

TYEE LAKE RESOURCES LTD. (N.P.L.)

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July 20, 1976

REPORT TO SHAREHOLDERS

SECOND PHASE DRILL CONTRACT LET FOR OKANAGAN URANIUM PROPERTY

Twenty additional holes will be drilled in the current, second phase, of drill exploration at the uranium property of Tye Lake Resources Ltd. located at Hydraulic Lake, 15 miles east of Kelowna, B.C.

Tye Lake Resources Ltd. had been following the progress of exploration by others in the area of Hydraulic Lake for some years. Through the researching of property assessment reports filed with the provincial government and through industry rumours, it became obvious that the work by Power Reactor & Nuclear Fuel Development Corporation of Japan had located important amounts of uranium in the area. On the basis of this information Tye took the decision to become active in the region.

First staking by Tye started in August 1975 and continued for several months. By the Spring of 1976 the company had acquired 320 claims and initiated a program of detail geological mapping and track-etch survey. In early June a drill target was located. An initial five diamond drill hole program was started on an extension of the favourable formations which had previously yielded good uranium intersections on the adjoining Power Reactor & Nuclear property. Owing to the soft, muddy, friable nature of the favourable formation, core recovery was poor. The drilling indicated widths, or flat lying thicknesses of 8 to 13 feet assaying between 1.4 and 1.04 pounds per ton of U_3O_8 . These results are considered encouraging and have resulted in the contract being let for the second phase of drilling.

As part of any exploration program undertaken by Tyee Lake Resources in recent years, it has been routine procedure to carry out a detailed boundary survey. In explaining the reasons for this relatively expensive process, Hiroshi Ogata, president of Tyee stated that the company had lost important ground in the McLeese Lake-Gibraltar area by not doing such a boundary survey. Since the bad experience of losing that ground a boundary survey is executed on all properties.

During the survey of the boundary at the Hydraulic Lake property, a substantial number of additional claims were staked, some of which cover ground previously recorded to other companies working in the area. Some of the new ground is considered very favourable and will be worked as schedules permit.

On behalf of the Board,

"HIROSHI OGATA"

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October 5, 1976

REPORT TO SHAREHOLDERS

The Directors are pleased to report that Tye Lake Resources Ltd. has now received from the Atomic Energy Commission of Canada, a sufficient number of precise chemical assay results to evaluate more precisely the uranium deposits the company has discovered on the Hydraulic Lake uranium property.

Based on the results of 103 chemical assays, of which 92 were checked and confirmed by the Atomic Energy Commission of Canada (using the Neutron Activation/Delayed Neutron Counting Method), it has been possible to make a reliable correlation between down-hole probe readings and actual uranium content. This has been expressed as 1,000 c.p.s. = 1 lb. e U_3O_8 . All sampled sections and non-sampled sections of holes 76-3 to 76-20 (NQ size) inclusive with significant radioactivity, have been re - calculated on this basis.

The average values for 11 of these holes which comprise the central portion of the deposit (as known to date) are shown as follows.

Hole No.	From	To	<u>TxA</u>	Thickness Feet	lb. e U_3O_8 per ton
76-3	185'	-213'	26.880	28.0'	0.960
5	182	-203	9.492	21.0	0.452
6	124	-209	90.610	85.0	1.066
11	160	-193	86.031	33.0	2.607
12	126	-167	52.972	41.0	1.292
13	160	-191	46.190	31.0	1.490
14	130	-170	34.920	40.0	0.873
16	163	-177	42.910	14.0	3.065
17	123	-169.5	67.844	46.5	1.459
18	118	-122	5.588	4.0	1.397
20	121	-141	18.940	20.0	0.947
				363.5	
TOTAL 11 holes			AVERAGE	33.0'	1.327

482.377

The total average value of these 11 holes is calculated to be 1.327 lbs. U_3O_8 per ton over an average thickness of 33 feet, the gross value of which is \$53.08 based on the current uranium price of \$40.00 per 1 lb. U_3O_8 .

Samples from the cores of 4 HQ size D/D holes 76-21, 22, 23 and 24 have been selected for assay and the results will be reported shortly.

The company has explored only a portion of the area of immediate interest and the drill target is still open to the north, south and east. There are also good possibilities that one or more additional similar uranium deposits could be found within the Hydraulic Lake property, according to Noranda Exploration and Kerr Addison Mines Ltd.

Noranda Exploration and Kerr Addison Mines Ltd. are expected to install this week a large trailer camp with its own power generating facilities. Drilling on the properties will be resumed very shortly and the results will be reported as they become available.

On behalf of the Board,

"HIROSHI OGATA"