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July 26, 1984

Alex Ritchie
Mutual Resources Limited
904 - 1199 W. Hastings St.
Vancouver, B.C.
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Dear Alex:

Please find enclosed the results and locations of the samples we took on the Bonanza Basin property during our examination 2-7/7/84.

From my evaluation of the extensive previous work and the property examination, it would seem there is no outcrop of an orebody on slopes draining easterly into Nea Creek. One grab sample of a 2 - 3 cm stibnite vein in the Hughes Creek basin ran 3.976 oz/t Au. There is very limited outcrop in the area of this sample and it is the area "A" recommended by Gibson for further trenching. A limited trenching program is warranted in this earea.

In general, there seems to be two major sets of structures that control mineralization. The areas of the best mineralization developed to date are at the intersections of these systems. The major system trends 0° - 20° and is sub-parallel to the ridge east of Nea Creek. The other system trends 110° to 140° and is sub-parallel to the headwaters of Hughes Creek and the westerly draining tributaries to Nea Creek. If it is possible to outline these structures with ground VLF, their intersections would provide drill targets.

I am going to propose a ground VLF survey to Lacana followed by drilling if concrete targets can be outlined by the VLF. Because of the low and discontinuous surface values encountered to date, I doubt this program will be approved. I will contact you when I receive an answer.

Yours sincerely,

LACANA MINING CORPORATION

Dave Dunn
Geologist.

DD/dh
enc.

<u>SAMPLE #</u>	<u>LOCATION & DESCRIPTION</u>	<u>VALUES</u>	
		<u>Au oz/t</u>	<u>Ag oz/t</u>
40394	Grab Japeroid. Altered Alaskite. Minor py. On main E. tributary of Hughes Cr near Alaskite contact with meta-seds. Elev 1930m UTM 5651950 m N 508200 m E	0.002	∠0.01
40395	Grab. Hornfels w/20% py On main tributary of Hughes Cr. W. side of Creek. Elev. 2000m UTM 5651800 m N 508350 m E	0.002	0.09
40396	Grab Float. Angular and abundant 20m E of Hughes Cr. Stibnite 10%, Aspy 50% chalcedony 30% Epidote 10% Elev. 2100m UTM 5651450 m N 508200 m E	3.976	2.42
40397	2 m chip. E of top of Hughes Cr. Carbonate altered Alaskite with qtz stringers ≈ 10% of rock Elev. 2120 m UTM 5651450 m N 508300 m E	0.032	0.09
40398	Sm chip. Sandy gougy material with hematite and limonite stain and shattered qtz clasts (20%) Jointing attitude S110° D90° Trench #6: 46m - 51m UTM 5651050 m N 507900 m E	0.034	0.02
40399	5m Chip. Highly silicified Alaskite. 20% vugs where py has weathered out Trench #6: 51m - 56m UTM 5651050 m N 507900 m E	0.029	0.03
40340	5m Chip. Highly silicified Alaskite. 80% qtz-chalcedony 10% sericite 10% kaolinite Trench #6: 56m - 61m UTM 5651050 m N 507900 m E	0.017	0.01

<u>SAMPLE #</u>	<u>LOCATION & DESCRIPTION</u>	<u>VALUES</u>	
		<u>Au oz/t</u>	<u>Ag oz/t</u>
40406	Grab Qtz-chalcedony breccia on structure trending 16° 70% qtz-chalcedony, 10% limonite after py + py. E side Nea Cr. 100m N of horse trail UTM 5650400 m N 508200 m E	0.012	<0.01
40407	Grab. Qtz breccia. Altered Alaskite. 20m x at least 200 m 5 m S of old post ≈50 m S of pin for L 7583-6 UTM 5650400 m N 508300 m E	0.061	0.04
40408	2 m chip. Carbonate altered Alaskite w/20% qtz stringers up to 2 cm Top of ridge Elev. 2439m UTM 5650800 m N 508700 m E	0.002	0.01
40409	1m Chip. Silicified Alaskite Fracture attitude S40° D80°SE Trench #3 300 m S of 3A UTM 5651100 m N 508350 m E	0.005	0.02
40410	Grab over 20 m Silicified, Kaolinized, Alaskite. 150m along Trench #5 UTM 5651000 m N 508300 m E	0.002	<0.01
40405	5 m Chip. Carbonate alteration in Alaskite. Minor 5 mm qtz stringers ≈ 2% of rock Foliation S 44° D 60° SE .5m gouge 61.0m - 61.5m .5 m silicified zone 61.5m - 62.0m Trench #6 61m - 66m UTM 5651050 m N 507900 m E	0.005	<0.01