

PROSPECTING REPORT

ON

DAL #1 TO DAL #4 Claims

GNAT PASS AREA

LIARD MINING DIVISION

BRITISH COLUMBIA

RECEIVED
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VANCOUVER, B.C.

PROPERTY LOCATION : The Dal #1 to Dal # 4 claims are along the western mountainside of Gnat Pass

58E 11' 15" North
129E 52' 40" West
National Topographic Series 104 I

WRITTEN BY :

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Delta, B.C. V4M 3H6

Dec. 20, 2006

GEOLOGICAL SURVEY BRANCH
Geological Survey of Canada
1000 - 9th Avenue, NW
Ottawa, Ontario K1A 0S8
Canada

2006

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Summary

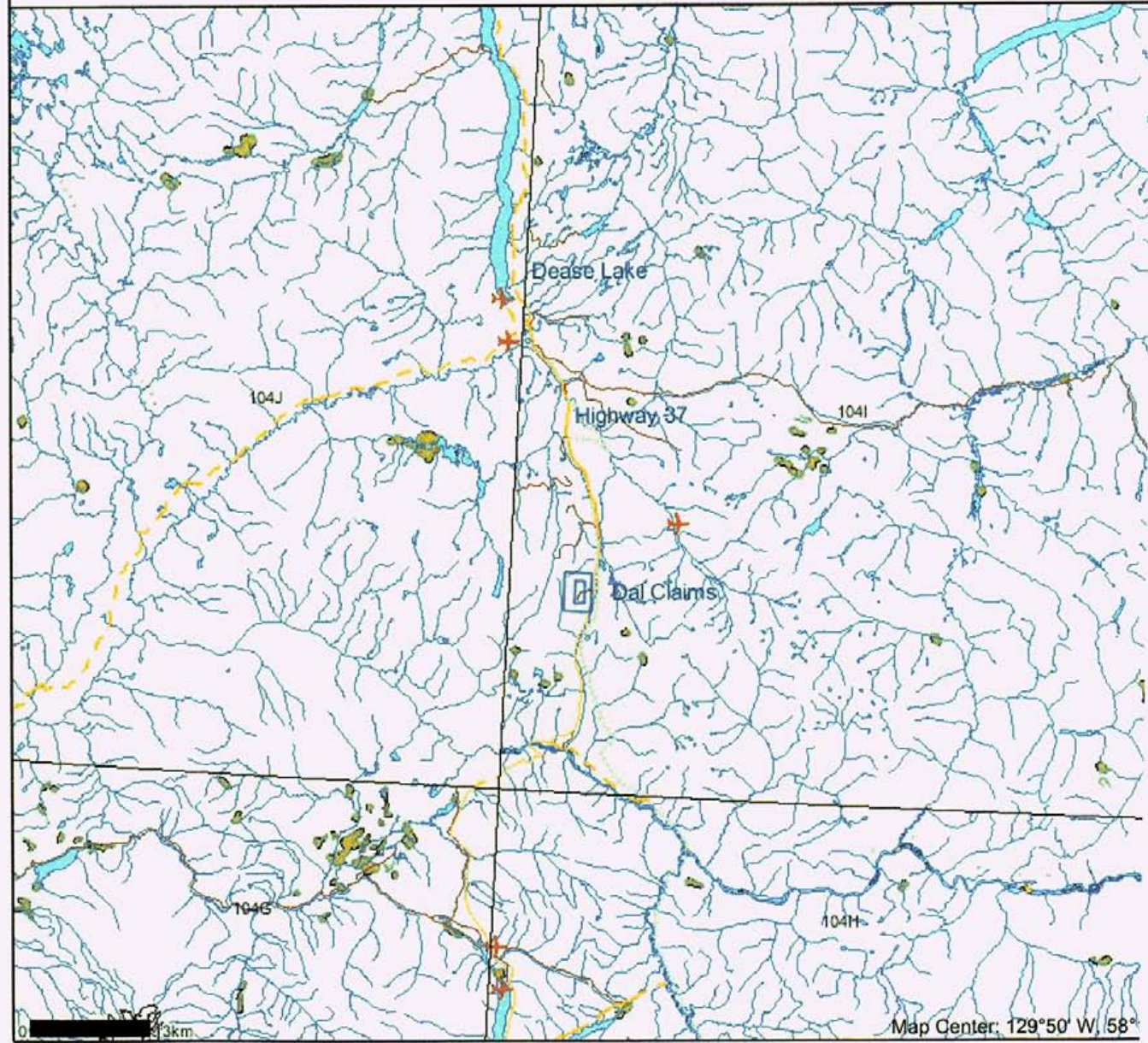
The Dal 1 to 4 claims (Figure 1) were prospected between July 8 and Aug. 6th 2006. The prospecting was done by Gerry Diakow, Larry Sharp and Rick Unrau. Outcrop was mapped and numerous trenches from earlier explorers were located and sampled. Although over 40 samples were collected none have been analyzed for this report.

The samples collected by Larry Sharp and Rick Unrua were not considered for analysis mostly because of the size of the sample being small and also because most of these samples were overly rich in iron pyrite and lacked copper sulfides. Previous work by the author in this area has shown that any samples not containing copper sulfides also do not carry precious metals. Gerry Diakow focused his traverses on the ultra mafic rocks present in the southeast portion of the claim area. These samples are being studied and analyzed by Anglo American Mining Corporation and the results are not available for this report.

The Dalvenie property warrants further exploration. The size, grade of mineralization and location near a paved highway make it an attractive target for both precious metals (gold, silver, and platinum group) and base metal (copper, nickel) deposits. Previous operators have contributed valuable exploration work in developing geochemical anomalies. This valuable early work consisted of trenching and exposing the shear zone for nearly 4000 feet. Establishing a permanent grid that I was able to re-locate during the Sept/05 visit, the original grid used metal tags on survey stakes thus allowing the complete grid to be relocated. Equity Silver Ltd.'s geological, geophysical and geochemical surveys can be retrieved from the BC Mining Ministry Assessment Report Files.

Claim Location Map

Map created Thu Dec 21 10:23:16 PST 2006



Map Center: 129°50' W, 58°

Conclusion

1. The Dal #1(520583) and Dal #2(520586) claims have extensive trenching and road cuts on the claim area (Figure 2). These trenches can be followed by walking the cat trail which leads to many small showings exposed by the excavator. The majority of these showings are narrow rusty zones rich in iron pyrite and less than 5cm in width.
2. The south eastern parts of the Dal #3 (520587) and the Dal #4(520588) are underlain with ultramafic rock. A road cut exposes a pyrrhotite vein 10cm wide located on the Dal #3 claim.
3. All four claims partly overtake crown grants that are in good standing.

Recommendations

Copy the complete report *Geological, Geochemical and Geophysical Report on the Gnat Pass Property by J.F. Wetherill* research all related assessment reports on the original property.

- 1) Use the services of a consulting Professional Geophysicist to reprocess the geophysical data using modern software programs.
- 2) Establish in the field the exact location of the original 15.2 km grid that was used for the Geophysical and Geochemical surveys completed by Equity Silver Ltd.
- 3) Initiate a modern Geographical Information System (GIS) using North America Datum 1983 (NAD83) to convert all survey stations to a common grid using Global Positioning System (GPS) instruments calibrated to NAD83 Universal Transverse Mercator (UTM) coordinates.
- 4) Run a Very Low Frequency survey parallel to the Dalvenie Fault covering the complete length of the fault.

- 5) Run a reconnaissance geochemical survey on the downhill side of the Dalvenie fault the complete length of the fault.
- 6) Prospect, map and sample all the old crown grants that make up the Dalvenie property.

Introduction

This report discusses the prospecting and locating of old workings and surveys on the Dal 1 to 4 claims(Figure 2). Trenches that were located were flagged and sampled.

Work was carried out on the following claims.

Dal #1	21 cells good to Sept. 29 th /07	Tenure #520585	358.293 ha
Dal #2	10 cells good to Sept. 29 th /07	Tenure #520586	170.567 ha
Dal #3	10 cells good to Sept. 29 th /07	Tenure #520587	170.643 ha
Dal #4	16 cells good to Sept. 29 th /07	Tenure #520588	273.142 ha

Figure 3 shows Crown Granted claims which underlie the Dal #1 to Dal #4 mineral claims. All the crown grants shown in Figure 3 are in good standing and their mineral rights preempt the Dal claims.

Location and Access

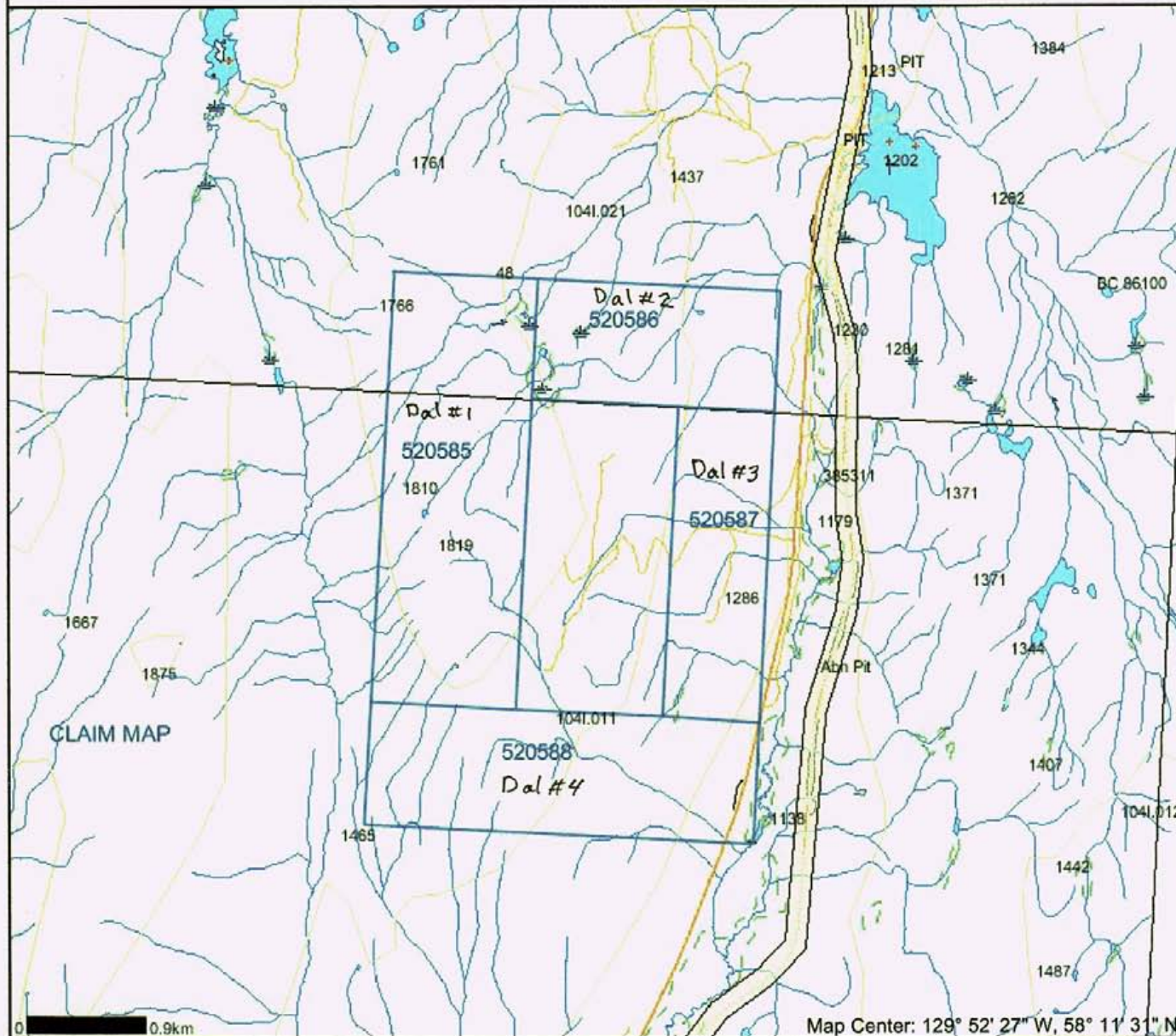
The Dalvenie prospect is located on the east flank of Thenatlodi Mountain in the Cry Lake Map area, about 20 miles by Highway 37 southeast of the south end of Dease Lake (Figure1). The settlement of *Dease Lake* is located at the south end of Dease Lake. It is the transportation, communications, and supply centre for the region. An asphalt airstrip over 6000 feet long lies on a broad terrace on the north side of the Tanzilla River a few miles southwest of the settlement of Dease Lake.

Claim Map Fig. 2

7

Map created Wed Dec 20 14:32:53 PST 2006

Legend

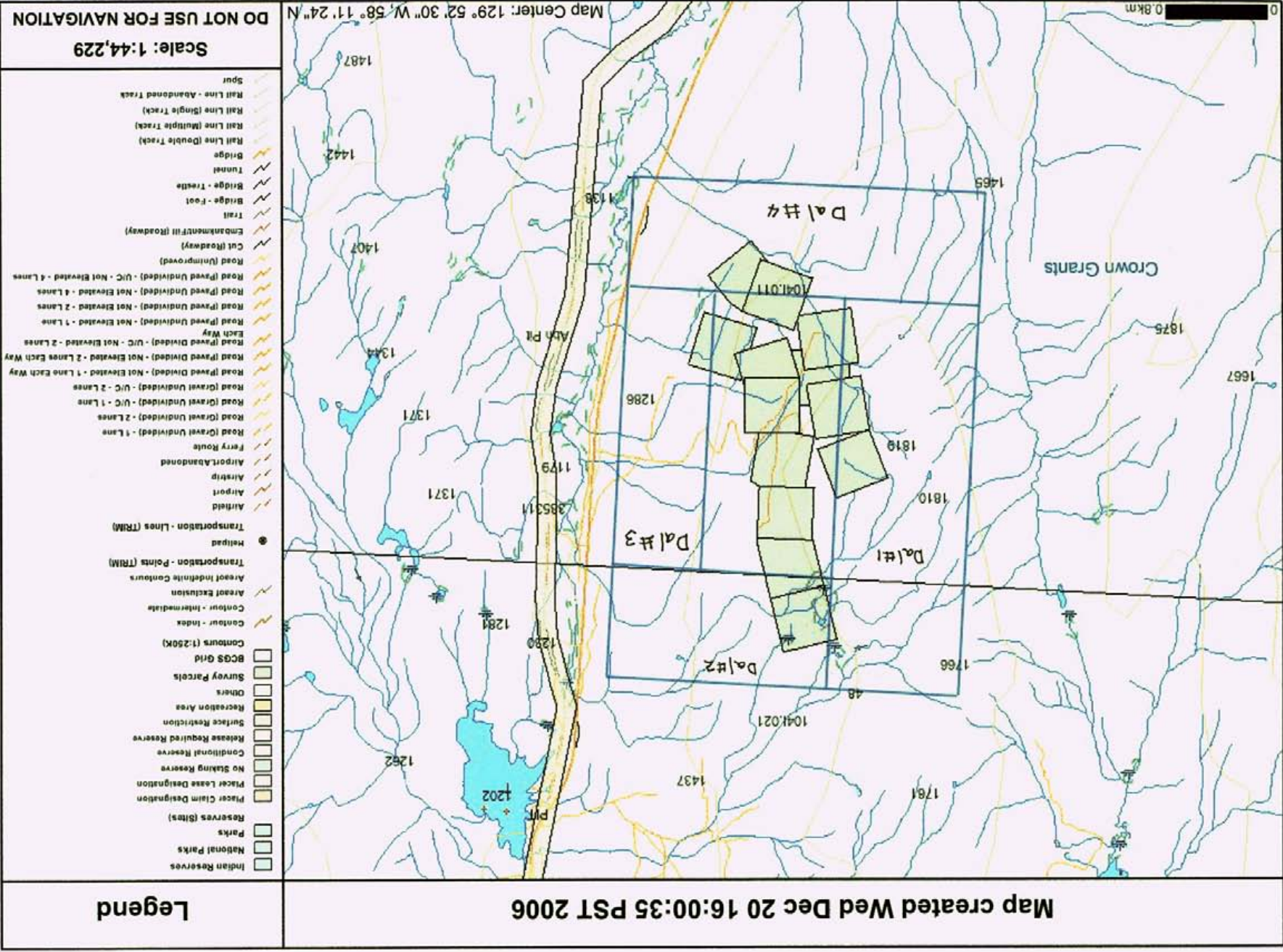


- Indian Reserves
- National Parks
- Parks
- Reserves (Sites)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- BCGS Grid
- Contours (1:250K)
- Contour - Index
- Contour - Intermediate
- Area of Exclusion
- Area of Indefinite Contours
- Transportation - Points (TRIM)
- Helipad
- Transportation - Lines (TRIM)
- Airfield
- Airport
- Airstrip
- Airport, Abandoned
- Ferry Route
- Road (Gravel Undivided) - 1 Lane
- Road (Gravel Undivided) - 2 Lanes
- Road (Gravel Undivided) - U/C - 1 Lane
- Road (Gravel Undivided) - U/C - 2 Lanes
- Road (Paved Divided) - Not Elevated - 1 Lane Each Way
- Road (Paved Divided) - Not Elevated - 2 Lanes Each Way
- Road (Paved Divided) - U/C - Not Elevated - 2 Lanes Each Way
- Road (Paved Undivided) - Not Elevated - 1 Lane
- Road (Paved Undivided) - Not Elevated - 2 Lanes
- Road (Paved Undivided) - Not Elevated - 4 Lanes
- Road (Paved Undivided) - U/C - Not Elevated - 4 Lanes
- Road (Unimproved)
- Cut (Roadway)
- Embankment/Fill (Roadway)
- Trail
- Bridge - Foot
- Bridge - Trestle
- Tunnel
- Bridge
- Rail Line (Double Track)
- Rail Line (Multiple Track)
- Rail Line (Single Track)
- Rail Line - Abandoned Track
- Spur
- Water - Points (TRIM)

Scale: 1:47,160

DO NOT USE FOR NAVIGATION

Crown Grants Fig. 3



The Cry Lake map area covers about 490 square miles in north-central British Columbia. Since the early 1870's the region has been important for placer gold mining and big-game hunting. Significant deposits of copper, zinc and asbestos have been discovered by mineral exploration geologists and the varied geology offers favourable conditions for occurrences of base metals and precious metals.

Highway 37 runs north-south near the western boundary of the Cry Lake map area. The paved Highway 37 connects Kitwanga on Highway 16 with the Alaska Highway at Watson Lake, Yukon Territory.

The Dal claims are accessed by a 1.5 mile gravel road directly off highway 37 at Gnat Pass (Figure 2).

Terrain and Vegetation

The Cry Lake Map area includes parts of two major physiographic elements in the Canadian Cordillera. These are the Kaska Mountains represented by the Cassiar Mountains and the Stikine Plateau represented by the Spatsizi and Tanzilla Plateaus. Most of the Cry Lake map area lies within the Cassiar Mountains, a moderately rugged mountainous region with local relief of as much as 4200 feet.

The Cassiar Mountains are characterized by irregular mountain masses deeply dissected by stream valleys and glacial cirques.

The climate at Dease Lake is similar to that of the Cassiar Mountains and the Cry Lake map sheet. Dease Lake is normally free of ice during the last week in May or the first week in June. Generally, prospecting can be carried out on the Tanzilla Plateau from May to October but in the Cassiar Mountains snow may hamper work before mid-June and after mid-September. Unsettled weather is common during the summer months when the region gets its maximum precipitation. On average the latter part of July until the end of August provides the best weather for travel in the high

mountains. Occasionally September affords ideal conditions because of low water, pleasant temperatures, and relatively few insects.

Timber line ranges from about 4593 to 5249 feet above sea level but good stands of timber are generally restricted to much lower elevations along the main river valleys. White Spruce and cottonwood, the largest trees grow mainly in the valley bottoms whereas lodgepole pine, trembling aspen, and minor birch are found commonly on flanking gravel and sand terraces.

Edible wild fruits include raspberry, strawberry, cranberry, several varieties of blueberry, and saskatoon (service berry).

Big-game animals include moose, Osbourne's caribou, black, brown and grizzly bear, Stone's sheep and mountain goat.

History

The Dalvenie claim area was first staked in 1899. In 1935, the Dalvenie Syndicate acquired the property and the Dalvenie 2-9, Mac and New Deal 1-4 claims were subsequently Crown granted. Work in 1935 traced the mineralization for 1200 feet by means of 13 shallow open cuts. In 1966, Copper Pass Mines Ltd. acquired the Crown grants and staked additional claims. Work completed in 1966 included geological mapping, induced polarization and soil geochemical surveys, trenching and some short X-Ray diamond-drill holes. The claims were most recently worked in the late 1980's up to 1990 by Equity Silver Mines Ltd. who eventually dropped the option most likely because of low copper gold prices during this period. Equity however performed soil geochemistry and some geophysical surveys while operating the property. Furthermore Equity recommended more exploration work in Assessment Report #19885 filed with the British Columbia Provincial Department of Mines in 1990. In this report the author *J.F. Wetherill* concluded

“The Dalvenie Shear hosts significant gold – copper values in a wide structurally controlled, persistent, quartz – sulfide zone. A geophysical survey clearly traced the shear zone as a coincident VLF (Very Low Frequency) conductor and pronounced linear magnetic low. Two large splays in the hanging wall of the shear are also indicated by the geophysical survey. A large, strong, multi –element soil geochem anomaly (A) occur over one of the splay intersections. The possibility of a high grade ore shoot(s) at the intersection of these splays with the main structure is good.

Geology, geophysics and geochemistry reveal several additional parallel mineralized structures in the area of the Dalvenie shear.

Structure, grade and access make the Dalvenie Shear an excellent exploration target. Further work is recommended.

The continuity, and grades of the Dalvenie shear, and the easy access, make the structure an excellent exploration target. “

The latter conclusion is from the last recorded work on the claims. When Gerry Diakow first looked at the property in July 1998, the ground was then held by Ed Asp and had not been actively explored since Equity Silver Mines 1990 work.

Geology

The area of the Dalvenie prospect is underlain by the Lower to Upper Triassic Stuhini Group. At the occurrence, the rocks are described as augite and plagioclase porphyry, andesite, basalt, tuff, breccia, argillite, quartzite, shale and minor thin beds of chert. The strata are intruded by an Alaskan-type ultramafic body, the Late Triassic Gnat Lake Ultramafite, consisting of hornblendite, hornblende clinopyroxenite and hornblende gabbro.

Monzonitic to syenitic rocks of the Early to Middle Jurassic Three Sisters Pluton outcrop to the immediate south. The Gnat Lake Ultramafite and the Three Sisters Pluton are part of the Hotailuh Batholith.

Two parallel basalt dikes occur trending 016 degrees east of north and dipping 75 degrees from horizontal west. The dikes are about 3 feet thick and separated by 2 to 5 feet of sheared material. The dikes occur along a highly sheared fault zone which forms the main mineralized zone. The dikes and the mineralized zone have been traced along surface for 3782 feet. The maximum width of the zone is at least 42 feet wide.

The fault zone contains smoky grey quartz with abundant sulphide mineralization observed at three showings. Sulphides present include massive pyrite with blebs of chalcopyrite and arsenopyrite, and smears of bornite and hematite along fractures. Siderite, barite, magnetite, pyrrhotite and sphalerite have also been reported.

The wallrock of the mineralized zone is mainly the ultramafite but in the extreme southern part the wallrock is sedimentary. The wallrock is generally unmineralized but may contain sulphides locally. The basalt dikes are locally mineralized.

Pre 2000 Assays from Property

A weighted average of six chip samples yielded 1.19 per cent copper over 24 feet (Assessment Report 898). Another composite sample taken over 42 feet yielded 1.03 per cent copper (Assessment Report 897). A 4 foot chip sample yielded 1.37 grams per tonne gold (Assessment Report 898).

A 1968 drillhole reportedly yielded 3.73 per cent copper and 4.80 grams per tonne gold over 5 feet (as reported in Assessment Report 19885).

PROSPECTING TRAVERSES

Traverses were made across the property with the intent of locating showings and any old workings. The traverses and sample locations are shown on the prospecting maps (figures 4, 5 and 6). The prospecting areas were designated to individual prospectors after an initial orienting group traverse.

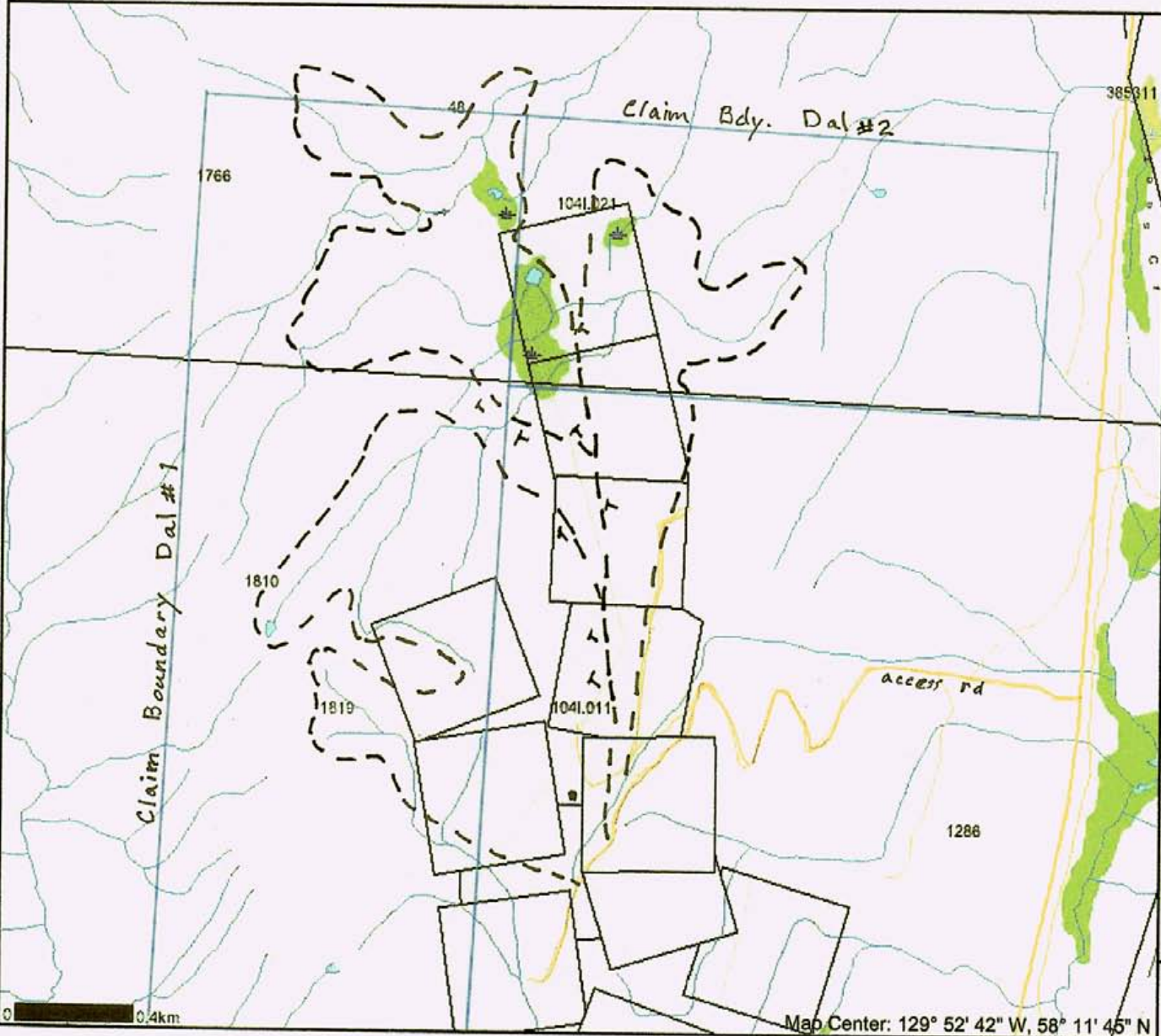
Rick Unrau prospected the higher elevation portion of the claims Dal #1 and Dal #2 (Figure 4). These traverses were interesting in that many old road cuts and trenches were relocated good exposure of rock types were exposed and many occurrences of pyrite and rusty/oxidized sulfides examined and specimen samples were collected. None of the rocks collected carried sufficient copper mineralization to warrant analysis.

Larry Sharp prospected the lower elevation portions of the Dal #2 and Dal #3 claims (Figure 5). The areas above tree line had some cat roads although all of the trenching terminated east of the Dalvenie fault/shear zone. Very little sulfide mineralization was observed. The eastern forested slope of claims Dal 2 and 3 has very little outcropping rock and no sulfide mineralization was observed.

Gerry Diakow prospected the Dal #3 and Dal #4 claims (Figure 6). Most of the prospecting work was focused on the southeastern part of the claims. Several mineral specimens were collected and the ones containing the most sulfides are being reviewed and sent for analysis. Notable mineralization includes magnetic mafic rocks with disseminated sulfides less than 2% sulfides. A quartz vein 5cm wide carrying sulfides. Pyrrhotite lens with massive iron sulfides 10cm in exposed width.

Prospecting Traverses on Dal #1 and Dal #2 Claims Fig. 4

Legend



- Indian Reserves
- National Parks
- Parks
- Reserves (Sites)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Integrated Cadastral Fabric
- Survey Parcels
- BCGS Grid
- Contours (1:250K)
- Contour - Index
- Contour - Intermediate
- Area of Exclusion
- Area of Indefinite Contours
- Annotation (1:20K)
- Transportation - Points (TRIM)
- Hellpad

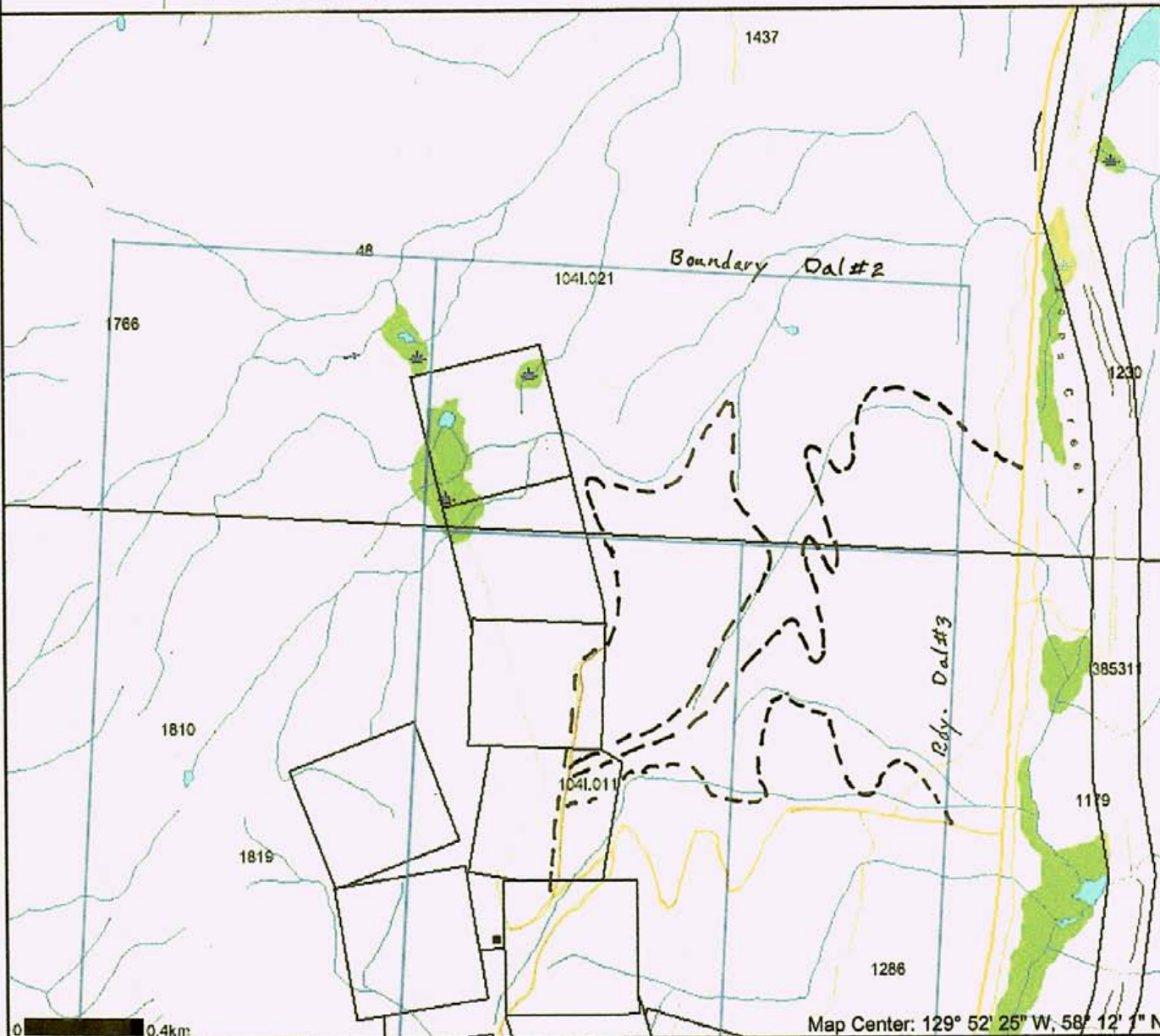
- Traverse Route
- Dalvenie Showing
Minfile # 1041 003
- Old Trench
- Pyrite
- Pyrrhotite

Scale: 1:21,194

DO NOT USE FOR NAVIGATION

Prospecting Traverses on Dal #2 and Dal #3 Claims Fig. 5

Legend

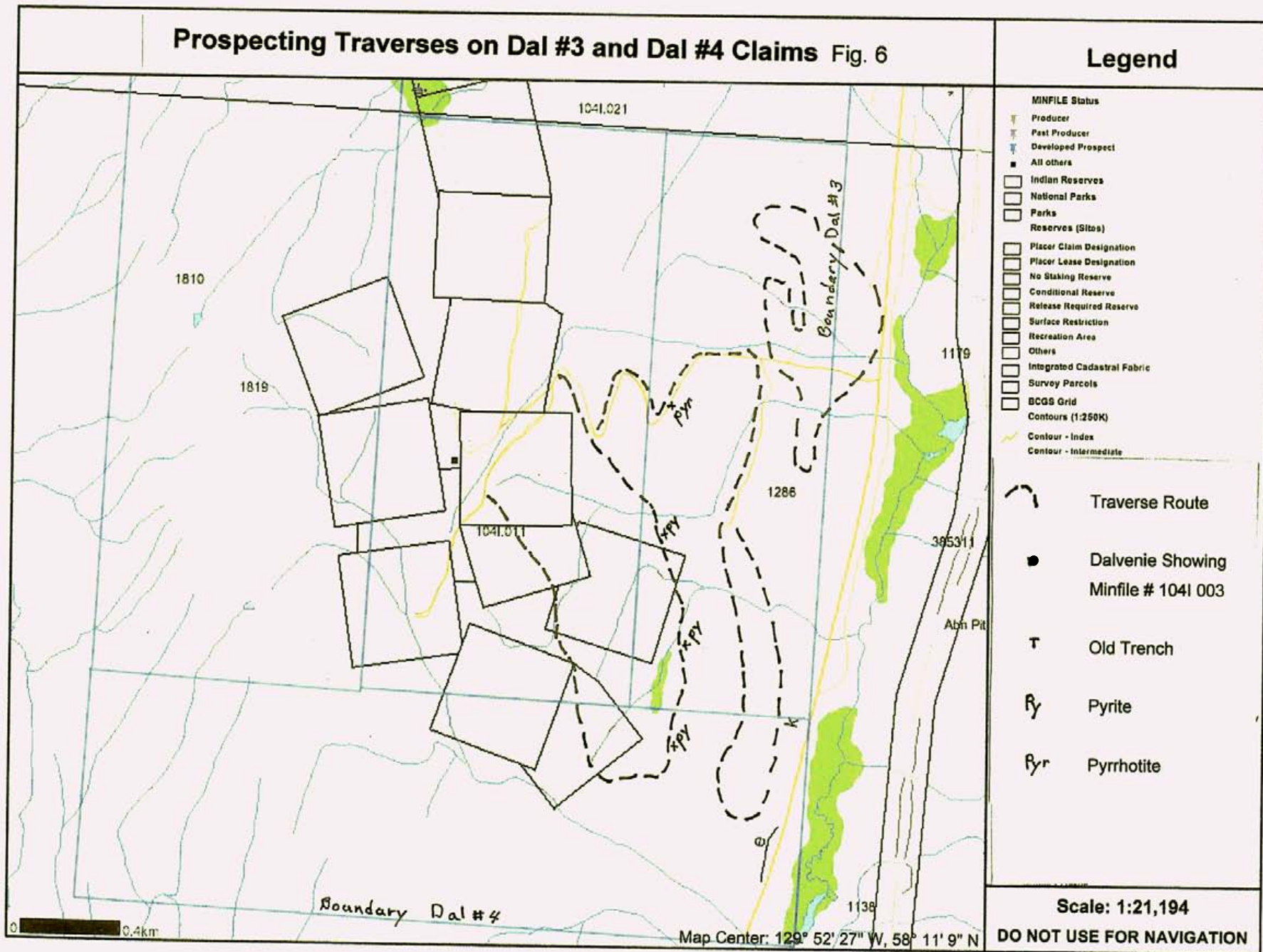


- MINFILE Status**
- Producer
- Past Producer
- Developed Prospect
- All others
- Indian Reserves
- National Parks
- Parks
- Reserves (Sitas)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Integrated Cadastral Fabric
- Survey Parcels
- BCGS Grid
- Contours (1:250K)
- Contour - Index
- Contour - Intermediate
- Traverse Route
- Dalvenie Showing
Minfile # 1041 003
- T Old Trench
- Py Pyrite
- Pyr Pyrrhotite

Scale: 1:21,194

DO NOT USE FOR NAVIGATION

Map Center: 129° 52' 25" W, 58° 12' 1" N



STATEMENT OF QUALIFICATION STEPHEN G. DIAKOW

1. I attended Vancouver City College and the University of British Columbia completing courses leading to a B.Sc in chemistry.
2. Studied Civil and Structural Engineering at British Columbia Institute of Technology.
3. I have worked in Mineral Exploration for the past 40 years . Including the major companies Union Carbide Mining Exploration, Canadian Superior Mining Exploration and Anaconda Mining Exploration.
4. I have received 3 British Columbia prospector assistance grants, the first from Dr. Grove in 1975 and last in 1998.
5. Member of the Society Of Economic Geologists

AFFIDAVIT OF EXPENSES

Prospecting and sampling of old workings was carried out within the Dal #1 to #4 (Tenure numbers 520585, 520586, 520587, 520588) claim group from July 8 to Aug 6th, 2006. Work was carried out on the claims located near Gnat Pass within the Liard Mining Division, British Columbia, to the value of the following:

Mob/Demob:

Wages 1 man, 1 day @ \$350/day \$350.00

Field:

Prospectors Larry Sharp and Rick Unrau, 4 days @ \$200/day/man \$1600.00

Prospector/Party chief Gerry Diakow 4 days @\$350/day \$1400.00

Room & board, 12 man days @ \$60/man/day \$720.00

Truck & fuel, 4 days @ \$125/day \$500.00

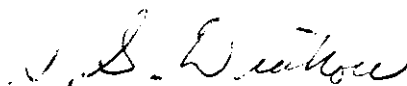
Total \$4570.00

Laboratory Not Applicable

Report \$350.00

Grand total: \$4920.00

Respectfully submitted ,


Gerry Diakow