

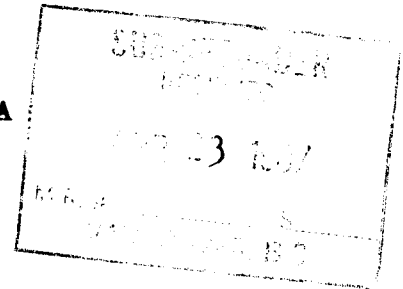


CHALICE MINING INC.

87-199-16004

288

PROSPECTING REPORT
ON THE
VICTORY CLAIMS
PENROSE CREEK, GUN LAKE AREA
LILLOOET MINING DIVISION
BRITISH COLUMBIA



PROPERTY:

5 km. due west of the Town of Gold
Bridge on immediate west side of Gun
Lake, ~~50-122-NW~~ 50°51' 122°55'
N.T.S 92J/15W

WRITTEN FOR:

Owner/Operator: CHALICE MINING INC.
#470, 475 West Georgia Street
Vancouver, B.C. V6B 4M9

SURVEYED AND
WRITTEN BY:

STEVEN HODGSON
CHALICE MINING INC.

FILMED

DATED:

March 12, 1987

GEOLOGICAL BRANCH
ASSESSMENT REPORT

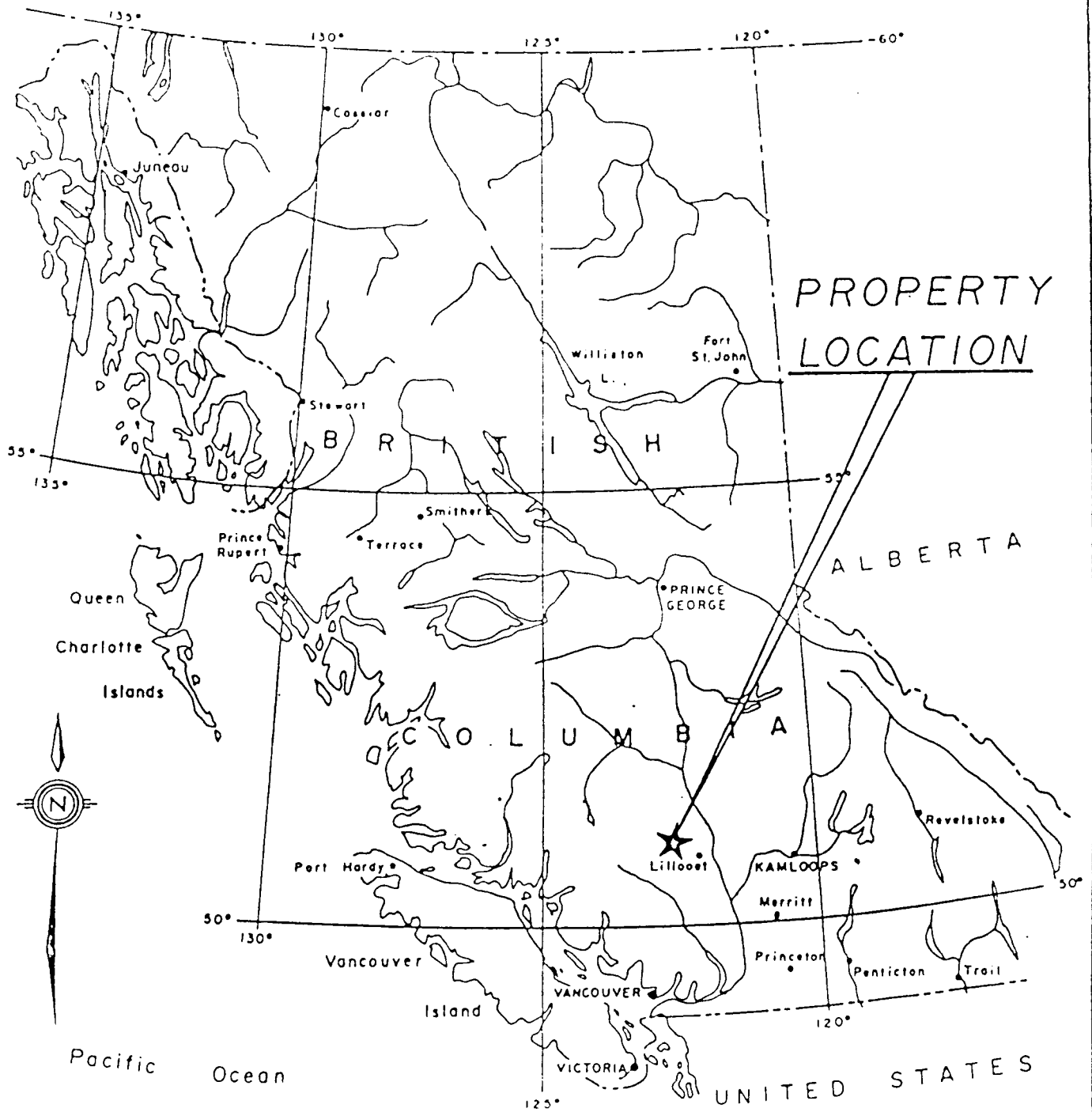
16,004

TABLE OF CONTENTS

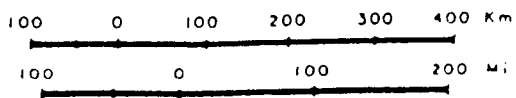
| | <u>Page #</u> |
|----------------------------------|---------------|
| Introduction and General Remarks | 2 |
| Property and Ownership | 2 |
| Location and Access | 2 |
| Physiography | 2 |
| History of Previous Work | 3 |
| Geology | 3,5 |
| Rock Sample List & Description | 6 |
| Discussion of Results | 7 |
| Selected Bibliography | 8 |
| Author's Qualifications | 10 |
| Itemized Cost Statement | 11 |
| Assay Results | 12-13 |

LIST OF ILLUSTRATIONS

| | | |
|-----------------------|--------------|-----------|
| Property Location Map | 1:10,000,000 | 1 |
| Claim Map | 1:50,000 | 4 |
| Survey Location Map | 1:12,000 | 9 |
| Topographic Map | 1:4,000 | in pocket |
| Sample Location Map | | in pocket |



GOLD BRIDGE PROPERTY



**PROSPECTING REPORT
ON THE
VICTORY CLAIMS
OF
CHALICE MINING INC.**

Introduction and General Remarks:

This Report discusses the survey procedure, collection of rock samples, laboratory procedure and interpretation of assay data on the Victory Claims, Gold Bridge, B.C.

Property and Ownership:

| <u>Claim Name</u> | <u># of Units</u> | <u>Record #</u> |
|-------------------|-------------------|-----------------|
| VICTORY | 12 | 3102 |

Location and Access:

The property is located on the southeastern slope of Mount Penrose and abuts the western edges of Gun Lake and Lajoie Lake as well as the northern edge of Downton Lake.

The geographical coordinates are 50 52'N latitude and 122 56'W longitude. Access can be gained by a series of two-wheel drive roads from Gold Bridge which run westerly towards and around Gun Lake. The distance from Gold Bridge to the property is about six (6) kilometers.

Physiography:

The property lies at the southeastern part of the Pacific Ranges which is a physiographic division of the Coast Mountains. The terrain is, in general, steep and mountainous with the general slope facing towards the south and southeast. The claims are dissected by the southeasterly-draining Penrose Creek.

Elevations vary from 762 meters a.s.l. at the southwestern corner of the property close to the edge of Downton Lake, to 2,627 meters a.s.l. at the northwestern edge of the property on Mount Penrose.

The main water source would be Penrose Creek as well as Downton Lake, Gun Lake and Lajoie Lake.

The forest cover consists primarily of fir and spruce, moderate in density and with an undergrowth light to moderate.

History of Previous Work:

The following is quoted from Sookochoff's September 1983 report on the property:

"The history of the area is centered around the Bralorne and the Pioneer Mines where lode gold production was carried on from the early 1900's.

The Bralorne and Pioneer situated on Cadwallader Creek within thirteen kilometers southwest of the Chalice property, in addition to other significant former properties such as the Ben d'Or and the Wayside, are located within a mineralized belt on the western flank of the Ben d'Or Mountains.

During the early 1900's, production initially utilizing arrastras was carried out at these properties with the Bralorne producing to 1972 when it was shut down for economic reasons.

The history of the Chalice property stems from the Veritas crown grant where former exploration included a 'tunnel 225 feet long and several open cuts' on a vein cutting an augite-diorite and serpentine. A total of a 'thousand feet' of underground work in three tunnels is reported.

Preliminary geophysical and geochemical surveys were carried out by Chalice personnel in 1979 with a diamond drill hole put down on an anomalous zone.

In 1982, trenching by Chalice personnel was completed at the southwest corner of the Gwendolyn's Glory Claim". A biogeochemical orientation survey was completed in 1986.

Geology:

The following is also quoted from Sookochoff's same report:

"In the area of the Chalice property, Triassic sedimentary and volcanic rocks, including variable metamorphosed units, are intruded by three or more intrusive episodes including an ultrabasic or intrusive. Generally, the Triassic formations include the middle Triassic Fergusson group of cherts to limestone in addition to biotite schists, the younger Noel Formation, Pioneer Formation and the youngest Hurly Formation which, in addition to fine grained and sedimentary rocks, include conglomerate, agglomerates and andesites.

The individual formations are exposed to a greater irregularity towards the central Cadwallader Creek extending northwesterly to Mount Penrose west of Gun Lake. The bank is generally enveloped by diorite to syenodiorite intrusives with localized ultrabasic and augite diorite. Bralorne intrusive plugs and northwesterly stretched stocks are associated with the central formations.



| | | | |
|-------------------------------------|----------|------|-----------|
| CHALICE MINING INC. | | | |
| GOLD BRIDGE PROPERTY | | | |
| PENROSE CREEK, GUN LAKE AREA, B. C. | | | |
| LILLOOET M. D. | | | |
| CLAIM LOCATION MAP | | | |
| SCALE: | DATE: | MAP: | M.T.S. |
| 1:50,000 | MARCH 26 | 2 | 92 J/15 W |

The major aerial structural feature is a broad northwesterly trending and plunging anticlinal arch centered east of Cadwallader Creek in the Ben d'Or range of mountains. The western limb in which the principal ore deposits of the area occur extends into the Cadwallader Creek Valley, which reflects a major structure. The major structure results in secondary and minor folds which resulted in complex distortion of the formations in addition to providing a locus for the ultrabasic and gold associated Bralorne intrusives. The lenticular intrusives extend to the Chalice property area where topographical structural features are not as obvious as along the Cadwallader Creek Valley.

The gold-bearing quartz fissure veins of the Bralorne intrusives and more specifically the veins in the Bralorne and Pioneer Mines are conspicuous for the exhibited ribboning effect where quartz ribbons are separated by thin, dark grey films of ground-up sulphides, sericite, white mica and gouge and occasional slickensided free gold.

The vein fissures extending from the augite diorite are persistent into the Pioneer greenstone with weaker indications in thinly bedded sediments and 'feathering out' in serpentine.

Associated indicator minerals that are found in the Bralorne Pioneer veins and reflect gold mineralization are mariposite, scheelite, arsenopyrite, spalerite and galena. Other metallic minerals include pyrite, chalcophyrite, stibnite, tetrahedrite, marcasite and sylvanite(?) or calaverite(?).

On the Gun Lake road west to the southwest corner of the property, a reported sequence of mixed sandstone, siltstone and carbonate rich conglomerate with minor thin rhyolite/dacite volcanic members trending NW and dipping SW occur.

On the Chalice property, the Veritas vein is described as a vein trending at 120 with a dip varying from 64 NE to vertical. The vein formed along a fracture system in altered volcanics (greenstone) which is locally intruded by a Bralorne-like micro-diorite pluton.

The micro-diorite is serpentized near the contact. Quartz veins are irregular lenses in NW trending shears. The outcrop and workings reveal one thousand (1000) feet of vein zone with a vertical height of four hundred (400) feet (old workings). Veins are of milky white quartz 'three inches to four feet' wide with erratic sulphide content. The vein appears to be cut off by micro-diorite pluton.

On Penrose Creek along the western boundary of the property, the geology is reported as altered volcanics and serpentines occurring as large inclusions (pendants) within micro-diorite. Calcite, ankerite, quartz stockworks occur in the serpentine with pyrite, chalcopyrite, and arsenopyrite. Carbonate quartz veins also occur within becciated green volcanics of a serpentine lens."

SAMPLE DESCRIPTION

1. 86-V-BGCR Altered fine grained diorite with minor pyrite.
2. 86-V-BP Float - from Penrose Creek - Quartz-Carbonate with pyrite, galena and ankerite.
3. 86-V-CR Black to dark green serpentine plus calcite veining - lmm random orientation.
4. 86-V-L Serpentine plus pyrite, chalcopyrite blebs and disseminations plus calcite.
5. 86-V-L3 VFG black volcanic, Quartz-calcite plus minor pyrite, spalerite.
6. 86-V-LRI Logging road o/c, silicified lite green volcanic (Amphibolite) no sulphides
7. 86-V-P3 No information
8. 86-V-PR
DUPL From Veritas Dump - white quartz plus minor calcite, pyrite with minor arsenopyrite and galena, mariposite and ankerite.
9. 86-V-R Log Road - Fe stained VFG altered amphibolite plus Cherty Bands. Medium grey-green, no visible sulphides.
10. 86-V-R-1 Amphibolite altered to dark green serpentines.
11. 86-V-VD Serpentines plus cppy.
12. 86-V-2W2 Medium grained black Meta-Diorite plus pyrite, veined calcite to 3 mm random.

Rock Sample Collection and Lab Procedures:

All samples were taken from outcrop with the exception of #2 & #8 which was float. They were placed in plastic bags and sealed for shipment. Analysis was performed at Min-En Labs in North Vancouver. A twelve-element trace ICP rock geochem was performed for Ag, As, Ba, Ca, Co, Cu, Mn, Mo, Ni, Pb, Sb and Zn. The samples were also run for Au-fire assay. All samples were ground to mesh - 100. Values for ICP Analysis are given in PPM and fire assay values for Au are given in G/tonne and oz/ton.

Discussion of Results:

A total of eleven rock samples were taken during this work program. All samples were from outcrop with the exception of #8 (86-V-P3 Dupl.) and #2 (86-V-BP). Sample #3 was taken from the Veritas Dump and consisted of quartz with a small amount of Calcite, pyrite, arsenopyrite and galena. It exhibited a high degree of alteration with ankeritic carbonate and malachite. The sample was taken to reference background levels of trace elements which might act as pathfinders for precious metals. Sample #2 was taken from Penrose Creek float and consisted of pyrite and minor sphalerite in a matrix of quartz-carbonate.

All samples were taken utilizing a rock hammer and chisel and were grab samples representative of the outcrops. The samples were numbered and placed in plastic sample bags for shipment.

The sample from the Veritas dump indicated that future sampling should be analyzed for Arsenic, Copper, Molybdenum, Lead, Antimony and Zinc as possible pathfinder elements for gold and silver.

SELECTED BIBLIOGRAPHY

Annual Report of the Minister of Mines of the Province of B.C.,
1933 p. A 268.

Hodgson, Steven, Geological, Geophysical, and Pysical Work on
the G.G. Group, Gold Bridge Area, Lillooet M.D., B.C., for
Chalice Mining Inc., November 7, 1983.

McCann, W.S., Geology and Mineral Deposits of the Bridge River
Map Area, B.C., G.S.C. Memoir 130, 1922.

Roddrick, M.S., et al, Pemberton (East Half) Map-area, B.C.,
Geological Survey of Canada Paper 73-17, 1973.

Sookochoff, L., Geological Report on the Gold Bridge Property of
Chalice Mining Inc., Lillooet M.D., B.C., September 26,
1983.

Stevenson, J.S., Lode-Gold Deposits Southwestern British
Columbia, B.C. Department of Mines, Bulletin No. 20, Part
IV p.p. 31-35, 1947.

5000

4000

VICTORY

GUN LAKE

6478

6481

6482

2410

2411

VERITAS
ZONE

2356

2357

v S D
 v v v D D
 qtz v v 60 S D
 qtz v v v S
 Dy
 A_v A_q
 CDy
 OPY

2355

2358

2412

2413

2359

JOIE
LAKE

2360

1:12,000

SURVEY LOCATION MAP

AUTHOR'S QUALIFICATIONS

I, Steven Hodgson, certify that:

1. I attended Pasadena City College and the University of Colorado as a major in Geology.
 2. I attended the Mineral Exploration course at Nelson, B.C. in 1979.
 3. I have been a Prospector in British Columbia for eleven (11) years.
 4. The information for the accompanying report was based on work personally supervised by myself and from previous assessment reports and government publications.
-

ITEMIZED COST STATEMENT

VICTORY CLAIMS

| | |
|--|-------------------|
| Steve Hodgson, 3 days @ \$175.00 October 12 - 15, 1986 | \$ 525.00 |
| Truck Rental, 4 days @ \$40.00 | 160.00 |
| Ferry | 20.50 |
| Samples, 11 @ \$13.00 | 143.00 |
| 1 day Report | 175.00 |
| Topographic Map 1:4000, Aerosmith Mapping 40% of \$1,604.14 | 559.14 |
| Misc. Flagging, Bags, Topofil | <u>19.00</u> |
| TOTAL: | <u>\$1,581.14</u> |

MIN-EN LABORATORIES LTD.

Specialists in Mineral Environments

705 West 15th Street North Vancouver, B.C. Canada V7M 1T2

PHONE: (604)980-5814 OR (604)988-4524

TELEX: VIA USA 7601067 UC

Certificate of ASSAY

Company: CHALICE MINING INC.
Project: VICTORY
Attention: S. HODGSON

File: 7-207
Date: MARCH 12/87
Type: ROCK ASSAY

We hereby certify the following results for samples submitted.

| Sample Number | AU G/TONNE | AU OZ/TON | SAMPLE # |
|---------------|------------|-----------|----------|
| 86-V-BGCR | 0.01 | 0.001 | 1 |
| 86-V-BP | 2.17 | 0.063 | 2 |
| 86-V-CR | 0.01 | 0.001 | 3 |
| 86-V-L | 0.02 | 0.001 | 4 |
| 86-V-L3 | 0.01 | 0.001 | 5 |
| 86-V-LR1 | 0.01 | 0.001 | 6 |
| 86-V-P3 | 0.20 | 0.006 | 7 |
| 86-V-P3 DUPL. | 3.03 | 0.088 | 8 |
| 86-V-R | 0.01 | 0.001 | 9 |
| 86-V-R1 | 0.01 | 0.001 | 10 |
| 86-V-VD | 0.01 | 0.001 | 11 |
| 86-V-2W2 | 0.01 | 0.001 | 12 |

Certified by

MIN-EN LABORATORIES LTD.

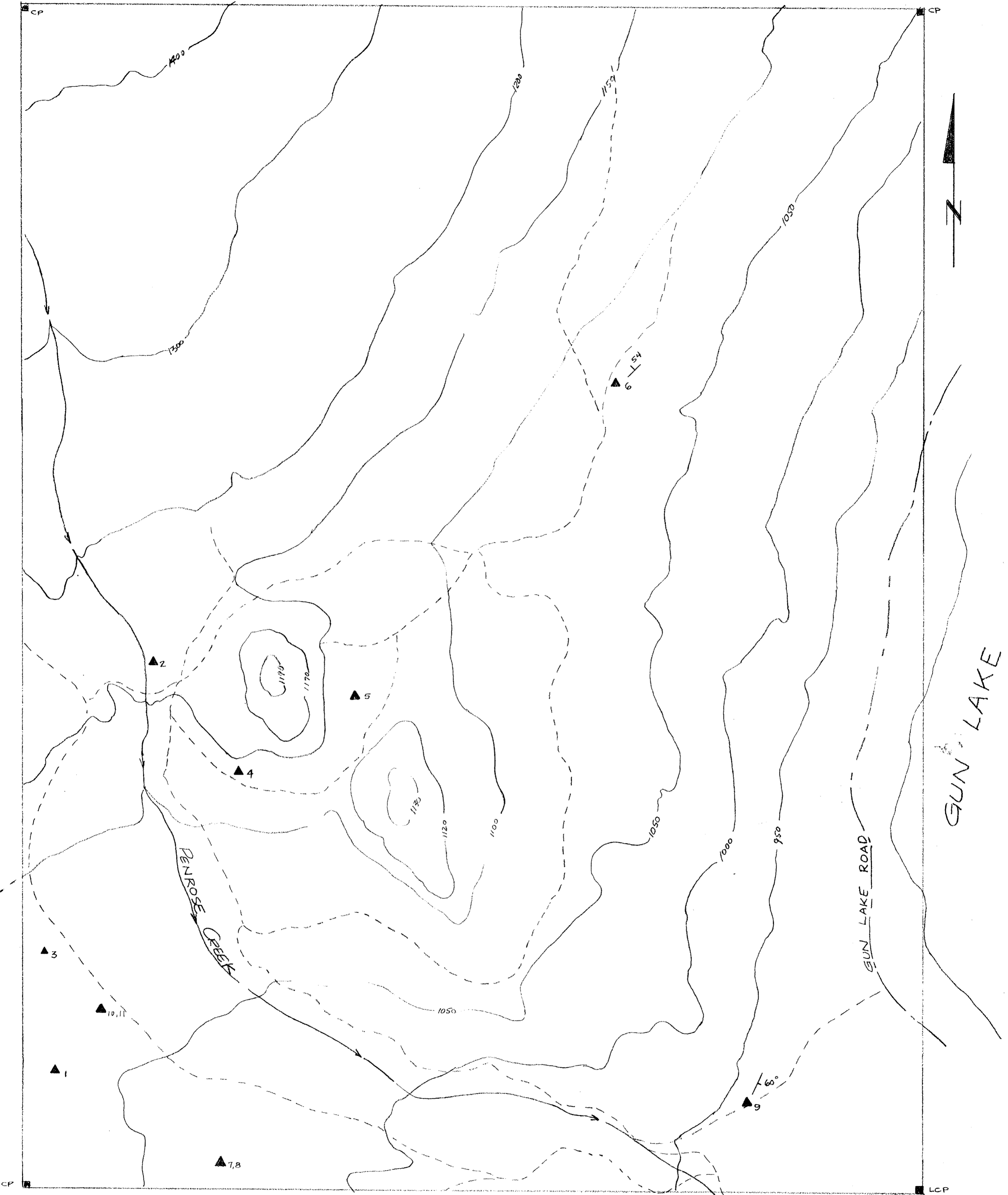
ATTENTION: S. HODGSON

(604)980-5814 OR (604)980-4524

* TYPE ROCK GEOCHEM *

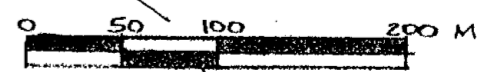
DATE: MARCH 12, 1987

| SAMPLE# | (VALUES IN PPM) | AR | AS | BA | CA | CO | CU | MN | MO | NI | PB | SB | ZN |
|---------|-----------------|-----|------|-----|--------|----|------|------|----|-----|-----|----|-----|
| 1 | 86-V-BGCR | 1.9 | 3 | 56 | 27170 | 10 | 39 | 1021 | 1 | 3 | 21 | 2 | 81 |
| 2 | 86-V-BP | 5.6 | 12 | 157 | 40000 | 17 | 198 | 987 | 1 | 24 | 33 | 1 | 141 |
| 3 | 86-V-CR | .3 | 1 | 17 | 7010 | 29 | 6 | 2417 | 1 | 484 | 23 | 1 | 19 |
| 4 | 86-V-L | 1.5 | 3 | 28 | 12570 | 30 | 428 | 302 | 2 | 9 | 17 | 1 | 48 |
| 5 | 86-V-L3 | .4 | 1 | 126 | 149090 | 6 | 53 | 646 | 2 | 9 | 37 | 1 | 57 |
| 6 | 86-V-LR1 | 1.4 | 1 | 41 | 42830 | 11 | 16 | 225 | 1 | 55 | 17 | 1 | 43 |
| 7 | 86-V-P3 | 3.2 | 1275 | 61 | 29200 | 19 | 484 | 568 | 35 | 109 | 137 | 19 | 47 |
| 8 | 86-V-P3 DUPL. | 9.3 | 8727 | 55 | 43670 | 50 | 2879 | 637 | 84 | 427 | 133 | 59 | 309 |
| 9 | 86-V-R | 1.4 | 70 | 32 | 18230 | 7 | 36 | 246 | 1 | 4 | 13 | 1 | 43 |
| 10 | 86-V-R1 | .2 | 158 | 68 | 3770 | 5 | 124 | 229 | 3 | 22 | 13 | 1 | 46 |
| 11 | 86-V-VD | .2 | 1 | 28 | 2180 | 23 | 65 | 465 | 1 | 404 | 23 | 1 | 59 |
| 12 | 86-V-2W2 | .1 | 1 | 15 | 200 | 24 | 6 | 298 | 1 | 578 | 27 | 1 | 12 |



VICTORY CLAIMS
SAMPLE LOCATION

scale 1:4000



▲ SAMPLE LOCATION

--- ROADS

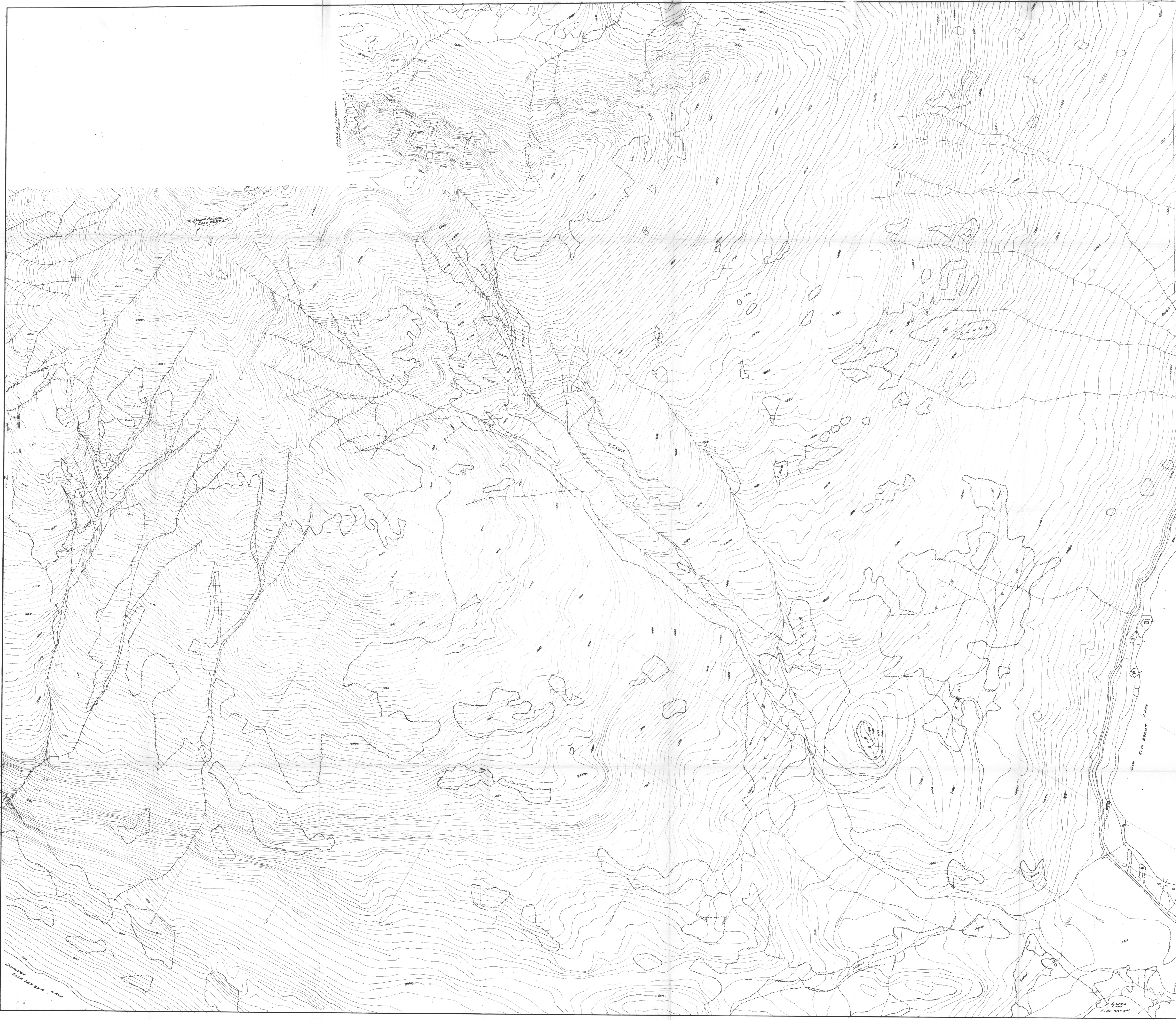
∠ DIP & STRIKE

GEOLOGICAL BRANCH
ASSESSMENT REPORT

Contour intervals 50M
Drawn by: STEVEN HODGSON

16,004

LAJOIE
LAKE



TOPOGRAPHIC MAP OF THE
SOUTH EASTERLY SLOPES OF
MOUNT PENROSE, BRALORNE,
LILLOOET LAND DISTRICT, B. C.

SCALE 1:4 000 APPROX.

ELEVATIONS AND CONTROL ARE DERIVED FROM BRALORNE
MAP SHEET (SCALE 1:50 000) SHEET 92715
CONTOUR INTERVAL 10 METERS

ARROWHEAD MAPPING SERVICE
181 FAIRFIELD ROAD, VICTORIA, B.C.
388-9713
FILE 3300



GEOLOGICAL BRANCH
ASSESSMENT REPORT

16,004