

Diamond Drill Report

on the

CANNEL CREEK PROPERTY

Claim: Cannel Record No. 52 / Kamloops M.D.

Location: - 38 km N.W. of Kamloops
- Lat.: 50° 53' N Long.: 120° 34' W
- N.T.S. 94I 14E 92I/15E

Claim Owner: Yamato Industries Ltd.
1029-510 West Hastings Street
Vancouver, B.C.

Report By: L. Sookochoff, P.Eng.
Pan-American Consultants Ltd.
2602-1055 West Georgia Street
Vancouver, B.C., V6E 3P3

Date of Report: December 8, 1978

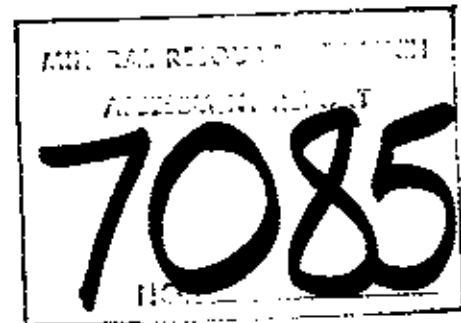


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DRILL LOGS

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D.H. 78 - 2
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ASSAY CERTIFICATE

STATEMENT OF EXPENDITURES

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SCALE

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INTRODUCTION

During the period October 1, 1978 to October 14, 1978, three diamond drill holes (total 162.5 meters) of AQ diameter were drilled on the Cannel claim of Yamoto Industries Ltd. The purpose of the diamond drill program was to test correlative anomalous zones for gold bearing porphyry dykes. Drilling was done by Raymond Drilling of Vancouver. The core is stored at the property and at 7171 Williams Road, Richmond, B.C.

PROPERTY

The Cannel claim comprised of 20 units held by location. Particulars are as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry date</u>
Cannel	52 (6)	June 17, 1979

LOCATION, ACCESS AND TOPOGRAPHY

The claim is located 38 km. N.W. of Kamloops, B.C. near the head of Cannel Creek, a tributary of Watching Creek.

Access is via the gravelled Lar du Bois and Pass Lake roads north from Kamloops. The property is located on the eastern flank of the Tranquille Plateau which forms part of the belt of the Interior Plateaux. The main topographical features of the area are of broad upland areas separated by deeply incised valleys. Elevations on the property vary from 1100 m. to 1400 m. a.m.s.l. The relief is in the order of 200 m.

PROPERTY HISTORY

The Cannel claim is presently owned by Yamoto Industries Ltd. (N.P.L.) of Vancouver, B.C. The area covered by the Cannel claim was previously known as the Allies Group where in the 1920's and early 1930's high grade gold ore was discovered and exploration for the source was carried out. The discovery was later proved to consist of float but considerable work was done to try and find similar ore in place.

In 1967 a portion of the Allies Group was staked as the Bob claims and were held by South Oak Mines Ltd. (N.P.L.). Additional claims were staked adjacent to and surrounding the Bob claims and were known as the Dog Group.

In 1969 cat trenching was carried out around the old Allies workings.

In January and February 1973, Geotronics Surveys Ltd. performed a ground magnetic and VLF-EM survey on the Dog Group.

In May 1973 a limited geochemical survey and some geological mapping was done.

In May to July 1977 a geochemical survey was carried out over portions of the property.

GEOLOGY AND ECONOMIC CONSIDERATION

The property is underlain by group rocks of the Carboniferous Cache Creek Group which occur as a "window" within enveloping Tertiary volcanics. Cutting the Cache Creek rocks but not the Kamloops volcanics are light to dark grey porphyry dykes. The host to the dykes is predominantly serpentine with minor argillite, quartzite, hornstone, limestone sheared conglomerate, breccia and greenstone. The dark grey porphyry may carry considerable quartz veins and stringers with associated disseminated pyrite, galena and chalcopyrite. Reported assays of grab samples taken from trench cuts to the south of the main workings returned significant values in gold.

RESULTS OF THE DRILL PROGRAM

D.D.H. 1 Location: 50 E
 Bearing: 045^o
 Dip: 45^o
 Depth: 166 ft. (50.6 m.)
 Results Length of hole was very friable, mylonitic
 and granular. Fault gouge and highly altered
 serpentine. Poor core recovery. No porphyry
 detected. No samples assayed.

D.D.H. 2 Location: 50 E
 Bearing: 045^o
 Dip: - 60^o
 Depth: 126 ft. (38.4 m.)
 Results: Serpentine with localized gouge and clay zones
 and carbonate veinlets. No porphyry detected.
 No samples assayed.

CONCLUSIONS

The drilling indicated that the anomalies drilled did not contain the gold bearing grey porphyry. The drilling did indicate highly altered and mobilized serpentine.

It is concluded that:

1. Significant structures such as large scale shear and fault zones are present which could centralize the gold bearing porphyry intrusions.
2. The anomalies could reflect increased circulation of fluids derived from weathering of proximal gold bearing porphyry within bedrock.
3. The anomalies could, however reflect a trap and thus a resulting concentration of metallic ions derived from the weathering of gold bearing porphyry blocks within the overburden.
4. Additional drilling on the remaining anomalies is required to establish any further conclusions as to the causative source of the anomalies.

Respectfully submitted,



Laurence Sookochoff, P.Eng.,
Consulting Geologist

December 8, 1978
Vancouver, B.C.

CERTIFICATE

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist with the firm of Pan-American Consultants Ltd. of 2602 - 1055 West Georgia Street, Vancouver, B.C.

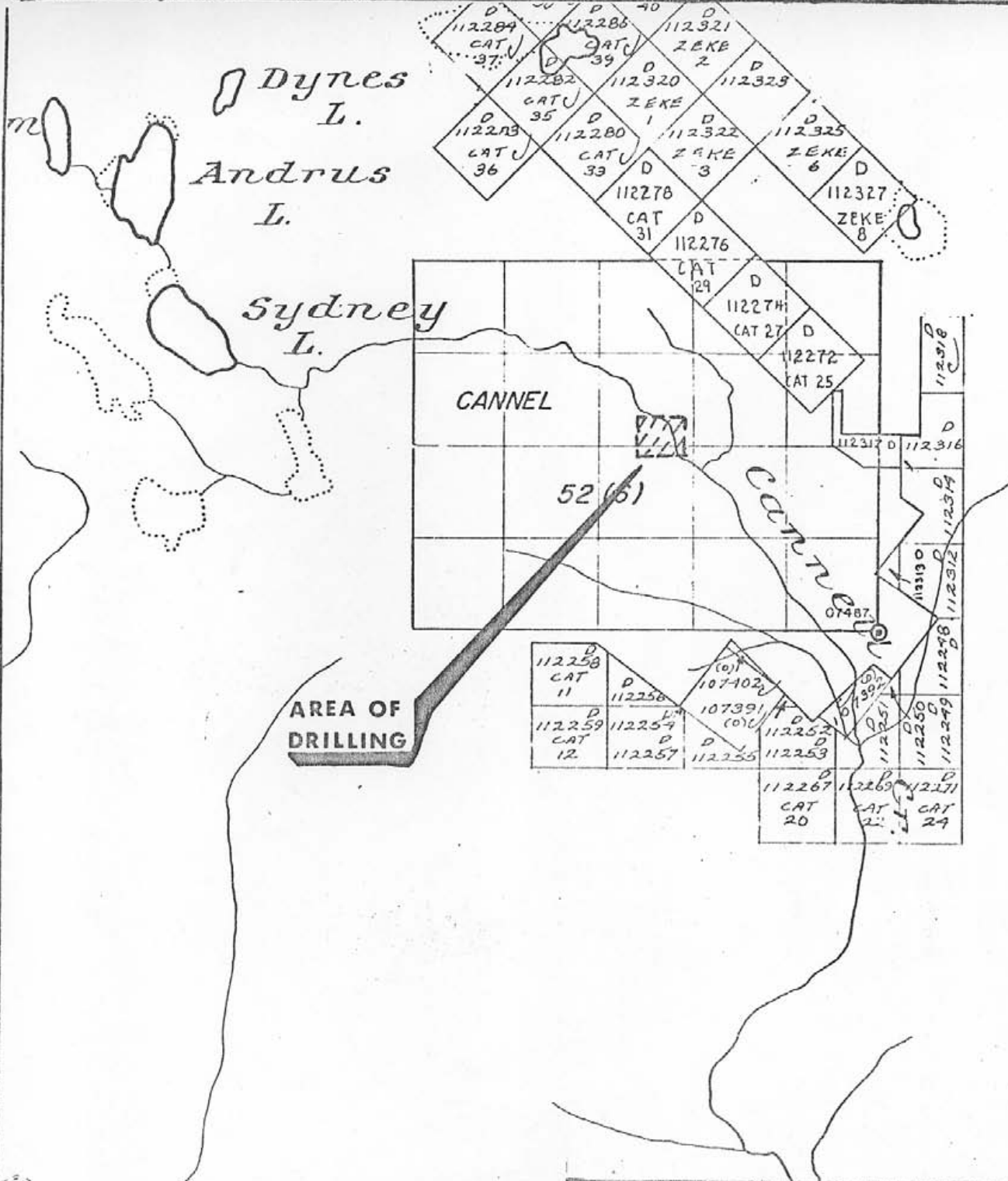
I further certify that:

1. I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.
2. I have been practising my profession for the past twelve years.
3. I am registered with the Association of Professional Engineers of British Columbia.
4. This report is based on information obtained from a personal examination of the property on October 11, 1978 and from previous work done on the property.
5. Neither I or Pan-American has direct or indirect interest in the property described herein, or in the securities of Yamoto Industries Ltd.

Laurence Sookochoff, P.Eng.
Consulting Geologist

December 8, 1978
Vancouver, B.C.





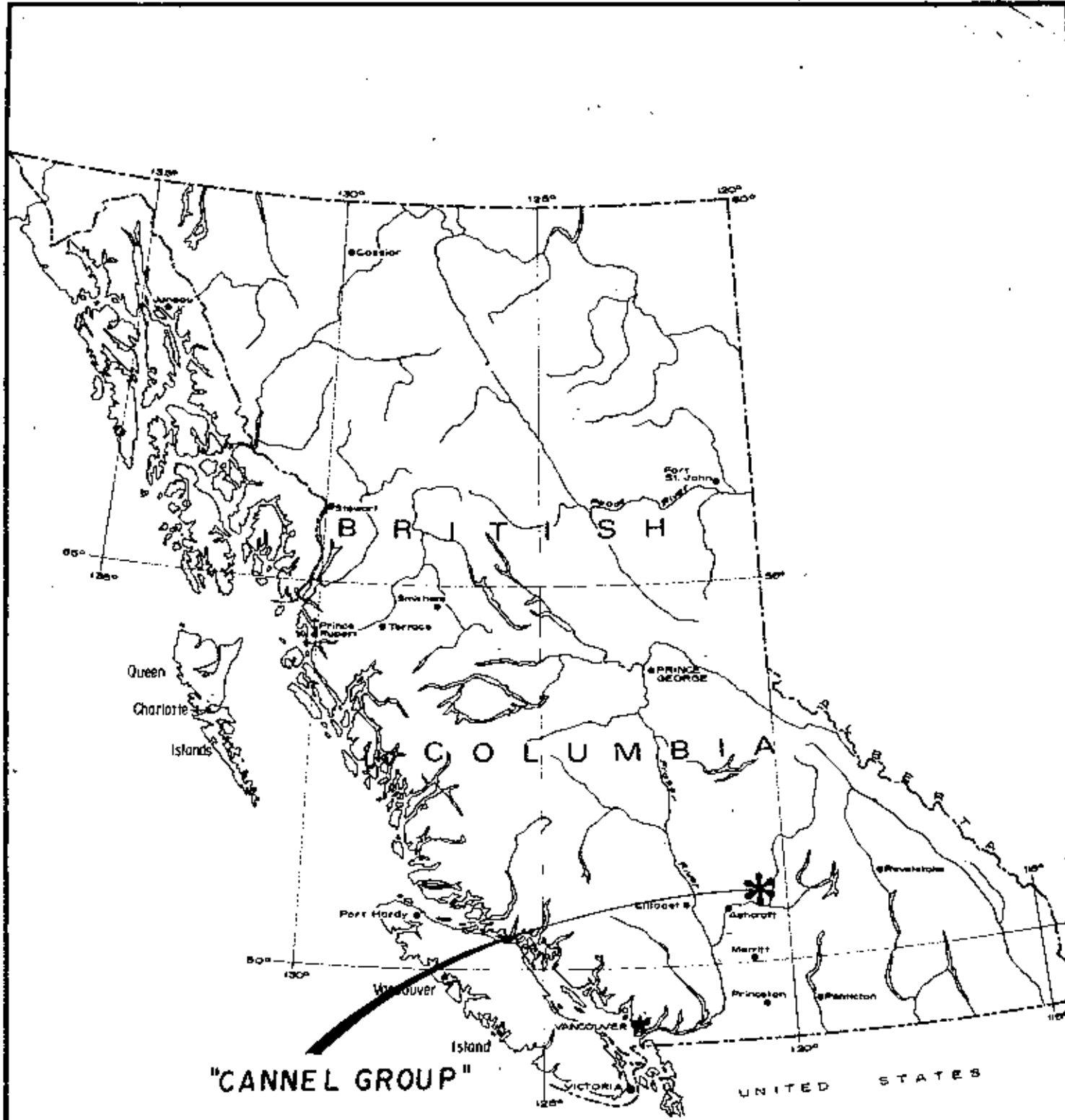
YAMOTO INDUSTRIES LTD.

CANNEL CLAIM KAMLOOPS M.D.

INDEX MAP

Scale 1:50 000

January 1979



YAMOTO INDUSTRIES LTD
 "CANNEL GROUP"
 LOCATION MAP
 SCALE

Miles 100 50 0 100 200 Miles

YAMOTO INDUSTRIES LTD.

CANNEL CREEK PROPERTY

Statement of Expenditures

Diamond drilling - AQ core

534 Ft. @ \$12.50 / ft.
(all inclusive)

\$6,675.00

Engineering and supervision

750.00

Report

750.00

\$8,175.00

CLAIM NO. Cannel

DIAMOND DRILL RECORD

PROPERTY Yamato Industries Ltd.

HOLE NO. 78-1

LATITUDE 4 + 80 N.W.

ELEVATION

BEARING 045°

DEPTH 166 ft.

STARTED Oct. 3/78

COMPLETED Oct. 6/78

DEPARTURE 2 + 00 N.E.

SECTION

DIP -45°

DRILLED BY Raymond Drilling

LOGGED BY L. Sookochoff, P.Eng.

DEPTH FEET	FORMATION	SAMPLE NO.	FROM	TO	WIDTH	ASSAYS			
0 - 22	Overburden								
22 - 166	Serpentine - Lt. green to dark green with disseminated subhedral black augite crystals. Localized sections of serpentine with moderately altered sub glassy subhedral hypersthene crystals.								
	Localized sections heavily slickensided or harder - lightly silicified or blackish (less altered) or heavily gouged or mylonitized.								
	22 - 36 lightly silicified with occ. blebs calcite.								
	36 - 42 1.0' core mylonitic @ 40°								
	50 - 51 mylonitic								
	@ 57' no core for 4.0'								
	64 - 78 no core - clay zone								
	82 - 89 Mod. hard w/fr. @ 72° 38°								

L. Sookochoff
10/6/78

1/2

CLAIM NO.

DIAMOND DRILL RECORD

PROPERTY

HOLE NO. 78-1

LATITUDE

ELEVATION

BEARING

DEPTH

STARTED

COMPLETED

DEPARTURE

SECTION

DIP

DRILLED BY

LOGGED BY

DEPTH FEET	FORMATION	SAMPLE NO.	FROM	TO	WIDTH	ASSAYS		
	95 - 107 pebbly - gougy							
	113 - 117 darker (less alt'n)							
	w/irregular calcite stringers @ 05 - 15°							
	shearing @ 55° fcc/a							
	128 - 131.5 lightly silicified with random							
	calcite stringers. Fr. @ 40°							
	147 - 166 highly fractured, slickensided,							
	fractures healed, fractures @ 05°, 70°, 30°							
	166 E.O.H.							
	Core Recovery - 68%							

2/2

Handwritten notes:
 See 113
 See 117

CLAIM NO. Cannel

DIAMOND DRILL RECORD

PROPERTY Yamato Industries Ltd.

HOLE NO. 78-2

LATITUDE 4 + 80 N.W.

ELEVATION

BEARING 325°

DEPTH 126 ft.

STARTED October 7/78

COMPLETED October 10/78

DEPARTURE 2 + 00 N.E.

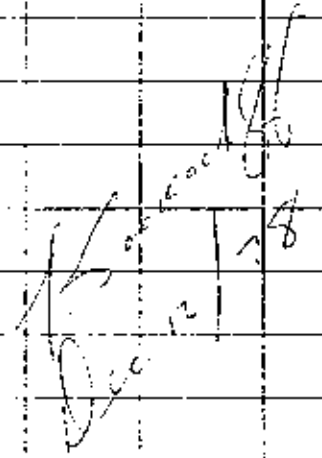
SECTION

DIP -60°

DRILLED BY Raymond Drilling

LOGGED BY L. Sookochoff, P.Eng.

DEPTH FEET	FORMATION	SAMPLE NO.	FROM	TO	WIDTH	ASSAYS			
0 - 25	Overburden								
25 - 126	Serpentine - Lt. to dark green, 50 ft., disseminated subhedral black crystals augite. Localized mylonitic, gougy blackish - less altered, subhedral hypersthene sections, 52 - 57 mylonitized @ 45° to c/a to 75 harder w/random calcite veinlets and stringers @ 68° - 75° 95 + mylonitized @ 45° 122 - 126 clay zones - 2' clay - 4' clay etc.								
	126 E.O.H.								
	Core Recovery 78%								



 L. Sookochoff

 10/13/78

CLAIM NO. Cannel

DIAMOND DRILL RECORD

PROPERTY Yamato Industries Ltd.

HOLE NO. 78-3

LATITUDE 5 + 35 N.W.

ELEVATION

BEARING

DEPTH 242 ft.

STARTED October 11/78

COMPLETED October 14/78

DEPARTURE 2 + 00 N.E.

SECTION

DIP -60°

DRILLED BY Raymond Drilling

LOGGED BY L. Sookochoff, P.Eng.

DEPTH FEET	FORMATION	SAMPLE NO.	FROM	TO	WIDTH	ASSAYS		
							Au	
0 - 20	Overburden							
20 - 242	Serpentine - Light to dark green with disseminated black augite crystals and localized sub glassy green hypersthene. Soft with localized sections gougy, mylonitized blackish - less altered, lightly silicified and calcite stringers and veinlets							
		53644	150	160	10'		.002	
		53645	160	170	10'		.001	
	62 random cal. stringers; fr. @ 30° to c/a							
	78-81 mylonite	53648	200	240	40'		.001	
	150-155 random cal stringers							
	209 - 215 lightly silicified w/calcite stringers							
	215 + carbonate on fr. @ 20° 45°							
	233 + blackish							
	242 E.O.H.							

ACME ANALYTICAL LABORATORIES LTD.

To Yamoto Industries Ltd.,
1029 - 510 W. Hastings St.,
Vancouver, B. C.

Assaying & Trace Analysis

6455 Laurel Street • Burnaby, B.C. V5B 3B4

Telephone: 299-5242

File No. 8982

Type of Samples Cores

Disposition _____

ASSAY CERTIFICATE

No.	Sample	Au oz/ton				No.
1	53639	.001				1
2	53640	.001				2
3	53641	.002				3
4	53642	.001				4
5	53643	.001				5
6	53644	.002				6
7	53645	.001				7
8	53646	.001				8
9	53647	.001				9
10	53648	.001				10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19						19
20						20

Yamoto

DDH 78-3 150 to 160

DDH 78-3 160 to 170

DDH 78-3 200 to 210

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All reports are the confidential property of clients.

Yamoto

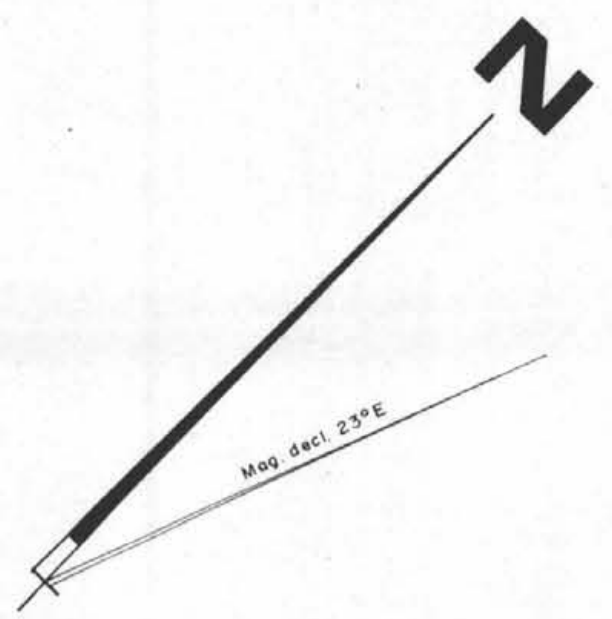
Kamloops N.D.

DATE SAMPLES RECEIVED Nov. 27, 1978

DATE REPORTS MAILED Dec. 1, 1978

ASSAYER *Dean Toye*

DEAN TOYE, B.Sc.
CHIEF CHEMIST
CERTIFIED B.C. ASSAYER



44 NW
40 NW
36 NW
32 NW
28 NW
24 NW
BASE LINE 20+00 NW
16 NW
12 NW
8 NW
4 NW
BL 0

BL 0
4 SE
8 SE
12 SE
16 SE
20 SE
24 SE
28 SE
32 SE
36 SE
40 SE
44 SE

Approximate Boundary of Cannel Claim

LEGEND

- Survey line
- Claim line
- Claim post (assumed, located)
- Road
- Creek
- Adit
- Trench
- Shaft
- Outcrop
- Diamond Drill Hole
Dip
Depth (in feet)

GEOLOGY

- B Basalt
- P Porphyry

GEOPHYSICS & GEOCHEMISTRY

- GOLD > 40 ppb
- COPPER > 40 ppm
- VLF - E.M. > 5°
- MAGNETICS - - > 6000 gammas

--- LINEATIONS INTERPRETTED FROM AIRBORNE MAGNETICS TO BE FAULTS.

Legal Post of Cannel Claim

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
7085
NO.



SCALE IN METRES
100 50 0 100 200 300 400 500

YAMOTO INDUSTRIES LTD.
CANNEL CLAIM
KAMLOOPS M.D., B.C.
COMPOSITE & DIAMOND-DRILL HOLE LOCATIONS MAP

PDT DRAFTING SERVICES	SCALE 1" = 400' 1" = 800'	DATE JAN 1978	JOB No.	SHEET 8
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