

Report on Percussion Drilling Program - March, 1979

Lily, Daisy, and Lily Fr. Claims

Omineca Mining Division

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

Gene P. Huck: Owner

Granges Exploration Aktiebolag: Operater

(on behalf of Scandinavian Minerals Syndicate)

By H.H. Shear, P. Eng.

April 6, 1979

7225

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(Percussion Drill Logs & Records)

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

Endako Area, Omineca Division

Scale: 1 = 5000

INTRODUCTION

The Lily, Daisy and Lily Fraction claims adjoin Canex Placer's Endako molybdenum mine. The area lies about 8 kilometers southeast of the hamlet of Endako, British Columbia, Canada. The claims are situated 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 claims.

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.

Granges completed a 1,310.64 meter grid pattern percussion drilling program over part of the property from September 29 through October 15, 1978. This work has been filed for assessment credit with a report dated November 23, 1978. Although no significant values were intersected, it was decided to cover the balance of the property with more grid pattern percussion drill holes.

The program, carried out from March 10 through March 26, 1979, consisted of drilling 13 percussion holes, 2" in diameter, for a total of 792.48 meters (2,600'). There were 2,800 meters of access road construction. The holes were drilled on two grid lines. One lies across the north part of the Lily and Daisy claims and the other lies near the southeast corner of the Lily claim.

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

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.

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. It is no longer a through road being now blocked by the mining operations. The West road leaves Highway 16, 8 kilometers west of Endako and trends south to the Endako Mine. Two rough 4 wheel drive roads lead west, to the northeast and southeast corners of the property, at points 3.0 and 4.6 kilometers from the highway.

TERRAIN AND VEGATATION

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 1,000 meters along the south. A medium sized stream crosses 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.

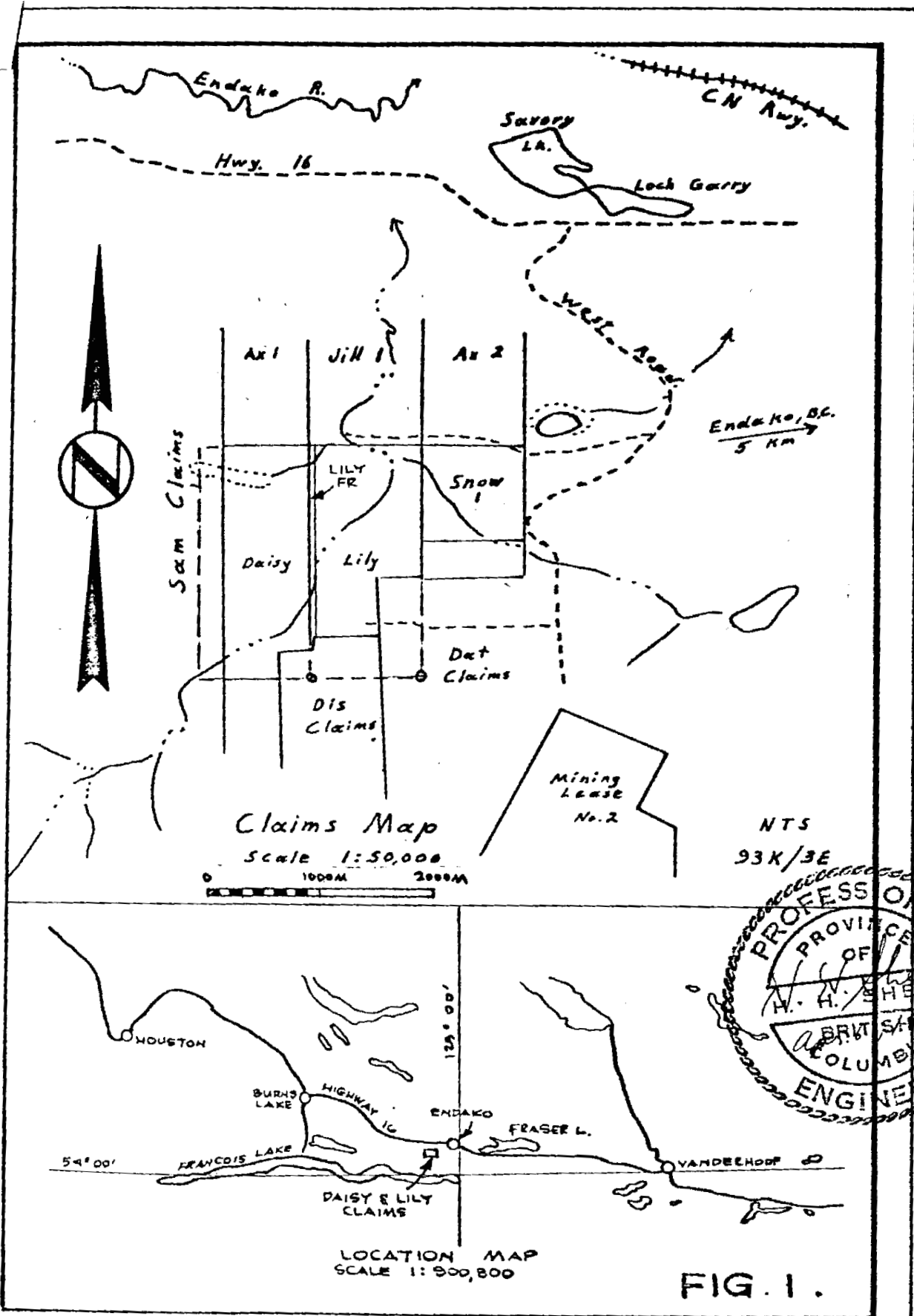


FIG. 1.

HISTORY AND 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
Lily Fraction	(Reocord No. 1339) Aug. 25,1978

The Moly claim was staked by the present owner, Huck, and was abandoned in June, 1978 and restaked as the Lily and Daisy claims. Subsequently, the Lily Fraction was staked to cover any possible open ground between the two claims. The Lily and Daisy claims both consist of 8 units. The area held 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 claims may be seen on the plan map, Figure 2, enclosed in the back of the report.

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.

In 1978, Granges completed a 21 hole percussion drilling program totalling 1,310.64 meters.

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. All percussion holes described in this report appeared to intersect Endako Quartz Monzonite.

A percussion drilling program was carried out based on conclusions and recommendations on the drilling completed.

MARCH, 1979 PERCUSSION DRILLING PROGRAM

Layout of drill sites and access road began on March 10th. Two men were employed.

An HD - 11 Allis - Chalmers bulldozer was rented from Orsetti Holdings of Endako, B.C. to snowplow the road to the property and to build access roads and drill sites. Bulldozer work commenced on March 12th. The bulldozer was retained on a standby basis after roads and sites were completed to assist the drill rig in moving in swampy areas and on steep sections of the roads.

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 March 16th and drilling commenced March 17th. The drilling was completed on March 25th. There were 13 holes, 2" in diameter, drilled for a total of 792.48 meters (2,600').

Nine holes were drilled at 200 meter intervals along an east - west line at 16 North. Four holes were drilled at 100 meter intervals midway between the 1978 percussion holes MP -1 and MP -20. These four holes were drilling along a line trending N 57 E. Hole locations are shown on the map enclosed in the back of this report. (Figure 2)

The samples were prepared for shipment for assay in a shed at Endako. The samples were dried and a 250 gram ($\frac{1}{2}$ lb.) portion was obtained by splitting to be shipped for assaying. The samples were shipped to Acme Analytical Laboratories Ltd. of Burnaby, B.C. and assayed for MoS_2 . There were 136 - 3.05 meter samples assayed.

DISCUSSION OF RESULTS:

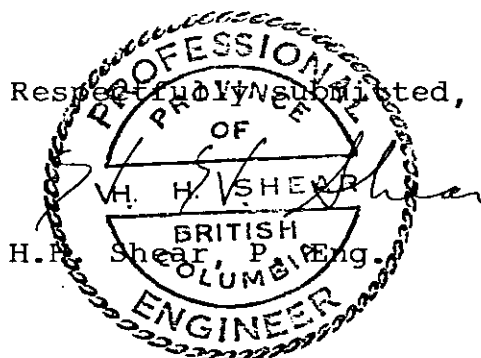
The assay results were negative, with the best 3.05 meter section running 0.013% MoS_2 in hole MP-30.

Depth of overburden varied from 6.10 meters at MP-22 to 51.82 meters in MP-34.

CONCLUSIONS AND RECOMMENDATIONS

A percussion drilling program was carried out based on conclusions and recommendations on the drilling completed by Granges in 1978. Minor molybdenite values were encountered in holes MP-1 and MP-20 of that program and it was decided to more thoroughly examine the property with more percussion drilling.

Results of this drilling are totally negative and no further work is recommended at this time.



STATEMENT OF COSTSLABOR

H.H.Shear			
March 10-26, 1979	17 days x \$70.00	\$ 1,190.00	
Richard Roberts			
March 10-14, 18-26	14 days x \$45.00	<u>630.00</u>	
		\$ 1,820.00	\$ 1,820.00

PERCUSSION DRILLING CONTRACT: (Spence Enterprises and Percussion Drilling Ltd. March 16-26, 1979):

2,600' X \$ 2.95/feet	\$ 7,670.00	
Moving rig 12hr. X \$35.00/hr.	420.00	
Mobilization & Demobilization (lowbed charges) 8 hrs. X \$45.00/hr.	<u>360.00</u>	
	\$ 8,450.00	\$ 8,450.00

Allis - Chalmers - HD 11 Rental (Orsetti Holdings -
March 12 - 26, 1979)

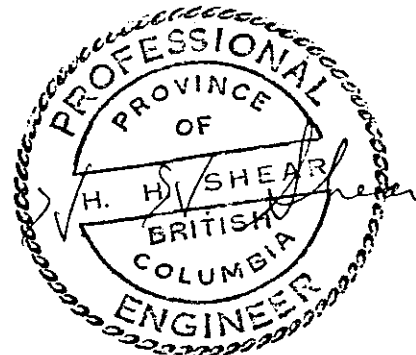
80 hr. X \$41.00/hr.	\$ 3,280.00	
Mobilization & Demobilization (lowbed charges) 3 hr. X \$42.00/hr.	<u>126.00</u>	
	\$ 3,406.00	\$ 3,406.00

ACCOMODATIONS (GRANGES PERSONNEL - 2 MEN)

March 9 - 26, 1979		
Endako Hotel 18 days X \$16.00/day	288.00	\$ 288.00

ASSAYING (ACME ANALYTICAL LABORATORIES LTD.)

MoS ₂ - 136 samples X \$4.75/sample	655.95	<u>\$ 655.95</u>
		\$14,619.95



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

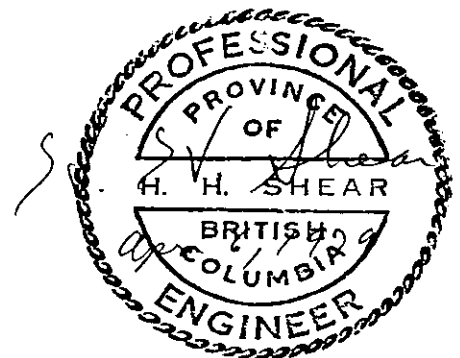
Experience: 4 years -- Field Geologist with various companies
in British Columbia

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
PERCUSSION DRILL LOG & RECORD

Property *Moly. Option* Project No. *70119* Depth *200' - 60.96m* Date Began *Mar. 17, 1979*
 Hole No. *MP-22-79* Co ord. *16 N* Horizontal Length *0* Date Completed *Mar. 19, 1979*
 Sheet No. *1* Direction *2 W* Drilled By. *Spense Drilling*
 Claim No. *Lily* Elevation _____ Angle *-90°* Logged By. *S.V. Shear*

CORE INTERVAL FEET / METERS	DESCRIPTION	ALTERATION								% RECY CALC'D.
		FROM	TO							
0 - 6.10	Over burden									
6.10 - 60.96	Endo K. Quartz Monzonite Minor py.									

NUMBER	WIDTH	MoS ₂	Ag.	Cu.	Zn.	WIDTH X ASSAY	AVERAGES					REMARKS
							WIDTH	Au.	Ag.	Cu.	Zn.	
6.10 - 9.14	1983	3.05	.001									
9.14 - 12.19	1984	"	.001									
12.19 - 15.24	1985	"	.001									
15.24 - 18.29	1986	"	.001									
18.29 - 21.34	1987	"	.001									
21.34 - 24.38	1988	"	.001									
24.38 - 27.43	1989	"	.001									
27.43 - 30.48	1990	"	.002									
30.48 - 33.53	1991	"	.001									
33.53 - 36.58	1992	"	.003									
36.58 - 39.62	1993	"	.002									
39.62 - 42.67	1994	"	.001									
42.67 - 45.72	1995	"	.001									
45.72 - 48.77	1996	"	.001									
48.77 - 51.82	1997	"	.001									
51.82 - 54.86	1998	"	.001									
54.86 - 57.91	1999	"	.001									
57.91 - 60.96	2000	"	.002									

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GRANGES EXPLORATION AB
 CANADIAN DIVISION
PERCUSSION DRILL LOG & RECORD

Property *Moly. Option* Project No. *70119* Depth *200' - 60.96m* Date Began *Mar. 22, 1979*
 Hole No. *MP-28-79* Co ord. *16 N* Horizontal Length *0* Date Completed *Mar. 22, 1979*
 Sheet No. *1* Direction *14 W* Drilled By *Spence Drilling*
 Claim No. *Daisy* Elevation _____ Angle *-90°* Logged By *S.V. S. Shear*

CORE INTERVAL FEET / METERS	DESCRIPTION	ALTERATION										% REC'Y CALC'D.	
		FROM	TO										
0 - 48.77	Overburden												
48.77 - 60.96	Endake Quartz Monzonite <i>minor py + chl.</i>												

NUMBER	WIDTH	McS ₂	Ag.	Cu.	Zn.	WIDTH X ASSAY	AVERAGES					REMARKS	
							WIDTH	Au.	Ag.	Cu.	Zn.		
48.77-51.82	2068	3.05	.005										
51.82-54.86	2069	"	.003										
54.86-57.91	2070	"	.003										
57.91-60.96	2071	"	.002										

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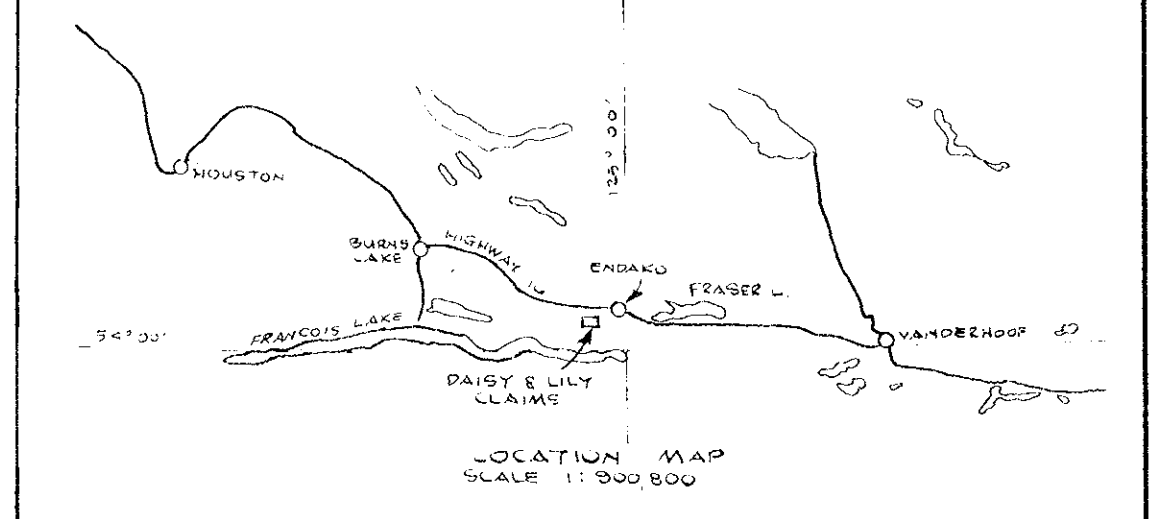
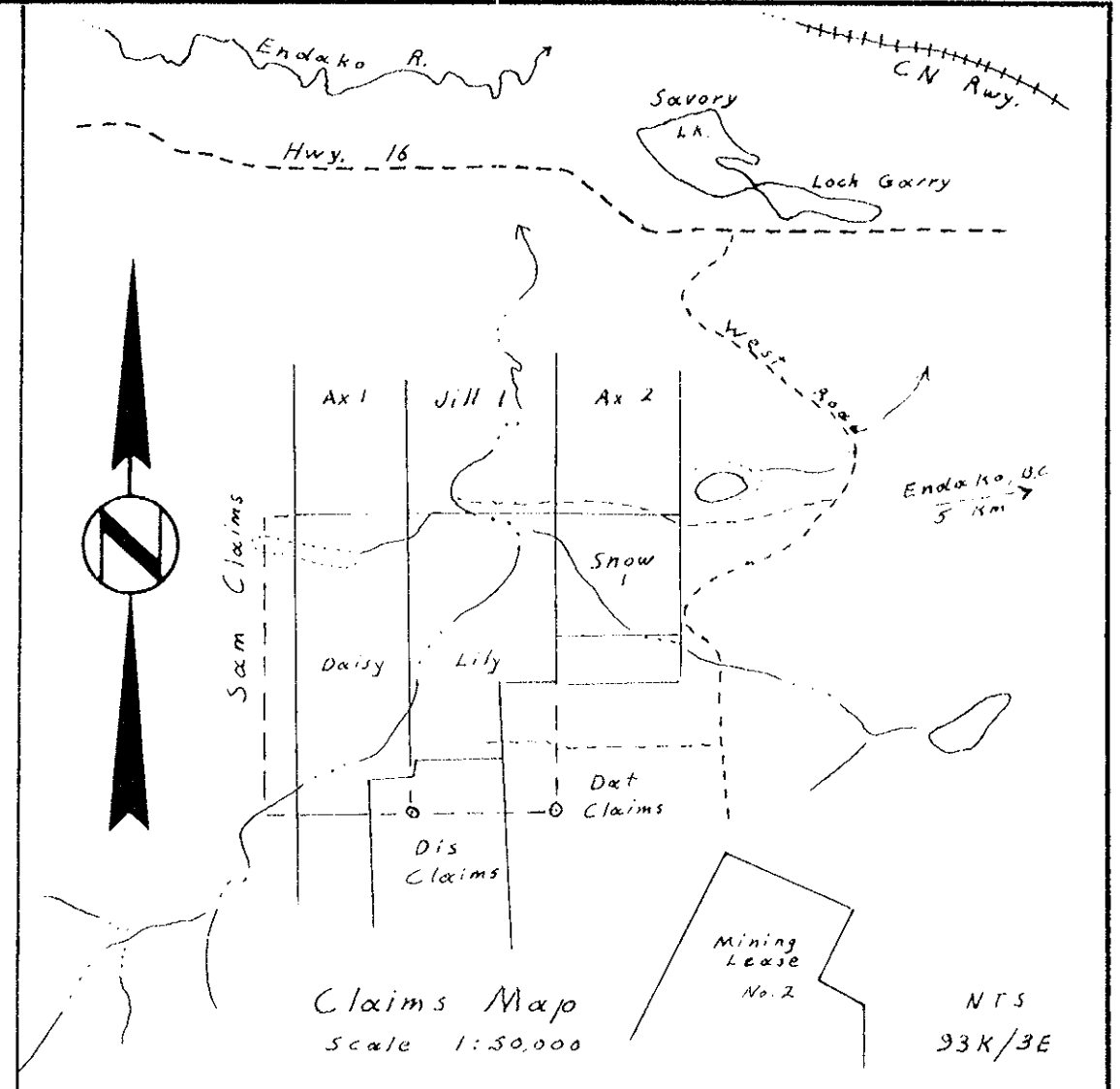
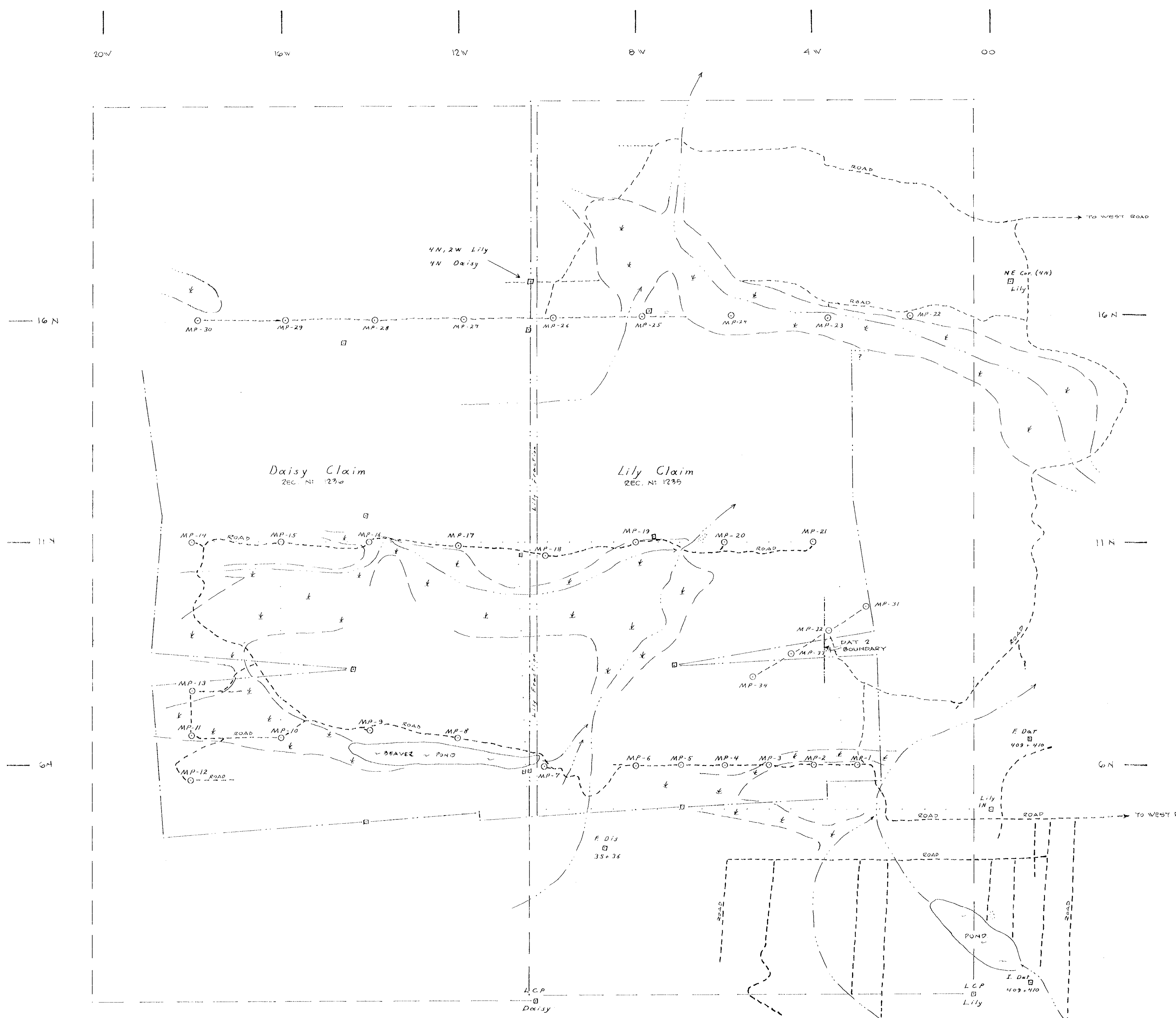


GRANGES EXPLORATION AB
CANADIAN DIVISION
PERCUSSION DRILL LOG & RECORD

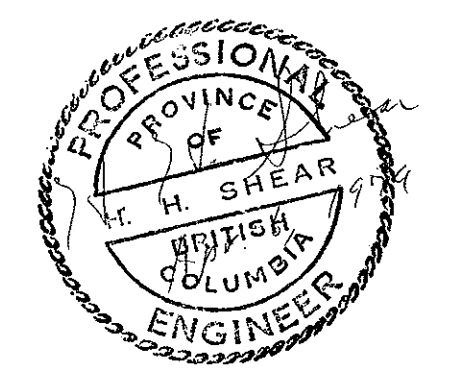
Property *Moly. Option* Project No. *70119* Depth *200' - 60.96 m* Date Began *Mar. 25, 1979*
 Hole No. *MP-33-79* Co ord. *8+50N* Horizontal Length *0* Date Completed *Mar. 25, 1979*
 Sheet No. *1* *H+60W* Direction *—* Drilled By. *Spence Drilling*
 Claim No. *Lily* Elevation *—* Angle *-90°* Logged By. *G.V. Sherr*

CORE INTERVAL FEET / METERS	DESCRIPTION	ALTERATION										% REC'Y CALC'D.		
		FROM	TO											
0 - 48.77	Overburden													
48.77 - 60.96	Probably Endako Quartz Monzonite. Samples are darker than other holes probably due to contamination from overburden miner py													

	NUMBER	WIDTH	MoS ₂	Ag.	Cu.	Zn.	WIDTH X ASSAY					AVERAGES					REMARKS
												WIDTH	Au.	Ag.	Cu.	Zn.	
48.77 - 51.82	2112	3.05	.001														
51.82 - 54.86	2113	"	.001														
54.86 - 57.91	2114	"	.001														
57.91 - 60.96	2115	"	.001														



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	DRAWN BY: H.S. DATE: OCT. 1978 SURVEYED BY COMPASS AND CHAIN.	GRANGES EXPLORATION AB CANADIAN DIVISION VANCOUVER OFFICE	PLAN OF PERCUSSION DRILLING ON DAISY & LILY CLAIMS (RECORD N: 1234, 1235) ENDAKO AREA, BRITISH COLUMBIA DIVISION.	SCALE: 1:5000 PROJECT No: 70119 N.T.S. No: 93 K-3E
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