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Rossland

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REPORT

on the

VELVET MINE

for

VELVET EXPLORATION Ltd.

Suite 401, 543 Granville St.

Vancouver, B.C.

by

JOHN O. RUD

Geological Consultant

NOVEMBER, 1981

note:
pages 16, 17, 19-22,
24, 34-37 are
photographs, not
copied.

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THE VELVET MINE

INTRODUCTION

At the request of Velvet Exploration Limited, this evaluation of the Velvet Mine was completed during August, 1981. Eleven days of field work was involved in this inspection.

The purpose of the program was to determine the potential for additional ore reserves in the mine and the lateral extent of the mineralization. This program consisted of an underground evaluation and surface reconnaissance. In addition, a mine model was constructed from the Rayrock Mines Limited underground maps of the Velvet Mine. The maps were checked for accuracy and were determined to represent the mine geology in excellent detail.

LOCATION

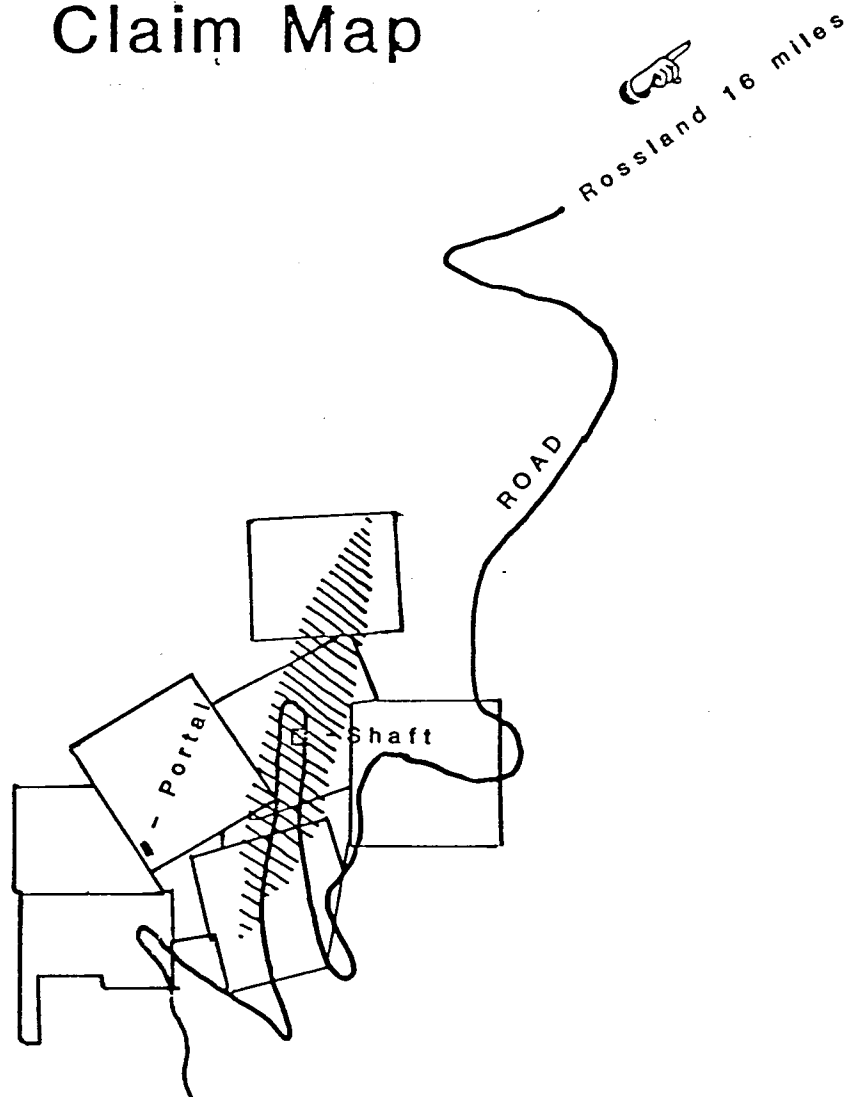
The Velvet mine is located about one mile north of the U.S.A.-Canada boundary, on the northwest slope of Sophie Mountain. Rossland, B.C. is situated 6.5 miles northeast of the mine. Access is provided by sixteen miles of maintained gravel road known as the old Rossland-Grand Forks highway. (Figure 1)

MINE HISTORY

The Velvet mine history has been described by Drysdale in G.S.C. Memoir 77. He states that: "O. Geldness and Jeff Lewis were the original locators. Olans Geldness located the Velvet claim on September 12, 1896 for Jefferson Davis. The Portland was located by John Cromie on April 3, 1896. A good outcrop of copper-gold ore was discovered in 1897 while doing assessment work just 300 feet from the end line of the Triumph claim. In 1897, an English company represented by Sir Chas. Tupper secured the Velvet and

VELVET MINE

Claim Map



Rossland Mining District

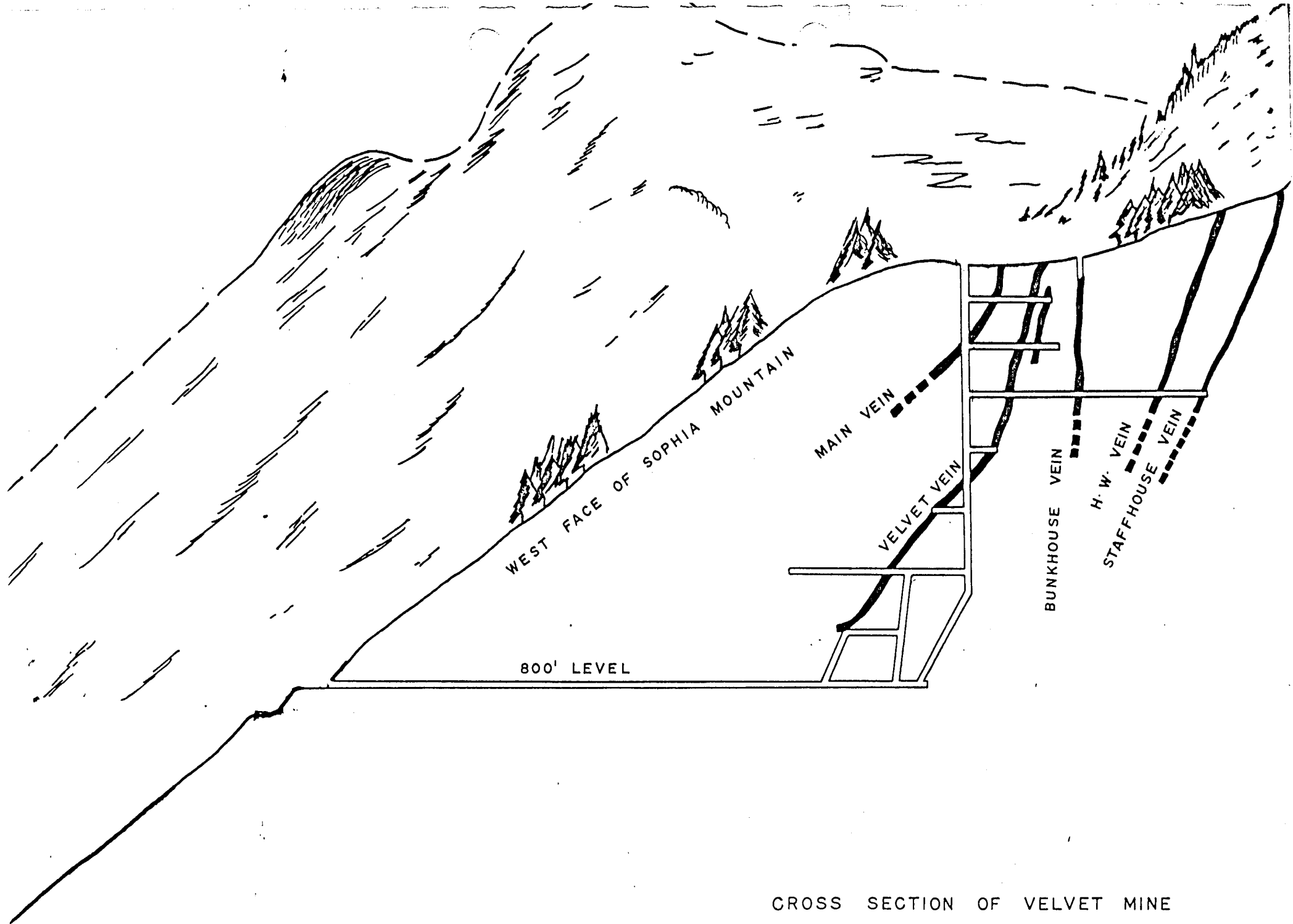


Mineralization

Figure 1

other claims on Sophie mountain (Bluebell, Triumph, Whoo-up, Last Chance, and Velvet Fraction). In 1899 development on the Velvet claim consisted of 564 feet of drifting, 460 feet of crosscutting, 55 feet of sinking, and 75 feet of raising. About 25 men were being employed. On the Portland property 250 feet of drifting, and 147 feet of sinking were done, 12 men being employed. In 1902, the operating expenses were paid out of the ore receipts after shipments were started. The ore was shipped to the Hall smelter at Nelson. The old company spent over 20,000 pounds in development. The shaft was sunk to the 300-foot level, with levels at 100 feet, 160 feet and 250 feet. At these respective levels there were drifts 300 feet, 250 feet, and 100 feet in length. The total amount of underground development was 2,000 feet. Work was suspended in 1903 and the management changed.

At the distance of 1,450 feet down the hill from the top of the shaft, a tunnel was opened for the purpose of driving in at a depth of 300 feet or thereabouts with a view to draining the mine. In 1904, the Velvet-Portland Mining Company constructed a small concentrating plant using straight water concentration. The plant included two



CROSS SECTION OF VELVET MINE

crushers, six gravity stamps, six steam stamps, five Jenckes concentrating tables, sacking and loading platforms for the concentrates and scales. With the exception of a three-day run of the mill, no work was done at the Velvet during 1905. The mine was operated for a few weeks and employed 15 men during the early part of the summer of 1906. On the 4th level, 260 feet of drifting was accomplished in 1906, of which 110 feet were in ore. The work had to be suspended, however, on account of lack of funds. In 1909, 188 tons of ore were shipped and in 1910 the property was leased to Ed. Ehrenberg of Spokane who shipped 664 tons of good grade ore. At present the cost of transportation, including the long haul to the railway, is so great that the property could not be profitably worked.-----

Samples analysed by the LeRoi No. 2 Company, from a 2-foot vein of solid ore on the No. 3 level of the Velvet mine, ran as follows:

Gold-----	0.61 ounces
Silver-----	2.39 ounces
Copper-----	13.30 per cent

Iron-----	27.60 per cent
Silica-----	26.60 per cent
Sulphur-----	19.80 per cent

A general sample of advancing face of No. 4 level from a vein of indeterminate width gave the following results:

Gold-----	0.52 ounces
Silver-----	0.30 ounces
Copper-----	0.60 per cent
Iron-----	16.70 per cent
Silica-----	46.50 per cent

A sample from the sill of No. 3 level ran 1.00 ounces in gold, .60 ounce in silver, and 1.00 per cent copper; another sample assayed 0.19 ounce in gold, 1.21 ounces in silver, and 2.90 per cent copper; another piece with more sulphide than the preceding, ran 0.80 ounce in gold, 1.60 ounces in silver, and 3.70 per cent copper."

The Velvet Mine was operated intermittently by various mining companies and lessees between 1915 and 1955. In 1956 Mid-West Copper & Uranium Mines optioned the Velvet group. The company rehabilitated the underground working, diamond drilled and built a modern 150 ton flotation mill. Milling

operations started during December, 1956 at a daily rate of 130 tons.

In April, 1957, the consulting firm of Henry L. Hill & Associates recommended closure of the Velvet mine and mill. Reasons given were the lack of metal prices, mill capacity, and working places in the mine to maintain a 175 ton-per-day production rate.

In 1965-1966 Rayrock Mines Limited conducted a program consisting of geological mapping of the underground working and underground diamond drilling at the Velvet Mine.

In 1968 Mid-West Copper & Uranium Mines conducted a four day program of geological mapping and prospecting over the crown granted claims. This was the last reported activity at the mine until Velvet Exploration Ltd. acquired control of the mine.

The Velvet mine production record indicates that between 1901 to 1956 it has produced 61,317 tons of ore. The ore yielded 17,561 ounces of gold, 1,710 pounds of copper, 15,425 ounces of silver, 36 pounds of zinc and 22 pounds of lead.

GEOLOGY

The Velvet mine area is underlain by an andesite of the Rossland Formation. The andesite has been altered to a greenstone with coarse siliceous, chloritic, and epidotized phases. The greenstone has been intruded by a series of porphyritic syenite and medium grained granodiorite dikes. The dikes dip steeply to the west, range in width from five to twenty feet, and show pronounced chilled borders. The dikes are believed to be related to the underlying Coryell pluton.

Immediately below the andesite is a serpentinite which forms a large roof pendant over the Coryell batholith. The serpentinite contains many large xenoliths of the Rossland Formation greenstone and is cut by the numerous dikes of porphyritic syenite and medium grained granodiorites. Shearing and fracturing is common in the serpentine series and has formed a graben-like structure that down steps

toward the main fault zone located in Big Sheep Creek.

The serpentinite is traversed by a large shear zone and many sub-parallel shears. The main shear zone contains the largest ore shoots of the Velvet vein which strikes north 10 degrees east, and dips 50 to 80 degrees west. Four additional shear zones are known at this time and are located to the east of the Velvet vein. All four zones are mineralized and have produced varying amounts of ore. The shear zones contain fissure-replacement veins of pyrite, pyrrhotite, specularite, chalcopyrite, bornite, magnetite, galena, sphalerite, minor amounts of molybdenite and sheelite in a gangue of quartz and calcite. The largest ore shoots have formed at the intersection of shear zones with dikes or with small subsidiary shears.

A minor east-west joint pattern is also evident and appears to be offshoots of the main shear zone. The east-west structural pattern contains minor mineralization consisting of pyrite, chalcopyrite and magnetite.

MINE DEVELOPMENT

The Velvet mine has been developed by a three compartment shaft sunk to 620 feet. (Figure 2) This shaft serviced the upper six levels until the 8th level haulway was driven. The bottom of the shaft and the 8th level are connected by the 801 raise which provides an ore pass for the 4th, 5th, and 6th level of the mine. The shaft is presently inaccessible due to a fire which occurred in the late 1960's and burned the headframe and timbers in the upper levels creating a blockage on the 4th level.

It has been reported by numerous engineers that the majority of stoping has been done above the 4th level. The upper three levels are considered to be worked out and no attempt was made to examine these levels at this time.

4th level

The 4th level consists of approximately 1900 feet of drifting including the 4th level drainage tunnel. At least ten stopes and numerous raises have been developed on this level. The Velvet vein has been the chief producer with

only limited production from the Dick Rowe vein which is exposed 60 feet east of the main shaft.

It has been reported that one of the most productive stopes in the mine occurs on the 4th level. This stope, named the Kelley Stope, occurs 300 feet south of the shaft. It is an underhanded stope that strikes North 10 degrees East and dips 70 degrees West. It has been reported that the ore shoot raked to the northeast and is believed to have been mined out with only a few pillars remaining. The ore shoot has been described as measuring from 18 inches to two feet wide and being highly mineralized. The vein contained disseminated copper and iron sulphides in a quartz gangue. The stope is presently flooded and inaccessible at this time.

The drift continues beyond the Kelley Stope to the south for 80 feet. The Velvet vein is exposed along the ribs and back and exhibits iron and copper staining.

North of the main shaft the drift follows the Velvet vein for 120 feet. The vein has been stoped in four places with the northern most stopes in the initial stages of development. The vein varies from two to six feet in width

and again exhibits heavy iron and copper staining.

GSC Memoir 77 reported "Good sulphide ore running \$12 per ton up to 48 inches in width, but averaging 24 inches, occurs on the 4th level. The average content of the ore which was drifted on for 110 feet before the mine was closed down, ran .58 ounce in gold, .73 ounce in silver, and 1.9 per cent copper. The values in the ore fluctuate very rapidly; in some localities running high in gold and low in copper and in others the reverse is true." The values mentioned above were tentatively correlated with the four samples taken from the 4th level during the recent examination. (see 4th level geologic plan map) The samples ranged from .16 to .706 oz/ton in gold, .26 to 7.26 oz/ton in silver, and 1.14 to 6.20% in copper.

In my opinion the extent of the mineralization and values of the limited number of samples and production record from the 4th level warrant additional exploration and development in this area. Areas of interest are the Dick Rowe vein, which has been developed for only 60 feet along strike with one stope completed. Values obtained by the two samples taken across the back indicated economic values can

be obtained from the Dick Rowe vein. The area north of the main shaft was only in the preliminary stages of development and if grades of the mineralization warrant, the vein could be developed and mined with little difficulty. Additional areas of interest are the intersects made by Rayrock Mines during their diamond drilling program supervised by Mr. T. Antoniuk. Mr. Antoniuk's report states Diamond Drill hole U-407 drilled at -15 degrees to the east of section 5550N cut a 15.8 mineralized zone at a depth of 105 feet. The last 2.8 feet of the section was the best looking zone and was estimated to run 1% copper. Hole U-403 on the 4th level was reported by Mr. Antoniuk to have cut a mineralized zone 27.6 feet wide starting at 103 feet from collar. Mineralization was weak the first 15 feet but gradually increased with a six inch quartz vein with heavy chalcopyrite and pyrite and minor magnetite in the last foot. No assay results from these two intersections are available at this time and may be difficult or impossible to obtain.

5th level

The 5th level was not accessible during August, 1981. Keemor Mine Services Ltd. (mine contractor at the Velvet mine) has subsequently installed ladders and has gained access to the 5th level. During the contractor's safety inspection on the 5th level, five grab samples were taken from the area north of the shaft. (see 5th level geologic plan map) The samples ranged from .12 to 1.0 oz/ton in gold, .11 to 1.51 oz/ton in silver, and .23 to 5.15% copper.

The 5th level was mapped by Rayrock Mines Ltd. during December, 1965. The plan map shows over 500 feet of drifting, five developed stopes, and numerous raises. Mineralization on the 5th level has been described as a vein that varies in width from two inches to four feet. It is characterized by heavy copper stain and abundant hematite. The hematite is reported to be an excellent indicator of high grade gold and silver mineralization. The vein is reported to be traceable for 120 feet north and 400 feet south of the main shaft. The area south of the main shaft is believed to contain the northern and downward extension of the Kelley Stope. The drift south of the

Kelley Stope extension is believed to have been driven in the hanging wall of the Velvet vein and is in the Rossland Formation greenstones.

6th level

The 6th level was the last level serviced by the main shaft and due to water problems the 8th level drainage-haulway was driven in the 1950's. The 6th level has over 900 feet of drifting with the Velvet vein stoped over 250 feet of its strike length. The vein varies from one to eight feet in width and exhibits heavy copper and iron staining. No samples were taken from this area since it is considered mined out to the 5th level. Rayrock Mines Ltd. geologic plan map indicates the stopes reach the 5th level in section 4900N.

A small quartz vein to the west of the Velvet vein in Section 4900N has been stoped above and below by underhand stoping methods. The small quartz vein, up to six inches in width, contains approximately 70% chalcopryite, pyrite, hematite and magnetite in a quartz gangue. Approximately 90

feet of strike length has been stoped in this area.

In 1966, Rayrock Mines Ltd. conducted a diamond drilling program on the 6th level of the Velvet Mine. Diamond drill hole U-601 intersected a mineralized zone in section 4700N-4800E. The hole bearing N90W at a -45 degree dip intersected a mineralized zone 24.5 feet in width. The grade of the mineralization through the zone ranged from .01 to .62 oz/ton gold and .43 to 5.23% copper. The mineralized zone averaged over the 24.5 feet .162 oz/ton in gold and 3.73% in copper. Diamond drill hole U-604 in the same area intersected a mineralized zone 22.7 feet from the collar. Assays indicate values of 3.30 oz/ton gold and .11% copper over 2.1 feet in width.

7th level

The 7th level was the last area of mining and development when Mid-West Copper and Uranium Mines Ltd. terminated operation in the early 1960's. The 7th level consists of 1200+ feet of drifting and four major stopes: the 710, the 711, the Rojack and the 705. This level was the major source of ore mined by Mid-West Copper and Uranium Mines Ltd. during the late 1950's and early 1960's. The 710, 711, and Rojack stopes on the Velvet vein have continuous mineralization over 200 feet in length and 12 feet in width. This area is considered mined out and no attempt was made to sample the workings. A Mid-West Copper and Uranium Mines Ltd. assay plan indicated .02 to 1.44 oz/ton in gold and .60 to 6.75% in copper was mined from this section of the Velvet vein.

The 705 stope is located northeast of the 710-711 stopes in sections 5100N-5400N. The stope is over 300 feet long with the Velvet vein exceeding 20 feet in width. This area was in the process of being developed when mining was terminated. Plan maps indicate the northeast portion of the

705 stope was still in ore and the area above had not been mined when the operation ceased.

A Mid-west Copper and Uranium Mines Ltd. assay plan indicated values of .04 to .12 oz/ton in gold and 1 to 10.95% in copper was obtained from the 705 stope area. Seven grab and channel samples taken from the 705 stope indicated values of .011 to .48 oz/ton in gold and .01 to 3.4% in copper. These results correlate with Mid-West Copper and Uranium Mines Ltd. assays and is believed to represent the grade of the Velvet vein in this area. Additional sampling and mapping is planned as soon as Keemor Mine Services Ltd. completes the rehabilitation of the 705 stope and raises.

The Velvet vein on the 7th level lies flat and in the 710-711 stope areas has a reverse dip. This synclinal pattern is a very favorable condition for mineralization and is believed to be responsible for the 20 foot vein widths. Theories as to the cause of this structural-mineralization condition are numerous. Evidence seems to indicate the extensive mineralization occurred by gravity accumulation of the magmatic solution due to the effect produced by the Coryell batholith. Along with this

synclinal structural pattern, a lateral pinch and swell feature occurs. The swells on the 7th level average about 200 feet in length with width up to 20 feet. The pinch between the 710 and 705 stope is approximately 200 feet in length and contains only traces of mineralization. This pinch feature is expected to occur northeast of the 705 stope and may have occurred southwest of the 710-711 stope area.

ORE RESERVES

At this time the Velvet mine has no proven ore reserves. Geologic and development plans dated November, 1963 indicate ore was being developed in the northeast area of the 705 stope when the mine closed. Keemor Mine Services Ltd. is presently rehabilitating this area and hopefully

will commence blocking out reserves in the near future. An evaluation of the available data, old working and geological evidence, including the type of mineralization in the Velvet mine area leads to the following conclusions.

1. The northeast portion of the 705 stope is in the Velvet vein. The Velvet vein is averaging 10 feet wide and continuing to the northeast. The area above the 705 stope does not appear to be mined out and is believed to continue up to the 4th level. If the above factors are verified by the present mine operations, reserves in the range of 30,000 to 50,000 tons from this area are possible.

2. Inspection of the 4th, 6th and 7th levels and analysis of the geologic plan maps along with the limited amount of sampling completed makes an estimation of reserves in the old workings very difficult. Areas to be considered for development are: (a) the area north of the main shaft on the 4th level where stoping was in its initial stages; (b) the Dick Rowe vein where samples indicate favorable grades of potential ore is available and limited lateral development has taken place; (c) the fifth level where very little lateral development on the Velvet vein has been completed in comparison to the 4th and 6th

levels. Grab samples indicate interesting values in this area; (d) the southwest area of the 6th level where diamond drill results indicate excellent zones and grades of mineralization. In my opinion, these areas represent conditions where minimum expenditures of funds are required to prove and mine ore reserves in the Velvet mine at this time. Based on vein width and length of ore shoots in the existing workings, an estimated additional 25,000 tons of potential ore could be mined from aforementioned areas of the Velvet mine.

3. The areas most favorable for additional ore reserves are laterally on the Velvet vein structure. Available data indicates only limited attempts have been made to locate extensions of the Velvet vein and delineation of the subparallel veins to the east; namely, underground diamond drilling. In my opinion, geologic conditions are favorable for additional mineralization both north and south of the Velvet mine. No structural features were noted within the Velvet mine area that would terminate the mineralization to the north or south. Prospect pits and adits examined in the area, many over 2500 feet south of the Velvet mine, exhibit mineralization strikingly similar

to the Velvet vein. Today this type of mineralization can be delineated utilizing remote sensing techniques. Therefore, it is believed that the Velvet mine area may contain mineralization equal to or exceeding that already mined.

4. Additional potential ore reserves could be located to the east of the Velvet vein. Four veins similar in strike, vein width and type of mineralization have been delineated and mined in the upper levels of the Velvet mine. Few attempts have been made to locate and develop these veins below the 4th level. The veins are: (a) the Dick Rowe vein mined on the 3rd level over a strike length of 200 feet. Vein widths up to 4.5 feet containing up to 2.18 oz/ton gold and 5.10% copper. Very limited development on the Dick Rowe vein occurred on the 4th level. This development has been described in the previous section on the 4th level; (b) Bunkhouse vein has been exposed on the 3rd level. No stopes were developed but reports state streaks and lenses of massive chalcopyrite from four inches to four feet occur in the shear zone containing the Bunkhouse vein; (c) the H.W. vein was also intersected on the 3rd level. One assay depicted on Figure 3 ran .4 oz/ton

gold and 6.5% copper over a 25 inch width; (d) the Staffhouse vein was intersected on the 3rd level approximately 320 feet east of the Velvet vein. One assay indicates the vein contains .36 oz/ton gold and 9.3% copper over a 50 inch width. The above veins offer an excellent target area for the development of substantial ore reserves in the Velvet mine area. Recommendations will be made to utilize remote sensing techniques to delineate economic concentrations of mineralization for the continuing mine development in the Velvet mine region.

After an evaluation of the above data, it is apparent that the Velvet mine area has an excellent potential to contain ore reserves in the 400,000 to 500,000 ton range.

RECOMMENDATIONS

The present program of mine rehabilitation should be continued. When safe access to the northeast section of the

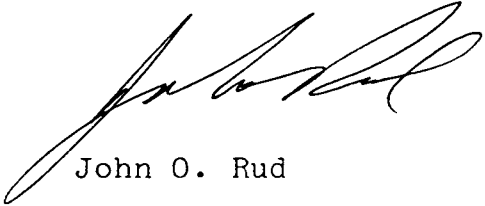
705 stope is achieved, a sampling and mapping program should be initiated. Results from this program will determine mining rates and methods for the next several months. It is also highly recommended that a experience mine engineer be retained to design and monitor the progress of the Velvet mine plan.

Data from past mine operations and sampling recently completed indicate the gold values vary rapidly along the strike and dip of the Velvet vein. Therefore, it is imperative that rapid analysis of the gold content be made before the material is mined. This can be accomplished by utilizing a portable XRF unit to quantitatively analyze the gold in the mine face. Units have been developed and proven for this type of situation. This would provide the data necessary to delineate the high grade gold zones presently available in the old workings where the majority of the development work has been completed.

The Velvet mine area provides an excellent opportunity to utilize remote sensing techniques in the delineation of zones of mineralization adjacent to the old mine workings. The data presently available on the type of mineralization, structures, and rock types would enable interpretation of

information obtained by remote sensing techniques to be very reliable. At this time a geophysical exploration program is recommended. This program would consist of a ground VLF-Electromagnetic and Magnetometer survey. This survey should cover the Velvet mine working and adjacent areas. The purpose would be to delineate any zones of mineralization along the strike of the Velvet vein and the four parallel veins to the east. Reputable geophysical contractors are available to conduct this type of survey at very reasonable costs. It is recommended this program be initiated in the near future as this data will be utilized in the mine and development plans for the Velvet mine.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'John O. Rud', written in a cursive style.

John O. Rud

Geological Consultant

PHONE 495-6933

P. O. BOX 100

FILE No. 13555

DATE March 28th., 66

To:—

Rayrock Mines Ltd.
Rossland B.C.

JOHN O. DOLPHIN
ASSAYER
METALLURGIST
OSOYOOS, B. C.

Assay Certificate

I HEREBY CERTIFY that the following are the results of the submitted samples:

MARKED	GOLD		SILVER		LEAD		ZINC		COPPER	
	OZS.	PER TON	OZS.	PER TON	%	PER TON	%	PER TON	%	PER TON
D.D.Cores :-										
# 435	3.33								0.11	
436	0.005								tr	
437	0.01								0.78	
438	0.02								3.87	

CHARGES: \$16.00

John O. Dolphin
JOHN O. DOLPHIN
 PROVINCIAL ASSAYER


can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254-7270

Telex 04-54210

Velvet Exploration Co. Ltd.
401 - 543 Granville St.
Vancouver, B.C.
V6X 1X8
Attention:

Certificate of Assay

File No. 0326E

Date March 16, 1981

We hereby Certify that the following are the results of assays made by us upon submitted Chute Ore samples.

Sample Identification	GOLD	SILVER	COPPER					
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent	Percent	Percent	Percent	Percent
1	0.02	0.10	0.82					
2	0.08	0.22	1.01					

FROM 705 STOPE

Note Pulps retained three months.

CAN TEST LTD.

Rejects retained two weeks.

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Form No. 13 C

Provincial Assayer

To:



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254-7278

Telex 04-54210

Velvet Exploration

Certificate of Assay

File No. 3088 E-6

Date Sept 2, 1981

Attention:

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPEL					
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent	Percent	Percent	Percent	Percent
530-L	0.12	0.18	1.46					
530-R	0.58	0.62	5.15					
Bunkhouse Level-1	1.00	1.52	0.23					
Malena	0.30	0.16	—					
Chalcopyrite	0.58	0.40	—					
Unknown	0.018	0.04	—					

Note: Pulps retained three months.

Reject retained two weeks.

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Form No. 13-C

Provincial Assayer

IRON KING ASSAY OFFICE ASSAY CERTIFICATE

BOX 247 — PHONE 632-7410
HUMBOLDT, ARIZONA 86329



ASSAY
MADE
FOR

John Rudl
1965 Athens Ave
Yuma, Az. 85364

Oct. 15, 1981

REF. NO.	DESCRIPTION	oz/ton Au	oz/ton Ag	C ₀ %	1050 Pt	% Pb	% Zn	% Cu
9-17-1	VM-1 4th level	0.162	0.26					1.14
-2	2 4th level	0.564	7.26	.70	Ni1			5.11
-3	3 4th level	0.264	0.70					6.20
-4	4 4th level	0.706	1.10					1.28
-5	5			.27	Ni1			
-6	6 705 stope	0.558	0.34	.82	Ni1			3.77
-7	7 705 stope	0.176	0.39	.22	Ni1			2.28
-8	8 dumps	0.036	0.29	.30	Ni1			2.18
-9	9 dumps	0.218	Ni1					1.50
-10	CD-1	Ni1	0.62					
-11	-2	Tr	0.34					

CHARGES

\$ 271.50

ASSAYER

To:

Velvet Exploration Co. Ltd.

401 - 543 Granville Street

Vancouver, B.C.

V6C 1X8

**can test ltd.**

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254 7278

Telex 04 54210

Certificate of Assay

File No. 2697E-6-1

Date August 20, 1981

Attention: Mr. Bill Graham

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER					
	Ounces Per Ton	Ounces Per Ton	Percent	Cu	Percent	Percent	Percent	Percent
	1.81 0.060							
D-1	0.60	0.38	1.87					
D-2	0.010	0.05	0.34					
D-3	0.020	0.10	0.54					
D-4	0.020	0.18	0.64					
D-5	0.060	0.14	0.48					
D-6	0.020	0.06	0.31					
D-7	0.013	0.07	0.34					
D-8	0.008	0.06	0.27					
D-9	0.18	0.30	1.76					
D-10	0.060	0.34	1.54					
D-11	0.060	0.14	1.31					
D-12	0.18	0.22	1.22					
D-13	0.013	0.09	0.44					
D-14	0.009	0.08	0.29					
D-15	0.013	0.11	0.48					
MD-1	0.12	0.30	0.52					
MD-2	0.060	0.10	0.16					
MD-3	0.10	0.20	0.18					

MAIN SHAFT AREA

Note: Pulps retained three months.

Rejects retained two weeks.

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Form No. 13-C

CAN TEST LTD.

Provincial Assayer

Velvet Exploration Co. Ltd.

#401 - 543 Granville Street

Vancouver, B.C.

V6C 1X8

Attention: Mr. Bill Graham



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254-7278

Telex 04 54210

Certificate of Assay

File No. 2697E-6-2

Date August 20, 1981

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER					
	Ounces Per Ton	Ounces Per Ton	Percent	Cu	Percent	Percent	Percent	Percent
4-1-81	0.060	0.12	0.03					
4-2-81	0.16	0.30	0.43					
4-3-81	0.16	0.18	0.47					
4-4-81	0.004	0.04	0.20					

4th level

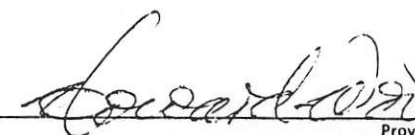
Note: Pulps retained three months.

CAN TEST LTD.

Rejects retained two weeks.

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Provincial Assayer