ASSESSMENT REPORT

ON A

HEAVY MINERAL STREAM SEDIMENT

SAMPLING PROGRAM

ON THE

SWAN PROPERTY

KWANIKA CREEK AREA

OMINECA MINING DIVISION, B.C.

NTS:	093N/11W
LATITUDE:	55° 30'N
LONGITUDE:	125° 19' 45"W
OWNER:	W.R. Gilmour
OPERATOR:	Discovery Consultants
AUTHORS:	T.H. Carpenter, P.Geo.
DATE:	September 27, 1999

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SUMMARY

The Swan property is a developed prospect with an inferred reserve of 36,000,000 tonnes grading 0.2% copper. Mineralization comprises disseminated and fracture-controlled pyrite and chalcopyrite in intrusive rocks of the Hogem Intrusive Complex.

Exploration has been carried out in the area since 1937 but on the Swan property only since 1964. Between 1965 and 1973 work by various companies defined the mineralized reserves on the property.

In 1989 interest in the property was renewed after a copper-gold affinity in the mineralization was demonstrated.

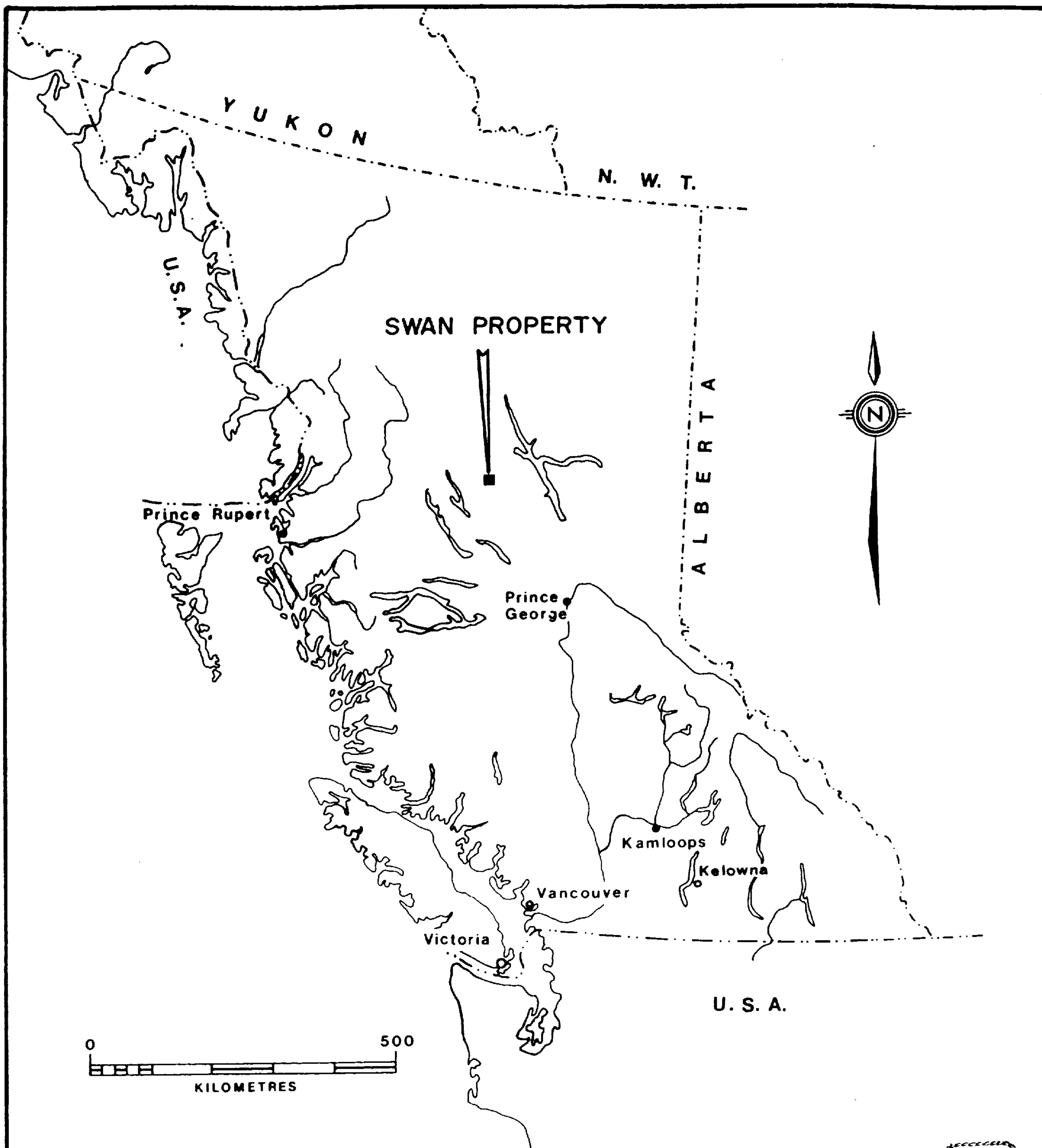
In 1995 a limited program of heavy-mineral stream sediment sampling and rock sampling was carried out on the property. This work was supplemented by additional heavy mineral sampling in 1999. Additional copper-gold mineralization is suggested to the east of the Swan property based on compiled results of the 1989 and 1999 sampling.

LOCATION AND ACCESS

The SWAN property is centred at latitude 55°30'N and longitude 125°19'45"W, some 50 km. south-southwest of Germansen Landing (Figure 1). The property is accessible from Fort St. James via various forest service roads north to the Takla-Manson Creek road at the northwest corner of Tsayta Lake. A road to the property leaves the Takla-Manson Ck. road 9 km. east along the Fall-Tsayta forest service road.

TOPOGRAPHY

The claims occupy a drift covered u-shaped glacial valley with elevations ranging from 900 metres to 1750 metres. Within the valley, topography is for the most part gentle with very little relief, the only exception being a steep slope on the western bank of Kwanika Creek. Most outcrops are located on Kwanika Creek. Elsewhere outcrop is scarce.



DISCOVERY Consultants	PHOENIX SYNDICATE
SWAN PROPERTY	LOCATION MAP

DATE: MAY 30/95	PROJECT: 656	SCALE: As Shown	N.T.S.: 93N/11W	M.D.: OMINECA	FIGURE: 1

DWG-626-004

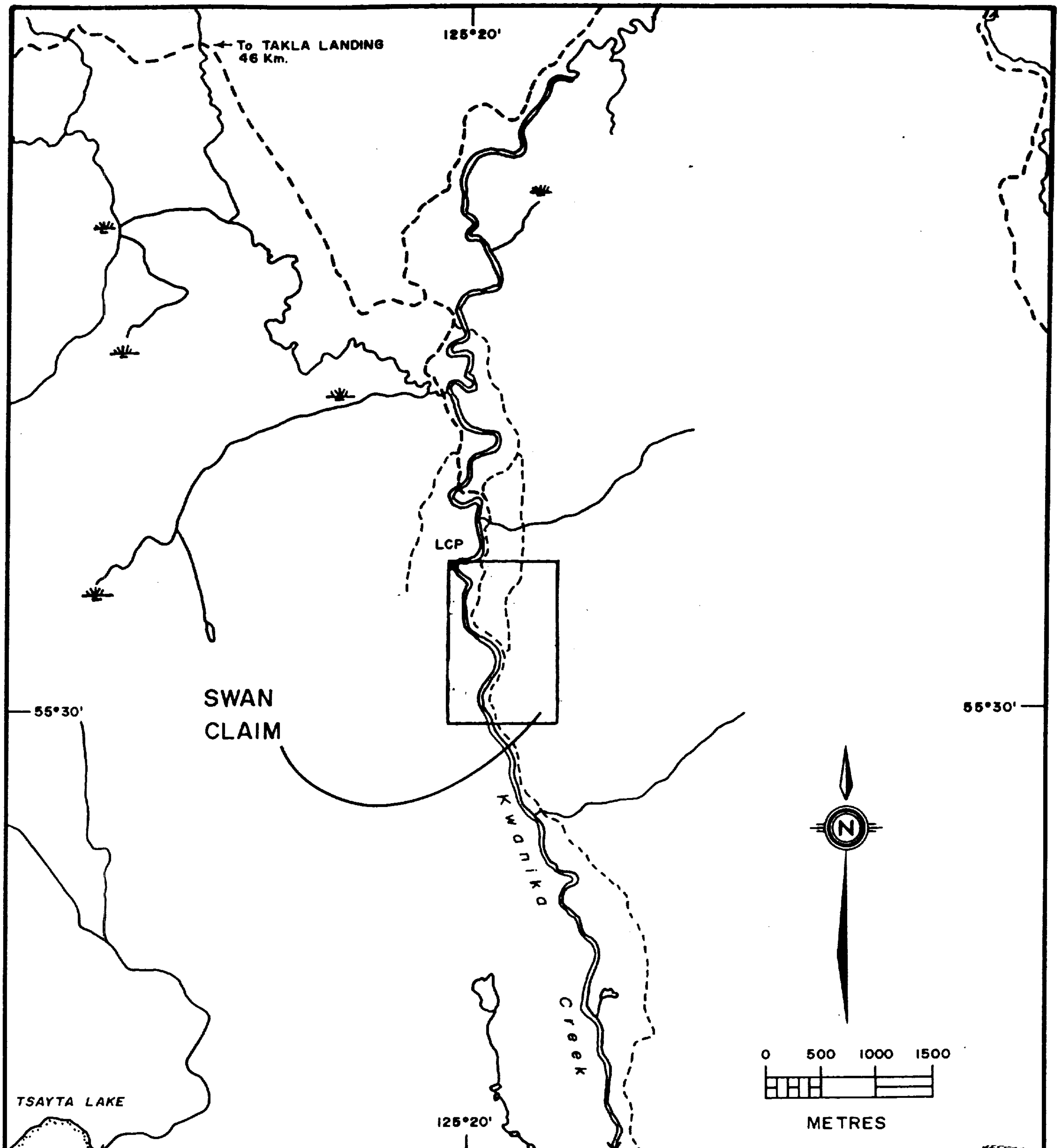
PROPERTY

The Swan property was originally comprised one four-post and three two-post claims, staked on May 18, 1995 by the author and recorded in Vernon on June 1, 1995 (Figure 2). The two-post claims were subsequently included within the Swan four-post claim.

Claim Name	Record No.	Owner of Record	Anniversary Date *
Swan	336366	W.R. Gilmour	May 18, 2002

The Swan claim is held in trust for the Phoenix Syndicate.

* Pending acceptance of this report.



DISCOVERY Consultants	PHOENIX SYNDICATE
SWAN PROPERTY	CLAIM LOCATION MAP

DATE: MAY 30/95	PROJECT: 656	SCALE: 1:50000	N.T.S.: 93N/11W	M.D.: OMINECA	FIGURE: 2

DWG-626-005

HISTORY

The first recorded exploration in the vicinity of Kwanika Creek occurred from 1937 to 1943 following the discovery of mercury at Pinchi Lake, 114 km. to the south.

From 1943 to 1944 the Bralorne-Takla Mercury Mine, 4 kilometres northwest of the property, produced 132,088 lbs. (60,040 kg.) of mercury.

Placer operations for gold have been carried out intermittently on Kwanika Creek in the vicinity of the present claims.

The copper and molybdenum potential of the area was recognized in 1964 and in 1965 Hogan Mines completed a program of bulldozer trenching and limited diamond drilling.

In 1966 Canex Aerial Exploration Ltd. carried out extensive exploration including road building, line cutting, trenching, magnetometer and IP surveys and 855 metres of drilling.

Great Plains Development Company of Canada Ltd. carried out an exploration program in 1969, which included a magnetometer survey and 1319 metres of diamond drilling in seven holes.

The Canex and Great Plains work defined a low grade copper deposit within an area measuring 488 metres by 305 metres.

Bow River Resources, formerly Hogan Mines Ltd., drilled six percussion holes for a total of 1800 feet (548 metres) in 1972.

In 1973 Pechiney Development Ltd. expanded the area of investigation in a southerly direction.

Pechiney's work included 9820 feet (2993 metres) in 30 percussion holes.

No further work was reported until 1988 when a copper-gold affinity in the mineralization was demonstrated. A joint venture between Northair Mines Ltd. and Eastfield Resources Ltd. in 1989 carried out a geological mapping, geochemical sampling and an induced polarization survey on the property. Eastfield reported values of up to 1422 Au in silt samples collected from tributaries of Kwanika Creek at the eastern edge of the property (Buskas et al, 1989).

In 1991 Eastfield completed 4 diamond drill holes totalling 549 metres. These holes were drilled to the north and west of previously defined mineralization to test for gold mineralization peripheral to the copper zone and adjacent to the regional Pinchi Fault.

GENERAL GEOLOGY

The following description of geology is excerpted from Assessment Report #19,131 entitled Geochemical Sampling, Induced Polarization Survey and Geological Mapping on the Kwah 1-6 and Swan 1-8 claims for Northair Mines Ltd./Eastfield Resources Ltd. by Buskas, Garratt and Morton, 1989.

The major geological features in the region of the Swan Property are the Triassic aged Takla Group metasediments that are intruded by the various phases of the Hogem Batholith. Paleozoic aged Cache Creek Group rocks occupy the extreme western portions of the property. The Pinchi Fault, a major north-northwest trending suture zone, separates the Paleozoic terrain from Mesozoic and Cretaceous aged units that occur to the east.

The Cache Creek Group in the vicinity of the Swan property is composed of limestones believed to be Permian age. Ultra-mafics of unknown age have previously been included in the Cache Creek but are now believed to be younger. Outcrops of Cache Creek limestone occur on Kwanika Creek in the southern part of the property and to the west of the creek in the central part of the property. A linear trending band of Cache Creek ultra-mafics is present in the western regions of the property. The Upper Triassic Takla Group metasediments outcrop in two places on Kwanika Creek. The most significant occurrence of this package is in the central part of the property where argillites, greywackes, volcaniclastic/greywackes and conglomerates occur. Two small outcrops of Takla argillite are present further to the south.

The majority of rocks outcropping on the property belong to two of the intrusive phases of the Hogem Batholith. The first phase is lower Jurassic in age and was classified by Garnett of the B.C. Department of Mines (1978) as having three distinct rock varieties; a monzodiorite to diorite; a monzonite to quartz bearing monzonite, and a hybrid quartz bearing monzonite. The second phase is Lower Cretaceous in age and was classified by Garnett as a quartz monzonite to granite variety.

On the south part of Kwanika Creek are two outcrops of a polymict boulder conglomerate. These were considered by Garnett to be upper Cretaceous in age. The major structural lineament in the area is the Pinchi Fault which trends north-northwest and regionally varies from 100 to 1500 m wide. It separates the older Paleozoic rocks from younger Mesozoic rocks but cannot be directly observed as its surface trace is covered by glacial drift. The proximity of the Pinchi Fault to Kwanika Creek is evidenced by the presence of fractures, shears and faults in outcrops along the creek. It is speculated that this fault may have had significance in preparing adjacent terranes for ascending mineralizing hydrothermal systems.

WORK COMPLETED

Work carried out on the property in 1999 comprised additional heavy mineral, stream-sediment sampling.

1. **Heavy Mineral Stream Sediment Sampling**

a). Program Parameters

Three heavy mineral stream sediment samples were taken from the claim area. Two of these samples, collected near the northern boundary of the property and to the south of the southeast corner, were submitted for analysis. These samples represent the largest drainages on the eastern side of Kwanika Creek and were chosen to provide the maximum information in the area of the claims. Heavy mineral drainage sampling entails the sampling of gravels, sands and silts from creek beds. The material is sieved in the field until approximately 10 kg of -20 mesh material is obtained. The sample is then shipped to C.F. Minerals Ltd. of Kelowna for heavy mineral separation. Fractions were produced according to grain size, specific gravity and magnetic susceptibilities.

Generally the -150HN fraction (-150 mesh, >3.2 specific gravity, non-magnetic) includes native gold, pyrite and many base metal sulphides as well as accessory minerals such as zircon. Para-magnetic (P) minerals include garnets, hornblende and epidote. The magnetic (M) fraction is generally exclusively magnetite. All remaining fractions are stored for further analysis or microscopic examination. The fraction selected for analysis (-150HN) was sent to Activation Laboratories for non-destructive analysis for gold by neutron activation, followed by ICP analysis upon 'cooling'.

b). <u>Program Results</u>

In 1995, heavy mineral samples containing 3180 and 4580 ppb gold (3 and 5 μg) were collected from creeks draining areas at the west edge of the property, to the west of the chalcopyrite-pyrite mineralized zone previously defined on the property.

This area had been tested in part by the 1991 drill-program of Eastfield Resources, which detected low Cu and Au values in a pyrite zone peripheral to the mineralized zone.

In contrast, values of 7450 and 1730 ppb gold (10 and 25 μg) have been defined in samples collected in 1999 on the eastern side of the property, in drainages previously noted as containing significant gold in silt anomalies. The higher value was collected from a drainage with a previously reported value of 1422 ppb gold in a silt sample. The maximum gold value obtained in silt in the southern drainage however was 9 ppb compared to a value of 1730 ppb gold in the heavy mineral sample.

It may be significant to note that the copper values from the 1989 silt-sampling program appear to be significantly higher overall in the 626HM-001 drainage than in the drainages to the south. Sample locations and gold results for the 1995 and 1999 heavy mineral samples are shown on Figure 3. Also shown are sample locations and gold and copper results for the 1989 silt-sampling program.

Complete analytical results for the heavy mineral samples are contained in Appendix 1.

CONCLUSIONS

Exploration in the Swan claim area has been hampered by the lack of outcrop. Mineralization to date has been defined in outcrop along Kwanika Creek. Little exploration has been carried out away from this area.

Significant gold values of 7450 ppb and 1730 ppb gold have been detected in drainages on the eastern boundary of the Swan property and confirms the anomalous gold values found in the 1989 silt sampling program. Little outcrop was noted in this area and the next phase of exploration should focus on determining whether these gold values originate in local bedrock or from the till that blankets the area.

Inasmuch as a gold/ copper association was shown in the 1989 program, the coincident gold and copper anomalies in the 656HM- 001 drainage would seem to indicate that similar mineralization exists to the east of the present claims.

RECOMMENDATIONS

Further exploration is recommended on the Swan property. A microscopic examination of gold grains collected from the 1999 heavy mineral samples should help to determine whether the gold grains have been transported a significant distance or have been locally derived.

If it is determined that the gold within the samples is locally derived, prospecting and mapping are recommended to the east of the Swan property. Additional heavy mineral sampling is recommended to define the source of the present gold anomalies. If these programs are successful in defining anomalous areas, the anomalies should be gridded and a series of geophysical surveys should be carried out, including electromagnetic and magnetometer surveys and an IP survey to define mineralization and/or alteration associated with mineralization.

Respectfully submitted,

T. H. Carpenter

T.H. Carpenter, P.Geo.

September 27, 1999
Vernon, B.C.

REFERENCES

British Columbia Ministry of Energy, Mines and Petroleum Resources (MEMPR) Annual Reports

1965 - pg. 105-106

1966 - pg. 119

1967 - pg. 119

British Columbia Ministry of Energy, Mines and Petroleum Resources - Geology, Exploration and Mining in British Columbia

1969 - pg. 105-106

1970 - pg. 180-181

1972 - pg. 440-447

1974 - pg. 276

1973 - pg. 365

British Columbia Ministry of Energy, Mines and Petroleum Resources - Assessment Reports #4577, 4773, 4826, 5266, 19131, 21648

CIM Special Volume #15 (1976), Table 1, #97

STATEMENT OF COSTS

1	Professional Services			
	T. Carpenter (P.Geo.)			
	Planning, Data Interpretation & Report Writing			
	1.25 day at $350/day	$ 437.50		
	Field & Geological Work			
	2.0 day @$350/day	700.00		
		--------------		$1,137.50
2	Field Personnel			
	R. Mitchell (August 19 & 20, 1999)			
	Heavy Mineral Sampling			
	2.0 days @$283.20/day	566.40		
		--------------		566.40
3	Office Personnel			
		116.19		
	Drafting			
	Secretarial	79.65		
	Data Compilation	44.25		
		--------------		240.09
4	Expenses			
	Analysis - Chemex Labs Ltd.			
	(Neutron Activation Analysis for Au & base elements)			
	2 Heavy Mineral samples @$299.19 ea.	598.38		
		--------------	$ 598.38	
	Field Supplies		10.85	
	Equipment Rental		5.00	
	Freight		30.00	
	Lodging & Meals		283.75	
	Maps & Publications		12.00	
	Communications, Report & Map printing		75.00	
			--------------	1,014.98

		Exploration Costs :		$2,958.97
5	Transportation			
	4x4 Truck 2.0 days @$40/day	$ 80.00		
	934 km @$0.30/km	280.20		
	gas	94.98		
		--------------		
	a) total transportation costs	$ 455.18		
	b) @20% of Exploration Costs of $:2,958.97		591.79	
	a or b - whichever is less		--------------	455.18
		Total Exploration Costs :		$3,414.15
				=========

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 am a 1971 graduate of the Memorial University of Newfoundland with a Bachelor of Science degree in geology.
3. I have been practicing my profession since graduation.
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 Swan property gained from supervision and fieldwork.
6. I hold no interest either directly or indirectly in the Swan property.

PROFESSIONAL PROVINCE OF T. H. CARPENTER

T.H. Carpenter, P.Geo.

September 27, 1999
Vernon, B.C.

Appendix 1

ANALYTICAL PROCEDURES

INAA Analysis

by Activation Laboratories :

ELEMENT		LOWER DETECTION LIMIT	EXTRACTION	METHOD
Au	Gold	5 ppb		INAA
Ag	Silver	5 ppm		INAA
As	Arsenic	2 ppm		INAA
Ba	Barium	200 ppm		INAA
Br	Bromine	5 ppm		INAA
Ca	Calcium	1 %		INAA
Ce	Cerium	3 ppm		INAA
Co	Cobalt	5 ppm		INAA
Cr	Chromium	10 ppm		INAA
Cs	Cesium	2 ppm		INAA
Eu	Europium	0.2 ppm		INAA
Fe	Iron	0.02 %		INAA
Hf	Hafnium	1 ppm		INAA
Hg	Mercury	5 ppm		INAA
Ir	Iridium	40 ppb		INAA
La	Lanthanum	1 ppm		INAA
Lu	Lutetium	0.1 ppm		INAA
Mo	Molybdenum	20 ppm		INAA
Na	Sodium	500 ppm		INAA
Nd	Neodymium	10 ppm		INAA
Ni	Nickel	200 ppm		INAA
Rb	Rubidium	50 ppm		INAA
Sb	Antimony	0.2 ppm		INAA
Sc	Scandium	0.1 ppm		INAA
Se	Selenium	20 ppm		INAA
Sm	Samarium	0.1 ppm		INAA
Sr	Strontium	0.2 %		INAA
Ta	Tantalum	1 ppm		INAA
Tb	Terbium	2 ppm		INAA
Th	Thorium	0.5 ppm		INAA
U	Uranium	0.5 ppm		INAA
W	Tungsten	4 ppm		INAA
Yb	Yttebium	0.2 ppm		INAA
Zn	Zinc	200 ppm		INAA

ANALYTICAL PROCEDURES

ICP Analysis

by Activation Laboratories:

ELEMENT		LOWER DETECTION LIMIT	EXTRACTION	METHOD
Ag	Silver	0.2 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Al*	Aluminum	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
As*	Arsenic	5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Ba*	Barium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Be*	Beryllium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Bi	Bismuth	5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Ca*	Calcium	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
Cd	Cadmium	0.5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Co*	Cobalt	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Cr*	Chromium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Cu	Copper	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Fe*	Iron	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
K*	Potassium	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
Mg*	Magnesium	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
Mn*	Manganese	2 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Mo*	Molybdenum	2 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Na*	Sodium	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
Ni*	Nickel	2 ppm	HNO_3-HCl hot extr	ind. coupled plasma
P*	Phosphorus	5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Pb	Lead	2 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Sb	Antimony	5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Sc*	Scandium	10 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Sn*	Tin	5 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Sr*	Strontium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Ti*	Titanium	0.01 %	HNO_3-HCl hot extr	ind. coupled plasma
V*	Vanadium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
W*	Tungsten	10 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Y	Yttrium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Zn	Zinc	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma
Zr	Zirconium	1 ppm	HNO_3-HCl hot extr	ind. coupled plasma

■ Please note: certain mineral forms of those elements above marked with an asterisk will not be soluble in the HNO_3/HCl extraction. The ICP data will be low biased.

Project 656

Swan

file: 565\geodata\HM_99.wk4

Heavy Mineral Stream Sediment Sample Analyses

-150HN fraction
1999

Reference : ALL-18525 (CFM99-382)

Sample ID	CFM Rpt#	ALL Rpt#	-20 mesh weight kg	-150HM wt g	-150HP wt g	-150HN wt g	-150H total wt g	INAA Au ppb	Au µg	INAA Ag ppm	ICP Ag ppm	INAA As ppm	ICP As ppm	INAA Sb ppm	ICP Sb ppm	ICP Cu ppm	ICP Pb ppm	INAA Zn ppm	ICP Zn ppm	ICP Cd ppm
HM-01	99-382	18525	9.6	5.14	8.29	3.19	16.62	7450	25	<5	0 2	6	<10	2	<10	28	6	285	122	<1
HM-03	99-382	18525	9.4	17.32	10.86	5.23	33.41	1730	10	<5	<0.2	6	<10	2	<10	17	4	<200	77	<1
Standard:																				
HM-04						1.27		810		<5	1.1	112	78	226	38	30	12	<200	135	1

Swan

Heavy Mineral Stream Sediment Sample Analyses (part 2)

-150HN fraction

Sample ID	INAA Mo ppm	ICP Mo ppm	ICP Bi ppm	INAA Hg ppm	INAA Fe %	ICP Fe %	INAA Ni ppm	ICP Ni ppm	INAA Cr ppm	ICP Cr ppm	INAA Co ppm	ICP Co ppm	ICP Mn ppm	INAA Ba ppm	ICP Ba ppm	INAA W ppm	ICP W ppm	INAA Th ppm	INAA U ppm	INAA Ir ppb	ICP V ppm
HM-01	<20	<2	<10	62	6.0	1.11	<200	11	655	23	30	5	199	490	88	46	11	34	23	<50	38
HM-03	<20	<2	<10	<5	3.8	0.84	<200	6	261	13	14	3	138	650	50	63	25	38	27	<50	31
Standard:																					
HM-04	<20	4	<10	<5	1.4	1.20	<200	19	40	17	5	3	277	800	605	20	10	9	4	<50	36

Swan

Heavy Mineral Stream Sediment Sample Analyses (part 3)

-150HN fraction

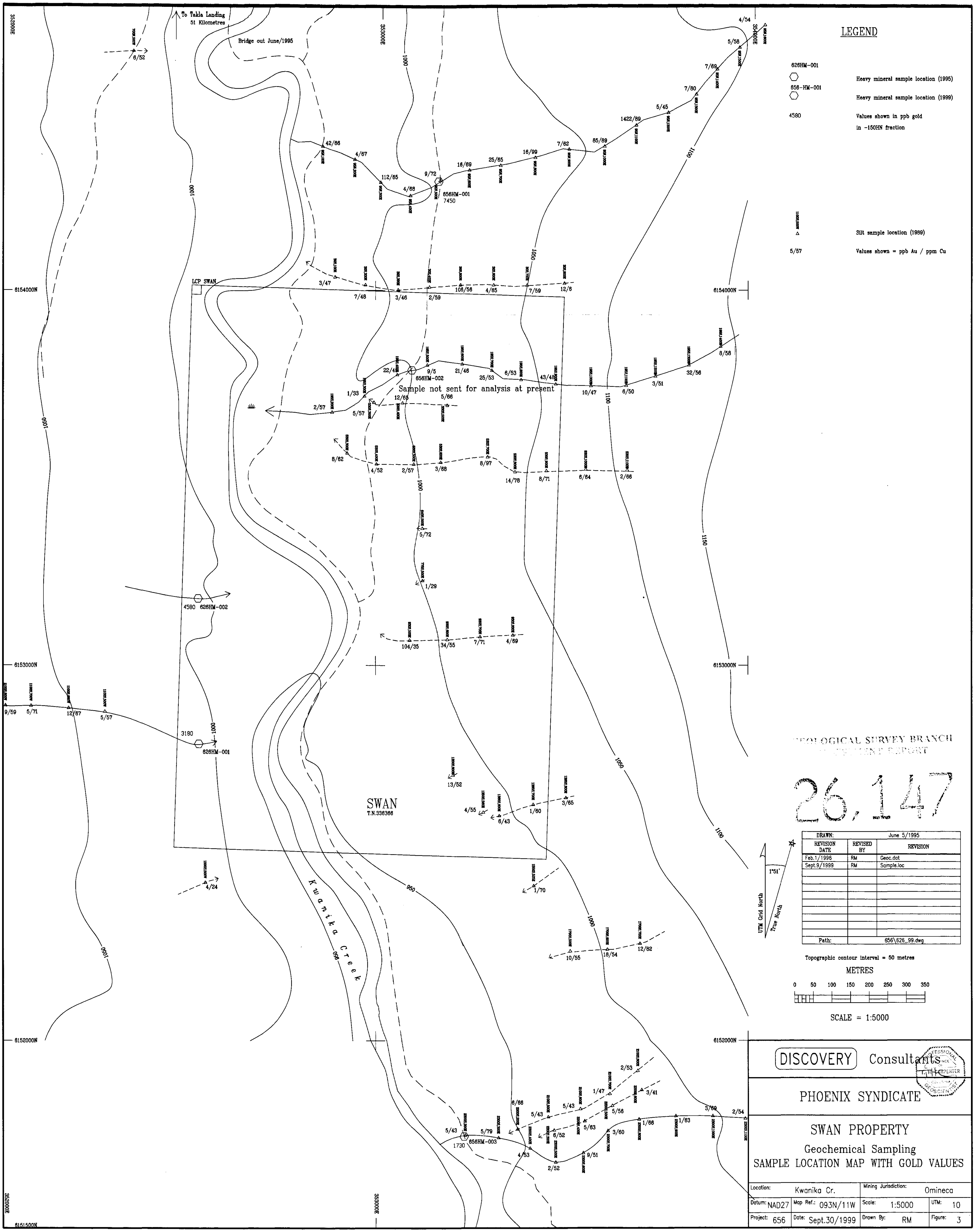
Sample ID	ICP Al %	ICP Mg %	INAA Ca %	ICP Ca %	ICP Sn ppm	INAA Sr %	ICP Sr ppm	ICP Y ppm	ICP Be ppm	INAA Br ppm	INAA Na %	ICP Na %	ICP K %	ICP Ti %	INAA Hf ppm	INAA Se ppm	INAA Sc ppm	ICP Sc ppm	ICP Zr ppm	INAA Rb ppm	INAA Cs ppm
HM-01	0.56	0.27	22	2.62	<10	<0.2	90	33	<1	42	0.71	0.04	0.04	0.08	266	<20	74	10	1	<50	11
HM-03	0.52	0.16	14	2.73	<10	<0.2	107	29	<1	30	1.21	0.03	0.03	0.08	427	<20	46	7	2	<50	<2
Standard:																					
HM-04	1.00	1.60	15	13.57	<10	<0.2	158	12	<1	30	0.27	0.16	0.22	0.01	4	<20	4	8	9	76	6

Swan

Heavy Mineral Stream Sediment Sample Analyses (part 4)

-150HN fraction

Sample ID	INAA La ppm	INAA Ce ppm	INAA Sm ppm	INAA Eu ppm	INAA Nd ppm	INAA Ta ppm	INAA Tb ppm	INAA Yb ppm	INAA Lu ppm	ICP P ppm	ICP S ppm
HM-01	157	400	36	9	192	6	6	34	5	7654	238
HM-03	166	409	41	11	230	7	5	43	7	8304	59
Standard:											
HM-04	26	49	4	1	18	<1	<2	2	<1	554	359



To Takla Landing
51 Kilometres
Bridge out June/1995
LEGEND
626HM-001
Heavy mineral sample location (1995)
656-HM-001
Heavy mineral sample location (1999)
4580
Values shown in ppb gold
in -150HN fraction
Silt sample location (1989)
5/57
Values shown = ppb Au / ppm Cu
352000E
353000E
354000E
6154000N
6153000N
6152000N
6151500N
LCP SWAN
656HM-001
7450
656HM-002
Sample not sent for analysis at present
4580
626HM-002
3180
626HM-001
SWAN
T.N.336366
Kwanika Creek
1730
656HM-003
GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT
26,147
DRAWN: June 5/1995
REVISION DATE
REVISED BY
REVISION
Feb.1/1996
RM
Geoc.dat
Sept.9/1999
RM
Sample.loc
Path:
656\626_99.dwg
1°51'
UTM Grid North
True North
Topographic contour interval = 50 metres
METRES
0 50 100 150 200 250 300 350
SCALE = 1:5000
DISCOVERY Consultants
PHOENIX SYNDICATE
SWAN PROPERTY
Geochemical Sampling
SAMPLE LOCATION MAP WITH GOLD VALUES
Location: Kwanika Cr.
Mining Jurisdiction: Omineca
Datum: NAD27
Map Ref.: 093N/11W
Scale: 1:5000
UTM: 10
Project: 656
Date: Sept.30/1999
Drawn By: RM
Figure: 3