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August 26, 1979

Mr. David A. Graham
President
Norex Resources Ltd.
#610 - 200 Granville Square
Vancouver, British Columbia
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Dear Sir:

Re: OMNI RESOURCES INC.

Herewith my report on the Moly-Taku property of Omni Resources Inc., on the basis of my examination of August 22 - 23. In spite of the brevity of this examination, I can speak with some confidence on this situation, having more than a passing familiarity with most of the important molybdenum mines in the Free World, including all in British Columbia.

1. The geology at Moly-Taku is right. The rock is similar to Adanac (east of Atlin). (Of some interest may be the fact that, in 1979, Adanac is being drilled ^{ed} by its third major company (Placer) and will probably be brought into production soon, after several hundred thousand feet of drilling during the past 12 years.)
2. From surface outcrop, the dimensions of the Moly-Taku elliptical Alaskite stock appear to be at least 2,500 metres in length (northwesterly) by more than 1,000 metres in width. The surface outcrops represent only a few per cent of the total area of Alaskite, the remainder of the stock being capped by ice and, to a lesser extent, by 'tactite' rock.

A good view of the stock and its borders is provided by Zone 'Z' when viewed from the glacier about 500 metres to the south. The stock is at its apex here ('Z'); it is about 300 metres wide and its west and east margins are essentially vertical.

The northernmost outcrop of Alaskite is at Zone 'DD' and the southernmost outcrop is on an east-facing cliff 600 metres south of Zone 'Z', where 'tactite' outcrops with molybdenite-bearing 'Alaskite' in a contact zone. This new zone is called Zone 'Y'.

(The geological map on page 26 of the Omni prospectus of February 15, 1979 should be referred to throughout this report).

The sporadic outcrops of Alaskite occur over a vertical range of 600 metres (2,000 feet).

3. This summer's program (which will have to terminate about September 20th because of weather conditions) has been located in the highest part of the stock, in the razorback ridge that forms the headwall of four glaciers.

A surface hole was drilled 390 metres at a dip of -69 degrees (collar) into Zone 'Z' from ice level. For the most part, the rock was apparently not too well fractured nor was there much in the way of molybdenite present (but I did not have a good opportunity to verify this in the small, crowded core tent. On the surface at Zone 'Z', the Alaskite appears quite favourable, well painted in orange, yellow and brown and well fractured flatly to the west, east and south with considerable molybdenite evident.

At Zone 'N' an adit was being driven to provide stations for underground drilling. It is collared on a bearing of S. 20 degrees E, for 40 metres, then turns sharply on a bearing of S. 56 degrees W for 120 metres (not quite completed). Two 10 degree southward dipping fractures 1 metre apart were noted in the first part of the adit and they were mineralized with as much as 1 cm. of molybdenite. A careful look at the second part of the adit (S 56 degrees W) was not possible because of the mucking operation in progress.

From the turn in the adit, two drill holes, one flat and one +30 degrees have been drilled S, 20 degrees E and both penetrated the 'tactite' before being stopped at 122 metres and 99 metres respectively. The core from these holes was sampled in its entirety. The third underground hole is being drilled parallel to the S. 56 degrees W. section of the adit.

4. In addition to the core sampling, a 45 gallon drum of muck is being taken from each round in the adit and it is intended that each muck sample will be split and assayed.
5. There is nothing wrong with the present program. On the contrary, it is quite useful, BUT it is too localized (by topography, terrain) to have any significant impact on the determination of the potential of the Alaskite stock.

The potential of the stock can be determined by an access drive from Zone 'DD' southward for a minimum of 2,000 metres or by a 2,100 metre decline (-15 degrees) but, of course, adequate justification for such an expenditure would be nice to have and this can only be obtained by surface drilling - through the ice and the glacial debris beneath it and deep into the Alaskite.

The adit, or decline, would be for:-

- (a) The purpose of close underground diamond drilling on a regular grid pattern (say 100,000 feet for starters).
 - (b) Undertaking, if warranted by the results of (a), a small mining operation to obtain, say, a 300,000 ton sample of the 'ore' - to establish grade and for metallurgical experimentation.
6. In Item 5, the surface drilling envisaged not only requires expert drilling but rapid drilling - or the drill rods may be bent by ice movement and stuck in for good. The drilling, of course, should be discussed exhaustively with expert drillers.

Prior to the drilling, it would be wise to determine the thickness of the ice and glacial debris by a careful seismic survey across the glacier where the drilling is to take place.

Now is not the time for a seismic survey because the crevasses are all exposed. The seismic survey should be done in June, during a 3 week period, and followed immediately by vertical drilling (75 - 100 holes at 100 metre centres).

In conclusion, I want to emphasize that, in the above, I am thinking in terms of a medium size moly operation (25,000 tons/day for 20 years) - which would require a 150,000,000 ton deposit.

No mention has been made of the physical problems involved in operating on the Taku. I am fully aware of these, of course, having operated there (Polaris-Taku) for 18 months during 1939-41.

Respectfully submitted,

W.R. Bacon, P. Eng.

WRB:ss