Assessment

Report

on the

Preliminary geology, petrography and petrophysics

of the

Xanga Group of claims

in the

Nanaimo Mining Division

in

092L/01W

at

50 07 10 N and 126 15 10W

for

Mikkel Schau, owner

October 19, 2003

Mikkel Schau, P.Geo.

(Submitted January 15, 2004)

SUMMARY

The Xanga Claims cover a newly located, altered granite body adjacent to a showing of gold-bearing veins cutting veined and faulted gabbro sills. The 2 mica granite is thought to cut Triassic? Gabbro sills hosted in middle Triassic? cherts and related shaly sediments, as well as Karmutsen basalts within a tilted and faulted block, straddling Schoen Creek at the foot of the western slopes of Mt Adam, a part of the Northern Vancouver Island Ranges on northern Vancouver Island. Pyritic veins and extensive argillic alteration associated with shearing in the granite are possibly part of a mineralized system giving rise to adjacent gold showings.

Access is currently along active logging roads. Nearest community is Woss located some 30 km WNW on the Island Highway, and there is access to the deep water port of Gold River along well travelled gravel roads and to Port McNeill along the paved Island Highway.

The claim area, has been selectively clear cut, and is located in a SMZ; the land claim treaty process has not directly discussed these lands, to the best of my knowledge. There has been no impediment to my claiming or working the land to time of writing. Instead, local people would like there to be more exploration, and possibly mining, to shore up the local economy.

Government and private silt sampling indicate that the creeks contain anomalous values of gold. Previous moss mat analyses have located anomalous gold bearing area on the west side of Schoen Creek.

A hitherto unmapped granite stock has been located. It has been locally deformed and intensely alterated. Argillic alteration and veining of greyish blue quartz with abundant very fine grained pyrite and galena is locally recognized. Ratios of elements indicate that several parts of a plumbing system are present. Although pyrite is widespread in veins, no anomalous gold has been reported in samples assayed for this report. Gold (1 ppm) has been reported from a vein with chalcopyrite, sphalerite and pyrite near the northwestern contact of the granite, in Karmutsen feldspar-phyric basalts (AR23546). On the opposite side of the granite stock, in the southeastern part of group the Flan gold showing (AR26793) is found in a similar setting.

Recommendations for future work includes:

Intense prospecting along the "plumbing systems" to find precious metal accumulations.

Intense prospecting along the contact of the granite to locate other interesting gold showings.

Should the property be optioned, and a modicum of money available, a grid for a geochemical soil/basal till survey should be constructed. It is believed that a magnetic survey on the same grid would help in delineating the sub-cropping granite contact and some of the fault traces.

PROFESSIONAL PROVINCE OF M.P. SCHAU #25977 GEOSCIENTIST

Schau Jan 15 2004

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1.0 Introduction:

This report covers the preliminary geology, petrography and petrophysics of the Xanga Claim Group, focusing on the results of prospecting for precious metals. It has been prepared by the owner of the claims, for himself.

Sampling for precious metals was conducted during two day trips, separated by intervals to allow for the assesment of assay values resulting from the previous set of samples. The work consisted of checking along and sampling interesting new logging road outcrops as well as side trips into the forest and clear cuts to map scarce outcrop.

The work was carried out by Mikkel Schau, P.Geo., and helpers.

2.0 Property Location, Access and Title

The Xanga Group claims are located in the Schoen Creek valley at the foot of the western flank of Mount Adam, about 30 km east-southeast of Woss, on Vancouver Island B.C. (Figures 1, 2). They are located in the Vancouver Island Ranges, at about 2500 ft in partially logged douglas fir forest. The property is in the Nanaimo Mining Division, on NTS 092L/01 and is centered at approximately 50 07 10 N and 126 15 10 W. (Fig. 2).

Access to the claims is via a logging main branching off the Island Highway and continues along subsidiary logging roads that pass through Schoen Lake Provincial Park, south, into the area of interest. Two and four wheel drive vehicles can closely approach the showing, but a 4 wheel drive vehicle is needed to enter the claims. The main logging road is the one leading to Gold River, and at a junction marked Schoen, (with the label, "this is not the road to Schoen Lake Provincial Park") the road passes along the south of the Davies River and through the Park into the headwaters of Schoen Creek. This road proceeds upstream along the west side of the creek until, several km along, the required road splits and one (SC10) descends to the floor of the valley and crosses the creek over a bridge. This road continues upstream along the east side of the creek past another bridge. About a km past this the road splits. This road affords access to Flan 3 and 4, just adjacent to claims of the Flan Group (AR26793). The other fork continues south and passes through some cut blocks before it splits and one ascends the hill by way of a hairpin. This road provides additional access to Xanga 5,6,3,4 1 and 2.(see Figure 5, detail geology map for road location).

The granite stock is a newly located, intrusive body, located with the help of a PAP grant received in 2000, and explored further in 2001 with the continued aid of a PAP grant. It is bounded to the south-east by an epithermal/polymetallic gold bearing vein showing (Flan) and to the northwest a similar vein carrying anomalous gold as well. The goal is to locate other gold showings. The granite is in the Insular belt and forms part of the Wrangell Terrane. Because it is a two-mica granite it postulated that it is a post-Jurassic granite.

The UTM's of the claim posts, as located by a Garmin12XL, (in zone 10 in NAD27) are:

	IP		FP	
	UTME	UTMN	UTME	UTMN
Xanga 1,2:	696006,	5556583	696009,	5556091
Xanga 3,4:	696009,	5556091	690052,	5555614
Xanga 5,6:	690052,	5555614	695955,	5555151
Flan 3,4:	696539,	5554912	696507,	5555362

The Xanga Group claims comprise 12 units as shown below:

Name	Record	Units	Anniversary Date	year recorded
Xanga1	397527	1	Oct 19, 2006	2002
Xanga2	397528	1	Oct 19, 2006	2002
Xanga3	397529	1	Oct 19, 2006	2002
Xanga4	397530	1	Oct 19, 2006	2002
Xanga5	397531	1	Oct 19, 2006	2002
Xanga6	397532	1	Oct 19, 2006	2002
FLAN3	397533	1	Oct 19, 2006	2002
FLAN4	397534	1	Oct 19, 2006	2002

They were grouped as Xanga Group on Aug 26, 2003 (event #3199011).

All claims, which are focused on precious metals, are owned by Mikkel Schau.

The land situation is typical of BC; I have claimed the mineral rights in a lawful manner; although the claimed area is being selectively clearcut, it is located in a SMZ; to the best of my knowledge the land claim treaty process has not directly discussed these lands although they are under general claim by several groups. There has been no impediment to my claiming or working the land to time of writing. Local people have told me they would like there to be more exploration, and possibly mining in region, to shore up their local economy.

Fig. 1. Location Map of Xanga claims in BC

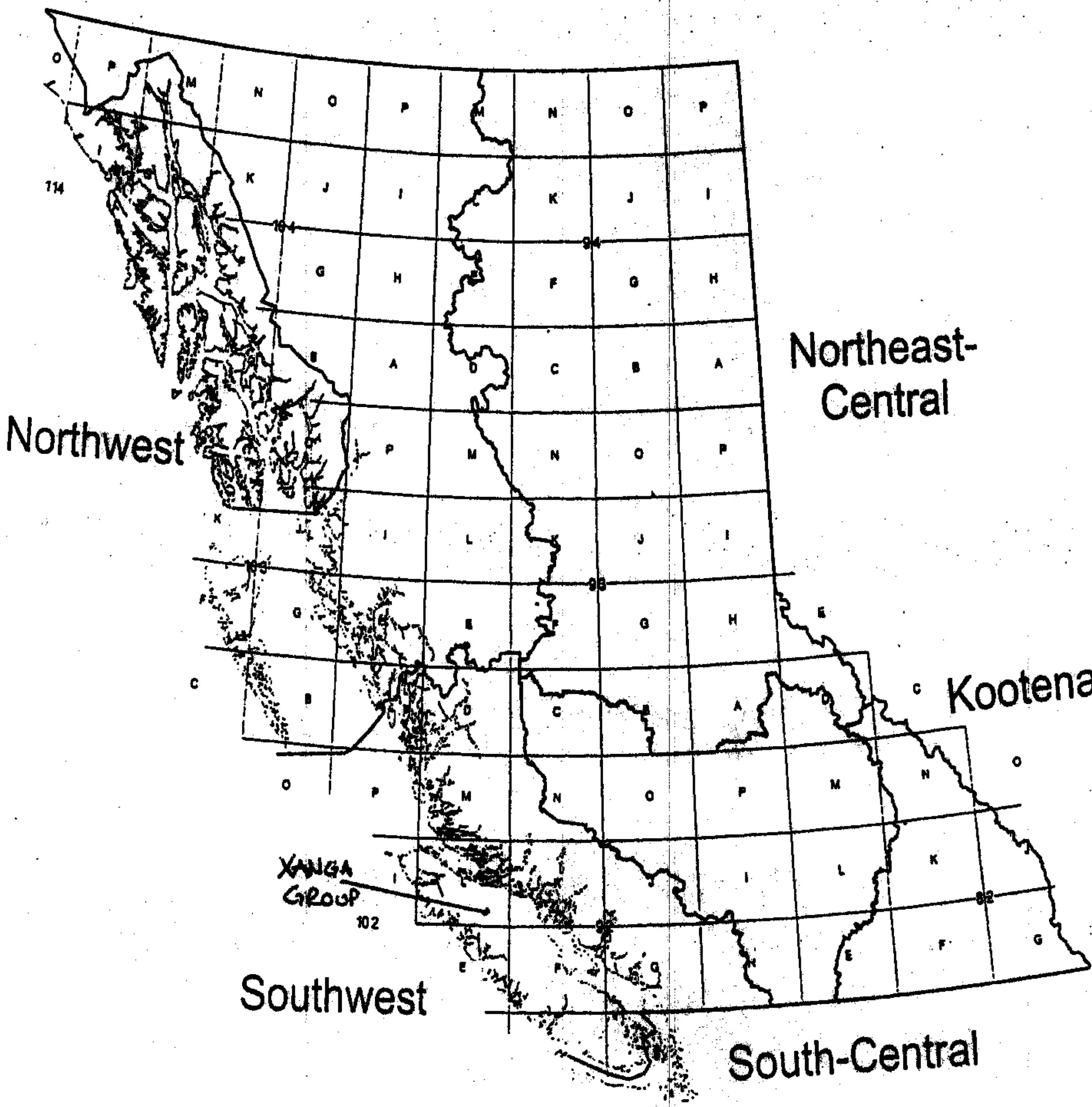
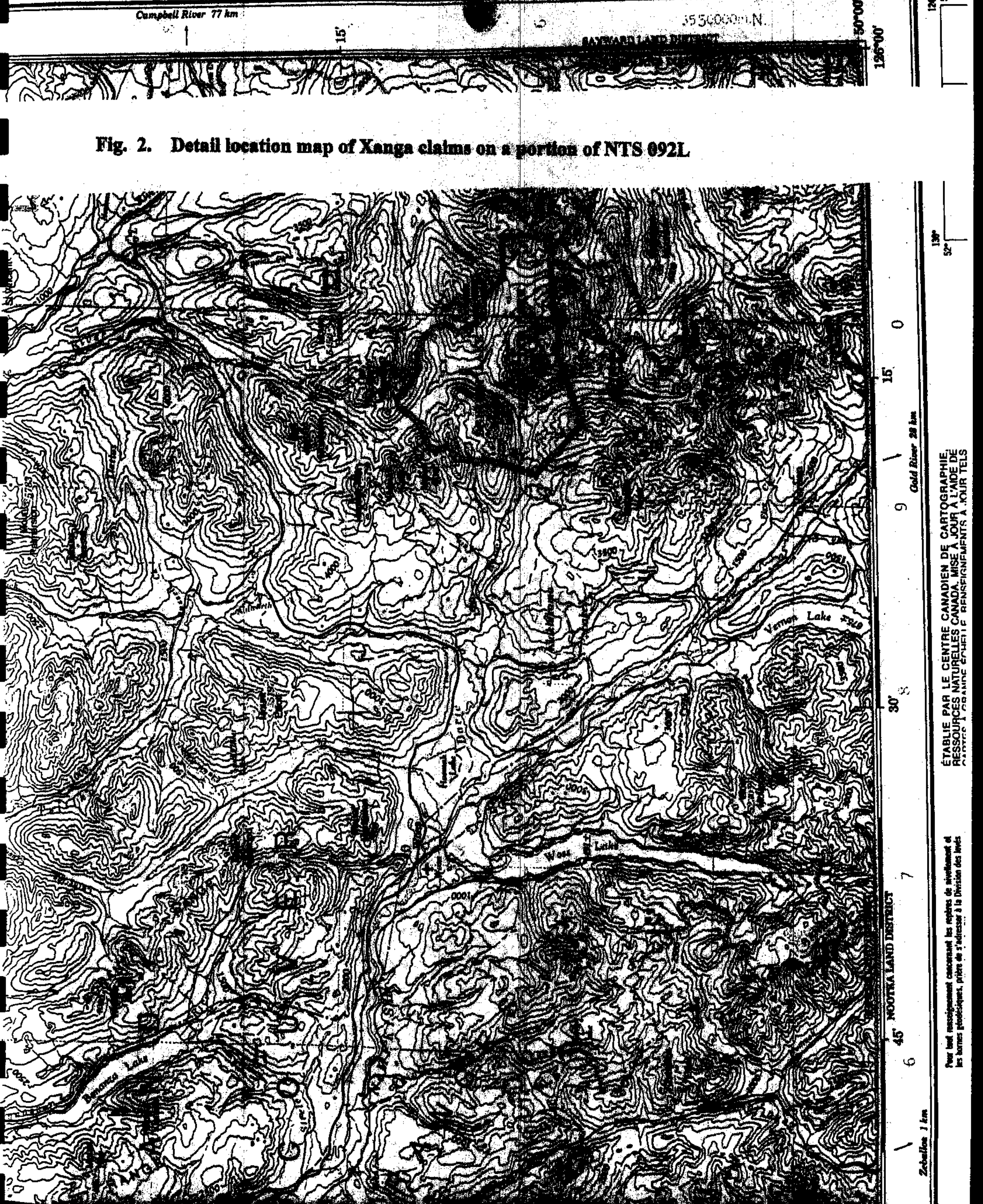


Fig. 2. Detail location map of Xanga claims on a portion of NTS 092L



3.0 Previous Work

The general area has had a sparse history of mineral exploration. Previous mapping by government sponsored regional mapping programs conducted by J.E. Muller et al. (1974) (Fig. 3) and made available in digital form by N.W. Massey (1995).

Government sponsored regional geochemical surveys indicate that creeks in the Schoen Lake watershed are anomalous, showing values up to 160 ppb Au. (MapPlace, 2000/2003). An adjacent creek valley and a hill crest to the west of the Schoen Creek valley were staked in 1993 and shown to carry anomalous concentrations of several economic minerals, including gold (AR 23546). Those claims have since lapsed.

In 2000 gold was found at the adjacent Flan showing by the current owner, prospecting for precious metals under the Prospector's Assistance Program, and was staked in late 2000 based on results of initial assay reports. The granite was recognized in the course of mapping and an area staked to cover the apparent edges of the granite. The current owner is Mikkel Schau, who is himself conducting grass-roots exploration, looking at the possibility of enlarging the showing to become a viable prospect.

The adjacent Flan property property shows thin, steep, gold-bearing vuggy quartz-sulphide veins cutting steeply across a 30 centimetre thick epidote-chlorite, pyrite, sphalerite, chalcopyrite bearing vein with local development of bull quartz stringers, in a fault zone, cutting a gabbro sill, emplaced in the Paleozoic cherts. White vuggy veins carry very sporadic gold values (up to 61ppm Au) whereas lower anomalous gold values (up to 800 ppb) has been found in the larger polymetallic vein. Currently the showing is local, but if any of the elements, currently found in anomalous quantities, can be found in any substantial quantity and/or grade it is possible that the showing could be converted into a prospect.

4.0 Summary of work done:

Prospecting on claims 200 ha.
Preliminary Geology 200 ha.
Number of samples assayed (and claimed with this report):
- 22 rocks by multi-element icp-es and fire assay/icp-es finish for Au, Pt, and Pd.
- 4 petrographic analyses
- 23 petrophysical analyses (sites with magnetic susceptibility determined)
- 3 density determinations

The data for this work are summarized in appendices A to D.

5.0 Detailed technical data and interpretation

5.1/ Purpose

To better understand the distribution of mineralization, alteration and shear-veining, to map the granite extent, to document and assay mineralization in granite. To develop a strategy to find more veins.

5.2/ General Surficial Geology

The claims are situated on the edge of a U-shaped valley, and the bottom of the valley is covered with till. The mapped road outcrops are technically subcrops; a few knobs of bedrock crop out on the lower slopes; only at the upper steeper slopes are cliff forming outcrops abundant.

Striae were noted on the southern most subcrops, where the surficial debris had been washed away, after the road had been pushed through. These striae indicated ice movement was parallel with the valley wall and to the north, down valley.

5.3/ Regional Geology

The regional geology has been mapped by Muller et al 1974, (Figure 3) prior to the construction of current logging roads, and as such, suffers from not having access to the outcrops now exposed. Observations gained while prospecting in the region after the roads were available, indicate that a small granite stock occurs west of Schoen Creek. The borders of this stock are known in only one place, but its general shape can be deduced from roadcuts in the region.

Regional geology of the immediate area is simple. Daonella beds, a middle Triassic black shale and siliceous tuffaceous cherts are overlain by the Karmutsen basalts, a thick pile of pillowed and massive subacqueous lavas. Intrusive rocks include early gabbro sills, followed by large Jurassic granodiorite plutons. Regional faulting, along which considerable alteration including argillic and hematitic alteration, affected area. Local, later, tertiary dykes and stocks are noted within the same mapsheet.

The geology in Schoen creek is incompletely known, and the deep till cover at the base of the U shaped creek valley precludes a detailed map of even this small claim group. Nevertheless, a cross-section from east to west, across the Schoen Creek valley, in the vicinity of Mt Adam, would include these features:

East

Mt Adam underlain by Karmutsen basalts (with shallow west dip)
western flanks of Mt Adam cut by a fault (steep and northerly trending)-shown on
Muller's map.
Middle Triassic (M.Tr.) black shales and cherts up against Karmutsen Basalts
Gabbro sills in tuffaceous cherts (c.f. FLAN Group)
Schoen Creek valley, possibly underlain M.Tr black shales (Daonella beds)
Across the creek, and up the hill,
Unnamed (Schoen) Granitic Stock (SGS),
Karmutsen felspar phyric basalt flows with shallow west? dip, near top of hill

West

Previous workers reported gold (1ppm) in Karmutsen Andesite (sic, AR23546). They outlined a geochemically anomalous area west of the then unexposed granite, but dropped the claims without follow-up.

The hitherto un-documented presence of a two mica granite stock (briefly mentioned in AR26793), presumably not associated with Jurassic Granodiorite, provides a possible source for the gold and other mineralization in the area .

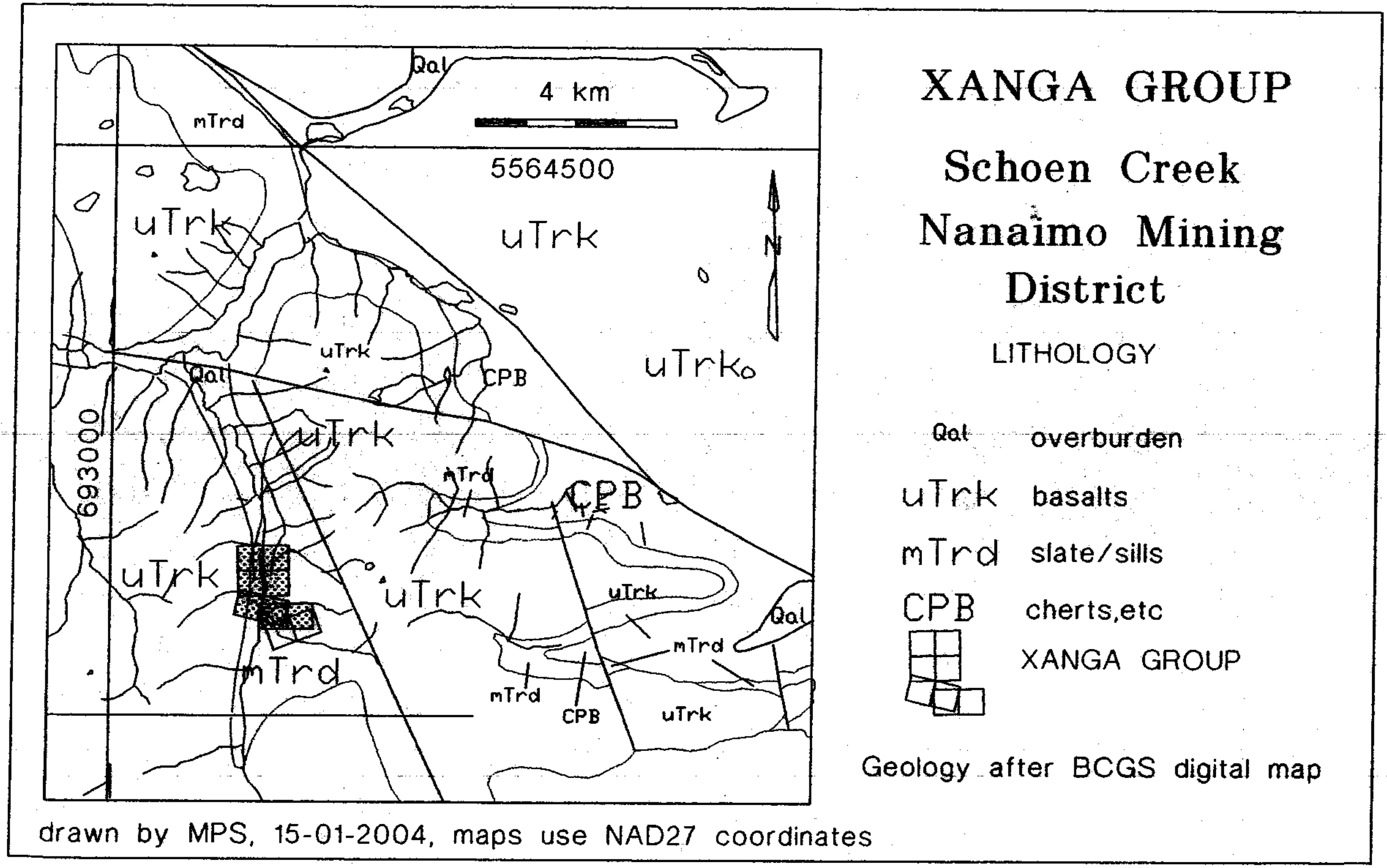


Fig. 3. Geological setting of Xanga claims (from BC digital geology files)

5.4 Detailed Geology

The geology of the claim group is relatively simple:

to the west, and uphill of Flan 3 and 4, are cliffs formed in fine-grained gabbro of the sills

The subcrops exposed on the logging roads are of gabbro, cut by major steeply dipping NS and minor EW faults and veins. Large truck sized talus pieces of Karmutsen pillow basalt locally abundant. Presumably these are from basalt on the East side of a major NS fault mapped along the flank of Mt Adam.

The area from the road to the creek covered by till overlain by soil and talus. A few chips of black slate in the till, and chip fragments in the creek, raise the possibility that these slates (possibly Daonella Beds) may, as shown by Muller (op cit), underlie part of the valley.

Crossing the Schoen Creek and coming up the eastern slope, subcrops and abundant talus are of granite, locally argillic, veined and faulted. In the northern part of the claims patches of metasediment and metagabbro crop out. The contact between Hb-Hornfels/metagabbro and granite is also marked by a fault in which metasediments are caught up as fragments.

High on the eastern slope, outcrops of Karmutsen basalts provide talus fragments to lower slopes. There is thus a contact near western edge of claims between metasediments a\nd Karmutsen, as shown by Muller (op cit).

The granite is a two mica granite with partially chloritized biotite and muscovite grains set among approximately equal amounts of microcline, albite, and quartz.

Portions of the stock are deformed by small faults sub-parallel to northerly trending steeply dipping regional ones, and these zones, and small subsidiary sets at right angels have been silicified, chloritized and locally epidotized. Ductile faulting, with the foliation merging into the high strain zone are noted in several locations. A later period of cataclastic faulting has also taken place, generating crush zones. The earlier ductile zones carry pyrite, whereas the later crush zones generate fault surfaces on which the sulphides are smeared.

The surrounding granite has been argillically altered to various degrees. Pyrite, and minor amounts of other sulphides are locally present. Veining. is parallel and also normal to foliation; it is marked by chlorite, locally epidote, or quartz with or without small amounts of ankeritic carbonate. The veins are locally mineralized with pyrite and very minor amounts of other sulphides. Adjacent to the veins are argillically altered zones, in which feldspars, mainly plagioclase is reduced to clay or white mica. These zones are also barren. Some veins are a bluish colour and are composed of very finegrained quartz with very fine grained pyrite disseminated throughout. These veins are seen to have elevated lead concentrations.

Chlorite veins cut the ductilely deformed quartz veins, and are cut carbonate carrying veins, and both are cut by the crush zones.

A few veins, rich in iron and manganese, contain many pathfinder elements. The current state, ie a very dark plastic muck, is presumably due to near surface weathering of carbonate/ankerite/rhodochrosite?.

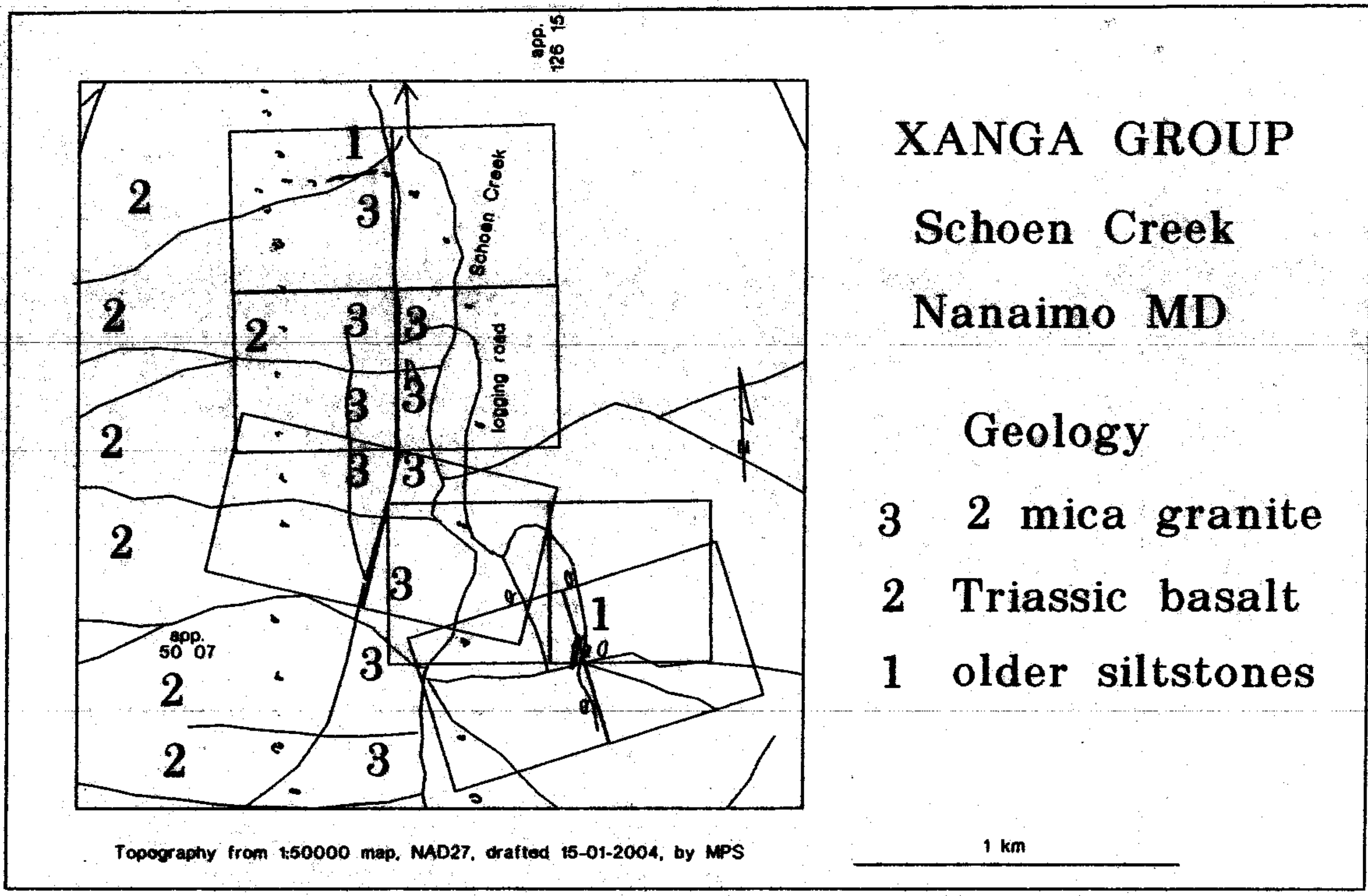


Fig. 4. Detailed geological sketch map of the Xanga claims

5.5 Detailed sampling results

5.5.1 Previous work

Samples collected prior to claiming ground include some granite samples, and some pyrite mineralized shear samples. They are not included in assessment claims, but are included in text as a help to understand context of the mineralized veins.

Results from the adjacent FLAN group are relevant here, inasmuch as they show the nature of adjacent vein mineralization,. It is realized that mineralization on an adjacent property can not be taken as representative of that on the property under discussion, but it does help focus the nature of the prospecting activity. For the record then these are the results from Flan, updated from AR26793.:

White quartz veins in pyritic gabbro:

gold:	up to 61.04 gm/mt
palladium:	up to 16 ppb
silver:	up to 15.3 gm/mt
nickel:	up to 36 ppm
copper:	up to 5536 ppm
molybdenum:	up to 113 ppm
zinc:	up to 5489 ppm

Green polymetallic veins in fault zone in gabbro sill (these values are, in part, updated from AR26793, these analyses are not claimed for assessment and hence are not included in this report):

gold:	up to 407 ppb
palladium:	up to 9 ppb
silver:	up to 9.6 ppm
nickel:	up to 32 ppm
cobalt:	up to 187 ppm
copper:	up to 4115 ppm
molybdenum:	up to 173 ppm
zinc:	Up to 5566 ppm

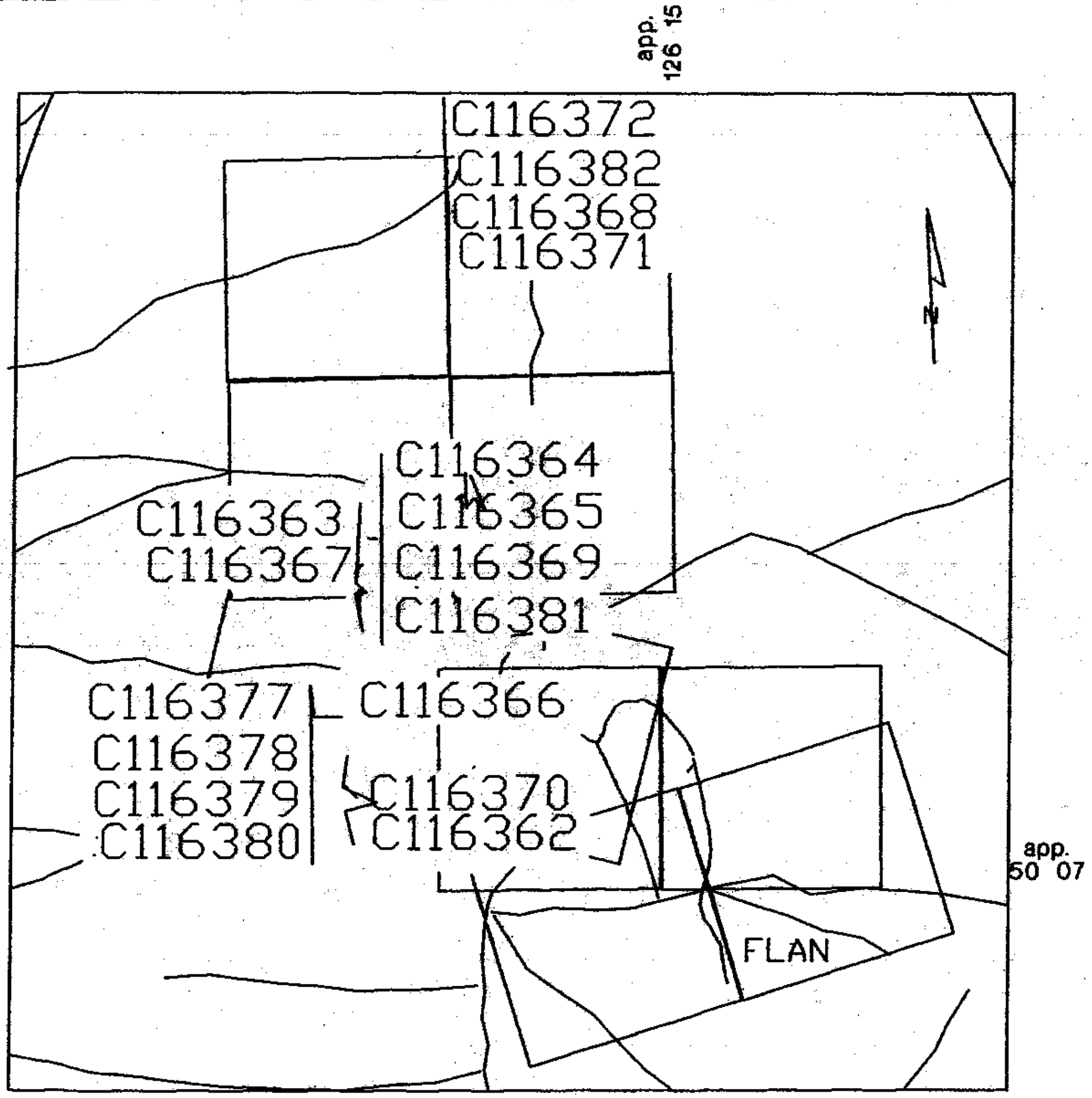
The two vein sets may have been formed in the same mineralization event, although the quartz rich veins at least post-date, in part, the epidote, chloride, metal sulphide vein. In one sample of the enriched gold bearing rock (130C) a thin vein of visible gold (softer than chlorite, easy to cut, gold color) is seen under a microscope to crosscut earlier sphalerite and other oxidized sulphide mineralization.

5.2.1/ Current

Collecting along logging roads made acquisition of samples fairly easy; prospecting in the woods and clearcuts, by contrast, is plagued by scarcity of outcrop. Samples of granite, alteration, and veining as well as some country rock (gabro/hornblende hornfels) were collected, and later selected and shipped to ACME Labs for analyses. This laboratory has a good reputation for providing quality Pd, Pt and Au assays, and was selected for this reason. Appendix G explores issues of accuracy and precision. The conclusions reached in this report based on assays are robust and are not dependent on minor analytical variations.

Details of procedures used by ACME ANALYTICAL LABORATORIES (their Geo4 package) are summarized on their assay sheets. Data reported here are analysis of .5 gm samples leached by aqua regia and analysed by ICP-ES (Appendix A). This method reports values of soluble elements (mainly those in sulphide minerals) but only a few easily dissolved silicates and few if any in the hard to dissolve oxides. Therefore values for copper, nickel, titanium and vanadium are minimum values. (Appendix F explores this divergence). The data also includes the results of a special method developed to extract small amounts of precious metals Pd, Pt, and Au. (30 gms of sample are treated and the elements are concentrated by fire assay and analyzed by ICP-ES.) The methods used by Schau in 2000, prior to staking, are similar. Hence that earlier data is directly comparable.

Some rocks were also selected for thin section examination, to estimate how much alteration had actually taken place.(Appendices D)



XANGA GROUP

Schoen Creek

Nanaimo MD

Assay Locations

2003 samples

1 km

Topography from 1:50000 map, NAD27, drafted 15-01-2004, by MPS

Fig 5. Detail map showing locations of Assays

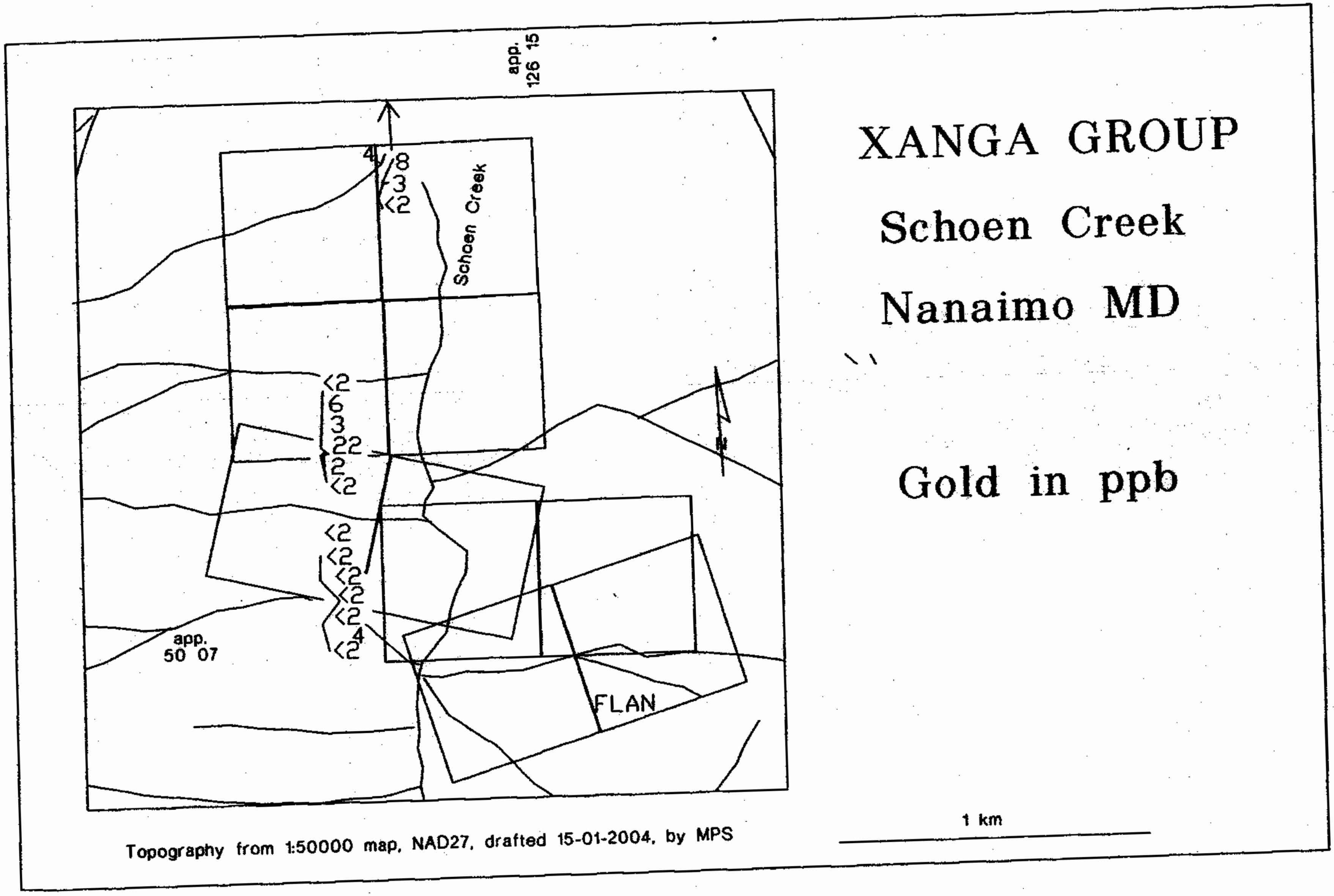


Fig. 6. Detail map showing results of gold assays (in ppb)

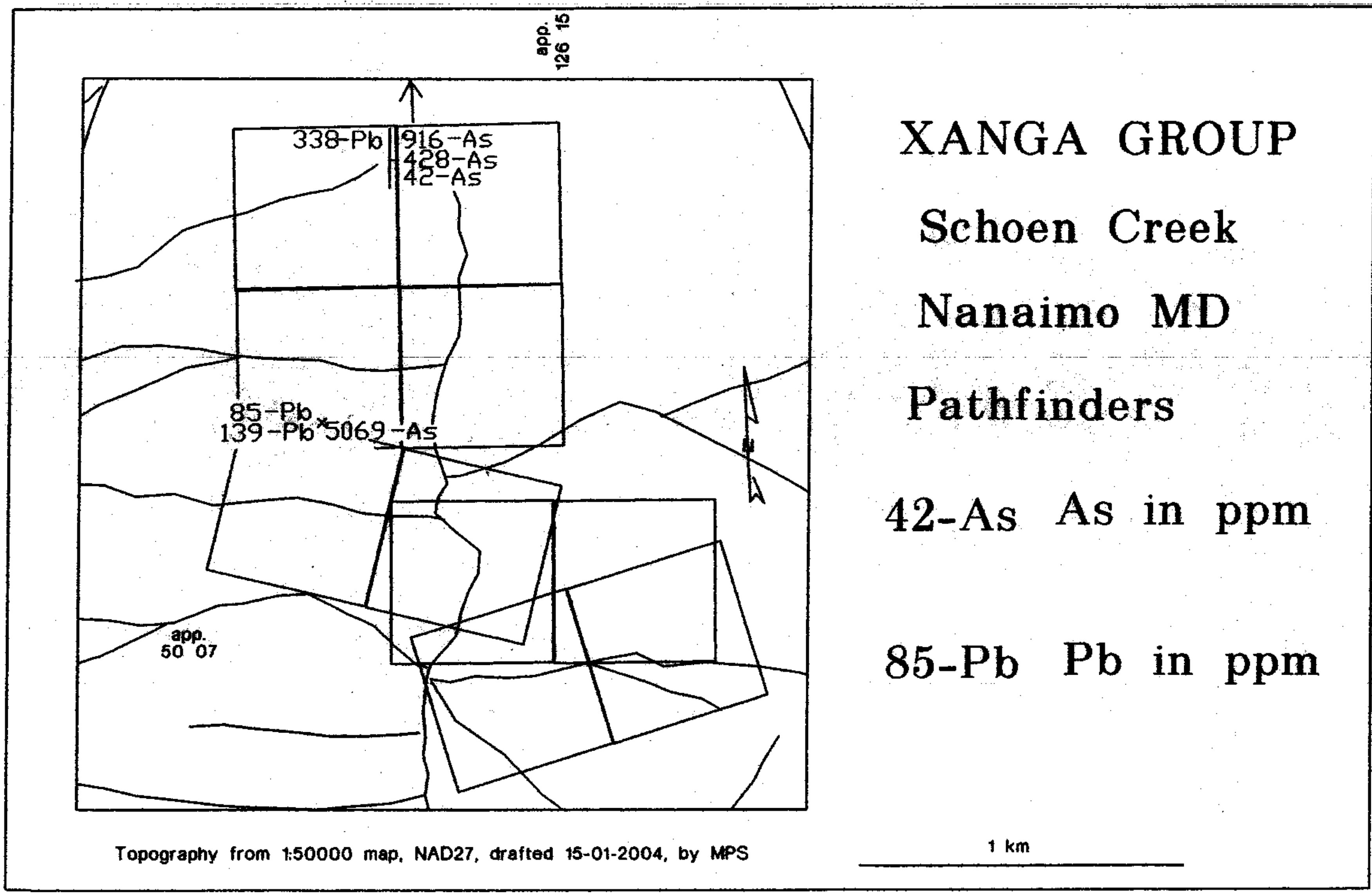


Fig. 7. Detail map showing results of pathfinder (As and Pb) (in ppm)

Current results categorized as to target type are shown below:

Polymetallic veins in country rock

As has been mentioned before, the Flan showing is in polymetallic vein in country rock. A sample taken from what is now within the Xanga Group reported in AR seems to be from a similar setting. The country rock encountered in the current survey was hornblende hornfels/finegrained meta-gabbro and cataclastic? breccia with siltstone and metabbbro fragments which locally carries disseminated pyrrhotite.

Mineralization in Granite (on Xanga)

Argillic alteration

Samples with anomalous gold are not present in the argillically altered granites. They are generally devoid of any interesting metals. Judging from the amount of soluble K reported in the geochemical samples (Appendix 3) several samples () contain clays, while others contain white mica/illite ()

Quartz veining

Several types of quartz veining are present and while the bluish type seems to carry pyrite and galena, none of them seem to carry anomalous gold values.

Elevated gold (ppb) has been noted in along with elevated lead and arsenic.

Manganese rich altered veining

Several locations on the claim group show veins a few cm thick of plastic black-brown clayey material. Two samples were analysed and they are rich in pathfinder elements,. Sample C116371 shows a Manganese content greater than 1 % and accompanying As of 916 ppm and elevated lead (338 ppm). Sample C116367 carries 8819 ppm Mn and 5069 ppm as well as elevated lead (85 ppm). In other regions this metal assemblage is considered to be a remnant oxidized assemblage formed in a basic weathering environment. It is possible that ankerite veins may have formed the original material and weathering has converted the material to the black concentrated muck.

5.6 Petrographic and petrochemical results (Appendix D):

Fresh granite is a medium grained muscovite biotite granite with about equal amounts of quartz, microcline and normally zoned oligoclase to albite. The biotite and mica appear in small clots together, surrounding small accessory monazite and/or zircon and less abundantly, pyrite. The biotite is partially converted to chlorite, the plagioclase core is altered to very fine clay/white mica. Local very thin chlorite veins traverse the rock. In some instances thin carbonate veins cut the chlorite veins.

Weathering, and late alteration has changed the pyrite to hematite which goes onto stain the clay altered cores of the plagioclase, as well as the chlorite. In some instances the net effect is a patterning of the granite which resembles Liesegang rings.

Veining by quartz occurred in several manners, some is associated with ductile deformation of the granite, whereby the quartz is progressively recrystallized into a very fine grained rock as the vein is approached. The feldspars are also recrystallized and transformed into very fine albite? and white mica/clay. Another type seems associated with vein filling, and around these, a halo of argillically altered granite develops. Epidote is very locally developed. Some veins have ankerite associated with them, and it is possibly these veins that have been extremely altered to form the brown to black muck mentioned above.

5.7 Petrophysical results (Appendix B)

Magnetic susceptibility measurements show that unaltered granites are essentially diamagnetic and generate low to negative magnetic susceptibilities. Mineralization contains some paramagnetic minerals so that the magnetic susceptibilities are somewhat higher than the granite host. Hence in a detailed magnetic survey, the mineralization would show a weak positive response in the granite, and a weak negative response in the gabbro/Karmutsen basalt host.

Inspection of the aeromagnetic map indicates the area underlain by Xanga Group Claims is in an area of low magnetic intensity.

Density measurements show that the granite is less dense than its host rocks, and that alteration apparently decreases the density somewhat more. These would be useful parameters in a planning a detailed gravity survey in area.

5.8 Interpretations:

The results are subject to restrictions:

The area is underlain by a thick till layer in many critical localities.
The area has not been exhaustively prospected,
And, lastly, unfortunately, gold is only where you find it.

The mineralization in the country rock, is of two types:

At Flan:

I/ Early, green, poly-metallic, epidote-chlorite-sulphide vein with irregular pods of quartz, and tens of cm wide, replacing a fault zone cutting a gabbro sill. Sphalerite, chalcopy rite and pyrite are common sulphides, but analyses suggest molybdenite and galena are present n small measure as well. Gold is variably anomalous.

II/ A later, thin, white weathering, apparently cross cutting, quartz-sulphide vein assemblage with local Au concentration. Seems to carry best gold values near the earlier veins.

III/ Later thin carbonate veins crosscut the above and are not mineralized.

At Xanga

A polymetallic vein with pyrite, chalcopyrite, sphalerite, and galena and anomalous gold cuts Karmutsen country rock near the northern and western contact.

The mineralization in the granite is of three types

i/ pyrite in altered granite with no elevated gold values

ii/ pyrite, minor galena in quartz veining with elevated gold values

iii/ rusty manganiferrous alteration zones/ex-veins? rich in pathfinder elements.

5.9/ Conclusions:

More intensive prospecting is required. The indicators are present; stream silts and moss mats are anomalous in gold, silver, copper, zinc, lead. The alteration and quartz veining along the edge of a small 2 mica granite stock are present, Chloritized, epidotized, and silicified, regional fault structures and smaller cross veins are present, indicating a passage of mineralizing fluids through a cooling and deforming igneous body Gold is found sporadically in the polymetallic country rock veins.

It can only be a matter of good luck, intensive prospecting, and/or systematic geochemical surveys before a worthwhile vein is found.

6.0 Future work

From the owner's viewpoint, more intensive prospecting is to be conducted, hoping that a target is exposed.

A budget would not be large; a week of prospecting with a partner could be accomplished for about $7000.

A company contemplating the Xanga claim group would, presumably already have an option on the adjacent Flan Group. The comments below apply to a combined exploration program.

A systematic geochemical surveys of soil or basal till would be in order; a bio-geochemical survey using bark might also be appropriate.

Geophysical surveys, properly calibrated to take into account the various depths of till in region could also be useful.

Exploration drilling could be conducted as follow-up exploration since the area is currently easily accessible to drilling equipment.

No budget is proposed for a company taking out an option agreement.

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--/--
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8.0 Authour's qualifications:

I have been a rock hound, prospector and geologist for over 40 years. My mineral exploration experience has been with Shell, Texas Gulf Sulfur, Kennco, Geophoto, Cogema and, several mining juniors. I have worked 10 years in southern BC and spent 23 years with the GSC focused on mapping in northeastern Arctic Canada. For the last 9 years I have prospected and explored for PGEs in Nunavut, Nunavik and BC.

I reside at 1007 Barkway Terrace, Brentwood Bay, BC, V8M 1A4

I am currently a BC Free Miner, # 142134, paid up until August 31, 2004.

During 2000 and 2001, I received Prospector's Assistance Program (PAP) grants to prospect on Vancouver Island.

My formal education is that of a geologist; I graduated with an honours BSc in 1964 and PhD in Geology in 1969, both, from UBC.

I am a P.Geol. licensed (L895) in Nunavut and NT, a P.Geo. (25977) in BC and a P.Geo. (1047) in Ontario.

I am sole owner of the claims in question.

I have affixed my stamp to this document on the table of content and on my statement of qualifications.

9.0 Itemized Cost Statement

Wages:		
Mikkel Schau, P.Geo., geologist		
mapping 3 day x 400 (October 19 2002, June 21,22, 2003)	1200	
Alec Tebbutt, contract helper		
3 day x 100 (October 19, 2002, June 20-4, 2003)	300	
TOTAL Wages		*$1500*
Food and Accommodation:		
6 persondays, @$50.		
Total Food and accommodation		*$ 300*
Transportation:		
From Brentwood Bay to claims, and local transportation		
automobile 2000 km @ 25c/km	$500	
Freight		
(to ACME $15, shared)	$ 15	
(To Vancouver Petrographics, $15 shared)	$ 15	
Total		*$ 530*
Analyses:		
Acme labs		
A302429 Geo4 method 22@20.65+GST		*$ 485.10*
Thin section preparation		
Vancouver Petrographics (parts of two shipments)		
4 thin sections @14.00	$64.00	
4 Offcuts @.75	$ 3.00	
Total with GST @ 7%	$ 4.69	*$ 71.69*
4 partial petrographic reports 4@ $50/thinsection /inc GST		*$ 200*
Magnetic susceptibility measurements 23@$5/site /inc GST		*$ 115*
Specific Gravity 3@$5/determination		*$ 15*
Report preparation(5hrs@$50)		*$ 250.00*
Telephone (portion of Sat phone rental)		$ 29.76
Total project cost		**$ 3563.55**

APPENDIX A Rock Descriptions and partial analysis

STATION kind, type,	all in zone 10 UTME UTMN	ppb Au	Ag	ppm Cu	As	Pb
030621-290	695854, 5555095					
290A C116362, crush zone, argill alteration quartz vein, in granite		<2	<.3,	20	4	5
290B 116370 argillic alteration in granite		<2	<.3	5	<2	5
030621-291	695855, 5555137					
291A 116380 cherty vein		<2	<.3	8	3	3
291C1 116377 cherty qz in argill alt		<2	<.3	33	5	8
291C2 116378 argill alteration mentioned above		<2	<.3	8	3	8
291C3 116379 sulphidic altered bio grant		<2	<.3	66	<2	10
030621-297	695800, 5555604					
297 C116367 m brown earth zone near waterfall also contains elevated Pd (16 ppb) and Zn (333)		2	<.3	44	**5069**	**85**
030621-298	695846, 5555613					
298A 116363 silicified, sheared grnt, cherty qz w/ pyrite, some coarse qz crushed argillically altered grnt w/ qz vein TS		<2	<.3	11	2	6
298A1 116364 as above but w/ visible pyrite		<2	<.3	11	3	4

STATION kind, type,	all in zone 10 UTME UTMN	ppb Au	 Ag	ppm Cu	 As	 Pb
298B 116381 argill alteration near FZ, bluish pyrite		22	.5	6	18	139
298C 116365 alt shear zone w/ pyrite		<2	<.3	46	4	9
298D 116369 qzose FZ w/ pyrite		<2	<.3	26	16	15
030621-301	696038, 5556509					
301A 116382 Hb Hornfels w/ po Carb? 21-Pd		4	<3	116	4	3
030621-302	696034, 5556444					
302A 116372 Cohesive part of FZ v fine py in gouge 11-Pd,		<2	<.3	59	5	5
302B 116368 (beige earth) , Argill altered grnt, near FZ 38-Pd, 6-Pt		8	<.3	101	42	6
030622-306	696033, 5556366					
306 116371 black dirt 295-Zn, 26-Pd,		3	1.3	61	916	338
030622-312	695831, 5555305					
312 116366 Carbonate bearing? argillically altered qz vein, mainly qz vein		<2	<.3	5	<2	4

Appendix B Petrophysics

Magnetic Susceptibilities of selected locations:

The magnetic susceptibility of a rock is a volume percent average of the magnetic susceptibility of its constituent minerals. The magnetic susceptibility of a mineral is a measure of how it responds to a magnetic field. The common rock-forming minerals are generally not particularly responsive. Minerals such as quartz and feldspar show dia-magnetic magnetism with negligible, negative, magnetic susceptibilities that do not contribute appreciably to the rock magnetism. Para-magnetic minerals such as olivine, pyroxene, amphibole, biotite and garnet, with weak, positive magnetic susceptibilities contribute a minor amount to rock magnetism. Finally, ferri-magnetic minerals such as magnetite and pyrrhotite show moderate to high complex magnetic susceptibilities and contribute largely to the overall rock magnetism. Consequently, magnetic susceptibility can be regarded as a crude measure of the volume of magnetite, and in special, usually self-evident, cases, pyrrhotite, in the rock.

All measurements were performed using a KT-9 magnetic susceptibility meter (manufactured by Exploranium Radiation Detection Systems). This instrument is capable of measuring magnetic susceptibilities in the range 0.01 x 10^{3} to 999 x 10^{3} (dimensionless SI units), which is adequate for all situations except those involving massive magnetite layers or masses. The unit was operated in "pin" mode to minimize errors introduced due to surface irregularities (Exploranium Radiation Detection Systems, KT-9 User's Guide).

Data:

The magnetic susceptibility of country rock units measured from 20 sites (and 60 measurements) is summarized below(from AR23546

Gabbros are	about 1.2 SI x10-3
altered gabbros are	about 0.6 SI x10-3
Veins are	about 0.6 SI x10-3

(No difference between mineralized and non mineralized veins)

New work from Xanga Group

			SI x10-3		
			Min	med	max
287	granite	(5)	.50,	1.07,	3.15
288	granite	(3)	-.34,	-.20,	-.10
290	granite, near sheared vein	(5)	.10,	.20,	.35
291	granite, sugary alteration	(3)	-.34,	-.20,	-.10

292	granite, beside vein (south)	(3)	-.36	-.34	-.11
	vein	(5)	-.50	-.36	-.05
	granite, alteration by vein (N)	(3)	-.48	-.44	-.42
305=	granite with pyrrhotite?	(3)	1.08,	1.11,	1.39
301	black Mn layer, in granite	(5)	.90	1.04	1.52
306	granite, contact	(5)	.37	.20	.37
	contact, hb hornfels	(5)	.51	1.17	1.35
307	granite	(5)	-.71,	-.10,	.19
308	granite (north)	(3)	-.25	-.18,	-.13
	vein	(3)	-.50	-.41	-.25
	granite (south)	(3)	-.25	-.17	.08
309	granite	(5)	-.56	-.02	1.70
310	granite, epidote+chlorite	(3)	-.46	-.44	-.42
311	chloritic fault surface	(3)	-.53	-.09	-.07
	rusty zones in fault zone	(3)	-.61	-.49	-.45
	10 m south, granite	(3)	.20	.46	.47
312	chloritic and clay altered veining	(3)	-.18	-.14	-.11
	quartz vein	(3)	-.72	.00	.06
	Altered granite	(3)	-.20	-.11	.00

FLAN
to compare polymetallic veins at showing with above

new readings at showing	(3)	.61	.84	1.75

85 determinations from 23 sites show that the granitic body and its attendant alteration would show as a negative magnetic anomaly compared to the nearby gabbro bodies and Karmutsen basalts. Negative values are indicative of diamagnetic substances such as quartz, and clay. The slightly positive readings are mainly of paramagnetic iron silicates and related iron minerals.

Granite	about -.20
vein and alteration	about -.40
vein with sulphides	about 1.00
Hornfels	About 1.00

Application to other geophysical methods:

The results indicate that, on the scale of the claims, the extent of the granite stock would be shown on magnetic maps as a mildly negative area, (as opposed to the expected equivalent or higher values of the cherty country rock (expected to be about .1 x10^{-3} SI units), and that altered faults traversing them, with or without veins, would show as linear magnetic lows. In a more regional sense, Karmutsen volcanic rocks may possibly be confused from the standpoint of magnetic response, with the gabbro, but the granitic bodies of the Xanga showing on Schoen creek would be easily distinguishable from both the gabbro and Karmutsen basalt, because of the low magnetic susceptibility shown by these rocks, and also from the regionally pervasive Jurassic magnetite bearing granodiorites, which are an order of magnitude more magnetic than the mafic units.

B Density measurements

A density measurement is the weight of a specimen compared to the weight of an equal volume of water. A measurement useful in providing constraints on petrophysical considerations. The densities of different rock types are important variables in gravimetric investigations. Skarns, magnetite deposits and basic rocks are well known as units with higher densities than the normal granodioritic rocks of the crust. Granites are less dense, and altered argillic rocks less dense yet again. Thus their geometry can be modelled by very detailed gravimetric surveys.

The database below has been assembled, to use when a gravimeter survey becomes available to the authour.

The value for each specimen is also a useful parameter to judge the extent of mineralization, sulphides being more dense than most rock forming silicates.

Analytical values

Granite, relatively fresh (155)	SG = 2.61
Granite, mafics altered to clay and hematite (298A)	SG = 2.50
Sheared argillaceous silicified granite (298B)	SG = 2.44

These values are clearly less than gabbro and Karmutsen basalts, and would show as a negative anomaly in a gravimetric survey.

Appendix C Certificates of Analysis from ACME Labs

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9002 Accredited Co.)

GEOCHEMICAL ANALYSIS CERTIFICATE

Schau, Mikkel File # A302429

1007 Barkway Terrace, Brentwood Bay BC V8M 1A4 - Submitted by: Mikkel Schau

SAMPLE#	Mo ppm	Cu ppm	Pb ppm	Zn ppm	Ag ppm	Ni ppm	Co ppm	Mn ppm	Fe %	As ppm	U ppm	Au ppm	Th ppm	Sr ppm	Cd ppm	Sb ppm	Bi ppm	V ppm	Ca %	P %	La ppm	Cr ppm	Mg %	Ba ppm	Ti %	B ppm	Al %	Na %	K %	W ppm	Au** ppb	Pt** ppb	Pd** ppb
SI	<1	1	<3	3	<.3	1	<1	5	.04	<2	<8	<2	<2	3	<.5	<3	<3	1	.10	<.001	1	2	.01	9	<.01	<3	.01	.50	<.01	<2	<2	<2	<2
C 116362	2	20	5	18	<.3	41	2	507	1.25	4	<8	<2	7	48	<.5	<3	<3	4	.80	.008	11	3	.13	82	.01	<3	1.68	.04	.13	<2	<2	<2	4
C 116363	1	11	6	39	<.3	19	1	551	.82	2	<8	<2	4	7	<.5	<3	<3	3	.34	.014	9	6	.05	38	<.01	<3	.32	.02	.15	<2	<2	<2	<2
C 116364	<1	11	4	38	<.3	14	1	594	.90	3	<8	<2	6	6	<.5	<3	<3	2	.29	.012	10	1	.06	34	<.01	<3	.32	.02	.13	<2	<2	<2	<2
C 116365	2	46	9	30	<.3	74	3	280	.63	4	<8	<2	3	8	.5	<3	<3	2	.50	.020	4	20	.07	31	<.01	<3	.25	.04	.10	2	<2	<2	6
C 116366	1	5	4	4	<.3	9	<1	361	.34	<2	<8	<2	3	64	<.5	<3	<3	2	4.27	.007	7	1	.02	89	<.01	<3	2.80	.01	.11	<2	<2	<2	<2
C 116367	16	44	85	333	<.3	45	2	8819	13.27	5069	75	<2	7	11	5.6	<3	<3	36	.19	.016	54	41	.04	22	.01	<3	1.22	.01	.03	<2	2	<2	16
C 116368	2	101	6	36	<.3	53	31	321	3.38	42	<8	<2	2	130	.5	<3	<3	187	2.04	.117	8	60	.23	54	<.01	5	3.17	.02	.08	<2	8	6	38
C 116369	2	26	15	46	<.3	33	1	391	.59	16	10	<2	2	6	.8	<3	<3	2	.38	.017	4	10	.05	37	<.01	<3	.25	.01	.11	3	<2	<2	3
C 116370	<1	5	5	24	<.3	3	1	414	.85	<2	<8	<2	8	10	<.5	<3	<3	5	.14	.006	10	3	.12	42	.03	<3	.67	.03	.07	<2	<2	<2	<2
C 116371	37	61	338	295	1.3	31	4	>9999	10.77	916	65	<2	9	34	14.4	<3	<3	72	.40	.021	170	24	.15	678	.04	<3	1.75	.03	.06	<2	3	<2	26
C 116372	1	59	5	22	<.3	31	12	342	2.44	5	<8	<2	<2	428	.7	<3	<3	74	5.94	.041	4	22	.71	149	.16	<3	7.32	.04	.19	<2	<2	<2	11
C 116373	21	4863	15	3152	7.0	37	127	1074	15.19	201	<8	<2	2	22	38.8	<3	3	100	.26	.007	2	4	.75	12	.01	<3	2.15	<.01	<.01	2	188	<2	8
C 116374	58	2121	21	1033	4.5	43	149	872	19.26	46	<8	<2	3	12	15.5	<3	<3	93	.16	.015	2	3	.79	7	.06	<3	1.52	<.01	.01	<2	596	<2	7
RE C 116374	60	2057	20	1008	4.2	42	144	846	18.72	44	<8	<2	3	11	15.0	<3	3	90	.17	.015	1	2	.77	6	.05	<3	1.49	.01	.01	<2	528	<2	7
C 116375	552	3702	3	343	4.0	45	133	1977	17.15	339	<8	<2	2	15	5.5	3	5	206	.29	.043	3	7	2.00	6	.09	<3	3.10	<.01	.01	<2	279	3	14
C 116376	31	2660	126	177	7.0	36	87	1655	15.74	41	<8	<2	2	27	3.0	<3	7	243	.56	.060	4	10	1.52	22	.28	<3	3.50	.01	.02	<2	102	2	28
C 116377	6	33	8	36	<.3	14	2	665	1.91	5	8	<2	4	3	<.5	<3	<3	5	.47	.008	11	6	.03	24	<.01	<3	.31	<.01	.06	<2	<2	<2	<2
C 116378	2	8	8	7	<.3	4	1	150	.37	3	<8	<2	5	2	<.5	<3	<3	1	.04	.006	8	4	.01	17	<.01	<3	.37	<.01	.06	<2	<2	<2	<2
C 116379	3	66	10	35	<.3	14	2	290	1.18	<2	<8	<2	7	12	<.5	<3	<3	3	.16	.013	9	1	.07	60	.01	<3	.64	.02	.20	<2	<2	<2	<2
~~C 116380~~	~~2~~	~~8~~	~~3~~	~~9~~	~~<.3~~	~~9~~	~~1~~	~~219~~	~~.47~~	~~3~~	~~<8~~	~~<2~~	~~3~~	~~2~~	~~<.5~~	~~<3~~	~~<3~~	~~2~~	~~.22~~	~~.007~~	~~8~~	~~4~~	~~.01~~	~~29~~	~~<.01~~	~~<3~~	~~.29~~	~~<.01~~	~~.07~~	~~<2~~	~~<2~~	~~<2~~	~~<2~~
C 116381	2	6	139	19	.5	4	1	237	1.21	18	18	<2	2	8	.5	<3	<3	3	.77	.002	4	1	.01	46	<.01	<3	.26	<.01	.16	<2	22	<2	<2
C 116382	2	116	3	19	<.3	53	15	216	1.51	4	<8	<2	<2	50	<.5	<3	<3	55	1.38	.072	3	17	.50	57	.17	<3	1.56	.25	.05	<2	4	4	21
C 116383	<1	38	<3	5	<.3	10	2	50	.46	<2	<8	<2	<2	46	<.5	<3	<3	18	.59	.004	<1	2	.05	7	.04	<3	.62	.07	.04	<2	52	<2	5
C 116384	22	494	4	11	5.5	227	146	64	20.21	180	<8	<2	4	19	1.0	<3	4	15	1.74	.002	2	9	.02	5	.05	<3	1.46	.03	.02	<2	13	<2	21
STANDARD DS	12	142	26	132	.3	24	12	751	2.90	19	<8	<2	3	49	5.6	4	5	59	.72	.093	12	184	.68	139	.09	15	2.02	.04	.13	3	494	493	486

Standard is STANDARD DS5/FA-10R.

GROUP 1D - 0.50 GM SAMPLE LEACHED WITH 3 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR, DILUTED TO 10 ML, ANALYSED BY ICP-ES.
UPPER LIMITS - AG, AU, HG, W = 100 PPM; MO, CO, CD, SB, BI, TH, U & B = 2,000 PPM; CU, PB, ZN, NI, MN, AS, V, LA, CR = 10,000 PPM.
ASSAY RECOMMENDED FOR ROCK AND CORE SAMPLES IF CU PB ZN AS > 1%, AG > 30 PPM & AU > 1000 PPB
- SAMPLE TYPE: ROCK R150 60C AU** PT** & PD** GROUP 3B BY FIRE ASSAY & ANALYSIS BY ICP-ES. (30 gm)
<u>Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.</u>

DATE RECEIVED: JUL 8 2003 DATE REPORT MAILED: Jul 18/2003 SIGNED BY.......D. TOYE, C.LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

Data FA

Appendix D Petrographic Report

Catalogue:

010616-155	Fresh granite
030621-298A	altered sheared granite
030621-298B	hematite altered granite
030621-302A	Cataclastic breccia with fragments of siltstone and finr grained gabbro

Sample Number: **155**

Classification: Fresh two mica granite

HAND SPECIMEN: medium grained two mica granite

THIN SECTION:

Mineralogy:

Major: Quartz
Microcline
Plagioclase: Normally zoned Oligoclase to Albite, inside microcline
Alteration: Oligoclase lightly altered to clay/white mica
Mafic: Biotite, brown in clts with muscovite
Alteration: biotite altered to green chlorite and intermediate browny colored low birefringence chlorite like mineral

Minor: Monazite in grains, inside mafic clots
Fine grained accessory pyrite

Texture: granitic

Grain Size: medium grained

Description of Texture: massive, even grained, typical of granites,

Structure: massive

Alteration: local alteration of mafics

Veining:thin chlorite veins, later carbonate veins, w/ local quartz, scattered pyritic veins

Comment: This is freshest among the granites sampled.

Sample Number: 298A

Classification: Granite showing transition into a thin ductile strain zone

HAND SPECIMEN: One third of specimen is a strongly foliated quartz rich strain zone, the rest of the specimen shows progressive development of a foliation and the shaping of feldspar grains into ellipses of white mica/clay. Rock is the greenish yellow of clay white mica mixture.

THIN SECTION:

Mineralogy:

Major: Quartz; varies from medium grained to various stages of recrystallizatio, locally augen and fluidal textures developed

Microcline relic,

Alteration: white mica/clay fine grained

Plagioclase:relic

Alteration: white mica/clay fine grained

Mafic: chloritic biotite and clear muscovite with pyrite specks

Alteration:

Minor: Pyrite specks

Texture: High strain fabric

Grain Size: medium grained, diminishes to very fine grained in highly foliated zone.

Description of Texture: Transitional from standard granitic to exceedingly recrystallized

Structure: massive, through foliated in strongly foliated

Alteration: Mainly white micaclay alteration of the feldspars

Veining: Thin veins with pyrite, chlorite and quartz

Comment: Local veining was associated with local plastic deformation of granite.

Sample Number:298B

Classification: Hematite stained altered granite

HAND SPECIMEN: This specimen was taken a few metres from the specimen above. Typical granitic texture . The feldspars are stained red from breakdown of mafics and pyrite. Probably a late diagenetic or weathering effect.

THIN SECTION:

Mineralogy:

Major: Quartz
Microcline
Plagioclase: relic
Alteration: white mica/clay alteration with brown stain
Mafic: Opague (limonite?/hematite) clay, clear muscovite

Minor: limonite after finegrained pyrite cubes

Texture: Granitic

Grain Size: medium grained

Description of Texture: granitic

Structure: massive

Alteration: stained red, breakdown of mafics and pyrite, beginning of incipient alteration

Veining: calcite and quartz veins, the quartz grains are growing into the open space later filled by calcite. A contrast to previous sample where quartz was recrystallized and reduced in size

Comment:

Sample Number:302A

Classification: Cataclastic Breccia, (host rock is possibly the mTr d unit).

HAND SPECIMEN: Dark fine grained hornfels with visible pyrrhotite

THIN SECTION:

Mineralogy:

Fine grained black with areas of muscovite, very fine grained quartz, submicroscopic felsic matrix, albite after feldspar in microporphyritic gabbro. The individual mineral grains are difficult to discern.

Texture: breccia

Grain Size: various, seriate

Description of Texture: cataclastic breccia with fragments of fine grained siltstone and fine grained microporphyritic gabbro cut by veins

Structure: cataclastic

Alteration: some of the fine grain may be a contact effect.

Veining : Epidote/zoisite veins locally abundant

Comment: This is near contact, could be a faulted hornfels zone.