'81- #169- #8982

ASSESSMENT REPORT

ON

PROSPECTING AND GEOLOGICAL WORK

ON THE FOLLOWING CLAIMS

VIRGINIA K. EXT. No. 1	VIRGINIA K. EXT. No. 4
VIRGINIA K. EXT. No. 5	VIRGINIA K. EXT. No. 6
VIRGINIA K. No. 1	VIRGINIA K. No. 2
VIRGINIA K. No. 3	VIRGINIA K. FRACTION No. 3
STAR No. 2 FRACTION	STAR No. 3 FRACTION

Located

38 AIR-KILOMETERS NORTH-NORTHWEST OF

STEWART, BRITISH COLUMBIA

LATITUDE 56 17'N; LONGITUDE 129 52'W

N.T.S. 104A/5W

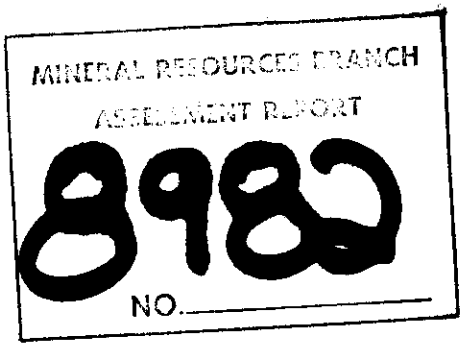
SKEENA MINING DIVISION

NORTHWESTERN BRITISH COLUMBIA

FIELD WORK BETWEEN SEPTEMBER 4 and SEPTEMBER 7, 1980

on behalf of

KOMODY RESOURCES LTD.
326-510 W. Hastings St.
Vancouver, B.C.



Report By:

Dr. W. D. Groves, P. Eng.
152 - 890 W. Pender
Vancouver, B.C.

Date Submitted: January 13, 1980 17.

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INTRODUCTION

(a) PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY

The property is situated at the head of American Creek approximately 38 air kilometers north-northeast of Stewart. Access is by helicopter. The nearest road is some 20 kilometers to the south at the junction of American Creek and Bear River.

The claim group lies between elevations 1,000 and 1,300 meters on both slopes of American Creek. It straddles a narrow valley at the head of American Creek formed along an anticline in the Bitter Creek sediments. The main showings are located on the eastern slope of the valley. Timber is scarce. In places large talus slopes obscure the bedrock but otherwise the geology is amply defined by weathered outcrops. Water is plentiful as there are numerous streams flowing down the valley walls into American Creek.

On one raised rock bench to the east of a gravel flat along the valley floor one sees the remnants of a cabin used by early miners. Another cabin is visible on the western wall of the valley high up on a bench among a fringe of dwarf trees. It is said to be part of the camp of the Moonlight claims on which small high-grade gold showings were reportedly worked (Ref. 1, p. 139).

There is a 1,000 meter long gravel flat lying along the valley floor in the southern portion of the property. Grade is a uniform one to two degrees. With minor improvements it could be used as an aircraft landing site.

Because of the frequency of snow slides in the valley of upper American Creek, care must be exercised in the location of a camp. Prior to the bulk sampling program described in this report, a framed tent was erected on a rocky knoll just above one of the showings. This site should be suitable for housing personnel in the upcoming field season.

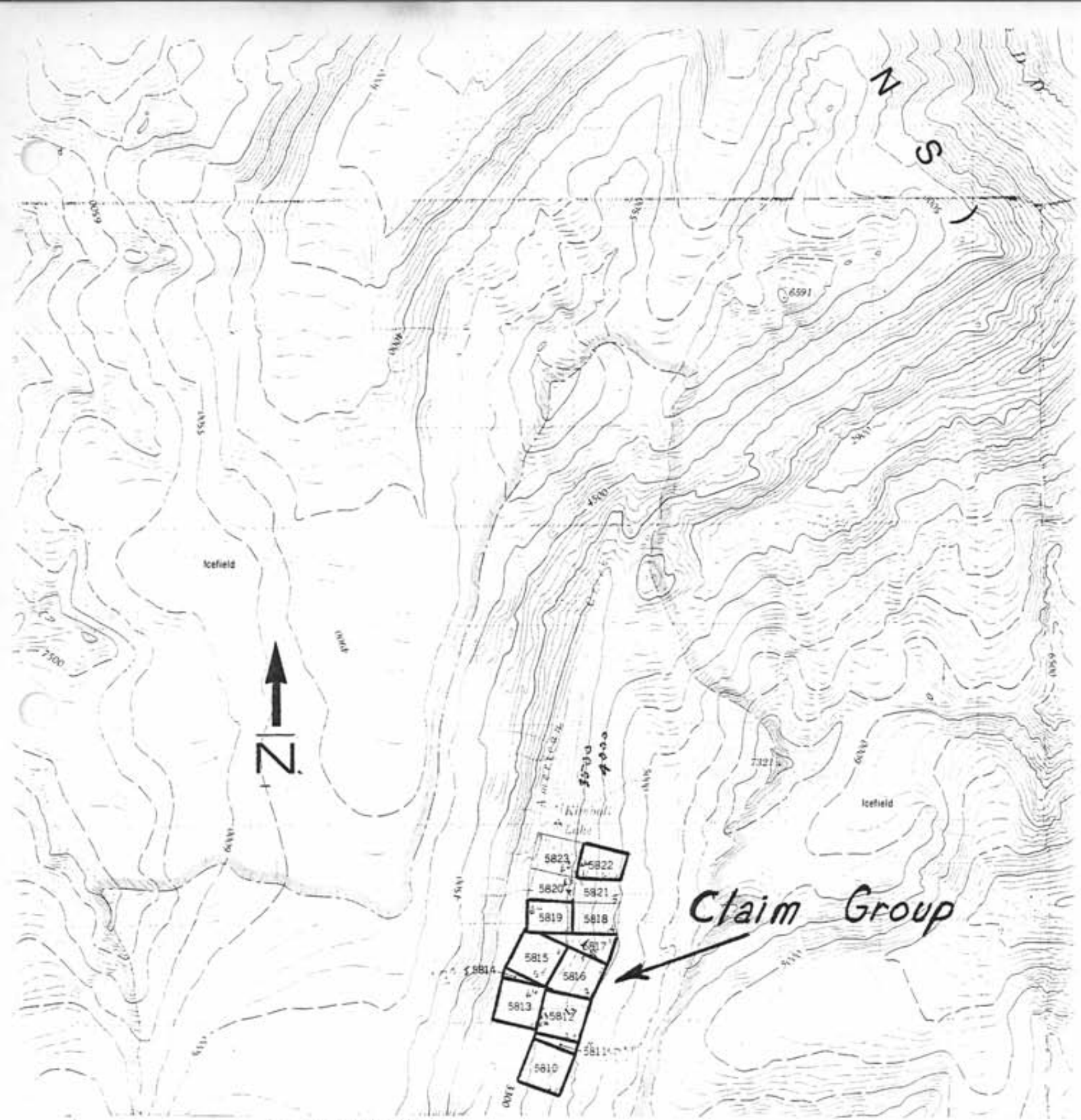


FIG. 1
VIRGINIA K GROUP
KOMODY RESOURCES LTD.

W.J.G.

INDEX MAP

NTS:- 104A/5W

see overleaf for location map.

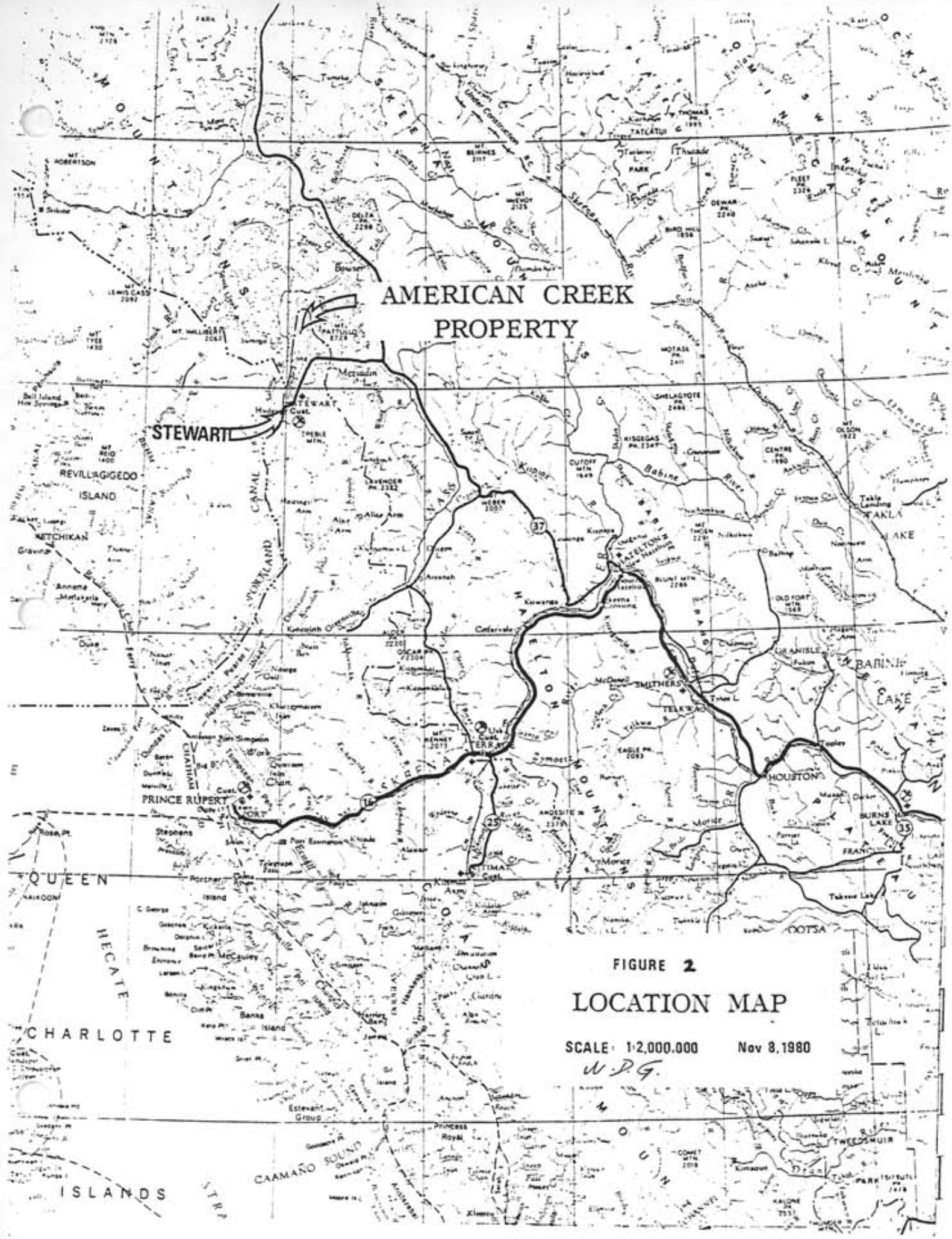


FIGURE 2

LOCATION MAP

SCALE: 1:2,000,000 Nov 8, 1980

W.P.G.

(b) STATUS OF PROPERTIES

The property consists of ~~eight~~ ten reverted crown grant mineral claims located in the Skeena Mining Division, British Columbia. It is the author's understanding that Komody Resources Ltd. is the beneficial owner of the claims. Information on file with the Government Agent, Vancouver, British Columbia, on January 6, 1981, was as follows:

Claim Name	Lot No.	Record No.	Area Hectares	Recorded Holder
Virginia K. Ext. No. 1	5822	1968	37.55	J.G. McDonald
Virginia K. Ext. No. 4	5819	1970	37.06	" "
Virginia K. Ext. No. 5	5815	1969	50.66	" "
Virginia K. Ext. No. 6	5813	1967	51.65	" "
Virginia K. No. 1	5810	2298(5)		" "
Virginia K. No. 2	5812	1973	51.65	" "
Virginia K. No. 3	5816	1972	49.22	" "
Virginia K. Fraction No.3	5817	1971	31.23	" "
Star No. 3 Fraction	5811	1974	10.41	" "
Star No. 2 Fraction	5814	328(10)		

The claims are part of a group of 14 reverted crown grant claims. During the examination of the property, the author located some survey pins marking the corners of the crown grants. These posts were tied into a baseline by compass, and ground measurements were made using a Topo-fill line reading in metres. Field locations were then checked against a showings map (see Ref. 3).

It is also the author's understanding that Komody Resources Ltd. is the beneficial owner of the VIRGINIA claims and the VIRGINIA 2 claims lying south of the eight

reverted crown grants enumerated above. They comprise two contiguous blocks of 18 units each, located by the four-post method (one unit is 500 metres square). Neither the geology nor the claims posts for these claims were examined by the author owing to time limitations.

(c) HISTORY

The Stewart area has been one of the richest and most prolific producers of silver in British Columbia (ranking third after Fort Steele and the Slocan district). Mineral exploration began around the turn of the century and with the passage of years several important mines were located and developed, among the better known being the Premier and the Big Missouri. Owing to recent increases in prices of precious metals, interest is again focussing on this area.

The reverted crown grant claims forming the subject matter of this report are part of the original Virginia K group of 14 crown grant claims and fractions staked in 1929 at the head of the American Creek. Development was undertaken by the Excelsior Prospecting Syndicate which reported several high-grade occurrences of silver mineralization on the property (see Ref. 4). An excerpt from E. W. Grove (Ref. 1, p. 169) follows:

> "The mineralization primarily consists of quartz-calcite veins and stringers which occur as fissure veins in minor shears and fractures and along bedding fractures. The various veins have been explored by tranches and short adits located on the Star No. 2 Fraction, Virginia K. Fraction, and the Virginia K. No. 5 claims. The continuity of this apparent northeasterly zone has been tested by scattered trenches but not proved. Sulphide minerals in the veins include pyrite, galena, sphalerite, minor chalcopyrite, and tetrahedrite. Native gold and silver, as well as rare electrum, have been reported from the quartz calcite stringers.
>
> Since 1938 the property has been largely inactive with minor exploration and hand-mining of high-grade sections."

The Moonlight claims were also staked in 1929 and lie just west of the Virginia K. group. High values in gold have been reported from this property which is now covered by claims reputedly belonging to Tournagain Mining and Exploration Co. of Vancouver.

(d) REFERENCES

1. E. W. Grove - Bulletin No. 58, "Geology and Mineral Deposits of the Stewart Area", 1971, B.C. Department of Mines.
2. J. A. Mitchell - "Report on Excelsior Prospecting Syndicate, Virginia K. Group, American Creek, Portland Canal District", 1936.
3. Map - "Excelsior Prospecting Syndicate Ltd.; Preliminary Survey Shewing Claims of the Virginia K. Group", Scale: 1 inch = 300 feet, c. 1936.
4. Annual Reports of the Minister of Mines, B.C. for the years:

1929 - p. 104;
1931 - p. 44; and
1932 - p. 59.

(e) SUMMARY OF WORK DONE

On September 4, 1980, the author flew into the property by helicopter in the company of John Lunek, James McDonald and Dino Cremonese. Mr. Lunek is a seasoned miner and prospector well-known in the Stewart area. His services were engaged because of his familiarity with showings and adits along American Creek. Mr. MacDonald and Mr. Cremonese, principals of Komody Resources Ltd., are in my estimation qualified prospectors. They assisted in the reconnaisance of the property.

As it was already late afternoon upon arrival, the first day was spent setting up a fly camp on barren scree on the east side of Kimball Lake. The next day, September 5, the author and Mr. Lunek climbed up to

No. 2 Tunnel on Virginia K. No. 5. The tunnel area was sampled and then the author and Mr. Lunek continued a traverse along contour towards Virginia K. Ext. No. 1 where mineralization around Cut No. 6 was sampled. Mr. McDonald and Mr. Cremonese spent the day establishing a base-line from camp south above the eastern side of American Creek by Topo-fill and compass. This base-line was used to tie in crown grant survey pins by compass. Thelatter part of the day was spent examining mineralized areas on Virginia K. No. 4 claim.

On September 6, the author and Mr. Cremonese and Mr. McDonald climbed up scree gulley on Virginia K. No. 4 in a search for No. 1 Tunnel. Mr. Lunek spent the day prospecting on Virginia K. No. 2 and Virginia K. No. 1 in a search for reported showings. At about 11 a.m., Mr. Cremonese located No. 1 Tunnel and thereafter the author sampled the mineralized structure. Later in the afternoon Mr. Cremonese discovered a new occurrence of argentiferous galena on Virginia K. No. 3. The author sampled and made notes of this occurrence.

The last day, September 7, the author and Mr. Lunek made a reconnaisance traverse over Virginia K. Ext. No. 6, Virginia K. No. 2, Star No. 3 Fraction and Virginia K. No. 1. Mr. McDonald and Mr. Cremonese spent the day prospecting the higher elevation levels of Virginia K. No. 4, Virginia K. Fraction No. 3 and Virginia K. No. 3 in an attempt to locate more mineralized occurrences. The entire crew was flown out by helicopter at 6:30 p.m. and returned to Stewart.

GENERAL GEOLOGY

The main rock units in the area are Bowser sediments (locally black argillites containing a laminar blue-weathering limestone member and minor rhyolite flows), massive andesitic to dioritic intrusives, and massive fresh purple porphyritic extrusives. The massive intrusives cut the Bowser off at the southern end of the

property and the purple porphyry tops the section, capping the ridge on the eastern side of the valley.

The American Creek anticline (or crumpled anticlinorium) exposes Bowser rocks at the present erosion level in the American Creek valley. The strong north-south linear of the valley indicates an axial plane fault which has been the locus of glacial erosion. Reinforcing the idea of a mineralized axial-plane fault is the presence of a notch gulley with red-iron discolorations in the steep headwall of the valley. Similar red-iron discolorations occur high on the western wall of the valley some 6.5 to 8 kilometers downstream of the property. They lie north and south of the only prominent side glacier entering from the west.

Crumpling of the black Bowser argillites in the valley floor below Kimball Lake (a small pond in the upper valley of the creek) shows an almost random direction of axes. Here there are crumpled "folds" that assume a dome-shaped configuration as well as drag folds in various orientations and amplitudes. The section dips west at about 50 degrees to a point one-half way up the eastern side of the upper portion of the valley (so that on a purely local scale, the valley is a syncline). Major drag folds are evident having roughly north to south axes; drag movement is up the west side of the valley in a 65 to 100 meter thickness of limestone, intercalated with rhyolite flows. This part of the Bowser proved to be somewhat resistant to erosion. Narrow "benches" on an otherwise 50 degree hillside are formed in the eroded crests of these drags, particularly where the western limb of the structure dips more steeply west than the hillside so that the rim of the bench is a resistant rib of the lime. These locations are important as possible helicopter landing pads and campsites. Fringes of dwarf trees on these rims suggest that they are not regularly overrun by the winter snowslides whose action is evident elsewhere.

At about one-half way to the eastern wall of the valley in the vicinity of Kimball Lake, sediments are in contact with intrusives. One and a half kilometers south of Kimball Lake, a massive andesitediorite intrusive cuts east-west across the whole section. Slopes in this area are marked by enormous screes.

The western wall of upper American Creek valley was not climbed during the author's visit. However, from the valley floor it is apparent that the Bowser sediments form a steeply east-dipping sequence which "benches" about 300 meters above the creek bed (for much the same reason that the east wall is benched).

MINERALIZATION - GENERAL

Three types of mineral occurrences were identified in the upper valley of American Creek. They are briefly discussed below.

1. The massive andesitic-dioritic intrusive at the south end of the claims is irregularly block-jointed. Tension-joints, some also showing slight movement (slickensides), occasionally contain pockets of epidote, chlorite, calcite, quartz and "plates" of slickensided, steely specular hematite. In one case minor tetrahedrite was noted surrounded by small green malachite stains. Although visually resembling the silver-rich "steely" galena found in this area, the specularite (which has a rusty red streak) is barren of precious metal values.

2. The rhyolite flows in the Bowser, which become more prominent at the southern end of the property on the east side of the valley, have been deformed by regional folding of the section. This rock is marked by fracture cleavages and altered margins. In places the rhyolite has also intruded the limestone and small masses of pyrite have formed in and near the contacts. There is also fine syngenetic pyrite in the rhyolite approaching 1 (one) % of the rock mass. Samples of the pyrite and pyritic rhyolite proved to be essentially barren of both precious

and base metals. (A pyrite lens in the limestone just north of No. 1 Tunnel ran: Gold - .002 oz./ton; Silver - 0.5 oz./ton; Lead - .29%; Zinc - .09%; see Assay Sheet, Sample "AM-R5").

3. Small veins, rubble fillings and replacements in minor faults in the Bowser (in the vicinity of the intrusive contact) are marked by rusty stains on the hillside. The ones examined by the author were on the eastern wall of the upper valley of American Creek (See Section entitled "Showings"). Another stain, reported to be of the same type, was obscured in a fault, the trace of which angled up the western wall of the southern part of the property. Time constraints and weather conditions made it impossible to examine this stain.

Argentiferous galena and much less argentiferous, white to dark brown sphalerite, with minor tetrahedrite, are the predominant economic minerals found in these small veins, rubble fillings and replacements. Together with the galena and sphalerite are sulphates and carbonates of barium and lead and what appears to be a lead antimonide. A variation of the same type of mineralization is composed mostly of white to pale tone sphalerite in a small replacement zone on a lime-rhyolite contact.

SHOWINGS

(a) "No. 1 Tunnel" - This 10-meter long adit is driven north 20 degrees east into a fault and rubble zone on the Virginia K. Fraction # 3. Outcrop is in a small southward facing cliff at the southern end of a little bench adjacent to a large scree gully. The bench is "held up" by a 15-meter thick rhyolite flow. The section here strikes generally north-northwest and dips 60 degrees west. Looking northward at the adit, the rhyolite forms a steep hanging wall and its eastern edge is marked by a smooth, polished fault plane. The rhyolite locally

carries "fish-eye" high temperature quartz granules and is silicified in the fault area. The sequence going eastward 6 meters from the fault face is as follows: 1.3 to 1.8 meters of highly mineralized blackish to brown-stained argillite fault rubble, including some "rolls" (up to 3 meters high and 1 meter wide) which have been partially replaced by lead and zinc sulphide, trending into massive, silicified black argillite fault material and finally into fresh, finely cleaved, slatey Bowser. The main fault rubble zone is about 1.3 to 1.8 meters wide on the footwall of the fault plane. The extent of this fault along strike to the northeast is not easily defined - it may be pared off by another diorite intrusion higher up the hill which also buries the slope in blocky talus. Samples taken in the area of No. 1 Tunnel assayed as follows:

(i) Sample "AM-R2": A 1-meter chip sample of a lens of pyritic, cleaved, sheared and limonite-stained rhyolite located 16 meters above No. 1 Tunnel. It assayed: Gold - .002 oz./ton; Silver - .05 oz./ton; Lead - .04%; Zinc - .02%.

(ii) Sample "AM-R3": A chip sample taken across a 6-meter horizontal cut 1.3 meters above the entrance to No. 1 Tunnel. This sample is from the fault plane going east out into fresh argillite across fault rubble and replacement zones as described above. The last 2.5 meters is in relatively fresh argillite. It assayed: Gold - .004 oz./ton; Silver - 6.71 oz./ton; Lead - 1.29%; Zinc - 1.32%.

(iii) A grab sample of the massive replacement material from a "roll" in the fault rubble gave an assay of 30 oz./ton of silver (assayed by the assay lab of Scottie Gold Mines in Stewart, B.C.).

(b) "Dino Vein" - This vein marks a small strike-slip fault in a laminar blue limestone, the same unit which outcrops northward along the hill at No. 1 Tunnel. The fault strikes about north 40 degrees west and dips approximately 35 degrees to the northwest. Its plane is curved - the

dip steepens going up the hill (i.e., southeast). The fault "slices off" a small drag-fold bench and the down-dip fault plane cuts up across beds and comes out of the hill both on the down-dip side (on the steep hillside) and also on top of the knoll. The northeasterly strike length is obscured by talus. The vein is exposed on a small south-facing cliff on the southern end of the little knoll. Just to the east, massive rhyolite is in evidence and 3/4 kilometers to the south, a massive andesitic dioritic intrusive cuts off the whole Bowser formation. The fault plane is flatter than the bedding attitude in the limestone. Bedding strikes north-northeast and dips 50 degrees west down the hill at this point. The location is thus fairly hazardous, since it is on the edge of a 50-degree dipslope.

Elevation of this showing is about 60 meters higher than No. 1 Tunnel. Mineralization here occurs as a vein of highly argentiferous galena from 2.5 to 15 centimeters thick on the footwall of the fault overlain by approximately 30 centimeters of fault rubble containing lead-zinc mineralization and considerable oxidized material in the limestone. A grab sample across the entire breadth of the 45-centimeter side fault zone assayed:

Sample "AM-R4": Gold - .012 oz./ton;
Silver - 124.84 oz./ton; Lead -
17.45%; Zinc - 2.31%.

On the recommendation of the author, a pilot mining program was implemented in order to obtain a bulk sample from this vein of highly argentiferous galena. Mr. John Lunek and Mr. Barry Burgess of Stewart, British Columbia, contracted to do the mining. Because of equipment breakdown and inclement weather, the latter preventing shuttling in of necessary parts by helicopter, only about 1,500 pounds of vein material was mined before winter shutdown. This vein material was sacked and transported to Stewart by helicopter. A composite sample taken from the sacked ore assayed as follows:

Sample "Bulk #1": Gold - .005 oz./ton; Silver - 181.74 oz./ton; Lead - 28.38%; Zinc - 6.91%.

Several grab samples were taken from the vein and fault rubble in order to determine mineralogical associations in the argentiferous rock. These are enumerated below:

(a) Sample "Hl-G": Gold - .032 oz./ton; Silver - 396.50 oz./ton; Lead - 66.78%; Zinc - 1.67%. This was a sample of the "steely", fine-grained galena, readily distinguished by the ease with which it could be shaved by a knife (i.e., sectile).

(b) Sample "COBB": Gold - .008 oz./ton; Silver - 139.67 oz./ton; Lead - 35.67%; Zinc - 2.65%. A sample of the coarse, large-grained galena.

(c) Sample "HI-ZN": Gold - .004 oz./ton; Silver - 43.75 oz./ton; Lead - 2.01%; Zinc - 26.39%. This sample was taken from a zinc rich section in the fault rubble.

(d) Sample "LOW-SH": Gold - .008 oz./ton; Silver - 43.75 oz./ton; Lead - 22.04%; Zinc - 1.13 oz./ton. This sample was taken from a highly leached and oxidized section of the fault rubble.

The assay results indicate that the lead-rich plane of the mineralization carries at least ten times as much silver as the zinc-rich phase, with the "steely" galena carrying the highest silver values. Some of the highly oxidized portions of the fault zone also carry significant silver values.

(c) "Cut No. 6" - This is an old cut located in the southwest corner of the Virginia K. Extension No. 1 claim. Here, a mineralized cross-fault contains two dykes of different composition: a competent coarse green andesite and a purpose porphyry, both two to three feet thick. The fault and dykes strike north 60 degrees west and dip steeply north. The south wall of the fault is in a folded rhyolite flow about 130 meters above the valley floor on the east side of Kimball Lake. Argentiferous galena and sphalerite are visible in a 30-centimeter wide zone in between the dykes and the south wall. A net of

small quartz stringers containing the same minerals penetrates a few meters into the silicified rhyolite before petering out away from the influence of the fault. The zone is marked by a light brown iron stain. Disseminated lead and zinc mineralization was also noted on the northern wall of the small gulley marking the fault. A chip sample of the 30-centimeter wide zone along a length of 6 meters combines with random chips from the veinlets in the south wall assayed as follows:

Sample "AM-K4": Gold - .012 oz./ton; Silver - 22.84 oz./ton; Lead - 1.76%; Zinc - 2.61%.

A pale felsite or rhyolite dyke can also be seen on strike with this showing on the western wall of the valley of American Creek. It appears to climb up to the "Moonlight" group now reportedly held by Tournagain Mining & Exploration Ltd. Whether or not this dyke is related to the Cut No. 6 dykes or fault is unknown; however, it is a point worth investigating.

(d) "Zinc Replacement Zone" - In the area between the Dino vein and No. 1 Tunnel, contact replacement of the limestone by "white" sphalerite was noted from place to place in the talus, corresponding to a large rusty zone visible from the valley floor. A systematic evaluation of this zone could lead to development of a moderate tonnage of zincblende carrying some silver values. More work on defining the geometry of this replacement is required in the area of the limestone-rhyolite contact on the steep hillside.

(e) "Star #2 Showing" - On the western wall of the valley there is a reported showing which was not visited on this trip. A brown-stained area near the extreme western edge of the Star No. 2 Fraction just above the talus seems to indicate another small mineralized fault.

DISCUSSION AND INTERPRETATION OF RESULTS

The property is situated in an area of high transportation costs, requiring an unusually rich grade of ore to merit shipping. Using a combination of a Sikorski Skycrane helicopter and a smaller 206 Jet Ranger, it would cost approximately $200/ton to ferry ore from the property to the nearest road 20 kilometers south. The smaller Jet Ranger would be used to relay ore from the hillside to a central loading point (there is a flat bedrock knoll in the gravel flat below Kimball Lake which would be ideal for this purpose). Thereafter the Sikorski Skycrane could fly the ore out in ten ton lots to the Meziadin Highway. There is a Skycrane currently being used in the Stewart area for helicopter logging.

Alternatively, one could hire the Skycrane to fly in a small D-2 Cat or John Deere loader which would be used to smooth out a landing strip on the 1,000-meter long gravel flat along the valley floor. With its gentle one to two degree slope, this hard-gravel flat could be converted into an airstrip suitable for a Twin Otter. The flat was carefully walked by the author and photographed from several elevations. Cost of transporting ore out by Twin Otter aircraft would be condiserably less than using a helicopter.

Freight from Stewart to the smelter at Trail would incur an additional cost of about $150/ton. Cost of small-scale mining would be about $150/ton, and smelter charges another $100/ton. Total cost from mine-site to smelter then, would be in the vicinity of $600/ton. At a price of $20/oz. of silver, and assuming in the extreme case no added value for contained lead and zinc, a break-even grade for shipping ore would be approximately 30 oz. of silver per ton.

A composite sample taken from 1,500 pounds of hand-mined vein material from the "Dino Vein" assayed: Gold - .005 oz./ton; Silver - 181.74 oz./ton; Lead - 28.38%; and Zinc - 6.91%. At present market prices, the contained metal value is about $3,900 a ton. This represents a substantial increment above the break-even price of $600/ton. For this reason the author is recommending

a small-scale mining operation on the Dino vein to coincide with further exploration on the property in the 1981 field season.

Should future exploration on the property prove up a viable tonnage of milling-grade ore, for example in the "No. 1 Tunnel" area, the merits of bringing in a small 20 to 30 ton/day, portable, gravity and flotation mill would be worth investigating. It would have to be flown in in pieces to be assembled on the bedrock knoll on the edge of the gravel flat (this area appears to be well protected from snowslides). High-grade concentrate from the mill would be flown out in the same manner. Such a decision would depend on a variety of factors, some of the most important being tonnage, grade and reduction of transportation costs through beneficiation.

Respectfully submitted,

Dr. W.D. Groves, P. Eng.

January 13, 1981

General Testing Laboratories
A Division of SGS Supervision Services Inc.

1001 EAST PENDER ST., VANCOUVER, B.C., CANADA, V6A 1W2
PHONE (604) 254-1647 TELEX 04-507514 CABLE: SUPERVISE

TO:
ZOMODY RESOURCES
326 - 510 West Hastings Street
Vancouver, B.C.

CERTIFICATE OF ASSAY

No.: 8010-0874 | DATE: Nov. 3/80

We hereby certify that the following are the results of assays on: Ore

MARKED	GOLD oz/st	SILVER oz/st	Lead Pb (%)	Zinc Zn (%)	xxx	xxx	xxx	xxx
A1-R1	0.002	0.28	0.33	0.67				
A1-R2	0.002	0.05	0.04	0.02				
A1-R3	0.004	6.71	1.29	1.32				
A1-R4	0.012	124.84	17.45	2.31				
A1-R5	0.002	0.05	0.29	0.09				
A1-K1	0.065	257.54	37.65	0.60				
A1-K2	0.018	80.34	2.82	0.64				
A1-K2	0.034	153.72	19.07	1.60				
A1-K4	0.012	22.34	1.76	2.61				
F #1	0.004	6.21	0.58	6.41				
F #2	0.002	2.19	1.82	4.01				
BELOW #1	0.002	0.05	7.09	10.45				
H1-G	0.032	396.50	66.7[illegible]	1.67				
H1-ZN	0.004	12.22	2.01	26.39				
LOW-HH	0.002	10.70	2.72	1.94				
LOW-SH	0.008	43.75	22.04	1.13				
COBB	0.008	139.67	35.67	2.65				

cc. Dr. Groves

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS. ON REQUEST PULPS AND REJECTS WILL BE STORE FOR A MAXIMUM OF ONE YEAR.

Le Yong
PROVINCIAL ASSAYER

APPENDIX I

WORK COST STATEMENT

PERSONNEL:

W.D. Groves, P. Eng., geological engineer. Supervision, geology, prospecting: Sept. 5, 6, 7 3 days @ $200/day	$ 600
John Lunek, prospector and assistant Sept. 5,6, 7 3 days @ $150/day	$ 450
James G. MacDonald, prospector and assistant Sept. 5,6,7 3 days @ $150/day	$ 450
Dino M. Cremonese, prospector and assistant Sept. 5, 6, 7 3 days @ $150/day	$ 450
CAMP SUPPORT: (Food, supplies, etc.)	
12 man-days @ $25/man-day	$ 300
AIR CHARTER:	
Vancouver Island Helicopters, Sept. 4 and Sept 7. $ 553 and $ 513	$1066
ASSAYING:	
17 samples, Au, Ag, Pb, Zn	$ 221
REPORT COSTS:	
W.D. Groves, P. Eng., geological engineer	
3 1/2 days @ $ 200/day	$ 700
Typing	$ 50
Drafting, Reproduction Costs	$ 63
TOTAL	$ 4,350

APPENDIX II

CERTIFICATE

I, William D. Groves, do hereby certify that:

1. I, William D. Groves am a consulting engineer (geological) with an office at #152-890 W. Pender, Vancouver, B.C.

2. I am a graduate of the University of British Columbia (B.A.Sc. in Geological Engineering, 1960). I am a graduate of the University of Alberta, B.Sc. in Chemical Engineering in 1962, and of the University of British Columbia with a Ph.D. in Chemical Engineering in 1971.

3. I am a registered Professional Engineer in the Province of British Columbia.

4. I have practiced my profession since 1960.

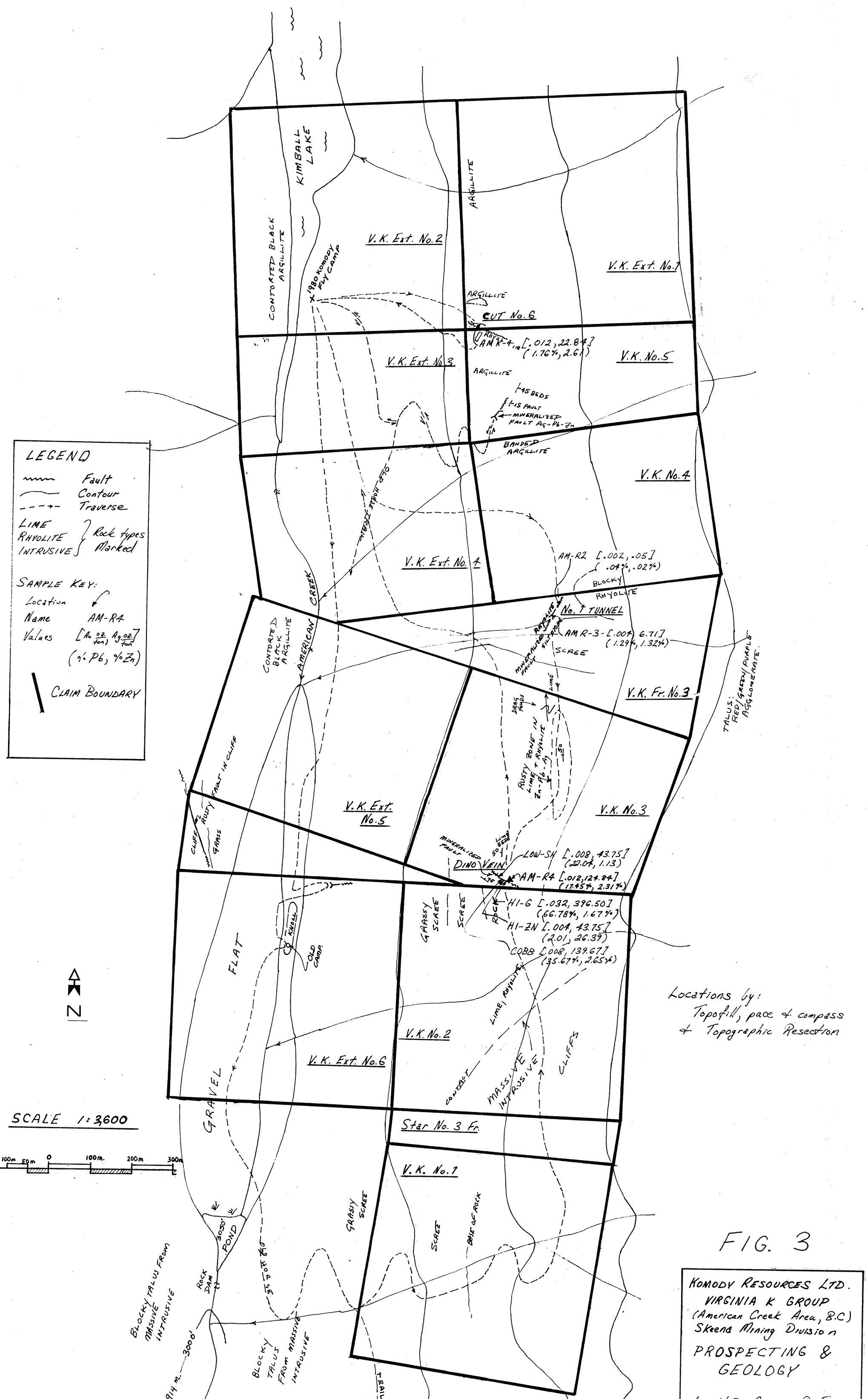
5. I examined the Viriginia K property on upper American Creek, Stewart area, Sept. 4-7 inclusive, 1980, and sampled showings, trenches and adits and evaluated the local geology. I read reports on the property by E.W. Grove (1971) and J. Mitchell (1936) and discussed the property with the former.

6. I have no direct, indirect or contingent interest in the Virginia K Property nor do I beneficially own, directly or indirectly, any securities of Komody Resources Ltd., nor do I intend to receive any such interest.

Respectfully submitted,

Dr. W. D. Groves, P. Eng.

Jan 13, 1981



Locations by:
Topofil, pace & compass
& Topographic Resection

FIG. 3

KOMODY RESOURCES LTD.
VIRGINIA K GROUP
(American Creek Area, B.C.)
Skeena Mining Division

PROSPECTING & GEOLOGY

by W.D. Groves, P. Eng.
JAN 13, 1981
William D. Groves

W.D.G.