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Mt. Calvary Resources Ltd.

1027 - 470 Granville Street, Vancouver, B.C. V6C 1V5 • Tel: (604) 687-1658

1985 EXPLORATION REPORT

ON THE

CPW GOLD PROSPECT
SPANISH MOUNTAIN AREA

CARIBOO MINING DIVISION
BRITISH COLUMBIA

NTS: 93 A/11 W
LATITUDE: 52°36'N
LONGITUDE: 121°28'W

FIELD WORK DONE DURING THE PERIOD: JUNE 1 - OCTOBER 1, 1985

FIELD WORK SUPERVISED BY: J.A. McCLINTOCK, P.ENG

REPORT PREPARED BY: J.A. McCLINTOCK, P.ENG

October 15, 1985

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SUMMARY AND RECOMMENDATIONS

The CPW Claim, lying 4 miles east-southeast of the village of Likely, B.C., was evaluated in 1985 by a comprehensive, two phase exploration program. During Phase I (March to June, 1985), 600 metres of backhoe trenching and 615 metres of rotary percussion drilling in 8 holes was completed at a cost of \$149,900. Prompted by highly encouraging results, a continued Phase II program of 800 m of backhoe trenching and 2,165 metres of rotary percussion drilling in 29 holes was carried out at a cost of \$256,200.

Geological mapping shows the claims to be underlain by a thick succession of Triassic-age inter-bedded phyllitic shale, siltstone and dolomitic quartzite which have been folded into a northwest trending anticline-syncline pair and intruded by younger feldspar porphyry dykes. Numerous faults and shear zones disrupt lithologic contacts in directions parallel and conjugate to the fold axis.

Gold mineralization is widespread and occurs in three interrelated forms, localized in and adjacent to fold-related fracture and shear zones. Gold is found in anastomosing vein systems in shale, as replacements of pyrite invariably associated with shaly siltstone, and in quartz veins in massive siltstone.

Trenching and drilling have outlined zones of auriferous quartz stockworks and replacement zones named Madre, West Madre, LE-11-12-13, M, 14 Oz, A and E Zones. All zones are open along strike and to depth, and have an inferred potential for a combined reserve in excess of 7 million tons grading a minimum of 0.1 oz/ton.

The 1985 programs have enhanced the CPW claim's potential for hosting an exciting and intriguing structural-strata controlled gold deposit. Continued aggressive exploration is warranted to accurately define grades and tonnages of the known auriferous zones. To this end, a 1985 Phase III program of diamond drilling is recommended. The principle objective of the Phase III program will be to continue with reserve definition by evaluating strike and down dip projections of the known gold zones. The anticipated cost of the Phase III program is \$307,300.

INTRODUCTION

Mt. Calvery Resources Ltd., successfully completed a two phase exploration program on the CPW Gold Prospect during 1985. Combined total expenditures for the two phase program was \$391,300.

The Phase I program, consisting of 600 m of backhoe trenching and 655 m of rotary percussion drilling in 8 holes was undertaken during the period June 1 through July 15, 1985. The Phase I work was focussed in the vicinity of drill hole MR-7 which intersected gold mineralization assaying 0.20 oz/ton gold over 26 m. Results of the Phase I program demonstrated this zone, named the Madre, to be continuous to the northeast, southwest and to depth, with surface trench assays to 0.28 oz/ton gold over 13 m and drill intersections to 0.16 oz/ton gold over 11 m. In addition, several additional significant gold-bearing zones, the 12 and 14 Oz Zones, were discovered.

Prompted by the highly encouraging results of the Phase I work, a comprehensive Phase II program of 2,517 metres of rotary percussion drilling in 29 holes and 700 m of trenching was carried out during the period August 1st through September 30th. Phase II work was focussed on reserve definition of the Madre Zone and initial drill testing the 12 Zone and LE Zones. This program successfully upgraded the property by extending the still open Madre Zone to 150 m on strike and down-dip for 60 m, and tracing the LE, and newly discovered 11 and 13 Zones over a 90 m strike length. In addition, trenching established strike continuity of the 14 Oz and M Zones.

The encouraging results to date fully justify additional exploration to define reserves of potential economic gold mineralization.

LOCATION AND ACCESS

The CPW Claim is located just west of Spanish Lake, approximately 4 miles east-southeast of the village of Likely, B.C. Approximate geographic coordinates are 52°36' North latitude, and 121°28' West longitude (see Figure 1).

The all-weather, Spanish Lake - Abbott Creek forestry-access road transects the northern portion of the claim and provides ready access from the village of Likely. Secondary logging roads off the main haul road have been up-graded and extended to provide access throughout the property.

PHYSIOGRAPHY AND VEGETATION

The CPW Claim lies on the north slope of the western ridge of Spanish Mountain. The terrain is moderate, elevations range from 3,000 feet a.s.l. at Spanish Creek to 4,300 feet a.s.l. along the southern boundary of the property. Side slopes seldom exceed 25°.

Much of the property has been clear-cut logged; however, the northeast and southwest corners of the property are covered by mature stands of fir, spruce, alder and cottonwood. The logged-off areas have been reforested, but are largely covered by a heavy growth of alder.

CLAIM STATUS (see Figure 2)

The four-unit CPW Claim was staked in October, 1982 and recorded November 1, 1982 (Record No. 4541) by D.E. Wallster, as agent for C.P. Wallster, trustee for the Mariner Joint Venture. On March 18, 1983, the CPW Claim was optioned to Whitecap Energy Inc.

Mt. Calvery Resources acquired the CPW Claim by an agreement with Whitecap Energy and the Mariner Joint Venture under a Letter of Agreement on August 2, 1984, and a formal agreement dated November 2, 1984. Mt. Calvery has the right to earn an 100% interest in the property, while Mariner and Whitecap may elect to participate as to 10% and 20% working interests respectively.

Mt. Calvery and Teck Corporation concluded a financing agreement on November 2, 1984, which allows Teck the option of funding Mt. Calvery's Cariboo-Likely Project, including the CPW Claim, through production, by the purchase of Mt. Calvery treasury shares. Since November 1984, the necessary funds to continue exploring the CPW Claim have been provided by Teck.

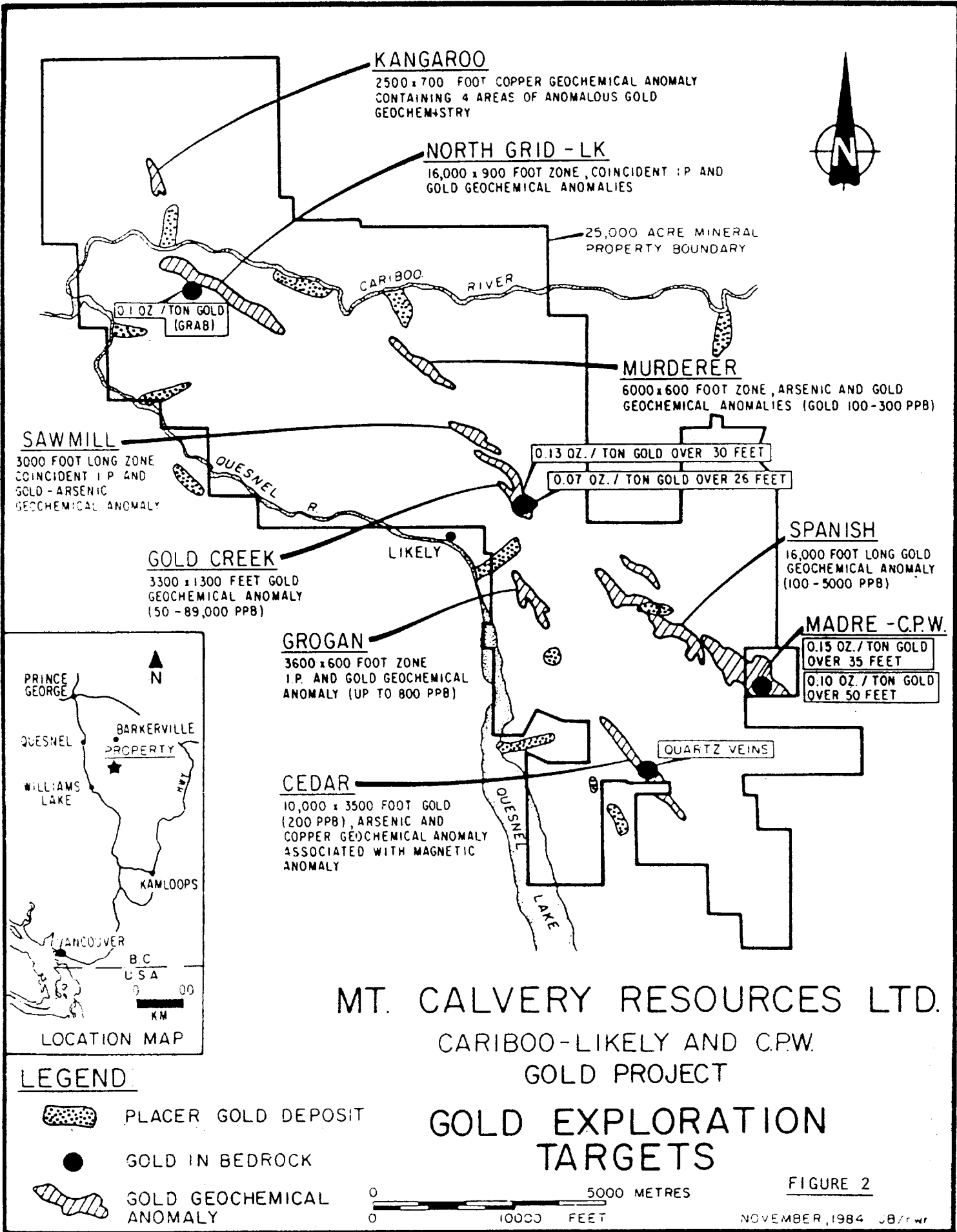


MT. CALVERY RES. LTD.

CPW CLAIM
LOCATION MAP

FEB ,1985

FIGURE 1



1985 FIELD PROGRAMPhase I Program

Gold mineralization was found on the CPW Claim in late July, 1984, during detailed prospecting of a large intense gold soil geochemical anomaly. A subsequent 1984 exploration program of trenching and drilling in the discovery zone obtained excellent results of gold mineralization with values up to 0.20 oz/ton over 26 m in drill hole MR-7.

Prompted by the highly encouraging results of the 1984 program, a two phase 1985 comprehensive exploration program was undertaken on the CPW Claim that was funded by Teck Corporation. The initial Phase I program was targeted on the Madre Zone and was focussed on delineating the gold mineralization discovered in drill hole MR-7 with a secondary goal of preliminary evaluating other known gold-mineralized zones on the CPW. The Phase I program consisted of:

- 1) 600 m of (Cat 235) backhoe trenching on the Madre and LE Zones;
- 2) Cutting approximately 250 one-metre channel samples (5-7 kg each) from mineralized zones exposed by the above trenches;
- 3) Detailed geological mapping (1:200) of trenches and road cuts;
- 4) Rotary percussion (reverse circulation) drilling of 8 inclined holes from 8 sites totalling 655 metres, of which 7 were drilled on the Madre and 1 was drilled on the LE Zone. Chip samples were collected at one-metre intervals and analyzed for gold.

The Phase II Program was designed to explore the Madre Zone by grid drilling on strike to the northeast and southwest; testing the strike extensions of the LE Zone and evaluating several other zones outlined during the earlier exploration programs. To this end, Phase II consisted of:

- 1) Approximately 820 m of (Cat 225) backhoe trenching of several additional gold mineralized zones located parallel and adjacent to the Madre Zone;
- 2) Cutting approximately 550, one-metre channel samples (5-7 kg each) from the mineralized zones exposed by the above trenches;

- 3) Detailed geological mapping (1:200) of the trenches;
- 4) Rotary drilling (reverse circulation) of 29 inclined holes from 29 sites, totalling 2,521 metres. Chip samples were collected at 1 metre intervals and analyzed for gold.

Welcome North Mines Ltd., as Operator, initiated and conducted the Phase I and II exploration programs on the CPW Property as set out in Schedule "D" of the Teck-Mt. Calvery financing agreement.

TABLE 1 - ROTARY DRILL HOLE DATA

<u>Hole No.</u>	<u>Length</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Grid Location</u>	
	<u>Metre</u>			<u>South</u>	<u>East</u>
MR-11	107	120°	-60°	947	340
MR-12	76	120°	-60°	940	330
MR-13	76	120°	-60°	948	289
MR-14	76	120°	-60°	964	315
MR-15	76	120°	-60°	914	346
MR-16	77	120°	-60°	895	307
MR-17	77	120°	-60°	880	350
MR-18	77	120°	-60°	707	362
MR-19	76	120°	-60°	923	304
MR-20	77	120°	-60°	933	260
MR-21	80	120°	-60°	870	326
MR-22	92	120°	-60°	881	277
MR-23	92	120°	-60°	862	300
MR-24	76	120°	-60°	892	376
MR-25	107	120°	-60°	864	393
MR-26	107	120°	-60°	850	366
MR-27	107	120°	-60°	848	339
MR-28	107	120°	-60°	822	312
MR-29	107	120°	-60°	810	284
MR-30	123	120°	-60°	812	422
MR-31	107	120°	-60°	782	371
MR-32	142	120°	-60°	793	334
MR-33	110	120°	-60°	918	232
MR-34	77	120°	-60°	977	270
MR-35	92	120°	-60°	962	244
MR-36	77	120°	-60°	751	320
MR-37	77	120°	-60°	760	395
MR-38	60	120°	-60°	791	410
MR-39	77	120°	-60°	840	545
MR-40	77	120°	-60°	873	545
MR-41	77	120°	-60°	681	383
MR-42	77	120°	-60°	700	412
MR-43	77	120°	-60°	810	547
MR-44	77	120°	-60°	793	522
MR-45	77	120°	-60°	908	274
MR-46	61	120°	-60°	928	372
MR-47	30	120°	-60°	963	365

GEOLOGICAL SETTING

The Cariboo-Quesnel Gold Belt lies within the Cariboo-Quesnel Trough, a 20 mile wide, northwest-trending, early Mesozoic volcanic-sedimentary belt of regional extent. To the west, the trough is fault-bounded by Cache Creek Terraine sediments and greenstones, and to the east by Omineca Terraine metamorphosed sediments. The trough is defined by an Upper Triassic assemblage of calcareous argillites, sandstones and conglomerates overlain by a series of Jurassic basalt flows and breccias, with variable interbedded limestone, mudstone, greywacke and conglomerate and upper series of maroon-coloured basaltic flows and breccias. This entire sequence has been intruded by a series of stocks and sills of syenite and diorite.

PROPERTY GEOLOGY

The following briefly describes the geology of the CPW Claim. For a more complete description of the geology, the reader is referred to a report entitled; "Phase I Exploration Report on the CPW Gold Prospect Spanish Mountain Area by A.J. Schmidt, J. McClintock and W.J. Roberts."

The property is underlain by a northwest trending assemblage of intercalated sericite-chlorite phyllite, phyllitic siltstone, massive siltstone and highly carbonate dolomitic quartzite and siltstone. Light grey altered quartz porphyry to dacite dykes cut the above lithologies in the south western portion of the property. These dykes trend north westerly with steep north easterly dips. The dykes are intensely silicified, dolomitized and often ankeritic, with the alteration, particularly in the siltstone units, extending 10's of metres into the wall rocks. The intensity of the alteration often makes recognition of the intrusive-sedimentary rock contacts difficult.

Structurally, the above units have been folded into a major northwest trending anticline-syncline pair. Much of the property overlies the "S" limb of the anticline resulting in a predominant sheet dip of 35 to 40° to the northeast with local dip reversals due to open parasitic folding. Numerous faults and sheer zones parallel and conjugate to the major fold axes are present throughout the property and are important control to the gold mineralization. All sedimentary units have suffered low-grade greenschist metamorphism with universal pyritization and carbonatization.

MINERALIZATION

Extensive prospecting, sampling, trenching, diamond and rotary drilling carried out on the CPW Claim has discovered three interrelated styles of gold mineralization. These three forms are:

- a) In anastomosing quartz vein stockworks occupying north easterly trending, steeply dipping shear zones in graphitic shale;
- b) As residual particles in leached pyrite vugs invariably with silica in pyritic shaly siltstone. Beneath the zone of surface oxidation, gold occurs as coatings and fracture fillings in pyrite grains that are encapsulated in silica;
- c) As free gold associated with minor galena and pyrite in north easterly trending, steeply dipping, 2 cm to 1 m quartz veins in massive siltstone and intensely silicified and carbonate altered porphyry dykes.

The three forms of gold mineralization are thought to have been deposited by hydrothermal fluids localized in north easterly trending fracture and shear zones formed by compressional shearing during folding of the strata. Compressional stress caused the more competent massive siltstones and altered dykes to fail along a limited number of fractures, while wide zones of fracturing developed in the shale. The auriferous, hydrothermal fluids migrated up these structures forming discrete vein-fillings in the massive siltstone, but horsetailed into an anastomosing vein system on passing into the fractured shale. Ponding of the hydrothermal fluids occurred as the upwardly migrating solutions attempted to pass from the structurally more permeable shale into the overlying less permeable siltstone. As ponded fluids spread laterally through the pyritic shaly siltstone, gold was deposited as replacements of pyrite rims forming manto-like replacement zones beneath the less permeable siltstone.

The 1985 exploration focussed on evaluating both the manto-type and shear-hosted, stockwork zones which have potential for significant tonnages of near surface open pitable gold mineralization.

Seven zones have been outlined. These seven

distinct zones are known as the Madre, Madre West, 11-12-13 and LE, M, 14 Oz, A and E zones (Plate 1). A description of each zones follows:

Madre Zone

This zone, which was the discovery zone, has been explored by 8 trenches, 2 diamond drill holes and 24 rotary holes (Plates 1-7, 13 & 14). Drilling and trenching shows the zone to consist of a north easterly trending, 50° dipping root zone of anastomosing quartz veins that upward spread-out into a 'mushroom' shaped manto beneath a cap rock of massive siltstone. The stockwork part of the zone has widths of between 10 and 20 metres, with the zone spreading out to over 30 metres in the upper manto part of the zone.

The Madre Zone has been traced continuously over a distance of 150 metres. To the northeast the zone plunges beneath a massive siltstone cap rock and 'can be traced through to Section KK' (Plate 7), beyond which the zone terminates against an intensely silicified and carbonate altered swarm of porphyry dykes and altered sedimentary rocks. On encountering the highly competent dykes, the Madre Zone dissipates into large auriferous quartz veins of the type categorized in this report as type (c) mineralization. The Madre Zone remains open to the southwest and to depth. Gold mineralization on strike with the Madre Zone has been observed on the Peso ground a distance of 50 metres from the claim boundary, with the favourable shale and shaly siltstone units exposed for over 250 m south of the claim boundary.

To date, drilling and trenching results indicate the Madre Zone to have a probable reserve of nearly 400,000 tons grading 0.1 oz/ton gold, with the zone open on strike to the southwest and to depth. The ultimate potential reserve of the Madre Zone to a depth of 70 m and over a strike length of 350 m is believed to be in excess of 1 million tons grading 0.1 oz/ton gold. Confirming the dimensions of this zone will require the drilling of 600 metres in approximately 8 holes.

TABLE 2

MT. CALVERY RESOURCES LTD.

October 3, 1985

TABLE OF ROTARY PERCUSSION DRILL HOLES

MADRE GOLD ZONE - CPW PROPERTY

DRILL HOLE	INTERVAL (METRES)	LENGTH		GOLD ASSAY (OUNCES/TON)	DRILL HOLE	INTERVAL (METRES)	LENGTH		GOLD ASSAY (OUNCES/TON)
		(METRES)	(FEET)				(METRES)	(FEET)	
MR-4	11 to 22	11	36	0.05	MR-25	8 to 10	2	7	3.05
including	14 - 19	5	16	0.07		52 - 54	2	7	0.15
	32 - 35	3	10	0.05	MR-26	47 - 48	1	3	0.19
MR-5	23 - 30	7	23	0.06	MR-27	47 - 49	2	7	0.05
MR-6	42 - 51	9	30	0.05	MR-28	68 - 74	6	20	0.05
MR-7	8 - 14	6	20	0.05		79 - 82	3	10	0.12
including	24 - 50	26	85	0.19	MR-29	76 - 78	2	7	0.04
	39 - 43	4	13	0.49	MR-30	31 - 32	1	3	0.36
MR-8	8 - 12	4	13	0.04		63 - 71	8	26	0.05
including	14 - 16	2	7	0.05	MR-31	57 - 74	17	56	0.06
	45 - 48	3	10	0.04		78 - 87	9	30	0.04
MR-9	2 - 24	22	72	0.06	MR-32	21 - 24	3	10	1.75
including	14 - 20	6	20	0.10	MR-33	9 - 14	5	16	0.05
MR-10	11 - 16	5	16	0.10		86 - 89	3	10	0.11
MR-11	4 - 25	21	69	0.10	MR-34	16 - 18	2	7	0.12
including	4 - 15	11	36	0.16		68 - 69	1	3	0.132
MR-12	5 - 14	9	30	0.11	MR-35	51 - 72	21	69	0.14
MR-13	10 - 13	3	10	0.07	including	51 - 60	9	30	0.27
including	18 - 22	4	13	0.05	MR-36	72 - 77	5	16	0.08
MR-14	63 - 66	3	10	0.06	including	72 - 75	3	10	0.11
MR-15	12 - 25	13	43	0.12	MR-37	41 - 45	4	13	0.05
including	15 - 22	7	23	0.17	MR-38	2 - 15	13	43	0.06
MR-16	6 - 12	6	20	0.04		45 - 49	4	13	0.08
MR-17	28 - 30	2	7	0.11	MR-39	27 - 30	3	10	0.05
including	39 - 43	4	13	0.08	MR-40	no significant intersections			
MR-18	2 - 14	12	39	0.10	MR-41	36 - 37	4	13	0.06
including	2 - 6	4	13	0.16		49 - 60	11	36	0.05
	58 - 66	8	26	0.05	including	49 - 53	4	13	0.06
MR-19	21 - 31	10	33	0.05	" "	55 - 60	5	16	0.05
including	26 - 31	5	16	0.07	MR-42	22 - 27	5	16	0.06
MR-20	28 - 34	6	20	0.05		62 - 75	13	43	0.07
including	45 - 59	14	46	0.33	including	69 - 75	6	20	0.10
	48 - 58	10	33	0.45	MR-43	no significant intersections			
MR-21	9 - 10	1	3	0.30	MR-44	no significant intersections			
MR-22	18 - 29	11	36	0.04	MR-45	no significant intersections			
including	26 - 29	3	10	0.07	MR-46	33 - 35	2	7	0.07
MR-23	72 - 79	7	23	0.05	MR-47	no significant intersections			
MR-24	16 - 23	7	23	0.06					
including	40 - 45	5	16	0.31					

Madre West

The Madre West Zone is a parallel quartz vein stockwork and associated Manto Zone lying 50 metres northwest of the Madre Zone (Plate 1).

Initially discovered in 1984, assays from the trenches located mineralization with gold grades to 0.14 oz/ton over 11 metres. Subsequently, the zone in the vicinity of the trenches was tested by 2 diamond and 4 rotary drill holes. Results of the drilling showed the gold grades to be in the 0.05 oz/ton gold range, however, these drill results are probably biased low because the holes intersected the zone obliquely to the strike of the dominant auriferous vein direction. Results of the drilling confirm the presence of the zone, but are thought not to be representative of the true average grade. All of the drilling was centred around the original discovery North and South trenches, and only tested 60 metres of strike length. Down-dip, the zone was tested by a single hole, MR-6, which showed the zone to be continuous for 55 metres and still open. Drill hole MR-6, which intersected 9 metres grading 0.05 oz/ton gold also cut the zone obliquely to the main gold-bearing stockwork direction, hence its assay values probably biased low. To the southwest, on strike with the mineralization in the South trench, a distance of 130 metres, gold mineralization has been reported in old workings situated on the Peso-CPW claim boundary. To the northeast the zone is untested.

Known surface exposures and drill intersections indicate a strike length of 200 metres with the zone remaining open in all directions. Widths of the mineralization encountered in trenches and drill intersections are comparable to the Madre Zone, and therefore, suggest that the Madre West Zone has an overall potential for a reserve in the range of one million tons grading in the 0.1 oz/ton gold range. The proximity of the two zones is such that both zones may be exploitable from a single pit. Evaluation of the Madre West Zone will require an extensive drill program entailing a minimum of 800 metres of drilling in 12 holes.

11, 12, 13 and LE Zones

The 11, 12, 13 and LE Zones are separate, but parallel zone lying on strike with the Madre Zone, northeast of the dyke swarm that terminates the Madre Zone. The five zones occur within a thick succession of shaly siltstone and minor siltstone and shale, and are well exposed in the LE trenches, Trench 12, and Trench 13. The stratigraphic relationship of this shaly siltstone host and the shale-shaly siltstone Madre Zone host is unclear and requires further study. Individual zones consist of anastomosing stockworks of quartz veins with replacement gold mineralization in pyritic horizons between the veins.

Results from trench sampling and 13 drill holes show the individual zones to have average widths of 8 metres with grades ranging from 0.1 to 0.05 oz/ton gold. These zones have been traced for 90 m on strike and remain open to the northeast and to depth. Within the 90 m strike length explored by drilling, a possible reserve to a 70 metre depth of 600,000 tons having an average grade between 0.07 to 0.1 oz/ton gold exists. The potential is good for extending the 11, 13 and LE Zones a further 90 m to the northeast, thus increasing the overall possible reserve to 1.2 million tons. With the exception of the 12 Zone, these zones could be exploited from a single pit.

Fill-in drilling and drilling the on strike extensions of these zones will require an additional 750 metres of drilling in 10 holes.

M Zone

The M Zone was discovered during Phase 11 trenching. This zone which is exposed at the southeast end of trench 10 and the northeast end of trench M occurs in the shaly siltstones that hosts the 11, 12, 13 and LE Zones. Sampling of the trenches indicate gold grades in the order of 0.10 oz/ton over 5 metres. The zone, which is exposed by trenching over a strike length of 70 m is open in all directions. The potential strike length of the M Zone is speculative, but is likely similar to the Madre zone. Further trenching and drilling is required to define the strike and depth continuity of the zone. The potential of the M Zone for a

reserve in the range of 1 million tons grading 0.1 oz/ton gold is conceivable.

14 Oz Zone

The 14 Oz Zone was discovered while prospecting during the Phase I program. Subsequent Phase II trenching determined the zone to consist of gold-bearing veins of type (c) mineralization in an intensely silicified carbonate altered dyke swarm. The veins, which range between 5 cm and 1 m, locally have grades to 14.7 oz/ton gold. Although the veins themselves are too small and erratic to constitute a viable exploration target, where they pass into more favourable host rocks to the northeast and southwest, a potential exists for stockwork and replacement gold mineralization. The southwest and northeast extensions of the 14 Oz Zone are untested, making the zone a priority target for future exploration. The vein system exposed in the 14 Oz Zone is comparable in gold grade and intensity to that which separates the Madre and LE-13-12-11 Zones. Potential exists, therefore, for gold mineralization of similar grade and size to exist on strike of the 14 Oz Zone.

A Zone

The A Zone lies exposed in trenches A, B, and C, and was tested in 1984 by 3 short rotary drill holes. Despite encouraging surface assays, the drill holes failed to intersect significant gold mineralization because they were drilled down the dip of known gold bearing vein system. The A Zone, therefore, is untested, and should be reevaluated both to depth and on strike to the northeast and southwest. To the southwest, the zone is on trend with the projected northeast extension of the 14 Oz Zone.

Testing of the A Zone will require drilling 5 holes totalling 300 metres and by an additional 300 metres of trenching.

E Zone

In 1984, the E Zone was tested by 3 trenches (D, E, and F) and a single rotary drill hole. The trench exposed 15 m grading 0.10 oz/ton

gold, while drill hole MR-10 intersected 5 metres of 0.10 oz/ton gold. No work was carried out on the zone in 1985, and hence it remains open in all directions. Based on a 360 metre strike length the E Zone has a potential for a reserve in the one million ton range of 0.1 oz/ton gold.

CONCLUSIONS

Exploration to date has successfully identified seven zones of structural-strata controlled gold mineralization that are potentially open pitable. The seven zones, each at various stages of exploration, have an aggregate potential reserve in excess of 7 million tons averaging 0.1 to 0.08 oz/ton gold. All gold zones, summarized in Table III, require a substantial on-going exploration program of exploratory and grid-drilling to delineate potential grade and tonnage.

TABLE III

SUMMARY OF TONNAGE POTENTIAL - CPW CLAIM

<u>Zone</u>	<u>Exploration State</u>	<u>Tonnage Drill Indicated</u>	<u>Remaining Potential</u>	<u>Tonnage Potential</u>	<u>Grade</u>
MADRE	Partially grid-drilled	400,000 tons	+ 600,000 t	+ 1,000,000	0.10
MADRE WEST	Surface trenching, 6 holes	-	1,000,000	+ 1,000,000	0.10
11,12,13, LE	Trenching 13 holes	600,000 tons (poss.)	600,000	1,200,000	0.07-0.10
M	Trenching	-	1,000,000	1,000,000	0.08-0.10
14 Oz	Trenching	-	1,000,000	1,000,000	0.08
E	Trenching 1 hole	-	1,000,000	1,000,000	0.08
A	Trenching 3 holes	-	1,000,000	1,000,000	0.08
				<u>7,200,000</u>	<u>0.08-0.10</u>

CPW PROPERTY
(Revised October 16, 1985)
SUMMARY OF 1985 PHASE I & II EXPENDITURES

<u>EXPLORATION FUNCTION</u>	<u>COSTS TO SEPT. 30/85</u>	<u>ESTIMATED COSTS FOR COMPLETION</u>	<u>ESTIMATED TOTAL COST</u>
Analyses - Assays & Geochem	36,069.09	10,384.65	46,453.74
Camp Maintenance	11,376.98		11,376.98
Consulting - Geological	4,961.11		4,961.11
Consulting - Metallurgical	3,619.50		3,619.50
Expediting	1,310.31	500.00	1,810.31
Drilling	59,961.71	41,700.00	101,661.71
Field Equipment	14,106.41	117.33	14,223.74
Maps, Printing & Drafting	5,668.96	1,852.14	7,521.10
Property Acq. & Option Payments	35,400.00	5,000.00	40,400.00
Property Maintenance	220.00	5,000.00	5,220.00
Salaries	55,246.60	18,500.00	73,746.60
Surveys - Geochemical	5,760.00		5,760.00
Transportation - Airlines	1,562.68	200.00	1,762.68
Transportation - Freight	3,413.09		3,413.09
Transportation - Vehicle	10,732.72	2,238.38	12,971.10
Trenching and Roads	21,060.37		21,060.37
Miscellaneous - Indirect	208.84		208.84
Project Management Fee	27,085.84	8,049.25	35,135.09
TOTAL	<u>297,764.21</u>	<u>93,541.75</u>	<u>391,305.96</u>

FUNDS ADVANCED:

PHASE I:	170,000	
PHASE II:	256,500	
	<u>426,500.00</u>	

ESTIMATED TOTAL COSTS 391,305.96BALANCE REMAINING 35,194.04ADDITIONAL CHARGES

Property Acquisition	20,000.00
Legal Fees	5,000.00
Staking	2,000.00
Maps, Prints	1,000.00
Administration	2,800.00
	<u>30,800.00</u>

BALANCE REMAINING 4,394.04

PROPOSED 1985 PHASE III PROGRAM - CPW CLAIM

The CPW property hosts structural-strata controlled gold mineralization warranting an aggressive Phase III exploration program. The earlier 1985 programs successfully advanced the exploration potential of the property from significant intersection of gold mineralization on surface and in drill holes to outlining areas with potential for tonnages in excess of 7 million tons grading in the 0.1 to 0.08 oz/ton gold range. Further grid and exploratory drilling will be focussed at expanding the drill indicated reserve in the Madre, Madre West and LE, 11 and 13 Zones and confirming the dimensions of the M, 14 Oz, A and E Zones.

The Phase III program of additional diamond drilling is proposed for an estimated expenditure of \$307,300. The above two month program would be initiated in November with anticipated completion in late December.

Revised October 16, 1985

MT. CALVERY RESOURCES LTD.EXPLORATION BUDGET - PHASE III (1985) CPW CLAIMBUDGET PERIOD - OCTOBER, 1985 TO APRIL, 1986

	\$
ANALYSES - ASSAY	7,200
CAMP MAINTENANCE COSTS	1,600
SURVEYING - CONTROL	2,000
DIAMOND DRILLING	40,000
EXPEDITING	500
FIELD SUPPLIES	1,000
MAPS, PRINTS, DRAFTING	4,000
PROPERTY ACQUISITION & OPTION PAYMENTS	35,000
PROPERTY MAINTENANCE	2,500
SALARIES - GROSS	18,300
TRANSPORTATION	4,500
TRENCHES, DRILL SITES & ROADS	2,300
	<u>118,900</u>
MANAGEMENT FEE	11,900
	<u>130,800</u>
FUNDS REQUIRED:	
60,000 SHARES @ \$1.50	= 90,000
ALLOCATED TO WORKING CAPITAL	= <u>16,500</u>
AVAILABLE FOR EXPLORATION	<u>73,500</u>
ADDITIONAL FUNDS REQUIRED	<u><u>57,300</u></u>

EXPLORATION BUDGET - PHASE III (1985) CPW CLAIM

EXPLORATION FUNCTION	ESTIMATED COST	TOTAL \$	DISTRIBUTION												
			JUL \$	AUG \$	SEP \$	OCT \$	NOV \$	DEC \$	JAN \$	FEB \$	MAR \$	APR \$			
902	<u>ANALYSES</u>														
	Diamond Drill Samples 600 @ \$12 (Au)	7,200								7,200					
									7,200						
906	<u>CAMP MAINTENANCE COSTS</u>														
	Company Personnel - 42 man days @ \$38 Geologist Assistant	1,600							1,000	600					
									1,000	600					
954	<u>SURVEYING - CONTROL</u>														
	Contract	2,000								2,000					
										2,000					
930	<u>DIAMOND DRILLING</u>														
	2,000 ft. Nq Diamond Drilling @ \$20/ft.	40,000							20,000	20,000					
									20,000	20,000					
918	<u>EXPEDITING</u>														
	Telephone/Expediting	500							300	200					
									300	200					
934	<u>FIELD SUPPLIES</u>														
	Fuel	500							300	200					
	Misc. Supplies	500							200	200					
									600	400					

APPENDIX I