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REPORT

on

ADANAC MINING & EXPLORATION CO. LTD.

W.R. Bacon, PhD, P.Eng. Nov.18, 1968.

November 18th, 1968.

Donaldson Securities Ltd.,  
101 - 535 Thurlow St.,  
Vancouver, 5, B.C.

Attention: Dr. S.E. Jerome

Dear Sir:

On Wednesday, November 13th, I flew to Whitehorse, Y.T., and was met there by Jack Guild, the geologist in charge of work at the Adanac molybdenite property on Ruby Creek near Atlin, B.C. On Thursday, Mr. Guild drove me to the Ruby Creek camp where I examined the drill core, Dr. Douglas D. Campbell's report of September 10th, 1968, and a 1" = 400' map showing Geochemical Survey Results on the Adera claim group. Because of snow I was unable to examine the molybdenite showing on the Adera claim group.

On Friday, November 15th, I returned to Vancouver via Whitehorse.

All drilling to date has been in the immediate vicinity of the molybdenite showing exposed for 500 feet in the creek bottom on Adera 6 claim. In fact 8 of the 9 holes have been drilled from either side of the creek in an area 160 feet x 200 feet parallel to the creek. The average depth of the 9 holes is 377 feet.

The drilling has been almost entirely in porphyritic alaskite, much of which is quite coarse grained. Fractures are common and generally range in thickness from 1/32" to 1/4". They may be filled with a grey, smoky quartz and/or molybdenite. Much of the molybdenite occurs in rather coarse flakes. The only other sulphide present is pyrite and its occurrence is sparse and erratic. In the limited area so far drilled no sizeable molybdenite-bearing quartz veins or, indeed, quartz veins have been encountered.

Much of the rock cores well and, generally, there is negligible loss through grinding. In places, however, there is gouge and elsewhere, rubble, where it is reasonably certain that some molybdenite has been lost.

The occurrence of molybdenite is obvious in all the holes. Economically interesting amounts are present in places, particularly throughout the 293 feet of vertical Hole 3 and in the upper 300 feet of vertical Hole 5. In the vicinity of the showing it appears that the predominant molybdenite-bearing fractures are flat lying and hence, for this part of the property at least, vertical holes are appropriate.

It was noted that all the core has been split for assay and that 10 foot samples have been taken. In view of the nature of the mineralization this procedure is adequate. When it comes to assaying, however, it must be remembered that, of the common metals, the molybdenite assay is by far the most susceptible to errors. Hence, some

consideration should be given to check assaying, preferably by B.C. molybdenum producers.

The size (1250 ft. x 5000 ft.) and magnitude in parts per million of the geochemical anomaly obtained by soil sampling is, of course, most significant. Although an anomaly of this nature cannot be translated by any other means than drilling into quantities of mineral, it is nevertheless reasonable to expect that a mineralized zone or zones will be outlined by the extensive program that is justified in view of the anomaly and the results of the preliminary drilling.

Of some concern at the moment is the location of the showing and the geochemical anomaly with respect to the boundaries of the Adera claim group, for it is now tentatively established that drill hole 16 is just about on the south boundary of Adera 6 claim. With regard to the anomaly, it may eventuate that part of its western extremity is off the Adera claim group and more of its eastern extremity is contained therein. In any event, it is essential that this point be clarified by the survey presently being undertaken by White, Hosford and Impey Ltd.

In conclusion, I wish to state unequivocally that the Ruby Creek molybdenum prospect is one of merit and certainly justifies the thorough investigation recommended by Dr. D.D. Campbell in his report of September 10th, 1968.

Respectfully submitted,

BACON and CROWHURST

W.R. Bacon, PhD, P.Eng.