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GEOLOGICAL PROGRESS REPORT

ON

THE CARMİ PROPERTY

GREENWOOD MINING DIVISION

BRITISH COLUMBIA

VESTOR EXPLORATIONS LTD.

Roger D. Morton

Consultant Geologist

January 15, 1976

SUMMARY GEOLOGICAL REPORT

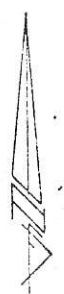
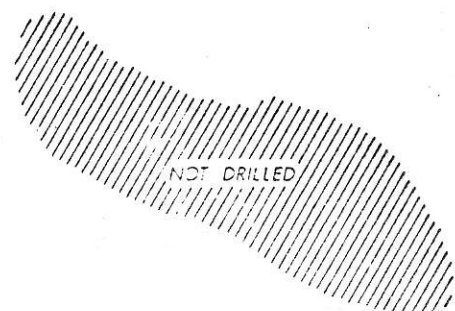
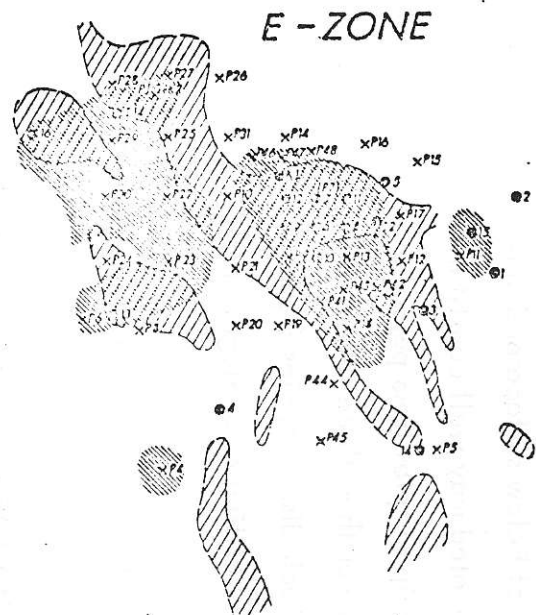
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The Carmi molybdenum property of Vestor Explorations Ltd. is situated about 50 miles SE of Kelowna, in southern British Columbia. The property, comprising 170 claims (8800 acres), was staked over an intrusive granitic complex which carries molybdenum mineralization of economic grades accompanied by minor, but presently uneconomic, uranium and copper mineralization with traces of gold and silver.

Systematic exploration early in 1974 was concentrated upon enlarging the so-called 'E' zone of molybdenum mineralization, originally discovered by Kennecott Copper Corporation. During the fall of the same year, a further zone of molybdenite-rich rocks (the 'Lake' zone) was discovered by prospecting. Subsequently, in October, 1975, 3 new zones carrying molybdenite were discovered. As yet none of these three new zones has been tested by drilling. The surface grades of MoS_2 in the 'Lake' and 'E' zones were considered so attractive that further surface geological exploration was suspended and immediate drill program was launched to determine the magnitude of the discovery zones in their 3rd dimensions and to test the constancy of grades in depth.

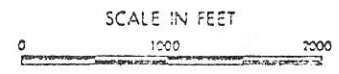
The initial phases of the drill program in the period May to September, 1974 were financed by Vestor Explorations Ltd. who drilled 17 vertical, BQ core, diamond drill holes (DDH #1 to 17 inclusive), for a total of 5,656 feet and subsequently, 8 vertical percussion drill holes (P#1 to 8 inclusive) totalling 2,000 feet. These preliminary phases of the drill project were further augmented by data from 41 percussion drill holes (P#9 to 49 inclusive) for a total of 14,485 feet and an additional two, 300 foot percussion drill holes (M1 and M2) on the Ivy claims of the Mullins Hill sector; all of which were drilled by Granby Mining Corporation under an option agreement of October, 1974.

The drilling program has now clearly revealed the molybdenum mineralization to be confined either to a coarse, intrusive granodiorite breccia in which the disseminated molybdenite tends to be concentrated within gneissic clasts,



- Drill Hole — diamond o
percussion x
- Surface Zone
- Drill-Proven Molybdenum Deposit
- Limit of IP Anomaly

VESTOR EXPLORATIONS LTD.
CARMIL MOLYBDENUM PROPERTY, B.C.



or to a granodioritic intrusive which is, in part, gneissic in aspect. Both the breccia and the underlying unbrecciated, gneissic granodiorite of the 'footwall' are strongly propylitized and in part sericitized. Pyrite is a ubiquitous component of all lithologies and both it and chalcopyrite seem to increase concomitantly with molybdenite. The copper contents of the mineralized rocks rarely exceed 0.1%.

The 8 million tons of 0.15% MoS_2 which were outlined in October, 1974, have now been increased to a probable reserve of approximately 65 million tons of 0.1% MoS_2 by the recent drilling. These reserves exist at depths from surface to an average of 330 feet below surface and maximum depth of 400 feet. The probable reserves indicated may well constitute a considerable underestimate as it appears that the chip samples from percussion drilling constantly indicated grades significantly lower than those revealed by cores from diamond drill holes at identical sites. Such discrepancies (up to 50% in error) have long been recognized during the drilling of analagous molybdenum properties in British Columbia.

The overall appeal of the discoveries to date is further enhanced by the following additional observations:

- (i) The 'E' zone still remains undelineated laterally and on its western end still remains 'open' in depth.
- (ii) The 'Lake' zone, which is characterized by a 1000' x 2000' geochemical anomaly at surface, is as yet only delineated on its eastern extension and remains 'open' in depth and below all drill sites except P# 17 and P32. The large surface dimensions of the 'Lake' zone are confirmed by the IP survey conducted by Granby Mining in June, 1975.
- (iii) The 'Lake' zone may well carry minor, but significant, amounts of gold and silver as indicated by DDH #17 where up to 0.04 oz/ton of gold and up to 0.34 oz/ton of silver were noted; (the average grades over 555 feet were 0.012 oz/ton gold and 0.12 oz/ton silver, i.e. if recoverable, representing approximately \$2.00/ton additional gross revenue).

- (iv) Parts of the mineralized section carry minor but noteworthy quantities of uraninite. In DDH #8 on the 'E' zone, a 35 foot section assayed at 0.05% U_3O_8 (i.e. 1 lb. U_3O_8 /ton, representing a gross value of \$20/ton if recoverable.)
- (v) Drilling on the Ivy claims in the Mullins Hill sector (percussion drill holes M1 and M2), whilst revealing only very low grades of molybdenite (av. 0.002%) and mere traces of copper and silver mineralization, showed notable gold values. Percussion drill hole M1 showed grades of up to 0.11 oz/ton gold over a 17 foot interval below the collar and 0.07 oz/ton gold over the upper 57 feet sampled. Hole M2 also showed minor gold (0.035 oz/ton) in the upper 24 feet below the collar.
- (vi) In addition to the existing reserves and potential further reserves of the 'E' zone and 'Lake' zones, three new molybdenum zones have been discovered and these have not so far been tested by drilling.

CONCLUSIONS AND RECOMMENDATIONS

The economic potential of the Carni property has increased by at least one order of magnitude during the past year. To date no complete geological survey has been performed and the drilling to date has not placed finite limits on the known zones of molybdenum mineralization. It thus remains a distinct possibility that the dimensions of the mineralized sectors may prove to be far greater than at first anticipated. Also surface mapping and prospecting may well reveal new areas of mineralization. In view of the high potential of this property, its favourable location and the continuing upswing in the price of molybdenum sulfide, it is strongly recommended that a renewed phase of exploration be implemented at an early date. The approximate costs and budget for a first phase expenditure of \$100,000 are outlined in the following tabulation.

COST ESTIMATES

Exploration Program - Surface and Drilling, Carmi, British Columbia

1. Surface geologic mapping and trenching

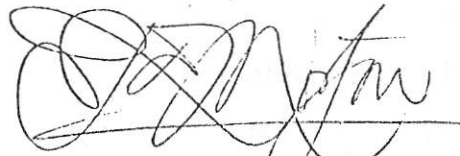
Wages and benefits (Geologist & assistant & core logger)	\$ 11,000
Contract labour (trenching, road construction)	5,000
Camp and food supplies	6,000
Transport and gasoline	<u>3,000</u>
	\$ 25,000

2. Diamond Drill Program to test grades and limits of known zones

Contract to drill approximately 4,400 ft. @ \$17/ft. (including assay costs).

\$ 75,000

Total budget for exploration \$ 100,000



Roger D. Morton, B.Sc., Ph.D., P.Geol.

January 15th, 1976



CERTIFICATE

I, Roger David Morton, of the City of Edmonton, in the Province of Alberta, do hereby declare:

1. That I am a registered Professional Geologist in the Province of Alberta.
2. That I am a graduate of the University of Nottingham, England with the degrees of Bachelor of Science (Hons. 1st Class) 1956 and Doctor of Philosophy (Geology) 1959.
3. That I was previously employed by the Universities of Oslo and Nottingham and have subsequently been employed by the University of Alberta and the Canadian International Development Agency. I am presently Professor of Economic Geology and Mineralogy at the University of Alberta and have worked in mineral exploration since 1969 in Europe, North America and Asia.
4. That I hold 3500 common shares of Vestor Explorations Ltd.
5. That this report is based upon personal knowledge of the Carmi property gained since the initial operations in 1974.

Dated at Edmonton, Alberta, this 15th day of January, 1976.



A handwritten signature in black ink, appearing to read "R. D. Morton".

Roger D. Morton, B.Sc., Ph.D., P.Geol.
F.G.A.C., M.C.I.M.M.,
M.S.E.G.

Consulting Geologist

PEAT, MARWICK, MITCHELL & CO.

CHARTERED ACCOUNTANTS

2500 Alberta Telephone Tower
10020-100th Street
Edmonton, Alberta
T5J 0N4

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Vestor Explorations Ltd. as of December 31, 1975 and the statements of deferred exploration and administrative expenditures, deficit and changes in financial position for the sixteen months then ended. Our examination included a general review of the accounting procedures and such tests of 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 at December 31, 1975 and the results of its operations and the change in its financial position for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Edmonton, Alberta
January 13, 1976

John A. Greig, P. Geol. Director and Vice- President and Secretary- Treasurer	10941-88 Avenue Edmonton, Alberta	Geologist Vice-President and Secretary-Treasurer of Vestor Explorations Ltd.
Gordon B. Shrum Director	1025 West 11 Avenue Vancouver, B.C.	Lawyer Shrum, Liddle & Hebertor Vancouver, B.C.

ITEM 10

Shareholders holding more than 5% of each class of shares of Continental Securities Corporation (1971) Ltd. are:

<u>Names & Addresses</u>	<u>Number of Shares</u>	<u>Percentage Held</u>
Angus I. McPhail 590 Newdale Road West Vancouver, B.C.	5,100 Common 714 Preferred	51% 51%
Douglas A. Scammell 1735 - 19th Avenue Vancouver, B.C.	2,450 Common 343 Preferred	24.5% 24.5%
William H. Hudson #2306-2055 Pendrell St. Vancouver, B.C.	2,450 Common 343 Preferred	24.5% 24.5%

Shareholders holding more than 5% of each class of shares of Canarim Investment Corporation Ltd. are:

<u>Names & Addresses</u>	<u>Number of Shares</u>	<u>Percentage Held</u>
Alfred E. Turton, 424 Burrard Street, Vancouver, B.C.	24,119 common	54%
Estate of Harold H. Hemsworth, 424 Burrard Street, Vancouver, B.C.	14,086 common	31%
Peter M. Brown, 424 Burrard Street, Vancouver, B.C.	6,751 common	15%

ITEMS 12, 13, 14 and 15

CARMI PROPERTY, British Columbia

The Company has under option 169 claims and claim fractions near Carmi, Greenwood Mining Division, British Columbia, as more particularly described below:

<u>Claim Name</u>	<u>Record Number</u>
MARC 1 - MARC 24 incl.	37448-37468 incl.
DOE 1 - DOE 4 incl.	296397M-296400 M incl.
IVY 1 & IVY 2	36691M & 36992M
WILK 1 - WILK 4 incl.	35811-35814 incl.
TOM 1 - TOM 3 incl.	366385M-366387M incl.
TOM 4	366388M
IVY 3 fr.	366393M
LANG 1	366398M
MY 17 & MY 18	338117M & 338118M
MY 19 fr.	338119M
MARY 0 - 18	31710
MARY 0 - 26 - MARY 0-33 incl.	31961-31968 incl.
MARY 0 - 20	31712
MARY 0 23 & MARY 0 24	31715 & 31716

SCHEDULE TO THE STATEMENT OF MATERIAL FACTS
OF VESTOR EXPLORATIONS LTD.

ITEMS 1, 2, 3 and 9

Details of Offering

This offering is the result of an agreement dated January 29, 1976, between the Company and Continental Securities Corporation (1971) Ltd. of 600-789 West Pender Street, Vancouver, B.C. and Canarim Investment Corporation Ltd., of 424 Burrard Street, Vancouver, B.C. as Underwriters. The effective date of the said agreement and of this Statement of Material Facts is the date upon which the Vancouver Stock Exchange accepts the same for filing.

By the said underwriting agreement Canarim Investment Corp. Ltd. agrees to underwrite 60,000 treasury shares of the capital stock of the Company at 90¢ per share to net the Company \$54,000.00, and is granted an option to purchase a further block of 30,000 treasury shares at \$1.10 within 90 days from the effective date of the agreement and an option to purchase a further block of 30,000 treasury shares at \$1.20 per share exercisable within 180 days from the effective date of the agreement. If the said options are fully exercised, the aggregate net proceeds therefrom will be \$69,000.00.

By the said agreement Continental Securities Corporation (1971) Ltd. agrees to underwrite 40,000 treasury shares of the capital stock of the Company at 90¢ per share to net the Company \$36,000.00 and is granted an option to purchase a further block of 20,000 treasury shares at \$1.10 exercisable within 90 days from the effective date of the agreement, and an option to purchase a further block of 20,000 treasury shares at \$1.20 per share exercisable within 180 days from the effective date of the agreement. If the said options are fully exercised the aggregate net proceeds therefrom will be \$46,000.00.

The Underwriters, subject to the By-Laws of the Vancouver Stock Exchange, may also make purchases and sales of shares of the Company for the purchase of maintaining an orderly market for the shares of the Company and to assist in the distribution of the offered shares.

No shares are being sold by a selling shareholder.

The said shares are to be distributed to the public through the facilities of the Vancouver Stock Exchange at the market price from time to time prevailing.

The range of the market price of the shares of the Company during the past 90 days has been 67¢ to \$1.12 per share.

Other than the underwriting agreement described herein, there are no sale, option, sub-underwriting, sub-option, assignment or proposed assignment agreements.

ITEM 4

1. The Company intends to use the proceeds from the underwriting to carry out a program of diamond drilling on the Company's Carmi property, 50 miles southeast of Kelowna, B.C. as recommended by Consulting Geologist, R.D. Morton, Ph.D., P. Geol. in his report dated January 15, 1976, a summary of which is attached hereto as a part of this Statement. The total cost of this program as estimated by Dr. Morton, is \$100,000.00.

2. The Company intends to use any proceeds from the exercising of options to defray normal corporate and administrative expenses.

ITEM 6

Officers and Directors of the Company

<u>Name and Office</u>	<u>Address</u>	<u>Chief Occupation</u>
Anthony Rich, P. Geol. Director and President	10947-86 Avenue Edmonton, Alberta	Geologist President of Vestor Explorations Ltd.