

Prospecting
 Assessment Report
 on Work Performed on the
 WALLY CLAIM GROUP
 from October 6th, 1982 through March 3rd, 1983
 including Geological Mapping, Proton Magnetometer Survey Results,
 and Gold Soil Geochemistry Results

Property: WALLY CLAIM GROUP
 Sechelt Peninsula
 Vancouver Mining Division
 NTS: 92g/12W and 92G/13W
 Long. 123° 56' Lat. 49° 46'
 Owned and Operated by Chalice Mining Inc.
 Box 2240 Sechelt, B.C. V0N 3A0

Written By: John Paul La Rue
 Professional Prospector
 President of Chalice Mining Inc.
 June 3rd, 1983

Consultant: E.W. Grove, Ph.D., P.Eng.
 Consulting Engineer
 Victoria, B.C.

**GEOLOGICAL BRANCH
 ASSESSMENT REPORT**

11,334

TABLE OF CONTENTS

Introduction	Pp. 1-3
(i) Geographic and Physicographic description	P. 1
(ii) Property Definition	P. 1
(iii) A summary of work performed on the Wally Claim Group	Pp. 2-3
Property Location	Pp. 3-4
Figure 1 1:125,000 Topographical Map	P. 4
Figure 2 1:50,000 Claim Map	P. 5
Detailed Technical Data and Interpretation	P. 6
Figure 3 Work location Map	P. 7
Figure 4 Gold Soil Geochemistry	P. 8
Figure 5 Assay results from Geochemical Survey on Wally II	P. 9
Itemized Cost Statement	P. 10
Author's Qualifications	Pp. 11-13
Magnetometer Survey Results on Wally II (Plan Map II)	P. 14
Survey Plan Maps and Results (included in back cover pocket)	
Figure 7 Gold Soil Geochemistry on Wally III (plan map I)	
Figure 8 Geology on Wally III (plan map III)	

INTRODUCTION

- (i) The Wally Claim Group lies about 80 Km. Northwest of Vancouver, B.C. at the northern end of the Sechelt Peninsula in Vancouver Mining Division. The Claim Group is comprised of: the Wally I 1161(3) 9 units, Wally II 1162(3) 15 units, and the Wally III 1163 (3) 18 units Mineral Claims, and lies to the south and east of the Chalice Claim Group with which the Wally Claims share a common boundary. Easy access to the claims area can be gained via highway 101 and Egmont Rd., both of which are good paved roads and bisect the claims. Numerous logging roads through area provide easy access to most of the interior of the claims; many of these sub-grade logging roads are not maintained and require the use of a 4-wheel drive vehicle. Topography ranges from 100' elevation at North Lake, to more than 1100'. Most of the area has been logged at least once before, and the area surrounding and to the north of Klein Lake is currently being logged again. Undergrowth includes salal, alder and evergreens and is generally dense.
- (ii) The Wally I, Wally II, and Wally III Mineral Claims were originally staked by Steven H. Hill; 100% interest in the claims was transferred to Chalice Mining Inc. (B/S #3988 Dec. 7th '82), the current owners and operators. There are three properties on the Sechelt Peninsula that are known to have a history of past production. These are the KING MIDAS, the CAMBRIAN CHIEFTAIN, and the SKOOKUM (RC). The King Midas and Cambrian Chieftain were of the contact metamorphic and contact metamorphic-replacement type and produced significant copper as well as values in silver and gold. 1566 tons shipped from the Cambrian Chieftain returned 165,229 lbs. of Copper; 4,034 oz. Silver and 17 oz. of Gold (B.C. Mineral Inventory 92 GNW-23 BCMMPR Bul. 39 Pp. 37). 106 tons are reported to have been shipped from the SKOOKUM Claim to the Tacoma Smelter (ASARCO) and returned 34 oz. of Gold, 45 oz.

Silver, and 170 lbs. of Copper. This property has since been re-staked and is currently owned and operated by Chalice Mining Inc., who have expanded the reported single showing into more than 35 high grade gold showings occurring within a 4 square kilometer area. On this property, gold and silver tellurides in marcasite along with some free gold occur: in quartz veins fracture fillings, stockworks, breccias, and disseminations wholly within the Coast Range Intrusives; in quartz veins, fracture fillings, stockworks, breccias and disseminations associated with volcanic pendant units; and in quartz veins, fracture fillings, stockworks and breccias along the silicified contact between a limestone-volcanic Upper Triassic pendant unit and the Coastal Intrusives on the Chalice IV claim. This pendant unit extends more than 6 Km. to the southeast, through the Wally Claim Group, which lie immediately to the south and east of the Chalice Claim Group. The Wally Claim Group is favourably located in a geological environment similar to the Chalice Claim Group, and the main thrust of exploration is towards locating similar gold bearing structures.

(iii) A summary of work done is as follows:

Geochemical Survey- A total of 298 soil samples were collected between Jan 20th-22nd 1982 and March 1st-3rd 1982. The samples were subsequently assayed for gold at CHEMEX Labs in North Vancouver, B.C. The "B" Horizon was sampled whenever and wherever possible. See Plan Map 1 in back pocket for survey results, as well as Figure 4 on Page 7.

Geophysical Survey- A total of 3 line kilometers of Proton Precession Magnetometer survey was performed between Dec. 5th-8th 1982. See Plan Map 2 for Magnetometer Survey Results located in back pocket.

Geological Survey- Portions of the Wally II and Wally III were mapped by Steven H. Hodgson, Director and Vice-President of Explorations for Chalice Mining Inc., between February 3rd-8th 1982. See Plan Map 3 in back pocket, and Figure 4 Page 7.

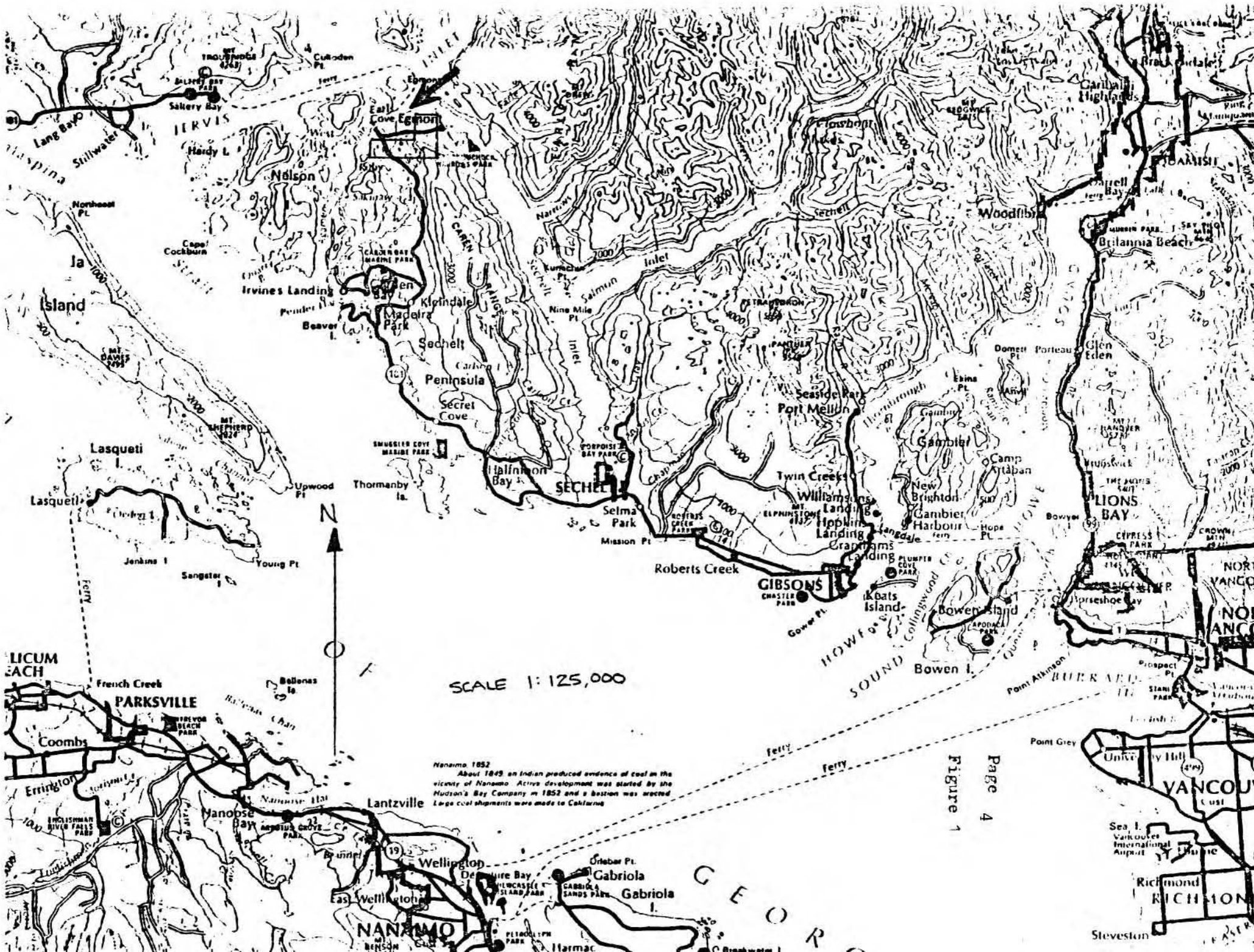
Linecutting and Grid Establishment- A total of 200 meters of baseline on the Wally II claim were cleared and slashed to a one meter width. The baseline was established on a bearing of 45° NE with 25 meter stations and 50 meter cross lines. Cross lines were established at a heading of 315° NW and were flagged and picketed with station intervals of 25 meters. A total of 16.8 kilometers of grid were established over portions of the Wally II and Wally III claims, by chain and compass from October 6th-11th 1982.

A summary of work performed on the WALLY CLAIM GROUP is as follows:

Wally I - None per this report.

Wally II - Baseline and grid establishment, Proton Precession Magnetometer Survey and Geochemical Survey.

Wally III- Grid establishment, Geochemical Survey and Geological Survey.



SCALE 1:125,000

Nanaimo 1852
 About 1845 an Indian produced evidence of coal in the vicinity of Nanaimo. Active development was started by the Hudson's Bay Company in 1852 and a bastion was erected. Large coal shipments were made to Colquhoun.

Page 4
 Figure 1

VANCOUVER

RICHMOND

STEVENSON

Figure 2

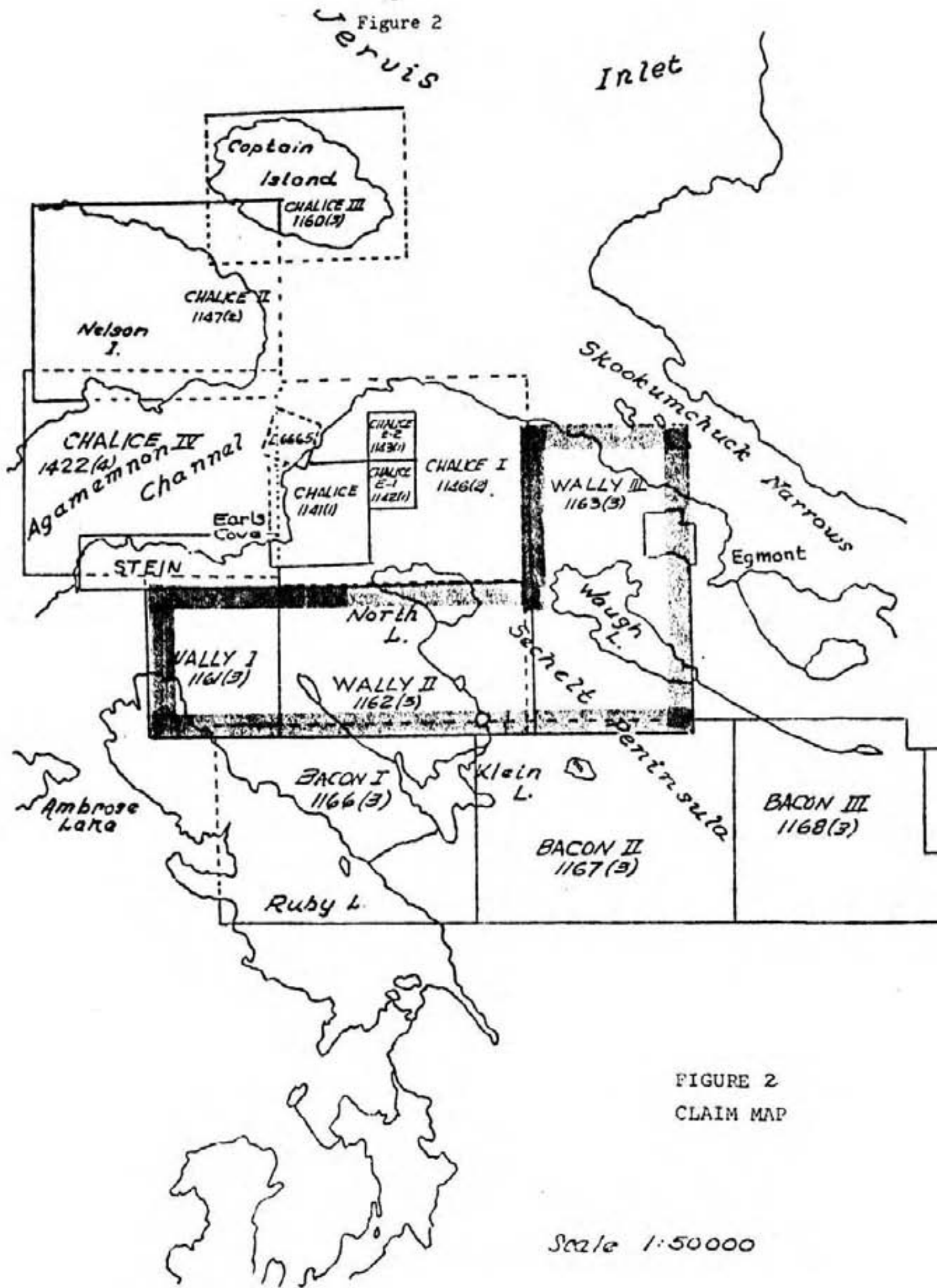


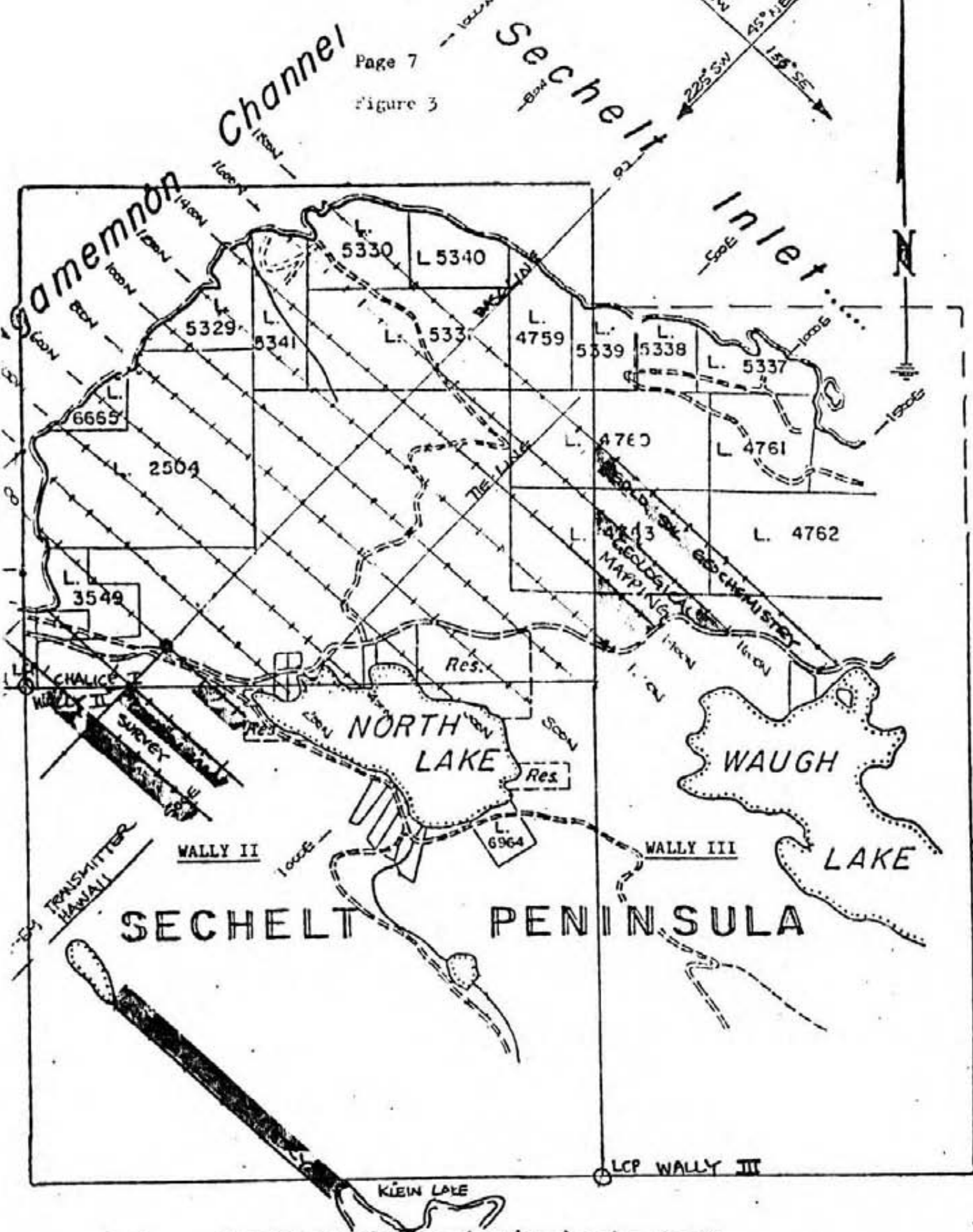
FIGURE 2
CLAIM MAP

Scale 1:50000

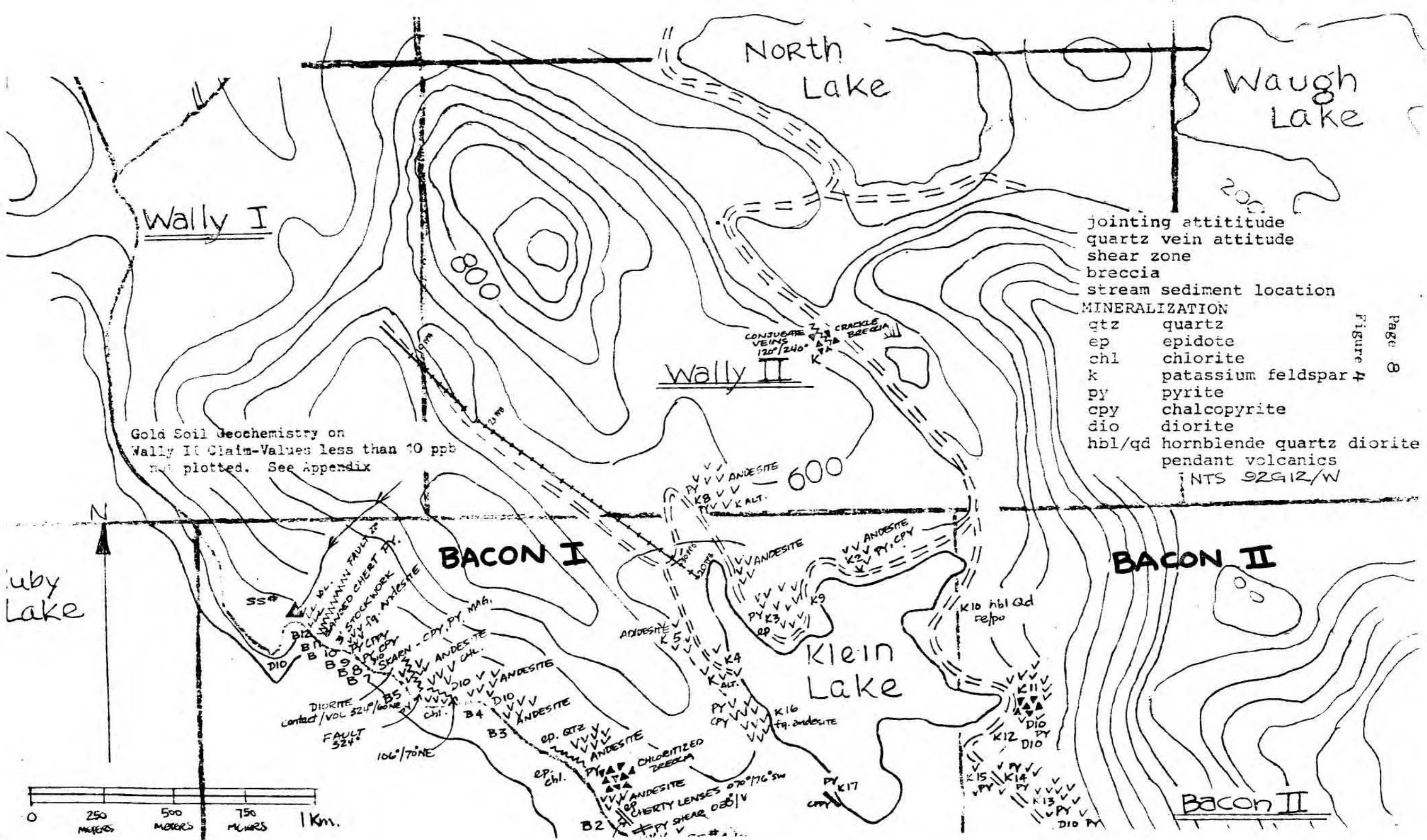
DETAILED TECHNICAL DATA AND INTERPRETATION

Geochemical Survey- All samples were taken from the 'B' Horizon whenever possible, at the stations indicated on the geochemistry map. The samples were placed in Kraft soil bags and taken to Chemex Labs Ltd. North Vancouver where they were analyzed by Atomic Absorption Analysis for Gold. Interpretation of the results from this survey is beyond the scope of this report. Please refer to "Report and Work Proposal on the Chalice Property" by Edward W. Grove, Ph.D., dated June 1st, 1983.

Magnetometer Survey- Survey data was obtained and compiled by Chalice Mining Inc. personnel. A Scintrex MP-2 Proton Precession Magnetometer and an MR-10 base station recorder were used for the survey. Diurnal variations were removed from the survey data, and a base level of 50,000 gammas was subtracted to yield the values plotted on Plan Map 2. Station spacing was at 25 meters on lines spaced at 50 meter intervals. The results contained in this report are only a portion of a much larger 60 Km. total magnetometer survey, conducted over the Chalice I and portions of the Wally II Mineral claims. As such, interpretation of the results of only a portion of the total survey is beyond the scope of this report. Please refer to "Geophysical Report on Induced Polarization, Magnetometer, and VLF-EM Surveys on the Chalice I Claim" by Douglas R. MacQuarrie, B.Sc. and dated April 14th, 1983.



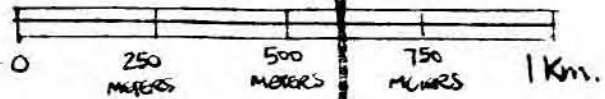
0 200 400 600 800 1000 1200 1400 1600 1800 2000
 SCALE 1:20,000. 1 CM = 200 METERS
 CLAIM BOUNDARIES & GRID ESTABLISHED BY CHAIN & COMPASS



- jointing attitude
- quartz vein attitude
- shear zone
- breccia
- stream sediment location
- MINERALIZATION
- qtz quartz
- ep epidote
- chl chlorite
- k potassium feldspar
- py pyrite
- cpy chalcopyrite
- dio diorite
- hbl/qd hornblende quartz diorite
- pendant volcanics
- NTS 92G12/W

Page 8
Figure 4

Gold Soil Geochemistry on Wally II Claim-Values less than 10 ppb not plotted. See Appendix





CHEMEX LABS LTD.

Page 9

Figure 5

212 BROOKSBANK AVE.
NORTH VANCOUVER, B.C.
CANADA V7J 2C1

TELEPHONE: (604) 984-0221
TELEX: 043-52597

• ANALYTICAL CHEMISTS

• GEOCHEMISTS

• REGISTERED ASSAYERS

CERTIFICATE OF ANALYSIS

TO : CHALICE MINING INC.

BOX 2240
SECHELT, B.C.
V0N 3A0

CERT. # : A8310735-001-
INVOICE # : I8310735
DATE : 25-MAR-83
P.O. # : NONE

Sample description	Prep code	AU-AA ppb					
KL+00	217	20	--	--	--	--	--
KL+25	217	<10	--	--	--	--	--
KL+50	217	30	--	--	--	--	--
KL+75	217	<10	--	--	--	--	--
KL+100	217	<10	--	--	--	--	--
KL+125	217	<10	--	--	--	--	--
KL+150	217	<10	--	--	--	--	--
KL+175	217	<10	--	--	--	--	--
KL+200	217	<10	--	--	--	--	--
KL+225	217	<10	--	--	--	--	--
KL+250	217	<10	--	--	--	--	--
KL+275	217	<10	--	--	--	--	--
KL+300	217	<10	--	--	--	--	--
KL+325	217	<10	--	--	--	--	--
KL+350	217	<10	--	--	--	--	--
KL+375	217	<10	--	--	--	--	--
KL+400	217	<10	--	--	--	--	--
KL+425	217	<10	--	--	--	--	--
KL+450	217	<10	--	--	--	--	--
KL+475	217	<10	--	--	--	--	--
KL+500	217	<10	--	--	--	--	--
KL+525	217	<10	--	--	--	--	--
KL+550	217	20	--	--	--	--	--
KL+575	217	<10	--	--	--	--	--
KL+600	217	<10	--	--	--	--	--
KL+625	217	<10	--	--	--	--	--
KL+650	217	<10	--	--	--	--	--
KL+675	217	<10	--	--	--	--	--
KL+700	217	<10	--	--	--	--	--
KL+725	217	<10	--	--	--	--	--
KL+750	217	<10	--	--	--	--	--
KL+775	217	<10	--	--	--	--	--
KL+800	217	<10	--	--	--	--	--
KL+850	217	10	--	--	--	--	--



MEMBER
CANADIAN TESTING
ASSOCIATION

Certified by *Hart Bichler*

Itemized Cost Statement

Assay- A total of 298 samples were assayed for Gold at a cost of \$8.50 per sample (Atomic Absorption Analysis \$6.00 plus \$2.50 sample preparation) for a total cost of \$2533.00.

Geochemical Survey- Jan 20th-22nd and March 1st -3rd 1982 A total of 7 Km. soil sampling for a total of 298 samples 5 days for 2 men at \$100 per day per man = Total \$1000.

Magnetometer Survey- Dec 5th -Dec. 8th 1982; 3 line kilometers of Proton Mag 2 men for 2 days at \$100/man/day for \$400; plus rental of Scintrex MP-2 Magnetometer and MR-10 Base Station Recorder apportioned at \$1050 (\$350 for Scintrex MP-2 and \$700 MR-10 Base Station Recorder rental from Canadian Mining Geophysics, Surrey B.C.). Total Survey costs \$1450

Geological Survey- Feb. 3rd -8th, 1982 One man for 5 days at \$100 per man per day. Total Cost for mapping \$500. This figure does not include the \$1700 cost of the computer enhanced topographical map Plan Map 3 covering the Wally III claims northern half.

Establishment of Baseline and Grid from Oct. 6th through Oct 11th 1982
Baseline cleared one meter wide for 200 meters by 2 men for one day at \$100/man/day for a cost of \$200. This figure does not include chainsaw rental.

Establishment of Grid- Total of 17.8 Km. of grid established by chain and compass at 25 meter stations with pickets and ribbons 2 men for 5 days at \$100/man/day for a cost of \$1000.

Total Costs for baseline and grid on Wally II and Wally III are \$1200.

Time and costs for preparation of this report are not included in this report. Total Costs of survey on Wally Group are \$6683.00.

AUTHOR'S QUALIFICATIONS

I participated in the Mineral Exploration for Prospectors Course (1983) at Mesachie Lake, B.C. sponsored by the B.C. Ministry of Energy, Mines and Petroleum Resources under the auspices of Malaspina College.

I have been a prospector in British Columbia since 1971, actively engaged in mineral exploration; and have been a Geo-Exploration Crew Chief for the past 8 years.

The information for the accompanying report has been compiled entirely by my self or under my supervision.

I am President of Chalice Mining Inc., the registered owner operators of the Wally Claim Group.

John P. LORie

MALASPINA COLLEGE

Statement of Course Completion

JOHN P. LARUE

has

Successfully Completed 180 Hours of Instruction
in

MINERAL EXPLORATION FOR PROSPECTORS

PRESENTED BY B.C. MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
B.C. MINISTRY OF EDUCATION

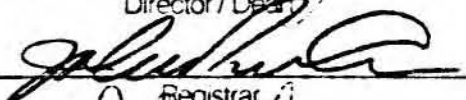
APRIL 16 to 30, 1983 - MESACHIE LAKE, B.C.

MAY 2, 1983

Dated at Nanaimo,
British Columbia, Canada


Malaspina
College


Director / Dean


Registrar


Instructor

SELKIRK



COLLEGE

CASTLEGAR, B. C., CANADA

COMMUNITY EDUCATION SERVICES



THIS IS TO CERTIFY THAT

STEVEN HODGSON

HAS PARTICIPATED IN

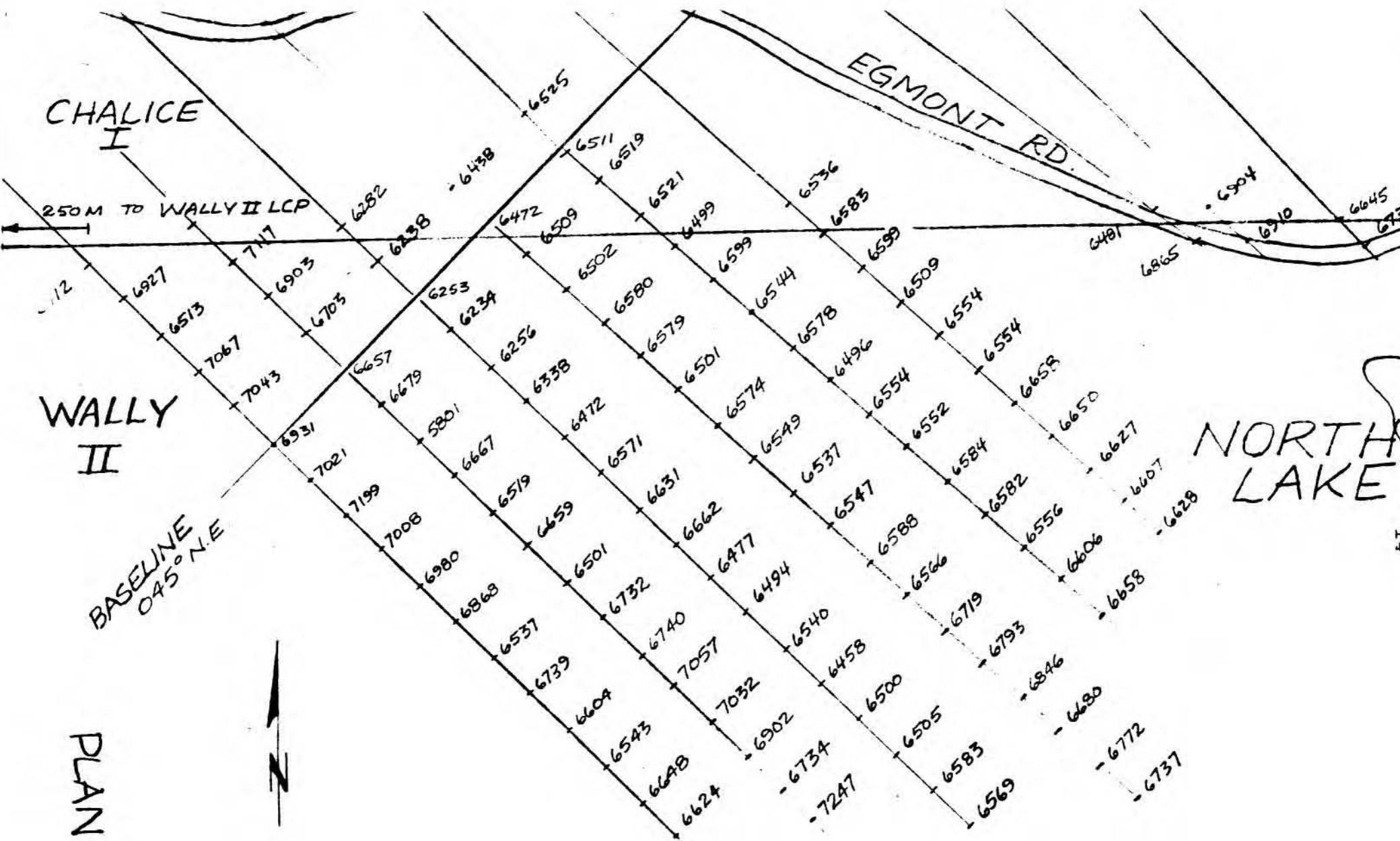
"MINERAL EXPLORATION FOR PROSPECTORS"

144 HOUR COURSE

Co-sponsored by the Ministry of Energy, Mines and Petroleum Resources,
the Ministry of Education,
and Continuing Education, Selkirk College

C. Fraser Shepherd
INSTRUCTOR/PROGRAM COORDINATOR

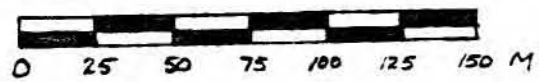
C. P. Adams
COMMUNITY EDUCATION



WALLY II

BASELINE
045° N.E

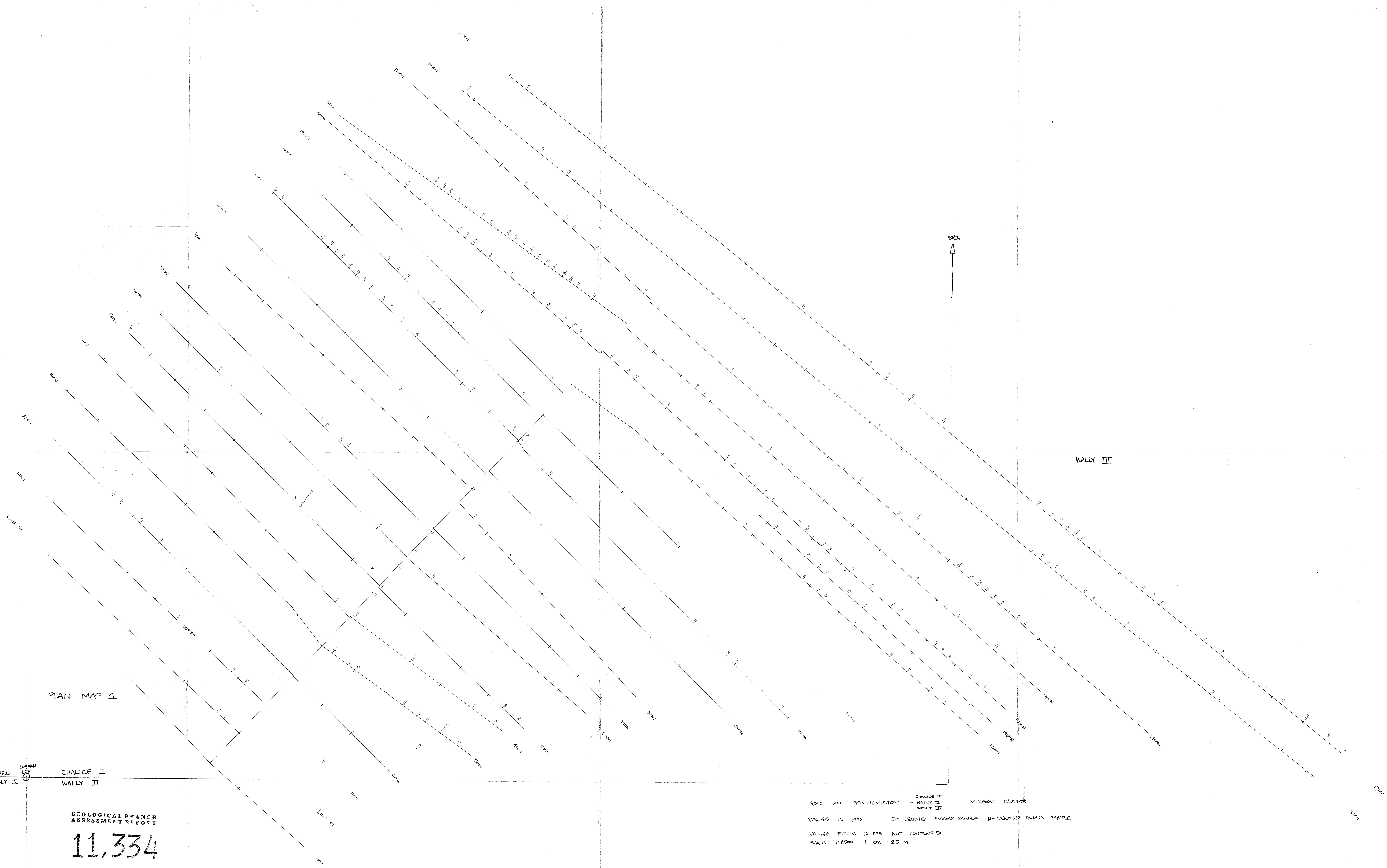
PLAN MAP II



PLAN MAP II
WALLY II CLAIMS

PROTON MAG SURVEY
WALLY II

PLOTTED VALUES + 50,000 GAMMAS = TOTAL MAGNETIC FIELD



PLAN MAP 1

STIEN COMMON CHALICE I WALLY I WALLY II

GEOLOGICAL BRANCH ASSESSMENT REPORT

11,334

CHALICE I
GOLD SOIL GEOCHEMISTRY - WALLY II
MINERAL CLAIMS WALLY III

VALUES IN PPB S- DEVOTES SWAMP SAMPLE H- DEVOTES HUMUS SAMPLE

VALUES BELOW 10 PPB NOT CONTOURED

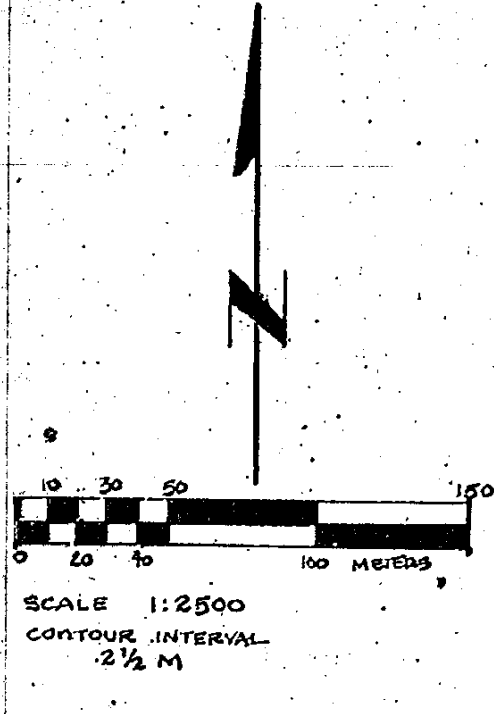
SCALE 1:2500 1 CM = 25 M

GEOLOGICAL BRANCH
ASSESSMENT REPORT

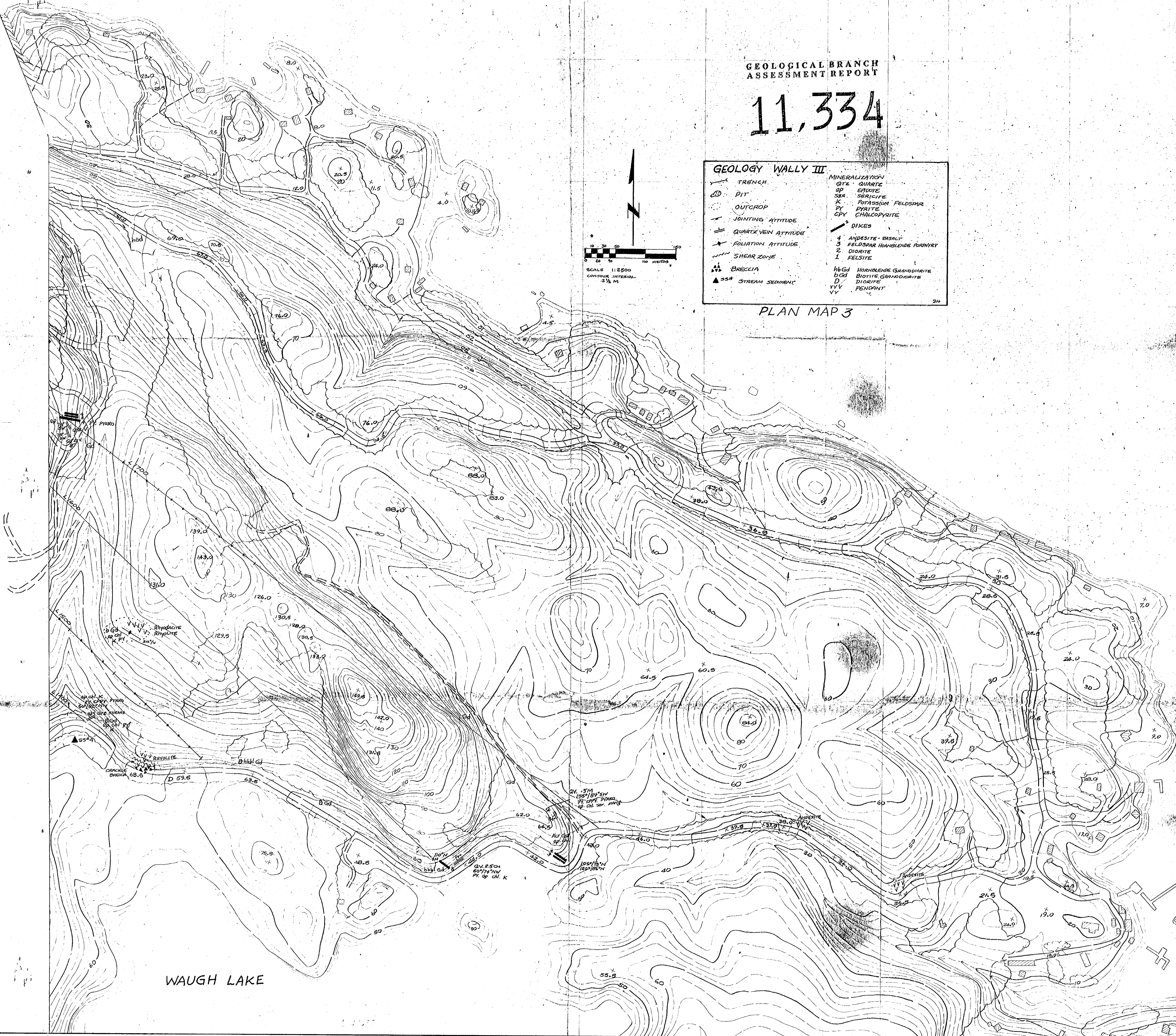
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GEOLOGY WALLY III

TRENCH	MINERALIZATION
PIT	QTZ QUARTZ
OUTCROP	EP EPIDOTE
JOINTING ATTITUDE	SER SERICITE
QUARTZ VEIN ATTITUDE	K POTASSIUM FELDSPAR
FOLIATION ATTITUDE	PY PYRITE
SHEAR ZONE	CPY CHALCOPYRITE
BRECCIA	DIKES
▲ 55# STREAM SEDIMENT	4 ANDESITE-BASALT
	3 FELDSPAR HORNBLENDE PORPHYRY
	2 DIORITE
	1 FELSITE
	hbGd HORNBLENDE GRANODIORITE
	GdD BIOTITE GRANODIORITE
	D DIORITE
	VV V PENDANT



PLAN MAP 3



WAUGH LAKE