



To: D. V. Lefebure,
District Geologist - Smithers

Date: October 7, 1987

CONFIDENTIAL

File → Taurus

Re: Hearne-Taurus Mine Research Project, September 25-29, 1987

888564

From September 25 to 29, 1987, I visited the Hearne-Taurus Gold Mine in Cassiar, B.C. The objectives of the trip were:

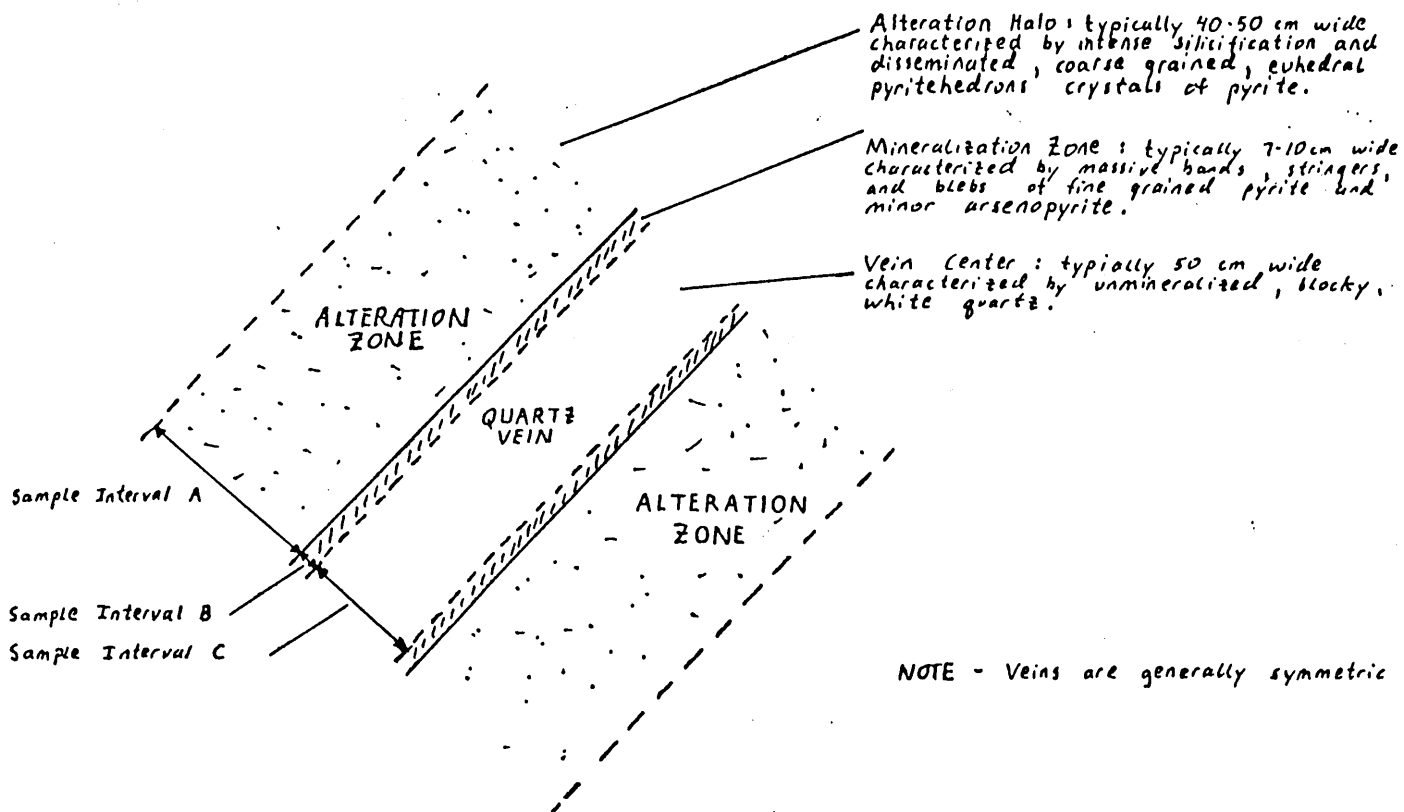
1. To become more aware of the mine geology, style of mineralization, and future potential.
2. To carry out a short research study at the mine on the style of mineralization in the deposit and to publish these results in an article for Exploration in B.C., 1987.

The study of the auriferous quartz veins mined at the Taurus deposit revealed that nearly all of the gold is contained within narrow zones of sulfide mineralization which typically occur along both the hanging wall and footwall margins of the quartz veins. Pyrite is the most abundant sulfide with only minor arsenopyrite in some of the veins; there is no chalcopyrite present. The quartz veins range from 50 to 150 cm wide and the zones of sulfide-enrichment are generally less than 10 cm wide. The veins strike east and dip 50° to 60° to the south. Vein orientations are extremely consistent. Vein thicknesses are also quite consistent.

Alteration halos characterized by intense silicification and disseminated pyrite extend off both the hanging wall and footwall margins of all of the veins studied. The zones are typically 40-50 cm wide and contain 1-2% disseminated, euhedral pyritohedron crystals of pyrite which increase in number as one moves closer to the vein. The vein centers are generally barren, blocky, white quartz. The alteration zones generally contain < 0.06 oz/ton gold while the vein centers generally contain < 0.03 oz/ton gold (see Diagram A enclosed).

Two east-striking quartz veins on the northeast end of the 3500 foot level were sampled during the study and found to be auriferous. The "4 1/8" vein is 18 cm wide and is located 15 m north of the #4 vein drift. The "4 1/2" vein is 15 cm wide and is located 35 m north of the #4 vein drift. Chip samples taken across the 4 1/8 and 4 1/4 veins graded 0.564 and 0.892 oz/ton gold respectively. The "4 1/2" vein located another 15 m to the north had already been identified as highly auriferous by Taurus sampling. This series of veins makes up a system which deserves further evaluation for ore grade potential.

DIAGRAM A · SAMPLING PROCEDURES



| Sample # * | Vein # - Sample Interval | Sample Width | O ₂ /ton Au ** |
|------------|----------------------------|--------------|---------------------------|
| 5801 | #2 - A | 35 cm | 0.188 |
| 5802 | #2 - B | 20 cm | 0.212 |
| 5803 | #2 - C | 80 cm | 0.012 |
| 5804 | #3 1/4 - A | 50 cm | 0.018 |
| 5805 | #3 1/4 - B | 7 cm | 0.828 |
| 5806 | #3 1/4 - C | 55 cm | 0.024 |
| 5807 | #3 1/2 - A | 45 cm | 0.016 |
| 5808 | #3 1/2 - B | 10 cm | 0.346 |
| 5809 | #3 1/2 - C | 60 cm | 0.254 |
| 5810 | #4 - A | 30 cm | 0.012 |
| 5811 | #4 - B | 7 cm | 1.72 |
| 5812 | #4 - C | 25 cm | 0.028 |
| 5813 | #4 1/2 - A | 30 cm | 0.122 |
| 5814 | #4 1/2 - B | 5 cm | 0.286 |
| 5815 | #4 1/2 - C | 10 cm | 0.018 |
| 5816 | #4 1/2 - Parallel Stringer | 5 cm | 0.042 |
| 5817 | #4 1/4 - Entire Vein | 15 cm | 0.892 |
| 5818 | #4 7/8 - Entire Vein | 20 cm | 0.564 |
| 5819 | #1 - A | 50 cm | 0.058 |
| 5820 | #1 - B | 8 cm | 0.368 |
| 5821 | #1 - C (Geophytic Zone) | 40 cm | 0.060 |
| 5822 | #1 - C | 90 cm | 0.018 |
| 5823 | #3 - A | 45 cm | 0.034 |
| 5824 | #3 - B | 10 cm | 0.604 |
| 5825 | #3 - C | 30 cm | 0.016 |

* All samples taken from the 3500 ft. level.

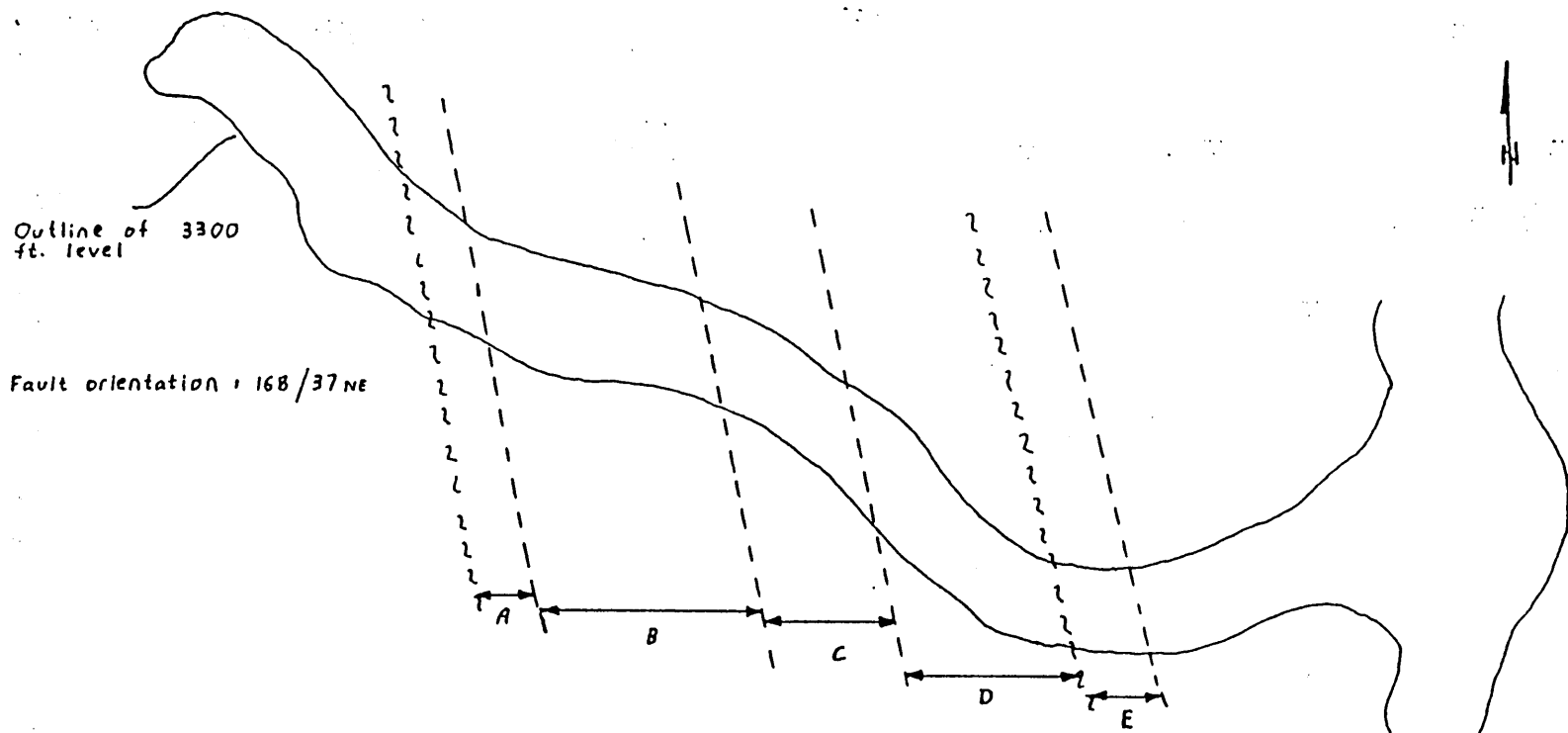
** Analysis by Fire Assay at Hearne-Taurus Minesite Lab. September 28, 29 / 87.

A study of the "pyrite zone" located on the 3300' Level revealed that it is located within a major reverse fault structure indicated by well developed slickensides. Sheared, quartz-filled stress fractures indicate a right-lateral component of shearing along the structure. The structure is in excess of 15 m thick and comprises two graphite and chlorite altered fault zones which bound a 3 meter thick sequence of massive to semi-massive pyrite. A 2 m zone of fault breccia and quartz-filled stress fractures forms the footwall of the structure. A chip sample across the lower half of the pyrite zone (150 cm) graded 0.44 oz/ton gold (see diagram B enclosed). More detailed sampling of the pyrite zone is needed to identify the distribution of the gold within the zone. This would then allow for a serious evaluation of the zone as a potential ore-producer.

The fault strikes at 168° and dips 37° to the east, and is parallel to the "thrust fault" mapped further to the east in the mine. A similar structure of graphitic fault zones bounding a pyrite horizon appears on the 3400 foot Level and may represent the same fault structure. This fault is structurally higher than the "thrust fault" and may be related to the same deformational event. More importantly, it may be responsible for the offset and subsequent disappearance of the #1 and 2 veins on the 3300 foot Levels. A distinctive lamprophyric dyke within the fault zone on the 3300 foot level may also give an indication of the offset related to this fault.

There are at least three phases of faulting and associated quartz veining at the Taurus Mine. The oldest is the east-west striking ore veins which are almost always associated with slickensided surfaces. Northwest trending veins may be splays off the east-west trending veins and could be related to the same event. The second phase is characterized by the "low-angle fault" which strikes NE-SW and is associated with massive bull quartz veins several meters in thickness. The third event, which clearly crosscuts both F₁ and F₂ is characterized by the near north-south striking reverse faults described above. Massive quartz veining distinguishes the "thrust fault" but is not present in the thrust fault structure containing the pyrite zone. Further structural studies would clarify the timing of the various deformational or faulting events and help predict the offset of ore-producing veins.

DIAGRAM B: "PYRITE ZONE"



- ZONE A - 1.7m interval of fault breccia and quartz-filled stress fractures.
- ZONE B - 6.2m interval of intense shearing and alteration, lamprophyric dyke present.
- ZONE C - 3.1m interval of massive to semi-massive pyrite in pervasively altered rock.
- ZONE D - 4.6 m interval of intense shearing and alteration
- ZONE E - 1.8 m wide ~~at~~ footwall alteration zone of intense silicification and pyrite mineralisation

| Sample # | Zone | Sample width - Description | Oz/ton Au * |
|----------|------|--|-------------|
| 5826 | E | 1.8m - Hangingwall alteration halo | 0.020 |
| 5827 | D | 2.3m - Upper half of zone characterized by pervasive graphitic alteration. | 0.018 |
| 5828 | D | 2.3m - Lower half of zone characterized by more abundant chlorite alteration. Pyrite present | 0.022 |
| 5829 | C | 1.55m - Upper half of pyrite zone. Rock is soft and highly altered | 0.062 |
| 5830 | C | 1.55m - Lower half of pyrite zone. Rock is soft and highly altered | 0.440 |
| 5831 | B | 3.1m - Upper half of pyrite zone. Rock is soft and highly altered | 0.012 |
| 5832 | B | 3.1m - Lower half of zone characterized by pervasive chlorite alt. | 0.014 |
| 5833 | A | 1.7m - Footwall breccia zone of fault structure. | 0.010 |

* Analysis by Fire Assay at the Heald-Taurus Minesite, September 30, 87.

Conclusions from the study are:

1. Detailed chip sampling across a vein, including at least 5 to 10 cm of wallrock, is essential for full evaluation of it's potential. Repeated sampling of each vein is also required.
2. The zone containing three highly auriferous quartz veins north of the #4 vein on the 3500 foot level deserves further evaluation. Development of these veins would be best initiated from the drift exposures found on the northeast end of the 3500 foot level. It is possible that these veins may turn out to be splays off the #4 vein.
3. The "pyrite zone" located within a major reverse fault structure on the 3300 foot level is auriferous and merits serious evaluation. More sampling should be done on the 3300 foot level to define the distribution of gold within the zone. As well, a complete sampling of the pyrite zone located on the west end of the #1 vein drift on the 3400 foot level should be done in order to test the possible continuity of the gold-bearing zone.
4. The offset of the #1 and #2 veins between the 3300 and 3400 foot level may be due to the reverse fault structure described above. Further development on the pyrite zone may reveal what has happened to these veins between the two levels.
5. There is considerable scope at the Hearne-Taurus Mine for a geologist to play an important role in defining new mineralized zones and increased ore reserves.



Michael H. Gunning,
Assistant District Geologist.

MHG/ek

- C.C. M.M. Rahal, President, Taurus Res.
J. Westra, Mine Manager - Cassiar Minesite
V. Preto, Manager District + Coal Geology, M.E.M.P.R.



Province of
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Ministry of
Energy, Mines and
Petroleum Resources

Bag 5000,
Smithers, B.C.
VOJ 2N0

October 6, 1987

CONFIDENTIAL

Mr. M. M. Rahal,
President,
Taurus Resources Ltd.,
1110 - 625 Howe Street,
Vancouver, B.C.
V6C 2T6

Dear Mr. Rahal:

I would like to thank you and your staff, in particular John Westra and Dan Dumaine, for your co-operation in regards to my visit to the mine from September 25 - 29, 1987. I had a very enjoyable and useful visit which has made me more aware of the geology, style of mineralization, and future potential of the Taurus deposit.

Enclosed is a memo outlining the most important results from the study. With your permission, we would like to produce a more complete description of the study for publication in Exploration in British Columbia, 1987. The article would be first sent to you for review before being submitted.

The most significant findings from the study are:

1. Chip sampling across auriferous quartz veins indicates that the gold is heavily concentrated in narrow, mineralized zones along the hanging wall and footwall margins of the vein. The vein centers and peripheral alteration halo's carry very little gold.
2. There is more than one high grade quartz vein located north of the #4 vein on the 3500 foot level and this "system" of veins requires serious evaluation.
3. A significant reverse fault structure on the 3300 foot level contains a zone of highly auriferous, semimassive pyrite that is up to 10 feet thick. The structure may continue up to the 3400 foot level, is parallel to the "thrust fault", and may have offset the #1 and 2 veins. This structure merits evaluation as a potential ore-producer.

Thanks again for your co-operation and best of luck over the winter and throughout the year.

Sincerely,

Michael H. Gunning,
Assistant District Geologist.

MG/ek



X Sept. 23/94
-est. \$/m in '94
(Howell/HJope)

765-2167
Smithers

MONTHLY REPORT - JUNE 1994

AUG 25 1994

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

HIGHLIGHTS

* Notices of Work continue to come in at a high rate, latest is a major exploration program at Table Mountain, following on Cusac Industries' current mining success (see field visit below). (Finally) porphyry exploration by Cominco and others south of Houston, sparked by Huckleberry discovery. Stewart-Iskut area is still the focus.

FIELD ACTIVITIES

HEARNE
HILL

* Hearne Hill (093M 006) and Morrison (093M 007) were examined on June 2 with Paul Stevenson and Al Hilton (Booker Gold), Peter Ogryzlo (consultant) and Gavin Dirom, Dave Carson, Dan McGinnis, Gerry Bidwell, Bruce Mackie and Mike Gray (Noranda). Excavator trenches at Hearne Hill have located chalcopyrite-bearing breccia boulders resting on glacial till that are tentatively identified as talus from an undiscovered breccia zone further upslope from the Discovery Breccia. A magnetic "low" thought to be a new breccia zone is being percussion drilled without success to date. Booker Gold want to purchase the Morrison deposit from Noranda because Hearne Hill is too small to be viable without the Bell mill. Noranda are reviewing the Babine camp in conjunction with Bell closure and exploration of the nearby Babs Cu-Au porphyry property. Loss of the Bell mill is tragic for a sustainable mining industry in light of major undeveloped resources at Bell (500 million tonnes at 0.4% Cu, 0.2? g/t Au), Morrison (86 million tonnes at 0.42% Cu, 0.34 g/t Au) and potential of the Babine district.

TAURUS

* International Taurus Resources exploration project was visited on June 7 with Bill Howell. Activity is focused west of the Taurus workings (240,000 tons grading 0.15 opt Au produced between 1981-88), on veins previously explored by Sable Resources Ltd. (Hopeful 104P 010) and Plaza Mining Corporation (Mack 104P 011). Quartz vein systems trend east-west and in a general sense are a continuation of the Taurus veins. Veins are identified as 88-1, 93-1, 93-2 and 93-3, although it is not clear to me that these are distinct, there is a multiplicity of discontinuous? veins. Visible gold is rare unlike the southern Cassiar gold camp (Table Mountain area) where visible gold is common. Host rocks are carbonate-altered Sylvester mafic volcanics. A late winter drill program sought higher grades within the previously announced resource of 481,000 tons at 0.21 opt Au. Difficulties in vein correlation and continuity resulted in a decrease to 360,000 tons (confidential information). This is below Cusac's mining cut-off. The Taurus project needs a continuous and higher grade vein to be viable. Exploration continues:

- excavator trenching of the 88-1 vein and other targets
- dewatering the Sable decline in order to crosscut to 93-1 and 93-2 veins
- surface drilling
- 35 km of IP to detect disseminated pyrite in the ankerite halo of new veins.



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MEMORANDUM

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- Sm.

Smithers — Telephone: (604) 847-7383 Fax: (604) 847-7603

MONTHLY REPORT - MAY 1995

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

JUN 08 1995
Geological Survey Branch
MEMPR

HIGHLIGHTS

Taurus

* Cyprus Canada Inc. continues its aggressive exploration of the Quartzrock property in the Cassiar gold camp. The property comprises the Taurus, Plaza and Sable underground workings optioned from International Taurus Resources plus adjoining claims optioned from Cusac Industries. (Cusac continues to operate its underground mine nearby.) I discussed the project with David Boughton of Cyprus on May 30. Initial drilling (7 holes) was immediately west of the 88-1 zone explored by International Taurus last year up to the Cusac boundary. The second phase of Cyprus drill program is underway. They are strongly encouraged by the winter IP survey which successfully delineated pyritic quartz-veined listwanite, disregarding some false anomalies over siliceous argillite. Prior work at Taurus focused on individual quartz veins near the base of a thrust plate of listwanite altered mafic volcanic rocks, which overlies graphitic argillite. This position contrasts with the Cusac (Erickson) property where auriferous listwanite is localized near the upper volcanic/argillite contact. Following surface mapping Cyprus proposes grid drilling with two machines to test a 3 by 3 kilometer area that includes the higher grade underground workings. The target is an open pit of several hundred million tonnes of 0.5 g/t Au with a starter pit of 10-20 million tonnes of 2-3 g/t Au. Currently the zone is indicated to be at least 400 metres wide and 175 metres thick grading about 0.6 g/t Au. Gold is associated with sheeted quartz veinlets and with pyritic gouge. The latter association has caused Cyprus to employ triple tube drill technique in order to maximize core recovery. Property options from Cusac Industries and International Taurus call for Cyprus Amax to spend \$1.2 million this year.

FIELD ACTIVITIES

Polaris
Taku

*Polaris Taku 1995 exploration was reviewed with Canarc geologist James Moors on May 29. An 1800 metre drill program is planned to test two gold targets. Gold is associated with disseminated arsenopyrite in structurally controlled listwanite within Devonian mafic volcanics. Ar-Ar dating of sericite-fuchsite gave 63 Ma mineralization age. A new zone of intersection of AB and Y structures, a "junction arc", will be tested southeast of known mineralization. The target area lies beneath an estimated 300 metres of overburden in Tulsequah River valley and two seismic lines are being run to determine the bedrock profile prior to drilling (2 holes). Last year's work on the Y-vein was disappointing and no more drilling is planned. On the North zone, discovered last year, a deeper cut of holes is planned to test if grade improves at depth, and to test a second deeper zone which was cut in some holes. The best 1994 North zone drill intercept was 6.2 g/t Au over 16.9 metres. The discovery outcrop in a creek cut was examined with James Moors, it is surprising that the iron carbonate gossan with finely disseminated arsenopyrite and stibnite veins exposed over 3 metres was not discovered in the past.

this year's work; sericite-carbonate-hematite alteration is pervasive and local potassic alteration (K-spar, no biotite) is not a guide to better grade. A recognizable potassic core and bornite zone occurs only in the East zone, elsewhere bornite distribution is sporadic. Tourmaline is present but its abundance is at the curiosity level.

*Visited Prospector Assistance recipients Eric Ostensoe and Tom Lisle southwest of Dease Lake on July 25, and Robert Russell south of Rancheria on July 27. Ostensoe and Lisle are exploring Cu-Au veins that appear related to an alkalic porphyry system and a carbonate-chalcedonic quartz stockwork vein and breccia zone. Russell is looking for sedex or VMS mineralization in lower to mid-Paleozoic sedimentary and volcanic sequences.

CUSAC
*Development of the Michelle High Grade zone at Cusac gold mine (104P 070) was examined on July 26. My hosts were company president Gil Brett and mine geologists Lesley Mortimer and Mike Glover. The operation is becoming better established with staff and camp facilities but is still hampered by the small size of ore shoots and hence limited reserves which can be identified from available development headings. Michelle development muck yielded an impressive 3000 oz of gold from 1000 tons and although rich, the Michelle ore shoot which is being developed now, is only 60 ft long by 40 ft high. An ore shoot on the Big vein was mined earlier this year, only the top of the vein near the argillite cap made good grade. Underground drilling to explore the Michelle vein is about to begin. Surface exploration done last year on the Katherine vein is about to be followed up with diamond drilling. An IP survey is in progress on the western part of the property near the Cyprus drill program at Taurus.

TAURIS
*Cyprus Canada's Quartzrock (aka Taurus) bulk tonnage gold exploration project (target of 500 million tonnes of less than 1 g/t Au??) was discussed with geologist Mark Mason on July 28. Contrast in scale with the neighbouring Cusac operation is striking. Grid drilling at 100 m intervals on 200 meter line spacing continues with 30 holes completed by two machines. Two styles of mineralization are recognized: (a) stratabound (sub-horizontal) altered tuff with 15-20% disseminated fine-coarse pyrite and 3 g/t Au and (b) the pyritic alteration envelope around steep quartz veins. The aim of current drilling is to locate the better grade stratabound zones within 150 meters of surface (open pit depth). With this wide spacing hole-to-hole geologic correlations are uncertain but two tuff horizons may be present, 5 and 35 meters thick. A typical quartz vein zone consists of 80% quartz over 30 meter width. Although structural control of the two types is quite different they are indistinguishable at hand specimen scale. Angle holes are being drilled now instead of vertical. Exploration methods are being strictly standardized to satisfy geostatisticians. Denver head office staff had just visited the project and are encouraged with results.

EXPLORATION AND MINESITE ACTIVITY

BELL
* Bell Copper expansion is being re-thought by Noranda, according to mine manager Ross MacArthur, based on a mineable reserve of 70 million tonnes at 0.45% Cu within a geologic resource of 120 million tonnes. MacArthur also indicated that since Bell closure many companies have expressed interest in the property but have been put off by environmental responsibilities.

*Hearne Hill IP survey to begin in early August, drilling expected by mid-August.

*Airborne survey being conducted south of Tahtsa Reach by unknown party, possibly Phelps Dodge.

L. Woj. July '95



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MEMORANDUM

Geological Survey Branch
MEMPR

Smithers — Telephone: (604) 847-7383 Fax: (604) 847-7603

To: **Ted Hall, Manager, Northwest Region**

MONTHLY REPORT - NOVEMBER 1995

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

HIGHLIGHTS

195 overview
* **\$30.5 million** in 1995 NWBC mineral exploration expenditures, down 37% from 1994. However, exploration drilling in NWBC, at about **148,000 meters** is down only 13%. Addressed **Whitehorse Geoscience Forum** (334 registered) on Nov 21 with 1995 exploration statistics, gold production at four NWBC mines, status of six projects in the Mine Review or Environmental Assessment processes and a review of major exploration projects. Mining atmosphere in Yukon is very positive due to Wolverine discovery, related massive claim staking, exploration spending at \$32.5 million and development spending at \$56 million (by Anvil Range at Faro/Grum and by Loki Gold at Brewery Creek).

TAURUS
* **Cyprus Canada** are planning a major drilling program on their **Taurus** gold project; rumoured to include 35,000 meters of core and 5,000 meters of R/C drilling to begin in early January. Cyprus is currently conducting leaching tests on core from the 1995 program, with preliminary results being favourable. Taurus stands to be a viable deposit with either conventional milling or heap leaching, by adjusting the cutoff grade. Gold resource in the **Taurus** deposit estimated by Hera Resources and Cusac Gold Mines from review of 1995 data furnished by Cyprus Canada is:

| | | |
|------------------|---------------------------|------------------------------|
| 88-Hill zone | 22.1 million tonnes | 1.52 g/t Au |
| Taurus West zone | 1.6 million tonnes | 1.61 g/t Au |
| Highway zone | <u>8.8 million tonnes</u> | <u>1.6 g/t Au</u> |
| TOTAL | 32.5 million tonnes | 1.55 g/t Au (1.5 million oz) |

This is within a larger resource of 145 million tonnes grading 0.95 g/tonne Au (0.028 oz/ton) which represents **4 million ounces** and is comparable to **Fort Knox**, an open pit mine under development near Fairbanks Alaska (158 million tonnes at 0.83 g/t Au). If successful, Fort Knox could revolutionize gold mining by introducing bulk open pit economics, analogous to the advent of open pit copper mining 30-35 years ago.

RED (C-2)
* Trench assays confirm a significant gold discovery at the **C-2** zone on the **Red** property 18 km SSW of Red Mountain near Stewart. Its a feather in **EXPLORE BC's** cap. At least two, possibly three, gold associations are recognized. Best grade occurs in (low sulphide) hematite (H-)shears: the H-1 structure is 4.5 m wide, 191 m long and averages 0.84 opt Au. Two adjacent parallel sulphide (S-)shears average 0.69 opt Au across 3.0 m by 142 m long, and 0.78 opt Au across 2.2 m wide by 328 m long. Total width of the zone is 50-70 meters. Cobalt-gold mineralization appears to represent a third distinct association. Assays are awaited from 13 drill holes completed in November under extremely difficult conditions.



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MEMORANDUM

Smithers — Telephone: (604) 847-7383 Fax: (604) 847-7603

To: Ted Hall, Manager, Northwest Region

MONTHLY REPORT - FEBRUARY 1996

by

Paul Wojdak, NORTHWEST REGIONAL GEOLOGIST

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

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

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

TAURUS
***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.

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.

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EXPLORATION ACTIVITY

July 8/97 - Bill Howell → trouble raising \$!

*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 '97 MK

Silvertip Mining Corporation' Silvertip Project application to EA has been accepted. Formal reviews, project committee selection expected to start in the near future.

B.C. Chrysotile Corp. now called Cassiar Mining, have been working on wet mill process refinements. Markets have been established for project. Twist to this project involves Magnesium extraction as well as asbestos. Magnesium makes up 21% of pile and management feels an extraction process similiar to Noranda's Magnolia project may be feasible. This would involve a much larger project than which exists now.

Cusac Gold Mine remains on a care and maintenance basis. Gold price and reserves major factors here.

Table Mtn.

International Taurus Resources property still closed. Company is severely behind on closure plan submission and mill clean-up. Reagents found on site during inspection in July may involve some enforcement action if company not cooperative in removing same from property.

Golden Bear Mine has started leaching Kodiak "A" ore. Company has deferred completing Ursa heap leach pad for this year. They will do some of the mining and lining of the events pond but recovery plant [Totem Facility] will not be installed this season. Kodiak "A" pit will be mined out by end of month-early September. All systems appear to be operating well. Tonnage on Fleece Bowl pad was increased to 623,000 tonnes.

Isk Wollastinite Project appears to have stalled. No word from company on start-up of 1998 field season.

Telkwa Coal drilling 6 inch core. Recoveries are excellant. Coal recovered from this drilling used for testing purposes.

Staff:

Wally and Bryan on annual leave until August 11.

Paul and Daryl in Atlin

Flynn, Aug. 7/98

DWFlynn
Smithers