

824868

REPORT ON EXPLORATION PROGRAM

FOR

DUSTY MAC MINES LTD. (N.P.L.)

ON

OKANAGAN FALLS GOLD-SILVER PROPERTY

Lat. $49^{\circ} 22'$

Long. $119^{\circ} 33'$

James R . Glass, P. Eng.

October, 1978.

PROPERTY

The property consisted of Mineral Production Lease No. 3 and a varying number of surrounding unsurveyed mineral claims. They are located East of Skaha Lake and the village of Okanagan Falls in the Osoyoos Mining Division, recorded in the name of Dusty Mac Mines Ltd.

HISTORY

Dusty Mac Mines acquired the original claims in 1968 and began the exploration of the area. During 1970 the property was optioned to Noranda Exploration Ltd. who carried out additional diamond drilling. During the year 1973 Dusty Mac Mines carried out more exploration which included extensive percussion drilling.

Production Lease (Lot 40795) P-3 was issued April 9, 1975 and production of the main ore body commenced on June 2, 1975.

Milling was completed June 9, 1976 and reclamation of the mine area and seeding finished on September 21, 1976.

Additional exploration on the Production Lease and on the surrounding claims was done from January to July 1976. This Report is a description of the 1976 program.

PROGRAM

The 1976 program consisted of geochemical soil sampling and percussion drilling over the favourable structures . This work was done by Amadeus Consultants Ltd.

GEOCHEMICAL SOIL SAMPLING

A base line running N 50° E was cut and picketed over a length of 4200 feet and cross lines chained and picketed at 100 foot intervals along this base line. Using these control points a total of 475 soil samples were gathered at 100 foot centres and were geochemically assayed for total parts per million Ag by Bondar-Clegg and Company Ltd. Laboratories, Vancouver, B.C.

PERCUSSION DRILLING

During the months January to July 1976 a program of percussion drilling was carried out over the favourable geological structures and the geochemical anomalies located along the strike extension of the pit. The drilling was carried out by H. D. Drilling Ltd. of Kamloops, B. C. and assaying of the cuttings by Bondar-Clegg and Company, Vancouver, B. C. A total of 153 holes were completed with an aggregate footage of 19,682'. Each hole was split into 5 foot sections and assayed for gold and silver. A Map of scale 1"=100' has been prepared showing the location of these drill holes. A copy of the assay results are included in the Appendix.

DISCUSSION OF RESULTS

Geochemical Soil Sampling

The geochemical soil sampling returned low background silver values over the property in general with very little leakage of silver from the main ore body. (Previous work had indicated that the correlation between gold in the soil and the known ore zone was not good). The geochemical anomaly over the main ore body was outlined by the 1 ppm Ag contour. Consequently zones on the property in excess of 1 ppm Ag were further investigated by drilling. A Map of scale 1"=100' shows the geochemical soil anomalies in relation to the drill holes.

Percussion Drilling

Low grade sporadic gold values were encountered in one continuous structure cut by holes 76-1 to 76-23. The gold mineralization is associated with a series of narrow quartz veins striking in a general south-easterly direction and dipping steeply to the northeast which cut unaltered andesite.

The remaining holes contained only the odd section of uneconomic mineralization which could not be correlated one to the other.

No extensions to the ore zone were found in the program and no additional ore zones were indicated.

Note: No sand or gravel was encountered in the mining or exploration program carried out by Dusty Mac Mines Ltd. (Provisos of the Production Lease, Clause 9).

EXPLORATION COSTS

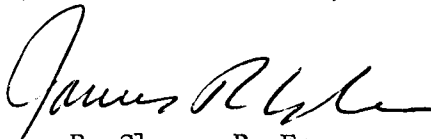
Percussion Drilling - 19,682 Feet	\$ 54,493.05
Sampling & Assaying	33,402.68
Geology & Engineering	33,336.70
Freight	604.77
Miscellaneous	<u>4,079.47</u>
TOTAL -	<u>\$ 127,952.67</u>

In accordance with the Provisos of the Production Lease, Clause 8, Dusty Mac Mines Ltd. committed to spend not less than 5% of the net operating income from the mine on exploration.

Dusty Mac Mines Operating Income -	\$ 899,708.55
5% of \$899,708.55	- \$ 44,985.40

Dusty Mac Mines Ltd. therefore complied with the conditions of Clause 8.

Respectfully submitted,


James R. Glass, P. Eng.

October, 1978.