

Omni Resources Inc.

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Dear Shareholder:

The enclosed reprint of the cover story from the latest issue of the Canadian Mining Journal omitted the coordinated efforts of a number of contractors towards making a success out of a challenging exploration project.

It is management's intention with this letter to recognize the contribution of the following contractors.

Canadian Mining Services Ltd.

Mining and Diamond Drilling Contractors

Bleuer-Lockwood

Mountaineering and Avalanche Specialists

G.A. Noel & Associates, Inc.

Consulting Engineers

Quasar Aviation Ltd.

Helicopter Support

Okanagan Helicopters Ltd.

214 Helicopter

Taku Air Transport

Fixed Wing Air Support

1979 PROGRAM

Results from the underground workings and diamond drilling from the adit confirmed the existence of a very high grade vein or series of veins. The best results from drilling included the following intercepts:

- 9.8 feet of 1.33% MoS₂
- 39.4 feet of 0.58% MoS₂
- 39.4 feet of 0.99% MoS₂
- 9.9 feet of 4.00% MoS₂

In the adit itself a 70.5 foot bulk sample assayed 0.414 MoS₂. Indications are, from the data obtained in the adit area, that potential exists for a very interesting high grade deposit, the full extent of which has not been tested.

A surface drill hole was collared approximately 2,000 feet east of the portal site and drilled to 1,248 feet. Near the bottom of this hole a 90 foot section assayed 0.125 MoS₂ and the geology looked encouraging however drilling had to be abandoned when the site became unsafe and unstable.

Perhaps the most significant development of the 1979 season was the discovery of the "Y-zone" located approximately 3,300 feet southeast of the portal site. At this location a distinctive porphyritic phase of the intrusive rock outcrops. Within this rock, molybdenum and tungsten mineralization occurs within many small fractures. This type of mineralization is more typical of that found in the very large molybdenum producers. Surface sampling from this outcrop returned an average value of 0.073 MoS₂ and 0.084 WO₃ (tungsten). Surface evaluation is very restricted because only a portion of the zone is exposed at the edge of the glacier. Drill testing was attempted on this zone but failed to reach target depth before the end of the season.

All geological and engineering field work on the project for the last half of the program was supervised by Mr. B. Taylor of G.A. Noel & Associates Inc. of Vancouver. Omni retained the services of Stewart R. Wallace and Frank Coolbaugh of Denver, Colorado to review the work done to date and to make recommendations for future work on the project. Dr. Wallace was the geologist mainly responsible for the discovery of Amax Inc.'s Henderson Mine and Mr. Coolbaugh was the Chairman of the Board of Amax at the time of the discovery. They are regarded worldwide as perhaps the foremost experts in molybdenum geology and mine development. Based on their suggestions and Mr. Taylor's recommendations Omni is planning another aggressive program during the 1980 season.

1980 PROGRAM

The 1980 effort will be concentrated mainly on surface diamond drilling with an initial phase of 6,000 feet, to test known targets, in particular the new Y-zone porphyry discovery. While this work is being carried out, further mapping and geological evaluation will be continued to expand our present knowledge of the property and to define new targets. The second phase of work would require a further 6,000 feet of drilling to follow up the initial drilling and/or evaluate other targets. The cost of the first phase is estimated at \$600,000.00 and if the full program is completed the total cost would be approximately \$1,060,000.00.

Omni has elected to take over management of the project itself and to accomplish this has hired G.A. (Gerry) Clouthier as Exploration Manager and Ken Orleski as Project Supervisor. These two individuals bring with them extensive backgrounds in managing northern exploration projects.

FUTURE POTENTIAL

At this stage exploration work has demonstrated that the Mount Ogden property does contain a very large molybdenum system. Many aspects of the geology of the deposit show similar characteristics to known large producers. It is the aim of Omni Resources to prove up this potential ore body. By way of comparison, the Henderson Mine operated by Amax, was developed with a capital investment of 600 million dollars. It produces approximately 50 million pounds of molybdenum per year. With molybdenum priced at \$11.00 per pound the annual

gross revenues from the Henderson area in the order of some 500 million dollars per year. Henderson is a very good example of the overall potential of molybdenum stockwork deposits and indications are that Mt. Ogden belongs to this family of deposits.

On behalf of the Board,

A handwritten signature in cursive script, appearing to read "E. Bergvinson", with a long horizontal line extending to the right.

E. Bergvinson
President

June 20, 1980