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GEAREX MANAGEMENT

018855
LTD.

The President and Directors
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Vancouver
British Columbia V6C 1J9

October 23, 1980

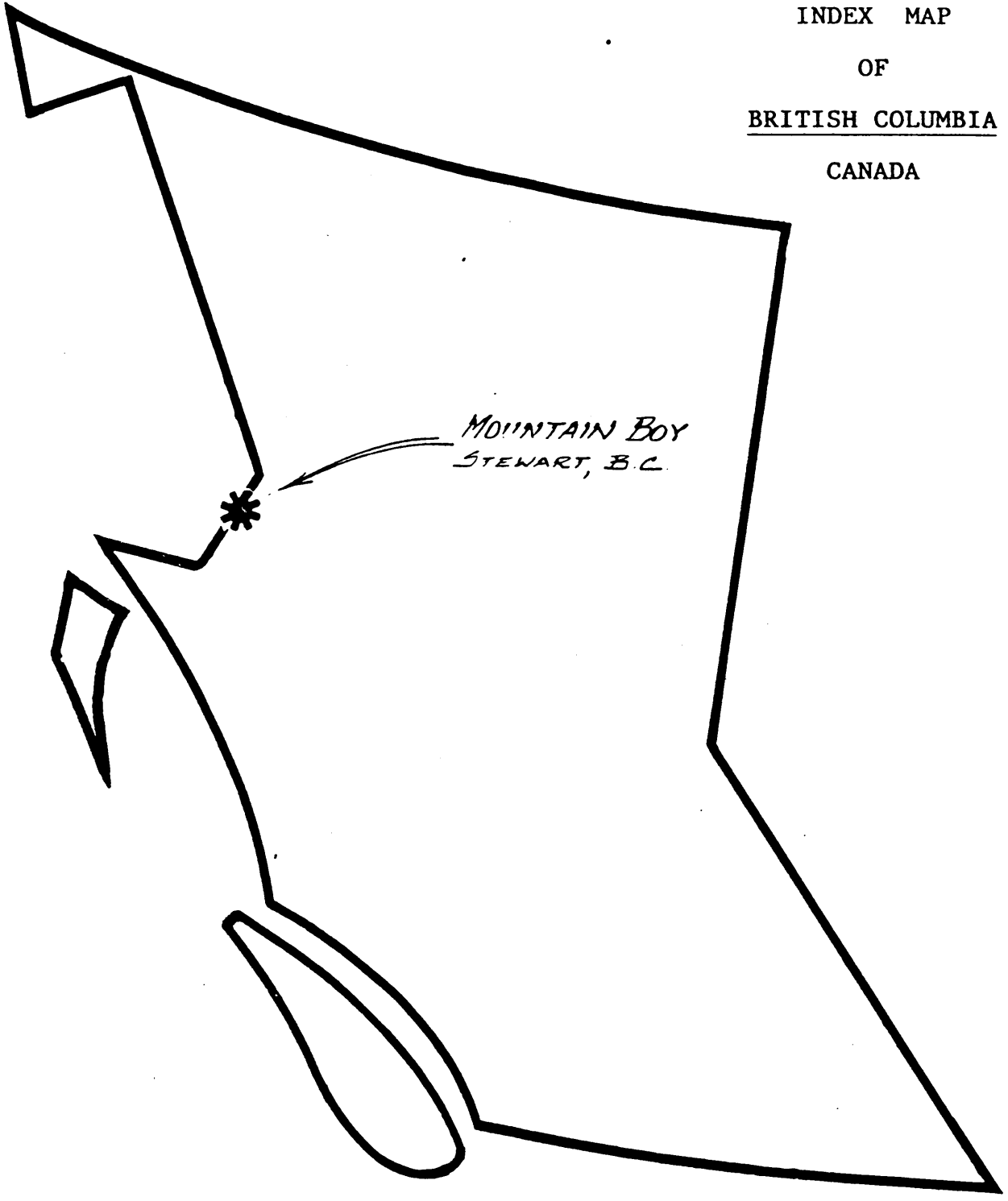
PROGRESS REPORT
on
MOUNTAIN BOY PROPERTY
Stewart, B.C.
104A4W

SUMMARY

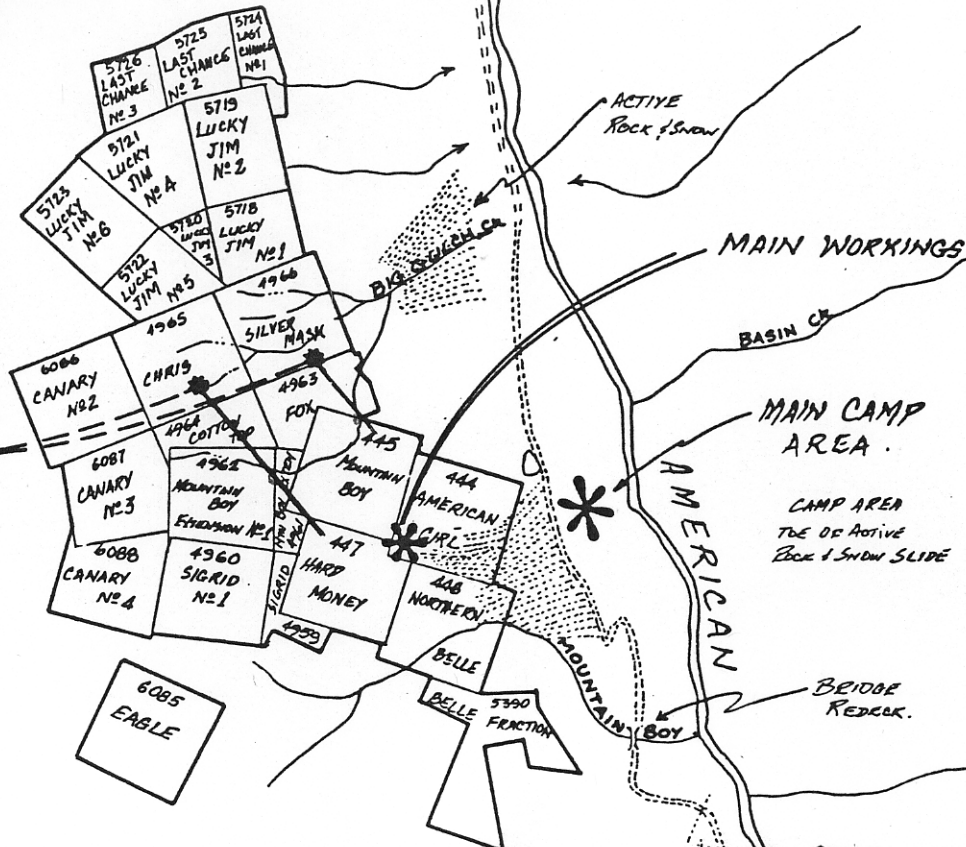
IT IS RECOMMENDED THAT YOUR COMPANY COMMENCE CONSTRUCTING ACCESS TO THE PROPERTY IN THE WAY DESCRIBED, AND THAT TENDERS FOR THE BUILDING CONTRACTS BE RECEIVED, RE-APPLICATION BE MADE FOR FINANCIAL SUPPORT TO THE DEPARTMENT OF MINES, AND CONSTRUCTION BE COMMENCED WHILE WEATHER CONDITIONS PERMIT.

FIGURE "A"

INDEX MAP
OF
BRITISH COLUMBIA
CANADA



1980 BASE LINES



PRIDE RESOURCES LTD

MOUNTAIN BOY

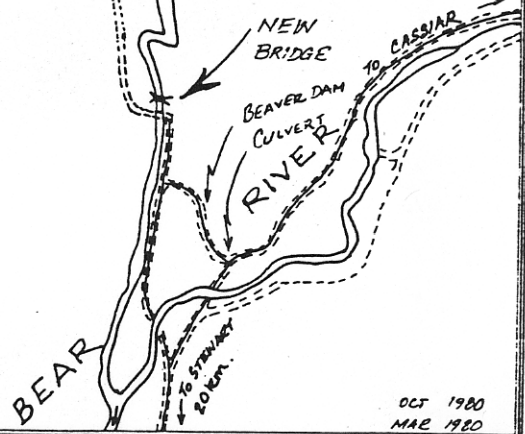
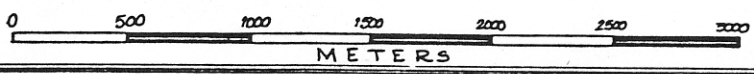
SILVER PROPERTY

Stewart, B.C.

104A4W

INDEX MAP
OF
1980 EXPLORATION
&
ACCESS CONSTRUCTION

GEAREX ENGINEERING
mission, b.c.



OCT 1980
MAE 1980

INTRODUCTION

The writer visited the Mountain Boy property near Stewart accompanied by R. Schumacher, Art Liening, and Nick Benkovich on October 22, 1980.

During the stay on the property several aspects were dealt with, and should come to your immediate attention in view of the start of winter conditions.

MANAGEMENT

I suggest that you commission a responsible person to manage your operations at Stewart. There appears to exist a suitable work force in Stewart, especially when some of the field operations shut down for winter, but responsible management is necessary.

ROAD ACCESS

Exploration in the American creek area would be greatly aided by having the old trail up-graded into a good access road. The suggestion is that the existing application for financial support in re-building the government road, be revitalized in the following manner. An engineering layout of the proposed a) bridge relocation and construction, b) re-decking of the second bridge, c) filling a swampy stretch with existing material, d) filling fines between coarse slide boulders in certain areas (front end loader), e) emplacing some culverts, f) mostly within the gravel bed of the valley, firstly on the west side, and then higher up the creek on the east side, —should be prepared. This application and proposal should be co-signed by as many of the claim owners within that water shed as possible.

Once the application is in the hands of the Senior Inspector, in charge of roads, he may contact the Forest Service to obtain a Free-Use-Permit for the timber necessary to construct the bridge, and to remove to build the road.

It may be useful for the engineer-in-charge to contact Mr. Phil Olson prior to the preparation of the application as he may be able to describe the optimal path to follow.

I recommend to build road as far as the Pride Resources property reaches up the valley.

MAIN CAMP

Once the access has been constructed a camp site could be established below the Mountain Boy workings, in an area where there is less likelihood of winter slides, as shown by the existing stand of timber. This would serve as base of operations during the field season, when personnel could either hike up to the workings, prospect the lower reaches of the claims, or be airlifted to fly-camps, or day trips in the higher areas. This would reduce the weather dependency which does curtail the scope of airlifted exploration at present.

EXPLORATION OF WORKINGS

Although several workings have been located, there are several which have not as yet been pin-pointed. At present metal prices there may be extractable ore, which could be mined. All the workings should be rehabilitated and sampled.

Access to the workings is fairly easy for mountain-safe personnel, however equipment can hardly be airlifted

to any of them. In view of this it is advisable to try to construct access to within a short distance of the MANN workings. Ideally this would consist of a switch-back road criss-crossing the slide. This would be probably seasonal, however. The other possibility is to locate a smooth track up the slide, and winch over a block, to pull supplies up on a sleigh, or wagon. The other possibility is to suspend a cable on which a bucket would be raised and lowered. These suggestions are meant to allow access for exploration, and small scale removal of high grade bulk samples. Later on fan drilling from under-ground may result in the finding of targets worth mining on a larger scale. At that time it may be feasible to drive an adit, possibly inclined, from the valley floor; this would circumvent the present weather-based concerns.

EXPLORATION OF PROPERTY

The area worthy of prospecting is large, and mountainous. Ice fields exist on most of the mountains. Yet the possibilities of finding showings of modern-day interest are great. Exploration of the lower levels could commence once the access and base camp are established. Geochemical techniques should work in testing slides, streams, and soil for precious-metal, and trace-element content. Closely spaced geochemical exploration, together with prospecting, with airphoto control, should work well in the upper levels during the field season. Once camp is established, work could start early in the field season.

DESCRIPTION
OF
1980
FIELD
INVESTIGATIONS

Soon after financing was obtained, two helicopter fly camps were established on the property. An average of three prospectors were employed to run base lines at 320 azimuth along the general contour of the western aspect of American creek valley. Grid lines where possible were to be emplaced up and down the precipitous slopes. The prospectors inspected outcrop, as well as slide rock for signs of mineralization.

RESULTS
OF
PROGRAM

The lower camp is at 823 m (2700 ft) ASL. It lies on the baseline and plots in the vicinity of the intersection of the southern boundary of Lot 4963 with the northern boundary of Lot 445. The line was not extended beyond the southern arm of Big Gulch creek, to the north, due to precipitous conditions. To the south similar conditions exist.

Samples 8801, 8802, 8803, 8805, 8806, 8807 were taken from a generally mineralized area to the south of this camp. Sample 8818 was taken from the vicinity of the southern arm of Big Gulch creek. All samples indicated the presence of mineralization; suggesting that this general area should be covered once again, possibly with a program of soil and silt sampling to further delineate areas of interest.

The upper camp is at 1052 m (3450 ft) ASL. It lies on the other baseline, and plots near the northern end of an odd-shaped fraction Lot 4961. This camp lies at the base of, and between two major slide areas the southern of which feeds the central arm of Mountain Boy creek, while northern one feeds more into the southern arm of Big Gulch creek. One sample #8813 derives from this area, but most of the mineralized section sampled appears positioned easterly, up-slope from the Mountain Boy workings. (samples 8812, 8815, 8816, 8817)

As mentioned before this general area needs to be explored further with geochemical techniques, earlier in the field season.

RECOMMENDATIONS

- A. Cause to be prepared a draft of the proposed bridge and road construction to serve as access to claim owners of the American creek valley.
- B. Present this draft to the various parties concerned and obtain their agreement regarding the usefulness and necessity of the project.
- C. Obtain several binding cost estimate contracts regarding building of the a) bridges, and b) road.
- D. Re-apply to the Department of Mines for funding for the access construction. (supported by several different owners of mineral property in the watershed of American creek)
- D. With the approval of the Mines Branch apply for free-use permits to cut and use timber.
- E. Commence bridge and road construction at the earliest, with a view of completion before inclement weather settles in. Roads should be built with curves and dips designed to allow hauling-in of trailers, and 'low boys'.
- F. Plan for completion of project early in spring, and organize choosing of proper, sheltered camp site, to serve low-level exploration sorties. To be followed by access construction to the workings and continuance of American creek road to points farther up-stream.
- G. The choice of a project engineer who would manage the above recommended program is essential.

Respectfully submitted,

Gerhard E.A. von Rosen, M.Sc., P.Eng.
October 24, 1980

