Geochemical and Geological Report

on the

Blair Claim

(Blair Property)

Kamloops Mining Division

British Columbia

NTS 82L/12E

Lat. 50 degrees 34 minutes North
Long. 119 degrees 35 minutes West

R. H. McMillan P.Geo.

4026 Locarno Lane

Victoria, B. C.

15 July 1994
TABLE OF CONTENTS

1 Introduction -- Synopsis 1
2 Claim Status 1
3 Location and Access 1
4 Physiography and Vegetation 2
5 Past Exploration Work 2
6 Geology 3
7 Mineralization 4
8 Present Exploration Work 4
9 Discussion 5
10 Recommendations 6
11 Bibliography 6

FIGURES

1 Regional Location Map -- Blair Property 1
2 Location Map -- Blair Property, Blair Claim 2
3 Blair Claim 3
4 Sample Location Map 4

APPENDICES

1 Certificate 9
2 Statement of Expenditures 10
3 Analytical Results 11
INTRODUCTION -- SYNOPSIS

The Blair Claim was staked in 1993 to cover an exceptionally strong copper-in-soil geochemical anomaly outlined by previous operators (Kerr, 1973). The anomaly is approximately 1100 metres long and up to 200 metres wide. It is semi-concordant to stratigraphic contacts and is defined by copper values ranging between 120 and 8350 ppm Cu. Follow-up work by the previous operator (Lewis, 1973 and Kerr, 1973) consisted of an induced polarization survey followed by 15 vertical percussion drill holes designed to test for porphyry copper-style mineralization.

The hostrocks have recently been re-interpreted as being part of the Upper Triassic Nicola Group (Gabrielse and Yorath, 1992; Okulitch, 1979) formed in a "back-arc" depositional environment. Support for this interpretation is strengthened by the presence of the former-producing gypsum mine at Falkland located on strike 6 km. to the south in a similar stratigraphic location -- the contact zone between submarine mafic volcanic strata and epiclastic sedimentary strata (Okulitch, 1979). Suggestive analogies might be drawn to the regional relationships between gypsum deposits and exhalative base-precious metal deposits at the Kuroko District in Japan (Hoy, 1991) and with the Windy Craggy District of British Columbia where both gypsum deposits and Besshi-type massive sulphide deposits are hosted in Upper Triassic marine mafic volcanic and epiclastic sedimentary rocks.

It is recommended that an electromagnetic survey and a magnetic survey designed to detect massive sulphide mineralization be completed over the strong copper-in-soil. If suitable conductive zones are detected they should be tested with 2 to 4 angled diamond drill holes.

CLAIM STATUS

The property consists of one six-unit four-post mineral claim as listed in the following table:

<table>
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<th>Claim Name</th>
<th>Tenure No.</th>
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<th>Expiry Date</th>
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<td>318127</td>
<td>1993-06-09</td>
<td>1995-06-09</td>
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The claims were located by and are currently registered to Mr. R.H. McMillan of Victoria, B.C. Formation Capital Corporation of Vancouver currently holds an option agreement to purchase the property from the Mesabi Syndicate.

LOCATION AND ACCESS

The Blair property is located in south-central British Columbia, 40 km. NW of Vernon, and 7 km. north of Falkland.
A paved road provides access to the Blair Creek forestry access road, seven miles north of Falkland. The Blair Creek forestry road traverses the claims - it is an all-weather gravel road.

4 TOPOGRAPHY AND VEGETATION

The property is located on a moderate west-facing slope between Bolean Creek on the west and a rolling plateau area called the Spa Hills on the east. Elevations on the property range between 900 and 1400 metres. Arthur Creek drains the area south of the claims and is the only creek in the immediate area which contains water throughout the summer.

The claims area is forested with fir, spruce, pine, aspen and cedar. Some south-facing slopes are open, grass-covered areas, while some of the north facing slopes on the tributaries to Arthur Creek are covered by dense bush.

5 PAST EXPLORATION WORK

The first record of work on the Blair Property was in November 1969 when the Swan Group of four claims was staked by Gunnex Ltd. (Rose, 1971) after obtaining anomalous copper and molybdenum results in a stream silt survey. During the 1970 program (Rose, 1971), a geological and magnetometer survey were completed and 219 soil samples were collected - anomalous results of up to 750 ppm Cu were obtained. Sixteen additional claims were recorded in 1971 after some mineral claims held by another operator had lapsed. In 1971 (Lemmon and Rose, 1972), an additional 269 soil samples were collected and four separate areas of anomalous copper-in-soil samples outlined (Lemmon and Rose, 1972, Map #4), each area approximately 1 kilometre apart -- one of the anomalies is on the current Blair Claim. The Gunnex work was targeted on porphyry copper deposits and they interpreted most of the copper anomalies as due to high background values in the argillite bedrocks - the property was abandoned due to the absence of porphyry copper-type mineralization.

In 1972, Canadian Johns Manville Co. acquired the Budget #1-#32 Claims and in 1973 an additional 15 claims for a total of 47 contiguous claims. In 1972 they completed a magnetic, geological and 800-sample soil geochemical survey (Kerr, 1972). North of North Arthur Creek, beginning from the northernmost Gunnex anomaly, a strong copper-in-soil anomaly was outlined over a strike length of 240 metres -- several samples of contained several hundred ppm Cu with the highest sample returning a result of 2500 ppm Cu (Kerr, 1972, Map #5).
In 1973, six lines (approximately 8 km.) of time-domain induced polarization (IP) surveying was completed (Lewis, 1973). The traverse lines for the IP surveys were targeted for porphyry copper-type mineralization -- they were located on the switchback roads on the property and are sub-parallel to the stratigraphic contacts. Highly anomalous chargeability anomalies indicating the presence of metallic minerals (probably pyrite or graphite) were detected throughout most of the area surveyed (Lewis, 1973, Plate #2). Some of the anomalies were coincident with or adjacent to magnetic and copper-in-soil geochemical anomalies.

Also in 1973, detailed geological mapping and an additional 1297 soil samples were collected (Kerr, 1973). The strong copper-in-soil geochemical anomaly was confirmed and expanded to a strike length of 1100 metres with anomalous values ranging between 120 and 8350 ppm Cu (Kerr, 1973, Figure 413-73-4). The anomaly was estimated to be as wide as 200 metres, but perhaps broadened due to down-slope creep. On the northwestern end of the anomaly, minor fracture-controlled chalcopyrite and some secondary malachite mineralization was found in road cuts. Although outcrop is poor, the southern portion of the anomaly was thought to be related to the southern contact of a small diorite sill (Kerr, 1973).

In 1974, 15 vertical percussion drill holes (614 metres) were completed, with most of the drill sites selected in easily-accessible locations along the forestry access road (Kerr, 1974). Anomalous copper values of up to 2925 ppm were intersected, but no porphyry-style mineralization. The claims were subsequently allowed to lapse.

**6 GEOLOGY**

The Blair Property is located near the eastern margin of Quesnel Terrane and is located near the contact between mafic volcanic rocks and fine clastic sedimentary rocks of the Upper Triassic Nicola Group (Okulitch, 1979 and 1989; Wheeler and McFeeley, 1991). Earlier work by Jones (1959) had included the strata as part of the Carboniferous - Permian Cache Creek Group. The strata have been folded and faulted along northwest trending axes and regionally metamorphosed to the lower greenschist facies.

Outcrop on the property is poor, ranging between 10 and 20 percent. Much of the cover is transported overburden (till) and scree which ranges up to 10 metres or more in thickness.

Mapping on the property by Gunnex (Lemmon and Rose, 1971) and Canadian Johns Manville (Kerr, 1972 and 1973) indicates that the claims are underlain by dark green and black fine-grained clastic sedimentary rocks and green mafic flows and tuffs. The sedimentary
rocks commonly contain 1 to 2% pyrite or pyrrhotite and are locally graphytic and calcareous. The strata strike northwest with steep dips, mainly to the southeast. A few outcrops of pyroxenetic rock, some containing significant magnetite, have also been mapped (Lemon and Rose, 1971 and Kerr, 1973) -- they could be either meta-volcanic or altered ultramafic rocks. Several small dyke-like and sill-like bodies of quartz diorite and diorite are associated with the mafic volcanic rocks.

Two large bodies of quartz diorite several hundred metres in diameter have been mapped east and south of the geochemical anomalies (Kerr, 1972). These intrusive bodies are believed to be Cretaceous in age (Okulitch, 1979).

The youngest strata are flat-lying Tertiary volcanic flows, pyroclastic and clastic sedimentary rocks of the Kamloops Group which cap the plateau-like hilltops east of the property and west of Bolean Creek.

7 MINERALIZATION

There are no "mineral showings" as such known to be present on the property. Minor disseminated and fracture-controlled chalcopyrite and some malachite has been mapped in the meta-sedimentary and meta-volcanic rocks on the road cuts (Kerr 1972 and 1973).

The Falkland gypsum mine (MINFILE, 1991) is located six km. south of and on strike from the Blair Property (Okulitch, 1979). Originally considered to be a hydrothermal replacement related to "shearing", the gypsum deposit is now considered to be "sedimentary-marine" (Okulitch, 1979) or hydrothermal-exhalative in origin. The gypsum occurs in concordant lenses over a strike length of 2.4 kilometres near the contact between mafic volcanic flows and limy argillites and tuffs. The gypsum is highly sheared and deformed by plastic flow. In it's present form, it appears to have formed by hydration of anhydrite, which is found at depth under the gypsum.

8 PRESENT EXPLORATION WORK

The June 1994 work program consisted of a geological inspection by Messieurs Nick Carter and Ron McMillan on June 3, 1994. Rock exposures along the switchback forestry access road were examined, four rock chip samples were taken and a "silt" sample of ferruginous mud was taken from a small spring. The location of the samples and the geological observations is shown in Figure 4. The analytical results are listed in Appendix 2. Comments and observations on each sample site and geological observation point are tabulated below:
FIGURE 4 --- BLAIR PROPERTY

SAMPLE LOCATION MAP

SCALE 1:10,000
JULY, 1994
1) Strongly sheared and oxidized siltstone with finely disseminated iron sulphides and gypsum on fractures. 
**Sample BL-1 (131951).** Shearing/schistosity trends @ 320/90. A 3-metre quartz diorite porphyry dyke containing disseminated pyrite, trending @ 070/90 cuts the siltstones at the northern end of the outcrop.

2) Iron oxide-rich precipitate-silt deposit at a cold spring. **Sample BL-2.**

3) Oxidized and fractured siltstone, possibly a transported gossan, with approximately 10% pyrite and minor malachite. **Sample BL-3 (131952).**

4) Strongly sheared (315/45E) siltstone with a 0.5 m quartz vein in the plane of schistosity.

5) Mafic dyke or possibly volcanic rock with sericitic alteration.

6) Mafic dyke with abundant fresh biotite and hornblende, weakly magnetic.

7) Sericite schist (meta-sedimentary ?); schistosity @ 280/75N.

8) Meta-volcanic rock with disseminated sulphides and possibly pyrophyllite alteration. **Sample BL-4 (131953).**

9) Fine grained siliceous altered rock with fine disseminated iron sulphides and minor malachite. **Sample BL-5 (131954).**

10) Mafic volcanic rock - schistosity @ 310/80E.

11) Pyroxenite-amphibolite.

**11 DISCUSSION**

The geological environment of the hostrocks at the Blair Property have recently been re-interpreted as part of the Nicola Group (Okulitch, 1979 and 1989, and Wheeler and McFeeley, 1991) of Upper Triassic Age and as such is believed have similarities to currently-active back-arc environments in the western Pacific Ocean where submarine black smokers are precipitating precious metal-rich sulphide deposits. Further, the presence of the bedded gypsum-anhydrite deposits (page 4, this report) in similar lithologies at Falkland along strike from the Blair Property six kilometres to the south gives strong support to this interpretation. Consequently, the Blair Property is considered to have the potential to host
"fossilized" black smoker deposits or Besshi-type volcanogenic massive sulphide deposits such as Windy Craggy, Granduc and Anyox (Hoy, 1991) which occur in rocks of the same Age in similar geological settings.

The two previous operators (pp. 2 and 3, this report) have defined very strong copper-in-soil geochemical anomalies which appear to be stratabound in nature. Both of the previous operators abandoned the property after realizing the copper-in-soil anomalies were not related to porphyry copper-type mineralization. The follow-up work by Canadian Johns Manville (induced polarization survey (Lewis, 1973) followed by a percussion drill program with vertical holes (Kerr, 1974)) was clearly designed to detect porphyry-style mineralization and the program would have very unlikely to have intersected a relatively narrow massive sulphide deposit - particularly a steeply dipping one.

12 RECOMMENDATIONS

1) A ground electromagnetic survey and magnetic survey designed to detect massive sulphide mineralization should be completed on the property utilizing a new grid designed to cross the geochemical anomaly perpendicular to the strike of the hostrocks. The forestry access road above the first switchback and the old logging road which extends tangentially to the southeast from the second switchback will make an ideal baseline.

Alternatively, a helicopter-mounted EM, magnetic and VLF-EM survey utilizing an electronic and GPS navigation system could be utilized.

2) If suitable conductive zones are detected in the electromagnetic survey, they should be tested by 2 to 4 angled diamond drill holes -- possibly totalling approximately 300 to 500 metres.

13 BIBLIOGRAPHY


CERTIFICATE

I, RONALD HUGH McMILLAN, of 4026 Locarno Lane, Victoria, British Columbia (V8N 4A1), do hereby certify that:

1. I am a Consulting Geologist, registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1992, and with the Association of Professional Engineers of Ontario since 1981.

2. I am a graduate of the University of British Columbia with B.Sc. (Hons. Geology, 1962), and the University of Western Ontario with M.Sc. and Ph.D. (1969 and 1972) in Mineral Deposits Geology.

3. I have practised my profession throughout Canada, as well as in other areas of the world continuously since 1962.

4. The foregoing report on the Blair Creek Property is based on a review the literature cited in the bibliography, a visit to the property on 3 June 1994 and the results presented in this report.

5. I am one of the partners in the Mesabi Syndicate which holds title to the Blair Claim which are currently under option to Formation Capital Corporation.


Victoria, B. C.
9 February 1994
APPENDIX II

STATEMENT OF EXPENDITURES

Transportation
- Vehicle - 358 km. @ $0.20 $ 71.60
- Rental - 1.4 days @ $60 $ 84.00
- Gasoline $ 23.33
- Ferry, tolls, parking $ 19.00

$ 197.93

Accomodation, meals $ 130.23

Consumables $ 94.27

Analytical
- 4 rocks @ $16.26 $ 65.04
- 1 silt @ $13.38 $ 13.38

$ 78.42

RHM and NCC - 0.8 days @ $400 x 2 $ 640.00

Report preparation $ 155.00

Duplicating $ 14.15

Total Expenditures $ 1,310.00
APPENDIX III

ANALYTICAL RESULTS
**Geochemical Analysis Certificate**

Multi-element ICP Analysis - .500 gram sample is digested with 3 ml of aqua regia, diluted to 10 ml with water. This leach is partial for Mn, Fe, Ca, P, La, Cr, Mg, Ba, Ti, B, W and limited for Na, K and Al. Detection limit for Au is 3 ppm.

*Au Analysis- 10 gram sample is digested with aqua regia, MIBK extracted, graphite furnace AA finished to 1 ppb detection.

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