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JERICO MINES, LTD.

PROGRESS REPORT TO MAY 31st, 1965

June 1st, 1965

Alrae Exploration Ltd.

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INTRODUCTION

During the past year the writer has made numerous trips to the Jericho claims and directed geological work at the property. Development and evaluation have been completed by surface diamond drilling and adit entries into the ore zones. Work to date has been entirely by contract. Diamond drilling has been done by Rupert Drilling Ltd., and tunnel work by Norex Mining & Development Ltd.

A resident geologist has prepared geological plans and sections of all work completed to date.

LOCATION

The Jericho Mines Ltd. claims extend six miles Southwestward from the Junction of the Merritt to Savona and Highland Valley roads. Paved road from Ashcroft ends at the Bethlehem Mine approximately six miles to the west of the Jericho camp. The camp is some 36 miles southeast of Ashcroft, B. C.

Best access to the claims is by automobile from Vancouver, a trip of approximately five hours. The adit work area is 9000 feet southwest of the camp buildings on the southern slope of the Highland Valley.

CLAIMS

There are now 158 claims and fractions held by the company. Assessment work for five years has been or is being applied to 144 of the total group. Claims are within the Kamloops and Nicola Mining Divisions.

COMPLETED WORK

During the summer of 1963 approximately 4000 feet of AX diamond drilling were used to test Induced Polarization anomalies discovered earlier in the year. Core recovery proved unsatisfactory and an 885 foot adit was driven to test one of the anomalous areas. Information gained from this adit led to the discovery by BX wireline diamond drilling, of Zone 1. (See accompanying sketch). In total 13,659 feet of BX drilling were completed in 1964.

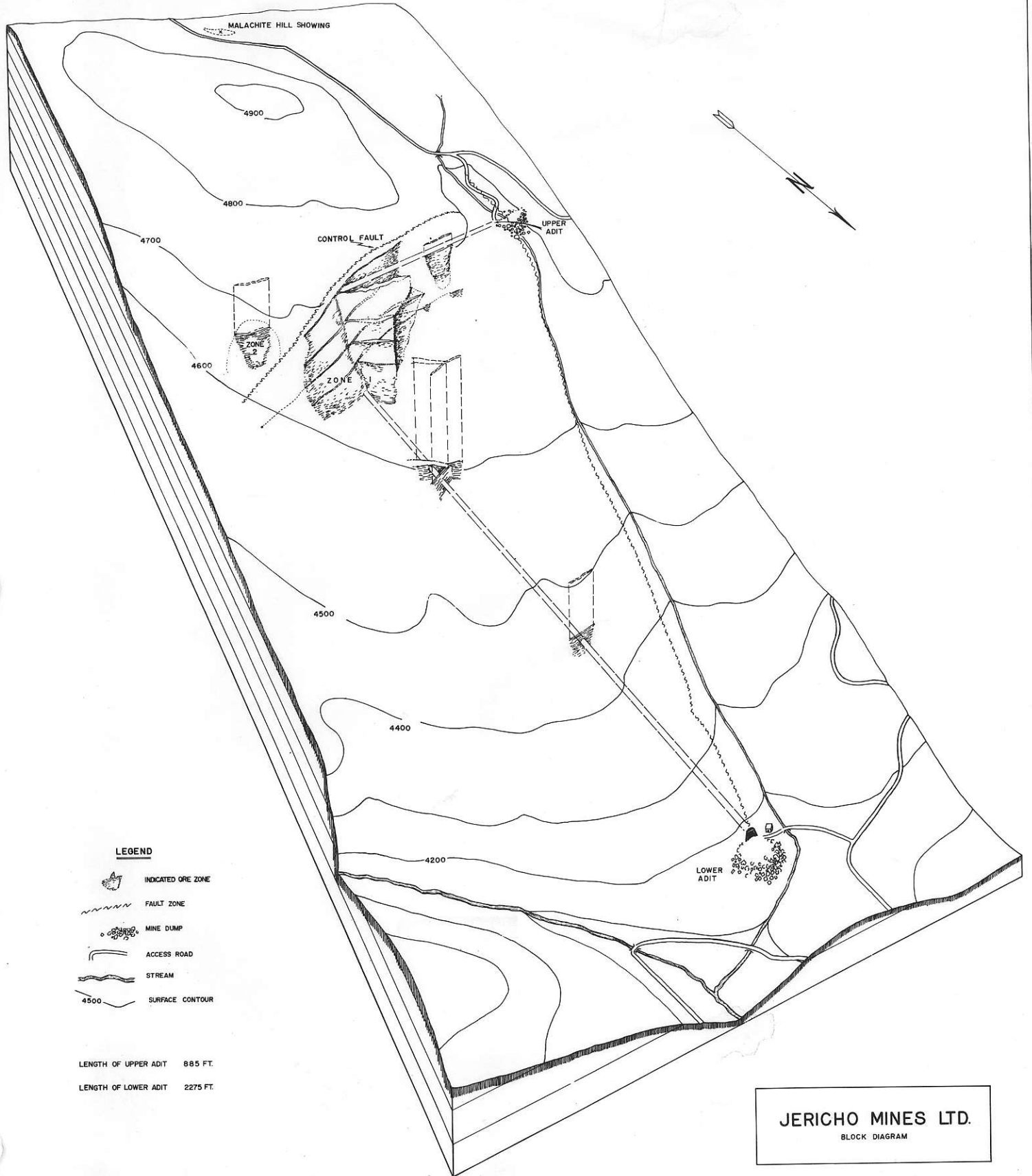
In January 1965 a 9 by 9 foot adit was started to intersect Zone 1 at a vertical depth of 480 feet below the upper adit. Length of this adit is estimated to be 2420 feet. To date the adit has advanced to 2405 feet. Zone 1 mineralization has been encountered at 2303 feet.

Underground drilling started in mid May to test mineralization encountered in this lower adit at 890 feet and 1725 feet.







GEOLOGY

Copper mineralization has been found in granodiorite associated with major faults. The granodiorite is of Jurassic age and has been named the Guichen intrusive.

Mineralization consists of bornite, chalcocite, chalcopyrite, and molybdenite. These occur in sericitized and chloritized granodiorite adjacent to the major faults, and in small (4 inch) irregular quartz veins. Two such



LEGEND

-  INDICATED ORE ZONE
-  FAULT ZONE
-  MINE DUMP
-  ACCESS ROAD
-  STREAM
-  SURFACE CONTOUR

LENGTH OF UPPER ADIT 885 FT.
 LENGTH OF LOWER ADIT 2275 FT.

JERICHO MINES LTD.
 BLOCK DIAGRAM

zones were partially tested by surface drilling and three additional zones have been intersected in the lower adit. In each case the mineralized zones strike westerly and dip steeply to the north.

Zone 1, as shown on the accompanying block diagram, is the most thoroughly tested ore zone to date. Surface diamond drilling at 100 foot intervals together with the recent intersection of the lower adit indicate this zone to contain approximately 260,000 tons of ore grading 1.5% Copper. This mineralization has been tested to a depth of only 465 feet.

The lower adit intersection of Zone 1 is wider and more heavily mineralized than was anticipated by diamond drilling. Samples are currently being assayed. Mineralization in surface diamond drill hole 108 is very similar in appearance to the ore intersection in the tunnel and is approximately 250 feet vertically above the adit. Twelve Decimals two feet in this drill hole contained 2.4% copper. Width of Zone 1 in the adit is greater than 10 feet. In total 50 feet of the tunnel wall have been sampled. The hanging wall of the ore zone will be an assay wall and assay results must be obtained before actual width of the ore zone is known.

The adit has intersected mineralized zones at 890 and 1725 feet. Each of these may be seen on the accompanying block diagram.

Wall samples of the 890 zone were found by

assaying to contain the following:

Left wall; 4.5 feet contains 1.0% copper.
Right wall; 9.0 feet contains 0.80% copper.

Sampling results of the 1725 zone are as follows:
Left wall; 10.0 feet contain an average of 1.19% copper of which 5.0 feet contain 1.75% copper,
Diamond drilling is currently in progress in this area to test the extent and grade of the mineralized zone.

Each of these zones is entirely new and as yet untested. Only one intersection through each zone has been available for sampling. Diamond drilling and drifting will be necessary before tonnage and grade figures can be established.

Three other previously discovered but essentially untested prospects are known on the Jericho claims. These have been named the Halfway showing, Malachite Hill showing, and Bornite Ridge. The former two are within one-half mile of the adit area and the latter approximately 9000 feet southwest of the Upper adit.

PROPOSED DEVELOPMENT

To further evaluate the mineralized zones and to provide access and ventilation the following steps are recommended.

- (1) Diamond drilling (underground) to test the extensions of the mineralization encountered in the lower adit.
- (2) Drifting along the footwall of Zone 1 and the zone encountered at 1725 feet in the lower adit.
- (3) Raising to surface through the ore zones.
- (4) Sub level drifting from the above raises.

This work will provide more accurate estimates of tonnage, grade, and dilution to be expected in the ore zones. The openings so made may be readily adapted to mining.

COST ESTIMATE

Following is an estimate for the above work.

(1)	AX wireline diamond drilling 2500 feet at \$6.00/foot	\$ 15,000
(2)	Drifting - 600 feet at \$65/foot	39,000
(3)	Raising - No. 1 Zone 500 feet at \$55/foot	27,500
	1725 Zone 450 feet at \$55/foot	25,000
(4)	Sub Level drifting No. 1 Zone 500 feet at \$50/foot	25,000
	1725 Zone 400 feet at \$50/foot	20,000
	The total cost	<u>\$151,000</u>

6.

This estimate does not include camp and road
maintenance or supervision costs.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Rae A. Jury".

R. JURY, P. Eng.

CERTIFICATE

I, Rae G. Jury of the City of Vancouver,
British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of Queens University in Kingston (B.Sc. in Geological Sciences 1957).
3. I am a registered Professional Engineer of the Provinces of British Columbia and Ontario and also a junior member of the Canadian Institute of Mining and Metallurgy.
4. I have practised my profession since 1957 with Labrador Mining and Exploration Company, Quement Mining Corporation, Canadian Johns Manville Co. Ltd., and Alrae Exploration Ltd.
5. I have personally supervised and examined Diamond Drilling and the adit work on the Jericho Mines, Ltd. property.
6. I have not received, nor do I expect to receive, any interest directly or indirectly, in the properties or securities of Jericho Mines, Ltd.

Dated this First Day of June, 1965.



Rae G. Jury

Rae G. Jury, P. Eng.