

WATSON BAR GOLD PROJECT GEOLOGY / GEOCHEMICAL SAMPLING REPORT

Clinton Mining Division, British Columbia

Latitude 51° 53' 06" North
Longitude 122° 03' 30" West

UTM NAD 83
566000 mE
5656000 mN

NTS 092O.010 and 092P.001

Durfeld Geological Management Ltd.
P.O. Box 4438 Station Main
Williams Lake, B.C. V2G 2V5

by:
R.M.(Rudi) Durfeld, B.Sc., P.Geol.
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WATSON BAR PROJECT Location Map

Fig. 1

► 1. INTRODUCTION

During 2006 four short programs (May 9 to 12, July 3 to 8, July 30 to August 4 and August 23 to 25) were completed on the Watson Bar property. The program consisted of reconnaissance soil and rock sampling in conjunction with geological mapping and prospecting. The purpose of the work was to assess the extent of the reported large area of epithermal alteration and high gold values in rock samples in the western part of the Watson Bar Property referred to as the West Mad Area, to determine if gold mineralization and epithermal alteration extended in to the area east of Trimble Creek and complete soil profiling / hand trenching west of the known mineralization in Zone 5. A total of 63 rock and 69 soil samples were collected during the field program. This report discusses the results of the work program and makes recommendations about ongoing work in the areas of the property evaluated.

1.1 Location, Access and Physiography

The Watson Bar property, covering some 5,059.6 hectares (12,502 acres) in the Clinton Mining Division, lies 33 kilometres due west of Clinton and 7 kilometres west of the Fraser River (Figure 1). The property is bisected by the broad and steep east trending Watson Bar Creek Valley and north trending immature, "V" shaped, narrow valleys of Trimble, Second, Madsen and Red Creek and their tributaries. The property is centred at 51° 53' 06" North Latitude and 122° 03' 30" West Longitude, UTM NAD 83 566000 mE 5656000 mN covering portions of Trim Sheets 92O.010 and 92P.001

The property is readily accessible from the village of Lillooet via the all-weather West Pavilion / Slok Creek logging road which at 70 kilometres bisects the property. The West Pavilion and Second Creek logging roads in conjunction with secondary cat trails provide good access to much of the property.

The elevation ranges from 400 metres in Watson Bar Creek to 1,600 metres at the summits in the south.

Vegetation is characterized by open forests of mature fir and pine, with undergrowth of grasses that are typical of the dry climate (mean annual precipitation of less than 30 centimetres) in this area. In the lower elevations toward Watson Bar Creek the trees give way to sage brush, tumbleweed and grasses. Locally, in areas of recent forest fires, the forest cover consists of closely spaced immature fir and pine.

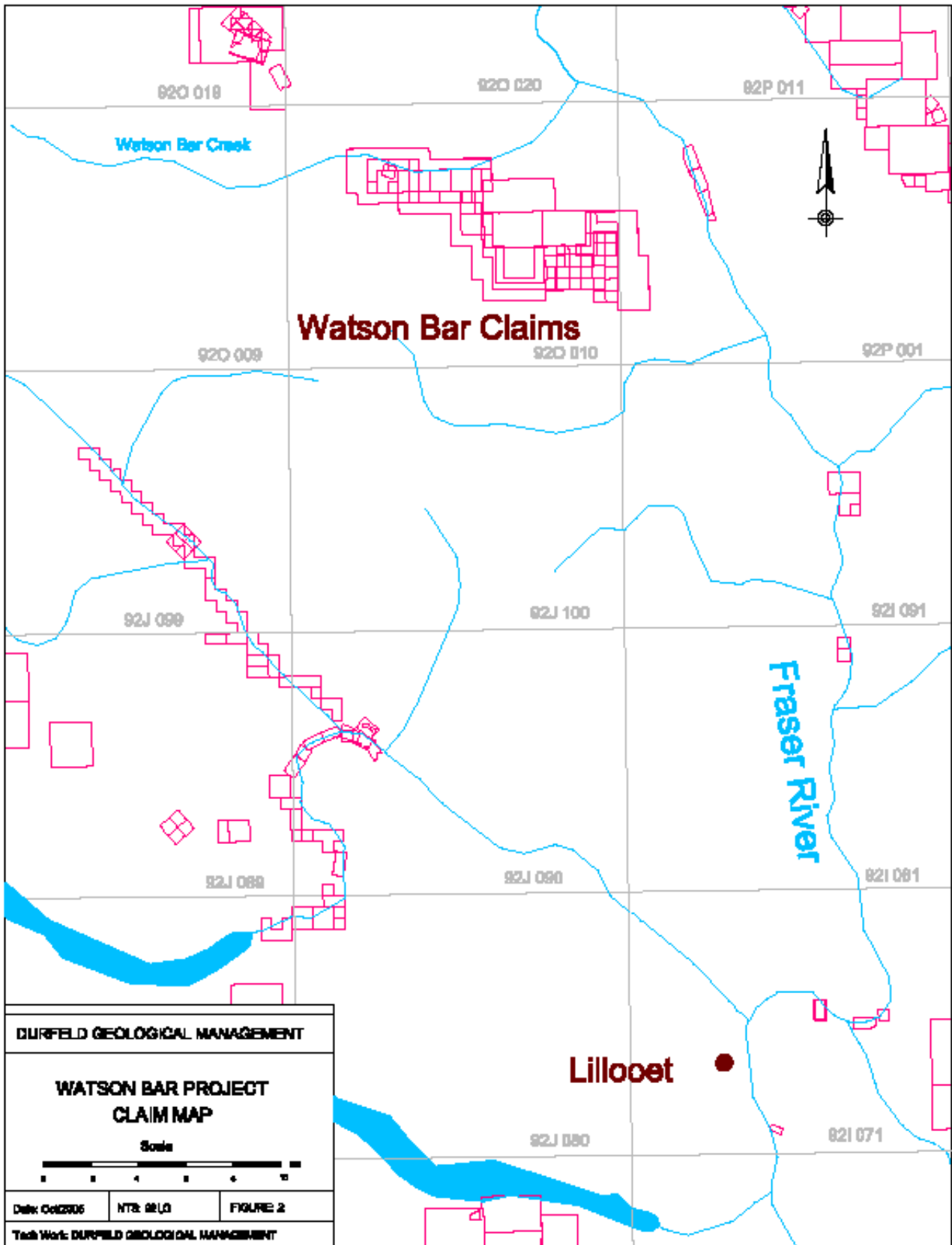
1.2 Ownership

The Watson Bar Property is comprised of 43 contiguous mineral tenures, covering 5,059.6 hectares (12,502 acres). The status of these claims is summarized in the following table and the relative claim locations are plotted as Figure 2. The good to date reflects work that was applied for assessment credit on August 11 and September 19 (Event Numbers: 4097416 and 4102789) that is documented in this report. The tenures are recorded in the name of R.M. Durfeld.

Tenure Number	Owner	Map Number	Good To Date	Area Hectares
208239	107306 (100%)	0920	2008/sep/19	300.0
208290	107306 (100%)	0920	2007/jun/29	450.0
208304	107306 (100%)	0920	2007/aug/12	375.0
404420	107306 (100%)	0920	2008/aug/13	25.0
404421	107306 (100%)	0920	2008/aug/13	25.0
416069	107306 (100%)	0920	2008/nov/11	25.0
502782	107306 (100%)	0920	2008/jan/13	467.3
502789	107306 (100%)	0920	2007/jul/13	507.9
516643	107306 (100%)	0920	2008/sep/19	40.6
516644	107306 (100%)	0920	2008/sep/19	40.6
516645	107306 (100%)	0920	2008/sep/19	60.9
516646	107306 (100%)	0920	2008/aug/13	81.2
516647	107306 (100%)	0920	2008/aug/13	81.2
516648	107306 (100%)	0920	2008/aug/13	40.6
516649	107306 (100%)	0920	2008/aug/13	40.6
516650	107306 (100%)	0920	2008/aug/13	40.6
516651	107306 (100%)	0920	2008/aug/13	20.3
516652	107306 (100%)	0920	2008/nov/11	40.6
516653	107306 (100%)	0920	2008/nov/11	20.3
516654	107306 (100%)	0920	2008/nov/11	40.6
516655	107306 (100%)	0920	2008/nov/11	20.3
516656	107306 (100%)	0920	2008/nov/11	40.6
516657	107306 (100%)	0920	2008/nov/11	20.3
516658	107306 (100%)	0920	2008/nov/11	60.9
516659	107306 (100%)	0920	2008/nov/11	60.9
516660	107306 (100%)	0920	2008/nov/11	20.3
516722	107306 (100%)	0920	2008/aug/13	81.3
516723	107306 (100%)	0920	2008/aug/13	40.6
516726	107306 (100%)	0920	2008/aug/13	40.6
516728	107306 (100%)	0920	2008/aug/13	40.6
516729	107306 (100%)	0920	2008/aug/13	40.6
516734	107306 (100%)	0920	2008/sep/15	20.3
517413	107306 (100%)	0920	2008/sep/15	304.8
517417	107306 (100%)	0920	2007/sep/15	81.2
532199	107306 (100%)	0920	2008/apr/16	507.6
539131	107306 (100%)	0920	2007/oct/16	406.3
539139	107306 (100%)	0920	2007/sep/19	20.3
539140	107306 (100%)	0920	2007/sep/19	20.3
539141	107306 (100%)	0920	2007/sep/19	243.9
539142	107306 (100%)	0920	2008/dec/25	40.6
539143	107306 (100%)	0920	2008/dec/25	20.3
539144	107306 (100%)	0920	2007/dec/25	20.3
539146	107306 (100%)	0920	2008/mar/12	182.9
			Property Area	5059.6

1.3 History

The earliest work in the vicinity of the property was during the Fraser River Gold Rush when placer miners worked bars in the Fraser River. Subsequently, placer mining for gold occurred in Watson Bar Creek during the period 1860 to 1900. Adits and open cuts on the adjacent Mad claims date from this period.



Modern exploration of the property began in 1980 when E and B Exploration staked much of what is now the Watson Bar Property as the Carolyn 1 to 8 mineral claims to acquire several large alteration zones hosted by Jackass Mountain Group sedimentary rocks. E and B Exploration prospected the property and carried out contour soil and rock sampling. Dome Mines acquired the southern portion of what is now the Watson Bar Property in 1980 and subsequently prospected and soil sampled its claims.

E and B Exploration allowed their claims to lapse in 1986 and the Watson Bar Property was staked by Durfeld-McClintock in 1986 and 1987. Cyprus optioned the property in late 1987 and from 1987 to 1992 conducted soil and rock sampling, Induced Polarization surveying, trenching and diamond drilling. Cyprus terminated its option in 1992 and in 1996, Stirrup Creek Gold Ltd acquired an option on the Watson Bar Property. Stirrup Creek carried out further trenching and diamond drilling before terminating the option in mid 1999.

Over the past several years the property has been expanded to include the area that had been held by BHP as the MAD property since the early 80's. The data and data bases have been expanded to include the MAD data.

1.4 2006 Work Program

The 2006 work program was permitted as 'Mineral & Coal Exploration Activities & Reclamation Permit Number: **MX-3-227**, Mine Number: **0300096**.

The program consisted of:

- a series of geology and geochem (soil and rock sampling) traverses were conducted on the western half of the property, that used to be the MAD property, highlighted as A to E.
- geologic mapping and geochem (soil and rock sampling) on strike and down dip of the original Zone V.
- soil sampling in the eastern property area F.

▶ 2. GEOLOGY

2.1 Regional Geology

The vicinity of the Watson Bar Property was mapped by H. W. Tipper (1978), Duffell and McTaggart (1952), Read (1987) and Hickson et al (1994). These workers show the area to be underlain by a Cretaceous to Tertiary sequence of sedimentary and volcanic rocks locally intruded by Lower Cretaceous to Upper Tertiary dykes and small stocks of granodiorite.

Cretaceous Age sedimentary and volcanic rocks are divisible into two main groups: the Early Cretaceous Age Jackass Mountain Group sedimentary rocks and the Middle Cretaceous Age Spences Bridge Group volcanic rocks. In the area of the Watson Bar Property the two units are separated by the northwesterly trending Slok Creek Fault, part of the Fraser River Fault system. The Jackass Mountain Group lies to the southwest of the Slok Creek Fault.

Duffell & McTaggart divide the Jackass Mountain Group into 3 distinct units consisting of a lower unit A comprised of up to 600 metres of non marine arkose, greywacke and lesser

conglomerate and shale; a middle unit B consisting of up to 500 metres of coarse conglomerate with minor beds of greywacke and argillite; and an upper unit C of greywacke with thinly interbedded conglomerate and argillite that is at least 1,500 metres thick. Unit A and the massive conglomerate of unit B are interpreted to have accumulated in subaerial conditions as fluvial deposits that were at times inundated by the sea. Strata of Unit C locally contain marine fossils and are for the most part of marine origin. The strata of the Jackass Mountain Group have shallow to moderate dips. Folding is minor and generally inconspicuous, with the dominant structures being normal faults.

The Spence Bridge Group lies to the northeast of the Slok Creek Fault and consists of andesitic and dacitic tuffs, agglomerates and breccias with minor intercalated conglomerate and sandstone.

The youngest rocks in the property area are Eocene Age dacitic and occasional rhyolitic tuffs, breccias, agglomerates and flows.

2.2 Property Geology

The Watson Bar Property was previously mapped by McClintock and Durfeld (1988), Durfeld and Jackson (1990) and Read (1998). A compilation of the previous mapping is presented in Figure 3.

The oldest rock on the property are a thick sequence of clastic sedimentary rocks of the Lower Cretaceous Jackass Mountain Group (Units **KSs**, **KSd**, **KCg**, and **KAr**). Due to the paucity of outcrop, absence of distinctive marker beds and extensive faulting, no attempt was made to subdivide the Jackass Mountain Group rocks on the property. However, review of drill core, particularly that from Zone V shows the rock sequence in the northern portion of the property to consist of an upper thick-bedded sandstone-siltstone sequence transitional at depth to a sequence containing a few centimetres to 2 metre thick beds of carbonaceous and locally pyritic argillite. Conglomerate beds occur throughout the stratigraphy as beds from 2 metres to several tens of metres thick. The thickest conglomerate beds occur in the western area of the property and overlie finer grained strata of siltstone and argillite. Except for this thick unit of conglomerate, the Jackass Mountain Group on the property most closely match Duffell and McTaggart's unit C.

The dominant structure in the Jackass Mountain rocks are steep dipping normal faults. Some minor warping of the strata is present in the southeastern map area but is insignificant. The most prominent fault on the property is the Slok Creek Fault which juxtaposes rocks of the Spences Bridge Group against the Jackass Mountain Group rocks. The Slok Creek Fault is a multi strand fault as evident by the sliver of Spences Bridge Group dacitic tuffs lying southwest of the main fault strand. Initial mapping by Read and other government mappers showed the Slok Creek fault as a steep angle strike slip fault. More recent work by Read shows dip slip movement. The presence of the younger Spences Bridge Group rocks to the northwest of the fault implies down dropping of the strata on this side of the fault. Assuming normal movement, then the Slok Creek Fault dips steeply to the northeast.

Two other major faults cutting the Jackass Mountain Group rocks are indicated by abrupt changes in bedding attitudes. The most prominent fault is a structure named the Base Line Fault which separates northwesterly moderately southwesterly dipping strata from northeasterly trending, shallow to moderate northwesterly dipping strata. Further evidence of the fault are

different lithologies on either side of the fault. On the northeast side of the fault the dominant lithologies are thick bedded greywacke and siltstones overlying a siltstone-argillite sequence. On the southwest side thick conglomerate beds occur. The Base Line Fault can be traced from the western property limit to the central grid area. In the southeastern map area, based on changes in bedding attitudes, the fault appears to form two strands. The trace of the fault, suggest it has a northeasterly dip.

The second major fault indicated by changes in bedding attitudes is a northerly trending fault which parallels South Second Creek. Strata east of the creek trends northwesterly with shallow southwesterly dips. West of the fault the strata strikes northeasterly with moderate northwesterly dips. This fault appears to post date the Baseline Fault as the continuation of this fault appears to be displaced northwards across the South Second Creek fault.

In addition to the three main faults, there are numerous minor faults which have little or no offsets. These minor faults have two dominant directions: northerly with moderate to steep dips to either the east or west and northwesterly with shallow to moderate southwest dips. These minor faults are likely subsidiary or conjugate faults related to movement along the main faults.

The Spences Bridge Group rocks lie northeast of the Slok Creek Fault and are comprised of maroon coloured andesitic tuffs and agglomerates. Because no alteration or mineralization occur in these rocks, they have not been studied in detail.

In the south central grid area is an elliptical-shaped stock of granodiorite measuring 700 metres by 500 metres. In the central area of the stock the granodiorite is hypidiomorphic granular (**TKgd**) and becomes porphyritic towards its margin (**TKfp**). The location of the stock at the intersection of the Baseline and South Second Creek Faults suggests these faults played a role in the emplacement of the intrusive.

Elsewhere in the map area, dykes and sill-like bodies of latite to granodiorite porphyry are common. Dykes range in thickness from less than a metre to over 10 metres and are preferentially orientated between 090° and 120° with steep dips to the southwest and northeast. Splaying and coalescing of the dykes is common. Sills are generally thinner than the dykes but are compositionally identical. Sills for the most part are restricted to the area north of the Baseline Fault and west of South Second Creek where the strata strikes northwesterly and dips moderately southwest.

A possible distinct intrusive are quartz porphyry dykes found in the eastern property area. The quartz porphyry may be a young phase of the granodiorite or may represent intrusions related to the younger Eocene volcanic rocks.

The Eocene volcanic rocks occur north of the map area and are separated from the Jackass Mountain Group rocks by a splay of the Fraser Fault. Within the map area, they are represented by fine grained andesite, their subvolcanic equivalent and quartz porphyry dykes. A post mineralization equigranular granodiorite dyke in the west central map area is also thought to be a subvolcanic equivalent to the Eocene volcanics.

2.3 Alteration and Mineralization

Epithermal alteration is extensive within the grid area and consists of broad areas of iron

carbonate alteration with localized area of intense argillic alteration cored by zones of silicification. The more intense argillization and silicification show a strong spacial relationship to the northeasterly trending Baseline and northerly trending South Second Faults. Silicification consist of both fracture filling and pervasive replacement of the rock. Quartz veins are characteristic of open space fillings, with both druse and banded textures. Vein directions are predominantly northeasterly and northerly with variable dips. Lithology controls to a large extent the style of silicification. Pervasive silicification is prevalent in the clastic sedimentary rocks of the Jackass Mountain Group, while veins more often occur in the granodiorite intrusives and feldspar porphyry dykes and sills.

Argillic alteration occurs as broad envelopes around the zones of silicification. Past work has described the alteration as a phyllic / argillic alteration dominated by sericitization of mafic and feldspars of the host lithologies with subordinate areas of kaolinization. Below surface oxidation minor amounts of disseminated and fracture filling pyrite occur. Thicker quartz veins are mineralized with arsenopyrite, galena, sphalerite, chalcopyrite and locally stibnite. To better quantify the types of alteration, approximately 100 samples of diamond drill core and hand specimens from various alteration zones were analysed using the PIMA-II shortwave infrared spectrometer. Samples were selected from the altered rock and altered wall rock to veins within zones I, II, IV, V, VIII and X. It was hoped that the PIMA analyses would give an insight into the types of clay and phyllic alteration minerals present which would provide an indication of temperatures of the hydrothermal solutions responsible for the alteration. The results showed that with the exception of Zone V, the dominant alteration mineral is kaolinite. Illite and lesser smectite and dickite are, with few exceptions, restricted to the altered wall rocks of zone V. These PIMA data show that the broad alteration zones of zones I, II, and IV are relatively low temperature alteration assemblages while zone V is a higher temperature alteration zone.

Zone V

Most of the exploration on the Second creek property has focussed on the auriferous veins of Zone V where intercepts of up to 24.45 g/T gold over 4 metres have been encountered by diamond drill holes. Zone V is interpreted to be an auriferous quartz vein localized in a shallow structure separating dominantly sandstone and interbedded siltstone units from a sequence of siltstones and graphitic argillite. It appears more likely that the faults and shearing in the argillite units are minor faults related to or conjugate to the Slok Creek Fault and / or the Baseline Fault. Similarly oriented faults to those in Zone V were mapped near the Slok Creek Fault and elsewhere on the property. As the strata at Zone V have parallel strike and dip to the minor faults associated with the Slok Creek Fault, it is not surprising that movement on the minor faults in Zone V would be bedding parallel to stratigraphy and the breaks would occur along the carbonaceous argillite units. These bedding parallel structures may also have controlled the emplacement of the feldspar porphyry sills which occur throughout the section.

The auriferous quartz veins of Zone V occur in and adjacent to bedding parallel faults in the upper part of the argillite-siltstone sequence. Thickness of the veins is variable from a few centimetres to tens of metres. However, the veins do display a lensoidal pinch and swell in surface exposures and bifurcates, breaking across stratigraphy between fault planes. Plotting of vein thicknesses shows a 215° plunge to the thickest part of the mineralized vein system (Figure 4). The mineralization remains open and untested in this direction.

Step out holes 98-06 and 9-04 drilled along strike to the northwest and southeast respectively show the vein in Zone V continues, albeit thinner and lower grade, toward Zone I and Zone VII.

The auriferous veins in Zone V differ from the veins in other zones by the absence of a broad zone of argillic alteration and pervasive silicification in the wall rock of the vein and a higher pyrite and arsenopyrite content. Texturally, Zone V vein differ in having coarse cockscomb textures rather than the massive to chalcedonic quartz typical of the other zones. Samples of wall rock and vein material from several drill holes and surface trenches were analysed by a PIMA II spectrometer. The results show illite and chlorite to be prevalent minerals adjacent to veins and in the altered zones and suggest higher temperature hydrothermal solutions formed the alteration in Zone V.

The 2006 geochemical sampling in zone V showed:

- Examination of the hand trench to the east of the main Zone V trench shows that good gold values are present further east than previously supposed. The western outcrop in the road tested the auriferous quartz vein with sample ZVR-R containing 28 g/T gold, suggesting a westerly continuation of the vein structure.

▶ **3. GEOCHEMISTRY**

3.1 Sample Collection / Location / Origin

Broad soil and rock sampling was conducted in select areas of the property, highlighted as A to G. Samples were of poorly developed soils, often better described as talus fines. Two soil profiles were excavated and sampled to extend the mineralization west in zone V. Rock samples were collected as chip samples.

Soil and rock samples were placed in kraft or plastic sample bags, labelled with a unique number, given a UTM location and sample information recorded in a notebook. The samples were shipped to Chemex or Assayers Canada in Vancouver and analyzed for gold and multi element ICP.. The results are given in Appendix II and compile in Appendix I.

All the location and description data for the 2006 samples were recorded in an XL data base. When the analytical results were received they were imported. The compiled data base is given as Appendix I and the analytical data is given as Appendix II. The compiled data was imported to the Manifold GIS program, statistically analysed and plotted for soils and rocks for gold and arsenic.

▶ **4. RESULTS**

Zone V

The results of two soil profiles in zone V are given in the following table.

UTM EAST	UTM NORTH	Au	As	Depth	Notes
-----------------	------------------	-----------	-----------	--------------	--------------

	ppb	ppm		
				Profile 1
565697	5656696	30	165	12cm Ash and soil to 12cm
565697	5656696	120	566	80cm good B horizon
				Profile 2
565688	5656696	16	104	30cm 20cm of predominately ash
565688	5656695	288	451	40cm good B horizon
565688	5656695	333	1057	100cm @bedrock interface; colluvial
565688	5656694	1318	1670	150cm fine rock and clay; more Oxidized; had become soft and broken due to shearing; Qtz; may be top of vein zone

Profile 1 shows a marked increase in both gold and arsenic with the increase in sample depth corresponding to a relative decrease in volcanic ash and colluvium.

As profile 2 again note the low gold and arsenic values in the ash section and the anomalous values well developed in a B-horizon soil and again showing a marked increase with depth. Profile 2 was excavated at station 9200E 10600N on the old soil grid. This site and adjoining sites were not anomalous on the original survey. The impact of the ash was not recognized during the original survey. A brief examination of the possible strike extensions of the Zone V was carried out as part of the program. Earlier in the year hand trenching was done to see if the vein exposed in the main trenches continued to the west or east. The trench confirmed that the vein, although narrower continues to the west to where colluvium deepens to a point where trenching can no longer reach the bed rock. Samples were collected from the hand trench as well as other structures exposed by the recent trenching to the east of the main Zone V trench. The sample descriptions are provided in Appendix I and results in Appendix II.

The samples from the vein exposed to the west in an area of recent hand trenching. The highest samples occur in the area to the east of the main Zone V trench. A channel sample collected 15 metres east of the last exposure of the Zone V vein returned an assay of 28.1 gpt across 25 cm. None of the other samples collected had more than background values.

The 2006 soil and rock sampling have expanded the vein trend on strike to the northwest and southeast.

Area A

Sampling of sills and altered sediments west of the adit area did not show anomalous gold or arsenic.

Area B, C, D and E

In 2005, the area of upper Watson Bar Creek was acquired by staking to protect an area reported by Utah International to contain a broad area of epithermal - type clay and carbonate alteration with areas of quartz veining, quartz breccias and sulphide mineralization. Samples taken by Utah International in the 1980s of veins, breccias and sulphide mineralization within the hydrothermal alteration consistently returned gold values in excess of 2 g/T. No reported follow up work had been done within much of the area of alteration since the 1980s. In an effort to determine the extent and intensity of the alteration and to evaluate the potential for large zones of epithermal gold mineralization or higher-grade vein mineralization similar to Zone V, the area of the reported mineralization was prospected, reported showings were revisited and sampled and lines of contour soil and talus fine samples were collected. A total of 9 rock and 35 soil samples were collected in the East Watson Bar area. Sample descriptions are provided in Appendix I with analytical results in Appendix II.

The area of alteration occurs in the deeply incised valley. Steep terrain, which is locally precipitous, prevented Utah from systematic grid soil sampling in the lower valley. In this area of the property, Utah focussed its efforts on mapping and on sampling areas of quartz veining, quartz breccias and sulphide mineralization.

Area B

Sampling of altered and silicified sediments shows one anomalous site 69ppb gold and 478 ppm arsenic.

Area C

Is centred on a prominent altered sandstone knob that is cut by quartz sulphide veins and in contact with granodiorite. The quartz sulphide veins generally strike northwest and dip gently southwest. One such quartz-sulphide vein carried 96.6 g/T gold over 1 metre with >10000 ppm arsenic.

Areas D and E

The samples collected and analysed by Utah consistently had values in excess of 2 gpt. This suggested that a 2 km by 0.3km area within the lower valley had potential for either disseminated or vein gold mineralization.

Reconnaissance of the lower valley found abundant out crop of Jackass Mountain cut by sill-like bodies of diorite to quartz diorite porphyry. The Jackass mountain Group rocks consist of an intercalated package of sandstone, siltstone and lesser siltstone. Conglomerate was observed as large 1 metre or greater boulders in the western most part of the area visited but not observed in out crop. Contacts of the intrusive and sedimentary rocks are generally sharp with

chilled margins.

The sequence is moderately to gently dipping to the northwest. Out crops exposed in cliffs along the slopes above the creek are strongly fractured with numerous faults. The dominant fracture direction is east-west with near vertical dips. A secondary fracture direction is 360 degrees dipping 70 degrees to the east. The intensity of fracturing, faulting suggest that a major fault occurs in the valley bottom of Watson Bar Creek.

The sedimentary rocks are weakly carbonate altered. The carbonate alteration manifests itself as calcite fracture filling and to a lesser extent and carbonate alteration of the feldspar grains and lithic grains in the sedimentary rocks. Weathering of the carbonate minerals gives the rocks a yellow brown colour. Carbonate alteration of the granodiorite and diorite porphyries is mainly carbonate stringers and fracture fillings. Where intense, the intrusive rocks also are yellow brown weathering. Control of the carbonate alteration is the fracturing related to the fault structure along Watson Bar Creek.

Clay alteration and quartz veining and breccias are restricted to narrower structures that are generally oriented north with 70 degree dips to the east. While clay alteration may be up to several metres in width, it is more commonly limited to a metre or less in thickness. Quartz veins and breccias are of even more limited extent, rarely being more than 50 cm thick. The quartz veins often contain sulphide minerals that include pyrite, sphalerite, galena and chalcopyrite. Disseminate pyrite is present in the wall rocks of the veins and may persist for a metre or more from the vein wall.

Visiting several of the Utah sample sites found that its geologists focused their sampling on the mineralized quartz veins and breccias. The writer's sampling of the Utah sample location confirmed the gold values previously reported. Two veins were sampled and returned gold values of 19.5 and 24.7 gpt across 15cm and 40 cm respectively. A rock sample taken from the wall rock 3 metres east of the vein returned a gold assay of .014 gpt.

A number of rock and soil samples were collected from areas underlain by the carbonate altered rocks between the veins with the purpose of identifying additional areas of gold mineralization and to determine if the rock between the veins were mineralized with gold. The results of the sampling show low gold in the areas between the veins. Of the 35 soil samples collected, only four samples contained more than 40 ppm. Two of these samples were collected near the high-grade vein samples mentioned above. The remainder of the samples were at background levels for gold. Sample U 02 and C 02, which had 0.071 and 0.068 ppm respectively are unexplained. Sample U 02 was collected below a carbonate filled fracture zone cutting sandstone. Sample C 02 was collected in an area of quartz vein float containing pyrite.

Results for other metals analysed show that arsenic, antimony and copper are elevated in many of the samples. The highest values were obtained in soil samples and rock samples collected from veins or in close proximity to quartz and sulphide veins.

The results of the soil sampling and rock sampling suggest that the gold mineralization is restricted to narrow quartz veins occupying northerly trending structures. This corroborated visual determination that gold and related quartz veins and breccias are restricted to narrow widely spaced structures. No evidence was noted of wide spread silicification or epithermal alteration. The veins observed are narrow and sulphide rich, the thickest being 40 cm. in thickness.

Area F

The East Watson bar Area was acquired in 2005 to protect possible extensions of the north westerly trending epithermal alteration and gold mineralization from the Zones XII in to the area west of Trimble Creek . Past work in this area is limited to widely spaced soil sampling as rock out crops are rare. Because volcanic ash combined with slumping and colluvium, it was thought that past results from soil sampling were unreliable and not indicative of the true metal values in the underlying rocks. To evaluate the potential of this area, a line of soil samples were collected along a north easterly oriented line. To ensure that samples reached the undisturbed soil below the ash, samples were either collected from pits dug to a minimum depth of 30 cm or taken along banks exposed along a logging road cut. In these sample locations, care was taken to dig well in to the bank to ensure fresh soil was collected. While sampling, rock exposures were examined. A total of 26 soil and 3 rock samples were collected.

During soil sampling and prospecting thick ash was noted at several locations. At one location the underlying undisturbed soil could not be reached even after digging the hole to 50 cm. For this reason, it was decided to collect samples from the bank of a logging road that transacted the area of interest. Soils were collected at approximately 50 metre spacing along a north easterly line. Sub out crop and out crops were noted at several locations. In all cases the rock observed was andesitic to basaltic amygdaloidal flows, breccias and tuffs believed to belong to the Tertiary volcanic package.

The results of the soil sampling were disappointing with all values at background levels for gold and the other metals of interest. Other than weak carbonate alteration the volcanic rocks are unaltered. No quartz float was noted either in the soil holes or in the course of the soil sampling. It appears that this area is underlain by post mineralization Tertiary rocks. If the epithermal mineralization does continue through this area, it buried beneath an unknown thickness of post mineralization andesite and basalt.

Area G

Rock sampling of conglomerate in south Second Creek was not anomalous in gold or arsenic.

▶ **5. CONCLUSIONS AND RECOMMENDATIONS**

The Watson Bar Project covers 5,059.6 hectares (12,502 acres) in the Clinton Mining Division for its potential of hosting low sulphidation epithermal gold mineralization.

The 2006 exploration program targeted 8 areas for evaluation with mixed results. Mad area C is an area of intense clay altered sediments that have been silicified and cut by multiple quartz veins often shallow dipping. One such shallow dipping vein assayed 96.7 g/T gold over 1 metre. Additional samples in the area show anomalous gold. Detailed rock sampling and talus sampling should be conducted to fully evaluate the potential of this area.

The high grade gold mineralization in the Mad areas B, D and E was hosted by quartz sulphide to massive sulphide veins that were generally less than .3 metres thick.

A brief examination of the possible strike extensions of the Zone V was carried out. The hand trench west of the main Zone V trench proves that the vein and associated gold mineralization extends to the east and to the west and has not been closed off. It is recommended that lines of either deep hand dug pits or excavator trenches be dug perpendicularly to the strike of Zone V at 100m intervals in the area west and east of Zone V. It is very important that these pits or trenches be dug deep enough to penetrate the colluvium and reach the undisturbed soil beneath.

The Sampling in the upper Second Creek and East of Trimble Creeks showed no evidence that gold bearing epithermal alteration extends into these areas.

▶ 6. BIBLIOGRAPHY

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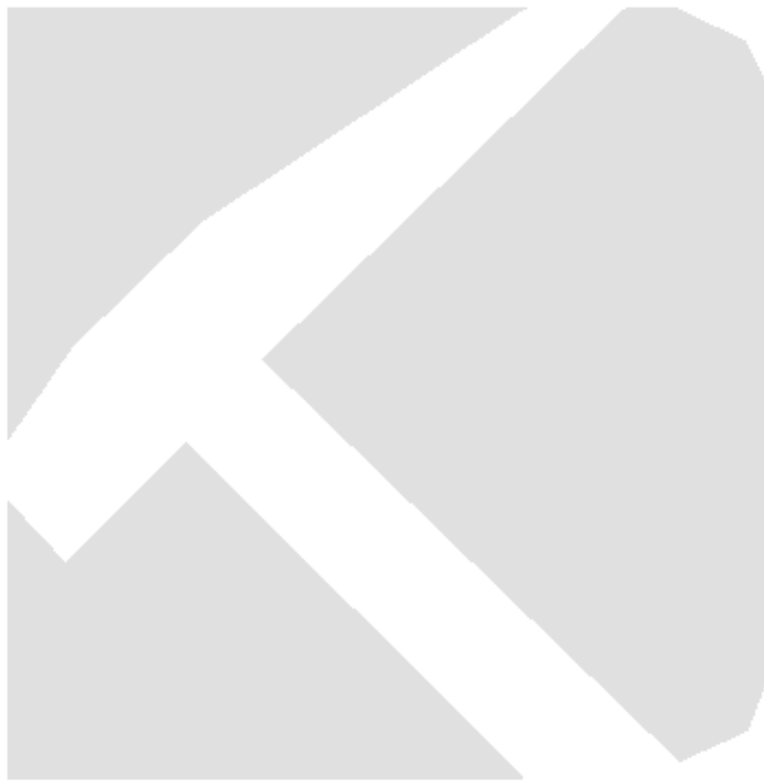
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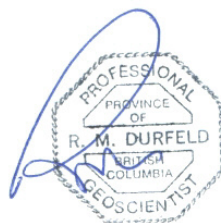
► 7. COST SUMMARY

Watson Bar Project				
Cost Summary				
May 01 to November 10, 1006				
	days	rate	cost	
PERSONNEL				
FIELD ASSISTANTS				
McCLINTOCK, Michael	7	270.00	1,890.00	
DURFELD, Guido	6	270.00	1,620.00	
PREVOST Brittany Corrine	6	240.00	1,440.00	
MILLER Garrett Scott	12	240.00	2,880.00	7,830.00
GEOLOGIST / MANAGER				
Jack, McCLINTOCK, P.Eng	7	600.00	4,200.00	
Rudi, DURFELD, P.Geo	15	600.00	9,000.00	9,000.00
ROOM AND BOARD	53	70.00	3,710.00	3,710.00
4x4 RENTAL (including fuel)	21	100.00	2,100.00	2,100.00
QUAD RENTAL	14	50.00	700.00	700.00
ANALYTICAL				
sample shipping			103.11	
Assayers Canada 6V0932			239.75	
Assayers Canada 6V1459			1,017.07	
Assayers Canada 6V1839			349.59	
Chemex			1,000.00	2,709.52
REPORTING				
Report Preparation and Drafting				4,000.00
TOTAL PROJECT COST				30,049.52

Dated at Williams Lake, British Columbia

this 10th day of November 2006.

R.M. Durfeld, B.Sc., P.Geo.



▶ 8. Statement of Qualifications

I, Rudolf M. Durfeld, do hereby certify that:

- 1.) I am a geologist with offices at 2029 South Lakeside Drive, Williams Lake, BC.
- 2.) I am a graduate of the University of British Columbia, B.Sc. Geology 1972, and have practised my profession with various mining and/or exploration companies and as an independent geological consultant since graduation.
- 3.) I am a member Canadian Institute of Mining and Metallurgy.
- 4.) That I am registered as a Professional Geoscientist by the Association of Engineers and Geoscientists of B.C. (No. 18241).
- 5.) That this report is based on:
 - a.) my supervision, geological observations and compilation of all available data.
 - b.) my personal knowledge of the property area and a review of available government maps and assessment reports.

Dated at Williams Lake, British Columbia

this 10th day of November 2006.



R.M. Durfeld, B.Sc., P.Geo.

- ▶ Appendix I - 2006 Rock Sample Table
- 2006 Soil Sample Table



UTM NAD 83				ICP	ICP	ICP	ICP	ICP			Comment
East	North	Sample	Au	Cu ppm	Pb ppm	Ag ppm	As ppm	Hg ppm			
561263	5658083	250301	4	72	2	<0.2	51	<1			Approx. Coord. MAD 12 100m E
561258	5658083	250302	3	49	2	<0.2	27	<1			Approx. Coord. 5m West of 250301; @ 193deg fault
561208	5658083	250303	13	10	<2	<0.2	348	<1			Approx. Coord. 50m West of 250301 Bx in sheer zone; 1m width; Fault 180/80 E
561289	5658038	250304	455	151	460	0.6	>10000	6			HW to 1m thick; sheeted QV 345/20 W; may be a bedding structure
561289	5658078	250305	96670	20	59	10.3	>10000	9			5m South of 250304; may be a bedding structure, sgeeted vein up to 1 metre thick.
561274	5658031	250306	607	5992	15	13	452	1			10m above & 30m S of 305; Malachite stained but of sheet Qtz up to 1m thick-nondescript; host Qtz Crb Gossan Sd; parallel bedding 220/35 NW, 030/15 W
561262	5658005	250307	859	247	12	0.2	6874	<1			
561320	5658059	250706	2	4	5	<0.2	12	<1	250706	SdAS	SAAS
561320	5658050	250707	8	29	8	<0.2	63	<1	250707	IntA	Int? Alt'd grain of Au--Cut
561362	5658056	250708	4	<1	3	<0.2	<5	<1	250708	SA	SA
561362	5658056	250709	<1	2	5	<0.2	8	<1	250709	SdA	SdA
561347	5657981	250710	7	11	3	<0.2	11	<1	250710	Sd	Sd
561560	5657735	250711	<1	158	10	<0.2	51	<1	250711	QBxU	Qv Bx U
561562	5657724	250712	1	17	6	0.4	17	<1	250712	Bx	Bx Sd Qtc Calcite
561588	5657740	250713	3	94	8	<0.2	193	<1	250713	SU	SU Silivo with asp, gn
561604	5657740	250714	1	39	7	<0.2	46	<1	250714	SBx	fine silicious BX, quartz, dissem sulphide
561603	5657732	250715	3	26	7	<0.2	50	<1	250715	SBx	banded silicious Bx with dissem sulphide
561800	5657669	250716	<1	39	8	<0.2	29	<1	250716	SCaU	S Ca Un
561802	5657677	250717	<1	28	6	<0.2	15	<1	250717	SU	S Un - minor
561827	5657676	250718	1	44	5	0.3	52	<1	250718	BxSdA	Bx Sd A- S Ca Qtc
561885	5657702	250719	3	22	4	<0.2	63	<1	250719	SQP	SQP
561874	5657685	250720	<1	48	5	<0.2	<5	<1	250720	SBx	SBX
561860	5657679	250721	2	51	8	<0.2	52	<1	250721	SQP	SQP, silicious quartz porphyry
561860	5657679	250722	69	827	21	0.3	478	6	250722	SAFP	silicious massive minor relic feldspar
562758	5657978	20251	24	60	12	0.2	10	<1	20251	Bx Sca	
562758	5657985	20252	10	31	6	0.2	<5	<1	20252	Bx Sca	B SCn
562583	5658068	20253	3	27	7	<0.2	54	<1	20253	Sd QCV	
562580	5658072	20255	1	55	8	<0.2	85	<1	20255	Sd A	
562570	5658072	20256	4	63	9	<0.2	38	<1	20256	Sd S	

562480	5658121	20257	2	8	27	<0.2	<5	<1	20257	Sd S, QCV. Bitumin.	
562482	5658138	20258	<1	64	12	<0.2	25	<1	20258	Sd A	
562467	5658138	20259	2	50	5	<0.2	40	<1	20259	FPS A	
562474	5658155	20260	1	9	4	<0.2	<5	<1	20260	QtzChlFl oat	
562500	5658165	20261	2	34	3	<0.2	<5	<1	20261	Sd	
562559	5658173	20262	1	2	9	<0.2	108	<1	20262	Sd S	
562615	5658235	20263	<1	17	8	<0.2	22	<1	20263	FPA Py, relic hbl	
		20264	N/A						20264	Irridesce nt green oxidized float	
566671	5654212	20265	2	28	3	<0.2	<5	<1	20265	Cng	conglomerate
566769	5654083	20266	<1	2	2	<0.2	<5	<1	20266	Gd	
566744	5653951	20267	<1	2	4	<0.2	<5	<1	20267	Gd float	
566682	5653850	20268	1	1	2	<0.2	<5	<1	20268	Gd	
566319	5653727	20269	1	25	5	<0.2	<5	<1	20269	Cng	
566325	5653800	20270	1	2	<2	<0.2	<5	<1	20270	Gd - biotite Qtz	
566402	5654095	20271	1	24	<2	<0.2	<5	<1	20271	Cng	
561053	5657920	20272	4	238	<2	<0.2	58	<1	20272	Ss py	light grey banded alt'd ss with fine dis py.
561535	5658278	20288							20288	SdA	altered find sediment on south side of creek
561763	5658151	20289							20289	SFP	Silicious sill with Asp
561763	5658154	20290							20290	QtzCalB x	epithermal quartz-calcite bx underlying 89, cut off after .5 metre by overburden.
561876	5658125	20291							20291	SdBx	rubble of carbonate, quartz healed bx from 100 metres uphill
566453	5656218	20292	2	<1	11	<0.2	12	<1	20292	QP&FP	O/C as ridge in creek, silicious felsic, glassy in part QP and FP, may have been mapped as sinter.
566480	5656250	20293	3	20	3	<0.2	5	<1	20293	SdA	
566492	5656350	20294	3	<1	10	<0.2	5	<1	20294	QP	QP intruding CNG on fault contact 120/vert
566492	5656355	20295	3	<1	<2	<0.2	17	<1	20295	Cng/Arg	Conglomerate and argillite north sampled north of 294

565687.51	5656694.1	20502	25	20	<2	<0.2	199	<1	20502	SdSQv	more massive silicifil SA; with minor qtz- and vcinis 120 cm.
565687.51	5656695.1	20503	42	24	<2	<0.2	174	<1	20503	Sd	Top of bedrock, 80cm deep. Massive sandstone
562014	5657676										old cut line @280 degrees crosses road
561777	5657651										strike slip fault 135/vert, bdg 240/30 S in SD with Arg bands
561594	5657654										boudended shear zone in road cut
561088	5658478		148	1557	9	0.3	28	<1	252475		strike slip faults 180/vert, 290/vert (with vein), 040/vert. hematitic Qtz vein bx float (on centre bar may have come some distance.
561956	5658129								*Au5		
566491	5656195									Fine QFF	fine quartz feldspar porphyry with relic hornblende.
566415	5655180									SdA	
566457	5656204										101E 10750N
566453	5656228									SdCv	
566492	5656280									SdA/Cng	
566492	5656320									Cng	
566492	5656405									Cng	Fresh Cng on west side of ck
566523	5656441									Sdpy	Sandstone with trace py. To here mainly CNG.
561145.0	5658011.0										shear zone 190/vert strike slip, to east of fault bdg flattens to 190/30W
560229	5658630	UR 1	<5	77					UR 1		Float sample of silicified sandstone. Disseminated arsenopyrite and pyrite
560286	5658596	UR 2	19500	431				>10000	UR 2		Chip - channel sample 15 cm thick from oxidized vein. Wall rock is porphyry sill. Retake of Utah sample
561268	5657972	URD 1	842	186				894	URD 1		Sample from a flat lying quartz vein 2 to 3 cm thick. No visible sulphides
560289	5658596	UR 3	14	103				34	UR 3		Chip sample collected 3 metres east of UD 2
560319	5658583	UR 4	24700	8290				>10000	UR 4		0.4 chip sample from massive sulphide vein. Resample of earlier Utah sample.
560500	5658595	UR 5	28	96				108	UR 5		Small dyke
560110	5658798	URS 1	<5	41				16	URS 1		quartz and calcite vein float
559292	5658804	URS 2	<5	51				615	URS 2		grey limestone with network of calcite veins and rounded concretion of pyrite
565686	5656701	ZV 01	39	2350				603	ZV 01		Sample from extremwest end or trench road. 10 metres west of last hand trench.Graphite gouge
565696	5656696	ZVR-R	28100	42				799	ZVR-R		Sample from hand pit west of Zone V main trench
565787	5656560	ZVR-3	56	207				>10000	ZVR-3		Channel sample 25cm true thickness. Collected 15m east of faulted off east end of Zone V vein

565807	5656550	ZVR-4	56	53			278		ZVR-4		Channel sample 50cm true thickness. Collected 28m east of ZVR-3
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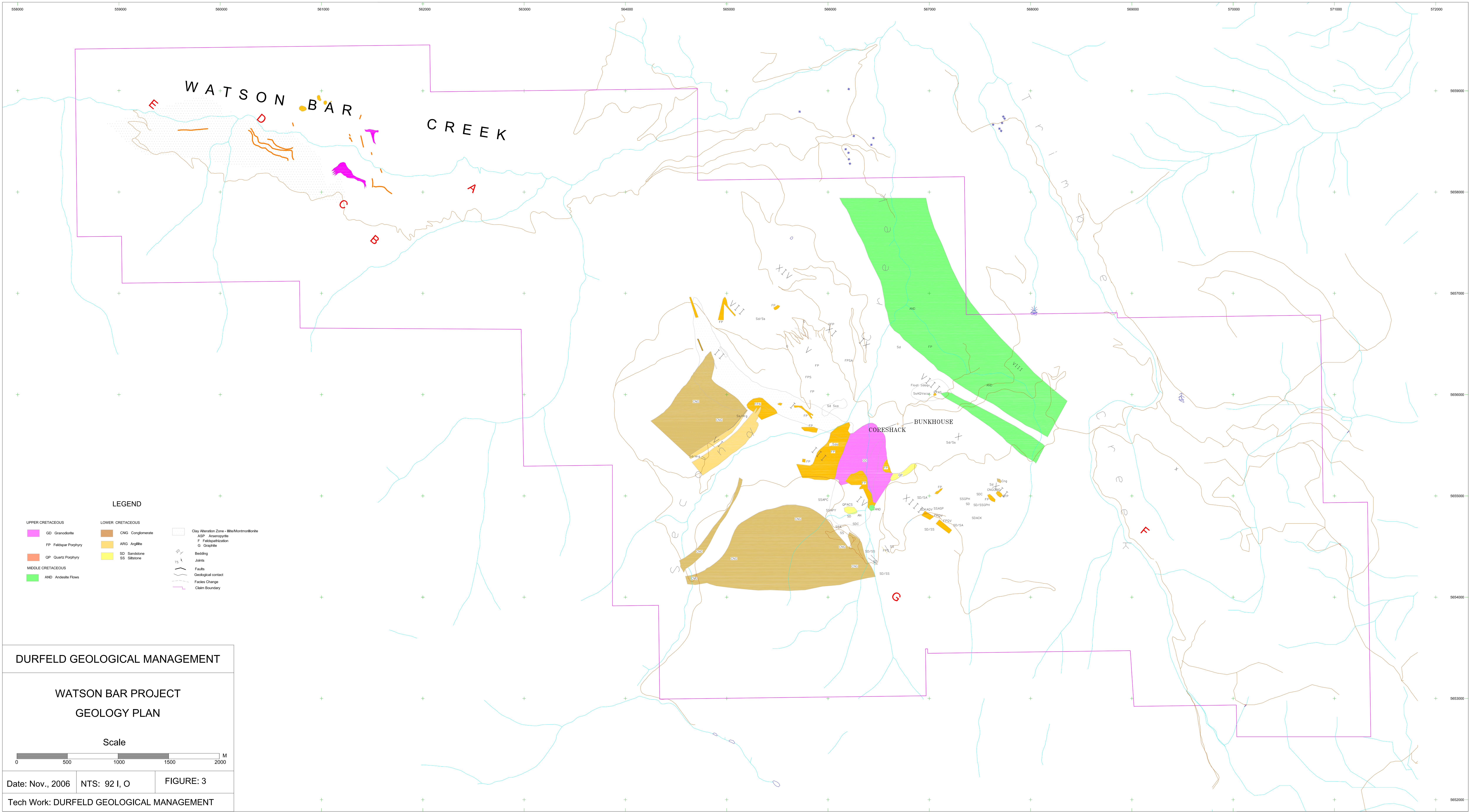
UTM EAST	UTM NORTH	Au ppb	Cu ppm	Pb ppm	Ag ppm	As ppm	Hg ppb	Sample #	Depth	Notes
565687.5	5656694.1	1318	80	29	<0.2	1670	<1000	20501	150cm	fine rock and clay; more Oxidized; had become soft and broken due to shearing; Qtz; may be top of vein zone
565687.5	5656694.5	333	64	23	<0.2	1057	<1000	20504	100cm	@bedrock interface; colluvial
565687.5	5656695.0	288	50	51	<0.2	451	<1000	20505	40cm	good B horizon
565687.5	5656695.5	16	4	17	<0.2	104	<1000	20506	30cm	20cm of predominately ash
565696.7	5656696.2	120	76	10	<0.2	566	<1000	20507	80cm	good B horizon
565696.7	5656695.7	30	13	23	<0.2	165	<1000	20508	12cm	Ash and soil to 12cm
559984.0	5658535.0							0 37		
559243.0	5658777.0	5	93			92		C 01		30cm deep; float mixed feldspar porphyry and sandstone
559308.0	5658767.0	68	313			908		C 02		20 cm deep; taken below cliff of argillite and siltstone; float of quartz in sample hole
559343.0	5658759.0	10	119			312		C 03		20 cm deep; float is sandstone, no alteration noted
559453.0	5658767.0	18	133			19		C 04		25 cm deep; float mixed feldspar porphyry and ssandstone
559518.0	5658774.0	17	46			17		C 05		25 cm deep; outcrop above sample site is granoditite porphyry sill
559570.0	5658729.0	10	119			20		C 06		25 cm deep; outcrop granodiorite pohyry
559601.0	5658726.0	5	122			24		C 07		25 cm deep; float mixed porphyry and sandstone
559628.0	5658712.0	17	96			124		C 08		30 cm deep; outcrop of interbedded sandstone and siltstone

559673.0	5658736.0	9	99			99		C 09	30 cm deep; outcrop above sample site is sandstone
559721.0	5658732.0	29	108			64		C 10	30 cm deep; outcrop above is sandstone with a few conglomeratic beds
559790.0	5658738.0	<5	74			22		C 11	25 cm deep; rubble of sandstone on talus slope
559853.0	5658721.0	9	107			40		C 12	25 cm deep; rubble of sandstone on talus slope
559884.0	5658694.0	43	142			163		C 13	30 cm deep; outcrop and rubble of coarse grained sandstone an conglomerate
559889.0	5658734.0	<5	107			46		C 14	25 cm deep; float is sandstone
560005.0	5658818.0	5	85			71		C 15	30 cm deep; float is sandstone and minor conglomerate
569316.0	5654138.0	0						TR 01	truck left
569387.0	5654277.0	0						TR 02	Thick ash layer no sample
569449.0	5654249.0	<5	80			6		TR 03	80% organics, 20% fines
569517.0	5654086.0	6	35			2		TR 04	30 cm deep, red brown B horizon
569551.0	5653908.0	<5	35			4		TR 05	30 cm deep; brown B horizon, float mixed siltstone and basalt
569571.0	5653685.0	<5	32			3		TR 06	20 cm; brown clay rich B horizon
569401.0	5653940.0	<5	38			8		TR 07	bank sample, yellow brown B horizon
569393.0	5653975.0	26	58			4		TR 08	bank sample; B horizon red brown colour
569377.0	5654016.0	<5	55			5		TR 09	bank sample; B horizon brown
569343.0	5654110.0	13	48			<2		TR 10	bank sample; B horizon, brown colour
569314.0	5654134.0	11	60			6		TR 11	bank sample; B horizon, brown colour
569294.0	5654188.0	5	66			3		TR 12	bank sample, brown B horizon, fragments of basalt
569300.0	5654236.0	<5	50			2		TR 13	bank sample; brown B horizon, float of basalt

569275.0	5654285.0	9	59			13		TR 14	bank sample; B horizon, brown colour, outcrop of tertiary basalt
569246.0	5654329.0	5	62			4		TR 15	bank sample; C horizon grey brown
569222.0	5654364.0	<5	63			6		TR 16	bank sample; outcrop tertiary basalt to andesite
569178.0	5654397.0	<5	57			13		TR 17	bank sample; yellow brown B horizon
569140.0	5654426.0	<5	50			5		TR 18	bank sample; grey brown C horizon
569109.0	5654472.0	9	59			4		TR 19	bank sample; C horizon grey brown
569098.0	5654504.0	<5	62			9		TR 20	bank sample; B horizon brown
569050.0	5654541.0	<5	59			13		TR 21	bank sample; B horizon brown
568993.0	5654559.0	8	69			43		TR 22	bank sample; B horizon, dark brown
568973.0	5654606.0	<5	60			10		TR 23	bank sample; B horizon, brown
568965.0	5654641.0	<5	64			11		TR 24	bank sample; C horizon grey brown, calcite stringers in float
568948.0	5654687.0	<5	58			4		TR 25	bank sample; B horizon, brown
568930.0	5654747.0	<5	56			7		TR 26	bank sample; B horizon, yellow brown colour
568910.0	5654788.0	<5	60			3		TR 27	bank sample; B horizon, brown
568900.0	5654822.0	<5	61			2		Tr 28	outcrop of andesite cut by calcite veining
559472.0	5658571.0	<5	115			176		U 01	30 cm deep; yellow brown colour
559533.0	5658556.0	71	122			392		U 02	25 cm deep; brown, taken below outcrop of sandstone with calcite veined fault
559608.0	5658573.0	8	111			59		U 03	25 cn deep; grey brown colour, possible mixed ash with soil
559672.0	5658581.0	9	187			72		U 04	30 cm deep; Brown B horizon
559732.0	5658602.0	<5	114			115		U 05	30 cm deep. Brown B horizon

559808.0	5658543.0	6	57			76		U 06	25 cm deep; Brown, B horizon, possibly mixed with ashtaken below outcrop of sandstone with calcite veined fault
559882.0	5658561.0	13	92			234		U 07	25 cm deep; Brown B horizon, possibly mixed with ash
559953.0	5658572.0	6	53			50		U 08	25 cm deep; Brown B horizon
559979.0	5658557.0	8	58			34		U 09	25 cm deep; brown B horizon, outcrop nearby is carbonate altered sandstone
560042.0	5658612.0	0						U 10	Way point above Utah high-grade sample
560083.0	5658629.0	<5	110			73		U 11	30 cm deep; B horizon brown colour, outcrop adjacent is sandstone cut by calcite veinlets
560171.0	5658642.0	24	101			246		U 12	30 cm deep, B horizon, brown
560229.0	5658630.0	40	331			95		U 13	25 cm deep; B brown
560286.0	5658596.0	14050	434			9560		U 14	20 cm deep, sample collected above Utah high-grade vein sample
560390.0	5658662.0	100	152			62		U 15	25 cm deep; B horizon, brown, outcrop above sample is thick bedded sandstone carbonate altered
560441.0	5658659.0	20	122			101		U 16	25 cm deep; B horizon brown, carbonate altered sandstone near sample site
560474.0	5658653.0	10	69			109		U 17	25 cm deep; float and outcrop is carbonate altered sandstone
560509.0	5658647.0	31	144			77		U 18	28 cm deep; B horizon brown
560561.0	5658643.0	6	137			77		U 19	25 cm deep, float is carbonate altered sandstone and siltstone
560699.0	5658639.0	9	122			866		U 20	25 cm deep; mixed sandstone and siltstone float both carbonate altered

560742.0	5658630.0	20	103			362		U 21		25 cm deep; mixed sandstone and siltstone float both carbonate altered
560786.0	5686625.0	10	65			206		U 22		25 cm deep; yellow brown colour, intensely carbonate altered sandstone



WATSON BAR CREEK

- LEGEND**
- 2006 Soil Au (ppb)
- 1 - 20
 - 21 - 40
 - 41 - 125
 - > 125

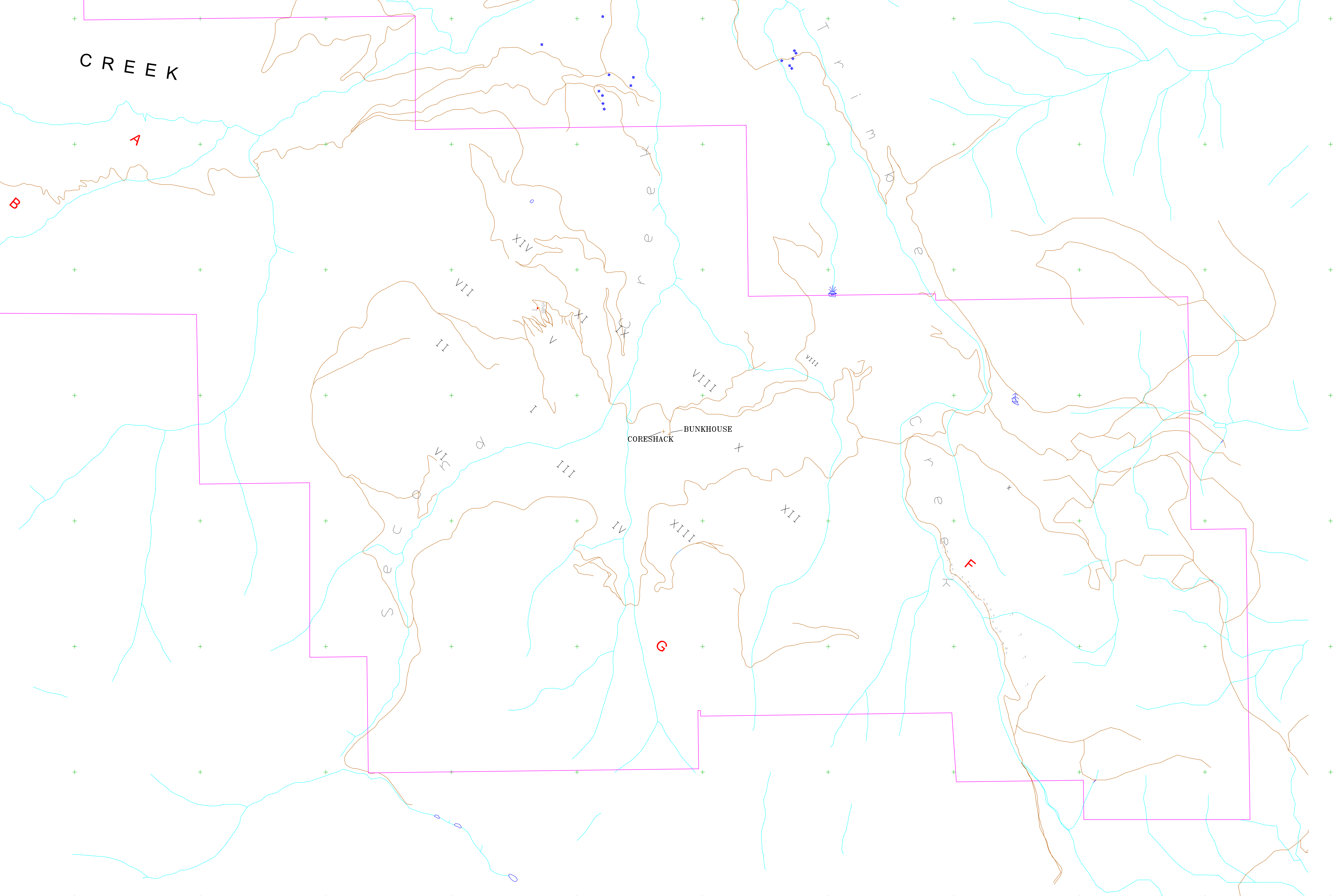
DURFELD GEOLOGICAL MANAGEMENT

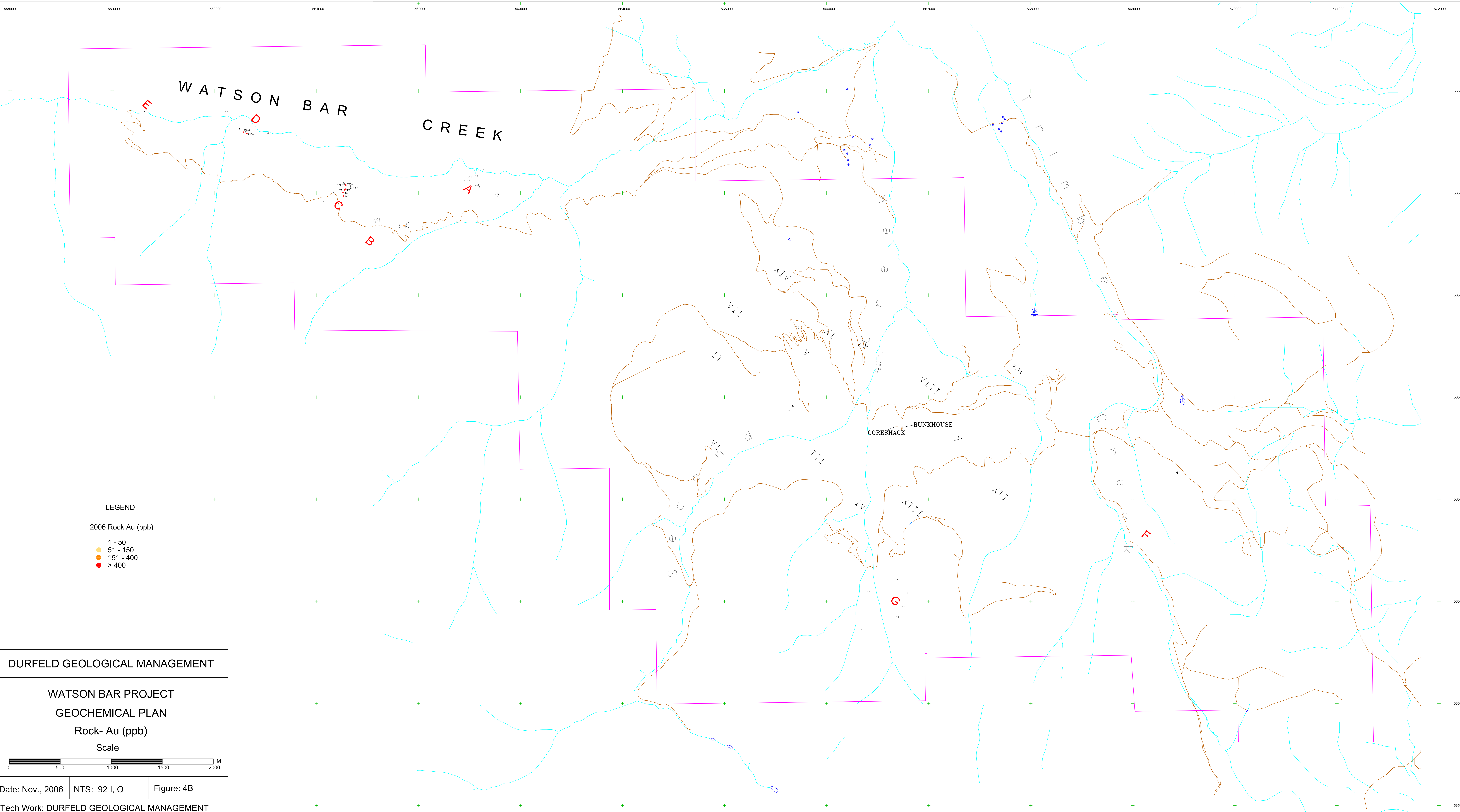
WATSON BAR PROJECT
GEOCHEMICAL PLAN
 Soil - Au (ppb)

Scale

Date: Nov., 2006 NTS: 92 I, O Figure: 4A

Tech Work: DURFELD GEOLOGICAL MANAGEMENT



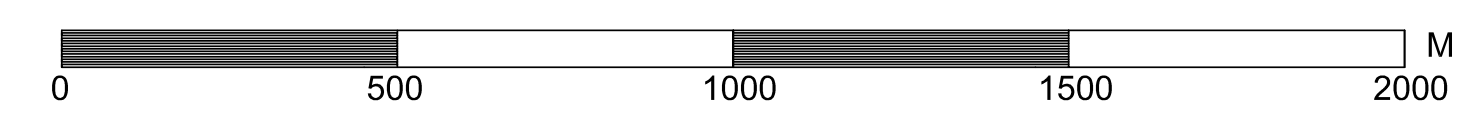


DURFELD GEOLOGICAL MANAGEMENT

WATSON BAR PROJECT
GEOCHEMICAL PLAN

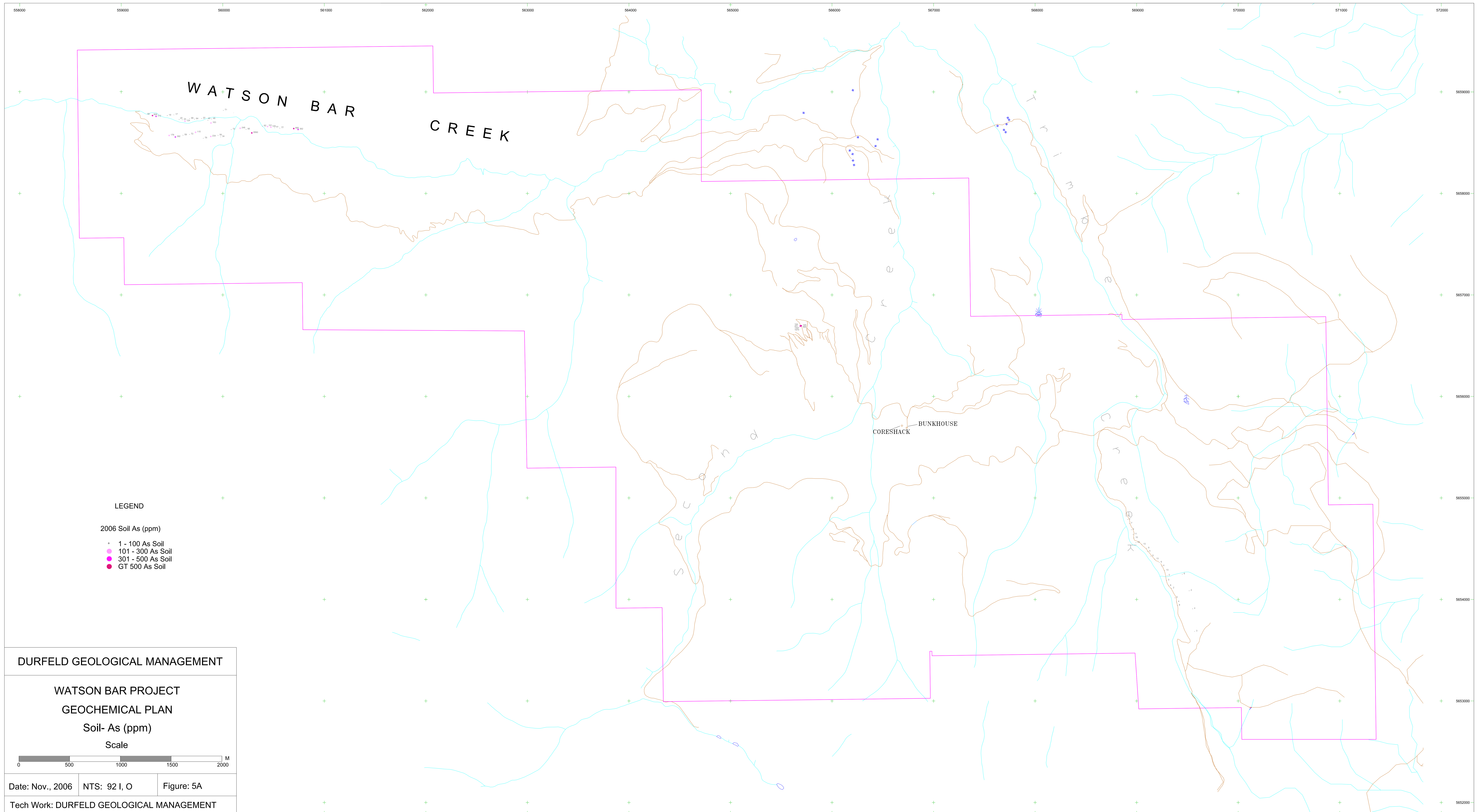
Rock- Au (ppb)

Scale



Date: Nov., 2006 NTS: 92 I, O Figure: 4B

Tech Work: DURFELD GEOLOGICAL MANAGEMENT

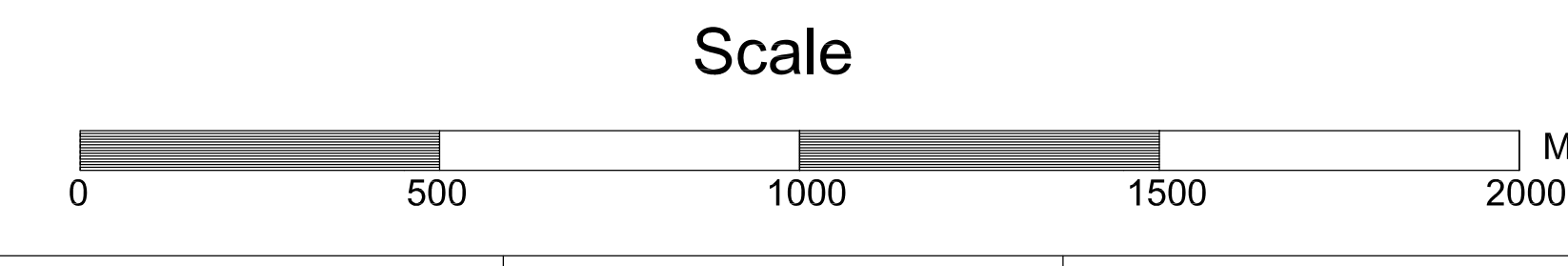


LEGEND

- 2006 Soil As (ppm)
- + 1 - 100 As Soil
 - 101 - 300 As Soil
 - 301 - 500 As Soil
 - GT 500 As Soil

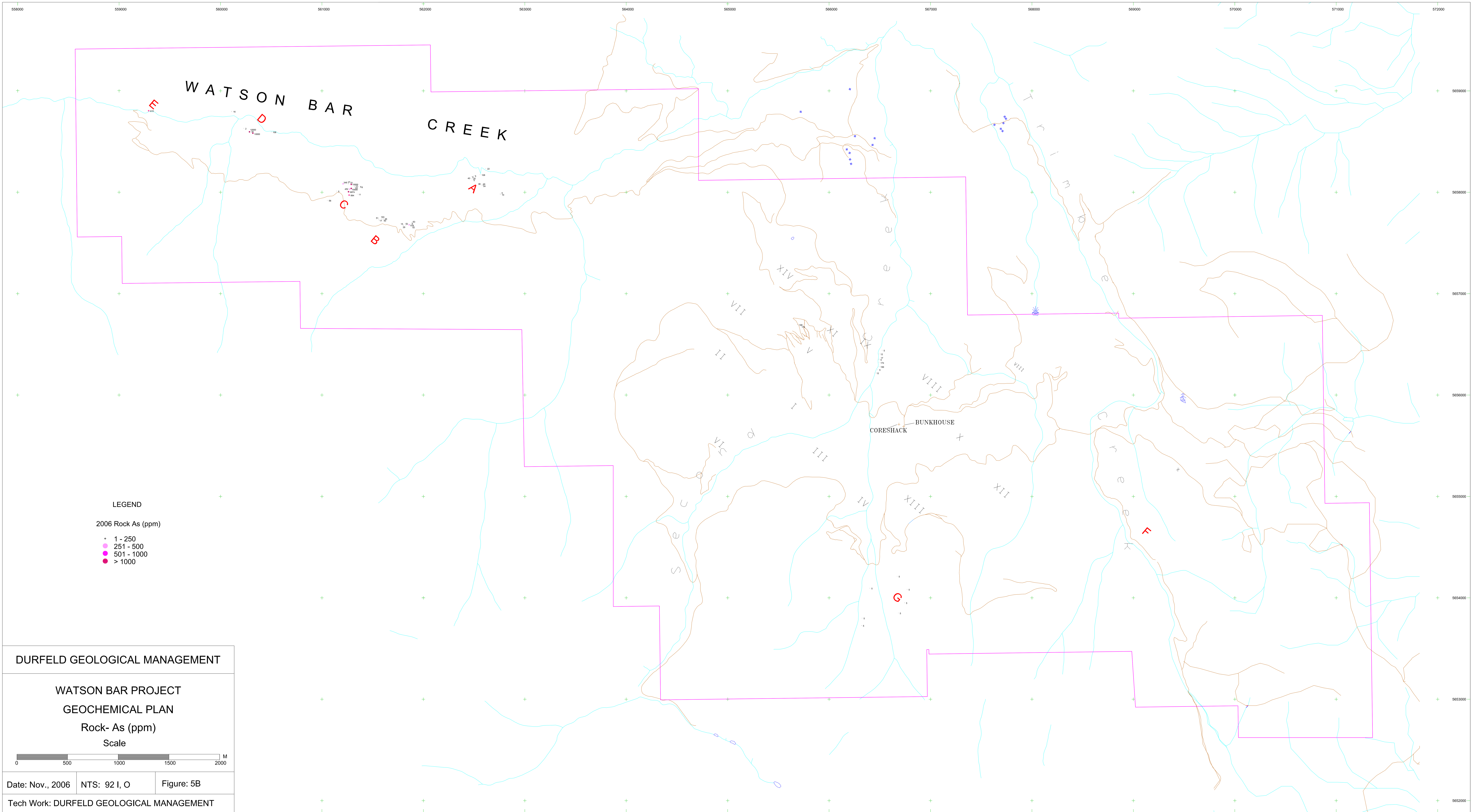
DURFELD GEOLOGICAL MANAGEMENT

WATSON BAR PROJECT
GEOCHEMICAL PLAN
Soil- As (ppm)



Date: Nov., 2006 NTS: 92 I, O Figure: 5A

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LEGEND

2006 Rock As (ppm)

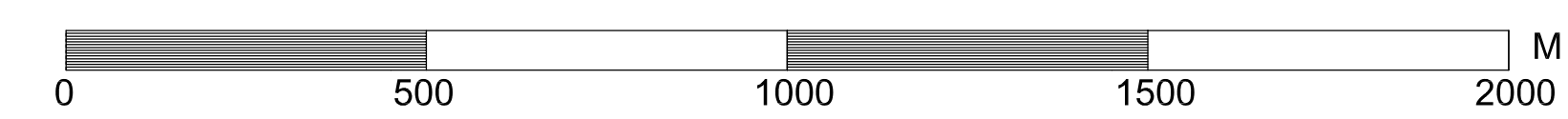
- 1 - 250
- 251 - 500
- 501 - 1000
- > 1000

DURFELD GEOLOGICAL MANAGEMENT

WATSON BAR PROJECT
GEOCHEMICAL PLAN

Rock- As (ppm)

Scale



Date: Nov., 2006 NTS: 92 I, O Figure: 5B

Tech Work: DURFELD GEOLOGICAL MANAGEMENT