

GEOPHYSICAL REPORT

- on the -

AU CLAIMS

KAMLOOPS MINING DIVISION

- for -

K.D. RESOURCES LTD.

#206 - 310 NICOLA STREET,

KAMLOOPS, B.C.

Work Completed: Aug. 18 - Dec. 10, 1983.

Location: 50° 25'N; 119° 23'W

NTS 82L/6W

18 km. N.N.W. of Vernon, B.C.

Prepared By:

KERR, DAWSON & ASSOCIATES LTD.

#206 - 310 Nicola Street,

GEOLOGICAL BRANCH
ASSESSMENT REPORT

Kamloops, B.C. V2C 2P5

JOHN R. KERR P. ENG.

December 10, 1983.

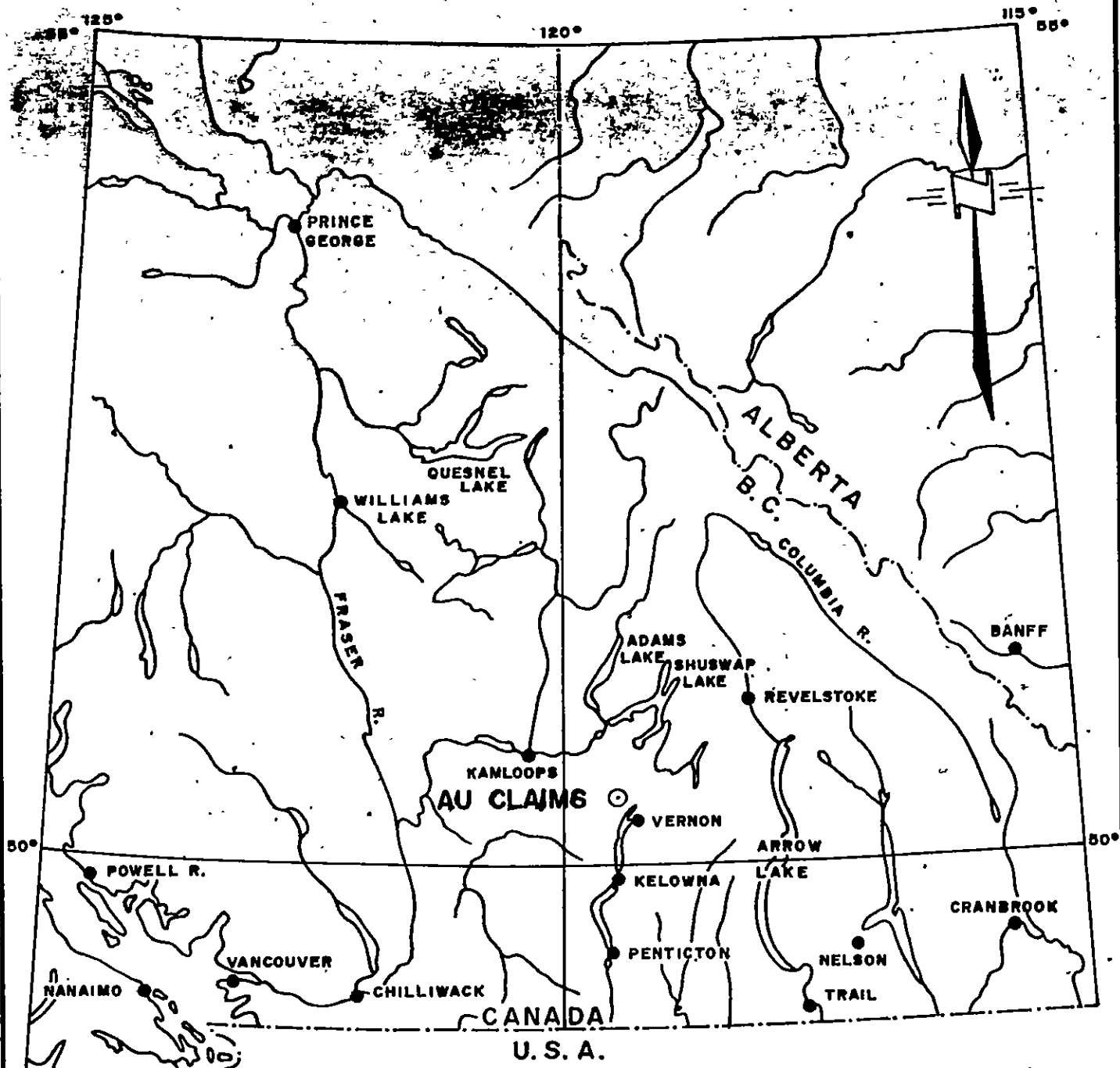
12,237

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LOCATION MAP

AU CLAIMS

KAMLOOPS MINING DIVISION, B.C.

Date: DEC., 1976

Scale: 1" = 64 Miles

Dwn by:

Dwg no.

INTRODUCTIONGeneral Statement:

The Au claims were located in 1973 for Keda Resources (1973) Ltd., (now K.D. Resources Ltd.) to cover a known gold occurrence. Previous development (including 3 diamond drill holes) provided very confusing results, with the zone not being located at depth. Because of the rather unusual geographic setting of the showing, the writer feels that the showing outcrop is in fact a large block that has slumped downhill. The surface exposure occurs 30 - 40 meters down a very steep embankment. Prior to soil and vegetation development, it is logical to assume a large block could easily slump from the top of the embankment.

The showing indicates the presence of very high sulphides (15 - 40%), and should be a very strong conductor. It was, therefore, decided to complete a detailed VLF-EM survey over the showing, to determine the location of a significant conductor that may relate to the origin of the surface showing. This report summarizes this survey.

Location & Access:

The property is located in south-central British Columbia, 18 km. N.N.W. of Vernon, and 16 km. S.E. of Falkland. Geographic coordinates of the center of the property are 50° 25'N; 119° 23'W. (NTS 82L/6W).

Access is possible from Highway #97 by either the Irish Creek or Moffat Creek roads, a distance of approximately 8 km.

Topography & Vegetation:

The property borders the north-east edge of a rolling upland plateau area. This north-east edge of the plateau forms the steep escarpment into the Round Lake valley to the northeast.

Elevations range from 640 m. in the Round Lake valley to over 1,250 m. in the southwestern portion of the claims. The claim area is heavily forested with fir, spruce and cedar.

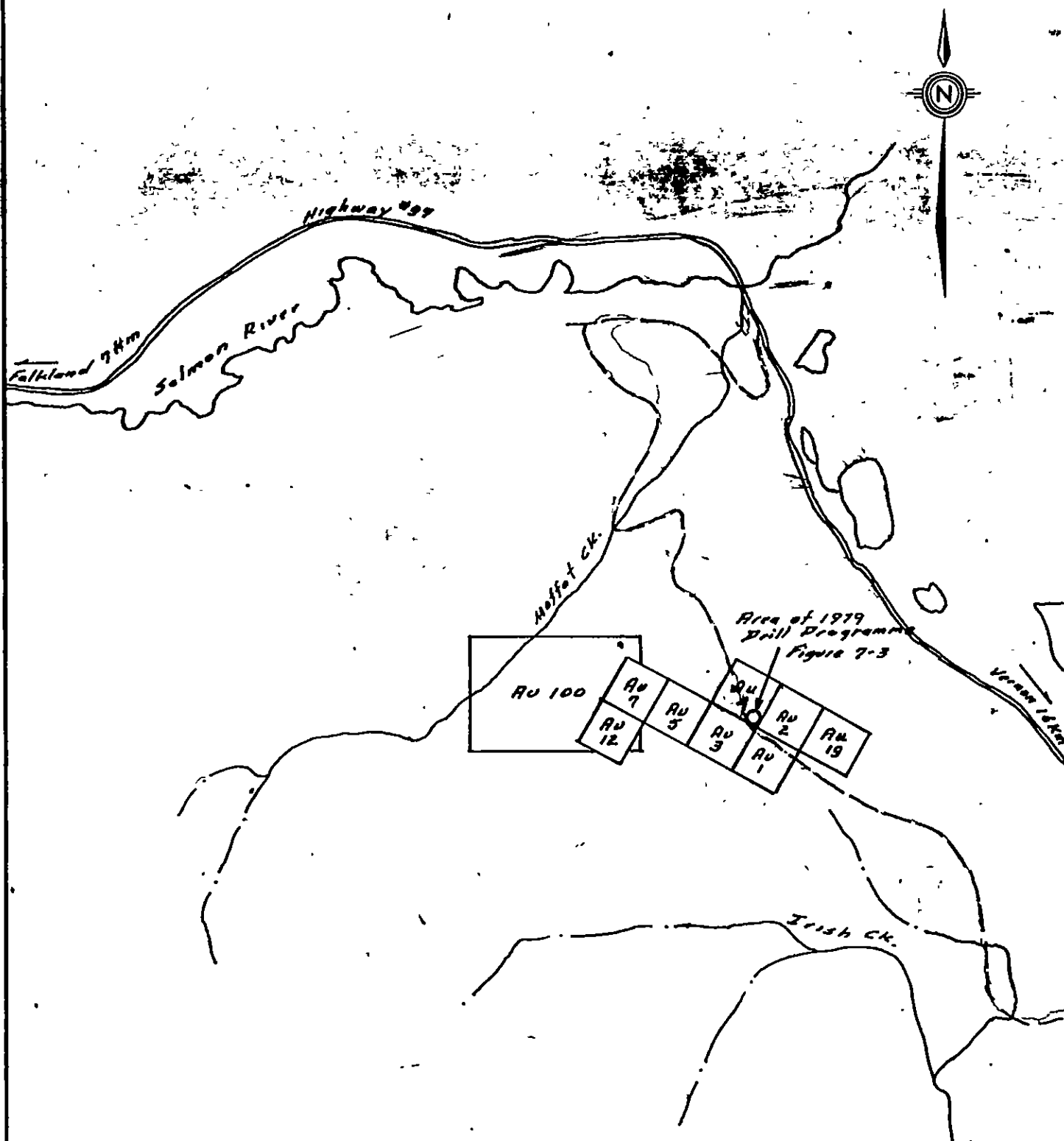
Claims:

The property consists of 9 contiguous mineral claims, 8 under the 2-post system, and 1 modified grid system claim. The following is a list of all claims:

<u>Claim Name</u>	<u>Rec. No.</u>	<u>No. Units</u>	<u>Mining Div.</u>	<u>* Expiry Date</u>
Au 1	124480	1 (2-post)	Kamloops	March 8, 1986
Au 2	124481	1 (2-post)	Kamloops	March 8, 1986
Au 3	124482	1 (2-post)	Kamloops	March 8, 1986
Au 4	124483	1 (2-post)	Kamloops	March 8, 1986
Au 5	124484	1 (2-post)	Kamloops	March 8, 1986
Au 7	125727	1 (2-post)	Kamloops	June 7, 1986
Au 12	125732	1 (2-post)	Kamloops	June 7, 1986
Au 19	125847	1 (2-post)	Kamloops	June 15, 1986
Au 100	422	6 (MGS)	Kamloops	June 18, 1986

* On acceptance of this report.

The claims are recorded in the name of Keda Resources (1973) Ltd., the beneficial owner.



To accompany a report by J.R. Kerr

Keda Resources (1973) Ltd.

**INDEX MAP
AU CLAIMS
KAMLOOPS M.D.**

Tech. Work By:
Kerr, Dawson & Assoc. Ltd.

Scale: 1:50,000

Drawn By: W.G.

Date: Jan. 1980

N.T.S. NO. 821/64

Approved By:

Fig No. 7-2

FIELD PROGRAMME - 1983

A grid was established from a 1.1 km. baseline, extending a total of 14.4 km. of grid lines 400 meters either side of the baseline. All grid work was completed by chain and compass methods. Grid lines were established at 50 meter intervals in the immediate area of the showing, and at 100 meter intervals in the western extension. Stations were established at 25 meter intervals along all lines. Grid work was completed during the period August 19-24, 1983.

Concurrent with grid establishment, two lines (LO + 00 & 1 + 00W) were soil sampled, samples collected at 25 meter intervals. All samples were analyzed for Au, and approximately 25% of the samples were analyzed for Sb, As, Hg, and Ag. Although geochemical work had previously been completed on the property (1974 and 1976), the purpose of this programme was to determine any correlation of EM conductors to weak soil anomalies of some trace elements in areas of deep overburden.

All soils were collected from the "B" horizon where possible. Soils were placed in appropriately identified kraft envelopes, and submitted to the laboratories of Kamloops Research and Assay Laboratory Ltd. All samples were sieved to -80 mesh, and an aliquot of this fraction was selected for each metal analysis.

Au method	-	Fire assay Atomic absorption
Ag method	-	Hot acid extraction Atomic absorption
As method	-	Nitric hydrochloric digestion Colorimetric
Sb method	-	Acid extraction Hydride generation
Hg method	-	Coleman mercury analyzer Cold vapour generation

The geochemical data is appended to the report, however is not plotted, as the results showed no direct significance to the objective of the programme.

Two bulk samples of mineralized rock were collected from the main showing, and submitted to KRAL for spectographic analysis.

Owing to problems with E.M. equipment, the VLF-EM survey could not be completed during the August programme. The survey was subsequently completed during the periods October 20-22, 1983, and November 19-20, 1983.

The survey was completed using a Sabre Electronic VLF-EM unit, readings taken at every 25 meter station, along all lines. As the baseline is oriented in a general E-W direction, the Cutler, Maine transmitting station was used for the survey.

The raw data was subjected to the Fraser filter method of displaying results. This method takes into account an averaging of four stations and provides a better representation of the data for the following reasons:

- 1). Tends to smooth out any erratic readings.
- 2). Provides positive numbers to display normal raw data cross-overs, which can subsequently be displayed by normal contour methods.
- 3). Eliminates some of the spurious effects of topography on interpretation of E.M. data.

The positive filtered values are displayed on accompanying map sheet, Fig. 7-83-3. Negative values were not calculated and are insignificant to the interpretation. They are displayed as (-). The positive values are contoured in 10^0 intervals, from which definite and possible/probable anomalies are interpreted.

GEOLOGY

The Au claims are underlain by the Permian-Triassic Cache Creek Group of rocks, consisting of andesite flows, fragmentals and tuffs, and argillaceous sediments. The formation trends in a general northwesterly direction, and dips moderately to the southwest.

At least one east-west trending structural feature has been recognized in outcrops at the two showing areas. The main showing is described as a 110° trending fault or shear structure, replaced by sulphides (pyrite, arsenopyrite, sphalerite and chalcopyrite) over widths of 2-5 meters. The west showing is a E-W trending quartz vein exposed over a width of 1-2 meters.

Interpretation of E.M. data suggests the presence of two sub parallel structures. Two northeasterly trending fault zones are also interpreted from this data.

INTERPRETATION OF DATA

E.M. Survey: The following anomalous categories have been derived for the filtered E.M. data:

- $20^{\circ} - 30^{\circ}$ - Possibly/Probably Anomalous
- $> 30^{\circ}$ - Definitely Anomalous

Two parallel strong conductive zones have been interpreted from the filtered E.M. data, both trending in a 105° bearing.

ZONE I: Extends across the full 1.1 km. length of the surveyed area, and a large percentage of the zone falling within the definitely anomalous category. The anomaly exists 60-75 meters to the south (upslope) of the main showing, and certainly substantiates the fact

that the main zone may in fact be a large slumped block, having slumped downhill a distance of 60 (plus) meters to the north. It is of interest to note that a line directly over the main showing did not result in any E.M. response. Only a very weak response extends to the west of the showing.

The zone may be terminated to the east, as the strong conductor was not delineated on L3 + OOE, the easternmost line, however is very strong and open to the west as displayed on L8 + OOW, the westernmost line.

ZONE II: Interpreted over a strike length of 800 meters, and exists 125 - 140 meters south of ZONE I. The anomaly is not as strong as ZONE I, and is interrupted on several lines, indicating discontinuity in the anomaly.

It is interesting to note that the west showing is not detected by E.M. methods.

Interruptions in the continuity of both ZONE I & ZONE II has given rise to the interpretation of at least two northeasterly trending faults. These are interpreted to be post mineralization.

Geochemistry: Gold geochemistry along the two sampled lines (L0 & 2W) did not reveal any further information that was detected in previous surveys. The two interpreted E.M. anomalies were not reflected in soil. This is probably a reflection of deep overburden (trenching & drilling have confirmed 6-10 meters of overburden).

There is a direct correlation of silver and arsenic contents to gold content in soil, a possible correlation of mercury to gold, and no indicated presence of antimony.

ECONOMIC POTENTIAL

The main showing on the Au claims reveals a mineralized zone over a length of 20 meters with assays ranging .2 - .5 oz/T Au over widths of 2 - 5 meters. Grade over these widths is certainly of economic significance, if the zone exists along strike or at depth.

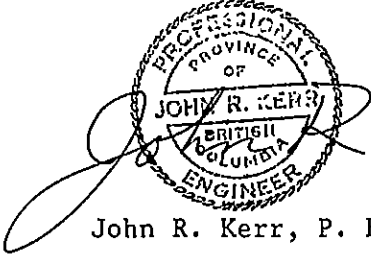
The plausibility that the main showing is a slumped block that originates from the area of the main conductor is very real. The fact that this conductor is very strong over a length of 1.1 km., provides a very viable target for further development.

RECOMMENDATIONS

A suggested programme to explore and develop the interpreted E.M. conductors is as follows:

- 1). Back-hoe trenching along the full strike length of the conductor to expose bedrock.
- 2). Allow for approximately 500 meters of diamond drilling.

Respectfully Submitted By:
KERR, DAWSON & ASSOCIATES LTD.

 *John R. Kerr*
John R. Kerr, P. Eng.
GEOLOGIST.

December 10, 1983.
Kamloops, B.C.

Appendix A

Cost Statement

COST STATEMENT

Au Claims

LABOUR:

JOHN R. KERR, P. Eng. 4 days @ \$350.00/day	\$1,400.00	
R. HENDERSON, Sr. Field Tech. 8 ½ days @ \$170.00/day	1,445.00	
B. CROSS, Sr. Assistant 2 days @ \$170.00/day	340.00	
K. DAVIES, Assistant 5 days @ \$140.00/day	<u>700.00</u>	
		\$3,885.00

EXPENSES:

Laboratory Charges	713.10	
Truck Rental:		
8 days @ \$35.00/day	280.00	
390 mi. @ 0.35/mile	<u>136.50</u>	
	416.50	
Room & Board	627.50	
E.M. Rental	130.00	
Report Preparation:		
Drafting	200.00	
Photocopying & Printing	46.20	
Secretarial	<u>150.00</u>	
	<u>396.20</u>	
		<u>2,283.40</u>
TOTAL:		<u>\$6,168.40</u>

Appendix B

Geochemical Data

**KAMLOOPS
RESEARCH & ASSAY
LABORATORY LTD.**

B.C. CERTIFIED ASSAYERS

912 - 1 LAVAL CRESCENT — KAMLOOPS, B.C.
V2C 5P5
PHONE: (604) 372-2784 — TELEX: 048-8320



To Kerr-Dawson and Associates Ltd.
Suite 206 Nicola Place
310 Nicola Avenue
Kamloops, B.C. V2C 2P5

Date: September 23, 1983

File No.: K-5854

SEMI-QUANTITATIVE SPECTROGRAPHIC ANALYSIS CERTIFICATE

Fe, Mg, Ca, Ti, Na, K, Si, Al and P reported in %: all other elements reported in ppm.

Element	Average for Earth's Crust	Lower Detection Limit	Sample # R#1	Sample # R#2	Element	Average for Earth's Crust	Lower Detection Limit	Sample # R#1	Sample # R#2
Au	.004	10	N	N	Zr	102	10	N	N
Ag	.08	.5	5	5	B	9	10	N	N
Cu	68	5	2000	1500	Ba	390	10	70	30
Pb	13	10	10	10	Be	2	1	N	N
Zn	76	200	7000	10000	La	34.6	20	N	N
Mo	1.2	5	N	N	Nb	20	10	N	N
Fe	5.08%	0.05%	20.0	20.0	Sc	25	5	N	5
W	1.2	50	N	N	Sr	384	100	200	500
Ni	99	5	70	30	Y	31	10	N	N
Co	29	10	20	10	Ca	4.66%	0.05%	5.0	7.0
Cr	122	20	50	20	Mg	2.34%	0.02%	1.5	1.0
Cd	.16	20	100	150	Ti	6320	.001%	.15	.2
As	1.8	200	500	1500	Na	2.1%	.02%	N	N
Sb	.2	100	N	N	K	1.8%	.5%	N	N
Mn	1060	10	3000	2000	Si	27.3%	1%	10.0	10.0
V	136	10	100	200	Al	8.36%	.5%	1.0	1.0
Bi	.0082	10	N	N	P	1120	.1%	N	N
Sn	2.1	10	N	N					

N — Not detected

G — Greater than value shown

L — Detected but below limit of determination

This certificate refers to analysis performed by Specomp Services.

Values expressed in these analyses may be considered accurate to within plus or minus 35 to 50% of the amount present.

Signed _____

KRAL NO.	IDENTIFICATION	ppb Au							
1	LOW B/L	10							
2		0+25N	55						
3		0+50N	L5						
4		0+75N	150						
5		1+00N	50						
6		1+25N	250						
7		1+50N	L5						
8		1+75N	35						
9		2+00N	210						
10		2+25N	L5						
11		2+50N	L5						
12		2+75N	L5						
13		3+00N	L5						
14		3+25N	70						
15		3+50N	10						
16		3+75N	L5						
17		4+00N	5						
18		0+25S	15						
19		0+50S	L5						
20		0+75S	5						
21		1+00S	L5						
22		1+25S	10						
23		1+50S	L5						
24		1+75S	10						
25		2+00S	15						
26		2+25S	15						
27		2+50S	5						
28		2+75S	10						
29		3+00S	5						
30		3+25S	15						

KRAL NO.	IDENTIFICATION	ppb Au	ppm Ag	ppm As	ppm Sb	ppb Hg
31	L 0W 3+50S	5	-	-	-	-
32	3+75S	10	-	-	-	-
33	4+00S	10	-	-	-	-
34	L 1W B/L	L5	.8	16	L.2	35
35	0+25N	L5	.7	17	L.2	35
36	0+50N	85	1.2	18	L.2	40
37	0+75N	395	1.9	G50	L.2	130
38	1+00N	5	.6	17	L.2	40
39	1+25N	L5	.7	13	L.2	30
40	1+50N	25	.8	17	L.2	35
41	1+75N	120	1.2	G50	L.2	45
42	2+00N	30	1.0	G50	L.2	80
43	2+25N	35	1.1	G50	.2	35
44	2+50N	10	1.0	18	L.2	30
45	2+75N	40	1.0	18	L.2	50
46	3+00N	5	.8	6	L.2	40
47	3+25N	30	.9	18	L.2	25
48	3+50N	L5	.8	7	L.2	15
49	3+75N	5	.8	19	L.2	15
50	4+00N	L5	.8	L2	L.2	20
51	L 1W 0+25S	10	.7	6	L.2	30
52	0+50S	L5	.7	L2	L.2	35
53	0+75S	L5	.8	19	L.2	20
54	1+00S	L5	.6	L2	L.2	10
55	1+25S	L5	-	-	-	-
56	1+50S	L5	-	-	-	-
57	1+75S	L5	-	-	-	-
58	2+00S	L5	-	-	-	-
59	2+25S	5	-	-	-	-
60	2+50S	L5	-	-	-	-

KRAL NO.	IDENTIFICATION	ppb Au									
61	L 1W 2+75S	10									
62		3+00S	L5								
63		3+25S	L5								
64		3+50S	L5								
65		3+75S	L5								
66		4+00S	10								
	L means "less than"										
	G means "greater than"										
	Au Method: -80 Mesh										
	Fire Assay										
	Atomic Absorption										
	Ag Method: -80 Mesh										
	Hot Acid Extraction										
	Atomic Absorption										
	As Method: Nitric Hydrochloric Digestion										
	Colorimetric										
	Sb Method: Acid Extraction										
	Hydride Generation										
	Hg Method: Coleman Mercury Analyser										
	Cold Vapor Generation										

Appendix C

Writer's Certificate

JOHN R. KERR, P. ENG.

Geological Engineer

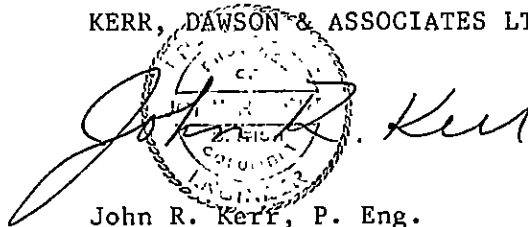
#206 - 310 NICOLA STREET • KAMLOOPS, B.C. V2C 2P5 • TELEPHONE (604) 374-0544

C E R T I F I C A T E

I, JOHN R. KERR, OF KAMLOOPS, B.C. DO HEREBY CERTIFY THAT:

- (1). I am a member of the Association of Professional Engineers of British Columbia, and a Fellow of the Geological Association of Canada.
- (2). I am a geologist, employed by Kerr, Dawson and Associates Ltd., of Suite #206 - 310 Nicola Street, Kamloops, B.C.
- (3). I am a graduate of the University of British Columbia, with a B.A. Sc. in Geological Engineering and have practised my profession continuously since graduation.
- (4). I supervised the field programme as described in this report. I am the author of this report which is based on the results of the E.M. Survey.

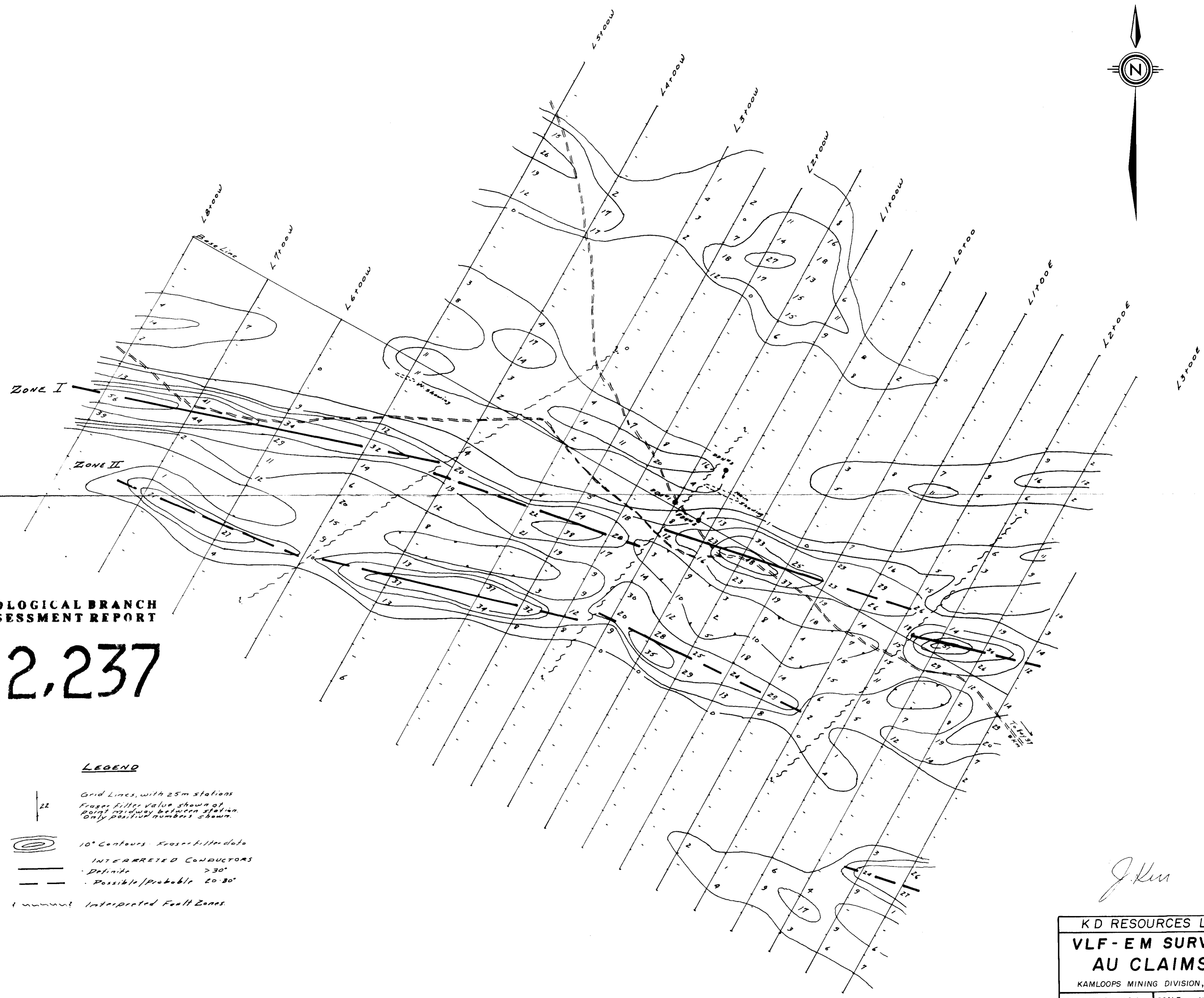
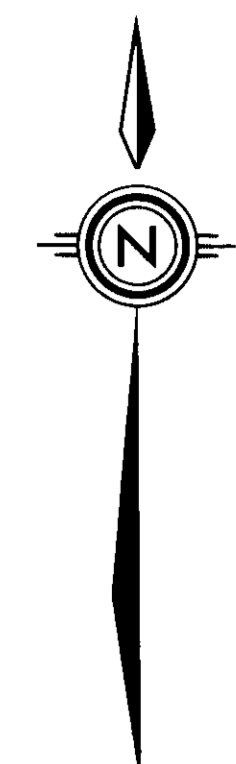
KERR, DAWSON & ASSOCIATES LTD.



John R. Kerr, P. Eng.
GEOLOGIST

Kamloops, B.C.

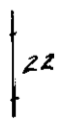

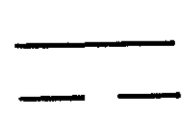

December 10, 1983.



**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

12,237

LEGEND

-  Grid Lines, with 25m stations
Fraser filter value shown at point midway between stations. Only positive numbers shown.
-  10° Contours: Fraser filter data
-  INTERPRETED CONDUCTORS
- Definite > 30°
- Possible/Probable 20-30°
-  Interpreted Fault Zones

J. Kerr

K D RESOURCES LTD.	
VLF - E M SURVEY AU CLAIMS	
KAMLOOPS MINING DIVISION, B. C.	
TECH WORK BY: K.D.A.	SCALE: 1:2500
DRAWN BY: J.R.K.	DATE: DEC. 1983.
APPROVED BY: J.R.K.	FIG. NO. 7-83-3

To accompany a report by J.R. Kerr, P.Eng.