81-1217-10004

ASSESSMENT REPORT

ON

PROSPECTING WORK

ON THE FOLLOWING CLAIMS

RED REEF RED REEF NO. 4

SKY CONTACT FRACTION

RED REEF NO. 1 & RED REEF FRACTION

LOCATED

0.5 KILOMETERS EAST OF STEWART, B.C.

LATITUDE 55°56' LONGITUDE 129°58'

N.T.S. 103P/13W

SKEENA M.D.

FIELD WORK - SEPTEMBER 16 - 17, 1981

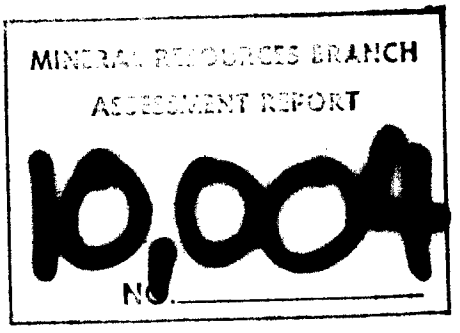
ON BEHALF OF

KOMODY RESOURCES LTD.

#326 - 510 West Hastings Street
Vancouver, B.C.

Date submitted:

January 28, 1982



Report by:

D. Cremonese
#152 - 890 West Pender
Vancouver, B.C.

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INTRODUCTION

(a) Location, Access, Physiography

The claims are located directly opposite Stewart, British Columbia on the east side of the Bear River, covering part of the west flank of Mount Rainey. Elevations vary from just above sea level (Red Reef No 4 and Contact Fraction claims) to about 1,800 meters (Sky claim). Silverado Creek cuts through the Red Reef No. 1 and 4 claims en route to the Bear River.

Topography is rugged - narrow creek canyons and rock bluffs. Most of the claim area is heavily timbered. In one locality the author noted a prime stand of spruce, diameters 1 to 1.5 meters.

Access is by helicopter (just a short hop from the main pad by the airport runway) or by boat across the river. Apparently the river can be waded at certain times during the year.

(b) Status of Property

Claims information is summarized below:

Name	Record No.
Red Reef	1145 (2)
Sky	2245 (4)
Red Reef No. 1 & Red Reef Fr.	1950 (12)
Red Reef No. 4	1937 (12)
Contact Fraction	1937 (12)

Komody Resources Ltd. of # 326 - 510 West Hastings Street, Vancouver, B.C. is the registered owner of the claims.

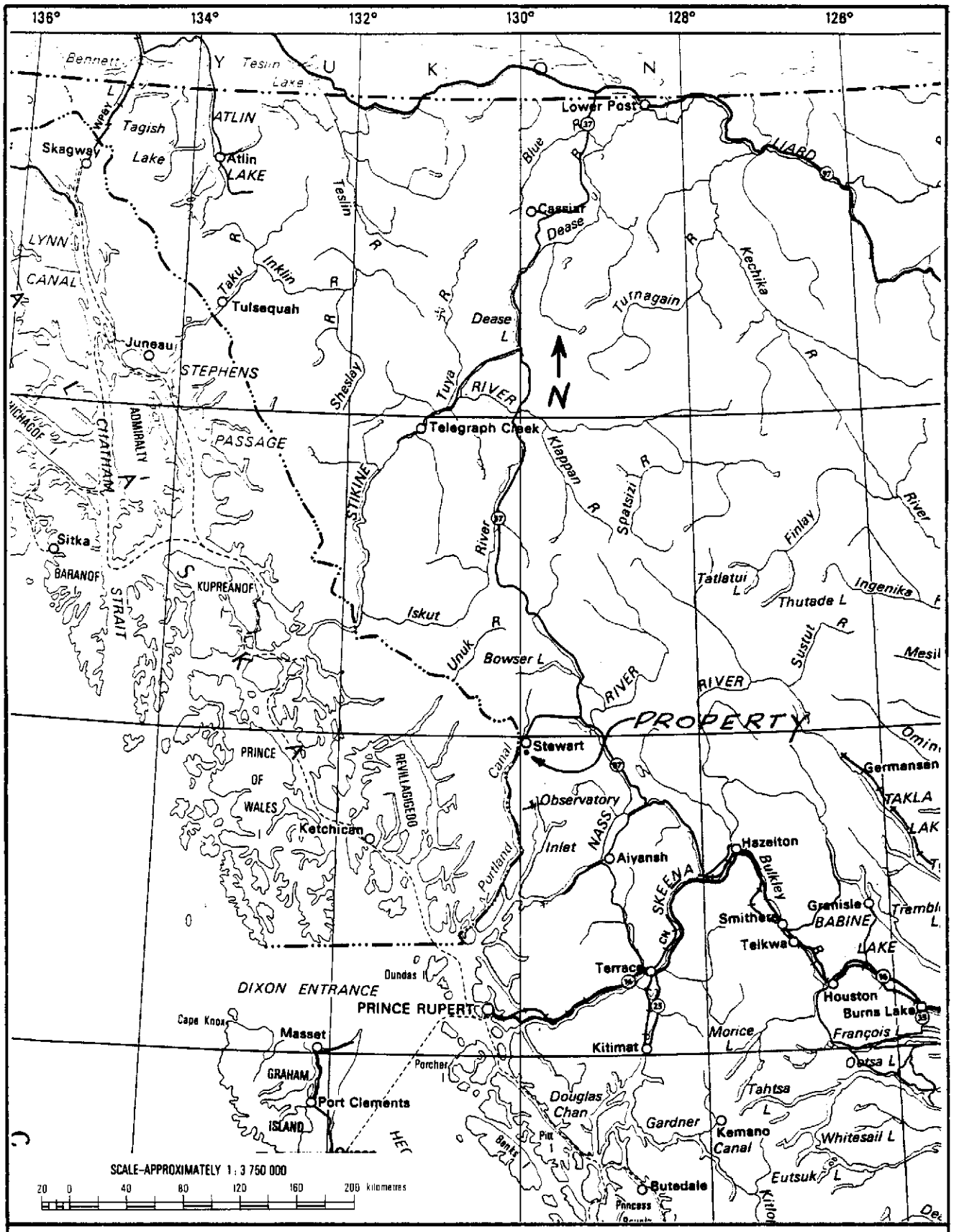

FIGURE 1 LOCATION MAP

STEWART AREA, B.C.

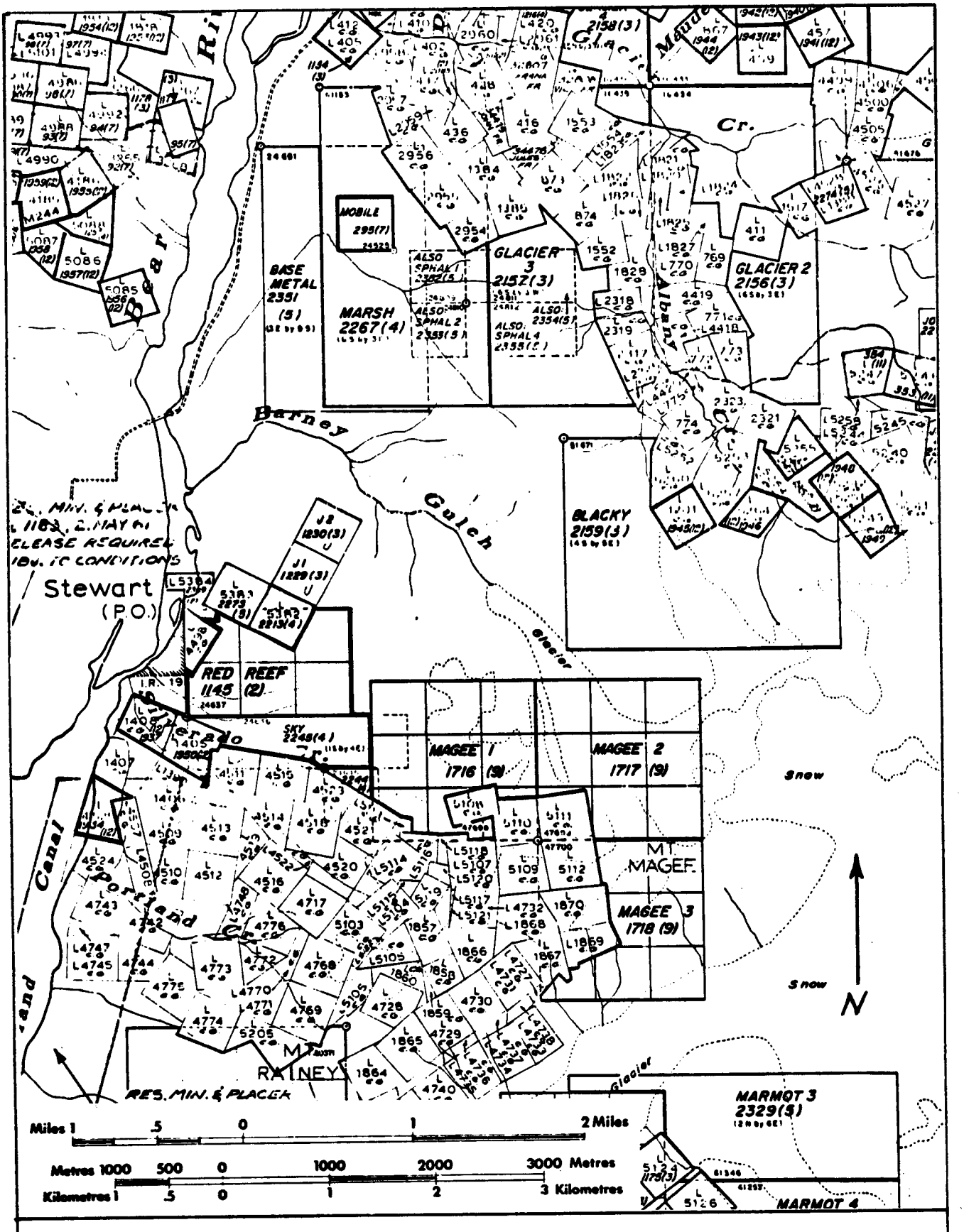

FIG 2. CLAIMS MAP.

(c) History

Work on these claims began at an early date (with respect to commencement of exploration in the general Stewart area) no doubt because of their proximity to Stewart. Government records show that several adits and open cuts were put in on the property during the period 1910 to 1930, most of them testing the large mineralized zone indicated in the volcanics just above the contact with the monzonite intrusive. Thereafter no activity is recorded on the Red Reef proper, however, some development and small scale mining is known to have occurred on the nearby Oral M property. Small shipments of high grade are recorded by J. Haati from the Oral M, but its exact location is unclear. Descriptions place it south of or on Indian Reserve 19, west of the western boundary of the Red Reef claim and north of the northern boundary of Red Reef No. 4.

In all likelihood the claims received intermittent renewed attention coinciding with high-grade discoveries on the nearby (to the south-east) Silverado claims. Interest in this area has revived again, partly because of the increase in precious metal prices and partly because of excellent results achieved by recent exploration on the proximate Porter Idaho-Prosperity ground, southeast over the top of Mount Rainey.

(d) References

1. Groves, E.W., (1971): Geology and Mineral Deposits of the Stewart area, Northwestern British Columbia, B.C. Dept. of Mines Bulletin No. 58.

2. Minister of Mines Annual Reports for the following years:

1910 - p. 62
1911 - p. 287
1912 - p. 106 - 107
1913 - p. 89
1936 - B 3

(e) Summary of Work Done

The author and Mr. Nick Benkovich, a well-known Stewart prospector and miner, spent two days prospecting the claims, September 16 and September 17, 1981. On the first day we prospected the Red Reef and part of the Sky modified grid claims, climbing up to about the 1,200 meter level. The next day was spent chiefly on the Red Reef No. 1, Red Reef Fr. and Red Reef No. 4 reverted crown grant claims, with a short sub-loop into the Contact Fraction.

As about 1-1/2 hours was spent prospecting the Contact Fraction claim, it was allocated 10% of the two-day prospecting venture and costs were apportioned accordingly.

PROSPECTING REPORT

The first traverse began from the eastern bank of the Bear River opposite the Stewart airfield. We looked over the dump from the "Molly B" adit (direction south-east) located at about 10 m. elevation level just north-northeast of the remains of an old building. Dump rock contains visible molybdenite as well as pyrite, pyrrhotite, and chalcopyrite in a gangue of lime-silicate. Garnet and epidote were also identified. From this point we climbed up the hill in a series of switchbacks picking our way carefully through the trees and

avoiding steep bluffs as much as possible. Up to about the 130 m. elevation mark the prevailing rock is a buff-colored tuff, thereafter (the contact was not observed) the rock type changes to greenstone. This greenstone unit covers most of the Red Reef and Sky claims, regional strike is roughly northwest.

At about the 790 m. level (2,600 ft.) we came across a bluff, red-stained from the oxidation of iron minerals, which contained fine, disseminated pyrite and pyrrhotite. It appeared to be part of a silicified zone in the volcanics. Following the trace of the strike east up the hill did not prove up an extension of this mineralization. We continued the switchbacks up the 1,100 m. (3,600 ft.) mark, chipping outcrops and talus boulders along route, but encountered nothing of significance. Descending south-southwest we found a quartz vein (striking east-west) at the 975 m. (3,200 ft.) level. It was about two to three meters in thickness and contained minor pyrrhotite and the occasional bleb of galena. A series of old cuts on the vein showed that it had been sampled by previous workers. About 150 meters south along contour, we noticed another quartz vein, also striking east-west, but somewhat thinner. Mineralization, in the form of pyrrhotite and galena, was even scantier than in the more northerly vein.

Dropping downhil from the two veins, we crossed into a band of tuffs or schists very much like that in the vicinity of the Molly B. We stayed in the tuffs till about the 790 m. (2,600 ft.) level, encountering the greenstone again just after crossing the creek (see Fig. 3) Descending down the northern side of the creek in steep going, we climbed down into the creekbed at 655 m. (2,150 ft.) to examine a series of veins that Mr. Benkovich had stumbled across several years

earlier. Throughout this area the rocks are oxidized to a deep red. Several veins, most of them striking approximately N30°W with steep dips, outcrop in an area extending for 100 meters east and west along the creek. Some of the veins show heavy mineralization, mostly pyrrhotite with pyrite and galena. Although two veins were seen to be lenticular in shape, the others could be traced along strike till obscured by the forest floor. Previous work on these structures is indicated by the presence of cuts and blast faces.

After examining this location and the immediate surrounding area in detail, we continued angling down the hill toward the Bear River. The upper part of this stretch was extremely hard to navigate, very steep and treacherous. Nothing of interest was noted: rock unit - greenstone. The traverse loop was closed at about the 610 m. (2,000 ft.) level where we intersected the route taken while ascending the mountain.

On the second day we left the Bear River at about the same starting point, our purpose this time being to examine the Red Reef No. 4, Red Reef No. 1, Red Reef Fraction and the Contact Fraction. We angled south, climbing uphill slowly through easy going up till the first major creek just south of Silverado Creek. There is a beautiful flat in this area with a prime stand of spruce, the best trees being from 1 to 1.5 meters in diameter, estimated at two to three million board feet of timber. Some of the trees are already overmature so that a decision to log this stand should be made soon.

From the creek and on through the northern boundary of Red Reef No. 4 the country rock is greenstone. As one approaches the contact of the greenstone (volcanics) with the intrusive quartz monzonite to the south -- this contact rougly parallels Silverado Creek

(north bank) at about the 150 m. (500 ft.) level - there is a corresponding increase in the degree of alteration visible in the rock. At the 200 m. (650 ft.) level there is an adit driven S45^{o}E into the intrusive/volcanic contact. It is about 35 meters long. Other than occasional disseminations of fine pyrite, no mineralization was noted. A little further up the hill, at about the 240 m. (800 ft.) level, there is another tunnel driven roughly east into the hill. The entrance is caved, but rock exposure at the entrance suggests that it was put in to probe a silicified zone in the greenstone lightly mineralized with pyrite and pyrrhotite. The same zone appears farther up the hill, just about due east, at 40 meters higher elevation; it has also been probed by an adit. Dump rock contains sparse to moderate amounts of pyrite and pyrrhotite with occasional specks of galena. This adit is estimated to be about 20 meters in length.

Angling from this zone along contour to the level of Silverado Creek, we by-passed several bluffs, having to pick a route very carefully in order to avoid a fall down the slipper slopes. High on the north bank of the Silverado, there is an adit (10 meters long, driven N60^{o}E) presumably put in to crosscut a vein containing massive pyrrhotite and pyrite located about three meters from the portal. The vein is 15 cms. in thickness, strikes north-south, dips steeply west.

Several other small veins are visible cutting the creek walls at higher elevations, but the canyon is so steep

here that mountaineering equipment would be necessary to safely inspect them. An adit in one of the creek walls is also inaccessible due to the steepness of the surrounding rock. Passing from here down the creek to a point where a determined scramble allows passage to the south side, we began to climb up the southern side of Silverado Creek in a series of zig-zags. At 395 m. (1,300 ft.) elevation there is a large open cut in the timber. The greenstone here has been highly altered and pyritized suggesting the proximity of the monzonite body somewhere to the west. No rich specimens were seen and we continued up the hill returning to the bed of Silverado Creek at 425 m. (1,400 ft.) elevation. Here, a lenticular body of quartz about 0.5 meters wide has been exposed by blast-pitting to reveal heavy mineralization of pyrite, galena and sphalerite. Attitude is northwest, dip approximately southwest, steep.

Further up Silverado Creek, about 100 meters further up, two narrow northwest-striking veins are visible in the creek walls. A 5 meter long crosscut has been excavated to test the veins. The degree of mineralization, again pyrite, galena, sphalerite, indicates these veins may carry significant precious metal values along with the base metals. We did not take any samples, as a geologist was scheduled to visit the property. This marked the terminus of our climb and we descended as rapidly as possible in order to have enough time to examine the Contact Fraction claim lying to the southwest.

From the point at which we crossed Silverado Creek earlier in the day, we struck out south-southwest descending carefully along contour. Within 150 meters we were out of the greenstone and into the intrusive quartz-monzonite. Thereafter, during the entire protion of this sub-loop into the Contact Fraction, nothing but quartz-monzonite was observed. As a consequence we saw little of mineralogical interest while prospecting the Contact Fraction except, perhaps, some float containing a few specks of sphalerite. No old cuts, or workings were observed. Time was drawing short, so we looped back up through the Red Reef No. 3, crossed Silverado Creek and re-traced our steps back home.

Respectfully submitted,

Dino Cremonese

Dino Cremonese.

28 January 1981.

APPENDIX I

WORK COST STATEMENT

PERSONNEL	
D. Cremonese, prospector Sept. 16, 17, 1981 2 days @ $200/day	$ 400
N. Benkovich, prospector Sept. 16, 17, 1981 2 days @ $150/day	300
FOOD SUPPLIES	
4 man-days @ $35/man-day	140
REPORT	
Preparation - D. Cremonese, B.A.Sc. 2 days @ $200/day	400
Drafting - George Toop 8 hours @ $12/hour	96
Typing	60
Maps, blow-ups, copies, etc.	40
TOTAL	$ 1,436

ALLOCATION (By time spent on claims)

Red Reef Group (Red Reef, Sky, Red Reef No. 1 & Red Reef Fraction, Red Reef No. 4)	
90% ....= $ 1,292.40 - say -	1,200
Contact Fraction	
10%.....= $ 143.60 - say -	100

APPENDIX II

STATEMENT OF QUALIFICATIONS

I, Dino Cremonese, of 103-2335 York Avenue, Vancouver, British Columbia, do hereby certify that:

1. THAT I am a graduate of the University of British Columbia with a Bachelor Degree in Metallurgical Engineering, 1972, and a Bachelors Degree in Law, 1979.

2. THAT I have been a part-time prospector and holder of mineral claims since 1972. Since December 1979 I have been a partner in the firm of ARCHAEAN RESOURCES CORP. (a Vancouver consulting firm specializing in mineral property engineering) along with Dr. W.D. Groves, P.Eng.

Dino Cremonese

Dino Cremonese,
Vancouver, B.C.

DATED: January 21, 1982

APPENDIX III

STATEMENT OF QUALIFICATIONS

I, William D. Groves, of 425-1915 Haro Street, Vancouver, British Columbia, do hereby certify that:

1. THAT I am a consulting engineer (geological and chemical) with an office at 152-890 West Pender Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of British Columbia with a B.A.Sc. in Geological Engineering, 1960, and a Ph.D. in Chemical Engineering, 1971.
3. THAT I am a registered Professional Engineer in the Province of British Columbia.
4. THAT in my estimation Dino Cremonese is a qualified prospector. This judgment is based on direct supervision of Mr. Cremonese's work on several occasions.

Respectfully submitted,

William D. Groves.

W.D. Groves, P.Eng.

DATED: January 21, 1982

AIRFIELD

BEAR RIVER

BARNEY GULCH

TRAVERSE 1

TRAVERSE 2

TF

I.R. #19

GR

MOLLY B

RED REEF
1145 (2)

BLUFF
some Py, Pr

L.P.

Series of N-NW striking veins in creek bed Py, Ga

Vein, 2 - 3 m. thick Pr, Ga

Vein, 1½ m. thick Pr, Ga

SKY
2245 (4)

RED REEF No. 4

Silicified Zone

QM

Vein heavy Py, Pr

0.5 m. wide NW/steep SW Heavy Py, Ga, Sp

Creek

Large Open Cut, Py

Two mins II veins heavy Py, Ga, Sp

RED REEF No. 1

RED REEF FR.

RED REEF No. 3

Float Minor Sp

RED REEF No. 2

CONTACT FR.

500'
1000'
1500'
2000'
2500'
3000'
3500'
4000'
4500'
5000'
5500'
6000'

N

MINERAL RESOURCES ... NCH...
ASSESSMENT REPORT
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R...

Rock Types

GR Greenstone (volcanics)
QM Quartz monzonite (intrusives)
TF Tuffs

Legend

ADIT
CUTS, T
VEIN
GEOLOGICAL CONTACT
IRON-STAINED BLUFFS
TRAVERSE
1500 CONTOURS
STREAMS

Py Pyrite
Pr Pyrrhotite
Ch Chalcopyrite
Ga Galena
Sp Sphalerite
Mo Molybdenite

SCALE IN METRES

100 0 100 200 300 400

KOMODY RESOURCES LTD.

RED REEF GROUP

SKEENA MINING DIVISION

PROSPECTING TRAVERSES
SEPT. 1981

Drawn: G.T.	Date: Jan. 1982	Figure: 3