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ASSESSMENT REPORT
ON THE
TILLICUM PROJECT
FIELD PROGRAM
SLOCAN MINING DIVISION, BRITISH COLUMBIA
FOR
MUSTANG MINERALS CORPORATION

DRAFT

Toronto, Canada □ Watts, Griffis and McOuat □□April 12, 2002□
Consulting Geologists and Engineers□□

INTRODUCTION

The work program consisted of four days (July 31 - August 3) spent on the Tillicum property and several months of office work digitizing the available data.

An inspection of camps and equipment on site was undertaken and examinations of the Heino-Money, East Ridge, Grizzly and Silver Queen zones and the central property area were completed. Sampling involved the collection of 79 stream sediment, soil and rock samples.

PROPERTY DESCRIPTION

Location and Access

The mineral claims, all part of a large claim block comprising the Tillicum gold property, are situated 60 km northwest of Nelson in southeastern British Columbia (Figure 1). The various mineral claims are between 10 and 14 km east of the small community of Burton on the east shore of Lower Arrow Lake (Figure 2).

Access to the area of the subject mineral claims from Burton, which is on provincial Highway 6, is by way of logging and mining roads extending up the south side of Caribou Creek to a former exploration camp site near the headwaters of Londonderry Creek (Figure 3). Four-wheel drive vehicles are required to negotiate the steep access road to the principal Tillicum workings near the summit of Tillicum Mountain. Total road distance from Burton is approximately 17 km.

Mineral Property

The Tillicum property includes 28 two-post mineral claims, 9 four-post mineral claims, one Mining Lease and five full and fractional Crown granted mineral claims. The recorded mineral claims and Mining Lease consist of 159 mineral

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of a log cabin and an overgrown access road near sample site 17+50W.

These reverted Crown granted claims, thought to be underlain by Cretaceous granitic rocks, feature abundant, angular float of light grey, micaceous greywacke, suggestive of a possible roof pendant of prospective older rocks similar to the sequences hosting the known gold-bearing zones elsewhere on the Tillicum property.

Rock Sampling - Silver Queen Zone (Black Bear Claim) and Golden Hope Claim

A traverse from the Heino-Money - East Ridge zones, involving a 1 km distance south to Golden Hope Peak and 2 km east to Grey Wolf Mountain, was undertaken to get a better appreciation of the general geological setting and to undertake assessment work on the Golden Hope and Black Bear claims (tenure numbers 255530 and 255531).

Three rock samples were collected from the Black Bear (1) and Golden Hope (2) areas were tested for the same 35 elements. The sample from Black Bear area is weakly anomalous for Zn, Mo, and Ag. One of the Golden Hope area samples was weakly anomalous for Ag, and Cu.

DATA REVIEW

AVAILABLE DATA

Project data in the possession of Mr. George Addie, a geologist who has recently been involved in work on the property was acquired. The file boxes and numerous rolls of maps stored at Mr. Addie's home were reviewed by Alar Soever, a Senior Geologist with WGM during a visit to Mr. Addie in Nelson, B.C. from July 3rd to July 5th, 2001. The data in Mr. Addie's possession consists of summary reports on the property, as well as maps, plans and sections. There is no complete index of all the data.

There is a fairly complete record of the exploration and mining history of the Heino-Money zone during the period from 1980 to 1983, as well as the contemporaneous exploration of the East Ridge Zone.

No information was found detailing the exploration of the Silver Queen Zone carried out in 1984. According to Mr. Addie this data has been lost as it was being stored at the home of the property vendors, the Gustafsons, when it slid into a lake during a landslide.

A list of the more significant reports in the possession of Mr. Addie is appended as Appendix A.

REVIEW OF PROJECT DATA

A review of the project data indicated:

There is no detailed geological mapping over most of the current property. Detailed mapping is limited to the central area of the property in the vicinity of the Heino-Money, East Ridge and Grizzly Zones. (Figure)

Previous soil sampling only covered the central part of the property. Usefulness of this soil geochemistry is limited by the fact that most of the samples were only analyzed for Au and Ag. Some samples were also analyzed for Pb and Zn. While the Au results correlate with mineralization, a multi-element approach would be useful in defining possible extensions of mineralized environments.

Detailed plans and sections are available for the Heino-Money and East Ridge Zones, both as appendices to the geological reports and as working copies of plans and sections. Most are hand drawn.

No digital data was available except for a Medsystem database of 1989 vintage, which was found on two 1.44 MB diskettes in Mr. Addie's possession.

A comparison of maps from the various reports showed georeferencing problems. Claim, grid, and road locations were inconsistent from map to map. Offsets between maps ranged up to over 100m.

MEDSYSTEM FILES

The Medsystem files are stored on two diskettes as a series of zip files created on May 11, 1993. These files are as follows:

Defil.zip - Contains what appears to be compositing files and possibly block model files dated up to October, 1989. These appear to relate to the report and ore reserve estimate by Orcan Mineral Associates Ltd.

Esper.zip - Drill hole data and various components of DOS plot files to October 1989, with some updating June, 1992...

Levplot.zip - Medsystem ml22 plot files for levels October, 1989.

pxxxx.paa files are assays

pxxxx.pag are geology

vxxxx.paa are outlines

Mdh.zip - individual Medsystem drill hole files to December 8, 1988.

Meddump.zip - Files of assay data, geology data and outlines of workings? Updated to June, 1992.

Secplot.zip - medsystem ml22 plot files for sections, October, 1989.

sxxxxn.paa files are assays

sxxxxn.pag files are geology

Ugdata.zip - File is corrupt and cannot be opened.

DATA COMPILATION

CONSTRUCTION OF GEMCOM DATABASE

The Medsystem files were examined and exported into ASCII files suitable for import into the Gemcom modelling program. The data was imported and validated using Gemcom's data validation routines. Section profiles were constructed in GEMCOM to confirm to the sections used by previous workers. Sections and level plans were plotted showing the drill hole data. These were compared to the existing sections, both hand drawn working sections and those appended to

the historic reports. It was recognised that some drill holes and assay data were missing. Data for these holes was entered by hand, using the available drill logs and assay certificates.

Topographic data from the TRIM basemap was also imported into GEMCOM.

Mine workings for the 2050, 2116 and 2150 levels on the Heino-Money Zone were digitized and a 3-D model of the workings developed.

Surface geological data from the Heino-Money, East Ridge and Grizzly zones and most of the soil geochemical results of the previous surveys was also incorporated into the digital data base.

The resulting Gemcom database includes data from 339 drill holes, totalling 28,156.1 m, well as 19 trenches. The database includes 17,042 drill hole assays, 294 trench assays as well as 11,706 lithology records.

This data was then used to generate east west vertical cross sections of both the Heino-Money and East Ridge zones.

A solid model of the mineralized zones was generated using drill hole assay data from both zones. A qualitative 3D solid model of the mineralized zones was generated, based on assay values generally in excess of 5g/t. This is included on the accompanying CDROM.

The digital data format now allows for the generation of three dimensional models of both the mineralization and geology. As well as for the production of individual longitudinal sections for each of the mineralized lenses and level plans.

RESULTS OF DIGITAL DATA REVIEW

The following summarizes the new information and interpretations based on the information generated from the digitized data during the course of this study. The block models generated from the qualitative study of the mineralized zones show the mineralization in each of the zones to consist of a number of parallel to sub parallel lenses of varying dimension.

The lenses composing the Heino-Money zone generally strike north to slightly northwest and dip subvertically.

These lenses all plunge moderately to the north.

Lenses often split or bifurcate, either terminating or recombining.

Some of the parallel lenses, because of their configuration remain untested down plunge.

The mineralized lenses in the East Ridge zone are of variable strike and dip. The main lenses strike north to northeast and dip moderately to the west. The northernmost lenses strike somewhat northwest and the southernmost to the northeast. Dips, generally westerly, vary from moderate to steep. As with the Heino-Money zone a distinct north plunge is evident.

The newly generated east-west vertical cross sections show for the first time that the mineralization at the south end of the Heino-Money and the southern part of the East Ridge Zone intersect.

The highest grade mineralization is found in this area where both zones

intersect.

Grades and quantity of mineralization diminishes to the north in both of these zones.

The shear and fault structures/ zones identified generally strike and dip in concert with the main mineralized lenses. The projection of the line of intersection of these structural features also plunges to the north where it extends below the level of current drilling.

CONCLUSIONS AND RECOMMENDATIONS

The various mineral zones on the Tillicum property have been described as precious metals enriched skarn deposits.

The mineralization forms as distinct en-echelon and sub parallel lenses localized along fault or shear structures.

These structures have strikes varying from slightly east to slightly west of north and dip steeply to the east and moderately west.

Additional information beyond the current drill data is needed to determine more fully the interrelationship and controlling features of these structures.

Post-mineral lamprophyre dyke swarms, identified by previous operators, which strike north-northeast and dip vertically or nearly so especially in the East Ridge zone may in part explain the segmented nature of this zone.

Block modelling has shown that a number of the lenses or segments are untested down plunge.

The down plunge extensions of the intersection of the two main mineralized structures has not been explored at depth and remains one of the area of highest potential for the discovery of additional mineralization.

Advanced structural studies are recommended to detail the structural history and possible controls of the features controlling the mineralization.

The current digital data base can now be used to select additional potential targets both within the main mineralized zones, other parallel lenses and their down plunge extensions.

The included CD-Rom disc, with all the data files from the Gemcom software, the solid model 3D views, surface geology plan as well as a set of east-west cross sections allows all researchers the ability to test various interpretive models, which greatly enhances the properties potential.

RECOMMENDATIONS

More detailed deposit modeling of; individual lenses, alteration types and variograms of the assay data is recommended to help in pin pointing drill targets to test the down lunge potential of the mineralized areas.

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Surface exploration of the up slope areas of the drainages that showed anomalous gold should be investigated with detailed field mapping and soil and rock sampling programs. The objective would be the identification of other parallel, mineralized structures, located to the west of the existing zones.

Investigation of the main Goat Canyon intrusive for deeper mineralization targets is also warranted. Down hole geophysics of future deeper drilling and multi-element geochemistry of surface and core samples is warranted.

With respect to the mineral claims, it is recommended that following the grouping of all claims prior to filing assessment work, the following options be explored:

It may be possible to have the ten 2-post claims in the central property area included within the TIL #1, #2, #3 and #4 four-post claims. This would effectively eliminate the 2 post claims which result in additional (and unnecessary) assessment requirements. This option, a relatively new feature of the Mineral tenure Act, was not available at the time of the initial staking of these claims. It may also be possible to have the four reverted Crown granted mineral claims included as well but the Mining Lease (ML 16977) would obviously remain as a separate entity.

It may also be advisable to designate a common anniversary date for all claims. Ministry of Energy and Mines staff can prepare several recommendations in this regard for our consideration. Going to a common anniversary date commonly results in expanding existing assessment credits. Written permission from Mustang Minerals would be required to proceed with this. The objective should be to place all claims in good standing until sometime in 2003.

Specified Work Plans

Data modelling.

Create zone by zone grade thickness contours of mineralization and construct block models to establish patterns of spatial distribution of the mineralization and relationships to geological structures and features.

Create a series of artificial level plans of the all mineralized intercepts using fixed cut-off to visualise the relationships between all the lenses and existing adits

Identify those mineralized lenses which still remain untested down dip and along strike within the main mineralized area.

Model the indicated down plunge intersection of the mineralized zones and related fault structures to select best target sites for deeper drilling.

Surface exploration.

Detailed exploration up slope, of the north area tested by the 2001 stream sediment sampling program and acquisition of additional claims to cover any favourable sites.

Detailed mapping of surface geology with special attention to structural features for all the zones.

Additional sampling/trenching of Grizzly zone to trace 2nd zone to the east indicated from recent sampling.

Diamond drilling to test down plunge mineralization of main zones.

Program Costs

Digital data modelling.....	2months @ 8000/m.....	16,000
Definition of drill targets within min. zone	2 weeks @	
8000/m.....	4,000	
Detailed surface mapping, sampling.....	2months @12,000/m.....	24,000
Acquisition of claims.....	3 blocks @1000.....	3,000
Test work, trenching at Grizzly zone.....	1 week @ 1200/d.....	6,000
Diamond drilling main zone.....	12 holes @ 100m , 1200m @80.....	96,000
Deep drilling down plunge.....	8 holes @ 300m 2,400m@ 75	180,000
Geological drill supervision.....	4 months @ 12,000/m.....	48,000
Miscellaneous supplies, equipment rentals.....		35,000
Supervision	40,000	
Contingencies.....	41,000	
Total proposed work initial follow up phase.....		493,000

..COSTS□

COSTS

□Appendix A

Mintec MEDSYSTEM what report connected with???

Roberts 1990 ????????

Devonock, McIntock and Roberts 1986 Silver Queen Missing

Tillicum - Various Reports on Previous Exploration Work

Addie, George G. (1997): Geology Report on the Tillicum Mountain Gold Property, 1996 assessment report prepared for AMT Resources Ltd.

Devlin, Barry D. and Tupper, David W. (1989): Summary Report - 1988 Exploration Program on the Heino-Money and East Ridge Deposits, Tillicum Mountain Property, prepared for Esperanza Explorations Ltd.

Devlin, Barry D. and Roberts, Wayne J. (1989): Summary Report - 1989 Exploration Program on the Tillicum Mountain Property, prepared for Esperanza Explorations Ltd.

Esperanza Explorations Ltd. (1989): 1:5000 scale map - Compilation Geology, Geochemistry & Roads

Glanville, Ross (1994): A Valuation of the Tillicum Mountain Project for Columbia Gold Mines Ltd.

Knight and Piesold Ltd. (1987): Preliminary Engineering and Environmental Report, Esperanza Gold property, Londonderry Mill Site, prepared for Esperanza Explorations Ltd.

Saunders, C.R. and Budinski, D.R. (1989): Ore reserves for the Tillicum Mountain project, prepared for Esperanza Explorations Ltd.

History

The following accounts are summarized from various sources including assessment files, newsletters and internal company reports prepared by Ross Glanville and Associates Ltd in March 2000, and conversations held with Mr. George Addie, who had carried out the previous work on the property for AMT Resources Ltd.

Previous work on the property started in 1980 with the discovery of high-grade gold in the "Money Pit" by Arnold and Elaine Gustafson, of Burton, on ground held as the Wolf, Hugh, Sandy and Near claim groups (12 units).

Esperanza Explorations Ltd and Welcome North Mines Ltd., as a joint venture, optioned 100 per cent interest in the property from the Gustafson's by a September 20, 1980 agreement, subject to a percentage of net smelter returns. The existing claims and adjacent ground was over staked as the Til 1-4 claims (72 units). Work in 1981 included geochemical and geophysical surveys and trenching. A bulk sample of 58 tonnes shipped from the Money Pit averaged 78.8 grams per tonne gold.

Welcome North withdrew from the joint venture in March 1982. La Teko Resources Ltd., on June 23, 1982, acquired an option to purchase a 50.4 per cent share interest in Esperanza Explorations prior to December 31, 1984 for \$5,125,000. Additional staking expanded the property to some 237 units. Exploration activity in 1982 included 1128 meters of diamond drilling in 16 holes on the Heino-Money zone, 8 holes on the East Ridge zone and 1 hole on the Jenny zone. In 1983 a 60.9-metre crosscut adit was driven on the East Ridge zone and further geochemical surveys and trenching carried out. Diamond drilling, of 18 holes, was done on the Heino-Money zone. Drilling to that date outlined a drill indicated mineralized zone containing 36,287 tonnes at an average grade of 20.5 grams per tonne gold and a total inferred potential of 90,720 tonnes (George Cross News Letter, February 28, 1984). Drilling in 1983 totalled 2319 meters in 38 holes.

In 1984 a 60-metre adit was driven into the upper part of the Heino-Money zone; a 2268-tonne bulk sample was shipped to the Dankoe mill at Keremeos in 1985. Further diamond drilling of 5 holes was done on the East Ridge zone (total 25 holes to date).

La Teko provided financing of exploration to the end of 1985 (\$2.28 million) to earn a 39.6 per cent interest in Esperanza. La Teko was unable to provide further financing and the 1982 option agreement expired at the end of 1985.

The Heino-Money zone has been explored by drilling and underground exploration and has a reserve potential of 45,355 tonnes grading 34.28 grams per tonne gold. Within this reserve, a mining reserve had been calculated to be 15,874 tonnes with a diluted grade of 34.28 grams per tonne gold using a 11.99 grams per tonne gold cut-off grade.

Exploratory underground drifting (300 metres) and drilling on the East Ridge zone has resulted in indicated reserves of 1,184,672 tonnes grading 5.82 grams per tonne gold. Within this reserve are measured geological reserves of 238,567 tonnes grading 13.36 grams per tonne gold using a minimum width of 1.5 meters and a 6.85 grams per tonne gold cut-off grade (Assessment Report

19437).

Columbia Gold Mines (1991) estimated reserves of the East Ridge zone to be 440,000 tonnes grading 10.26 grams per tonne gold (Information Circular 1993-13, page 17).

In 1993, a total of 5,503 tonnes of ore with an estimated head grade of 24.4 grams per tonne gold was mined from the Heino-Money zone and shipped to the Goldstream mill (082M 141) for processing. About 102,443 grams of gold and 149,546 grams of silver were recovered into concentrates, which were shipped to Japan for smelting (George Cross News Letter No. 237 (December 10), 1993)

Mustang Gold acquired the property in 1997.

CURRENT STATUS

GEOLOGY AND MINERALIZATION

Physical Setting

The Tillicum property is situated in the Valhalla Ranges east of Arrow Lakes. Elevations within the property area range from about 800 metres above sea level along Caribou Creek in the northern claims area to more than 2300 metres at the summit of Grey Wolf Mountain in the southeastern part of the property. The topography is generally steep and locally precipitous. Steeper slopes are mantled by a thin veneer of overburden and forest cover, which extends to elevations of 2100 meters. Bedrock is best exposed along ridge crests and in recent road cuts.

Both the Golden Hope and Black Bear claims are on or near ridge crests well above tree line and bedrock is more or less continuously exposed on both claims. The contiguous Little Joe, Molly Fraction and Molly claims, in the west-central property area, are situated in relatively subdued, forest-covered terrain with little or no natural bedrock exposure.

Regional Geological Setting

The Tillicum property, within Quesnel terrane of the Omineca Belt, is underlain by Late Paleozoic to Early Mesozoic metasedimentary rocks which are locally overlain by basic and intermediate volcanic rocks. These supracrustal rocks are contained in a roof pendant bounded by the Halifax Creek - Goatcanyon Creek granitic stocks of Cretaceous age on the north and west and by the Tertiary Nemo Creek stock on the south.

The metasedimentary and metavolcanic rocks are further intruded by feldspar porphyry stocks and sills of possible early Mesozoic age and by Tertiary lamprophyre dyke swarms.

Property Geology and Mineralization

A predominantly metasedimentary sequence, which underlies the central part of the Tillicum property, consists principally of deformed and metamorphosed siltstone, calcareous siltstone, quartzite and greywacke with lesser mafic volcanic rocks, tuffs argillites and impure carbonate and marble layers

(Ettlinger and Ray, 1989).

The metasedimentary sequence is intruded by sill-like feldspar porphyries, which pre-date the Halifax Creek - Goatscanyon Creek granitic stocks. Precious metals enriched skarns are developed marginal to the feldspar porphyry intrusions. The skarn zones are structurally controlled and strike north-northeast and for the most part dip steeply east and west, paralleling the trend of the porphyry intrusions.

Native gold occurs as fine disseminations and as coarse flakes along the margins of quartz-actinolite-chlorite skarns zones which also contain variable amounts of finely disseminated pyrrhotite, pyrite, sphalerite and galena.

A number of gold-rich skarn zones, identified by previous work in the central property area, include the Heino-Money, East Ridge and Grizzly zones (Figure 3). The Silver Queen and Arnie's Flats zones, situated in the southeastern and southwestern property area respectively, are silver-rich skarns in which gold values are low to absent.

Addie (1997) noted a semi-circular regional geochemical pattern centred on Tillicum Mountain and consisting of an outer anomalous molybdenum zone grading inward to higher silver values followed by gold.

The most significant gold zones identified to date are the Heino-Money and East Ridge zones on the northern slopes of Tillicum Mountain. Prior to mining, geological reserves for the Heino-Money zone were estimated to be 14,850 tonnes grading 35.04 g/t gold at a cutoff grade of 13.71 g/t (Saunders and Budinski, 1989). Several estimates of geological reserves and resources have been prepared for the East Ridge zone including 1,846,721 tonnes grading 5.82 g/t gold; this figure includes 440,000 tonnes at 10.26 g/t (BC Minfile). Other estimates include that of Orcan Mineral Associates Ltd. in 1989 which were reported as indicated and inferred geological reserves totalling 238,720 tonnes grading 13.51 g/t gold at a cutoff grade of 6.86 g/t gold and a minimum width of 1.52 metres. A Columbia Gold Mines Ltd. estimate, reported by Glanville in 1994, was 1,063,185 tonnes averaging 8.78 g/t gold at a reported cutoff grade of 5.14 g/t gold.

Significantly, post-mineral lamprophyre dyke swarms, which follow the dominant north-northeast structural trend, are particularly evident in both the Heino-Money and East Ridge zones.

The Silver Queen Crown granted claims, in the southeastern property area (Figure 3) host silver and lesser gold mineralization. The Minister of Mines Annual Reports for 1930 and 1935 has described these as being associated with carbonate-rich units marginal to porphyry dykes and irregular aplite intrusions. They extend to the northeast, for a strike length of more than 300 meters, between elevations of 2000 and 2250 meters.

An adit near the southwestern limits of the zone was collared in irregular quartz veins containing fine-grained pyrite about 20 meters east of a 15 meters wide aplite intrusion which apparently terminated the zone in the underground workings. Adit dump samples returned values of between 1.4 and 3.4 g/t gold and 685 to 1060 g/t silver accompanied by 2.7% lead and 2.6% zinc. A 0.50-0.75 meter wide carbonate-rich zone, containing pyrite and fine-grained

black sulphides some 300 meters northeast of the adit, returned values of 2.1 g/t gold and 257 g/t silver. A selected sample from a similar zone on the ridge crest 200 meters west of the summit of Grey Wolf Mountain assayed 3.4 g/t gold and 960 g/t silver.

These various zones are contained within a northeast-trending, +3 ppm silver in soils anomaly measuring 1000 x 160 meters which was identified by 1980s work. A number of drill holes tested this zone which was described by Ettlenger and Ray (1989) as consisting of several 20 meters thick skarn zones developed in a 30 meter wide sequence of impure calcareous quartzites, siltstones and thin marble beds marginal to feldspar porphyry sills. The skarn assemblage includes quartz- tremolite-actinolite, anhedral garnet and hosts pyrite, pyrrhotite, tetrahedrite, sphalerite, galena, pyrargyrite and arsenopyrite.

2001 FIELD PROGRAM

Field work on the Tillicum property, carried out between July 10 and August 3, 2001, included a partial survey of the access roads and principal workings in the central property area, an inspection and inventory of existing on-site facilities and equipment and the collection of 79 stream sediment, soil and rock samples from selected parts of the large property area.

Survey

A properly georeferenced base map was recognised as imperative, prior to compilation of the existing data on the property. While the (Terrain Resource Information Management) "TRIM" maps provide a good base, locations of the claims on the government claim maps (TRIM-based) were inconsistent with those on the project maps. Similarly, locations of key features shown on the older plans had not been tied to UTM co-ordinates.

Timberland Consultants (2001) of Nelson B.C. was contracted to collect Differentially Corrected Global Positioning System ("DGPS") survey data along the access road to the mineralized area on the Tillicum property to confirm the location of the roads in NAD83 co-ordinates to a precision of +/- 1 meters. In addition to precisely locating the access road the survey was also designed to locate the position of the warehouse, the Heino-Money 2050, 2130 and 2160 level adit portals, the East Ridge 2060 level adit portal and the Hugh-Wolf claim #2 claim post which is along the northern boundary of the previously surveyed Mining Lease.

Collection of these data would allow for proper georeferencing of the historic exploration data.

The field surveying was carried out on Monday the 10th of July, 2001 by Timberland. Access to the property was by 4WD truck and a 4 wheeled all terrain vehicle.

The survey data was plotted on a TRIM base and provided to WGM as a digital Autocad drawing covering the extent of the entire claim group (Figure 11).

Site Inspection

An inspection of equipment and facilities on the Tillicum property was carried