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G. A. NOEL & ASSOCIATES
1127 - 510 West Hastings Street
Vancouver, B.C.

REPORT ON
CONSOLIDATED KALCO VALLEY MINES LTD.'S
FOB 1-4 MINERAL CLAIMS
SIMILKAMEEN MINING DIVISION
BRITISH COLUMBIA

LONG 120°00' W - LAT 49°10' N

CLAIM MAP AREA 92H/1E(M)

AND 82E/4W(M)

January 17, 1977

B. Taylor, P. Eng.

4. SHARE CAPITAL

Authorized:
5,000,000 shares of no par value

Issued and fully paid:

	<u>Number</u>	<u>Amount</u>
Balance, August 31, 1975	675,114	\$ 588,563
Add: Shares issued for mineral claims	450,000	1,125
Shares issued for cash	<u>300,000</u>	<u>55,542</u>
Balance, August 31, 1976	<u>1,425,114</u>	<u>\$ 645,230</u>

Subsequent to the balance sheet date, the company has issued 200,000 shares for a net cash consideration of \$57,400. The company has also issued 50,000 shares for the mineral claim option as mentioned in note 3 above.

5. MANAGEMENT FEE

During the year, management fees of \$1,400 were paid to a company controlled by a director of the company. In addition, office services in the amount of \$2,150 were paid or accrued to this same company.

INTRODUCTION

The writer spent ten days (Oct 26 - Nov 4, 1976) at the FOB property. During this time, surface geological mapping in the vicinity of the showings was carried out, as well as orientation soil sampling and some surface rock sampling. Logging of the diamond drill core was the primary consideration. Geophysical measurements, VLF (2 stations) electromagnetic, magnetometer and self-potential measurements were made during the same time period by Steve Presunka.

Subsequently the writer collected soil samples from December 7th - 11th, 1976.

GEOLOGY

The area is underlain by the Bradshaw formation. This is Triassic or older in age according to H.M.A. Rice, author of GSC Memoir 243 on the area. The rock in the vicinity of the showing is a green andesite which has been intruded by granodiorite.

The andesite is finely banded in surface outcrop, but appears only faintly so in the core. The different appearance is due to weathering. Strike of the bands (and presumably of the formation) is 160° Azimuth and is virtually vertical in dip. It is regarded as a volcanic flow, with some welded tuff layers. It contains 2 to 5% disseminated pyrite and up to 10% quartz as thin veinlets, mainly parallel to the banding. Some 300 metres north-west of the showing, the andesite was more blocky, and contained less pyrite and quartz.

The intrusive rocks consisted of a grey felspar porphyry which appears as lensy dykes within the andesite. The best exposure of it is concordant with the banding in the andesite, and contains numerous thin quartz veins throughout.

Biotite granodiorite appears on the edges of the area mapped. A grey variety with biotite as the chief mafic mineral is exposed on the east and north. It presumably is a coarser grained manifestation of the felspar porphyry. Disseminated pyrite was often noted. A brownish weathering variety of granodiorite, but also carrying biotite is present on the south and west of the mapped area. It is not known if they are of the same age.

Jointing is present in the rocks. Weathering of the volcanics

in the vicinity of the showing produced considerable fine, schistose scree. This, no doubt, reflected some shearing, but examination was not comprehensive enough to determine direction or position.

MINERALIZATION

Molybdenite mineralization was primarily within the quartz stringers wherever they occurred. It concentrated along the contact with the host rock. As the felspar porphyry contains the most stringers, the molybdenum values were also the best.

Some molybdenite was noted on slip surfaces, especially within the granodiorite.

Molybdenite was found on surface over an area of 110 metres by 10 metres.

A few traces of chalcopyrite were noted in diamond drill hole KV1, and some malachite was seen on the quartz vein in the old adit.

Pyrite is ubiquitous. It ranged up to an estimated 5% of the rock, although overall it was about 2%. It is finely disseminated and only rarely does it form 1 mm thick veinlets.

DIAMOND DRILLING

Three NQ sized diamond drill holes were drilled by Connors Drilling Ltd., in the immediate vicinity of the showings. They used truck-mounted wireline equipment. The locations of the holes are indicated on the accompanying geologic map. The geology and assay values are shown in cross-section as figures 1, 2 and 3.

KV1 was drilled at an azimuth of 030° and dipping at an angle of -55° . It reached a depth of 538 feet. It intersected mainly andesite to a depth of 375 feet, and graded progressively from felspar porphyry to granodiorite towards the hole bottom. The average MOS2 values of the core that was split (300 feet) is 0.033%.

KV2 was collared 23 metres south-west of KV1; drilled at an azimuth of 092° and dipping -47° . It was stopped at 168 feet, after revealing relatively minor amounts of molybdenite in the green andesite. No core was split, and thus no samples taken for assay.

KV3 was collared six metres north-west of KV1. It has an azimuth of 340° and a dip of -42° . The hole was stopped at 341 feet in andesite, after passing out of the felspar porphyry at 220 feet. The 168 feet of core (12' - 180') which was assayed, averaged 0.107% MOS2. It included the best section of 20 to 100 feet which averaged 0.163% MOS2. The highest assay was 0.34% MOS2.

GEOPHYSICS

Ronka EM16

Several cross-overs were located. These appear to coincide with possible changes in rock types, some of which probably are conductive fault zones. It is unlikely they represent sulphide conductors.

Magnetometer

It was noted during logging of the diamond drill core that the andesite was magnetic to some degree. The magnetic lows and highs observed reflect this. Molybdenite itself is not magnetic and the magnetite present does not relate to the pyrite or quartz. The magnetic high coincides with the andesite as far as it is known. The significance of the high at the north-west end of the grid is not known.

Self potential

Some response here was noted by Presunka, and probably indicates the pyrite mineralization. It was tried with a view to determining if it would work at all. It appears to have some merit in tracing the buried pyrite (and thus molybdenite) concentration.

GEOCHEMICAL SURVEY

180 soil samples were taken in the vicinity of the molybdenum showing. The anomalous pattern formed is 440 by 100 metres in area. The shape of the anomaly is affected by the well drained overlying gravel.

(a) Field work

Soil samples were collected by the writer from December 7th to 11th, 1976. They supplemented those taken earlier in the orientation survey. The original pace and compass grid was extended to the south and more accurately located by Top-o-fill measurements and compass readings. Samples were taken nominally at 100 foot intervals, on a 200 foot line spacing. They were taken by mattock, all from the "B" soil horizon, collected, identified and shipped in water resistant kraft paper bags.

(b) Chemical analysis

Bondar-Clegg Laboratories in North Vancouver did the analytical work. The -80 mesh material, after sieving, was dissolved in hot aqua regia and the amount of molybdenum determined by the atomic absorption method.

(c) Statistics

A total of 182 soil samples were collected on the two occasions. The amount of contained metal varies greatly. A statistical study of the background is three ppm, which is somewhat higher than the average given in "Geochemistry in Mineral Exploration" by Hawkes & Webb.

(d) Map

The results are plotted on the accompanying map. It is on a scale of 1:1000 and is designed to overlay the geologic map of the same area. The area soil sampled is approximately 800 metres long (at 330° Azimuth) by 325 metres wide. The whole property was not covered. The area was selectively sampled resulting in uneven sampling density and line lengths.

Metal values are contoured at 10, 20 and 60 ppm. They are considered to be indicative of the probability of molybdenum mineralization of the underlying rock in the immediate vicinity of the sample.

An area approximately 440 metres long by 100 metres wide is definitely anomalous. It lies both north and south of the main showing and is about twice as wide. It is sub-parallel to the short section of the Ashnola River where it is exposed. This is probably of geologic significance. The zone is increased 50% in length if the values above 20 ppm are considered to be of interest. Other locations with isolated molybdenum are also present.

Anomalous values weaken and disappear generally where gravel overlies bedrock. This is well illustrated by the east side of the anomaly where the gravels can be seen lying on the bedrock surface. Gravels also close off the anomaly to the south-east. The fluvial gravels on the river terraces are relatively devoid of molybdenum. The exception appears to be the north end of the anomalous area where mixed talus and gravel indicate the extension of the molybdenum zone. the Molybdenum ions, it appears, cannot migrate upward into thick gravel due to the excellent drainage.

A medium brown glacial till is exposed at approximately 7100 N, 2900 E and probably overlies the mineralized zone, as good values were obtained there in contrast to the samples taken elsewhere.

CONCLUSIONS

(a) This occurrence of molybdenite may be a portion of a more extensive mass. The three diamond drill holes, along with the surface samples show that low values do exist in two rock types, and that higher values can be obtained.

(b) Soil sampling for molybdenum works very well in the area.

(c) Gravels can mask the mineralization and do so on the east and south end of the occurrence, possibly so along the north-west end of the river flood plain.

(d) The showing has been ringed and extended by a well defined anomaly.

RECOMMENDATIONS

1. The present north-east drilling pattern should be continued. Hole No. 4 on 2N line has been spotted and site prepared. Deeper holes can be drilled from the west bank of the river.

A 200 foot spacing between sections would give adequate coverage. 45 degree holes (or flatter) 500 feet long, along 4N, 4S, 6S, 8S lines in that order would cover the anomaly.

2. Prospect along the NW-SE trend of the anomaly in both directions.
3. Ultimately, complete the soil sampling coverage of the property, along with geologic mapping. This would determine if other surface molybdenum concentrations exist and have not been recognized.

COST ESTIMATE

Diamond drilling 1000 feet @ \$25/ft.	\$ 25,000
Geological mapping & soil sampling	3,000
Contingencies	3,000
	<u>\$ 31,000</u>

January 17, 1977

Respectfully submitted,

B. Taylor
B. Taylor, P. Eng.

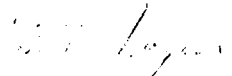
CERTIFICATE

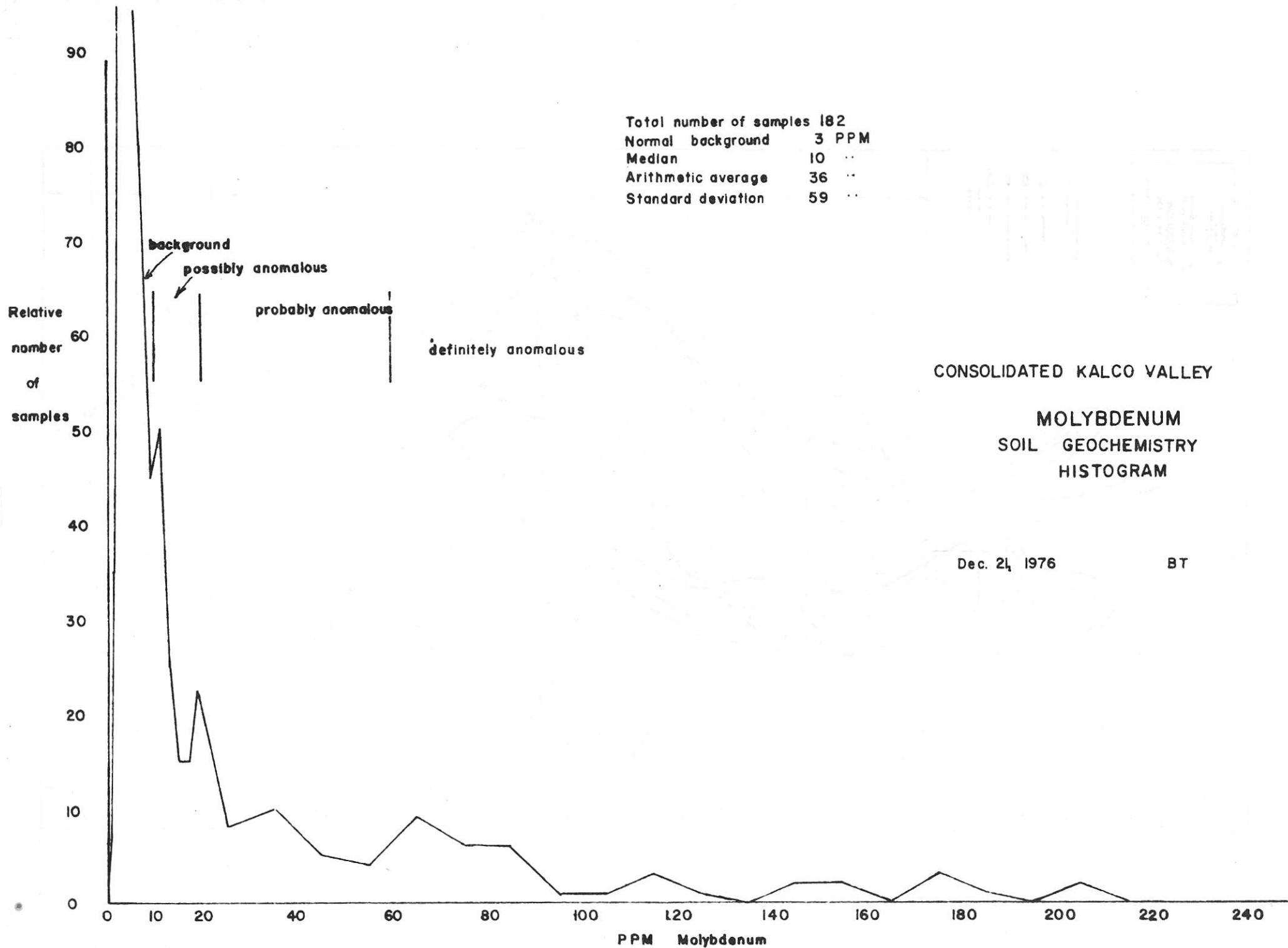
I, Bertram Taylor, of the District of North Vancouver in the Province of British Columbia, hereby certify that:

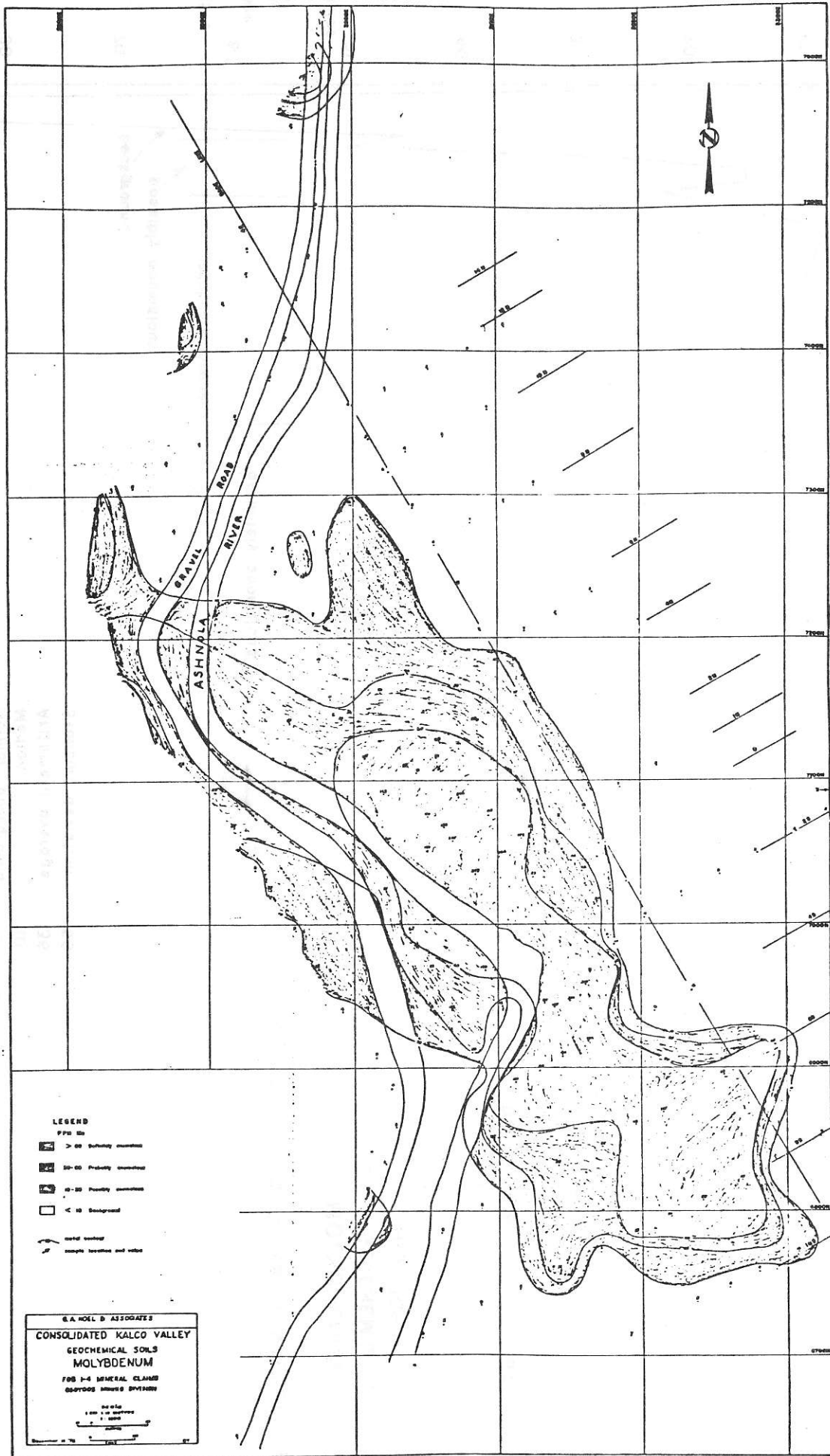
1. I am a geologist, a junior member of G.A. Noel & Associates with offices at 1127-510 West Hastings Street, Vancouver, B.C. V6B 1L8
2. I Graduated from the University of Saskatchewan in 1941 with the degree of Bachelor of Science in Geological Engineering.
3. I as a member of the Corporation of Professional Engineers of Quebec (1952) and of the Association of Professional Engineers of the Province of British Columbia (1971).
4. I am a member of the Canadian Institute of Mining and Metallurgy (1964) and of the Geological Association of Canada (1953).
5. I have practiced my profession as a geologist for 32 years in Quebec, Newfoundland and British Columbia.
6. 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.
7. This report is based upon work performed on the property from October to December, 1976, previous reports, and government maps and reports.

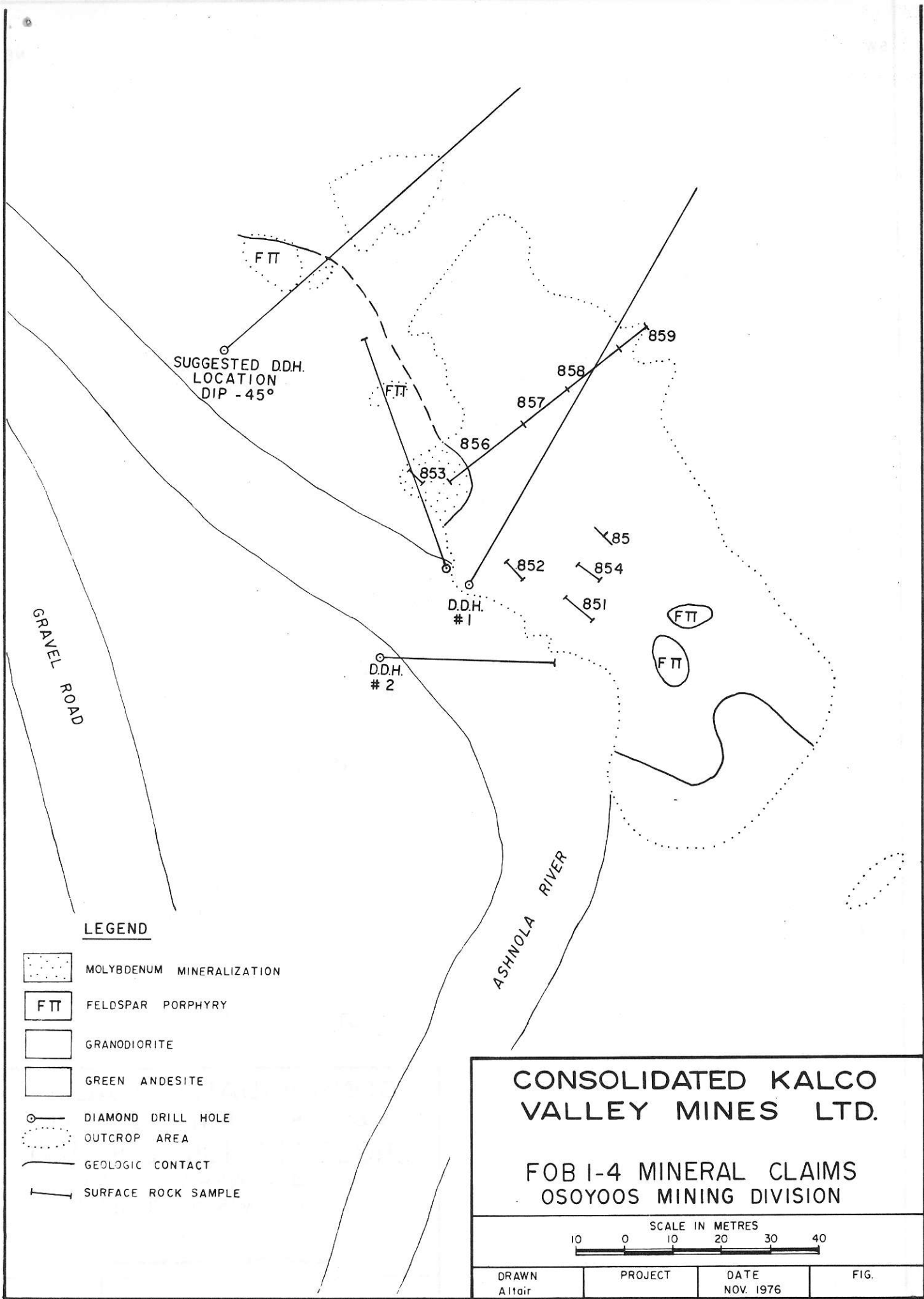
DATED AT VANCOUVER, BRITISH COLUMBIA

January 17, 1977










Bertram Taylor, P. Eng.

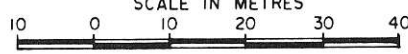






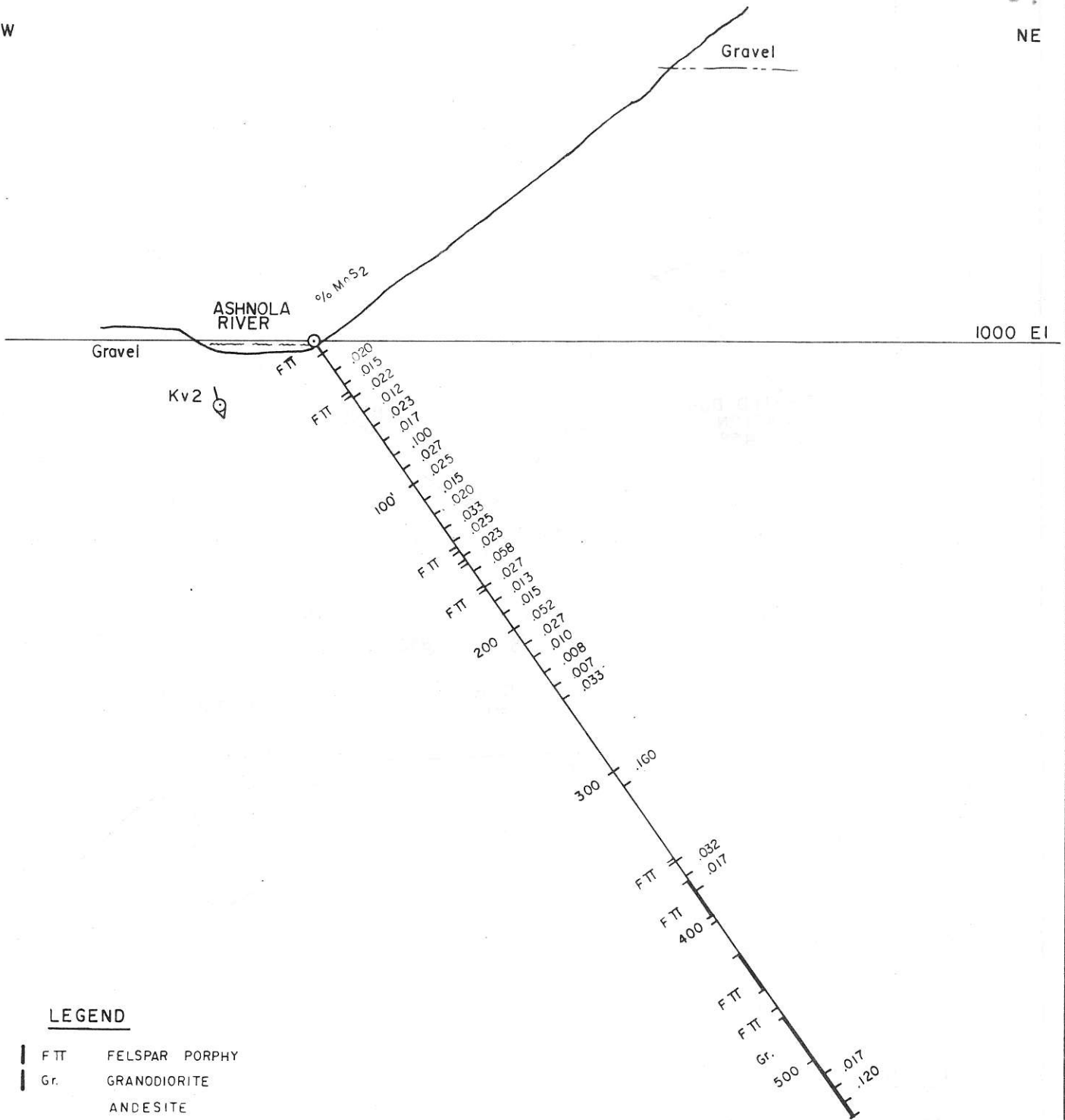
LEGEND

-  MOLYBDENUM MINERALIZATION
-  FELDSPAR PORPHYRY
-  GRANODIORITE
-  GREEN ANDESITE
-  DIAMOND DRILL HOLE
-  OUTCROP AREA
-  GEOLOGIC CONTACT
-  SURFACE ROCK SAMPLE

<p>CONSOLIDATED KALCO VALLEY MINES LTD.</p> <p>FOB 1-4 MINERAL CLAIMS OSOYOOS MINING DIVISION</p>			
<p>SCALE IN METRES</p> 			
DRAWN Altair	PROJECT	DATE NOV. 1976	FIG.

SW

NE

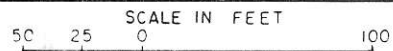


LEGEND

- | FTT FELSPAR PORPHY
- | Gr. GRANODIORITE
- ANDESITE

LOOKING NORTHWEST

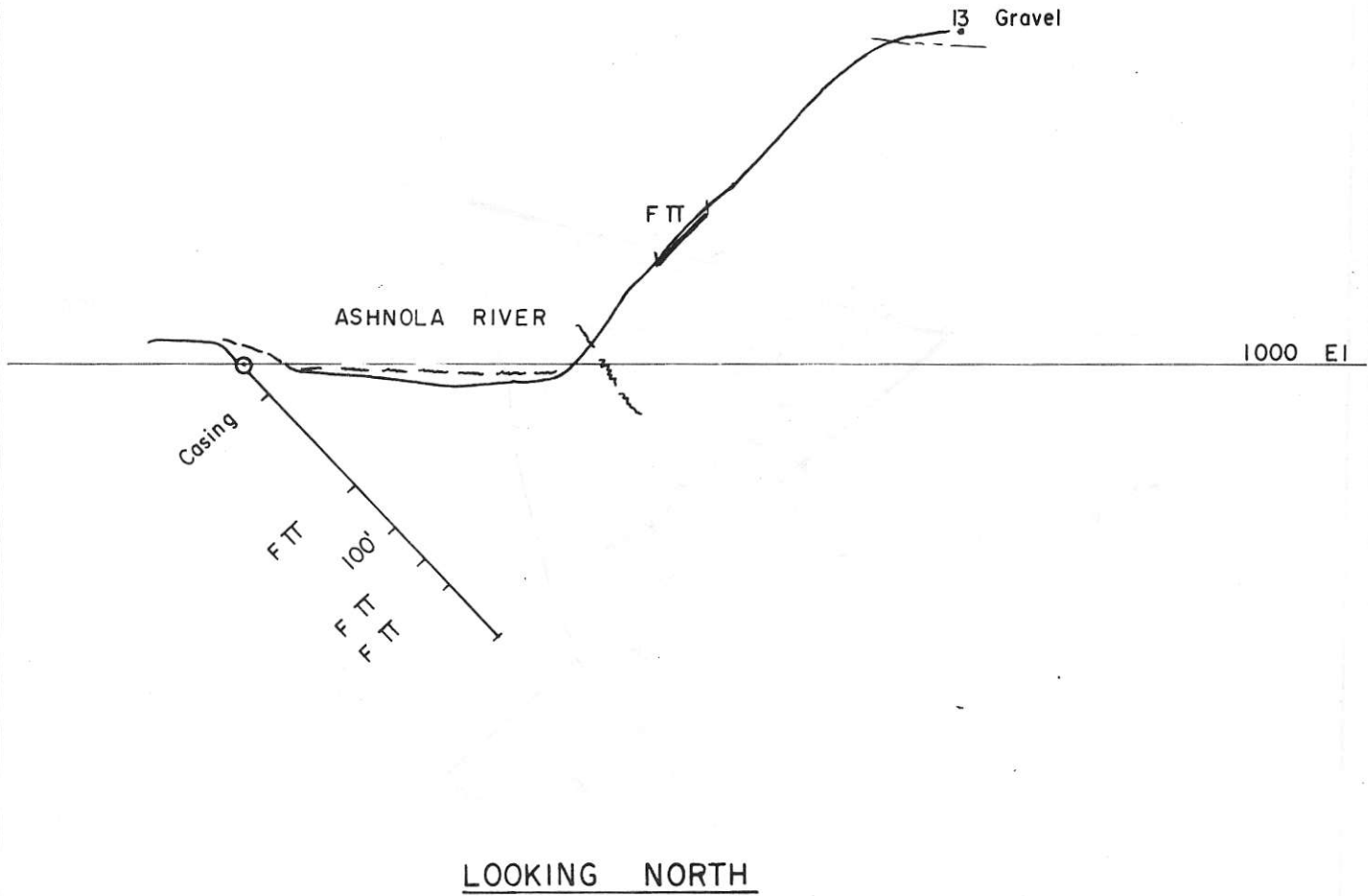
CONSOLIDATED KALCO
 VALLEY MINES LTD.
 CROSS-SECTION DDH KVI
 FOB I-4 MINERAL CLAIMS
 OSOYOOS MINING DIVISION



DRAWN	PROJECT	DATE	FIG
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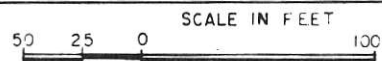
WEST

EAST



LOOKING NORTH

CONSOLIDATED KALCO
 VALLEY MINES LTD.
 VERTICAL SECTION DDH KV2
 FOB 1-4 MINERAL CLAIMS
 OSOYOOS MINING DIVISION



DRAWN
Altair

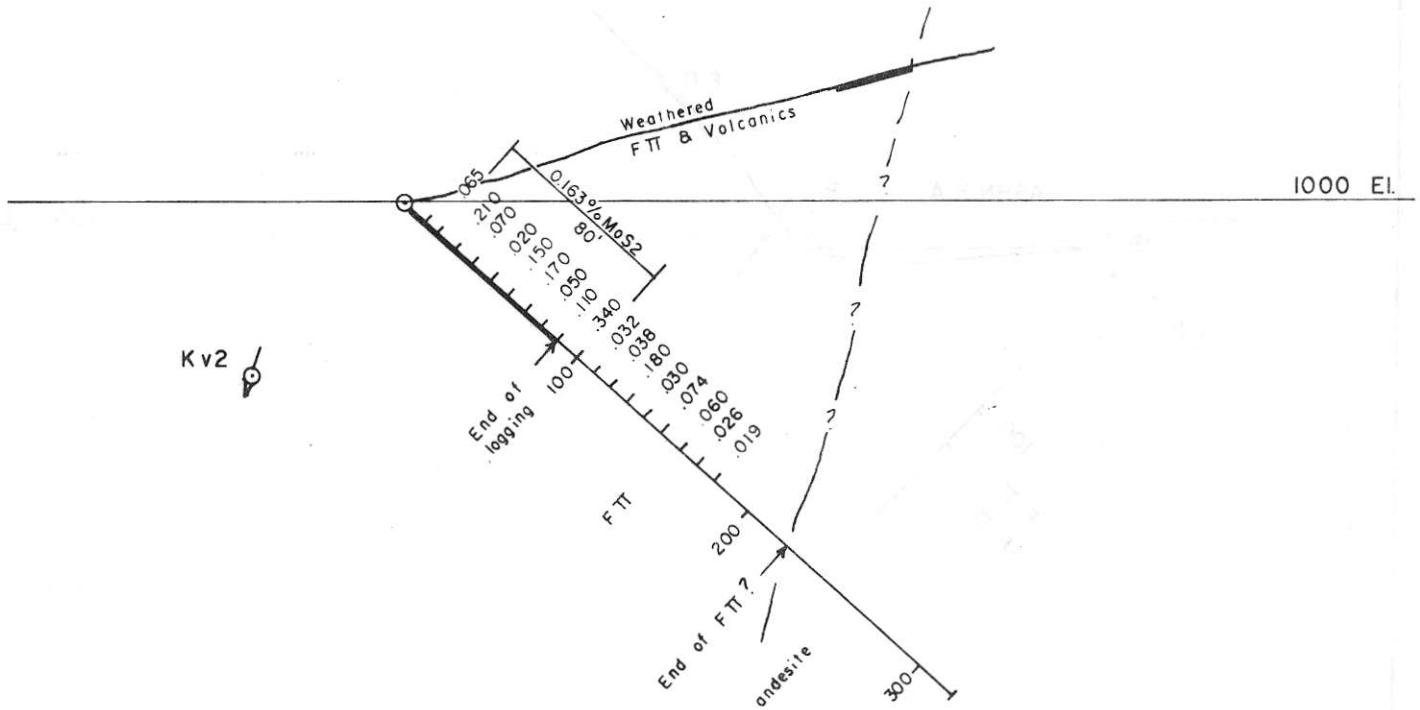
PROJECT

DATE
NOV 1976

FIG.
2

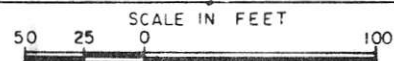
SOUTH

NORTH



LOOKING WEST

CONSOLIDATED KALCO
 VALLEY MINES LTD.
 CROSS-SECTION DDH KV3
 FOB 1-4 MINERAL CLAIMS
 OSOYOOS MINING DIVISION



DRAWN

PROJECT

DATE

FIG.

- (a) To complete the programme recommended in the said report.
- (b) The balance, for general corporate purposes.

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 Host) and Address</u>	<u>Chief Occupation and Employer</u>	<u>Number of Shares</u>
Andrew Milligan (president and director) 5811 Marguerite Street Vancouver, B. C.	President, Canyon Aerial Tramways Ltd.	159,000
Frances Gordon (secretary and director) 128 - 888 No. 1 Road Richmond, B. C.	Accountant, Glencoe Management Ltd., R & H Travel Ltd.	2,500
Rudolf Bader (director) 404 - 1139 Barclay Street Vancouver, B. C.	Self-employed land- scaping contractor and prospector	25,000
Durward Brown (director) 2101 - 1075 Comox Street Vancouver, B. C.	Former motel owner, presently director and officer, Consolidated Trans-Columbia Industries, director and officer, Grove Explorations Ltd.	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 statements placed before the last annual general meeting is August 31, 1976. The annual meeting was held on January 14, 1977.

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 1,725,114 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.