

MOOSE AND PORPHYRY PEARL PROSPECTS

Exploration by Sumitomo Metal Mining and Sullivan and Rogers, Consultants, from 1971 to 1973 on the Moose Prospect identified a strong geochemical anomaly in excess of 7200 feet long (2200 meters) and 2000 feet wide (600 meters). Silver values in soil up to 24 ppm are complemented by coincident lead (to 2750ppm), zinc (to 2600 ppm.) and copper (to 200 ppm.). Peripheral to the geochemical anomaly, Induced Polarization surveys indicated several chargeability anomalies in an arcuate pattern suggestive of a buried "porphyry copper" deposit. Geological mapping and sampling by Sumitomo disclosed several small showings with silver, lead, zinc and copper mineralization.

Diamond drilling in 1974 of three of the more intense chargeability anomalies by Sumitomo confirmed the "pyrite halo" hypothesis, and copper-gold porphyry style mineralization was confirmed in drill-hole MM-2, which contains rpopylitized and argillized andesitic volcanics. Twelve samples from Hole MM-2 analyzed by T.C.Scott in 1974 averaged 0.016 oz./ton gold and 0.09 oz./ton silver (Gross metal value \$7/ton at \$400/oz gold and \$7.50/oz. silver). Core from the other holes on the Moose property was not assayed.

Following re-staking of the property in 1977 by Scott and Petra Gem Exploration, option to Energex Minerals Ltd. and farm-out to Kidd Creek in 1979, fill-in soil sampling on the Moose Grid supported and enhanced the large multi-element geochemical anomaly, and disclosed intriguing gold geochemical anomalies

elsewhere on the property. Geophysical surveys near Drillhole MM-2 showed a pronounced magnetic high with coincident chargeability high and a small resistivity low.

In 1982, two drillholes tested this anomaly, and penetrated a strongly altered "porphyry" containing anomalous concentrations of gold, silver, copper lead, and zinc. Short sections of core contain up to 0.799 oz./ton gold, up to 36 oz./ton silver and up to 1.9% copper, 2.6% lead and 6.2% zinc. Over 200 samples representing 150 meters (492 feet) of the best mineralization in DDH 82-1 averages 578 ppb or 0.018 oz/tonne (0.016 oz./short ton). Hole 82-2 has approximately the same grade.

The area tested on this zone, now called the "Porphyry Pearl Zone", by the three holes drilled to date is only 200 meters by 50 meters in surface dimensions. Projection of the same grade over a volume of rock 200 meters cubed would give approximately 21 million metric tons of mineralized rock containing 12.25 million grams or 394,000 oz. of gold. (Gross value at \$400 per ounce of gold would be \$158 million dollars.) Extending the mineralized zone to a volume of 400 meters cubed would give approximately 170 million tons of rock containing 98 million grams or 31 million ounces worth \$1.25 billion dollars.

Of course the gold content per tonne of rock is at present metal prices uneconomic, when mine, mill, and smelter recoveries, charges and capital costs are considered. However, the exercise does serve to indicate the large volume of gold-bearing material present, and suggests the possibility that smaller, high-grade sections may be discovered within the "Porphyry Pearl" deposit, or elsewhere in the yet untested "Moose" geochemical anomaly, or on other parts of the largely overburden covered property

Comparable gold-bearing porphyry copper deposits exist in several areas of British Columbia. Some of the better known deposits which have been evaluated by major mining companies are:

| DEPOSIT | TONS | GRADE CU | GOLD | SILVER |
|-----------------|---|---------------------------|---------------------------|--------------------|
| AFTON (Res '76) | 30,840,000 | 1.0 % | 0.017 opt | 0.122 opt |
| CARIBOO BELLE | 110,000,000 (mdnc) 77,000,000 | 0.32% 0.41% | 0.013 0.009 | (45g/t) ? ? |
| FISH LAKE | 201,000,000 | 0.24% | 0.014 0.015 | 2.257 0.033 opt |
| POISON MTN. | 180,000,000 | 0.27% | 2.500 0.005 | 1000? |

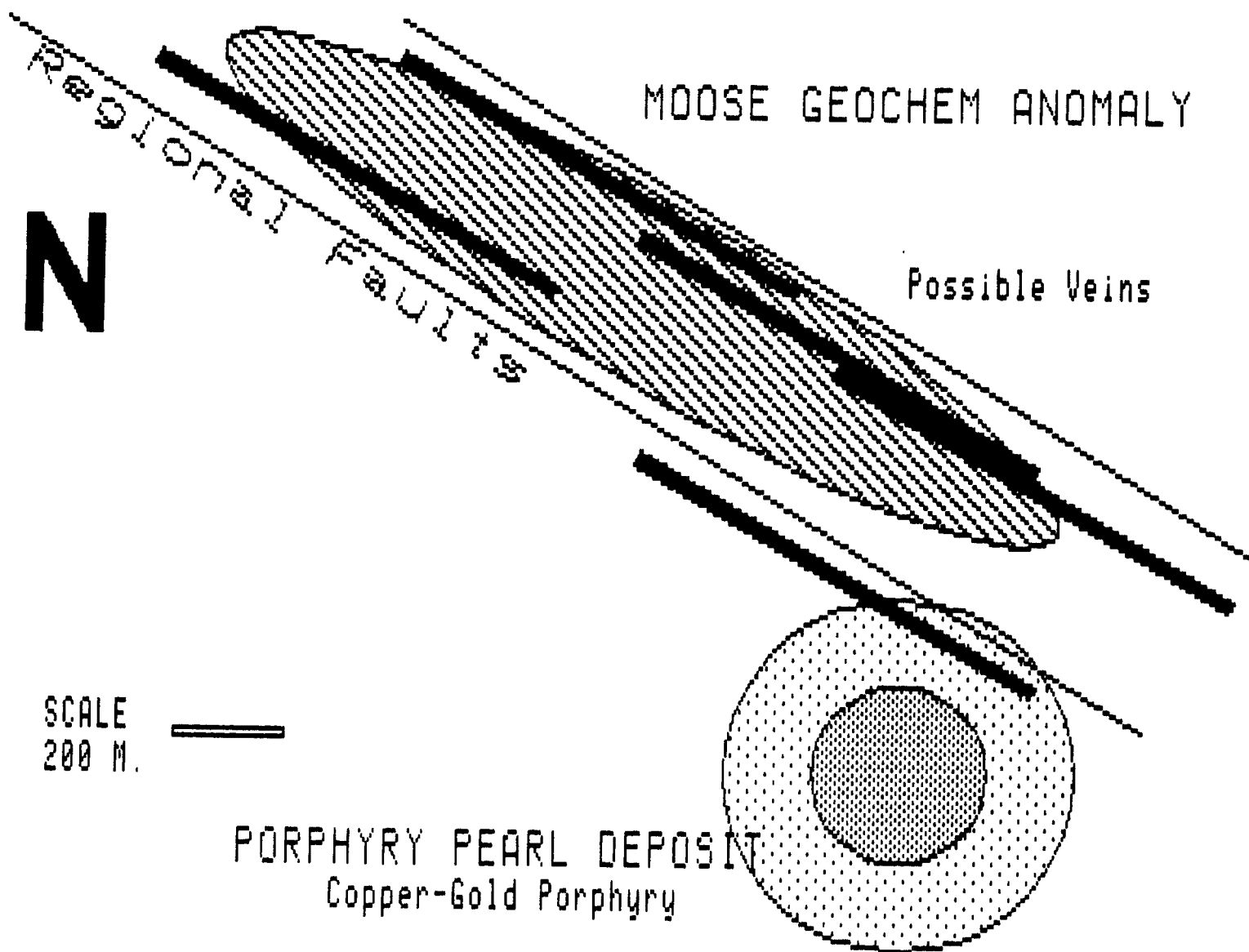
(Source: Canadian Mines Handbook, 1982-1984)

Both the Moose and Porphyry Pearl targets remain to be tested; recommended exploration will include further geological mapping, geophysical surveys, backhoe trenching, and diamond drilling. a preliminary budget for the program follows:

| | | |
|--------------------------------|----------------|------------------|
| Geology, Rock Sampling | | \$ 7,500.00 |
| Geophysical Surveys (I.P., EM) | | 15,000.00 |
| Backhoe Trenching | | 10,000.00 |
| Diamond Drilling | Moose 1000 m | 125,000.00 |
| | P.Pearl 1000 m | 125,000.00 |
| Supervision, Admin. | | 10,000.00 |
| Assays | | 15,000.00 |
| Camp costs | | 20,000.00 |
| Air Support | | 10,000.00 |
| Filing Work | | 15,000.00 |
| Contingency | | <u>22,500.00</u> |
| | TOTAL | \$375,000.00 |

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DIAGRAMMATIC PLAN OF MOOSE PROPERTY