

82E

680011

446

SUMMARY REPORT ON PAULSON MINES LTD.

BURNT BASIN PROPERTY

GREENWOOD MINING DIVISION

BRITISH COLUMBIA

49°10'30" North, 118°09' West

by

EDWARD O. CHISHOLM, P.eng.
Vancouver, B.C.

November 10, 1976

ITEM 16- THE AGGREGATE, DIRECT OR INDIRECT, REMUNERATION PAID OR PAYABLE BY THE ISSUER AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE ISSUER.

The Company is indebted to Ivan Todd, one of the Directors of the Company in the amount of \$4,344.00 and to Harvo Komori for \$700.00 for cash advanced to the Company to provide working capital.

Ivan Todd is entitled to charge the Company \$700.00 per month for services rendered.

ITEM 17- BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREIN.

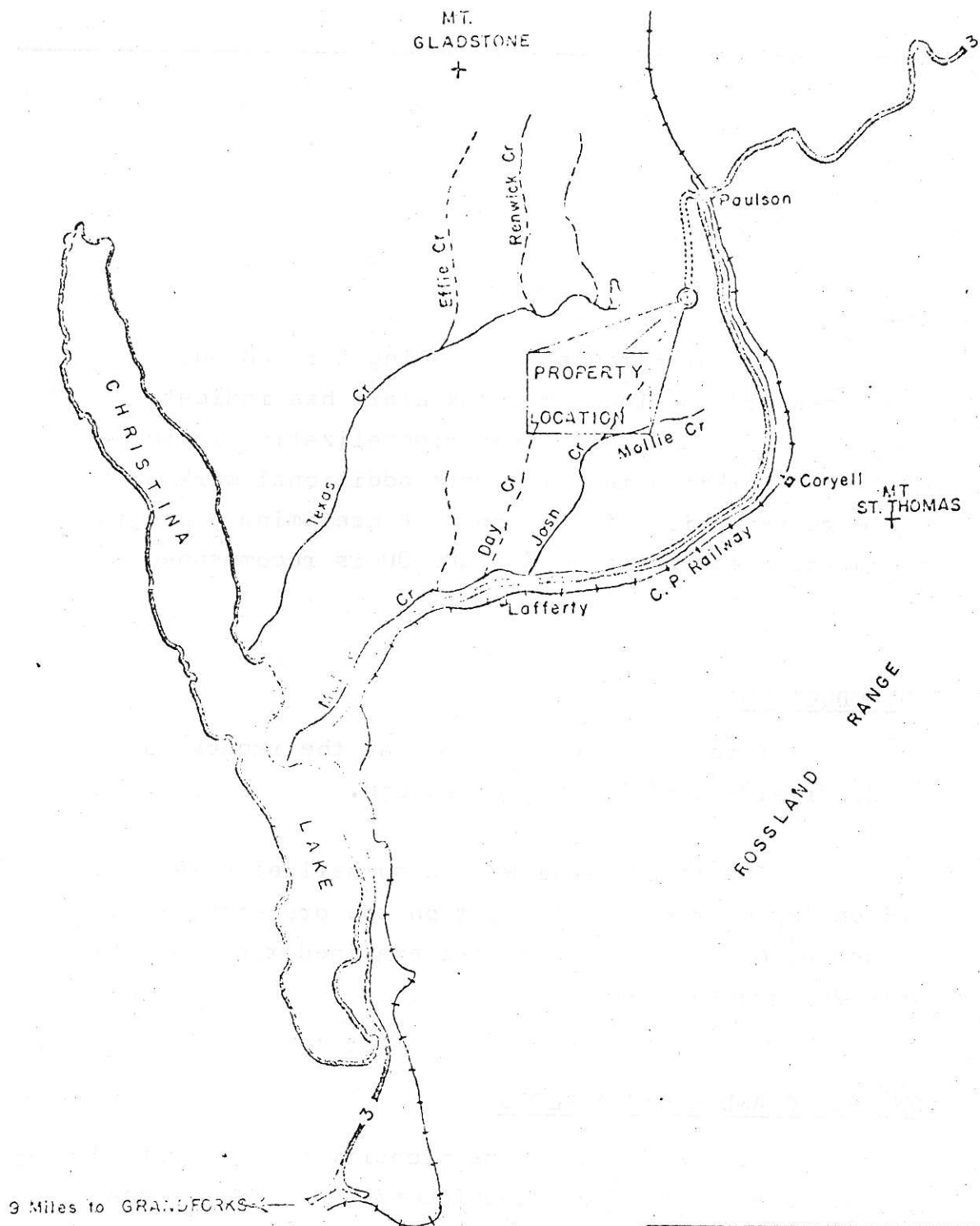
The Company has convened an extraordinary General Meeting of the Company for the purpose of issuing shares to certain individuals who have loaned the Company funds and such shares are to be issued in full satisfaction of the Company's indebtedness to them. 945,000 shares were issued in satisfaction of company's indebtedness.

ITEM 18- DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY IN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN.

Nil.

ITEM 19- PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM.

There are no other material facts.



LOCATION MAP	
BURNT BASIN PROPERTY	
GREENWOOD MINING DIVISION, B.C.	
Scale	1 inch = 3 miles

110001

SUMMARY

Recent percussion drilling carried out by Paulson Mines Ltd. on their Halifax claim has indicated a 500 foot zone of lead-zinc-silver mineralization in the area of former workings that warrants additional work to test downward extension of the zone. A preliminary program of exploration estimated at \$10,000.00 is recommended.

INTRODUCTION

This report was written at the request of Ivan Todd, President of Paulson Mines Ltd.

The report reviews and summarizes extensive detailed exploration carried out on the property, as reported by Mr. Todd. The writer examined the property in July and August, 1972.

OWNERSHIP AND LEGAL ASPECTS

Mr. Todd states the property consists of 23 contiguous claims and fractions formerly owned by Donna Mines Ltd.,

Evaluation of the legal aspect of the claims is beyond the scope of this report.

A list of the claims follows:

SCHEDULE "A" OF AGREEMENT OF SALE

DONNA MINES LTD. AND BURNT BASIN MINES LTD.

1.	HAVANA FRACTION		Record Number 18902
2.	GALENA FRACTION		Record Number 19964
3.	SHIRLEY 1-8 inclusive		Record Number 19966-73
4.	CHRISTINA No. 1		Record Number 21139
5.	CHRISTINA FRACTION 1-3 inclusive		Record Number 21140-42
6.	CHRISTINA FRACTION 4-6 inclusive		Record Number 21148-50
7.	B.P. FRACTION 1-3 inclusive		Record Number 26063-65
8.	JENNY LIND FRACTION	Lot 3043	Lease Number M-365
9.	HALIFAX	Lot 3042	Lease Number M-119
10.	GOLDEN AGE FRACTION	Lot 3044	Lease Number M-119
11.	ARLINGTON	Lot 2596	Lease Number M-118
12.	EVA BELL	Lot 2031	Lease Number M-131
13.	ENNISMORE	Lot 2595	Lease Number M-52
14.	AJAX	Lot 1509	Lease Number M-183
15.	BURNT BASIN	Lot 1136	Lease Number M-196
16.	MOTHERLODE	Lot 1508	Lease Number M-197
17.	MOTHERLODE FRACTION	Lot 1511	Lease Number M-197
18.	DALY	Lot 1510	Lease Number M-197
19.	AJAX FRACTION	Lot 1512	Lease Number M-197
20.	ALDEEN	Lot 1749	Lease Number M-205
21.	TUNNEL	Lot 1750	Lease Number M-205
22.	KITTIE	Lot 1748	Lease Number M-205
23.	B.P. No. 4 FRACTION		Record Number 35788

LOCATION & ACCESS

The Burnt Basin claims are located approximately 26 miles northeast of Grand Forks, British Columbia, in the Greenwood Mining Division. Co-ordinates are $49^{\circ}10'30''$ north, $118^{\circ}09'$ west. Map Sheet 82E/SE. The claims are reached via Highway No. 3 from Grand Forks to Paulson Bridge at Coryell and then by a good truck road recently improved from the bridge up the east side of Mount Gladstone to Mollie Creek. The trip from Grand Forks takes approximately one hour. The property is thirty miles west of Trail, B.C.

TOPOGRAPHY, TIMBER, POWER, ETC

The claims are located in a valley plateau, the average elevation being 4,500 feet. McRae Creek has cut a deep east west valley through the locality. The general area is known as the Burnt Basin at the headwaters of Josh Creek. Ample water is available for all mining milling and exploration from the creeks.

Pine and fir stands cover part of the property.

No electric power is available at present on the property. The closest source is at Christina Lake, five miles distant.

A single core shack and office is available for exploration crews at the property. The proximity to Christina Lake obviates the need of a bunkhouse or cookery. The CNR rail line lies five miles distant at Coryell.

HISTORY

The Burnt Basis was an old camp discovered before 1900 when Rossland, Phoenix and Greenwood were in production. Numerous

discoveries were made by prospectors in the Paulson area but no major deposits were found. The increasing base metal prices resulted in an increased interest in this area. Its accessibility to the Trail Smelter of Cominco thirty miles distant by highway makes it attractive for exploration.

In recent years several companies carried out diamond drilling and surface trenching on various showings and intermittently made small shipments to Trail Smelter. Transportation and mining costs on the limited sized showings prevented profitable operations.

GEOLOGY

The geology is described by Dolmage as follows:

" The region including Burnt Basin is underlain mainly by limestones which have been compressed into tight folds striking generally northwest. For the most part the limestones have been crystallized and where they are argillaceous in composition they have been altered to skarn. Everywhere the limestones are well bedded and the attitudes of the various strata are obvious. Some of the folds however are overturned and it is not always possible to distinguish the tops from the bottoms of the limestone beds. Fossils have been found in the limestones which determine their age to be Pennsylvanian and/or Permian.

The limestones are intruded by many dykes, sills and larger masses of a variety of intrusive rocks. Northwest of the basin are large masses of light pink granitic rocks which have displaced much of and in some areas all of the limestone. In the eastern and southern

" parts of the basin the limestones are cut by numerous dykes and sills. Many of these are amygdaloidal and spotted with small phenocrysts of biotite. Some of these contain minute amounts of copper usually confined to a narrow zone near their upper contacts. They frequently cut out the ore but are not believed to have been the source of the metals found in the ores. These are more likely derivatives of the much larger intrusives of the Nelson batholith which occupies large areas in and around the basin.

The large number of dykes, sills and other small intrusions is well illustrated on the geological map recently prepared by John Buckholz. They may account for the large number and small size of the mineral deposits in this basin.

The principal structural features of the region are the great shear zones which occupy the main north-south valleys such as that of the Granby River, Christina Lake and Sander Creek and McRae Creek. Burnt Basin occupies the high plateau between the Christina Lake and the McRae Creek Valleys. Theoretically these great shear zones should be the loci of largest mineral deposits of the region but as yet none have been found. This may be due to the valley floors being deeply buried under overburden. This not only conceals mineral showings but also discourages any attempt at prospecting particularly by the old pick and shovel methods. "

MINERALIZATION

The mineral deposits are mainly lead-zinc type, carry values in silver, and are comprised of a dense assemblage of massive to disseminated galena, zinc-blende, and magnetite in a banded, argillaceous-limestone host rock.

Some twenty zones of mineralization of various sizes are reported on the property.

Other surface work consisted of magnetometer, induced polarization, geological and geochemical surveys. A correlation was apparent between magnetite anomalies and to a lesser extent induced polarization anomalies and geochemical anomalies.

SMELTER SHIPMENTS

During the period from 1972 to 1976 a series of small shipments were made to Trail Smelter from the Eva-Bell claim by Donna Mines and recently by Paulson Mines.

These shipments and their net smelter returns are reported by Mr. Ivan Todd, President of Paulson Mines as below. An average milling cost of \$13.00 per ton was included in the returns and trucking costs of \$11.00 per ton is an extra deduction.

[a]	1972 - 47 tons to Trail assay	
	6.5 oz Ag, 7.8% Pb, 16.5% Zn, 23.9% Fe	
	Net Smelter Return	\$2,262.00
[b]	1973 - 164 tons Quartz to Trail	
	0.2 oz Au, 80% Si	
	Net Smelter Return	\$2,380.00

[c]	1974 - 317 tons to Kam Kotio, Sardon		
	3.47 oz Ag, 4.5% Pb, 7.8% Zn		
	Net Smelter Return		\$9,828.00
[d]	1975 - 450 tons to H.B. Mines, Salmo		
	2.0 oz Ag, 3.9% Pb, 5.86% Zn		
	Net Smelter Return		\$9,471.00
	420 tons to Remac, Nelway		
	1.59 oz Ag, 2.54% Pb, 4.17% Zn		\$3,371.00
[e]	1976 - 535 tons to H.B. Mines, Salmo		
	3.1 oz Ag, 4.45% Pb, 6.57% Zn, 21.5% Fe		
	Net Smelter Return		\$14,030.00

It was concluded by management that an economic operation could not be maintained unless a minimum of 1,000 tons per month was shipped and a grade above 3 oz silver and 11% combined lead/zinc was maintained. This would require the development of additional ore reserves.

RECENT WORK

A series of eight vertical shallow percussion holes to 50 feet in depth were drilled in October 1976 on surface at intervals from 50 to 150 feet, along a 500 foot mineralized zone exposed by the old Halifax workings. A selected shipment of 28 tons to Trail from this area reported 10.8 oz/ton Ag, 17.8% Pb, 20.5% Zinc.

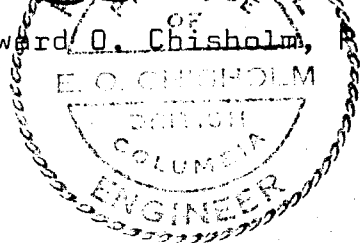
* Cuttings from the percussion holes [Appendix II] reported persistent but low values in lead, zinc and silver with one local 10 foot section up to 2.56 oz/ton of silver and 4.76% combined lead/zinc.

CONCLUSIONS & RECOMMENDATIONS

The recent work on the Halifax zone has indicated a 5 to 6 foot zone some 500 feet long containing persistent lead, zinc and silver values. A high magnetometer anomaly occurs on a steep hill slope and extends down slope beyond the area drilled. This area should be tested by additional percussion drilling, and a portal site cleared by bulldozer for possible future work.

A program of \$10,000.00 is recommended.

Respectfully submitted,


Edward O. Chisholm, P.Eng.


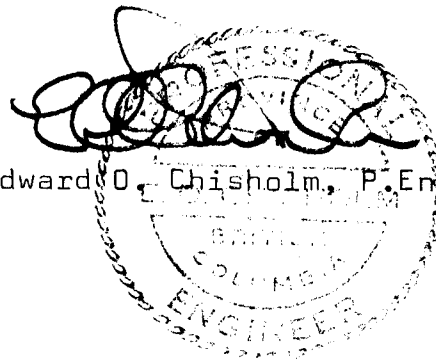
CERTIFICATE

I, Edward O. Chisholm of the City of Vancouver in the Province of British Columbia, hereby certify that:

- 1] I am a geologist with offices at 821-602 West Hastings Street, Vancouver, B.C.
- 2] I am a graduate of the University of Toronto, Ontario, Master of Arts, 1945.
- 3] I am a member of the Professional Engineers of Ontario and British Columbia.
- 4] I have no direct or indirect interest in either the property or securities of Paulson Mines Ltd. or its affiliates, nor do I expect to receive any such interest.
- 5] This interest is based on an examination of company records, maps and sections and also on a visit to the property August 1972.

DATED at Vancouver, B.C., this 10th day of November, 1976.

Edward O. Chisholm, P.Eng.



APPENDIX II

<u>Percussion Hole Results</u>	<u>Hole No.</u>	<u>Footage</u>	<u>Lead %</u>	<u>Zinc %</u>	<u>Copper %</u>	<u>Silver Oz/Ton</u>
Halifax Zone						
	P23	16-18'	0.14	0.55	0.01	Trace
	P24	20-27'	0.02	0.03	0.01	Trace
	P24	27-40'	0.17	0.16	0.02	Trace
	P24	40-50'	0.10	2.06	0.17	0.30
	P19	40-50'	0.09	0.24		0.06
	P19	50-60'	0.37	2.01		0.20
	P19	60-70'	2.02	2.74		2.56
	P19	70-80'	0.21	0.36		1.07

LIST OF REFERENCES

1. Dr. Brock, 1902, Abstract B.C. Department of Mines
2. R.E. Renshaw, July 8, 1964 Geol. Report Halifax Group
for Christina Lake Mines Ltd.
3. R.E. Chaplin, April 7, 1965 Examination
Report for Christina Lake
Mines Ltd.
4. V. Dolmage, Sept. 3, 1965 Examination
Report for Christina Lake
Mines Ltd.
5. S.A. Mauritsen Geofax Survey Ltd. Sept. 20, 1968
"Geophysical Report on IP
Survey - Burnt Basin Mines
Ltd. for Dalek Mines"
6. S.A. Mauritsen, Aug. 16, 1968, Geological Report on Burnt
Basin Property
7. K. Osacoff, July 30, 1965, Geochemical Survey Plan
1 = 200
8. Christina Lake Mines Ltd. Reconnaissance Geology Plan
1 = 200"
9. Burnt Basin Mines Ltd., Magnetometer Survey Plan
1 = 200'
10. Ivan Todd, President Paulson Mines Ltd.
Personal communications

None of the proceeds received from the sale portion of the Underwriting or the option will be spent on any other property other than those referred to above without first filing with the Vancouver Stock Exchange a satisfactory Engineer's Report.

ITEM 5 - THE FULL NAME, HOME ADDRESS, AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE COMPANY BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE COMPANY AND, IF EMPLOYED DURING THE PAST FIVE YEARS THE NAME OF EACH EMPLOYER.

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of Shares of Company Beneficially Owned</u>
Ivan Todd, 13769 Colebrook Road, Surrey, B. C. Secretary	Lumber Trader; employed at Orchardson Lumber (Western) Limited	78,750
Harvo Komori, 755 West 39th Avenue Vancouver, B. C.	Lumberman; employed at Komori Lumber Company	1,250
Frederick Richard Ilott, 1046 Beaufort Road, North Vancouver, B. C.	Lumber Trader; self-employed	17,375
Stanley Ruzicka, Box 1496, Grand Forks, B. C. President	Mill Operator; employed at Phoenix Copper Ltd.	7,000

ITEM 6 - PARTICULARS OF THE CORPORATE STANDING OF THE COMPANY.

The Issuer was incorporated in British Columbia on the 4th day of July, 1967, by Memorandum. The original name of the Company was Alvija Mines Ltd. (N.P.L.) and was changed on the 15th day of September, 1976 to the name of Paulson Mines Ltd. (N.P.L.). The latest audited financial statements of the Issuer were dated April 30th, 1976 and were placed before the members of the Issuer at the Annual General Meeting held on July 12th, 1976 at which time the capital of the Company was consolidated on a one for four basis and the authorized capital was increased to 5,000,000 shares. The name of the Company was changed to Paulson Mines Ltd. (N.P.L.). All filings required to be made by the Issuer under the Securities Act and the Companies Act of British Columbia are up-to-date. The Issuer is primarily engaged in the business of acquiring and developing natural resource properties.

ITEM 7 - THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER.

The authorized capital of the Issuer consists of 5,000,000 shares without par value and, at the date hereof, there are issued and outstanding 1,422,875 shares as fully paid.

ITEM 8 - THE PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE PAST YEAR.

945,000 shares at a deemed price of 15¢ per share were issued in satisfaction of the Company's indebtedness.

ITEM 9 - PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF ISSUER.

Nil.

ITEM 10- PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER, AND SUBSIDIARY THEREOF, OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER, OR ANY SUBSIDIARY THEREOF.

(a) Burnt Basin, British Columbia.

By Agreement dated the 10th of September, 1973 and subsequently amended by an Agreement dated the 19th of January, 1976, and subsequently amended June 10th, 1977 giving extended time, Donna Mines Ltd. (N.P.L.) of 201 - 900 West Pender Street, Vancouver, British Columbia, (hereinafter referred to as "Donna"), granted the Company the right to acquire a 1/2 interest in a certain option agreement between Donna and Burnt Basin Mines Ltd. (hereinafter referred to as "Burnt Basin"), wherein Donna Mines Ltd. (N.P.L.) has the option to purchase an undivided 80% interest in certain mineral claims known as the Burnt Basin Group, situate in the Grand Forks area of British Columbia.

The Burnt Basin Group consists of 9 mineral leases and 16 mineral claims: Claims - Galena Fraction, Shirly 1 to 8, BP Fraction 1 to 3, Havana Fraction, I.T. #1 Fraction, I.T. #2 Fraction and I.T. #3 Fraction; Mineral Leases - M52, M196, M197, M205, M131, M365, M183, M118 and M119.

The Directors of Donna Mines Ltd. (N.P.L.) are Ivan Todd, Robert Goodwin, Stanley Ruzicka and Frederick Richard Ilott.

The Company is presently negotiating the acquisition of certain contiguous claims to the Burnt Basin Group referred to above.

ITEM 11 - PARTICULARS OF THE COST OF PROPERTIES ACQUIRED BY THE COMPANY OR ANY SUBSIDIARY THEREOF WITHIN THE PAST THREE YEARS OR PROPOSED TO BE ACQUIRED BY THE COMPANY OR ANY SUBSIDIARY THEREOF.

(a) Burnt Basin Group, British Columbia

By Agreement dated the 10th day of September, 1973 and subsequently amended by an Agreement dated the 19th of January, 1976, and further amended June 10th, 1977 giving extended time, Donna Mines Ltd. (N.P.L.) (hereinafter referred to as "Donna"),