ASSESSMENT REPORT
ON THE
METALLURGICAL SAMPLE
DIAMOND DRILLING PROGRAM

(CINOLA GOLD PROJECT)

SKEENA MINING DIVISION,
GRAHAM ISLAND
QUEEN CHARLOTTE ISLANDS, BRITISH COLUMBIA

Location:

NTS : 103 F/9E
Latitude : 53°32'N
Longitude : 132°13'W

Claims

BABE 1 to 32
RIC 1 to 12
RIC 20 FR to RIC 26 FR
ROBIN FR

Owned and Operated By:

City Resources (Canada) Limited
#2000 - 666 Burrard Street
Vancouver, B. C.
V6C 2X8

Prepared By:

NEIL V. FROC, P. Eng.

June 1990

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1.0 INTRODUCTION

A three hole diamond drilling program was carried out from November 26 to December 7, 1989 on the Babe 1 to 32, Ric 1 to 12, Ric 20 FR to Ric 26 FR and Robin FR claims for the purpose of collecting samples for metallurgical testwork. The holes were collared within the Babe 5 and Babe 7 claim boundaries.

The"HQ" size drill core was collected, logged and shipped to Richmond, B. C. under the direction of the author.

2.0 LOCATION

The Babe 1 to 32, Ric 1 to 12, Ric 20 FR to Ric 26 FR and Robin Fr claims are situated approximately 740 km northwest of Vancouver on central Graham Island in the Queen Charlottes, some 18 km southwest of the village of Port Clements (see Figure 1).

The mineral claims are located within the Skeena Mining Division on NTS map sheet 103 F/9E, centered on geographic coordinates 53°32'N latitude and 132°13'W longitude (see Figure 2).

3.0 ACCESS

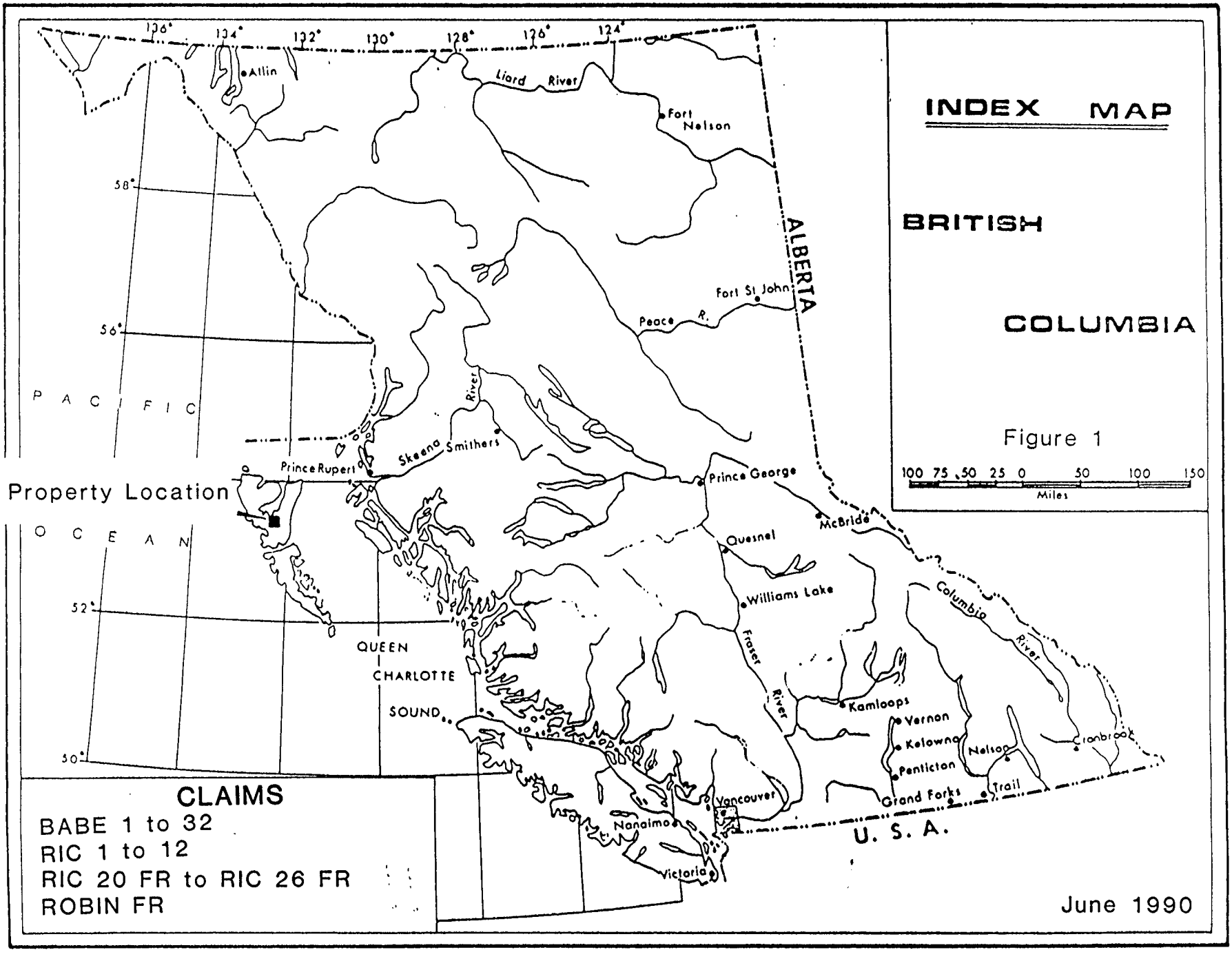
Drive in access to the property is gained from Port Clements via 40 km of MacMillan Bloedel owned and maintained gravel logging roads. The property is situated near the end of MacMillan Bloedel's "Branch 42" road.

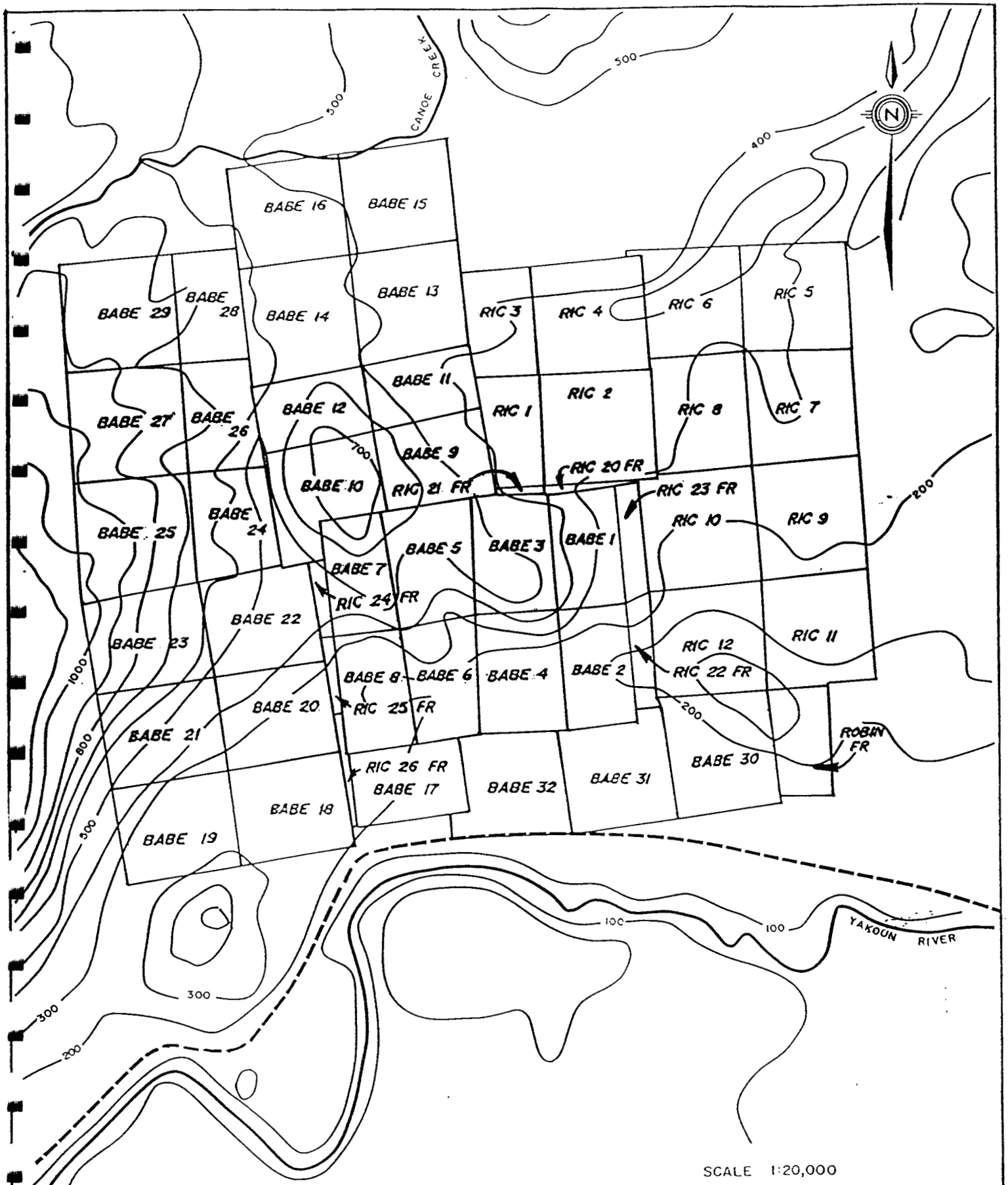
Port Clements can be reached from either Prince Rupert or Vancouver by regularly scheduled Canadian Airlines flights to Sandspit on Moresby Island, thence hourly B. C. Ferry service from Aliford Bay to Skidegate and highway travel on Yellowhead Highway No. 16. Skidegate can also be reached by twice weekly B. C. Ferry service from Prince Rupert.

4.0 TOPOGRAPHY AND VEGETATION

The terrain in the claim area is gently rolling to rugged, ranging in elevation from sea level to 270 m. Climatic conditions are typical of the coastal areas of British Columbia with high rainfall.

Most of the claim area has been recently logged or is in second growth with the remaining vegetation consisting primarily of fir, hemlock and spruce.


INDEX MAP
BRITISH
COLUMBIA
Figure 1
100 75 50 25 0 50 100 150
Miles
Property Location
CLAIMS
BABE 1 to 32
RIC 1 to 12
RIC 20 FR to RIC 26 FR
ROBIN FR
June 1990
136° 134° 132° 130° 128° 126° 124°
58°
56°
52°
50°
Atlin
Liard River
Fort Nelson
ALBERTA
Fort St. John
Peace R.
PACIFIC
OCEAN
Skeena River
Prince Rupert
Smithers
Prince George
McBride
Quesnel
Williams Lake
Fraser River
Columbia River
QUEEN CHARLOTTE SOUND
Kamloops
Vernon
Kelowna
Penticton
Nelson
Cranbrook
Trail
Grand Forks
Vancouver
Nanaimo
Victoria
U. S. A.



SCALE 1:20,000

400 200 0 400 Metres

ELEVATION CONTOURS IN METRES

CLAIMS

BABE 1 to 32
RIC 1 to 12
RIC 20 FR to RIC 26 FR
ROBIN FR

Figure 2 CLAIM MAP

June 1990

5.0 CLAIM STATUS

The property consists of 52 contiguous mineral claims and fractions within the Skeena Mining Division on Graham Island of the Queen Charlotte Islands on NTS sheet 103 F/9E. They are 100% owned by City Resources (Canada) Limited and cover an area of approximately 708 ha.

Pertinent claim data in summarized as follows:

Claim Name	Units	Record No.	Expiry Dates
BABE #1-3	3	34966-34968	05/03/92
BABE #4-7	4	34969-34972	05/03/94
BABE #8	1	34973	05/03/92
BABE #9-10	2	35222-35223	26/03/94
BABE #11	1	35224	26/03/93
BABE #12	1	35225	26/03/94
BABE #13-17	5	35226-35230	26/03/92
BABE #18-23	6	36578-36583	03/04/92
BABE #24-29	6	36601-36606	28/04/92
BABE #30-32	3	36746-36748	14/06/92
RIC #1-12	12	36589-36600	28/04/92
RIC #20-23 Frac.	4	36739-36742	14/06/92
RIC #24 Fraction	1	36743	14/06/95
RIC #25-26 Frac.	2	36744-36745	14/06/92
ROBIN Fraction	1	5762 (metric)	26/01/92

Assessment credit is applied for under this report.

6.0 HISTORY

Jarositic gossan and quartz veining was discovered in 1970 by Efrem Specogna and Johnny Trinco while prospecting along the trace of the Sandspit fault zone. Vein and wallrock samples carried gold and the Babe Property was located in 1970.

The claims were first optioned by Kennco Exploration, (Western) Limited who conducted geological mapping, geochemical surveys and drilled two packsack diamond drillholes totalling 55.2 m. The geochemical surveys (Assessment Reports 2890 and 3517) revealed a considerable mercury anomaly as well as weak gold and arsenic anomalies. Following Kennco Exploration, (Western) Limited work the property was optioned to Cominco Ltd in 1972, Placer Development Ltd, Silver Standard Mines Limited, and from the later to Quintana Minerals Corporation.

In 1972 Cominco Ltd drilled nine holes totalling 500 m before relinquishing their option. In 1973, Placer Development Limited explored the property and from 1974 to 1975 Quintana Minerals Corporation drilled 18 percussion holes totalling

633 m, four packsack diamond drillholes totalling 58 m and five BQ hole totalling 690 m.

Consolidated Mines Limited a predecessor to City Resources (Canada) Limited, acquired an option to purchase the present Cinola Gold Project area in 1977 (the Robin Fraction replaced the Bill claim in 1987). In 1979, Consolidated Cinola acquired title to the claims before entering into a joint venture agreement with Energy Reserve Canada Ltd. (Energy Reserve). Energy Reserve acquired a 50% working interest in the claims for $5,000,000 relating to initial exploration and development cost incurred on the property. Consolidated Cinola retained the operator position in the joint venture.

During a three year period ending in 1982 the joint venture expended about $18,000,000 in exploration and development work on the Cinola Project. With Consolidated Cinola as operator, 165 holes totalling about 25 329 m of surface drilling, a 300 m adit, 178 m of crosscuts and 12 holes totalling 1554 m of underground workings were conducted. In 1981, about 4500 t from the underground workings were treated on site in a 45 t/d pilot mill.

In September 1982, the joint venture completed a feasibility study for a 13 000 to 15 000 t/d throughput with extraction based on a complex roasting process. The proposal was for a high capital cost operation with potential for permitting and environmental problems and the joint venture did not proceed.

In August 1984, Misty Gold Inc. acquired all of Energy Reserves interest in the property for $5,000,000 plus a net smelter royalty. In November 1984, Misty Gold shares were exchanged for 1,500,000 shares of Consolidated Cinola Mines Ltd.

Since 1983, Consolidated Cinola Mines Ltd and City Resources (Canada) Limited conducted additional bench scale metallurgical tests, drilled 45 diamond drillholes and 63 reverse circulation holes totalling 10 773 m, extended the adit 58 m to 353 m and drove 66 m of additional crosscut. City Resources objective was to validate previous work and obtain material for new metallurgical work.

In December 1987, Wright Engineering Limited completed a feasibility study for City Resources (Canada) Limited on the Cinola Gold Project. The report summarizes reserves calculated by William Hill Mining Consultants Ltd as follows, "The mineable ore reserves are 24 800 000 t grading 2.11 gm Au/t (27,300,000 st at 0.062 oz/st). An additional 200 000 t grading 1.90 gm Au/t have been classified as possible reserves. The mineable reserves were calculated using a 1.10

gm Au/t (0.032 oz/st) cut-off grade and the overall waste to ore stripping ratio will be 2.08:1".

In December 1989, Barrack Mines Limited, through their subsidiary, Central Coast Exploration NL, concluded the purchase of 10,207,900 or 48.8% of City Resources (Canada) Limited's outstanding shares. Prior to, and during this transaction, it was decided that further metallurgical testwork was required to substantiate past results. The drilling program outlined in this report was undertaken to provide the Company with additional fresh core samples for the testwork.

7.0 WORK PROGRAM

Three diamond drillholes, 89-01 to 89-03 were drilled by Blackhawk Diamond Drilling Inc. for City Resources (Canada) Limited.

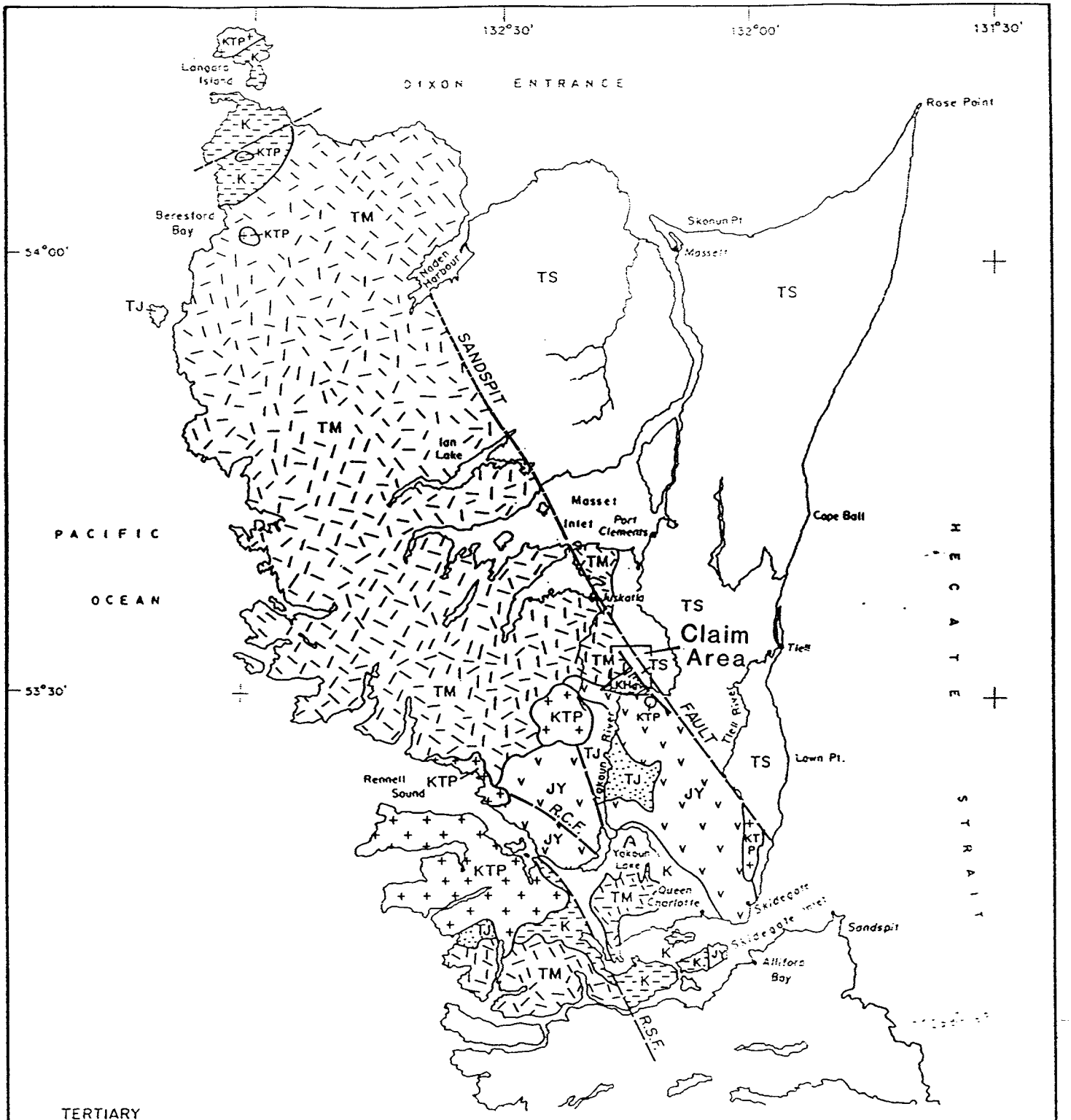
A total of 318.5 m of HQ core drilling was done. The core was photographed, geologically and geotechnically logged and shipped to Bacon, Donaldson and Associates Ltd (BDA), Richmond, B. C. to provide a sample for metallurgical testwork.

8.0 GEOLOGY

8.1 Regional Geology

The Queen Charlotte Islands are part of the Insular Belt of the Canadian Cordillera. They are separated from the Pacific Ocean floor by the Queen Charlotte Transform Fault. The area is included within the Pacific Continental Shelf physiographic region and has been divided into the Queen Charlotte Ranges, Skidegate Plateau and Queen Charlotte Lowlands. The boundaries between the physiographic units follow major northwest trending fault zones.

The general geology of the Queen Charlotte Islands has been mapped and reported on by A. Sutherland-Brown in British Columbia Department of Mines Bulletin No. 54 (1968) (see Figure 3). The area of main interest for precious metals is near the Sandspit fault at the boundary of the Skidegate Plateau and Charlotte Lowlands. Sutherland Brown (1968) defined four main rock formations in Cinola Project area: the Haida and Honna Formations of Cretaceous age, the Masset Formation of Early Tertiary age, and the Skonun Formation of Mio-Pliocene age. West of the Sandspit Fault system, the Skidegate Plateau is



TERTIARY

- TS — *Skonun Fm.*
- TM — *Masset Fm.*

CRETACEOUS

- KHa — *Haida Fm.*
- K — *Undivided sediments*

JURASSIC

- JY_v — *Yakoun Fm.*

TRIASSIC-JURASSIC

- TJ — *Kunga Fm.*

INTRUSIVES

CRETACEOUS-TERTIARY

- KTP

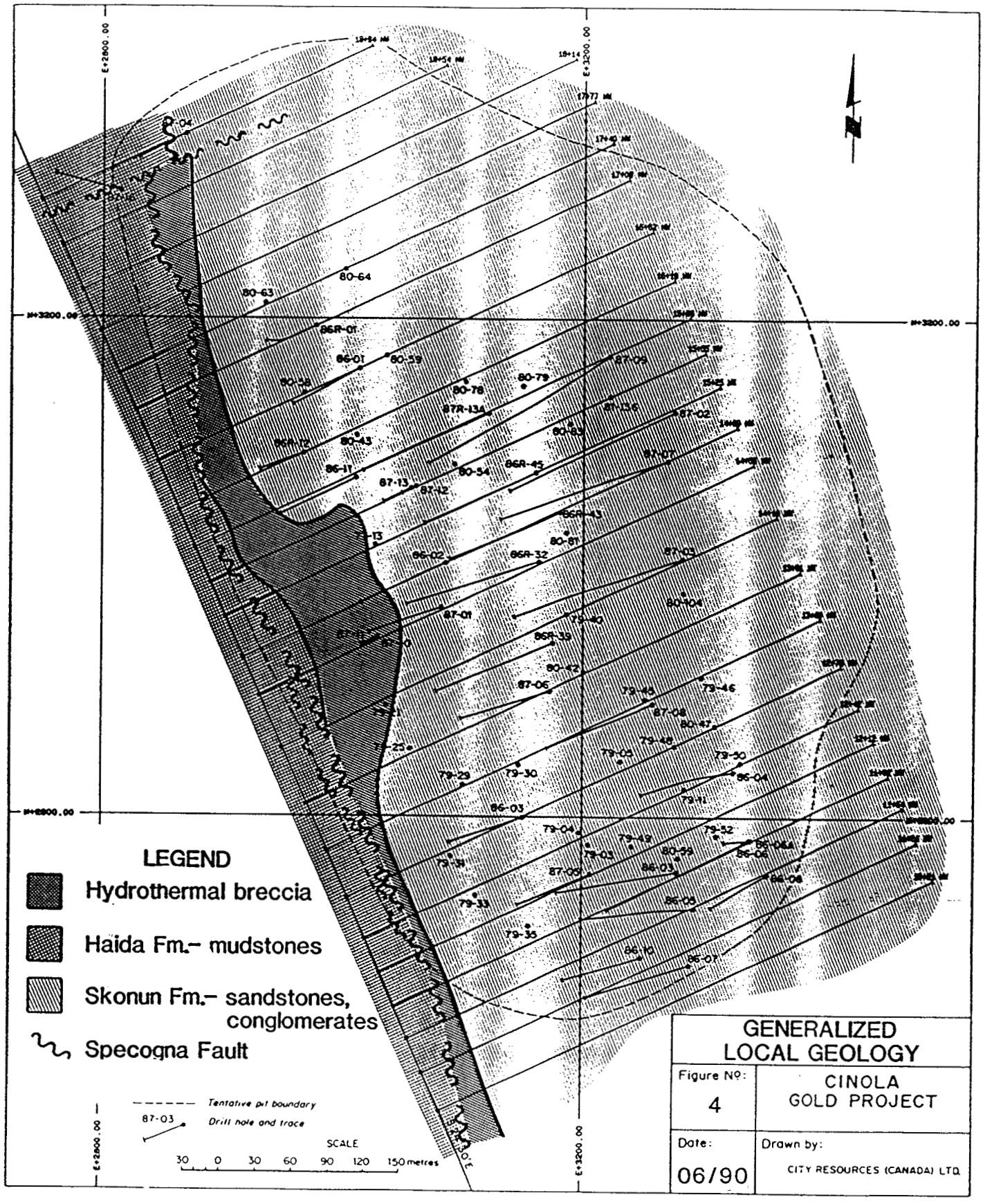
FAULTS:

- ——— *fault*
- *R.C.F.* *Riley Creek Fault*
- *R.S.F.* *Rennell Sound Fault*

CITY RESOURCES (CANADA) LTD.

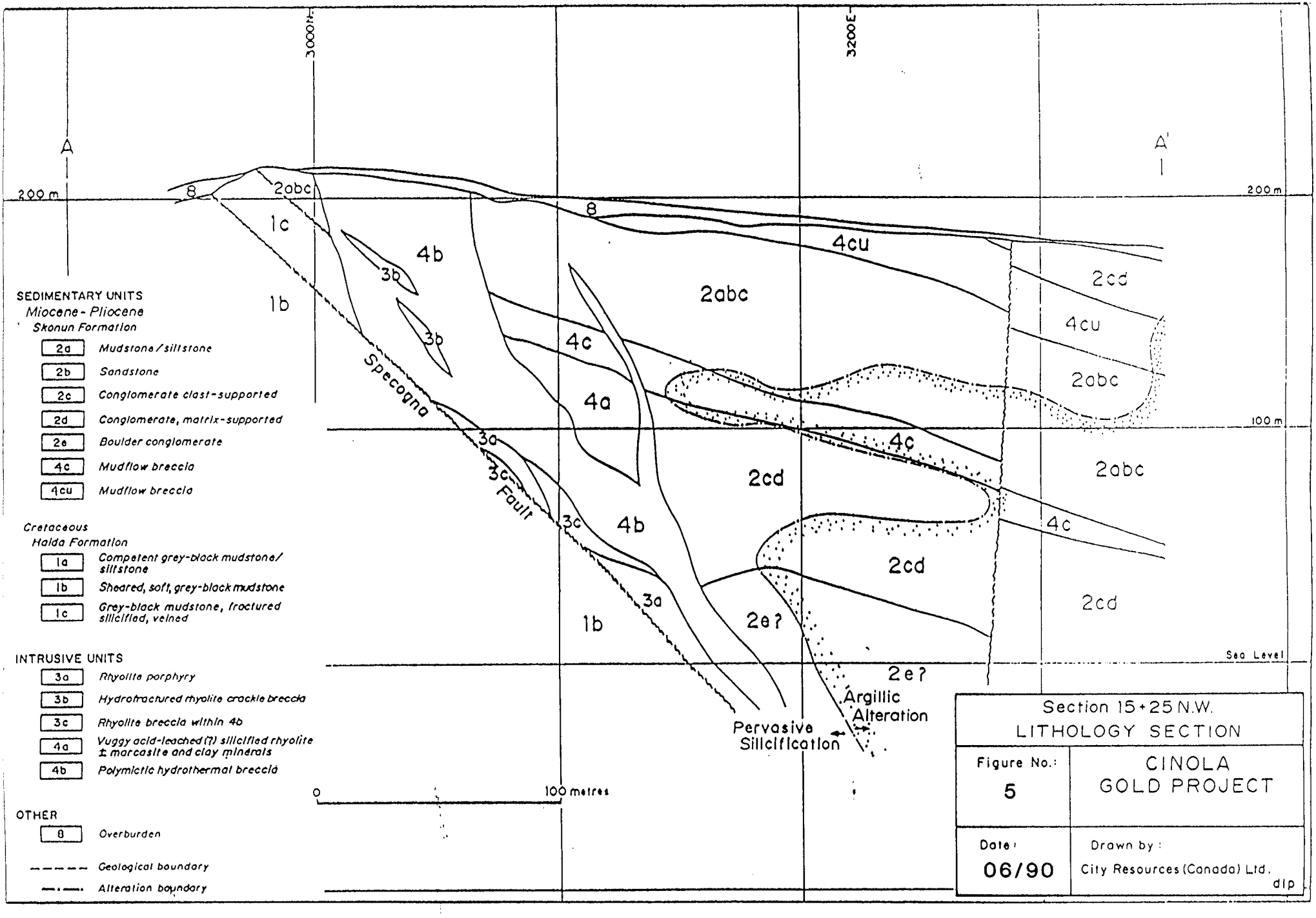
REGIONAL GEOLOGY
GRAHAM ISLAND
QUEEN CHARLOTTE ISLANDS, B.C.

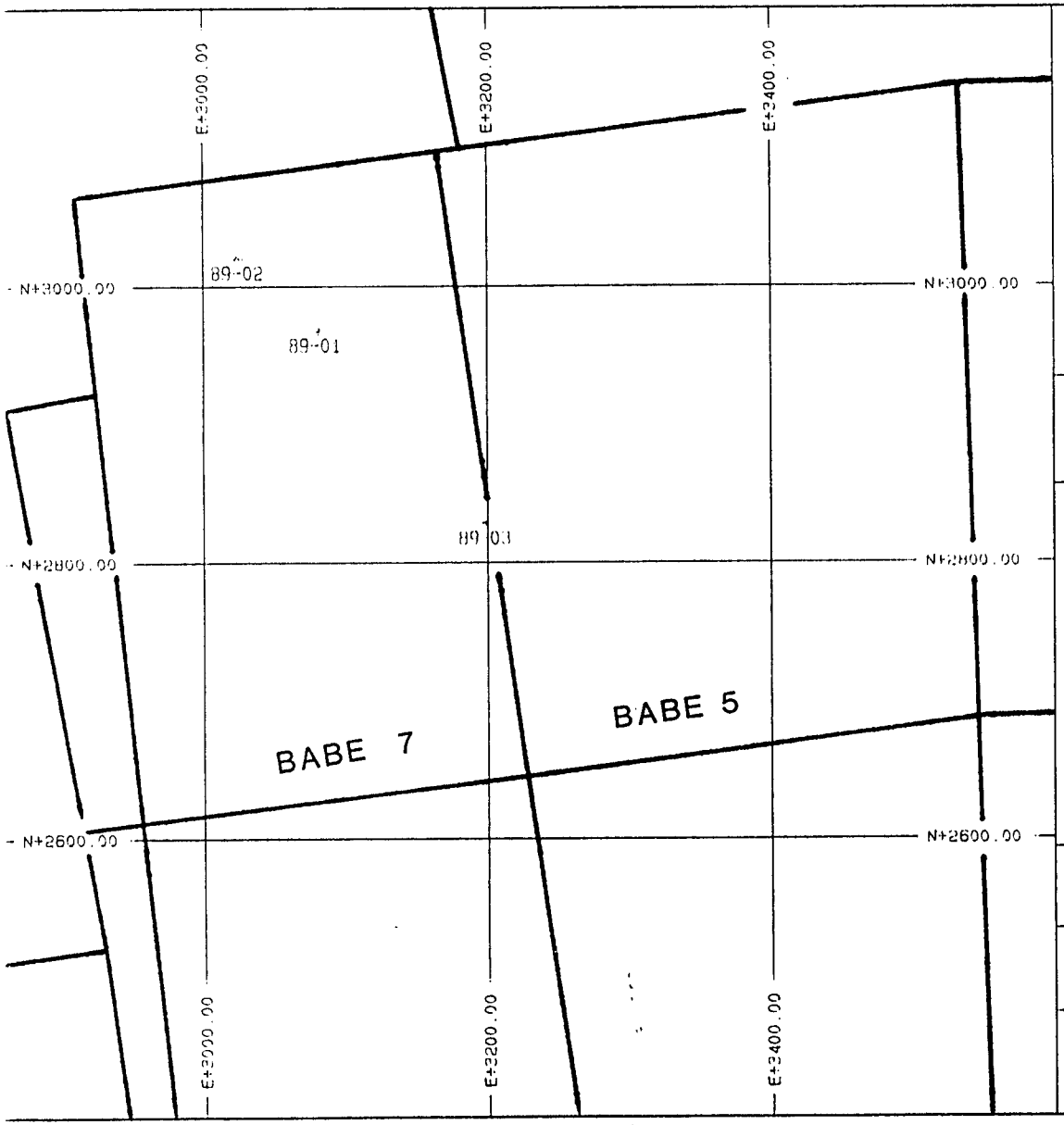
SCALE	DATE		NTS	FIG.NO
as noted	06/90		103 S.E.	3



GENERALIZED LOCAL GEOLOGY

Figure No:	CINOLA GOLD PROJECT
4	
Date: 06/90	Drawn by: CITY RESOURCES (CANADA) LTD.


3000N
3200E
A
A'
200 m
100 m
Sea Level
8
2abc
1c
1b
4b
3b
4c
4a
4cu
2cd
3a
3c
Specogna
Fault
2e?
Argillic Alteration
Pervasive Silicification
0
100 metres
SEDIMENTARY UNITS
Miocene - Pliocene
Skonun Formation
2a Mudstone / siltstone
2b Sandstone
2c Conglomerate clast-supported
2d Conglomerate, matrix-supported
2e Boulder conglomerate
4c Mudflow breccia
4cu Mudflow breccia
Cretaceous
Haida Formation
1a Competent grey-black mudstone/ siltstone
1b Sheared, soft, grey-black mudstone
1c Grey-black mudstone, fractured silicified, veined
INTRUSIVE UNITS
3a Rhyolite porphyry
3b Hydrofractured rhyolite crackle breccia
3c Rhyolite breccia within 4b
4a Vuggy acid-leached (?) silicified rhyolite ± marcasite and clay minerals
4b Polymictic hydrothermal breccia
OTHER
8 Overburden
Geological boundary
Alteration boundary
Section 15+25 N.W.
LITHOLOGY SECTION
Figure No.: 5
CINOLA GOLD PROJECT
Date: 06/90
Drawn by: City Resources (Canada) Ltd.
dlp



CITY RESOURCES

Figure 6

BOREHOLE LOCATION PLAN

(1989 Diamond Drilling)

June 1990

PLOTTED BY PCXPLOR VERSION 1.21

CINOLA GOLD PROJECT
Graham Island, B.C. (Canada)

11/ 6/1990 | SCALE 1: 5000

underlain by Massett Formation volcanic rocks of mafic to felsic composition and the Haida Formation composed of a Lower sandstone member and an upper shale member. A conglomeritic unit in the area of the Cinola Gold deposit has been variably mapped as an extension of the Haida Formation, the Honna Formation and part of the Skonun Formation. East of the Sandspit Fault system, the Queen Charlotte Lowlands are underlain by poorly lithified sands, shale, and conglomerate of the Skonun Formation.

8.2 Property Geology

A synopsis of the property geology is shown on Figure 4 with a typical lithology section on Figure 5. Mineralization occurs in quartz veins, siliceous breccia and replacement zones within silicified conglomerate of the Skonun Formation along a faulted contact with Haida shale in association with rhyolite dikes or sills. The mineralized block is situated between the N30°W trending Sandspit Fault system and a N35°W trending 40-60°E dipping splay referred to as the Specogna or Footwall Fault. Champigny and Sinclair (1980) stated that, "Displaced gold geochemical anomalies, drainage patterns and topography suggest a dextral fault with a downward movement of the east block. This is the same movement picture observed for the Sandspit fault system (Sutherland-Brown, 1968)".

The Cinola Gold deposit formed in a shallow hotspring environment localized by the Specogna fault with heat supplied by emplacement of rhyolitic porphyry bodies along the fault. Intrusion of the porphyry created a hydrothermal system with solutions rich in gold, silver, mercury, arsenic and antimony causing mineralization and alteration of fractured or brecciated rhyolite and a porous clastic sequence. The mineralized zone is characterized by pervasive silicification and argillic alteration. (Tolbert and Froc, 1988.)

9.0 DIAMOND DRILLING

Three diamond drillholes, 89-01 to 90-03 (see Figure 6) were drilled by Blackhawk Diamond Drilling Inc., Site 11, Camp 138, RR 3, Kamloops, B. C. V2C 5K1 for City Resources (Canada) Limited. A total of 318.5 m of HQ core were drilled within the claim units Babe 5 and Babe 7 of the stated Babe 1 to 32, Ric 1 to 12, Ric 20 FR to Ric 26 FR and Robin FR claims. The drilling was completed using a Longyear 44 drilling rig under the supervision of the author.

The core was photographed, geologically and geotechnically logged and shipped to Bacon, Donaldson and Associates Ltd., 12271 Horseshoe Way, Richmond, B. C. V7A 4Z1 by the author to provide a sample for metallurgical testwork. The drill core which was not used for testing remains stored at BDA's warehouse in Richmond. Drill logs for the three holes has been included in Appendix I.

The following is a descriptive list of the diamond drillholes completed during the program.

Hole No.	Azimuth	Inclination	Depth (m)
89-01	-	- 90°(vert)	131.4
89-02	-	- 90°	97.2
89-03	-	- 90°	89.9
TOTAL			**318.5**

10.0 CONCLUSIONS AND RECOMMENDATIONS

The three drill holes provided the expected amount and type of fresh core samples required to conduct further metallurgical testwork.

Further drilling for metallurgical sampling, if required, should be concentrated in the same area.

APPENDIX I

DRILL LOGS

CITY RESOURCES (CANADA) LIMITED

BOREHOLE LOG

Date: December 1, 1989

CORE ORIENTATION DIAGRAM

HOLE NUMBER: 89-01

PROJECT : Cinola

LOCATION : Graham Island, B.C.

CLAIM :

GRID COORDINATES:

U.T.M. COORDINATES: 3079.8 E

2967.0 N

COLLAR ELEVATION : 200 m

INCLINATION: Vertical (-90°)

TOTAL DEPTH: 131.4 m

PURPOSE : Metallurgical Testing Samples

REASON FOR HOLE TERMINATION: Reached Ultimate Depth

LOGGED BY: Neil Froc DATE(S) LOGGED: Dec 1 - Dec 3
1/12/89 - 3/12/89

DRILLING CONTRACTOR: Blackhawk Diamond Drilling Ltd. STARTED: Nov 28/89 (28/11/89) COMPLETED: Dec 1/89 (1/12/89)

SIZE	CORE FROM	TO
Over	0	4.6
H.Q.	4.6	131.4

COLLAR CASED AND CAPPED: NO

HOLE CEMENTED: NO

STEEL DOWN HOLE: NO

SURVEY LOG

CITY RESOURCES (CANADA) LIMITED

DDH 89-01 Date: Dec 1 1989 Logged By: Neil Froc

Collar Survey By: _____ Down Hole Survey By: Blackhawk Drilling

ELEVATION	NORTHING	EASTING	UNITS Ft/M	RFE

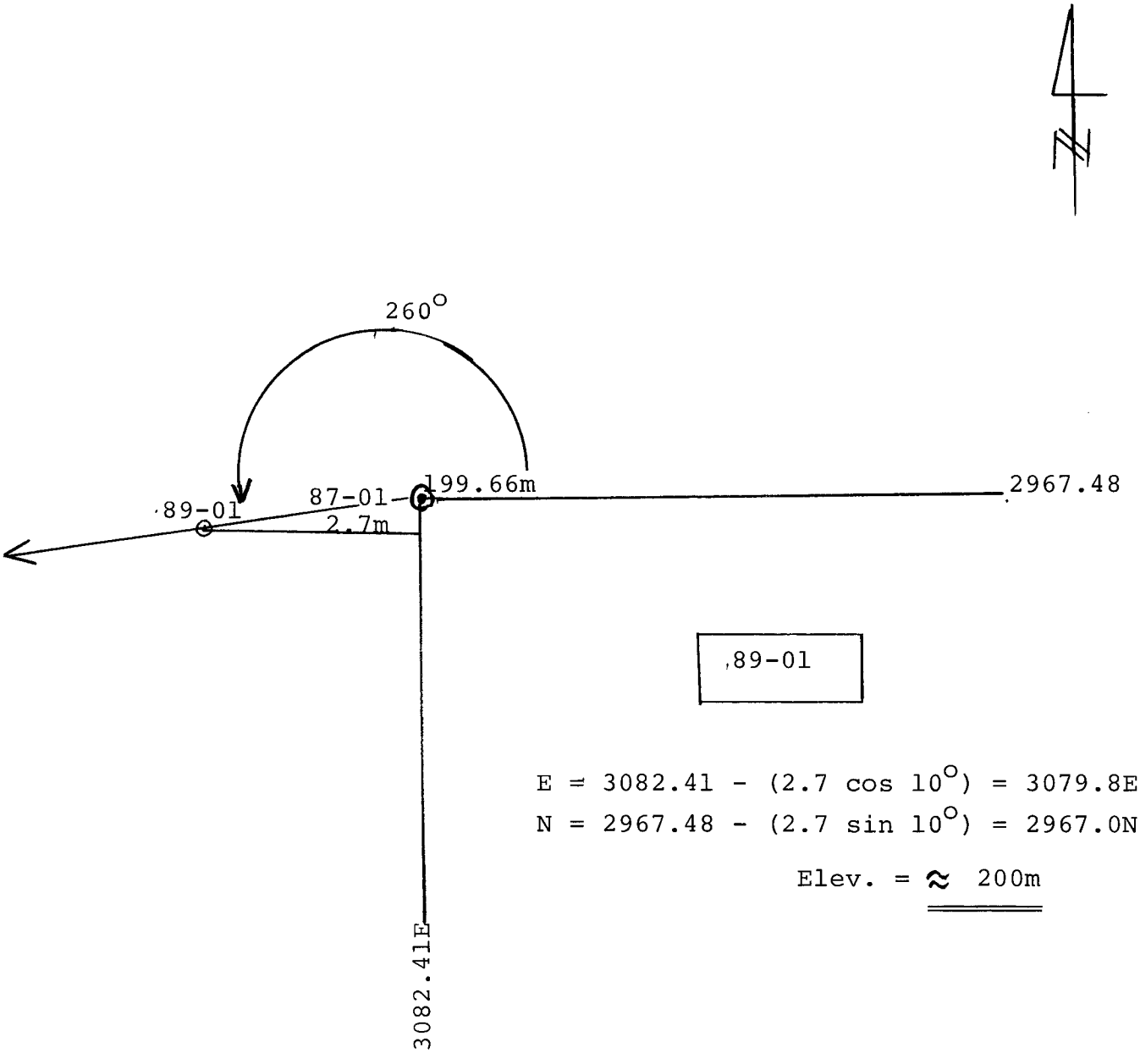
DEPTH	INCLINATION	TRUE AZIMUTH	COMMENTS
0'	-89.25		NS
210' (64m)	-89.25	132.5	Sperry-Sun Single Shot obs.azim S25°E
431' (131.4m)	-89.00	107.5	Sperry-Sun Single Shot obs.azim S50°E

COMMENTS ON COLLAR SURVEY
*See next page

Note: The coordinates for the collar location of 89-01 have been approximated by a compass and chain survey only. A proper survey must be done at a later date (the collar locations have been marked with orange 4" x 4" post with the hole # painted on)

The location of 89-01 has been determined as follows:

Dec 6/89 89-01 From collar of 87-01
260° 2.7 m same elev.



E = 3082.41 - (2.7 cos 10°) = 3079.8E
N = 2967.48 - (2.7 sin 10°) = 2967.0N

Elev. = ≈ 200m

City Resources (Canada) Limited **LITHOLOGIC LOG**

AND GEOTECHNICAL

DDH 89-01

Date: Dec 3/89 Logged by: Neil Froc

1 of 4

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
0	4.6	8									Overburden
4.6	6	4b	5	1	2	1	90	75	70	25	Minor 2b @ 4.6-4.9 veining pred. 60° CA
6	8	4b	5	1	1	1	90	75	100	60	
8	10	4b/2a	1	2	2	0	95	25	95	80	
10	12	2ca	tr	1	1	0	95	15	100	90	
12	14	2c	tr	1	1	0	95	10	95	85	
14	16	5dcF/2c	1	1	1	0	95	50	100	95	
16	18	2ab	tr	15	1	0	80	tr	95	75	large wood-frag @ 11.3m
18	20	2c	tr	tr	1	0	95	1	80	75	
20	22	4b/2c	tr	tr	1	0	95	30	95	90	
22	24	4b/2c	tr	0	tr	0	95	10	100	100	
24	26	4b/2c	tr	1	1	0	95	15	90	80	
26	28	4b/2a	1	1	1	1	95	50	100	100	80% 4b
28	30	4b	tr	tr	tr	3	90	20	100	100	Intense brecciation of congl. & veins
30	32	4b	tr	tr	tr	tr	95	60	100	100	
32	34	4b	tr	tr	tr	tr	95	20	100	80	
34	36	4b	tr	tr	1	tr	95	20	90	80	minor 2c
36	38	2c/4b	tr	tr	1	0	95	30	95	70	
38	40	4b/2ca	tr	tr	tr	0	95	05	95	75	

City Resources (Canada) Limited **LITHOLOGIC LOG** AND GEOTECHNICAL

DDH 89-01 Date: Dec 3/89 Logged by: Neil Froc 2 of 4

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
40	42	4b/2ca	tr	tr	tr	0	95	60	85	50	Minor 2c
42	44	2c	tr	tr	1	0	95	20	95	65	very distinct congl.
44	46	2c	tr	tr	1	0	95	5	95	90	
46	48	2c/5dc	tr	0	1	0	95	50	95	85	
48	50	2c	tr	tr	1	0	95	10	100	100	
50	52	2c	tr	tr	1	0	95	35	90	75	
52	54	2c	tr	tr	1	0	95	10	95	70	
54	56	2c(4c)	tr	tr	1	0	95	5	80	50	Angular pebbly, choc. brown
56	58	2c	0	tr	1	0	95	5	85	60	(minor 4c?)
58	60	2c	0	tr	1	0	95	15	65	45	(minor 4c?)
60	62	2c/4b	0	0	1	0	95	15	75	65	
62	64	4b	0	0	tr	0	95	90	80	70	
64	66	4b	0	0	tr	0	95	95	90	85	
66	68	4b	0	0	tr	0	95	95	84	40	RQD low due to fractures following core axis
68	70	4b	0	0	tr	0	95	95	100	85	
70	72	4b	0	0	tr	0	95	95	100	100	
72	74	4b/3b	0	0	1	0	95	60	95	80	3b at end of interval
74	76	4b/3b	0	0	1	0	95	20	100	95	3b at end of interval, 4b finely comminuted
76	78	4b	0	tr	tr	0	95	20	100	95	

City Resources (Canada) Limited **LITHOLOGIC LOG** AND GEOTECHNICAL

DDH 89-01 Date: Dec 4/89 Logged by: Neil Froc 3 of 4

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
78	80	4b	tr	tr	tr	tr	95	5	95	90	-flow texture
80	82	4b	tr	tr	tr	1	95	50	95	90	@ 81-82 brecciated grey/black veining
82	84	4b	tr	tr	1	tr	95	50	100	100	
84	86	4b	0	tr	1	tr	95	20	95	95	- minor 3b
86	88	4b	0	0	2	0	95	40	100	90	- flow texture, blue/green color in patches
88	90	4b	0	tr	1	0	95	10	95	80	- blue/green color in patches, minor 3b
90	92	4b	0	tr	1	0	95	20	90	80	- blue/green color in patches, flow texture
92	94	4b	0	0	1	0	95	5	100	100	- relict 3b textures
94	96	4b	0	0	1	0	95	5	95	95	- minor 3b
96	98	4b	tr	0	1	0	95	10	100	95	- @ 96.2-96.7 3b?
98	100	4b	0	0	1	0	95	5	100	100	- increasing amount of 3b
100	102	4b	0	0	1	0	95	5	100	100	
102	104	4b	0	0	1	0	95	30	95	95	- blue/green color in patches
104	106	3b/4b	0	0	3	0	95	5	100	100	104-104.5 4b, hematite (jasper along trace)
106	108	3b	0	0	3	0	95	25	100	100	large vein at 108
108	110	3b	0	0	3	0	95	20	100	95	- minor 4b @ 109.7
110	112	3b	0	0	3	0	95	10	100	100	
112	114	3b	0	0	2	0	95	5	100	100	4b? @ 113-114
114	116	3b(4b)	0	0	1	0	95	3	75	70	

City Resources (Canada) Limited **LITHOLOGIC LOG**

AND GEOTECHNICAL

DDH 89-01

Date: Dec 4/89

Logged by: Neil Froc

4 of 4

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
116	118	3b(4b)	0	0	1	0	95	10	100	90	
118	120	5g/3b	0	0	tr	0	95	85	100	90	grey black silica @ 118.4-120 (4b?)
120	122	3c	0	0	tr	30	60	10	80	70	highly clay alt. @ 120.4-120.9
122	124	3c	0	0	tr	0	95	1	100	100	intensely brecciated & stockworked
124	126	3c	0	0	tr	0	95	1	100	100	"
126	128	3c	0	0	tr	0	95	1	100	100	"
128	130	3c/1b	0	0	tr	60	5	0	95	15	1b starts @ 129.8 intense clay alt of 3c
130	131.4	1b	0	0	tr	0	0	0	100	90?	slickensides
	E.O.H.					*clay	gouge				

CITY RESOURCES (CANADA) LIMITED

BOREHOLE LOG

Date: Dec 3/89

CORE ORIENTATION DIAGRAM

HOLE NUMBER: 89-02

PROJECT : Cinola

LOCATION : Graham Island, B.C.

CLAIM :

GRID COORDINATES:

U.T.M. COORDINATES: 3025.1 E

3020.0 N

COLLAR ELEVATION : 210.8

INCLINATION: Vertical (-90°)

TOTAL DEPTH: 97.2 m

PURPOSE : Metallurgical Testing Samples

REASON FOR HOLE TERMINATION: Reached Ultimate Depth

LOGGED BY: Neil Froc DATE(S) LOGGED: Dec 2 - Dec 4

DRILLING CONTRACTOR: Blackhawk Diamond Drilling Ltd. STARTED: Dec 1, 1989 COMPLETED: Dec 3, 1989 2/12/89 - 4/12/89

SIZE	CORE FROM	TO
Over	0	4.0
H.Q.	4.0	97.2

COLLAR CASED AND CAPPED: NO

HOLE CEMENTED: NO

STEEL DOWN HOLE: NO

SURVEY LOG

CITY RESOURCES (CANADA) LIMITED

DDH 89-02 Date: Dec 4 1989 Logged By: Neil Froc

Collar Survey By: _____ Down Hole Survey By: Blackhawk Drilling

ELEVATION	NORTHING	EASTING	UNITS Ft/M	RFE

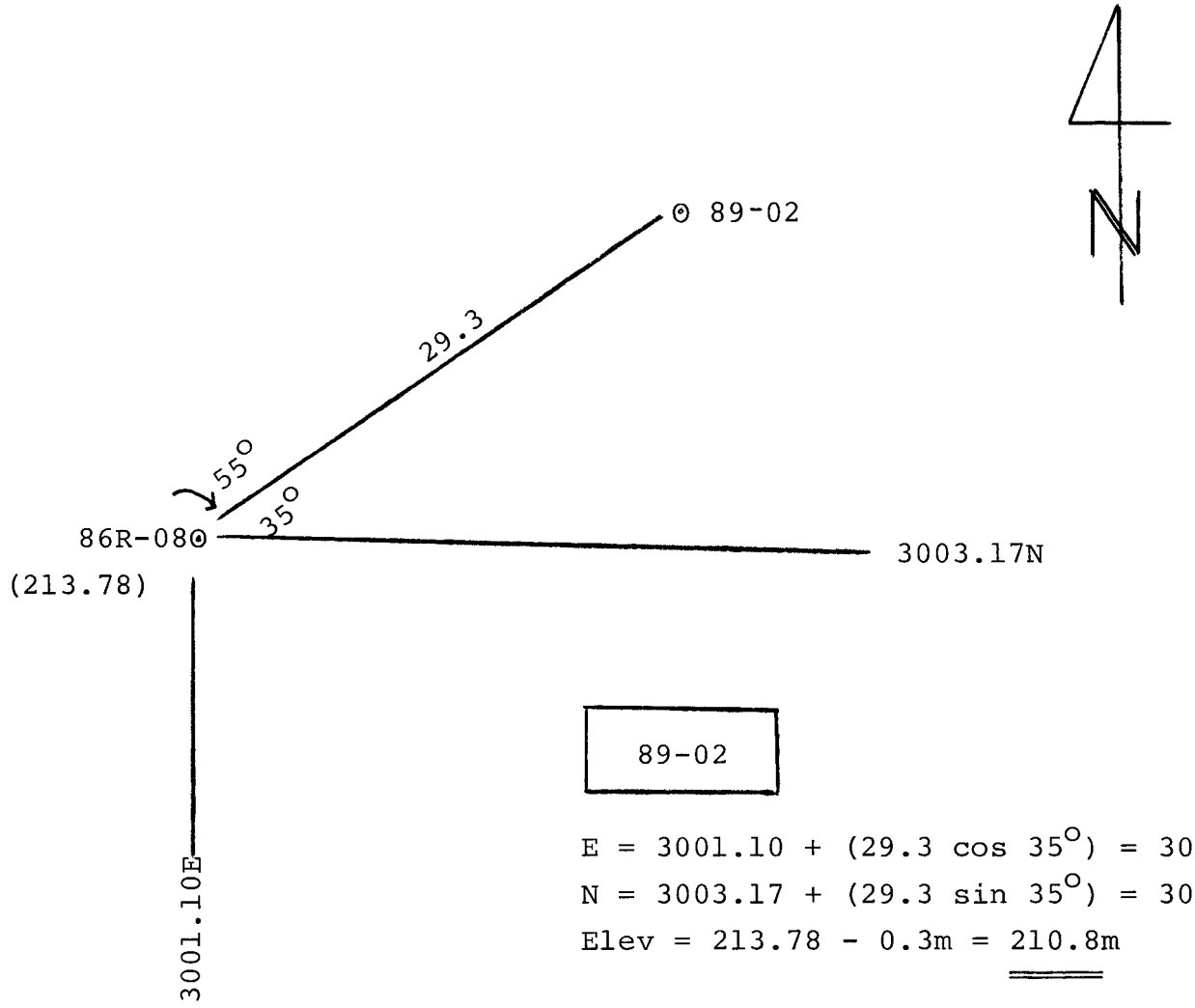
DEPTH	INCLINATION	TRUE AZIMUTH	COMMENTS
0			NS
150' (47.7m)	-88.5°	312.5°	Sperry Sun Single Shot obs. azim N70°E
318' (96.9m)	-88.5	302.5°	obs. azim N80°E

COMMENTS ON COLLAR SURVEY
- observed azimuth in NE quad. + mag decl (22.5°)
* See next page

Note: The coordinates of the collar location of 89-02 have been approximated by a compass and chain survey only. A proper collar survey remains to be completed. The location of 89-02 has been marked in the field with an orange 4" x 4" post.

The location of 89-02 has been determined as follows:

Dec 6/89 89-02 from 86R-08
55° 29.3m -0.3m elev.



89-02

E = 3001.10 + (29.3 cos 35°) = 3025.1E
N = 3003.17 + (29.3 sin 35°) = 3020.0N
Elev = 213.78 - 0.3m = 210.8m

City Resources (Canada) Limited **LITHOLOGIC LOG**

AND GEOTECHNICAL

DDH 89-02 Date: Dec 5/89 Logged by: Neil Froc

1 of 3

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
0	4	8									Overburden
4	6	2c	15	0	1	tr	80	1	75	55	
6	8	2c	1	tr	1	tr	80	1	100	85	
8	10	2cb	1	tr	2	tr	90	1	95	90	@ 8.8 clay filled banded silica vein
10	12	2b	10	1	2	tr	85	3	95	70	
12	14	5dce/2b	20	tr	tr	tr	80	60	95	65	chl. alt? from 13-14m
14	16	2c/5de	15	tr	1	1	80	25	90	50	
16	18	2c	3	tr	2	tr	80	tr	90	55	-fragments of silica in conglomerate
18	20	2c	10	tr	2	tr	80	1	95	70	
20	22	2c	20	tr	1	tr	65	15	80	40	
22	24	5dcf	20	0	tr	tr	80	85	85	45	-minor congl.
24	26	5dcf	20	0	tr	tr	80	90	80	30	-minor 4c? from 25.8-26.0
26	28	4c	1	tr	1	tr	90	30	100	100	
28	30	4c(2c)	1	tr	2	tr	90	15	95	65	
30	32	4b	tr	tr	2	tr	95	25	100	100	- qtz.after calc. -grey, brecciated seds & silica, silica vein @ 30.1
32	34	4b	tr	tr	3	tr	95	25	95	75	@ 31.9 - sulf. along vein boundaries
34	36	4b	tr	0	1	0	95	30	95	90	
36	38	4b	tr	0	tr	tr	95	40	100	100	
38	40	4b	tr	0	tr	tr	95	15	100	95	Intensely brecciated silica veins

City Resources (Canada) Limited **LITHOLOGIC LOG**

AND GEOTECHNICAL

DDH 89-02 Date: Dec 5/89 Logged by: Neil Froc

2 of 3

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
40	42	4b	tr	0	2	0	95	20	80	65	-finer brecciated 4b starts @ 41.0
42	44	4b	tr	0	3	0	95	1	100	95	-blueish color, flow texture, intensely brecciated
44	46	4b/3b	0	0	3	0	95	1	95	95	-3b starts @ 45.5
46	48	3b	tr	0	3	0	95	1	95	80	
48	50	3b	tr	0	2	0	95	5	100	100	- minor 4b
50	52	3b	tr	0	2	0	95	5	100	100	- some 3c?
52	54	3b	tr	0	1	0	95	5	100	100	
54	56	3b	tr	0	1	0	95	10	100	100	
56	58	3b	tr	0	1	0	95	5	100	95	- minor 3c
58	60	3b	tr	0	2	0	95	5	100	100	
60	62	3b	tr	0	1	0	95	10	100	90	
62	64	3b	tr	0	1	0	95	3	90	85	
64	66	3b/4b	tr	0	2	0	95	15	100	95	@ 64.5-64.7 frag. of 1c with 4b
66	68	3b	tr	0	1	0	95	15	95	95	-flow texture? large grey vein at 67.8-68.5
68	70	3b/4b	tr	0	1	0	95	30	85	65	
70	72	4b	0	0	1	0	95	10	100	100	- pred. 3b fragments, blue/green color
72	74	4b	0	0	1	0	95	35	100	90	minor 3b
74	76	4b	0	0	1	0	95	45	100	85	
76	78	4b	0	0	1	0	95	20	95	95	- @ 77.7-78.4 1c?

City Resources (Canada) Limited **LITHOLOGIC LOG** AND GEOTECHNICAL

DDH 89-02 Date: Dec 5/89 Logged by: Neil Froc 3 of 3

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
78	80	4b	0	0	2	0	95	10	100	100	- minor 3b, 1c
80	82	4b(5g)	0	0	2	0	95	5	100	100	pred. - brecciated grey silica (Haida mud?)
82	84	3c	0	0	1	1	95	1	95	90	
84	86	3c	0	0	1	tr	95	10	100	100	-(grey) - 10 mm vein parallel to core axis 85-86
86	88	3c/1b	0	0	1	0	65	3	100	75?	1b @ 87.6-89.8
88	90	1b/3c	0	0	1	0	0	0	75	40?	3c @ 89.8
90	92	3c	0	0	tr	0	95	10	100	90	(fell down hole) @ 90.5 rubble from near surface?
92	94	3c	0	0	1	1	80	10	100	90	minor 1c
94		3b/1b	0	0	2-3	0	40	1	75	75	- distinct 3b
96	97.2	1b	0	0	1	0	0	0	85	65?	
	E.O.H.										

CITY RESOURCES (CANADA) LIMITED

BOREHOLE LOG

Date: Dec 4, 1989

CORE ORIENTATION DIAGRAM

HOLE NUMBER: 89-03

PROJECT : Cinola

LOCATION : Graham Island, B.C.

CLAIM :

GRID COORDINATES:

U.T.M. COORDINATES: 3198.7 E

2828.1 N

COLLAR ELEVATION : 172.6

INCLINATION: Vertical (-90°)

TOTAL DEPTH: 89.9 m

PURPOSE : Metallurgical Testing Samples

REASON FOR HOLE TERMINATION: Reached Ultimate Depth

LOGGED BY: Neil Froc DATE(S) LOGGED:

DRILLING CONTRACTOR: Blackhaw Diamond Drilling Ltd. STARTED: Dec 4 1989 COMPLETED: Dec 5, 1989

SIZE	CORE FROM	TO
Casing	0	2.4
H.Q.	2.4	89.9

COLLAR CASED AND CAPPED: NO

HOLE CEMENTED: NO

STEEL DOWN HOLE: NO

SURVEY LOG

CITY RESOURCES (CANADA) LIMITED

DDH 89.03 Date: Dec 5 1989 Logged By: Neil Froc

Collar Survey By: _____ Down Hole Survey By: Blackhawk Drilling

ELEVATION	NORTHING	EASTING	UNITS Ft/M	RFE

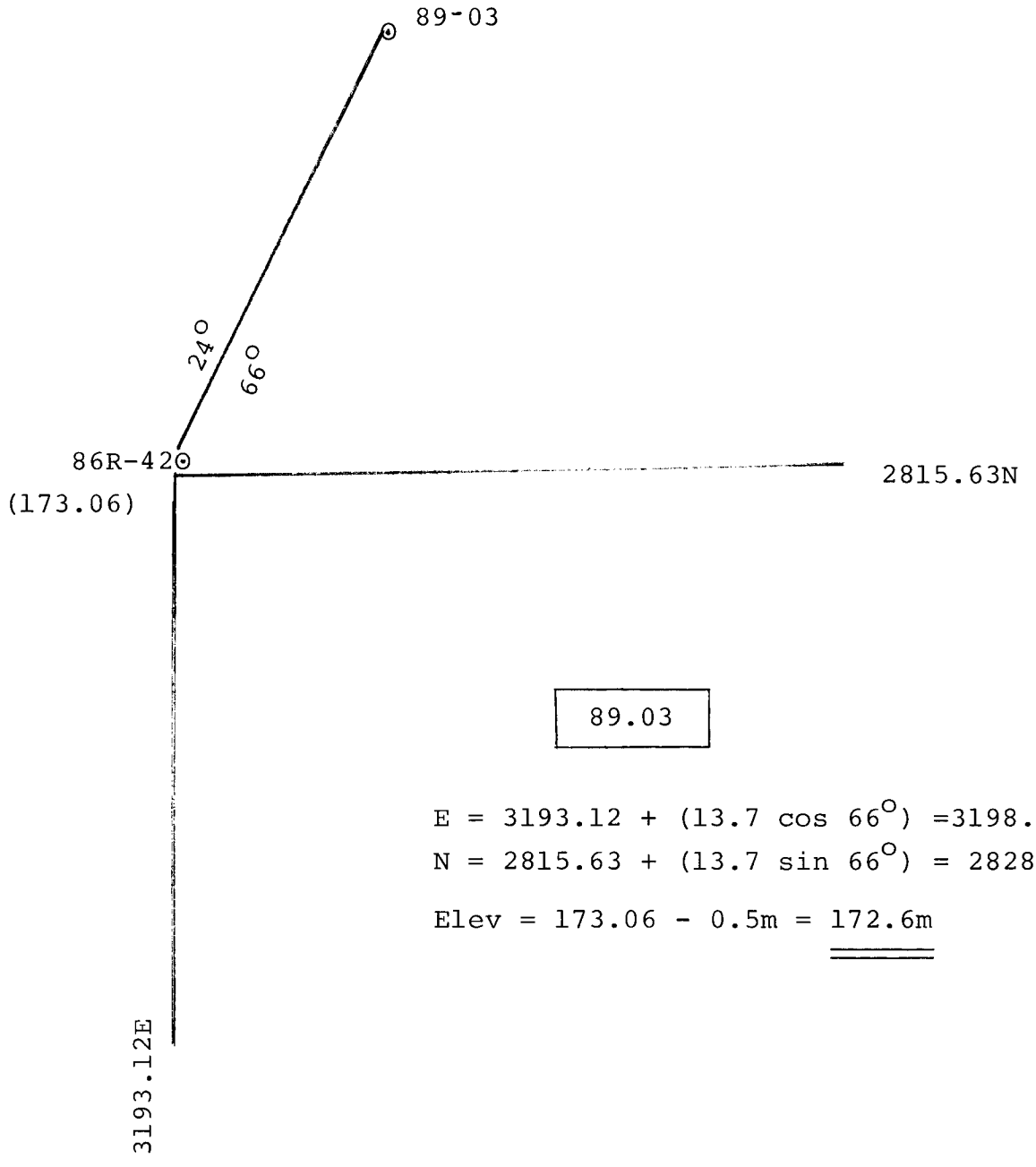
DEPTH	INCLINATION	TRUE AZIMUTH	COMMENTS
0	-89		NS
150'	-89°	17.5°	Sperry-Sun (N40°E obs.dir)
295' (89.9m)	-88.25°	336.5°	Sperry-Sun (N1°W obs.dir)

COMMENTS ON COLLAR SURVEY
observed azim. in NW quad ∴ Sub. 22.5° " " " NE " ∴ Add 22.5° *See next page

Note: The coordinates of the collar location of 89-03 have been approximated by a compass and chain survey only. A proper collar survey remains to be completed. The location of 89-03 has been marked with an orange 4" x 4" post.

The location of 89-03 has been determined as follows:

Dec 6/89 89-03 from 86R-42.
024° 13.7m -0.5m elev.



89.03

E = 3193.12 + (13.7 cos 66°) =3198.7E

N = 2815.63 + (13.7 sin 66°) = 2828.1N

Elev = 173.06 - 0.5m = 172.6m

City Resources (Canada) Limited **LITHOLOGIC LOG** AND GEOTECHNICAL

DDH 89-03 Date: Dec 6/89 Logged by: Neil Froc

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
0	2.4	8									Overburden
2.4	4	2c	50	2	1	0	45	10	90	70	
4	6	2c	15	3	1	0	75	tr	100	70	
6	8	2c	30	2	1	0	60	tr	100	90	- minor 2b
8	10	2c	tr	15	1	0	75	5	95	80	- large carbon frag. @ 8.8
10	12	2c	tr	1	1	1	90	tr	100	90	- clay due to weathering
12	14	2c/5dcfg	1	tr	3	1	90	35	100	90	- boxwork silica (acid leached?)
14	16	5dcfg	2	tr	tr	1	90	95	95	85	- " "
16	18	5dcFge	2	0	tr	3	90	95	95	80	- breccia " " " , brecciated veining
18	20	5dcfge	1	0	1	tr	90	90	100	80	2c starts at 19.8
20	22	2c	0	0	1	0	95	10	90	75	
22	24	5dcfg	tr	tr	1	0	95	90	100	85	
24	26	2ab	0	tr	2	0	95	tr	100	75	- minor 2c
26	28	2bac	tr	tr	1	0	95	1	100	70	
28	30	4c	1	25	tr	0	70	1	100	70	- minor 2b, large carb frag. @ 28.5
30	32	2a/4c	tr	tr	tr	0	70	20	80	65	
32	34	2a/4c	tr	tr	tr	tr	70	3	80	65	clay seam @ 34
34	36	4c	tr	tr	tr	tr	70	10	100	80	
36	38	4c	tr	tr	tr	tr	70	tr	90	60	

City Resources (Canada) Limited **LITHOLOGIC LOG**

AND GEOTECHNICAL

DDH 89-03 Date: Dec 6/89 Logged by: Neil Froc 2 of 3

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
38	40	4c	0	tr	1	1	70	tr	100	95	
40	42	4c	tr	tr	1	tr	70	tr	80	75	
42	44	4c	0	tr	1	tr	80	35	100	90	vein @ 43.3-44.4
44	46	2a	tr	tr	tr	5	80	25	90	75	- seds change color to end of hole
46	48	2ab	0	1	te	0	80	15	85	80	from grey to choc brown
48	50	2ab/2c	0	tr	1	3	80	10	95	80	
50	52	5edg	tr	tr	tr	0	80	95	90	70	
52	54	5 edgb	tr	0	tr	0	80	95	90	70	
54	56	2bc	0	tr	1	0	80	10	100	90	
56	58	2bc	0	tr	2	0	80	10	100	85	minor 4c
58	60	4c	0	1	2	tr	80	15	90	70	
60	62	4c(2c)	0	1	1	0	80	1	100	50	
62	64	2cb	0	tr	1	0	80	1	100	20	
64	66	2cb	0	1	1	tr	80	tr	100	70	
66	68	2c	0	1	1	tr	80	tr	100	100	
68	70	2c	0	1	2	tr	80	tr	100	90	seds @ 45° to CA
70	72	2cb	0	1	2	tr	80	5	100	100	minor 2a
72	74	2abc	0	2	2	tr	80	1	100	85	
74	76	2ab	0	1	1	0	80	tr	90	85	

City Resources (Canada) Limited **LITHOLOGIC LOG**

DDH 89-03 AND GEOTECHNICAL

Date: Dec 6/89 Logged by: Neil Froc 3 of 3

FROM	TO	UNIT	% OX	% CAR	% SUL	% CLY	% SFD	% SVN	% REC	RQD	DESCRIPTION
76	78	2ab	0	tr	2	0	80	10	100	100	bedding @ 50° CA
78	80	2ab/2c	0	tr	2	0	80	tr	100	100	trace chl?
80	82	2c	0	te	1	1	80	40	100	100	
82	84	2c/5bdg	0	tr	1	0	80	50	100	100	minor 2ab
84	86	2c	0	1	1	0	80	tr	100	100	minor 2ab, chl alt (10%)
86	88	2c	0	tr	3	0	80	3	100	100	blue/grey congl. pumaceous pebbly
88	89.9	2cb	0	tr	3	0	80	1	100	85	
	E.O.H.										