

# METALS REPORT

## WINTER 96/97

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**1** 1996 was a busy year for the Verdstone Group of Companies with approximately 50,000 feet of drilling completed on five properties (four in B.C. and one in Nevada) resulting in the discovery of one previously unknown reserve (Webb Site) and the extension of the known mineralization on three of the properties.

Exploration in 1997 is expected to be in excess of 100,000 feet of drilling on as many as eight properties to be discussed in more detail later in this report.

The Vancouver Market continues to be sold off as market players take losses to offset spectacular gains earlier this year. The resultant sell-off has created buying opportunities for many investors reloading for what appears to be an excellent year for the resource industry.

The NDP government is now making an effort to attract exploration and mining activity back to the province of British Columbia.

Base Metals and Gold have been reaching new lows with the only bright side on the metals front being molybdenum which has increased to the \$4.00 - \$5.00 U.S. range from \$3.25 over the past couple of months.

The companies have been financing for an early January start on exploration. The exploration will focus on the companies targets which have the potential for world class deposits as follows:

### SALAL CREEK

MOLYBDENUM PROPERTY  
- 70 KM NORTHWEST OF PEMBERTON, BC  
[VERDSTONE 50% - MOLYCOR 50%]

One 1200 foot hole and a partial 400 foot hole (stopped due to weather) were completed on the huge Salal Creek project. Geologically the holes appear to be close to a mineralized source on this 25 square mile pluton. Recent surface trenching and soil sampling and previous work by the majors has outlined a mineralized area measuring approximately 2500 x 400 meters (8,000' x 1,500') with Float Creek being the center. The best trench result averaged .319% MoS<sub>2</sub> over 180 feet of surface width. DDH #96-1 was within the moly halo (.012% MoS<sub>2</sub>) and appears to have been on the southern limit of a mineralized body. DDH #96-2 entered the mineralized zone at 142 feet and the moly bearing fracture density was increasing with depth. Both holes encountered the garnet zone, quartz, sericite, pyrite zone and magnetite zone, these zones envelope the "Henderson Deposit" in Colorado. The previous operators, Amax, Cerro, B.P. Minerals and Utah were in agreement that the Float Creek area has the greatest potential for hosting a "Henderson type" orebody.

The companies' success at locating drill sites in the Float Creek area greatly enhances the potential for discovering an orebody in the billion ton range based on the geological size of its pluton. 5,000 to 10,000 feet of drilling is planned for this exciting project in the spring of 1997.