



November 19, 1981

File: 166-Greenwood

Mahogany Mining Co. Ltd.
790 - 885 Dunsmuir Street
Vancouver, B.C.

Dear Sirs:

Re: DELL, KUZ Mineral Claims
Geological, Geochemical Report '81-#588

We have received the above-noted report. However, before it can be approved we require, in duplicate, the following amendments:

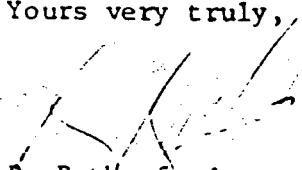
- maps (figure 2) cannot be colour coded as per Section 4(5) of the "Mineral Act Regulations" (copy enclosed).
- all numerical results of geochemistry must be reported as per Section 7(5) of the Regulations.

If the above amendments are not received in this office 30 days from the date of this letter, being December 21, 1981, assessment work credits will not be granted for this report.

We are returning the above-mentioned reports to be amended.

Your early attention regarding these matters would be appreciated.

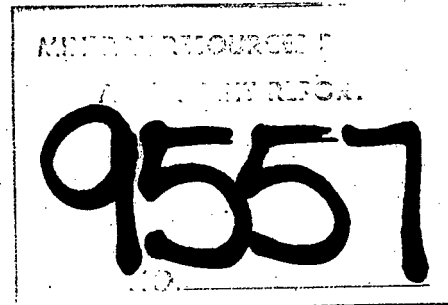
Yours very truly,


R. Rutherford
Chief Gold Commissioner

RR/gg

ENCL.

cc: Gold Commissioner: Grand Forks, B.C.



81-#588-
9557

REPORT ON THE
1981 GEOLOGICAL AND GEOCHEMICAL SURVEYS
OF THE
DELL-KUZ CLAIMS
FOR
MAHOGANY MINING CO. LTD.

Greenwood Mining Division 82E/6

49° 25' N 119° 08' W

16 July 1981

Rutland approx. 82 Km

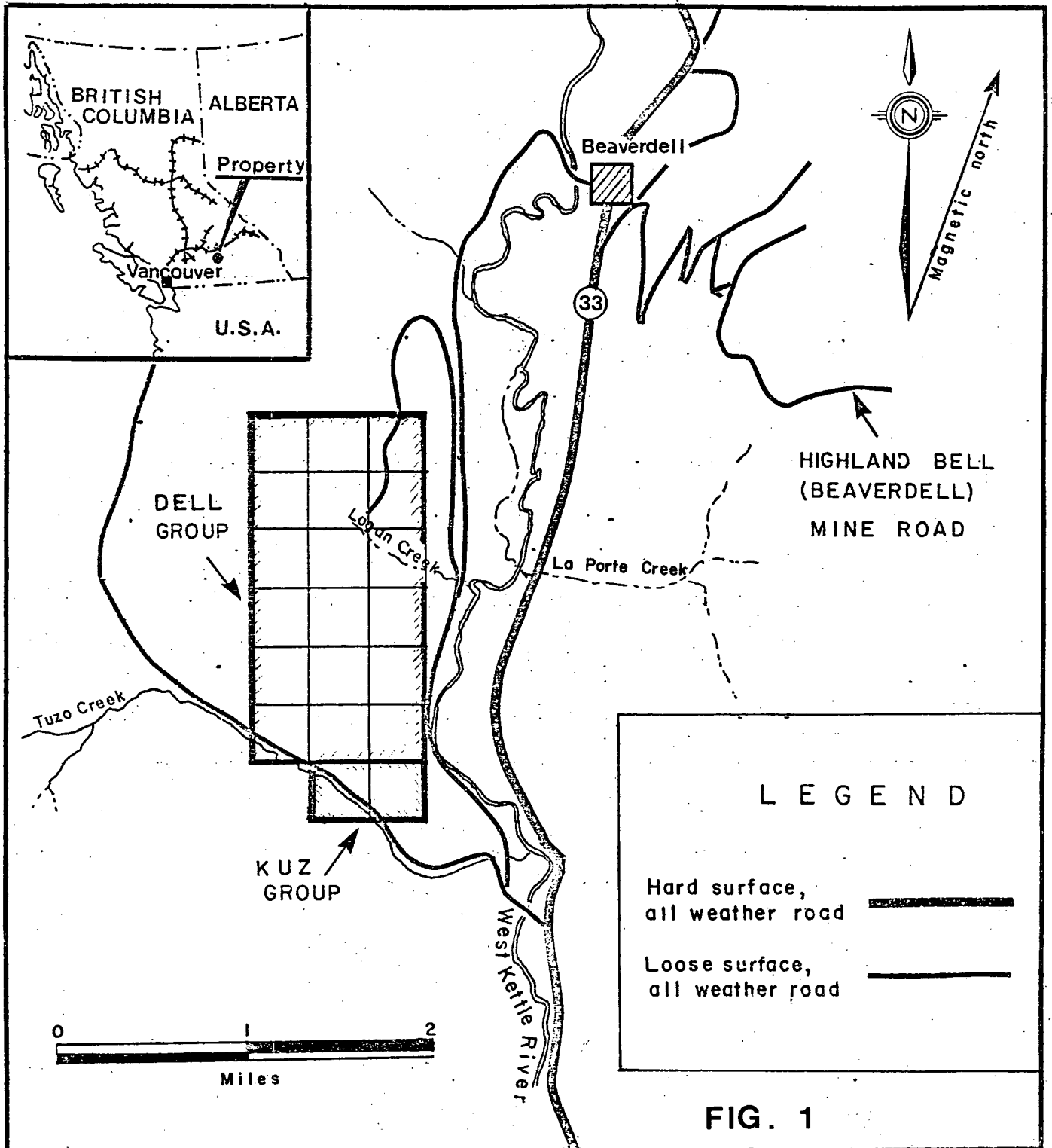


FIG. 1

MAHOGANY MINING CO. LTD.

DELL CLAIM GROUP, GREENWOOD M.D. LOCATION & CLAIM MAP

SCALE 1 : 50,000

May 1980

NOTE

This map was compiled from information believed to be reliable but its accuracy is not guaranteed.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY -----	1
INTRODUCTION -----	3
MINERAL CLAIMS -----	5
LOCATION AND ACCESSIBILITY -----	5
HISTORY -----	6
GEOLOGY -----	8
GEOCHEMICAL SOIL SURVEYS -----	18
General -----	18
Physiography & General Review of Soils -----	19
Estimation of Background & Threshold Values -----	19
Preparation of Geochemical Maps & Others -----	20
GEOCHEMICAL SOIL ANOMALIES -----	21
CONCLUSION AND RECOMMENDATION -----	24
APPENDIX I - References	
APPENDIX II -Certificate	

ILLUSTRATIONS

Figure 1	Location Map -----	i
Figure 2	Outcrop Geologic Map -----	in pocket
Figure 3-1	Sketch Map of Old Workings Examined in May 1981 ----	10
Figure 3-2	Sketch Map of Old Workings Examined in April 1980 --	11
Figure 3-3	Sketch Map of Trenches Examined in April 1980 -----	12
Figure 4	Comparison of Ag & Cu Distribution for Background and Threshold Values Between the Northern and Southern Sectors -----	13

SUMMARY

In the later spring of 1981, Mahogany Mining Company Ltd. conducted their second year exploration on the Dell-Kuz claims near the town of Beaverdell, B. C. The program consisted of 8,000 linear meters of line-cutting, geologic mapping and geochemical sampling. All these works were performed under the writer's supervision and management.

Past development has been carried out on two sets of quartz veins. Good grade mineralization has been encountered in limited amount on several of these veins, but development has been very limited. Two samples from a trench north of Logan Creek presented in excess of five ounces in gold per ton (See: Assessment Report #5441 by Eric R. Smith, P.Eng., April 1, 1975).

Mineralization on the property consists of gold, galena, sphalerite and chalcopyrite.

Good grade of gold-silver-lead-zinc mineralization with the lithologic and structural similarity to those at the active Beaverdell Mine nearby indicate further development of the occurrences is warranted.

The reconnaissance soil sampling from the present exploration revealed several erratically high anomalies up to 41,000 ppm in lead, 2,290 ppm in zinc, 5.8 ppm in silver and 127 ppm in copper.

It is recommended that geological, geochemical and geophysical surveys be amplified to the unexplored portion of the property. Also, the newly discovered 7 anomalies together with those from the last year should be stripped and trenched by blasting and then sampled. Depending on the results from this initial work, a follow up drilling at shallow depth can be planned.

		<u>Page</u>
Figure 5	Histogram & Corresponding Cumulative % Frequency for Silver -----	14
Figure 6	Histogram & Corresponding Cumulative % Frequency for Lead -----	15
Figure 7	Histogram & Corresponding Cumulative % Frequency for Zinc -----	16
Figure 8	Histogram & Corresponding Cumulative % Frequency for Copper -----	17
Figure 9	Distribution of Soil Anomalies - Silver -----	in pocket
Figure 10	Distribution of Soil Anomalies - Lead -----	in pocket
Figure 11	Distribution of Soil Anomalies - Zinc -----	in pocket
Figure 12	Distribution of Soil Anomalies - Copper -----	in pocket

The following figures are not incorporated in this report:

Figure 13	Detail Outcrop Geologic Map 1 to 2500
Figure 14	Geochemical Soil Map - Silver 1 to 2500
Figure 15	Geochemical Soil Map - Lead 1 to 2500
Figure 16	Geochemical Soil Map - Zinc 1 to 2500
Figure 17	Geochemical Soil Map - Copper 1 to 2500

A two stage exploration program is recommended with the second stage being dependent on the results of the first one:

Stage 1 - \$47,000.00

Stage 2 - \$76,000.00

Total \$123,000.00

INTRODUCTION

In April of 1980, the writer examined several showings on the Dell claim, about 2.2 km southwest of Beaverdell Mine, B. C. During this period, he examined the oxidized outcrops of so called Tennis Court vein at Wallace Mountain and other productive veins in the active Beaverdell Mine workings. It was indicated that the host rock, vein pattern, structure, mineral zoning and rusty weathering nature and pattern of the two prominent showings on the Dell are fairly identical to those of the active Highland Bell (Beaverdell) Mine.

The writer's chip samples from the Dell showings in May 1980 confirmed the earlier assay results. The previous work by Eric R. Smith, P.Eng. on a trench of the Dell claim presented significantly encouraging assay results which returned values of 5.25-5.83 ounces of gold per ton and 27.9-29.1 ounces of silver per ton. This quartz vein remains sloughed in and flooded, so that the writer could not observe it in 1980 and 1981. In addition, E. D. Cruz' geochemical and VLF-EM surveys in 1980 revealed six anomalous zones in the Dell property.

The foregoing findings in 1980 led the writer to propose the additional detail and reconnaissance soil sampling, VLF-EM survey and geological mapping programs on the property. This report covers the results of the recommended work program that has been completed on the Dell-Kuz claims during the period from 16 April to 8 May 1981. The line-cutting, soil sampling and outcrop outlining on the southern sector of the property were accomplished by Roy Kregosky of Monashee Geological Services, West Bridge, B. C., who worked under the writer's supervision. In addition, the writer examined several old adits and quartz vein outcrops and sampled for gold values where necessary. In this report it is attempted to bring together the present and previous exploration concepts and recommendations relating to quartz vein ore occurrences seen in the property by utilizing all available existing data.

Figures 13-17 are prepared at a scale of 1 to 2500 to show detail geology and soil ppm values but are not incorporated in this report because of their bulky volumes. However, they were reduced to an adequate size represented by a scale bar on the map by photographic methods for description of this report (Figures 2, 9, 10, 11 and 12).

MINERAL CLAIMS

The Dell-Kuz claims solely owned by Mahogany Mining Company Ltd. consist of 20 claim units as follows:

Dell	18
Kuz	<u>2</u>
Total	20 units

(See Figure 1)

LOCATION AND ACCESSIBILITY

The property is located on the southeastern slopes of the Cranberry Ridge elevated up to 4900' above sea level, immediately west of Beaverdell town, B. C. It is included in the NTS map sheet 82E/6, Beaverdell. The trench showing 0.82-5.8 ounces of gold with appreciable silver values is approximately located at latitude 49°24' and longitude 119°06'.

The property is readily accessible by taking blacktopped Highway 33 from Beaverdell south for 6.4 km (4 miles) and then turning off toward the northwest for 2 km (1.3 miles).

A four-wheeled vehicle may be conveniently used for the two access roads traversing the property in the north and south of the Logan Creek, but most of the distance can be travelled by normal motor transportation.

HISTORY

The writer's initial interest on the property was aroused by the 1975 assessment report #5441 by Eric R. Smith, P.Eng. on file at the B. C. Department of Energy, Mines and Petroleum Resources for the Argentia Mines Ltd. (NPL) property, which is now "Dell" owned by Mahogany Mining Company Ltd. The attractive assay results obtained by Smith from the bulldozed trench in the north of Logan Creek are incorporated in Figure 2 (Outcrop Geologic Map). The field program for Smith's assessment work consisted of magnetic and geologic surveys within the confines of the line grid area, being a total of 15,700 linear feet. Several narrow quartz-sulphide veins have been exposed by surface stripping and trenching.

The Mahogany Mining Co. Ltd., Vancouver, B. C. acquired the former Argentia Mines property and the southerly adjacent claim called Kuz, and carried out a VLF-EM survey and soil sampling at 50 m intervals in the northern sector of the Dell claim in March-April 1980. The results of the geophysical and geochemical works by Mahogany revealed four EM anomalous zones running east-west and two principal soil anomalies in the north and south of Logan Creek. The two soil anomalies reflected the known mineralization explored by short adits and trenches in the past.

For this report period, 16 April - 8 May 1981, about 8,000 linear meters of grid lines were established by Topofil chain and flags for soil sampling and outcrop mapping in the southern sector. In all 353 samples were collected from the podzolic-lithosolic soils. These figures include 92 short-spaced samples for detailing the major anomalous zones obtained by Cruz in 1980. As described in detail at the succeeding chapters, about twelve anomalous points for lead and zinc, seven for copper and four for silver were revealed by the present study. In addition, a detail soil sampling at 10 m intervals pinned down at least two sites for trenching.

Eight short tunnels were driven by the unknown prior to 1960's (?) at four locations to crosscut and drift along the quartz veins. Four of them are inaccessible due to caving or flooding. To the writer's knowledge the area to the west and south of the present line-grid map has never been systematically soil sampled, geophysically surveyed or geologized.

GEOLOGY

The property is embraced within a large body of Cretaceous Nelson plutonic intrusives consisting of granodiorite, quartz diorite, diorite, quartz monzonite, monzonite and syenite. Kregosky sketched all outcrop outlines and mapped part of the geology by walking along the grid lines. Where a number of small outcrops occur close together, they were grouped as one outcrop.

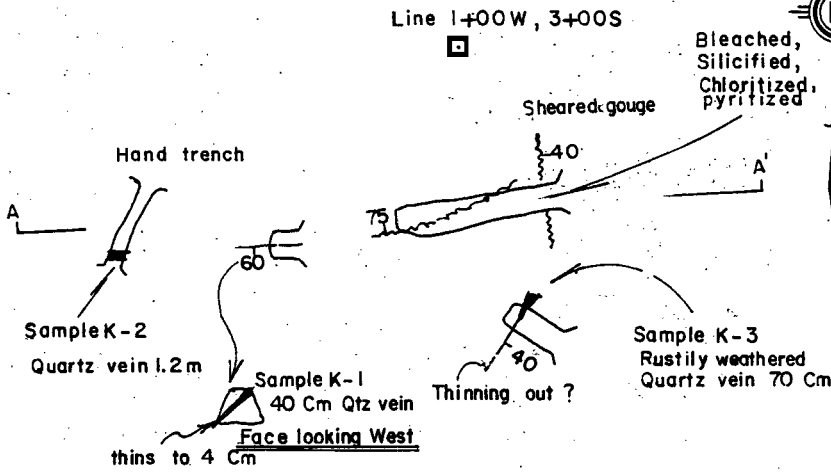
As shown in Figure 2 and 13, the line-grid map area is mainly underlain by granodiorite and quartz diorite, which are continuous with the country rock of the active Beaverdell Mine. These intrusive rocks are in turn intruded by quartz monzonite and monzonite in the central west and south part of the map area. Some outcrops of the later intrusives may be called syenodiorite, syenite or even porphyritic granite on a visual inspection. All these various intrusive rocks may be associated with the Nelson pluton of Cretaceous period as different phases. But it could be also possible that these intrusives are a part of Tertiary porphyritic granite. Whether they intruded in Tertiary or Cretaceous time cannot be determined with assurance unless the whole rocks are K-Ar dated. On the western and the southern boundary of the line grid geologic map, fine-grained diorite and aplitic dykes intruded the granodioritic country rocks. A fine-grained diorite appears to be a pulaskite-looking rock commonly associated with Tertiary volcanics. Aplitic dyke may be related to a granodiorite intrusion itself.

The mineralized quartz veins or shears are hosted by granodiorite or quartz diorite with some remnant masses of pre-mineral Anarchist volcanics of Permian or Triassic period. All important showings and geochemical anomalies are localized in the granodiorite or quartz diorite. The later phase of the intrusives viz monzonite, quartz monzonite, porphyritic quartz syenite, etc. appear not to carry a significant sulphide mineralization insofar as the line-grid area is concerned (See: Figures 2, 9-12).

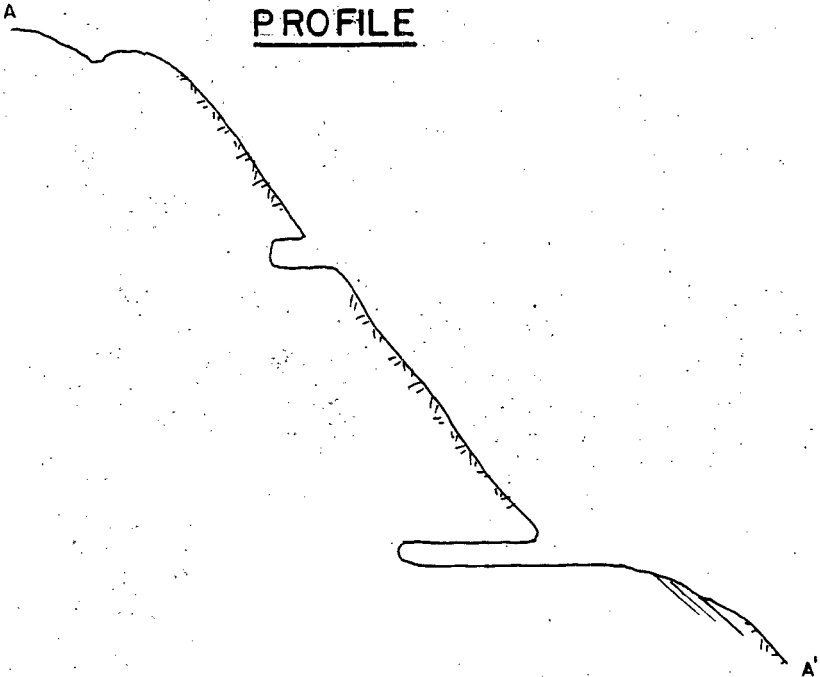
Description of the known showings was given in the writer's 1980 report on Dell, and is not repeated. The sketch maps for the five short adits and one trench not reported last year are included in this report (Figure 3-1). The two sketch maps of old workings and trenches included in the last report are reproduced for a reader's convenience (Figures 3-2 and 3-3).

In the following, only a brief summary of the vein systems is given for a guide to the future exploration. Mineralized quartz veins in shear zones on the property occupy two sets of fractures. One set striking east-west is represented by a trench north of Logan Creek (See Figure 2 and 3-3). The other set strikes northeast and comprises the rustily weathered shears and quartz veins of flooded winze at line 0 + 00W, 18 + 00S (See Figure 2 and 3-2). There are series of northwest trending quartz veins, but they show no significant sulphide mineralization as exemplified by a 70 cm quartz vein on line 7 + 00W, 19 + 00S, which is pure white silica materials with no visible sulphides returned gold assay values of 0.001 oz.

PLAN

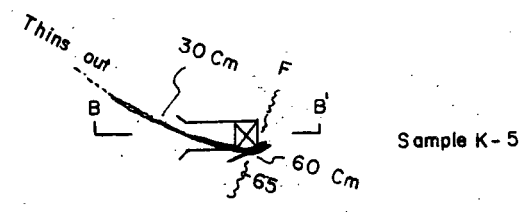


PROFILE

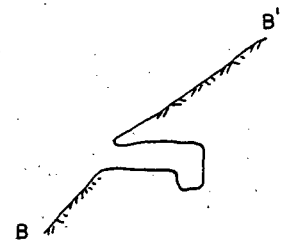


PLAN

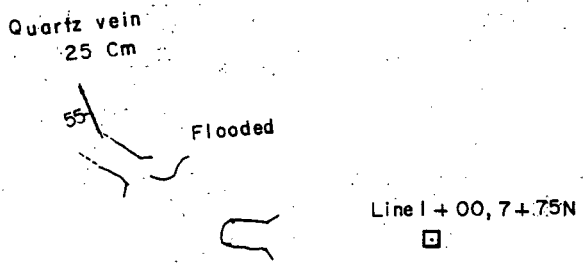
Adit near Line 8 +50W, 8 +00S



PROFILE



PLAN



NOTE : Country rock throughout all adits and trench is granodiorite.

Assay results for K-1 ~ 5 : .001oz Au

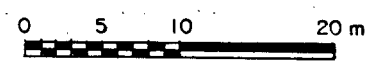


FIG. 3-1

MAHOGANY MINING CO. LTD.
DELL & KUZ Claims
SKETCH MAPS
OF
ADITS & TRENCH

Examined in May 1981

HK

PLAN VIEW

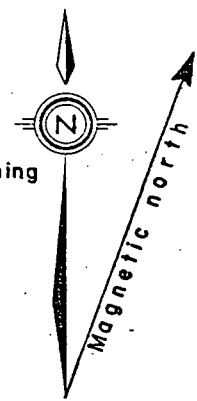
SAMPLE DELL NO. 1 by H. Kim, 6 May 1980

Chip sample - 5" Qtz vein & 1' rusted vein:

Ag 4.47 oz/ton

Pb 2.48 %

Zn 5.80 %



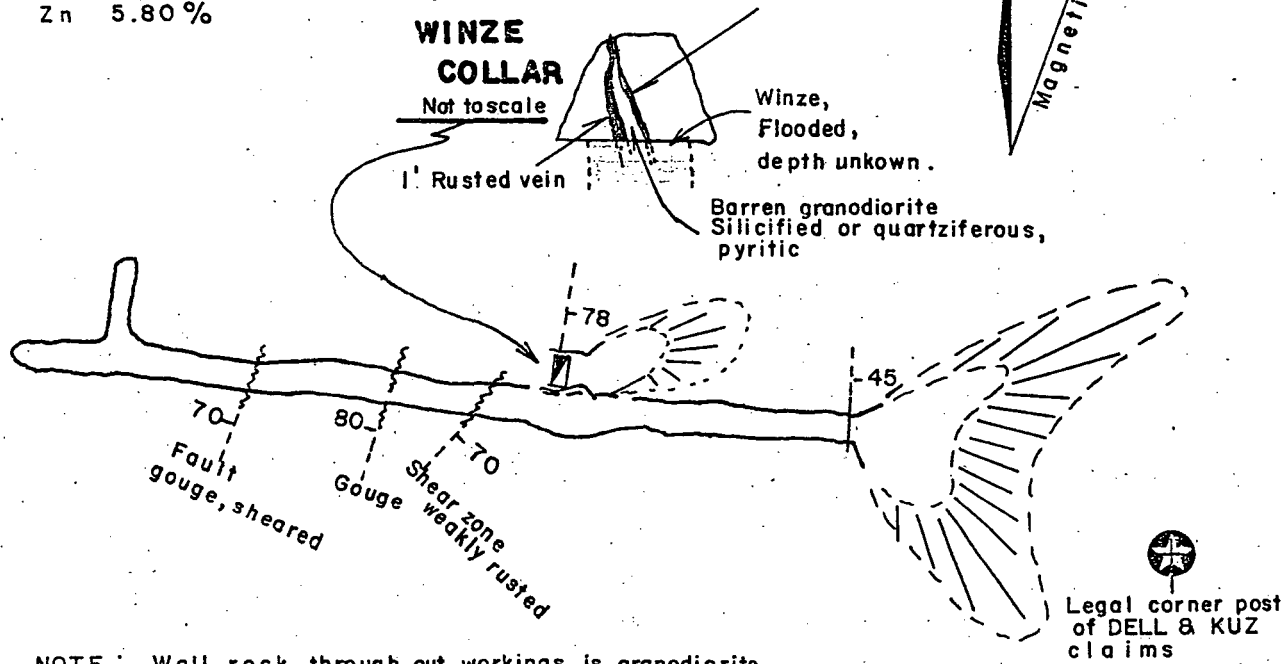
SKETCH OF WINZE COLLAR

Not to scale

5" Quartz vein containing specks of galena, sphalerite, pyrite

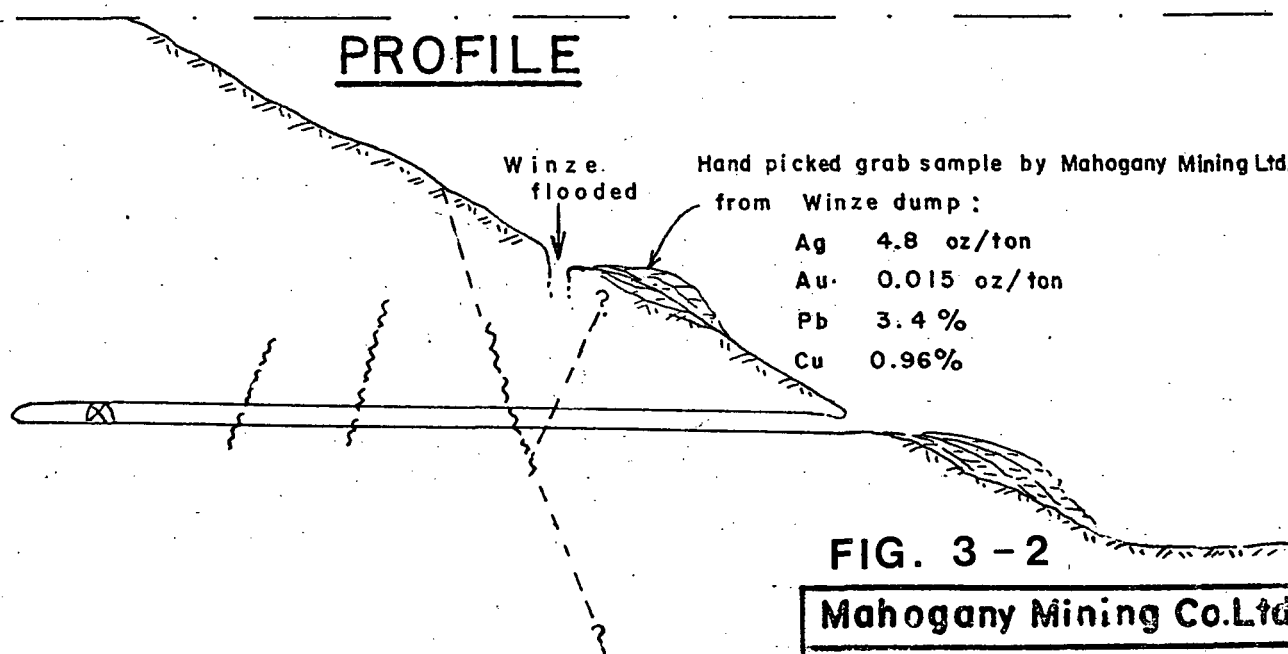
Winze, Flooded, depth unknown.

Barren granodiorite Silicified or quartziferous, pyritic



NOTE: Wall rock through out workings is granodiorite.

PROFILE



Hand picked grab sample by Mahogany Mining Ltd. from Winze dump:

Ag	4.8 oz/ton
Au	0.015 oz/ton
Pb	3.4 %
Cu	0.96%



FIG. 3 - 2

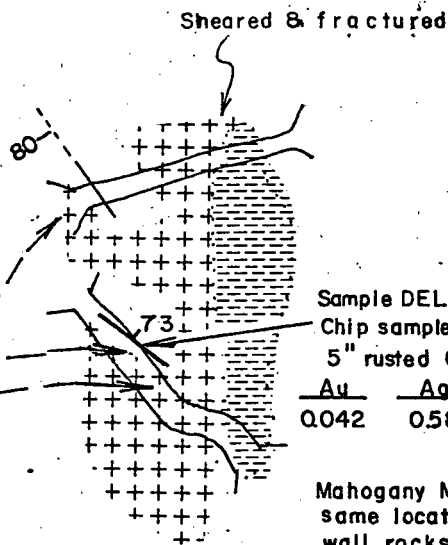
Mahogany Mining Co. Ltd
SKETCH MAP
OLD WORKINGS

(NOTE: This sketch map is based on Brunton survey and pacing, not measured by tape)
 H. Kim - May 1980

Transferred from
Assessment Report #5441
by Eric R. Smith, P.Eng
1 April 1975

Width inch	Au oz/ton	Ag oz/ton	Cu %
1,200	0.043	0.05	0.01
120	0.009	0.14	0.04
3	0.13	1.87	0.71

NOTE: Sample location
is approximate.

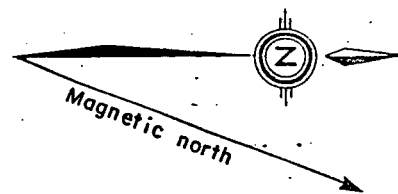


Sample DELL No.3
Chip sample by H.K, May 6, 1980
5" rusted Quartz vein

Au	Ag	Cu
0.042	0.58	0.14

Mahogany Mining's sampling at the
same location included Hg & Ft
wall rocks: 3'

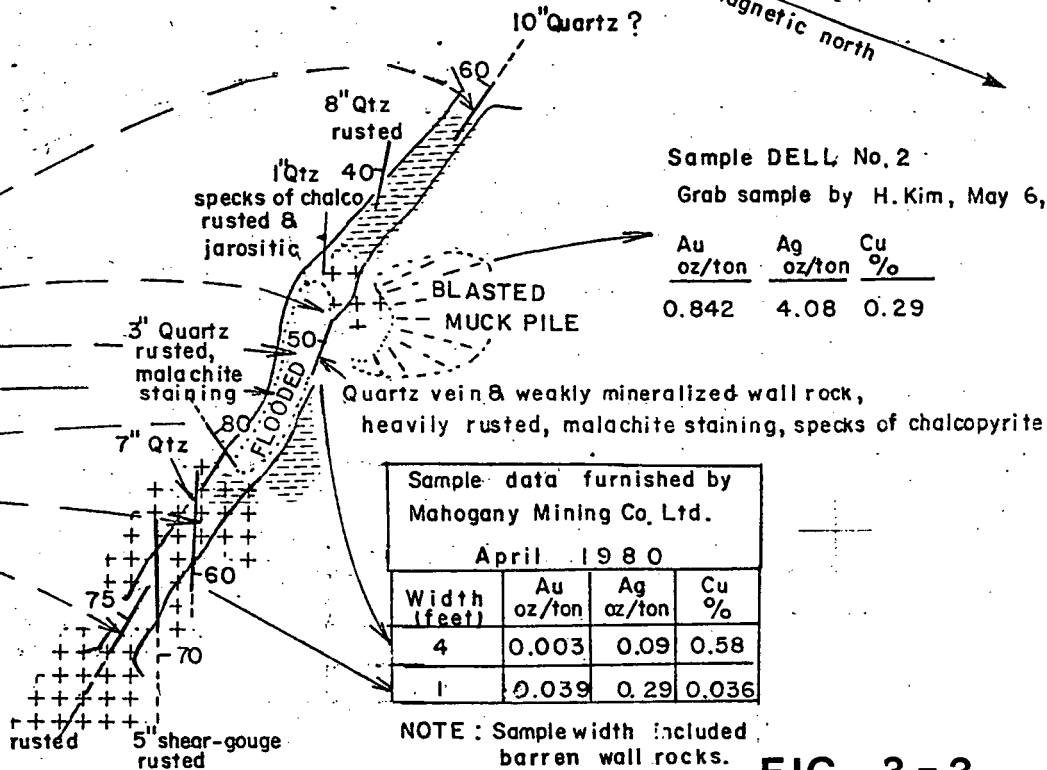
Au	Ag	Cu
0.045	0.2	0.046



Sample data transferred
from
Argentina Mines Ltd Report
by Eric R. Smith, P. Eng.
1 April 1975
Assessment Report #5441

Width inch	Au oz/ton	Ag oz/ton	Cu %
10	0.029	0.26	Trace
12	5.83	29.1	1.57
24	0.016	0.09	0.01
16	0.41	8.57	2.91
12	5.25	27.9	0.02
12	0.044	0.15	0.01
24	0.26	0.29	0.02

NOTE: Sample location
is approximately trans-
ferred on this sketch map.



Sample DELL No. 2
Grab sample by H. Kim, May 6, 1980

Au oz/ton	Ag oz/ton	Cu %
0.842	4.08	0.29

Sample data furnished by
Mahogany Mining Co. Ltd.
April 1980

Width (feet)	Au oz/ton	Ag oz/ton	Cu %
4	0.003	0.09	0.58
1	0.039	0.29	0.036

NOTE: Sample width included
barren wall rocks.

FIG. 3-3

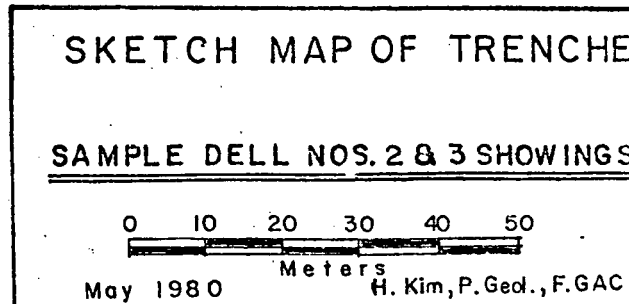
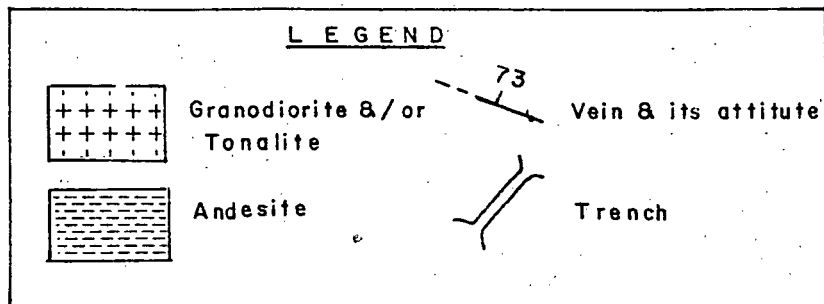
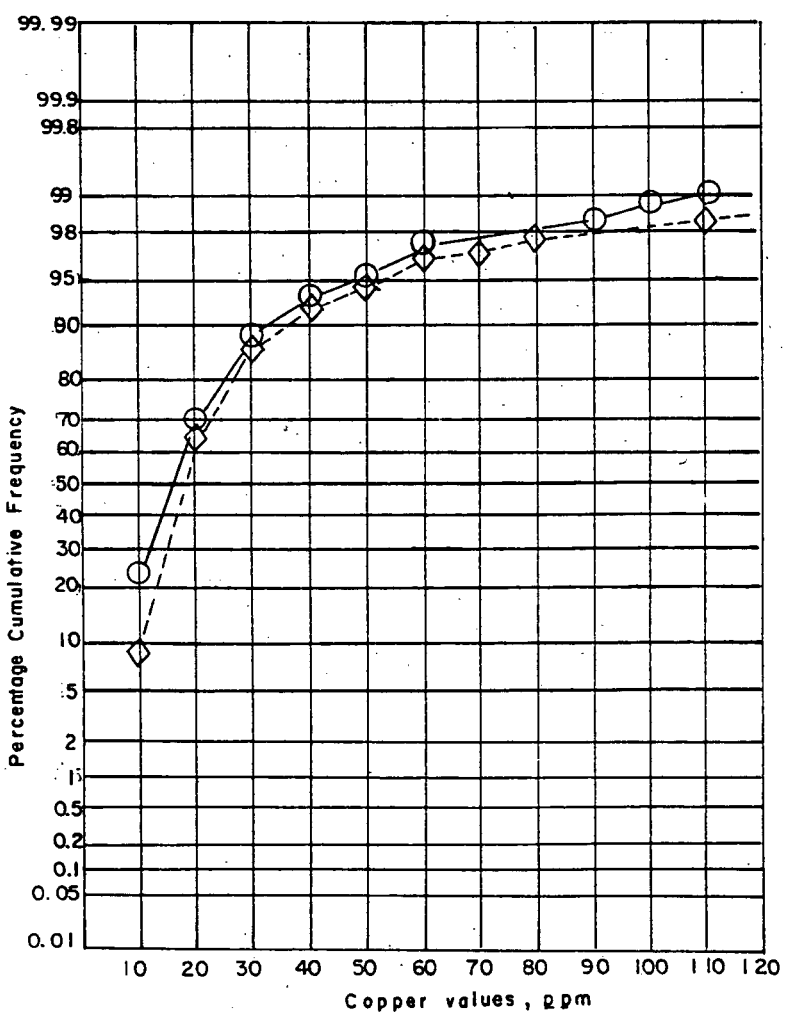
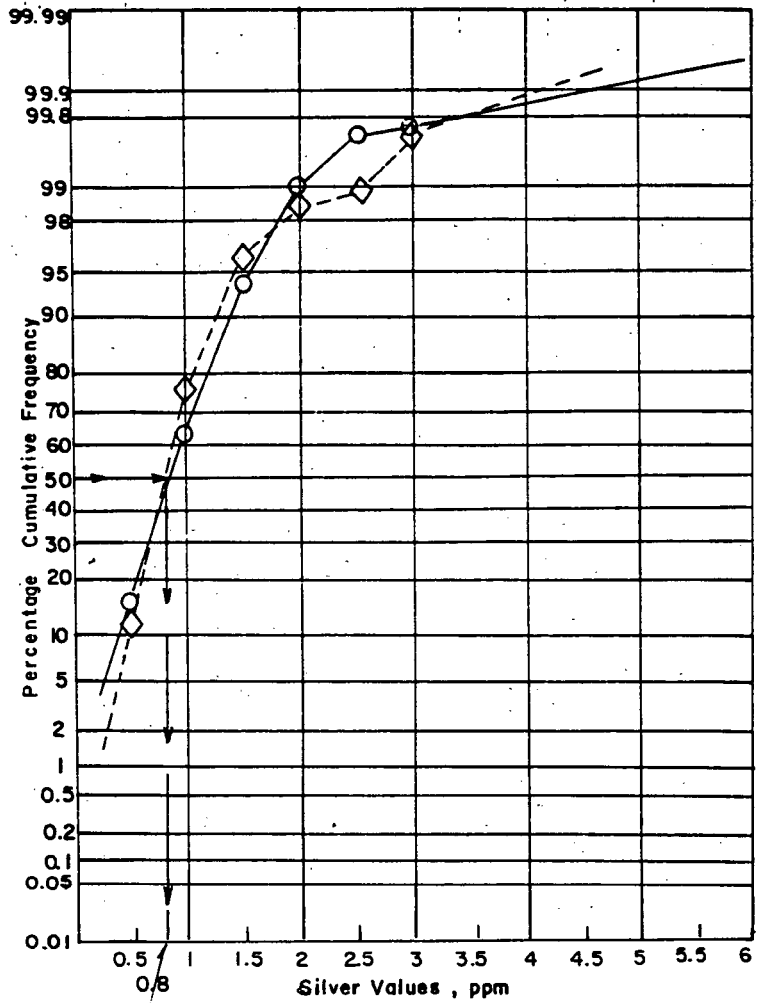


FIG 4

COMPARISON OF SILVER & COPPER DISTRIBUTION IN SOILS BETWEEN NORTHERN & SOUTHERN SECTORS GEO-CHEMICALLY SURVEYED, using background and threshold values. Cumulative Frequency is plotted on normal probability paper.



KEY

- Northern sector including Logan Creek the area north of Line 8+00 S
- ◇ Southern sector, newly explored, the area between Line 8 00 S and Tuzo Creek

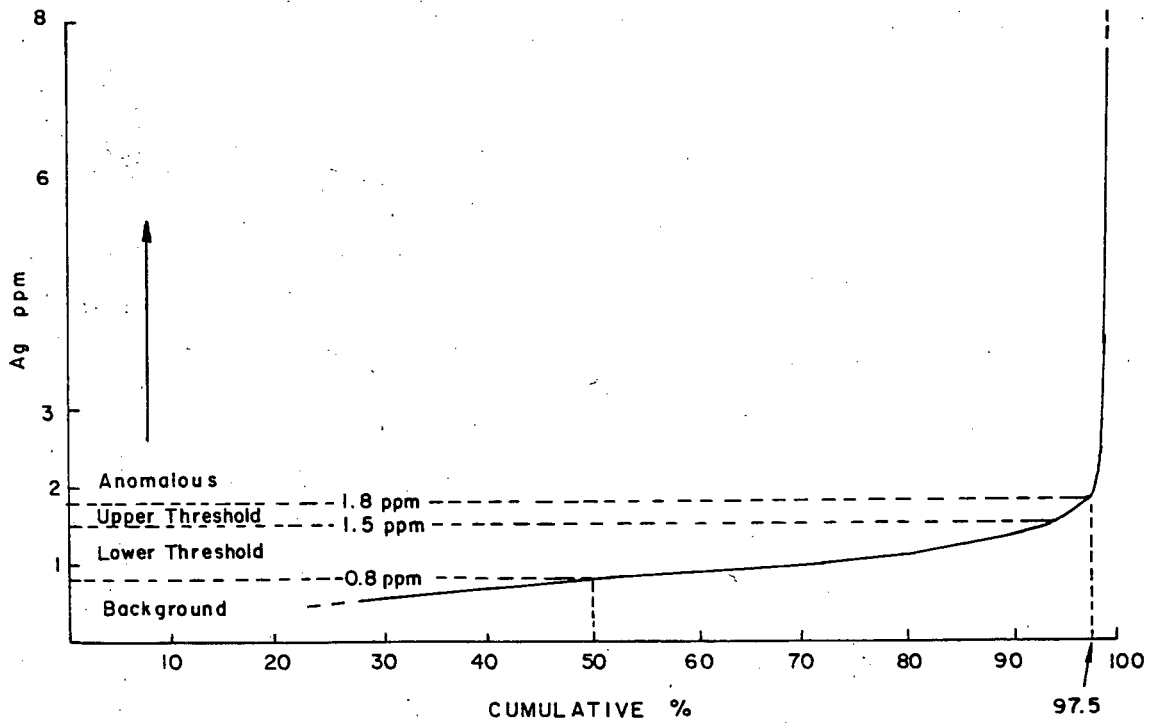
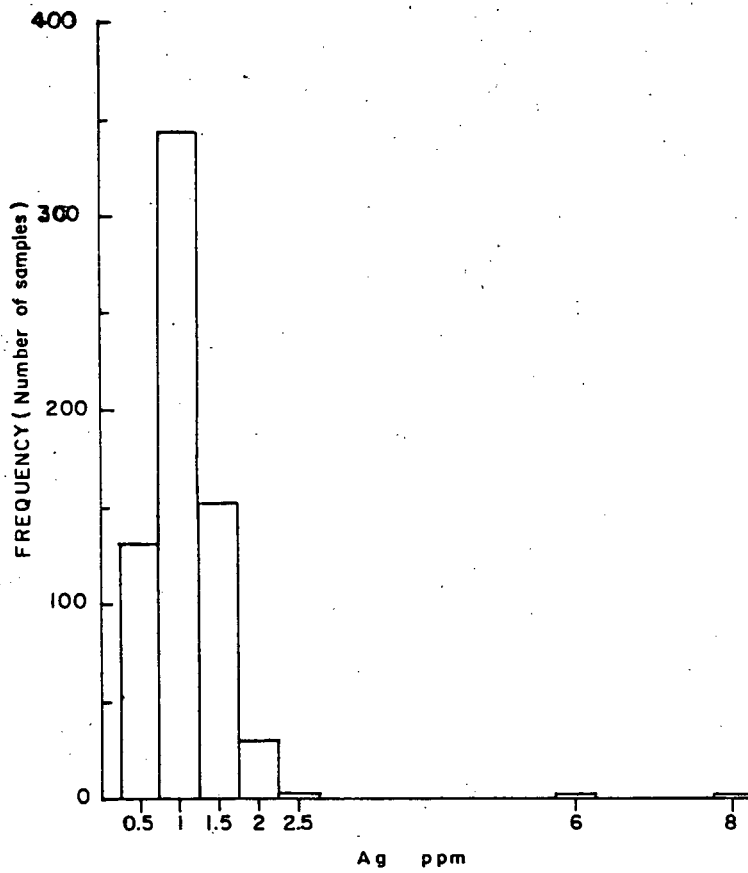


FIG.5 Histogram & corresponding Cumulative % Frequency
For SILVER (662 values)

Histogram & Corresponding Cumulative % Frequency For LEAD (662 values)

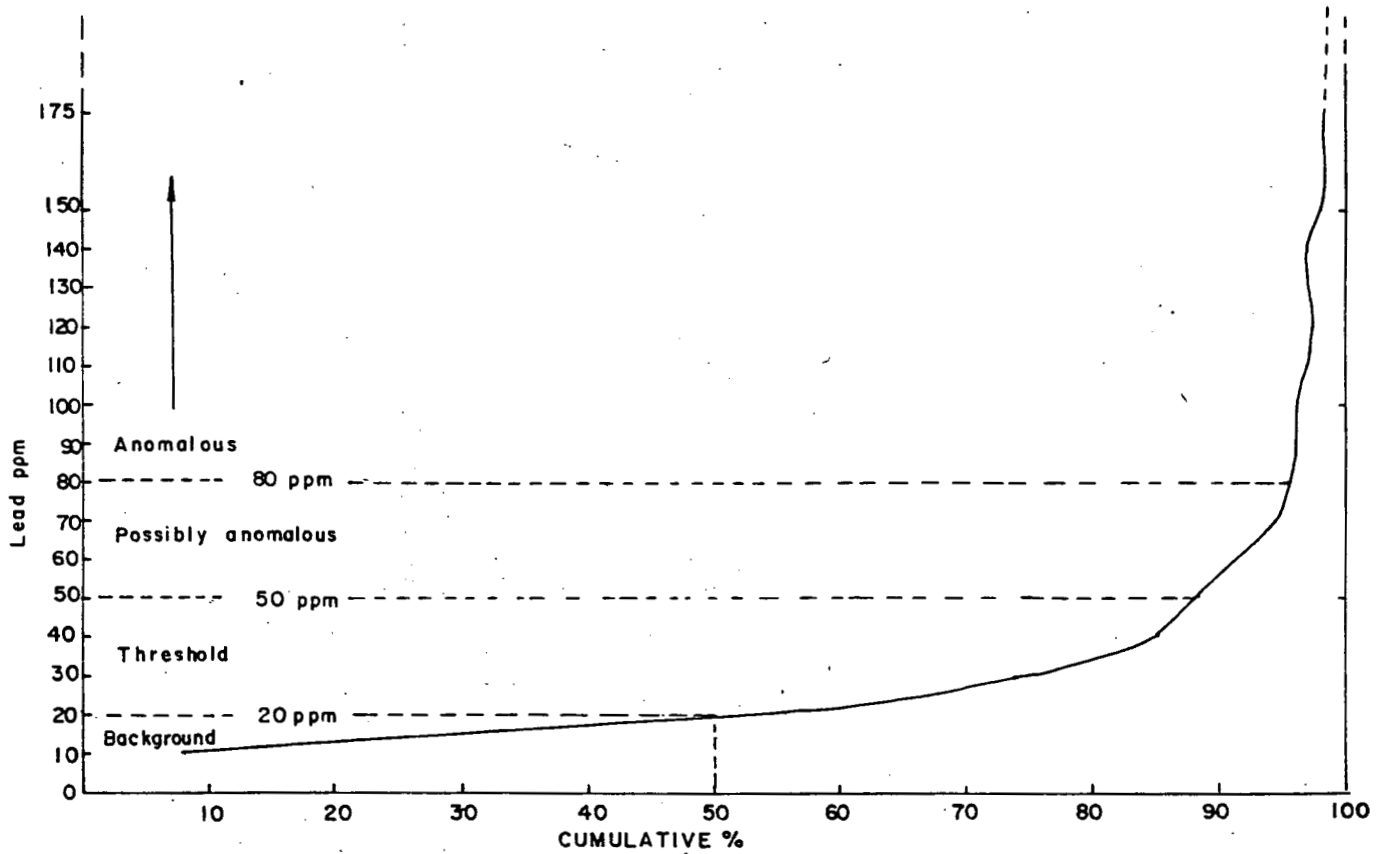
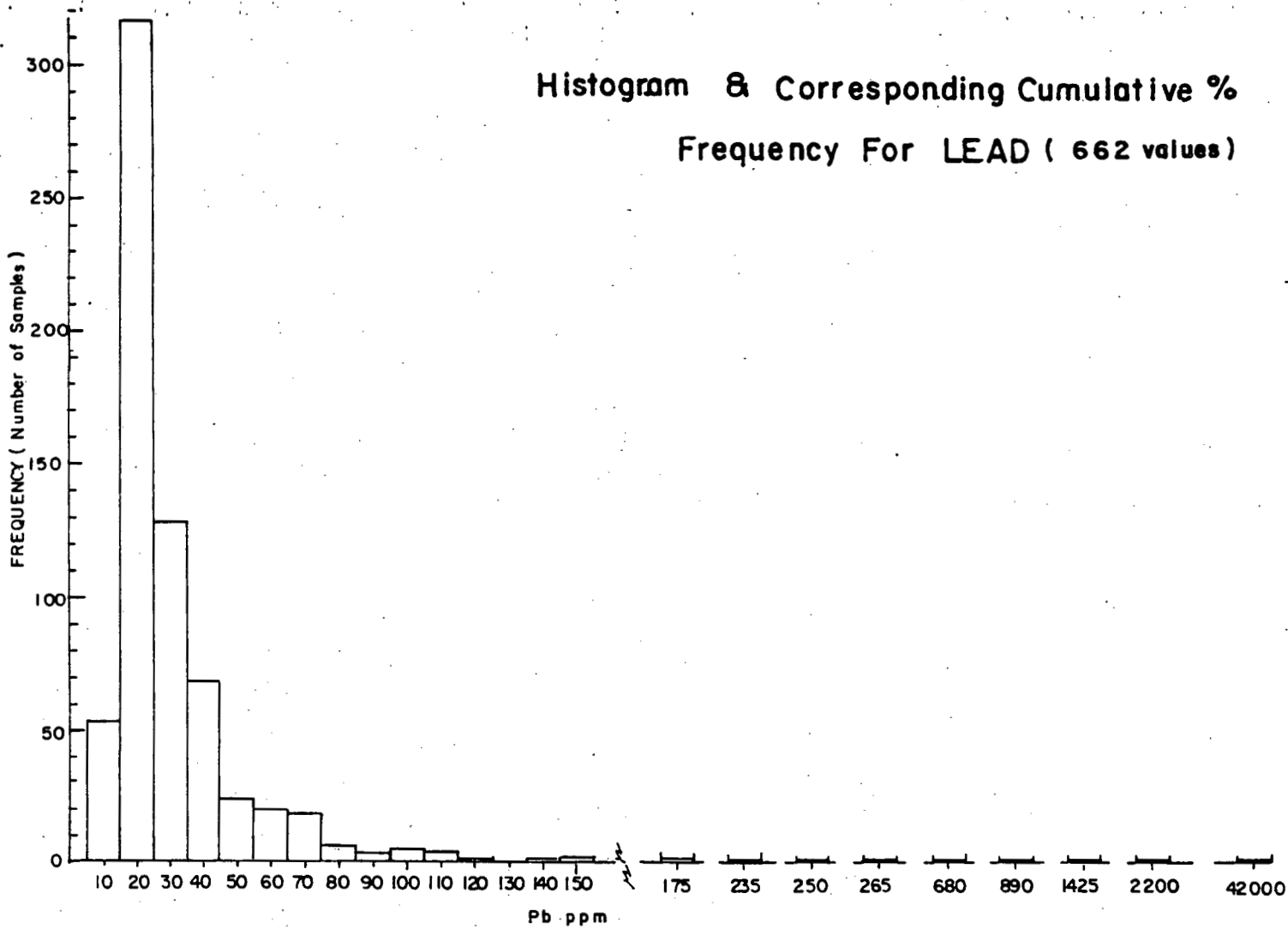


FIG. 6

HISTOGRAM & CORRESPONDING CUMULATIVE % FREQUENCY
 FOR
 ZINC (662 values)

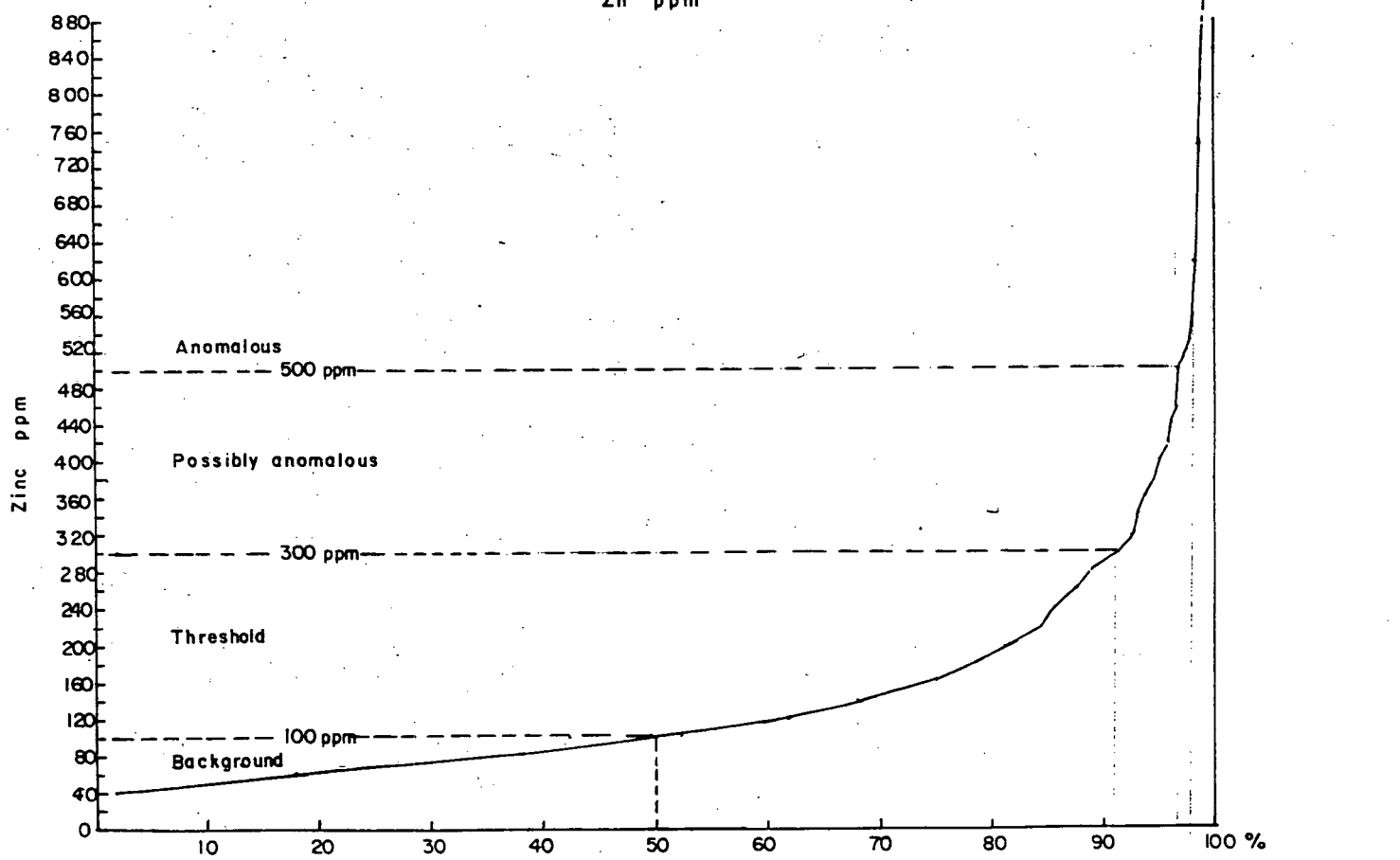
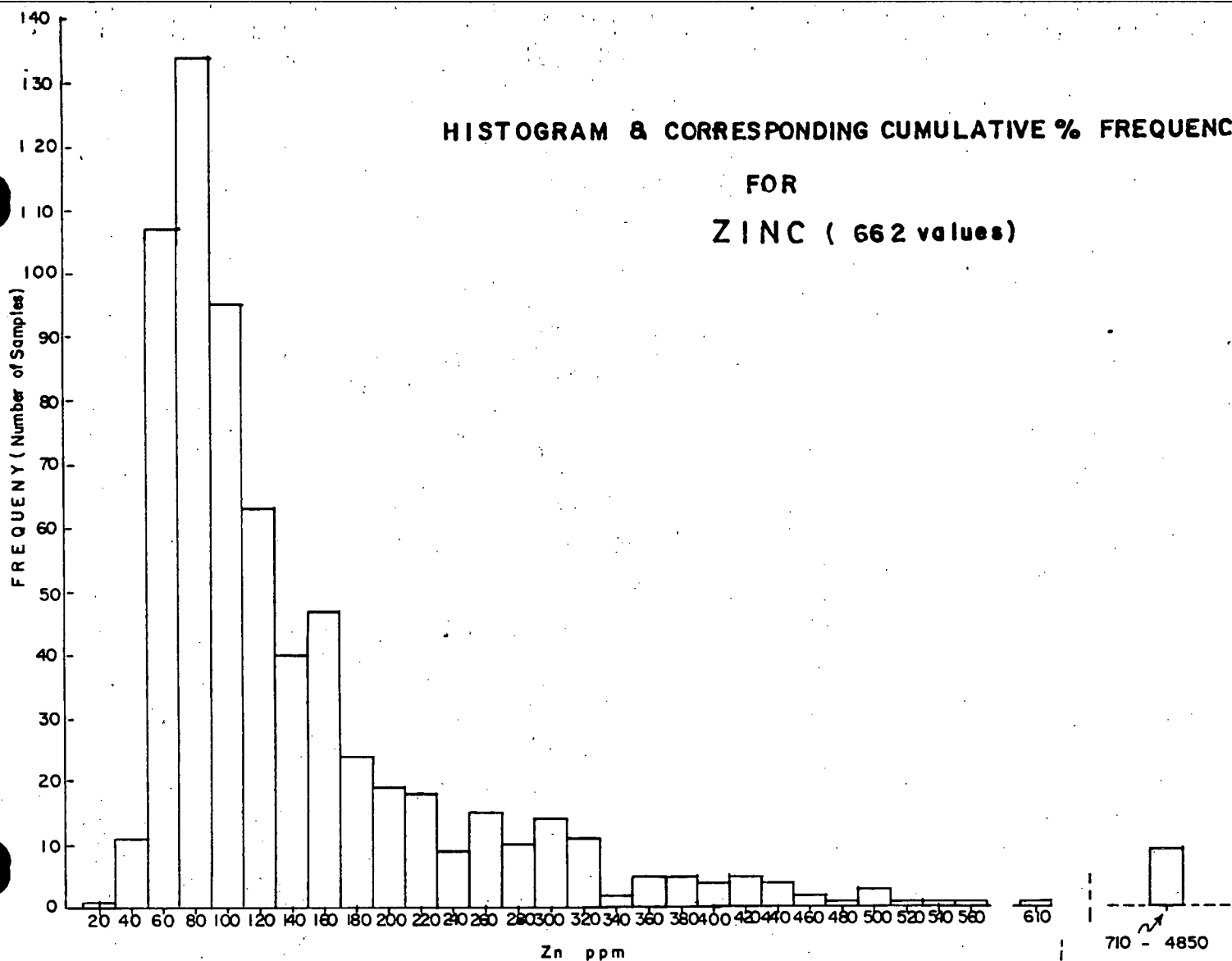


FIG 7

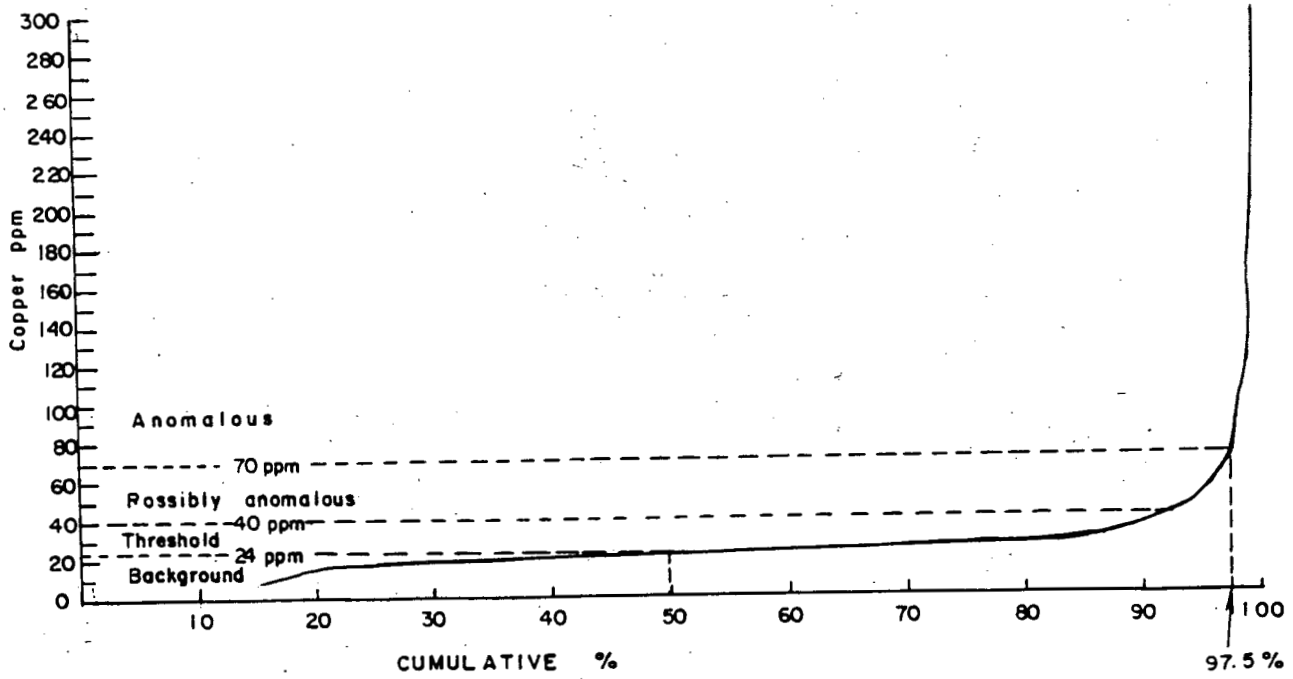
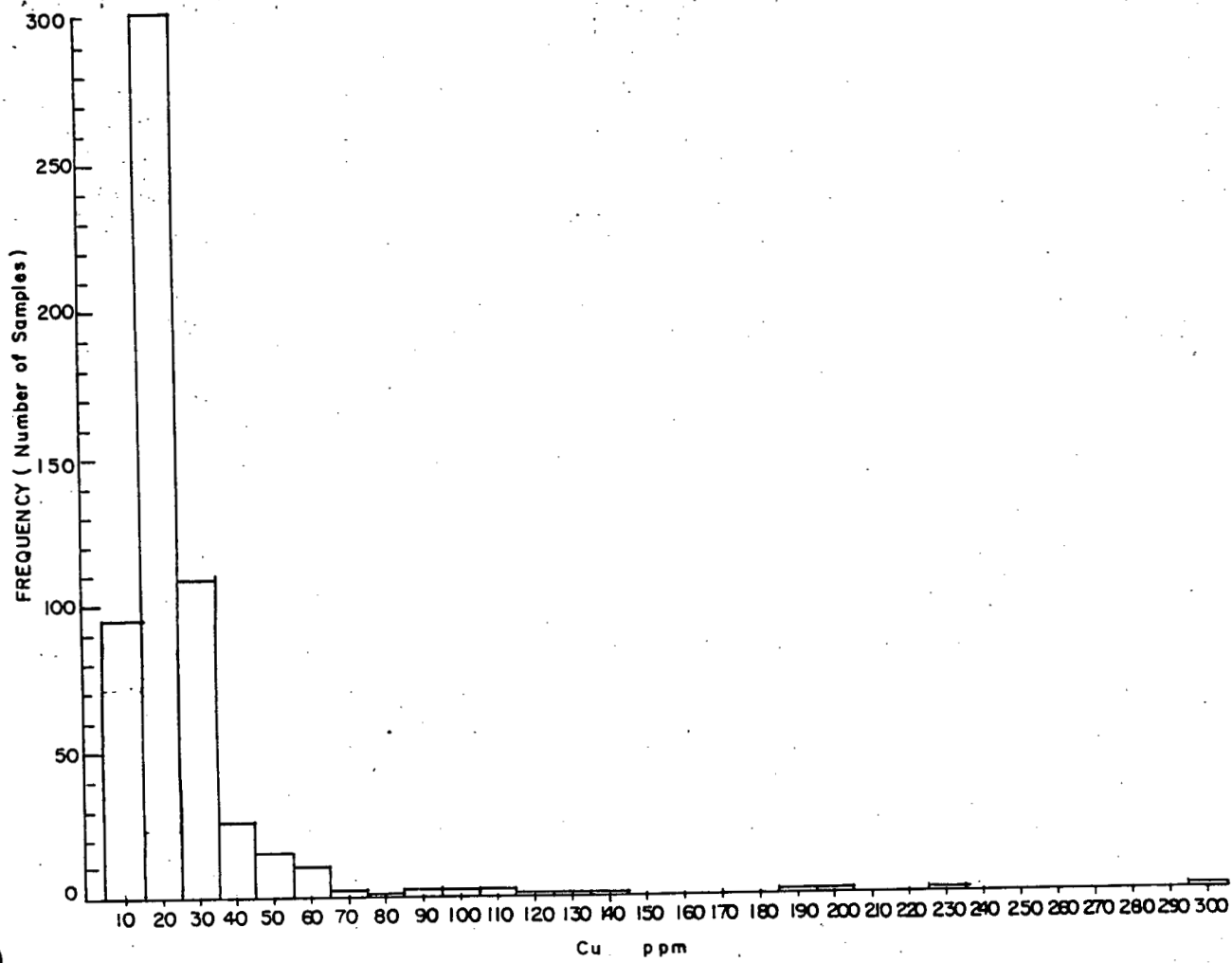


FIG 8 HISTOGRAM & CORRESPONDING CUMULATIVE % FREQUENCY FOR COPPER (570 values)

GEOCHEMICAL SOIL SURVEYS

General

For this report period (16 April - 8 May 1981) the line-grids established last year on Dell was extended southerly to the Tuzo Creek road. Reconnaissance soil sampling was done on the newly established line-grids along lines 0 + 00 - 10 + 00W, spaced approximately 100 m apart. 261 reconnaissance soil samples were collected at 50 m intervals. In addition, 92 detail soil samples at 10 m intervals were obtained from the two major anomalous areas indicated by 1980 geochemical survey by E. D. Cruz, P.Eng. (See: Figure 9-12, 14-17).

As mentioned in the preceding chapter, this report is intended to bring together the results of the present and previous geochemical surveys. Geochemical soil data on the Dell-Kuz claims are tabulated below:

Period	Number of Samples	Interval (m)	Number of Line	Tested Metal	Remarks
March 1980	309	50	8	Cu, Pb Zn, Ag	Reconnaissance on Dell by E.D. Cruz
April May 1981	261	50	10	Cu, Pb Zn, Ag	Reconnaissance on Dell & Kuz by H. Kim
April May 1981	92	10	5	Pb, Zn, Ag	Detail sampling for trench site by H. Kim
Total	662 samples				

Physiography and General Review of Soils

Relief exceeds 450 m from 2495' (760 m) elevation at a bench mark near the West Kettle River to 4000' (1219 m) on the ridge to the west. Topographic profile is not uniform. The central west part, where no significant geochemical anomaly encountered forms a gentle (20°) east-facing slope with lack of bedrock exposures. The northeastern and the southern sectors are dominated by bedrock exposures and steep slopes at a general angle of 40° with numerous escarpments. The surface drainage on the property is developed by only Logan Creek flowing southeast to merge with West Kettle River. In the central west, north and south of Logan Creek, the vegetation is commonly coniferous, mixed with broad-leaved forest associated with podzolic soils.

The southern generally rocky sector from which several erratically high anomalies came is sparsely vegetated and poorly drained. The soils here appear to be maintained in a juvenile state of development with thin, indistinct horizons containing weathered bedrock itself or a high portion of partially weathered rock debris. These skeletal lithosols are not common in the two gulleys including a dried slough on the southwest-facing foot slopes of the Cranberry Ridge. Overburden here is dominantly residual, with possible base-of-slope colluvium, soil creep and inactive or active (?) slumping.

Estimation of Background and Threshold Values

In all, 662 geochemical soil sample data are available on the property. Before presenting the overall background and threshold values for various metals, the data from the northern (1980, E. D. Cruz) and the southern (1981, H. Kim) sectors were separately studied for frequency distributions. Cumulative frequency percentage for silver and copper in the northern and southern sectors plotted on a normal probability paper presents almost coincident correlations (Figure 4). The statistical distribution and estimation of background, threshold and anomalous values for silver, lead, zinc and copper in 662 samples are exhibited on Figures 5 - 8. Parts per million (ppm) ranges for

mean (background), threshold and anomalous values were initially chosen by inspection of inflection points on the cumulative percentage frequency curves on normal graph paper. However, these values were modified later by provisional correlations between geochemical features, general geology, topography and the actual examination of the mineral showings.

Preparation of Geochemical Maps and Others

Figures 9 - 12 exhibit anomalous soil distributions with lower and upper threshold values for Ag, Pb, Zn and Cu. Anomalous contouring may not be employed at this time, because the present line-grid map is inadequate to ensure validity of contours for the following two reasons:

1. Anomalies are not homogeneous, changing rapidly from background to anomalous values at 10 m intervals (See the results of detail soil sampling on Dell - lines 1 + 00W, 1 + 50W and 2 + 00W on Figures 14-16).
2. Rectilinear sampling grid presently used, 100 x 50 m is too far apart and does not justify a graduated series of contouring for such erratic high anomalies.

Soil samples were taken by Kregosky with a geologic pick at an average depth of 20 cm and packed in standard soil sample paper bags. All samples were sent to Min-En Laboratory in North Vancouver and sieved to minus 80 mesh in general. Analytical method was reported to be geochem-nitric, perchloric digestion/atomic absorption.

GEOCHEMICAL SOIL ANOMALIES

The following table lists important soil anomalous points revealed by the present geochemical exploration, viewing from north to south, on lines 0 + 00 - 10 + 00W.

<u>Location</u>	<u>Metal Content</u> (ppm)	<u>Remarks</u>
0 + 00, 2 + 00N	Copper 189 Lead 21 Zinc 246 Silver 1.5	Reflects bedrock mineralization. Negligible lead value noted, but may contain appreciable gold and copper mineralization, as indicated on Smith's 1975 trench located 100 m to the west. *Merits detail investigation.
0 + 00, 16 + 50S	Copper 54 Lead 1425 Zinc 790 Silver 2.7	Reflects nearby in-situ mineralization. Fresh and moderately altered granodiorite outcrops in the vicinity. *Important anomaly requiring detail investigation.
0 + 00, 18 + 50S	Copper 59 Lead 890 Zinc 940 Silver 1.6	Reflects known mineralization in the old adit and winze. Copper value is low. The actual assay results from the winze also showed low values in copper content. *Important anomaly; but detail investigation may be superseded by other anomalies.
1 + 00W, 1 + 50N	Copper 210 Lead 24 Zinc 69 Silver 7.9	Reflects known mineralization of Smith's trench. Notwithstanding the low values for lead and zinc, the significantly high values for copper and silver may indicate attractive gold mineralization. *Important anomaly. The trench should be reopened and dewatered for assay samples, followed by stripping further along the strike of the main vein.
1 + 00W, 2 + 60S	Copper N/S Lead 102 Zinc 415 Silver 1.6	Located by detail sampling at 10 m intervals. Bleached leucocratic granodiorite contains thin quartz veins striking north and dipping to the west. Weak anomaly. Needs assay sampling on quartz veinlets for gold and silver values.

<u>Location</u>	<u>Metal Content</u> (ppm)	<u>Remarks</u>
1 + 00W, 3 + 20S	Copper N/S Lead 119 Zinc 320 Silver 2.4	Located by detail sampling as above. Reflects mineralization in the adit. *Merits detail systematic assay sampling in the adit.
1 + 00W, 16 + 00S	Copper 33 Lead 245 Zinc 380 Silver 1.4	Situated on steep slope. Moderate lead anomaly.
1 + 00W, 16 + 50S	Copper 20 Lead 175 Zinc 374 Silver 1.6	Similar to that on 1 + 00W, 16 + 00S.
1 + 00W, 20 + 00S	Copper 127 Lead 41000 !! Zinc 2290 Silver 5.8	Reflects unknown bedrock mineralization. *Immediate stripping of the surface is necessary.
1 + 50W, 3 + 20S	Copper N/S Lead 108 Zinc 440 Silver 1.6	Located by detail sampling at 10 m intervals. Weak anomaly.
1 + 50W, 3 + 90S	Copper N/S Lead 160 Zinc 305 Silver 1.9	Located by detail sampling as above. Anomaly appears to be in line with 1 + 00W, 3 + 50S. Weak anomaly.
2 + 00W, 2 + 00N	Copper 92 Lead 21 Zinc 250 Silver 1.5	May reflect a mechanical dispersion of soil anomaly derived from two trenches on the upslope to the west. Lead and zinc values are almost negligible. Weak anomaly.
2 + 00W, 7 + 00S	Copper 136 Lead 22 Zinc 48 Silver 2.1	May indicate a presence of quartz vein with auric mineralization in granodiorite as seen in the trench north of Logan Creek.
2 + 00W, 9 + 50S	Copper 14 Lead 265 Zinc 419 Silver 1.1	Situated on a steep slope with no bedrock exposures. High ppm values in lead with relative low mobility may be indicative of further investigation.

<u>Location</u>	<u>Metal Content</u> (ppm)	<u>Remarks</u>
3 + 00W, 17 + 00S	Copper 76 Lead 680 Zinc 1420 Silver 2.9	Reflects in-situ mineralization. Soils may be simply weathered granodiorite moderately altered. *Merits detail investigation. Important anomaly.
4 + 00W, 9 + 50S	Copper 229 Lead 18 Zinc 65 Silver 1.3	Primarily copper anomaly.
5 + 00W, 18 + 00S	Copper 185 Lead 61 Zinc 4850 Silver 2.7	Reflects bedrock mineralization. Altered granodiorite outcrops nearby. *Merits detail investigation. Very important anomaly.
8 + 00W, 11 + 50S	Copper 24 Lead 2200 Zinc 1100 Silver 1.2	May reflect bedrock mineralization. Scattered outcrops of granodiorite are noted in the vicinity. *Merits detail investigation, very important anomaly.
8 + 00W, 15 + 00S	Copper 108 Lead 235 Zinc 421 Silver 1.8	Situated in a gully side. May reflect a seepage anomaly. Merits some investigation.
9 + 00W, 15 + 00S	Copper 17 Lead 143 Zinc 530 Silver 1.2	Primarily lead and zinc anomalies reflecting near in-situ mineralization.
9 + 00W, 18 + 00S	Copper 226 Lead 42 Zinc 198 Silver 1.9	May reflect known mineralization in the winze.

CONCLUSION & RECOMMENDATION

All the principal mineral showings prospected in the past were detected by the present geochemical survey. Several newly discovered geochemical anomalies reflect unknown overburden-covered or bedrock sulphide mineralization. A negative result was presented in the central western sector, on which significant VLF-EM anomalies are located. Based on the preliminary reconnaissance on the ground, these VLF-EM anomalies appear to represent a topographic "low" with no bedrock exposures along Logan Creek. However, some other geophysical methods (I.P. or S.P.) may be used to determine an exploratory feasibility. Thick transported soil cover in the area makes geochemical surveys of doubtful value.

The physical works to date have shown that there are lenticular bodies of limited dimensions, containing economic mineralization over narrow mining widths, but of a very spotty nature and distribution. All the exploration has been confined to the surface by short adits and shallow winzes. The veins have not been tested to any depth. The veins and structure together with several significant geochemical anomalies could easily be opened up by blasting, stripping and then sampled. The present trenches in the north of Logan Creek should be cleaned out and stripped further along the strike of main vein. Geochemically anomalous zones can be also subjected to detail geophysical surveys (VLF-EM, I.P. or S.P.), especially in areas of coincident different metal anomalies and those of sparse outcrop. The unexplored area should be geologically and geochemically reconnoissanced. Depending on the results from the above step in development, a relatively modest program of diamond drilling can be planned later. The first stage program would entail the expenditure of \$47,000.00 to \$50,000.00

ESTIMATED COST OF RECOMMENDED EXPLORATION PROGRAM

Stage 1

1. Geological mapping, prospecting and sampling supervision and other related works.
(Detail - trenches and anomalous zones
Reconnaissance - south of Tuzo Creek and Western boundary of the property.

Professional geologist or engineer
20 days x \$300/day \$ 6,000.00

2. Line-cutting, geochemical survey and

3. VLF-EM survey
(Reconnaissance - 10 days
Detailing anomalies 10 days
20 days
2 men x 20 days x \$200/day \$ 8,000.00

4. I.P. or S.P. survey \$ 4,000.00

5. Geochemical analysis fee
detail soil sampling at 7 anomalies
(7 x 20 samples x \$10/sample) = 1,400
Reconnaissance sampling
(300 samples x \$10/sample) = 3,000
Soil sample bags plus others 300 \$ 4,700.00

6. Assay (gold, silver, lead, zinc and copper)
(20 samples x \$40/sample) = \$ 800.00

7. Trenching, Blasting & Dewatering	
10 days @ \$500	
10 working hours/day \$70/hour	
explosives and others \$500	\$ 7,500.00
8. Accommodation	
4 men x 12 days x \$70/day	\$ 3,500.00
9. Transportation	
Two 4-wheeled vehicles plus fuel	\$ 2,000.00
10. Program supervision & engineering	
3 days x \$400	\$ 1,200.00
11. Associated Costs & Reports	
including map drafting	\$ 3,000.00
12. Equipment rental (VLF-EM, pump, power	
saw and others)	\$ 1,500.00
13. Contingencies plus 10%	\$ 4,800.00
	<hr/>
Subtotal	\$47,000.00

Stage II

1. Diamond Drilling (B.Q.) plus accommodation	
500 m @ \$100/m	
10 holes x 50 m/hole	\$50,000.00
2. Core logging, supervision plus accommodation	
	\$ 5,000.00
3. Mobilization and demobilization of drill	
rig and equipment	\$ 3,000.00

4. Assays	\$ 2,000.00
5. Program supervision & engineering	\$ 1,500.00
6. Associated costs and reports including drafting	\$ 3,000.00
7. Contingencies minus 18%	<u>\$11,500.00</u>
	Subtotal <u>\$76,000.00</u>
	Total <u><u>\$123,000.00</u></u>

[Handwritten Signature]

[Circular Stamp]

REFERENCES

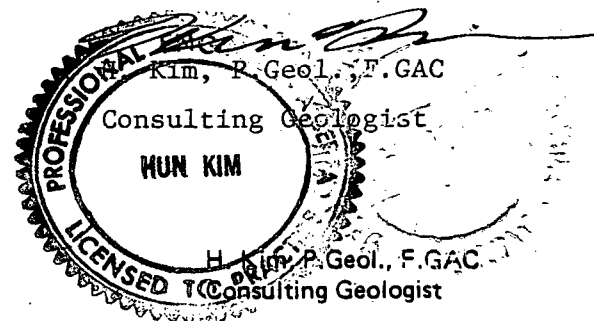
- Babett, G. and Tomaszewski, G (1980): Personal Communication at Beaverdell Mine.
- Christopher, P.A. (1975): Highland Bell (Beaverdell) Mine in B. C. Dept. of Mines & Petroleum Resources Annual Report, "Geology in B. C."
- G.S.C. Map: 6-1957, Kettle River (East half) Similkameen, Kootenay and Osoyoos Districts.
- Kidd, D.F. and Perry, O. (1957): Beaverdell Camp. B. C., in Structural Geology of Canadian Ore Deposits, C.I.M. Congress Vol. II, pp. 136-141.
- Kim, H. (1980): Geological Report on Dell Group Property.
- Reinecke, L.(1915): Ore Deposits of the Beaverdell Map-Area, Geological Survey, Canada. Mem. 79.
- Smith, E.R. (1975): Geologic and Magnetic Surveys on the Dorn Groug; Assessment Report #5441.
- Staples, A.B. and Warren, H.V. (1946): Minerals from the Highland Bell Silver Mine, British Columbia, Western Miner, May & June.
- Verzosa, R.S. and Goetting, B. (1972): Geology and History of the Highland Bell Mine, Beaverdell, B. C., C.I.M., paper presented at fall meeting in Prince George.
- White, W.H. (1949): The Beaverdell Silver Camp, Ministry of Mines, B. C., Annual Report., 1949, pp. 138-148.

CERTIFICATE

I, Hun Kim of 7555 Greenwood Street in the Corporation of Burnaby in the Province of British Columbia, do hereby certify that:

1. I am a graduate of Seoul National University (1958) holding a B.Sc. degree in Geology and completed one year of the post graduate studies for Master of Sciences degree, (1960).
2. I am a consulting geologist and registered in the Geological Association of Canada.
3. I am a licensed professional geologist registered in the Association of Professional Engineers, Geologists and Geophysicists in the Province of Alberta.
4. I have practised by profession for 12 years in Canada, and for 7 years in the foreign countries per U.S. Agency of International Development oversea project.
5. I have studies available reports and maps from government and private sources on the region and visited and examined the properties and general area from April 16th to May 8th 1981.
6. I have no interest, direct nor indirect, in the properties described herein, or in the securities of Mahogany Mining Company Ltd., no do I expect to receive any interest in the future.

Dated at Burnaby, B. C.
on the 16th of July 1981



MAHOGANY MINING COMPANY LTD.

1981 DELL - KUZ Claims Exploration

PROGRAM COST:

Wages

R. Kregosky, Geologist - 11 days @ 150 \$ 1,650.00

H. Kim, Prof. Geologist - 11 days @ 250 2,750.00

Drafting, Typing 378.00

Transportation & Travel Expense 500.63

Anaytical Expense 1,948.60

Supplies 171.96

Printing 102.45

Total \$ 7,501.64

Misc. 185.90

7686.54

TEK.



H. Kim, P. Geol. F. GAC
CANKOR RESOURCE CONSULTANTS
7555 Greenwood St.
Burnaby, B.C.

LEGEND

- 4** DYKE - Fine grained Diorite & Aplite
- 3** Quartz monzonite & Monzonite, locally Syenite to Syenodiorite phase
- 2** Granodiorite & / or Quartz diorite
- 80/ Quartz vein & its attitude
- 1** Greenstone
- Outcrop outline
- ▲ Rock cliff
- ▽ Steep slope, approximately indicated
- Slough
- 2600 — Elevation in Feet
- - - Access road
- ┌ Adit
- ▣ Winze
- └ Trench
- ▨ Cattle guard fence
- Soil sample location with flag
- - - Geological contact

(TRENCH, before sloughed in)
Sample data transferred from Argentina Mines Ltd. report by Eric R. Smith, P. Eng. for Assessment report No. 5441 April 1, 1975

Width inch	Gold oz/ton	Silver oz/ton	Copper %
10	0.029	0.26	Trace
12	5.830	29.10	1.57
24	0.016	0.09	0.01
18	0.410	8.57	2.97
12	5.250	27.90	0.02
12	0.044	0.15	0.01
24	0.260	0.29	0.02

(TRENCH floor flooded and sloughed - May 6, 1980)
H. Kim's grab sample from blast muck pile on NE side:
Gold 0.842 oz/ton
Silver 4.08 oz/ton
Copper 0.29 %

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
9557

WINZE collar
Assay sample by H. Kim
May 6, 1980
Chip sample - 1' rustily weathered vein & 5" Quartz vein
Silver 4.47 oz/ton
Lead 2.48 %
Zinc 5.80 %

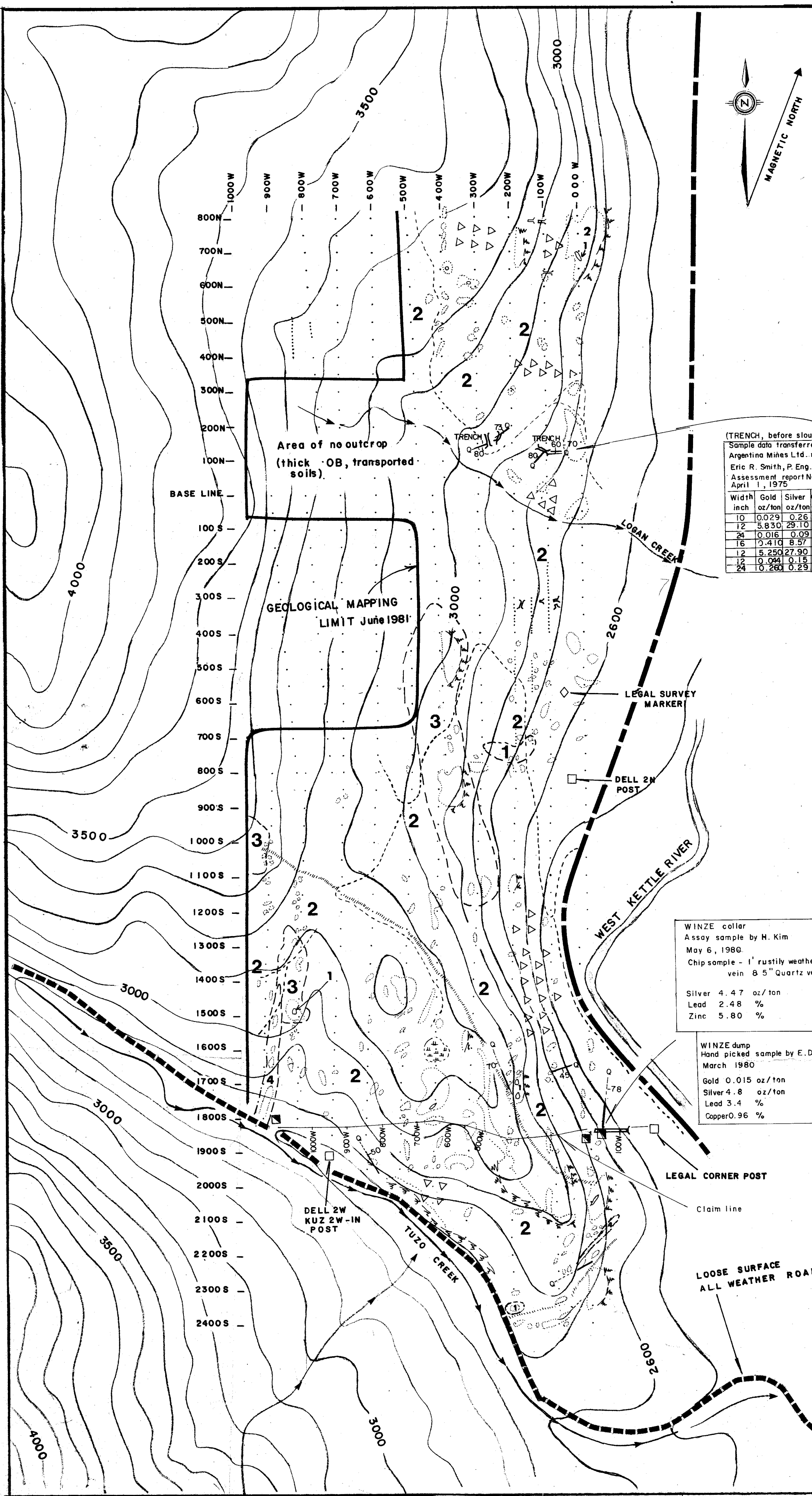
WINZE dump
Hand picked sample by E. D. Cruz, P. Eng
March 1980
Gold 0.015 oz/ton
Silver 4.8 oz/ton
Lead 3.4 %
Copper 0.96 %

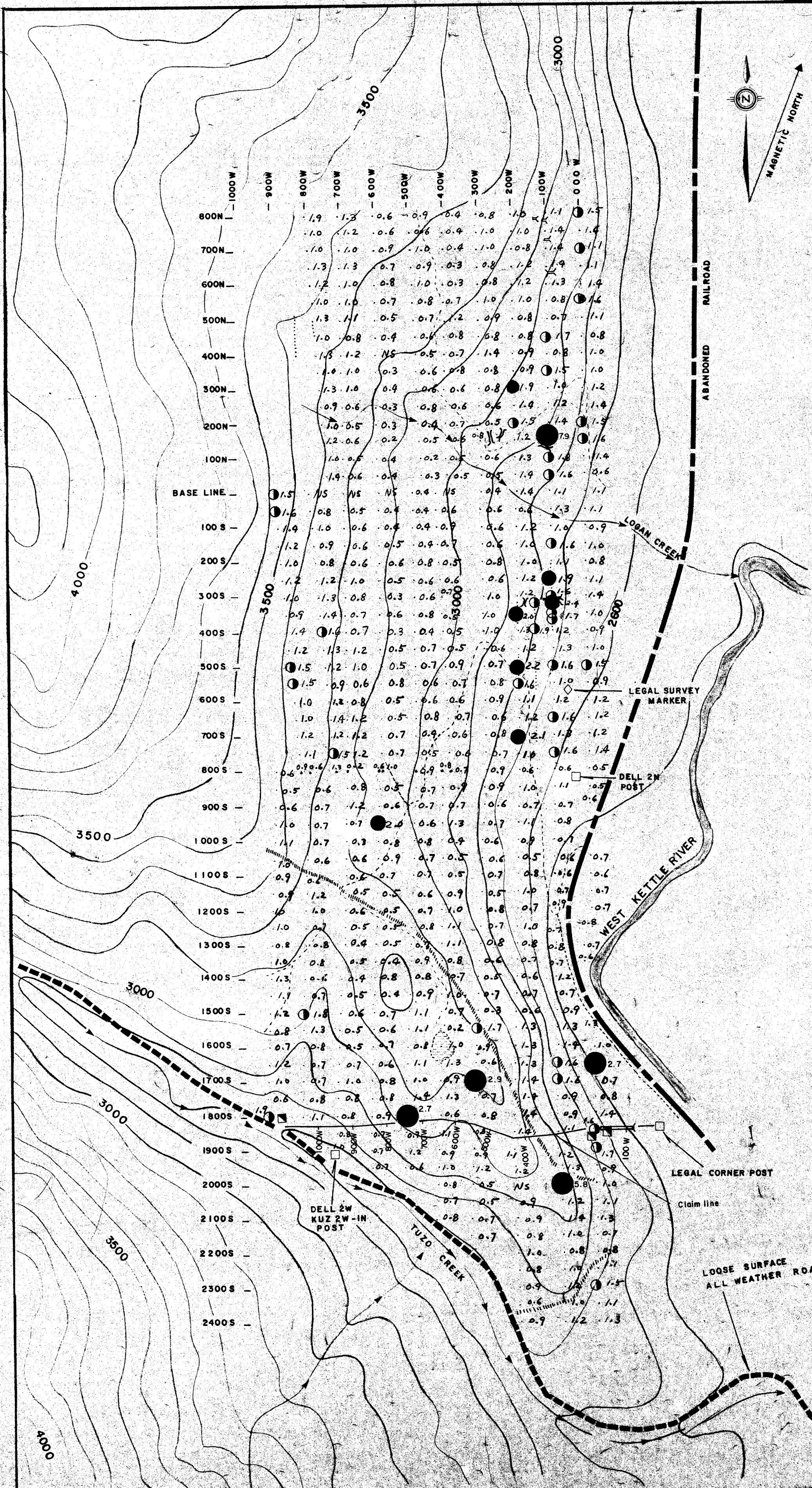
- THIS MAP IS DERIVED FROM TWO SOURCES :
1 to 50000 scale NTS map BEAVERDELL and R. Kregosky's Line Grid Plan .
- LINE GRID MAP (1 to 2500 scale) WAS REDUCED PHOTOGRAPHICALLY TO BE FACILITATED WITH NTS TOPOGRAPHIC MAP , WHICH WAS ALSO PHOTOGRAPHICALLY ADJUSTED.
- MAP SCALE IS APPROXIMATE . ITS ACCURACY IS NOT GUARANTEED.



MAHOGANY MINING COMPANY LTD.
1981 EXPLORATION ON
DELL - KUZ CLAIMS GROUP
OUTCROP GEOLOGIC MAP
See : Detail geology on Fig , 1 to 2500 scale
TO ACCOMPANY A REPORT BY H. KIM , P. Geol. , F. GAC
CONSULTING GEOLOGIST , CANKOR RESOURCE CONSULTANTS LTD.
DRAWN : SYK
DESIGN : H. Kim JUNE 20, 1981

FIG. 2,





LEGEND

- ADIT
- WINZE
- TRENCH ROAD
- SLOUGH
- CATTLE GUARD FENCE
- 2600 — ELEVATION IN FEET

Silver ppm

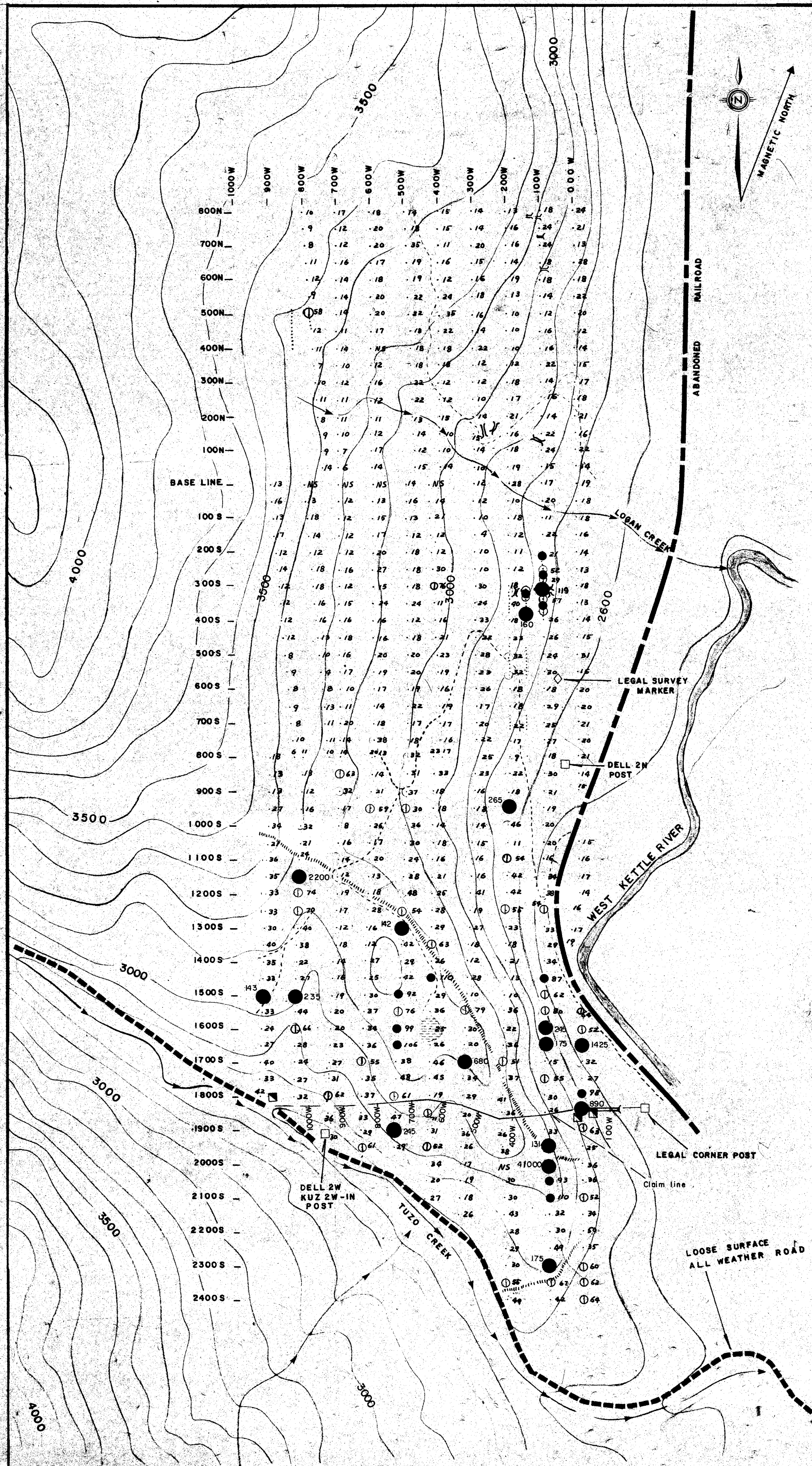
- 1.5 ≤ 1.8
- 1.8 < 2.5
- > 2.5

9557

1. THIS MAP IS DERIVED FROM TWO SOURCES :
 1 to 50 000 scale NTS map BEAVERDELL and R. Kregosky's Line Grid Plan .
2. LINE GRID MAP (1 to 2500 scale) WAS REDUCED PHOTOGRAPHICALLY TO BE FACILITATED WITH NTS TOPOGRAPHIC MAP , WHICH WAS ALSO PHOTOGRAPHICALLY ADJUSTED.
3. MAP SCALE IS APPROXIMATE . ITS ACCURACY IS NOT GUARANTEED.



MAHOGANY MINING COMPANY LTD.
 1981 EXPLORATION ON
 DELL - KUZ CLAIMS GROUP
DISTRIBUTION OF SILVER
 — 80 mesh soil fraction (20 - 40 mesh locally)
 TO ACCOMPANY A REPORT BY H. KIM, P. Geol., F.G.C.
 CONSULTING GEOLOGIST, CANCOR RESOURCE CONSULTANTS LTD.
 DRAWN: SYK
 DESIGN: H. Kim JUNE 20, 1981



LEGEND

- ADIT
- WINZE
- TRENCH
- ROAD
- SLOUGH
- CATTLE GUARD FENCE
- 3000— ELEVATION in Feet

Total lead ppm

- 51 - 80
- 81 - 110
- > 110

1. THIS MAP IS DERIVED FROM TWO SOURCES :
1 to 50000 scale NTS map BEAVERDELL and R. Kregosy's Line Grid Plan .
2. LINE GRID MAP (1 to 2500 scale) WAS REDUCED PHOTOGRAPHICALLY TO BE FACILITATED WITH NTS TOPOGRAPHIC MAP , WHICH WAS ALSO PHOTOGRAPHICALLY ADJUSTED.
3. MAP SCALE IS APPROXIMATE . ITS ACCURACY IS NOT GUARANTEED.

9557



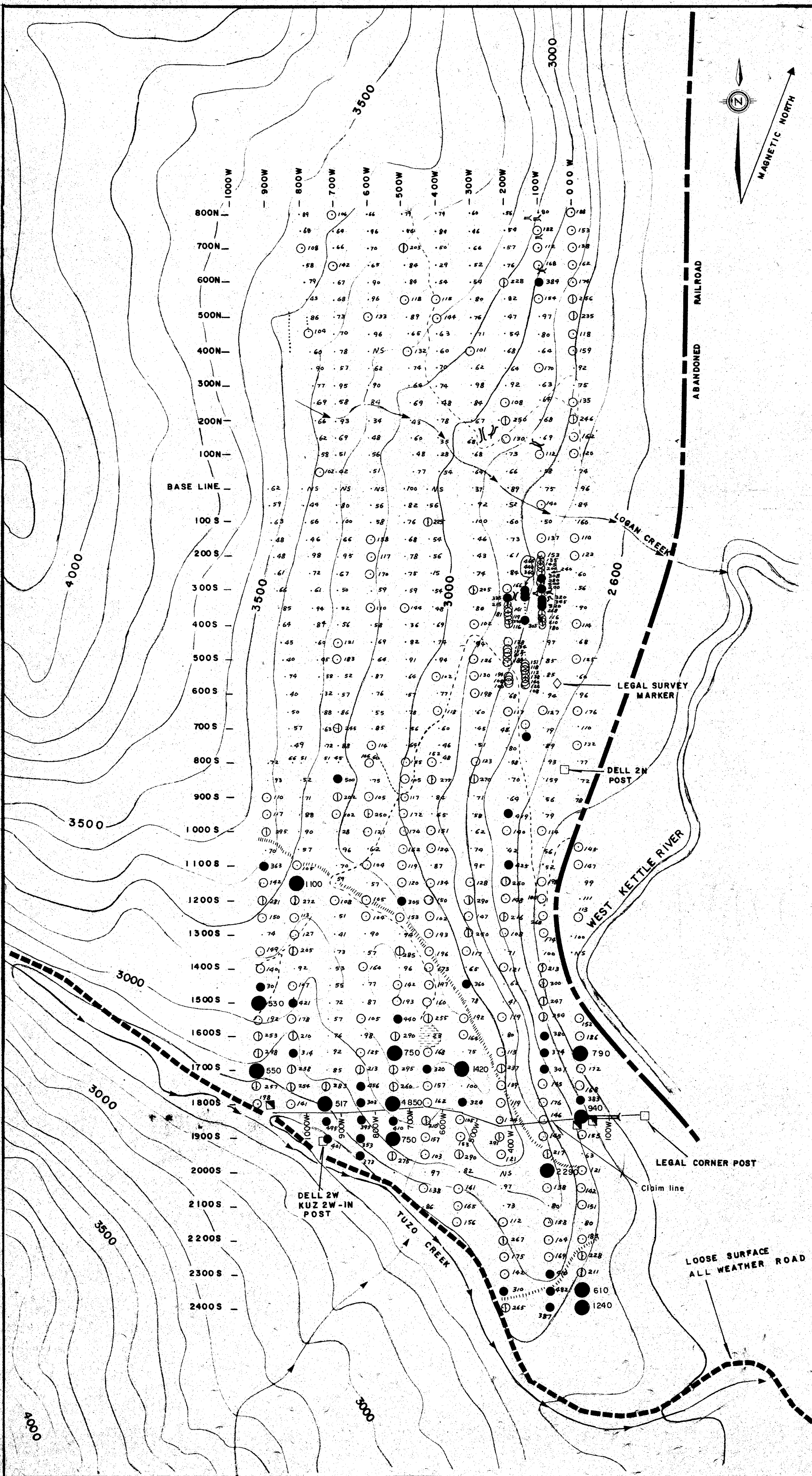
MAHOGANY MINING COMPANY LTD.

1981 EXPLORATION ON
DELL - KUZ CLAIMS GROUP
DISTRIBUTION OF LEAD
in minus 80 mesh soil fraction (locally 20-40 mesh)

TO ACCOMPANY A REPORT BY H. KIM, P. Geol., F.GAC
CONSULTING GEOLOGIST, CANCOR RESOURCE CONSULTANTS LTD.

DRAWN: SYK
DESIGN: H.Kim JUNE 20, 1981

FIG. 10



LEGEND

- ADIT
- WINZE
- TRENCH
- ROAD
- SLOUGH
- CATTLE GUARD FENCE
- 2600 — ELEVATION IN FEET

- Zn ppm
- < 100
 - 100 - 200
 - 201 - 300
 - 301 - 500
 - > 500

1. THIS MAP IS DERIVED FROM TWO SOURCES :
 1 to 50 000 scale NTS map BEAVERDELL and R. Kregosky's Line Grid Plan .
2. LINE GRID MAP (1 to 2500 scale) WAS REDUCED PHOTOGRAPHICALLY TO BE FACILITATED WITH NTS TOPOGRAPHIC MAP , WHICH WAS ALSO PHOTOGRAPHICALLY ADJUSTED.
3. MAP SCALE IS APPROXIMATE . ITS ACCURACY IS NOT GUARANTEED.

9557



MAHOGANY MINING COMPANY LTD.

1981 EXPLORATION ON
DELL - KUZ CLAIMS GROUP

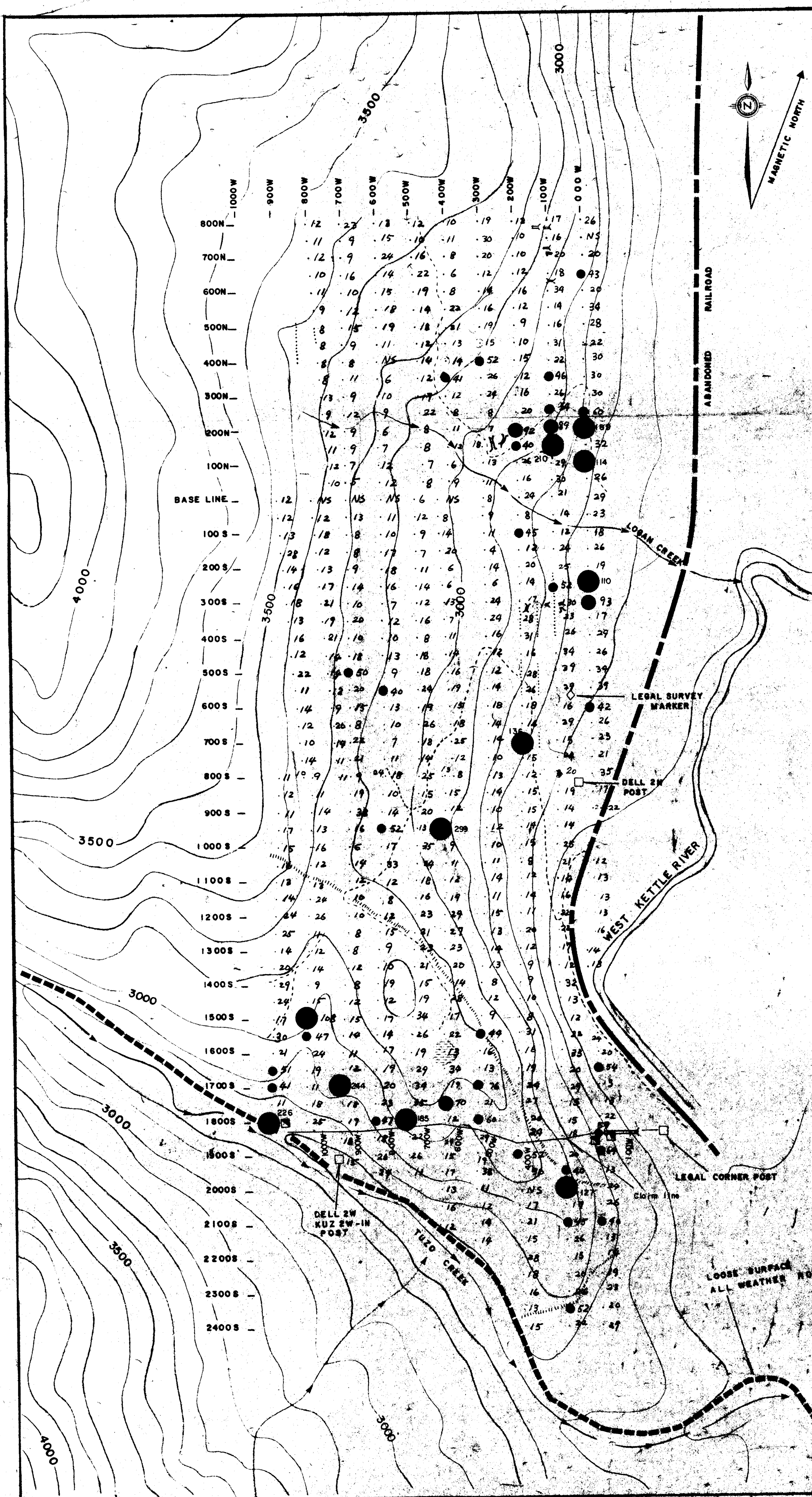
DISTRIBUTION OF ZINC
in minus 80 mesh fraction (partially 20-40 mesh)

TO ACCOMPANY A REPORT BY H. KIM , P. Geol. , F. GAC
CONSULTING GEOLOGIST , CANKOR RESOURCE CONSULTANTS LTD.

DRAWN : SYK

DESIGN : H. Kim JUNE 20, 1981

FIG. 11



LEGEND

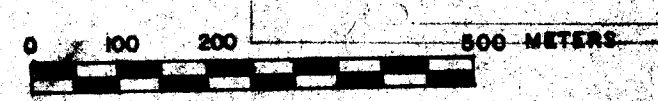
- ⌋ ADIT
- WINZE
- ✂ TRENCH
- ROAD
- ▨ SLOUGH
- ▨ CATTLE GUARD FENCE
- 3000 — ELEVATION IN FEET

Total Cu ppm

- 40 - 70
- 71 - 100
- > 100

1. THIS MAP IS DERIVED FROM TWO SOURCES :
1 to 50000 scale NTS map BEAVERDELL and R. Kregosky's Line Grid Plan .
2. LINE GRID MAP (1 to 2500 scale) WAS REDUCED PHOTOGRAPHICALLY TO BE FACILITATED WITH NTS TOPOGRAPHIC MAP , WHICH WAS ALSO PHOTOGRAPHICALLY ADJUSTED .
3. MAP SCALE IS APPROXIMATE . ITS ACCURACY IS NOT GUARANTEED .

9557



MAHOGANY MINING COMPANY LTD.
 1981 EXPLORATION ON
 DELL-KUZ CLAIMS GROUP
 DISTRIBUTION OF COPPER
 - 80 mesh fraction -

TO ACCOMPANY A REPORT BY H. KIM, P. Geol., F.G.C
 CONSULTING GEOLOGIST, CANCOR RESOURCE CONSULTANTS LTD.

DRAWN: S.Y.S.
 DESIGN: H.KIM JUNE, 20, 1981

FIG. 12