

R. W. PHENDLER, P.Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING

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REPORT
ON THE

YALAKOM CLAIM GROUP
LILLOOET MINING DIVISION
BRITISH COLUMBIA

FOR

SOUTHERN LIGHTS RESOURCES LTD.

BY

R. W. PHENDLER, P.ENG.

June 15, 1980

VANCOUVER, CANADA

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October 15, 1980

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- 6) Prospecting of Yalakom claims be carried out.
- 7) A Geochemical survey be conducted on the extension of the No. 9 vein.
- 8) Diamond drilling of the No. 9 vein be carried out from surface.
- 9) Exploration raises be put up on the No. 9 level where re-sampling indicates the presence of gold bearing vein material.

PHASE II

- 1) A new level be driven 50 meters vertically below the No. 9 adit if results of Phase I so warrant.

COST ESTIMATE

Phase I

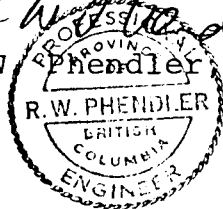
1) Rehabilitate No. 9 adit	\$25,000
2) Sample No. 9 adit	2,500
3) Geologically map No. 9 adit	1,000
4) Assay samples from No. 9 adit	1,000
5) Drive raises - 60 meters @ \$300/meter	18,000
6) Helicopter support (winter operations)	20,000
7) Road clearance and repair	15,000
8) Establish camp	20,000
9) Diamond drill 300 meters @ \$75/meter	22,500
10) Prospecting	1,000
11) Engineering & Geology	<u>10,000</u>
Total -	\$136,000
10% Contingencies -	<u>13,600</u>
Grand Total Phase I -	\$149,600

Phase II (if results from phase I are favourable)

1) 200 meters of drift @ \$500/meter	\$100,000
2) Portal preparation	15,000
3) Engineering & Geology	15,000
4) Sampling and Assaying	<u>7,000</u>
Total -	\$137,000
10% Contingencies -	<u>13,700</u>
Grand Total Phase II -	\$150,700

The sum of \$150,000 should be made available at this time to carry out Phase I of the above program.

Respectfully submitted,

R. W. Phendler
R. W. Phendler P. Eng.
A circular professional seal for R. W. Phendler, a Professional Engineer in British Columbia. The seal contains the text: "PROFESSIONAL ENGINEER", "BRITISH COLUMBIA", and "R. W. PHENDLER".

6. Reconnaissance prospecting of Yalakom claims be carried out.
7. Geochemistry and geophysics be carried out on the extensions of the No. 9 vein.

PHASE II - Depending upon favourable results from phase I

- 1) Diamond drilling be carried out.
- 2) A new level be driven 60 meters vertically below the No. 9 adit.

COST ESTIMATE

PHASE I

1. Rehabilitation of No. 9 adit	-	\$4000
2. Sample No. 9 adit	-	2000
3. Geologically map No. 9 adit	-	1700
4. Assay adit samples	-	1000
5. Rahabilitate access road	-	2000
6. Engineering	-	2000
7. Geochemistry & geophysics	-	6000
8. Transportation	-	1000
9. Camp costs	-	2000
10. Prospecting	-	<u>1000</u>
		22700
	10% contingencies	- <u>2270</u>
		\$ 24970

The above amount should be made available to carry out the above program.

PHASE II - Depending upon favourable results from phase I.

1. Diamond drilling - 300 meters @ \$60/meter	-	\$18,000
2. Tunnelling - 70 meters @ \$200/meter	-	<u>14,000</u>
Total	-	\$32,000
10% contingencies	-	<u>3,200</u>
		\$35,200

Respectfully submitted,

R.W. Phendler, P. Eng.

6) Assaying, sampling	5,000
7) Mobilization	<u>10,000</u>
Total -	\$183,500
15% Contingencies -	<u>27,525</u>
Total - Phase II -	\$211,025

The sum of \$50,000 should be made available at this time to carry out Phase I of the above program. Results of this phase will determine if Phase II be carried out.

Respectfully submitted,

R.W. Phendler, P. Eng.

PHASE II

- 1) Exploration raises be driven where sampling indicates the presence of gold bearing vein material.
- 2) Diamond drilling of the No. 9 vein be carried out from surface.
- 3) A new level be driven 50 meters vertically below the No. 9 level if results of Phase I so warrant.

COST ESTIMATE

Phase I

1) Rehabilitate No. 9 adit (de-ice)	\$25,000
2) Sample No. 9 adit	2,500
3) Geologically map No. 9 adit	1,500
4) Assay chip samples	1,000
5) Establish camp	10,000
6) Engineering and geology	<u>3,500</u>
Total -	\$43,500
15% Contingencies -	<u>6,525</u>
Total - Phase I -	-\$50,025

Phase II

1) Drive raises 60 meters @ \$350/mtr.	21,000
2) Diamond drilling - 300 mtrs. @ \$75/mtr.	22,500
3) 150 meters of drift @ \$700/mtr.	105,000
4) Engineering and geology	10,000
5) Travel and Accommodation	10,000

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7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

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JANUARY 7, 1982

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10% Contingencies -	<u>13,600</u>
Grand Total Phase I -	\$149,600

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