DIAMOND DRILL ASSESSMENT and SUMMARY REPORT on the RABBITT PROPERTY

(Rabbitt 1 - 4, Boulder 1 - 2, Deer, Nero, International, Cousin Jack, Freddie Burn, Ymir, Anaconda, Berlin Fr., Black Bird, Constitution, Morning, Oshkosk and Winibego Claims)

Tulameen Area, South-Central British Columbia
Similkameen Mining Division
49°35'N, 120°48'W, 92H/10W (92H056)

Prepared for

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February 15, 1997

Fieldwork done between Dec. 10, 1996 and February 3, 1997

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SUMMARY

1) The Rabbitt Property is located 3 km northwest of Tulameen, B.C. directly west of Otter Lakes. The property is 30 km west of the town of Princeton and approximately 150 km east of Vancouver.

2) The Rabbitt Property is 23 miles (37 km) northwest of the currently operating major porphyry copper mine at Ingerbelle-Copper Mountain owned by Similco Mining Corp.

3) The property covers numerous old gold-copper showings which have been explored at intervals since 1900. Several have extensive underground exploration drifting and Test pitting.

4) Considerable preliminary soil geochemistry, ground geophysics, geological mapping, trenching and about 10,000 feet of diamond drilling have been completed since the mid 1960's.

5) The property is mainly underlain by deformed Nicola Group volcanics intruded by three major intrusive bodies. Previous workers have suggested that the general geological setting is similar to the nearby Ingerbelle-Copper Mountain Mine of Similco Mining Corp.

6) There are three main styles of mineralization:
   a) stratabound (volcanogenic?) siliceous copper sulfides
   b) disseminated pyrite-chalcopyrite in hornfels zones
   c) Pb/Zn vein system related to higher gold values

7) The stratabound sulfide zone are exposed as higher grade surface showings in several localities with assays up to 20% copper with an overall average of about 2% Cu over 1 to 2 metres in thickness.

8) Much of the previous diamond drill core is apparently not available for re-examination. However, further work is recommended on South Copper, Red Bird and Motherlode-Spokane areas. Any available drill core should be relogged

9) Several large copper anomalies have been defined by extensive soil sampling. Follow-up sampling is warranted in conjunction with updating the property geological mapping.

10) An extensive induced polarization anomaly in the southern part of the claims has not been adequately investigated. This area should be drilled.

11) Recent diamond drilling of 60 m has been completed on the Deer Claim for assessment purposes.

12) A program of geological mapping and contigent 3000 m of diamond drilling is recommended for 1997 at an estimated cost of Phase I $80,000 and Phase II $322,500.

INTRODUCTION

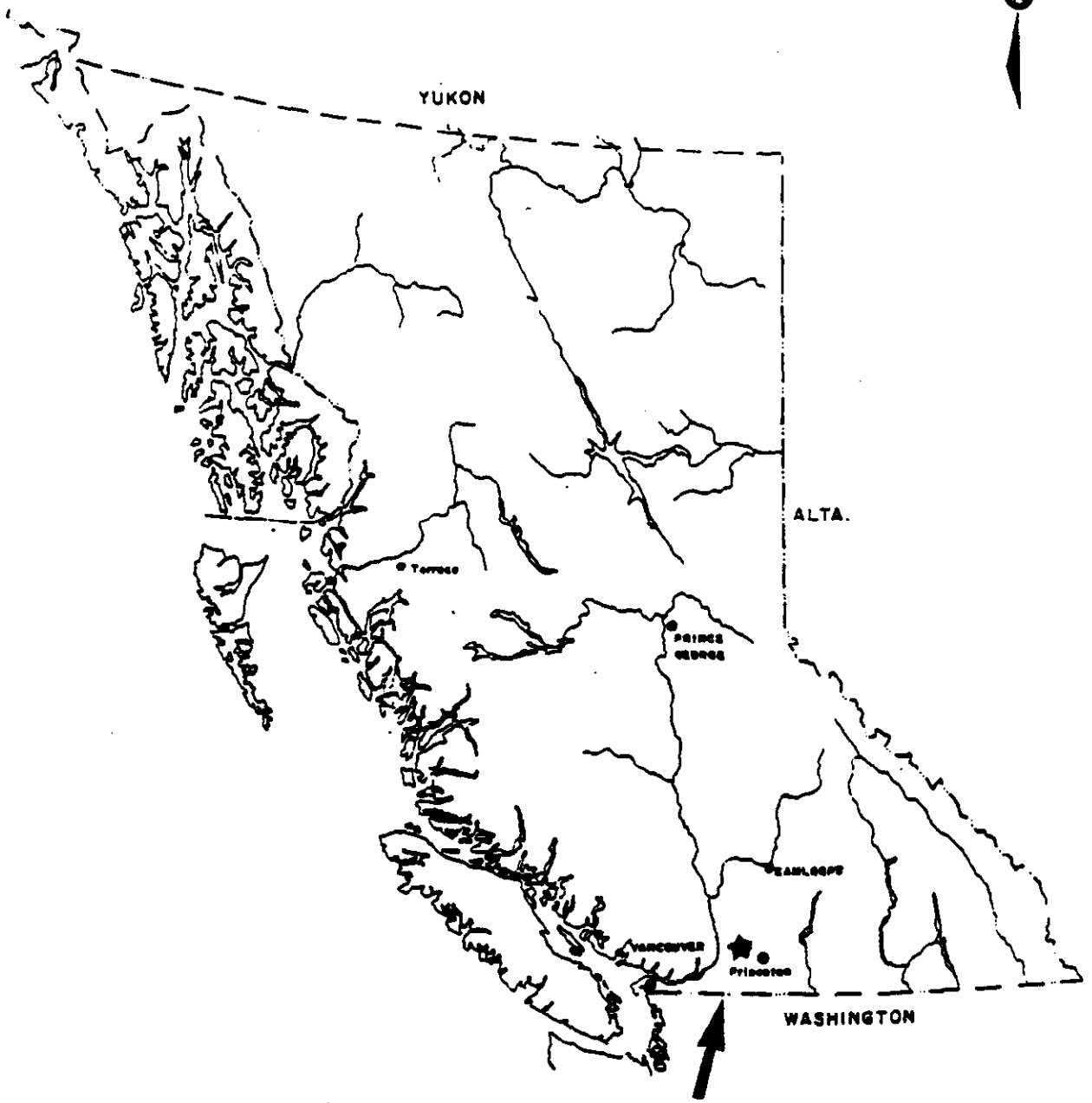
This report has been commissioned by Jon Stewart of K.L.S. Investments Ltd. to summarize all available information on the Rabbitt Property and propose an orderly exploration program to test the property's potential.

The Rabbitt Property has a long history of intermittent exploration since the turn of the century. Underground exploration began in 1901 on the Cousin Jack, Freddie Burn and International Groups. Since the mid 1960's, several important exploration programs including about 10,000 feet of diamond drilling have been completed.

Nearby, Granby Consolidated operated the Copper Mountain Mine, a large underground producer on the east side of the Similkameen River from 1923 - 1930 and 1937 until 1955. Where production totaled 31,552,000 tonnes averaging 1.08% Copper. Copper Mountain is 37 km southeast of the Rabbitt Property. The nearby Ingerbelle Copper Deposit on the west side of the Similkameen River was discovered in the late 1960's and started open pit production in late 1972. The Similco operation, which encompasses both Ingerbelle and Copper Mountain has recently, temporarily, suspended production. The tonnage milled at Ingerbelle, 1972 to 1981, totaled 51 million tonnes averaging 0.43% Copper (Taylor, 1995). On the Copper Mountain side production from 1981 to 1993 totaled 86 million tonnes averaging 0.43% Copper. (This gives an aggregate total production from the 3 phases of mining at Copper Mountain-Ingerbelle through 1993 of 168 million tonnes with an average grade of 0.456% Cu, 0.127 g/t Au and 1.724 g/t Ag) Remaining reserves at Copper Mountain in 1993 were 120 Million Tonnes averaging 0.4% Cu, (Taylor, 1995). At Hedley, 60 km east of the Rabbitt Property, considerable gold has been produced, first from underground, 1904 to 1955, and then from an open pit, 1988 to 1995. The Hedley ore zone were skarn bodies hosted by Nicola Group metasediments.

Immediately to the southwest of the Rabbitt Mountain Property, small quartz veins have been discovered on Grasshopper Mountain which in the 1930's have produced shipping ore amounting to 1,400 tons from which 1,065 oz of gold have been recovered. Pockets of high-grade ore have been found locally.

The Rabbitt Property is located in a highly mineralized region of southwestern British Columbia in which the bulk of mineral occurrences are closely related in their distribution and origin to the volcanic history of the Nicola rocks and co-magnetic intrusives.



PROPERTY LOCATION

SCALE

100 0 100 200 400 Km.

100 50 0 100 200 Miles

K.L.S. INVESTMENTS LTD.	
RABBITT PROPERTY TULAMEEN AREA	
LOCATION MAP	
SCALE: AS SHOWN	NTS: 92H/10W
DATE: JAN. 15, 1997	FIGURE: 1
WORK BY: J. SHEARER, M.Sc., P.Geo.	

LOCATION and ACCESS

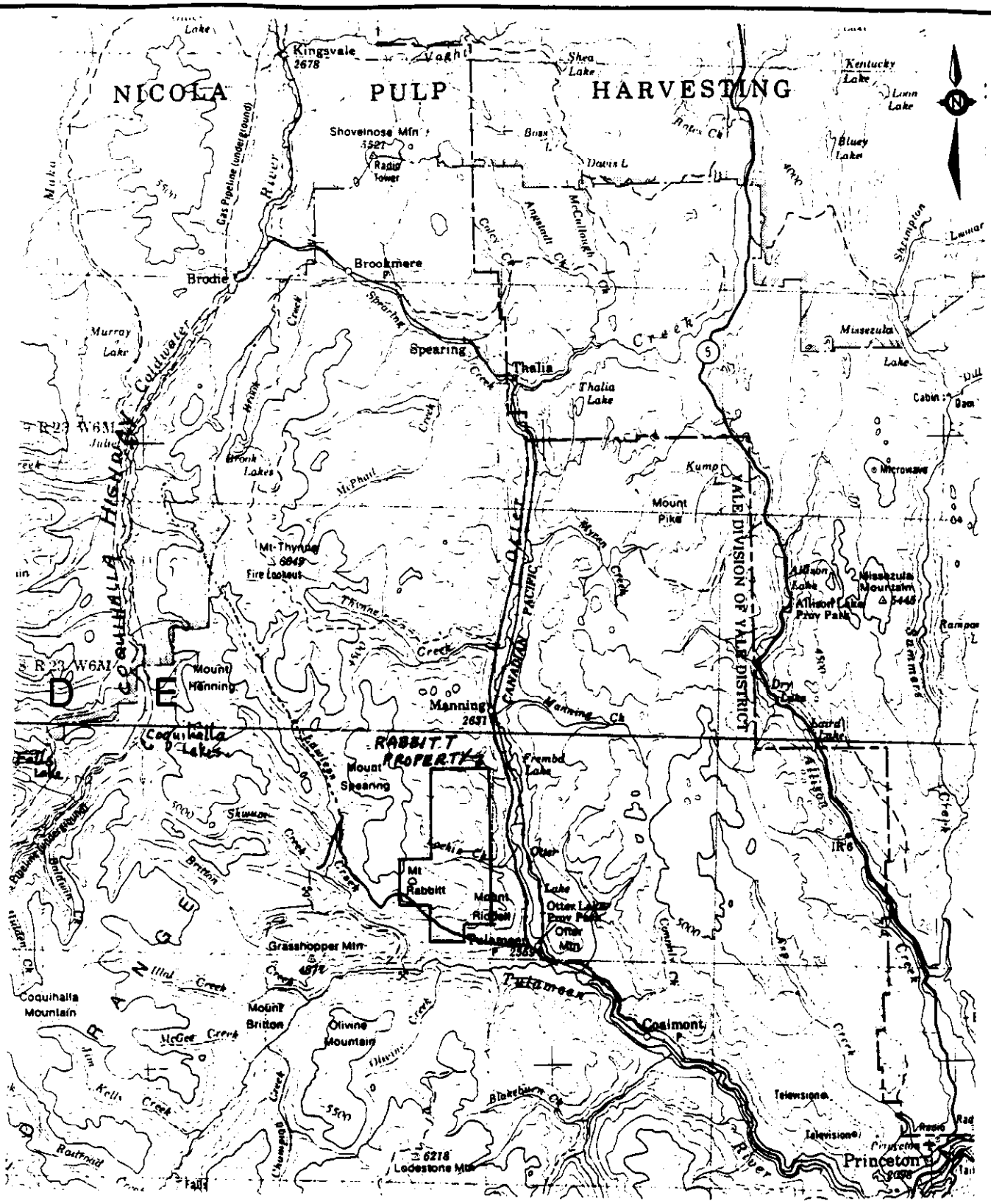
The property is located 3 km northwest of Tulameen, B.C. It occupies the upland area immediately west of Otter Lake (Figures 1 & 2). The southern part of the claims covers the crest and slopes of the southeasterly trending ridge between Mount Rabbitt and Mount Riddell. The northern part of the property covers Boulder Mountain.

The claims extend north from the Lawless Creek logging road, 2.5 to 5.0 km west of Tulameen, to Elliot Creek, 1.5 km west of Frembd Lake in the Otter Valley, a total distance of 7 km. Lockie (Boulder) Creek, an easterly flowing tributary of Otter Creek, bisects the claim block. The Rabbitt 1-4 and Deer claims are located south of Lockie Creek and the Boulder 1-2, Nero and 11 reverted Crown-granted claims are located north of the creek.

The upper slopes of Rabbitt and Boulder Mountains are gently sloping with deeply incised creek canyons. The slopes of the valleys of the Tulameen River, Otter Valley and Lockie Creeks, are steep to precipitous. Elevations vary from 470 metres in Lockie Creek to slightly over 1,500 metres on Rabbitt and Boulder Mountains.

Access to the various showings is provided by steep four-wheel drive roads at the north and south ends of the property. The Rabbitt Mountain area is accessible by a network of roads which leave the main Lawless Creek road between 3.5 and 8.0 km west of Tulameen. The Boulder Mountain area is reached by a road which leaves the Tulameen-Aspen Grove road 7.5 km north of Tulameen. The town of Princeton on the Southern Trans-Provincial Highway, is 27 km by paved highway south-east of Tulameen. The Canadian Pacific Railway follows the Otter Valley immediately east of the property. The Coquihalla Toll Highway is located 12 km to the west of the property.

The climate is transitional between that of the dry southern interior and the much wetter Cascade and Coast Mountains to the west. Summers are hot and dry, and winters are cold with heavy snowfall at high elevations.



Scale 1:250,000

CONTOUR INTERVAL 500 FEET
Elevations in Feet above Mean Sea Level
North American Datum 1927
Transverse Mercator Projection

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RABBITT PROPERTY TULAMEEN AREA			
ACCESS & TOPOGRAPHIC MAP			
SCALE: 1:250,000	NTS 92H/10W	DATE: JAN. 15, 1997	FIGURE: 2
WORK BY: J. SHEARER, M.Sc., P.Geo.			

CLAIM STATUS

The Rabbitt Property is held by 8 modified grid claims and 11 reverted Crown-grants as listed in Table I and illustrated on Figure 4.

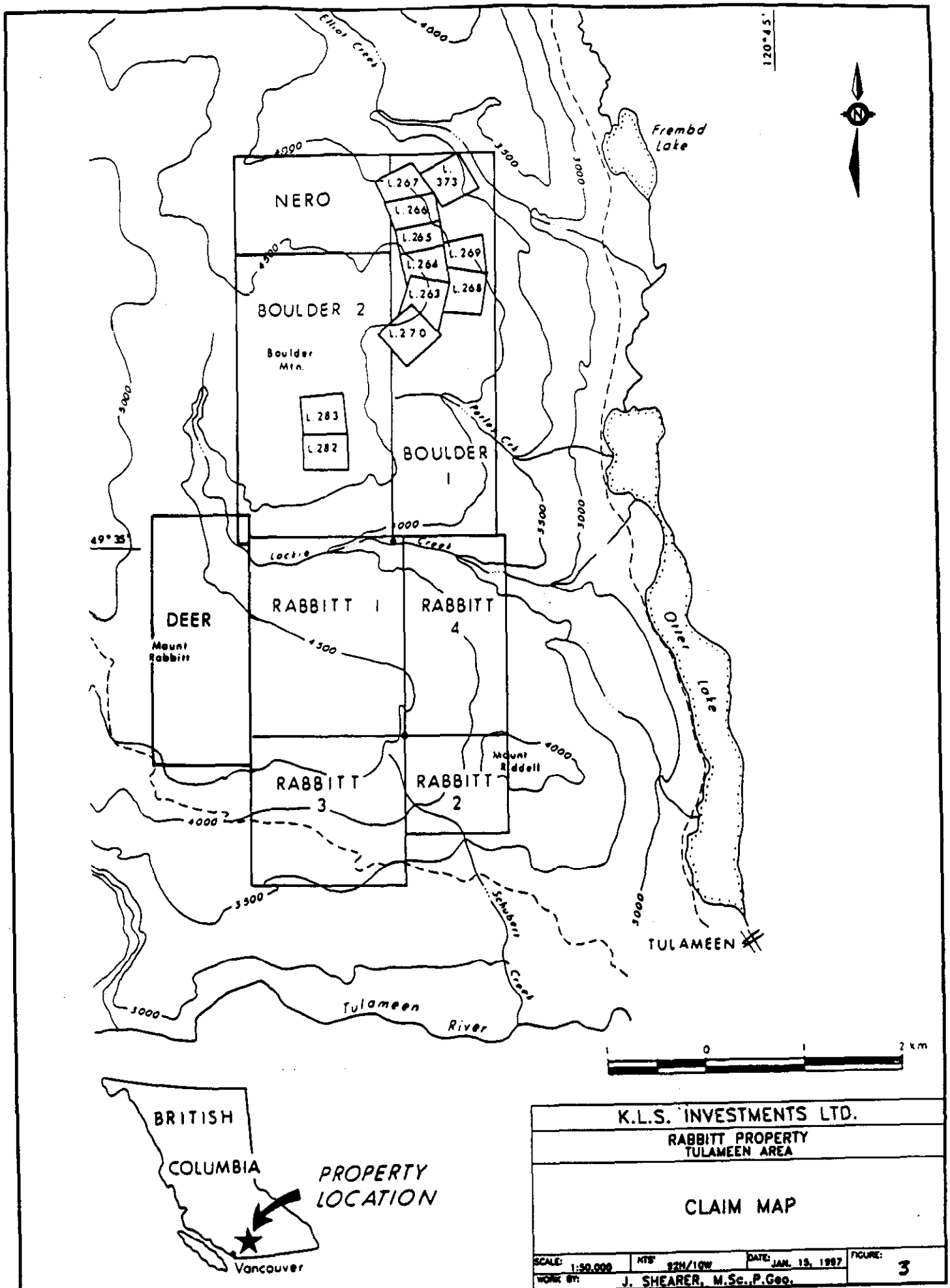
TABLE I

List of Claims

Claim Name	Tenure Number	# of Units	Size	Recorded Owner	Date of Location	Current Expiry Date
Black Bird	248614	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Berlin Fr	248615	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Freddie Burn	248616	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Anaconda	248617	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Winibago	248618	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Ymir	248619	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Oshkosh	248620	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
Morning	248621	1	2 post	H. J. Adams	Aug. 26, 1977	Aug. 26, 1997
International	248629	1	2 post	H. J. Adams	Feb. 20, 1978	Feb. 20, 1998
Constitution	248630	1	2 post	H. J. Adams	Feb. 20, 1978	Feb. 20, 1998
Rabbitt #1	248789	12	4Nx3W	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Rabbitt #2	248790	4	2Sx2E	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Rabbitt #3	248791	9	3Sx3W	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Rabbitt #4	248792	8	4Nx2E	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Boulder #1	248793	16	8Sx2W	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Boulder #2	248794	18	6Sx3W	H. J. Adams	Nov. 29, 1979	Nov. 29, 1997
Cousin Jack	248816	1	2 post	H. J. Adams	June 2, 1978	June 2, 1997
Deer #1	249003	12	6Nx2E	H. J. Adams	Feb. 11, 1985	Feb. 11, 1998
Nero	249029	6	2Sx3W	H. J. Adams	Sept.10, 1985	Sept.10, 1997
	Total Units	96				

K.L.S. Investments acquired an option on the Rabbitt Property from Harold J. Adams of Princeton, B.C. in December 1996.

Mineral Title in British Columbia is held via the *Mineral Act*. Claims are kept in good standing by applying appropriate assessment work in the amount of $100 per unit per year for the first 3 years and then $200 per unit per year thereafter.



K.L.S. INVESTMENTS LTD.

RABBITT PROPERTY
TULAMEEN AREA

CLAIM MAP

SCALE: 1:50,000	NTS: 92H/10W	DATE: JAN. 15, 1997	FIGURE: 3
WORK BY: J. SHEARER, M.Sc., P.Geo.			

EXPLORATION HISTORY

The Tulameen district has had a long history of mining and mineral exploration. Placer gold was discovered on Granite Creek in 1885 and 38,000 ounces of gold have been recovered from the Tulameen River and its tributaries. One such placer creek is Lockie (Boulder) Creek, an easterly flowing tributary of Otter Creek that bisects the Rabbitt Property. Early placer mining on Lockie Creek in the late 1800's led to the discovery of copper-gold showings on Rabbitt and Boulder Mountains.

Early exploration history is documented in various Annual Reports of the Minister of Mines as listed in the references (Page 25). In 1900 several claims were staked on showings of abundant pyrite-chalcopyrite mineralization in metavolcanic rocks on Boulder Mountain and by 1905 the Boulder Mining Company had developed several shafts and tunnels, and had applied for Crown-Grants on the claims. Most of the work was on the Cousin Jack, Freddie Burn and International (South Copper) claim groups. In 1908, mineralization had been discovered on Rabbitt Mountain and near Elliot Creek, north of the Cousin Jack.

Between 1908 and 1918 little work was carried out. In 1918 extensive surface and underground exploration resumed on the Rabbitt Mountain showings, including the Spokane-Motherlode, Red Bird and Shamrock groups. These occurrences were described as replacement bodies accompanied by silicification and were thought to be genetically related to a system of granite porphyry dykes. Several "veins" were discovered which could be traced along strike for hundreds of feet.

In 1928 exploration was concentrated on the Rabbitt Mountain showings. The concordant nature of the "veins" was recognized, together with the associated lower-grade fracture controlled mineralization (Redbird, Spokane-Motherlode).

Attention shifted to the Boulder Mountain and the Cousin Jack group in early 1930's. Old workings on the Boulder Mountain and the Cousin Jack group were cleared and mapped in 1933. Four sub-parallel veins were noted. Similar mineralization was discovered to the west on the Ottawa group. These veins carried values in gold, silver, lead and zinc. Nearly 2,500 feet (760 metres) of strike length had been developed on the Cousin Jack group by numerous open cuts, shallow shafts and tunnels. Pyrite, sphalerite and galena mineralization occurs in both concordant and discordant quartz veins and stringer zones in silicified greenstone. These zones differ from the pyrite-chalcopyrite sulfide bands characteristic of other showings in the area.

There is no record of any further substantial exploration in the area until the mid 1960's when Copper Mountain Consolidated Ltd. carried out bulldozer trenching near the old workings on Rabbitt Mountain and diamond drilled 5 holes totaling 1,250 feet (381 metres). In 1966-67 this company continued to explore the Lode claims by bulldozer trenching, geophysical and geochemical surveys. In 1967, Nelway Mines Ltd. acquired and explored the Cousin Jack group with geochemical surveys and diamond drilling.

Between 1971 and 1974 Gold River Mines Ltd. explored a large claim block on Boulder Mountain which included the South Copper, Mid-Copper, Cousin Jack, Mug and Josie areas. Extensive line cutting, soil sampling, magnetometer and VLF-EM surveys were conducted, and 33 holes totaling 5,800 feet (1,768 metres) were drilled.

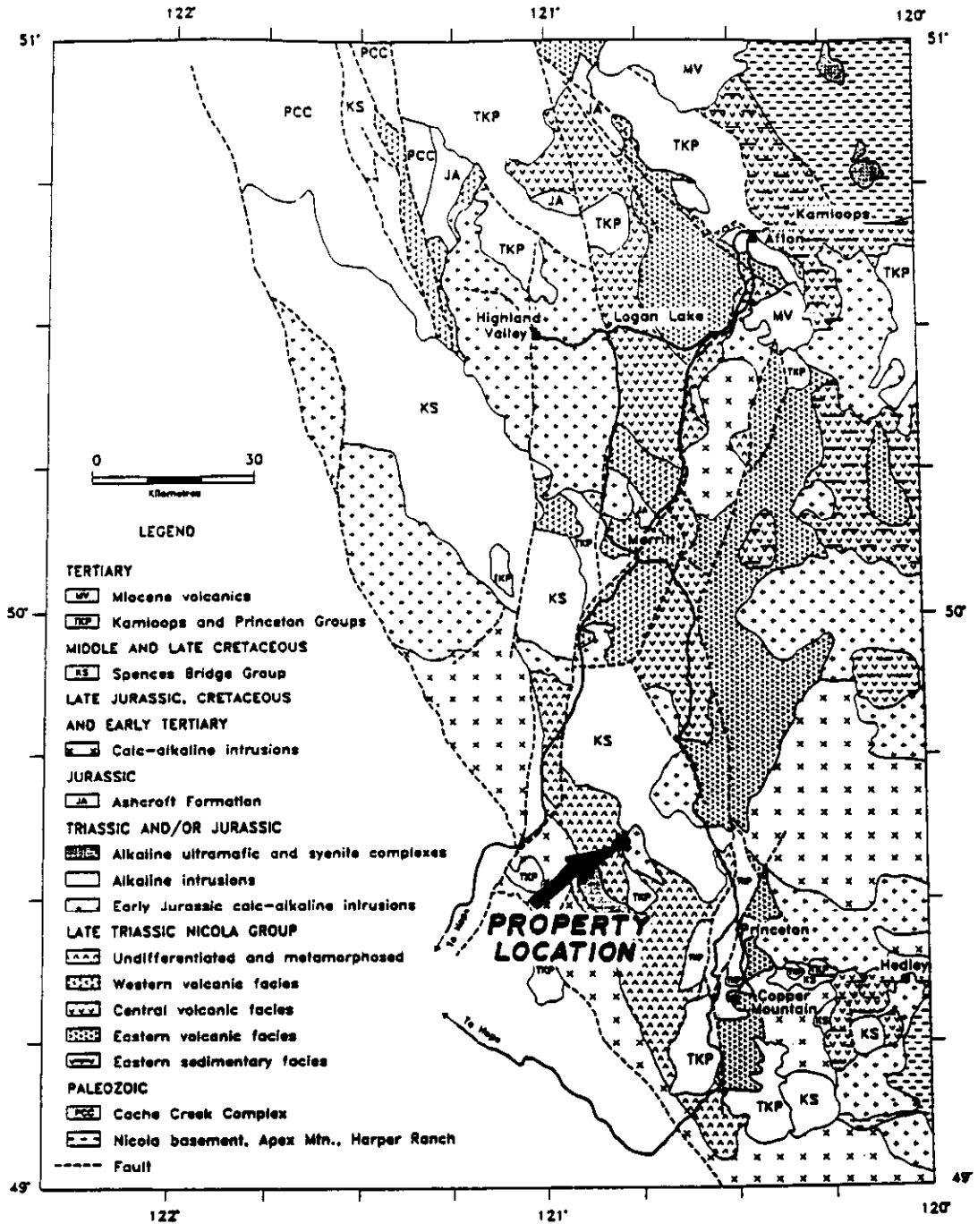
In 1976, Harold Adams of Tulameen staked a large block of claims covering all known showings on Rabbitt and Boulder Mountains except those on the Cousin Jack group and International-Constitution Crown grants. In 1978, Northern Lights Resources Ltd. optioned these claim blocks from Harold Adams and his partner J. Ambrosimo. Northern Lights conducted a ground magnetometer survey over the Rabbitt Mountain showings and drilled 2 diamond drill holes, totaling 122 metres, north of the South Copper showing on Boulder Mountain.

Kenam Resources Ltd. optioned the claim block from Mr. Adams in September 1979 and began a program of detailed geological mapping of the various showings in conjunction with Ventures West Minerals Ltd. The original John-X and Jame-X claims were abandoned and relocated as the Rabbitt 1-4 and Boulder 1-2 claims. A reconnaissance program was carried out in October and November, 1979 consisting of preliminary geological mapping, geochemical soil sampling and ground magnetometer over most of the property. Control was provided by a flagged grid with widely spaced lines.

No significant follow-up work was carried out and Ventures West Minerals Ltd. withdrew from the joint venture in December, 1981. Brican Resources Ltd. acquired Kenam's interest in February, 1980 and in 1982 began a program of systematic surface exploration. From 1982 to 1984, Brican conducted geochemical and geophysical surveys on various parts of the property. Some of the targets generated by the surveys have been partially tested by backhoe trenches. In 1984, a lithogeochemical survey was conducted over parts of the property and a detailed magnetometer survey was completed over the Mid-Copper area.

Aberford Resources Ltd. optioned the property from Brican in the fall of 1984 and in 1985 conducted geological, geochemical and geophysical surveys on the northern part of the property (McArthur, 1986). Three grids were blazed, picketed and located by chain and compass. The Boulder Grid is located west of the Brican (original) baseline with the 10W BL as control. Lines were turned off from the baseline every two hundred metres, from 56N to 23N with 25 metre stations. The Cousin Jack-Perley Grid is located east of the 0+00 BL and includes parts of the old Gold River grid and Brican's Perley Grid which were rechained and picketed. On these grids new lines have 25 metre stations while the old Gold River Grid (1972) has 30 metre stations on lines 150 metres apart. In the latter part of 1986 Aberford conducted extensive trenching in the Cousin Jack Area.

In January 1997, one 200 foot diamond drillhole was completed by H. Adams on the Deer Claim for assessment purposes. The hole reportedly intersected ultramafic rocks.



Generalized geology map of southern Quesnellia (after Monger, 1989).

CIM Special Volume 46

K.L.S. INVESTMENTS LTD.			
RABBITT PROPERTY TULAMEEN AREA			
General Geology of Southern Quesnellia			
SCALE: AS SHOWN	NTS: 92H/10W	DATE: JAN. 15, 1997	FIGURE: 4
WORK BY: J. SHEARER, M.Sc., P.Geo.			

REGIONAL GEOLOGY

The regional geology has been described in detail by Camsell (1912), Rice (1947), and Preto (1976, 1979).

The property is located within the southwest portion of the Intermontaine Tectonic Belt of the Canadian Cordillera; dominated by the Upper Triassic Nicola Group, a volcanic assemblage of basaltic-andesitic nature comprised of complex interfingering flows and associated intrusions, pyroclastic, epiclastic and bioclastic sediments.

Major north-south faulting, developed during the early Mesozoic, appears related to the volcanic island arc/subduction complex. This North-South arc/back arc basin complex commenced during Permain-Lower Triassic time and continued throughout Nicola Group deposition. These major faults controlled the distribution of later large intrusions, felsic Cretaceous volcanism as well as major Tertiary volcanics and basin sedimentation.

Within the Nicola Group there is a progressive compositional change towards younger, more siliceous, acidic volcanic rocks represents a waning stage of volcanism within the rapidly subsiding, north-south trending basin.

The property is underlain by the fault-bounded Western belt of Preto (1977, 1979), where shallow water Nicola rocks include basaltic-andesitic to rhyolitic flows, breccias, volcanoclastics, epiclastic sediments and reefoidal limestones. These formed the rapidly accumulating volcanic pile which gradually became subaerial. The Western Belt age, based on fossil evidence, range from Lower Norian (Triassic) to Lower or even Middle Jurassic (Preto, 1977).

The Nicola Group is associated with the majority of Economic ore deposits in the region. Chemically, the bulk of Nicola Group belong to an alkaline rock suite.

The Copper Mountain-Ingerbelle porphyry copper deposits are classified as alkaline suite deposits. Compared to the calc-alkaline deposits, porphyry deposits of the alkaline suite commonly grade into pyrometasomatic or skarn deposits, they lack appreciable amounts of molybdenite, and are usually richer in gold and silver. The alkaline deposits are associated with small, complex, alkaline plutons that are co-magnetic with the enclosing volcanic rocks. (Barr, et.al., 1976)

Alteration products and sulfides are spatially coextensive and contemporaneous. Classic zoning patterns evident in calc-alkaline porphyries do not normally apply in the alkaline suite due to the absence of phyllic and argillic zones. Alteration zones are commonly arranged peripheral to the alkaline pluton and not to associated ore bodies. Primary rock compositions have a marked control on the alteration assemblages produced.

The Nicola assemblage has been subsequently deformed and cut by a series of co-magnetic and later intrusives and subjected to low-grade metamorphism.

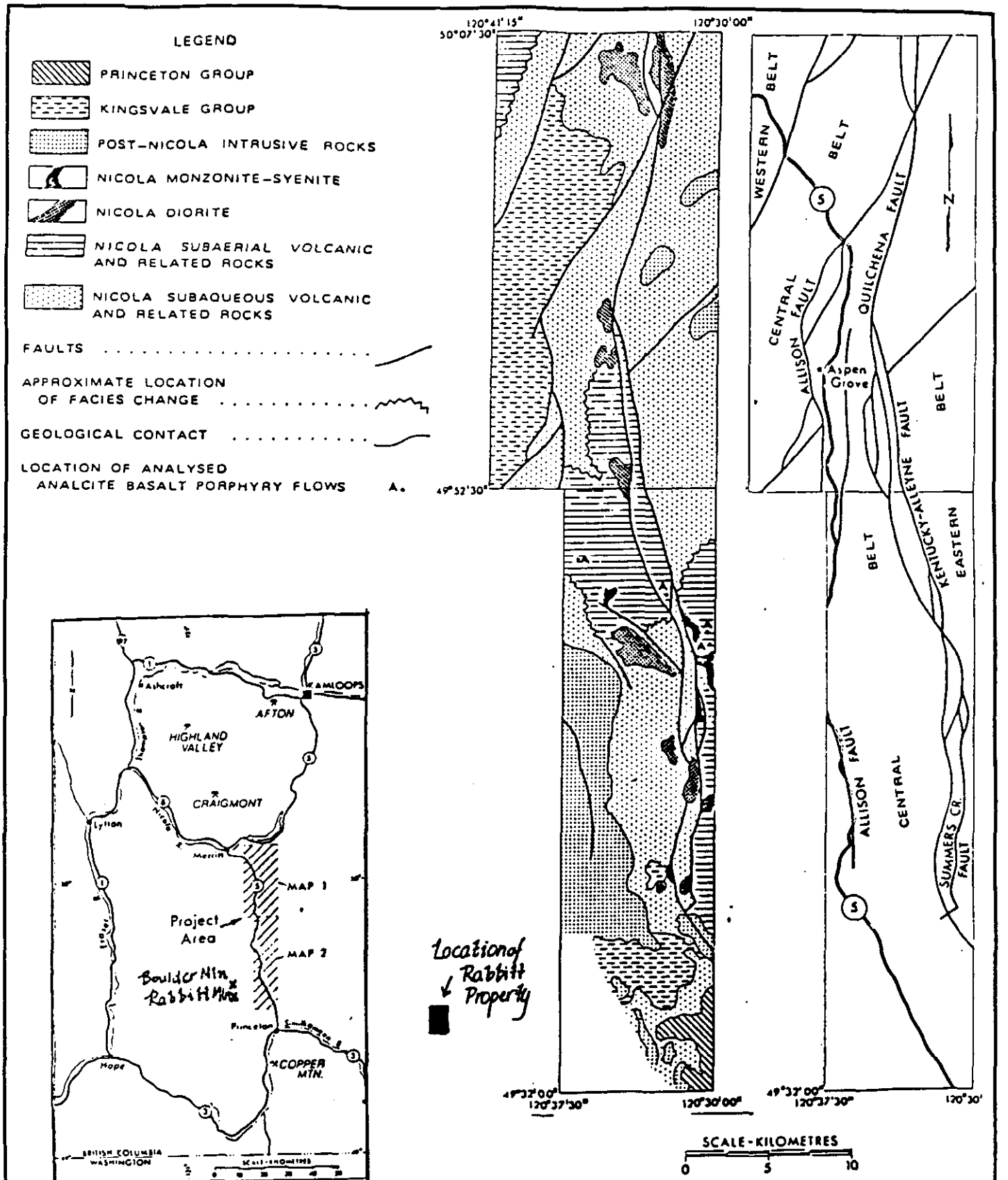


Figure 2. Location of project area.

from Preto, 1979

K.L.S. INVESTMENTS LTD.	
RABBITT PROPERTY TULAMEEN AREA	
REGIONAL GEOLOGY	
SCALE: 1:50,000	NTS: 92H/10W
DATE: JAN. 15, 1997	FIGURE: 5
WORK BY: J. SHEARER, M.Sc., P.Geo.	

In the vicinity of the Rabbitt property, intrusive rocks include the Jurassic or later Eagle Granodiorite; related dykes of the Coast Plutonic Complex, Jurassic or later peridotite, pyroxenite and gabbro dykes and plugs probably related to the Olivine Mountain body to the south (Rice, 1952) and pink to grey granite and granodiorite of the Upper Cretaceous or later Otter Intrusions.

These are all evidenced on the Rabbitt property by cross-cutting and concordant bodies of felsic to intermediate composition and by irregular outcrops of basic to ultrabasic rock. Relations to other rocks are often obscured due to poor outcrop. Intrusive rocks are non-foliated and include fine quartz-eye feldspar porphyry, medium grained feldspar porphyry, pink feldspar-hornblende porphyry and fine, dark brown weathering basic rocks.

A copper zone of the calc-alkaline type with general similarities to the Rabbitt Property is described by Richardson (1995) west of Copper Mountain on Whipsaw Creek. This area is just east of the Eagle Granodiorite and southwest of the Olivine Mountain ultramafics.

LOCAL GEOLOGY and MINERALIZATION

Boulder Grid Area

The majority of the map area comprises an andesitic to rhyo-dacitic assemblage of flows, dykes, breccias, pyroclastics, tuffs and volcaosediments of the Upper Triassic Nicola Group. The younger Kingsvale Formation (Cretaceous) and Nicola rocks appear controlled by northerly trending structural elements.

The following lithological units have been observed in the field; (McArthur, 1985) (youngest to oldest):

The Spences Bridge/Kingsvale Formation is represented in the northwestern and southwestern portions of the Boulder Grid. The northwestern exposures, (L54N/12+50W) are primarily composed of strongly siliceous, massive, pale salmon-pink feldspar porphyritic dykes. The southwestern exposures, observed along the banks of Lockie Creek, are composed of a similar, although moderately altered, feldspar porphyritic dyke unit as well as a fine to medium grained, equigranular, biotite-hornblende granodioritic intrusive.

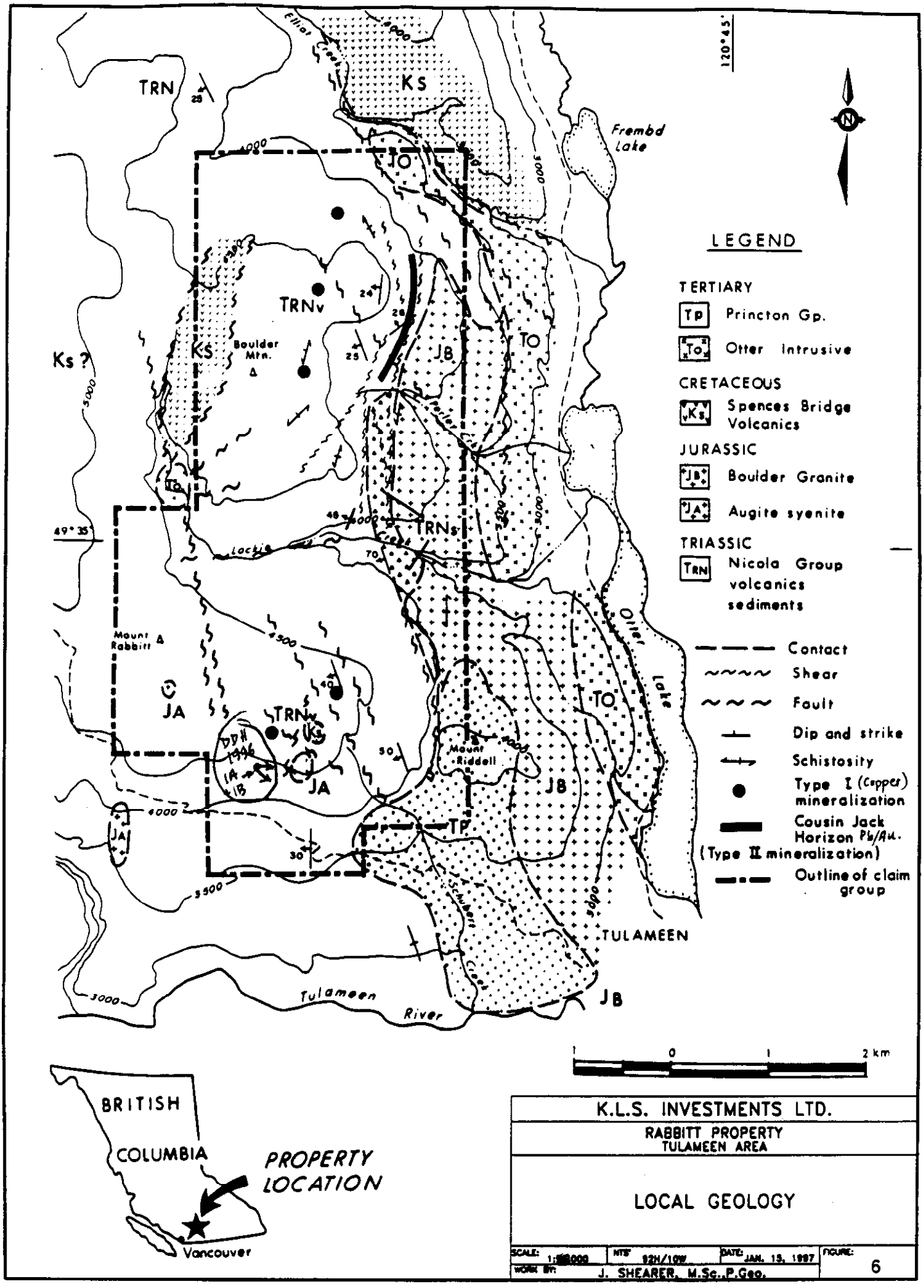
Within the eastern-central portion of the grid area (L45N, 4W) possible Cretaceous rocks include andesitic tuffs, breccias and porphyritic dykes. These are characterized by their relatively fresh, blocky nature and maroon to salmon-pink feldspar.

Towards the southeastern extremity of the grid (L42N-40N, BL+00W) there are exposures of fresh andesitic pyroclastics, tuffs and conglomeratic fragmentals (with Nicola clasts) which may either represent local Cretaceous units or subaqueous-subaerial Nicola volcanosedimentary units

The north-central (L56/7W) region of the Nicola group is composed of a siliceous, locally altered, highly fractured rhyo-dacitic breccia. Adjacent to the southeast are basaltic to andesitic pyroclastic flows.

The north-central part of the map area is composed essentially of two units, as follows: (1) andesitic volcanoclastic sediments and (2) andesitic tuffaceous pyroclastics. Both units are schistose, chloritized and locally epidotized throughout. Calcareous alteration is common, as thin calcite lenses, flattened pods sub-parallel to schistosity and as distinct, rounded blebs. These occurrences may reflect secondary alteration and replacement associated with low grade metamorphic events.

The central portion of the grid is predominantly andesitic, locally dacitic, feldspar porphyritic and pyroclastic flows and dykes. Throughout the map area the fragments are mainly felsic but there are consistently >3 to 20% mafic fragments. This may reflect the bimodal distribution of the volcanic source material, which is masked by regional metamorphism. The south-central exposures comprise epidotized porphyritic andesitic flows as well as andesitic tuffaceous pyroclastics. These units appear somewhat fresher in appearance and may represent a later stage of Nicola volcanism.


120°45'
Elliot Creek
TRN
KS
Frembd Lake
TO
JB
TRNv
Ks ?
Boulder Mtn.
49° 35'
Lockie Creek
TRNs
Mount Rabbitt
JA
DDH 1996
1A
1B
Mount Riddell
TP
Otter Lake
TULAMEEN
Schwartz Creek
Tulameen River
N
LEGEND
TERTIARY
Tp Princton Gp.
To Otter Intrusive
CRETACEOUS
Ks Spences Bridge Volcanics
JURASSIC
JB Boulder Granite
JA Augite syenite
TRIASSIC
TRN Nicola Group volcanics sediments
Contact
Shear
Fault
Dip and strike
Schistosity
Type I (Copper) mineralization
Cousin Jack Horizon Pb/Au. (Type II mineralization)
Outline of claim group
1 0 1 2 km
BRITISH COLUMBIA
PROPERTY LOCATION
Vancouver
K.L.S. INVESTMENTS LTD.
RABBITT PROPERTY
TULAMEEN AREA
LOCAL GEOLOGY
SCALE: 1:5000
NTS 92H/10W
DATE: JAN. 15, 1997
FIGURE: 6
WORK BY: J. SHEARER, M.Sc., P.Geo.

The regional metamorphic grade is low-grade greenschist facies, possibly further altered through later retrograde/metasomatic adjustments along with local hydrothermal activity. Each unit of the Nicola sequence contains varying degrees of chloritic, siliceous epidote and calcareous alteration; as well as local saussurite/sericite alteration and secondary amphibole development. The almost ubiquitous epidotization observed within the map area may be further enhanced by the weak to strongly sheared and jointed nature of the rock units.

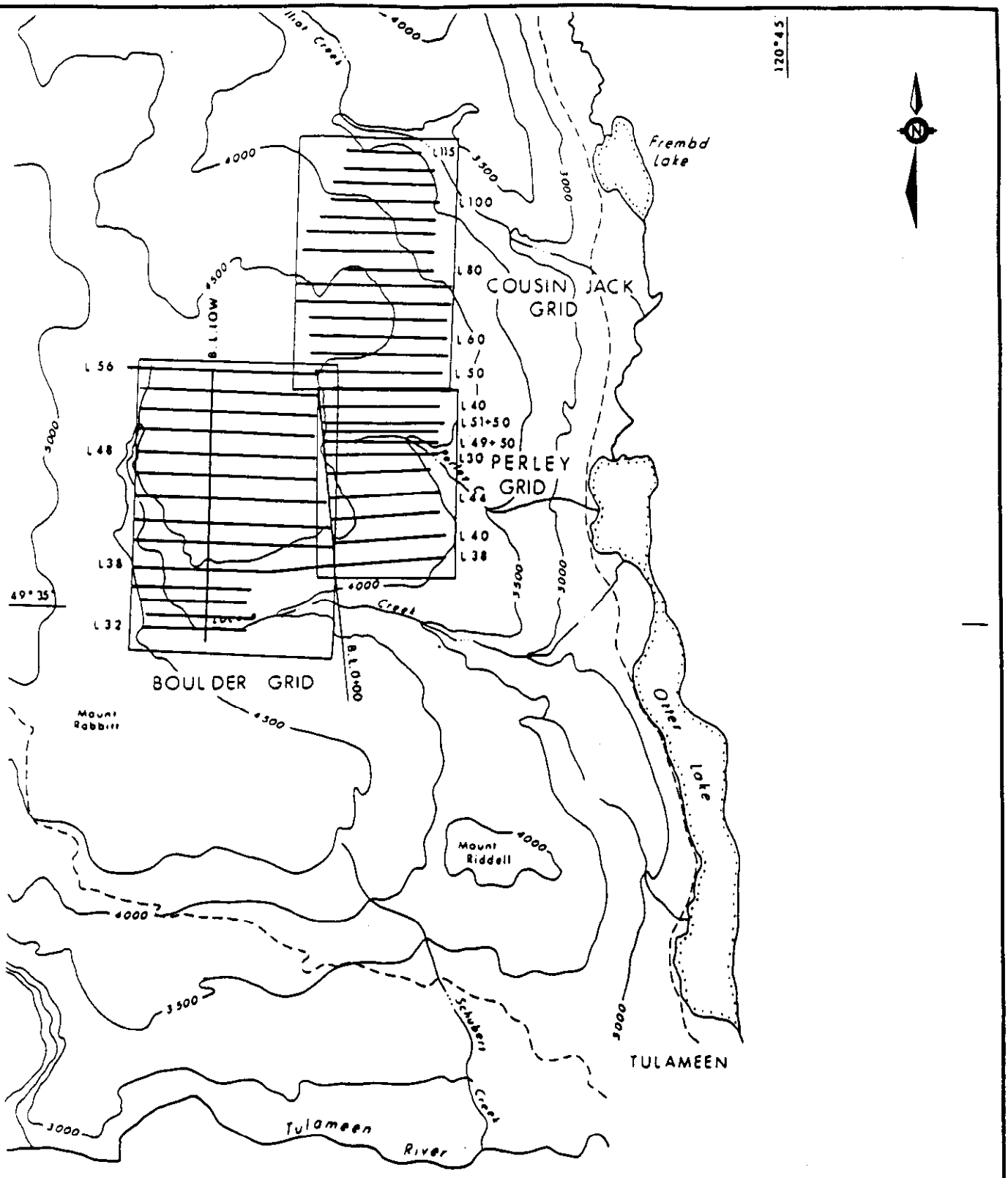
The map area is structurally complex with a large northerly trending open synclinal to homoclinal sequence, cut by later Cretaceous and Tertiary structures.

Mapping indicates a bedding trend of 010-050° with shallow westerly dips, although directions of 150-170° are locally preserved. The Nicola rocks appear to be drawn-out along 010-050° in response to dilational forces possibly a result of Cretaceous and Tertiary compression and uplift. Clockwise rotation may also have had an effect as well, with sub-horizontal strike-slip faulting producing the dominant 020-040° shear. Late Nicola/Cretaceous? units are not as sheared in appearance though they are strongly jointed along 150-170°. Later Tertiary events may have produced major faulting. Fracturing at 110-130° is observed to cut both Nicola and Cretaceous units.

The Nicola group hosts local concentrations of copper mineralization. However no significant mineralization has been found in Cretaceous or Tertiary volcanic sequences.

Sulfide concentrations within the Boulder Grid map area are tabulated by McArthur as follows:

a) Pervasive pyrite, where fine sub to euhedral pyrite grains are observed within the matrix or ground mass of virtually all of the mappable units; possibly related to in-situ growth resulting from metamorphic and metasomatic interactions in a low grade greenschist environment.
b) Fragmental pyritic mineralization as fine disseminations to local aggregates within distinct clasts or fragments, generally confined to the coarse tuffaceous Nicola rocks. Concentrations of up to 20% were observed locally within both calcareous and siliceous fragments. This mode of mineralization may be primary in origin. It is associated with weak to moderate calcareous siliceous alteration.
c) The most intense mineralization is associated with quartz-sulfide veining +/- sericitic alteration locally concentrated or coincident with persistent sub-horizontal shearing. Massive pyrite and local concentrations of chalcopyrite occurs within altered, bleached shear zones. Silica, carbonate and saussuritic alteration are variable. Mineralization is confined to the Nicola Group, primarily the tuffaceous sediments, coarse pyroclastics and felsic porphyritic flow/dyke units. This shearing appears sub-parallel to bedding and schistosity of the respective units and trends were observed at 020-040° and to a lesser degree 350-360° and 060°. Dips were primarily shallow, $\leq$15°W. The mineralized shears contain moderate to strongly siliceous, calcareous quartz-rich veining and brecciated blebs, and in most cases has been masked by epidotization. Mineralization appears secondary in nature associated with some sort of replacement phenomena. A similar habit has also been noted in diamond drilling at the South Copper Showing.



K.L.S. INVESTMENTS LTD.	
RABBITT PROPERTY TULAMEEN AREA	
GRID LOCATIONS AND GRID LINES	
SCALE: 1:50,000	NTS: 92H/10W
DATE: JAN. 15, 1997	FIGURE: 7
WORK BY: J. SHEARER, M.Sc., P.Geo.	

d) Pyritic mineralization is observed along Lockie Creek, between L42N and L39N, within a volcanosedimentary-Cretaceous intrusion and hornfels zone. Sulfides occur as distinct blebs within the Cretaceous porphyritic dyke material as well as fine disseminations located along the panar bedding of the argillaceous volcanosediments. The altered, baked appearance of these units may suggest a metasomatic type of mineralization.

There are two main types of mineralization within the Boulder Grid portion of the Rabbitt Property. Structural complexities have resulted in local but persistent shear zones, trending 020-040°. These appear parallel to bedding in older Upper Triassic Nicola volcanic units. Mineralization is related to this shearing and is usually accompanied by quartz-vein alteration. This mineralization may be a result of secondary enrichment followed by subsequent remobilization during Late Cretaceous-Early Tertiary times, (McArthur, 1986). A second main mineralization event is within the contact hornfels zone bordering a Cretaceous or Tertiary intrusive.

The South Copper showing (Constitution, L283 and International, L282 crown grants) is located on the south slope of Boulder Mountain. Extensive trenching and diamond drilling have been carried out by both Northern Lights Resources ltd. (Betmanis, 1979) and Gold River Mines Ltd. (Sookochoff, 1973). Thirteen holes were drilled by Gold River Mines for a total of 3203 feet. Some drill logs and assay values are available, but the core is not available for examination. 2 Drill holes drilled for Northern Lights Resources intersected weakly mineralized andesite of the Nicola volcanics with a 0.3 metre thick band of massive sulfide (logged as 30% chalcopyrite and 20% pyrite) in appearing in one hole.

Mineralization at South Copper consists of massive chalcopyrite and pyrite in a shallow, undulating, west-dipping horizon hosted in andesitic fragmental rocks. Chalcopyrite is the dominant sulfide and according to Sookochoff minor silver values are associated with the chalcopyrite. The gangue is dominantly quartz and carbonate. Sookochoff also suggests that hematite and epidote alteration are coincident with pyrite mineralization. The mineralized horizon varies from 3.5 to 10 feet in drill holes.

Assay values for copper in drill intersections are 0.28% over 5 feet, 1.74% over 5 feet, 0.28% over 10 feet, 0.11 over 5 feet, 0.7% over 5 feet, 1.74% over 5 feet, 1.29% over 5 feet, and 1.20% over 3.5 exposed at surface (Sookochoff, 1973).

Geophysical techniques have outlined numerous conductive zones within the area of investigation, some coinciding with known sulfide mineralization, i.e. South Copper and Mid-Copper. These sheared zones appears to trend south-west toward Lockie Creek, and into the hornfels zone. Further geochemical sampling and deeper penetrating geophysical surveys are recommended for this overburden covered area, (McArthur, 1986).

Perley Grid Area

Sparse outcrop occurring in a series of fault bounded blocks, each comprised of different rock types are exposed along a southeast trending spur of Boulder Mountain. These north-south oriented fault blocks are bounded to the north by the Perley fault and south by the Lockie Creek fault. Units are described from east to west as follows:

a) The eastern (lowest) outcrops are comprised of the (Cretaceous or Tertiary) Otter Intrusive, a syenitic medium grained equigranular hornblende-feldspar rock with no apparent visible quartz. The 2-5mm feldspars are chalky white. The exposures are highly fractured along a prominent northerly trend with weaker northwest and north-east fracturing.

b) Next is the "Boulder Granite", an epidotized medium to coarse grained occasionally weakly foliated granite. The feldspars are invariably saussuritized and chlorite and epidote after mafic minerals are common. The abundant quartz often has a bluish tint. Numerous xenoliths and screens of mafic volcanic were observed. The exposure is strongly fractured and has a weak northerly foliation.

c) Then comes a sequence of interbedded sedimentary rocks comprising argillite, calcareous argillite, limestones, volcanic conglomerate and sandstone. The volcanic conglomerate and sandstones are largely comprised of pyritic, felsic volcanic clasts. These rocks may be Triassic or younger. The bedding appears to be north-south with steep dips to the west. Outcrops are highly fractured and many are quartz veined. No thermal contact effects related to the Boulder granite were observed as the contacts are either covered or sharply faulted.

d) The most westerly fault-bounded block comprises a sequence of volcanics. This structurally lowest unit is a series of strongly saussuritized feldspar porphyritic, reddish-green andesite flows and flow breccia which are highly fractured and quartz-carbonate veined. The reddish matrix coloration is due to hematite. Late hematite coated fractures were also noted. Structurally above is a sequence of weakly altered and blocky fractured andesite flows, flow breccia, pyroclastics and volcanoclastics. The heterolithic volcanic conglomerates contain abundant rounded clasts to 30cm in a fine volcanic matrix of crystals and fragments. Ten percent of the large clasts are pyritic felsic volcanics. This upper most unit may be younger (Jurassic or Cretaceous) as most of the volcanic material appears to be derived from the Nicola Group.

Mineralization on the Perley Grid is confined to a series of old pits and trenches which expose quartz veined or pyritic sediments along a north-south trend from Perley to Lockie Creek. This trend is outlined by coincident geophysical conductors and high geochemical soil values.

Cousin Jack Grid

Rocks exposed on the Cousin Jack Grid also occur in a series of fault bounded blocks to the south and west of the Otter Fault system. A fault spur of the Otter intrusive is exposed to the east and on the access road south of Elliot Creek. These rocks are strongly fractured and crushed and contain abundant northwest trending vertical zeolite veins.

Further uphill along the access road is a sequence of basaltic breccia containing blocks of carbonate. These pillow breccias are often various colour depending on the hematite content. The rocks are exposed in a faulted block between the Otter intrusive to the south and east, and the Boulder granite to the southwest. The contact between the Boulder granite and the Nicola volcanics is faulted on the east side or covered.

West of the Boulder granite are faulted exposures of hematitic feldspar porphyritic andesite-basalt. The contact between the Boulder granite and the volcanics on the west side is a zone of intensely altered, quartz veined and chloritized volcanics and numerous partially digested zenoliths in the margin of the intrusive.

West of the strongly sheared and altered zone is fine grained andesitic tuff. This rock is locally strongly tectonized and altered forming chloritic and sericitic schist. The intensity of deformation and alteration decreases to the west and up slope. The andesite is overlain by a sequence of andesitic pyroclastics and tuffs which have an olive rusty weathered appearance and contain abundant limonite and occasional 2-3mm altered feldspars in a fine altered volcanic as matrix. Five to fifteen percent of the observed fragments which range to 10cm are pale coloured and may be felsic in composition. These rocks are overlain by a sequence of andesitic flows, flow breccia, pyroclastics and tuff containing 10-30% variably saussuritized feldspars 2-5mm in size. Chlorite, epidote and carbonate alteration minerals are abundant. To the north across a structural break (L95) occurs a faulted and fractured sequence of fine grained black siliceous pyritic dykes.

Fault bounded outcrops of medium grained Otter intrusion were found to the north (L115) toward Elliot Creek. Elliot Creek appears to run along the Otter Lake fault trace. The northwesterly trending Otter Lake Fault Zone has recorded movement in both the Cretaceous and Tertiary.

Sulfide mineralization found on the Cousin Jack area occurs in several modes similar to that previously described for the Boulder Grid. In the northern portion of the Cousin Jack Grid (CJL 110-105N/35-40E) an area of disseminated pyrite and minor chalcopyrite is associated with a Cretaceous or Tertiary intrusive, numerous felsic dykes and hornfelsed volcanics which is similar to the Lockie Creek zone (L42-39N/15W). To the south, the Cousin Jack trend (L95-55N/35E) a zone of concordant and discordant quartz-sulfide veins is associated with an area of intense shearing and hydrothermal alteration. Quartz sulfide vein mineralization contains variable amounts of sphalerite, pyrite, galena and chalcopyrite. These veins often contain values in gold and silver. Further south along the Cousin Jack trend is an area of more intense silicification and quartz-sulfide veining (CJL 55-50N/32-42E) coincident with elevated base metal geochemistry. This zone appears to continue to the south across Perley creek as indicated by geochemistry and geophysics. South of Perley Creek the zone may bifricate into an eastern area of anomalous geochemistry coincident with quartz-sulfide veined volcanosediments (L48-38N/3-6E) and a western area of anomalous geochemistry coincident with quartz-sulfide veined and sheared volcanics (L42-48N/0-2E). This southerly extension of the Cousin Jack trend appears to be structurally disrupted in Perley Creek by a northwest (330° Az) trending younger structure which parallels the Otter fault.

Additional geochemical and geophysical surveys are recommended to define the anomalous areas prior to backhoe testing and diamond drilling.

Volcanic rocks of the Rabbitt Mountain property appear to occur as a relatively simple homoclinal sequence that is complicated by later (Tertiary ?) normal and strike slip faulting. North-south strikes and shallow to moderate westerly dips typify the sequence. A weak to moderately well developed foliation is ubiquitous and varies from 130° to 180° in strike (dominantly 160° to 170°) with shallow westerly dips. Intensity of foliation is variable and largely a function of lithology as finer grained fragmental rocks tend to be more schistose than their coarser counterparts. Layering is difficult to discern due to the massive nature of many of the rocks. but where observed is sub-parallel to the foliation.

Faulting, of probable Tertiary age (Rice, 1952) disturbs the volcaniclastic rocks. It is difficult to determine offset and movement on these faults due to poor outcrop, the relative homogeneity of rocks, lack of distinctive layering and marker horizons, and the lensoid nature of units within the sequence and faults are largely recognized by distinctive linear structures. North, north-east trends for faults are dominant but some east-west trends are also evident.

Structural features on the Rabbitt property are very similar to those of the entire belt of Nicola rocks, which are typified by large open folds cut by later faults (Rice, 1952, Preto, 1997).

TRENCHING

The following is a representative list of assay values from sampling, by various parties, of the different properties and showings which are now part of the Rabbitt property as compiled by K. Daughtry and illustrated on Figures 8 and 9.

TABLE II

Representative Assay Values/ Mainly Trenching

Rabbitt Property

Showing	Sample Width/ type	Au oz/t	Ag oz/t	Cu%	Pb%	Zn%	Remark
Berlin	rep. panel	0.175	0.43	-	-	-	open cut
	1'6" chip	0.160	1.40	-	12.90	18.60	trench
	5'6" chip	0.020	Trace	-	nil	3.10	trench
	1'4" chip	0.070	Trace	-	nil	4.80	trench
	1'4" chip	0.200	0.50	-	-	-	shaft collar
	rep. grab	0.160	0.80	-	0.20	0.55	trench
	rep. grab	0.140	0.80	-	0.18	1.50	trench
	rep. grab	0.210	3.30	-	26.35	6.05	trench
Ymir	5' chip	Trace	0.20	-	nil	6.70	trench
	5' core	0.070	0.13	0.06	0.48	1.64	73-15
	5' core	0.030	0.02	0.04	0.10	1.50	73-16
Cousin Jack	4'6" chip	0.050	0.20	-	nil	2.30	trench
	5'10" chip	0.050	0.40	-	nil	4.20	trench
	grab, dump	0.320	1.50	-	nil	19.10	shaft
	4'6" chip	Trace	Trace	-	nil	2.40	trench
	6' chip	0.150	0.60	-	-	-	trench
	grab, dump	0.200	0.10	-	0.70	-	shaft
	2' chip	0.160	Trace	-	0.15	1.15	trench
	2' chip	0.540	0.80	-	0.25	7.45	trench
	4' chip	0.230	1.20	-	6.22	15.33	trench
	6' chip	0.120	0.60	-	-	-	trench
	45' core	0.013	0.10	0.09	0.22	1.90	73-13
	include. 5'	0.030	0.05	0.06	0.52	4.55	
	40' core	0.050	0.24	0.07	0.92	2.81	73-14
	include. 5'	0.200	0.41	0.07	0.98	3.86	
	5' core	0.210	0.36	0.11	1.14	6.10	73-20
	?	-	-	-	1.60	12.50	trench
	3' chip	0.236	0.99	-	-	-	trench
	3' chip	0.120	0.45	-	-	-	trench
	random chip	0.270	0.54	-	-	-	trench
	random chip	0.220	0.55	-	-	-	trench
International/ Constitution (South Copper)	5' chip	Trace	0.60	6.20	-	-	
	5' chip	0.005	1.36	8.20	0.06	0.05	
	random	0.003	0.06	1.72	-	-	"wall rock"
	grab	0.001	<0.22	-	-	-	qtz str.
(down-dip?)	110' core	-	-	1.47	-	-	72-1
	7' core	-	-	1.29	-	-	73-1
	5' core	-	-	1.74	-	-	73-2
	rep. grab	Trace	0.10	0.10	-	-	HW

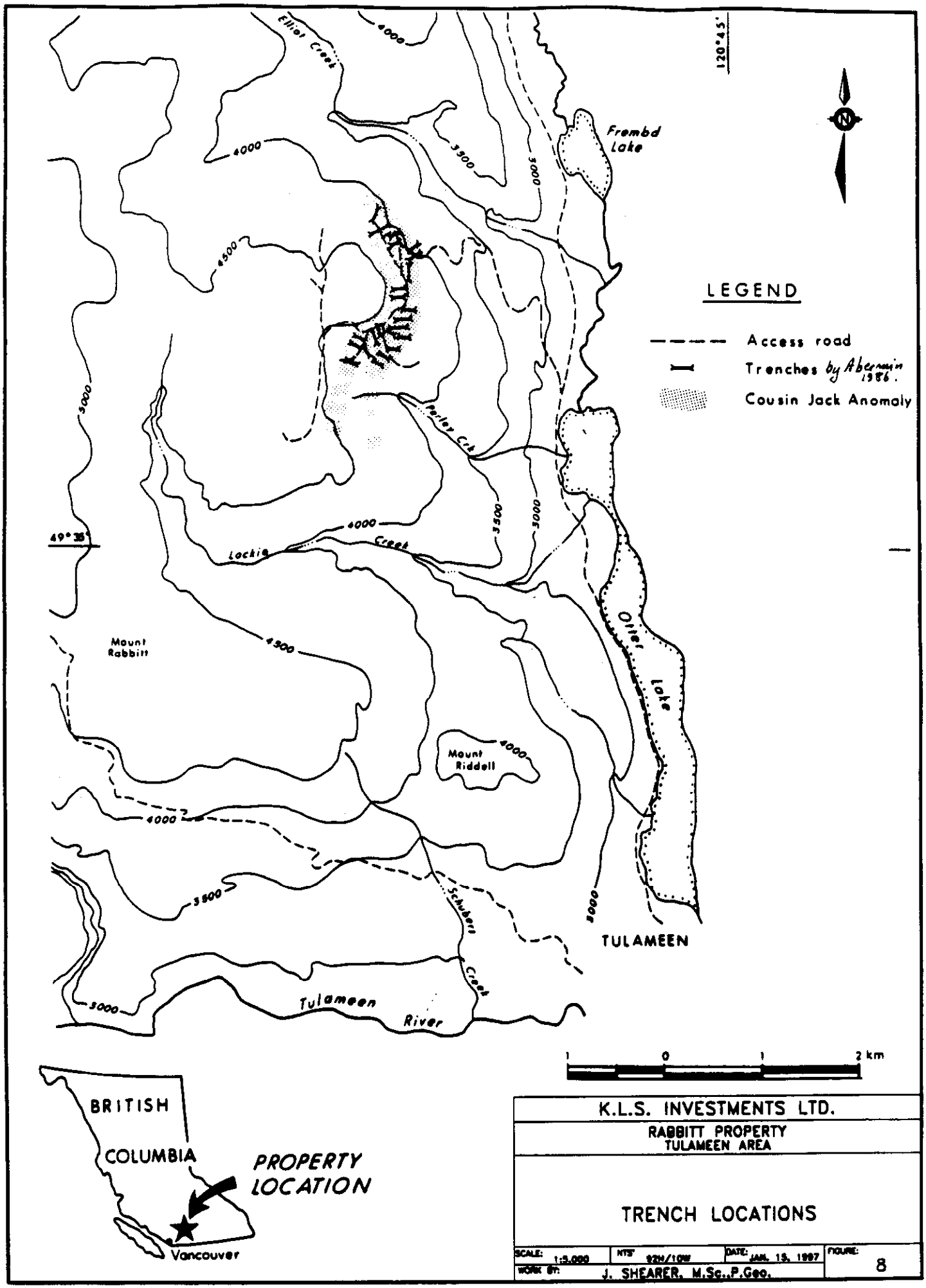

Elliot Creek
4000
120°45'
Frembd Lake
4000
3900
3000
4500
LEGEND
Access road
Trenches by Abermin 1986.
Cousin Jack Anomaly
3000
Parlor Crk
3500
3000
49°35'
4000
Lochie Creek
Mount Rabbitt
4900
Otter Lake
Mount Riddell
4000
4000
3500
Schubert Creek
3000
TULAMEEN
Tulameen River
1 0 1 2 km
BRITISH COLUMBIA
PROPERTY LOCATION
Vancouver
K.L.S. INVESTMENTS LTD.
RABBITT PROPERTY
TULAMEEN AREA
TRENCH LOCATIONS
SCALE: 1:5,000
NTS: 92H/10W
DATE: JAN. 15, 1987
FIGURE: 8
WORK BY: J. SHEARER, M.Sc., P.Geo.

TABLE II

Representative Assay Values/Mainly Trenching

Rabbitt Property cont..

Showing	Sample Width/ type	Au oz/t	Ag oz/t	Cu%	Pb%	Zn%	Remark
International/ Constitution (South Copper) cont.	rep. grab	0.004	1.80	15.40	-	-	mass. sulph.
	rep. grab	Trace	1.14	8.36	-	-	mass. sulph.
	rep. grab	Trace	2.36	20.80	-	-	mass. sulph.
	rep. grab	Trace	2.56	15.10	-	-	mass. sulph.
	5' core	Trace	0.22	1.25	0.01	0.02	78-1
	27' chip	-	-	3.40	-	-	trench
	18' chip	-	-	5.45	-	-	trench
	18' chip	-	-	1.64	-	-	trench
Thynne	10" chip	Trace	Trace	0.60	-	-	trench
	grab	Trace	0.10	0.27	Trace	Trace	trench
	grab	Trace	0.09	0.65	Trace	0.01	trench
	grab	0.002	0.21	1.13	Trace	Trace	trench
	grab	Trace	0.16	1.60	Trace	Trace	trench
	grab	Trace	0.11	0.27	Trace	Trace	trench
	grab	Trace	0.02	0.10	Trace	0.01	trench
Shamrock	6' chip	Trace	0.10	0.40	-	-	trench
	?	0.005	0.42	2.88	<0.01	0.01	trench
	grab	0.012	0.73	7.45	Trace	0.03	trench
	grab	Trace	0.38	1.62	Trace	0.08	trench
Red Bird	4' chips	Trace-0.030	0.60-0.80	2.40-3.10	-	-	various samples
	3' chip	Trace	2.60	2.20	-	-	winze
	3' chip	0.020	1.10	3.38	-	-	winze
	1' chip	Trace	-	-	-	-	HW
	3'6" chip	0.020	0.80	2.40	-	-	
	12' chip	0.030	-	-	-	-	ppy dyke
	grab, dump	Trace	0.60	3.10	-	-	winze
	3' chip	0.005	1.04	2.35	0.12	0.10	portal
	rep. grab	0.012	7.56	7.45	nil	0.03	
	3' chip	1.020	1.10	-	-	-	
	grab	0.014	1.30	1.61	0.11	0.02	
	grab	0.019	1.86	2.25	0.03	0.02	
	3' chip	0.005	1.04	2.35	0.12	0.10	
Spokane/ Motherlode	grab	Trace	0.60	2.46	-	-	sorted dump
	grab	0.020	0.40	2.24	-	-	sorted dump
	grab	0.003	0.29	1.71	Trace	1.02	dump
	grab	0.003	0.28	1.55	Trace	0.95	dump
	grab	0.005	0.42	0.38	-	0.01	dump
Hilltop (Lloyd George)	16.4' chip	-	-	1.64	-	-	cat trench
	grab	Trace	0.03	0.18	Trace	0.07	wall rock
	grab	Trace	0.48	3.46	Trace	2.07	trench

The Shamrock showing north of the Red Bird showing, is the northerly most showing of massive mineralization south of Lockie Creek. massive sulfide mineralization, including pyrite and chalcopyrite is exposed semi-continuously in north, northwesterly trending 175 metres long trench at the end of the road. Fragmental andesite to dacite hosts the mineralization. Thicknesses vary from 1 to 2.5 metres and sulfide mineralization appears to be split and/or replaced by andesitic tuff along the horizon. One assay value of 2.88% Cu, <0.01% Pb, 0.01% Zn, 0.005 oz. Au and 0.42 oz Ag is recorded.

The Red Bird showing has along history of extensive work that includes two cross cut adits. The upper adit (Red Bird Shaft) is open, has a total length of 400 feet (122 metres) with a short winze 10 metres in from the portal. The portal of the lower adit is now partially covered so it cannot be accessed. Two thin sulphide lenses with a maximum thickness of 0.4 metres each re exposed at the portal of the Red Bird Shaft. They have a length down dip of 2 to 3 metres, an exposed strike length of 4 to 5 metres with potential for up to 50 metres (defined by small scattered exposures of sulfide mineralization along strike) and are separated by a 0.8 to 1 metre thick layer of massive dacitic tuff that is cut by sphalerite, galena and chalcopyrite-bearing quartz veinlets. Pyrite is the dominant sulfide with small amounts of chalcopyrite being evident.

Assay values compiled from past reports on the Red Bird are as follows:

Sample Assay	Cu	Pb	Zn	Au oz/ton	Ag oz/ton	Reference
Portal Sulfides	2.4%			0.02	0.8	BCDM 1913
Dump from Winze	3.1%			t	0.6	BCDM 1913
Winze	2.2%			t	2.6	BCDM 1924
Winze	3.38%			0.02	1.1	BCDM 1928
Portal Sulfides	2.35%	0.12%	0.10%	0.005	1.04	Unknown

Average copper values are 2.6%.

DIAMOND DRILLING

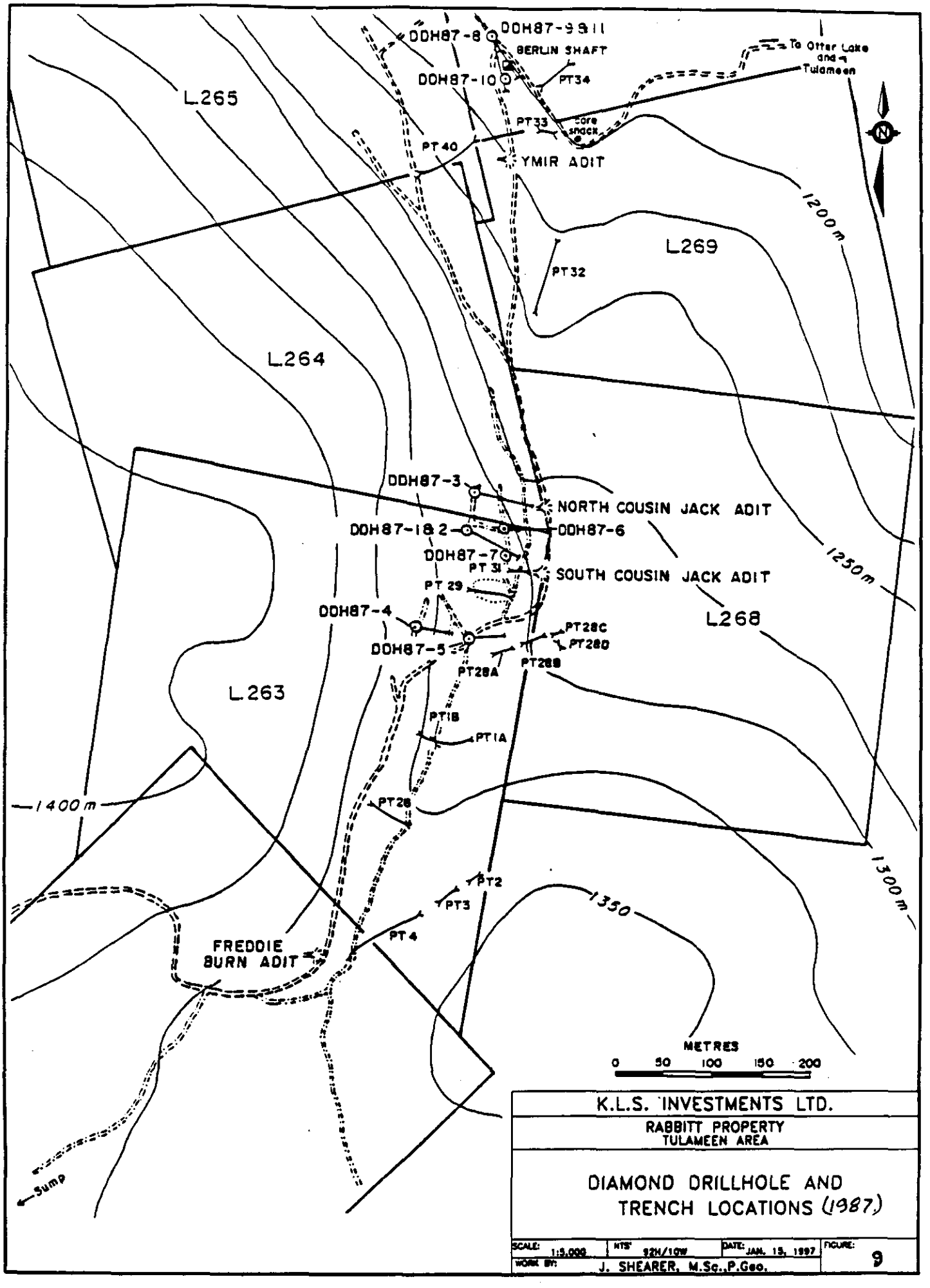
Several operators have conducted diamond drilling, mainly around the old Crown grants, totaling about 10,000 feet. The 1932 drilling program is summarized in Table III.

TABLE III

Summary of Diamond Drilling, Rabbitt Property

	DDH #	Dip	Direction Azimuth	Length	Co-ordinates	Elevation
SC	72-1	-02°	250°	110'	21+50N 2+40E	
SC	72-4	-45°	126°	452'	21+65N 2+85W	
MC	72-5	-90°	126°	42'	67+35N 11+00E	
SC	73-1	-45°	110°	200'	00+60E 20+10N	
SC	73-2	-45°	110°	167'	21+70N 01+60E	
SC	73-3	-45°	110°	171'	22+22N 00+48E	
MC	73-4	-60°	062°	129'	66+70N 10+49E	
MC	73-5	-45°	295°	147'	67+00N 11+10E	
MC	73-6	-50°	242°	134'	67+55N 11+60E	
MC	73-7	-90°	242°	109'	69+62N 9+90E	
SC	73-8	-90°	242°	297'	24+00N 1+00E	
SC	73-10	-90°	242°	564'	23+00N 1+00E	
SC	73-12			253'		
SC	73-13			357'		
SC	73-14	-90°	242°	366'		
	73-A-13	-45°	020°	322'	40+15E 66+15N	4,263'
	73-A-14	-45°	020°	249'		4,234'
	73-A-15	-45°	000°	142'		
	73-A-16	-50°	000°	219'		
	73-A-17	-50°	040°	208'		
	73-A-18	-50°		84'		
	73-A-19	-50°	040°	183'		
	73-A-20	-50°	040°	136'		
	73-A-21	-50°	040°	160'		
	73-A-22	-90°		103'		
	73-A-23	-50°	040°	114'		
	73-A-24	-90°				
	73-A-25	-50°	070°	111'		
	73-A-26	-50°	070°	105'		

Note: SC = South Copper
MC = Mid Copper



K.L.S. INVESTMENTS LTD.

RABBITT PROPERTY
TULAMEEN AREA

DIAMOND DRILLHOLE AND TRENCH LOCATIONS (1987)

SCALE: 1:5,000	NTS: 92H/10W	DATE: JAN. 15, 1997	FIGURE: 9
WORK BY: J. SHEARER, M.Sc., P.Geo.			

Overall drilling is contained in Table IV.

TABLE IV

Summary of Drilling

Program	Total Length	
1965 - 5 holes -	1250'	381 m.
1966-67	?	?
1974	5,800'	1,768 m.
1978 - 2 holes -	400'	122 m.
1987	2,173'	662 m.
Total	9,623'	2,933 m.

Drill log records are apparently incomplete and all available drill core should be relogged during the recommended mapping program. Substantial continuity was established at the South Copper Showing (Sookochoff, 1973), as shown on Figure 10, of the shallow dipping shear zone or sulfide horizon. Diamond drilling in 1987 (McFarlane, 1987) appears to have been mainly the expenditure of "Flow-through" funds with minimal hands-on geological strategy and the 1987 program was conducted in harsh winter conditions.

Two assessment diamond drill holes were completed in February 1997 for a total of 171 feet. Location of these holes is shown on Figure 9 and drill logs are in Appendix III in this report.

GEOCHEMISTRY

Orientation Survey

An orientation soil survey was conducted during late May 1985 (McArthur, 1986) (Figure 11). The purpose of the study was to determine which soil horizon best reflects underlying mineralization and also determine the magnitude and extent of downslope of hydromorphic movement of the mobile ore forming elements. The procedures, interpretation and results of the soil orientation sampling are outlined in a memo by geochemist B. W. Smee and states that "B" or "B-C" soil should accurately reflect proximity to mineralization (McArthur, 1986).

Soil Geochemistry

During the latter part of June 1985 a soil survey was conducted on portions of the Boulder Grid Area (Figure 11). Three hundred and thirty-four soils were collected at twenty-five metre intervals from grid lines two hundred metres apart. Reddish brown "B" soil was collected with a grubhoe at depths of twenty centimetres or more, this material was then deposited in numbered wet strength kraft sample bags. Samples were shipped to Bondar-Clegg & Co. laboratory in North Vancouver, B.C. for preparation and analysis. Samples were dried, sieved to -80 mesh and analyzed for copper, lead and zinc using a hot nitric-hydrochloric acid extraction and atomic absorption determination.

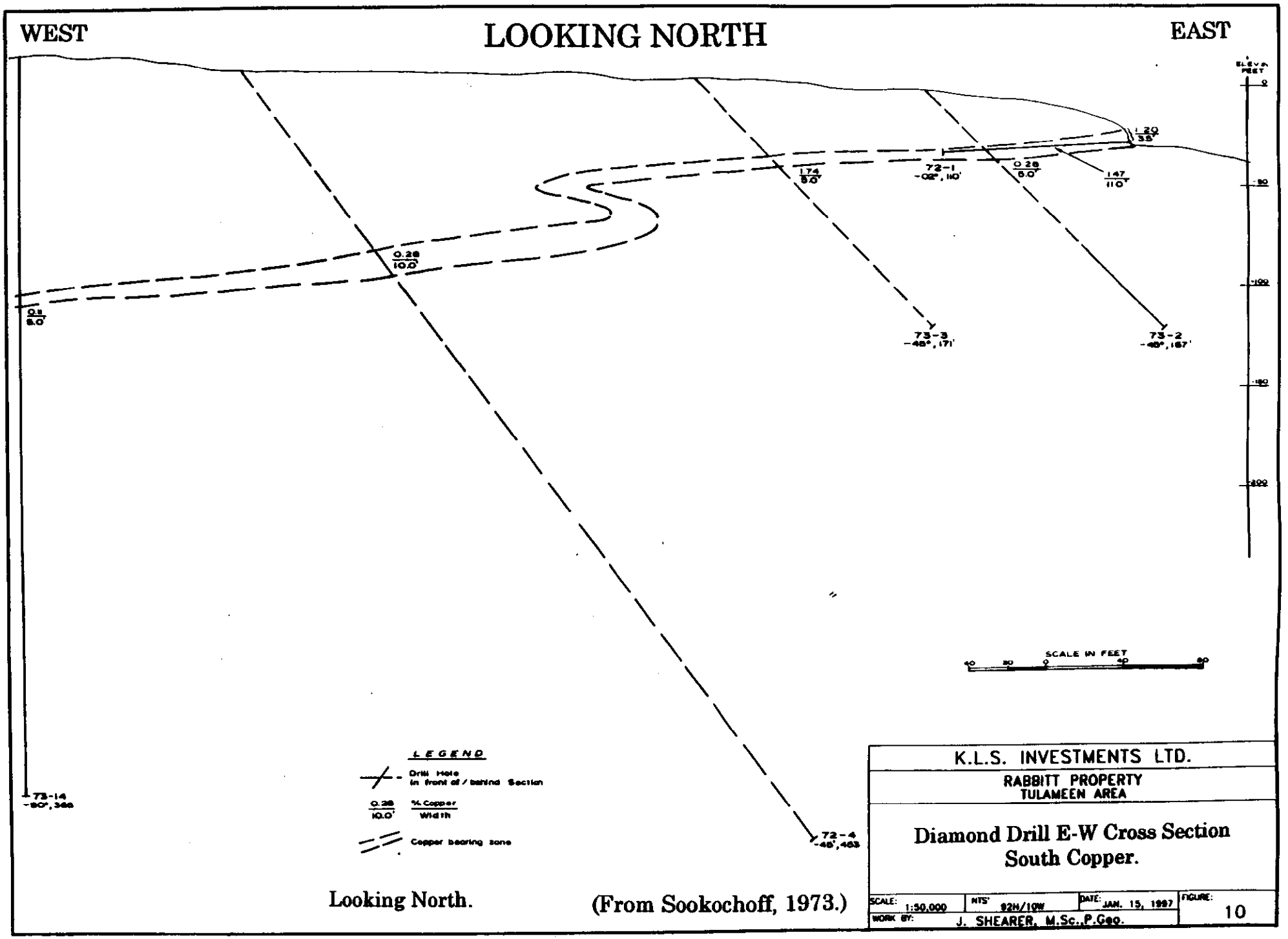
Results of soil sampling on the Boulder Grid indicate a weak polymetallic anomaly located on lines 40+00N/12W-14W and 38+00W/14W-15W and minor spot copper highs located along the 10W BL/44N-46N. The anomaly on L40N/L38N is coincident with an area of pyritic hornfelsed volcanics adjacent to an unmapped intrusive and the geochemical values may reflect a zone of mineral enrichment. The spot copper highs located along the 10W BL may reflect local copper concentration associated with sheared and altered Nicola volcanics. The soil anomaly on L38/40N requires additional sampling for further target definition.

Silt Geochemistry

A preliminary drainage silt survey was conducted in May 1985 in an attempt to define anomalous drainages (Figure 11). Samples were collected from actively flowing drainages with a shovel. Material was wet sieved in the field to -20 mesh prior to being concentrated by panning. Magnetic minerals were separated from dried samples using a hand magnet. Approximately one hundred grams of material was collected in numbered plastic vials for analysis. Samples were shipped to Bondar-Clegg & Co. laboratory in North Vancouver, B.C. for preparation and analysis.

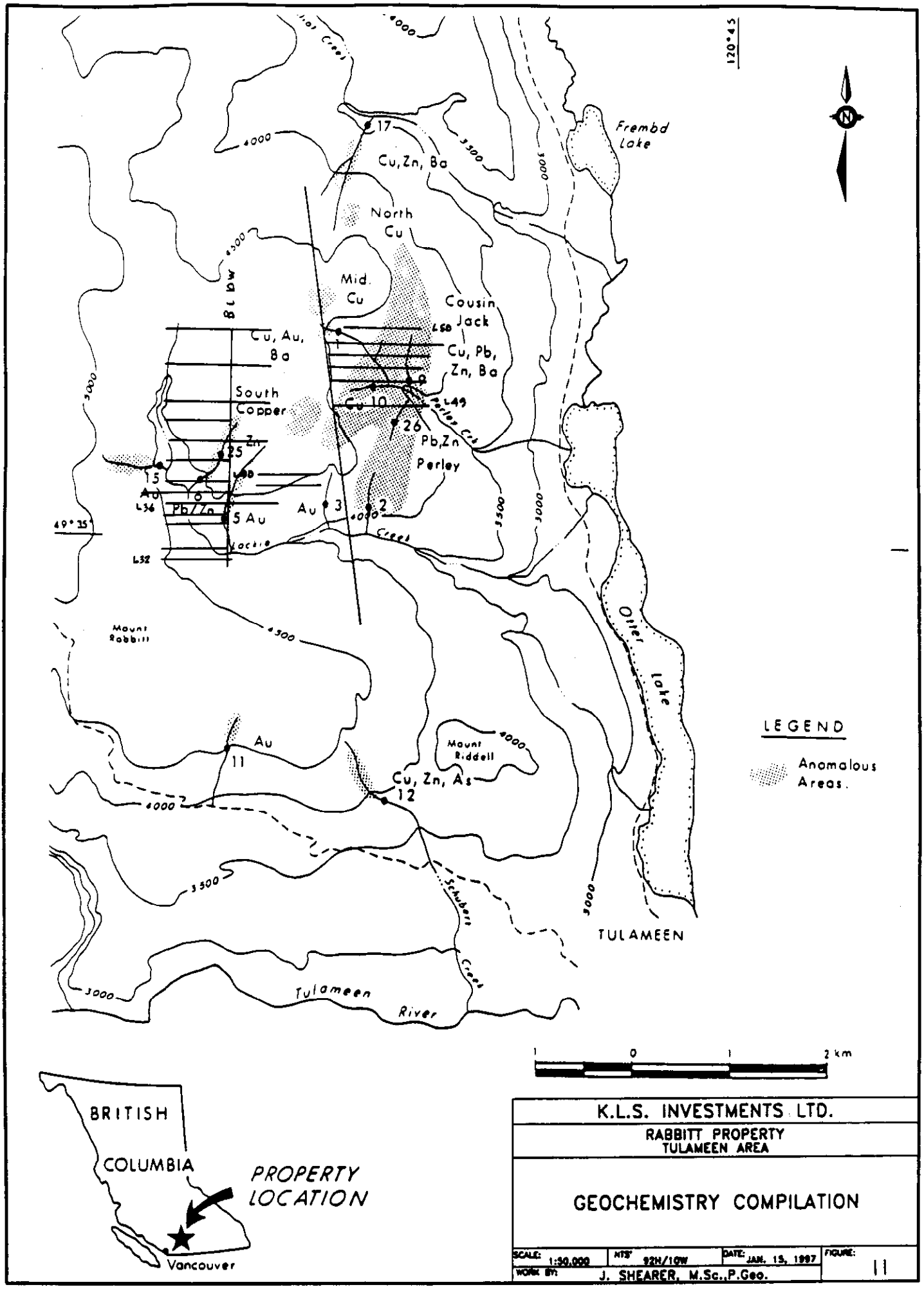
All samples were crushed and pulverized to -150 mesh prior to analysis. Geochemical analysis for copper, lead, zinc, silver, manganese, iron, arsenic and antimony utilized hot nitric-hydrochloric digestion and plasma determination. Gold was analyzed utilizing fire assay and atomic absorption determination and barium was analyzed by x-ray fluorescence.

The Cousin Jack mineralized trend is associated with an apparent increase in copper, lead, zinc, silver, gold, barium, iron, manganese, arsenic and antimony and depleted in calcium, magnesium and sodium.



Looking North.

(From Sookochoff, 1973.)


120°45
Frembd Lake
Cu, Zn, Ba
North Cu
Mid. Cu
Cousin Jack
Cu, Pb, Zn, Ba
South Copper
Cu, Au, Ba
Pb, Zn
Perley
Perley Creek
Au
Pb/Zn
5 Au
Au
Vuckie Creek
49°35'
Mount Rabbitt
Mount Riddell
Cu, Zn, As
Otter Lake
TULAMEEN
Schubert Creek
Tulameen River
L50
L49
L36
L32
4000
3500
3000
4500
LEGEND
Anomalous Areas.
1 0 1 2 km
BRITISH COLUMBIA
PROPERTY LOCATION
Vancouver
K.L.S. INVESTMENTS LTD.
RABBITT PROPERTY
TULAMEEN AREA
GEOCHEMISTRY COMPILATION
SCALE: 1:50,000
NTS: 92H/10W
DATE: JAN. 15, 1997
FIGURE: 11
WORK BY: J. SHEARER, M.Sc., P.Geo.

GEOPHYSICS

Preliminary geophysical surveys were conducted on the Rabbitt Property in an attempt to define and extend areas of known mineralization and to locate new anomalous areas. During July and August 1985, reconnaissance magnetic and electromagnetic surveys were conducted utilizing the various established grids. These surveys include an orientation horizontal loop EM survey conducted on two areas of the Boulder Grid, Area I L38-L42N/10-15W of 1.375 kilometres and Area II L42-52N/0-5W of 3.5 kilometres; an orientation REM survey conducted on the Boulder Grid L42-52N/0-5W of 3.5 kilometres; a magnetometer survey on the Boulder Grid L32-56N/0-16W of 25.6 kilometres and Cousin Jack Grid L55-115N/20E-44E of 8.3 kilometres; a VLF-EM survey on the Boulder Grid L32-56/0-17W of 30.25 kilometres and Cousin Jack-Perley Grid L38-115N/0-7E of 19.92 kilometres.

Instruments utilized in these preliminary reconnaissance surveys include a Geotronics VLF-EM 16, Geotronics Unimag II, Scintrex S-300 Loop-EM and a McPar Mark IV REM. These geophysical instruments are dated by present geophysical standards, however they produce reliable information for preliminary surveys.

Magnetometer Survey

A reconnaissance magnetometer survey was conducted on the Boulder and part of the Cousin Jack grids (Figure 12). Readings were taken every 12.5 metres on lines 100 to 200 metres apart, facing west. a Geotronics Unimag instrument having a 10 gamma sensitivity was used. Diurnal variations were noted and corrections were made where necessary.

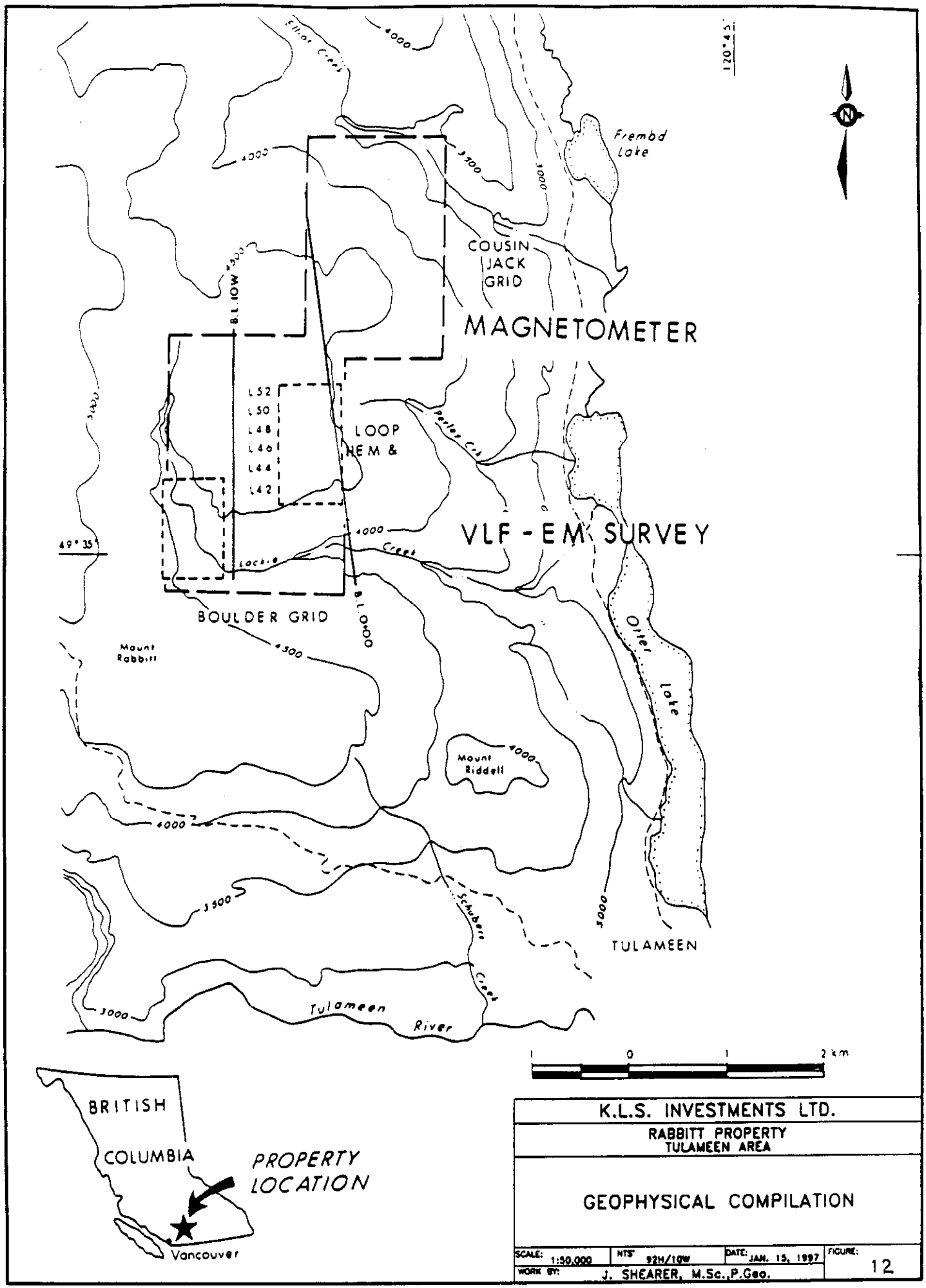
The magnetic response was generally flat with readings in the 57,000 to 57,500 gamma range. Several magnetic features are notable on both survey grids. On the Boulder grid several distinctive magnetic highs located along Lockie Creek appear to correlate with pyritic hornfelsed volcanics surrounding a Cretaceous or Tertiary intrusive. The high magnetic feature located along the 0+00 BL/L50N appears associated with magnetite-bearing volcanic rocks and may be similar to the Mid Copper anomaly area trenched by Brican in 1984.

On the Cousin Jack grid several distinctive magnetic features are notable. A large magnetic high located on lines 105, 110, 115N in the northeast corner of the map is coincident with a Cretaceous or Tertiary intrusive, an associated dyke swarm and pyritic hornfels volcanics. Several localized high magnetic features are associated with the Cousin Jack mineralized zone.

In conclusion, the magnetometer survey is useful in defining magnetic features on the property. It is recommended that additional magnetometer surveying be carried out as part of the ongoing evaluation of the Rabbitt property.

VLF-EM Survey

Reconnaissance VLF-EM surveys were performed on the Boulder, Perley and Cousin Jack Grids (Figure 12
). Readings were taken every 12.5 metres on lines 100 to 200 metres apart, facing west. A Geotronics VLF-EM-16 employing the Seattle (NLK 24.8 kHz) transmitter located at 200° azimuth was used for the survey.



K.L.S. INVESTMENTS LTD.

RABBITT PROPERTY
TULAMEEN AREA

GEOPHYSICAL COMPILATION

SCALE: 1:50,000	NTS: 92H/10W	DATE: JAN. 15, 1997	FIGURE: 12
WORK BY: J. SHEARER, M.Sc., P.Geo.			

Numerous VLF-EM anomalies resulted from the survey, some of which correspond to mineralized trends and others which appear to be from extraneous sources like swamps, geologic contacts, and faults, and topographic highs.

A good conductive zone located along Lockie Creek (L32-42M/15W) on the west side of the Boulder Grid is coincident with both a magnetic feature and an area of intrusive and pyritic hornfelsed volcanics. A number of linear VLF conductors radiate out from this area in a structural pattern perhaps related to the forceful emplacement of the intrusive.

Another good conductor located west of the 0+00 BL (L40-42N/0-5W) is coincident with pyritic andesite pyroclastics.

The Cousin Jack-Perley Creek mineralized zone, an area of shearing, quartz-sulfide veining and alteration, is coincident with several strong conductors.

CONCLUSIONS

The Rabbitt Property is a large claim block which covers a number of old gold and copper showings which were first discovered in the early part of the century. A considerable amount of somewhat disjointed exploration, including geochemistry, geophysics, geology, trenching and diamond drilling has been completed since 1965. However, due to the number of different operators the database is somewhat fragmented. As a consequence, the strategy behind some of the diamond drill programs is not immediately clear from the available reports.

Two horizons of massive sulfide mineralization have been recognized on the property. The sulfide horizons appear stratabound, lensoid and show remarkable potential strike length. Sulfide mineralization is hosted in andesitic to rhyolitic fragmental rocks, which may also replace massive sulfide mineralization along strike as barren pyritic schists. The massive sulfide mineralization is tabular to lensoid in shape and apparently concordant with layering in country rocks, trending northerly and dipping shallowly to the west. Thickness of the horizons ranges from approximately one to four metres and sulfide mineralization may contain lenses of acid and intermediate volcanic rocks. Numerous small scale faults transect and offset sulfide mineralization.

Known sulfide occurrences include the Motherlode-Spokane, Red Bird, Shamrock, Thynne, and Hilltop (Lloyd George?) showings on the southern part of the property and the South Copper (Oro Fino, Constitution, International) Mid Copper showings north of Lockie Creek.

Geological mapping of the volcanic succession is essential in predicting the location of mineralized alkalic plutons. The common occurrence of magnetite with alkalic intrusions suggest that replotting and reinterpretation of previous magnetic data will aid in defining target areas. Drilling to test geological targets is envisaged.

RECOMMENDATIONS

Since the bulk of mineral occurrences in Southern Quesnellia are closely related in their distribution and origin to the volcanic history of the Nicola volcanics and co-magnetic intrusives, a detail geological mapping program is recommended at a scale of 1:2500 on an accurate orthophoto - topographic basemap. All previous work should be incorporated onto this basemap as accuracy permits. In conjunction with this mapping program, all available diamond drill core should be relogged.

Further geochemical sampling and deeper penetrating geophysical surveys is recommended by McArthur, 1986 in the Lockie Creek hornfels zone and tightly controlled ground magnetometer survey over the entire property is recommended.

Contingent on attractive targets being identified by the above work, together with a synthesis of older data, Phase II diamond drilling is recommended to further test these targets. A cost estimate is included in the next section outlining Phase I cost of $80,000 and Phase II cost of $322,500.

Respectfully submitted,

J. T. Shearer, M.Sc., P.Geo.

COST ESTIMATE of FUTURE WORK

Relog available diamond drill core. follow-up geochemistry Lockie Creek. Magnetometer survey.

Phase I - Geological Mapping, follow-up geochem and geophysics, Data compilation.

Geological mapping and logging of available drill core.	
2 Senior Geologists for minimum of 45 days	$ 31,500.00
Analytical	6,000.00
Contract Geophysical	5,000.00
Transportation	3,800.00
Accommodation and Meals	5,500.00
Field Supplies	700.00
Drafting (AutoCad)	2,500.00
Line Cutting	5,000.00
Basemap (Orthophoto and 10m contours)	10,000.00
Data Compilation	5,000.00
Report Preparation	4,000.00
Word Processing and Reproduction	1,000.00
Total Phase I	**$ 80,000.00**

Phase II - Diamond drilling 3,000 metres, trenching and follow-up mapping and sampling, and geophysical.

Continued Geological Mapping and Drill Supervision	$ 30,000.00
Contract Diamond drilling (All-in) 3,000m @ 82.50/m	247,500.00
Core splitting and handling	8,000.00
Analytical	6,000.00
Contract geophysical	8,000.00
Transportation	4,000.00
Accommodation and Meals	10,000.00
Field Supplies	1,000.00
Drafting (AutoCad)	2,000.00
Line Cutting	2,000.00
Report Preparation	3,000.00
Word Processing and Reproduction	1,000.00
Total Phase II	**$ 322,500.00**

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APPENDIX I

Statement of Costs

February 15, 1997

APPENDIX I

Statement of Costs
(as per H. J. Adams)

Diamond Drilling	
by Grizzly Diamond Drilling (H. J. Adams)	
Dec. 10, 1996 - Feb. 3, 1997	$ 3,000.00
Total Footage = 85 feet	

APPENDIX II

Statement of Qualifications

J.T. Shearer

February 15, 1997

APPENDIX II

Statement of Qualifications

I, Johan T. Shearer of 1817 Greenmount Avenue, in the City of Port Coquitlam in the Province of British Columbia, do hereby certify:

1. I am a graduate of the University of British Columbia (B.Sc., 1973) in Honours Geology, and the University of London, Imperial College (M.Sc., 1977).

2. I have practiced my profession as an Exploration Geologist, continuously since graduation, for more than 25 years, and have been employed by such mining companies and McIntyre Mines Ltd., J. C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd. I am presently employed by Homegold Resources Ltd.

3. I am a fellow of the Geological Association of Canada (Fellow No. F439). I am also a member of the Canadian Institute of Mining and Metallurgy and the Geological Society of London. I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (P.Geo., Member No. 19,279).

4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. at #5-2330 Tyner St., Port Coquitlam B. C. V3C 2Z1.

5. I am the author of a report entitled "Diamond Drill Assessment and Summary Report on the Rabbitt Property, Tulameen Area, B.C." dated February 15, 1997.

6. I have visited the area in 1972 during a regional exploration program. I am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Rabbitt Property by examining in detail the available reports, plans and sections, and have discussed previous work with persons knowledgeable of the area. I have not inspected the trenched area, shavings or available diamond drill core due to winter conditions.

Dated at Port Coquitlam, British Columbia, this 15th day of February 1997.

J. T. Shearer, M.Sc., F.G.A.C., P.Geo.

APPENDIX III

Diamond Drill Logs

Dec. 10, 1996 - Feb. 3, 1997

February 15, 1997

RABBITT MOUNTAIN

SECTION: L 38+00

Diamond Drill Log

DDH #: 1A

Northing: L 38+00
Easting:
Elevation:
Azimuth: 020
Inclination: -45
Grid: RABBITT
Length (m): 26.52
Core size: BQ
Contractor: Grizzly DD
Drill type:

Drill Hole Survey
Method: DEGREE RULE

Azimuth	Dip	Depth
020	-45	COLLAR

Property: RABBITT
NTS:
Claim: DEER
Date started: Dec 10/96
Date completed: Feb 3 /97
Logged by: J.T. SHEARER

Purpose: LOST HOLE & GEAR AT 26.52, TO TEST MAGNETIC ANOMALY east of REDBIRD SHOWING, 5 Km on Rabbitt Mtn Road, 2½ on Lawlers Road.

from (m)	to (m)	Code	Description	sample No.	width (m)	Au (oz/t)	Au (g/t)
0.00	2.44		CASING: NO CORE RECOVERED OVERBURDEN				
2.44			HIGHLY CHLORITIZED ANDESITIC TUFF dark green, very abundant chlorite, abundant chalky white altered plagioclase crystals irregular amygdules filled mainly with chlorite. subangular fragments up to 3.0cm long, lapilli sized. Some fragments are preferentially bleached and pyritized (These light fragments could be rhyolite IT is in composition) Disseminated pyrite throughout short sections are crowded with plagioclase crystals. abundant pyrite along 20° fractures - quartz veining				
13.84	15.54		HIGHLY ALTERED QUARTZ MONZONITE DYKE. buff-brown, quartz eyes and plagioclase laths up to 3 mm Chloritized mafics, disseminated 2-3% pyrite throughout Some vugs, secondary orthoclase common in heavier pyrite sections.				

RABBITT MOUNTAIN

SECTION: L 38+00 Page: 2/2 DDH #: 1A

from (m)	to (m)	Code	Description	sample No.	width (m)	Au (oz/t)	Au (g/t)
15.54	18.59		HIGHLY CHLORITIZED ANDESITIC TUFF 2cm of Fault gouge at Top of interval fragments up to 2cm in length irregular veining + patches of orthoclase development disseminated pyrite throughout 1-2%				
15.59	15.80		ALGHLY ALTERED QUARTZ MONZONITE DYKE orange-brown Intense secondary orthoclase veining rubbly core, disseminated 2% pyrite quite vuggy, Highly fractured				
15.80	26.52 EOH		HIGHLY CHLORITIZED ANDESITIC TUFF dark green, fine grained matrix with fragments up to 3cm partly bleached and absorbed bottom part of Hole more Light coloured, bleached (perhaps dyke near 26.00) core characterized by chlorite clots filling amygdules and primary matics roughly aligned.				

SECTION: RABBITT Mountain

Diamond Drill Log

DDH #: 1B

Northing: L38+00
Easting:
Elevation:
Azimuth: 020°
Inclination: -55°
Grid: RABBITT
Length (m): 25.60
Core size: BQ
Contractor: Grizzly DD
Drill type:

Drill Hole Survey
Method: Degree Rule.

Azimuth	Dip	Depth
020°	-55	collar

Property: Rabbitt Mountain
NTS:
Claim: Deer
Date started: Dec 10/96
Date completed: Feb 3/97
Logged by: W. T. SHEARER

Purpose: TO TEST MAGNETIC ANOMALY ON DEER CLAIM.
(east) NEAR RED BIRD TRENCH, 5km on Rabbitt Mtn Road, 2½ Lawkes Rd

from (m)	to (m)	Code	Description	sample No.	width (m)	Au (oz/t)	Au (g/t)
0.00	4.27		OVERBURDEN : CASING, NO CORE Recovered				
4.27	14.84		HIGHLY CHLORITIZED ANDESITIC TUFF dark green chalky altered plagioclase crystals throughout, very abundant chlorite chlorite filled vesicules (amygdules) common. Bleached rounded areas with highly chloritized mafics. often associated with minor pyrite Minor pyrite and lighter green chlorite on fractures at 38° to core axis. core quite rubbly down to 6.70m. calcite filled fractures below 10.80m at 20° to C.A. marked increase in pyrite + pyrrhotite content to 2% between 11.65 and lower contact More fragmental with fragments up to 5cm in length near contact				
14.84	16.87		HIGHLY ALTERED QUARTZ MONZONITE DYKE buff brown near upper contact, contact at 45° to C.A DISSEMINATED PYRITE - 2% throughout distinctive quartz eyes up to 4mm in length minor pyrite filled vugs. abundant white, euhedral plagioclase phenocrysts				

RABBITT MOUNTAIN.

SECTION: L 38+00 Page: 2/2 DDH #: 1B

from (m)	to (m)	Code	Description	sample No.	width (m)	Au (oz/t)	Au (g/t)
16.87	21.56		HIGHLY CHLORITIZED ANDESITIC TUFF dark green, contact at 75° to C.A. Light-bleached areas appear to be a particular type of fragment which are preferentially altered. short highly fractured sections disseminated pyrite throughout, bands of pyrite up to 2 mm thick are common at 15° to C.A. epidote common in higher pyrite areas K-spar veinlets at 20.26 subparallel to core axis.				
21.56	21.82		Quartz Monzonite DYKE highly pyritic, buff brown, very chloritic rubbly core				
21.82	25.60 EOH		HIGHLY CHLORITIZED FINE ANDESITIC TUFF slightly finer grained than andesitic intervals above spotted appearance due to chlorite clots throughout filling amygdules and replacing primary mafics Disseminated pyrite common "Layers" of chlorite up to 3 mm wide at 87° to core axis Quartz-chlorite-K-spar-Epidote veining ± pyrite occurring near end of hole at 45° to core axis END OF HOLE 25.60m (84 feet)				