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REPORT ON
HIGH GRADE MOLYBDENITE POTENTIAL
OF THE LAKE ZONE

CARMI MOLYBDENUM PROPERTY

Greenwood Mining Division
British Columbia

for

VESTOR EXPLORATIONS LTD.

and DYNAMIC OIL LTD.

by

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

SUMMARY AND CONCLUSIONS

The Carmi Molybdenum Property, located near Beaverdell, British Columbia, is jointly held by Vestor Exploration Ltd. and Dynamic Oil Limited of Vancouver, British Columbia.

The property has received a substantial amount of surface exploration and drilling, which work has outlined a drill indicated open pittable reserve of 22.8 million tons grading .106% molybdenite in a series of flat lying tabular breccia bodies (E Zone) and in a separate steep dipping tabular breccia body (Lake Zone). There is potential for increasing this reserve upwards to 40,000,000 tons.

High grade molybdenite sheets, the primary subject of this evaluation report, have been intersected in numerous drill holes in the Lake Zone--particularly within its footwall and hanging wall portions. Drill intercepts in the Lake Zone indicate an average true thickness of 27.8 feet for these sheets with an average grade of 0.33% molybdenite. A potential for five million tons of high grade molybdenite mineralized breccia is estimated for the Lake Zone. Potentially better grades may occur in deeper untested portions of the Lake Zone based on the inferred deposit model of formation. These high grade sheets are considered potential underground mining targets.

The above molybdenum reserves are uneconomic at current molybdenum prices. However, the property covers a substantial molybdenum resource for the future which should be re-evaluated in terms of underground and/or open pit mining whenever the price of molybdenum substantially strengthens.

INTRODUCTION

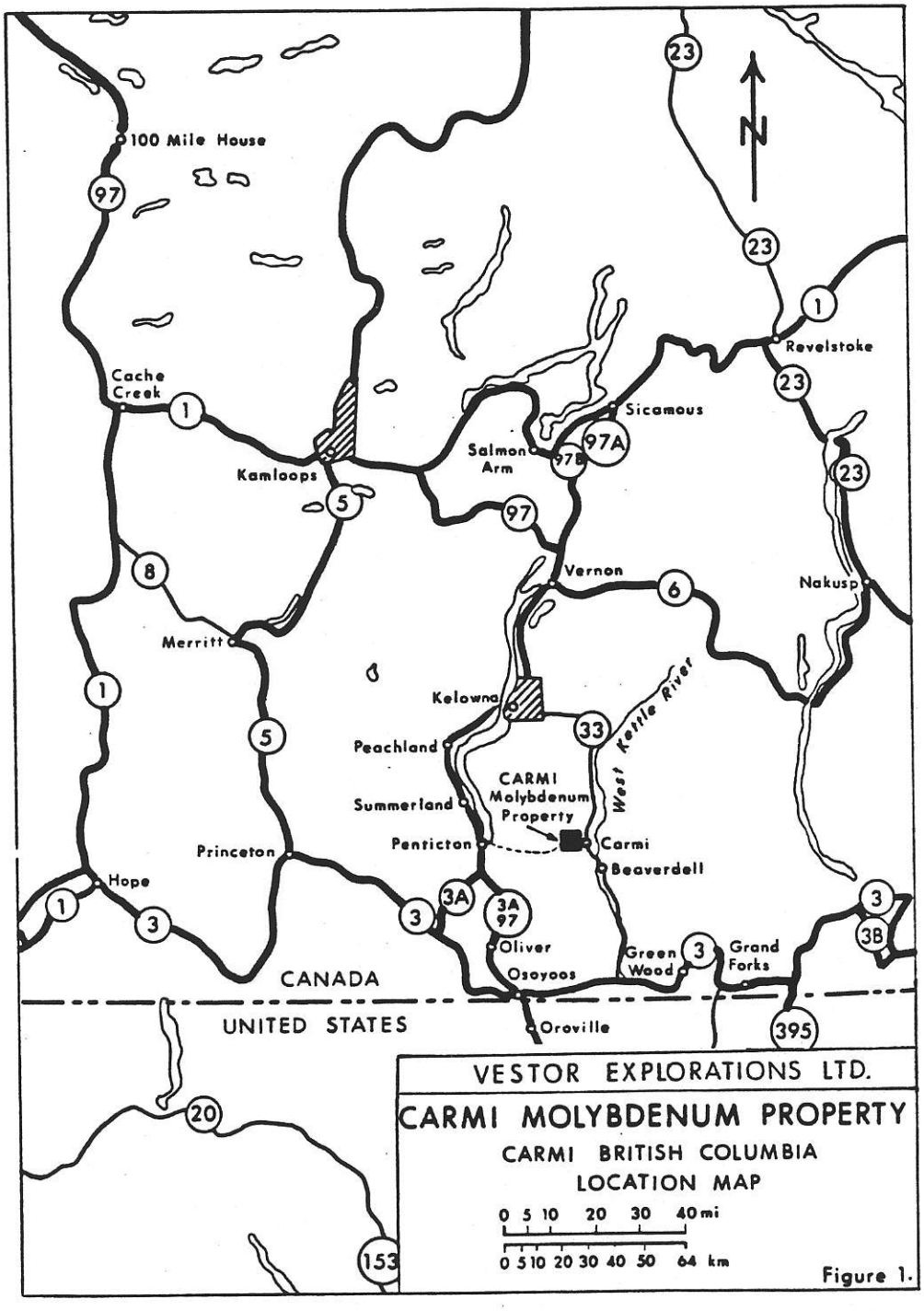
Vestor Explorations Ltd. and Dynamic Oil Limited own a 100% interest, subject to certain royalties to property vendors, in the Carmi Molybdenum Property, located near Carmi, British Columbia.

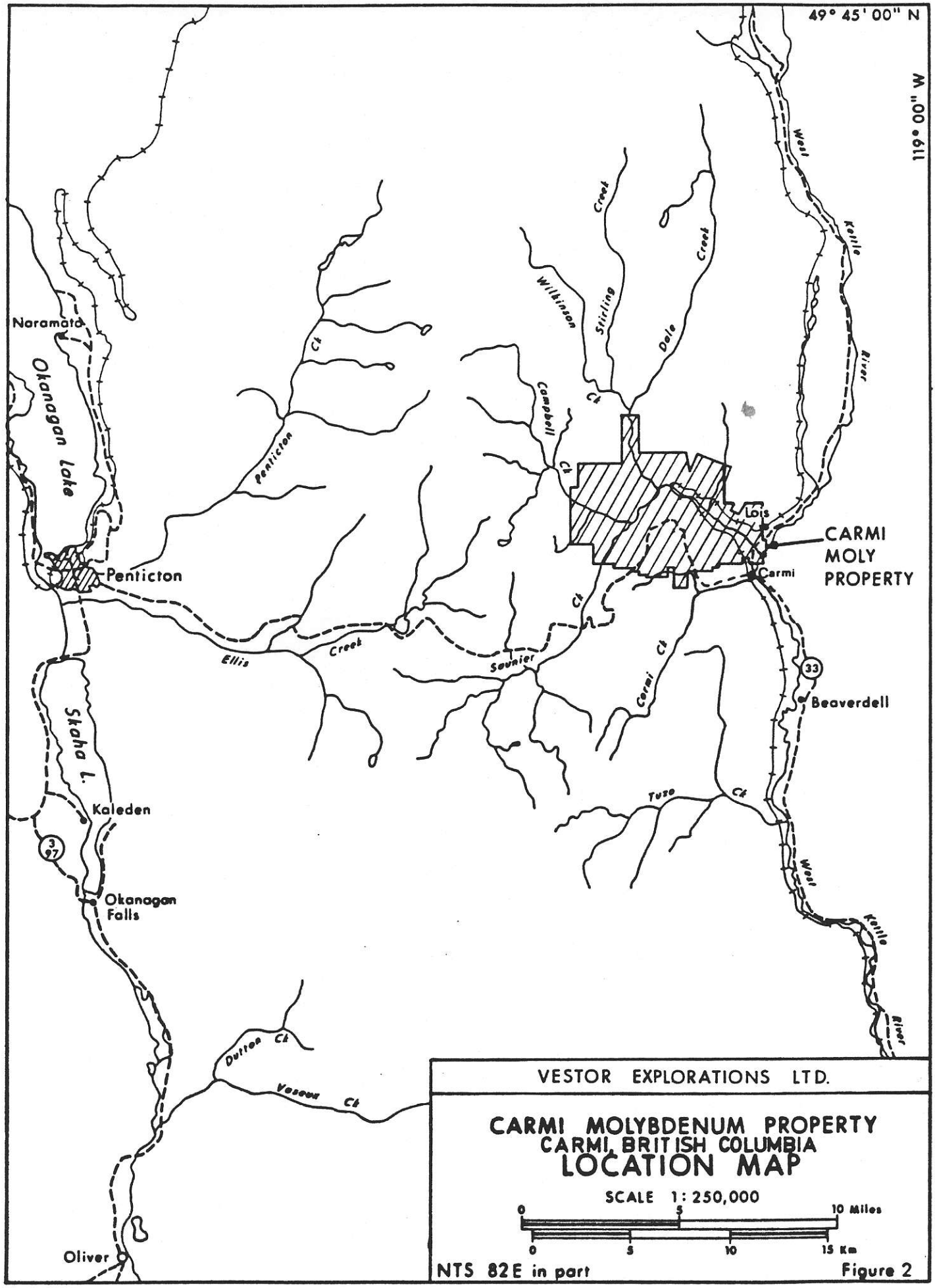
In December, 1986, Mr. John A. Greig, President of Vestor Explorations Ltd. and Mr. Wayne J. Babcock, President of Dynamic Oil Limited, both of Vancouver, British Columbia, commissioned the writer to prepare an evaluation report documenting the high grade molybdenite potential of the Lake Zone on the Carmi Molybdenum Property. Accordingly, this report embodies the results of an evaluation which is based on a review of all drilling and surface data pertaining to the Lake Zone and on the writer's personal experience with the property.

LOCATION, TOPOGRAPHY AND ACCESS

The Carmi Molybdenum Property is located within the Okanagan Highlands at Carmi, British Columbia. Carmi is situated approximately 54 km (33.5 miles) south-southeast of Kelowna, 38 km (23.6 miles) east of Penticton and 8 km (5.0 miles) north-northwest of Beaverdell (Figures 1 and 2). The property is situated within the Greenwood Mining Division of British Columbia and is centered at approximately 49° 31' N latitude and 119° 09' W longitude.

Topography within the property area varies from gently rolling in the central and southern parts to steep and rugged in the north, east and west. The central part of the property has a maximum elevation of approximately 1,370 meters (4,494 feet) which is roughly 450 to 500 meters (1,476 to 1,640 feet) above the valley floor.


100 Mile House
97
Cache Creek
1
Kamloops
5
8
Merritt
1
5
Princeton
Hope
1
3
3
3A
3A
97
Oliver
Osoyoos
CANADA
UNITED STATES
Oroville
20
153
97
Salmon Arm
97B
97A
Sicamous
23
23
1
Revelstoke
23
23
Nakusp
Vernon
6
Kelowna
33
Peachland
Summerland
Penticton
CARMI
Molybdenum
Property
West Kettle River
Carmi
Beaverdell
Green Wood
3
Grand Forks
3
3B
395
N
VESTOR EXPLORATIONS LTD.
CARMI MOLYBDENUM PROPERTY
CARMI BRITISH COLUMBIA
LOCATION MAP
0 5 10 20 30 40 mi
0 5 10 20 30 40 50 64 km
Figure 1.


49° 45' 00" N
119° 00" W
Naramata
Okanagan Lake
Penticton
Penticton Ck
Ellis Creek
Skaha L.
Kaleden
Okanagan Falls
Oliver
Dutton Ck
Vaseux Ck
Wilkinson Creek
Stirling Creek
Dale Creek
Campbell Ck
Sawmer Ck
Carmi Ck
Tuzo Ck
West Kettle River
Lois
Carmi
CARMI MOLY PROPERTY
Beaverdell
33
97
VESTOR EXPLORATIONS LTD.
CARMI MOLYBDENUM PROPERTY
CARMI, BRITISH COLUMBIA
LOCATION MAP
SCALE 1: 250,000
0 5 10 Miles
0 5 10 15 Km
NTS 82E in part
Figure 2

Access to the property is good and is made directly by bush road leading off Highway 33 at Carmi to the east, or alternatively, but less readily, from Penticton to the west.

The Lake Zone is accessible by road, and is situated on a moderately steep west facing slope.

EXPLORATION HISTORY

Initial work in the Carmi property area was conducted by Kennco Exploration Limited in 1961 following the identification, in 1960, of anomalous molybdenum in the Beaverdell area during a reconnaissance stream water and sediment survey. Between 1961 and 1980 extensive exploration, including detailed geological mapping and prospecting; soil, water and silt geochemistry; bulldozer trenching and chip sampling; detailed shallow and deep penetrating induced polarization/resistivity and magnetometer geophysical surveys; and percussion and diamond drilling, was carried out by a number of independent exploration companies including International Minerals and Chemicals Limited (IMC), Husky Oil Limited and G. V. Lloyd Exploration Ltd., Granby Mining Corporation, Craigmont Mines Limited, Union Oil Company of Canada Limited and Vestor Explorations Ltd. In 1985, Vestor Explorations Ltd. and Dynamic Oil Limited carried out a limited percussion drilling program.

To date a total of 69,626 feet of drilling has been carried out on the property in 140 percussion drill holes and 45 diamond drill holes. The majority of this drilling has been completed in the area of the E and Lake Zones. Specifically on the Lake Zone, some 13,385 feet of drilling have been completed to date in 21 shallow percussion holes, 7 shallow diamond drill holes and in one deep diamond drill hole.

GEOLOGY

The geology of the property has been thoroughly documented in Company reports as per the Bibliography hereto, and is summarized in a paper presented at the May, 1981 CIM Symposium in Calgary, Alberta by George M. Leary and Robert M. Falls. The latter paper is included with this report as Appendix II, to which the reader is referred in reference to this section. For further details, the reader is referred to Appendices I and III of the 1979 Final Report, Carmi Molybdenum Property by R. M. Falls and G. M. Leary, December, 1980.

The following summary description of the geology and reserves of the Carmi Molybdenum Property is quoted from Appendix II herein.

> The Carmi Molybdenum Deposit..., occurs within an apparent north-south belt of Tertiary (i.e. 50 million years) Valhalla granitic stocks and dykes and acid to basic volcanic extrusives superimposed on Jura-Cretaceous Nelson plutonic rocks of regional extent.
>
> Within the vicinity of the deposit, Nelson rocks have been structurally disturbed, altered and intruded by a series of structurally controlled Valhalla rocks and associated molybdenite-bearing breccia and greisen systems, and by post mineral dyke swarms.
>
> Structural control of the Carmi deposit and its related intrusive elements is manifest by a rhomb-shaped fault pattern resulting from the intersection of a regional major east-west trending fault and a northeast trending multiple fault system.
>
> Molybdenite occurs disseminated in a series of shallow breccia zones (Stage I Molybdenite) in Nelson country rocks, and in local greisen zones (Stage II Molybdenite) in an extensive underlying partially unroofed stock of Valhalla leucocratic quartz monzonite. These zones are spatially and genetically associated respectively with a series of locally occuring Valhalla quartz monzonite and granodiorite sills, masses and dykes and with the underlying stock.

Stage I Molybdenite bearing breccias occur in two zones (i.e. E and Lake Zones). The E Zone is characterized by a series of flat lying to gently dipping tabular breccia bodies aligned along a northwest-southeast trend over a length of at least 6,000 feet and a width of up to 1,600 feet. The Lake Zone is a separate steeply north-dipping breccia zone located west of the E Zone. It is 2,150 feet long and up to 500 feet wide on surface, and extends to depths of up to at least 1,300 feet. Breccias are characterized by angular Nelson fragments in a matrix comprised of intergradational bull quartz, aplite-pegmatite, quartz monzonite and granodiorite pseudo-breccia (i.e. characterized by exsolved quartz-biotite-pyrite-molybdenite clots). Widespread secondary sericite ± biotite with associated pyrite (1 to 10%), molybdenite, fluorite, magnetite and amethyst occur throughout the breccias. Fracture controlled K-Feldspar, epidote and chlorite alteration with minor pyrite occurs peripheral to breccias and centered within the structurally disturbed region. Quartz-sericite-pyrite greisen veins and zones and aplite-pegmatite dykes occur widespread in the vicinity of breccia zones, but are concentrated in certain proximal zones at depth. Breccias are locally cut by apophyses of the underlying stock and both the Lake and E Zones appear locally truncated by the stock.

Stage II greisen-type fracture controlled molybdenite-pyrite zones have been encountered in the upper 400 feet of the underlying stock, particularly beneath mineralized breccias in the E Zone area. The host stock is alaskitic. It is characterized by quartz eyes set in a granular fine to medium grained matrix, and by widespread microfracturing, sericite alteration and by minor disseminated pyrite, magnetite, fluorite, amethyst and molybdenite.

Of eleven elements (Mo, Cu, Ag, Pb, Zn, U, W, Co, Mn, Fe and Ni) analyzed from soil samples collected from the B horizon on a grid basis, only molybdenum occurs in consistently anomalous amounts. Molybdenum anomalies ($\geq$10 ppm Mo) correlate spatially with all known molybdenite zones and indicate limited southerly directed glacial smearing (i.e. Lake Zone). Small drainages to the northeast and south of the E Zone carry anomalous molybdenum and sporadic anomalous zinc and uranium values in silts and waters.

Shallow penetrating frequency domain induced polarization surveys have identified numerous weak anomalous (PFE $\geq$2.8%) zones. The stronger anomalies reflect known molybdenite

zones and the pyrite zone extending south from the E Zone. Weaker anomalies reflect sheared and fractured zones (i.e. structural discontinuites) and widespread weak pyritization (i.e. northwest of Lake Zone).

Magnetometer surveying has identified magnetic lows that reflect the leucocratic quartz monzonite stock and zones of structural discontinuity.

A deposit model is presented that is clearly atypical of porphyry or breccia molybdenum environments. The model involves a system of explosive vapor venting of the stock with breccia formation in structurally controlled sites in cap rocks; simultaneous emplacement of magmatic and magmatic-pneumatolytic phases with molybdenite and associated mineral phases into breccia voids and emplacement of magmatic phases into flat lying vapor release dilation zones. These phases were derived from the underlying stock. Subsequent development of fracture controlled pneumatolytic greisen and molybdenite mineralization occurred in root differentiate zones in the underlying stock.

Extensive percussion and diamond drilling to date have indicated a possible open pit reserve of 20 to 30 million tons grading 0.10% MoS_2 at a cutoff grade of 0.05% MoS_2.

The Lake Zone, the subject of this report (see Figures 2 to 6 inclusive), is characterized by a 65° to 80° north dipping tabular breccia body locallized along the above mentioned regional east-west fault at its intersection with a gently southeasterly dipping fault. Valhalla quartz monzonite is emplaced as a sill-like body along the latter fault near the base of the Lake Zone subconcordantly with the top of the underlying leucocratic quartz monzonite stock, and forms the breccia matrix at its intersection with the Lake Zone breccia. The Lake Zone breccia and quartz monzonite sill are truncated by the underlying stock, and are locallized above the flank of a saddle in a ridge-like east-west trending cupola coincident the Lake Zone at depth. The Lake Zone is widest (i.e. up to 600 feet) immediately above the quartz monzonite sill, pinches out to the east on surface approximately 1,200 feet above the sill, narrows beneath the quartz monzonite sill to the west and at depth, and appears to have a

TABLE 1

LEGEND (To Accompany Figures 3 to 7 inclusive)

LITHOLOGY

NIPPLE MOUNTAIN VOLCANICS AND FEEDERS

16 Lamprophyre Dykes

15 Volcanic Flows (a) Trachyte
(b) Basalt
(c) Dacite

14 Dacite Dykes

13 Flows' Tuffs, Fragmentals (a) Felsic (b) Intermediate—Mafic

VALHALLA INTRUSIONS

PHASE III

10 Feldspar Porphyry Dykes

PHASE II

9 Quartz Porphyry Dykes

8 Leucocratic Quartz Monzonite (Alaskite)
(a) Fine-grained (b) Medium-grained

PHASE I

7 Fine-grained Speckled Granodiorite Dykes
(a) Low Mafic (b) High Mafic

6a Biotite Quartz Monzonite

6b Speckled Biotite Granodiorite
Pseudo Breccia

6c Breccia Zones

12 Aplite
Pegmatite
Dykes

11 Bull
Quartz
Vein

NELSON INTRUSIONS

5 Massive Diorite (a) Fine-grained (b) Medium-grained

4 Massive Hornblende – Biotite Granodiorite

3 Foliated (a) Hornblende – Biotite Diorite to Quartz Diorite
(b) Biotite Granodiorite
(c) Gabbro

ANARCHIST GROUP

2 Metasediments (a) Banded sulphidic, tuffaceous (?) quartzite, chert, greywacke, calc - silicate unit; minor marble and gneiss

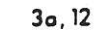
1 Metavolcanics – Amphibolite, hornblende gneiss

TABLE 2

SYMBOLS (To Accompany Figures 3 to 7 inclusive)


Outcrop Area

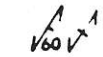
Angular Rubble Float or Very Minor Outcrop



Principal Rock Phase, Minor Rock Phase


Geologic Contact (Defined, Approximate)

Bedding (Inclined With Dip, Vertical)



Foliation (Inclined With Dip, Vertical)

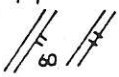
Fracture Set (Inclined With Dip, Vertical)

Jointing (Inclined With Dip, Vertical)

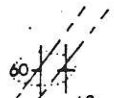
Shear Jointing (Inclined With Dip, Vertical)


Inferred or Projected Fault

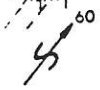

Inferred Outlined of Major Shear Zone



Bull Quartz Vein or Vein Set (Inclined With Dip, Vertical)



Dyke Attitude (Inclined With Dip, Vertical)



Fold With Plunge

Site of Magmatic Matrix Within Breccia Zones (ie. Unit 6a or 6b)


Surface Projection of Speckled Biotite Granodiorite Pseudo Breccia (Unit 6b)

Drill Indicated Shallow Molybdenite Zones
(cutoff: Minimum 30 Feet Grading $\geq$ 0.05% MoS_2)


Trench

bx — Breccia

Mo — Molybdenite

Py — Pyrite

Po — Pyrrhotite

Mag. — Magnetite

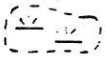
A-A' — Geologic Section


MAIN ACCESS ROAD


SECONDARY DRILL OR LOGGING ACCESS ROAD


RAILWAY RIGHT OF WAY

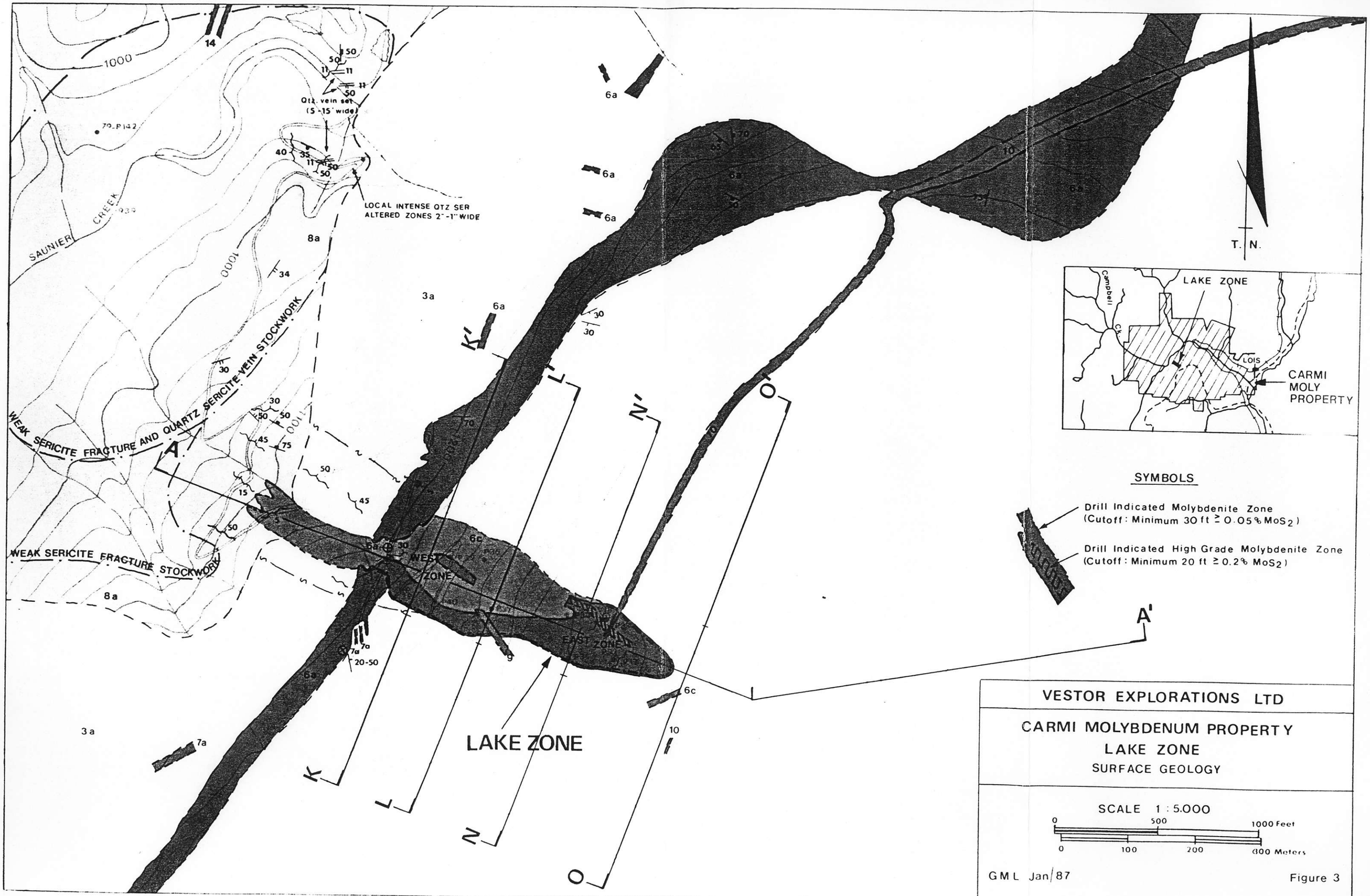

OPEN AREA


SWAMP

⊙ K1 — DIAMOND DRILL HOLE WITH IDENTIFICATION NUMBER

• 75-P-74 / P-42 — PERCUSSION DRILL HOLE

⊙ 81 DDH-1 — PROPOSED 1981 DIAMOND DRILL HOLE



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CARMI MOLYBDENUM PROPERTY
LAKE ZONE
SURFACE GEOLOGY

SCALE 1 : 5.000

0 500 1000 Feet
0 100 200 400 Meters

GML Jan/87

Figure 3

SYMBOLS

70 Attitude of Lake Zone Breccia Unit 6c

Structural Contour (meters) of Top of Leucocratic Quartz Monzonite Stock

Trace of Footwall Contact of Lake Zone Breccia Unit 6c

T. N.

Stock

Monzonite

Leucocratic Quartz

HIGH

LOW

LOW

HIGH

8a

3a

A

A'

K'

L'

N'

O'

K

L

N

O

1150

1100

1050

1000

950

900

850

900

950

1000

1050

1100

1150

1200

1250

Depth Trace (Projected to Surface) of Footwall Surface

Trace of Footwall

70

80

Modified after R M Falls and G M Leary, December 1980

VESTOR EXPLORATIONS LTD

CARMI MOLYBDENUM PROPERTY
LAKE ZONE

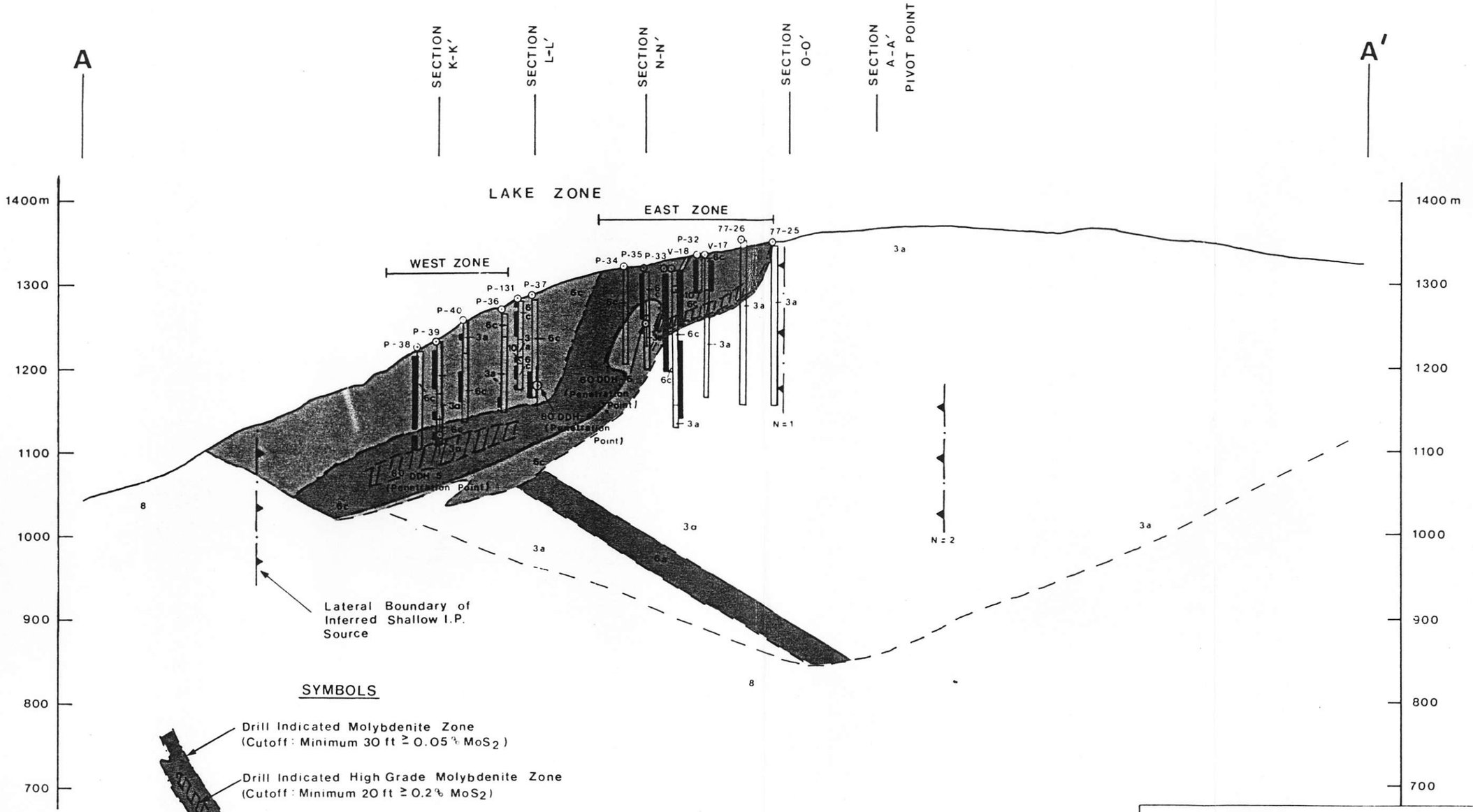
STRUCTURAL CONTOUR MAP OF TOP OF LEUCOCRATIC QUARTZ MONZONITE STOCK AND TRACE OF FOOTWALL CONTACT OF LAKE ZONE BRECCIA UNIT 6C

meters 0 200 400

Scale 1 5 000

GML Jan/87

Figure 4



Section Modified After
R.M. Falls, January, 1981

VESTOR EXPLORATIONS LTD

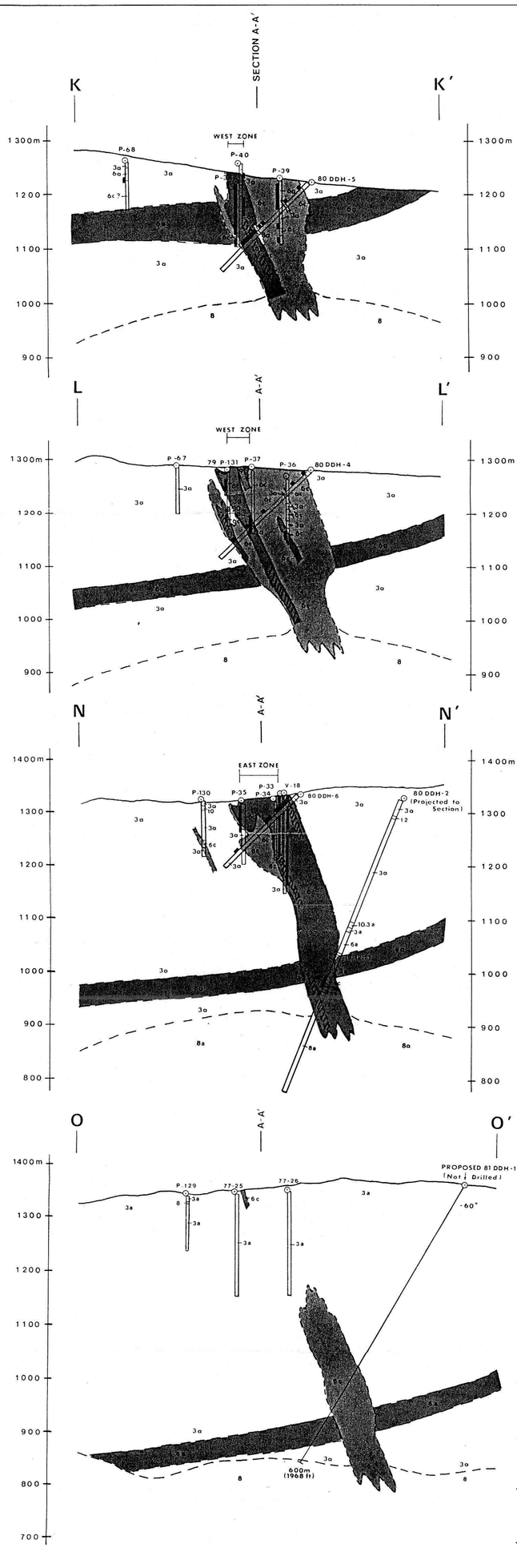
CARMI MOLYBDENUM PROPERTY
LAKE ZONE

GEOLOGICAL LONGITUDINAL SECTION A-A'
LOOKING NORTH

Scale 1:5.000 meters 0 100 200

GML Jan/87 0 200 400 600 feet

Figure 5



SYMBOLS

Drill Indicated Molybdenite Zone
(Cutoff: Minimum 30 ft ≥ 0.05% MoS_2)

Drill Indicated High Grade Molybdenite Zone
(Cutoff: Minimum 20 ft ≥ 0.2% MoS_2)

Drill Hole (P-Percussion Drill Hole: All Others Diamond Drill Holes)

Molybdenite Zone
(Minimum 10 ft ≥ 0.05% MoS_2)

Sections Modified After
B.M. Falls, January, 1981

VESTOR EXPLORATIONS LTD

CARMI MOLYBDENUM PROPERTY
LAKE ZONE

GEOLOGICAL CROSS SECTIONS
K-K', L-L', N-N', AND O-O'
LOOKING WEST

Scale 1:5,000

G.M.L. Jan/87

Figure 6

feather-truncation contact with the underlying stock to the west and at depth. Both the footwall and hanging wall contacts of the zone appear to marginally undulate.

The Lake Zone has been previously described by the writer (i.e. Appendix III of 1979 Final Report as above) as follows:

> The Lake Zone is characterized by abundant 6" to 3' wide bull quartz and lesser granitic aplite-pegmatite fillings healing brecciated (i.e. fragments 2" to 1' wide) weak to intensely sericitized (i.e. 10% to greater than 80% medium grained sericite flakes and books) Nelson rocks. On the average up to 60% of the Lake Zone breccia is composed of intensely sericitized material. No secondary biotite or chlorite such as in the E Zone was noted. Five to fifteen percent pyrite occurs throughout the zone as grains and clots disseminated within breccia material. Molybdenite flakes and rosettes with associated amethyst, pyrite and fluorite occur disseminated within intensely sericitized zones. Minor molybdenite occurs disseminated within quartz fillings.
>
> Widespread epidote and minor pyrite occur along fractures peripheral to the Lake Zone. More intense pervasive and fracture controlled epidote and associated pink K-Feldspar occur as an apparent sleeve along the zone pinching out to the west and upwards at the east end of the Lake Zone. This area has associated common pegmatite-aplite dykes and sericite-quartz pyrite greisen veins and altered zones at depth.

Molybdenite distribution within the Lake Zone appears somewhat erratic based on mode of occurrence, grade variance and distribution of mineralized intercepts. However, drilling to date has indicated a low grade (i.e. minimum 30 feet grading $\geq$ 0.05% MoS_2) continuous sheet-like footwall zone 50 to 150 feet wide and discontinuous hanging wall zones up to 50 feet wide which coallesce with the footwall zone to the east and form a thick mineralized zone (East Zone) averaging about 200 feet thick. Within these hanging wall and footwall low grade zones, high grade molybdenite occurs in apparent sheet-like zones. Drill intercepts in

high grade molybdenite are summarized on Table 3. These high grade zones range from approximately 17 to 43 feet in true thickness and from 0.241% to 0.570% MoS_2 in grade. The zones average 27.8 feet in true thickness and have a weighted average grade of 0.329% MoS_2.

TABLE 3

LAKE ZONE HIGH GRADE MOLYBDENITE DRILL HOLE INTERCEPTS
(Cutoff: Minimum 20 feet $\geq$ 0.2% MoS_2)

DRILL HOLE	INTERCEPT FOOTAGE	INTERCEPT LENGTH (FEET)	TRUE INTERCEPT LENGTH (FEET)	INTERCEPT WITHIN HANGING WALL (HW) OR FOOTWALL(FW) SIDE OF UNIT 6c BRECCIA	% MoS_2
80 DDH 5	457.6- 500.6	43.0	40.0	FW	0.280
P 131	*320 - 350 (open)	30	13	FW	0.314
80 DDH 2	*1298.5-1328.2(open)	29.7	16.0	HW	0.280
80 DDH 6	84.0- 114.0	30.0	28.0	HW	0.570
P 33	100 - 200	100	43.0	HW	0.326
V-18	100 - 140	40	17.2	HW	0.305
V-18	460 - 500	40	17.2	FW	0.362
P-32	80 - 150 (open)	70	30.0	FW	0.241
V-17	85 - 130	45	19.4	FW	0.218
			Avg. 27.8	Wtd. Avg.	0.329

*Intercepts not used in calculating average true intercept length.

OPEN PITTABLE RESERVES AND POTENTIAL

Although open pittable reserve calculations for the E and Lake Zone have been reported in the aforementioned reports, a revised estimate is included herein as Appendix III which incorporates the results of drilling in 1980 and 1985.

An estimate of drill indicated open pittable reserves on the Carmi Molybdenum Property, given in Appendix III hereto, is summarized as follows:

E Zone : 18.7 million tons grading 0.105% MoS_2
Lake Zone: 4.1 million tons grading 0.110% MoS_2
Total : 22.8 million tons grading 0.106% MoS_2

These reserves occur in a larger geologic reserve or mineral inventory previously estimated by the writer (see Appendix I of 1979 Final Report by R. M. Falls and G. M. Leary, December, 1980) as follows:

E Zone : 30 million tons grading .05 to .10% MoS_2
Lake Zone: 15 million tons grading .05 to .10% MoS_2
Total : 45 million tons grading .05 to .10% MoS_2

Total drill indicated, inferred and potential open pittable reserves for the property at a grade of .10% MoS_2 are estimated to be limited to a maximum of about 30 to 40 million tons. There is a high probability that reserves could be increased to about 30 million tons with further drilling, particularly in the E Zone area. Previous deep penetrating induced polarization surveying and diamond drilling have effectively eliminated the possibilities for i) a significant porphyry or greisen stockwork type deposit at depth in the leucocratic quartz monzonite stock or for ii) significant E and Lake Zone type mineralized breccias at depth in favourable structural sites.

HIGH GRADE UNDERGROUND POTENTIAL OF THE LAKE ZONE

The high grade underground potential of the Lake Zone has been assessed in terms of known drill intercepts, geologic character of the Lake Zone and deposit model as aforementioned and as given on Figure 17 of Appendix II hereto. The potential distribution of the high grade molybdenite zone or zones in the Lake Zone is illustrated on Figure 7 in longitudinal section. The basis for the current evaluation is as follows:

1. Continuity of high grade zones at depth is indicated by the good continuity of the low grade footwall zone and the number and distribution of high grade drill hole intercepts.

2. Except for 80 DDH-4, all diamond drill holes penetrating the Lake Zone (i.e. 6 holes) have intersected at least one high grade zone in either the footwall or hanging wall section of the Lake Zone.

3. The deposit model developed for formation and mineralization of the breccia bodies involves, in the case of the Lake Zone,

    i) Emplacement of the quartz monzonite sill in a vapor release dilation zone along a previous gently dipping fault structure above the cooling and crystallizing underlying leucocratic quartz monzonite stock with simultaneous formation of the breccia zone by vapor venting of the quartz monzonite sheet along a previously existing steep fault; and

    ii) Magmatic-pneumatolytic products (i.e. quartz monzonite, aplite-pegmatite and quartz) which heal the breccia and emanate from the quartz monzonite magma sheet during its emplacement.

A

SECTION K-K'

SECTION L-L'

SECTION N-N'

SECTION O-O'

SECTION A-A'

PIVOT POINT

A'

1400m

1300

1200

1100

1000

900

800

700

WEST ZONE

EAST ZONE

80 DDH-6
0.57/28.0
H.W.

P-32
0.241/30.0
F.W.
(open)

V-17
.218/19.4
F.W.

P-33
0.326/43.0
H.W.

V-18
.305/17.2
H.W.

V-18
.366/17.2
F.W.

P-131
0.314/13.0
F.W.
(open)

80 DDH-5
0.28/40.0
F.W.

80 DDH-2
0.28/16.0
F.W.
(open)

6c

6a

3a

8

N-1

N-2

Lateral Boundary of Inferred Shallow I.P. Source

Projected Location of Unit 6c as per proposed 81 DDH-1 re Report by R.M. Falls, Jan 81

Projected Position of Unit 6a

Inferred Direction of Breccia Formation Activity Front Related to Emplacement of Unit 6a

SYMBOLS

Outline of Drill Indicated and Inferred High Grade Molybdenite Zone

80 DDH-5
0.28/40.0
F.W.

High Grade MoS_2 Drill Hole Intercept (Minimum 20 ft ≥ 0.2% MoS_2
% MoS_2 / True length of Intercept (ft)
F.W. - Zone on Footwall Side of 6c Breccia Zone
H.W. - Zone on Hanging Wall Side of 6c Breccia Zone
(open) - Intercept Open at Depth

VESTOR EXPLORATIONS LTD

CARMI MOLYBDENUM PROPERTY
LAKE ZONE

POTENTIAL HIGH GRADE MOLYBDENITE ZONE
LONGITUDINAL SECTION IN PLANE OF LAKE ZONE PROJECTED TO VERTICAL SECTION A-A' LOOKING NORTH

Scale 1 : 5.000

meters 0 100 200

feet 0 200 400 600

G.M.L. Jan/87

Figure 7

As per the foregoing, the distribution of breccia formation and molybdenite mineralization at depth should conform to the dip of the quartz monzonite sheet.

4. Granodioritic pseudobreccia with associated higher grade molybdenite mineralization, similar to that developed in the basal central portion of the E Zone, is potentially present at depth down dip the quartz monzonite sheet neat the contact with the underlying stock. This phase is expected to occur in association with the deeper portions of the Lake Zone system. A few granodioritic dykes (i.e. Unit 7a), which occur on surface immediately south of the Lake Zone spatially associated with the quartz monzonite sheet, suggested the presence of a potential mineralized phase at depth.

On the basis of the foregoing, the potential of the Lake Zone is considered excellent for hosting hanging wall and/or footwall high grade panels or sheets of molybdenite mineralized breccia. As aforesaid and based on the "outline of drill indicated and inferred high grade molybdenite zone" as per Figure 7 and on the average drill hole true intercept length and molybdenite grade, the high grade underground reserve potential of the Lake Zone is estimated to be 5 million tons grading $\geq 0.33\%$ MoS_2. By virtue of the indicated average widths of high grade panels (i.e. 27.8 feet) and their steep dips, low cost mechanized underground mining methods would apply.

ECONOMICS

With current depressed molybdenum prices, neither the low grade open pittable reserves nor the potential high grade underground reserves are currently economic. Substantially higher molybdenum prices than the current level of under $3.00 U.S. per pound of contained molybdenum in molybdenite concentration will be required in order to consider the economics of the project. As such, the Carmi Molybdenum Property covers a substantial molybdenum resource for the future. It is estimated that a price of at least $10.00 U.S. per pound contained molybdenum would be necessary at current operating cost levels before the project could become potentially economically feasible.

Any economic evaluation of the potential underground high grade reserves in the future should also assess the rhenium, gold, silver and uranium contents of the mineralized zones.

Respectfully submitted,
GML MINERALS CONSULTING LTD.

George M. Leary, M.Sc., P.Eng.
President

CERTIFICATE OF QUALIFICATION

I, George M. Leary, hereby certify that:

1. I am a professional geologist, having received a B.Sc. degree in honours geology in 1967 and a M.Sc. degree in geology in 1969 from the University of British Columbia.

2. I have been a registered member of the Association of Professional Engineers of the Province of British Columbia since 1973, and have been registered as a Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1984.

3. I am a Fellow of the Geological Association of Canada and a member of the Canadian Institute of Mining and Metallurgy.

4. I have been engaged in mineral exploration and property development work throughout Canada and the United States since 1964.

5. I have been involved in a wide variety of specialty (i.e. Mo, W, Nb, Ta), precious (Au, Ag) and base metal (Pb, Zn, Cu) projects throughout North America.

6. I have practiced my profession continuously since 1964 and have previously held responsible positions with Amax Exploration Inc. in Vancouver and Union Oil Company of Canada Limited in Calgary.

7. I am the author of this report, which is based on a review and an analysis of data pertaining to the Carmi Molybdenum Property generated in part as a result of work carried out

and/or supervised directly by the writer during 1979, 1980 and 1985.

8. I have no personal interest, directly or indirectly, in the property or in the securities of Vestor Explorations Ltd. and Dynamic Oil Limited.

Certificate signed under my professional seal this 23rd day of January, 1987.

George M. Leary, M.Sc., P.Eng.
President
GML Minerals Consulting Ltd.
Suite A17, Block A
6120-2nd Street SE
Calgary, Alberta
T2H 2L8
(403) 258-1395

APPENDIX I: BIBLIOGRAPHY

1. Falls, R. M. and Leary, G. M., 1979 Final Report, Carmi Molybdenum Property for Union Oil Company of Canada Ltd., December, 1980.

2. Falls, R. M., 1980 Final Report, Carmi Molybdenum Property for Union Oil Company of Canada Ltd., January, 1981.

3. Leary, G. M., Report on Percussion Drill Program on the CA 3 and 5 Claims, Carmi Molybdenum Property for Vester Explorations Ltd. and Dynamic Oil Ltd., August 21, 1985.

May, 1981

APPENDIX II

SUMMARY

Carmi Molybdenum Deposit, Southern British Columbia

by

George M. Leary: Mining Department, Union Oil Company of Canada Limited, Calgary, Alberta (Currently GML Minerals Consulting Ltd.)

Robert M. Falls: Geological Department, Texaco Canada Resources Ltd., Calgary, Alberta

The Carmi Molybdenum Deposit, 54 km southeast of Kelowna and 8 km northwest of Beaverdell, occurs within an apparent north-south belt of Tertiary (ie. 50 million years) Valhalla granitic stocks and dykes and acid to basic volcanic extrusives superimposed on Jura-Cretaceous Nelson plutonic rocks of regional extent.

Within the vicinity of the deposit, Nelson rocks have been structurally disturbed, altered and intruded by a series of structurally controlled Valhalla rocks and associated molybdenite-bearing breccia and greisen systems, and by post mineral dyke swarms.

Structural control of the Carmi deposit and its related intrusive elements is manifest by a rhomb-shaped fault pattern resulting from the intersection of a regional major east-west trending fault and a northeast trending multiple fault system.

Molybdenite occurs disseminated in a series of shallow breccia zones (Stage I Molybdenite) in Nelson country rocks, and in local greisen zones (Stage II Molybdenite) in an extensive underlying partially unroofed stock of Valhalla leucocratic quartz monzonite. These zones are spatially and genetically associated respectively with a series of locally occuring Valhalla quartz monzonite and granodiorite sills, masses and dykes and with the underlying stock.

Stage I Molybdenite bearing breccias occur in two zones (ie. E and Lake Zones). The E Zone is characterized by a series of flat lying to gently dipping tabular breccia bodies aligned along a northwest - southeast trend over a length of at least 6000 feet and a width of up to 1600 feet. The Lake Zone is a separate steeply north dipping breccia zone located west of the E Zone. It is 2150 feet long, up to 500 feet wide, and extends to depths of up to at least 1300 feet. Breccias are characterized by angular Nelson fragments in a matrix comprised of intergradational bull quartz, aplite-pegmatite, quartz monzonite and granodiorite pseudo-breccia (ie. characterized by exsolved quartz-biotite-pyrite-molybdenite clots). Widespread secondary sericite $\pm$ biotite with associated pyrite (1 to 10%), molybdenite, fluorite, magnetite and amethyst occur throughout the breccias. Fracture controlled K-Feldspar, epidote and chlorite alteration with minor pyrite occurs peripheral to breccias and centred within the structurally disturbed region. Quartz-sericite-pyrite greisen veins and zones and aplite-pegmatite dykes occur widespread in the vicinity of breccia zones, but are concentrated in certain proximal zones at depth. Breccias are locally cut by apophyses of the underlying stock and both the Lake and E Zones appear locally truncated by the stock.

Stage II greisen-type fracture controlled molybdenite-pyrite zones have been encountered in the upper 400 feet of the underlying stock, particularly beneath mineralized breccias in the E Zone area. The host stock is alaskitic. It is characterized by quartz eyes set in a granular fine to medium grained matrix, and by widespread microfracturing, sericite alteration and by minor disseminated pyrite, magnetite, fluorite, amethyst and molybdenite.

Of elevan elements (Mo, Cu, Ag, Pb, Zn, U, W, Co, Mn, Fe, Ni) analyzed from soil samples collected from the B horizon on a grid basis, only molybdenum occurs in consistently anomalous amounts. Molybdenum anomalies ($\geq$ 10 ppm Mo) correlate spatially with all known molybdenite zones and indicate limited southerly directed glacial smearing (ie. Lake Zone). Small drainages to the northeast and south of the E Zone oarry anomalous molybdenum and sporadic anomalous zinc and uranium values in silts and waters.

Shallow penetrating frequency domain induced polarization surveys have identified numerous weak anomalous (PFE$\geq$ 2.8%) zones. The stronger anomalies reflect known molybdenite zones and the pyrite zone extending south from the E Zone. Weaker anomalies reflect sheared and fractured zones (ie. structural discontinuites) and widespread weak pyritization (ie. northwest of Lake Zone).

Magnetometer surveying has identified magnetic lows that reflect the leucocratic quartz monzonite stock and zones of structural discontinuity.

A deposit model is presented that is clearly atypical of porphyry or breccia molybdenum environments. The model involves a system of explosive vapor venting of the stock with breccia formation in structurally controlled sites in cap rocks; simultaneous emplacement of magmatic and magmatic-pneumatolytic phases with molybdenite and associated mineral phases into breccia voids and emplacement of magmatic phases into flat lying vapor release dilation zones. These phases were derived from the underlying stock. Subsequent development of fracture controlled pneumatolytic greisen and molybdenite mineralization occurred in root differentiate zones in the underlying stock.

Extensive percussion and diamond drilling to date have indicated a possible open pit reserve of 20 to 30 million tons grading 0.10% MoS_2 at a cutoff grade of .05% MoS_2.

Attachments: Figures 1 to 17

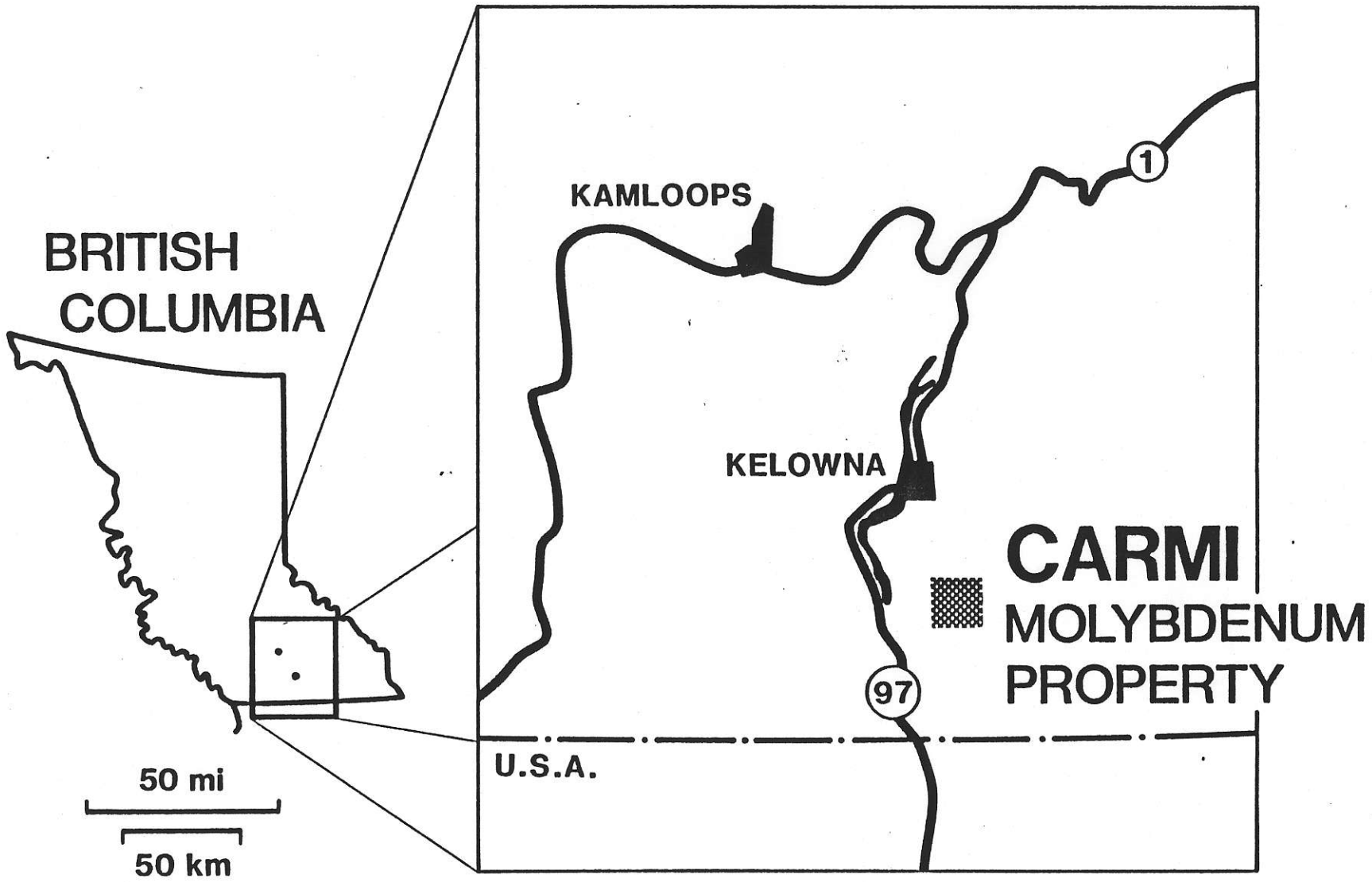

BRITISH
COLUMBIA
KAMLOOPS
KELOWNA
1
97
CARMI
MOLYBDENUM
PROPERTY
U.S.A.
50 mi
50 km

FIGURE 1

GEOLOGICAL LEGEND

NIPPLE MOUNTAIN SERIES

- DACITE DYKES
- FELSIC – MAFIC FLOWS AND FRAGMENTALS

VALHALLA INTRUSIONS

— PHASE III —

- FELDSPAR PORPHYRY DYKES

— PHASE II —

- QUARTZ PORPHYRY DYKES
- LEUCOCRATIC QUARTZ MONZONITE (ALASKITE) STOCK

— PHASE I —

- SPECKLED GRANODIORITE DYKES
- SPECKLED BIOTITE GRANODIORITE PSEUDOBRECCIA
- BIOTITE QUARTZ MONZONITE
- ← FINAL HEALING
- BRECCIA ZONES
- ← FORMATION
- NOT SHOWN — BULL QUARTZ VEINS (ASSOCIATED WITH BRECCIAS)
- NOT SHOWN — APLITE – PEGMATITE DYKES (WIDESPREAD IN MAP AREA)

NELSON INTRUSIONS

- NOT SHOWN — MASSIVE GRANODIORITE – DIORITE (KING SOLOMON MTN. AND KETTLE RIVER VALLEY)
- FOLIATED GRANODIORITE – DIORITE

ANARCHIST GROUP

- NOT SHOWN — METASEDIMENTS
- NOT SHOWN — METAVOLCANICS

} LOCAL ROOF PENDANTS TO SOUTH OF MAP AREA

FIGURE 2

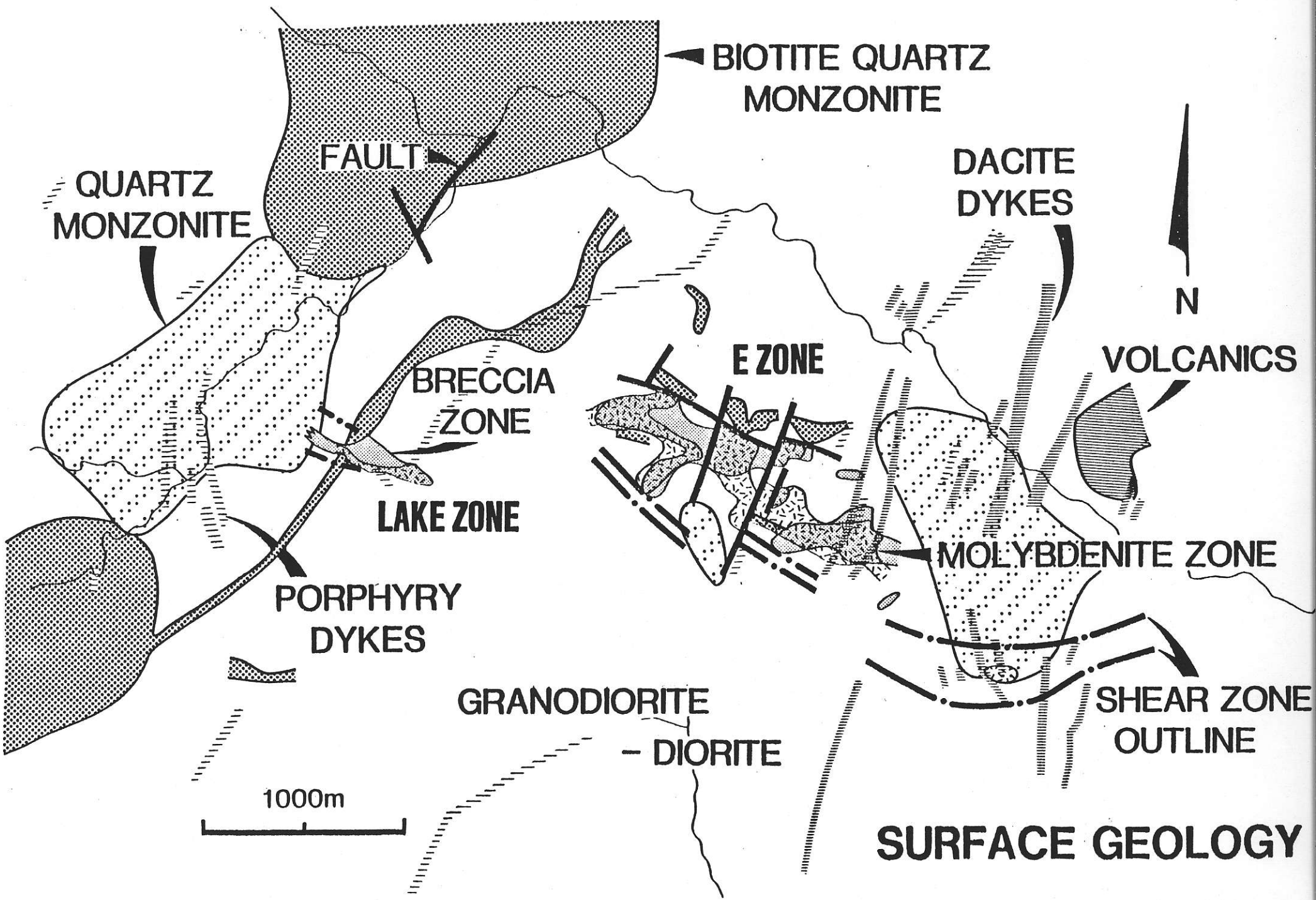
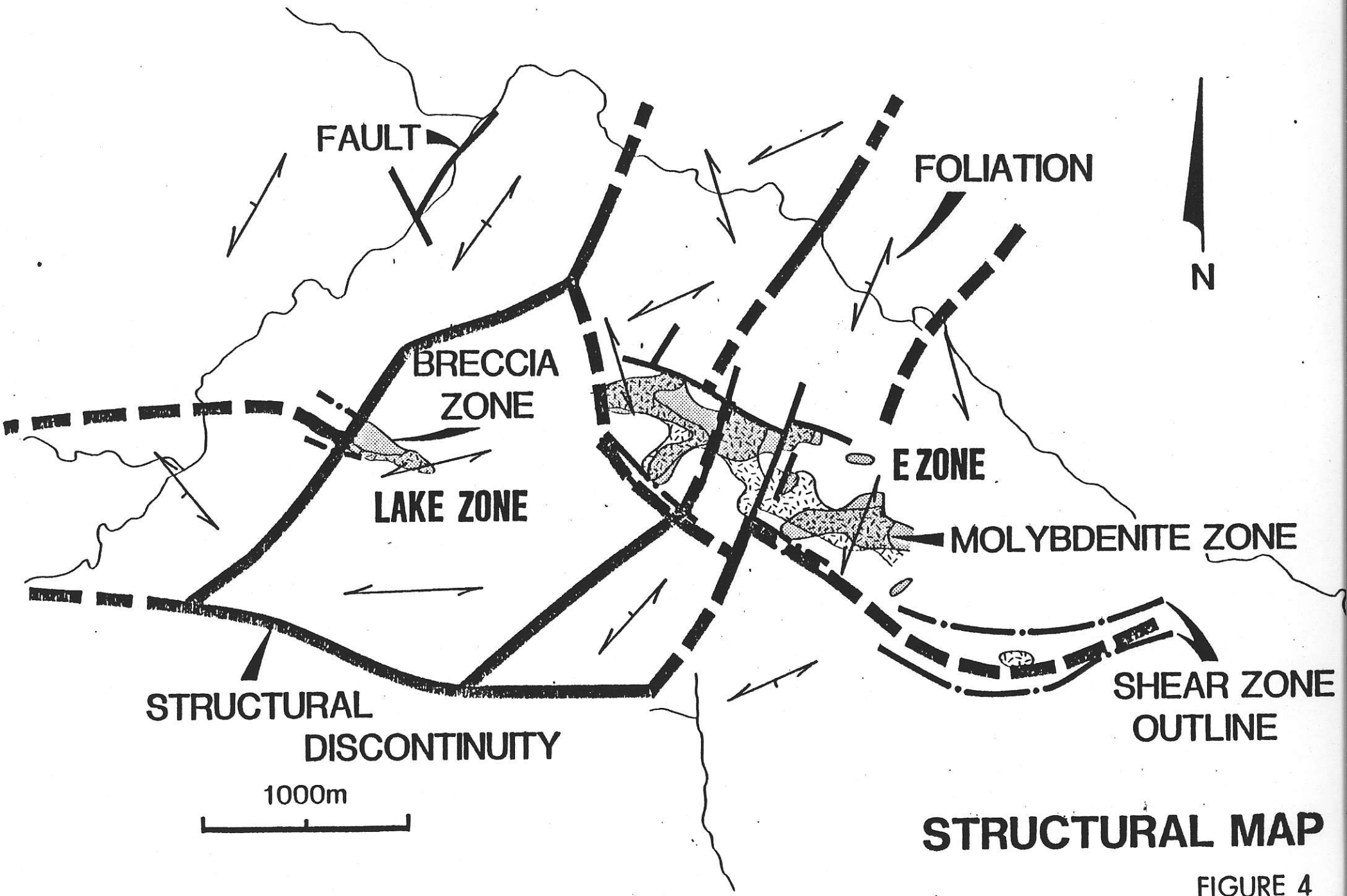

BIOTITE QUARTZ
MONZONITE
FAULT
QUARTZ
MONZONITE
DACITE
DYKES
N
E ZONE
VOLCANICS
BRECCIA
ZONE
LAKE ZONE
MOLYBDENITE ZONE
PORPHYRY
DYKES
GRANODIORITE
– DIORITE
SHEAR ZONE
OUTLINE
1000m
SURFACE GEOLOGY

FIGURE 3



STRUCTURAL MAP

FIGURE 4

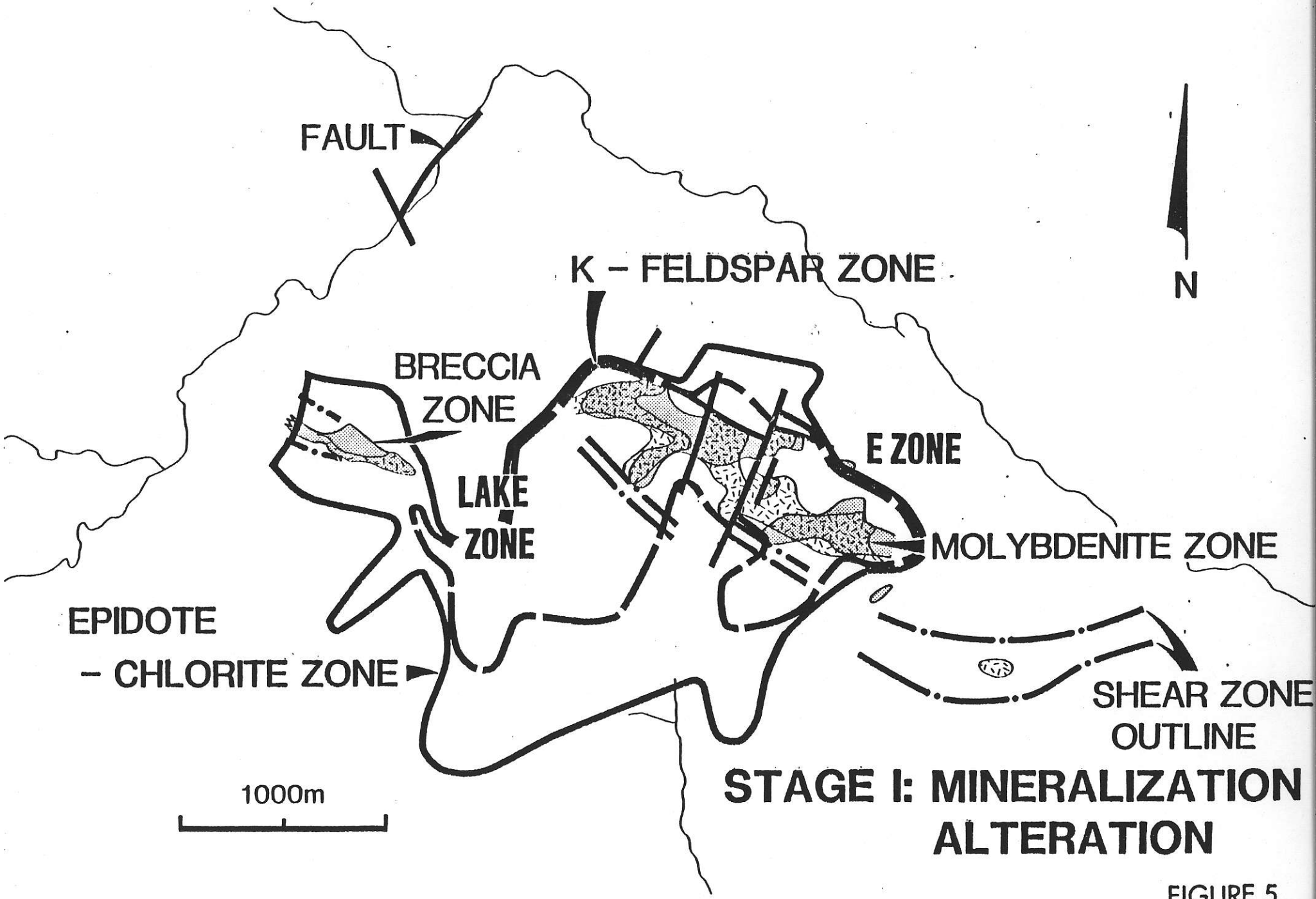

FAULT
K – FELDSPAR ZONE
N
BRECCIA
ZONE
E ZONE
LAKE
ZONE
MOLYBDENITE ZONE
EPIDOTE
– CHLORITE ZONE
SHEAR ZONE
OUTLINE
1000m
STAGE I: MINERALIZATION
ALTERATION

FIGURE 5

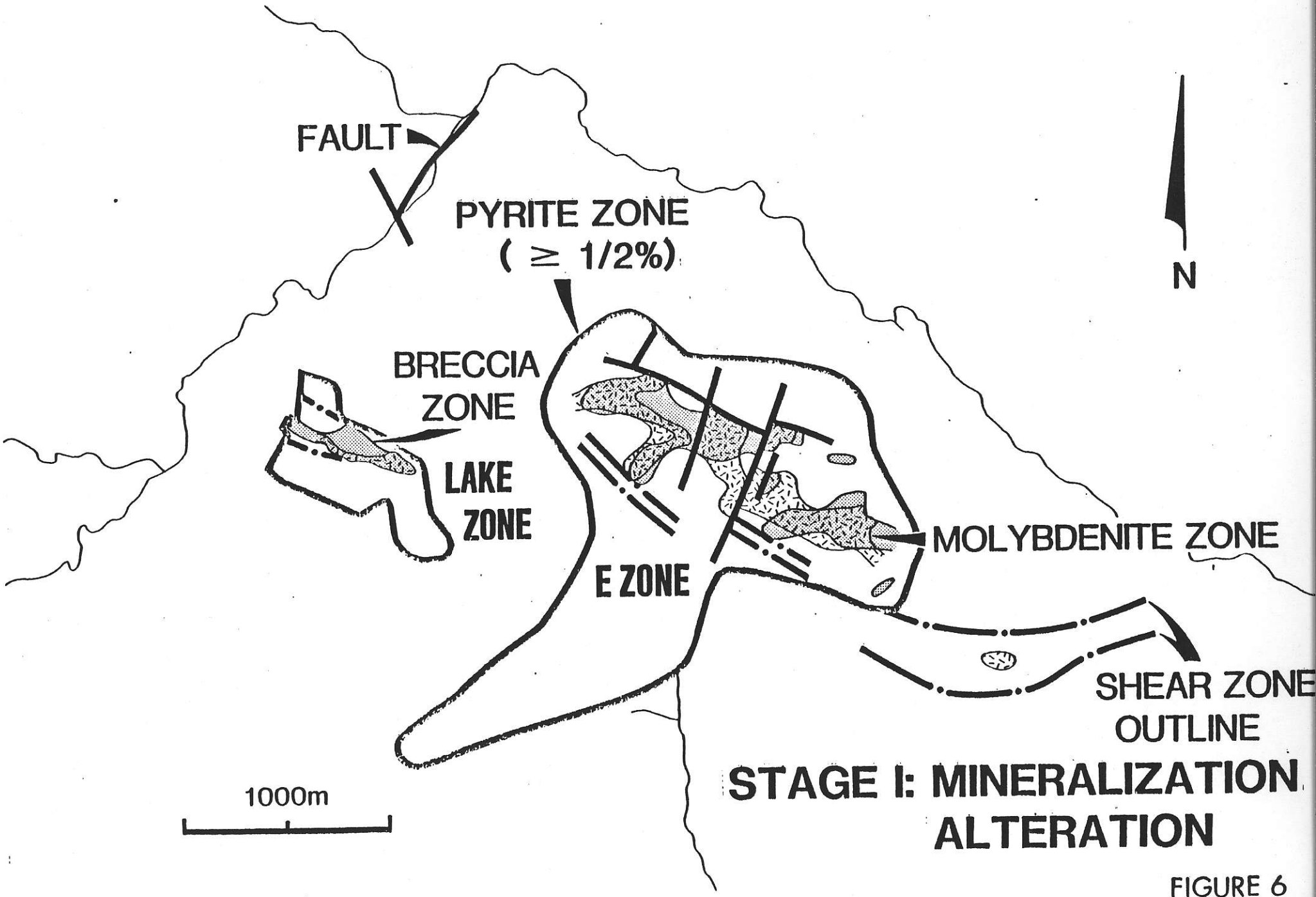

FAULT
PYRITE ZONE
(≥ 1/2%)
N
BRECCIA
ZONE
LAKE
ZONE
MOLYBDENITE ZONE
E ZONE
SHEAR ZONE
OUTLINE
1000m
STAGE I: MINERALIZATION
ALTERATION

FIGURE 6

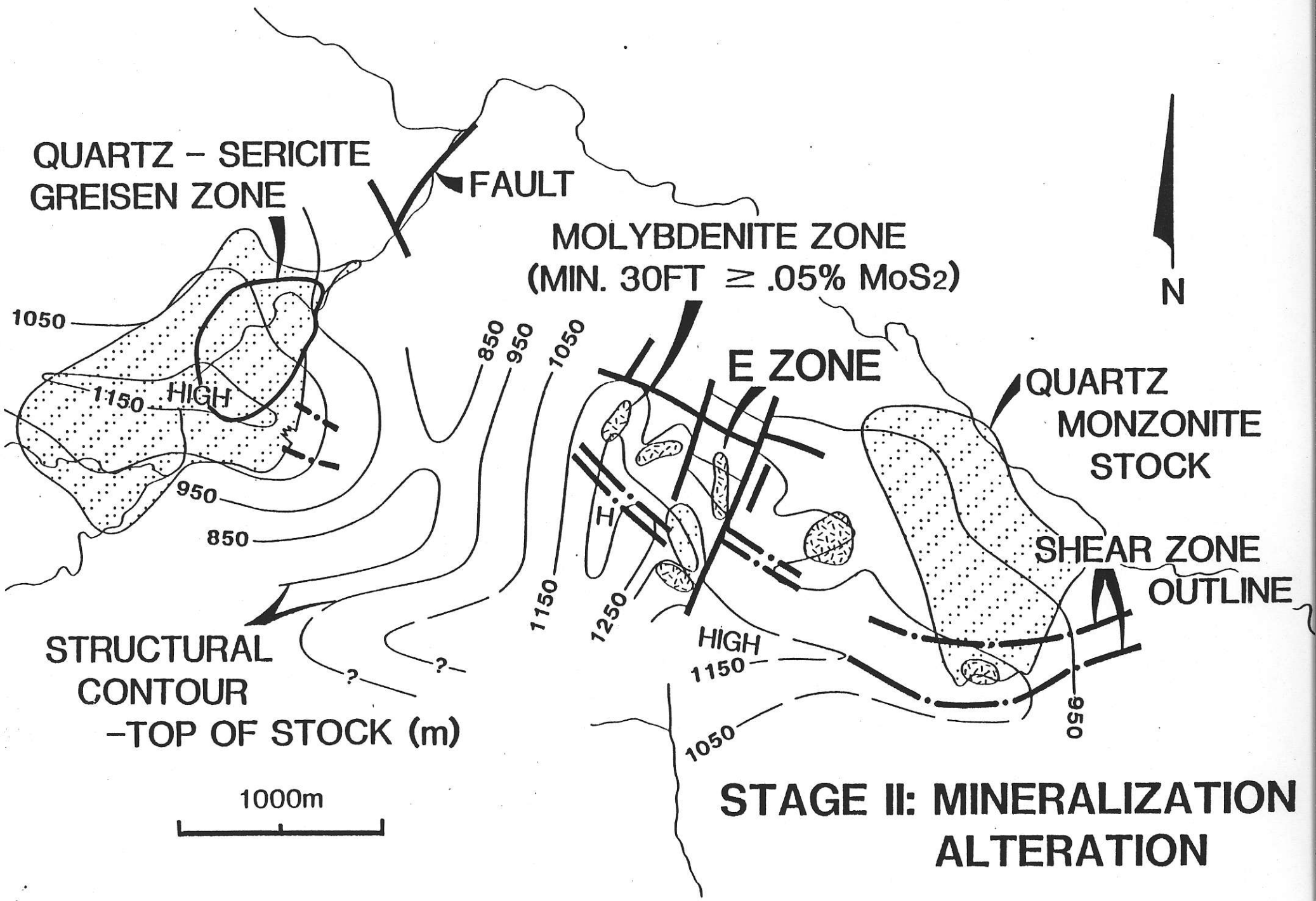
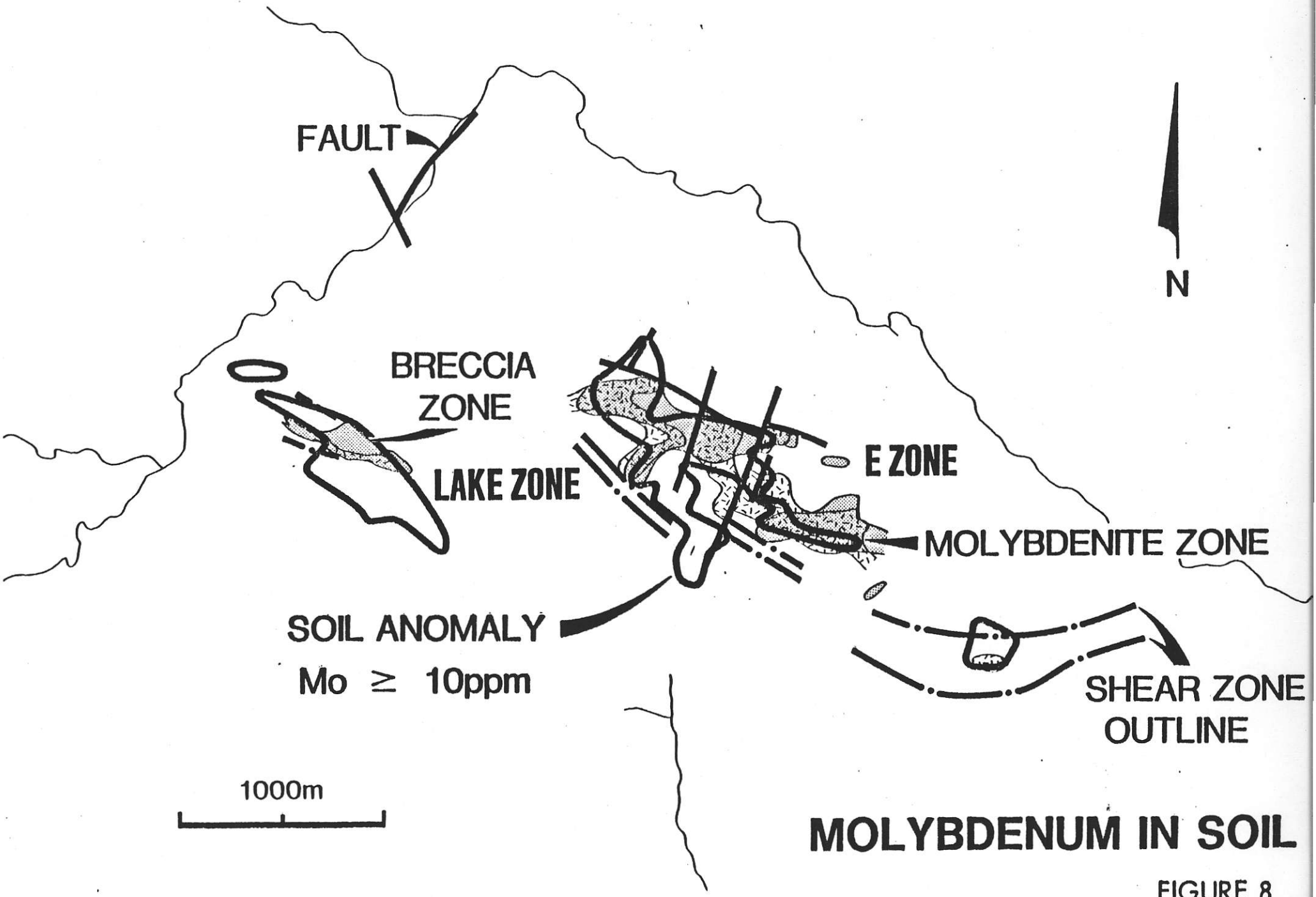

QUARTZ - SERICITE
GREISEN ZONE
FAULT
MOLYBDENITE ZONE
(MIN. 30FT ≥ .05% MoS2)
N
1050
1150
HIGH
950
850
850
950
1050
E ZONE
QUARTZ
MONZONITE
STOCK
SHEAR ZONE
OUTLINE
1150
1250
HIGH
1150
1050
950
STRUCTURAL
CONTOUR
-TOP OF STOCK (m)
1000m
STAGE II: MINERALIZATION
ALTERATION

FIGURE 7



MOLYBDENUM IN SOIL

FIGURE 8

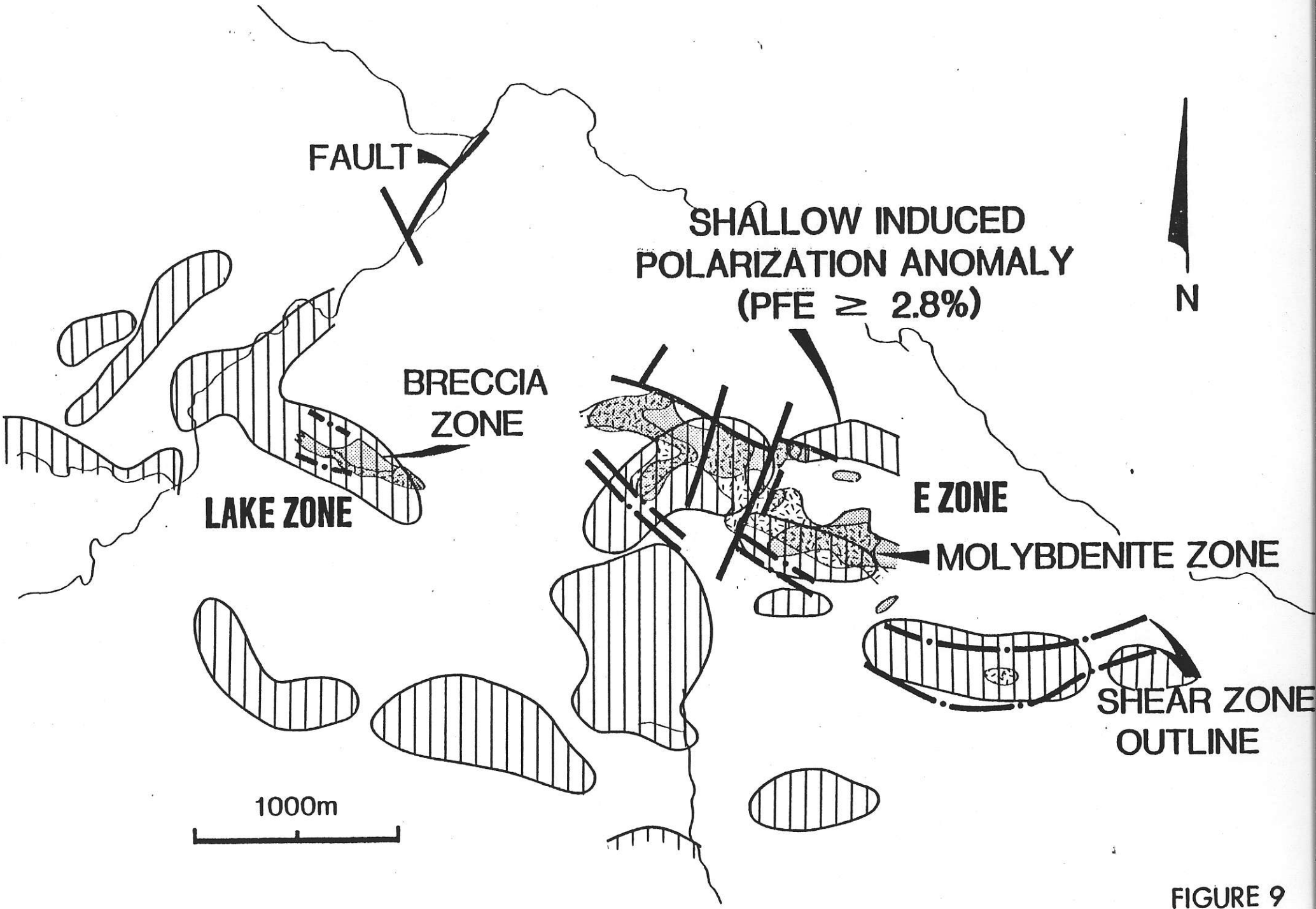
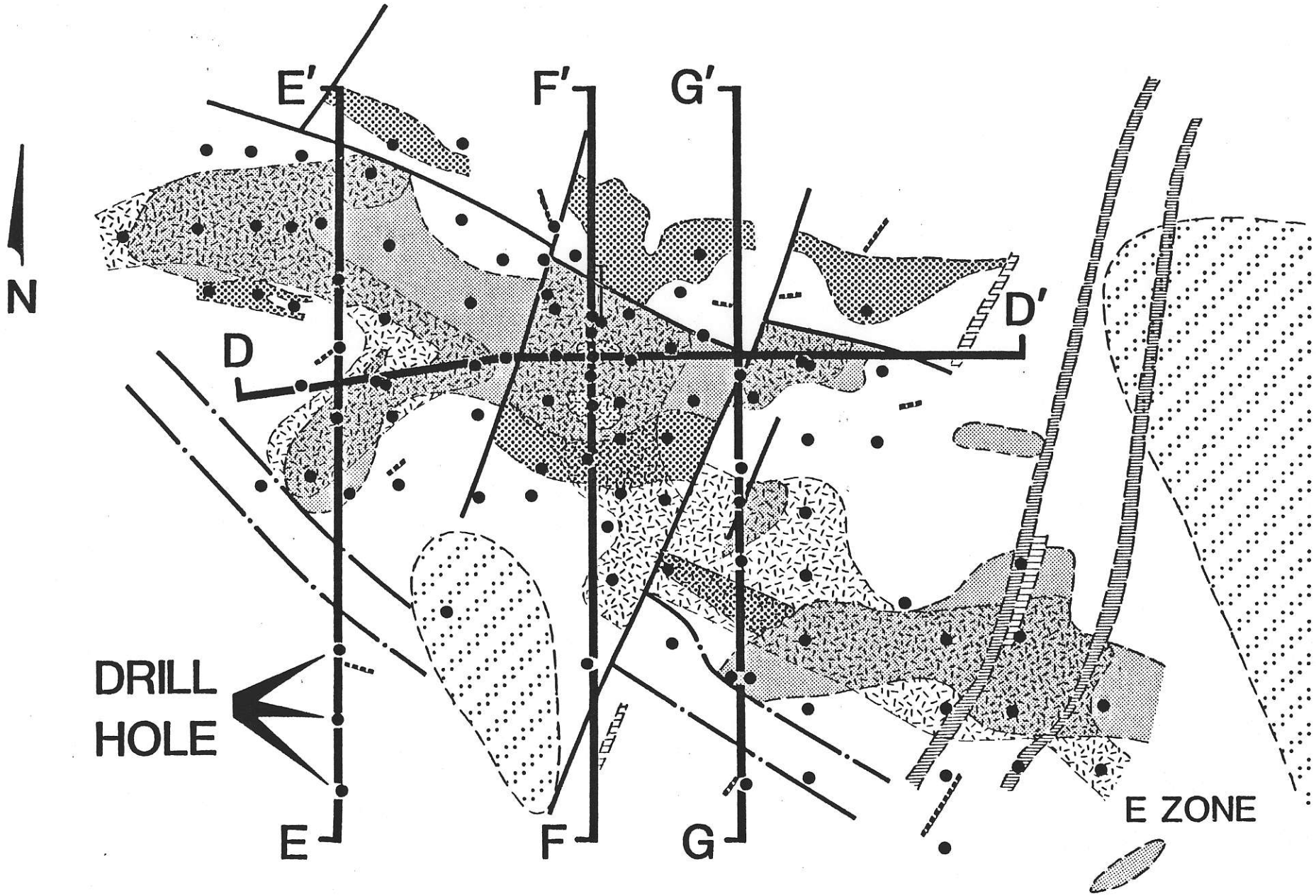

FAULT
SHALLOW INDUCED
POLARIZATION ANOMALY
(PFE ≥ 2.8%)
N
BRECCIA
ZONE
LAKE ZONE
E ZONE
MOLYBDENITE ZONE
SHEAR ZONE
OUTLINE
1000m

FIGURE 9



SURFACE GEOLOGY

FIGURE 10

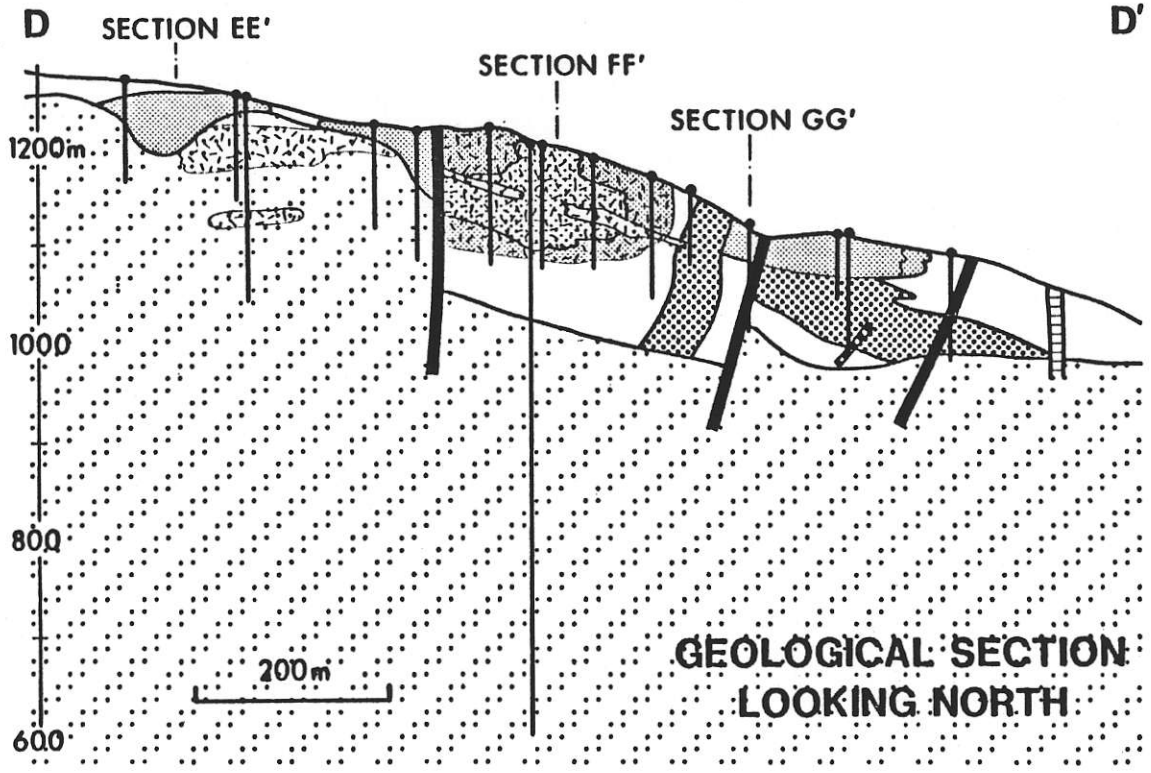

D
SECTION EE'
SECTION FF'
SECTION GG'
D'
1200m
1000
800
600
200m
GEOLOGICAL SECTION
LOOKING NORTH

FIGURE 11

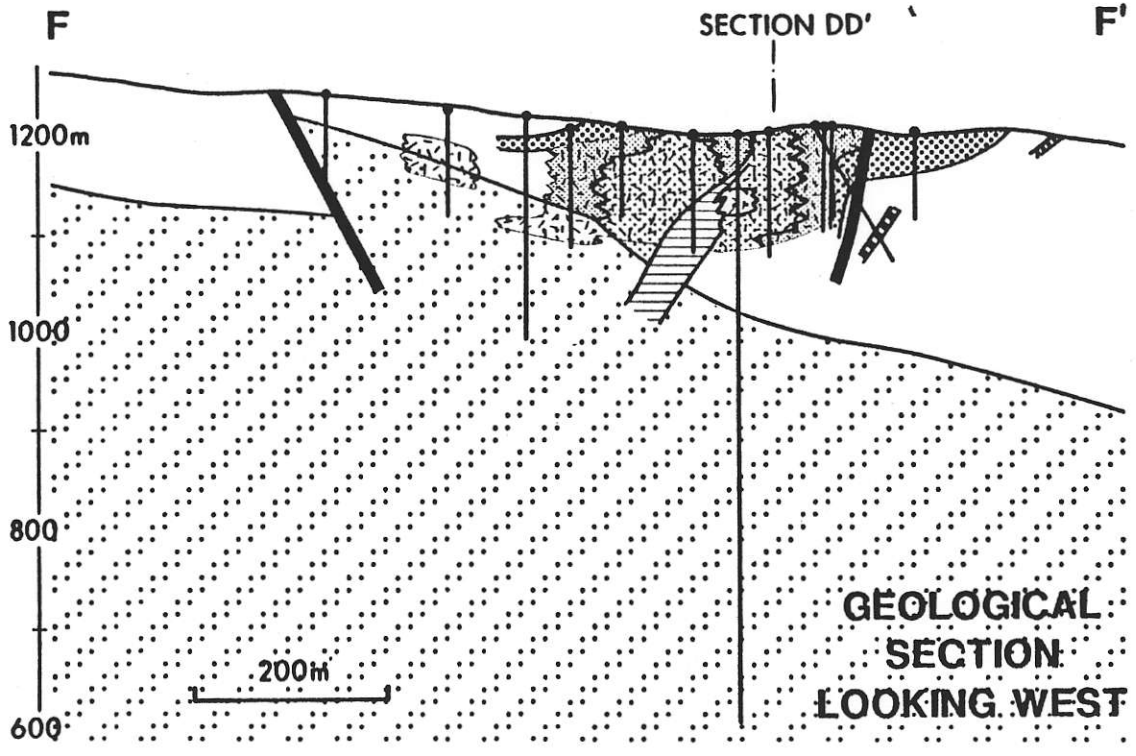

F
SECTION DD'
F'
1200m
1000
800
600
200m
GEOLOGICAL
SECTION
LOOKING WEST

FIGURE 12

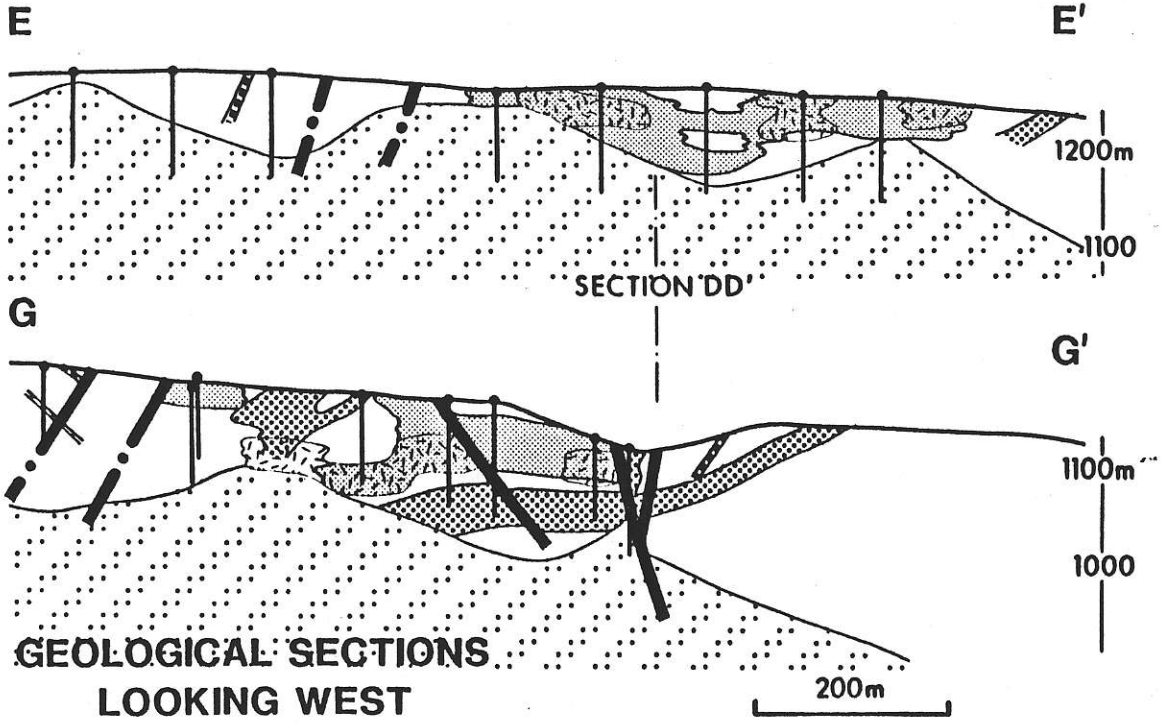
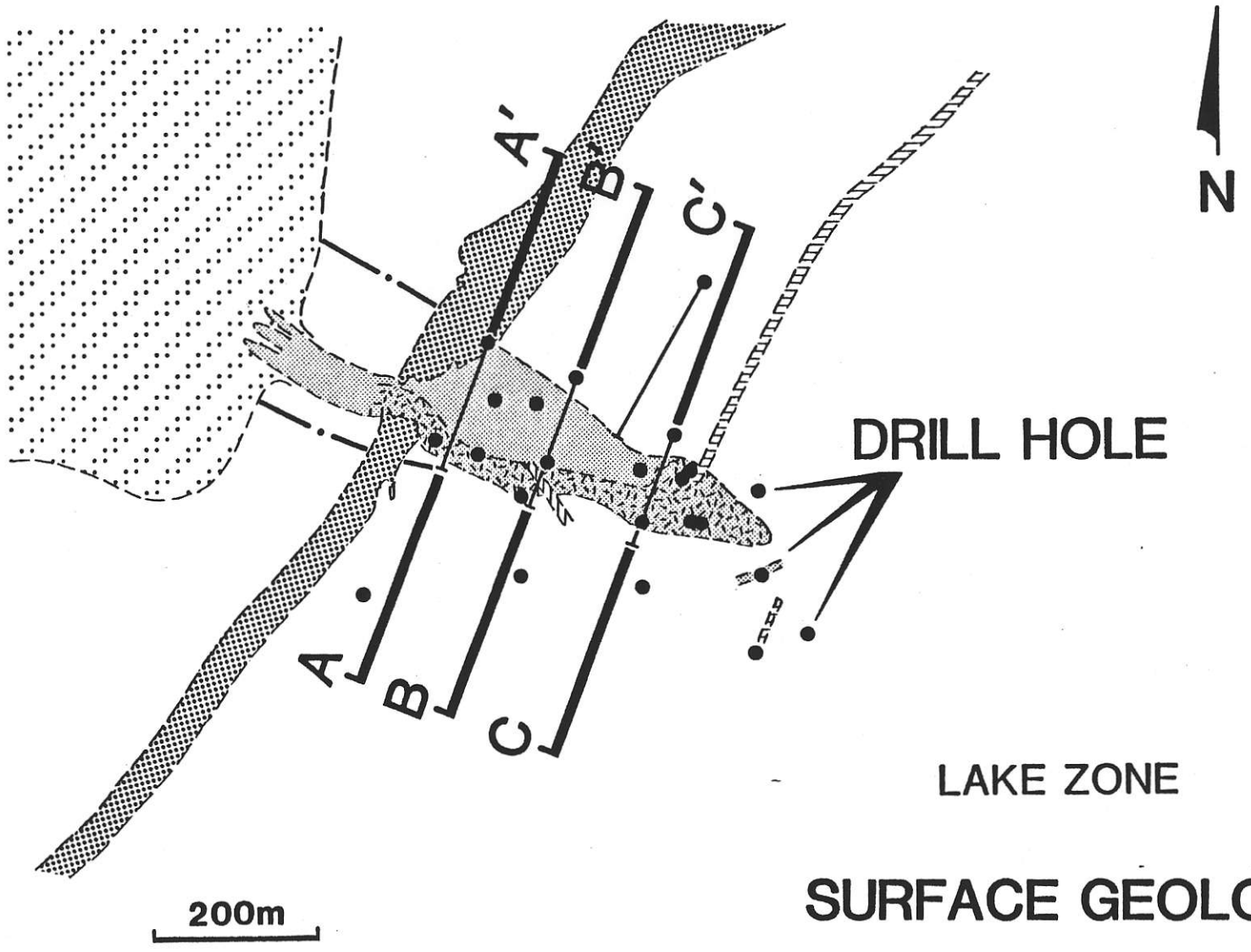

E
E'
1200m
1100
SECTION DD'
G
G'
1100m
1000
GEOLOGICAL SECTIONS
LOOKING WEST
200m

FIGURE 13



SURFACE GEOLOGY

FIGURE 14

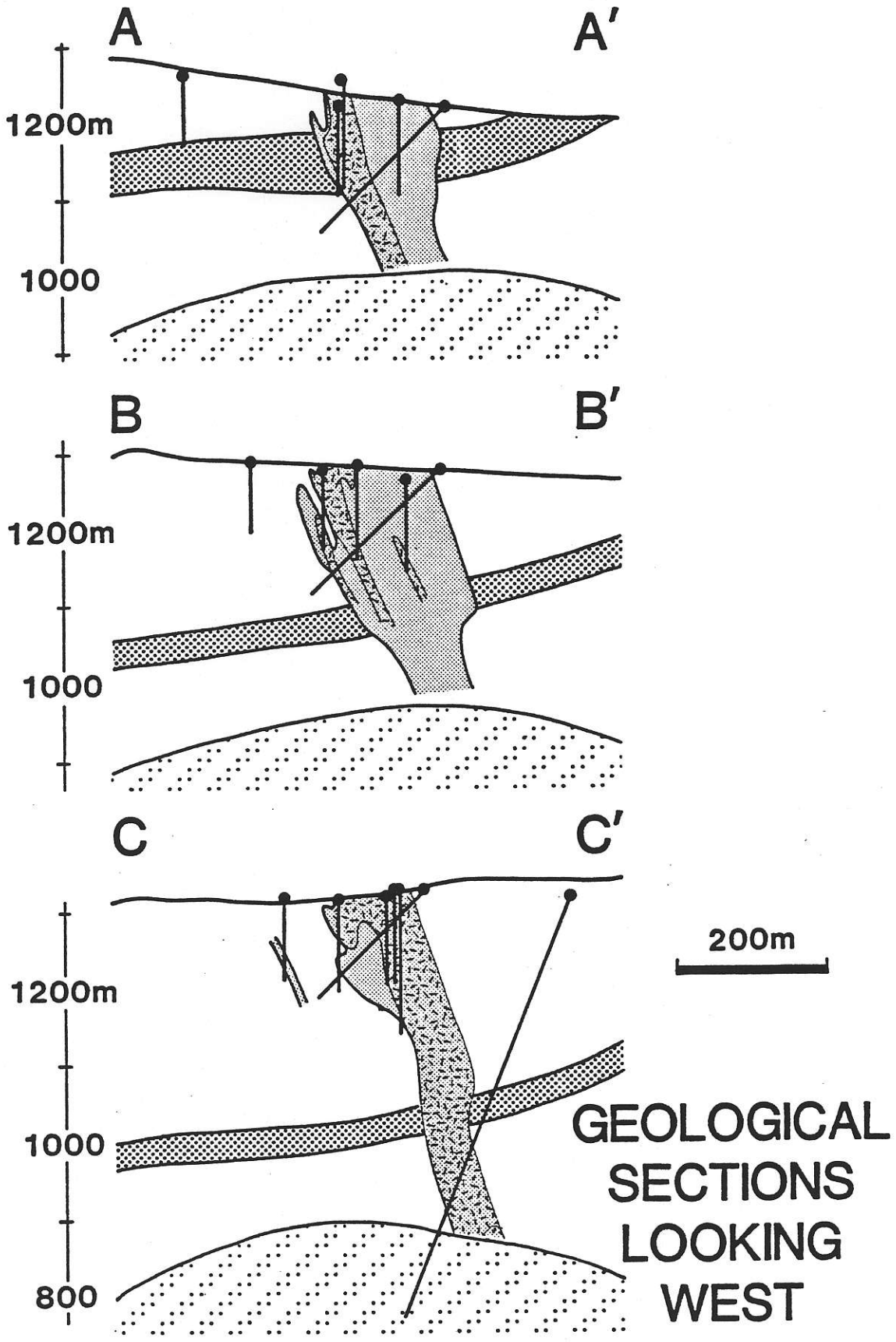

A
A'
1200m
1000
B
B'
1200m
1000
C
C'
1200m
1000
800
200m
GEOLOGICAL
SECTIONS
LOOKING
WEST

FIGURE 15

VALHALLA SEQUENCE OF EVENTS

FELDSPAR PORPHYRY DYKES – PHASE III

LEUCOCRATIC QUARTZ MONZONITE STOCK – PHASE II

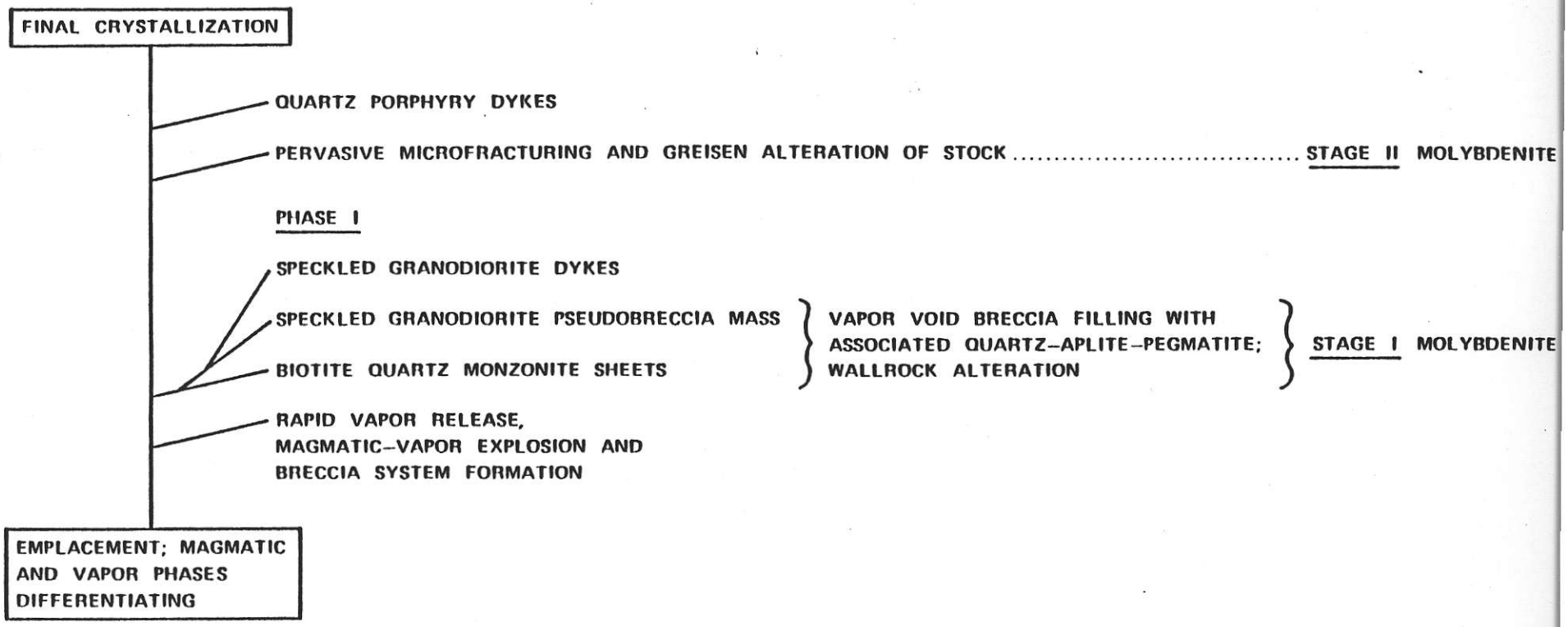


FIGURE 16

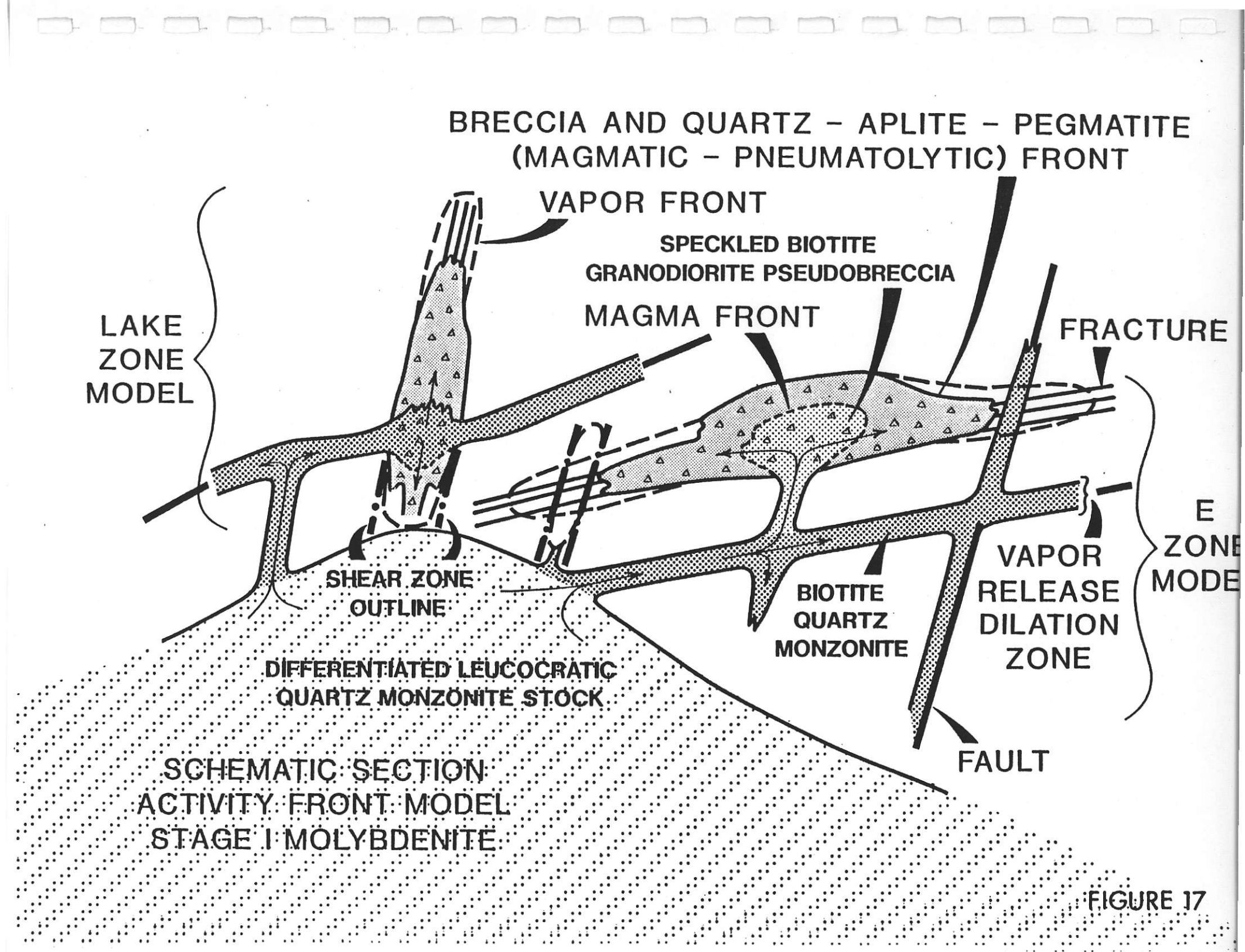

BRECCIA AND QUARTZ - APLITE - PEGMATITE
(MAGMATIC - PNEUMATOLYTIC) FRONT
VAPOR FRONT
SPECKLED BIOTITE
GRANODIORITE PSEUDOBRECCIA
MAGMA FRONT
FRACTURE
LAKE
ZONE
MODEL
E
ZONE
MODE
SHEAR ZONE
OUTLINE
BIOTITE
QUARTZ
MONZONITE
VAPOR
RELEASE
DILATION
ZONE
DIFFERENTIATED LEUCOCRATIC
QUARTZ MONZONITE STOCK
FAULT
SCHEMATIC SECTION
ACTIVITY FRONT MODEL
STAGE I MOLYBDENITE

FIGURE 17

APPENDIX III

DRILL INDICATED OPEN PITTABLE RESERVES
CARMI MOLYBDENUM PROPERTY

(see Appendix IIb in Report by R. M. Falls and
G. M. Leary, December, 1980)

The calculation of the Drill Indicated Open Pittable Reserves as outlined herein is based on the following assumptions and methods:

1. All holes are weighted equally in terms of surface area except for situations where percussion and diamond drill holes were collared immediately adjacent to one another, in which case an average grade and thickness is usually determined.

2. Below cutoff material is not included in the reserve calculation even though it would be mined and probably milled in a normal pit operation.

3. A tonnage factor of 12 is utilized.

4. Geologic and drill indicated boundaries determine surface area of mineralized zones.

5. Definition of Open Pittable Zones within the Shallow Molybdenite Zones is arbitrarily based on grade, thickness and depth of intercepts.

The reserve calculations are given in Table 1 and a summary of mineralized drill hole intercepts is given in Table 2 below. Figures 2, 3, 10 and 14 illustrate the Shallow Molybdenite Zones and Open Pittable Molybdenite Zones in plan.

TABLE 1

Drill Indicated Open Pittable Reserves Calculation
(Modified after G. M. Leary, April 21, 1980)

Zone	Area (sq. ft.)	Average Mineable Vertical Thickness or Height (feet)	Million Metric Tonnes (Tons X .90909)	Average Grade (% MoS_2)
E ZONE				
Central Zone	550 X 550	253	5.8	.131
Central Zone, Southeast Extension	1500 X 300	165	5.6	.082
Northwest Zone	800 X 175 400 X 150	92	1.4	.082
West Zone	1050 X 350	64	1.8	.107
East Zone	300 X 400	77	0.7	.138
Southeast Zone	500 X 500 (P72 & P83 area only)	89	1.7	.095
			17.0	.105
			18.7 (tons)	
LAKE ZONE				
East Zone	600 X 175	300	2.4	.118
West Zone	600 X 100	250	1.3	.095
			3.7	.110
			4.1 (tons)	
		TOTAL	20.7 (tonnes)	.106
			22.8 (tons)	

Note: Tonnage Calculation Formula

$$\frac{\text{Length(ft) X Width(ft) X Avg Vertical Thickness or Height(ft)}}{\text{}} \text{ X } .90909 = \text{Tonnes}$$

TABLE 2

Summary of Mineralized Intercepts within
Drill Indicated Open Pittable Molybdenite Zones
(Modified after G. M. Leary, April 21, 1980)

Cutoff: Minimum 30 feet equal to or greater than .05% MoS_2;
Top of intercept equal to or less than 100 feet
from surface with exceptions shown by an asterisk (*)

Zone	Drill Hole	Cumulative Intercept Length (feet)	% MoS_2
E ZONE			
Central Zone	V 12	375	.189
	V 9	219	.085
	V 7	315	.149
	V 6	300	.112
	I-1	110	.124
	I-12	138	.123
	V 10	224	.154
	V 11	198	.145
	V 8	195	.165
	P 13	370	.144
	80 DDH-3	271	.084
	85 P-163	317	.080
		Avg. 253	Wtd. Avg. .131
Central Zone Southeast Extension	I-2	145	.061
	P 9	250	.069
	P 43	260	.074
	P 41	200	.082
	P 18	320	.064
	79 P 106	20	.147
	P 44	140	.064
	79 P 105	240	.086
	*79 P 102	110	.064
		Avg. 165	Wtd. Avg. .082
Northwest Zone	K-2, P-1	43	.169
	*P 29	190	.074
	79 P 119	70	.056
	79 P 117	65	.077
		Avg. 92	Wtd. Avg. .082

TABLE 2, continued

Zone	Drill Hole	Cumulative Intercept Length (feet)	% MoS_2
West Zone	79 P 110	30	.073
	P 22	60	.051
	P 23, V 19	155	.155
	79 P 112	20	.136
	79 P 115	90	.084
	V 13	30	.061
		Avg. 64	Wtd. Avg. .107
East Zone	V 15, I-13	89	.187
	77 - 22	65.6	.071
		Avg. 77.3	Wtd. Avg. .138
Southeast Zone	P 72	128	.080
	79 P 83	50	.135
		Avg. 89	Wtd. Avg. .095
	*P 97	40	.081
	P 96	60	.058
	P 90	30	.059
	P 89	30	.061
	P 80	30	.089
		Avg. 53	Wtd. Avg. .084
LAKE ZONE			
East Zone	+P 33, V 18	570	.116
	+P 32, V 17	115	.137
	P 35	170	.092
	80 DDH-6	200	.136
		Avg. 264	Wtd. Avg. .118
West Zone	P 38	290	.091
	P 39	150	.080
	*P 40	120	.062
	79 P 131	90	.096
	80 DDH-4	49.9	.070
	80 DDH-5	103	.178
		Avg. 134	Wtd. Avg. .095

+Did not use assay data from percussion holes to determine average intercept grade.

GEOLOGICAL LEGEND

(Modified after G. M. Leary and R. M. Falls, May, 1981)

NIPPLE MOUNTAIN SERIES

- DACITE DYKES
- FELSIC – MAFIC FLOWS AND FRAGMENTALS

VALHALLA INTRUSIONS

— PHASE III —

- FELDSPAR PORPHYRY DYKES

— PHASE II —

- QUARTZ PORPHYRY DYKES
- LEUCOCRATIC QUARTZ MONZONITE (ALASKITE) STOCK

— PHASE I —

- SPECKLED GRANODIORITE DYKES
- SPECKLED BIOTITE GRANODIORITE PSEUDOBRECCIA
- BIOTITE QUARTZ MONZONITE

DRILL INDICATED SHALLOW MOLYBDENITE ZONE
Surface Trace or Outline Projected to Surface
Cutoff: Minimum 30 feet .05% MoS_2

DRILL INDICATED OPEN PITTABLE MOLYBDENITE ZONE

- NOT SHOWN — BULL QUARTZ VEINS (ASSOCIATED WITH BRECCIAS)
- NOT SHOWN — APLITE – PEGMATITE DYKES (WIDESPREAD IN MAP AREA)

NELSON INTRUSIONS

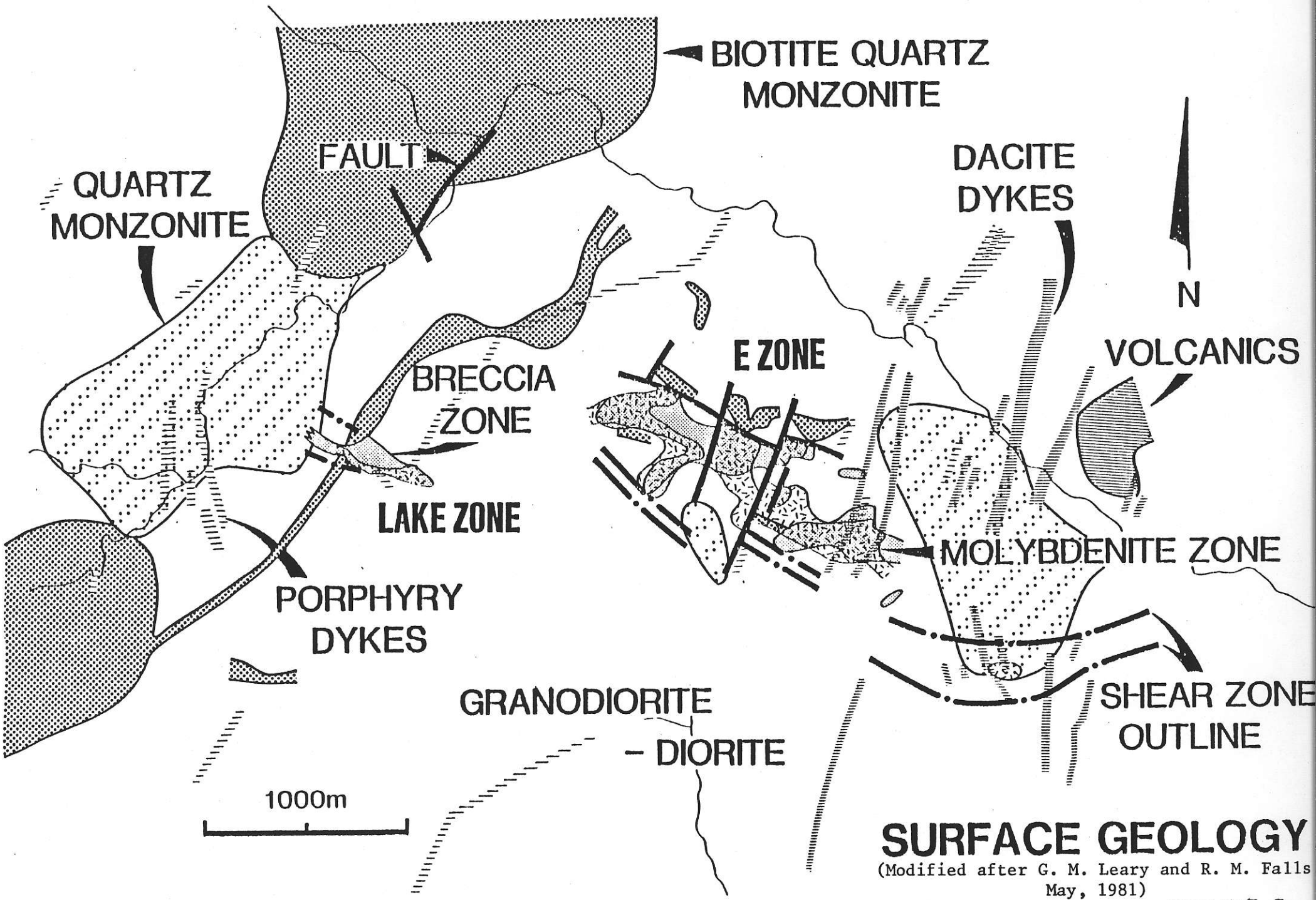
- NOT SHOWN — MASSIVE GRANODIORITE – DIORITE (KING SOLOMON MTN. AND KETTLE RIVER VALLEY)
- FOLIATED GRANODIORITE – DIORITE

ANARCHIST GROUP

- NOT SHOWN — METASEDIMENTS
- NOT SHOWN — METAVOLCANICS

} LOCAL ROOF PENDANTS TO SOUTH OF MAP AREA

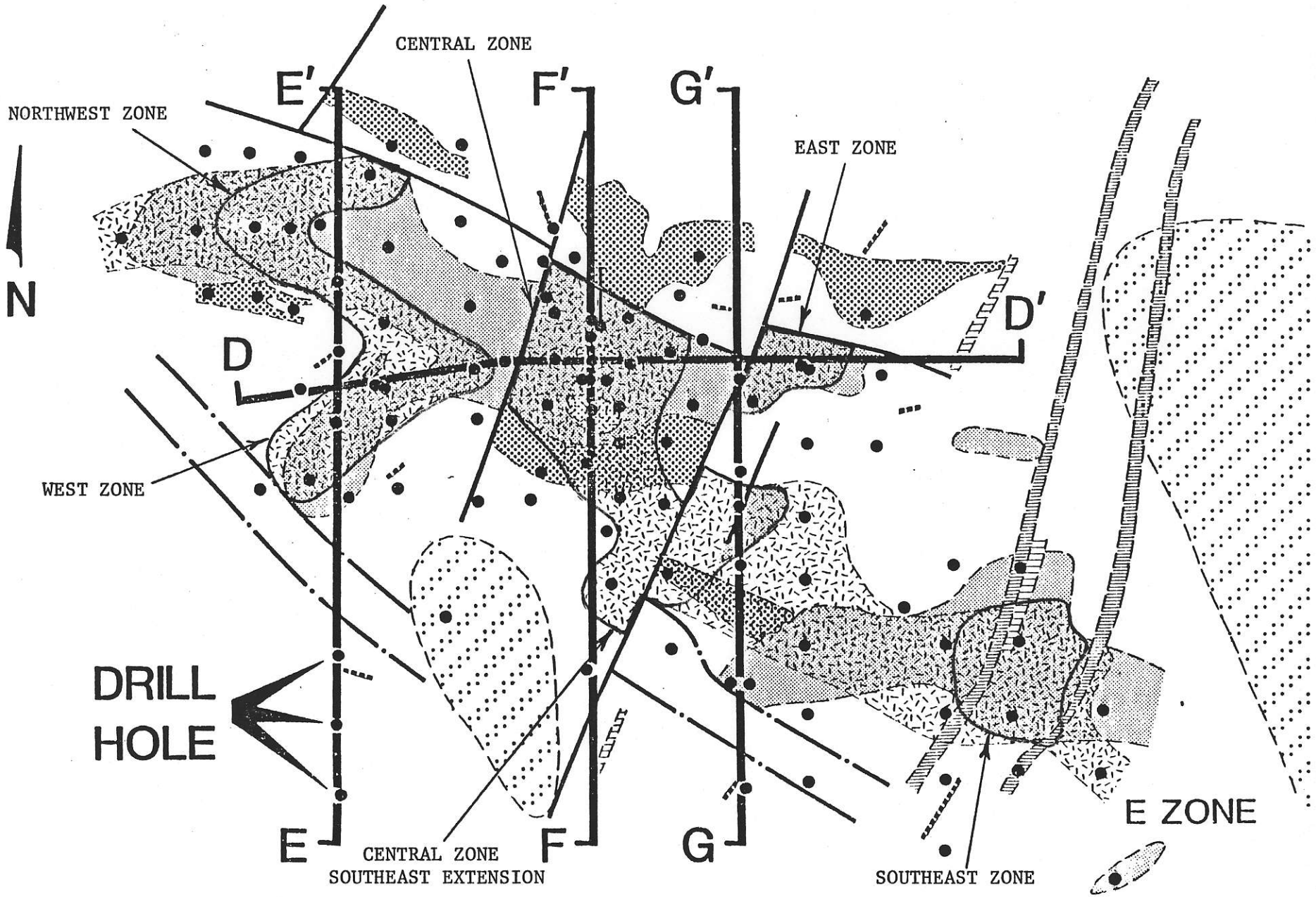
FIGURE 2



SURFACE GEOLOGY

(Modified after G. M. Leary and R. M. Falls May, 1981)

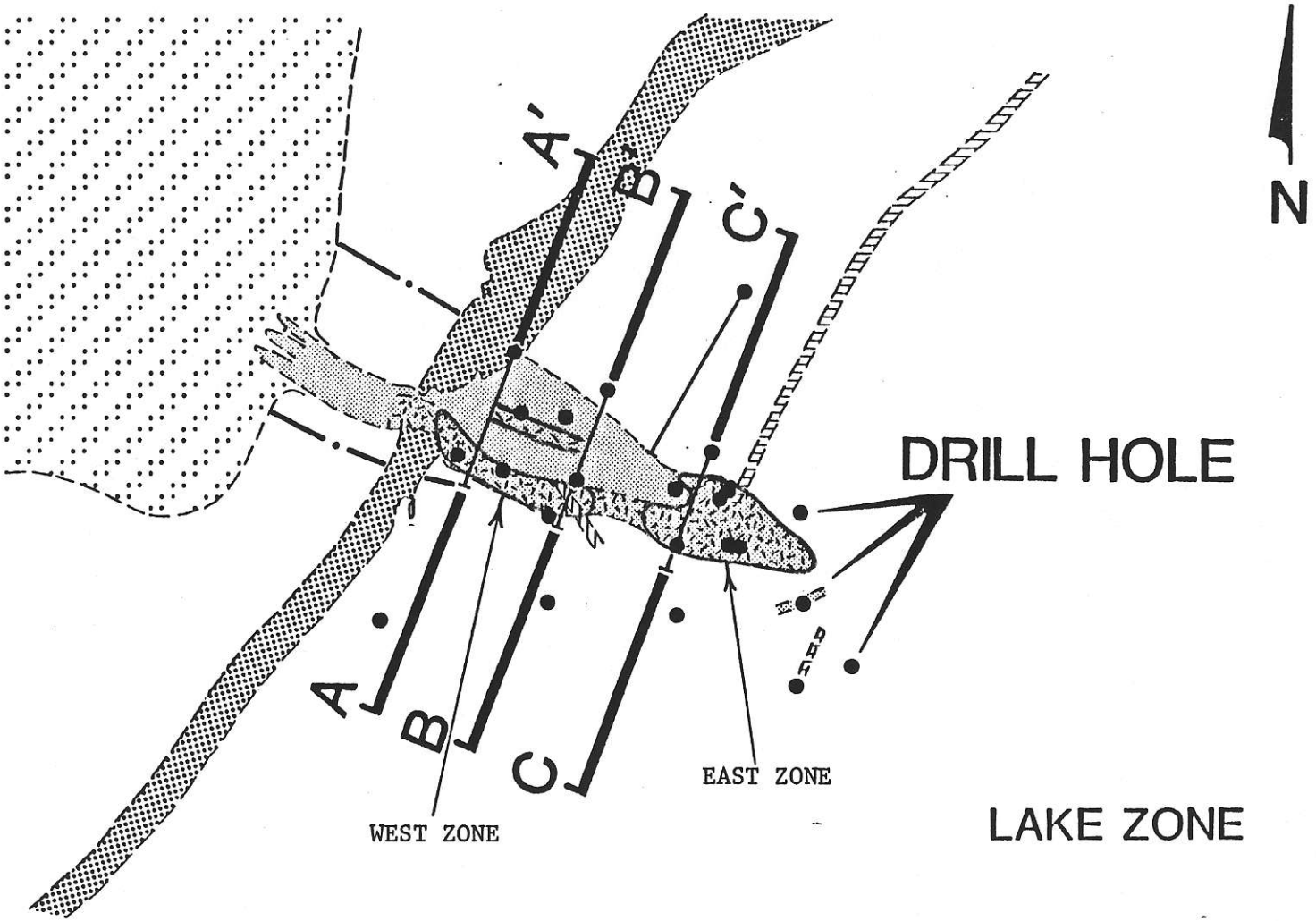
FIGURE 3



SURFACE GEOLOGY

(Modified after G. M. Leary and R. M. Falls, May, 1981

FIGURE 10



SURFACE GEOLOGY

(Modified after G. M. Leary and R. M. Falls, May, 1981)

FIGURE 14