

W.E.S. of M.E. Nov 16/79.

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The President and Directors,
David Minerals Ltd. (N.P.L.),
315 - 850 West Hastings St.,
Vancouver, B.C. V6C 1E1

PROGRESS REPORT

PERIOD 8 MARCH - 31 JULY, 1979.

INTRODUCTION

This report summarizes the work performed during the above-noted period at the Scranton Mine property, as per the recommendations in the writer's Progress Report, dated 15 March, 1979. The underground work planned in PHASE II has been completed, while the mill repair and maintenance and assay laboratory installation are practically finished. A start has been made on PHASE III to open up the assumed downward extension of the S.W. Sunrise shoot by drifting southwesterly on the 5700 Level in preference to the 5900 Level, as previously planned, due to the anticipated shorter distance and more encouraging diamond drill intersections at this elevation.

The property has been visited by the writer at regular intervals throughout the period, the latest examination being 23-25 July, 1979.

Enclosed maps are:

Composite Plan	Scale 1" = 200'
Vertical Longitudinal Projection	Scale 1" = 200'
Assay Plan 5700 Level	Scale 1" = 20'
Sample Profile 57-29 Raise	Scale 1" = 10'

SUMMARY

A total of 171 feet of drifting and 150 feet of cross-cutting were completed on the 5900 Level. Combined with previous drifting, approximately 320 feet of vein zone below the Grandview/Sunrise Basin area have been explored. While the zone was readily recognizable, quartz veining was irregular and there was no economic sulphide mineralization.

Diamond drilling from the 8200 Cross-cut on the 5900 Level tested the zone in four holes to 200 feet southwest of the present face. One intersection in hole 79-5, 150 feet to the southwest assayed 2.61 oz./ton gold, 16.82 oz./ton silver, 16.66% /ton lead and 19.42% /ton zinc over a core length of 0.7 feet. Five drill holes at approximately 100 feet above the 5900 Level, covering a strike length of 400 feet, and three holes at approximately 200 feet above the level, covering a strike length of 250 feet, encountered poorly mineralized vein structure. All assay data is not available but no economic values are anticipated. A total of 3780 feet has been completed in 15 holes.

Geological interpretive work suggested the possibility of a northeasterly rake to mineralized shoots, which if valid would place the S.W. Sunrise zone a short distance southwesterly from the then existing face on the 5700 Level. As a consequence, drifting southwesterly was resumed on this level and a strong quartz vein structure, in places well mineralized with economic sulphides, was opened up over a length of 112 feet, at which point it was cut off by an east-west striking, 56° northerly dipping, fault. The vein on the south side of the fault has just been located by diamond drilling with an indicated horizontal left hand offset of about 50 feet. A 26.5 foot section immediately north of

the fault averaged 0.121 oz. gold, 8.54 oz. silver, 9.79% lead and 10.17% zinc per ton over a 2.5 foot width. A total of 237 feet of drifting and crosscutting have been completed in this sector.

A raise (57-29) was driven at the north end of the mineralized shoot previously developed on the 5700 Level. At this location mineralization on the structure pinched out about 30 feet above the level. For a slope distance of 27 feet and over a mining width of 4.0 feet, the average grade from chip samples is 0.16 oz. gold, 3.26 oz. silver, 4.15% lead and 4.22% zinc per ton.

A program of test holing the walls of the drifts to a depth of approximately 30 feet on the 5700 and 5900 Levels, at approximately 50 foot intervals where diamond drill information is not available, has been completed. Test hole #6 on the 5700 Level returned an average grade of 0.07 oz. gold, and 16.33 oz. silver per ton, with low lead and zinc values from 4 feet to 20 feet. Holes on either side did not respond similarly and while assaying has not been completed on all holes, visual inspection indicates that no important veining lies outside the drift sections. This is of particular importance as it indicates a lack of economic mineralization in the Grandview/Sunrise Basin sector on the 5900 Level.

Major repair and maintenance projects in the mill included new plates for the jaw crusher, mantle for the gyratory crusher, re-lining the ball mill, re-habilitation of the flotation cells, new electrical switch gear and new sludge pump. Everything has been completed except installation of the mantle on the gyratory crusher.

An existing building at the mill site was re-habiltated, placed on new foundations, re-wired, insulated, lined and partitioned. Installation of laboratory equipment

is now in progress. An assayer has been hired and the mill and laboratory will be capable of handling custom ores in a short time.

Arrangements are well advanced to commence milling on a custom basis from a nearby leaser where 2500 tons are currently available. Approximately 2000 tons of broken muck on the Upper Pontiac dump may be economically milled and check sampling is now in progress. Other properties are being examined for their potential as near-term or even longer-term sources of mill feed, in anticipation that the mill operation can be maintained on a continuous basis.

Expenditures related to operations at the property and mill for PHASE II amounted to \$267,768. for the period 1 February through 30 June, 1979, and when all mill and assay laboratory charges are distributed, costs should be within the budgeted \$315,000. PHASE III has just been commenced with expenditures amounting to \$25,041. incurred to 30 June, 1979.

CONCLUSIONS

Recent exploration has seriously reduced the possibilities of outlining mineralized shoots that may be mined economically.

1. The Grandview/Sunrise Basin did not respond to exploration on the 5900 Level, nor for 200 feet, tested by diamond drilling, above this Level and no more work appears warranted in this sector.
2. Geological information suggests that the 69 foot mineralized shoot on the 5700 Level previously reported may be part of the S.W. Sunrise zone. Raising encountered a pinch-out of mineralization at 30 feet above the level in the northerly 30 feet, reducing the tonnage potential of the zone. However, it is possible that the narrow hi-grade intersection in D.D.H. 79-5 on the 5900 Level may be related to this shoot.
3. In the most recently developed 111.5 foot mineralized shoot, 26.5 feet or 24% could be classed as potentially of economic grade. The offset section of the vein has been located by diamond drilling, but no assay information is available.
4. No firm estimate of tonnages available for milling from the Scranton property is possible at the present time. Approximately 600 tons may be recovered south of 57-29 Raise, and to 50 feet above the 5700 Level a similar tonnage may be recovered from the 26.5 foot section recently exposed on the same level.

Approximately 2000 tons may be recovered from the Upper Pontiac dump.

To appreciably expand these tonnages, raising from the 5700 Level to

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the 5900 Level and additional drifting southwesterly on the 5900 Level would be required. A decision to implement such a program will largely depend on the results of test stoping the above-noted shoots.

RECOMMENDATIONS

Unless the offset vein south of the fault shows more consistent width and better grade mineralization, drifting southwesterly should be discontinued and test stoping of the two mineralized shoots commenced with a minimum of mining personnel.

Efforts should be accelerated in the search for other sources of feed for the Company's mill.

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DRIFTING & CROSSCUTTING

5900 Level

Drifting on the vein structure was continued for 171 feet. The zone is comprised of several shear strands usually quartz-filled, or with irregular quartz stringers between the strands. There was no economic mineralization, the sulphides being confined almost exclusively to pyrite.

The upward extension of the 69 foot hi-grade shoot on the 5700 Level was not encountered as anticipated and recent geological interpretation suggests a northerly rake to mineralized shoots in this area, which would place this shoot in the S.W. Sunrise sector. Such an interpretation is substantiated to some extent by the narrow hi-grade intersection in D.D.H. 79-5, 150 feet southwest of the present face.

A crosscut was extended 150 feet into the west wall to provide a diamond drill base.

5700 Level

Drifting southwesterly was resumed to explore for the downward extension of the S.W. Sunrise zone, which was believed to be located a short distance ahead of the drift face. Guidance for the drifting was provided by vein intersections in drill holes 78-11 and 78-20.

After 50 feet advance, a well defined quartz vein, controlled by shearing and faulting was encountered and drifted for a length of 111.5 feet. The quartz veining varied from 8 inches to 3 feet wide, irregularly mineralized with galena, sphalerite and pyrite.

The vein was cut off by a fault, striking east-west and dipping 56° north. Test holing and crosscutting into the west wall south of the fault failed to locate the vein, but diamond drilling into the east wall intersected 3 feet of mineralized quartz vein in an altered shear zone 11 feet wide, believed to be the offset extension of the main structure. Upward projection of this fault places it in the centre of the S.W. Sunrise shoot at elevation 6467 feet. At this location, the vein structure was offset to the right by the fault, which influenced the testing of the west wall initially on the 5700 Level.

The average grade for 111.5 feet over an average width of 2.2 feet was 0.081 oz. gold, 4.09 oz. silver, 4.31% lead and 4.02% zinc per ton for a gross value of approximately \$163. per ton. The net smelter return for this mineralization after dilution to a mining width of 4 feet would be approximately \$58. per ton. A 26.5 foot section of this shoot immediately adjacent to the offsetting fault was better mineralized and over a 2.5 foot width gave an average grade of 0.121 oz. gold, 8.54 oz. silver, 9.79% lead and 10.17% zinc per ton for a gross value of approximately \$350. per ton. Expanded to a 4 foot mining width the net smelter return would be approximately \$138. per ton. This sector should be test stepped.

It is planned to drift further southwesterly on the offset vein section after its attitude has been confirmed by a second short hole.

DIAMOND DRILLING

5900 Level

A total of 15 holes amounting to 3780 feet have been completed to date on this Level and further drilling is not contemplated. The program was designed to outline any mineralized shoots that might occur as the downward extension of the Grandview/Sunrise Basin zone. Results were disappointing in that, while the vein structure was encountered in each hole, in some cases showing considerable strength over several feet of core length, sulphide mineralization was very sparse.

The ground east and west of the main structure exposed in the drift was explored by two holes 79-1 and 79-2 for a distance in excess of 200 feet with no parallelling structures noted.

Four holes, 79-3, 79-4, 79-5 and 79-6 collared at the face of 8200 crosscut were directed southwesterly to intersect the zone at 50 foot intervals, to 200 feet south of the face. Hole 79-5, 150 feet south of the face, encountered 0.7 feet of sulphide mineralization, within a total zone core length of 7.5 feet, which assayed 2.61 oz. gold, 16.82 oz. silver, 16.66% lead and 19.42% zinc per ton. This is believed to be the upward extension of the 69 foot shoot on the 5700 Level and part of the S.W. Sunrise zone. Sulphides were sparse in the other three holes.

Nine holes, 79-7 through to 79-15, explored the zone above the 5900 Level, five of which covered a 400 foot strike length approximately 100 feet above the Level, and three a 250 foot strike length, approximately 200 feet above the Level. One hole was abandoned when the rods jammed and broke off in the hole. In each hole the zone was identified and exhibited various degrees of strength, but poor sulphide mineralization.

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All mineralized sections of this drilling have not yet been split and sent for assay, but no economic assays are anticipated.

5700 Level

One hole has been completed to locate the offset section of the main zone south of the fault. The zone has been reported to occur between 40.0 and 49.5 feet showing strong alteration, shearing and 3 feet of mineralized quartz vein. The fault has apparently offset the vein approximately 50 feet west on the south side.

DIAMOND DRILL SUMMARY

DDH.No.	LENGTH/FEET	LATITUDE	DEPARTURE	ELEVATION	AZIMUTH	DIP
79-1	298.0	8907.3	8330.7	5891.9	145°	+2°
79-2	203.0	8926.6	8313.2	4892.6	320°	+3°
79-3	244.0	8878.2	8071.2	5891.7	166°	+2°
79-4	210.0	8881.0	8069.4	5891.6	180°	+2°
79-5	249.0	8881.3	8068.7	5891.6	191°	+2°
79-6	341.0	8881.5	8067.8	5891.6	199°	+2°
79-7	250.0	8881.7	8068.1	5893.6	196°	+24°
79-8	313.0	8882.5	8066.4	5893.7	206°	+24°
79-9	202.0	8884.1	8071.3	5897.5	137°	+46°
79-10	212.0	8886.2	8073.6	5897.1	101°	+34°
79-11	290.0	8888.4	8074.1	5896.5	82°	+24°
79-12	254.0)	8200 X-C	5900 Level	Not	(140°	+80°
79-13	302.0)	surveyed.	Azimuth & Dip		(93°	+56°
79-14	175.0)	approximate			(177°	+56°
79-15	237.0)				(178°	+56°
79-16		5700 Level	Drilling			
TOTAL	3780.0					

RAISING

The 57-29 Raise was driven at the north end of the 69 foot mineralized shoot previously developed on the 5700 Level. The raise exposed the structure up-dip in excess of 30 feet and along strike for about 30 feet. Mineralization was good over narrow widths, associated with several shear strands but showing erratic distribution. It pinched out almost entirely about 27 feet above the Level,

where a steepening in dip was experienced and raising was discontinued. Over a 4.0 foot mining width the average grade to this elevation from chip samples is estimated at 0.16 oz. gold, 3.26 oz. silver, 4.15% lead and 4.22% zinc per ton, which should provide a net smelter return of approximately \$120./ton. Ground conditions are such that a 4 foot mining width may be difficult to maintain. This shoot may contain about 600 tons of similar grade material and test stoping is planned.

PROPERTY OPERATING COSTS

The following tabulation summarizes property operating costs for the period 1 February 1979 to 30 June 1979, as compared with budgeted estimates set out in the Proposed Exploration and Development section of the writer's report dated 15 March, 1979.

	BUDGET		ACTUAL				
	Footage	\$	Footage	Contract \$	Cost Plus \$	Supplies Rentals \$	Total \$
PHASE II							
Drifting, X-cutting	450	94,500	496	54,290	43,630	44,878	142,798*
Diamond Drilling	1595	38,280	3129	40,894	4,547	19,137	64,578 ^a
Raising	100	17,000	53		8,184	2,064	10,248
Mill & Lab		80,000					40,992
Road - Snow		20,000		Included in Drifting cost			
Assaying							750
Engineering		6,000					8,402
Carry-over previous program		22,712					
Contingencies		<u>36,508</u>					
		315,000					<u>267,768</u>
PHASE III							
Drifting, X-cutting	950	199,500	136		17,908	7,133	25,041
Diamond Drilling	2395	57,480					
Raising	120	20,400					
Engineering		7,500					
Contingencies		<u>40,120</u>					
		325,000					<u>25,041</u>

* Includes approximately \$40,000. cost plus items caused largely by operating under winter conditions and equipment purchases unrelated to actual advance.

^a Includes some drilling related to PHASE III and testing of the S.W. Sunrise zone.

In PHASE II drifting, crosscutting and raising are completed. Diamond drilling is nearing completion and mill maintenance and assay laboratory installation should be well within budget. A \$20,000. insurance premium on the mill is due.

Costs related to Vancouver head office are not included.

PROPOSED EXPLORATION & DEVELOPMENT

As a continuation of PHASE III of the previous report, it is proposed that additional drifting be confined to limited exploration of the faulted sector of the vein followed by test-stoping of the two mineralized shoots.

Several properties in the Ainsworth-Kaslo area have been examined to date, some of which show promise and warrant further exploration and/or development. It may likewise be expedient to have funds available to assist leasers in initially bringing properties into production.

The cost is estimated at

Drifting	150 feet at \$200./foot	\$ 30,000.
Stoping	1200 tons at \$50./ton	60,000.
Engineering		2,000.
Property Examination, Exploration, etc.		50,000.
Contingencies		<u>23,000.</u>
		\$165,000.

Respectfully submitted,



WALTER E. CLARKE, P.Eng.

6 August, 1979.

C E R T I F I C A T E

I, Walter Ernest Clarke, of the City of Victoria, British Columbia, do hereby certify that:

1. I am a consulting geological and mining engineer with an office at 1362 Dallas Road, Victoria, British Columbia. V8S 1A1.
2. I am a graduate of Queen's University (1939) with a B.Sc. degree in Geology and Mineralogy.
3. I have practiced my profession continuously since graduation.
4. I am a member in good standing of the Association of Professional Engineers in the Provinces of British Columbia and Ontario.
5. I have no interest, either direct or indirect, in the properties or securities of David Minerals Ltd. (N.P.L.), nor do I expect to acquire any such interest in the future.



WALTER ERNEST CLARKE, P.Eng.

6 August, 1979

To: **Dev/ Minerals Ltd.**REPORT NO. **A29 -)**PAGE No. **1****BONDAR-CLEGG & COMPANY LTD.**DATE: **June 18, 1979****Box 634
Kaslo, B.C.
VOG 1M0****Samples Submitted: June 6, 1979
Results Completed: June 18, 1979****CERTIFICATE OF ASSAY****I hereby certify** that the following are the results of assays made by us upon the herein described **ore & core** samples.

MARKED	GOLD		SILVER		Pb	Zn					
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	
15506	<0.002		0.96		2.50	6.00					
15507	<0.002		1.25		2.50	7.21					
15508	0.014		0.59		0.71	1.42					
15509	0.36		5.00		5.75	3.90					
15510	0.28		11.75		10.80	12.66					
15511	0.048		1.30		5.25	0.90					
15512	0.006		0.15		0.24	0.22					
15513	0.26		4.50		10.16	5.80					
15514	0.98		11.60		7.15	9.40					
15515	0.20		2.52		2.50	2.57					
15516	0.030		0.35		0.55	0.36					
15517	0.069		0.41		0.54	0.48					
15518	0.15		8.00		8.70	18.26					
15519	0.35		7.05		13.53	16.35					
15520	0.17		2.85		3.65	1.48					
15521	0.005		0.13		0.14	0.12					
15522	0.25		4.90		8.50	4.57					
15523	0.11		1.56		3.40	1.80					
15524	0.20		9.30		13.24	15.54					
15525	0.086		2.06		2.90	2.35					
15526	0.022		0.89		0.28	0.30					
15527	0.21		1.05		0.64	0.81					
15528	0.14		0.88		0.88	0.19					
15529	0.031		0.72		0.95	0.77					

NOTE:

Rejects retained three weeks
Pulps retained three months
unless otherwise arranged.


Registered Assayer, Province of British Columbia

To: **Mr. Walter Clarke**REPORT NO. **A29 - 583**PAGE No **1****BONDAR-CLEGG COMPANY LTD.**DATE: **July 31, 1979****1362 Dallas Road
Victoria, B. C.
V8S 1A1****CERTIFICATE OF ASSAY****Samples submitted: July 19, 1979****Results completed: July 31, 1979****PROJECT: DAVID MINERALS**I hereby certify that the following are the results of assays made by us upon the herein described **ore** samples.

MARKED	GOLD		SILVER		Cu	Pb	Zn				
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
17606	0.006			0.79	-	0.96	0.11	3.0	57-41	15' N	VERA
17607	0.012			0.50	-	1.00	0.61	4.1	57-41	10' N	✓
17608	0.13			0.23	-	0.04	10.01	1.3	57-41	5' N	✓
17609	0.040			0.98	-	1.71	0.89	1.7	57-41	-	.
17610	0.13			12.53	-	7.53	11.90	1.6	57-41	5' S	✓
17611	0.15			3.43	-	8.00	5.25	1.4	57-41	10' S	-
17612	0.045			4.30	-	5.26	2.00	1.6	57-41	15' S	✓
17613	0.049			0.63	-	0.55	0.18	1.45	57-41	20' S	✓
17614	0.41			1.12	-	0.59	0.18	1.10	57-41	25' S	✓
17615	0.19			5.69	-	2.71	7.20	0.70	57-41	30' S	✓
17616	0.11			1.42	-	1.03	0.64	1.80	57-41	35' S	✓
17617	0.17			1.30	-	0.76	2.36	2.20	57-41	40' S	✓
17618	0.080			1.35	-	3.85	3.63	1.40	57-41	45' S	✓
17619	0.017			0.97	-	1.92	0.66	2.70	57-41	50' S	✓
17620	0.006			7.12	-	4.45	0.28	3.50	57-41	55' S	✓
17621	0.003			0.29	-	0.20	0.31	2.25	57-41	60' S	✓
17622	0.002			0.53	-	0.49	0.06	2.30	57-41	65' S	✓
17623	0.013			2.39	-	2.62	2.66	2.0	57-41	70' S	✓
17624	0.006			5.27	-	7.65	6.70	1.0	57-41	75' S	✓
17625	0.48			10.06	-	7.20	2.63	3.0	57-41	80' S	✓
17626	0.016			5.36	-	10.50	15.30	2.4	57-41	85' S	✓
17627	0.025			15.64	-	17.50	13.50	3.8	57-41	90' S	✓
17628	0.024			4.04	-	6.40	26.40	2.4	57-41	95' S	✓
17651	10.002			0.77	-	0.70	0.70				

NOTE:

Rejects retained three weeks
Pulps retained three months
unless otherwise arranged.



Registered Assayer, Province of British Columbia

CERTIFICATE OF ASSAY

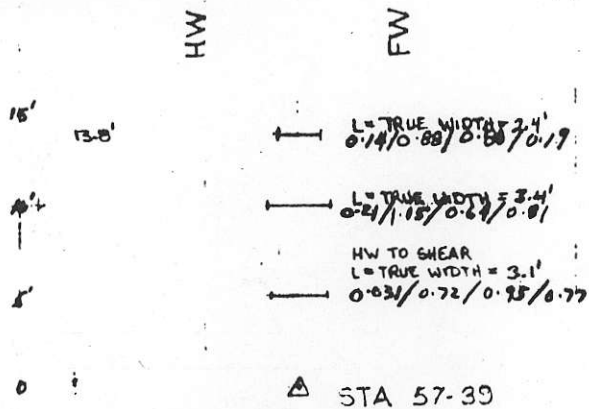
I hereby certify that the following are the results of assays made by us upon the herein described ore & core samples.

MARKED	GOLD		SILVER		Pb	Zn					
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
79 - 3 - 1	0.003		0.10		0.05	0.05					
2	0.002		0.06		0.05	0.03					
3	0.002		0.05		0.07	0.06					
79 - 4 - 1	0.002		0.05		0.03	0.04					
2	0.035		1.20		2.50	0.59					
3	0.002		0.05		0.06	0.03					
4	0.003		0.10		0.08	0.09					
5	0.030		1.15		3.45	0.52					
6	0.003		0.16		0.30	0.10					
7	0.014		0.75		1.16	0.34					
8	0.003		0.15		0.28	0.21					
9	0.004		0.04		0.07	0.03					
10	0.15		0.20		0.13	0.08					
79 - 5 - 1	0.007		0.09		0.14	0.13					
2	2.61		16.82		16.66	19.42					
3	0.063		0.58		0.58	0.60					

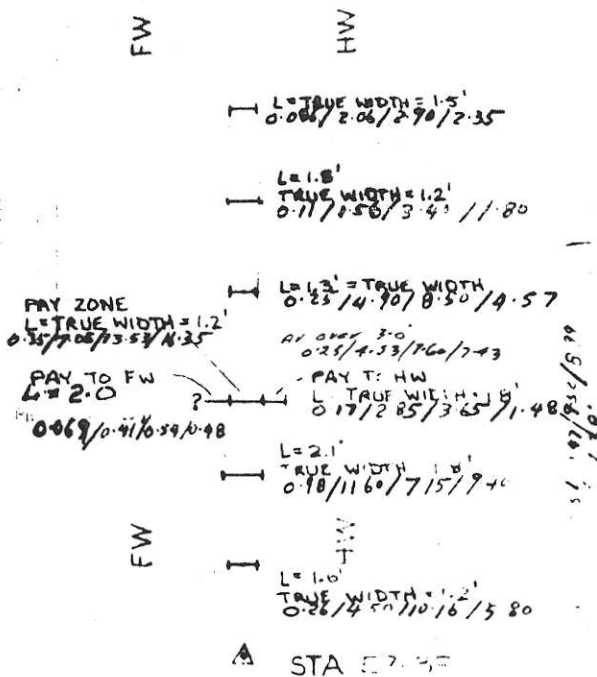
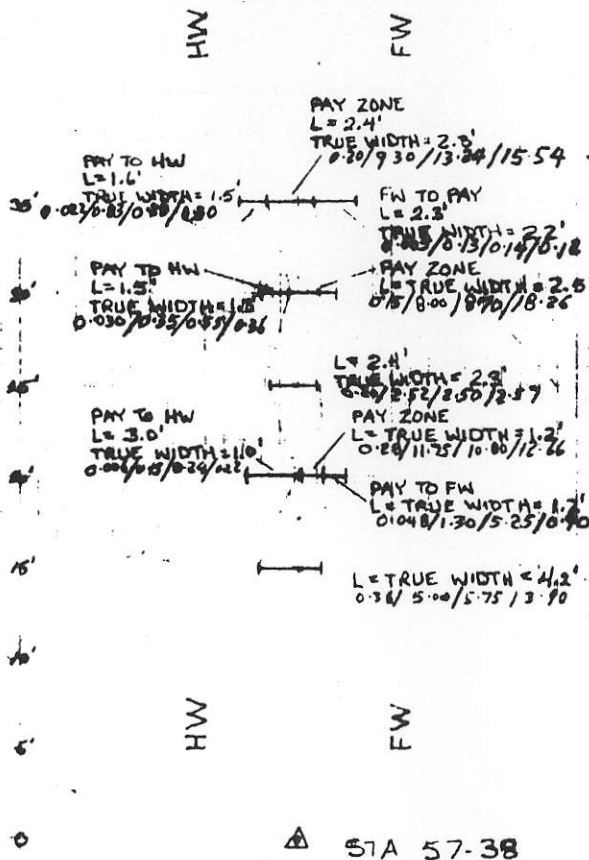
cc Mr. Walter Clarke

NOTE:

Rejects retained three weeks
Pulps retained three months
unless otherwise arranged.



SCALE: 1" = 10'



FLOOR

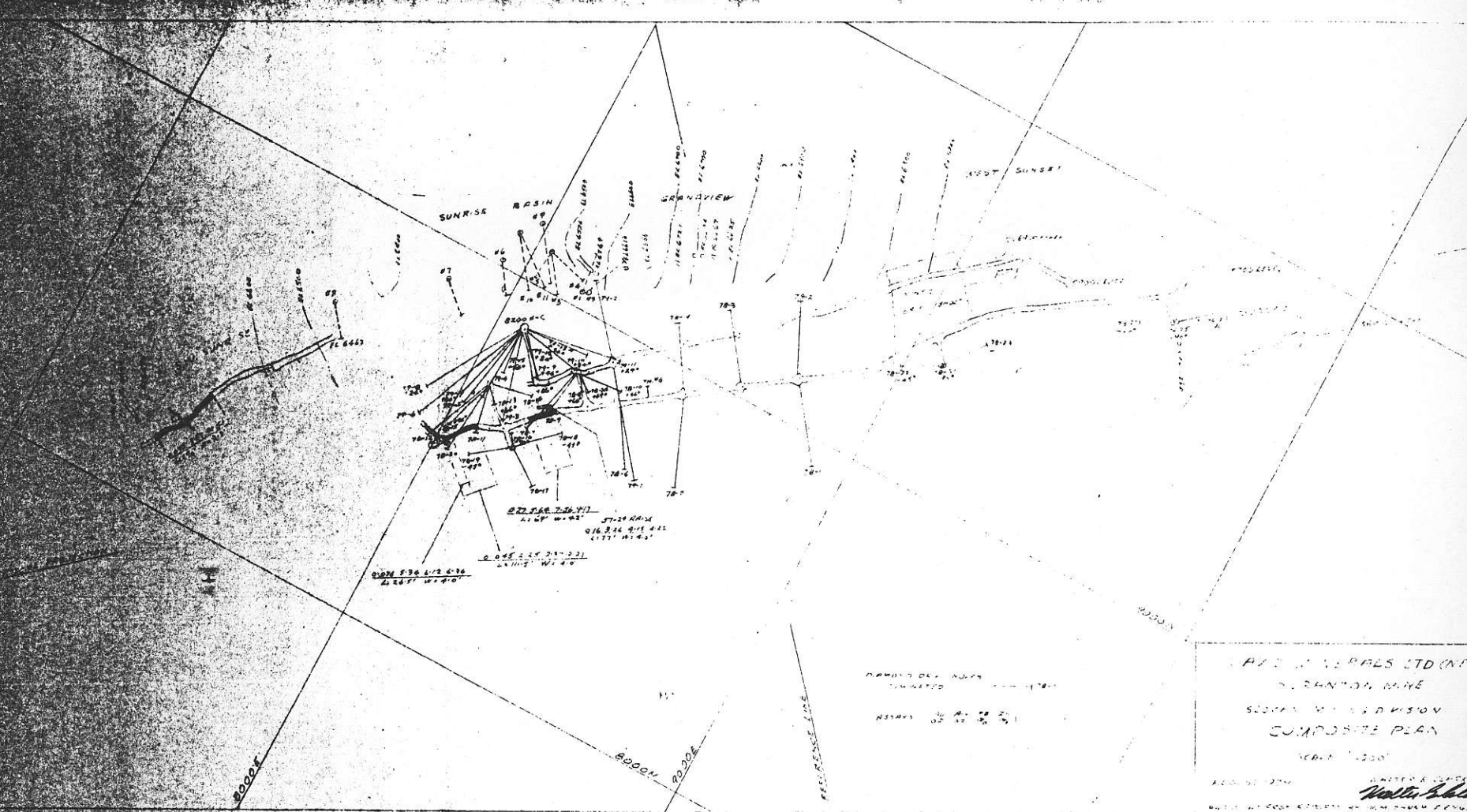
BACK

L	W	LW	AW	AC	FB	ZH	
25.0	2.5	61.5	0.25	6.58	7.60	8.5	South Face
30.0	1.8	54.0	0.32	4.83	6.35	5.5	North Face
	2.1	116.5	0.28	5.77	7.07	7.7	
	1.5		0.022	0.83	0.28	0.30	Hanging wall
	2.2		0.005	0.13	0.19	0.12	4 foot wall
	1.5		0.030	0.35	0.55	0.36	
	1.0		0.006	0.15	0.24	0.22	
	1.2		0.048	1.30	5.25	0.90	
	2.0		0.069	0.91	0.54	0.78	
	9.4	11.9	0.03	0.49	0.98	0.37	
		9.0	0.16	3.26	4.15	4.22	

Walter S. Clark

SAMPLE PROFILE
57-29 RAISE
SAMPLED ON 3 JUNE, 1979 BY
D. GRIFFITH AND D. RENNIE

DRAWN BY: D. RENNIE



CANADIAN PACIFIC LTD (N.P.L.)
 SUNSET MINE
 SOUTHERN DIVISION
 COMPOSITE PLAN
 SCALE 1:2500
 DRAWN BY: [Signature]
 CHECKED BY: [Signature]

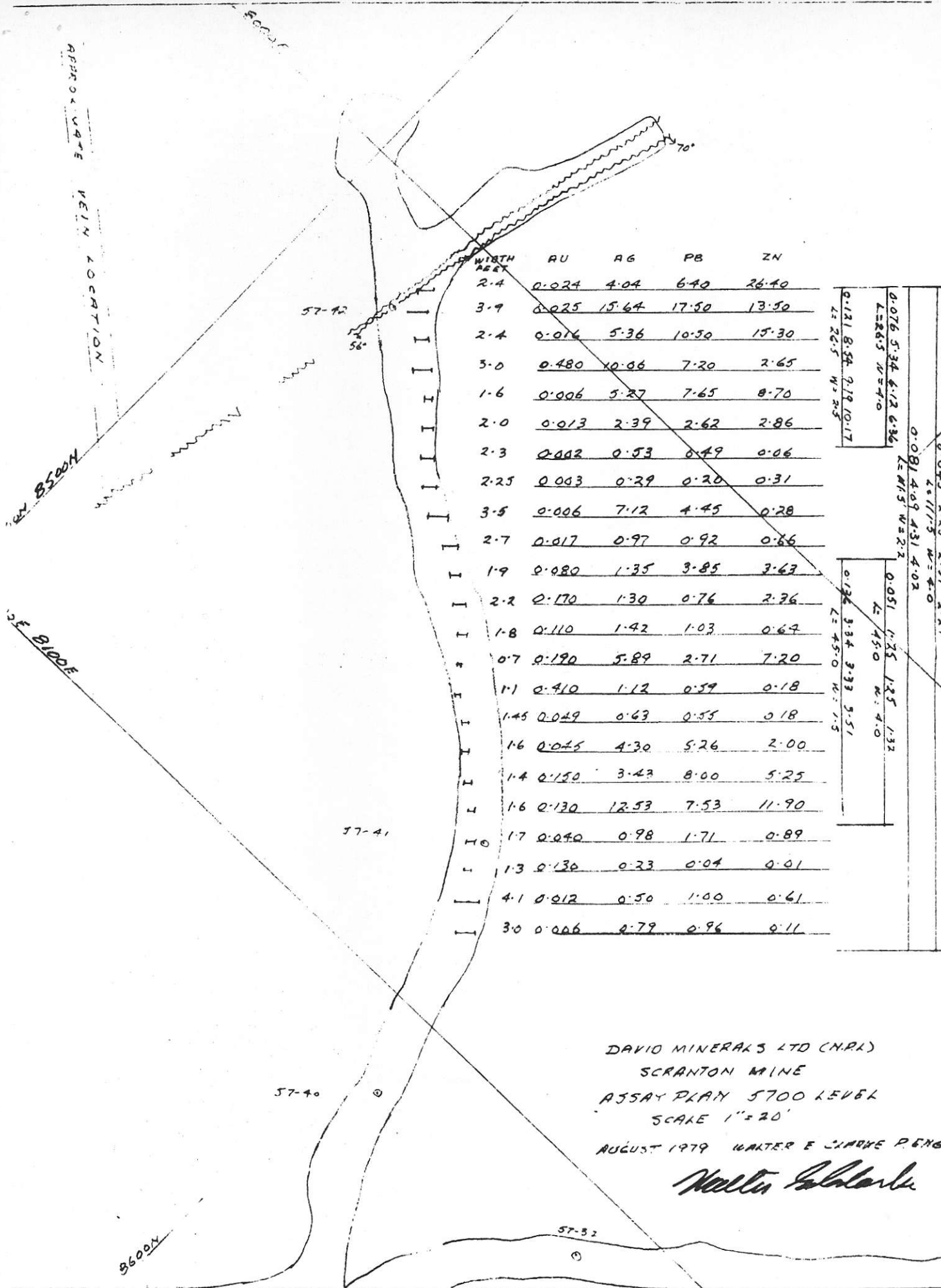
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MAPS - In Folder

Location Map Scale - 1 inch = 4 miles

Geological Map Scale - 1 inch = 1,000 feet



WIDTH FEET	RU	AG	PB	ZN
2.4	0.024	4.04	6.40	26.40
3.9	0.025	15.64	17.50	13.50
2.4	0.016	5.36	10.50	15.30
3.0	0.480	10.06	7.20	2.65
1.6	0.006	5.27	7.65	8.70
2.0	0.013	2.39	2.62	2.86
2.3	0.002	0.53	0.49	0.06
2.25	0.003	0.29	0.20	0.31
3.5	0.006	7.12	4.45	0.28
2.7	0.017	0.97	0.92	0.66
1.9	0.080	1.35	3.85	3.63
2.2	0.170	1.30	0.76	2.36
1.8	0.110	1.42	1.03	0.67
0.7	0.190	5.89	2.71	7.20
1.1	0.410	1.12	0.59	0.18
1.45	0.029	0.63	0.55	0.18
1.6	0.025	4.30	5.26	2.00
1.4	0.150	3.43	8.00	5.25
1.6	0.130	12.53	7.53	11.90
1.0	0.040	0.98	1.71	0.89
1.3	0.130	0.23	0.04	0.01
4.1	0.012	0.50	1.00	0.61
3.0	0.006	2.79	0.96	0.11

0.076	5.34	6.12	6.36
L: 26.5	W: 4.0		
0.121	8.54	9.19	10.17
L: 26.5	W: 2.5		
0.045	2.25	2.37	2.21
L: 11.5	W: 4.0		
0.081	4.09	4.31	4.02
L: 11.5	W: 2.2		
0.051	1.25	1.25	1.32
L: 45.0	W: 4.0		
0.126	3.34	3.33	3.51
L: 45.0	W: 1.5		

DAVID MINERALS LTD (NPL)
 SCRANTON MAINE
 ASSAY PLAN 5700 LEVEL
 SCALE 1"=20'
 AUGUST 1979 WALTER E CHARNE P. ENG

Walter E. Charne

86004

57-32

57-40

57-41

57-42

APPROXIMATE VEIN LOCATION

W. B500N

E. B100E

56005

**PROGRESS REPORT
SCRANTON MINES EXPLORATION DEVELOPMENT
PERIOD 23 JULY-23 OCTOBER, 1978**

The President & Directors,
David Minerals Ltd. (N.P.L.)
315 - 350 West Hastings St.,
Vancouver, B.C. V6C 1E1

INTRODUCTION

This report summarizes the work performed during the above-noted period at the Scranton Mine property as per the recommendations in the writer's report "Proposed Exploration & Development Program" dated 1 August 1978. The drifting and cross-cutting and 40% of the diamond drilling on the 5700 Level, planned in Phase I, have been completed to date. Diamond drilling is currently in progress, with one drill on a two-shift basis.

The property has been visited by the writer at regular intervals throughout the period, the latest examination being 23 October, 1978.

Attached maps are - Assay Plan - scale 1" = 20', and Vertical Longitudinal Projection - scale 1" = 200'.

SUMMARY

1. Drifting and Crosscutting

Drifting southwesterly on the 5700 Level was resumed 2 August, 1978 and continued for a total of 239 feet. After 65 feet of advance a strong, shear-controlled, vein zone entered the drift section from the west wall,

possibly the continuation of the vein exposed in 8300 crosscut. The well mineralised vein was drifted on for a length of 95 feet, at which point an east-west striking cross structure cut off the hangingwall portion of the vein, and the footwall shear swung into the west wall. A 69.0 foot section of the vein assayed 0.27 ounces gold, 5.64 ounces silver, 7.56% lead and 9.17% zinc per ton, over an average width of 4.2 feet. The remaining advance was in granodiorite, with no veining of note.

Crosscuts were driven into both walls of the drift close to the southwest face to provide drill stations for diamond drill testing of the Grandview-Sunrise Basin zone above and below the 5700 Level. 8145 N.W. crosscut was extended 122 feet into the west wall and encountered a strong vein zone after 20 feet of advance, which assayed 0.10 ounces gold, 0.26 ounces silver, 0.14% lead and 0.08% zinc per ton over an average width of 3.7 feet. The two crosscuts into the east wall of the 5700 Level, 140 feet and 820 feet southwest of the portal, have been completed to permit checking the downward extension of the mineralised shoots previously developed on and mined above the 5700 Level.

DRIFTING & CROSSCUTTING SUMMARY

HEADING	FOOTAGE
Southwest Drift	239
8145 N.W. X-cut	123
8145 S.E. X-cut	60
9045 S.E. X-cut	77
9520 S.E. X-cut	<u>76</u>
	575
Drift & diamond drill	
Station slash - Equivalent feet	<u>106</u>
TOTAL	681

2. Diamond Drilling

D.D.H. 78-10 was the last hole to be completed in the initial drill program. It was drilled from 8300 crosscut to a depth of 198 feet and intersected a vein zone 90 feet above the level, of which 1.2 feet assayed 0.38 ounces gold, 3.89 ounces silver, 5.23% lead and 3.18% zinc per ton. This is probably the same vein structure as was exposed in 8300 crosscut and in which the 69 foot mineralized shoot mentioned above is located.

The present diamond drilling program commenced 21 September 1978 and to date 8 holes have been completed for a total of 1231 feet. Assays have only been received for three holes. Two flat holes, 78-11 and 78-12 were drilled to check for the southwesterly extension of the vein zone exposed in 8145 N.W. crosscut. In hole 78-11 a mineralized quartz vein in a 17 foot wide alteration zone was intersected 65 feet southwest of the crosscut. Actual vein width is uncertain due to lost core but may be as much as 6 feet. Assays are unavailable. Hole 78-12 encountered a weak zone, approximately 200 feet southwest of the crosscut, but it is possible that the hole was not deep enough to reach the main vein structure. Another flat hole is planned midway between these two holes.

Three up holes have been completed from 8145 N.W. crosscut to test approximately 100 feet above the 5700 Level over a length of about 175 feet. All three holes encountered veining at the expected locations. Hole 78-13 above the crosscut intersected the best mineralization which assayed 0.046 ounces gold, 5.40 ounces silver, 2.60% lead and 1.96% zinc per ton over a 3.9 foot core length. Hole 78-14 was drilled over the mineralized shoot on the level and while veining was strong over a 4 foot width, assays were low. Hole 78-15 intersected three zones

of alteration and quartz veining over core lengths of up to 10 feet, 80 feet south of the crosscut, but assays were low.

Two down holes have been completed from 8145 S.E. crosscut to check approximately 100 feet below the 5700 Level. Hole 78-16 intersected a 4 foot wide vein zone containing sulphides, below the crosscut. Assays are not available. Hole 78-18 tested the downward extension of the mineralized shoot on the level 75 feet north of the crosscut and encountered two zones of alteration and quartz veining, with short core lengths of interesting sulphide mineralization. Assays are unavailable.

One flat hole was drilled easterly from the face of 8145 S.E. crosscut to check the southerly extension of a strongly altered shear zone encountered in hole 78-6, 275 feet to the north. Ground conditions prevented the hole reaching its target depth and the zone was not tested.

DIAMOND DRILL SUMMARY

DDH No.	FOOTAGE	LOCATION	BEARING	DIP	REMARKS
78-10	188	8300 X-cut	N83°35'E	+46°	Previous Program
78-11	125	8145 N.W.X-cut	S 9°34'E	0°	
78-12	208	8145 N.W.X-cut	S23°12'W	0°	
78-13	137	8145 N.W.X-cut	S39°13'E	+67°	
78-14	145	8145 N.W.X-cut	N79°45'E	+46°	
78-15	200	8145 N.W.X-cut	S22°30'W	+45°	
78-16	136	8145 S.E.X-cut	N37°30'W	-76°	
78-17	103	8145 S.E.X-cut	S57°30'E	0°	
78-18	<u>127</u>	8145 S.E.X-cut	N44° E	-45°	

1419

3. Test Holing

A vein structure branching into the east wall of the 5700 Level 180 feet southwest of the portal was checked by 7 - 30 foot percussion test holes at approximately 50 foot intervals, over a length of about 300 feet. All assays were low.

4. Property Operating Costs

From 1 July 1978 to 15 October 1978, property operating costs are estimated at approximately \$158,000.00, in line with budgeted expenditures.

CONCLUSIONS

The 69 foot mineralized shoot on the 5700 Level demonstrates the presence of high grade mineralization in the area of the downward extension of the Grandview-Sunrise Basin vein system. Exploration to date has not determined the limits of the several vein strands which have been encountered over a north-south distance of over 500 feet, although assays of interest have been encountered in each of the veins. Completion of the diamond drilling program and either raising or test stoping of the above-noted shoot will be of assistance in a better understanding of the potential of this area.

The decision to proceed with all or part of Phase II of the proposed exploration and development program will be largely dependent on the final results of this work.

Respectfully submitted.



WALTER E. CLARKE, P.Eng.

28 October 1978