DIAMOND DRILLING ASSESSMENT REPORT

ON THE

HD MINERAL PROPERTY

Omineca Mining Division, British Columbia

93L/7E

GPS:NAD 83 UTM ZONE 9

Northing: 6035660 Easting: 651911

Latitude: $54^{o}27'$N Longitude: $126^{o}39'$W

OWNERS: JOHN WESLEY MOLL, GLORIA MAY MERKLEY, DANIEL MORICE MERKLEY

DRILL CORE LOGGED BY: ALLISON JILL PARDOE, P. GEO

REPORT BY: DANIEL MERKLEY

July 2004

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MAPS

LOCATION AND ACCESS:

The HD mineral claim group is located approximately 5.5 km north of Houston, in west-central British Columbia (map 1). The claims encompass the upper portion of Mount Harry Davis. The legal corner post for the HD-1, HD-2, HD-3 and HD-4 mineral claim is located at the north end of a prominent depression, which cleaves the south-east section of the mountain.

Access to the claims is provided by a main, all-weather service road for microwave, tv and a visual omnirange (VOR) antenna near the top of the mountain. A key is required for access through a gate on the road. Forestry access and mining exploration roads, which branch from the main service road, provide access to other areas on the mountain.

HISTORY:

In 1918 and during the 20's Paul Tickoles of Smithers, B. C. held several claims on the mountain, among them the Mammoth, Mison and B. C. Leader (Report of the Minister of Mines, 1931, pg. A74-A75). As stated in this report: "Paul Tickoles has accomplished a great deal, single-handed, at this property, in the way of open-cuts and one tunnel 30 feet in length."

The adit mentioned in this report is located about 10 meters north-west of the legal corner post for the HD claim group. It was excavated during the exploration in the 60's and only about 2 meters of the original adit remains. Dump material is a gray rhyolite breccia mineralized with sphalerite, galena, chalcopyrite and purple fluorite. Paul Tickoles also explored on the north slope of Mount Harry Davis with an adit. It appears to have been about 5 meters in length and has since caved. Dump material here is comprised of sphalerite, galena, chalcopyrite and purple fluorite. Realgar is also visible in some samples. This early prospector also trenched and stripped at several other sites on the mountain.

Around 1924 Andrew Martenson employed Martin Bellicini and others of Houston to sink a 40-foot shaft on high-grade copper-silver mineralization on the east slope of the mountain. A log cabin was constructed nearby and further trenching and stripping was undertaken in the vicinity. Bornite, chalcopyrite, tetrahedrite and minor sphalerite stringers in a pink brecciated and tan rhyolite, which has undergone argillic alteration, was the focus of the exploration. When this exploration ceased it was several years before prospecting resumed on Mount Harry Davis.

In the 50's, while hiking home to Houston from a fishing trip to Summit Lake -- situated at the bottom of the north slope of the mountain -- Mel McQuatt, a Houston prospector, came across the diggings of Paul Tickoles and a new era of exploration began on Mount Harry Davis.

In the 60's, William Merkley and Edward Westgarde and others optioned their claims to Molymine Exploration Ltd. The company stripped several hundred feet, trenched, mapped and performed geochemical surveys over a large area of the mountain.

In 1981, the present owners optioned their claims to the Endako Mines Division of Placer Development Ltd. During 1981 and also in 1982 the company undertook geological mapping, soil and rock geochemistry, ground magnetometer and VLF-EM surveys.

In 1984 and 1985 Eldor Resources Ltd. performed rock and soil sampling, a topographical survey, geological mapping, SP survey, VLF-EM and a gravity survey on the mountain. 45.8 meters was drilled in 2 short holes with a Winkie drill on a large gravity anomaly.

In 1988 and 1989 Equity Silver Mines Ltd. performed some line cutting, soil and rock geochemistry, trenching, an IP survey and 6 diamond drill holes with NQ size core for a total length of 776.2 meters.

Teck Corporation optioned the property from the present owners in 1993 and drilled 4 NQ size holes for a total of 648.5 meters following some geological mapping.

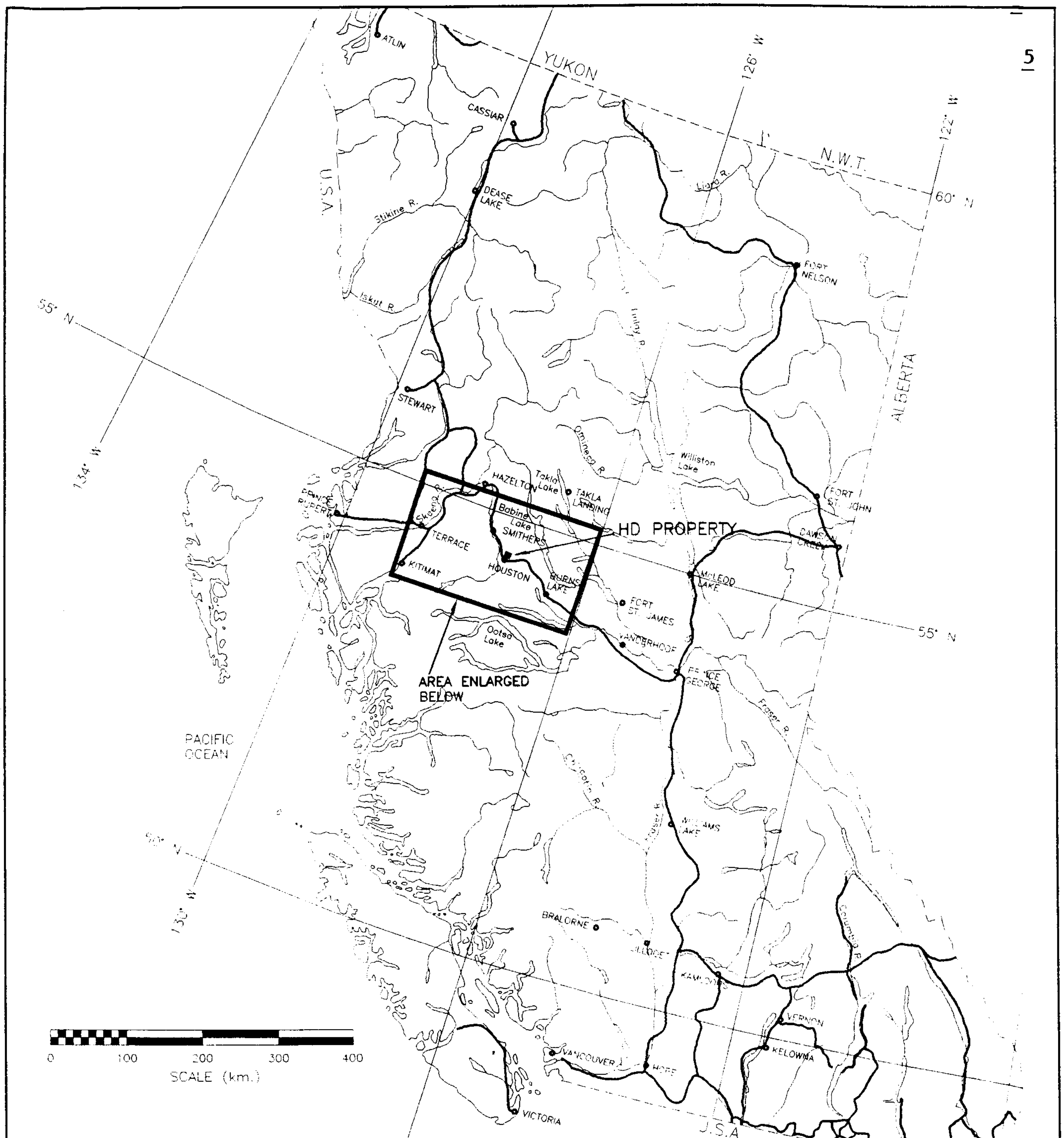
CLAIM STATUS:

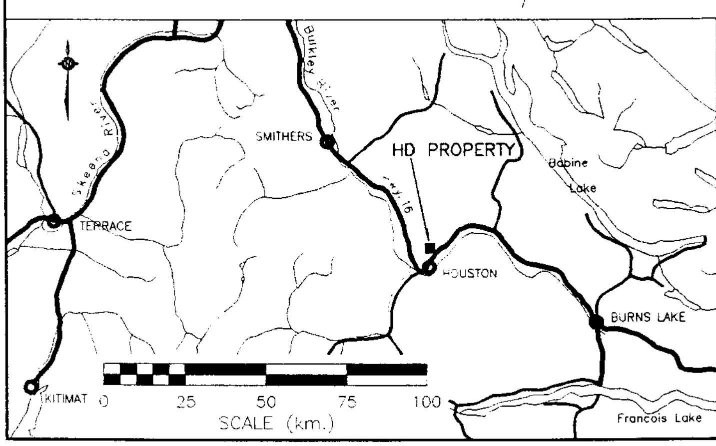
The HD mineral claim group consists of 40 4-post mineral claim units, which will remain in good standing until April 21, 2005 with acceptance of this report. The claims are owned equally by John Wesley Moll, Daniel Morice Merkley and Gloria May Merkley, all of Houston, B. C.

The HD mineral claim particulars are as follows:

CLAIM NAME	UNITS	TENURE NUMBER	EXPIRY DATE
HD-1	5	238545	21-April-05
HD-2	15	238546	21-April-05
HD-3	5	238547	21-April-05
HD-4	15	238548	21-April-05

The mineral claims have been grouped under event number 3193510, which was recorded on April 17, 2003.





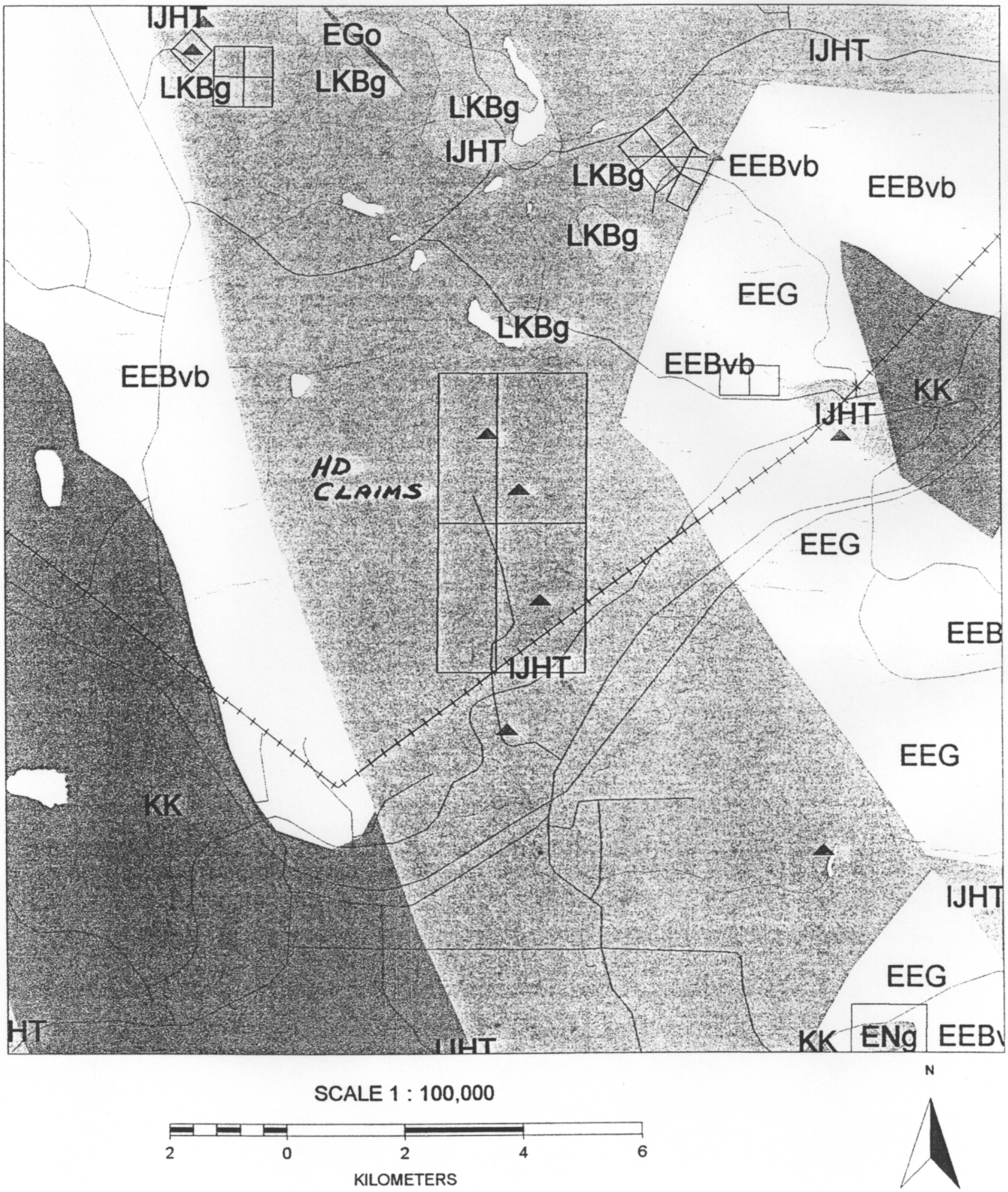
MOLL, MERKLEY & MERKLEY

HD PROPERTY
OMINECA MINING DISTRICT, B.C.

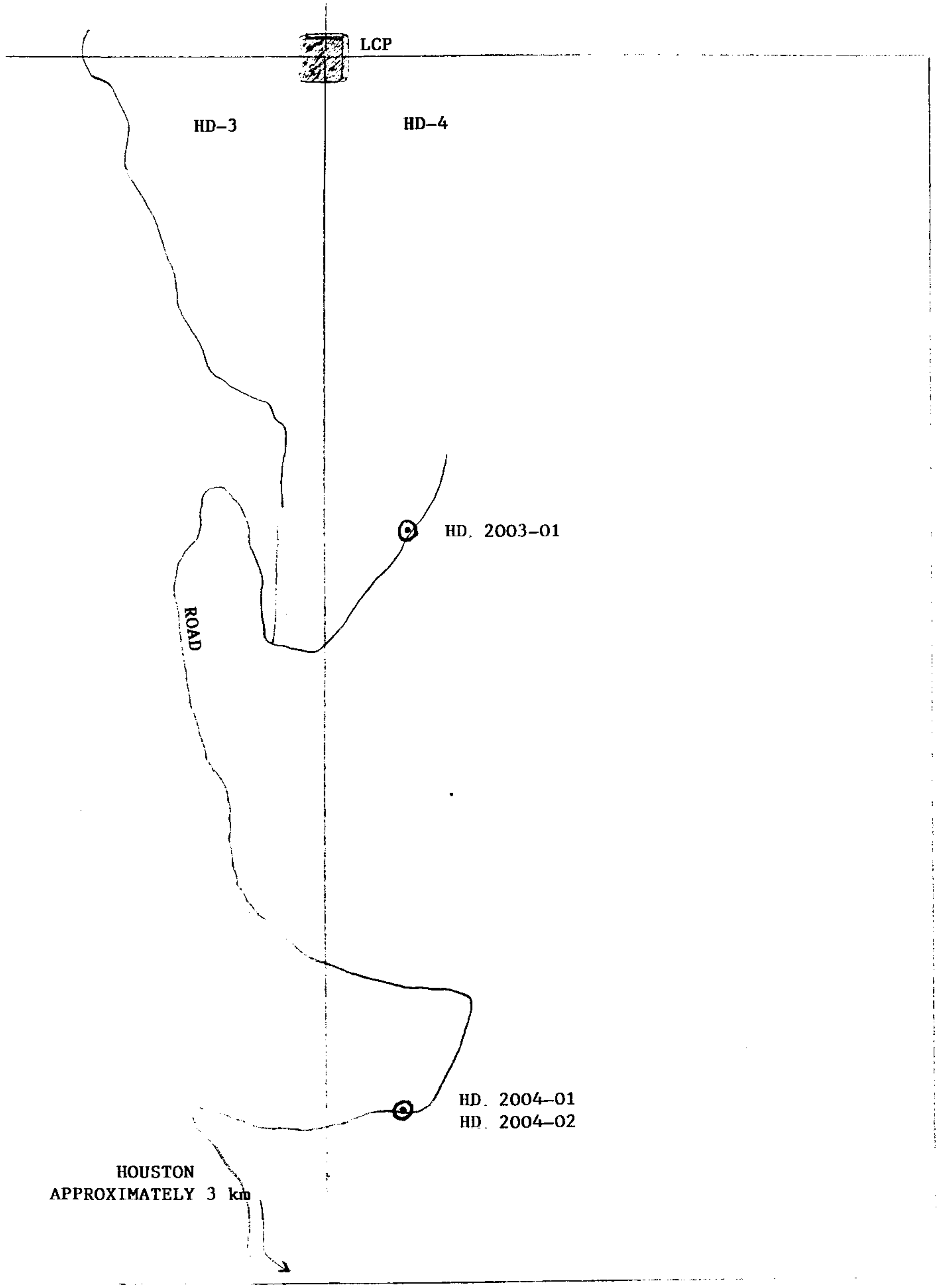
PROPERTY LOCATION MAP

SCALE: AS SHOWN	DRAWN BY: J.M. HUTTER	DATE: APRIL 20, 1999	FIG. 1
NTS: 93L/7E			

HD Property - Regional Geology Map



DRILL SITE LOCATION MAP



PROCEDURE AND DIAMOND DRILL HOLE SUMMARY:

Wes Moll, William R. Merkley and Dan Merkley carried out an exploration program with an X-ray drill (EX size core) on the HD-4 mineral claim in the late fall of 2003 and early spring of 2004. A total of 3 holes were drilled at 2 separate locales.

Hole HD 2003-01 was drilled at the side of a recently constructed logging road in October of 2003. The work was discontinued due to a snow storm. The target was a jasper unit located about 30 meters to the west, which exibits whisps of very fine-grained pyrite and sparse sphalerite laminae and appears to be a sub-aqueous exhalite laid down in situ. Samples analyzed from the surface exposure of the jasper are anomalous for arsenic and zinc.

The drill hole failed to intercept the jasper bed, possibly because the unit dips to the west, parallel to the dip of a hematitic rhyolite unit drilled by Equity Silver Mines in 1988-1989 approximately 300 meters further west.

Hole HD 2004-01 and HD 2004-02 were drilled on a rhyolite outcrop bearing chalcopyrite, bornite, malachite and azurite at the north side of the main access road. Hole HD 2004-01 attained 10.7 meters, but hole HD 2004-02 encountered broken rock and was discontinued at a depth of 2.4 meters.

DIAMOND DRILL HOLE SUMMARY

HOLE DESIGNATION	GPS LOCATION	AZIMUTH	INCLINATION
HD 2003-01	54° 26' 09.6" 126° 39' 19.3"	282°	-50°
HD 2004-01	54° 25' 41.0" 126° 39' 15.9"	285°	-80°
HD 2004-02	54° 25' 41.0" 126° 39' 15.9"	N/A	-90°

The readings were taken with a GARMIN Etrex GPS (Nad 83 -- Pacific)

HD 2003-01

E.O.H. at 17.0 m.
Overall core recovery ~ 90%

Interval (metres)	Lithology	Alteration	Mineralization
0 – 0.8	Ash tuff • Maroon to salmon colored with faint banding(?) • Generally competent rock. Appears to have irregular, cooked contact with underlying unit	• Fine microveining (crackle) of quartz and ankerite throughout. • Rare quartz veinlets (<2 mm width) at moderate angle to core axis.	No visible sulfides
0.8 – 6.1	Lapilli Crystal tuff: • Pink to ivory colored with orange stain. • Sub-angular, salmon to grey colored, cherty lapilli fragments in an aphanitic ground mass, faint relic feldspar crystals.	• V. fine hematite + ankerite crackle throughout., local black, dendritic magnesite on fractures. • Local fine, white calcite veinlets (average 1 mm. width) at moderate angle to core axis. • Orange limonitic stain increases in lower metre.	Scattered trace pyrite
6.1 – 9.0	Lapilli Crystal tuff: • Overall medium grey in color with local patches of beige • Lapilli fragments visible, though less distinct than unit above. Faint relic feldspar crystals. • Very competent rock • Gradational upper contact, lower contact possibly healed fault @ 70 degrees to core axis	• Strong pervasive silicification • Beige patches appear 'cooked' (possible intrusion nearby?) • Fine crackle throughout, dominantly filled with white quartz. • No calcareous minerals	No visible sulfides
9.0 – 11.4	Lapilli Crystal tuff: • Beige colored, as in patches noted in unit above • Cherty grey fragments visible and faint feldspar crystals largely resorbed into groundmass	• Strong pervasive silicification as above • Fine crackle less distinct that unit above, with minor calcareous material in fractures • Local ancherite + hematite veinlets	No visible sulfides
11.4 – 17.0	Lapilli tuff: • Abundant salmon to grey colored subangular to rounded fragments dominate the core, in a greenish-grey groundmass • Competent rock	• Fine hematite + limonite veinlets (not crackle as in units above) • Rare quartz stringers	No visible sulfides

Core Logging completed by A.J. Pardoe, P.Geo

HD 2004-01

E.O.H. at 10.7 m.
Overall core recovery ~ 92%

Interval (metres)	Lithology	Alteration	Mineralization
0 – 2.4	Crystal (lapilli) Tuff: • Dominantly medium grey colored groundmass, with pale to medium orange colored, relic feldspar crystals (1 -2 mm dia.) are scattered through out. Possible relic lapilli fragments	• Strong pervasive silicification • Scattered irregular white quartz veinlets and stringers	• 1-2% sulfides disseminated + irregular, fine fracture fillings. • Specular hematite, chalcopyrite, pyrite + possible boronite • local azurite and malachite on fractures.
2.4 – 4.7	Crystal Tuff: • alteration has obliterated most textures, though locally grey colored crystal tuff (as above) is visible • Core is dominantly light salmon to orange colored. (4.1 – 4.7): Texture is obliterated • Small blebs of dyke(?) near upper end of subsection.	(2.4 – 4.1): Slight decrease in silicification • Quartz stringers are more abundant + distinct, locally at 40 degrees to core axis. • Moderate limonite stain and ankerite (4.1 – 4.7): Silicification replaced by clay alteration and strong hematite stain • Dendritic magnesite on fractures.	(2.4 – 4.1): Sulfides as unit above, though <2%. No visible malachite or azurite (4.1 – 4.7): Patchy , local sulfides in upper 0.2 m, none below
4.7 – 6.6	Andesite dyke • Medium green colored with abundant, fine, black hornblende(?) crystals visible • Possible upper contact at ~ 40 degrees to core axis, lower contact in broken rock near rod change. (5.2 – 6.1): Fault – crushed, incompetent, clay altered rock.	• Fine white quartz / calcite stringers, up to 1 mm. dia, throughout. Veinlets are at irregular orientations, occurring every 1-2 cm.	• No visible sulfides
6.6 – 10.7	Crystal lapilli tuff: • Similar to unit at top of hole. • Medium grey to beige maroon in color with relic off-white feldspar crystals (less distinct than at top of hole)	• Strong pervasive silicification	(6.6 – 9.0): 2 – 3% mixed pyrite, chalcopyrite, and lesser specular hematite in fine disseminations + fractures (9.0 – 10.7): sulfides rapidly decrease to ~1%, with specular hematite more dominant.

Core Logging completed by A.J. Pardoe, P.Geo

HD 2004-02

E.O.H. at 2.4 m.
Overall core recovery ~ 78%

Interval (metres)	Lithology	Alteration	Mineralization
0 – 2.4	Crystal (lapilli) Tuff: • Dominantly medium grey colored groundmass, with pale to light orange colored, relic feldspar crystals (1 - 2 mm dia.) are scattered through out. Possible relic lapilli fragments	• Strong pervasive silicification • Scattered *irregular white quartz* veinlets and stringers	• 1-2% pyrite, chalcopyrite and specular hematite as fine fracture fillings + disseminations • Azurite locally on fractures

Core Logging completed by A.J. Pardoe, P.Geo

CERTIFICATE

I, Allison Jill Pardoe, of 15865 Quick West Road, Telkwa, British Columbia do hereby certify:

1. THAT I hold a Bachelor of Science degree (Geology) from the University of Saskatchewan, Saskatoon, Sask.
2. THAT I am registered as a Professional Geoscientist by the Association of Professional Engineers and Geoscientists of British Columbia;
3. THAT I have practiced my profession as a geologist for 20 years;
4. THAT I examined and logged drill core provided to me by the owners of the HD property. I have not conducted a site visit of the mineral property, nor am I familiar with the location of the drill sites;
5. That I have no financial interest in the HD Mineral Property, nor in any company affiliated with the ownership of the HD Mineral property, nor any other claims nor company with claims in the area of the HD Mineral property;

Dated at Telkwa, British Columbia, this 11th day of July, 2004.

A. J. Pardoe

Allison Jill Pardoe, P. Geo

AUTHOR'S QUALIFICATION

I, DANIEL MERKLEY, DO HEREBY CERTIFY THAT:

(1) I AM A PROSPECTOR AND RESIDE AT HIGHWAY 16 EAST, HOUSTON, B. C.

(2) I HAVE MORE THAN 30 YEARS OF PROSPECTING EXPERIENCE.

(3) I PREPARED THIS REPORT.

RESPECTFULLY SUBMITTED

Daniel Merkley

DANIEL MERKLEY

PROSPECTOR

STATEMENT OF EXPENDITURES

Pickup Truck (6 days X $50)	$300.00
2-Wheel Drive Pickup (6 days X $35)	$210.00
Copco Drill (2 days X $70)	$140.00
Board (3 men X 6 days X $30)	$540.00
Mobilization and Demobilization	$2,500.00
Drilling	$2,548.00
Waterpump (4 days X $30)	$120.00
Waterpump operator (16 hrs. X $20)	$320.00
Water truck (20 hrs. X $60)	$1,200.00
Logging Drill Core	$300.00
Report Preparation	$140.00
TOTAL	$8,318.00