CASAU EXPLORATION LTD.

ASTRO RPOJECT
KEREMEOS-PENTICTON AREA, B.C.
NTS 82E/4.5

EXCERPTS FROM TECHNICAL REPORTS

672470

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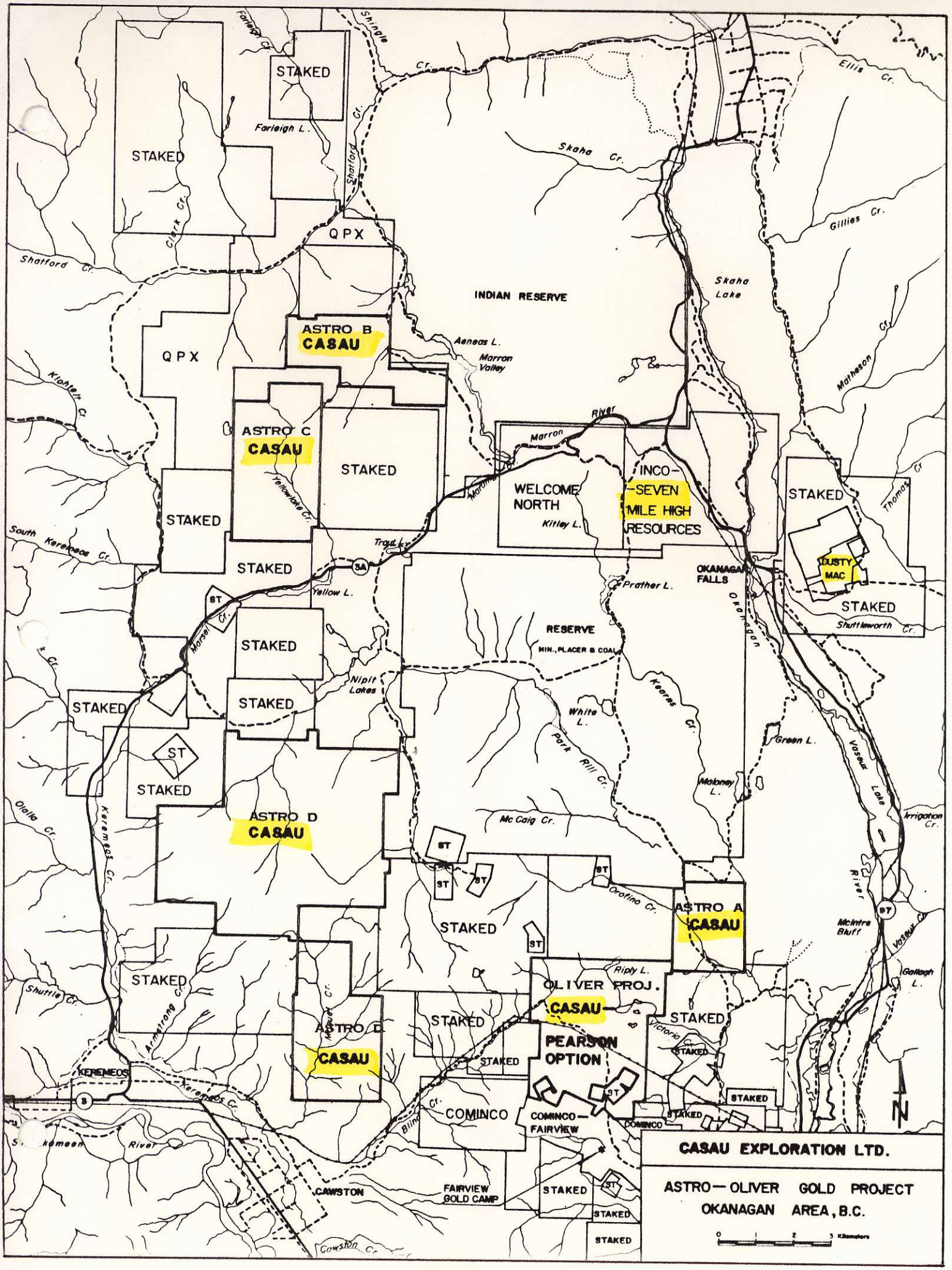
STAKED
STAKED
Farleigh L.
Farleigh Cr.
Shingle Cr.
Shatford Cr.
Clark Cr.
Ellis Cr.
Skaha Cr.
Gillies Cr.
Skaha Lake
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QPX
QPX
INDIAN RESERVE
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STAKED
STAKED
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CASAU EXPLORATION LTD.
ASTRO—OLIVER GOLD PROJECT
OKANAGAN AREA, B.C.
0 1 2 3 Kilometers

LEGEND

TERTIARY

8– SKAHA LAKE FORMATION (EOCENE/OLIGOCENE)

913 { 8B — UPPER MEMBER (Coarse Clastic Sediments)
8A — LOWER MEMBER (Basal Breccia, Augite Porphyry & Granitic Breccia, Fanglomerates)

(Minor Unconformity)

7– WHITE LAKE FORMATION (EOCENE/OLIGOCENE)

915 { 7B — ANDESITIC LAVAS
7A — CONGLOMERATES AND SANDSTONES

(Unconformity)

6– MARAMA FORMATION (EOCENE)

942 6 — RHYOLITES AND RHYODACITES

5– MARRON FORMATION (MIDDLE EOCENE)

910 5E — PARK RILL MEMBER (Non Vesicular Andesites)
909 5D — NIMPIT LAKE MEMBER (Trachytes and Trachyandesites)
931 5C — KEARNS CREEK MEMBER (Vesicular Basaltic Andesites)
921 5B — KITLEY LAKE MEMBER (Trachytes and Trachyandesites, with Plagioclase Clusters and Phenocrysts; age dated @ 51.6± 1.8 million years)
903 5A — YELLOW LAKE MEMBER (Rhomb-Porphyry Phonolites, with "Arkoses" and Sandstones – 5Aa – at bottom)

(Unconformity?)

4– SPRINGBROOK FORMATION (MIDDLE EOCENE)

946 { 4B — RHYOLITE COMPLEX
4A — CONGLOMERATE AND SANDSTONE

(Major Unconformity)

CRETACEOUS – JURASSIC

3– IGNEOUS INTRUSIVE ROCKS

924 { 3E — SYENITE
3D — GRANITE
922 3C — GRANODIORITE
912 3B — DIORITE
938 3A — HORNBLENDITE

2– TRIASSIC TO CARBONIFEROUS

936 { 2C — BLIND CREEK FORMATION (Limestone)
2B — OLD TOM FORMATION (Gneisses)
2A — SHOEMAKER FORMATION (Tuff and Cherts)

CARBONIFEROUS AND OLDER

1– KOBAU GROUP

901 { 1C — QUARTZITE
1B — QUARTZ BIOTITE GNEISS
939 1A — VASEAUX FORMATION (Gneiss)

BEDDING OR GNEISSOSITY
FAULT
GEOLOGICAL BOUNDARY, UNCERTAIN
OUTCROP BOUNDARY (mapping by F. Mitchell)
AREA WITH SCATTERED OUTCROP
SMALL OUTCROPS
PROPERTY BOUNDARY

GLACIAL STRIAE

1979 PROPERTY REPORTS

F. RACICOT; G. SALAZAR, P. ENG.

EXERPTS FROM INTERNAL PETRO CANADA REPORTS

1979 PROPERTY REPORT

TITLE:	1979 Program, Okanagan Properties
AUTHORS:	Frank Racicot, Guillermo Salazar S., P.Eng.(B.C.)
DATE:	April, 1980
COMMODITIES:	Uranium, Thorium
LOCATION:	Area - Okanagan, South Central B.C. Mining Division - Osoyoos Coordinates - Lat. 49°11'N Long. 119°36' N.T.S. - 82 E/4 E & W 5 E&W
OWNER:	Petro-Canada Exploration Ltd. by acquisition and claim staking
WORK DESCRIBED:	Geological mapping, geochemistry, ground scintillometry, ground magnetic surveys, reconnaissance prospecting, rotary drilling

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SUMMARY

This report covers work carried out during the 1979 field season on the Okanagan Uranium Project in Southern British Columbia. The initial stage consisted of establishing controlled grids in the Ian, Meyers Flat, Allen Grove and Farleigh Lake areas. A total of 185.9 km of grid were cut.

These areas were all geologically mapped at scales of 1:2500 and 1:5000. As well, magnetometer and radiometric surveys were conducted over them. Limited amounts of soil geochemical surveys over anomalous areas were also conducted.

Regional mapping and prospecting were carried out on the Allie, Cat, Micki and Mouse claims (Oliver area) and those Astro claims (referred to as the Yellow Lake area) are not covered by any of the grids.

The second stage consisted of thirteen rotary drill holes for a total of 7,195 feet, with a truck mounted TH 60 rotary drill rig with a downhole hammer. None of the holes encountered radioactivity.

In 1979, $227,000 was spent, bringing our total costs in the area to $542,527. Based on our 1979 field work land holdings were reduced from 861 units (53,188.3 acres) to 412 units (25,453.7 acres).

CONCLUSIONS AND RECOMMENDATIONS

The property has reached the stage at which target and model drilling are required, and the following work is recommended:

1) A search for post-glacial uranium deposits at Meyers Flats and Marron Valley. Soil, overburden and swamp sampling with hand augers across these areas is required.

2) Drilling of five 100' holes on specific targets at Farleigh Lake and North Allen Grove.

3) Rotary drilling, at least twenty holes of at least 1000' depth are required to test the potential of the buried paleochannel(s) interpreted on the basis of our geological mapping and drilling to date. A target better than the one known to exist at Farleigh Lake at present is required to make this approach economically feasible.

The B.C. Government has shelved all the above recommendations until they decide what to do with the uranium known to exist in the Province.

References

1. Bostock, H.S.: "Keremeos, British Columbia"; Geological Survey of Canada, Map 341A, 1940.

2. ..... "Okanagan Falls, British Columbia"; Geological Survey of Canada, Map 627A, 1941.

3. ..... "Olalla, British Columbia"; Geological Survey of Canada, Map 628A, 1941a.

4. Church, B.N.: "Geology of the White Lake Basin; British Columbia Department of Mines and Petroleum Resources", Bulletin 61, 1973.

5. ..... "Tertiary Stratigraphy and Resource Potential in South Central British Columbia" in: Contributions to Geological Fieldwork, 1978 (B.C. Department of Mines publication)

6. ..... "Geology of the Penticton Tertiary Outlier" Preliminary Map 35, 1979.

7. Culbert, R. R. and Leighton, D. G: "Uranium of Alkaline Waters - Okanagan Area, B.C." CIM. Bull. (May 1978) PP 103-110.

8. Little, H. W.: "Kettle River (West Half), British Columbia"; Geological Survey of Canada, Map 15-1961, 1961

9. Rowe, R. W.: "Report on the Geology and Geochemistry of the Allie, Micki, Cat, Mouse, Ian and Astro 1-46 Claims, Pacific Petroleums Ltd." Assessment Report, November, 1977

10. ..... "Supplementary Report on the Geochemistry of the Allie, Micki, Cat, Mouse, Ian and Astro 1-46 claims", March 1978

11. Salazar, S., G: "Okanagan Uranium Program, White Lake Basin Astro Claims, 1978 Field Season Report for Pacific Petroleums Ltd".

INTRODUCTION

Location and Access

Map 79-OK-1 shows the general location of the claims within British Columbia and all major and minor access roads.

The property occurs in low mountainous terrain between the Similkameen drainage system on the west and the Okanagan Lake valley on the east. High elevations and north-facing slopes are forested, whereas low parts and south-facing slopes are open ranch and farm lands. Annual precipitation is only about 11 inches and temperatures in excess of 40 degrees Celsius are commonly recorded for short periods in mid-summer. Many streams are active only during spring runoff. Several lakes and ponds in the area are stagnant or saline. Care must be taken to avoid the rattlesnakes that inhabit talus slopes and rocky ledges, especially in the Ian and Oliver areas.

History

Numerous old trenches and mine workings are seen, especially in the Oliver area. Pacific Petroleums Ltd. carried out regional reconnaissance mapping and geochemical surveying during 1977. Follow up of some of the anomalous results was carried out in two stages the following year.

The first stage of the 1978 season consisted of detailed geological mapping combined with soil, water and sediment geochemical sampling and with some instrument surveys. The second stage consisted of 5156' of diamond drilling.

B. D. Pearson staked the Allie, Cat, Micki, Mouse and Ian claims (70 units) as a result of a reconnaissance geochemical survey for uranium. The property was purchased by Pacific Petroleums Ltd. early in 1977, who staked an additional 46 claims (674 units) known as the Astro claims. The land holdings were expanded in May, 1978 (Astro 47, 20 units), and again in December, 1978 (Astro 48 to Astro 56, 86 units), for a grand total of 861 units or 53,188.3 acres.

Claim Status and Land Problems

At present after abandoning, losing, or letting various claims lapse, we hold 412 units or 25,453.7 acres in 33 claims. See Table 1 for specific details. The last two columns show the "Number of Years" and the "Due Date" applicable on approvals of two assessment reports.

Mr. R. Yorke Hardy contested our staking of claims Astro 1, 2, 33, 40-44 and 46 on the grounds that stakers could have done a better job. The Minister of Mines ruled against him as to Astro 1 and 33 and in his favor as to the rest on February 8, 1980. We decided not to contest this ruling. Mr. Ablett, though, has decided to sue the Crown from the position of a "concerned Free Miner with a valid interest" and will keep us posted.

The B.C. Government imposed a seven year moratorium on uranium mining and exploration on February 27, 1980 by Order in Council. It is still uncertain how this will affect our land holdings in B.C.

A payment of $2,000.00 to the Rogers Hereford Ranch as settlement for charges of trespassing and "damages" while drilling DDH 785 within LI708 was necessary. Owners of this said ranch suggested that we pay $2,000.00 per hole per day as toll for using their access roads into desired drill targets at North Allen Grove and Farleigh Lakes areas. As a result of this, no drilling was done. A misunderstanding with Mr. J. Menke, owner of L2531, also led to our inability to gain access into his property for drilling purposes. Access into these lots could be secured by using the "Mines Right of Way Act" and our rights as holders of Free Miner Certificates. The procedure involved, though, requires a minimum of six months' worth of planning and litigation.

REGIONAL GEOLOGY

General Statement

The first geological survey of the area was conducted by Bostock (1940, 1941 and 1941a), followed by Little (1961), who was concerned chiefly with the structural aspects, and by Church (1973, 1978) who described the Tertiary rocks of a selected area in considerable detail. Pacific Petroleums Ltd. personnel carried out reconnaissance mapping and geochemical surveying in 1977, and the ensuing year followed up some of the anomalous areas with gridded detail geological mapping, geochemical (soil, water and stream sediment) and geophysical (scintillometric, magnetic and very limited Induced Polarization) surveying. Drilling of the best targets, as well as for geological reconnaissance purposes, was carried out in the fall of 1978.

The 1979 program was similar to the previous one except there was no I.P. survey but there was additional reconnaissance mapping and prospecting in numerous areas. Several of the 13 rotary drill holes brought to light new and unsuspected geological data.

Map 79-OK-2 is a summary of the geological information accumulated to date.

Geology

The area is underlain by a thick sequence of volcanic and sedimentary rocks deposited within the White Lake Basin, of early Eocene to Oligocene age, which was preserved from erosion by gravity faulting. The petrology and chemistry of these rocks have been described in detail by Dr. B. N. Church (4) and will not be discussed here.

The pre-Tertiary rocks forming the western and southern walls of the basin are Blind Creek Formation limestone, Old Tom Formation basaltic and andesitic greenstones, Shoemaker Formation tuffs and cherts and Kobau Group quartzites, quartz biotite gneisses and feldspathic gneisses, all of which were intruded by four distinctly different intrusive phases of Cretaceous-Jurassic age. Syenites and leucogranites are most common in the Oliver area whereas granites and granodiorites are prevalent around Farleigh Lake. Diorites, hornblendites and altered diorites are also common in the Orofino Mountain area immediately north of the Oliver Granites.

The Springbrook Formation (4A) of early to middle Eocene age, occurs at the bottom of the basin and is formed of pebbles, cobbles and boulders of variable composition and angularity within a uniform, medium to fine grained size, dark to light green sand. The longest exposure of this formation occurs along the eastern slopes of Keremeos Creek on the west side of the property. Fragments along this exposure are quite angular and consist of cherts and greenstone of the Old Tom and Shoemaker Formations cemented by dark green, strongly chloritized sands and silts. Dips of individual bed range from almost zero to about 20^{o} eastward, and its thickness is highly variable, with a maximum estimated thickness of about 800 feet.

The Kettle River Formation (4Aa) conglomerate lies unconformably on top of the granitic intrusions and is exposed only in places in the northwest part of the basin. It is formed of well rounded granitic pebbles, cobbles and boulders. They range from 2 to 50 cm. (avg. 15 to 20) and are set in a groundmass of fine grained whitish green sand. A cobble of Yellow Lake phonolitic composition has been recognized within this formation in Farleigh Lake area.

The white ash of rhyolitic composition considered to be characteristic of this formation elsewhere in the Province was recognized in hole RDH 79-12. It is because of this hole also that the Kettle River Formation is tentatively considered to overlie the Springbrook Formation.

This year, the term "Rhyolite Complex" (4B) will be restricted to the devitrified, brownish colored, shattered rhyolite described in DDH 78-5 as "Dog's Breakfast" and will not include the phase termed porphyritic rhyolite by G. Nordin. DDH 78-5 and areas within its vicinity are the only places where this rock has been observed. Outcrops are characteristically shattered and brittle, and specimens break off outcrops with knife-sharp edges.. This rock may represent a dome feature and/or may be the lowermost unit of the Yellow Lake member.

The Marron Formation volcanics are subdivided in the following members: Yellow Lake, Kitley Lake, Kearns Creek, Nimpit Lake and Park Rill. It overlies the Springbrook and Kettle River Formations and the Rhyolite Complex.

The Yellow Lake Member (5A) is, in turn, subdivided into five units, which are:

- Chilled Phonolite (?) (5AA)
- Rhomb porphyry phonolite (5Aa)
- Sandy Tuff (5Ab)
- Coal partings (5Ac)
- Tuff and pink arkosic tuff (5Ad)
- Augite porphyry phonolite (5Ae)

Units 5Aa and 5Ae reflect the regional volcanic episode, while units 5AA, 5Ab, 5Ac and 5Ad appear to have a much more limited areal extent. Also, a certain unexplained spatial relationship between the Rhyolite Complex and the latter rocks appears to exist.

The Chilled Phonolite (?) (5AA) phase is seen east of Farleigh Lake and north of DDH 78-5 and was referred to as porphyritic rhyolite in the 1978 report. Detailed investigation of an outcrop in Farleigh Lake (at F.L. grid stations 21+00N/2+10E) brought up the fact that the feldspar could indeed have a rhombic shape and be sanidine instead of plagioclase. This is interpreted to represent the potassium rich chilled phase of the phonolites occurring higher up the section, with the more typical anorthoclase rhombs with sanidine rims. It is also interpreted that the lack of anorthoclase cores is due to either crystal size and/or chilling (thus making the chilled margins more potassium rich that the rest of the flow). Dr. B. N. Church has confirmed the composition of the feldspars and the rock's textural similarity to the other phonolites but does not agree with the above interpretations.

The Sandy Tuff (5Ab) unit overlies the Rhyolite Complex (4B), may be a rhyolitic crystal tuff and was referred to as "green tuffaceous sandstone" in 1978. The rock is usually light grey green in colour and shows a purplish red coloration when weathered. Grain size varies from silt size to coarse sand size and has some grains of magnetite and small augite phenocrysts (1-4 mm) present. This unit is much softer than the overlying arkosic tuff and weathers recessively. Bedding is very gentle, about 10° to the north or west; a crude graded bedding was observed in places.

The Coal Partings (5Ac) are thin, to 5 cm thick but usually not more than 10-15 mm partings interlayered within the pink arkosic tuff unit (5Ad) and are usually highly radioactive (to 30,000 cpm on TV-1A) due to accumulations of uranium and thorium. The area of DDH 78-5 appears to have more coal partings and carbonaceous trash in between tuffs over a greater stratigraphic thickness than anywhere else in the property.

Kitley Lake member trachytes and trachyandesites (5B) with characteristic plagioclase clusters and phenocrysts overlies the Yellow Lake phonolites. This member has been age dated at 51.6+ 1.8 million years by B. N. Church (1973).

The Kearns Creek member basaltic andesite (5C) characteristically vesicular, conformably overlies the Kitley Lake member rocks. It is a dark brown rock with abundant pyroxene phenocrysts that weathers recessively into a light buff brown rock crowded with pyroxenes.

The Nimpit Lake member trachytes and trachyandesites (5D) conformably overlie the Kearns Creek member basaltic andesites and are "commonly yellowish or cream coloured, non-vesicular and contain scattered small pyroxene phenocrysts and radiating plagioclase glomerophenocrysts" (Church, 1973) within a fine grained matrix.

The Park Rill member (5E) is formed of non-vesicular andesitic lavas, which are merocrystalline, generally massive and dark brown in color. This unit forms the uppermost unit of the Marron Formation.

The Marama Formation (6) overlies the Marron Formation unconformably and is composed predominantly of rhyolitic and rhyodacitic lavas and flow breccias, with a sedimentary section at the bottom.

The White Lake Formation (7) overlies the Marama Formation unconformably. It comprises a thick succession of lake and stream sediments and volcanic rocks and outcrop mainly within the grounds of the Astrogeophysical Observatory. RDH 79-5 encountered coal bearing brownish grey ashes that are tentatively correlated with this formation.

The Skaha Lake Formation (8) overlies the White Lake Formation unconformably. Its lower member comprises a basal breccia, an augite porphyry and granitic breccia and a fanglomerate while its upper member is made up of coarse clastic sediments.

Areas of Detailed Work

1. Allen Grove Area

On the basis of our mapping it was concluded that parts of the western edge of the White Lake Basin were not as shallow dipping as elsewhere in the basin. None of the four holes drilled in this area encountered uranium mineralization. For further details see Appendix A for the 1979 property report for Astro 35, 36 and 48-56 claims.

2. Farleigh Lake Area

The 1979 geology is enclosed as Appendix B. The area that was mapped in detail by G. Nordin in 1978 at a scale of 1:2500 was re-mapped in 1979 and extended north. The most significant changes are that the Springbrook Conglomerate is now being referred to as the Kettle River Formation and the Feldspar Rhyolite Porphyry as Chilled phonolite (?).

The presence of thin carbonaceous seams at the top of the Kettle River conglomerate, within the arkosic tuff and at the base of the phonolites, indicates that the conditions necessary to produce them (i.e. swampy terrains, etc.) existed at sporadic intervals before, during and after the emplacement of the rhyolites. The importance of these carbonaceous seams is that they are radioactive, indicating that uranium was available to the system over these same conditions and time period. Similar carbonaceous seams at Brent Lake are reported to assay as high as 1-1½% U_3O_8.

The radiometric survey confirmed much of what was reported last year (11). The most radioactive rocks are the arkosic tuffs. These rocks are outlined by anomalous spectrometer readings, immediately west of Farleigh Lake and also in the northeast area (@ L20+00N, St. 6+75E) of the grid where a small 50 metre knob of radioactive arkose was mapped in 1979. It is interesting to note that there is a 500 metre long weak radiometric anomaly lying roughly between the two known areas containing radioactive arkosic tuffs. This anomaly is in part underlain by outcrops of sandy tuff and in part above the base of the Yellow Lake phonolites. This may indicate that the areal extent of the arkosic tuff unit is greater than suspected.

The magnetometer survey outlined a north-trending low or series of lows that occur at or very near the lower contact of the Yellow Lake phonolites. This may represent a contact or fault between the sandy or arkosic tuffs and the phonolites.

The soil geochemistry survey covered a larger area in 1979 than 1978 and produced isolated anomalies. A soil sample taken over the arkosic knob at line 20+00N, Station 6+75E assayed 17 ppm U and 97 ppm Th. This is much higher than the high of 6.6 ppm U and 67 ppm Th from 1978. The 25 lake sediment samples did not contribute significantly to the overall geochemistry survey, except for the occasional high metal values.

3. Ian Area

This covers the Ian and Ian 1-3 claims. The detail geology report covering this area is enclosed as Appendix C. This grid area is underlain by conglomerates of the Skaha Formation. Of all the soil samples taken, the highest values were from the northern-most line, where there was andosite conglomerate overlying andesite volcanics.

The spectrometer survey located one small high in the same general area as the geochemical high. Unfortunately both are rather weak and within the Geophysical Observatory. The magnetometer survey outlined a magnetic high on the east side of the grid. This high roughly trends northwesterly; following close to the cliff edge and approximately parallel to the "strip" of granite boulder conglomerate with limonitic oxides in the matrix.

A rotary drill hole (RDH 79-1) was drilled 80 metres north of Green Lake onto the southward extension of the "strip". Results were negative.

4. Meyers Flats Area

This area (Astro 32 claim) can be divided into two topographic areas and three geological environments. There is an east and west area of relief, separated by "Meyers Flats". The geology is discussed in further detail in Appendix D.

The radiometric survey indicated that the most radioactive rocks (twice background) were the granite and dacite gneiss, especially on line 58+ 400N. Despite the fact that the Spectra 44 spectrometer did not detect any significant radioactivity this does not eliminate their being any uranium on the property. Leighton & Associates (personal communication) have reported the presence of a non-radioactive post glacial uranium deposit immediately south of our claims with assays up to 3600 ppm uranium.

The magnetic survey outlined the southwest portion of the grid as having the highest magnetic character. The eastern edge of this "magnetic high" is roughly parallel to the flats and a north trending fault shown on the 1:25,000 regional geology map (Map 79-OK-2). The "magnetic high" stops at about 59+100N, which is where Orofino Creek drains into Meyers Flats. This indicates that Orofino Creek may well be a fault.

5. Oliver Area

The Oliver area consists of the Allie, Cat, Micki, Mouse and Astro 24 and 29 claims. Re-examination of this area was prompted by Leighton and Associates offer to trade or joint venture the area. After 39 man days of work in the area, we concluded that the area was of no interest to us. It was recommended then that the property be returned to B. D. Pearson. See Appendix E for the area report.

6. Yellow Lake Area

This area basically includes all the remaining Astro claims within 5 km of the western edge of the basin. One of the main purposes of the mapping and prospecting was to confirm the reported geology and detect any uplifted blocks of Yellow Lake phonolites. The area in the south at the headwaters of Manuel Creek did have some significant changes in terms of rock unit locations. Also on a road 1 km southwest of Twin Lakes some arkosic tuff similar to that at Farleigh Lake was located. Despite the effort to keep the traverses no further than 1 km apart, a few gaps in the reconnaissance mapping occurred. The ground has been retained until those areas can be checked. Map No. 79-OK-2 at 1:25,000 scale shows the updated geology and the location of the drillholes drilled on all Astro claims. Results of the drill program will be discussed in the following section. This work resulted in us letting over 50% of our land position revert to the Crown.

Drilling Program

The drilling began on August 17, 1979 and ended on September 13, 1979. A total of 7,195' in thirteen holes was drilled by Alberta Southern Exploration Drilling Ltd. A TH-60 cyclone rotary drill rig with a 5-1/4" downhole hammer and drill-through casing was used. The holes were then probed with a gamma ray/neutron geophysical tool by Roke Oil Enterprises Ltd. of Calgary, Alberta. Total cost for the drilling and probing was $66,845.83. The following table compares drilling and probing costs for every hole.

A detailed geological description of the chips was made (see Appendix F), and representative samples of the chips for each 10 foot interval were washed and glued to 8½" x 11" sheets. Figure 79-OK-1 illustrates the method.

Drillhole 79-1 on the Ian grid hit basement rocks (Old Tom Gneisses) at 320' with negative results.

Four holes, 79-2 to 79-5 were drilled in the Marron Valley. Hole 79-2 was lost after encountering large boulders at 160'. The following two holes both encountered and stayed in Yellow Lake phonolites until their end at 500'. The most southerly hole, 79-5 was unusual for two reasons. Between 60' - 160' we encountered two thin (less than a foot) coal seams within White Lake ashes. The closest outcrop of these rocks is about 9 km to the southwest. Yellow Lake phonolites were encountered at 160' but continued only until 320' after which there was 180' of basalt (dyke?).

Drillholes 79-6 to 10 were drilled north of Yellow Lake to depths of either 500' or 900'. The first four holes here ended in Yellow Lake phonolites. Hole 79-10 encountered Yellow Lake phonolites to 620' and Springbrook conglomerate from 620' - 900'. There were no sediments or tuffs at the base of the Yellow Lake phonolites as in hole 78-3 drilled only 350 m to the west.

The last three holes were drilled between Twin Lakes and Keremeos Provincial Park. Hole 79-11 was collared in Kitley Lake trachytes and remained in them until 360'. Except for a 10' dyke immediately following the trachyte, Yellow Lake phonolites prevailed until the end of the hole at 860'. This hole would have been drilled to 900' if downhole problems had not occurred.

Drillhole 79-12, located about 3 km east of 79-11 encountered Yellow Lake phonolite until 610' with some intravolcanic sediments in the lower section. There were a few coal particles at 480'. From 610' to the end of the hole at 900' was mostly a white rhyolitic ash interpreted to be part of the Kettle River Formation.

The final hole, 79-13, like 79-12, was collared on a fault intercept within Yellow Lake volcanics. Unfortunately the hole was lost after 60' because of large boulders.

None of the holes encountered any significant radioactivity.

Results of all drillholes are plotted on sections included with the volume of maps accompanying this report or on core logs in the appendix.

Dr. Trevor Lewis of the G.S.C. carried out detailed geothermal measurements in quite a few of our holes in the fall of 1979. He reports that the geothermal gradient in the White Lake Basin is the highest he has seen to date in B.C.

His most anomalous values are:

DDH 78-6: $51^{o}C/Km$ (Temperature is $24^{o}C$ at the bottom of the hole)
RDH 79-7: $60^{o}C/Km$
RDH 79-9: $70^{o}C/Km$

1979 PROPERTY REPORT

TITLE: 1979 Program, Astro Claims - Meyers Flats

CLAIM: Astro 32

AUTHOR: Hayden Brown

DATE: June 18, 1979

COMMODITIES: Uranium (?) Thorium (?)

LOCATION: Area Okanagan, South Central British Columbia
Mining Division - Osoyoos
Coordinates - Lat 49° 15'N, Long 119° 36'W
NTS - 82E/5 E

OWNER AND
OPERATOR: Petro-Canada Exploration Inc.

WORK
DESCRIBED: Geological mapping, geochemistry, ground scintillometry, ground magnetic surveys

INTRODUCTION

Meyers Flat is located about 8.5 km south of Okanagan Falls. The claim block upon which the work was done is Astro 32. (UTM centre coordinates zone 11U 5458+500N 3311+700E). It is a rectangular claim 2 km E-W by 2.5 km N-S.

Access to the area is by the Green Lake road from Okanagan Falls. It cuts through the north end of the flat and joins with the White Lake road running N-S.

Topographically, Mayers Flats is situated in a wide shallow valley of 1500 feet elevation with hills rising up quite steeply all around to elevations of 2500 feet or higher.

The Flats can be divided into a north and a south block. The south block is mainly very dry range land and is used for cattle grazing. The north block has been subdivided into acreages on the east and west sides. The former is a small community. The central area is irrigated and is used to grow alfalfa.

WORK SUMMARY

Work began on May 27th and finished on June 13th. Hayden Brown, Harold Hopkins, Brenda Gregoire and Stuart Gormley did the work on the property.

	Man Days		
Type of Work	Senior	Junior	Total
Line Cutting (km)	8	8	20.8
Geology (km)	7	7	
Magnetometer (km)	9		27.9
Scintillometer (km)		9	27.9
Total (km)	24	24	

CHEMICAL SAMPLES

Sample Number	Sample Type	Water Samples Location	Values U(ppb)	$HCO3_3$ (mg/13)	pH
9KB001W	Well sample 6' deep	312+127E 57+830N	14.8	20.0	7.8
9KB002W	Stream sample, Oro fino Creek	310+700E 59+100N	4.1	15.5	7.7
9KB003W	Irrigation Well sample	311+600E 59+300N	6.1	20.2	6.1
9KA0059W	Exploratory water well between road and gossan	311+260E 59+200N (approx)	0.8	18.4	7.9
9KA0060W	Exploratory water well south of gossan	311+250E 59+190N (approx)	0.8	17.6	7.6
9KR0011S	Gossan from Chert breccia	311+250E	Mo: 3 ppm	Zn: 12 ppm	Ag: 54

Geology

Meyers Flat geology was limited to the outcrop in the hills surrounding the Flats because there is no outcrop in the Flats. We were able to break the area into four major groups and one minor group using B.N. Church's mapping units, which are listed below:

3 - Cretaceous - Jurassic (Igneous intrusive rocks)

- 3Db - Alaskite
- 3Da - Granite

} - Granite

- 3Ab - Dacite Gneiss
- 3Aa - "Marble Cake"

} - Hornblendite

2 - Triassic to Carboniferous

- 2Ad - Tuff
- 2Ac - Chert Breccia
- 2Ab - Chert Gneiss
- 2Aa - Chert

} - Shoemaker Formation

1 - Carboniferous and Older (Kobau Group)

- 1A - Dacite and Granite - Vaseaux Formation

Greywacke

3Aa - "Marble Cake" - This unit is found in the southwest quadrant of the mapped area. This gneiss is composed of two major components. The first is a white color fine to medium grained 'granitic' type rock with quartz, plagioclase, orthoclase, biotite, and muscovite appearing in varying concentrations. This component in itself shows no gneissosity. The second component is a very fine grained, dark, mafic rich rock and very hard.

These two components of the "Marble Cake" unit appear together in most outcrops with no defined contact. Instead they are mixed together in large swirls with granitic veins often cutting the dark component.

The "Marble Cake" appears to have been deformed and fractured more than once because later quartz veins have been fractured and displaced and may be a sheeted schist equivalent to the Dacite gneiss or hornblendite.

The unit as a whole exhibits three joint directions. 1) Tabular 2) Azimuth 0^{o}, dip 45^{o} W; exhibiting minor quartz veins, 3) Azimuth 90^{o}, dip 45^{o}S; exhibiting major quartz veins (up to 1m in thickness). The unit is often cut by minor random fractures that are commonly lined with secondary epidote.

The mafic component also contains varying concentrations of magnetite and at one outcrop (57+600N 317+400E) we found almost pure magnetite.

3Ab - "Dacite Gneiss". This unit appears in the southeast quadrant and exhibits fair to strong gneissosity. It consists of quartz, plagioclase, orthoclase, hornblende, and biotite. Veins of granitic composition showing no gneissosity cut this rock.

3Da - "Granite". This unit is fine to medium grain size containing quartz, orthoclase, hornblende and biotite. It appears to have been intruded into unit 3Ab and the contact is gradational exhibiting many small sills and dykes (1 cm to 60 cm in thickness). This unit has almost identical joint pattern to those of unit 3Aa except on a much more micro scale (100 Joints/m).

3Db - "Alaskite" - This unit is found in the southeast quadrant on a high relief knob. (57+800N 312+650E). It is a coarse grained intrusion composed almost entirely of quartz and feldspar with no ferromagnesians. This unit has a weathered lime-green surface.

2Aa - "Chert" - This unit is found in the northwest quardrant in a mountain of approximately 2000 feet elevation. This mountain is all chert which varies a great deal in colour and texture. In places it can be a very classic example of chert. Pink, white or dull grey coloured. In other areas it is very clear and glassy, white or black and in places appears altered. Both types of chert are cut by 5 mm quartz veins.

Extreme weathering and jointing occurs throughout the unit. Jointing is in 3 directions 1) Tabular or slightly dipping 2) Azimuth 0^{o} 3) Azimuth 90^{o}; other directions were noted but are not common. Areas of this unit weathered red - brown along joints. Some local hematization was found.

2Ab - "Chert Gneiss" - This unit was found on top of the chert mountain. It is a small outcrop found in a depression which could be fault controlled. The unit seems to be a massive chert with dark mafic bands. The chert seems to have been stretched and folded and twisted all around. On the weathered surface the mafics have been eroded out leaving the stretched chert bands. Hematization occurred on the mafic bands.

2Ac - "Chert Breccia" - This unit is found in the northwest Quadrant along the east face of the chert mountain. It is composed mainly of subangular to rounded chert fragments varying in size from 1 mm to 6 cm in diameter. The breccia is cemented together by siliceous chert or quartz. Formation of the breccia could be from a north trending fault running through the centre of the Flats which B. N. Church reported in his mapping of the area.

There are two old prospecting workings within the breccia. We found blasts holes and pits approximately 3 m diameter and 6 m deep around hematized zones. A gossan sample was taken for assay. Prospecting was probably for gold.

1A - "Dacite and Granite" - This unit is found in the southeast quardrant, on line 57+600N, and is composed of two components. The first component is a fine grained dacite, which is almost entirely cut by granite dykes. The granite is fine grained and could be the same map unit as the 3Da.

2Ad - "Tuff" - This unit is very small in exposure and is found within the chert on line 60+000N 310+700E. Since it was a small outcrop, it is possible that it is an erratic or it could have been deposited in a depression which accounts for its still being in place. The unit is green with a fine grained groundmass with subrounded cyrstals of dark mafics.

"Greywacke" - This unit, found not far from the tuff, is a dark fine grained black greywacke which seems to have been metamorphosed to a schistose slate. Its formation is really unknown although it could have been a silt and from the deposition of the Tuff and silification of the cherts could produce the state which it is in.

Conclusion - Interesting Note

Meyers Flat has a unique groundwater system. There are three major wells in the area; one to the southeast for the community and the other two in the center of the north half of the flat and used for irrigation. Both are between 50' - 100' deep. The two irrigation wells are pumping water 24 hours a day onto a 0.6 km^2 field. That is hundreds of thousands of gallons a day and still the wells do not dry up. The community well, unlike the other two, is not as good and has to be watched so that it is not pumped dry.

The area, according to the topographic map, has three major streams running through it: Kearns Creek, Orofino Creek and Park Rill Creek. None of these streams are visible on the flats and must run underground. Because of the underground flowage, this could be some sort of old river channel running through the center of the flat. This channel could be an old paleo-channel which is being looked for to support the paleo-channel model of the Okanagan area. On the south edge of our property in the Flats, Leighton and Associates located a post glacial uranium occurrence. They reported 3600 ppm U_3O_8 in the soil.

SECTION III

~~SEVEN MILE HIGH RESOURCES LTD~~
~~VAULT CLAIMS - NEWS RELEASES~~

(a) TECHNICAL SUMMARY PETRO-CANADA ASTRO CLAIMS

(b) SELECTED REFERENCES FROM PETRO CANADA REPORTS
REFERENCES TO RHYOLITES, SILICIFICATION, HEMATITE AND PROSPECTOR PITS

(c) SEVEN MILE HIGH RESOURCES LTD
VAULT CLAIMS - NEWS RELEASES

(d) THE DUSTY MAC DEPOSIT

2949

TECHNICAL SUMMARY
PETRO-CANADA ASTRO CLAIMS

White Lake Basin Area - British Columbia

During the autumn of 1977, in the course of a regional geochemical reconnaissance for uranium, Bradford D. Pearson, a consulting geologist from Richmond, B.C., detected the pressure of unusually high values of that element in soils and waters within and adjacent to volcanic rocks and intrusives of the Eocene White Lake Basin in the southern Okanagan valley. Pacific Petroleums Ltd. optioned 70 claims which Pearson had staked and expanded the group to 861 claim units. The group comprised most of the open ground in the triangle between Keremeos, Oliver and Kaleden peripheral to the White Lake Astrophysical Observatory, as well as a block west of the Penticton Indian Reserve stretching north to the Allen Grove area.

During the following three field seasons, Pacific (later Petro-Canada Inc.) carried out detailed geochemical sampling of water, soil, silt and rock within and around these claims, ran a variety of radiometric and magnetic studies and some induced polarization work, carried out drilling to establish stratigraphic relations, to depths of as much as 1,500 feet, and prepared a series of geological maps based on the distribution of outcrops within the area. Initial work was directed by Dr. R.B. Rowe, who prepared detailed statistical evaluations of all geochemical results, which involved analyses for uranium, copper, molybdenum, fluorine and pH. The analyses themselves were carried out by Loring Laboratories of Calgary. The second and third field seasons were directed by G. Salazar who transferred all analytical work to MinEn Laboratories of North Vancouver. Analytical work was expanded to include thorium.

Mr. Salazar made a single precious metal analysis in the course of his work. It was taken from an exposure of gossanous chert and assayed 54 ppm silver. No assay was made for gold. The imposition of the uranium moratorium by the provincial government ended all further work on Petro-Canada's exploration program in the Okanagan, which by that time amounted to $542,527.00.

Petro-Canada withdrew entirely from active mineral exploration in 1985. When the uranium moratorium expired in February 1987, the company offered its properties to developers who had expertise to further explore and to develop them for potentially economic targets. Chief on the list were gold and silver.

Several blocks of ground within the White Lake Basin have attracted interest and have been optioned since the ground became open for work. The basin has had a history of production of precious metals, which haven risen markedly in value over the past few years. The Fairview Camp, owned by Comico and Asarco, bounds the southern margin. The Dusty Mac deposit, just east of the south end of Skaha Lake, was an open-pit silver operation within White Lake volcanics. Preproduction reserves, as listed by Dr. B.N. Church of the B.C. Department of Mines, were 67,790 tons grading 0.23 oz. Au and 4.97 oz. Ag.

There have been numerous small workings in other parts of the basin. Most recently, Inco announced an intersection of 41' grading 0.26 oz. Au in rhyolitic tuffs just north of Okanagan Falls. Four other intersections have been announced since that time, at least one of comparable length and grade.

The resemblance to other nearby Eocene basins has been widely noted. The Republic graben in Washington, south of the Boundary country, has produced gold at various periods since the turn of the century. Veins occur in andesite flows, rhyodacite tuffs and associated sediments close to the western fault boundary of the graben. Total production to 1967 is estimated to have exceeded 2,500,000 tons and $50,000,000.00 (much of it at $20.67 Au), but records were not kept for much of the period. (Full, R.P. and Grantham, R.M., Graton-Sales Volume, Ore Deposits of the United States 1933-1967, AIME)

The Chiwaukum graben near Wenatchee, Washington, hosts the new Cannon Mine of Breakwater Resources and Asamera Minerals. Reserves at the commencement of production were listed as 5.2 million tons grading 0.214 oz Au and 0.40 oz. Ag. Mineralization is found within silicified ledges of Eocene lake and stream sediments which contain intrusions of rhyodacite porphyry. (See L.E. Ott et al, Gold '86 Symposium Proceedings Volume, Toronto.)

Numerous structural, stratigraphic and lithological features are common to these Eocene basins which obviously represent extremely good exploration bets, especially since the use of large-scale heap-leaching techniques has revolutionized the extraction of very low grade, hitherto uneconomic deposits.

It is significant that the White Lake Basin has not been thoroughly explored for precious metals in the light of the recent remarkable advances in geophysical instrumentation and a growing theoretical understanding of the mechanisms and chemistry of precious metal deposition. The alienation of much of the lands by the uranium moratorium during a major part of the period of high precious metals prices has certainly been responsible for much of this neglect.

The association of gold with uranium and a number of base metals has been recognized in several world-class discoveries. The Olympic Dam copper-uranium-gold deposit in Australia may be one of the world's largest copper deposits. Gold occurs in significant amounts in the Jabiluka, Cluff Lake and Collins Bay uranium deposits in the Alligator River and Athabasca Basin deposits.

These occurrences indicate the possibility of certain common factors in the transport and depositional mechanisms for uranium and precious metals, among them high oxygen fugacity, soluble sulfide complexes and low-salinity

TECHNICAL SUMMARY
PETRO-CANADA ASTRO CLAIMS
Page 3

water-carbon dioxide phases. (E.M. Cameron, 1988, Geology, v. 16, p. 109-112.) The demonstrated presence of precious metals here in the White Lake basin is an indication that such conditions prevailed at one time.

Twenty claims are still available for farmout. Petro-Canada's database is available for inspection to interested parties. Note should be taken of the fact that fluorine and molybdenum analyses compiled by this work may serve as useful guides to prospective areas. To a lesser extent, copper and uranium results may also be of value.

AVAILABLE CLAIMS

CLAIM	NO. OF UNITS	MAP N.T.S.	RECORD DATE	RECORD NO.	GROSS ACRES
Astro 10	4	82 E 5/W	Mar. 9/77	222	248
Astro 11	6 10	82 E 5/W	Mar. 9/77	223	372
Astro 12	12	82 E 5/W	Mar. 9/77	224	744
Astro 13	20 42	82 E 5/E	Mar. 9/77	225	1240
Astro 14	15 57 57	82 E 5/E	Mar. 9/77	226	930
Astro 16	20	82 E 5/W	Mar. 9/77	228	1240
Astro 17	20	82 E 5/E	Mar. 9/77	229	1240
Astro 18	20 117	82 E 5/W	Mar. 9/77	230	1240
* Astro 19	(10) 127	82 E 4/E	Mar. 13/80	1014	620
Astro 22	9 116 136	82 E 4/E	Mar. 13/80	1015	558
* Astro 26	(18)	82 E 4/W	Mar. 9/77	238	1116
* Astro 27	(18) 172	82 E 4/E	Mar. 9/77	239	1116
Astro 32	20	82 E 5/E	Mar. 9/77	244	1240
Astro 33	20	82 E 5/E	Mar. 9/77	245	1240
Astro 34	20 186 232	82 E 5/E	Mar. 9/77	246	1240
Astro 35	3	82 E 5/E	Mar. 9/77	247	186
Astro 36	3	82 E 5/E	Mar. 13/80	1016	186
Astro 38	6 198 244	82 E 5/E	Mar. 9/77	250	372
* Astro 45	20	82 E 5/E	Mar. 9/77	257	1240
Astro 53	18 216 262	82 E 5/W	Jan. 5/79	617	1116

Annual assessment work requirement is $200/unit.
Approximately 62 acres/unit.

* under Negotiation June 13/88

267.5-418

DDH 78-5
FARLEIGH LAKE

Rhyolitic Breccia complex, medium to fine grained and grayish purple matrix, with devitrified glass, locally very porous and, also locally, crowded with fragments.

The following features are highlighted by this hole:

1) Strong weathering or flow of oxidizing water at the rhyolite breccia/Springbrook Conglomerate contact. If this is, in effect, a strongly weathered surface, the rhyolitic breccia complex becomes the lowermost unit of the Yellow Lake member.

The rhyolite complex, the upper unit of the Springbrook Formation, is a porphyritic rhyolite to rhyodacite flow unit with irregular rhyolite breccia flow tops extensively altered to jasper-hematite. The rhyodacite porphyry is light brown with 10% - 2-3 mm light brown altered feldspars with 2-5% - 1 mm quartz grains in a light brown chilled aphanitic to glassy groundmass. On outcrop, the unit weathers to a bleached, highly broken rock with irregular zones of rhyolite breccia. In the main area of the grid the unit appears to be 30 - 40 metres thick and appears to thicken to the northwest to 100 metres(+).

2.1 SPRINGBROOK FORMATION; "Rhyolite Complex", Unit 4B

Sample 27; probably collected from the upper part of the "Rhyolite Complex", just below the base of the "Green Sandstone" unit.

Dense, hard, red-brown, brecciated, siliceous rock, probably rhyolite. In thin section the rock consists of fine, glassy, brecciated rock. The glassy material has probably been devitrified and the result is a felsitic texture. Scattered, fine, fragmentary feldspar euhedra and hematitic staining are also present.

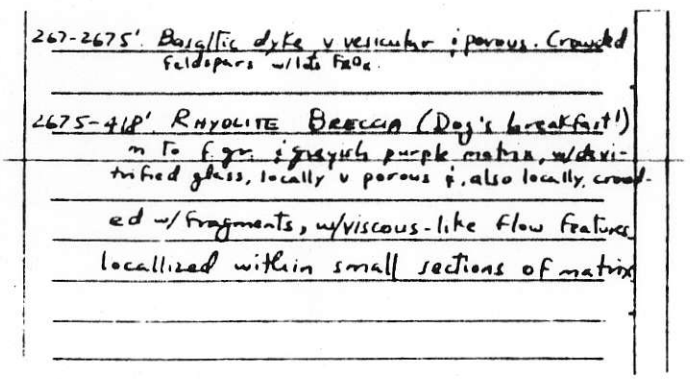
DIAGENESIS

The characteristic high porosity of tuffs and the instability of their components render them prone to alteration. Vitric groundmass material consisting of shards undergoes devitrification resulting in the formation of clay minerals and zeolites with silica. The release of silica at an early diagenetic stage probably forms chalcedony which results in the formation of a dense, cherty rock. Large pores in many of the rocks have been completely or partially, infilled with quartz aggregates.

(5)

Silicification, calcification and emplacement of iron may be the result of hydrothermal flooding of the porous volcaniclastic sediments. The selective passage of fluids along channels having high porosities appears unlikely in view of the universal high primary porosity of most of the samples of the coarse volcaniclastic group. However, it seems likely that the coarsest tuff lithologies would have the highest original porosities and would therefore control a greater volume of migrating fluids.

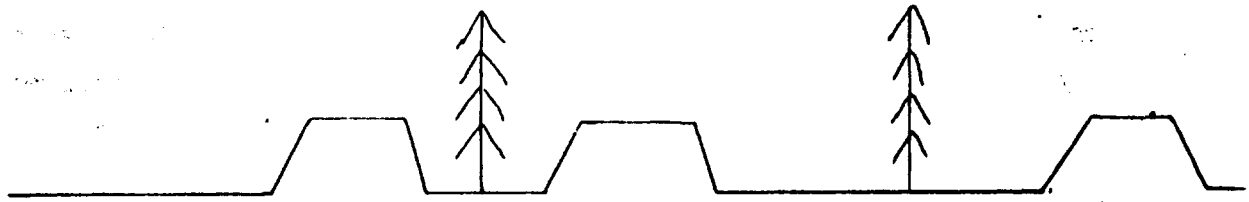
(6)



(7)

This year, the term "Rhyolite Complex" (4B) will be restricted to the devitrified, brownish colored, shattered rhyolite described in DDH 78-5 as "Dog's Breakfast" and will not include the phase termed porphyritic rhyolite by G. Nordin. DDH 78-5 and areas within its vicinity are the only places where this rock has been observed. Outcrops are characteristically shattered and brittle, and specimens break off outcrops with knife-sharp edges. This rock may represent a dome feature and/or may be the lowermost unit of the Yellow Lake member.

The granitic boulder conglomerate outcrops on line 65+500N from 313+200E to 312+700E form sub-parallel wall-like ridges 2 m to 4 m high and appears as follows:



The significance of the ridges is not known.

2Ac - "Chert Breccia" - This unit is found in the northwest Quadrant along the east face of the chert mountain. It is composed mainly of subangular to rounded chert fragments varying in size from 1 mm to 6 cm in diameter. The breccia is cemented together by siliceous chert or quartz. Formation of the breccia could be from a north trending fault running through the centre of the Flats which B. N. Church reported in his mapping of the area.

There are two old prospecting workings within the breccia. We found blasts holes and pits approximately 3 m diameter and 6 m deep around hematized zones. A gossan sample was taken for assay. Prospecting was probably for gold.

Field observations indicate that the syenite was emplaced before the coarse grained granite. A possible xenolith of syenite was found within the granite; also the sediments are in contact with the syenite in the southeast area as opposed to the granite. Bostock's proposed legend agrees with this observation. Near where the sediment/gneiss contacts with the syenite and granite, there are areas of intense silification and/or pyritization.

(11)

Several pyrite gossan zones were observed and one minor serpentine occurrence was found. Radiometric background is low at around 2000 cpm.

(12)

40'- 320' SKAHA LAKE CONGLOMERATE	240'-250'- as from 200'-210' 250'-320'- plagioclase "granite" & some chert pebbles; slightly hematized in places, but very hematized 300'-305'
320'-425' OLD TOM GNEISSES	320'-330'- white felsic gneiss with chlorite, magnetite, pyrite & possibly garnets 320'-330' 330'-374'- dark mafic gneiss containing biotite, hornblende & some py, plagioclase & chlorite. 374'-400'- felsic gneiss of qtz, plag, & chlorite; some mafics, magnetite & pyrite. 400'-425'- mafic gneiss w/ qtz bands

(13)

SEVEN MILE HIGH RES INC

VAULT CLAIMS

WHITE LAKE BASIN

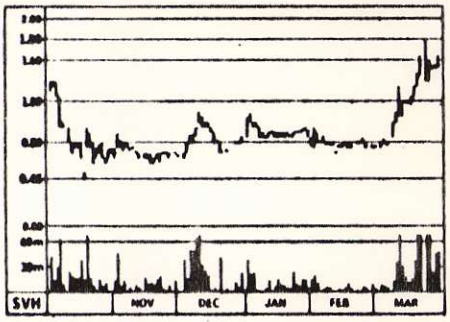
INCO

Seven Mile High Resources Inc SVH
Box 11550, 1945 - 650 Georgia St W 669-0320
Vancouver BC V6B 4N7

Working capital as of 31 Oct 87: $32,000
Shares issued: 2,524,394 Mar 31 close: $1.55

Directors

Maurice Hamelin — Craig S Harrison
Wayne Hrycan — Derek Weaver



Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Jan 15 close: $0.90
Mon 18 Jan 88 **News Release**

Mr Maurice Hamelin reports:

The company has commenced the first phase of exploration on the Oxaline Lake property. The company's property adjoins the Pronto/Inco Soloman's Pillars prospect to the east with 91,000 tons of 0.25 oz gold per ton having been drill indicated. A major fault which is believed to have played a role in the development of Solofman's Pillars zone crosses the entire Seven Mile High property.

Line cutting and geological mapping was done in 1986. This program consists of a magnetometer and VLF survey where drill targets will be defined. The company will pay for this phase by the issuance of stock at an average price of $0.89 per share for a total of 16,994 shares.

Metalore adjoins Seven Mile High Resources' property to the north. Metalore announced an important gold discovery in March, after completing several deep holes with very exciting results of 0.47 oz gold/ton over 53.4 feet and later, of 0.74 oz gold/ton over 39.2 feet at depths in excess of 1,250 feet over a strike length of 500 feet.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Jan 29 close: $0.95
Mon 1 Feb 88 **Delinquent Filer**

The superintendent of brokers advises that the company is delinquent for interim financials dated October 1987.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Feb 3 close: $0.91
Thu 4 Feb 88 **News Release**

Mr Maurice Hamelin reports:

Canadian Nickel Company Limited has exercised its option to acquire a 60% interest in Seven Mile's Vault claims.

Canico is the exploration subsidiary of Inco Limited.

Early in 1986, Canico completed an option agreement with Seven Mile on the Vault property located in the Osoyoos mining division near Okanagan Falls, BC. The agreement allowed Canico to earn a 60% interest in the property through a series of cash payments and work commitments totalling $100,000 and $400,000 respectively over a five-year period.

As of December 31 1987, Canico had spent $507,219 on the Vault property.

The diamond drilling to date has outlined a large epithermal gold system over an area of 900 m (east-west) by 500 m (north-south). The system is open to the east and the south.

Some of the better intersections were:

BORE-HOLE	INTERSECTION (m)		WIDTH (m)	Au ppm	Ag ppm
38898	373.10	374.80	1.70	7.4	5.0
	384.20	385.70	1.50	6.7	3.8
72401	270.00	271.30	1.30	22.1	45.9
72408	329.00	337.96	8.36	10.8	20.9
72414	408.90	411.30	2.40	3.0	8.9
72415	379.05	380.45	1.40	15.8	30.7

Additional drilling is warranted to test the mineralization to the east and south of the present drilling and to do fill-in drilling in order to outline high grade lenses or shoots (the multi-stage quartz veins).

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Feb 5 close: $0.80
Mon 8 Feb 88 **Delinquent Filer**

The superintendent of brokers advises that the company is delinquent for interim financials dated October 1987.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Feb 16 close: $0.76
Wed 17 Feb 88 **News Release**

Mr Maurice Hamelin reports:

Seven Mile has elected to participate in the 1988 work program resulting in the formation of a joint venture between Canico and Seven Mile, with Canico acting as operator.

A two phase, 14,000m diamond drilling program estimated to cost $1.4 million is proposed for 1988. The first phase will consist of 6,250m of diamond drilling in areas of known mineralization and 1,750m of reconnaissance drilling to test other targets.

The program will be conducted with two contract drills over a three to four month period and began on February 15 1988.

The diamond drilling to date has outlined a large epithermal gold system over an area of 900m (east-west) by 500m (north-south). The system is open to the east and south. The best values and the widest values occur where the vein cut a 60 to 100m thick pyroclastic unit (the lower Marron formation). The highest gold values occur in multi-stage, banded quartz veins where repetitive gold deposition has increased the grades.

Drilling results will follow when available.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 4 close: $0.80
Mon 7 Mar 88 **Shares for Debt**

The VSE has accepted for filing documentation with respect to the issuance of 16,994 shares at $0.89 per share to Murray Morrison to settle $15,124.78 outstanding debt.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 16 close: $1.18
Thu 17 Mar 88 **News Release**

Mr Maurice Hamelin reports:

Drilling activity has increased on the Vault claims in southern BC. One drill is presently on the fifth hole of the new program for 1988. Results of the first three holes will be released momentarily. The second drill has commenced work and will be going to greater depths than formerly worked. Both drills will be fully engaged for the 1.5 million dollar program previously announced by the company and their partner Inco Gold.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 23 close: $1.55
Thu 24 Mar 88 **Halt Trading**

Effective at 10:42 a.m., March 23 1988, trading in the securities of the company was halted at the request of the company, pending an announcement.

Members are prohibited from trading in the securities of the company during the period of the halt or until further notice.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 25 close: $1.42
Mon 28 Mar 88 **News Release**

Mr Maurice Hamelin reports:

Drill results of the first three holes of the Vault claims, BC have been received. The first hole (BH 72480, 203E/163S) was drilled to test the western extension of the main mineralized zone. No mineralization was found. The second hole (BH

72421, 632E/135N) was drilled to test the north vein at greater depth. The vein was intersected as follows:

BH 72421

INTERSECTION (FEET)	WIDTH (FEET)	AU OZ/TON	AG OZ/TON
648.95- 651.24	2.5	0.774	0.94

Drilling will continue on this vein for strike length.

BH 72422

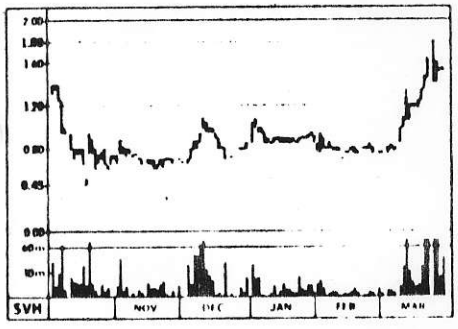
905.77- 916.56	11.28	.187	0.638
1040.87-1086.99	44.12	.298	0.374
incl.			
1040.87-1023.36	28.97	.438	0.52

Existing results emanating from these holes further solidifies the expectations of the company and its partner, Inco Gold as to the merits of the Vault claims. Results of round the clock drilling will be released shortly as to holes 72423, 72424 and 72425.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 25 close: $1.42
Mon 28 Mar 88 **Resume Trading**

Effective at 8:30 a.m., March 25 1988, trading in the shares of the company will resume, an announcement having been made.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 30 close: $1.52



Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 25 close: $1.42
Mon 28 Mar 88 **News Release**

Mr Maurice Hamelin reports:

Drill results of the first three holes of the Vault claims BC have been received. The first hole (BH 72480, 2030/1635) was drilled to test the western extension of the main mineralized zone. No mineralization was found. The second hole (BH 72421, 632E/135N) was drilled to test the north vein at greater depth. The vein was intersected as follows:

BH 72421

INTERSECTION (FEET)	WIDTH (FEET)	AU OZ/TON	AG OZ/TON
648.95 651.24	2.5	0.774	0.94

Drilling will continue on this vein for strike length.

BH 72422

905.77 916.56	11.28	.187	0.638
1040.87 1086.99	44.12	.298	0.374
Incl.			
1040.87 1023.36	28.97	.438	0.52

Existing results emanating from these holes further solidifies the expectations of the company and its partner, Inco Gold as to the merits of the Vault claims. Results of round the clock drilling will be released shortly as to holes 72423, 72424 and 72425.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Mar 25 close: $1.42
Mon 28 Mar 88 **Resume Trading**

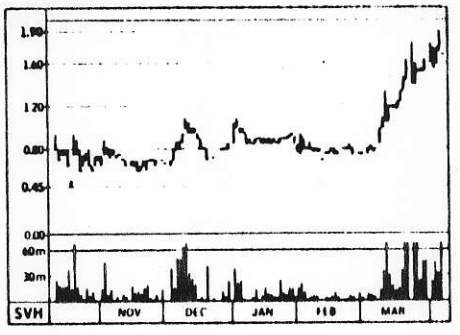
Effective at 8:30 a.m., March 25 1988, trading in the shares of the company will resume, an announcement having been made.

Shakwak Exploration Company Limited SHA
Shares issued: 6,076,692 Mar 25 close: $0.35
Mon 28 Mar 88 **Private Placement**

The VSE has accepted for filing documentation with respect to a private placement of 250,000 shares at $0.40 per share to CLD Financial Opportunities Ltd with non-transferable share purchase warrants entitling the placee to purchase up to 250,000 shares at $0.45 per share for a one year period.

Canarim will receive 10% of the gross proceeds as a finder's fee.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Apr 7 close: $1.78



Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Apr 4 close: $1.74
Tue 5 Apr 88 **News Release**

Mr Maurice Hamelin reports:

Results have been received from the last six boreholes drilled, two of which were reconnaissance holes, from the Vault claims near Okanagan Falls, BC.

Borehole 72423 cut the main zone at 1,017.11 feet and intersected 1.25 feet assaying 0.49 oz/ton.

Borehole 72424 was drilled on the northern structure; the best intersection assayed .094 oz over 4.76 feet at 386.5 feet.

Borehole 72426 was drilled on the main structure; no assay values were greater than 0.03 oz/ton gold.

Reconnaissance boreholes 72427 and 72428 were drilled toward the southern limits of the property. No mineralization was encountered in these two holes.

Drilling, which has stopped for the Easter break, will continue following the break.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Apr 7 close: $1.78
Fri 8 Apr 88 **News Release**

Mr Maurice Hamelin reports:

An agreement has been reached whereby Inco Gold Company has agreed to commit $600,000 for qualified expenditures to be incurred by Seven Mile in respect of its 40% interest in the Vault claims near Okanagan Falls, BC.

Seven Mile will issue to Inco 400,000 units at $1.50 per unit by way of private placement. Each unit will consist of one common share, one non-transferable series A share purchase warrant and one non-transferable series B share purchase warrant. Two series A share purchase warrants will entitle Inco to purchase one additional common share at $2.00 for the same period of one year. The A and B warrants will be separate and distinct and one A warrant cannot be combined with one B warrant to acquire an additional common share of Seven Mile.

The 400,000 common shares comprising part of the units will be issued on a flow through basis when Seven Mile has incurred $600,000 of qualified expenditures on the Vault claims. Proceeds realized by Seven mile from the exercise of warrants will be added to the general working capital of Seven Mile.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Apr 8 close: $1.75
Mon 11 Apr 88 **Pool, Escrow Release**

The VSE has approved 225,000 shares for release from escrow restrictions.

Seven Mile High Resources Inc SVH
Shares issued: 2,524,394 Apr 28 close: $1.25
Fri 29 Apr 88 **Private Placement**

400,000 unit flow-through proposed

Mr Maurice Hamelin reports:

An agreement has been reached whereby Inco Gold Co has agreed to commit $600,000 for qualified expenditures to be incurred by Seven Mile in respect of its 40% interest in the Vault claims near Okanagan Falls, BC.

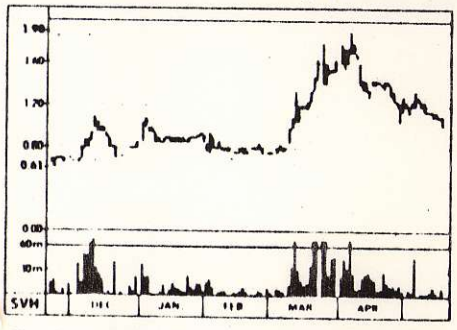
Seven Mile will issue to Inco Gold Co 400,000 units at $1.50 per unit by way of private placement. Each unit will consist of one common share, one non-transferable series A share purchase warrant and one non-transferable series B share purchase warrant. Two series A share purchase warrants will entitle Inco Gold Co to purchase one additional common share of Seven Mile at $1.75 for one year. Two series B share purchase warrants will entitle Inco Gold Co to purchase one additional common share of Seven Mile at $2.00 for the same period of one year. The series A and series B warrants will be separate and distinct and one series A warrant cannot be combined with one series B warrant to acquire an additional common share of Seven Mile.

The 400,000 common shares comprising part of the units will be issued on a flow-through basis when Seven Mile has incurred $600,000 of qualified expenditures on the Vault claims. Proceeds realized by Seven Mile from the exercise of warrants will be added to the general working capital of Seven Mile.

Seven Mile High Resources Inc **SVH**
Shares issued: 2,541,388 May 11 close: $1.15
Thu 12 May 88 **Private Placement**

The VSE has accepted for filing documentation with respect to a private placement of 400,000 shares, 300,000 of which are flow through at $1.50 per share to Inco Gold Company with non transferable series A warrants which entitle the placee to purchase up to 200,000 shares, 150,000 of which are flow through shares at $1.75 per share and non-transferable series B warrants entitling the placee to purchase up to 200,000 shares, 150,000 of which are flow through at $2.00 per share for one year.

Seven Mile High Resources Inc **SVH**
Shares issued: 2,541,388 May 19 close: $1.02



Seven Mile High Resources Inc SVH
Shares issued: 2,541,388 May 13 close: $1.15
Mon 16 May 88 **Miscellaneous**

Further to the VSE notice dated May 11 1988, the company's shares to be purchased after exercise of series A and B warrants are all ordinary common shares not flow through.

Seven Mile High Resources Inc SVH
Shares issued: 2,541,388 May 16 close: $1.15
Tue 17 May 88 **News Release**

Mr Maurice Hamelin reports.

Complete assay results have been recieved for boreholes 72429 to 72433 inclusive. Three of the holes were reconnaissance holes in the southern end of the property. As was the case with previous holes in this area, no mineralization was found. Two holes, 72430 and 72432 were drilled from the same set-up.

Borehole 72433 was drilled on the main structure and produced the following results.

DEPTH(FT)	WIDTH(FT)	AU OZ/TON	AG OZ/TON
935.5-945.5	9.6	.24	.43
935.9-958.0	22.1	.14	.31

More drilling results from the main structure are expected in the near future. Drilling will continue in the known mineralization area by both drills working 24 hours per day, for the purpose of providing tonnage in that area of the property.

The company will release drill results as promptly as possible.

Seven Mile High Resources Inc SVH
Shares issued: 2,541,388 May 16 close: $1.15
Tue 17 May 88 **Private Placement**

Proceeds to be spent on Vault claims

Inco Limited (N)

Mr Maurice Hamelin reports.

The private placement with Inco Gold Company, a unit of Inco Limited, has been completed.

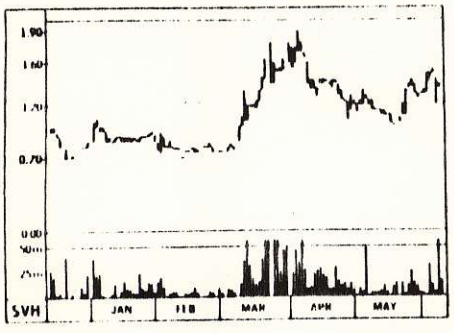
The private placement was for 400,000 units of shares and warrants at $1.50 per unit for a total of $600,000 on a flow-through basis. During the course of completion of documentation, the private placement was divided into 100,000 ordinary units and 300,000 flow-through units.

Seven Mile has received $150,000 ($1.501 per unit) and has issued to Inco Gold Company 100,000 common shares, 100,000 series A warrants and 100,000 series B warrants. Inco Gold Company has deposited $450,300 ($1.501 per unit) with Central Trust Company, as trustee. Seven Mile will issue the 300,000 flow-through units when Seven Mile has incurred $450,300 of qualified expenditures on the Vault claims.

Two series A warrants will entitle Inco Gold Company to purchase one additional common share of Seven Mile at $1.75 until May 12 1989. Two series B warrants will entitle Inco Gold Company to purchase one additional common share of Seven Mile at $2.00 until May 2 1989.

Proceeds from the exercise of warrants will be added to the general working capital of Seven Mile.

Seven Mile High Resources Inc **SVH**
Shares issued: 2,541,388 Jun 10 close: $1.38



News Release . . . *Assays at Vault property*

Mr Maurice Hamelin reports

Seven Mile High announces the latest drill hole results of the 1988 work program on its Vault claim in Okanagan Falls, BC west of Penticton.

All holes were drilled from north to south to test the main structure where gold values are present in quartz veins cutting silicified pyroclastics of the Eocene Lower Marama formation.

HOLE	DEPTH (FEET)	WIDTH (FEET)	AU OZ/T	AG OZ/T
72434	1208.8-1217.0	8.2	0.12	0.51
	1284.8-1298.4	13.6	0.28	0.55
	1327.6-1394.3	66.7	0.10	0.32
	1414.5-1429.9	15.4	0.11	0.31
	1561.0-1570.5	7.5	0.09	0.12

Boreholes 72435 and 72437 were undercuts of holes 72422 and 72433 respectively. They cut the underlying unit and failed to encounter significant gold values.

Boreholes 72434, 72436 and 72439 intersected the silicified and quartz veined pyroclastic unit several times as they went through a series of down faulted blocks.

Borehole 72438 was abandoned. Borehole 72439 was drilled from the same set up at a different dip and returned the following intersections:

DEPTH (FEET)	WIDTH (FEET)	AU OZ/T	AG OZ/T
1099.2-1126.8	27.6	0.08	0.17
1178.5-1191.6	13.1	0.08	0.11
1352.8-1359.6	6.8	0.09	0.12

Drilling is continuing using two machines. Results will follow shortly.

5

ECONOMIC GEOLOGY

Traditionally the rocks of Tertiary basins of the southern interior of British Columbia have been known principally for their coal deposits. These rocks have also been noted for an abundance of zeolite minerals, some perlite, and opal and agate localities. However, in recent years, with the advent of advanced geochemical and geophysical methods of prospecting and precise methods of rock dating, it is now known that the Tertiary suite is important in the search for base metals. Tertiary uraniferous conglomerates have also recently attracted attention in southern British Columbia.

In the White Lake area a few small showings of terrimolybdite are reported in the granite slide breccia of the Skaha Formation north of Green Lake. However, the Dusty Mac gold-silver discovery east of Skaha Lake has been the most interesting recent discovery in the area.

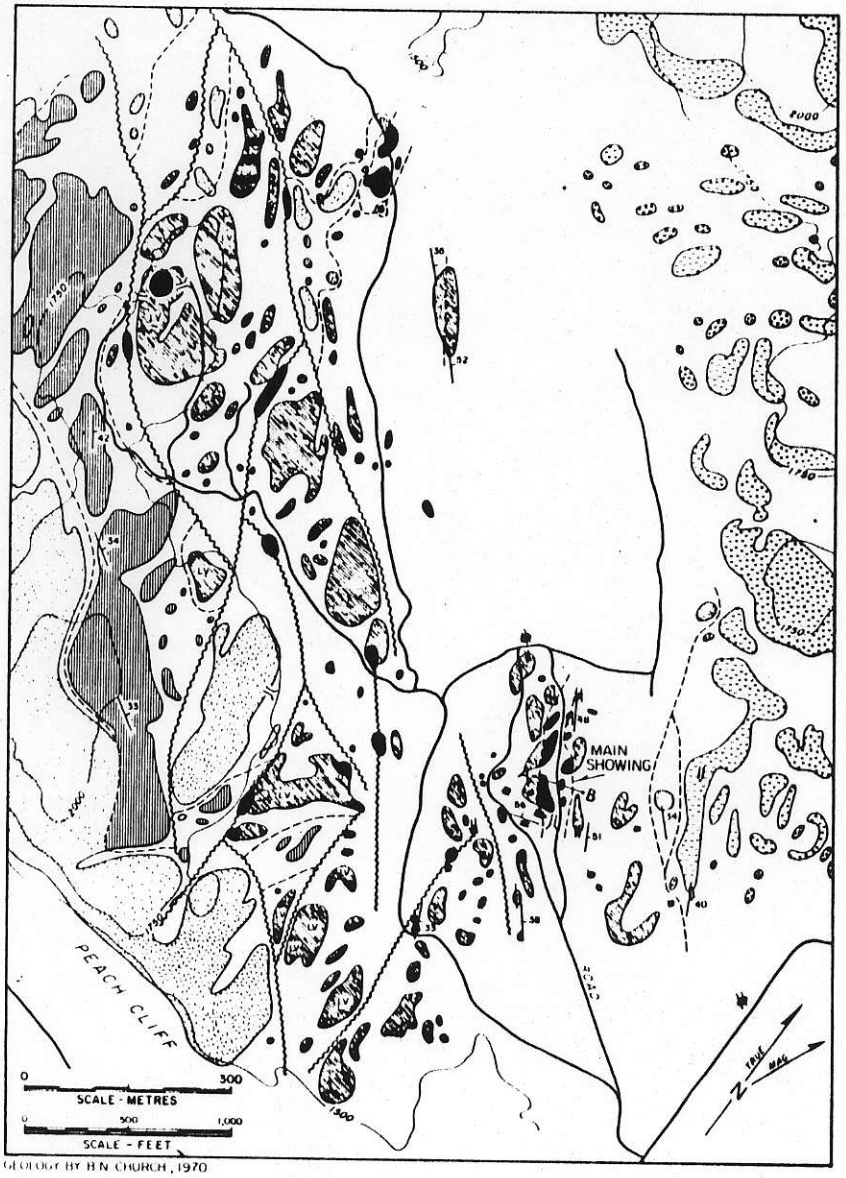
THE DUSTY MAC PROSPECT

The Dusty Mac prospect is located about 1 mile east of Okanagan Falls (Figs. 1.2 and 5.1). The deposit consists of a lens-like zone of silicified Eocene volcanic rocks and sedimentary debris containing minor disseminated pyrite and native silver. Also, some quartz veins on the property carry minor bornite and chalcopyrite.

The host rocks belong to the White Lake Formation of the upper part of the local Tertiary section. These beds consist of light-coloured pyroclastic rocks, thick lahar deposits of feldspathic andesite, minor andesitic lavas, and some sandstones and carbonaceous shales. The older rocks in the immediate area belong to the Marama Formation comprising mainly massive rhyodacite lava well exposed on the high bluffs, known locally as Peach Cliff, overlooking the village of Okanagan Falls.

These units are on the south limb of a southeasterly trending syncline. The beds have variable dips ranging from about 30 to 55 degrees northeast. A strong cross-fracture system strikes about 010 degrees dipping about 80 degrees westerly almost perpendicular to the synclinal axis (Fig. 5.3).

In addition these rocks are cut by an important system of reverse faults. The system trends generally southeasterly, with interwoven easterly and southerly striking segments and splays. The direction and magnitude of movement on these faults are indicated at a number of points where large slices of Marama lava have been thrust outward and upward



LEGEND

WHITE LAKE FORMATION

TUFF - BRECCIA / SANDSTONE, SHALE

BLOCKY FELDSPAR PORPHYRY LAHAR, LAVA / SANDSTONE AND SHALE

BLOCKY LAHAR WITH ACCESSORY DACITE FRAGMENTS, MINOR TUFF - BRECCIA AND SANDSTONE

MARAMA FORMATION

DACITE LAVA, MINOR BRECCIA

TECTONIC BRECCIA, SILICIFICATION, QUARTZ VEINS AND GOSSAN

FAULT

GEOLOGICAL CONTACT

TOPOGRAPHIC CONTOUR

ROAD

A - B GEOLOGICAL SECTION

BUILDING

PORTAL

BEDDING

LAVA

TOPOGRAPHIC BASE PROVIDED BY NORANDA MINES LTD

Figure 5.1. Geology of the Dusty Mac prospect, Okanagan Falls.

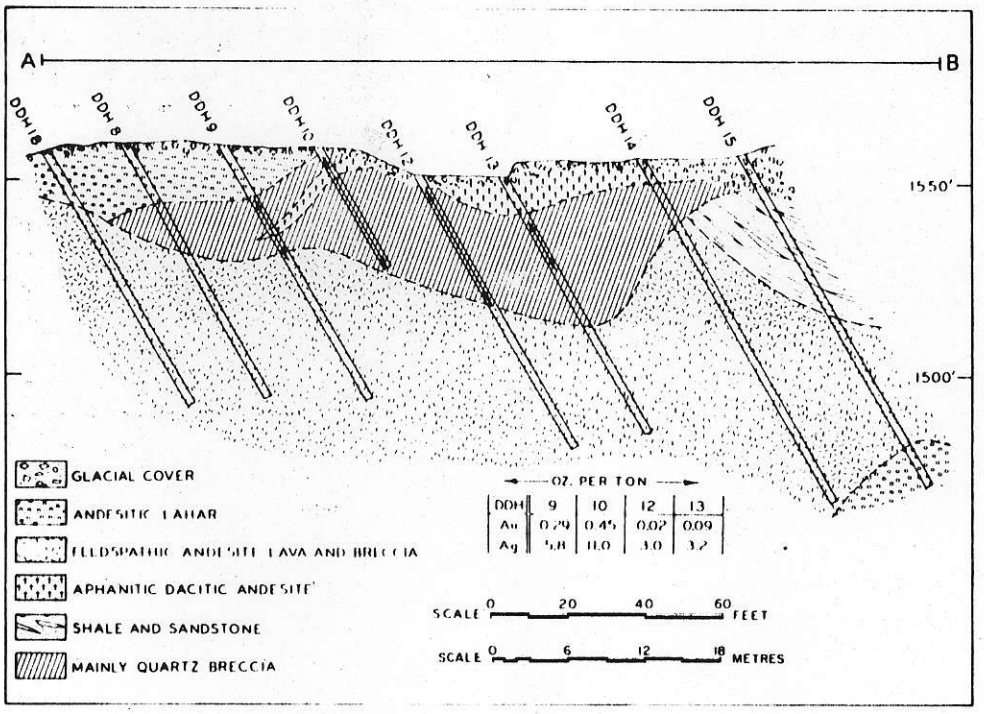


Figure 5.2. Diamond-drill hole section, Dusty Mac Mines Ltd.

from the core of the syncline through several hundred feet of White Lake strata. As in the White Lake basin, reverse faulting is thought to be the result of concentric folding and accommodation of the stratigraphic pile to bedding plane slip.

At Dusty Mac, mineralization appears to be largely controlled by the fault system. Quartz veins and gossans are present in or adjacent to most of the main faults.

The main mineralized zone, located in the east central part of the property, is a gently dipping lens of quartz breccia (Plate XVI) with varying admixtures of crushed andesite. The body is exposed over a length of about 700 feet striking roughly 140 degrees with a central cross-section width of about 160 feet and a maximum thickness of 30 feet. Surface sampling of this zone by the writer showed some disseminated native silver yielding erratic grades. Assays on five composite samples gave an average value of 0.47 ounce per ton gold and 11.3 ounces per ton silver and a range of 0.02 to 4.31 ounces per ton gold and 1 to 121.4 ounces per ton silver. A published statement by Dusty Mac Mines Ltd. indicates 67,790 tons of ore averaging 0.23 ounce per ton gold and 4.97 ounces per ton silver, according to calculations based on exploration up to December 1969.

A similar large lens of quartz breccia is located about 2,500 feet northwest of the ore zone. Preliminary testing of this body shows only a trace of gold and silver.

The large quartz breccia zones, including the main mineralized zone, are thought to be the result of the following events:

(1) Development of dilations in major shears.

(2) Filling of the dilations with quartz, accompanied by gold and silver mineralization.

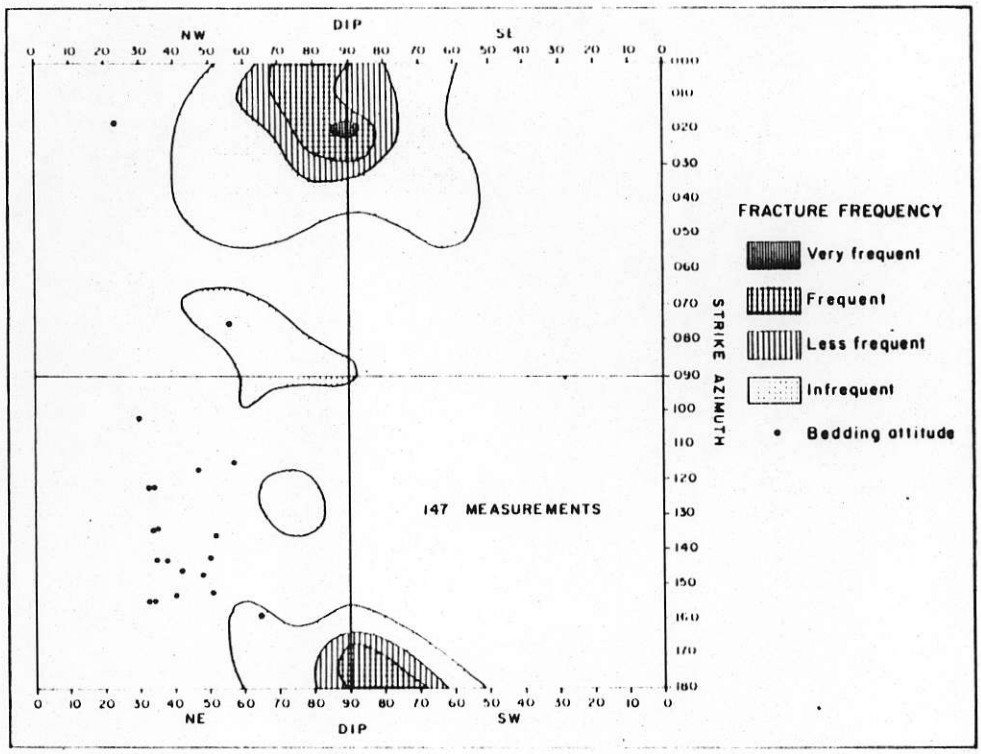


Figure 5.3. Fracture frequency plot, Dusty Mac prospect.

(3) Late-stage movement in the shear zones resulting in brecciation of the quartz and intermixing of the quartz with crushed andesite wallrocks.

Work done on the property to the end of 1970 includes 52 diamond-drill holes totalling 7,610 feet, 101 percussion holes, 2 bulk samples, and 1 crosscut adit about 150 feet long.

REFERENCES: *Geol. Surv., Canada,* Map 627A, Okanagan Falls; *B.C. Dept. of Mines & Pet. Res.,* G.E.M., 1969, pp. 294-296; 1970, pp. 402-406.

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Shingle Cr.
Ellis Cr.
Skaha Cr.
Shatford Cr.
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Loak Cr.
Nipit Lakes
White L.
Kearns Cr.
Park Rill Cr.
Green L.
Maloney L.
Vaseux Lake
Irrigation Cr.
Olalla Cr.
Keremeos Cr.
Mc Caig Cr.
Orofino Cr.
Mcintre Bluff
Vaseux River
Gallagh L.
Shuttle Cr.
Armstrong Cr.
Manuel Cr.
Riply L.
Victoria Cr.
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