

1981 PROGRESS REPORT
AND
MINERAL INVENTORY
FOR THE
TINTA HILL DEPOSIT, Y.T.
OPTIONED TO
SILVER TUSK MINES LTD.
AND
PANTHER MINES LTD.

January 20, 1982
Vancouver, B.C.

David A. Howard P.Eng.

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Scale

1" = 40'

1" = 40'

1" = 100'

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D.D.H. GEOMANAGEMENT LTD.

1981 PROGRESS REPORT AND MINERAL INVENTORY FOR THE TINTA HILL DEPOSIT, Y.T.

Introduction

This report summarizes the underground development work carried out on the Tinta Hill deposit during 1981 and the results of an extensive sampling program. Sections on the geology and structure are omitted because they are detailed in a report by T. Tough (1981). The detailed underground geologic maps by Dr. A.D. Drummond of D.D.H. Geomanagement are included in the pocket of this report. No text is included because the geologic-sample location maps are self explanatory.

Location and Access

The Tinta Hill deposit is located approximately 24 miles northwest of Cormacks, Y.T. (Figure 1) on the south side of Granite Mountain.

Access to the property is via the Mount Freegold road to mile past 34 and then heading north for 7 miles on a good 4 wheel drive road to Tinta Hill.

Property

The Tinta Hill property consists of 72 located claims (Figure 2) which include Tinta 1-8 inclusive optioned from Placer Development Ltd. and Tinta 9-72 which were located by Silver Tusk Mines Ltd. At the present time Silver Tusk Mines Ltd. has an overriding option to purchase Placer Development Ltd.'s remaining 20 percent of the property. This option must be exercised by April 30, 1982.

The property status is as follows:

<u>Claim Name</u>	<u>Grant Numbers</u>	<u>Expiry Date</u>
Tinta 1 - 2 incl.	Y10054 - 55 incl.	August 22, 1986
Tinta 3 - 4 incl.	Y10056 - 57 incl.	November 22, 1989
Tinta 5 - 8 incl.	Y20626 - 29 incl.	November 10, 1989
Tinta 9	Y48246	September 21, 1985
Tinta 10	Y48247	September 21, 1989
Tinta 11-12 incl.	Y48248 - 49 incl.	September 21, 1985
Tinta 13-20 incl.	Y48367 - 74 incl.	October 22, 1989
Tinta 21-24 incl.	Y48347 - 50 incl.	October 18, 1989

<u>Claim Name</u>	<u>Grant Numbers</u>	<u>Expiry Date</u>
Tinta 25-28 incl.	Y48376 - 78 incl.	October 22, 1989
Tinta 29-32 incl.	Y48379 - 82 incl.	October 22, 1985
Tinta 33-40 incl.	YA59057 - 64 incl.	October 23, 1986
Tinta 41-48 incl.	YA73820 - 27 incl.	September 3, 1982
Tinta 49-56 incl.	YA52243 - 50 incl.	October 6, 1986
Tinta 57-64 incl.	NOT RECEIVED	November 6, 1982
Tinta 65-72 incl.	NOT RECEIVED	November 7, 1982

Underground Development

Underground development work on the Tinta Hill deposit during 1981 in addition to the 342 feet of crosscut and 40 feet of drifting during 1980, consisted of extending the crosscut on level No. 1 (elev. 3900) an additional 288 feet and drifting on the No. 1 vein 272 feet to the east and 514 feet to the west. The No. 2 vein located approximately 210 feet north of No. 1 vein was drifted on for 95 feet to the east and 125 feet to the west. In addition, the cross cut was extended 60 feet beyond No. 2 vein.

The No. 2 level (elev. 3750) consists of 685 feet of crosscut which intersected two veins. The first vein was drifted on for 299 feet to the east and 102 feet to the west. The second vein was drifted on for 147 feet to the east and 117 feet to the west. At this writing it is not clear whether the No. 2 vein in level No. 2 is the same as the No. 2 vein in level No. 1. It may in fact be a branch of the No. 1 vein system as the area in which it was intersected is within a zone of intense faulting.

Introduction for Mineral Inventory

The mineral inventory is based on an underground sampling program conducted during the summers of 1980 and 1981. A total of 8 drifts on two levels for a total length of 1376 feet were sampled by the chip channel method at right angles to the strike of the vein(s). The samples were taken at the face before drilling for the next round was started. The sample normally consisted of three individual samples (1) the high grade vein, (2) the footwall and (3) the hanging wall. In the event that the vein portion was not well developed, a face sample was taken in place of the separate samples. Due to the wavy nature of the vein it was fairly common that either the footwall or the hanging wall was not exposed, then only the exposed portion of the vein and the exposed foot or hanging wall was sampled.

Method of Weighting Samples

The commonly used method of volume weighting was used to determine the average grade for each block. This method consists of multiplying each assay by a volume factor (width x length x 1 foot) and then dividing sum of the assay volumes by the sum of the volumes. For the purpose of this mineral inventory a nominal width of 4 feet was used. If the massive portion of the vein exceeded 4 feet, then the wider width was used. A sample length of one half the distance between three sample points was used for the length. This method assumes that the assay value extends halfway from the previous to next sample site. This assumption is suitable for the Tinta Hill deposit because the vein system is continuous. An examination of the individual block values shows a fairly uniform change from high grade to low grade sections of the vein (see appendix A). Radical changes where present are commonly due to some structural feature i.e. fault or roll of the main vein(s).

Assays

A listing of all assays is included in appendix B. Included in addition to the vein, hanging wall and footwall assays are the assay results for the muck samples from each round. The muck samples are essentially a grab sample and as such are of little value due to the erratic nature of the samples.

Mineral Inventory

The term "Mineral Inventory" is used in this report rather than "ore reserves" because the term "ore" should only be used in a feasibility report or in an operating mine. Ore as defined by Cox (1968) "is a natural aggregate of one or more minerals, which may be mined and sold at a profit or from which some part may be profitably extracted." The exploration and financial details of the Tinta Hill deposit are at the present time not sufficiently defined to say that the mineralization outlined is ore. This is not to say that the potential is not there. Disregarding the financial details for the moment, the blocking out of ore requires assay information in three dimensions. The present drifting at Tinta Hill only defines two dimensions (a length and a width). Previous diamond drilling (see Drill Hole Plan) indicates that the mineralization exists 300-400 feet below the present drifts, but the information is of limited value because of poor recoveries in the vein zone. The same applies to the surface trace of the vein systems. It is obvious that the veins are continuous at surface, but they have not been sampled in any consistent manner.

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With the above qualification, it is the writer's opinion based on experience that the following assumption will hold valid, that is, that the mineralized zone defined to date will contain "ore" reserves at the grades and in the same relative proportions as those outlined in the Mineral Inventory Summary in the next section.

The Mineral Inventory was calculated using gross mineral values in U.S. dollars as follows:

Gold	- \$400.00 per troy ounce
Silver	- \$ 8.50 per troy ounce
Copper	- \$ 0.75 per pound
Lead	- \$ 0.25 per pound - return to mine
Zinc	- \$ 0.25 per pound - return to mine

No recoveries were used because if the U.S. dollar value is converted to Canadian at \$1.00 U.S. = \$1.00 Cdn., the current 20 percent exchange would more than cover losses due to recoveries. A dilution factor is calculated in during the weighting calculation because the vein is normally less than 4 feet in width so waste material or very low grade material has been added to make up the nominal 4 foot width.

The following mineral inventory listing is by drift and is broken down on a value basis starting at plus \$300.00 U.S. and decreasing by \$50.00 increments to \$100.00 U.S.

TABLE 1

MINERAL INVENTORY

Drift 1 East

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$150-200	2	74	20.72	125.80	63.64	149.48	426.98
	4	24	9.318	32.58	9.99	20.58	29.64
	6	<u>22</u>	<u>3.14</u>	<u>66.02</u>	<u>5.90</u>	<u>90.50</u>	<u>215.72</u>
		120	33.178	224.40	79.53	260.56	672.34
Ave. Grade			0.28	1.87	0.66	2.17	5.60
Value/T \$176.65			\$112.00	\$15.90	\$9.90	\$10.85	\$28.00
Tons/vert. ft. in block 12 Tons							
\$100.150	1	70	16.8	36.4	27.3	54.6	97.3
	8	27.66	1.632	96.67	5.26	134.99	217.53
	9	<u>19.00</u>	<u>0.902</u>	<u>63.39</u>	<u>5.92</u>	<u>96.12</u>	<u>131.71</u>
		116.66	19.334	196.46	38.48	285.71	446.54
Ave. Grade			0.166	1.68	0.33	2.45	3.83
Value/T \$117.03			\$66.40	\$14.28	\$4.95	\$12.25	\$19.15
Tons/vert. ft. in block 11.7 Tons							
Less than \$100	3	46	4.646	33.12	16.79	20.93	27.14
	5	32	4.448	57.76	16.72	54.20	78.48
	7	<u>27.01</u>	<u>2.173</u>	<u>37.18</u>	<u>6.74</u>	<u>34.95</u>	<u>62.43</u>
		105.01	11.267	128.06	40.25	110.08	168.05
Ave. Grade			0.107	1.22	0.38	1.05	1.60
Value/T \$72.12			\$42.80	\$10.37	\$5.70	\$5.25	\$8.00
Tons/vert. ft. in block 10.5 Tons							

Drift 1 West

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$300.00+	3-9'	42	14.28	348.6	110.04	433.86	487.2
	21-31.5'	<u>73.5</u>	<u>14.7</u>	<u>929.04</u>	<u>29.4</u>	<u>729.85</u>	<u>870.98</u>
		115.5	28.98	1277.64	139.44	1163.71	1358.18

Ave. Grade 0.252 11.11 1.21 10.12 11.81

Value/T \$322.49 \$100.25 \$94.44 \$18.15 \$50.60 \$59.05

Tons/vert. ft. in block 11.5 Tons

\$250-300	1	46	12.44	262.66	43.59	317.17	598.12
	45	<u>24.79</u>	<u>6.42</u>	<u>123.24</u>	<u>20.71</u>	<u>186.77</u>	<u>303.77</u>
		70.79	18.86	385.9	64.3	503.94	901.89

Ave. Grade 0.266 5.45 0.91 7.12 12.74

Value/T \$265.68 \$106.40 \$46.33 \$13.65 \$35.60 \$63.70

Tons/vert. ft. in block 7.08 Tons

\$200-250	0-3'	21	6.22	78.96	14.49	60.69	97.44
	32	26.65	10.09	91.11	19.00	83.28	221.59
	66	<u>28.16</u>	<u>10.053</u>	<u>101.09</u>	<u>32.38</u>	<u>72.37</u>	<u>198.25</u>
		75.81	26.363	271.16	65.87	216.34	517.28

Ave. Grade 0.348 3.58 0.87 2.85 6.82

Value/T \$231.03 \$139.20 \$30.43 \$13.05 \$14.25 \$34.10

Tons/vert. ft. in block 7.58 Tons

Drift 1 West

\$150-200	9-15'	42	9.66	64.68	29.4	110.88	233.52
	18	25.98	3.17	137.17	26.24	136.40	337.22
	27	22.16	1.912	108.91	14.47	112.46	184.79
	30	21.68	2.424	89.8	19.65	101.87	182.68
	33	27.42	3.03	125.96	21.26	163.13	256.94

Drift 1 West cont'd.

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
	35	24.48	4.097	73.07	17.23	53.81	182.09
	46	24	2.883	74.39	14.61	101.50	242.34
	49	25.01	2.545	95.76	28.61	106.30	289.86
	51	22.85	2.898	91.66	11.67	129.10	203.51
	55	<u>25.00</u>	<u>4.675</u>	<u>44.50</u>	<u>11.50</u>	<u>66.75</u>	<u>208.75</u>
		260.58	37.294	905.90	194.64	1082.2	2321.70
Ave. Grade			0.143	3.48	0.75	4.15	8.91
Value/T \$163.27			\$57.20	\$29.55	\$11.20	\$20.77	\$44.55

Tons/vert. ft. in block 26.06 Tons

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$100-150	14-21'	42	2.352	136.08	27.72	204.96	238.98
	7	26	4.009	63.77	11.06	80.01	98.98
	8	29.16	3.868	81.0	16.14	121.48	182.83
	21	26.36	2.231	79.85	11.27	85.94	135.96
	26	21.01	1.803	45.36	9.76	55.99	136.34
	28	24.32	2.557	78.78	12.01	114.49	210.55
	29	24.32	2.281	71.12	11.66	112.75	225.13
	31	22.37	2.598	83.34	13.08	89.72	160.42
	36	24.84	4.01	53.35	8.35	46.66	101.04
	37	23.84	1.335	83.26	14.05	95.30	265.44
	38	22.36	1.912	103.73	13.89	70.49	107.29
	40	24.64	3.359	85.76	16.77	103.09	149.97
	41	25.41	2.236	98.91	19.53	58.87	95.37
	42	25.12	2.858	67.59	14.71	93.26	115.94
	43	24	1.38	61.08	8.25	88.98	214.71
	47	25.36	1.541	121.80	16.01	103.29	264.01
	48	26.32	1.739	68.18	12.07	64.74	294.00
	53	26.84	3.24	73.26	18.52	54.07	214.2
	54	24.76	2.006	47.24	12.40	73.45	233.96
	56	25.17	2.416	76.27	17.42	112.46	248.72
	57	22.53	2.517	42.5	16.19	53.14	184.81
	58	23.01	2.352	59.69	27.05	64.92	219.68
	59	25.33	3.84	43.74	23.04	36.02	139.4
	62	24.16	4.279	54.09	30.41	41.46	64.51
	63	24.2	3.533	58.81	28.31	48.88	156.57
	67	31.36	3.638	79.97	20.7	49.08	248.37
	68	24.16	2.353	117.79	31.74	56.28	100.14
	72	<u>23.37</u>	<u>2.632</u>	<u>43.68</u>	<u>17.0</u>	<u>19.29</u>	<u>127.34</u>
		712.32	74.875	2080.00	479.11	2199.07	4934.66
Ave. Grade			0.105	2.92	0.67	3.09	6.98
Value/T \$127.00			\$42.00	\$24.82	\$10.09	\$15.45	\$34.64

Tons/vert. ft. in block 71.23 Tons

Drift 2 East

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$100-150	6-13	20	1.52	108.2	9.60	63.4	60.8
Ave. Grade			0.076	5.41	0.48	3.17	3.04
Value/T	\$114.64		\$30.40	\$45.99	\$7.20	\$13.85	\$15.20
Tons/vert. ft. in block 2.0 Tons							

Drift 2 West

\$100-150	3	26.17	1.675	67.26	16.75	32.19	216.43
Ave. Grade			0.064	2.57	0.64	1.23	8.27
Value/T	\$104.54		\$25.60	\$21.84	\$9.60	\$6.15	\$41.35
Tons/vert. ft. in block 2.62 Tons							

Drift 3 East

\$300 +	24	24.32	42.317	142.03	14.35	21.89	182.40
Ave. Grade			1.74	5.84	0.59	0.90	7.50
Value/T	\$796.49		\$696.00	\$49.64	\$8.85	\$4.50	\$37.50
Tons/vert ft in block 2.43 Tons							

\$250-300	26	39.97	21.98	58.35	12.39	31.18	179.87
Ave. Grade			0.55	1.46	0.31	0.78	4.50
Value/T	\$263.46		\$220.00	\$12.41	\$4.65	\$3.90	\$22.50
Tons/vert ft in block 4.00 Tons							

\$150-200	25	34.28	8.913	61.02	17.48	13.71	422.21
Ave. Grade			0.26	1.78	0.51	0.40	12.90
Value/T	\$193.28		\$104.00	\$15.13	\$7.65	\$2.00	\$64.50
Tons/vert ft in block 3.43 Tons							

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$100-150	2	22.01	2.22	97.34	35.32	7.54	17.37
	21	<u>24.00</u>	<u>1.20</u>	<u>23.64</u>	<u>10.86</u>	<u>38.82</u>	<u>285.48</u>
		46.01	3.42	120.98	46.18	46.36	302.85
Ave. Grade			0.07	2.63	1.00	1.01	6.58
Value/T	\$105.03		\$29.73	\$22.35	\$15.00	\$5.05	\$32.90
Tons/vert ft in block 4.60 Tons							

Drift 3 West

\$300 +	2	44.84	49.975	93.84	3.63	43.11	123.11
Ave. Grade			1.115	2.09	0.68	0.96	2.75
Value/T	\$492.52		\$446.00	\$17.77	\$10.20	\$4.80	\$13.75
Tons/vert ft in block 4.48 Tons							

\$100-150	3	28	3.902	50.56	9.84	43.45	141.69
Ave. Grade			0.139	1.81	0.35	1.55	5.06
Value/T	\$109.29		\$55.60	\$15.39	\$5.25	\$7.75	\$25.30
Tons/vert ft in block 2.80 Tons							

Drift 4 East

\$300 +	1	28.0	16.766	600.26	73.76	147.44	36.14
	2	<u>28.84</u>	<u>26.425</u>	<u>247.06</u>	<u>23.69</u>	<u>102.46</u>	<u>37.75</u>
		56.84	43.919	847.32	97.45	249.90	73.89
Ave. Grade			0.760	14.91	1.71	4.40	1.30
Value/T	\$484.89		\$304.00	\$126.74	\$25.65	\$22.00	\$6.50
Tons/vert ft in block 5.68 Tons							

Drift 4 West

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
\$300 +	0-11'	44	17.6	778.8	42.24	1180.0	831.6
	5	22.32	20.86	194.75	46.76	49.88	22.76
	7	23.82	10.028	372.78	41.93	171.74	29.78
	10	22.69	14.143	193.99	44.48	57.52	28.73
	14	13.64	3.595	232.97	35.91	50.64	33.93
	15	<u>12.68</u>	<u>2.281</u>	<u>204.24</u>	<u>37.67</u>	<u>50.53</u>	<u>87.91</u>
		139.15	68.507	1977.53	248.99	1560.31	1034.71
Ave. Grade			0.492	14.21	1.79	11.21	7.44
Value/T	\$437.65		\$196.80	\$120.79	\$26.85	\$56.05	\$37.20

Tons/vert ft in block 13.92 Tons

\$250-300	3	23.16	11.35	174.06	29.6	24.53	7.62
Ave. Grade			0.49	7.52	1.28	1.06	0.33
Value/T	\$286.07		\$196.00	\$63.92	\$19.20	\$5.30	\$1.65

Drift 4 West

\$200-250	1	56	23.946	253.19	73.42	42.14	47.14
	9	<u>17.33</u>	<u>2.48</u>	<u>161.28</u>	<u>26.91</u>	<u>116.1</u>	<u>43.62</u>
		73.33	26.426	414.47	100.33	158.24	90.76
Ave. Grade			0.360	5.56	1.37	2.16	1.24
Value/T	\$228.81		\$144.00	\$47.26	\$20.55	\$10.80	\$6.20

Tons/vert ft in block 7.33 Tons

\$150-200	2	23.16	6.404	122.63	37.29	4.86	6.25
	6	23.32	2.50	165.46	22.97	160.61	33.23
	8	19.01	2.232	193.51	30.05	60.16	31.11
	12	23.04	3.70	167.31	20.44	41.99	102.88
	13	22.68	3.081	178.62	36.85	39.41	35.44
	16	22.48	6.493	94.87	16.04	4.74	3.98
	18	<u>22.49</u>	<u>5.263</u>	<u>126.29</u>	<u>18.59</u>	<u>10.69</u>	<u>2.31</u>
		156.18	29.673	1048.69	182.23	322.46	215.20

Drift 4 West cont'd

Value Range	Location	Area	Au XArea	Ag XArea	Cu XArea	Pb XArea	Zn XArea
Ave. Grade			0.190	6.71	1.17	2.06	1.38
Value/T	\$167.79		\$76.00	\$57.04	\$17.55	\$10.30	\$6.90
Tons/vert ft in block 15.62 Tons							
\$100-150	11	24.64	2.876	121.78	27.28	32.09	20.82
	17	<u>31.35</u>	<u>5.650</u>	<u>151.47</u>	<u>61.52</u>	<u>7.37</u>	<u>8.46</u>
		55.99	8.526	273.25	88.8	39.46	29.28
Ave. Grade			0.152	4.88	1.59	0.70	0.52
Value/T	\$132.23		\$60.80	\$41.48	\$23.85	\$3.50	\$2.60
Tons/vert ft in block 5.60 T							

Mineral Inventory Summary

A mineral inventory summary was computed in an attempt to predict what possible potential on a value basis the Tinta Hill deposit would have at any given tonnage. The assumption made is that the number of samples taken to date define the grade distribution population. If this in fact is the case one can expect that for any given tonnage the percentages of values will be the same as those defined to date i.e. 6-7 percent of the mineralization will contain values in excess of \$300.00 U.S. per ton. The total sampled area represents 559.36 tons per vertical foot. The following mineral inventory summary is based on an incremental value distribution. (See appendix A for detail)

Table 2
MINERAL INVENTORY SUMMARY

Value Range	Location	Tons per Vert. Foot	Percentage of total sampled area 559.36T/v.ft
\$300 +	D 1 W	11.5	
	D 3 E	2.43	
	D 3 W	4.48	
	D 4 E	5.68	
	D 4 W	<u>13.92</u>	
Total		38.01	6.8%
\$250-300	D 1 W	7.08	
	D 3 E	4.00	
	D 4 W	<u>2.32</u>	
Total		13.40	2.4%
\$200-250	D 1 W	7.58	
	D 4 W	<u>7.33</u>	
Total		14.91	2.67%
\$150-200	D 1 E	12	
	D 1 W	26.06	
	D 3 E	3.43	
	D 4 W	<u>15.62</u>	
Total		57.11	10.21%
\$100-150	D 1 E	11.7	
	D 1 W	71.23	
	D 2 E	2.00	
	D 2 W	2.62	
	D 3 E	4.60	
	D 3 W	2.80	
	D 4 W	<u>5.60</u>	
Total		100.55	17.98%

Percentage of deposit sampled above a \$100.00 cut off 40.06%

Potential Size of Mineralization

Current work has shown the existence of two structures instead of one hence the potential in the current area can be doubled. As the strike length has been shown to be 11,500 feet in length, the overall potential can be raised to 11,500' length x 4' width x 325' depth ÷ 10 for each structure or a total in the order of 3,000,000 tons or more depending on depth.

The structure(s) containing the Tinta Hill mineralization have been tested by diamond drilling (25 holes) over a strike length of 3,500 feet (Tough, 1981) and to a maximum depth below the surface of 325 feet (DDH 73-4).

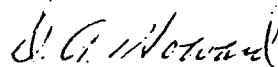
Assuming that the above strike length and depth hold true for both mineralized structures that were defined by the underground program, then within the 2 blocks (3500' x 325' x 4' x 2) ÷ 10 one would expect to find 910,000 tons of mineralized rock containing values in the same percentages as outlined in the above Mineral Inventory Summary which are as follows:

"Ore" value	Percentage	Tons
+ \$300.00	6.8%	61,880
\$250-300	2.4%	21,840
\$200-250	2.67%	24,297
\$150-200	10.21%	92,911
\$100-150	17.98%	163,618

In order to avoid any confusion and misunderstanding it is necessary to realize that the above stated tonnages are based on several assumptions which have not been proven.

Respectfully submitted

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D.D.H. Geomanagement Ltd.

References

- Cox, H.H. (1968) Definition of Ore and Classification of Ore Reserves: Ore Reserve Estimation and Grade Control; C.I.M.M. Sp. Vol. 9, pp. 1 and 2.
- Tough, T.R. (1981) Geological Report on the Tinta Hill Property Whitehorse Mining Division Y.T.; Private report to Silver Tusk Mines Ltd. 1981.