

REPORT
ON THE
MINE POTENTIAL
AND
RECOMMENDATIONS FOR WORK

HV MINERAL CLAIM GROUP

ALBERNI MINING DIVISION

NTS: 92F/2

by

John J. Watkins, P. Geo.

April 18, 2001

GEOLOGICAL SURVEY BRANCH
SCIENCE REPORT

26,743

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Table of Contents

	<u>PAGE</u>
Summary	3
Introduction and Terms of Reference	4
Property Description and Location	4
Accessibility, Climate, Infrastructure and Physiography	6
History	6
Geological Setting	7
Deposit Types	7
Mineralization	9
Interpretation and Conclusions	9
Recommendations	9
References	10
Statement of Qualifications	11

Table

1. List of mineral claims, HV claim group.	4
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Figures

1. Location and property map	5
2. Relationship of formations, Vancouver Island	8

REPORT ON THE MINE POTENTIAL
HV MINERAL CLAIM GROUP

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Summary

Exposed in logging road cuts on the HV claim group are large zones of ankerite and quartz altered mafic volcanic rocks of the Sicker Group. Surface samples collected in 1989 from these altered zones are enriched in a suite of trace elements (As, Sb, Cu, Ag, Au) that characterizes many precious metal ore deposits. The HV claim group appears to cover a similar geological setting as the gold deposits that lie near Mineral Creek located eight kilometers southeast of the claim group. At Mineral Creek gold mineralization occurs in a number of geological settings over a wide vertical range and are related to a district scale north trending fault zone.

A two staged program leading to a drill test is proposed for the HV claim group. Stage 1, at an estimated cost of \$62,750 (\$ Canadian) will include establishing a cut grid over the claim group, geological mapping, soil and rock geochemical surveys, and ground geophysics that will include a magnetometer survey over the whole claim group and an IP survey to cover selected areas. The objective of this work will be to define drill hole targets.

The HV claim group measures 1.0 by 2.5 km, an area of 250 hectares, and is well located with road access, 4 km from the large town of Port Alberni, on Vancouver Island.



Introduction and Terms of Reference

The author was asked by Mr. Ed Skoda to visit the HV claim group and write a report describing the mine potential with recommendations for a work program for the property.

The source of the information and data contained in this report is from the authors personal knowledge of the area, government geology maps and reports, and a Westmin Resources Ltd. memo describing a reconnaissance visit to the property (Crowe, 1986).

The author spent two days on the HV claim group, April 4th accompanied by Ed Skoda and Paul Saulnier, and a solo visit on April 11th. No rock samples were submitted by the author for chemical analysis.

Property Description and Location

The HV claim group consists of ten contiguous two-post mineral claims, HV 1 to HV 10, totaling 25 hectares, located 4 km due east of Port Alberni, on Vancouver Island, British Columbia, NTS:92F/2 and centered at UTM coordinates: 5454000mN and 3574000mE (Figure 1).

Table 1. List of mineral claims, HV claim group

<u>Claim Name</u>	<u>Tenure No.</u>	<u>Date Recorded</u>
HV 1	383518	January 24, 2001
HV 2	383519	January 24, 2001
HV 3	383520	January 24, 2001
HV 4	383521	January 24, 2001
HV 5	383522	January 24, 2001
HV 6	383523	January 24, 2001
HV 7	383524	January 24, 2001
HV 8	383525	January 24, 2001
HV 9	383526	January 24, 2001
HV 10	383527	January 24, 2001

All claims are valid for one year. The anniversary date is the annual occurrence of the date of record which is the staking completion date of the claim. To maintain a claim the holder must, on or before the anniversary date of the claim, pay the prescribed recording fee and either: (a) record the exploration and development work carried out on that claim during the current anniversary year; or (b) pay cash in lieu of work.

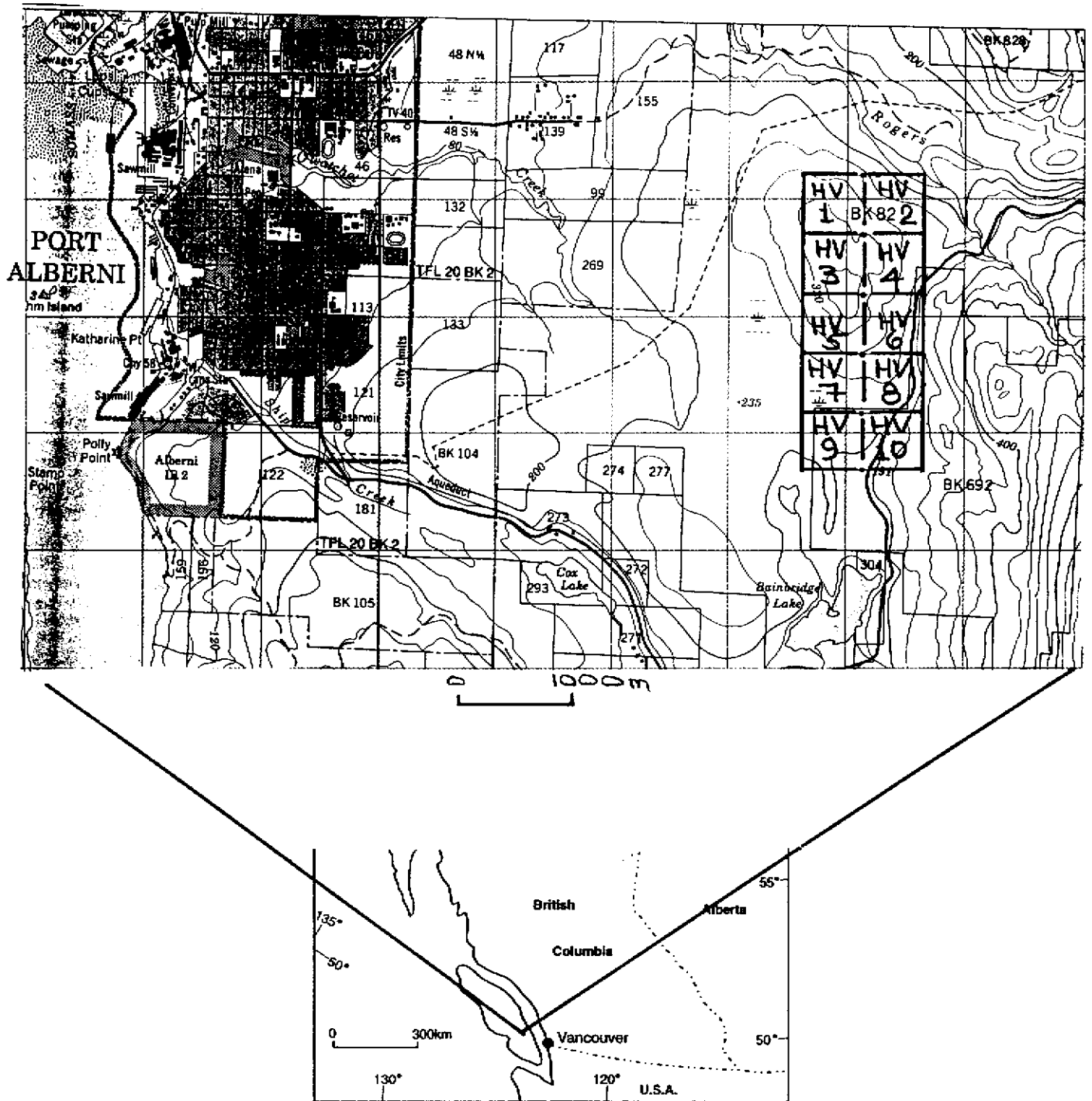


Figure 1. Location and property map, HV claim group.

Accessibility, Climate, Infrastructure and Physiography

The HV claim group is located in south central Vancouver Island near the head of Alberni Inlet, 4 km due east of the sea port town of Port Alberni. Elevation on the claim group ranges from a maximum of 370 meters, at the top of Egg Hill, to a minimum of 200 meters. Immediately to the east of the claim group boundary the topography steepens to greater than 1000 metres elevation onto McLaughlin Ridge, and to the west of the claim group topography slopes steadily toward the Alberni Inlet. Over the past twenty years about 50% of the claim group has been clear cut logged of trees.

Access to the claim group is excellent, gained from Port Alberni by the Cameron Main logging road. The south boundary of the claim group is located near the 5 kilometer sign on the Cameron Main logging road. Access onto the claim group is best gained by a number of secondary logging roads originating from Cameron Main that circle and branch up onto Egg Hill.

The climate in the area is typical of the west coast of British Columbia with moderate conditions and relatively high precipitation. At Port Alberni temperatures seldom fall far below freezing in the winter or exceed 25 degrees C in the summer. Extended periods of dry, sunny weather may cause forest closures in the summer due to forest fire hazard. Overall the weather is not a serious impediment to exploration.

Port Alberni with a population of about 30,000 residents offers a full range of business facilities including access to a deep water port.

History

The HV claim group has not been subjected to any detailed mineral exploration work.

The HV claim group was covered by a larger mineral claim, the Pat claim, now expired, and examined in 1989 by Westmin Resources Ltd. (Crowe, 1989). Westmin reported minor copper and pyrite mineralization associated with altered volcanic and sedimentary rocks of the Sicker Group in outcrops along new logging roads that now lie within the HV claim group. Thirty rock samples collected by Westmin were analyzed for thirty-one elements. Elevated concentrations of Cu, Ag, Sb, As and B are reported. The best gold value reported was 137 ppb Au (0.14 grams per tonne).

Geological Setting

Vancouver Island is the main component of the Insular Belt, the westernmost major tectonic subdivision of the Canadian Cordillera. The Insular Belt contains a middle Paleozoic member (the Sicker Group) and a Jurassic volcanic-plutonic complex (Bonanza Group and Island Intrusions) overlain respectively by Permo-Pennsylvanian sedimentary rocks and Cretaceous (Nanaimo Group) clastic sedimentary rocks. A thick shield of Upper Triassic basalt (Karmutsen Formation) overlain by carbonate-clastic sediments, separates these two complexes in space and time. The relationships of formations of Vancouver Island are shown on Figure 2.

On Vancouver Island the Paleozoic rocks of the Sicker Group are exposed in two large fault-bound uplifts. The largest and southernmost is the Horne Lake-Cowichan Lake uplift, and the second is the Buttle Lake uplift located in the center of the island.

The HV claim group covers mostly Sicker Group volcanic and lesser bedded sedimentary rocks located near the north-western edge of the Horne Lake-Cowichan uplift. The southern part of the claim group is underlain by a Jurassic granitic stock and the northern edge of the group is underlain by shale, sandstone and conglomerate of the Nanaimo Group that sits unconformably on the Sicker Group rocks. A major regional scale eastward dipping thrust fault is shown on the most recent published district scale geology map crossing the claim group.

Deposit Types

The Sicker Group hosts a number of volcanic hosted massive sulphide (VMS) ore deposits, the largest is at Buttle Lake located 75 kilometers northwest of the HV claim group and considered to be a world class deposit. Small mined out VMS deposits are present in similar Sicker Group volcanic rocks of the Horne Lake-Cowichan uplift at Mount Sicker located 80 kilometers southeast of the HV claim group.

Significant gold mineralization, hosted in Sicker Group rocks, is located in Mineral Creek, eight kilometers southeast of the HV claim group. The Mineral Creek gold deposits and prospects were explored in detail, including the construction of an underground exploration tunnel, by Westmin Resources Ltd. in the 1980s. Gold mineralization occurs over a wide vertical range and is related to the district scale, north striking and steeply dipping Mineral Creek fault. The style of mineralization varies from fine pervasive sulphides with gold mineralization in strongly ankerite, sericite, quartz and pyrite altered volcanic rocks lying within and in contact with the Mineral Creek fault zone; as quartz-rich veins and breccia zones, steep and flat dipping, containing coarse gold and lying away from and on both sides of the Mineral Creek fault; and as disseminated pyrite / arsenopyrite mineralization hosted in cherty banded iron formation.

RELATIONSHIPS OF FORMATIONS OF VANCOUVER ISLAND

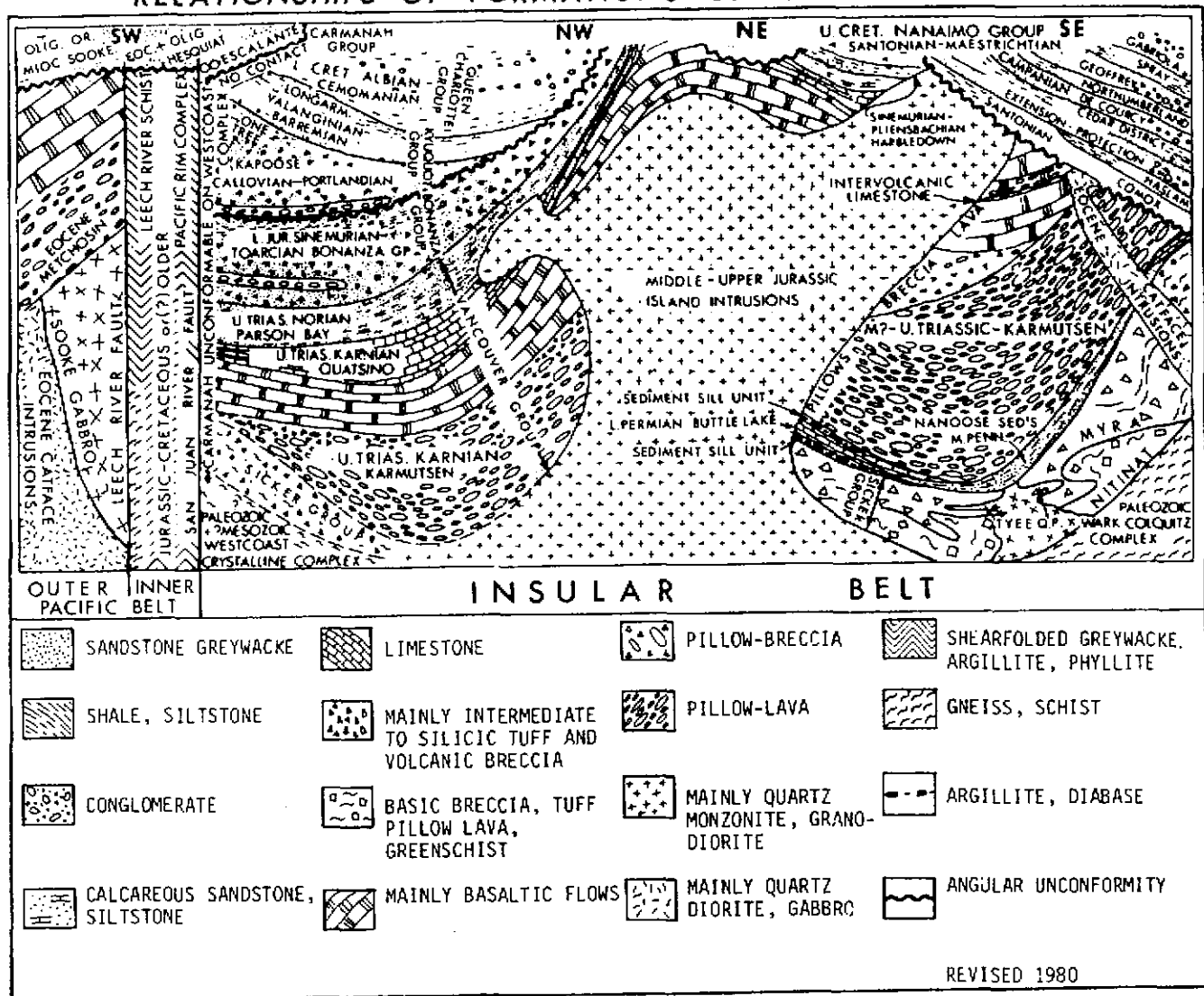


Figure 2. Relationship of formations, Vancouver Island

Mineralization

No economic mineralization has been identified on the HV claim group. Traverses by the author along logging roads on the east side of Egg Hill did locate two wide zones of strong pervasive ankerite altered mafic volcanic rocks of the Sicker Group, cut locally by narrow quartz-rich veins, and with areas of strong pervasive silicification. These zones are sulphide poor, containing minor fine grained crystalline pyrite and traces of a fine, grey coloured sulphide in some quartz-rich veins. The first ankerite zone seen is exposed in a road cut for over 10 meters, the second is exposed in a road cut for over 100 metres.

Half of the thirty rock grab samples collected by Westmin Resources Ltd. (Crowe, 1989) reported high antimony values to 2029 ppm Sb, anomalous arsenic to a high of 903 ppm As, scattered anomalous silver to a high of 45.8 ppm Ag (45.8 gram per tonne), and scattered gold values to a high of 137 ppb (0.137 g/t) Au. Scattered high copper to 6432 ppm (0.64%) Cu is reported.

Interpretation and Conclusions

Although the exact locations of the Westmin rock samples (Crowe, 1989) can not be determined, it is assumed that these geochemically anomalous concentrations of trace elements in these samples are from the ankerite altered zones seen by the author. Ankerite alteration containing arsenic and antimony rich minerals are commonly associated with precious metal deposits. The geological setting of the HV claim group is not unlike the gold deposit setting at Mineral Creek, located eight kilometers to the southeast of the claim group. The HC claim group has the potential for hosting an economic gold deposit.

Recommendations

The character of the property is of sufficient merit to justify a program to identify targets worthy of drill hole tests. Recommended is a two staged program. The objective of Stage 1 will be to identify targets of sufficient quality to test with drill holes.

Much of the claim group is covered by a relatively thin cover of unconsolidated glacial till lying on shallow to moderate sloping ground and is ideally suited to a soil geochemical survey. Exposed outcrops will be mapped geologically and if altered or mineralized sampled for geochemical analysis. Ground geophysics recommended includes a magnetometer survey over the total claim group, and IP surveys over selected areas of interest. Stage 2 is contingent on positive results from Stage 1 and will focus on a drill hole test of identified targets.

A Mines Act Permit must be acquired to conduct work on the claim group.

Stage 1**\$ Canadian**

Control grid 25 km of cut grid lines, 100 metres apart: @ \$300/km	\$7,500
Soil geochemical survey sampled at 25 m station on all lines and analyzed by multi-element analysis. 800 samples @ \$20/sample	\$16,000
Geological mapping 15 days at \$400/day	\$6,000
truck, fuel @ \$75/day	\$1,125
room, food @ \$75/day	\$1,125
assistant @ \$150/day	\$2,250
Rock samples 100 samples @ \$20/sample	\$2,000
Ground geophysics magnetometer survey, 25 km @ \$150/km	\$3,750
IP survey, 10 km @ \$1,800/km	\$18,000
Report and presentation	<u>\$5,000</u>
	\$62,750

Stage 2 (contingent on positive results in Stage 1)

Diamond drilling 5 holes totalling 500 metres @ \$75/m	\$37,500
200 multi-element analysis @ \$20/sample	\$4,000
Geologist 15 days @ \$400/day	\$6,000
truck, fuel @ \$75/day	\$1,125
room, food @ \$75/day	\$1,125
assistant @ \$150/day	\$2,250
Report and presentation	<u>\$5,000</u>
	\$57,000

References

- Crowe, G. G. (1989) Property examination, Pat claim. Azimuth Geological Inc. report for Westmin Resources Ltd., 8 pages.
- Massey, N.W.D., Friday, S.J., Riddell, J.M. and Dumais, S.J. (1991): Geology of the Port Alberni - Nanaimo Lakes Area; B.C. Ministry of Energy, Mines and Petroleum Resources, Geoscience Map 1991-1
- Muller, J.E. and Carson, D.J.T. (1968): Geology and Mineral Deposits of Alberni Map-area, British Columbia; Geological Survey of Canada, Paper 68-50.

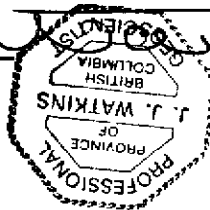
CERTIFICATE OF QUALIFICATION

I, John J. Watkins of 3821 Meredith Drive, Royston, B.C., Canada do certify that:

1. I am a Consulting Geologist engaged in the geological profession since graduation in 1972, and consulting on a full time basis since 1983.
2. I attended Queen's University in Kingston, Ontario, Canada and I hold degrees with majors in geology; a B.Sc. (1972), and an M.Sc. (1980). I attended the Northern Alberta Institute of Technology in Edmonton, Alberta, Canada and hold a two year Diploma (1967) in Exploration Technology.
3. I am a Fellow of the Geological Association of Canada, a Fellow of the Society of Economic Geologists, and I am registered with the Association of Professional Engineers and Geoscientists of British Columbia, licence # : 121033.
4. The opinions, conclusions and recommendations contained in this report are based on a personal review of data pertaining to the HV claim group. I conducted a physical examination of the HV claim group on April 4th and April 11th, 2001.
5. I am neither an employee, officer, director or an affiliate of Henley Ventures Inc. and do not beneficially own, directly or indirectly, any securities of the company, nor do I expect to receive any.
6. I do not beneficially own, directly or indirectly, any interest in the HV claim group, nor do I expect to receive any.
7. I consent to and authorize the use of the proceeding report titled REPORT ON THE MINE POTENTIAL AND RECOMMENDATIONS FOR WORK HV MINERAL CLAIM GROUP and my name in the Companies Statement of Material Facts or other public documents, providing the report is used in its entirety, or if a summary or excerpt of the report is used it has been approved by myself.

Dated at Royston, British Columbia, Canada this 18th day of April, 2001.

J. J. Watkins, P. Geo.



PHYSICAL WORK

REPORT

On The

HV Mineral Claim

Alberni Mining Division

NTS Map Sheet 92 F2E

Co-Ordinates:

North:
East:

5,454,650
374,200

For

Assessment Work

By

Paul Saulnier

January 2, 2002
Port Alberni, B.C.

Table of Contents

	Page No.
Introduction	2
Land Tenure	2
Access and Location	2
Physiography	2
Previous Work	2
Technical Data and Interpretations	3
Recommendations	3
Itemized Cost Statement	4
Statement of Qualifications	5
Maps:	
Mineral Claim Map	Exhibit A
Grid Layouts	Exhibit B

INTRODUCTION

The HV mineral claim was laid out and staked to encompass prospective ground on the Sicker formation. The objective of this physical work program is to orient a grid layout over a copper showing in preparation for a mapping and sampling program. A total budget of \$2,315.03 was expended to run 3,500 meters of grid lines on this project.

LAND TENURE

The HV claim group was staked by Mr. Paul Saulnier on January 24, 2001 and is presently in good standing. Ten claim units were staked by the two-post method and have been grouped into one claim.

ACCESS AND LOCATION

The HV claim group is located approximately ten kilometers southeast of the city of Port Alberni. Access to the group is by the EGG Hill 105 logging road spur. The 105 spur is five kilometers east on the Cameron main logging road and five kilometers by road, south of Port Alberni.

PHYSIOGRAPHY

The topography, covered by the claim, is sloped and rolling ground with rock outcropping and shallow over burden. The area has been logged and seeded with Douglas Fir, Hemlock and Cedar trees.

PREVIOUS WORK

There has been no previous work recorded on this ground, although historic trenches were located at station 2 + 050 S – 0 + 305 W. The copper showing appears to be a new discovery.

TECHNICAL DATA AND INTERPRETATIONS

The copper showing appears at or near the contact between Karnutsen and Sicker Formations. The base line was horizontally chained and flagged every ten meters with picket stations spotted every 30 meters for 620 meters. Old trenches were located at the line station 2 + 050 S – 0 + 305 W.

South Grid Layout: Soil sample grid lines were laid out every 30 meters on the baseline with sampling stations horizontally chained and flagged every 10 meters.

Baseline: 620 meters

Grid Lines:

STN	0 + 540 S to 320 E	320	meters
STN	0 + 700 S to 340 E	340	meters
STN	0 + 730 S to 340 E	340	meters
STN	0 + 760 S to 330 E	330	meters
STN	0 + 790 S to 320 E	320	meters
STN	0 + 820 S to 310 E	310	meters
STN	2 + 000 S to 400 W	400	meters
STN	2 + 000 S to 100 E	100	meters
STN	2 + 050 S to 420 W	420	meters
		<u>2,880</u>	meters

Total Grid Work: 3,500 meters

RECOMMENDATIONS

The grid system should be completed and a soil sample program initiated over this area.

ITEMIZED COST STATEMENT

January 2, 2002

HV Mineral Claim
Port Alberni Area, B.C.

1	Fees for Service: 6 Days @ \$250.00/Day Assistant 4 Days @ \$100.00/Day	\$ 1,500 <u>400</u>	\$ 1,900.00
2	Accommodation: 5 Days		189.50
3	Board: 5 Days		168.35
4	Transportation:		N/A
5	Field Supplies:		<u>57.18</u>
	Total Cost		\$ <u>2,315.03</u>

STATEMENT OF QUALIFICATIONS

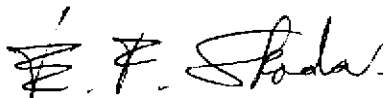
I, Edward F. Skoda, do hereby certify that:

1. I am a contract Mine Technologist with a business address at:
Suite 320 – 1100 Melville Street,
Vancouver, B.C. V6E 4A6
Telephone: (604) 688-3931
Fax: (604) 688-2921

2. My Qualifications are:
 - BCIT, Burnaby Campus 1974 – 1976
 - 2 year diploma in Business Administration
 - School of Mines, Haileybury, Ontario 1968 – 1971
 - 3 year diploma in Mining Technology
 - Free Miners Certificate No. 124862
 - Placer and Gravel Supervision No. 98-3396
 - Underground Shift Boss No. 940

3. I have been active in my mining career throughout Canada, U.S.A., Ireland, Australia and New Zealand since 1971.

4. I assisted Mr. Saulnier with the grid layout on the HV mineral claim for the physical work program February 19, 20, 22, and December 28, 29, 30, 2001.



Edward F. Skoda
January 2, 2002

124°45'00"
49°15'00"

373824

OETS #2
200073
507
4NX3W

5455296

4142

49924

383918	393717
4	2
583920	383922
3	4
5	6
7	8
9	10

Cr.
DEBBIE #3

200066

453

55X4W

MINERAL & PLACER RES.
BC REG 46/93 1993 FEB 12
NO STAKING

Gainbridge
Lake

Mc

92 FZE

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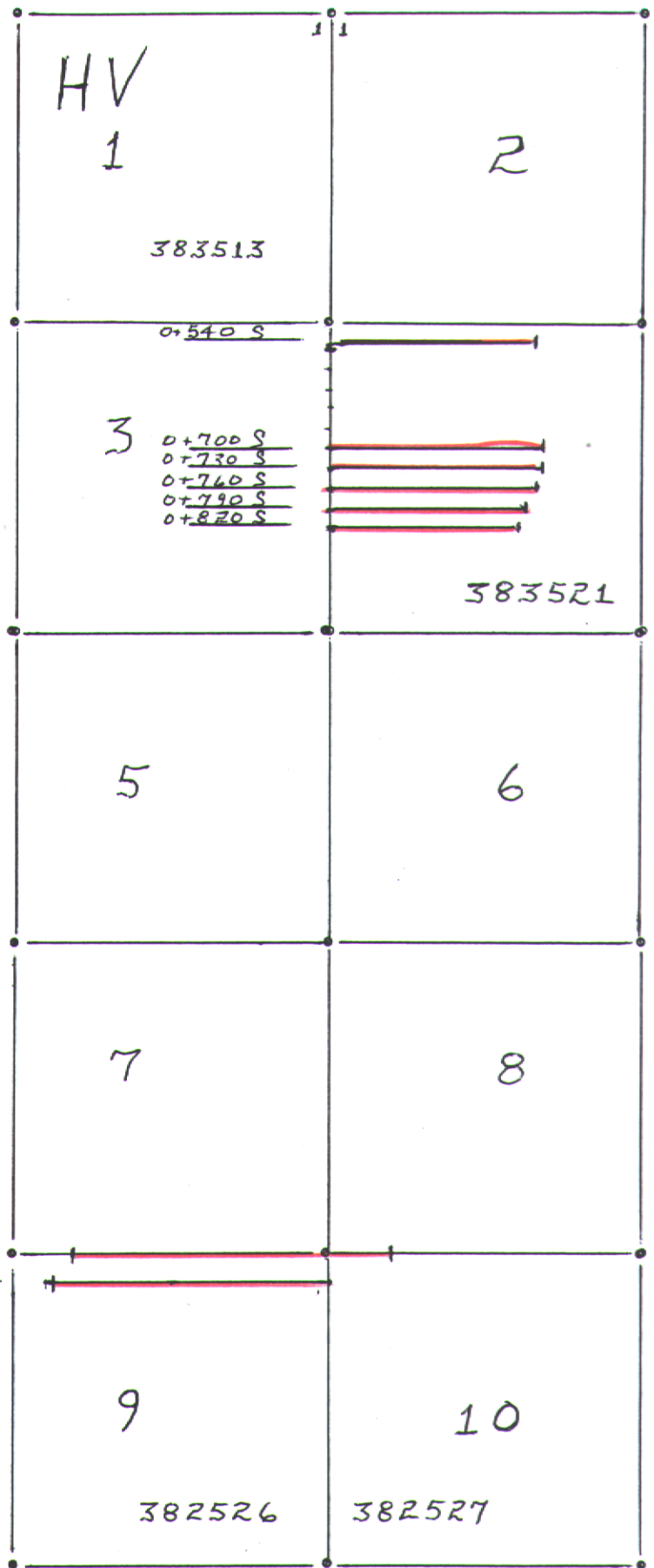
McFARLANE PIPE

C-LINE

5448960

EXHIBIT

A



92 F 2 E

scale 1:31680
 EXHIBIT 'B'