

1968 PROGRESS REPORT

ON

NANIKA LAKE PROJECT

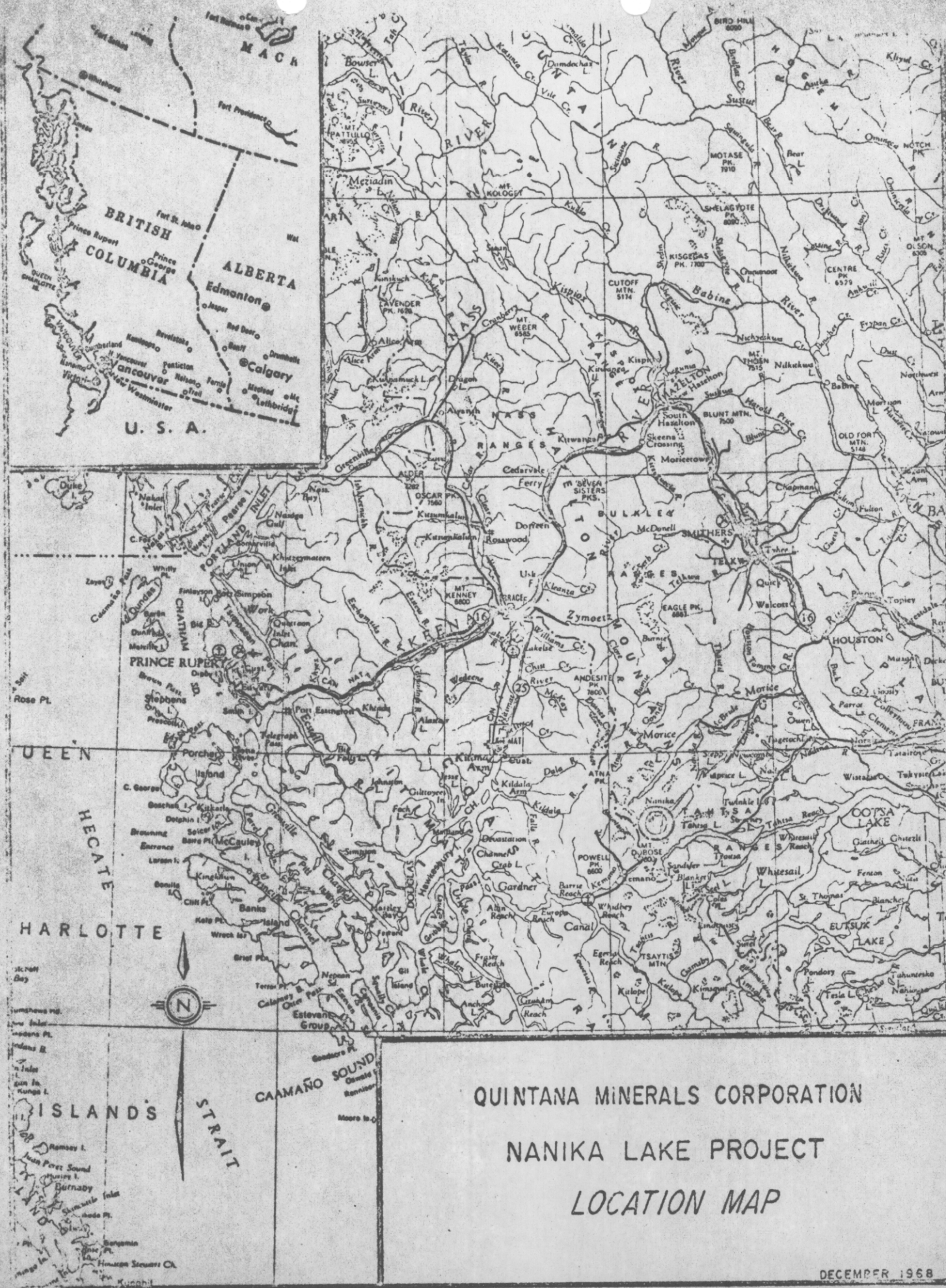
Omineca Mining District B.C.

FOR

QUINTANA MINERALS CORPORATION

April, 1969.

H. H. SHEAR, P.Eng.



SUMMARY:

The Nanika Lake Property is primarily a copper prospect. The mineralization contains minor amounts of molybdenum, gold and silver. No significant work was done on the property until 1968, when Quintana Minerals Corporation completed a fourteen hole diamond drilling program, along with other related work.

The drill program has inferred a relatively tabular zone up to 500 feet in thickness for over 3,200 feet of strike length, and dipping from 20° to 40° west into a steep sidehill. The zone strikes approximately N 30 E. Assaying of mineralized intersections has suggested the presence of several tens of millions of tons of material grading in the order of 0.4 to .5% Cu. with minor Mo, Au, and Ag. values.

In the writer's opinion the property warrants additional work and a further exploration program consisting of twelve drill holes (9,000'), estimated to cost \$ 204,000.00 has been recommended.

Preliminary results have not delineated the mineralization down dip or to the north and north-east, or to the south. The mineral zone has been traced on surface 3,000 feet southwest of the southern most drilling. Large undrilled areas exist within the drilled area. No primary exploration has been completed outside of the immediate area of interest. Consequently there is a good opportunity to improve indicated tonnage and grade and to locate extensions of the existing ore bodies as well as possibly locating additional large ore bodies. I strongly recommend that Quintana continue their aggressive exploration of this area.

CONCLUSIONS AND RECOMMENDATIONS:

1. The Nanika Lake Property is a new copper prospect. No meaningful work was performed on the property until 1968.

2. The property is located in west central British Columbia. Ample water and inferior timber are available on the property. Access is by air.

3. The mineralization lies within a large fault zone forming the boundary between the Coast Range Intrusives and Hazelton rocks. Mineralization is almost entirely in the Hazelton rocks.

4. Diamond drilling has indicated a zone over five hundred feet wide and over 3,200 feet long, dipping shallowly into the sidehill.

5. The preliminary results indicate the presence of several tens of millions of tons of 0.4 to 0.5% Cu, with substantial amounts of lower grade material, containing minor Mo, Au and Ag values.

6. The total size of the mineralized zone indicated by results to date suggests a tonnage of at least 50 million tons and it is likely that two to three times this tonnage exists down dip and I feel larger tonnages can be expected if extensions north and south can be located. To date no drilling has been done to the north or south or to the west away from the existing drilling.

7. It will be required to upgrade this zone in order to make it an attractive large scale mining prospect. In my opinion, the possibilities are good for accomplishing this.

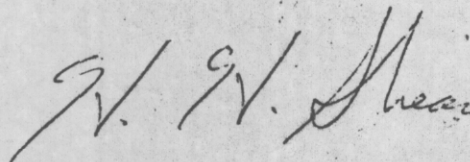
8. Hole # 4 intersected a 160' section of .75% Cu, at depth and this suggests the possibility of better grades occurring down dip on the zone.

9. The zone is still open to the north in spite of the fact that hole # 13 was low grade and thin. Structural implications and holes # 7 and 8 indicate that the zone has pinched or been faulted off south of section B.B'. (hole # 12).

10. A two phase drilling program is recommended as described under Recommended Program for 1969. With the first phase of twelve holes (9,000'), together with present data, it is hoped that a decision as to the property's actual potential can be made. The estimated cost of phase I is \$204,000.00

11. Phase II, as outlined, consists essentially of grid pattern drilling the present known zone on 200' centres. Phase II consists of twenty-one holes (10,500') but if mineralization is found to be very consistent this number can be reduced. The cost of phase II will be variable depending upon results of exploratory holes on the fringe of present work, but will cost an estimated \$300,000.00.

Respectfully submitted,



H.H. Shear, P. Eng.

said management policy is one of continued steady activities on existing mining properties (see GCNL 152, 24July70 for work in laRonge area Saskatchewan); of interest in possible new mining properties of promise; and of diversification through acquisition of other firms that are money earners and can provide a cash flow. Working capital was \$35,920 at 24July70 when of 5,000,000 shares authorized, 1,266,005 were issued.

Alcor Minerals Ltd. Edmonton advises that on 27July70, Cominco Ltd. paid the company \$20,000

being their option payment required by July 31. Cominco's program of drilling has commenced on the Grizzly showing, but to date no information has been provided as to the results, says R.G. Lamb, Alcor director. (See GCNL No. 156, page one, 30July70 and GCNL No. 140, page three, 8July70)

British Columbia Sugar Refining Co. Ltd. has filed a preliminary prospectus with the Ontario Securities Commission covering a seventeen year

\$9,500,000 first mortgage, sinking fund bond issue.

Trojan Consolidated Mines Ltd. has called a special shareholders meeting for 30Sept70, to consider approving a directors resolution for the distribution of about 50% of the Trojan holding of Valley Copper Mines Ltd. shares. If approved it is proposed to distribute one share of Valley Copper for each 25 shares of Trojan. That is four shares of Valley Copper for each 100 shares of Trojan. The distribution will cover a total of 252,800 shares of Valley Copper Mines Ltd. Trojan will retain about 224,470 shares of Valley Copper Mines following the distribution.

Zenith Mining Corporation Ltd. shares were transferred from the Interim Board of the Vancouver

Stock Exchange to the full listing on the Mining Section at the opening 3Aug70. Of the 5,000,000 shares authorized there are 1,308,205 shares issued including 750,000 shares in escrow. The company has received an underwriting by 13Jul70 agt. of 200,000 shares at 40¢ and has granted options on 200,000 shares at 50¢ due 20Oct70 200,000 shares at 60¢ due 1Dec70. The underwriting firms are four, each of which took 25%. They are: T.K. Laidlaw & Co. Ltd., Carlisle Douglas & Co. Ltd., C.M. Oliver & Co. Ltd., and Hensworth Turton & Co. Ltd. on behalf of Lenwood Investments Limited.

Zenith has acquired 45 claims in the Windermere-Churchill Peak area for \$17,500 from Raymore Developments Ltd. and proposes to spend \$22,500 on the exploration of these claims. The company also proposes to spend \$12,000 in the first phase of a program recommended by P.E. Hirst, P. Eng. on the Juliet Creek block of 40 claims located 7 miles north of Coquihalla Lake, 30 miles southwest of Merritt, B.C. The property has been tested by silt and soil sample survey work which has located several large copper and molybdenum anomalous areas. The next phase of work on this property is to include detail soil sampling, magnetometer and induced polarization survey work and geological mapping. The program will be carried out by the Britco Syndicate in which Zenith Mining holds a 50% interest.

The Britco Syndicate also holds a block of 130 claims in the Skwum Creek area in the Similkameen and Nicola mining divisions. By a farmout agreement, Copper Range Exploration Company Inc. can earn a 75% interest in these claims by putting them in production. As part of this agreement Copper Range repaid Britco for its exploration work up to \$10,000 and undertook to spend a minimum of \$50,000 in 1970. In each subsequent year Copper Range must spend as follows to maintain the agreement in good standing: 1971 a further \$75,000; 1972 a further \$100,000; 1973 a further \$100,000 and in 1974 a further \$125,000.

The third Britco Syndicate property is 62 claims near Boston Bar, B.C. which have been optioned out to Corbin J. Robertson of Quintana Minerals Corp. on terms which require expenditure of \$50,000 before 1May71, and \$75,000 per year till 1975. In order for Quintana to acquire a 70% interest in the property it must spend a total of \$750,000 by 31May77, and place the property into production by 1June80. Britco will retain a 30% interest in the property and of this interest Zenith is owner of 50% or a net 15% interest in the property.

Officers and directors of Zenith are: George E. Scott, president; Ardin N. Sovdi, vice-president; J.A. Howard, secretary and managing director; D.J. Bailey, R.I. MacKay and R.S. Lennie.

Interprovincial Silver Mines Ltd. shares of the company are no longer in primary distribution.

Adanac Mining & Exploration Ltd. president J.D. Pelletier has reported that the company

has completed agreements covering 244 claims on Graham Island in the Queen Charlotte Islands of B.C. Adanac is obligated to complete 500 feet of drilling within six months. Engineering and geological studies in conjunction with the drilling are expected to establish the potential of the property for developing a large

low grade copper-molybdenum deposit. Cost of the work is estimated at \$20,000. If the option is exercised, Adanac will pay the owners \$5,000 cash; form a new 5,000,000 share company with 375,000 shares being issued to Adanac and 375,000 shares being issued to the property vendors. Adanac will be responsible for providing additional funds and may purchase shares of the new company on the following basis: 500,000 shares at 10¢; 250,000