

# CAPELLA RESOURCES LTD.

**GEOLOGICAL/DIAMOND DRILL REPORT**

on the

**PETER HOPE LAKE PROPERTY**

GEOLOGICAL SURVEY BRANCH  
ASSESSMENT REPORT

28-606

**Nicola Mining Division**

**NTSM092I039**

**RECEIVED**  
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VANCOUVER, B.C.

**Vancouver, B.C. Canada  
October 25, 2006**

**Laurence Sookchoff, P.Eng  
Sookchoff Consultants Inc.**



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

ASSESSMENT REPORT  
TITLE PAGE AND SUMMARY

TITLE OF REPORT (type of survey(s)) <u>GEOLOGICAL/DIAMOND DRILLING</u>		TOTAL COST <u>\$55,302.63</u>
AUTHOR(S) <u>LAURENCE SOOKOCHOFF</u>	SIGNATURE(S)	
NOTICE OF WORK PERMIT NUMBER(S)/DATE(S)		YEAR OF WORK <u>2005/06</u>
STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S) <u>4091090 JULY 7, 2006</u>		
PROPERTY NAME <u>PETER HOPE LAKE</u>		
CLAIM NAME(S) (on which work was done) <u>517605, 513906</u>		
COMMODITIES BOUGHT <u>GOLD, SILVER</u>		
MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN		
MINING DIVISION <u>NICOLA</u>	NTS <u>092I.039</u>	
LATITUDE <u>55° 78' 640" N</u>	LONGITUDE <u>68° 57' 7" E</u>	(at centre of work)
OWNER(S)		
1) <u>LAURENCE SOOKOCHOFF</u> 2)		
MAILING ADDRESS		
<u>120 125A-1030 DENNISON ST</u>		
<u>VANCOUVER, BC V6G 2T6</u>		
OPERATOR(S) (who paid for the work)		
1) <u>CAPELA RESOURCES LTD</u> 2)		
MAILING ADDRESS		
<u>401-850 W HASTINGS ST</u>		
<u>VANCOUVER BC</u>		
PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and altitude):		
<u>NICOLA VOLCANIC GROUP - TRIASSIC QUINCHWA FAULT SYSTEM TO THE WEST INFLUENCES NORTHERLY/NORTHWESTERLY STRUCTURES/SHEAR ZONES ON THE PROPERTY; MINERALIZATION OF GOLD, SILVER, LEAD + ZINC IN QUARTZ VEINS</u>		
REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS <u>AR 24,499; 25,892</u>		

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
<b>GEOLOGICAL (scale, area)</b>			
Ground, mapping _____			
Photo interpretation _____			
<b>GEOPHYSICAL (line-kilometres)</b>			
Ground			
Magnetic _____			
Electromagnetic _____			
Induced Polarization _____			
Radiometric _____			
Seismic _____			
Other _____			
Airborne _____			
<b>GEOCHEMICAL</b>			
(number of samples analysed for ...)			
Soil _____	16	517605	3,000.
Silt _____			
Rock _____		513906	4,000
Other _____			
<b>DRILLING</b>			
(total metres; number of holes, size)			
Core _____	233 m; 4 holes; NQ	513906	43,302.63
Non-core _____			
<b>RELATED TECHNICAL</b>			
Sampling/assaying _____			5,000.
Petrographic _____			
Mineralographic _____			
Metallurgic _____			
<b>PROSPECTING (scale, area)</b>			
<b>PREPARATORY/PHYSICAL</b>			
Line/grid (kilometres) _____			
Topographic/Photogrammetric (scale, area) _____			
Legal surveys (scale, area) _____			
Road, local access (kilometres)/trail _____			
Trench (metres) _____			
Underground dev. (metres) _____			
Other _____			

55,302.63

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*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

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**Introduction**

From July 24, 2005 to January 18, 2006 an exploration program consisting of a localized geological survey and a diamond drill program were completed on the Peter Hope Lake Property. The purpose of the drill program was to test an extensive Ronka EM anomaly correlating with a zone of quartz float material mineralized with significant gold and silver values.

This report describes the nature of, and the results of the work programs, and was prepared as a final requirement for the assessment work applied (Event No. 4091090) on July 7, 2006 to the three claims comprising the Property.

Information for this report was obtained from sources as cited under Selected References and from previous exploration work performed on the property by the writer since 1980.

**Summary**

The Peter Hope Lake Property is located four km southeast of the formerly productive Stump Lake Camp where production from mineralized quartz veins from the Stump Lake Camp reportedly amounted to 77,605 tons averaging a recovered grade of 0.109 oz Au/ton, 3.26 oz Ag/ton, 1.42% Pb and 0.24% Zn. The mineralized quartz veins, which are hosted by shear zones within greenstones of the Nicola volcanics, were explored to a depth of 275 meters and along a strike length of 600 meters and are of irregular width with an alteration zone of up to "15 feet wide".

On the Peter Hope Lake Property ground, exploration work in 1985 on the former CIG 100 claim delineated a northeasterly trending zone of anomalous gold values in the northwest sector of the property where pits and trenches expose barren to lightly mineralized quartz veins. In addition an isolated 420 ppb gold geochem value in the south-central portion of the claim was determined.

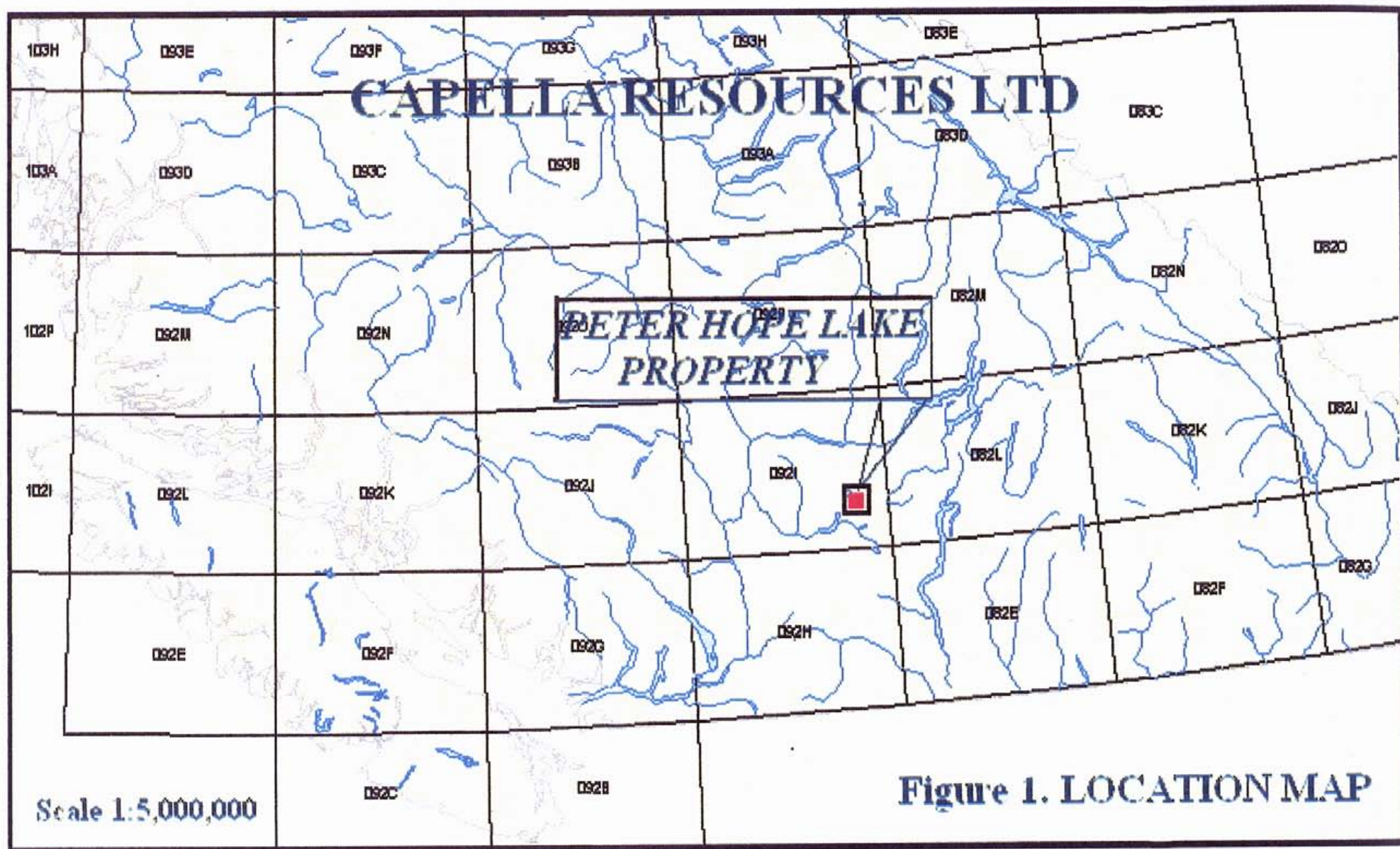
The Peter Hope Lake Property, underlain by the Nicola volcanics, has been intermittently explored since 1985 resulting in the delineation of two indicated northeasterly trending structural zones of anomalous gold values where pits and trenches expose barren to lightly mineralized quartz veins and mineralized quartz vein float material from the Pit Zone assayed up to 1.158 oz Au/t and 55.42 oz Ag/t. The Pit Zone was located from the excavation of pits on a correlative Ronka VLF-EM-soil geochemistry anomaly at the northeastern end of the 200 metre long anomaly. Trenching over additional local VLF-EM and soil geochemical surveys exposed bedrock with minor mineralization. Samples of wall rock with low or moderate carbonate and/or ankerite and/or silica alteration ranged from background to 39 ppb Au.

Structural analyses on the property indicate other northeasterly trending structures in addition to two intermittent ring structures in the unexplored southern portion of the property.

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**Summary (cont'd)**

From 1987 to 2005 localized exploration work has been carried out intermittently on the Zone II showing with a target zone defined for test by diamond drilling. A permit has been received for the diamond drilling.

As a result of the current exploration program, the results of the geological/soil program was that a favourable structure with potentially economic mineralization occurs that may host Enterprise type mineral zones. The results of the diamond drilling program were that a favourable structure exists, however, the mineralization within the structure was very minor.

**Property**

The property consists of three contiguous claim blocks totaling 1238.153 hectares. Particulars are as follows:

Tenure No.	Area (hectares)	Expiry Date
513906	536.542	July 20, 2009
513898.	619.077	July 20, 2009
517605 (Lincoln)	82.534	July 13, 2009

**Location and Access**

The property is located in southwestern British Columbia, forty km northwest of Merritt, northwest of Peter Hope Lake and within five km of Mineral Hill, where production from the Stump Lake Mining Camp occurred.

Access is from the Merritt-Kamloops Highway No. 5 to within three km of the property. A secondary road, the Peter Hope Lake road, junctions off to the east within three km south of Stump Lake and provides access to the property.

**Physiography**

The property is situated at the western edge of the Douglas Plateau, which is within the physiographic area designated as the Interior Plateau of British Columbia. Gentle to moderate slopes prevail with relief in the order of some 200 meters from Peter Hope Creek Valley.

**Water and Power**

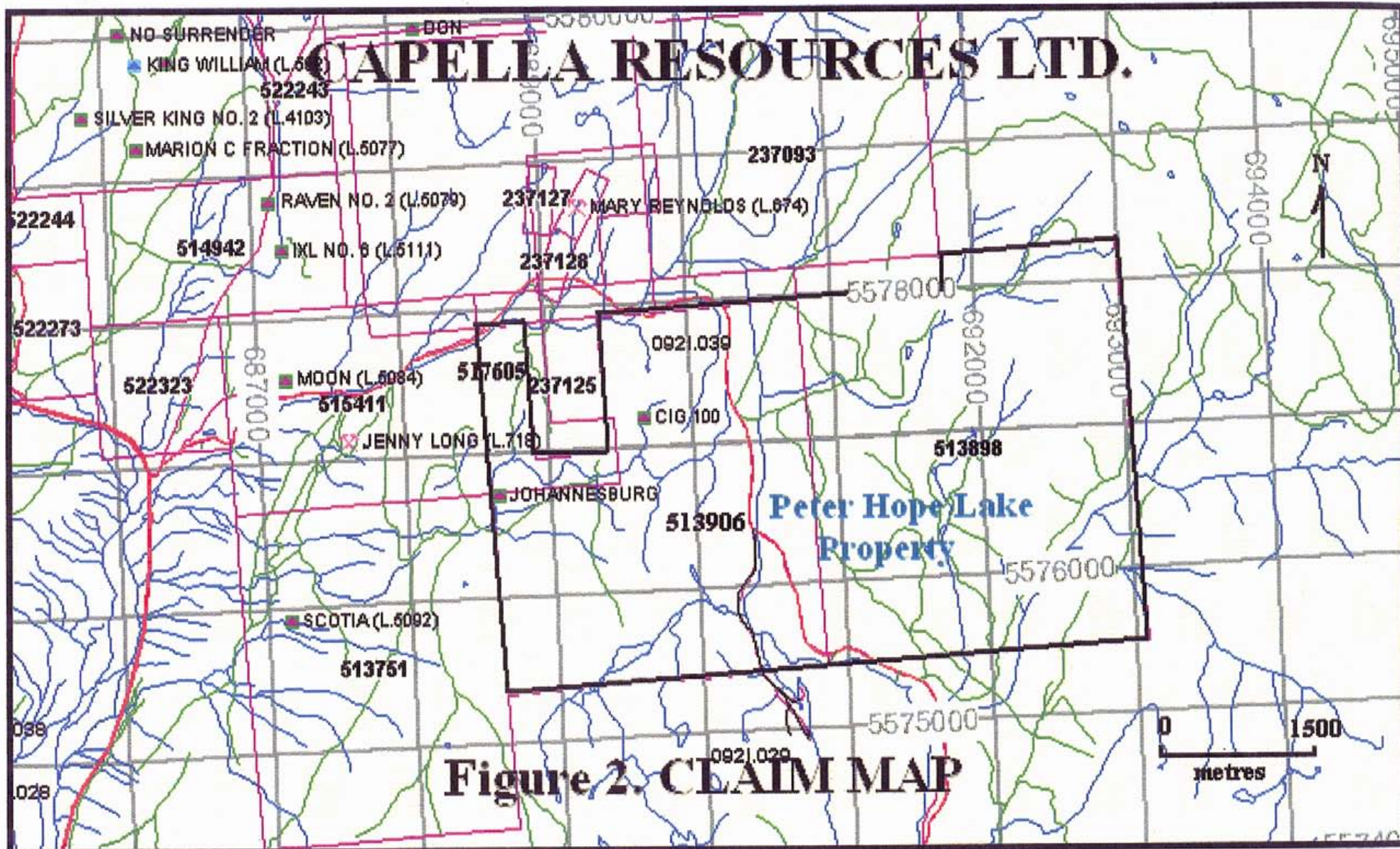
Sufficient water for all phases of the exploration program could be available from Peter Hope Lake northeast to Peter Hope Lake in the southwest. In addition to tributaries of Peter Hope Creek, other watercourses are indicated draining the property.

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**History**

The history of the immediate area stems from the mineral deposits at Mineral Hill located some six km west of the northwestern portion of the Peter Hope Lake Property. Mineralization at Mineral Hill was discovered in 1882 with exploration and shaft development on the Joshua, Tribal Cain, King William Enterprise and Planet claims prior to 1890.

Exploration and development on Mineral Hill was sporadic to 1929 when a mill was built and operated to 1931. From 1939 to 1942, when operations were suspended, some mine development occurred in addition to the rebuilding of the mill. Since 1942 limited exploration was carried out on the various properties of the area.

Production from the Stump Lake camp during the period from 1916 to 1944 and from the Enterprise, King William, Tribal Cain and Joshua Veins is reported as 77,605 tons of ore mined yielding 8,494 ounces of gold, 252,939 ounces of silver, 40,822 pounds of copper, 2,206,555 pounds of lead and 367,869 pounds of zinc or a recovered grade of 0.109 oz Au/ton, 3.26 oz Ag/ton, 0.026% Cu, 1.42% Pb and 0.24% Zn. Other properties in closer proximity to the Peter Hope Lake Property on which exploration was completed include the Mary Reynolds and the Azela within one km east and north.

The Mary Reynolds or the Jean Group was one of the early claims staked in the Stump Lake area and produced a small amount of gold-silver ore. The workings include a "96 foot" deep shaft with a "240 foot" long adit level in addition to numerous other workings exploring a vein system with general characteristics similar to the other Stump Lake deposits.

The Azela is within the Johannesburg camp situated "about 16,000 feet" southeast of the Enterprise Mine and within 100 meters west of the Peter Hope Lake Property. The main showing is a shaft reportedly "78 feet" deep with open cuts and other workings within the claim. Previous exploration work on the ground included that of Aarn Exploration and Development Co. Ltd. when "250 feet" of trenches and two "miles" of road were completed.

On the Peter Hope Lake Property ground, Times Square Energy and Resources Ltd. (name subsequently changed to New Hombre Resources Ltd. then to Capella Resources Ltd., the current operator on the Peter Hope Lake Property) completed localized geological, geophysical and geochemical surveys on the CIG 100 Claim, which is presently, in part, the Peter Hope Lake Property. In 1987, New Hombre Resources Ltd. completed a soil geochemical survey, a VLF-EM survey, a magnetometer survey, a geological survey, and the digging of three test pits (S-1, S-2 & S-3) to examine the soil profile of the southeast gold anomaly.

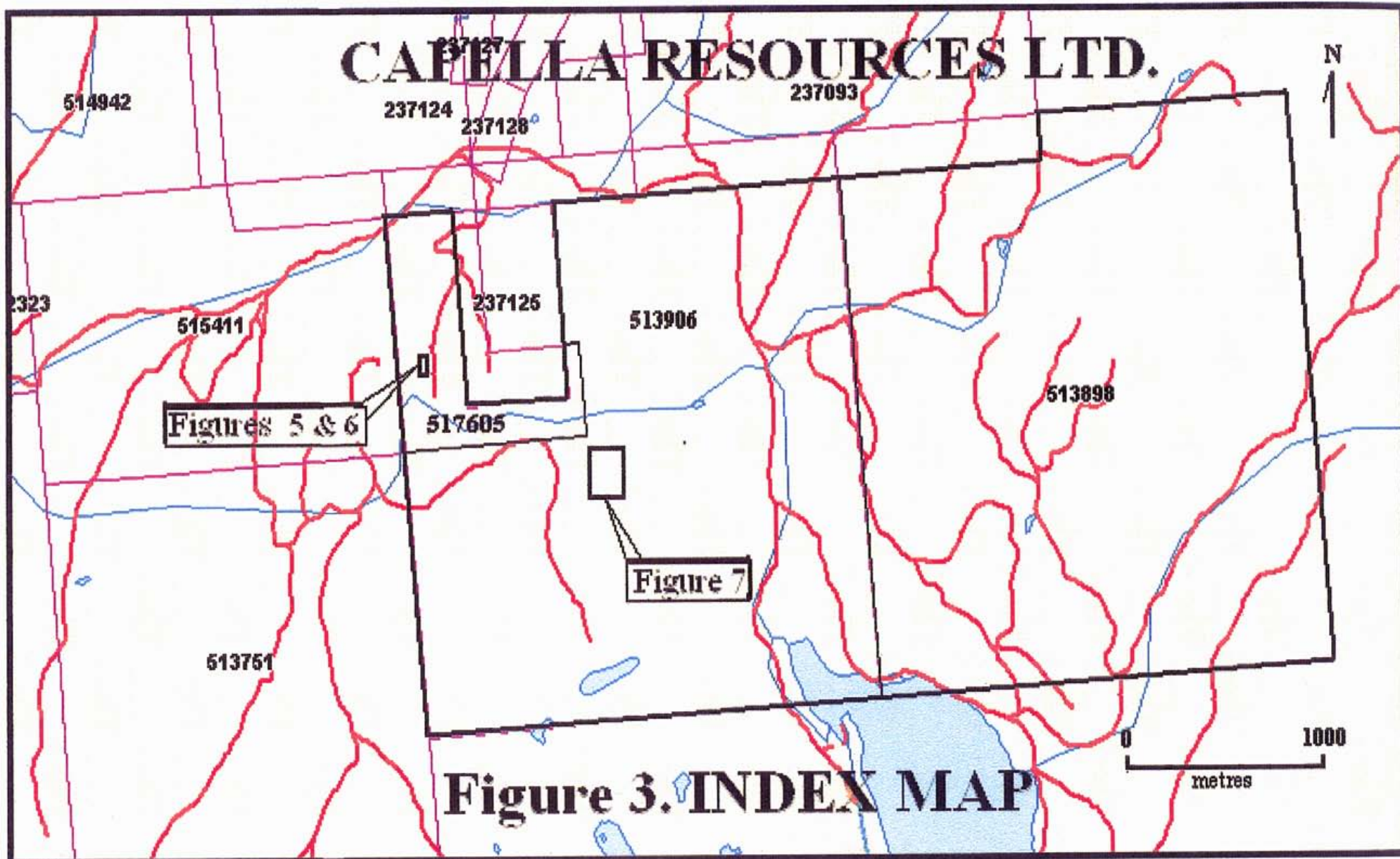
In 1990, a fracture density study was completed on the CIG 100 claim. The Cig 100 claim was allowed to expire in 1992.

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**Figure 3. INDEX MAP**

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**History (cont'd)**

From 1992 to 1995 the CIG 100 ground was originally covered in part by the Spud claim group and subsequently by the WJA claim group, which was owned by Module Resources Incorporated. The only work completed for Module prior to the expiration of the WJA claims in 1995 was some trenching.

The Peter Hope Lake Property was staked in 1995 as seven S claims. Additional claims have been added since then to the present position.

From 1996 to 1999 localized geochemical, geophysical and geological surveys including trenching, were completed over Zone II located within the S claims.

In 1999 and 2000 most of the claims were subjected to a GPS survey to establish their location more accurately.

From 2001 to 2004, localized exploration programs were completed on the property.

In 2006 a localized geological and mapping program was performed on a mineral showing within the western portion of the Tenure 513906 claim.

**Geology**

The regional geology of the area as mapped by W.E. Cockfield and published as map 886 A in G.S.C. Memoir 249 (1947) indicates that the Stump Lake area is underlain by an assemblage of Upper Triassic volcanic flows, pyroclastics and sedimentary units termed the Nicola Group.

In a northerly trending contact with the Nicola the Carboniferous and Permian Cache Creek Group is indicated as occurring at Plateau Lake five km east of the Peter Hope Lake Property. The Cache Creek rocks are shown to rarely outcrop as windows within the Nicola.

In a later geological map published by the GSC from the geological mapping completed by Monger (1980-82) and McMillan (1969-75 and 77-80) of the B.C. Ministry of Energy, Mines and Resources with supplemental information, the location of the Cache Creek rocks is shown as the Nicola Group. The Nicola Group consists of argillite, siltstone, volcanic sandstone and local intercalated tuff. The formation to the west of the contact and underlying the Peter Hope Lake Property is the results of which is the subject of this report indicated as consisting of predominantly volcanics with interbedded argillite. The volcanics consist of augite porphyry and augite-plagioclase porphyry, volcanioclastic breccia and tuff.

Quilchena-Stump Lake fault system defining in part the eastern limit of the Nicola batholith with the Nicola Group. The fault trends through the northeastern portion of Stump Lake, centrally through the Stump Lake camp and two km west of the Peter Hope Lake Property. The major northwest trending Cherry Creek Fault 20 km north of Stump Lake truncates the Quilchena

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**Geology (cont'd)**

In the Stump Lake area and specifically within the area of Mineral Hill where the major development and production was carried out the rocks consist of greenstone of the Nicola Group. The greenstone is an andesitic rock usually fine grained; locally it is coarser-grained and is dioritic to diabasic in texture. Occasional bands of tuff and breccia are included in the formation. The tuff is extremely fine-grained, banded and the breccia contains andesitic fragments up to 10 cm in diameter similar in composition to the matrix.

The greenstones strike 40° to 60° east and dip nearly vertical in the vicinity of the workings. Porphyritic to fine-grained hornblende-andesitic dykes, up to two and one-half meters wide occur in the area. Quartz filled fractures and shear zones strike northerly and dip easterly.

On the Enterprise quartz vein system, stoping was primarily carried out below the 150-foot level with a shaft to the "900 foot" level. The vein is commonly under two feet wide and strikes from 350° and 015° and dips easterly from 40° to 80° with considerable pinching and swelling.

The King William vein does not differ greatly from the Enterprise vein off which it forms a branch however it does reach a width of "nine feet". It joins the Enterprise vein at lower levels and has been drifted out south from its intersection with the Enterprise vein on each of the levels except the 800 foot level.

A shaft develops the Joshua mine to a depth of 755 feet on the dip with the 320-foot drift level continued for "2,160 feet" from the portal to intersect the Joshua vein. The vein follows a fracture and shear zone striking nearly north and dipping 60° east. Below the 400 foot level the dip is stated to be towards the west.

The Planet shaft is about "2,800 feet" southwest of the Enterprise workings. The vein strikes 10° east and dips steeply easterly and is composed of a band of quartz "eight to 18 inches" wide.

At the Azela the occurrence consists of a shear zone six to eight feet wide striking north 015° east and dipping 55° south. Two pits show a vein zone striking north 40° west with a steep northeast dip. In one pit the zone is "three feet" wide with "14 inches" of heavily oxidized country rock carrying bunches of quartz. The cuts show only scanty sulphides.

The Mary Reynolds vein zones strike northeast and dip steeply southwest to northwest. The veins have been traced over "900 feet" by cuts and drill holes. The zones range up to "six feet" wide and carry veins and stringers of quartz mineralized with pyrite, chalcopyrite, galena, zinc blende and tetrahedrite. A fracture zone up to "five feet" wide with stringers of quartz and calcite strikes north 40° E and dips 85° southeast.

On the Peter Hope Lake Property ground, Vollo (1983) states that from air photo interpretation and field examination the flows of the Nicola volcanic rocks strike about N 20° E and dip steeply. In addition minor zones of acid rocks; quartz veining and quartz carbonate alteration were noted.

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**Geology (cont'd)**

Kuran (1985) states that the Peter Hope Lake Property ground is underlain by volcanic rocks which "vary from dark green biotite-hornblende porphyritic flows to pale green, pitted weathering, porphyritic flows with biotite and hornblende phenocrysts altered to chlorite. Two main directions of jointing in the volcanics strike north-northeast to north-northwest and dip vertically."

J. Paxton (1987) reports that the chloritized hornblende-biotite porphyry appears to be an epidotized facies of dark green biotite-hornblende. In addition several zones of pyroclastic breccia were noted. At several locations quartz vein float was also noted.

The trenches that were excavated in the 1998 exploration program revealed typical greenstone with a minor degree of quartz-carbonate stringers and flooding. Sampling of the bedrock exposed by the trenches was warranted.

**Mineralization**

Mineralization on Mineral Hill of the Stump Lake camp is essentially associated with quartz veins, which occur as quartz fillings in shear and fracture zones. The principal quartz veins strike from north 45° west to north 25° east and dip between 45° easterly and vertical.

The quartz is white and vitreous and is mineralized irregularly with sulphides, which include pyrite, galena, sphalerite, tetrahedrite, chalcopyrite and bornite. The sulphides occur in segregations, thin seams and disseminations that make up usually a low proportion of the veins. Gold and silver values are proportional to the amount of sulphides in any one vein.

From results of previous exploration on the Peter Hope Lake Property ground, mineralization is reported to consist of variable sulphides within quartz veins. Samples of wall rock with low to moderate carbonate and/or ankerite and/or silica alteration ranged from background to 39 ppb Au. The quartz vein samples ranged from background values in gold to 1650 ppb Au in Trench II of Zone I to 0.690 oz Au/ton and 14.64 oz Ag/ton at Zone II. The higher-grade gold values were contained in quartz float with light to moderate degrees of pyrite, chalcopyrite and argentite occurring as blebs, pockets and clusters.

**Results of Previous Exploration on the Peter Hope Lake Property Ground**

Exploration work in 1985 on portions of the Peter Hope Lake Property ground delineated a northeasterly trending zone of anomalous gold values in the northwest sector of the property where pits and trenches expose barren to lightly mineralized quartz veins. In addition an isolated 420 ppb gold geochem value in the south-central portion of the claim was determined.

The 1987 exploration program completed by New Hombre Resources Ltd. confirmed the 300 by 400 meter sub-anomalous gold zone (Zone I) in the northwest sector of the property with no additional significant results. However, detailed exploration in the south-central single station gold value of 1985 resulted in the delineation of a 200 by 40 meter sub-anomalous gold zone (Zone II) with soil geochem values of up to 1089 ppb Au.

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**Results of Previous Exploration on the Peter Hope Lake Property Ground (cont'd)**

Three test pits were dug to a maximum depth of 75 cm in order to examine the soil profile of the southeast gold anomaly (4+00S, 7+25W). Pit S-2 is located along the perimeter of a gold soil geochemical anomaly between values of 144 ppb Au and 781 ppb Au. Pit S-1 is located to the west within an area of 17 ppb Au and one ppb Au. Pit S-3 is located near a soil value of 310 ppb Au.

Samples from pit S-2 at 3+85S, 7+35W returned anomalous gold values of up to 1520 ppb Au with increasing values to a depth of 50 cm. The lowest value of 230 ppb Au was from the bottom of the pit. Samples from pits S-1 and S-3 are shallower and returned values of up to 39 ppb Au occurring at the bottom of S-3. Samples of mineralized quartz vein float material in the pit areas assayed up to 0.690 Au/ton and 18.22 oz Au/ton.

The exploration program also delineated a series of magnetometer lows (LO's) correlating with a northeast trending electromagnetic (EM) anomaly which correlates in part to a geochem anomaly and the mineralized quartz vein float material.

The Ronka VLF EM-16 survey completed over the soil gold anomalies of Zone II defined a 350 metre anomaly which bifurcates to the northeast and correlates in part with soil geochem anomalous/sub-anomalous values in gold, a VLF-EM anomaly, and two local magnetometer lows.

The 1996 soil geochemical survey was localized and centred on one of the three pits that were excavated in the 1987 exploration program. A five by 40 metre grid was established with samples picked up at five metre intervals along two east-west grid lines spaced five metres apart and centred on Pit S-3, one of the three 1988 pits. Eight of the 18 samples, all clustered west of line 5W and the pit where the high-grade quartz float (1.158 oz Au/t) was obtained, returned over 400 ppb gold. The central four soil samples ranged from 57 ppb gold to 238 ppb gold and the eastern portion ranging from seven ppb gold to 34 ppb gold. The arsenic values are in a correlative value ratio to the Au values with the copper, lead and zinc values indicating a similar ratio.

The April and May 1998 a trenching program to determine the source of the high-grade gold-silver float material that was obtained from the shallow pits on Zone II was not successful in reaching bedrock

The October 1998 trenching program consisted of two trenches peripheral and to the south of the Zone II showings. The trenches, up to 1.25 metres in depth, exposed greenstone containing occasional stringers and fracture fillings of barren quartz-carbonate.

The 1999 geophysical (VLF-EM) survey to the south of Zone II indicated a weak anomaly - possibly indicating a structure paralleling the Zone II gold bearing structure to the west.

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**Results of Previous Exploration on the Peter Hope Lake Property Ground (cont'd)**

The 2000 lineament array analysis on the adjoining Luna 3 & 4, and the Jackpot 1 & 2 claims, indicated two fault sets trending at 025° to 050° and 305° to 325° as a conjugate fault system. A northerly trending fault set was also indicated which is related to the dominant 025° to 050° set as ladder structures.

The 2000 lineament array analysis on the Tony claim indicated a major northeasterly trending structure in the southwestern sector.

The results of a 2002 exploration program on the S4-S7 mineral claims indicated two weak northeasterly trending VLF-EM anomalies.

The results of a 2002 exploration program on the S1-S4 mineral claims indicated an en-echelon VLF-EM anomaly co-incident with the 1985 Ronka anomaly. A potential correlative mineralized zone was also indicated (Sookochoff, 2002).

The results of the 2005 localized geological program were reported (Sookochoff, 2005) as follows:

The exploration workings are comprised of two shallow shafts, #1 and #2, and a mineralized road cut exposure along the 310° strike of the mineralized zone exposed in both shafts.

Shaft #1 as indicated in Figure 3, located at 0688776E, 5576978N exposes a heavily oxidized zone of silicified quartz breccia and a 15 cm quartz vein within a host rock of light stockwork with occasional disseminated pyrite.

Shaft #2, exposes a comparable quartz breccia zone.

**2006 Exploration Program**

**Diamond Drilling**

Four diamond drill holes for a total of 669 feet were completed. Particulars of the holes are as follows.

Diamond Drill Hole:	PH 05-1
Purpose:	To test a Ronka EM anomaly.
Location:	689,580E 5,576,660N
Azimuth:	120°
Dip:	-55°
Length:	416 feet
Results:	Intersected Nicola Greenstone and Augite Greenstone with intervals of variable propylitic alteration. No significant mineralization was intersected. The highest mineral value was 5.5 ppb Au, 0.2 ppm Ag, and 211.8 ppm Cu.

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**2006 Exploration Program (cont'd)**

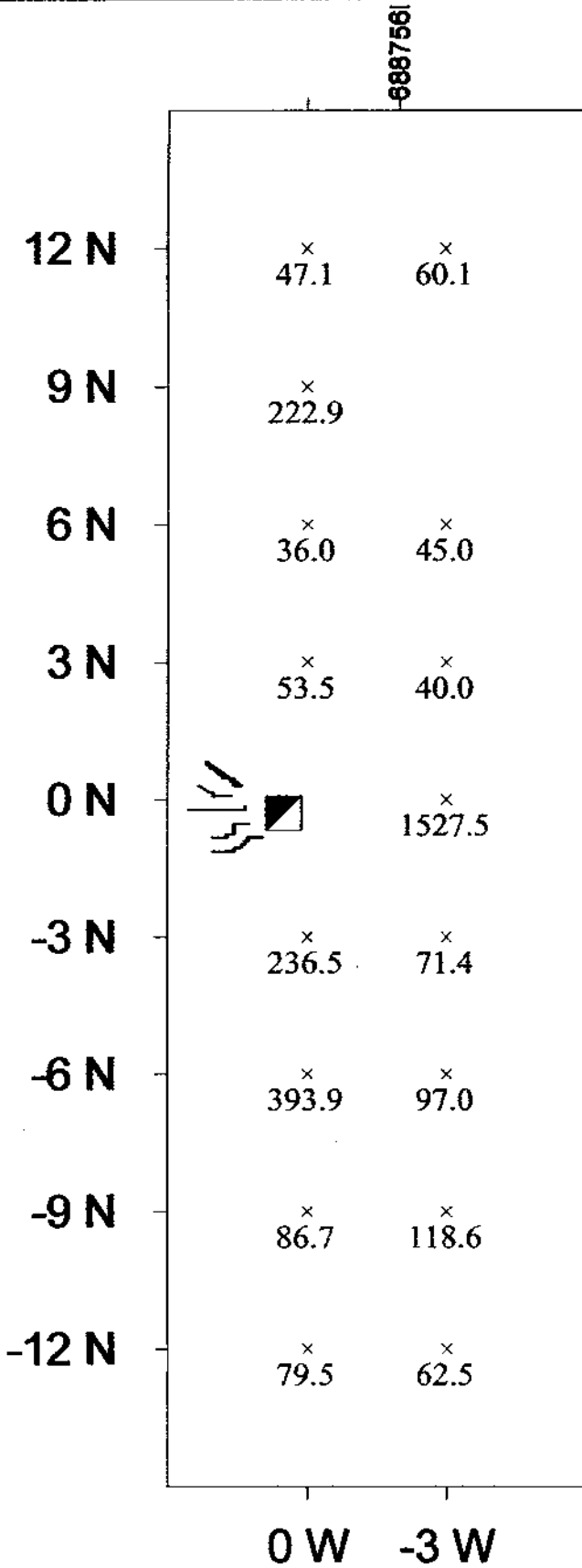
**Diamond Drilling**

Diamond Drill Hole: PH 05-2  
Purpose: To test a Ronka EM anomaly.  
Location: 689,564E 5,576,644N  
Azimuth: 120°  
Dip: -55°  
Length: 250 feet  
Results: Intersected Nicola Greenstone and Augite Greenstone with intervals of variable propylitic alteration. Broken to very broken intervals. No significant mineralization was intersected. The highest mineral value was 37.1ppb Au, 0.7 ppm Ag, and 158.9 ppm Cu.

Diamond Drill Hole: PH 05-3  
Purpose: To test a Ronka EM anomaly.  
Location: 689,643E 5,576,428N  
Azimuth: 300°  
Dip: -55°  
Length: 230 feet  
Results: Intersected Nicola Greenstone and Augite Greenstone with intervals of variable propylitic alteration. No significant mineralization was intersected. The highest mineral value was 620ppb Au, 1.2 ppm Ag, and 105.9 ppm Cu.

Diamond Drill Hole: PH 05-4  
Purpose: To test a Ronka EM anomaly.  
Location: 689,671E 5,576,595N  
Azimuth: 340°  
Dip: -60°  
Length: 225 feet  
Results: Intersected Nicola Greenstone and Augite Greenstone with intervals of variable propylitic alteration. No significant mineralization was intersected. The highest mineral value was 538ppb Au, 193 ppm Ag,

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**LEGEND**

- Shaft
- ⊕ Dump
- + Sample Site
- 60.1 ppm Cu
- 1-9 Grab Samples
- (description in report; assay certificate appended)

5577180N



**Figure 5**

CAPELLA RESOURCES LTD.  
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 Lincoln Shaft Showing

SOIL GEOCHEM VALUES - Cu  
 (ppm)  
 November 2006      Scale: As shown

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**Geological/Soil Program (Figure 5 & 6)**

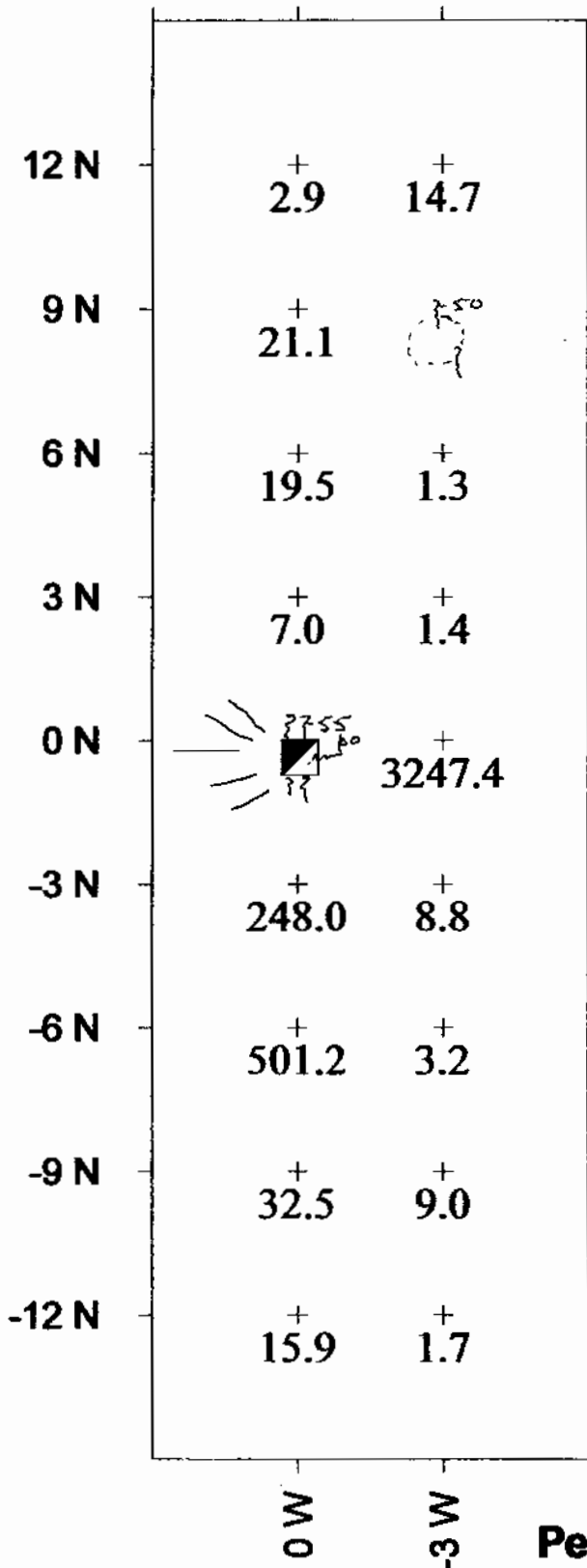
The Lincoln Shaft showing is comprised of a three metre deep shaft excavated in a zone of Nicola Greenstone. The shaft exposes a weathered northerly trending shear zone hosting obscure quartz veins and stringers of unknown widths. As the shaft was almost wholly caved, the shear/quartz zone was not be examined, however, the rocks on the dump were an indication of the shaft material. Nine select grab samples were taken from the dump for an assay analysis. A description of the samples and related assays of copper and gold are reported in the following table. A complete geochemical analysis of the samples is contained in the Geochemical Analysis Certificate attached as Appendix I.

Location.	Sample No	Description	Cu ppm	Pb ppm	Au ppb
Shaft dump	06291	Banded quartz	145.2	432.1	764.4
Shaft dump	06292	Quartz w/pods galena; diss py	820.5	>10000	2714.9
Shaft dump	06293	Composite quartz grabs	1851.3	4800.3	1743.5
Shaft dump	06294	Greenstone; schistose	191.0	30.2	15.5
Shaft dump	06295	Greenstone; mod diss py	253.9	94.8	14.8
Shaft dump	06296	Greenstone; carbonate flooded	137.3	35.7	3.4
Shaft dump	06297	Quartz; splashes amoebic galena	101.0	>10000	1778.8
Shaft dump	06298	Fraqs qtz in greenstone	78.0	209.5	148.8
Shaft dump	06299	Composite quartz grabs	60.3	13.8	825.0

*Sookochoff Consultants Inc.*



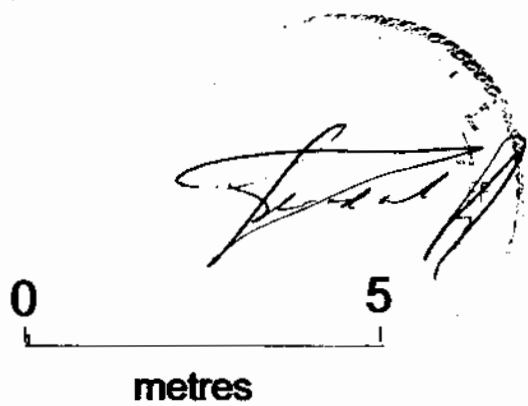
688756E



**LEGEND**

- Shaft
- Dump
- Sample Site
- 14.7 ppb Au**

5577180N



**Figure 6**

**CAPELLA RESOURCES LTD.**  
**Peter Hope Lake Property NTS 0921.039**  
**Lincoln Shaft Showing**

**SOIL GEOCHEM VALUES -Au**  
**(ppb)**

**November 2006**

**Scale: As shown**

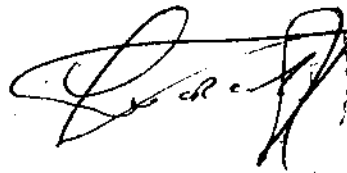
**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

**Conclusions**

The drilling program was successful in that the Ronka EM anomaly was determined as an indication of an easterly dipping structure/shear zone that could host significant mineralization as at the Enterprise to the northwest. However, the Capella shear zone tested, is void of any mineralization that may be an indication of potentially economic proximal mineral zones.

The geological/soil program indicated an easterly dipping shear zone hosting quartz veins mineralized with significant mineral values. The soil samples indicated the highest values adjacent to the shaft which may be contamination from the shaft material. The soil values are indicated to minimize to the north and south possibly indicating a depletion of mineralization in the particular direction. However, the shear zone hosting mineral zones may trend northerly and southerly but not detectable by the localized soil survey. Additional exploration is recommended to determine the potential for mineral zones along the trend, or parallel to the known zone.

Respectfully submitted  
Sookochoff Consultants Inc.



Laurence Sookochoff, P.Eng.

Vancouver, BC

**Sookochoff Consultants Inc.**

October 25, 2006

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**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

**Peter Hope Lake Property**  
**Statement of Costs**

The fieldwork for the Peter Hope Lake Property assessment was carried out between July 24, 2005 and January 18, 2006 to the value as follows:

Diamond drill costs (Delorme Drilling)	
DH PH 05-1 to 05-4 (1,121 feet) and associated costs	\$ 32,096.00
(October 12, 2005 to December 10, 2005)	
Geological (July 24, 2005 to September 24, 2005),	
management & supervision: 20 days @ \$550.00/day	11,000.00
Expenses:	
Auto & SUV rental, motel, & related expenses:	4,495.74
Assays:	2,710.89
Report & associated costs	<u>5,000.00</u>
	\$ 55,302.63
	<hr/> <hr/>

**Sookochoff Consultants Inc.**

October 25, 2006

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**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

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***Sookochoff Consultants Inc.***

**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

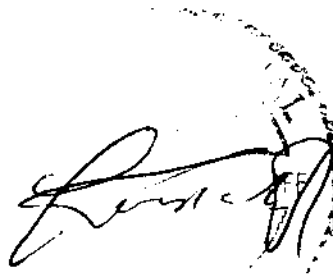
**Certificate**

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist and principal of Sookochoff Consultants Inc. with offices at 1323-1325 Homer Street, Vancouver, BC V6G 2M6.

I, Laurence Sookochoff, further certify that:

- 1) I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.
- 2) I have been practicing my profession for the past forty years.
- 3) I am registered and in good standing with the Association of Professional Engineers and Geoscientists of British Columbia.
- 4) The information for this report is based on the author's exploration work as reported on herein, as itemized in the Selected Reference section of this report, and from work the writer has completed on the Peter Hope Lake Property ground since 1980.



Laurence Sookochoff, P. Eng.

Vancouver, BC

**Sookochoff Consultants Inc.**

October 25, 2006

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**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

Appendix I  
ASSAY CERTIFICATES

**Sookochoff Consultants Inc.**

October 25, 2006

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GEOCHEMICAL ANALYSIS CERTIFICATE



Sookochoff Consultants Inc. File # A508100

604 - 1176 Burnaby Street, Vancouver BC V6E 1P1 Submitted by: Larry Sookochoff

SAMPLE#	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Hg	Sc	Tl	S	Ga	Se
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppm	ppm	ppm	%	ppm	ppm
G-1	.1	2.4	2.5	48	<.1	3.8	4.9	574	2.02	<.5	3.1	.7	5.7	55	<.1	<.1	.1	40	.56	.083	7	7.1	.65	216	.135	<.1	.98	.062	.50	.1	<.01	2.2	.3	<.05	5	<.5
58406	.6	105.9	29.9	257	.6	24.6	21.4	1380	3.98	17.1	.1	30.7	.1	166	.8	2.0	.5	55	7.40	.115	2	26.3	2.83	85	.036	3	.80	.007	.35	.1	.07	9.5	.1	.48	2	<.5
58407	.3	29.3	8.8	105	<.1	35.6	24.2	1002	4.28	1.0	.1	2.0	.1	132	.1	.9	.1	112	4.23	.142	2	73.9	2.95	332	.111	<.1	2.26	.013	.38	.1	<.01	11.8	.1	<.05	5	<.5
58408	.3	19.8	7.3	71	.2	36.4	25.9	1351	5.35	128.0	.1	70.8	.2	147	.3	1.9	.1	117	5.52	.145	3	56.9	2.79	83	.035	1	1.90	.007	.54	.4	.01	15.6	.2	.70	5	<.5
58409	.2	51.8	9.9	82	1.2	31.0	25.6	1839	4.93	340.3	<.1	620.2	.1	230	.8	8.0	.4	44	6.68	.132	2	16.3	2.57	57	.008	3	.63	.005	.41	.6	.04	13.3	.1	2.25	1	<.5
58410	.2	38.2	1.4	73	<.1	38.7	26.1	1052	4.00	1.7	.1	3.2	.1	124	<.1	.3	<.1	108	4.32	.133	1	84.9	2.95	78	.165	2	2.53	.011	.40	.1	<.01	5.6	<.1	<.05	7	<.5
58411	.3	57.4	2.8	67	.2	33.5	25.6	1347	4.93	2.6	.1	5.6	.2	231	.1	.7	<.1	85	6.45	.130	3	45.0	2.96	145	.029	<.1	1.26	.010	.42	.1	<.01	11.2	.1	.09	3	<.5
58412	.6	114.6	93.1	1570	4.2	37.0	26.6	1661	5.10	613.9	.1	538.8	.1	142	31.8	2.5	.2	79	5.68	.121	2	33.8	2.27	37	.013	1	.64	.004	.33	.9	.38	13.4	.2	1.61	2	<.5
58413	.4	72.3	37.5	193	1.9	18.8	20.6	1393	4.27	157.4	.1	129.0	.1	235	2.9	3.2	.1	44	5.98	.136	1	10.4	2.43	71	.003	4	.54	.005	.37	.3	.09	11.7	.1	.81	1	<.5
STANDARD DS6	11.4	121.7	29.0	141	.3	25.1	10.6	686	2.81	20.9	6.4	45.3	2.6	40	6.0	3.0	4.9	56	.82	.078	13	186.7	.56	165	.082	17	1.91	.073	.16	3.4	.23	3.2	1.8	<.05	6	4.1

GROUP 1DX - 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-MS.  
(>) CONCENTRATION EXCEEDS UPPER LIMITS. SOME MINERALS MAY BE PARTIALLY ATTACKED. REFRACTORY AND GRAPHITIC SAMPLES CAN LIMIT AU SOLUBILITY.  
- SAMPLE TYPE: Drill Core R150

Data by FA \_\_\_\_\_ DATE RECEIVED: DEC 16 2005 DATE REPORT MAILED: Jan 6/06





GEOCHEMICAL ANALYSIS CERTIFICATE



Sookochoff Consultants Inc. PROJECT S Claims File # A503215

604 - 1176 Burnaby Street, Vancouver BC V6E 1P1 Submitted by: Larry Sookochoff

SAMPLE#	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Au*
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppb
006881	<1	100	<3	64	<.3	32	21	671	3.50	<2	<8	<2	2	64	<.5	3	6	182	1.72	.150	1	74	2.45	281	.23	3	2.65	.09	2.24	<2	.8
006882	22	67	306	616	7.9	4	3	378	1.44	21	<8	<2	<2	23	18.6	22	4	10	1.26	.012	<1	19	.54	199	<.01	<3	.11	.01	.07	<2	566.5
006883	48	36	483	119	10.7	2	<1	20	1.31	20	<8	<2	<2	3	<.5	21	10	6	.02	.008	<1	11	.02	22	<.01	<3	.12	<.01	.08	26	618.1
006884	5	106	49	308	.8	12	12	1108	2.84	70	<8	<2	<2	67	13.8	41	7	34	4.08	.058	<1	12	1.44	117	<.01	<3	.36	<.01	.25	2	62.3
006885	2	56	108	64	5.4	4	2	102	1.72	41	<8	<2	<2	15	1.5	12	6	4	.16	.028	<1	12	.02	194	<.01	<3	.07	<.01	.09	>100	235.1
006886	19	742	3000	374	>100	2	1	26	2.25	257	<8	3	2	16	9.1	995	39	9	.02	.010	<1	22	.01	732	<.01	<3	.04	<.01	.02	17	1409.1
006887	2	64	58	118	1.5	7	10	1103	2.47	13	<8	<2	<2	145	<.5	32	<3	25	4.92	.010	2	10	.99	1290	<.01	4	.09	.01	.02	7	34.8
006888	1	6	8	103	.5	4	24	1672	5.57	<2	18	<2	<2	70	<.5	<3	6	101	1.41	.046	1	9	1.43	51	.12	<3	3.11	.34	.15	<2	4.6
STANDARD DS6/AU-R	13	119	27	139	<.3	24	10	679	2.83	22	<8	<2	3	41	5.3	4	6	56	.83	.074	14	186	.58	160	.08	17	1.89	.08	.17	3	453.2

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.  
 (>) CONCENTRATION EXCEEDS UPPER LIMITS. SOME MINERALS MAY BE PARTIALLY ATTACKED. REFRACTORY AND GRAPHITIC SAMPLES CAN LIMIT AU SOLUBILITY.  
 AU\* GROUP 3A - IGNITED, ACID LEACHED, ANALYZED BY ICP-MS. (15 GM)  
 ASSAY RECOMMENDED FOR ROCK AND CORE SAMPLES IF CU PB ZN AS > 1%, AG > 30 PPM & AU > 1000 PPB  
 - SAMPLE TYPE: ROCK R150

Data FA DATE RECEIVED: JUL 7 2005 DATE REPORT MAILED: July 23/05





GEOCHEMICAL ANALYSIS CERTIFICATE



Sookchoff Consultants Inc. PROJECT Peter Hope File # A507276

604 - 1176 Burnaby Street, Vancouver BC V6E 1P1 Submitted by: Larry Sookchoff

SAMPLE#	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Hg	Sc	Tl	S	Ga	Se
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	%	ppm	%	%	%	%	%	ppm	ppm	ppm	ppm	%	ppm	ppm
68401	1.1	93.3	1.6	80	<.1	11.0	16.5	764	3.47	3.5	.9	5.5	.3	70	.1	.3	<.1	115	1.94	.143	2	23.3	1.66	30	.082	<1	1.66	.026	.26	.3	.01	4.4	.1	.10	8	<.5
68402	4.1	89.8	3.5	72	.7	26.9	26.0	1319	4.39	49.0	.1	37.1	.1	305	.4	.5	.1	70	5.32	.136	2	33.0	2.65	60	.013	3	.98	.005	.44	.1	.01	13.3	.1	.73	2	<.5
68403	1.2	137.5	2.6	41	.2	19.2	20.5	850	3.73	26.0	.1	15.8	.1	198	.1	10.2	<.1	80	4.27	.144	1	10.2	2.03	175	.013	6	.54	.006	.46	.3	.10	12.1	.1	.40	1	<.5
68404	.6	128.4	5.1	69	.7	17.7	19.9	983	3.88	34.8	.1	25.9	.2	200	.8	28.6	<.1	69	5.30	.141	1	8.2	2.17	152	.005	5	.46	.004	.38	.6	.27	13.3	.1	.29	1	<.5
68405	.8	158.9	3.3	57	<.1	18.9	19.2	1074	4.17	2.4	.2	7.8	.3	104	.2	4.2	<.1	122	3.68	.161	3	21.8	2.28	217	.049	7	1.41	.009	.69	.3	.05	14.6	.2	.08	4	<.5
A179948	2.4	175.8	1.1	63	<.1	16.4	25.8	973	4.01	3.1	.5	5.6	.1	105	.1	.6	<.1	133	4.37	.198	1	44.2	2.07	29	.125	1	2.18	.011	.48	.2	.01	6.4	.1	.11	6	<.5
A179949	.6	211.8	1.4	63	<.1	33.2	23.1	1284	4.38	2.5	.3	5.1	.2	252	.1	.6	<.1	162	7.19	.142	2	134.7	2.32	33	.083	14	2.23	.011	.56	.2	.01	13.5	.1	.13	8	<.5
A179950	.5	31.9	.9	83	<.1	19.9	34.1	864	4.88	2.9	.1	5.9	.2	126	<.1	.7	<.1	144	2.50	.169	1	52.1	2.82	128	.119	1	2.46	.010	.22	.2	.01	7.5	<.1	<.05	8	<.5
STANDARD	11.6	126.1	28.8	144	.3	25.8	11.2	711	2.87	21.1	6.5	47.0	2.8	38	6.0	2.8	4.9	55	.87	.080	12	185.9	.59	163	.077	16	1.93	.074	.13	3.5	.23	3.1	1.7	<.05	6	4.1

Standard is STANDARD DS6.

GROUP 1DX - 15.0 GM SAMPLE LEACHED WITH 90 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR, DILUTED TO 300 ML, ANALYSED BY ICP-MS.

(>) CONCENTRATION EXCEEDS UPPER LIMITS. SOME MINERALS MAY BE PARTIALLY ATTACKED. REFRACTORY AND GRAPHITIC SAMPLES CAN LIMIT AU SOLUBILITY.

- SAMPLE TYPE: Drill Core R150

Data h FA

DATE RECEIVED: NOV 10 2005

DATE REPORT MAILED: Dec 5/05





WHOLE ROCK ICP ANALYSIS



Sookochoff Consultants Inc. PROJECT PH File # A506671

604 - 1176 Burnaby Street, Vancouver BC V6C 1P1 Submitted by: Laurence Sookochoff

SAMPLE#	SiO2	Al2O3	Fe2O3	MgO	CaO	Na2O	K2O	TiO2	P2O5	MnO	Cr2O3	Ni	Sc	LOI	TOT/C	TOT/S	SUM
	%	%	%	%	%	%	%	%	%	%	%	ppm	ppm	%	%	%	%
A179940	44.82	13.40	8.19	5.29	8.96	.11	4.39	.47	.31	.19	.021	88	28	14.2	3.79	3.96	100.37
A179941	89.17	1.38	3.49	.64	1.85	.04	.43	.05	.04	.08	.003	<5	3	2.8	.68	.74	99.98
A179942	45.08	15.92	10.05	5.33	13.23	2.93	.88	.72	.53	.16	.011	33	30	5.7	1.12	.01	100.55
A179943	59.16	16.39	7.57	3.29	5.91	2.67	1.88	.82	.26	.07	.006	29	20	2.5	.29	.05	100.53
A179944	91.63	.37	3.63	.07	.18	.02	.10	.01	<.01	.01	.006	25	<1	2.6	.05	3.36	98.63
A179945	76.77	.51	11.21	.06	.05	<.01	.17	.01	<.01	<.01	.002	8	<1	7.1	.02	9.99	95.89
A179946	82.35	.48	10.45	.06	.04	.02	.14	.01	<.01	<.01	.003	5	<1	5.4	.01	8.45	98.97
A179947	82.50	.81	9.50	.12	.07	.01	.25	.02	.05	<.01	.003	7	1	5.3	.01	7.45	98.64
6289	25.00	7.69	6.58	2.86	31.45	.24	2.00	.36	.46	.22	.007	23	16	23.2	6.53	.06	100.08
6290	91.43	1.33	1.91	.58	1.23	<.01	.43	.05	.05	.11	.003	7	2	2.0	.53	.77	99.13
6291	88.20	.92	3.38	1.14	2.20	<.01	.29	.04	.05	.10	.003	10	2	3.7	.97	1.97	100.03
6292	82.49	2.28	3.04	1.52	3.33	.01	.74	.09	.17	.21	.004	20	4	4.7	1.61	1.79	98.59
6293	85.34	1.57	2.66	.90	1.78	<.01	.50	.06	.05	.15	.003	<5	2	4.1	1.13	.87	97.11
6294	49.46	15.01	10.43	4.69	10.60	3.31	2.02	.73	.69	.17	.007	24	25	3.4	.71	.27	100.52
6295	40.85	14.18	8.15	3.59	16.86	2.56	2.81	.61	.57	.20	.008	76	23	10.1	2.79	.11	100.50
6296	40.52	13.19	7.72	3.38	19.42	2.54	1.88	.56	.60	.20	.007	11	21	10.4	2.83	.01	100.43
RE 6296	40.48	13.13	7.77	3.38	19.57	2.52	1.89	.56	.60	.20	.008	17	21	10.3	2.89	.02	100.42
6297	94.83	1.02	2.28	.07	.17	.03	.30	.03	.02	.01	.003	<5	2	1.1	.10	.68	99.87
6298	50.12	4.61	4.77	6.73	13.37	.02	1.30	.22	.09	.09	.005	47	8	18.8	5.48	.40	100.14
6299	64.33	5.39	5.98	3.35	8.06	.09	1.43	.29	.14	.15	.006	13	14	11.0	3.11	.92	100.22
6300	62.72	2.73	4.74	5.12	9.65	<.01	.71	.13	.04	.13	.004	21	7	13.2	4.07	1.34	99.18
STANDARD SO-18/CSB	59.00	14.24	7.53	3.27	6.24	3.66	2.17	.67	.82	.38	.548	55	24	1.9	2.39	5.37	100.44

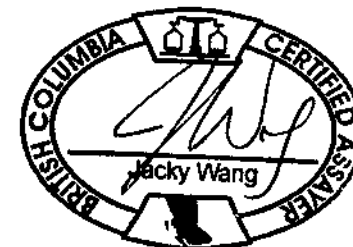
GROUP 4A - 0.200 GM SAMPLE BY LIBOZ FUSION, ANALYSIS BY ICP-ES. (LIBOZ FUSION MAY NOT BE SUITABLE FOR MASSIVE SULFIDE SAMPLES.)  
LOI BY LOSS ON IGNITION. TOTAL C & S BY LECO. (NOT INCLUDED IN THE SUM)

- SAMPLE TYPE: ROCK R150 Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.

Data 1 FA     

DATE RECEIVED: OCT 20 2005

DATE REPORT MAILED: Nov 15 / 2005



**Capella Resources Ltd.**  
*Geological/Diamond Drill Report*  
*Peter Hope Lake Property*

Appendix II

DIAMOND DRILL LOGS

(PH 05-1 to PH 05-2)

**Sookochoff Consultants Inc.**

October 25, 2006

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**Capella Resources Ltd.**  
**Geological/Diamond Drill Report**  
**Peter Hope Lake Property**

**Appendix III**

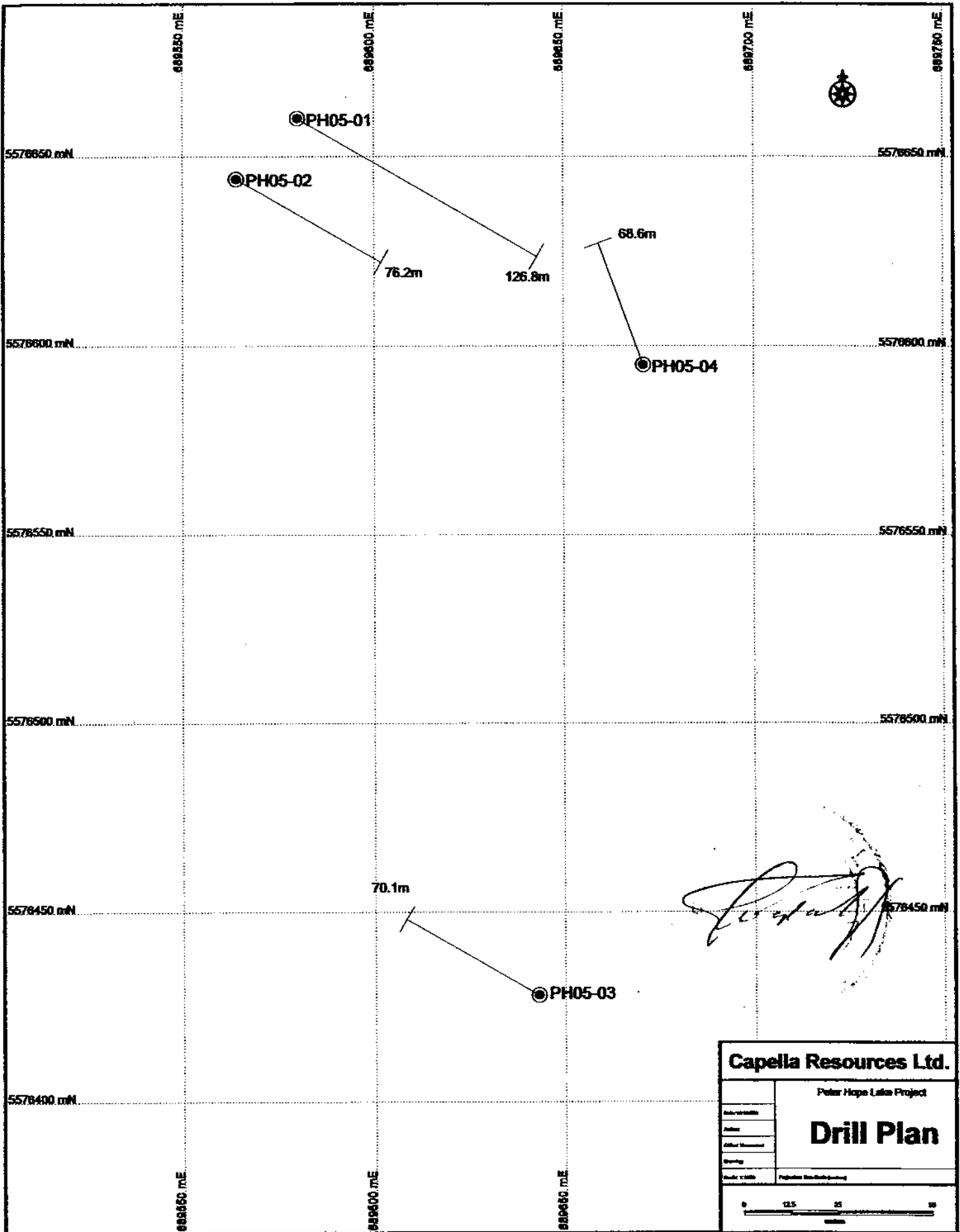
**DIAMOND DRILL MAPS & SECTIONS**

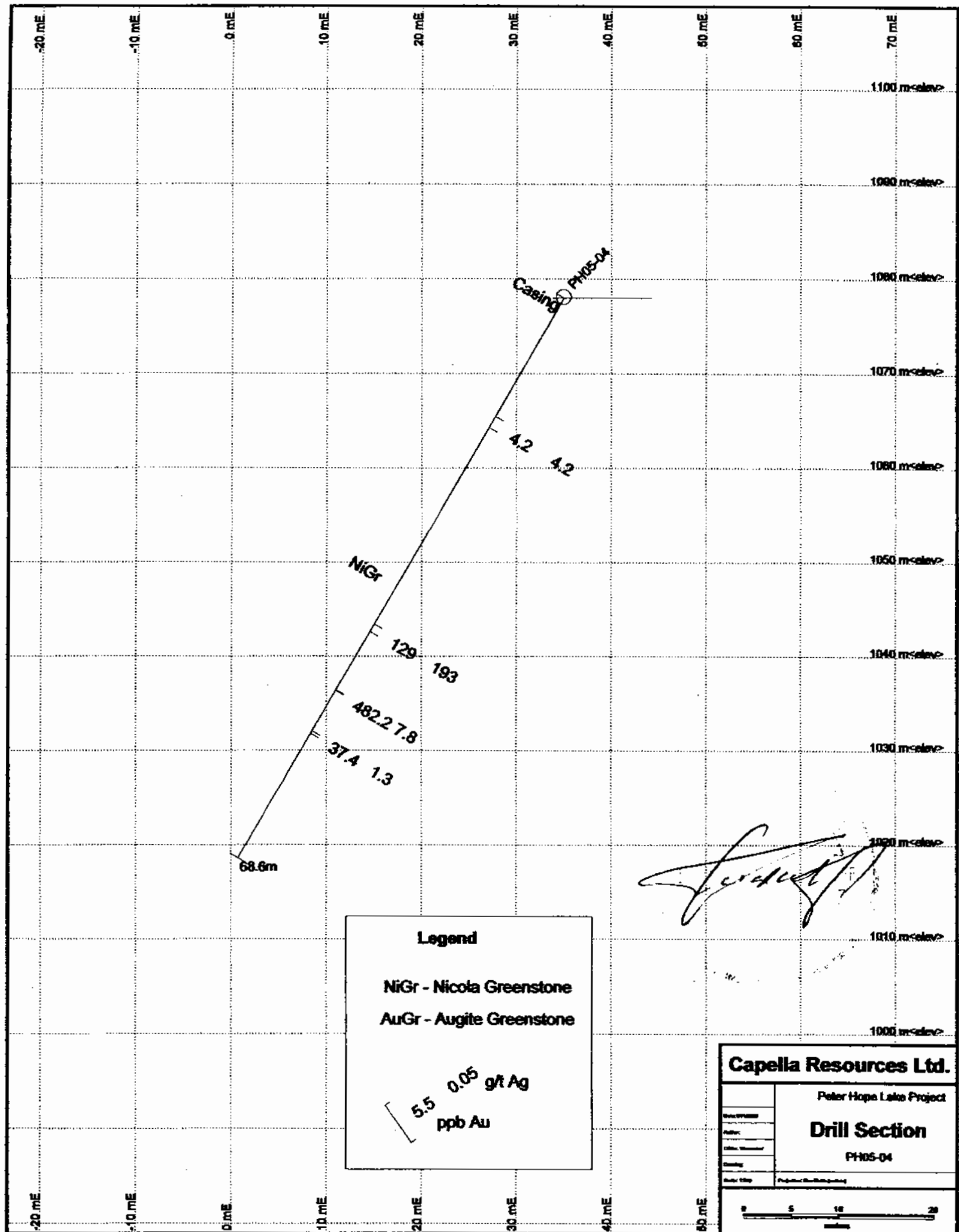
**(PH 05-1 to PH 05-2)**

**Sookochoff Consultants Inc.**

**October 25, 2006**

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**Legend**

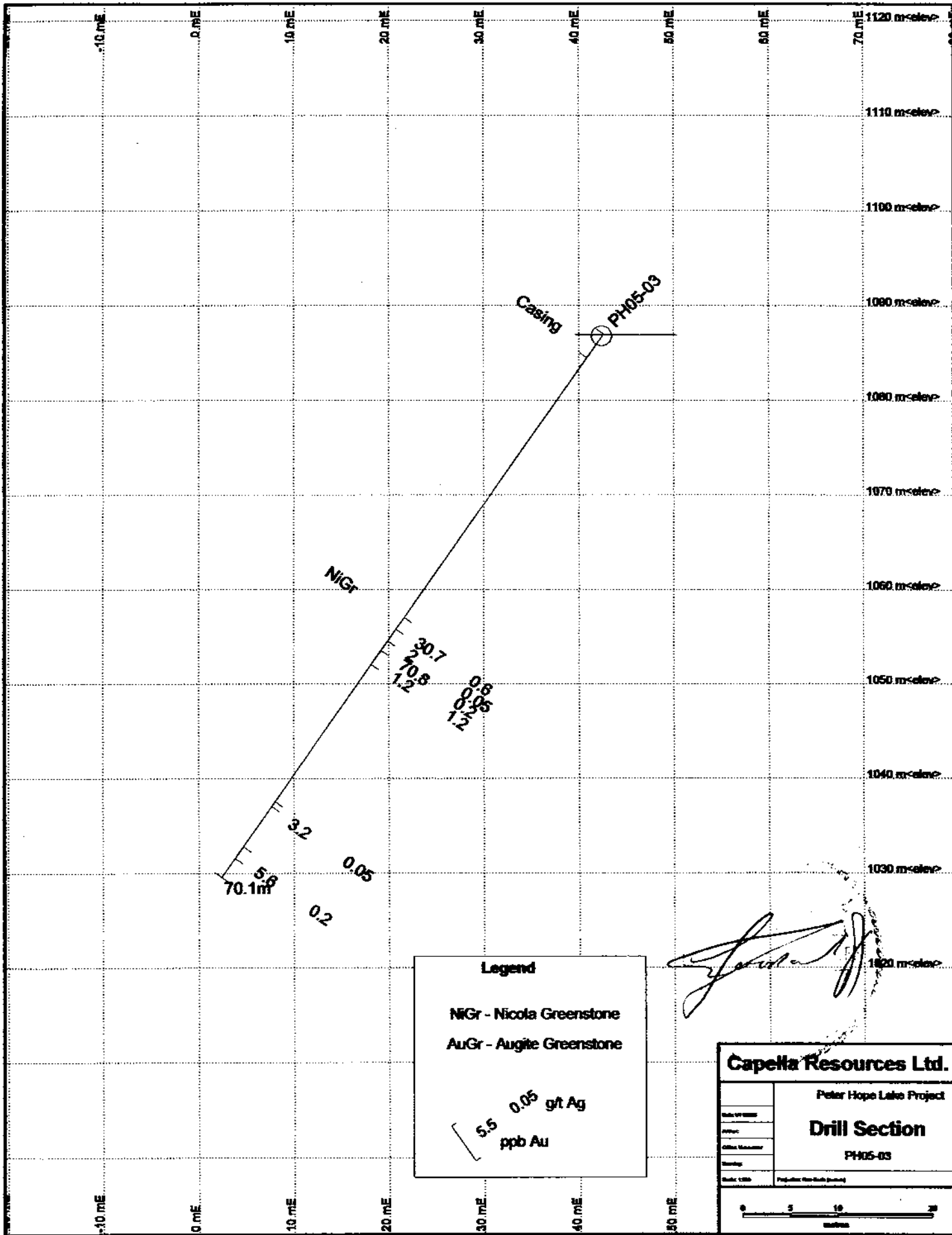
NiGr - Nicola Greenstone  
 AuGr - Augite Greenstone

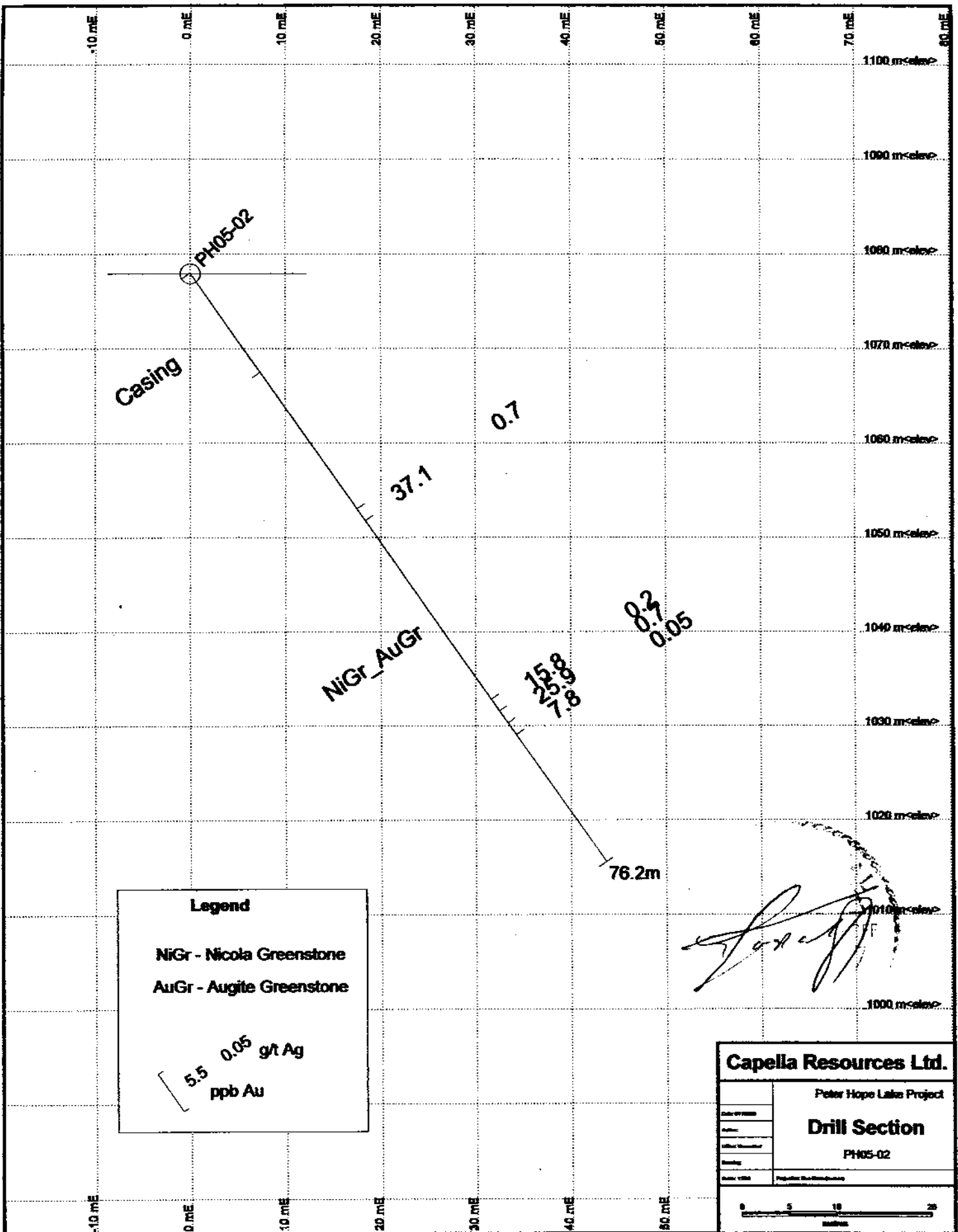
5.5 ppb Au  
 0.05 g/t Ag

*[Handwritten Signature]*

<b>Capella Resources Ltd.</b>	
Peter Hope Lake Project	
<b>Drill Section</b>	
PH05-04	
Date: _____	Project: _____
Drawn: _____	Checked: _____
Scale: _____	Scale: _____

0 5 10 20  
meters





**Legend**

NiGr - Nicola Greenstone  
 AuGr - Augite Greenstone

5.5 0.05 g/t Ag  
 ppb Au

*[Handwritten Signature]*

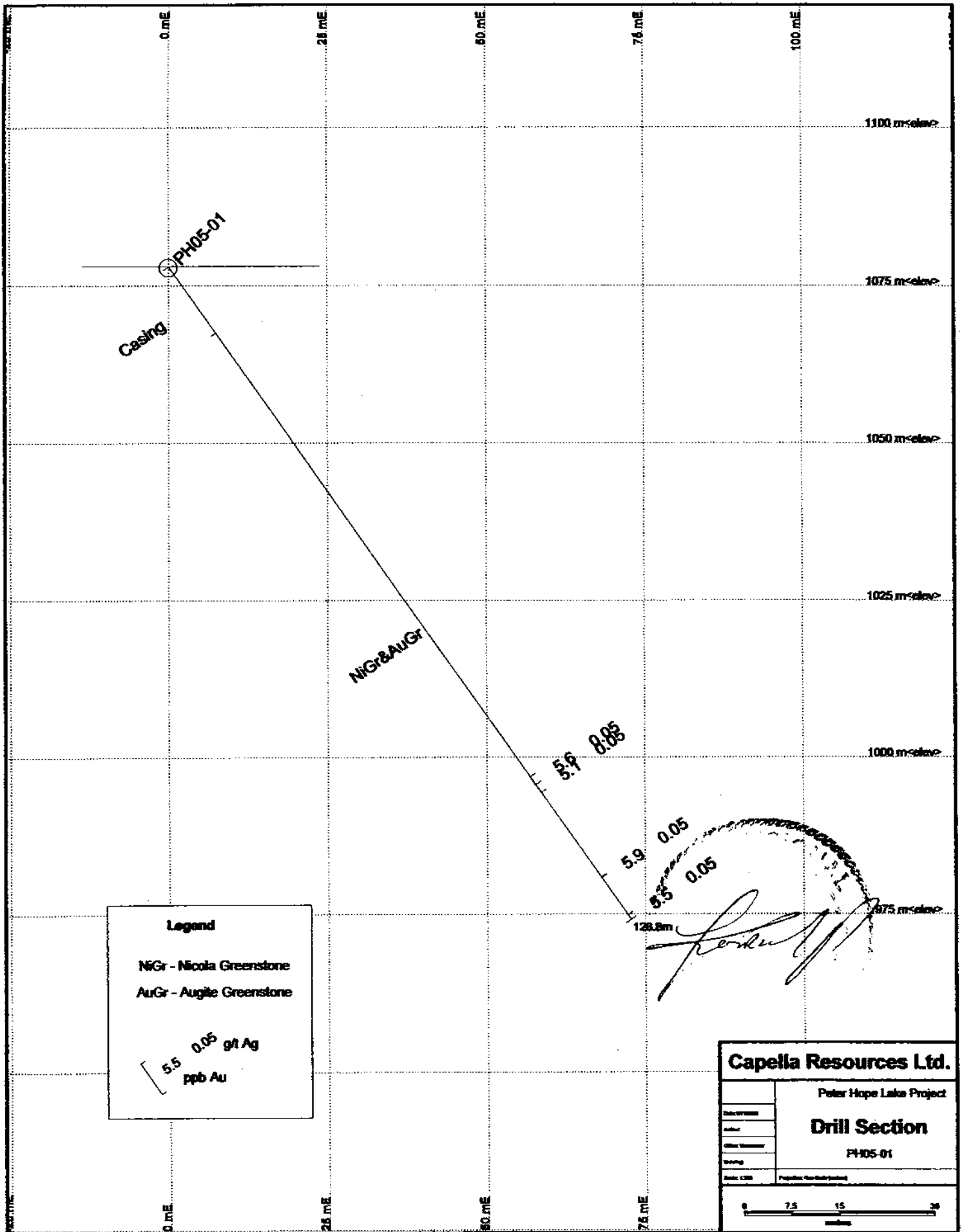
**Capella Resources Ltd.**

Peter Hope Lake Project

**Drill Section**

PH05-02

Scale: 0 5 10 20 meters



**Legend**

NiGr - Nicola Greenstone  
 AuGr - Augite Greenstone

5.5 0.05 gt Ag  
 5.5 0.05 ppb Au

<b>Capella Resources Ltd.</b>	
Peter Hope Lake Project	
<b>Drill Section</b>	
PH05-01	
Date of Issue	
Author	
Other Version	
Scale	
Scale: 1:500	Proprietary (Not to be Published)