DAVIS-KEAYS MINING CO. LTD. (N.P.L.)

INTERIM REPORT

Davis-Keays Property

Toad River, B. C.

SEPTEMBER 1, 1968

Dolmage-Campbell and Assoc. Vancouver, Canada

DOLMAGE, CAMPBELL & ASSOCIATES
Consulting Geological & Mining Engineers
808 Bank of Canada Building
VANCOUVER 1, B.C.

Davis-Keays Mining Co. Ltd. (N.P.L.)

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R.S. Adamson, P. Eng. Dolmage-Campbell & Assoc. Ltd. Vancouver, Canada

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DOLMAGE, CAMPBELL & ASSOCIATES
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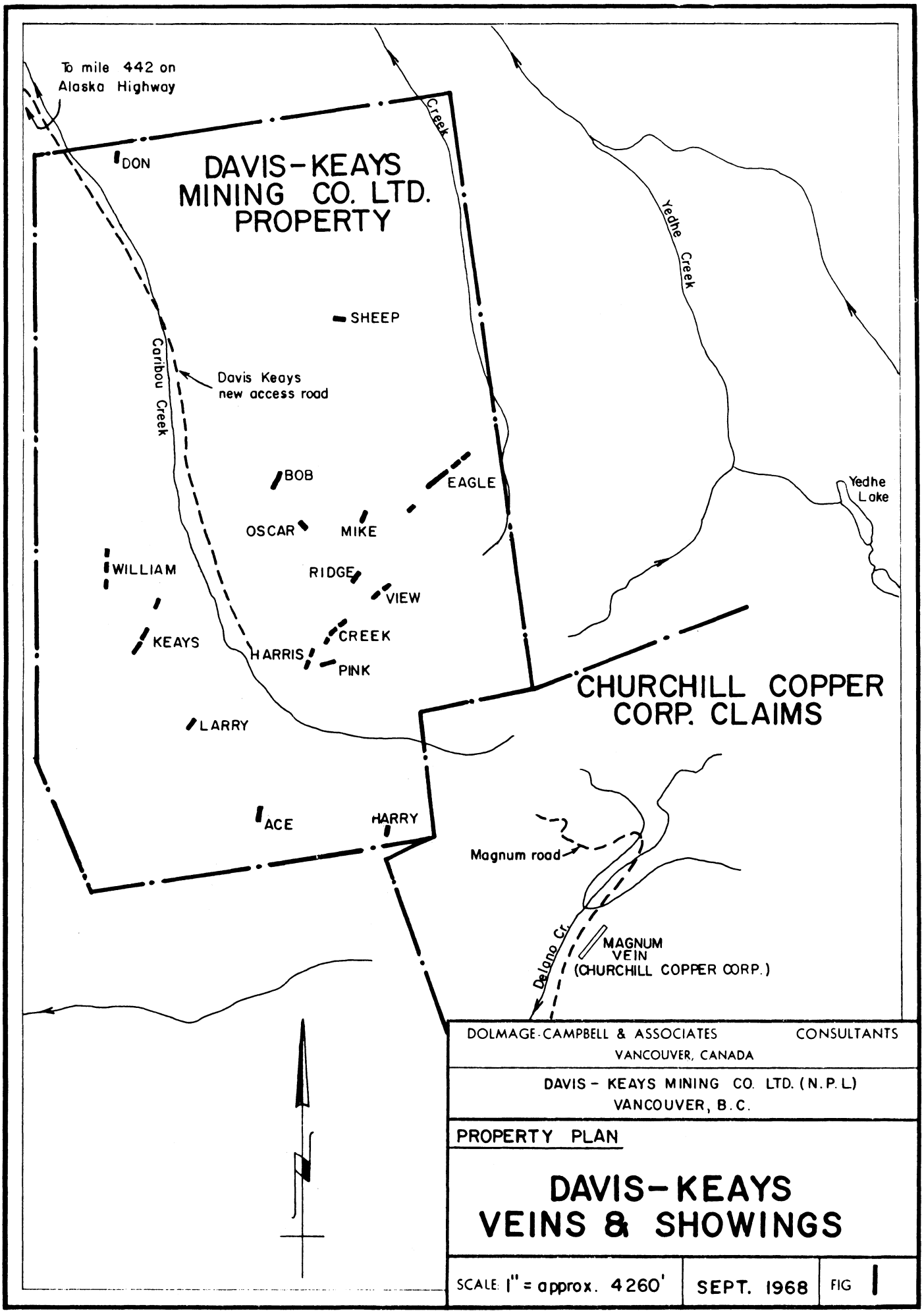
INTRODUCTION

The exploration program of Davis-Keays Mining Co. Ltd. (N.P.L.) on their property near Toad River in northern British Columbia has been continuing through the summer of 1968.

This interim report evaluates the status of the program carried out to the end of August, 1968. The evaluation is based upon results made available to the writer by officers of Davis-Keays Mining Co. Ltd.

The exploration program initiated by the company in 1968 was recommended by the writer in a summary report of the property's potential, dated December 1, 1967. Several copper bearing quartz-carbonate veins containing ore grade values occur on the property. The object of the 1968 program was to further explore the best of these veins; in particular, to establish additional continuity along strike and down dip. Other veins on the property were to be examined and sampled as well. Continuity along strike was to be carried out by bulldozer trenching of scree material along veins, while down dip continuity was to be undertaken largely by diamond drilling.


To mile 442 on
Alaska Highway
DAVIS-KEAYS
MINING CO. LTD.
PROPERTY
DON
SHEEP
Caribou Creek
Davis Keays
new access road
BOB
EAGLE
OSCAR
MIKE
WILLIAM
RIDGE
VIEW
KEAYS
CREEK
HARRIS
PINK
LARRY
ACE
HARRY
Yedhe Creek
Yedhe
Lake
CHURCHILL COPPER
CORP. CLAIMS
Magnum road
Delano Cr.
MAGNUM
VEIN
(CHURCHILL COPPER CORP.)
DOLMAGE-CAMPBELL & ASSOCIATES CONSULTANTS
VANCOUVER, CANADA
DAVIS - KEAYS MINING CO. LTD. (N.P.L)
VANCOUVER, B.C.
PROPERTY PLAN
DAVIS-KEAYS
VEINS & SHOWINGS
SCALE: 1" = approx. 4260'
SEPT. 1968
FIG 1

DOLMAGE, CAMPBELL & ASSOCIATES
Consulting Geological & Mining Engineers
808 Bank of Canada Building
VANCOUVER 1, B.C.

SUMMARY AND RECOMMENDATIONS

Work done on the Davis-Keays property at Toad River, B.C., in 1968 to date consists of the construction of a new access road from Mile 442 on the Alaska Highway 25 miles to the property, the bulldozer trenching of known veins, the sampling and mapping of veins, and the prospecting for additional veins.

Sampling and mapping of the Eagle vein has traced the vein a distance of 1200 feet along strike over a vertical interval of 1000 feet. Forty three chip-channel samples taken across the vein averaged 6.38% copper over a width of 7.07 feet. Float in scree material indicates the vein may extend southwestward for another 1800 feet along strike.

It is evident that the ore potential of the Davis-Keays property has been appreciably enhanced by the sampling results on the Eagle vein. Therefore a shift in exploration emphasis on the Davis-Keays property is recommended with a view to exploring and developing the bulk of the needed tonnage for a 1000 ton per day mill from the Eagle vein, supported by additional tonnage which may be developed on the Harris, View and Keays veins.

RECOMMENDATIONS:

Stage 1: Diamond drill the Eagle vein extension to the southwest aided and supplemented by bulldozer trenching in order that sufficient information can be acquired to collar an adit to drift the Eagle vein.

Diamond drill the Harris, View and Keays veins.

Stage 2: Drift the Eagle vein from an adit collared on the southwest slope of the mountain. Raise on the vein from the adit level. Cut diamond drill crosscuts to eventually drill and intersect the vein beneath the adit level.

COST:

Stage 1:

Diamond Drilling 10,000 ft.	$120,000.
Bulldozing	10,000.
Engineering, Administration	15,000.
Contingencies	5,000.
	$150,000.

Stage 2:

Drifting, approximately 1000 ft.	$ 90,000.
Crosscuts, Raises	27,000.
Engineering, Administration	15,000.
Contingencies	5,000.
	$137,000.

Total:- $287,000.

Respectfully submitted,

(SEAL)

"R.S. Adamson"

R.S. Adamson, P. Eng. for
Dolmage-Campbell & Associates Ltd.

WORK DONE - 1968

Bulldozing:

During the latter part of 1967 a road was under construction to the Davis-Keays property. The access road to the adjoining Magnum property of Churchill Copper Corp. Ltd. was extended northwestward over the mountains toward the Davis-Keays claims. The proposed 1968 program included completion of this road in order to provide firm access to the property. It became evident in 1968 that this route was not feasible because of snow cornices, snow and landslide threat, and permafrost in the scree material with which the road was to be constructed. Therefore, a decision to construct a new road, all of which would be at considerably lower elevations than the one proposed initially was made. The new road extends for approximately 25 miles from the heart of the Davis-Keays property northwestward to Mile 442 on the Alaska Highway and provides all weather permanent access to the property.

A bulldozer road was constructed from the lowest part of the Harris Vein at elevation 5500 feet to near the top of the Eagle vein at 7500 feet. Permafrost in the scree material and the steepness of the terrain presented difficulties with regard to road building and trenching vein extensions. However, access up the mountainside along the Harris-View-Eagle vein system is now established so that diamond drill stations can readily be prepared and transit surveying of the various veins and showings can be undertaken.

Vein Sampling:

Sampling of some of the other veins was undertaken in 1968. The Eagle vein was discovered on a very steep northeast mountainside during the latter part of 1967. It was mapped by chain and compass survey and sampled in 1968 by Mr. L. Sookochoff, geologist for Davis-Keays Mining Co. Ltd.

Two new discoveries, the Mike and Ace veins were also mapped and sampled. Assay results of the Mike vein are included in this report. The Ace vein sample results are not yet available.

Limited bulldozer trenching along the Harris-Ridge and Creek-View did not expose additional vein material to sample because of the prevalence of permafrost within the scree which effectively prevented tracing vein extensions by bulldozing. Continuity along the strike of the vein can be better established by a series of short diamond drill holes.

Prospecting:

Several additional veins and showings were discovered in 1968. These are the Mike, Larry, Ace and Harry veins. Some additional claims were staked on the southern boundary of the property in order to acquire these new veins.

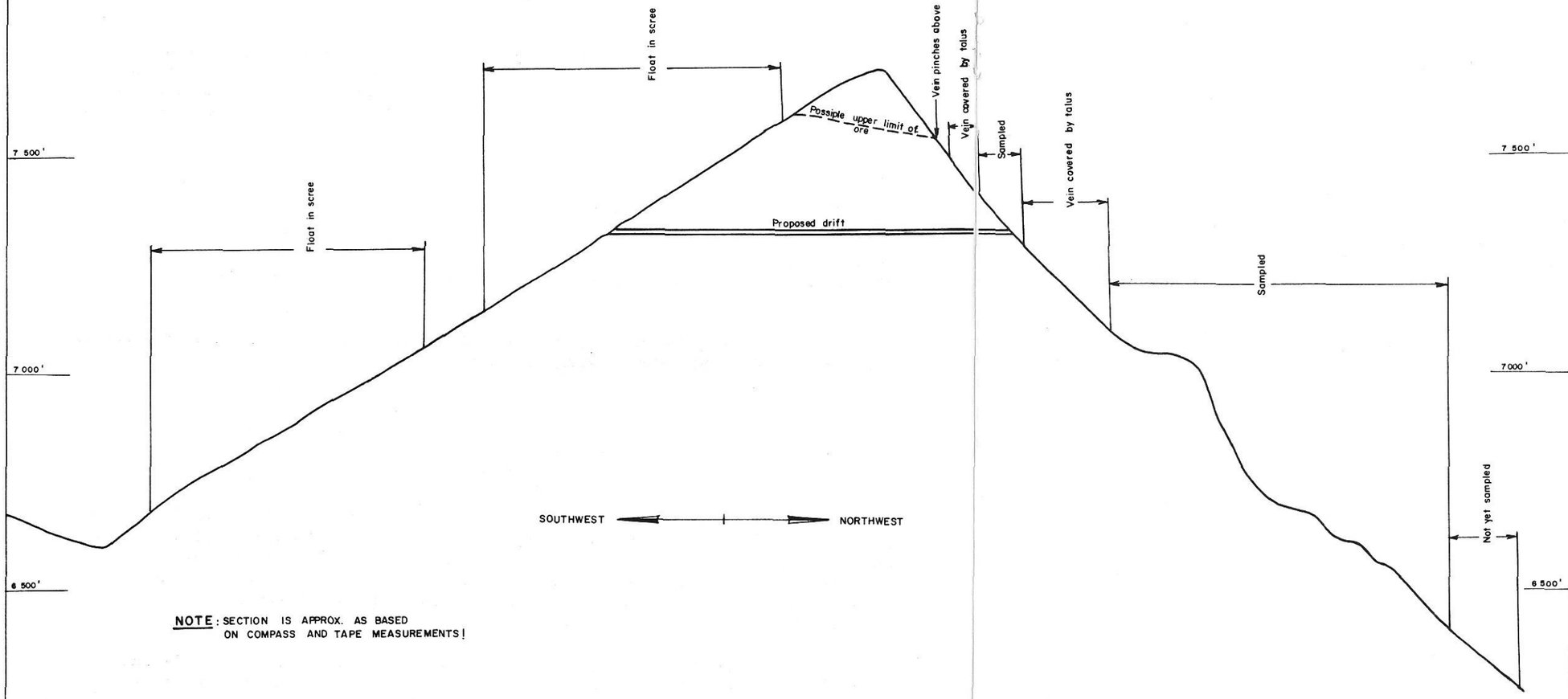
With the exception of the Mike vein none of these new discoveries are considered within the present evaluation.

EAGLE VEIN

The Eagle vein, striking northeast and dipping vertically, crops out on a northeast facing, very steep mountainside. Chalcopyrite float in the scree on the gentler southwestern flank suggests the vein may be continuous for approximately 3,000 feet along strike (see Figure 2). It has been traced by chip-channel sampling and chain and compass mapping for approximately 1200 feet along strike over a vertical interval of 1000 feet.

The vein was assayed at 20 foot intervals where possible and at irregular intervals elsewhere. An additional 200 feet of the chalcopyrite bearing quartz-carbonate vein extending downhill to the northeast has yet to be sampled, but may be of ore grade.

A total of 43 chip-channel samples have been cut from the Eagle Vein to date. Where the vein is less than 4 ft. in width the grades have been extrapolated over this minimum minable width. The overall average of the 43 samples, extrapolated to 4 feet where applicable, is 6.38% Copper across 7.07 feet.



NOTE: SECTION IS APPROX. AS BASED ON COMPASS AND TAPE MEASUREMENTS!

Mapped and sampled by:
L. SOOKOCHOFF

DOLMAGE-CAMPBELL & ASSOCIATES CONSULTANTS
VANCOUVER, CANADA

DAVIS-KEAYS MINING CO. LTD. (N.P.L.)
VANCOUVER, B.C.

LONGTUDINAL SECTION

EAGLE VEIN

CHAIN AND COMPASS CONTROL

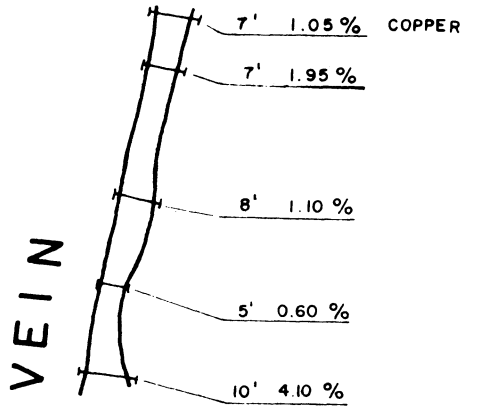
Scale: 1" = 200'	SEPT. 1968	Fig. 2

It is clear that the Eagle vein has the best known ore potential on the property; therefore, exploration emphasis on the Davis-Keays property should be directed toward exploring and developing the Eagle vein. Although the indicated ore on the Harris, View and Keays veins can be expected to add to reserves they should be viewed in a subordinate position at this time.

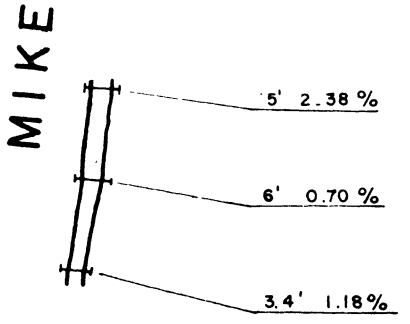
MIKE VEIN

The Mike vein crops out in a creek, located northeast of the Harris vein and southwest of the Eagle vein. The vein which strikes north and dips steeply, has been traced along strike for 90 feet. Chip-channel samples taken at fairly regular intervals along the vein averaged 2.19% copper across 6.84 feet.

SCREE



SCREE



SCREE

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VANCOUVER, B. C.

PLAN

MIKE VEIN SAMPLING

SCALE 1" = 40' | SEPT. 1968 | FIG. 3

PROPOSED PROGRAM

Sampling and mapping of the Eagle vein clearly dictates a shift in emphasis on the Davis-Keays property. The writer recommends that the major effort should be devoted to exploring and developing the Eagle vein, while at the same time carrying out work complementary on the Harris, View and Keays veins.

The object of the program, now, should be to find and develop sufficient tonnages of about 3.5% copper to support a 1000 ton per day mill. It is the writer's opinion that this objective can best be accomplished on the Eagle vein, with some support by ore from the other three veins.

Therefore a 10,000 foot diamond drilling program is recommended, 2500 feet on each of the four vein zones. It will not be possible to accomplish this in the time remaining before freeze-up this year; however, what can be accomplished should be directed toward the Eagle vein, followed by drilling of the Harris vein. One drill on each vein may speed up the program. The remainder of the recommended drill footage which can not be expended in 1968 can either be carried out from the surface in 1969 or possibly from underground this winter should this be warranted.

Diamond drilling of the Eagle vein on the southwest slope, where float indicates the vein extension, will provide information toward location of an adit that ultimately will allow for drifting the vein. The diamond drilling, possibly supplemented by bulldozer stripping, should be undertaken initially as high up on the mountainside as possible in order that sufficient information can be gained to warrant driving a 1000 foot adit this winter.

A transit survey should be undertaken with a view to establishing the exact location of the central and most important showings with respect to each other. This includes the Eagle, Mike, Ridge, Harris, Creek, View and Keays veins. No further work on other veins on the property is necessary at this time.

CONCLUSIONS

It is evident that the recent work on the Davis-Keays property at Toad River, B.C. has appreciably enhanced the ore potential of the property. In particular, sampling and mapping of the Eagle vein has proved very fruitful.

The indicated grade, width and continuity of the Eagle vein dictates a clear shift in exploration emphasis on the property. This emphasis toward exploring and developing the Eagle vein structure may allow for the discovery of sufficient tonnages of 3.5% copper to support a 1000 ton per day mill from the Eagle vein alone. Should sufficient tonnages not be developed quickly on the Eagle vein then parallel but subordinated exploration on the Harris, View and Keays veins could very well provide the necessary additional tons required.

Respectfully submitted,

(SEAL)

"R.S. Adamson"

R.S. Adamson, P. Eng. for
Dolmage-Campbell & Associates Ltd.

Vancouver, Canada.

September 1, 1968

DOLMAGE, CAMPBELL & ASSOCIATES
Consulting Geological & Mining Engineers
808 Bank of Canada Building
VANCOUVER 1, B.C.

CERTIFICATE

I, Robert S. Adamson, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.

2. I am a graduate of the University of British Columbia, (B.A. Sc. in Geological Engineering, 1957).

3. I am a registered Professional Engineer of the Province of British Columbia.

4. From 1957 to 1967 I was engaged in mineral exploration in Canada as a geologist for a number of companies. I was Chief of Exploration for Anvil Mining Corporation Ltd. when I retired in 1967 to join the firm of Dolmage-Campbell and Associates Ltd. as a consulting geologist.

5. I personally visited the Davis-Keays Mines Ltd. property in October, 1967, and reviewed all available data concerning the property.

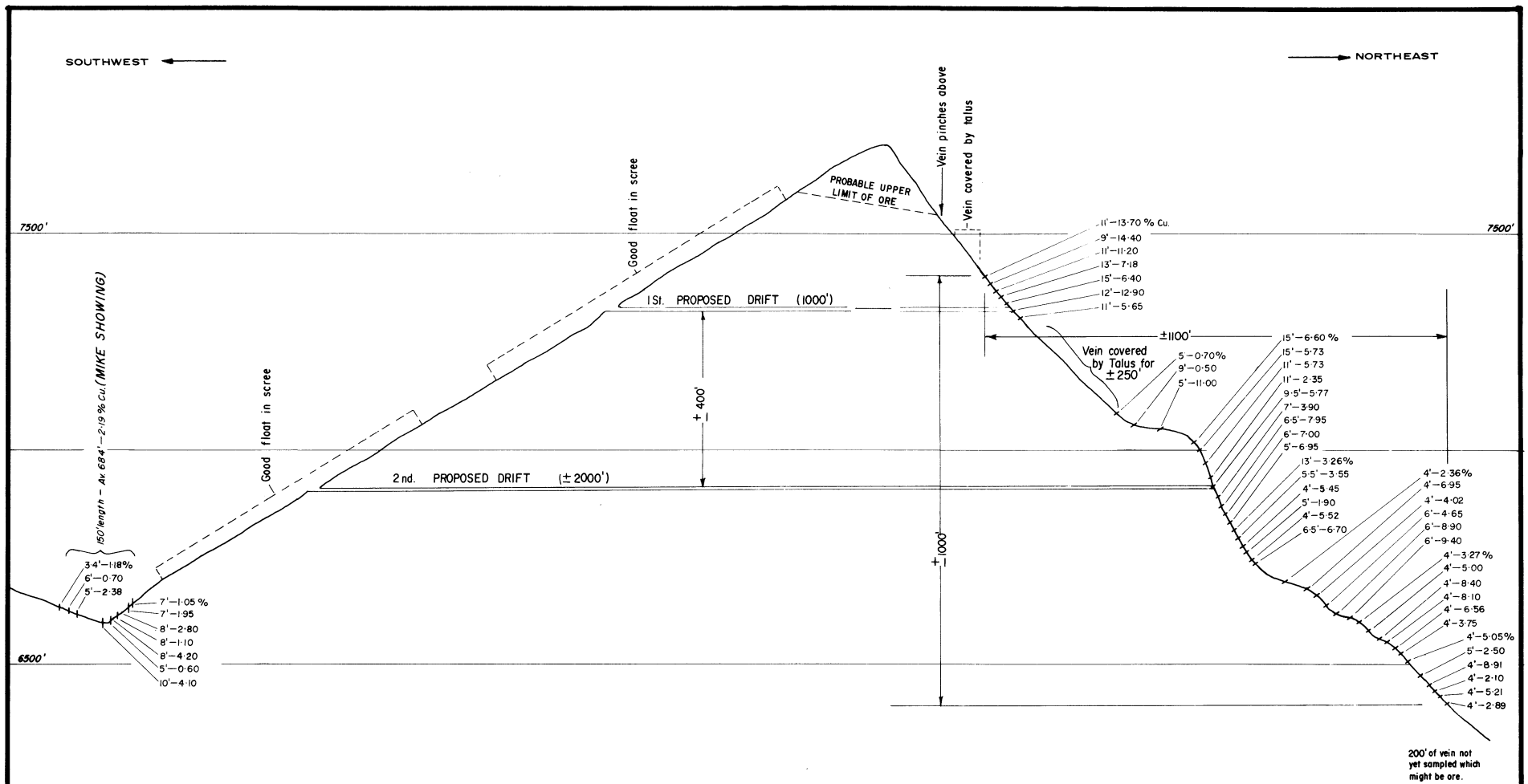
6. I have not received, nor do I expect to receive, any interest directly or indirectly, in the properties or securities of Davis-Keays Mines Ltd.

Respectfully submitted,

(SEAL)

"R.S. Adamson"
R.S. Adamson, P. Eng., B.A. Sc.

Vancouver, Canada.



NOTE: Section is approximate. As based on compass & tape measurements!

DAVIS - KEAYS MINING CO. LTD.

LONGITUDINAL SECTION OF EAGLE VEIN

SHOWING SAMPLING TO AUGUST, 1968

SCALE

FEET 200 100 0 200 400 600 800 FEET

ALTAIR drafting. OCTOBER - 1968