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SOUTH OF FERNIE, BRITISH COLUMBIA (FORT STEELE MINING DIVISION)

CLAIMS COMMERCE 1 to 4

Geographic Co-ordinates 49° 11' N 114° 25' W N⊤S Sheet 82 G/1 W

Owner of Claims:	Commerce 1 to Commerce 4
	Heyman, David
	6488 Telford Street
	Burnaby, BC, V5H 2Z2

Operator: Commerce Resources Corp. 600 – 789 West Pender Street Vancouver, B.C., V6C 1H2

Consultant: Dahrouge Geological Consulting Ltd. 18, 10509 – 81 Avenue Edmonton, AB, T6E 1X7 TEVEY BRANCH

Authors: T. Faragher, B.Sc. and J. Dahrouge, P.Geol.

Date Submitted:

2000 06 22

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INTRODUCTION

The Commerce Property is located in Flathead River Valley of southeastern British Columbia, about 60 km southeast of the Town of Fernie. The claims were staked to cover Proterozoic sedimentary and volcanic rocks and associated alkalic intrusives on Commerce Peak. Previous exploration in the vicinity of the Commerce claims identified several styles of mineralization including stratabound sedimentary copper-silver, intrusive related gold (syenite and intrusive breccia) and mineralized quartz-carbonate veins.

During December, 1999, Geoterrex-Dighem completed a high-resolution heliborne magnetic/resistivity/electromagnetic geophysical survey totaling 9.3 line kilometers. Interpretation of airborne data identified a weak magnetic feature coincident with a large conductive body and several small electromagnetic conductors. The geophysical anomalies may represent near surface altered and/or mineralized sediments, intrusives or geologic structures.

1.1 GEOGRAPHIC SETTING

1.1.1 Location and Access

The Commerce Property is within Clark Range of Rocky Mountains in southeast British Columbia. The property is about 60 km southeast of Fernie, about 20 km north of the Montana border, and 30 km west of the Alberta border. It is within National Topographic System (NTS) map area 82 G/1 W and centered about 49^o 11' north latitude and 114^o 25' west longitude (Fig. 1.1).

Access to the property is via a gravel logging road which branches off Provincial Highway 3 about 6 km east of the Town of Natal and extends southeast along Flathead River to the International Border (Corbin Road). Alternately, an all-weather gravel logging road branches off Highway 3 south of Fernie, along Bighorn Creek Valley and joins Corbin Road 15 km southwest of the property. A dry-weather gravel road spurs northerly from Corbin Road along Commerce Creek which passes within 1 km of the western property boundary. Remote areas of the property are accessible either by ATV, foot, or at higher elevations by helicopter.

1.1.2 Topography, Vegetation, and Climate

The claims are within Clark Range immediately east of Flathead River Valley. They are within an area of rugged mountains with elevations greater than 2,500 m above sea level (a.s.l.); elevations along valley bottoms are about 1,200 m a.s.l. Much of the

1.

area is characterized by broad river valleys edged by moderate slopes leading upward to steep cliffed mountain tops.

Most of the lower parts of the mountain slopes are heavily timbered with spruce, pine, and lesser deciduous varieties. Treeline is at an elevation of about 1,800 m. In the subalpine zone, vegetation consists of a sparse cover of stunted spruce and pine, and above timberline of alpine shrubs and foliage.

Climate is alpine with average summer temperatures of 20° to 25° C and average winter temperatures of -10° to -15° C. Rainfall averages about 120 cm per year with maximum snowfall in November and December which averages 150 to 165 cm.

1.2 PROPERTY

The Commerce Property consists of four contiguous mineral claims which cover 1 km² within the Fort Steele Mining Division (Fig. 1.2). Commerce 1 to 4 are two-post mineral claims which total 4 units and are registered in the name of Heyman, David (Table 1.1). The property is held under option by Commerce Resources Corp.

TABLE 1.1

LIST OF MINERAL CLAIMS

Claim Name	Tenure Number	Units/Claim	Record Date	Actual or
				Expected
				Expiry Date
Commerce 1	319772	1	July 29, 1993	July 29, 2004
Commerce 2	319773	1	July 29, 1993	July 29, 2004
Commerce 3	319774	1	July 29, 1993	July 29, 2003
Commerce 4	319775	1	July 29, 1993	July 29, 2003
		4		

1.3 HISTORY AND PREVIOUS INVESTIGATIONS

Active oil seeps in the Sage Creek watershed attracted the earliest exploration activity in Flathead Valley. In the early part of the century several companies drilled shallow wells in their vicinity and more recently Shell Canada Resources has been exploring the Flathead Valley for oil and carbon dioxide reservoirs. Shell's exploration model depicts volcanic intrusions liberating large volumes of CO₂ from carbonate rocks. During the 1990's Shell completed seismic surveys and test wells in the area.

Coal has been known to occur in Flathead Valley for many years. Early exploration occurred around the abandoned village of Flathead about 15 km north of the Comm Property. More recent exploration activity by the Sage Creek Coal Consortium has occurred south of the property within the Cabin Creek watershed. Fording Coal Ltd. has completed several exploration drill holes within the upper Flathead Valley. Concentrated exploration for base and precious metals in Clark Range of British Columbia and Alberta was initiated in the late 1960's, prior to that time only scattered reports of copper mineralization had been made.

Although the area has had relatively little exploration activity with regards to metallic mineral exploration, the area around Commerce Peak was identified as having potential for stratiform copper-silver mineralization and the ground was staked by Kennco Explorations (Western) Limited (Kennco) in 1967. Exploration including prospecting, mapping, rock sampling, and diamond drilling encountered chalcocitebornite mineralization (0.05% Cu, 0.34 g Ag/t across 12 m in drill core) confined to quartize beds in the upper Grinnell Formation and bornite-chalcocite mineralization in Purcell diorite sills (2.40% Cu, 29.5 g Ag/t across 2.4 m in drill core; Stevenson, 1968). Falconbridge Nickel Mines Ltd. optioned a portion of the property and carried out limited exploration in 1969 and 1970. Kintla Explorations Ltd. (Kintla) carried out exploration in the area of Commerce Peak between 1972 to 1974 which included geochemical sampling, geologic mapping, trenching, and diamond drilling on several showings. Kintla encountered copper mineralization present as chalcopyrite, bornite, chalcocite, and minor covellite in specific Grinnell Formation guartzite beds. On the north flank of Commerce Peak Kintla defined an indicated reserve of 125,000 tons at 1.25% Cu plus 8.57 to 17.14 g Ag/t (Northern Miner, 1974). In addition, Goble (1984) reports sporadic Au - Ag mineralization (up to 131.66 g Au/t) in sulphide rich diorite and syenite intrusives and breccias from near Commerce Peak.

1.4 PURPOSE OF SURVEY

The work described in this report was undertaken to provide geophysical information on the bedrock within the Commerce Property. The aeromagnetic survey provided data for recognition of magnetic bodies and localized conductors and/or resistivity changes which reflect lithology, structure, and alteration/mineralization in the bedrock.

1.5 SUMMARY OF WORK

Between December 16 and 20, 1999 Geoterrex-Dighem of Mississauga, Ontario flew a low level magnetic/resistivity/electromagnetic survey over the Commerce Property. The data collected was leveled, processed, and reviewed. Total magnetic field contour and vertical gradient data were examined for areas of high magnetic intensity, contrasting zones, and offsets or breaks in magnetic trends. Electromagnetic

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conductance and resistivity data were examined for bedrock conductive zones and areas of low resistance; caution interpreting EM data in areas of strong topographic relief was required for anomalies caused by turbulence from rapid altitude changes encountered while flying the survey.

To assist in the interpretation, digital contour maps were produced for total magnetic field, calculated vertical magnetic gradient, apparent resistivity for 7,200 and 56,000 Hz coplanar, and one displaying conductance of electromagnetic anomalies (Fig's. 4.1 to 4.5).

1.6 FIELD OPERATIONS

The airborne geophysical survey was based out of Fernie, B.C., totaled 9.3 linekm's, and was flown by helicopter at 57 m terrain clearance along east-west trending traverse lines spaced at 200 m intervals. The average airspeed was 67 km/h with the electromagnetic sensor towed 30 m above ground.

2.

REGIONAL GEOLOGY

The region is underlain by a series of Precambrian sedimentary rocks of the Belt-Purcell Series and Palaeozoic to Mesozoic marine sediments of the Lewis Thrust Sheet. The Lewis Thrust carried the Precambrian rocks, which now constitute a portion of Clark Range, eastward between 7½ to 9 km and superimposed them on younger Palaeozoic and Mesozoic strata. Regionally, the Lewis Thrust Sheet forms a broad synclinorium within which Precambrian sediments form the Akamina Syncline. The Akamina Syncline is a broad northwest trending structure approximately 30 km wide by 65 km long and is truncated along its western edge by Flathead Fault. Flathead Fault is a major southwest dipping normal fault which has dropped strata on its west side by more than 6,000 m.

Price (1962) shows bedrock geology in the area of the Commerce Property to consist dominantly of Precambrian strata which include the Waterton, Altyn, Appekunny, Grinnell, Siyeh, Purcell, Sheppard, Gateway, Phillips, and Roosville formations. A series of Proterozoic diabasic to dioritic sills and dykes intrude rocks of the Siyeh and Sheppard formations. Cretaceous and/or Tertiary aged dykes and anastomosing stock-like masses of trachyte, syenite, and intrusion breccias intrude the Proterozoic succession. A summary of the regional stratigraphy is provided in Table 2.1.

3.

TABLE OF FORMATIONS

Шa	Period or Epoch	Formation	Lithology	Thickness (m)
	·	Rocky Mountain	Marine sandstone, dolomite, chert, shale, siltstone	0-455
	Mississippian	Etherington	Marine limestone, dolomite, shale, siltstone, anhydrite	60-260
		Mount Head	Marine limestone, dolomite, dolomite and limestone breccias	120-305
<u>o</u>		Livingstone	Marine limestone, cherty limestone, dolomite	245-425
N N		Banff	Marine limestone, cherty limestone, shale, chert	180-320
eo		Exshaw	Marine shale	2-12
Pal		Palliser	Marine limestone, dolomite	200-220
	_ .	Alexo	Marine limestone, dolomite, siltstone, sandstone	6-150
	Devonian	Fairholme	Marine limestone, argillaceous limestone, shale, dolomite	290-455
	Cambrian	Elko	Marine dolomite, dolomitic limestone	85-215
		Flathead	Marine sandstone, conglomeratic sandstone	7-45
	Purcell	Roosville	Green argillite, sittstone, sandstone, stromatolitic dolomite	1070+
		Phillips	Red sandstone, siltstone, argillite	150-215
		Gateway	Argillite, argillaceous siltstone, dolomite, sandstone	350-915
orian		Sheppard	Quartzitic and dolomitic sandstone, dolomite, argillite, siltstone, pillowed andesite	45-275
camb		Purcell	Chloritized andesite, amygdaloidal andesite flows, pillowed andesite	0-180
e e		Siyeh	Limestone, dolomite, argillite	345-915
		Grinnell	Red argillite, sandstone, siltstone	110-520
		Appekunny	Argillite, sandstone, siltstone	455-610
		Altyn	Argillaceous limestone and dolomite, argillite	150-1,220
		Waterton	Limestone and dolomite, argillite, argillaceous dolomite	455+

PROPERTY GEOLOGY

The geology of the Commerce Property is known from reconnaissance scale government mappings (see Section 2). It is underlain by Precambrian limestone, dolomite and argillite of the Siyeh Formation (Fig. 3.1). Detailed geological maps of the property are unavailable.

The Commerce Peak area is host to three types of mineralization including:

- 1) copper-silver as chalcopyrite-bornite-chalcocite disseminations within quartzites of the Grinnell Formation;
- 2) gold with lesser amounts of silver associated with contact related sulphide concentrations at margins of syenite and/or diorite sills;
- veinlets of quartz-carbonate crosscut the Grinnell and Siyeh formations and host local concentrations of copper sulphides.

Copper may assay up to 0.2 to 0.3 per cent locally with silver in the 1 to 10 g/t range within thin 1 to 5 cm thick Grinnell Formation quartzite horizons. Although gold values as high as 34.28 g/t associated with syenitic intrusives have been reported, anomalous values are usually 1 g Au/t or less. Quartz-carbonate veinlets 3 to 5 cm wide have assayed up to 1 to 3 per cent copper (B.C. Min. Energy, Mines, Petr. Res. MINFILE Commerce F & G and TRI 38 showings). MINFILE showings Commerce F & G and TRI 38 are near the east and southeast property boundaries respectively (Fig. 3.1).

4. AIRBORNE GEOPHYSICAL SURVEY

The Commerce Property is characterized by a magnetically quiet background with a dynamic range of about 10 nT. The most prominent feature is an oblate, weak magnetic high (4nT) about 300 m wide by 1,200 m long trending east-west across the northern portion of the property. The magnetic anomaly is coincident with a large resistivity low and several small, 'spot' electromagnetic conductors. The anomaly displays characteristics of a shallow bedrock source and may represent mineralized/altered sediments or a shallowly emplaced intrusive.

5. CONCLUSIONS AND RECOMMENDATIONS

Based upon a review of geologic and geophysical information available, it can be concluded that the Commerce Property is located in an area favourable for hosting stratabound sedimentary copper-silver, intrusive related gold (syenite and intrusive breccia) and mineralized quartz-carbonate veins. The airborne geophysical survey identified a magnetic anomaly coincident with weak electromagnetic conductive zones, which may be mineralized/altered sediments or an intrusive plug. Additional exploration for the intrusive and stratabound related mineralization is warranted. Future exploration on the Commerce claims should include:

- a) property-scale geologic mapping, prospecting, and detailed geologic mapping of known mineral occurrences; and
- b) limited trenching of those areas with encouraging results.

In areas of mineralization, detailed mapping and sampling of alteration and mineralization should be conducted with emphasis on relationships between stratigraphy, contact zones, structure, and intrusive units. Ground geophysical surveys may be required to elucidate structure, lithology and extent of mineralization. Contingent upon favourable results, diamond drilling may be required to further evaluate the mineral potential of the Commerce Property.

Todel Fungh

T. Faragher, B.Sc. (Geol.)



Edmonton, Alberta 2000 06 22

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6.

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- Stevenson, R.W. (1968) Final Report 1967 Waterton Copper Project; unpublished report dated January, 1968 for Kennco Explorations, 20 p., 2 appendicies.
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APPENDIX 1: ITEMIZED COST STATEMENT

a) <u>Personnel</u>

J. Dahrouge, geologist arranging for airborne geophysics, report writing, and 0.2 days supervision \$ 94.16 0.2 @ \$428.00 days T. Faragher, geologist days review geophysical data, report writing 0.6 \$ 217.21 @ \$374.50 0.6 days W. McGuire, draftsman preparing figures and maps 0.4 days 140.81 \$ 0.4 days @ \$374.50 \$ 452.18 b) Food and Accommodation n/a n/a c) Transportation d) Instrument Rental n/a n/a e) Drilling n/a f) Analyses \$ 75.00 g) <u>Report</u> h) Other \$ 1,551.93 Airborne Geophysics (Geoterrex-Dighem) \$ 102.72 Geophysical Data Interpretation (Intrepid Geophysics) \$ 3.75 Courier \$ 0.48 Long distance telephone \$ 4.00 Map reproductions \$ 1,737.88 \$ 2,190.06 Total

APPENDIX 2: STATEMENT OF QUALIFICATIONS

T. Faragher obtained a degree in geology from the University of Alberta, Edmonton in 1988. He has more than 10 years of experience in mineral exploration.

The work described in the report was under the supervision of J.R. Dahrouge who obtained degrees in geology and computing science from the University of Alberta, Edmonton in 1988 and 1994 respectively. He has more than 10 years of experience in mineral exploration. He is a member of the Canadian Institute of Mining and Metallurgy and is registered as P.Geol. with the Association of Professional Engineers, Geologists, and Geophysicists of Alberta.



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