

FLW

823782

NATIONAL RESOURCE EXPLORATIONS LTD.

SHUSWAP PROJECT

PROPOSAL FOR EXPLORATION WORK, 1988 SEASON

NATIONAL RESOURCE EXPLORATIONS LTD.

SHUSWAP PROJECT

PROPOSAL FOR EXPLORATION WORK, 1988 SEASON

DISCOVERY

205-2900 30th Avenue,
Vernon, B.C. V1T 2B7
Telephone (604) 542-8960

Mail: P.O. Box 933
Vernon, B.C. V1T 6M8

Consultants

March 24, 1988

Mr. A. J. MacDonald, President
National Resource Explorations Ltd.
Ste. 550-1040 W. Georgia St.,
Vancouver, B. C. V6E 4H1

Dear Alex:

This letter is to confirm the conclusions reached in our meeting in your office March 22, 1988 with respect to the exploration budget for the Shuswap Project, January 1, 1988 to December 31, 1988.

NRE has a total budget of \$736,000 available for the project this season, but the prospect of tighter equity financing conditions in the future dictates expending this money in stages, so that each stage of the program can be optimised using knowledge gained in preceding stages.

Referring to my proposal for exploration work dated March 21, 1988, we will proceed to carry through the following parts of that proposal as a first stage when weather and ground conditions permit.

SHUSWAP (General)	PROJECT 252	\$ 10,000
STEEP PROPERTY	PROJECT 258	150,000
PERRIS PROPERTY	PROJECT 261	13,000
EAGLE PROPERTY	PROJECT 264	23,000
COP PROPERTY	PROJECT 265	5,000
WHITE ROCK OPTION	PROJECT 266	210,000
		<u>\$ 411,000</u>

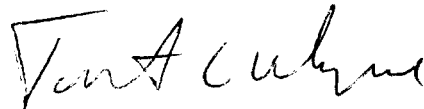
The STEEP budget is to cover the drill project carried out in February and March and has been spent. The PERRIS, EAGLE and COP properties all have claim expiry dates in June, and we consider them attractive enough to warrant preliminary surveys, which will also maintain the claims in good standing. The WHITE ROCK OPTION is our most attractive drill target. We will make the \$20,000 option payment due March 31, 1988 (NRE will pay it directly), and will test the property using geology, IP and diamond drilling.

Although no further detailed report should be required on the overall project, we will need to expend some funds on reporting, drafting and assessment to complete the documentation of 1987 work, especially on temporarily dormant projects with assessment required. Included in this are an assessment report and filing fee on the SHRUB, and completion of property reports on the STEEP and BIERE. These are all included in the \$10,000 allowed for SHUSWAP(General), above.

No work beyond what is set out in this letter will be done on the project until specifically authorised by NRE.

We expect to be able to complete this stage of the project by late June or early July, and to meet with NRE to discuss further work at that time.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Frederick L. Wynne".

Frederick L. Wynne, P. Eng.

DISCOVERY

205-2900 30th Avenue,
Vernon, B.C. V1T 2B7
Telephone (604) 542-8960

Mail: P.O. Box 933
Vernon, B.C. V1T 6M8

Consultants

March 21, 1988

Mr. A. J. MacDonald, President
National Resource Explorations Ltd.
Ste. 550-1040 W. Georgia St.,
Vancouver, B. C. V6E 4H1

Dear Alex:

Attached to this letter is an exploration proposal for the NRE properties in the Shuswap-Adams Lake area for the period starting January 1, 1988. This proposal is meant to be read in conjunction with my summary report on the project for the period March 1, to December 31, 1987, also attached. Full property reports on the Steep and Biere projects are nearly complete, as is a report for the owners of the White Rock property, and these can be provided when you need them.

The results of the 1987 program are encouraging in an overall sense, and in spite of the lack of an ore grade intersection to date, I think we are making excellent progress with this project. The project is very young, you will recall that we staked our first claim in September of 1986 just a year and a half ago, but we have accomplished a lot of work and have a number of good properties with drill targets as yet untested.

I am recommending substantial drill programs on the Biere and White Rock properties along with development work on several of the other properties that didn't get the proper attention in 1987. Further recommendations on the Steep property should await the complete results of the just completed drill program, which should be available in about three weeks.

I am also recommending a continuation of regional work in the area using geophysics and geochemistry as there are surely other attractive targets out there, and I think we are in an excellent position to compete for them.

Each part of the program is designed to stand on its own and any one or any group could be done separately. I imagine that interest in the area will continue pretty high this summer because of Minnova's production plans at the Samatosum(Rea Gold) silver deposit, so parts of the program could obviously be farmed out. Whatever you conclude with respect to funding, I think the program should provide a pretty exiting exploration season for NRE.

Yours Sincerely,

A handwritten signature in cursive script, appearing to read "Fred Wynne". The signature is written in dark ink and is positioned below the typed name.

Frederick L. Wynne

DISCOVERY

Consultants

205-2900 30th Avenue,
Vernon, B.C. V1T 2B7
Telephone (604) 542-8960

Mail: P.O. Box 933
Vernon, B.C. V1T 6M8

NATIONAL RESOURCE EXPLORATIONS LTD.

SHUSWAP PROJECT

PROPOSAL FOR EXPLORATION WORK, 1988 SEASON

SUMMARY

SHUSWAP (GENERAL)	PROJECT 252	\$ 50,000
BLU PROPERTY	PROJECT 253	20,000
LITH PROPERTY	PROJECT 254	nil
SHRUB PROPERTY	PROJECT 255	12,000
BUSH PROPERTY	PROJECT 256	nil
CICERO PROPERTY	PROJECT 257	22,000
STEEP PROPERTY	PROJECT 258	150,000
BRUHN PROPERTY	PROJECT 259	nil
ADAM PROPERTY	PROJECT 260	nil
PERRIS PROPERTY	PROJECT 261	13,000
BIERE PROPERTY	PROJECT 262	295,000
JOHN PROPERTY	PROJECT 263	8,000
EAGLE PROPERTY	PROJECT 264	23,000
COP PROPERTY	PROJECT 265	5,000
WHITE ROCK OPTION	PROJECT 266	210,000
	TOTAL	<u>\$ 808,000</u>

SHUSWAP (General) PROJECT 252

We believe there will be a high level of exploration interest in the Shuswap-Adams Lake area again this season and a program to keep abreast of developments and do some new regional work is recommended. The main objective of this work would be acquisition of attractive ground by staking, but especially good ground available for option or joint venture should also be considered.

Continuing evaluation of Dighem anomalies

This phase of the 1988 project is the re-evaluation of the original Dighem survey and of any further airborne EM over the project area that we can get from other sources, as proposed for 1987, but postponed due to the pressure of property work that came with the staking of the Biere and John properties. The objective of the review would be to reassign priorities on the basis of knowledge gained from the new Rea Gold discovery, to update the claim map of the area and stake any priority anomalies that lie on open ground. Acquisition by option would be looked at in special cases. Estimated program costs would be mainly for staff as follows:

Geophysicist, 4 days @ \$500	2,000	<i>not approved</i> <i>not done</i>
Geologist, 5 days office @ \$300	1,500	
10 days field @ \$650	6,500	
Publications and supplies	1,000	
Report, supervision	2,000	
	<u>\$ 13,000</u>	

Heavy mineral survey

Our experience with the 1987 heavy mineral survey west of Adams Lake indicates that the technique is quite specific in showing up the known mineralisation and seems to work well. The results of this work greatly improve our ability to evaluate new ground, and help identify specific targets on ground we already control. It seems advisable to continue with the survey over the rest of the Area of Interest, mainly that part east of Adams Lake. The estimated cost of this program is as follows:

Recce phase 80 samples at \$250 each all in	\$ 20,000	<i>not approved</i> <i>not done</i>
Followup phase 20 samples at \$250	5,000	
Geology 5 days office @\$300	1500	
10 days field @650	6500	
Report, supervision	4,000	
	<u>\$ 37,000</u>	

Assessment Reports

There will be assessment reports required on all the 1987 properties that we are going to keep, but reports on the larger budget projects are already near completion as part of the year-end reporting process. For the smaller projects and those not worked on in 1988 5 reports are required to maintain the claims through 1988, while a further 6 reports could be filed to gain credits beyond 1988 on properties that don't expire this year. These reports are mostly quite simple and should cost under \$1,500 each, and the cost of them is included in the budget for each property below.

PROJECT 252 TOTAL \$ 50,000

BLU PROPERTY PROJECT 253

The BLU property was not worked on in 1987, but a heavy mineral sample taken right on the south border of the claim returned 14 micrograms gold. This high coincides roughly with a band of rock mapped as ultramafic and is on open ground. We propose to stake a further 20 units south of the BLU property and do soil sampling to locate the gold source. With any success we will follow up with EM and drilling or trenching.

Staking 20 units @ \$65/unit	\$	1,300	<i>not approved</i>
Geologist 2 days field @ \$650 all in		1,300	
Geochem soil survey 10 line km @ 20m spacing			<i>not done</i>
2-man crew 10 days @ \$650/day	\$	6500	
510 analyses @ \$16		8160	
supplies		340	
Assessment report, supervision,		15,000	
		2,400	
		<u>\$ 20,000</u>	

LITH PROPERTY PROJECT 254

The main interest in the LITH at the moment arises in the heavy mineral sample with 13 micrograms gold draining the Maggie claim which lies immediately east and on strike with the LITH. The property does not require assessment until 1990, so we propose to investigate the Maggie under the 252 budget and leave the LITH dormant for the time being.

SHRUB PROPERTY PROJECT 255

This property is not of high priority interest but we should try to learn a bit more about the area of coincident zinc-silver geochem high and EM conductors on it this season. Detailed geological mapping followed by hand trenching would appear to be the best approach because access to the area is difficult, and road construction is not warranted at this time.

Geology- detailed mapping 6 days @ \$650 all in	\$	3,900	<i>not appraised</i>
Hand trenching			
2-man crew, 5 days @ \$650/day	\$	3250	<i>not done</i>
equipment rental		500	
supplies		350	
Assessment filing fee(1987 STEEP work)		1,500	
Assessment report, supervision		2,500	
		<u>\$ 12,000</u>	

BUSH PROPERTY PROJECT 256

No work is proposed for the BUSH property in 1988, and no assessment is required until 1990.

CICERO PROPERTY PROJECT 257

The northern part of the CICERO property is very near the trend of the skarn zone from the STEEP, and should be tested with soil sampling and EM.

Geochem soil survey- 10 line km @ 20m spacing			<i>not appraised</i>
2-man crew 10 days @ \$650/day	\$	6500	<i>not done</i>
510 anlyses @ \$16		8160	
supplies		340	
Geophysics- 10 km Max Min @ \$250/km		2,500	
Geologist- 2 days @ \$650		1,300	
Assessment report, supervision		3,200	
		<u>\$ 22,000</u>	

STEEP PROPERTY PROJECT 258

A decision as to the next step in exploration on this property depends very heavily on the results of drilling just completed. These results will not be available in complete form for two or three weeks, and we prefer to wait for them before making any further proposals. Even in the event of poor results the property will still be interesting, but it might not provide the kind of target NRE is prepared to test any further. The estimated cost of the work in progress January 1, 1988 to date is as follows:

*approved
done*

Diamond drilling- 1400m @\$100/m	\$ 140,000
Report, supervision, compilation of 1987 data	10,000
	<u>\$ 150,000</u>

BRUHN PROPERTY PROJECT 259

No work is proposed for the BRUHN property at the moment, but the Cu, Pb, Zn and As heavy mineral anomaly draining the property will be investigated under project 252. The claims are in good standing until 1991.

ADAM PROPERTY PROJECT 260

This property is still interesting because of the possibly volcanogenic, very low grade silver and gold zone found in the 1986 drilling on it, but we have better targets for 1988 work. No assessment is required on the ADAM until 1991 and no work is proposed for 1988.

PERRIS PROPERTY PROJECT 261

The PERRIS property is located on a very interesting part of the volcanic-sedimentary contact, has Cu and Zn soil highs from old work, a good outcrop of pyritic paper schist of the Homestake type and it produced one of the better highs in the heavy mineral program. We have 348 soil samples stored from a grid sampling program done late in 1987, and propose to analyse these and follow up the results.

*approved
done*

Geochem analyses- 348 samples @ \$16	\$ 5,600
Geophysics- 8.4 line km Max Min @ \$250	2,100
Geologist- 4 field days @ \$650	2,600
Assessment report, supervision	2,700
	<u>\$ 13,000</u>

BIERE PROPERTY PROJECT 262

The 1987 program on the BIERE property was an extensive soil sampling, EM and geological compilation program that confirmed the location of the property on the Rea Gold trend and identified a large number of drill targets, most of which are coincident EM and geochem anomalies. We feel that 14 of these targets warrant drilling in 1988, and that no further soil surveys or EM are required. The budget set out below makes provision for geological staff time to carry out a continuing re-evaluation of the property using the knowledge gained from each drill hole.

Diamond drilling- 14 holes, 2300m @\$100/m all in	\$ 230,000
Road construction- 3 km including logging clean up	15,000
Geology- 20 field days @ \$650/day	13,000
Assessment report, supervision	25,000
Assessment recording fees (5% of \$ recorded)	12,000
	<u>\$ 295,000</u>

JOHN PROPERTY PROJECT 263

The 1987 work on the JOHN property has confirmed the geological situation that we expected to find, but we have been unable to locate a good drill target on the property. Because of its location it would seem advisable to maintain the claims by filing 1987 work for assessment, and there is a good chance we can farm the claims out for exploration. A few days field checking the geology on the property is warranted in addition to preparing an assessment report.

Geologist- 5 days field @\$650/day	\$ 3,250
Rock sample analyses- 20 @\$22	550
Assessment report, supervision	2,700
Assessment recording fees	1,500
	<u>\$ 8,000</u>

EAGLE PROPERTY PROJECT 264

We only acquired clear title to this property at year end 1987 and have done no significant work on it. It is well situated on the Rea Gold contact although quite distant from Rea Gold, and has 6 airborne EM conductors in favorable geology. One heavy mineral sample from the only drainage on the property was high in Cu, Pb and As. The property warrants a first-stage soil sample grid and Max Min evaluation over the airborne anomalies. The claims expire in June, 1988 and require \$ 15,000 assessment work to keep them for a further year. We propose to do at least enough work to keep the claims, and to carry on beyond that if results warrant.

Geologist 4 days field @ \$650 all in	\$	2,600
Geophysics- 10 line km Max Min		3,000
Geochem soil survey 10 line km @ 20m spacing		
2-man crew 10 days @ \$650/day	\$	6500
510 analyses @ \$16		8160
supplies		340
Assessment report, supervision,		15,000
		2,400
		<u>\$ 23,000</u>

COP PROPERTY PROJECT 265

The COP property was staked because of its location on the favorable contact, but no work was done on it in 1987. The claim expires in 1988 and requires \$1500 assessment work. We propose to prospect and sample the ground for assessment.

Prospector- 4 field days @\$500	\$	2,000
Analyses- 50 samples @\$22		1,000
Assessment report, supervision, filing fees		2,000
		<u>\$ 5,000</u>

WHITE ROCK OPTION PROJECT 266

The WHITE ROCK property was covered with a soil sample grid, EM survey and mapped in 1987, and this work showed an exiting, large area of lead and silver geochem anomaly with modest EM support. The old White Rock lead-silver showings lie within the soil anomaly near its western edge, and there are a number of galena and tetrahedrite-bearing quartz veinlet stockworks scattered throughout the geochem anomaly, but also concentrated near its western edge. Our 1987 drilling program under the geochem anomaly from its accessible east edge did not locate any ore grade mineralisation, but we learned a lot from the program, and we still feel the property warrants further drilling.

Our current knowledge indicates there is a major fold in the hillside which creates a completely unexpected westerly dip in rocks underlying the anomaly, and that the stockworks are clearly crosscutting the stratigraphy. This creates a geological setting that looks very much like the stockwork feeder zone to a volcanogenic massive sulfide deposit, and because we believe that stratigraphy in the area is overturned, the deposit should lie at depth below the feeders.

Because of the amount of low grade mineralisation in the area and the strength of the soil anomaly we feel this concept warrants a test, and a program of IP, geology and drilling is recommended.

Property option payment due March 31, 1988	\$ 20,000
Geochemistry- 3 line km @ 20m sample spacing	
2-man sample crew- 3 days @\$650	\$ 1950
Analyses- 150 samples @\$16	2400
Supplies	650
Geophysics- 10 km IP survey @\$1500/km	15,000
Road construction (excavator)	25,000
Diamond drilling- 1200m @\$100/m	120,000
Geologist- 10 field days @\$650	6,500
Assessment recording fees, 1987 work	5,000
Assessment report, supervision	13,500
	<u>\$ 210,000</u>

Proposal by:

Frederick L. Wynne, P. Eng