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VANCOUVER, B.C.

GEOCHEMICAL

ASSESSMENT REPORT

ON THE

REY LAKE PROPERTY

B.C. Minfile # 92ISE160

NICOLA MINING DIVISION

BRITISH COLUMBIA

NTS: 0921/07E
Latitude: 50°20'20"N
Longitude: 120°42'W
Owner: W.R. Gilmour
Operator: Discovery Consultants
Author: T.H. Carpenter, P.Geo.
Date: July 09, 1999

**GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT**

25,957

TABLE OF CONTENTS

SUMMARY	Page 1
LOCATION AND ACCESS	Page 1
PROPERTY	Page 2
HISTORY	Page 3
GEOLOGY and MINERALIZATION	Page 4
WORK COMPLETED	Page 5
CONCLUSIONS	Page 7
RECOMMENDATIONS	Page 7
REFERENCES	Page 8
STATEMENT OF COSTS	Page 9
STATEMENT OF QUALIFICATIONS	Page 10

LIST OF ILLUSTRATIONS

Figure 1	Location Map
Figure 2	Claim Location Map
Figure 3	Sample Locations and Copper Values

APPENDICES

Appendix 1	Rock Descriptions and Analytical Data
Appendix 2	Soil Samples – Analytical Data

SUMMARY

The Rey Lake property, held in trust by W.R. Gilmour for the Phoenix Syndicate comprises eight 2-post claim units. The property is underlain by volcanic and sedimentary rocks of the Nicola Group intruded by granodioritic rocks of the Guichon Creek batholith.

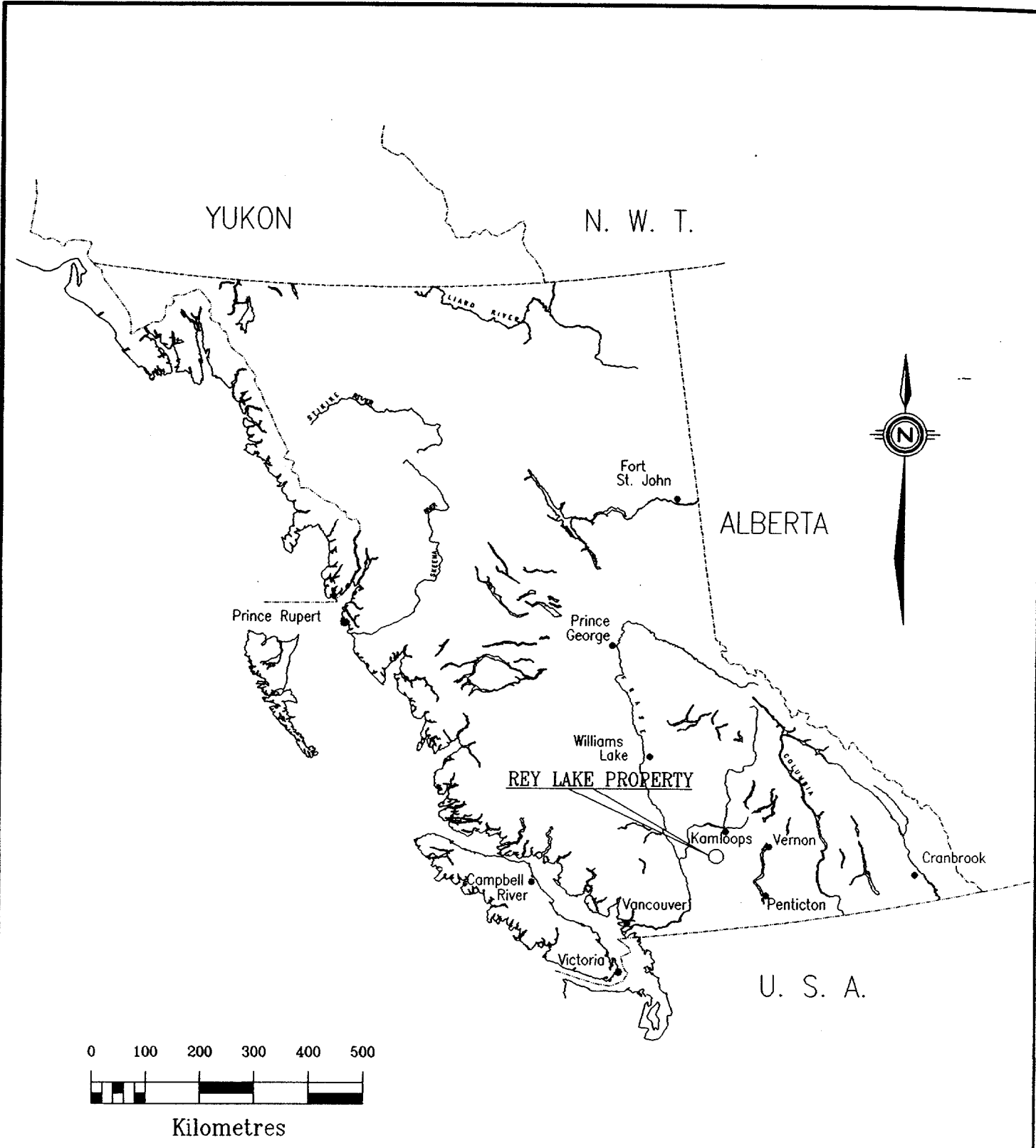
The claims were staked in 1998 to cover an area reported to contain 21,488,292 tonnes of 0.23% copper and 0.023% molybdenum and was designed to tie in drill sites from earlier programs and to test for gold mineralization associated with the copper zone. The 1999 work comprised grid establishment and soil sampling.

LOCATION and ACCESS

The Rey Lake property is located 24 km north of Merritt, B.C. (Figure 1). The claims are located north and south of the east end of Rey Lake. The approximate centre of the property is 50°20'20" North latitude and 120°42' West longitude. The UTM coordinates are 663650 East and 5578680 North.

The property is accessible by highway 31 km north of Princeton to the south end of Mamit Lake and by dirt road 6.5 km southeast to Rey Lake.

Most of the property is located within a gentle valley occupied by Rey Lake. Maximum elevations range from ~4400 ft (1341m) at Rey Lake in the centre of the property to 4750 ft (1448 m) at the northeast corner of the property.



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PHOENIX II SYNDICATE

REY LAKE PROPERTY

LOCATION MAP

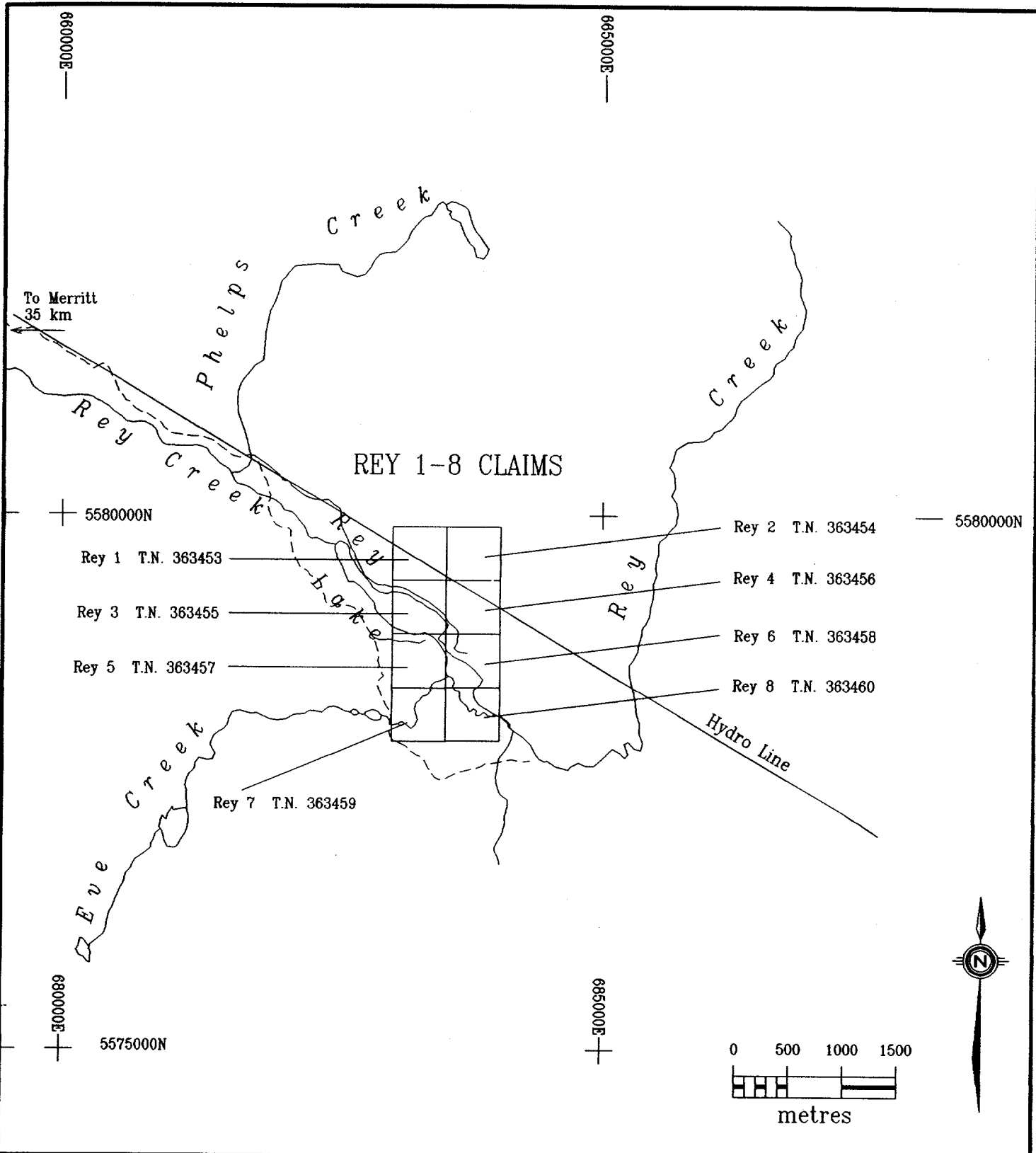
PROPERTY

The Rey Lake property consists of eight 2-post claims located in the Nicola Mining Division, British Columbia (Figure 2). The Rey claims were located on June 17, 1998. The claims are registered in the name of W.R. Gilmour – in trust for the Phoenix Syndicate. The following table lists the pertinent claim information.

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiry Date *</u>
Rey 1	363453	1	June 17, 2002
Rey 2	363454	1	June 17, 2002
Rey 3	363455	1	June 17, 2002
Rey 4	363456	1	June 17, 2002
Rey 5	363457	1	June 17, 2002
Rey 6	363458	1	June 17, 2002
Rey 7	363459	1	June 17, 2002
Rey 8	363460	1	June 17, 2002

* Pending acceptance of this report.

The claims are grouped as the Rey Lake Group.



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PHOENIX II SYNDICATE

Rey Lake Property

Claim Location Map

HISTORY

American Smelting and Refining Company (ASARCO) carried out exploration on the property in the 1972-1973 period including extensive road building, geophysical surveys, 18 diamond drill holes containing 8847' (2696.6m) and 9885' (3015m) in 47 percussion drill holes.

In 1974 and 1975 Craigmont Mines Ltd. carried out a 10 diamond drill hole program with a combined 2019.3 metres.

The property was held by Tracer Resources Corp. from 1980 to 1986. Tracer reported estimated resources of 23,689,000 tons averaging 0.23% copper and 0.023% molybdenum.

In 1980 Tracer Resources Corp. carried out a diamond drilling and feasibility study on the property followed by mapping and geological work in 1981.

No further work was reported on the property until 1986 when International Santana Resources drilled three diamond drill holes with a combined 746 metres.

GEOLOGY and MINERALIZATION

The Rey Lake is listed within the B.C. Geological Survey Branch Minfile database property as #092ISE160. The area is reported as being underlain by volcanic, volcanoclastic and minor sedimentary rocks belonging to the Upper Triassic Nicola Group. This belt is intruded by the Lower Jurassic Nicola and Guichon Creek batholiths to the east and west respectively. Locally the Nicola Group rocks comprise augite and porphyritic andesite flows, andesitic to dacitic pyroclastics, agglomerates and minor skarn alteration.

Major structural elements are two asymmetric folds and a dominant northwest trending system of fractures. A small Cretaceous quartz monzonite stock is emplaced subparallel to bedding. Adjacent to the stock is a mineralized breccia zone consisting of volcanic and some granitic fragments.

Mineralization consists predominantly of pyrite with lesser amounts of chalcopyrite and molybdenite. Disseminated pyrite is ubiquitous in the quartz monzonite stock while chalcopyrite and molybdenite are relatively rare. Sulphides also occur as veinlets in the stock and country rocks, as disseminations in the breccia fragments and on fracture surfaces.

WORK COMPLETED

A limited exploration program was carried out on the Rey Lake property on June 2 and 3, 1999. The work program comprised the establishment of a grid, rock sampling, the collection of soil samples in the southwest quarter of the property and the tying in of previous drill holes and trenching to the present claim boundaries.

a) Program Parameters

A flagged grid was established on the property with the use of a hip-chain and compass. The baseline was established along the claim line and grid lines run in easterly and westerly directions from the base line.

Six rock samples were collected on the property, five of which were submitted for analysis. Rock sample descriptions and analytical results are contained in Appendix 1. Rock sample locations and copper/gold results are shown on Figure 3.

Twenty soil samples were collected on four lines in the southwest quarter of the claims. Overburden depths in the northern part of the property are reported from previous drilling to be on the order of several tens of metres in depth. Soil sampling in this area would be counter productive. The southeastern part of the claims is largely swamp covered.

Soils were collected by shovel from the "B" horizon, placed in kraft sample bags and shipped for analysis to Chemex Labs Ltd. in North Vancouver, B.C. At Chemex samples were dried, sieved to -80 mesh and submitted to Fire Assay - atomic Absorption analysis for gold and to ICP analysis for 32 element metal determination.

Soil sample locations with gold and copper analytical results are shown on Figure 3. Complete analytical results are contained in Appendix 2.

Program Results

The maximum results obtained in rock samples were 2250 ppm copper with co-incident 25 ppb gold in RLR001 and 1540 ppm copper with 10 ppb gold in RLR002. A positive correlation appears between copper and gold.

Copper results in soil samples were not significant. A maximum value of 50 ppm was obtained, only slightly above background. Gold values were generally below the detection limit of 5 ppb except for one sample containing 25 ppb Au.

CONCLUSIONS

The Rey Lake property contains a reported resource of 21,488,292 tonnes of 0.23% copper and 0.023% molybdenum. These reserves are largely contained within a breccia zone defined by previous drilling in the 1970s in an area located in the southwest of the Rey Lake property.

The area of the mineralization has not been adequately tested for gold mineralization. Soil sampling carried out during the present program was unsuccessful in defining either gold mineralization or the known copper mineralized zone.

RECOMMENDATIONS

Mineralization, alteration and structures at Rey Lake may be more easily traced by geophysics than geochemistry. No geophysical surveys have been carried out on the property since the early 1970s. The property would benefit from more modern geophysical surveys and interpretation including electromagnetic and IP. The property should also be gridded and a detailed magnetometer survey carried out as an aid to geological and structural interpretations.

Respectfully submitted,
DISCOVERY CONSULTANTS

T.H. Carpenter

Vernon, BC

REFERENCES

British Columbia Department of Energy, Mines and Petroleum Resources, Assessment Reports 4846, 5320 and 5658.

British Columbia Department of Energy, Mines and Petroleum Resources, Exploration in British Columbia, 1975, p. E84.

British Columbia Department of Energy, Mines and Petroleum Resources, Exploration in British Columbia, 1986, p. C230.

British Columbia Department of Energy, Mines and Petroleum Resources, Exploration in British Columbia, 1989, pp. 119-134.

British Columbia Department of Energy, Mines and Petroleum Resources – Geology, Exploration and Mining in British Columbia, 1972, p. 181.

British Columbia Department of Energy, Mines and Petroleum Resources – Geology, Exploration and Mining in British Columbia, 1973, pp. 181-184.

British Columbia Department of Energy, Mines and Petroleum Resources – Geology, Exploration and Mining in British Columbia, 1974, p. 147.

Geological Survey of Canada Memoir 249.

STATEMENT OF COSTS

1	<i>Professional Services</i>				
	T. Carpenter (P. Geo.)				
	Planning				
	0.5 day at \$450/day			\$ 225.00	
	Date Interpretation & Report Writing				
	1 day @\$450/day			450.00	
					\$ 675.00
2	<i>Field Personnel</i>				
	R. Mitchell (June 2 & 3, 1999)				
	Grid Establishment, Rock & Soil Sampling				
	2.0 days @\$283.20/day			566.40	
3	<i>Office Personnel</i>				
	Drafting			262.64	
	Secretarial			88.50	
	Data Compilation			53.10	
					404.24
4	<i>Expenses</i>				
	Analysis - Chemex Labs Ltd.				
	(Au + 33 elements ICP)				
	5 rocks @\$21.15/sample			105.75	
	20 soils @\$19.90/sample			398.00	
					\$ 503.75
	Field Supplies			37.16	
	Equipment Rental			16.00	
	Freight			33.50	
	Lodging & Meals			25.77	
	Maps & Publications			24.85	
	Communications, Report & Map printing			75.00	
					716.03
					Exploration Costs : \$1,795.27
5	<i>Transportation</i>				
	4x4 Truck	2.0 days @\$40/day		\$ 80.00	
		545 km @\$0.30/km		163.50	
	gas			74.06	
	a) total transportation costs			\$ 317.56	
	b) @20% of Exploration Costs of \$1,795.27:			359.05	
	a or b - whichever is less			317.56	
					Sub-Total \$2,112.83
					:
					G.S.T. : 147.90
					Total Exploration Costs : \$2,260.73

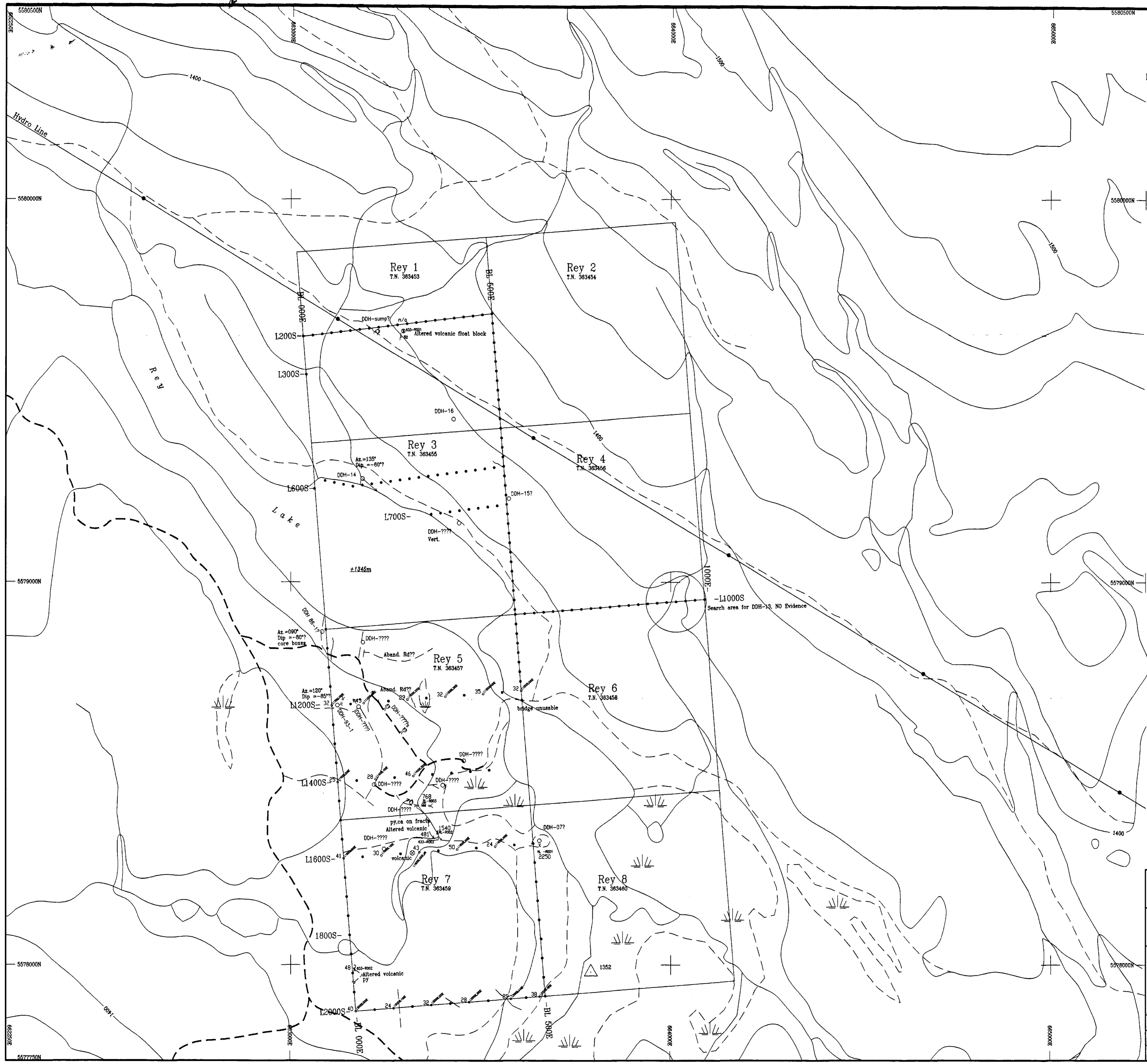
STATEMENT OF QUALIFICATIONS

I, THOMAS H. CARPENTER of 3902 14th Street, Vernon, B.C., V1T 3V2, DO
HEREBY CERTIFY that:

1. I am a consulting geologist in mineral exploration with Discovery Consultants, Vernon, B.C.
2. I have been practicing my profession since graduation.
3. I am a 1971 graduate of the Memorial University of Newfoundland with a Bachelor of Science degree in geology.
4. I am a Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia.
5. This report is based upon knowledge of the Rey Lake property gained from a review of earlier work and supervision of the present program.
6. I hold no interest either directly or indirectly in the Rey Lake property.

T.H. Carpenter, P.Geo.

Vernon, BC
July 09, 1999



LEGEND

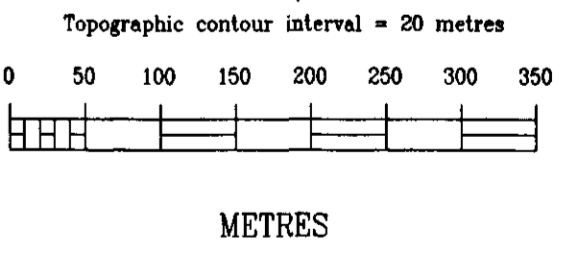
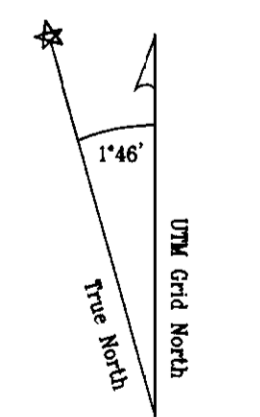
- L300S-••••• Grid stations established
- Grid stations with soil sample taken
- 35. Values shown in ppm copper
- x 48 Values shown in ppm copper
- Rock sample location
- Values shown in ppm copper
- Float location or sample
- Drill hole location
- Access roads, minor/major
- Trench
- Attitude of jointing

GEOLOGICAL SURVEY BRANCH
ANNUAL REPORT

25,957

Claim NORTH @ 355.5' because of Mag. Dec. = 21'30" + topographic locations found

REVISION DATE	REVISION BY	REVISION
July 8/1999	RM	Soil/Rock.dat



DISCOVERY Consultants

PHOENIX II SYNDICATE

Rey Lake Project
Geochemical Sampling
Sample Locations & Copper Values

Location: Rey Lake		Mining Jurisdiction: Nicola	
Datum: NAD83	Map Ref.: 0921-07E Trim: 0921-037	Scale: 1:5000	UTM: 10
Project: 660	Date: June 17/1999	Drawn By: RM	Figure: 3