

84-#742 - 12949  
off

Geochemical, Geophysical

REPORT

ON THE

COPPER BUTTE CLAIM (20 UNITS)

RECORD NO. 1129

ROCKYPOINT CREEK - BUGABOO CREEK AREA

EAST KOOTENAY DISTRICT

GOLDEN MINING DIVISION

SPILLIMACHEEN, BRITISH COLUMBIA

N. Lat. 50°50'

W. Long. 116°45'

82K/15

for

PALERMO RESOURCES INC.  
SUITE 809  
837 WEST HASTINGS STREET  
VANCOUVER, BRITISH COLUMBIA

by

GEORGE P. KRUECKL, P.Eng.

**GEOLOGICAL BRANCH  
ASSESSMENT REPORT**

September 12, 1983  
Richmond, B.C.

12,949

## TABLE OF CONTENTS

INTRODUCTION	1 /
SUMMARY AND CONCLUSION	1 /
PROPERTY - LOCATION, ACCESS AND PHYSIOGRAPHY	2 /
CLAIM	3 /
HISTORY - PREVIOUS DEVELOPMENT AND MINERALIZATION	3 /
REGIONAL AND LOCAL GEOLOGICAL SETTING	5 /
MINERALIZATION - ASSAYS	6 /
RESULTS OF THE 1983 GEOPHYSICAL AND GEOCHEMICAL SURVEYS	7 /
REFERENCES	8 /
RECOMMENDATIONS	9 /
ESTIMATED COST OF THE PROPOSED WORK PROGRAM	10 /
CERTIFICATE	11 /
<i>GEOCHEMICAL PROCEDURE</i>	12

### MAPS

Figure 1	LOCATION MAP /
Figure 2	TOPOGRAPHIC PLAN (82K/15) /
Figure 3	CLAIM PLAN /
Figure 4	AIR PHOTO SKETCH /
Figure 5	REGIONAL GEOLOGY /
Figure 6	GRID LOCATION /
Figure 7	EM-16 FRASER FILTERED SURVEY /
Figure 8	GEOCHEMICAL SURVEY - SILVER /
Figure 9	GEOCHEMICAL SURVEY - COPPER /
Figure 10	PHASE 2 PROPOSED MAPPING /
<i>SAMPLE LOCATION AND VALUES MAP</i>	

*IN POCKET*

## INTRODUCTION

This report was prepared at the request of the Directors of Palermo Resources Inc., Suite 809, 837 West Hastings Street, Vancouver, British Columbia.

The purpose of this report is to review the current and previous work done on the Copper Butte mineral claims and assess the mine-making potential of the property.

This report includes the information collected from a field examination of the claimed ground on July 28, 1983.

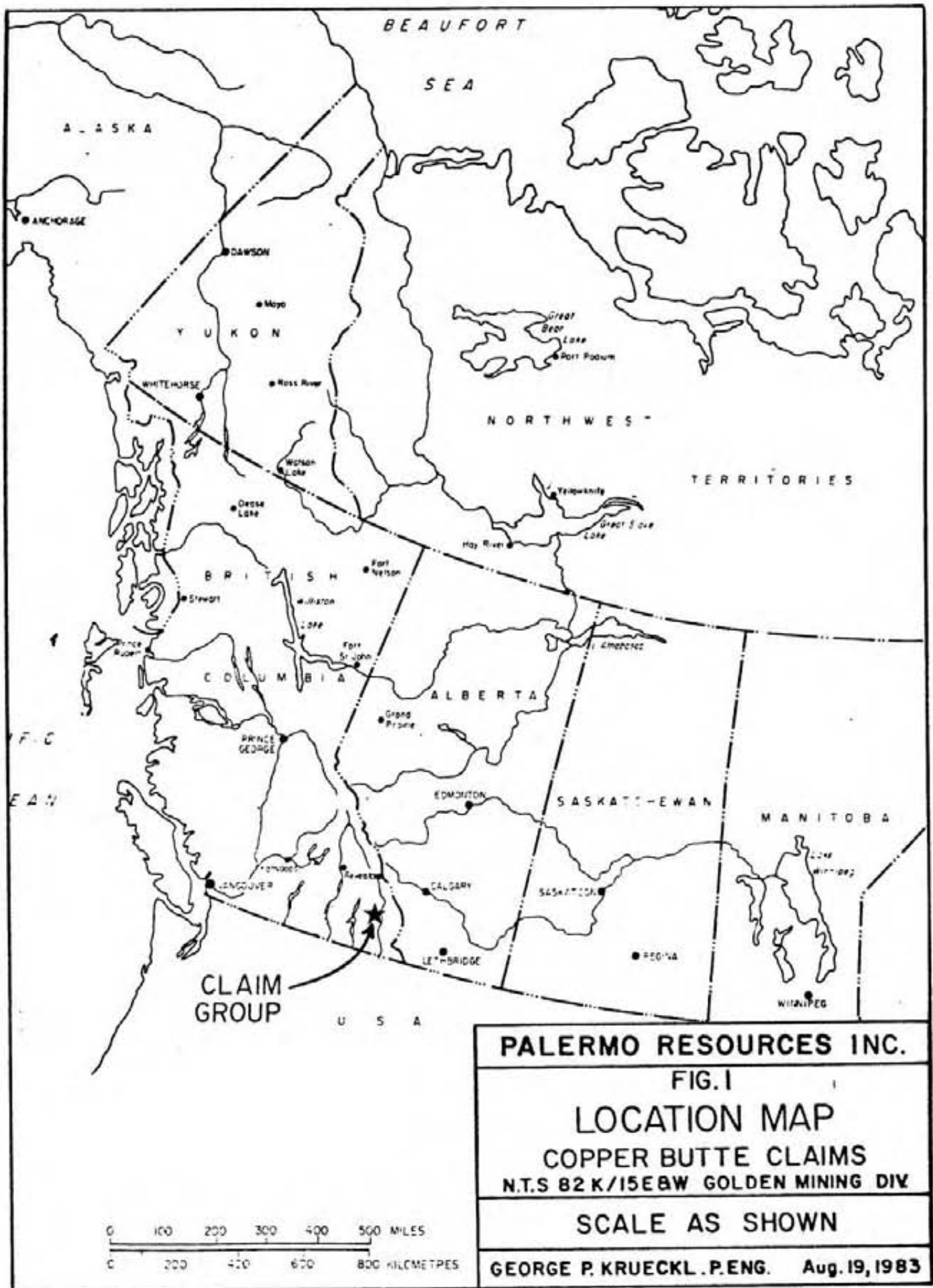
A program of mineral exploration is recommended.

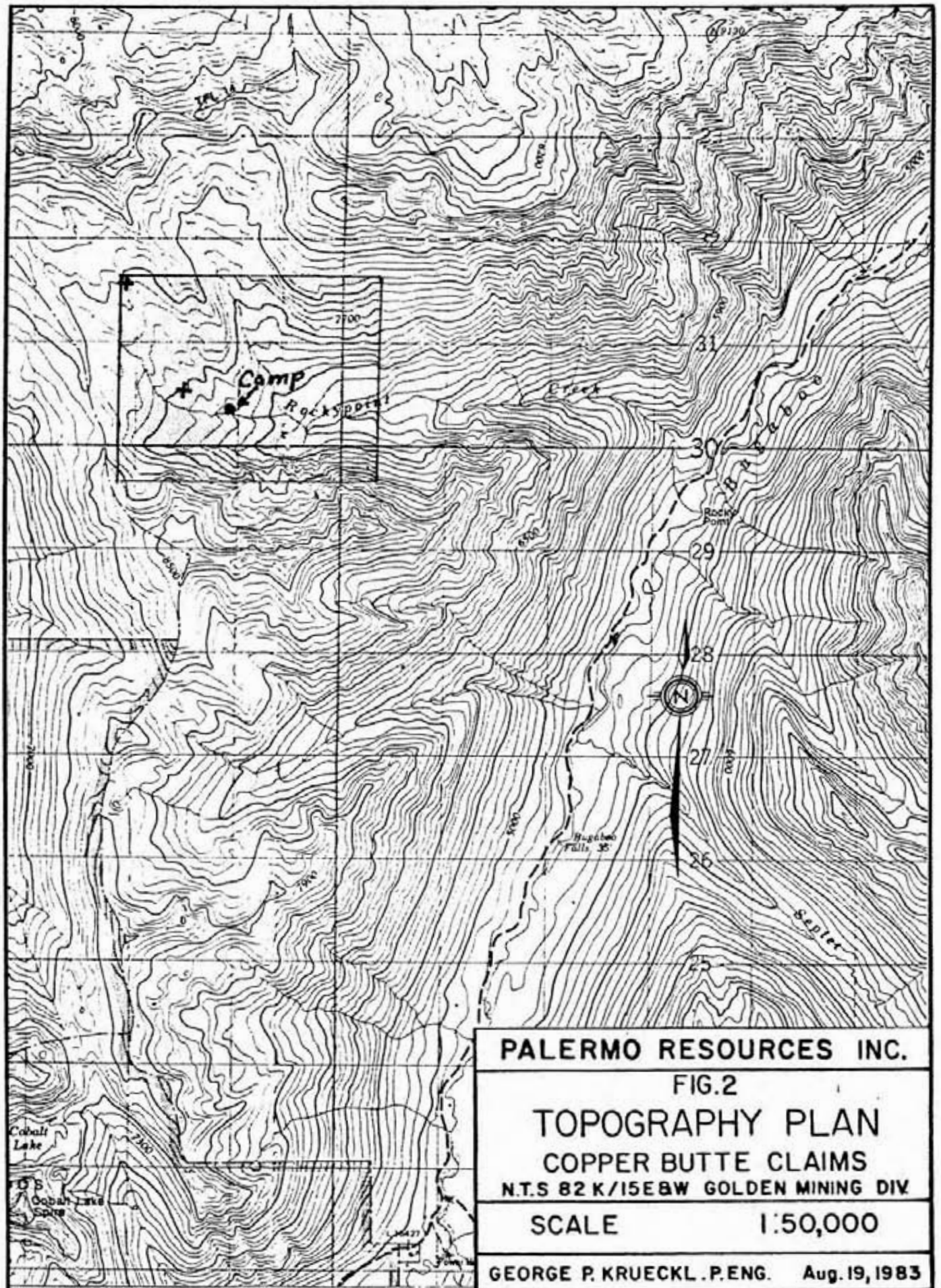
## SUMMARY AND CONCLUSIONS

The Copper Butte property is a silver-copper prospect, consisting of 20 claim units covering an area of 500 hectares located 40 kilometres by surface travel west of Spillimacheen, B.C. (Figure 1).

A highway of excellent quality parallels Bugaboo Creek within 5 kilometres of the property. A rough trail from the highway follows Rockypoint Creek to the property. The claim is located between the 7000 to 8000 feet elevation approximately 3500 feet higher than Bugaboo Creek (Figure 2).

The history of the property dates back to 1916 and 1917 when work carried out on the Copper Butte showing involved shipping 31 tonnes of ore for refining to Trail, B.C. Results gave 54 ounces per tonne silver and 110 lbs. per tonne copper. Since then the only major exploration carried out was in 1960 and 1961 when St. Andrew Mining Co. Ltd. of Vancouver carried out geological and geophysical surveys and 1200 feet of diamond drilling. In July 1983 de La Mothe Exploration Services Ltd. of Vancouver carried out geophysical and geochemical surveys in the area which have some interesting results and are reported in this report.





A field inspection and sampling of the two main showings confirm the existence of high copper values. The mineralized zone visited appears to be a quartzite formation having a strike length of 1100 metres. Caving of the old exploration workings did not allow investigating the width of the mineralized zone, however reports indicate between 4 and 11 feet. Further, the field inspection carried out indicated that previous diamond drilling may not have been in the best locations to explore adequately the mineralized zone.

It is concluded the Copper Butte mineral claim area should be explored further. It appears that there is an excellent opportunity to find substantial tonnage of silver/copper ore in a favourable mining situation. A preliminary program of mineral exploration is recommended in addition to that carried out in July 1983. The estimated cost of the additional work proposed is \$38,000.

#### **PROPERTY - LOCATION, ACCESS AND PHYSIOGRAPHY**

The property is located 40 kilometres west of Spillimacheen in the Purcell Mountains near the Bugaboo Mountains at the headwaters of Rockypoint Creek and approximately 5 kilometres from Bugaboo Creek. Rockypoint Creek flows into Bugaboo Creek which in turn flows into the Columbia River near the Town of Spillimacheen.

A highway of excellent quality parallels Bugaboo Creek and a rough trail from the highway follows Rockypoint Creek to the property. Access from Spillimacheen by highway and trail total 40 kilometres in distance.

The Copper Butte property comprises one mineral claim containing 20 claim units and having a total area of 500 hectares.

The topography of the area is mountainous, relief ranging between 4500 feet and 9000 feet above sea level. The upper and western half of the claim is above the tree line in gently sloping cirque like valleys. The lower and eastern half is steep and forested (Figure 2).

## CLAIM

The Copper Butte mineral claim is located in the Golden Mining Division in the N.T.S. area 82K/15.

Information on file with the British Columbia Ministry of Energy, Mines and Petroleum Resources at Golden, British Columbia is as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Recorded Holder</u>
Copper Butte	4x5=20	1129	22 June 1983	Dean A. de la Mothe

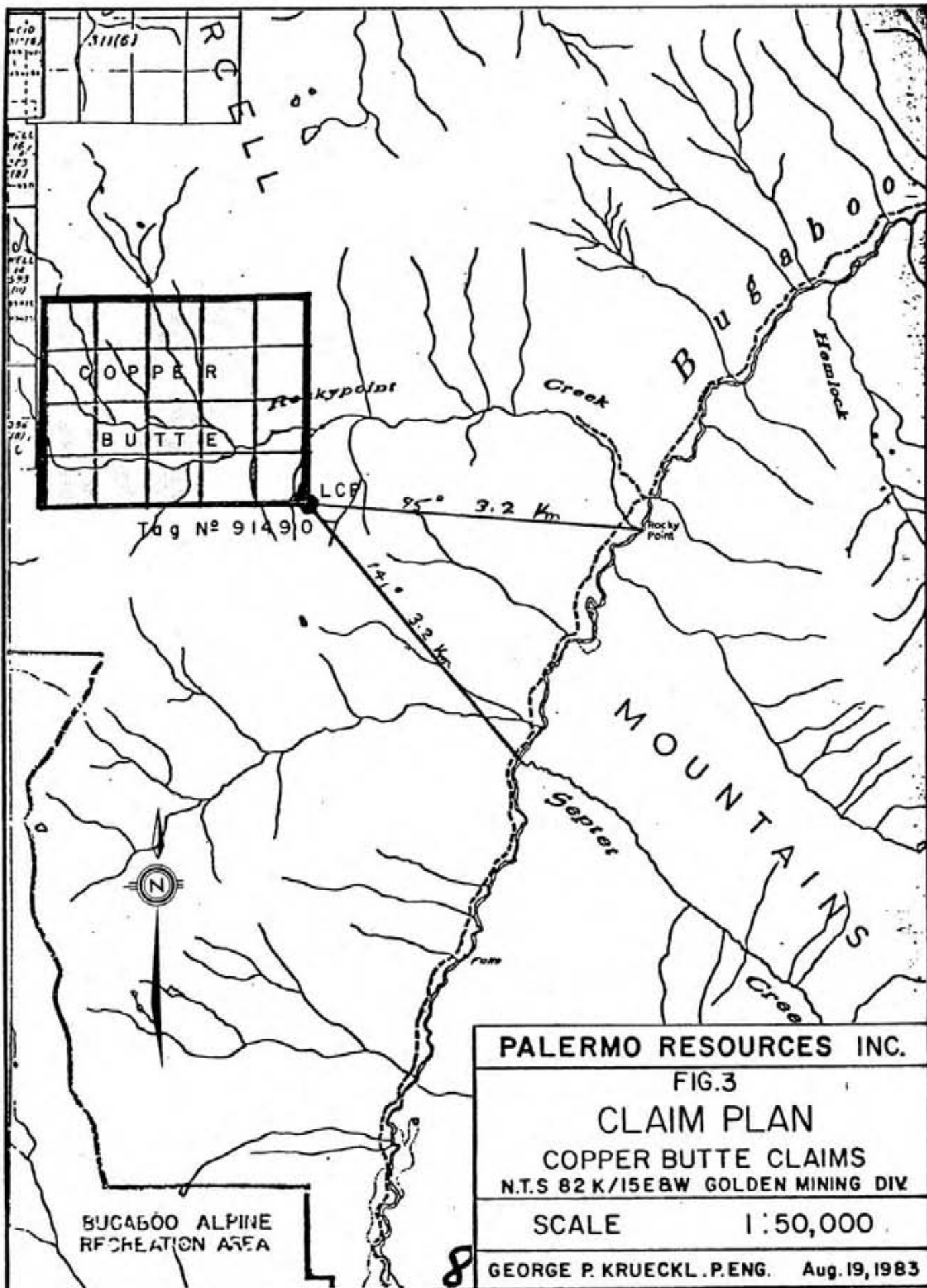
The Copper Butte mineral claim is shown on Department of Mines and Petroleum Resources, Victoria, B.C. Mineral Claim Map having NTS number M82K/15 (Figure 3).

## HISTORY - PREVIOUS DEVELOPMENT AND MINERALIZATION

Mineral exploration work was reported in the area during years 1916, 17, 23, 60, 61 and 67. The 1916 and 17 work was concentrated on the Copper Butte showing (See Figure 4) where 31 tonnes of ore were removed from open cuts and an adit. The ore was shipped to the Trail, B.C., smelter and published production data show the following:

<u>Year</u>	<u>Tonnes Mined</u>	<u>Silver (oz)</u>	<u>Copper (lbs)</u>
1916	22	1200	2399
1917	<u>9</u>	<u>500</u>	<u>1001</u>
Totals	31	1700	3400
Recovery per tonne		54	110

In 1923, work carried out in the area identified three parallel zones of mineralization, each spaced about 600-750 metres apart. The Copper Butte showing is located on the middle zone and was one of the showings visited on our site visit on July 28, 1983.



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FIG.3

CLAIM PLAN

COPPER BUTTE CLAIMS

N.T.S 82 K/15E8W GOLDEN MINING DIV

SCALE

1:50,000

8 GEORGE P. KRUECKL .P.ENG. Aug.19,1983



PALERMO RESOURCES INC.

FIG.4

# AIR PHOTO SKETCH

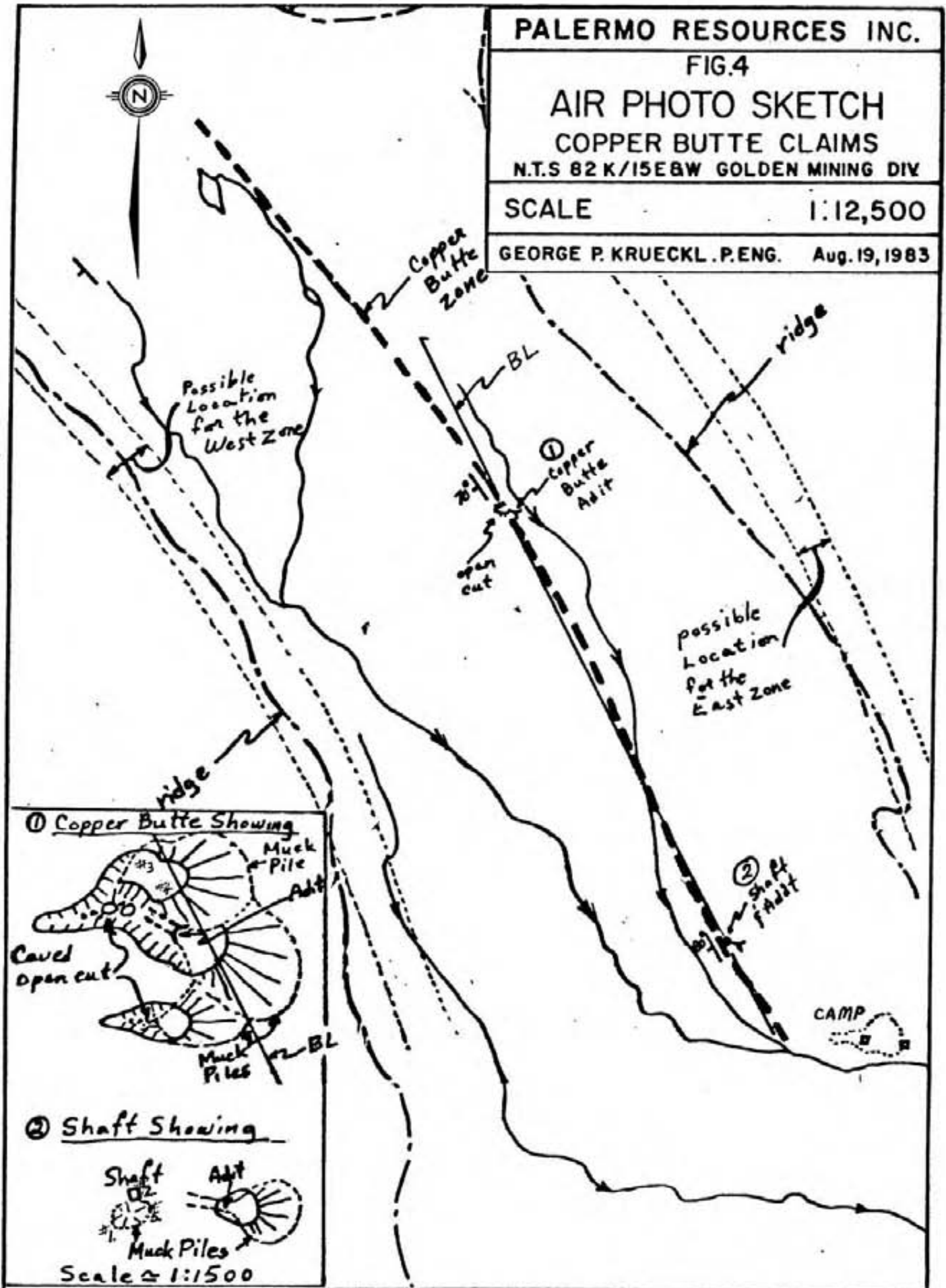
## COPPER BUTTE CLAIMS

N.T.S 82 K/15E&W GOLDEN MINING DIV

SCALE

1:12,500

GEORGE P. KRUECKL .P.ENG. Aug.19,1983



The work carried out in 1923 involved six claim groups, namely: Copper King, Copper Queen, Gray Eagle, Marjory, Condor and Amelia. The 1924 Minister of Mines Report gives the following account:

"COPPER KING and COPPER QUEEN. These claims are situated on the northern side of Bugaboo Creek, about 2 miles by rough trail from a point on the old tote-road, 24 miles from Spillimacheen. The 'Copper King' is owned by R. McKeenan and the 'Copper Queen' by H.W. Conover, both of Castledale."

"The claims are staked on the 'middle lead', which is a vein about 10 feet wide striking diagonally up in the mountain in a northwesterly direction (N30°W) with dip to the northeast of about 58°. The vein, strong and well defined, apparently conforms to the bedding of the country-rocks, which are schists and slates. The vein-filling is quartz and altered country-rock, the mineralization consisting of disseminated copper sulphides with which some silver values are associated."

"At an approximate elevation of 7,270 feet above sea-level, and a few hundred feet below the summit of the ridge, an open-cut shows a width of 4 feet of disseminated copper sulphides in quartz on the hanging-wall side of the vein, which is here about 10 feet wide. Thirty feet vertically below the open-cut there is a short crosscut tunnel now caved and inaccessible."

"A grab sample from a small pile of ore on the dump assayed: gold 0.02 oz; silver 2.3 oz to the ton; copper 11.2 percent."

"GRAY EAGLE and MARJORY. These claims, owned by R. McKeenan and M. Achenbach, adjoin the Copper King and Copper Queen claims on the west and are staked on the 'upper lead', which is parallel to and about half a mile westerly from the 'middle lead'. At an approximate elevation of 7,720 feet an open-cut shows from 3 to 4 feet of disseminated copper sulphides in quartz on the hanging-wall side, with some similar mineralization on the foot-wall side of a well-defined vein 8 to 10 feet wide, conforming to the strike and dip of the enclosing schists and slates. The strike is about N35°W, with steep dip to the northeast."

"About 100 feet southeasterly from this open-cut, and at about the same elevation, another open-cut in the vein shows 4 feet of disseminated copper sulphides in quartz on the hanging-wall side."

"CONDOR and AMELIA. These claims, owned by H.W. Conover and M. Achenbach, are staked on the 'lower lead', which is nearly parallel to and about 2000 feet easterly from the 'middle lead' on the Copper King and Copper Queen claims. Exposed in the face of a bluff at about 5,800 feet elevation there is a vein 11 feet wide showing much the same characteristics and mineralization as the 'upper' and 'middle' leads. In this showing, however, the mineralization appears to be strongest towards the foot-wall side over a width of from 4 to 5 feet."

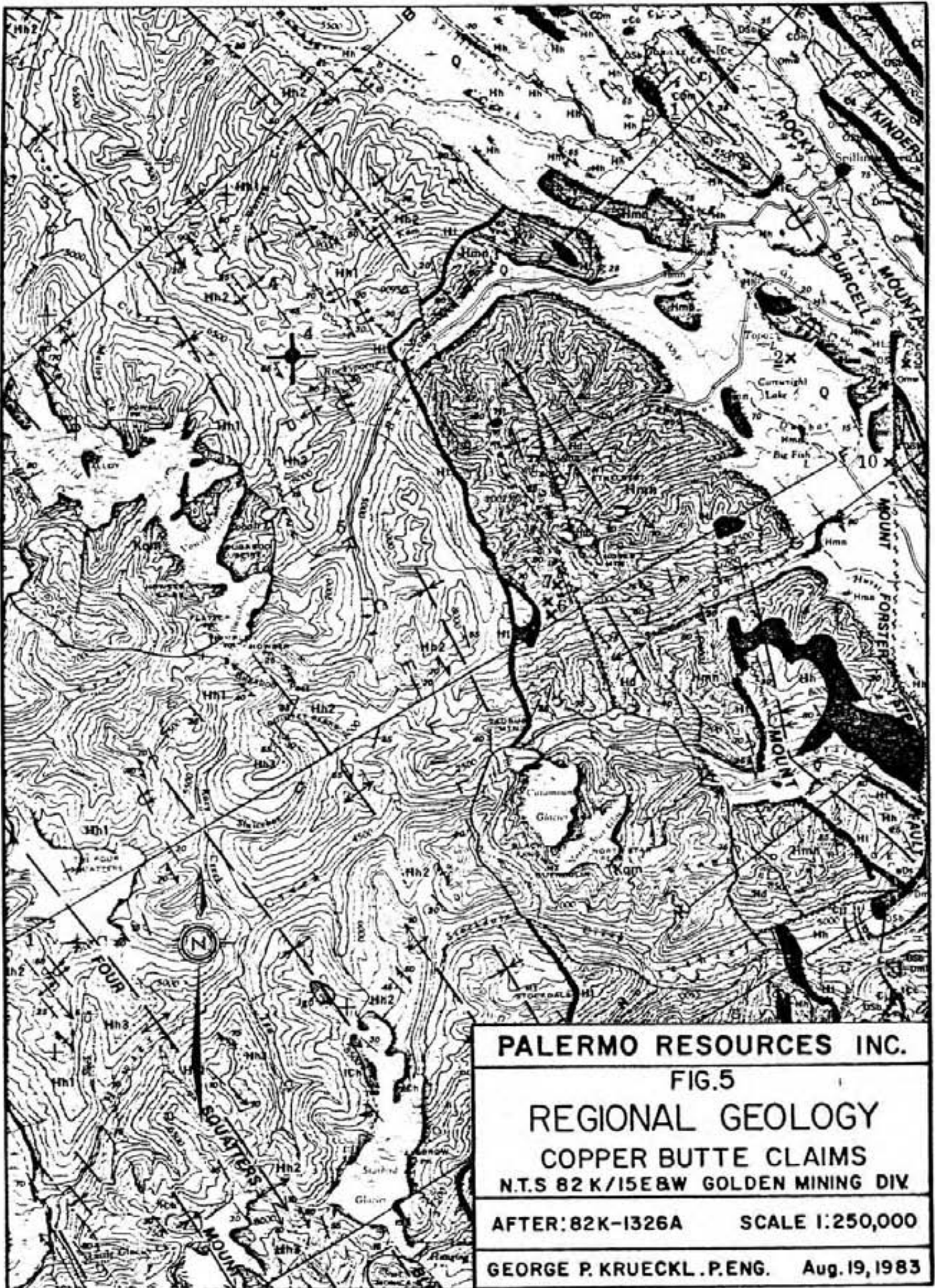
In 1960 and 61 work carried out in the area by St. Andrew Mining Co. Ltd. of Vancouver covered a larger area than had previously been investigated. The area covered involved not only the showings in the headwaters of Rockypoint Creek but also the adjacent area to the northwest in the headwaters of Warren Creek. The Warren Creek showings are assumed to be along strike of the Rockypoint Creek showings. The total area covered in both creeks involved 101 mineral claims. The work carried out is quoted as follows: "Geological and geophysical surveys were made in 1961 and eight holes were diamond drilled, totalling 1200 feet".

In 1967 Pharaoh Mines Ltd. of Vancouver had a group of 37 claims covering old showings formerly known as the Copper King and Copper Queen. The work involved only blasting of open cuts and trenches in rock.

#### REGIONAL AND LOCAL GEOLOGICAL SETTING

The Copper Butte (also Copper King and Copper Queen) showings occur in the Horsethief Creek Group of formations, which make up the major portion of the bedrock in the Purcell Mountains between "The Bugaboos" and the Columbia River. The Horsethief Creek Group is described as grey, black and green slate and argillite, quartz pebble conglomerate, quartzite, feldspathic quartzite and grit; red slate and arenaceous slate; minor blue and grey and black limestone; equivalent mica schist, schistose quartz and grit. Slates, schists and pebble conglomerate are dominant in the Bugaboo Creek area (Figure 5).

The geology of the property visited has been described in the 1924 Minister of Mines report as follows: "The claims (Copper King and Copper Queen) are staked on the 'middle lead', which is a vein about 10 feet wide striking diagonally up the mountain in a northwesterly direction (N30°W) with dip to the northeast of about 58°. The vein, strong and well defined, apparently conforms to the bedding of the country rocks which are schists and slates. The vein-filling is quartz and altered country rock, the mineralization consisting of disseminated copper sulphides with which some silver values are associated."



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**FIG.5**

**REGIONAL GEOLOGY**

**COPPER BUTTE CLAIMS**

**N.T.S 82 K/15E&W GOLDEN MINING DIV.**

**AFTER: 82K-1326A**

**SCALE 1:250,000**

**GEORGE P. KRUECKL .P.ENG. Aug. 19, 1983**

Field observations carried out July 28, 1983, confirm the above geological description with exception to the dip of the bedrock being as described "northeast at about 58°". Some 15 strike and dip measurements taken on July 28th along the country rocks, to which the vein apparently conforms, showed a range of dips from approximately 80-85 degrees west near the shaft showing in the south and 60-75 degrees west near the Copper Butte showing in the north. These measurements were taken along strike over a distance of 1.1 kilometres.

The question of the dip of the mineralized formations requires further investigation and has considerable bearing on the effectiveness of past diamond drilling programs. Several of the old drill hole sites were visited and one of these in particular, near the Copper Butte showing, appeared to be drilled in the wrong direction based on our current understanding of the geology. Air photo interpretation also reinforced this observation.

The 1924 Minister of Mines Report discusses the occurrence of two additional mineralized zones parallel to the Copper Butte zone "middle lead". The showings on both of these zones were not visited on July 28, 1983, as these had not as yet been found by the field crew at the site and time did not permit to begin the search for them on the day the property was visited. These showings are described on pages 3 and 4 in the section History - Previous Development and Mineralization.

Based on the descriptions given on the two mineralized zones to the east and to the west of the middle zone, an approximate location for these can be estimated and should be investigated in the next phase of the mineral exploration work to be carried out. Figure 4 shows the estimated location of the two zones, the one being 750 metres west and the other 600 metres east of the Copper Butte zone.

#### MINERALIZATION - ASSAYS

Five samples were taken from the two showings visited. Since the bedrock exposure in open cuts and adits were caved and did not allow access to the mineralized vein, the majority of the samples taken were from muck piles near each of the showings.

The only bedrock exposure found at the two showings visited was in the southern showing, a small shaft, slightly inclined to the west and following a quartz vein. The shaft was caved to 1½ metre from surface, however a ladder lying nearby suggests its original depth may have been 6 metres. A chip sample was taken along the width of the vein.

The following tabulation lists the assay results and Figure 4 shows their location by sample number. Since the assay results did not give high silver results as anticipated, it can be assumed that the samples taken from the muck piles were not representative. It can be assumed that these assays would be of value only to support previous reports of mineralization. There is no doubt in the author's mind that the muck piles visited were associated with the old workings nearby.

<u>Sample No.</u>	<u>% Pb</u>	<u>% Zn</u>	<u>(oz/ tonne) Ag</u>	<u>(oz/ tonne) Au</u>	<u>% Cu</u>
#1 Lower Dump	.01	.01	.03	.001	7.005
#2 Lower Chip Sample	.01	.01	.02	.001	7.810
#3 Top Dump	.01	.02	.06	.001	3.270
#4 Upper Dump	.01	.01	.18	.001	7.950
#5 Lower Grab	.01	.01	.02	.001	6.220

#### RESULTS OF THE 1983 GEOPHYSICAL AND GEOCHEMICAL SURVEYS

During July 1983, two grids for survey control were established. These are shown on Figure 6. During the same period a very low frequency electromagnetic survey was carried out over the two grids. A geochemical soil sampling was carried out over the southeast grid (Grid I) only.

The EM16 survey involved using the Fraser Filtering technique for manipulating the data to transform noisy non-contourable data into less noisy contourable data. The manipulation is the result of the application of the difference operator to transform zero-crossings into peaks, and a low-pass smoothing operator to reduce noise. The filtered data is plotted and contoured as shown on Figure 7.

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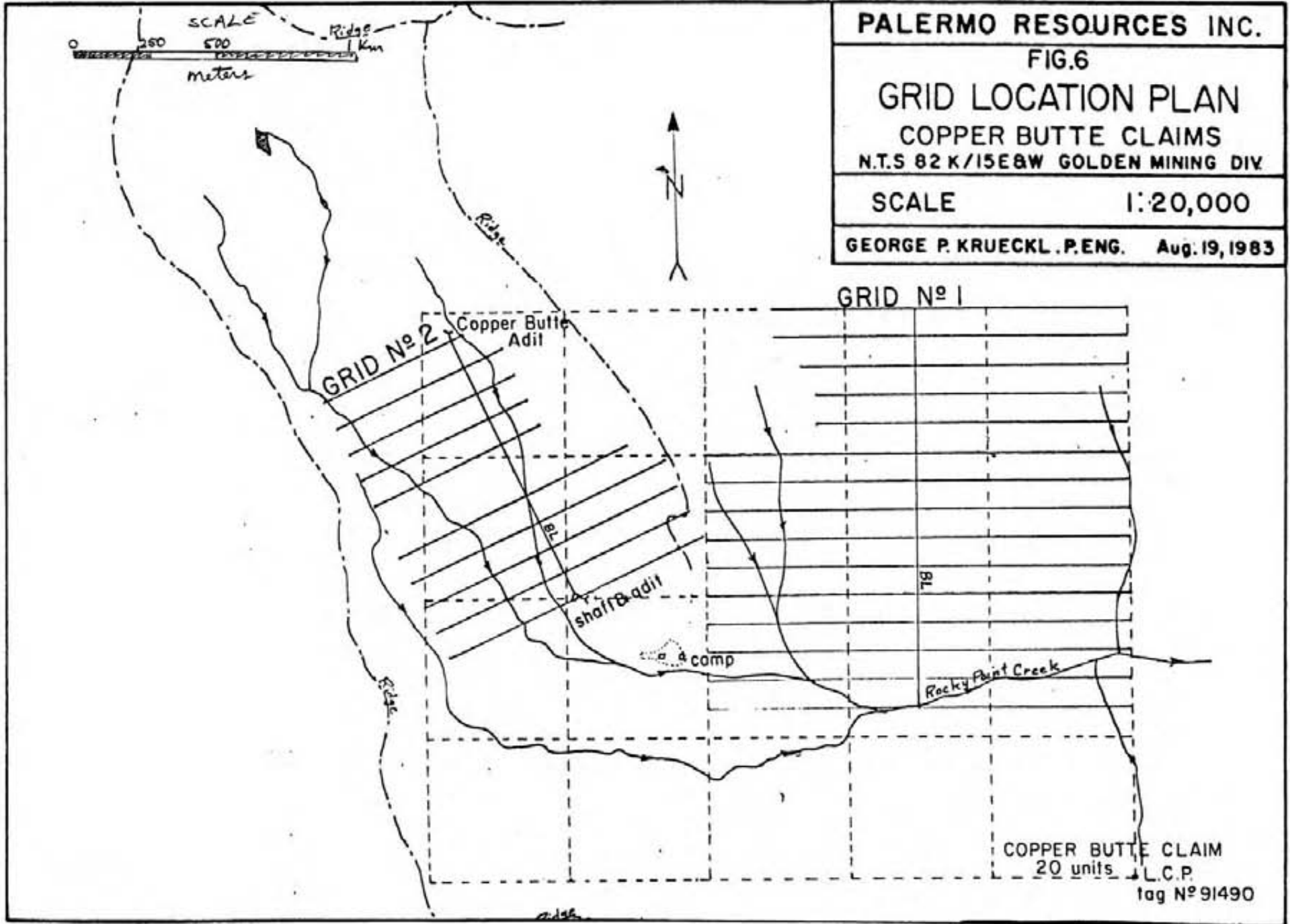
FIG.6

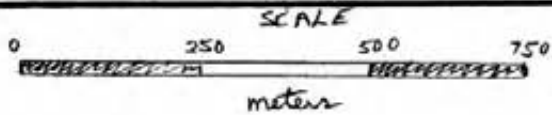
# GRID LOCATION PLAN

COPPER BUTTE CLAIMS  
N.T.S 82 K/15E8W GOLDEN MINING DIV.

SCALE 1:20,000

GEORGE P. KRUECKL .P.ENG. Aug.19,1983





TRANSMITTER  
SEATTLE 18.6 Khz

**PALERMO RESOURCES INC.**

FIG.7

**FRASER FILTER EM-16**

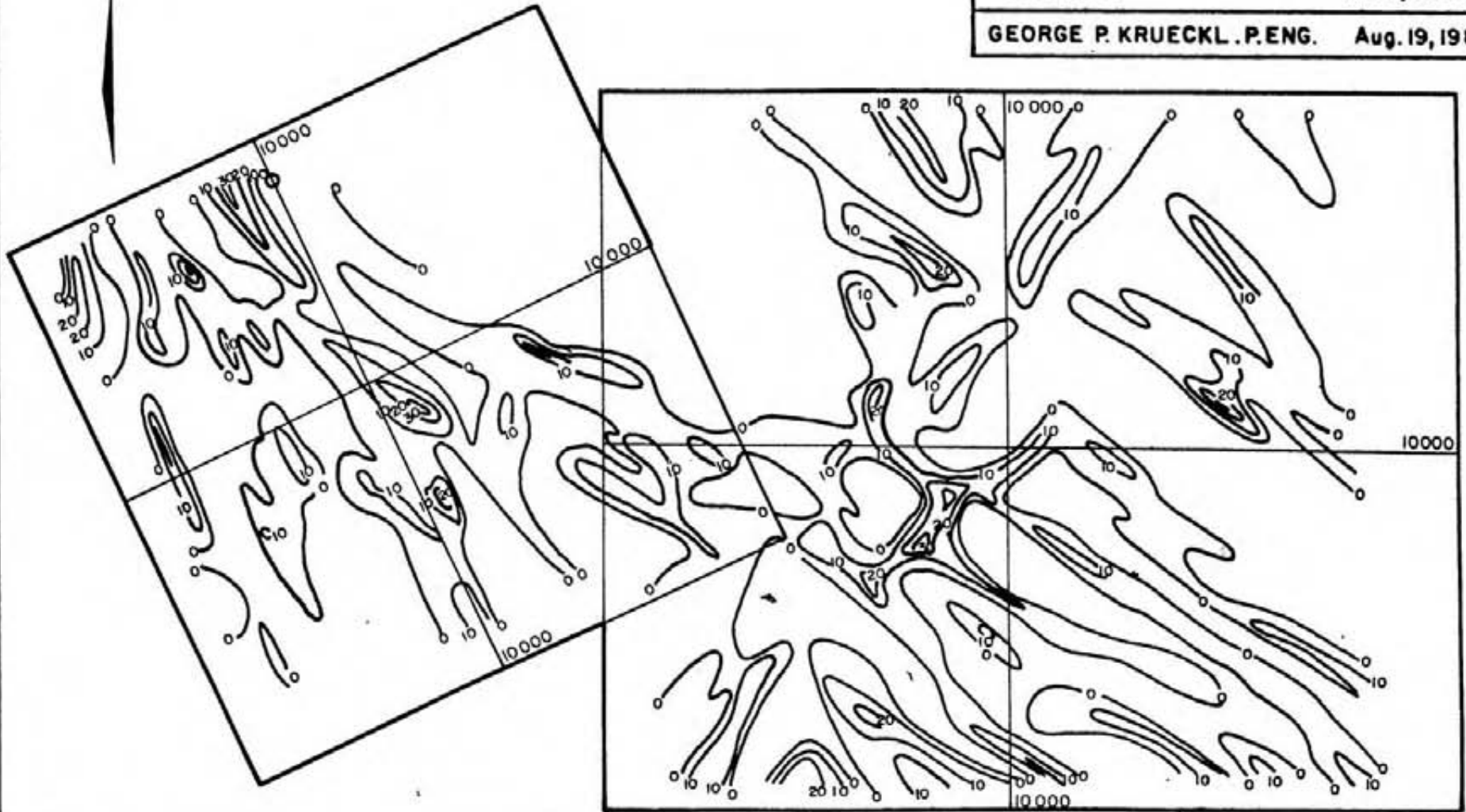
**COPPER BUTTE CLAIMS**

**N.T.S 82 K/15EBW GOLDEN MINING DIV.**

SCALE

1:13,333

GEORGE P. KRUECKL . P.ENG. Aug. 19, 1983





The Em16 survey results were plotted and contoured at an interval of 10 units as shown on Figure 7. Numerous electromagnetic highs are shown on the map, all trending parallel to the strike of the formations. The only exception is on grid I where a major lineation at right angles to the trend is shown. This may correspond to a major fault zone in the area.

The geochemical survey assayed for copper, silver, lead and zinc, and also show some high values trending parallel to the bedrock formations. Some of the geochemical highs should be investigated as part of future field work. Only the copper and silver surveys have been included in this report (see Figures 8 and 9).

## REFERENCES

Information in the following publications is considered to be pertinent to the ground covered by Copper Butte claim area.

British Columbia Minister of Mines Reports for the years

1917 - pp. K188 and K516

1924 - pp. A198

1961 - pp. 83

1967 - pp. 266

Geological Survey of Canada - Memoir 369 by J.E. Reesor and Map 1326A covering NTS area 82K (East Half).

Air Photograph Series BC7557

# 185 to 189

# 105 to 108

**PALERMO RESOURCES INC.**

**FIG.8**

**COPPER GEOCHEM**

**COPPER BUTTE CLAIMS**

**N.T.S 82 K/15EBW GOLDEN MINING DIV.**

**SCALE**

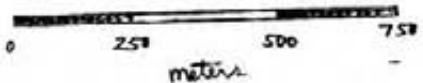
**1: 8, 000**

**GEORGE P. KRUECKL .P.ENG.**

**Aug. 19, 1983**

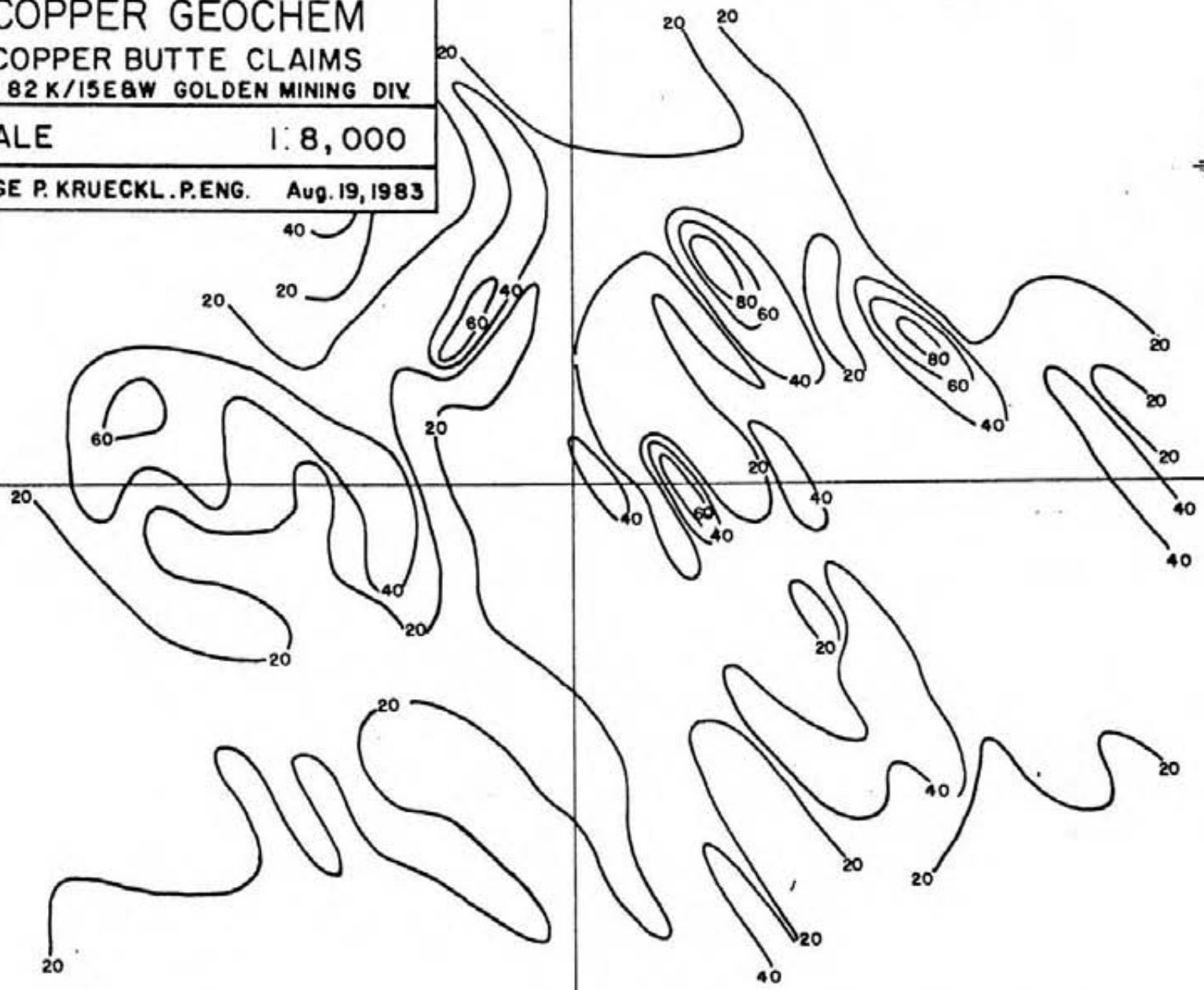
10 000

SCALE



10 000

10 000



10 000

PALERMO RESOURCES INC.

FIG.9

SILVER GEOCHEM

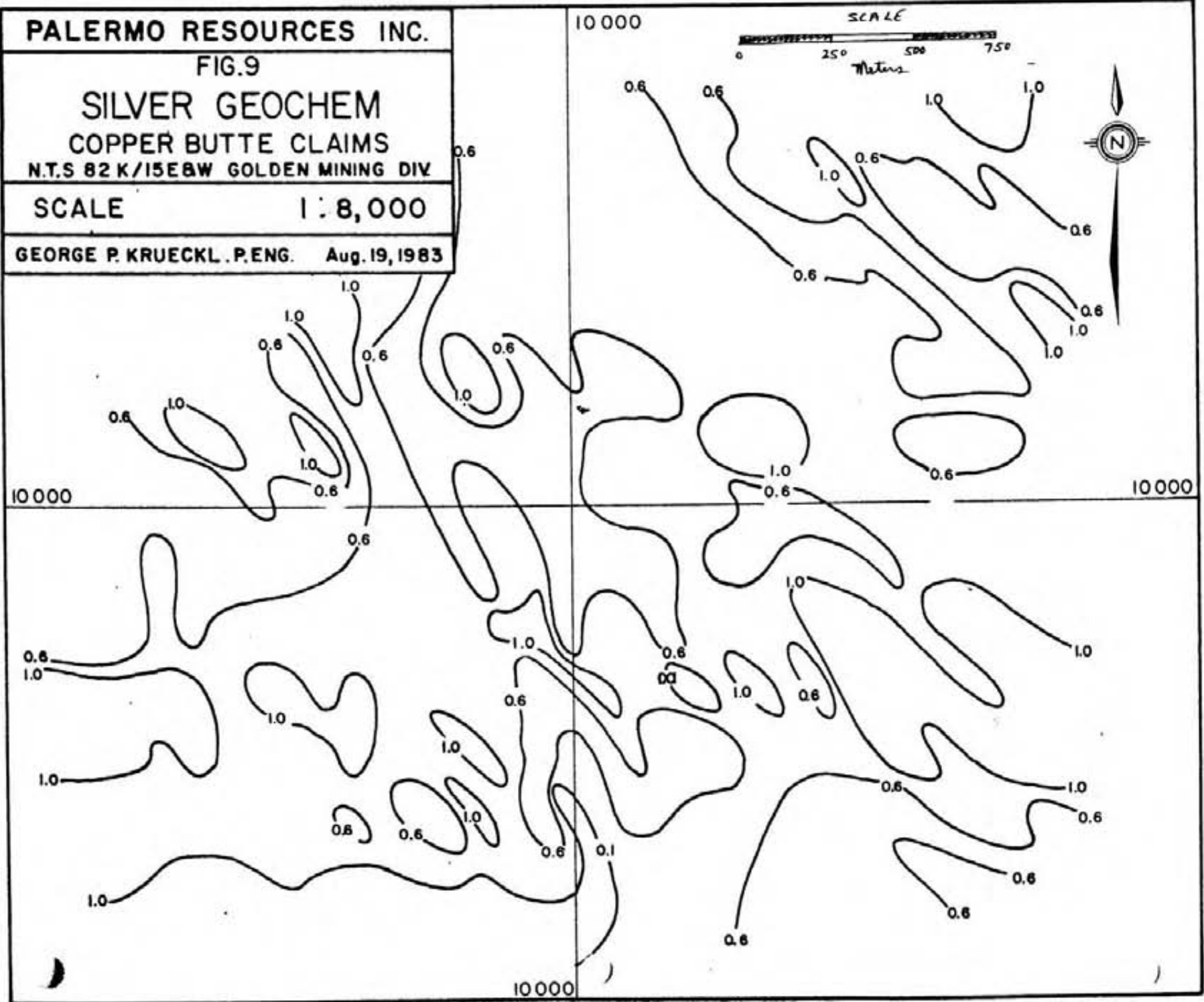
COPPER BUTTE CLAIMS

N.T.S 82 K/15E8W GOLDEN MINING DIV

SCALE

1 : 8,000

GEORGE P. KRUECKL . P.ENG. Aug. 19, 1983



## RECOMMENDATIONS

The field program as originally conceived involved 3 phases of mineral exploration work: Phase 1 involving claim staking, geochemical and geophysical surveys; Phase 2 involving geological mapping, outcrop sampling and extension of geochemical and geophysical surveys; Phase 3 involving diamond drilling. The Phase 1 work, involving claim staking, geochemical and geophysical surveys, has been completed. These surveys have given some interesting results and a site visit by the author has resulted in a recommendation for additional work. Additional work recommended for Phases 2 and 3 are as follows.

### Phase 2

Geological mapping of the claim and surrounding areas to include the 3 mineralized zones discussed on page 5, "Geological Setting" and page 3, "History - Previous Development and Mineralization. Figure 10, a sketch made from field observations and air photo interpretations, shows the approximate boundary to which geological mapping should take place. Claim staking should be extended to include the mapped areas which are of interest.

Since the assay results for the samples taken on July 28, 1983 show very low silver values, it is recommended that an open cut or trench be dug at the Copper Butte showing to re-expose the mineralized zone for resampling. Sampling of other existing mineralized bedrock exposures should also be carried out.

EMI6 - Fraser Filtered geophysical surveys should be extended to the new areas. The perimeter of the final claim area proposed should be surveyed to establish the boundary of the property.

### Phase 3

Contingent upon the results of Phase 2 program, it is proposed to diamond drill the indicated mineralized zones.

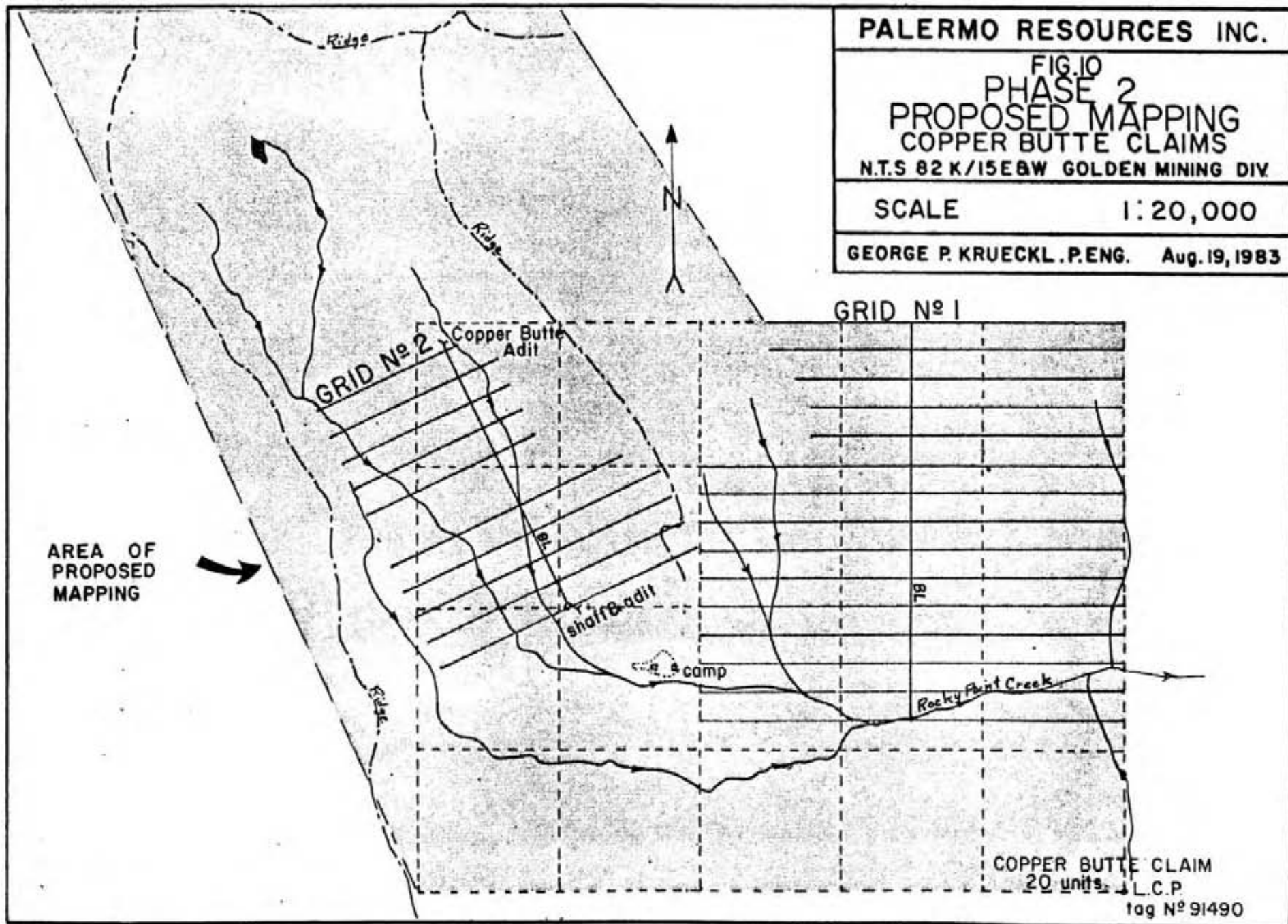
PALERMO RESOURCES INC.

FIG. 10  
PHASE 2  
PROPOSED MAPPING  
COPPER BUTTE CLAIMS

N.T.S 82 K/15E6W GOLDEN MINING DIV.

SCALE 1:20,000

GEORGE P. KRUECKL . P. ENG. Aug. 19, 1983



## ESTIMATED COST OF THE PROPOSED WORK PROGRAM

Phase 1 (completed August 2, 1983)

Involves claim staking, geochemical surveys and geophysical surveys	\$12,000
---------------------------------------------------------------------	----------

Phase 2

Perimeter Survey and Claim Staking	3,000
Geological Mapping (10 days)	5,000
Geophysical Surveys (10 days)	6,000
Trenching & Sampling of Mineralized Zones	<u>4,000</u>
	18,000

Phase 3

4 shallow diamond drill holes 50 metres each @ \$100/m	<u>20,000</u>
-----------------------------------------------------------	---------------

GRAND TOTAL	\$50,000
-------------	----------

=====

## CERTIFICATE

I, George P. Krueckl, of the City of Richmond, Province of British Columbia, hereby certify as follows:

1. I am a Consulting Geological Engineer with an office at 4860 Fortune Avenue, Richmond, B.C., V7E 4H9.
2. I am a registered Professional Engineer of the Province of British Columbia.
3. I graduated with a degree of Bachelor of Science, Geological Engineering, from the University of Saskatchewan, 1962.
4. I have practised my profession for 21 years.
5. I have no direct, indirect or contingent interest in the shares of Palmero Resources Inc. or the Copper Butte mineral claim, subject of this report, nor do I intend to have any interest.
6. This report dated September 12, 1983 is based on a personal field examination I made on July 28, 1983, and from information gathered from available maps and reports.
7. Permission is granted to publish this report dated September 12, 1983, in the Prospectus for Palmero Resources Inc. Written permission from the author is required to publish this report for any other purpose.

DATED at Richmond, Province of British Columbia, this 12th day of September, 1983.



George P. Krueckl, P.Eng.  
Consulting Engineer

# MIN-EN Laboratories Ltd.

705 WEST 15th STREET,  
NORTH VANCOUVER, B.C., CANADA V7M 1T3  
TELEPHONE (604) 980-5254

## ANALYTICAL REPORT

Project COPPER BUTTE Date of report June 19/84

File No. 4-388 Date samples received June 15/84

Samples submitted by: .....

Company: De La Mothe

Report on: 179 soil Geochem samples

Assay samples

### Copies sent to:

1. De La Mothe, North Vancouver, B.C.
2. ....
3. ....

Samples: Sieved to mesh -80 Ground to mesh .....

Prepared samples stored  discarded

rejects stored  geo discarded

Methods of analysis: Cu, Ag nitric, perchloric digestion A.A.

analysis.

Remarks: .....



PALERMO

# KRUECKL CONSULTING SERVICES LIMITED

August 8, 1983

INVOICE

Traveling expenses to visit the former  
Copper Butte property near Golden B.C.  
on July 28, 1983.

Air Fare	\$237.60
Maps	6.42
Air Photos	<u>19.26</u>
Total Expenses	263.28

\$263.28



Remit invoice to Krueckl Consulting Services Limited 4860  
Fortune Avenue, Richmond, B.C. V7E 4H9.

Payment Approved By RLC  
PAID BY PALERMO (DAB)  
CHEQUE No. # 1013 B \$ 263.28 ✓  
DATE 16/8/83

# KRUECKL CONSULTING SERVICES LIMITED

September 13, 1983

## INVOICE

Aries Management Ltd.  
809-837 W. Hastings St.,  
Vancouver, B.C. V6C 2V9

*PAID MO  
Pd to Ce.  
Post*

The final billing for the work carried out in preparing the engineering report for the Copper Butte Mineral Claim is as follows:

Fees for services 5 days @\$300/day	\$1500.00	
Claim map	2.00	
Typing	49.00	
Copying	41.90	
Report covers (8)	<u>8.47</u>	
<b>Total</b>	<b>1601.37</b>	<b>\$1601.37</b>

*PAID  
# 1014  
# 1601.37  
13/9/83*

# KRUECKL CONSULTING SERVICES LIMITED

September 19, 1983

*pd To  
Be  
Post  
PALERMO*

## INVOICE

Aries Management Ltd.,  
809-837 West Hastings St.,  
Vancouver, B.C. V6C 2V9

*PALERMO.*

Draughting services provided for the Copper Butte property by Dave Walker.

13 hours @ \$15 \$195.00

13 Sheets 8½X11 Mylar @ \$.75 9.75

Total \$204.75

\$204.75

*PAID  
#1020  
5/19/83  
\$204.75.*

No. 1008  
No. 1007

# TORONTO-DOMINION BANK

CURRENT ACCOUNT

18 May 1983

WEST HASTINGS AT HORNBY STS.  
VANCOUVER, B.C. V6G 1C6

PAY TO THE ORDER OF

*De la Mothe*

\$ 7,000<sup>00</sup>

DOLLARS

REGISTERED 7000 DOLS 00 CTS  
38156072 PALERMO RESOURCES INC.

*[Signature]*

Br# 1:95280004: 09750763040

INSTRUCTIONS, YOUR ACCOUNT  
\$14,000.00 ON MAY 30, 1983 AND DEBITED WITH  
ARE D

UN  
1014  
No. 1013

# THE TORONTO-DOMINION BANK

CURRENT ACCOUNT

26 July 1983

839 WEST HASTINGS AT HORNBY STS.  
VANCOUVER, B.C. V6G 1C6

PAY TO THE ORDER OF

JUL 26

REGISTERED 7000 DOLS 00 CTS  
38156072

*Exploration Services* \$ 7,000<sup>00</sup>

DOLLARS

PALERMO RESOURCES INC.

*[Signature]*

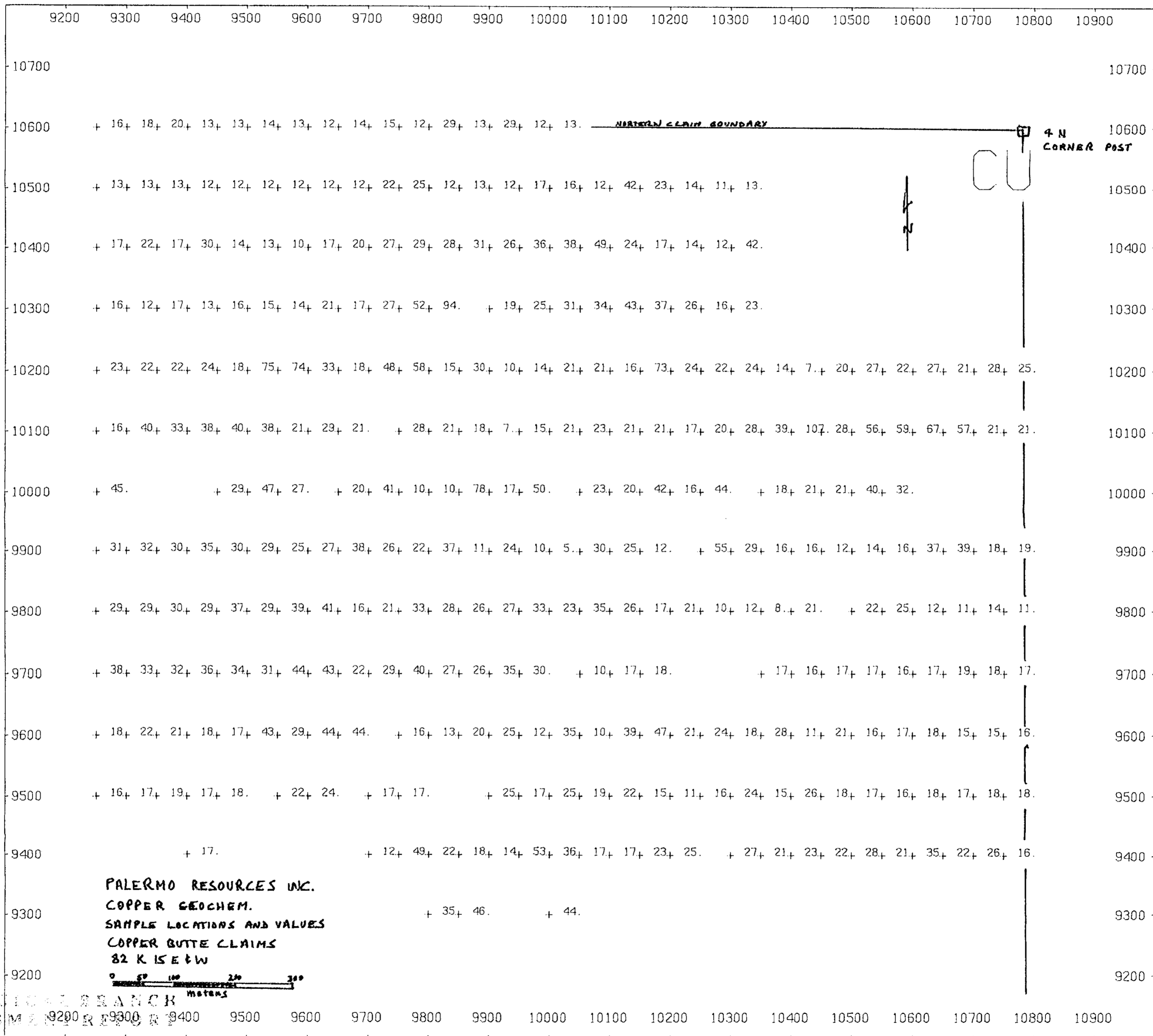
Br# 1:95280004: 09750763040

*Copper to the  
explor.*

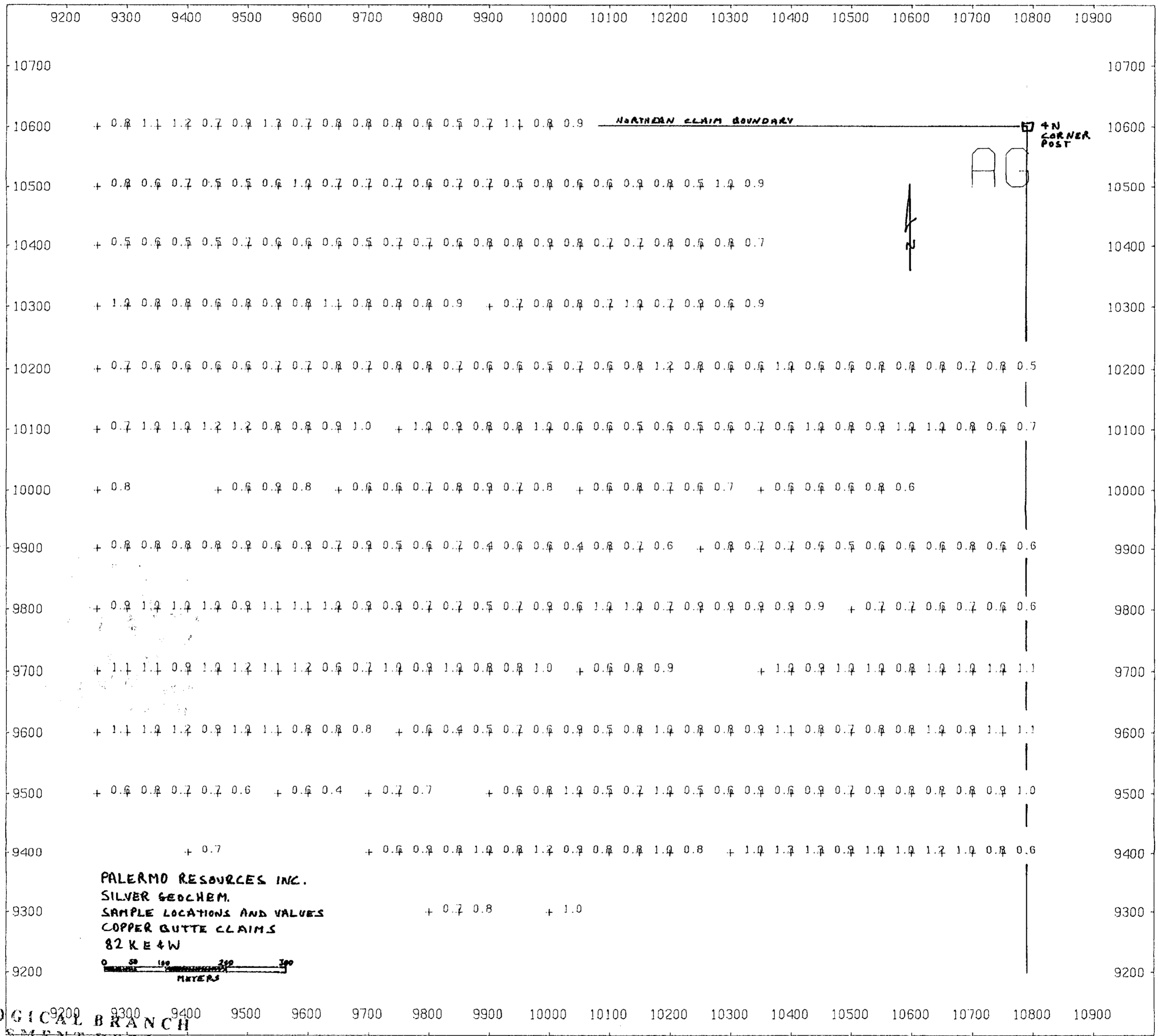
## COST STATEMENT

Commercial Exploration Company Services  
32 km survyed, compass and hipchain  
32 km of geotronics EM-16  
22.5 km soil sampling  
assaying 179 samples for Ag, Cu and prep  
Helicopter support  
2 weeks 2 men  
transportation Vancouver golden return

total cost                   \$14,000.00

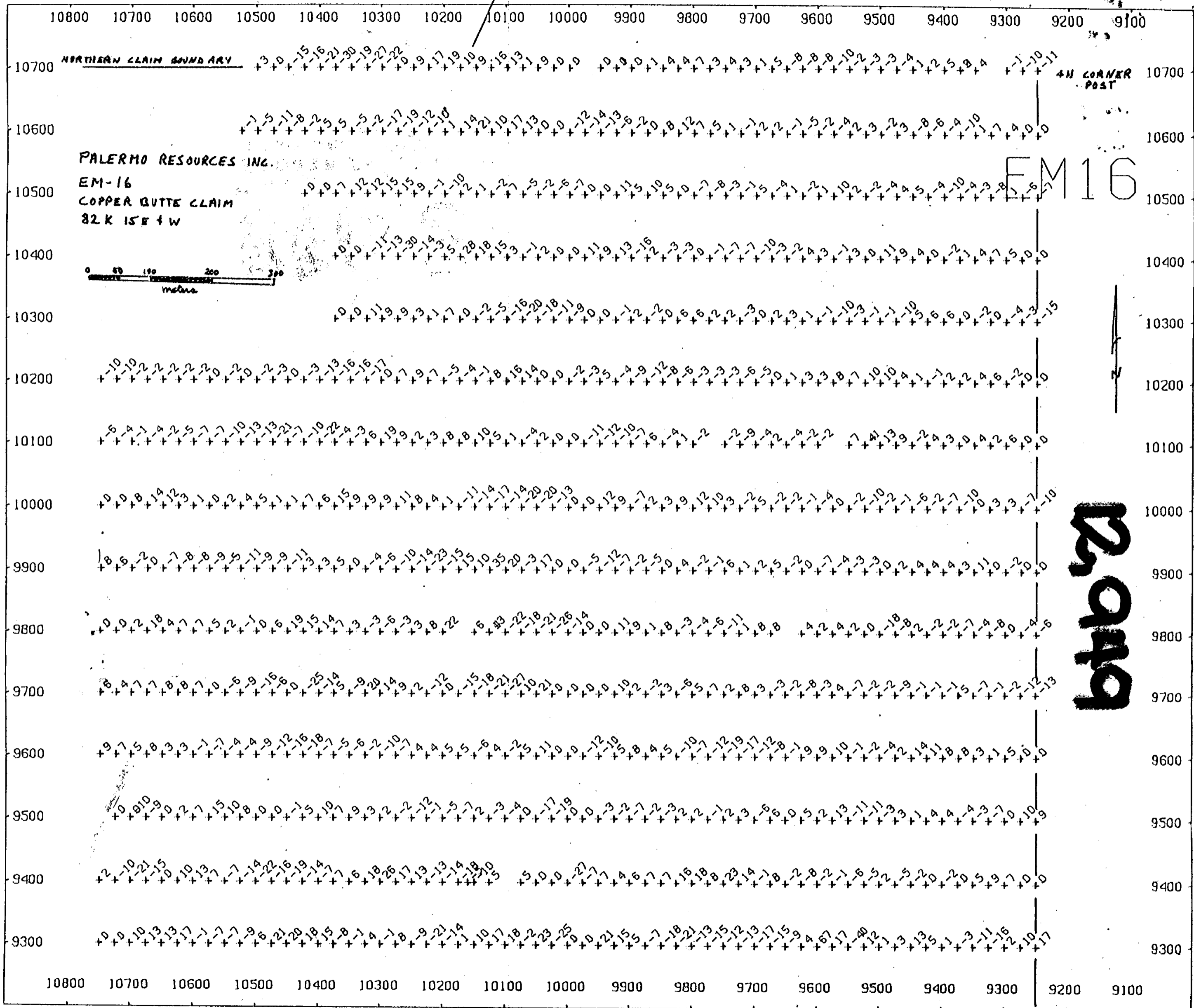


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GEOLOGICAL BRANCH  
ASSESSMENT REPORT

12,949





4N5W CORNER POST

