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REPORT ON THE BIG RED PROPERTY

NTS: 104F/16E

Commodity: MoS_2

Location & Access:

The property is situated on the Barrington River approximately 40 miles West of Telegraph Creek in NW B.C. Access is by helicopter or about 50 miles of trail from Telegraph. In 1968 a cat road was built approximately half this distance but its state of repair is unknown.

Claims and Ownership:

One claim known as Big Red containing four units was staked by G. A. Noel on September 14, 1975 for a syndicate composed of El Paso Mining, Canex Placer and Arnold Racicot. The claim date of record is September 22, 1975 and its record number in the Liard Division is 75(9).

Previous History:

In 1953 Conwest discovered the showing and optioned to Southwest Potash (Amax). They did considerable surface sampling from hand trenches and rock outcrops. Subsequently the claims lapsed and were re-staked in 1967 by Spartan Exploration. During 1968 and 1969 a geological map was prepared and 5 diamond drillholes were completed. Again the claims lapsed and immediately G. Noel staked the area of interest.

Geology:

The property lies in the Coast Range mountains on the north flank of the NE trending Stikine Arch. Claims cover a large spectacular gossan that can be seen from the air 20 miles away.

Country rock is metasediment of Upper Triassic age. Phyllite, quartzite and minor limestone are represented and bedding is evident. These rocks are intruded by a "leucocratic syenite plug" (G.S.C. name) of Upper Cretaceous or Tertiary age. This rock type is unique in the area but is considered to be the same age as most of the large quartz monzonite intrusives in the belt. The above mentioned gossan coincides with the intrusive.

Detailed mapping by Spartan shows several varieties of intrusive rock ranging from a core of silicified quartz biotite porphyry through sericitized quartz monzonite to syenite, which is virtually pure orthoclase.

Fracturing and quartz veining are moderate to intense with several directions of tension evident. The strongest direction of quartz veining and fracturing is N.S. but stockworks are abundant in places. Most of the quartz veins are about 1/8" wide or less.

Surface weathering has been active with leached pits in the rock and rust stains along fractures abundant. The attached sketch map shows location of samples enclosed herewith.

Mineralization:

Disseminated pyrite is abundant in all rocks except the core porphyry. Molybdenite was observed in all rock types and is confined to the quartz veinlets and stockworks.

The porphyritic core rock is very low grade but it is surrounded, in a general way, by the highest grade zone, which is highly altered and intensely quartz veined. Rock between the veinlets is almost pure fine grained sericite and quartz. The syenite is weakly mineralized generally but some moderate grade patches were observed.

Drill results were low in all holes except the first one. Here several zones above 0.1% MoS_2 were cut, the best being 160' of 0.16% MoS_2.

Minor chalcopyrite was noted in the core usually associated with pink K-spar alteration.

Comments:

(1) Oxidation and leaching limits usefulness of surface sampling. No doubt the evaluation made by Amax encountered lower grade than would be evident from drilling.

(2) Drilling done by Spartan was parallel to the main direction of quartz veining, with the exception of S-1, thus most of their work is non representative. Interestingly even S-1 did not cut the veining at the most desirable angle.

(3) The present owners represented that the best values obtained by Spartan was 45' of 0.08% MoS_2. An assessment report obtained before the examination contained a drill hole section with the above mentioned values.

Conclusions:

Widespread showings of MoS_2, lithology and alteration, intensity of quartz veining and a substantial thickness of near ore grade in a drill hole all indicate the very good potential of this property. Testing by drilling has been inadequate both in terms of spacing and orientation. Large areas remain untested, notably near Penny Creek where no work has been done.

The location is far from ideal but the effect of transportation cost, per pound of Mo produced, is minor.

An option agreement has been negotiated that is very favourable to Chevron.

Recommendations:

Option the property and begin a detailed evaluation program including remapping with particular attention to quartz vein intensity and at least 2500' of diamond drilling. These holes will be relatively short and angled.

I.P. and geochemistry are specifically not recommended due to pervasive intense pyritization and leaching respectively.

Routine checks for uranium, rhenium gold and silver are also recommended.

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