

MINNOVA

Algo
824666

82M/4

Minnova Inc.
Mining Innovation
4th Floor
311 Water Street
Vancouver, British Columbia
V6B 1B8
Telephone (604) 681-3771
Telecopier (604) 681-3360

February 20, 1989

Algo Resources
Suite 590 - 789 W. Pender
Vancouver, B.C.

Re: Algo/Minnova OK claims, Adams Lake-Quarterly Progress Report

Dear Sirs:

During the final quarter of 1988, a total of 800.5 m of diamond drilling was carried out in 10 holes. These were mainly designed to test the Scarlet Zone (7 holes) and the felsic volcanic - sediment contact (3 holes).

At the Scarlet Zone drilling intersected only weakly mineralized quartz veins in both sediment and volcanic units. No significant values were returned but the area is geologically interesting enough to warrant our further consideration.

Drilling of the felsic volcanic - sediment contact also failed to intersect significant mineralization but did provide important structural and stratigraphic information.

In conjunction with the above work, all previous drill core was relogged and lithogeochemical sampling carried out.

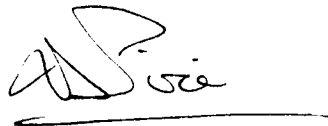
An assessment report covering the trenching done in 1988 was recently filed. I enclose a copy of it for your files.

Exploration on the property in 1989 will focus on the "Homestake schist" package on the cliffs above the Skwaam Bay road. This will include mapping, sampling and diamond drilling. In addition any further drill targets identified on the plateau will also be tested. The budget set aside for this work will more than satisfy Minnova's work commitment for the second year of the option

agreement.

Attached is summary of expenditures by Minnova on the OK claims in 1988. These figures are from our Vancouver office books and do not include the \$10,000 option payment made to you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Ian D. Pirie', is written over a horizontal line.

Ian D. Pirie
Sen. Exploration Geologist

IDP/gh
Encl

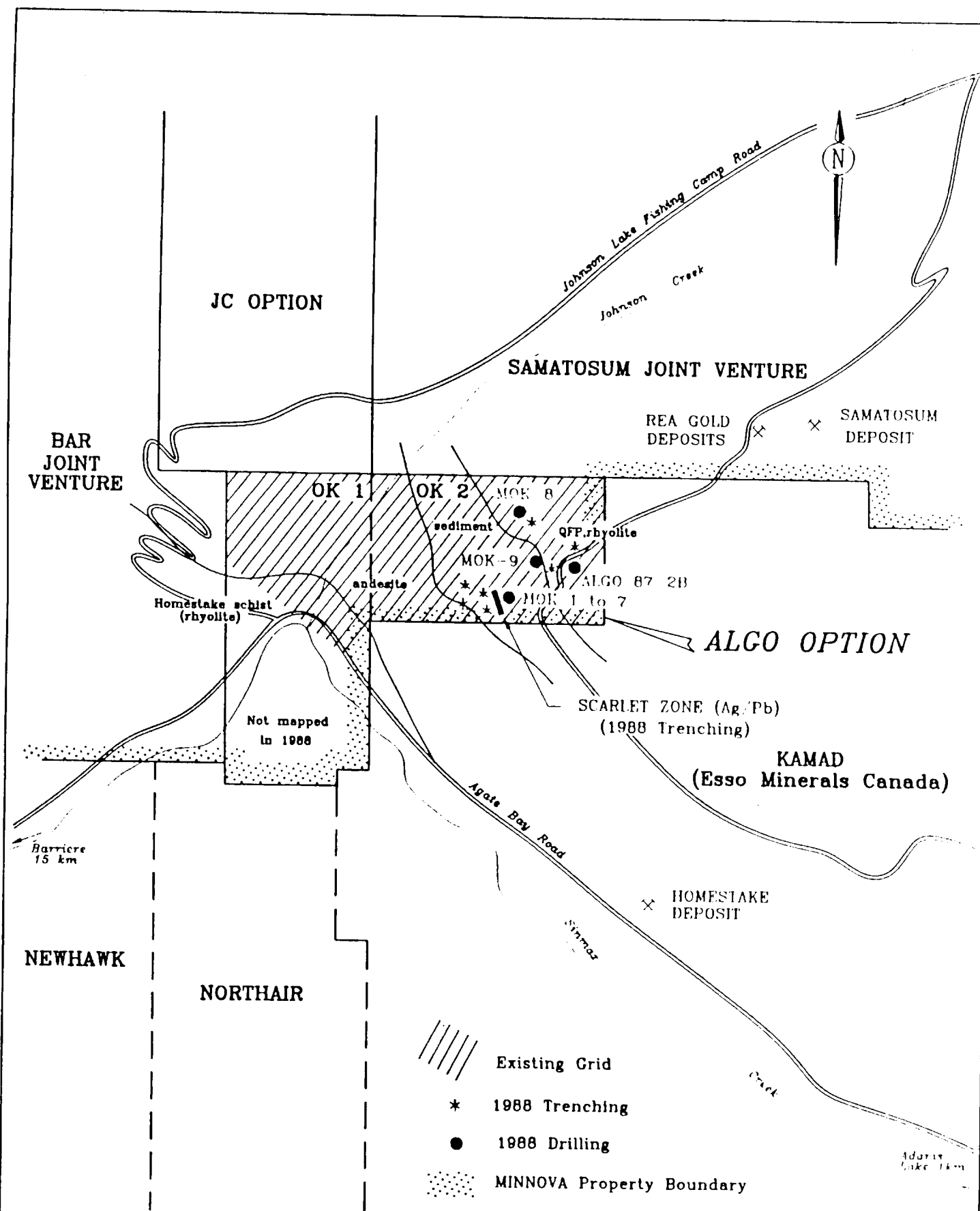
cc: D. W. Blackadar

SUMMARY OF 1988 EXPENDITURES
ALGO OPTION

GEOLOGY	\$33,938
GEOPHYSICS	-
GEOCHEMISTRY	13,162
DIAMOND DRILLING	65,376
TRENCHING	8,762
HOTELS AND MEALS	2,736
PROPERTY MAINTENANCE	920

	124,894
administration (12%)	14,987

TOTAL	\$139,881



2000 metres

MINNOVA Inc.

FILE: D:\DWG\ALGO

DWB\eg

**ALGO OPTION
OK CLAIMS
PROPERTY LOCATION &
GEOLOGY**

NOVEMBER 1988