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GEOLOGICAL REPORT

on the

NOVE 1 GROUP

FRANKLIN CAMP

GREENWOOD MINING DIVISION, B.C.

for

HESCA RESOURCES CORPORATION LIMITED (N.P.L.)

Vancouver, B.C.
August 11th, 1976

D.C. Malcolm, P.Eng.,
Consulting Geologist

D. C. MALCOLM, P. ENG.
CONSULTING GEOLOGIST

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2290 WEST 23RD AVENUE
VANCOUVER 8, B.C.
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August 11, 1976

HESCA RESOURCES CORPORATION LIMITED (N.P.L.)
900 West Hastings Street
Vancouver, B.C.

I, DOUGLAS COLE MALCOLM, P. Eng., hereby consent to the use of my Report on the Nove 1 Group, situate in the Franklin Camp, Greenwood Mining Division of British Columbia, and dated August 11, 1976, to be used by HESCA RESOURCES CORPORATION LIMITED (N.P.L.).

Dated at Vancouver, British Columbia, this
11th day of August, 1976.



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HESCA RESOURCES CORPORATION LIMITED (N.P.L.)

NOVE 1 GROUP

FRANKLIN CAMP

GREENWOOD MINING DIVISION, B.C.

SUMMARY

The Nove 1 Group lies north of the Alco copper-molybdenum deposit of Rio Tinto. It covers a fracture plane chalcopyrite deposit in altered granitic rocks. An Induced Potential Survey outlined a large area of a medium concentration of sulphides about this deposit and a smaller area of higher sulphide concentration within this zone. The claims should be geologically mapped and prospected. The copper deposit and the high sulphide anomaly should be diamond drilled.

LOCATION AND ACCESS

Latitude 49° 39' North
Longitude 118° 18' West
Elevation 3,000 to 4,500 feet

The claims are 48 miles north of Grand Forks on the east side of Burrell Creek.

The claims are reached by a paved road north from Grand Forks along the Granby River and by good gravel logging road along Burrell Creek for 35 miles. A bulldozed dirt road in poor repair extends from the Burrell Creek road to the mineral deposit.

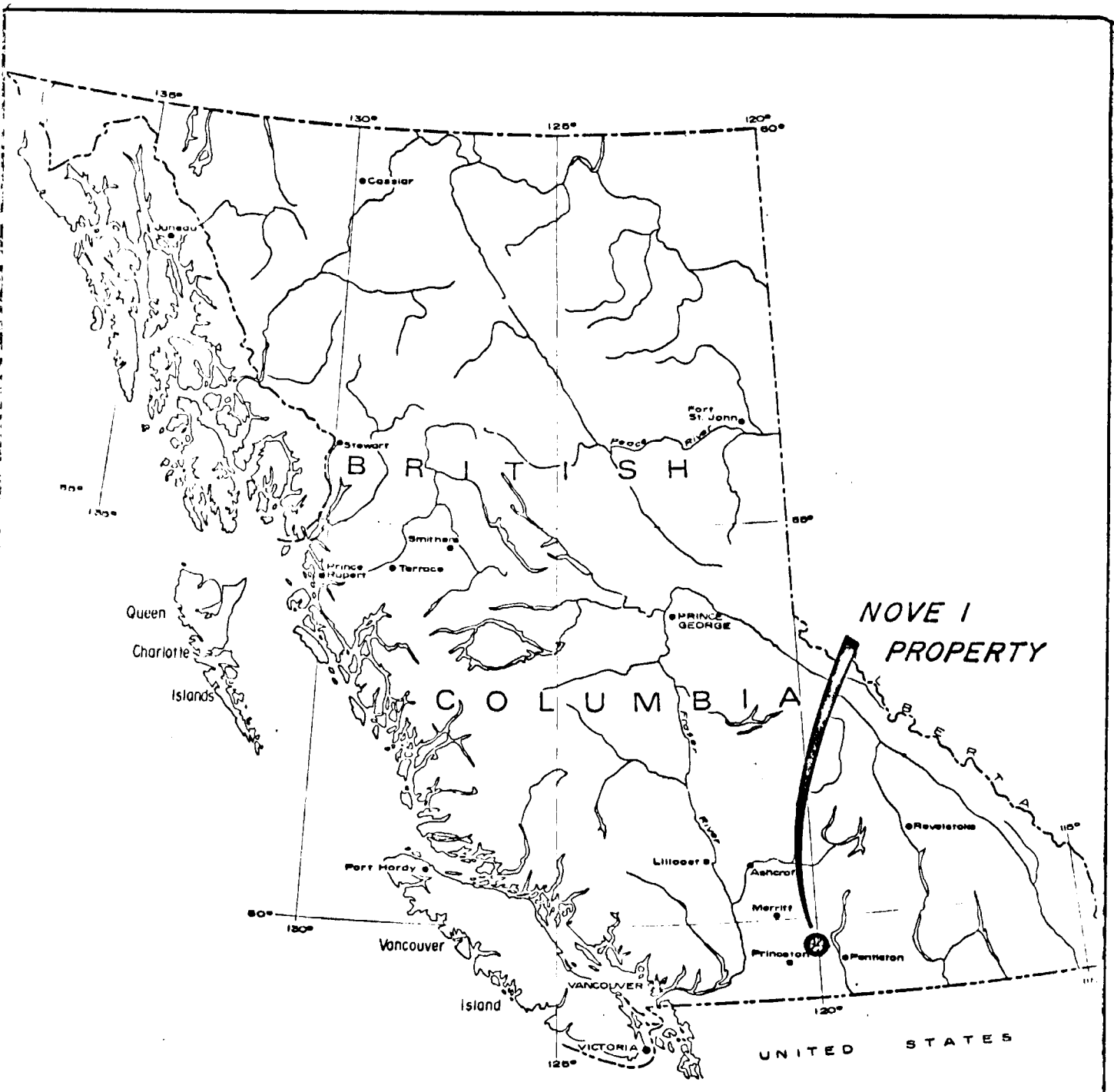
CLAIMS

The Nove 1 group consists of eighteen units staked on January 2, 1976 and recorded in Grand Forks January 22, 1976. Record Number is 205.

HISTORY

In 1966 the claims were called the Mac Group. An Induced Polarization Survey was conducted over a portion of the group and some stripping and rock trenching has been done.

In 1975 Rio Tinto explored fracture fillings of chalcopyrite and molybdenite in Nelson granodiorite on the Alco Claims to the south of the Nove 1 property. In 1976 an Induced Potential Survey was conducted and results were such that a percussion drill program is being planned in the near future.



Hesca Resources Corporation Ltd.

LOCATION MAP

Grand Forks Area

B. C.

GENERAL GEOLOGY

Franklin Camp and Burrell Creek are on the margin of a major fault block on the west side of the West Kootenay Rossland Ranges of the Monashee Mountains.

The area is underlain by Jurassic Nelson granodiorite, Valhalla granites and by Tertiary Coryell syenites with remnants of Permian and Jurassic volcanics and sediments. Remnants of Tertiary volcanics and sediments occur in some fault blocks.

The Cordilleran ice-sheet covered the area and moved from north to south across the area and left some till in the upland areas and filled the valleys with debris.

All the formations have been sheared and faulted with early thrust faults and later steep faults. A major fault occupies Granby River-Burrell Creek valley.

East of the area the West Kootenay area has extensive and varied mineralization and metal production and the Grand Forks-Greenwood area to the south contains many sulphide deposits. New discoveries of fracture plane copper-molybdenum sulphides are being explored in the Franklin Camp.

CLAIM GEOLOGY

The Nove 1 Claims are generally overburden covered, but outcrops show some volcanics, some granitic rocks and north and northeast striking linears. The imbricating Burrell Creek fault lies east of the claims but parallel structures are thought to strike northerly across the property.

DEPOSITS

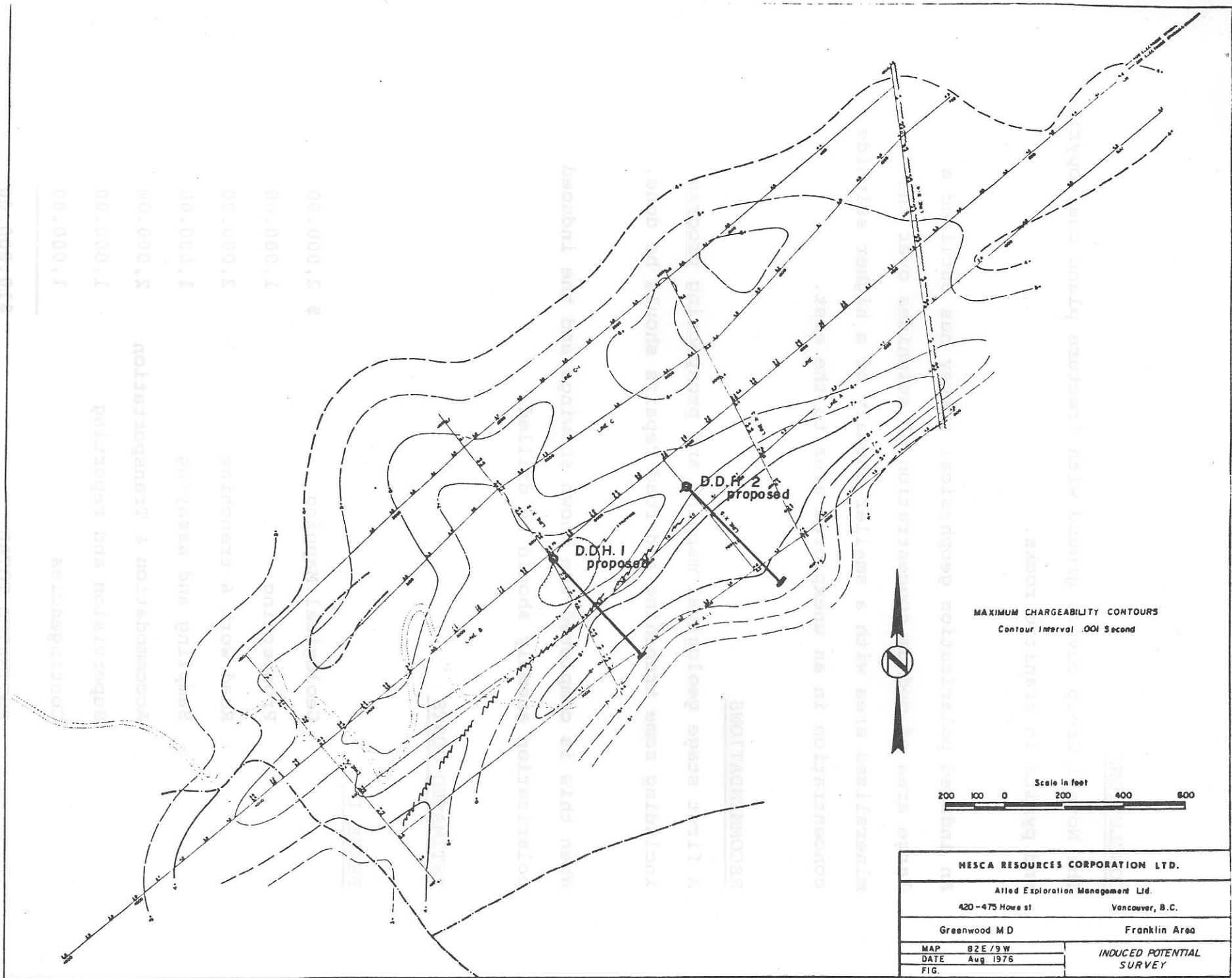
One deposit is exposed in a pit and by some surface stripping. It shows fracture fillings of chalcopryrite and pyrite in a bleached altered granitic rock. Some fractures contain galena in small veinlets.

One grab sample assayed 0.014 oz gold per ton; 1.58 oz silver per ton, and 0.43% copper.

GEOPHYSICS

In 1966 an induced polarization survey was made over the ground by Geofax Surveys Limited of Calgary, Alberta.

Mr. G.A. Mouritsen reports that a prime zone indicating a good concentration of disseminated sulphide mineralization measuring a minimum of 1,000 feet in length and averaging 150 feet in width occurs at depths of less than 200 feet with a minimum thickness of 200 feet. This zone is surrounded by a very large secondary zone of medium to low concentration of disseminated sulphide mineralization measuring roughly 3,000 feet by 1,100 feet wide.



CONCLUSIONS

The Nove 1 Group covers ground with fracture plane chalcopyrite and pyrite in granitic rocks.

An induced polarization geophysical survey has outlined a large area of medium concentration of sulphides over the mineralized area with a smaller anomaly of a higher sulphide concentration in an unexplored area to the east.

RECOMMENDATIONS

A first stage geological mapping and prospecting program including some trenching and road repairs should be done.

When this is completed the known showings and the induced polarization anomaly should be drilled.

ESTIMATED COSTS

PHASE I

Geological Mapping	\$ 2,000.00
Prospecting	1,000.00
Road work & trenching	2,000.00
Sampling and assaying	1,000.00
Accommodation & Transportation	2,000.00
Supervision and reporting	1,000.00
Contingencies	1,000.00
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ESTIMATED TOTAL	\$10,000.00

PHASE II

Drilling, 600 feet at \$15/ft	\$ 9,000.00
Logging sampling and assaying	1,000.00
Mobilization	1,000.00
Transportation & Accommodation	1,000.00
Supervision	1,000.00
Geology, Reports	1,000.00
Contingencies	2,000.00
ESTIMATED TOTAL	<u>\$16,000.00</u>

Report by:

D. C. Malcolm

D. C. MALCOLM, Eng.
Consulting Geologist



Vancouver, B.C.

August 11, 1976

REFERENCES

PHASE II

Kettle River Sheet., East Half., G.S.C. 1957., L.W. Little.

Geophysical Report on the Induced Polarization Survey of the
Mac Group by G.A. Mouritsen, P.Eng., dated
June 12, 1966.

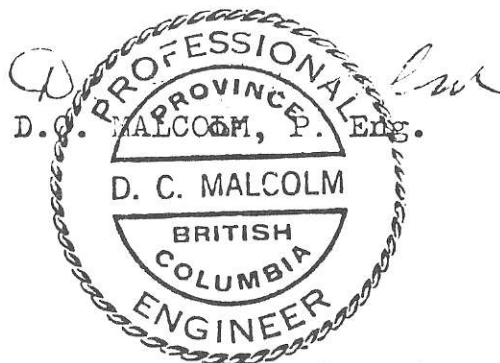


Address: 11, 12th
Vancouver, B.C.

C E R T I F I C A T E

This is to certify:

1. I, DOUGLAS COLE MALCOLM am a resident of Vancouver, B.C., and live at 2290 West 23rd Avenue.
2. I am a graduate of the University of British Columbia, with the degree of Bachelor of Applied Science in Geological Engineering (1935).
3. I am a member of the Association of Professional Engineers of British Columbia and Ontario and have practised my profession continuously since graduation.
4. I have not, directly or indirectly, received or expect to receive any interest, direct or indirect, in the property of HESCA RESOURCES CORPORATION LIMITED (N.P.L.), or of any affiliate; or beneficially own, directly or indirectly, any securities of the company or of any affiliate.
5. This report is based on a personal examination made on July 17, 1976. Some posts and claim lines were examined and the Claims appear to be well staked.



CERTIFICATE

This is to certify:

I, DOUGLAS GORE MARCOIN, a resident of Vancouver, B.C., and live at 2290 West 50th Avenue.

HESCA RESOURCES CORPORATION LTD. (N.P.L.)

FINANCIAL STATEMENTS

APRIL 30, 1976

I am a member of the Association of Professional Engineers of British Columbia and Ontario and have practiced my profession continuously since graduation.

I have not, directly or indirectly, received or expect to receive any interest, direct or indirect, in the property of HESCA RESOURCES CORPORATION LIMITED (N.P.L.), or of any affiliate; or beneficially own, directly or indirectly, any securities of the company or of any affiliate.

This report is based on a personal examination made on July 17, 1976. Some posts and claim lines were examined and the claims appear to be well worked.



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 (Position with Hesca)</u>	<u>Number of Shares</u>
Ferdinand Rudolf Marehard 1067A Haro Street Vancouver, B. C.	Mining executive, previously employed as a steward with B. C. government ferries. (President and Director)	162,950*
Aldo Roller 914 Dunford Avenue Victoria, B. C.	Self-employed prospector (Director)	24,000**
Frank Xavier Erl 777 Cardero Street Vancouver, B. C.	Self-employed prospector (Secretary and Director)	130,950

* Ferdinand Marehard is selling 10,000 escrow shares, subject to the approval of regulatory bodies.

** Subject to approval of regulatory bodies an additional 115,950 escrow shares are being purchased by Aldo Roller

ITEM 6 PARTICULARS OF THE CORPORATE STANDING OF THE COMPANY

The Company was incorporated in British Columbia on

(b) The sum of \$1,500.00 to pay the vendors of the Nove Group Claims pursuant to the agreement dated August 10, 1976.

(c) The sum of \$10,000.00 to conduct the exploration programme set out in the geological report on the Nove l Group, Franklin Camp, Greenwood Mining Division, British Columbia, by D. C. Malcolm, P. Eng., consulting geologist, and dated August 11, 1976, a copy of which is attached hereto and forms part of this Statement of Material Facts.

(d) The balance of the proceeds will be used for general corporate purposes.

In the event all of the shares are not sold, priority will be given to the payment of current liabilities.