

Crow-Rea
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I N T E R O F F I C E M E M O R A N D U M

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TO: Rick Meyers of EI (RMEYERS)
CC: Jim Britton of EI (JBRIITON)
CC: Bruce Madu of EI (BMADU)
CC: Tom Schroeter of EI (TSCHROETER)

Subject: Weekly Report to 7/18/96

EXPLORATION NEWS:

*Watson Bar Project, Stirrup Creek Gold released results of first two holes from Zone V (the high grade trench). Best intercept is 27.2 m grading 1.37 g/t Au - a good bulk tonnage type result. The company will start trenching a new zone NE of zone V. Rudi Durfeld says that the rock sampling of Zone IV (stibnite-realgar veins - we visited) has been negative so far. I hope to visit again next week to start work for a short paper.

*Elk (Siwash North). Meeting with Andy Smith of Aurizon Mines to discuss their plans as operator of the project. They aim to drill test the deposit to 600 m depth (currently about 300 m) to define a 500,000 oz resource. An aggressive \$1m program of drilling will proceed soon with two drills. A due diligence period ends Sept 5. The long term goal is to establish a shaft and 500 tpd gravity/floatation mill (Cap. cost \$50 m). The mine operating experience of Aurizon will certainly give the project a boost. As a side note, Fairfield was drilling off open-pit reserves until the deal was closed last week.

*Rose-Munro Lake. Almaden currently drilling on 3rd hole. So far they have intersected a pyritic zone with quartz veins, minor Cu-Mo and minor alteration selvages along veins. Au-Ag assays are awaited. I will visit tomorrow (July 19).

*Crow-Rea. Verdstone/Molycor reported results from hole 96-68 of 16.1 m grading 0.302% MoS₂. "The consulting geologists believe there is a significant shallow open-pittable high grade sheeted orebody at the Webbsite zone..." I will visit on Saturday (July 20).

*Brett. Tom reports that Huntington made its first shipment of about 200 tons grading about 1 opt Au. Surface mining continues on the RW zone and another 300 tons grading 1.25 opt could be sent in late July. Trench 21 will be opened-up next.

*Kelly Lake. Continental Lime building road to second drill site. No plans to drill this year.

OTHER ACTIVITIES

* Sept 19 Eagle Bay field trip announcement prepared with Sibbick and Bobrowsky. To be advertised with CIM (possibly), KEG, Gangue etc. Pre-trip info session arranged for evening of Sept 18 at Stockmen's.

* Deadman Hoedoes PA meeting today with Parks, Forst & Western Ind. Clay Prods.

TOS → RB
- Kamloops

I N T E R O F F I C E M E M O R A N D U M

Created: 22-Jul-1996 09:15am PDT
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 From: Mike Cathro of EI
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 CC: Jim Britton of EI (JBRITTON)
 CC: Tom Schroeter of EI (TSCHROETER)

Subject: Update to weekly report

Rick,

A couple of updates after my recent trip to Summerland.

1) Brake, tranny and transfer case problems persist on Unit MP09966. This vehicle is becoming a safety concern to me. I am becoming wary about taking it far off road in case it packs it in and strands me. It is in the shop now.

2) ~~Rose-Munro Lake~~, Almaden Resources Inc. On Friday I viewed core and visited the property with Leo King, consultant. Currently on hole 4. All holes have been drilled into a 2000 by 500 m chargeability anomaly (up to 22 millisechs in strength). The anomaly trends E-W but there are N-S and ENE trends also (offsets?, shears? dykes?). The first three holes were drilled in the same general area as some 1970's era cat trenches and 3 short holes drilled by Can Oxy. The trenches are mainly sloughed but one shows pyritic zones associated with the contact between granodiorite and a qtz-kspar porphyry dyke. The new holes have intersected grey biotite "granodiiorite", locally porphyritic, with zones of qtz-py veining, scattered chalcopyrite and moly, and rare sphalerite. Alteration appears to be mainly sericite (after plagioclase as vein selvages and locally pervasive) and chlorite (after biotite) with some k-spar in veins and as selvages to veins. There may be some biotite and very local clay (kaolinite?) alteration too. There are also some very obvious gouge zones. Overall it looks like they may be in the low-grade, pyritic halo/core (?) to a moly porphyry. There is also potential for Au-Ag values in the quartz-pyrite veins (Elk is 30 km northwest and Rose-Munro has Au-Ag anomalies from overburden drilling). Only assays will tell. This program will only test a few of the anomalies on the property.

3) Crow-Rea (Lori), Verdstone Gold/Molycorp. On July 20 I toured this moly project with new site geologist Owen Peer from Whitehorse. Alex Burton is apparently the senior geologist involved in the project but was not present. They are currently drilling on hole 85 (this is not a typo). 20 packsack BQ holes were drilled in 1995 with 64 BQ, percussion and NQ holes drilled since Jan/96. An estimated 11,000 ft of BQ has been drilled, 6000' (of 15,000' proposed) of NQ and 7000' of percussion (of 10,000' proposed). Total spending (95 and 96) is about \$800K and a further \$1.2M is proposed but not yet approved.

This is a pretty promotional, market-oriented project, although they are hitting moly and new, deeper intersections look interesting. Most of the holes drilled to date have targetted the Website zone, a thin (2-3 m thick?) shallowly dipping siliceous breccia/vein? with coarse moly rosettes.

As many as 6 or 8 holes have been fanned out from individual sites. Roughly 70 holes have been drilled . an area of 250 m by 300 , yet no cross sections are available! The geologist mentioned that "market holes" have been drilled including # 96-68 which hit about 49' grading 0.302% MoS₂. This hole was drilled down dip (on purpose). Owen believes this zone may average about 0.3-0.5% Mo, although it may be difficult to know for sure because of the coarse moly flakes, small core and loss of moly by washing out during drilling.

Recent NQ drilling is stepping out on 100 m centres and, in testing for the dip extensions of the Webbsite zone, has intersected disseminated and fracture controlled moly mineralization at depths of 500-1000'. This mineralization appears to be mainly hosted by weakly sericitic to unaltered medium and coarse grained granite porphyry (mapped as 1J Osprey Lake batholith). Assays (not yet released) range from .01 to .07% Mo and may average .03-.04 Mo over considerable widths. Very little quartz veining or alteration is present.

Another odd aspect of this project is their use of a "tectonic survey" map done by a Doug Chapman, who is spoken of reverentially. This is a map showing "contoured % shear tension isogradients" which are somehow derived from airphoto lineaments. They have about 13 anomalies to check out, only a few of which have had soil or geophysical work done.

In summary, despite a haywire, "market-driven" promotional exploration style, this project is locating interesting moly mineralization. Drilling of larger diameter, deeper core holes on a wider spaced grid pattern may yet turn up a significant moly porphyry deposit. I remain concerned about the ability of on-site geologists to maintain a logical, scientific focus to the exploration due to the company's' apparent need for "market news".

Mike

I N T E R O F F I C E M E M O R A N D U M

Created: 31-Jul-1996 02:48pm PDT
Sent: 02-Aug-1996 12:10pm PDT
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TO: See Below

Subject: Regional Geology Monthly Report

HIGHLIGHTS

*Exploration spending in this region still appears to be up strongly from last year. Still not much grassroots work though. There is a definite shortage of geologists for the available work.

FIELD VISITS

*Reviewed the Comet-Davenport (Afton) exploration results with Teck geologists and Vic Preto. Teck has drilled 5 targets in the mine area called the Coquihalla E & W, Supergene, DM-Audra and Galaxy North. Several of these deserve follow-up; drilling will probably continue in the fall. A new style of mineralization was discovered at the "Coquihalla zone" (near the Pothook Pit) consisting of high Au and Low Cu in heavily pyritized rock. At the "Supergene zone", native copper, chalcocite and possible cuprite occur in hematized Cherry Creek rocks - a similar setting to the Afton orebody.

*Spent two days in the field with the Eagle Bay crew, Tryg Hoy and Vic Preto reviewing deposits and stratigraphy. A very useful exercise. Field trip is planned for Sept 19 in conjunction with CIM conference.

*The Rose-Munro Lake project (Almaden Resources) near Summerland was visited on July 19 with Leo King, consultant. They were drilling on hole 4 and had intersected weak Cu-Mo porphyry-style mineralization in all holes at that point. Alteration is mainly sericitic with minor k feldspar veining. There is potential for significant Au-Ag values here due to soil anomalies. This is a large, poorly explored property and the current phase of drilling (1800 m) will not test all the anomalies. A large part of the claim group was removed from a proposed study area last year through our efforts at IAMC.

*Crow-Rea (Lori). This moly property of Verdstone/Molycor is also located west of Summerland and was visited on July 20 with new site geologist Owen Peer. Coarse moly rosettes occur in a 2-3 m thick felsite vein/breccia

VBS → RG
- from [unclear]

(Webb site zone) and disseminated in granite porphyry. The lack of clay and k-spar alteration and quartz veins make this a real long shot prospect. Manangement on site appears to be improving. At the time of my visit 85 holes had been drilled but no decent drill plan nor any cross sections were available yet. The best hole, #68, hit 50' grading 0.302% MoS₂ but was a "market hole" drilled down dip on the Webb site zone on purpose....

*Watson Bar (Second Creek). Three days were spent on this gold prospect located north of Lillooet on the west side of the Fraser. I logged core and examined mineralization for a property description paper. 12 holes have been drilled to date on Zone 5, a high grade gold bearing quartz vein occuring in a carbonaceous thrust fault zone. Host is carbonate-altered lithic sandstone of the Cretaceous Jackass Mountain Formation. Gold is associated with arsenopyrite/pyrite and geochemically anomalous levels of Sb, Hg, Ag, Cu, Pb, Zn. Parallel stacked zones and disseminated mineralization in altered sandstone wallrock give fairly long, low-grade intersections in drilling (e.g. 27.2 m grading 1.37 g/t Au). High grade surface-enriched material in the main trench assays up to 6.82 opt Au in the best mineralized sections.

EXPLORATION AND DEVELOPMENT NEWS

*Blackdome (Claimstaker Resources). Drilling underway. 20 holes and 6 trenches planned on several targets. South Rhyolite target may be most interesting as it is a relatively new, undrilled geochem target that may represent a new vein parallel to the ones mined in the past.

*Prosperity (Fish Lake, Taseko Mines Ltd.) 2 drills working, 2 more to be added. 35,000 m angle re-drilling program plus 10,000 m in geotech holes. Taseko has about \$12 m in funds on hand.

*Siwash North (Elk, Aurizon/Fairfield). Aurizon has optioned the property and plans a large drilling program to define about 1 mt grading 0.5 opt down to 600 m depth. Overall goal is an underground mine and 500 tpd mill.

*Brett (Huntington Resources). Tom reports that 200 tons grading 1 opt Au has been shipped and a furthur 300 tons grading 1.25 opt Au was to have been mined in late July.

*Cottonbelt (Canquest). NoW for 4 deep holes to test the main Mt Grace Syncline fold nose on this stratiform Zn-Pb-Ag prospect. A gutsy proposal that could find the mother of all Shuswap deposits, or alternatively, kill the property for a few years.

OTHER ACTIVITIES

*Truck MP09966: Several breakdowns lately. Repairs to brakes, hubs, fuel pump etc. Getting some good excercise though! Still about \$1900 to spend to get it roadworthy.