



Swift River

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METALL MINING CORPORATION

MEMO

To: G.R.
From: John Kapusta
Copies: F.B., I.M.
Date: September 2, 1994
Subject: **MONTHLY PROGRESS REPORT - August 1994**

Highlights from the last two weeks of August include:

- ◆ Field examination of the Alder VMS property in Washington State
- ◆ Review of the Shag Property, carbonate hosted M.S. in British Columbia
- ◆ Review of the Swift River Property, M.S. in the Yukon

Property Examination -- Alder VMS

The Alder property is located in Okanogan County, Washington State. A description of this property can be found in my March - April, 1994 monthend.

A surface examination of the property was conducted between June 20 to 23, with Steve Toderick. During the property examination numerous samples were collected from both outcrop and drill core to quantify the size and extent of the alteration system. Drill core samples of felsic volcanics from below the old pit displayed intense chlorite, biotite alteration locally with minor cordierite.

An examination of the outcrops in the immediate pit area confirms that the footwall formation is a mafic fragmental and those felsic fragmentals are present in the hangingwall. A QFP to FP unit that was previously believed to be the immediate footwall to the mineralization is most likely a felsic dyke feeding off the Alder Stock. This unit is well exposed in the east wall of the old pit. Some of the surrounding outcrops display two phases of folding.

Fine sulphide banded, barite rich massive sulphides were being mined from the number three level when the mine closed. This material can be found both in the old workings and at the mill.

The following analyses are from rocks collected from the old pit, ore bins from the number three level, and from the mill site. The samples from the mill site were from individual rounds that were taken from the number three level when the operation closed. All samples are representative. Barium analyses are pending.

SAMPLE	Au g/t	Ag g/t	Cu%	Pb%	Zn%	COMMENTS
BCD35751	0.72	70.80	0.10	1.66	13.50	Laminated Ore
BCD35752	0.81	143.60	0.09	5.52	19.60	Laminated Ore
BCD35753	0.44	94.70	0.18	2.28	12.90	Laminated Ore
BCD35754	10.05	17.00	1.64	0.03	7.28	Sphalerite stringers from ore bins
BCD35755	1.57	4.80	0.23	0.01	13.60	Sphalerite stringers from ore bins
BCD35756	11.40	28.00	5.24	0.01	0.60	Chalcopyrite stringers from pit
BCD35757	2.61	7.30	0.32	0.01	19.60	Sphalerite stringers from ore bins
BCD35758	10.60	8.80	1.22	0.01	1.20	Stringers from pit
BCD35759	0.32	110.60	0.03	1.02	5.07	Sphalerite stringers from ore bins

The felsic horizon that potentially hosts the mineralization outcrops throughout the region. This may be an area play in addition to the immediate property potential.

A more detailed report will follow once the analyses are received from the drill core and outcrop samples.

The only other historical producer from this belt of rocks is the Holden Mine. The Holden deposit was mined between 1938 and 1957. Total production was ten million tons grading 1.10% Cu, 0.20% Zn, 0.06 opt Au, and 0.20 opt Ag. It has been noted in publications that the mined ore grade of zinc is deceptive. This is due to the fact that the zinc was concentrated as a high grade zone along the structural footwall. On the 1776 level drill a drill hole returned 4.31% zinc over 20 feet. Zinc assays were not routinely conducted at the mine, since this was principally a copper, gold producer.

Property Submittals -- British Columbia

Shag Property -- Carbonate Hosted MS

A comprehensive data review of the Shag property has been completed. A second field examination is planned for July 12 to 14. The Shag property has been identified by Metal as having all the necessary attributes to host a world class deposit.

**Property Submittals -- Yukon
 Swift River Property -- VMS? - Sedex? - Skarn?
 Introduction**

The Swift River Property was submitted for review by Doug Schellenburg.

Location

The property is situated approximately 130 kilometers west of Watson Lake in the Yukon, on N.T.S. sheet 105B/3. Access to the property is by a 21 kilometer gravel road (Pine Lake and Crescent Lake Valley Road) from the Alaska Highway. The turn off to the property is at Mile Post 722 on the Alaska Highway.

History

The original showings in the area were discovered by Hudson Bay Mining and Smelting in 1946. Hudson Bay conducted exploration on the property between 1952 and 1964. In 1966 Boswell River Mines Ltd. acquired the property and conducted exploration on it between 1967 and 1971. In 1987 the property was restaked by First Yukon Silver Resources Inc. Cominco optioned the property in 1992, and conducted exploration work until 1993. The property was returned to First Yukon Silver Resources Inc. early in 1994.

Property

The property consists of nine claim groups totaling 540 units. The claims and their expiry dates are:

KEY 1-34	34 Units	YB09486-9515	Nov. 5/95
		YB14161-4164	Jun. 17/96
PARK 1-64	64 Units	YB09516-9579	Nov. 5/95-97
LAKE 1-52	52 Units	YB09580-9631	Nov. 5/93-96
Mine 1-40	40 Units	YB16066-6105	Aug. 16/95
Dan 1-122	122Units	YB14428-4491	Jul. 13/95-96
		YB14494-4551	Jul. 14/95
Pine 1-36	36 Units	YB09632-9667	Nov. 5/93-94
SAM 1-86	86 Units	YB15973-5992	
		YB16013-6036	
		YB16057-6058	Aug. 11/95-97
		YB33648-3687	Oct.31/95
M 1-64	64 Units	YB15913-5972	
		YB15735-5738	Aug.11/95-98,2001
STRATA	42 Units	YB15595-5617	Jan.12/94
		YB16106-6124	Aug.18/93-94

The KEY, PARK, LAKE, MINE, SAM, M and DAN claims (462 Units) are contiguous. The STRATA and PINE are separate claims, not adjoining each other or the other group of claims. The KEY, PARK, LAKE, DAN, STRATA, SAM, M, and

USE 7-8 mile soft sed syn genetic

3m CPV
Lead 3m Ag
Carbon

PINE claims are owned 100% by First Yukon Silver Resources Inc. The MINE claims are held 100% by H. Hibbing of Watson Lake.

It's unclear if Cominco has applied any of its 1993 work for assessment on the property.

Cominco's Deal With First Yukon Silver Resources Inc.

Cominco's Deal With First Yukon Silver Resources Inc. would have enabled Cominco to earn 100% of the property by making cash payments of \$800,000 (\$50,000 firm) and expending \$4,200,000 (\$300,000 firm) on exploration over four years.

Geology

The Swift River Property is underlain by a sequence of dark grey to black mudstones to siltstones of Devonian - Mississippian age. This sequence is overlain by a Mississippian to Permian age package of mylonites, medium to dark maroon grey thin banded biotite hornfels, light green grey thin banded calc-silicate hornfels and minor grey to white, massive to thin banded marble. The rocks on the property have been intruded by granites.

Cominco's 1993 Exploration Program

Cominco's 1993 exploration program included, 75 kilometers of line cutting, 1:5000 and 1:500 scale geological mapping, soil sampling, ground geophysics (consisting of 62 kilometers of HLEM and 66 kilometres of total field magnetics), and 1,582 meters of diamond drilling in eight holes.

Mineralization

Mineralization on the property occurs as massive, banded to disseminated pyrrhotite, sphalerite, magnetite and pyrite with minor amounts of chalcopyrite and galena. The massive mineralization is reported to occur as irregular and discontinuous lenses, and is always associated with intense "skarnification" of the host rocks. The skarn mineral assemblage includes pink and green garnets, diopside, tremolite, actinolite, epidote and chlorite. One report notes that sulphides often appear to be remobilized into the hinges of phase 2 isoclinal folds.

The genesis of the mineralization present on the property is reported to be either a stratified skarn deposit or a deformed and "skarnified" VMS deposit.

A total of nine mineralized areas occur on the property. These are the Burnt Hill, Dan, Central Valley, Drumlin Valley, Crescent Lake Valley, Rusty Valley, Mod, Rex, and Munsen Lake areas. Since 1988, the Dan, and Crescent Lake areas have received the majority of work.

Dan Area

A number of trenches were completed in 1968. The 2E trench intersected a fifteen foot interval containing 0.07% Cu, trace lead, 3.90% Zn, and 0.06 opt Ag. The West trench intersected an eight foot interval containing 0.10% Cu, 0.10% Pb, 17.10% Zn and 0.40 opt Ag.

Cominco drilled one hole in the Dan Showing area in 1993. This drill hole intersected a thick sequence of sediments containing two to ten percent finely disseminated pyrrhotite.

Crescent Lake Valley Area

A trench in the Crescent Lake Valley intersected a forty foot interval containing 0.01% Cu, 0.30% Pb, 6.10% Zn and 0.08 opt Ag.

Cominco drilled a total of seven holes in this area. The best intersection was in drill hole SR93-3. In this hole a 0.80 metre interval assayed 10.40% Zn.

Rusty Valley Area

During 1968 two holes were also drilled in the Rusty Valley Area. Drill hole RV-1 in the Rusty Valley area was reported to have intersected thirty seven feet of 6.00% zinc.

Mod Area

In 1968 eleven drill holes were completed in the Mod area. All of these drill holes intersected varying degrees of mineralization. Drill hole M#2, is reported to have intersected 6.30 feet of banded, massive to disseminated pyrrhotite, arsenopyrite and chalcopyrite. In drill hole M#4, a 10.20 foot interval of mineralized limestone contained massive banded pyrrhotite and sphalerite with trace amounts of chalcopyrite, galena and magnetite. A 2.50 foot interval from hole WM-4 assayed 13.33% Pb, 6.01% Zn and 22.00 opt Ag. Drill hole M#5 intersected a 3.50 foot interval containing massive pyrrhotite with minor magnetite and sphalerite. Drill hole WM-5 intersected 3.50 feet of 11.32% Pb, 16.60% Zn and 13.10 opt Ag.

A number of trenches were also completed in 1968. An eight foot chip sample from the Mod west trench returned values of 0.12% Cu, 3.10% Pb, 7.90% Zn, and 4.90 opt Ag. A six foot chip sample from the Mod east trench returned values of 0.18% Cu, 8.70% Pb, 2.10% Zn and 13.10 opt Ag.

Rex Area

In 1868 trenching and four holes were drilled in the Rex Area. A trench over the Rex Main Showing had a four foot chip sample interval that returned values of 0.27% Cu, 12.80% Pb, 10.20% Zn and 16.80 opt Ag. Drill Hole W1 intersected

sixteen feet of 3.99% Pb, 6.91% Zn and 7.21 opt Ag. Drill hole W2 intersected fourteen feet of 4.63% Pb, 8.76% Zn and 8.80 opt Ag.

Contact

Hardy Hibbing is the individual in Watson Lake to contact regarding property examinations. His phone number is (504) 536-7954.

Conclusions

From the data supplied I have trouble envisioning this property as being either a VMS or sediment hosted target. The maximum age to the mineralization would be Devonian to Mississippian. From the geochemical work that Cominco conducted on the property I would expect to see a Ba association to the mineralization rather than As, Bi, Sb, Sn, and W. It may not be beyond the realm of belief that this property may represent a metamorphosed carbonate hosted target. An analogy would be the Balmat-Edwards Deposits in northwestern New York, State.

There is presently an exploration program in progress on the property. I will be in the Watson Lake area in the next few weeks and will visit the property at this time.

Kootenay - Aldridge Project

An evaluation of the Pend Oreille property has yet to be completed.

A geological evaluation of the Kootenay Arc region of British Columbia being prepared by the B.C.D.M. has been released. Unfortunately the quality of the work fails to meet its expectations. The geology maps may however serve as an adequate base on which a compilation can be done.

A proposal to conduct geophysical test surveys at Pend Oreille has been prepared. This will include Borehole P.E.M. and Surface T.E.M. Soundings. Crone's dummy probe gear arrived on the site June 24. I initially was leaning towards Crone as the contractor to do the work but it now appears Quantec may be a viable option after discussions with G.R.

I will have to leave any final decision for this work with G.R. as I will be out of town from July 11 to almost the end of August.

I have recently rediscovered a paper on litho-geochemical studies conducted around the Navan ore body. This work shows that manganese, arsenic and zinc are anomalous in the formations above and lateral to the deposit. Manganese enrichment is detectable 2.50 kilometers from the deposit.

Other

1. The St. Joe and Goatfell properties (Sullivan type targets), have recently become available for option. These targets will be reviewed next week.
2. A formidable box of assorted data was received for the Alder property. This contains approximately the last twenty years or so of work conducted on the property. It is in total disorganization. This will have to be properly compiled before any decisions can be made regarding the property.