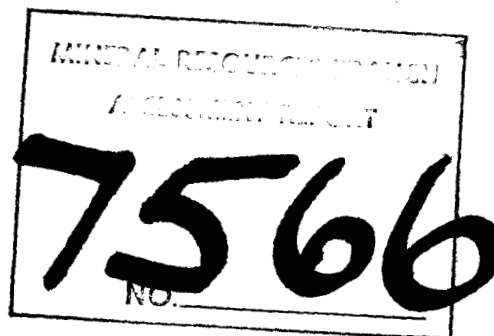


GEOLOGICAL REPORT
ON THE
GOLD AND DUST CLAIMS (15 UNITS);
NANAIMO MINING DIVISION, B.C.
FOR
LOREDI RESOURCES LTD. (N.P.L.)



Vancouver, B.C.
August 2, 1979

R.H.D. Philp, P. Eng.

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GEOLOGICAL REPORT
ON THE
GOLD AND DUST CLAIMS (15 UNITS);
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FOR
LOREDI RESOURCES LTD. (N.P.L.)

INTRODUCTION:

The Gold-Dust Claims consist of 15 units situated southeast of Nahwitti Lake, approximately 23 kilometers west of Port Hardy on Northern Vancouver Island, British Columbia.

Staked to cover known zinc-lead-copper-silver mineralization the claims are underlain by volcanic and sedimentary units of the Vancouver Group intruded by granodiorite and diorite.

An exploration program of gridding followed by geological mapping under the direction of the writer was initiated in June, 1979 to locate any known mineral occurrences and provide guidelines and control for future exploration.

GENERAL:

The property lies southeast of Nahwitti Lake, straddling and mainly south of the Port Hardy-Holberg Road. Coordinates are 50° 42' North latitude, 127° 48' West longitude.

Access is by the Port Hardy-Holberg Road and several logging roads which traverse the property.

Relief is moderate with elevations ranging from approximately 700 to 1700 feet above sea level.

Approximately two-thirds of the area has been logged, the remainder covered mainly by cedar, fir, balsam and hemlock. Dense second growth and debris covers much of the logged area, seriously hampering exploration.

Considerable exploration has been conducted on base-precious metal prospects in the Nahwitti Lake area since discovery of the HPH lead-zinc-silver deposits in 1930. The most recent systematic exploration of the mineralized belt was conducted by Giant Explorations Ltd. during the period 1966 - 1973.

PROPERTY:

The property consists of the following two recorded mineral claims located in the Nanaimo Mining Division of British Columbia:

Gold Claim, tag number 34012 - 12 units

Dust Claim, tag number 34013 - 3 units

Both claims were located on July 6, 1978 and recorded on July 10, 1978.

WORK COMPLETED:

An east-west base-line was established in the vicinity of the Port Hardy-Holberg road and north-south cross-lines

run at 100 meter intervals, with stations marked every 40 meters. East-west tie lines were run at the north and south limits of the cross-lines. Lines were established by chain and compass and marked with colored flagging.

A total of 6,600 meters of base and tie lines and 27,000 meters of cross-lines were established in this manner.

Geological mapping was carried out over most of the property at a scale of 1:2,500, traverses being run along lines, roads, etc. and outcrop between lines tied into stations by pace and compass.

GEOLOGY:

GENERAL:

Regional mapping by the B.C. Department of Mines - "Preliminary Geological Map, Rupert Inlet-Cape Scott Area, by K.E. Northcote, scale 1 inch = 2 miles; Geology, Exploration and Mining in British Columbia, 1970, pages 254-258" - indicates that the property is underlain by volcanic and sedimentary units of the Vancouver Group of Triassic-Jurassic Age intruded by granitic rocks in the south. The main structural feature is block faulting.

The stratigraphic section after Northcote is as follows:

Jurassic and/or Cretaceous - Intrusive Rocks

Varied composition from diorite to granite and includes porphyritic phases.

Lower Cretaceous Sedimentary Rocks

Conglomerate, sandstone, siltstone, shale, carbonaceous horizons.

Upper Triassic-Jurassic - Vancouver Group

Bonanza Subgroup

Upper volcanic unit, largely pyroclastic tuff, lapilli tuff and tuff breccia of andesite and basalt composition with some basalt and rhyodacite flows at the top of the unit. Lower sedimentary unit, thin bedded argillaceous and carbonaceous limestone, calcareous shale and siltstone and greywacke.

Quatsino Formation

Limestone, medium to thick bedded.

Karmutsen Formation

Basaltic amygdaloidal and massive flows, interbedded tuff, some pillow breccia and poorly developed pillows thin limestone beds near top of formation.

Numerous contact metamorphic and replacement deposits are found in and along the contacts of the Quatsino Limestone and limestone units within the Karmutsen Formation in association with granitic intrusives throughout the Nahwitti Lake region. Deposits contain variable lead-zinc-copper-iron and precious metal values.

LOCAL GEOLOGY:

Gold Claim:

Within the area of the Gold Claim, outcrop is abundant in the northeastern portion, north of the main road, which is underlain by volcanic flows belonging to the Kar-mutsen Formation. These consist of andesitic and basaltic rocks, commonly amygdaloidal. Pyrite and pyrrhotite are commonly present in variable amounts.

Grey, fine to medium crystalline limestone occurs in apparently irregular, discontinuous lenses, but exhibiting a general west-northwest trend. A darker grey, gritty limestone occurs at 2E, 9N.

A contact between limestone and the underlying volcanics is exposed at one point at 3W, 7+50N. The contact is irregular but trends N80°W/30°N with abundant pyrite in the underlying andesite.

Most common fracturing and shearing directions in the volcanics are northeast and easterly with steep northerly dips.

Outcrop is sparse in the higher, southern portion of the Gold claim, consisting of swampy cedar forest.

Limestone was noted near the eastern edge and likely extends across the claim from the HPH. Silicified andesite and banded cherty rock outcrop along a branch road between lines 4 and 5 east at approximately 14S. Appreciable pyrrhotite is present in the silicified andesite. Felsitic rock - white to light grey, dense, siliceous with variable pyrite

occurs along Canyon Creek where it forks near line 10W. This may correspond to the cherty rock to the east paralleling the limestone to the north which also outcrops in the lower portion of Canyon Creek.

Granodiorite probably occupies most of the southern portion of the Gold Claims based on float occurrences in most of the creeks.

Although local variations exist, the units have a general east-west trend with gentle to moderate dips to the south.

Sphalerite with minor galena occurs in patches and in a one foot wide band in grey limestone near 7N, 2+50W in the northern portion of the property. Attitude of the limestone here in $N80^{\circ}E/70^{\circ}N$.

Southwest of the forks in Canyon Creek skarn and strongly altered volcanics, brecciated in part, occur in a tributary flowing into Canyon Creek. Heavy pyrrhotite-pyrite mineralization is present in part of the skarn.

Galena and sphalerite occur in limestone in several areas on the HPH claims which lie within the Gold Claim.

Dust Claim:

Little outcrop occurs on the Dust Claim other than in Meade Creek and along the road to the immediate east of this. Granodiorite float is found in the southeast corner of the claim and probably underlies much of this area, continuing east onto the Gold Claim.

White felsite is found on both sides of a small northerly flowing creek between lines 15 and 16W. This is a dense siliceous rock with appreciable pyrite. Similar float occurs to the west along line 17W. This follows the trend west of somewhat similar siliceous zones mentioned earlier in Canyon Creek and further to the east.

Grey, finely crystalline limestone occurs near the north edge of the claim trending S70W. Grey, thin to medium bedded limestone occurs along the road from 22W to 23W. Strike is northeast dipping moderately southeast. Strongly sheared (090/vertical) and pyritic rhyolite (?) or felsite also outcrops in this area.

To the west, in Meade Creek, mixed skarn, limestone, andesite and diorite outcrop for approximately 370 feet, with partially skarnitized rhyolite upstream to the north and tuffaceous andesite downstream to the north. Main skarn minerals are epidote and garnet. Lenses, stringers, and pods of magnetite occur at several points; pyrrhotite and pyrite are abundant as disseminations, blebs and stringers. Minor chalcopyrite, sphalerite and occasionally galena are found and molybdenite was noted at one point.

The diorite is fine grained, generally rich in pyrite.

Much of the rock is highly sheared, mainly in an east-west direction with variable dips. White-grey limestone near the center of the zone strikes east, dipping 47° north. This showing is sometimes referred to as the St. Claire in earlier reports.

Lead-zinc mineralization also occurs in crystalline limestone exposed by trenching and pitting at line 18W near the north edge of the Dust Claim. Galena and sphalerite with pyrite and sparse chalcopyrite are irregularly distributed in a silicified zone varying up to 4½ feet wide and trending S78°W/70°S. Mineralization was noted in 2 pits 35 feet apart. Additional trenches and pits are known to exist in the area but, very thick underbrush and second growth would have to be cleared for all of these to be located. In earlier reports this has been referred to as the Bluff Showing.

CONCLUSIONS AND RECOMMENDATIONS:

Several base-precious metal prospects occur within the area of the Gold-Dust Claims and surrounding region.

The sphalerite showing within limestone in the northeast corner of the property is very minor and does not appear to warrant further investigation.

Lead-zinc-copper values are subcommercial in the Meade Creek exposures. However, further investigation is warranted on the basis of the strength and size of the skarn zone.

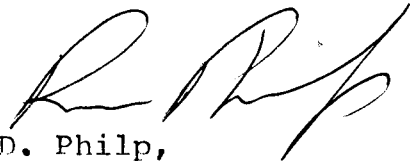
Erratic, but significant, galena-sphalerite mineralization occurs at the Bluff Showing. Earlier sampling by the writer also indicated appreciable silver values. Further prospecting and mapping is necessary to locate additional previously noted trenches and pits which are hidden by thick

second growth.

The upper Quatsino Limestone-Bonanza Formation contact forms a favorable location for additional lead-zinc-copper mineralization and should be explored in detail throughout its length across the property.

Further work should consist of detailed soil geochemical and geological surveys along the trends of the known mineralized zones at Meade Creek, the Bluff Showing and pyrrhotite-pyrite-skarn zone near Contact Creek followed by trenching and/or drilling as warranted.

Respectfully submitted,



R.H.D. Philp,
P. Eng.

Vancouver, B.C.
August 2, 1979

CERTIFICATE

I, RONALD H.D. PHILP, of Waspam, Rio Coco, Depto de Zelaya, Nicaragua, do hereby certify that:

1. I am a graduate of the University of British Columbia (B.A. Sc. 1961).
2. Since graduation I have been engaged in mining exploration in North America, Central America, Australia and Fiji.
3. I am a registered member in good standing of the Association of Professional Engineers of British Columbia.
4. I supervised the work described in this report during June and July, 1979.



Ronald H.D. Philp,
P. Eng.

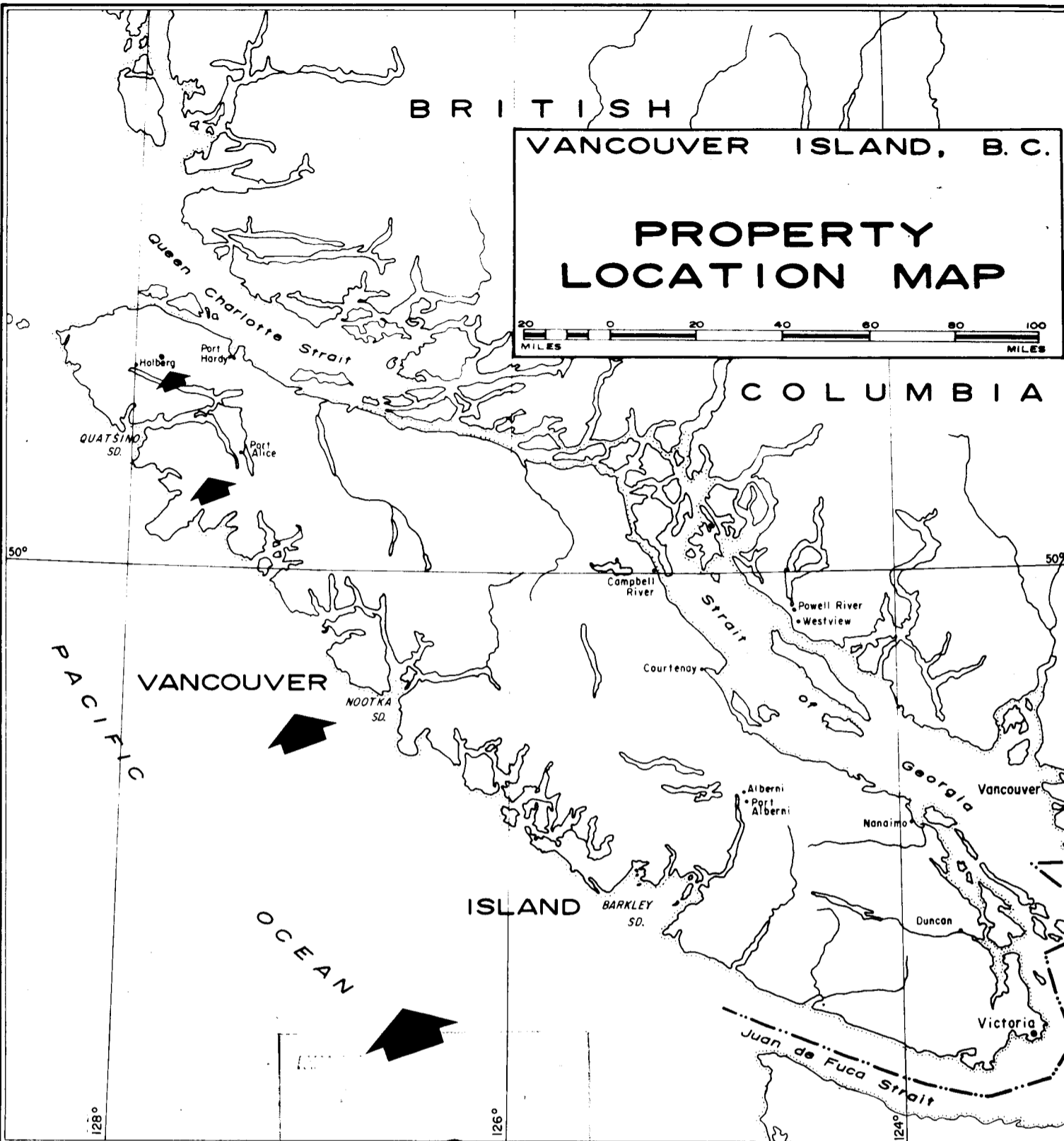
Vancouver, B.C.

August 2, 1979

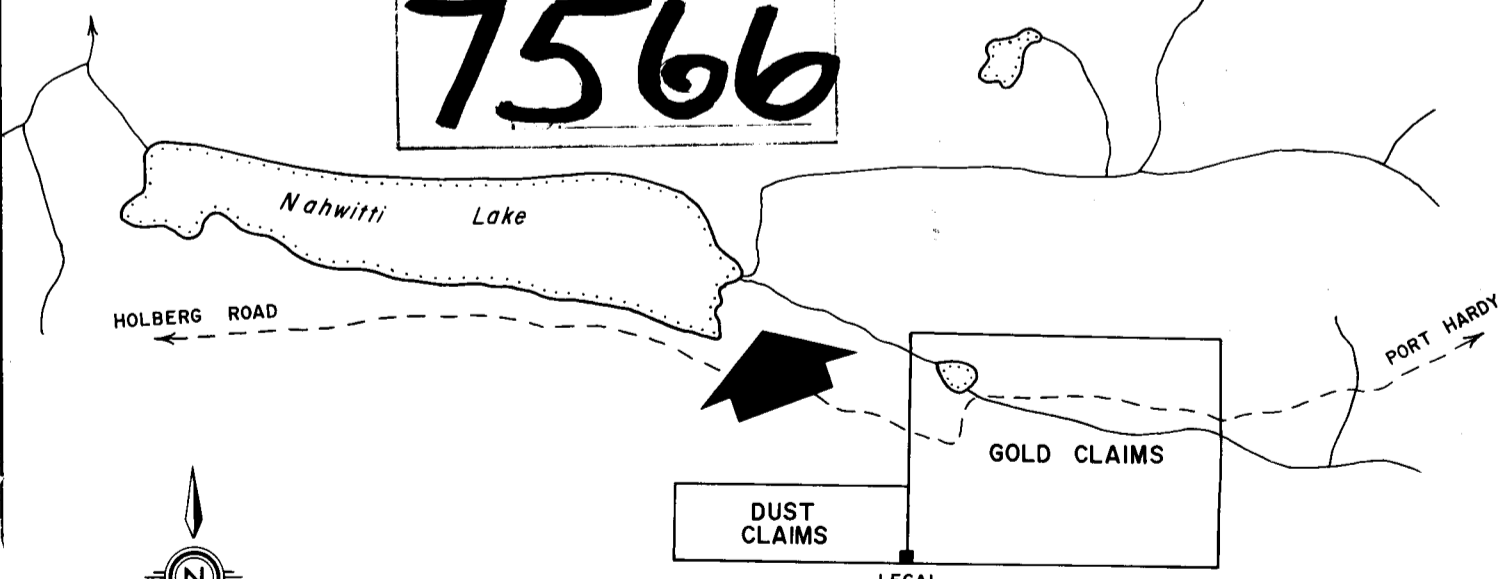
BRITISH

VANCOUVER ISLAND, B.C.

PROPERTY LOCATION MAP



7566



LOREDI RESOURCES LTD. (NPL)
LOCATION SKETCH
DUST and GOLD MINERAL CLAIMS
NAHWITTI LAKE AREA, VANCOUVER ISLAND
NANAIMO M.D.



AUGUST 1979

DOMINION OF CANADA:

PROVINCE OF BRITISH COLUMBIA:

TO WIT

In the Matter of the gridding and geological mapping conducted on the Gold-Dust Claims, Nanaimo Mining Division, B.C.

I. R. Philp

of c/o 107 - 325 Howe St., Vancouver, B.C. V6C 1Z7

in the Province of British Columbia, do solemnly declare that the following persons were employed and costs incurred in conducting the above work during the period June 5, 1979 - July 19, 1979 and that in excess of \$4,500.00 of the costs were incurred prior to July 10, 1979.

Personnel:

Matt McGarry	- Party chief - 18 days @ \$81.25/day	\$1,462.50
Paul Bustin	- Helper - 9 days @ \$65.00/day	585.00
Don Moore	- Helper - 12½ days @ \$54.10/day	669.05
Jeff Dobi	- Helper - 4 days @ \$47.27/day	189.00
Tony Kernachan	- Helper - 1 day @ \$47.27/day	47.27
R. Philp	- Geologist - field - 3½ days @ \$200/day	700.00
	- Geologist - report, maps - 2 days @ \$200/day	400.00
		<u>\$4,052.82</u>

Disbursements:

Groceries, supplies	661.60
Transportation - car, ferries, gas	274.56
Truck rental @ \$25/day	400.00
Prints	26.28
Airfares	121.36
Camper rental	116.67
Camp, equipment	58.37
Draughting	166.46
	<u>1,825.30</u>

Plus 15% overhead on disbursements

\$1,825.30
273.75

Total

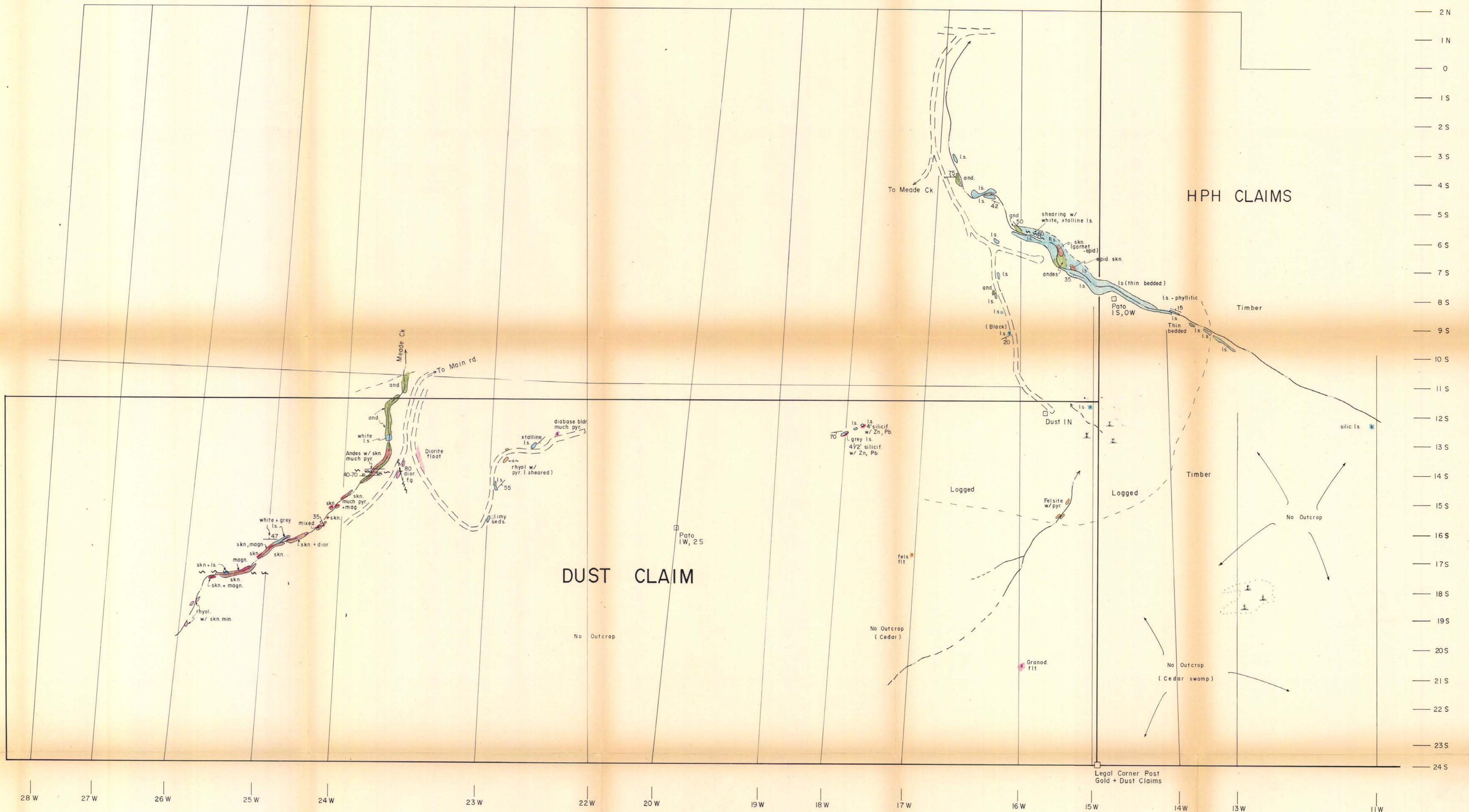
\$6,151.87

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the "Canada Evidence Act."

Declared before me at the
of _____, in the
Province of British Columbia, this
day of _____, A.D.

A Commissioner for taking Affidavits for British Columbia or
A Notary Public in and for the Province of British Columbia

MINERAL RESOURCES DIVISION
ASSESSMENT REPORT
7566



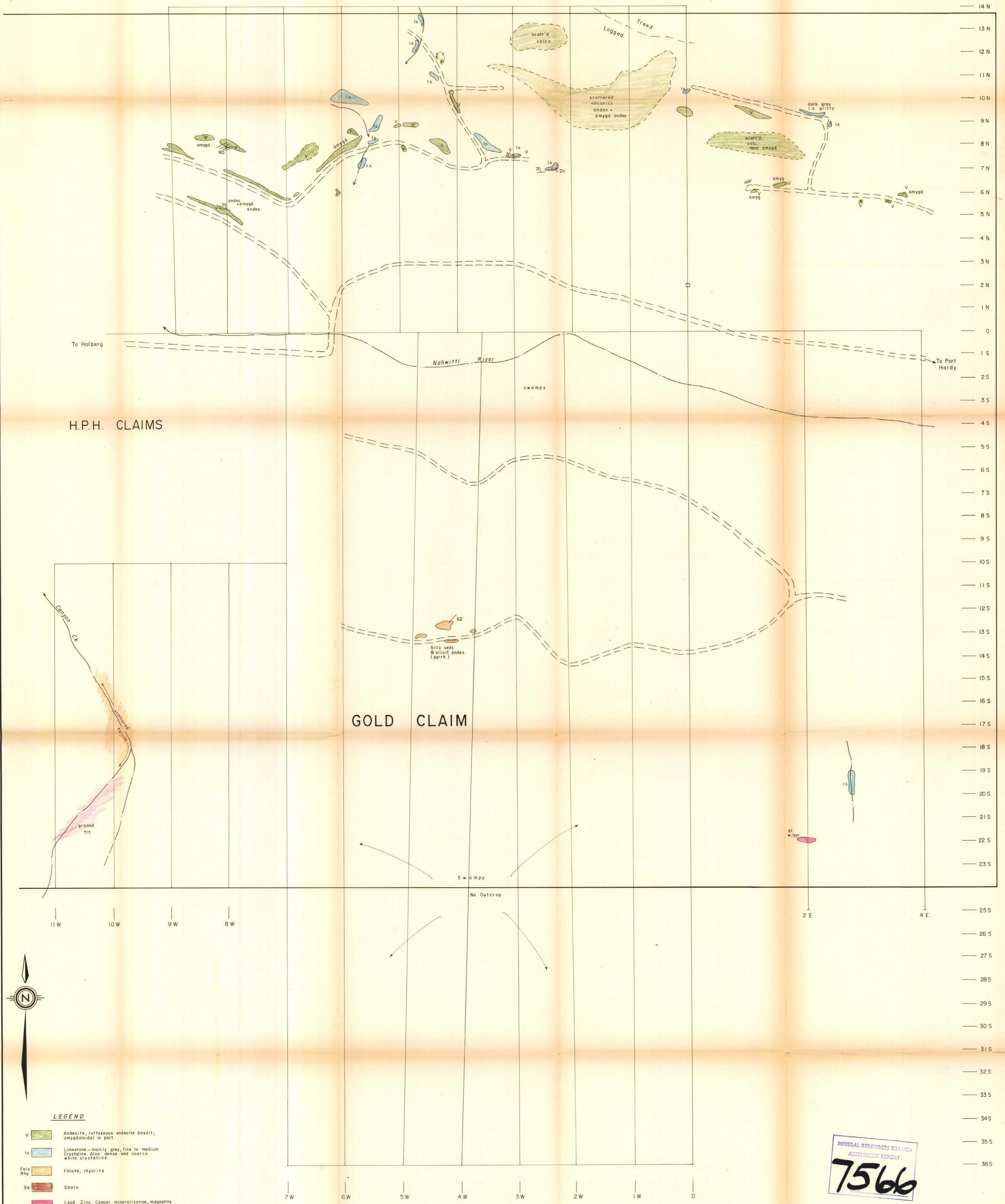
LEGEND

- v Andesite, tuffaceous andesite basalt, amygdaloidal in part
- ls Limestone - mainly grey, fine to medium crystalline. Also dense and coarse white crystalline
- Fels Rhy Felsite, rhyolite
- Sk Skarn
- Pb - Lead
- Zn - Zinc
- Cu - Copper
- Magn - Magnetite
- 45 Bedding contact
- 70 Jointing
- 85 Foliation
- Roads
- River, stream



MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
7566

AGILIS EXPLORATION SERVICES LTD.
LOREDI RESOURCES LTD. (NPL.)
GOLD & DUST CLAIMS
(NORTHERN VANCOUVER ISLAND, B.C.)
SURFACE PLAN and GEOLOGY
(WESTERN SECTION)
SCALE: 1:2500
JULY, 1979



H.P.H. CLAIMS

GOLD CLAIM



LEGEND

- V Andesite, tuffaceous andesite basalt, amygdaloidal in part
- ls Limestone—mainly grey, fine to medium Crystalline. Also dense and coarse white crystalline.
- Fels Rhy Felsite, rhyolite
- Sk Skarn
- Lead, Zinc, Copper, mineralization, magnetite
- Granitic intrusive
- Pb — Lead
- Zn — Zinc
- Cu — Copper
- Magn. — Magnetite
- 45 Bedding contact
- 70 Jointing
- 85 Foliation
- Roads
- River, stream

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
7566

AGILIS EXPLORATION SERVICES LTD.
LOREDI RESOURCES LTD. (NPL)
GOLD & DUST CLAIMS
(NORTHERN VANCOUVER ISLAND, B.C.)
SURFACE PLAN and GEOLOGY
(EASTERN SECTION)
SCALE: 1:2500
JULY, 1979