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| VANCOUVER, B.C. | |

**INTERNATIONAL POTENTIAL
EXPLORATIONS INC.**

Assessment Report

on the

Phelp 300 Mineal Claim

Nicola Mining Division

N. Latitude: 50° 21' 00"

W. Longitude: 118° 44' 00"

NTS 921/7E

by

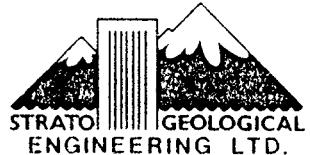
M.A. Orman, B.Sc./R.J. Englund, B.Sc.

STRATO GEOLOGICAL ENGINEERING LTD.
3566 King George Highway
Surrey, British Columbia
V4A 5B6

January 28, 1988

GEOLOGICAL BRANCH
ASSESSMENT REPORT

17,075



SUMMARY


The Phelp 300 claim comprises twenty mineral claim units located about 28km north of Merrit, British Columbia.


The property is situated more or less astride Phelps Creek and about 2km north of the Rey Lake property where extensive drilling has indicated a substantial tonnage of low grade copper and molybdenum mineralization.

Geological mapping and selective soil sampling was carried out over previously defined geophysical anomalies in the southeast claim area. A gab-brol diorite intrusive is found in the northeast survey area while Nicola sediments and volcanics are found to the southwest. Lack of outcrop precludes the locating of the geological contact, however anomalous silver and arsenic values are located in a gully on or near the contact. The intrusive rocks explain much of the magnetic anomalies previously located in this area.

The geochemical results, although not establishing any trends, suggest additional mapping and sampling is warranted, especially to the north along the trend of the postulated geological contact. A reconnaissance geochemical soils program is also recommended to test the balance of the property area.

Respectfully submitted,
Strato Geological Engineering Ltd.


M.A. Orman, B.Sc.
Geologist


R.J. Englund, B.Sc.
Geophysicist

January 28, 1988



TABLE OF CONTENTS

| | |
|---|--------|
| Introduction | page 1 |
| Location, Access, Topography | 1 |
| Property | 1 |
| History | 2 |
| Regional Geology | 2 |
| Local Geology | 2 |
| Geochemical Survey | 3 |
| Conclusions and Recommendations | 4 |
| References | 5 |
| Certificates | 6 |
| Time-Cost Distribution | 8 |

APPENDICES

Appendix 1: Geochemical Analysis Results

LIST OF FIGURES

| | | | |
|-----------|--|---------------|---|
| Figure 1: | Location Map | preceeds page | 1 |
| Figure 2: | Topographic Map | follows page | 1 |
| Figure 3: | Claim Map | " " | 1 |
| Figure 4: | Regional Geology | " " | 2 |
| Figure 5: | Geology & Geochemical Samples Map | Leaflet | |

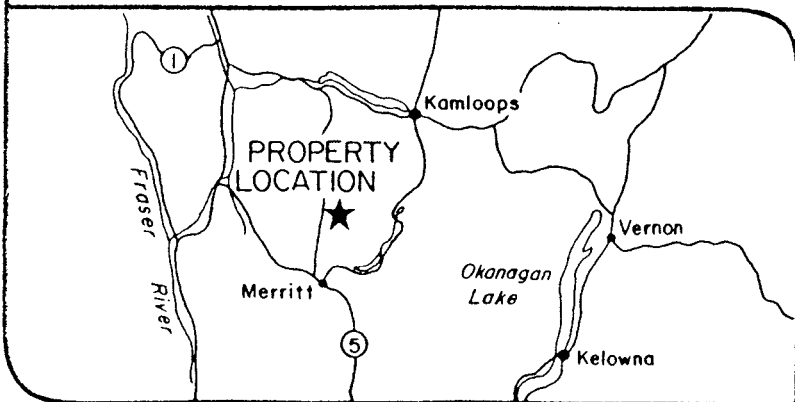
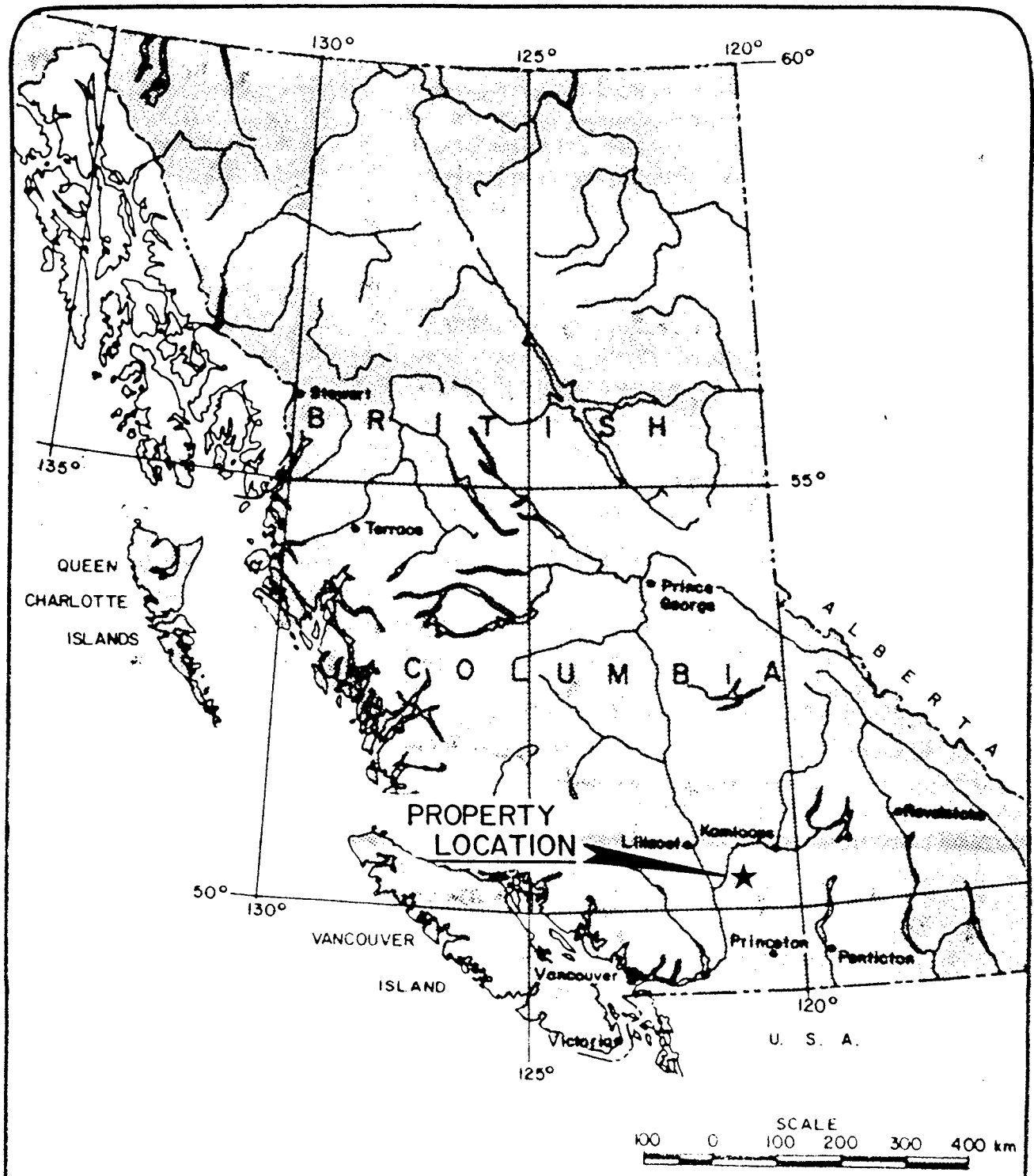
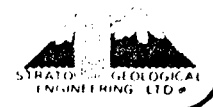


FIGURE I
INTERNATIONAL POTENTIAL
EXPLORATIONS INC.
LOCATION MAP

JAN. 20, 1988



INTRODUCTION

Pursuant to a request by the directors of International Potential Explorations Inc., a geological and soil sampling program was conducted in the southeastern area of the Phelp 300 mineral claim, located approximately 28km north of Merrit, B.C. Field work was carried out by M.A. Orman, Geologist and T. McDonald, Geologist of Strato Geological Engineering Ltd. during the period November 3 to November 6, 1987.

LOCATION, ACCESS, TOPOGRAPHY

The claim is located on Phelps Creek about 1.5km north of Rey Lake, some 28km north of Merrit, British Columbia. Access to the claim is west along Highway 8 from Merrit for 8km and then north along the Mamit Lake paved road for some 25km to a point just south of Mamit Lake where a gravel road leads eastwards for 6km to the property.

Topographic relief is gentle with elevations ranging between 1310 and 1370 meters above sea level. Some of the area has been cleared for pasture.

PROPERTY

The Phelp 300 mineral claim comprises 20 units situated in the Nicola Mining Division. The claim is recorded as follows:

| <u>Claim Name</u> | <u>Units</u> | <u>Record No.</u> | <u>Expiry Date</u> |
|-------------------|--------------|-------------------|--------------------|
| Phelp 300 | 20 | 1753 (11) | November 6, 1987 |

The claim is shown on British Columbia Mineral Titles Reference Map 92I/7E (Figure 3). The legal corner post is located in accordance with the specifications of the Mining Act. The claim does not contain a full 20 units as it overlaps the Gigantor group of claims in the southwest corner. Assessment work has been filed, this report being a part of the work to keep the claims in good standing until November 1988.

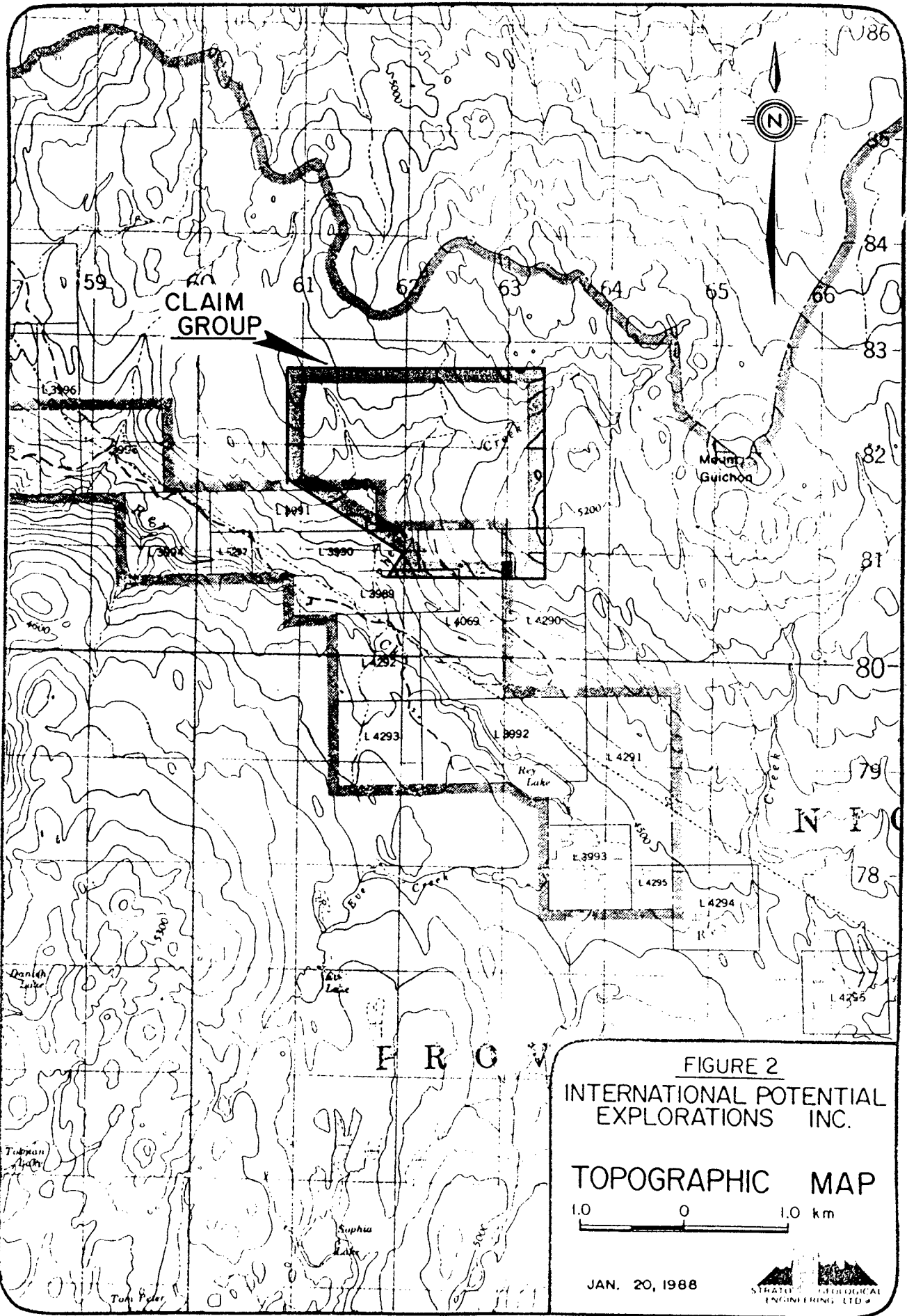
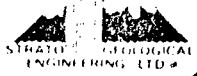


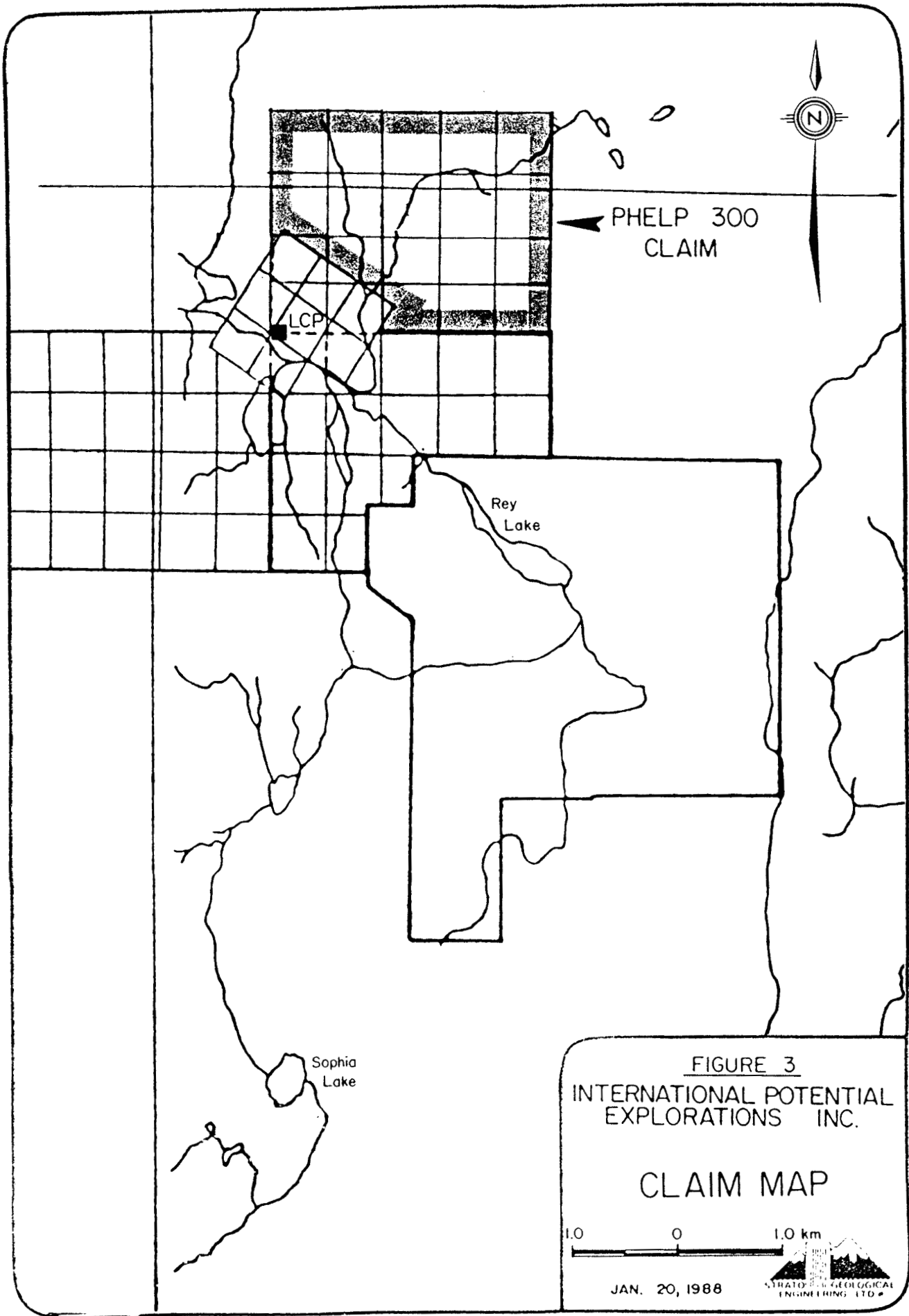
FIGURE 2
INTERNATIONAL POTENTIAL
EXPLORATIONS INC.

TOPOGRAPHIC MAP

1.0 0 1.0 km

JAN. 20, 1988





HISTORY

A ground VLF-EM and magnetometer survey was carried out over the Phelp 300 claim by Columbia Geophysical Services Ltd. in 1980 and is described by W.G. Timmins in his report dated February 23, 1982. This survey delineated two anomalous areas; a magnetic high with coincident moderate VLF-EM conductors in the southeastern area and a magnetic anomaly in the southwestern area which was interpreted to show a north-south trending fault.

Detail VLF-EM surveys and limited soil sampling was carried out over two previously established anomalies by Strato Geological Engineering Ltd. in 1983. Results delineated a series of near parallel, north-south trending faults or shear zones.

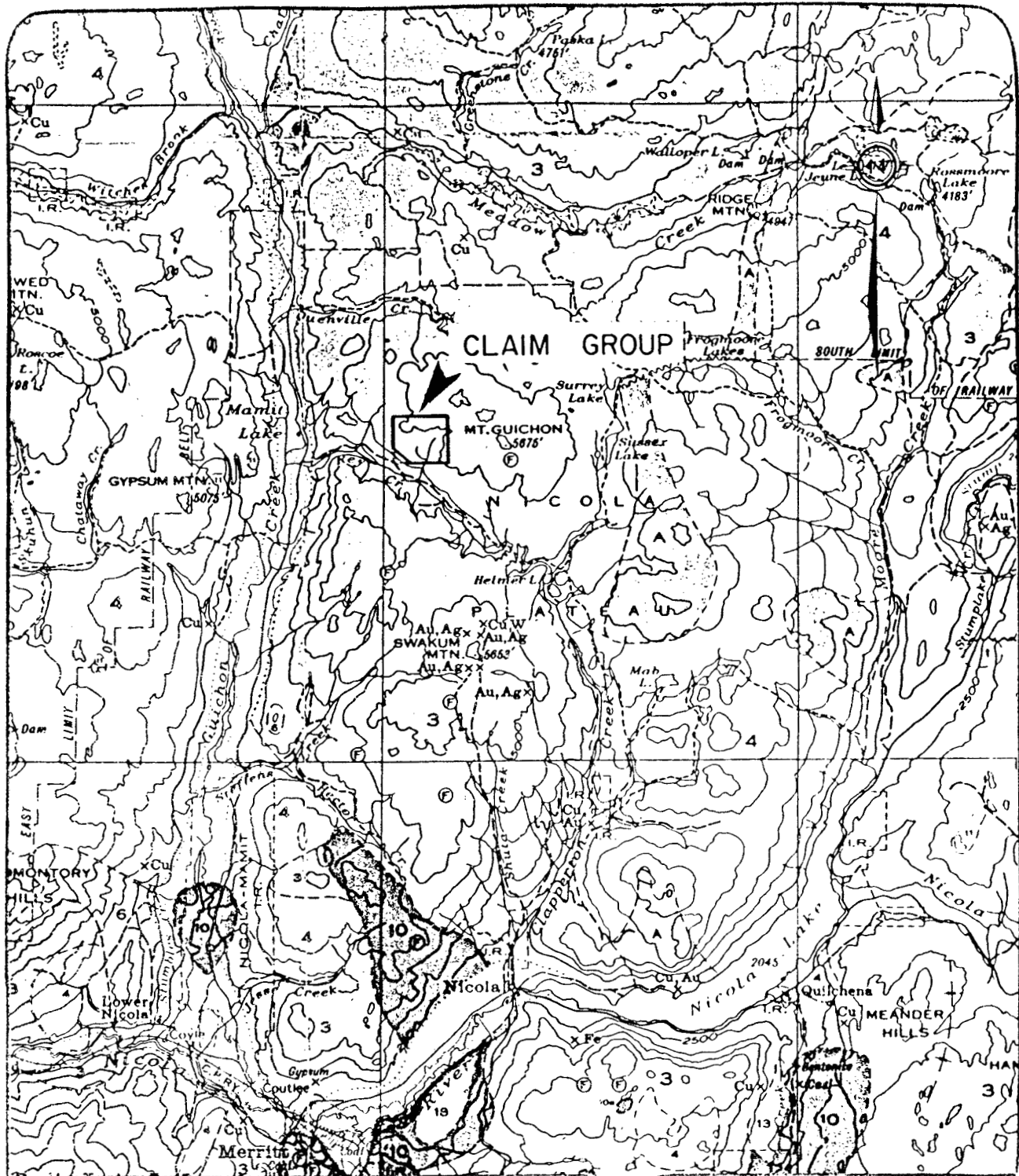
REGIONAL GEOLOGY

The property is underlain by the Nicola Group, which consists largely of Triassic andesitic tuffs and flows, with minor basalts, limestones, argillites and conglomerates. To the east and west Jurassic plutonic rocks have intruded the Nicola Group; these being the Central Nicola and Guichon batholiths. These intrusive bodies host a number of gold, silver, copper and molybdenum showings.

The Nicola Group rocks are intruded by several small plugs one of which is located at the east end of Rey Lake. Extensive drilling near Rey Lake, some 1.5km to the south of the property, has outlined a substantial tonnage of low grade copper and molybdenum associated with northerly and westerly trending faults and fractures (Timmins, 1982). Timmins also reports that narrow quartz-carbonate veins containing gold, silver, copper, lead and zinc are present in outcrop on Rey Creek.

LOCAL GEOLOGY

Geological mapping was carried out in the southeastern claim area where previous geophysical work has inciated a series of conductive zones and some anomalous copper and silver values.



LEGEND

| | |
|----|--|
| 13 | Valley Basalt |
| 11 | Kamloops Group |
| 10 | Coldwater Bed |
| 6 | Kingsvale Group |
| 4 | Coast Intrusions |
| 3 | Nicola Group |
| A | Chlorite schist, quartz-mica schists, amphibolite, granitic intrusions |

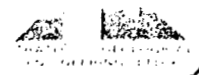
FIGURE 4

INTERNATIONAL POTENTIAL EXPLORATIONS INC.

REGIONAL GEOLOGY

3.0 0 3.0 km

JAN. 20, 1988



AFTER W.E. COCKFIELD, 1947

Outcrop exposure is generally less than 5 percent in this area and geological contacts cannot be clearly delineated. The main rock types are intrusive, volcanic and sediment.

The intrusives were subdivided into two mappable units; the gabbros are medium to coarse grained mafic rocks and the diorite which is a fine to medium grained intermediate rock with some euhedral textural development.

The volcanics found within the local area are intermediate rocks which display a tuff-andesite sequence.

The sediments were divided into two categories: conglomerates and quartzite. The conglomerates consist mostly of limestone cobble with minor granitic and volcanic clasts. The quartzite is fine grained with slight veining of calcite and occasional sulphide mineralization.

One rock sample was collected from a quartzite unit carrying pyrite and galena at L4N, 21 + 60E. This sample showed no significant base or precious metals values.

GEOCHEMICAL SURVEY

Soil sampling was carried out on Lines 4N and 5N at 50m spacing to determine the existence of any mineral association with a previously postulated series of north-south trending faults or shear zones. Four additional soil samples (PH-S2 to PH-S5) were collected in an area of outcropping sediments near LIN, 18 + 50E.

A total of 26 samples were taken from B horizon soils in 20 to 30cm pits, placed in standard kraft envelopes, and sent to Acme Analytical Laboratories, Vancouver, B.C. for analysis for Cu, Pb, Zn, Ag and As by I.C.P. methods.

Statistical analysis was not carried out due to the low sample density. However, several samples show elevated or anomalous values in one or more elements.

A high silver value, located in the gully at L5N, 20 + 00E, is associated with an elevated As value and, some 100m southeast in the same gully, elevated Zn and As values are found. These anomalous values may be associated with or be near a probable intrusive-sediment contact in this area.

Two elevated Cu values are found within the diorite rocks at L5N, 23 + 00 E and 23 + 50E. These results are not explained. Several elevated and anomalous Zn and As values are found within the conglomerate, Unit 3A, at around LIN, 18 + 50E.

The significance of the geochemical results has not been established and no clear base and/or precious metals trends has been delineated.

CONCLUSIONS AND RECOMMENDATIONS

Geological mapping in the southeastern Phelps 300 claim area has identified a gabbro/diorite intrusive unit to the northeast and the Nicola sediments and volcanics to the southwest. Lack of outcrop in the area precludes the determination of a geological contact, however anomalous silver and arsenic in soils is found in a gully on or near the contact of these units.


Although the geochemical results are considered generally weak, additional mapping and sampling, particularly to the north, along the postulated geological contact is warranted. Much of the claim area remains relatively unexplored and a program of reconnaissance geochemical soil sampling is also recommended for the rest of the claim area.

Respectfully submitted,
Strato Geological Engineering Ltd.


M.A. Orman, B.Sc.

Geologist

January 28, 1988


R.J. Englund, B.Sc.

Geophysicist

REFERENCES

Cockfield, W.E., (1947)

Map 886A, Nicola, Kamloops and Yale Districts, B.C.; Geological Survey of Canada, Ottawa, Ontario.

Timmins, W.G., (1982)

Geophysical Report on the Phelp 300 Claim; W.G. Timmins Exploration and Development Ltd., Vancouver, B.C.

Hulme, N.J. (1984)

Geophysical Report on the Phelp 300 Mineral Claim, Private Report for Potential Resources Ltd.

CERTIFICATES

I, Mary Anne Orman, of the City of Vancouver, Province of British Columbia, hereby certify as follows:

1. I am a Consulting Geologist employed by Strato Geological Engineering Ltd. with offices at 3566 King George Highway, Surrey, B.C., Canada.
2. I graduated with a degree of Bachelor of Science, Geology, from St. Mary's University, Halifax, Nova Scotia in 1985.
3. I have worked as a Geologist in Northern, Eastern, Western, and Central Canada since 1985.
4. I have no direct, indirect, or contingent interest in the securities of International Potential Explorations Inc. or the Phelps 300 Mineral Claim, nor do I expect to receive any such interest.
5. This report is based upon field examinations made by myself during the month of November, 1987, and on a study of available private and public data and reports pertaining to the area.

Dated at Surrey, British Columbia, this 28th day of January, 1988.

Mary Anne Orman
M.A. Orman, B. Sc.

I, Ralph J. Englund, of 17948-24th Avenue, Surrey, British Columbia, do hereby certify as follows:

1. I am a Consulting Geophysicist with offices at 3566 King George Highway, Surrey, B.C., V4A 5B6.
2. I graduated in 1971 from the University of British Columbia, with a degree of Bachelor of Science.
3. I have been engaged in the study, teaching, and practise of exploration geophysics continuously for a period of 15 years. I have worked as a geophysical consultant on numerous projects in Western North America since 1972.
4. I am a member in good standing of the British Columbia Geophysical Society.
5. The field work and the interpretation of results in this report were completed under my supervision.
6. I have no direct, indirect, or contingent interest in the properties of International Potential Explorations Inc., nor do I expect to receive any such interest.

Dated at Surrey, Province of British Columbia, this 28th day of January, 1988.



R.J. Englund, B.Sc.

TIME-COST DISTRIBUTION

The geological and geochemical field work was conducted over the southeast portion of the Phelp 300 Claim by Strato Geological Engineering Ltd. during the period of November 3 to November 6, 1987.

A listing of personnel and distribution of costs are as follows:

Personnel

M.A. Orman, B.Sc.

Geologist

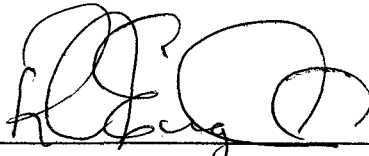
T. McDonald, B.Sc.

Geologist

Cost Distribution

| | |
|---|-------------------|
| Labour | \$1,275.00 |
| Room and Board | 240.00 |
| Transportation - 4WD (incl. gas, oil, etc.) | 315.00 |
| Geochemical Analysis (Cu, Pb, Zn, Ag, As) | 175.00 |
| Assessment Report | <u>950.00</u> |
| TOTAL | \$2,955.00 |

SIGNED



Strato Geological Engineering Ltd.

APPENDIX 1
Geochemical Analysis Results

ACME ANALYTICAL LABORATORIES LTD.

DATE RECEIVED: NOV 6 1987

852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6

PHONE (604) 253-3158

FAX (604) 253-1716

DATE REPORT MAILED:

Nov. 23/87...

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEC. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER. THIS LEACH IS PARTIAL FOR MN FE CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: SOIL

ASSAYER: *D. Toye* DEAN TOYE, CERTIFIED B.C. ASSAYER

STRATO GEOLOGICAL PROJECT-PHELPS CLAIM File # 87-5462

| SAMPLE# | CU PPM | PB PPM | ZN PPM | AG PPM | AS PPM |
|----------------|-----------|-----------|-----------|-----------|-----------|
| PH5+00N 20+00E | 66 | 9 | 116 | 1.1 | 12 |
| PH5+00N 20+50E | 28 | 7 | 93 | .4 | 2 |
| PH5+00N 21+00E | 29 | 6 | 63 | .2 | 2 |
| PH5+00N 21+50E | 22 | 5 | 74 | .1 | 2 |
| PH5+00N 22+00E | 34 | 5 | 61 | .1 | 2 |
| PH5+00N 22+50E | 31 | 9 | 68 | .1 | 2 |
| PH5+00N 23+00E | 111 | 6 | 87 | .2 | 3 |
| PH5+00N 23+50E | 112 | 9 | 105 | .3 | 2 |
| PH5+00N 24+00E | 47 | 7 | 125 | .3 | 3 |
| PH5+00N 24+50E | 58 | 8 | 143 | .4 | 2 |
| PH5+00N 25+00E | 33 | 9 | 135 | .2 | 2 |
| PH4+00N 20+00E | 34 | 9 | 77 | .2 | 4 |
| PH4+00N 20+50E | 32 | 11 | 185 | .3 | 9 |
| PH4+00N 21+00E | 48 | 7 | 99 | .1 | 6 |
| PH4+00N 21+50E | 33 | 5 | 117 | .3 | 3 |
| PH4+00N 22+00E | 32 | 5 | 58 | .1 | 2 |
| PH4+00N 22+50E | 34 | 14 | 114 | .2 | 3 |
| PH4+00N 23+00E | 26 | 2 | 65 | .1 | 2 |
| PH4+00N 23+50E | 45 | 6 | 70 | .1 | 2 |
| PH4+00N 24+00E | 60 | 8 | 107 | .1 | 4 |
| PH4+00N 24+50E | 33 | 9 | 67 | .1 | 2 |
| PH4+00N 25+00E | 30 | 7 | 119 | .2 | 3 |
| PH-S2 | 57 | 12 | 450 | .5 | 13 |
| PH-S3 | 63 | 16 | 173 | .5 | 17 |
| PH-S4 | 57 | 13 | 138 | .3 | 10 |
| PH-S5 | 56 | 4 | 99 | .1 | 5 |
| STD C | 61 | 38 | 130 | 7.5 | 40 |

ACME ANALYTICAL LABORATORIES LTD. DATE RECEIVED: NOV 6 1987
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE (604) 253-3158 FAX (604) 253-1716 DATE REPORT MAILED: *Nov. 23/87...*

ASSAY CERTIFICATE

- SAMPLE TYPE: Rock Chips

ASSAYER: *D. Toye* DEAN TOYE, CERTIFIED B.C. ASSAYER

STRATO GEOLOGICAL PROJECT-PHELPS CLAIM File # 87-5462 A

| SAMPLE# | CU | PB | ZN | AG | AS |
|---------|-----|-----|-----|-----|-----|
| | % | % | % | % | % |
| PH-1 | .01 | .01 | .10 | .02 | .01 |

**ANOMALOUS
GEOCHEMISTRY**

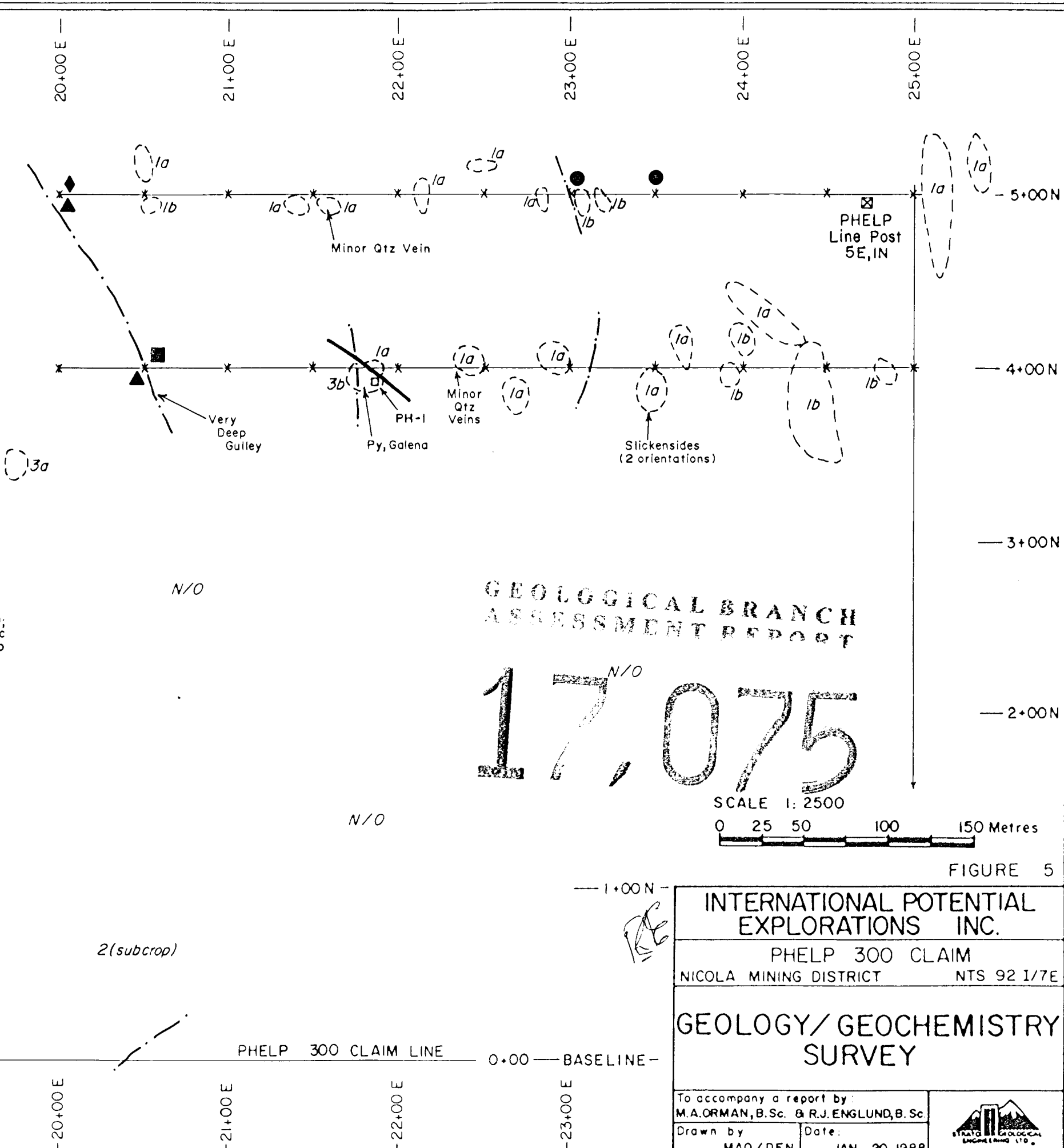
- Cu > 100 ppm
- Zn > 170 ppm
- ◆ Ag > 1.0 ppm
- ▲ As > 8 ppm

| SAMPLE# | CU PPM | PB PPM | ZN PPM | AG PPM | AS PPM |
|----------------|-----------|-----------|-----------|-----------|-----------|
| PH5+00N 20+00E | 66 | 9 | 116 | 1.1 | 12 |
| PH5+00N 20+50E | 28 | 7 | 93 | .4 | 2 |
| PH5+00N 21+00E | 29 | 6 | 63 | .2 | 2 |
| PH5+00N 21+50E | 22 | 5 | 74 | .1 | 2 |
| PH5+00N 22+00E | 34 | 5 | 61 | .1 | 2 |
| PH5+00N 22+50E | 31 | 9 | 68 | .1 | 2 |
| PH5+00N 23+00E | 111 | 6 | 87 | .2 | 3 |
| PH5+00N 23+50E | 112 | 9 | 105 | .3 | 2 |
| PH5+00N 24+00E | 47 | 7 | 125 | .3 | 3 |
| PH5+00N 24+50E | 58 | 8 | 143 | .4 | 2 |
| PH5+00N 25+00E | 33 | 9 | 135 | .2 | 2 |
| PH4+00N 20+00E | 34 | 9 | 77 | .2 | 4 |
| PH4+00N 20+50E | 32 | 11 | 185 | .3 | 9 |
| PH4+00N 21+00E | 48 | 7 | 99 | .1 | 6 |
| PH4+00N 21+50E | 33 | 5 | 117 | .3 | 3 |
| PH4+00N 22+00E | 32 | 5 | 58 | .1 | 2 |
| PH4+00N 22+50E | 34 | 14 | 114 | .2 | 3 |
| PH4+00N 23+00E | 26 | 2 | 65 | .1 | 2 |
| PH4+00N 23+50E | 45 | 6 | 70 | .1 | 2 |
| PH4+00N 24+00E | 60 | 8 | 107 | .1 | 4 |
| PH4+00N 24+50E | 33 | 9 | 67 | .1 | 2 |
| PH4+00N 25+00E | 30 | 7 | 119 | .2 | 3 |
| PH-S2 | 57 | 12 | 450 | .5 | 13 |
| PH-S3 | 63 | 16 | 173 | .5 | 17 |
| PH-S4 | 57 | 13 | 138 | .3 | 10 |
| PH-S5 | 56 | 4 | 99 | .1 | 5 |
| STD C | 61 | 38 | 130 | 7.5 | 40 |

| SAMPLE# | CU % | PB % | ZN % | AG % | AS % |
|---------|---------|---------|---------|---------|---------|
| PH-1 | .01 | .01 | .10 | .02 | .01 |

LEGEND

- ROAD
 - GULLY FLOOR (STEEP SIDES)
 - GEOLOGICAL CONTACT
 - OUTCROP
 - N/O NO OUTCROP
 - x SOIL SAMPLE LOCATION
 - ROCK SAMPLE LOCATION
- INTRUSIVES**
- 1a Gabbro: med-coarse grained, often magnetic, mafic
 - 1b Diorite: fine grained, green feldspar phenocrysts occasionally magnetic
- VOLCANICS: fine grained, green**
- SEDIMENTS**
- 3a Conglomerate: limestone cobble(w/fossils); minor granitic and volcanic clasts, matrix sediment to volcanic
 - 3b Quartzite, w/calcite veining



**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

17,075

SCALE 1: 2500
0 25 50 100 150 Metres

FIGURE 5

INTERNATIONAL POTENTIAL EXPLORATIONS INC.

PHELP 300 CLAIM
NICOLA MINING DISTRICT NTS 92 1/7E

GEOLOGY/GEOCHEMISTRY SURVEY

To accompany a report by:
M.A.ORMAN, B.Sc. & R.J. ENGLUND, B.Sc.

Drawn by: MAO/DFN Date: JAN. 20, 1988

