

REPORT ON THE ELK #1 CLAIM

CHINA CREEK, B.C.

Prepared for

NEVEX MINES LTD. (N.P.L)

by

W. MEYER, P. Eng.

January 20, 1977

Vancouver, B.C.



- 15. A BRIEF STATEMENT OF ANY MATERIAL LEGAL PROCEEDINGS TO WHICH THE ISSUER OR ANY OF ITS SUBSIDIARIES IS A PARTY OR WHOSE PROPERTY IS THE SUBJECT OF SUCH PROCEEDINGS.

Nil

- 16. THE AGGREGATE, DIRECT OR INDIRECT, REMUNERATION PAID OR PAYABLE BY THE ISSUER AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE ISSUER.

During the 18 months ended December 31, 1976 no direct remuneration was paid by the Company to its directors as such. However, a company of which this Company's two senior officers and directors are principals, was paid \$37,800.00 (at \$2,100.00 per month) for office facilities and services.

- 17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREIN.

By an Agreement dated August 15th, 1975, the Company granted to Ian Hagemoen an Option to purchase 85,000 shares of the Company in two annual installments of 42,500 shares at a price calculated as follows:

- (i) during the first year, \$1.00 per share;
- (ii) during the second year, \$1.10 per share;

No portion of the option has been exercised.

- 18. THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN.

Nil

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

Nil

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AUTHOR'S CERTIFICATE



## SUMMARY & CONCLUSIONS

The Elk #1 Claim, located in the China Creek-Blueberry Creek area of the Trail Creek Mining Division covers a geological environment similar to that in which significant uranium occurs on adjacent claims on China Creek. The rocks underlying the Elk #1 show similarly high background radioactivity and a uranium occurrence has been reported on Blueberry Creek from previous prospecting.

The claims have never been subject to a careful, systematic technical programme.

The Elk #1 claim is located near major supply centres and a major highway, hydroelectric power line and natural gas pipe line pass through or near the claim.

A programme of technical and physical work is recommended with the object of outlining and assessing anomalously radioactive areas within the claim.

The cost of the initial stage of exploration is estimated at \$25,000.

RECOMMENDATIONS

The Elk #1 claim is located in an area of high radioactive background and adjacent known uranium showings on China Creek, but has never been subjected to any formal technical surveys. A programme of geological mapping, a radiometric survey and a soil geochemical survey for uranium is recommended. At the conclusion of the initial survey, a "track-etch" survey may be considered.

Any showings outlined should be trenched and sampled. The G.S.C. developed "sampler drill" may be used in place of drilling and blasting.

The cost of the initial survey is estimated below:

Geological mapping	\$ 2,000.00
Geochemical sampling	2,000.00
Geochemical analysis @ \$3.75/sample	3,750.00
Radiometric survey: 24 miles @ \$100/mile	2,400.00
Trenching and/or sampler drill	3,000.00
Field tools, hardware, vehicle rentals	3,000.00
Board, lodging, transportation and communication	3,500.00
Engineering, drafting, report preparation	<u>2,500.00</u>
	22,150.00
Contingency	<u>2,850.00</u>
Total estimated cost	<u><u>\$ 25,000.00</u></u>

*J. W. Meyer*

INTRODUCTION

The following report is prepared at the request of Mr. I. Hagemoen of Nevex Mines Ltd. (N.P.L.).

The Elk #1 claim comprising 12 units is located in the China Creek-Blueberry Creek area of the Trail Creek Mining Division. The general area was visited by the writer during the period November 18 and 19, 1976 and January 7-11, 1977.

The Elk #1 claim covers a reported uranium showing and is staked adjacent to a number of known uranium showings. Uranium mineralization in the China Creek area has been known for some time and values of individual samples ranging up to 1.9%  $U_3O_8$  have been reported. Except for limited physical work in 1968, very little exploration has been carried out in the past.

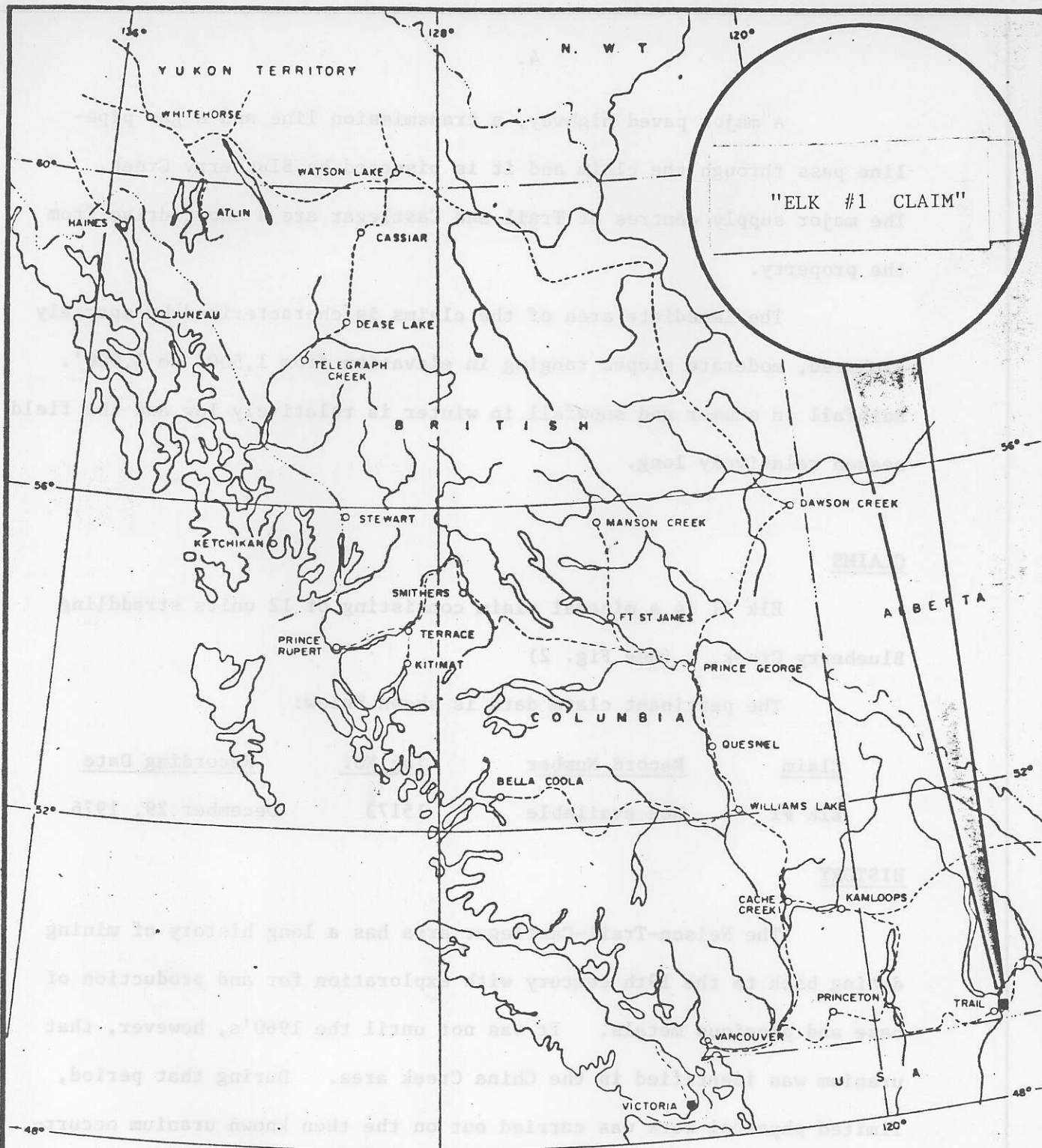
A programme of technical and physical work is recommended to assess the uranium mineralization on the Elk #1 claim.

LOCATION

The Elk #1 claim is located on China Creek in the Trail Creek Mining Division centred around Latitude  $49^{\circ} 15'N$  and Longitude  $117^{\circ} 40'W$ . (Fig. 1)

Access from Vancouver is via Highway No. 3 or twice daily scheduled PWA flights to Castlegar, B.C. From Castlegar, the claim is reached by paved highway (No. 3a) six miles to the west.

The southeast corner of the claim is located near the confluence of Highway No. 3a and Blueberry Creek.



NEVEX MINES LTD. (N.P.L.)

PROPERTY LOCATION MAP

BRITISH COLUMBIA  
SCALE: 1" = 125 MILES

A major paved highway, a transmission line and a gas pipeline pass through the claim and it is bisected by Blueberry Creek. The major supply centres of Trail and Castlegar are a short drive from the property.

The immediate area of the claims is characterized by sparsely timbered, moderate slopes ranging in elevation from 1,500' to 3,000'. Rainfall in summer and snowfall in winter is relatively low and the field season relatively long.

#### CLAIMS

Elk #1 is a mineral claim consisting of 12 units straddling Blueberry Creek. (See Fig. 2)

The pertinent claim data is shown below:

<u>Claim</u>	<u>Record Number</u>	<u>Tag No.</u>	<u>Recording Date</u>
Elk #1	Not available	15173	December 29, 1976

#### HISTORY

The Nelson-Trail-Castlegar area has a long history of mining dating back to the 19th century with exploration for and production of base and precious metals. It was not until the 1960's, however, that uranium was identified in the China Creek area. During that period, limited physical work was carried out on the then known uranium occurrences principally by Norex Uranium Limited. The property is described in the report "Norex Uranium Limited - China Creek Property" by Dr. A.C. Skerl dated May 16, 1968 and in the British Columbia Department of Mines



F/5E  
F/4E



NEVEX MINES LTD.

Elk #1 Claim

CHINA-BLUEBERRY CREEK  
CLAIM LOCATIONS

11  
(7)

and Petroleum Resources publication "Lode Metals in British Columbia - 1968" (page 239).

The work programme at that time consisted of drilling and blasting several trenches at intervals over a distance of 1,000 feet on the south-west side of China Creek. Values reported from this work varied from minor amounts of uranium to 1.9%  $U_3O_8$ .

At least four holes were drilled to test some of the showings with unknown results.

Other showings on the northeast side of China Creek and on the banks of Blueberry Creek were noted but not explored.

The market price for uranium during this period was in the \$4 to \$8 range and interest in uranium at a low ebb. With current and projected demand for uranium and corresponding high prices, the China Creek-Blueberry Creek uranium occurrences are being re-evaluated with a view to developing large reserves of low grade uranium amenable to open pit mining.

#### GEOLOGY & MINERALIZATION

The regional geology of the Nelson map sheet (west-half) is described in G.S.C. Memoir 308 by H.W. Little - 1960. The age of the rocks underlying the China Creek-Blueberry Creek area is unknown but are no older than Carboniferous age and are intruded by rocks of the Lower Cretaceous Nelson Batholith.

On the Elk #1 claim, the underlying rocks consist of relatively fine-grained quartz biotite schists and gneisses with thick layers of

coarse feldspar and quartz which is termed pegmatoid.


The layering in the rocks strikes east-west and dips at very shallow angles to the south.

The known higher grade uranium showings on nearby China Creek occur in the coarse "pegmatoid" layers in the gneiss and in an area where the host rocks have background radioactivity approximately three times the regional background levels.

Prospecting in the area in 1968 reported radioactive showings on lower Blueberry Creek. These were not examined by the writer due to snow conditions. Rocks exposed in road cuts, however, expose similar rock units to those hosting the uranium showings on the adjacent "UR #1" and " $U_3O_8$ " claims and have similarly high background levels of radioactivity. (Approximately 3 times the regional background)

This suite of rocks underlying the Elk #1 claim warrants a careful technical programme to outline and evaluate any showings of anomalous radioactivity. On the basis of the known sample data on the China Creek showings, any rocks having relatively low radioactivity (10,000 cpm) compared to the local background (3,000 cpm) could carry significant uranium values.

Respectfully submitted,



W. Meyer, P. Eng.

January 30, 1977

Vancouver, B.C.

APPENDIX

C E R T I F I C A T E

1. I am a geologist with residence at 911 Jarvis Street, Coquitlam, B.C.
2. I am a graduate of the University of British Columbia (B.Sc., 1962).
3. I am a registered member of the Association of Professional Engineers of the Province of British Columbia.
4. I have worked as an exploration geologist for fourteen years for the following companies: Phelps Dodge Corporation of Canada Ltd; Gibraltar Mines Ltd; Associated Geological Services Ltd; Western Geological Services Ltd. (senior partner).  
  
I am presently a senior partner in W. Meyer & Associates Ltd.
5. I have no interest, direct or indirect, nor do I anticipate receiving any, in the properties or securities of Nevex Mines Ltd.



W. Meyer, P. Eng.

January 20, 1977

Vancouver, B.C.



If the options are exercised in whole or in part, the proceeds will be added to the general working capital of the Company to defray its normal operating and administrative costs and also to discharge in whole or in part, the indebtedness of the Company.

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

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of Shares of Issuer Beneficially Owned</u>
Arthur H. Ditto, 348 South 400 West Tooele, Utah, U.S.A. President and Director	Mining Engineer	262,101 shares
Ian R.H. Hagemoen, 11084 Partridge Crescent, Surrey, B.C. Secretary and Director	Mining Executive	216,301 shares
James D. Roberts, 706 - 950 Gilford Street, Vancouver, B.C. Director	Office Manager	22,000 shares
Bernard T. Therrien, 3630 Point Grey Road, Vancouver, B.C. Director	Investment Counsellor	23,500 shares

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER.

The Issuer was incorporated by Memorandum on the 12th of May, 1972 as appears by Certificate No. 108917. The Company was incorporated under the name "Montecito Minerals Limited (N.P.L.)" and on the 28th of June, 1974, changed its name to Nevex Mines Limited.

The last Annual Report was filed with the Registrar of Companies of British Columbia as at May 28th, 1976. All filings required to be made by the Issuer under the Securities Act and Companies Act of British Columbia are to the knowledge of the signatories up to date other than the mailing of interim financial statements.

The last audited financial statement of the Issuer is dated December 31st, 1976. These statements have not yet been placed before the members of the Issuer at an annual general meeting. Advance notice for the next Annual General Meeting has been published for the holding of an Annual General Meeting on March 28th, 1976.

There is no business which the Issuer is restricted from carrying on. The Issuer is, however, primarily engaged in the business of acquiring and developing natural resource properties.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER.

The authorized capital of the Company is 5,000,000 shares without par value. The issued capital is 2,175,002 shares.

8. THE PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE PAST YEAR.

April 1976      Offering:      150,000 shares at 30¢

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF THE ISSUER.

Nil

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION, OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF.

Elk Mineral Claim referred to in Item 11 (a).