

MINNOVA INC.

DATE: March 24, 1992
TO: Jim Dawson, Lucero Resource Corp.
COPIES TO: Ian Pirie, Property File.
FROM: Dave Heberlein.
SUBJECT: Wolf Property, Progress Report and 1992 Exploration Plans.

General:

The following information constitutes the first quarterly progress report by Minnova to Lucero Resource Corp. It covers the period from the signing of the option agreement in August 1991 to the end of March 1992.

As of February 29th, 1992 Minnova has spent a total of \$102,147.57 on the Wolf Project. Of this, \$100,848.57 was spent in 1991.

Work on the project has so far has involved the flying of an airborne magnetic and EM survey, compilation and re-interpretation of the existing data base, and three days of detailed mapping and sampling on the Ridge Zone by Peter Thiersch and myself.

Results:

From the detailed mapping of the Ridge Zone trenches, it is apparent that Rio's interpretation of a thrust contact between the rhyolite fragmental unit and the sediment unit is erroneous. There is firm evidence from outcrop and the existing data, to suggest that the contact is either stratigraphic or a pre-mineral structure. The following observations support this interpretation:

1. The sedimentary unit below the contact is hydrothermally

altered and veined by sparse epithermal stringers. Anomalous values of up to 0.2 g/t Au are reported in Rio's drill logs from the sediment sequence.

2. Within 10 cm of the contact, the sediments are strongly silicified. Individual quartz stringers cut the contact.

3. Clasts of silicified rhyolite have been noted in the sediments at several locations, notably in core (DDH-2-85), in outcrop and in trench samples 24 and 25 (see map). In the trench exposures, dark silicified mudstone forms the matrix to a mineralized hydrothermal breccia which has returned of values of up to 2.64g/t Au.

Detailed panel sampling of the open trenches at the Ridge Zone confirmed the grades obtained by Rio and Lucero Resource Corp. These are summarized in Table 1 below. Sample locations are shown on the accompanying sketch map.

SAMPLE #	SAMPLE AREA	LITHOLOGY	Au ppb (Geochem)	Au g/t (Assay)	Ag ppm
1HWRP006	3X1m	Sil. Rhyl.	390		3.4
1HWRP008	4X1m	Hyd Breccia	1520	1.43	5.6
1HWRP009	3X1m	"	1000	1.02	4.8
1HWRP012	3X1m	"	5740	6.12	39.8
1HWRP014	2.5x1m	Sil Rhyl Bx.	1490	1.61	13.8
1HWRP015	3X1m	Hyd. Breccia	18900	21.65	49.5
1HWRP022	2x1m	"	1020	1.29	11.8
1HWRP023	3.5x1m	"	1060	1.20	25.3
1HWRP024	5X1m	"	2200	2.64	33.2
1HWRP025	3.5x1m	"	2000	2.39	12.4
1HWRP026	4x1m	"	3400	3.80	46.3

Interpretation of the airborne survey is not yet complete. However, preliminary results show that the mineralized zones occur along a prominent set of northeast trending structures. These are interpreted to be extensional faults that controlled the

hydrothermal systems. Known alteration zones are highlighted by high resistivity values, most likely resulting from the intense silicification present in these areas.

Several new targets have been defined in unexplored parts of the property based on the association of high resistivity values and northeast trending structures. These will be evaluated as part of the 1992 program.

Plans for 1992:

Minnova is planning to spend a minimum of \$250,000 on the Wolf property in 1992. This budget will be increased if results are favourable.

The 1992 field program will consist of additional trenching, detailed sampling and mapping at the Ridge, Pond, Lookout and Chopper Pad Zones. Trenches will be targeted on continuations of the known zones indicated by the airborne survey and by biogeochemical and IP surveys. A limited amount of trenching will also be done over reconnaissance targets generated by the airborne survey. The program will culminate with a diamond drilling program to test the best targets. The size of the drilling program will be determined by the results of the ground work.

Work will commence around the first week of June and continue through into September. The four to six person crew will be based at the old campsite.

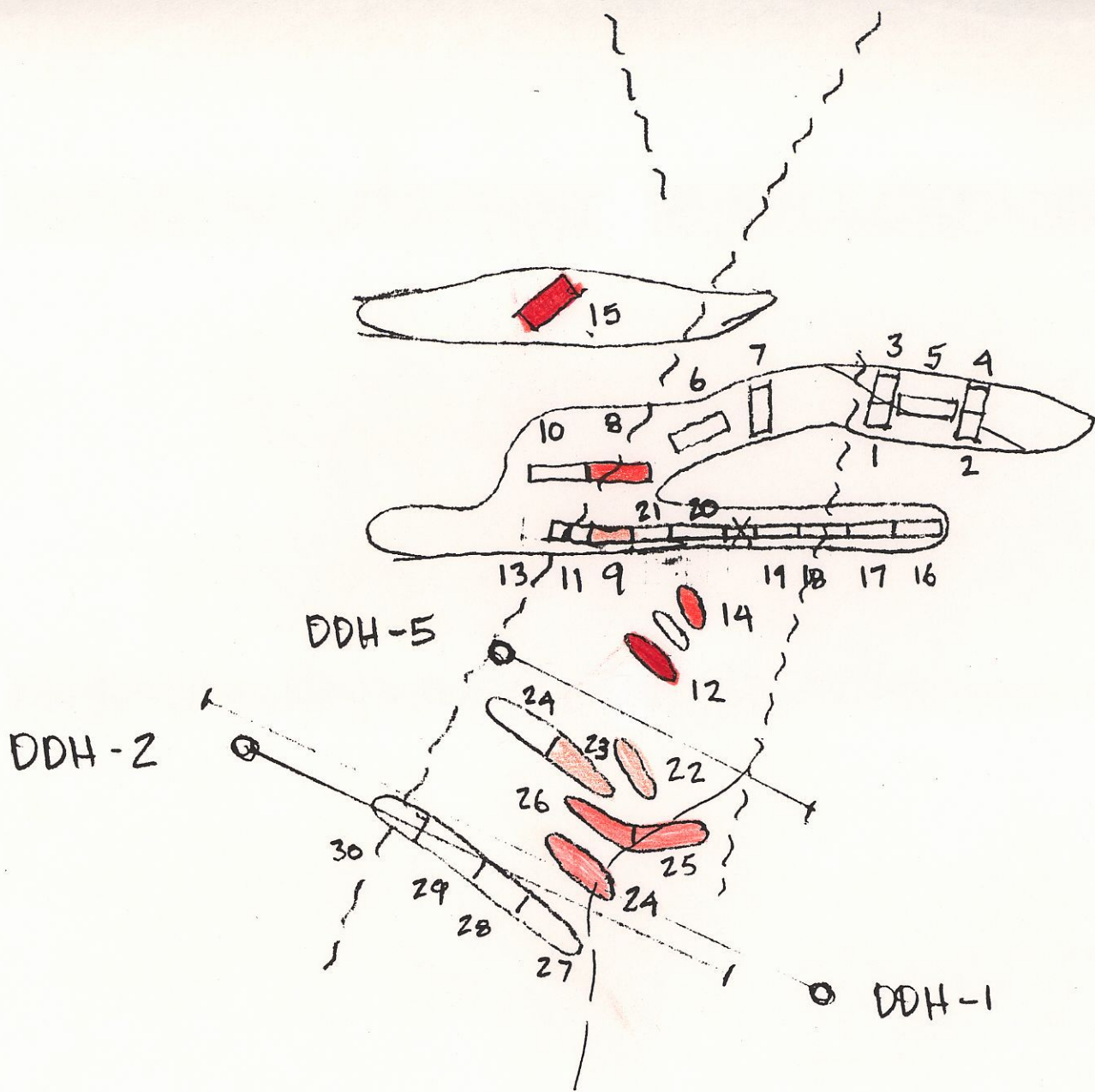
MINNOVA INC.
01/03/92

Summary of Project Expenditures
Accounting Date: 12/31/91
Most recent month end: 07/31/91

Project: 673 Wolf

Budget, Incl. Dec: 0.00
Budget for Year: 0.00

	M.T.D.	Y.T.D.
701 General and Geology		
001 Salaries	0.00	5456.37
120 Travelling Expenses	0.00	0.00
600 Contract Payments	0.00	1851.64
604 Field Expenses	0.00	7500.60
608 Analysis	0.00	0.00
Sub-Total:	0.00	14808.61
702 Geophysics		
001 Salaries	0.00	0.00
120 Travelling Expenses	0.00	0.00
600 Contract Payments	0.00	64200.00
604 Field Expenses	0.00	0.00
Sub-Total:	0.00	64200.00
703 Geochemistry		
001 Salaries	0.00	0.00
120 Travelling Expenses	0.00	0.00
600 Contract Payments	0.00	0.00
604 Field Expenses	0.00	0.00
608 Analysis	0.00	606.75
Sub-Total:	0.00	606.75
705 Diamond Drilling		
001 Salaries	0.00	0.00
120 Travelling Expenses	0.00	0.00
600 Contract Payments	0.00	0.00
604 Field Expenses	0.00	0.00
608 Analysis	0.00	0.00
Sub-Total:	0.00	0.00
708 000 Linecutting, Trenching, Survey	0.00	0.00
710 000 Property Acquisition	0.00	90.00
715 000 Hotels and Meals	0.00	1143.21
720 000 Computer Usage (Geology)	0.00	0.00
730 000 Option Payments	0.00	20000.00
740 000 Property Maintenance	0.00	0.00
750 000 Administration Recovered	0.00	0.00
755 000 Regional Office Expense	0.00	0.00
780 000 Other (incl. Legal Services)	0.00	0.00
790 000 Participants Share	0.00	0.00
Total Direct	0.00	100848.57
Total Expenditure	0.00	100848.57



RIDGE ZONE SAMPLE LOCATIONS
MINNOVA 1991 PANEL SAMPLES

0 10m