

PROGRESS REPORT
LEE GROUP OF MINERAL CLAIMS
FLAGSTONE MINES LIMITED N.P.L.

GENERAL

A helicopter has been used for transportation in all phases of the operation so far. Geochemical and Geophysical exploration took place earlier this summer. The Geochemistry was undertaken by Anvil Mining Corporation Limited, the Geophysics by United Geophysics and Huntco Limited. At the present Arsenault Diamond Drilling are drilling an 800' hole on the property.

SURFACE GEOLOGY

R.S. Adamson, Consulting Geologist; Dolmage, Campbell & Associates Limited, and D. Mayes, Geologist; Anvil Mining Corporation Limited, made a cursory examination of the Lee group in late July. The rocks in the area are quartzitic phyllites, phyllitic quartzites, quartz schists and mica schists near the granitic contact: striking east-west and dipping south. The main deposits discovered and explored to date are encompassed by rocks which are the same type and in the same stratigraphic unit as those mentioned above.

GEOCHEMICAL SURVEY

An extensive geochemical soil sampling program was done on the Lee grid on July 12 and July 13, 1967. At this time soil samples were taken at 100' intervals along the grid lines 400' apart. No creek silt samples were taken. Of the 744 samples taken, 736 were analysed in the laboratory at Faro. The results were disappointing as most of the area is geochemically flat, and the highs are sporadic. Rather than contouring Copper, Lead, and Zinc separately, a heavy metal contour map was made - the resultant contour map showed small anomalous areas with no extent, on lines 20E, 24E and 28E. The samples taken over the area were composed of clay, ash and high organic material - not ideal soil samples; many of the samples were rocky, due to the proximity to bedrock. The factor of soil type may have played a part in the negativity of the results.

GEOPHYSICAL

Gravity Survey

Field work on the Lee claims was completed by United Geophysics Company of America during July, 1967.

Approximately 815 stations were surveyed and metered on a line spacing of 400' and a station spacing of 100'. Interpretation was done by R.B. Galeski, Professional Geophysicist, Calgary, Alberta. Three local closures, all adjacent to the faults yield residual anomalies. Nosings in the north and east portions of the prospect yield residual anomalies. The prominent low in the northeast portion of high elevation appears to be derived from a pile of low density rocks-glacial drift of fractured bedrock. Noted here are Galeski's "A", "B" and "C" anomalies.

"A" Anomaly

1.0 mgal relief. Depth to top of causative mass: 175'. Proximity to fault intersection and position with trend "B" anomaly adds to geologic attractiveness. Template residual peak values lie southwest of the profile residual peak value.

"B" Anomaly

1.0 mgal relief. Depth to top: 450'. The surface elevation is approximately 600' higher than that of the "A" anomaly. Broad appearance is due to the greater depth of the causative mass. Template and profile peak residuals values coincide.

"C" Anomaly

0.5 mgal relief. Depth to top: 140'. Causative mass small than those beneath "A" and "B". Template and profile residual axes not quite coincident.

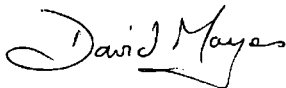
I.P. Survey

I.P. (Induced Polarization) lines were run by Hunttec Limited, in August, 1967. According to R.B. Galeski the "A" anomaly (1.0 mgal relief) looked the most promising, but the I.P. showed no anomalous response. The only significant response was on line 16E. This line is over the "B" anomaly indicated by Galeski. Line 16E was run on the standard 400' spacing and then detailed on 200' and 800' line spacing. From a study of the profile, the centre of the anomaly is situated almost coincident with the gravity anomaly. Also indicated is a depth to top of $>200' \leq 400'$ somewhat similar to Galeski's estimate from the gravity of 450' to top.

DIMAOND DRILLING

A field camp has been established and Arsenault Diamond Drilling is currently drilling an 800' hole on the coincident Gravity and Induced Polarization anomaly at line 16E at 2S. According to Galeski the "A" anomaly and "B" anomaly are related therefore this hole may also give an indication of the content of the "A" anomaly. The hole will drill through the stratigraphic unit which encompasses the Faro orebodies. Further drilling will be dependent on the results of this initial hole.

Respectfully submitted,



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September 26/67