This report reviews the numerous sampling programs that have been conducted by CGR since 1987 for both Settea Explorations and Candol Development Ltd. through to December 1988.

The various sampling programs were designed to evaluate areas within the Bullion property that would have the potential to define reserves for near term production. It was determined that this objective could be met by evaluating the following areas within the Bullion Pit property:

1) slough gravels from a high level gold-bearing channel,
2) unmined portions of the lower interglacial channel gravels, and
3) tailings from the Bullion Pit which were deposited as bars along the Quesnel River.

The various exploration programs delineated possible and probable gold reserves within the Bullion Pit and are summarized below:

A.	Slough Gravels within Bullion Hydraulic Pit	
	i. Left Limit Probable Reserves.	Probable
	132,000 cu.m @ 0.458 g/cu.m	60,456 g.
	173,000 cu.yd @ 0.011 oz/cu.yd	1,950 oz.
	ii. Right Limit Probable Reserves.	Probable
	147,000 cu.m @ 0.657 g/cu.m	96,665 g.
	192,500 cu.yd @ 0.016 oz/cu.yd	3,080 oz.
B.	Bullion Tailings	Probable
	99,000 cu.m @ 0.214 g/cu.m	21,186 g.
	129,000 cu.yd @ 0.009 oz/cu.yd	1,161 oz.
C.	Boulder Till Unit	Possible
	38,000 cu.m @ 1.162 g/cu.m	44,156 g.
	50,000 cu.yd @ 0.028 oz/cu.yd	1,400 oz.
D.	Lower Interglacial Channel Gravels	Possible
	300,000 cu.m @ 0.830 g/cu.m	249,000 g.
	393,000 cu.yd @ 0.020 oz/cu.yd	7,860 oz.
	Total Reserves associated with Bullion Pit (all categories)	
	716,000 cu.m @ 0.658 g/cu.m	471,463 g.
	937,500 cu.yd @ 0.016 oz/cu.yd	15,451 oz.

Though not all the reserves can be distinguished in a probable category there is sufficient positive results to warrant full scale production in 1989. There are sufficient reserves for a five year mine life, assuming a production rate of 1,500 cu.yd/day. Net gold recovery would be 2,790 fine ounces per season providing a cash flow of $240,684 in year one and increasing through to $744,000 in year 5 assuming that good used equipment is purchased and financed over a three year period.

2.0 CONCLUSIONS

The various sampling programs conducted within the Bullion Pit have delineated probable and possible reserves and exploration targets that have the potential to expand into reserves. These reserves are distinguished as follows:

1) Slough gravels located within the Bullion Pit and occurring along each limit have placer gold within the slough gravels derived from the erosion of an upper gold bearing gravel unit. The reserves for the left and right limit slough gravels, utilizing a cut off grade of 0.32 g/cum (0.008 oz/cu.yd) are:

Slough Gravels within Bullion Hydraulic Pit

i.	Left Limit Probable Reserves.	Probable
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	147,000 cu.m @ 0.657 g/cu.m	96,665 g.
	192,500 cu.yd @ 0.016 oz/cu.yd	3,080 oz.

There are additional subeconomic reserves within the slough gravels which are summarized as follows:

222,000 cu.m @ 0.205 g/cu.m = 45,500 g.
290,000 cu.yd @ 0.005 oz/cu.yd = 1,464 oz.

These reserves are calculated with a high degree of confidence and are classified as probable.

2) Located along the left limit of Quesnel River, downstream from Dancing Bill Gulch and the bedrock sluice flume, are remnants of tailings that have been reconcentrated by the river to form elevated river bars. Detailed sampling of the tailings have delineated 99,000 cu.m (129,000 cu.yd)of material grading 0.214 g/cu.m (0.009 oz/cu.yd) thus yielding 21,186 g (1,161 oz). These reserves have been calculated using a 10 meter bearing from the high level mark of the Quesnel River. Sufficient testing warrants the classification of those reserves as probable.

3) At the far southeastern end of the Bullion Pit is a small area that was not been mined by previous operators. At this location is a block of boulder till which overlies the lower interglacial channel gravels. Four tests along the exposed hydraulic wall of this unit indicates an average gold value of 1.162 g/cu.m (0.028 oz/cu.yd). It is estimated that the volume of boulder till material is 38,000 cu.m (50,000 cu.yd). As only one wall has been sampled these reserves are referred to as possible.

4) The most significant unit, within the Bullion Project, is the lower interglacial channel gravels that were not mined by previous operators due to insufficient bedrock grade. It is difficult to evaluate this unit because of a thick section of slough gravels covering the channel gravels and a high water table that is trapped within the Bullion Pit. Possible reserves have been delineated using calculations based on a number of locations where the channel has been identified and sampled. These reserves are summarized below:

300,000 cu.m	@ 0.830 g/cu.m	=	249,000 g.
393,000 cu.yd	@ 0.020 oz/cu.yd	=	7,860 oz.

5) Two exploration targets downstream of the Bullion Pit have been identified and partially sampled. On the left limit of the Quesnel River, an upper high level channel was bulk sampled in 1988. This channel yielded an average grade of 1.222 g/cu.m (0.030 oz/cu.yd). There is good potential to establish small reserves in this area that would yield between 1,500 and 3,000 ounces. Across the river are extensive Chinese workings that have not been tested, though the existence of these workings suggest the area was gold bearing and warrants investigation.

3.0 RECOMMENDATIONS

Given the status of the Bullion Hydraulic Pit Placer Project:

a) a solid reserve base of 939,000 cu.m (1,227,500 cu.yd) yielding 515,963 raw grams (16,915 raw ounces) (all categories),

b) logistically centered in close proximity to all amenities,

c) mining season of between 6 - 8 months,

d) good access to water and room to facilitate a mining operation, and

e) the ability to increase current reserve base with additional exploration;

it is recommended that the project be put into production in 1989. A production decision would be contingent on receiving approval from the Ministry of Energy, Mines, and Petroleum Resources. Within the text of this report is a preliminary proforma based on certain facts and assumptions which provides a realistic project cash flow for the five year mine life.

4.0 INTRODUCTION

Candol Development Ltd. commissioned Canadian Gravity Recovery Inc. to evaluate the potential of certain placer leases within and encompassing the Bullion Hydraulic Pit.

Settea Exploration has optioned and acquired 13 placer leases and has conducted sufficient exploration work over the past two years that warranted bulk sampling work in 1988. Candol has the right to enter into a 50/50 joint venture with Settea upon expending $370,000 on exploration. Canadian Gravity Recovery Inc. conducted numerous bulk sampling programs within the Bullion Hydraulic Pit, utilizing standard industry sampling procedures. Measurements were taken and calculations performed to determine possible and probable reserves in specific areas.

This report provides an overview of the sampling programs performed within the property boundaries, and a proforma analysis of the established gold reserve base.

4.1 Location And Access

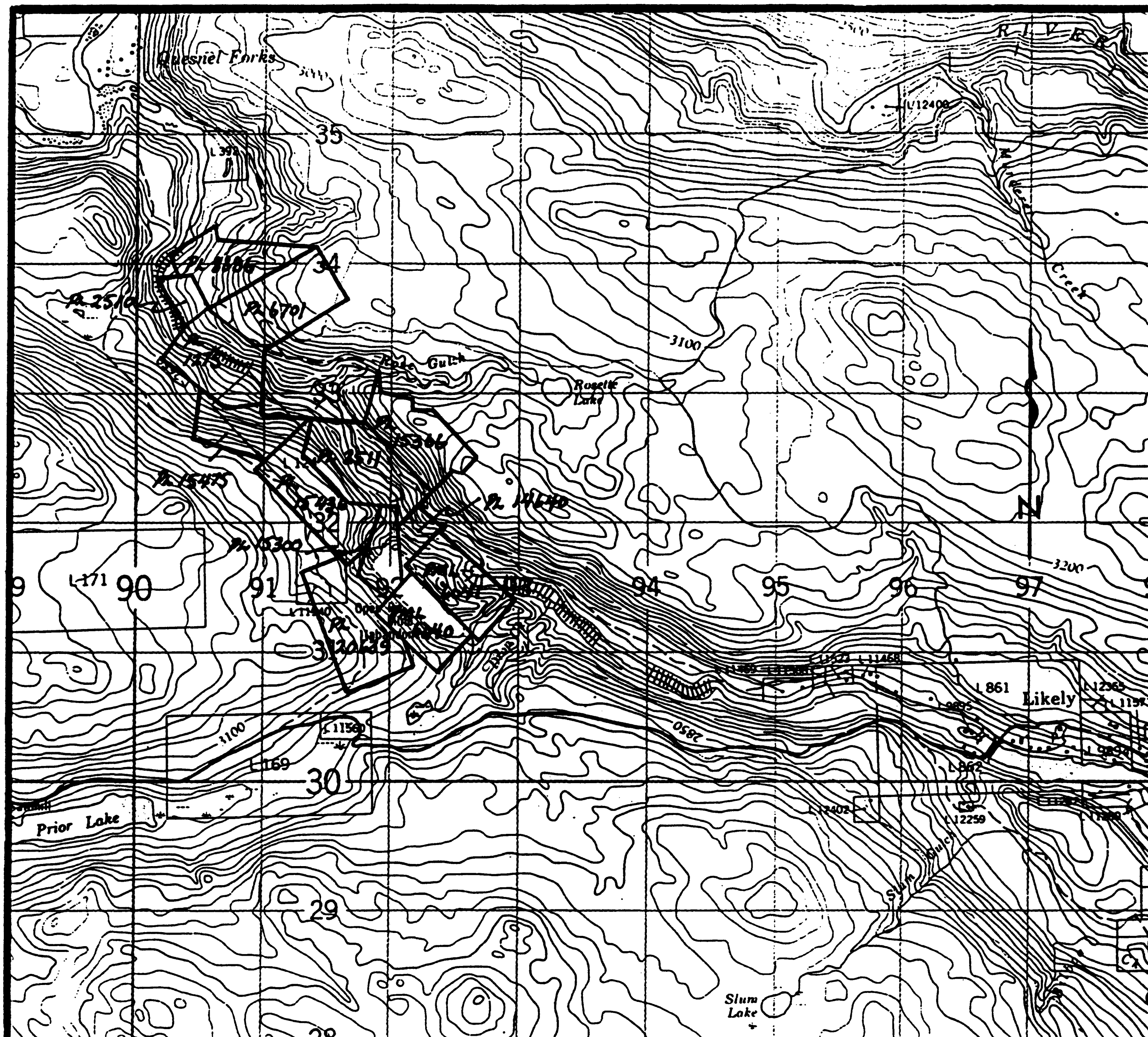
The Bullion Hydraulic Pit placer project is located 8 kilometers due west of Likely, British Columbia and is situated within National Topographic Mapsheet 93A/12 in the Cariboo Mining Division at latitude 52°37' and longitude 121°38'. Figure 1.

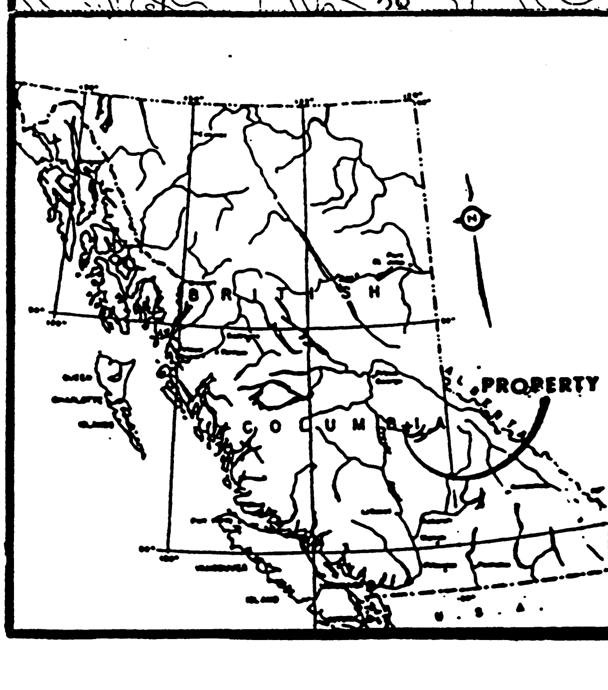
The Bullion Pit is entered by a road 8 kilometers west of Likely or 78 kilometers northeast of Williams Lake, British Columbia. From Williams Lake, the nearest major infrastructure to the project, the property can be accessed 7 kilometers south along Highway 97 to 150 Mile House, then northerly 78 kilometers along a paved highway past Big Lake Ranch, Morehead Lake Resort, and Hydraulic to the Bullion Pit turnoff. The road from the turnoff to the old Bullion Townsite is 4 kilometers and is of good gravel construction. Settea Exploration has constructed a rough four-wheel drive road one and a half kilometers from the townsite into the Bullion Pit. There is an alternative access route into the Bullion Pit from the adjacent placer leaseholder's property, which is located one kilometer past the Bullion Pit turnoff, towards Likely.

The nearest location for supplies, food, lodging or fuel is Likely, located 8 kilometers eastward along the highway and situated along Quesnel Lake.

4.2 Physiography And Climate

The Bullion Hydraulic Pit is a large open pit 300 meters wide at the surface, 1200 meters long and up to 125 meters deep. Until recently it was regarded as the largest hydraulic pit in North America. The longitudinal axis of the pit parallels the present Quesnel River and is separated from the river by a razerback bedrock ridge referred to as French Bar Bluff. The surface elevation of the Bullion Pit is 823 meters and occurs in a low relief area with the exception of a steep drop off into Quesnel River, which is at 731 meters in elevation.





1000 500 0 1000

CLAIM SCALE (m.)

Bullion Hydraulic Pit Placer Project

LOCATION & PROPERTY MAP

NOV 87 FIGURE 1 CGR

The property is covered by both primary and secondary growth of vegetation consisting of cedar, fir, spruce, poplar, minor birch and abundant deciduous undergrowth.

The annual precipitation in the Likely area is 64 centimeters, with the concentration of precipitation occurring during the spring, summer and fall months. The average snowfall is 100 centimeters, and occurs between November and April. The mean temperature in the area is 5°C with a range of between 35°C below to 30°C above.

4.3 Property Definition

The Bullion Hydraulic Pit placer project is a group of 13 placer leases owned and optioned by Settea Explorations, a private Edmonton-based exploration company. The properties are situated within National Topographic Mapsheet 93A/12E and are recorded at the Mining Recorders Office in Quesnel, British Columbia. A summary of the individual placer leases is outlined below and illustrated on Figure 1.

Lease Number	Registered Owner	Expirey Date	Comments
PL1275	R.Lees	Dec.29/89	Currently being purchased on staggered payments to R.Lees;
PL2510	R.Lees	Dec.29/89	no ongoing royalty N/G L1275; 2510, 6701, 8886.
PL2511	R.Lees	Dec.29/89	N/G PL2511; 14640, 15300, 15366, 15436, 15475
PML6701	R.Lees	Dec.29/89	" " "
PML8886	R.Lees	Dec.29/89	
PML14640	R.Lees	Dec.31/89	" " "
PML15300	R.Lees	Dec.31/89	
PML15366	R.Lees	Dec.31/89	" " "
PML15436	R.Lees	Dec.31/89	
PML15476	R.Lees	Dec.31/89	" " "
PML20639	G.B.Williams		100% owned, to be transferred to Settea Explorations.
PML6040	D.Hartman	June 2/89	" " "
PML6041	D.Hartman	June 2/89	" " "

4.4 History

In 1859, Thomas "Dancing Bill" Lather discovered gold at the mouth of what is now referred to as "Dancing Bill Gulch". It was reported that Thomas was returning $110 per day in a small hand-rocker from a gravel bar deposit at the confluence of the creek and the Quesnel River. Thomas worked the shallow bar deposits and gravels of Dancing Bill Gulch until he encountered heavy overburden. Upon the completion of mining by Thomas, the Chinese miners took over the area and re-worked a larger area for the next eighteen years. This excavation site become known as the "China Pit" and was terminated by the Chinese when the overburden became to deep to handle profitably with a small 5 inch pipe and 1½ nozzle.

In 1892, a syndicate of Victoria businessmen formed a private company called Cariboo Hydraulic Mining Company, for which J.B. Hobson managed all mining and field operations. Mr. Hobson had acquired invaluable hydraulic experience in the California gold fields and had been lured to British Columbia by the company in search of similar type of deposits amendable to large scale hydraulicing.

Prior to 1897, J.B. Hobson visited the China Pit area where a 300 foot high unconsolidated gravel/till face was left standing. Mr. Hobson realized two important factors; firstly gold recovered from Dancing Bill Gulch was reconcentrated from an older, high level buried channel and secondly, the mine run by the Chinese had grown beyond their limited water supply.

In 1897, the company was reorganized into Consolidated Hydraulic Mining Company Ltd. and commenced full scale operations with 840,130 cu.yds of boulder-clay, surface gravels and channel gravels being processed. This production yielded 8,079 oz of gold for a grade of .0096 oz/cu.yd. Between 1898 and 1902, the company continued to operate at full scale processing 7,729,073 cu.yds of mixed materials, recovering 40,765 oz gold for a recoverable grade of .005 oz/cu.yd.

Between 1903 and 1905, the company continued to operate, however, low snow packs and rainfall caused a severe water shortage which limited the company's production days to 53, 88, and 14 days per year, respectively. During this period of time an additional 3,430,797 cu.yds of material was processed yielding 18,133 oz gold for a recoverable grade of .005 oz/cu.yd. Due to the lack of water, skilled labour, increased wages and the need for capital to construct major waterways, the company was forced to seek additional funding.

In 1906, the controlling position of the company was sold to the Guggenheim Exploration Co. of New York, who undertook to provide the capital required to construct a major waterway 21 miles from Spanish Creek. However in July of 1907, the Guggenhiem's ordered all operations to cease for no explained reason. This order devastated Hobson's dream, who subsequently attempted to open his own operation at the mouth of Spanish Creek. In 1912, J.B. Hobson died at the age of 68 prior to commencing the Spanish Creek operation.

John Hopp under the assumption the Guggenheim's had abandoned the property or that it had reverted back to the Crown, staked the Bullion Pit. Unknown to Hopp, the Guggenheim's had sold the property to R.T. Ward. What followed was seven years of litigation over the ownership, resulting in the courts awarding the property to Ward.

After the litigation and prior to 1928, several attempts were made by various parties to rehabilitate the water systems for production, though no major work was accomplished. In 1928, Carinelle Placers Limited acquired the property, connected the sluice flume tunnel initially started by Hobson, renovated the water systems and commenced operations for a short period time. The same year the operations were suspended. In 1930, 1931, and 1932, the property was operated by Quatsino Copper Gold Company, B.C. Hydraulics Limited and Hireen Placers, Limited; respectively.

In 1933, Bullion Placers, Ltd acquired the property and commenced operations under the management of Ray Sharpe. Larger monitors and rehabilitated water systems resulted in 696,974 cu.yds of material being processed. From 1934 to 1942, when the mine shut down, the company processed some two million cubic yards annually.

From 1942 to the present, there is little recorded information regarding the Bullion Pit, and it is interpreted that the fixed price of gold and increasing operating cost, deterred individuals or corporations from reopening the Bullion Pit.

5.0 GEOLOGY

The Bullion Hydraulic Pit exposes an ancient buried gravel channel deposit which is elevated 46 meters above the present Quesnel River. The channel is separated from the present river by a high bedrock ridge, referred to as French Bar Bluff and has a bedrock grade of 1 percent rising towards the southeast. The main trend of the channel is northwest-southeast and is confined by a narrow gorge which parallels the present Quesnel River 120 meters deep, 60 to 90 meters wide and varying 200 - 400 meters wide at surface. The channel has been hydrauliced over a 1200 meter distance.

Greenstone is the prominent lithology in the Bullion area being exposed along both rims of the channel. In the area of the China Pit, exposed on the southern rim, is a syenite intrusive It is reported that bedrock underlying the channel gravels is uneven and well worn.

The surficial geology is best described by G.M. Dawson (1894) and summarized by W. Cockfield and J. Walden (1933). The principal gold bearing unit is the tight cobble boulder gravel unit overlying bedrock. In 1894, Dawson observed this formation in the China Pit to have a minimum thickness of 60 meters in the centre of the channel, thickening to either limit up to a maximum of 90 meters. However, this unit where observed by Dawson in the South Pit, is only 10 meters thick. At a point 800 meters upchannel from the China Pit, Cockfield observed the channel thickness to be 30 meters where exposed at the hydraulic face. (Refer to Figure 2).

The principal gold bearing channel is characterized by its compactness, poor sorting, and well rounded clasts. The lithologies of the pebbles - boulders are comprised of quartz, conglomerate, agglomerate, schist, granite, granite-gneiss as well as the host bedrock. These rock types do not occur in the immediate vicinity and suggest that the channel gravels have been transported over a significant distance.

Overlying the channel gravels is a boulder glacial till unit, which is of some economic importance as it hosts portions of the remobilized underlying boulder channel gravels.

In the China Pit the till has scoured a trough into the channel gravels and is up to 30 meters thick and thins to a veneer on either limit. In the centre section of the Bullion Pit the northern rim has been scoured down by the overlying sand and gravel unit. In the South Pit, the boulder till is reported to be only 10 meters thick.

The secondary unit of importance is a gold bearing stratified sand and gravel unit which overlies the boulder glacial till unit. This unit varies in thickness from 40 meters in the South Pit to 10 meters in the China Pit and has evidently eroded the underlying till unit in the southern and central portion of the pit.

Finally, overlying all units is a glacial till that is considered barren and varies in thickness from 10 to 20 meters.

The age of the buried channel gravels is inferred to be Pleistocene as a skull of a mountain goat was found in place in the lower unit. With this evidence, it is suggested that the channel gravels are interglacial in origin rather than preglacial. The fact that the channel gravels are composed of well rounded clasts of foreign lithologic compositions suggests the gravels formed in a glacial retreat of an earlier ice sheet. The subsequent advance of a later period of glaciation partially overrode and remobilized the boulder gravel unit as typified by the lower section of the till unit incorporating a mixed zone of till and gravels. The upper portions of the till unit are typically dense grey glacial till with erratic clasts of varying composition and roundness.

The middle overlying sand and gravel unit is obviously interglacial as it is underlain and overlain by glacial till units. This unit is strongly stratified, crossbedded and includes smaller clasts than the underlying channel gravels, suggesting a lower energy depositional environment.

6.0 PLACER EVALUATION PROGRAM

The purpose of the 1988 exploration program was to determine and define placer gold values within the various gold bearing units which occur in the Bullion Pit area:

1) the slough gravels that fringe the Bullion Hydraulic Pit,
2) the lower interglacial channel gravels,
3) the overlying boulder tills, and
4) the Bullion tailings along the Quesnel River.

Testing began in late 1987 and continued through to December 1988. During October 31 and November 5, 1987, CGR sampled 10 representative samples from within the Bullion Hydraulic Pit for Settea Explorations who independently sampled 3 large bulk samples and 14 smaller samples from similar areas.

Between January and March 1988, CGR was commissioned by Candol to oversee the exploration program of rehabilitating the Bullion Pit drainage tunnel and to begin evaluation of the material contained within the tunnel and tailings material located along the Quesnel River.

In July 1988, CGR sampled 29 locations relating to the slough gravels within the Bullion Pit, and in October 1988 the balance of the tailings exploration program was completed as well as bulk sampling of slough gravels, lower interglacial gravels, and boulder till units.

The following sections 6.1 and 6.2 detail the sampling procedures and the results of the various programs.

6.1 Sampling Procedures

CGR processed small bulk samples 0.5 - 1.0 b.c.y. in size through their mobile test plant. Material was pre-washed and fed into a 5 foot by 24 inch trommel. The entire length of the trommel consists of 3/8 inch tapered punch plate. Oversize, after thorough cleaning in the trommel, was discarded. Undersize material was gravity fed to a Syntron screening unit, equipped with spray bars. From here, the -3/8 inch +12 mesh fraction was gravity fed to a YT-12 pulsating jig. Jig feed was controlled to ensure a uniform flow of material across the bed. Upon completion of a sample run, the first two jig baskets were cleaned along with the jig hutch material (-8 mesh). +8 mesh was hand panned while -8 mesh material from the hutch was processed over the Gemeni table.

The -12 mesh material from the Syntron screen was gravity fed into a 1.5 inch SALA pump which carried this fraction in a 40% slurry to the top of a Humphreys Cyclone. The cyclone dewaters the slurry with the concentrates being fed directly to the single start Reichert LG7 spiral. Concentrates from the spiral flow directly on to a Gemeni table, spiral middlings are recirculated, and tailings are discarded back into the YT-12 jig. A constant head tank, which provides water to the table, negates pressure fluctuations and allows optimum table efficiency.

The free gold and table concentrate splits were bagged separately from the table middlings. Recovered gold from the +12 mesh fraction (jig hutches and baskets) was weighed directly on a Mettler 163AE electronic scale, accurate to 0.01 milligrams. All gold recovered in the table splits was amalgamated with triple-distilled mercury which was tested for purity prior to amalgamations. Digestion and weighing procedures followed standardized guidelines accepted throughout the industry.

During these test programs, every effort was made to ensure that gold loss through the CGR system was minimized. These steps included:

(a) thorough cleaning and flushing of all parts within the system after every run;
(b) periodic panning of jig tailings;
(c) periodic panning and retabling of table middlings and tailings.

In every check by panning or tabling of material from this property, gold loss through the CGR system was negligible.

For larger bulk samples, Settea's bulk sampling plant was employed. Excavation occurred using a Caterpillar 235 backhoe. Material was placed on a hydraulic grizzley that allowed undersize to be dropped to a triple deck shaking screen. Undersized from the shaking screen was fed to a 36"x36" Pan American jig. Concentrates from the jig were gravity fed to a YT-12 pulsating jig for final concentration. At this point either Settea produced a dore bar (of unknown purity) or CGR processed the concentrates through their mobile test plant. For reserve calculations, bulk samples that employed the "dore" method of determining the weight of gold, should not be used until a "parting" is completed on the existing dore bar. The dore bar includes the weight of both "free" gold values, and other impurities such as silver, copper, lead, and possibly "locked in" gold values.

The left and right limit slough gravels have been subdivided into smaller sections and classified as either economic, subeconomic, or uneconomic. For the purpose of this report an economic grade is classified as greater than .32 g/cu.m (.0080 oz/cu.yd), subeconomic greater than .163 g/cu.m (.0040 oz/cu.yd) less than .320 g/cu.m (.0080 oz/cu.yd) and uneconomic less than .160 g/cu.m (.0040 oz/cu.yd). This classification was based on average grade within a section and calculated yardage. The following is the rationale behind the yardage calculations:

The slough gravels within the Bullion Pit tend to have the geometry of small alluvial fans, therefore, to calculate their volume, the trigonometric formula for the area of a modified oblique triangle was employed. Field measurements included: slope of slough gravels, slope of rim rock, width and height of slough gravels.

Consider:

$$\text{Area of modified oblique triangle} = \frac{b\ 2/3c \sin A}{2}$$

where b = distance between foot of fan and rim rock
c = length of fan
Sin A = slope of fan

With the area calculated, a volume was estimated by multiplying the area of the fan by the width of the fan at a distance half way up. Each fan or group of fans in the Bullion Pit was grouped into sections from A through to W, and the volume calculations performed for each section. The grade for each particular section was based on grades from test pits in 1987 and 1988 within that section. The average grade was calculated, the total volume, and the amount of gold recoverable was then recorded in Tables 6 and 7.

Left Limit Reserves

Total yardage from the left limit was calculated at 564,516 cu.m (738,333 cu.yd) with total gold reserves calculated to be 94,771.40 g (3,047.02 oz). Within the left limit of the Bullion Pit, slough gravels with an economic value include:

Block G:

18,537 cu.m (24,245 bcy) @ 0.3254 g/cu.m (0.0080 oz/cu yd)
for a total of 6,032.74 g (193.96 oz).

Block H:

26,996 cu.m (35,309 bcy) @ 0.3254 g/cu.m (0.0080 oz/cu yd)
for a total of 8,785.73 g (282.47 oz).

Block I:

67,496 cu.m (88281 cu.yd) @ 0.4231 g/cu.m (0.0104 oz/cu.yd) for a total of 28,556.88 g (918.12 oz.).

Block J:

19,266 cu.m (25,200 cu.yd) @ 0.8950 g/cu.m (0.0220 oz/cu.yd) for a total of 17,243.50 g (554.40 oz).

Within reserves blocks D & F there are combined subeconomic reserves of 105,656 cu.m (138,193 cu.yd) grading 0.1803 g/cu.m (0.0044 oz/cu.yd) yielding 19,059 g (612.80 oz)

Right Limit Reserves

Total yardage for the right limit was calculated at 424,769 m (555,573 cu.yd) with total gold reserves calculated to be 138,837.23 g (4,463.77 oz).
Within the right limit of the Bullion Pit, slough gravels with an economic value include:

Block K:

7,707 cu.m (10080 cu.yd) @ 1.7363 g/cu.m (0.0426 oz/cu.yd) for a total of 13,381.59 g (430.21 oz).

Block L:

41,096 cu.m (53751 cu.yd) @ 0.3930 g/cu.m (0.0097 oz/cu.yd) for a total of 16,149.90 g (519.23 oz).

Block O:

65,424 cu.m (85571 cu.yd) @ 0.7331 g/cu.m (0.0180 oz/cu.yd) for a total of 47,961.03 g (1541.99 oz).

Block P:

32,713 cu.m (42786 cu.yd) @ 0.5821 g/cu.m (0.0143 oz/cu.yd) for a total of 19,043,87 g (612.27 oz).

Within reserve block S-W, there are subeconomic reserves of 116,160 cu.m (151,957 cu.yd) @ 0.2278 g/cu.m (0.0056 oz/cu.yd) for a total of 26,466.96 g (850.96 oz).

6.2 Discussion of Results

Slough Gravels:

In July 1988, Canadian Gravity Recovery processed 14 representative samples from the slough gravel material on the left limit, 15 representative samples from the slough gravel material on the right limit, and 5 representative samples from other areas within the Bullion Pit (refer to Figures 3a and 3b. Figures 3a and 3b also include CGR test pits from 1987 and 1988 bulk sample locations. Tables 1 and 2 are summaries of the results obtained from sampling the slough gravels.

Slough gravels from the left limit yield a weighted average grade of 0.1679 g/cu.m (0.0041 oz/cu.yd). This grade is based on the grades from test pits in 1987 (refer to Bullion Hydraulic Pit Placer Project Report - 1987/1988), and is the basis for which probable reserves were calculated. Based solely on 1988 test pits and bulk samples, the average grade, excluding the highest and lowest grades, is 0.1131 g/cu.m (0.0045 oz/cu.yd). The estimated volume of the left limit slough gravels is 564,500 cu.m.

Slough gravels from the right limit yield a weighted average grade of 0.3268 g/cu.m (0.0080 oz/cu.yd). This grade is based on the grades from test pits in 1987 (refer to Bullion Hydraulic Pit Placer Project Report - 1987/1988), and is the basis for which probable reserves were calculated. Based solely on 1988 test pits, the average grade would approximate 0.2876 g/cu.m (0.0071 oz/cu.yd) with the highest and lowest grades excluded. However, the average grade of all 1988 test pits on the right limit calculates to 0.3295 g/cu.m (0.0081 oz/cu.yd). The estimated volume of the right limit slough graves is 424,500 cu.m.
In October 1988 Settea processed bulk samples from areas within the slough gravel unit. The bulk samples provided confirmation of grades, and in all cases increased grades over certain reserve blocks. Sample 88-21/Bulk 06 had a grade of 0.0083 oz/bcy and was taken from reserve blocks G & H. CGR's confirmation test (88-21/CGR Conf 06) of 88-21/Bulk 06 yielded a grade of 0.0116 oz/bcy. Based on this new data the reserves for Blocks G & H have now incorporated an average grade of 0.0080 oz/bcy instead of the previous 0.0040 oz/bcy (refer to Table 6).

Sample 88-21/Bulk 03 had a grade of 0.0266 oz/bcy. This bulk sample included processing CGR sample 88-11 (grade of .0285 oz/bcy) and therefore confirms the grade for that particular reserve block.

The final bulk sample taken from within the slough gravel unit was sample 88-21/Bulk 04. This sample had a grade of 0.0075 oz/bcy and was sampled in reserve block D (previous average grade of 0.0016 oz/bcy). With this new information reserve block D has been changed to reflect an average grade of 0.0045 oz/bcy. Changes to the necessary reserve blocks appear on Table #6.

Bullion Tailings

During October 1988 sampling of the Bullion Tailings was completed. Twenty-two pits were processed yielding an average grade of 0.3667 g/cu.m (0.0090 oz/bcy) over a 3.95 m depth interval. There does not seem to be any surface concentration as originally expected.

Average Grade Top to Bottom: (over 31 samples)	0.3667 g/cu.m (0.0090 oz/bcy)
Average Grade Top Only: (over 8 samples)	0.3870 g/cu.m (0.0095 oz/bcy)
Average Grade Bottom Only: (over 9 samples)	0.3382 g/cu.m (0.0083 oz/bcy)

Figure 3C shows the high and low water levels along the Quesnel River. For reserve calculations a 10 m. distance from the high water mark was used to be consistent with the Ministry of Energy, Mines, and Petroleum Resources mining regulations. Probable reserves are 98,410 cu.m (129,487 cu.yd) at an average grade of 0.3667 g/cu.m (0.0090 oz/cu.yd).

Sample 88-21/Bulk 07 had a grade of 0.3540 g/cu.m (0.0087 oz/bcy) and was a mixture of material from test pits 88-21-15 and 88-21-16.

For Test Pits: 88-2, 88-3A, 88-6, 88-13, 88-17B, 88-18A, and 88-24 weights were obtained for one cubic yard of material. The average weight of one cubic yard of Bullion material is approximately 3717 lbs., with the high being 3856 lbs. and the low being 3404 lbs. All of the test pits yielded a black sand concentrate which averaged 1.80 lbs per cubic yard.

In March 1988, small tailing concentrate samples were collected and sent for assay with regards to detecting "locked-in" gold, platinum, and palladium values. Results appear in Appendix 1 and are inconclusive at this time.

Lower Interglacial Channel Gravels

Due to poor ground conditions, time and weather constraints these units were not fully tested. CGR did manage to intersect the channel gravels in Test Pit 88-20 where 0.5 m of the channel was exposed. It was evident from the material's compactness, rusty color, and large well rounded clasts, that it is the lower channel boulder gravel. The grade was calculated from 0 m (surface of the test pit) to 5.5 m, but only the bottom most 0.5 m of the test pit was channel gravel. The overall grade for test pit 88-20 was 0.733 g/cu.m (0.0180 oz/cu.yd).

Bulk sample (Bulk 88-21-05) was targeted at exposing and sampling the lower interglacial channel gravels. Once excavation was complete it was evident that channel side pay was exposed and consequently the bulk sample grade resulted in being 0.6844 g/cu.m (0.0168 oz/bcy). CGR also processed a smaller sub-sample CGR Conf #5 that yielded a grade of 1.137 g/cu.m (0.0279 oz/bcy) over a total depth of 3 meters.

The results of these three locations are summarized on Table 4A. The average grade over an average thickness of 4.0 meters is 0.8555 g/cu.m (0.0210 oz/cu.yd). Estimating the volume of lower channel gravels that remain within the Bullion Pit are calculated knowing the following:

1. mining characteristics of the previous operators,
2. location of both bedrock rims,
3. location of the bedrock sluice flume,
4. the intersection of the top portion of channel gravels, and
5. the location of the southeastern hydraulic face which provides evidence of the overlying boulder till unit and a steep portion of the hydraulic wash slope.

For the purpose of estimating the volume of possible reserves within the Bullion Pit, lower channel gravels have been segmented into three blocks. Below is a summary of each possible reserve block:

Middle Section (defined as area between the China Pit to the bedrock sluice flume)

Length = 584 meters Width = 55 meters Depth = 10 meters
Volume of unmined wedge = 160,000 cu.m (208,000 cu.yd)
Grade = 0.8000 g/cu.m ((0.020 oz/cu.yd)
Possible Reserves = 128,000 g. (4,100 oz)

Upper Section (defined as area between the bedrock sluice flume and the southeasternmost hydraulic face)

Length = 477 meters Width = 55 meters Depth = 8 meters
Volume of unmined wedge = 105,000 cu.m (137,000 cu.yd)
Grade = 0.8000 g/cu.m ((0.020 oz/cu.yd)
Possible Reserves = 84,000 g. (2,750 oz)

Upper Section (defined as area from hydraulic face southeast to property boundary of PL 6040)

Length = 65 meters Width = 55 meters Depth = 10 meters
Volume of unmined wedge = 36,000 cu.m (47,000 cu.yd)
Grade = 0.8000 g/cu.m ((0.020 oz/cu.yd)
Possible Reserves = 29,000 g. (940 oz)

Boulder Till

Overlying the channel gravels in the southeastern end of the Bullion Pit is a boulder till unit. This is a local unit of unknown magnitude. The grey boulder till, is a dense, high clay content unit. The till however, hosts portions of remobilized boulder gravels from the underlying channel gravels. The grade for test pit 88-21 is 1.2156 g/cu.m (.0299 oz/cu.yd) from 0 meters to 7.0 meters, however only one meter of the till unit was evident.

Bulk samples 88-21/Bulk 01 and 88-21/Bulk 02 intercepted this boulder till unit and yielded grades of 1.153 g/cu.m (0.0283 oz/bcy) and 1.401 g/cu.m (0.0344 oz/bcy) respectively. CGR's confirmation test for sample 88-21/Bulk 01 yielded a grade of 0.8841 g/cu.m (0.0217 oz/bcy).

The average grade, from four sample locations over a 7.0 meter section of the boulder till, is 1.162 g/cu.m (0.028 oz/cu.yd). The estimate reserves for boulder till unit are 38,000 cu.m (50,000 cu.yd) grading 1.162 g/cu.m (0.028 oz/cu.yd).

7.0 ECONOMIC GEOLOGY & RESERVE SUMMARY

The estimated gold reserves using a 0.320 g/cu.m (0.008 oz/cu.yd) cut off for the Bullion Project based on all exploration work to date are summarized along with appropriate reserve classification. All grades are reported in either raw metric or standard units and do not incorporate the fineness of gold.

A.	Slough Gravels within Bullion Hydraulic Pit	
	i. Left Limit Probable Reserves.	Probable
	132,000 cu.m @ 0.458 g/cu.m	60,456 g.
	173,000 cu.yd @ 0.011 oz/cu.yd	1,950 oz.
	ii. Right Limit Probable Reserves.	Probable
	147,000 cu.m @ 0.657 g/cu.m	96,665 g.
	192,500 cu.yd @ 0.016 oz/cu.yd	3,080 oz.
B.	Bullion Tailings	Probable
	99,000 cu.m @ 0.214 g/cu.m	21,186 g.
	129,000 cu.yd @ 0.009 oz/cu.yd	1,161 oz.
C.	Boulder Till Unit	Possible
	38,000 cu.m @ 1.162 g/cu.m	44,156 g.
	50,000 cu.yd @ 0.028 oz/cu.yd	1,400 oz.
D.	Lower Interglacial Channel Gravels	Possible
	300,000 cu.m @ 0.830 g/cu.m	249,000 g.
	393,000 cu.yd @ 0.020 oz/cu.yd	7,860 oz.
Total Reserves associated with Bullion Pit (all categories)		
	716,000 cu.m @ 0.658 g/cu.m	471,463 g.
	937,500 cu.yd @ 0.016 oz/cu.yd	15,451 oz.

In addition to the above reserves, there are additional subeconomic reserves that have a grade greater than 0.163 g/cu.m and less than 0.32 g/cu.m. Within the left and right limit slough gravels, the following are the subeconomic reserves:

Right/Left Slough Gravels

222,000 cu.m	@ 0.205 g/cu.m	= 45,500 g.
290,000 cu.yd	@ 0.005 oz/cu.yd	= 1,464 oz.

Assuming these reserves are mixed with higher grade material, the overall reserves (all categories) with the Bullion Pit Placer Project are:

938,000 cu.m	@ 0.551 g/cu.m	= 516,963 g.
1,227,500 cu.yd	@ 0.014 oz/cu.yd	= 16,915 oz.

7.1 Other Exploration Targets

A bulk sampling plant comprised of a trommel and sluice run was set up 2 kilometers west of the Bullion Pit, adjacent to the Quesnel River. This area appears to be a higher older river channel which was mined by the Chinese in the late 1880's. Results of this bulk sampling program were unsupervised but preliminary grades suggest that a grade of 0.030 oz/cu.yd was not uncommon.

The average mining width of the channel is 100 meters There is an average of 7.6 meters of waste silt and gravels overlying a 4.0 meter section of pay cobble gravels. The pay gravels occur on a false bedrock of compact boulder till. This channel extends in both directions and there is a good potential to establish a small reserve base in the 46,000 - 93,000 g. (1,500 - 3,000 oz range.

Opposite this location, on the other side of the Quesnel River, is a large area referred to as the China Farm. No exploration has been undertaken in this area, though the previous owner reported grades of 0.015 to 0.020 oz/cu.yd over a 2 -4 meter mine section The potential within this area is untested and thus is unknown.

7.2 Preliminary Proforma Analysis

A preliminary proforma analysis for the Bullion Placer Project is outlined in Table 8 and is based on the following facts and assumptions:

a) Reserves (all categories)
938,000 cu.m @ .551 g/cu.m = 516,963 g.
1,227,500 cu.yd @ .014 oz/cu.yd = 16,915 oz.

b) Assume gold fineness as being 825; therefore, gold reserve base is 426,494 g. (13,955 oz.) and average gold value is 0.450 g/cu.m (0.012 oz/cu.yd).

c) No royalties.

d) Direct operating costs year 1 $ 3.00 / cu.yd
Direct operating costs thereafter 2.50 / cu.yd
(Costs include moving material, processing material, tailings removal, construction and maintenance of settling facilities)

e) Assume an effective mining season of 155 days working 10 hours per day.

f) Assume production rate of 150 bank cubic yards per hour.

g) Assume gold price of $ 475/oz Cdn.

h) Assume purchase of following good used equipment, financed over three years at 12 % interest:

Cat 235 excavator	$ 100,000
Cat D8K dozer	100,000
Cat 988 loader	150,000
Cat 980 loader	100,000
Wash Plant & Pipe	75,000
Generator Set/ Pumps	40,000
Conveyor	20,000
Misc. & Contingency	50,000
Total	$ 635,000

i) Working Capital of $150,000.

Table 8 Preliminary Proforma Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Production (b.c.y.)	232,500	232,500	232,500	232,500	232,500	1,162,500
Grade (oz/cu.yd)	.012	.012	.012	.012	.012	.012
Gross Recovery (oz)	2,790	2,790	2,790	2,790	2,790	13,950
Revenue ($475/oz)	1,325,250	1,325,250	1,325,250	1,325,250	1,325,250	6,626,250
Operating Costs (1st-$3.00/cu.yd) (2nd-$2.50/cu.yd)	697,500	581,250	581,250	581,250	581,250	3,022,500
Operating Profit (Pre tax)	627,750	744,000	744,000	744,000	744,000	3,603,750
Capital Acquisition (3 yr financing)	211,667	211,667	211,666			635,000
Interest Charges	25,399	25,399	25,399			76,197
Working Capital	150,000					150,000
	387,066	237,066	237,065			861,197
Net Cash Flow to Project	240,684	506,934	506,935	744,000	744,000	2,742,553

8.0 REFERENCES

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Turnbull, E.G. "Cariboo Landmark - The Bullion Mines", B.C. Outdoor, August 1972, pages 26-31.

Reports of the Minister of Mines, 1897, 1902, 1903, 1907, 1912, 1921, 1927, 1930, 1932, 1933, 1935, and 1936.

The Canadian Financial Journal, September 22, 1970, pages 5-6.

APPENDIX I

APPENDIX II

STATEMENTS OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, MICHAEL D. PHILPOT, President of Canadian Gravity Recovery, Inc., with a business address of Suite 920, 625 Howe Street, Vancouver, B.C., DO HEREBY CERTIFY:

1. THAT I am a graduate from the University of British Columbia (1978) with a B.Sc. degree majoring in Geology. I am also a graduate from City University (1986) with an M.B.A. degree majoring in Business Administration;

2. THAT from 1978 to present, I have been actively engaged in various disciplines relating to the mining industry, primarily at locations in western North America.

3. THAT I personally reviewed the Bullion Hydraulic Pit Deposit from October 31 through to November 5, 1987, having been engaged to do so by Settea Industries Inc. to conduct a placer sampling program on that property, and on numerous occasions between January and December, 1988 for Candol Development Ltd;

4. THAT I am a Fellow of the Geological Association of Canada; and

5. THAT I approve of this report of direct quotes from it being used for a Prospectus, Statement of Material Facts or in a News Release, provided that all excerpts are taken in total context of the relevant passage.

DATED at Vancouver, British Columbia, this _____ day of January, 1989

_____

Michael D. Philpot, B.Sc.,M.B.A.

STATEMENT OF QUALIFICATIONS

I, M. ANITA BROKX, employed by Canadian Gravity Recovery, Inc., with a business address of Suite 920, 625 Howe Street, Vancouver, B.C., DO HEREBY CERTIFY:

1. THAT I am a graduate from the University of Guelph (1984) with a B.Sc. degree majoring in Physical Geography and a minor in Geology;

2. THAT from 1986 to present, I have been actively engaged in various disciplines relating to the mining industry, primarily at locations in British Columbia.

3. THAT I personally reviewed the Bullion Hydraulic Pit Deposit from October 31 through to November 5, 1987, having been engaged to do so by Settea Industries Inc. to conduct a placer sampling program on that property, and between January through December 1988, was engaged as Project Manager to conduct the various sampling programs for Candol Development Ltd;

4. THAT I approve of this report of direct quotes from it being used for a Prospectus, Statement of Material Facts or in a News Release, provided that all excerpts are taken in total context of their relevant passage.

DATED at Vancouver, British Columbia, this _____ day of January, 1989

_____

M. A. Brokx, B.Sc.

Table # 1 continued

Left Limit Results

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	(oz)	Grade (g/t)	(oz/BCY)	
88-19	0	7.0	0.375	Syenite slough material.	0.00124	0.00003	0.00447	0.00011	
88-22	0	5.2	0.925	Boulder gravels in a sandy matrix. Some rim rock.	0.35683	0.01147	0.56589	0.01391	
88-23	0	5.4	0.750	Boulder gravels in a sandy clay matrix.	0.10433	0.00335	0.18185	0.00447	
88-27	0	2.5	0.375	Boulder gravels in a sandy matrix. Some rim rock.	0.16533	0.00531	0.57663	0.01417	
88-21 Bulk 04	0	11.0	41.000	Boulder gravels in a sandy matrix. Some rim rock.	9.54918	0.30701	0.30463	0.00748	*
88-21 Bulk 06	0	8.0	25.000	Boulder gravels in a clay matrix.	6.48627	0.20854	0.33935	0.00834	*
88-21 CGR 04	0	11.0	0.750	Boulder gravels in a sandy matrix. Some rim rock.	0.26072	0.00838	0.45468	0.01117	*
88-21 CGR 06	0	8.0	0.750	Boulder gravels in a clay matrix.	0.27059	0.00869	0.47189	0.01159	*

Table # 2

Right Limit Results

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	(oz)	Grade (g/m³)	(oz/BCY)
88-01A	0	2.2	0.375	Cobble gravels in a sandy matrix. Rim rock.	0.15820	0.00508	0.55165	0.01356
88-01B	0	2.4	0.375	Boulder gravels in a sandy matrix. Some rim rock.	0.04441	0.00142	0.15500	0.00381
88-04	0	2.4	0.750	Boulder gravels in a sandy matrix. Some slab rock.	0.05868	0.00188	0.10211	0.00251
88-11	0	1.6	0.750	Boulder gravels in a sandy matrix. Some rim rock.	0.66529	0.02138	1.15985	0.02851
88-15	0	4.6	0.900	Boulder gravels in a sandy gravel matrix.	0.05306	0.00170	0.07688	0.00189
88-16	0	5.0	0.750	Boulder gravels in a sandy matrix. Some rim rock.	0.07907	0.00254	0.13791	0.00339
88-17A	0	5.0	0.787	Cobble gravels in a sandy matrix.	0.10090	0.00324	0.16721	0.00411
88-17B	5.0	7.0	0.825	Boulder gravels in a sandy matrix.	0.08647	0.00278	0.13710	0.00337
88-18A	0	2.0	0.825	Rim rock mixed with boulder gravels in a sandy matrix.	0.30306	0.00974	0.48046	0.01181
88-18B	2.0	5.0	0.338	Large boulder gravels to coarse sand in a clay matrix.	0.15885	0.00510	0.61552	0.01513
88-19	0	7.1	1.200	Boulder gravels in a sandy matrix.	0.09044	0.00290	0.15140	0.00372

Table # 2 continued

Right Limit Results

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	(oz)	Grade (g/m)	(oz/BCY)
88-23A	0	4.6	0.750	Sandy gravels in a clay matrix.	0.13077	0.00420	0.22822	0.00561
88-23B	4.6	5.1	0.375	Large boulder gravels in a clay matrix.	0.24903	0.00800	0.86857	0.02135
88-24	0	4.0	0.825	Gravels and coarse sands in a sandy matrix. Some rim rock.	0.02523	0.00081	0.03986	0.00098
88-26	0	8.1	0.750	Boulder gravels in clay matric.	0.05225	0.00168	0.09112	0.00224

Table # 3

Possible Till Intersections

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	(oz)	Grade (g/m)	(oz/BCY)	
88-21	0	7.0	0.675	Boulder gravels in a clay matrix. Top of gray till.	0.62737	0.02017	1.51559	0.02988	
88-21 Bulk 01	0	8.2	30.000	Boulder gravels in a clay matrix. Some rim rock.	31.7398	1.02047	1.15517	0.02834	*
88-21 Bulk 02	8.2	10.70	25.000	Compact Boulder clay.	20.7848	0.80116	1.40155	0.03444	*
88-21 COR 01	0	8.2	0.743	Boulder gravels in a clay matrix.	0.50133	0.01611	0.88252	0.02169	*

Table # 4A

Possible Channel Intersections

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	(oz)	Grade (g/m)	(oz/BCY)	
88-20	0	5.5	0.750	Boulder gravels in a sandy matrix. Tight rusty gravels.	0.42043	0.01351	0.73309	0.01802	
88-21 Bulk 03	11.7	14.5	50.000	Blueish gravels in a sandy matrix. Some bedrock.	29.5366	0.94284	0.88498	0.01885	*
88-21 COR 03	11.5	14.5	0.450	Blueish gravels in a sandy matrix. Some bedrock.	0.38043	0.01259	1.13026	0.03741	*

Table # 4B

Other Intersections

Pit #	From (m.)	To (m.)	Volume (BCY)	Description	Gold Recovered (g)	Gold Recovered (oz)	Grade (g/t)	Grade (oz/BCY)
88-14	-	-	0.525	Surface boulder gravels at south of Dancing Bill Gulch.	0.29187	0.00938	0.72098	0.01787
88-28	0	5.4	1.125	Bullion Tailings. Water reached at 5.0 m.	0.09631	0.00309	0.11187	0.00275
88-29	-	-	0.487	Bullion Tailings.	0.06874	0.00221	0.18442	0.00453

Table # 6

Probable Slough Gravel Reserves
Left Limit

Section	Yardage		Average Grade		Gold Reserves		
	(cu yd)	(cu metres)	(oz/cu yd)	(g/m)	(oz)	(g)	
A	189658	145004	0.00157	0.06387	297.76	9261.44	
B	70446	53860	0.00130	0.05288	91.58	2848.12	
C	126560	96762	0.00024	0.00976	30.37	944.40	
D	120050	91785	0.00450	0.18307	540.23	16802.62	*
E	40467	30939	0.00162	0.06590	65.56	2038.88	
F	18143	13871	0.00400	0.16272	72.57	2257.09	
G	24245	18537	0.00800	0.32544	193.96	6032.74	*
H	35309	26996	0.00800	0.32544	282.47	8785.73	*
I	88281	67496	0.01040	0.42309	918.12	28556.88	
J	25200	19266	0.02200	0.89502	554.40	17243.50	*
TOTAL:	738359	564516			3047.02	94771.40	*

N.B. * indicates modification.