

82E

GEOLOGICAL REPORT

ON

FOB 1-6; RAD & VAC CLAIMS

SIMILKAMEEN MINING DIVISION

BRITISH COLUMBIA

OF

CONSOLIDATED KALCO VALLEY MINES LTD.

VANCOUVER, BRITISH COLUMBIA

LAT 120° 00' N - LAT 49° 10' W
CLAIM MAP AREA 92H/IE(M)
AND 82E/4W(M)

September 7, 1976

Edward O. Chisholm, P.Eng.

Vancouver, British Columbia

\$3,167.85 for office services and \$1,400.00 for management fees.

ITEM 17 BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE COMPANY UNLESS OTHERWISE DISCLOSED HEREIN

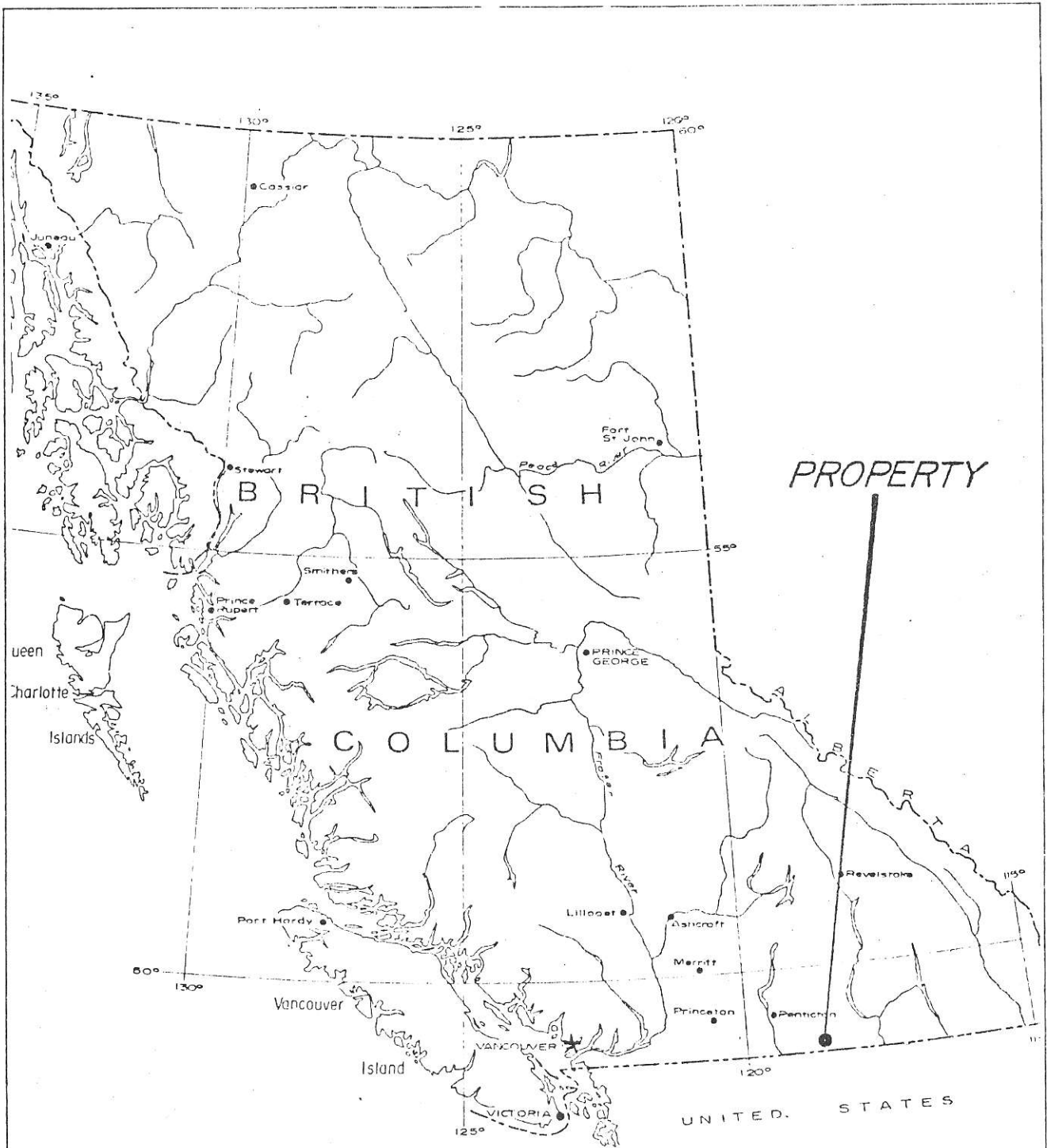
The Company has no options to purchase securities outstanding.

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

There are no material facts relating to the securities being offered which have not been disclosed under any other item of this Statement of Material Facts.



LOCATION MAP



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SUMMARY

The property of Consolidated Kalco Valley Mines Ltd. encloses a highly altered and metamorphosed belt of sedimentary and volcanic rocks intruded by granodiorite and feldspar-porphyry containing disseminated molybdenum and chalcopyrite in a "porphyry copper" type environment. No detailed exploration has been carried out on the claim groups to date and a preliminary exploration programme of induced polarization survey and preliminary diamond drilling is recommended at a cost of \$42,000.00.

INTRODUCTION

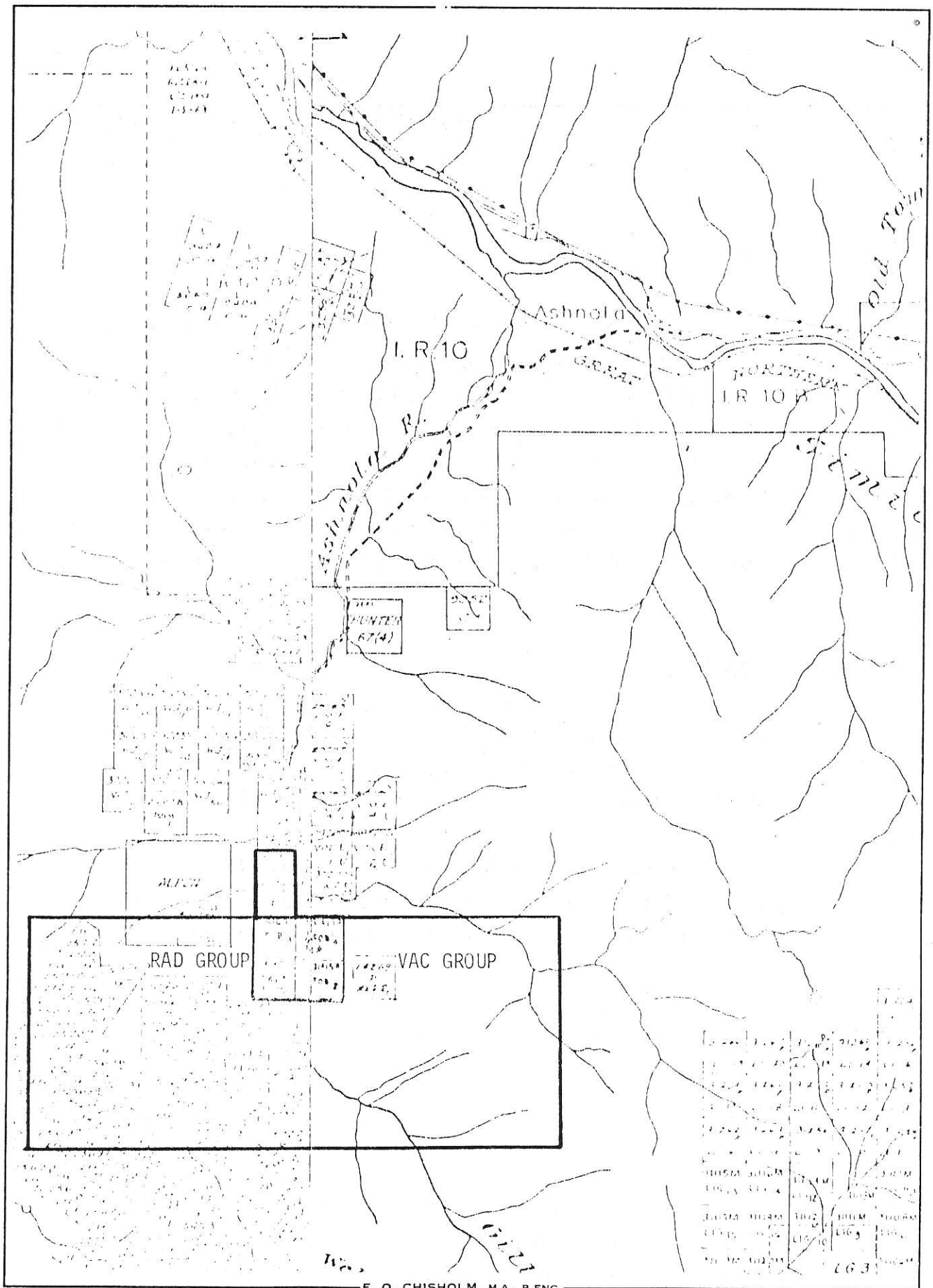
The writer examined and sampled the principal mineral discovery on the property on August 31, 1976 and is familiar with the geological setting from previous work in the area.

Conclusions, recommendations and descriptions of the geology and showings are based on personal observations, and on published government geological reports on the area.

This report was requested by Mr. Andrew Milligan, President of Consolidated Kalco Valley Mines Ltd.

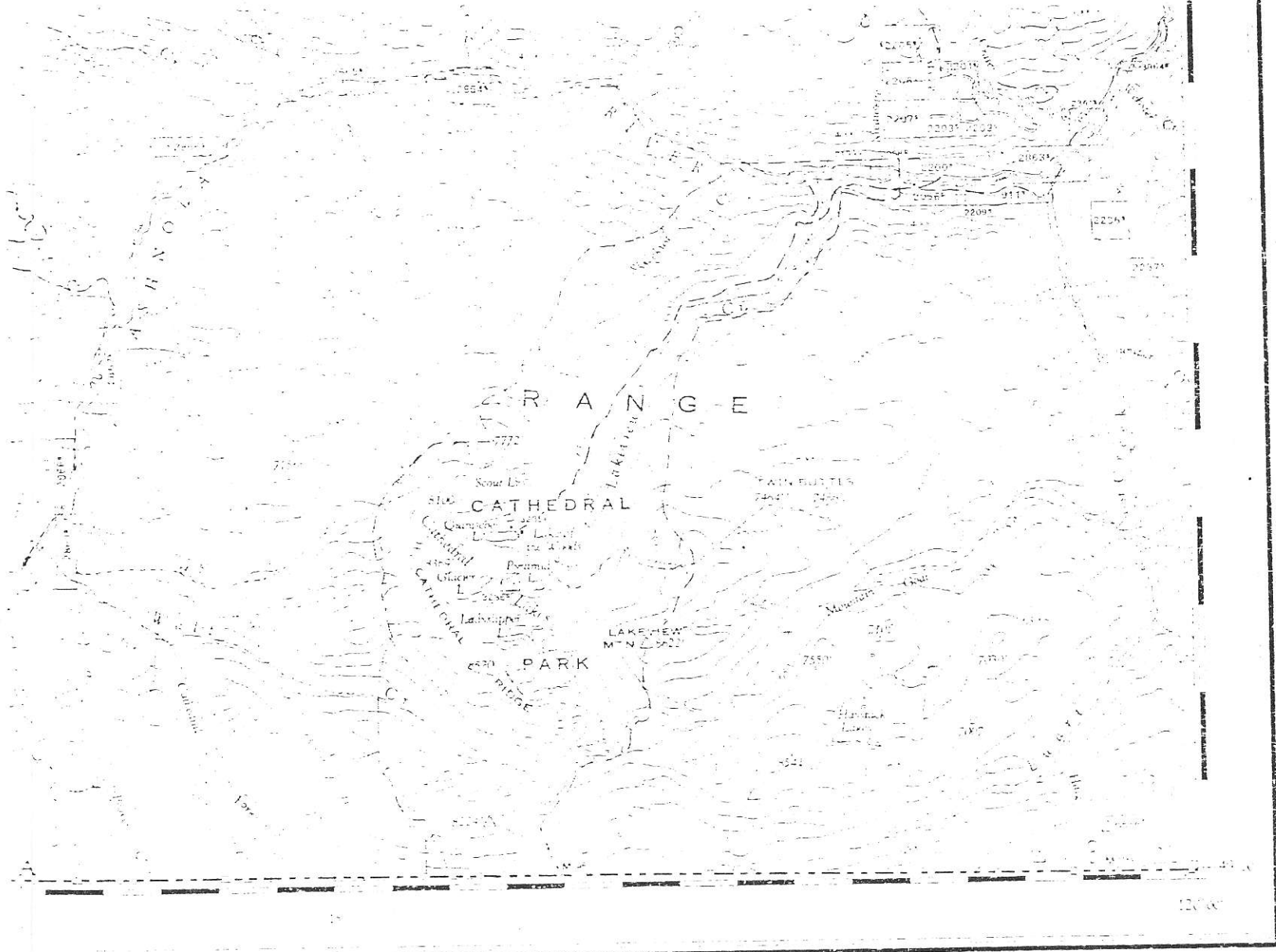
PROPERTY

The property is comprised of two recently staked claims named the RAD and VAC claims containing 40 units in a rectangle measuring approximately 2 miles by 1.2 miles. Included in the recent claim block are 6 former 50 acre claims



E. O. CHISHOLM, M.A., P. ENG.
CONSULTING GEOLOGIST

CLAIM MAP - PART OF 92H/IE(M) & 84E/4W(M)

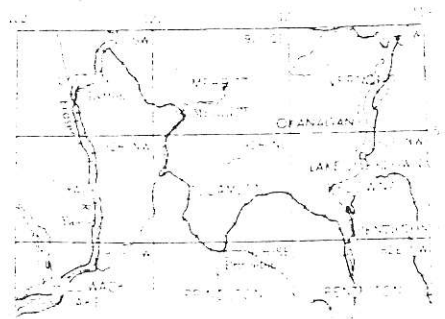


REFERENCE

Trail	-----
Route	-----
Main Township Line	-----
Main Electric Power Line	-----
Horizontal Control Station	-----
Contour Interval 100 feet	-----
Point of Interest	-----

LOCATION MAP

Part of
Princeton, B.C.
Sheet 92H/SE
(1 inch to 2 miles)



named the FOB 1-6 group. The known mineral occurrences are on FOB No. 4 claim. Claim posts were inspected by the writer and are staked according to the British Columbia Mining Act. The property is under option to Consolidated Kalco Valley Mines Ltd., #511 - 850 West Hastings Street, Vancouver, British Columbia.

Claims

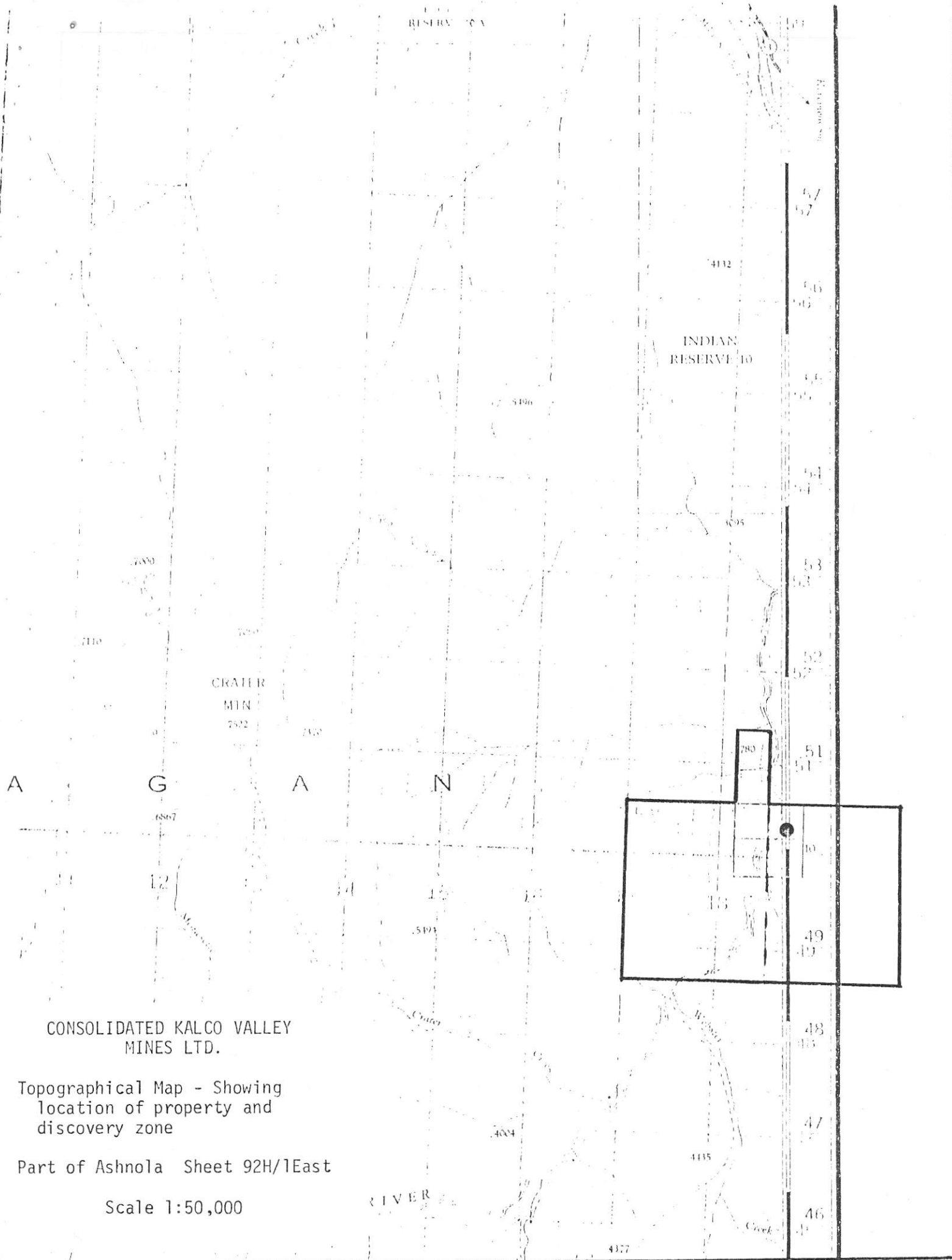
<u>Name</u>	<u>Staking Date</u>
FOB (5-6) Incl.	August 26, 1976
FOB (1-4) Incl.	January 5, 1975
RAD (1-20) Incl.	January 20, 1976 (Approx.)
VAC (1-20) Incl.	January 20, 1976 (Approx.)

The recent claim as shown on the staking map may partially overlap two prior claims known as the ALPEN group, but the overlap is a small percentage of the property.

Any legal aspects of ownership of the property is beyond the scope of this report.

LOCATION AND ACCESS, POWER, TIMBER AND WATER

Existing main roads from Keremeous cross the claim group along the Ashnola River and provide excellent access to the showing area by paved and gravel highway from Keremeous, 9 miles away. The Burlington Northern Railway is 4 miles away and also major power lines.



CONSOLIDATED KALCO VALLEY
MINES LTD.

Topographical Map - Showing
location of property and
discovery zone

Part of Ashnola Sheet 92H/1East

Scale 1:50,000

The main showing is located on the east, on the far bank of the Ashnola River on the opposite side to the road. It is a fast running river approximately 80 feet wide and is accessible at present by fording the river. This presents no difficulty to tracked vehicles.

Water and timber for all purposes are nearby and plentiful.

PHYSIOGRAPHY

The property straddles the valley of the Ashnola River and the principal showing is on the west bank of the river at an elevation of 2,000 feet where the river forms a narrow gorge. Elevation on the claim group ranges from 2,000 feet at river level to 5,300 feet at the highest point. In the showing area the slopes are moderate and accessible by tracked vehicle. The juncture of the Ashnola and Similkameen River lies 5 miles to the north. The mountains are part of the Cascade Range and trend north-south with deeply incised valleys.

Rock exposure is intermediate to low on the slopes but plentiful along the river valleys. The slopes are covered with shallow talus and drift from 10 to 20 feet deep and are sparsely covered with trees.

GEOLOGY

The general geology of the region is shown on GSC map 888A. Princeton Sheet, 1 inch to 4 miles, H.M.A. Rice 1944. No detailed mapping has been carried out on the property.



PART OF GSC MAP 888A

PRINCETON

YALE, KAMLOOPS, SIMILKAMEEN, AND OSOYOOS DISTRICTS
 CONSOLIDATED KALCO VALLEY MINES LTD.

Scale, 25,000 or 1 Inch to 4 Miles
 Miles 0 4 8 12

Approximate magnetic declination, 25° East

REGION
 GEOLOGICAL MAP

LEGEND

- Road
- Road not well travelled
- Trail
- School
- Post Office
- Land District boundary
- Limit of Railway belt
- Indian Reserve boundary
- Stream (flow disappears)
- Contours (interval 500 ft)
- Height in feet above mean sea level

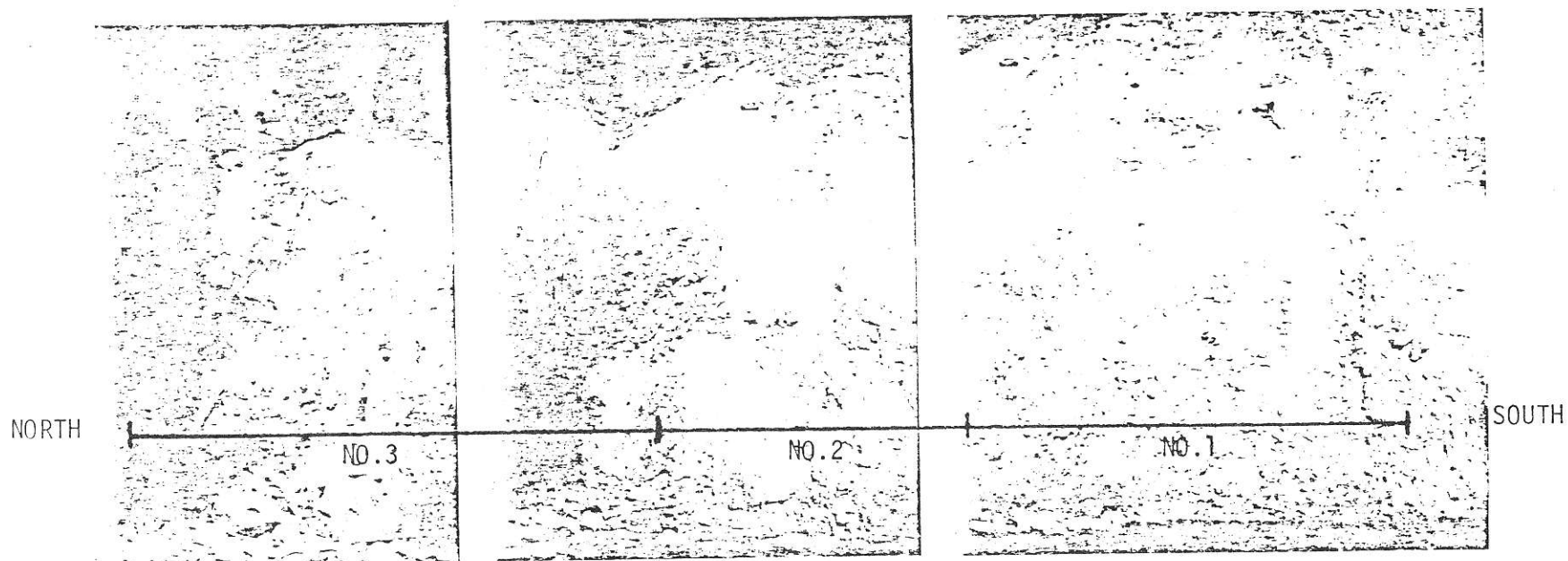
Base map compiled by the

The claims area is covered by Carboniferous sediments and lava of the Bradshaw and Independence formation comprised mostly slaty argillite, green andesite, limestone, quartz-mica-schist, and gneiss. These are intruded by the Mesozoic Coast Intrusions of granodiorite composition with accompanying porphyritic dikes and hornfels border phases. Exposures of the intrusive rocks were mostly at the river level.

The most abundant sedimentary rocks evident on the property are dark grey argillite and slate green andesite and these become altered to hornstone as they approach the granodiorite intrusive contact. They generally strike north-southerly and dip 60° to the west. Rice believes the formations can be grouped with the upper Triassic Nicola group, since the age is uncertain.

The main mineralized zone found on the claims to date consist of a cliff face about 300 feet wide and 50 to 60 feet high on the east bank of the river. It carries disseminated chalcopyrite, pyrite and molybdenite mineralization over its area, in small quartz veinlets and in fractures throughout. The principal host rock is hornfels at the southern half of the exposure, grading into porphyritic granodiorite on the north. The outcrop is well sheared in a north south direction dipping to the west at 60° . Concentration of sulphides are found at the borders of the quartz veinlets and blebs of pyrite, chalcopyrite and molybdenite up to 25% are found locally in the quartz veins. The overall content of the outcrop is much lower.

A chip sample taken at right angles to the strike of the shearing taken under the supervision of the writer from south to north across the outcrop assayed as follows:



CONSOLIDATED KALCO VALLEY MINES LTD.

ASHNOLA RIVER COPPER-MOLYBDENUM OUTCROP

SHOWING SAMPLING FACE 210 FEET IN WIDTH
HOST ROCK ALTERED GRANODIORITE PORPHYRY AND HORNSTONE

SCALE APPROXIMATELY 300 FEET TO 1 INCH

<u>Location</u>	<u>Length in Feet</u>	<u>Assay</u>	
		<u>Copper %</u>	<u>MoS2 %</u>
0 to 60	60	.03	.013
60 to 130	70	.03	.22
130 to 210	80	.04	.069

Precious metal content was in the order of .01 oz/ton gold and 0.1 oz/ton silver. The weighted average across 210 feet of the three samples is 0.034% copper and 0.092% MoS2. They demonstrate a significant molybdenum content across a substantial width of outcrop in a porphyry copper environment.

HISTORY

The FOB group appear to coincide with the location of the former Prince claim, now defunct, that is described by Rice as follows:

"The Prince claim is owned by Ben Williams of Keremeous and is on Ashnola River about 4 miles up from the Similkameen. A short adit has been driven under the road along a quartz vein from ½ inch to 18 inches wide. This cuts through volcanic rocks of the Bradshaw or Independence formations. A few grains of galena and chalcopyrite were seen in the quartz."

This adit was examined by the writer and fits the above description. It is located on the present claim FOB 4. There is also disseminated molybdenum in the quartz vein. The location is on the west side of the Ashnola River and is approximately 20 feet long. It is across the river from the zone 300 feet west of the porphyry copper outcrop described in this report. As far as known by the writer, no other work has been performed on the property in recent years.

CONCLUSION AND RECOMMENDATIONS

The Consolidated Kalco Valley Mines Ltd. Ashnola River property has significant copper, molybdenum mineralization over a substantial width in a porphyry copper geological environment. Despite its excellent access in a known porphyry copper belt it

has received no detailed exploration to date and warrants preliminary exploration to determine its economic potential.

A programme of geophysical and geochemical survey followed by preliminary diamond drilling is recommended at an overall cost of \$42,000.00.

COST ESTIMATE

A programme of geochemical soil survey, induced polarization survey and mapping to be carried out strictly over the FOB 1-4 claims on a 200 foot grid:

GEOCHEMICAL SURVEY

8 line miles @ \$200./line mile 1,600

INDUCED POLARIZATION SURVEY

8 line miles @ \$500./line mile 4,000

GEOLOGICAL MAPPING & SUPERVISION

One month @ 3,000

LINE CUTTING

8 miles @ \$150/mile 1,200

Contingencies 1,200

Sub Total 11,000

Bulldozer work 25 hrs @ \$40/hr 1,000

Diamond drilling 1,000 ft @ \$30/ft 30,000

Total Estimate \$ 42,000

If the initial programme meets with success, the work should be extended over the balance of the claim group as warrants.

Respectfully submitted,

Edward O. Chisholm P. Eng.



CERTIFICATE

I, Edward O. Chisholm of the City of Vancouver in the Province of British Columbia, hereby certify that:

1. I am a geologist with offices at 821 - 602 West Hastings Street, Vancouver, B.C. V6B 1P2
2. I am a graduate of the University of Toronto, Ontario, Master of Arts, 1945.
3. I am a member of the Professional Engineers of Ontario and British Columbia.
4. I have no direct interest or indirect interest in either the property or securities of Consolidated Kalco Valley Mines Ltd. or its affiliates, nor do I expect to receive any such interest.
5. This report is based on an examination of the property August 31, 1976, published reports, and on government maps and reports.

DATED AT VANCOUVER, BRITISH COLUMBIA

September 7, 1976



Edward O. Chisholm, P.Eng.

REFERENCES

1. H.M. Rice 1947 G S C Memoir #243
"Geology and Mineral Deposits of the Princeton Map Area -
British Columbia"
2. F.M.Vokes 1963 G S C Economic Report #20
"Molybdenum Deposits of Canada"pp 280
3. Stevenson, J.S. 1940 B.C. Dept. of Mines Bulletin 9
"Molybdenum Deposits of British Columbia"
4. Minister of Mines - B.C. 1920 Annual Report page 158

Rose, Gale & Co.

CHARTERED ACCOUNTANTS

To the Shareholders,
Consolidated Kalco Valley Mines Ltd. (N.P.L.)

We have examined the balance sheet of Consolidated Kalco Valley Mines Ltd. (N.P.L.) as at February 29, 1976 and statements of deferred exploration and administration expenses and changes in financial position for the six month period then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at February 29, 1976 and the results of its operations and changes in its financial position for the six month period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Rose, Gale Co.

Vancouver, Canada
April 13, 1976

Chartered Accountants.

RAD and VAC claims.

- (b) The sum of \$42,000.00 on a preliminary exploration programme of induced polarization survey and preliminary diamond drilling, as recommended by Edward O. Chisholm, P. Eng. in his geological report dated September 7, 1976, on the FOB 1-6, RAD and VAC claims in the Similkameen Mining Division of British Columbia, a copy of which is attached hereto and forms a part of this Statement of Material Facts.

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 and Address</u>	<u>Chief Occupation and Employer and (Position with Consolidated Kalco</u>	<u>Number of Shares</u>
Andrew Milligan 5811 Marguerite Street Vancouver, B. C.	President, Canyon Aerial Tramways Ltd. (President & Director)	154,000
Frances Gordon 128 888 No. 1 Road Richmond, B. C.	Accountant, Glencoe Management Ltd., R & H Travel Ltd. (Secretary & Director)	1,000

ITEM 2 PARTICULARS CONTRIBUTING TO THE SPECULATIVE NATURE
OF THE SECURITIES BEING OFFERED

The Company's properties are without known bodies of commercial ore, and the proposed programme is an exploratory search for ore. No survey has been made of the Company's located mineral claims; therefore, in accordance with the mining laws of the jurisdiction in which they are situated, their existence and area could be in doubt.

ITEM 3 DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL
CHANGES IN THE AFFAIRS OF THE COMPANY

There have been no material changes in the affairs of the Company since it filed a Statement of Material Facts dated February 19, 1976, with the Vancouver Stock Exchange. See Item 11(c) for particulars of the acquisition of the FOB, RAD and VAC claims.

ITEM 4 HOW THE ESTIMATED NET PROCEEDS OF THE COMPANY ARE
TO BE SPENT

The net proceeds of the offering will be used as follows:

- (a) The sum of \$5,000.00 to the vendors of the FOB

ITEM 5 CONTINUED

<u>Full Name and Address</u>	<u>Chief Occupation and Employer and (Position with Consolidated Kalco</u>	<u>Number of Shares</u>
Rudolf Bader 404 - 1139 Barclay Street Vancouver, B. C.	Self-employed land- scaping contractor & prospector (Director)	25,000
Durward Brown 2101 - 1075 Comox Street Vancouver, B. C.	Former motel owner, presently director & officer, Consolidated Trans-Columbia Industries, director & officer, Grove Explorations Ltd. (Director)	25,000

ITEM 6 PARTICULARS OF THE CORPORATE STANDING OF THE COMPANY

The Company was incorporated in British Columbia on May 17, 1966, as a specially limited Company, by memorandum and articles.

The date to which the last annual report was filed with the Registrar of Companies is May 17, 1976. All filings required to be made by the Company under the Securities Act and the Companies Act of British Columbia are up to date.

The date of the latest, audited financial state-

ments placed before the last annual general meeting is February 29, 1976. The annual meeting was held on June 18, 1976.

The Company is engaged in the business of acquisition and exploration of natural resource properties.

ITEM 7 THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE COMPANY

The authorized capital of the Company consists of 5,000,000 shares with no par value, of which 1,425,114 have been issued as fully paid. There are no conversion rights, no special liquidation rights, no pre-emptory rights, nor subscription rights attached to the shares of the Company.

ITEM 8 THE PRICES AT WHICH SECURITIES OF THE COMPANY HAVE BEEN ISSUED DURING THE PAST YEAR

During the past year 294,500 shares of the Company have been issued at 20¢ per share, 2,000 shares of the Company have been issued at 20½¢ per share and 3,500 shares of the Company have been issued at 21¢ per share.

Four hundred and fifty thousand (450,000) fully-paid and non-assessable escrow shares of the Company were issued at a deemed price of ¼¢ per share, as follows, pur-