

DIAMOND DRILLING & TRAIL WORK
ASSESSMENT REPORT
ON THE
HD MINERAL PROPERTY

RECEIVED
JUL 11 2006
Gold Commissioner's Office
VANCOUVER, B.C.

OMINECA MINING DIVISION, BRITISH COLUMBIA

93L047

NAD 83 UTM ZONE 9

LATITUDE: 54°27'N
NORTHING: 6035660

LONGITUDE: 126°39'
EASTING: 651911

COLOGICAL SURVEY BRANCH
20,450

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

DRILL CORE LOGGED BY: DARYL J. HANSON, P. ENG.
REPORT BY: DANIEL MERKLEY

JUNE 2006

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GOVERNMENT AGENT
HOUSTON
JUL 04 2006
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TRANS #



Ministry of Energy & Mines
 Energy & Minerals Division
 Geological Survey Branch

**ASSESSMENT REPORT
 TITLE PAGE AND SUMMARY**

TITLE OF REPORT [type of survey(s)]	TOTAL COST
DIAMOND DRILLING ASSESSMENT REPORT ON THE HD MINERAL PROPERTY	\$4420.00

AUTHOR(S) DANIEL MERKLEY SIGNATURE(S) Daniel Merkley

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S) SMI-05-0200043-0308 YEAR OF WORK 2005

STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S) _____

PROPERTY NAME HD

CLAIM NAME(S) (on which work was done) HD 1-4

COMMODITIES SOUGHT Zn, Cu, Pb, Ag, Au

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN 93L-203, 93L-204, 93L-205

MINING DIVISION OMINECA NTS 93L047

LATITUDE 54 ° 27 ' _____ " LONGITUDE 126 ° 39 ' _____ " (at centre of work)

OWNER(S)
 1) JOHN WESLEY MOLL 2) DANIEL MORICE MERKLEY
GLORIA MAY MERKLEY

MAILING ADDRESS
P.O. BOX 1182; HOUSTON, B. C. P.O. BOX 453; HOUSTON, B. C.
VOJ 1Z2 VOJ 1Z2

OPERATOR(S) (who paid for the work)
 1) AS ABOVE 2) _____

MAILING ADDRESS

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):
JURASSIC AGE, HAZELTON GROUP, TELKWA FORMATION, RHYOLITE, ANDESITE, BASALT, CHERT,
JASPEROID, JASPER, LIMESTONE, SANDSTONE, DOLOMITE, QUARTZ FELDSPAR PORPHYRY,
MICROSyenite, SILICIFICATION, HEMATITE ALTERATION, ARGILLIC ALTERATION, BORNITE,
CHALCOPYRITE, SPHALERITE, GALENA, FLUORITE, TETRAHEDRITE, SILVER, GOLD.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS 05020, 09849, 10796, 14157,
15360, 15864, 18360, 18864, 18911, 25891, 26288, 26577, 26887, 27195.

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping _____			
Photo interpretation _____			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic _____			
Electromagnetic _____			
Induced Polarization _____			
Radiometric _____			
Seismic _____			
Other _____			
Airborne _____			
GEOCHEMICAL			
(number of samples analysed for ...)			
Soil _____			
Silt _____			
Rock _____			
Other _____			
DRILLING			
(total metres; number of holes, size)			
Core _____	1 HOLE, EX, 25 FEET	HD 1-4	\$4,420.00
Non-core _____			
RELATED TECHNICAL			
Sampling/assaying _____			
Petrographic _____			
Mineralographic _____			
Metallurgic _____			
PROSPECTING (scale, area) _____			
PREPARATORY/PHYSICAL			
Line/grid (kilometres) _____			
Topographic/Photogrammetric (scale, area) _____			
Legal surveys (scale, area) _____			
Road, local access (kilometres)trail _____			
Trench (metres) _____			
Underground dev. (metres) _____			
Other _____			
		TOTAL COST	\$4,420.00



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Mineral Titles

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Mineral Claim Exploration and Development Work/Expiry Date Change

- Select Input Method
- Select/Input Tenures
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- Process Payment
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Mineral Claim Exploration and Development Work/Expiry Date Change

Confirmation

Recorder: DANIEL MORICE
MERKLEY (118202)

Submitter: DANIEL MORICE
MERKLEY (118202)

Recorded: 2006/APR/07

Effective: 2006/APR/07

D/E Date: 2006/APR/07

Your report is due in 90 days. Please attach a copy of this confirmation page to the front of your report.

Event Number: 4078152

Work Start Date: 2005/SEP/26
Work Stop Date: 2005/NOV/13

Total Value of Work: \$ 4420.00
Mine Permit No: MX-2-194

Work Type: Technical and Physical Work
Physical Items: Labour
Technical Items: Drilling, Road and trail work

Summary of the work value:

Tenure #	Claim Name/Property	Issue Date	Good To Date	New Good To Date	# of Days Forward	Area In Ha	Work Value Due	Sub-mission Fee
516488		2005/JUL/09	2006/APR/21	2007/APR/21	365	1353.99	\$ 4243.75	\$ 541.60

Total required work value: \$ 4243.75

PAC name: Daniel Merkley
Debited PAC amount: \$ 0.00
Credited PAC amount: \$ 176.25

Total Submission Fees: \$ 541.60

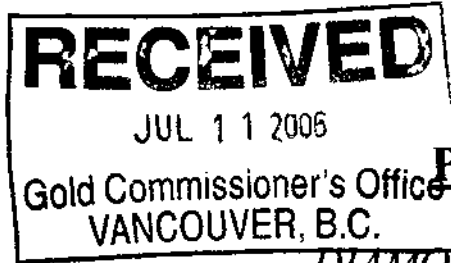
Total Paid: \$ 541.60

The event was successfully saved.

Please use **Back** button to go back to event confirmation index.



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PART I

DIAMOND DRILLING

LOCATION AND ACCESS:

The mineral cells comprising the HD mineral property encompass Mount Harry Davis, 5.5 km north of Houston, in west-central British Columbia.

Access to the property is by good road, which is paved for the first few kilometers after departing from Highway 16 east of the village of Houston. Mt. Davis Way departs from Highway 16 and strikes north where it traverses "The North Road" forestry access road and continues north to the mountain top. The portion of road after crossing "The North Road" is gravel and accessible by 2-wheel drive vehicle when maintained.

A key is required to access the crest of the mountain through a federal government gate.

HISTORY:

1908—An old claim post is discovered on the east slope of the mountain by Mel McQuatt. The top portion of the post is squared. The name "Fraser" and "1908" are carved into it.

1918 & 1920's—Paul Tickoles of Smithers, B. C. excavates several test pits and two adits on the mountain. One adit is on the northern slope and the other is at the upper south sector of the mountain.

1924—Andrew Martenson and Martin Bellicini—two Houston, B. C. prospectors—sink a 40-foot shaft on the south-east sector of the mountain. A log cabin is erected near the workings.

1950's & 1960's—William Merkley and Mel McQuatt—two Houston, B. C. prospectors—prospect around the old workings. William Merkley stakes the "Eagle" claims on the east sector of the mountain.

1960's—Edward Westgarde stakes claims on the southern slopes of the mountain when road construction uncovers copper mineralization. Edward Westgarde and William Merkley option their claims to Molybdenum Exploration Ltd. The company strips a total of 1737 meters at 38 sites and trenches 440 meters at 13 other locations.

Late 1960's—Texas Gulf Sulphur explores the southern region of the mountain with geological mapping, soil geochemistry, IP and diamond drilling.

1976—Wes Moll and Dan Merkley stake the "Grouse" and "Hilltop" claims after Wes Moll discovers extensive sphalerite mineralization in a road cut on the VOR antenna access road.

- 1977—Noranda Exploration explores the mineralization discovered by Wes Moll in 1976 with an east-west oriented soil sample survey.
- 1981—Endako Mines Division of Placer Development Ltd. options the property from Wes Moll, Gloria Merkley and Daniel Merkley. The ground is restaked by the company with the HD-1, HD-2, HD-3, HD-4 mineral claims prior to performing soil and rock geochemical programs, geological mapping and VLF-EM surveys.
- 1985—Eldor Resources Ltd. options the property from Wes Moll, Gloria Merkley and Dan Merkley. A gravity survey is completed and trenches and showings are sampled. Two “Winky” drill holes are collared north of the Switchback Zone.
- 1988—Equity Silver Mines Ltd. options the property from Wes Moll, Gloria Merkley and Dan Merkley. Six diamond drill holes for a total of 776 meters are drilled on copper-silver targets. IP surveys, soil and rock geochemistry and several hundred meters of trenching is also completed by the company.
- 1993—Teck Exploration Ltd. diamond drills 649 meters in 4 holes of NQ size at the crest of the mountain on the HD-2 claim.
- 1999—Wes Moll, Bill Merkley and Dan Merkley drill 86.9 meters in 6 holes for core of EX size with an X-Ray drill.
- 2000 to 2004—Wes Moll, Mary Jean Moll, Bill Merkley and Dan Merkley drill several diamond drill holes of EX size with an X-Ray drill at various sites on the property.

CLAIM STATUS:

The HD mineral property is comprised of 72 cells. With acceptance of this report the property will remain in good standing until April 21, 2007.

The HD mineral claim owners are John Wesley Moll, Daniel Morice Merkley and Gloria May Merkley, all residence of Houston, British Columbia.

The description of the property is as follows:

<u>Property Name</u>	<u>Total Contiguous Cells</u>	<u>Tenure Number</u>	<u>Expiry Date</u>
HD	72	516488	21-April-06

The original mineral tenures—HD-1 (238545), HD-2 (238546), HD-3 (238547), HD-4 (238548)—underwent conversion on 09-Jul-05. The event number is: 4040164.

PROCEDURE AND DIAMOND DRILL HOLE SUMMARY:

The owners undertook an exploration program of diamond drilling with an X-Ray drill, which produced EX-size core on the HD property during the fall of 2005. One diamond drill hole was completed on the crest of Mount Harry Davis at the Hilltop Zone to explore more than 30 meters of zinc mineralization traversed by a rock cut at the south side of the VOR antenna access road. Previous drilling in the general vicinity by Teck Exploration Ltd. and the owners in following years were not encouraging.

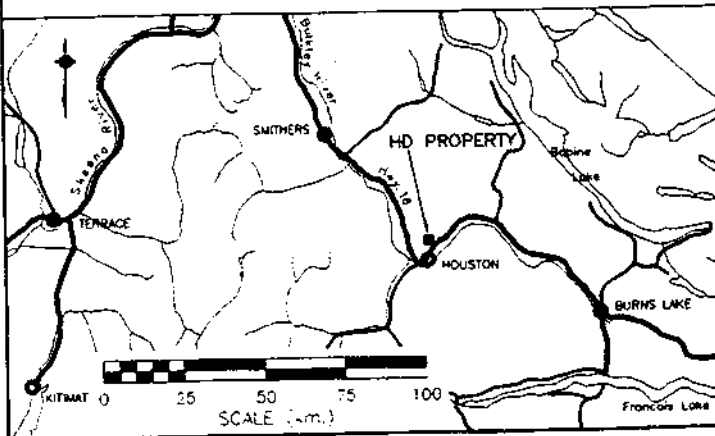
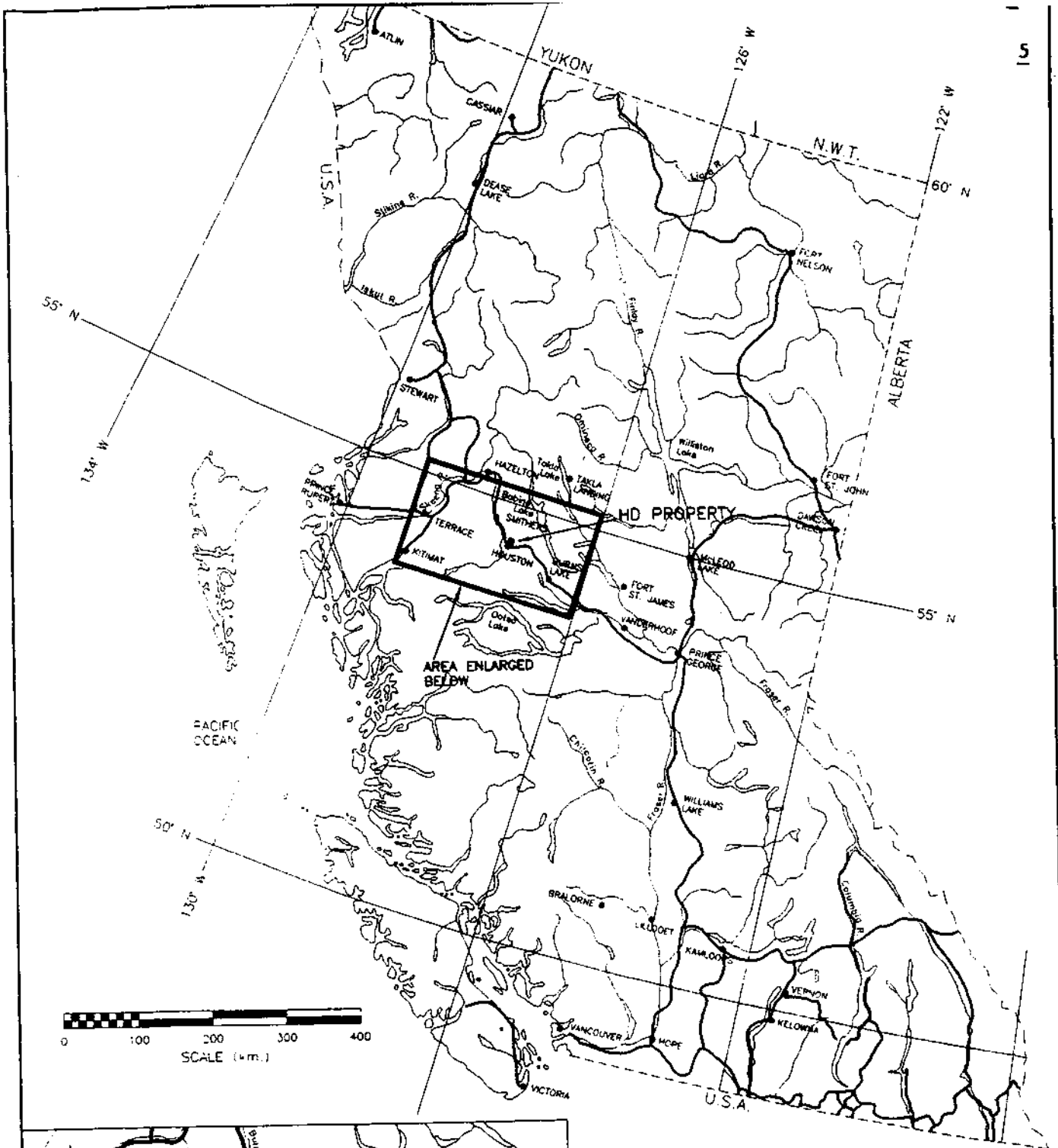
The 2005 drill program on the Hilltop Zone resulted in an important discovery. To the best of the author's knowledge, it is the first discovery in the area of a definitive exhalite horizon. Associated rock units—especially the hanging wall, which hosts massive sulphide clasts—display characteristics of Kuroko deposits found elsewhere in the world, ie: Buchans, Newfoundland, Canada¹. The exhalite horizon overlays several meters of disseminated honey-coloured, glassy sphalerite mineralization. The sphalerite mineralization is in turn underlain by stringers of pyrite unconformable to the enclosing rock unit, analogous to a "feeder zone" in Kuroko deposits. The lowermost unit in the drill core is volcanic sandstone.

Diamond Drill Hole Summary

<u>Hole Designation</u>	<u>Location (GPS NAD83)*</u>	<u>Azimuth</u>	<u>Inclination</u>	<u>Elevation</u>
HD05-02	54-27-09.7/126-39-23.4	--	-90°	1156 m

* GPS coordinates with Garmin Etrex

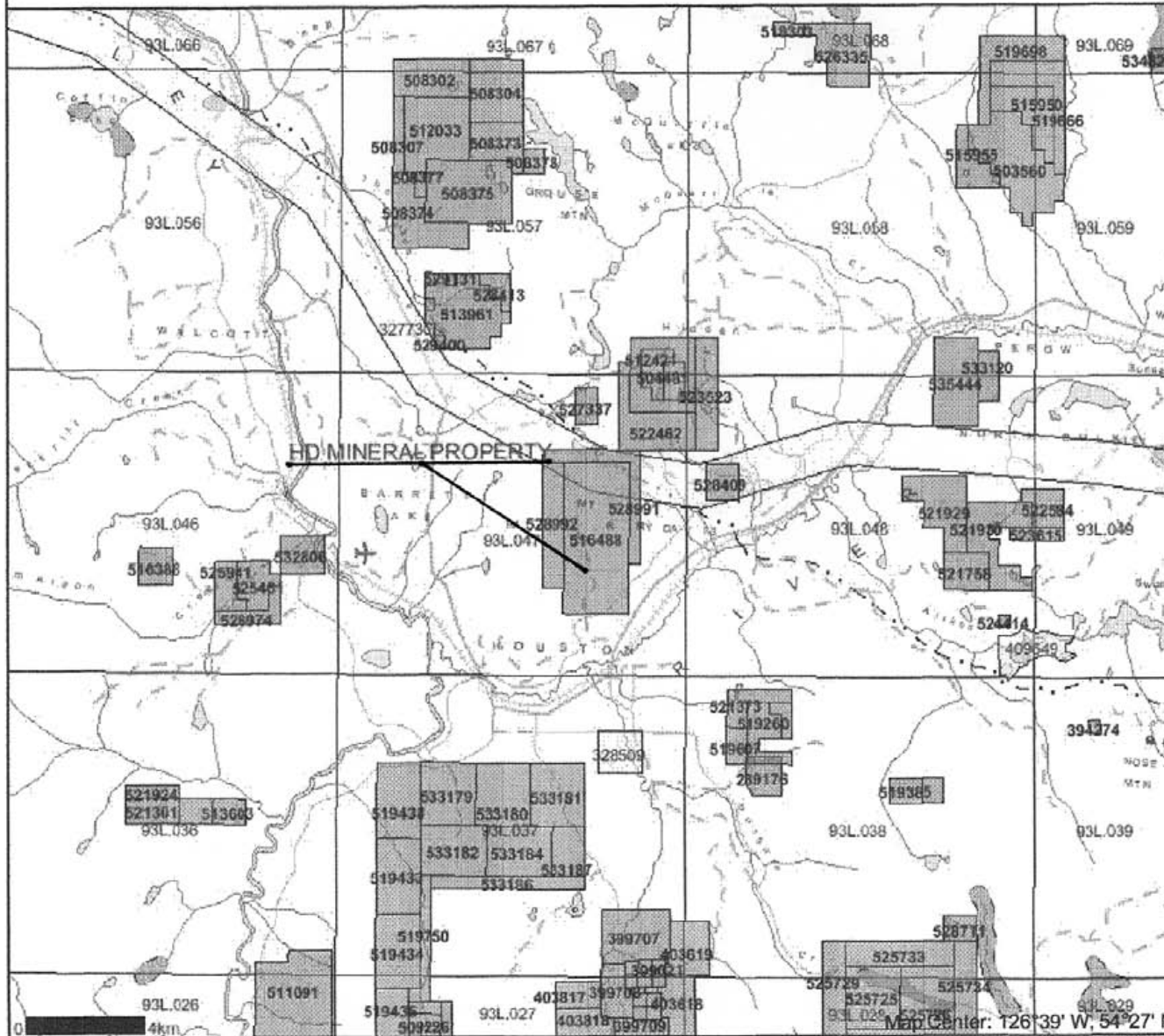
¹ E. A. Swanson, D. F. Strong, J. G. Thurlow, The Buchans Orebodies: Fifty Years of Geology and Mining (The Geological Association of Canada, Special Paper Number 22, 1981, Pg. 130, Plate 2, 15)



MOLL, MERKLEY & MERKLEY			
HD PROPERTY OMINECA MINING DISTRICT, B.C.			
PROPERTY LOCATION MAP			
SCALE: AS SHOWN	DRAWN BY: J.M. HUTTER	DATE: APR. 20, 1999	FIG. 1
NTS: 93L/7E			

Map created Mon Jul 03 01:07:41 PDT 2006

Legend



- Indian Reserves
- National Parks
- Parks
- Mineral Tenures Reserves (Sites)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Mining Divisions
- BCGS Grid
- Annotation (1:250K)
- Transportation - Points (1:250K)
- Airfield
- Anchorage - Seaplane
- Ferry Route
- Helipad
- Seaplane Base
- Air Field
- Airport
- Air Feature - Condition Unknown
- Airport-Abandoned
- Transportation - Lines (1:250K)
- Ferry Route
- Aerial Cableway
- Road (Gravel Undivided) - 1 Lane
- Road (Gravel Undivided) - 3 Lanes
- Road - Paved, lanes 2 or More, Divided
- Road (Paved Undivided) - Not Elevated - 1 Lane
- Road (Paved Undivided) - Not Elevated - 3 Lanes
- Road - Paved, lanes 3 or More, Undivided
- Road (Unimproved)
- Road - Loose access Dry Weather
- Road (Winter Road)
- Road - Paved, lanes 2, Undivided
- Road - Paved, lanes 2, Undivided, U/C
- Road - Paved, Divided, access Non Standard
- Track - Cart/Tractor
- Counesway (Railway)
- Cut (Roadway)
- Trail
- Tunnel
- Bridge
- Rail Line - Narrow Gauge - Single Track
- Rail Line (Multiple Track)
- Rail Line (Single Track)
- Rail Line - Abandoned Track
- Cable - Telephone

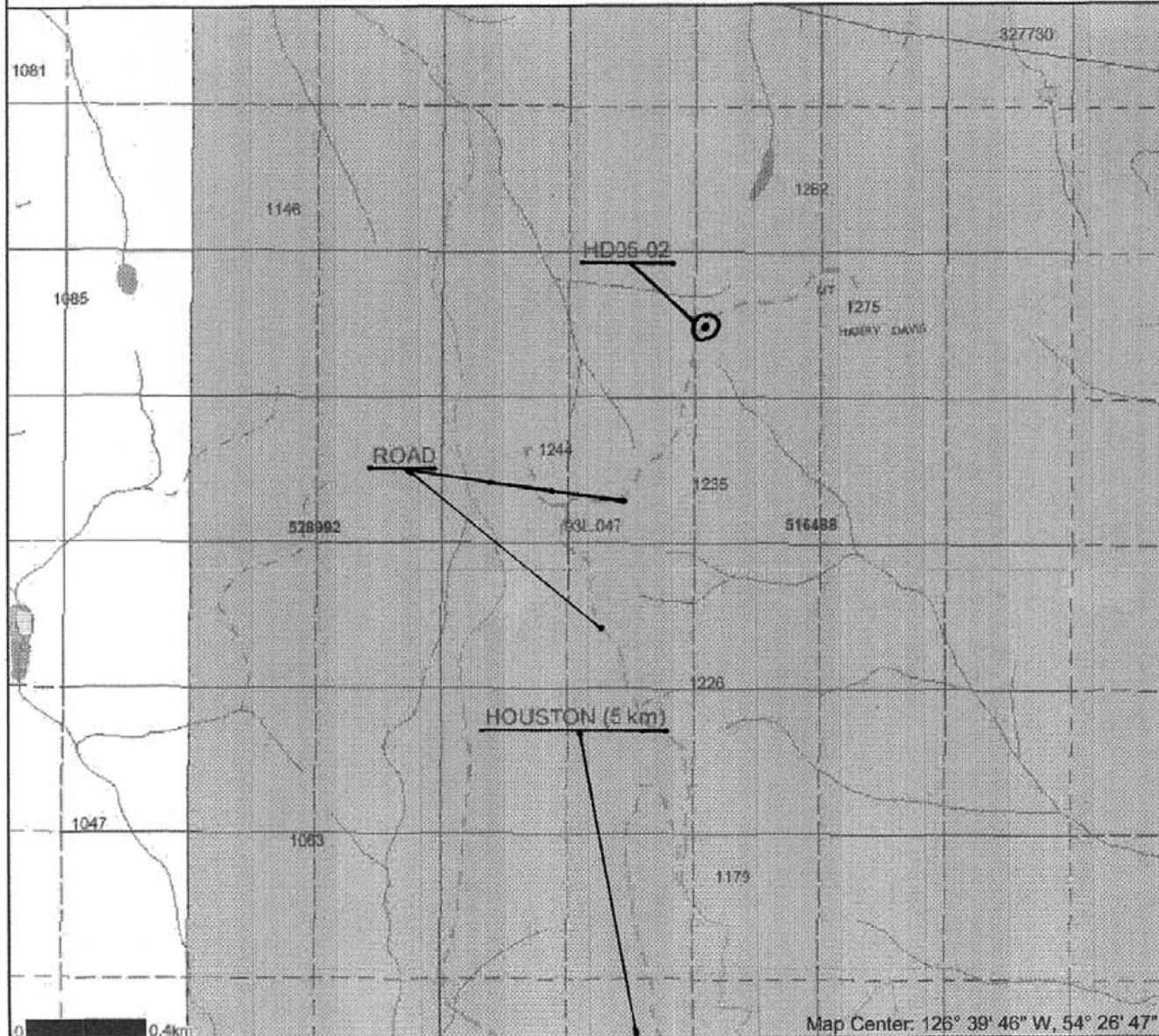
Scale: 1:231,032

DO NOT USE FOR NAVIGATION

Map Center: 126°39' W, 54°27' N

Map created Mon Jul 03 00:56:14 PDT 2006

Legend



- Indian Reserves
- National Parks
- Parks
- Mineral Titles Grid
- Mineral Tenures Reserves (Sites)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surge Restriction
- Recreation Area
- Others
- Mining Divisions
- Integrated Cadastral Fabric
- BCOS Grid
- Annotation (1:25K)
- Transportation - Points (TRM)**
- Heliport
- Transportation - Lines (TRM)**
- Airfield
- Airport
- Airstrip
- Airport-Abandoned
- Ferry Route
- Road (Gravel Undivided) - 1 Lane
- Road (Gravel Undivided) - 2 Lanes
- Road (Gravel Undivided) - U/C - 1 Lane
- Road (Gravel Undivided) - U/C - 2 Lanes
- Road (Paved Divided) - Not Elevated - 1 Line Each Way
- Road (Paved Divided) - Not Elevated - 2 Lines Each Way
- Road (Paved Divided) - U/C - Not Elevated - 2 Lanes Each Way
- Road (Paved Undivided) - Not Elevated - 1 Lane
- Road (Paved Undivided) - Not Elevated - 2 Lanes
- Road (Paved Undivided) - Not Elevated - 4 Lanes
- Road (Paved Undivided) - U/C - Not Elevated - 4 Lanes
- Road (Unimproved)
- Cut (Roadway)
- Embankment/Pit (Roadway)
- Traf
- Bridge - Foot
- Bridge - Trestle
- Tunnel
- Briage
- Rail Line (Double Track)
- Rail Line (Multiple Track)
- Rail Line (Single Track)
- Rail Line - Abandoned Track
- Spur
- Transportation - Airfield (EBM)**

Scale: 1:19,999

DO NOT USE FOR NAVIGATION

DRILL CORE SECTIONS



BLACK MASSIVE SULPHIDE CLASTS IN DACITE OF HANGING WALL



DIAMOND DRILL CORE SECTIONS OF EXHAILITE HORIZON

PART II

TRAIL WORK

LOCATION AND ACCESS:

The HD mineral cells are located on Mount Harry Davis, 5.5 km north of Houston, B. C., in west-central British Columbia.

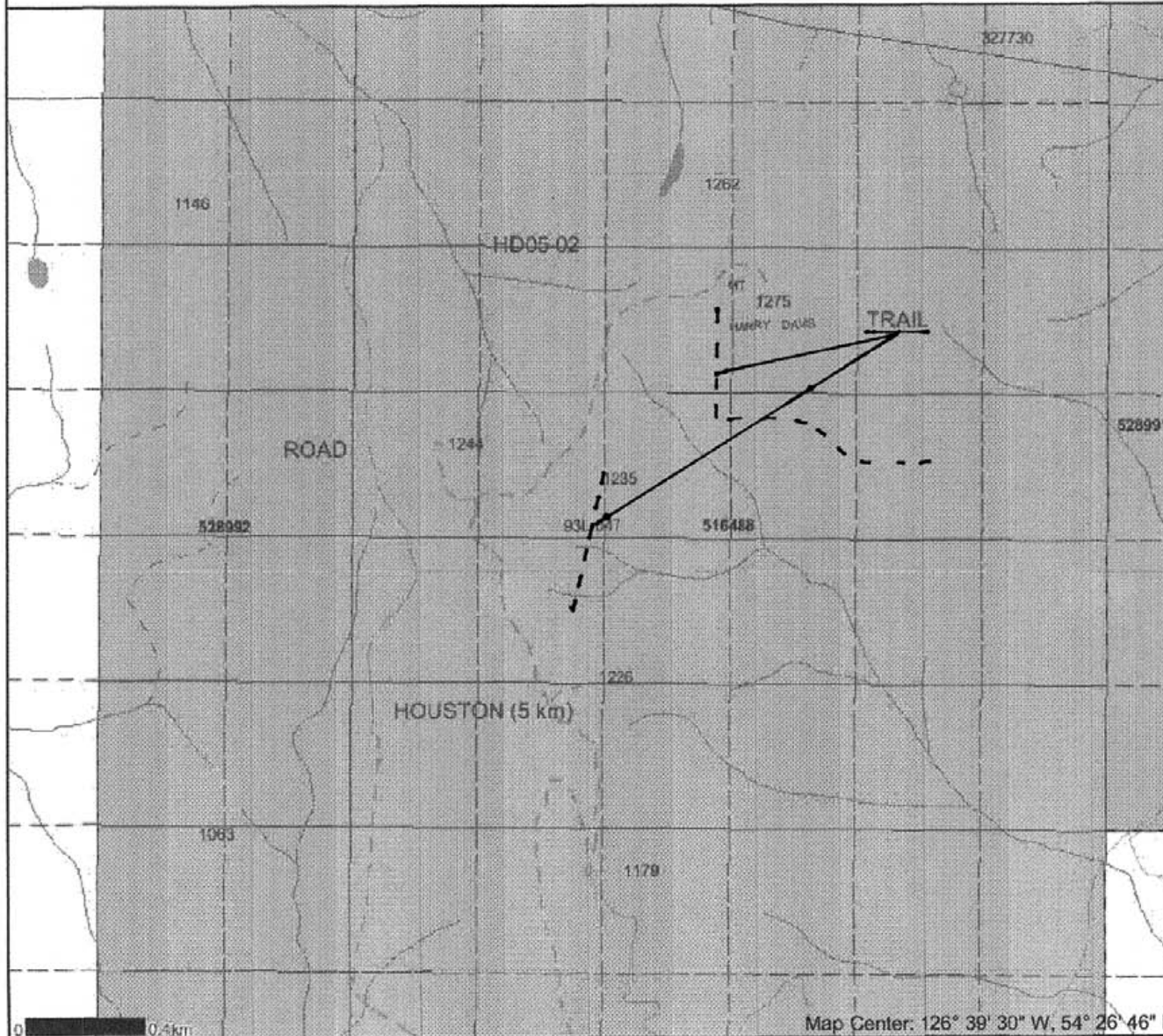
Access to the property is by good road, which departs Highway 16 just east of the village of Houston to join Mt. Davis Way road. The road continues to the crest of the mountain where several exploration roads lead away to the east off the main road. The westerly trail of the two worked on the property is situated near the end of an old exploration road shown on the accompanying map (trail work location map). Access to the road in the eastern sector of the property is provided by the main access road, which provides access to the VOR (visual omnirange) antenna. This road is shown on the accompanying trail work location map.

PROCEDURE:

Three men performed the trail work with two power saws during the fall season of 2005. Two pickup trucks were driven to the nearest locations of the work sites on the main access road; from there, travel was by foot.

Map created Mon Jul 03 00:59:23 PDT 2006

Legend



- Indian Reserves
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- Mineral Tenures Reserves (Sites)
- Placer Claim Designation
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- Conditional Reserve
- Release Required Reserve
- Surface Restriction
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- Hotspot
- Transportation - Lines (TRM)
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- Airport Abandoned
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- Road (Gravel Undivided) - U/C - 1 Lane
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- Road (Paved Divided) - Not Elevated - 1 Lane Each Way
- Road (Paved Divided) - Not Elevated - 2 Lanes Each Way
- Road (Paved Divided) - U/C - Not Elevated - 2 Lanes Each Way
- Road (Paved Undivided) - Not Elevated - 1 Lane
- Road (Paved Undivided) - Not Elevated - 2 Lanes
- Road (Paved Undivided) - Not Elevated - 4 Lanes
- Road (Paved Undivided) - U/C - Not Elevated - 4 Lanes
- Road (Unimproved)
- Cut (Roadway)
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- Bridge - Foot
- Bridge - Trestle
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- Rail Line (Multiple Track)
- Rail Line (Single Track)
- Rail Line - Abandoned Track
- Spur
- Transportation - Airfield (EBM)

Scale: 1:19,999

DO NOT USE FOR NAVIGATION

GEOLOGIST'S QUALIFICATIONS

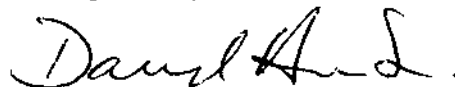
12

AUTHOR'S QUALIFICATIONS

I, Daryl J. Hanson, do hereby certify that:

1. I am a geologist residing at R.R.#1, Quick East Road, Telkwa, B.C.
2. I am a 1971 graduate of the University of British Columbia with a Bachelor of Applied Science in Geological Engineering.
3. I have practised my profession as a geologist for twenty-four years in the fields of exploration, mining and development.
4. I am a member in good standing of the Professional Engineers and Geoscientists of British Columbia.
5. I have no real or beneficial interest in the Silver Ghost mineral claim.
6. I personally examined the core from the program described in this report.

Respectfully submitted,



Daryl J. Hanson, P.Eng.

AUTHOR'S QUALIFICATIONS

I, Daniel Merkley, do hereby certify that:

(1) I am a prospector and reside at 3313 Highway 16 E, Houston, B. C.

(2) I have more than 40 years of prospecting experience

(3) I prepared this report

Respectfully submitted

A handwritten signature in cursive script that reads "Daniel Merkley".

Daniel Merkley

Prospector

STATEMENT OF EXPENDITURES

Pickup truck	2 days X \$50	100.00
Copco drill	2 days X \$35	70.00
Board	2 men X 2 days X \$30	120.00
Mobilization & demobilization		1200.00
Diamond drilling	25 feet @ \$26 per foot	650.00
Water pump	2 days X \$25	50.00
<u>Logging core & Report preparation</u>		<u>530.00</u>
	Subtotal	\$2,720.00
Trail rehabilitation	3 men X 2 days X \$250	1500.00
Power saws	2 saws X 2 days X \$25	100.00
<u>Pickup truck</u>	<u>2 days X \$50</u>	<u>100.00</u>
	Subtotal	\$1700.00
<u>TOTAL EXPENDITURES</u>		<u>\$4,420.00</u>