

680262

REPORT
ON
CLAIM BLOCKS MGM 52 & D

MAP 82N 1W

GOLDEN MINING DIVISION

FOR

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

by

A. S. Ashton, P. Eng.

7th June, 1976.

Delta, B.C.

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COLBY MINES LTD.

MGM 52 & D CLAIMS

INTRODUCTION

The writer, accompanied by Mr. W. McLaren, conducted a preliminary examination of a radioactive area at the head of Moose Creek, located 14 miles off highway in the Golden area of British Columbia. The examination took place on June 1st and 2nd, 1976, at the request of Colby Mines Ltd., and was handicapped by the abnormal amounts of snow for this time of year.

Above background radioactivity was indicated along the north-east corner of the MGM 52 claim block.

CONCLUSIONS

In the preliminary examination a large area of well above background radioactivity was located in the north-east section of the claim block. While a definite zone was not pin-pointed, further work is warranted. Exposing fresh bedrock and careful sampling will hopefully provide the information required.

RECOMMENDATIONS

The following program is recommended during July-August or as snow conditions permit.

- (1) A helicopter-scintillometer survey of the claims to be carried out to pinpoint the zones of most importance.
- (2) These zones to be trenched and blasted to provide fresh samples.
- (3) A four-wheel drive road to be constructed up Moose Creek from the end of the timber road, a distance of six to seven miles.

(4) Diamond drilling to be carried out, if results of sampling warrant it.

COST ESTIMATE

1. Helicopter-scintillometer survey plus contour map	\$ 8,000.00	
2. Trenching 4 men - 30 days	10,000.00	
Camp & Equipment plus Supplies	6,000.00	
Transporation & Servicing	4,000.00	
3. Bulldozed 4-wheel drive road (7 miles)	35,000.00	
4. Engineering, assaying etc.	<u>8,000.00</u>	
		\$71,000.00
Contingency 10%		<u>7,000.00</u>
		<u>\$78,000.00</u>


A. S. ASHTON, P. Eng.

PROPERTY

The property consists of two blocks of claims, the MGM 52 which was staked and recorded in late April. This group consists of 16 claims in a square block. A further group of 10 claims was adjoined to the north to cover the park boundary. This block is 2 claims north-south and 5 claims east-west and was staked as the 'D' claims on June 2nd, 1976.

Claims are indicated on claim map 82N 1W of the Department of Mines and Petroleum Resources.

LOCATION & ACCESS

The claim blocks are located at the head of Moose Creek, a tributary of the Beaverfoot River. The latitude is approximately 28 miles south-east of Golden, B.C.

The property can be reached by a logging road south from Leancoel down the Beaverfoot River Valley to Moose Creek. A good pack trail leads from the end of the road to within about 3 miles of the claim block. The last three miles to the property is in very poor shape.

Easiest access is by helicopter from Golden where two companies base helicopters permanently.

TOPOGRAPHY

The claim groups lie at the headwaters of Moose Creek. Timber covers the southern most claims of MGM 52 while the remainder of the group is talus and rubble covered up to steep slopes in a semi-circle at the head of the valley. The relief is about 2500 feet from 6500 feet ASL at the south to about 9000 feet ASL at the north of the group.

GEOLOGY

The bedrock underlying the groups can be generally divided into two distinct types, the sediments of Upper Cambrian and Lower Ordovician age and a complex intrusive which is pre-Permian and intrudes them.

The Upper Cambrian are primarily calcareous rocks, while the Lower Ordovician are primarily argillaceous. In and around the intrusion, these rocks have been metamorphosed.

The northern part of the group is underlain by the Ice River intrusive igneous complex. This complex is, in part, exposed on the ridge between Sharp and Helmet Mountains. On ridge nearest Sharp Mountain, several discontinuous outcrops of syenitic material were located. Lower on the shoulder, a dark, coarse rock like a basic pegmatite were located carrying some magnetite and titanite.

Previous work has indicated that the zone carries magnetite, titanite, niobium, sodalite and uranium.

Very little fresh outcrop appears to be exposed along the ridge. The surface is covered by small, broken rock in a sandy residue of decomposed rock. This cover is in excess of two feet in depth.

GENERAL

The examination was carried out under adverse weather conditions, using a SPP 2 NF scintillometer. The entire area covered, i.e. the ridge between Helmet and Sharp Mountains, is radioactive with readings up to five and six times background.

These results are similar to the findings of J. Foster Irwin, who examined the property for titanium in 1970. He had three samples from the ridge assayed chemically by Crest Laboratories of Edmonton for U_3O_8 and results are as follows:

<u>Sample #</u>	<u>U_3O_8</u>
8853C	0.16
8854C	0.052
8856C	0.008

As near as can be determined, these samples were all taken from surface outcrop. Most of the outcrop observed

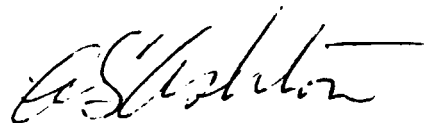
during the current examination appeared to be in part leached so that it becomes necessary to get into good fresh rock in order to find the true values.

During the examination, a series of samples were taken down the ridge. Opportunities for sampling were difficult because of snow conditions and not all were from place.

The samples run from north to south over a distance of 1000 feet.

- Sample 1: Fractured syenite at 8,500' elevation.
2. 100' South of above - residual soil radioactive from depth of two feet.
 3. Syenite intrusive - series of grabs close to bedrock.
 4. Basic intrusive.
 5. Basic pegmatite - magnetite and titanite.
 6. Float skarn with sodalite.
 - 7: A contact phase between basic pegmatite (?) and syenite.

These samples will be submitted for assay, but results are apt to be erratic as the best samples could not be taken and insufficient area could be sampled.

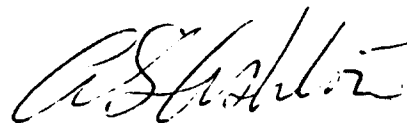


A. S. ASHTON, P. ENG.

CERTIFICATE OF QUALIFICATIONS

I, Arthur Sydney Ashton, do hereby certify:

1. I am a practising Geological Engineer, with residence at 5441 - 7^B Avenue, Delta, B.C..
2. I am a graduate in Applied Science of the University of Toronto.
3. I have been practising my profession since 1949.
4. I am a member of the Association of Professional Engineers of British Columbia and of Ontario.
5. The accompanying report is based on an examination on June 1st and 2nd, 1976.
6. I have no interest in the property nor in the securities of Colby Mines Ltd. (N.P.L.) nor do I expect to receive any.



A. S. Ashton, P. Eng.

7th June, 1976.

DELTA, B.C.

Earl B. Gillanders 2167 McMullen Avenue Vancouver, B.C.	Director & Vice-President	Geologist
H. Vance White 53 Chicora Avenue Toronto, Ontario	Director & Assistant Secretary	Mining Executive
Harry I. Miller 1202-17 Farmstead Road Willowdale, Ontario	Director	Mining Executive
James Geddes 1461 Mildmay Court Mississauga, Ontario	Director & Secretary	Chartered Accountant
H. Rodney Heard 6 Blithfield Avenue Willowdale, Ontario	Treasurer	Chartered Accountant

ITEM 10

The greater than 5% shareholders of the Underwriters, Carlisle, Douglas, Adam & Co. Ltd. are:

<u>NAME AND ADDRESS</u>	<u>NO. OF CLASS A SHARES</u>	<u>PERCENTAGE</u>
G. Robert Fay	363	34.68%
J. A. Charpentier	100	9.56%
Dean Duggan	100	9.56%
Robert B. Grey	100	9.56%
Robert E. Lee	100	9.56%
Thomas L. Taylor	100	9.56%
Adam & Co. Ltd.	100	9.56%
Richard J. Broad	100	9.56%

The foregoing addresses are all 420-890 West Pender Street, Vancouver, B.C.

ITEMS 12, 14, 15 & 17 (Properties)

(a) Skamania County Property

By an Agreement dated July 3, 1975 the Company acquired an option on 38 claims at Spirit Lake in Skamania County, State of Washington, from Eli Smith, General Delivery, Brush Prairie, Washington, U.S.A. The consideration paid was \$10,000.00 U.S. funds for which the Company acquired the right to explore the property and through a subsidiary enter into a lease. To keep the option in good standing, payments of \$10,000 each are due July 3, 1976 (paid) and January 3, 1977.

The Company may form the subsidiary referred to above to enter into a lease under which a payment of a 10% royalty of net earnings is due, with a minimum of \$10,000 due annually. If the Company's subsidiary does not produce ore within 2 years, Smith may cancel the lease. As an additional consideration Smith may earn 100,000 treasury shares of the Company within 2 years from the time the property is brought into production (production as defined in the Lease). In such case Smith must pay 25¢ per share for the 100,000 shares.

Work was commenced on the property in accordance with Phase 1 of the report by C. W. Walkey, P. Eng., dated July 23rd, 1975. \$38,718.00 was

NEW CINCH URANIUM LTD. (N.P.L.)
Room 202, 900 West Pender Street
Vancouver, B.C.

SCHEDULE TO THE STATEMENT OF MATERIAL FACTS
DATED July 16th, 1976

ITEMS 1, 2, 3 & 9

Underwriting Agreement

By an Underwriting Agreement dated for reference July 16th, 1976 Carlisle, Douglas, Adam & Co. Ltd., #420-890 West Pender Street, Vancouver, B.C. has agreed to underwrite 200,000 shares in the capital stock of the Company at 20¢ per share payable upon the effective date to net the Company \$40,000.00. The "effective date" of the Agreement is the date upon which the Agreement and this Statement of Material Facts is accepted for filing by the Vancouver Stock Exchange.

There are no outstanding or proposed underwriting, sub-underwriting, options, sub-options, assignment or sale agreements. The underwritten shares will be offered to the public through the facilities of the Vancouver Stock Exchange at the market price at the time of the offering. The market range of the Company shares during the last 90 days has ranged from a low of 20¢ to a high of 27¢ per share.

The underwriter, subject to the bylaws of the Exchange, may also make purchases and sales of the shares of the Company for the purpose of maintaining an orderly market for the shares of the Company and to assist in the distribution of the offered shares.

ITEM 4 (use of proceeds)

The principal purposes for which the proceeds (\$40,000.00) to be received from the sale of the shares sold pursuant to the Underwriting Agreement will be used are as follows:

1. To carry out airborne scintillometer survey and follow up ground surveying of the Golden Property pursuant to the recommendations contained in the report of A. S. Ashton, P. Eng., dated June 7th, 1976 (a copy of which is attached hereto)- \$28,000.00.
2. To provide further monies for corporate purposes - \$12,000.00.

With monies already on hand the Company plans to continue Stage 1 of the program recommended for the Skamania County Property by G. W. Walkey, P. Eng., in his report of July 23rd, 1975 and to carry out surface diamond drilling as recommended for the Siskiyou County Property by B. Sannes, B.S.C., in his report of February 9th, 1976. Copies of the aforesaid reports have been filed by the Company with the Vancouver Stock Exchange.

No part of the proceeds from the sale of shares sold pursuant to the Underwriting Agreement will be spent on exploring or developing other mineral properties owned or acquired by the Company without the Company first submitting and having accepted for filing by the Vancouver Stock Exchange the appropriate engineering report (S).

ITEM 6 (Directors and Officers)

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>CHIEF OCCUPATION</u>
Arthur W. White 72 Dunvegan Road Toronto, Ontario	Director & President	Mining Executive