

THE MOLY-TAKU PROJECT

1979 Program

Omni Resources Inc. initiated a very large and complex exploration program on the Moly-Taku prospect during the 1979 field season. Though the results were by no means conclusive in establishing the presence of a molybdenum ore body the project did accomplish several things. The geological data obtained is sufficiently encouraging to continue an aggressive exploration program during the 1980 season. The potential for discovery of a large molybdenum-tungsten ore body within the intrusive complex remains good. The second and equally important accomplishment of the 1979 program was to establish that, despite the rugged and hostile terrain, with proper planning and techniques, the property can be explored successfully. It is anticipated that through application of knowledge gained in 1979, that the overall 1980 program will be even more effective.

Below is a synopsis of the work completed during the 1979 season:

1. In mid-May some 55 tons of fuel and equipment was transported from Atlin to Tulsequah by plane and from that point by helicopter to the property.
2. A large (40 man) base camp was then built at Border Lake.

3. In early June site preparation and avalanche control work was undertaken at the portal site and on the first surface drill site.
4. In late June the Longyear Super 38 surface drill was flown into Border Lake and after extensive preparation began drilling in mid-July.
5. On July 4th a barge with 430 tons of mining equipment, underground drills and supplies arrived on the Taku River from Vancouver and this material was transported to the property with a large Bell 214 helicopter.
6. The underground mining crew began work on the N-zone adit on July 19th and completed 521 feet of drifting and two drill stations by August 28th.
7. The underground drilling program began August 16th and six holes totalling 1933 feet were completed by September 8th.
8. In late August the preliminary geologic mapping and prospecting program resulted in the discovery of molybdenum-tungsten mineralization in an outcrop of a distinct porphyritic phase of the alaskite. The showing was examined by the consulting geologists and on their recommendation the surface drill was moved to a site above the outcrop in an attempt to test it. This hole unfortunately had to be stopped at the end of

September short on its target depth due to deteriorating weather conditions.

9. The project was shut down for the season early in October.

Results

The underground workings and diamond drilling from the adit confirmed the existence of a very high grade vein or series of veins. The best results from drilling included the following intercepts:

- 9.8 feet of 1.33% MoS₂
- 39.4 feet of 0.58% MoS₂
- 39.4 feet of 0.99% MoS₂
- 9.9 feet of 4.00% MoS₂

In the adit itself a 70.5 foot bulk sample assayed 0.414 MoS₂. Indications are, from the data obtained in the adit area, that potential exists for a very interesting high grade deposit, the full extent of which has not been tested.

A surface drill hole was collared approximately 2000 feet east of the portal site and drilled to 1248 feet. Near the bottom of this hole a 90 foot section assayed 0.125 MoS₂ and the geology looked encouraging however drilling had to be abandoned when the site became unsafe and unstable.

Perhaps the most significant development of the 1979 season was the discovery of the "Y-zone" located approximately 3300 feet southeast of the portal site. At this location a distinctive porphyritic phase of the intrusive

rock outcrops. Within this rock, molybdenum and tungsten mineralization occurs within many small fractures. This type of mineralization is more typical of that found in the very large molybdenum producers. Surface sampling from this outcrop returned an average value of 0.073 MoS₂ and 0.084 WO₃ (tungsten). Surface evaluation is very restricted because only a portion of the zone is exposed at the edge of the glacier. Drill testing was attempted on this zone but failed to reach target depth before the end of the season.

All geological and engineering field work on the project was supervised by Mr. B. Taylor of G.A. Noel and Associates Inc. of Vancouver. Mr. Taylor prepared a summary report of the season's work. Omni retained the services of Stewart R. Wallace and Frank Coolbaugh of Denver, Colorado to review the work done to date and to make recommendations for future work on the project. Dr. Wallace was the geologist mainly responsible for the discovery of Amax's Henderson Mine and Mr. Coolbaugh was the Chairman of the Board of Amax at the time of the discovery. They are regarded worldwide as perhaps the foremost experts in molybdenum geology and mine development. Based on their suggestions and Mr. Taylor's recommendations Omni is planning another aggressive program during the 1980 season.

1980 Program

The 1980 effort will be concentrated mainly on surface diamond drilling with an initial phase of 6000 feet, to test known targets, in particular the new Y-zone porphyry discovery. While this work is being carried out further mapping and geological evaluation will be continued to expand our present knowledge of the property and to define new targets. The second phase of work would require a further 6000 feet of drilling to follow up the initial drilling and/or evaluate other targets. The cost of the first phase is estimated at \$600,000.00 and if the full program is completed the total cost would be approximately \$1,060,000.00.

Omni has elected to take over management of the project itself and to accomplish this has hired G.A. (Gerry) Clouthier as Exploration Manager and Ken Orleski as Project Supervisor. These two individuals bring with them extensive backgrounds in managing northern exploration projects.

Future Potential

At this stage exploration work has demonstrated that the Mount Ogden property does contain a very large molybdenum system. Many aspects of the geology of the deposit show similar characteristics to known large producers. It is the aim of Omni Resources to prove up this potential ore body. By way of comparison the Henderson Mine operated by Amax was developed with a capital investment of 600 million dollars. It produces approximately 50 million pounds of molybdenum per

year. With molybdenum priced at \$11.00 per pound the annual gross revenues from the Henderson are in the order of some 500 million dollars per year. Henderson is a very good example of the overall potential of molybdenum stockwork deposits and indications are that Mt. Ogden belongs to this family of deposits.

Red Cap Prospect

This property lies 15 miles NNE of Mt. Ogden and 8 miles NE of the old Tulsequah townsite. At present Omni owns or has under option 120 units or approximately 16 square miles.

There is not a great deal of information available on the area although it has been worked on at various times since about 1930 by numerous different parties. In general J.G. Souther of the Geological Survey of Canada describes a large zone of alteration and sulfide mineralization centered on a small granitic plug. A large copper, molybdenum, and silver soil and silt anomaly obtained by earlier workers suggests the presence of a porphyry copper system. Periferal to this center a number of high grade gold silver showings have been explored and some assay data is available.

Red Cap: - Grab sample quartz vein	1.59 oz/ton gold
- representative sample over area	0.21 oz/ton gold
100 feet by 400 feet	1.0 oz/ton silver

Source: B.C. Department of
Mines 1930, 31 Annual
Report

Zohini Showing:

Shear zone #1	Samples on same line across the structure
13 feet	.05 oz/ton gold
	18.0 oz/ton silver
	2.1% lead
	6.3% zinc

6 feet .10 oz/ton gold
5.5 oz/ton silver
2.7% lead
3.3% zinc

Zone #2 300 feet west of zone #1 probably on the same structure. Zone is 110 feet long with an average width of 3.5 feet.

0.53 oz/ton gold
24.4 oz/ton silver
13.1% lead
9.2% antimony

Source: Previous workers

Potential

We feel the Redcap property has excellent potential as a porphyry copper deposit with by product molybdenum and precious metals. There is certainly, as evidenced by the assay data, potential for small tonnage high grade gold silver deposits periferal to the porphyry copper system. Another possibility indicated though not as yet evaluated is for a large tonnage low grade gold-silver deposit.

Omni management is, at this point, very excited by the prospects of the Red Cap developing into a very significant property.

Work Program

During the 1980 season Omni will undertake a program of surface sampling and geologic mapping possibly leading to late season drill testing. This work will be based out of the Mount Ogden camp 14 miles to the south of the property.