

Report on Percussion Drilling Program - 1978

Lily and Daisy Claims

Omenica Mining Division

NTS: 93K/3E Lat. 54° 04' Long. 125° 10'

Gene P.Huck : Owner

Granges Exploration Aktiebolag : Operater
(on behalf of Scandinavian Syndicate)

By H.H.Shear, P.Eng.

November 23, 1978

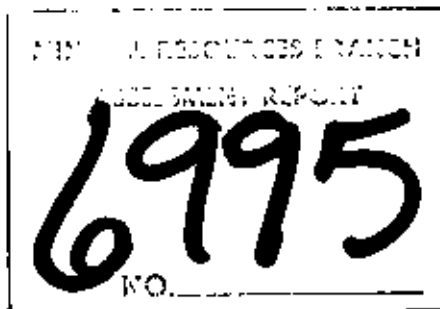


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(Percussion Drill Logs & Percussion Drill Records)

Enclosure (back of report)

Plan of Percussion Drilling on Daisy & Lily
claims (Record Nos. 1235, 1236) (Figure 2)

Endako Area, Omenica Division

Scale: 1 = 5000

Introduction

An option on the Lily and Daisy claims was arranged by a letter of intent dated July 15, 1978, by Granges Exploration Aktiebolag, operator, on behalf of Scandinavian Minerals Syndicate. The owner of the property is Mr. Gene P. Huck of Vanderhoof, B.C. The property adjoins Canex Placer's Endako molybdenum mine which lies about 8 kilometers southeast of the hamlet of Endako, British Columbia, Canada.

The Lily and Daisy claims lie northwest and on strike with the molybdenum ore bodies currently being exploited at the Endako mine. Recent drilling by Canex Placer has indicated molybdenum mineralization to within 400 meters of the southeast corner of the ground held by the Lily claim.

A geochemical soil survey by the optionee failed to disclose molybdenum anomalies. The two claims are almost totally covered by overburden. It was decided to conduct a grid pattern percussion drill program to attempt to locate the Endako molybdenum zone on the Lily and Daisy claims if it continued onto the property.

The program consisted of drilling 21 percussion holes, 2" in diameter, for a total of 1310.64 meters (4300'). There was 1500 meters of line cut for survey control and 4000 meters of access road construction. The drill program covered the south halves of the Lily and Daisy claims.

To date, no showing or zone of economic molybdenum mineralization has been found on the property.

This report describes the program conducted, offers conclusion, and makes recommendation for further work.

Location and Access

The Lily and Daisy claims are located 522 kilometers (342 miles) north - northwest of Vancouver, British Columbia, Canada. The claims lie approximately 9 kilometers west - southwest of Endako, B.C., which is situated on Highway 16.

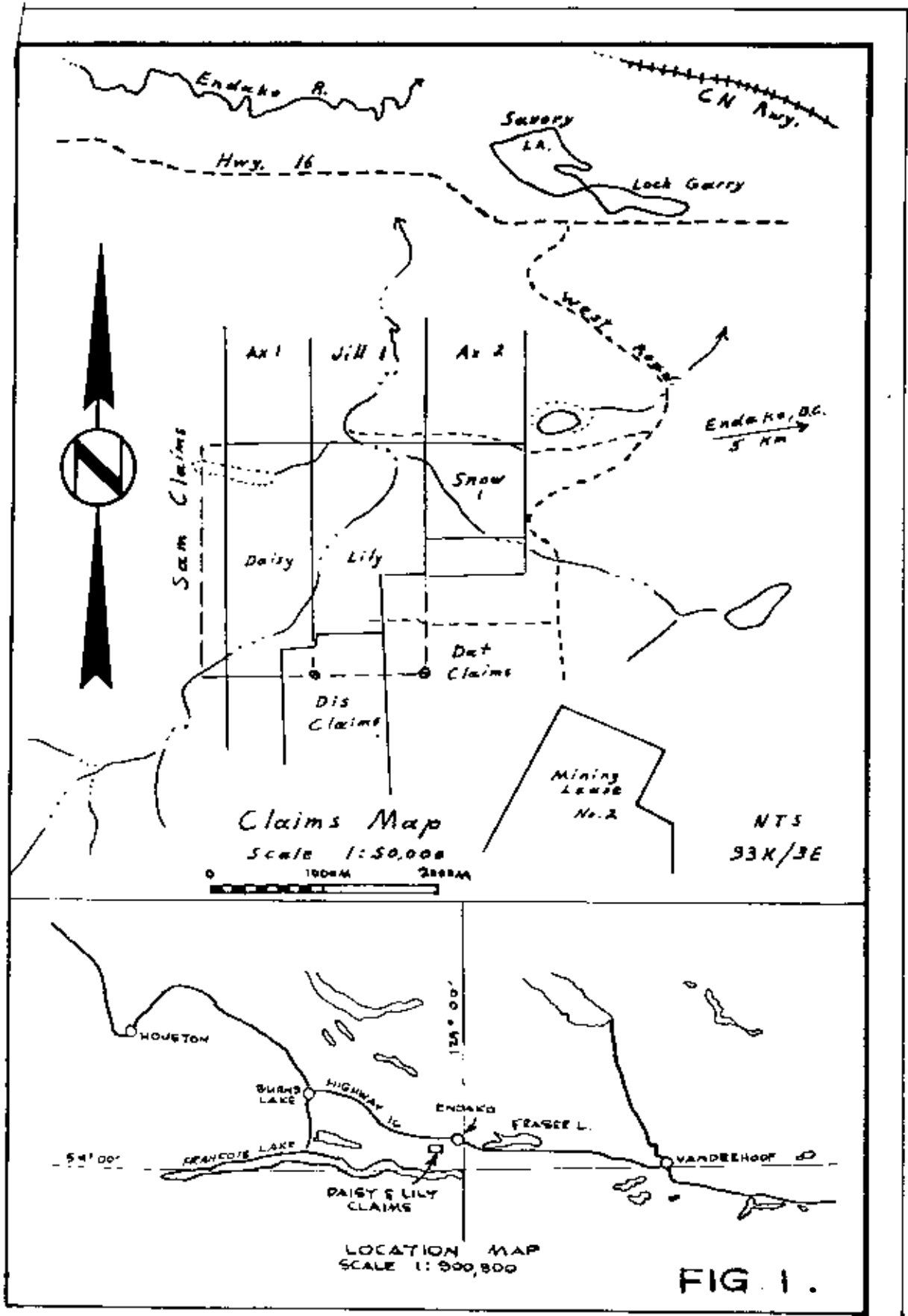


FIG 1.

Access to the property is via the West Road, a good gravel road which was originally built as the main road to the Endako Mine. Subsequently, a paved road was built to the Endako Mine on a route farther to the east, directly from Endako, B.C. The West Road leaves Highway 16, 8 kilometers west Endako, and trends south to the Endako Mine. At a point 4.6 kilometers from the highway a rough 4 wheel drive road leads due west for 2 kilometers to the Lily claim.

During the drilling program, the West Road was blocked - off to stop unauthorized people from entering the area during the hunting season. During this time, access to the claims was through the Endako Mine operations to the West Road and into the claim area.

Terrain & Vegetation

The property lies on the north side of the height of land between the east end of Francois Lake and the Endako River Valley. The terrain in the property area consists of relatively flat benches trending east - west, interspersed with east - west swamps and beaver ponds. The ground slopes down to the north and steep northerly slopes occur at several points between the flatter areas. Elevations range from 825 meters along the north edge of the claims to 1000 meters along the south. A medium sized stream transacts the property from southwest to northeast. Locally, this stream forms a sharp, steep valley up to 25 meters deep.

The property is covered with jack pine in the dry area and spruce in the wetter areas. There is little commercial timber present. Dense alder grows over a large part of the property.

History & Claims

The Lily and Daisy claims area was first staked in 1962 during the staking rush that was caused by the discovery of the Endako Mine. Since that time the property has been restaked numerous times. These claim groups, where known, and the recording dates are listed below:

<u>CLAIMS</u>	<u>Date Recorded</u>
R I Gr.	Dec.12,1962
R I Gr.	Dec.13,1963
R I Gr.	Jan. 4,1965
ROF Gr.	Feb. 6,1968 (Abandoned)
Mike Gr.	Dec. 2,1968 (Lapsed 1970)
Unknown	to Nov.1972
Mark Gr.	Nov.14,1972 (Abandoned)
Unknown	to 1975
Bloc #1&2	Nov. 1975
Moly	Nov.11,1976 (Abandoned)
Lily & Daisy	(Record Nos. 1235 & 1236) June 30,1978

The Moly claim was staked by the present owner, Huck, and was abandoned in June,1978 and restaked as the Lily and Daisy claims. The Lily and Daisy claims both consist of 8 units. The area held by the two claims is considerably less than 16 units being limited on the west, south and east borders by the ground held by the previous two post claims listed above. The ground held by the southern portion of the two claims may be seen on the plan map, Figure 2, enclosed in the back of this project.

In 1977, the owner, Huck, completed a geochemical soil survey for molybdenum over the southeast quarter of the claim block. Anomalous values ranged to a high of 15 PPM Mo. This survey did not delineate meaningful targets.

Geology

The geology of the area is described in detail in the B.C. Minister of Mines and Petroleum Resources Annual Report for 1965. The maps in this report show that the Lily and Daisy claims are underlain by the Endako Quartz Monzonite, the host unit for the molybdenum ore bodies at the Endako Mine. One small outcrop of Endako Quartz Monzonite was observed on the creek bank near the center of the property. No other outcrops were found on the property. Percussion drill hole MP-21 appeared to intersect a different unit of quartz monzonite, possibly Casey Quartz Monzonite. Drill hole MP-10 intersected a rhyolitic dike. All other holes intersected Endako Quartz Monzonite.

1978 Percussion Drill Program

The first phase of the program consisted of establishing the location of the area held by the Lily and Daisy claims. This entailed finding the original two post claims and in particular the Mike Group of claims. The Mike Group were the claims in good standing, when Canex Placer's Dat 5 and 6 fractions were staked between the Dis and Dat Groups and the ground now held by the Lily and Daisy claims. This work was completed from August 15 through August 19, 1978. An east - west tie line, called the 5 North line, was cut west from the 1N identification post of the Lily claim. 5N line was cut to 10+44W, where it intersected a north-south line cut through by the previous owners of the claims. In addition, an old north - south line, which intersects the 5N line at 3+24W, was recut to 10+00N. These lines were used to tie - in the claim posts. The survey was done by compass and chain. Three men were employed.

An HD 11 Allis - Chalers bulldozer was rented from Orsetti Holdings (R.Orsetti) of Endako, B.C., to build access roads and drill sites. The bulldozer was moved on the property on September 29th and remained on the property until drilling was completed. Road construction continued intermittently until October 12th. There were 4000 meters of access road constructed.

The drill contractor, Spence Enterprises and Percussion Drilling Ltd., of Ashcroft, B.C., moved his Flex - Track mounted drill and equipment onto the property on September 29th and drilling commenced September 30th. The drilling was completed on October 15, 1978. There were 21 percussion holes, 2" in diameter, drilled for a total of 1310.64 meters (4300').

The drill holes were spotted along two east - west lines, roughly along 6 North and 11 North. Coverage was completely across the ground held by the Lily and Daisy claims. In addition, two holes were drilled 100 meters north and south of MP-11 which intersected some

strong chlorite alteration. The hole locations are shown on the plan map enclosed in the back of this report.

The samples were prepared for shipment to the assay laboratory in a shed at Endako, B.C. The samples were dried in a drying oven, and split down through a Jones Riffle type splitter to approximately 250 grams ($\frac{1}{2}$ pound). The samples were shipped to Acme Analytical Laboratories Ltd., of Burnaby, B.C., and were assayed for MoS₂. There were 242 - 3.05 meter samples assayed.

Discussion of Results

Two of the drill holes, MP-1 and MP-20, cut minor molybdenum values. MP-1 averaged .0085% MoS₂ over its total length from 9.14 to 60.96 meters. A 3.05 meter section from 18.29 to 21.34 meters assayed .032% MoS₂. Hole MP-20 intersected 9.14 meter, from 39.62 to 48.77 of .01% MoS₂.

Some strong chlorite alteration was intersected in hole MP-11. Consequently, two additional holes, MP-12 and MP-13, were drilled 100 meters south and north, respectively from MP-11. Assays returned background values in MoS₂ from the three holes.

Assay values on all holes, with the exceptions MP-1 and MP-20, were in the background range of .001 to .004% MoS₂.

Depth of overburden was found to vary from 7.62 to over 60.96 meters. Hole MP-6 was abandoned due to excessive depth of overburden at 60.96 meters. Eleven other holes penetrated overburden 30.48 meters or more in depth.

Conclusion and Recommendations

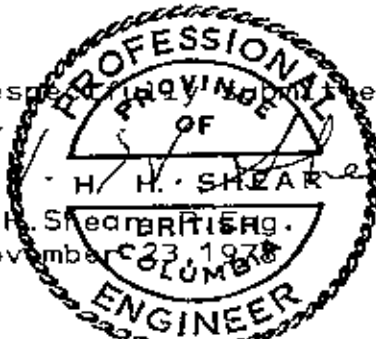
The drill program was completed on the Lily and Daisy claims to determine if the molybdenum bearing mineral zone of Endako Mines continues onto the property. Assay results indicate that the zone does trend onto the property in the vicinity and east of hole MP-1 and continues

northwesterly through the vicinity of Hole MP-20.

Assay values in holes MP-1 and MP-20 were sub - marginal. However, more drilling is warranted between these two holes and north of MP-20 to be certain that economic zones of molybdenite do not occur on the claims area.

It is recommended that an additional 12 percussion drill holes be completed to a depth of 60.96 meters (200') for a total of 731.15 meters (2400'). A fence of four holes is recommended between holes MP-1 and MP-20 with the remaining eight holes to be drilled on an east - west fence across the property along 16 North.

Respectfully,
S. H. H. SHEAR
H. H. Shear
November 23, 1978
PROFESSIONAL
ENGINEER
OF
COLUMBIA

A circular professional seal for H. H. Shear, a Professional Engineer in Columbia. The seal features a central triangle with a horizontal line and the text "PROFESSIONAL ENGINEER OF COLUMBIA". The name "H. H. SHEAR" is written across the middle of the seal. The date "November 23, 1978" is stamped at the bottom. A signature "S. H. H. SHEAR" is written over the seal.

STATEMENT OF COSTS:

LABOUR

H.H. Shear			
August 14-19, 1978			
Sept. 27-Oct. 16, 1978:	26 days x \$70.00.....	\$ 1,820.00	
Glen Huck			
August 15-17, 19, 1978	4 days x \$60.00/day..	240.00	
Gene Huck			
August 15-17, 1978	3 days x \$60.00/day..	180.00	
Ken Taylor			
October 6-16, 1978	11 days x \$60.00/day.	<u>660.00</u>	
		\$ 2,900.00	\$ 2,900.00

PERCUSSION DRILLING CONTRACT: (L. Spence Enterprises and Percussion Drilling Ltd.)

4300' x \$2.95/foot.....	\$ 12,685.00	
Mobilization of Drill 5 hrs. x 35.00/hr.....	175.00	
Mobilization of Low-bed-8 hrs. x 42.00/hr.....	<u>236.00</u>	
	13,096.00	\$ 13,096.00

ALLIS CHALMERS - HD 11 RENTAL (Orsetti Holdings)

Sept. 29-Oct. 12, 1978	51 hrs. x \$38.75/hr..	\$ 1,976.25	
Low-bed charges to and from property	2 hrs. x \$42.00/hr...	<u>84.00</u>	
		\$ 2,060.25	\$ 2,060.25

ASSAYING (Acme Analytical Laboratories Ltd.)

MoS ₂ - 242 samples x \$4.75/sample.....	\$ 1,149.50	\$ 1,149.50
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ACCOMODATIONS:

August 14-19, 1978			
Nithi Lodge:	6 days x \$14.70/day..	88.20	
Sept. 26-Oct. 17, 1978			
Stellako Lodge:	17 days x \$13.64/day.	<u>300.08</u>	
		\$ 388.28	\$ 388.28

TRANSPORTATION: (Chev 4x4 lease to purchase)

August 13-20, 1978			
Sept. 26-Oct. 17, 1978	1 month x \$238.61/mo..	<u>238.61</u>	\$ <u>238.61</u>
	TOTAL		<u><u>19,832.64</u></u>

November 23, 1978
S.V. Shear

STATEMENT OF QUALIFICATIONS

Name: Henry Herbert Shear

Profession: Exploration Geologist

Education: B. Sc. -- Geological Engineering (1959);
B. Sc. -- Mining Engineering (1960), both
from University of Arizona

Professional Associations: Member of the Association of Professional
Engineers of British Columbia

Member of The Canadian Institute of Mining
and Metallurgy

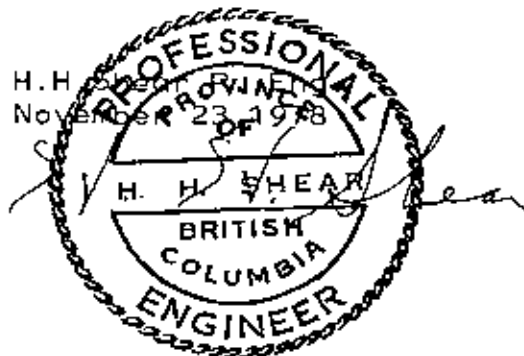
Experience: 4 years -- Field Geologist with various companies
in British Columbia

1 year -- Exploration Manager for General
Resources Ltd. in Australia

7 years -- Consulting Geologist and Project
Manager including 4 years with
Quintana Mineral Corp.

1 year -- Project Geologist with Giant Mascot
Mines, Ltd.

May, 1976, to present -- Project Geologist with
Granges Exploration AB





GRANGES EXPLORATION AB

CANADIAN DIVISION

DIAMOND DRILL LOG

Percussion

 Property ... *Maly. Option* ... Project No. ... *70119* ... Depth ... *91.44m (300')* ... Date Began ... *Oct. 9, 1978*
 Hole No. ... *MP-11* ... Co. ord. ... *6+60.11* ... Horizontal Length ... *—* ... Date Completed ... *Oct. 9, 1978*
 Shear No. ... *1* ... *18W* ... Direction ... *—* ... Drilled By ... *Spence Drilling*
 Claim No. ... *Daisy* ... Elevation ... *—* ... Angle ... *-90°* ... Logged By ... *R. H. Sloan*

meters FOOTAGE	DESCRIPTION	ALTERATION								% REC. CALC'N	
		FROM	TO								
<i>0-12.19</i>	<i>Casing + Overburden</i>										
<i>12.19-91.44</i>	<i>Ends Quartz Monzonite</i>	<i>12.19</i>	<i>36.58</i>	<i>Ab chl. at top of section</i>	<i>decreasing</i>						
				<i>to minor at bottom</i>							
				<i>Ab. to Mod. mag., minute px</i>							
		<i>36.58</i>	<i>91.44</i>	<i>Moderate chl. + mag., minute px</i>							



GRANGES EXPLORATION AB

CANADIAN DIVISION

DIAMOND DRILL LOG

Percussion

Property *141014* Project No. *25117* Depth *9.574 m* Date Began *1978*
 Hole No. *MP-14* Co. ord. *11N* Horizontal Length *—* Date Completed *Oct. 12, 1978*
 Sheet No. *1* Direction *—* Drilled By *Spence Drilling*
 Claim No. *Daisy* Elevation *—* Angle *-90°* Logged By *E. St. Julien*

meters FOOTAGE	DESCRIPTION	ALTERATION								% RECY CALC'D	
		FROM	TO								
0 - 30.48	Overburden										
30.48 - 60.96	Faded Quartz Monzonite	30.48	34.62	Minor	chl + mag						
		34.62	60.96	Minor	mag. + bio + musco.						No Alterat.



GRANGES EXPLORATION AB
CANADIAN DIVISION

DIAMOND DRILL RECORD
Percussion

Property *Moly. Option* Project No. *70119* Depth *60.96m (200')* Date Began *Oct. 14, 1978*
Hole No. *M.C. 19* Co. ord. *11N* Horizontal Length _____ Date Completed *Oct. 14, 1978*
Sheet No. *1* Direction *8W* Drilled By *Spence Drilling*
Claim No. *Lily* Elevation _____ Angle *-90°* Logged By *S. H. Hean*

Date Began *Oct. 15, 1978*

Date Completed *Oct. 15, 1978*

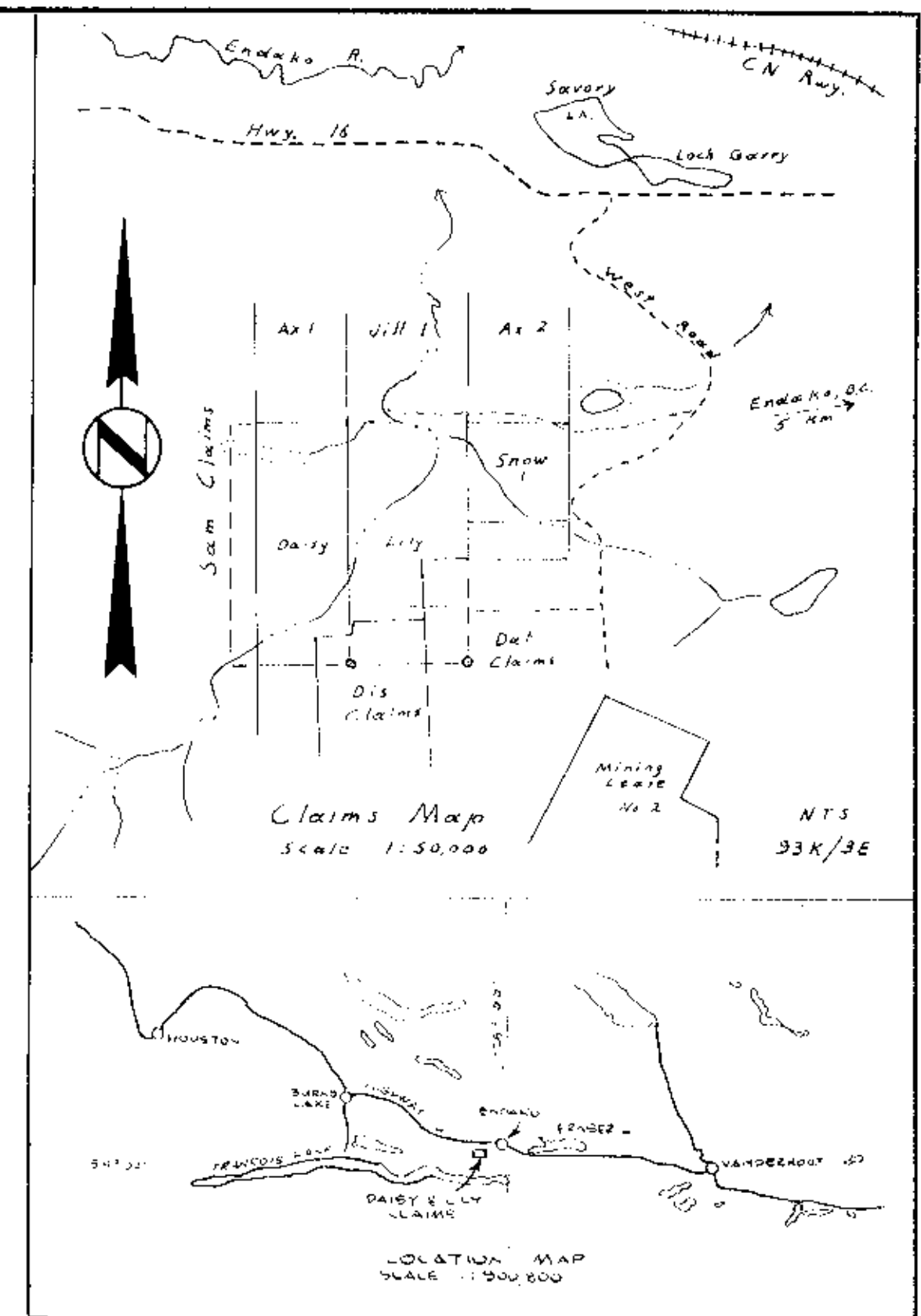
Drilled By *Spence Drilling*

Logged By *S. H. Hean*

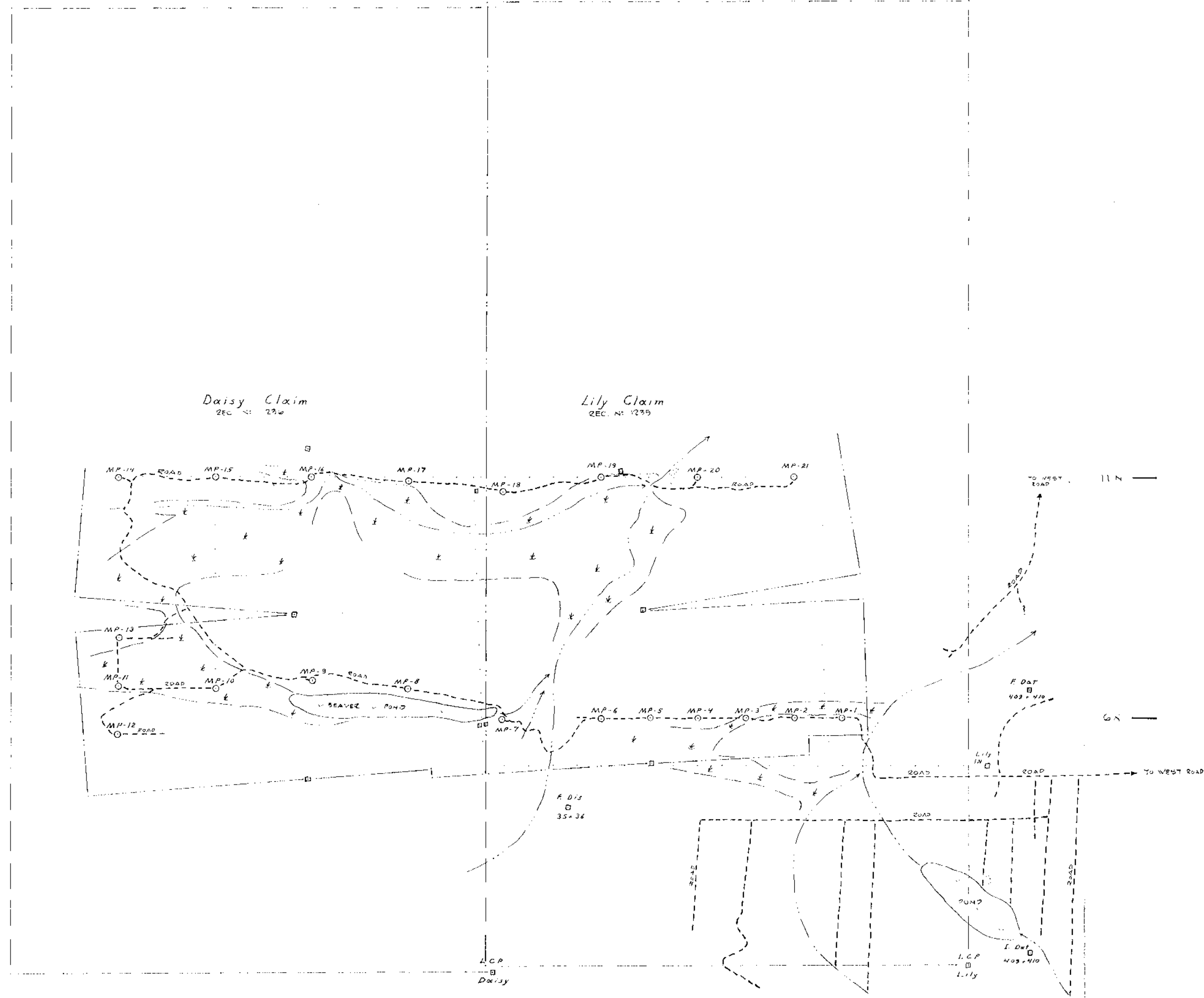
meters FOOTAGE	NUMBER	WIDTH	ELEMENTS					WIDTH X ASSAY					AVERAGES					REMARKS
			Au.	Ag.	Cu.	Zn.	MoS ₂	Width	Au.	Ag.	Cu.	Zn.						
<i>0. - 9.14</i>	<i>06</i>																	
<i>9.14 - 12.19</i>	<i>250</i>	<i>3.05</i>						<i>.002</i>										
<i>12.19 - 15.24</i>	<i>251</i>	"						<i>.001</i>										
<i>15.24 - 18.29</i>	<i>252</i>	"						<i>.001</i>										
<i>18.29 - 21.34</i>	<i>253</i>	"						<i>.001</i>										
<i>21.34 - 24.38</i>	<i>254</i>	"						<i>.001</i>										
<i>24.38 - 27.43</i>	<i>255</i>	"						<i>.001</i>										
<i>27.43 - 30.48</i>	<i>256</i>	"						<i>.001</i>										
<i>30.48 - 33.53</i>	<i>257</i>	"						<i>.001</i>										
<i>33.53 - 36.58</i>	<i>258</i>	"						<i>.001</i>										
<i>36.58 - 39.62</i>	<i>MS</i>	"																
<i>39.62 - 42.67</i>	<i>259</i>	"						<i>.001</i>										
<i>42.67 - 45.72</i>	<i>260</i>	"						<i>.001</i>										
<i>45.72 - 48.77</i>	<i>261</i>	"						<i>.003</i>										
<i>48.77 - 51.82</i>	<i>262</i>	"						<i>.001</i>										
<i>51.82 - 54.86</i>	<i>263</i>	"						<i>.001</i>										
<i>54.86 - 57.91</i>	<i>264</i>	"						<i>.001</i>										
<i>57.91 - 60.96</i>	<i>265</i>	"						<i>.001</i>										

% REC'D
CALC'D.

20W 16W 12W 8W 4W 00



11
6N



6995

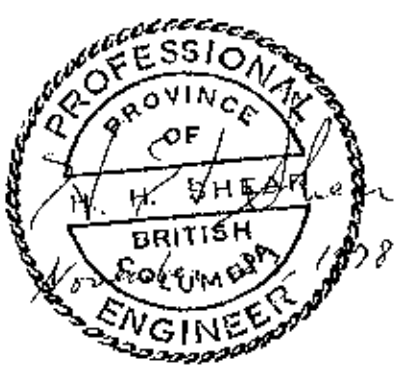


FIG. 2

<p>100m 50m 0 50m 100m 150m</p> <p>○ : PERCUSSION DRILL HOLE SITE</p> <p>□ : LOCATED CLAIM POST.</p> <p>SURVEYED BY COMPASS AND CHAIN.</p>	<p>DRAWN BY: L. S.</p> <p>DATE: OCT., 1978</p>	<p>GRANGES EXPLORATION AB</p> <p>CANADIAN DIVISION</p> <p>VANCOUVER OFFICE</p>	<p>PLAN OF PERCUSSION DRILLING ON DAISY & LILY CLAIMS (RECORD NOS 1235, 1236)</p> <p>ENRAGO AREA, OMAHA DIVISION</p>	<p>SCALE: 5000</p> <p>PROJECT No.: 70.15</p> <p>N.T.S. No.: 03 X-3 E</p>
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