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BLUE GULCH EXPLORATIONS LTD. (N.P.L.)
Allison Lake Project
Princeton Area, B.C.

ALRAE ENGINEERING LTD.

December 12, 1969

TO PROTECT OUR CLIENTS, THE PUBLIC AND OURSELVES, ALL REPORTS ARE SUBMITTED AS THE CONFIDENTIAL PROPERTY OF CLIENTS AND AUTHORIZATION FOR PUBLICATION OF STATEMENTS, CONCLUSIONS AND EXTRACTS FROM OUR REPORTS MUST RECEIVE OUR WRITTEN APPROVAL.

ALRAE ENGINEERING LTD.
VANCOUVER, B.C.
ENGINEERS & GEOLOGISTS

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INTRODUCTION

The Blue Gulch Explorations Ltd. claims are currently being explored for copper mineralization and preliminary diamond drilling of one selected area is in progress. During the period October to December, the writer has, on three occasions, visited the project and generally directed the diamond drilling program to conform with recommendations made by the late Dr. Skerl. Three diamond drill holes have been laid out to test a strong geochemical soil anomaly for copper and the first drill hole has just been completed. Surface trenches in the immediate area of the drilling exposed intervals containing .2 to .37 per cent copper across widths of 160 and 150 feet respectively.

LOCATION AND ACCESS

The company's claims are located approximately 16 miles north of Princeton, B.C. and include Allison Lake. The highway from Merritt to Princeton passes through the claim group as does electric, telephone and natural gas transmission facilities. The claims are readily accessible by automobile from Vancouver and Princeton. Numerous logging roads through the claims provide access to the current drilling area and much of the southern and eastern portion of the claim block.

CLAIMS

Claims, their record numbers, and expiry dates, are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Pine 1-16, 17 Fr., 18 Fr., 19-35	22615 - 22648	June 18, 1970
Req 1 - 16	23526 - 23541	Sept. 26, 1970
Dy 1 - 8	23542 - 23549	Sept. 26, 1970

All 59 claims are within the Similkameen Mining Division.

GEOLOGY

As indicated by Geological Survey of Canada Memoir 243, general geology underlying the Blue Gulch claims may be described as follows: The area immediately east of Allison Lake is underlain by Jurassic Coast Intrusives composed mainly of coarse grained, reddish monzonite, granite, and granodiorite, in contact with Triassic Nicola volcanics and sediments. Dykes of diorite and felsite porphyry cut through both of these rock types in the vicinity of copper mineralization being explored by the company.

A regional fault trending northerly from the Copper Mountain Intrusive passes along the east side of Allison Lake. This is a major structural feature of the district and is a fault zone over one hundred feet in width where exposed at the south end of Allison Lake. The fault gouge is extremely crushed and broken and weathered to a gossan-like material. Fracturing and subsidiary faults probably related to this major structural feature are evident in the drilling area which is immediately to the east of the fault zone. Chloritization is particularly evident in the diorite dyke and along smaller shear zones within the granitic rocks. Fracture planes within the dykes are commonly filled with narrow veinlets of calcite.

Geochemical soil sampling and bulldozer trenching indicates the presence of copper mineralization in the area currently under study. Chip sampling of bulldozer trench walls in semi-weathered bedrock surface has indicated a 160 foot width of 0.20% copper, 140 feet of 0.19% copper, and 150 feet of 0.37% copper. These trenches are within an area 900 feet long and 200 to 300 feet wide. Drilling is currently in progress to test the downward extension of this mineralized zone. The first hole is just completed and samples have been submitted for assay. Visual inspection of the core indicates the zone has not been cut by this first drill hole and the second drill hole has been placed to examine the possibility that the

mineralization may be dipping to the southeast, somewhat parallel to the first hole.

The soil sampling anomaly in the vicinity of this mineralization extends over an area 1,000 feet by 200 to 300 feet in width, elongate approximately downslope, although the anomalous area is bisected by a small steep-sided stream gully. Significant anomalous copper content in soil extends a further 800 feet to the northwest of the present drilling area. All mineralization encountered to date consists of pyrite and chalcopyrite in disseminations and fracture fillings within highly altered and broken monzonite. Chalcopyrite content is increased in the most chloritic alteration zones.

CONCLUSIONS AND RECOMMENDATIONS

Copper mineralization encountered on the Blue Gulch Explorations Ltd. claims in the Princeton area, B.C. is in a favourable geological setting for a large, low grade type of deposit. A mineralized area of significant size has been indicated by geochemical soil sampling for copper. Surface bulldozer trenching has exposed copper mineralization of significant grades and drilling is currently under way to test the downward extension of this zone.

To further the evaluation of the claims and the mineralized zone under study, the following work is recommended:

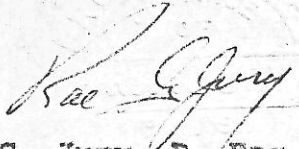
- (a) Topographic base map preparation from existing aerophotos;
- (b) Detailed magnetometer survey in the drilling area;
- (c) Geological mapping in detail of the drilling area and of the remainder of the claim group;
- (d) Stream sediment soil sampling of the drainage systems throughout the claims area;
- (e) Line cutting and geochemical soil sampling in anomalous areas indicated by the stream sediments sampling;
- (f) Induced polarization survey of selected anomalous areas from the above soil surveys;

CERTIFICATE

I, Rae G. Jury, of the City of Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of Queen's University in Kingston (B.Sc. in Geological Sciences, 1957).
3. I am a registered Professional Engineer of the Provinces of British Columbia and Ontario and also a member of the Canadian Institute of Mining & Metallurgy.
4. I have practiced my profession since 1957 with Labrador Mining & Exploration Company, Quemont Mining Corporation, Canadian Johns-Manville Co. Ltd., and Alrae Engineering Ltd.
5. I have personally visited the Blue Gulch project on three occasions during November and December of 1969 and have examined surface geological features and diamond drill core during that time.
6. I have examined some of the key claim locations and have found them to be located in accordance with the B.C. Mineral Act. Many of the claims have been located on the grid map in the vicinity of the drilling and there is no apparent contravention with other claims in the area.
7. I have not received, nor do I expect to receive, any interest, either directly or indirectly, in the properties or securities of Blue Gulch Exploration Ltd.

DATED AT VANCOUVER, this 12th day of December, A.D. 1969.


Rae G. Jury, P. Eng.

ALRAE ENGINEERING LTD.
844 WEST HASTINGS STREET, VANCOUVER, B.C.

TELEPHONE 681-9381
TELEX No. 04-50604

February 3, 1969

Mr. F. Hoffman
Blue Gulch Exploration Ltd.
400 West 5th Avenue
Vancouver 10, B. C.

Dear Mr. Hoffman:

Enclosed please find two copies of each of drill holes 1, 2 and 3, recently completed at your Allison Lake project, Princeton, B.C. One copy of each is being forwarded to T. Doubt, at his request.

Although short mineralized sections were encountered in the drill holes, no large intervals of .5% copper equivalent were cut. Wide zones of relatively low copper content exposed in surface trenches apparently do not extend to depth.

Hole 2 was drilled in the opposite direction, and toward, holes 1 and 3 to examine the possibility of the mineralization dipping to the south.

Mineralization encountered in the trenches is sufficiently concentrated to produce the surface geochemical survey anomaly. Underlying sulphide content is, however, lower and could only be thoroughly tested by drilling. Geological setting of this mineralization is typical of the large low grade type of deposit and it is entirely possible that more continuous zones of mineralization may occur elsewhere within the claim group. Exploration, as indicated in my report of December 12th, should serve to test the remainder of the claim group.

Yours truly,

ALRAE ENGINEERING LTD.

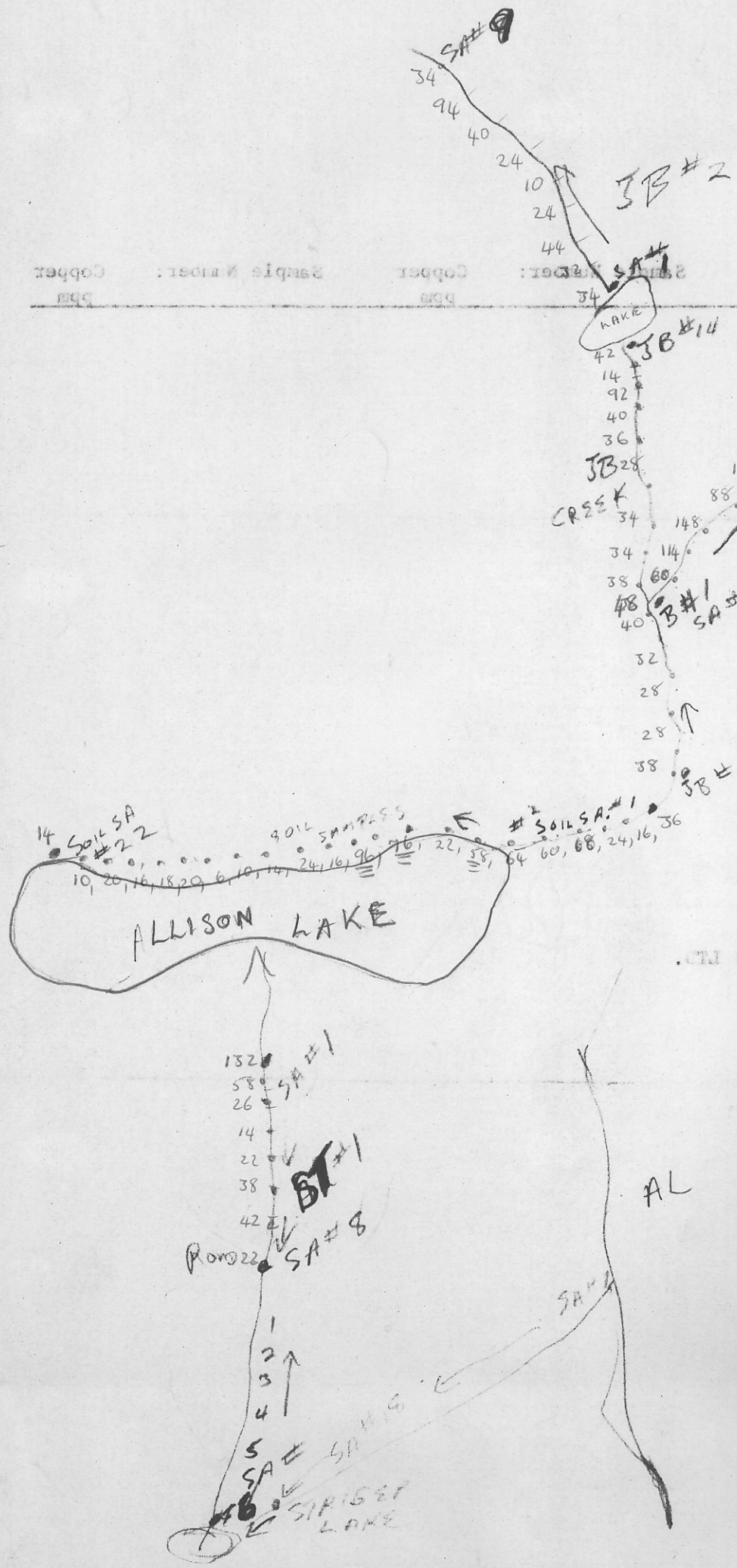
Rae G. Jury
Rae G. Jury, P. Eng.

RGJ/ph

Encl.

Alfred A. Berggren
 Geologist-Geochemist
 VAB/abp
 Alfred A. Berggren
 Geologist-Geochemist
 VAB/abp
 CHEST LABORATORIES (B.C.) LTD.
 CHEST LABORATORIES (B.C.) LTD.
 Yours truly,
 CHEST LABORATORIES (B.C.) LTD.

Sample Number:	Copper ppm	Sample Number:	Copper ppm
2A 42	32	2A 42	32
2A 44	44	2A 44	44
2A 46	78	2A 46	78
2A 48	92	2A 48	92
2A 50	40	2A 50	40
2A 52	36	2A 52	36
2A 54	40	2A 54	40
2A 56	104	2A 56	104
2A 58	88	2A 58	88
2A 60	148	2A 60	148
2A 62	34	2A 62	34
2A 64	34	2A 64	34
2A 66	114	2A 66	114
2A 68	38	2A 68	38
2A 70	48	2A 70	48
2A 72	40	2A 72	40
2A 74	32	2A 74	32
2A 76	28	2A 76	28
2A 78	28	2A 78	28
2A 80	28	2A 80	28
2A 82	38	2A 82	38
2A 84	38	2A 84	38



CHEST LABORATORIES (B.C.) LTD.

PHONE: 685-5821

CERTIFICATE OF ASSAY

File #306611

J. R. WILLIAMS & SON LTD.

PROVINCIAL ASSAYERS AND CHEMISTS

Office and Laboratory:

580 Nelson Street, Vancouver 2, B. C.

I Hereby Certify that the following are the results of assays made by me upon samples of ORE herein described and received from Mr. T. DOUBT August 23rd 19 68

Table with columns: MARKED, GOLD (Ounces Per Ton, Value Per Ton), SILVER (Ounces Per Ton, Value Per Ton), Copper (Per Cent, Value Per Ton), Per Cent, Value Per Ton, Per Cent. Row 1: N/M, 0.005, \$, 0.05, \$, 0.55, \$

Gold calculated at \$ per ounce.

Silver calculated at cents per ounce.

NOTE—Pulps of Samples retained 2 months from date of Receipt. Rejects 1 week unless otherwise instructed.

Calculated at cents per lb.

Calculated at cents per lb.

Calculated at cents per lb.

[Signature] Provincial Assayer.

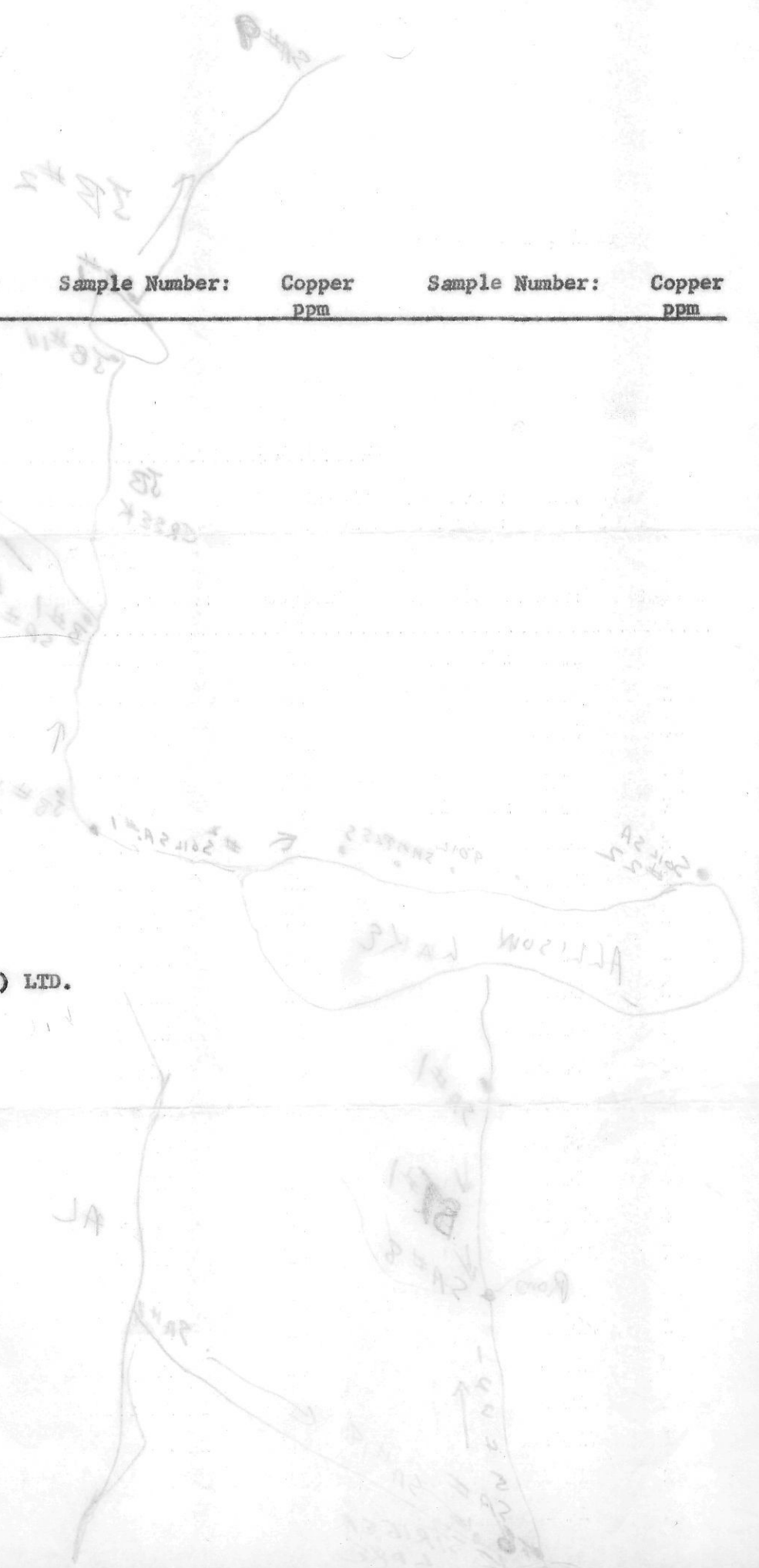
Alrae Engineering Ltd.
 Lot No. 126 G
 December 10, 1969
 Page 2...

Sample Number:	Copper ppm	Sample Number:	Copper ppm	Sample Number:	Copper ppm
JB 2 SA #2	32				
SA #3	44				
SA #4	24				
SA #5	10				
SA #6	24				
SA #7	40				
SA #8	94				
JB 2 SA #9	34				
1	46				
2	40				
3	50				
4	55				
5	32				
6	38				

Yours truly,
 CREST LABORATORIES (B.C.) LTD.

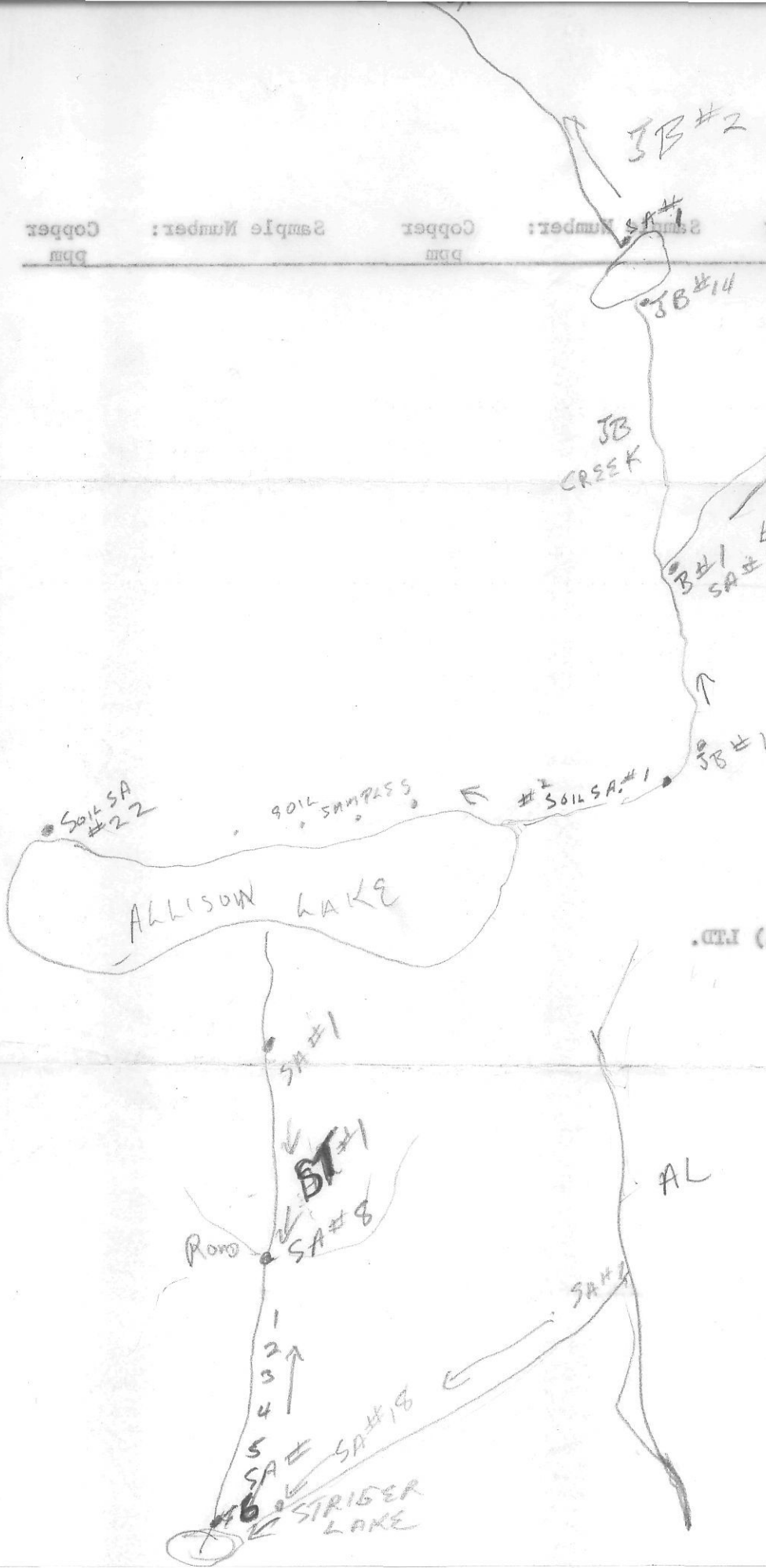
Alfred A. Burgoyne
 Geologist-Geochemist

AAB/seb



Sample Number:	Copper ppm	Sample Number:	Copper ppm
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JB 2 SA #2	32	JB 2 SA #9	40
SA #3	44	1	40
SA #4	24	2	40
SA #5	10	3	20
SA #6	24	4	22
SA #7	40	5	32
SA #8	34	6	38



Yours truly,
 CREST LABORATORIES (B.C.) LTD.

Alfred A. Burgoyne
 Geologist-Geochemist

AAB/sep