86-112-14484

LITHOGEOCHEMICAL RECONNAISSANCE

of the

GRANBY POINT PROPERTY

Quartz #1	L1535	4745 (2)
Quartz #1 Fr	L3587	4745 (2)
Quartz #2	L1536	4746 (2)
Quartz #4	L1679	4747 (2)
Quartz #5	L1680	4748 (2)
Goldie (20 units)		5110 (1)
Quartz #6 (2 units)		5069 (1)
Quartz #7 (2 units)		5070 (1)

Skeena Mining Division

Latitude 55 24.2' N
Longitude 129 47.3' W
NTS 103P/5W

Operator: Point Granby Minerals Ltd.
Owner: F. Merryth

By: Douglas J. Brownlee, Geologist

January 23 1986

SUMMARY

Point Granby Minerals Ltd. optioned the Granby Point Property from Mr. F. Merryth in December of 1985. Subsequently, the company retained Mr. D. J. Brownlee, Geologist and Mr. D. Javorsky, Prospector to carry out a work program and additional staking on the property.

The work program was carried out from December 28th 1985 to January 2nd 1986 and consisted of a reconnaissance lithogeochemical program.

The property is located within the Coast Plutonic Complex and is underlain by a large roof pendant. The roof pendant is composed of Middle Jurassic argillites and greywackes of the Salmon River Formation. This group of rocks was subsequently folded and faulted and intruded by numerous quartz veins. This whole sequence has since been cut by northwest trending diabase dykes of Oligocene or Younger age.

The lithogeochemical reconnaissance shows that the gold and silver is related to the pyrite, sphalerite and minor galena and chalcopyrite mineralization. The mineralization is in disseminations and blebs scattered erratically through the quartz veins and concentrated near and at the contact of the footwall and hanging wall argillites. The survey also indicates that there are zones or shoots of higher grade gold and silver mineralization in the limbs of the folds that parallel the fold axis.

The method of sampling used during the reconnaissance (channel sampling using a rock hammer) proved to be an ineffectual method for acquiring representative samples. It is believed that panel sampling of large amounts would be more effective.

The lithogeochemical reconnaissance program has shown that the property has merit and warrants further work. This work would entail detailed structural and geological mapping and extensive lithogeochemical sampling of all quartz veins and of the foot and hanging walls.

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INTRODUCTION

Point Granby Minerals Ltd. optioned five reverted crown grants that comprise the old Granby Point and Reserve flux mine from Mr. F Merryth in December 1985. Point Granby Minerals Ltd. subsequently retained Mr. D.J. Brownlee, Geologist and Mr. D. Javorsky, Prospector to carry out assessment work on the property and to stake adjoining ground. This work was carried out from December 28th 1985 to January 2nd 1986.

LOCATION and ACCESS (fig. #1)

The Granby Point Property is located on Granby Peninsula, across Granby Bay from Anyox B.C., on Observatory Inlet. The property is at latitude 55 24' N, longitude 128 47' W and is covered by NTS sheet 103P/5W.

Access to the property is via floatplane or helicopter from Prince Rupert, Terrace or Stewart B.C., approximately one hours flying time. The property is also accessible by vessel from Alice Arm B.C.

PROPERTY (fig #2)

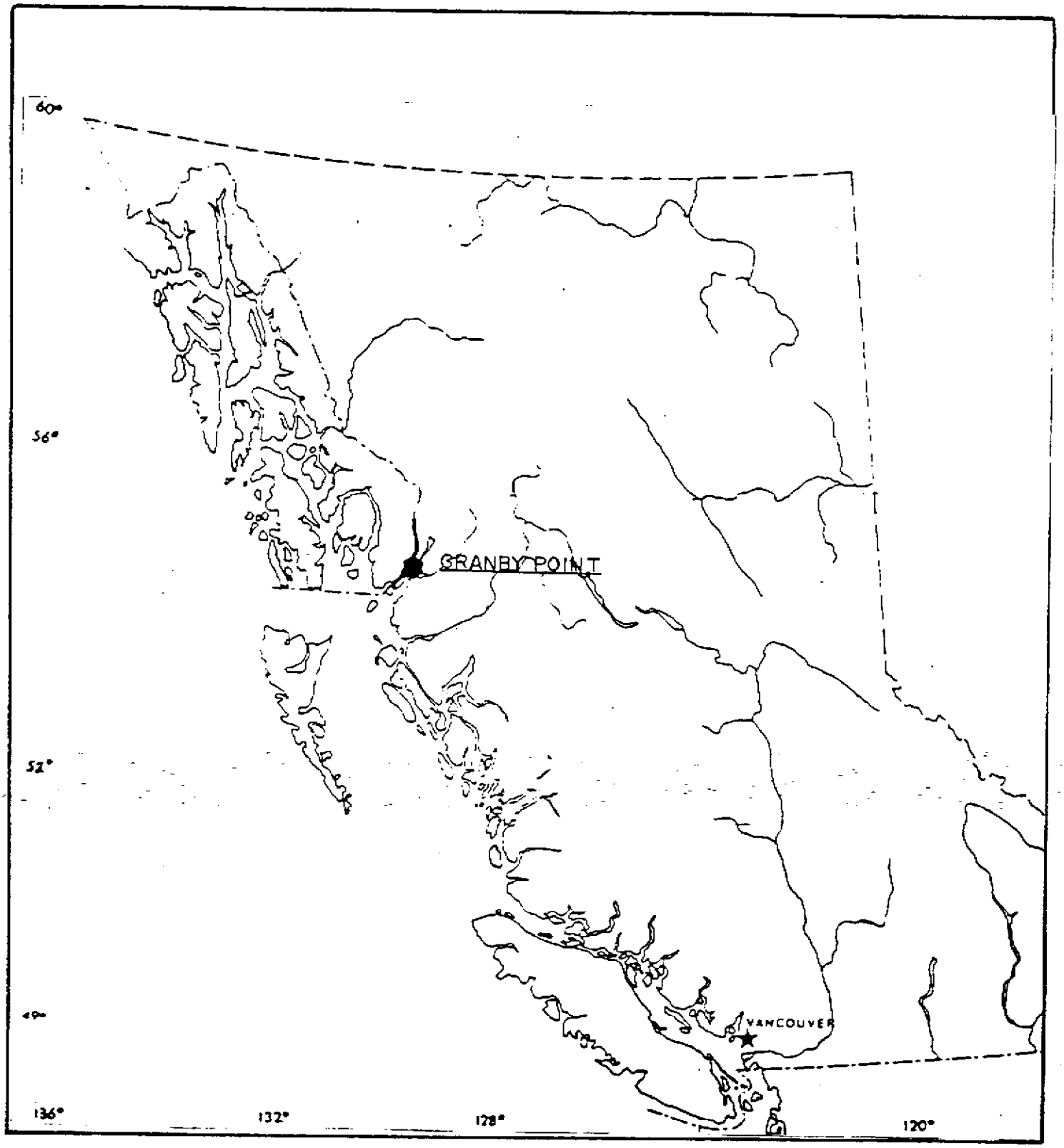
The property consists of 5 reverted crown grants held by option agreement with Mr. F. Merryth and 3 four post mineral claims.

under option from Mr. F. Merryth:

Name	Lot #	Record #	Anniversary Date
Quartz #1	1535	4745 (2)	Febuary 18
Quartz #1Fr	3587	4745 (2)	Febuary 18
Quartz #2	1536	4746 (2)	Febuary 18
Quartz #4	1678	4747 (2)	Febuary 18
Quartz #5	1680	4748 (2)	Febuary 18

four post claims:

Name	units	Record #	Anniversary Date
Goldie	20	5110 (1)	January 8
Quartz #6	2	5059 (1)	January 3
Quartz #7	2	5070 (1)	January 3



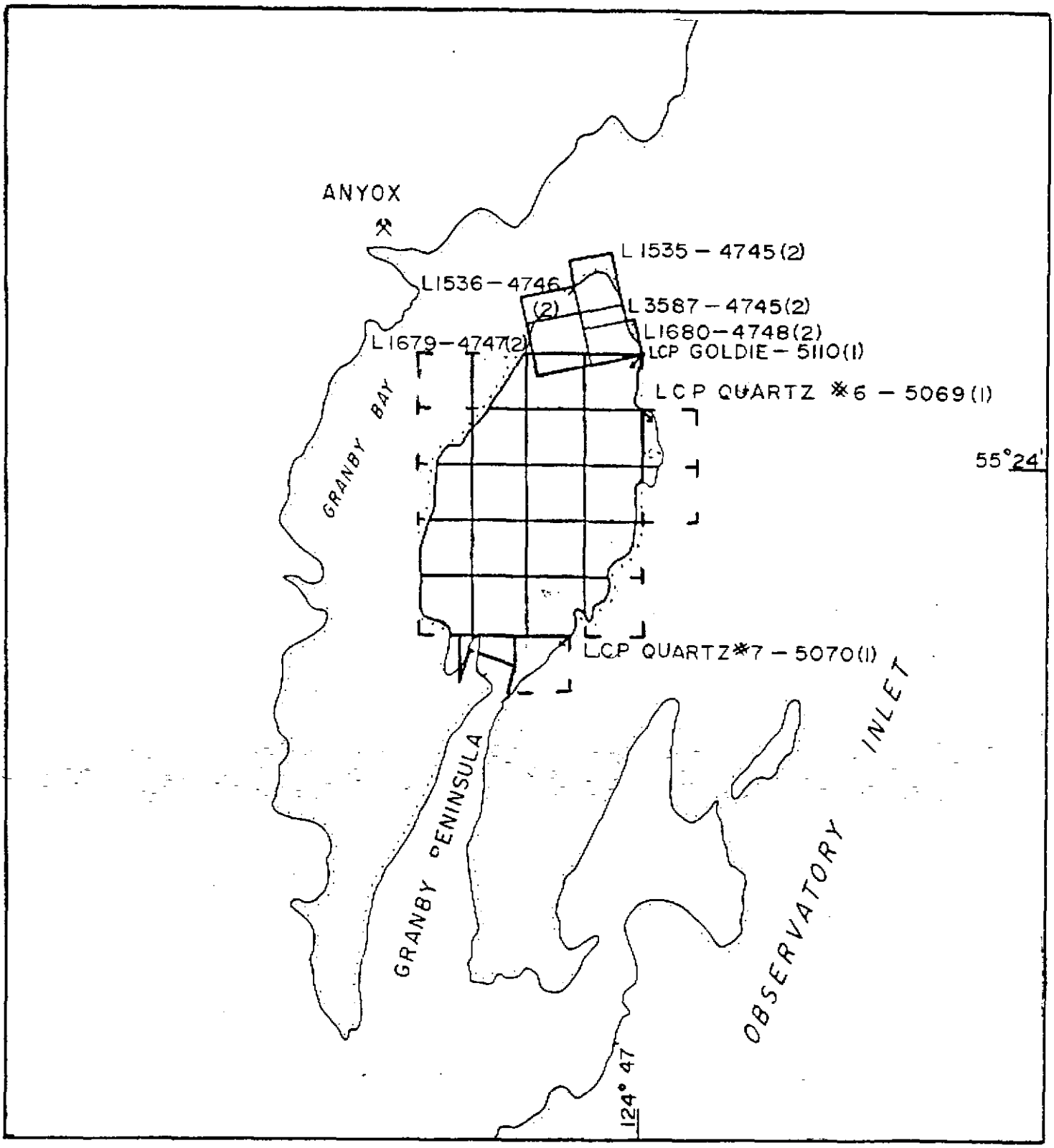
D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD.	
LOCATION MAP	
DRWN. BY: DJB	NTS:
DATE: JAN 86	FIG: 1

N

SCALE

0 100 200 300 400

KILOMETERS



D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD	
CLAIM MAP	
DRWN. BY: DJB	NTS: 103 P/5W
DATE: JAN 86	FIG: 2

SCALE

0 0.5 1.0 1.5 2.0 2.5 3.0

KILOMETERS

PHYSIOGRAPHY

The Peninsula is composed of two parallel ridges trending north-northeast along the strike of the Peninsula. These ridges are generally 120 meters high and in one place reach 200 meters in elevation, with small southward flowing streams in the swampy areas between the ridges.

The Peninsula is heavily forested with spruce and fir, with heavy underbrush.

Outcrops are nearly continuous along the shoreline and portions of the eastern facing slopes of the ridges.

HISTORY

The Hidden Creek deposits of Anyox B.C. were discovered at the turn of the century. Granby Consolidated Mining, Smelting and Power Company Ltd. operated a mine and smelter at Anyox from 1914 to 1935. Aproximately 24,000,000 tons of 1.48% Copper was mined from Hidden Creek orebodies during this period.

The mining and smelting operation at Anyox stimulated the search for more Hidden Creek type deposits and silica flux deposits for the smelter. The Granby Point mine was discovered and put into operation by 1917 to supply silica flux to the smelter.

Granby Consolidated Mining,Smelting and Power Company Ltd. and various leasors operated the Granby Point mine from 1917 to 1939. Government records show a total of 56,287 tonnes of ore being mined for a recovered grade of 0.094 oz/t gold and 3.19 oz/t silver. In 1933, 5,431 tonnes were mined for 0.26 oz/t gold and 6.8 oz/t silver recovered; 1934 saw 12,653 tonnes mined for 0.11 oz/t gold and 3.24 oz/t silver recovered. The property was high graded from 1936 to 1938 after the mining and smelting operation at Anyox shut down. In 1936 19 tonnes were mined for 0.38 oz/t Au and 31.4 oz/t Ag; 1937 31 tonnes were mined for 0.44 oz/t Au and 23.2 oz/t Ag; 1938, 8 tonnes were mined for 0.34 oz/t Au and 29.3 0z/t Ag recovered.

The property remained dormant until 1981 when Stefan Resources Inc. acquired the property, however no work was recorded except for the qualifying report for the Vancouver Stock Exchange by W.R. Bacon, PhD., P.Eng. The property was allowed to lapse and was subsequently acquired by Mr. F. Merryth.

Point Granby Minerals Ltd. optioned the property from Mr. F. Merryth in December 1985 and initiated the work described in this report.

GEOLOGY (fig. #3)

The property is located within the Coast Plutonic Complex and is underlain by a large roof pendant, 200 to 300 square kilometers in area.

The oldest rocks occur along the western side of Granby Bay. These are the Middle Jurassic volcanic breccias, conglomerate, sandstone and siltstone of the Betty Creek Formation. The Middle Jurassic siltstone, greywacke, sandstone, minor limestone, argillite and conglomerate of the Salmon River Formation overlie the Betty Creek Formation.

Intruding this sequence are Eocene and/or older quartz monzanites and granites, of the Coast Plutonic Complex.

Intruding the whole sequence along Granby Peninsula are diabase dykes from a few centimeters to 2 meters wide trending west-northwest. These dykes are most likely of Oligocene or younger age. One small (2cm) felsic dyke was noted trending north north east on the west side of the peninsula.

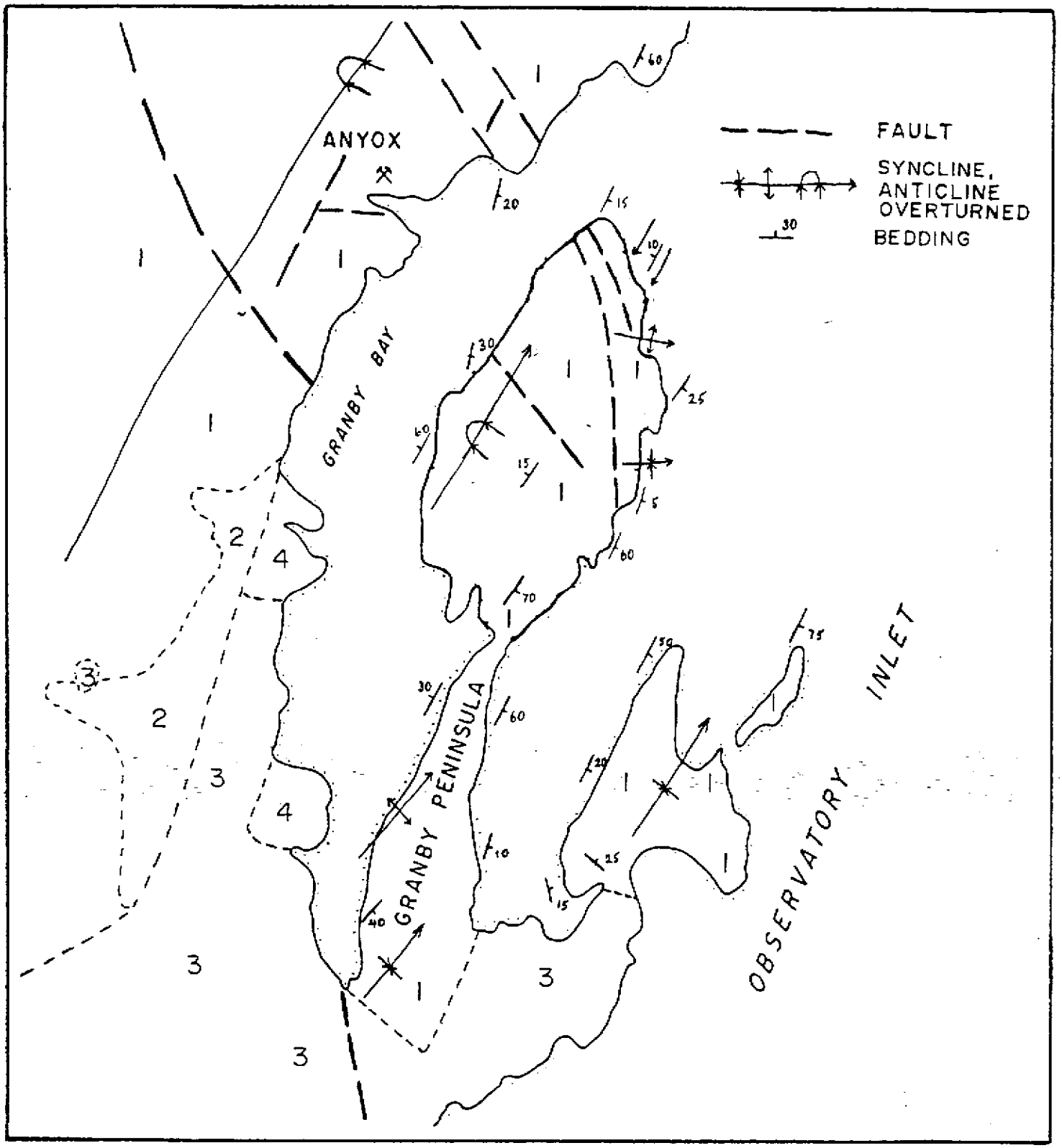
The main structural feature of the area is the series of open folds. The fold axes discribe an arc with the limbs pointing north west and southwest. The fold limbs dipping at 15 to 30 degrees, but reaching 70 degrees in places.

There are several faults trending northwest and northeast. The sense of movement and degree of displacement is unknown.

The quartz veins which were mined for flux most likely intruded the argillites shortly after the episode of folding. The quartz veins and folding are both likely related to the intrusion of the quartz monzonites and granites of the Coast Plutonic Complex. These quartz vein(s) in at least one instance reach up to 5 meters in thickness at the nose or flexure in a larger scale fold.

MINERALIZATION

The mineralization is comprised of pyrite, sphalerite and minor pyrrhotite, galena and chalcopyrite. This mineralization occurs as disseminations and blebs scattered erratically through the quartz veins and within the footwall and hangingwall argillites. Extension of the mineralization into the footwall or hangingwall may be inferred from the stringer mineralization at the Granby Point Mine which reached thicknesses of 4 meters in the hanging wall.



RECENT

4 unconsolidated deposits

EOCENE &/OR OLDER

3 quartz monzonite, some granite

MIDDLE JURASSIC

BETTY CREEK FORMATION

2 volcanic breccia, conglomerate, sandstone & siltstone

SALMON RIVER FORMATION

1 argillite, siltstone, sandstone

D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD.	
REGIONAL GEOLOGY	
DRWN. BY: DJB	NTS: 103 P/5W
DATE: JAN. 86	FIG: 3

SCALE

0 0.5 1.0 2.0 3.0

KILOMETERS

LITHOGEOCHEMISTRY (figs. #5,6&7)

The lithogeochemistry survey was carried out to evaluate three aspects of the Granby Point gold silver mineralization. The first two aspects included an average grade of gold and silver within the old workings and to determine the minerological association of the gold and silver. The final aspect involved testing of potential gold and silver mineralization away from the main quartz vein, of the Granby Point and Reserve Mines.

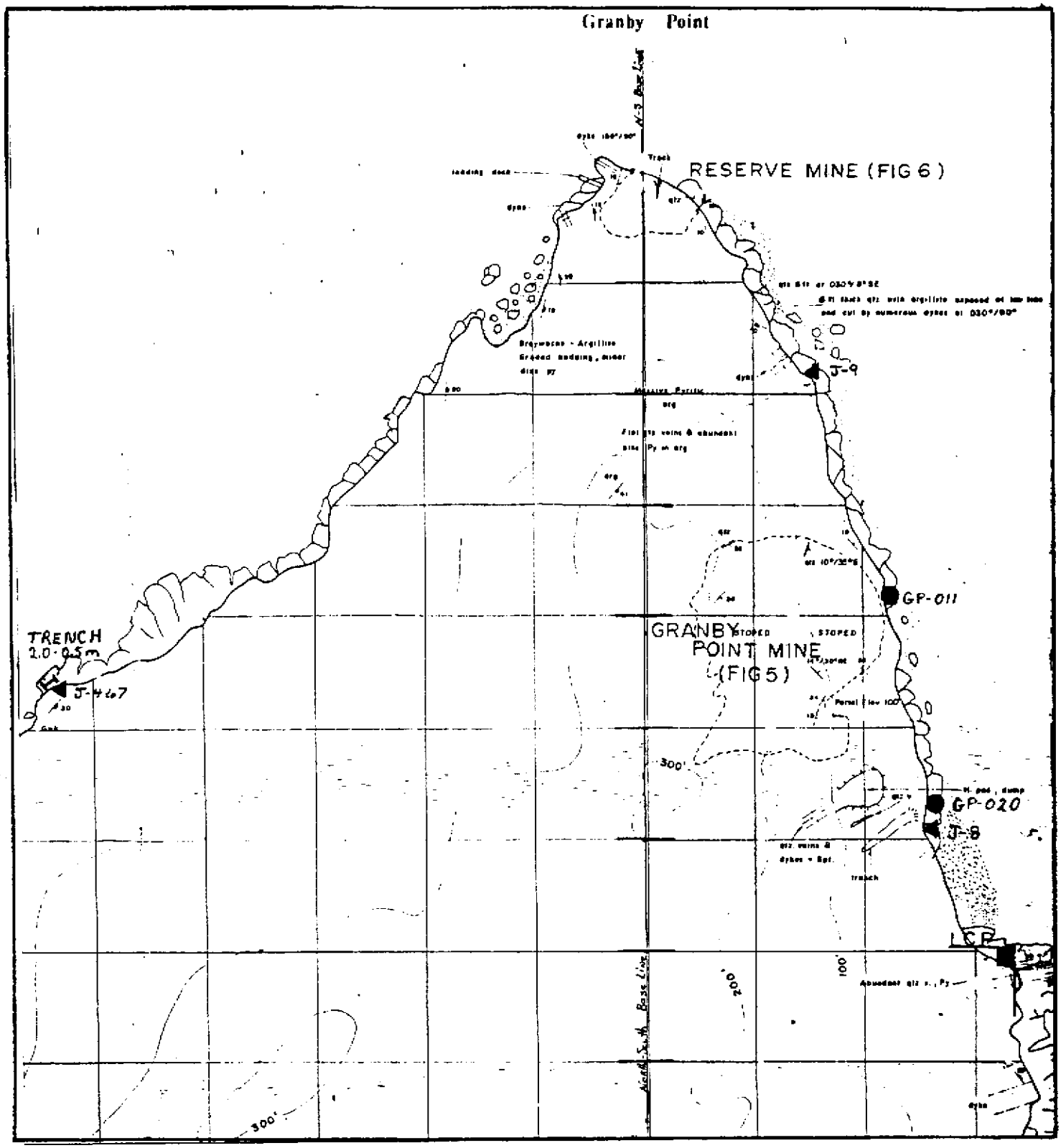
The area accessible for the lithogeochemical survey was limited to the old workings and the beach due to the snow conditions encountered. High tide during the period of the program was between 1 and 2 pm, leaving only a very short period of time to work along the beach and this time was further shortened by the short winter daylight hours.

It was impossible to enter and sample the Reserve Mine as the lower entrance was flooded except at extreme low tide and the old entrances had been caved. Therefore, only the Granby Point Mine was accessible to determine the average gold silver grade of the old workings.

The arithmetic means obtained from the assay samples were 0.028 oz/t Au and 0.25 oz/t Ag. This arithmetic mean is not considered to be indicative of the average gold silver grade of the old workings. The low values obtained are believed to be due to several factors. These are sampling method, area sampled, gold-silver minerological association and suphide distribution within the quartz vein and wallrock.

The gold and silver are associated with the sulphide mineralization. Gold specifically seems to be associated with the pyrite and minor chalcopyrite (eg J-15 massive pyrite/minor sphalerite, 0.112 oz/t Au, 3.00 oz/t Ag; J-12 selected massive pyrite 12.572 0z/t Au, 9.19 oz/t Ag). The silver appears to be associated primarily with sphalerite, possibly due to the minor galena association (eg J-16 quartz on footwall / sphalerite, minor galena, 0.104 oz/t Au, 33.0 oz/t Ag). Samples taken from the Granby Point Mine where the quartz vein is 3 to 4 meters thick and the sulphide mineralization is erratic, run 0.001 to 0.005 oz/t Au and <0.01 to 0.05 oz/t Ag (GP-004 to 009).

The sulphide mineralization is mainly developed along the footwall and hangingwall of the quartz vein with lesser amounts as disseminations and blebs scattered erratically through the quartz vein. A more reasonable approximation of the gold and silver content from the quartz vein in the pillars may come from pannel sampling rather than the single channel sample that was taken. This is corroborated by comparison of channel sample GP-007 (3m white bull quartz, 0.002 oz/t Au, <0.01 oz/t Ag), and sample GP-016, a grab of quartz and argillite left from the last round taken from a pillar (0.142 oz/t Au, 0.63 oz/t Ag).



● GP-002 D. BROWNLEE

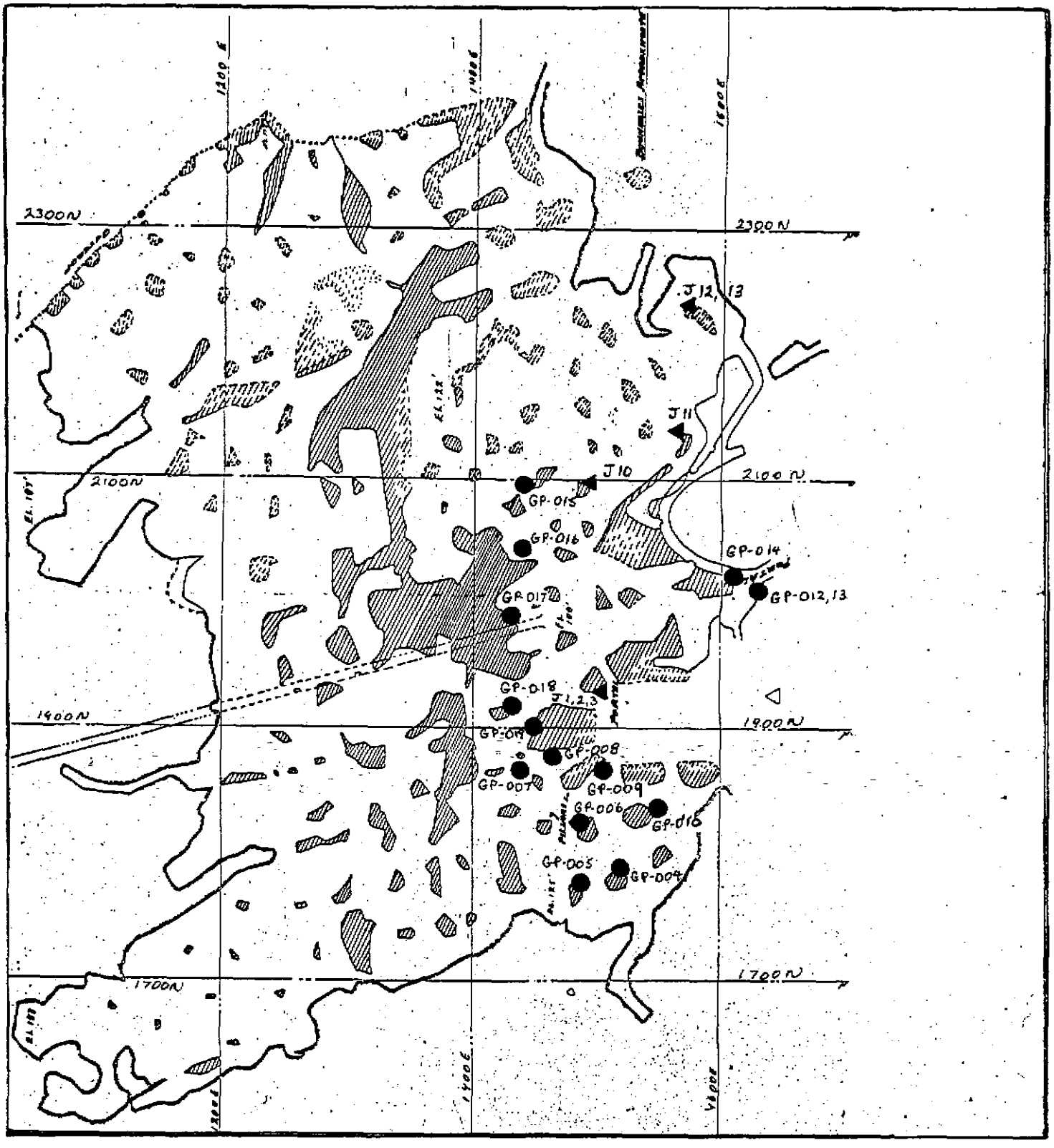
◀ J-2 D. JAVORSKY

D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD.	
SAMPLE LOCATIONS	
DRWN. BY: DJB	NTS: 103P/5W
DATE: JAN 86	FIG: 4

SCALE

0 50 100 150 200 300

METERS



● GP - 001 D. BROWNLEE

▼ J-2 D. JAVORSKY

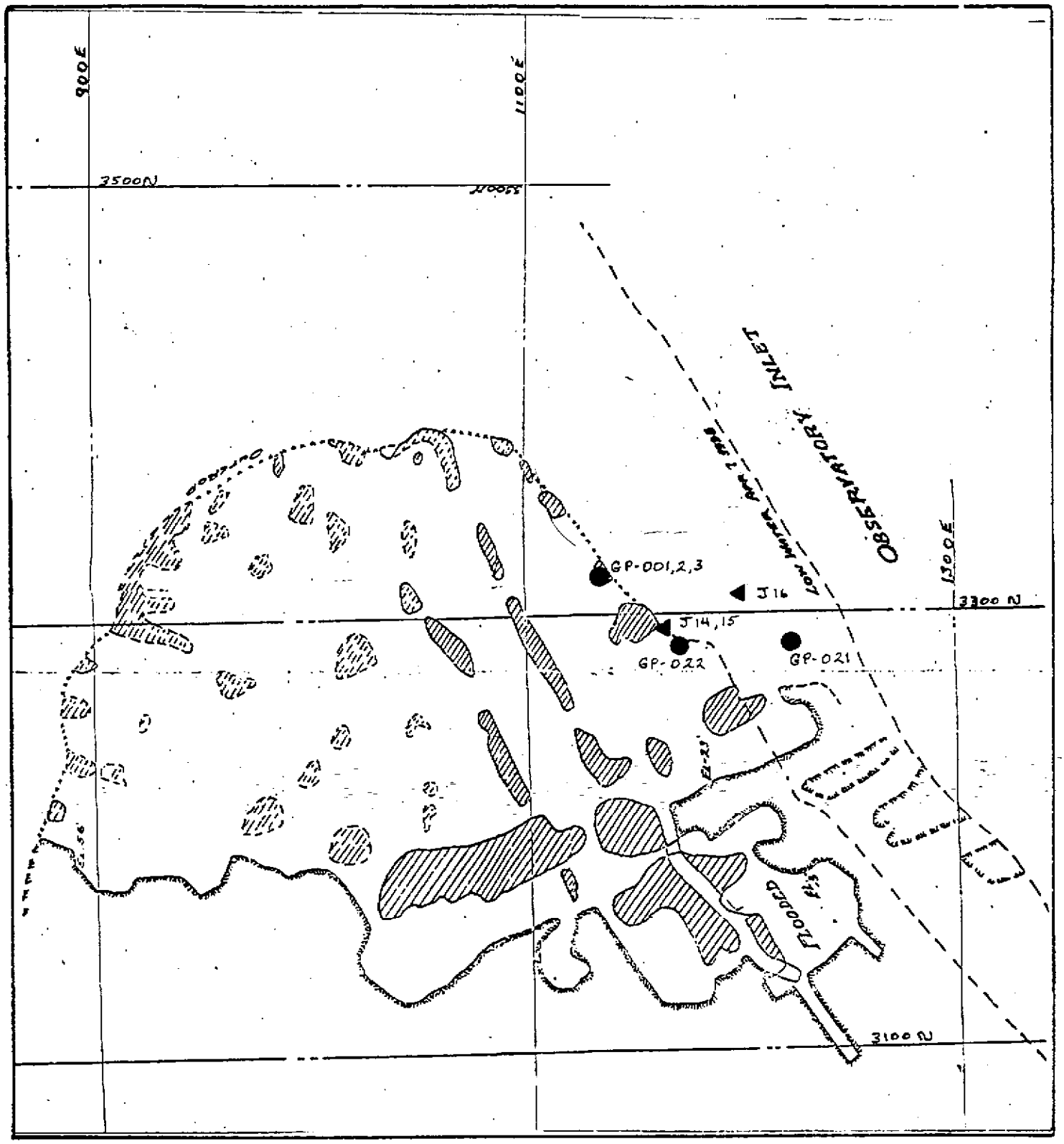
D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD.	
GRANBY POINT MINE	
SAMPLE LOCATIONS	
DRWN. BY: DJB	NTS: 103 P SW
DATE: JAN 86	FIG: 5

N

SCALE

0 25 50 100 150 200 FEET

0 25 50 75 100



● GP - 001 D. BROWNLEE

◀ J - 2 D. JAVORSKY

D.J.B. SERVICES LTD.	
POINT GRANBY MINERALS LTD.	
RESERVE MINE SAMPLE LOCATIONS	
DRWN. BY: DJB	NTS: 103P/5W
DATE: JAN 86	FIG: 6

SCALE

0 25 50 100 150 200

FEET

0 10 20 30 40 50

METRES

The best development of sulphide mineralization was noted where the quartz vein narrows down limb from the nose of the fold. Therefore, to block out higher grade zones, areas away from the nose of the fold will have to be sampled (eg J-11 2meters of rusty quartz/pyrite 0.138 oz/t Au, 0.39 oz/t Ag; J-12 1 meter of rusty quartz/pyrite 2.184 oz/t Au, 2.16 oz/t Ag; instead of GP-006 4 meters of white bull quartz 0.001 oz/t Au, <0.01 oz/t Ag). The last miners working Granby Point realized this as well, for this is the area from which they pulled the pillars.

As stated previously, the footwall argillites and quartz stringers carry blebs and disseminations of sulphide mineralization. Three samples were taken from two quartz stringers and the argillite between them in the hanging wall of the Reserve Mine. The lower quartz vein and the argillite returned 0.006 oz/t Au each and 0.16 and 0.09 oz/t Ag respectively, while the upper quartz vein returned 0.220 oz/t Au and 0.41 oz/t Ag over 20 centimeters. Sample J-001 was taken from the footwall of the main entrance to the Granby Mine and was composed of argillite with some quartz and sulphide; this sample ran 2.0 oz/t Au and 11.8 oz/t Ag.

The sampling of areas away from the main showings was not possible due to the snow conditions and the high tide. The one small quartz vein found and sampled on the west side of the peninsula returned 0.001 to 0.002 oz/t Au and 0.01 to 0.05 oz/t Ag.

CONCLUSIONS

While most of the samples taken from the Granby Point Mine showed low levels of precious metal enrichment the overall results and information acquired from the lithogeochemical reconnaissance program are very encouraging.

The property deserves further and more detailed work to test its potential for hosting a moderate grade moderate tonnage gold deposit.

Future work should include detailed geological and structural mapping in conjunction with extensive panel sampling of all quartz veins, stringer zones and mineralized or rusty weathering argillites. The underground workings of both the Granby Point Mine and the Reserve Mine should be sampled in detail, with attention being paid to the footwall and hanging wall.

Respectfully Submitted

Douglas J. Brownlee

APPENDIX A

STATEMENT OF COSTS

STATEMENT OF COSTS

Wages

Douglas J. Brownlee, Geologist, 10 days @ $150/day Dec. 27th 85 to Jan. 3rd & 22nd & 23rd 86	$1500.00
David J. Javorsky, Prospector, 7 days @ $150/day December 30th, 1985 to January 2nd 1986	600.00
Total Wages	$2100.00

Costs

4x4 rental $40/day 10 days Dec. 26th 85 to Jan. 4th 86		$ 400.00
plus 2,590 miles @ $0.25/mile		647.50
Boat & motor rental 2 weeks @ 130.00/week		260.00
Fuel for truck & boat motor		165.00
Flight, Prince Rupert to Anyox return		768.00
Food 8 days 2 men @ $35/man day Dec 27th 85 to Jan. 3rd 86		560.00
Accomodations 2 nights in Prince Rupert Dec 27th 85 & Jan. 2nd 86		80.25
Tool Rentals (chainsaw etc.) 2 weeks @ $100/week		200.00
Explosives: 70% tofful 25kg	$120.00	
Anfo 50kg	75.00	
B-Line	12.00	
Blasting Caps & fuse	43.00	
		240.00
Sample Analyses; 38 rock samples Fire assay for gold & silver		
sample prep @ $3.75/sample	$142.50	
1 assay ton surcharge @ $1.00/sample	38.00	
Ag F.A. oz/t & Au F.A. oz/t unit price @ $10.50/sample	399.00	
		579.50
Total Costs		$3900.25
Grand Total		$6000.25

APPENDIX B

SAMPLE DISCRIPTION

SAMPLE DISCRIPTION

GP-001	quartz vein with minor pyrite, 30 - 50 cm thick hanging wall Reserve Mine 250 22 S
GP-002	argillite with quartz stringers, rusty weathering, between GP-001 and GP-003, 1 meter sample
GP-003	quartz vein with pyrite, 5 - 20 cm thick, 304 18 SW
GP-004	Granby Point Mine, 3 meters white bull quartz with minor sulphides
GP-005	2.5 meters, same as GP-004
GP-006	4.0 meters, same
GP-007	3.0 meters, same
GP-008	grab of caved material, 50/50 quartz & argillite
GP-009	3.5 meters, same as GP-007
GP-010	2.0 meters of quartz vein with argillite fragments
GP-011	1.5 meter quartz vein / argillite fragments, minor sulphides, rusty weathering, cut by diabase dyke
GP-012	1.2meters bull quartz vein, a mottled grey appearance/ minor sulphide, lower portal Granby Point Mine
GP-013	0.3 meters quartz & argillite 50/50 footwall, below GP-012
GP-014	0.5 meters quartz vein similar to GP-012
GP-015	1.5 meter quartz vein
GP-016	general grab of quartz from last round taken from pillar
GP-017	1.8 meters well fractured quartz vein
GP-018	2.3 meters white bull quartz
GP-019	1.8 meters quartz vein
GP-020	1.0 meter sample across 50/50 quartz stringers in argillite at old Granby Point loading dock.
GP-021	grab of waste material (qtz) at lower (flooded) Revenue Mine portal
GP-022	1.0 meter of white bull quartz at Revenue Mine Portal

J-1 sulphide quartz, mainly argillite, footwall entrance pillar Granby Point Mine

J-2 entrance pillar, selected blebs of sphalerite etc.

J-3 entrance pillar, footwall argillite

J-4 to J-7 mineralized quartz veins on west side of peninsula, on beach

J-8 grab of quartz vein near old boilers

J-9 100 meters south of Reserve Mine, pyrrhotite

J-10 grab of pillar in Granby Point Mine

J-11 2.0 meters of quartz vein Granby Point Mine

J-12 1.0 meter of quartz vein

J-13 selected base of piller from which J-12 was taken

J-14 Reserve Mine taken of argillite & quartz from beside GP-022

J-15 selected sulphides from area of J-14

J-16 footwall quartz of Reserve mine, 5 - 10cm

Sample Code

GP samples collected by D. J. Brownlee

J samples collected by D. Javorsky

APPENDIX C

ASSAY RESULTS

Chemex Labs Ltd.

Analytical Chemists · Geochemists · Registered Assayers

212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1

Phone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PROSOURCE MANAGEMENT LTD.

705 - 543 GRANVILLE ST.
VANCOUVER, B.C.
V6C 1X8

CC: DAVID JAVORSKY

** CERT. # : A8610134-001-A
INVOICE # : I8610134
DATE : 21-JAN-86
P.O. # : NONE

Sample description	Prep code	Ag FA oz/T	Au FA oz/T				
GP-001	207	0.16	0.006	--	--	--	--
GP-002	207	0.09	0.006	--	--	--	--
GP-003	207	0.41	0.220	--	--	--	--
GP-004	207	0.05	0.003	--	--	--	--
GP-005	207	<0.01	0.005	--	--	--	--
GP-006	207	<0.01	0.001	--	--	--	--
GP-007	207	<0.01	0.002	--	--	--	--
GP-008	207	0.02	0.002	--	--	--	--
GP-009	207	<0.01	0.001	--	--	--	--
GP-010	207	0.22	0.026	--	--	--	--
GP-011	207	0.01	0.001	--	--	--	--
GP-012	207	0.07	0.060	--	--	--	--
GP-013	207	0.07	0.001	--	--	--	--
GP-014	207	0.03	0.001	--	--	--	--
GP-015	207	0.54	0.010	--	--	--	--
GP-016	207	0.63	0.142	--	--	--	--
GP-017	207	0.05	0.013	--	--	--	--
GP-018	207	<0.01	0.002	--	--	--	--
GP-019	207	0.05	0.003	--	--	--	--
GP-020	207	0.01	0.001	--	--	--	--
GP-021	207	6.34	0.068	--	--	--	--
GP-022	207	0.63	0.016	--	--	--	--
J-1	207	11.80	2.000	--	--	--	--
J-2	207	5.42	0.352	--	--	--	--
J-3	207	0.26	0.012	--	--	--	--
J-4	207	0.05	0.002	--	--	--	--
J-5	207	0.01	0.001	--	--	--	--
J-6	207	0.05	0.002	--	--	--	--
J-7	207	0.04	0.001	--	--	--	--
J-8	207	0.06	0.002	--	--	--	--
J-9	207	0.19	0.003	--	--	--	--
J-10	207	2.07	0.065	--	--	--	--
J-11	207	0.39	0.138	--	--	--	--
J-12	207	2.16	2.184	--	--	--	--
J-13	207	9.19	12.572	--	--	--	--
J-14	207	9.55	0.106	--	--	--	--
J-15	207	3.00	0.112	--	--	--	--
J-16	207	33.00	0.104	--	--	--	--

VOI-rev 4/85

W. Stewart

Registered Assayer, Province of British Columbia

APPENDIX D

AUTHOR'S STATEMENT OF QUALIFICATIONS

AUTHOR'S STATEMENT OF QUALIFICATIONS

I, Douglas J. Brownlee of 206 - 161 West 4th Street, North Vancouver, B.C., do hereby certify that:

1. I am a geologist residing at 206 - 161 West 4th Street North Vancouver, B.C.

2. I am a graduate in Geology Specialization from the University of Alberta, year of 1980.

3. I have practiced my profession in B.C. since January 1980.

4. I personally carried out the work presented in this report from Dec. 27th 1985 to Jan. 2nd 1986.

Douglas J. Brownlee

Douglas J. Brownlee
Geologist