GEOLOGICAL AND PROSPECTING

ASSESSMENT REPORTS

on the

INDEPENDENCE GROUP

in the

NELSON MINING DISTRICT, B.C.

REPORT BY: PEARSON GALLAGHER LTD. JUNE, 1981



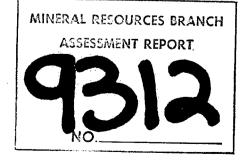


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SECTION 1

PROSPECTING REPORT BY PEARSON GALLAGHER LTD.

PROSPECTING ASSESSMENT REPORT

on the

INDEPENDENCE GROUP

in the

NELSON MINING DIVISION

NTS LOCATION 82F/3W LATITUDE 49⁰10' LONGITUDE 117⁰10'

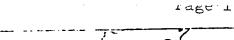
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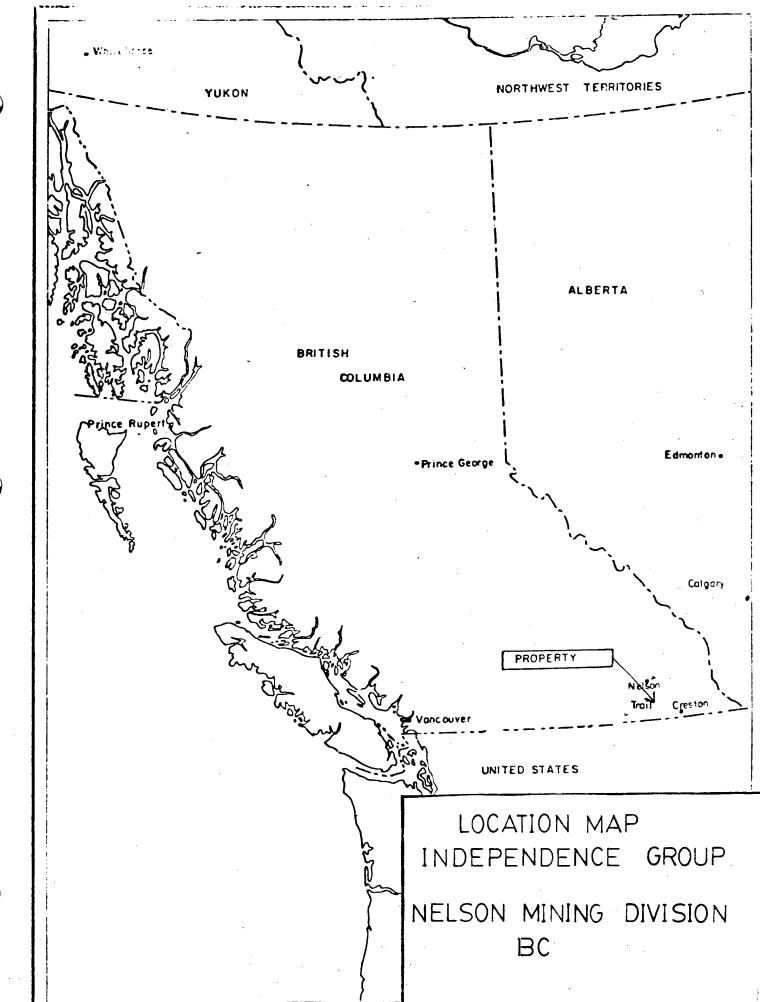
PEARSON GALLAGHER LTD.

JUNE, 1981

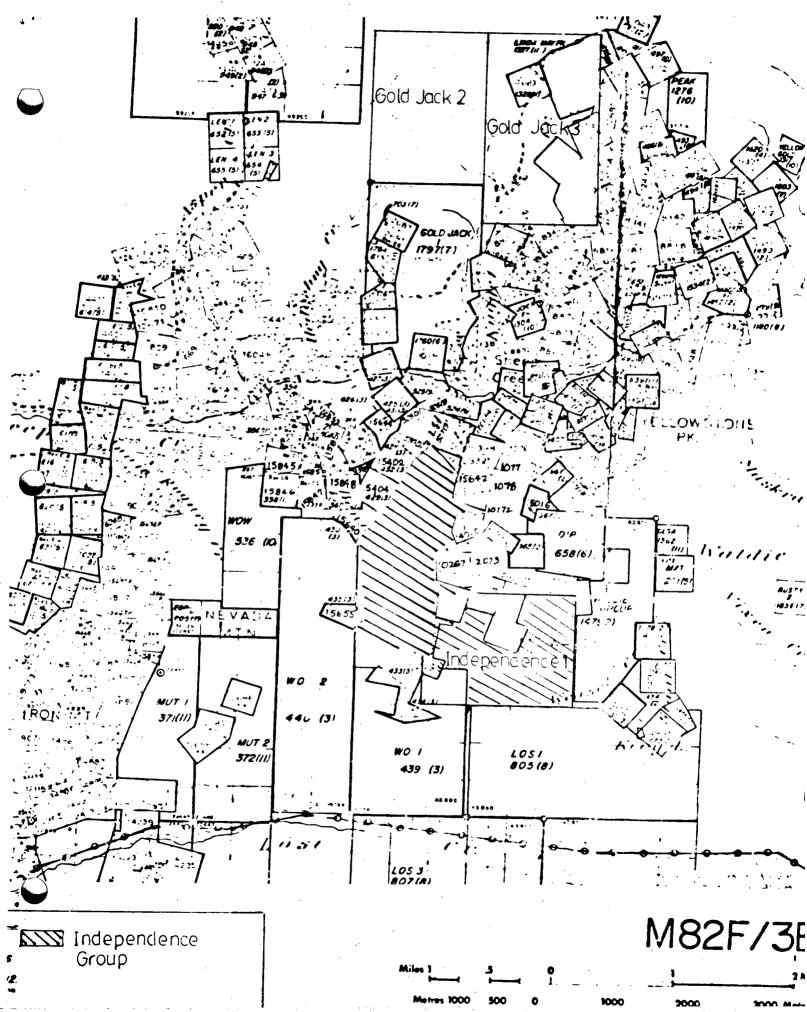
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LOCATION AND ACCESS

The Independence Group of Claims is located south of Sheep Creek, south of Salmo in southeastern British Columbia. Most of the claims can be reached by four wheel drive on the Sheep Creek road, 6 km southeast of Salmo. The road can be followed for 10 km to the Yellowstone adits, at which point a road branches off to the south. This branch is navigable for 1 km and the rest of the distance to the Sumit adits must be walked. The Independence reverted Crown Grant can be reached by footpath from the Sumit adits.

GENERAL SETTING

The Independence Group is situated in the Selkirk Mountain Range rising southward from Sheep Creek to Mount Waldie. The elevation is from 2800' to 7000'. The terrain is moderate to steep with coniferous forest cover and some underbrush.

The rock formations covering the property are of the Laib group (which includes limestones and argillite) and the Reno Formation (which includes argillite, argillaceous quartzite and dark quartzite).

PROPERTY INFORMATION

The claims are owned by Robin W. Pearson and Daniel J. Gallagher, both of Nelson, B.C.

CLAIM NAME	LOT #	RECORD #
Amco #7	15401	1776 (6)
Independence #1 (12 units)	• •	1932 (9)
Amco #9	15403	1777 (6)
Amco #11	15638	1778 (6)
Amco #12	15639	1779 (6)
Amco #15 Fr	15642	1780 (6)
Amco #16 Fr	15643	1781 (6)
Amco #37 Fr	15650	1782 (6)
Amco #38 Fr	15651	1783 (6)
Amco #39 Fr	15652	1784 (6)
Amco #40 Fr	15653	1785 (6)
Amco #41 Fr	15654	1786 (6)
Independence	10012	1761 (6)
Independence Fr	10048	1761 (6)
Buster Fr	10046	1767 (6)
Amco #35	15648	2205 (3)
Amco #36	15649	2204 (3)

WORK SUMMARY

In October of 1980, the writer and another prospector made an examination of the Independence workings. We discovered a shaft, trenches, and prospect pits. A rock chip sample was taken from the south boundary of the Independence Reverted Crown Grant. Some soil samples were taken and assayed (refer to map, page). Assay results are shown on page \boldsymbol{b} of this report.

In June of 1981 we again headed for the Independence. Due to the late snow we were only able to reach the Ore Hill Claim. In the Ore Hill dump the writer noticed the presence of pyrrhotite, along with pyrites and galena in a banded quartz.

On the return portion of the traverse we geologically mapped the southern claims of the property.

INTERPRETATIONS AND RECOMMENDATIONS

This preliminary prospecting work indicates minerals present on the property, the extent of which we have not determined. We recommend further exploration of the property in the form of: 1. Further geological mapping particularly near the Western Sheep Creek anticline and along the known contacts. 2. A soil sampling program. 3. Magnetometer survey.



File No	20510
Date	November 3, 1980
Samples	Bock Chip

LORING LABORATORIES LTD.

ASSAY

SAMPLE No.	GZ./TON GOLD	OZ./TON SILVER	۶ Cu	≸ ₽b	% Zn	% Ba
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7743 Independent	ec 1.520	1.98	-	2.56	.05	-
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Rejects Retained one month.

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ACME ANALYTICAL LABORATORIES LTD. Assaying & Trace Analysis

852 E. Hastings St., Vancouver, B. C. V6A 1R6 phone:253 - 3158

AA

To: Pearson Gallagher Ltd., 280 Baker Street, Nelson, B.C. VIL 4H3

Ple No. 80-930

Type of Samples Soils

GEOCHEMICAL ASSAY CERTIFICATE

Disposition_____

SAMPLE No.	F	'b Zn	Ag	Au							
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AUTHOR'S QUALIFICATIONS

I, Denial J. Gallagher, have completed the "Mineral Exploration for Prospectors" course offered by the Ministry of Energy, Mines & Fetroleum Resources in April/May of 1979. I have been a prospector for the past ten years, have completed and passed the Rocks & Minerals Course given by George Addy, District Geologist for the Ministry of Energy, Mines & Petroleum in Melcon, E.C.

Jimed:

SECTION 2

GEOLOGICAL ASSESSMENT REPORT BY

A.S. GREEN, P. Geol.

GEOLOGICAL ASSESSMENT

REPORT ON

THE INDEPENDENCE GROUP OF

MINERAL CLAIMS

IN THE NELSON M.D., B.C.

NTS LOCATION 82F/3W

LATITUDE 49°10' LONGITUDE 117°10'

for

PEARSON GALLAGHER LTD.

NELSON, B. C.

by

A.S. GREENE, P. GEOL.

JUNE 15, 1981

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INTRODUCTION

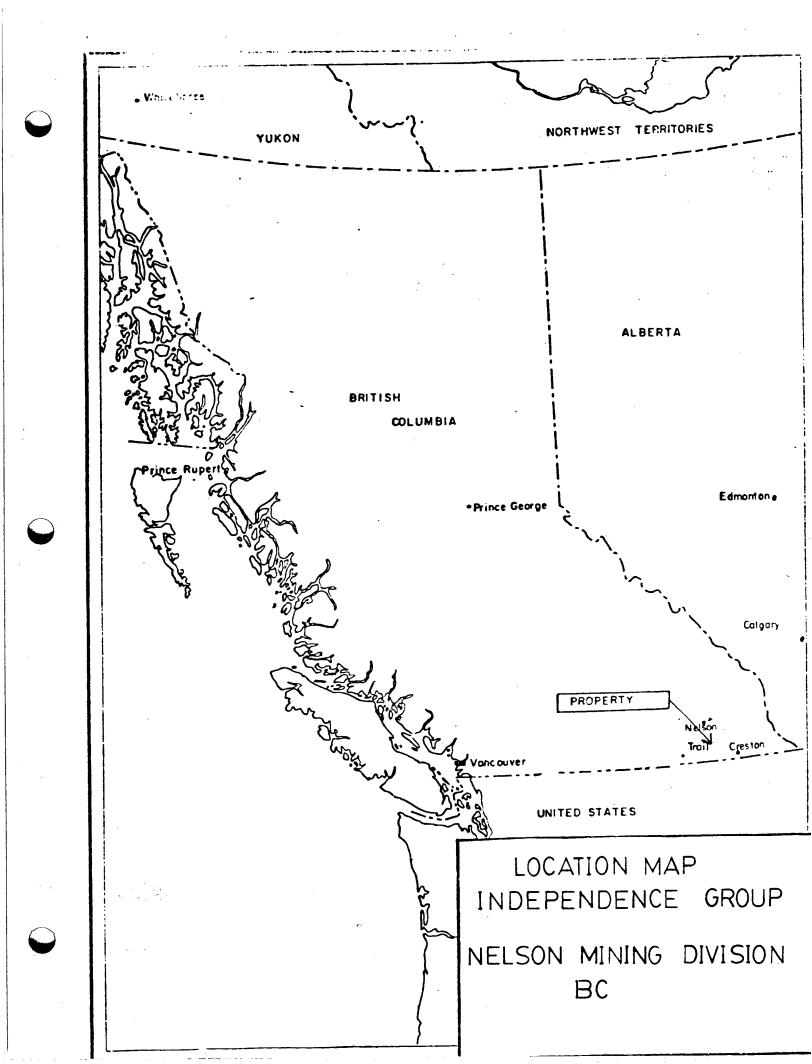
Between June and July, 1981, the writer examined the Gold Jack Claim Group and Independence Claim Group on Sheep Creek. A total of seven days was spent in the field, during which geological mapping was done. Geological literature covering the area was reviewed for the compilation of this report. Since the claim groups cover a large vertical relief, it was necessary to wait for winter snows to recede in some areas before they could be examined, thus extending the study period. South of Sheep Creek, due to persistence of late winter snows, the writer was unable to examine areas above 5000'.

This report is a compilation of my own work. Information taken from published material listed at the end of the report.

LOCATION AND ACCESS

Latitude 49°10', Longitude 117°10'

The property lies west and south of Billings Creek, south of Sheep Creek in the Salmo area of south-eastern British Columbia. Much of the property is readily accessible by road or overgrown road. From the old Highway 3, 6 km southeast of Salmo, a good secondary road can be followed 10 km to the Yellowstone adits. An overgrown road can be travelled by 4-wheel drive 1 km and then by foot approximately 3 km south to the road end at the Sumit adits.

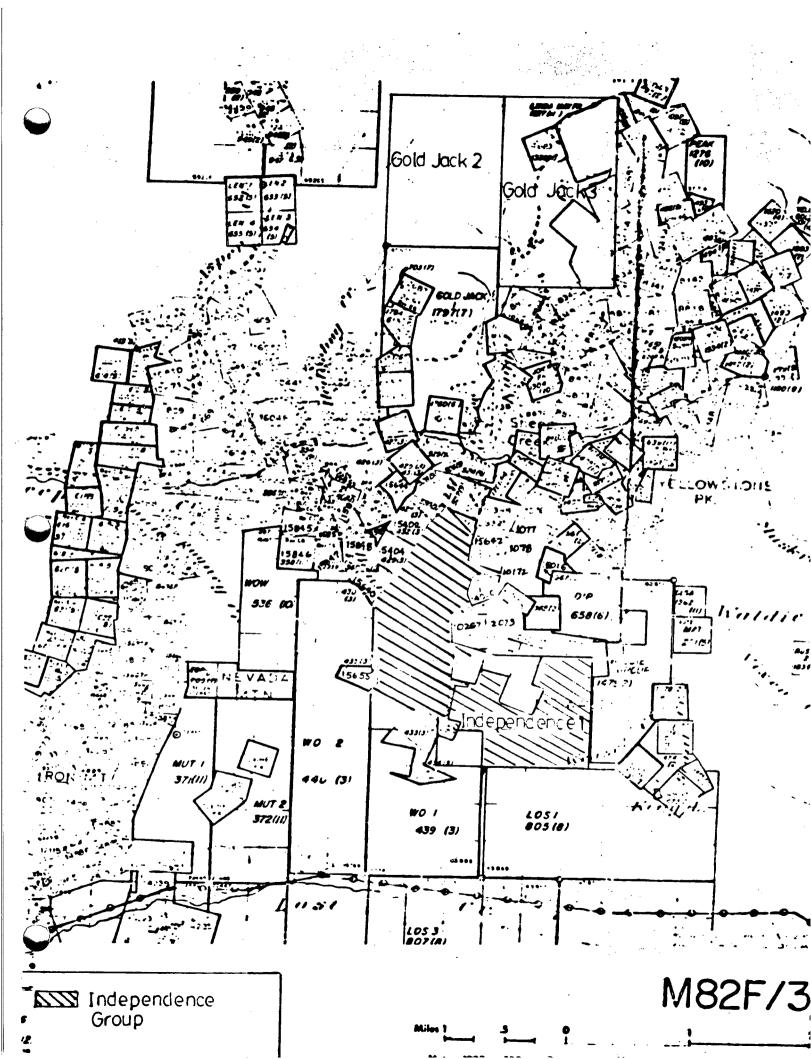


PROPERTY DESCRIPTION AND OWNERSHIP

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Buster Fr	10046	1767 (6)
Amco 35	15648	2205 (3)
Amco 36	15649	2204 (3)

. . .

The claims are owned by Robin W. Pearson and Daniel J. Gallagher of Nelson, B.C.



CLIMATE

Climate is cool and temperate with moderate precipitation. Mean annual precipitation is 60 cm - 75 cm in the valley and 60 cm -100 cm on the mountain slopes. The mean annual temperature is estimated at 3° C; in July, 18° C; in January, -6° C. Winter snowfall accumulations may be one meter or more in the Sheep Creek valley.

TOPOGRAPHY

Topography in the area is rugged and mountainous, extending through a vertical relief from 2800' at the Sheep Creek to 7000' at the highest point on the southern boundary of the property.

HISTORY OF EXPLORATION AND DEVELOPMENT

ADJOINING PROPERTIES

Showings at the old Ore Hill Mine and Sumit Adits (see map) were staked in 1901, followed by underground work including some ore extraction and shipment. The group in which the Sumit workings lay, consisting of the Sumit (Lot 10010), Gold Crown (Lot 10014), Gold Crown Fr (Lot 10047), Buster Fr (Lot 10046), Independence (Lot 10012), and Independence Fr (Lot 10048) claims, was crown granted to J.B. O'Brian in 1914. (The former three claims adjoin the Independence Claim Group, the latter three are included). The above property was leased several times, changed ownership, but no work was done until 1937 when it was purchased by Kootenay Ore Hill Gold Mines which operated the Ore Hill Mine. Under lease, mining and ore shipment was carried out until 1938. Total production to 1938 was 1,205 tons of ore, 870 oz gold, 1,218 oz silver, 30,264 lb of lead and 28,669 lbs of zinc.

INDEPENDENCE CLAIM GROUP

To the writer's knowledge, the only exploration work, apart from that mentioned above, done on the property was geological mapping (1'' = 300')of the portion of the Group west of the crest of the Western Anticline directed by W.W. Moorhouse (1952) of Amco Exploration Inc. The finding were inconclusive however, as the program did not extend beyond surficial mapping. The lithologic stratigraphic and structural data shown on maps examined by the writer showed thorough and probably complete coverage. However, no record of analysis of the data other than speculative comments in the assessment report could be found. Within a suggested synlinal structure (a structure which the writer feels is open to interpretation) it was estimated 5000' of metasediments overlay the lower Cambrian Reno Formation. Occurances of hornfels, tactites, spotty argillites were believed to indicate contact metamorphism, but no record of follow-up work either by sampling or analysis was found. Basically the geologist felt that drilling was requisite before any categorical statements could be made.

AREA MINERAL RESOURCES

SHEFP CREEK CAMP

The Sheep Creek Camp included several mines that were prodigious gold producers. The geology is thoroughly described by W. H. Mathews in the B.C. Department of Mines, Bulletin No. 31.

To the end of 1951 the camp produced 736,000 ounces of gold, 365,000 ounces of silver, 377,000 pounds of lead and 312,000 pounds of zinc from 1,720,000 tons of ore.

The ore was obtained almost entirely from ore shoots in quartz veins cutting isoclinally recumbently folded Lower Cambrian quartzites. Occurring east of the Black Bluff Fault, the quartz veins strike northeasterly across the axes of the folds, while the most productive zones lie in vein fractures with a more easterly strike. Generally both wall rocks are quartzites. In the quartzites the ore bodies have a vertical range of not more than 1600 feet, ore grade decreasing upward. In the Sumit and Ore Hill workings, ore shoots occur in limestone stratigraphically higher than the quartzites. Small scale mining operations in the Camp are currently being conducted by Gold Belt Mines.

GEOLOGICAL HISTORY

Initiation of miogeoclinal sedimentation began 1 300 million years ago on metamorphosed basement rocks. Arenaceous and pelitic sediments, as well as extrusive and shallow intrusive sills of the Purcell sequences of Proterozoic Helikian age were deformed in late Helikian times into north trending folds. Later these strata were regionally metamorphosed followed by uplift during the East Kootenay Orogeny.

During Proterozoic Hadrynian time the continental margin lay just west of, or within, the Kootenay Arc. Significant relief (Purcell Arch) caused by the East Kootenay uplift resulted in the immature and poorly bedded sediments observed in the Windermere assemblages.

In early Paleozoic time, the orthoquartzites and pelitic interbeds of Cambrian age were deposited in a westward prograding miogeocline. The upper members grade into shale units, which in turn grade into shallow water carbonates representing the earliest and westernmost development of the continental shelf. After Cambrian time the area lay in a carbonate-shale transition zone along the continal margin represented in the area of interest by the Ordovician Active Formation. The stratigraphic relationship between the Active Formation and the mineraliferous Cambrian Formation east of the Black Bluff Fault has not been established in the map area. Uplift in the Omineca Crystalline Belt related to the Cariboo Orogeny in late Paleozoic time is characterized generally by decollement-type thrust faulting and folding from the west. It is presumed that fold deformation of the Paleozoic rocks in the Salmo area took place at this time. The decollement surface is likely along strata within the Horsethief Creek Group. Miogeoclinal sediments of the Ymir Group deposited in early Mesozoic time are overlain unconformably by volcanic rocks of Jurassic age. These deposits derived mainly from the Omineca Geanticline to the west, which was uplifted in late Triassis time. They were laid down in the Lardeau Trough, which was the depositional basin occupying the Kootenay Arc. Middle Jurassic and older strata were deformed prior to the emplacement of Middle Jurassic granitic plutons (165 Ma). The writer suggests that during the Mesozoic Orogeny (165 Ma to 97 Ma) incipient backfolding of Paleozoic fold

strata in the Salmo-Sheep Creek area occurred prior to the emplacement of the local stocks.

The granodiorites of the eastern margin of Shuswap Complex west of the Arc are middle Jurassic and late Jurassic age, while an outer ring of quartz monzonite plutons are mid-Cretaceous in age. In the southern part of the complex, plutons of mainly granite, syenite and adamellite are Cretaceous and early Tertiary in age. Therefore, the intrusions of the Sheep Creek stock and Lost Creek stock may have taken place during the period between middle Jurassic and Cretaceous age, possibly in several phases.

GEOLOGICAL STRUCTURE

The region encompassing the area of interest is the eastern portion of the Omineca Crystalline Belt, called the Kootenay Arc. The Kootenay Arc is a curving structural belt of sedimentary, metamorphic and igneous rocks is concave westwards in shape, extending southeast from Revelstoke, B.C., south along Kootenay Lake, and southwest into the United States.

Within the Arc in the Salmo area, Flyes and Hewlett (1959) have distinguished four mutually adjacent structural belts. From west to east, they are: The Mesozoic Volcanic Belt, the Mine Belt, the Black Argillite Belt, and the Eastern Belt. The Belts are separated by three eastward to southward dipping fault zones. The Black Argillite Belt, in which the property lies, is bounded by the Argillite Fault on the west and the Black Bluff Fault on the east. Within the Belt north of Sheep Creek the Active Formation black argillites contact the Sheep Creek Stock. South of Sheep Creek and west of the area of interest the Belt has been intruded by a north and west extension of the Lost Creek stock. These stocks are two of several Mesozoic intrusive stocks which occur within the Belt and the Kootenay Arc in general.

The overall structure of the Black Argillite Belt has not been fully assessed, nor has the stratigraphic relationships within the Belt been determined. On the flanks of the Black Argillite Belt, east of the Black Bluff Fault and west of the Argillite Fault, the structurally competent Lower Cambrian quartzites have been deformed to gently north plunging isoclinal recumbent back-folded flexture slip folds, trending north-northeast. Bedding plane slippage or faulting has taken place, likely along the contacts between competent quartzite and calcareous members and imcompetent argillaceous members.

While the competent nature of the rock units east and west of the Black Argillite Belt allows the fold structure to be readily recognized this is not the case within the Belt. In the absence of competent units original bedding surfaces are largely obscure. There is however, a predominant east dipping foliation surface or cleavage in the Active Formation argillite. Slippage along these surfaces may have produced slip folds which, although not readily visible in the thick section of deformed argillite, may nevertheless exist on the scale similar to the flexture-slip folds flanking the Belt.

The east dipping, north striking Argillite and Black Bluff Faults have developed, apparently, parallel to the axial planes of the larger fold structures. While Fyles and Hewlett (1959) suggest that these are thrust faults, the regional tectonic forces which were from west to east would not have produced east dipping thrusts (the arcuate shape of the Kootenay Arc is concave westward, a shape that may be appropriate if tectonic forces were applied from the west). In the opinion of the writer, the Black Argillite Belt north of Lost Creek is a down-faulted block bounded by normal faults to the west and east. While the steep eastern dip of the Black Bluff Fault away from the fault block appears unusual, if the faults developed during a period of tectonic relaxation following the major west-east event, it is not surprising that faults should develop along planes of weakness parallel to the foliation or axial planes. Moreover, while the north-trending faults are related to the fold structure, the writer believes that they were developed after the period of tectonic compression which developed the folds.

Other faults related in time to the Black Bluff Fault occur within the Black Argillite Belt, conjugate or parallel to the Fault. Because of the dramatic changes in the bedding of Active Formation argillites south of the Sheep Creek stock, a north-trending fault is suggested by Moorhouse (1952) who mapped that area. He found no direct evidence for a fault or unconformity. Preliminary studies by the writer, however, trace the suggested fault northward into the Sheep Creek stock south of the Salmo Consolidated adits. This fault appears on the eastern limb of a tight isoclinal recumbent fold.

East of the Black Bluff Fault, the structures are more visible and consist of a series of two major and several minor recumbent isoclinal anticlines and intervening synclines. Progressively stratigraphically higher rock units are exposed in an eastward traverse direction

possibly indicating a westward regional dip. The axial plane of Eastern Anticline strikes 15° east, dips 75° east. The axial plane of the Western Anticline, overturned to the west has a varyingly steep eastern dip and a strike roughly parallel to the Eastern Anticline. Fold limbs tend to parallelism and regular dip with warping and more intense deformation occuring in narrow belts close to the axial plane. Dragfold structures occur in less competent units indicate bedding plane slippage.

Mathews (1953) defines four sets of faults in the Sheep Creek camp (within the major anticlinal structure): A group of north-easterly trending faults with predominately right hand strike-slip movement; a few north westerly trending faults possibly conjugate to the first, having left hand strike-slip movement; a few northerly trending faults past dating the first group; horizontal faults with hangingwall displaced westward.

MINERALIZATION

(Because of late snows no mineralized occurances on the property were examined by the writer, however, a brief discussion of mineral potential will be undertaken).

The tactites and hornfels mapped by W.W. Moorhouse (1952) are believed by the author to be contact metamorphic zones. Especially since hornfels have developed near the Black Bluff Fault, these zones may be apophyses of a larger metamorphic aureole near an intrusive contact at depth. (The irregularly striking and flattened dip of outcropping dolomite in an area adjacent to the west of the property suggests to the writer a domal or arched structure underlain by an igneous intrusive) The zones may contain minerals of tungsten, lead and zinc, the presence of which could be interpreted as a positive indicator of a possible metamorphic aureole nearby.

It is not likely that new gold bearing vein fractures will be easily discovered in an area that has undoubtedly been extensively prospected. It must suffice to use the known mineral occurances, the Sumit and Ore Hill workings for example, as guides to potential mineralization elsewhere or to regard them as an indication that a source and a mechanism for mineral deposition existed. Other depositional sites may be present in the vicinity. One of four random soil geochemical samples taken on the Independence Claim by Pearson Gallagher Ltd. in 1980 showed anomalous values of lead and zinc and a highly anomalous value of gold (230 ppm; Au/Ag, 1.15). The sampling cannot be verified by the writer at this time. However, these results are nevertheless encouraging at this preliminary stage.

CONCLUSION

The geological studies of the Black Argillite Belt in which the property lies have been, to date, somewhat superficial owing to largely a generally unmineralized nature of the Active Formation argillite which occupies much of the Belt. The structure of the Belt, or its relation to the folded mineraliferous Lower Cambrian strata on its flanks has not been resolved, the stratigraphic relationships between the Active Formation argillites and underlying Nelway Formation and Laib Group have also not been established. In fact, there is some doubt as to the exact stratigraphic relationship of the limestone, dolomite and dolomite-breccia outcropping on the eastern side of the Belt to the overlying Active Formation to the west and the faulted Cambrian strata to the east. These sediments, in view of the economic occurances in the vicinity, and near as they are to intrusions to which epithermal mineralization and contact metamorphism appears to be related are attractive in terms of further exploration.

In areas flanking the Black Bluff Fault hornfel zones developed in the calcareous and argillaceous units should be geochemically sampled for tungsten, lead, zinc, silver, and gold. Studies of joint patterns (by fabric analysis) in competent units would reveal structural doming if present. Should that be the case, the dome crest would be a favorable drill target if an underlying contact metamorphic aureole can be inferred.

East of the Black Bluff Fault in the area extending to the Eastern Anticline, the anticlines provide excellent potential structures for mineral deposition especially in the axial plane zones. If, as Mathews (1953) suggests, that the depth interval of mineralized veins in quartzites is found at progressively lower levels southward, one might expect to find mineralized veins only at great depth on the property. However, until the ore genesis and depositional control is understood, this generalization is restricted to the developed mines in the vicinity of Sheep Creek. With respect to the first phase of exploration, geochemical sampling should be used as a basic exploration to aid in targetting follow-up programs. The writer notes that the property has received no sampling coverage to date.

Drill targets should be established when sufficient geological data is accumulated that usefulness of drilling can be maximized. In addition to providing subsurface geological data from cores, drilling should be done with a view to geophysical logging of the boreholes as well. This relatively new technique provides geophysical response from within a 100 m radius of the hole. Where potentially productive zones are penetrated, neutron logging provides comprehensive, accurate ore grade analysis. Borehole logging should be carried out in select holes but especially where core recovery was poor (as in fractured mineralized zones) or where an inferred structure was not located by drilling but which is suspected to be in the vicinity of the drill hole.

PROGRAM RECOMMENDATIONS

Phase 1

- 1. Detailed geological mapping and soil geochemical sampling, followed by magnetic field measurement, electromagnetic field measurement of favorable areas outlined by mapping. This work should be done on a surveyed 50 m grid and data should be compiled on a scale of 1 : 5000.
- 2. Trenching where useful for sampling.
- 3. Reconnaissance magnetic and EM measurements over base lines crossing the strike of the major structures and spaced 500 m apart; soil geochemical sampling at same measurement of secondary fabric elements over the property for structural study; Construction of structural geophysical profiles on a scale of 1 : 10,000.

Phase 2

- Establishing drill targets confirmed by structural studies, geological mapping, and geophysical profiles or geochemical anomalies.
- 2. Drilling into fold crests, drilling intrusion arch.
- 3. Geophysical Borehole logging where indicated.

COST OF RECOMMENDED WORK (Steps 1 and 2)

Phase 1

Grid, Baselines, Mapping and Geochemical Sampling:

Phase 1 appropriation......73680.00

Phase 2

Contingencies @ 20%..70 000.00

REFERENCES

Fyles, J. T. and Hewlett, C. G.; (1959); Stratigraphy and Structure of the Salmo Lead-Zinc Area; B. C. Department of Mines, Bulletin No. 41.

Mathews, W. H.; (1953); Geology of the Sheep Creek Camp; B. C. Department of Mines, Bulletin No. 31.

Moorhouse, W. W.; (1952); The Geology of the Amco Group, Sheep Creek, B. C.; Amco Exploration, Inc.; B. C. Department of Mines, Assessment Report No. 82; Geology of the Amco Claims 43, 44, 45, 46 and 47 fractions, Sheep Creek, B.C.; Amco Exploration Inc.; B.C. Department of Mines, Assessment Report No. 83.

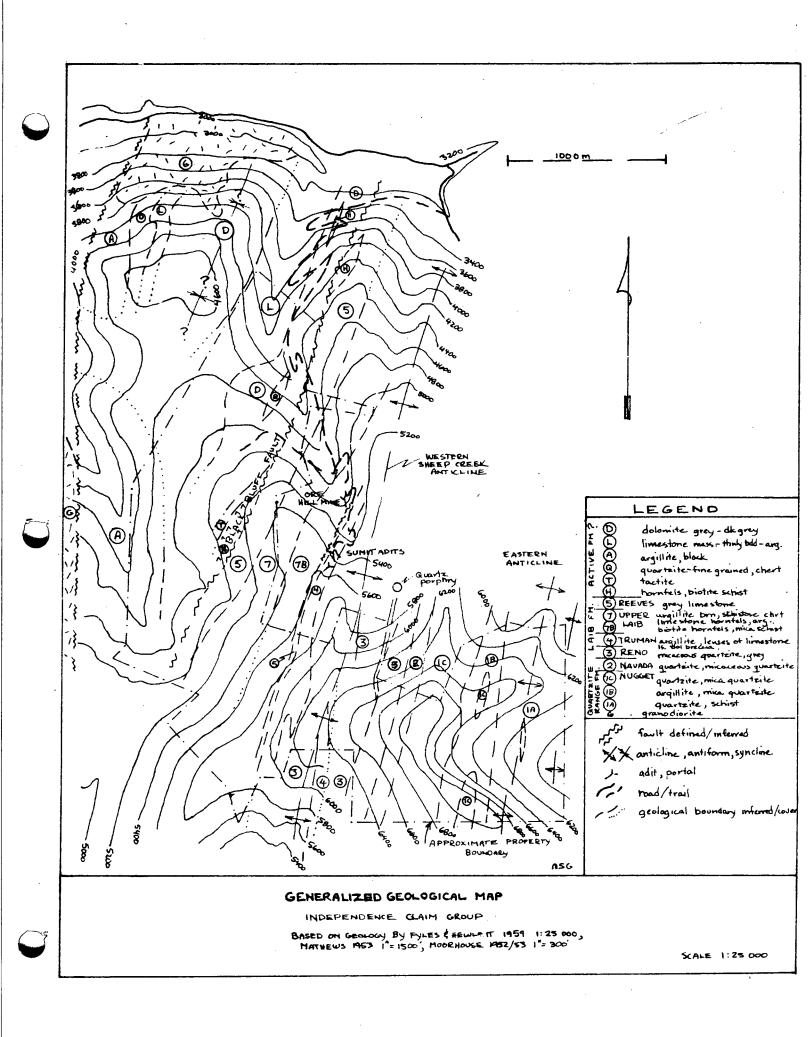
CERTIFICATION

I, A.S. Greene of Box 57, Kootenay Bay, British Columbia, Canada, hereby certify that:

- My occupation is that of a Professional Geologist; a.
- I am a graduate of the University of Calgary, 1969, with b. the degree of B. Sc.;
- I have been a practicing Geologist since 1969 and have с. been a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta since June, 1978;
- I have received no interest, either directly or indirectly, d. nor expect to receive any interest in this property;
- This report to Pearson Gallagher Ltd. is based on my own e. examination of the geology of the property and its mineral occurrences during June and July, 1981, and on information from other workers and published material available from government geological departments.

Dated this 15th day of June, 1981, at Kootenay Bay, B. C.

A. S. Greene, P. Geofficia



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CORRELATION CHART AND TABLE OF FORMATIONS

SECTION 3

ITEMIZED COST STATEMENT

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l geological assistant..2 days,June ll and l2th.....
@ 120./day.....240.00

TOTAL.....2,795.00

