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To: Ted Hall, Manager, Northwest Region

Corey
882026

MONTHLY REPORT - FEBRUARY 1996

by

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MAR 05 1996
Geological Survey Branch
MEMPR

HIGHLIGHTS

*Cominco has agreed to sell its 60% interest in the **Snip** mine to International Skyline Gold Corp for \$55 million, subject to Prime Resources right of first offer within 30 days. (Prime holds 40% of the Snip J.V.) Acquisition by Skyline would facilitate development of the **Bronson Slope** gold-copper porphyry deposit. Cominco would retain a 5% NSR interest on production in excess of current reserves, stated at 460 000 tonnes grading 25.8 g/t Au. See Bronson Slope below for further detail.

***Specogna** gold deposit (Harmony project) is returning impressive drill intersections for Misty Mountain Gold Limited. Typical values are 10 - 30 g/t Au over 5 - 20 metres, but includes a spectacular 41.09 g/t Au over 42 metres. Rumours of a **staking rush!** Misty Mountain's re-evaluation is pointing toward a higher grade/ smaller tonnage deposit than previously stated: 40,700,000 tonnes of 1.65 g/t Au (City Resources (Canada) - 1988 MDAP) or 23.8 million tonnes at 2.45 g/t Au. Misty Mountain has bought out the NSR royalty interest held by BHP Minerals for \$Cdn 450,000.

***Rock Talk** (Smithers Exploration Group annual event) set to go on March 5 with geological presentations on mines, exploration projects and GSB programs in NWBC, plus a field trip to **Eskay Creek** mine on March 6.

FIELD ACTIVITIES - Nil

EXPLORATION AND MINESITE ACTIVITY

*Kenrich Mining Corp. plan to spend a minimum of \$1.4 million at **Corey** in 1996, on an initial 40 hole program.

*Economic target at the **Mac** (093K 097) Mo-Cu prospect, 40 km southeast of Granisle, is 150 million tonnes of 0.12% Mo.

***Taurus** metallurgical testwork is favourable, 75% gold recovery from bottle roll cyanide leach of 88-Hill core samples. Exploration plans have been modified, instead of a large winter drill program Cyprus will begin in the spring with surface stripping, mapping and sampling on 88-Hill, followed by 25 m spaced definition drilling and wider spaced exploration drilling with Wings canyon (southeast of 88-Hill) being a prime target.

COREY
MAC
TAURUS

EXPLORATION AND MINESITE ACTIVITY

Red Chris positive pre-feasibility study completed based on 90 000 tonnes per day. Pending Teck Corp. decision to take over as project operator American Bullion will conduct a 30 hole drill program.

Clone airborne EM survey completed by Teuton Resources. Last year's ground survey showed the gold zone consists of a parallel magnetic low and high. A \$1.4 million exploration program including 5 000 metres of drilling will start about June 10.

Eldorado claims south of Snip, reported by prospector Dave Javorsky to have been optioned by a Netolitzky company. Javorsky's work on the property leading up to the option was supported by PAP.

Golden Bear exploration will comprise:

- Bear Main waste dump- reverse circulation drilling
- Kodiak B- infill drilling
- Ursa- 200 m of condemnation trenching, 150 m of exploration trenching, 4 RC holes
- West Project- Limestone Creek fault (2 holes), Ridge zone (4 holes, possible trenching), Mid zone (3 holes, trenching) and South zone (8 holes, trenching).

Atna Resources, flush with its Yukon success, will conduct small drilling programs on four northwest B.C. properties. Pitt/Trinity (103H 066) and Horsefly (103H 014 in the Ecstall belt) are VMS prospects on the north coast, White Bull (94L 008) is a sedex target in the Kechika belt and Blunt Mountain (93M 099) north of Hazelton is a silver-gold vein in the hornfels aureole of a Bulkley stock.

Corey drilling is underway on the Bench zone which is now clear of snow. This year Kenrich Mining is managing their own program rather than hiring Canamera. Drilling will move up to the TV zone as snow conditions permit. A multielement geochem anomaly will also be drill tested. It links the TV zone with a significant gold intercept on the Springer-Cove property to the north. The Cumberland (104B 011) massive sulphide showing in Sulphurets canyon will be re-drilled, based on re-interpretation of its stratigraphic position (Eskay correlative, rhyolite/ mudstone contact) and structure (east instead of west dip). An airborne mag/ radiometrics survey will be conducted on the eastern part of the property.

Canamera Geological are conducting exploration of their own claims in the Eskay camp, at **Hearts Peak** (104K 084) an epithermal vein to hot spring gold target and the **Bing** (104K 035) porphyry prospect.

Nu-Lite Industries, affiliated with Kenrich Mining, will explore **Keystone** (104J012), a gold target in a listwanite zone on the Thibert Creek thrust north of Dease Lake. Placer mining in the 1930's is reported to have exposed gold in quartz veined argillite below the altered ultramafite.

At **Foremore** (104G 148), after a 3 year delay, Cominco will drill an 800 metre 'Hail Mary' hole through a glacier aiming for a VMS target.

Red Mountain surface drilling is underway and permitting in progress to extend the decline .

Wojdak, MR May '96

COREY

KEYSTONE

FOREMORE

the cliffs; sericitic steeply foliated strata and a biotite altered, high level diorite. A flat structure is postulated to separate these apparently auriferous rocks (drill assays not in yet) from overlying barren rocks.

Bonsai

* The EXPLORE BC assisted Bonsai project (no minfile #) of Prime Resources Group was toured with Andrew Kaip, John Thompson (MDRU), Fiona Child (MDRU) and Daryl Hanson on Aug 21. Bonsai is 10 km west of the Eskay Creek deposit at the same stratigraphic position, the contact between intrusive/ extrusive domal rhyolite breccia and overlying mudstone. The rhyolite is altered, gossanous and anomalous in Au, Sb, As and Hg. Black matrix-rhyolite breccia is a mixture of very irregular cusped and rounded clasts, texturally similar to breccia proximal to the Eskay deposit. The Bonsai showing, discovered by Teuton Resources in 1991 consists of bedded clastic pyrite but without significant Au content. Some clasts are internally laminated, many show well developed radiating structure suggesting conversion from marcasite. These features imply low temperature syngenetic origin, making Bonsai a worthy Eskay-type exploration target being tested by five drill holes along a 500-600 m strike length. The Eskay and Bonsai are on opposite limbs of a synclinorium that causes the Eskay horizon to be (deeply?) buried beneath complexly folded overlying Bowser Lake Group sediments. In a separate program named Mackay Lakes, Prime has contracted Peter Lewis to unravel fold geometry within the synclinorium and target Jurassic basement highs, preparatory to committed exploration program over the next several years.

Eskay

*Daryl Hanson and I were shown Eskay mine (104B 008) on Aug 22 by mine geologist/ MDRU student Tina Roth. We also spoke with Chief Geologist Jim Rogers. The mining operation has tight geological control, there are six geologists on staff. Ground control and ore blending are very important. Poor ground necessitates very expensive drift-and-fill mining using cemented river gravel. Even so, ground falls have resulted in reduction of openings from 3x3 m to 2.5 x 2.5 m and "minature" jumbos etc replaced pre-production mine-design equipment. Stope development is planned to minimize rock exposure to air to a matter of days. The challenge of ore-blending is to maintain mercury content to less than 1200 ppm. Gold grade is not a problem but mercury is a serious smelter penalty item. With differing terms between smelters at Noranda and in Japan, the mining is further complicated to produce two different blends. Mercury distribution is a "bull's eye" pattern with highest mercury corresponding to the thickest central part of the orebody where gold grades are also highest. The operation is doing well with gold production 15% ahead of schedule. Reserves are sufficient for about 10 years of production at a rate of 270 tonnes per day. Of concern to the mine geologists (and me) is that mine cut-off grade has been increased from 13 g/t Au stated in the Mine Application to at least 20 g/t. There is no place to stockpile low-grade ore, due to space and ARD concerns, and this rock is going into Albino Lake along with acid generating waste rock. Mine staff appear to be very sensitive to this issue and appear to be working toward a solution. Exploration drilling will test the hinge of the Eskay anticline with holes oriented perpendicular to the original discovery holes which targeted only the northeast limb.

COREY

*The Corey (104B 011, new) project, also targetting an Eskay-type deposit was visited on Aug 22 with Daryl Hanson. Our hosts were Tom Drown and Raoul Verzoza of Canamera Geological, which is supplying exploration funds and contract management services to Kenrich Mining. Current focus on the large Corey property is the TV and Bench zones in heavily timbered terrain in Unuk River valley, southeast of the Eskay deposit. Geologic mapping has partially delineated folded Eskay stratigraphy lying between a massive sulphide showing (104B 011) to the south and the Springer-Cove property to the north on which Granges reported a drill intercept of 1.21 opt Au, 13.4

Wojdak M.R. Aug. '95

COREY

opt Ag over 13.1 ft (AR 22113). In the TV zone altered locally flow-banded rhyolite breccia some 100 m wide contains from 5 ppb to 40 g/t Au in 1 meter sample intervals. Gold is associated with pyrite, pyrrhotite and trace sphalerite. Very locally the rhyolite is chloritized, as it is at Eskay Creek. The rhyolite is in contact with black mudstone containing bedding-parallel veins(?) of pyrite. It is interesting to note that soil gold values are only 20-65 ppb immediately downslope of high gold values in bedrock. Geologic mapping and an IP survey were in progress and 2000 m of drilling is planned for this highly prospective property.

SNIP

*Exploration on the Snip (104B 250) and Bronson Option properties was reviewed with Ken Donner, Jennifer Garratt and Steve Metcalf on Aug 23. Cominco is encouraged by this season's discovery of the Twin West zone, the first promising find after several years of exploration. The Twin West vein consists of massive pyrite with a similar NW trend as the 150 vein that is being mined in the footwall of the Twin vein. Twin West is narrow but continuous and locally high grade (227 g/t Au over 30 cm). It is segmented into three blocks by north faults. An ore shoot 100 m long by 50 m high has been indicated by surface drilling. Drilling (9000 m to date and continuing with 2 machines) has progressed to the western extremity of the Snip claims and will proceed onto the Sky fractional claim, part of the Bronson Option from International Skyline. Drilling further west on the Jim claims is also anticipated. Holes drilled on the Jim property in 1992-93 were collared too far south to test the Twin West zone.

Four 800 meter length holes were drilled in 1995 on the eastern segment of the Bronson Option claims, but with poor results. The target was to test a pyrite-sphalerite vein (with low-grade gold) at depth in hope of better grade. A pyrrhotite-sphalerite ductile shear (without gold) was intersected.

Mining at Snip continues at 460 tpd with a 12 g/t Au cutoff and operating cost of \$145/ounce. Reserves as of January 1995 are 625,000 tonnes at 26.4 g/t Au, sufficient until the 4th quarter of 1998. Mine exploration of the Twin zone has been modestly successful in locating ore up-plunge to the southeast. Exploration continues in that direction as progressively higher exploration drifts are driven from the spiral ramp as it is developed.

FORREST

* On the Forrest (104B 380) property in the Iskut region Pamicon Developments is conducting a 4500 ft drill program for Abacus Minerals. Gold occurs within Paleozoic Stikine assemblage but is thought to be related to early Jurassic intrusions and is controlled by northerly structures, possibly related to the nearby Forrest-Kerr fault. Work is being supported by EXPLORE BC. I met briefly with Cameron Scott on site on Aug 23.

ISKUT
WOLL.

*Iskut wollastonite (104B 123) 15 km west of Snip mine on Zippa Mountain, was explored by a brief sampling and mapping program by MineStart Management for Super Twin Resources. I spoke with the field workers on Aug 23 but did not visit the property. Geological setting is a skarn associated with a 4 km long nepheline syenite body intrusive into Paleozoic Stikine Assemblage. Wollastonite occurs as a thin, 70-80% pure, stratigraphic horizon traced about 300 meters with associated pyroxene and brown melanite garnet (titaniferous andradite). The operator claims a potential resource of two million tons.

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200 ft. Falconbridge and Cities Service held adjoining claims and that ground is now part of Wes Moll's option. There are additional porphyry Mo and Cu showings which we did not see. Cominco optioned the claims a few years ago and performed an IP survey but did not follow up, about the point they decided B.C. porphyries are not economic.

Philip Krauskopf, high school student accompanied me on visits to Gary Thompson and Wes Moll's properties.

Global Mineral and Chemical has completed their Louise Copper (formerly Louise Lake) drilling program 35 km northwest of Smithers. This is a high-level porphyry (50 mT @ 0.3% Cu, 0.3 g/t Au, 0.02% Mo, 0.9% As) containing tennantite and/or enargite (ie potential for high grade enargite-gold deposit). Three holes, approx 450 metres (\$100,000) to follow up on Equity Silver's hole 92-10, a one-hole test of an IP anomaly on the faulted extension of the mineralized zone, located 1000 metres east of all other drilling. Hole 92-10 intersected 1.46% Cu, 1.9 g/t Au, 121.7 g/t Ag, 0.53% As and 1.15% Zn over 2.9 m within a broad zone of much lower grade mineralization.

In the current program 98-1 was a vertical hole from the 92-10 site (an angle hole, south) and 98-2 and 3 were angle and vertical holes collared 150 m to the north. I examined some of the some core from 98-2 and 3 with geologist Stu Tennant. Skeena Group pyroclastic felsic volcanic rocks, not unlike rocks at Equity Silver, comprise massive rhyolite, monolithic rhyolite breccia and heterolithic fragmentals. These are cut by fine-medium grained feldspathic intrusive and intrusive breccia, that is pervasively pyritic and altered to sericite. Quartz stockwork is present very locally and one 3-4 m interval contains sphalerite stringers. Traces of tennantite/enargite appear to be present. Mineralization is known to be subtle; all the core is being analyzed. Later, I met Stu Tennant in front of a restaurant for lunch. Arrived on my bike. Stu's eyes widened and he commented:
"Wow, you guys have had budget cuts!"

Assisted Bud Plecash, local geologist, with interpretation of IP/mag/VLF survey of Tangle claims, 30 km NE of Smithers. Suggested merit/priority of drill targets. Bud consults for Dick Groot, a logging contractor who dabbles in mineral exploration, who will drill the property next month in search of silver-copper mineralization.

Corey property: Homestake apparently have discovered a second target/showing on the Battlement grid which will be drill-tested. Visit planned in late July.

Distribution:

TO: Wallace Bergen of EI

(WBERGEN)

CC: David Lefebure of EI

(DLEFEBURE)

CC: Bob Lane of EI

(BLANE)

Wojdak - Jan

MINESITE NEWS

TABLE MOUNTAIN
*Table Mountain mine was visited on June 24. Their situation is critical, 25 staff have been laid off and closure is anticipated in about 6 weeks. Gold grade in the Vollaug vein has been less than expected. Thirty metres more underground drifting is required to provide a drill station for exploration drilling. There has been no advance on 10-level since 1996. Cusac Gold Mines is also exploring zinc-lead-silver prospects within trucking distance with a view to converting the gravity mill to flotation in order to continue operating.

EXPLORATION ACTIVITY

*Claim staking activity diminished from earlier in the year. Two areas of note- Motase, 150 km north of Smithers, and the Babine camp.

TAURUS
*Quartzrock (Taurus, 104P 010) was visited on June 24. No one could be located. Apparently, exploration was curtailed after drilling only a few holes.

*Specogna (103F 034) open pit mineable resource estimated at 52.7 million tonnes grading 1.70 g/t gold at a 1.2 strip ratio by Misty Mountain Gold. The estimate is based on 538 drill holes totalling 80,000 m. Conventional milling will attain 76% recovery and, at 7500 tonnes per day will provide a 20 year mine life. Scoping studies on mine design, mineralogy and metallurgy, environmental and infrastructure will lead to a pre-feasibility study in the fall. Drilling is about to begin to test for higher grade gold deposit 200-300 metres below the hot spring zone and a second near surface zone 8 km south indicated by geochemical and geophysical anomalies.

*Surf Inlet (103H 027) underground drilling scheduled to begin in late June following completion of re-tracking 900 level and development of a 60 m crosscut and drill station.

*Encouraging results from KRL Resources Corp. drilling on the WL property 10 km southeast of Watson Lake, close to the B.C. border. Follow up drilling and trenching planned.

COREY
*Kenrich Mining has optioned a portion of its Corey property, named the PRU block, to Prime Resources Group Inc. for a combination of cash payments, share purchases and exploration expenditure commitments. Although Prime geologists have indicated to me that Corey does NOT have an Eskay Creek chemical signature, Ron Parker (president and CEO of Prime) states the deal "gives Prime access to one of the strongest Eskay Creek analogues in northwestern British Columbia."

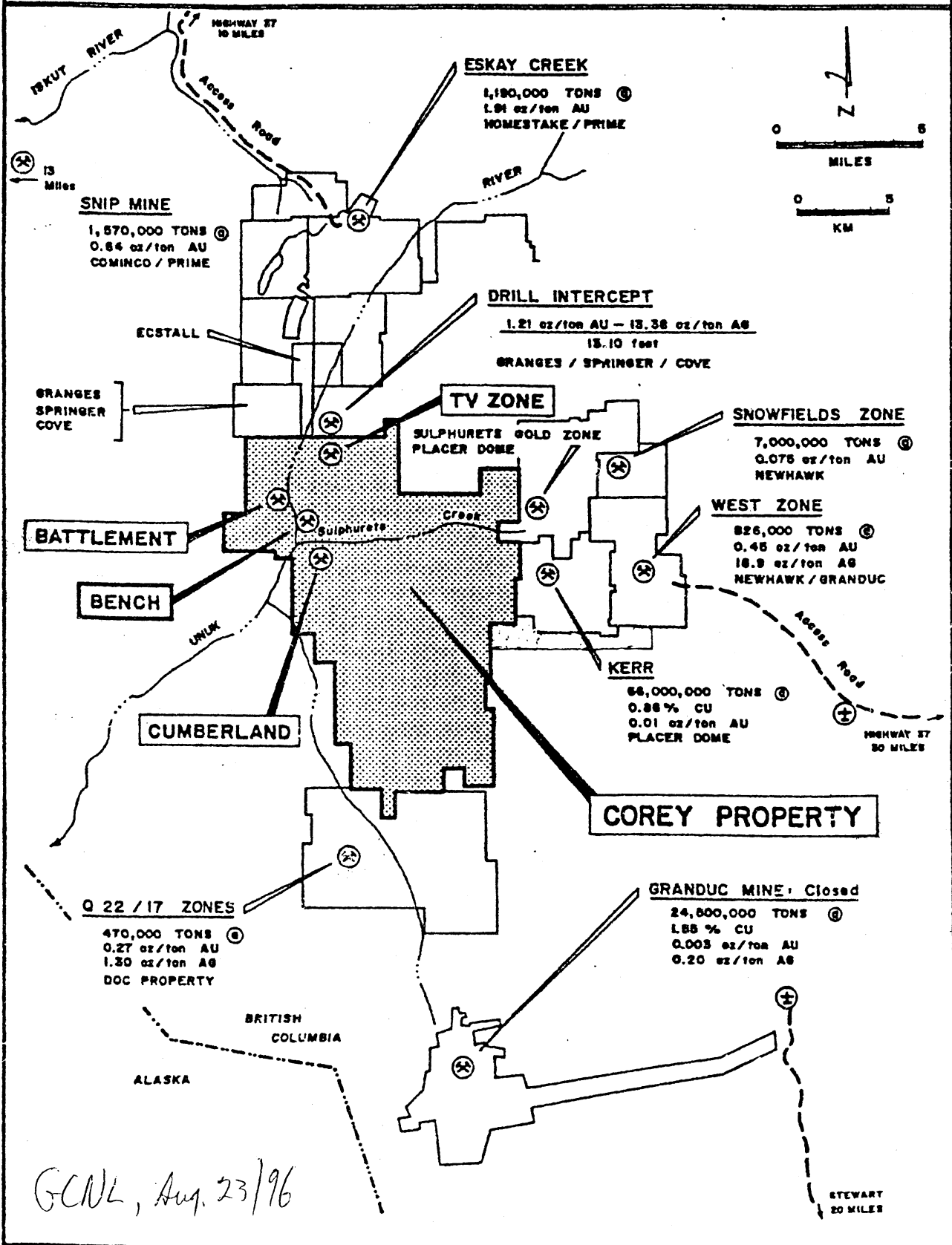
*Cry Lake follow up being conducted on claims staked on last year's RGS release by Atna Resources and Hunter Exploration Group (Lawrence Barry). Inspection by claim inspector on overstaking in Blue Sheep area anticipated. Uwe Schmidt and Rick Kemp of Atna express confidence that a ruling should go in their favour because they ran all lines and placed all posts that are reasonable. Watershed Resources, acting for Active Minerals commenced staking later than Atna and used an "unlimited" helicopter budget to place posts in inaccessible terrain. Atna reconnaissance has found strongly deformed argillite (Eam Group?) overlain by mafic volcanic rocks of the Sylvester allochthon.

Wodjak - June '99 MR

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KENRICH MINING CORP.

COREY PROJECT 70 KM. NORTH OF STEWART, BC



GCNL, Aug. 23/96

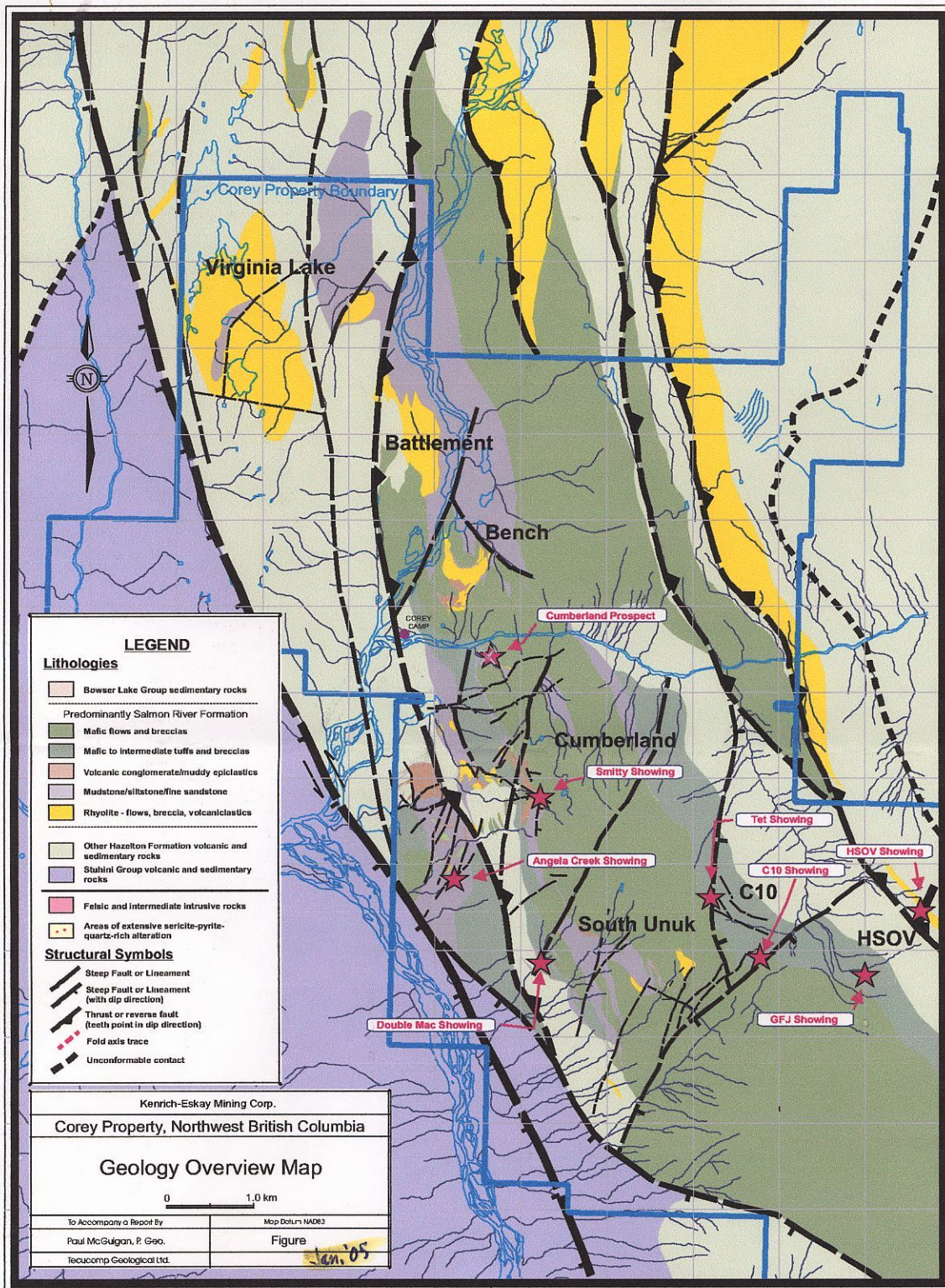


Figure 4. Summary geological map of the Corey Property.

Aug. '05

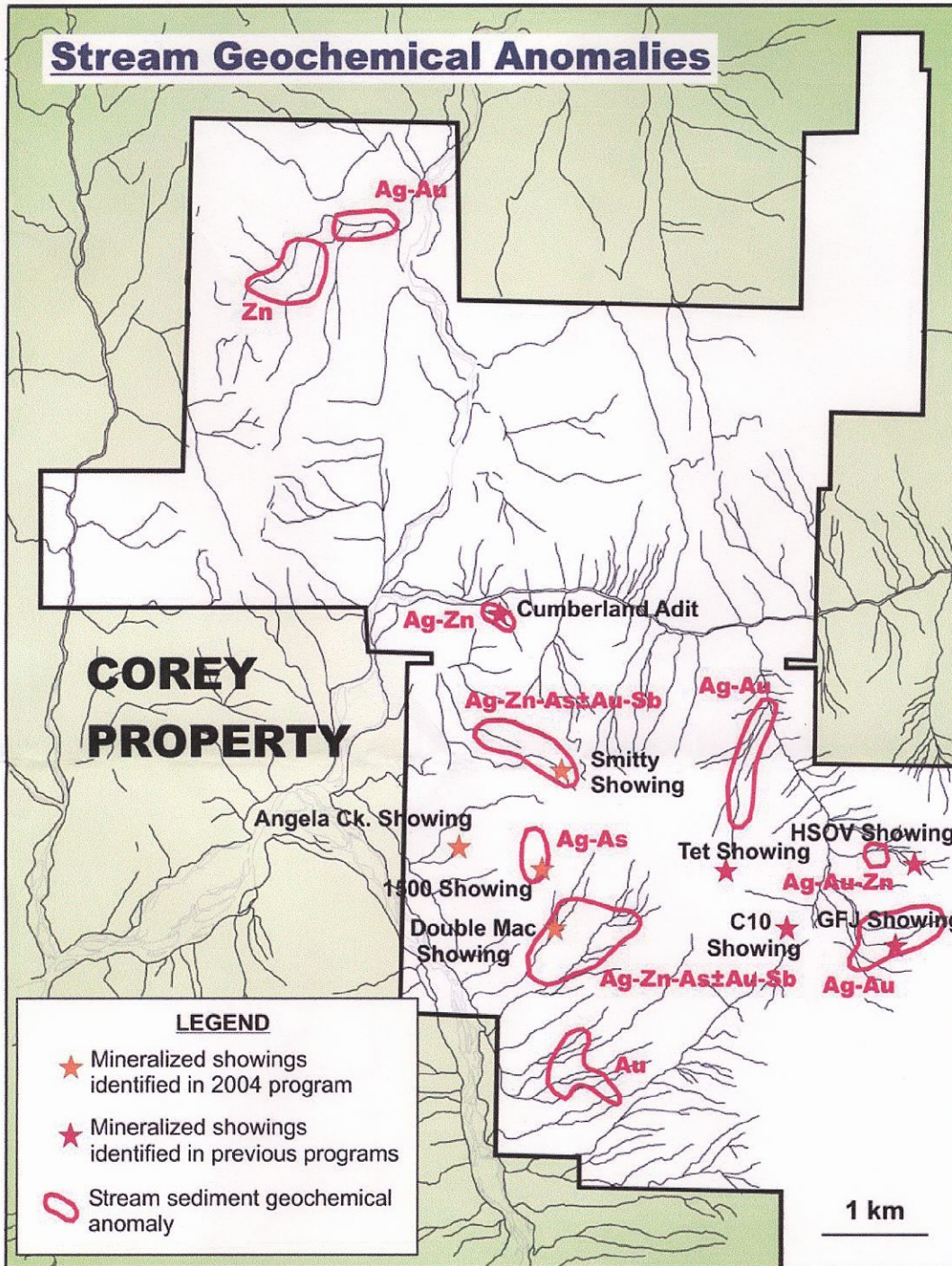


Figure 6. Summary map of high-energy stream sediment anomalies from the 2004 exploration program

Jan. 05

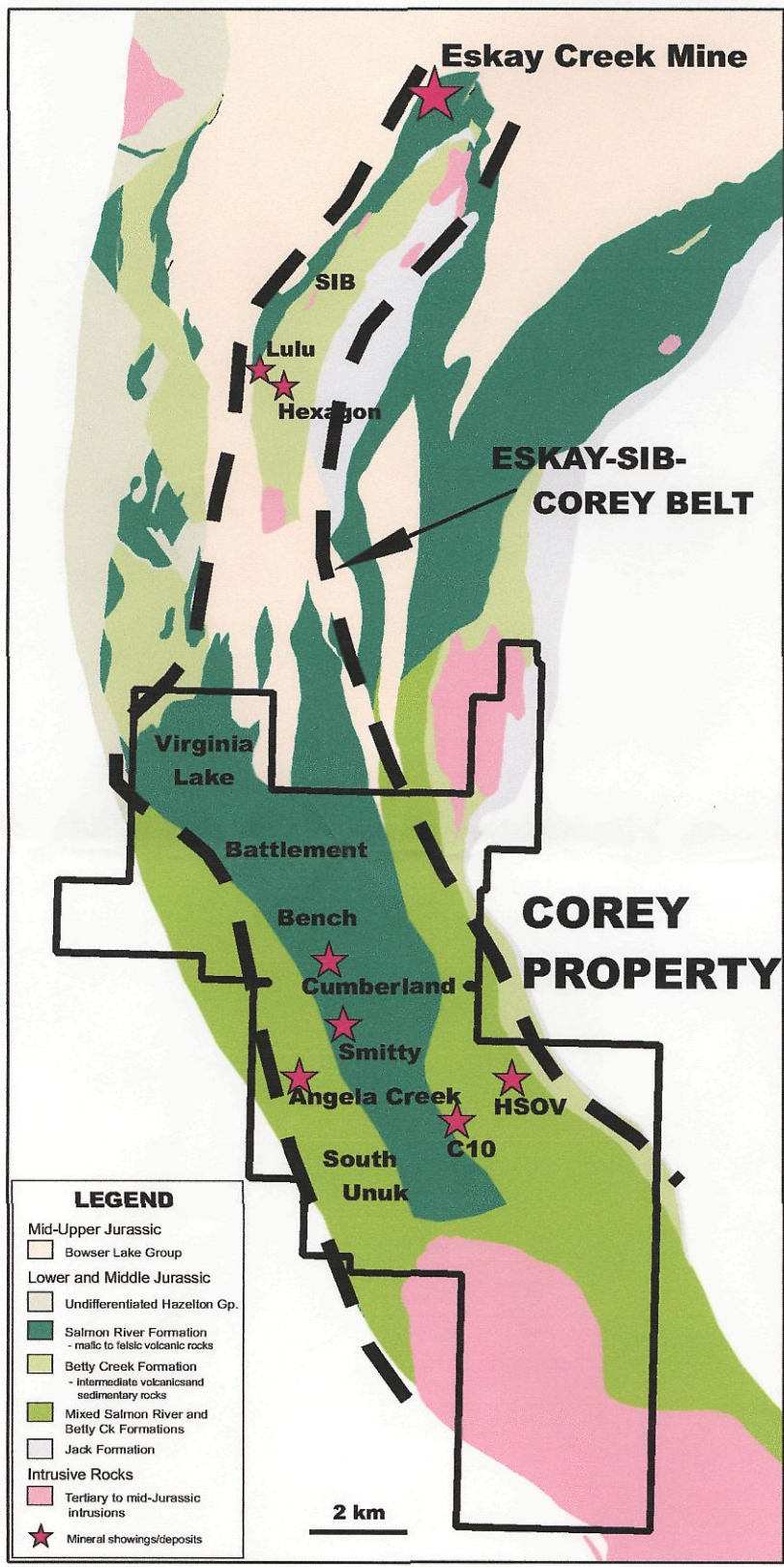


Figure 2. Geology map of the Eskay-Corey area.

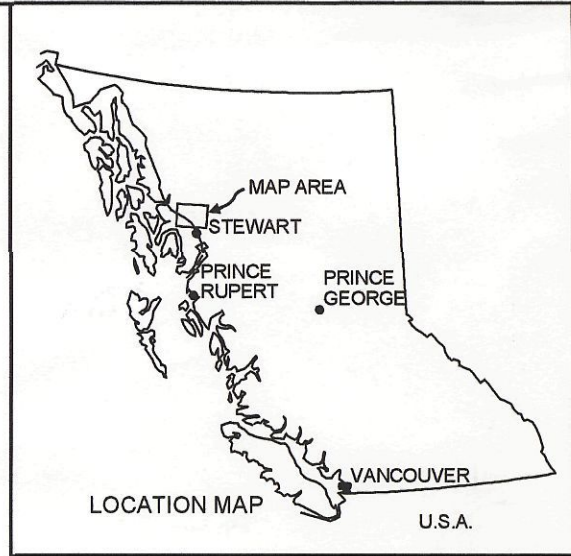
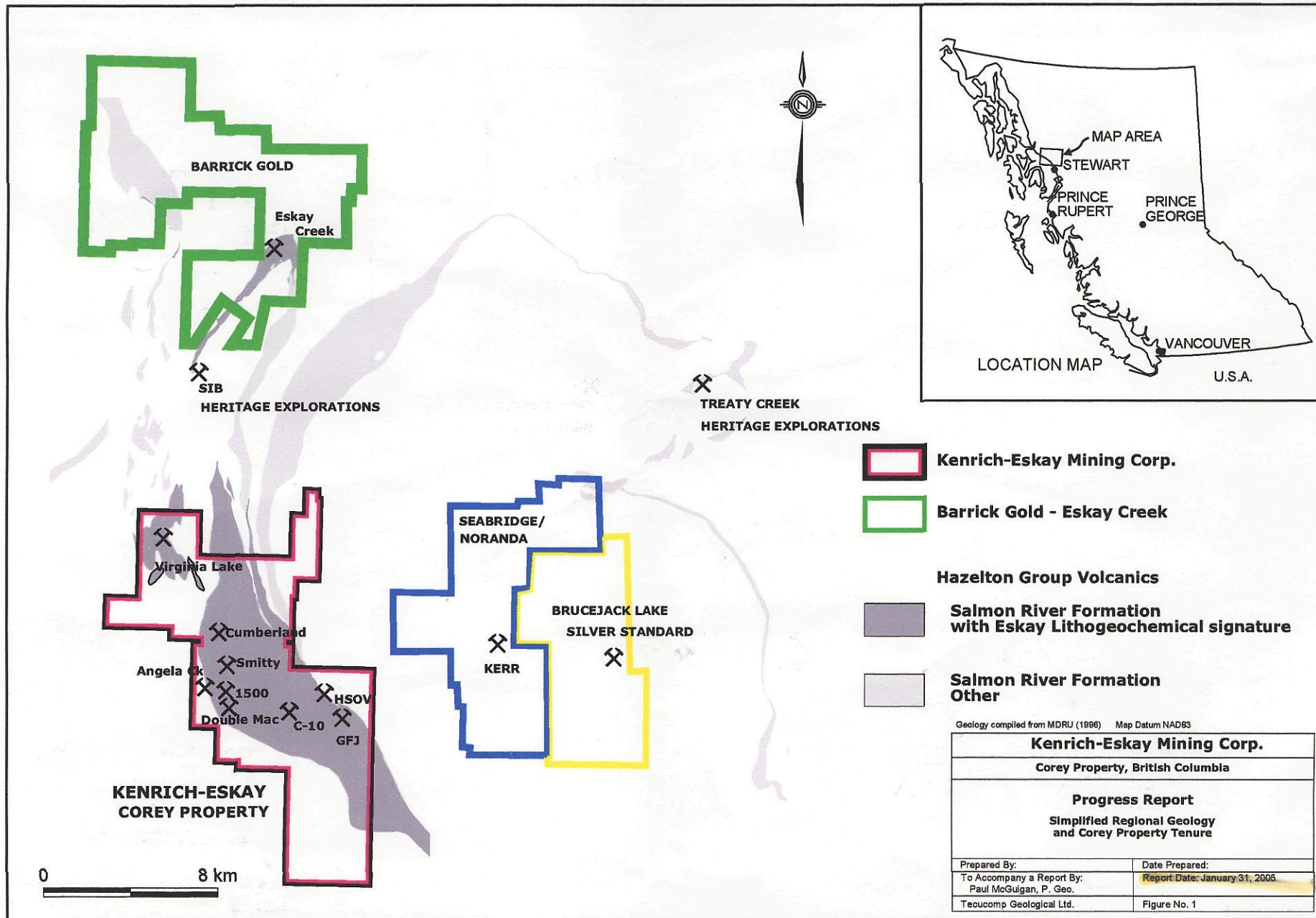


Figure 3. Comparative chronostratigraphic columns for Eskay and Corey Properties.

