

52F05SW0115 63.3983 DOGPAW LAKE

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CALVERT GAS & OILS LTD.

DOGPAW GOLD PROSPECT

ONTARIO

MAY 7, 1979

H. GRANT HARPER, P.Eng.
Economic Geologist.

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INTRODUCTION

Calvert Gas & Oils Ltd. and Canray Resources Ltd. each own a fifty percent interest in an option to acquire seven patented mining claims and each Company already owns a fifty percent interest in twelve newly staked claims adjoining the patented claims on the south.

The purpose of this report is to summarize the exploration status of the claims and to recommend a program for their further development.

This report is based on the following sources of information.

1. Geological Report No. 134, Geology of the Cedar Tree Lake Area, District of Kenora, by J.C. Davies and J.A. Morin, 1976, published by the Ontario Ministry of Natural Resources.
2. Discussions with Roy Martin, prospector of North Bay, Ontario, who has worked on these claims and who made some of the original gold discoveries in the area, and discussions with George E. McLennan of Kenora, who staked the patented claims in 1944 and who has a

vendor interest therein.

3. A study of the air photographs and aeromagnetic survey maps of the area. The Assessment Work Records of the Ontario Ministry of Natural Resources were searched and they contained no data.
4. I have not made an examination of the claims. They were acquired by the optionors in April of this year and since spring break-up is now in progress in the area, an examination at this time is impractical.

PROPERTY AND LOCATION

The property consists of nineteen claims having a total acreage of about nine hundred acres. The claims are contiguous and are described as follows.

Patented Claims - 7

K10024 to K10030 inclusive.

Staked Claims - 12

K528557 to K528562 inclusive and,
K527704 to K527709 inclusive.

The claims are located in the central part of the Dogpaw Lake Area, Plan M2585, Kenora Mining Division, Ontario. The claim group lies west of Cedar Tree Lake and south of Dogpaw Lake.

ACCESS AND FACILITIES

The claims lie 4.5 miles east of Highway 71, which links Fort Frances and Kenora. The closest town for supplies is Sioux Narrows some twelve miles to the northwest.

Access to the property is by aircraft and boat. Aircraft, based at Nestor Falls and Sioux Narrows can land at the south end of Dogpaw Lake or the west shore of Cedar Tree Lake, either location being about equal distance from the Main Gold Showing.

Highway 71 touches Kakagi Lake about eight miles southwest of the property. The extreme north end of Emm Bay on Kakagi Lake, lies about 6000 feet south of the Main Gold Showing.

There is no mining plant or other facility currently located on the property.

HISTORY AND DEVELOPMENT

Following the discovery of gold on claim K9992, G. E. McLennan of Kenora staked the patented claims, herein reported, in the spring of 1944. The claims were prospected by A. MacDonald and A. Gauthier who discovered the Main Gold Showing shortly after starting to prospect. A very rich section of free and visible gold was discovered while trenching and therefore work was concentrated on the Main Gold Showing

and its southward extension. A second gold showing is reported on claim K10029 some 1200 feet to the east of the Main Gold Showing, and a third on claim K10026. According to the Davies-Morin Report, the claim group as a whole has not been prospected.

In 1944 the claims were optioned to Sylvanite Gold Mines Ltd. This Company mapped the geology of the Main Gold Showing and drilled fourteen holes over a strike length of 1100 feet. This data, published in G. R. 134, embodied all of the known data concerning these claims. No data exists on the southward extension of the Main Gold Showing and on the other two reported gold occurrences.

According to a verbal report to the writer by Mr. G. E. McLennan, no work has been done on the claims since the Sylvanite option of 1944-45.

No data of significance pertaining to the claims exists in the Assessment Work Files maintained by the Ministry of Natural Resources. In 1974 the staked claims of this group were staked by Noranda Explorations Ltd. as a part of a larger group adjoining the nearby Dubenski property. VLF electromagnetic survey was done (conductors were located) to the east of this venture's staked claims where the formations trend east-west. But, where the formations trend north-south, VLF surveys were not possible and therefore no work was done on the subject staked claims.

GENERAL GEOLOGY

The property lies on the west limb of a large fold whose axis trends northwesterly.

Rock types include an older volcanic series of andesitic composition and a younger volcanic series of trachytic and rhyolitic composition. Each volcanic group consists of flows, tuffs, breccias and related volcanic pile rocks. The volcanics have been intruded by a differentiated ultramafic sill some 4500 feet thick consisting of rocks whose composition varies from peridotite to quartz gabbro.

Each of the three rock types carries gold mineralization in the general area but on the subject claims gold has been found only in the older volcanics and the ultramafic sill.

ECONOMIC GEOLOGY

One of the attractive features of the Dogpaw area is that within a distance of two miles there are three gold deposits of substantial grade and modest tonnage which, if worked together, might provide the basis for a profitable gold mining operation served by a centrally located mill. The most advanced of these properties is the Canadian Arrow property, where some 99,650 tons grading 0.43 ounces of gold has been drill indicated. The second property is the Caswell-Williams property, where a substantial tonnage of 0.20 ounces of gold has been indicated by drilling. The third property is the G.E. McLennan property now under option

to Canray & Calvert where fourteen holes drilled in 1944 by Sylvanite Gold Mines Ltd., indicated substantial gold values across mineable widths.

There are five known gold occurrences enclosed by the properties held by Canray & Calvert. These are, in order of importance, as follows.

Patented Claims

1. Main Gold Showing. Well documented as to maps and drill results.
2. Claim K10029. 1200 feet east of Main Gold Showing. No maps, or assays available.
3. Claim K10026. Gold reported in a shear zone. No assay data or plans available.

Staked Claims

4. Claim K528557. Very low gold assays reported. No tangible data available.
5. Claim K527707. Located on south boundary of claims. Reported as probed by six drill holes with 0.04 ounces as the best assay. No tangible data extant.

Main Gold Showing

The Main Gold Showing strikes N46E, dips steeply to the east, and, on the subject claims has a known length of 1100 feet. It extends over the north boundary of the Canray-Calvert claims going on to the Canadian Arrow ground for a distance of at least 150 feet. The southern continuation is open with the

southernmost drill hole returning low values in three separate intersections.

Over a 600 foot strike length there is assay evidence of only one vein but to the northeast and southwest there is assay evidence of two and three separate veins. Also, four shear zones trend nearly parallel to the veins over a horizontal width of 800 to 1000 feet. At least two of these shear zones have a close spatial relationship to the gold mineralization in that the shearing and veining appear to coincide for portions of their strike lengths. No prospecting evaluation such as panning or grab sampling appears to be done on the other shear zones.

For four of the fourteen drill holes there are no assay results, but two of the four indicated that some gold was encountered. The best drill hole intersected is 1.35 ounces of gold across 3.5 feet of core; in the same hole (No. 2) a second section yielded 0.23 ounces across 7.0 feet. The greatest drill width reported (No. 9) is 0.16 ounces across 10 feet. In general, the grade appears to average about 0.3 ounces of gold and the vein intersections to average between 3 and 4 feet.

The description of the alteration effects associated with the veins and rocks and various disparities between the trenching and diamond drill results makes one wonder if the drill cores were thoroughly sampled. For example, although the veins have a southerly dip, there are several drill holes (particularly near the south end of the zone) where significant drill hole

intersections are not evident by a surface veining. In summary, it appears that the Main Gold Showing is not a simple gold bearing vein but rather a zone composed of several echeloned veins occurring over substantial horizontal widths and somehow related to distinct shear zones. Therefore the chances for discovering more parallel, sub parallel, and echeloned veins ^{are} ~~is~~ good.

Other Gold Occurrences

There are no tangible data other than brief descriptive reports extant on the remaining four gold showings on the claims. However, from the descriptions, there should be no difficulty in relocating the showings. The two showings located on claims K10029 and K10026 hold the most promise and these should be explored further by means of a small picket line grid, geological mapping, and grab sampling. The remaining two zones should be examined and grab sampled to see if further preliminary work is required.

CONCLUSIONS AND RECOMMENDATIONS

1. A picket line grid system should be established at 100 foot intervals over the Main Gold Showing and extended 1000 feet to the southwest. This grid will serve as control for a search for southward continuity of the Main Gold Showing. Any mineralization or shearing located should be sampled for gold.

2. The Main Gold Showing should be diamond drilled to the extent of about 2000 linear feet of AXT or BQ core. One short drill hole should repeat one of the original drill holes to confirm the earlier drill results. The remaining footage should be used to test the Main Gold Showing at greater depth and to test the southward extension of the zone.
3. The gold showings on claims K10029 and K10026 should be gridded, mapped, and grab sampled. If either or both zones respond favourably to investigation a recommendation for further drilling would be forthcoming.
4. The gold occurrences on claims K528557 and K527707 should be examined to see if they warrant preliminary examination.
5. Those persons preparing the prospect for drilling and core grabbing should use their extra time prospecting the claims.
6. The property is a valid gold prospect whose value may be enhanced by further work and I consider the work recommended a worthwhile undertaking.

COST ESTIMATE

PHASE I

Surface Evaluation, Sampling,
Drill Preparation and Prospecting.

Camp and Supplies	\$ 3,000.00	
1 man - 2 months	3,600.00	
1 man - 1 month	1,800.00	
Mob and De-mob, Travel	<u>1,000.00</u>	\$ 9,400.00

PHASE II

Diamond Drilling: all
inclusive cost.

2000 feet @ \$20. per foot.	<u>40,000.00</u>
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TOTAL	49,400.00
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Engineering and Contingencies	<u>5,600.00</u>
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GRAND TOTAL	<u>\$55,000.00</u>
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This report is respectfully submitted.

Willowdale, Ontario
May 7th, 1979

H. Grant Harper, P.Eng.
Economic Geologist.

CERTIFICATE

I, HUGH GRANT HARPER, of Metropolitan Toronto, in the Province of Ontario, certify as follows with respect to my report on Dogpaw Lake, Kenora Gold Prospect of Calvert Gas & Oils Ltd. and dated May 7, 1979.

1. For over twenty years I have been practising as an independent economic geologist, carrying on business as

H. Grant Harper, P.Eng.,
314 Hendon Avenue,
Willowdale, Ontario.

2. I graduated from the University of Toronto with the degree of B.A.Sc., 1950 and M.A.Sc., 1951 and have been engaged in my profession since that time. I am a Member of the Ontario Association of Professional Engineers registered in the Mining Branch, and a Member of the Board of Trade of Metropolitan Toronto.
3. I have no interest, nor do I expect to receive any, either direct or indirect, in either the property or securities of Calvert Gas & Oils Ltd.
4. I have not examined this property for the reasons outlined in the body of this Report. This Report is based on the sources of information listed in this Report.

May 7, 1979
WILLOWDALE, Ontario

H. Grant Harper, P.Eng.
Economic Geologist.

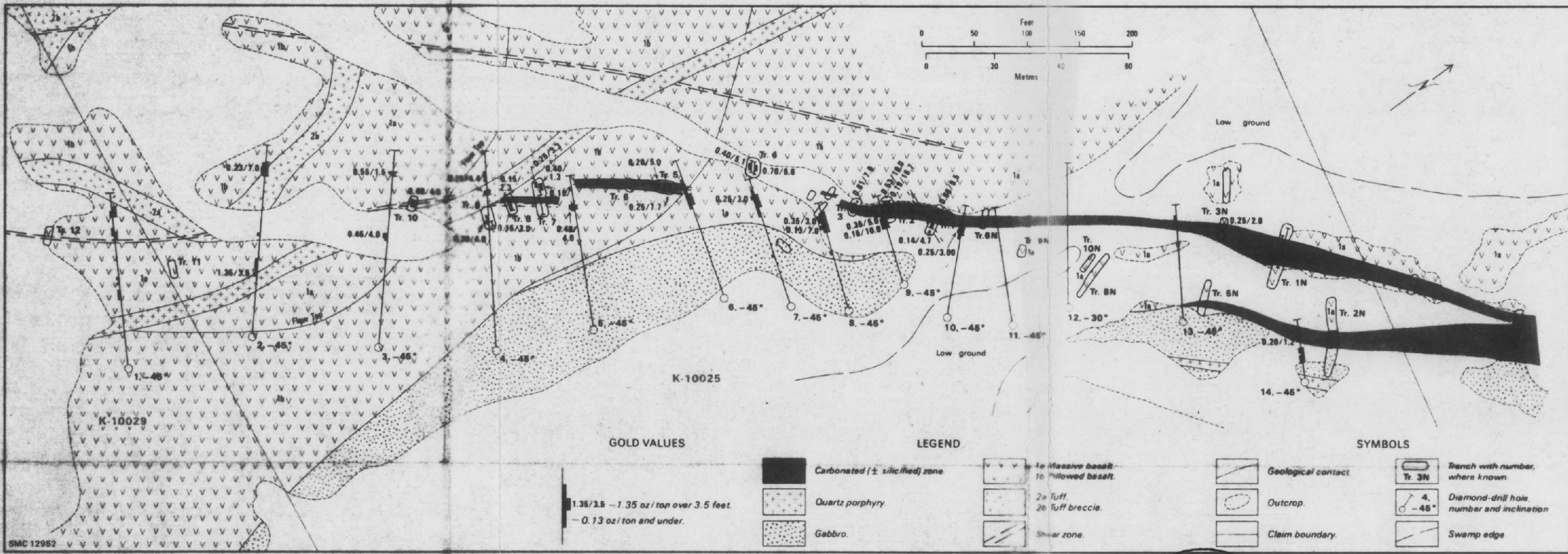
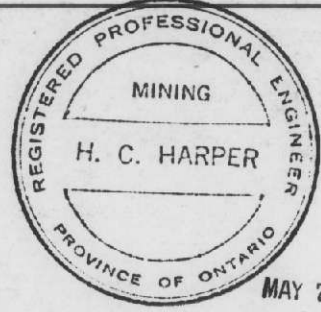


Fig. 5 Sketch of Main Showing of McLennan Property

Calvert Gas & Oils Ltd.
 Dogpaw Property
 Main Gold Showing



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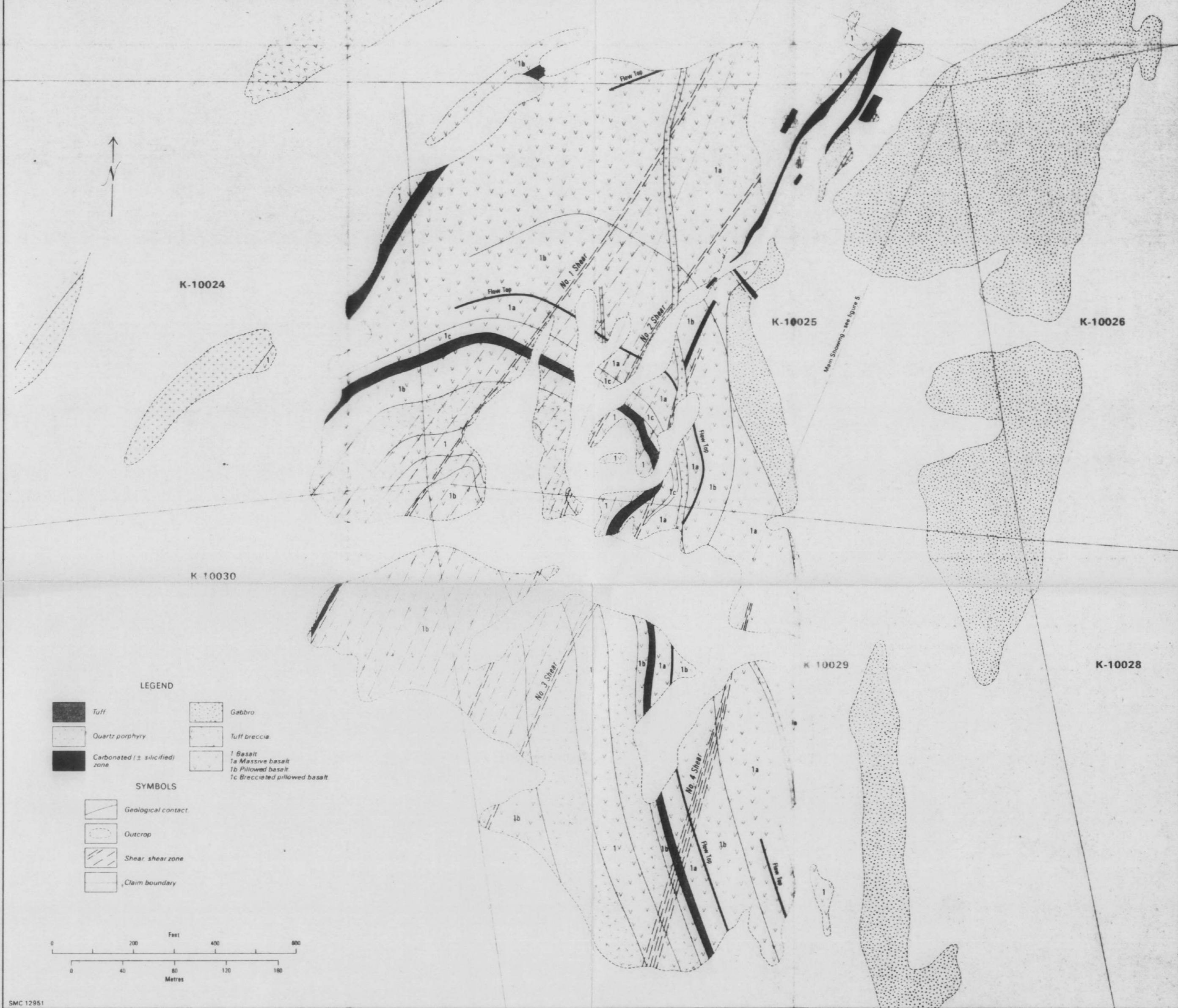
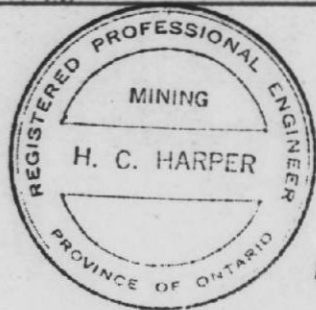


Fig. 4 Geological surface map of the McLennan Property (after G. L. Holbrooke 1945 a).

Calvert Gas & Oils Ltd.
 Dogpaw Property
 Geological Plan.



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


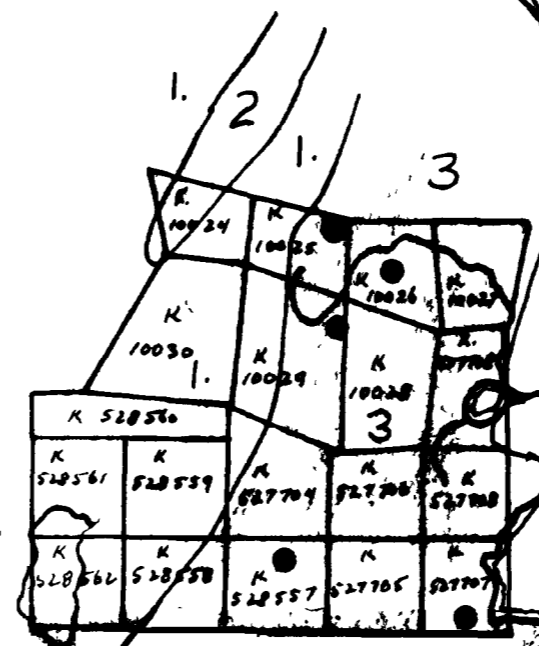
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HIGHWAY 71

LEGEND

- 3  ULTRAMAFIC SILL
- 2  YOUNGER VOLCANICS
- 1  OLDER VOLCANICS
- Primary Gold Occurrence
- Secondary Gold Occurrence



DOGPAW LAKE

FLINT LAKE

CEDARTREE LAKE

EMM BAY LAKE
KAKAGI LAKE

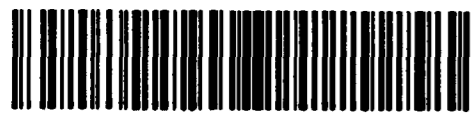


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