1997 DIAMOND DRILL PROGRAM

ON

CHEV 1 - 12 CLAIMS

WATSON LAKE MINING DISTRICT, YUKON
NTS 105 C/1

for

A. Wally Hyde

by

Larry W. Carlyle, F.G.A.C., P. Geol.

Whitehorse, Yukon March, 1998

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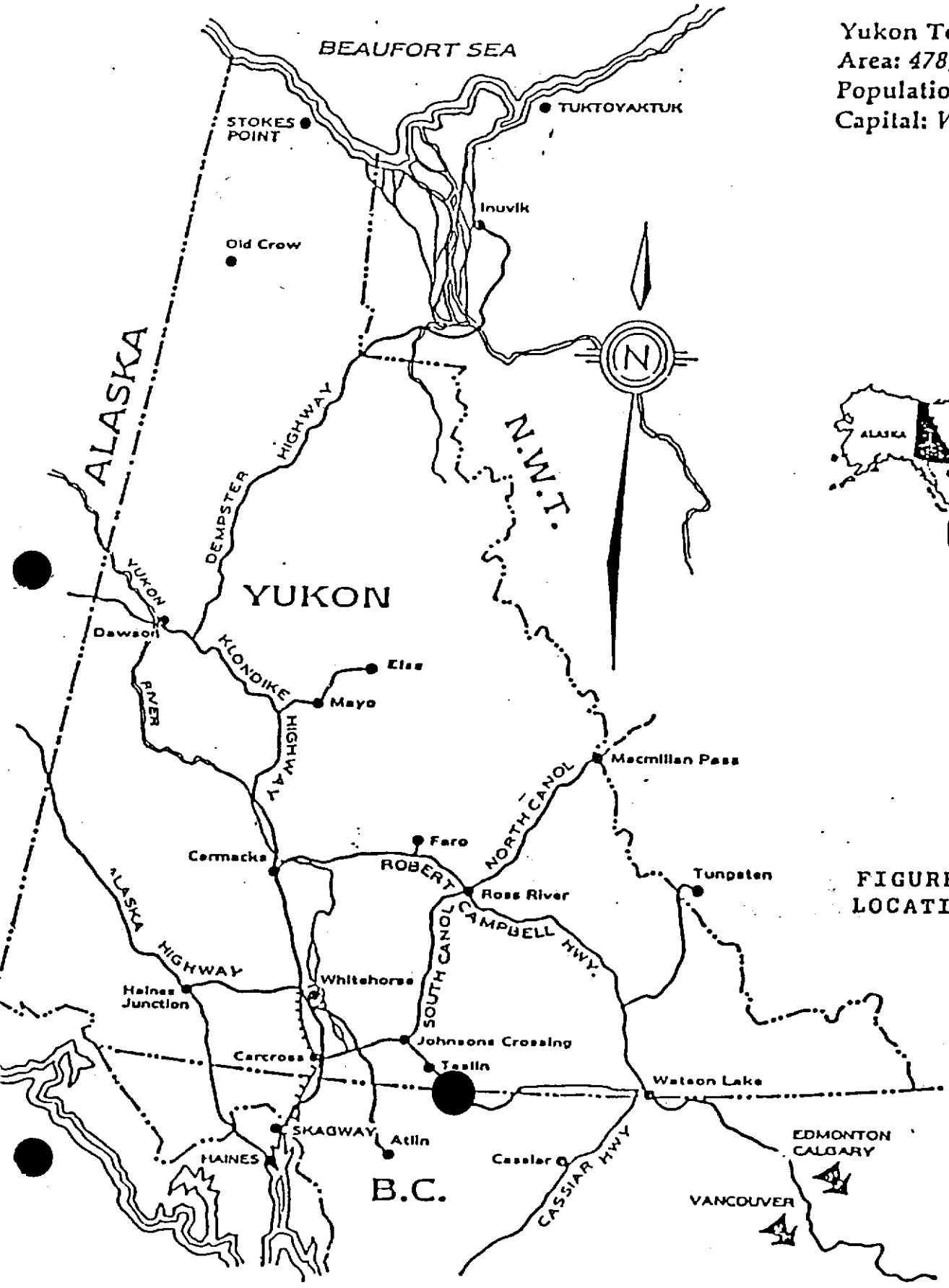
INTRODUCTION:

In mid-September, Wally Hyde contacted Carlyle to log some core that had been recovered from a couple of AQ diamond drill holes which had been drilled on the CHEV Claims. The core was logged and was followed by a property visit in mid-October to locate the holes and to make a general examination of the property. This report has been prepared to describe the drill holes, drill core, and the results of the property visit. The report will be filed for assessment credit.

LOCATION, ACCESS, AND CLAIMS:

The CHEV Claims straddle the Alaska Highway on the west side of Morley Lake, the headwaters of Morley River. The claims are located within the Watson Lake Mining District on NTS Map Sheet 105 C/1. They are just north of the Yukon-B.C. border approximately 35 km. southeast of Teslin and 275 km. from Whitehorse, the Yukon capital (See Location map).

Since the claims straddle the Alaska Highway, the drill sites are accessed by short cat trails from it. These trails permit the use of 4-wheel drive trucks. The drill sites are located on benches on the north side of a 400 metre long canyon with 20 metre high rock walls through which the Morley River runs. The canyon is located approximately 4 miles (6 km.) downstream from Morley Lake. The second drill hole is located at the top of, and near the middle of the canyon. The claims are generally quite thickly covered with glacial till and are on rounded to steeply sloping hills; with steepest slopes being on south-facing slopes. The vegetation in the area is primarily black spruce, pine, willow and buckbrush.



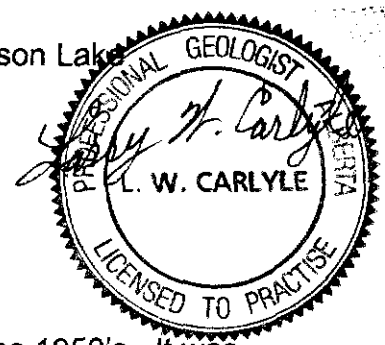
Yukon Territory
Area: *478,034 sq. km.*
Population: *25,000*
Capital: *Whitehorse*

FIGURE 1
LOCATION MAP

Claim Information:

CLAIM NAME	GRANT NUMBERS	EXPIRY DATE
CHEV 1 - 12	YB 89268 - YB 89279	May 16, 1998

These claim data have been confirmed by a telephone call to the Watson Lake Mining Recorder's Office on October 27, 1997 (See Claim Map).



EXPLORATION HISTORY:

The CHEV Claim area was apparently staked as the Otter Claims in the 1950's. It was again staked as the Otter Claims in 1966. One of these claim posts was located by the writer during his property visit (See Diamond Drill Holes Chev Claims Drawing). No evidence of work has been found on the Otter Claims.

The ground was staked as the Hyder Claims and subsequently as the Ryder Claims before being staked as the Chev Claims. While the ground was protected as the Hyder Claims, Mr. Hyde had line cutting to develop a grid, prospecting, a magnetometer - VLF-EM survey, as well as rock and soil sampling done by Rob McIntyre, C.E.T., and Graham Davidson, P. Geol., during the fall of 1989 (See References). The prospecting relocated the skarn mineralization and subsequent magnetometer and VLF-EM surveys more precisely located the size of the skarn bodies. The larger of the two main bodies had its eastern boundary centered at approximately 1600 metres on the survey baseline. This body has an indicated size of approximately 200 metres along a side. It is this body which has been explored with the diamond drill holes. The second body is located approximately 100 metres east of the baseline and has its northern end located at about 1625 metres on the baseline. This body has dimensions approximating 50 metres wide and 200 metres long. These bodies most likely form part of the small elliptical

105C-1

PROFESSIONAL GEOLOGIST
L. W. CARLYLE
LICENSED TO PRACTISE

aeromagnetic anomaly located over the small lake on the boundary between CHEV 3 and 5 (See Claim Map and Aeromagnetic Map).

While the ground was covered by the Ryder Claims, Mr. Hyde did some cat trenching. The writer did not examine any of these trenches nor is he aware of any results from them.

REGIONAL GEOLOGY:

The region is generally underlain by the Yukon Cataclastic Complex, an assemblage of metasediments intruded by granitic Coast Intrusions of Cretaceous age. The new G.S.C. mapping done by S.P. Gordey and R.A. Stevens (See Part of Geological Map Teslin 105 C) indicates that the area is underlain by Proterozoic to Devonian mylonitic quartz-muscovite +/- chlorite +/- epidote +/- feldspar +/- biotite +/- garnet +/- amphibole schist and muscovite-chlorite quartzite (PDsq) as well as quartz-tremolite-muscovite sucrosic marble and calcareous schist which rarely contains epidote and garnet (PDsqc). Several plugs and stocks of Coast Intrusive (Kg) have been mapped intruding these metasediments in the area of the claim block. Three units of the mid-Cretaceous intrusive have been differentiated. Kg1 biotite-hornblende quartz monzonite and quartz monzodiorite. Kg2 a locally porphyritic biotite granite and quartz monzonite. Kg3 a leucocratic biotite granite.

PROPERTY GEOLOGY:

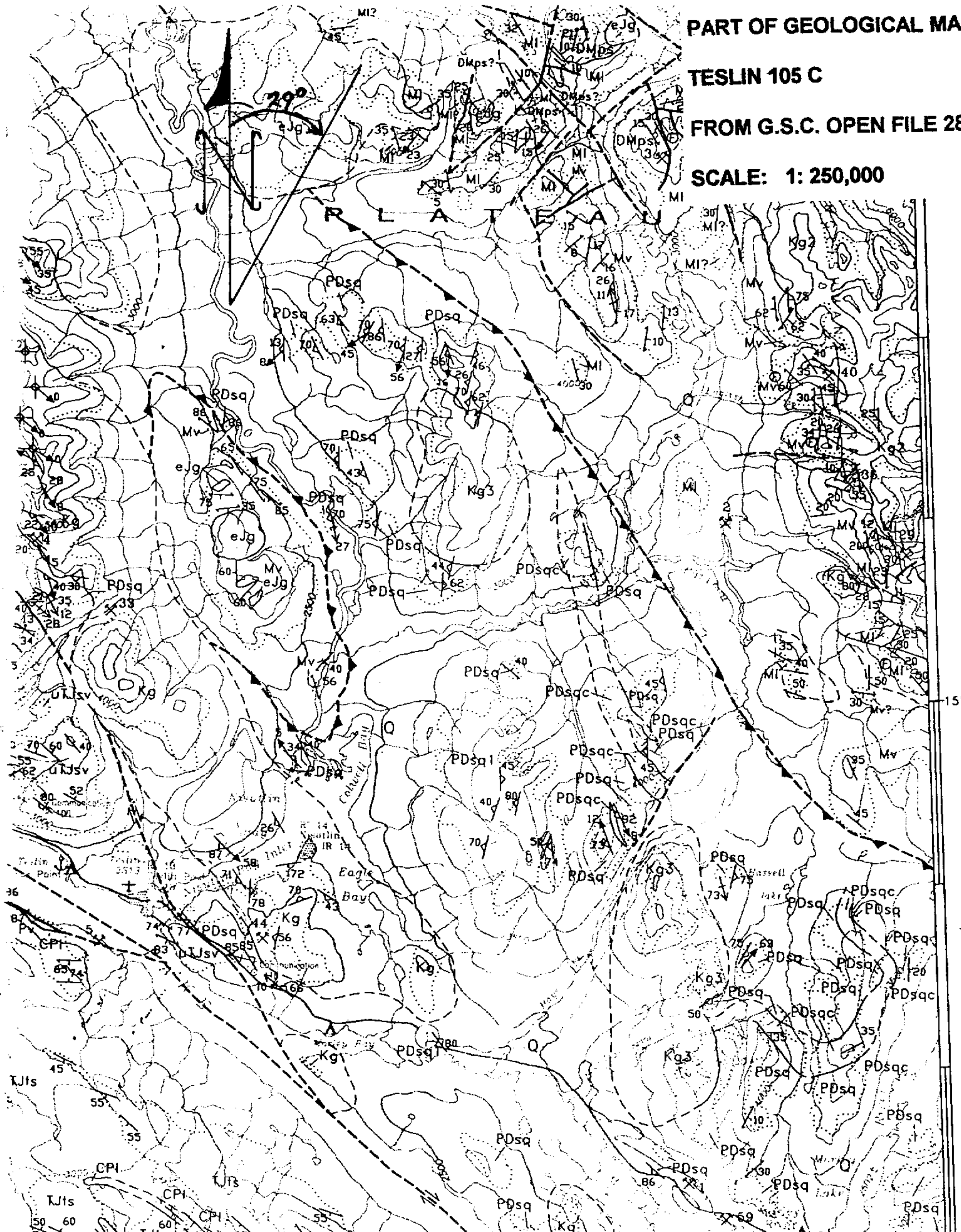
During the property visit, a brief examination was made of rocks exposed in the area of the drill holes and in an Alaska Highway road cut . These rocks were primarily contorted calcareous quartz-chlorite schist. In some areas, tremolite, epidote and muscovite

PART OF GEOLOGICAL MAP

TESLIN 105 C

FROM G.S.C. OPEN FILE 2886

SCALE: 1: 250,000



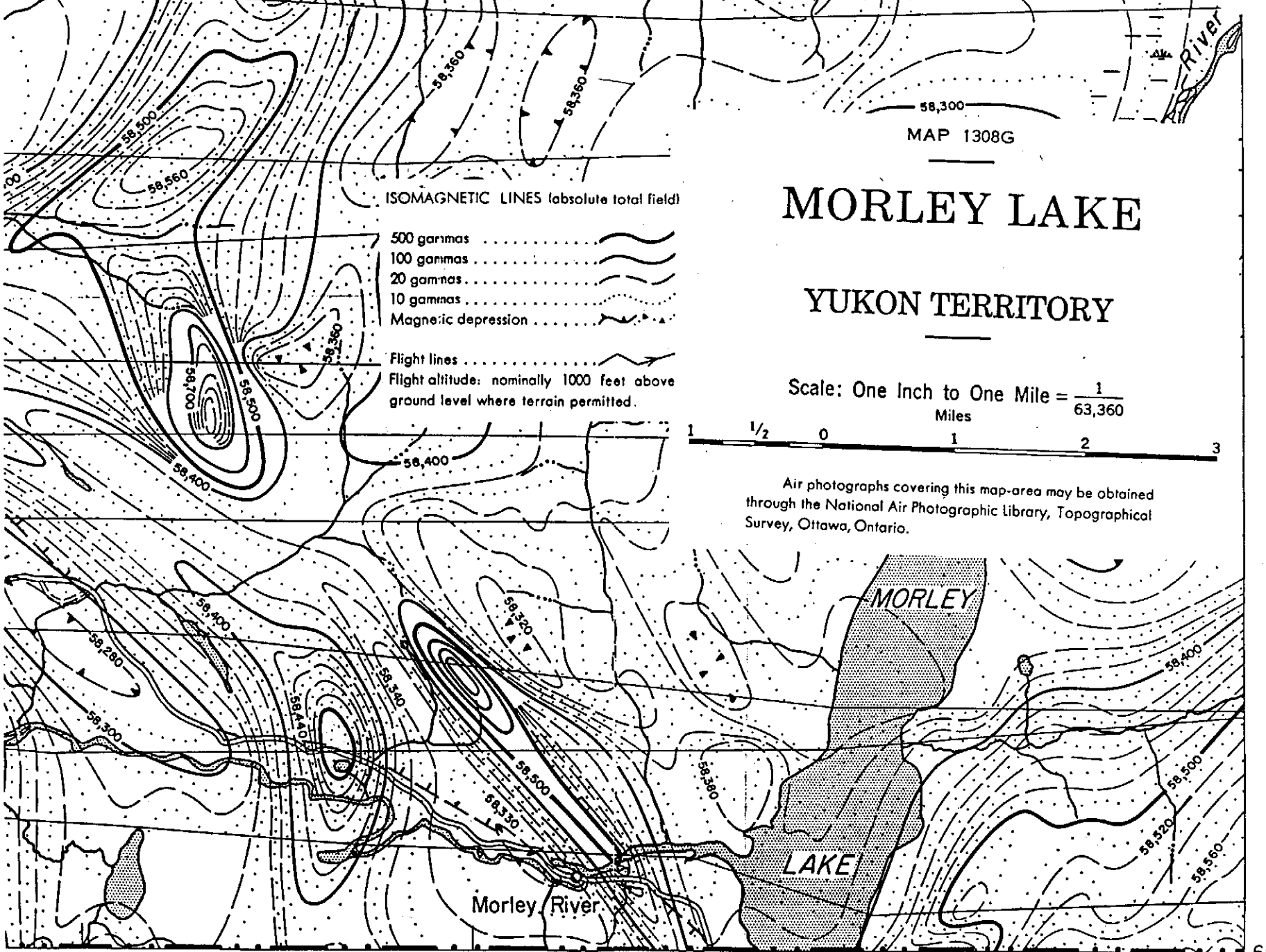


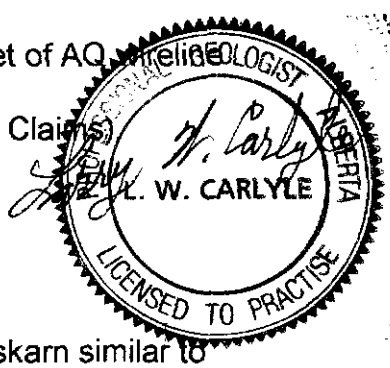
Figure 5 - AEROMAGNETIC MAP
NTS 105 C-1 Scale 1:50,000

(sericite) were present. In other areas, the schistosity was being destroyed to form a more massive texture with magnetite added as evidence of skarn formation from the original limy rocks. The schists exposed in the canyon walls seemed to exhibit amphibolite grade metamorphism.

Black magnetite skarn was present at the location of both diamond drill holes. It was much better exposed in the area of Hole #1. Large blocks of skarn (half the size of a table) had been ripped up with the cat during trenching or during the drill site preparation. It was possible to see small amounts of malachite, azurite, and chalcopyrite in hand specimen.

1997 WORK PROGRAM:

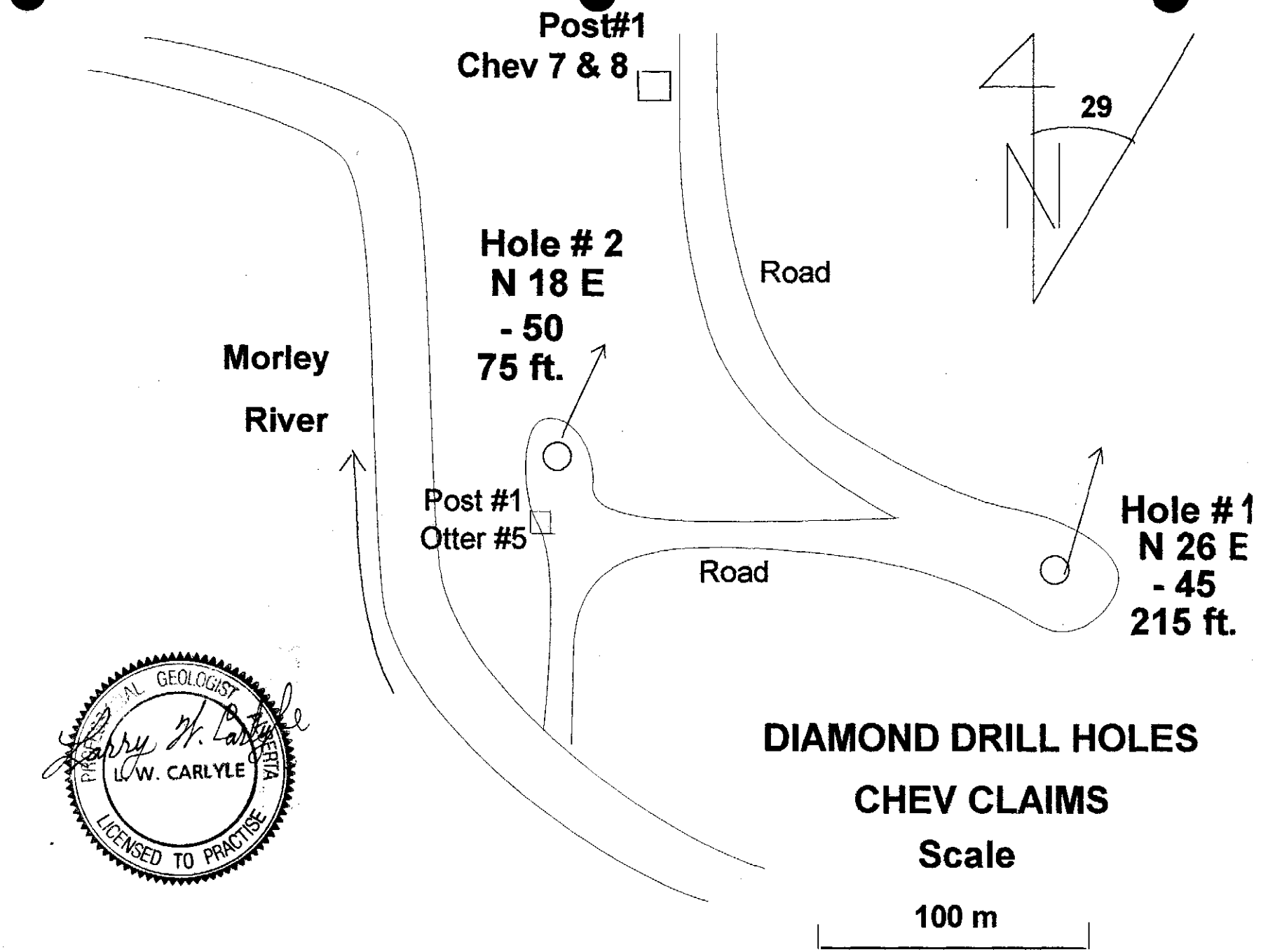
The 1997 work program employed 6 men for a period of about 2 weeks. During this time, a D-7 bulldozer, a skid-mounted hydraulic BBS drill, drill rods and all other necessary equipment and tools were mobilized and de-mobilized from and back to their storage site at Mr. Hyde's compound in the McCrae Industrial Area. Also during this time, cat roads and drill site pads were built on the property and 290 feet of AQ wireline diamond drill core was drilled in 2 holes (See Diamond Drill Holes Chev Claims).



CONCLUSIONS:

1. The work done in 1989 and in 1997 have shown that magnetite skarn similar to that found along the Whitehorse Copper Belt exists on the CHEV Claims.

2. The work to this point has been concentrated on the smallest of several aeromagnetic anomalies in the area (See Aeromagnetic Map). The larger anomalies located northeast and north of the claims on the map probably represent larger magnetite skarn concentrations. It follows that the gold and copper values obtained from the small anomaly should be higher from the larger anomalies which are nearer a large Coast Intrusive plug (See Geological Map).


Post#1
Chev 7 & 8
29
N
Hole # 2
N 18 E
- 50
75 ft.
Road
Morley
River
Post #1
Otter #5
Road
Hole # 1
N 26 E
- 45
215 ft.
DIAMOND DRILL HOLES
CHEV CLAIMS
Scale
100 m

GEOLOGIST
W. CARLYLE
LICENSED TO PRACTISE

RECOMMENDATIONS:

1. The larger anomalies northeast and north of the present claims should be prospected to determine if magnetite skarn exists at these locations. If there is, the ground should be staked. Once these claims are staked; rock and soil sampling should be done to determine the strength and size of any copper/gold mineralization.

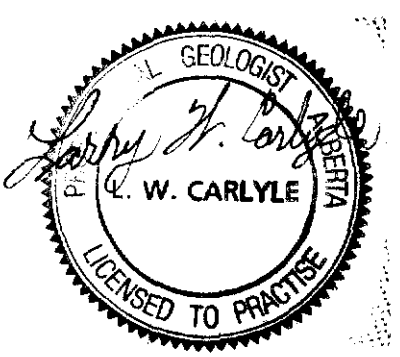
2. Geology and aeromagnetic maps from the British Columbia extension of the area should be obtained and studied to locate and stake similar occurrences within B.C.

REFERENCES:

Davidson, G.S., (1989) **Exploration Report on the Hyder 1-4, 9-36 Claims.** Private report to A.W. Hyde.

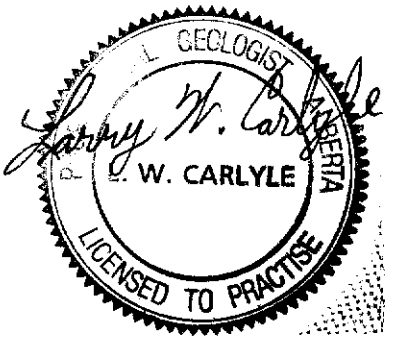
Gordey, S.P. and Stevens, R.A., (1994) **Teslin 105 C Geology,** Geological Survey of Canada, Open File 2886.

Mulligan, R., (1963) **Geology of the Teslin Map Area,** Geological Survey of Canada



STATEMENT OF COSTS: (See Appendix B for Invoices)

Room and Board (Teslin Lake Chevron)		$ 3,530.23
Wages:	R. Mueller	$ 1,200.00
	S. MacLeod	$ 1,100.00
	T. Morrison	$ 1,600.00
Equipment Rentals:	D7 G Bulldozer ($125/hr X 10 hrs/day X 14 days)	$17,500.00
	3 - 4X4 ¾ ton trucks ($225/day X 14 days)	$ 3,150.00
	1 - 5 ton truck ($175/day X 14 days)	$ 2,450.00
	1 - BBS Diamond Drill (Complete) ($820/day X 10 days)	$ 8,200.00
Bulldozer Fuel ($210/day X 14 days)		$ 2,940.00
Equipment Purchases:		
	Westcoast Drilling	$ 3,126.54
	Truck Fuel	$ 279.58
	Northern Metalic	$ 309.57
	Envirolube	$ 51.76
	Acklands-Grainger	$ 27.76
	Auto Marine Electric	$ 57.73
	Beaver Lumber	$ 24.68
	Bumper to Bumper	$ 52.78
	Pro Hardware	$ 59.11
Core Logging and Property Visit		$ 1,000.00
Report Writing		$ 500.00
	TOTAL	**$47,159.74**



STATEMENT OF QUALIFICATIONS

I, LARRY W. CARLYLE, do certify:

1. That I am a professional geologist; resident at 74 Tamarack Drive, Whitehorse, Yukon Y1A 4Y6.

2. That I hold a B. Sc. Degree in geology from the University of British Columbia (1970).

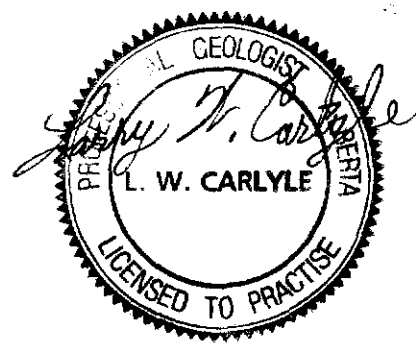
3. That I am a Fellow of the Geological Association of Canada (F - 4355).

4. That I am a Registered Professional Geologist in the Association of Professional Engineers, Geologists, and Geophysicists of the Province of Alberta (41097).

5. That I have practiced my profession as a mine and exploration geologist for twenty years.

6. The conclusions and recommendations in the attached report are based on a property visit, diamond drill core I logged, and on a review of the references cited.

DATED at Whitehorse, Yukon, this 23rd day of March, 1998.



APPENDIX A

ANALYTICAL CERTIFICATES

Northern Analytical Laboratories ltd.

07/10/97 Assay Certificate Page 1

Wally Hyde WO# 07936

Certified by _____

Sample #	Au oz/ton	Cu %
C1 - 1	<0.001	0.010
C1 - 2	<0.001	0.051
C2 - 1	<0.001	0.052

105 Copper Road, Whitehorse, YT, Y1A 2Z7 Ph: (403) 668-4968 Fax: (403) 668-4890

APPENDIX B

INVOICES SUPPORTING

STATEMENT OF COSTS

Northern Analytical Laboratories ltd.

Invoice for Analytical Services

To:

Wally Hyde

Invoice Date: 07/10/97

WO# 07936

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
	Sample Preparation:		
3	Rock/D.C. Sample Preparation	5.00	15.00
	Analyses:		
3	Au 1AT FA/AAS	11.00	33.00
3	AAS - Assay (1 elements)	8.00	24.00

Subtotal	72.00
GST @7% (R 121285662)	5.04
Total due on receipt of invoice	$77.04

2% per month charged on overdue accounts

PAID CASH JR

ASSAY COUPONS (36.00)

NET $41.04

105 Copper Road, Whitehorse, YT, Y1A 2Z7 Ph: (403) 668-4968 Fax: (403) 668-4890

Cat D7.G $125.00 Pr. Hr., 10 Hrs. Pr. Day/14 days $17500.00

3 - 4x4 3/4 Ton, $225.00 Pr. DAY, 14 DAYS, $3,150.00
1 - 5 Ton, $175.00 Pr. DAY, 14 DAYS, $2.450

B.B.S.I D.D. COMPLETE WITH PUMPS,
DRILL ROD, DIAMOND BITTS.
WATER LINE, GEN. SET. 10 DAYS, AT 820.00
PR. DAY, = $8.200

$17,500.00
8.200.00
3.150.00
2.450.00
TOTAL - $31.300.00

Wally

WHITEHORSE Y.T. SEPT. 1997

I MARK MORRISON GOT A SUM OF SIXTEEN HUNDRED DOLLARS (1600.00
FOR CASUAL WORK FOR PART OF AUG. & SEPT. 1997 FROM WALLY HYDE

M. Morrison

TESLIN LAKE CHL
KM1293 ALASKA HWY TESLIN

ID: B4460168
STORE: 4460168 SLIP #: 4279

SALE $3,530.23

SIGNATURE X A. [illegible] Hyde

VISA 4516019095927 M

SEQ 961001001042 AUTH 060395 001
APPROVED
DATE Sep 02 1997 TIME 7:05 PM

March 21 1998

Received from / Reçu de A. Wally Hyde

one thousand five hundred — XX/100 Dollars

for Core logging, property visit and report writing

$1500.00 Larry H. Carlyle No.

BLUELINE

Sept 3 1997

Reçu de / Received from A. W. Hyde

— Eleven hundred dollars — XX/100 Dollars

— Exploration WORK

$ 1100.00 No. J. MacLeod

No. d'enrg. taxe / Tax Reg. No:

Sept 3 1997

Reçu de / Received from A. W. Hyde

— Twelve hundred dollars — XX/100 Dollars

Exploration Work

$ 1200.00 No. K. Muller

No. d'enrg. taxe / Tax Reg. No:

APPENDIX C

CHEV CLAIMS

DIAMOND DRILL LOGS

CHEV CLAIMS			HOLE # 1			215 feet	-45	AQ Core			
Date: Sept. 17 - 18/97											Page 1 of 4
Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt.	Cu %			Description
0.0	8.0	0.0									Casing
8.0	10.0	3.3									Silicified chlorite-epidote skarn. Saussuritized. Non-magnetic. Tr. red-brn garnet (zoisite?) Lineations & fractures @ 45^0 & 90^0 to CA.
10.0	19.8	9.6									Dk. grn-blk. chlorite diopside skarn. Strongly silicified. Good coring. Weak fracturing @ 90^0 to CA. Weakly magnetic. Up to 1% py. Tr. chalco & pyrrhotite (Po). Scheelite ?
19.8	27.0	6.4									Banded white to blk. limestone. 19.8 - 23 ' Highly fractured @ 90^0 to CA 23 - 27' Banding @ 40^0 to CA. Weakly silicifed. Tr. Po. Slightly magnetic.
27.0	44.2	18.4	37.0	42.0	5.0	C1 - 1	<0.001	0.010			Dk. grn-blk. magnetite-chlorite skarn. Silicified. Weak calcite f.f. @ 45^0 to CA. Specks of red-brn garnet (zoisite ?) thruout. Tr. chalco. Up to 1.5% Po. Good coring. 29.7' - 31.0' Limestone banded @ 45^0 to CA 31.0' - 34.7' Chlorite-epidote skarn. Saussuritized ? Lt. grn. <1% Po. Tr. bornite & arseno (?) in fractures. 37.6' - 38' 2+% Po 40.2' - 41' 3% Po in f.f.
44.2	48.3	4.1									Lt. grn-grey epidote-chlorite skarn. Minor calcite-qtz f.f. Tr Po. Weakly banded @ 70^0 to CA. Non magnetic.

CHEV CLAIMS	HOLE # 1	215 feet	-45	AQ Core
Date: Sept. 17 - 18/97				Page 2 of 4

Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt.	Cu %			Description
48.3	54.0	5.5									Magnetite-chlorite skarn as 27.0 - 44.2'. Silicified. 1+ % Po. Tr chalco. Up to 1 % magnetite (PbS ?) cubes.
54.0	59.7	4.4	58.0	64.0	6.0	C1 - 2	<0.001	0.051			Lt. grn-grey epidote-chlorite skarn as 44.2 - 48.3. Saussuritized ? Weak schistosity (?) & fracturing @ 40 - 50^0 to CA. Up to 1 1/2 % Po & <1 % Py in fractures.
59.7	63.1	3.2									Dk. grn-blk. magnetite-chlorite skarn as 48.3 - 54.0'. 1+ % Po. Tr chalco. Up to 1% magnetite (PbS?) cubes. Contact @ 63.1' @ 35^0 to CA.
63.1	81.5	16.7									Weakly magnetic chlorite-epidote skarn. Saussuritized ? Highly silicified. Tr red-brn garnet (zoisite ?) & scheelite. <1 % Py. Tr Po & f.g. blk metallic mineral (Ag mineral ?) Banding & fracturing @ 60^0 to CA. Possible slip in broken core @ 72 ft. (0.5' recovered).
81.5	82.8	1.2									Weakly magnetic banded chlorite-epidote skarn. Highly silicified. 1+ % Py in fractures.
82.8	98.5	15.1									As above. <1 % Py. Tr chalco. Banding @ 75^0 to CA. 91.5' - 93.2' & 95.3' - 96.5' Contorted banding. 86.0 - 91.0' Mottled texture due to 1/8" qtz-feldspar porphyroblasts (?).

CHEV CLAIMS	HOLE # 1	215 feet	-45	AQ Core
Date: Sept. 17 - 18/97				Page 3 of 4

Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt.	Cu %			Description
98.5	119.2	21.8									Contorted banding in qtz-chlorite skarn. Saussuritized. High probability that this is an altered intrusive. Tr sericite. Highly silicified. Good coring. No visible sulphides. Non magnetic. 119.2' Contact @ 55^0 to CA.
119.2	128.8	9.0									Banded chlorite-qtz skarn. Resembles a schist. Mottled texture due to 1/8" qtz-feldspar porphyroblasts. Minor epidote. Good coring. Fracturing @ 40^0 to CA. 124' - 125' Tr Py. 128' Tr silver coloured mineral (moly ?)
128.8	137.7	9.5									Banded chlorite-qtz schist. Weakly contorted schistosity. Fracturing & schistosity @ 40^0 to CA. <1 % Py & Po in fractures.
137.7	168.4	29.5									Dk. grn-blk chlorite skarn (originally a schist ?). White feldspar & qtz porphyroblasts. Minor sericite schist alteration. Up to 1 % Py thruout in fractures. Limonite on fractures. Fractures @ 45^0 & sub-parallel to CA. Non magnetic. 137.7 - 140.0' Tr Po. 146.5 - 147.5' Broken core. 158.0 - 158.3' White bull qtz veinlet. Contacts @ 75^0 to CA.
168.4	168.8	0.3									Slip gouge of chlorite skarn. Contacts perpendicular to CA.

CHEV CLAIMS	HOLE # 1	215 feet	-45	AQ Core
Date: Sept. 17 - 18/97				Page 4 of 4

Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt.	Cu %			Description
168.8	194.6	24.8									Good coring grn chlorite-epidote skarn. Remnant schistosity. Minor sericite contorted @ 45^0 to CA. Up to 1 % Py in patches; primarily in fractures thruout. Silicified. Minor white qtz lenses along schistosity up to 2" wide. White feldspar & qtz porphyroblasts up to 1/8". Non magnetic.
194.6	215	19.8									Dk. grn-blk. chlorite-epidote skarn. As above but more chlorite. Minor saussuritization. <1 % Py thruout. Slightly more broken core. Schistosity @ 75 - 80^0 to CA. 211.0 - 211.7' Slip in broken core ? 0.3" recovered.

Core Recovery

$\frac{202.6}{215.0}$ X 100 % = 94.2%

CHEV CLAIMS	HOLE # 2	75 feet	-50	AQ Core
Date: Sept. 23/97				Page 1 of 2

Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt	Cu %			Description
0.0	4.0	0.0									Casing
4.0	13.0	7.0									Mottled dk. grn-blk. chlorite-dioside-epidote skarn. Red-brn garnet (zoisite ?). Highly silicifed. Metallic streaks & blebs Po ? (Could also be metal scrapped from core barrel.) Tr Py. Slightly magnetic. Fair to broken coring. 9.0' - 12.8' Broken core. 0.3' recovered.
13.0	20.7	10.1	15.0	20.0	5.0	C2 - 1	<0.001	0.052			Blk. f.g. magnetite skarn. Highly magnetic. Minor chlorite, diopside, & garnet. Up to 1 % chalco in fractures. Weak calcite-qtz veinlets up to 1/2" wide. Fractures @ 25^0 to CA. 17.3' 2" of 2 - 3 % chalco in fractures.
20.7	37.3	15.1									Mottled dk. grn-blk. chlorite-diopside-epidote skarn as 4.0 - 13.0'. Highly silicified. Weakly saussuritized. Minor red-brn garnet. Up to 1 % Py & Tr Po thruout. Fair to broken coring @ 65 - 70^0 to CA. 25.6' - 26.5' 1" qtz-calcite stringer sub-parallel CA. Possible slips in broken core @ 29.4' - 32.0' (0.7' rec), 32.4' - 32.7', 34.0' - 36.0' (1.2' rec.). Some vuggy epidote fracture fillings in last interval.
37.3	68.1	29.0									Grey-grn highly silicified sericite schist. Weak graphite & chlorite bands along schistosity @ 65 - 70^0 to CA. Up to 1 % Py in blebs & crystals usually along schistosity thruout.

CHEV CLAIMS	HOLE # 2	75 feet	-50	AQ Core
Date: Sept. 23/97				Page 2 of 2

Distance			Sampling Data								
From	To	Recovery	From	To	Recovery	Sample #	Au opt.	Cu %			Description
37.3	68.1	29.0									Silicified sericite schist continued. Good coring with fracturing along schistosity. 37.3' - 41.1' Core more broken. Stronger chlorite. Fracturing @ 40^0 to CA. 45.3' Probable slip in broken core with iron oxide.
68.1	75.0	6..6									Grey-blk. chlorite skarn. White mottled qtz-feldspar porphyroblasts up to 1/8". <1 % Py thruout. Tr specks of chalco. Highly silicified good core. Fracturing @ 45 - 50^0 to CA.

Core Recovery

$\frac{67.8'}{75.0'}$ X 100 % = 90.4%