8310u2

REPORT

ON

MAR MINERAL CLAIM

OF

AJAY RESOURCES INC.

NICOLA MINING DIVISION
BRITISH COLUMBIA

BY

N.C. CARTER, Ph.D., P.Eng.

VICTORIA, B.C. February 28, 1983

TABLE OF CONTENTS

FIGURES

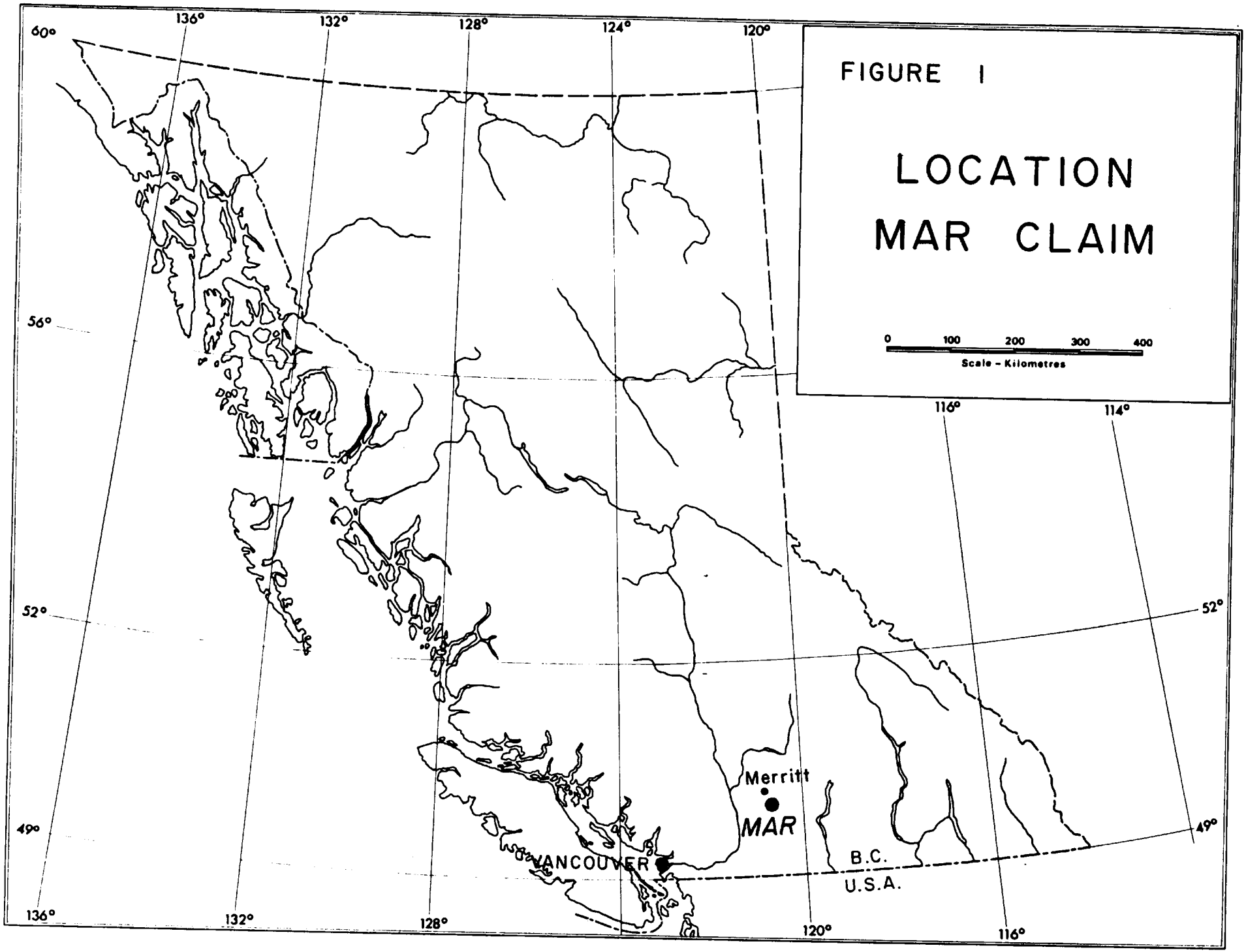
FIGURE I
LOCATION
MAR CLAIM
0 100 200 300 400
Scale - Kilometres
60°
56°
52°
49°
136°
132°
128°
124°
120°
116°
114°
Merritt
MAR
VANCOUVER
B.C.
U.S.A.

SUMMARY

Ajay Resources Inc. holds the MAR mineral claim on Iron Mountain, southeast of Merritt, in the Nicola Mining Division of south-central British Columbia.

The claim is underlain by a volcanic sequence potentially favourable for hosting volcanogenic massive sulfide deposits.

The writer recommends a three-phase exploration program to test the potential of the MAR claim. Estimated costs for the program are: Phase I - $15,000; Phase II - $17,000.00; Phase III - $45,000.00.

INTRODUCTION

Ajay Resources Inc., holds one mineral claim in the Nicola Mining Division of British Columbia.

This report, prepared at the request of Ajay Resources Inc., is based on an examination of the property February 24, 1983 and on a review of published reports and maps and unpublished information on open file with the Mineral Resources Branch, Ministry of Energy, Mines and Petroleum Resources. Additional data was furnished by Ajay Resources Inc..

LOCATION AND ACCESS

The MAR mineral claim is situated southeast of Merritt in the southern interior of British Columbia, (Figure 1). The claim has been located on the northeast slope of Iron Mountain, (Figure 2) in NTS map area 92I/2E. The centre of the MAR claim is at latitude $50^{o}03.7'$ North and longitude $120^{o}43.5'$ West.

The town of Merritt is at the junction of highways 5 and 8, 230 highway miles, (370 km.), northwest of Vancouver and 58 miles, (93 km.), south of Kamloops.

Access to the MAR claim is by the Fox Farm road which branches off highway 5 two and a half miles (4 km.) southeast of Merritt and extends southeasterly along the south side of Godey Creek, (Figure 3). The lower reaches of this road are suitable for 2-wheel drive vehicles; 4-wheel drive would be required for higher elevations.

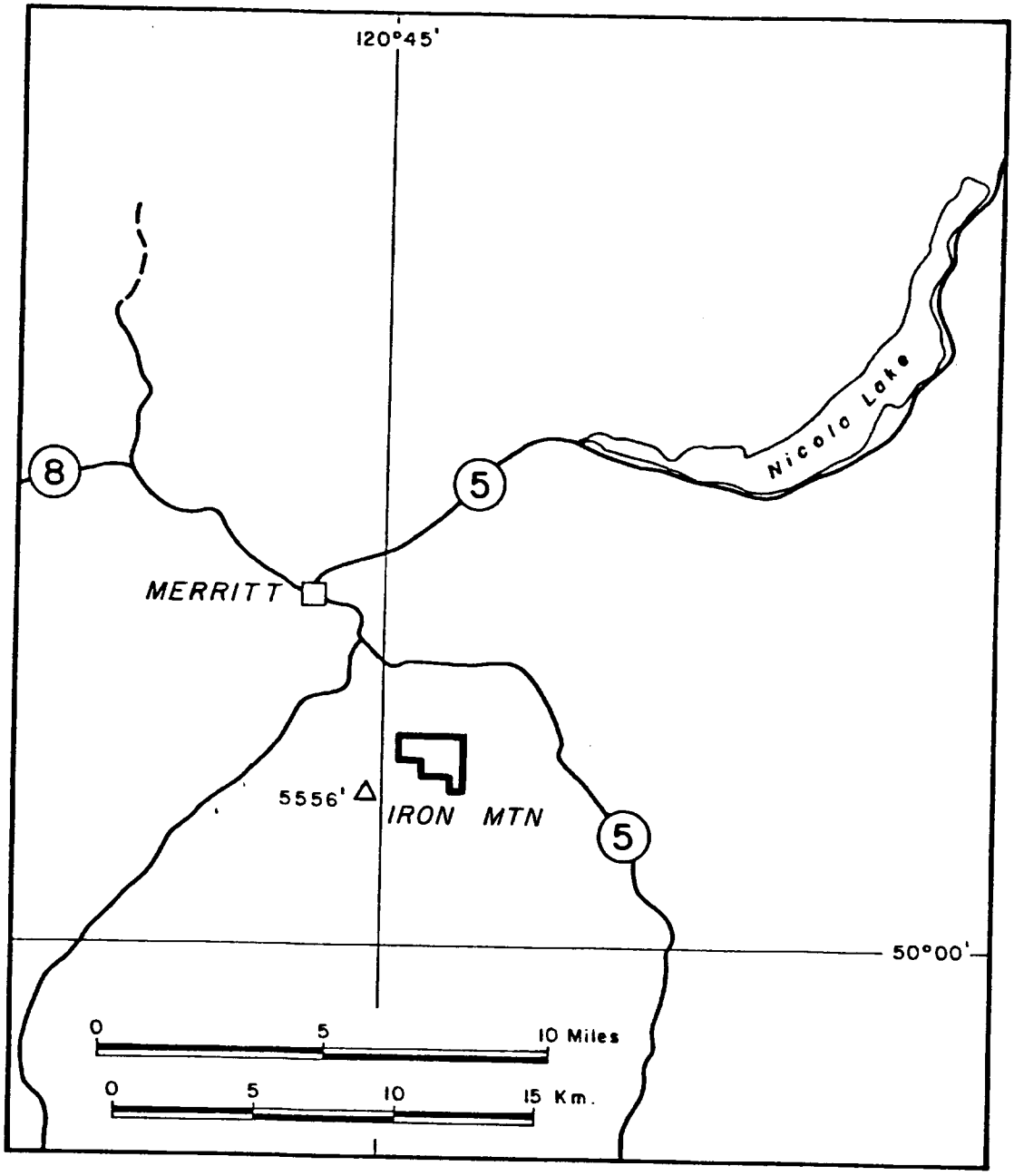

FIGURE 2 – LOCATION – MAR CLAIM

MINERAL PROPERTY

Ajay Resources Inc. holds the following mineral claim in the Nicola Mining Division of British Columbia.

Mineral Claim	Record No.	Expiry Date
MAR (20 Units)	1258	June 15, 1983

This is a Modified Grid mineral claim, and while staked as 20 units, it in fact is a partial overstaking of valid mineral claims and as such comprises approximately 14 units, (Figure 3). The Legal Corner Post was inspected by the writer and the claim appears to have been located in accordance with regulations of the Mineral Act of British Columbia.

PHYSICAL FEATURES

The MAR claim is situated in the Thompson Plateau, a southern subdivision of the Interior Plateau. Iron Mountain, elevation 5556 feet, (1684 metres), is 3500 feet, (1060 metres), above Merritt.

The claim covers the northeast slope of Iron Mountain with elevations ranging from 3000 to 4500 feet, (900 to 1360 metres). Steep slopes are confined to Godey Creek canyon. Much of the claim is tree-covered with open range land restricted to the area north of Godey Creek.

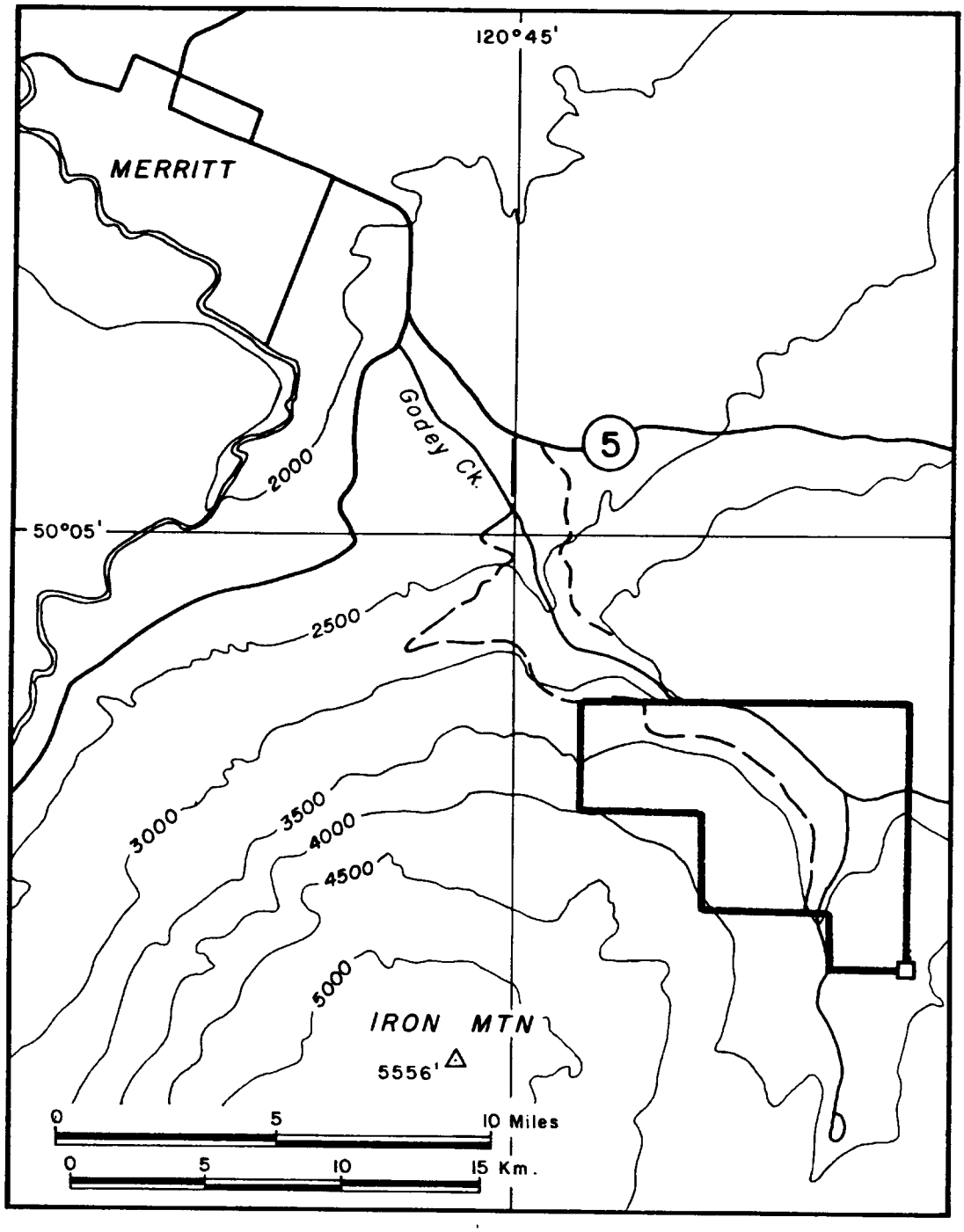

FIGURE 3 - MAR CLAIM

HISTORY

Mineral occurrences in the Merritt area were first investigated in the early 1900's. The LD copper-silver-lead-zinc prospect near the summit of Iron Mountain has been explored by trenching and a shaft and had some recorded production in 1935.

Exploration work, dating back to the late 1950's, and consisting of geological, geophysical and geochemical surveys, has included parts of the present MAR claim. The most detailed survey was carried out on the previously held Chatko and Boy mineral claims (Wober, 1969) and covered the northeast part of the MAR claim.

REGIONAL GEOLOGY AND MINERALIZATION

The Merritt area is situated in the southern Intermontane Tectonic Belt. Oldest rocks exposed are volcanic and lesser sedimentary rocks of the late Triassic Nicola Group. As defined by Preto (1979), Nicola Group rocks in this area are part of the Western Belt and are comprised of andesitic to rhyolitic flows and fragmental rocks interbedded with limestones and clastic sedimentary rocks. These layered rocks are intruded by granitic plutons ranging in age from late Triassic (Guichon batholith) and Jurassic (Jesse Creek pluton) north of Merritt to early Tertiary (Nicola batholith) north of Nicola Lake.

Cretaceous Kingsvale volcanic rocks are in fault contact with Nicola rocks east of Iron Mountain. The town of Merritt

and environs is underlain by the late Cretaceous-early Tertiary Coldwater Series sedimentary rocks including coal measures which have been exploited in the past.

Youngest rocks of the area include early Tertiary Kamloops group volcanic rocks and a remnant of Quaternary plateau basalt south of highway 5 between Merritt and Nicola Lake.

Metallic mineral deposits include copper-iron skarns north of Merritt, an example of which is Craigmont mine which ceased operations recently after producing more than 800 million pounds of copper.

A variety of mineral deposit types is known on Iron Mountain (McMillan, 1979). Skarn mineralization is known, but many of the occurrences have volcanogenic massive sulfide affinities and are comprised of base metal-iron veins with barite in rhyolitic fragmental rocks, commonly near contacts with sedimentary rocks including limestone. The LD showing near the summit of Iron Mountain consists of banded veins and possibly bedded lead-zinc-barite mineralization in flow-banded rhyolite (McMillan, 1979). The Chatko showing in Godey Creek (Wober,1969) consists of magnetite with chalcopyrite in limestone and has characteristics of skarn mineralization although it is close to rhyolitic rocks.

PROPERTY GEOLOGY AND MINERALIZATION

Iron Mountain, including the MAR claim, is underlain by a northeast-striking, steeply southeast-dipping differentiated sequence of andesitic to rhyolitic flow and fragmental rocks with intercalated sedimentary horizons (McMillan, 1979).

Bedrock exposures on the MAR claim are confined to Godey Creek canyon and steeper areas above 3500 feet (1060 metres), elevation in the central and southeastern part of the claim. Elsewhere, overburden may attain thicknesses in excess of 20 feet (6 metres). Bedrock exposures noted by the writer included argillaceous siltstones poorly exposed in the south-central part of the claim and andesitic fragmental rocks with abundant epidote alteration in the vicinity of the Legal Corner Post, (Figure 3).

A small occurrence of pyrite and chalcopyrite in andesite volcanic rocks was noted by the writer near the Legal Corner Post.

The MAR claim is located between the two principal mineral showings on Iron Mountain - the LD near the summit and the Chatko in the lower reaches of Godey Creek canyon.

Previous soil geochemistry over part of the present MAR claim (Wober, 1969), showed background copper values to be low, (20 - 40 ppm), which may be partially explained by the locally thick overburden cover. Several weakly anomalous zones (+ 80 ppm copper) were detected on the eastern part of the present claim.

CONCLUSIONS AND RECOMMENDATIONS

1. The MAR mineral claim covers a volcanic sequence known to host base metal mineralization with characteristics of volcanogenic massive sulfides north and south of the claim.

2. A staged exploration program is recommended with the first phase consisting of geological, geochemical and geophysical surveys followed by additional geophysics and trenching if warranted. A third phase of diamond drilling is contingent on positive results from the first two phases.

RECOMMENDED PROGRAM

Phase I

Geological mapping, soil and rock geochemistry with analysis of samples for copper, lead and zinc and a magnetometer survey. All surveys to be tied into a flagged control grid with 200 metre-spaced cross lines and 100 metre stations off a northeast oriented baseline.

Phase II

Additional geochemical sampling and an electromagnetic survey with trenching and blasting of anomalous areas.

Phase III

A limited diamond drilling program in areas identified by phase I and II surveys.

COST ESTIMATE

Phase I

1.	Geological Mapping	$4000.00
2.	Geochemical Sampling and Analysis	$4000.00
3.	Magnetometer Survey	$2000.00
4.	Accomodation, transportation	$1600.00
5.	Engineering, supervision	$2000.00
6.	Contingencies	$1400.00
	TOTAL	$15,000.00

Phase II

1.	Geochemical Sampling and Analysis	$2000.00
2.	EM Survey	$5000.00
3.	Trenching, blasting	$5000.00
4.	Engineering, supervision	$3000.00
5.	Contingencies	$2000.00
	TOTAL	$17,000.00

Phase III

1.	Diamond Drilling - 500 metres	$32,500.00
2.	Sample Analysis	$2500.00
3.	Engineering, supervision	$5000.00
4.	Contingencies	$5000.00
	TOTAL	$45,000.00

N.C. Carter Ph.D., P.Eng.

REFERENCES

B.C. Ministry of Mines and Petroleum Resources:
Annual Reports, 1967 - p.167
1968 - p.199

Geology, Exploration and Mining, 1969 - p.273
1977 - p.E 138

McMillan, W.J., (1979): Nicola Project - Merritt Area
in Geological Fieldwork 1978,
B.C. Ministry of Energy Mines and Petroleum Resources,
Paper 1979-1 pp. 41-46.

Preto, V.A., (1979): Geology of the Nicola Group between Merritt and Princeton.
B.C. Ministry of Energy Mines and Petroleum Resources,
Bulletin 69.

Wober, H., (1969): Geological, Geochemical and Geophysical Survey on the Chatko 25-28 and Boy 1-50 Mineral Claims near Merritt B.C.
Assessment Report 2112,
B.C. Ministry of Energy Mines and Petroleum Resources.

CERTIFICATE

I, NICHOLAS C. CARTER, of Victoria, British Columbia, do hereby certify that:

1. I am a geologist registered with the Association of Professional Engineers of British Columbia since 1966.

2. I am a graduate of the University of New Brunswick with B.Sc. (1960), Michigan Technological University with M.S. (1962) and the University of British Columbia with Ph.D. (1974).

3. I have practised my profession in eastern Canada and the United Stated and in British Columbia over the past 23 years.

4. This report is based on a visit to the property February 23, 1983 and on research of published reports and maps and unpublished reports on public file.

5. I have no interest, direct or indirect, in the MAR mineral claim or in Ajay Resources Inc..

N.C. Carter, Ph.D., P.Eng.