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To: Shima Resources Limited

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Subject: Diamond Drilling at Texada Island

Dec. 14, 1979

During November and December six drill holes were put down on the company property on Texada Island. These holes were all drilled on the Little Billie geophysical anomaly which was first located by the preliminary program reported January 1978 and which was further defined by the detailed geophysical program reported in July 1979. The holes lie entirely on McLeod No. 3 mineral claim, Lot No. 515.

The drill used was a BBS-1 machine with diesel motor and hydraulic head. The holes were drilled to BQ size which gives a 36 mm. (1 7/16 inch) core diameter. The wireline system was used to raise the core tube without pulling the drill rods. The contractor was D J Drilling of Surrey B.C. The drill has been temporarily stored in a yard near the drill site.

Work commenced on November 23rd and stopped on December 8th. Three drill shifts were required for mobilization and demob. and thirty-one drill shifts were spent in drilling. The total distance drilled was 628.8 meters (2063 feet). Average advance for drilling time was 20.3 meters (66.5 feet) per shift of 10 hours. Hole depth varied from 81.4 to 129.5 meters (267 to 425 feet). No serious difficulty was encountered in the drilling at this location.

The drill holes were numbered SR79-1 to SR79-6 and this designation has been marked on the drill hole plugs in the ground and on core boxes and log sheets. Sampling by splitting with a Longyear splitter was carried out in sections which showed sulphide mineralization. These were as follows:

<u>Drill Hole</u>	<u>From</u>	<u>To</u>	<u>Length</u>	<u>No. of Samples</u>
SR79-1	55.1	55.9	0.8	1
	106.0	124.0	18.0	9
SR79-2	26.6	30.5	3.9	2
SR79-4	20.4	21.9	1.5	1
SR79-6	17.4	20.0	2.6	1
	101.5	102.2	0.7	1
	112.0	117.7	5.7	3

Total No. Samples 18

The samples have been submitted to General Testing Laboratories in Vancouver for analysis for copper, gold and silver content. If assay results are of interest additional special assays in the way of semi-quantitative spectrographic assays should be run on selected pulps or composites to detect other metals which might be present in accessory amounts.

The drilling was concentrated on three cross section lines which are believed to be at right angles to the trend of the major geological formations. The sections are spaced at 50 meters (164 feet). Two of the drill holes, SR79-1 and SR79-6 showed substantial thickness of mineralized skarn at a contact between limestone and intrusive diorite. These intersections are about 20 meters (65 feet) apart.

Conclusions and Recommendations:

No further work should be done until the results of the assays now under way have been received and assessed. If metal values prove to be adequate for possible mining additional drilling on a closer pattern should be done to define the size and shape of the body of mineralized material.

The five other drill holes recommended by the geophysical survey to test anomalies in other parts of the claim group remain to be drilled. These should all be drilled when convenient.

Yours truly,


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