REPORT ON THE MINERAL EXPLORATION OF THE HOPE OF DISCOVERY PROPERTY

Lat. 49 27'N; Long. 116 43'W
N.T.S. 82 F/7E

NELSON M. GEOLOGICAL BRANCH ASSESSMENT REPORT
British Columbia

1987 SUMMARY AND EVALUATION for
FORBES RESOURCES Ltd

by

I. BOROVIC, P. Eng.
geologist

VANCOUVER, B.C.
March 08, 1988.
TABLE OF CONTENTS

SUMMARY............................................. 1

INTRODUCTION....................................... 2
PROPERTY........................................... 2

GEOLOGY............................................. 4
STRUCTURE........................................ 5
MINERALIZATION.................................... 6

HISTORY OF EXPLORATION AND MINING............... 7

WORK DONE 1987................................... 9

GEOLOGICAL MAPPING AND PROSPECTING............. 9

GEOPHYSICAL SURVEY 1987.......................... 11
Ground Magnetic Survey (Total Field)............. 11
Ground VLF Survey................................ 12

GEOCHEMICAL SURVEY 1987........................ 13

CONCLUSIONS AND RECOMMENDATION............... 15

EXPLORATION PLAN AND ESTIMATED BUDGET 1988.... 16

BIBLIOGRAPHY...................................... 17

Cost Breakdown of Phase 1/87 Program............ 18
CERTIFICATE....................................... 19

APPENDIX #1 VLF Theory
APPENDIX #2 VLF, Magnetometer and Geochemistry Data

List of illustrations following page

Location map (Fig. 1)................................ front
Claim Map (Fig. 2).................................. 2
Geology Map (Fig. 3)................................. 4
Location of Workings (Fig. 4)...................... 7
Location Map of Creek Samples (Fig. 5)......... 9
Sample Location Map (Fig. 6)..................... 9
Ground Magnetic Survey (Fig. 7) Total Field.... in pckt
VLF Survey (Seattle) Profiles (Fig. 8)........ in pckt
VLF Survey (Annapolis) Profiles (Fig. 9)...... in pckt

Soil Geochemistry, Silver (Fig. 10)............. in pckt
Soil Geochemistry, Lead (Fig. 11)............... in pckt
Soil Geochemistry, Zinc (Fig. 12).............. in pckt
Soil Geochemistry, Gold (Fig. 13).............. in pckt
Soil Geochemistry, Copper (Fig. 14)............ in pckt
Compilation Map (Fig. 15)....................... 15
SUMMARY

A combined geological, geophysical and geochemical exploration work of the Hope of Discovery property held by Forbes Resources Ltd. was conducted by Igna Engineering and Consulting Ltd. from November throughout December 1987. The claims are situated in the Nelson Mining Division in the southern Kootenay Lake area, 40 km north of Creston, B. C.

The geology of the property is characterized by Proterozoic sediments of Purcell and Windermere Supergroups intruded by Cretaceous granitic rocks of the Bayonne Batholith. In many areas limestones and other sediments have undergone contact metamorphism and metasomatism resulting from the granitic intrusion.

Vein and skarn type mineralization occur in the area.

Numerous old workings such as Hope of Discovery, Copper Canyon, Imperial and Valporaiso/Government, date back to the turn of the century.

The area has been explored for high grade silver, lead, zinc, gold, tungsten and copper. The old records show shipments of ore containing 3.45 oz/t silver and 0.356 oz/t gold (O’Grady, 1933). Our sampling of the Hope of Discovery confirms values of the recorded assays. It shows range of 0.004 to 0.014 oz/t for gold; 2.26 to 35.38 oz/t for silver; 2.04% to 71.20% for lead and 1.83% to 28.81% for zinc in the veins and lower grade in the surrounding shear zones such as Creek showing.

Geophysical studies have revealed the presence of northerly trending electromagnetic conductors attributable to silver, lead, zinc, gold and copper mineralization. Magnetic survey suggests areas of alteration and, possible presence of anomalous concentrations of minerals within shear zones parallel and coincidental with Val Fault shear.

Soil geochemistry results show an area anomalous in silver, lead, zinc, copper and gold in the vicinity of the north trending magnetic anomaly and electromagnetic conductor in the area of the Hope of Discovery workings.

It is recommended that a next phase of exploration be undertaken to assess the following:

Phase 1/88
- lateral (north-south) extent and grade characteristics of two target areas.

Phase 2/88
- to test for the down dip extension of mineralization with diamond drilling.
INTRODUCTION

FORBES RESOURCES LTD., a Vancouver, B.C. based mineral exploration company, intends to continue the exploration of the silver, lead, zinc, gold and copper bearing mineral property known in the past as Hope of Discovery, located on the southwest slopes of Mount Davie, north of and touching Akokli Creek about 4 km northeast of Columbia Point on Kootenay Lake.

The following report is a summary of information obtained from the various published and private reports, which are listed in the Bibliography on page 17, and from the writer’s personal knowledge and experience gained through extensive research and exploration work in the Kootenay Lake area. The writer visited and examined the Hope of Discovery property and workings at the beginning of November, 1987.

Following the writer’s recommendations basic exploration work, comprised of geological mapping, geochemical soil surveying, geophysical, VLF, and ground magnetic surveying, was done during November and December of 1987.

Heavy snowfall at this time of year made the already treacherous ground even more treacherous hampering better progress in our exploration efforts.

The conclusions expressed in this report are based upon the results of the geological, geochemical and geophysical work done on and around the Hope of Discovery Property in 1987 and in the past.

PROPERTY

Claims:
(Fig. 2)

The property is composed of two located mineral claims with a total of 36 units as follows:

Claim(# of units) Rec. No. Rec. Date

Owner: FORBES RESOURCES LTD.
1407-750 W, Fender St.
Vancouver, B. C. V6C 2T7

Location:
(Fig. 2)
Lat. 49° 27'; Long. 116° 43'; NTS 82 F/7E, Nelson, M.D. B.C.

The property is approximately 40 km north-northwest of Creston, B.C., about 4 km northeast of Columbia Point on Kootenay Lake and north of Akokli Creek.
Access:

Access is excellent. A forestry access road leaving highway 3A 2 km north of Columbia Point rises to approximately 990 m elevation in the northeasterly direction following Akokli Creek for 4.5 km where it joins an old mine and logging road leading northerly into the property. The nearest rail point is at Sirdar, 36 km distance south of the old mine site. The smelter at Trail is approximately 150 km distance by road.

Climate

In the property area, climate is temperate. Summers are moderately dry and warm. Snowfall accumulation varies widely from winter to winter but is rarely greater than one meter. Annual precipitation is light to moderate.

Physiography

THE HOPE OF DISCOVERY PROPERTY is located on the western flanks of the Purcell Mountains. The Purcell Mountains lie east of the Selkirk Mountains and are separated from them by the long through valley occupied by Beaver River, Duncan River, Duncan Lake, and Kootenay Lake. Along the east side of Kootenay Lake the tributary creeks, flowing in narrow deep valleys, have carved out a series of narrow ridges running east and west, ranging in elevation from 7,000 feet on the ends overlooking the lake to 8,000 feet and higher on the eastern ends.

The Purcell Mountains are underlain by sedimentary and metamorphic rocks, largely of Proterozoic age but extending upward into the Lower Palaeozoic, which are intruded by batholiths of granitic rocks. The sedimentary and metamorphic rocks comprise thick quartzite, argillaceous quartzite, argillite, and limestone members. The rocks are involved in overturned and frequently complex folds about axes which regionally have an accurate plan, being northeasterly in the south, northerly in the central ranges, and northwesterly in the north. The trends of individual ranges are controlled by this fundamental bedrock structure.

In the southern Purcell Mountains south of Mount Findlay and Skookumchuck Creek "the mountains up to 7,000 feet are rounded and well wooded to the summit, higher ones are commonly extremely rugged, and those carved out of granite or massive quartzites are climbed only with extreme difficulty."

Water

Intermittent streams from which quantities of water can be obtained for exploration drilling occur in the vicinity of the property.
Power

A power line (rated 2200 volts) extends from the transmission line on Highway 3A to the old mine site at Valporsaisco-Government workings (about 3.5 km from the Hope of Discovery property) and appears to be in good condition. To become operational, the terminus needs only to be refitted with transformers and the power line right-of-way re-slashed. The power line is owned and maintained by West Kootenay Power Ltd. from whom power can be contracted.

Crew accommodation

During the summer months room and board for the exploration crew is found in the motel at the Destiny Bay on Kootenay Lake only 3 km from the property.

In late fall and winter months the nearest room and board facilities are located in the town of Creston some 40 km to the south of the property.

GEOLOGY

REGIONAL GEOLOGY
(Fig. 3)
(Rice 1938, 1941; Green 1981; Reesor 1983)

The area of the Property is underlain by late Precambrian (Proterozoic) sediments of Hadrynian and Helikian age. Sediments have been divided into two systems or supergroups: the Purcell and the Windermere (Rice 1938, 1941).

Proterozoic sediments have been intruded by Cretaceous granitic rocks of the Bayonne Batholith.

The Purcell Supergroup

The Purcell Supergroup consists of a conformable succession of formations which in the area of interest is represented by Creston (Hc) and the Dutch Creek Formations (Hdc).

The Creston Formation (Hc) is composed of varicolored argillaceous quartzite, laminated argillite, bands of chlorite schist. Narrow beds and lenses of calcareous rocks occur in the upper part of the formation, and are transitional to the Kitchener-Siyeh Formation (Rice 1941). The Kitchener-Siyeh consists mainly of impure dolomitic limestone, argillite and calcareous quartzite. Limestone and calcareous rocks compose the bulk of the formation. The Kitchener Formation is not subdivided on map Fig 4 & 5.

The Dutch Creek Formation (Hdc) overlies the Kitchener and is represented by slaty argillite with fine, regular lamination. Some of the argillite is calcareous, grading to impure, dolomitic limestone or sandy, grading to argillaceous quartzite.
The Windermere Supergroup

The Toby Formation (Ht) is the basal member of the Windermere series (Rice, 1941) and mainly consists of a greenish grey conglomerate. The clasts are mostly quartz set in a siliceous cement. Conglomerate is interbedded with greenish foliated argillite.

The Horsethief Creek Group (Hh) overlies the Toby Formation and is represented in large part by slaty argillite, laminated, finely-grained or sandy with beds and lenses of crystalline limestone, arkose and pebble conglomerate.

Granitic Intrusives:

Bayonne Batholith (Kgr)

Granitic dykes, sills and a lobe of the Bayonne Batholith are present in the property area. The Bayonne Batholith extends into the property from west and south. The intrusive is typically white to light grey, medium to coarse grained biotite granite. It is composed of approximately equal amounts of quartz, potash feldspar and plagioclase. Megacrysts of potash feldspar from 2 to 3 cm long occur in the rock. Locally the intrusive rock may be weathered and friable with feldspar altered to kaolin. Fine grained pink to grey aplite dykes transect the granitic rock frequently.

The contact to the metasediments is irregular, with numerous apophysis and relicts of country rock. The metasediments observed near the contacts have been silicified and bleached in narrow aureoles.

STRUCTURE:

Foliation measurements north and west of the intrusive rocks showed steep eastward dips on planes striking 10° - 200° NE (Green, 1981). This suggests an eastward dipping fold axial plane consistent with other areas adjoining the Kootenay Arc the major structure of the region.

A major fault structure or sheeted zone, conforming closely to the fabric of the schistose metasediments in the Akokli Creek Valley, traces southward into the intrusive rocks without apparent attenuation or refraction. This fault zone, called the Val Fault (Green op. cit.), is the locus for mineralization in the Valporaiso/Government Workings, and Hope of Discovery area (Fig. 5).

In the Hope of Discovery showing on the north side of Akokli Creek two shears control mineralization (Fig. 6). These are N15W/80° and N35W/80° with dips of 60° to the east.
MINERALIZATION

The results of a study of geology and related mineralizing events at the Valporaiso/Government workings and results of our investigations on the Hope of Discovery show remarkable structural and mineralogical similarities in the two properties. The reason for this is location of mineralization in the shear zone, along the Val Fault.

Description of Workings

Valporaiso/Government workings

At the Valporaiso/Government Workings mineral and quartz vein deposition is controlled by parallel fractures within a major sheared zone striking northward and dipping 35-50 to the east, and a minor zone of parallel fractures striking northeastward and dipping 50 to 80 to the east. The major fracture zone (the Val Fault) persists along the strike to the northern margin of the intrusive and extends into the metasediments. The host rock is a biotite granodiorite - chloritic and sericitic within and in the vicinity of mineralization, adjacent to quartz veins and locally adjacent to some concordant fractures. The mineral assemblages indicate both low to moderate and high temperature hydrothermal activity. Alteration of feldspar to muscovite (greisenization) occurs over narrow widths in the host rock near quartz veins in some localities. In general, alteration in the host rock near quartz veins or shears is chloritic, sericitic and kaolinitic, gradually decreasing outward, away from the shear.

Vein quartz, pyrite, arsenopyrite, wolframite, galena, sphalerite, chalcopyrite, silver and gold are the primary vein materials in order of abundance.

Pyrite, arsenopyrite and wolframite occur together and probably were precipitated in close synchronicity. Although wolframite with arsenopyrite occurs in sheared and altered wall rock, often in ribbon structures, it was also observed with pyrite along fracture shears in quartz veins. Small amounts of chalcopyrite with pyrite and galena occur in vein quartz, but generally these minerals are scarce. Gold values fluctuate in direct proportion to silver values and were likely deposited in the same stages.

Hope of Discovery Workings

The main occurrence consists of a galena-bearing quartz vein within thinly folded, bedded, white limestone of the Dutch Creek Formation. The vein strikes N 12 W and dips 77 E. Galena occurs in bands and pockets within the quartz and in minor concentrations along the bedding planes of the foot wall and hanging wall limestones. The vein varies from 2.5 to 70 cm in width and has been exposed over a strike distance of 60 m. An open cut and a 25 m long adit have been driven along the vein.
Three samples taken from the open cut averaged: Silver 7.7 oz/t; Lead 13.4%; Zinc 14.6% over 0.5 m width over a strike distance of 20 m.

Copper Canyon Workings

Located on the west facing slope of Mr. Davie between McGregor and Charles Creeks.

A quartz vein 0.7 to 1.2 m in width containing disseminations and stripes of pyrite, chalcopyrite, and secondary copper carbonates occurs within quartzites and quartzose schists. Two tunnels, separated by 12 to 15 m vertically, have been driven along the vein. The lower tunnel is 43 m long and the upper tunnel is 11 m long. Grab samples from the stockpile of the mouth of each tunnel assayed: Gold tr to 0.02 oz/t; Silver 0.6 to 1.0 oz/t; Copper 0.91 to 4.21%.

HISTORY OF EXPLORATION AND MINING

Exploration history of the Hope of Discovery property is related to the exploration history of the numerous properties in the area such as Government-Valporaiso, Imperial, Lost Mine, German Basin and Gold Basin. The above properties are located within similar geological structures and appear to have similar mineral paragenesis.

1898 - A claim was staked on the Imperial Vein.

1900 - The Valporaiso Gold Mining Company acquired 7 claims in the vicinity of the present workings and drove the Valporaiso crosscut adit 60 m east of the vein.

1901 - The Imperial and Valporaiso were closed.

1919 - Imperial Mines Ltd. drove a 39 m crosscut to the Imperial vein.

1926 - Associated Mining and Milling Co. Ltd. acquired the claims of the Valporaiso Gold Mining Co. and Imperial Mines Ltd. and staked 20 additional claims.

1927 - The holdings of Associated Mining and Milling Co. Ltd. were increased to 60 claims.

1928 - Sanca Mines Ltd. acquired the property of Associated Mining and Milling Co. Ltd. Some assessment work was done.
<table>
<thead>
<tr>
<th>Layer</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hdc</td>
<td>DUTCH CREEK FORMATION: undivided</td>
</tr>
<tr>
<td>Hdc</td>
<td>UPPER: black argillite and argillaceous grey siltstone, thin interbedded</td>
</tr>
<tr>
<td>Hdc</td>
<td>grey siltstone with thin interbeds on quartz.</td>
</tr>
<tr>
<td>Hdc</td>
<td>LOWER: black argillite and argillaceous grey siltstone, thin interbedded</td>
</tr>
<tr>
<td>Hdc</td>
<td>grey siltstone with thin interbeds on quartz.</td>
</tr>
<tr>
<td>Hdc</td>
<td>MIDDLE CRESTON: grey, blocky siltstone and very fine quartzite to 20 cm or</td>
</tr>
<tr>
<td>Hdc</td>
<td>more, commonly rigidly marked, and commonly purple (or mottled) blocks to</td>
</tr>
<tr>
<td>Hdc</td>
<td>deep purple argillite and thin-bedded siltstone; white, medium-grained</td>
</tr>
<tr>
<td>Hdc</td>
<td>quartzite commonly associated with purple muscovite.</td>
</tr>
<tr>
<td>Hdc</td>
<td>LOWER CRESTON: thin-bedded dark argillite and grey siltstone characterized</td>
</tr>
<tr>
<td>Hdc</td>
<td>by irregular parting and bedding, ripples, cross-lamination, muscovite,</td>
</tr>
<tr>
<td>Hdc</td>
<td>minor cut and slicken features; green siltstone with thin interbeds of</td>
</tr>
<tr>
<td>Hdc</td>
<td>argillite.</td>
</tr>
<tr>
<td>Hdc</td>
<td>HORSESHOE CREEK GROUP:</td>
</tr>
<tr>
<td>Hdc</td>
<td>Hdc - grey marble.</td>
</tr>
<tr>
<td>Hdc</td>
<td>Phylite; Hdc - pebble conglomerate.</td>
</tr>
<tr>
<td>Hdc</td>
<td>Grey limestone and marble.</td>
</tr>
<tr>
<td>Hdc</td>
<td>Phylite; Hdc - pebble conglomerate.</td>
</tr>
<tr>
<td>Hdc</td>
<td>Phylite; Hdc - sandstone.</td>
</tr>
<tr>
<td>Hdc</td>
<td>White quartzite.</td>
</tr>
<tr>
<td>Hdc</td>
<td>ZORR FORMATION: polymorph conglomerate, conglomeratic dolomite,</td>
</tr>
<tr>
<td></td>
<td>and conglomeratic pebble.</td>
</tr>
<tr>
<td>Hdc</td>
<td>WINDERMERE SUPERGROUP (Hd, Hc)</td>
</tr>
<tr>
<td>Hdc</td>
<td>Hadrynian</td>
</tr>
<tr>
<td>Hdc</td>
<td>UPPHER: black argillite and argillaceous grey siltstone, thin interbedded</td>
</tr>
<tr>
<td>Hdc</td>
<td>grey siltstone with thin interbeds on quartz.</td>
</tr>
<tr>
<td>Hdc</td>
<td>LOWER: black argillite and argillaceous grey siltstone, thin interbedded</td>
</tr>
<tr>
<td>Hdc</td>
<td>grey siltstone with thin interbeds on quartz.</td>
</tr>
<tr>
<td>Hdc</td>
<td>CRESTON FORMATION: undivided</td>
</tr>
<tr>
<td>Hdc</td>
<td>UPPER CRESTON: deep green siltstone, light and dark, finely laminated</td>
</tr>
<tr>
<td>Hdc</td>
<td>argillite and siltstone; purple argillite.</td>
</tr>
<tr>
<td>Hdc</td>
<td>MIDDLE CRESTON: grey, blocky siltstone and very fine quartzite to 20 cm or</td>
</tr>
<tr>
<td>Hdc</td>
<td>more, commonly rigidly marked, and commonly purple (or mottled) blocks to</td>
</tr>
<tr>
<td>Hdc</td>
<td>deep purple argillite and thin-bedded siltstone; white, medium-grained</td>
</tr>
<tr>
<td>Hdc</td>
<td>quartzite commonly associated with purple muscovite.</td>
</tr>
<tr>
<td>Hdc</td>
<td>LOWER CRESTON: thin-bedded dark argillite and grey siltstone characterized</td>
</tr>
<tr>
<td>Hdc</td>
<td>by irregular parting and bedding, ripples, cross-lamination, muscovite,</td>
</tr>
<tr>
<td>Hdc</td>
<td>minor cut and slicken features; green siltstone with thin interbeds of</td>
</tr>
<tr>
<td>Hdc</td>
<td>argillite.</td>
</tr>
</tbody>
</table>

**LEGEND**

- Cretaceous
- Mesozoic

**enderit**

- Kgr: Biotite granite with megacrysts of Potash Feldspar

**DateTime**

- DATE FEB.88
1930 - Sanca Mines Ltd. performed assessment work.

1932 - Canada Smelters Ltd., an associate of Sanca Mines Ltd., built a pole track tramway from the Valporaiso portal to a storage bin 900 m downslope.

1933 - Canada Smelters Ltd. shipped 324 tons of gold-silver ore to the Trail smelter. "Unsorted mine run ore" assayed 0.356 oz/t gold and 3.455 oz/t silver. The Government shaft was sunk to a depth of 82.5 m and about 190 m of lateral work was done in the Government/Valporaiso workings.

1953 - Mr. Wilson of Boswell leased the Valporaiso and Government claims and staked 15 more for the purpose of investigating the area for tungsten occurrences.

1954 - Akokli Tungsten Mines Ltd., associated with Palouse Co. Ltd. of Moscow, Idaho, performed underground lateral development, 450 m of long hole percussion drilling and some surface trenching on the Valporaiso/Government zone.

1955 - Akokli Tungsten Mines Ltd. improved the Government shaft, did some drifting and drove a raise to the surface. The pilot mill was completed. The mill treated 533 tons of tungsten material, and produced 11,200 lbs of tungsten-pyrite concentrate.

1956 - E. Houghland did sampling and geological work on behalf of Palouse Co. Ltd.

1964 - Present holdings were acquired by M. J. Fritchard on behalf of Northern Pacific Mines Ltd.

1981 - A. S. Greene examined the Valporaiso/Government Workings (August - October) at the request of J. D. Mawhinney of Custom Mining Inc. He did geological evaluation and examination of the property and located drill sites.

Hope of Discovery Workings

A very good but overgrown road leads 3.5 km from a forestry access road on the north side of Akokli Creek, approximately 2 km east of Highway 3A to the workings site at the 5500 foot elevation. The workings, approximately on strike and 4 km north of the Valporaiso/Government Workings, consist of a 24 m adit with a 3 m raise to surface, following a quartz lead and 30 m of surface trenching above the adit. Construction includes two ore bins and a waste chute in fair condition (approximately 4 tons of mineralized rock remain in the bins).
WORK DONE 1987
(Fig. 15; for grid location and Hope of Discovery workings)

Geological, geophysical and geochemical surveys were done on the northwest part of the Hope of Discovery property during late November and December of 1987.

GEOLOGICAL MAPPING AND PROSPECTING

Geology of the Hope of Discovery workings (Fig. 5)

The showing lies (L 60+04N 2+45E) in a jointed or fractured dolomite, poorly bedded N10 E/65W, cut by common quartz/calcite veins to 0.1 m in thickness. The dolomite unit, approximately 150 m thick, grades eastward to a moderately to thinly bedded dolomitic argillite. Westwards, the dolomite is in contact with argillite and argillaceous quartz pebble conglomerates.

Mineralization consists of galena in vuggy quartz and dolomite, 0.1 to 0.3 meters in thickness. Near the vein the dolomite is brecciated. It appears that shears oriented N35W/80W and N15W/80E control mineralization.

Mineralization is associated with irregular band(s) of milky white quartz. The quartz vein can be partially to completely replaced by fine (10%) to coarse (90%) grained galena. Rusty, vuggy quartz within the shear zone contains up to 10% galena with minor amount of pyrite (up to 2%). Quartz veins trending 155° contain coarse galena with malachite and azurite. These zones are generally no more than 3 cm wide on the surface, yet a large number of these mineralized zones is contained in a 1.0 meter wide section. Manganese staining is generally more prevalent in the shear zone than in the surrounding country rock.

Findings:

Examination of the shear zone above and at the adit's opening shows the shear zone increasing in width with depth. However, variations of width are to be expected throughout the shear zone over its strike length and depth.

Rock samples collected from the Hope of Discovery:

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Grid Reference</th>
<th>Description</th>
<th>Mineralogy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2734</td>
<td>L 6+35N 2+41E</td>
<td>Grab</td>
<td>Galena &gt; 50%</td>
</tr>
<tr>
<td>2735</td>
<td>L 6+35N 2+41E</td>
<td>Chip Sample</td>
<td>25 cm width Galena</td>
</tr>
<tr>
<td>2733</td>
<td>L 6+20N 2+42E</td>
<td>Grab</td>
<td>Mal, As, Galena, Qt</td>
</tr>
<tr>
<td>2731</td>
<td>L 6+11N 2+43E</td>
<td>Grab</td>
<td>2% galena Rusty Vuggy Qtz</td>
</tr>
<tr>
<td>2732</td>
<td>L 6+11N 2+43E</td>
<td>Grab</td>
<td>Galena &gt; 50%</td>
</tr>
</tbody>
</table>
Assay results show high grade silver, lead and zinc and minor gold content. Following are assay results. (For location of samples see Fig. 6):

<table>
<thead>
<tr>
<th>MARKED</th>
<th>GOLD</th>
<th>SILVER</th>
<th>Lead</th>
<th>Zinc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>oz/st</td>
<td>oz/st</td>
<td>Pb (%)</td>
<td>Zn (%)</td>
</tr>
<tr>
<td>2726</td>
<td>0.008</td>
<td>9.35</td>
<td>22.71</td>
<td>27.20</td>
</tr>
<tr>
<td>2727</td>
<td>0.010</td>
<td>2.40</td>
<td>2.04</td>
<td>12.69</td>
</tr>
<tr>
<td>2728</td>
<td>0.012</td>
<td>2.28</td>
<td>2.48</td>
<td>11.71</td>
</tr>
<tr>
<td>2729</td>
<td>0.014</td>
<td>27.05</td>
<td>71.20</td>
<td>4.56</td>
</tr>
<tr>
<td>2730</td>
<td>0.008</td>
<td>2.26</td>
<td>4.48</td>
<td>3.62</td>
</tr>
<tr>
<td>2731</td>
<td>0.010</td>
<td>7.83</td>
<td>11.84</td>
<td>28.81</td>
</tr>
<tr>
<td>2732</td>
<td>0.005</td>
<td>35.38</td>
<td>58.05</td>
<td>3.06</td>
</tr>
<tr>
<td>2733</td>
<td>0.005</td>
<td>7.65</td>
<td>12.79</td>
<td>1.90</td>
</tr>
<tr>
<td>2734</td>
<td>0.006</td>
<td>27.78</td>
<td>44.02</td>
<td>1.83</td>
</tr>
<tr>
<td>2735</td>
<td>0.004</td>
<td>5.23</td>
<td>7.65</td>
<td>6.91</td>
</tr>
</tbody>
</table>

Creek Showing (Fig. 5)

Samples were collected from the brecciated shear zone. The assay results are as follows:

<table>
<thead>
<tr>
<th>MARKED</th>
<th>GOLD</th>
<th>SILVER</th>
<th>Lead</th>
<th>Zinc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>oz/st</td>
<td>oz/st</td>
<td>Pb (%)</td>
<td>Zn (%)</td>
</tr>
<tr>
<td>2676 - D</td>
<td>0.002</td>
<td>0.10</td>
<td>0.016</td>
<td>0.009</td>
</tr>
<tr>
<td>2677</td>
<td>0.003</td>
<td>0.25</td>
<td>0.030</td>
<td>0.004</td>
</tr>
<tr>
<td>2678</td>
<td>0.008</td>
<td>0.86</td>
<td>0.038</td>
<td>0.010</td>
</tr>
<tr>
<td>2679</td>
<td>0.002</td>
<td>0.26</td>
<td>0.016</td>
<td>0.009</td>
</tr>
<tr>
<td>2680</td>
<td>0.002</td>
<td>0.20</td>
<td>0.011</td>
<td>0.001</td>
</tr>
<tr>
<td>2681 - D</td>
<td>0.002</td>
<td>0.22</td>
<td>0.007</td>
<td>0.001</td>
</tr>
</tbody>
</table>
GEOPHYSICAL SURVEY 1987

Ground Magnetic Survey (Total Field)

Field Method and Instrumentation

The ground magnetic survey on the HOPE OF DISCOVERY property was performed simultaneously with the VLF survey. The Scintrex IGS unit with magnetometer and VLF was used for both surveys. The grid used is described in the GROUND VLF SURVEY. Magnetic readings were taken in conjunction with the VLF readings.

For the survey a portable unit and a base station, fitted with similar proton precision sensors, were used. The base station was programmed to sample the magnetic field every two seconds. The portable unit records the magnetic data, time and station coordinates; corrections are made automatically at the end of the days survey by connecting the portable and base stations to each other.

Data Presentation
(Fig. 7)

Corrected values were plotted on 1:5000 scale plan and contoured. Contour intervals are 100 and 500 gammas.

Discussion of Results
(Fig. 7)

The anomaly on Line 600N St 350W runs south to Line 100N St 400W. It extends north as well. This body likely contains iron, or some other medium with relatively high magnetic susceptibility properties.

Another strong magnetic anomaly lies east on Line 600N St 350E

Two magnetic anomalies correlate well with the VLF data. VLF-Conductors on Line 600N Station 350W and 350E have coincidental magnetic anomalies described above.

Soil anomalous values for zinc, lead, silver, copper and gold also occur in general areas of the magnetic and VLF anomalies.

It is writer's opinion that detail ground magnetic survey of the Hope of Discovery workings area coincide with geological structures known and mapped on the property.
Ground VLF-EM Survey

Field Method and Instrumentation

A Scintrex IGS VLF-magnetometer instrument was utilized.

A flagged grid, 22.1 km lines in total, was used for the survey, the lines being spaced at 50 and 100 meter intervals and the stations every 50 meters. Readings were taken at 25 meter intervals.

The Scintrex IGS-2 unit was set up to receive two stations, NKL Seattle, Washington, 24.8 kHz and NSS Annapolis, Maryland 21.4 kHz, measuring the horizontal field strength and the in-phase and out-of-phase or quadrature components of the vertical field. The instrument was a three coil system, one horizontal coil and two vertical coils all at 90° angles to each other. The horizontal coil is used to scale the in-phase and quadrature readings, to correct for changes in the strength of the VLF signal at different points on the property. The frequency reference needed to obtain quadrature readings is accomplished by using the magnetic field's frequency.

Data Presentation

The in phase and quadrature components of the electromagnetic field are shown as total field values in profiles superimposed on 1:5000 scale maps, one for Seattle and one for Annapolis.

Discussion of Results

Seattle and Annapolis (Fig. 9, 9, 15)

Two conductors were mapped in the area and both correspond to magnetic interpretation and mapped mineralized structures.

The first conductor is mapped as a crossover on Line 600N St 350W and runs southerly toward Line 100N St 400W. It also continues to the north. This conductor is coincidental with magnetic interpretation of the mineralized structures so called Creek Showing.

The second conductor is mapped from Line 800N St 100E and runs south to Line 100N St 100E. This conductor appears to be much deeper than first. It coincides with magnetic anomaly in the area of Hope of Discovery workings.
GEOCHEMICAL SURVEY 1987

Summary of Results and Correlation with Geophysical, Magnetometer and VLF Surveys.

A geochemical soil survey was done over the northeastern part of the property on a 22.1 km/line grid.

Sampling method:

Samples were taken from the poorly developed reddish brown "B" horizon which is about 15 cm below the surface. In most cases a layer of humus is only 2 to 4 cm thick and an underlying leached layer ("A") is from 4 to 10 cm thick. The soil material was collected with a spoon; cleaned of larger size particles and put in the standard soil sample envelope which was marked with a coordinate location. Samples were collected at regular 50 m intervals along the lines.

Analytical methods:

Soil samples were dried, pulverized, screened to -80 mesh, and, the subsequent AA analyses were done by General Testing Laboratories of Vancouver, B.C. Samples were assayed for silver, lead, zinc, gold and copper.

Summary of Results

Silver (Fig. 10):
Anomalous values begin at .04 ppm to 0.08 ppm. Values above 0.08 ppm are significantly anomalous.
Anomalous values are located in the south central area of the grid.

Significant anomalies:
-L 100 N St 450W to St 600W.
-L 200 N St 100W; St 200E.
-L 500 N St 250E and B/L

Lead (Fig. 11):

Lead being a less mobile element than zinc shows anomalies beginning at 50 ppm and highly anomalous values beginning at 100 ppm.

Significant anomalies:

A very significant lead anomaly occupies an area from L 700N St 100E to 200E toward south to L 200N St 150E to 400E
It is surrounding the Hope of Discovery showing.
Zinc (Fig. 12):

Dispersion of zinc throughout the soils shows that zinc occurs in the same area with lead, silver, copper and gold. This is the area of the Hope of Discovery showings.

Anomalous values begin at 100 ppm and highly anomalous values are 200 ppm and higher.

Significant anomalies:

L 0 N St 0 W to 150W extends north to L 900 N St 350 E.
L 100 N St 300W

Gold (Fig. 13)

Gold dispersion is fairly uniform except for a few anomalous peaks. Background values of 0.02 ppm (20 ppb) gold is high. Anomalous values start at 0.025 ppm (25 ppb) and significant anomalies begin at 0.035 ppm (35 ppb).

Significant anomalies:

L 100 N St 300 W.
L 100 N to 200N St 150 E.
L 400 N to 500 N St 150 to 300 E

Copper (Fig 14):

Copper dispersion shows background of 20ppm and significant anomaly of up to 213 ppm.

Significant anomalies:

L 100N St 150W to L 200N St 100W
L 400N St 150 to 250E
L 500N and 600N St B/L to 50 W
the largest copper anomaly is located from L 600 to 900 N St 300 to 500W

Discussion of Results

Significant silver, lead, zinc, copper and gold anomalies occur in the surveyed area and the correlation with the geological and geophysical surveys shows strong coincidental subparallel soil, VLF and magnetic anomalies. These anomalies are also aligned with known mineral showings on the property.
It is my opinion that the strong coincidental soil, VLF and magnetic total field anomalies are mainly caused by underlying mineralized rocks. These areas should be excavated and later drilled in order to examine the horizontal and vertical extent of the potentially economic silver, lead, zinc, copper and gold mineralization.

It is also my opinion that the basic exploration work should be extended to the other parts of the Hope of Discovery Property.

CONCLUSIONS AND RECOMMENDATIONS
(Fig. 15)

The Phase 1/87 of exploration on the Hope of Discovery project has indicated two important targets worth investigating.

1. -area surrounding the Creek showing which features high magnetic north-south trending anomaly and coincidental VLF conductor.

   Featuring:
   -presence of strong silicification, brecciation, in the shear.
   -sulfide mineralization associated with the shear zone.

2. -mineralized area surrounding the Hope of Discovery workings striking north-south.

   Features:
   -high grade silver mineralization associated with lead, zinc, copper and gold.
   -shearing, silicification, brecciation and strong hydrothermal alterations.

During the next phase of exploration it should be kept in mind that there are two possibilities of mineral deposition in the geological environment on the Hope of Discovery property. Besides silver, lead, zinc, copper, and gold bearing veins in shear zones there is also a possibility of skarn type mineralization as evidenced by occurrence of high temperature tungsten minerals.

Exploration work should start by opening and enlarging the surface exposures coincidental with the VLF, soil and magnetic anomalies and also by opening, examining and sampling the old workings. Geological detail mapping and sampling of the trenches, and geological structural studies should continue.

In order to test extension of mineralized structures, trenching of two significant anomalies which are showing the greatest mineral potential should be done.

To test the extent of the mineralization at depth a diamond drilling should follow in Phase 2.

The cost of the proposed exploration program is estimated at $112,000.00. Additional work (Phase 2) would be dependent on favorable results of Phase 1.

### PHASE 1

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological - structural - mineral studies</td>
<td>$12,000.00</td>
</tr>
<tr>
<td>Engineering, supervision, evaluation</td>
<td>$14,000.00</td>
</tr>
<tr>
<td>Room &amp; Board</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Trenching</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>Assaying</td>
<td>$7,000.00</td>
</tr>
<tr>
<td>Transportation</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Underground cleaning, sampling</td>
<td>$35,000.00</td>
</tr>
</tbody>
</table>

**Total Phase 1:** $101,000.00

Contingencies (10% of total)..........................$ 11,000.00

**Total Phase 1:** $112,000.00

### PHASE 2

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geology, engineering, supervision</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>Room and board</td>
<td>$8,000.00</td>
</tr>
<tr>
<td>Diamond drilling (5000 ft. @ $80.00/foot)..............</td>
<td>$400,000.00</td>
</tr>
<tr>
<td>Assaying</td>
<td>$12,000.00</td>
</tr>
<tr>
<td>Transportation</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

**Total** $453,000.00

Contingencies (10% of total)..........................$ 45,300.00

**Total Phase 2:** $498,300.00
BIBLIOGRAPHY


COST BREAKDOWN OF PHASE 1 PROGRAM

RE: Hope of Discovery Project

<table>
<thead>
<tr>
<th>Component</th>
<th>Hours/Costs</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing exploration grid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crew chief</td>
<td>10 days @ $350.00</td>
<td>$3500.00</td>
</tr>
<tr>
<td>six men crew</td>
<td>75 man/days @ $250.00/man/day</td>
<td>$18750.00</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td>$1108.06</td>
</tr>
<tr>
<td>GEOLOGICAL MAPPING AND SAMPLING</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geologist</td>
<td>14 1/2 days @ $400.00</td>
<td>$5600.00</td>
</tr>
<tr>
<td>Assistant</td>
<td>12 days @ $250.00</td>
<td>$3000.00</td>
</tr>
<tr>
<td>GEOPHYSICAL SURVEY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment rental</td>
<td></td>
<td>$3379.80</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td>$356.50</td>
</tr>
<tr>
<td>Geophysicist</td>
<td>15 days @ 400.00</td>
<td>$6000.00</td>
</tr>
<tr>
<td>GEOCHEMICAL SURVEY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>320 samples @ 17.00/sample</td>
<td></td>
<td>$5440.00</td>
</tr>
<tr>
<td>Assays</td>
<td></td>
<td>$3462.55</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td>$374.50</td>
</tr>
<tr>
<td>SUPERVISION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 day @ $500.00</td>
<td></td>
<td>$500.00</td>
</tr>
<tr>
<td>Camp cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room and board</td>
<td></td>
<td>$1724.5</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Truck rentals plus gas</td>
<td></td>
<td>$2030.94</td>
</tr>
<tr>
<td>Air fares</td>
<td></td>
<td>$344.00</td>
</tr>
<tr>
<td>Computer plotting, stats.</td>
<td></td>
<td>$1205.50</td>
</tr>
<tr>
<td>Draughting</td>
<td></td>
<td>$732.50</td>
</tr>
<tr>
<td>REPORT AND OFFICE COSTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td>14 days @ $500.00</td>
<td>$7000.00</td>
</tr>
<tr>
<td>Geological interpretation, report</td>
<td>27.5 man days @ $400.00 man/day</td>
<td>$11000.00</td>
</tr>
<tr>
<td>Word processing</td>
<td>20 hours @ 30.00</td>
<td>$600.00</td>
</tr>
<tr>
<td>Blackline printing</td>
<td></td>
<td>$380.00</td>
</tr>
<tr>
<td>Photocopying, binding</td>
<td></td>
<td>$390.00</td>
</tr>
<tr>
<td><strong>TOTAL FOR PHASE 1</strong></td>
<td></td>
<td><strong>$76326.80</strong></td>
</tr>
</tbody>
</table>
CERTIFICATE

I, I. Borovic, of the city of Vancouver, B. C., do hereby certify that:

1. I have personally supervised the exploration program carried out in the area of the HOPE OF DISCOVERY property of FORBES RESOURCES Ltd. located 40 km north of Creston, B.C.

2. The expenditures claimed for the performance of the work are correct.

Respectfully submitted

[Signature]

I. Borovic, P.Eng.

Geological Engineer
University of Zagreb, Yugoslavia

1. Kitchener Formation

Massive limestone, numerous quartz stringers and quartz veins, no preferred orientation.

2. Dutch Creek Formation

Massive-foliated limestone, quartz-biotite-sericite-schists.

3. Val Fault Zone

Breciated limestone with quartz/calcite veins.

<table>
<thead>
<tr>
<th>Marked</th>
<th>Silver</th>
<th>Lead</th>
<th>Zinc</th>
</tr>
</thead>
<tbody>
<tr>
<td>2676-D</td>
<td>0.002</td>
<td>0.10</td>
<td>0.016</td>
</tr>
<tr>
<td>2677</td>
<td>0.003</td>
<td>0.25</td>
<td>0.030</td>
</tr>
<tr>
<td>2678</td>
<td>0.008</td>
<td>0.86</td>
<td>0.058</td>
</tr>
<tr>
<td>2679</td>
<td>0.002</td>
<td>0.26</td>
<td>0.016</td>
</tr>
<tr>
<td>2680</td>
<td>0.002</td>
<td>0.20</td>
<td>0.011</td>
</tr>
<tr>
<td>2681-D</td>
<td>0.002</td>
<td>0.22</td>
<td>0.007</td>
</tr>
</tbody>
</table>

Rock Sample Description

- 2676 Le-02N 5-35W (A) Gtz Vein 25-50% pyrite
- 2677  (B) Gtz Vein 20-25% chalcopyrite
- 2678  (C) Gtz Vein 20-50% chalcopyrite
- 2679  (D) Gtz Vein 2-40% pyrite
- 2680  (E) Gtz Vein 1% chalcopyrite
- 2681  (F) Gtz Vein no visible sulphide

GEOLOGICAL BRANCH ASSESSMENT REPORT

17,713

LINE 600N

PART 1 OF 2

FORBES RESOURCES Ltd
HOPE OF DISCOVERY
Location Map of Creek Samples

LEGEND

= Old Adit
--- Old Road
- Inferred Fault Zone
⊙ Subcrop/Rock Sample Location

IGNA engineering & consulting ltd

DATE FEB.88

FIG. 5
CONTOUR INTERVAL

BELOW 1500 GAMMAS: 100 GAMMAS

ABOVE 1500 GAMMAS: 500 GAMMAS

(TICKS SIGNIFY AREAS BELOW 1000 GAMMAS)

(BASE MAG: 56300 GAMMAS)

SCALE 1:5000

METERS

PART 1 OF 2

GEOLOGICAL BRANCH
APPRAISAL REPORT

HOPE OF DISCOVERY PROJECT
FORBES RESOURCES LTD.

BY: EIMA ENGINEERING AND CONSULTING LTD.
PLOTTED BY: RPM MAPPING
AND COMMUNICATIONS LTD.

TOTAL MAGNETIC FIELD STRENGTH

NELSON M.B. B.C.

SCALE: 1" = 1 METER
DATE: FEBRUARY 1988
PLOTTED BY: RPM
FRAME NO. 7
CONTOUR INTERVAL

0.2 PPM AG
(MINIMUM CONTOUR SHOWN: 0.4 PPM)
(TICKS SIGNIFY AREAS BELOW 0.4 PPM AG)
CONTOUR INTERVAL

BELOW 50 PPM: 10 PPM Pb
ABOVE 50 PPM: 100 PPM Pb

(TICKS SIGNIFY AREAS BELOW 10 PPM Pb)

SCALE 1:5000

METERS

HOPE OF DISCOVERY PROJECT

FED: FEDERAL RESOURCES LTD.

BY: IGAM ENGINEERING AND CONSULTING LTD.
PLOTTED BY: RPM MAPPING AND COMPUTER SERVICES LTD.

SOIL GEOCHEMISTRY LEAD

NELSON MLE, B.C.

FILE NO. 11
PLOTTED BY RPM

DECEMBER 1993

17,713

Part 1 of 2

TO ACCOMPANY REPORT BY
I. BENOIT, P.ENG.
CONTOUR INTERVAL

BELOW 50 PPM: 10 PPM ZN
ABOVE 50 PPM: 100 PPM ZN

(HIGHEST CONTOUR SHOWN: 30 PPM)
(TICKS SIGNIFY AREAS BELOW 30 PPM ZN)

SCALE 1:5000

METERS
CONTOUR INTERVAL

BELOW 100 PPM: 10 PPM CU
ABOVE 100 PPM: 100 PPM

(TICKS SIGNIFY AREAS BELOW 10 PPM CU)

SCALE 1:5000

METERS

100 0 100 200 300

17,713

Part 1 of 2

GEOLOGICAL BRANCH
ASSESSMENT REPORT

HOPE OF DISCOVERY PROJECT
FOR: FORBES RESOURCES LTD.
BY: IGME ENGINEERING AND CONSULTING LTD.
PLOTTED BY: RPM MAPPING
AND COMPUTER SERVICES LTD.

SOIL GEOCHEMISTRY
COPPER

NELSON, B.C.

DATE: FEBRUARY, 1988
PLOTTED BY: RPM
FRAME NO. 14