NTS 82F/3E
Lat 49° 06' N
Long 117° 14' W

DRILLING and GEOCHEMICAL REPORT

on the

CANEX PROPERTY

Nelson Mining Division
South-Central British Columbia

for work done December 9 to 13,1995
on Claim #309731
UTM 5428200N and 484100E

for

MURRAY McCLAREN
#283 Wooddale Rd.
North Vancouver, B.C. V7N 1S6
Tel: (604) 986-5873 Fax: (604) 986-5873

by

Peter D. Leriche, P. Geo.

RELIANCE GEOLOGICAL SERVICES INC.
1127 West 15th Street
North Vancouver, B.C. V7P 1M7
Tel: (604) 984-3663 Fax: (604) 988-4653

5 July 1996

SUMMARY

This report was prepared at the request of Murray McClaren to summarize the results of a drilling and geochemical work program and to make recommendations for further work on the CANEX property, south-central British Columbia. The purpose of the work program was to test the tungstate potential of mine tailings at the former Emerald Mine site.

The CANEX property comprises one mineral claim located 10 kilometers south-southeast of Salmo at the Emerald Mine site. The property lies on the western flank of Iron Mountain in the Selkirk Mountains, south-central British Columbia.

The geology of the property consists of an asymmetrical anticline containing Reno argillite and quartzite which is overlain by Laib limestone and argillite and intruded by three granitic stocks and associated dykes.

The 1995 work program consisted of auger drilling twenty-six holes totalling 212.5 feet in a tailings pond. Forty-five samples were collected, thirty six of which returned values greater than 0.01% WO_3. The distribution of WO_3 values over area and depth is relatively consistent. Based on historic production records of 1.4 million tonnes of material mined, it is estimated that there are approximately 5,544,000 pounds of WO_3 in the tailings pond.

Recommended further work should consist of detailed auger drilling and metallurgical testing.

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1.0 INTRODUCTION

This report was prepared at the request of Murray McClaren to describe and evaluate the results of an auger drilling and geochemical work program carried out by Reliance Geological Services on the CANEX property in the Salmo area, south-central British Columbia. The program was undertaken to appraise the potential of mine tailings to host tungstate at the Emerald Mine site.

Emerald Mine was productive between 1906 to 1972, producing lead, silver, gold, zinc, and cadmium. In 1941, four types of tungsten mineralization were discovered which included sulphide, greisen, skarn, and quartz associated mineralization.

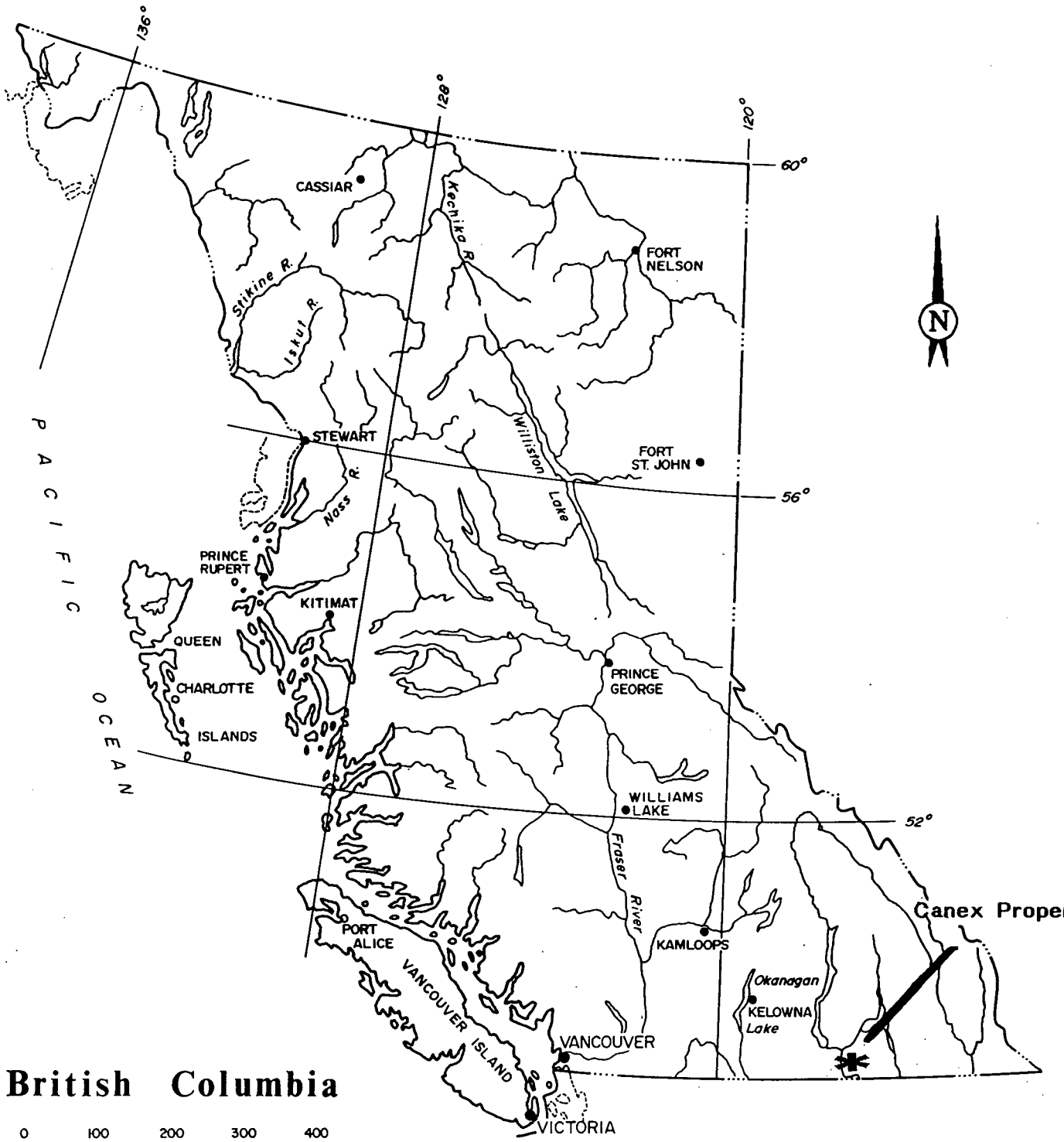
This report is based on published information and the unpublished maps, reports, and field notes of the field crew of Reliance Geological Services. The writer has not visited the property.

2.0 LOCATION, ACCESS and PHYSIOGRAPHY

The CANEX property is situated in south-central British Columbia, approximately 10 kilometers south-southeast of Salmo (Figure 1). The claim is located on NTS Map Sheet 82 F/3E, at latitude 49° 06' North, longitude 117° 14' West, and UTM 5,428,200 N and 484,100 E. Access to the property is from Highway #3 at the Emerald Mine turnoff.

The CANEX property is located within the Interior Plateau of British Columbia in the Selkirk Mountains and lies on the western flank of Iron Mountain at approximately 4300 ft (1303 m).

The mean annual precipitation is 50 to 100 centimeters per year with a mean daily temperature of -10°C in January and 16-20°C in July. Forestry production is classified as high in the area (B.C. Ministry of Natural Resources, 1988). A number of abandoned mines are located in the map area including the Emerald Mine.



British Columbia

0 100 200 300 400

kilometres

PROFESSIONAL GEOSCIENTIST
PROVINCE OF BRITISH COLUMBIA
R. D. LERICHE

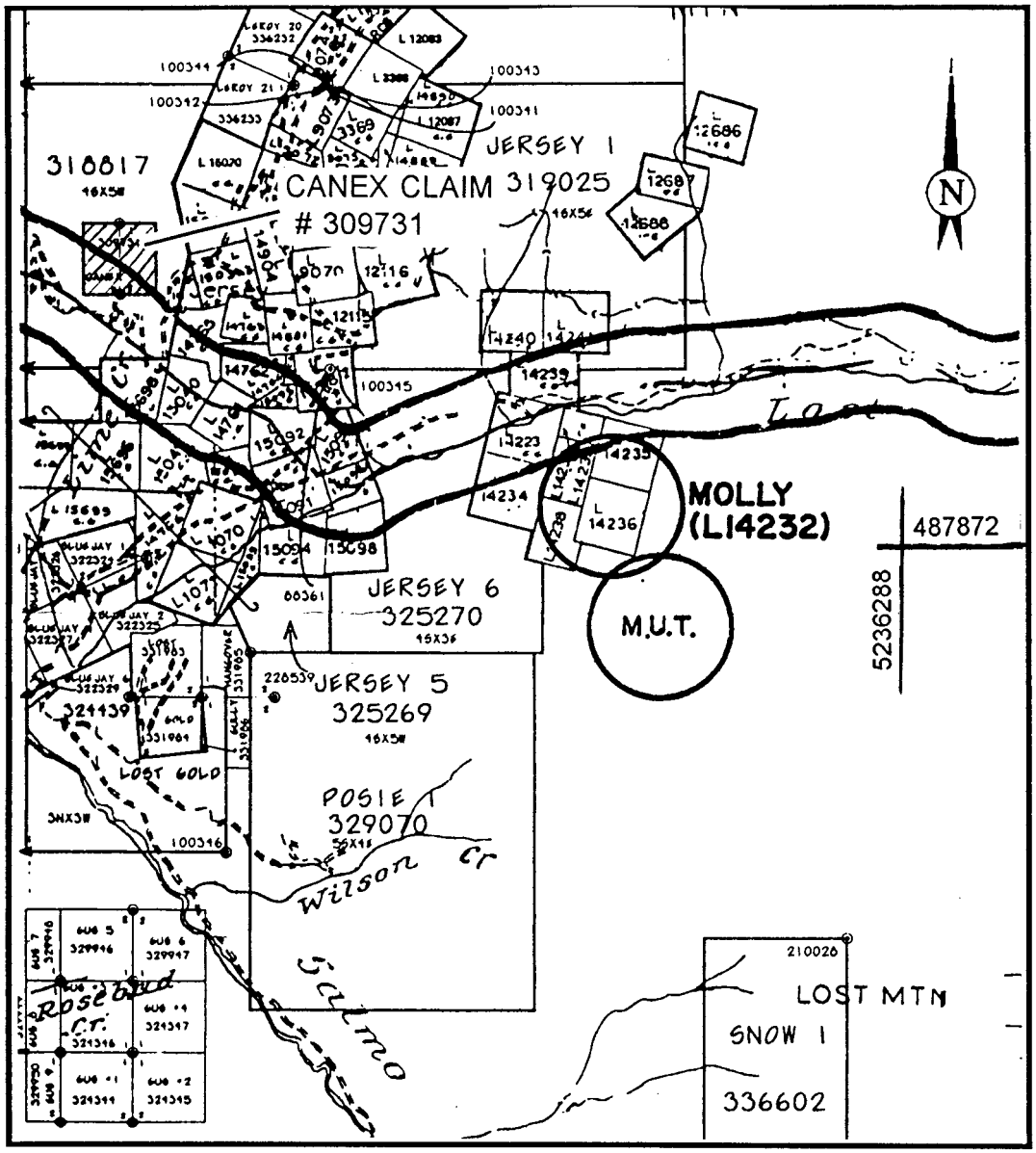
MURRAY McCLAREN		
CANEX PROPERTY		
General Location Map		
Scale as shown	*N.T.S.*	*Drawn by*
Date	*Geologist*	*Figure* 1
RELIANCE GEOLOGICAL SERVICES INC.		

3.0 PROPERTY STATUS

The CANEX property comprises one claim (Figure 2) which is registered in the name of CANEX and owned 100% by Murray McClaren.

Claim details are as follows:

Licence #	NTS sheet	# of Claims	Size (hectares)	Expiry Date
309731	82F/3	1	25	27 May 1996



METRES

500 0 500 1000 1500 2000

PROFESSIONAL GEOSCIENTIST
PROVINCE OF BRITISH COLUMBIA
P. D. LERICHE

MURRAY McCLAREN

CANEX PROPERTY

CLAIM MAP

Scale As shown	N.T.S. 82 F/3E	Drawn by
Date May 96	Geologist	Figure 2

RELIANCE GEOLOGICAL SERVICES INC

4.0 PREVIOUS WORK

Little (1960) carried out geological mapping on the western half of the Nelson Map area for the Geological Survey of Canada. Geological mapping and the evaluation of mineral occurrences was carried out in the area by Andrew and Höy at a scale of 1:20,000 in 1988, with further work being conducted by Andrew and Höy in 1990. Thompson (1974) reviewed the economic geology and geology of tungsten deposits in the Nelson map area.

4.1 Emerald Mine Production History

The following describes the production history of the former Emerald Mine site where the CANEX property is located:

1906 - 1925 The mine produced lead, silver, and zinc from four replacement-type orebodies within Laib limestone. The ore consisted of galena, sphalerite and pyrite, and minor molybdenum.

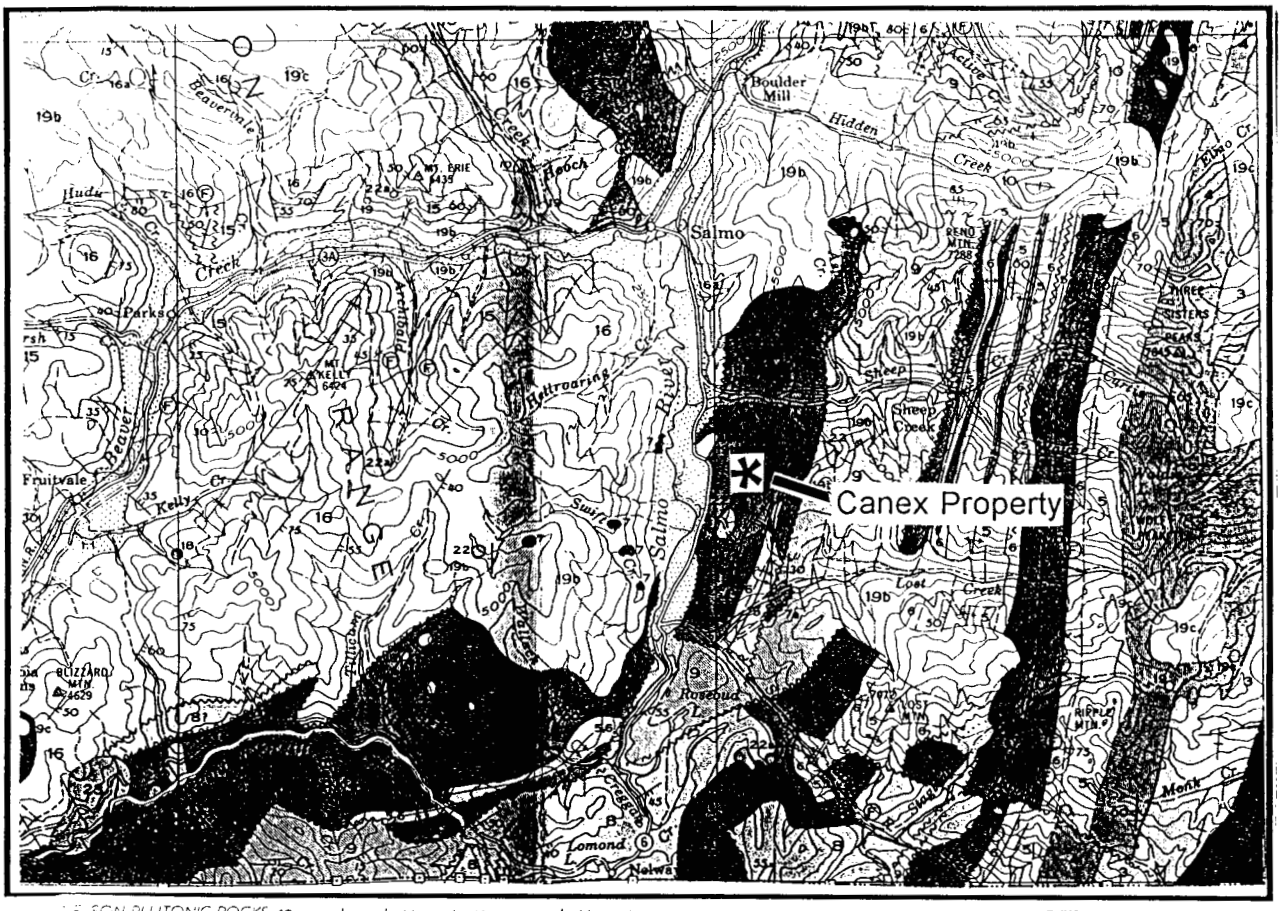
1941-1973 In 1941, four types of distinct tungsten mineralization were found including sulphide, greisen, skarn, and quartz associated mineralization. Total production of tungsten from the Emerald mine prior to 1957 and ending in 1973 is outlined in the following table (GSC, 1984):

		Ore (tonnes)	WO_3 (kilograms)
to	1957	910,194	5,198,909
	1958	58,060	313,295
	1971	156,000	605,912
	1972	179,737	577,512
	1973	96,854	640,382
Total		1,400,845	7,336,010

5.0 REGIONAL and PROPERTY GEOLOGY (Figure 3)

The CANEX property lies within the Selkirk Mountains which are located between the Monashee and Purcell Mountains in south-central British Columbia. The Selkirk Mountains consist of Proterozoic- and Lower Palaeozoic-aged sedimentary and metamorphic rocks, Late Palaeozoic and Mesozoic sedimentary and volcanic rocks and granite batholiths, and granitic rocks of Cretaceous and early Tertiary age (British Columbia Department of Mines and Petroleum Resources, 1964).

The geology of the property consists of an asymmetrical anticline containing Reno argillite and quartzite which are overlain by Laib limestone and argillite and intruded by three granitic stocks and associated dykes.



19 NELSON PLUTONIC ROCKS: 19a, mainly porphyritic granite; 19b, non-porphyritic granite to granodiorite; 19c, granodiorite; 19d, quartz diorite; 19e, syenite; 19f, mainly fine-grained, porphyritic syenite to quartz diorite; 19g, Rossland "monzonite"; 19h, pseudodiorite and diorite-gneiss-hornblende-biotite rock; 19i, mylonite; 19j, pegmatite; 19k, diorite

LOWER JURASSIC

16 ROSSLAND FORMATION: andesite, latite, basalt, flow breccia, augite porphyry, agglomerate, tuff; minor shale; 16a, metamorphosed greenstone (may not be Rossland)

15 SINEMURIAN BEDS: argillite, argillaceous quartzite, slate; minor flows and pyroclastic rocks. May be equivalent to upper parts of 13 and 14

ORDOVICIAN

LOWER AND (?) MIDDLE ORDOVICIAN

9 ACTIVE FORMATION: slate, argillite, argillaceous quartzite; minor limestone

CAMBRIAN

MIDDLE CAMBRIAN

8 NELWAY FORMATION: dolomite, limestone, phyllite, and slate

LOWER CAMBRIAN

LAIB FORMATION: argillite, argillaceous quartzite, limestone, dolomite, phyllite, and schist; 7a, includes some Reno formation

5,6 5. QUARTZITE RANGE FORMATION: white, green, and pinkish quartzite; minor argillaceous quartzite and conglomerate
6. RENO FORMATION: argillaceous quartzite, schist, and argillite; minor limestone

10 White quartzite, schist, limestone, and paragneiss; minor argillite and greenstone

WINDERMERE (?)

4 THREE SISTERS FORMATION: green grit, quartzite, and conglomerate

WINDERMERE

3 MONK FORMATION: green argillite, phyllite, and argillaceous schist; minor limestone; basal conglomerate

1. TOBY FORMATION: conglomerate; minor interbedded argillite and limestone
2. IRENE VOLCANIC FORMATION: greenstone, minor interbedded argillite and limestone

N

PROFESSIONAL ENGINEER PROVINCE OF BRITISH COLUMBIA P. D. LERICHE GEOSCIENTIST

MURRAY McCLAREN

CANEX PROPERTY

REGIONAL AND PROPERTY GEOLOGY

Scale 1:250,000	N.T.S. 82 F/3E	Drawn by SH
Date May 96	Geologist	Figure 3

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6.0 1995 GEOLOGICAL and GEOCHEMICAL EXPLORATION PROGRAM

Auger drilling and geochemical sampling of mine tailings were carried out on the property from December 9 to 13, 1995. Field work was carried out by Brian Doubt (geotechnician) under the supervision of Peter Leriche (P.Geo).

Reliance Employee	Address	Dates Worked
Brian Doubt (prospector/geotechnician)	8504 - 123 Street Surrey, B.C., V3W 3V6	9. 10, 11, 12, and 13 December 1995

6.1 Methods and Procedures

A total of 1.5 kilometers of grid were established using a compass and hipchain. Stations were marked with embossed metal tags on wooden pickets. Samples were collected from material in augered drill holes at approximately 50 meter intervals. The sampling grid consists of a north-south baseline with east-west cross lines placed at 25 to 50 meter intervals (Figure 4).

Forty-five samples were collected in kraft paper sample bags, dried, and sieved to an -10 mesh fraction. Sample pulps were sent to Chemex Analytical Laboratories Ltd of Vancouver, B.C. for analysis of Au, Ag, and W by fire assay and 29 other elements by ICP methods. See Appendix A for assay certificates and analytical methods and techniques.

6.2 **Drill Results** (Figure 4)

To evaluate the potential of mine tailings to host significant values of tungstate, twenty-six augered drill holes were completed totalling 212.5 feet. The tailings pond has a base of compacted dirt and is dammed by a dirt berm. A hollow "weir" measuring 1' x 1' is located in the center of the pond.

The following table gives tungstate (WO_3) values from all drill holes:

Hole #	Sample #	from (feet)	to (feet)	Interval (feet)	% of Wo_3	Colour/Texture
AD95-1	1000N 1000E A	0	5	5	0.11	Red
AD95-2	1050N 1000E A	0	3	3	0.07	Red
AD95-2	1050N 1000E B	3	9	6	0.23	Grey, clay
AD95-3	1050N 950E A	0	4	4	0.12	Red, chunky
AD95-3	1050N 950E B	4	9	5	0.12	Grey, sandy
AD95-4	1100N 1000E A	0	1.5	1.5	0.12	Red
AD95-4	1100N 1000E B	1.5	8	6.5	0.51	Grey, clay
AD95-5	1100N 1050E A	0	4	4	0.26	Red
AD95-5	1100N 1050E B	4	8	4	0.13	Grey
AD95-6	1100N 915E A	0	3.5	3.5	0.16	Red, chunky
AD95-6	1100N 915E B	3.5	9	5.5	0.14	Grey, sandy
AD95-7	1100N 950E A	0	3	3	0.15	Red, chunky
AD95-7	1100N 950E B	3	9	6	0.11	Grey, clay
AD95-8	1145N 990 E A	0	9	9	0.63	Grey, clay
AD95-9	1150N 1000E A	0	8	8	0.45	Grey/red
AD95-10	1150N 1050E A	0	4	4	0.10	Red
AD95-10	1150N 1050E B	4	9	5	0.13	Grey
AD95-11	1150N 1072E A	0	6	6	0.12	Red
AD95-11	1150N 1072E B	6	8	2	0.11	Grey, sandy

Assay Results Cont...

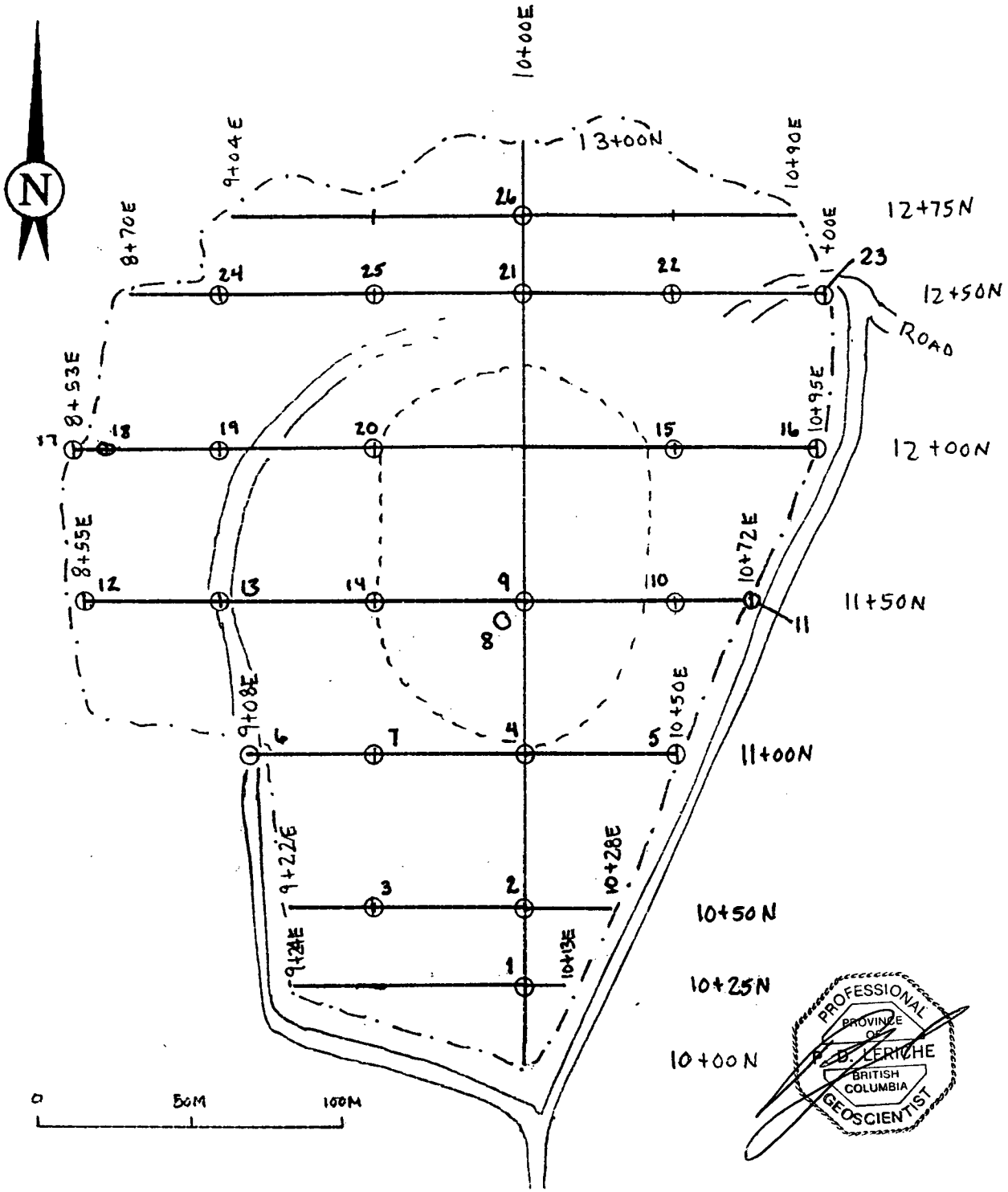
AD95-12	1150N 855E A	0	6	6	0.18	Red, chunky
AD95-13	1150N 900E A	0	1	1	0.20	Red/grey
AD95-13	1150N 900E B	1	9	8	0.08	Grey, sandy
AD95-14	1150N 950E A	0	3	3	0.30	Red
AD95-14	1150N 950E B	3	9	6	0.26	Grey, clay
AD95-15	1200N 1050E A	0	2	2	0.67	Red
AD95-15	1200N 1050E B	2	9	7	0.14	Grey
AD95-16	1200N 1095E A	0	4	4	0.13	Red, chunky
AD95-16	1200N 1095E B	4	9	5	0.12	Grey, sandy
AD95-17	1200N 853E A	0	6	6	0.12	Red, chunky; hole all red
AD95-18	1200N 863E A	0	9	9	0.11	Grey, sandy
AD95-19	1200N 900E A	0	6	6	0.12	Red, chunky
AD95-19	1200N 900E B	6	9	3	0.17	Grey, clay
AD95-20	1200N 950E A	0	1	1	0.16	Grey, clay
AD95-20	1200N 950E B	1	9	8	0.42	Red
AD95-21	1250N 1000E A	0	10	10	0.09	Grey; hole all grey
AD95-22	1250N 1050E A	0	3	3	0.12	Red
AD95-22	1250N 1050E B	3	10	7	0.12	Grey
AD95-23	1250N 1100E A	0	8	8	0.13	Grey; first foot red, rest of hole grey
AD95-24	1250N 900E A	0	4	4	0.09	Red, sandy
AD95-24	1250N 900E B	4	9	5	0.12	Grey, sandy
AD95-25	1250N 950E A	0	4	4	0.09	Red, sandy
AD95-25	1250N 950E B	4	9	5	0.09	Grey, sandy
AD95-26	1275N 1000E A	0	2	2	0.12	Red
AD95-26	1275N 1000E B	2	5	3	0.22	Grey
AD95-26	1275N 1000E C	5	10	5	0.14	Grey

Thirty-six of the forty-five samples returned values over 0.10% which is considered to be economically significant. The average grade of the samples was 0.18% WO_3 with the highest value being 0.67%.

Tungstate values greater than 0.20% were returned from the center of the tailings pond. Values exceeding 0.15% tungstate were from holes generally located east of the baseline. Sample depth does not appear to affect the concentration of tungstate.

The total production of the Emerald Pond Mine was reported to be 1.4 million tonnes (GSC, 1984). Based upon the total production figure, combined with an approximate average grade of 0.18% tungstate, there are approximately 5,544,000 pounds of WO_3 in the tailings pond.

The drill hole density of approximately 50 meters provides an initial evaluation of distribution and concentration of tungstate and further work is recommended to determine the volume, grade, and metallurgical characteristics of the tailings.



Drill Hole Location

Approx. Boundary of Top Layer

Grid Line

Roads

Tree Grove

MURRAY McCLAREN

CANEX PROPERTY

DRILL HOLE LOCATION PLAN

Scale 1:2000	N.T.S. 82 F/3E	Drawn by	Brian Doubt
Date May 96	Geologist	Figure	4

RELIANCE GEOLOGICAL SERVICES INC

8.0 DISCUSSION

The objective of the 1995 auger drilling program was to appraise the potential for mine tailings at the former Emerald Mine site to host economically significant levels of tungstate. A total of thirty-six out of forty-five samples returned values over 0.1% tungstate which is considered a potentially economic grade. Tungstate is used for producing tungsten which is utilized in the steel industry.

Based upon the total production figures of the mine, combined with an approximate average grade of 0.18% tungstate, there are approximately 5,544,000 lbs of WO_3 in the tailings pond.

Further work is recommended on the property to determine the volume, grade, and metallurgical characteristics of the tailings pond.

9.0 CONCLUSIONS

The CANEX property has potential to host a tungstate deposit because:

- a high percentage of the samples returned economically significant values;
- 5,544,000 lbs of WO_3 are estimated to be present in the tailings pond; and
- the distribution of tungstate over area and depth appears to be relatively consistent.

10.0 RECOMMENDATIONS

- conduct detailed auger drilling at 25 meter centers to evaluate the concentration and distribution of tungstate; and

- conduct metallurgical studies to determine mineralogical characteristics, extraction levels, and methods of concentration.

CERTIFICATE

I, **PETER D. LERICHE**, of 3125 West 12th Avenue, Vancouver, B.C., V6K 2R6, do hereby state that:

1. I am a graduate of McMaster University, Hamilton, Ontario, with a Bachelor of Science Degree in Geology, 1980.

2. I am registered as a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia.

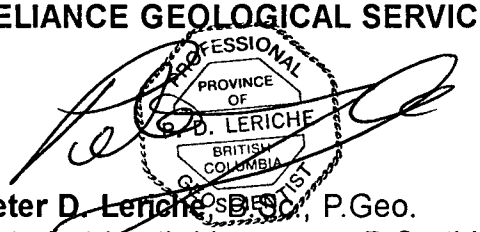
3. I am a Fellow in good standing with the Geological Association of Canada.

4. I have actively pursued my career as a geologist for fifteen years in British Columbia, Ontario, Saskatchewan, Labrador, the Yukon and Northwest Territories, Montana, Oregon, Alaska, Arizona, Nevada, California and Mexico.

5. The information, opinions, and recommendations in this report are based on published reports and on field work carried out on the CANEX property. I have not visited the subject property.

6. I have no interest, direct or indirect, in the subject claims, nor do I expect to receive any.

RELIANCE GEOLOGICAL SERVICES INC.



Peter D. Leriche, B.Sc., P.Geo.
Dated at North Vancouver, B.C., this 5th day of July 1996.

REFERENCES

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Itemized Cost Statement

MURRAY McCLAREN
Fax: 689-4250

Re: J 899 - Canex Property

Project preparation				$	150
Mobilization / demobilization					880
Field Crew	Rate	Days			
Field Geotechnician (Dec 9-13/95)	285	2	$	570	
Stand-by days	200	2		400	970
Field Costs:	Rate	Days			
Food & Accommodation	70	4	$	280	
Communications	10	4		40	
Supplies				50	
Vehicle	85	2		170	
Vehicle stand-by	30	2		60	
Equipment Rental: Bobcat	45	9 hrs		405	
Equipment Rental: Bobcat (Sunday rate)	65	8 hrs		520	
Fabrication of 2" Auger and extension				856	2,381
Assays & Analysis:					
45 samples WO3 analysis			$	693	
5 samples Au Pt Pd Ag				81	
5 samples Au Pt Pd Ag				124	898
Assessment Report					
incl map prep, writing, editing, copying, and binding					1,100
Administration, incl Overheads and Profit					350
Sub-total				$	6,729
plus 7% G.S.T.					471
TOTAL				$	7,200

APPENDIX A

ASSAY CERTIFICATES AND ANALYTICAL METHODS AND PROCEDURES

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RELIANCE GEOLOGICAL SERVICES INC.

241 E. 1ST. ST.
NORTH VANCOUVER, BC
V7L 1B4

A9536802

Comments: ATTN: BRIAN R. DOUBT

CERTIFICATE A9536802

(ILR) - RELIANCE GEOLOGICAL SERVICES INC.

Project: 899
P.O. # :

Samples submitted to our lab in Vancouver, BC.
This report was printed on 5-JAN-96.

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
208	45	Assay ring to approx 150 mesh
234	45	0-7 Kg splitting charge
222	45	Drying charge (0-3 Kg)
220	45	Transferring charge

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
339	45	WO3 %: Phosphoric-HCl-HF	COLOR	0.01	100.0

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RELIANCE GEOLOGICAL SERVICES INC. *

241 E. 1ST. ST.
NORTH VANCOUVER, BC
V7L 1B4

Project : 899
Comments: ATTN: BRIAN R. DOUBT

Page Number : 2
Total Pages : 2
Certificate Date: 05-JAN-96
Invoice No. : I9536802
P.O. Number :
Account : ILR

CERTIFICATE OF ANALYSIS A9536802

SAMPLE	PREP CODE		WO3 %
1250N 950E A	208	234	0.09
1250N 950E B	208	234	0.09
1275N 1000E A	208	234	0.12
1275N 1000E B	208	234	0.22
1275N 1000E C	208	234	0.14

CERTIFICATION: Said Letnard

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RELIANCE GEOLOGICAL SERVICES INC. *

241 E. 1ST. ST.
NORTH VANCOUVER, BC
V7L 1B4

Project : 899
Comments: ATTN: BRIAN R. DOUBT

Page Number :1
Total Pages :2
Certificate Date: 05-JAN-96
Invoice No. :I9536802
P.O. Number :
Account :ILR

CERTIFICATE OF ANALYSIS A9536802

SAMPLE	PREP CODE		WO3 %
1000N 1000E A	208	234	0.11
1050N 1000E A	208	234	0.07
1050N 1000E B	208	234	0.23
1050N 950E A	208	234	0.12
1050N 950E B	208	234	0.12
1100N 1000E A	208	234	0.12
1100N 1000E B	208	234	0.51
1100N 1050E A	208	234	0.26
1100N 1050E B	208	234	0.13
1100N 915E A	208	234	0.16
1100N 915E B	208	234	0.14
1100N 950E A	208	234	0.15
1100N 950E B	208	234	0.11
1145N 990E A	208	234	0.63
1150N 1000E A	208	234	0.45
1150N 1050E A	208	234	0.10
1150N 1050E B	208	234	0.13
1150N 1072E A	208	234	0.12
1150N 1072E B	208	234	0.11
1150N 855E A	208	234	0.18
1150N 900E A	208	234	0.20
1150N 900E B	208	234	0.08
1150N 950E A	208	234	0.30
1150N 950E B	208	234	0.26
1200N 1050E A	208	234	0.67
1200N 1050E B	208	234	0.14
1200N 1095E A	208	234	0.13
1200N 1095E B	208	234	0.12
1200N 853E A	208	234	0.12
1200N 863E A	208	234	0.11
1200N 900E A	208	234	0.12
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1200N 950E A	208	234	0.42
1250N 1000E A	208	234	0.09
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1250N 1100E A	208	234	0.13
1250N 900E A	208	234	0.09
1250N 900E B	208	234	0.12

CERTIFICATION: Said Leinad