JENNIE VEIN UNDERGROUND

NU-ENERGY DEVELOPMENT CORP.
203 - 1209 East 4th St.
North Vancouver, B.C.
V7J 1G8 Phone: 986-5661

July 28, 1978

Dear Shareholder;

As previously reported in the June 28, 1978 news release, the first 92 feet of the raise up to the subdrift averaged 1.11 ounces gold per ton and 1.4 ounces silver per ton.

Your directors are now pleased to release the following excerpts from our geological consultant, Dr. J. M. Black, P. Eng.

"Ore is continuous above the sublevels, except for a low-grade section about 13 feet long, a short distance from the top.

The ore section in the raise, for 111 feet above the sublevels has an average width of 3.24 feet. It averages 1.52 ounces gold per ton and 2.34 ounces silver per ton. This is better grade than in the lower part of the raise. This demonstrates that the central part of this shoot is higher grade than the margins of the shoot as exposed in the main drift and in the lower part of the raise.

The sublevels comprise ore for most of their combined length of 108 feet with the exception of a 16 feet length in the west sublevel. Excluding this low-grade section, the vein is on the average 4.1 feet wide. It averages 1.34 ounces gold per ton and 2.26 ounces silver per ton.

It was considered necessary, in making calculations re grade to reduce some exceptionally high assay results. If not reduced, the calculated results would be appreciably higher than is reported here. The high assays were reduced because it is not known that they are representative of the vein for a distance of halfway to the next sample.

At the top of the raise the vein widens markedly and is well mineralized. At the face of the raise, the vein including the central dyke has an average thickness of 6.27 feet and on one wall is 6.95 feet wide. This width is approaching the average thickness as determined by 18 drill holes above this point, that is 7.12 feet. The average grade, including the dyke, after reducing the assay values, is 3.8 ounces gold per ton and 6.03 ounces silver per ton."

C. S. Walker,
Director

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George Cross News Letter

"Reliable Reporting"

REPRINTED FROM:
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WESTERN CANADIAN INVESTMENTS

REPRINTED FROM:
LETTER NO.121(1976)
JUNE 24, 1976

NU-ENERGY DEVELOPMENT CORP.

TWO HIGH GRADE GOLD PROPERTIES TO BE EXPLORED - On the Erickson Creek property located 7½ miles southeast of Cassiar, B.C., the gold bearing Jennie vein is exposed intermittently for 80 feet striking N70°E, appears to dip vertically and is a minimum of 8 feet wide where exposed. The vein has not been systematically sampled, however, samples assaying more than 30 ounces gold per ton have been taken and free gold is visible throughout the exposure.

Exploration drilling in 1975 enlarged the known extent of the vein and has indicated the persistence of high grade gold values which, in some cases, exceed several ounces gold per ton for a 250-foot length and down dip for 100 feet. The true width is apparently 8 feet.

The first percussion hole of the 1975 program did not penetrate the overburden and did not test the vein. The No.2 percussion drill hole cut the Jennie vein intermittently over 100 feet and averaged 0.85 oz. gold per ton over this length. No.3 percussion drill hole cut 90 feet of 2.44 oz. gold per ton, including a 20-foot section of 5.75 oz. gold per ton. No.4 hole passed the vein projection in the overburden. No.5 hole cut 50 feet of the Jennie vein running 2.45 oz. gold per ton. Three attempts to penetrate the overburden in hole No.6 failed. The No.7 percussion hole intersected the vein at 115 feet and the section 120 to 130 feet averaged 1.267 oz. gold per ton. The No.7 hole was stopped in the vein owing to weather conditions.

In September, 1975, diamond drilling was undertaken in an effort to explore the vein at greater depth than possible with the percussion machine. The No.1 diamond drill hole cut, at 105 feet, a 5-foot quartz vein assaying across 2 feet 1.9 oz. gold per ton, 1.21 oz. silver per ton. The hole was stopped by a water pressure problem at 311 feet, before the projection of the Jennie vein was intersected. The No.2 hole cut 4.5 feet of quartz vein at 83 feet grading 0.996 oz. gold and 1.29 oz. silver over four feet. No.3 diamond drill hole cut 4 feet of quartz vein at 77 feet averaging 0.272 oz. gold over two feet. The vein cut in diamond drill holes 1, 2 and 3 is south of the vertical projection of the Jennie vein.

Only a modest tonnage would be required of such bonanza grade ore to justify a high grade operation. The potential for developing tonnage as well as finding other high grade ore shoots within the Jennie vein is good. A detail program is planned to start on the property in early July.

A 40% interest in the Jennie vein property can be earned by Nu-Energy Development Corp. by spending $500,000 on exploration or by securing a feasibility report recommending production. When these terms are met, the vendor is to contribute 60% of all future funds or revert to a 40% carried interest with Nu-Energy to attain a 60% interest by providing all future funds.

Resumption of exploration on the Engineer Gold mine of Nu-Energy is planned for later in the 1976 season. This property is located on Taku Arm of Tagish Lake, 50 miles south of Carcross, Yukon. It was discovered in 1899 and has been well known since as a producer of spectacular high grade gold mineralization from numerous quartz veins and for its potential in a mineralized shear zone where low grade pyritic mineralization has been reported.

During the 1975 field season in excess of $180,000 was spent on exploring the Engineer mine. The old workings were dewatered to the No.7 level but did not reach the No.8 level where the best potential is located. The reason the No.8 level was not reached during the season was problems with the pumps and the fact that the mine had been flooded for nearly 45 years and the time needed for rehabilitation could not be accurately estimated until the program was well underway. The next phase of work on the Engineer will be further exploration of the shear zone and the continuation of the dewatering. It is expected that, with the experience gained in the past field season, the pumping can proceed quickly and that the exploration of the veins on and below the No.8 level can be underway shortly after the program starts. The Engineer mine is 100% owned by Nu-Energy Development Corp.

Nu-Energy, through West Coast Securities and Canarim Investment Corporation Limited, is offering 250,000 shares on a best efforts basis at a minimum price of 40¢ each with the proceeds to be used on the two properties.

Report on the

JENNIE VEIN

for

Nu-Energy Development Corporation Ltd. (N.P.L.)

by

J. M. Black, P.Eng.

September 27, 1976

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JENNIE VEIN
Nu-Energy Development Corporation Ltd. (N.P.L.)

INTRODUCTION

The Jennie vein outcrops near Erickson Creek, about eight miles south-southeast of the community of Cassiar. In 1973, after a long period of inactivity, interest in this vein was resumed. That year some trenching was done and a limited geochemical survey carried out. In 1975 the vein was drilled. This work has been reported on by K. L. Daughtry, P.Eng. and by J. M. Dawson, P.Eng. Work was continued this year and this report describes results to date.

PROPERTY

It comprises three Crown-granted claims, eight old style claims and four new claims of seventeen units.

EARLY HISTORY

The vein was discovered in 1936 by prospectors. It appears to dip moderately northward. It was drilled in 1937. Some of the holes were not drilled far enough to intersect the vein because, as is now known, it dips steeply. After this a short adit was driven toward the vein. It also was stopped short of the vein. Subsequently, about 130 tons were mined from surface outcrops and milled in a small mill brought to the site.

1975-76 PROGRAM

In 1975, 700 feet of percussion drilling was done in six holes and 755 feet of diamond drilling was done in three holes. This year, 1,300 feet of diamond drilling was completed in eighteen holes. Of these, fifteen cored the vein. No. 13 is in very blocky ground and could not be completed to the vein. Nos. 15 and 16 were drilled near Erickson Creek, where a reversal of dip was suspected. They were drilled northward and the

vein also dips northward and the vein was not reached by them.

In addition, the geology near the vein was mapped and a geochemical prospecting program was carried out to look for evidence of any veins like the Jennie.

GEOLOGY

The rock exposed near the creek and cored in the drill holes is dark and thin-bedded. It is predominantly an impure argillite and is now almost slate. Thin ashy beds are also present.

The beds generally are gently dipping. Locally they dip steeply, possibly caused by drag along minor faults.

The rocks have been intensely fractured and large amounts of silica have been introduced. Some has replaced the rock minerals and the rest has formed veins. Most of these are narrow and are only an inch or so wide. They have a great variety of attitudes. Some of them are essentially parallel to the Jennie vein. Most of them comprise only quartz and minor carbonate. The Jennie vein differs inasmuch as it is generally much wider and, wherever it is cored, it is mineralized.

Some copper mineralization occurs near the Jennie vein, especially in the hanging wall and elsewhere on the property. Its presence is marked by a bright green stain caused by thin films of malachite.

GEOCHEMISTRY

Soil samples taken on traverses of the area, mostly north of the Jennie vein, and silt samples taken from Erickson and other creeks generally contain only small amounts of gold and copper. Greater amounts are present in Erickson creek below the Jennie vein and can be attributed to it. A few samples from south of the vein, that is uphill from it, are also

anomalous and, therefore, this area is worthy of more prospecting.

JENNIE VEIN

It is blocky and creamy white with rusty joints. Some of it is white with little mineral. Most of it is quartz with minor carbonate. Most of it contains sparse sulphides, tetrahedrite and pyrite erratically distributed. In addition, free gold is present in the outcrops and in most of the diamond drill core intersections. Some of the gold is closely associated with tetrahedrite and some is not. Some of it is extremely fine and other particles are coarse and readily visible. Very minor amounts of chalcopyrite, sphalerite and native copper are also present.

The vein, in places, contains country rock or splits into two or more sub-parallel veins. It ranges in width from about 1.5 feet to as much as 17.5 feet. The average true width, as measured from drill intersections (excluding low-grade intersections), is almost 7 feet.

It has been followed, under 15 to 20 feet of overburden, for 280 feet. It strikes west 20° south. In the east it dips about 85° north. Toward the west it gradually dips less steeply to about 70° north.

Since it is not known to be disrupted by any fault in the explored length, it must have formed at a very late stage of the geological history. It is a major vein.

GRADE

The gold content varies widely. Some of it, even where free gold is present, contains less than 1/3 of an ounce per ton and is considered to be below ore grade. Other sections contain several ounces per ton. The average grade, excluding low-grade sections (as shown on the accompanying figure), is 1.80 ounces per ton across an average thickness of 6.8 feet.

The tetrahedrite is weak and very friable and, where it veins the quartz, the core generally is broken. It seems likely that some of the fine gold associated with tetrahedrite was not recovered.

The silver content ranges less widely. It is generally somewhat greater than the gold, where the gold content is low, and it is generally less than the gold where the gold content is high. This suggests that most of it is associated with tetrahedrite and not with the free gold. The grade of silver is 1.6 ounces per ton.

In the 1975 percussion drill holes, the silver content is somewhat lower than in the 1976 drill holes. This suggests that silver in small particles of tetrahedrite was not recovered.

A high grade shoot is indicated by the grade of intersections in holes 6, 10 and 11. The highest values are from the foot wall where there is considerable tetrahedrite.

The location of the intersections of the vein and their thickness and grade are shown on the accompanying figure.

As shown on this figure, some intersections are considered to be less than ore grade because they are low grade or narrow. Most of the intersections are substantially above cut-off grade. As shown on the figure, grades were determined from the results of percussion drill holes 3, 5 and 7 and grade and width were determined from 1975 diamond drill holes 1 and 2 and 1976 diamond drill holes 1, 2, 5, 6, 8, 9, 10, 11 and 12.

OTHER VEIN

About 20 feet south of the Jennie vein, a parallel vein was cored in several of the holes. Some samples from this vein are of ore grade. It is narrow in the section explored, however, any extension of it may be of interest.

CONCLUSIONS

The Jennie vein is a major strong vein which is well-mineralized and has a high gold content. It has been followed for 280 feet and down dip for 165 feet. At present prices and costs, it can be mined profitably.

Its possible extension along strike and down dip has not been explored. Its location and attitude are now well defined.

RECOMMENDATIONS

1) That an adit or decline be driven to the vein to intersect it below the section drilled. This can be used to block out ore and to provide access for bulk sampling. It can also be used in the development of the vein.

2) That exploration be continued to test for extensions of the vein and in the area south of the vein to prospect for other veins.

J. M. Black, P.Eng.
Consulting Geologist
September 27, 1976

CERTIFICATE

I.hereby certify that:

1. I am a graduate of the University of British Columbia in geological engineering with the degrees of B. A. Sc. and M. A. Sc. I am also a graduate of McGill University in economic geology with the degree of Ph. D.

2. I am a member of the Association of Professional Engineers of British Columbia.

3. I have had 40 years experience, much of it in Cordilleran areas.

4. I examined all the drill core and took the samples used in preparation of the report on the Nu Energy property.

5. I have no interest in the shares of Nu Energy and I do not expect to receive any shares.

DATED at Vancouver, British Columbia, this 27 day of September, 1976

J. M. Black, P.Eng.
Consulting Geologist

NU-ENERGY PURSUES ERICKSON CREEK GOLD

by Doug Huber

An interested Nu-Energy shareholder pictured before the wallrock of the drift along the Valentine vein at a point 630 feet from the mine portal into Table Mountain, 300 feet west of Erickson Creek.

McDAMES MINING CO. FOURS FIRST BRICK PROSPECTS ARE GOOD.

From reliable sources comes word that Henry G. Boulton and Frank Chapman are making good with their small mill now in operation on Erickson Creek, about one and a half miles up the mountain from McDames Lake.

Last April they and a man named McPherson flew in from Whitehorse mining machinery consisting of a 75 h. p. diesel engine, air compressor, jack hammer, mill crusher, oil and other necessary equipment besides food supplies. At that time the vein in the gulch was covered with thirty feet of snow and the miners did not see the out-crop for three months. They then opencut and tunnelled horzentally for 60 feet before hitting hard rock to start the cross-cut. Then followed 60 feet of cross-cutting to hit the vein. When the mill was put into operation recently and was milling three tons a day on one shift the returns were over sixty ounces for the first few days. It looks as if this is going to be a good proposition and the Atlin camp is delighted with the good news.

Although the writer of the above dispensed entirely with the word 'gold', he was reporting progress of 38 years ago in the Atlin News Miner on the same Erickson Creek gold property where Vancouver based Nu-Energy Development Corporation today is probing the 'Jennie' and 'Valentine' veins.

The spectacular production of 60 ounces of gold from three tons of ore was obtained from a portable mill so small that a dog team pulled it on their sleigh from McDames Lake for three miles up the steep trail to the treeline at 4,300 feet where the quartz vein was exposed in Erickson Creek.

A few days ago, April 18, Nu-Energy's President, Albert Wallrap, in a letter to his shareholders said "The Jennie vein of the Erickson Creek property has been followed from the exposure in the creek and under overburden, for 280 ft. by 15 diamond drill holes. This work was done by your Company in the summer of 1976; these holes together with others drilled in 1975 give the vein an average grade (excluding low-grade sections) of 1.8 ounces gold per ton, over an average width of 6.8 feet as reported by Dr. Black, our consultant in his report of September 27, 1976."

"Following the recommendations of Dr. Black, a cross-cut adit was driven south-south eastward from a point 225 feet below the apex of the Jennie vein early in January, 1977. On Valentine's Day, 630 feet from the portal, a new vein was intersected. The 'Valentine' vein was drifted on for 90 feet to the southeast, and 30 feet to the northwest. The vein continues beyond these points. Underground work was discontinued in order that the camp could be used by a diamond drill crew, and at the time of this letter the drilling is continuing."

"In his report of April 4, 1977, Dr. Black states that samples taken from the drift and the latest assays from the drilling give the intersected ore shoot in the 'Valentine' vein an average of 0.97 ounces of gold per ton and 0.4 ounces silver per ton over an average width of 31 inches. The Valentine vein has been cored in several holes west of the westerly end of the drift. These intersections show the vein to be widening and continuing to the northwest as expected. In addition to the two major vein fissures of the Jennie and Valentine veins, other as yet unexplored veins split off from them.

"In the wall of the cross-cut near the Valentine vein and in the footwall of the Valentine vein are numerous veinlets. This zone is separate from the Valentine vein and preliminary sampling of the veinlets and rock between the veinlets have shown gold values that warrant further exploration in this new area.

"In his report of April 4, 1977, Dr. Black compares the vein zones of our Erickson Creek Camp to the vein zones of the Bridge River Camp of Bralorne-Pioneer Mines."

"The Jennie and Valentine veins in a zone of highly silicified competent rocks. The rock near the vein is greenish coloured due to the presence of mariposite mica, and in some cases to minute grains of tetrahedrite which have become surrounded by a halo of malachite. The green coloured alteration has been found fairly abundantly considering the paucity of outcrops over a large area. In order to cover all possible extensions of this favourable zone described in Dr. Black's report of April 4, 1977, a further 75 mineral claims were staked in March 1977, bringing the area under the control of Nu-Energy Development Corp. to approximately nine square miles."

"We must now expand our exploration along the zone of silicification over an extensive area, west and east of the present known veins, where indications of favourable alteration are seen."

REPORT ON

NU-ENERGY DEVELOPMENT CORPORATION

ERICKSON CREEK PROPERTY

CASSIAR DISTRICT, B. C.

by

J. M. BLACK, P.Eng., Ph.D.

CONSULTING GEOLOGIST

APRIL 4, 1977

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NU-ENERGY DEVELOPMENT CORPORATION
ERICKSON CREEK PROPERTY
CASSIAR DISTRICT, B. C.

CONCLUSIONS

The major veins:

1) Occupy major fault fissures.

2) Have a complex history and probably formed over a long period.

3) Contain primary native gold and ore shoots.

4) Are similar to veins of Bralorne-Pioneer Mines.

RECOMMENDATIONS

1) Continue present drill program.

2) Plan to explore a larger area that now has ore potential.

INTRODUCTION

The Erickson Creek property of Nu-Energy Development Corporation continues to be explored with encouraging results. At a depth of 225 feet below the apex of the Jennie vein and at a level about 125 feet below the bottom of the drill intersections, a cross-cut adit has been driven south-southeastward. At a point 630 feet from the portal, it exposes a vein 2 to 3 feet wide. It was discovered on Valentines Day and has been named the Valentine Vein. It is the first exposure underground of a vein on this property.

It contains free gold. This is significant because it establishes the fact that the gold occurs free in these veins below the level of weathering and is not limited to near-surface exposures where it has been freed from sulphides by weathering processes.

GEOLOGY

The rock in the cross-cut comprises impure tuffs. In part these are

massive. Elsewhere they are thin-bedded. No distinctive bed or group of beds has yet been identified.

ALTERATION

Near the Valentine Vein and also near the Jennie Vein, explored last year, silicification is widespread. This may have had the desirable effect of transforming relatively weak beds into a hard, competent suite of beds.

The beds near the veins have been otherwise altered. This is most notable in the hanging wall of the Jennie Vein at and near the surface. However, it occurs near the Valentine Vein. The rock is greenish colored, largely because of the presence of mariposite mica. In small part, it is due to the presence of minute grains of tetrahedrite, which have become surrounded by a halo of malachite.

The green-colored alteration is exposed fairly abundantly to the west of the present exploration area, considering the paucity of outcrops. This suggests that favorable alteration zones extend westward on the property.

VALENTINE VEIN

At the cross-cut this vein dips steeply southwestward. This attitude is unlike that of the Jennie Vein. Moreover, the location of this vein does not correspond to the projected extension of the Jennie Vein. This vein may be an extension of a vein that diverges downward from the Jennie. Some indication of this vein was obtained in holes drilled from the surface in 1976.

The Valentine Vein was drifted on for 90 feet to the southeast and 30 feet to the northwest. The vein or vein zone continues beyond these points. Drifting was discontined in order that the camp could be used by a drill crew. At the east end of the drift the vein swings more easterly and splits. If it continues in that direction, it may join up with the vein zones cored in d.d. holes 17 and 18, 1976.

The Valentine Vein is complex. In places it is bounded by fault walls. At other points irregular gash veinlets and veins extend into the walls. At some points the vein is bounded by a dyke. From drill holes it has been learned that this dyke, which is from 2 to 4 feet wide, occupies most of the length of the fault zone that has been explored. Quartz veins occur on one side of the dyke or both sides. Some of the vein quartz is massive. Elsewhere, it has been shattered and it is intensely fractured.

The vein comprises several veinlets which are separated longitudinally by thin septa or films of dark material, probably wall rock. The vein thus has a ribboned appearance. Some of the dark material is carbonaceous and may have come from black argillites that occur on the property. The veins have vugs and also voids, which may have been filled with gouge and which now have been washed out.

The vein curves and also pinches and swells markedly. These are characteristics of veins which fill a fault, along which there has been movement. They probably extend for a considerable distance and continue beyond the limits of the area explored.

Minor carbonates are present, together with some blocks of wall rock. Metallic minerals are scant. Fine-grained pyrite is present and very

small amounts of chalcopyrite. Tetrahedrite has not been recognized in it and in this respect it differs from the Jennie Vein.

VALENTINE ORE SHOOT

The results of sampling the drift and some of the drill core, outline an ore shoot that rakes downward to the northwest. The reason for this direction is not known. It is shown on Figure 1 and is open at both ends. The result from twelve samples, taken across the vein at nine points, is as follows: average width 31"; silver 0.4 ounces per ton; gold 0.97 ounces per ton. The high ratio of gold to silver probably reflects the absence of tetrahedrite and indicates the ratio of gold to silver in the native gold. This is distributed erratically within the shoot.

The reason for a shoot at this point is uncertain. Here the vein is dipping southwestward. This is unlike the other veins on the property and may be an attitude which here facilitated deposition of gold. Other shoots may be expected at changes of attitude or width, etc.

WALL OF VALENTINE VEIN

At a point 14 feet southeast of the centre of the cross-cut, numerous veinlets extend into the foot wall. A sample here across 42" (including wall rock between the veinlets) ran 0.156 ounces gold per ton and 0.20 ounces silver per ton. If much material of this grade can be found, it may be possible to mine it and to sort out enough waste rock to bring the grade up to that of mill feed.

VALENTINE VEIN CONTINUED

This vein has recently been cored in several holes drilled southwest-

ward from the cross-cut. In these, substantial thickness of vein and dyke were cored. This shows that the vein zone continues northwestward as expected. Assay results are not available.

JENNIE VEIN

This vein, by last year's drilling, was shown to be wider and higher grade than the ore shoot now found on the Valentine. Two holes drilled upward toward the Jennie Vein, have not cored it, for reasons not known. Drilling toward it is continuing.

VEINS GENERAL

The veins and the fissures they occupy probably have a long history of movements and repeated introductions of quartz. On this property are at least two major vein fissures containing ore shoots. Lesser veins, as yet unexplored, split off from them.

SIMILARITY WITH BRIDGE RIVER CAMP VEIN SYSTEM

The exploration of the Erickson Creek vein zones is at an early stage. However, these zones have characteristics that are very similar to those of the vein zones mined in the Bralorne and Pioneer Mines. In both camps the veins are in long, curving fissures, some of which are also occupied by dykes. Pinches and swells are common, as are splits. Also, gouge and vugs are common. Also, the veins have a similar ribboned appearance and a scanty proportion of metallics, though including some native gold . They also have alteration zones somewhat similar in appearance.

To the extent that this resemblance is of value, it provides encouragement for the exploration of the Erickson Creek camp. This, plus the results so far, makes it advisable to explore an extensive area, west of

the present known veins, where indications of favorable alteration are seen. Likewise, exploration needs to be extended east of Erickson Creek, in an area of very few outcrops.

J. M. Black, P.Eng., Ph.D.
Consulting Geologist
April 4, 1977

Appendix re recommendations

1. The present drill program can be continued, modified as drill targets become available, using present funds.

2. For exploration of the large area that is now considered to be worth exploring, the following estimate has been made. Some of the procedures or plans may be revised. However, the costs probably will be close to the estimate.

Construction of pre-fab camp	$ 15,000
Air photos and to make map and model from them	5,000
Subsidize dining room	6,000
Grid for survey	2,500
Geochemical survey and assays	6,500
Stripping and trenching of anomalies	4,000
Supervision	4,000
Geology	10,000
Transportation	4,000
Reports	4,000
Drilling 5,000' @ $15	75,000
Assaying	3,000
Adit drift 650' @ $100	65,000
	204,000
Contingencies 10%	20,400
Total	$224,400

J. M. Black, P.Eng., Ph.D.
Consulting Geologist
April 4, 1977

CERTIFICATE

I, J. M. Black of North Vancouver, B.C. hereby certify that:

1. I am a geologist with an office at 843 Prospect Avenue, North Vancouver, B.C.

2. I am a graduate of the University of British Columbia with the degree of B.A.Sc. in geological engineering, and of McGill University with the degree of Ph.D. in economic geology.

3. I am a member of the Association of Professional Engineers of British Columbia and have practised my profession for forty years.

4. I have extensive experience in examination of Cordilleran mineral occurrences and I am familiar with the property herein described.

5. I have no beneficial interest in the property or in shares of any company associated with this property and I do not expect to receive any.

J. M. Black, Ph.D., P.Eng.
Consulting Geologist
April 4, 1977

Report on
ERICKSEN CREEK PROPERTY
Cassiar District, B.C.
for
Nu Energy Development Corporation Ltd. (NPL)

by
J. M. Black, P.Eng.,Ph.D.

May 24, 1977

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Report on
ERICKSEN CREEK PROPERTY
by
J. M. Black, P.Eng., Ph.D.

CONCLUSIONS

1) The vein being explored occupies an important fault zone continuously for over 420 feet and down the dip for over 400 feet.

2) An ore shoot with a grade of 1.55 oz. gold per ton and 1.48 oz. silver per ton, across an average width of 4.3 feet, is indicated. Half of the samples used in the calculations came from the lower margin of the ore shoot and are probably not as high grade as samples would be that included some from the central part of the shoot. Also, the recovery of the vein in some holes was poor and some values may have been lost.

3) An extension of the vein westward, above a section of the vein already drilled, probably will be found to be of ore grade.

4) Other shoots may be found along strike or down dip where favorable conditions exist.

5) The vein has many voids and vugs and these are filled with water, probably enough to make the vein a conductor and therefore detectable by a V.L.F.-E.M. survey.

6) The vein strikes from West 20° South to West 30° North and has a curved trace.

7) The ore shoot occurs where the vein curves.

8) The vein continues strongly beyond the shoot and section explored. This shows that in this and other similar veins on the property, a low-grade section does not disprove the existence of an ore shoot elsewhere in the vein.

9) Four other veins on the property with similar attitudes, are exposed for very short lengths. They may also contain ore shoots.

RECOMMENDATIONS

1) Explore for the extensions of the Jenny vein and other known and any unknown veins with a geophysical survey.

2) Map geology in order to use geology as a guide in exploration and to determine, if possible, controls of mineralization.

3) Do detailed geochemical survey of selected areas if necessary to check geology or geophysics.

4) Trench indications of veins to find out what they are like.

5) Drill extensions of the Jenny vein and any other veins to find ore shoots.

6) Drill the central part of shoot marked area A and the probable extension westward marked area B.

7) Raise up in the Jenny vein to explore between the lower and upper parts of the shoot. This raise will decrease the number of holes needed. Also, it will provide more adequate samples than does drill core and will provide a representative sample through the shoot that can be used for recovery tests. The raise can be designed so that it can be used later for production.

INTRODUCTION

The location and access are described in earlier reports.

The Ericksen Creek property of Nu Energy Development Corporation continues to be explored with encouraging results. It has been reported on in March 1976 and September 1976 and March 1977. This report presents results to date and a longitudinal section through the vein.

In January and February this year a cross-cut was driven from a point about 200 feet lower than the surface showings. A vein was cut 630 feet from the portal. Its attitude is different from that of the Jenny vein near the surface. This vein was named the Valentine. It was followed in a drift for 120 feet and much farther by drill holes. A dyke is alongside it or in it.

Subsequently, 22 holes were drilled toward this vein. A few did not reach it or core it. This drilling showed that the attitude at the cross-cut is restricted and that the general attitude is similar to that of the Jenny. Also, it is aligned with the Jenny and therefore it is believed to be the downward extension of the Jenny. The name Valentine has been abandoned.

The Jenny vein has been described in the earlier reports. The present work shows that it continues along strike for over 420 feet and continues down dip for over 400 feet. It does not appear to be disrupted. It is an important vein, occupying an important fault.

Five holes were drilled southward from south of the vein to seek the extension downward of the vein exposed at the surface. These holes did not core any important veins. This is taken as confirmation of the fact that the Jenny vein dips steeply to moderately northward and becomes the vein in the drift.

The long cross-cut exposes the rock for over 600 feet north of the vein. Only minor veins are exposed. The work north and south of the Jenny shows that the fault and the Jenny vein in it, are exceptional and are likely to continue for a considerable distance.

JENNY VEIN

The vein near the surface curves from about West 20° South to West 30° North. At the adit level it curves less. At the adit, it is dipping southward. However, this is only for a short distance and above this and below this it dips northward.

The reason for the change in attitude is not known. It can only be conjectured until more is known about the attitude of the vein beyond the length so far explored. If the curving attitude was caused by forces after the fault formed, the lengthening may have caused fracturing near the fault, which was favorable to subsequent mineralization. However, the attitude may have changed due to different formations that the fault crosses.

Where exposed at the cross-cut, the vein contains native gold. The vein is described in the March 1977 report and earlier reports. It is strong at the present limits of exploration, with no indication that it is weakening. It is likely that the fault and the vein that occupies it extend for a considerable distance. Below the one shoot found so far, the vein splits.

If the cross-cut had been driven a few feet lower, it would have exposed the Jenny vein, where it is thin and low-grade. This shows that each vein of this type in this camp merits exploration. This does not apply to narrow veins not occupying faults and otherwise lacking the characteristics of this ribboned vein.

WALL ROCK AND ALTERATION

The wall rock at the adit level is tuffaceous. Some beds are massive. One sequence comprises many thin beds. Some are argillaceous. No distinctive bed has been recognized and the structure is not known.

The beds are relatively soft and have not been silicified to the same extent as the ones near the surface. Some schist and talcose sections were noted. The rock at this level appears to be less competent and this may be a reason why the ore shoot is much shorter.

VALUES

The distribution of gold in detail is erratic.

The grade in the drift is substantially lower than in the near surface

section of the vein. The drift happens to be at the lower edge of the ore shoot, just above where it thins out.

Some of the holes that cored little or low-grade vein, may not have recovered all the core because faults parallel the vein and some of the core tends to be broken and to become ground up.

It has been the experience on a nearby property, and in other camps with native gold in veins, that results from drill intersections tend to be low compared with results obtained later from development or mining. If this holds true also for this vein, the drill results may be lower than the true values.

Holes drilled below the level, cored narrow, generally low-grade sections. Holes drilled above the level, cored higher grade sections. Cores east andwest of a central section, are of lower grade. It appears that the lower limit of the ore shoot is as shown on Figure 2. This is a longitudinal section, with drill intersections projected onto a curving plane that approximates the curvature of the vein.

The lower shoot probably continues upward to join the shoot indicated by the surface drill holes. The section of vein between the two indicated shoots (area A) needs to be explored by drill holes and/or a raise.

The values generally increase upwards. A good example of this is seen in holes 10, 8, 7 and 9. This is their order from bottom to top and each one is better grade than the one below it. It is likely that a hole a few feet higher would have cored the vein where it is ore grade.

Generally, samples close to the outline of the shoot are higher grade than those from furtheraway. From this it can be postulated that the central part of the shoot may be the highest grade and conditions for ore formation were optimal there.

Within the shoot, grades are highest and the vein is widest where intersected in holes 6, 10 and 11 - 1976. These are towards the west end of the upper part of the shoot and they are almost directly above the central part of the shoot at the adit level. If these are near the central part of the shoot, vein of good grade may extend westward for a considerable distance. (See area B, Figure 2.)

The upper part of the shoot probably has been removed by erosion.

Almost one half of the samples used in the calculations for the ore shoot, are from the lower margin where it is thin. Presumably these samples are lower grade than samples from more widely-spaced points in the shoot.

ORE SHOOT

The shape is of interest. The shoot is long near the surface where the strike changes markedly. The shoot is short at the adit level where the strike changes less. It may be that the forces that curve the fault, may have caused fracturing that provided easy access for mineralizing solutions.

The shape of the shoot, or the eastern half of the shoot, as now postulated, corresponds to the curvature of the fault. However, silicification and alteration may also have controlled mineralization. Near the surface silicification is widespread and, at the adit, is essentially absent.

OTHER VEINS

See Figure 1.

A is several feet wide and is exposed for only a few feet in a small gully.

B has been explored by some trenches. It contains some tetrahedrite.

C is up to 10 feet wide. No mineralization was seen in it.

D is a vein on claims explored some years ago. It is reported to contain native gold.

J. M. Black, P.Eng., Ph.D.
Consulting Geologist
May 24, 1977

Samples used to calculate average grade

Hole No.	Sample #	True Width Ft.	oz. gold/ton	oz. silver/ton
75 1	37137	1.75	1.908	1.21
75 2		3.5	0.996	1.29
76 1	S-B, 9 July 23	4.2	1.32	0.425
76 2	S-3 July 19	4	4.36	1.08
76 4	48526	5	0.168	0.13
76 5	48525	3.3	0.358	0.18
76 6	48519-22	10.5	1.98	5.72
76 8	48512	5.8	0.484	0.38
76 9	48510	3.6	0.502	0.90
76 10	48507-09	15	1.405	1.339
76 11	48504-05	7.8	4.32	3.36
76 12	48501	1.3	4.01	1.12
Drift	53826) 53828)	2.25	0.496	0.22
"	53829	3	0.738	0.28
"	53830	2.5	4.174	0.86
"	53831	3.5	1.314	0.61
"	53853	2.25	0.434	0.32
"	53855	2.0	0.542	0.24
77 3	53905	1.7	0.525	0.29
77 4	53907-09	4	0.406	0.476
77 17	53960	5	0.834	0.735
77 20	53964	2.75	0.768	0.39
	Average	4.3	1.55	1.48

Samples not used to calculate average grade

Hole No.	Sample #	True Width Ft.	oz. gold/ton	oz. silver/ton
75 3	37162	2	0.272	0.02
76 3	48529	1.8	0.152	0.15
76 7	48513	1	0.058	0.46
76 14	48585	2	0.012	0.16
76 17	48578	1.2	0.118	0.44
76 18	48581	1.6	0.19	0.47

DDH 76 13 blocked and did not reach vein.
DDH 76 15 & 16 were drilled away from the vein.

77 1	Did not core vein.			
77 2	53902	0.3	0.610	0.37
77 7	53927	2.4	0.068	0.20
77 8	53928	0.8	0.012	0.02
77 9	53932	5	0.228	0.22
77 10	53934	1.5	0.008	0.01
77 12	53939	3	0.028	0.03
77 13	53947	0.9	0.012	0.45
77 14	53954	5	0.084	0.18
77 16	53955	4.5	0.158	0.42
77 18	53961	2.5	0.014	0.03
77 19	No vein			
77 21	53966	1	0.286	0.25
77 24	53974	sludge	0.01	0.02
77 25	53976	1	2.045	2.06
77 26	53982	2	0.010	0.03
77 27	53985	1	.01	0.005

DDH's 5, 6, 15, 22 and 23 were drilled south, south of the vein.

Samples in drift from west to east:

53888	1.3	0.164	0.22
53887	2.8	0.072	0.20
53851	2.75	0.242	0.04
53857	3	0.049	0.02
53860	2	0.260	0.20
53862	1.5	0.194	0.19
53864	1.75	0.196	0.29
53868	0.5	0.232	0.41
53869	1.5	0.014	0.03
53874	1	0.026	0.04
53875	1.9	0.003	0.02
53878	1.6	0.012	0.03
53882	3.3	0.02	0.08

Jos Blum

NU-ENERGY DEVELOPMENT PROGRESS REPORT

Your Company is continuing to show exceptional results.

During the last month a permanent camp has been set up on the property, the first phase of the geophysical program has been completed and numerous high priority targets have been located. Five major veins have been discovered in addition to the 5 mentioned in Dr. J. M. Black's May 24th, 1977 report.

The diamond drill crew arrived on the property Friday June 24th to commence the drilling on the geophysical targets, extend both East and West the exploration of the high grade Jennie vein, and the drilling of the newly discovered veins.

It is your Director's intention to keep the registered shareholders up to date on all phases of your Company's development program.

NU-ENERGY DEVELOPMENT CORP.

L. Walker, Sec.

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(AREA CODE 604)

George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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NU-ENERGY DEVELOPMENT CORP.

MAJOR $200,000 EXPLORATION PROGRAM UNDERWAY ON ERICKSEN CREEK GOLD MINE - Dr. J.M. Black, P.Eng., consulting geologist, in a May 24, 1977, report recommends an extensive summer program on the Ericksen Creek gold property of Nu-Energy Development Corp. The company successfully carried out a series of financings in the fall, winter and spring and currently has some $240,000 on hand and a further $100,000 due at the end of this month for a total of $350,000 which is available for the work.

This program, now underway, has two prime objectives. First is the further exploration of the Jenny vein, from underground and by further surface diamond drilling. Second is the follow-up exploration on four other gold showings on the property. One of these other showings has yielded free gold. These other showings have been discovered by the most preliminary of exploration and it is intended to explore each with bulldozer trenching during the work which is now underway. The property is located $7\frac{1}{2}$ miles southeast of Cassiar, B.C.

In the conclusion of his report, Dr. Black states, "The vein (Jenny) being explored occupies an important fault zone continuously for over 420 feet and down dip for over 400 feet. An ore shoot with a grade of 1.55 oz. gold per ton and 1.48 oz. silver per ton, across an average width of 4.3 feet, is indicated. Half of the samples used in the calculations came from the lower margin of the ore shoot and are probably not as high grade as samples would be that included some of the central part of the shoot. Also, recovery of the vein in some holes was poor and some values may have been lost. (See map overleaf for detail of the assay results from drill holes and underground drift.)

He continues, "An extension of the vein eastward, above the section of the vein already drilled, probably will be found to be of ore grade. Other shoots may be found along strike or down dip where favourable conditions exist. The vein has many voids and vugs and these are filled with water, probably enough to make the vein a conductor and therefore detectable by a V.L.F.-E.M. survey." The company plans to test the effectiveness of the survey in tracing the vein during this season. If it proves useful, then a more extensive area of the property will be covered by the survey.

"The vein strikes from West 20° South to West 30° North and has a curved trace. The ore shoot occurs where the vein curves. The vein continues strongly beyond the shoot and section explored. This shows that in this and other similar veins on the property, a low grade section does not disprove the existence of an ore shoot elsewhere in the vein."

Similarity of the Jenny vein to those at Bralorne-Pioneer is brought out by the consultant. He states in part, "these zones have characteristics that are very similar to those of the vein zones mined in the Bralorne and Pioneer Mines. In both camps the veins are in long, curving fissures, some of which are also occupied by dykes. Pinches and swells are common, as are splits. Also, gouge and vugs are common. Also the veins have a similar ribboned appearance and a scanty proportion of metallics, though including some native gold. They also have alteration zones somewhat similar in appearance. To the extent that this resemblance is of value, it provides encouragement for the exploration of the Ericksen Creek camp. He pointed out that when you think of a gold camp it is important to remember that most gold veins only make ore over approximately 30% of their length and only one in twenty drill holes that cut the vein make ore grade.

Since the summer program has been underway for some weeks now, new property information may be expected soon.

NU-ENERGY DEVELOPMENT CORP. LTD.

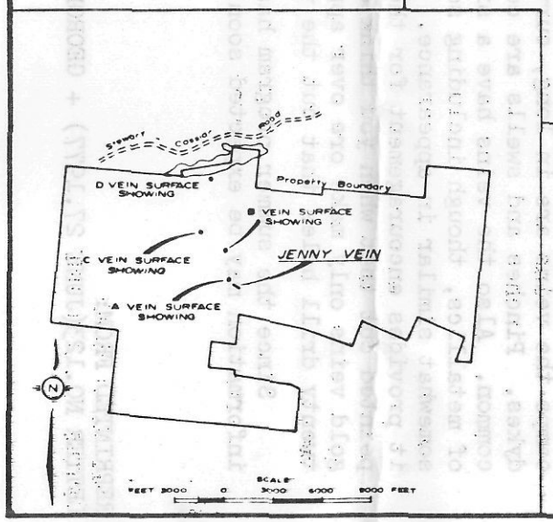
ERICKSEN CREEK GOLD PROPERTY

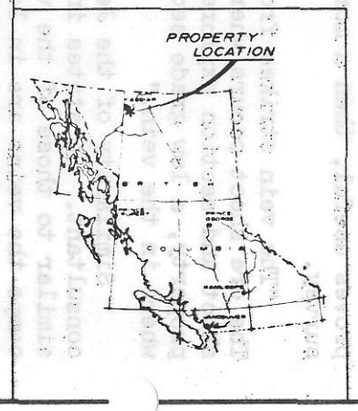
LIARD MINING DIVISION

LONGITUDINAL SECTION THROUGH JENNY VEIN WITH DRILL HOLE INTERSECTIONS AND DRIFT PROJECTED TO IT.

ASSAY RESULTS

HOLE No	TRUE WIDTH FEET	GOLD Oz / T	SILVER Oz / T
75-1	1.75	1.908	1.21
75-2	3.5	0.996	1.29
76-1	4.2	1.32	0.425
76-2	4.0	4.36	1.08
76-4	5.0	0.168	0.13
76-5	3.3	0.358	0.18
76-6	10.5	1.98	5.72
76-8	5.8	0.484	0.38
76-9	3.6	0.502	0.90
76-10	15.0	1.405	1.339
76-11	7.8	4.32	3.36
76-12	1.3	4.01	1.12
DRIFT			
53826 } 53828 }	2.25	0.496	0.22
53829	3.0	0.738	0.28
53830	2.5	4.174	0.86
53831	3.5	1.314	0.61
53853	2.25	0.434	0.32
53855	2.0	0.542	0.24
77-3	1.7	0.525	0.29
77-4	4.0	0.406	0.476
77-17	5.0	0.834	0.735
77-20	2.75	0.768	0.39
AVERAGE	4.3	1.55	1.48





EAST

WEST

Overburden

outcrops with visible gold

Ericksen Creek

76-14

76-1

76-4

76-8

76-10

76-6

76-12

76-11

76-7

76-9

76-2

76-5

76-3 waste?

waste?

75-3

75-2

Possible limit of ore shoot

AREA A

75-1

Raise here through waste as far as possible

AREA B (Probable Westward Extension)

77-27

Possible limit of ore shoot

76-1

76-18

77-16

77-18 stringers did not reach vein

77-14

77-19 stringers

77-17

77-4

77-3

77-21 waste?

77-11 did not reach vein

77-20

77-9

77-12

77-25

53882

53875 53869 53864 53860 53855 53851 53829 53826 28 Drift

53878 53874 53868 53862 53857 53853 53831 Cross-Cut 53820 53887

53888

77-7

77-2

77-8

77-24

77-13

77-10

77-1 no core

115 feet to 77-26

FEET 20 0 20 40 60 80 FEET

Nu-Energy Development Corporation Ltd.

Board of Directors

Dear Sirs:

The drilling of the westward and downward extension of the Jenny vein has been resumed and is progressing satisfactorily. Some results have been reported previously. Since then, the Jenny vein has been cored at greater depth and farther west. Assay results are not available. The most recent intersection of the vein was very long and contains some visible gold.

Before the drill was taken back to the Jenny, a series of holes was completed on the northern part of the property, including the Nora claims that were recently optioned. Before the drilling, EM and magnetometer surveys were completed and limited soil sampling was done. Two holes, Nos. 45 & 46, are of much interest and the results are now available.

In No. 45, at 284 feet, is a fractured pyritized tuff or flow that contains arsenopyrite and very minor chalcopyrite and includes a very narrow quartz vein. Across 31.5", this zone runs 0.532 oz. gold and 0.20 oz. silver per ton. Just above this zone, at 276 feet, a 10" vein containing pyrite was cored. This runs 0.142 oz. gold and 0.18 oz. silver per ton. These intersections are about 225 feet below the surface.

In No. 46, which was directed toward two probable conductors (as indicated by the EM survey) and partly across a magnetic anomaly, at 140 feet cored a quartz vein 10" wide. This runs 0.794 oz. gold and 0.3 oz. silver per ton. At 250 feet, a bleached flow with abundant pyrite and minor quartz stringers was cored. Across 8.9 feet it runs 0.310 oz. gold and 0.2 oz. silver per ton. This is about 175 feet below the surface. Magetite is fairly common in this hole.

These pyritic zones, with some arsenopyrite, are of great interest and they may be parts of zones that are appreciably wider than the Jenny vein.

This is an area of deep overburden and no outcrops. The area with anomalies is fairly extensive and needs to be explored to test the grade, size and attitude of these zones and I recommend that this be done.

J. M. Black, P.Eng.
Consulting Geologist
September 1, 1977

NU-ENERGY DEVELOPMENT CORP.

Dear Shareholder,

Nu-Energy Development Corp. is pleased to send you the enclosed copy of Dr. J. M. Black's P. Eng. September 1st., 1977 report. The Nora claims were acquired from New Coast Silver Mines Ltd., and are situated approximately 2 miles north-easterly from the "Jennie Vein." The V. L. F., E. M. survey conductors on the Nora claims extend into the adjoining ground of Nu-Energy.

C. S. Walker.

C. S. Walker,
Director

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NU-ENERGY DEVELOPMENT CORP.

GOOD GOLD VEIN TARGETS LOCATED ON NEW CLAIMS - Nu-Energy Development Corp. recently optioned an 85% interest in six claims, which adjoin the company's Ericksen Creek gold property located 7½ miles southeast of Cassiar, B.C. The company's consultant Dr. J.M. Black, P.Eng., has provided a progress report on the diamond drill testing of anomalous targets on the newly optioned claims.

He states in part, "a series of holes was completed on the northern part of the property, including the Nora claims that were recently optioned. Before the drilling, EM and magnetometer surveys were completed and limited soil sampling was done. Two holes, Nos. 45 and 46, are of much interest and the results are now available."

"In No.45, at 284 feet, there was intersected a fractured pyritized tuff or flow that contains arsenopyrite and very minor chalcopyrite and includes a very narrow quartz vein. Across 31.5 inches, this zone runs 0.532 oz. gold and 0.20 oz. silver per ton. Just above this zone, at 276 feet, a 10 inch vein containing pyrite was cored. This runs 0.142 oz. gold and 0.18 oz. silver per ton. These intersections are about 225 feet below surface.

"In No.46, which was directed toward two probable conductors (as indicated by the EM survey) and partly across a magnetic anomaly, at 140 feet cored a quartz vein 10 inches wide. This runs 0.79 oz. gold and 0.3 oz. silver per ton. At 250 feet, a bleached flow with abundant pyrite and minor quartz stringers was cored. Across 8.9 feet it runs 0.310 oz. gold and 0.2 oz. silver per ton. This is about 175 feet below the surface. Magnetite is fairly common in this hole." (See map overleaf for EM targets on optioned claims).

"These pyritic zones, with some arsenopyrite, are of great interest and they may be parts of zones that are appreciably wider than the Jenny vein.

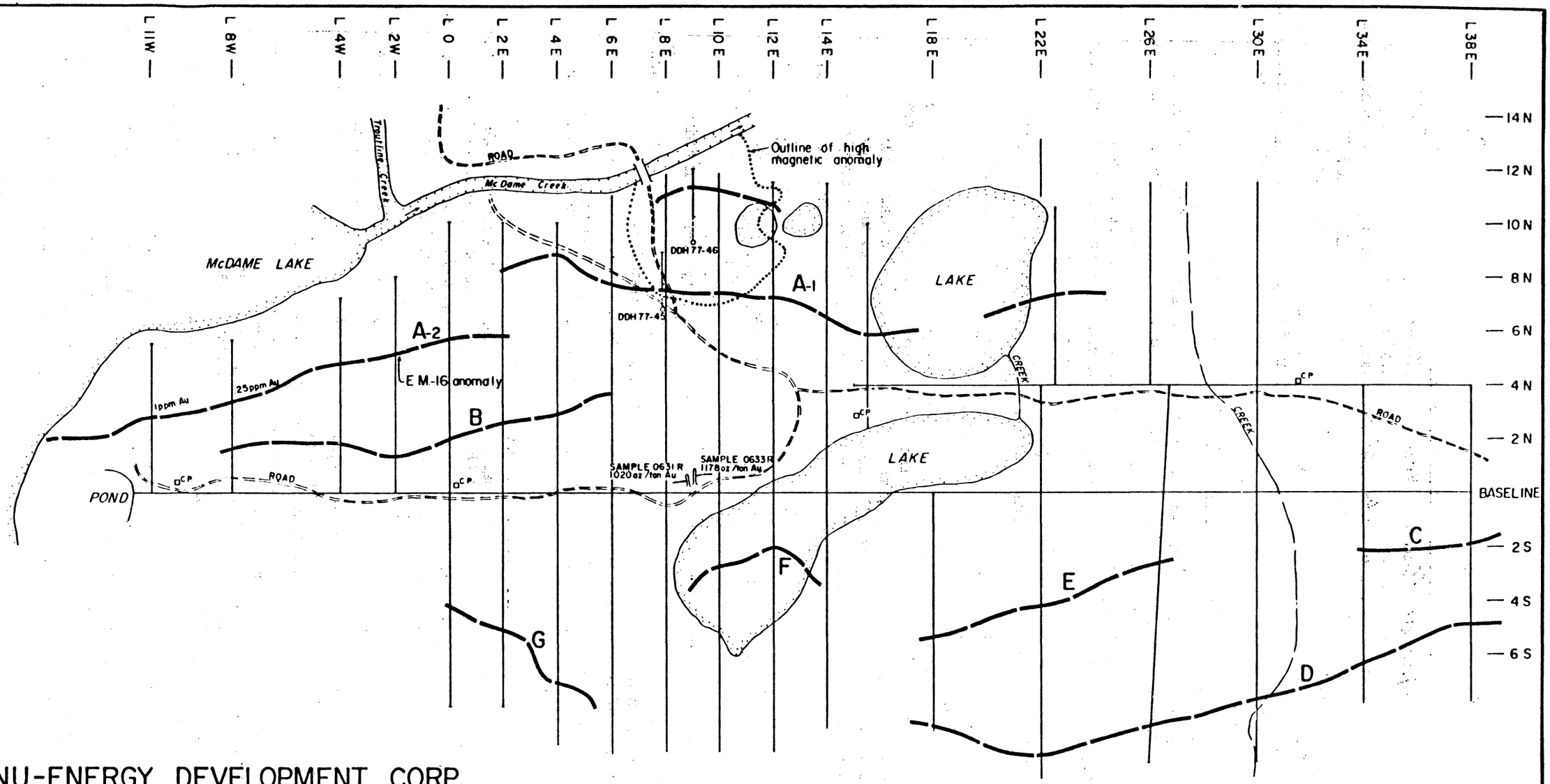
"This is an area of deep overburden and no outcrops. The area with anomalies is fairly extensive and needs to be explored to test the grade, size and attitude of these zones and I recommend that this be done."

Nu-Energy can acquire 85% of the interest held in the claims by Newcoast Silver Mines Ltd. by paying $5,000, now paid, 5,000 treasury shares, issued, plus various payments in the total sum of $45,000 and a total of 10,000 shares. Nu-Energy has a further option on 5% interest in the property for $50,000 before the expiry of 53 months from August 15, 1977 and a further 5% before the expiry of 65 months for $50,000.

The current property work is the drilling of the western extension of the Jennie vein. The most recent assay results from the diamond drill holes drilled from the surface to test the western and depth extensions of the Jennie vein showed that about 170 feet west of the crosscut hole No.37 cut 1.437 oz. gold per ton across a true thickness of three feet seven inches. In addition, about one foot of core in the footwall was not recovered.

Hole No.38 cut 1.665 oz. gold per ton across a true thickness of 30 inches. Hole No.41 has a true thickness of four feet and contains visible free gold. (For earlier assay results see George Cross News Letter No.123, June 27, 1977, and map overleaf of that letter)

In the new report, Dr. Black states that since the above results were obtained the vein has been cored at greater depth and farther west. Assay results are not available. On September 1, 1977, the consultant stated that the "Most recent intersection of the vein was very long and contains some visible gold."



NU-ENERGY DEVELOPMENT CORP.

PLAN SHOWING E.M. AND MAGNETIC CONDUCTORS
AND D.D. HOLES No 45 & 46
APPROX. 2 MILES NORTH EASTERLY
OF THE JENNIE VEIN

SCALE 1" = 200 FT.

FT 200 100 0 200 400 600 FT

This information on Canadian Gold Producers (December 31, 1973) is included as a basis of comparison. Also, these mines hoist their ore from underground. As we are on the side of a mountain, no lifting of the ore in shafts will be necessary, thus our mining costs should be less.

Principal Canadian Gold Producers, Grade, Tonnage and Reserves 1974

Company and Location	Mill or Mine Cap. (tons/day)	Grade Gold (oz./ton)	Ore Treated (tons)	Gold Produced (troy ounces)	Reserves (as of Dec. 31, 1973 unless otherwise noted) (millions of tons/troy oz Au/ton
Agnico-Eagle Mines, Joutel, P.Q.	1000	0.250	194,702	31,079	2.7/0.329 drill ind. & Poss.
Camflo Mines Ltd., Malarctic, P.Q.	1000	0.216	377,521	81,589	2.6/0.22 ind. & proven
East Malarctic Mines, Malarctic, P.Q.	1800	0.099	516,711	42,248	2.7/0.123 prov. broken and in place
Lamaque Mining (Teck) Val d'Or, P.Q.	2100	0.113	527,000	55,850	.585/0.145 as of Sept. 30/73
Norban Gold Mines, Malarctic, P.Q.	355	0.110	96,133	10,347	.025/0.10
Sigma Mines, Val d'Or, P.Q.	1400	0.153	498,410	73,019	1.24/0.220 broken & in place
Madsen Red Lake (Dulora), Red Lake Ont.	800	0.257	90,127 note(a)	22,195	0.22/0.22
Campbell Red Lake, Red Lake, Ont.	800	0.743	289,833	197,369	1.48/0.699 bkn & in place
Dickenson Mines, Red Lake, Ont.	470	0.388	105,563	37,640	0.344/0.472
Dome Mines Limited, South Porcupine, Ont.	1900	0.178	701,600	121,032	1.69/0.255
Hollinger Mines Limited, Ross mine, Holtyre, Ont.	450		115,000		0.336/0.193
Kerr Addison Mines Limited, Virginiatown, Ont.	760	0.40	277,000	108,820	1.351/0.54 (1973)

Note (a) 8½ months production

continued.....

Principal Canadian Gold Producers, Grade, Tonnage and Reserves 1974

Company and Location	Mill or Mine Cap. (tons/day)	Grade Gold (oz./ton)	Ore Treated (tons)	Gold Produced (troy ounces)	Reserves (as of Dec. 31, 1973 unless otherwise noted) (millions of tons/troy oz Au/ton)
Pamour Porcupine Mines Limited, Nos. 1, 2 & 3 mines, Pamour, Ont.	2500	0.115	859,525	91,571	2.908/0.17 - all prop. 1.454/0.112 (Pamour)
Robin Red Lake Mines Limited, Red Lake, Ontario	124	0.730	45,446	30,454	0.103/0,834
Willroy Mines Limited, Macassa Div. Kirkland Lake	500	0.508	90,186	43,611	0.248/0.5684
Cominco Ltd., Con and Rycon Mines, Yellowknife, N.W.T.	500	0.60	145,000	82,650	1.2/0.62
Giant Yellowknife Mines Limited, Yellowknife, N.W.T.	1000	0.32	254,918	71,095	0.991/0.36
Lolor Mines Limited, Yellowknife, N.W.T.	70	0.286	25,460	6,367	0.094/0.37
Supercrest Mines Limited, Yellowknife, N.W.T.	131	0.578	47,721	24,052	0,088/0.62

Sources: Canadian Mineral Yearbook, G.S.C. 1974, Gold
Canadian Mines Handbook, Northern Miner, 1974-75

NU-ENERGY DEVELOPMENT CORP.
203 - 1209 East 4th St.
North Vancouver, B.C.
V7J 1G8 Phone: (403) 985-1233

October 14, 1977

Dear Shareholder:

Our geological consultant, Dr. Black, has prepared a progress report on our Erickson Creek gold property, a copy of which we enclose. As you can see from this progress report, we are enjoying good success with our exploration program, and the Jennie vein remains open in all directions, both along strike and down dip.

Also, we take this opportunity to remind you of the upcoming Extra-ordinary shareholders meeting on the 27th of October, 1977 at 9:00 a.m. in the Georgia Hotel, Vancouver, for the purpose of expanding your board of Directors by 2 members.

C. Walker,
Director.

October 11, 1977

To the directors of Nu-Energy Development Corporation

The most westerly holes drilled to the Jennie vein, have intersected it at what appears to be a third ore shoot. This is about 900 feet west of the only outcrops of the vein.

The vein here continues strongly and it has the same appearance and characteristics as previously described, that is, it pinches and swells and changes attitude.

An intersection in DDH 56 runs 1.188oz. Au/ton across 0.6 m. or 2 ft. About 60 ft. farther west in hole 58, a very high grade section of 0.23 m. or 9" runs 18.078 oz. Au/ton. These intersections are about 360 feet below the surface. About 50 ft. below those two intersections, the vein thickens to about 30 ft. and some sections are mineralized.

East of those are deeper intersections. In hole 55, 1.26 m. or 4.1 ft. runs 0.264 oz. Au/ton. In hole 54, 0.6 m. or 2 ft. runs 0.412 oz. Au/ton. These intersections are over 500 feet below the surface.

Holes 56 & 58 intersect the vein where its attitude changes, and this area presents a good target for exploration. Holes 55 & 54 are 150 ft. apart and the area near them is also a good target.

At the most westerly point drilled, from the sub outcrop of the vein down to the deepest point intersected on the vein is over 180 m. or 600'. The slope distance is over 700 ft.

The much greater dimensions now established for this vein have greatly increased the potential tonnage. Some holes now being drilled at higher levels will permit the upward extension of the 3 ore shoots to be determined.

J. M. Black, P.Eng.

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George Cross News Letter

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NU-ENERGY DEVELOPMENT CORPORATION

+ High Grade Gold Vein Drilled 900 Ft. Long, 600 Ft. Deep, ½ Ft. to 30 Ft. Wide +

J.M. Black, P.Eng., consultant, has provided an October 11, 1977, progress report on the diamond drill testing of the Jennie vein on the property of Nu-Energy Development Corp. located 7½ miles southeast of Cassiar, B.C.

Hole No.56, drilled 900 feet west of the only vein outcrop, cut 2 feet assaying 1.188 ounces gold per ton. Hole No.58 cut 9 inches of 18.078 ounces gold per ton. Both are drilled to intersect the vein 360 feet below surface. A further hole cut the vein 330 feet below surface where it is mineralized in sections over a 30-foot width. Hole No.55, east of No.56 & No.58, cut 4.1 feet of vein assaying 0.264 ounce gold per ton and hole No.54 cut 2 feet of 0.412 ounce gold per ton. Both No.55 and No.54 hole intersections are 500 feet below surface. Dr. Black says the greater dimensions demonstrated by the drilling increase the potential tonnage.

Report for:

NU - ENERGY DEVELOPMENT CORP.

" ERICKSON CREEK " PROPERTY

by: Dr. J. M. Black, P. Eng.

October 27, 1977

The seasons exploration has been very successful. The ore potential and the drill indicated ore have been greatly increased.

It is now a mine. Enough ore is indicated that can be mined profitably on a small scale.

The question is size. A 50 - 60 ton operation is likely too small for the considerable potential. A larger operation will likely be more profitable. Drilling has stopped because of winter.

In the west the vein dips less steeply. This means that the vein contains a greater tonnage than where it is steeper, assuming same thickness and vertical distance.

The figure is a longitudinal section along the vein. It shows 4 shoots, 3 of which were found this year. The upper part of #1 was all that was known a year ago. The grade of the shoots is #1 1.426 metres 1.31 Au/ Ton 1.33 Ag/Ton; #2 1.15 metres 1.39 Au/Ton 0.66 Ag/Ton; #3 and 4 combined 0.68 metres 1.82 Au/Ton 2.53 Ag/Ton.

The drift started last winter is in a good location from which to expose the vein. A drift along it will expose a long unexplored length and will pass through or close to the new ore shoots. From the drift, crosscuts can be driven from which the vein can be explored, below and above the drift level. Alternatively raises and winzes can be driven in the vein.

Drilling has mostly been from along the road that leads down from the showings at Erickson Creek. In the east this road is near the sub-outcrops of the vein and the holes are short and intersect the vein near the surface.

Westward the road goes down and away from the vein and the holes are longer and the intersections of the veins are much deeper. More recently the drill has been moved to an upper road and the last intersections have been at higher levels.

The ground slopes up to the west so the amount of vein above the intersections has increased markedly. The difference in elevation between the sub-outcrop of the vein at the most westerly point drilled, and the deepest intersection is about 230 metres or 750 feet. Assuming that the vein extends upwards to the surface and that it dips about 50° then the dip length is about 1000 feet. This is even greater than the known strike length which as reported before is 900 feet.

This means that the potential for finding more ore shoots is much increased and the target for exploration has been enlarged.

The figures mentioned are not limits for the vein. As far as is known it continues westwards, eastwards and downwards.

Last year the price was about $120. an ounce. This spring it was $150. and now it is about $180. As a consequence the cut-off grade has been reduced from about 1/3 of an ounce to about 1/4 of an ounce. This has the effect of increasing the size of the ore shoots. A larger operation will also permit a lowering of cut-off grade.

In hole 42, about 30 metres before the Jennie vein was reached a narrow high-grade vein was cored. Likewise in holes 2, 5 and 10 of 1976 a narrow high grade vein was cored about 10 metres before the Jennie. Therefore 1 or 2 veins are about parallel to the Jennie and in places are of ore grade. Short holes to these veins may outline ore shoots that will increase the amount of reserves accessible from present and planned workings.

As reported earlier, preliminary drilling on the lower part of the property near McDame Lake had encouraging results. Holes drilled to explore conductive and magnetic anomalies cored zones of ore grade. Some of these are relatively wide and present the possibility of providing considerable tonnage. Their form, extent and grade need to be determined.

J. M. Black, P. Eng.
October 27, 1977

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WESTERN CANADIAN INVESTMENTS

NU-ENERGY DEVELOPMENT CORPORATION

Dr. J.M. Black, P.Eng. Told Shareholder Meeting "It Is Now A Mine-The Question What Size"

At a special meeting to elect two additional directors, shareholders were told by Dr. J.M. Black, P.Eng., consultant, that the exploration and development at the Jennie vein on the property located 7½ miles southeast of Cassiar, B.C. had progressed to the point where he could state that "It is now a mine. Enough ore is indicated that can be mined profitably on a small scale. The question is, What size? A 50-60 ton per day operation is likely too small for the considerable potential. A larger operation will likely be more profitable."

Dr. Black pointed out to the meeting that he preferred to keep his comments on the conservative side. There has been a total of 85 holes drilled on the property as well as 630 feet of crosscut and 130 ft. of drifting. From this work four ore shoots have been indicated with a grade indicated to be approximately $250 per ton. The average width of each of these ore shoots and their grades are: 1.31 oz. gold per ton across 1.426 meters; 1.39 oz. gold per ton across 1.15 meters; ore shoots No. 3 and No.4 combined 1.82 oz. gold per ton across 0.68 meter . The shoots carry silver values of 1.33, 0.66 and 2.53 oz. silver per ton as well. The tonnage available is currently between 25,000 and 30,000 tons with the ore shoots open to extensions and the vein open to the establishment of additional ore shoots.

The presently proposed program, expected to be authorized by directors in the next few days, includes 800 feet of drifting along the vein to the west, probably several raises and a further minimum of 20 holes. Most of the holes are expected to be from underground. If directors authorize the program, it will start in the next few weeks and will take two to three months to complete. The cost will be about $250,000 and directors assured the meeting that the funds will be available to the company in the form of a loan so as not to further dilute the issued shares at this time. The meeting was told that there are several sources for such loans and no decision has been taken as to which possible source will be used.

It was also mentioned at the meeting that the grade of ore underground is anticipated to be 15% to 20% higher than that indicated by the drilling. The drilling done with BX core provided generally good core recoveries but there is some core loss in the gold veins.

The company has some preliminary work underway toward location and acquisition of a concentrating plant capable of handling between 125 to 150 tons per day. Metallurgical work is also underway in an effort to assist in mill planning.

The two directors elected at the meeting are: James B. Abernathy, who owns 21,500 shares of Nu-Energy and is a director of Synkoloid Company of Canada Ltd. which company owns 356,000 shares of Nu-Energy; Patrick L. Whittall, who owns 89,000 shares of Nu-Energy and is president of Whittall Cedar Sales.

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NU-ENERGY DEVELOPMENT CORP.

203 - 1209 East 4th St.

North Vancouver, B.C.

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November 10, 1977

Dear Shareholder;

Your directors have arranged the necessary funds in the amount of $150,000 for the continuance of the underground drifting program as recommended by our geological consultant, Dr. J. M. Black, P. Eng., at the shareholders meeting of October 27, 1977.

Contracts are now being let and our Winter Program is commencing immediately.

C. S. Walker,

Director

NU-ENERGY DEVELOPMENT CORP.
203 - 1209 East 4th St.
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January 3, 1978

Dear Shareholder;

I am pleased to enclose the latest report from our geological consultant, Dr. J. M. Black, P. Eng. As you can see, the results are extremely good.

The underground drift intersected diamond drill holes 40 and 44. Dr. Black's report shows the underground assays in the vicinity of these holes to be much higher than indicated by the core assays.

In previously unexplored ground, the Jennie vein at the face of the drift when the work stopped on December 20th, 1977 assayed 8 ounces gold per ton.

The underground drifting will commence January 5th, 1978.

We look forward to sharing a happy and prosperous New Year with you.

C. S. Walker,
Director

PROGRESS REPORT TO DIRECTORS
NU ENERGY DEVELOPMENT CORP.

The underground program has proceeded well.

The drift westward in the Jenny vein exposed ore where it was expected. In addition, where the drift was advanced into an area about which little was known, new sections of ore were found. The drift again demonstrates that the Jenny is a major vein and that a high proportion of it is ore.

The drift has been advanced 112 meters or 365'. It is now more than half way to the most westerly point drilled. Work was stopped December 20th for holidays. The face was sampled after each round.

In eighteen days, sixty-two rounds were drilled, blasted and mucked. This is an average of $3\frac{1}{2}$ rounds per day. The average advance per round was 1.8 meters or 6'. The ground stands up well and does not need to be timbered.

The Jenny vein flanks the dyke as described previously. Where the drifting started, the vein dips steeply. Toward the west it dips less steeply, and at the west face dips about 45^{o} northward.

The vein, which is well-fractured, ranges up to two meters wide. It has an erratic gold content, which ranges up to 8 oz. per ton. The average grade in five sections exposed is 1.21 oz. gold per ton and 0.68 oz. silver per ton.

It differs from other parts of the vein, inasmuch as no gold is visible. It is presumed that free gold is present in very fine particles. A fair amount of chalcopyrite and fine-grained tetrahedrite is present.

Some of the high values are in sheared zones, alongside the walls of the dyke. This suggests that the gold was introduced late in the mineralization sequence, after the dyke and after late faulting parallel to the dyke.

In the first part of the drift, near some drill intersections that were not encouraging, a section "A", 11 meters long, is of ore grade. (See figure.)

Further west, two more ore sections, "B" and "C", are exposed. These are below No. 2 ore shoot as it was outlined from drill results. These ore sections appear to be the downward continuation of this shoot. The more westerly of these, "C", is wide and high grade. It is probable that it will extend below the level for an appreciable distance. It may be that this was one of the channels whereby gold-bearing solutions moved upward.

These sections, "B" and "C", almost certainly extend upward. If they do, and "A" also does, it raises the possibility that ore shoot 2 may join or be connected with ore shoot 1, which would thereby be appreciably larger.

In the most westerly part of the drift, two more ore sections, "D" and "E", are exposed. These are in an area about which little was known.

Generally, it may be said that at this horizon about one-third of the vein is of ore grade. This is a high proportion. If it prevails elsewhere, it means that much more ore remains to be found.

All five of the ore sections may extend above or below the level of the drift. These possible extensions can be sought by short holes drilled from short cross-cuts driven from the drift.

The drift exposed drill holes 40 and 44. The core from these holes was low grade and ran 0.03 and 0.01 oz. gold per ton respectively. The face of the drift close to hole No. 40, runs 0.104 oz. gold per ton. No. 44 is exposed between two faces that run 0.180 and 0.486 oz. per ton. From this, it can be seen that the core samples run appreciably lower in grade than the face samples. This can be attributed to the possibility that some fine tetrahedrite and fine gold are not completely recovered with the drill core.

The data on the five ore sections are as follows:

	Width Cm	Gold Oz/Ton	Silver Oz/Ton
A	84.4	0.444	0.272
B	115.0	0.703	0.515
C	180.0	1.829	1.107
D	48.0	0.529	0.284
E	38.2	1.07	0.43

Combining the five sections, the average width is 100 cm. or 3.28' and the grade is 1.21 oz. gold per ton and 0.68 oz. silver per ton.

For comparison, the most easterly ore section in drift averages 83.3 cm. width and runs 1.24 oz. gold per ton and 0.398 oz. silver per ton. That is, the grade is practically the same. It is somewhat lower than the grade of the ore shoots as reported earlier.

No. 1 ore shoot has a higher grade than that section of it exposed in the drift. This is attributed to the fact that the drift is at the outer margin of the shoot and the values increase towards the centre of the shoot. If the five new ore sections also are at the margins of ore shoots, the shoots may be higher grade than the sections in the drift.

I recommend that the drift be extended as now planned and that this be followed by driving cross-cuts at selected points from which to drill holes to explore the extent of the shoots.

J.M. Black, P.Eng., PhD.
Consulting Geologist
December 27, 1977

Report for:
NU-ENERGY DEVELOPMENT CORP.
" ERICKSON CREEK " PROPERTY
by: Dr. J. M. Black, P. Eng.
January 17, 1978

Drifting was resumed January 5th and was continued until January 12th. In this week the drift was advanced 34 metres or 115 feet. The first few rounds exposed the vein where it is narrow and low grade. Beyond this short section, the vein is wider and of good appearance. It contains tetrahedrite, chalcopyrite and minor gold. It continues like this to the face, where work was stopped. Assay results are not complete - however, the vein is of ore grade.

This is the seventh length of ore exposed in the drift. This one is almost as long as number one, which is the longest one so far found. The drift has demonstrated that at this level, a very high proportion (about 40%) of the vein is of ore grade and width.

The drift now exposes the Jennie vein for 175 metres or 575 feet. Drill intersections east and west of the drift show that the vein continues at least for another 90 metres with the same characteristics. The continuation of the drift westward will undoubtedly expose one or more ore shoots because ore intersections have been obtained both above and below drift level farther west. At the outermost limits drilled, the vein is not weaker and its length may be proven to be substantially greater.

The level for the adit was not selected because of favourable geology or drill results. The level was selected because of ease of access to the portal site and because the overburden appeared to be thinner at the point selected. Since the drift may be considered to have been driven at a random elevation, it is a sample along the vein. As such, it shows that the vein comprises a high proportion of ore.

It has not been demonstrated by a raise that the same proportions of ore exist vertically. However drilling of No. 1 ore shoot show that continuity vertically may be as strong as horizontally. The potential for ore shoots up and down the very great dip length is large. If the vein continues up to the surface in the west, as it is expected to do, the dip length is 1000 feet. Also the vein probably extends appreciably deeper than so far explored.

The excellent results in the drift show that many shoots exist. Therefore it is not necessary now to outline the limits of all these shoots before determining the size of the mill to treat the ore.

Further exploration and development of the Jennie vein and the exploration of the sulphide zones near McDame Lake can be carried on more expediently by the mine staff working from a permanent camp.

Preliminary milling tests showed that using a jig and flotation cells, a recovery of over 98% of the gold was possible. In view of this, and of the great potential for developing many ore shoots, arrangements are being made for the acquisition of a mill with a capacity of 120-150 tons per day.

J. M. Black, P. Eng.
January 17, 1978