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FIRST SUMMARY REPORT OF FIELD WORK
GRANBY PENINSULA PROPERTY
ANYOX REGION, B.C.

NTS 103 P5

for

Prospectors Airways Co. Ltd.

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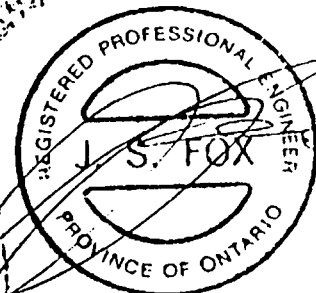


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INTRODUCTION

Prospectors Airways Co. Ltd. holds 15 claims, with 72 units in three groups covering the seven kilometre length of Granby Peninsula, in the former Anyox mining camp of northwestern British Columbia. The company also holds four claims on option on the adjoining Bocking Peninsula and these, with those on Granby Peninsula itself, constitute its Granby Peninsula project area.

These claims have demonstrated potential for vein-type gold mineralization. Six small mines are known on the property, some of which are known to have produced silica flux with significant byproduction gold (and some silver) between 1915 and 1938. Veins similar to those hosting these mines were known to exist on the property prior to the current program, but very few seem to have been explored. As a result, and because of the proximity of these veins to infrastructure, Fox and Burton (1988) strongly recommended that the economic potential of the property be evaluated.

This report summarizes the initial results of field work carried out by the Mineral Exploration Research Institute (MERI) on behalf of Prospectors Airways during the initial phase of exploration on the property, between June 12 and July 27 1988. This work was directed towards basic lithological and structural mapping of the property at 1:5000, detailed mapping at 1:500 of the various Au occurrences, reconnaissance sampling of these occurrences and of the many newly uncovered showings, and sampling for follow up metallogenic analysis. Details of this program are included in field reports submitted by MERI at the end of July. A detailed report with budget proposals meeting

regulatory requirements will follow the receipt of all outstanding chemical analyses.

BACKGROUND

a) Vein-hosted Au-Ag mineralization

The Granby Peninsula property is located 1 km east of the former Anyox mine and smelter complex, which produced 24.7 M tons of copper ore between 1914 and 1935. Silica flux and important byproduct gold was mined at various locations on Granby Peninsula in conjunction with smelting operations. Production was achieved from the following mines:

	tons of flux	Au grade (oz/ton)	Ag grade (oz/ton)	source
Reserve and Granby Point mines (composite)	133,560	.0068	2.50	Burton, 1987
Goldkeish mine	50,743	0.092	0.5	B.C.Dept.Mine 1919-1929
Goldleaf adit	4	9.72	3.33	Selby, 1939
Groundhog mine	no data available			
May pit	no data available			

It should be noted that the above precious metal values reflect dilution with the primary commodity produced at the time -- silica flux. It should also be noted that areas of higher grade precious metal mineralization were recorded, particularly from the Granby Point mine.

Mining of the subhorizontally-oriented Granby Point and Reserve veins was carried out by means of the room and pillar method. The Goldkeish

mine, being subvertical, may have been exploited on two levels, although it is unlikely that exploitation was carried out to any significant depth.

No evidence exists to indicate that any significant exploration was done to test these past producers to any significant depth, or to trace their lateral extensions either during production, or thereafter. Furthermore, there is no evidence to suggest that any significant exploration for additional auriferous vein material occurred on the property between 1938 and 1988.

Prospectors Airways conducted a drill program in the area of previous exploitation at the Reserve and Granby Point mines in early 1988, before the current program of geological mapping, structural analysis and reconnaissance prospecting began. The following auriferous intersections were reported (Roy Wares, 1988):

drill hole	Au oz/ton	Ag oz/ton	width (m)
1	0.079	5.84	3.0
3	0.048	0.079	1.5
4	0.033	0.007	1.68
5	0.192	1.08	2.6
7	0.127	0.56	1.52
9	0.059	0.02	0.3
12	0.10	0.22	0.6
13	0.04	0.09	0.61
17	0.057	0.55	1.52
19	0.032	0.96	1.52

b) Granite-hosted Mo and Au mineralization

The southern third of the Granby Point property is underlain by the Moly May stock. From his observations, Burton (1988) concluded that significant potential exists in the vicinity of this stock for both

vein-type high grade Mo-Au mineralization and classic porphyry-type Mo mineralization. The stock is similar in age and character to the Kitsault intrusion, 25 Km away at Alice Arm, from which Mo was produced until 1982.

The Moly May stock has been prospected intermittently over the years, but the only systematic exploration known to us was carried out by Enfield Resources in 1981-82. Enfield carried out geological and geochemical surveys, but only limited (and poorly located) diamond drilling.

Enfield's work located four major showings in the intrusive -- the Moly May South, Moly May East, Moly May West and Moly Mack occurrences. Enfield reported values of up to 0.262% Mo over 7 metres from the Moly May West zone and 0.194 % Mo over 6 metres from the Moly May East zone (Burton, 1988). A chip sample taken by N.Carter from a 4' by 10' area in the Moly Mack showing yielded 12.7% MoS₂ (B.C. Department of Mines, 1965). Precious metal values from grab samples of up to 0.582 oz/ton Au have been obtained at the margin of the stock at the south end of Sylvester Bay (Burton, 1988).

GENERAL GEOLOGY

a) Stratigraphy of the northern part of the property

The sedimentary rocks underlying the northern two-thirds of Granby Peninsula, and which host most of the auriferous quartz veins on the property, are turbidites which form fining upward cycles, with thicknesses varying from tens to hundreds of metres. The turbidites recognized in the field include arenaceous cycles composed of very

coarse to fine sandstone with only minor argillite, and fine cycles composed mainly of siltstone, argillite and minor fine sandstone. The sedimentary structures observed include massive and graded bedding in the arenaceous cycles, and graded bedding, parallel and/or oblique lamination and convolute bedding in the finer grained cycles. Megascopic examination suggests granitic or pre-existing sediment sources for the rocks of these cycles.

A number of compositionally distinct sedimentary units, termed "black sandstone" and "porphyroblastic argillite" in the field, were also recognized. These differ from the turbiditic argillites mentioned above in that they contain a significantly higher proportion of fine grained biotite, are moderately rich in syngenetic sulphide, often show chaotic debris flow texture, and often develop sericite-biotite-quartz porphyroblasts possibly after andalusite. The relative abundance of sulphide and the apparently elevated aluminum content of these rocks suggests an origin which may be partly hydrothermal. Most of the auriferous veins observed on the property are confined to deformed argillaceous sediments belonging to these units.

b) The Moly May stock

The Moly May intrusion is one of a number of molybdenite-bearing monzonitic-granitic stocks, termed the Alice Arm intrusions, found in the region. The stock is a relatively small (1.2 Km by 2.8 Km), ovoid body that is found in sharp intrusive contact with turbiditic sediments to the north, and in fault contact with the older Coast Range granitic complex to the south.

The stock is composed dominantly of biotite-muscovite leucogranite, with subordinate coarse grained biotite-rich monzonite. Fine-grained garnet is present, but irregularly distributed in the leucogranite. The leucogranite grades locally into either aplite or coarse grained rock. Pegmatitic pods are relatively common. Mirolitic cavities and vugs are abundant and these, along with the pegmatites, suggest local magmatic water saturation within the roof of the stock.

STRUCTURE

The sedimentary rocks of Granby Peninsula are characterized by tight to open asymmetric folds which trend northeast to north-northeast and which have amplitudes in the order of tens of metres. In the south, these are overturned and verge towards the the southeast. A related axial plane schistosity is well developed in argillites and sandstones; sedimentary clasts and porphyroblasts are frequently stretched and flattened in the plane of this foliation.

A second phase of open west-northwest-trending folds have been superimposed on the F1 folds. Evidence for this second fold phase is found in the dome-and-basin structures and doubly-plunging first phase fold axes which are observed throughout the peninsula.

Faulting post-dates both fold sets, and is manifested by both major photo-linears and by minor offsets evident only in outcrop. Northeast- and southeast-trending fault orientations predominate, and in both cases dips are steep. Fault surfaces are marked by slickensides with horizontal or vertical striations, and by graphite enrichment. Most faults show a component of normal displacement. It

is suggested that the formation of sub-concordant sediment-hosted quartz veins and of the large-amplitude first phase asymmetric folds" is related to the earliest phase of deformation in the area, which was a progressive event. The veins are early-kinematic, since they can often be found to be folded by F1. Both the veins and the asymmetric folds reflect a sub-horizontal compressional event.

The asymmetric, overturned character of the F1 folds and the shallow dip of the related axial plane foliation suggests that the area is marked by imbricated thrusts and related major folds that propagate towards the southeast. The superimposed F2 folds are tentatively correlated with the intrusion of the Moly May stock. Subsequent faulting appears to relate to a tensional regime which resulted in the remobilization of the subhorizontal quartz veins and in the formation of loci for diabase dyke emplacement.

The Moly May stock is highly fractured, with east- and southeast-trending fractures predominating. Four fault systems have been observed trending northeast, north, northwest and north-northeast. Gossans are often developed in association with these faults.

PRECIOUS METAL MINERALIZATION RELATED TO QUARTZ VEINING

a) Quartz vein classification

Quartz veins are found on Granby Peninsula which both parallel bedding and which are oblique to it. Although a variety of concordant and discordant vein types have been recognized, most of the known auriferous structures are either simple thick veins emplaced parallel to bedding and with significant lateral extent, or veins remobilized

sub-parallel to steeply dipping late normal faults.

Concordant veins host gold and silver mineralization at the Reserve, Granby Point and Goldkeish mines. They are characterized by a crude lamination ("ribbon" texture), which reflects thin irregular streaks and wisps of argillite and/or fine sulphide. Footwall and hanging wall contacts of these veins with their enclosing argillite and siltstone are typically striated, and may be locally brecciated.

Discordant veining is present at the Groundhog, May Pit and Goldleaf occurrences. These reflect the remobilization of earlier concordant veins by later steeply-dipping normal faults. In contrast with the concordant veins, these bedding-oblique veins are commonly composed of grey, finely crystalline quartz.

b) Vein-related sulphide mineralization

Sulphides invariably accompany precious metal mineralization in both vein types, and occur in a variety of modes. For example, moderately abundant pyrite, pyrrhotite, sphalerite and galena are usually observed over a width of 1 to 10 cm along the brecciated margins of many concordant veins. Within concordant veins, fine-grained pyrite, sphalerite, galena, chalcopyrite and arsenopyrite (in decreasing order of abundance) occur in association with the argillaceous "ribbon" texture. Heavily disseminated coarse sphalerite and galena are locally observed in zones up to 30 cm thick where concordant veins pinch. Finally, concentrations of pyrite, chalcopyrite and pyrrhotite occur in association with late fractures perpendicular to the vein walls in many thicker bedding-parallel veins.

Both quartz and sulphides seem to have been remobilized in association with discordant quartz vein formation. The interior of some of these veins contain disseminations and small pods of pyrite. Thin layers of semi-massive pyrrhotite and rare sphalerite may occur near their margins.

As indicated, a close relationship appears to exist between the abundance of sulphides, particularly pyrite, sphalerite and galena, and the precious metal content of quartz veins. Sulphide-argillite ribbon texture, such as characterizes the Reserve and Goldkeish mines as well as the northern part of the Granby Point mine, appears to be a particularly good indicator of moderately good Au and Ag grades.

Relative high grade mineralization is also associated with the sulphidic fractures found subvertical to the contacts of concordant veins. In the Granby Point mine, these sulphidic fractures bound many of the remaining pillars; their presence at certain pillar faces may explain the erratic gold values obtained during previous underground grab sampling.

c) The Reserve mine

The sub-horizontal Reserve vein is hosted by black argillite and siltstone. The mine portal is located 10 m above sea level at the northern tip of Granby Peninsula. The ground in the mine is unstable, and no underground examination was attempted. It is estimated that 20-25% of the vein system remains, largely in the form of pillars. Old level plans suggest that parts of the mine were characterized by high but variable precious metal assays. The mine vein was found to vary from 25 cm to 1.5 m from south to north.

Selective sampling at the Reserve mine in 1988 has yielded the following values:

sample	Au oz/ton	Ag oz/ton	width	sampled by
T3-2	0.677	14.3	0.3 m	Prospectors Airways
T3-1	0.145	20.4	0.75	"
GP-1	0.045	6.35	grab	"
GP-3	0.669	6.93	grab	"
GP-5	0.169	8.63	grab	"
GP-6	1.526	35.90	grab (dump)	"
GP-7	0.092	4.11	grab	"
128524	0.215	4.96	grab	MERI
128525	0.085	0.06	grab	"
128526	nil	0.15	grab	"
128527	nil	0.06	grab	"
128528	0.945	0.17	grab	"
128529	0.065		grab	"

Mapping by MERI has resulted in the location of the probable extension of the Reserve mine vein ("Jean's vein") 200 m south of the mine portal. Reconnaissance surface grab sampling of this moderately shalerite-rich but poorly exposed vein has resulted in assays of up to 0.034 oz/ton Au and 0.186 oz/ton Ag.

d) The Granby Point mine

The Granby Point mine is located 400 m south of the Reserve mine, approximately 30 m above sea level, and in argillites and siltstones which are at a moderately higher stratigraphic level than those hosting the Reserve mine. Approximately 15% of the area mined remains in the form of pillars. A small mass of moderately sulphide-rich, potentially high grade vein material remains unexploited in the southwestern part of the mine area. For the most part, the mine is dry and stable.

128081	0.161	33.54	grab	MERI
128783	0.052	1.99	grab	"
128795	> 0.322	> 6.43	grab	"

The probable southern extension of the Granby Point mine vein exists in the form of the "Quarry" vein system, 50 to 150 m south of the mine portal, and possibly in the form of the "Line 23" and other veins further south. Sampling in the vicinity of the Quarry veins has yielded low to anomalous gold values, as well as the following:

sample	Au oz/ton	Ag oz/ton	width	sampled by
128755	0.030	< 0.02	grab	MERI
128762	0.031	> 6.43	grab	"

e) The Groundhog mine

The Groundhog mine consists of a semi-continuous series of large trenches which follow the north-south-trending Groundhog vein system for approximately 150 m. A small, flooded shaft is located in the middle of the trenches. No information has yet been found on the volume or grade of past production from the vein, although approximately 25,000 tons would appear to have been recovered from the trench system. It is unlikely that this thick vein system was significantly exploited below these trenches.

The Groundhog showing is characterized by an assemblage of parallel, conformable, 0.25 to 2 m wide, near vertical quartz veins contained in fine-grained sediments. The veins and their sedimentary host rocks have been transposed into their current orientation by a 7 to 10 m wide normal strike slip fault zone.

Most of the sulphide mineralization characterizing the subvertical mine veins is confined to fault planes and breccias, where up to 20% pyrite,

pyrrhotite and minor sphalerite can be observed. The quartz veins in the vicinity of these planes are grey, fine-grained and ribboned. White, unbanded, moderately dipping conformable veins are observed away from the fault zone, but these rarely contain sulphides and are assumed to contain only minor gold.

Although the analytical data are incomplete, mostly low Au values have so far been obtained from our reconnaissance sampling at the Groundhog mine. However, scattered higher grade material has been encountered in grab samples 17424, and 129018G, which contain 0.026 oz/ton Au, 0.168 oz/ton Au and 1.57 oz/ton Ag respectively.

f) The May Pit

This showing is characterized by two 35 to 50 m long trenches located 25 m above sea level, and a caved-in adit at sea level. A small dump is present below the adit on the shore of Granby Bay.

Conformable, variably dipping quartz veins at the showing are hosted by recrystallized argillite and minor sandstone. The structure in the pits is complex -- the 5 to 150 cm thick veins seem to have been remobilized by the multiple intrusions of fine-grained diorite. Unique to this showing is the development of tremolite-chlorite alteration in the vicinity of the veins.

Only minor pyrite, pyrrhotite sphalerite have been observed in the May Pit veins. Reconnaissance samples taken from the area of the showing have yielded low, erratic precious metal values.

g) The Goldleaf showing

Previous work at this showing consisted of driving a short "L"-shaft adit near sea level and of limited trenching. These workings follow an apparently thin but spectacular Au occurrence, which was worked briefly in 1938.

The Goldleaf vein is 15 to 30 cm thick and is found in a northeast-trending fault zone which dips moderately to the east. The fault is sinistral, with an offset of about 25 m. Gently dipping laminae of siltstone and sandstone are juxtaposed with steeply dipping interbedded coarse-grained sandstone and argillite across this fault. Assay values from the reconnaissance samples taken to date from this showing have been relatively low. Grab samples 128771 and 129187 have so far returned the best assays, grading 0.04 oz/ton Au and 0.01 oz/ton Ag and 0.027 oz/ton Au and 0.025 oz/ton Ag respectively.

h) The Goldkeish mine

The Goldkeish mine consists of an 82 m long adit, which leads through barren argillite to a north-south-trending stope which is at least 100 m long. Flooding of the stope and paucity of surface exposure limit our examination of the mine area.

The quartz vein mined at Goldkeish is at least 2 m thick, subparallel to bedding, and dips moderately to the east. It occurs in a monoclinical sequence of laminated siltstone and fine-grained sandstone and appears to be controlled by a major strike slip fault.

Sulphide mineralization occurs as fine grained pyrite along the graphitic slip planes, and as pyrite and sphalerite in oblique

fractures in the vein. The quartz vein at Goldkeish exhibits ribbon texture. Limited sampling of the vein has returned values from nil Au to 0.22 oz/ton Au and 0.53 oz/ton Ag over 1.5 m (sample 338205). Rubble from the small dump below the adit grades up to 0.062 oz/ton Au and 0.84 oz/ton Ag (sample 128628).

i) Other quartz veins

A large number of previously unexplored veins were encountered during the course of MERI mapping. Those which appear to be the most promising economically are listed in Table 1 for further work. Trench targets 4 and 6, and drill target 2 are typical.

Trench target 6 ("Danielle's vein") is a conformable vein hosted by laminated siltstone, and is between 20 cm and 50 cm thick where found on the western shore of the Peninsula 400 m southwest of the Reserve mine. It is the only arsenopyrite-bearing vein encountered by MERI so far. Grab sample 128586 from the vein ran 0.081 oz/ton Au, 2.81 oz/ton Ag and > 1% As.

The "Line 23" vein system (drill target 2) is composed of a 75 cm thick vein, having a 3 m thick hanging wall foliation-parallel vein system and which is observed to bear minor sulphide where exposed. In these respects, the vein system resembles the Granby Point mine vein 800 m to the north, to which it is tentatively equated.

The vein on Line 8 S (trench target 4) is a 75 cm thick conformable feature which, like the Granby, Reserve and Goldkeish veins, exhibits ribbon texture. It has been traced for 30 metres, and is believed to extend further. Although only low gold values have so far been obtained from reconnaissance grab sampling, more work is required to

expose the vein contacts and its lateral extension.

Mo AND Au-Mo MINERALIZATION RELATED TO THE MOLY MAY STOCK

Molybdenite mineralization has been found mainly in association with phyllic and potassic alteration in the three broad zones previously located by Enfield Resources. The newly discovered Southwest Zone contains pyritic mineralization which may, like other zones, be auriferous. All of these are broadly confined to the margin of the stock. The relatively unaltered eastern and southeastern portions of the stock are apparently unmineralized. Gold-bearing pyrite and pyrite-molybdenum mineralization occurs in late veins, which are quite distinct from apparently barren, earlier stockwork vein systems.

Each of these zones contains a number of high grade Mo and/or Au showings, which range in size up to 2.5 m. These showings are set in leucogranite which normally has elevated concentrations of muscovite, garnet and possibly alkali feldspar, and which contains lower grade disseminated molybdenite. Powellite and/or ferrimolybdenite gossans which can be up to 6 m wide, accompany these showings.

Pyrite, which is occasionally gold-rich, occurs either in the form of areas of moderately disseminated mineralization up to 10 m wide in host leucogranite and biotite-rich monzonite, in quartz veins which can attain thicknesses greater than 10 cm, or as veinlets and vugs in pegmatitic pods.

The mineralization in the Moly May stock differs from that exploited at Kitsault. In the latter, Mo and lesser Cu is associated with the

sulphidic veinlets, microfracture coatings and vugs and is hosted by monzonitic rocks which are highly altered. The Moly Mack stock is apparently richer in Au, contains very low levels of Cu and is characterized by diffuse high grade pods of Mo mineralization.

a) The East Zone

Four showings comprise the East Zone -- the Moly Mack showing and the R8, R9 and R10 showings located approximately 100 m to the east. At the Moly Mack showing, high grade MoS₂ is disseminated over an area of 1m by 3 m, and in association with a 1 cm thick quartz vein. The molybdenite is disseminated in biotite-rich monzonite with minor pyrite.

The R8 showing is near the site of previous Enfield drilling. One small pit is found at the showing, in which various styles of alteration and mineralization are observed. Mo mineralization occurs as disseminations with minor pyrite and pyrrhotite in biotite-rich monzonite, and in moderately pyrite-rich quartz and quartz-feldspar veins. Pyrite also occurs as late stage euhedral crystals filling and along fractures.

The R9 and R10 showings occur 20 m west and northeast of the R8 occurrence respectively. In the former, high grade molybdenite occurs disseminated over an area of roughly 25 cm in diameter in association with strong phyllic alteration. Pyrite occurs in a few quartz veins at the south end of the showing. Only pyrite is observed at the R10 occurrence, in association with a 10 cm thick sheared quartz vein and potassic-altered monzonite.

The following analyses have been obtained from the high grade showings in the East Zone:

sample	Au oz/ton	Mo(%)	width	showing	sampled by
MME4-1	0.465	5.14	grab	R8 (?)	Prospectors Airways
128665	1.088	> 1.0	1 m	R9	MERI
128965	-	0.53	2.2 m	R128	"
128980	0.013	nil	2.2 m	R140	"

b) The West Zone

High grade Mo mineralization occurs at a large number of localities in this zone. Quartz veinlets, occasionally pyritiferous, are relatively abundant throughout the zone.

Three small trenches are present at the R1 showing, only one of which is observed to contain high grade disseminated Mo mineralization, although all three contain late pyrite associated with quartz-pyrite-muscovite veinlets.

The R15, 16 and 17 showings occur within an area 20 m in diameter, in which high grade molybdenite occurs in patches up to 1.5 m wide in muscovite-garnet leucogranite. Little pyrite is present. The R4, 5 and 6 showings occur within an area of 50 m and are similar to the previous three except for their moderate content of disseminated pyrite. Late vein-hosted pyrite is found at the R5 showing.

Some of the higher grade values obtained from the West Zone are as follows:

sample	Au oz/ton	Mo(%)	width	showing	sampled by
128654	-	0.24	0.8 m	R5	MERI
128655	-	0.26	1.0 m	R6	"
128656	0.03	> 1.0	1.2 m	R7	"

128927	-	0.63	0.6 m	R1	"
128932	-	0.28	1.1 m	R219	"
128940	0.29	0.30	0.8 m	R227	"
129301	-	0.17	0.8 m	R15	"
129302	-	0.31	1.2 m	R16	"
129303	-	0.59	1.0 m	R17	"
129304	-	> 1.0	grab	R18	"

c) The South and Southwest Zones

Nine showings, five of them newly discovered comprise the South Zone. The R11 showing is a 5 m wide gossan containing two small patches of high grade molybdenite. The area of the gossan is characterized by disseminated molybdenite and trace pyrite in weakly sericitized leucogranite. The R12 showing consists of three gossans, each roughly 0.5 by 3 m in size, hosted by muscovite-garnet leucogranite. Very high grade molybdenite (up to approximately 6 %) is locally present.

The newly discovered Southwest Zone is characterized by abundant gossans (up to 10 m wide), and contains pyrite both as disseminations and associated with quartz veinlets in the host monzonite.

The following assays have been obtained from samples in the high grade showings of the South Zone:

sample	Au oz/ton	Mo(%)	width	showing	sampled by
128674	0.019	> 1.0	1.3 m	R11	MERI
128685	0.027	> 1.0	2.5 m	R12	"
128695	-	0.69	0.8 m	R13	"

CONCLUSIONS AND RECOMMENDATIONS

MERI field work in 1988 has confirmed the auriferous character of the

six previously exploited deposits on Granby Peninsula and has shown that gold and silver values can locally be spectacularly high. A small resource, in the form of pillars and in a few incompletely mined stopes, remains within the previously mined areas of the Reserve and Granby Point mines. In addition, previously unexplored extensions to these two deposits are now thought to have been located. Reconnaissance surface grab sampling of both extensions has returned anomalous gold and silver values.

Although flooding and overburden cover limited our examination of the Goldkeish deposit, indications of significant gold mineralization, similar to that found in the Reserve and Granby Point mine, were noted. It is suggested that an important precious metal resource may exist under the previous workings at the mine, below sea level. Potential for economic tonnages and grades may also exist in the Groundhog-May Pit mine area.

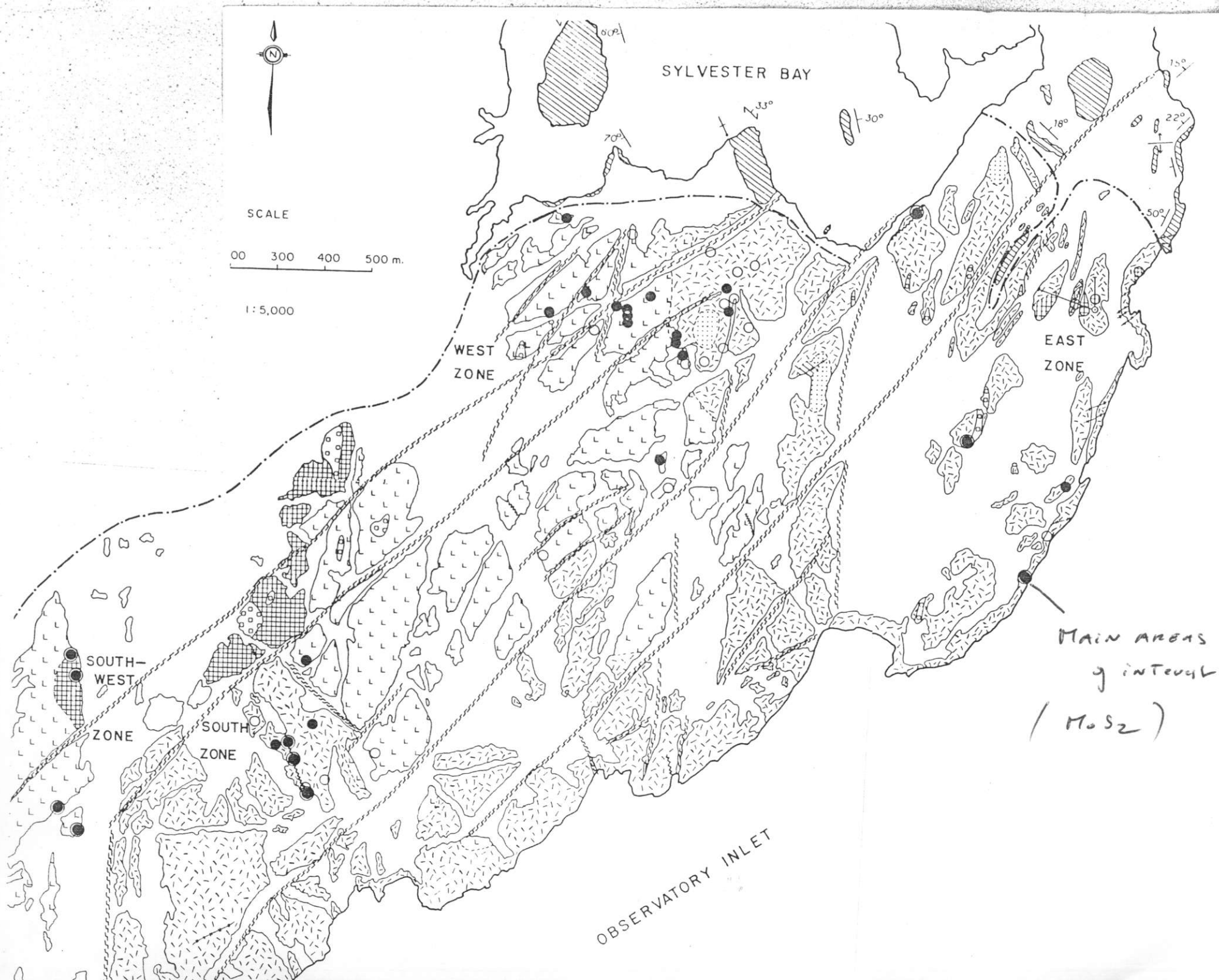
A large number of favourable, previously unexplored veins have been located away from these known showings. For a few of these, reconnaissance grab sampling has revealed highly anomalous to economic Au grades. Although low Au values characterize the reconnaissance samples from others, geological factors in a large number of cases indicate that additional work is warranted.

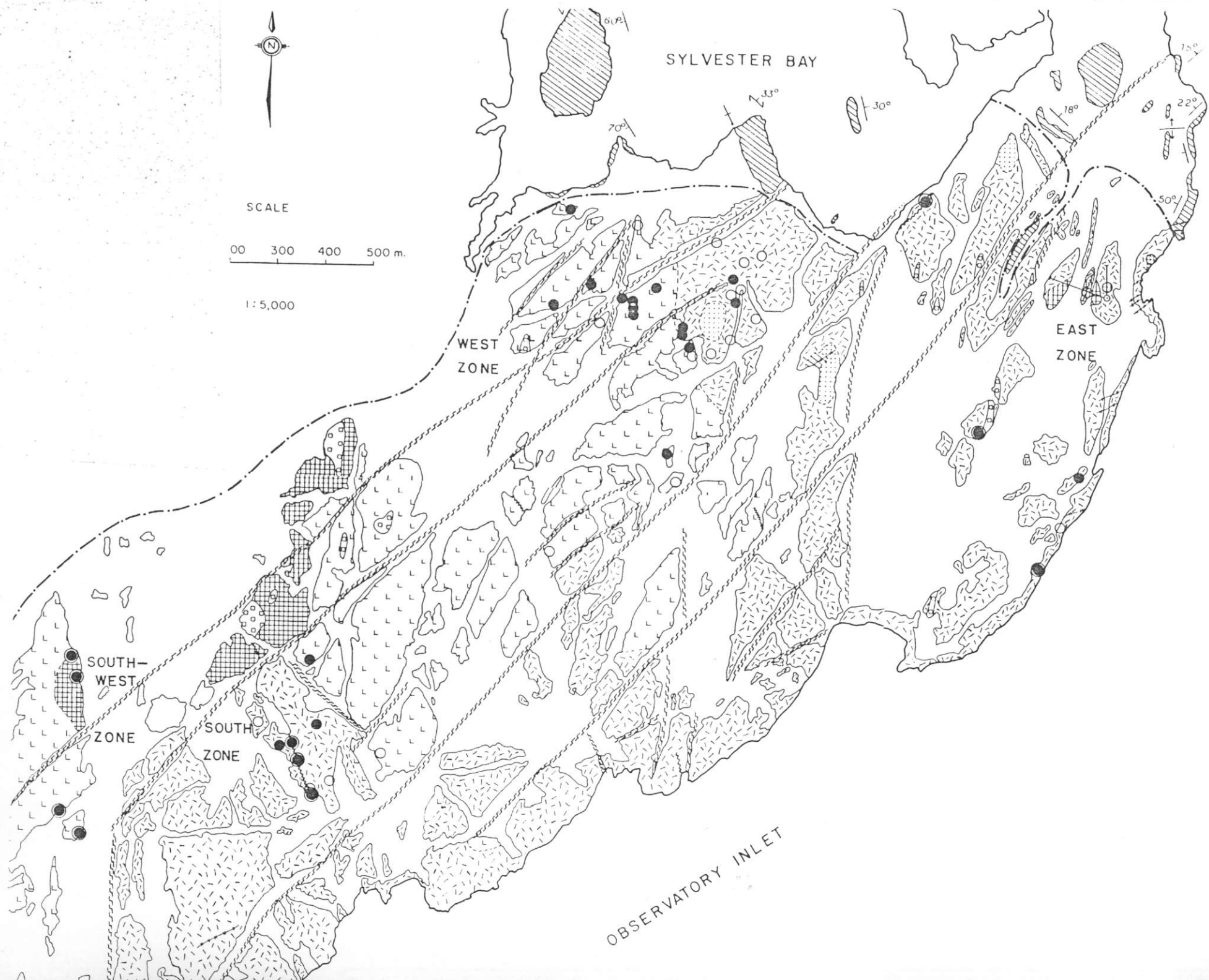
Precious metal mineralization in all of these occurrences is either known, or is suspected to be inhomogeneous, and this phenomenon will make future delineation drilling difficult. Nevertheless, controls on high grade mineralization are now relatively well understood and this, if accompanied by large volume sampling where possible, should lead to

the orderly evaluation of those veins selected for follow up.

A large number of small but high grade Mo showings have been discovered around the margins of the Moly May plug, and this confirms its suspected potential. Of particular interest is the observation that significant, and occasionally very high grade Au values locally accompany high grade Mo mineralization in all three of the previously recognized mineralized zones.

On the basis of the first phase of exploration activity, it is concluded that excellent potential for economic precious metal mineralization exist on Granby Peninsula Peninsula. In order to test this potential, 33 priority targets have been identified for further exploration (Table 1). Twenty two of these are recommended for trenching and 8 for stripping and detailed sampling. Three areas are ready for diamond drilling. Other drilling recommendations and bulk sampling can be expected to follow the trenching program.





THE MOLY MAY INTRUSION

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MONTREAL

LEGEND


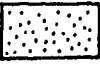

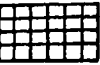
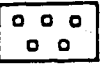

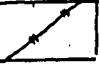
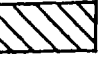


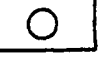

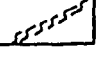
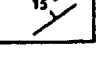



-  Coarse-grained, fresh, muscovite (biotite, garnet) leucogranite, occasionally spotted with Fe-Mo stain.
-  Fine-grained, aplitic, muscovite leucogranite (moderately to highly altered).
-  Medium to coarse-grained, partially altered (stained) leucogranite, with intensive vein stockwork development.
-  Coarse-grained to pegmatitic biotite-rich monzonite and quartz-monzonite.
-  Pegmatitic veins, pods or irregular bodies.
-  Quartz vein (greater than 10 cm in thickness).
-  Dyke, undifferentiated.
-  Hazelton group, argillite and greywacke.
-  Molybdenite high-grade showing.
-  Pyrite-gold showing.
-  Previously located molybdenite showing.
-  Diamond drill hole (drilled in 1982)
-  Major fault.
-  Strike and dip of sedimentary bedding.
-  Boundary of the Moly May igneous intrusion. (approximate).
-  Geological contact between igneous phases.
-  Limit of outcrop.

Table 1. Anomalous molybdenum values in the Moly May Intrusion.

Sample number assay#	field #	Mo Content (ppm)
128674	R11	>10,000
128286	AR414	>10,000
338055	AR444	158
338057	AR446	1,415
338154	AR346	144
338158	AR650	103
338078	AR617	284
338140	RL7	6,380
338144	RL11	2,920
338198	AR2	1,290
338200	AR2a	107
128651	AR238	142
128653	R4	103
128654	R5	2,430
128655	R6	2,620
128656	R7	>10,000
128657	AR239	134
128664	R8	226
128665	R9	>10,000
128666	AR246	130
128685	R12	>10,000
128686	AR182	95
128694	AR172	1,925
128695	R13	8,900
129301	R15	1,655
129302	R16	3,140
129303	R17	5,940
129304	R18	>10,000
129305	R19	294
129307	AR193	446
128852	AR13	342
128864	AR107	587
128877	AR120	142
128968	AR128 (AR65?)	5,290
128914	AR201	129
128927	RI	6,380
128932	AR219	2,080
128940	AR227	2,980
128976	AR136	195

Table 2. Gold values in the Moly May intrusion
surface rock outcrops

sample number assay #	field #	Au content (ppb)
128264	R13 (AR403)	20
128271	AR410	20
128674	R11	590
128685	R12	845
128694	AR172	30
128695	R13	145
128697	AR191	220
128698	AR192	20
128304	R18	35
128306	R20	70
128852	AR13	50
128864	AR107	40
128873	AR116	25
128876	AR119	20
128891	AR38	55
128954	AR51	25
128962	AR59	30
128968	AR128	35
128653	R4	25
128654	R5	45
128655	R6	25
128656	R7	940
128657	AR239	25
128663	AR245	90
128665	R9	>10,000
128666	AR246	490
128667	R10	60
128727	AR63	25
128738	AR74	35
128739	AR75	30
128740	AR76	30
128743	AR79	70
128908	AR94	20
128920	AR207	20
128927	R1	45
128931	AR218	30
128932	AR219	20
128933	AR220	20
128940	AR227	9,060
128941	AR228	40
128944	AR231	20
128946	AR233	25
128980	AR140	350
129000	AR160	60

Table 3. Bismuth in the Moly May intrusion
surface rock outcrops

128654	R5	8
128655	R6	14
128656	R7	320
128657	AR239	10
128663	AR245	26
128665	R9	>10,000
128666	AR246	176
128667	R10	20
128727	AR63	10
128739	AR75	14
128740	AR76	18
128743	AR79	36
128914	AR201	8
128916	AR203	30
128919	AR206	6
128921	AR208	42
128927	R1	34
128928	AR215	14
128931	AR218	42
128932	AR219	32
128933	AR220	20
128940	AR227	3,390
128941	AR228	40
128942	AR229	14
128944	AR231	10
128948	AR235	138
128949	AR236	18
128976	AR136	8
128978	AR138	6
128980	AR140	208
128981	AR141	14
129000	AR160	14
129310	R15	6
129302	R16	16
129303	R17	12
129304	R18	18
129305	R19	44
129306	R20	46

The development-work has been done with the idea of tracing this deposit downward and several tunnels have been driven with that end in view, without satisfactory results. During the past year the property has been under option to the Granby Company, and has been prospected with a diamond-drill, with the result that the deposit has been proved to be a blanket formation. The solid bodies of iron and copper pyrites mentioned above appear on both sides of the dykes, and, contrary to the experience in the development of the Hidden Creek properties, two miles distant, the dykes appear to the writer to be responsible for aggregations of ore and the mineralization of the surrounding mica-schist.

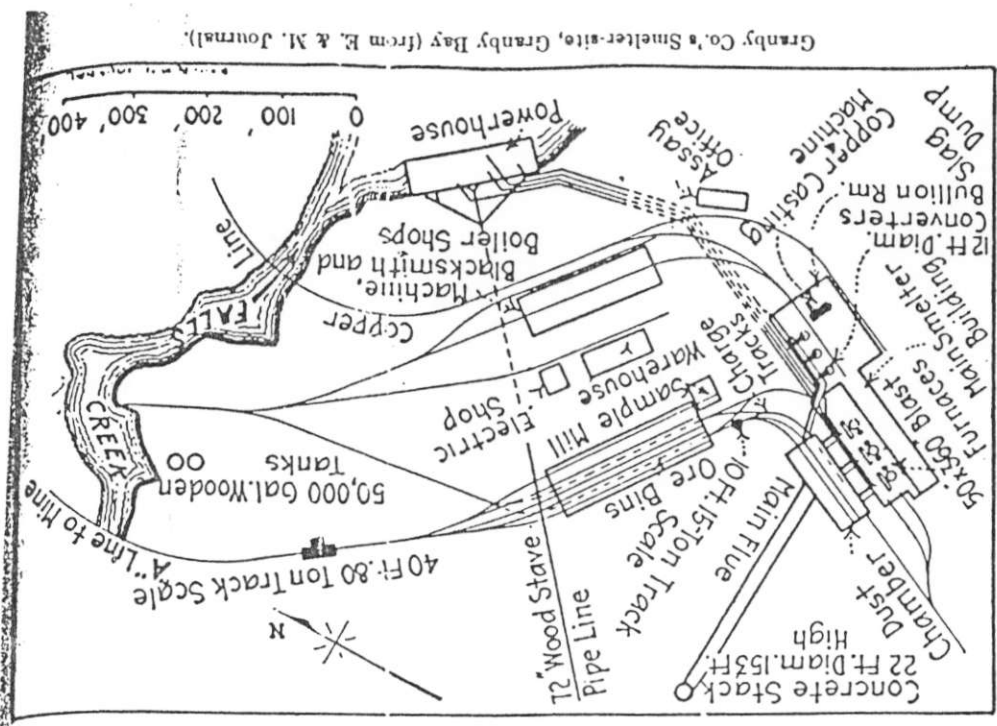
Two samples of clean ore assayed returned: (1.) Copper and iron pyrites—Gold, 0.08 oz. silver, 1.6 oz.; copper, 6.2 per cent. (2.) Copper and iron pyrites—Gold, 0.02 oz.; silver, 1.7 per cent.

The Ground Hog mineral claim, owned by W. Clarke & Merrill, is situated on the south side and near the head of Granby bay. A quartz-outcrop, 6 to 8 feet in width, has been located 350 feet above high-water mark, striking north magnetic. The country is covered with heavy second-growth timber and soil, and the quartz was not traced for more than 50 feet. One opening has been made 25 feet in length. There was a streak of ore on the foot-wall side, from 10 to 16 inches wide, containing galena, zinc-blende, and pyrite, which assayed: Gold, 0.16 oz.; silver, 51.5 oz.; lead, 32.5 per cent. An average sample taken across the exposure from east to west, for a width of 8 feet, assayed: Gold, 0.14 oz.; silver, 2.4 oz.

This mine is owned and operated by the Granby Consolidated Mining and Smelting Company. It was previously reported on by the writer, in a report appearing in the Annual Report of the Minister of Mines for 1911. Since then, continuous development-work has been carried forward, providing the No. 1 and No. 2 ore-bodies above the 530-foot level, to be far more extensive than work done previous to the former examination promised.

No 1 ore-body has been proved to be 1,300 feet in length, and has been opened up a considerable distance to the north of the main crosscut tunnel.

W.G.



Granby Co.'s Smelter-site, Granby Bay (from E. & M. Journal).

A large number of small but high grade Mo showings, with Mo values often in excess of 1 %, have been discovered along the margins of the Moly May stock, and this confirms its suspected potential. Of particular interest is the discovery of a number of new precious metal zones within the pluton. For example, the R9 showing ran 1.088 oz/ton Au over 1 m while the R227 occurrence contains 0.29 oz/ton over 0.8 m.

Our structural analyses have led to a model for the control on gold mineralization in the Meguma-type veins on the property. This model not only allows for a better definition of exploration targets, but should lead to the orderly evaluation of the known veins, most of which are characterized by a somewhat inhomogeneous distribution of precious metal values.

Our work has confirmed that excellent potential for economic Au and possibly Mo-Au mineralization occurs on the Granby Peninsula property. This potential may ultimately be best realized through small-scale exploitation. On the basis of this work, thirty three exploration targets have been identified, and it is strongly recommended that these be followed up on a priority basis. It is probable that this follow up will lead to a subsequent phase of intensive diamond drilling.

Table 1 - Recommended Follow Up Targets, Granby Peninsula Property

Drill Targets

target	showing	comments
Area 1	Groundhog vein	2 drill holes (200 m) to test depth extent, grade of vein zone
Area 2	unexplored veins at L23 N, 4+40 E	5 short holes (500 m) to test conformable veins
Area 3	Goldkeish vein	5 short holes (500 m) to test vein along its 190 m + strike

Trench Targets

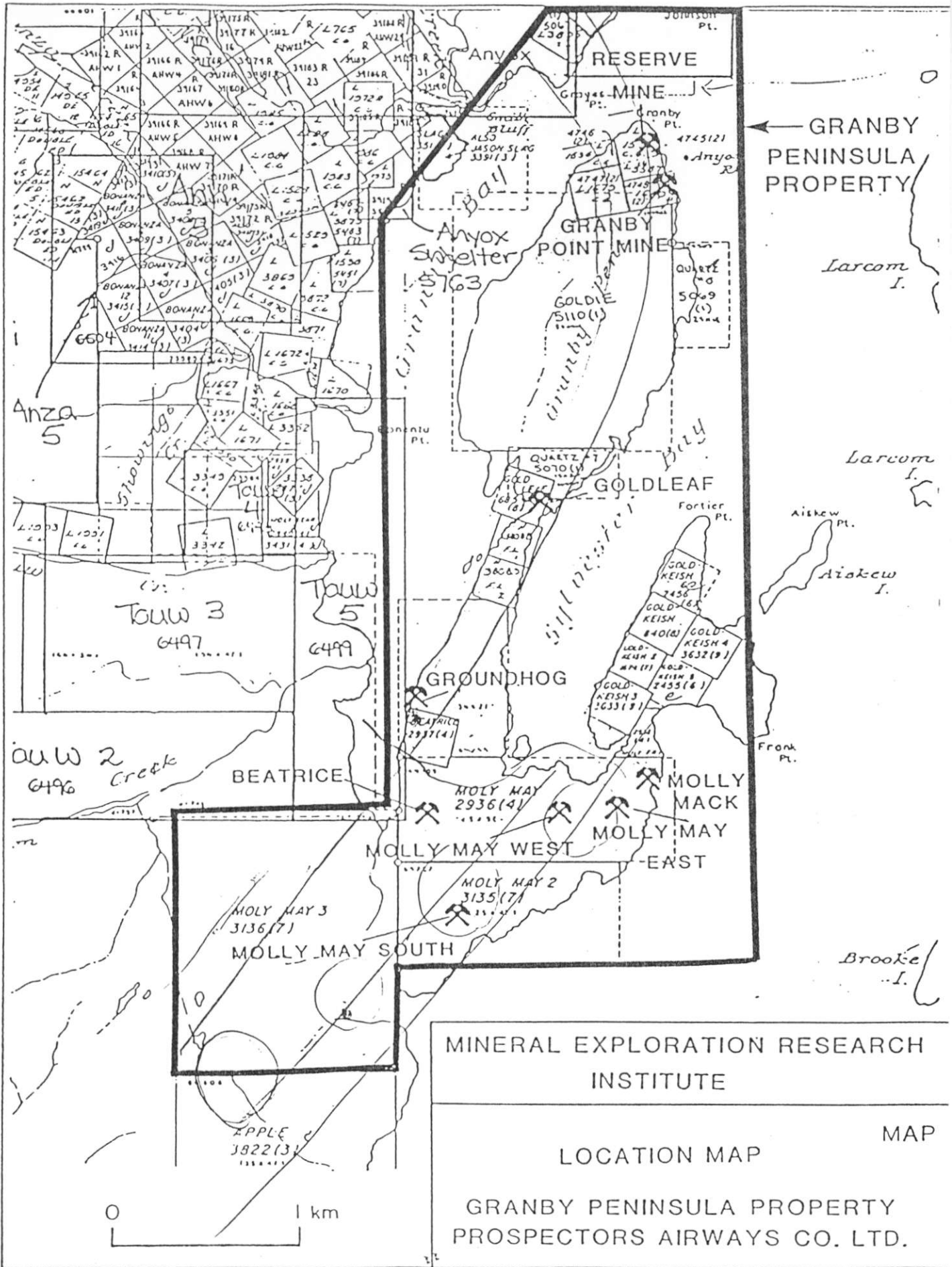
1a	unexplored veins NE of Groundhog	1 trench at sample 129018G location (0.027 oz/ton Au)
1b	quartz float NE of Groundhog near	1 trench to locate source of 1a quartz float
1c	quartz float NE of Groundhog near 1b	1 trench to locate source of float found near veined seds
2	N extension of May Pit veins	1 trench at L28 S, 4+62 W to expose 3 m wide quartz vein
3	"Trail vein" vein NE of Drill Area 2	1 trench to expose 1 m thick vein extension of L28 N vein
4	Vein on L8 S	1 trench to expose 20-60 cm thick, 30 m + long vein
5	Groundhog vein	1 long trench or series of trenches for cross section of vein and fault system at surface
6	"Danielle's vein"	1 trench to expose 20-50 cm wide arsenopyrite-bearing quartz vein 400 m SW of Reserve mine
7	Vein at 129063G locality	1 trench to expose 1.25 m thick conformable vein
8	Vein at 128607 locality	1 trench to expose area of quartz brecciation near major fault

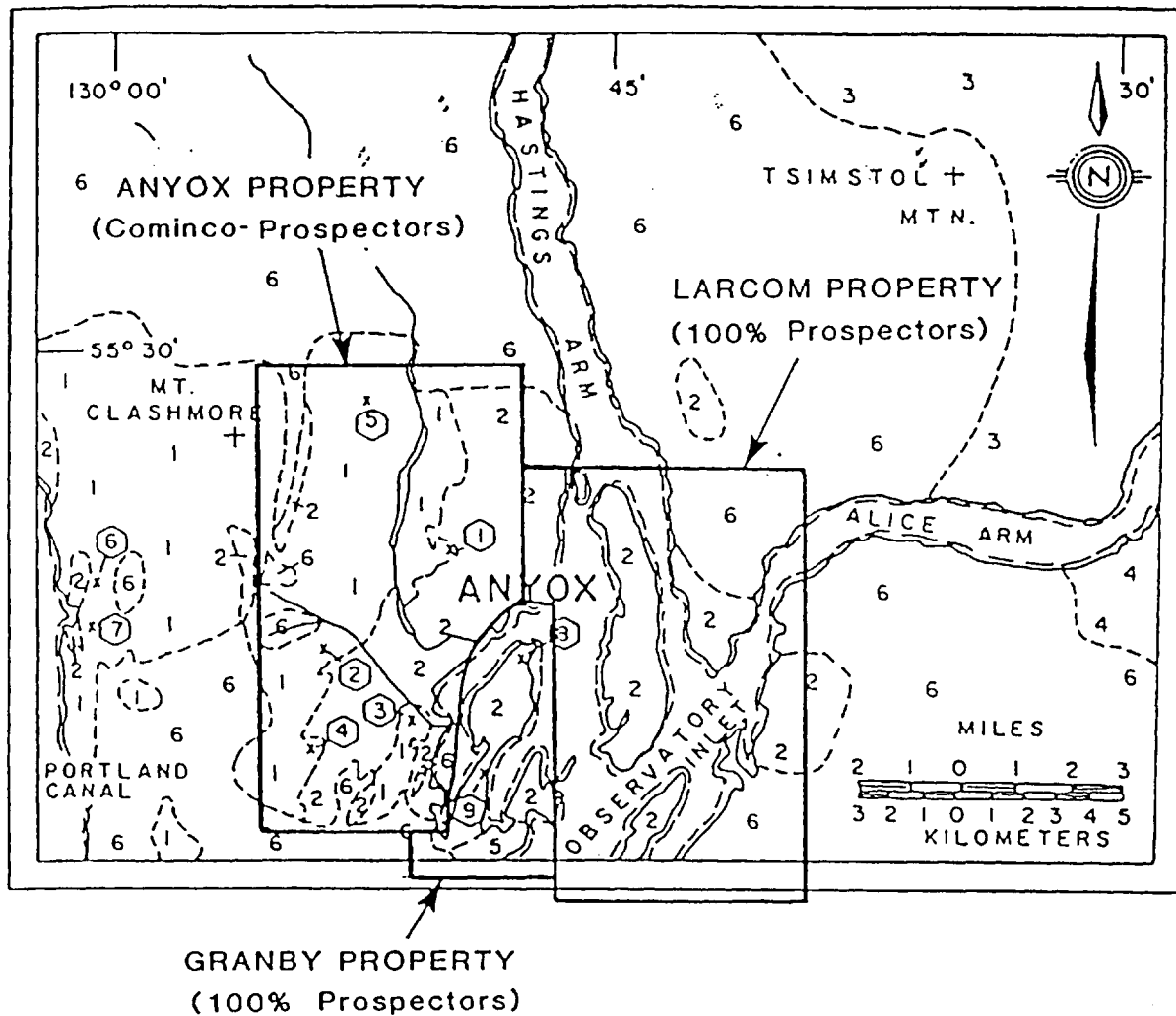
9	Vein or float at 128645 locality	1 trench to expose quartz-sulphide breccia
10	Veins at 128614 locality	1 trench to expose 1 m thick sulphidic vein at granite-sed. contact
11	Vein at 128890 locality	1 trench to expose thick vein in granite and sed., with anomalous Au (0.01 oz/ton Au/2m)
12	Moly May S zone (M 1 locality)	trench in new R12 Mo-Au showing
13	Moly May S zone (M 2 locality)	trench in new R11 Mo-Au showing
14	Moly May SW zone (M 3 locality)	trench in pyritic gossan at new R20 showing
15	Moly May W zone (M 4 locality)	trench at new R4 Mo showing
16	Moly May W zone (M 5 locality)	trench at new R5 Mo showing
17	Moly May W zone (M 6 locality)	trench at new R6 Mo showing
18	Moly May W zone (M 7 locality)	trench at new R17 Mo showing
19	Moly May W zone (M 8 locality)	trench at new R16 Mo showing
20	Moly May W zone (M 9 locality)	trench at new R15 Mo showing
21	Moly May W zone (M 10 locality)	trench at new high grade Au-Mo showing
22	Moly May W zone (M 11 locality)	trench at new R7 Mo-Au showing

Stripping and Detailed Sampling Targets

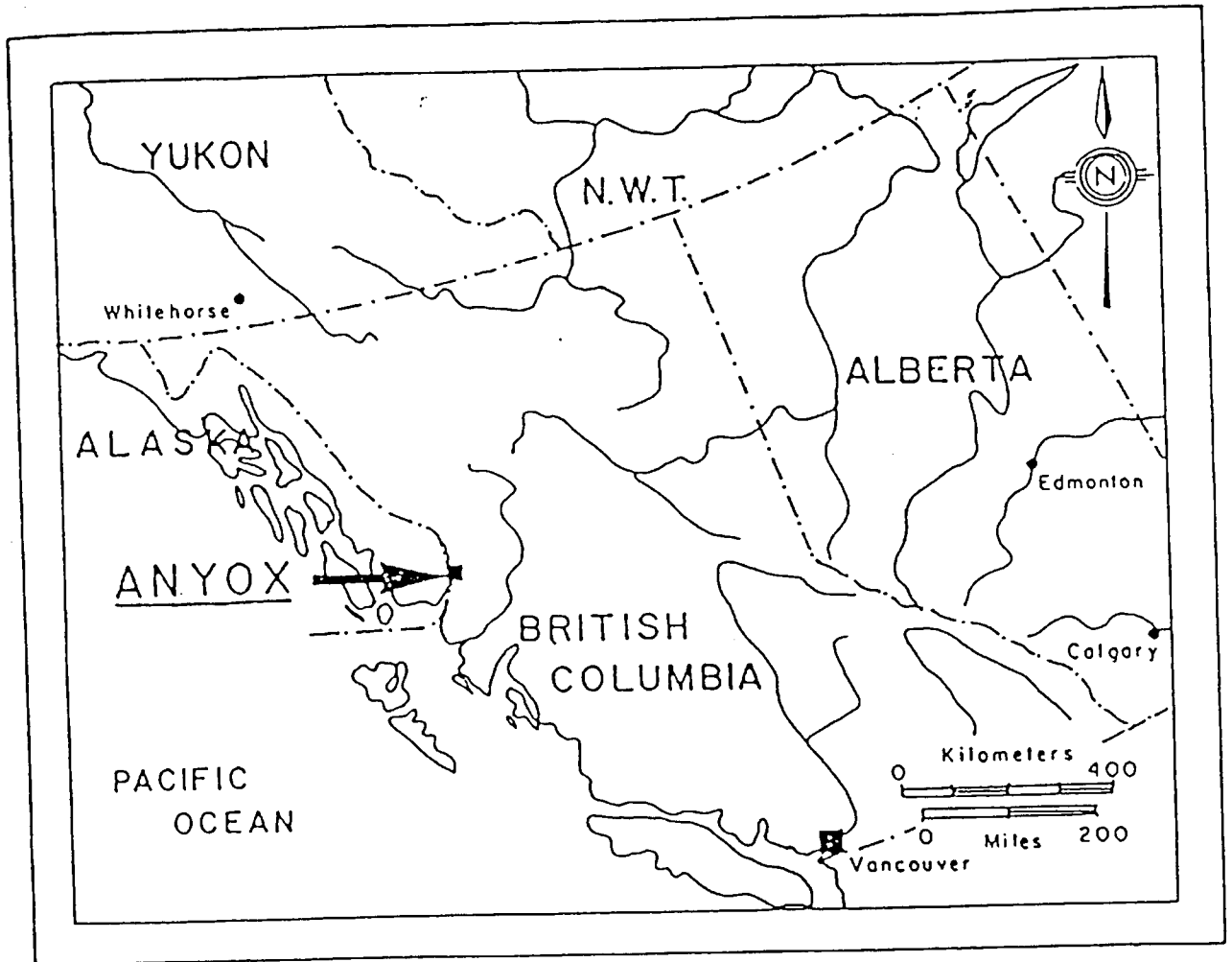
A	"Jean's vein system"	strip and detailed sampling of unexplored sphalerite-galena-bearing quartz vein system between R9 and R15 topo. points
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B	Quarry veins	strip and detailed sampling of complex vein system, possible .. extension of Granby Point veins
C	Vein at 129061G locality	locate extension of thin vein assaying 0.045 oz/ton Au
D	Veins at 129191 locality	follow vein system between 129191-129197 sample localities
E	Veins at 128642 locality	follow 50 cm thick 25 m + long vein
F	Goldleaf showing	detailed prospecting along the vein trend inland
G	Vein at 128804 locality	strip and sample probable thick vein
H	Vein at 128603 locality	follow quartz breccia system on W shore 1 Km S of Reserve mine





MAP 2-GEOLOGY, ANYOX AREA, B.C.
 (after Carter and Grove, 1972)



MAP 1-LOCATION MAP, ANYOX AREA, B.C.

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C E R T I F I C A T E

I, Joseph Fox, do hereby certify that I am the managing director of Mineral Exploration Research Institute, located at Ecole Polytechnique 2550 Chemin de Polytechnique, Montreal, Que., H3C 3A7.

- 1) I am a geology graduate of McGill University, Montreal and Cambridge University, England. I am a member of the Association Professional Engineers of Ontario.
- 2) I have practiced my profession for many years in my capacity managing director of the Mineral Exploration Research Institute, as independent consultant, and in managerial capacities for major mining companies in Canada.
- 3) I examined the Granby Peninsula property and the available data relating to the property in Spring, 1988.
- 4) I am not a director, officer, or employee of Prospectors Airways Co. Ltd., nor do I own shares or expect to receive some or any other beneficial interest. I consent to the use of this report by Prospectors Airways Co. Ltd. in any prospectus or statement of material facts, but accept no responsibility for the actions of any regulatory authority.

dated August 23, 1988

Joseph Fox

P. Eng.

