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REPORT ON 1998 PROSPECTING/SAMPLING

on the

TAG 1 - 8 MC (YB 97047-054)
BUF 1 - 16 MC (YB 96999-014)
ALO 1 - 16 MC (YB 97015-030)
WHEATON 1 - 8 MC (YA 81535-542)
NOT 1 - 2 MC (YA 78958-959)
CLAIMS

located on
NTS Claim Sheet 105D-6/3
in the
Whitehorse Mining District

094002

For Assessment Work Conducted During
July and August, 1998

for

DALEY RESOURCES LTD.

by

GLEN C. MACDONALD, P.Geo.

December 31, 1998
Amended June 1999

This report has been examined by
the Geological Evaluation Unit
under Section 53 (4) Yukon Quartz
Mining Act and is allowed as
representation work in the amount
of $ 500 00 .

M.B

for Regional Manager, Exploration and
Geological Services for Commissioner
of Yukon Territory.

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INTRODUCTION

This report has been prepared at the request of Mr. Darryl Halisky, President of Daley Resources Ltd. to summarize a prospecting exploration program conducted during 1998. The writer has visited the property on numerous occasions between 1984 and 1998, both as consultant and project manager for exploration surveys.

For the sake of completeness, the present report includes information from previous work and summarizes exploration programs and studies carried out since 1987. Personnel employed for Daley's program were generally selected from crews being mobilized or de-mobilized through Whitehorse on other contracts.

LOCATION AND ACCESS

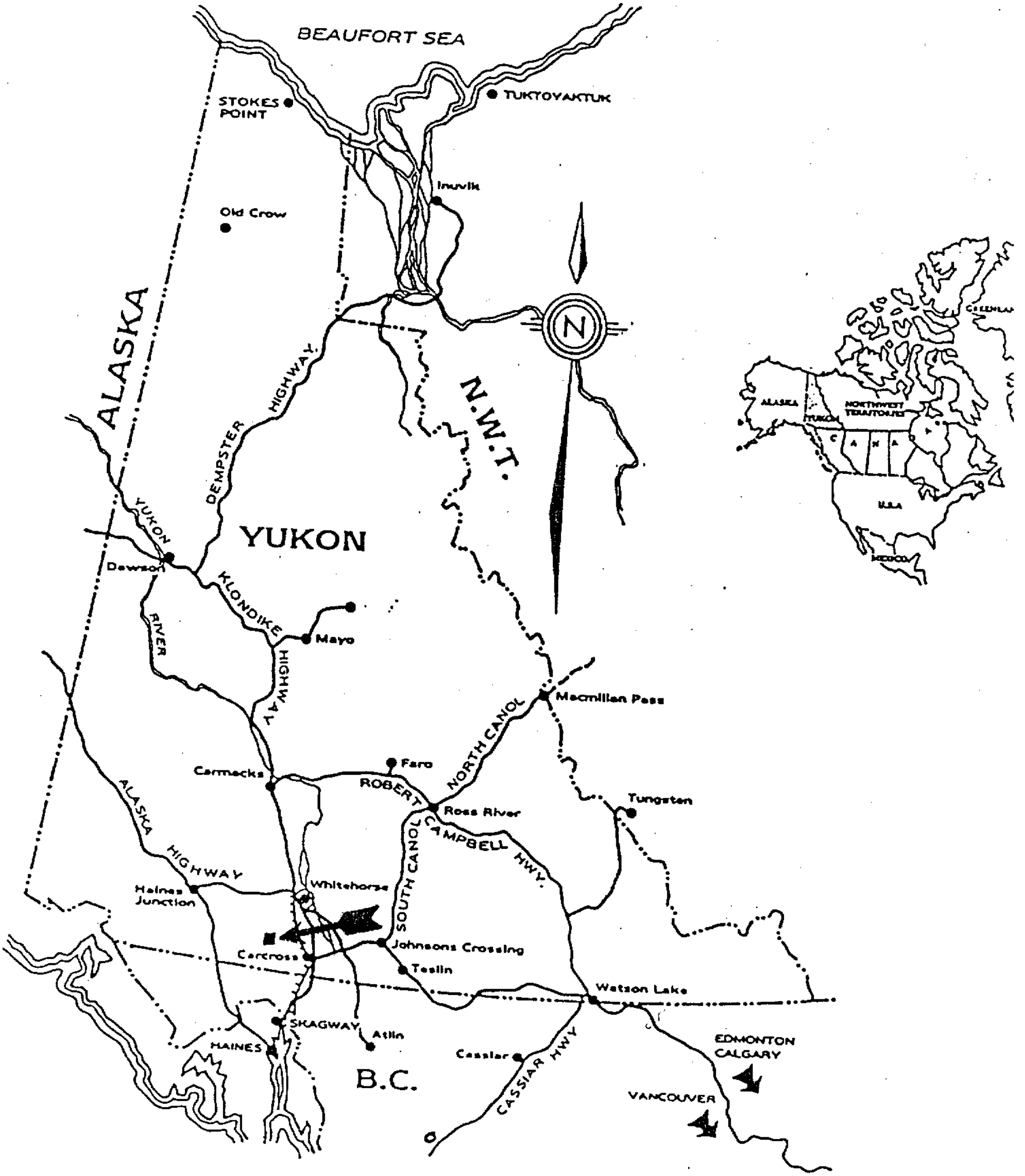
Daley's Wheaton River property is located approximately 50 kilometres south of Whitehorse on NTS map sheets 105-D-3/6. Approximate geographical coordinates are 60°15' north latitude and 135°02' west longitude.

Access to the property from Whitehorse is by paved road following the Alaska Highway and then the South Klondike Highway as far south as Robinson; a distance of 40 kilometres. From Robinson, an all-weather gravel road (Annie Lake - Wheaton River Road) is followed for 25 kilometres to Partridge Creek. A rough four-wheel drive trail is followed up Partridge Creek for 10 kilometres to the watershed between Tally Ho Mountain and Mount Stevens. A branch of this road leads in 5 kilometres to the main work area just north of the summit of Wheaton Mountain.

Whitehorse is serviced by major airlines and can provide personnel, supplies, equipment and services for exploration and development. A year-round, ice-free deep sea port is located at Skagway, Alaska, reached via the Whitehorse-Carcross-Skagway highway system.

The property location is shown on Figure 1.

Figure I



LOCATION MAP

PHYSIOGRAPHY, CLIMATE AND VEGETATION

The property is located on Wheaton Mountain, just south of the "Big Bend" of the Wheaton River. The claims extend from the river at an elevation of 820 metres (2700 feet) to the plateau area around the summit of Wheaton Mountain at an elevation of 1735 metres (5700 feet) with a total relief of over 900 metres. Lower slopes are underlain by Quaternary glacial and fluvioglacial sands and gravels to an elevation of approximately 1000 metres (3300 feet); these slopes are well forested with spruce, pine and alder. Upper slopes are brush covered and rocky with locally extensive outcrop incised by narrow gullies which merge into debris fans and talus slopes below. Above 1675 metres (5500 feet) the topography is plateau - like with little outcrop, extensive areas of frost-heaved rock and stunted alpine vegetation.

Climatic conditions are typical of the Carcross district of southern Yukon, characterized by a northern interior climate modified by the influence of the nearby Pacific Ocean. Average annual precipitation is approximately 40 cm. Winters in the area are long, with temperature extremes to -45°C but commonly from -10°C to -20°C. The area is generally snow free from late May to late September. A limited supply of water for diamond drilling is available close to the main work area.

PROPERTY

Daley Resources Ltd. presently holds a 100% interest in 50 mineral claims on Wheaton Mountain on claim sheets 105-D-3/6 in the Whitehorse Mining District, Yukon Territory, as shown in Figure 2.

The claims were acquired by Daley during 1996 by staking (Buf, Tag and Alo Claims) and purchased from Mr. W. Howden, of Palm Desert, California (Wheaton and Not Claims) by an agreement dated 12 June, 1996.

A claim summary is presented in Table 1 of this report.

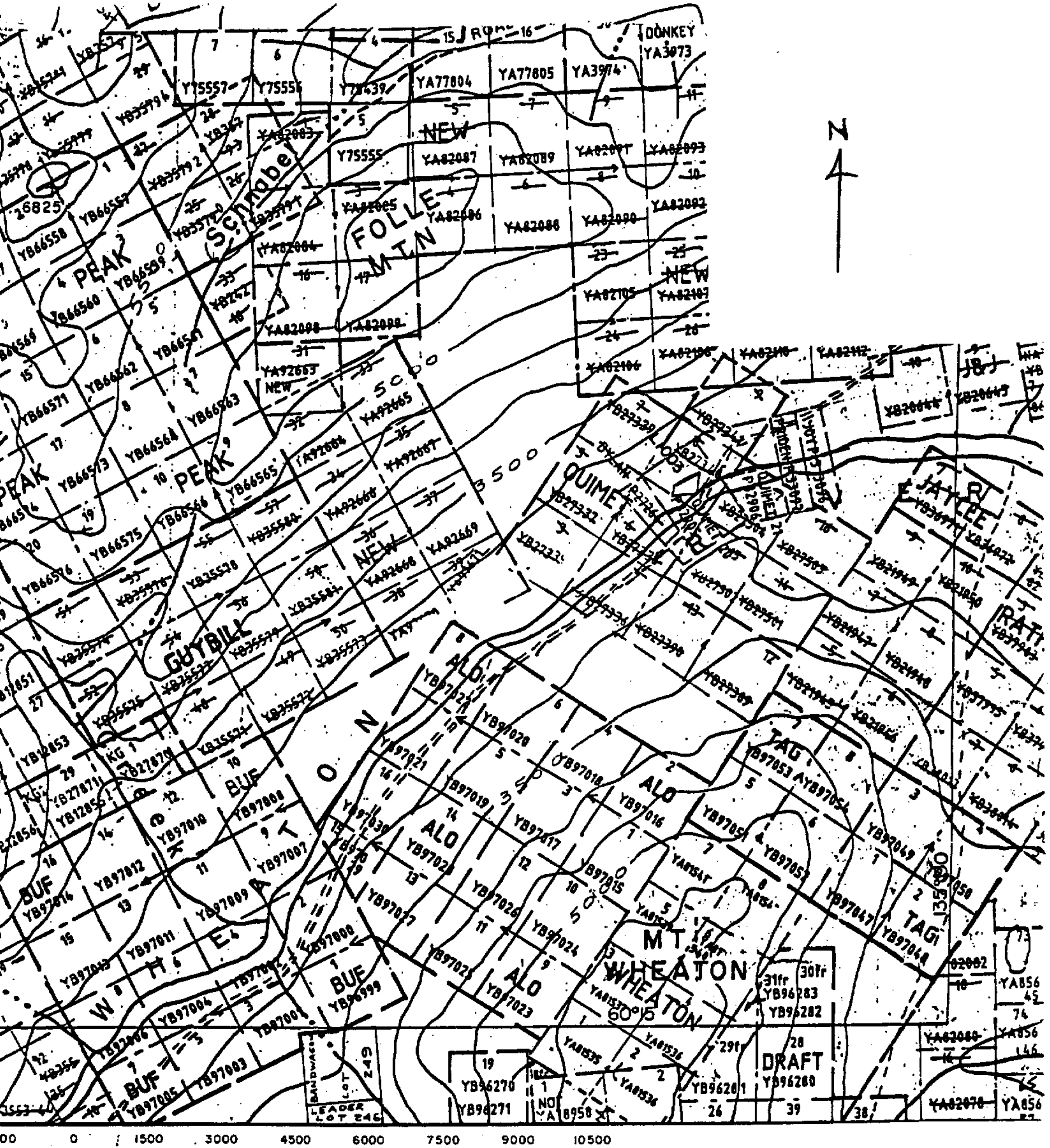


FIGURE 2

CLAIM PLAN

BUF, ALO, NOT, TAG, WHEATON CLAIMS

TABLE 1 - CLAIM SUMMARY

Claim Name	Grant No.	Renewal Date
Wheaton 1-8	YA 81535 - 542	December 31, 1999
Not 1-2	YA 78958 - 959	December 31, 1999
Buf 1-16	YA 96999 - 7014	December 06, 1999
Alo 1-16	YA 97015 - 7030	December 06, 1999
Tag 1-8	YA 97047 - 7054	December 06, 1999

These claims were staked and recorded under the regulations of the Yukon Quartz Mining Act and are administered by the District Mining Recorder in Whitehorse, Yukon. Yukon mineral claims are maintained by completing and filing assessment work to the value of $100 per claim per year, or by payment of cash in lieu of such work.

REGIONAL GEOLOGY

The Wheaton River District straddles the boundary between two regional tectonic elements, the Whitehorse Trough and the Coast Plutonic Complex, separated by the Tally Ho Shear Zone, the northern extension of the Llewellyn Fault.

The Whitehorse Trough is the northernmost section of the Intermontane Belt of the Canadian Cordillera and consists of a basal island arc assemblage of massive basic to intermediate volcanic rocks and associated sedimentary rocks of the Triassic Lewes River Group. The Lewes River Arc formed near the east margin of the Stikinia Terrane above a west-dipping subduction zone. This arc assemblage is overlain by siltstones, sandstones and conglomerates of the Jurassic Laberge Group derived by erosion of the uplifted core of the arc and deposited in a fore-arc basic. Triassic granodiorites were intruded as part of the Lewes River Arc and are now exposed as the oldest plutons of the Coast Plutonic Complex. Most of the Coast Plutonic Complex consists of middle to late Cretaceous plutons of quartz monzonite-granodiorite composition. Eocene felsic plutons tend to occur as small bodies near the east margin of the Coast Plutonic Complex and are comparatively alkali enriched.

The Tally Ho Shear Zone forms the boundary between the two principal tectonic elements and is a 1-4 kilometre wide zone of sheared and foliated Triassic volcanic and sedimentary rocks trending northwesterly and dipping to the southwest at 40-75°. The zone passes through Mount Stevens and Tally Ho Mountain, just west of Wheaton Mountain and crosses the Buf/Alo property. Northwest trending structures on Wheaton Mountain are spatially related to gold mineralization and may be part of the Tally Ho Shear Zone. The principal shear movements on the zone are apparently middle-late Jurassic in age but later brittle deformation resulting from reactivation along the zone at higher crustal levels is tentatively dated at late Cretaceous - early Tertiary.

Middle and late Cretaceous volcanic and subvolcanic rocks overlie and intrude both tectonic provinces. Large Eocene volcanic complexes are present at Mount Skukum and Bennett Lake. Related small felsic intrusions and dyke swarms occur throughout the district.

The region has been mapped twice by the Geological Society of Canada and the results published as Memoir 31 (Cairnes, 1912) and Memoir 312 (Wheeler, 1961). A re-interpretation of the regional geology formed part of the metallogenic map published by the Department of Indian Affairs and Northern Development (Morrison, 1979). A number of studies have recently been published of volcanic rocks at Mount Skukum and of mineralization processes at several deposits and mineral occurrences in the district. Detailed regional mapping of the district began in 1987 at 1:50,000 scale; Figure 4 and this section of the present report are compiled from maps and reports by Doherty and Hart, 1988 and Hart and Pelletier, 1989. Regional geology is summarized as Figure 3 in this report.

Rock units present in the immediate area of Wheaton Mountain are shown in Figure 4. In general, the oldest rocks occur on Dickson Hill and Tally Ho Mountain in the southwest section of the map and progressively younger rock units occur to the northeast, moving away from the Tally Ho Shear Zone towards the Whitehorse Trough. All units trend northwest and most contacts are faulted.

The oldest rocks are Triassic granodiorites, mafic and ultramafic intrusive rocks of Triassic or younger age, and Upper Triassic - Lower Jurassic Lewes River Group volcanics and carbonates in sheared fault-bounded bodies within the Tally Ho Shear Zone. Lewes River Group volcanic rocks (unit T_{LV} of Figure 4) are massive dark coloured basalt and andesite flows with some tuffs and volcanic breccias. A distinctive porphyry with large euhedral augite phenocrysts occurs locally within the Tally Ho Shear Zone. Volcanic rocks are commonly altered with abundant chlorite, epidote and calcite. In the Tally Ho Shear Zone this unit is represented by sheared, foliated greenstone and chlorite or talc schists. Lesser amounts of Lewes River Group carbonate rocks (map unit UT_L) occur within unit T_{LV} on Tally Ho Mountain; these are massive pale crystalline limestones, sheared limestones and marbles.

Triassic granite and granodiorite (map unit T_{gd}) are typically hornblende-bearing with large potash feldspar phenocrysts, and commonly intrude Lewes River Group rocks. Mafic and ultramafic intrusive rocks (map unit T_{UB}) occur as sheared bodies within Lewes River Group volcanics in the Tally Ho Shear Zone. Rock types range from gabbro through leuco-gabbro to pyroxenite and peridotite. The age of these rocks is not well known but they are most likely Upper Triassic or younger.

Lower-middle Jurassic LaBerge Group conglomerates (map unit Jcg) occur on Mount Stevens and Dickson Hill in the southeast section of the map area. This unit is typically massive, resistant, orange-weathering, poorly-sorted and clast or matrix supported. Clasts range in size from pebbles to boulders and are commonly well-rounded. Massive and foliated granitic clasts are most abundant with lesser fragments of Lewes River Group volcanics, quartz and limestone. The matrix is arenite or greywacke. LaBerge Group conglomerates occur interbedded with immature sandstones, greywackes and argillites.

The Wheaton Valley Granodiorite (map unit JK_{gd}) outcrops immediately east of the Tally Ho Shear Zone as narrow fault blocks against the Shear Zone. The unit is typically pale to dark grey weathering, consists of hornblende granodiorite and quartz diorite, and is probably late Jurassic to early Cretaceous in age.

Cretaceous volcanic rocks (map unit K_v) form a NW-trending belt from the north end of Mount Stevens through Wheaton Mountain. These are typically dark, massive fine-grained andesite and dacite flows and tuffs of probable mid-Cretaceous age. The northeast portions of Mount Stevens and Wheaton Mountain are underlain by middle or late Cretaceous pink weathering granite, biotite granodiorite and quartz syenite (map unit K_g).

Narrow felsic dykes of map unit E_g occur in proximity to gold mineralization on Wheaton Mountain. These are 1-10 metre wide dykes and sills of rhyolite quartz-eye porphyry and quartz-feldspar porphyry which are typically white or rusty-orange weathering and may be mid-Cretaceous, late Cretaceous or Eocene (Skukum Group) in age.

Vein-type deposits and mineral occurrences of the Wheaton River District and nearby Montana Mountain area (Venus Mine, etc.) are discussed by Doherty and

Hart (1988) and Hart and Pelletier (1989), on the basis of a number of recent studies. At Montana Mountain, vein deposits are hosted by mid-Cretaceous volcanic rocks of the Montana Mountain Complex and the late Cretaceous-Paleocene Carcross pluton. Most occurrences show two distinct stages of vein formation; stage 1 vein material includes quartz, arsenopyrite and pyrite, while stage 2 material contains quartz, sphalerite, galena and gold. These occurrences are typical of Cordilleran mesothermal gold deposits and the source of fluids probably formed at depths of 6-10 kilometres with a deep-seated strike-slip or reverse fault as the necessary vertical permeable zone or conduit. In the Montana Mountain area, the nearby Nahlin Fault is the presumed conduit and mineralized veins occur in secondary structures oblique or perpendicular to this fault.

Vein occurrences on Mount Stevens are mesothermal deposits hosted in rocks of the Tally Ho Shear Zone, and are similar to the Montana Mountain veins except for the absence of typical stage 1 minerals. The Mount Stevens veins also have a higher copper content perhaps derived from high background copper values in Lewes River Group volcanic rocks in the Tally Ho Shear Zone.

Doherty and Hart (1988) recognized three distinct types of vein deposits in the Wheaton River District although a few occurrences show characteristics of more than one of these types. Type 1 deposits are epithermal gold-silver veins hosted by Skukum Group andesitic volcanics and rhyolite dykes within the Mount Skukum Complex, and associated with Skukum Group rhyolite porphyry dykes outside the complex. These are typically sulphide-poor quartz-calcite vein systems with poorly developed wallrock alteration.

Type 2 veins carry antimony-silver mineralization with stibnite, galena, sphalerite, jamesonite, arsenopyrite in quartz-barite gangue, commonly in strong east-west normal fault structures cutting Triassic and younger granitic rocks. Wallrock generally shows extensive phyllic and iron carbonate alteration. Mineralization seems to pre-date Skukum Group rhyolite dykes. Type 3 veins are quartz veins carrying gold, gold-silver tellurides, galena, pyrite with weak wallrock alteration, hosted by sheared mafic volcanics and granodiorite of the regional Tally Ho Shear Zone. Mineralization at Wheaton Mountain seems typical of Type 3.

LOCAL GEOLOGY

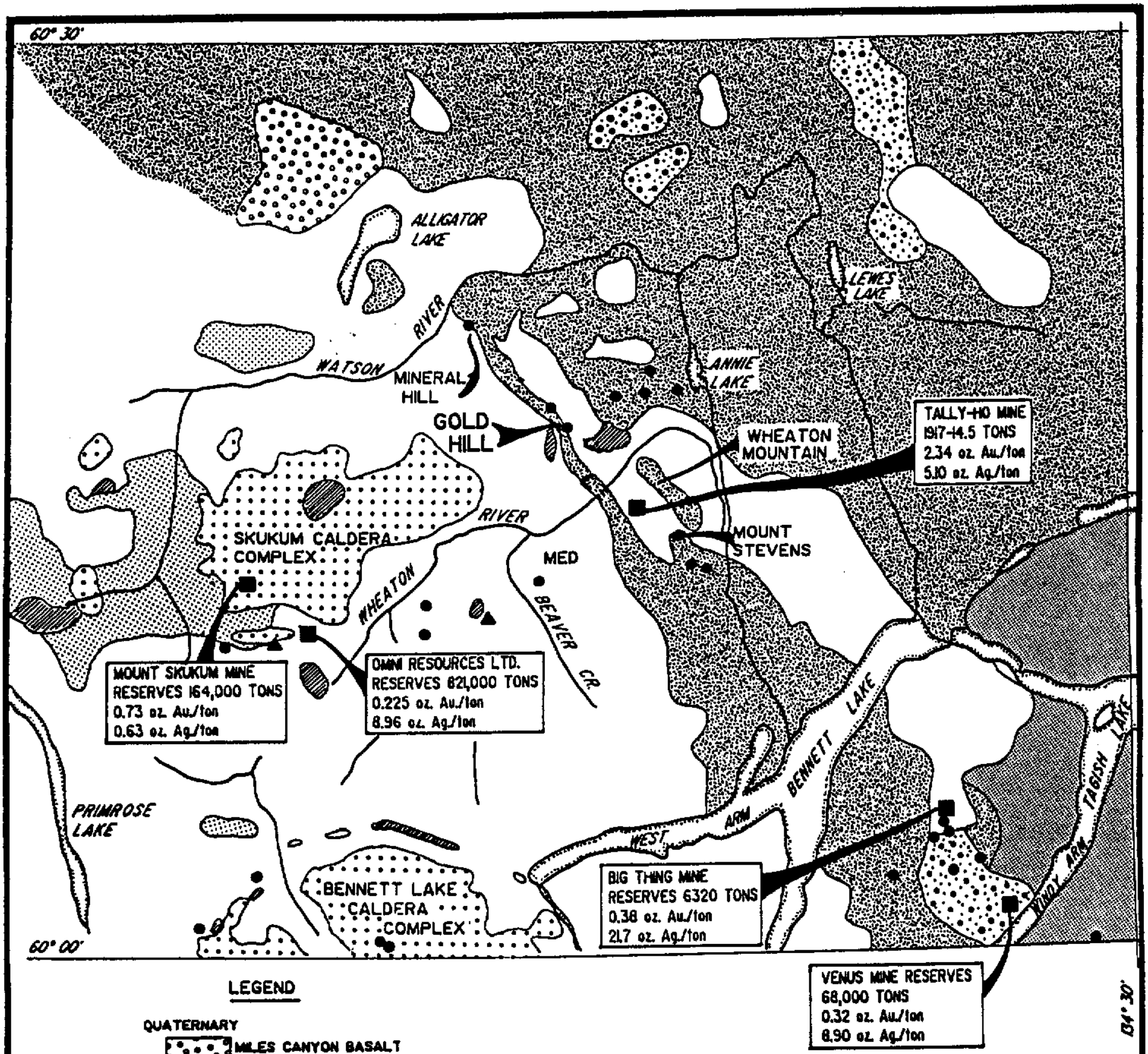
Reconnaissance scale mapping and prospecting has been conducted at the Wheaton property during 1985, 1989, 1990, and 1997 and 1998. The geology of the area around the main zone is known in more detail, although even here there is little true outcrop and most trenches and cat trails expose only broken rock, moved during excavations. Most unit contacts are obscured. The present summary is based on the author's numerous examinations of the claim area and some re-interpretation of the regional geology based on Doherty and Hart (1988) and Hart and Pelletier (1989).

On a regional scale, four major rock units are present on the property (Figure 4). The southwest portion of the claims is occupied by a large area of Wheaton granodiorite (unit JK_{gd}) of Upper Jurassic - Lower Cretaceous age, with a probable fault contact to a Cretaceous (?) sequence of volcanic rocks to the northeast. Several Cretaceous or Eocene porphyry dykes and sills outcrop close to the fault, and are offset by the fault near the target area. Further to the northeast the volcanic unit (K_v?) has an uncertain contact to a second unit of intrusive rocks, granite and quartz syenite of middle or late Cretaceous age (unit Kg).

The Wheaton granodiorite is a grey weathering massive hornblende or biotite granodiorite to quartz diorite, generally homogenous and unaltered. Granodiorite outcrops are common on steep slopes to the east and northwest of the present work area. This unit occasionally outcrops on ridges on the summit plateau but much of this area is covered by blocks of granodiorite talus.

The contact between the granodiorite and the volcanic unit to the northeast is mapped as a fault on a regional scale. The fault trends 140-150° and is seen to offset Cretaceous or Eocene porphyry sills on the slope southeast of the showing (Figure 5). The inferred trace of this fault passes close to the west side of the showing. Relative ages of faulting and mineralization are not known.

Volcanic rocks of map unit Kv (Figure 4) have been assigned to a variety of units and ages by previous workers, including the Triassic-Jurassic Lewes River Group. The unit is described by Hart and Pelletier (1989) as dark grey to black, thick-bedded, andesite and dacite flows, tuffs and lesser epiclastic sediments of probable Cretaceous age. On the property this unit has only been examined near the showing; these rocks may not be typical of the rest of the unit and have been affected by hornfelsing, faulting and mineralization. The commonest rock type is reddish or purplish volcanic greywacke and conglomerate. Rounded clasts of pale foliated granite or gneiss are common in the conglomerate. Minor amounts of limestone are present, ranging from small pods to discrete units of black cherty limestone. Similar units elsewhere in the region are mapped as part of the Lewes River Group (Doherty and Hart, 1988) or the Jurassic-Cretaceous Millhave Conglomerate (Hart and Pelletier, 1989). On the Buf-Alo claims rocks of this unit were described as deformed greenstone volcanics locally brecciated at the contact



LEGEND

QUATERNARY
- ⁘ MILES CANYON BASALT

EOCENE
- ⁚ SKUKUM GROUP VOLCANICS
- ▨ SKUKUM GROUP RHYOLITE

CRETACEOUS
- ☐ COAST PLUTONIC COMPLEX - GRANODIORITE
- ⁘ HUTSHI GROUP VOLCANICS

TRIASSIC TO JURASSIC
- ▒ WHITEHORSE TROUGH LEWES RIVER GROUP AND LABERGE GROUP

PERMIAN
- ▓ TAKU GROUP

PALEOZOIC OR OLDER (?)
- ░ YUKON METAMORPHIC COMPLEX

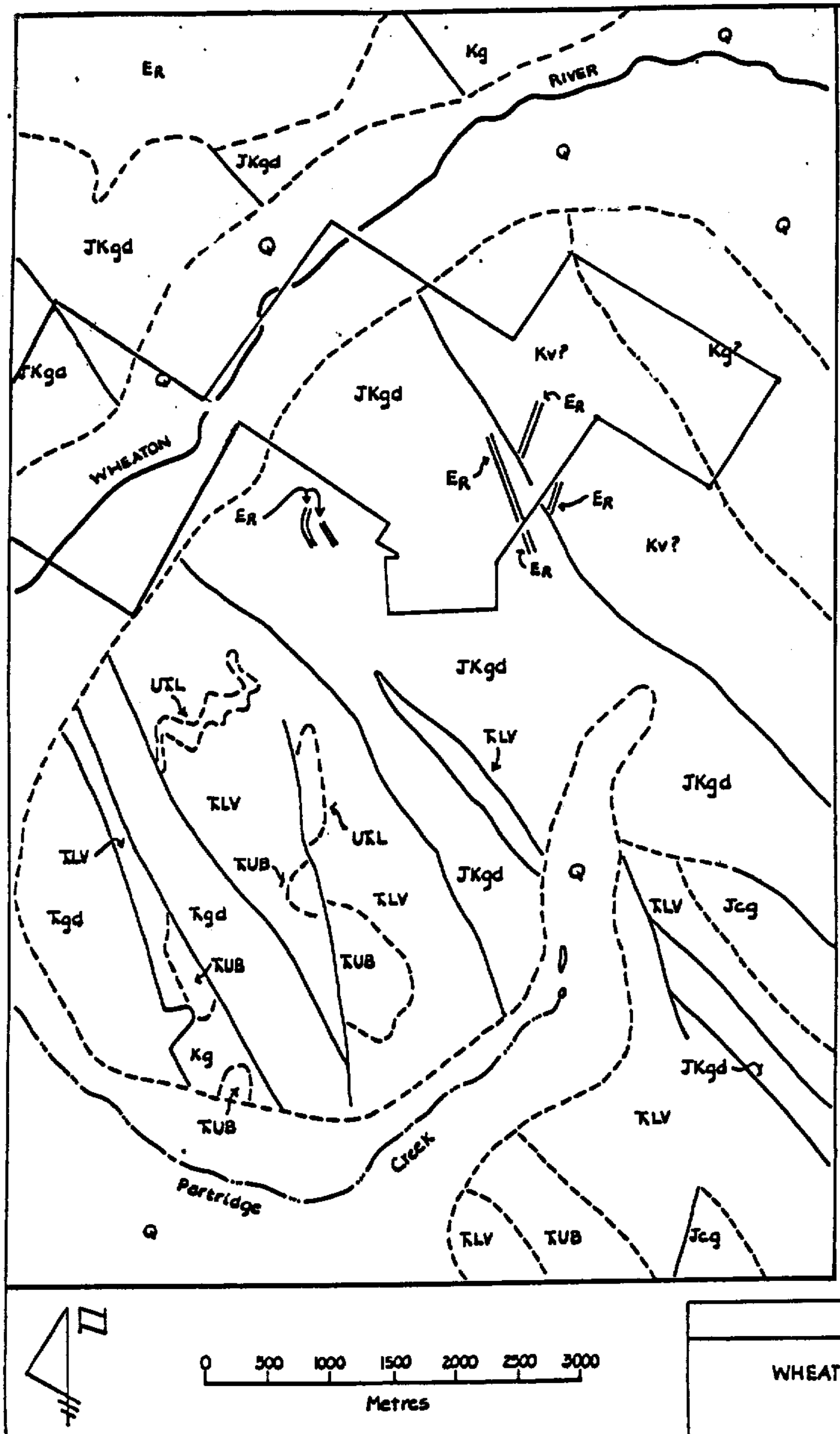
- ▲ ANTIMONY PROSPECT
- ● PRECIOUS METALS PROSPECT
- ■ PRECIOUS METALS DEPOSIT

NOTE: MINERAL OCCURENCES AFTER NORTHERN CORDILLERA MINERAL INVENTORY 1986 : ARCHER, CATHRO & ASSOCIATES (1981) LTD.
GEOLOGY AFTER WHEELER, 1961.

REGIONAL GEOLOGY MAP

WHEATON RIVER, YUKON TERRITORY

NTS.: 105 D/6	TECH.:	DATE:
SCALE:	DRAFTING: INTEGRAPHICS LTD	FIGURE: 3



LEGEND

Q – QUATERNARY : Gravels

ER – EOCENE : Rhyolite and Granite Porphyry

Kg – MID-CRETACEOUS : Granite Granodiorite, Quartz Syenite

Kv? – CRETACEOUS : (OR TRIASSIC OR OLDER) VOLCANICS

JKgd – UPPER JURASSIC : Hornblende Granodiorite

Jcg – LOWER TO MIDDLE JURASSIC LABERGE GROUP : Conglomerate

UŦL – UPPER TRIASSIC TO JURASSIC LEWES RIVER GROUP : Limestone and Marble

ŦLV – LEWES RIVER GROUP : Volcanics

Ŧgd – TRIASSIC : Granite, Granodiorite

ŦUB – TRIASSIC (?) : Mafic and Ultramafic Intrusive Rocks : Gabbro, Pyroxenite

– PROPERTY BOUNDARY

– INFERRED CONTACT

– FAULT

– DYKE

G. C. MacDONALD

WHEATON MOUNTAIN PROPERTY

GEOLOGY

N.T.S: 105 D2/3 | 6/7	TECHNICAL:	DATE:
SCALE:	DRAFTING:	FIGURE: 4

MODIFIED FROM DOHERTY ET AL (INAC. OPEN FILE 1988-2) AND with the Wheaton granodiorite, either by the intrusion or by later fault movements. Local iron sulphide bands within the greenstones range up to 0.3 metres in width and contain pyrrhotite and pyrite, perhaps indicating sulphide skarn replacement of thin carbonate lenses in the volcanics. This mineralization resembles the first stage of mineralization at the main zone showing.

Map unit Kg outcrops at the northeast end of the property but has not been investigated by reconnaissance mapping to date. These rocks are described as massive black-weathering orange-pink biotite-quartz syenites, interpreted as a marginal phase of the Late Cretaceous Folle Mountain Granite which outcrops just to the north (Hart and Pelletier, 1989).

Porphyry dykes and sills are shown as unit E_R on Figure 4 and as both E_R and QFP on Figure 6. A wide variety of felsic porphyritic dykes and sills are present in the area ranging from rhyolite and granite porphyries to quartz-eye and quartz-feldspar porphyries. These units range from less than 1 metre to several metres in width and are typically white or orange-weathering. it is now recognized that two generations of Cretaceous dykes occur in the region (Hart and Pelletier, 1989) as well as similar dykes related to the Eocene Skukum and Bennett volcanic complexes. The age of the dykes and sills on the Wheaton Mountain property is not known; they are seen to intrude the Cretaceous (?) volcanics and the Wheaton granodiorite, and are offset by faulting in the main zone area.

Quartz-feldspar porphyries occur as narrow dykes, conformable sills in the metavolcanics unit (striking 160° and dipping 45-50° west) and the irregular feeder described below. Typical rocks have abundant rounded pale quartz phenocrysts and minor feldspar phenocrysts in a pink aphanitic matrix. The margins of this body are distinctive grey plagioclase porphyries with tabular phenocrysts in a fine grained biotite granodiorite matrix. According to Doherty and Hart (1988), composite dykes with minor dark andesitic margins around a rhyolite porphyry core are common in the Eocene Skukum Group dyke suite.

The main zone occurs along a triangular shaped knoll approximately 150 metres long, 75 metres wide and rising 25 metres above the adjacent plateau. The knoll is formed of relatively resistant rocks; hornfelsed and silicified volcanics and an irregular body of quartz-feldspar porphyry which may have been a feeder to nearby dykes and sills. This body appears to intrude both the hornfelsed volcanics and an area of dark brown gabbroic rocks at the north end of the knoll (Figure 5). Associated with the gabbro are minor amounts of sheared pale green rock with large euhedral augite phenocrysts. Larger bodies of similar rocks were mapped near the Tally Ho Shear Zone by Doherty and Hart (1988) and interpreted as Triassic or younger.

Mineralization is hosted by rocks of the volcanic unit. East of the knoll area these are typically red-purple volcanic greywackes and conglomerates with minor amounts of dark cherty limestone and carbonaceous pelitic bands. On the knoll these rocks are finer grained dark purple-brown and green hornfelsed andesites and andesite tuffs. Hornfelsing produced abundant biotite and K-feldspar with diopside and garnet in originally limy rocks, and andalusite in pelite bands. Thin section reports of a suite of rocks from the mineralized area analyzed in 1987 is presented as Appendix 5 of this report.

Hornfelsing may have been caused by intrusion of the Wheaton Granodiorite (Upper Jurassic?) or the composite porphyry feeder (Late Cretaceous or Eocene?).

Faulting in the main zone area may be related to movements on the Tally Ho Shear Zone where the main shear deformation was probably late Jurassic (after intrusion of the Wheaton granodiorite) and late brittle movements probably occurred in the late Cretaceous - early Tertiary. Faulting, porphyry intrusion, quartz veining and sulphide mineralization are probably related to a single period of regional reactivation on the Tally Ho Shear Zone (late Cretaceous - early Tertiary in age?) which can be divided into several stages. Fracturing of competent hornfelsed rocks produced the present vein with gradational contacts outward from massive fine grained quartz in the core through quartz vein with abundant rounded, silicified wallrock clasts to stringer zones of quartz in hornfels. Quartz veining produced retrograde haloes of actinolite, chlorite and hydrobiotite in hornfels and was accompanied by pyrrhotite, pyrite, chalcopyrite, sphalerite, arsenopyrite mineralization (predominantly in wallrock fractures) similar to the first stage of mineralization at Montana Mountain. The second stage of mineralization included quartz, galena and gold. Most galena is in fine fractures in the quartz. Late steep faults on 100° and 165° are seen to offset veining in the 1989 pit. Veining is typically mesothermal and probably Paleocene or younger. Gold-silver ratios in the Main Zone vein seem unusually variable; a range of 0.4 to 3.1 was found based on 22 assayed samples.

Most of the geological history presented above is speculative; in particular, the relative ages of geological events which might relate to mineralization or might determine the potential size or grade of the vein are not known. The mineralization is typically mesothermal and could thus form a relatively large body with consistent grade. The vein is hosted in a well-developed structure in competent rock; therefore structural continuity along strike and down-dip is likely to be good unless veining is cut off by later faulting or by intrusion of younger rocks (possibly the quartz-feldspar porphyry). Strength of the vein structure also suggests the possibility of other parallel veins; float vein quartz found during "contour" prospecting traverses during 1997 and 1998 along nearby talus slopes tends to confirm the probable presence of additional vein systems.

PROSPECTING AND SAMPLING IN 1998

A three- to four-man crew conducted "contour" talus prospecting traverses during July. In late August, follow-up prospecting traverses were laid out to try and determine source areas for quartz vein float located during 1997 and 1998 prospecting. No immediate sources were determined for the float mineralization. Assay results for both 1997 and 1998 samples are included in Table 2 of this report. All float samples were of quartz vein or silicified material except for No. 3226, No. 3227 and No. 3242, which were fractured and brecciated granitics containing chalcopyrite (and malachite) in the cementing quartz.

Access during 1998 was by pick-up truck driven daily from Whitehorse. Crews were dropped off at the top of Mt. Wheaton and picked up later along the Mt. Skukum road.

TABLE 2 - ASSAY SUMMARY

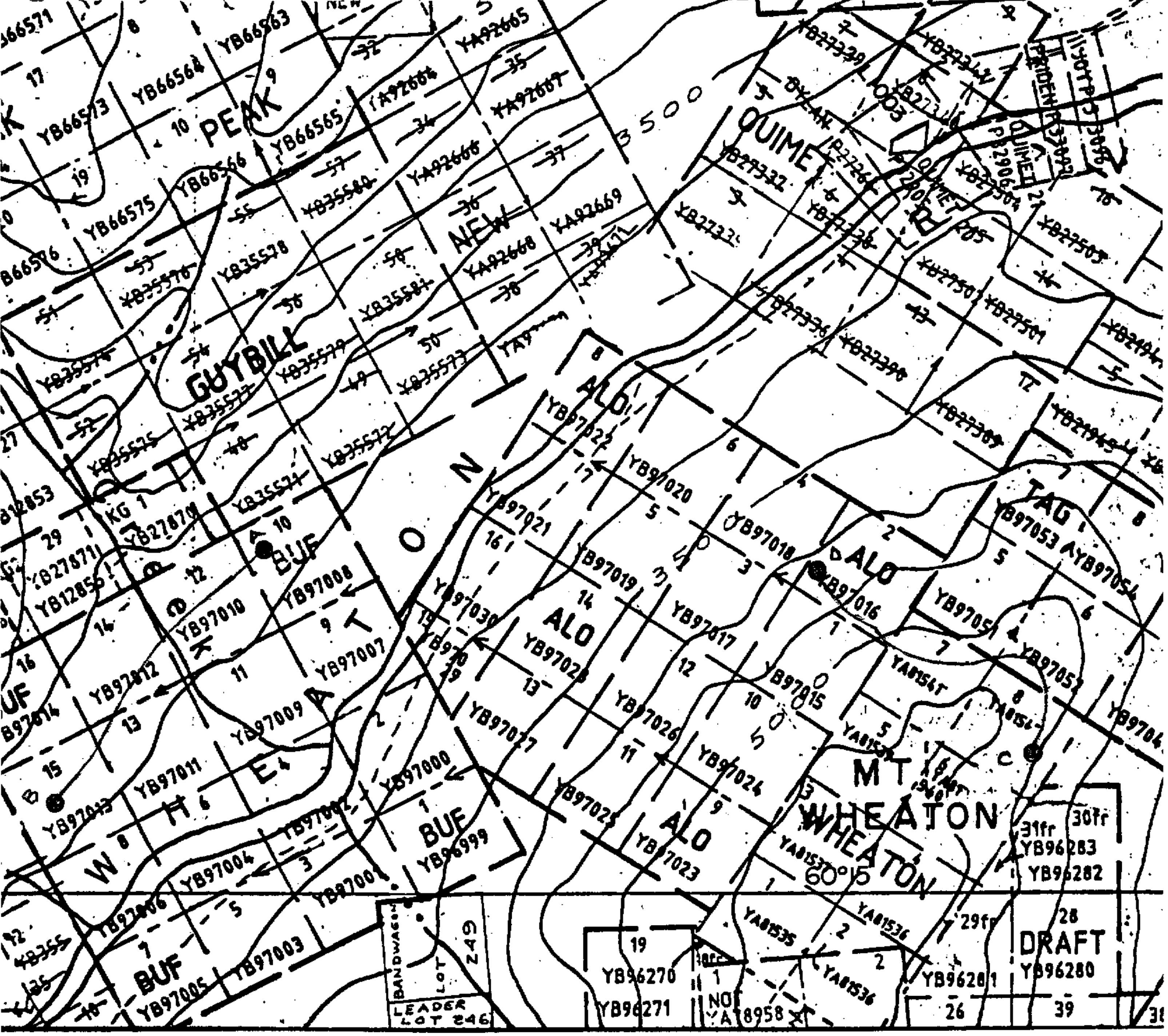
1997

Sample No.	Au (g)	Ag (g)	Cu (%)	Pb (%)	Zn (%)
513801	0.31	7	-	-	-
513082	34.70	55	-	1.95	-
513083	-	1065	-	48.2	0.09
513084	0.58	14	2.07	-	-
513085	<0.07	<3	1.55	-	-
513086	0.14	14	-	0.02	-
513087	-	2110	-	17.70	-
513088	-	2120	-	2.04	-
513089	-	2950	-	30.5	-

TABLE 2 CONT'D

1998

Sample No.	Au (ppb)	Ag (ppm)	Cu (ppm)	Pb (%)	Zn (ppm)
3222	30	11.6			38
3223	40	13.4			25
3224	50	28.4			56
3225	75	21.2			61
3226	70	26.0	10000		63
3227	60	16.4	7700		46
3228	60	9.2			76
3229	120	26.4			138
3230	60	23.0			159
3231	30	9.6			117
3232	45	20.8			140
3233	60	18.8			159
3234	55	23.8			438
3235	35	13.0			240
3236	45	14.4			129
3237	35	15.2			80
3238	40	15.8			101
3239	55	23.4			268
3240	55	21.6			315
3241	250	32.4			2300
3242	75	19.2	5300		249



A 30/11.6 40/13.4 50/28.4 75/21.2 70/26 60/16.4 60/9.2 120/26.4 60/23 30/9.6 45/20.8 60/18.8 B

No. 3222 No 3233

C 55/23.8 35/23 45/14.4 35/15.2 40/15.8 55/23.4 55/21.6 250/32.4 75/19.2 D

No. 3234 No. 3242.

Sample Au (PPB)/Ag (PPM)

0 1500 3000 4500

FEET

Figure 5

CONCLUSIONS

Recommendations for exploration of Daley Resources Ltd.'s Wheaton River property are divided into two categories: 1) continuing exploration of the present target area; and 2) initial exploration of the rest of the property.

Exploration of the main zone area should be directed at testing the dimensions of the veins and average grade in a preliminary manner. The Tally-Ho shear zone is an extensive linear structure reaching from Watson River south to Montana Mountain (a distance of some 38 miles). This structure is deep seated and may have provided a conduit for mineralizing solutions to access to surface regions from deep in the earth's crust. Accordingly, mineralization of the sort located at the Goodell Gulch prospect (also on a major, deep-seated structure) may occur along the Tally-Ho shear. The geochemical anomaly located on the Buf claims should be re-examined for its potential to express mineralization of the Goodell type.

It is recommended that a series of short NQ core holes be drilled in areas of shallow overburden to test the strike length, direction and thickness of the main zone vein and determine whether it is cut off by the gabbro and quartz porphyry units to the north. These holes will also test for the presence of a second vein structure below the known vein. It should be appreciated that these holes will not provide definitive answers about the grade of mineralization; defining the extent and persistence of the vein structures is the immediate priority.

Additionally, grid controlled geochemical surveys, VLF-EM surveys and geological investigation should be conducted at the Buf-Alo zone to test the possibility that deep-seated mineralization of the Goodell type may occur along the Tally-Ho shear zone north of the Wheaton River. Two drill holes are considered adequate as part of a first stage evaluation of the Buf-Alo site, to be sited on results of technical surveying.

Proposed Budget

Grid construction	$ 15,000
VLF-EM surveying	5,000
Geological mapping and engineering	15,000
Geochemical survey	10,000
Core drilling (500 m)	50,000
Pick-up rentals, camp costs	15,000
Mob-Demob	10,000
Reporting, permits	5,000
Contingency (10%)	12,000
	$ 137,000

GMacdonald

G. Macdonald, P.Geo.

APPENDIX 1

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, GLEN MACDONALD, of 303 - 1334 Cardero Street, Vancouver, B.C., hereby certify that:

1. I am a graduate of the University of British Columbia with degrees in Economics (B.A., 1971) and Geology (B.Sc., 1973);

2. I have practiced my profession as Geologist since graduation;

3. I have worked as a Geologist for Whitehorse Copper Mine and acted as District Manager for Exploration for Yukon/Western N.W.T. for Noranda Exploration;

4. I have practised Geology as an Independent Consulting Geologist since 1983;

5. I am a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (No. 36214);

6. I am a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (No. 20464);

7. I hereby grant my permission for Daley Resources Ltd. to use this report for any corporate use normal to the business of the Company.

G Macdonald

Glen C. Macdonald, P.Geo.

APPENDIX 2

STATEMENT OF COSTS

STATEMENT OF COSTS

Field Labor, 20 mandays	$ 5,000
Room and Board (two-o-two & local)	1,500
Truck Rental	1,500
Assays (21 at $14)	294
Typing, Telephone, Secretarial	300
TOTAL	**$ 8,594**

APPENDIX 3

LIST OF PERSONNEL

Barclay Macdonald
Brandon Macdonald
Barry Ernewein, Geol. Geologist (1 day)
John Byrne
Glen Macdonald, P.Geo. (1 day)

APPENDIX 4

ASSAY CERTIFICATES

Chemex Labs Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: C.S.E. CAPITOL GROUP ##

609 - 475 HOWE ST.
VANCOUVER, BC
V6C 2B3

Project :
Comments: ATTN: MARK TOMMASI

Page Number :1
Total Pages :1
Certificate Date: 18-JUL-98
Invoice No. : I9824808
P.O. Number :
Account :PFY

CERTIFICATE OF ANALYSIS A9824808

SAMPLE	PREP CODE		Au ppb RUSH	Ag ppm Aqua R	Cu ppm	Zn ppm
3222	217	238	30	11.6		38
3223	217	238	40	13.4		25
3224	217	238	50	28.4		56
3225	217	238	75	21.2		61
3226	217	238	70	26.0	10000	63
3227	217	238	60	16.4	7700	46
3228	217	238	60	9.2		76
3229	217	238	120	26.4		138
3230	217	238	60	23.0		159
3231	217	238	30	9.6		117
3232	217	238	45	20.8		140
3233	217	238	60	18.8		159
3234	217	238	55	23.8		438
3235	217	238	35	13.0		240
3236	217	238	45	14.4		129
3237	217	238	35	15.2		80
3238	217	238	40	15.8		101
3239	217	238	55	23.4		268
3240	217	238	55	21.6		315
3241	217	238	250	32.4		2300
3242	217	238	75	19.2	5300	249

CERTIFICATION:

APPENDIX 5

THIN SECTION PETROGRAPHY

VP
Vancouver Petrographics Ltd.

JAMES VINNELL, Manager
JOHN G. PAYNE, Ph. D. Geologist

P.O. BOX 39
8887 NASH STREET
FORT LANGLEY, B.C.
V0X 1J0

PHONE (604) 888-1323

GMA Account

November 21, 1987.

Invoice 6888

GMA Mining Service Ltd.
Suite 214 - 475 Howe Street
Vancouver, B.C.
V6C 2B3.

Attention: Mr. Glen Macdonald, P. Geol.

GMA MINING SERVICES: DRILL CORE AND ROCK SAMPLES

Three samples of drill core, to determine the type of mineralization, and one rock sample, to determine the location of the gold, which assays up to 8.6 oz/ton.

The three drill core samples show variable skarny alteration of intermediate (andesitic) volcanics, probably both porphyries and fragmentals, controlled by proximity to quartz veins and fractures. Alteration ranges from diopside-garnet close to the veins to biotite-K/feldspar-amphibole farther away. Veins are principally composed of carbonate. Sulfides are primarily pyrrhotite with partial replacement by "bird's-eye" pyrite/marcasite, and lesser rhombs of arsenopyrite. Inclusions of chalcopyrite are also common in the pyrrhotite. In the lesser altered portions of the rocks, original Fe-Ti oxides such as ilmenite and magnetite are apparent.

Native gold is present in the rock sample as small (5 to 50 micron) particles both free in the silicate gangue and intergrown with galena and chalcopyrite. The sulfide assemblage in this sample is distinct from that of the others in the absence of arsenopyrite and presence of galena; the latter may be significant in prospecting for further occurrences of gold. Also, the absence of arsenopyrite and the lack of locked gold particles are positive features in any attempt to recover the gold from this property.

CHBLeitch, P. Eng.

SAMPLE A: "SKARN" ALTERED VOLCANIC PORPHYRY

Dark grey, highly altered, veined, pyrrhotitized igneous rock (relict plagioclase visible in thin section). Could have been derived by "skarny" alteration of a porphyry like C since the size of the plagioclase is about the same. Minerals present in thin section are:

VEIN		
Carbonate (Calcite)		20%
Sulfides		15%
(Pyrrhotite	12%)	
(Pyrite	2%)	
(Arsenopyrite	1%)	
(Chalcopyrite	<1%)	
(Sphalerite	tr)	
WALLROCK		
Sericite		10%
Biotite		10%
Quartz		15%
Actinolite		10%
Clinopyroxene (Diopside)		10%
Relict plagioclase		5%
Green "hydrobiotite"		5%

The division of minerals above into vein and wallrock is generalized; clinopyroxene also occurs in the vein, and some pyrrhotite also occurs in the wallrock. The texture of the wallrock, although strongly altered, suggests that the original rock was similar to the porphyry of sample C.

The vein in the sample is about 1 cm wide and composed principally of calcite (reacts strongly to cold dilute HCl). The sulfide assemblage is richest in the vein. Major pyrrhotite as lensoidal masses up to 0.5 cm thick by several cm long, composed of rounded to ragged interlocking grains averaging 0.05 mm, and often interstitial to carbonate, contains small euhedral rhombs of arsenopyrite up to 0.2 mm, collomorphic balls of "melnikovite pyrite" up to 1 mm diameter, and traces of a yellow mineral tentatively identified as chalcopyrite since it has "plucked" during polishing and is therefore quite hard. No gold is visible in posished section. Rare tiny anhedral grains of grey sphalerite with red-brown internal reflections are also present. It is not clear whether the melnikovite pyrite represents the typical "bird's-eye" oxidation or alteration product of pyrrhotite or whether the pyrite was primary collomorphic. I favour the former alternative.

Alteration around the vein progresses from sericite and diopside outward to biotite and actinolite (± minor rutile and sphene). The dark green "hydro-biotite" looks to be out of equilibrium in this assemblage and often appears to be in the process of replacement by biotite and actinolite.

Later fractures are coated by a vividly green pleochroic chlorite that appears to replace biotite. These fractures are sub-parallel to the main vein direction.

Plagioclase has been albitized as well as converted to secondary biotite and sericite. Its original composition is no longer determinable, but it was in phenocrysts up to several mm in size. Quartz occurs only in the groundmass of the original rock and not as part of the alteration assemblage. There may have also been large mafic phenocrysts as well, now represented by patches rich in biotite, actinolite, and diopside±calcite.

SAMPLE B: DIOPSIDE-KFELDSPAR-BIOTITE-CHLORITE SKARN

Grey, fine-grained highly altered rock that might also have been a volcanic but perhaps a lapilli tuff rather than a porphyry since vague vestiges of fragments are visible in thin section. The original rock has been strongly recrystallized and replaced by alteration minerals, which are listed below in approximate order of abundance:

Clinopyroxene (Diopside?)		30%
K-feldspar (Microcline)		15%
Biotite		10%
Carbonate (Dolomite)		10%
Epidote-group (Clinozoisite?)		10%
Amphibole (Hornblende or actinolite?)		7%
Chlorite		3%
Garnet		3%
Quartz		3%
Plagioclase (relict)		3%
Sulfides:		2%
Pyrrhotite	1%	
Chalcopyrite	<1%	
Arsenopyrite	<1%	
Pyrite	tr	
Oxides:		2%
Rutile/Sphene	1%	
Magnetite	<1%	
Goethite	tr	
Apatite		2%

Skarny alteration spreads out from carbonate veins (which are barren of sulfide). The typical background rock is composed mainly of pyroxene as extremely fine grains around 10-20 micron size, intergrown with ragged K-feldspar grains of about 0.1-0.5 mm size. Within this background, large (1 - 10 mm) patches of biotite-rich material may have been originally mafic fragments. These also contain the chlorite, amphibole, and usually the opaques (sulfides and oxides). The veins are composed of carbonate which reacts only with difficulty to cold dilute HCl after powdering, and so is probably dolomite; there is also minor K-feldspar and clinozoisite. Zonation away from the veins is from garnet-pyroxene to epidote to the background K-feldspar and biotite.

Away from the veins there is a strong suggestion of an original volcanic character to the rock, with remnant phenocrysts of relict plagioclase (largely replaced by biotite and K-feldspar) and fragments of mafic material in a feldspathic matrix. Replacement by biotite, amphibole, chlorite, and pyroxene has been heavy; only rare clots of quartz are present. The original rock may have been mafic, quartz-poor and plagioclase-rich, perhaps andesitic.

Mineralization (sulfides) in this rock is the same assemblage as in sample A, but is disseminated only, as separate grains generally less than 0.3 mm. Anhedral pyrrhotite grains are most abundant, but there are scattered rhombs of arsenopyrite and rounded grains of chalcopyrite (10 - 30 microns in diameter), and rare pyrite grains as well. One grain, 0.1 mm across, consisted of a bluish rim on a pink phase. Neither could be positively identified due to the small size of the grain; SEM (scanning electron microscopy) would be required.

Goethite is probably a secondary oxidation product of pyrite and pyrrhotite; the small grains of rutile, surrounded by sphene, and magnetite grains, are probably remnants of primary Fe-Ti oxides (ilmenite and magnetite) present in the volcanic. Minute needles of apatite(?) are also present in the groundmass.

SAMPLE C: BIOTITIZED ANDESITE PORPHYRY

This may have been the volcanic rock that was the precursor to sample A. It is a dark, mafic-looking, fine porphyry with scattered white plagioclase phenocrysts and barely distinguishable black mafic phenocrysts in a dark mafic matrix. Thin (<1 mm) white carbonate veinlets cross the slide, and these have similar alteration haloes to those in sample B. The mineral composition of the original rock may have been:

PHENOCRYSTS	
Altered plagioclase	50%
Altered mafics (?Pyroxene)	10%
GROUNDMASS	
Altered plagioclase	10%
K-feldspar	10%
Altered mafics	10%
Quartz	10%

Present mineral composition:

Plagioclase		45%
K-feldspar		15%
Biotite		25%
Quartz		7%
Calcite		1%
Diopside		1%
Actinolite or Hydrobiotite		2%
Sulfides:		2%
Pyrrhotite	1%	
Pyrite	<1%	
Chalcopyrite	tr	
Arsenopyrite	tr	
Oxides: Ilmenite		1%
Apatite		1%

Plagioclase phenocrysts are moderately altered to chlorite, biotite, and K-feldspar; they range in size from 0.5 to 3 mm. The groundmass consists of smaller (0.1 mm) plagioclase microphenocrysts and intergranular K-feldspar and biotite flakes of 10 micron size, plus minor quartz. Plagioclase composition is now indeterminable; it has probably been largely albitized accompanying development of the secondary potassium-bearing minerals, biotite and K-feldspar. Original mafics may have been pyroxene to judge from their outlines.

The rock has been thoroughly biotitized, with both mafic phenocrysts and groundmass heavily replaced by biotite. This could be a merely dry, i.e. hornfelsing, effect commonly developed in skarn situations before the onset of true metasomatic ("wet", or hydrothermal) alteration. The latter is represented by the cross-cutting veinlets, which are composed of carbonate (calcite and dolomite), clinopyroxene which is greenish and probably diopside, minor quartz, and a later (retrograde?) green mafic tentatively identified as hydrobiotite (could be amphibole as in sample B). The alteration envelope is also made up of this green mafic.

Sulfides are rare in this rock except in the veinlets, where fine pyrrhotite up to 0.2 mm, and smaller (<0.1 mm) traces of chalcopyrite, intergrown with the pyrrhotite, and arsenopyrite, are scattered. In the envelope to the vein, traces of collomorphic pyrite are present; their form suggests that they may be after pyrrhotite.

Euhedral and skeletal ilmenite occurs in the large altered mafic remnant grains; this may be primary Fe-Ti oxide in the volcanic. Occasional rather large (0.1 mm) zoned apatite crystals are scattered in the groundmass.

SAMPLE D: QUARTZ VEIN AND ADJACENT WALL-ROCK

Highly siliceous rock with the appearance of a mesothermal quartz vein plus inclusions of highly altered wallrock and sulfides. Sulfides comprise a few percent of the slide, with a more varied assemblage in and adjacent to the vein (chalcopyrite, galena, sphalerite, and native gold) compared to the iron-rich assemblage further from the vein (pyrrhotite and pyrite). The minerals present are:

Quartz		70%
Plagioclase (relict)		8%
K-feldspar		1%
Amphibole (tremolite/actinolite, hornblende)		7%
Biotite		5%
Chlorite		1%
Muscovite (±sericite)		2%
Carbonate (calcite)		1%
Epidote-group (clinozoisite)		tr
Sulfides:		5%
Chalcopyrite	2%	
Pyrrhotite	1%	
Galena	1%	
Pyrite	<1%	
Sphalerite	tr	
Gold		tr
Fe-Ti oxides (rutile)		<1%

The bulk of the slide is composed of equant, granular, interlocking quartz, which is clear and averages about 0.5 mm in diameter (range from < 0.1 mm to 1 mm). In places the quartz has the "wispy" or "brush"-texture, caused by trails of secondary fluid inclusions, that is indicative of a deeper (mesothermal) emplacement.

The rest of the rock consists of altered remnants of wall-rock, which must have included plagioclase and mafic minerals. The plagioclase is now altered to K-feldspar, sericite, calcite, and quartz. Original mafic minerals of unknown composition are now replaced by biotite, actinolite, muscovite (coarse sericite), chlorite, calcite, clinozoisite, Fe-Ti oxides, and sulfides. Although not obvious from the notes accompanying this suite, the mineralogy of sample D is so similar to that in A-C it seems likely to be derived by similar alteration of the same rocks. There are several varieties of both chlorite (deep green and pale green) and amphibole (yellow tremolite, sea-green actinolite and yellow-green hornblende). Tremolite/actinolite is particularly fine and forms radiating rosettes of needle-like grains; sea-green actinolite is slightly coarser (0.1 mm). Biotite is pleochroic in brown, and appears to be attacked by both sericite and actinolite, indicating it may have been earlier-formed (perhaps of hornfels origin, as in other samples of the suite).

Sulfides form large masses up to 4 mm across, composed mainly of chalcopyrite and galena in the vein and pyrrhotite and pyrite outside of it (pyrite probably partly a secondary replacement of pyrrhotite). The sulfides are closely associated with and replace patches of wall-rock. Galena tends to be as wispy, interstitial grains with a poor polish, up to 0.3 mm across. Some gold (10 microns) is intergrown with it, and in my experience it is the galena that sets this sample apart from the rest: gold is often found with the galena-bearing vein samples of a given suite. Other gold particles, one up to 50 microns across, are free in the silicate gangue; others are intergrown with chalcopyrite (5 micron size). However, there should be no problem liberating any of the gold particles observed.

APPENDIX 6

REFERENCES

APPENDIX 6

REFERENCES

Cairnes, D.D., 1912; Wheaton District Yukon Territory. Geological Survey of Canada Memoir 31.

Cairnes, D.D., 1916; Geological Survey of Canada, Summary Report for 1915.

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Hart, C.J.R., and Pelletier, K.S., 1989; Geology of Carcross (105-D-2) and part of Robinson (105-D-7) Map Areas. Northern Affairs Open File 1989-1.

McCrindle, W.B., 1966; Unpublished Engineering Report for Silver Pack Mines Ltd.,

Morrison, G.W., 1979; Metallogeny of the Whitehorse Map Area. Northern Affairs Open File EGS-1979-6.

Wheeler, J.O., 1961; Whitehorse Map Area. Geological Survey of Canada Memoir 312.

APPENDIX 7

HISTORIC WORKINGS SEARCH

APPENDIX 7

A three-man crew, made up of a driver and two prospectors, spent a total of 9 man-days during August 1998 traversing to try and located old workings on Mt. Wheaton and at the east end of Gold Hill. The old workings (a small shaft, and two short adits) have been noted by the author during hunting trips during the 1970's. These old workings are not currently noted on any geological inventory maps. Two prospectors were driven daily to the Company's former base camp near the top of Mt. Wheaton. They traversed around the mountain and were picked up in the late afternoon at the Wheaton River bridge. The historic sites were not re-discovered, but may represent the sources(s) for mineralized vein float located during earlier prospecting programs operated by the Company on Mt. Wheaton.