

PROSPECTING REPORT UPON
THE POWLEY CLAIMS GROUP

POWLEY #1
POWLEY #2
POWLEY #3

LOCATED WITHIN THE VANCOUVER MINING DIVISION
MAP # 92 M / 8 W
THE CLAIMS COMMON LEGAL POST LOCATION AT
51° 17' , 126° 27'

OWNERSHIP OF THE THREE CLAIMS IS HELD BY

David F. Simpson
Box 3333, Campbell River, B.C.

PROSPECTING AND FIELD WORK UNDERTAKEN BY

LHS HOLDINGS
2655 Stewart Ave., Courtney, B.C.

THIS REPORT AUTHORED BY

David F. Simpson

July 15, 1982

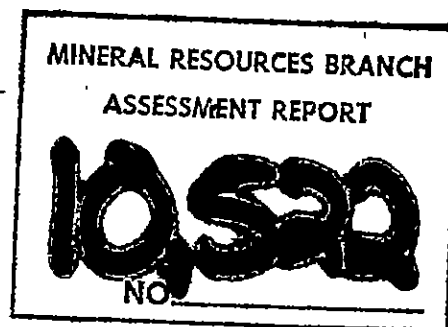


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INTRODUCTION

The Powley Claims Group, consisting of claims Powley #1, Powley #2, and Powley #3 are all in the Vancouver Mining Division and are located on the Department of Mines and Petroleum Resources map number 92 M/ 8W, within quadrant "d". The location is near the confluence of the Wakeman River and a major tributary, locally known as the Powley Creek (Figure 1). To illustrate the remoteness of the area, in order to view the claims, one must first travel to Port Hardy, from where a boat trip or an airplane flight is necessary to even reach the beach which is at the head of Wakeman Sound. From the dock at Wakeman Camp it is a further forty kilometres via forest logging roads to attain the legal corner post.

The Wakeman Valley is quite typical of the terrain along the midcoast region, the landscape being dominated by mountains, which are broken and separated by deep valleys to form irregular block like ridges. These ridges vary in elevation from one thousand metres to eighteen hundred metres in height and usually have a permanent ice field. Recent glaciation of the entire region has extensively modified the landforms. This was presumably during the Frazer (Wisconsin) glaciation which inundated most of the province with ice in the Pleistocene era. Evidence of very thick ice sheets abound in the valley. Steep valley side walls have many hanging valleys, numerous cirques are evident and the lower bottom lands are covered in morainal deposits which can vary from one metre in depth to many tens of metres.

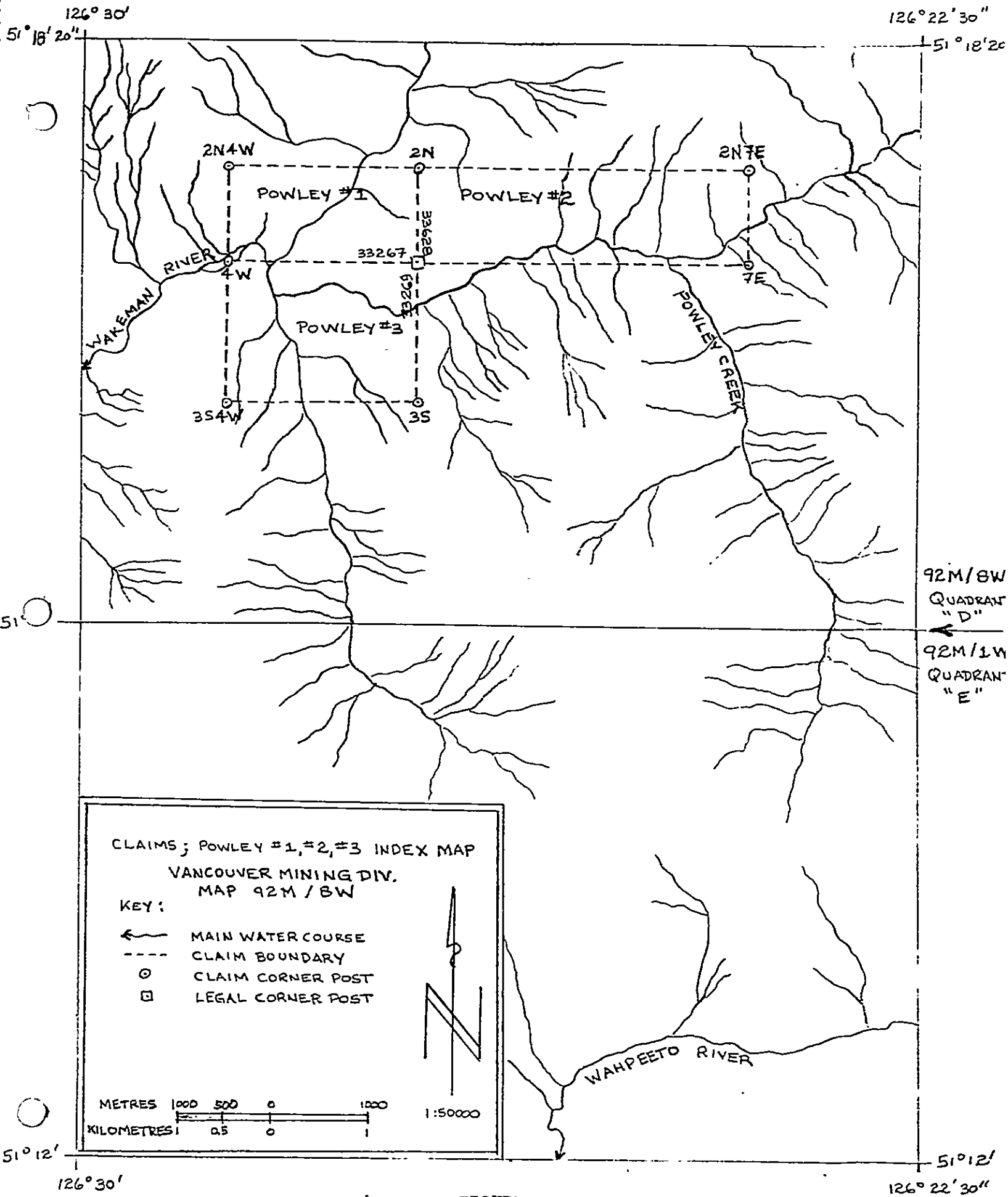


FIGURE 1

DESCRIPTION OF THE CLAIMS

The three mining claims which form the Powley Claims Group have a common legal corner post which is located on a western aspect in the upper third of a major clearcut logging block. The extent of the staking amounts to eight units in Powley #1, these extending two claim units north and four claim units west; fourteen units in Powley #2, extending two claim units north and seven claim units east; and twelve units in Powley #3, extending three claim units south and four claim units west.

The landform within the claims group vary from mountainous uplands, to river flood plain. The bedrock is primarily a granitic, steeply dipped structure with belts of limestone intrusions. These belts of limestone have mineralization, the scarn veins holding such minerals as copper, silver, molybdenum, and cobalt. Also associated with the limestone are deposits of hornblende, quartz, and pockets of garnets.

The massive ice sheets have deposited a substantial amount of material in claims Powley #1 and Powley #3. The confluence of the Wakeman River and the Powley Creek has a layer of glacial till which in places exceeds twenty metres in depth. For the most part however, depths of one metre to two metres are more common. These deposits are on the lower third of the hillside on both the north and southern aspects. The retreating glaciers have left the occasional erratic boulder, but by far more consequence are the colluvial deposits which have broken off the over steepened valley walls. The main portion of Powley #2 is covered by such talus debris which vary from one cubic metre to as much as two hundred cubic metres in size.

The vegetation on the claims is predominately Western Hemlock and Balsam Fir with a small quantity of Sitka Spruce also being present. As the elevation increases, the species composition alters and Mountain Hemlock and Yellow Cedar predominate. The treeline is quite low however, in response to shallow soils, poor growing site, steep ground and the short growing season. A sizable portion of the

claims group has been logged and roads develop the bulk of each of the claims. Unfortunately a very thick understory of natural regeneration, salal, salmon berry, blue berry, and devils club make for tough sampling even on logged portions of the claims.

TECHNICAL DATA

The three claims of this claims group are owned by D. F. Simpson of Box 3333, Campbell River, B.C. Since early in 1981, LHS Holdings have been investigating all the claims to ascertain the extent of mineralization. This investigation has been carried out using chip samples and rock samples of exposed bedrock and obtaining soil and silt samples of as much of each claim as practicle. A break down of man hours during the first season of investigation is included in Table 1 below.

PROJECT	MANHOURS IN POWLEY #1	POWLEY #2	POWLEY #3
prospecting	24 hours	16 hours	27 hours
chip sampling	16 hours	16 hours	18 hours
soil sampling	8 hours	40 hours	12 hours
rock sampling	24 hours	40 hours	32 hours
tour with mining engineer	24 hours	24 hours	-

TABLE 1

Field investigation commenced in earnest on August 9, 1981 and was carried out on a semi regular basis until snowfall ended access to the area on November 8, 1981.

From initial prospecting, three major areas of limestone outcrops were known to exist. Further trips were made to sample and determine the size of these formations. These first samplings were made in the form of running chip samples. The extent of the mineralization was measured, samples were taken at regular intervals which were tagged and the location of each was marked onto a base map. The three sample areas on each outcrop appeared to have very similar characteristics, but they were widely spaced. In the course of these initial surveys a total of seven major areas of limestone intrusions were located (Appendix 1), the majority of these being located in claims Powley #1 and Powley #3. To confirm the nature of these deposits, the scarn and limestone veins were subjected to spectro analysis on selected chip samples. A partial result of these tests can be seen in Table 2.

SAMPLE	Mo	Cu	Pb	Zn	Ni	Co	As	Mn	Mg	Ag
S4#5	.0500	.0310	.0004	.0007	.0009	.0040	.0008	.0090	.1400	.0001
S7#2	.0030	.0300	.0003	.0004	.0003	.0070	.0010	.0040	.0200	.0001
S1#6	.0028	.1810	.0007	.0025	.0017	.0128	.0018	.0142	.1250	-
S10#6	.0050	.3540	.0014	.0031	.0025	.0307	.0044	.0280	.4050	-
S9 #8	.0036	.0720	.0010	.1143	.0109	.0121	.0027	.0163	.2970	-

TABLE 2
Spectro analysis sample results in %

In order to ascertain if a larger body of mineralization was buried beneath the glacial till, a series of silt and preliminary soil samples were done. This sampled all the major tributaries within the claims group, sampled the existing road cut banks within Powley #1, and at selected points within the other two claims. A series of soil pits were dug by hand for sampling in Powley #1, all of these locations being marked on a base map (Appendix 2).

Upon receipt of the soil survey results, a sample listed in Table 3, it was decided to get definitive rock samples for a more concrete assay of the grade of ore present. The location of these samples were made such that they were a representative example of the base scarn and the locations marked (Appendix 2). The results of these rock samples are listed in Table 4.

SAMPLE	Mo	Cu	Co	Ag	Au
1	2	17	-	0.1	< 10
2	2	24	-	0.1	< 10
3	1	30	-	0.1	< 10
4	1	24	14	0.1	< 10
5	1	22	19	0.1	< 10
6	1	20	22	0.1	< 10
7	1	178	87	0.1	< 10
8	2	52	10	0.1	< 10
9	1	34	28	0.1	< 10

TABLE 3
Soil sample survey in ppm except for gold in ppb

At this juncture, a mining engineer, Dave Burns representing Sunshine Columbia Resources (Room 301-535 West Georgia St., Vancouver) was brought in to view the claims. This was to aid in ascertaining the viability of the two most promising large deposits with respect to current mining practices and their economics. Upon his suggestion further sampling was to be undertaken to firm up the nature and extent of the ore bodies. This process was cut short however due to the early snowfall.

SAMPLE	Mo %	Cu %	Co %	Ag oz/ton
S4#4	.042	.090	-	.280
S3#2	.001	.030	.008	.020
S10#13	.001	.010	.074	-
S1 #10	.001	.010	.006	-
S2 #4	.001	.020	.009	-

TABLE 4
Sample of rock assay results

CONCLUSIONS

The current investigations within the three claims of this claims group by LHS Holdings has identified, mapped and sampled seven major areas of limestone intrusions. These sites were found to be veined by scarn which held much mineralization. In sites S-1, S-2, S-9, and S-14 the similar structure, type of deposit and mineralization has lead to much speculation, but no concrete results have been able to show that they are the surface showing of a much larger ore body. They are however mostly composed of low grade copper with small percentages of zinc and cobalt also being present. Within site S-10 there are two seams of higher quality ore, these holding copper and cobalt in minable levels of concentration. Due to the small size of the seams , the largest being only one half a metre wide concentrated efforts were undertaken to locate a larger deposit of these two seams. Soil sampling has indicated an area of interesting copper concentration to the north and west of this site and further investigation seems warrented. Sites in Powley #3 these being S-3, S-4, S-5, S-6, S-7 and S-8 were all found to be interlaced with seams of scarn which held molybdenum, copper, lead and silver. The concentration of these minerals is of good quality and further investigations of this area will no doubt require either a major trenching operation or a drilling program.

The located limestone intrusions and scarn veins have not as yet been subjected to excavation trenches or a drilling program, and as such, analysis has been limited to those surface indicators which have been located. Viable ore deposits located at present are therefor limited to site S-10 in Powley #1, and sites S-3 through to S-8 in Powley #2. Until such time as the copper prices increase to traditional levels, the other deposits are not economic to mine. Further field work is planned to determine the true size and extent of the deposits in Powley #1 and Powley #3 and obtain unweathered rock samples for assays.

CLAIMS COST STATEMENT

DATE	PROJECT	COST	TOTAL COST
Aug 9 /81	rock sampling Powley #2		
	crew chief	8 hours @ \$13.50/hr --	\$ 108.00
	axeman	8 hours @ \$11.00/hr --	\$ 88.00
	rental truck	10 hours @ \$50.00/day -	\$ 50.00
	airflight to camp	1 hour @ \$80.00/hr -	\$ 80.00
	room and board	2 men @ \$25.00/man -	\$ 50.00
			<u> </u>
			\$ 376.00
Aug 10/81	register claims Powley #1,#2,#3		
		34 units @ \$ 5.00/ea -	\$ 170.00
	round trip flight	5 hours @ \$80.00/hr -	<u>\$ 400.00</u>
			\$ 570.00
Aug 16/81	rock sampling Powley #1		
	crew chief	8 hours @ \$13.50/hr -	\$ 108.00
	axeman	8 hours @ \$11.00/hr -	\$ 88.00
	rental truck	10 hours @ \$50.00/day -	\$ 50.00
	room and board	2 men @ \$25.00/man -	<u>\$ 50.00</u>
			\$ 296.00
Aug 24/81	purchase claims maps		
		2 maps @ \$ 5.00/ea -	<u>\$ 10.00</u>
			\$ 10.00
Sept 5/81	chip sample in Powley #2		
	crew chief	8 hours @ \$13.50/hr -	\$ 108.00
	axeman	8 hours @ \$11.00/hr -	\$ 88.00
	rental truck	10 hours @ \$50.00/day -	\$ 50.00
	room and board	2 men @ \$25.00/man -	<u>\$ 50.00</u>
			\$ 296.00
Sept 6/81	chip sampling Powley #1		
	crew chief	8 hours @ \$13.50/hr -	\$ 108.00
	axeman	8 hours @ \$11.00/hr -	\$ 88.00
	rental truck	10 hours @ \$50.00/day -	\$ 50.00
	room and board	2 men @ \$25.00/man -	<u>\$ 50.00</u>
			\$ 296.00
Sept 7/81	chip sample Powley #3		
	crew chief	9 hours @ \$13.50/hr -	\$ 121.50
	axeman	9 hours @ \$11.00/hr -	\$ 99.00
	rental truck	11 hours @ \$50.00/day -	\$ 50.00
	room and board	2 men @ \$25.00/man -	<u>\$ 50.00</u>
			\$ 320.50
Sept 12/81	soil sampling in Powley #2		
	crew chief	8 hours @ \$13.50/hr -	\$ 108.00
	axeman	8 hours @ \$11.00/hr -	\$ 88.00
	rental truck	10 hours @ \$50.00/day -	\$ 50.00
	room and board	2 men @ \$25.00/man -	<u>\$ 50.00</u>
			\$ 296.00

Sept 13/81	soil sampling on Powley #2				
	crew chief	12 hours	@ \$13.50/hr	- \$	162.00
	axeman	12 hours	@ \$11.00/hr	- \$	132.00
	rental truck	14 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 394.00
Sept 14/81	flight to town with samples				
	airflight	1 hour	@ \$80.00/hr	- \$	<u>80.00</u>
					\$ 80.00
Sept 20/81	soil sampling Powley #1				
	crew chief	4 hours	@ \$13.50/hr	- \$	54.00
	axeman	4 hours	@ \$11.00/hr	- \$	44.00
	rental truck	6 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 198.00
Sept 27/81	prospecting in Powley #1				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	3 men	@ \$25.00/man	- \$	75.00
	airfare to camp	1 hour	@ \$80.00/hr	- \$	<u>80.00</u>
					\$ 489.00
Oct 4/81	soil sample Powley #3				
	crew chief	4 hours	@ \$13.50/hr	- \$	54.00
	axeman	4 hours	@ \$11.00/hr	- \$	44.00
	axeman	4 hours	@ \$11.00/hr	- \$	44.00
	rental truck	6 hours	@ \$50.00/day	- \$	50.00
	room and board	3 men	@ \$25.00/man	- \$	<u>75.00</u>
					\$-267.00
Oct 5/81	flight to town with samples				
	airflight	1 hour	@ \$80.00/hr	- \$	<u>80.00</u>
					\$ 80.00
Oct 10/81	rock sampling in Powley #1				
	crew chief	4 hours	@ \$13.50/hr	- \$	54.00
	axeman	4 hours	@ \$11.00/hr	- \$	44.00
	rental truck	6 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 198.00
Oct 11/81	prospecting Powley #2				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 296.00
Oct 13/81	tour Powley #1 with D. Burns				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	4 men	@ \$25.00/man	- \$	<u>100.00</u>
					\$ 434.00

Oct 14/81	tour and sample Powley #2 with D. Burns				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	4 men	@ \$25.00/day	- \$	<u>100.00</u>
					\$ 434.00
Oct 15/81	prospecting in Powley #3				
	crew chief	9 hours	@ \$13.50/hr	- \$	121.50
	axeman	9 hours	@ \$11.00/hr	- \$	99.00
	axeman	9 hours	@ \$11.00/hr	- \$	99.00
	rental truck	11 hours	@ \$50.00/day	- \$	50.00
	room and board	3 men	@ \$25.00/man	- \$	<u>75.00</u>
					\$ 444.50
Oct 16/81	flew samples to town				
	airflight	1 hour	@ \$80.00/hr	- \$	<u>80.00</u>
					\$ 80.00
Oct 18/81	rock sampling Powley #3				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 296.00
Oct 25/81	rock sampling on Powley #2				
	crew chief	12 hours	@ \$13.50/hr	- \$	162.00
	axeman	12 hours	@ \$11.00/hr	- \$	132.00
	rental truck	14 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 394.00
Nov 8/81	rock sampling Powley #3				
	crew chief	8 hours	@ \$13.50/hr	- \$	108.00
	axeman	8 hours	@ \$11.00/hr	- \$	88.00
	rental truck	10 hours	@ \$50.00/day	- \$	50.00
	room and board	2 men	@ \$25.00/man	- \$	<u>50.00</u>
					\$ 296.00
Nov 9/81	fly samples and crew out				
	airflight	1 hour	@ \$80.00/hr	- \$	<u>80.00</u>
					\$ 80.00

Aug 10 to Nov 30 assay costs incurred in first year

spectro analysis assay	5 @ \$10.00/ea	- \$50.00	
spectro analysis assay	1 @ \$12.25/ea	- \$12.25	
Au, Ag, Cu, Ni rock assay	4 @ \$17.00/ea	- \$68.00	
Au, Ag, Cu; Mo, Pb, Zn rock assay	2 @ \$28.00/ea	- \$56.00	
Au rock assay	1 @ \$ 6.50/ea	- \$ 6.50	
Pt rock assay	1 @ \$20.00/ea	- \$20.00	
pulverize cost	2 @ \$3.50 /ea	- \$ 7.00	
Loomis tpt costs			\$19.69
c.o.d. charges			<u>\$ 1.30</u>
			\$ 240.74

July 10 to 15 / 82 prepare prospecting report -

data preparation	4 hr @ \$10.50/hr	- \$42.00	
typing	10 hr @ \$10.50/hr	- \$105.00	
map preparation	11 hr @ \$10.50/hr	- \$115.50	
paper materials			<u>\$ 5.00</u>
			\$ 267.50

total all costs incurred in year			<u>\$ 7429.24</u>
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AUTHOR'S QUALIFICATIONS

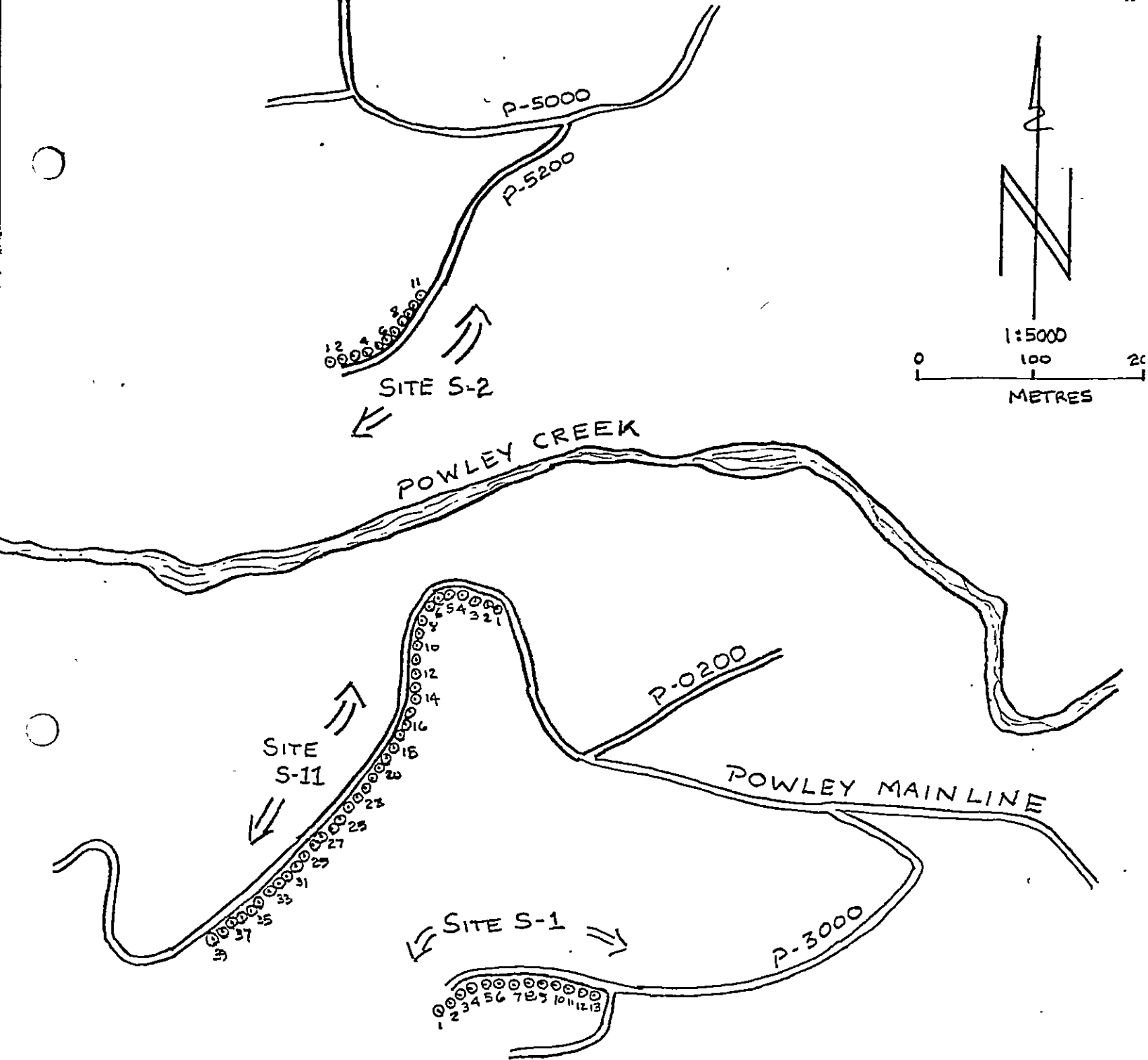
David F. Simpson is a graduate of the university of B.C. in Forest Harvesting (1976) and has been in the employ of British Columbia Forest Products Ltd as an Assistant Engineer for six years. Since October 28, 1978 he has been a Registered Professional Forester in B.C.

J. Louttit heads LHS Holdings and he has been an amateur prospector for over twenty years. He has also worked underground for Noranda Mines, Sheep Creek Gold Mine and been employed as a diamond driller for Caron Brothers Diamond Drilling from 1967 through to 1970 at Alice Lake.

APPENDIX 1




SAMPLE SITE DESCRIPTIONS AND DRAWINGS

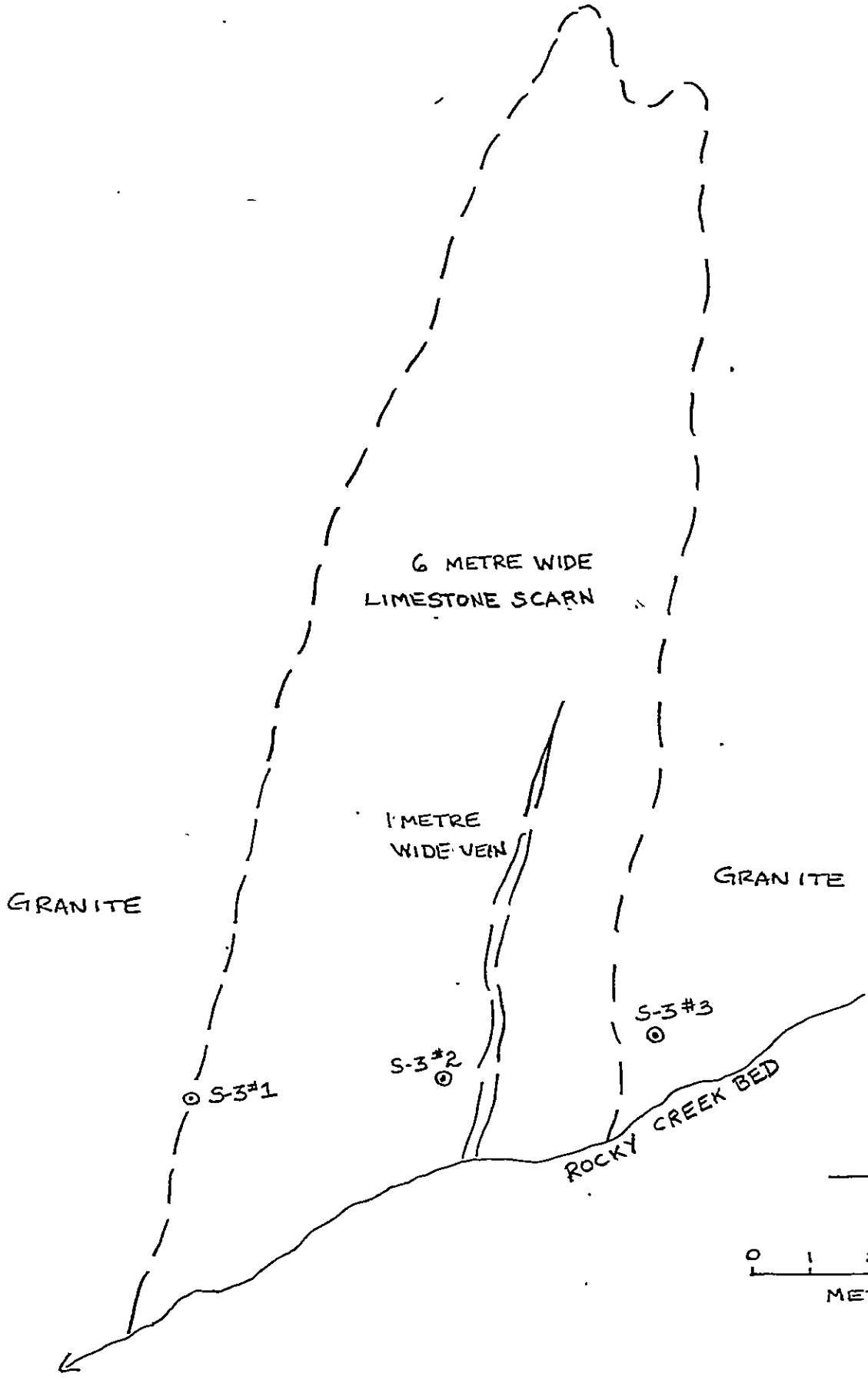
- a MAP OF SAMPLE SITES S-1, S-2, S-11
- b MAP OF SAMPLE SITE S-3
- c MAP OF SAMPLE SITE S-4
- d MAP OF SAMPLE SITE S-5
- e MAP OF SAMPLE SITE S-6
- f MAP OF SAMPLE SITE S-7
- g MAP OF SAMPLE SITES S-10, S-12, S-13, S-14, S-15



SAMPLE SITES S-1, S-2, S-11

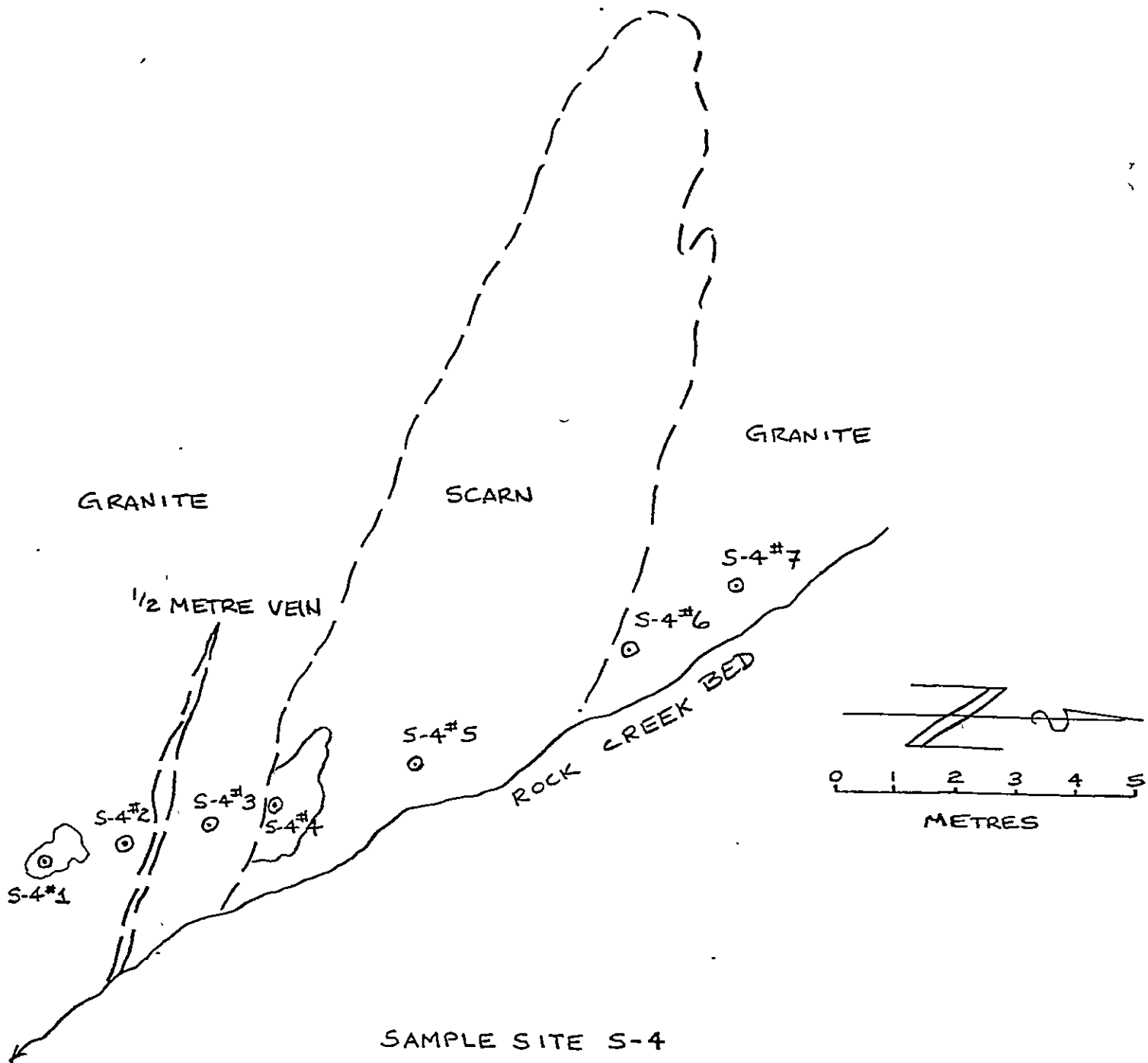
KEY




-  BUILT ROAD
-  STREAM
-  CHIP SAMPLE

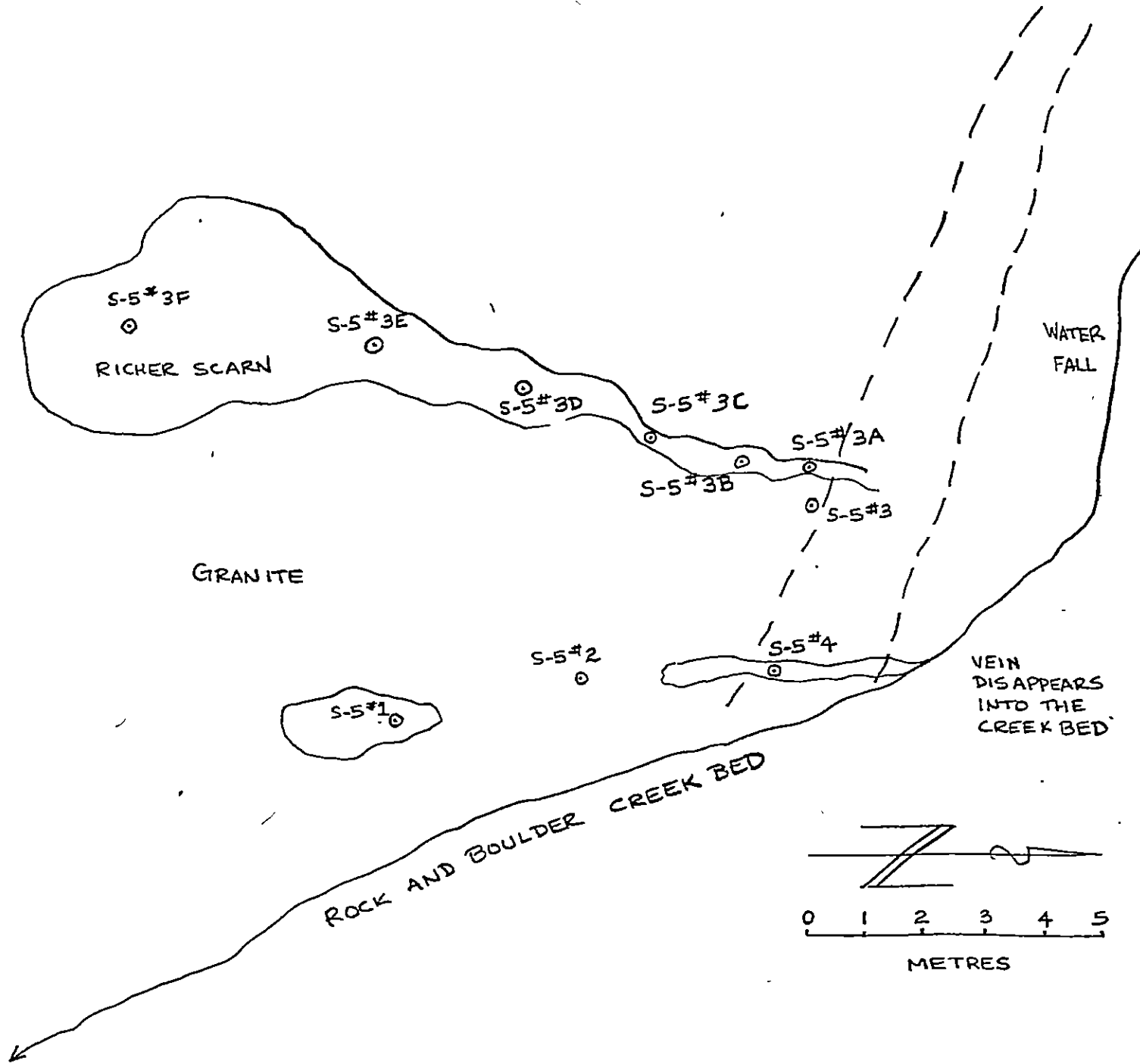


SAMPLE SITE S-3




⊙ CHIP SAMPLE LOCATIONS

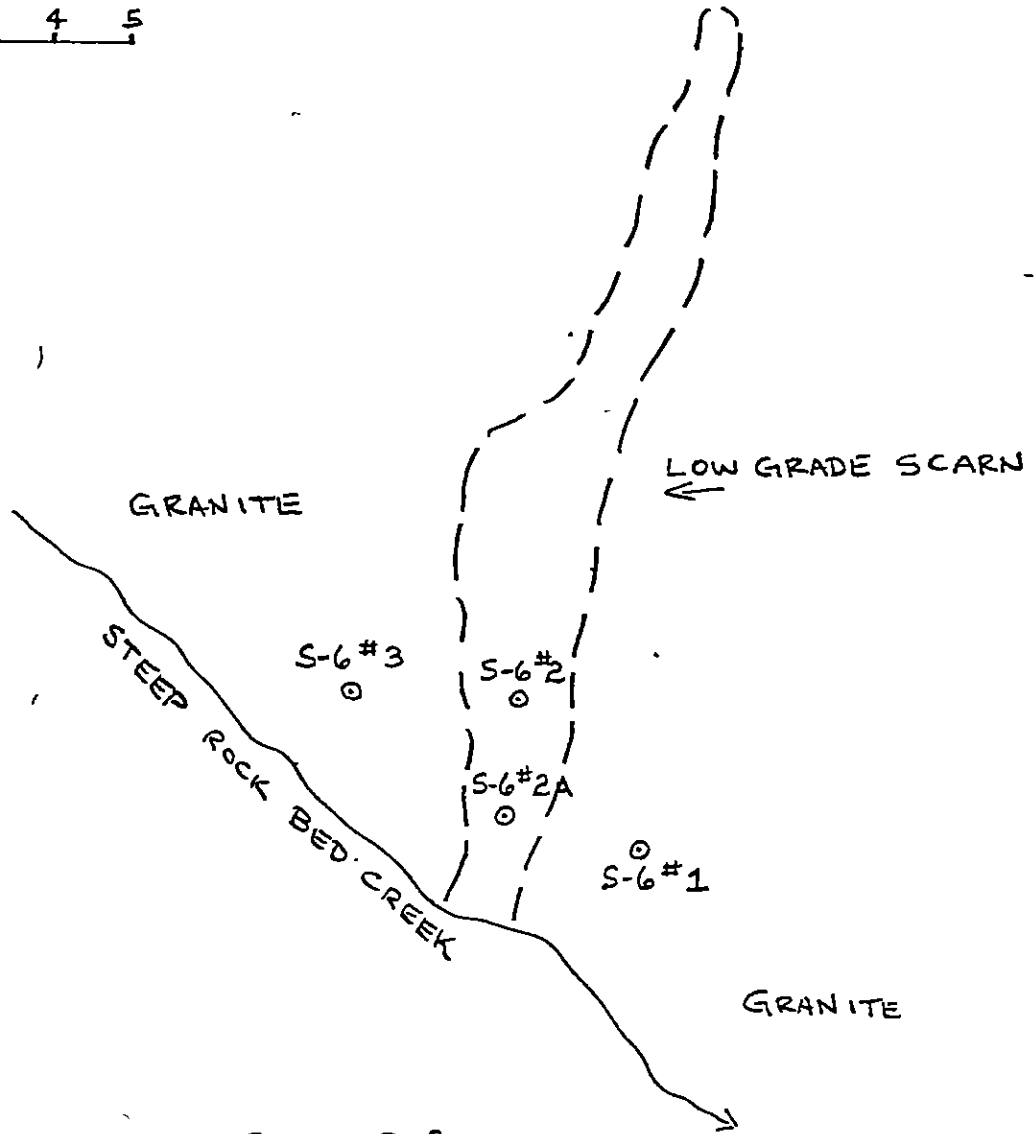
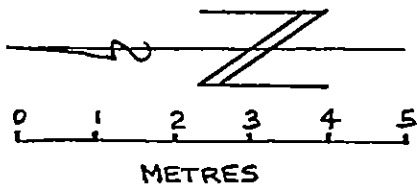


-  LIMESTONE SCARN VEIN
-  RICH VEIN HOLDING Cu, Mo, Pb
-  CHIP SAMPLE LOCATION



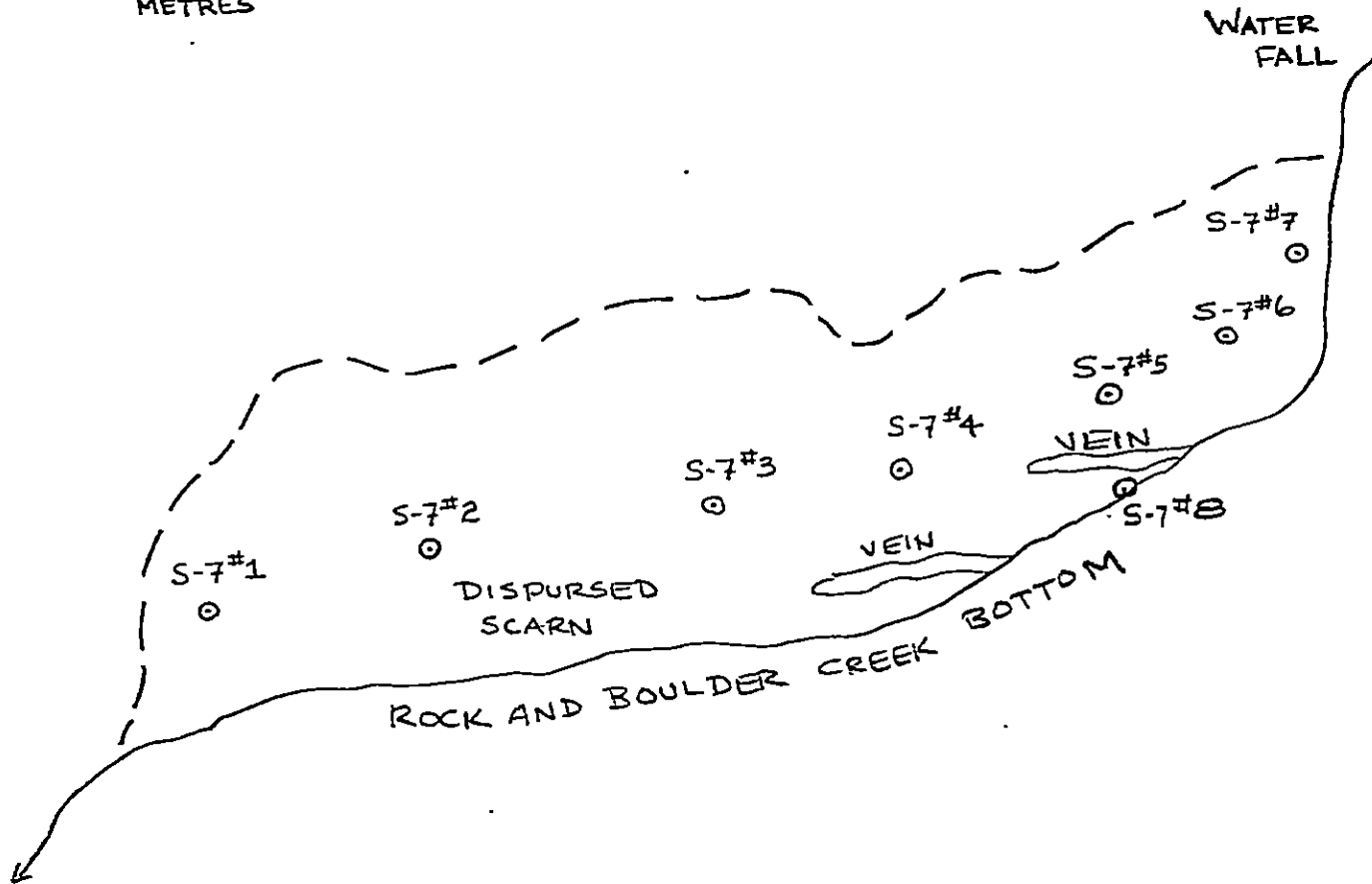
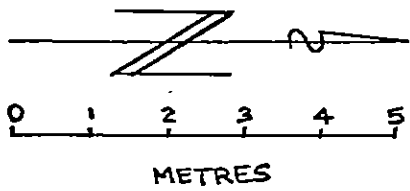
SAMPLE SITE S-5

-  LOW GRADE SCARN
-  RICH VEIN OF SCARN
-  CHIP SAMPLES






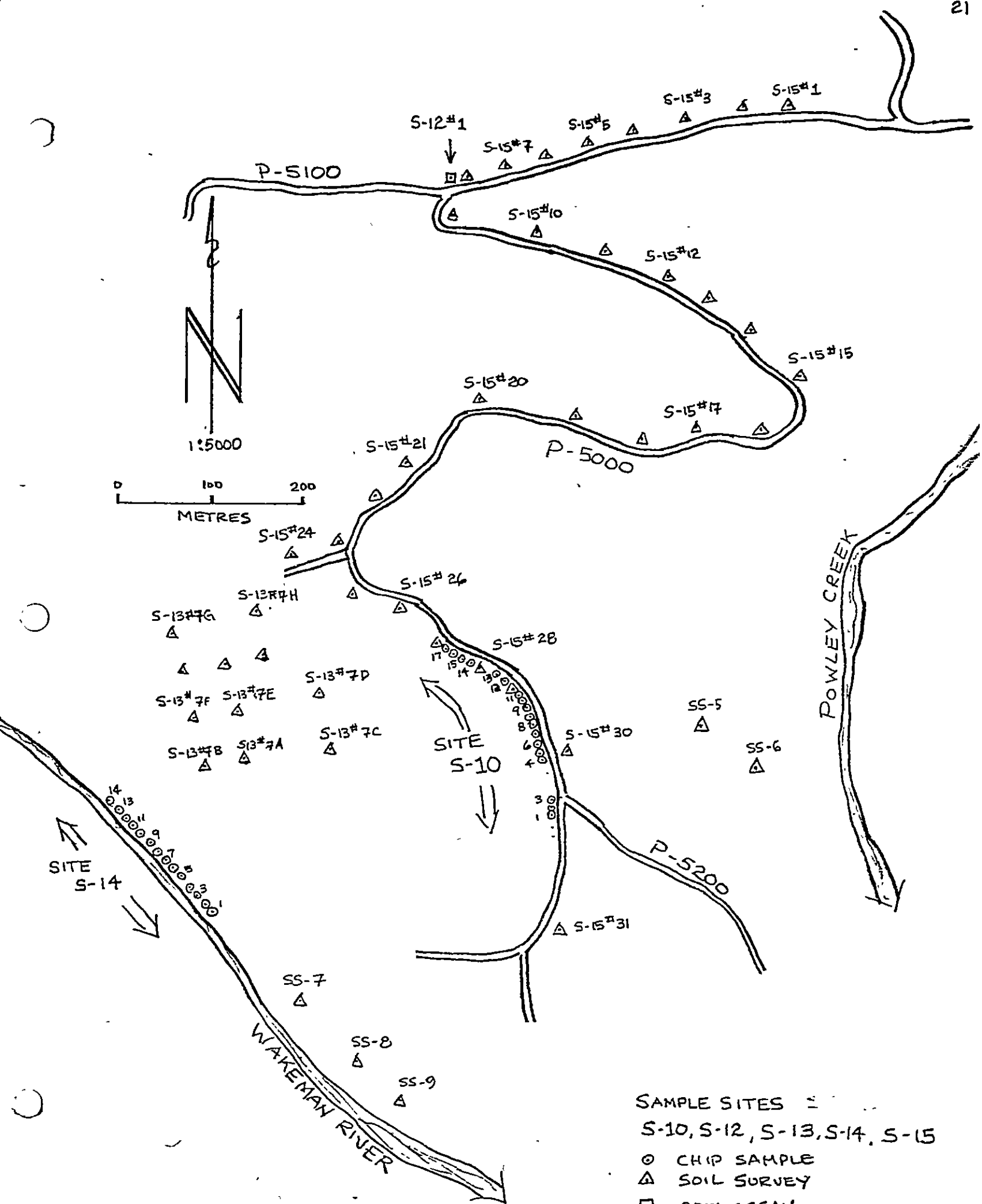
SAMPLE SITE S-6

⊙ CHIP SAMPLES



SAMPLE SITE S-7

-  LARGE LIMESTONE SCARN
-  RICH VEIN
-  CHIP SAMPLE LOCATIONS



SAMPLE SITES =
 S-10, S-12, S-13, S-14, S-15
 ○ CHIP SAMPLE
 △ SOIL SURVEY
 □ ROCK ASSAY .

