

PROSPECTUS
Nov. 23, 1979.

061875

REPORT

ON THE

TIN #1 - 16,
MAR #8,
SCHEE #1 - 23,
RIETA #1 - 24,
LITE #1 - 16,
MINERAL CLAIMS

N. Lat. $61^{\circ}17'$ W. Long. $128^{\circ}43'$

105-H-7

for

TUNGCO RESOURCES CORPORATION
704 - 525 Seymour Street
Vancouver, British Columbia

by

Donald W. Tully, P.Eng.

September 11, 1979

West Vancouver, B.C.

DON TULLY ENGINEERING LTD.
SUITE 102 - 2222 BELLEVUE AVENUE
WEST VANCOUVER, BRITISH COLUMBIA
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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
SUMMARY AND CONCLUSIONS.....	1
PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY.....	3
CLAIMS.....	3
HISTORY - PREVIOUS DEVELOPMENT.....	4
REFERENCES.....	5
REGIONAL AND LOCAL GEOLOGICAL SETTING.....	5
MINERALIZATION.....	7
RECOMMENDATIONS.....	9
ESTIMATED COST OF THE PROPOSED WORK PROGRAM.....	10
CERTIFICATE.....	11
ASSAY CERTIFICATES.....(End of Report)	

MAPS

Fig. 1 - Location Map.....(Frontispiece)	
Fig. 2 - Topographic Plan.....(Following page 1)	
Fig. 3 - Claim Plan.....(Following page 2)	
Fig. 4 - Regional Geology (after GSC Map 6-1966-Frances Lake 105-H).....(Following page 4)	
Fig. 5 - Plan of the Mineralized Zones and location of pro- posed diamond drill holes (modified after a plan by James W. McLeod, B.Sc.).....(In Pocket)	

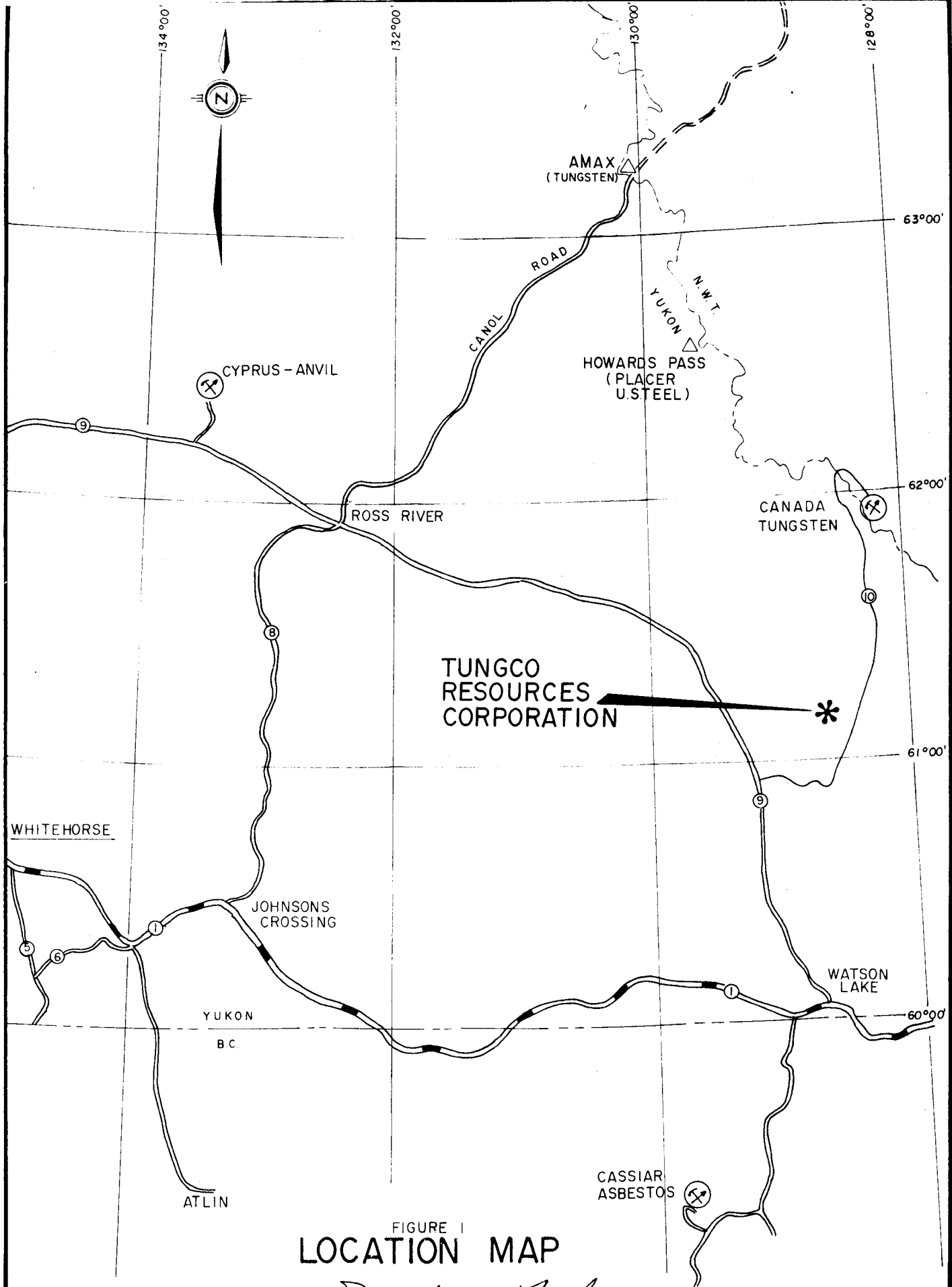


FIGURE 1
LOCATION MAP

Donald W. Zully

INTRODUCTION

This report was prepared pursuant to a request by the Directors of Tungco Resources Corporation, Suite 704, 525 Seymour Street, Vancouver, British Columbia.

The property was examined on four occasions. The most recent visits were on August 4th and 27th of this year and form the basis for this report.

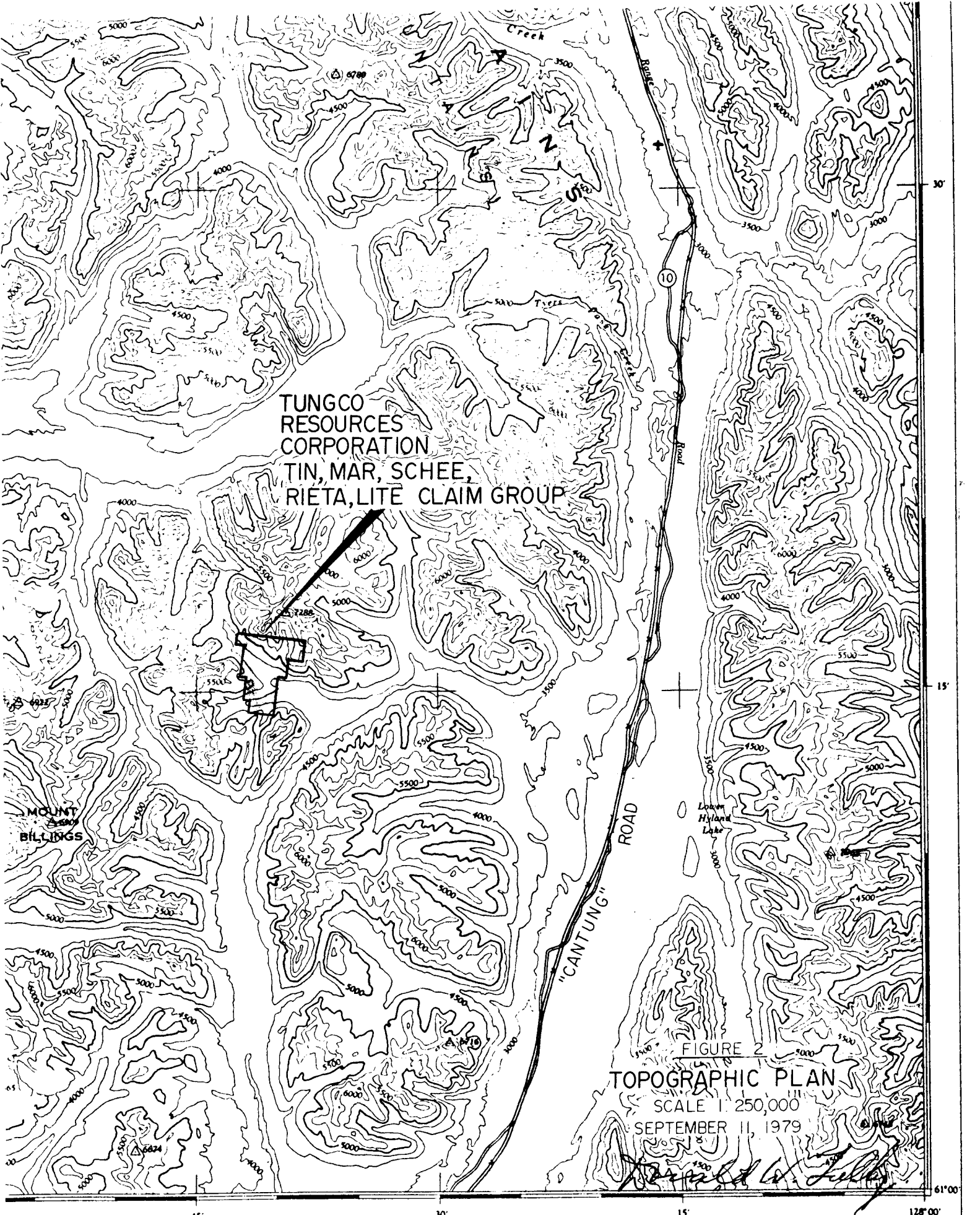
The purpose of this evaluation is to assess the results of the mineral exploration done on the claim group and to evaluate the mine-making potential of the mineralized zones that have been recently expanded by bulldozer trenching with encouraging results.

A program of diamond drill exploration is recommended.

SUMMARY AND CONCLUSIONS

The TIN, MAR, RIETA, SCHEE and LITE property comprises a group of eighty contiguous mineral claims.

The property is located about 90 air miles north of Watson Lake, Yukon Territory. Road access is available via the Robert Campbell Highway to the North Nahanni Range (Cantung) Road and thence to mile 47 (km 78) where a bush road requiring a four-wheel drive vehicle extends westward some nineteen miles to the property. The total road distance is about 135 miles from Watson Lake (225 km).



TUNGCO
RESOURCES
CORPORATION
TIN, MAR, SCHEE,
RIETA, LITE CLAIM GROUP

FIGURE 2
TOPOGRAPHIC PLAN
SCALE 1:250,000
SEPTEMBER 11, 1979

Donald W. Kelly

Lead-zinc-silver mineralization was discovered on this ground about 1964 by prospectors working for the Yukon-Pacific Syndicate. Scheelite was found late in 1972 following a program of mineral exploration by Dusty Mac Mines. Since that time four tungsten-bearing zones have been discovered in the northwest area of the claim group and a large tungsten-rich geochemical soil anomaly some 7,500 feet to the south and west. A program of six short diamond drill holes on the "E" Zone in 1977 may have overshoot the sub-outcrop of the tungsten-bearing shear zone.

An extensive program of bulldozer trenching done in August-September, 1979, to expand the "A", "R", "E" and "D" zones, has indicated these silver-lead-zinc-copper and tungsten-bearing zones may all be part of the same geologic horizon and have now been opened up for a strike length of about 1,600 feet north-south. The South Zone lies about 7,500 feet south and west of the "A", "R", "E" and "D" zones. It was discovered by geochemical soil sampling with high results in tungsten in the soil samples.

A program of fourteen diamond drill holes is proposed to test the strike length of the known tungsten-bearing zones and the strike extension as well. The down-dip trend of the zones to the east should be tested by this program. Two of these diamond drill holes are recommended to check the geologic structure at a depth of about 1,000 feet for the potential of underlying tungsten-bearing zones (Figure 5).

The estimated cost of the proposed program of BQ core size diamond drilling is \$325,281.

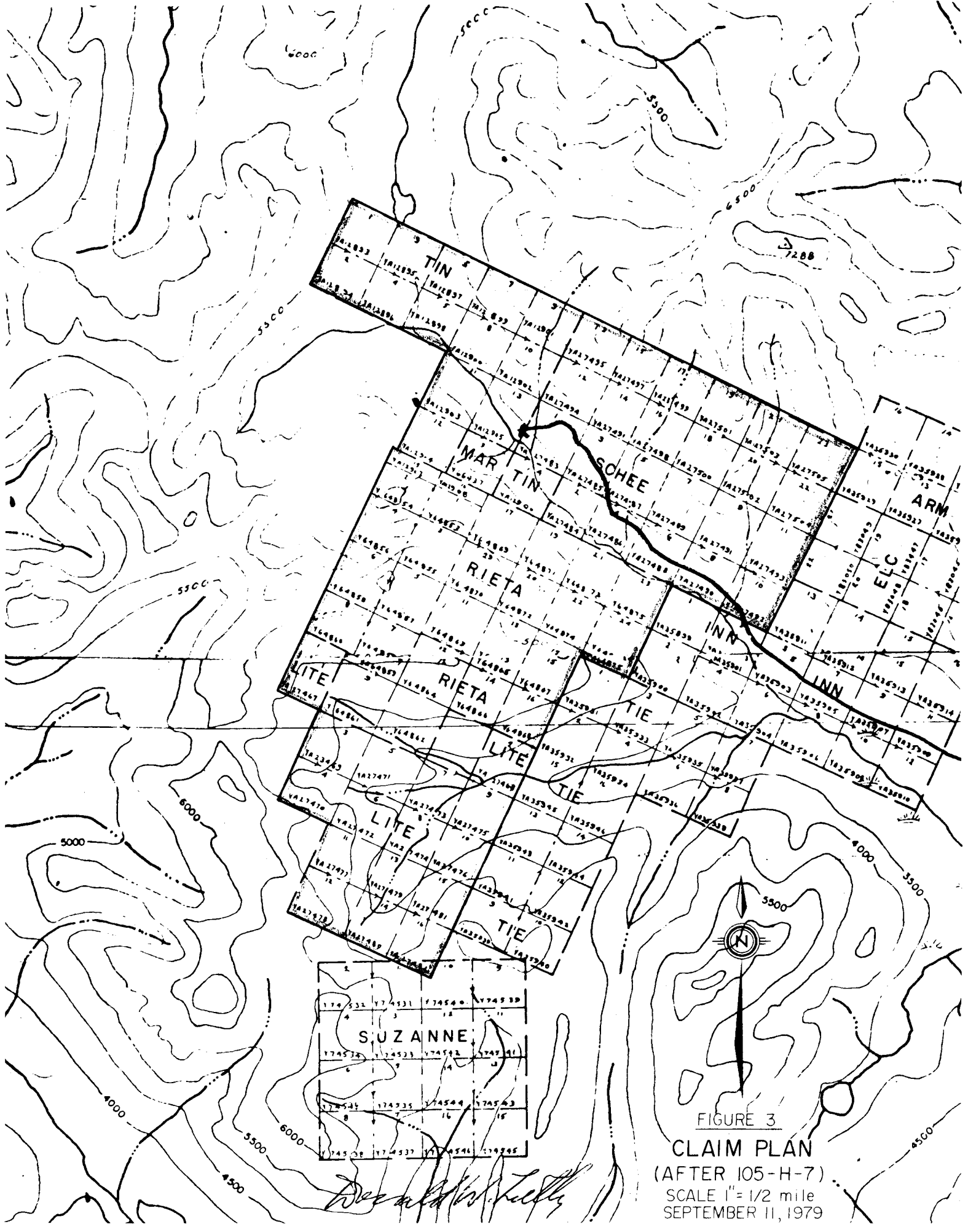


FIGURE 3
CLAIM PLAN
 (AFTER 105-H-7)
 SCALE 1" = 1/2 mile
 SEPTEMBER 11, 1979

PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY

The property comprises eighty contiguous mineral claims known as the TIN, MAR, SCHEE, RIETA and LITE claim group. The claims are located about 90 air miles north of Watson Lake, in the Watson Lake Mining District, Yukon Territory.

Access is available by road using a four-wheel drive vehicle. The road distance is about 135 miles (225 km) from Watson Lake along the Robert Campbell Highway thence along the North Nahanni Range (Cantung) Road to mileage 47 (km 78) and then take a bush road some nineteen miles to the property.

The property is situated in rolling to steep alpine topography that ranges between 4,200 feet to about 6,500 feet a.s.l. Rough timber, in the form of spruce which can supply any immediate timber needs, is present on the ground.

The area receives an abundant supply of rainfall and adequate water is available from a tributary of the headwaters of Conglomerate Creek which flows through the property.

CLAIMS

Eighty contiguous mineral claims are located near the headwaters of Conglomerate Creek in the Watson Lake Mining District, Yukon Territory (Figure 3). Information on file with the Mining Recorder at Watson Lake on August 29, 1979 was as follows:

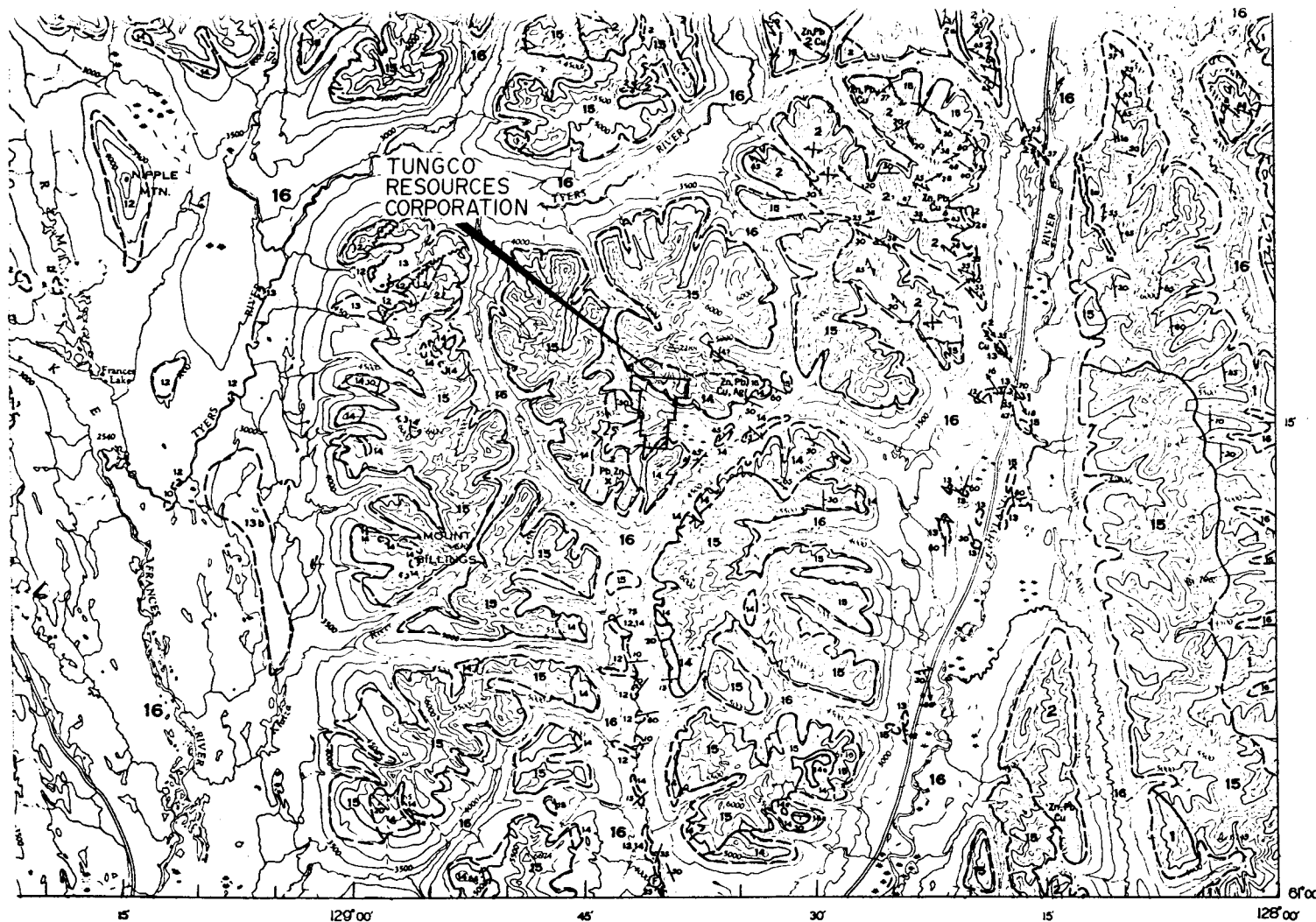
<u>Claim Name</u>	<u>Grant Number</u>	<u>Expiry Date</u>	<u>Recorded Holder</u>
TIN #1 - 16	YA12893-YA12908	December 10, 1981	Turner Tungsten Ltd.
MAR #8	Y64437	December 10, 1981	Turner Tungsten Ltd.
SCHEE #1 - 23	YA27483-YA27505	October 31, 1983	Turner-Hindmarsh Tungsten Ltd.
RIETA #1 - 24	Y64853 - Y64876	December 10, 1981	Turner Tungsten Ltd.
LITE #1 - 16	YA27467-YA27482	October 31, 1983	Turner-Hindmarsh Tungsten Ltd.

The claims are shown on Yukon claim sheet 105-H-7.

HISTORY - PREVIOUS DEVELOPMENT

Although base metal mineralization has been known in this area for some time it was in 1964 when the Yukon-Pacific Syndicate discovered lead-zinc-silver on the property. Yukon-Pacific hand-trenched and did magnetometer and geological surveys over the mineral showings in 1965. In 1966 Silver Duke Mines acquired this ground and continued prospecting and geological surveying. This company constructed a tote-trail to the property in 1968 westward from the North Nahanni Range (Cantung) Road a distance of approximately nineteen road miles. The same year Silver Duke did more magnetometer surveying and drilled two short diamond drill holes on a magnetic anomaly now known as the "E" zone. The property was essentially dormant in 1969 but hand-trenching was continued in 1970 on the lead-zinc-silver showings.

Dusty Mac Mines did a comprehensive program of geochemical soil and silt sampling in 1972 over the area of the present Tungco property. Hand-trenching, geological and geophysical surveys were also done at that time. Late in 1972 scheelite was discovered as a result of prospecting by a Mr. Buck.



MAP 6-1966

GEOLOGY

FRANCES LAKE

YUKON TERRITORY AND DISTRICT OF MACKENZIE

Scale 1:253,440

1 inch to 4 miles



Printed by the Surveys and Mapping Branch

FIGURE 4
REGIONAL GEOLOGY
(AFTER G.S.C. MAP 6-1966)
SEPTEMBER 11, 1979

Donald W. Zully

Unit 13 and 14 are probably early correlated with strata previously mapped in adjacent regions.

Unmetamorphosed, predominantly pelitic, strata (13) are believed correlative with Devonian-Mississippian rocks in adjacent regions. Characteristic are chert-pebble conglomerate, varicoloured chert, and black quartz-bearing greywacke and gritty quartzite. In the Campbell Range unit 13 includes numerous small bodies of greenstone, many intrusive, but most of the greenstone, mapped as 13b, appears to be volcanic and probably overlies or occurs within the upper part of unit 13. Serpentinite (13c) is thought to be an integral part of the Devonian-Mississippian assemblage. A profound angular unconformity occurs at the base of this sequence.

Unit 14 comprises mainly hornfelsed pelitic rocks whose age and correlation are in doubt. Overall lithologic character, lack of regional metamorphism in rocks near the gneissic belt (2) and one collection of Middle or Upper Devonian fossils (near the south boundary at 128°40'W) suggest that probably most, if not all, of this unit is correlative with Devonian-Mississippian strata of unit 13.

Granitic rocks (15) generally have sharply defined contacts, but in the schist-gneiss belt (2) they are commonly bordered by complex zones as much as 1/4 mile wide in which massive plutonic rock is interspersed with lit-par-lit migmatites and partly granitized inclusions. These mapped boundaries are largely arbitrary, based on proportion of intrusive to host rocks.

Outside the complexly deformed central crystalline terrain, regional structures trend northwest except in the northern part of the map-area where they become westerly. Regional metamorphism appears unrelated to Cretaceous (?) granitic intrusion and probably predates the Devonian-Mississippian strata. These strata overlie schist and gneiss of unit 1 unconformably and are essentially non-schistose. Northwest-trending regional folds near Flat River, which may be related to tectonism in the central belt, are post Late Ordovician, as they involve rocks of this age and older. These folds clearly predate and are modified by intrusion of granitic rocks.

Sphalerite with minor amounts of galena, pyrrhotite and chalcocite occur in silicified calcareous members in several localities throughout the schist-gneiss terrain (2) and in hornfelses that may be equivalent to unit 13. Pyrrhotite with some chalcocite was noted in black slate and argillite of unit 13, west of Hyland River road at mile 53. Scheelite is reported in the north-central part of the map-area near 61°48' in contact zones with calcareous beds of unit 1.

A high-grade tungsten deposit on Flat River is presently being mined by Canada Tungsten Mining Corporation. Scheelite, with pyrrhotite and minor amounts of chalcocite occurs with skarn minerals in massive Lower Cambrian limestone. The deposit is several hundred feet from nearest exposed granitic rocks, but within a zone of moderate to high-grade contact metamorphism.

MAP 6-1966
FRANCES LAKE
YUKON TERRITORY AND
DISTRICT OF MACKENZIE
105 H

Pan Ocean Oil optioned the RIETA claims in 1973 and did geochemical and geological surveys as well as bulldozer trenching.

In 1977 Turner-Hindmarsh Tungsten Ltd. installed a pilot mill on the property and produced scheelite concentrates. In addition, some bulldozer trenching was done and a substantial trailer camp was set up. Canada Tungsten Mining Corporation optioned the claims in late 1977 and drilled 1,168 feet of diamond drill core in six short holes. Turner Tungsten took over the ground in 1978 and commenced a program of prospecting with extensive bulldozer trenching and stripping in 1979.

The total expenditures to date on this property are about \$450,000.

REFERENCES

Summary Report on the RIETA, MAR and TIN Mineral Claims Frances Lake Area 105-H-7 for Turner-Hindmarsh Tungsten Ltd., dated October 18, 1977 by James W. McLeod, B.Sc.

Report on the MAX TUNGSTEN PROPERTY for Tungco Resources Corporation dated May 7, 1978 by James W. McLeod, B.Sc.

REGIONAL AND LOCAL GEOLOGICAL SETTING

The regional geology is shown on Geological Survey of Canada, Map 6-1966 (Figure 4). The local geological setting is shown on Figure 5 accompanying this report.

Three lithological units underlie the claims.

Cambrian or older metasediments called schist-gneiss are overlain by later Devonian-Mississippian sediments. Intrusives varying in composition from granite to diorite invade the sedimentary horizons. Metamorphic skarn zones rich in garnet and diopside occur near the intrusive contact areas and in the calcareous facies of the sedimentary groups. A tentative table of formations is as follows:

<u>Formation</u>	<u>Description/Event</u>	<u>Age</u>
Sand, gravel and glacial debris	Unconsolidated	Quaternary
Mineralization and fine quartz veining and skarn development	Scheelite, gold, silver, chalcopyrite, lead, zinc, pyrite, pyrrhotite, magnetite, actinolite, diopside, garnet Folding, faulting, shearing and related tectonic activity	
Intrusives and skarn zone development	Granite, granodiorite, diorite and related dykes Folding and related tectonic activity	Jura-Cretaceous
Sediments and metasediments	Siltstones, shales, phyllites, pelites and calcareous sediments Erosional unconformity and tectonic activity	Devonian-Mississippian
Metasediments "schist-gneiss"	Quartzite, pelites, garnetiferous mica-schist and gneiss, calcareous sediments	Cambrian and/or Proterozoic

Structurally the metasedimentary horizons trend north-south and dip easterly at relatively low angles. Intrusives bound the metasediments on the west and north.

Faulting and shearing trend sub-parallel to the sedimentary strike. Two patterns of fracturing are evident. One zone of fractures trends at 040° and a second at 070° and appear to be related to the base metal mineralization. Scheelite occurs in a strongly fractured zone of fault breccia.

MINERALIZATION

Four zones known as the "A", "E", "D" and "R" trending along a south to north strike are recognized. Recent bulldozer trenching indicates these four zones may all be part of the same zone along a strike length of some 1,600 feet. The South Zone lies about 7,500 feet south and west of the "A", "E", "D" and "R" Zones (Figure 5).

"A" Zone

This zone was sampled by the writer across a width of fifteen feet as exposed at a point some fifty feet east of the No. 1 post of YA12907. The assay results were as follows:

Sample #26186	-	Gold	0.022 oz.
		Silver	1.65 oz
		Zinc	2.79%
		Copper	1.32%
		Tungsten	0.49%

Recent bulldozer work has extended this zone northward towards the "R" and "E" zones. The dips appear to be flat, say 15-30 degrees to the east.

The "A" Zone is open to the south and extends under deep overburden.

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 102 - 2222 Bellvue Avenue
 West Vancouver, B.C.
 V7V 1C7

TUNGCO

CERTIFICATE OF ASSAY

No.: 7909-0651 DATE: Sept. 11/79

We hereby certify that the following are the results of assays on: Ore

MARKED	GOLD	SILVER	Copper	Lead	Zinc	Tungsten oxide	xxx	xxx
	oz/st	oz/st	Cu (%)	Pb (%)	Zn (%)	WO ₃ (%)		
802	0.022	0.62	0.33	0.15	4.58	0.08		
803	0.008	4.43	0.01	1.30	1.08	0.21		

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS. ON REQUEST PULPS AND REJECTS WILL BE STORED FOR A MAXIMUM OF ONE YEAR.

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R. Nadeau, Chemist

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"R" and "E" Zones

An open-cut about 15'x10'x25' has been excavated in the "E" Zone. A 6-foot face of brecciated tungsten ore in a shear on the south and west walls of the excavation has been opened up. The Company reported that production from this open-cut showed the following assay results from the pilot test mill concentrates:

Table concentrates	WO ₃	-	45%
	Ag	-	133.56 oz
	Au	-	0.086 oz

Canada Tungsten drilled six short holes totalling 1,168 feet in late 1977 on this "E" Zone and may have overshoot the sub-outcrop of the tungsten-bearing horizon.

Magnetite is an accessory mineral in the "R" Zone which is located a short distance southwest of the "E" Zone and it is in all likelihood part of the same tungsten-bearing structure that dips easterly and should lie a short distance beneath the "E" Zone. The magnetite appears mostly in the skarn facies and may prove to be a "marker" horizon. Magnetite has been found from about 250 ft. to about 500 ft. north of the "E" Zone in skarn with considerable scheelite content as exposed in recent bulldozer trenches in the "D" Zone. A selected grab sample of this mineralization assayed:

Sample #802	-	Gold	-	0.022 oz.
		Silver	-	0.62 oz.
		Copper	-	0.33 %
		Lead	-	0.15 %
		Zinc	-	4.58 %
		WO ₃	-	0.08 %

Magnetite-bearing skarn carrying scheelite has

recently been opened up in new bulldozer trenching in the "D" Zone. It is on strike and some 250 - 500 feet north of the "E" Zone. A selected grab sample from this newly-opened "D" Zone assayed as follows:

Sample #803	-	Gold	-	0.008 oz.
		Silver	-	4.43 oz.
		Copper	-	0.01 %
		Lead	-	1.30 %
		Zinc	-	1.08 %
		WO ₃	-	0.21 %

This "D" Zone strikes into deep overburden to the north.

South Zone

The South Zone lies about 7,500 feet south of the "A" Zone. It is essentially an area some 2,000 feet north-south by 500 feet east-west in dimension which carries high values in tungsten in soil sample results. Bulldozer trenching is currently underway to expose the potential of this zone.

RECOMMENDATIONS

It is recommended the north-south strike trend of the "A", "E", "R" and "D" Zones be tested for continuity by diamond drilling. The "A" Zone is open to the south and the "D" Zone is open to the north. The diamond drill test will also explore the down-dip continuation of these zones to the east.

A program of fourteen BQ core size wireline drill holes are proposed as shown on Figure 5. Two of these holes

should go to at least a depth of 1,000 feet to test the underlying structure for other tungsten-bearing zones.

ESTIMATED COST OF THE PROPOSED WORK PROGRAM

Diamond Drilling

Twelve BQ wireline drill holes averaging each 400 feet in depth (12 x 400 = 4,800 feet)

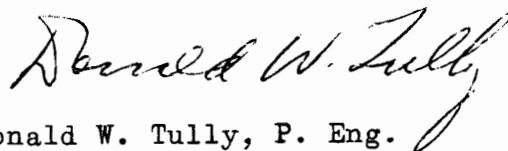
Two holes each 1,000 feet in depth
(2 x 1000 = 2000 feet)
6800 "

6,800 feet x \$28/ft.	\$190,400
175 hours helicopter support @ \$390/hour (gas included)	68,250
Mobilization and demobilization to km 78 on Cantung Road	8,500
Supervision, core-handling, assaying, camp costs and engineering evaluation @ 15% of \$190,400	28,560
Contingency @ 10%	29,571

Estimated total cost \$325,281

The estimated overall cost per foot of diamond drilling is \$46.36.

Respectfully submitted,



Donald W. Tully, P. Eng.

September 11, 1979

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 West Vancouver, B.C.
 V7V 1C7

CERTIFICATE OF ASSAY

No.: 7908-1355 DATE: Au .23/79

We hereby certify that the following are the results of assays on: Ore

MARKED	GOLD		SILVER		Lead	Zinc	Copper	Tungsten oxide	Cadmium	Mercury
	oz/st	oz/st	oz/st	oz/st	Pb (%)	Zn (%)	Cu (%)	WO ₃ (%)	Cd (%)	Hg
<i>Tungco</i> 26186	0.022	1.65	-	2.79	-	2.79	1.32	0.49	-	-
26187	0.008	21.01	12.18	12.13	12.18	12.13	0.02	-	-	-
26188	0.002	4.59	0.47	3.90	0.47	3.90	0.01	-	0.02	-
26189	0.002	2.13	16.16	0.09	16.16	0.09	-	-	0.01	-
26190	0.030	0.14	0.27	0.43	0.27	0.43	-	-	0.01	-
26191	0.002	1.99	10.47	3.06	10.47	3.06	-	-	0.01	-
26192	0.002	1.30	5.29	9.12	5.29	9.12	-	-	0.07	-
26193	0.002	3.97	16.79	20.66	16.79	20.66	-	-	0.11	-
26194	0.002	19.17	13.61	10.32	13.61	10.32	-	-	0.08	-

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	oz/st	oz/st	Cu (%)	Pb (%)	Zn (%)	WO ₃ (%)		
802	0.022	0.62	0.33	0.15	4.58	0.08		
803	0.008	4.43	0.01	1.30	1.08	0.21		

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R. Nadeau, Chemist

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ADDENDUM TO MY REPORT ON
 THE TIN, MAR, SCHEE, RIETA, LITE MINERAL CLAIMS
 FOR
 TUNGCO RESOURCES CORPORATION
 DATED SEPTEMBER 11, 1979

Pursuant to a request from the Directors of Tungco Resources Corporation, Suite 704, 525 Seymour Street, Vancouver, British Columbia, a revised apportionment of the ESTIMATED COSTS OF THE PROPOSED WORK PROGRAM, outlined on page 10 of my report, is submitted as follows:

A three-stage work program is proposed.

Stage 1

Diamond drill three BQ core size holes each 400 feet in depth (3 x 400' = 1,200 feet x \$28/ft.)	\$33,600	
Mobilization and demobilization	3,000	
Helicopter support (50 hours @ \$390/hour)	19,500	
Core-handling, assaying, supervision, camp costs and engineering evaluation at the completion of Stage 1	7,000	
Contingency @ 10% of above costs	<u>6,310</u>	
Estimated total cost of Stage 1		\$ 69,410

Stage 2

Provided an engineering evaluation recommends further diamond drill exploration, it is proposed to diamond drill four BQ core size drill holes each 400 feet in depth (4 x 400' = 1,600 ft. x \$28/ft.)	\$44,800	
Mobilization and demobilization	4,000	
Helicopter support (60 hours x \$390/hour)	23,400	
Core-handling, assaying, supervision, camp costs and engineering evaluation at end of Stage 2	10,000	
Contingency @ 10% of above costs	<u>8,220</u>	
Estimated total cost of Stage 2		<u>90,420</u>
Carried Forward		<u>\$159,830</u>

Brought Forward

\$159,830

Stage 3

In the event an engineering study recommends a continuation of the diamond drill program, it is proposed to drill five holes each 400 feet in depth and two 1,000 foot holes (5 x 400' = 2,000 ft. + 2 x 1,000' = 2,000 ft.; 4,000 ft. x \$28/ft.)

\$112,000

Mobilization and demobilization

8,000

Helicopter support (65 hours x \$390/hour)

25,350

Core-handling, assaying, supervision, camp costs and engineering evaluation at completion of Stage 3

10,000

Contingency

10,000

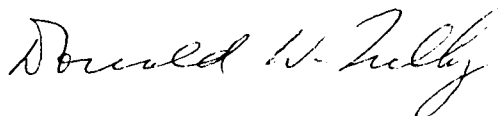
Estimated total cost of Stage 3

165,350

Total cost of Stages 1, 2 and 3

\$325,180

Respectfully submitted,



Donald W. Tully, P. Eng.

October 28, 1979