

July 21, 1969

Mr. Ed Schiller
Ashland Oil & Refining Company
Room 400, 736 - 8th Avenue South West
Calgary, Alberta

Dear Ed:

Re Della Mines

I spent 1½ days on the molybdenum property of Della Mines Ltd., examining core, discussing the project with George Lamont, reviewing the assay data and compiling a map. Following are a few of my observations and conclusions.

CONCLUSIONS

1. In order to get some impression of the reliability of assay results I estimated the grades for several sections of holes H-16 and H-10 and compared them with the assay returns.

Mr. George Lamont was distressed over the low assay results for Hole H-16 (drilled in 1969) compared to his visual estimates. However my estimates for a few ten-foot sections of this hole corresponded reasonably well with the recorded assays.

For Hole-10 (drilled in 1968), the correspondence between my estimate and the assay results was poor. Many of my estimates were lower than the assay results; some of the assay results were considerably lower than my estimates. I would conclude from this very inaccurate method of checking assay results that the assay results for Hole H-10 are not reliable as individual values and that the overall average for the mineralized sections might be slightly high.

2. The MoS_2 averages for the mineralized sections in the upper parts of the holes are plotted on the accompanying map. I have drawn contours of MoS_2 content based on these widely spaced values and on some relative estimates by George Lamont. The results show that the 1968 results and the 1969 results fit into a general elongated pattern. The results also show that the mineralized zone appears to be delimited and is very limited in size and somewhat limited in grade.

3. Some of the holes drilled in 1968 (holes 6, 7 and 10), according to the logs, ended in aplite, thus indicating a small

satellitic stock of aplite to the north of the granitic stock. However when I re-logged the ends of these holes I found that the aplite is biotite hornfels. Thus the small satellitic aplite stock, which could have formed the control for molybdenite mineralization, has disappeared.

3. Mr. George Lamont has drawn contours on the contact between the granite and the hornfels-skarn areas. These results show that the northern contact of the granite stock is very steep and that the northwest contact dips northwesterly at about 55°. To the south again (near Helen Lake) the contours indicate that the stock contact may steepen. It appears that the molybdenite mineralization occurs above this relatively gently dipping contact on the northwest side of the granitic stock. There is also some indication of an alignment of the MoS₂ zone with the steeply dipping northern contact.

4. Hole No. H-17 has some good sections of sulphide mineralization which reportedly runs very high in antimony. George Lamont logged 200-foot sections of similar mineralization in the lower part of Hole H-26. The attitude of the mineralization in these two adjacent holes is not known.

RECOMMENDATIONS

1. There appears to be some doubt as to the accuracy of the Williams assays for MoS₂. The estimates on two holes indicates that the one hole drilled in 1968 gives poor correspondence with the estimated values. I suggest that the molybdenite content of much of the mineralized zone be checked in another laboratory (e.g. Bondar-Clegg). It would probably be wise to obtain geochemical analyses for Mo for most of the samples. If any of the geochemical results exceed 600 ppm (0.1% MoS₂) then the samples should be "assayed" for Mo.

2. The results thus far indicate that the molybdenite zone has been delimited and is too limited in size and grade to make an ore body. When accurate analyses are available, then the molybdenite potential should again be reviewed.

3. The assay returns for the sulphide sections indicate that additional data is needed. Possibly other metals are present besides the antimony and zinc. The presence of arsenic within the antimony would considerably reduce its market value. In addition, other elements such as bismuth and tin should be checked in several sections. In view of the poor assay results received from Williams for the molybdenite, it would be wise to also check his antimony values.

4. The dollar value of the sulphide zones must be estimated

- 3 -

and if favourable, then additional drill holes should test the orientation and extent of the best zones.

Yours very truly,

J. R. Woodcock

JRW:mb