REGIONAL RESOURCES LTD. GWR RESOURCES INC. LAC LA HACHE PROJECT 1995 DRILL PROGRAM

Longitude 121°17' W, Latitude 51°59' N Cariboo & Clinton Mining Divisions, B.C.

NTS 92 P/14 NTS 93 A/3 GEOLOGICAL SURVEY BRANCH ASSESSMENT BRANCH MAR 1/1996 PLORE BEOPROGRAM

February 1996 Toronto, Canada Reinhard von Guttenberg Strathcona Mineral Services Limited

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SUMMARY

The Lac La Hache project in south-central British Columbia is a joint venture between Regional Resources Ltd. and GWR Resources Inc. with Regional having the option to earn 60% of the interest held by the joint venture in several claim groups in the project area. In 1995 about 4600 metres of diamond drilling was completed on several areas of the property along with further geophysical surveys and geological mapping. Total cost of the work carried out in 1995 including option payments to GWR Resources was \$602 000, bringing total expenditures on the property todate by Regional to \$1 330 000.

In 1995, a new zone of copper mineralization was found in Takomkane monzonite near Murphy Lake, and a wide, but low-grade zone of copper-gold mineralization at the west end of Peach Lake. The work has practically eliminated chances of finding copper-gold deposits on the Nemrud and Murphy claims, or a gold deposit on the Ophir Copper property.

The **Murphy Lake** copper mineralization is mainly confined to fractures and veinlets in moderately potassic altered, coarse-grained magnetic monzonite, and is geophysically characterized by a moderate induced polarization (IP) chargeability anomaly and a relative magnetic low. The zone is 30-35 metres wide, steeply dipping, has a grade of 0.2-0.3% copper with traces of gold and molybdenum, and was intersected in two holes at a distance of 115 metres. Higher grades of 0.4-1.1% copper are confined to a width of 10 metres or less near the footwall of the zone. It is open below 50 metres depth and on strike to the north and south.

It is recommended to trace the zone by drilling and to perform more detailed IP and magnetometer surveys in the area.

An 80 metre-wide, steeply dipping zone of low-grade copper-gold mineralization (0.20% copper, 0.13 g/t gold over 112 metres core length) hosted in potassic altered Nicola Group intrusive and volcanic rocks was found on the **PMA** property, at the northeast side of the East Zone IP anomaly (Peach Melba Zone) (Figure 6). The occurrence is located at the junction of the Peach Lake, PMA and Ophir Copper properties and has the width, but so far not the grade to be economically mined. This zone should be traced by drilling on strike to the northwest and southeast.

It is recommended to perform follow-up work on the Lac La Hache property at an estimated cost of \$350 000 for the first phase program. To evaluate the **Murphy Lake** copper mineralization and other targets in the area, 40 kilometres of line cutting, IP and magnetometer surveys, and 1500 metres of diamond drilling should be performed, for a total cost of \$250 000. Drilling of 600 metres on **Peach Lake** and **PMA** claims, and of 250 metres at Zone 1 IP anomaly, situated on the **Ophir Copper** property at the intersection of two major geophysical trends, is estimated to cost \$100 000.

INTRODUCTION

The Lac La Hache joint venture of Regional Resources Ltd. and GWR Resources Inc. was formed in 1993, to explore a block of claims north of Lac La Hache, south-central British Columbia (Figure 1), for porphyry and skarn-type copper and copper-gold deposits. Under an agreement with PMA Resources Inc., four claims located between the Peach Lake and Nemrud properties were optioned by Regional Resources in April of 1995.

Exploration on the Lac La Hache property in 1995 consisted of geophysical surveying and drilling of mineralization and geophysical anomalies resulting from earlier surveys by the Joint Venture.

Results of drilling at Nemrud in January 1995 (17 holes, 1300 metres ⁽¹⁾, and of 13.5 kilometres of induced polarization and magnetic surveys on the PMA property ⁽²⁾ have been presented to the joint venture partners earlier and are not part of this report.

Drilling of 18 NQ-size holes with a combined length of 3336 metres in August to December 1995 was performed on the Nemrud, Murphy Lake, Murphy, Ophir Copper, Peach Lake and PMA properties.

Line cutting and geophysical surveying were carried out by S. Stone and Lloyd Geophysics Inc. Drilling was contracted to Connors Drilling Ltd. and Tex Drilling Ltd. of Kamloops B.C. Field work was conducted by Strathcona Mineral Services Limited on behalf of the joint venture partners.

LOCATION AND ACCESS

The Lac La Hache property is located between 18 and 30 kilometres northeast of Lac La Hache, in the Clinton and Cariboo mining divisions of south-central British Columbia (Figure 2). The claims are centred at Longitude 121°17' West and Latitude 51°59' North. Access to the property is from Lac La Hache via the Rail Lake Road and from Forest Grove via the Bradley Creek Road and secondary logging roads.



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PHYSIOGRAPHY AND CLIMATE

The Central Plateau in the Lac La Hache region is characterized by gentle rolling hills with elevations ranging from 850 m to 1500 metres above sea level. The highest peak in the area is Mt. Timothy (1662 m), located 17 kilometres to the northeast of Lac La Hache. About 40% of the forests in the area have been clear cut. The climate is cold temperate with an annual precipitation of 500 to 1000 millimetres. Snow cover on the ground averages one to two metres, with snow arriving in November and departing by mid-April.

Elevations on the Lac La Hache claims range from 865 metres at Murphy Lake to 1450 metres on the Ophir Copper property. Glacio-fluvial deposits cover approximately 90 percent of the Murphy Lake claims, while outcrop is relatively abundant on the Murphy, Ophir Copper and parts of the Peach Lake and PMA properties, which are situated on top or on the flanks of a height of land in the centre of the claim group.

PROPERTY STATUS

The Lac La Hache property comprises six different claim groups, located in the Clinton and Cariboo Mining Divisions of south-central British Columbia (Figure 2). Under an agreement with GWR Resources Inc. of January, 1995, which replaced the initial letter agreement of July 1993, Regional Resources has the right to acquire the interests shown below, by incurring cumulative work costs and option payments of \$4 000 000 before December 31, 1998.

Claim Group	Regional	GWR	Ophir Copper Peach Lake PMA
Claim Group 1	60.0%	40.0%	
Claim Group 2	39.0%	26.0%	35.0%
Claim Group 3	48.0%	32.0%	20.0%
Claim Group 4	60.0%	40.0%	
Regional Claims	60.0%	40.0%	
PMA Claims	51.0%	34.0%	15.0%

Claims under option to Regional Resources are listed in Table 1. Assessment work in 1996 is necessary for TT1 claim only, all other claims are in good standing to 1997 or later.



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Table 1: LAC LA HACHE CLAIMS

Property	Claim	Number	Units	Recorded	Expiry	Owner#1	Owner#2
MURPHY	Murphy1	305427	6	1991	15-10-01	GWR	Regional
	Murphy2	305428	18	1991	15-10-01	GWR	Regional
	Murphy3	309076	8	1992	06-05-01	GWR	Regional
	Murphy4	309368	20	1992	15-05-01	GWR	Regional
MURPHY LAKE	тт	303085	20	1991	12-08-97	B.Gagne	Regional
	TT1	302141	20	1991	19-06-96	B.Gagne	Regional
	TT2	302142	20	1991	18-06-97	B.Gagne	Regional
	ттз	302143	20	1991	18-06-97	B.Gagne	Regional
	Ace2	302130	20	1991	13-06-97	B.Gagne	Regional
	Ace4	302132	20	1991	14-06-97	B.Gagne	Regional
NEMRUD	Riley1	320903	20	1993	30-08-99	Regional	Regional
	Riley2	321046	1	1993	21-09-99	Regional	Regional
	Riley3	321047	1	1993	21-09-99	Regional	Regional
	Jesse1	321768	1	1993	06-10-99	Regional	Regional
	Jesse2	321763	1	1993	06-10-99	Regional	Regional
	Jesse3	321764	1	1993	24-10-99	Regional	Regional
	Jesse4	321765	1	1993	24-10-99	Regional	Regional
	Jesse5	321766	1	1993	24-10-99	Regional	Regional
	Jesse6	321767	1	1993	24-10-99	Regional	Regional
	SS	320904	20	1993	04-09-97	Regional	Regional
	SS2	320905	15	1993	05-09-99	Regional	Regional
	SS3	321045	20	1993	09-09-97	Regional	Regional
	SS4	321049	10	1993	20-09-99	Regional	Regional
	SS5		20	1995		Regional	Regional
	Luke	320901	20	1993	02-09-97	Regional	Regional
	Mike	320902	20	1993	03-09-97	Regional	Regional
OPHIR COPPER	Ann1	208270	20	1987	04-05-05	Ophir	Reg/Ophir
	Ann2	208271	20	1987	04-05-05	Ophir	Reg/Ophir
PEACH LAKE	Dora MC	208311	20	1987	18-09-00	Peach	Reg/Peach
	Dora1	208312	9	1987	18-09-00	Peach	Reg/Peach
	PeeWee1	208335	18	1987	05-11-97	Peach	Reg/Peach
	PeeWee2	208337	1	1987	05-11-00	Peach	Reg/Peach
	PeeWee3	208336	1	1987	05-11-00	Peach	Reg/Peach
	Club15	208375	4	1987	31-12-00	Peach	Reg/Peach
PMA	Jack1	313376	12	1992	21-09-97	PMA	Regional
	Jack2	313377	20	1992	22-09-97	PMA	Regional
	Dora2	313634	16	1992	19-09-97	PMA	Regional
	Dora3	313635	16	1992	20-09-97	PMA	Regional
TOTAL			482				

PROJECT HISTORY

Exploration for copper in the project area dates back to 1966, when Coranex Syndicate Ltd. discovered copper anomalies during regional geochemical sampling. An airborne survey flown by the Geological Survey of Canada in 1967 defined an annular-shaped magnetic anomaly with a diameter of 10 kilometres, centred 25 kilometres north of Lac La Hache (Figure 3). This anomaly attracted the attention of exploration companies due to the known association of k-feldspar-magnetite alteration zones and alkaline porphyry copper-gold deposits found in Nicola Group rocks elsewhere.

Surveys by Amax Potash Ltd. (1971-73), Asarco Exploration Company (1991) and others, were mostly directed towards areas of abundant outcrop along the southern portion of the magnetic anomaly and resulted in the discovery of the Spout Lake (WC) chalcopyrite-magnetite skarn, the Peach and Tim copper-gold occurrences and other showings associated with Nicola Group alkalic intrusions and volcanic rocks. The Miracle copper-gold showing was discovered by prospectors Don Fuller and Nils Kriberg of Lac La Hache in 1984.

North of Spout Lake and Peach Lake, Tertiary basalt and glacio-fluvial deposits form extensive covers which prevent direct access to underlying rocks. Exploration in this area by geophysical and geochemical methods was mainly performed over magnetic highs.

GWR Resources Inc. assembled a 280 square kilometre property north of Lac La Hache between 1987 and 1993, and drilled the Spout Lake chalcopyrite-magnetite skarn and the Miracle showing. In 1993, Regional Resources Ltd. acquired a 170 square kilometre land package by optioning most of GWR's property, and by staking of claims at the newly discovered Nemrud bornite skarn. The claim group covered a large portion of the aeromagnetic anomaly and all major copper-gold occurrences with the exception of the Tim showing.

This property offered a chance to evaluate not just individual showings but an extensive porphyry system with known porphyry and skarn-type mineralizations, developed in Triassic Nicola Group near the contact of the Takomkane batholith.



Regional's exploration in 1993 consisted of prospecting, geological mapping, geochemical sampling and induced polarization and magnetometer surveying, as well as of a compilation of earlier work. The exploration resulted in the discovery of the Nemrud bornite skarn ⁽³⁾, and of several chargeability anomalies, with the strongest and most promising situated south of the Miracle showing on the Murphy claims ⁽⁴⁾. This anomaly and a weak chargeability anomaly on the Ophir Copper claims were drilled by GWR in 1994. The Murphy IP anomaly was found to be caused mainly by pyrite in volcanic rocks, with sub-economic copper-gold being restricted to dike or sill-shaped monzonitic intrusions ⁽⁵⁾. On the Ophir Copper property, gold values of up to 11 grams per tonne were found in quartz-calcite-chalcopyrite veins at the contacts of a porphyry dike (Aurizon Gold Zone) ⁽⁶⁾.

REGIONAL GEOLOGY

The Lac La Hache property is situated within the Upper Triassic to Lower Jurassic Nicola Group, which forms part of the Quesnel Trough (Figure 4), a volcanic and sedimentary arc sequence affected by Upper Triassic to Jurassic intrusions, and by volcanic activity continuing into the Quaternary. The Quesnel Trough extends for over one thousand kilometres from northern Washington State to north-central British Columbia, and hosts alkalic porphyry copper-gold deposits (Afton, Ingerbelle) and mine prospects (Mount Milligan, Mount Polley) as well as gold-skarns, and numerous porphyry occurrences.

The north-northwest (340°) striking Pinchi Fault separates the Quesnel Trough from the Cache Creek Group and straddles the east corner of Lac La Hache lake.

The Takomkane batholith, a zoned, granodioritic intrusion measuring about 50 km in diameter, is located with its centre 35 kilometres northeast of Lac La Hache, and borders the Nicola Group at the east side of the Lac La Hache property. It is estimated to be 187-198 million years old ⁽⁷⁾, and is cut by a younger (102 million years) quartz monzonite, which hosts the Boss Mountain molybdenum deposit. This deposit opened in 1965 and produced intermittently until 1983.



Tertiary basalts unconformably overlie and crosscut Triassic-Jurassic rocks on the Lac La Hache property, and are most frequent on the Murphy Lake and Murphy claims.

A striking geological feature of the area north of Lac La Hache, is a large, annularshaped aeromagnetic anomaly, which is probably caused by the intrusion of a monzonitic phase of the Takomkane batholith into Nicola Group rocks.

PROPERTY GEOLOGY

Northeast of Lac La Hache, Nicola Group basaltic and andesitic flows, tuffs, breccias and sediments are intruded by coeval small stocks of syenitic to dioritic composition (Figure 5). These high-level intrusions typically (V. Preto, 1995, pers. comm.) consist of densely crowded euhedral plagioclase phenocrysts and minor amounts of pyroxene, hornblende and biotite in a fine-grained feldspar matrix. Textures of intrusive and volcanic rocks may resemble each other closely, which can make their identification problematic. The south part of the property (Murphy, Ophir Copper) is underlain by Nicola Group volcanic and intrusive rocks, the central part (Peach Lake, Nemrud and probably PMA) by Nicola Group volcanic, sedimentary and minor intrusive rocks in contact with the Jurassic Takomkane batholith. The northern part (Murphy Lake) is, based on information from few outcrops and from drill holes, underlain mainly by Takomkane monzonite and gabbro. Tertiary basalt covers a small portion of the Murphy property, and approximately one third of the Murphy Lake claims. Monzonitic to syenitic dikes and diabase dikes strike mainly northwest-southeast.

Prominent structural features (faults, intrusive contacts) on the Lac La Hache property as indicated from geology, magnetics, IP surveys and topography are 300-310°, 50-60° and 20-30° south of Spout Lake, 300° and 325° at the east side of the property (Nemrud) and 350° in the Murphy Lake area.

Potassic and propylitic alteration has affected Nicola Group intrusives and metavolcanic rocks and includes k-feldspar flooding, development of biotite, magnetite, quartz, albite, epidote and chlorite. Porphyry and skarn-type chalcopyrite, bornite and pyrite mineralization is locally associated with these alteration zones (Peach, Miracle, Tim, WC, Nemrud).

DRILL PROGRAM

Drilling in January and December 1995 was contracted to Connors Drilling Ltd. of Kamloops, who used a track-mounted, Val d'Or-type hydraulic drill. Trucking of water to the drill sites at Nemrud was performed by Gallant Trucking Ltd., Kamloops. The summer and fall drilling was performed by Tex Drilling Ltd. of Kamloops with a Longyear 38 drill, mounted on a 690 John Deere undercarriage. Road construction and haulage of timber was carried out by Kingsgate Auto Ltd. of 100 Mile House.

Core was logged, cut and stored on Don Fuller's property in Lac La Hache.

Core samples were shipped to Acme Analytical Laboratories Ltd. in Vancouver for 30 element ICP analysis, and for gold fire assays of 30 gram samples. A small number of samples from the Nemrud property were analyzed for metallic copper ⁽¹⁾.

Property	Holes	Metres	Assays						
January 1995									
Nemrud	17	1299.6	220						
August-December 1995									
Murphy	2	367.0	17						
Murphy Lake	7	1145.9	182						
Nemrud	2	391.7	13						
Ophir Copper	4	686.5	95						
Peach Lake	2	443.8	76						
РМА	1	300.9	74						
Total 1995	35	4635.4	677						

Table 2:	1995 DRILL	HOLE	STATISTICS
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DDH No.	Property	Property	Claim	Azi- muth	Incli- nation	Depth	Over- burden	Core	Assays
			(deg)	(deg)	(m)	(m)	(m)		
N95-01	Nemrud	Riley 1	90	-50	155.4	1.9	153.6	2	
N95-02	Nemrud	Riley 1	0	-90	57.5	1.5	56.0	15	
N95-03	Nemrud	Riley 1	90	-70	101.8	2.2	99.7	2	
N95-04	Nemrud	Riley 1	. 90	-70	84.1	10.7	73.4	15	
N95-05	Nemrud	Riley 1	0	-90	61.5	7.6	53.9	2	
N95-06	Nemrud	Riley 1	0	-90	26.5	0.6	25.9	15	
N95-07	Nemrud	Riley 1	0	-90	57.0	0.6	56.4	2	
N95-08	Nemrud	Riley 1	0	-90	41.8	0.3	41.5	15	
N95-09	Nemrud	Riley 1	270	-50	57.6	3.1	54.6	2	
N95-10	Nemrud	Riley 1	90	-50	47.3	0.9	46.4	15	
N95-11	Nemrud	Riley 1	90	-50	170.9	0.8	170.1	2	
N95-12	Nemrud	Riley 1	0	-90	56.1	1.5	54.6	15	
N95-13	Nemrud	Riley 1	270	-70	64.1	0.9	63.2	2	
N95-14	Nemrud	Riley 1	270	-70	53.7	0.7	53.1	15	
N95-15	Nemrud	Riley 1	0	-90	52.4	1.5	50.9	43	
N95-16	Nemrud	Riley 1	0	-90	50.6	0.9	49.7	15	
N95-17	Nemrud	SS4	0	-90	161.3	34.5	126.9	43	
Total					1 299.6	70.0	1 229.7	220	

Table 3: LAC LA HACHE PROJECT - JANUARY 1995 DRILL HOLES

DDH No.	Property	Claim	Azi- muth	Incli- nation	Depth	Over- burden	Core	Assays		
					(deg)	(deg)	(m)	(m)	(m)	
M95-01	Murphy	Murphy 2	180	-45	151.5	10.1	141.4	2		
M95-02	Murphy	Murphy 2	180	-45	215.5	13.7	201.8	15		
ML95-01	Murphy Lake	TT1 ⁺	270	-45	160.7	28.0	132.7	39		
ML95-02	Murphy Lake	TT2	270	-45	138.1	6.7	131.4	23		
ML95-03	Murphy Lake	TT2	270	-45	175>9	27.4	148.5	11		
ML95-04	Murphy Lake	тт1	270	-45	151.5	13.1	138.4	8		
ML95-05	Murphy Lake	TT1	270	-45	153.9	30.8	123.1	34		
ML95-06	Murphy Lake	тт1	270	-45	291.1	27.5	263.6	52		
ML95-07	Murphy Lake	TT1	90	-45	74.7	30.5	44.2	15		
N95-18	Nemrud	SS4	0	90	178.0	43.6	134.4	0		
N95-19	Nemrud	Riley 1	270	-55	213.7	4.0	209.7	13		
A95-01	Ophir Copper	Ann 1	90	-45	160.7	9.5	151.2	16		
A95-02	Ophir Copper	Ann 1	70	-45	160.6	10.0	150.6	19		
A95-03	Ophir Copper	Ann 1	70	-45	120.4	7.0	113.4	17		
A95-04	Ophir Copper	Ann 1	135	-45	244.8	3.4	241.4	43		
P95-01	Peach Lake	PeeWee 3	220	-45	286.2	9.0	277.2	56		
P95-02	Peach Lake	PeeWee 3	220	-45	157.6	9.0	148.6	20		
PM95-01	РМА	Dora 2	220	-45	300.9	21.3	279.6	74		
Total					3 335.8	304.6	3 031.2	457		

Table 4: LAC LA HACHE PROJECT - AUGUST TO DECEMBER 1995 DRILL HOLES

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MURPHY LAKE

Diamond drilling of 1146 metres in seven holes was performed on the Murphy Lake grid by the Lac La Hache joint venture in 1995, subsequent to induced polarization and magnetometer surveying in 1994/95.

The grid is situated on the TT1-TT3 claims, which are under option from Action Mine Services Inc. and form part of "Claim Group 1" in the agreement between Regional Resources Ltd. and GWR Resources Inc.

A 30-35 metre-wide, steeply dipping zone grading 0.2-0.3% copper with traces of gold and molybdenum was intersected in two holes at a distance of 115 metres in moderately potassic altered, coarse-grained, magnetic monzonite. Higher grades of 0.4-1.1% copper are confined to a width of 10 metres or less near the footwall of the zone. It is open below 50 metres depth and on strike to the north and south. The distribution of chalcopyrite, the only copper mineral present, is fracture-controlled, disseminations are less frequent.

The mineralization is characterized by a weak chargeability anomaly and a coinciding relative magnetic low, which indicates destruction of primary magnetite during hydrothermal alteration.

An economic deposit, mineable by open pit methods, would require a large tonnage, and a grade probably close to one percent copper, considering the low amounts of gold and molybdenum present. So far, this grade has only been found in a narrow zone at the margin of a wider, lower grade envelope. Geophysical surveys performed on 400 metre-spaced lines indicate a continuation of the IP anomaly to the north, past the last line (6600N) on the grid. There is sufficient room for a large tonnage deposit between hole ML95-06 on Section 5915N, which had the best intersection, and the northern limit of the claim group, close to the boundary of the aeromagnetic anomaly.

It is recommended to perform a program of 40 kilometres of line cutting, IP and magnetometer surveying (which should include the western margin of the magnetic anomaly), followed by diamond drilling of 1500 metres, for a total of \$250 000. If

this program is successful, a second phase of drilling and testing with estimated costs of \$450 000 would follow.

OPHIR COPPER

Drilling of four holes with a combined length of 687 metres at the "Zone **3**" IP chargeability anomaly (Aurizon Gold Zone) on Ann 1 claim was a continuation of work by GWR Resources in 1994, which had indicated low grade, erratic gold-copper mineralization in potassic altered, brecciated monzonite, and gold values up to 11 g/t over **3**.8 metres core length in quartz-calcite-chalcopyrite veins along the contacts of a red brown porphyry dike.

The shallow southwesterly dipping porphyry dike was traced on three sections over a strike length of 140 metres. Gold values from the contact zones of the dike were generally low, the best intersection in hole A95-02 returned 1.1 g/t gold and 0.18% copper over 6.0 metres in the footwall of the dike. The thickness of the dike on the southernmost section in hole A95-02 is 12 metres. It is pinching to the northeast and appears to be thinning at depth. Fracturing and faulting of the host monzonite and emplacement of the relative young, hydrothermally altered porphyry dike are probably related events, and have allowed migration of solutions and deposition of chalcopyrite and gold.

Further work could be done on the projected extension of the dike to the south, where some 400 metres strike length are left between hole A95-02 and the southern boundary of the Ann 1 claim. The erratic nature of the gold mineralization and the generally low grade however, do not justify more drilling of this target.

Recommendations for work on the property after the 1993 field season included drilling of the "Zone 1" IP chargeability anomaly, which is situated in the centre of the claim group at the intersection of two major geophysical trends, and has known low-grade copper-gold mineralization in outcrop of a monzonitic intrusive. This anomaly should be drilled with 250 metres in two holes in 1996.

PEACH LAKE

The Peach Lake property has three identified areas of mineralization, the North, South and East (Peach-Melba) zones, which were first explored by Amax Potash Ltd. in 1971-73. These zones are developed in Nicola Group volcanic-sedimentary rocks (North, South Zones) and in monzonitic-syenitic intrusives and volcanic rocks (East Zone) in close proximity to the contact of a coarse-grained monzonite intrusion north of Spout Lake. The North and South Zones have strong magnetic anomalies, and small but discrete induced polarization chargeability responses. The East Zone is characterized by a large IP chargeability anomaly, the 10 millisecond chargeability contour covers an area 1.5 by 0.8 kilometres in size (Figure 6).

The North Zone consists of a steeply dipping skarn horizon hosted by andesitic volcanic breccias and minor sediments. Chalcopyrite-magnetite lenses in the skarn, although locally of high grade, are too small and discontinuous to be economically mineable. Dimensions of the best continuous shoot in the centre of the zone are 40 m (long) by 8 m (wide) by 150 m (deep), for a total of some 200 000 tonnes, which have a grade of approximately 1.5% copper and 0.1 g/t gold.

The **South Zone** is a shallow dipping, more diluted skarn horizon in a similar host rock. The chalcopyrite-magnetite mineralization is patchy, resulting in low grade (0.1-0.2% copper, trace gold) mineralization.

The East Zone is an alkalic porphyry copper-gold system with fracture-controlled and disseminated pyrite-chalcopyrite mineralization in potassic/propylitic altered intrusive and volcanic rocks. Drilling in 1995 on the PMA property located a steeply dipping, 80 metre-wide zone of copper-gold mineralization (0.2% copper, 0.1-0.2 g/t gold), on the northeast side of the anomaly (Figure 7). Although this grade is uneconomic, the width of the zone and the fact that it contains higher-grade intervals is encouraging, and justifies more drill testing. The mineralization extends very likely on the Dora 1 claim of Peach Lake Resources were it should be tested by drilling of 300 metres in one or two holes, near the eastern boundary of Dora 1 claim. The estimated cost of this program is \$35 000.



PMA

The PMA property was optioned by the Lac La Hache joint venture in April of 1995. Line cutting, geological mapping and 13.5 kilometres of induced polarization and magnetometer surveys were performed, and followed by drilling of one 301 metre-long hole (PM95-01) on Dora 2 claim in the southwest corner of the claim group. Drill target was the "East Zone Anomaly", an IP chargeability anomaly situated on the junction of the Peach Lake, PMA and Ophir Copper properties (Figure 6).

This anomaly was first discovered by Amax in 1972, and has been drilled by Amax (1972), Asarco (1991) and the Lac La Hache joint venture (1994). Most of the holes returned pyrite and sub-economic copper and gold in porphyritic and volcanic rocks, indicating a relatively extensive porphyry system. Drilling at the northeast flank of the anomaly ("Peach Melba") by GWR in April of 1995 resulted in a higher grade intersection (0.23% copper, 0.23% gold over 77 metres) in hole PL95-02. Much of the mineralization was found to be associated with steeply dipping veins and shears, which previous drilling of vertical holes had not properly tested.

Hole PM95-01 was drilled at -45° to the southwest, perpendicular to the strike of the IP anomaly, and intersected 112 metres of 0.20% copper and 0.13 g/t gold (Figure 7). Although this grade is uneconomic, the true width of the mineralized zone of approximately 80 metres and the presence of higher-grade intervals within the zone are encouraging and more drilling should be performed on the PMA claims before the option is terminated.

To test for an extension of the mineralized zone and for a higher copper-gold grade, it is recommended to drill 300 metres in one or two holes, some 400 to 500 metres southeast from hole PM95-01. The estimated cost for this program is \$35 000.

MURPHY

The area of the Murphy claims saw a significant amount of exploration starting in 1987, after two local prospectors had discovered copper-gold mineralization in a shear-related chalcopyrite-quartz vein (Discovery Showing). Induced polarization

surveys performed by the Lac La Hache joint venture in 1993 outlined a large (1.2 x 1.4 kilometres) and strong chargeability anomaly on the property, which is straddled by the shear hosting the Discovery Showing, and is part of a trend of IP anomalies extending from Murphy to the north-northeast. While lower (10-20 milliseconds) chargeabilities show a homogeneous distribution, zones with chargeabilities of 30-50 milliseconds divide the anomaly in several structural domains separated by shears or faults. Distribution of higher amounts of sulfides has a structural/lithological component, which is superimposed on a pervasive porphyry system that has affected all rock types.

Drilling by GWR Resources in 1994 traced an 50 metre-wide zone of copper-gold mineralization over 800 metres strike length. Grades of this zone range from trace to 0.24% copper and 0.1-0.2 g/t gold. A high-grade intersection of 1.38% copper and 5.1 g/t gold over six metres core length, is caused by centimetre-thick chalcopyrite-magnetite veins cutting monzodiorite sub-parallel to the core axis. The mineralization is hosted in dike-shaped monzodiorite which follows the main northeast structure on the property. Andesitic tuffs, flows and breccias, which underlie most of the anomaly, and monzodioritic intrusives underwent moderate to strong propylitic and potassic alteration, and carry up to 15% pyrite and trace to 1% chalcopyrite..

Drilling of two holes in 1995 at the south side of the IP anomaly intersected mainly propylitic altered andesitic volcanic rocks with little copper-gold mineralization.

No further work is recommended.

NEMRUD

Drilling of two holes with a combined length of 392 metres at Nemrud was performed in August of 1995. The objective of this program was to follow-up on results of diamond drilling of the Nemrud bornite skarn and induced polarization anomalies in December 1994 and January 1995 by testing of two remaining targets on the property for copper-gold. The Nemrud bornite skarn had been discovered by a prospector employed by the Regional Resources / GWR Resources joint venture in 1993. The gold and precious metal enriched (PME) calcic skarn ⁽⁸⁾, is developed near the overall easterly dipping contact of volcanic rocks with overlying sedimentary/volcanic rocks, in close proximity to the Takomkane batholith. The skarn horizon consists of intercalated lenses of garnet \pm diopside-calcite and epidote skarn, impure marble, intermediate to mafic tuff and flow, and siltstone/greywacke. The main copper mineral is bornite, chalcopyrite and native copper are comparatively rare. The skarn package has a thickness of 20-25 metres on the two sections (60100N, 60400N) drilled in detail last winter, and a typical average grade of 0.1% copper, 0.03 g/t gold, and 1 g/t silver. Within this low grade envelope, two to three metre-long sections may carry up to 0.4% copper, 0.1 g/t gold and 5 g/t silver.

Hole N95-19 on section 60100N was drilled to test the eastern extension of the skarn zone between the Nemrud hill and the Takomkane batholith. The hole intersected some 20 metres of mostly massive garnet and garnet-diopside skarn with traces of bornite mineralization, approximately 100 metres down dip from skarn in hole N95-11 which had returned 0.1% copper over 45.3 metres core length. The results of hole N95-19 indicate that an economic copper-gold skarn deposit between the Nemrud hill and the Takomkane batholith is not likely to exist, and therefore no further drilling was performed in this area.

Hole N95-18 drilled close to the centre of a porphyry-style IP anomaly 25 metres north of line 61500N, intersected Nicola Group volcanic rocks with up to two percent pyrite under 44 metres of Pleistocene cover. Low grade copper mineralization seen in hole N95-17 located 85 metres to the west, does not extend to N95-18.

Based on these results, no further work is recommended at Nemrud.

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CONCLUSIONS AND RECOMMENDATIONS

Highlight of the 1995 drill program on the Lac La Hache property was the discovery of porphyry-copper mineralization in coarse-grained monzonite at Murphy Lake. For the first time significant amounts of copper were found in this intrusion, which most likely is part of the Takomkane batholith. Copper values of 0.4-1.1% over widths close to 10 metres, within a 30-35 metre-wide zone grading 0.2-0.3% copper are important enough to warrant follow-up work. The IP coverage should be detailed (the previous survey used 400 metre-spaced lines) and extended, and more drilling performed on the mineralized zone found in 1995 and on targets that may result from the new IP survey. Results of this work will determine if a second phase drill program will be necessary.

An 80 metre-wide zone (112 metres core length) with an average grade of 0.20% copper and 0.13 g/t gold was intersected on the PMA property at the northeast side of the East Zone IP anomaly. This anomaly is situated at the junction of the Peach Lake, PMA and Ophir Copper properties, and had been drilled by several companies with little success in the past. Most of the old holes were vertical percussion holes. Drilling by GWR in April of 1995 at the northeast side of the anomaly (Peach Melba Zone) had returned 0.23% copper and 0.23 g/t gold over a true width of approximately 30 metres (77 metres core length)^{III}. The width of this steeply dipping zone, and the fact that it contains economic-grade individual samples justify more drilling on strike to the northwest on Peach Lake's property, and to the southeast on PMA's property. Drilling of 300 metres on each property is recommended in 1996, with further work depending on results of this program.

The Spout Lake North Zone skarn, has seen a substantial amount of drilling by Amax Potash Ltd. and by GWR Resources, which defined chalcopyrite-magnetite lenses of up to 200 000 tonnes of approximately 1.5% copper, 0.1 g/t gold, and 50% magnetite in a wider skarn envelope. Lack of continuity of individual zones, and the resulting low average grades would not allow to economically mine this zone.

Drilling of the Zone 3 IP anomaly (Aurizon Gold Zone) on Ophir Copper's Ann 1 claim did not improve results reported by GWR in 1994. Erratic and generally low-grade gold values in quartz-calcite-chalcopyrite veins at the contacts of a porphyry dike and

in its hydrothermally altered and brecciated monzonitic hostrock have practically eliminated chances of finding a gold deposit in this area, and no more drilling is recommended. However, following a recommendation in the 1993 report of field work, Zone 1 IP anomaly, situated in the centre of the property on the intersection of two major geophysical trends, should be drilled with two holes (250 metres) in 1996.

The copper-gold content of the Nemrud bornite skarn is too low to be of economic interest and no more work is recommended on this property. The same applies to the strong IP chargeability anomaly on the Murphy claims, where drilling by GWR in 1994 and by Regional in 1995 could not confirm economic quantities of copper and gold. Low-grade copper-gold mineralization at Murphy is confined to an approximately 50 metre-wide and 800 metre-long zone in potassic and propylitic altered monzodiorite, which is elongated parallel to the main shear/fault on the property. The prevalent andesitic flows, tuffs and breccias carry mostly pyrite and little chalcopyrite.

One has to conclude, that pending the results of work proposed for 1996, IP anomalies found so far are not underlain by large porphyry copper deposits. The challenge posed by the Lac La Hache project after three years of exploration, is to find small, possibly steeply dipping zones, with a limited surface expression, but sufficient grade and tonnage to be economically mineable. Hunting for these ore bodies will primarily require to do more drilling near existing zones without a guarantee for success.

PROPOSED 1996 PROGRAM AND BUDGET

In 1996 a strong effort should be made towards the definition and a better understanding of the new porphyry-copper occurrence at Murphy Lake. The geophysical response of the mineralization and the extensive overburden cover on the Murphy Lake claims make induced polarization and magnetometer surveys the best tools to delineate this zone in more detail and to assess other parts of the aeromagnetic anomaly on the claim group. The work should include approximately 40 kilometres of IP and magnetometer surveys on 200 metre-spaced lines, and drilling of 1500 metres at the copper zone and possible new geophysical targets. If results of this program are encouraging, a second phase of drilling and testing would follow. The East Zone copper-gold mineralization on the Peach Lake and PMA properties requires comparatively little drilling to identify whether it has the potential for a mineable deposit or not. Drilling of 300 metres on each property is proposed, which would test the zone over a total strike length of about one kilometre. Grades over widths similar to hole PM95-01 would have to improve significantly to justify more work.

Drilling of 250 metres on the Ophir Copper property should test a geologically challenging IP anomaly at the intersection of the two major geophysical trends on the property, which also host most of the known copper-gold occurrences.

Area	Phase I DDH		Phase II DDH		Lines	IP, Mag	Phase I	Phase II
	Holes	m	Holes	m	km	km	\$	\$
Murphy Lake Grid	10	1 500	25	4 000	40	40	250 000	450 00
Ophir Copper	2	250					30 000	
Peach Lake Claims	1	300					35 000	
	1	300					35.000	

4 000

40

40

350 000

450 000

Table 5: LAC LA HACHE PROJECT, 1996 PROGRAM AND BUDGET

EXPENDITURES

Total

14

2 350

25

Work costs of the 1995 program are summarized in Table 6 for the periods January 1 to July 31 and August 1 to December 31. Expenditures for these periods, excluding option payments and overhead charges, are \$259 442 and \$307 742 respectively, for a total of \$567 184.

Table 6: LAC LA HACHE PROJECT - 1995 EXPENDITURES

January 1 to July 31, 1995

Description	Murphy	Murphy Lake	Nemrud	Ophir Copper	Peach	РМА	Total
Government Fees		2 420	1 051		LONG		3 471
Diamond Drilling		•	109 840				109 840
Geophysical Surveys		35 858				16 118	51 975
Geologists	967	6 606	36 161	1 934	3 428	2 550	51 645
Assaying			5 091				5 091
Linecutting			2 325		3 352	8 918	14 595
Warehouse rental		132	448		20	80	680
Room & Board		861	2 911		129	523	4 424
Materials & Supplies		180	607		27	109	923
Travel		727	2 458		109	442	3 736
Freight, Truck		1 189	4 023		178	723	6 113
Project Management		<u> </u>	4 573		202	822	<u> </u>
Subtotal	967	49 325	169 487	1 934	7 444	30 286	259 442

August 1 to December 31, 1995

Description	Muroby	Murphy Lake	Nemrud	Onbir Cooner	Peach		Total
Description	widipity		Nellituu	ohini cohhei	Lake	r wa	i Utai
Government Fees			1 610			1 280	2 890
Diamond Drilling Geophysical Surveys	16 950	65 424	35 297	37 301	19 453	12 300 13 250	186 725 13 250
Geologists	3 945	19 481	10 399	10 931	12 481	8 991	66 228
Assaying	337	1 751	258	1 884	1 289	1 527	7 048
Linecutting			862		382	795	2 039
Warehouse rental	89	363	203	210	141	160	1 167
Room & Board	591	2 410	1 347	1.394	935	1 061	7 738
Communications	22	89	50	52	35	39	286
Materials & Supplies	109	443	248	256	172	195	1 422
Travel	276	1 1 2 6	629	651	437	496	3 616
Freight, Truck	729	2 976	1 663	1 721	1 154	1 310	9 553
Project Management	441	1 801	1 006	1 041	698	793	5 780
Subtotal	23 489	95 865	53 572	55 442	37 177	42 197	307 742
Total	24 456	145 189	223 060	57 376	44 621	72 482	567 184

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STATEMENT OF QUALIFICATIONS

I, Reinhard von Guttenberg, residing at 171 Romfield Circuit, Thornhill, Ontario, do hereby certify that:

- 1. I am a graduate of the University of Munich, Germany (1969), and have obtained a Dr. rer. nat. in geology from that university in 1974;
- 2. I have been practising my profession as a geologist since graduation;
- 3. I have been employed by Strathcona Mineral Services Limited, of Toronto, Ontario, an independent consulting firm for the mining industry, since 1989;
- 4. I am a Fellow of the Geological Association of Canada, and a Member of the Canadian Institute of Mining, Metallurgy and Petroleum;
- 5. I have supervised and carried out on behalf of Regional Resources Ltd., and GWR Resources Inc. the work performed on the Nemrud grid.
- 6. I have no interest, either direct or indirect, in the properties or securities of Regional Resources Ltd. and GWR Resources Inc.

Dated at Toronto, Ontario this 27 th day of February 1996

Reinhard_von Guttenberg



