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TELECOPIER COVER LETTER

TO: Gregg Wilson / Doug Brownlee

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MESSAGE:

Here is the belated weekly turned Bi weekly

OF KEY INTEREST ARE THE ASSAY RESULTS FOR 90DY-05, and my request to deepen 90DY-08 (target-D) by 300-500'. Comment on the prospect of deepening this hole ASAP

JZ

REPORT ON 1990 DY DRILL PROGRAM
FOR TWO WEEKS ENDING NOVEMBER 23, 1990

(WITH AMMENDMENTS TO NOVEMBER 26, 1990)

FOR: GREGG JILSON
V.P. EXPLORATION
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BY: JOHN ZBEETNOFF
NOVEMBER 23, 1990

DY PILOT HOLE

The wedging procedures which were to determine the orientation of the fault at 1966 to 2055´ have been abandoned. During the drilling of the Pilot Hole several passes through the fault at 525´ to 550´ have been completed. Most attempts to go through the fault required the rods to be reamed through a collapsed portion of the fault. Each time the reaming process had been completed, the recovery was very similar, consisting of significant gouge with several blocks of wall rock. In preparation for the wedging process the steel retainer and the wooden block were correctly placed at a hole depth of 1484´. Placing this hardware offered minor problems when passing through the upper fault. The assembly intermittently hung up within the fault sending cave to the bottom of the hole. Once the retainer and wooden block were finally set, the next step was to set the "window" wedge on top of this hardware placed at 1484´. The wedge however also hung up in the upper fault at 525´ to 550´, sending cave to the top of the retainer and wooden block. An estimated six feet of cave was located between the wedge and wooden block. A coring assembly was the sent down the hole to ream and recover the cave. During this final reaming event large volumes of very thick mud was used to stabilize the upper fault. Once the fault was believed to be moderately stabilized, the coring assembly was sent to ream the cave at the top of the wooden plug. No cave was recovered even though the coring assembly did reach the top of wooden block. The wedge was once again lowered to the top of wooden plug. This time the wedge did not hang up in the upper fault, nor did it reach the top of the plug. This time the wedge was within six to eight inches from the top of the wooden plug. It is interpreted that the final reaming procedure had effectively washed the gouge out of the hole but did not remove the blocks commonly found in the cave from this fault. It is therefore interpreted the six to eight inches of cave remaining in the hole consisted of small blocks of wall rock fragments. Should the wedge have been set on top of these blocks; potential existed for these rock fragments to act as "ball bearings", and allowing the wedge assembly to rotate. Any movement of the window wedge during coring of the wedge would certainly offer potential for the rods to break. Fishing attempts to recover from this type of scenario would be close to zero. The wedging attempts in the Pilot Hole have been abandoned.

To determine the orientation of the fault encountered at depth in the Pilot Hole, three short holes can be drilled from surface. This would simply add support to or disprove the current interpretation of a very steep southerly dip direction of the fault. It would not offer any other options concerning the trend if the southerly dip direction was incorrect.

DECLINE DRILL PROGRAM

Preliminary assay results from 90DY-05 have been released by NAL of Whitehorse. The 18.4 meter interval of mineralization has assayed 15.48% Pb+Zn, within this interval only two of the twenty-three samples contained less than 8.36% combined. Preliminary results are located at the end of this report.

To date two holes have been completed on the decline drill program, and another two are expected to be completed near the end of November. Table 1 summarizes the drilling to date:

90DY-05	TARGET B	2158'	COMPLETED
90DY-06	TARGET E	1500'	COMPLETED
90DY-07	TARGET C	N/A	IN PROGRESS
90DY-08	TARGET D	N/A	IN PROGRESS

Table 1.

Drill hole 90DY-07 was at the 1666' depth at 7:00 am November 26, 1990. Several intervals of very poor rock quality have been intersected within this cored interval. A fault at 797' to 808' contains the worst interval cored to date. In close proximity to this fault zone, an interval of strongly broken rock from 707' to 783. Detailed geotechnical log of this interval accompanied with photographs will follow. Also intersected in this hole is a **mineralized interval at 1275'**. The zone is considered of low grade and sporadic over several tens of feet. Overlying this zone is thirty feet of 4L0. A more detailed quick log will follow once power is once again reestablished in the Grum core shack. This mineralization correlates well with zones cut in 79X-05 and 79X-04 and offers moderate correlation with mineralization in 81X-02. The only mineralization which contians moderate grade values for this correlated zone occurs in 81X-02. The best portion of the zone in 81X-02 contains 7.59% Pb+Zn / 2.7m (within this interval is 1.0m of 11.3%). Further mineralization is expected to be encountered within 90DY-07.

Hole 90DY-08 was late in the third week of November and is progressing well. **This hole is not expected to cut significant mineralization at the estimated end of hole of 1600-1700'. A further 300 to 500' will be required to be drilled to test the mineralization.** The additional drilling required to test for the interpreted ore is **strongly recommended.**

Holes remaining to be drilled on the decline program include a series of shallow holes (50' or less) to determine the overburden thickness at the portal collar and five holes to test the trace of

decline near the collar. Another hole may be required, this hole is noted as Target G, which at one time, was to be used as a dewatering hole for the decline. This hole may also be drilled, but its location and depth will depend on the portal collar location. The collar location has yet to be determined.

The series of test holes to determine the overburden thickness at the collar site are expected to begin early into the last week of November. Should the first test hole indicate the overburden to be in excess of 50' a second site will be tested. This second site has been spotted, by compass and hipchain half way between this initial site and the site located by Bill Dunn. The site has been found to exist in an area of moderately low relief and the overburden is not expected to be great. Should this second site also contain overburden in excess of 50' a third site has been spotted.

The third potential site for the portal collar has been located by Bill Dunn and tied in by surveying. This site is located at the base of a very steep hill side. At this collar location a large outcrop of 5C0/5F0 exists. The site should offer little trouble with overburden thickness at the collar. It will however offer problems in establishing drill pads from which the five short holes will test the trace of the decline near the collar. The terrain is steep and suspect to contain a thin cover of overburden. Building drill pads along the interval near this collar will undoubtedly prove very difficult. Topography will dictate drill hole locations.

INFILL DRILL PROGRAM

A total of eleven holes have been proposed for the infill drill program to test select areas of the Dy Deposit. To date two of the proposed holes (BE and BD) have undergone scrutiny concerning deviation trends in there respective locations. The collar locations have thus been determined and there locations spotted by the Thompson and Acoin surveyors. These holes will be collared as soon as holes 90DY-07 and 90DY-08 are completed. These first two holes in the infill program are expected to be completed by the middle of December. No other holes for the infill program are expected to be completed before the Christmas break.

CLOSING COMMENTS

Core logging has not progressed well over the last month. An estimated 4000' of core has yet to be logged in detail, although all core yet to be logged has undergone rough inspection for mineralization, bulk rock types and mineralization. All but the weak mineralization in 90DY-07 has been logged and sampled. The greatest contributor to the delay is the lack of power in the core shack. A rental unit has been located in Whitehorse adequate to power the lighting and an alternate heating system for the core shack. The rental for the unit is $900/ month and $50/ month for a skid mounted fuel tank capable of holding two days worth of fuel. Both are strongly recommended to be delivered to the mines site as soon as possible. Acquiring any form of power through the mine has proven to be nothing less than aggravating. The delivery of the rental generator will be $500 if delivered by the rental company. A cheaper route would be to utilize Motorways and have it delivered to the mine. The less expensive method is **not recommended**. The time it will take to have the generator delivered by the minesite to the core shack will undoubtedly be considerable. The $500 cost to deliver the generator from Whitehorse will be the best option when considering time required awaiting delivery from the minesite to the core shack.

- John Zbeetnoff

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ORTHERN ANALYTICAL LABORATORIES

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ASSAY WORKSHEET

Date_____ Sample Prefix 13031 Assayer_____

#	Sample	Au	Ag	Pb	Zn	Fe	SG					
1	65116		7.0	0.97	0.43	12.83						
2	17		63.5	3.33	8.44	11.63						
3	18		123.1	7.48	12.20	16.34						
4	19		54.8	4.16	8.17	19.01						
5	65120		38.6	2.67	6.09	12.72						
6	21		10.3	0.82	1.50	7.06						
7	22		65.6	4.82	11.60	8.57						
8	23		73.4	3.84	10.10	9.82						
9	24		51.7	4.17	10.20	7.40						
10	65125		34.9	2.45	7.26	5.71						
11	26		31.4	2.50	5.86	8.94						
12	27		132.9	10.90	14.60	8.07						
13	28		53.9	3.15	8.73	23.26						
14	29		70.0	6.43	11.00	10.67						
15	65130		83.1	9.33	11.70	7.65						
16	31		77.8	5.63	10.90	10.63						
17	32		114.8	8.31	10.70	10.58						
18	33		58.7	3.58	7.78	11.57						
19	34		136.3	8.77	12.30	8.17						
20	65135		196.2	14.40	12.60	13.43						
21	36		175.1	12.10	15.70	7.47						
22	37		58.4	6.87	12.20	8.25						
23	65138		74.2	6.99	11.30	8.86						
24	≤ LA		65.5	4.90	6.12	13.06						