

PELLY RIVER MINES LIMITED
PROPOSED 1973 EXPLORATION PROGRAM

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Background:

Regional structural-stratigraphic mapping has shown that known sulfide deposits occur within restricted horizons of the schist and phyllite units in the Anvil Range. In particular, the Vangorda and Champ deposits occur immediately northeast of the principal meta-volcanic rock units through the central part of the Vangorda plateau. Structural projections and stratigraphic correlation indicate the Swim deposit is also in this horizon. The Faro deposits occur in the biotite-muscovite schist 200 to 400 feet "below" its contact with the calc-silicate phyllite near the Anvil mine (Figure 1).

1973 exploration on Pelly River Mines (PRM) claims is based, in large part, on this apparent "stratigraphic" control of known mineralization. Detailed geophysical programs will be completed over those portions of the Champ-Vangorda horizon on the Gale claims (former Bob and Lake claims). In addition, a strong, ground magnetic anomaly will be investigated near Wedge Lake. Results of 1972 exploration on PRM claim groups will be reviewed in a separate report to be submitted prior to the PRM annual general meeting.

Selection of Exploration Methods:

Turam and gravity techniques appear to be most useful for exploration in the Anvil district. Turam electromagnetic methods are selected on the basis of their performance over known sulfide deposits in the Anvil district. On the Sun claims (southwest of Tie group) Turam was able to trace rock units of differing conductivities

successfully. Comparison of the Turam results and geologic mapping over the same area showed the Turam survey capable of accurately "mapping" rock units. Thus, a combination of Turam and mapping should act as independent checks on each other and provide a) good geologic control of unit contacts in areas of deep overburden and b) a cross check on possible causes of anomalous conductors. Gravity surveys will be used to test presently known, or Turam defined, conductive units for mass concentrations. Selective diamond drilling of gravity anomalies in conductive units will be pursued as required.

Proposed line spacing for Turam and gravity surveys is 800 feet. This separation will permit effective data contouring which, in turn, should locate sulfide deposits under 1×10^6 tons.

Gale Claim Group Program:

A Turam and follow-up gravity survey will be undertaken on the Gale group as shown in Figure 2. This program will form part of a similar study proposed for Anvil's adjacent Dy and Sun groups. The proposed grid covers the Vangorda "favourable" horizon on the Gale group as well as the ground magnetic anomaly near Wedge Lake. Overburden drill holes RH 71-129 and RH 71-130 showing anomalous Pb values in overburden will also be covered. Turam coverage will be used to define conductive rock units which will be tested for mass concentrations by follow-up gravity.

Diamond drilling of gravity anomalies will be pursued if required. The cost of this program on the Gale group only is:

Linecutting (22 mi. @ \$150)	\$ 3,300
Turam (9.9 mi. @ \$185)	1,820
Gravity (127 mi. @ \$370)	4,690
Supervision/Interpretation	4,325
Transportation	<u>825</u>
	\$14,960

A contingency drilling fund of approximately \$8,750 should also be allocated for this program. If a promising target is developed on the Gale by the above program, this contingency fund would allow diamond drilling of one 500 foot hole at about \$17.50/foot.

Shareholder Contributions to Proposed Program:

By allowing the former Bob and Lake claim groups to lapse on July 1, 1972, Anvil Mining Corporation incurred a large assessment loss to PRM. Details of this situation and an indemnification proposal are covered in a separate report to be forwarded to PRM. The assessment loss will be made up entirely by Anvil in 1973 through programs related to, but separate from 1973 exploration on PRM ground. Consequently, this loss will have no bearing on the 1973 PRM program proposed above since application of funds to cover this loss is in addition to the proposed surveys. Estimated individual shareholder

contributions to the geophysical and potential drilling programs are set out below:

	<u>Geophysics</u>	<u>Drilling</u>	<u>Total</u>
Anvil Mining Corp. Ltd. (57.1%)	\$ 8,540	\$ 5,000	\$ 13,540
Rose Creek Vangorda (28.6%)	4,280	2,500	6,780
Cyprus Mines (8.6%)	1,290	750	2,040
Dynasty Explorations (5.7%)	<u>850</u>	<u>500</u>	<u>1,350</u>
	\$ 14,960	\$ 8,750	\$ 23,710

The accounting of incurred expenditures can be completed at the end of 1973.

Timing of Geophysical and Drilling Programs:

Geophysical surveys on the Gale group will be completed as soon as possible after similar surveys for Anvil are completed in the Swim Lakes area. It is anticipated that work on the Gale will start on late April to early May. Drilling of geophysical targets will be undertaken as required.