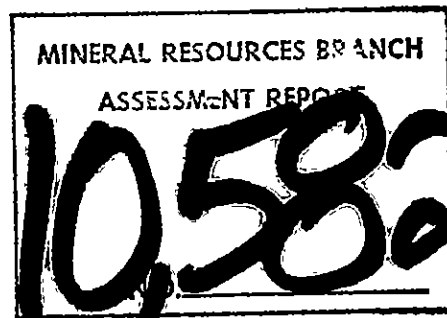


GEOPHYSICAL REPORT ON THE
PERCY 1 MINERAL CLAIM
KAMLOOPS MINING DIVISION
FOR SEMCO LIMITED



NTS 82M/5W
51° 21' N; 119° 54' W

F. Daley,
July 1982

F. Daley

TABLE OF CONTENTS

| | PAGE |
|-------------------------------|------|
| 1. INTRODUCTION | 1-2 |
| 2. GEOPHYSICAL SURVEY | 4 |
| 3. DISCUSSION AND CONCLUSIONS | 4-5 |

LIST OF FIGURES

| | |
|------------------------------|-----------|
| FIGURE 1. Location Map | 3 |
| FIGURE 2. Geophysical Grid | in pocket |
| FIGURE 3. a. Profile, Line 0 | in pocket |
| b. Profile, Line 100W | in pocket |
| c. Profile, Line 220W | in pocket |
| d. Profile, Line 275W | in pocket |
| e. Profile, Line 350W | in pocket |

APPENDICES

APPENDIX 1. Itemized Cost Statements

APPENDIX 2. Author's Qualifications

1. INTRODUCTION

a. Location

The Percy 1 mineral claim is located approximately 37km northeast of the town of Barriere and 87km north of Kamloops, B.C. The centre of the claim block is at $51^{\circ}21'N$ latitude and $119^{\circ}54'W$ longitude; approximately 3.25km northwest of the western end of North Barriere Lake. The Percy 1 is a 3N x 3W claim block mainly along the south side of a drainage locally known as Mable Creek, approximately 2km west of its junction with Harper Creek. (See Fig. 1).

b. Access

Access to the claim is by Highway 5 north from Kamloops to Barriere then eastwards 25km along the North Barriere Lake road to Mable Creek logging road. The claim is accessible from a switch back 4.7km along this road where a series of old roads and trails heads north towards Mable Creek.

c. History

The Percy 1 claim is currently owned by SEMCO Ltd. Under an April 1982 agreement, Preussag Canada Limited acquired an option to conduct exploration on the claim.

Prior to 1969, the area had been intermittently staked and prospected but had not undergone significant detailed investigations.

In 1969-70 Cambridge Mines bulldozed 600m of trenches on the Percy claim exposing minor chalcopyrite in semi-massive and massive

pyrrhotite and pyrite lenses in hornfelsed acid to intermediate volcanics. No record of sampling or assays are available.

In 1971-72 geochem and geophysical surveys were supervised by J.R. Woodcock and Barringer Research respectively, on behalf of Ducanex Resources Limited. A north trending Cu-soil anomaly was found in the SE portion of the claim (max 520 ppm Cu). A broad north trending low resistivity and high chargeability zone is coincident with the anomalous Cu trend.

In 1976 the Percy claim was held by Kennco Explorations as the Birk 1 claim. Kennco conducted a soil and rock geochem survey and resampled the 1969-70 trenches. A Cu-Zn soil anomaly correlated with known chalcopyrite-sphalerite mineralized metavolcanics. A moderate Pb-Zn-Ag anomaly occurs southwest of the trenched area. The highest assay in resampling the trenches was 2.7% Cu over a 3m width, with most samples assaying 0.3% Cu over 3m.

In 1977, SEMCO acquired the ground as the Ralph claim. Minor exploration was done before its expiry in 1980, when it was restaked as the Percy claim.

In 1980 J. Payne conducted a geological and geophysical program on the Percy claim on behalf of SEMCO Ltd. Payne interpreted the geologic setting as analogous to a volcanogenic massive sulphide environment with stratabound base metal sulphides related to two episodes of felsic volcanism. A MAG survey in the trenched area showed 3 small, intense dipole anomalies assumed to be related to increasing magnetite content.

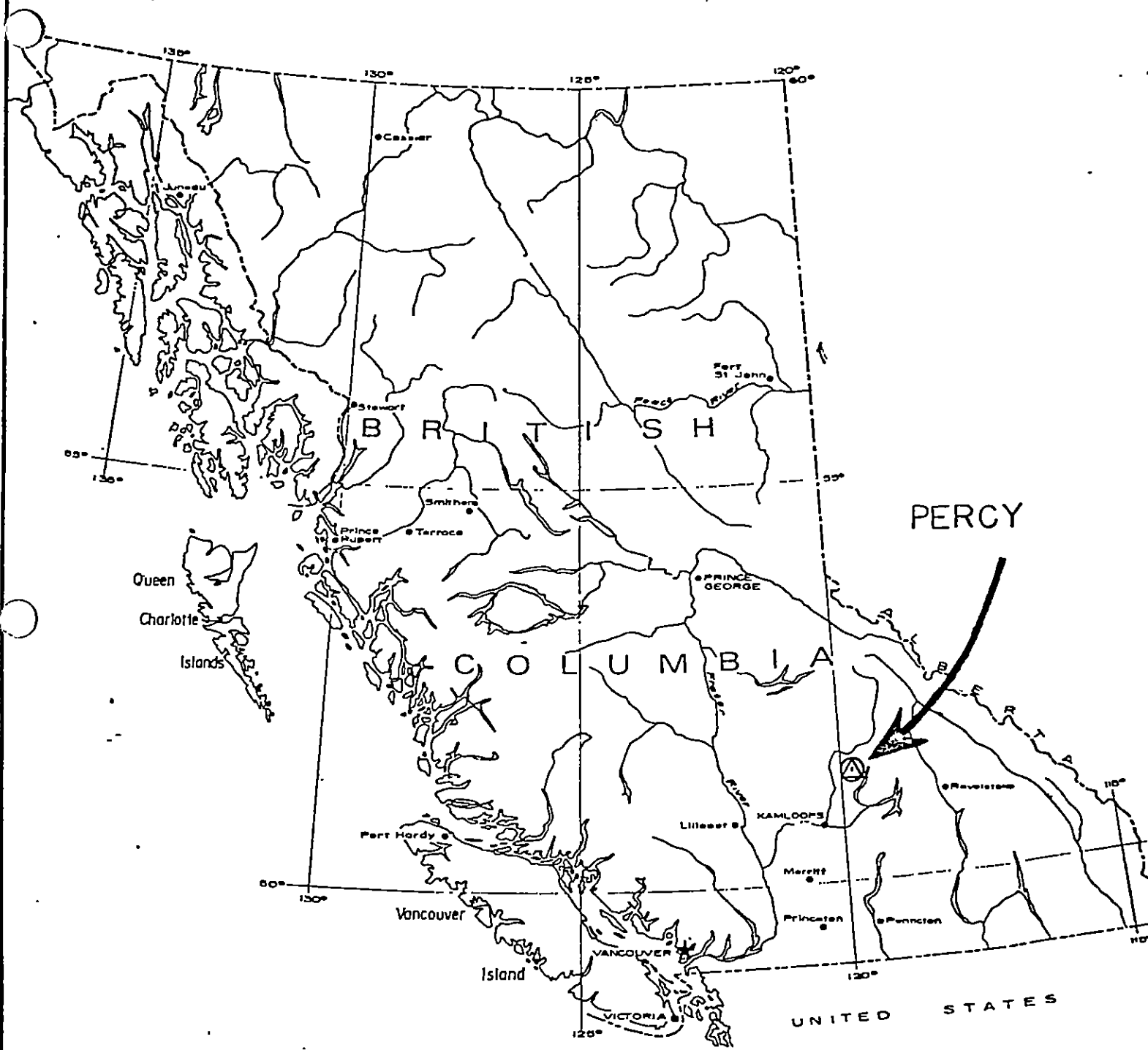


Figure 1. Location Map, Percy 1 Claim, Kamloops Mining Division

2. GEOPHYSICAL WORK

On June 29 and July 1, 1982 F. Daley and K. Baldry ran 1.725 kilometers of VLF-EM across the previously trenched area immediately south of Mable Creek. The purpose of the survey was to delineate any conductive zones or trends in the exposed semi-massive and massive pyrrhotite and pyrite in hornfelsed volcanics. A chain and compass grid totalling 1.725 km. was blazed and flagged with stations marked at 25m. intervals. The base line runs at 340° and the cross lines at 040° .

Dip angle and quadrature readings on a Geonics VLF-EM 16 instrument were taken every 25m. along 5 lines through the best exposed trenches (see fig. 2). Traverses were from southwest to northeast with station readings taken facing north. Cutler, Maine (17.8 Khz) served as the primary VLF field.

Dip angle readings were adjusted using the Fraser Filter Method.

3. DISCUSSIONS AND CONCLUSIONS

Dip angle, filtered dip angle and quadrature data are presented in profile form for lines 0, 100W, 220W, 275W, and 350W in figures 3a to 3e respectively. The resultant anomalous trends are shown on figure 2.

The strongest EM response runs from Line 0 - 80N to Line 350W - 20N. Previous mapping by J. Payne shows this area to be underlain by a pyritic dacite to rhyodacite tuff. The anomaly parallels the geologic trend but does not correlate with any economic massive sulphide mineralization in the trenches. The anomaly may be due to discontinuous, possibly fracture controlled pyrrhotite and pyrite lenses within the metavolcanics related to remobilization by the Baldy Batholith immediately to the north.

A minor anomaly runs from Line 0 - 165N to Line 100W - 175N. The anomaly is within a rhyodacite tuff with thin quartz exhalites and quartz veins and again sub-parallel the regional strike. Thin seams of massive pyrite were found in the trench along Line 0 at stations 145N and 155N, however, no massive sulphide mineralization was found on Line 100W near the anomaly. The anomaly was not extended to Line 220W, as the line was stopped south of Mable Creek.

Another secondary anomaly may trend northwesterly across the south end of the grid, from Line 0 - 250S to Line 220W - 215S. As these stations were near the ends of the lines the profiles are not complete. No trenching has been done in this area. The topography is flat, with thick underbrush. No outcrop or evidence of sulphide mineralization could be found.

Minor spot anomalies are located at Line 0 - 15N (in a rhyodacite tuff unit) and at Line 100W - 15S (no outcrop).

The VLF-EM survey on the Percy 1 claim did not show any major conductors associated with either exposed semi-massive and massive pyrrhotite and pyrite or with minor chalcopyrite noted in previous mapping. The only anomaly of immediate interest extends for at least 350m. along strike within a pyritic dacite to rhyodacite tuff. This would appear to be close to the footwall contact in Payne's 1980 volcanogenic interpretation. The possible "remobilizing" effect of the Baldy Batholith immediately to the north is yet to be determined.

APPENDIX 1

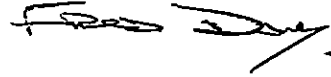
5. ITEMIZED COST STATEMENT

| | | |
|--|--|------------|
| A. Wages. June 29, July 1, 1982 | | |
| F. Daley 2 days at \$250/day | | \$500.00 |
| K. Baldry 2 days at \$125/day | | \$250.00 |
| B. Accommodation (Monte Carlo Motel, Barriere) | | |
| 2 rooms at \$24.00/night/room + tax | | \$101.76 |
| C. Food. | | |
| Groceries | | \$ 46.01 |
| D. Transportation (truck) | | |
| 120km at .10/km | | \$ 12.00 |
| Gas | | \$ 28.00 |
| E. Instrument Rental | | |
| EM-16 2 days at \$45/day | | \$ 90.00 |
| Shipping costs | | \$ 5.45 |
| F. Cost of Surveys | | |
| Linecutting 1.725 km at \$300/km | | \$517.50 |
| G. Report Preparation | | |
| F. Daley 1 day at \$250/day | | \$250.00 |
| Office costs | | \$150.00 |
| | | \$1.950.72 |
| 2 years assessment on 9 units at \$100/yr/unit = | | \$1,800.00 |

6. AUTHOR'S QUALIFICATIONS

I, Fred S. Daley, hereby declare that;

- i. I obtained a B.Sc. degree in Geological Sciences from the University of British Columbia in 1975,
- ii. I have been continuously employed in mineral exploration since that time,
- iii. I have been employed as an Exploration Geologist with Preussag Canada Ltd. since January 1981,
- iv. I supervised and personally participated in the surveys described in this report,
- v. I am a member of the C.I.M.M. and the Cordilleran Section of the G.A.C.



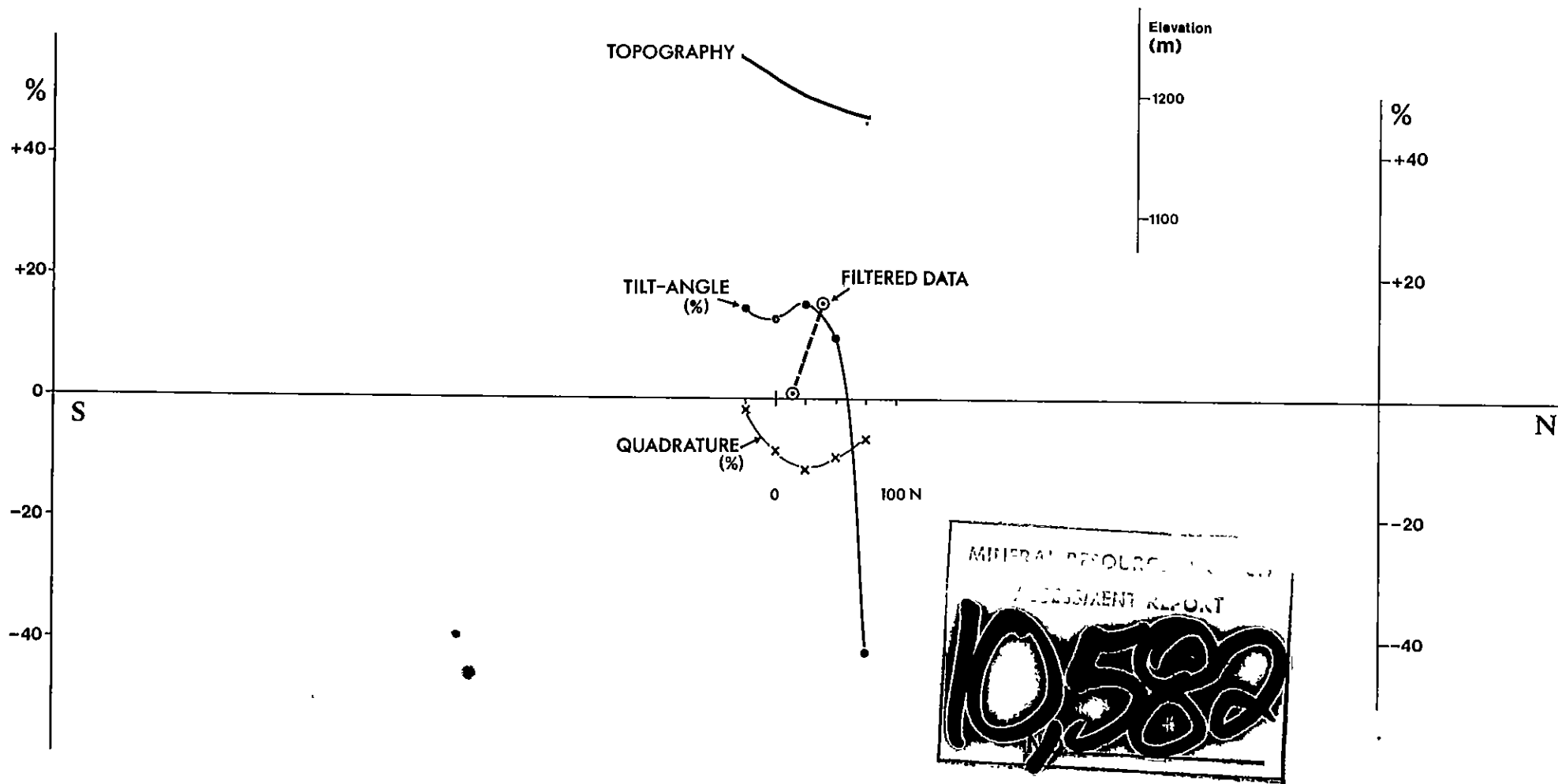


Figure 3d VLF-EM PROFILE; LINE 275 W

GEONICS16 VLF-EM SURVEY

June, July 1982

PERCY CLAIM

F. DALEY & K. BALDRY

Scale 1:500

F. Daley

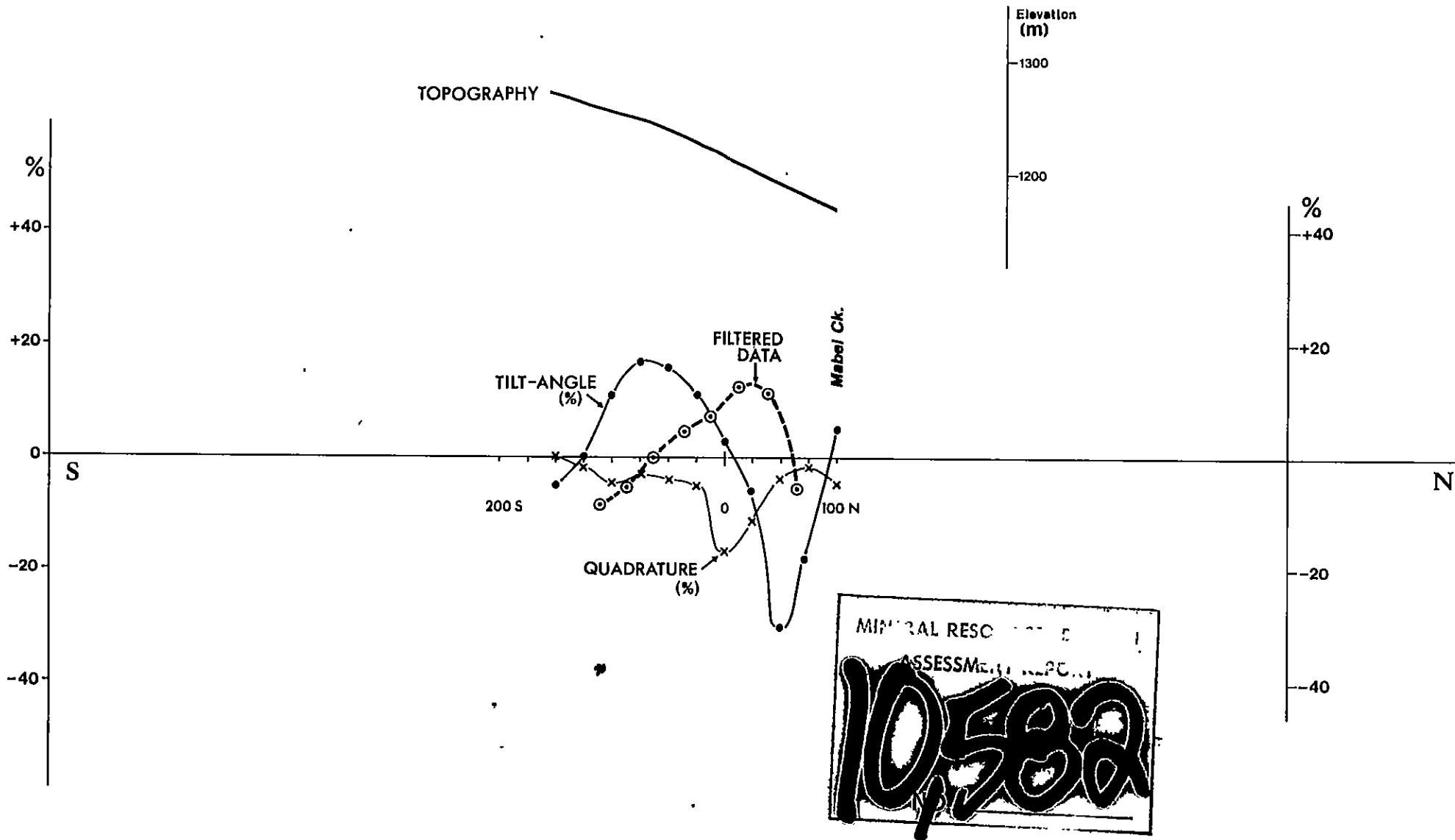


Figure 3e VLF-EM PROFILE; LINE 350 W

GEONICS 16 VLF-EM SURVEY

June, July 1982

PERCY CLAIM

F. DALEY & K. BALDRY

Scale 1:500

F. Daley

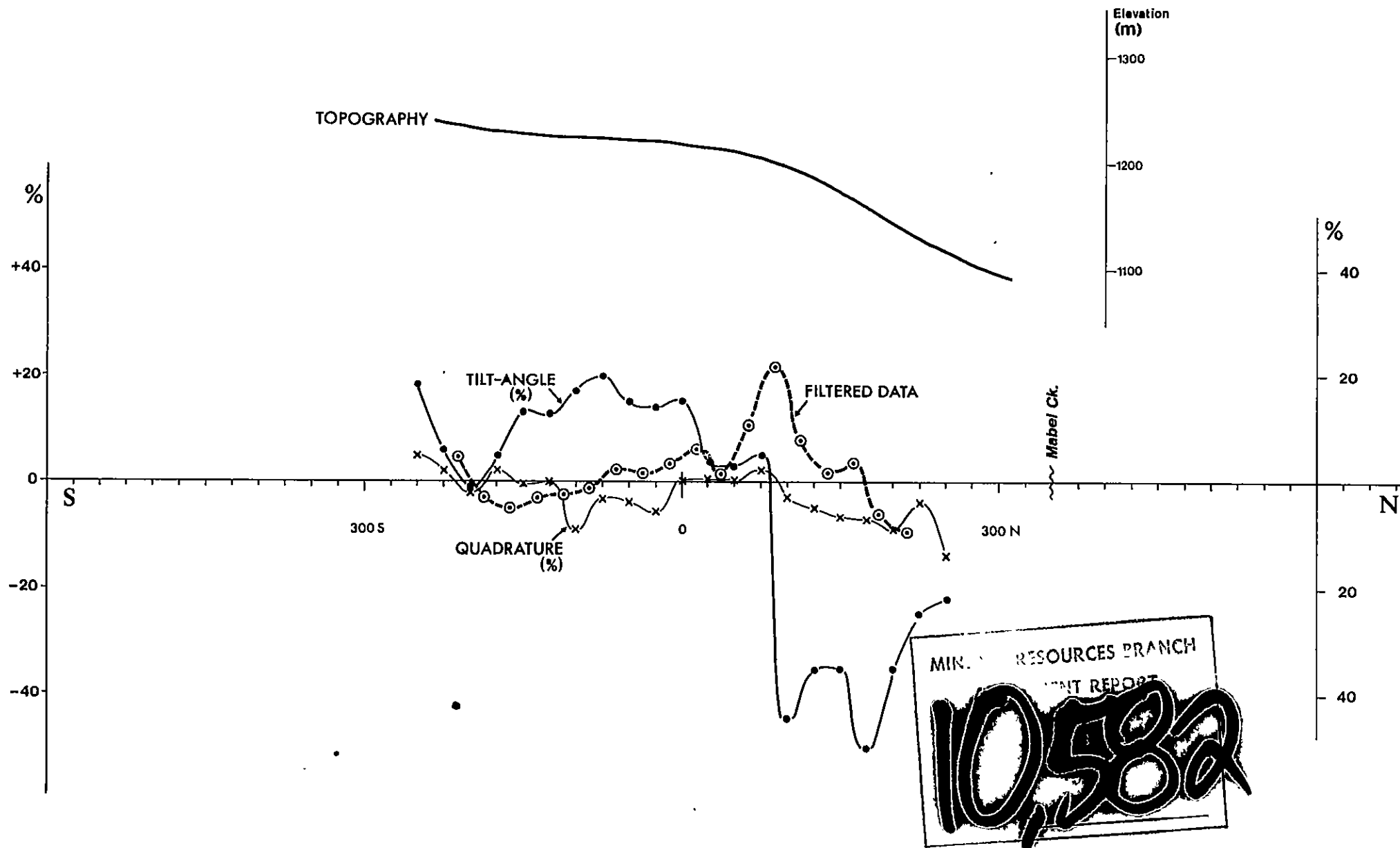


Figure 3a VLF-EM PROFILE; LINE 0

GEONICS 16 VLF-EM SURVEY

June, July 1982

PERCY CLAIM

F. DALEY & K. BALDRY

Scale 1:500

F. Daley

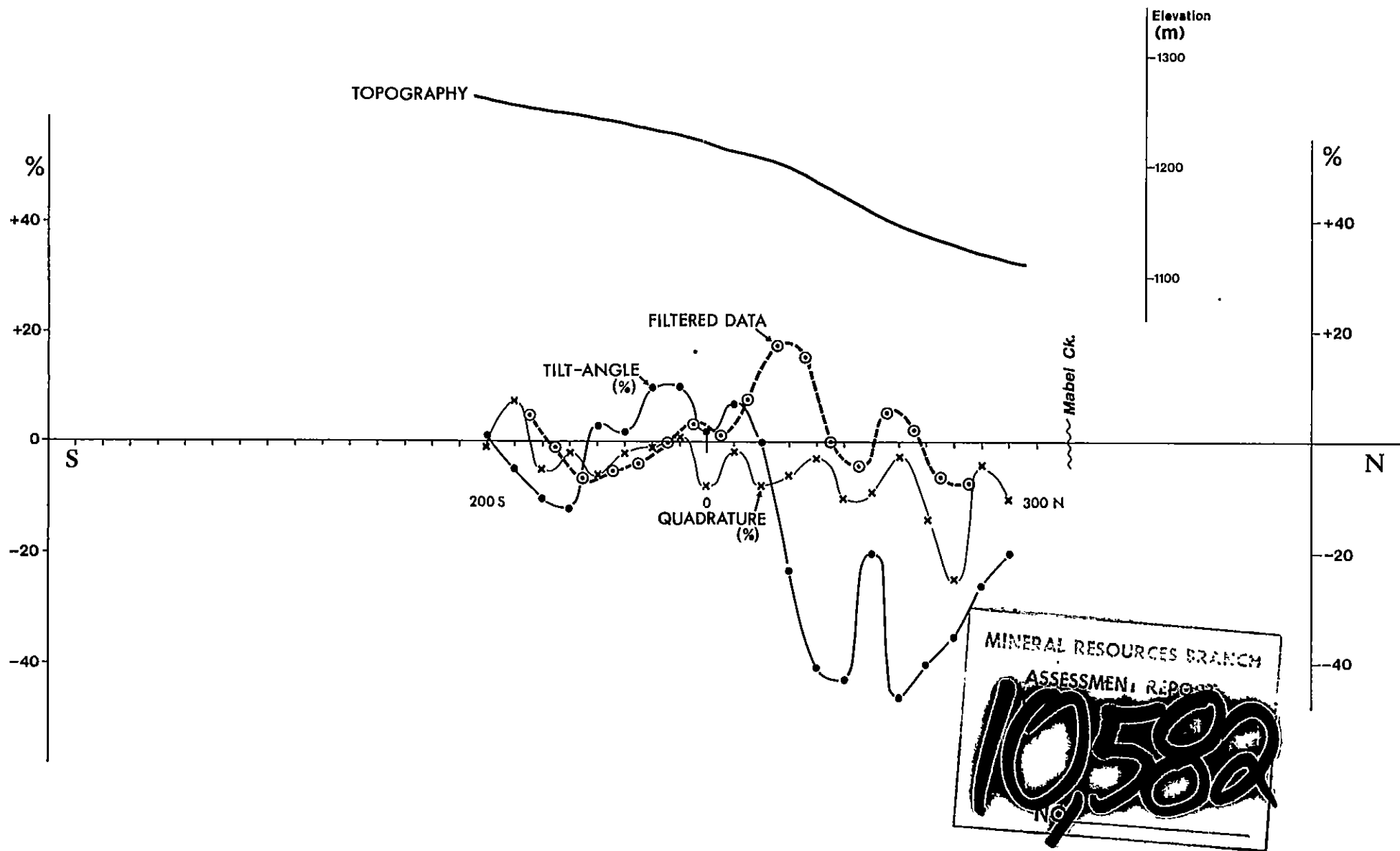


Figure 3b VLF-EM PROFILE; LINE 100 W

GEONICS 16 VLF-EM SURVEY

June, July 1982

PERCY CLAIM

F. DALEY & K. BALDRY

Scale 1:500

F. Daley

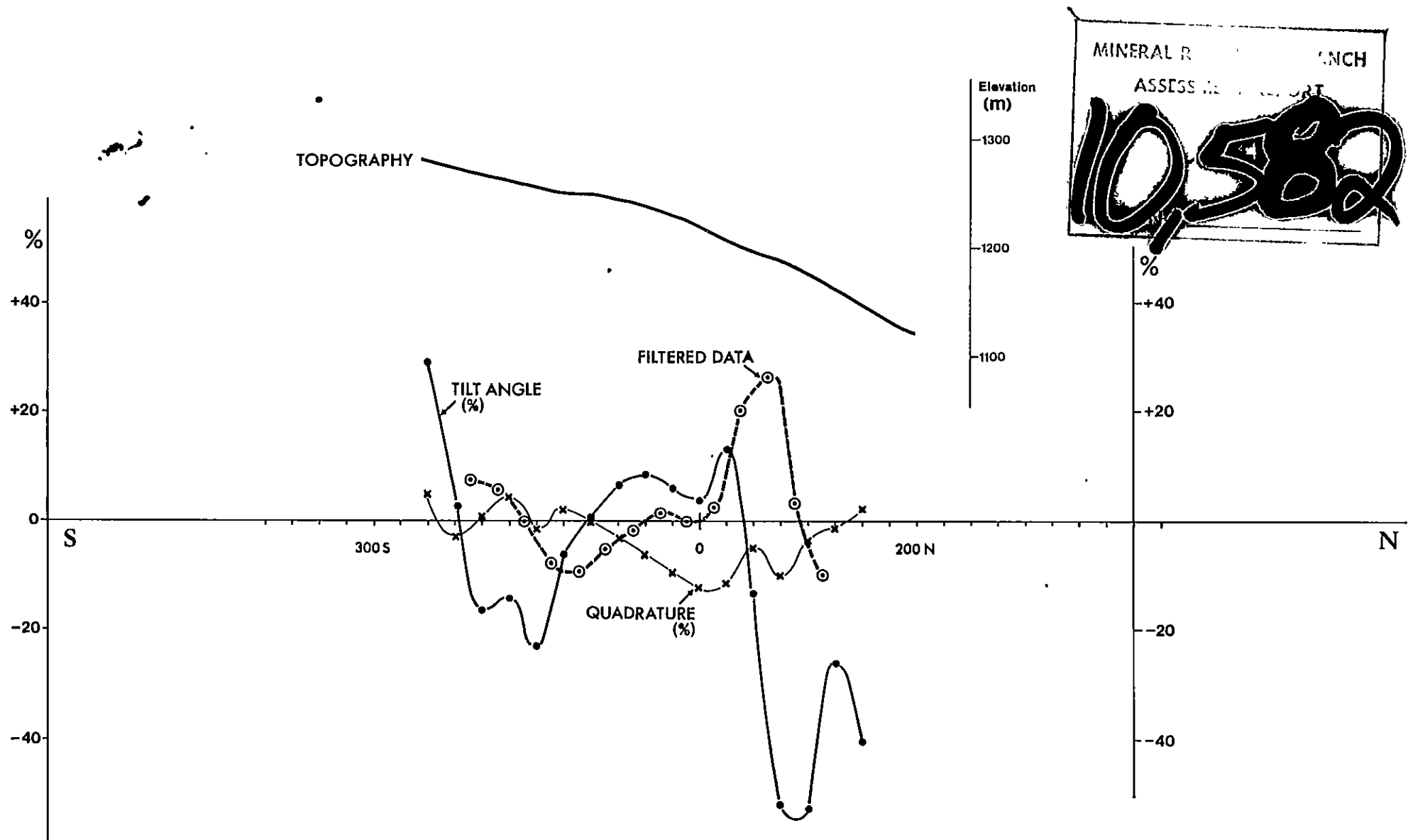


Figure 3c VLF-EM PROFILE; LINE 220 W

GEONICS 16 VLF-EM SURVEY

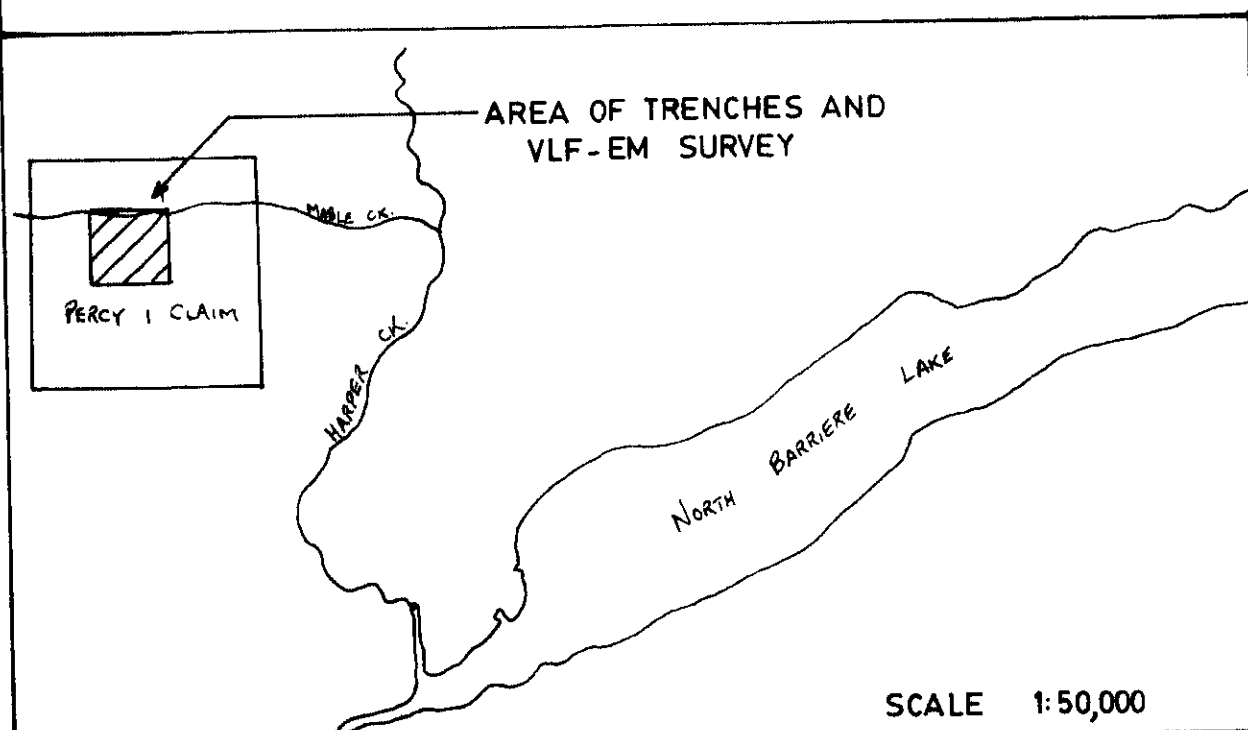
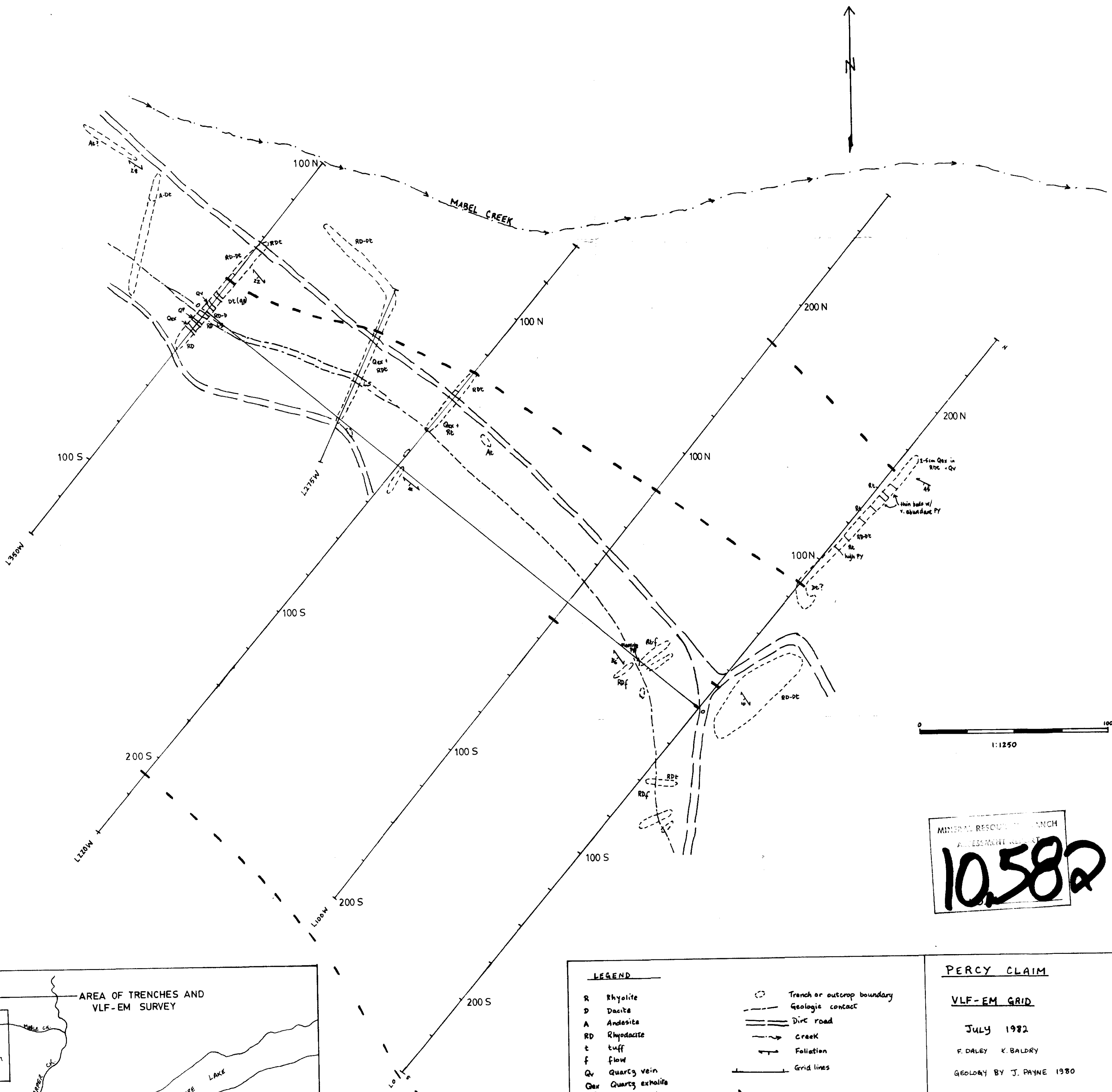
June, July 1982

PERCY CLAIM

F. DALEY & K. BALDRY

Scale 1:500

F. Daley



| LEGEND | |
|--|----------------------------|
| R | Rhyolite |
| D | Dacite |
| A | Andesite |
| RD | Rhyodacite |
| t | tuff |
| f | flow |
| Qv | Quartz vein |
| Qex | Quartz exhalite |
| QP | Quartz porphyry |
| (Symbol: dashed line with dots) | Trench or outcrop boundary |
| (Symbol: dashed line) | Geologic contact |
| (Symbol: double line) | Dirk road |
| (Symbol: line with arrows) | Creek |
| (Symbol: line with perpendicular dashes) | Foliation |
| (Symbol: solid line) | Grid lines |
| (Symbol: dashed line) | VLF-EM ANOMALOUS TREND |

PERCY CLAIM

VLF-EM GRID

JULY 1982

F. DALEY K. BALDRY

GEOLOGY BY J. PAYNE 1980

[Signature]

FIGURE 2