

455

REPORT ON THE
U2, LUCKY 1 and J.B. CLAIMS
Nelson Mining Division
B.C.
for
Northern Bullion (Keno) Ltd. (NPL)
Vancouver, B.C.

February 8, 1977
Vancouver, B.C.

W.G. Hainsworth, P.Eng.

<u>Name and Address</u>	<u>Number of shares</u>	<u>Percentage of issue</u>
George A. Whatley 3174 East 63rd Ave., Vancouver, B.C.	222,725	13%
Vancouver Stock Exchange Service Corporation, 536 Howe Street Vancouver, B.C.	283,081	16%

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

None.

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.

\$12,480 was paid by the Issuer to its Insiders during the past year.

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

None.

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.

None.

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

None.

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INTRODUCTION

At the request of Mr. P. Frigstad, President of Northern Bullion (Keno) Ltd., the writer visited a uranium property in the Castlegar, B.C. area in the company of Mr. J. McGoran, a vendor of the claims.

This property, consisting of 41 units, had been offered to the company for purchase. The accompaniment of good-grade uranium assays reputedly from a showing on the ground made an examination necessary.

The examination was made on February 3, 1977 by the writer. At the time there was 10"-12" of snow on the ground which hampered outcrop observations.

The option on the property has since been taken up by the company.

SUMMARY

Northern Bullion (Keno) Ltd. have acquired a group of claims comprising 41 units in the Crescent Valley area of the Nelson Mining Division of British Columbia.

From inspection and sample analysis the claim formations are uraniumiferous with possibly minor amounts of tantalum and niobium being present.

The claims are underlain by syenite formations being a phase of the Nelson Batholith.

Sampling by the writer indicated low grade uranium mineralization.

A recommended program of investigation is divided into two approaches. The first is a thorough surface examination amounting to \$27,000, whereas the second phase would be primarily drilling, costing some \$107,000. Total cost is estimated at \$134,000.

LOCATION AND ACCESS

The property consists of 3 separate claims totalling 41 units. They are:

<u>Claim #</u>	<u>Rec. #</u>	<u># Units</u>	<u>Geometry</u>	<u>Expiry Date</u>
U2	54	1	-	May 25/77
J.B.	383	20	4 x 5	January 17/78
Lucky 1	unavailable	20	4 x 5	January 25/78

The claim units are located in N.T.S. 82/F/5E with the co-ordinate centre being N49°27' and W117°36'. They are in the Nelson Mining Division of British Columbia.

The property is located approximately 10 miles (16 kilometers) north north-east of Castlegar, B.C. By road it is 16.8 miles from Castlegar.

Access to the claims is by good gravel road cutting off at the Crescent Valley bridge from Highway No. 3. This gravel road runs through the Lucky 1 claims whereas other auxiliary roads penetrate into the J.B. and U₂ claims.

HISTORY

The history of the area is linked with that of Nelson, the so-called "Queen City" of the Kootenays. Gold and silver were discovered on Toad Mountain, 12 miles from the community of Nelson in the 1880's. Prospecting slowly spread northward into the silver-lead area of the Slocan. The area blossomed with many small mines.

The area, in general, grew with mining and was boosted by the C.P.R. Later logging added to the economy.

In the uranium boom of the 1950's the west received little attention. However in the late 1960's limited investigation was given to uraniferous formations in the Trail area. In 1970 a Japanese company, Power Reactor and Nuclear Fuel Development Corp., started investigating the Grand Forks area. During 1976 five senior mining companies had crews in the Kootenay area investigating the uranium potential.

GENERAL GEOLOGY

The main physiographic feature of the area is the Selkirk Mountains which form an imposing mountain barrier in the area, breached only by the Kootenay River.

Sedimentary and igneous rocks, both intrusive and extrusive and ranging in age from PreCambrian to Tertiary occur within the area.

The greater part of the area is underlain by granitic and related rocks of the Nelson and Valhalla plutonic rocks, which form the Nelson Batholith and its satellites. The Nelson plutonic rocks cut all the later formations.

The batholith is comprised mostly of porphyritic granite with other phases being identified as quartz diorite, quartz monzonite, diorite, monzonite and syenite.

The Valhalla plutonic rocks are in part contemporaneous with and in part younger than the Nelson. They are normally white, foliated rocks composed of granite or closely related rocks. Within the Nelson Batholith the rock is characterized by closely spaced joints contained within an orthoclase, quartz, oligoclase and microcline groundmass.

The Northern Bullion claims are contained wholly within the Nelson Batholith.

LOCAL GEOLOGY

The showing consists of a sidehill trench some 25' long blasted out of an east facing rock bluff. It is located in the south-eastern section of the U2 claim at an elevation of 2800'.

The showing exposes two phases of intrusive activity. One phase consists of a moderately fine-grained syenite exposing buff to white coloured feldspar crystals. Accessory minerals in very minor amounts are muscovite and hornblende. There is little breakdown of the feldspars. The formation is moderately fractured.

The second phase of the intrusive is similar to the syenite in grain size but with the addition of quartz crystals to the groundmass. This quartz-rich phase carries slightly more mafic minerals than the quartz-poor variety.

The inter-relationship of the two varieties could not be interpreted due to the snow covering of the exposures.

A noticeable feature is the flooding of the quartz-poor syenite by quartz veins. These veins varying from 12"-18" in width have a random distribution through the rock. The quartz-rich syenite lacks this phenomenon.

MINERALIZATION

The only economic mineral presently detected in the syenite formations is of a radioactive nature. The mineral itself has not been definitely identified although government sources refer to it as ~~samar~~skite.

This dark black mineral is disseminated through the syenite formations in much the same manner as a porphyry-type mineral. It is readily distinguished by the reddish halo alteration which surrounds it. The intensity and areal extent of the halo may vary dependent upon the strength of the U_3O_8 content. In only one location did the writer observe radio-activity associated with fracturing.

~~At the showing the black samarskite is irregularly distributed throughout the syenite.~~ Crystal size varies with the writer having seen one the size of a ten cent piece. However the average size is about one cm. with a large amount present as minute grains disseminated through the matrix.

~~A bag of select samples brought in by one of the vendors and reputed to have been taken from the showing was split into 2 samples on a random basis by the writer and analysed.~~ The results of these select samples were:

184M - 0.224% U_3O_8
185M - 0.850% U_3O_8

The 1956 B.C. Department of Mines report on the showing refers to a single large size samarskite crystal that assayed: Uranium oxide, 6.8%; thorium oxide, 2.5%; niobium 25.7% and tantalum 9.8%.

The writer chip sampled the showing at 4 different locations. A strip was taken down the vertical face at the various locations as shown in the accompanying diagram. The results are much lower, as was expected, than the selected high-grades. Analysis was made by the fluo-photometric method at the General Testing Laboratories in Vancouver.

<u>Sample #</u>	<u>Length</u>	<u>% U_3O_8</u>	<u>Comments</u>
M 190	6.0'	.006	
M 191	9.5'	.002	9.5' south of M190
M 192	3.66'	.003	4.0' lower in elev. than M190
M 193	3.0'	.010	5.0' lower in elev. than M191

The results indicate a low-grade type of deposit which if sufficient quantity can be outlined might be amenable to an open-pit, large-tonnage operation.

The samples have not been analysed for elements other than uranium. However two samples are in the process of being run by spectrographic analysis.

The government report refers to another area of moderate radio-activity some 1000 feet to the west. As there was no trenching done on this location and as snow made the area difficult to locate it was not visited. One of the stakers also reported an above background radio-active area to the east of the known showing. However this latter area was not pinned down at that time so its definite location is very vague.

CONCLUSIONS AND RECOMMENDATIONS

The results of the examination and sample analysis indicate that the claims do have areas of radio-active occurrences. The extent of the occurrence(s) and the overall grade are the unknown factors.

The property is definitely worthy of further work. The possibility exists of a large tonnage, low grade mineralized area.

Further examination should be approached in two phases. The first phase would be a thorough inspection of the surface to identify the extent of the mineralization. The second approach would concentrate on the depth of the zone(s). A third phase which won't be discussed at the present time would be dependent upon the results of the first two operations. This phase would be a detailed drilling and underground bulk sampling program.

APPROXIMATE COST ESTIMATES

Phase I - Surface Examination

Line Cutting	\$ 2,500
Scintillation Survey	4,300
Trenching	2,000
Sampling	3,000
Geological Mapping	3,500
Equipment Rental	1,500
Road Work	2,000
Supervision and Consultation	<u>5,000</u>
	\$ 23,800
Contingencies 15%	<u>3,600</u>
	\$ 27,400
say	\$ 27,000

Phase II - Initial Drilling

Drilling - percussion, 5,000 x \$5	\$ 25,000
diamond, 3,000 x \$15	45,000
Sampling	6,000
Labour (sample preparation)	5,000
Drill roads	4,000
Supervision and Consultation	<u>8,000</u>
	\$ 93,000
Contingencies 15%	<u>13,900</u>
	\$ 106,900
	Say \$ 107,000
Total - Phase I and Phase II	<u><u>\$ 134,000</u></u>

REFERENCES

1. G.S.C. Memoir 308 Nelson Map Area, West Half, 1960.
2. G.S.C. Memoir 191 Lode Gold Deposits of Ymir-Nelson Area, 1936.
3. B.C. Department of Mines Annual Report 1956, pg. 77.

CERTIFICATE

I, WILLIAM G. HAINSWORTH, HEREBY CERTIFY:

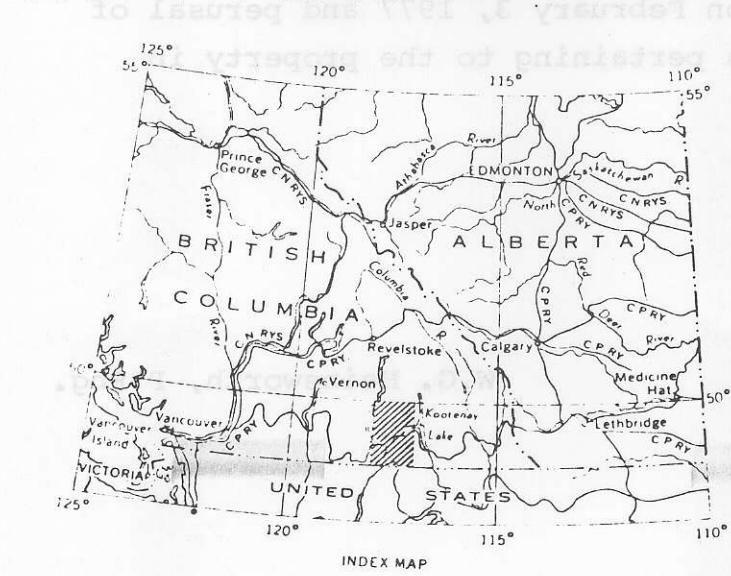
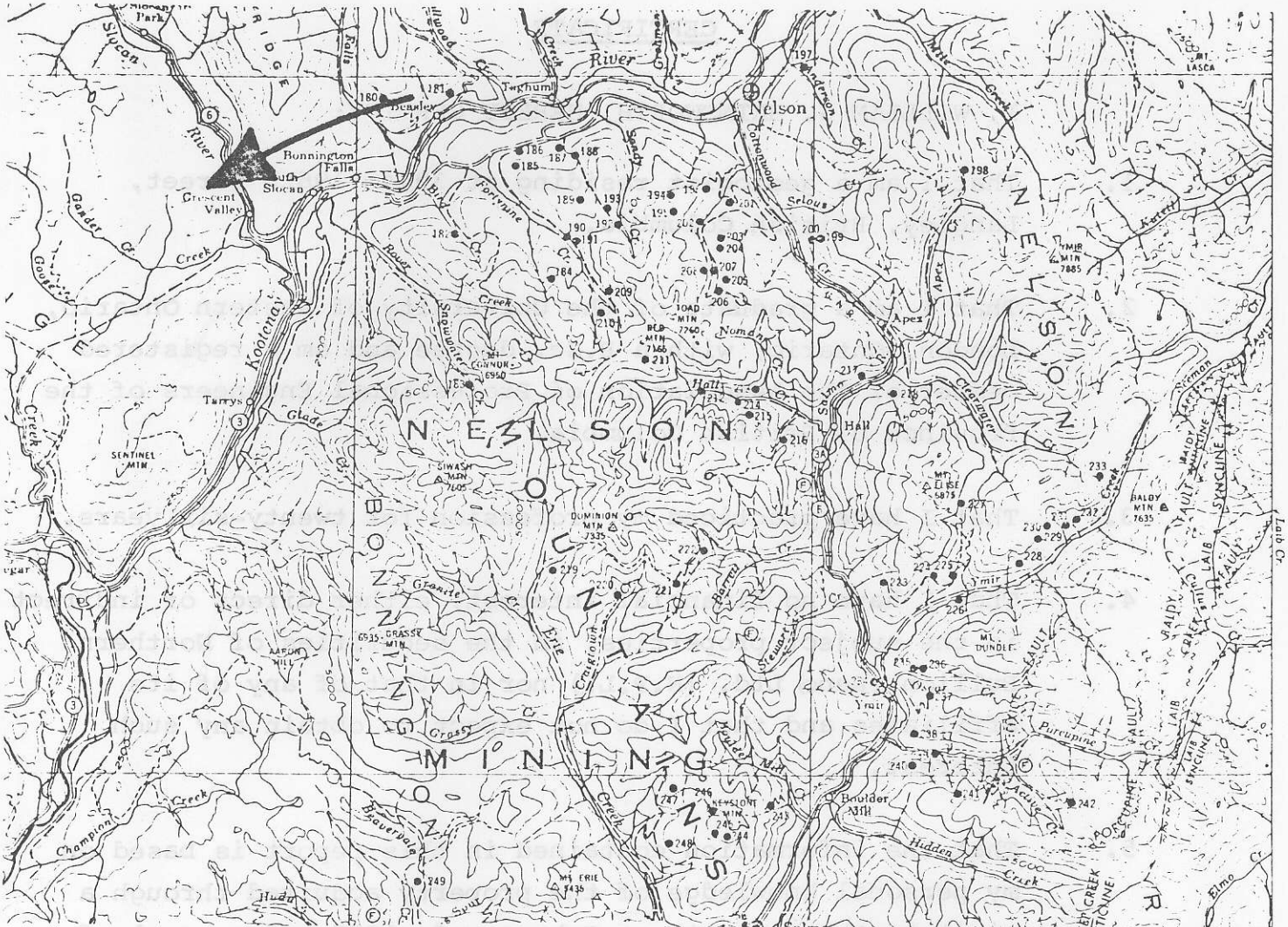
1. That I am a geologist residing at 3944 196th Street, Langley, British Columbia.
2. That I am a graduate of the University of Western Ontario, London, Ontario, with a B.Sc. degree and am a registered member of the Association of Professional Engineers of the Province of British Columbia.
3. That I have practiced my profession for twenty-six years.
4. That I have no financial interest, either direct or indirect in the subject properties, in the securities of Northern Bullion (Keno) Ltd. (N.P.L.) nor in that of any of its affiliates and that I do not expect to obtain any such interest.
5. That the information contained in this report is based on my personal knowledge of the property acquired through a visit to the property on February 3, 1977 and perusal of all available documents pertaining to the property in particular.

Vancouver, B.C.
February 8, 1977

W.G. Hainsworth, P.Eng.

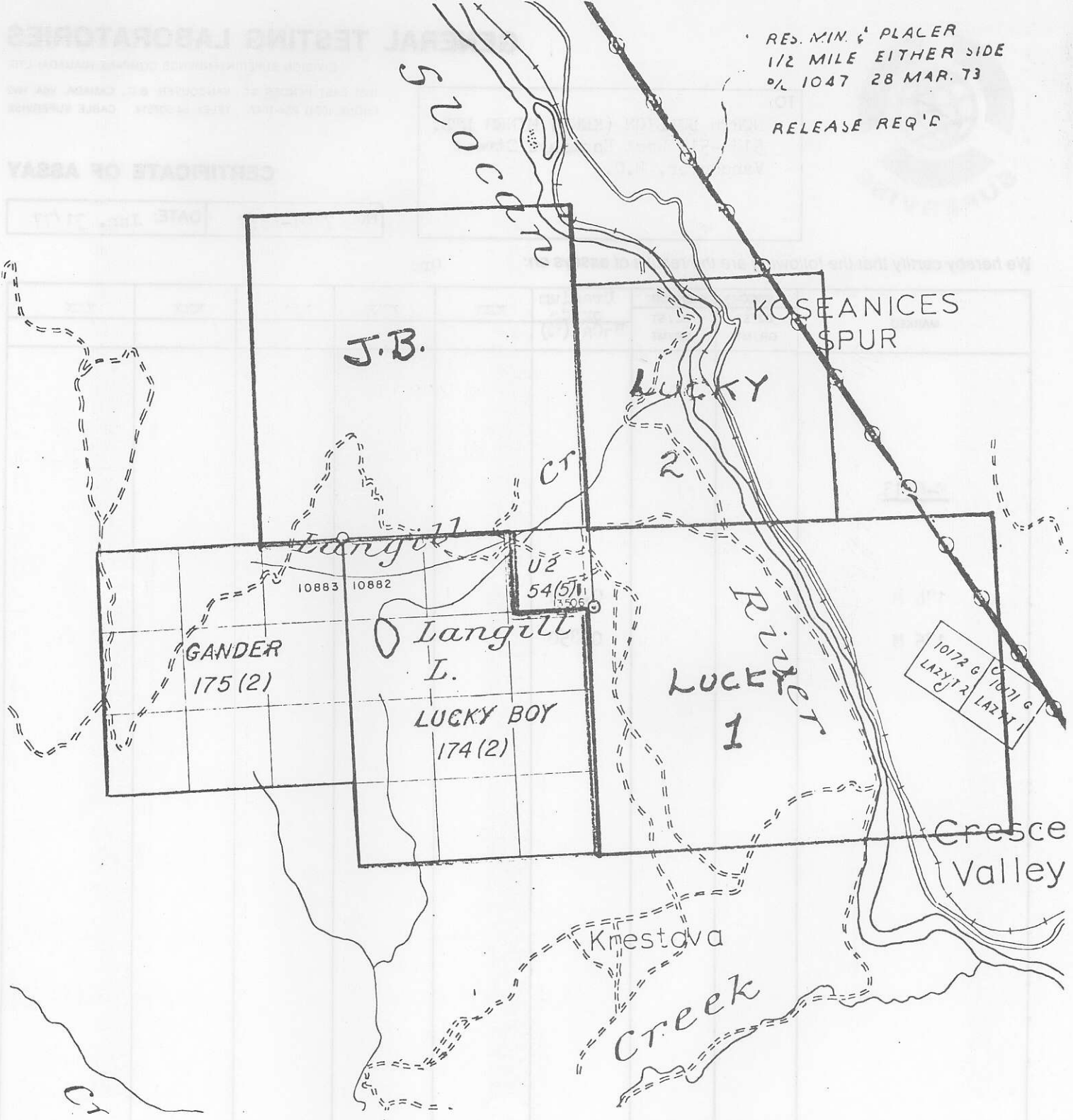
PROPERTY LOCATION MAP

Scale: 1" = 4 miles



MINERAL TESTING LABORATORIES
CERTIFICATE OF ASSAY

RES. MIN. & PLACER
1/2 MILE EITHER SIDE
P/L 1047 28 MAR. 73
RELEASE REQ'D



CLAIM LAYOUT MAP
Scale: 1" = 750 meters

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ANALYTICAL AND CONSULTING CHEMISTS, BULL CITY SPECIALISTS, SURVEYING, INSPECTORS, SAMPLES, WORKS
MINERAL TESTING LABORATORIES, 1000 WEST 10TH AVENUE, DENVER, COLORADO 80202
TELEPHONE: 333-1111, 333-1112, 333-1113, 333-1114, 333-1115, 333-1116, 333-1117, 333-1118, 333-1119, 333-1120, 333-1121, 333-1122, 333-1123, 333-1124, 333-1125, 333-1126, 333-1127, 333-1128, 333-1129, 333-1130, 333-1131, 333-1132, 333-1133, 333-1134, 333-1135, 333-1136, 333-1137, 333-1138, 333-1139, 333-1140, 333-1141, 333-1142, 333-1143, 333-1144, 333-1145, 333-1146, 333-1147, 333-1148, 333-1149, 333-1150, 333-1151, 333-1152, 333-1153, 333-1154, 333-1155, 333-1156, 333-1157, 333-1158, 333-1159, 333-1160, 333-1161, 333-1162, 333-1163, 333-1164, 333-1165, 333-1166, 333-1167, 333-1168, 333-1169, 333-1170, 333-1171, 333-1172, 333-1173, 333-1174, 333-1175, 333-1176, 333-1177, 333-1178, 333-1179, 333-1180, 333-1181, 333-1182, 333-1183, 333-1184, 333-1185, 333-1186, 333-1187, 333-1188, 333-1189, 333-1190, 333-1191, 333-1192, 333-1193, 333-1194, 333-1195, 333-1196, 333-1197, 333-1198, 333-1199, 333-1200



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DIVISION SUPERINTENDENCE COMPANY (CANADA) LTD.

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 PHONE (604) 254-1647 TELEX 04-507514 CABLE SUPERVISE

TO:
 NORTH BULLTON (KENO) MINES LTD.
 518 -510 West Hastings Street
 Vancouver, B.C.

CERTIFICATE OF ASSAY

No.: 7701-2557 DATE: Jan. 31/77

We hereby certify that the following are the results of assays on: Ore

MARKED	WOLFRAM	SILVER	Uranium oxide U ₂ O ₈ (%)	XXXX	XXXX	XXXX	XXXX	XXXX
	OZ/ST GR/MT	OZ/ST GR/MT						
<u>R-6213</u>								
126 M			0.224					
135 M			0.350					

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS. ON REQUEST PULPS AND REJECTS WILL BE STORED FOR A MAXIMUM OF ONE YEAR.

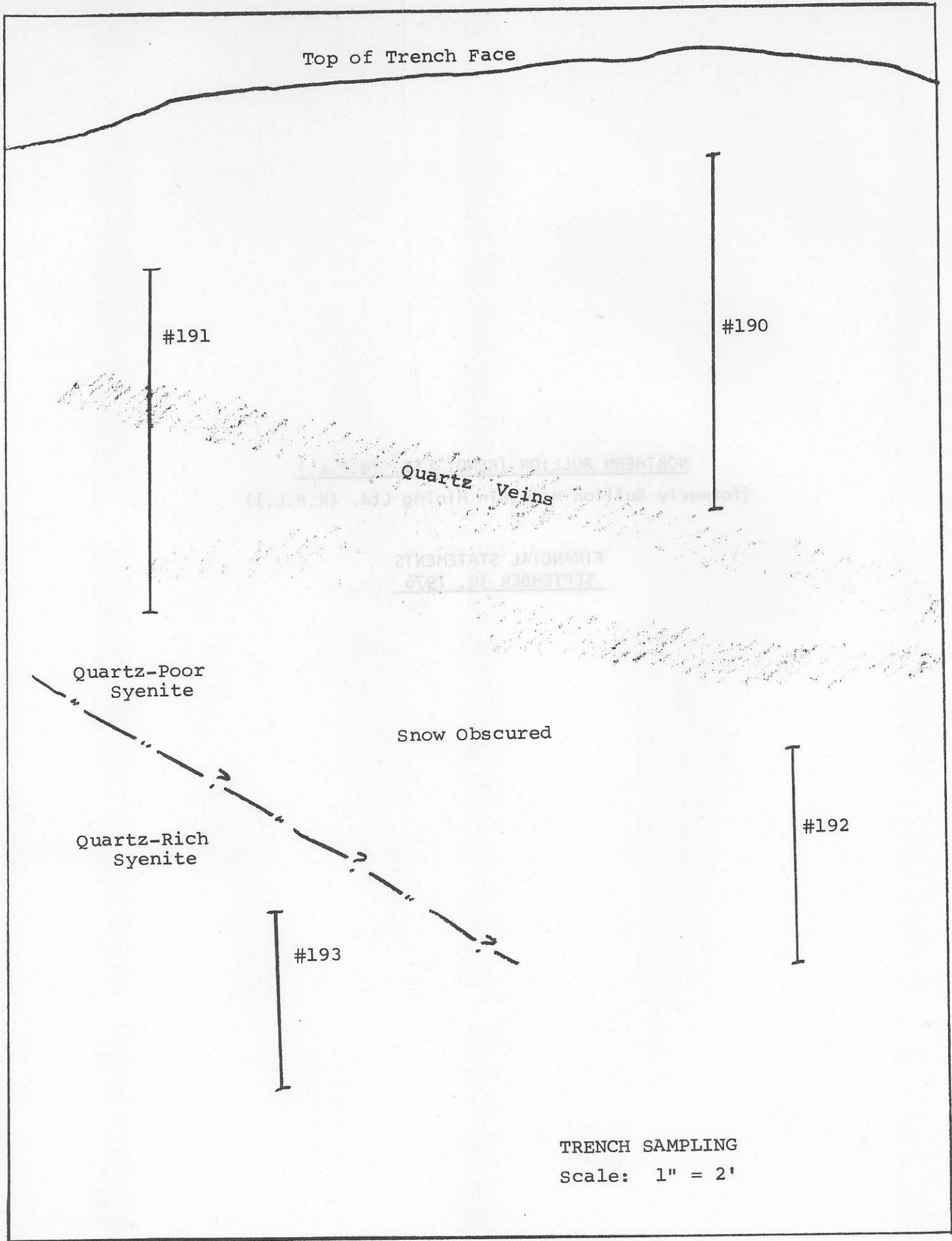
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B. Given
 B. GIVEN

PROVINCIAL ASSAYER

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

MEMBER American Society For Testing Materials • The American Oil Chemists' Society • Canadian Testing Association
 REFEREE AND OR OFFICIAL CHEMISTS FOR Vancouver Merchants Exchange • National Institute Of Oilseed Products • The American Oil Chemists' Society
 OFFICIAL WEIGHMASTERS FOR Vancouver Board Of Trade • Vancouver Merchants Exchange



Top of Trench Face

#191

#190

Quartz Veins

Quartz-Poor Syenite

Snow Obscured

Quartz-Rich Syenite

#192

#193

TRENCH SAMPLING

Scale: 1" = 2'

NORTHERN BULLION (KENO) LTD. (N.P.L.)
(formerly Bullion Mountain Mining Ltd. (N.P.L.))

FINANCIAL STATEMENTS
SEPTEMBER 30, 1976

The properties of the Issuer on which the proceeds from the sale of securities offered by this Statement of Material Facts are to be spent are without a known body of commercial ore and the proposed program is an exploratory search for ore.

The shares of the Issuer must be considered speculative securities as the Issuer's mining properties are in the exploration and development stage.

No survey has been made of the Issuer's located mineral claims and therefore in accordance with the mining laws of the jurisdiction in which such claims are situate their existence and area could be in doubt.

3. DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL CHANGES IN THE AFFAIRS OF THE ISSUER.

None.

4. THE ESTIMATED NET PROCEEDS OF THE ISSUER ARE TO BE SPENT.

The principal purposes for which the estimated net proceeds from the sale of the securities offered by this Statement of Material Facts are to be spent are as follows:

To carry out the work recommended by W.G. Hainsworth in his report of February 8, 1977 on the Uranium Property	\$24,000
For General Corporate purposes	\$10,000
	<hr/>
	\$34,000

Should the option granted to the Underwriter be exercised in whole or in part any proceeds derived therefrom will also be used to further carry out the work recommended on the Company's Uranium Property and for general corporate purposes of the Issuer.

5. GIVE 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>
Paul G.N. Frigstad 703-1616 W. 13th Ave. Vancouver, B.C. (Director & President)	Mining Executive, Bathurst Norsemynes Ltd. (NPL)	200,000

<u>Name and Address</u>	<u>Number of shares</u>	<u>Percentage of shares held</u>
John N. Carlisle 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%
David J. Douglas 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%
Thomas L. Taylor 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%
Dean Duggan 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%
J Arthur Charpentier 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%
Richard J. Broad 600-789 W. Pender Street Vancouver, B.C.	61	6 1/8%

The Underwriter of 600-789 West Pender Street, Vancouver, B.C. may be considered the "market maker" of the shares of Issuer only during the time of primary distribution of the shares offered hereby and the Underwriter has 100,000 shares of the Issuer under its control other than the shares offered hereby. The Issuer has no knowledge of any other market maker in its shares.

The Underwriter has been granted a first right of refusal for all financings within 12 months from February 8, 1977.

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

The number and percentage of the issued and outstanding securities of each class of the Issuer, beneficially owned, directly or indirectly by promoters, directors, senior officers and persons holding 10% or more of the issued shares as a group is 880,806 and 50%.

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

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of Shares of Issuer Beneficially Owner</u>
Robert John MacNeill 4185 Rockridge Rd., West Vancouver, B.C. (Director & Secretary)	Self-employed, Geological consultant.	150,000
Kenneth Ewald 68 Bonnymuir Drive, West Vancouver, B.C. (Director)	Self-employed, Financial officer.	25,000
George A. Whatley 3174 East 63rd Ave., Vancouver, B.C. (Director)	Manufacturer, Northwest Tackle MFG. Ltd.	222,725

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER.

The Issuer was incorporated in British Columbia on November 16, 1965, by Memorandum and Articles.

The last annual report was filed with the Registrar of Companies of British Columbia on February 8, 1977. All filings required to be made by the Issuer under the Securities Act and Companies Act of British Columbia are up-to-date, except that the semi-annual unaudited statements of March 31, 1976 have not been mailed to the members. The reason for this was a lack of funds by the Issuer and these statements will be mailed to shareholders immediately upon completion of the sale of the shares offered hereby and the necessary filings in respect thereof will be made.

Audited financial statements of the Issuer dated September 30, 1975 were placed before the members of the Issuer at the Annual General Meeting held on May 12, 1976.

The businesses that the Issuer is permitted to carry on are restricted to the acquisition, development and bringing into production of mineral and petroleum and natural gas properties.

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

The authorized capital of the Issuer consists of 5,000,000 shares without par value of which 1,777,009 have been issued as fully paid.

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

8,000 shares of the Company were sold to the public for cash at 27¢ per share.

700,000 shares were issued for the Company's Lenora Property more particularly referred to in item 11. These shares were issued at a deemed consideration of 1¢ per share and were issued to the Directors of the Company as follows:

<u>Name</u>	<u>Number of shares issued</u>
Paul Frigstad	325,000
Robert John MacNeill	150,000
George A. Whatley	200,000
Kenneth Ewald	25,000

Paul Frigstad subsequently transferred 100,000 to Continental Securities Corporation (1971) Ltd. and 25,000 shares to Gerald Fabbro, broker of 211 College Park Way, Port Moody, B.C. in consideration of his assistance in acquiring the claims.

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

None.

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.

YUKON PROPERTY

The property consists of approximately 300 mineral claims located in the Mayo Mining Division of the Yukon Territory all of which are recorded in the name of the Issuer in good standing clear of any charges or encumbrances.

The Issuer purchased 38 of these claims in 1970 from Lorne J. Elliott, prospector of 704-33A Street, N.W. Calgary 42, Alberta, at a cost of \$5,000 and 50,000 shares, a further 48 claims were staked by employees of the Issuer and the balance were acquired from James Saimoto and George Whatley both then Directors of the Issuer at a cost of 108,000 shares. The claims are located 18 miles North East of Keno near the Clarke and Scougale Lakes. Since acquiring the