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CYPRUS ANVIL MINING CORPORATION

Exploration Report, July 1981

SUMMARY

Drilling continued on the Cirque and Elf properties in the Akie District and commenced in the Swim area Anvil District. Excellent progress was maintained on the Cirque access road with 40 kilometers or 50% completed by the end of July. It seems likely that, given present progress and firm contract costs, the road can be completed to portal site by November 1981 for a cost of \$5.3 million, \$1 million under estimate.

Drilling on the Cirque deposit on sections 550 and 620 N shows good grades of sulphides from 12 - 15% Pb/Zn. The cross sections have a maximum thickness of 20 meters and a down-dip extent of about 200 meters. This compares with 50 meters and 350 meters in the centre of the deposit. Drilling is in progress on section 750 N, in the South Cirque portal access area, and also on the R zone some 1.5 kilometers to the north. The results of seven holes drilled on the Elf showing area were inconclusive, but additional drilling on one of the new exploration targets cut hanging wall pyritic shale and a barite sulphide horizon. Mapping and prospecting on the Fluke area revealed a showing of lead-zinc-barite mineralization at a topographically high level in the eastern panel of UDM shales, which will be drill tested later in the year.

Progress on other projects in Yukon and B.C. is being maintained within budget.

BASE METALS

1. Anvil Area

(a) Grum Re-evaluation

Progress on the Grum re-logging and re-assay program was slowed somewhat by requirements for the 3A pit and pit mapping programs. However, by the end of July, only two major cross sections remain of the 200 foot spaced sections within the projected pit area. Completion of preliminary geological and assay sections is still scheduled for the end of August, 1981.

(b) Faro 3A Pit

Detailed and generalized cross sections were completed for the 3A Pit and bench plan contours are in preparation. This high priority work has effectively taken one staff geologist away from the Grum re-evaluation.

(c) Swim

Completion of a 654 meter hole south of the Swim deposit cut the projected thrust flooring the deposit, but indicated a 3G footwall autochthon. Holes EA 81-S-02 and 03 are currently drilling on a cross section east of the Swim deposit to take advantage of previous A.E.X. and Kerr Addison drill data, and test the known conductors and gravity-geochemical anomalies in this area. At the least, this should provide an anchor section for the west end of Swim Lake for which current interpretations are still dubious.

(d) Spectral I.P. Program

The spectral I.P. test unit was run over Vangorda, Grum and DY. However, a combination of extreme telluric (sun spot) activity and the always high background noise associated with the Anvil phyllite package prevented satisfactory tests of all but the Vangorda sections which are at relatively shallow depths. This effectively showed a differentiation between graphitic and sulphide elements, but will be of limited value unless better depth penetration can be achieved. A second test using the modified equipment is scheduled later in September when telluric activity should be reduced.

2. Tenas Creek - Ross River

Geochemical sampling and mapping is in progress in the Tenas Creek area and diamond drilling is scheduled for mid-August to test known, geochemical anomalies over the Mt. Mye transition zone which is the ore horizon in the Anvil District.

3. Akie District

(a) South Cirque

Two portal access cross sections were completed at 278 N and 382 + 50 N and are in process of detailed geotechnical logging. These sections should provide a basic framework for selection of an adit route in conjunction with additional drilling schedule for August.

(b) Cirque Deposit

Eight holes have been completed on two sections on the north end of the Cirque deposit, six of which cut high-grade extensions indicating continuity of the deposit to at least 520 N. Although somewhat thinner and with reduced down-dip width, these sections provide valuable additions of high grade reserves. Summary assay results received to date are attached. Drilling for a potential anticlinal fault offset of the northeast portion of the deposit is also in progress.

(c) R Zone

A single hole was completed on the north side of R Creek, but was apparently collared in footwall shales. A second hole is in progress stepped back on the line of section of the 1978 drilling.

(d) Fluke

Detailed geological mapping at a scale of 1:2,000 was continued in July after the completion of two of the scheduled four holes to test the eastern UDM shall panel. A lead-zinc-barite showing has been located in the south-central portion of the claim group, and will be drill tested during 1981.

(e) Elf

Two additional holes were drilling in the vicinity of the Elf showing for a total of seven in 1981. The results of this drilling remain somewhat inconclusive and indicate an irregular development of lead-zinc-barite mineralization within the near vertical UDM shale horizon. A second hole on one of the new geochemical target areas some 2 kilometers north of the showings cut a significant thickness of pyritic shales with a two to three meter barite horizon. Drills from Elf have now been transferred to the Cirque deposit but further drilling follow-up of the extensive UDM package on the Elf property is obviously required.

(f) Finbow-Cirque Road

By end of July, the Cirque road was complete from the Finlay River to Finbow Camp, just over 40 kilometers or 50% of the total project, and immediately on completion was traversed by pick-up in just over 60 minutes driving time.

At the time of writing (12 August), the road is complete to Pretzel Lake at 55 kilometers and a firm contract rate has been negotiated for the final 25 kilometers, which should bring the project in \$1 million or 20% under budget. Applications are in hand for the 3 to 4 kilometer extension to Portal Site and for an adit permit.

4. HY-Sun Project, Watson Lake

Line cutting, geochemical sampling, magnetic surveys and geological mapping were completed on the Hy, Sun and Till claim groups north of Watson Lake. While some geochemical results remain to be analysed, the overall background values for the shale package of suspected UDM age is disappointingly low. Spot lead highs appear to be associated with late syenitic intrusive dykes and associated quartz veining in adjacent shales. Fill-in geochemical sampling has been done to close down indicated anomalies and will be followed by surface trenching, if warranted. The Sun geochemical data is currently being evaluated.

5. Grass Lakes, Yukon

The massive sulphide and auriferous volcanic chert oriented program in the Grass Lakes area was completed by the end of July. Geological mapping, silt and heavy mineral sampling indicate a severely deformed to cataclastic terrain of metasedimentary and intrusive rocks. Two volcanic-sedimentary belts with associated known sulphide occurrences have been identified for further work pending heavy mineral results. A shale hosted lead-zinc showing was covered by 58 Kneil claims and soil geochemistry applied to evaluate the immediate areas of the showing. Further follow-up will be determined by these results and heavy metal values for other areas sampled.

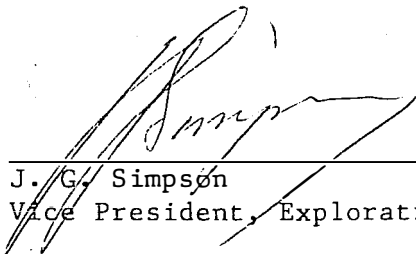
6. Shannon Creek

The road building program on Shannon Creek has been delayed by excessively wet weather in July but is now well underway. A program of I.P. and radiometric testing over the known alteration zone and possible extensions is planned during August as a potential guide for additional drill targets.

7. Barriere

E.M. geophysical and geochemical sampling was carried out over extensions to the Hall claims, acquired in 1981.

Respectfully submitted,



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Vice President, Exploration

JGS/ck
Attach.