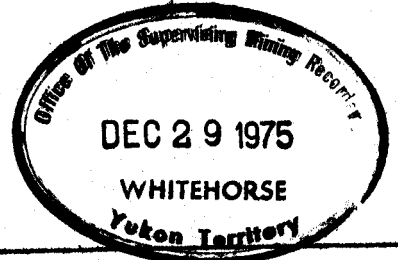


GEOLOGICAL AND GEOCHEMICAL REPORT
on the
TEX CLAIM GROUP
MAYO MINING DIVISION
YUKON TERRITORY

Latitude: 64°27'N
Longitude: 133°00'W



on behalf of

HERCON RESOURCES LTD.

This report has been examined by the Geological Evaluation Unit and is recommended to the Commissioner to be considered as representation work in the amount of \$ 2800.00

A handwritten signature in cursive script.

Resident Geologist or
Resident Mining Engineer

Considered as representation work under
Section 53 (4) Yukon Quartz Mining Act

A handwritten signature in cursive script.
J.E. DAXTER
Supervising Mining Recorder
Commissioner of Yukon Territory

by:

G. C. Gutrath, B.Sc., P.Eng., Geologist
ATLED EXPLORATION MANAGEMENT LTD.

October, 1975



090069

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TEX CLAIM GROUP
MAYO MINING DIVISION
YUKON TERRITORY

INTRODUCTION

Between July 3 and July 11, 1975 the writer carried out a detailed program of geological mapping and geochemical soil and rock chip sampling on the Tex 1 to 4 mineral claims. A reconnaissance geological examination was carried out on the balance of the 16 claims in the Tex Group.

This report is written at the request of Mr. W. Whittal, secretary of Hercon Resources Ltd.

SUMMARY

The Tex Group of 20 contiguous claims is located in the Bonnet Plume River Valley in the Yukon Territory, 110 miles northeast of the community of Mayo. Access to the property is by helicopter.

The northern portion of the Tex 2 and 4 claims are underlain by a dolomite formation that is in contact to the south, with a thick shale unit that underlies the remainder of the claim group. The dolomite unit is lower Cambrian or Precambrian in age, and the shale is Precambrian in age. The regional trend of the sediments is N50 to 70W with a dip of 50° to 70° to the northeast.

The upper 400 feet of the dolomite unit to the north of the Tex Group is a favourable host for low grade strata bound zinc-lead mineralization and within this unit there are fault breccias of limited size that carry high grade zinc mineralization. Fault breccias carrying secondary zinc mineralization were located in the lower dolomite unit on the Tex Group but they are very limited in size and are of no economic importance.

The most important unit on the Tex Group for a potential strata bound zinc deposit is the pyritized shales that are in contact with the dolomite. During 1975 this unit was extensively tested to the east of the Tex Group in the Harrison Creek area. In this area the unit is highly pyritized and carries some zinc and lead mineralization but the drill program did not locate economic values. On the Tex Group this unit carries from 1% to 5% pyrite and pyrrhotite but with only background values in zinc and lead.

The geochemical survey did not locate any anomalies that require further investigation.

CONCLUSIONS AND RECOMMENDATIONS

The exploration program did not locate any mineralization or geochemical anomalies that warrants continued investigation.

Brinex may carry out a drilling program on the adjoining Cypress Resources property in 1976. Because of this additional exploration being done in the immediate area of the Tex Group it is recommended that a minimum of two years assessment work be applied to the Tex #1 to #8 mineral claims.

GEOGRAPHY

Location

The Tex group is located in the Bonnet Plume River valley approximately 20 miles northeast of the confluence of Goz Creek and the Bonnet Plume River. Mayo is located 110 miles to the southwest.

Access

Access to the property is by helicopter. During 1975 a helicopter was based in the Harrison Creek area and it was available for casual charter.

Topography

The claim group covers the lower north and south side of the Bonnet Plume valley. The river is at an elevation of 2,800 feet and to the north the claims extend to an elevation of 4,000 feet.


Climate

The average yearly rainfall would be in the range of 20 to 25 inches. Winter compacted snow would vary from 3 to 6 feet along the Bonnet Plume valley. The area below the 4,000 foot elevation would be free of snow from June to October.

MAP OF THE YUKON TERRITORY

SCALE IN MILES

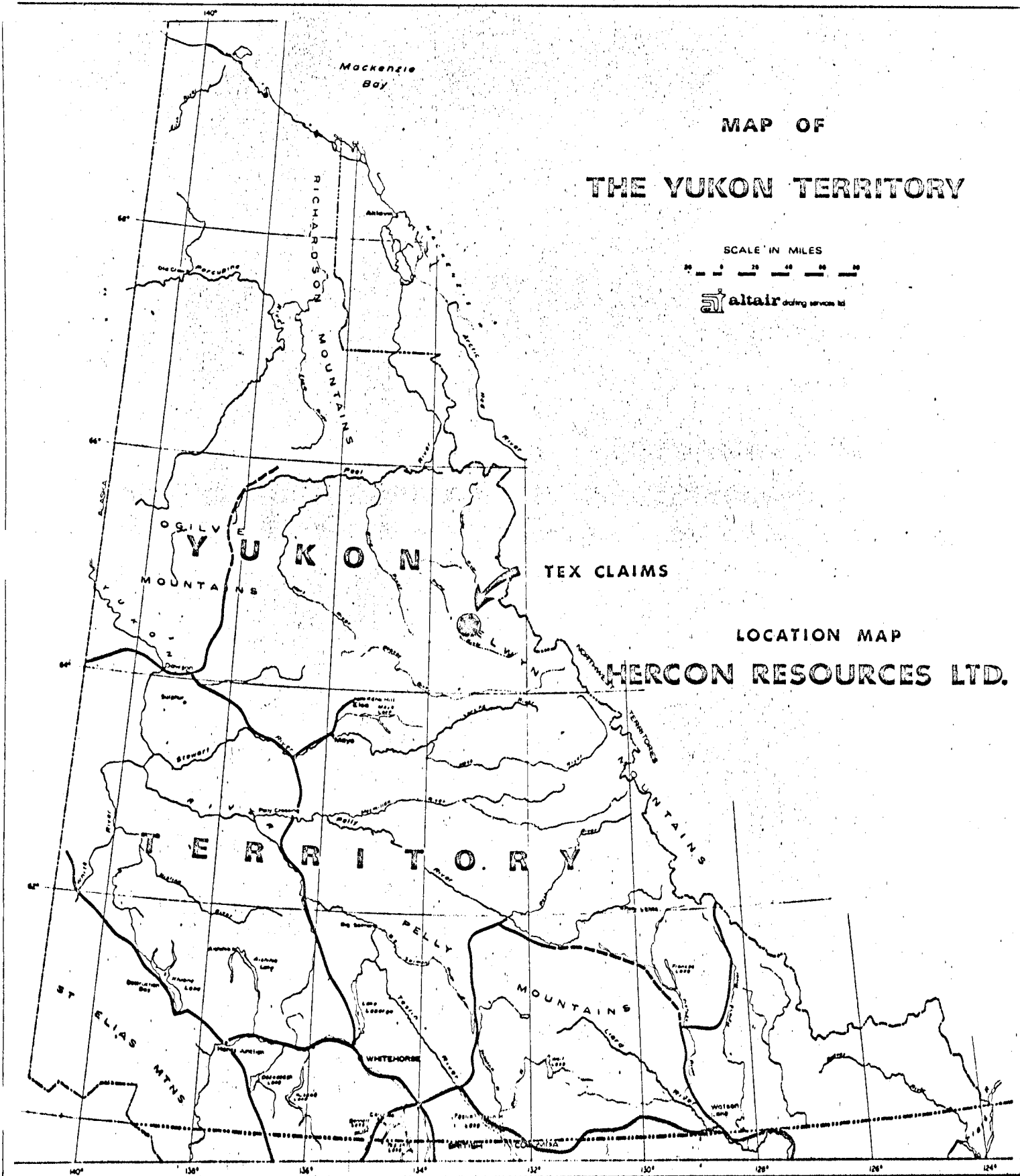


 altair drilling services ltd

TEX CLAIMS

LOCATION MAP

HERCON RESOURCES LTD.



Vegetation

The valley bottom is covered by spruce suitable for mine timber or lumber. The slopes are covered by scattered stands of balsam and buckbrush to the 4,500 foot elevation.

Water

There is ample water on the property for drilling purposes.

CLAIMS

The following information on the Tex Group has been provided by representatives of Hercon Resources Ltd.

| <u>Name</u> | <u>Record Number</u> | <u>Expiry Date</u> |
|---------------------|----------------------|--------------------|
| Tex #1 to #20 incl. | Y87693-Y877122 inc. | March 27, 1976 |

The claims are well staked and the Tex 1 to 8 claim posts are tagged.

WORK COMPLETED

Between July 3 and July 11, 1975 the writer chained and blazed 19,400 feet of grid line, collected 151 soil samples, took rock chip samples and mapped the outcrop geology in the grid area. The work was concentrated on the Tex 1 to 4 claims that are underlain by the most favourable geology for zinc mineralization on the claim group.

The grid crosslines are at 400 foot intervals with stations every 100 feet. The lines are blazed and flagged.

Soil samples were taken at 100 foot intervals on the majority of the lines. Rock chip samples were taken from the pyritized shale unit where it outcrops in CVO Creek. All samples were analysed for lead and zinc by Vangeochem Labs Ltd., 1521 Pemberton Avenue, North Vancouver, B.C.

The outcrop geology was mapped on a scale of 1 inch equals 400 feet using the grid for survey control. Reconnaissance geological investigation was carried out on the balance of the claim group not covered by the grid.

HISTORY

During the 1973 exploration season, Barrier Reef Resources Ltd. discovered a significant zinc occurrence near the junction of Goz and Duo creeks in the Bonnet Plume River area. There was already considerable exploration activity for lead and zinc mineralization in the north-eastern Yukon with the discovery by Placer Development of zinc mineralization in the Howards Pass area followed by numerous discoveries in the Godlin Lakes area. The Barrier discovery resulted in a staking rush and over 1,800 claims were staked. It was during this initial staking rush that Cypress Resources Ltd. discovered zinc and lead mineralization on the claim group adjoining the Tex Group to the east. Since then over 3,400 claims have been staked in the area.

Barrier Reef Resources Ltd. started drilling the Goz Creek property in July of 1974 and continued the program in 1975. Cypress Resources property was drilled by Brinex in 1974 and in 1975 Brinex carried out an extensive geological, geochemical and trenching program on the property. During 1974 Cominco carried out a reconnaissance exploration program on the Yukon Revenue Cat and Mouse group that adjoins the Tex Group to the north and west.

During 1975 the exploration work in the Cypress-Harrison Creek area was concentrated on a highly pyritized shale unit with variable amounts of zinc, that forms the lower north slope of the Bonnet Plume River valley.

This mineralized unit was drilled on the Bob Group in Harrison Creek by Great Plains Developments, on the adjoining Lucky Group by Cominco and on the Ann Group by Cypress Resources Ltd. Brinco concentrated its efforts on this same unit on the Cypress property that adjoins the Bob Group on the west and the Tex Group on the east.

GEOLOGY

General

The property is located on the southwest margin of the Bonnet Plume range that is composed of a thick sequence of sedimentary rocks ranging from Precambrian to Devonian in age. The general bedding attitude in the area indicates that the claims lie on the northeast limb of a broad open anticline with the axis striking N60°W.

Property

The only outcrops on the Tex Group are on the north side of the Bonnet Plume River on the Tex 1 to 4 claims. There are no outcrops exposed on the Tex 5 to 8 claims that border the river on the south side of the Bonnet Plume. The majority of these claims are underlain by flat swampy valley bottom. Where the valley begins to rise to the south on the Tex 9, 11 and 13 claims there are a few small outcrop areas.

The claim group is underlain by sediments that have been mapped by the Geological Survey of Canada as being Precambrian in age.

Lithology

1. Dolomite

Light grey to buff weathering. White to grey on fresh surface. Massive to thin bedded. The upper 400 feet of the unit is porous. Quartz, pyrobitumen and occasionally zinc and lead minerals are found as open space fillings. This unit is +2,600 feet thick.

2. Argillaceous Dolomite Contact Zone

Black to light grey molted appearance. Large areas of intra formational breccia. Bedding rarely noted. This unit is ±300 feet thick.

3. Shales

Dark brown weathering, greyish brown on fresh surface. Cleavage and bedding planes are often stained an orange-red from the weathered pyrite. The fine bedding is obscured in some outcrops by strong cleavage and shearing. This unit is in excess of 3,000 feet thick.

On the Tex 2 and 4 the dolomite unit is well exposed on the east side of the claims where the valley wall begins to rise. The shales and argillaceous dolomite contact zone are only exposed in CVO creek on the Tex 4 claim.

Structure

The regional trend of the units in the area of the Tex Group is North 50 to 70 West and they dip at 50° to 70° to the northeast.

There are strong fault zones up to 50 feet wide that cut across the dolomites between Cross line 0E to 12E to the north of the Tex Group. These fault zones have a southwesterly trend and dip steeply. The creeks in the area occupy these fault zones and typically flow in a southerly to southwesterly direction. The movement along these high angle faults has not been measured.

The finely bedded shales in the creek strike N 40° to N 60° W and dip at 70° to 80° to the northeast. The bedding is cut by a strong cleavage striking north 75° to 80°W and having a steep dip.

Mineralization

Pyrite and pyrrhotite is distributed throughout the shales in CV0 Creek. The sulphide content varies from 1% to 5% and is concentrated in thin bands along the bedding planes. In Harrison Creek, approximately 5 miles east of the Tex Group this same unit carries a much higher percentage of pyrite and pyrrhotite that is associated with a small amount of lead and zinc mineralization. (This is the zone that was drilled in 1975 by Cominco, Great Plain Development Ltd. and Cypress) On the Tex Group no galena or sphalerite was noted with the pyrite and pyrrhotite and the rock chip samples indicate only background values for lead and zinc.

The dolomites on the Tex Group carry a small amount of secondary zinc in very localized fault zones. The upper 400 feet of this dolomite unit that outcrops on the CVO group initially appeared to be a very favourable host for zinc mineralization. On surface it appears to be very porous over its entire strike length of 10,000 feet, but the only zinc-lead occurrence is localized on the CVO #1 claim over a strike length of approximately 600 feet. This appears to be a fault breccia zone subparallel to the bedding. The zinc and lead mineralization is associated with a barite-calcite gangue.

There was no other mineralization of economic interest located on the Tex Group.

GEOCHEMICAL SURVEY

Survey Completed

Soil samples were collected from the B soil horizon wherever possible. Difficulty was experienced in finding any soil in some of the swampy areas. Considerable effort was made not to include organic material in the samples since it tends to concentrate zinc ions resulting in the zinc anomaly being related to a swamp rather than reflecting bedrock conditions.

On the steeper slope starting at station 14N the soil profile is very poorly developed resulting in the samples being a mix of rock fragments and whatever surface soil is available.

The samples were taken with a stainless steel trowel, placed in a kraft paper bag and sent to Vangeochem Laboratories Ltd. for analyses for lead and zinc.

The sample analyses was carried out as follows:

1. Sample sifted to -80 mesh.
2. Mesh weight used 0.50g.
3. Extraction by hot $\text{ClO}_4 - \text{HNO}_3$.
4. Final volume 50 ml.
5. Analysed by atomic absorption spectrometer
Detection by techtron AA5 - AA1000.

Survey Results

Zinc

Background zinc is less than 300 ppm with the majority of the sample between 80ppm and 200ppm.

Threshold anomalous values are in the range of 300 to 360 ppm and anomalous values range from 360 to 550 ppm. Very anomalous values range from 550 to a high of 830 ppm. There were only 6 samples in this category.

Lead

Background values for lead are less than 65 ppm with the majority of the samples between 30 and 50 ppm.

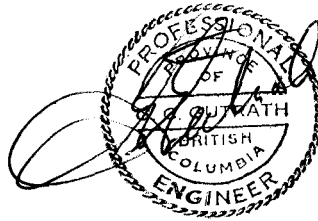
Threshold anomalous values range from 65ppm to 100ppm and anomalous values range from 100 to a high of 222ppm. There are only 6 samples that are anomalous.

Seven rock chip samples were taken from the outcrop exposed in CV0 Creek and analysed for lead and zinc. The lead values range from 20 to 47ppm and these values are considered to be background. The samples taken from the shales range from 54 to 100ppm zinc and this is considered background for the shales. The two samples taken from the dolomite contact zone ran 12 and 16 ppm lead.

There is a zinc anomaly between 14 north and 26 north on crossline 12E that is related in most part to the down slope migration of zinc ions from the mineralized zone on the CV0 group. Anomalous values were found on station 9N and 6N on crossline 12E. These values are related to high organic content in samples taken from swampy areas. There is an isolated high of 830ppm zinc at station 17N on X line 0. This value is related to secondary zinc mineralization in a small fault breccia zone in the dolomite.

There is a lead anomaly related to the zinc anomaly save that the high lead values are between station 14 and station 22 on crossline 8E instead of directly related to the high zinc values on crossline 12E. These lead values are from the mineralized zone on the CVO group that is upslope and to the north.

Respectfully submitted,

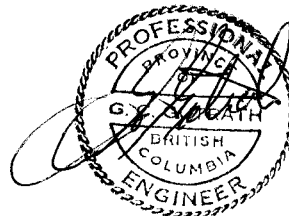


G. C. Gutrath, B.Sc., P.Eng., Geologist
ATLED EXPLORATION MANAGEMENT LTD.

ENGINEER'S CERTIFICATE

I, GORDON C. GUTRATH, of 3636 Lakedale Avenue, in the Municipality of Burnaby, in the Province of British Columbia, DO HEREBY CERTIFY:-

1. That I am a consulting geologist with a business address of 420 - 475 Howe Street, Vancouver, B. C. V6C 2B3.
2. That I am a graduate of the University of British Columbia where I obtained my B.Sc., in geological science in 1960.
3. That I am a Registered Professional Engineer in the Geological Section of the Association of Professional Engineers in the Province of British Columbia.
4. That I have practised my profession as a geologist for the past fifteen years, and
5. That I have no interest in the property with which this report is concerned, nor do I expect to receive any such interest. I have no interest in the securities of Hercon Resources Ltd.

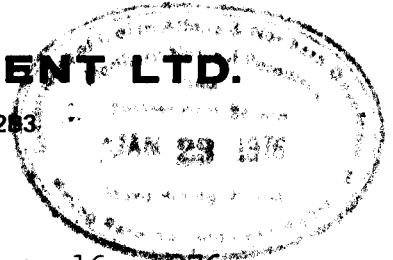


Gordon C. Gutrath, B.Sc., P.Eng.

DATED at the city of Vancouver, Province of British Columbia, this 16th
day of October, 1975.

ATLED EXPLORATION MANAGEMENT LTD.

420 - 475 HOWE STREET • VANCOUVER, B.C. V6C 2K3
TELEPHONE 688-0471



January 16, 1976

Mining Recorder
P. O. Box #10
Mayo, Yukon
Y0B 1M0

Attention: Mr. R. G. Ronaghan

Dear Sir:

RE: Tex 1 - 8 Mineral Claims

Please find enclosed the statement of expenses , evidence of expense and an affidavit in support of Gordon C. Gutrath's Report on the Tex 1 - 8 mineral claims as requested in your January 9, 1976 letter, file #3.

Yours very truly,

ATLED EXPLORATION MANAGEMENT LTD.

A handwritten signature in cursive script, appearing to read "J. P. Henry". The signature is written in dark ink and is positioned above the printed name.

J. P. Henry

JPH/iw
Encs.

ATLED EXPLORATION MANAGEMENT LTD.

420 - 475 HOWE STREET • VANCOUVER, B.C. V6C 2B3
TELEPHONE 688-0471

October, 1975

Hercon Resources Ltd.,
475 Howe Street,
Vancouver, B.C.

I N V O I C E #7630

Re: Tex Group - July, 1975
Program

A. Professional Fees

(a) Field Time

- July 2 - travelling to Mayo.....\$ 50.00
- July 3 - Mayo to Bonnet Plume... 50.00
- July 4 - ..
- to
- July 10- Six days @ \$140/day.... 840.00
- July 11
- to
- July 13- Bonnet Plume-Vancouver. 150.00...\$ 1,090.00

(b) Data Compilation and Report - Six Copies..... 650.00.....\$ 1,740.00

B. Equipment Rental

Camp gear, sampling equipment, SBX-11 radio time
Zinc indicator kit - 10 days @ \$10/day..... 100.00

C. DISBURSEMENTS

- ✓ 1. Vangeochem Invoice No.3360
 - 151 soil samples - proportion @ .35¢..... 52.85 ✓
 - 7 rock samples - proportion @ \$1.25..... 8.75 ✓
 - 151 geochem analyses for Pb, Zn @1.75..... 264.25 ✓
- ✓ 2. Mayo Helicopters invoice No.3235..... 88.00 ✓
- ✓ " invoice No.3401..... 423.00 ✓
- ✓ 3. Dannels Grocery Store..... 23.92
- 4. Transportation (Vancouver to Mayo)
 - drove truck - charge 1/2 airfare return..... 147.00..... 1,007.77

\$ 2,847.00

SUMMARY OF ACCOUNT

Invoice #7630.....\$ 2,847.77
Deposit on Account..... 2,000.00



VANGEOCHEM LAB LTD.

604-988-2177

1521 PEMBERTON AVE., NORTH VANCOUVER, B.C.
CANADA

IN ACCOUNT WITH:

Atled Explorations Management Ltd.,
420 - 475 Howe Street,
Vancouver, B. C.

INVOICE: 3360

DATE: July 17, 1975

TERMS: NET 21 DAYS

FOR REPORT 75 16 001
Job # 75-084

PROJECT: Hercon

ORDER NO.

| | | |
|----------------------------------|-----------|------------------|
| 196 soil samples for preparation | @ \$ 0.35 | \$ 68.60 |
| 7 rock samples for preparation | @ \$ 1.25 | 8.75 |
| 203 goechem analyses for Pb, Zn | @ \$ 1.75 | <u>355.25</u> |
| | Total | \$ <u>432.60</u> |

*Tex Group 151 soil
7 rock samples.*

DOMINION OF CANADA:
PROVINCE OF BRITISH COLUMBIA.
To Wit:

In the Matter of EXPENSES INCURRED ON THE TEX GROUP
OF MINERAL CLAIMS OF HERCON RESOURCES LTD. GOZ CREEK AREA,
BONNET PLUME RIVER, YUKON TERRITORY.

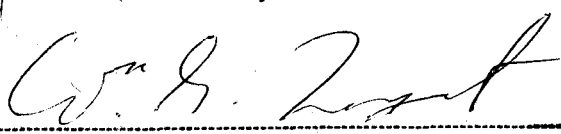
I, PAT HENRY Project Manager for Atled Exploration Management Ltd.

of 420 - 475 Howe Street, Vancouver, B.C.

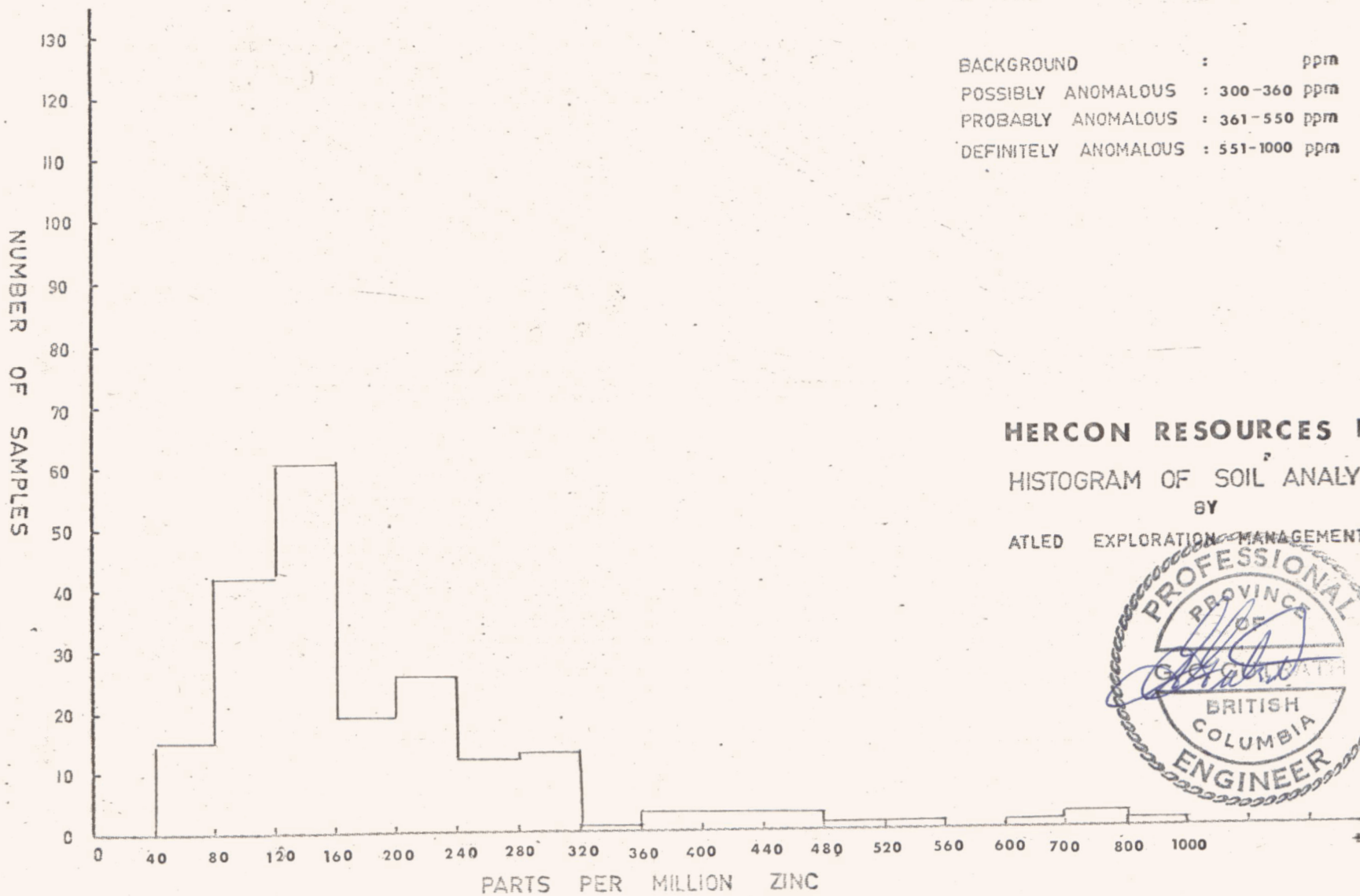
in the Province of British Columbia, do solemnly declare that the costs of the work pro-ram on
the Tex mineral claims situated 20 miles N.W. of the junction of Goz Creek and
Bonnet Plume Area, totaled as shown on the attached page in the amount of \$2,847.00

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of
the same force and effect as if made under oath and by virtue of the "Canada Evidence Act."

Declared before me at the City
of Vancouver, in the
Province of British Columbia, this 16th
day of January, 1976, A.D.



A Commissioner for taking Affidavits for British Columbia or
A Notary Public in and for the Province of British Columbia.



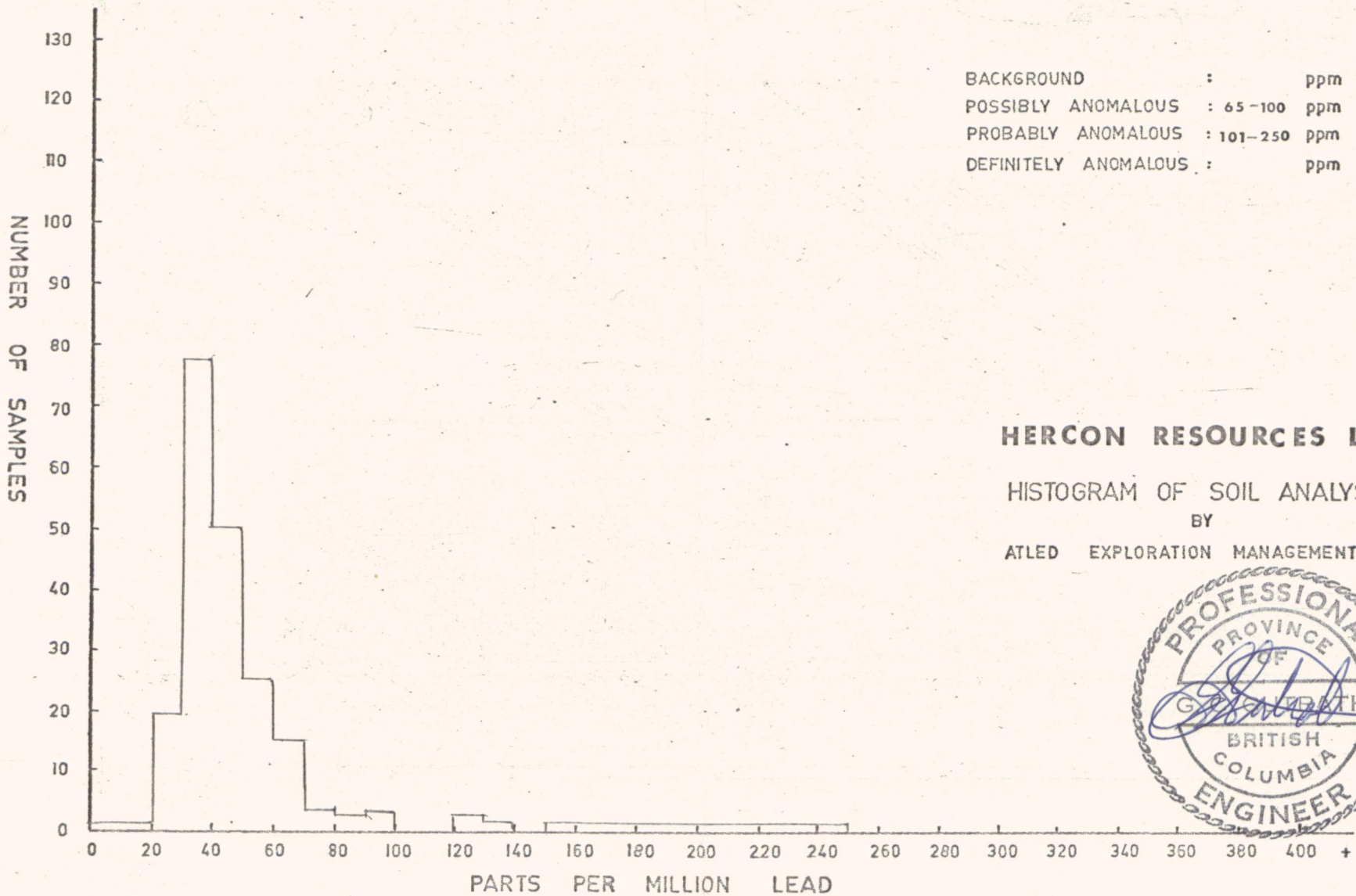
HERCON RESOURCES LTD.

HISTOGRAM OF SOIL ANALYSES

BY

ATLED EXPLORATION MANAGEMENT LTD.

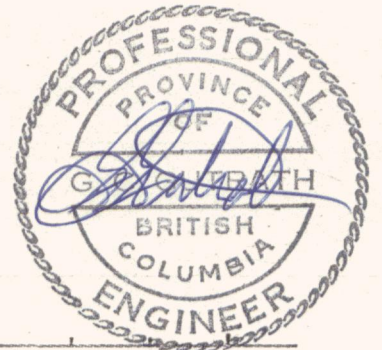


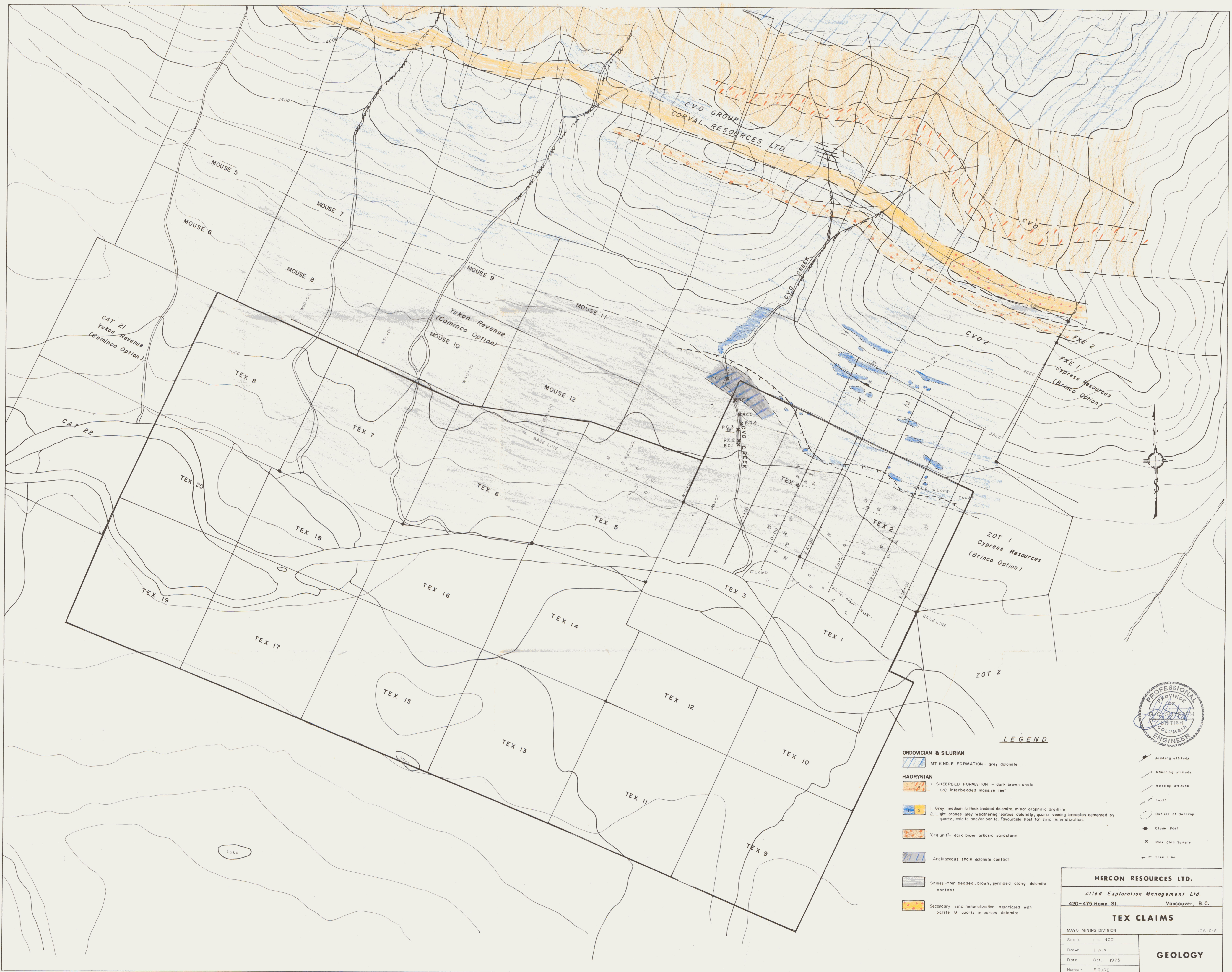


BACKGROUND : ppm
 POSSIBLY ANOMALOUS : 65-100 ppm
 PROBABLY ANOMALOUS : 101-250 ppm
 DEFINITELY ANOMALOUS : ppm

HERCON RESOURCES LTD.

HISTOGRAM OF SOIL ANALYSES
 BY
 ATLED EXPLORATION MANAGEMENT LTD.





LEGEND

ORDOVICIAN & SILURIAN
 MT KINDE FORMATION - grey dolomite

HADRYNIAN
 1 SHEEPBED FORMATION - dark brown shale
 (a) interbedded massive reef

1. Grey, medium to thick bedded dolomite, minor graphitic argillite
 2. Light orange-grey weathering porous dolomite, quartz veining breccias cemented by quartz, calcite and/or barite. Favourable host for zinc mineralization.

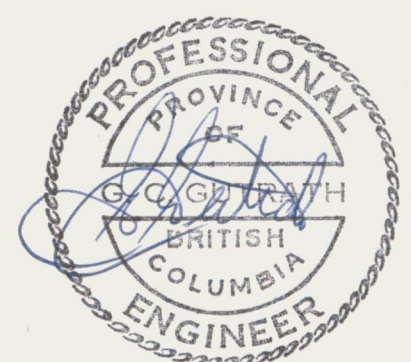
3. 'Orit unit' - dark brown arkosic sandstone

Argillaceous-shale dolomite contact

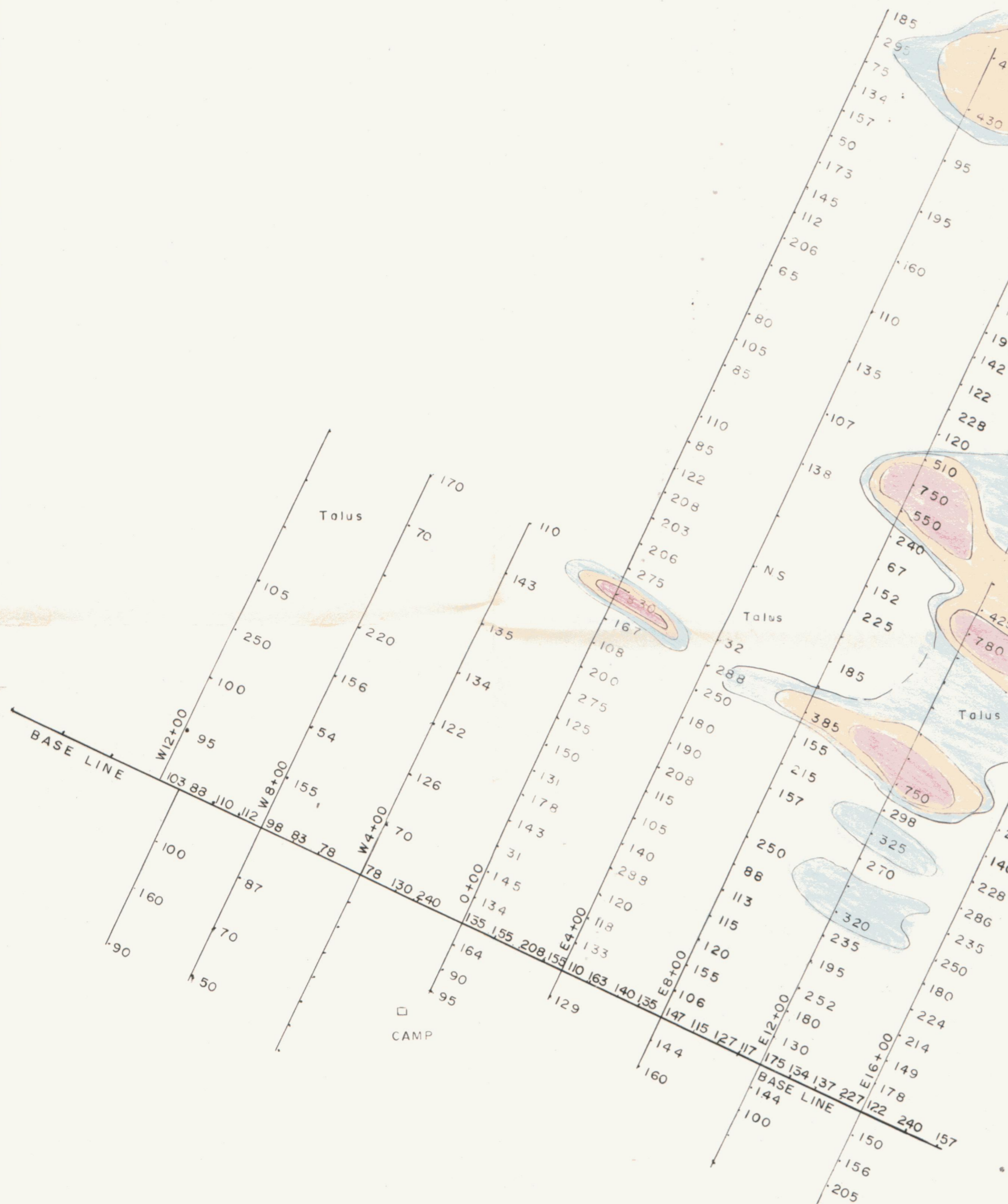
Shales - thin bedded, brown, pyritized along dolomite contact

Secondary zinc mineralization associated with barite & quartz in porous dolomite

Jointing attitude
 Shearing attitude
 Bedding attitude
 Fault
 Outline of Outcrop
 Claim Post
 Rock Chip Sample
 Tree Line



| | |
|---|----------------|
| HERCON RESOURCES LTD. | |
| <i>Allied Exploration Management Ltd.</i> | |
| 420-475 Howe St. Vancouver, B.C. | |
| TEX CLAIMS | |
| MAYO MINING DIVISION | 106-C-6 |
| Scale 1" = 400' | |
| Drawn j. p. h. | |
| Date Oct., 1975 | |
| Number FIGURE | GEOLOGY |



LEGEND

- Background 0 - 299 ppm.
- Threshold 300 - 360 ppm.
- Anomalous 361 - 550 ppm.
- Highly Anomalous 551 -> ppm.

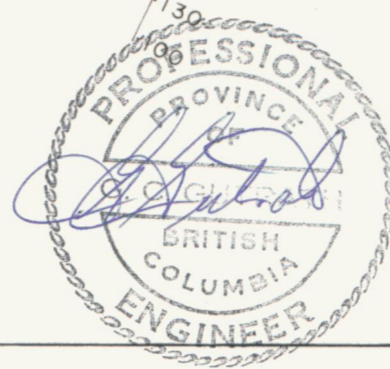
HERCON RESOURCES LTD.

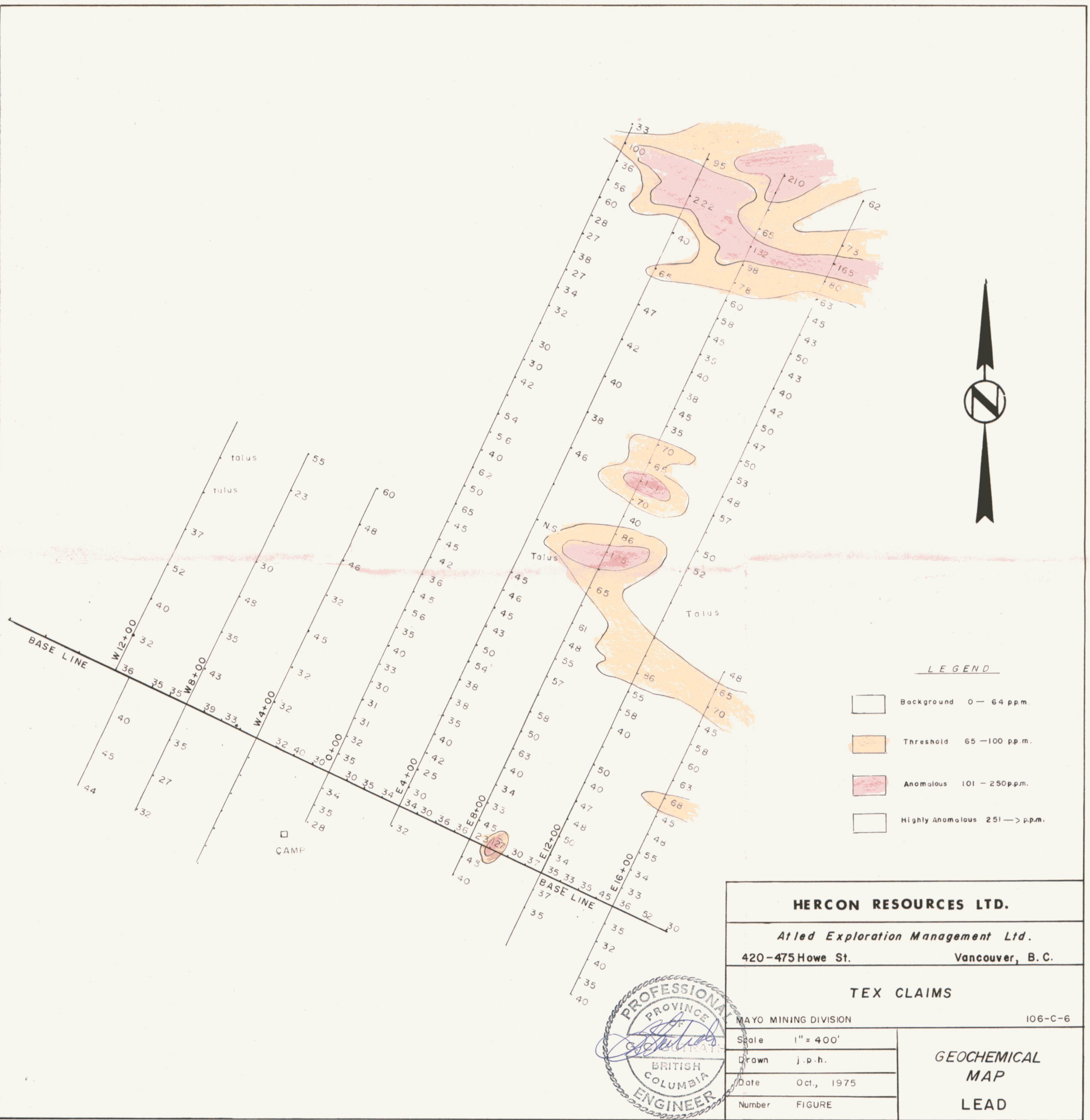
Atled Exploration Management Ltd.
 420-475 Howe St. Vancouver, B.C.

TEX CLAIMS

| | |
|----------------------|------------|
| MAYO MINING DIVISION | 106-C-6 |
| Scale | 1" = 400' |
| Drawn | j. p. h. |
| Date | Oct., 1975 |
| Number | FIGURE |

**GEOCHEMICAL
MAP
ZINC**

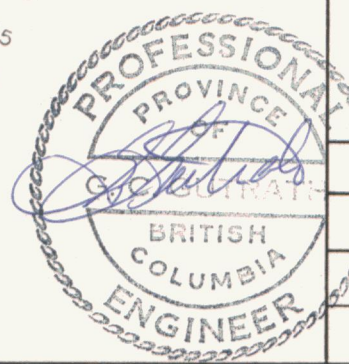




LEGEND

- Background 0 - 64 pp.m.
- Threshold 65 - 100 pp.m.
- Anomalous 101 - 250 pp.m.
- Highly Anomalous 251 - > pp.m.

| | |
|---|------------------|
| HERCON RESOURCES LTD. | |
| <i>Atled Exploration Management Ltd.</i> | |
| 420-475 Howe St. | Vancouver, B. C. |
| TEX CLAIMS | |
| MAYO MINING DIVISION 106-C-6 | |
| Scale | 1" = 400' |
| Drawn | j.p.h. |
| Date | Oct., 1975 |
| Number | FIGURE |



**GEOCHEMICAL
MAP
LEAD**