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JOHN TOPOROWSKI
MOONDUST VENTURES INC. FAX: 685-7349

WEBB DRILLING PROGRAM

The writer visited the project February 23-24. Hole 91-1 (3400N, 3350E, -60 East) was completed to a depth of 654 ft. February 21. Hole 91-2 (3600N, 3450E, -60 East) had reached bedrock at 335 ft. Friday night and approximately 12 ft. of core had been recovered before problems were encountered with a broken tri-cone bit at the bottom of the hole. Attempts to clean the hole were unsuccessful and it was abandoned Saturday night. Fortunately, all of the casing was recovered, the rig moved back 6-10 ft. and a new hole was collared.

I have just been advised by Paul Reynolds that the casing in this hole broke off at 300 ft. last night and the rig has been moved to the third site (3800N, 3400E) to drill a vertical hole.

The project has been plagued with bad luck and correspondingly high costs. Barite mud is working well to alleviate high water flows in overburden but at \$45 a bag on site and the necessity of having to use 60 or so bags per hole, it is very expensive. Materials lost down the hole (bits, casing etc) are also adding significantly to overall costs.

Hole 91-1

This hole, 200 metres east of 90-5, was drilled to test the core of the chargeability high on line 3400N. Bedrock was encountered at 325 ft. and consisted of hornfelsed banded tuff with pyrite and lesser pyrrhotite on fractures and as disseminations to a depth of 380 ft. followed by a 7 ft. section of fine grained augite porphyry. To a depth of 612 ft., the dominant rock type in the writer's opinion, is a variably altered fine grained diorite (non-magnetic) although this particular unit has been mapped as a crystal tuff by others. Much of this unit is massive and uniform with disseminated pyrite and chlorite coated fractures but a highly altered section between 437 and 500 ft. features bleaching, vuggy carbonate rich sections, gypsum on fractures and some quartz veining. Sulfides, mainly pyrite and some chalcopyrite, are relatively abundant, usually in the 2-10% range. A better mineralized section at 467 ft. includes

stringers of pyrite, chalcopyrite and sphalerite. Locally, pyrite occurs in closely spaced 2 cm stringers. The rock unit is well fractured to 570 ft. and has a quartz-breccia contact with banded tuff at 612 ft. The banded tuff contains 2 cm pyrite stringers and disseminated pyrite and pyrrhotite continue in the dioritic unit to hole end at 654 ft.

This hole exhibits more intense alteration and a higher sulfide content than seen in holes 90-4 and -5.

Hole 91-2

The 12 ft. of core recovered from this hole consisted of fine grained volcanic rock with some disseminated pyrite and chalcopyrite.

Proposed Holes 91-3 and 91-4

Hole 91-3 (3800N, 3400E, -90) is designed to test that part of the IP anomaly which two or three holes in 1990 were unsuccessful in doing. This hole is now underway.

91-4 (3900N, 3550E, -90) is planned to test the inner (eastern) edge of the IP anomaly.

Costs to Date

As noted, costs to date are exceptionally high. As outline below, direct drilling costs at \$21.90/ft. are less than half of total drilling costs.

Direct Drilling - (91-1,-2,-2A) - 11301 ft. @ \$21.90/ft

\$28,491.90

Mud, reaming casing, lost materials, drill site preparation, GST on all items

\$36,508.10

\$65,000.00 (est)

This is more than half the anticipated drilling costs as outlined in my budget estimate and obviously doesn't leave much latitude in planning additional holes without some cost efficiency in the remainder of the program. Total program costs to date including the above drilling costs are estimated to be in the order of \$90,000.