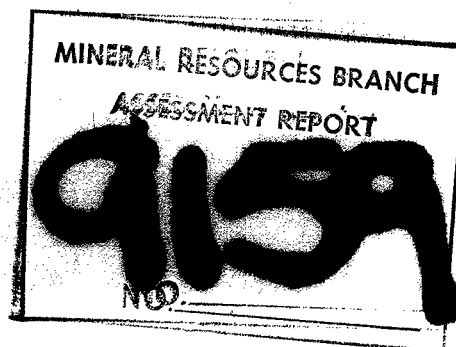


81-# 343-#9159

GEOLOGICAL AND GEOCHEMICAL REPORT
ON THE
KATI # 2 MINERAL CLAIM
PORT ALBERNI MINING DIVISION
MAP SHEET 92 C/15
FOR
ARBOR RESOURCES INCORPORATED

SURREY, B.C.
MAY 9. 1981

F. HOLCAPEK, P. ENG.
HOLCAPEK ENGINEERING LTD.



MAPS

GEOLOGY OF KATI # 2 - Scale 1 : 5,000
SOIL SAMPLING MAP - Scale 1 : 5,000
LOCATION & ACCESS MAP - Scale 1 :121,000

CERTIFICATE OF ANALYSIS



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GEOLOGICAL AND GEOCHEMICAL REPORT

on the

KATI # 2 MINERAL CLAIM

PORT ALBERNI MINING DIVISION

MAP SHEET 92 C/15

for

ARBOR RESOURCES INCORPORATED

SUMMARY:

The KATI # 2 Mineral Claim is held by Arbor Resources Inc. under option.

The claim is located along Sarita River, west of Sarita Lake, in the Port Alberni Mining Division.

No detailed exploration has been conducted on the property, but exploration for gold, associated with shearing, copper - molybdenum, associated with intrusives or skarn type mineral deposits, have been explored in detail within the general region.

The area is underlain by Middle to Early Jurassic Volcanos, Bonanza Group, which are intruded by the Island - Intrusive Complex.

A regional shear follows Sarita River along the southern margin of the claim group.

Detailed geological mapping of the KATI # 2 Claim showed, that the area is underlain by a volcanic - intrusive contact, more or less exposed by erosion. The main contact area appears to cross the claim group diagonally from south -west to north - east.

Pervasive kaolinization, silicification and pyritization are the main expression of the contact zone and is most intensive near feldspar porphyry intrusions or shears.

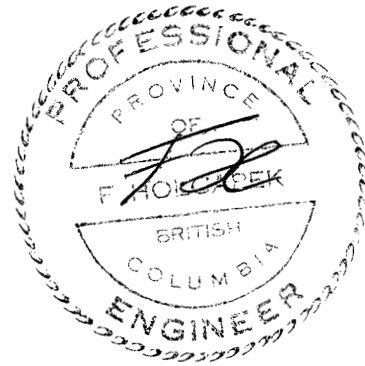


The geochemical survey conducted, outlined an anomalous segment along Road 612, 750 m long with peak values of 425 ppm, average 100 + ppm copper.

Gold analysis of soil show no variation and is considered negative. Rock samples analyzed for gold showed maximum values of 0.0582 oz/ton.

The possibility of a porphyry type mineralized body exists, and further exploration will have to take this into consideration.

It is recommended to explore the KATI # 2 Mineral Claim by geochemistry, detailed mapping, petrographic study of alteration zone to evaluate the economic significance of the copper potential of the alteration zone.



1-00 INTRODUCTION:

At the request of Mr. Hughes, president of Arbor Resources Incorporated, the writer, accompanied by Mr. Otto Graf and Mr. Walter Sartory, visited the Kati # 2 Mineral Claims from April 5. to April 10. 1981, inclusive.

The purpose of the visit was to complete a reconnaissance soil sampling program and geological mapping.

This report summarizes the findings of the program completed and recommends a follow up program.

2-00 GEOGRAPHY:

2-10 Location and Access:

The KATI # 2 Mineral Claim is located north of Sarita River, west of Sarita Lake on Vancouver Island, map sheet 92C/15 - Little Nitinat River.

Access to the property is from Port Alberni, approximately 50 miles west along the Sarita River Main, to the Mt. Blenheim Main. From this point, logging roads 611, 612 and 613 traverse the claim. Access by vehicle is within 1/2 mile of the western claim boundary.

From the claim group to Bamfield, at tidewater, is a distance of about 15 miles.

Centre co-ordinates of the property are $48^{\circ} 50.70'$ N Latitude, and $124^{\circ} 55.60'$ W Longitude.

2-20 Topography, Climate and Vegetation:

The topography on the claim group is rugged, with a maximum relief of 500 m from Sarita Lake to the top of the mountain ridge.

Secondary drainage channels are V-shaped, and have steep gradients. Waterfalls are common.

The vegetation in the area is of typical Westcoast Rainforest-type. Spruce, fir, cedar and Douglas fir are abundant as primary stands of timber.

Second growth along the valley is mainly of the brush type, with willows and devil clubs predominantly located along the water course at lower elevation.

The climate is moderate, with an annual precipitation in the order of 200 inches. Snow will fall during the winter months, December to March.

Rock outcrops are usually moss covered in the primary forest, except where cliff forming, but are abundant in freshly logged area and along logging spurs.

3-00 TITLE AND OWNERSHIP:

The KATI # 2 Mineral Claim, record number 823, encompasses a total of 16 units with an anniversary date of April 17.

The claim group is held under option by Arbor Resources Inc. from D.M. Fahey of Vancouver.

4-00 HISTORY:

The KATI # 2 Mineral Claim was staked following the announcement of gold discovery by Nomad Mines Ltd.

Past activities in the district were centered on exploration of skarn type mineral showings on Poett Height, molybdenum - copper to the south, copper - molybdenum on Pachena Cone, west of Poett Height, gold at Nomad, south west of the claim.

No exploration has been conducted in the past on the KATI # 2 Claim Area.

5-00 GEOLOGY:

5-10 Regional Geology:

Map O.F. 463 - Geology of Vancouver Island, issued by the Geological Survey of Canada, documents the regional geological setting.

Early Jurassic rocks of the Bonanza Group underlie the area.

Younger intrusive rocks, consisting of granodiorite, tonolite, granite, quartz monzonite and quartz diorite, dated as Middle to Early Jurassic, part of the Island Intrusive Complex, intrude the Bonanza Group.

The Bonanza Group consists of an upper sequence of basaltic to rhyolitic lava, tuff breccia and a lower sequence of interbedded argillites, phyllites, greywacke, calcareous siltstones and limestone.

The main structural feature is a westerly trending major fault zone, following the Sarita River. A secondary north-westerly trend is indicated in the valley of the South Sarita River.

Block faulting appears to be important in the area.

5-20 Detail Geology:

The KATI # 2 Mineral Claim is underlain by volcanic units, intruded by microdiorites, diorites and feldspar porphyry.

During the course of mapping, it was observed that the western part is underlain by andesite to andesitic basalts, dark grey to green, exhibiting strong white surface coating.

The volcanics show evidence of epidote and skarn development along fractures, or minor shear planes. Towards the east and south-east, silicification, kaolinization along shears and pyrite become evident. Intrusives become more abundant and along the south-east, predominant. The contact shows many variations from fresh, sharp to completely indistinct, with the andesite re-crystallized to microdiorite.

Red granodiorite has been observed within fresh andesites as veining, lenses or dykelets.

Kaolinization, although variable, is best developed along logging road 612. In vicinity of feldspar porphyry dykes or shear zones, the andesites have been completely altered, to a white kaolinized mass.

Silicification has been observed, associated with kaolinization. The andesite exhibits a change of color from green to greenish white. If pyrite is abundant as dissemination, limonite staining or a yellow stain has developed.

The weather conditions at the time of mapping, snowstorms, and snow cover on the outcrops made detailed mapping of the zoning in the alteration area impossible, but zoning is indicated by the variable intensity of alteration and the distribution of the alteration products.

A petrographic study of the various rock types and alteration will be necessary to clarify the importance and type of alteration. No economic sulfides have been identified in the field.

6-00 GEOCHEMISTRY:

6-10 Field Method:

A total of 5 km was sampled and 93 samples collected.

Samples were collected from the B - horizon, usually poorly developed, consisting of brown, sandy soil or rock scree.

The samples were packed in heavy Kraft paper bags, marked and shipped to Chemex Labs for analysis.

Due to snow in the heavy timber and the steep prevailing topography, soil sampling was concentrated along logging roads and logging spurs. Ground control was obtained by compass and chain, establishing stations along 50 m intervals.

6-20 Analysis:

The samples were dried, crushed to 80 mesh and analyzed by Atomic Absorption Method.

All samples were analyzed for total copper, results reported in parts per million, and for gold results, reported in parts per billion.

6-30 Interpretation:

All samples taken, were collected along the bank of logging roads 611 and 612. Road 613 was snow covered and hence not sampled, although sufficient rock exposure could be seen.

In general, the sampling traversed a wide alteration zone, related to diorite intrusions.

Within the zone, alteration changes from fresh to nearly complete, with abundant pyrite as dissemination.

From the 93 samples collected, 33 were greater than 50 ppm, and 15 in excess of 100 ppm copper. Background in the Bonanza Volcanics is normally 30 to 40 ppm copper. Peak value obtained was 425 ppm.

Although no sufficient data is on hand to allow detailed analysis of the anomalous area, a relationship between strong kaolinization - silicification, disseminated pyrite and

anomalous copper is indicated.

The most promising sampled segment lies on road 612, X - 19+00 to X - 26+50, a distance of 750 m along the road.

On road 611, these high copper values are not reflected, but the extensively altered zone does not extend that far down hill.

On road 613, although less intense silicification can be observed, the volcanics are generally fresher appearing and intrusives less common.

Gold chemistry returned uniform values, less than 10 parts per billion, for all samples analyzed.

Pyritized, kaolinized samples taken from X 13+50, approximately 100 m upstream and submitted for fire assay, return 0.0582 oz/ton gold as a high, all other samples were less than 0.01 oz/ton gold.

7-00 CONCLUSION:

1. The KATI # 2 claim is underlain by Bonanza Volcanics, intruded by diorites, microdiorites and feldspar porphyry.
2. Large alteration zones exhibiting kaolinization, silicification and pyritization have been observed. The alteration varies from intensive to slight, depending on the presence of intrusives or shear zones.
3. High copper values, peak 425 ppm, coincide with intensive pyritization.
4. A segment of 750 m of high copper values was located along road 612.
5. The possibility of a porphyry type copper zone is indicated.
6. Results of the soil sampling program for gold was negative.

8-00 RECOMMENDATIONS:

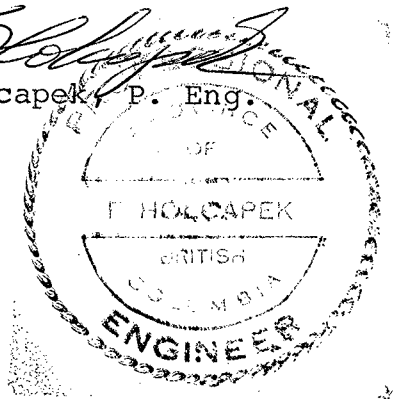
1. Geochemical Survey along a 100 m by 50 m grid.
2. Geological mapping on grid basis.
3. Detailed study of type and distribution of alteration zone.

Any follow up program will depend on results obtained from above.

Surrey, B.C.
May 9. 1981

Respectfully submitted

F. Holcapek
F. Holcapek, P. Eng.





HOLCAPEK ENGINEERING LTD.
CONSULTING GEOLOGISTS & ENGINEERS

9972 - 124 STREET, SURREY, B.C. V3V 4T1
TELEPHONE: 585-4489

INVOICE: 004 - 81

May 9. 1981

ARBOR RESOURCES LTD.
706 - 675 W. Hastings St.
Vancouver, B.C.

PROJECT: KATI # 2 Mineral
Claim, Sarita River.
April 5. - April 10. 81

FIELD CHARGES:

Personnel:

F. Holcapek, P. Eng.	- 5 days - \$ 225.00 /day	\$ 1,125.00
	Travel - \$ 100.00	100.00
Otto Graf	- 6 days - \$ 125.00 /day	750.00
Walter Sartory	- 6 days - \$ 100.00 /day	\$ 600.00
		<hr/>
		\$ 2,575.00

Disbursements:

Gas, oil, etc.	\$ 134.20
Hotel, 2 rooms, \$ 60.00/d.	\$ 360.00
Car rental	\$ 240.00
Meals - 3men - \$ 75.00/d.	\$ 450.00
Engineering Supplies	80.00
	<hr/>

	\$ 1,264.20
20 % on disbursements	<hr/> 252.80

Total disbursements	\$ 1,517.00	<hr/>	\$ 1,517.00
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TOTAL FIELD CHARGES		\$ 4,092.00
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INVOICE: 004 - 81

May 9. 1981

ARBOR RESOURCES LTD.

PROJECT: KATI # 2

OFFICE CHARGES:

Personnel:

F. Holcapek, P. Eng. - report		
	- 1.5 days - \$ 200.00/day	\$ 300.00
J. Holcapek, typing,		
drafting- 24 hours - \$ 10.00/hr		<u>\$ 240.00</u>
		\$ 540.00

Disbursements:

Recording assessment work	\$ 240.00
Chemex Assaying 93 samples	\$ 702.15
Printing, xerox	\$ 48.00
Office stationary, telephone	\$ 25.00
	<u>\$1,015.15</u>

20 % contingency on disbursements	\$ 203.00	<u>\$ 1,218.15</u>
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TOTAL OFFICE CHARGES	<u>\$ 1,758.15</u>
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Total Field	\$ 4,092.00	
Total Office	\$ 1,758.15	
	<u>\$ 5,850.15</u>	
Minus	\$ 4,000.00	Advance paid in April
	<u>\$ 1,850.15</u>	BALANCE DUE

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6. G. VON ROSEN - Report on DAN # 4 & 5 Mineral Claims, May 27. 1980 Sarita River Area, P. Alberni, 92C/15 W.

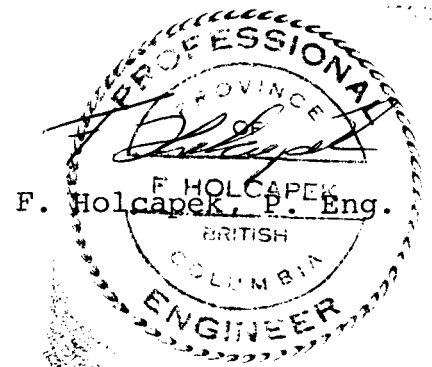


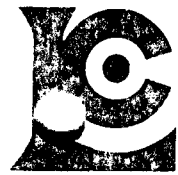
CERTIFICATION

I, Ferdinand Holcapek, of 9972 - 124 Street, Surrey, B.C.,
certify that:

1. I am a graduate of the University of British Columbia,
with a B.Sc. degree in Geology, in 1969.
2. I am a registered member in good standing of the
Association of Professional Engineers of British
Columbia.
3. I have been engaged in mining exploration and geology
in Canada, U.S.A., Australia, Mexico and Central America.
4. This report is based on field work conducted from
April 5. to April 10. 1981, on the KATI # 2 Mineral
Claim, under my supervision.
5. I have no interest and do not expect to receive any
interest directly or indirectly in the properties
or securities of Beach Gold Mines Ltd.

Surrey, B.C.
May 9. 1981





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 CANADA V7J 2C1
 TELEPHONE (604)984-0221
 TELEX: 043-52597

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CERTIFICATE OF ANALYSIS

TO : HOLCAPEK ENGINEERING LTD.
 9972-124th ST.
 SURREY, B.C.
 V3V 4T1

CERT. # : A8110760-002
 INVOICE # : I8110760
 DATE : 05-MAY-81
 P.O. # : NONE

KATI #2

Sample description	Prep code	Cu ppm	Au - (AA) ppb				
X- 27 + 00 E	201	42	<10	--	--	--	--
X- 27 + 50 E	201	50	<10	--	--	--	--
X- 28 + 00 E	201	30	<10	--	--	--	--
X- 28 + 50 E	201	44	<10	--	--	--	--
X- 29 + 00 E	201	48	<10	--	--	--	--
X- 29 + 50 E	201	54	<10	--	--	--	--
KATI #2 X- 30 + 00 E	203	178	<10	--	--	--	--
X- 31 + 00 E	201	90	<10	--	--	--	--
X- 32 + 00	203	26	<10	--	--	--	--
X- 32 + 50 E	201	36	<10	--	--	--	--
X- 33 + 00	201	34	<10	--	--	--	--
X- 33 + 50	201	28	<10	--	--	--	--
X- 34 + 50 E	203	130	<10	--	--	--	--
X- 36 + 00 E	201	20	<10	--	--	--	--
X- 36 + 50	201	30	<10	--	--	--	--
X- 37 + 00 E	203	48	<10	--	--	--	--
X- 37 + 50 E	201	44	<10	--	--	--	--
X- 38 + 00 E	203	36	<10	--	--	--	--
X- 38 - 50 E	203	20	<10	--	--	--	--
X- 39 + 00 E	201	32	<10	--	--	--	--
X- 40 + 50 E	203	32	<10	--	--	--	--
X- 42 - 00 E	201	24	<10	--	--	--	--
X+ 44 + 00 E	201	30	<10	--	--	--	--
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X- 45 + 00 E	201	54	<10	--	--	--	--
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Y- 2 + 50 W	201	44	<10	--	--	--	--
Y- 3 + 00 W	203	40	<10	--	--	--	--
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Z- 00 + 50	201	24	<10	--	--	--	--
Z- 1 + 00	203	56	<10	--	--	--	--
Z- 2 + 00	203	78	<10	--	--	--	--
Z- 3 + 00	201	70	<10	--	--	--	--



Certified by *[Signature]*



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CERT. # : A8110760-001
 INVOICE # : I8110760
 DATE : 05-MAY-81
 P.O. # : NONE

KATI #2

Sample description	Prep code	Cu ppm	Au - (AA) ppb				
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X- 6 + 00 E	201	48	<10	--	--	--	--
X- 6 + 50 E	201	50	<10	--	--	--	--
X- 7 + 00 E	201	44	<10	--	--	--	--
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X- 26 + 00 E	201	30	<10	--	--	--	--
X- 26 + 50 E	201	425	<10	--	--	--	--

Certified by *J. F. Mc Kay*



MEMBER
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CERT. # : 48110760-003-
 INVOICE # : 18110760
 DATE : 05-MAY-81
 P.O. # : NDNE

KATI #2

Sample description	Prep code	Cu ppm	Au ppm	(AA) ppb				
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Z- 4 + 50	201	90		<10	--	--	--	--
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Z- 5 + 50	201	56		<10	--	--	--	--
Z- 6 + 00	201	36		<10	--	--	--	--
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Z- 6 + 50 W	201	32		<10	--	--	--	--
Z- 7 + 00 W	201	30		<10	--	--	--	--
<i>KATI #2</i> Z- 7 + 50 W	201	62		<10	--	--	--	--
Z- 8 + 00 W	201	38		<10	--	--	--	--
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Z- 14 + 50 W	201	28		<10	--	--	--	--
Z- 15 + 00 W	201	16		<10	--	--	--	--
Z- 15 + 50 W	201	30		<10	--	--	--	--

Certified by *[Signature]*



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CERTIFICATE OF ANALYSIS

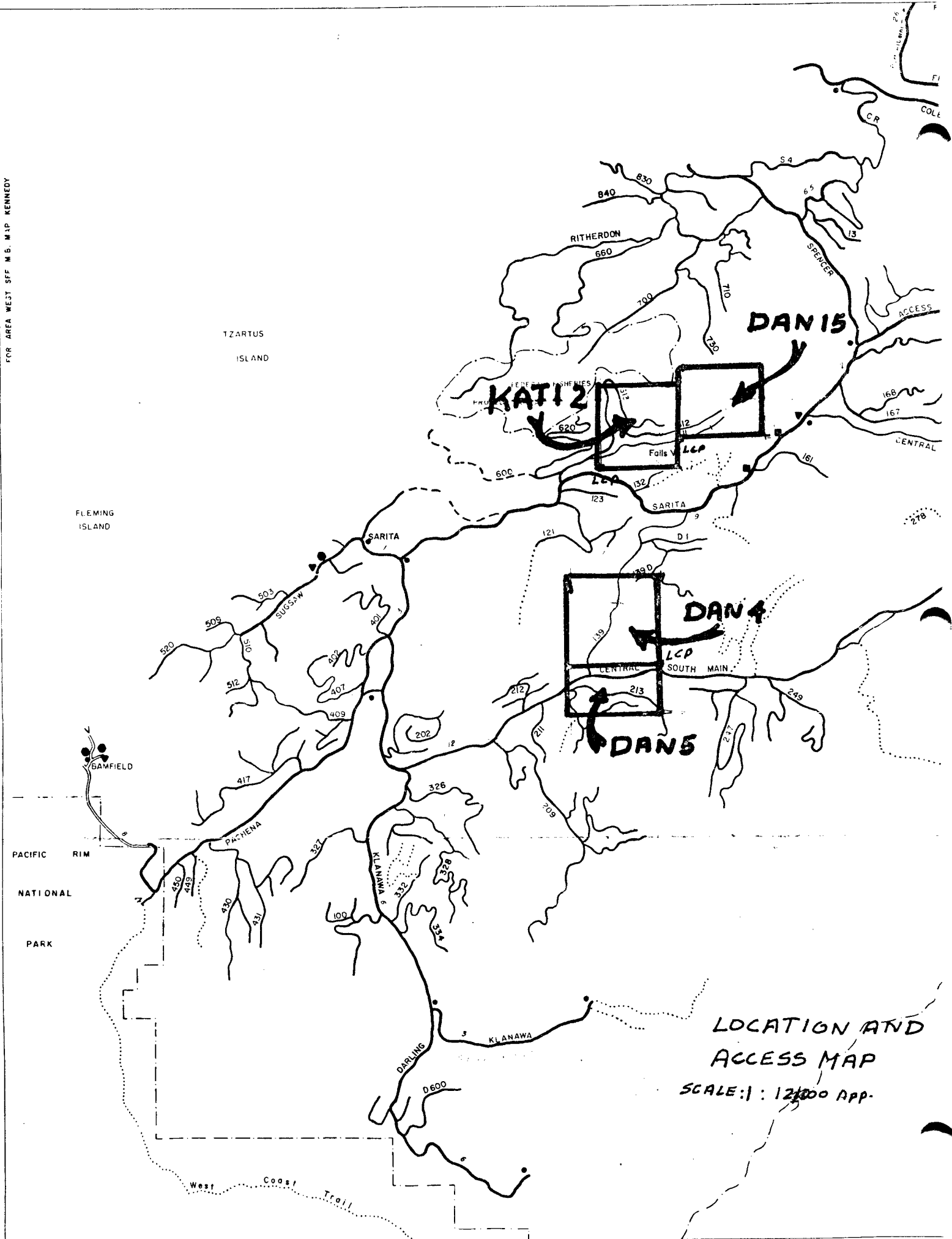
TO : HOLCAPEK ENGINEERING LTD.
9972-124th ST.
SURREY, B.C.
V3V 4T1

CERT. # : A8110759-006-A
INVOICE # : 18110759
DATE : 04-MAY-81
P.O. # : NONE

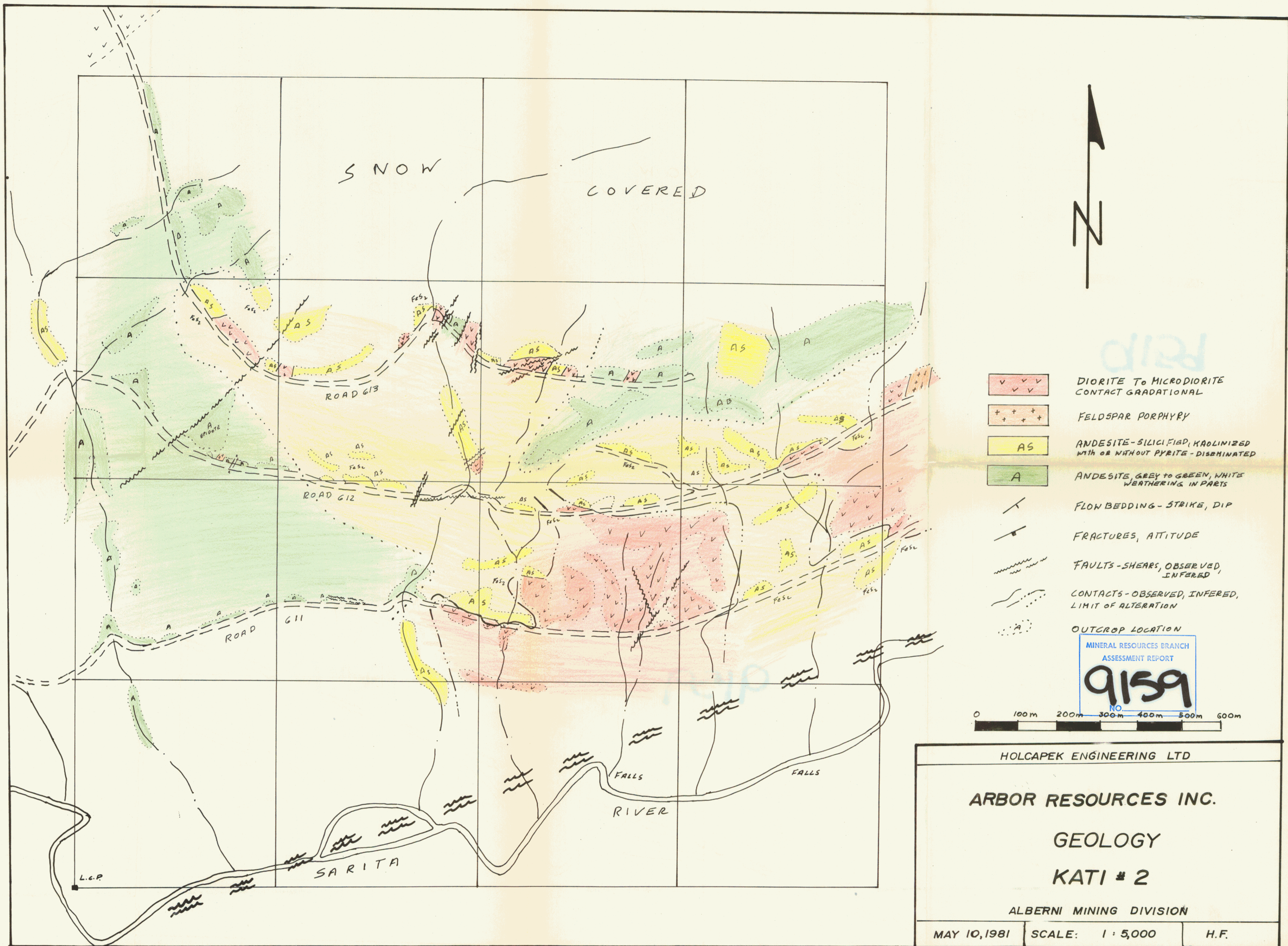
Sample description	Prep code	Cu ppm	Au ppm	-(AA) ppb				
139 N 13 + 5 201		12	<10		--	--	--	--
139 N 14 + 0 201		44	20		--	--	--	--
139 N 14 + 5 203		4	10		--	--	--	--
139 N 15 + 0 201		26	<10		--	--	--	--
139 N 15 + 5 201		12	<10		--	--	--	--
139 N 16 + 0 201		14	<10		--	--	--	--
139 N 16 + 5 201		14	<10		--	--	--	--
139 N 17 + 0 201		56	<10		--	--	--	--
139 N 17 + 5 201		18	<10		--	--	--	--
139 N 18 + 0 201		12	20		--	--	--	--
139 N 18 + 5 201		16	10		--	--	--	--
139 N 19 + 0 201		16	<10		--	--	--	--
139 N 19 + 5 203		14	<10		--	--	--	--
139 N 20 + 0 203		30	<10		--	--	--	--
139 N 20 + 5 201		28	<10		--	--	--	--
139 N 21 + 0 201		34	<10		--	--	--	--
139 N 21 + 5 203		16	<10		--	--	--	--
139 N 22 + 0 201		136	<10		--	--	--	--
139 N 22 + 5 201		16	<10		--	--	--	--
139 N 23 + 0 201		22	20		--	--	--	--
139 N 23 + 5 201		32	10		--	--	--	--
139 N 24 + 0 201		10	<10		--	--	--	--
139 N 24 + 5 201		26	10		--	--	--	--
139 N 25 + 0 201		24	10		--	--	--	--
139 N 25 + 5 201		34	<10		--	--	--	--
139 N 26 + 0 201		16	<10		--	--	--	--
139 N 26 + 5 201		32	<10		--	--	--	--
139 N 27 + 0 201		32	<10		--	--	--	--
139 N 27 + 5 201		28	10		--	--	--	--
139 N 28 + 0 201		38	<10		--	--	--	--
139 N 28 + 5 203		16	<10		--	--	--	--
X- 00 + 50 E 201		18	<10		--	--	--	--
X- 1 + 00 E 201		12	<10		--	--	--	--
X- 1 + 50 E 201		12	<10		--	--	--	--
KATI X- 2 + 00 E 201		14	<10		--	--	--	--
X- 3 + 00 E 201		10	<10		--	--	--	--
#2 X- 3 + 50 E 201		28	<10		--	--	--	--
X- 4 + 00 E 201		22	<10		--	--	--	--
X- 4 + 50 E 201		22	<10		--	--	--	--
X- 5 + 00 E 203		14	<10		--	--	--	--

Certified by *[Signature]*



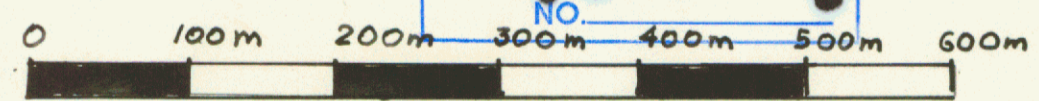


LOCATION AND
ACCESS MAP
SCALE: 1 : 12,000 APP.



- DIORITE TO MICRODIORITE CONTACT GRADATIONAL
- FELDSPAR PORPHYRY
- AS ANDESITE-SILICIFIED, KAOLINIZED WITH OR WITHOUT PYRITE - DISMINATED
- A ANDESITE, GREY TO GREEN, WHITE WEATHERING IN PARTS
- FLOW BEDDING - STRIKE, DIP
- FRACTURES, ATTITUDE
- FAULTS - SHEARS, OBSERVED, INFERRED
- CONTACTS - OBSERVED, INFERRED, LIMIT OF ALTERATION
- OUTCROP LOCATION

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
9159
NO.



HOLCAPEK ENGINEERING LTD

ARBOR RESOURCES INC.

GEOLOGY

KATI # 2

ALBERNI MINING DIVISION

MAY 10, 1981 SCALE: 1 : 5,000 H.F.