

KANDAHAR RESOURCES LIMITED

COPPER-MOLY CLAIMS ARE - Kandahar Resources Limited says the \$40,000 from the underwriting TO BE TESTED AT VERNON portion of the new financing agreement detailed in GCNL 148(76) will be used as to \$27,000 to pay accounts; as to \$15,090 to carry out the Phase 1 program recommended by G.Gutrath, P.Eng., in his report of 2Mar76, and the balance of \$7,910 for working capital.

GCNL #156, Aug 16th, 1976.

Mr.Gutrath's program relates to the Vernon Hill area property of Kandahar located 4 miles NE of the city of Vernon, B.C. He says a geological mapping and geochemical survey have outlined a wide spread area of copper and molybdenite mineralization associated with feldspar porphyry intrusive dikes. This is a favorable geological environment for a large tonnage copper-molybdenite type deposit. Percussion drilling has shown that the surface mineralization to a depth of 300 ft. is not economic and indicates that economic mineralization if it does exist may be at considerable depth. He adds that, while this is a high risk exploration target, the size potential of the target and its favorable location in a low cost operating area indicates that additional exploration is warranted.

In order to determine deep drill targets he recommends that an induced polarization survey be carried out. Minimum depth evaluation should be in the order of 1000 feet. This will require wide electrode spacing and an instrument such as the Huntec VII using a 7½ kw generator. He estimates an initial 5 miles of test line will be required.

Known gold-silver-lead bearing quartz veins on the property should be resampled and mapped to determine if there is any potential for direct shipping ore or for a small milling operation, says Mr.Gutrath.

FOR THE RECORD

Kandahar Resources Limited have changed the use of funds received from the underwriting detailed in GCNL 148 and 156(76) by increasing from \$27,000 to \$37,258 the sum used to satisfy accounts payable and by reducing from \$15,090 to \$2,742 the sum to be applied toward the Phase I work recommended by G.Gutrath, P.Eng. for Kandahar's claims near Vernon, B.C. Together with funds on hand, Kandahar have \$5,759 for property work. 824/sw