001355

GRANGES EXPLORATION AB
CANADIAN DIVISION

Eva Bell

Report on Diamond Drilling Program
Burnt Basin Property
Work completed on Eva Bell Claim and B.P. Fr No. 3
September 11 - 30, 1979

Greenwood Mining Division
NTS 82 E / 1 E
Lat. 49° 11', Long 118° 08'

Owner: Oliver Resources Ltd. and
Burnt Basin Mines Ltd.

Operator: Granges Exploration AB
1060 - 1055 West Hastings St.,
Vancouver, B. C., V6E 2E9

October 10, 1979

by H. H. Shear, P. Eng.

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1060 GUINNESS TOWER 1055 WEST HASTINGS STREET VANCOUVER BRITISH COLUMBIA CANADA V6E2E9
TELEPHONE 687 2831 TELEX 04 53409

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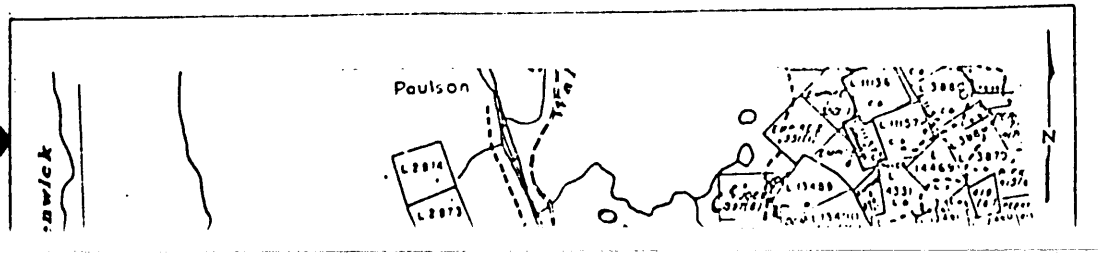

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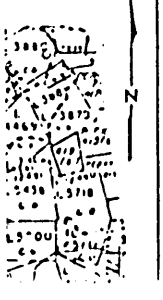

Golden Age Fr.	M - 119
B. P. Fr. 1-3	26063-26065
Shirly 1-8	19966-19973
Galena Fr.	19964
Havana Fr.	18902
1T Fr. 1	37207
1T Fr. 2	74
1T Fr. 3	73
1T 5 (2 units)	861
1T 6	862

INTRODUCTION

The Burnt Basin silver - lead - zinc prospect is located 360 km east of Vancouver, B. C. and 15 km north east of Christina Lake, B. C. It lies immediately west of the west rim of the MacRae Creek Valley. Access is provided by a rough road which leaves B. C. highway No. 3 immediately west of the Paulson Bridge and runs south west for 4 km to the property. Topographic relief is not extreme on the property although a few localized steep slopes occur. Elevations range from 1189 m along Josh Creek to 1494 m at the highest point on the property.

The Burnt Basin property consists of 8 mineral leases, which include 14 reverted crown grants, 19 claims and fractions, and 1 two unit modified grid claims. The property is owned by Oliver Resources Ltd. and Burnt Basin Mines Ltd. jointly. Granges Exploration AB optioned the property and completed a three hole diamond drilling program during September, 1979. The drilling totalled 290.78 m of BQ sized core, completed on the Eva Bell Claim and the B.P. Fr. No. 3.

Interest in the area dates to before 1900 when a number of claims were staked and eventually crown granted. During the last 20 years a number of companies have worked on the property. The work consisted of several geophysical surveys and diamond drilling programs. In recent years, several hundred tons of silver - lead - zinc ore were shipped from a pit on the Eva Bell Claim. No economic zones of ore are known to exist on the property at this time.

CLAIMS

The claims and leases which comprise the Burnt Basin property are listed below:

NAME OF MINERAL CLAIM	RECORD OR LEASE #
Ennismore	M - 52
Burnt Basin	M - 196
Mother Lode	M - 197
Mother Lode Fr.	M - 197
Daly	M - 197
Ajax Fr.	M - 197
Kittie	M - 205
Aldeen	M - 205
Tunnell	M - 205
Eva Bell	M - 131
Ajax	M - 183
Arington	M - 118
Halifix	M - 119

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Golden Age Fr.	M - 119
B. P. Fr. 1-3	26063-26065
Shirly 1-8	19966-19973
Galena Fr.	19964
Havana Fr.	18902
1T Fr. 1	37207
1T Fr. 2	74
1T Fr. 3	73
1T 5 (2 units)	861
1T 6	862
Jennie Lind Fr.	625
Oliver	1612

DESCRIPTION OF PROGRAM & RESULTS

The purpose for drilling each of the three drill holes are as follows:

OL - 79 - 1 was drilled beneath the pit, from which recent shipments were made, as a short stepout from previous drilling by others. It was felt that the pit mineralization might dip easterly to significate depths in view of the fact that a magnetic anomaly extends approximately 150 feet east from the pit.

OL - 79 - 2 was drilled to test a small magnetic anomaly centered around 12+50 N and 1+50 W.

OL - 79 - 3 was drilled to test an EM anomaly located at 20+00 N and 4+75 W. Apendix A contains the logs and assay results for each hole. The hole locations are shown on figure 2.

Drill site preparation began on September 13, 1979, using a D 7 Cat bulldozer belonging to Burnt Basin Mines. The drill contractor, Bergeron Drilling of Greenwood, B.C. moved onto the property on September 14, 1979. Drilling was completed on September 28th.

The three drill holes intersected interbedded black graphitic limestone, grey limestone and numerous units of tuff. The tuff units have previously been described as dikes intruded into the limestone units. These units contain numerous pyroclastic fragments and their contacts generally conform to the adjacent bedding in the limestone. No chill zones occur at the edges of these units nor has the adjacent limestone been altered in the least on the contacts. Therefore these rocks are considered to be pyroclastic in origin and to have been deposited conformably with the limestone.

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The black graphitic limestone units were found to be highly conductive when tested with an ohm meter. Their extensive occurence on the Burnt Basin property explains the extensive high background I.P. readings and numerous

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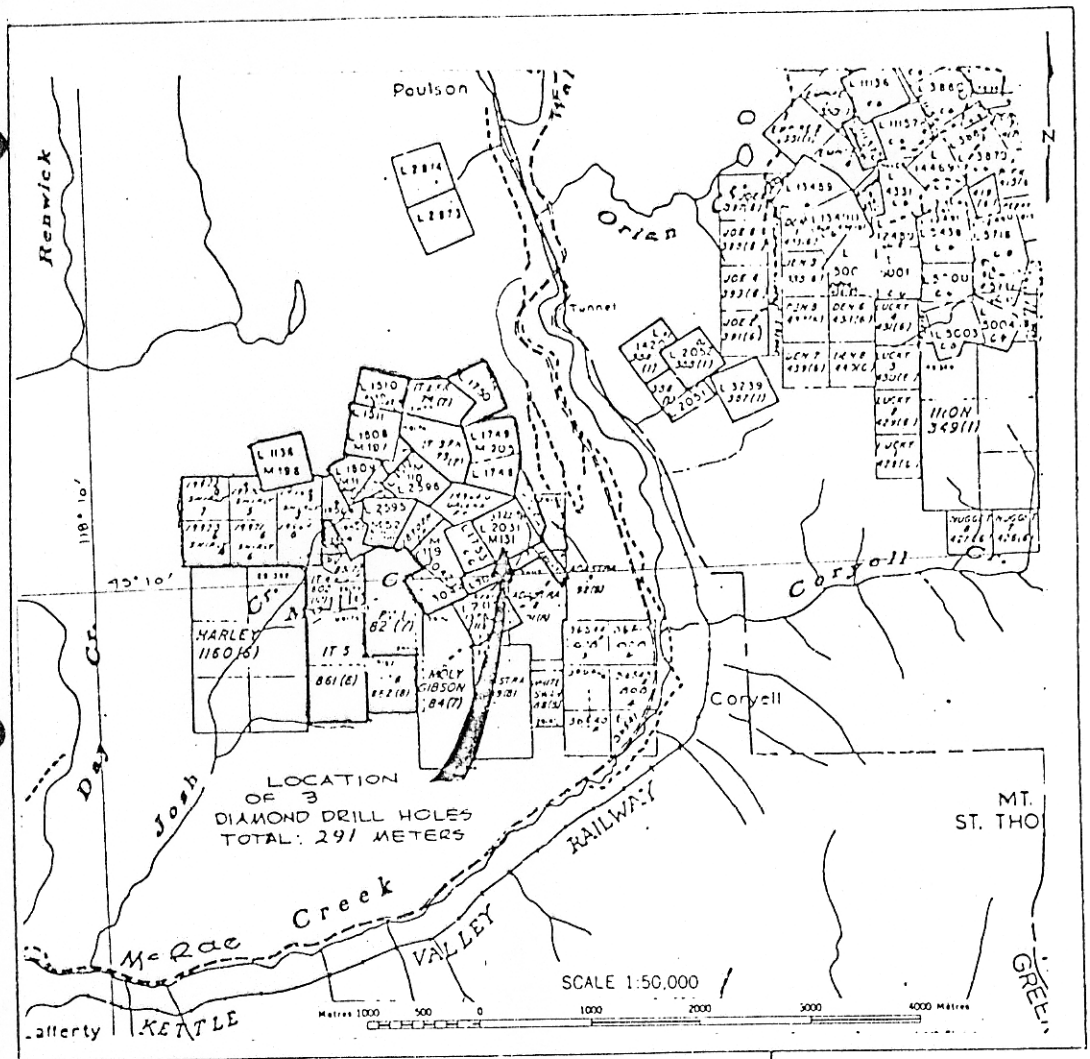
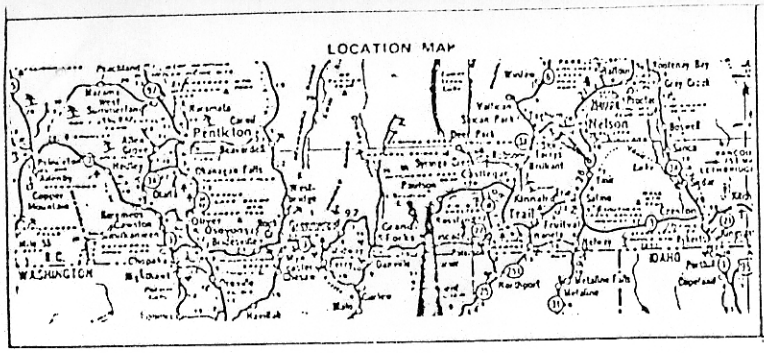


LOCATION & CLAIM MAP

GRANGES EXPLORATION AB

BURNT BASIN PROPERTY

FIG 1



LOCATION & CLAIM MAP

GRÄNGES EXPLORATION AB

BURNT BASIN PROPERTY

FIG 1

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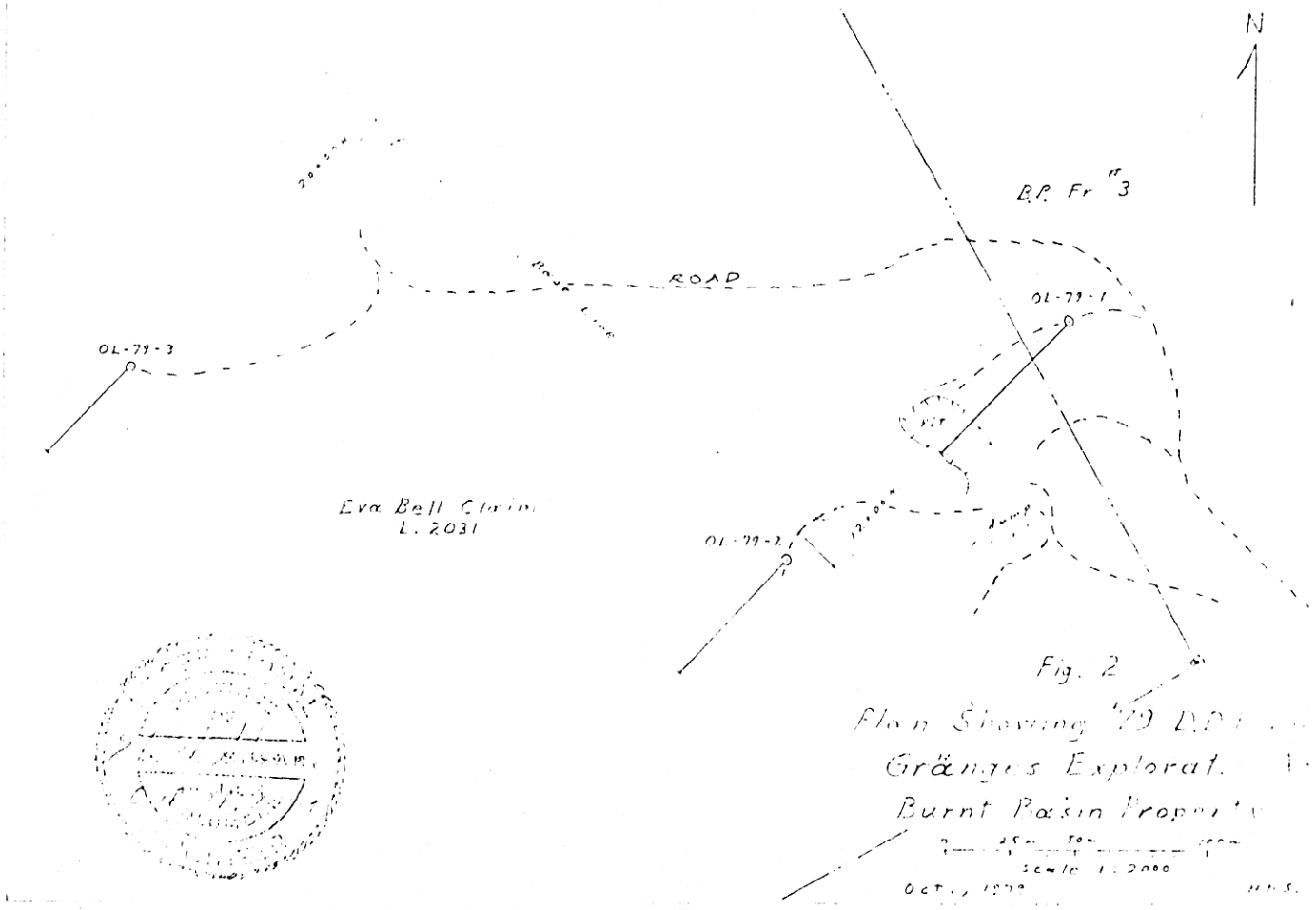

Fig. 2

Plan Showing '79 D.D.
Gränges Explorat.
Burnt Basin Prop.
Scale 1:2000
Oct., 1979
H.M.S.

units of tuff. The tuff units have previously been described as dikes intruded into the limestone units. These units contain numerous pyroclastic fragments and their contacts generally conform to the adjacent bedding in the limestone. No chill zones occur at the edges of these units nor has the adjacent limestone been altered in the least on the contacts. Therefore these rocks are considered to be pyroclastic in origin and to have been deposited conformably with the limestone.

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The black graphitic limestone units were found to be highly conductive when tested with an ohm meter. Their extensive occurence on the Burnt Basin property explains the extensive high background I.P. readings and numerous pulse EM anomalies obtained in a survey completed in August, 1978.

Results of the drilling were not encouraging. Hole OL - 79 - 1, drilled under the production pit intersected the mineral zone from 54.79 - 55.09. The mineral zone has narrowed dramatically with depth and has also diminished in grade. A second narrow parallel mineral zone was intersected from 69.49 - 69.67. Some sections with abundant disseminated pyrrhotite occur in black limestone which may explain the magnetic anomaly extending east of the pit. Very minor amounts of disseminated sphalerite were observed in a few sections of limestone, but assays show that no values of interest occur. Assay results are shown on the record sheets in Appendix A.

Hole OL - 79 - 2, drilled to test a small magnetic anomaly, intersected a tuff bed from 46.56 - 53.95. This unit contained spotty skarn alteration with occasional veinlets of magnetite, which explains the cause of the anomaly. No base metal sulphides were observed in this section. Two short sub economic zones were intersected by the hole as shown in Appendix A.

Hole OL - 79 - 3, drilled to test a pulse EM anomaly, intersected abundant conductive black graphitic limestone. Several short sections were intersected which contained visible disseminated sphalerite and chalcopyrite. None of these returned values that would warrant further interest.

The presence of extensive conductive black graphitic limestone on the prospect rules out the effective use of electrical geophysical methods for locating meaningful drill targets. The most effective geophysical method for locating targets is the magnetometer because the ore grade showings all contain significant quantities of magnetite. A detailed magnetometer survey completed over the Eva Bell Claim in 1972 demonstrated the sporadic and relatively small size of targets. Most of these targets have been tested by drilling. Minor amounts of copper, lead and zinc sulphides were encountered in the drill holes and occur in trenches on the property away from the main showings. This mineralization appears to be very limited and sporadic.

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