

LOG NO:	0118
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REPORT ON REVERSE CIRCULATION DRILLING

CARAD PLACER LEASES

PERRY CREEK AREA

Ft. Steele Mining Division, B.C.  
N.T.S. 82F/8W

- Assessment Report -

LOG NO:	0517	RD. 1
ACTION:	<i>Date received back from amendment</i>	
FILE NO:		

Lat. 49 deg. 28'

Long. 116 deg. 07'

OWNERS

Frank Fiorentino, Gus Fiorentino  
Angelo Fiorentino, Earnest Carlson  
Frank O'Grady  
c/o 2401 Cranbrook St. N.,  
Cranbrook, B.C.

OPERATOR

Barkhor Resources  
Vancouver, B.C.

Work Performed During September and October, 1988

Report by: Laurence Stephenson

GEOLOGICAL BRANCH  
ASSESSMENT REPORT  
19,563

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REPORT ON REVERSE CIRCULATION DRILLING

CARAD PLACER LEASES

FORT STEELE MINING DIVISION

L. Stephenson

November, 1989

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Introduction

In its continuing evaluation of the Perry Creek Placer claims, Kokanee Placer Ltd. carried out an exploration program under its option agreement with Barkhor Resources Inc. in September-October 1989. This program involved reverse circulation drilling of 7 holes for a total of 368 feet.

The Placer Leases of this area of drilling have now been grouped as the Perry Group and consist of old Placer Leases PL16226, PL16271, PL16250, PL16251, PL16275, PL16276 and PL16252 which were re-numbered PC42, PC43, PC45, PC47, PC48, PC49 and PC50 earlier this year (Map 1).

This report details the work and results of that exploration program.

Location and Access

The ten placer leases straddle Perry Creek in southeastern British Columbia, Canada. The leases are situated above and below the confluence of Perry Creek and a tributary, Galway Creek.

The leases are approximately thirty miles by road from Cranbrook, British Columbia. Access is by paved highway for the first ten miles and by good gravel road for the last twenty miles.

History

The Perry Creek has been subjected to various placer and vein mining and exploration. During the late 19th Century and early 20th Century the area downstream from these placer leases was quite active. Since then only minor scale operations have been and continue to be undertaken by small operators.

Significant quantities have been taken from the river system at a "false" clay bedrock interface and from the bedrock surface in the canyons.

Bedrock Geology

The hills around the placer leases consist of rocks of the Creston formation. The river valley has rocks of the Upper Aldridge formation. Several gold bearing quartz veins are located in the surrounding hills.

### Exploration Program

In September-October of 1989, Kokanee Placer Ltd. completed 7 reverse circulation holes on the Perry Creek Leases (Map 2). The holes intersected bedrock at a maximum depth of 56 feet. Consultant Michael Henrick analyzed the samples and reported that minor gold was found in all holes at or near the bedrock contact. As well, gold was found to occur randomly throughout the holes indicating sequential flood gold. This latter point is significant in that most of the placer gold mining on Perry Creek has been this type of gold deposit.

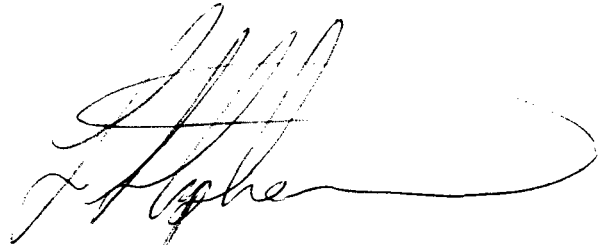
Henrick also reported that the bedrock that was found was excellent as a potential trap for placer gold. The possibility of isolated high grade areas with good values and large nuggets is good.

### Conclusions and Recommendations

To date, the drilling has not encountered a "tertiary" channel but the near surface flood gold values could be easily subjected to a bulk test to evaluate their economic potential, especially in light of the recent improvement in the gold price.

Mr. Henrick also feels that there is potential for "tertiary" channel placer gold in the canyon above the current area of drilling and in the area above the canyon. In total, 4-5 additional holes are proposed for the creek.

It is recommended that these be drilled before next spring. Once completed, a test production decision will be made so that test production will be ready for an early start next field season.



November 1989

Laurence G. Stephenson  
B.Sc., M.B.A., P. Eng.

EXHIBIT "A"

STATEMENT OF EXPENDITURES

REVERSE CIRCULATION DRILLING PROGRAM

ON CARAD PLACER LEASES  
Ft. Steele Mining Division

Covering the Period of Sept. 15 to Oct. 5, 1989

INDIRECT

SALARIES:

Mike Hendrick, Penticton, B.C. Consulting Geologist	\$ 875.00
Brian Collison + Jeff Clibbett Samplers	760.00

MOB/DEMOBILIZATION:

H.E. Rotvold Trucking Ltd., Cranbrook, B.C. Haul Cat	477.50
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DRILL SITE PREPARATION:

Cliff Neilson, Cranbrook, B.C. - Cat Operator	740.00
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TRANSPORTATION: Truck Rental	250.00
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MISCELLANEOUS: Communications	<u>90.10</u>
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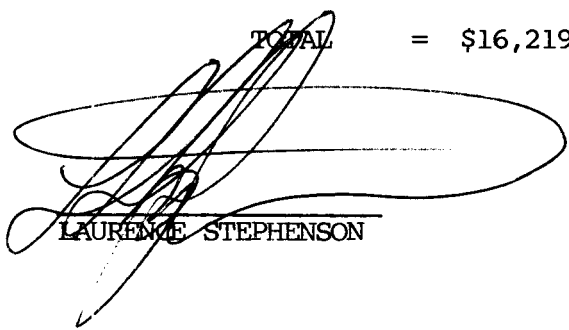
Indirect Total = \$ 3,192.60

DIRECT

Owens Drilling Ltd.  
1940 - 6th St. N.,  
Cranbrook, B.C.

Direct Total = \$13,027.00

TOTAL = \$16,219.60



LAURENCE STEPHENSON

IN THE MATTER OF THE

B.C. MINERAL ACT

AND

IN THE MATTER OF A REVERSE CIRCULATION DRILLING PROGRAM

CARRIED OUT ON THE CARAD PLACER LEASES

PERRY CREEK AREA

in the Ft. Steele Mining Division of  
the Province of British Columbia

More Particularly N.T.S. 82F/8W

A F F I D A V I T

I, Laurence Stephenson, of the City of Cranbrook, in the Province of British Columbia, make oath and say:

- 1) That I am employed as a Geologist and as such, have a personal knowledge of the facts to which I hereinafter depose:
- 2) That annexed hereto and marked as Exhibit 'A' to this my Affidavit is a true copy of expenditures incurred on a reverse circulation drilling program, on the Carad Placer Leases.
- 3) That the said expenditures were incurred between the 15th day of September, 1989 and the 5th day of October, 1989 for the purpose of placer exploration.

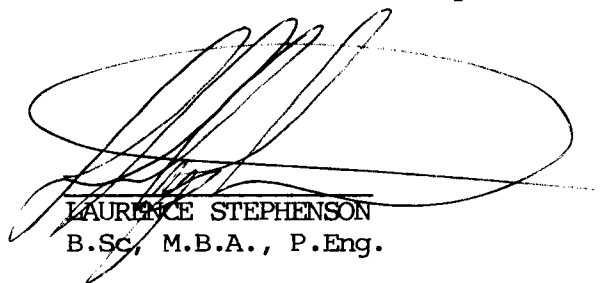


LAURENCE STEPHENSON

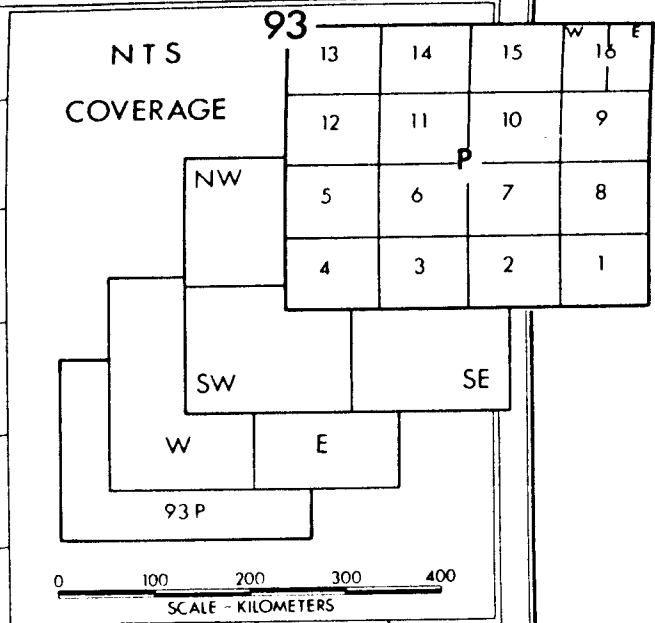
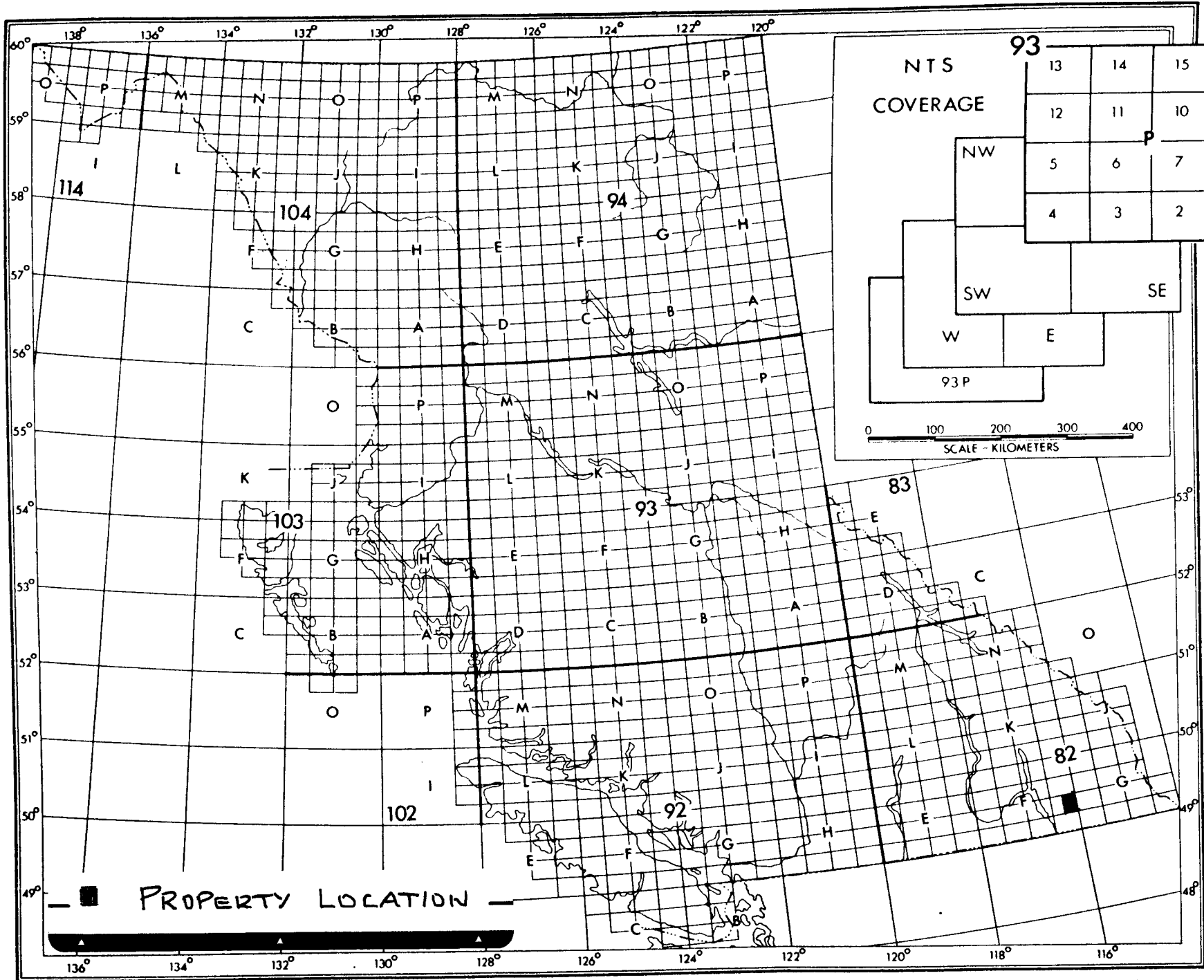
STATEMENT OF QUALIFICATIONS

Mr. Laurence Stephenson received a B.Sc. in Geology from Carleton University (Ottawa) in 1975 and a M.B.A. from York University (Toronto) in 1985. He has been and remains a member in good standing of the Association of Professional Engineers Of Ontario since 1981.

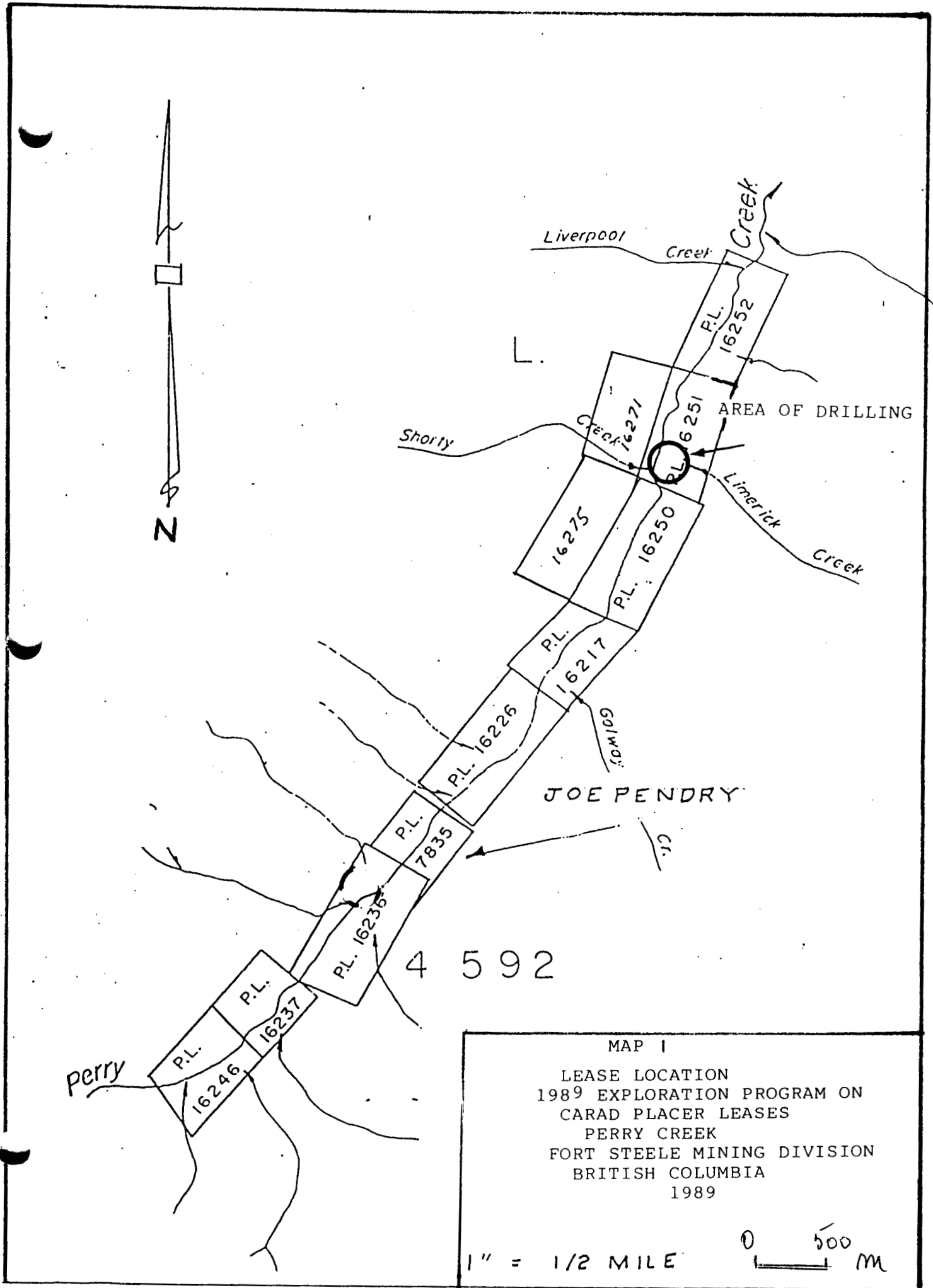
During the last 21 years, Mr. Stephenson has been actively involved in mining exploration and project evaluation working as a District Geologist for Duval Corporation and most recently as President of GeoFin Inc., a geological and financial consulting firm (since 1985).



LAURENCE STEPHENSON  
B.Sc, M.B.A., P.Eng.







Liverpool Creek

Creek

AREA OF DRILLING

Shortly

Limerick Creek

Creek

JOE PENDRY

CR.

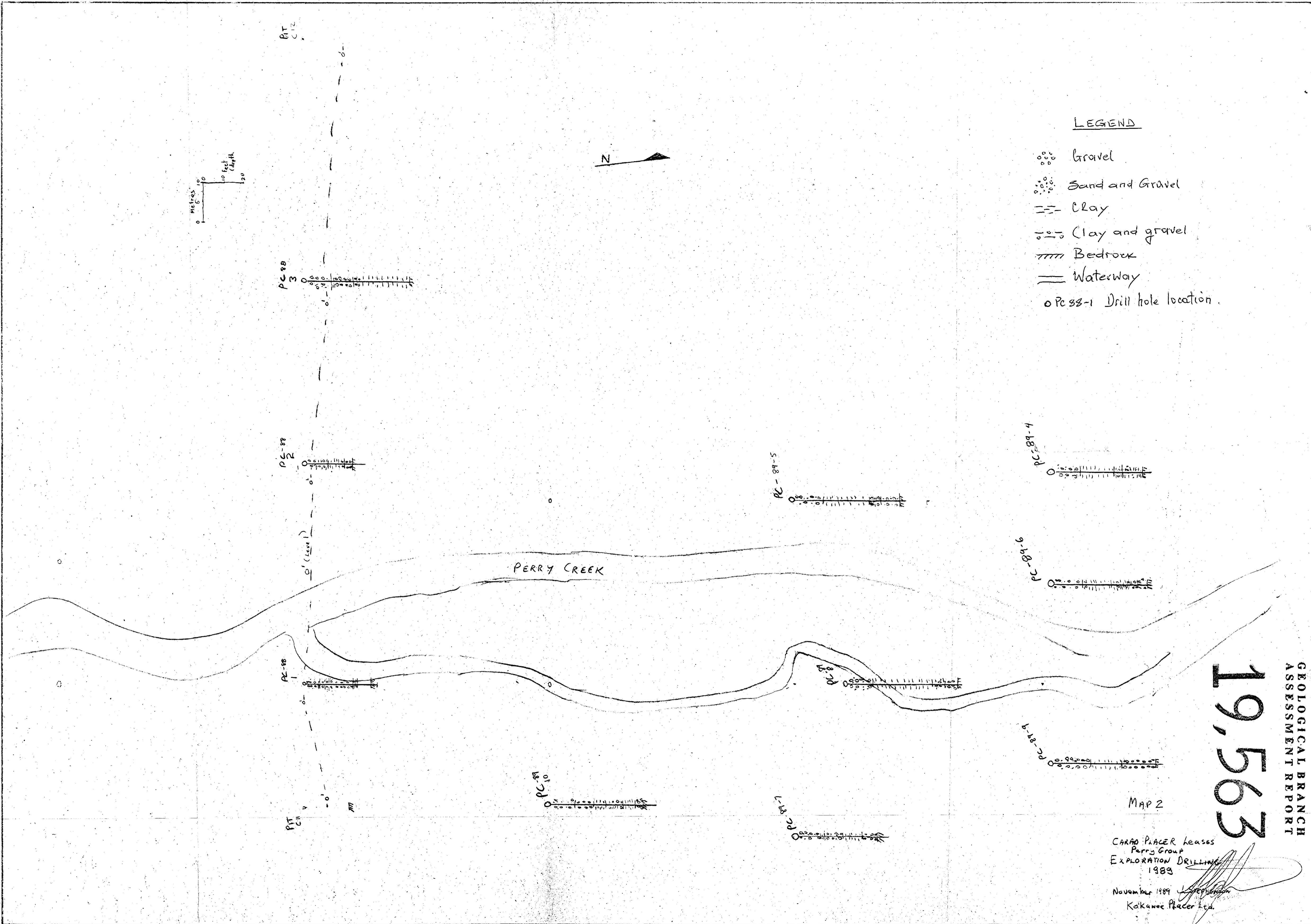
4 5 9 2

Perry

MAP 1  
 LEASE LOCATION  
 1989 EXPLORATION PROGRAM ON  
 CARAD PLACER LEASES  
 PERRY CREEK  
 FORT STEELE MINING DIVISION  
 BRITISH COLUMBIA  
 1989

1" = 1/2 MILE

0 500 M



LEGEND

- Gravel
- Sand and Gravel
- Clay
- ⊥ Clay and gravel
- ▨ Bedrock
- Waterway
- PC 89-1 Drill hole location

GEOLOGICAL BRANCH  
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MAP 2

CARAD PLACER Leases  
Perry Group  
EXPLORATION DRILLING  
1989

November 1989  
Kokanee Placer Ltd.