EXCERPTS FAUNT FROM: 882867
WESTERN KELTIC
MINES PROSPECTUS',
SEPT. 3/93

QUALIFYING REPORT
ON THE
FAWN 1-5 CLAIMS AS REVISED ON
JULY 30, 1993

Located on the Nechako Plateau
Omineca Mining Division
NTS 93F/3E
53°12' North Latitude
125°08' West Longitude

- Prepared for - WESTERN KELTIC MINES INC.

- Prepared by - S.L. TODORUK, P.Geo.

July, 1993

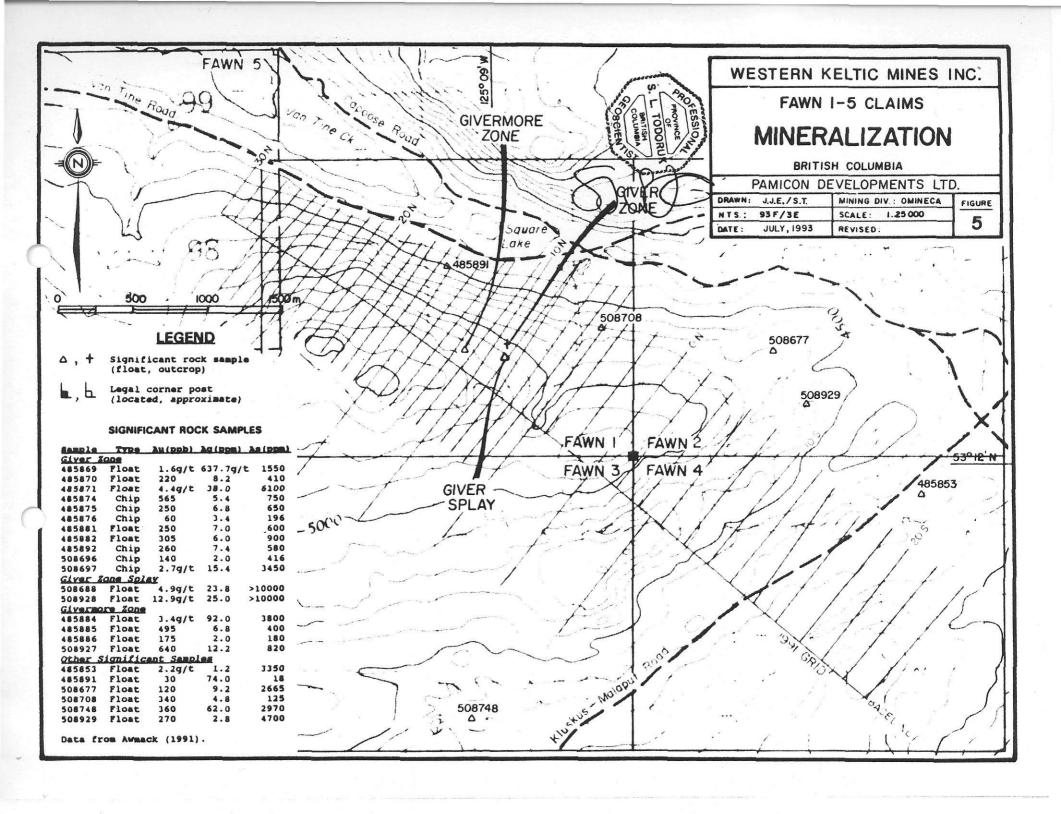
SUMMARY

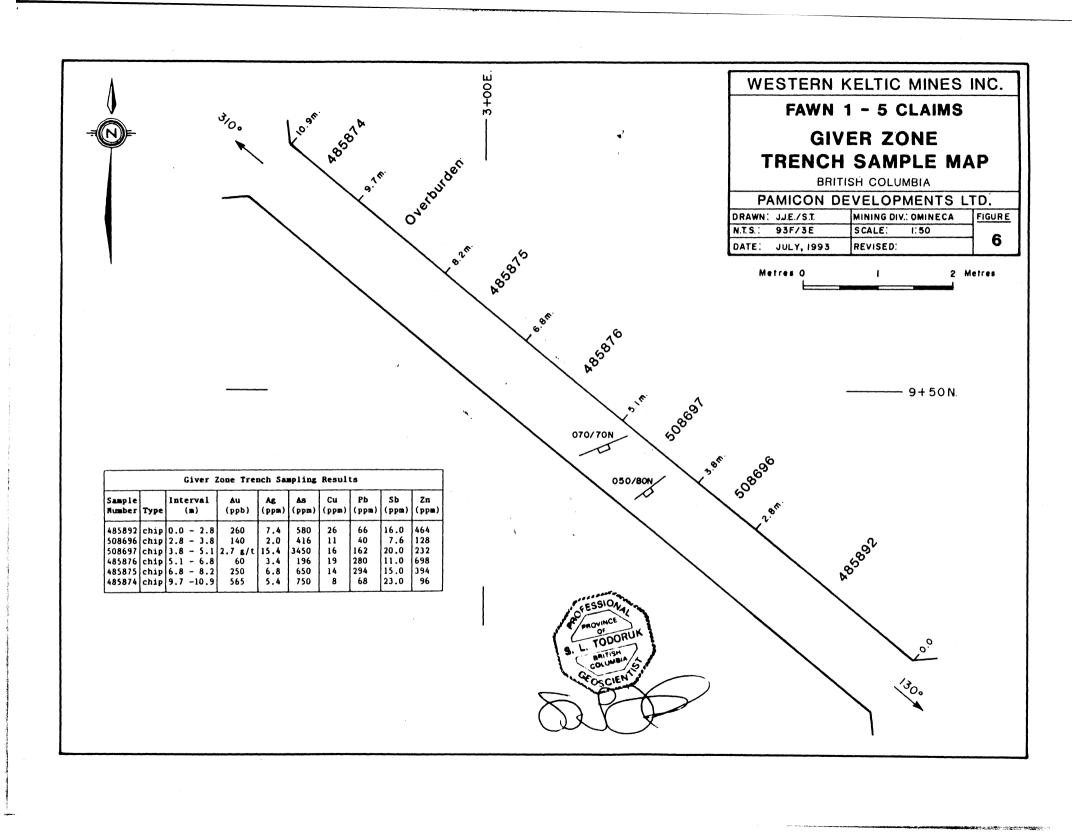
Western Keltic Mines Inc.'s Fawn property, located within the Nechako Plateau, hosts an epithermal precious metal target which warrants an aggressive exploration program to more thoroughly evaluate its potential.

The property consists of the Fawn 1-5 mineral claims totalling 100 units.

The claims area is underlain by volcanic and sedimentary rocks of Upper Triassic-Lower Jurassic Hazelton Group age. The Late Cretaceous Quanchus Intrusions cut Hazelton group rocks both northwest and south of the Fawn property. Mic-Eocene Ootsa Lake volcanics and Miocene plateau basalts and andesites of the Endako Group overlie all other units.

Previous work on the property has identified extensive multi-element soil geochemical anomalies which were subsequently investigated further by Western Keltic. The 1991 program surveys identified several pronounced structural lineaments associated with alteration and mineralized zones which may be indicative of a significant body of mineralization. Several targets have been selected which warrant further geophysical surveying followed by drill testing. As a result, a \$160,000 Phase I project is being recommended which, dependent upon favourable results, would be followed by a Phase II, \$400,000 program.





7.0 GEOCHEMISTRY

7.1 SOIL GEOCHEMISTRY

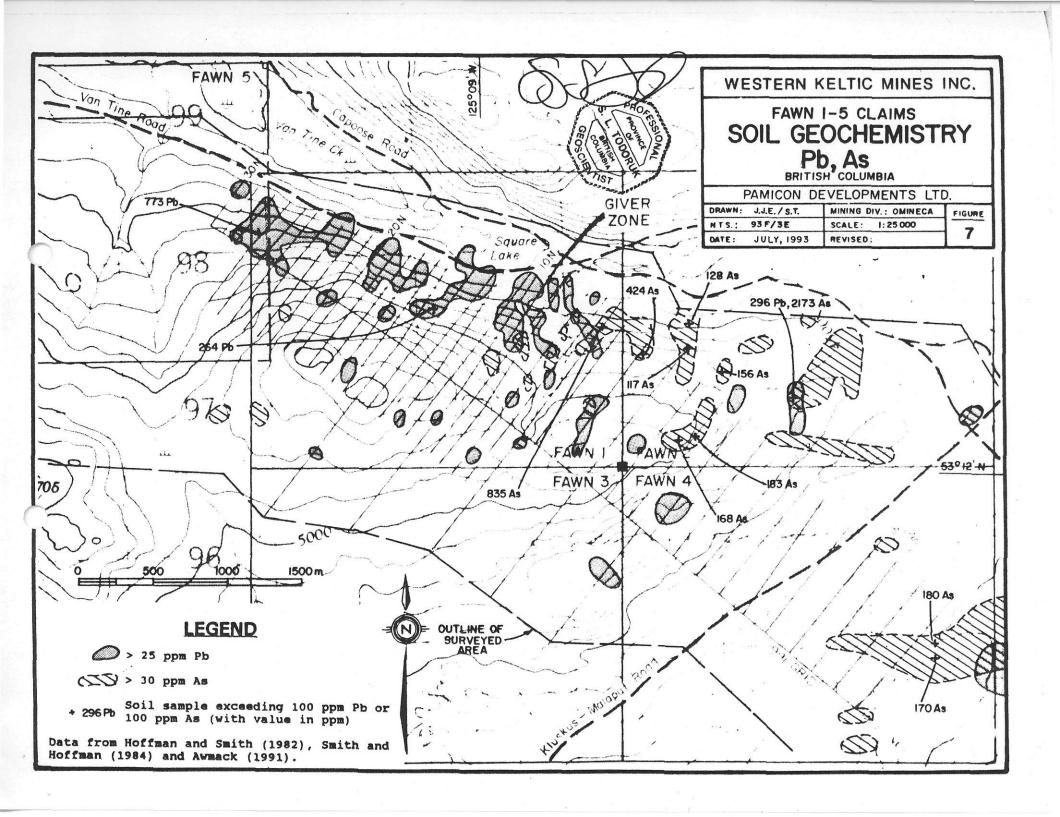
BP Minerals Ltd. carried out extensive soil geochemistry over the Fawn property in 1982 and 1983, generally at 100 metre centres on an east-west grid (Hoffman and Smith, 1982; Smith and Hoffman, 1984).

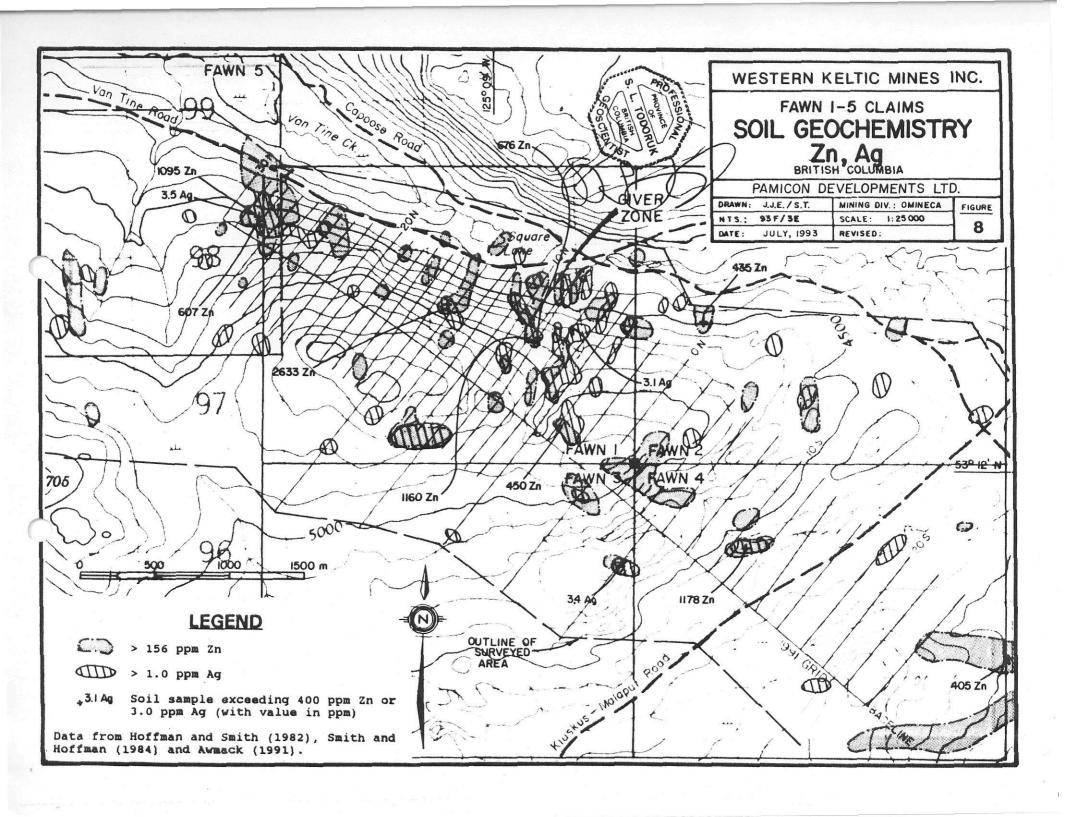
For the 1991 field program, a grid baseline orientated at 130° with crosslines run perpendicular to it was constructed using hip-chain, compass and slope-correcting. Cross-lines covering the majority of the Fawn 1 claim were spaced every 100 metres, while 200 metre spacings were established to the southeast on the Fawn 2 & 4 claims. Five reconnaissance lines were run southwest of BP Minerals' grid spaced 500 metres apart covering the southern part of the Fawn 1 and the northern Fawn 3 claims. Soil samples were taken on the reconnaissance lines at 50 metre intervals. The grid was designed to more adequately reflect the trend of the geological stratigraphy.

Awmack states that:

"BP's data and the results of 1991 soil sampling have been compiled and contoured at the mean plus two standard deviation level (per: Hoffman and Smith, 1982) on Figures 6 and 7, with pre-1991 values shown only for those samples exceeding anomalous levels. Some of the most anomalous sample locations reported by BP Minerals were resampled in 1991, giving excellent confirmation for all elements except gold. No detectable gold was returned from any of the eight sample sites reported by BP Minerals to exceed 50 ppb gold, casting doubt on the reliability of all their gold analyses. For consistency, BP Minerals' values were used for contouring where 1991 samples were taken at BP sites.

The following table lists anomalous (mean + 2 standard deviations) and maximum values for the major base and precious metals. Copper values above 40 ppm correspond closely to the lead and zinc anomalies, but this 'anomalous' level appears too low to be significant in an area underlain mainly by andesitic volcancis. Gold values are low or erratic throughout the grid; significant gold mineralization in the Giver and Givermore Zones is not reflected by gold soil anomalies.





| Soil | Geoche | mical | Summary |
|------|--------|-------|---------|
|------|--------|-------|---------|

| Element | Mean [±] | Mean + 2 SD [±] | Maximum Value |
|---------|-------------------|--------------------------|---------------|
| gold | 26 ppb | 47 ppb | 170 ppb# |
| silver | 0.5 ppm | 1.0 ppm | 3.6 ppm |
| arsenic | 13 ppm | 30 ppm | 2173 ppm |
| copper | 19 ppm | 40 ppm | 1075 ppm |
| lead | 14 ppm | 25 ppm | 868 ppm |
| zinc | 84 ppm | 156 ppm | 2690 ppm |

^{*} as calculated by Hoffman and Smith (1982)

The majority of the Fawn property is underlain by glacial till, especially at lower elevations. Some of the till is locally derived but most contains rounded cobbles of mixed lithology derived from great distances. This till, which masks underlying geochemical trends in places, makes interpretation difficult. It gives anomalous areas a thumbprint pattern of high values (where till is thin or absent) and very low values (where till is impervious or too thick to indicate underlying anomalies)."

The results of all soil sampling carried out over the grid area by Western Keltic Mines Inc. and BP Minerals Ltd. define a pronounced east-southeast trending multi-element zinc-lead-silver-arsenic pattern. Within this overall feature, two distinct areas may be broken out which together with geophysical anomalies and known mineralization define five separate areas of interest.

Extending through the Fawn 1 northwesterly onto the Fawn 5 and east-southeast-erly onto the Fawn 2 and 4 claims are numerous Pb-Zn-Ag anomalies while Pb-Zn-Ag-As overprints the Fawn 2 predominantly extending partially onto the Fawn 1 and 4 claims.

Five VLF-EM geophysical conductors (V_1-V_5) transect the two areas of geochemical interest in an east-west fashion. Locally Au-Ag-As \pm Zn mineralization occurs spatially related to these structures.

From south to north, conductor V_1 is marked by numerous lead, zinc, arsenic, silver and local copper highs on soil samples. Beyond the limits of the 1991 geophysical survey boundaries, similar geochemical anomalies continue to the

[#] from 1991 data only, as BP gold analyses could not be verified in 1991

west for 600 metres and to the east for 1200 metres indicating a possible strike length of 2600 metres. Individual 1991 anomalous soil values along this trend include 216 ppm As, 436 ppm Pb, 726 ppm Zn, 315 ppm Cu and 1.9 ppm Ag.

Five hundred metres to the north of conductor V_1 , conductor V_2 appears to be the strongest of the five geophysical anomalies and coincidently hosts the property's strongest in-situ mineralization discovered to date - the Giver Zone. Anomalous soil values along this trend include 3.4 ppm silver, 1160 ppm zinc and 920 ppm arsenic. Geochemistry suggests that this zone could extend for 600 metres to the east past the geophysical survey boundary indicating a potential strike length of 2500 metres. As field surveys were not extensively carried out to the west, this end of the conductive structure can be considered open for extension.

Geochem values in lead, zinc and silver overlying conductors V_3 , V_4 and V_5 in the north half of the Fawn 1 claim are among the highest on the property. Conductor V_4 has high values along its length with up to 862 ppm Pb, 3.6 ppm Ag, and 816 ppm Zn. The best single station anomaly on the grid came from a soil sample situated in the non-conductive gap between conductor V_3 and V_5 . Verified by 1991 sampling, the original BP Minerals' sample had 2576 ppm zinc, 1020 ppm copper, 210 ppm lead and 3.0 ppm silver. Conductors V_3 , V_4 and V_5 do not appear to have associated arsenic anomalies.

Of most interest in the soil sampling carried out on the reconnaissance lines covering the Fawn 3 and 4 claims were the results from line 5+00S between 2+50W and 4+00W. Individual samples contained up to 170 ppb gold, 3.4 ppm silver, 88 ppm lead and 690 ppm zinc. These samples were taken near an outcrop of sericitized and silicified Unit 7 tuff, similar to that which occurs near Giver and Givermore mineralization. Similar epithermal mineralization and structures may be present in this area, which remains untested by geophysics or prospecting.

Near the southeastern corner of the Fawn 4 claim, a coincident arsenic and zinc soil anomaly is poorly defined by three BP lines spaced 600 metres apart. A few high silver and lead values are also spotted through this area. These anomalies were not investigated during the 1991 program and their source is unknown.

The 1991 field program was unable to duplicate anomalous gold geochem values ranging up to 460 ppb Au as reported by Smith and Hoffman (1984) which were taken in the southest corner of the property.

7.2 - OVERBURDEN SAMPLING

A test line of overburden geochemistry sampling was undertaken along line 9+00N which crosses in close proximity to Giver Zone mineralization. That program is summarized from Awmack's 1991 report.

"Smith and Hoffman (1984) had noted that deep overburden samples in some backhoe test pits in the Giver Zone area had returned gold anomalies of 1000 to 2000 ppb, even though surface soil samples were uniformly below the detection limited of 5 ppb. It was thought that glacial till derived from far away might overlie and mask locally derived basal till. As a test, deep overburden samples were taken along line 9+00N from 0+00E to 10+00E in 1991. These samples were taken from immediately above bedrock at depths up to 3.35 metres using a Pionjaar-mounted sampling system. Because the glacial till contains boulders exceeding one metre in diameter, it is quite likely that some samples, particularly at lower elevations, were taken immediately above boulders rather than bedrock.

Two 'overburden' samples, at 3+50E and 3+75E, were actually taken from highly weathered and clay-altered outcrop which was penetrated by the sampling equipment at depths of 2.80 and 2.40 metres below ground surface. These samples returned up to 160 ppb gold, 825 ppm arsenic, 30 ppm lead and 124 ppm zinc and should reflect the grades of the weathered bedrock. The chief significance of these two samples is that they extend the Giver Zone mineralizing system 90 metres to the east of previously exposed mineralization and indicate a possible width of 20 metres for it.

Conventional soil samples were taken at the sites of the eight deepest overburden samples, including the two described above. Of

the six remaining samples, five returned background values for both soil and deep overburden samples. The sixth returned anomalous arsenic values for both sample types, but significantly higher zinc values in the deep overburden sample. It is interesting to note that at 3+75E, where weathered bedrock contained 825 ppm arsenic and 160 ppb gold, conventional soil sampling of the overlying till detected neither gold nor arsenic.

Known mineralization is indicated very well by the results of the overburden sampling on line 9+00N. Highly anomalous arsenic (90 to 465 ppm), zinc (258 to 638 ppm) and lead (4 to 104 ppm) values from 2+25E to 2+75E correspond to gold-rich mineralization in a backhoe test pit a few metres downhill from 9+00N 2+25E.

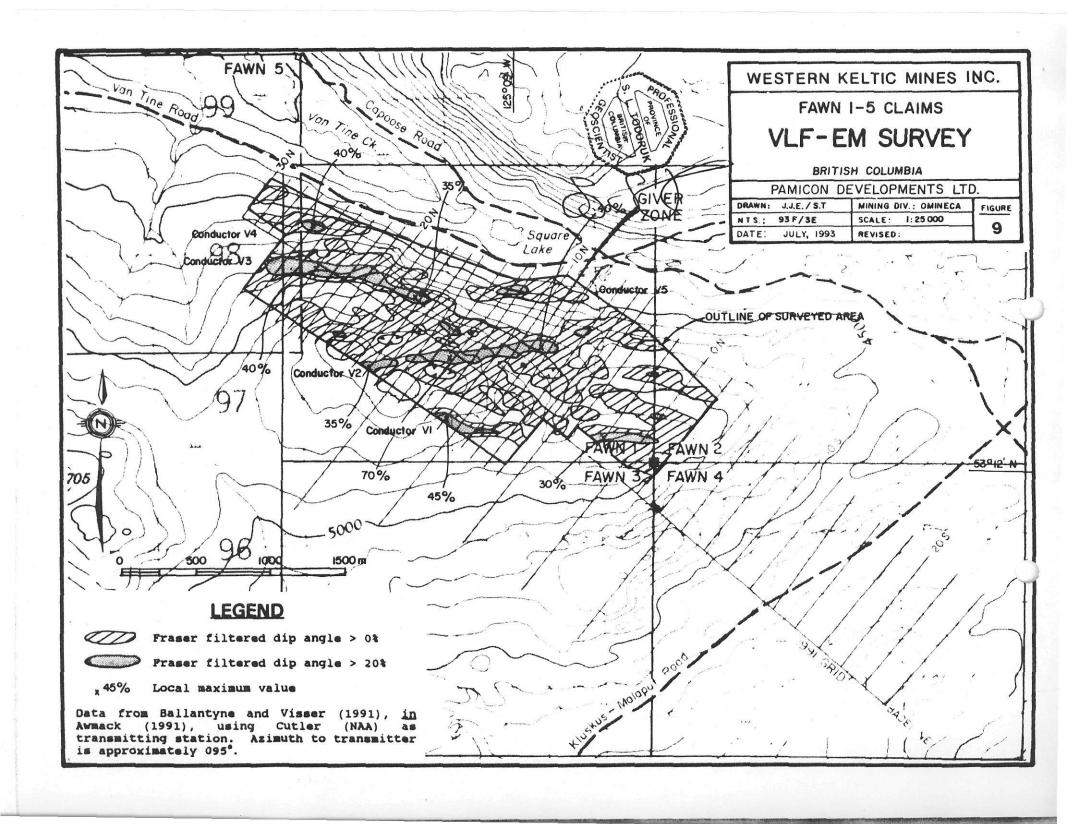
Two highly anomalous overburden samples were returned form 9+00N 9+00E (125 ppb gold) and 9+00N 9+50E (69.0 ppm silver, 285 ppm copper and 175 ppm antimony). An altered and veined rock chip and another of unaltered andesite were present in the overburden sample at 9+50E, possibly indicating that the high values were derived from a mineralized float boulder. Similarly, silicified felsic dyke material is present along with unaltered andesite at 9+00N 9+00E. Both of these samples lie immediately downslope from conductor V5 and could reflect mineralization along it."

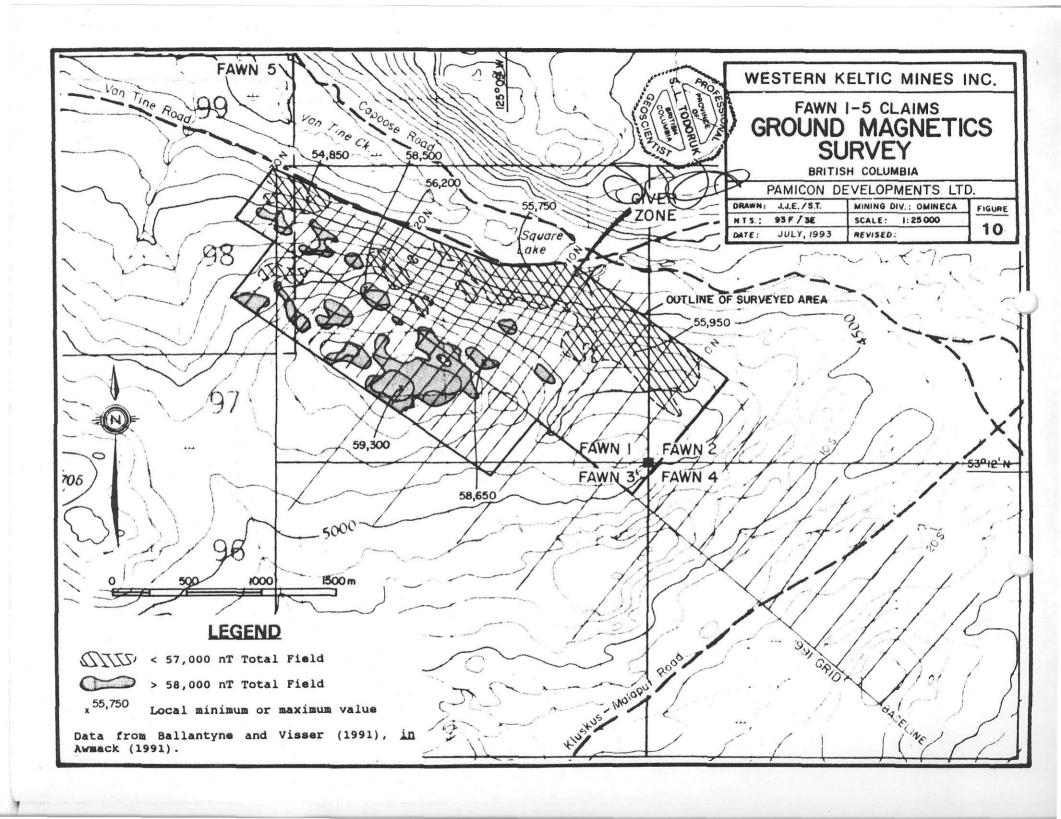
8.0 GEOPHYSICS

8.1 MAGNETOMETER SURVEY

Magnetometer and VLF-EM surveys were carried out over the northwestern half of the grid by SJ Geophysics Ltd. Field procedures, data and interpretation are presented by Ballantyne and Visser (1991). They concluded:

"The magnetometer survey [Figure 9] outlines three prominent magnetic intensity distributions which correlate with the local geology and are observable throughout the grid. The magnetic anomalies labelled Ml, M2 and M3 decrease in magnetic field strength respectively. Anomaly M1 represents a rock type with high magnetic mineral content which corresponds with what is mapped as andesite. Anomaly M2 has been associated with rhyolite or an andesite with lower magnetic mineral content. Magnetic anomaly M3 correlates with a felsic tuff unit and has very low magnetic mineral content."





8.2 VLF-EM SURVEY

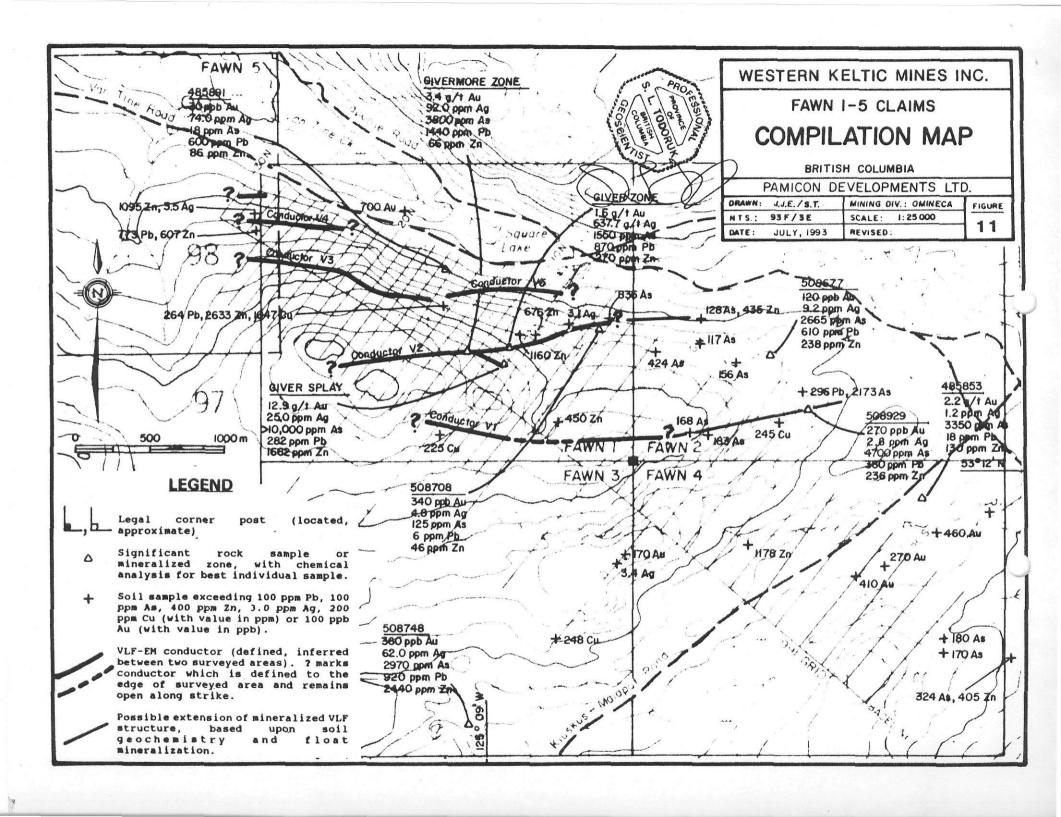
The VLF-EM survey carried out and summarized by Ballantyne and Visser (1991) has defined five distinct conductive zones of significance as well as several other features of lesser interest. Conductors V_1 to V_5 each trend eastwest and vary in strike length. Mainly because of the constraints of the geophysical survey boundaries, the five conductors predominantly lie within the Fawn 1 mineral claim.

Conductors V_2 , V_3 and V_4 are all associated with magnetic-low signatures suggestive of altered host rock possibly being related to mineralizing activity. As discussed in the previous section on geochemistry, each of the above conductors is associated with distinct soil geochemical anomalies and Conductor V_2 is known to be spatially associated with precious metal mineralization at the Giver and Givermore Zones.

Conductor V_2 strikes across the grid for its total length of 1900 metres and is open both to the west and east. Pronounced magnetic-low signatures are evident near L12+00N to L14+00N which is also coincident with the strongest portion of the VLF conductor. Near its midway point at the Givermore Zone, a VLF conductor is interpreted to branch off or trend northwesterly toward conductor V_3 for 500 metres.

Conductor V_3 appears to be associated with V_5 along its same trend although separated by a 200 metre non-conductive gap near its centre. An overall strike length of 2200 metres open to the west can be implied for this structure. V_5 does not appear to be related to magnetic-low anomalous values.

Conductor V_4 lies approximately 350 metres north of the V_3-V_5 structure and is approximately 700 metres long being open to the west and east in areas not surveyed in 1991.



Conductor V_1 trends easterly near the southern boundary of the Fawn 1 claim. This anomaly aligns with an additional conductor to the east separated by a 500 metre gap indicating a potential strike length of 1700 metres remaining open to the east and west.

8.3 MAX-MIN SURVEY

Two test lines of max-min horizontal loop EM, using 100 metre coil separation, were surveyed on lines 8+00N and 9+00N, passing close to the Giver Zone and over VLF conductors V_2 and V_5 (Ballantyne and Visser, 1991). The data on line 9+00N confirms the VLF responses, and "suggests the possibility of a weakly conductive region between 1+80E and 4+00E". This would span the Giver Zone (centred at 9+50N 3+50E) and gold-rich sample 508928 (taken from backhoe test pit rubble at 9+05N 2+30E). The strongest part of this conductive region lies between 3+80E and 4+00E, correlating closely with VLF conductor V_2 , whose axis passes through 3+75E. The same anomaly was also detected on line 8+00N.

A weaker anomaly was detected at 8+00N 8+00E, with a width of approximately 10 metres. "This anomaly is on line with VLF anomaly V₅ and is located where V₅ would expect to cross line 8+00N" (Awmack, 1991).

9.0 DISCUSSION AND CONCLUSIONS

The Fawn property is an epithermal precious metal prospect which displays similar geological, geochemical and geophysical characteristics to other known epithermal prospects and deposits in British Columbia (Wolf, PEM, Blackdome), Mexico (Tayoltita, Topia), and elsewhere worldwide.

Work to date on the claims has identified an assemblage of Jurassic volcanosedimentary rocks intruded by epithermal mineralizing Eocene felsic dykes. Within these rocks, geochemical soil signatures anomalous in silver-zinc-lead ± arsenic ± copper coincident with geophysical VLF-EM conductors cover favourable structural zones measuring up to 2500 metres along strike. Known mineralization up to 9.9 metres in width occurs at the Giver trench. Chip samples averaged 589 ppb gold, 7.1 ppm silver and 947 ppm arsenic across a continuous true width of 7.4 metres. Altered bedrock encountered by overburden sampling has extended the Giver Zone alteration 90 metres to the east along strike indicating a minimum 20 metre wide alteration zone. The zone consists of silicified, argillized and brecciated rock cut by several generations of quartz ± sulphide ± carbonate ± barite veining and filling of open spaces. Sampling to date has been of weathered oxidized material. Higher precious metal values may be obtained from deeper and fresher rock. The most noteworthy elevated assay values from the Giver trench area have included 4.4 g/tonne gold and 637 g/tonne silver both being float samples.

Another zone of promising interest is a geophysically interpreted splay off of the Giver/Givermore trend just 90 metres south of the Giver trench. This area displays similar characteristics and has produced the highest gold value on the property to date of 12.9 g/tonne gold along with 25.0 ppm silver, 1660 ppm zinc and >10,000 ppm arsenic. The source of this float sample has yet to be located.

Aside from the Giver/Givermore structure, four other subparallel east-west trending geophysically inferred lineaments each coincident with geochemical soil anomalies have been identified on the property. Locally, epithermal-style float mineralization similar to the Giver trench has been found along these zones but to date nothing has been located in place to account for the extensive geochemical signatures.

10.0 RECOMMENDATIONS

A two-phase exploration program is recommended for the Fawn 1-5 claim group. This program should be designed to further test the known mineralization.

geochemical and geophysical anomalies and develop further targets outside the surveyed area.

The five VLF conductors and their associated soil geochemical anomalies should be the focus of Phase I exploration. An induced polarization survey should be carried out on lines 200 metres apart over the northwest half of the existing grid. Eight to 10 short diamond drill holes should be drilled on a reconnaissance basis to test combined geochemical and geophysical anomalies and known mineralization.

A budget for the next stage of recommended work on the Fawn 1-5 claims is presented in the next section of this report.

Contingent upon the success of the Phase I results, a Phase II program consisting of further diamond drilling and geophysics would be recommended costing \$400,000.

11.0 RECOMMENDED BUDGET

PHASE I

WAGES

| Project Geologist - 1 x 27 days @ \$375/day Sampler - 1 x 13 days @ \$200/day Cook - 1 x 27 days @ \$200/day | \$10,125 2,600 5,400 | \$ 18,125 |
|--|----------------------------|-----------|
| RENTALS | | |
| Fly Camp - 174 man days @ \$25/man day Truck - 27 days @ \$80/day | \$ 4,350 | 6,510 |