

BONANAZA MINING CORPORATION

Summary of Exploration Work on the Shag Project Southeast British Columbia



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Submitted to:

Bonanza Mining Corporation

16 August 2021

Submitted by:

Robert J. Morris, M.Sc., P.Geo.

Moose Mountain Technical Services

#210 1510 2nd Street North

Cranbrook, B.C. Canada

V1C 3L2



DATE & SIGNATURE PAGES

Herewith, our report entitled "Bonanza Mining Corporation Summary of Exploration Work on the Shag Project Southeast British Columbia" dated 16 August 2021.

"Signed and Sealed"

**Signature of Robert J. Morris
M.Sc., P.Geo.
Moose Mountain Technical Services**

Dated: August 16, 2021



CERTIFICATE & DATE – Robert J. Morris

I, Robert J. Morris, M.Sc., P.Geo., do hereby certify that:

- 1) I am a Principal of Moose Mountain Technical Services, #210 1510 – 2nd Street North, Cranbrook, BC, Canada V1C 3L2.
- 2) I graduated with a B.Sc. from the University of British Columbia in 1973.
- 3) I graduated with a M.Sc. from Queen's University in 1978.
- 4) I am a member of the Association of Professional Engineers and Geoscientists of B.C. (#18301).
- 5) I have worked as a geologist for over forty years since my graduation from university.
- 6) My experience with lead/zinc mineral deposits exploration and mining includes work in the Selwyn Basin, YT and NWT, and southeast BC.
- 7) I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purpose of NI 43-101.
- 8) I am responsible for the entire technical report entitled "**Bonanza Mining Corporation Summary of Exploration Work on the Shag Project**", dated 16 August 2021.
- 9) A site visit of the property was completed on 17 June 2021 to confirm access for the proposed exploration. My prior involvement with the Shag Project was a brief site visit in 1979.
- 10) I am independent of Bonanza Mining Corporation, and work as a geological consultant to the mining industry.
- 11) I am independent of the Issuer applying the test set out in Section 1.5 of NI 43-101.
- 12) I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose, which makes the Technical Report misleading.
- 13) I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
- 14) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public.

Date this 16th day of August 2021

"Signed and Sealed"

Robert J. Morris, M.Sc., P.Geo.

Table of Contents

1	Summary	6
2	Introduction.....	9
3	Reliance on Other Experts.....	10
4	Property Description and Location.....	11
5	Accessibility, Climate, Local Resources, Infrastructure and Physiography	14
5.1	Accessibility	14
5.2	Climate and Physiography	14
5.3	Local Resources and Infrastructure.....	14
6	History	15
7	Geological Setting and Mineralization.....	17
7.1	Regional Geology	17
7.2	Property Geology.....	20
7.3	Mineralization.....	20
8	Deposit Types	33
9	Exploration	34
9.1	Geophysical Surveying	34
9.2	Soil Sampling Surveys	37
10	Drilling	41
11	Sample Preparation, Analyses and Security	47
12	Data Verification.....	48
13	Mineral Processing and Metallurgical Testing	48
14	Mineral Resource Estimates.....	48
15	Mineral Reserve Estimates.....	48
16	Mining Methods	48
17	Recovery Methods.....	48
18	Project Infrastructure.....	48
19	Market Studies and Contracts.....	49
20	Environmental Studies, Permitting and Social or Community Impact.....	49
21	Capital and Operating Costs.....	49
22	Economic Analysis.....	49
23	Adjacent Properties	50
24	Other Relevant Data and Information.....	52
25	Interpretation and Conclusions.....	53
26	Recommendations	55
27	References	56

List of Tables

Table 4-1	Claims	11
Table 26-1	Shag Claims Project 2021-2022 Mineral Exploration Cost Estimate	55

List of Figures

Figure 4-1	Mineral Properties Location Map.....	12
Figure 4-2	Shag (in the north) and ShagMag Claim Map	13
Figure 7-1	Regional Aeromagnetic Map	19
Figure 7-2	Shag Geology and Mineral Showings.....	21
Figure 7-3	BMI Sample - Brown and red coloured sphalerite, birdseye texture, bedding dominated by fragmental material, prominent veining vertically, centimeter scale	23
Figure 7-4	Red Bed Sample - Red coloured sphalerite, bedding dominated by calcite infill, centimeter scale.....	26
Figure 7-5	C-4 Sample - Yellow to honey coloured sphalerite, large galena and brown sphalerite blebs to the right, centimeter scale	30
Figure 7-6	C-3 Sample - Yellow to grey coloured sphalerite as cement within the breccia, centimeter scale.....	31
Figure 9-1	Chargeability Plan, Gradient Array.....	35
Figure 9-2	Resistivity Plan, Gradient Array.....	36
Figure 9-3	Shag Property Geochemistry, Zinc.....	39
Figure 9-4	Shag Property Geochemistry, Lead	40
Figure 10-1	Shag Property, Drilling.....	46
Figure 23-1	Properties Adjacent to Shag Property.....	51

1 Summary

The Shag Project hosts twenty lead/zinc mineral occurrences and is a project worthy of further exploration. The project is in the Golden Mining District of British Columbia, approximately 130km northeast of Cranbrook. Moose Mountain Technical Services (MMTS) was commissioned by Bonanza Mining Corporation (Bonanza) to complete a technical report on the Shag Project reviewing previous exploration results and recommending an exploration program to follow up on promising targets.

The Shag Project comprises three contiguous units covering an aggregate area of 1,554.80ha. The center of the property is located at 115° 30' longitude east and 50° 38' latitude north. The project overlies Shag Ridge, south the Albert River and over the pass from Queen Mary Creek. Elevations range from 1,300m at the Albert River to over 2,100m on Shag Ridge.

Bonanza has the right to acquire a 100% interest in the Shag Property pursuant to an option agreement with Christopher Graf dated February 21, 2018, as amended by amending agreements dated September 22, 2020 and February 24, 2021, the consideration to consist of cash payments totaling \$110,000 by July 1, 2024 as follows: \$25,000 on Closing, an additional \$20,000 on July 1, 2021, an additional \$20,000 on July 1, 2022, an additional \$20,000 on July 1, 2023 and an additional \$25,000 on July 1, 2024; the issuance of a total of 675,000 common shares in the capital stock of Bonanza; and by Bonanza incurring cumulative expenditures on the property totaling \$1,000,000 as follows: \$250,000 by December 31, 2022, an additional \$250,000 by December 31, 2023, an additional \$250,000 by December 31, 2024 and an additional \$250,000 by December 31, 2025, provided that no more than \$20,000 in expenditures will be incurred so as to keep the property in good standing until a technical report on the property has been prepared in accordance with NI 43-101, filed with and accepted by the Exchange. A total of 275,000 Bonanza shares have been issued as of the date of this Filing Statement, with 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2022, an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2023, an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2024, and an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2025. Upon Bonanza exercising the option, Mr. Graf will retain a 3% net smelter return royalty from the sale of any ores, concentrates or minerals produced from the property, with Bonanza to have the right to purchase 50% of that royalty for the sum of \$1,000,000 at any time up to six months following the commencement of commercial production from the property.

Mineral exploration in the Shag area was initiated in 1977 with the discovery of several anomalous stream sediment samples. In 1978 and 1979 Rio Tinto Canada Exploration Limited (Riocanex) completed prospecting, geological mapping, line cutting, soil and stream sediment sampling, on the property, and drilled nine diamond drillholes for a total of 620.1m. Esso Exploration Canada Limited (Esso) explored the property in 1981 and 1982 with further prospecting and mapping and drilled 10 diamond drillholes for a total of 610.1m. In 1988 an IP and Resistivity survey was completed, and in 1990 further soil sampling and a VLF EM survey were completed. The most recent work included detailed geochemistry and petrographic analysis of selected samples as well as Pb isotope studies.



The property is underlain by lithologies of the middle Cambrian, including, from oldest to youngest, the Cathedral, Stephen, Eldon, Pika-Arctomys, Waterfowl and Sullivan Formations. These rocks host the twenty base metal showings discovered to date on the property.

The Shag property lies within the Main Ranges of the southern Rocky Mountain Foreland Belt. This terrane is a thin-skinned thrust and fold belt that formed along a basal-detachment fault system initiated by eastward accretion of allochthonous terrane in the Jurassic to Early Tertiary.

This deformation exposed rocks of the Upper Proterozoic to Upper Jurassic miogeoclinal platform that formed on the western margin of the North American craton. Upper Proterozoic to Lower Cambrian rocks of the Windermere Supergroup formed during intra-continental rifting and were followed by Middle Cambrian platform-basin transition sequences that formed around a paleogeographic high known as the Kicking Horse Rim. This margin, which corresponds approximately to the projection of the Cathedral escarpment, and other escarpments, moved laterally during the early Paleozoic. A number of MVT, magnesite, and talc deposits are located spatially along this facies transition margin. West of these escarpments lies the Chancellor Group basinal sequence, and to the east a series of platformal carbonate rocks that host several MVT deposits, including Monarch, Kicking Horse, and Shag. This tectono-sedimentary environment remained until the Middle Jurassic during which carbonates of the Cathedral and equivalent formations, hosting the Monarch, Kicking Horse, and Shag deposits. Following this period, Middle Jurassic to Eocene Cordilleran orogenic tectonism deformed, imbricated, and transported these sequences northeastward.

Although stratigraphically higher than the Cathedral Formation which hosts the Monarch and Kicking Horse deposits, the Shag deposit is also located in platformal carbonate along the Kicking Horse Rim, just east of the transition to basinal shale and limestone of the Middle to Upper Cambrian Chancellor Formation, along the Eldon Escarpment. Most showings are in dolostone of the Eldon, and Waterfowl formations at or near the contact with overlying argillaceous limestone.

The BM mineralized horizon occurs in a dolostone unit at the top of the Eldon Formation (unit C3 of Bending, 1979) and includes the BM, BM extension, BM Fracture, and Galena showings. The host dolostone is sucrosic, massive, white to light grey, and contains stylolites and burrows. The discontinuous mineralized lenses host sphalerite and are about 3m thick, extending up to about 90m along strike. The Red Bed mineralized horizon occurs in dolostone at the top of the Middle Cambrian Waterfowl Formation (unit C5 of Bending, 1979), just below the contact with the overlying argillaceous limestone of the Sullivan Formation (unit C6 of Bending, 1979). It includes the Red Bed, Christmas, Rush, Crackle, and Piece's showings. Stratigraphically below the strata hosting the Red Bed mineralization, another dolostone unit of the Waterfowl Formation, hosts the C-4, Stripes, and Pad showings. The dolostone host to the mineralization is white to light grey, sucrosic, massive, and vuggy. Mineralization consists of small pods (≤ 80 cm thick and 3m wide) that are generally higher grade than the showings in the BM horizon. A third mineralized horizon in a thin limestone of the upper most Cathedral Formation (unit C2 of Bending, 1979) contains the C-3 showing, which occurs in a small dolomitic lens.

MMTS visited the Shag property 15 June 2021 by helicopter to verify access and to examine the proposed exploration work area.



Recommendations for further work on the Shag property includes a multiphase program as outlined below:

Phase 1:

- 1) An IP survey on the lower slopes of Shag Ridge and Albert River valley;
- 2) A seismic survey along the Albert River;
- 3) Further soil sampling and prospecting on Shag Ridge.

An estimate of the total cost of the phase one, 2021, exploration work is \$275,000.

Phase 2:

- 1) An IP survey along the Shag Creek and the east slope of Shag Ridge;
- 2) Diamond drilling.

An estimate of the total cost of the phase two, exploration work is \$600,000 depending on the results from Phase 1.

2 Introduction

Bonanza Mining Corporation (Bonanza) holds the rights to the Shag Property in southeast British Columbia.

Moose Mountain Technical Services (MMTS) was retained by Bonanza to complete a technical report compliant with NI 43-101 (the Instrument) and Form 43-101F1 for Shag and to recommend an exploration program for the project.

The Shag lead/zinc metal deposit hosts many individual mineral occurrences that are worthy of further exploration.

The property has been explored since 1977 though no production has taken place. Eight exploration programs have been completed; IP and Resistivity surveys, VLF EM, soil, stream, and rock geochemistry, as well, 19 diamond holes have been drilled for more than 1,230m.

Mr. Robert J. Morris of MMTS, completed a site visit of the property 17 June 2021. From a review of the existing exploration data, and based on his experience and qualifications, the author, Mr. Morris, is of the opinion that the previous exploration has been conducted in a professional manner and the quality of data and information produced from the efforts meet or exceed acceptable industry standards. All the exploration work has been directed or supervised by individuals who are geologists.

While actively involved in the preparation of the report, MMTS had no direct involvement or responsibility in the collection of the data and information or any role in the execution or direction of the work programs conducted for the project on the property or elsewhere. Much of the data has undergone thorough scrutiny by project staff as well as certain data verification procedures by MMTS (included in Section 12).

Sources of information are listed in the references, Section 27.

3 Reliance on Other Experts

The author of this Report is a Qualified Persons (QP) for the sections of the Report as outlined in the "Certificate of Qualified Person" within this Report. The information relied upon for this report has therefore been stated by the QPs to conform to NI 43-101.

The QP has not independently reviewed parts of this report, relating to the legal aspects of the ownership of the mineral claims; rights granted by the Government of British Columbia and environmental and political issues have been prepared or arranged by Bonanza. While the contents of those parts have been generally reviewed for reasonableness by the QP of this report, the information, and reports on which they are based has not been fully audited by the QP.

4 Property Description and Location

The Shag property is in the Cranbrook area of southeast BC. The property is located along the Shag Creek valley and Shag Ridge, within the Albert River drainage, approximately 40km east of Radium and 55km northeast of Canal Flats, Figure 4-1.

Shag Ridge is approximately 7km long and extends from the Albert River south to the pass leading into Queen Mary Creek. Surface rights are held by the province of British Columbia. Access to the property is via provincial forestry access roads. To maintain the property in good standing yearly assessment work or payment in leu is required by the province.

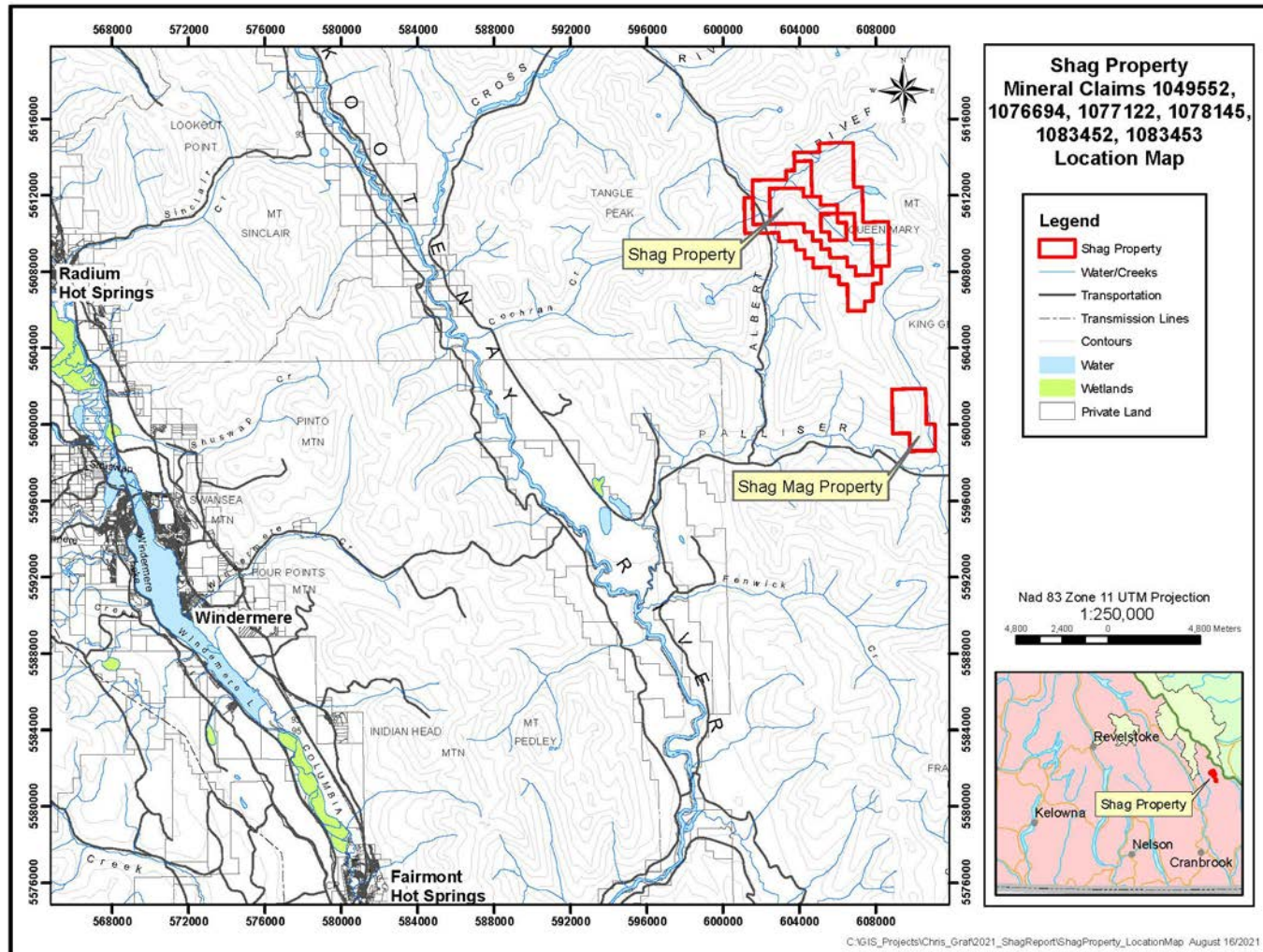
Bonanza has the right to acquire a 100% interest in the Shag Property pursuant to an option agreement with Christopher Graf dated February 21, 2018, as amended by amending agreements dated September 22, 2020 and February 24, 2021, the consideration to consist of cash payments totaling \$110,000 by July 1, 2024 as follows: \$25,000 on Closing, an additional \$20,000 on July 1, 2021, an additional \$20,000 on July 1, 2022, an additional \$20,000 on July 1, 2023 and an additional \$25,000 on July 1, 2024; the issuance of a total of 675,000 common shares in the capital stock of Bonanza; and by Bonanza incurring cumulative expenditures on the property totaling \$1,000,000 as follows: \$250,000 by December 31, 2022, an additional \$250,000 by December 31, 2023, an additional \$250,000 by December 31, 2024 and an additional \$250,000 by December 31, 2025, provided that no more than \$20,000 in expenditures will be incurred so as to keep the property in good standing until a technical report on the property has been prepared in accordance with NI 43-101, filed with and accepted by the Exchange. A total of 275,000 Bonanza shares have been issued as of the date of this Filing Statement, with 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2022, an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2023, an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2024, and an additional 100,000 shares of the Resulting Issuer to be issued on or before July 1, 2025. Upon Bonanza exercising the option, Mr. Graf will retain a 3% net smelter return royalty from the sale of any ores, concentrates or minerals produced from the property, with Bonanza to have the right to purchase 50% of that royalty for the sum of \$1,000,000 at any time up to six months following the commencement of commercial production from the property.

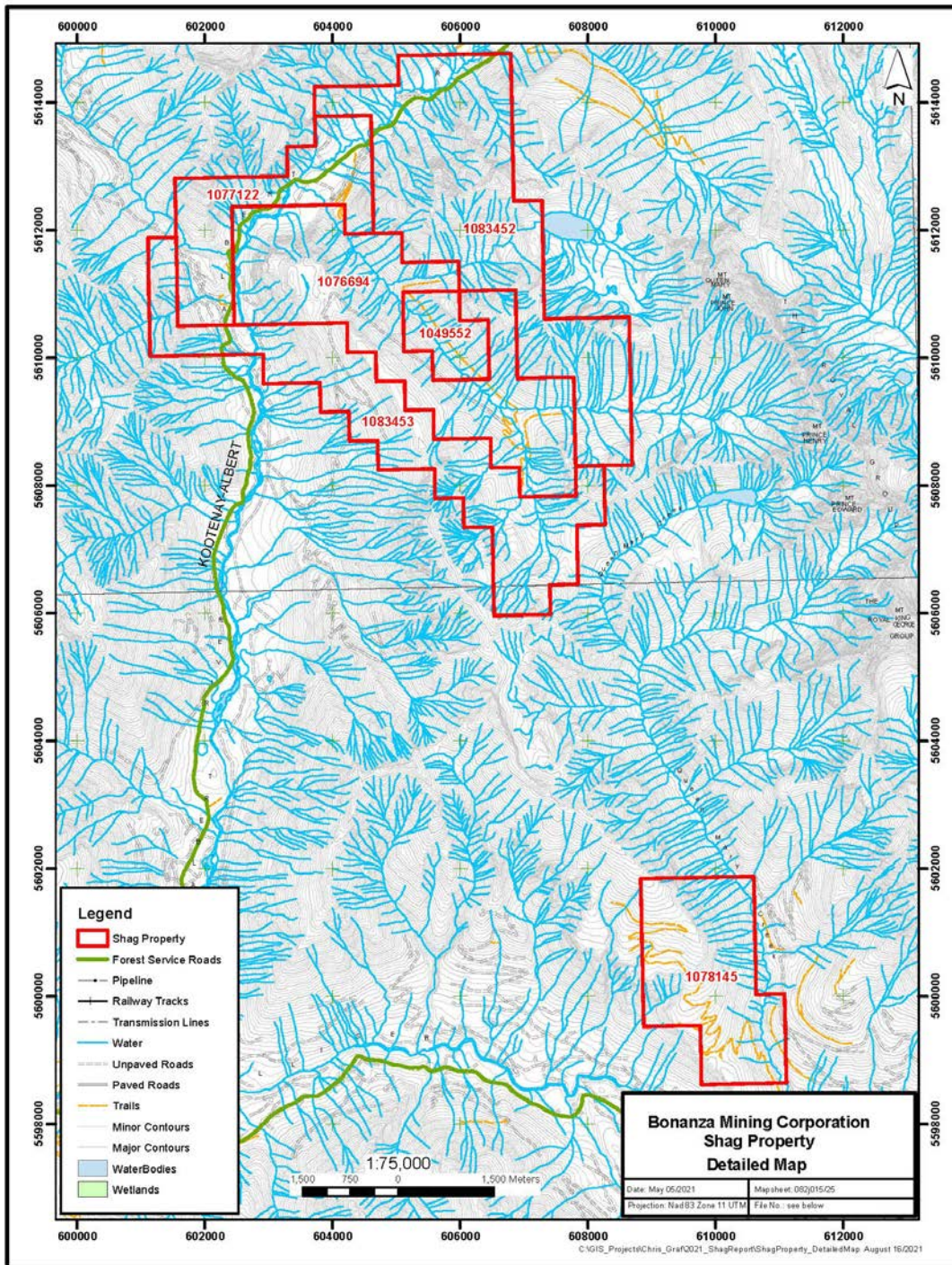
To the best of our knowledge, there are no environmental liabilities from the property. A notice of work (NOW) permit from the province is required to conduct any physical work on the property. A NOW permit for phase one work has been applied for.

Table 4-1 and Figure 4-2 show the claim details and locations.

Table 4-1 Claims

Claim Name	Record Number of Claim	Expiry Date	Area (ha)
Shag 1	1076694	31 December 2021	981.24
Shag 2	1049552	31 December 2021	143.42
Shag 3	1077122	31 December 2021	430.14
Shag 4	1083452	22 July 2022	1,103.60
Shag 5	1083453	22 July 2022	840.02
Total			3,498.42





5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility

The Shag property is in the Golden Mining Division. Access to the property is from either Canal Flats or Radium by forestry access roads along the Kootenay River and major roads up the Palliser and Albert Rivers. The west side of Shag ridge has been logged using a good access road, while Shag Creek has no access other than by helicopter or walking.

5.2 Climate and Physiography

Vegetation is dominated by spruce with deciduous bush in gully and along ridges.

The area receives heavy snowfall between the months of October and March, with sporadic but heavy rainfall in the other months. Average precipitation is in the order of 250 centimeters of rainfall and 3m of snow.

In general, due to the large snowfall and limited access, surface exploration in the southern Rockies area is restricted to summer and early fall months, late May to October.

Elevations on the claim range from 1,300 - 2,100m. Slopes are moderate to gentle west of Shag Ridge and steep to moderate on the east side of the ridge.

5.3 Local Resources and Infrastructure

The closest communities are Radium and Canal Flats each with populations of just less than 1,000. Radium is a popular tourist location during the summer months.

Radium, Invermere, and Canal Flats are along Highway 93/95 between Cranbrook on Crowsnest Hwy. 3 in the south and Golden on the Trans Canada Hwy. 1 in the north.

There are two active mines in the area, Baymag Inc., mines magnesite at their Baymag mine on the Cross River approximately 20km north of Shag. CertainTeed Corp. mines gypsum at their Kootenay West mine approximately 45km southwest of Shag, near Canal Flats.

6 History

Mineral claims were originally staked on the Shag property in 1977 after an anomalous stream sediment sample was collected. Two lead/zinc showings were located within the Shag Creek drainage the same year.

Follow-up exploration was conducted during 1978 and 1979 by Rio Tinto Canadian Exploration Limited (Riocanex) that resulted in the discovery of twelve lead/zinc showings. Exploration work included prospecting, geological mapping, cut line grids, and soil and stream sediment sampling. Highlights from the prospecting include rock sample 703 which assayed 48.4 % zinc and sample 702 which assayed 28% lead and 11.1% zinc. Soil sample anomalies appeared to indicate more extensive zinc and lead occurrences than those exposed.

In the fall of 1978 three diamond drillholes were completed for 159.5m, testing down dip from the BM showing. The best results included 0.5m of 3.95% zinc in DDH 78-1 and 8.85% Zn over 0.2m in DDH 78-3.

Recommendations from this preliminary work included:

- Further prospecting and soil sampling around the BM extension and C-4 showings as well as the lead anomaly in lower Shag Creek.
- Three drillholes to test the area around the C-4 showing.
- At least ten drillholes to test the BM extension showing area.

In 1979 Riocanex drilled six diamond drillholes totaling 460.6m as well as minor geological mapping and prospecting. The first four holes tested the areas around the Pad and Stripes showings. Drillholes 79-5 and 79-6 tested the areas around the Galena and BM Extension showings. DDH 79-6 included a 0.2m interval with 10.7% Zn at the end of the drillhole. While drillhole 79-4 returned 2.8 meters grading 3.77 g/t silver and 1.22% zinc.

Recommendations from the second year of work included:

- Prospecting, geological mapping, and hand trenching around several soil sample anomalies as well as the BM extension area.
- Extending the soil sample grid to the Albert River area, covering the Box and C-3 showings.
- More drilling northwest of DDH 79-6 to test the BM showing area.

Esso Resources Canada Ltd. (Esso) immediately acquired the option to the property after Riocanex dropped it and explored the property during 1981 and 1982, discovering two new showings. In 1981 Esso collected heavy mineral samples and mapped around a number of the known showings. The heavy mineral sampling survey was successful in locating the know zinc/lead occurrences. As well, four diamond drillholes were completed for 152m testing the



areas around the Red Bed, Crackle and Rush showings. DDH 81-2 intercepted a 1.3m interval of 14.6% Zn and 30.35g/t silver. From this work it was concluded that the number of showings discovered and their persistence along two stratigraphic horizons may be an expression of a larger deposit.

In 1982 Esso completed six diamond drillholes, along the Red Bed horizon, for a total of 458.1m. DDH 82-2 intercepted 1.47m of 10.15% Zn, and DDH 82-3 hit 0.6m of 5.5% Zn.

Recommendations from this work included:

- Further heavy mineral sampling in several areas.
- Two to three diamond drillholes in the C-4 showing area.

Both Riocanex and Esso dropped the property to pursue other interests.

Limited exploration was completed on the property in 1988 including an IP and Resistivity survey which identified four IP anomalies. In 1990 more line cutting, soil, stream sediment, and rock sampling was completed along with a VLF EM survey. In 1991 Teck optioned the property and completed soil and rock sampling, prospecting, geological mapping, and further line cutting. In 1998 rock samples were submitted for petrography and multi element geochemistry as well as Pb isotope studies.

7 Geological Setting and Mineralization

7.1 Regional Geology

The property is underlain by lithologies of the middle Cambrian, including the Cathedral, Stephen, Eldon, Pika/Arctomys, Waterfowl, and Sullivan Formations. These rocks host the seventeen base metal showings discovered to date on the property.

The Shag property lies within the Main Ranges of the southern Rocky Mountain Foreland Belt. This terrane is a thin-skinned thrust and fold belt that formed along a basal-detachment fault system initiated by eastward accretion of allochthonous terrane in the Jurassic to Early Tertiary.

This deformation exposed rocks of the Upper Proterozoic to Upper Jurassic miogeoclinal platform that formed on the western margin of the North American craton. Upper Proterozoic to Lower Cambrian rocks of the Windermere Supergroup formed during intra-continental rifting and were followed by Middle Cambrian platform-basin transition sequences that formed around a paleogeographic high known as the Kicking Horse Rim. This margin, which corresponds approximately to the projection of the Cathedral escarpment, and other escarpments, stayed relatively stationary and the sea level regressed and transgressed over it at least four times in the middle Cambrian creating what are named grand cycles. The deeper water Mt Whyte Formation is overlain by the shallower water Cathedral Formation and the deeper water Stephen Formation is overlain by the shallower water Eldon Formation, and so on, with the Arctomys Pike Formation overlain by the Waterfowl Formation, which is in turn overlain by the Sullivan Formation, which is overlain by the Lyell Formation. A number of MVT, magnesite, and talc deposits are located spatially along this facies transition margin. West of these escarpments lies the Chancellor Group basinal sequence, and to the east a series of platformal carbonate rocks that host many MVT deposits, including Monarch, Kicking Horse, and Shag. This tectono-sedimentary environment remained until the Middle Jurassic during which carbonates of the Cathedral and equivalent formations, hosting the Monarch, Kicking Horse, and Shag deposits, and the carbonates of the Devonian Palliser Formation, hosting the Munroe and Oldman deposits, were deposited. Following this period, Middle Jurassic to Eocene Cordilleran orogenic tectonism deformed, imbricated, and transported these sequences northeastward.

Although stratigraphically higher than Monarch and Kicking Horse deposits, the Shag deposit is also located in platformal carbonate along the Kicking Horse Rim, just east of the transition to basinal shale and limestone of the Middle to Upper Cambrian Chancellor Formation, along the Eldon Escarpment. The majority of showings are in dolostone of the Eldon, and Waterfowl formations at or near the contact with overlying argillaceous limestone. The BM mineralized horizon occurs in a dolostone unit at the top of the Eldon Formation (unit C3 of Bending, 1979) and includes the BM, BM extension, BM Fracture, and Galena showings. The host dolostone is sucrosic, massive, white to light grey, and contains stylolites and burrows. The discontinuous mineralized lenses are concentrated in sphalerite and are about 3m thick, extending up to about 90m along strike. The Red Bed mineralized horizon occurs in dolostone at the top of the Middle Cambrian Waterfowl Formation (unit C5 of Bending, 1979), just below the contact with the overlying argillaceous limestone of the Sullivan Formation (unit C6 of Bending, 1979). It includes the Red Bed, Christmas, Rush, Crackle, and Piece's showings (Lenters, 1981). Stratigraphically



below the strata hosting the Red Bed mineralization, another dolostone unit of the Waterfowl Formation hosts the C-4, Stripes, and Pad showings. The dolostone host to the mineralization is white to light grey, sucrosic, massive, and vuggy. Mineralization consists of small pods (≤ 80 cm thick and 3m wide) that are generally higher grade than the showings in the BM horizon. A third mineralized horizon in a thin limestone of the upper most Cathedral Formation (unit C1 of Bending, 1979) contains the C-3 showing, which occurs in a small dolomitic lens.

A regional airborne magnetic survey conducted by the GSC over the southern Rocky Mountains has outlined a major linear magnetic low feature that trends northeasterly for over 200 km from Canal Flats towards Red Deer Alberta. This magnetic low feature is approximately 30km wide and it passes underneath the Shag property where, within this regional magnetic low, an interesting magnetic high anomaly measuring 2 km east-west by 4 km north-south occurs, Figure 7-1.

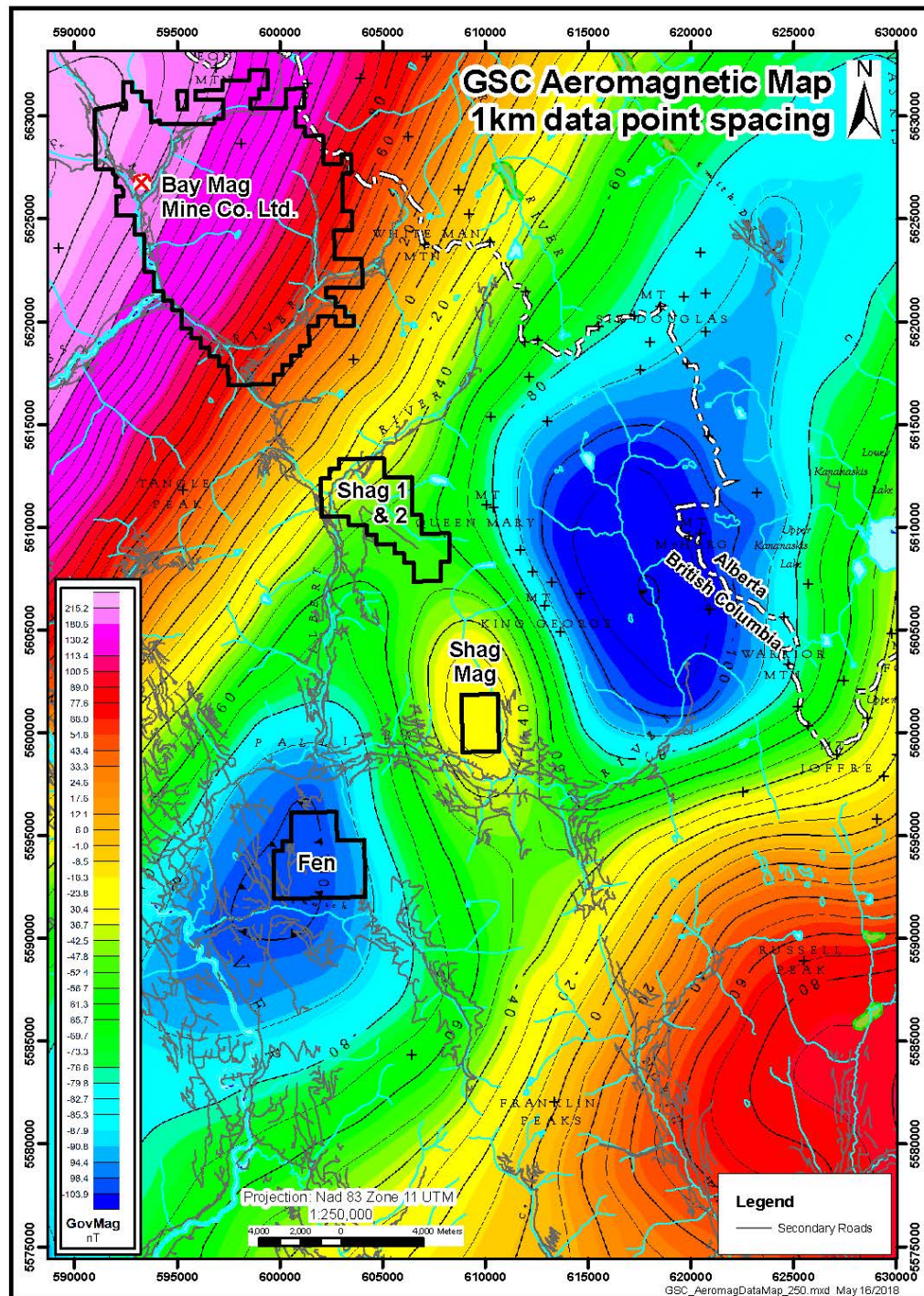


Figure 7-1 Regional Aeromagnetic Map

7.2 Property Geology

Most of the showings on the Shag property consist of galena and pale yellow to orange sphalerite in granular or brecciated dolostone, overlain by dark laminated limestone. The sulfide concentrations appear to be restricted to two horizons, although a number of megascopically similar horizons occur in the succession. The dolostone at the BM showing (the largest individual showing) consists of an erosional, basal surface overlain by massive, irregularly laminated dark dolomite capped by a coarse fragmental breccia or fenestral dolomite. This succession of cyclical beds is capped by dark, well layered limestone.

Coarsely crystalline, yellow sphalerite and galena with traces of pyrite occur as blebs and/or disseminations within sparry dolomite or dark argillaceous limestone that is interstitial to breccia fragments, or as disseminated grains in more massive dolomite. Sphalerite and galena also occur within carbonate veinlets and shears.

7.3 Mineralization

Twenty zinc-lead showings have been discovered on the Shag property along a 5km long section of the Shag Creek valley. They consist of very fine to coarse grained, variably colored sphalerite, together with minor galena, that occur in the uppermost parts of at least two separate middle Cambrian dolostone units.

The mineralization consists mainly of fine to coarse-grained sphalerite and galena, though some showings suggest the occurrence of an associated peripheral pyrite zone. Sphalerite is much more abundant than galena, particularly along the lower B.M. mineralized horizon.

The showings are named C-3, Box, BM, B.M. Extension (float), B.M. Fractures, Galena (float), Pieces (float), Pad, C-4, Red Bed Type (float), Stripes (float), Rush, South Rush, Crackle, Red Bed, Pieces, Side, Tree Root, Cliff, Ross (float) and Kim. The uppermost Eldon formation dolostone hosts the B.M. horizon mineralization, while the upper part of the middle Cambrian Waterfowl dolostone hosts both the C- 4 type horizon and Red Bed horizon mineralization.

Most of the mineralized occurrences on the Shag property consist of coarse replacement sphalerite in either thin discontinuous disseminated zones, or in small pods, lenses, or breccia zones.

Figure 7-2 below shows the Shag Geology and Mineral Showings.

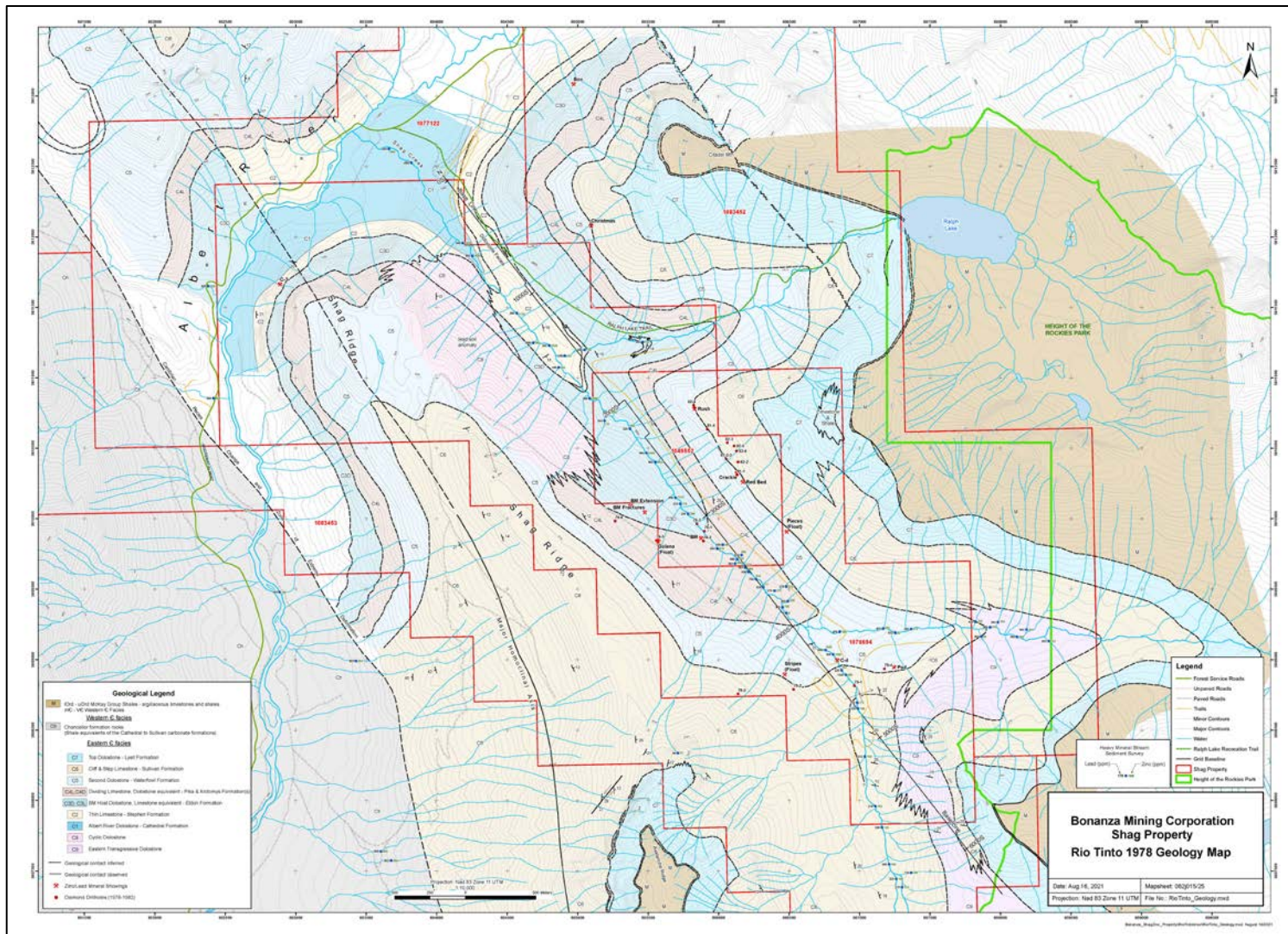


Figure 7-2 Shag Geology and Mineral Showings



B.M. Horizon Mineralization

The B.M. horizon contains the **B.M.**, **B.M. Extension** (float), **B.M. Fractures** and **Galena** (float) showings that occur in dolostones at the top of the Eldon formation. The mineralization consists of small grains of amber to red colored sphalerite that occurs in discontinuous zones as spotty disseminations and replacements.

The **B.M.** showing is the largest mineralized exposure found on the property. Discontinuous outcrops, extending over 90m along strike contain sphalerite as disseminations, spotty replacements, and fracture fillings in distorted, burrowed and birdseye textured beds in a facies transition from an intertidal dolostone to a subtidal limestone.

The mineralization occurs near the upper contact of the Eldon formation with the overlying Arctomys-Pika formation. Stratigraphic thickness of the mineralized zone in outcrop appears to be about 3m and overall grade for this thickness is about 2% zinc. Two distorted and burrowed zones about 0.4m thick contain most of the mineralization.

The stratigraphic setting is demonstrably the most important influence on sphalerite distribution here. The host is a special dolostone facies, bounded roughly below by a recrystallized, bioclastic packstone of uncertain origin, characterized by a cyclic interval with heavily burrowed and distorted beds 0.2m to 0.3m thick interbedded with laminated birdseye textured slightly darker dolostones. This grades upward through birdseye textured rocks to a limestone with many shaley laminae and stylolitic residues, burrowing and lenses of algal packstones.

Minor amounts of sphalerite are present with white sparry dolomite in crackle breccias below the mineralized zone, and a grey, finely crystalline dolostone with birdseye texture hosts 1 – 2% sphalerite over about 30cm as spotty replacements about four meters below the main mineralization.



Figure 7-3 BMI Sample - Brown and red coloured sphalerite, birdseye texture, bedding dominated by fragmental material, prominent veining vertically, centimeter scale

A possible analog to this is present in the **B.M.Extension** showing where a talus slope occurs with blocks of pale, finely sucrosic dolostones with some fractures filled with coarsely crystalline, reddish sphalerite and white sparry dolomite. The main source of this talus is buried by barren talus from above, but local derivation can be demonstrated. At the top of this talus cone is a grey, finely crystalline, laminated and birdseye textured dolostone with minor spotty replacements of sphalerite in the birdseyes. Hydrozincite wash on some barren rocks at this level indicates that some mineralization exists upslope.

The **BM Extension** showing is located 500m to the northwest of the BM showing.

The distribution of soil sample anomalies in zinc tends to support speculation that these are part of a footwall type of mineralization and poorly exposed upper parts of the transgressive sequence are mineralized in the B.M. style. The observation that the footwall mineralization and



geochemical expression of this showing are better than those of the B.M. showing offers some encouragement about the chances of significant blind occurrences along this horizon.

The sphalerite at the B.M showing is contained in a zone that has a stratigraphic thickness of 3m. This mineralization is seen in several discontinuous outcrops along a length of 90m. The other showings along the B.M. horizon are similar but smaller.

The **BM Fractures** showing is located 100m southeast of the BM Extension showing and consists of identical sphalerite fracture fillings and related replacements.

The **Galena** showing is a small float occurrence of galena that is located 300m due west of the BM showing. The host rock is a pale grey, finely crystalline, uniform dolostone with no brecciation. Galena occurs as small nodules amounting to approximately 1% of the float and the underlying bedrock is the topmost unit of the Waterfowl formation.

A small open-ended zinc soil anomaly lies directly uphill (southwest) of the site but is not accompanied by a lead anomaly. This area was prospected but no mineralization was observed in bedrock.

The **Box** showing is a sphalerite-bearing zone located on the south side of the Albert River valley about 1.3km east of the mouth of Shag Creek. It occurs slightly lower in the section of the Eldon formation but within the same general BM Horizon.

Scattered 10-20cm sized pockets of gossan and hydrozincite-bearing boxworks, with occasional fresh sphalerite and rare reddish sphalerite fracture fillings, occur over about 3m of stratigraphic section and 31m along strike, with overall zinc values less than 1%.

Red Bed Horizon Mineralization

This mineralized horizon occurs along the west side of the Shag valley within dolostones of the upper Waterfowl formation dolostones just below the overlying Sullivan formation.

The main Red Bed horizon is composed of seven main showings and three float showings that constitute a 600m long thin zone of mineralization within Waterfowl formation dolostone at the contact with the overlying Sullivan formation limestone. The Rush, South Rush, Crackle, Red Bed, Pieces, Side, Tree Root, Cliff, Ross float Kim, and Vug showings on the east side of Shag valley all occur along the 600m long Red Bed horizon zone of mineralization between the Vug and Rush showings and consist of 10–80cm thick and 1m to 3m long discontinuous zones of lead/zinc mineralization.

Between these two showings, some sphalerite mineralization has been found at the top of the Waterfowl formation dolostone at every location that its contact with the overlying Sullivan formation can be exposed.

Separated from this main zone, but still associated with the Waterfowl-Sullivan contact, are the Christmas showing (1,500m to the northwest of the main horizon) and the Pieces float showing (450m to the southeast of the main horizon).



Red Bed horizon mineralization, exposed at surface, along this contact is generally thin (< 1m) and low grade (<1%-5% zinc over 1m). Two drillholes that intersected this mineralization down dip of the surface showings did, however, contain much higher zinc grades over greater thicknesses.

These showings consist of either band of small (1-2mm), equant, disseminated, reddish sphalerite, together with some coarser grained pods that also contain galena, or as fracture fillings and disseminations of fine to coarse grained sphalerite and galena associated with sparry white dolomite in breccia or pseudobreccia pods within darker grey dolostone. The disseminated sphalerite occurs in variably concentrated lenses or bands, sometimes separated by non-mineralized horizons.

These showings occur as bands of small, disseminated, reddish sphalerite together with some coarser grained pods also containing galena, or as fracture fillings and disseminations of fine to coarse grained sphalerite and galena associated with sparry white dolomite in breccia or pseudo-breccia pods.

Mineralization at these showings is higher in grade than that at the B.M horizon, containing small pods 10–30cm thick and 1m to 3m long with up to 30% galena and sphalerite.

The Red Bed and Kim showings are the most extensive zones of exposed mineralization along this horizon and have widths of 0.5m to 1.0m over lengths of 25m and 50m, respectively.

At these two showings the sphalerite and galena bands and pods pinch and swell along the exposed strike lengths but contain zones 10cm to 30cm thick and 1m to 3m long that contain greater than 30% galena and sphalerite.

The **Red Bed** showing is about 150m north along strike from the Pieces showing. Here mineralization is exposed for about 30m along strike in the form of a lens of dark grey finely crystalline dolostone with some relic clastic and birdseye textures that are irregularly replaced by reddish-orange equant, millimeter sized sphalerite grains and irregular anhedral of galena up to 3cm across.

One lens about 30cm thick and 3m long is almost pure sulfide and grades up to 11.1% zinc, 2.8% lead and 120g/t silver. Most of the mineralized zone contains about 10% sulfide (dominantly sphalerite) and its maximum thickness is 1m and it averages 0.6m. Small amounts of dolomite and sphalerite cemented breccia are a minor accessory feature.

The **Kim** showing consists of numerous discontinuous outcrops along a 50m to 60m length, in which sphalerite mineralization is present at every location where the Waterfowl-Sullivan formation contact can be uncovered.

Visually the better mineralization seems to occur within a thin (10cm) zone of dark grey dolostone that occurs directly beneath the Sullivan limestone. In this section, sphalerite occurs as small (1mm to 2mm), red, equant, disseminated crystals or in small veins as replacement or fracture mineralization, sometimes in association with coarse white dolomite veins and occasionally with minor galena.

Below this section is a light grey, fine grained, sucrosic dolostone that is generally mottled or pseudobrecciated, and occasionally brecciated. This dolostone hosts disseminated sphalerite that is associated with fracturing and pseudobrecciation over a thickness of 0.5m to 2.0m. A chip sample across the mineralized section yielded an assay of 8.5% zinc over 0.7m.

In places along the Kim showing, 1 to 3cm nodules of honey colored, coarse sphalerite occurs within the Sullivan formation limestone, up to 20cm above the contact with the Waterfowl formation dolostone. A chip sample across such a section yielded an assay of approximately 2% zinc over 1m.

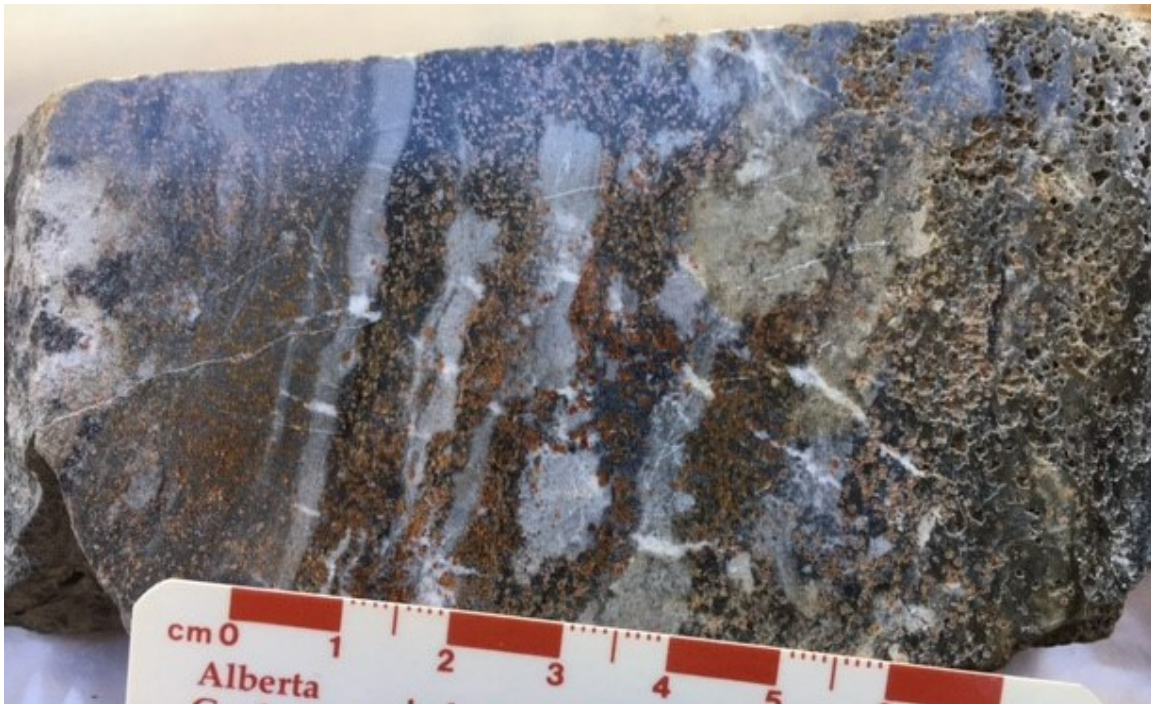


Figure 7-4 Red Bed Sample - Red coloured sphalerite, bedding dominated by calcite infill, centimeter scale

The **Crackle** showing is about 1m thick and has been hand trenched to expose the mineralization about 3m along strike. It contains about 5% sphalerite of an irregularly replacement habit with a crackle breccia overprint.

The **Crackle Showing Extension** and the **Side** showing consist of a number of irregular blocks of mineralization that protrude from underneath the overburden a few meters south and along strike from the original Crackle showing outcrops. These blocks are presumed to be dislodged outcrop that is essentially in place. They contain up to 5 to 10% sphalerite over thicknesses of up to 0.5m. The sphalerite occurs as small (1mm), equant grains associated with white dolomite veinlets in a crackle breccia. The brecciation occurs within a fine grained, dark grey to black dolostone, as well as a medium grey somewhat coarser and sucrosic dolostone.

The **Side** showing is a small outcropping of the Sullivan- Waterfowl formation contact that has weak mineralization over a 0.5m wide exposure. The mineralization consists of 1mm, equant



grains of orange to red sphalerite and a coarser grained galena pod, that are associated with white dolomite along replacement veins within a darker grey dolostone.

The **Rush** showing is about 0.7m thick, exposed in two outcrops five meters apart, with about 10% sphalerite and 3% galena.

The **South Rush** showing consists of approximately five or six outcrops that occur discontinuously along 30m of the Waterfowl-Sullivan formation contact, on strike and south of the Rush showing. It is like the Rush and other Red Bed horizon occurrences.

Sphalerite occurs as red equant 1mm to 2mm, disseminated replacement grains along fractures or as cavity fillings in the host dolostone. The dolostone is composed of an upper thin (20cm) bed that is dark grey, well brecciated, and almost rotten due to weathering, and a lower medium grey, well-jointed, massive dolostone. The thin upper section contains most of the sphalerite (75%), which occurs in small vugs and fractures, and a minor amount of coarse, 0.5 to 1cm sized grains of galena along a fracture.

A chip sample taken across a 0.7m width assayed 2.85% zinc. 0.3% lead and 15g/t silver.

The **Vug** showing is located at the extreme southeast end of the main Red Bed horizon about 55m southeast of the Red Bed showing. It consists of two separate mineralized zones, 10 to 20cm thick, that are each exposed over a length of a meter or two from beneath the overburden. They are separated by four meters of overburden.

The showing is located on the north side of a main avalanche chute and occurs at a stratigraphic level of about 6 or 7m below the Waterfowl-Sullivan formation contact. Prospecting of the well-exposed Waterfowl dolostones in the adjacent avalanche chute did not yield any additional sphalerite or galena mineralization.

The mineralization within the Vug showing consists of fine (0.1 to 1mm) red sphalerite grains, together with some coarser (up to 1cm) galena that is associated with coarse, white sparry dolomite in a vuggy, well brecciated dolostone.

The surrounding dolostone is variably crystalline, light to medium grey, strongly pseudo-brecciated and contains minor sphalerite, in a few places where it is adjacent to mineralized breccia zones. The mineralization in the brecciated zone of the Vug showing grades out into unmineralized, pseudo-brecciated dolostone towards the avalanche chute.

The **Ross** float showing consists of a large (0.5m by 0.25m by 0.25m) boulder and a smaller one that contain approximately 5% sphalerite within a well altered and weathered, rubbly-brecciated, medium grey dolostone.

The **Pieces** showing consists of a number of dark grey, finely crystalline float blocks with up to 30% coarsely crystalline, flesh colored, replacement sphalerite and 3% to 5% very finely disseminated pyrite. These float pieces measure 0.25 to 0.5m in size. They do not appear to have been displaced a great distance. Although the Waterfowl-Sullivan formation contact directly above the float is not exposed, outcrop of the contact within 100m to either side does not contain mineralization.



The **Christmas** showing also occurs along the Red Bed horizon but is located on the north side of the NoName Creek valley approximately 1.5km north of the main Red Bed zone of showings.

The Christmas showing consists of a number of mineralized exposures within two side-by-side avalanche chutes. The northern stream channel exposes two small, mineralized zones, containing a minor amount of replacement sphalerite and galena, just below the Waterfowl-Sullivan formation contact. The rest of the contact zone, though poorly exposed, is unmineralized. The southern channel exposes an 8m length of a well mineralized dolostone bed containing abundant, fine grained, disseminated red and green colored sphalerite. This bed is in the order of 30 to 35cm thick.

On the northern edge of the exposed channel the bed consists of approximately 50% very finely disseminated green sphalerite within a light colored dolostone. Some darker (grey-brown), coarser (1 to 5cm) sphalerite occurs as recrystallized grains within massive sections of fine-grained green sphalerite. The mineralized bed also contains large vugs, many of which are filled or lined with sparry, white dolomite, that do not contain sphalerite.

Along strike to the north the mineralized bed grades through a thin zone containing yellow and orange sphalerite into dolostone with somewhat coarser more typical red replacement sphalerite before it becomes covered by overburden. To the south the bed quickly loses its mineralization and passes into a typical medium grey variably crystalline, mottled Waterfowl dolostone.

The overlying bed contains some mineralization in a couple of basal portions where it is in direct contact with massive sphalerite of the underlying bed.

Below the main mineralized bed, sphalerite occurs as individual, granular (1mm) replacement grains or as coarser crystals together with calcite in small pockets and veins. A continuous chip sample taken across a well mineralized section of the Christmas showing returned an assay value of 16.6% zinc and 42g/t silver across 0.5m.

The **Pieces** float showing mineralization was determined to have been locally derived, by using a THM kit on the associated zinc soil anomaly. It is dark grey, finely crystalline dolostone with up to 50% coarsely crystalline reddish orange sphalerite cementing breccia pods up to 30cm across and replacing the host rock in an irregular fashion. Overall grade in three places of talus less than 0.5m across is about 10% zinc. The host bed is well-exposed 5m north along strike and is not mineralized.

C-4 Type Horizon Mineralization

The C-4 type mineralized horizon contains the Pad, C-4, Red Bed type (float) and Stripes (float) showings. All these C-4 horizon showings studied in detail display stratigraphic control reflected by marked lateral and vertical facies changes that are analogous to those described at the C-4 showing. The relationship is presumably a combination of chemistry and permeability as influenced by primary facies.

The **Stripes**, **C-4**, **Red Bed** Type and **Pad** showings consist of fine to coarse grained, reddish-orange colored sphalerite and coarser galena in disseminated replacement bands or fracture fillings in small breccia pods.



The **Pad** showing occurs approximately 400m east of the C-4 showing, the Stripes showing is 400m west of the C-4 showing and the Red Bed type float showing occurs approximately 300m west of the Stripes showing giving the C-4 Mineralized horizon a length of at least 1.1km.

The **C-4** showing is one of the better mineralized occurrences on the property, having exposures on both sides of C-4 creek which exposes parts of a number of mineralized pods and lenses. These mineralized zones contain abundant small pale yellow, orange, and red sphalerite in disseminated bands that contain some coarser grained galena. Mineralized zones contain from 5% to 20% sphalerite and galena over a width of 0.5 to 1.0m.

The C-4 showing also contains banded, coarsely recrystallized, yellow to green sphalerite in 20 to 30cm thick slabs of float. These pieces of float contain 50% to 80% sphalerite and appear to be locally derived pieces of dislodged sphalerite veins. One significant feature of the C-4 mineral showings is that they occur in two separate dolostone beds in an area that is characterized by lateral facies changes and this combination of zinc mineralization with the potential for vertical repetitions along an interfingering contact makes it an attractive exploration target. Interestingly the C-4 showing area has no lead or zinc soil anomaly, possibly due to topography or overburden.

At the Pad showing, the sphalerite and galena occur as coarse-grained disseminations in a white sparry dolomite matrix of a small crackle breccia zone within a darker colored dolostone. The host rock is a medium grey, finely crystalline dolostone that has been crackle brecciated.

White sparry dolomite appears to have preceded the red sphalerite and galena, and nodules of galena up to 5cm across have been found. Selected grab samples show up to 10% Zn and 2% Pb although the overall grade of the showing is approximately 1% combined.

The Stripes and Red Bed type showings are both float occurrences that are located 400m and 700m to the west of the C-4 showing. Though they both occur along strike with the C-4 showings, the mineralization within these float blocks has an appearance that is like that of the Red Bed horizon showings which occur on the east side of Shag valley.



Figure 7-5 C-4 Sample - Yellow to honey coloured sphalerite, large galena and brown sphalerite blebs to the right, centimeter scale

The **Stripes** showing as exposed, consists of numerous talus blocks with fracture fillings and bed-like replacements of sphalerite. One large block, believed to be approximately in place, displays three bed-like belts of 15-30% reddish-orange 0.2-0.5cm sphalerite. Each bed is about 25cm thick, over a total exposed thickness of over 1m. These belts display a relic pseudobreccia texture and are separated by more uniformly crystalline grey dolostone with only traces of sphalerite. Exposure is poor, but the cyclicity, high grade of some selected grab samples (up to 80% sphalerite), and apparent lateral continuity of the mineralization are very encouraging.

The **Redbed** Type float showing is known only as float containing 3-5% red sphalerite in talus blocks up to 0.8m across. The texture is a relic pseudobreccia, like the Stripes showing. Few samples have been found but those seen lack the grade and bed-like appearance of the Stripes replacements. The appearance of the mineralization is very similar to the Redbed Horizon type of showings across the valley on the east side of Shag creek. Although no galena was found, the soil sample that drew attention to the location contained 650 ppm lead and probably indicates galena occurrences in the showing.

The **C-3** showing occurs approximately 1.2km west of the mouth of Shag creek in the uppermost Cathedral formation on a very steep cliff face over 275m high at the north end of Shag Ridge above a long talus slope that extends another 214m to the Albert River.

A mineralized zone occurs, however, in outcrop at the base of the cliff and consists of a series of reddish-orange sphalerite bearing, vertical, solution breccia channels and fracture zones, each about 15cm wide, spaced randomly at approximately 1m intervals across a width of 9m. The average grade in these narrow, mineralized solution zones would be about 5% zinc. The rock between these zones is unaffected by solution and barren of sulfides.



Figure 7-6 C-3 Sample - Yellow to grey coloured sphalerite as cement within the breccia, centimeter scale

Most of the mineralization has been found in the talus, as it is too steep to prospect much of the cliffs. At least three types of sphalerite, reddish-orange, black and honey colored, cementing breccia fragments in typical Mississippi Valley type fashion, are in the talus.

Black, honey, and reddish-orange colored sphalerite are found in samples collected from the talus, but only the reddish-orange variety has been traced to outcrop, where it occurs in the vertical solution channels described above. Five grab samples from the talus assayed between 5% and 27% zinc, with negligible lead values. Samples containing the other two varieties of sphalerite generally have higher zinc values, as their brecciation and mineralization is usually much stronger. Most of the mineralization is fracture filling but sphalerite rims breccia fragments up to 2.5cm across. White sparry dolomite also commonly occurs with the sphalerite, filling fractures and cementing small breccia fragments. Many of these breccia fragments have



been strongly replaced by fine-grained pyrite that is only visible when the specimens have been cut and polished.

Approximately 60m west, at the same elevation, a set of similar, but pyrite containing, vertical solution features occur over a width of 9m. No sphalerite was observed but may occur in small amounts. Also, a one-meter-wide rusty streak was observed to run down the cliff face and onto the talus below, approximately 150m east and 60m above the zone of observed sphalerite mineralization. This location was only observed from a helicopter and no surface work has been done on it.

Near the sphalerite mineralization the host rock is dolomitized, while only 30m west it is a limestone. This showing occurs less than 350m east of middle Cambrian facies transition from massive carbonates to thin bedded shales.

8 Deposit Types

The Shag project area is prospective for carbonate-hosted lead/zinc deposits which have been shown to share many characteristics of Mississippi Valley-type deposits. To date features such as stratabound lenses, pods, and disseminated sulphide minerals locally accompanied by breccia-vein systems have been observed. The Shag mineral occurrences are hosted in dolostone located near a major facies' transitions between shallow-water carbonate platform and deeper basinal rocks along the ancient Paleozoic margin of the Canadian Cordillera. They are associated with fault and breccia structures located nearby or along the platform-basin facies transition. The location and geometry of these deposits reflect the interplay between structures, such as deep-seated faults located at platform-basin transition, and lithologies such as permeable and reactive stratigraphic units.

9 Exploration

9.1 Geophysical Surveying

Bonanza has not completed any exploration on the property to date.

In 1988 Ecstall Mining Corporation engaged a geophysical contractor to conduct a gradient IP chargeability and resistivity survey on the 10.9 line-km cut grid that had been established, Figure 9-1 and Figure 9-2.

The survey found four main IP chargeability high anomalies that are flanked by areas of high resistivity while the lowest resistivity zones correspond very well to the chargeability highs. The stronger anomalies persist to the west off the surveyed area.

A very strong chargeability and resistivity anomaly that occurs at station 7+60N on line 4+00W appears to be close to surface and is likely part of a much larger anomaly at depth.

These four anomalies have very similar responses to IP case histories from the Pine Point district and the Silvermines and Tynagh carbonate hosted zinc deposits in central Ireland.

Recommendations from this work included further IP surveying both to the east and west to improve the understanding of the depth and spatial positions of the interesting zones and to cover a larger area of the property. As well, drilling was recommended including vertical drillholes in the center of each of the four anomalies and drilled to a depth of 150m.

No further IP surveying was ever conducted on the Shag property and none of the four anomalies were ever drilled.

In 1990, Ecstall engaged a geological contractor to conduct soil sampling and a limited amount of VLF-EM surveying on the same grid where the 1988 IP survey was conducted.

The VLF-EM survey was conducted using a Geonics EM-16 instrument over the resistivity anomalies that resulted from the 1988 IP survey. In-Phase and Quadrative data and Fraser-Filtered data were collected. A well-defined, relatively continuous conductor was located across lines 2+00 to 7+00 W at approximately 8+00N. This linear expression confirms the presence of the IP chargeability high anomaly that was found at 7+60N on line 4+00W in 1988.

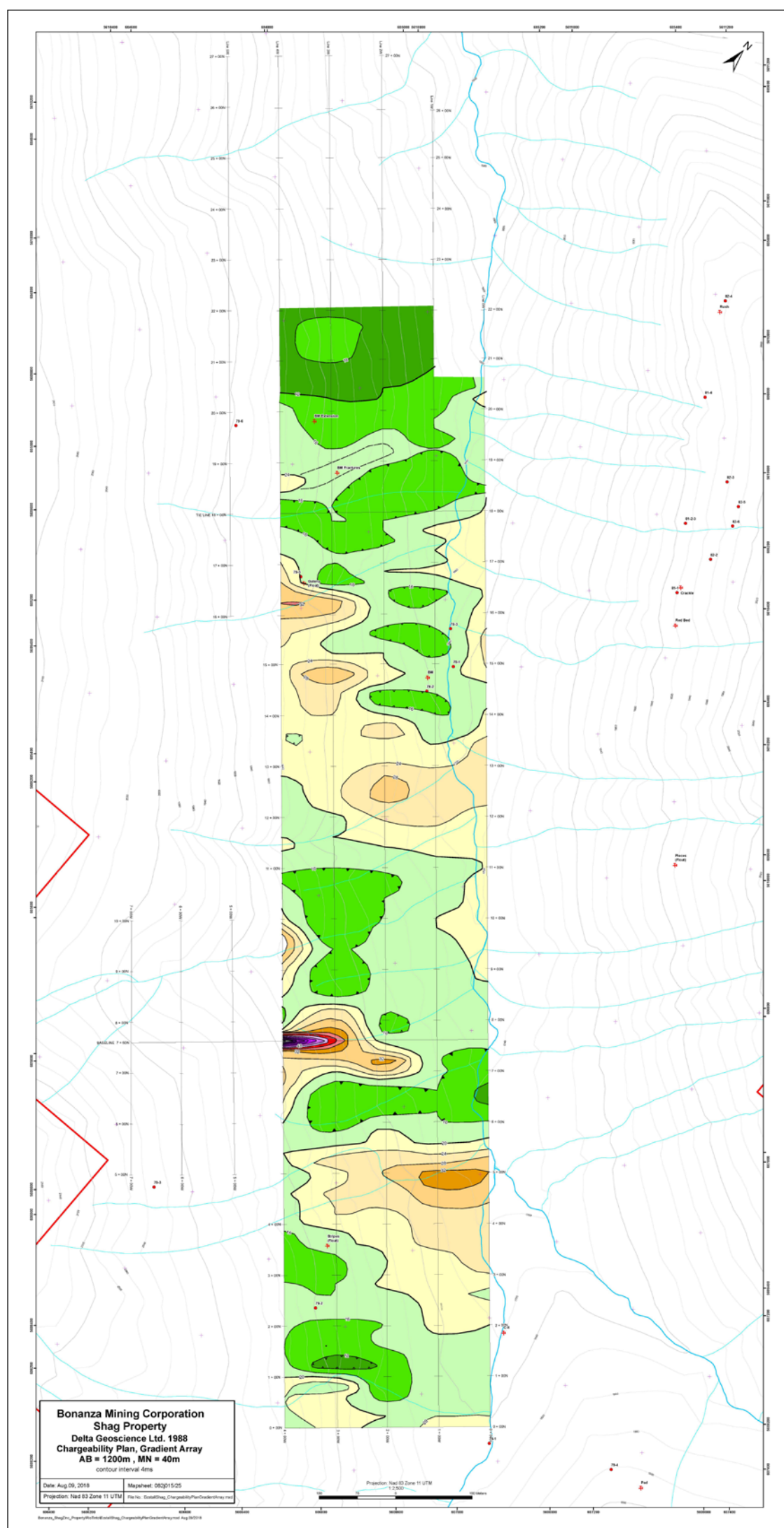


Figure 9-1 Chargeability Plan, Gradient Array

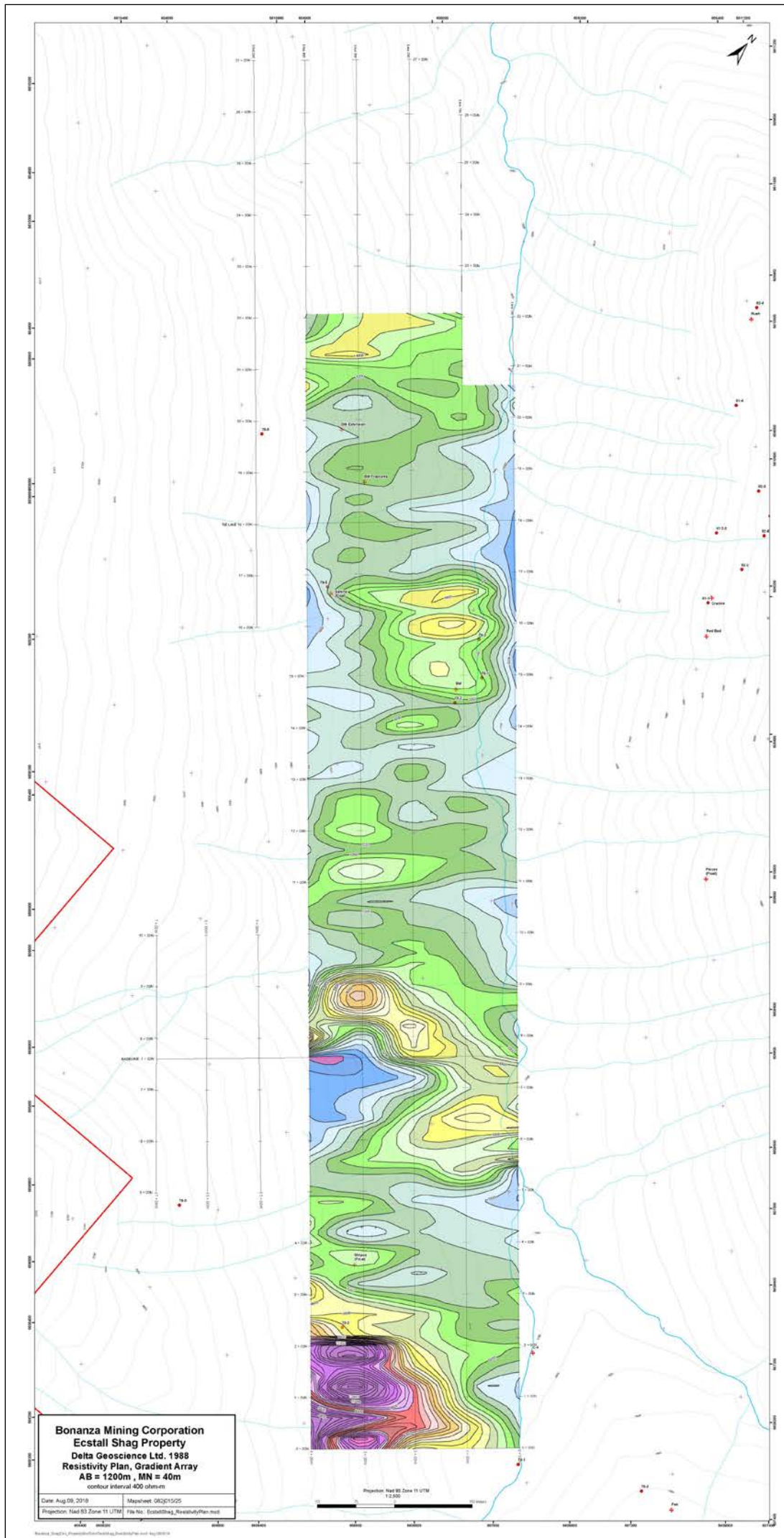


Figure 9-2 Resistivity Plan, Gradient Array

9.2 Soil Sampling Surveys

Three separate soil sampling surveys and two separate stream sediment sampling surveys have been conducted on the Shag property. The first survey was a regional stream sediment sampling program by Chris Graf for Riocanex in 1977, that lead to the initial discovery of zinc mineralization along the Shag Creek valley, and it was followed by a detailed soil sampling survey along the Shag Creek in 1978.

In 1978, Riocanex established a 6km long baseline along the Shag Creek valley, extending southeasterly from the mouth of the creek. A total of 550 soil samples were then collected at 50m intervals on northeast and southwest cross lines 100m apart.

Anomalous zinc values were established at 400 ppm zinc and the data suggested that most of the anomalous areas could be related to either C-4, BM, or Red Bed mineralized horizons, Figure 9-3.

Anomalous lead values were established at 75 ppm lead, and one prominent 300-meter-long lead anomaly centered at 1000S 6+00W was outlined and it has not been related to known mineralization, Figure 9-4.

In 1981, Esso conducted a heavy mineral steam sediment sampling program on the property.

In 1988 Ecstall Mining Corporation (Ecstall) hired line cutters who established a 10.9 line-km grid consisting of five northwest-southeast trending lines 2.2km long on both sides of Shag Creek along the lower slopes of the Shag valley, where an IP survey was subsequently conducted.

In 1990 Ecstall conducted a soil sampling survey on this cut grid, collecting 551 samples at 25m intervals along cross lines spaced 100m apart from the same general area as Riocanex's 1978 survey. As well, the exploration program included the addition of 1.5 line-km of blazed and flagged grid, stream sediment sampling and a limited VLF-EM survey.

A strongly pronounced zinc geochemical anomaly measuring 150m by 180m was located on lines 2+00W and 3+00W from 18+00N to 20+00N. Extremely anomalous values were returned from this area, most being in the 2000-4000 ppm zinc range. Prospecting revealed considerable hydrozincite staining and some sphalerite mineralization within this anomalous area.

The soil geochemical survey by Riocanex in 1978 also returned strongly anomalous zinc values in the same area. The geophysical IP data gathered in 1988 reveals that no significant resistivity/chargeability responses were found in this area, suggesting a chiefly nonconductive zone of mineralization may be the source of the zinc soil anomaly.

A number of less well-defined zinc anomalous areas were located because of this survey, the most pronounced of these being a 40m by 200m high in the order of 1000ppm zinc located across lines 1+00W, 2+00W and 3+00W at coordinate 2+00N. The VLF-EM survey did not extend far enough northward to cover these zinc anomalous areas.

In 1991, Teck Exploration Ltd. added a further 2.9 line-km of grid expansion to the northern and western boundaries of the 1990 grid where they conducted a soil sampling program to extend



the 1990 soil anomalies and collected 121 soil samples. Both the 1978 and the 1990 soil sampling programs outlined several large zinc anomalies on both sides of a 5km long section of the Shag valley. Some of these zinc anomalies also are anomalous in lead, however the lead anomalous areas are more restricted than the zinc anomalies.

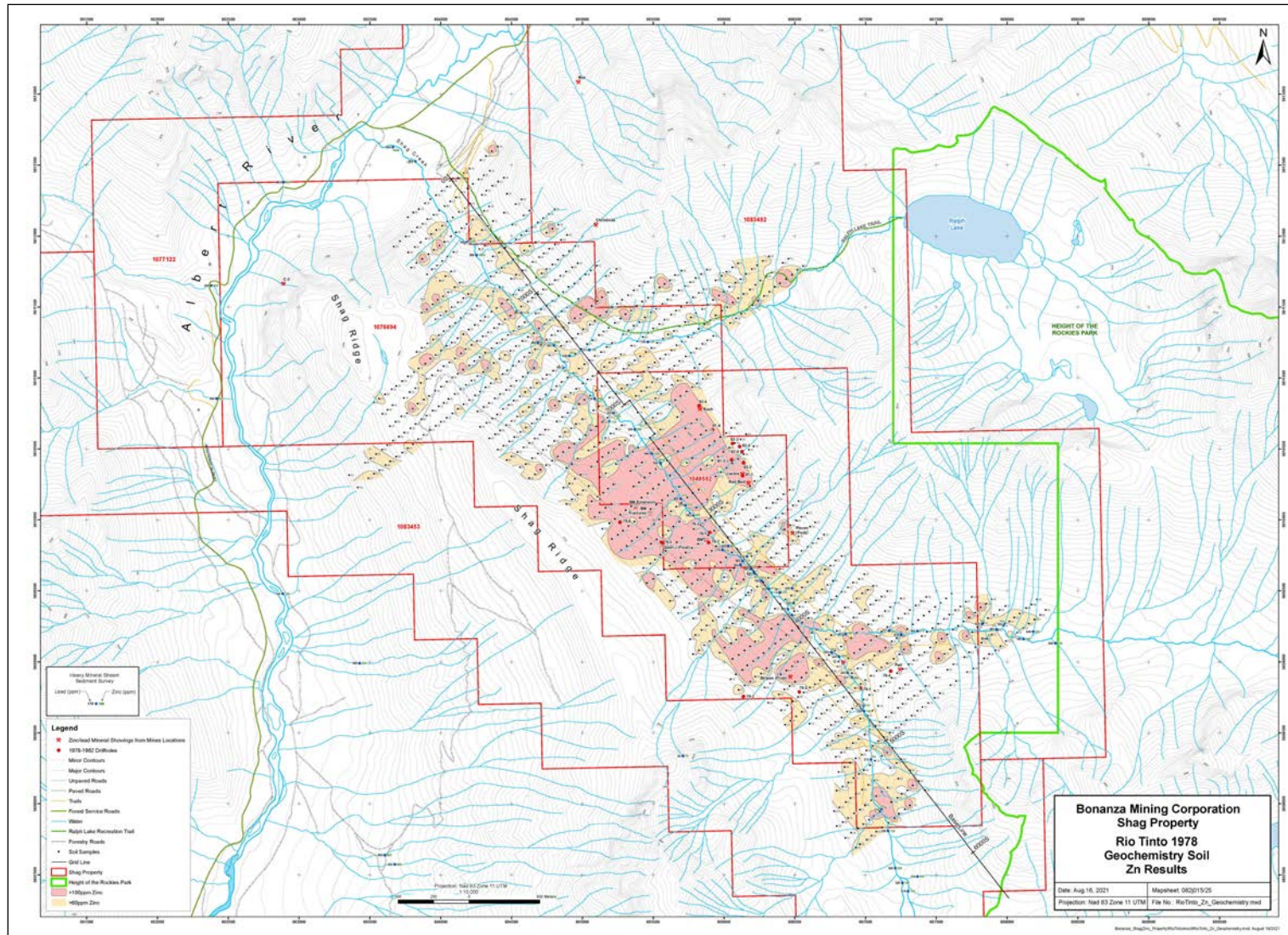


Figure 9-3 Shag Property Geochemistry, Zinc

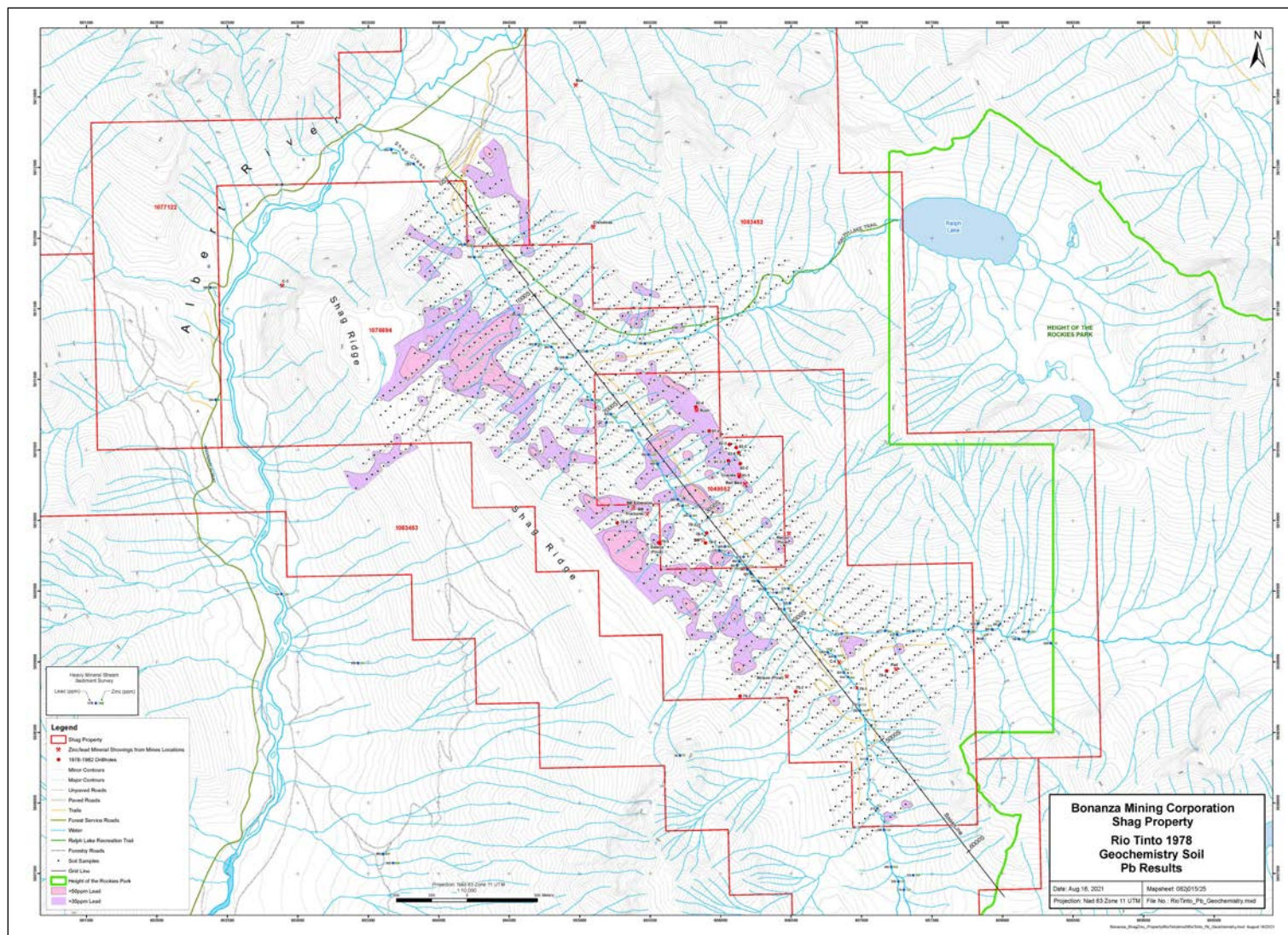


Figure 9-4 Shag Property Geochemistry, Lead

10 Drilling

Bonanza has not completed any drilling on the property to date.

Four separate, small diamond drilling programs have been conducted on the Shag property, two by Riocanex and two by Esso.

In 1978, Riocanex conducted a small drill program using a Hydrowink drill, that consisted of three short holes totaling 159.5m. These three drillholes 78-1, 78-2, and 78-3 were drilled around the BM showing.

Figure 10-1 shows the drilling on the property.

Drillhole 78-1 was 61m and intersected spotty intervals of sparsely disseminated replacement and fracture filling sphalerite mineralization in birdseye textured dolostone over a thickness of 15m (10m to 25m downhole). It was collared on the east side of Shag creek approximately 40m east of the main BM showing.

Drillhole 78-2 was 61.3m and intersected spotty intervals of sparsely disseminated and replacement sphalerite in birdseye textured dolostone over an interval of 5m (1m to 6m downhole). It was collared on the west side of Shag creek approximately 30m southeast of the main BM showing.

Drillhole 78-3 was 37.2m and intersected spotty intervals of sparsely disseminated and replacement sphalerite in birdseye textured dolostone over an interval of 15m (10m to 25m downhole). The bottom three meters of the drillhole intersected a separate deeper zone of birdseye textured dolostone and it is not clear why the hole was stopped pre-maturely when it was still in prospective rock. It was collared on the east side of Shag creek approximately 40m northwest of the main BM showing.

The consistent habit and stratigraphic setting of the sphalerite were clearly demonstrated in all intersections. An apparent increase in grade and thickness to the north (drillhole 78-3) was not considered significant.

The best intersection was in hole 78-1 which contained an assayed interval of 3.95% zinc over 0.5m. A selected sample of 20cm assayed 8.85% zinc represents the best grade.

In 1979, Riocanex conducted a second small diamond drill program again using a Hydrowink drill and cored six drillholes totaling 460.6 meters.

Drillholes 79-1, 79-2, 79-3 and 79-4 were designed to test the C-4 horizon mineralization. All four of these drill sites had an associated sphalerite showing and/or soil anomaly within 150m but only hole 79-4 intersected mineralization. The remaining three drillholes passed into the top of the Waterfowl dolostones but were not necessarily drilled deep enough to intersect the C-4 horizon stratigraphic contact, however they did not encounter any sulphide mineralization.



Drillhole 79-1 was located 150m southeast of the C-4 showing and drilled to a depth of 129.8m. It was collared in the un-prospective Sullivan formation limestones and only entered the Waterfowl formation at 112.8m. The hole was stopped a short distance above where the prospective C-4 horizon was projected.

Drillhole 79-2 was located 350m southwest of the C-4 showing and 150m southeast of the Stripe showing and drilled to a depth of 56m. It was collared in the overlying Sullivan formation limestones and entered the Waterfowl dolostones at 20m downhole where it intersected a 36m interval of birdseye textured, zebra textured and crackle and rubble brecciated dolostone, likely corresponding to the C-4 horizon. The drill core was not mineralized.

Drillhole 79-3 was located approximately 700m west of the C-4 showing and 350m west and upslope of the Stripes showing and was drilled to a depth of 89.2m. It was collared in the Sullivan limestones and entered the Waterfowl dolostones at 43.6m downhole with some white dolomite veins and open space fillings within occasional crackle brecciated zones, the drill core was not mineralized.

Drillhole 79-4 was drilled to a depth of 73.2m and located beside the Pad showing about 400m east of the C-4 showing. The hole was collared in Waterfowl dolostones and intersected a 51.7m interval of spotty sphalerite and galena mineralization. The mineralization generally does not exceed 1% zinc. A 2.8m interval at 11.4m assayed 1.22% zinc and a 0.3m interval at 19.5m assayed 4.6% zinc and 1.47% lead. The mineralization occurs in crackle-brecciated dolostone and in open space fillings and veinlets associated with white sparry dolomite. Some of the breccia zones are possibly collapse breccias.

Drillhole 79-5 was drilled to 74.8m and located beside the Galena float showing about 300m due west and upslope from the main BM showing. The hole was collared in Arctomys-Pika Formation limestones and entered the top of the prospective Eldon Formation dolostones at 56.6m exhibiting the same birdseye textured dolostone as the BM showing but no sulphide mineralization was found.

Drillhole 79-6 was only 36.3m deep and located approximately 600m west and upslope of the main BM showing and 200m west and upslope of the BM Extension and BM Fractures showings. The hole was collared in Arctomys-Pika limestones and entered the top of the Eldon Formation at 23.7m. A 10m interval of spotty sphalerite mineralization at the end of the hole was intersected. The mineralization was in birdseye textured and veined dolostones with one selected drill core sample assayed 10.7% zinc. The casing was left in the hole.

In 1981, Esso Minerals conducted a small diamond drilling program using a lightweight Hydro-Core 28 drill and cored four holes totaling 152 meters. The four drillholes 81-1 to 81-4 were designed to test the Red Bed horizon down dip to the east of the main Red Bed showing area.

Drillhole 81-1 was 35m long and collared approximately 30m east of the Red Bed showing. The hole intersected a sharp Waterfowl-Sullivan horizon contact where anticipated, but the contact itself contained no mineralization. Nine meters below the contact traces of sphalerite were visible in association with steep fractures in the Waterfowl formation dolostone. Both the Waterfowl and Sullivan formation strata contained at least 1 – 2% finely disseminated pyrite, mainly in thin dark argillaceous layers. The 10m interval of Waterfowl dolostone included



development of a moderate amount of pseudo-brecciation and steep fracturing. The last 0.5m of core contained the most sphalerite and the hole was stopped while still in prospective sphalerite bearing dolostone.

Drillhole 81-2 was a vertical hole 47.1m long and collared 150m northwest of hole 81-1, approximately 33m east of the anticipated downdip projection of the Red Bed mineralized horizon. The intersection of the Waterfowl-Sullivan Formation was expected at a depth of 25 to 30m. However, a transitional contact was encountered at between 10.2 and 12.1m beneath 3.7m of fractured and broken Sullivan Formation argillaceous limestone. The transition consists in part of a sheared, almost cataclastic section of dolostone before encountering typical, but mineralized Waterfowl dolostones. The sphalerite mineralization continues over a 15m interval below the contact and includes a 3.3m section that assayed 10.25% zinc and ~ 1oz/t silver within a thicker 10.7m interval that assayed 4.93% zinc.

The host dolostone is generally well brecciated and pseudo-brecciated, with coarser white dolomite infillings in breccia zones. The mineralization consists mainly of very finely disseminated, light colored sphalerite, although there is some coarser sphalerite and galena in association with fractures. The major mineralization in this intersection consists of both very fine, strataform, and larger fracture related sphalerite. Both however have characteristics that suggest they are related to early mineralization events. No sphalerite mineralization is found in any late fractures that typically have calcite associated with them instead of dolomite. A relatively high amount of finely disseminated pyrite (1-3%) in the overlying argillaceous limestone, as well as some pyrite in the contact dolostones in the hole, suggests a relationship between pyrite and lead-zinc mineralization.

The occurrence of the main mineralization horizon only 10 to 15m below the overburden has resulted in a mineralized section that is weathered and very rotten looking. Much of the sphalerite has been weathered out leaving open boxwork structures or fine sintery horizons, and some secondary zinc carbonate mineralization has been developed. The main mineralization seems to occur in two one meter or more argillaceous horizons containing very fine sphalerite, that are separated by, and contained within, sucrosic dolostones with much less, but coarser sphalerite that is related to fracturing. Below the mineralized section, the Waterfowl dolostone remains well brecciated and pseudo-brecciated, but is lighter colored, contains more and larger vugs, and has calcite instead of dolomite in much of the brecciation.

Drillhole 81-3 was 19.4m long and drilled from the same location as drillhole 81-2 but angled at 60 degrees to duplicate the mineralized intersection in that hole. However, extremely poor drilling conditions due to an intense fracturing subparallel to the drilling direction, forced the hole to be terminated prior to encountering the main mineralized horizon. This hole did intersect the Waterfowl- Sullivan formation contact where expected (in relation to hole 81-2) and contained some sphalerite in the Waterfowl dolostone at the contact.

Drillhole 81-4 was a vertical hole 50.2m long and collared approximately 200m northwest of holes 81-2/3. The hole passed through 10m of typical pyritic argillaceous limestone before encountering a small fault zone. The Waterfowl-Sullivan contact occurred 5 to 10m above the level at which it was expected. The dolostone encountered was medium grey, variably crystalline, but generally coarse and porous, strongly brecciated, pseudo-brecciated and

fractured, and contained minor argillaceous sections. Dolomite occurs as infillings in earlier breccias, but much of the brecciation is late and filled with calcite. Vugs and fractures containing large amber calcite crystals become increasingly common in the lower part of the hole. Only traces of sphalerite were found in this hole, and these occur just below the Sullivan-Waterfowl contact, and in association with some strongly brecciated sections of the dolostone.

Drillhole 82-1 was 55.8m long and collared approximately 60m from the Pieces float showing at the southern end of the Red Bed horizon. This hole intersected the Waterfowl-Sullivan formation contact at a depth of 33m, but no sphalerite or galena was visible at the contact. The dolostone just below the contact was variably crystalline, somewhat mottled and contains two very thin, pyritic argillaceous zones like those that appeared to localize the sphalerite mineralization along the main Red Bed horizon. Below the contact zone, the Waterfowl formation consists of a light colored, pseudo-brecciated dolostone that gradually grades into a coarser, white vuggy dolostone.

Drillhole 82-2 was 96.9m long and collared 56m from the main Red Bed mineralized showing. This hole intersected the Waterfowl-Sullivan contact at a depth of 46m and continued through 50m of Waterfowl formation strata. The upper 10m of Waterfowl dolostone contains minor sphalerite, including a 1.47m section, at 53.12m that assayed 10.15% zinc. The main mineralized zones consist of finely disseminated, red colored sphalerite together with a few coarser (0.5 to 2cm) recrystallized sphalerite grains. In places, the fine sphalerite appears to be oriented in bands paralleling the bedding direction. The host dolostone is medium to dark grey, fine to medium grained and contains several argillaceous bands. Below the mineralized strata, the Waterfowl dolostones are generally light colored, coarsely crystalline, mottled, or pseudo-brecciated and well fractured and brecciated.

Drillhole 82-3 was 75.6m long and collared between holes 81-2 and 81-4. The Waterfowl-Sullivan Formation contact was intercepted at a depth of 48m. Minor sphalerite mineralization was encountered throughout the upper 11m of Waterfowl dolostone. The best intersection at 51.7m assayed 3.07% zinc over 6.3m. Within this zone, sphalerite occurs as small (0.25 – 0.5mm) equant, reddish colored grains in 0.5 to 5cm thick bands that parallel bedding. A minor amount of sphalerite, together with traces of smithsonite, also occurs in association with fracturing. The host dolostone is medium to dark grey, finely crystalline, argillaceous and contains approximately 1% very finely disseminated pyrite. Below the mineralized section, the Waterfowl dolostone is light colored, variably crystalline, strongly pseudo-brecciated and somewhat brecciated. Traces of sphalerite, in association with fracturing, are found throughout the section of Waterfowl dolostone that was drilled.

Drillhole 82-4 was 26.8m long and collared approximately 38m beyond the Rush showing. This hole encountered difficult conditions within the overburden and was abandoned before encountering bedrock.

Drillholes 82-5 and 82-6 were 112.2m long and 90.8m long respectively and collared between holes 82-2 and 82-3, directly downdip from hole 81-2. These two drillholes are both located approximately 80 meters downdip from the outcropping Red Bed mineralized horizon, and right between the three previously drilled holes (81-2, 82-2 & 82-3) that contained significant lead-zinc mineralization. Both holes intersected the Waterfowl-Sullivan formation contact



approximately where anticipated, however, each encountered only traces of sphalerite within the sections of Waterfowl dolostones drilled. The upper few meters of Waterfowl dolostone in each hole drilled contain a few zones where visual estimates suggest a zinc content of approximately 0.1 to 0.5% over sections less than one meter. The Waterfowl dolostone in both holes progresses from a medium grey, fine grained, argillaceous dolostone, through a zone of lighter grey, variably crystalline, pseudo-brecciated dolostone, to a light grey to white, coarse grained, vuggy, and brecciated dolostone.

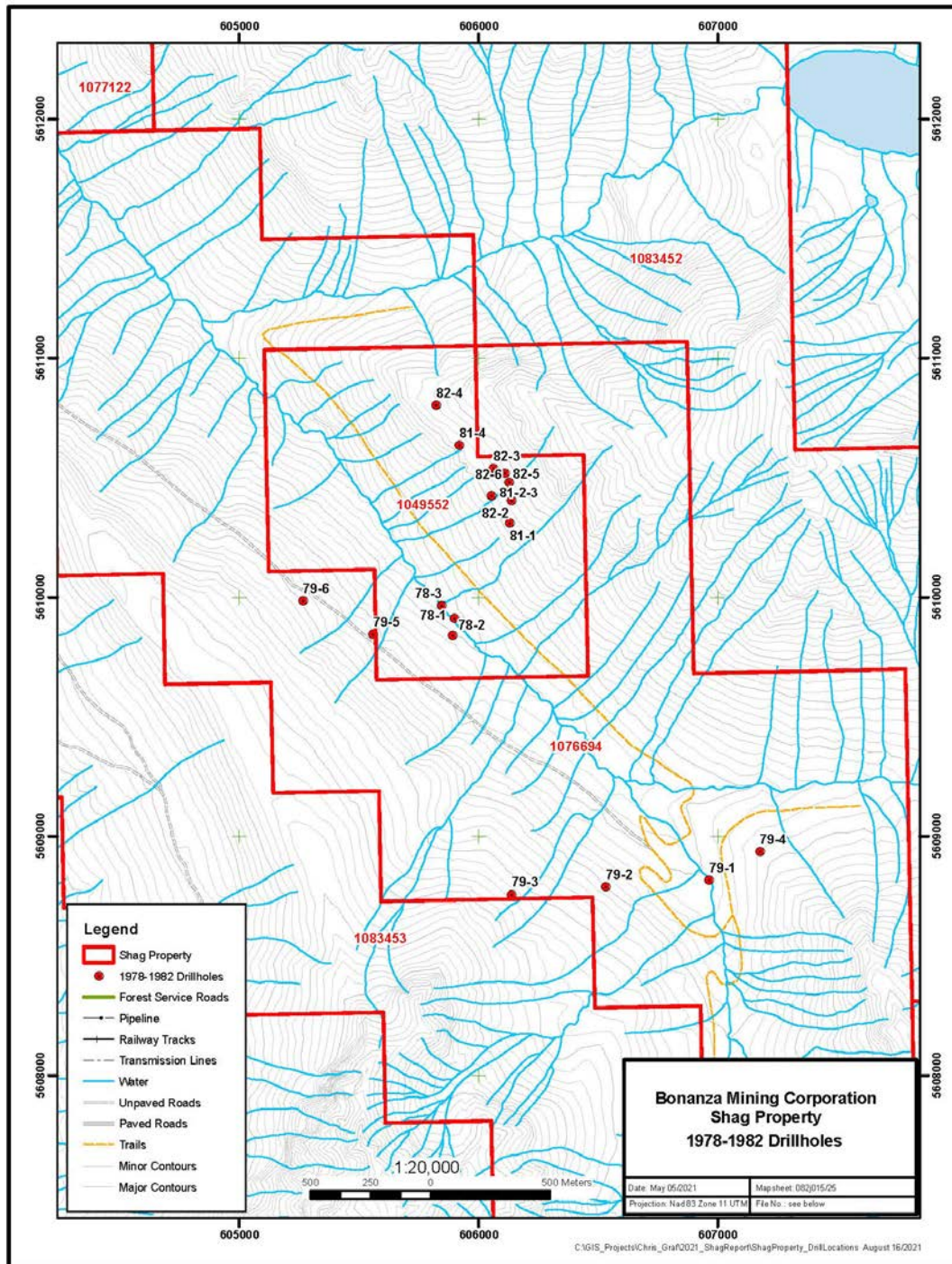


Figure 10-1 Shag Property, Drilling

11 Sample Preparation, Analyses and Security

Bonanza has not completed any exploration on the property to date.

Riocanex used their own laboratory for all their testing and there is no description of preparation or analyses of the samples.

Riocanex included a QA/QC program in their soil sampling program by including a standard and a blank sample with each set of fifty samples. It appears that three different standard samples were used. No reporting of results of the program are included in the assessment reports. The drill programs in 1978 or '79 do not appear to have included a QA/QC program.

Esso reports that their heavy mineral samples represent the size fraction between -20 mesh and +100 mesh. This fraction was subjected to flotation and analyzed. There are no details on the flotation medium or analyses.

Esso reports that their silt samples represent the -100-mesh fraction but there are no details on the analyses. All the heavy mineral and silt samples were tested by Min-En Laboratories Ltd. in North Vancouver.

Esso does not appear to have included a QA/QC program with their drilling or heavy mineral sampling programs.

Ecstall's rock and soil samples were tested by Eco-Tech Laboratories Ltd. in Kamloops, though no details on preparation or analyses are reported.

Ecstall's soil sampling program in 1990 does not appear to have included a QA/QC program.

Modern standards for sample preparation, analyses and security are lacking from the original work, but it is the authors opinion that the original results provide a good indication of the properties potential.

12 Data Verification

There is no record of data verification from previous work programs. The author reviewed the old assessment reports and is of the opinion that the original work was completed competently to the standards of the time and is acceptable.

13 Mineral Processing and Metallurgical Testing

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

14 Mineral Resource Estimates

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

15 Mineral Reserve Estimates

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

16 Mining Methods

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

17 Recovery Methods

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

18 Project Infrastructure

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.



19 Market Studies and Contracts

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

20 Environmental Studies, Permitting and Social or Community Impact

A Notice of Work has been approved for the recommended 2021 exploration program.

21 Capital and Operating Costs

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

22 Economic Analysis

The Shag Project is an early-stage exploration project; no metallurgical studies have been performed to date.

23 Adjacent Properties

There are no mineral properties adjacent to the Shag claims.

On a regional scale, there are two producing mines near the Shag project, the Bay Mag magnesite mine to the north and the Kootenay West gypsum mine to the southwest. From research and personal knowledge, there are numerous similar lead/zinc occurrences in the southern Rocky Mountains, including, the past producing Monarch Kicking Horse mine near Field, BC, and the Paint Pots and Hawk Creek occurrences in Kootenay National Park to the north. South of Shag, similar occurrences include Munroe Lake, Alpine, Boivin, and the Oldman River (Bears paw). The Fen claims cover a lead/zinc project at the head of Fenwick Creek, approximately 20km southwest of Shag.

Figure 23-1 shows the properties within proximity of the Shag Property.

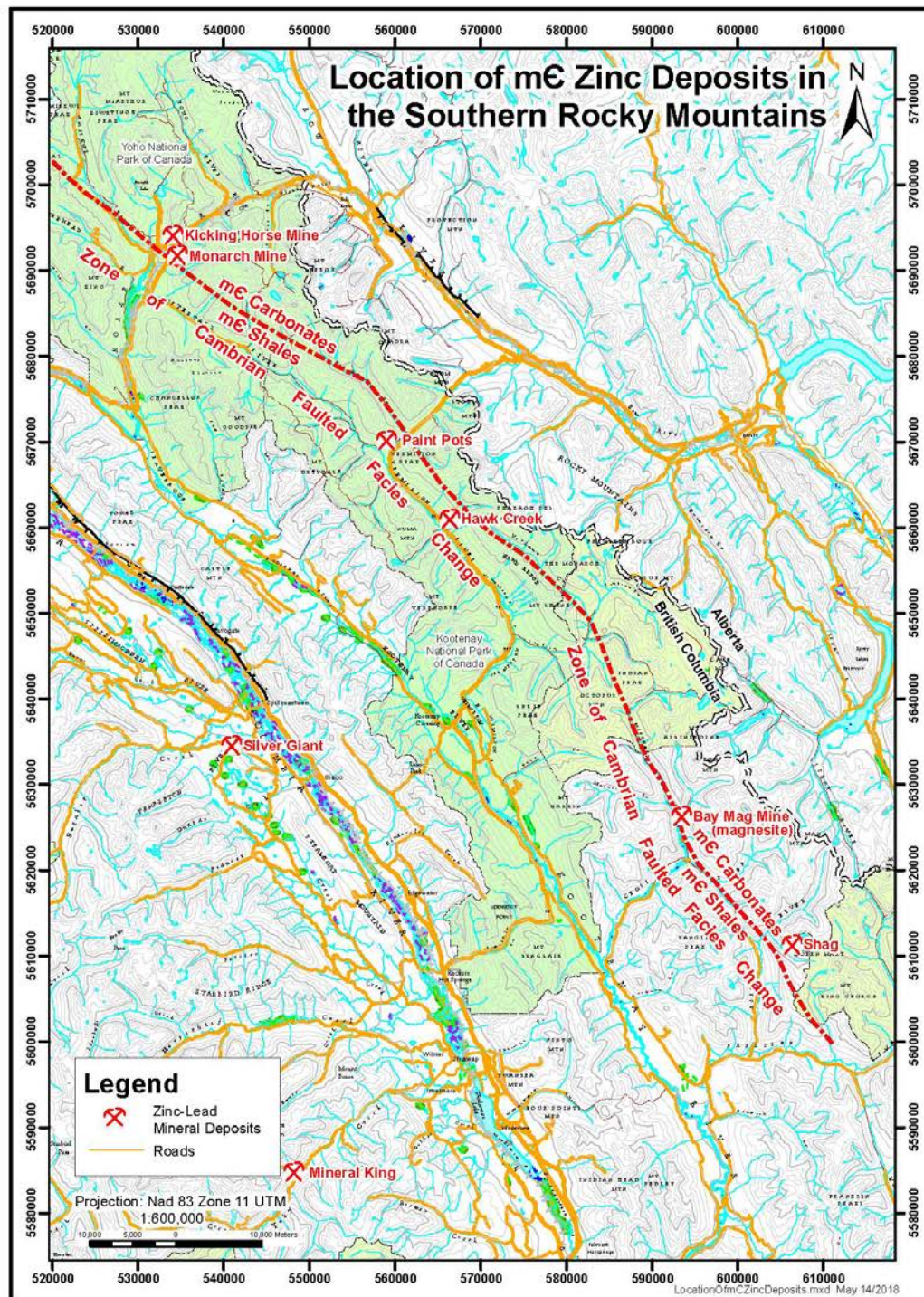


Figure 23-1 Properties Adjacent to Shag Property



24 Other Relevant Data and Information

All relevant information has been presented in this report; there is no additional relevant material to present.

25 Interpretation and Conclusions

The Shag Project is a mineral occurrence hosting zinc and lead metals that is worthy of further exploration. While the historic exploration is not to modern standards of laboratory work or QA/QC the author believes that the original results provide a good indication of the mineral potential of the area.

Mineral exploration in the Shag area was initiated in 1977 and has continued intermittently through to the present. During this period, the Shag property has been tested by nineteen drillholes, as well as various geophysical techniques and soil, stream, and rock sampling.

The Shag property lies within the Main Ranges of the southern Rocky Mountain Foreland Belt. This terrane is a thin-skinned thrust and fold belt that formed along a basal-detachment fault system initiated by eastward accretion of allochthonous terrane in the Jurassic to Early Tertiary.

This deformation exposed rocks of the Upper Proterozoic to Upper Jurassic miogeoclinal platform that formed on the western margin of the North American craton. Upper Proterozoic to Lower Cambrian rocks of the Windermere Supergroup formed during intra-continental rifting and were followed by Middle Cambrian platform-basin transition sequences that formed around a paleogeographic high known as the Kicking Horse Rim. This margin, which corresponds approximately to the projection of the Cathedral escarpment, and other escarpments, moved laterally during the early Paleozoic. A number of MVT, magnesite, and talc deposits are located spatially along this facies transition margin. West of these escarpments lies the Chancellor Group basinal sequence, and to the east a series of platformal carbonate rocks that host many MVT deposits, including Monarch, Kicking Horse, and Shag. This tectono-sedimentary environment remained until the Middle Jurassic during which carbonates of the Cathedral and equivalent formations, hosting the Monarch, Kicking Horse, and Shag deposits were deposited. Following this period, Middle Jurassic to Eocene Cordilleran orogenic tectonism deformed, imbricated, and transported these sequences northeastward.

Although stratigraphically higher than Monarch and Kicking Horse deposits, the Shag deposit is also located in platformal carbonate along the Kicking Horse Rim, just east of the transition to basinal shale and limestone of the Middle to Upper Cambrian Chancellor Formation, along the Eldon Escarpment. The majority of showings are in dolostone of the Eldon, and Waterfowl formations at or near the contact with overlying argillaceous limestone. The BM mineralized horizon occurs in a dolostone unit at the top of the Eldon Formation (unit C3 of Bending, 1979) and includes the BM, BM extension, BM Fracture, and Galena showings. The host dolostone is sucrosic, massive, white to light grey, and contains stylolites and burrows. The discontinuous mineralized lenses hosting sphalerite and are about 3m thick, extending up to about 90m along strike. The Red Bed mineralized horizon occurs in dolostone at the top of the Middle Cambrian Waterfowl Formation (unit C5 of Bending, 1979), just below the contact with the overlying argillaceous limestone of the Sullivan Formation (unit C6 of Bending, 1979). It includes the Red Bed, Christmas, Rush, Crackle, and Piece's showings. Stratigraphically below the strata hosting the Red Bed mineralization, another dolostone unit of the Waterfowl Formation, hosts the C-4, Stripes, and Pad showings. The dolostone host to the mineralization is white to light grey, sucrosic, massive, and vuggy. Mineralization consists of small pods (≤ 80 cm thick and 3m wide)



that are generally higher grade than the showings in the BM horizon. A third mineralized horizon in a thin limestone of the upper most Cathedral Formation (unit C2 of Bending, 1979) contains the C-3 showing, which occurs in a small dolomitic lens.

The Shag project area is prospective for carbonate-hosted lead/zinc deposits which have been shown to share many characteristics of Mississippi Valley-type deposits. To date features such as stratabound lenses, pods, and disseminated sulphide minerals locally accompanied by breccia-vein systems have been observed. The Shag mineral occurrences are hosted in dolostone located near a major facies' transitions between shallow-water carbonate platform and deeper basinal rocks along the ancient Paleozoic margin of the Canadian Cordillera. They are associated with fault and breccia structures located nearby or along the platform-basin facies transition. The location and geometry of these deposits reflect the interplay between structures, such as deep-seated faults located at platform-basin transition, and lithologies such as permeable and reactive stratigraphic units.

The existing soil and rock sampling and the geophysical fieldwork supports the idea that the property requires further testing. The property is in the early stages of exploration and is worthy of a comprehensive exploration program to determine its economic mineral potential. A preliminary exploration program is proposed that will extend the existing fieldwork to the north into the Albert River valley.

26 Recommendations

A preliminary program of IP work in the northern portions of the property, into the Albert River valley is proposed as a Phase 1 program along with prospecting, geological mapping, and sampling on the west side of Shag Ridge down to Shag Creek. The upper portions of Shag Creek, trending to the east should also be prospected. A seismic survey along the Albert River is also proposed.

Phase 2 work would extend the IP survey so the south along the Shag Creek valley and on the east slope of Shag Ridge. Seven drillholes are proposed for the east side of Shag Ridge to test the source of the zinc and lead Geochem anomalies. As well, a single deep drillhole is proposed above to Red Beds horizon to test the down-dip extensions of those showings.

Phase 2 work will be dependent on positive results from the Phase 1 work.

An estimate of the cost of the two phases of work is detailed in Table 26-1 below.

Table 26-1 Shag Claims Project 2021-2022 Mineral Exploration Cost Estimate

Estimate	Costs
Phase 1	
IP survey	\$125,000
Prospecting, mapping, sampling	\$25,000
Seismic survey	\$125,000
Total	\$275,000
Phase 2	
IP survey, Shag Creek and Shag Ridge east side	\$150,000
Diamond drilling	\$450,000
Total	\$600,000

Note: Although care has been taken in the preparation of these estimates, the authors do not guarantee that the above-described program can be completed for the estimated costs. Additional quotes and budgeting should be done when financing is in place prior to the start of the program, when quotes can be obtained for supplies and services.

27 References

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