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MINNOVA INC.

DATE: June 30, 1992

TO: Vic Erickson, Lucero Resource Corp.

COPIES TO: Property File

FROM: Dave Heberlein

SUBJECT: Wolf Project Quarterly Report
Second Quarter, 1992

This report summarizes activities on the Wolf project in the second quarter of 1992. Year to date expenditures to the end of June total \$96,681.55. This brings the total spent on the project to \$197,530.12.

Work on the project in April and May consisted mostly of planning and logistics for the field program. Interpretation of the aerodist survey was also completed in this period.

Field work commenced on May 25 with the mobilization of the backhoe to the property. Four days were spent fixing up the access road. Work in June consisted of re-logging the old drill core, cleaning out and mapping selected trenches at the Ridge Zone and new trenching along the Ridge Zone trend. Line cutting for the IP grid also commenced late in the month.

Results:

At the Ridge Zone, the width of the silicified and hydrothermal breccia zone has been extended to 116m. Strongest alteration and brecciation are associated with a steep dipping, north to north-west striking structure which has moderate to shallow dipping, stratabound offshoots. These form the "bedded breccia" outcrops 15m west of the controversial "thrust" outcrop and contain some of the highest grade material (up to 21.6 gpt) on

the property.

Trenching north along the strike of the zone has revealed an area of intense silicification and hydrothermal brecciation in the sediments below the so called thrust. Values of between 100 and 413 ppb Au were returned from continuous channel samples across this zone. This discovery finally puts to bed the notion of a post mineral thrust fault. The epithermal system clearly cuts the structure and is therefore younger.

A new zone of hydrothermal breccia and silicification has been found at the northern end of the Pond Zone. It strikes north and has an apparent width of 4m. Observed textures include: banded chalcedonic veining, bladed quartz and silica healed hydrothermal breccia. The breccias contain fragments of both the quartz eye rhyolite and the underlying siltstone unit. We are awaiting results of the channel samples from this new zone.

A second new zone, named the Black Fly Zone, was identified near Rio's camp site. Narrow bodies of silicified, black matrix breccia (to 6m wide) containing abundant fine grained pyrite occur in a sequence of strongly faulted and argillic altered epiclastic sediments. Assay results from this zone are eagerly awaited.

Plans for July:

- Completion of line cutting - first week
- IP Survey to commence in second week and continue to month end.
- Continuation of detailed and property-wide mapping.
- Drill proposal by July 31st.

Dave Heberlein
Senior Project Geologist

WOLF PROJECT QUARTERLY REPORT
SECOND QUARTER, 1992