

JAMES P. ELWELL, P. ENG
CONSULTING MINING ENGINEER

1036
3/9/80

011376

PHONE 682.2120
RES 922.2551

1036
310 W. HASTINGS ST
VANCOUVER B.C.
V6B 1L8

September 29th, 1980

92JNE43

Hat Creek Energy Corp.
Box 466
Lillooet, BC.

Progress Report - Diamond Drilling
on Chalco Claims, Piebiter Creek

Dear Sirs:

On September 9th, 1980 I visited the drill site on the Chalco claims at Piebiter Creek. Two holes had been completed and the drill was being prepared to be set up for the third hole from the same site. After dark, the area was examined with a black light, and a considerable amount of tungsten mineralization was noted, both in place and as loose rock on the hillside.

The cores from holes #1 and #2 were scanned with the black light, and the sections indicating tungsten mineralization were split and assayed by Can-Test Ltd. for Cu, Mo, Ag, and W_3 . A summary of the core logs and assay results are given below. The present drill site is close to the Union Carbide site of holes 2,3,6, and 7.

Hole Chalco 80-S1 Bearing 82° Dip-30°

This hole was completed to a depth of 84 feet in banded skarn with tungsten mineralization indicated from 61 to 71 feet and minor amounts of chalcopryrite. This section, sample #4018, assayed Cu. 0.11%, Mo 0.02%, Ag 0.01 oz/ton, and W_3 0.59%.

84

Hole Chalco 80-S2 Bearing 82° Dip-60°

Completed to a depth of 85 feet in skarn with limestone bands cut from 47 to 55 feet and 71-71 feet, and a band of monzonite porphyry from 22 to 34 feet. The skarn material showed varying amounts of tungsten mineralization with minor amounts of chalcopryrite. The assay results are as follows:

85

Progress Report
Hat Creek Energy Corp.
September 29th, 1980
Page Two

<u>Sample #</u>	<u>Footage</u>	<u>% Cu</u>	<u>% Mo</u>	<u>Oz/ton Ag</u>	<u>% Wo₃</u>
4019	38 - 47	0.02	0.02	0.01	1.04
4020	54 - 61	0.01	0.02	0.01	1.16
4021	67 - 71	0.02	0.01	0.01	0.90
4022	77 - 85	0.48	0.01	0.14	0.13

The weighted average of the 33 ft. from 38 ft. to 71 feet, using a value of 0 for the sections which were not split and assayed, is 0.638% Wo₃ using a price of \$6.40/lb. U.S. for 65% concentrate,* this would represent a gross metal value of \$81.66 U.S., or approximately \$93.90 Can. per ton.

No. 1 Showing

This showing has never been explored due to the precipitous terrain, but there is a large amount of mineralized slide rock down slope from the cliff showing. A grab sample of this material, sample #4023, assayed Cu. 2.52%, Mo 0.03%, Ag 1.28 oz/ton, and Wo₃ 1.23%.

The potential of this deposit will have to be explored from a cross-cut adit and underground diamond drilling.

Hole Chalco 80-S3 Bearing 360° Dip-60°

This hole has been completed and awaiting logging and sampling. Visual indications of tungsten material are reported.

Holes Chalco 80-S4 and S5

Hole 80-S4 will be drilled vertically, and 80-S5 at a bearing of 45° and a dip of 45°.

A further Progress Report will be prepared when the logging and assaying of the latest holes has been completed.

* E. & M.J. September 1980.

Yours very truly,


J.P. ELWELL, P.Eng.

JAMES P. ELWELL, P. ENG
CONSULTING MINING ENGINEER

28/11/80

PHONE 682-2120
RES 922-2551

1028 510 W HASTINGS ST
VANCOUVER, B.C.
V6B 1L8

November 28, 1980

92JNE43

Hat Creek Energy Corp.
Box 466
Lillooet, B.C.

Progress Report -#2-Diamond
Drilling on Chalco Claims, Piebiter Creek

Dear Sirs:

My previous Progress Report dated September 29th, 1980 covered the results of diamond drill holes chalco 80-S1 and 80-S2. This report covers the results of holes 80-3 to 80-S7 all drilled from the initial drill site on the No. 2 showing, and holes 80-S8, and 80-S9 drilled from a site 200 feet to the west.

I logged the drill cores of all holes and after scanning the core with a black light, the sections which indicated scheelite mineralization were split and submitted for assay for W_3 content by Can Test Laboratories Ltd. Vancouver, B.C.

Hole Chalco 80-S3 Bearing 360° Dip-60°

Completed to a depth of 89 feet in granite, limestone, skarn, and schist scheelite was noted in two sections, from 42 feet to 50 feet and 58 feet to 66 feet. Assay results were as follows:

<u>Sample No.</u>	<u>Footage</u>	<u>% W_3</u>
4036	42 - 50	0.79
4037	58 - 66	1.46

Hole Chalco 80-S4 vertical

Completed to 179 feet in granite, skarnized schist, and limestone. No significant scheelite mineralization was noted.

Hole Chalco 80-S5 Bearing 45° Dip-30°

Completed to 86 feet in limestone, skarn, and schist. Five section were submitted for assay as follows:

Hat Creek Energy Corp.
 Progress Report
 November 28, 1980
 Page Two

<u>Sample No.</u>	<u>Footage</u>	<u>% Wo₃</u>	<u>Average % Wo₃ 31 ft. -44-75</u>
4031	38 - 44	0.01	
4032	44 - 54	0.33	
4033	54 - 62	0.69	0.39
4034	65 - 75	0.32	
4035	75 - 81	0.01	

Hole Chalco 80-S6 Bearing 45° Dip-60°

Completed to 58 feet in skarnized schist and skarn with scheelite and minor cpy. and py. noted from 36 feet to 42 feet. This section (Sample Nos. 4040 and 4041) averaged 0.31 % Wo₃.

Hole Chalco 80-S7 Bearing 330° Dip-60°

Completed to 74 feet in limestone and granite with skarn bands from 31 feet to 36 feet and 60-71 ft. Assays were as follows:

<u>Sample No.</u>	<u>Footage</u>	<u>% Wo₃</u>
4038	31 - 36	4.96
4039	60 - 71	1.25

Hole Chalco 80-S8 Bearing 350° Dip-30°

Completed to 186 ft. The first 105 feet were in white limestone with a tongue of granite from 73 to 84 feet. From 105 to the end of the hole the core was skarnized schist, with mineralized skarn from 105 to 109 feet. This section (Sample No. 4042) assayed 0.49 % Wo₃.

Hole Chalco 80-S9 Bearing 60° Dip-30°

Completed to 130 feet in limestone, skarnized schist. No scheelite noted.

DISCUSSION

Diamond drilling from the No. 2 site (holes 80-S8 and S9) is incomplete, and was suspended due to severe weather conditions, but the mineral intersection encountered in 80-S8 indicates the strong probability that the mineralized skarn band extends at least this far to the west. From the results obtained from the holes drilled from site No.1 together with the surface showings I have estimated the drill indicated and probable mineral now delimited to be between 75,000 and 85,000 tons with an indicated grade, based on an average of the assays to date of the range of 1.3 % Wo₃.

Hat Creek Energy Corp.
Progress Report
November 28, 1980
Page Three

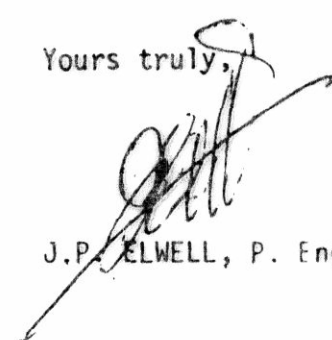
To further develop this potential ore zone I would recommend drifting along the skarn zone with frequent short drill holes into the walls to determine the limits of mineralization in this irregular zone, which appears to be typical of contact metamorphic scheelite deposits. The adit should be planned not only to serve as a production tunnel at a later date, but should be positioned to explore the zones to the east where surface sampling has indicated grades in excess of 1% W_3 with appreciable copper and silver values. E.P. Sheppard, P. Eng. has estimated these zones at 6,000 tons per vertical foot with a grade of 1.18% W_3 , 1.5% Cu and 0.75 oz/ton Ag.

BRX MINE

This old gold producer has been reported on in some detail by Sherwin F. Kelly, P. Eng. in 1977 and 1978. In his reports, Kelly concludes that there are several areas worthy of exploration for economic bodies of gold, copper, molybdenum and tungsten mineralization. (The writer has observed good scheelite mineralization in some of the old drifts.)

Exploration of this mine has been started with the objective of developing bodies of mixed gold-base metal mineralization. The present thinking is that a common mill could be established to treat both the B.R.X. and Chalco ores, the mill being located at the B.R.X. mine site where power and service facilities are available.

Yours truly,



J.P. ELWELL, P. Eng.

JE:1k

HAT CREEK ENERGY CORP.

BOX 466, LILLOOET, B.C.

PROGRESS REPORT TO SHAREHOLDERS

92TNE43

- 150-8-4-02
5/19-2-2-13
6-20-6-15
- * TUNGSTEN, COPPER & SILVER VALUES POINT TO OVER \$200 PER TON. MINERALIZATION ON CHALCO PROPERTY
 - * GOLD, TUNGSTEN, BASE METAL PROPERTY TO BE REHABILITATED
 - * DUAL-PROPERTY PRODUCTION POSSIBLE
 - * FINANCING BEING NEGOTIATED

Dear Shareholder:

Your Board of Directors is pleased to report that a recent engineering report has estimated there are 32,000 tons of rich tungsten ore on one area of our Chalco property in the Bridge River Valley and four other mineralized zones have shown good tungsten, copper and silver values.

Only a few miles away, your company's BRX property will be rehabilitated with the hope of proving up enough gold, tungsten and base metals values to warrant new production facilities on the site.

With positive results from both programs, your Company would construct a milling operation on the BRX claims which would treat ore from both properties.

CHALCO PROPERTY

E. Percy Sheppard, P.Eng., a well-known B.C. mining engineer, has recommended that a crosscut be driven under the mineralized areas of the optioned property and that diamond drilling be carried out from the crosscut to determine the full extent of the tungsten, copper and silver mineralization.

If sufficient mineralization is outlined, the crosscut would then be used for mining purposes.

Estimated cost of the program is \$32,000.

Recent work on this area has indicated there are 6,000 tons per vertical foot on the mineralized areas and the weighted average of twelve samples was 1.18 percent tungsten, 1.5 percent copper and 0.75 ounces silver per ton for an approximate value of over \$200 per ton at present prices.

This is in addition to the 32,000 tons of approximately one percent tungsten - worth some \$4 1/2 million -- estimated to be in place in another area of the property.

Your company holds the property under a long-term option-to-purchase agreement.

BRX PROPERTY

This property, adjacent to Bralorne Mines and Wayside Mine, was one of the better known gold mines in the Bridge River Valley in the 1930's but base metal sulphides encountered during the mining operation were ignored due to depressed prices at the time. The claims straddle the famous Bralorne-Pioneer geological structure.

Sherwin F. Kelly, P. Eng., states there are two major and separate vein systems on the property, "both of which demand extensive and intensive exploration."

He further comments that, aside from gold values -- uneconomic at the time -- in the two vein systems "the available evidence indicates that base metal sulphide mineralization might very well be an economically important constituent of portions of these vein systems."

Copper, molybdenum, lead, zinc and tungsten have all been noted in early reports on the mineralization encountered.

SUMMARY

Your Board of Directors feel the programs recommended for both of our properties should be started as soon as possible and the prospects for a dual-property production operation are very favorable.

With this in mind, steps for financing of both programs are well underway and an announcement in this regard will be made as soon as current negotiations are finalized.

Looking forward to many exciting developments during 1980, we remain yours truly,



THE BOARD OF DIRECTORS
HAT CREEK ENERGY CORP.