

REPORT ON
THE COL #1 CLAIM
BEAVERDELL CREEK AREA
GREENWOOD MINING DIV., B. C.

for

CHATEX INDUSTRIES LTD.
511 - 850 West Hastings Street
Vancouver, B. C.

by

J. P. ELWELL, P.ENG.
1030 - 510 West Hastings Street
Vancouver, B. C.

February 1st, 1977

ITEM 18 THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE COMPANY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

There are no material contracts which have been entered into by the Company or any of its subsidiaries within the preceding two years which are still in effect and not disclosed herein.

ITEM 19 PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

The Company owns 5,000 shares of Sicintine Mines Ltd. (N. P. L.), the market value of these shares at December 31, 1976, being \$400.00.

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Location Plan of Col #1 Claim showing Adjoining Properties and G.S.C. Geochemical Results	In Pocket
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REPORT ON THE COL #1 CLAIM
BEAVERDELL CREEK AREA
GREENWOOD MINING DIVISION, B. C.

SUMMARY

The Col #1 claim consisting of 20 metric units is located to the south of Collier Lake and east of Beaverdell Creek in the Greenwood Mining Division, B. C. The topographic relief is moderate, with altitudes ranging from 3500 to 4300 feet. Access to the property is by way of gravelled road from Highway #3 at Rock Creek for a distance of about 30 miles.

Geologically, the area is underlain in the main part by the Phoenix group of volcanics which have been intruded by plutonics of the Coryell batholith. These rocks in turn are unconformably overlain in part by the Plateau Basalt formation, the basal member of which consists of shales, sandstones and conglomerates. These sediments have been found to carry uranium mineralization, and exploration by various companies has been active since 1969, resulting in a number of drill hole intersections of mineralized sediments, some showing substantial thicknesses and grades of U_3O_8 .

The Col #1 claim was staked on the basis of recently released results of a G.S.C. stream sediment and water sampling program, which indicated anomalous values in uranium to the south of the previous exploration area.

An exploration program for the claim is recommended, to consist in the initial phase, of prospecting and geological mapping, followed

by a magnetometer survey, a seismic survey over selected areas, and a detailed stream sediment sampling program.

The cost of this initial work is estimated at \$16,000 which, if favorable results are achieved, would be followed up by some percussion drilling, costing, including mobilization, engineering, etc., an additional \$30,000.

INTRODUCTION

This report consists of an appraisal of the Col #1 claim block located in the Beaverdell Creek area of the Greenwood Mining Division of B. C.

As the property has only recently been staked, and is presently snow covered, it was felt that no useful purpose would be served by making an actual inspection of the claims, as there are no known surface mineral showings, and the normal radiometric prospecting methods for uranium are not effective under winter conditions.

The report therefore, is based on a compilation of the geological data available from government maps and reports, and from additional data obtained from other mining exploration companies active in the area. These are acknowledged under "References".

The report was prepared for Chatex Industries Ltd., 511 - 850 West Hastings St., Vancouver, B. C.

LOCATION AND ACCESS

The Col #1 claim consisting of 20 metric units is located just to the southwest of Collier Lake and east of Beaverdell Creek in the Greenwood Mining Division of B. C. The approximate geographic centre of the claim would be Lat. $118^{\circ}55'W$, Long. $49^{\circ}31'N$.

Access to the property is by way of a gravelled road from Highway #3 at Rock Creek for about 30 miles to the north. Several old logging roads cross various parts of the claim area. (See Location Map accompanying this report.)

TOPOGRAPHY, ETC.

The topographic map shows the area to be of moderate relief ranging from 3500 to 4300 feet above sea level. The hills are timber covered and bedrock outcrops only on the higher ridges, the remainder of the ground being covered with varying depths of glacial overburden. There appears to be ample water supply for all purposes from the various creeks and small lakes.

PROPERTY

The property consists of one claim Col #1, consisting of 20 units staked according to the Modified Grid System as a block 4 units (2000 m.) east-west, by 3 units (1500 m) north-south. The claim was staked by John Kruzick, geologist, on Dec. 20th, 1976, and recorded at Vancouver Jan. 19th, 1977. The tag # is 34715, record number pending.

HISTORY OF THE AREA

The first exploration for uranium mineralization in the area dates from August 1968 when radioactivity was noted by Fukumoki and Kuroki, geologists for Nissho - Iwai Canada Ltd., using a car-borne scintillometer, and further examination led to the staking of the Fuki and Donen claim groups. Geological mapping, scintillometer surveys and diamond drilling commenced in 1969 and is continuing, with significant thickness and grades of uranium mineralization being intersected in a number of locations.

This initial discovery led to accelerated staking and activity by several companies, among which were Lacana Mining Corp. and Tyee Lake Resources. Lacana has reported the results from several drill holes, one of which indicated 50 feet assaying 2.7 lbs. U_3O_8 . The Tyee Lake Resources claims are now being explored by Noranda Mines and Kerr Addison under option agreement with Tyee.

Surrounding the above claim groups are large holdings in the name of Peregrine Petroleum Ltd. The release of G.S.C. open File #341 showing the results of some reconnaissance stream sediment and water sampling led to the staking of additional ground to the south, including that covered by the Col #1 claim.

The location and ownership of the various claim blocks, as far as can be determined from the current claim maps, is shown on the map which accompanies this report.

REGIONAL AND ECONOMIC GEOLOGY

The geology of the area in which the Col claims are located is still somewhat indefinite as it is only in the last few years since the discovery of uranium mineralization in the area that detailed geological mapping has been carried out, and stratigraphical sections have been worked out from the cores of exploratory diamond drill holes. The following geological description of the area is based on the work of L. Reinecke in 1911, H. W. Little, 1953-56, and from a report prepared by Kiyoshi Kikuchi, geologist, and Toru Kikuchi, P.Eng. consulting geologist for Nissho-Iwai Canada Ltd., based on the exploration work conducted on the Fuki claims in 1970.

The oldest rock in the area is the Anarchist Group consisting of sandstone, shale, limestone, greenstone, and greywacke, and considered to be of Paleozoic age. This formation has been successively intruded by the Nelson and Valhalla granites, granodiorites, and quartz monzonites of Cretaceous age.

Overlying these intrusives is the Phoenix Group of volcanics, tuffs, breccia and some sandstone and shale, classified as Eocene to Oligocene in age.

The youngest plutonics are the Coryell Intrusions of syenite, granite, granite-porphry, monzonite and shonkinite, classified by Little as probably Paleocene, and by Kikuchi as Oligocene. The mapping by both Reinecke and Little shows this intrusive formation to be the predominant underlying rock in the Collier Lake area where the Col claims are situated.

Unconformably overlying the older formations is the Plateau Basalt Formation of Miocene Age. It is flat lying or gently dipping and provides well developed mesa topographic features. The upper part of the formation consists of coarse grained olivine basalt and its tuff-breccia, and the lower part is fine grained olivine basalt with a basal part consisting of sediments, mainly shales, sandstones, and conglomerates.

It is this basal formation of conglomerate sandstone, etc., which is of economic interest as it has been found to be the host for uranium mineralization. Outcrops are scarce due to the soft nature of the rocks, and is generally found filling basins or channels in the Phoenix or Coryell formations and covered with overburden or the upper unit of the Plateau Basalts.

ECONOMIC EVALUATION OF PROPERTY

The Col #1 claim was staked on the basis of the favorable exploration results being achieved on the Nissho-Iwai and other properties to the north, and on the geochemical map of the area recently published by the G.S.C. This map shows significant uranium values in water and stream sediments within the Col #1 boundry. (See map accompanying this report.) Apart from this, very little is known about the geology of the claim area as it is mostly covered with varying thicknesses of glacial drift and other overburden. The geological maps available show an outcropping of the

Plateau Basalts at the northeast corner of the claim around Upper Collier Lake, and Reinecke mentions showings of Beaverdell batholith (Coryell Intrusive) at Collier Lake.

The only favorable formation for uranium mineralization identified to date is the conglomerate-sandstone-shale layer which forms the basal member of the Plateau Basalts. As previously mentioned, these sediments lie unconformably over the older rocks of the Coryell batholith and Phoenix formations, filling basins and old erosion channels. The sediments have been capped, in part at least, by the upper member olivine of the Plateau basalts. According to Reinecke, these basalts emanated from a number of volcanic vents and are somewhat localized in extent, so it is reasonable to suppose that the uranium bearing sediments may be found beyond the limits of the basalt flows especially in the deeper channels where they have been protected from glacial erosion but covered with drift and overburden.

Exploration by the various companies active in the area is still in the comparatively early stages, but the widespread drill hole intersections reported, showing substantial grades and thicknesses of mineralization indicates that there could be sizable ore deposits, and the extent of the favorable geologic horizon has in no way been fully delineated, so the ground covered by the Col #1 claim can be considered a valid exploration target.

EXPLORATION TECHNIQUES

The normal preliminary exploration method for uranium prospects, that is, a detailed radiometric survey with a scintillometer is considered impractical for the property under discussion, as this method will detect radioactive minerals only on, or very near to the surface and the information

available on the Col #1 claim is that the mineralized formation would probably be capped by the basalt flows, or covered with fairly heavy overburden, which in either case would effectively shield the radiation from the instrument. The Track-Etch method might be effective, but this is both expensive and time consuming, as the detection film must be left in the sample holes for about six weeks before removal for development and analysis. It is proposed therefore, to use a combination of methods, apart from an initial thorough prospecting and geological mapping of the area, which should provide some valid drill hole targets. The methods proposed are as follows:-

1. A magnetometer survey to outline the extent of the olivine basalt flows where they are obscured by overburden.

2. Some seismic profiles run both north-south and east-west in areas where no basalt flows are detected by the magnetometer survey or have been mapped on the surface, to locate old channels or depressions in the bedrock which may be filled with the uranium bearing sediments. Once the orientation of the channels has been established, additional lines can be run to trace their size and direction.

3. The reconnaissance stream sediment and water sampling program conducted by the G.S.C. has shown up some significant values in uranium within the claim area and adjoining ground. A detailed stream sediment sampling program on all the water courses within the claim area, may, after plotting of the results, indicate a possible source of mineralization, and when correlated with the other suggested exploration work, indicate certain targets for drilling. In summary, the recommendations would be as follows:-

RECOMMENDATIONSPhase I

1. Prospecting and Geological Mapping.
2. A magnetometer survey conducted with 100 m. line spacing and 20 m. reading intervals.
3. On completion of (1) and (2) selective lines of seismic survey.
4. A detailed stream sediment sampling program of all water courses.

Phase II

If the results of Phase I are favorable, Phase II will consist of percussion drilling of certain targets indicated by the previous work, the holes being radiometrically logged.

ESTIMATE OF COSTS

1. Magnetometer Survey - Approx. 32 km of line at \$200/km., including cutting and flagging of lines	\$ 6,400.00
2. Prospecting and geological mapping	2,500.00
3. Seismic survey, allow 10 km @ \$200/km including interpretation	2,000.00
4. Stream sediment sampling, allow 200 samples @ \$5.00	1,000.00
5. Engineering, travel and administration	3,000.00
6. Contingencies approx. 15% of above	<u>2,200.00</u>
Total, Phase I	\$16,100.00 (16,000.00)

Phase II

1. Percussion or rotary drilling allow 2,000 feet @ \$8/ft.	\$16,000.00
2. Mobilization, allow	1,500.00
3. Construction of access roads and drill sites, camp	5,000.00
4. Engineering, administration, radiometric logging	3,500.00
5. Contingencies, approx. 15%	<u>4,000.00</u>
Total	\$30,000.00
 Total, Phase I and II	 \$46,000.00

Feb. 1st, 1977



J. P. Elwell, P.Eng.

Consulting Mining Engineer

REFERENCES

B. C. Minister of Mines Reports 1969-1970 and following

G.S.C. Memoir 79 "Ore Deposits of the Beaverdell Map Area" - L. Reinecke, 1915

G.S.C. Map 6-1957 Kettle River (East Half)

G.S.C. Paper 70-48 "Geological Comparison Between East European and Canadian
Uranium Deposits, V. Ruzicka, 1971

G.S.C. Open File #341, Dec. 1976

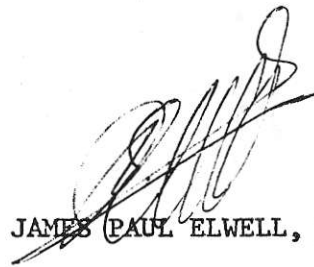
Unpublished report by Kiyoshi Kikuche and Toru Kikuchi, July 1970

C E R T I F I C A T E

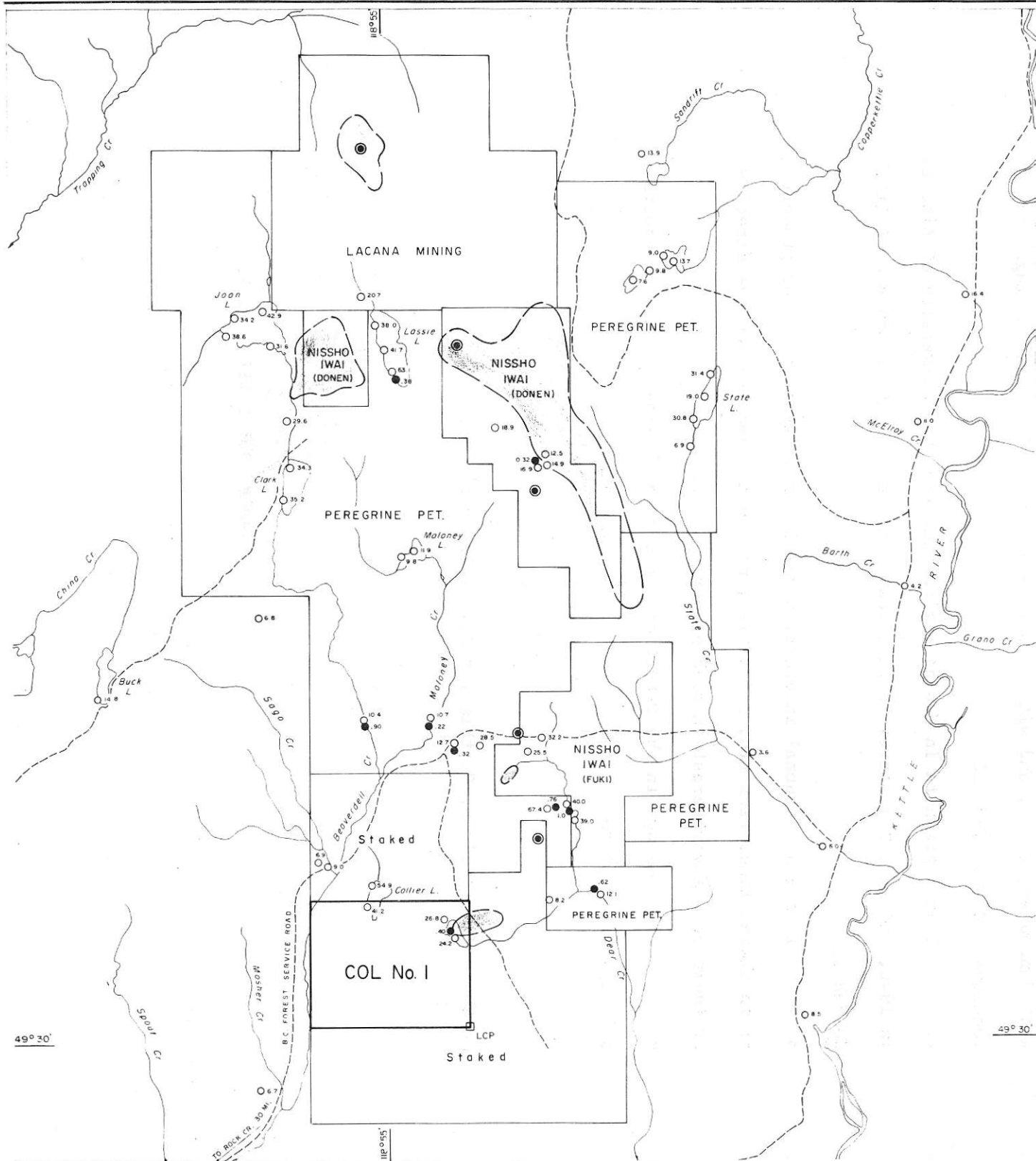
I, James Paul Elwell, of 4744 Caulfield Drive, West Vancouver, B.C., do hereby certify that:

1. I am a Consulting Mining Engineer residing at 4744 Caulfield Drive, West Vancouver, B. C., and with an office at 1030 - 510 West Hastings Street, Vancouver, B. C. V6B 1L8
2. I am a graduate in Mining Engineering from the University of Alberta in 1940, and am a Registered Professional Engineer in the Province of British Columbia.
3. I have no personal interest, directly or indirectly in the properties or in Chatex Industries Ltd. securities, not do I expect to receive directly or indirectly any interest in such property or securities.
4. The findings in the report are from data obtained from the reports and maps referred to.

DATED at VANCOUVER, B. C. this 1st day of February, 1977



JAMES PAUL ELWELL, P. Eng.



LEGEND

GEOCHEMISTRY

(PLOTTED FROM G.S.C. OPEN FILE NO 341, DEC. 1976)

- 32 ● URANIUM IN LAKE AND STREAM WATER (PP.B)
- 16.9 ○ URANIUM IN LAKE AND STREAM SEDIMENTS (PP.M)
- DRILLED URANIUM OCCURRENCE

GEOLOGY

(FROM G.S.C. MAP 6 - 1957)

- PLATEAU BASALTS

NOTE:

CLAIM LOCATIONS APPROXIMATE ONLY. PLOTTED FROM MAP B2E-10W.

CHATEX INDUSTRIES LTD.
LOCATION PLAN OF COL #1 CLAIM
SHOWING AJJOINING PROPERTIES
AND
G.S.C. GEOCHEMICAL RESULTS
COLLIER LAKE AREA, GREENWOOD MINING DIVISION, B.C.
 SCALE: 1:50 000
 JANUARY 1977

49° 30'

118° 05'

CHATEX INDUSTRIES LTD.

SUITE 511, 850 WEST HASTINGS STREET, VANCOUVER, BRITISH COLUMBIA, CANADA V6C 1E1

TELEPHONE: (604) 681-1933

Statement of accounts payable February 17th, 1977

Kirkrod Printing Ltd.	\$ 407.24
Radvak Engineering Ltd.	191.02
W.T. Elsing (legal)	924.00
Jerry Brewer	438.31
Glencoe Management Ltd.	1,800.00
McInnes & Neumann	300.00
Vancouver Stock Exchange	600.00
Guaranty Trust Company	254.58
Bank of Montreal	<u>3,000.00</u>
	<u>\$ 7,915.15</u>

x *David G. Smith* Director

A. S. Macmillan
DIRECTOR

CHATEX INDUSTRIES LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JANUARY 31, 1976

MacGillivray & Co.
Chartered Accountants

ITEM 5 THE FULL NAME, HOME ADDRESS, CHIEF OCCUPATION AND THE NUMBER OF SHARES OF THE COMPANY BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE COMPANY, AND, IF EMPLOYED DURING THE PAST FIVE YEARS, THE NAME OF EACH EMPLOYER.

<u>Full Name (Position with Chatex) and Address</u>	<u>Chief Occupation and Employer</u>	<u>Number of Shares</u>
Bernard Guichon (President and Director) 1523 Grand Boulevard North Vancouver, B. C.	Supervisor, Lands, Rights- of-Way and Legal Surveys, Westcoast Transmission Company Limited	7,519
Andrew Milligan (Secretary and Director) 5811 Marguerite Street Vancouver, B. C.	President, Host Ventures Ltd. and Canyon Aerial Tramways Ltd., President & Director, Consolidated Kalco Valley Mines Ltd. (N. P. L.)	17,000
Kurt Hohenwarter (Director) 115 - 303 Williams Road Richmond, B. C.	President, Habegger Industries Ltd.	Nil
Durward J. Brown (Director) 2101 - 1075 Comox Street Vancouver, B. C.	Former motel owner, presently Director & Officer, Consolidated Trans-Columbia Industries, Director & Officer, Grove Explorations Ltd., Director, Consolidated Kalco Valley Mines Ltd. (N. P. L.)	Nil

by J. P. Elwell, P. Eng., a copy of which is attached hereto and forms a part of this Statement of Material Facts.

- (d) The balance for general corporate purposes, including the sum of \$5,000.00 to exercise the option on the COL 1 Claim.