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REPORT

on the

BON ACCORD CLAIM GROUP

(Also Known as the L. L. and H. Gold-Silver Property)

SKEENA MINING DIVISION, BRITISH COLUMBIA

for

ERL RESOURCES LTD.

N.T.S. 104A/4

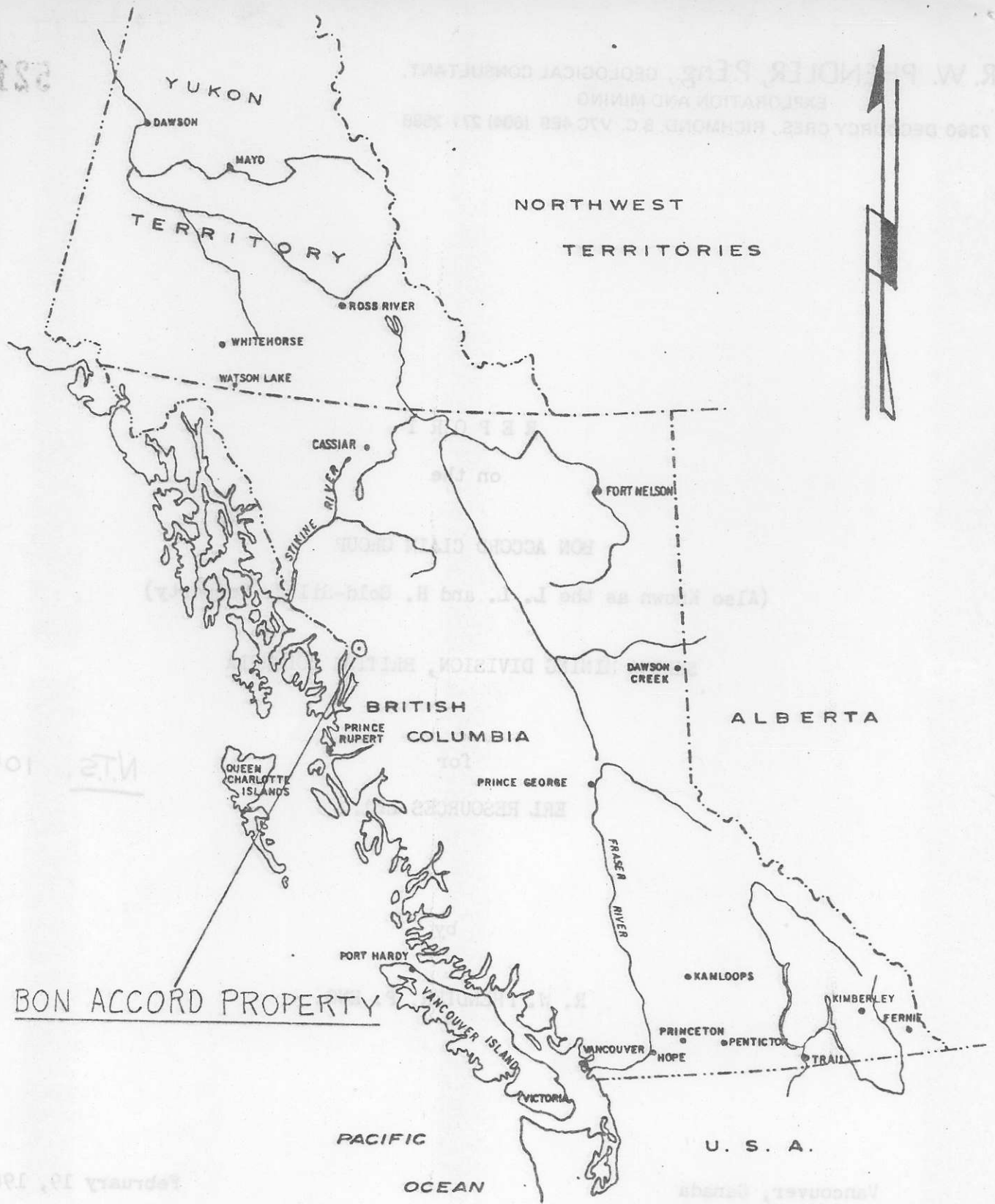
by

R. W. PHENDLER, P. ENG.


Vancouver, Canada

February 19, 1980

LOCATION MAP
VANCOUVER
ERL RESOURCES LTD.
BON ACCORD PROPERTY-LLH MINE
report taken from VSE, (March 13, 1981) for
Tenajon Silver Corp.



BON ACCORD PROPERTY

LOCATION MAP	
VANCOUVER	BRITISH COLUMBIA
ERL RESOURCES LTD.	
BON ACCORD PROPERTY-LLTH MINE	
SCALE 1:12,672,000	
0  200 Km	
NTS.	DATE, FEB. 1980 FIG. No. 1

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- Fig. 1 - Location Map - 1" = 200 Miles
- Fig. 2 - Property Map - 1 : 10,000
- Fig. 3 - Plan of Underground Workings - 1 : 1,000

PART "A"

SUMMARY AND CONCLUSIONS

Lying near the centre of the Portland Canal gold - silver mineral district, the Bon Accord property is reported to have two well mineralized shear zones that have been traced on surface for 350 meters along strike. These shear zones are located in host rocks of argillite and augite porphyry with widths measuring a few meters in the former and widening to twelve meters in the latter.

Mineralization consists of sphalerite and argentiferous galena with associated gold values and although the surface exposures are heavily weathered and difficult to sample, sufficient underground work has indicated the presence of near commercial mineralization.

Three adits have been driven to explore the mineralized shear zones, two between 1910 and 1920 and the third, or lowest level, in 1942 - 1943. Well documented samples show that gold values average around 0.10 - 0.15 oz. per ton and silver values are in the 2 - 3 oz. per ton range, with additional significant values in lead and zinc.

Although the lowest levels are caved at present and the writer has not sampled the underground workings, the reported values are verified by B.C. Minister of Mines reports for the years in question. Company reports (Premier Gold Mining) by E. Langille and (Premier Gold Mining Co. Ltd.) by J. Pearcey adequately describe the property and these and accompanying assay plans and sections are believed to be authentic.

In view of the present prices for gold (\$800 per ounce) and silver (\$50 per ounce) the Bon Accord property warrants further exploration. The cost of operating from and maintaining year round access to the existing adits would be prohibitive and consequently an alternative approach must be considered.

Prior to determining the location of a new adit in a more suitable environment, surface diamond drilling should be carried out.

It is felt that significant tonnages of mineralized material may exist on the property under discussion that could average 0.12 oz. Au and 2.5 oz. Ag per ton. At present prices, gross metal value would be in excess of \$230 per ton, well in excess of expected cut off grade. No estimation of tonnages that may be present can be made at this time.

RECOMMENDATIONS

It is recommended that:

PHASE I :

- 1) A camp be established in Hartley Gulch.
- 2) Prospecting be carried out in the vicinity of the No. 1 and No. 2 veins.
- 3) The No. 3 level be rehabilitated, mapped and sampled.
- 4) A rock and soil geochemical survey be conducted in the extensions of the veins.

PHASE II :

Surface diamond drilling be carried out.

COST ESTIMATE

PHASE I :	Establsih camp	--	-	-	\$10,000
	Prospecting	--	-	-	5,000
	Rehabilitate #3 level	--	-	-	15,000
	Geochemical survey	--	-	-	5,000
	Engineering & Geology	--	-	-	5,000
	Sampling & Assaying	--	-	-	<u>3,500</u>
				Total-	\$43,500
				15% Contingencies-	<u>6,525</u>
				TOTAL - PHASE I	\$50,025

PHASE II - Diamond drilling - 800 mtrs. @ \$90/mtr. - \$72,000

Helicopter support - 8,000

Engineering & Geology - 5,000

Assaying - 2,000

Total - \$87,000

15% Contingencies - 13,050

TOTAL - PHASE II - \$100,050

GRAND TOTAL - \$150,075

The sum of \$50,000 should be made available to carry out Phase I of the above program.

Respectfully submitted,

R. W. Phendler P. Eng.
R. W. Phendler, P. Eng.



COST ESTIMATE

\$10,000	-	-	-	Establish camp
5,000	-	-	-	Prospecting
15,000	-	-	-	Rehabilitate #3 level
5,000	-	-	-	Geochemical survey
5,000	-	-	-	Engineering & Geology
1,000	-	-	-	Sampling & Assaying
\$43,000	-	-	-	Total
6,050	-	-	-	15% Contingencies
\$49,050	-	-	-	TOTAL - PHASE I

PART "B"

INTRODUCTION

At the request of Mr. Jim McLeod of ERL Resources Ltd., the writer has compiled this report on the Bon Accord Claim Group. This property has been known as the L.L. and H. Mine for many years but has never made any shipments of material.

The writer has examined the well documented mine records which include a 40 feet to 1 inch composite assay plan of the three mine levels, which appears to be valid. Also provided the writer are a number of private reports by company engineers and excerpts from B.C. Minister of Mines reports.

Weather conditions at the site at time of writing dictate that a visit would be futile. The steep, barren slope on which the portals are located are presently covered by heavy snow and will be until mid June.

It is the custom of the writer to verify the sampling on a property of this type but old reports show that surface exposures of the veins are badly weathered and that levels 2 and 3 are caved at the portals.

LOCATION AND ACCESS

The Bon Accord gold silver property is located at an elevation between 920 and 1500 meters about 840 kilometers northwest of Vancouver in west central British Columbia near Stewart.

The property is most easily reached by helicopter from Stewart in a few minutes while ground access is rather difficult. Thirteen kilometers north of Stewart on the Stewart-Cassiar highway, Bitter Creek enters the Bear River from the east. A pack trail can be followed along the north bank of Bitter Creek for ten kilometers to Hartley Gulch, in which the Bon Accord claims are located. This pack trail leads to a cabin at 680 meters elevation, located on a bench 350 meters above Bitter Creek.

Old reports state that the slope on which the portals are located is very steep and access by foot is made with the aid of ropes and ladders.

Mine timber is available on the lower (westernmost) claims and sufficient water for a mine operation would be provided by Hartley Creek, being glacier - fed.

PROPERTY AND OWNERSHIP

The Bon Accord property consists of the following reverted Crown-granted mineral claims:

<u>NAME</u>	<u>CROWN GRANT NO.</u>	<u>RECORD NO.</u>
Bon Accord #1	6090	804 (11)
" #2	6091	805 (11)
" #3	6092	806 (11)
" #4	6093	807 (11)
" #5	6094	808 (11)
" #6	6095	809 (11)
" #7	6200	810 (11)
" #8	6201	811 (11)

It is reported that these claims are held by Mr. I. McLeod of Stewart, B.C. and are being optioned by ERL Resources Ltd. No search was made by the writer.

HISTORY

The prospect was first staked in 1910 by Messrs. Lydden, Lade and Hartley - hence the property name of L.L. and H. Mine. Between 1910 and 1920 levels #1 and #2 were driven intersecting the No. 2 vein in the upper level (No. 1) and both veins in the No. 2 level. These levels are sixty - five meters vertically apart.

In 1929 the Bitter Creek Mines Ltd. was formed to develop the prospect and soon after the Northern Metals Holding Syndicate acquired a large block of stock to manage the development. The work was done, the claims lapsed and then were re-staked by Hartley, one of the original owners in 1931. In 1934 the Playfair Gold Mines Ltd. optioned the property but their efforts were limited to preparing the site for a low level tunnel at an elevation of 850 meters.

During 1941 and 1942 the No. 3 level was driven by Mr. J. Le Francois and associates but no mining production took place.

GEOLOGY AND MINERALIZATION

The area in which the Bon Accord property (L.L. and H. Mine) is located is underlain by argillites and greenstones of the Bitter Creek formation of Middle Jurassic Age. The Bitter Creek formation is part of the Hazelton Group. The argillites are intruded by augite porphyry dykes and small lenticular stocks. These masses of porphyryite vary in thickness from a few feet up to a hundred feet or more and occur in great quantity. The bedding of the argillites strikes N 70° and dips 50° northeast.

Mineralization consists of two parallel shear zones that can be traced on surface for at least 350 meters along strike to the north from the area of the three portals. These shear zones strike N 20° - 30°E and dip from 55° to 80° northeast, appearing to steepen with depth. Their widths vary up to 12 meters and are marked by a prominent white gouge zone between 0.3 - 0.6 meters in width generally located on the hanging wall of the zones.

Within the argillites the mineralization is confined to 4.0 meters of quartz and sulphides (galena, sphalerite and pyrite) while within the augite porphyry mineralization of a similar nature extends across the full width of the fracturing or brecciation, often reaching in excess of twelve meters.

NO. 1 LEVEL : This level was driven for 27 meters on a bearing of N27°E, intersecting No. 2 vein about ten meters from the portal. Width of mineralization is about 14.0' (4.2 meters) and samples taken by Resident Engineer J.G. Pearcey averaged 0.06 oz Au and 3.83 oz. Ag across this width. Figure 3 shows numerous samples taken by Pearcey and B.F. Smith, the best of which assayed 0.20 oz. Au and 23.96 oz. Ag across a width of 0.6' and 0.07 oz. Au and 8.66 oz. Ag across 4.0'. Host rock is believed to be argillite.

NO. 2 LEVEL : No. 2 level was driven in a northeasterly direction for about 90 meters, cutting both No. 1 and No. 2 veins. The adit collared in No. 1 vein which was 17 feet (5.2 meters) wide. A sample taken by Engineer B. Smith assayed 0.21 oz. Au and 0.79 oz. Ag across this width. Figure 3 shows the 17 foot sample, as well as samples taken by Pearcey, the best of which assayed 1.32 oz. Au and 3.08 oz. Ag across 4.0' (1.2 meters).

The No. 2 vein was intersected from 51.5 meters to 60.6 meters and samples taken by Pearcey averaged 0.13 oz. Au and 1.98 oz. Ag across 9.1 meters. Three of the better samples taken by Pearcey on this vein are shown in figure 3.

Both veins occur within augite porphyry on this level, accounting for the widths.

NO. 3 LEVEL : About 200 meters of crosscut and 60 meters of drift was driven on this level, with the drifting equally divided between No. 1 and No. 2 veins. Both veins were intersected within the argillites, accounting for the rather narrow widths.

The No. 1 vein is described as being a somewhat narrow fissure containing sphalerite, pyrite and galena. Selected muck samples taken by Le Francois in 1942 show encouraging values in lead, zinc and silver while old reports state that the first eight meters averaged 0.06 oz. Au and 2.27 oz. Ag across an average width of 0.7'.

No. 2 vein attained a maximum width of 4.5' (1.4 meters) in the No. 3 level, where it was drifted in argillite for a length of 18.2 meters. A sample at this point is reported to assay 0.67 oz. Au and 1.23 oz. Ag. The vein measured 1.0 feet on the north face and 0.3 feet on the south end, but averaged 2.1 feet throughout its length. Samples averaged 0.63 oz. Au and 0.79 oz. Ag across 2.1 feet for the 60 foot length.

COMMENT

The continuity of the two veins is impressive, with the No. 1 vein showing a strike length of 50 meters and a down dip extent of 90 meters and the No. 2 vein 60 meter strike length and down dip extension of 120 meters (from underground development).

Sufficient samples have been taken to indicate that significant tonnages of mineralized material may exist assaying in the range of 0.10 - 0.15 oz. Au and 2 - 4 oz. Ag per ton.

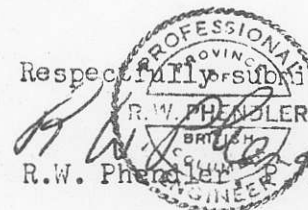
Significant values in lead and zinc are also indicated, although very few samples were assayed for these metals.

Widths of the mineralized structures, or shear zones may vary between a couple of feet and 40 feet, depending on whether the vein is within argillite or augite porphyry.

Additional exploration work is warranted but should be carried out in areas other than the existing mine levels because of the precipitous slope on which they are located. It is suggested that diamond drilling from the timbered area northwest of the adits be considered with the purpose of intersecting the two veins along strike. The ridge area due north of the adits should be scouted, as a possible location for exploratory drilling from the hanging wall of the mineralized shear zones.

Respectfully submitted,

R.W. Pender, Eng.



C E R T I F I C A T I O N

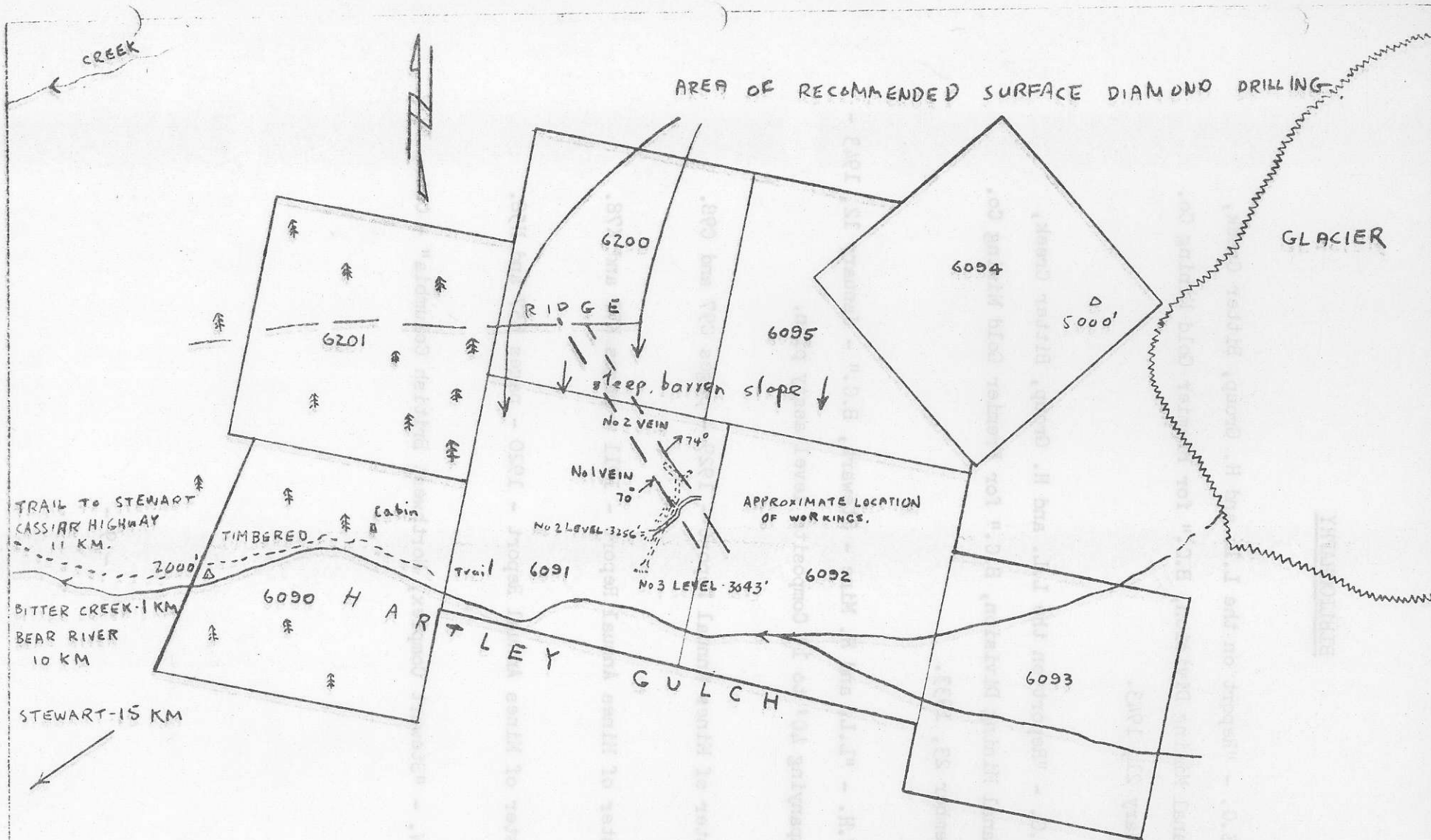
I, R.W. Phendler of 7360 Decourcy Crescent, Richmond, B.C. hereby certify as follows:

- 1) THAT I am a registered member of the Association of Professional Engineers of British Columbia - No. 4421 - 1963.
- 2) THAT I am a graduate of McGill University, Montreal with a Bachelor of Science degree in geology.
- 3) THAT I have practiced my profession continually as mine, exploration and consultant geologist for the past 27 years in all parts of Canada, the U.S.A., Mexico, Peru, Colombia and Chile.
- 4) THAT I have no interest directly or indirectly in the Bon Accord claims nor do I own directly or indirectly any shares of ERL Resources Ltd., nor do I expect to.
- 5) THAT the information contained in this report was compiled as a result of my examination of all available data, covering work carried out on the Bon Accord property.
- 6) I hereby consent to the publication of my report entitled "Report on the Bon Accord claim group, Skeena Mining Division, British Columbia", dated February 19, 1980 in a prospectus or a statement of material facts.


R. W. PHENDLER, Eng.


BIBLIOGRAPHY

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- 3) Mathews, W.H. - "L.L. and H. Mine - Stewart, B.C." - January 12, 1943 - with accompanying 40' to 1" Composite level assay plan.
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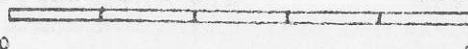


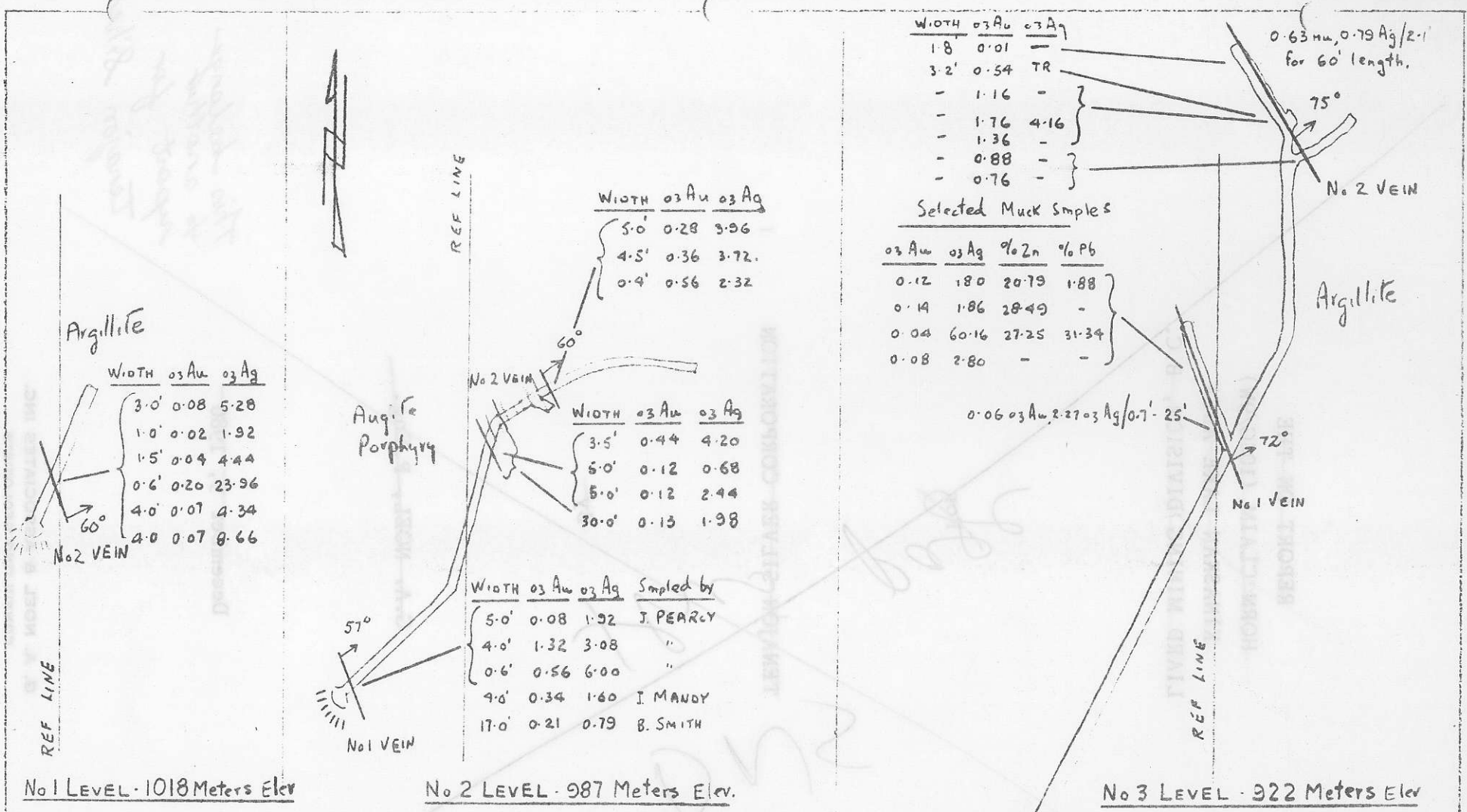
ERL RESOURCES LTD.

BON ACCORD CLAIM GROUP
SKEENA MINING DIVISION, BRITISH COLUMBIA

R.W. Phendler

 R.W. PHENDLER
 BRITISH COLUMBIA
 ENGINEER

SCALE 1" = 10 000'
 R.W. PHENDLER, P. ENG. FEB. 1980.




ERL RESOURCES LTD.

BON ACCORD CLAIM GROUP.
 SKEENA MINING DIVISION, BRITISH COLUMBIA
 SHOWING UNDERGROUND WORKINGS, VEIN LOCATIONS,
 AND CHIP AND MUCK SAMPLES.

SCALE 1:1000

R.W. PHENDLER, P. ENG

FEB. 1980

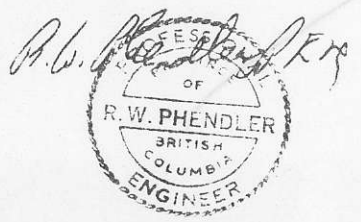


Fig 3