1983 Assessment Report

Geochemical and Geophysical Survey

Claim: HIGH II

Commodity: Silver, Gold

Location: Johnstone Creek, Greenwood M.D.
29 km east of Osoyoos
82 E 3E

Consultant and Author: L. Sookochoff, P.Eng.
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311-409 Granville Street
Vancouver, B.C., V6C 1T2

Owner and Operator: QUILLO RESOURCES LTD.
Vancouver, B.C.

Work Dates: May 29 1983 to June 16, 1983

Submittal Date: January 19, 1984
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1983 Assessment Report
for
QUILLO RESOURCES LTD.,
on the
HIGH II MINERAL CLAIM

INTRODUCTION

During May and June 1983 a mineral exploration program consisting of a magnetometer and E.M. Survey in conjunction with a geochemical survey was carried out on the High II mineral claim.

The exploration program on the property was initiated on the basis of a recommendation in the writer's letter report dated February 2, 1983.

SUMMARY

This report presents the procedure, the results and the interpretation of the surveys.

The High II mineral claim is located in the Camp McKinney area where placer gold and lode gold deposits were worked since 1894 and where one property has produced $1,000,000 in gold from 1894 to 1903. Camp McKinney claims were periodically explored since 1903 with active exploration in 1982 and reported encouraging results in an area of sedimentary rocks and greenstones.

The High II mineral claim is indicated to predominantly cover the Phoenix volcanic group in contact with the Anarchist group of Permain sediments and volcanics along the northern boundary.

An exploration program consisting of geophysical and geochemical surveys over the High II claim completed by Quillo Resources, disclosed six correlative anomalous areas which delineate areas for follow-up exploration.

The significance of the anomalies could only be determined in additional detailed exploration which would primarily include geological mapping.
PROPERTY

The property consists of one claim of 12 units. Particulars are as follows:

<table>
<thead>
<tr>
<th>Claim Name</th>
<th>Record No.</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>High II</td>
<td>3581</td>
<td>March 10, 1988</td>
</tr>
</tbody>
</table>

*Upon the acceptance of four years exploration work applied January 1984 for which this report forms a part thereof.

LOCATION AND ACCESS

The claim is located 29 km east of Osoyoos and four km west of Rock Creek within NTS map sheet 82E 3E in central southern British Columbia.

Access is via the No. 3 southern provincial highway to a secondary road branching off northerly. The claim is within five km north of the No. 3 Highway.

PHYSIOGRAPHY AND CLIMATE

The property is within the Okanagan Highlands with elevations on the claim up to 1075 meters on the northwest corner from 850 meters in the south.

The general climate of the area includes mild winters with a snow free period of up to ten months.

WATER AND POWER

Johnstone Creek, the main water course, passes north-south through the property with a minor creek located within the confines of the property.

Diesel-electric power would initially be required for exploration and development. A major transmission line is 11 km to the north with a natural gas pipeline within two km to the north.
HISTORY

The history of the immediate area centers around the placer deposits of McKinney Creek and the mines at Camp McKinney, 13 km northwest.

Camp McKinney was one of the early lode gold camps of British Columbia with one property, the Cariboo, producing over $1,000,000 in gold largely between 1894 and 1903. A number of other properties were developed but none of these produced important amounts of ore.

Claims within Camp McKinney were periodically worked from 1903 to 1962 when gold-silver ore was shipped to the Trail smelter, and thereafter. McKinney Resources Inc. presently holds many of the old crown granted mineral claims of Camp McKinney with further exploration work reported to be continued in 1983.

GEOLOGY AND MINERALIZATION

The general geology of the area is of predominantly the Permain Anarchist Group overlain by minor localized areas of the Cenozoic Kettle River Formation and to a greater extent, and the youngest rocks of the area, the Phoenix volcanic group. The Cretaceous Nelson Plutonic Rocks intrude the Anarchist group as stocks or plugs which are also overlain by the Kettle River and Phoenix groups.

The Anarchist group in the Camp McKinney area consists very largely of highly metamorphosed sedimentary rocks but includes also altered greenstones and possibly also altered intrusive rocks. The sedimentary members of the group are the altered equivalents of quartzite, slate and limestone, micaceous quartzites, mica schists, and crystalline limestone. The sheared greenstones possibly represent both intrusive and extrusive types.

A second group of rocks within the Anarchist series are light grey, granitic rocks, quite generally gneissic, the outcrops of which have in some cases a slightly rusty appearance. Quartz and microcline predominate with orthoclase and albitic oligoclase generally present. These granitic rocks are intrusive into the schists of the Anarchist series.

Another group of rocks within the Anarchist series consists of sheared basic intrusives which can in local areas be represented as serpentine with considerable pyrite development in association with shear zones.
Feldspar porphyry "dykes" are also common in the area. The rock is described as a "pale pink to flesh colored, fine grained rock with granitic texture. Quartz is fairly common and feldspar, shreds of biotite, hornblende, small individuals of apatite and some iron ore make up the balance of the rock."

The Kettle River formation consists of acidic tuff and local basins of conglomerate and sandstone. In the general Rock Creek area southeast of Camp McKinney "small plugs of porphyritic rhyolite with quartz phenocrysts apparently mark the vents from which some of the acidic tuff was emitted.

The Phoenix volcanic group which overlies the Kettle River formation consists mainly of andesitic and trachytic lavas, but locally contains interbedded sediments.

The gold bearing mineral zones at Camp McKinney are mainly of quartz veins occurring in the schists of the Anarchist series and in general paralleling the strike and dip of the schistosity. The quartz veins are mineralized with pyrite accompanied by galena and zinc blende and carry in places good values in gold. With only pyrite in the veins, the gold values are low. South of Camp McKinney, gold mineralization is associated with shear zones within volcanic rocks with little or no quartz. The zones are "from 3 to 4 feet wide" and are impregnated with considerable amounts of ankeritic carbonates. Abundant pyrite is disseminated throughout the rock in the vicinity of the shear zones.

Placer gold has been derived from the creeks in the Camp McKinney area - the more significant ones being McKinney and Rock Creeks.

The High II claim as indicated from Map 15-1961 Kettle River Geology West Half, is underlain mainly by the Phoenix Volcanic Group in contact with the Anarchist group along the northern boundary.
1. Survey Procedure

A grid system of east-west lines at 200 meter intervals was established from a central north-south base line. A total of 20 line km were completed.

Samples were picked up at 50 meter intervals along the grid lines. Samples were selected from the B horizon of the brown to brownish gray sandy-loam forest soil at a depth of commonly 30 centimeters. The soil was placed in a brown wet-strength paper bag with the grid co-ordinates marked thereon. A total of 399 samples were collected and analysed.

2. Testing Procedure

All samples were tested by Acme Laboratories of Vancouver, B.C. The testing procedure is first to thoroughly dry the sample. Then 500 grams of material is digested with 3 ml. of 3:1:3 HCL to HNO3 to H2O at 90 deg. more or less for one hour. The sample is diluted to 10 mls. with water. The samples were then analysed by atomic absorption for five metals - copper, zinc, silver, lead and arsenic.

3. Treatment of Data

In assessing the data results, the background, sub-anomalous and anomalous values were determined utilizing a pocket calculator with a mean and standard deviation read-out.

The sub-anomalous threshold value, which is a value not considered anomalous, but an indicator of potential mineralization, is taken as one standard deviation from the mean background value. The anomalous values or the prime indicator values are taken at two standard deviations from the mean background values.

The results of the data treatment were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cu</th>
<th>Ag</th>
<th>Pb</th>
<th>Zn</th>
<th>As</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean background value</td>
<td>18</td>
<td>0.1</td>
<td>11</td>
<td>53</td>
<td>7</td>
</tr>
<tr>
<td>Sub-anomalous threshold value</td>
<td>32</td>
<td>0.2</td>
<td>15</td>
<td>64</td>
<td>10</td>
</tr>
<tr>
<td>Anomalous threshold value</td>
<td>46</td>
<td>0.3</td>
<td>19</td>
<td>75</td>
<td>13</td>
</tr>
</tbody>
</table>

All values are in parts per million.
VLF-EM SURVEY

A Sabre Model 27 VLF-EM Receiver instrument manufactured by Sabre Electronics of Vancouver was utilized in the VLF-EM survey.

The VLF-EM Receiver measures the amount of distortion produced in a primary transmitted magnetic field - in this case Seattle at a frequency of 24.6 KHz - and a secondary magnetic field which may be induced by a conductive mass such as a sulphide body. The VLF-EM unit - due to its relatively high frequency - can detect low conductive zones such as fault or shear zones, carbonaceous sediments or lithological contacts.

The major disadvantage of the VLF method, however is that the high frequency results in a multitude of anomalies from unwanted sources such as swamp edges, creeks and topographical highs.

Two of the grid lines of the geochem survey were utilized for the VLF-EM and magnetometer survey for a total of 20 line km.

MAGNETOMETER SURVEY

The magnetometer survey was carried out utilizing a Model G-10 fluxgate magnetometer manufactured by Geotronics Instruments of Vancouver.

All rocks contain some magnetite from very small fractions of a percent up to several percent, and even several tens of percent in the case of magnetic iron deposits. The distribution of magnetite or certain characteristics of its magnetic properties may be used in exploration or mapped for other purposes.

The anomalies from naturally occurring rocks and minerals are due chiefly from the presence of the most common magnetic mineral magnetite or of related minerals including ilmenite and pyrrhotite (with sulfide mineralization).

Magnetic anomalies in the earth's magnetic field are caused by two different kinds of magnetism: induced and remanent. Induced magnetization refers to the action of the field on the material wherein the ambient field is enhanced and the material itself acts as a magnet.

The proportion of magnetism is related to the magnetic susceptibility of the material. Typically, more basic igneous rocks have a higher susceptibility than the acid igneous rocks; the latter in turn have a higher susceptibility than sedimentary rocks.
The remanent magnetization is often the predominant magnetization (relative to the induced magnetization) in many igneous rocks. The remanent mineralization is important in geological mapping.

Magnetic minerals may also occur in association with sulphide zones or may be decomposed through the action of dynamic or thermal metamorphism. Thus the survey results could indicate lithology structure, alteration patterns and most significantly, mineral zones in a favorable geological environment.

From the field data, an average determined value of 54,500 gammas was subtracted from each reading and the results were contoured on 500 gamma intervals.

RESULTS OF THE GEOCHEMICAL AND GEOPHYSICAL SURVEYS

The results of the geochemical and geophysical surveys completed by Quillo Resources in May and June 1983 are indicated in the accompanying maps 3 to 11. In compilation map 11 the anomalous areas are indicated and represented in correlative form.

The correlative results could be considered as more significant than individual localized anomalous areas, however individual localized anomalies should not be disregarded as they could represent mineralized zones under deeper overburden or the edge of a steeply raking mineral zone or other indicated mineral situation.

In view of the above, six correlative anomalous areas have been delineated.

Area A covers a main area of 700 by 600 meters with an extension to the south of an additional 400 by 500 meters. A central northerly trending zone extending for 1,000 meters is of a predominant correlative silver zone with lead and arsenic in the north and zinc and copper in the south. Localized low and high magnetometer zones occur in the north with lows in the central south. Similar more confined correlative zones occur to the east and west of the main central zone.

Area B is of a 400 by 500 meter area of correlative silver-arsenic with copper and peripheral zinc. An E.M. zone occurs at the northern and west of the general correlative area.

Area C covers an area of 400 by 250 meters at the northeast corner of the property and is of mainly an arsenic anomaly with correlative localized lead and zinc and peripheral silver to the east and zinc and peripheral silver to the west and zinc with an E.M. anomaly to the west.
Area D is of a 500 by 500 meter area along the southern boundary of the property and to the south of Area A. Two general silver anomalies occur with localized zinc and copper. Northerly trending high magnetometer anomalies occur in the eastern sector with localized "lows" and an extensive trending E.M. anomaly in the west.

Area E is of localized anomalous zones with mag highs in the north correlative with an E.M. anomaly.

Area F is a localized area along the central eastern boundary below "C" and is significant in that an E.M. anomaly occurs in correlative with a mag high and a broad zinc anomaly extending to the north.

CONCLUSIONS

Considering the location of the claim as within a gold placer area and proximal to a former gold producer from the Anarchist group of rocks, the correlative anomalous areas may reflect potential volcano-sedimentary mineralized zones including gold bearing zones within the Anarchist rocks in the north (Areas A, B, C) or within windows or near surface Anarchist rocks (Areas D, E, F). The areas with correlative VLF-EM anomalies are prime targets as volcanic-sediment or volcanic-volcanic contacts could be indicated.

The significance of the anomalous areas could only be realized with a follow-up program of detailed exploration including geological mapping.

RECOMMENDATIONS

It is recommended that detailed surveys be carried out on the High II claim with emphasis on the six correlative anomalous areas as designated on the accompanying map - Figure 10.

Respectfully submitted,

Laurence Sookochoff, P.Eng.
Consulting Geologist

January 19, 1984
Vancouver, B.C.
BIBLIOGRAPHY


ELEVATOROSKI, E.A. - Gold Mines of the World, Minobras, Dana Point, California 1981


SEVENSMA, P.H. - Johnny Mountain, a Timmins type felsic volcanic? Western Miner June 1982

SOOKOCHOFF, L. - Interim Exploration Report for Quillo Resources Ltd. on the High II Mineral Claim, July 11, 1983
CERTIFICATE

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

That I am a Consulting Geologist with offices at 311-409 Granville Street, Vancouver, B.C., V6C 1T2

I 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 practising my profession for the past seventeen years.

3. I am registered with the Association of Professional Engineers of British Columbia.

4. The information for this report was obtained from sources as cited under bibliography, and from supervision of the exploration program.

5. I have no direct, indirect or contingent interest in the property described herein nor in the securities of Quillo Resources Ltd. nor do I expect to receive any interest.

Laurence Sookochoff, P.Eng.
Consulting Geologist

January 19, 1983
Vancouver, B.C.
Quillo Resources Ltd.
High 11 Mineral Claim
1983 Assessment Report

Geophysical and Geochemical Surveys

Statement of Costs

The fieldwork of the geophysical and geochemical surveys were carried out on the High 11 Mineral claim, Greenwood M.D., B.C. from May 29, 1983 to June 16, 1983 to the value of the following.

20 man days @ $150

Vehicle Rental:
10 days @ $65 plus gas, mileage

Assaying:
399 samples @ $6.50

Field Supplies:

Room and Board:
10 days @ $40/day/man

Data Compilation, Draughting, Printing:

Supervision:
L. Sookechoff, P.Eng
2 days @ $400.

Report:

$3000.00
750.00
2593.50
250.00
800.00
1625.00
800.00
1500.00

11,318.50
FIGURE 2

QUILL0 RESOURCES LTD.
HIGH II CLAIM
CLAIM MAP

SOOKOCHOFF CONSULTANTS INC.
QUILLO RESOURCES LTD.
HIGH II CLAIM
CLAIM MAP

N.T.S. 82E-3E  GREENWOOD M.D., B.C.
SCALE 1:50,000
DEC. 1983
LEGEND
6  ANDESITE, TRACHYTE, MINOR BASALT
5  KETTLE RIVER FORMATION
4  VALHALLA PLUTONIC ROCKS
3  NELSON PLUTONIC ROCKS
2  ANARCHIST GROUP
1  MONASHEE GROUP
X  MINERAL OCCURRENCES

SOOKOCHOFF/CONSULTANTS INC.
QUILLO RESOURCES LTD.
HIGH II CLAIM
GEOLOGY & CLAIM MAP
N.T.S. 82E-3E  GREENWOOD M.D.B.C.
SCALE 1:250,000  DEC: 1983