Assessment Report

on the

Magnetometer Survey

over a 12 Unit, Single Claim Group

Kwoiek #3 (3845)

Kamloops Mining Division

Southwestern British Columbia

NTS: 92I/4E

Latitude 50° 07'8" North
Longitude 121° 43'12" West

for

Operator: Chandi Resources Corporation
322 - 470 Granville Street
Vancouver, B.C.

Owner: Gordon G. Richards

for the period

September 2- 6,1987

by

International Field Services Inc.,
905 - 837 West Hastings Street,
Vancouver, B.C.
V6C 1B6

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INTERNATIONAL FIELD SERVICES INC.

Consultation, Exploration & Management

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837 WEST HASTINGS STREET
VANCOUVER, BRITISH COLUMBIA
V6C 1B6 (604) 687-6930

INTRODUCTION

At the request of counsel of Chandi Resources Corporation, the writer herewith submits an update report on activities at the Keefer area claims (Kwoiek 3) of the company's since the writers last report of July 24, 1986.

The writer is aware of activities on the claims as an associate company, International Field Services Inc., carried out the surveys.

The July 24, 1986 report recommended a two-stage report totalling $48,500.00 on the claims. The company, for reasons known to it, has carried out the Phase I recommendations in two separate assessment programs on a select area of the claim.

This report details the work programs carried out and makes further recommendations concerning the Kwoiek 3 mineral claim.

LOCATION AND ACCESS

The claim group lies 39 kilometers (24 miles) north northwest of North Bend, B.C. Vancouver is 210 kilometers (130 miles) by Trans Canada Highway 1 to the southwest of North Bend. Access to the claims is by a hard pack gravel road from North Bend which parallels the Fraser River to Kanaka then heads inland (west) following Kwoiek Creek to the claims located just southeast of Kwoiek Lake. Total distance by road from North Bend to the claims is 53 kilometers (33 miles).

The claims have been logged within the past 5 years and numerous logging roads cut through the property.

The Chandi Resources claims are within the Kamloops Mining Division with the claims centering on north 50 07' latitude and west 121° 43' longitude. Its National Topographic Series location is 92I/4 East.

CHANDI RESOURCES CORPORATION

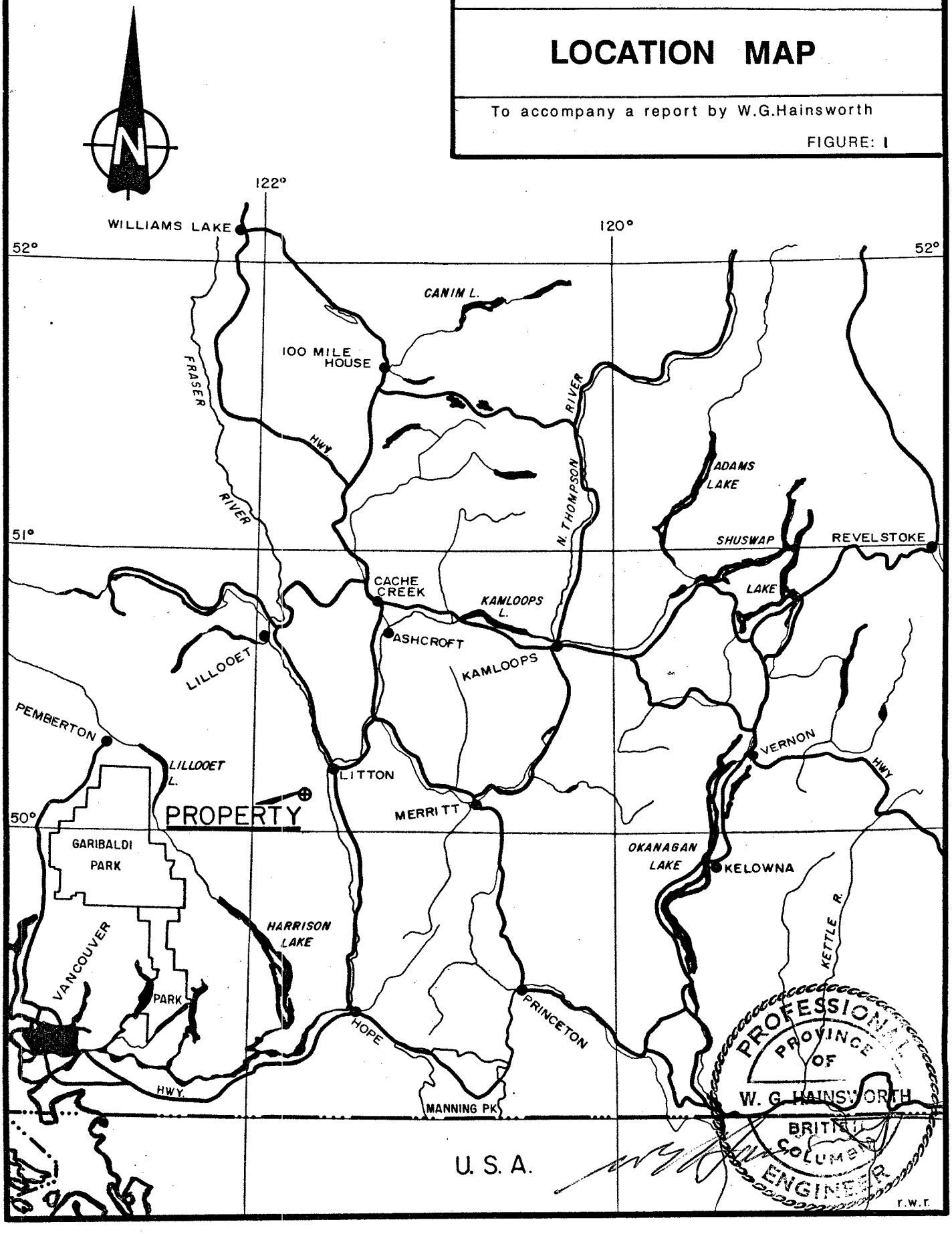
KWOIEK 3 MINERAL CLAIM

KAMLOOPS M.D.-B.C. NTS:92I/4

LOCATION MAP

To accompany a report by W.G.Hainsworth

FIGURE: 1



PROPERTY

The Chandi Resources claim group located in unsurveyed territory is within the Mining Division of Kamloops, southwestern British Columbia.

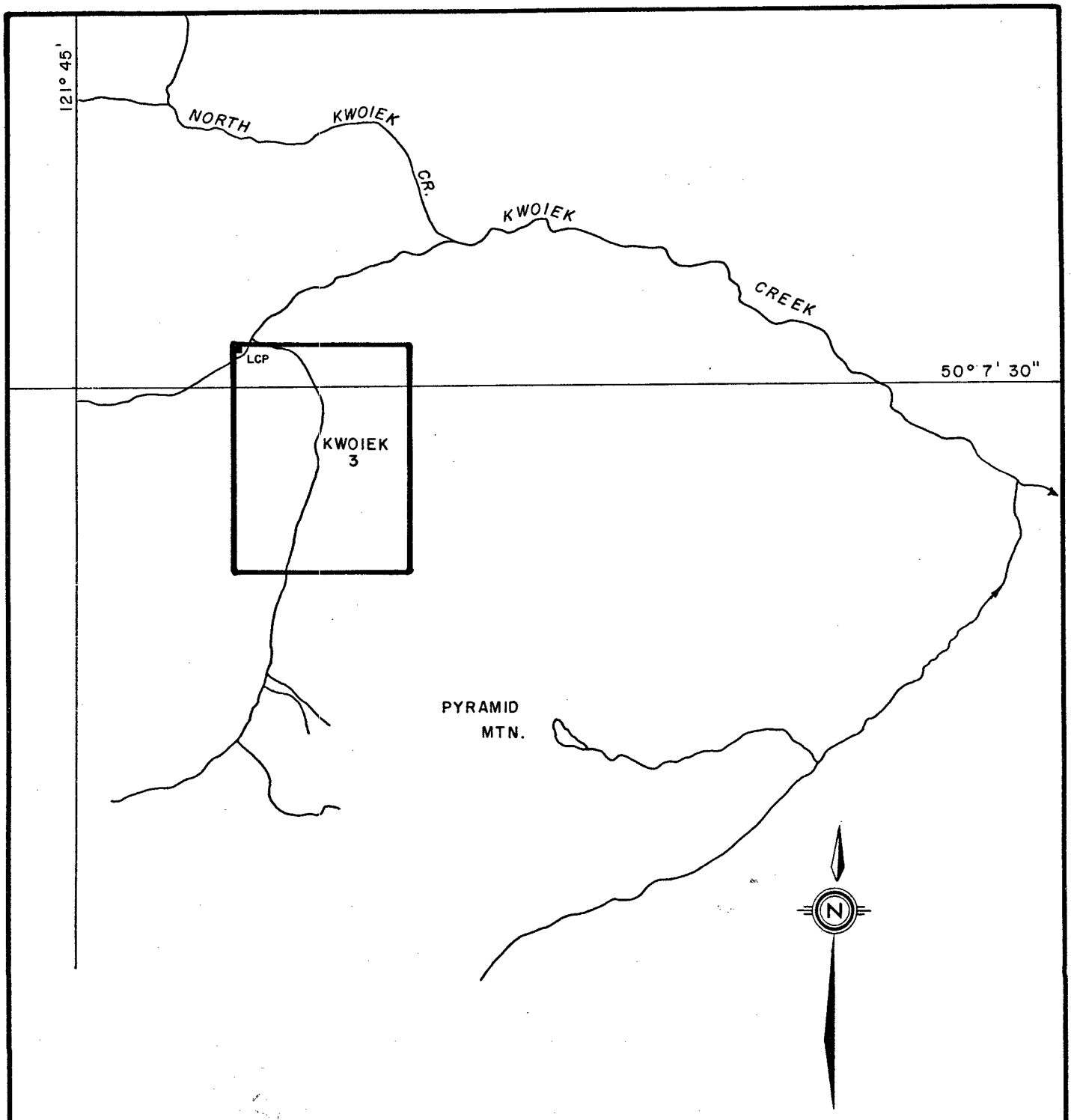
The property consists of 12 contiguous units extending 3 units (1500 meters) in an east-west direction and 4 units (2000 meters) in a north-south direction. The legal corner post is located at the east end of Kwoiek Lake and is at the northwestern corner of the claim. Refer to figure 2. In total the group occupies approximately 300 hectares (740 acres).

Claim	Record Number	No. of units	In Good Standing Until
Kwoiek #3	3845	12	September 28, 1987 *

This claim was reduced from its original 20 units on September 30, 1985 to the present 12 units.

As this claim was staked originally in 1981, and assessment work continuously reported, the claim is now at a point where $200.00 per unit is required annually to maintain it in good standing.

*Further assessment work has been recorded against the claim for an additional year of good standing.



0 1 2 KM.

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
W. G. HAINSWORTH

CHANDI RESOURCES CORPORATION

KWOIEK 3 MINERAL CLAIM

KAMLOOPS M.D.-B.C. NTS:92I/4

CLAIM MAP

To accompany a report by W.G.Hainsworth

FIGURE: 2

HISTORY

The Kwoiek Creek area does not have a long or colourful history. This in part is due to its location and the ruggedness of its terrain, but additonally to the lack of presence, past or present, of a steady mineral producer. However it has proven the existence of a variety of metals but a deficiency in exploration has not allowed elaboration on quality or quantity.

Placer mining was evident at the turn of the century on tributaries emptying into the Fraser River. It is likely, but evidence is lacking, that Kwoiek Creek saw its share of action.

The first evidence of lode mining was the staking of 5 claims in September 1914 by Indians from Keefer. A half interest in the claims located 15 miles up the creek on Antimony Mountain was obtained by a W.S. Clark of Keefer who did some development work and shipped out 3 tons of ore grading 15% antimony. Cominco became interested in the property but was unable to examine it in 1916 due to a slow snow melt that season. A drastic drop in the metal price that summer ($0.42 to $0.16 per pound) cooled Cominco's interest.

In the '30s, a small silver showing was made 4 1/2 kilometers (2 3/4 miles) southeast of Kwoiek Lake on Pyramid Mountain. Development was carried out on the claims (Paystreak group) but no ore was shipped.

Prior to Paystreak discovery, a silver-gold prospect (Glacier group), some 3 1/2 kilometers (2 miles) southeast of the antimony showing, was staked and opened up. The 800 foot long vein was trenched in several places with silver assays running as high as 13.2 ounces to the ton with weak gold returns. A government sample across 42" of the vein in a shallow adit ran 0.8 ounces silver per ton and 0.16 ounces gold per ton.

Three kilometers (2 miles) southeast from the silver showing a group of 14 claims lie north and south across the serpentine band. An 18 meter (60 foot) shear zone with quartz veins up to 1 1/2 meters (5 feet) in width carries auriferous pyrite. Little work has been done on this prospect.

The area has received little attention in the last few decades; however in 1981, Gordon Richards, P.Eng. staked 4 claims totalling 46 units. With time 3 of the claims were dropped while the fourth was reduced in size.

Since acquisition by Chandi Resources, two surveys, to satisfy assessment requirements, have been completed on the present 12 unit Kwoiek 3 mineral claim.

GEOLOGY

The general geology of the Kwoiek Creek area is that of the Coastal Mountains environment - granodiorite - with a tongue of metamorphosed rock extending northwestward through the immediate region. This belt which extends some 50 kilometers (32 miles) northwest from the Fraser River is unique in that it has no counterpart on the east side of the Fraser. The belt consists primarily of dark phyllites with minor amounts of quartzites, limestones and "greenstones". This metamorphic band is thought to belong to the Triassic era while the broken band of ultramafics, central and peripherally located within it is thought to belong to the later Cretaceous intrusions. The ultramafics, as opposed to the metamorphosed sediments, carries on across the Fraser River Fault and is well represented as a narrow band flanking a Paleozoic volcanic sediment sequence. Its presence in this particular locality has been represented by several mineral prospects including the Carolyn Mine. Hornblende diorite is often found associated with many of the serpentine bodies of the Coastal Mountains.

The main structural feature of the area is the Fraser River Fault System. Although not directly related to the area of interest it has blocked off the Cretaceous belt to the east and presumably elevated the Coastal Mountains.

In the vicinity of the Kwoiek #3 Claim the rock strata is that of the metamorphosed belt being composed largely of dark amphibole or phyllite schist. The north slope of Pyramid Mountain is primarily schist but near the ridge serpentized formations accompanied by a gneissic, altered hornblende diorite have been identified. The schists are locally silicified and cut by quartz-carbonate shear zones. In addition, certain areas are variably bleached and talcose. A few strong quartz veins cut the schists on a northwesterly trend, this being consistent with the northeasterly dipping strata.

Possible faulting of an east-west nature has been reported through soil sampling midway down the slope towards Kwoiek Lake. The magnetometer survey suggests this possibility while the EM-16 survey illustrates several conductors probably associated or radiant from the fault zone.

MAGNETOMETER OPERATION

The survey was carried out from September 2nd to the 6th 1987, by an experienced crew of two field operators. Over the seven cross lines which totalled 6090 meters (3.8 miles), including the baseline, a total of 266 magnetometer readings were taken. The survey required re-running of the previous lines due to weather elimination of the previous flagging. As with the EM-16 program, the steepness of the terrain allowed for slow progress of the survey.

MAGNETOMETER SURVEY AND RESULTS

The survey utilized a Scintrex MP2 portable proton precession magnetometer, model # 767010. This unit uses the phenomenon of nuclear magnetic resonance to measure the flux density of the total magnetic field. Readings were taken and recorded every 20 meters along the grid lines which were spaced at separtions varying from 100 to 125 meters.

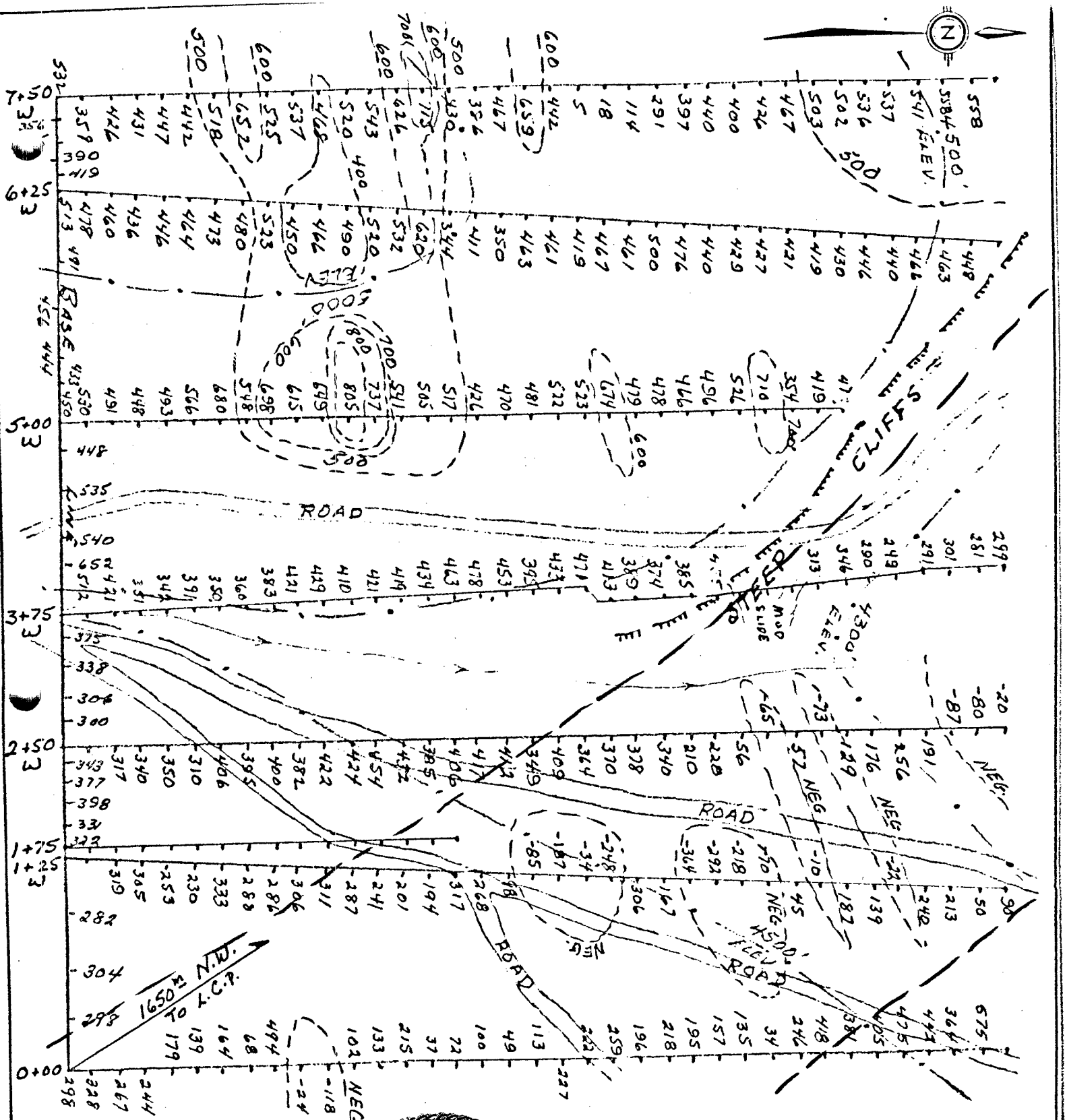
The crosslines were laid out north-south to cross at right angles to regional structures and the conductors from the previous EM-16 survey.

The accompanying map is a contoured gamma map of the area surveyed (figure 6). The magnetic base figure is 56,500 gammas with increases shown as pluses while negatives are shown below this base reading as negatives. All readings were field corrected according to the diurnal variations.

Elevation contour lines have been located on the map along with road outlines and steep cliff-faces.

The survey shows a general build-up in gamma values in the southwest section of the map. The high of +805 gammas shows buildup along the line but little lateral projection. The moderate values experienced on the western four lines is not repeated in the eastern lines save for the lower half of line 2 + 50 west. The negatives introduced in these eastern lines suggest a formational change running northwest-southeast and being coincident with the steep cliffs of lines 3 + 75 west and 5 + 00 west. This might well be the fault structure referred to by the EM-16 survey.

A modest buildup of gamma values near the north end of line 0 + 00 suggests the more magnetic structural formation as evinced in the western half is repeating itself. These formational changes are suggested on the plan map by the dash lines.



PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
W. G. HAINSWORTH

FIG. 6

CHANDI RESOURCES CORPORATION

KWOIEK 3 MINERAL CLAIM

KAMLOOPS M.D.-B.C. NTS:921/4

MAGNETOMETER CONTOUR MAP

SEPT 15, 1987

Expenditures

Cost Breakdown 1987

Salaries :

R.J. Hainsworth	(Fieldman)	Aug 2-6/87	$ 460.oo
Derek Evans	(Fieldman)	Aug 2-6/87	420.oo
Lodgings			311.oo
Food			134.90
Rentals	Vehicle		345.57
	Magnetometer		526.38
Gas			18.85
Drafting, Update Report, Assessment report			700.oo
			$ 2916.70

W.G. Hainsworth P.Engof

PROFESSIONAL ENGINEER
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RECOMMENDATIONS

The recommendations of the original report of July 24, 1986 still hold. The work done on the claims to date are of an assessment nature only and are not directed towards full evaluation of the Kwoiek 3 claim. The claim coverage is only 23%.

The original recommendation was for an EM-16 and magnetometer survey plus attendant requirements costing $16,000.00 in a Phase I surface Examination. A quarter of the property has been examined for $7,150.00.

In effect, the writer continues to advance his original recommendations with the Phase I program being carried on to the remaining portion of the claims. Cost figures have been calculated with the 6 kilometers of work to date being eliminated.

Phase II would be the more detailed surface work as recommended in the original report.

Respectfully submitted,

W. G. Hainsworth, P. Eng.

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W. G. HAINSWORTH

COST ESTIMATES

Phase I - Surface Examination

Preparation and running of a 1250 meter continuing east-west baseline with flagged north-south grid lines. All grid lines will be at 125 meter intervals. Present grid lines will be extended to the claim boundaries. There will be 16 cross lines aggregating 18,750 meters.

20 kilometers of line @ $80/km	$ 1,600
Em survey - $125/km	2,500
Magnetometer survey - $125/km	2,500
Equipment Rental -	2,000
Billoting and crew victualling	2,500
Supervision, report writing	1,500
	12,600
Contingency 10%	1,400
	$ 14,000

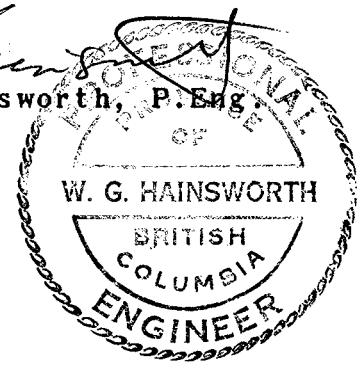
Phase II - Detailed Surface Examination

Detailed soil and/or EM and/or magnetometer	$ 8,000
Bulldozer trenching on specifically established targets	15,000
Rentals, travel	1,500
Billoting and crew victualling	3,500
Supervision, report writing	1,500
	29,500
Contingency 10%	3,000
	$ 32,500

Phase III

This is a success-contingent phase with the amount of drilling required being dependent upon the proceeding two phases. No cost estimates can be advanced at the present time.

W. G. Hainsworth, P.Eng.



Statement of Qualifications

Name:	Hainsworth, William G., P.Eng.
Profession:	Geologist
Education:	Bachelor of Sciences - Honours Geology (1950), University of Western Ontario, London, Ontario
Profession Associations:	Register Professional Engineer, Province of British Columbia
	Register Professional Geologist, Province of Alberta.
	Member of the Society of Mining Engineers Inc.
Experience:	1950 - 1961 Mine Geologist at Val D´Or, Quebec, Kirkland Lake, Ontario and Bancroft, Ontario Mines.
	1961 - 1969 Consulting geologist exclusively for TorWest Resources and Highmont Mining Corp., Vancouver, B. C.
	1970 - 1972 Managing Geologist for Union Pacific Resources, Canadian office.
	1972 - 1974 Manager for Pechiney Development Ltd. Vancouver, B. C.
	1974 - 1986 Private Consultant.
	Active experience in all Geologic provinces of Canada, U.S.A. and Mexico.

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