

Swim lake -

Fax Cover Sheet

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Phone (403) 668-6463

Fax (403) 667-6680

Access Mining Consultants Ltd.

204-D Strickland Street
Whitehorse Yukon Y1A 2J8

DATE / TIME: Thursday, February 8, 1996 / 2:15 PM

FROM: Gregg Jilson

TO: Mr. Sherman Hanowski
Director, Accounting and Information Services
Anvil Range Mining Corporation
Postal Bag 1000
Faro, Yukon Y0B 1K0

FAX NUMBER: (403) 994-2608 PHONE: (403) 994-2600 lcl 322

MESSAGE:

Attached is the text for the Swim Lakes Drilling AFE probably mentioned to you this morning by Derek Condie and/or Dick Arndt. Figures will follow tomorrow. I don't know your set-up for cover page but the required information is in the text

Timing of expenditure is roughly as follows:

Feb. 1996	\$ 60,000
Mar. 1996	\$ 130,000
Apr. 1996	\$ 34,000
Total	\$ 224,000

Purpose is exploration - capital to expand reserve base

Call if you require further information

Thanks.....



This transmission consists of 4 pages including this sheet
If all pages were not received clearly please call (403) 668-6463

Swim Basin Drilling

Introduction

This proposal is an exploration project totaling \$224,000. Field work is to be carried out in the months of February, March and possibly April 1996. Report writing and assessment filing is to be completed in April. The proposed work is a drill program involving 5 to 7 holes totaling 1,200 to 1,400 metres. The exploration target is a stratiform sulphide deposit in the 15 million tonne or greater size range. Because of the extensive till cover and lack of effectiveness of various exploratory surveys, the area still has open pit potential and the program is thus oriented towards shallow ore. Because of pressing claim assessment requirements work should begin as soon as possible so that \$54,000 can be expended by March 1 thus avoiding a cash payment of like amount to hold 539 claims coming due in the area.

Area Setting

The area of interest is 30 km. east of Town of Faro and 18 km. east of the Dy deposit in a topographic lowland known as the Swim Basin (Figure 1). Access is by road from the Town of Faro, via the Blind Creek road east from Faro and the Swim Lake road.

The Swim Basin is an area of low topographic relief with many small lakes and swampy depressions. There is poor outcrop; a thick and continuous cover of glacial till blankets most of the area. The till was deposited from ice flowing from east to west. Till thickness ranges from a few metres to over 50 m..

Thick overburden cover poses many difficulties for exploration. The till is generally too deep and extensive for soil geochemistry to be effective. The till is clay rich and wet, thus is conductive, causing problematic interference with electrical and electromagnetic surveys. Bedrock ridges and knobs beneath the till blanket create false gravity anomalies. Consequently, little is known of this area, even shallow, open pit, ore potential has not been well tested. The swampy country is, furthermore, generally difficult for equipment operation in summer.

The eastern Swim Basin is underlain by upper Mt. Mye formation phyllites (Figure 2). The detailed stratigraphic interval present is uncertain but based on mapping, geophysical interpretation and limited drilling in the vicinity, it appears likely that the upper several hundred metres of the formation, above the carbonaceous "unit 3E" and marble "Unit 3F" markers, is present (Figure 3). The upper part of this interval is known to host mineralization elsewhere in the district. Flat S_2 dips are indicated in the few drillholes nearby thus a relatively small stratigraphic interval may be present near surface (Figures 4,5 & 6). Geologically, the area is of particular interest because it lies along the extrapolation of the favorable trend of known sulphide deposits (Figure 7). A large granitic batholith, the Orchay batholith bounds the basin to the east. Near the granitic rocks the meta-sediments are schists rather than phyllites. An extensional fault may follow the granitic contact. Minor Pb+Zn vein mineralization has been noted in a drill hole along

Orchay Batholith margin. Massive sulphide float is also noted near the batholith contact in the Yukon Minfile report for the area (YT Minfile 1995, occurrence 32).

Previous Exploration

The area was covered by airborne EM and MAG surveys in the early 1960's. These surveys detected a number of features of interest. These include a belt of conductors along the south margin of basin. These conductors are interpreted to represent unit 3E (Figure 8) which marks the lower range of the favorable stratigraphic interval in the Mt. Mye formation (Figure 3). The surveys also detected a large magnetic high in north part of the basin which should be drill tested eventually. Blanket Turam coverage was completed in the 1970's. These surveys confirmed and more closely located most airborne EM conductors. The Turam anomalies are broad and weak, indicative of conductors which could be of bedrock or surficial origin. Drilling has proved some to be surficial thus the value of these surveys is questionable.

Partial gravity coverage has been completed in the basin, particularly along the favorable trend. These surveys outlined a broad positive residual anomaly which drilling (in 1975 and 1988) proved to be caused by bedrock relief.

Soil geochemistry was completed in the 1970's but no major anomalies were detected. Given the thickness of overburden in the area it is not likely that soil geochemistry would be effective. Overburden drilling was tried in the area in 1971. This program revealed high Pb ± Zn anomalies in basal till in an area south of Moose Lake (Figure 8). Ten holes were drilled in the area, three of them intersected geochemically anomalous till. The anomalies are "up ice" from known sulfides thus it is suggestive that sulfides may subcrop along the extrapolation of the favorable trend.

Diamond drilling in the area is very sparse. Drilling was completed in the area in 1964-65, '67-'69, '73, '75 and 1988. There are 17 holes totaling 2,100 m. within 2 km. of the area of interest (Figure 8). Six of these holes (741 m.) are in the immediate vicinity of the Sea Ridge sulphide occurrence; none of the other holes intersected significant sulfides. The 1988 program was designed to test geophysical anomalies in an area that could have been the source of the overburden geochemical anomalies. As noted above, the gravity and EM anomalies appear to have been false. Some rocks in a 1988 hole (the only hole actually within the area of interest) near the trend are bleached and reminiscent of alteration found in the vicinity of the ore deposits.

Proposed Work Program

The area of interest lies along the extension of the favorable trend, although there is some uncertainty of the exact direction of extrapolation. There are also some uncertainties concerning the stratigraphic position of the rocks of the area, however, the location relative to the favorable trend is a major positive factor, by itself, in favor of drilling in the area. One could argue that drilling should be preceded by more modern

geophysical surveying that might better cope with the limitations outlined above. Such surveys could aid target selection, however, the area is of such high priority that it will never be fully tested until there is a pattern of drillholes adequate to statistically intersect a deposit of the target size. It is therefore planned to start this type of drill program. This work will be the first phase of a long term and iterative approach to exploring the area. Such a program builds upon successive phases of exploration using the results of one type of work to interpret the results of the others. Currently, the major data deficiency is bedrock geological, thus the choice of core drilling. The need for physical assessment work has also influenced this choice. In order to retain options for future exploration holes will be left cased so that if future interpretation suggests holes should be deeper, it can be done at minimal cost. The proposed work program can be summarized in the following steps:

- Plow road to access the area (Feb.)
- Mobilize drill and camp, setup camp (Feb.)
- Diamond drilling, five to seven holes 200 m. each (Feb. - early Apr.)
- Report preparation (Apr.)
- Assessment filing (Feb. and Apr.)

Bids have been received from Caron Diamond Drilling of Whitehorse and Advanced Drilling of Vancouver; bid analysis is underway. Project management, geology, reporting, permits and assessment filing would be by Access Mining Consultants Ltd. (AMCL)

The proposed budget for this work is as follows:

mobilization (drill contractor)	\$ 17,900
road maintenance and site preparation (drill contractor)	\$ 14,880
drilling - 1,200m. in 6 holes (drill contractor) (@ \$105/m. or \$32/r.)	\$ 126,000
camp (drill contractor)	\$ 20,250
water supply (drill contractor)	\$ 14,700
contract geologist (AMCL)	\$ 12,375
light vehicle & fuel (Norcan ARMC, AMCL)	\$ 3,800
assays (Northern analytical or ARMC)	\$ 250
core storage (contribution to geolgy core storage)	\$ 2,500
de-mobilization (drill contractor)	\$ -
report preparation & assessment filing (AMCL)	\$ 8,625
project management (AMCL)	\$ 2,720
Total	\$ 224,000

Justification

The area has significant potential for discovery of open pit ore. Completion of this program will avoid cash payments of \$55,000 to \$75,000 in 1996 and each of the next four years in order to retain the land package in the area.