1989 PROSPECTING REPORT
ON THE
HOUR 1 CLAIM

Located in the Telegraph Creek Area
Liard Mining Division
NTS 104F/16E
57° 51' North Latitude
132° 12' West Longitude

-prepared for-
CANDELA RESOURCES LTD.

-prepared by-
Don Coolidge, Prospector

May, 1990

1989 PROSPECTING REPORT ON THE HOUR 1 CLAIM

TABLE OF CONTENTS

APPENDICES

LIST OF FIGURES

1.0 INTRODUCTION

The Hour 1 claim was staked in March of 1989 to cover favourable geology near the headwaters of the Barrington River, approximately 58 kilometers west of Telegraph Creek in northwestern British Columbia (Figure 1). The claim is located adjacent to the Rush 1-4 claims which cover a large hydrothermally altered zone in sediments and volcanics adjacent to a syenite intrusion. The geological similarity to the Galore Creek, Iskut River, Sulphurets and Stewart mining camps to the southeast and the area's potential for precious metal mineralization, have sparked renewed exploration interest throughout the area.

Reconnaissance exploration, consisting of prospecting and geochemical sampling, was carried out over the Hour 1 property on July 22, 1989. Equity Engineering Ltd. conducted this program for Candela Resources Ltd. and has been retained to report on the results of the fieldwork.

2.0 LIST OF CLAIMS

Records of the British Columbia Ministry of Energy, Mines and Petroleum Resources indicate that the Hour 1 claim (Figure 2) is owned by Candela Resources Ltd..

Claim Name	Record Number	No. of Units	Record Date	Expiry Year
Hour 1	5963	20	March 26, 1989	1991*

* Subject to the approval of assessment work recorded in March 1990

The Hour 1 claim overlaps the Rush 4 claim to the northeast and the Gran #31 claim to the southeast, slightly reducing the actual ground coverage. The position of the legal corner post for

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HOUR 1 CLAIM LOCATION MAP

BRITISH COLUMBIA

EQUITY ENGINEERING LTD.

DRAWN: J.J.E	MINING DIV.: LIARD	FIGURE
N.T.S.: 104 F/16E	SCALE: AS SHOWN	1
DATE: MAY, 1990	REVISED:	

the Hour 1 claim has not been verified by the author.

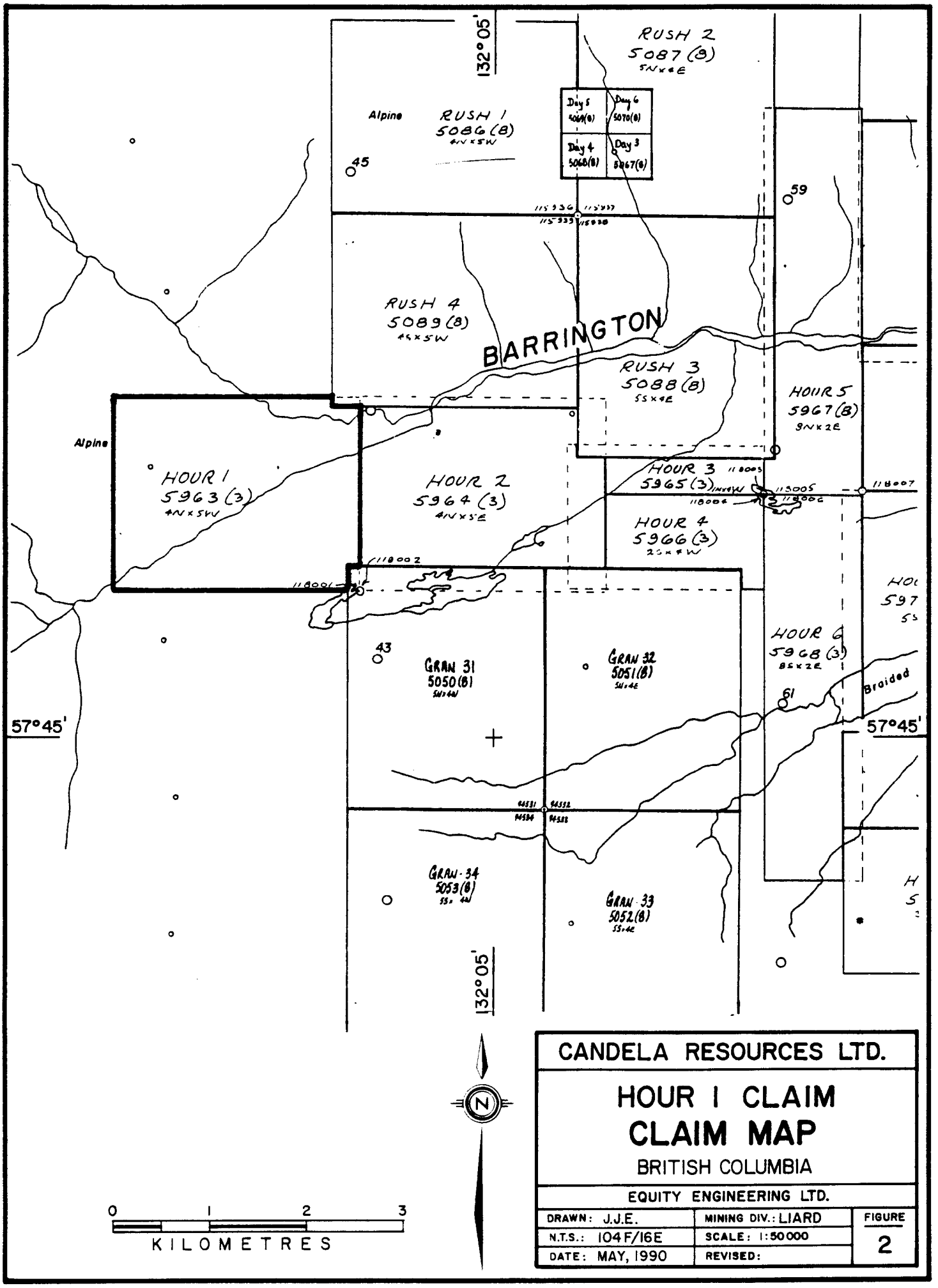
3.0 LOCATION, ACCESS AND GEOGRAPHY

The Hour 1 claim is located within the Boundary Ranges of the Coast Mountains approximately 58 kilometers west of Telegraph Creek in northwestern British Columbia (Figure 1). The claim lies within the Liard Mining Division, centred at 57° 51' north latitude and 132° 12' west longitude.

The nearest secondary road extends sixteen kilometers south of Telegraph Creek to Glenora on the Stikine River. An access road suitable for four-wheel drive vehicles has been constructed west-southwest from Glenora to the site of Integrated Resources' placer mining camp on the Barrington River approximately four kilometers upstream from its confluence with the Chutine River. The placer camp is situated approximately 29 kilometers southeast of the Hour 1 property. Access to the property for the 1989 exploration program was provided by a helicopter setout from the Barrington River camp.

The Hour 1 claim straddles the Barrington River and the lower mountain slopes on either side of the river. Topography is rugged, typical of mountainous and glaciated terrain, with elevations ranging from just below 900 meters on the Barrington River to above 1640 meters in the northwestern corner of the Hour 1 claim.

Lower slopes are covered by a dense growth of hemlock and spruce with an undergrowth of devil's club and huckleberry. Steeper open slopes are covered by dense slide alder growth. Above treeline, which occurs between 920 and 1240 meters elevation, more open alpine vegetation is present. Both summer and winter temperatures are moderate although annual rainfall may exceed 200



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HOUR 1 CLAIM
CLAIM MAP

BRITISH COLUMBIA

EQUITY ENGINEERING LTD.

DRAWN: J.J.E.	MINING DIV.: LIARD	FIGURE 2
N.T.S.: 104 F/16E	SCALE: 1:50000	
DATE: MAY, 1990	REVISED:	

centimeters and several meters of snow commonly fall at higher elevations.

4.0 PROPERTY MINING HISTORY

4.1 Previous Work

Placer gold was discovered on gravel bars of the Stikine River between Glenora and Telegraph Creek in 1861 and worked extensively until the early 1900's. The placer gold deposits of the lower Barrington River have been worked sporadically since 1903.

The area south and west of Telegraph Creek was extensively explored for its copper potential throughout the 1960's, following the discovery of the Galore Creek copper-gold porphyry deposit in 1955 and the Schaft Creek copper-molybdenum deposit in 1957, both of which host greater than one million tonnes of contained copper. These deposits are located 87 kilometers south-southwest and 62 kilometers south-southeast, respectively, from Telegraph Creek.

In June of 1957, Conwest Exploration Company Limited staked the Balsom Group to cover an extensive gossan seven kilometers east-northeast of the Hour 1 claim. American Metal Climax Inc., in their search for porphyry copper-molybdenum mineralization, optioned the property from Conwest Exploration in 1958 and conducted geological mapping and surface stripping of a number of mineralized zones (Hachey, 1958). Spartan Explorations Ltd., who restaked the Balsom Group as the LLC mineral claims in 1968, delineated three zones of pyrite-magnetite-specularite-molybdenite mineralization in quartz stockworks within a syenite intrusive (referred to as the LLC molybdenum deposit in Figure 3). Spartan completed a total of 466 meters of diamond drilling in two AX size drill holes and recovered drill assays ranging up to 0.32%

molybdenite (Roberts and Smith, 1968).

In 1966, Cominco Ltd. conducted an exploration program to test copper mineralization on the Edson group which was located three kilometers to the southeast of the present Hour 1 claim (referred to as the Edson showing in Figure 3). The exploration program consisted of geological mapping, geophysical work, surface-trenching and 43 meters of diamond drilling in three holes. Copper mineralization consists of chalcopyrite disseminated with pyrite in chlorite-mica schists and as more granular pods and massive mineralization. Mineralization appears to be associated with fold crests rather than quartz veins and gashes, which are usually lacking in sulphide minerals. A chip sample across 2.1 meters assayed 0.70% copper, 0.3 grams gold per tonne and 21 grams silver per tonne (BCDM, 1966).

The northeastern corner of the Hour 1 claim was previously staked, in 1961, by Southwest Potash Corporation as part of the Sam group of 80 claims. Work conducted over the claim group included geological mapping, geochemical sampling, airborne magnetometer surveying and 937 meters of diamond drilling in three AX size drill holes (BCDM, 1962). Traces of molybdenite hosted in Triassic volcanic tuffs and argillites along fracture planes and in quartz stringers were reported for all holes. In 1968, the ground was re-staked by a private group as the ANG 1-48 claims and additional claims, the Ang 49-112, were staked. Coronet Mines Ltd. optioned the ground and conducted an airborne magnetometer survey during September of the same year revealing an elongated east-west anomaly.

The Rush 1-4 claims which border the Hour 1 claim to the north, were staked by Continental Gold Corp. in 1988 to cover the now defunct Sam Group as well as anomalous stream sediment geochemistry from a regional geochemical survey conducted by the

Federal and Provincial geological surveys. They conducted limited prospecting on the claims in September 1988, collecting grab and float samples of mineralized quartz veins (Dawson, 1988). Candela Resources Ltd. optioned the Rush 1-4 property in 1989 and completed preliminary geological mapping and geochemical sampling on the claim group during the same year. A pyrite-galena rich quartz vein (the Nod Vein, Figure 4), which could be traced for over 100 meters on surface, returned assays up to 5.14 grams gold per tonne (0.150 ounces/ton) and 369.9 grams silver per tonne (10.79 ounces/ton) over 25 centimeters (Lehtinen, 1990). Other quartz veins sampled on the property returned silver values up to 396.3 grams silver per tonne (11.56 ounces/ ton) but contained insignificant amounts of gold.

4.2 1989 Work Program

On July 22 of 1989, Candela Resources Ltd. carried out reconnaissance exploration on the Hour 1 claim, consisting of prospecting and stream sediment sampling using a topographic plan map at a scale of 1:50,000. This program was targeted at gold-rich mesothermal base metal veins similar to those occurring within a similar geological environment to the southeast in the Galore Creek, Iskut River, Sulphurets and Stewart mining districts.

During the course of this program, one silt sample and four rock samples were taken. The silt sample was collected from silt accumulations in an unnamed creek draining into the Barrington River, sieved to minus 80 mesh in the laboratory and analyzed geochemically for gold and 9-elements by ICP (Figure 4). Prospecting and sampling were carried out over the claim using a 1:50,000 topographic plan map with 40 meter contour intervals, as a base (Figure 4 is a 1:20,000 enlargement of this map). Rock samples, described in Appendix C, were taken from zones of alteration and mineralization and analyzed geochemically for gold

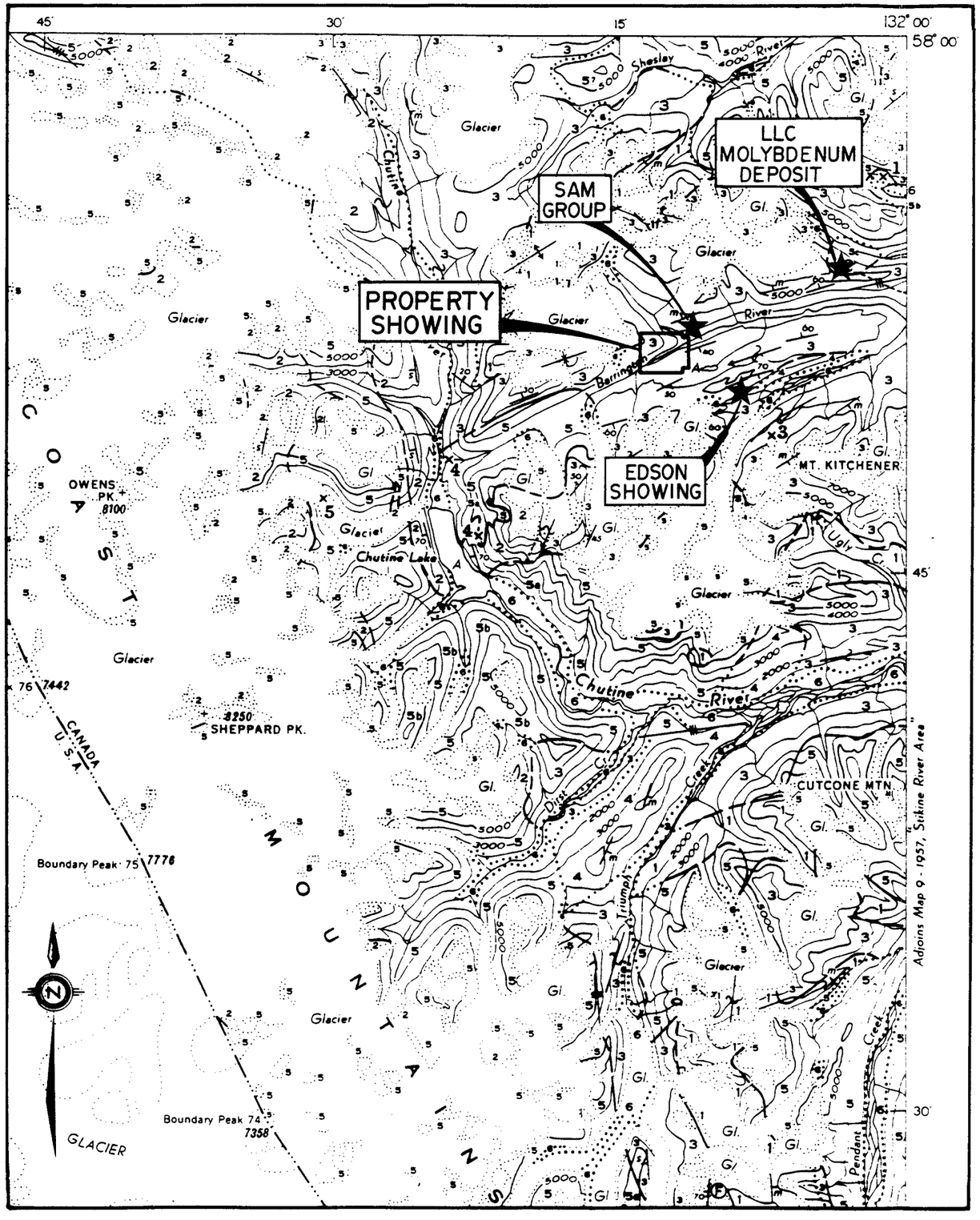
and 32-elements by ICP. Analytical certificates are attached in Appendix D.

5.0 REGIONAL GEOLOGY

The Telegraph Creek area lies on the western margin of the Intermontane Belt within the Stikine Arch near its contact with the Coast Plutonic Complex (Figure 3). A sequence of Palaeozoic to Middle-to-Upper Triassic oceanic sediments is unconformably overlain by rocks equivalent to Upper Triassic Stuhini Group island arc volcanics and sediments. These have been intruded by syenitic stocks and by quartz diorite and granodiorite plutons of the Coast Plutonic Complex (Souther, 1971). Souther's (1959) mapping of map sheet 104 F, where the Hour 1 claim is located, is less detailed than the 1971 mapping of map sheet 104 G, immediately to the east, as he has grouped all intrusive units together as the Coast Intrusions of post lower Triassic age for map sheet 104 F.

The oldest rock assemblage in the Telegraph Creek area consists of Permian bioclastic limestone (Unit 1) overlying metamorphosed sediments and volcanics and crinoidal limestone.

Unconformably overlying the Permian limestone unit are Middle -to- Upper Triassic rocks (Units 3 and 4) equivalent to Stuhini Group island arc volcanics and sediments. East of the Hour 1 claim, in the Telegraph Creek area, Souther (1971) grouped these volcanic and sedimentary members into Unit 9, noting however that they were composed predominantly of augite andesite breccia, conglomerate and volcanic sandstone. Several significant gold occurrences are hosted by Upper Triassic Stuhini volcanics in a cluster around Galore Creek ninety kilometers to the south-southeast.



LEGEND

CENOZOIC

QUATERNARY
PLEISTOCENE AND RECENT

6 — Fluviatile gravel, sand, and silt; glacial outwash; till and alpine moraine

MESOZOIC

TRIASSIC (?) AND LATER
POST LOWER TRIASSIC
COAST INTRUSIONS

5 — 5, undivided: 5a, hornblende-biotite granodiorite, biotite-hornblende quartz diorite; minor leucogranite: 5b, pink biotite quartz monzonite: 5c, light grey leucocratic syenite

TRIASSIC
MIDDLE (?) AND UPPER TRIASSIC

3 | 4 | 3 — 3, Phyllite: interlaminated dark grey argillite, light grey siltstone, and fine-grained greywacke; light grey impure limestone and calcareous siltstone:
4, Green and greenish grey andesite, greenstone, and pillow basalt (intercalated with 3)

TRIASSIC AND (?) EARLIER

2 — Quartz-albite-amphibole gneiss: amphibolite, quartz-biotite schist, garnetiferous schist, augen gneiss, and tremolite marble

PALAEOZOIC

CARBONIFEROUS (?) AND PERMIAN

1 — Thick-bedded white and light grey limestone, calcareous shale, argillite, chert, and cherty siltstone

Geological boundary (defined, approximate, assumed)
Bedding (inclined, dip: m, moderate; s, steep)
Anticline
Syncline
Trend of complexly folded beds (direction of plunge known, unknown)
Lineament (from air photographs)
Fossil locality
Mineral occurrence x5

INDEX TO MINERAL OCCURRENCES

1 Small high-grade pockets of molybdenite near borders of stock

2 Property presently held by American Metals-Climax Co.; pyrite-molybdenite-bearing quartz veinlets in fractured syenite

3 Pyrite, chalcopyrite, and bornite (?) disseminated in sheared phyllite

4 Veins and disseminated rosettes of coarse molybdenite in fine-grained leucogranite (5a)

5 Float from medial moraine on glacier: fine-grained leucogranite with veins and disseminated rosettes of coarse molybdenite

Geology by J.G. Souther, 1958

Km 0 5 10 15 Km

Miles 0 1 2 3 4 5 10 Miles

CANDELA RESOURCES LTD.

HOUR 1 CLAIM

REGIONAL GEOLOGY

LIARD MINING DIVISION, B.C.

EQUITY ENGINEERING LTD.

Drawn.	N.T.S.	Date.	FIG. No.
J.W.	104F/16E.	MAY, 1990	3

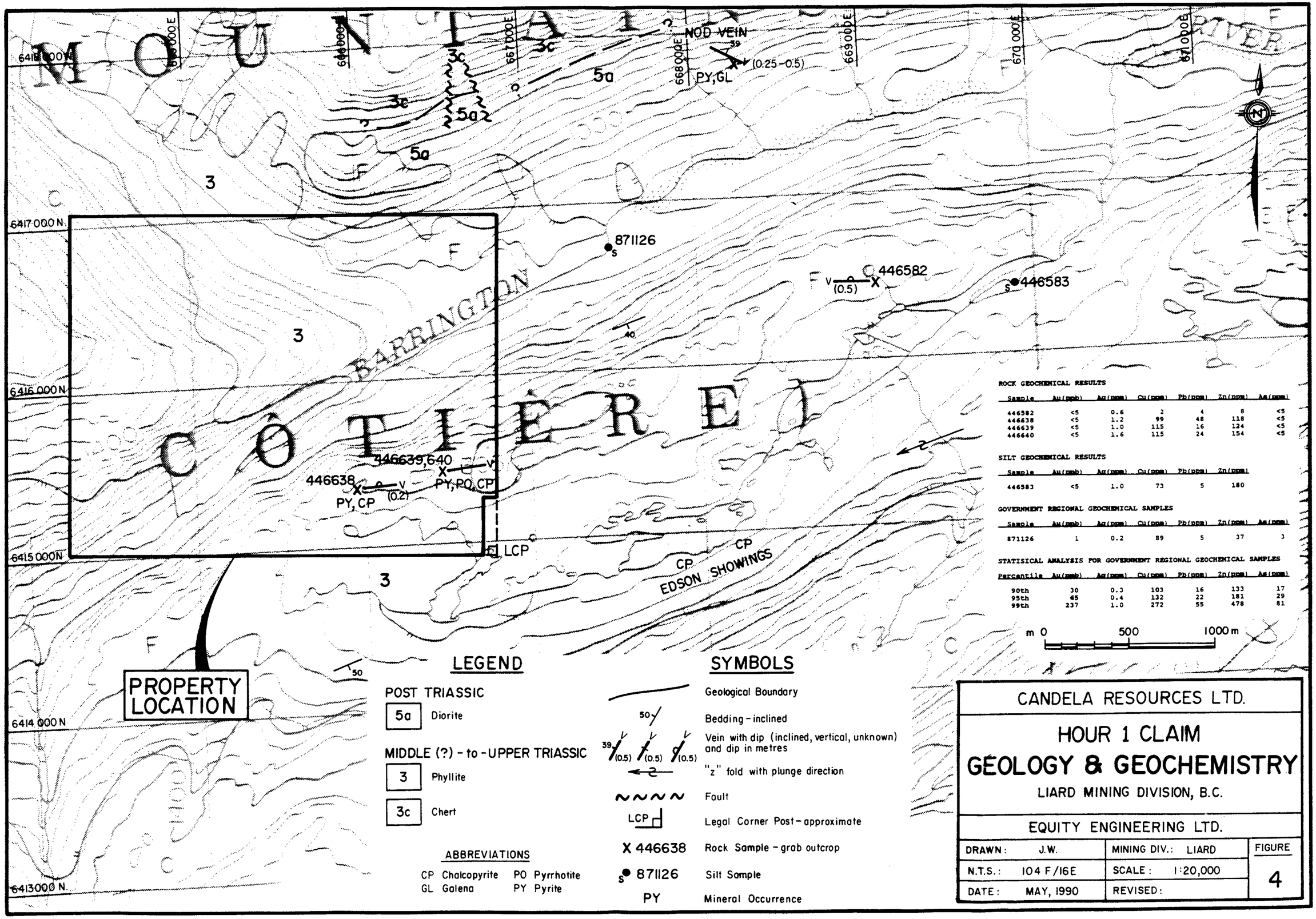
Small, equidimensional syenite, pyroxenite and orthoclase porphyry stocks (Unit 5c), mapped as post Lower Triassic by Souther (1958), intrude mainly Stuhini volcanics. One of these stocks, which hosts the LLC molybdenum prospect, outcrops seven kilometers east of the Hour 1 claim. On the Telegraph Creek map-sheet, the syenite stocks have been dated as Late Triassic to early Jurassic by Souther (1971, Unit 12). The syenite porphyry associated with the Poke and Gordon copper occurrences, approximately 23 kilometers southeast of the Hour property, may also belong to this alkalic group. The Galore Creek and Copper Canyon copper-gold porphyry deposits, located ninety kilometers southeast of the Hour claim, are also hosted by Upper Triassic volcanics intruded by syenitic stocks. Orthoclase porphyry or syenite stocks are associated with most significant precious metals deposits in the Stewart, Sulphurets and Iskut River districts, including the Silbak Premier, Sulphurets, and Snip deposits.

Granodiorite to quartz diorite batholiths (Unit 5) of the Coast Plutonic Complex intrude all older lithologies. This unit consists mainly of medium-grained hornblende-biotite granodiorite with lesser biotite-hornblende quartz diorite and pink biotite quartz monzonite. It is locally foliated near its margins.

6.0 PROPERTY GEOLOGY AND MINERALIZATION

6.1 Geology

The Hour 1 claim is predominantly underlain by crumpled and folded Middle(?)-to-Upper Triassic phyllites (Figure 4). These phyllites consist of interlaminated dark grey argillite, lighter grey siliceous siltstone and fine-grained greywacke with lenses of impure limestone and calcareous shale (Souther, 1959). Bedding measurements on the former Edson claim group to the southeast,



ROCK GEOCHEMICAL RESULTS

Sample	Au(ppb)	Ag(ppm)	Cu(ppm)	Pb(ppm)	Zn(ppm)	As(ppm)
446582	<5	0.6	2	4	8	<5
446638	<5	1.2	99	48	118	<5
446639	<5	1.0	115	16	124	<5
446640	<5	1.6	115	24	154	<5

SILT GEOCHEMICAL RESULTS

Sample	Au(ppb)	Ag(ppm)	Cu(ppm)	Pb(ppm)	Zn(ppm)
446583	<5	1.0	73	5	180

GOVERNMENT REGIONAL GEOCHEMICAL SAMPLES

Sample	Au(ppb)	Ag(ppm)	Cu(ppm)	Pb(ppm)	Zn(ppm)	As(ppm)
871126	1	0.2	89	5	37	3

STATISICAL ANALYSIS FOR GOVERNMENT REGIONAL GEOCHEMICAL SAMPLES

Percentile	Au(ppb)	Ag(ppm)	Cu(ppm)	Pb(ppm)	Zn(ppm)	As(ppm)
90th	30	0.3	103	16	133	17
95th	65	0.4	132	22	181	29
99th	237	1.0	272	55	478	81

LEGEND

POST TRIASSIC

- 5a — Diorite

MIDDLE (?) - to - UPPER TRIASSIC

- 3 — Phyllite
- 3c — Chert

ABBREVIATIONS

CP	Chalcopyrite	PO	Pyrrhotite
GL	Galena	PY	Pyrite

SYMBOLS

- Geological Boundary
- Bedding - inclined
- Vein with dip (inclined, vertical, unknown) and dip in metres
- "z" fold with plunge direction
- Fault
- LCP — Legal Corner Post - approximate
- X 446638 — Rock Sample - grab outcrop
- S 871126 — Silt Sample
- PY — Mineral Occurrence

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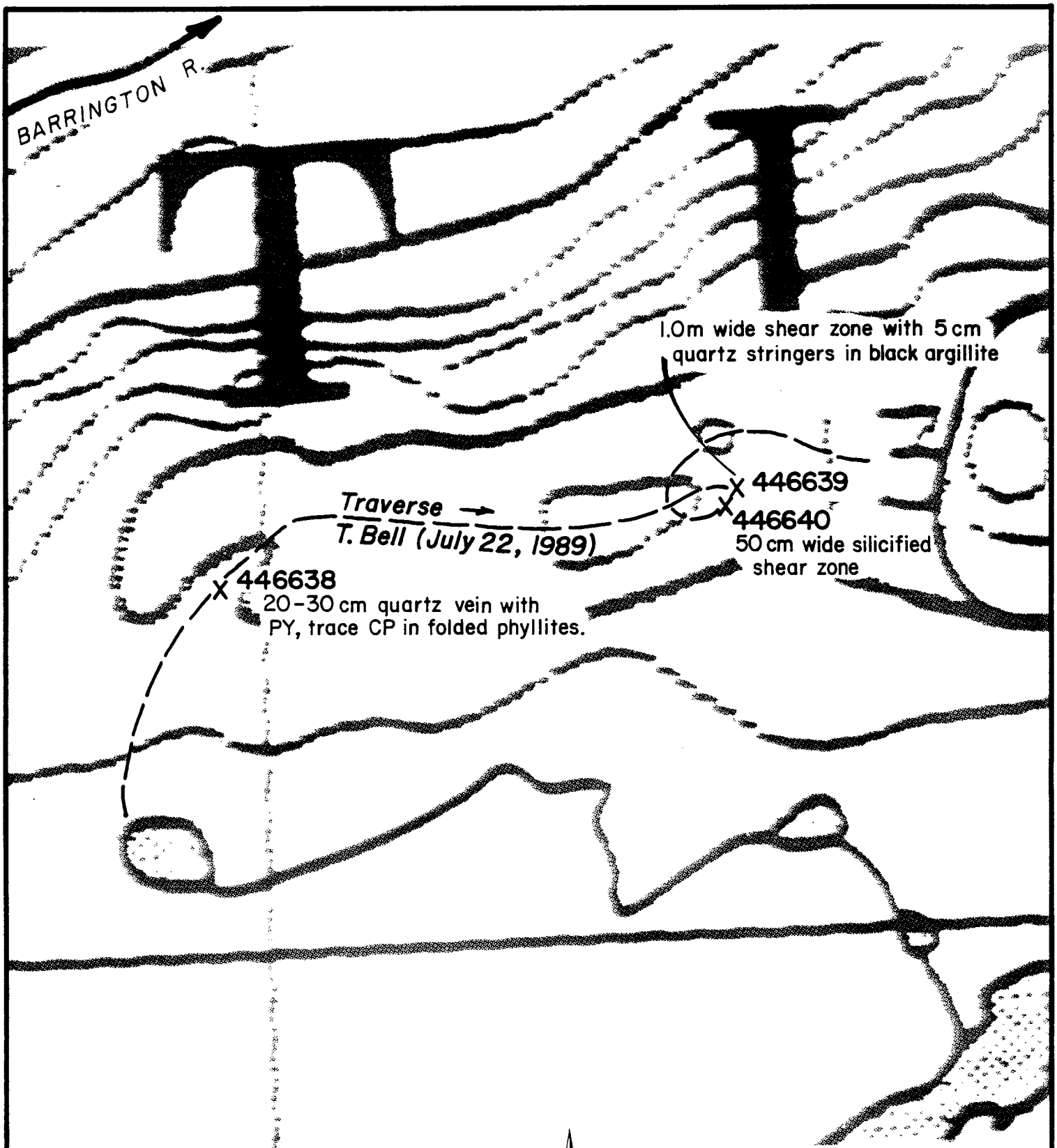
HOUR 1 CLAIM
GEOLOGY & GEOCHEMISTRY

LIARD MINING DIVISION, B.C.

EQUITY ENGINEERING LTD.

DRAWN: J.W.	MINING DIV.: LIARD	FIGURE	
N.T.S.: 104 F/16E	SCALE: 1:20,000		4
DATE: MAY, 1990	REVISED:		



Legend and geochemical results on FIG. 4.

0 100 200 300
METRES

CANDELA RESOURCES LTD.

HOUR 1 CLAIM

TRAVERSE MAP

British Columbia

EQUITY ENGINEERING LTD.

DRAWN: J.J.E.	MINING DIV.: LIARD	FIG. 4a
N.T.S.: 104 F/16E	SCALE: 1:5000	
DATE: NOV., 1990	REVISED:	

strikes east-northeast and dips steeply to the south with fold axes plunging steeply to the west (a lesser number of axes plunge moderately to the west) (BCDM, 1966). Lehtinen (1990) indicates that bedding parallels foliation on the Rush 1-4 claim group to the north and has mapped a medium, green-grey bedding-parallel dioritic body near the Hour 1 northern claim boundary. The extent of this intrusive is not known and it may extend onto the Hour 1 property.

6.2 Mineralization

Numerous quartz veins, 0.2 to 1.0 meters in width, occur sub-parallel to the bedding and foliation. Some of the veins are very well mineralized with pyrite and pyrrhotite and contain a trace of chalcopyrite; but four rock samples taken of these veins returned insignificant precious and base metal values.

7.0 GEOCHEMISTRY

One silt sample (#871126) was taken from the Barrington River 650 meters east of the northeast corner of the Hour 1 claim (Figure 5) during the course of regional geochemical sampling conducted by the Federal and Provincial geological surveys (GSC, 1988). This sample contained low background levels of gold and base metal values, but contained an anomalous amount of tungsten (4.0 ppm) which was equivalent to the government's 95th percentile as calculated for all 1289 samples taken from the Telegraph Creek and Sumdum map sheets. The significance of this anomaly is not known.

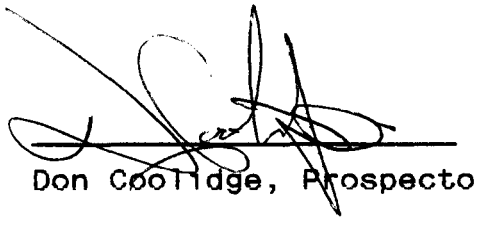
During the 1989 exploration program, one silt sample was collected from a unnamed stream approximately four kilometers downstream from the Hour 1 claim during the course of the 1989 exploration program (Figure 4). Silt sample #446583 returned anomalous silver (1.0 ppm) and zinc (180 ppm) values but

insignificant gold and other base metal values. The silver and zinc values were equivalent to the government's 99th percentile for silver and exceeded the 90th percentile for zinc. The source of these anomalies may be silver-rich quartz veins similar to those sampled by Lehtinen (1990) on the Rush 1-4 claims to the north. However, only a fraction of the stream drainage lies on the Hour 1 claim, and the anomaly source probably lies between the sample site and the first lake upstream, entirely off the property.

8.0 DISCUSSION AND CONCLUSIONS

The Hour 1 claim is at an early stage of exploration. To date, only limited prospecting and geochemical sampling has been conducted. The property is largely underlain by Middle-to-Upper Triassic metasedimentary rocks, cut by quartz veining of variable width. Although no precious or base metal mineralization was found during this program, the presence of gold-silver quartz veins within similar rock units on the Rush 1-4 claims to the north and copper mineralization within the metasedimentary rocks to the southeast, indicates the need for further exploration work on the Hour 1 claim.

Respectfully submitted,
EQUITY ENGINEERING LTD.



Don Coolidge, Prospector

Vancouver, British Columbia
May, 1990

APPENDIX A

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BIBLIOGRAPHY

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APPENDIX B

STATEMENT OF EXPENDITURES

STATEMENT OF EXPENDITURES
HOUR 1 CLAIM
(July 22, 1989)

PROFESSIONAL FEES AND WAGES:		
Tom Bell, Prospector		
1.0 day @ $250/day	$ 250.00	$ 250.00
EXPENSES:		
Camp Food	25.00	
Camp Rental	20.00	
Helicopter Charters	604.00	
Chemical Assays	78.02	
		727.02
REPORT (estimated)		1,000.00
MANAGEMENT FEE:		
15% on expenses		109.05
		$ 2,086.07

APPENDIX C

ROCK DESCRIPTIONS

Description Abbreviations:

AS	Arsenopyrite	LI	Limonite
AZ	Azurite	MC	Malachite
BI	Biotite	MG	Magnetite
CA	Calcite	MO	Molybdenite
CB	Carbonate	MR	Mariposite
CL	Chlorite	MS	Sericite
CP	Chalcopyrite	MU	Muscovite
CY	Clay	PO	Pyrrhotite
DO	Dolomite	PY	Pyrite
EP	Epidote	QZ	Quartz
FE	Iron	SI	Silica
GL	Galena	SP	Sphalerite
KF	Potassium Feldspar		

EQUITY ENGINEERING LTD.

Geochemical Data Sheet - ROCK SAMPLING

NTS 104F/16E

Sampler Tom Bell | Project CDD90-03 | Location Ref Chuting Lake

Date July 22, 1989 | Property Hover 1 claim | Air Photo No

SAMPLE NO.	LOCATION	SAMPLE TYPE	Sample Width (m) / True Width (m)	DESCRIPTION			ADDITIONAL OBSERVATIONS	ppb / ppm ASSAYS / ppm					
				Rock Type	Alteration	Mineralization		Au	Ag	Cu	Pb	Zn	As
446638	N 6415340 E 665950 Elev. 1195m	Grab	5.0 / 0.2-0.3	Phyllite	Qz veins minor Cl	PY Trace CP	Vein exposed over 10m Vein strikes 085° dips ?	<5	1.2	99	48	118	<5
639	N 6415430 E 666450 Elev. 1210m	"	1.0 / 1.0	Argillite	Qz stringers, SI, Cl	PY, PO Trace CP	Shear zone ± 1.0 m wide with 5 cm Qz stringers, zone trends 090°/dip vert	<5	1.0	115	16	124	<5
640	N 6415430 E 666480 Elev. 1210m	"	0.5 / 0.5	"	SI minor Cl	PY, PO Trace, CP	Shear zone, highly silicified trends 060°/dip vertical	<5	1.6	115	24	154	<5
Don Coolidge,		July 22/1989											
446582	N 6416460 E 667060 Elev. 1189m	Grab	0.5	Cl rich tuff	Qz lense	non visible	Qz lense exposed for 25.0m and trends 270°	<5	0.6	2	4	8	<5

APPENDIX D

CERTIFICATES OF ANALYSIS

Chemex Labs Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1
PHONE (604) 984-0221

To: EQUITY ENGINEERING LTD.

207 - 675 W. HASTINGS ST.
VANCOUVER, BC
V6B 1N2

A8922530

Comments: ATTN: D. CAULFIELD

CERTIFICATE A8922530

EQUITY ENGINEERING LTD
PROJECT : HOUR
P O # : NONE

Samples submitted to our lab in Vancouver, BC.
This report was printed on 10-AUG-89.

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
205	4	Rock Geochem: Crush,split,ring
238	4	ICP: Aqua regia digestion

* NOTE 1:

The 32 element ICP package is suitable for trace metals in soil and rock samples. Elements for which the nitric-aqua regia digestion is possibly incomplete are: Al, Ba, Be, Ca, Cr, Ga, K, La, Mg, Na, Sr, Ti, Tl, W.

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
100	4	Au ppb: Fuse 10 g sample	FA-AAS	5	10000
921	4	Al %: 32 element, soil & rock	ICP-AES	0.01	15.00
922	4	Ag ppm: 32 element, soil & rock	ICP-AES	0.2	200
923	4	As ppm: 32 element, soil & rock	ICP-AES	5	10000
924	4	Ba ppm: 32 element, soil & rock	ICP-AES	10	10000
925	4	Be ppm: 32 element, soil & rock	ICP-AES	0.5	100.0
926	4	Bi ppm: 32 element, soil & rock	ICP-AES	2	10000
927	4	Ca %: 32 element, soil & rock	ICP-AES	0.01	15.00
928	4	Cd ppm: 32 element, soil & rock	ICP-AES	0.5	100.0
929	4	Co ppm: 32 element, soil & rock	ICP-AES	1	10000
930	4	Cr ppm: 32 element, soil & rock	ICP-AES	1	10000
931	4	Cu ppm: 32 element, soil & rock	ICP-AES	1	10000
932	4	Fe %: 32 element, soil & rock	ICP-AES	0.01	15.00
933	4	Ga ppm: 32 element, soil & rock	ICP-AES	10	10000
951	4	Hg ppm: 32 element, soil & rock	ICP-AES	1	10000
934	4	K %: 32 element, soil & rock	ICP-AES	0.01	10.00
935	4	La ppm: 32 element, soil & rock	ICP-AES	10	10000
936	4	Mg %: 32 element, soil & rock	ICP-AES	0.01	15.00
937	4	Mn ppm: 32 element, soil & rock	ICP-AES	5	10000
938	4	Mo ppm: 32 element, soil & rock	ICP-AES	1	10000
939	4	Na %: 32 element, soil & rock	ICP-AES	0.01	5.00
940	4	Ni ppm: 32 element, soil & rock	ICP-AES	1	10000
941	4	P ppm: 32 element, soil & rock	ICP-AES	10	10000
942	4	Pb ppm: 32 element, soil & rock	ICP-AES	2	10000
943	4	Sb ppm: 32 element, soil & rock	ICP-AES	5	10000
958	4	Sc ppm: 32 elements, soil & rock	ICP-AES	1	100000
944	4	Sr ppm: 32 element, soil & rock	ICP-AES	1	10000
945	4	Ti %: 32 element, soil & rock	ICP-AES	0.01	5.00
946	4	Tl ppm: 32 element, soil & rock	ICP-AES	10	10000
947	4	U ppm: 32 element, soil & rock	ICP-AES	10	10000
948	4	V ppm: 32 element, soil & rock	ICP-AES	1	10000
949	4	W ppm: 32 element, soil & rock	ICP-AES	10	10000
950	4	Zn ppm: 32 element, soil & rock	ICP-AES	2	10000

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE., NORTH VANCOUVER
BRITISH COLUMBIA, CANADA V7J-2C1

PHONE (604) 984-0221

To: EQUITY ENGINEERING LTD.

207 - 675 W. HASTINGS ST.
VANCOUVER, BC
V6B 1N2

Project : HOUR
Comments: ATTN: D. CAULFIELD

Page No. : 1-A
Tot. Pages: 1
Date : 10-AUG-89
Invoice # : I-8922530
P.O # : NONE

CERTIFICATE OF ANALYSIS A8922530

SAMPLE DESCRIPTION	PREP CODE		Au ppb FA+AA	Al %	Ag ppm	As ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %	Ga ppm	Hg ppm	K %	La ppm	Mg %	Mn ppm
446582	205	238	< 5	0.09	0.6	< 5	10	< 0.5	2	0.02	< 0.5	1	187	2	0.39	< 10	< 1	< 0.01	< 10	0.06	55
446638	205	238	< 5	1.02	1.2	< 5	60	< 0.5	2	1.44	< 0.5	11	92	99	3.99	20	< 1	0.08	10	1.03	2250
446639	205	238	< 5	0.63	1.0	< 5	50	< 0.5	2	2.14	1.0	26	140	115	3.99	10	< 1	0.04	< 10	0.95	785
446640	205	238	< 5	0.48	1.6	< 5	60	< 0.5	2	0.94	0.5	16	66	115	4.76	20	< 1	0.10	10	0.48	405

CERTIFICATION : B. Caufield

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Page No. : 1-B
Tot. Pages: 1
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CERTIFICATE OF ANALYSIS A8922530

SAMPLE DESCRIPTION	PREP CODE		Mo ppm	Na %	Ni ppm	P ppm	Pb ppm	Sb ppm	Sc ppm	Sr ppm	Ti %	Tl ppm	U ppm	V ppm	W ppm	Zn ppm
446582	205	238	< 1	< 0.01	6	10	4	< 5	< 1	< 1	< 0.01	< 10	< 10	6	< 10	8
446638	205	238	5	0.04	10	510	48	< 5	9	57	0.01	< 10	< 10	45	< 10	118
446639	205	238	26	0.03	79	1020	16	< 5	9	96	< 0.01	< 10	< 10	97	< 10	124
446640	205	238	< 1	0.06	18	690	24	< 5	10	35	< 0.01	< 10	< 10	141	< 10	154

CERTIFICATION : B. Caufield

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207 - 675 W. HASTINGS ST.
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Comments: ATTN: D. CAULFIELD

CERTIFICATE A8922529

EQUITY ENGINEERING LTD
PROJECT : HOUR
P O # : NONE

Samples submitted to our lab in Vancouver, BC.
This report was printed on 11-AUG-89.

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
201	1	Dry, sieve -80 mesh; soil, sed.
298	1	ICP: Aqua regia digestion

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
100	1	Au ppb: Fuse 10 g sample	FA-AAS	5	10000
1005	1	Ag ppm: 9 element,soil and rock	ICP-AES	0.5	200
1929	1	Co ppm: 9 element, soil & rock	ICP-AES	1	10000
1931	1	Cu ppm: 9 element, soil & rock	ICP-AES	1	10000
1932	1	Fe %: 9 element, soil & rock	ICP-AES	0.01	15.00
1937	1	Mn ppm: 9 element, soil & rock	ICP-AES	5	10000
1938	1	Mo ppm: 9 element, soil & rock	ICP-AES	1	10000
1940	1	Ni ppm: 9 element, soil & rock	ICP-AES	1	10000
1004	1	Pb ppm: 9 element,soil and rock	ICP-AES	5	10000
1950	1	Zn ppm: 9 element, soil & rock	ICP-AES	2	10000

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CERTIFICATE OF ANALYSIS A8922529

SAMPLE DESCRIPTION	PREP CODE		Au ppb FA+AA	Ag ppm	Co ppm	Cu ppm	Fe %	Mn ppm	Mo ppm	Ni ppm	Pb ppm	Zn ppm
446583	201	298	< 5	1.0	16	73	5.10	1725	1	36	5	180

CERTIFICATION : B. Caughlin

APPENDIX E

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

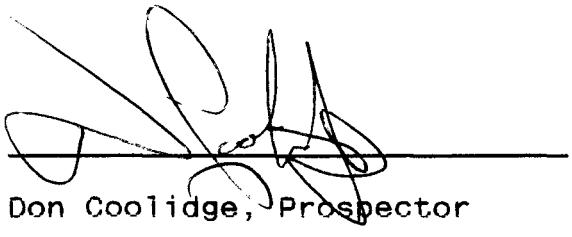
I, DON COOLIDGE, of Eddontenajon in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Prospector whose primary employment since 1978 has been in the field of mineral exploration.

2. THAT my experience has encompassed a wide range of geological environments and has allowed considerable familiarization with standard exploration techniques.

3. THAT this report is based on fieldwork carried out under my direction on July 22, 1989.

DATED at Vancouver, British Columbia, this 24 day of MAY, 1990.



Don Coolidge, Prospector