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# K. L. Daughtry & Associates Ltd.

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**MINERAL EXPLORATION CONSULTANTS**

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## INTERIM REPORT ON THE KINGFISHER CREEK PROPERTY OF COLBY MINES LTD INCLUDING RECOMMENDATION FOR FUTURE EXPLORATION WORK.

The Kingfisher creek zinc-lead property of Colby Mines Ltd., 39 miles northeast of Vernon, B.C. in the Vernon Mining Division, has been explored intermittently by various operators since the 1950's. Colby Mines acquired and initiated exploration work in the autumn of 1973.

A systematic program of geological mapping, geochemical and magnetometer surveys, stripping, trenching and diamond drilling, conducted from 1973 to the winter of 1974-75, was successful in tracing a significant zone of zinc-lead mineralization in quartzite and marble (RIDGE zone) for about 2000 feet (600 m) along strike. This zone remains open to both the north and south.

Expansion of the RIDGE zone grid in 1974 resulted in the discovery of the CENTRAL zone, parallel to and about 700 feet (200 m) east of the RIDGE zone. Zinc-lead mineralization occurs in folded marbles in the CENTRAL zone.

Grids were also established on the previously known MILE 8, DAKOTA, and MILE 12 zones in 1974, and mapping, soil sampling, magnetometer surveys and trenching were carried out. These techniques proved to be successful and in each case attractive zinc-lead showings were explored.

In the autumn of 1975, a program of bulk sampling was conducted at two showings in the RIDGE zone. Fifty tons of mineralized material was mined from two open cuts and stockpiled. Most of the rock was from a showing at the extreme south end of the RIDGE zone. Fifteen tons was subsequently shipped to the Cominco smelter at Trail, and were reported to contain 9.9% zinc, 7.1% lead, 0.5 oz/ton silver and 0.03% copper.

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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 UNDER ANY OTHER ITEM.

None

A diamond drill hole in the area of this southern showing in 1973 intersected 81 feet (25 metres) of mineralization grading 3.5% zinc and 1.4% lead. The true width of this intersection remains conjectural due to complex folding, but is thought to be at least 33 feet (10 metres).

A program of diamond drilling is definitely warranted to test the extent of the several known areas of attractive mineralization in the RIDGE and CENTRAL zones, and to trace the RIDGE zone to both the north and south.

Also, further surface exploration including grid mapping, soil sampling, magnetometer surveys and trenching are warranted on the MILE 8, DAKOTA, RIDGE, COMINCO and MILE 12 zones. Diamond drilling of targets defined by the above work must be anticipated.

Initial exploration should also be commenced on those parts of the property, underlain by favourable lithology, which lie between the above zones.

The above exploration program is anticipated to cost \$103,000, allocated as follows:

1) Diamond drilling of specific targets on the RIDGE and CENTRAL zones: 2000 feet @ \$15/ft.		\$30,000
2) Surface exploration of MILE 8, DAKOTA, RIDGE, CENTRAL, COMINCO and MILE 12 zones:		
Linecutting	12,000	
Mapping	5,000	
Geochemical Survey	12,000	
Geophysical Survey	6,000	
Trenching, Roadwork	<u>8,000</u>	
	\$43,000	\$43,000

3) Diamond drilling of new targets on the above zones:

2000 feet @ \$15/ft.

\$30,000

Total proposed budget

\$103,000

Respectfully submitted

K.L. DAUGHTRY & ASSOCIATES LTD

A handwritten signature in black ink, appearing to read 'K.L. Daughtry', written in a cursive style.

K.L. Daughtry, P. Eng.

Vernon, B.C.

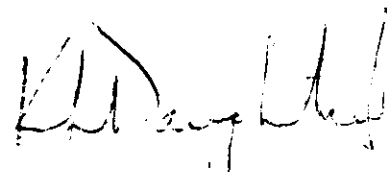
September 29th, 1976

STATEMENT OF QUALIFICATIONS

I, Kenneth L. Daughtry, of Tronson Road, R.R. 4, Vernon,  
British Columbia, DO HEREBY CERTIFY THAT:

1. I am a consulting geologist in mineral exploration.
2. I have been practising my profession in Canada, the United States, and Ireland for twelve (12) years.
3. I am a graduate of Carleton University with a Bachelor of Science degree in geology and chemistry.
4. I am a member of the Associations of Professional Engineers of British Columbia and Ontario, and a Fellow of the Geological Association of Canada.
5. This report is based on extensive personal experience and involvement in all aspects of recent exploration of the Kingfisher Creek property of Colby Mines Ltd.
6. I have no interest, direct or indirect, in the shares or property of Colby Mines Limited.
7. Permission is hereby granted to Colby Mines Limited to use this report to satisfy requirements of Securities Commissions and /or Stock Exchange.

September 29th, 1976

  
K.L. Daughtry, P.Eng.

COLBY MINES LTD. (NPL)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE 18 MONTH PERIOD FROM APRIL 1975 TO SEPTEMBER 30, 1976.

18 Months  
ended  
September 30/76

SOURCE OF FUNDS

Sale of Assets	\$ 5,700.00
Refunds (Min. of Finance, Insurance, Telephone etc)	446.74
Funds released from C. I. B. C.	160,000.00
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	\$ 166,146.74

APPLICATION OF FUNDS

Deferred exploration, development and administration	\$ 143,076.23
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(Decrease) in working capital	(143,076.23)
Working Capital Beginning of Month	166,146.74
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Working Capital at the End of the Month	\$ 23,070.51
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N. B. Since this Source and Application of Funds covers a period of 18 months, we did not show comparative figures for the month ended March 1975.

APPROVED BY THE BOARD:



DIRECTOR



SECRETARY