

BACON & CROWHURST LTD.
CONSULTING ENGINEERS

672478

June 23, 1976.

Mr. H. Ogata, President,
Tye Lake Resources Ltd.,
205 - 850 W. Hastings St.,
Vancouver, B.C. V6C 1E2

Dear Mr. Ogata:

I have reviewed Mr. L. Trenholme's Progress Report No. 1 dated June 19th, 1976, concerning the recent exploration carried out on your Hydraulic Lake uranium property. This property is situated some 14 air miles southeast of Kelowna in southern British Columbia. The text of Mr. Trenholme's report is reproduced herewith:

"GENERAL

The Company is testing by diamond drilling the uranium potential of Tertiary stream channel deposits in the vicinity of Hydraulic Lake, some 20 miles southeast of Kelowna, B.C. The Company has acquired extensive claim holdings surrounding claims of Nissho-Iwai Canada Ltd. including 2 miles of strike length between areas drilled by Power Reactor and Nuclear Fuel Development Corporation of Japan. In assessment reports of the B.C. Department of Mines and Petroleum Resources, this Company cites the intersection of significant amounts of uranium oxide (as radiometric equivalent).

A diamond drill capable of recovering NQ (1-7/8") core was moved to the Tye property on June 7th and commenced drilling on June 8th, 1976.

To date, three holes have been completed with a combined depth of 464 feet and a fourth hole has been started. Radiometric testing is being done with the scintillation counter probe equipment supplied by Scintrex Ltd. of Thornhill, Ontario.

Geophysical consultants to the Company are Richard Crosby and Associates of Vancouver. Geological consulting is provided by Dr. Toru Kikuchi of Vancouver, whose geological mapping has indicated several promising areas on Tye ground in addition to the area currently being drilled.

RESULTS OF DRILLING AND PROBING (Vertical Boreholes)

Hole 76-1 was collared in the northwest part of claim Kettle 6. One foot of the host conglomerate was encountered at a depth of 71 feet between Tertiary basalt and the basement rocks (quartzite and granite). Although radiometric readings of 2x to 4x background were obtained in the vicinity of the contact, it is concluded that the hole is probably near the eastern margin of the depositional channel.

Hole 76-2 was collared 3500 feet northwest of 76-1 and encountered 52 feet of weakly anomalous sediments above the basement granite (at depth of 82 feet). It is tentatively concluded that Hole 76-2 was drilled west of the main trend of uranium mineralization.

Consequently, Hole 76-3 was collared 700 feet due east of 76-2 and, from results of probing and core examination, appears to have been well located in the main depositional channel. Continuous anomalous readings were obtained throughout a thickness of 126 feet of sandstone, mudstone and conglomerate overlying the granite

basement which was reached at a depth of 213 feet. These readings ranged up to 33x background over 22 feet, with individual highs up to 46x background. Core recovery ranged from 14% in the upper part of the zone to 70% near the basement.

Hole 76-4 was spotted 450 feet southeast of 76-3 and should be completed on or about June 22nd.

As a guide to future drilling, the Company is considering the use of near-surface radon detection equipment to help delineate the extent of the radioactive deposits and is also considering the use of seismic surveys to obtain profiles of the paleo-stream channels.

In spite of elaborate precautions, recovery of the important carbonaceous mudstone with present equipment is not sufficient to provide representative material for chemical assays. It is, therefore, concluded that large diameter drills must eventually be employed for this purpose.

In the meantime, analysis of the scintillometer probe results, taking into account the very low response in the thorium and potassium ranges, indicates that the anomalous readings are primarily due to uranium minerals."

I concur with Mr. Trenholme's statements and conclusions. Please note, however, my additional observations:

(1) A close study of the probe results in Hole 76-3 (which were recorded by a Scintrex Gamma Analyzer Model GAM-1) shows that the section of the hole between 121' and 180' (59') showed an average of 322 cps, or more than 10 times the background of 30 cps.

The succeeding section from 180' to 211' (31') recorded an average of 928 cps, or more than 30 times the same background of 30 cps.

This abrupt increase in radioactivity is impressive and can be interpreted to represent a substantial amount of uranium mineralization.

(2) The anomalous readings in Hole 76-3, which it is determined can be attributed mainly to uranium and not thorium or potassium, have been recorded throughout a total thickness of 90' of favourable sediments.

Study of all the available Power Reactor & Nuclear Fuel Development Corporation - Japan assessment reports in this area of southern British Columbia show that the Tyee hole 76-3 results have intersected the greatest thickness by far found to date in what must now be considered to be an extensive flay-lying layer of intermixed conglomerates, sandstones and mudstones, occurring at various localities in the district.

(3) The horizontal strike distance between Tyee Hole No. 76-1 and the Power Reactor & Nuclear Fuel Development Hole No. 32 (or No. 31) is approximately 3000'±. Tyee Hole No. 76-3 was drilled in an intermediate location.

In all of these holes the favourable sedimentary sequence was encountered; albeit the intersection in Hole 76-1 amounted to only 0.7' of "grit: clay, sand, red and yellow specks". This, however, indicates that the potential length of the buried stream channel could be more than 4000 feet.

The possible width is indeterminate at present, because insufficient drilling has been completed.

(4) The chances of finding other tributary buried sediment filled channels in the favourable sedimentary sequence and thereby discovering other substantial uranium deposits should not be overlooked.

This could be first detected by the use of near surface radon gas detection equipment, as suggested by Mr. Trenholme, P.Eng., and subsequently delineated by short hole, large diameter core diamond drilling.

(5) Proper core recovery is very difficult and has not been satisfactory; the sediments are loosely consolidated and very friable. Uranium values in the form of autunite, in particular, may well be washed away by the diamond drill mud fluids used.

Sufficient diamond drill core has been recovered, however, to permit microscopic identification of the uranium minerals and to obtain tentative chemical assay results. Interpretation of these results depends on further diamond drilling information from much larger size core, and perhaps other drilling techniques, as Mr. Trenholme recommends.

RECOMMENDATIONS

The diamond drilling results to date have confirmed a significant strong extension southward of the known uranium mineralization found north of McCullough, B.C., by the Power Reactor & Nuclear Fuel Development Corporation - Japan in preceding years.

Further NQ size or larger diamond drilling is, therefore, recommended to continue with the exploration of this extension.

Radon gas detection, aimed at the discovery of other uranium-bearing zones on the extensive Tyee property, is also recommended. This would be conducted by, first, calibrating the equipment over the known uranium mineralization, and then moving to other selected areas.

It is proposed, for example, that this equipment would then be used to explore the possibilities in the sedimentary sequence lying westerly of the zone now under investigation. This is approximately 13,000 feet north-south and about 2200 feet east-west; any part of which may contain promising uranium-bearing zones.

Funds should, therefore, be provided, as soon as may be arranged, to cover the cost of the following:

Phase 1

(1) Diamond drilling - 15 holes x 200' hole coverage x \$20/ft. - NQ size	\$60,000
(2) Assaying and probe equipment cost	6,000
(3) Radon gas detection survey	10,000
(4) Support field engineering - 1 geologist	4,000
(5) Travel expense and miscellaneous field costs	2,500
(6) Evaluation of results	<u>2,500</u>
	\$85,000
Contingencies @ 10%	<u>8,500</u>
	<u>\$93,500</u>

Phase 2

Further diamond drilling and exploration for new favourable areas would be as dictated by the results of Phase 1.

Respectfully submitted,
BACON & CROWHURST LTD.

J.J. Crowhurst, P. Eng.

CERTIFICATE

I, John James Crowhurst, DO HEREBY CERTIFY THAT:

1. I am a practising mining engineer with Bacon & Crowhurst Ltd.,
1720 - 1055 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia and have been
granted the degree of Bachelor of Applied Science.
3. I have been practising my profession as a mining engineer for 35 years.
4. I am a member of the Association of Professional Engineers of British
Columbia, Registration No. 2120.
5. I was the General Manager of the Newmont Mining Corporation
Dawn Uranium property, situated on the Spokane Indian Reserve, Ford,
Washington, during 1958 and 1959.
6. I nor any member of my firm have directly or indirectly received or expect
to receive any interest direct or indirect in the property or securities of
Tye Lake Resources Ltd.

J.J. Crowhurst, B.A.Sc., P.Eng.

Vancouver, Canada,
June 23, 1976.