

PW

007255 Men 1-3 claims

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE

92F/C

(A Venture Company)

STATEMENT OF MATERIAL FACTS (#95/90)

92F 119, 150, 554

EFFECTIVE DATE: AUGUST 29, 1990

PAN OCEANIC VENTURES INC. (formerly Gazelle Resources Limited)  
#1401 - 675 West Hastings Street, Vancouver, British Columbia, V6B 1N2, Telephone (604) 681-5720  
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

P.O. Box 10026, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3  
ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

PACIFIC CORPORATE SERVICES LIMITED, Suite 830, 625 Howe Street, Vancouver, B.C., V6C 3B8  
NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 1,000,000 SHARES

	Price to Public	Commission	Net Proceeds to Issuer*
Per Share:	\$0.25	\$0.01875	\$0.23125
Total:	\$250,000	\$18,750	\$231,250

\* Less costs of issue estimated to be \$18,000.

ADDITIONAL OFFERING

THE AGENTS HAVE AGREED TO PURCHASE (THE "GUARANTEE") ANY OF THE SHARES OFFERED HEREBY FOR WHICH SUBSCRIPTIONS HAVE NOT BEEN RECEIVED AT THE CONCLUSION OF THE OFFERING. ANY SHARES ACQUIRED BY THE AGENTS UNDER THE GUARANTEE WILL BE DISTRIBUTED UNDER THIS STATEMENT OF MATERIAL FACTS THROUGH THE FACILITIES OF THE VANCOUVER STOCK EXCHANGE AT THE MARKET PRICE AT THE TIME OF SALE.

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT. FURTHER CLARIFICATION, IF REQUIRED, MAY BE SOUGHT FROM A BROKER.

AGENTS

YORKTON CONTINENTAL SECURITIES INC.  
Suite 1000, Four Bentall Centre  
1055 Dunsmuir Street  
P.O. Box 49333  
Vancouver, British Columbia  
V7X 1L4

GEORGIA PACIFIC SECURITIES CORPORATION  
16th Floor, Two Bentall Centre  
555 Burrard Street  
Vancouver, British Columbia  
V7X 1S6

NEITHER THE SUPERINTENDENT OF BROKERS NOR THE VANCOUVER STOCK EXCHANGE HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

(772)

Sept-10/90

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Proceeds derived, if any, from the exercise of the Agent's Warrants will be added to working capital.

None of the proceeds from the Offering will be used for the acquisition, exploration or development of any properties without obtaining (if required under the rules or regulations of the Exchange) the prior consent of the Exchange and filing, where necessary, engineering reports acceptable to the Exchange.

### 3. MATERIAL NATURAL RESOURCE PROPERTIES

#### SUMMARY OF MATERIAL MINING PROPERTIES

- Group I** Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II** Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III** Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date	Shares Issued to Date	Planned Expenditure From Funds Available Upon Completion of the Offering
I	Men Claims, Alberni Mining Division, B.C.	Acquisition: \$5,000 Exploration: \$1,255	Nil --	\$ 60,000 --
II	Nil	--	--	--
III	Nil	--	--	--

**GROUP I - Properties for which regulatory approval has been obtained under this Statement of Material Facts.**

**Men Claims,  
Alberni Mining Division,  
British Columbia**

By agreement dated June 1, 1989 and amended June 15 and July 31, 1990, the Issuer acquired an option to earn a 100% interest in the Men mineral claims, located in the Alberni Mining Division, British Columbia (the "Property") from Area Explorations Ltd. ("Area"), of 2886 6th Avenue, Port Alberni, British Columbia. A description of the claims is as follows:

Claim Name	Record No.	Expiry Date
Men #1	3132	February 25, 1991
Men #2	4055	March 25, 1991
Men #3	4056	March 25, 1991

To exercise its option in full, the Issuer must make cash payments in the amount of \$160,000, issue 200,000 fully

paid and non-assessable shares, freely marketable through the facilities of the Vancouver Stock Exchange, and spend \$500,000 in exploration and development work on the Property, as follows:

- (a) Pay \$5,000 cash upon execution of the agreement (paid);
- (b) Pay \$20,000 and issue 50,000 shares on the earlier of 10 business days after completion of the financing pursuant to this Statement of Material Facts or September 30, 1990 at the latest;
- (c) Pay \$10,000 and issue a further 50,000 shares on or before October 31, 1990;
- (d) Pay \$20,000 and issue a further 50,000 shares on or before March 31, 1991;
- (e) Pay \$60,000 and issue a further 50,000 shares on or before November 30, 1991;
- (f) Pay \$45,000 on or before November 30, 1992;
- (g) Spend \$60,000 on a stage I exploration and development work program on the Property on or before October 31, 1990;
- (h) Spend \$75,000 on a stage II exploration and development work program on the Property on or before March 15, 1991;
- (i) Spend \$150,000 on a stage III exploration and development work program on the Property on or before October 15, 1991; and
- (j) Spend \$215,000 on a stage IV exploration and development work program on the Property on or before October 15, 1992;

Area is a non-reporting British Columbia company currently at arm's length with the Issuer. It should be noted that Robert Paterson, a director of the Issuer, was a director of Area from April 23, 1987 to September 15, 1987, which was prior to his becoming a director of the Issuer.

The Issuer will earn a 49% undivided interest in the Property upon completion of the obligations set out in items (a) through (e) and (g) through (i) above. In the event the balance of the option is not exercised, the Property will be developed on a joint venture basis by all parties holding an interest in it.

If Area continues to hold an interest in the Property after November 30, 1996 and the Property has not yet been placed in production, the interest of the Issuer in the Property, other than any royalty interest it may have earned, will revert back to Area.

Area has retained a net smelter return royalty on proceeds received from the Property. The royalty equals 3 1/2% until net profits equal pre-production and mine financing costs, after which it increases to 5%.

The Property covers the southern flank of Mount Porter, which is located along the northern shore of Sproat Lake approximately 30 kilometres west of Port Alberni on Vancouver Island. Topography is moderate to rugged, with outcrop exposure being excellent throughout the Property. Provincial highway #4 runs along the shore of Sproat Lake through the southern part of the Property with a network of old logging roads climbing northward from Highway #4 and providing good access to the eastern and western portions of the Property. Helicopter service based in Port Alberni provides access to the more inaccessible parts of the Property.

The ground currently covered by the existing claims and surrounding area has been the focus of sporadic exploration work since the early 1900's. Geological mapping, geochemistry, geophysics and diamond drilling have all taken place around several copper showings in the Sproat Lake area, including several on the Property. Interest in the



area has been renewed since the early 1980's when gold discoveries were made on adjoining properties. The best drill intersections reported from a diamond drilling program conducted in the early 1980's were 8.4 meters averaging 0.52% Cu and another intersection grading up to 24.1 grams per tonne Au.

The Sproat Lake district lies within the Insular Tectonic Belt of the Canadian Cordillera. Thick northwesterly trending sequences of Upper Triassic Karmutsen Formation oceanic basalts have been intruded by dioritic batholiths of the Lower Jurassic Island Intrusions, with attendant low-grade regional metamorphism.

Locally, the Karmutsen Formation is overlain by erosional remnants of Upper Triassic Quatsino Formation crystalline limestone and Lower Jurassic Bonanza Group volcanic flows and pyroclastics.

Lower Jurassic Island Intrusion batholiths are generally moderately-grained quartz diorites to granodiorites and may be cogenetic with the Bonanza volcanics. The Island Intrusions exhibit both intrusive and fault contacts with the older Karmutsen Formation basalts, and one of these batholiths extends a few kilometres north of the Property.

A number of important gold occurrences are found in the area surrounding the Property. All are quartz-sulphide veins hosted by Karmutsen volcanics near intrusive contacts with the Island Intrusions, which suggests a genetical relationship between gold mineralization and intrusive emplacement. Gold occurs with heavy pyrite and pyrrhotite, and with lesser galena, sphalerite and chalcopyrite mineralization. A quartz stockwork hosted by carbonate-altered Karmutsen volcanics has recently been discovered approximately 1300 meters north of the Property, and massive pyrites containing lesser chalcopyrite within the quartz stockwork assays up to 17.1 grams per tonne Au with 0.34% Cu and 0.23% As.

The Property itself is almost entirely underlain by Karmutsen Formation volcanics. The Karmutsen Formation has been categorized into four lithologies, including massive basaltic flows, amygdaloidal and porphyritic pillow basalts, a thick unit of basaltic matrix-supported agglomerate and a chert bed mineralized with pyrite and chalcopyrite along fractures and in quartz stringers.

The Property is cut by numerous northerly and northwesterly trending faults which offset lithologies and may be related to mineralization, as indicated by the recent discovery of three narrow gold-bearing quartz-sulphide veins on the Property.

To date, limited exploration work has been conducted over the Property. Results, however, indicate that a two phase exploration program is recommended, with the second phase being contingent upon the results obtained during the first phase. The first phase program consists of geological mapping and prospecting over the entire Property, using an orthophoto for topographical control. Special attention should be paid to the Men #1 claim, which hosts the three recently discovered gold showings and the northwesterly trending faults. Also recommended is geochemical sampling and trenching along one already exposed shear zone. The total estimated cost of Phase I is \$60,000.

The second phase will consist of further trenching and diamond drilling of the best mineralized zones, at an estimated cost of \$40,000.

A more detailed description of the Property and recommended work program is contained in the report on the Property by Equity Engineering Ltd. dated September, 1989, a copy of which is attached to and forms part of this Statement of Material Facts.

**THERE IS NO SURFACE OR UNDERGROUND PLANT OR EQUIPMENT ON THE PROPERTY. THE PROPERTY IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.**

**GROUP II - Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.**

None

**GROUP III - Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.**

None

#### **4. PARTICULARS OF NON-RESOURCE ASSETS**

The Issuer does not engage in, nor does it propose to engage in, a business other than the exploration and development of natural resource properties.

#### **5. CORPORATE INFORMATION**

The Issuer was incorporated under the laws of the Province of British Columbia on April 15, 1983 as Gazelle Resources Limited. A special resolution changing its name to Pan Oceanic Ventures Inc. was passed on July 17, 1989, and will become effective upon acceptance for filing of this Statement of Material Facts.

The authorized capital of the Issuer consists of 100,000,000 common shares without par value, of which 7,608,600 shares are issued as fully paid and non-assessable. It is anticipated that 8,953,395 shares will be issued and outstanding after completion of the Offering and the issuance of shares in settlement of outstanding indebtedness as provided for in Item 9 herein, exclusive of any shares which may be issued upon exercise of the Agent's Warrants or the incentive stock options. There are no conversion rights, subscription rights or any special rights or restrictions attached to any of the shares of the Issuer, all of which rank equally with one another as to voting rights and any other benefits which may accrue to the holder thereof.

A cease trading order against the Issuer was issued under the Securities Act on February 23, 1988 for failure to file financial statements. The Issuer is now current in its filings and anticipates rescission of the order upon completion of the Offering pursuant to this Statement of Material Facts.

#### **6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES**

**EVAN SLEEMAN\***

250 West 10th Avenue

Vancouver, B.C.

V5Y 1S1

PRESIDENT, CHIEF EXECUTIVE OFFICER,

DIRECTOR AND PROMOTER

Number of Shares held in the Issuer: Nil free-trading, 1,000,000 escrow\*\*

Mr. Sleeman was self-employed as a prospector from 1979 to 1987, since which time he has been employed as a director of Nevada Star Resources Corp. Mr. Sleeman is also a director of Kali Venture Corp and Ironhorse Resources Corp., both of which are Vancouver Stock Exchange listed companies.

**SUMMARY REPORT  
ON THE  
MEN #1-3 CLAIMS**

**Located in the Sproat Lake area of Vancouver Island  
Alberni Mining Division  
NTS 92F/6  
49° 18' North Latitude  
125° 14' West Longitude**

**-prepared for-  
GAZELLE RESOURCES LIMITED**

**-prepared by-  
Henry J. Awmack, P.Eng.**

**September, 1989**

## SUMMARY REPORT ON THE MEN #1-3 CLAIMS

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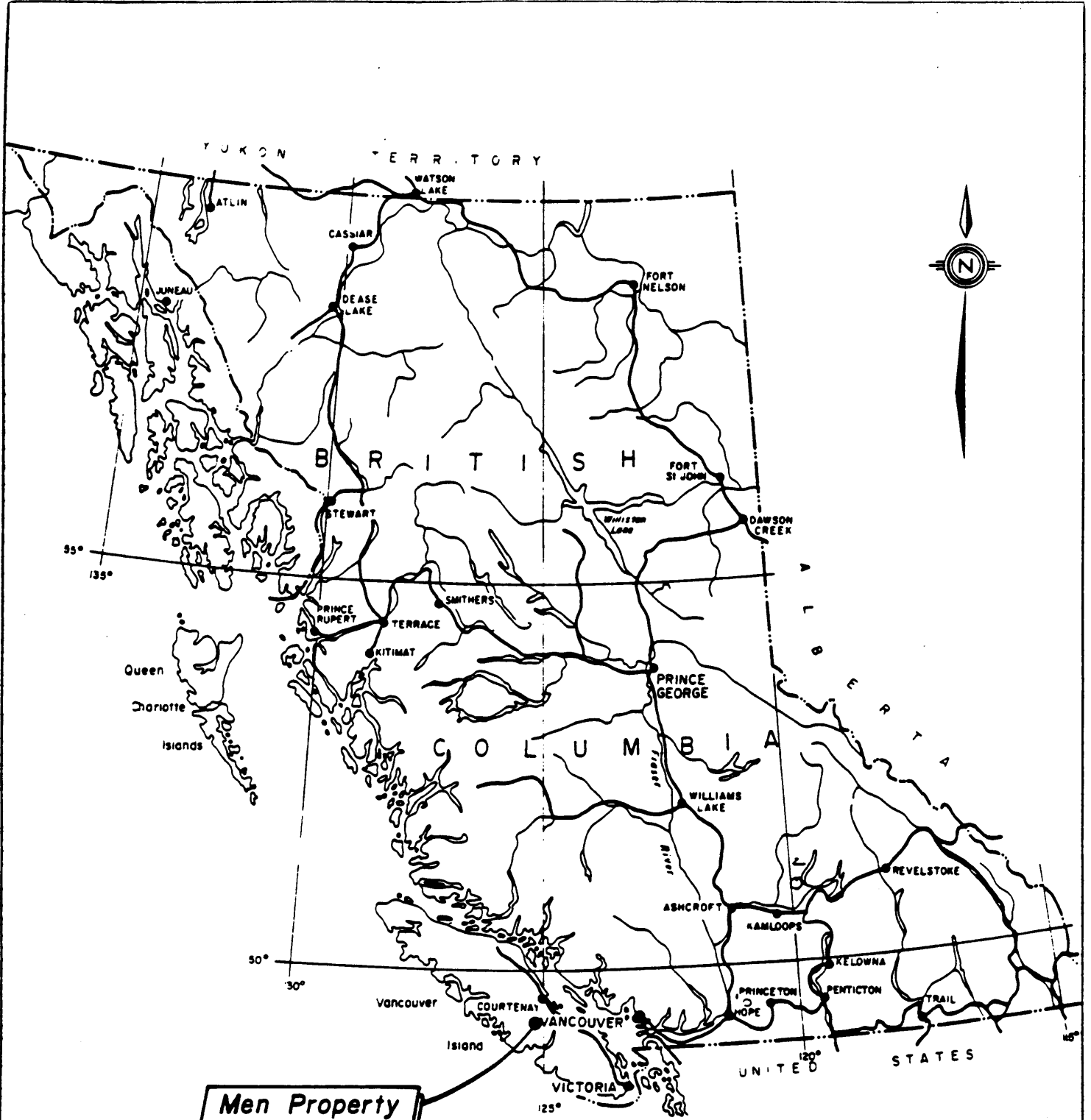
## 1.0 INTRODUCTION

The Men #1-3 claims were staked in 1987 and 1988 to cover several narrow gold-bearing quartz-sulphide veins discovered by prospecting above the west end of Sproat Lake, approximately thirty kilometers west of Port Alberni on western Vancouver Island (Figure 1). The Men property adjoins to the east of the Morning-Apex group of crown-granted mineral claims which contains several steeply-dipping auriferous quartz-sulphide veins. These have been explored extensively since 1899. Renewed exploration in the Kennedy River gold camp approximately 15 kilometers southwest of the Men property, and the recent discovery of several gold showings in the Sproat Lake - Taylor River area have revived interest in the precious metal potential of the district.

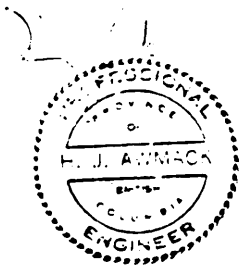
At the request of the directors of Gazelle Resources Limited, the writer has reviewed all available data and prepared a compilation report on which to base further exploration. The writer examined the property for Snowmount Resources Ltd. in 1988 and the majority of this report has been abridged from a previous report prepared by the author for Snowmount.

## 2.0 LIST OF CLAIMS

Records of the British Columbia Ministry of Energy, Mines and Petroleum Resources indicate that the following claims (Figure 2) are owned by Area Explorations Ltd. Separate documents indicate that the claims are under option to Gazelle Resources Limited.



**Men Property**



<b>GAZELLE RESOURCES LIMITED</b>			
<b>Men Project</b>			
<b>PROPERTY LOCATION MAP</b>			
<b>EQUITY ENGINEERING LTD.</b>			
DRAWN J.J.E.	PROJECT SMR88-01	DATE Sept., 1989	FIG. I.

<u>Claim Name</u>	<u>Record Number</u>	<u>No. of Units</u>	<u>Record Date</u>	<u>Expiry Year</u>
Men #1	3132	9 (Mod. Grid)	Feb. 25, 1987	1990
Men #2	3532	18 (Mod. Grid)	Mar. 14, 1988	1990
Men #3	3533	<u>18 (Mod. Grid)</u>	Mar. 14, 1988	1990

45

The Men #1 claim overlaps the Morning-Apex group of crown-granted mineral claims to the west. The Men #2 and Men #3 claims overlap the pre-existing Sweet, Pea and DA claims. The net area corresponding to the Men property is approximately 39 units, covering 975 hectares (2410 acres).

The locations of the legal corner posts for the Men #1, Sweet and Pea claims have been verified by the author.

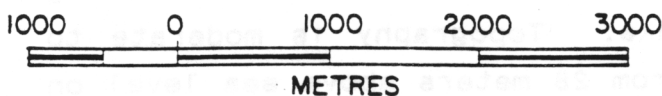
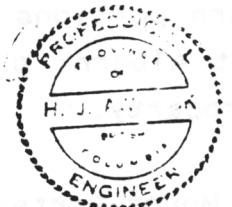
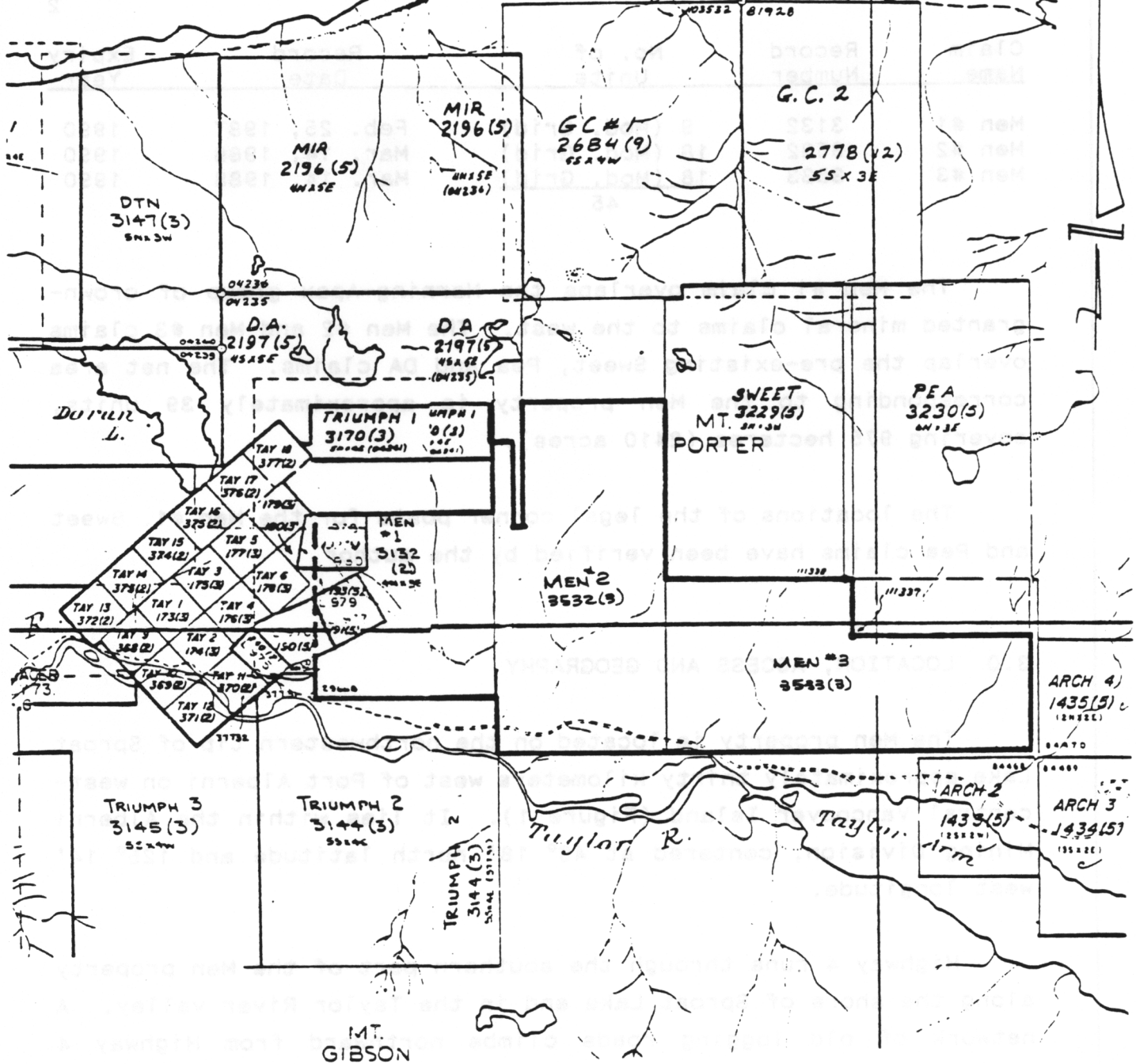
### 3.0 LOCATION, ACCESS AND GEOGRAPHY

The Men property is located on the northwestern tip of Sproat Lake approximately thirty kilometers west of Port Alberni on west-central Vancouver Island (Figure 1). It lies within the Alberni Mining Division, centered at 49° 18' north latitude and 125° 14' west longitude.

Highway 4 runs through the southern part of the Men property along the shore of Sproat Lake and in the Taylor River valley. A network of old logging roads climbs northward from Highway 4 providing good access to the eastern and western portions of the claim group. Helicopter service based in Port Alberni provides access to the more inaccessible parts of the property.

The Men claims cover the southern flank of Mount Porter along the northern shore of Sproat Lake. Topography is moderate to rugged with elevations ranging from 28 meters above sea level on

FLOODING RESERVE  
 300' CONTOUR MIN. & PLNGER  
 M.S. 2817, 6 DEC. 75  
 NO STAKING



<b>GAZELLE RESOURCES LIMITED</b>			
<b>Men Property</b>			
ALBERNI MINING DIVISION N.T.S. 92F/3W, F/6			
EQUITY ENGINEERING LTD.			
DRAWN J.J.E.	PROJECT SMR88-01	DATE Sept., 1989	FIGURE 2



Sproat Lake to over 1200 meters near the summit of Mount Porter. Outcrop exposure is excellent throughout.

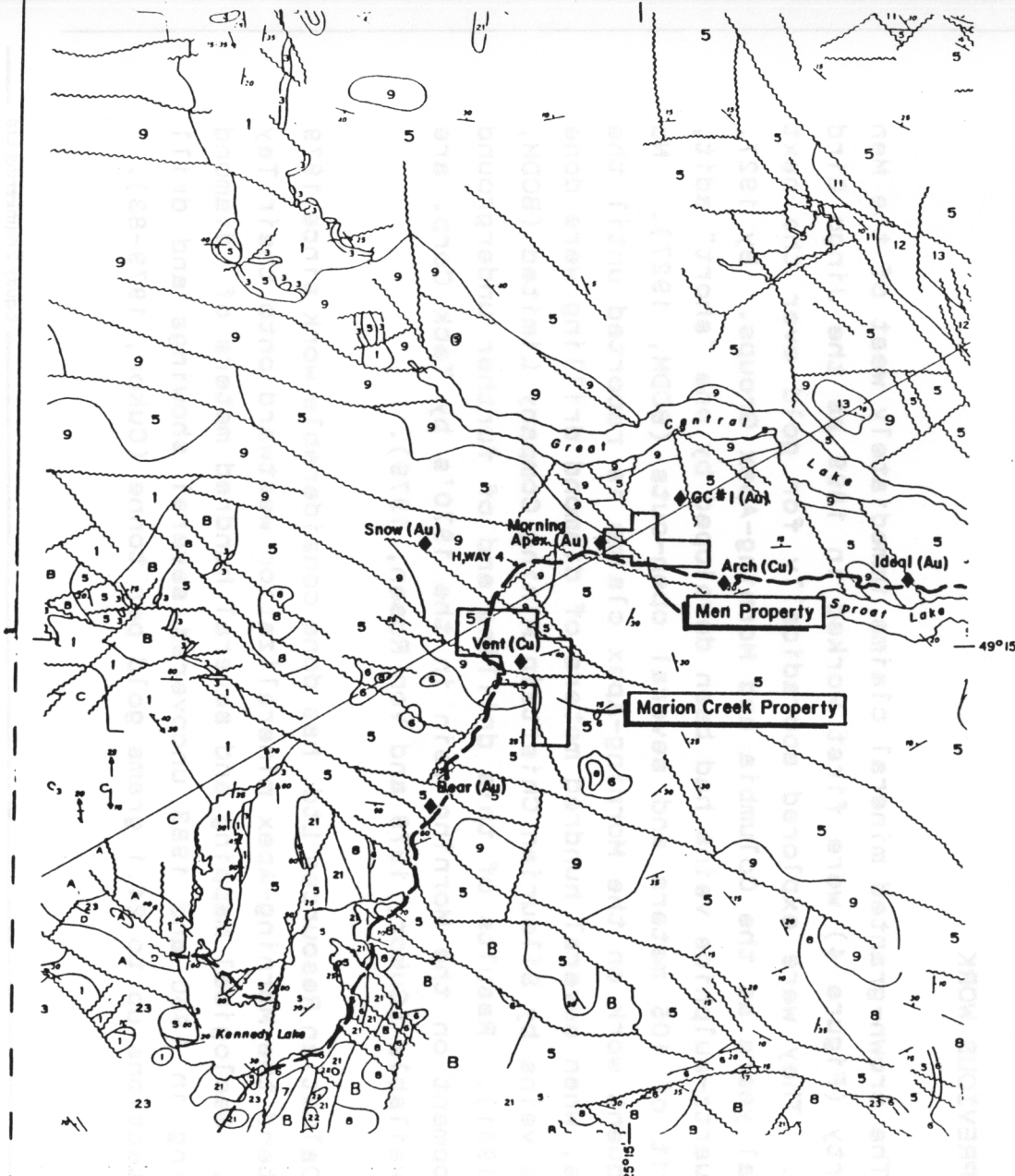
Mature forest covers most of the property with hemlock, red cedar, fir and a moderate undergrowth of salal, huckleberry and salmonberry. Lower elevations were logged more than twenty years ago and are covered by dense second-growth timber.

The Sproat Lake area receives approximately 500 centimeters of precipitation annually in a moderate climate, with cool temperatures year-round. Heavy snowfalls occur at higher elevations.

#### 4.0 PREVIOUS WORK

The crown-granted mineral claims immediately west of the Men property (Figure 4) were first worked in 1899 as the Jingo Bird Group. They were explored sporadically for gold over the next several years as the Columbia and Morning-Apex Groups. By 1927, two quartz-sulphide veins had been developed by one "short" adit, an adit of 105 meters and several open-cuts (BCDM, 1927). No subsequent work on the Morning-Apex claims is reported until the 1960's, when several hundred meters of diamond drilling were done on the veins by Silurian Chieftain Mining Company Limited (BCDM, 1960-1961). Results of this drilling and of further underground development on the Morning vein in the 1970's by Teck Corp. are not available (Cukor, 1979 and Von Rosen, 1979).

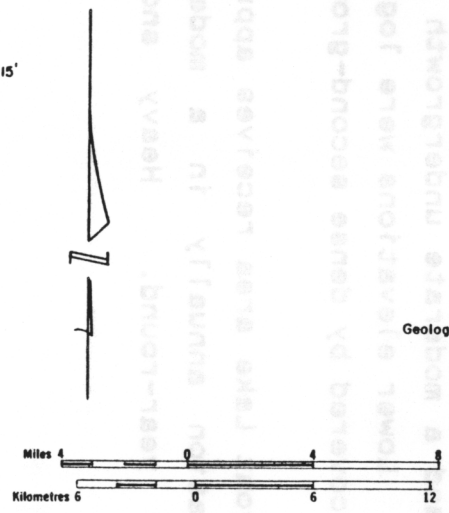
Dalmatian Resources Ltd. has done considerable work since 1979 to extend the Morning-Apex mineralization westward onto their Tay group. Geological mapping and several hundred meters of diamond drilling in 1980 and 1983 uncovered several showings and drill intersections up to 24.1 grams gold per tonne (Cukor, 1979-83).



LEGEND

- 'WESTCOAST CRYSTALLINE COMPLEX' (A-D)  
'BASIC ROCKS'
- D Gabbro, peridotite
- 'TOFINO INLET PLUTON'
- C Hornblende-biotite quartz diorite, granodiorite
- 'WESTCOAST DIORITES'
- B Hybrid hornblende diorite, quartz diorite, gneissite; includes masses of hornfelsic volcanic rocks
- 'WESTCOAST GNEISS COMPLEX'
- A Hornblende-plagioclase gneiss, amphibolite, hornfels
- Geological boundary (approximate) .....  
 Bedding (inclined, vertical, overturned) .....  
 Schistosity, foliation (inclined) .....  
 Schistosity, foliation and minor fold axes (inclined, vertical, arrow indicates plunge) .....  
 Lineation (axes of minor folds) .....  
 Fault (approximate); lineament .....
- Mineral Occurrence ..... ◆

- QUATERNARY  
PLEISTOCENE AND RECENT
- 23 Glacial and alluvial deposits
- TERTIARY
- 22 Rhyolite, to dacite tuff, breccia, ignimbrite
  - 21 Hornblende quartz diorite, leuc quartz monzonite, porphyritic dacite, breccia
- UPPER CRETACEOUS
- 13 EXTENSION-PROTECTION FORMATION: sandstone, conglomerate, shale, coal
  - 12 HASLAM FORMATION: shale, siltstone, fine sandstone
  - 11 COMOX FORMATION: sandstone, conglomerate, shale, coal: 11a to BENSON MEMBER: mainly coarse conglomerate
- JURASSIC  
MIDDLE TO UPPER JURASSIC
- 9 ISLAND INTRUSIONS: biotite-hornblende granodiorite, quartz diorite
- TRIASSIC AND JURASSIC  
LOWER JURASSIC(?)
- VANCOUVER GROUP (5-8)
  - BONANZA SUBGROUP (7, 8)
  - 8 VOLCANIC DIVISION: andesite to latitic breccia, tuff and lava; minor greywacke, argillite and siltstone
- UPPER TRIASSIC
- 6 QUATSDO FORMATION: limestone, mainly massive to thick bedded, minor thin bedded limestone
- UPPER TRIASSIC AND OLDER
- 5 KARMUTSEN FORMATION: pillow-basalt and pillow-breccia, massive basalt flows; minor tuff, volcanic breccia, Jasperoid tuff, breccia and conglomerate at base
- TRIASSIC OR PERMIAN
- 4 Gabbro, peridotite, diabase
- PENNSYLVANIAN, PERMIAN AND OLDER  
LOWER PERMIAN  
SICKER GROUP (1-3)
- 3 BUTTE LAKE FORMATION: limestone, chert
- PENNSYLVANIAN AND OLDER
- 1 Volcanic breccia, tuff, argillite; greenstone, greenochist; dykes and sills of andesite-porphyr



Geology after Muller & Carson (1969)



<b>GAZELLE RESOURCES LIMITED</b>			
<b>REGIONAL GEOLOGY</b>			
ALBERNI MINING DIVISION N.T.S. 92F/3W, F/6			
<b>EQUITY ENGINEERING LTD.</b>			
DRAWN J.J.E.	PROJECT SMR88-01	DATE Sept., 1989	FIGURE 3

Several copper showings in the Sproat Lake - Kennedy River area were explored in the 1960's and 1970's by geological mapping, geochemistry, geophysics and diamond drilling. One of these, the Arch showing, lies 200 meters south of the eastern boundary of the Men #3 claim. Several X-ray diamond drill holes were apparently drilled before 1972, but no reliable information is available for them. Soil geochemistry and geological mapping in 1972 (Singhai, 1972) were followed by 200 meters of diamond drilling (Sookochoff, 1974). The best drill intersection reported from this program was 8.4 meters averaging 0.52% Cu (Verley, 1983). The property was remapped and sampled by Lear Oil and Gas Corporation in 1983 (Verley, 1983), before lapsing once more.

Since the early 1980's, interest in the Sproat Lake area has been renewed by gold discoveries on the Ideal, G.C. #1 and Snow properties, by the extension of the Morning-Apex mineralization westward onto the Tay property and by the re-evaluation of several former producers and gold prospects clustered around the Bear property in the Kennedy River camp (Figure 3).

Limited geological mapping and prospecting were carried out over the Men #1 claim in early 1988, leading to the discovery of three gold-bearing quartz-pyrite veins (Sayer, 1988). Later that year, some hand trenching was completed on the Men property to fulfil assessment work requirements, but no samples were submitted for assay (Paterson, pers. com.). These trench locations have not been examined by the author, but apparently did not test any of the known mineral occurrences.

## 5.0 REGIONAL GEOLOGY

The Sproat Lake district lies within the Insular Tectonic Belt of the Canadian Cordillera. Thick northwesterly trending sequences

of Upper Triassic Karmutsen Formation oceanic basalts have been intruded by dioritic batholiths of the Lower Jurassic Island Intrusions, with attendant low-grade regional metamorphism (Figure 3).

The Karmutsen Formation consists of up to 6,000 meters of basaltic pillow lavas, pillow breccias, lava flows and basaltic pyroclastics with some intervolcanic sediments (Unit 5). Locally, the Karmutsen Formation is overlain by erosional remnants of Upper Triassic Quatsino Formation crystalline limestone (Unit 6) and Lower Jurassic Bonanza Group volcanic flows and pyroclastics (Unit 8).

Lower Jurassic Island Intrusion batholiths (Unit 9) are generally moderately-grained quartz diorites to granodiorites and may be cogenetic with the Bonanza volcanics (Muller, 1977). In the Sproat Lake - Kennedy River area, the Island Intrusions exhibit both intrusive and fault contacts with the older Karmutsen Formation basalts (Muller and Carson, 1968). One of these batholiths extends along the southern shore of Great Central Lake a few kilometers north of the Men property.

The Karmutsen basalts are relatively flat-lying, occupying large open folds which trend northwesterly. All rock units are disrupted and offset by numerous northwesterly and northeasterly faults of unmeasured displacement.

The Sproat Lake - Kennedy River area hosts a number of important gold occurrences (Figure 3). All are quartz-sulphide veins hosted by Karmutsen volcanics near intrusive contacts with the Island Intrusions. This suggests a genetical relationship between gold mineralization and intrusive emplacement. The Apex-Morning property, which adjoins the Men property to the west, has several parallel quartz veins which trend northeasterly and dip

steeply to the northwest. These structures may be conjugate shears related to the northwesterly trending Doran Lake Fault (Figure 4). Gold occurs with heavy pyrite and pyrrhotite, and with lesser galena, sphalerite and chalcopyrite mineralization. The Morning Vein varies from 0.3 to 1.8 meters in width with a reported average grade of 10 grams gold per tonne (BCDM, 1932). It has been explored underground along seventy-five meters of strike length. A second vein occurs nearby:

"About 200 feet west of the [Morning] tunnel another vein similar in every way has been opened up by an open-cut and short tunnel. Good gold values are reported in the heavy sulphides in this vein" (BCDM, 1932).

The Apex Vein, located approximately 800 meters north of the Morning Vein and parallel to it, has reported grades averaging 5.0 grams gold per tonne across 1.95 meters in surface trenches, and 3.9 grams gold per tonne across a true width of 2.4 meters in drill core (Von Rosen, 1979).

A quartz stockwork hosted by carbonate-altered Karmutsen volcanics has recently been discovered on the GC #1 claim approximately 1300 meters north of the Men #2 claim. Massive pyrite containing lesser chalcopyrite within the quartz stockwork assays up to 17.1 grams gold per tonne with 0.34% Cu and 0.23% As (Bilquist, 1987).

The Arch copper showings, located 200 meters south of the eastern boundary of the Men #3 claim, occur in two forms within the Karmutsen Formation volcanics. Chalcopyrite and bornite occur with quartz and calcite in the interstices between pillows in the areally restricted Zone A. Verley (1983) reports a grab sample grading 9.6% Cu with no significant gold or silver. Fractures and quartz stringers within a "chert" bed, which may in fact be intensely silicified argillite, contain pyrite and chalcopyrite in Zones B and C. Again, no significant gold or silver is reported

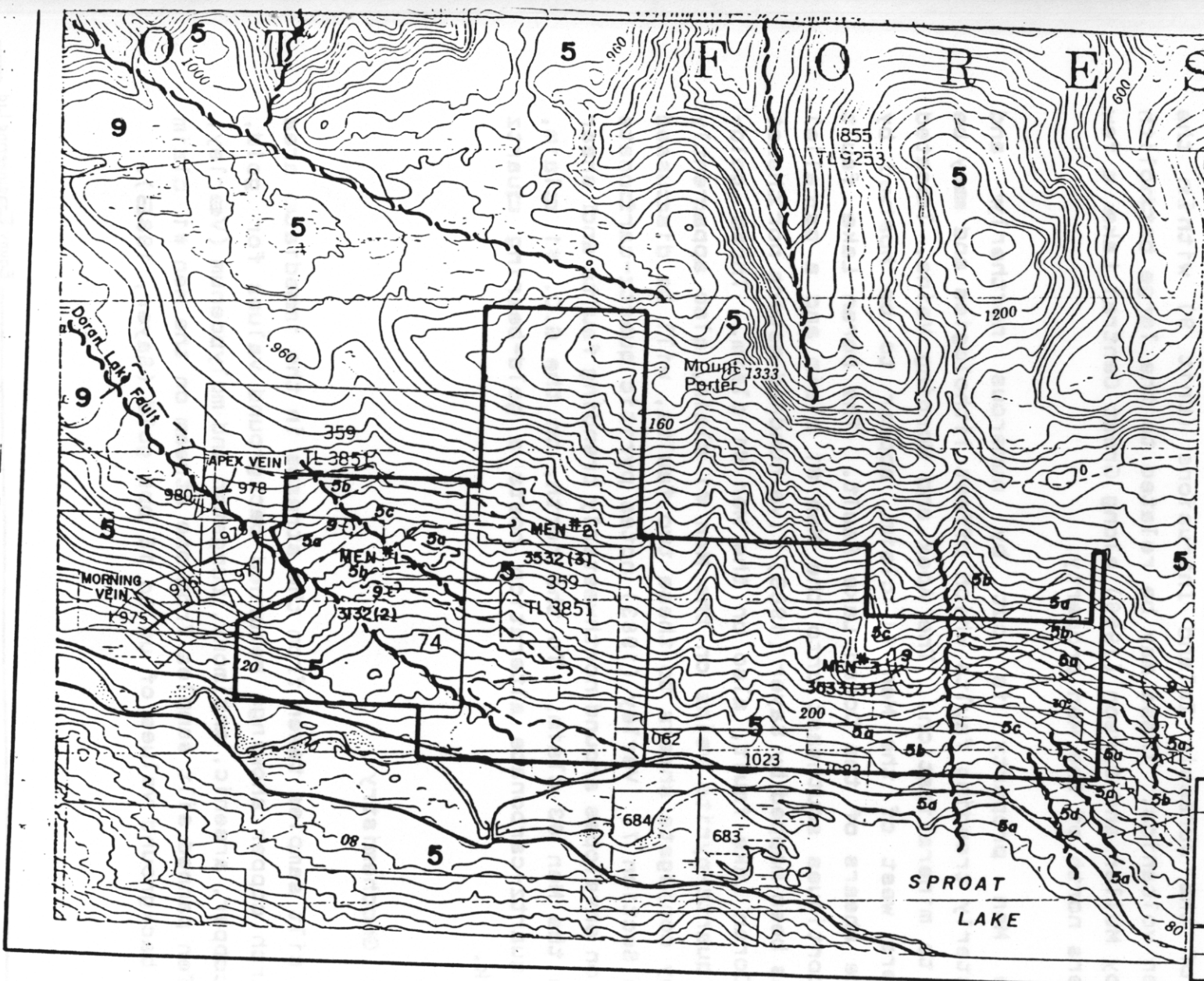
with copper mineralization which assays up to 1.34% Cu across 1.1 meters (Verley, 1983).

## 6.0 PROPERTY GEOLOGY AND GEOCHEMISTRY

### 6.1 Geology

Geological mapping over portions of the Men property (Figure 4) has been conducted by Sayer (1988) in the west and Verley (1983) to the southeast. Reconnaissance mapping by Caulfield and Awmack (1989) confirms Verley's work on the northern portion of the Men #3 claim. Regional mapping has been conducted at a scale of 1:250,000 by Muller and Carson (1969) and Muller (1977).

The Men property is almost entirely underlain by Karmutsen Formation volcanics (Unit 5). Verley (1983) subdivided the Karmutsen into four lithologies on the eastern part of the Men claims. Dark green, aphanitic, massive basaltic flows (Unit 5a) average one meter in thickness and form sequences roughly 150 meters thick, capped by thin lenses of intervolcanic limestone and siltstone which strike northeasterly and dip 14 - 41° to the northwest. Green, amygdaloidal and porphyritic pillow basalts (Unit 5b) form sequences in excess of 200 meters in thickness which pinch out laterally into massive flows. A thick unit of basaltic matrix-supported agglomerate (Unit 5c) is sandwiched between two pillow basalt/massive volcanic packages on the eastern part of the Men #3 claim. A chert bed (Unit 5d) from one to twelve meters in thickness, mineralized with pyrite and chalcopyrite along fractures and in quartz stringers, hosts the B and C zones of the Arch copper showing 200 meters south of the Men #3 claim. This "chert" may be an intensely silicified intervolcanic argillite bed (Verley, 1983). Units corresponding closely to Verley's massive flows, pillow basalts and basaltic pyroclastics have been described by Sayer



**LEGEND**

**JURASSIC**

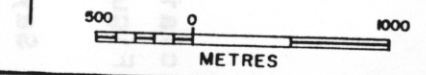
9 Island Intrusions: granodiorite, quartz diorite

**UPPER TRIASSIC**

- 5 Karmutsen Formation (undifferentiated)
- 5a Massive Basalt Flows
- 5b Pillow Basalt
- 5c Basalt Pyroclastics
- 5d Chert

- FAULT
- CONTACT (Inferred, Defined)
- VEIN
- 30° BEDDING

Geology after Varley (1983), Sayer (1988) and Muller & Carson (1989)



<b>GAZELLE RESOURCES LIMITED</b>			
<b>MEN Property</b>			
<b>GEOLOGY</b>			
ALBERNI MINING DIVISION N.T.S. 92F/3W, F/6			
<b>EQUITY ENGINEERING LTD.</b>			
DWN. BY J.J.E.	PROJECT SMR88-01	DATE Sept, 1989	FIGURE 4



(1988) on the Men #1 claim, and can probably be traced across the entire Men property (Figure 4).

Both Verley and Sayer mapped dioritic dikes and irregular masses of the Jurassic Island Intrusions (Unit 9) within the Karmutsen volcanics. These may be related to the large batholith mapped by Muller and Carson (1969) along Great Central Lake a few kilometers north of the Men property.

The Men property is cut by numerous northerly and northwesterly trending faults which offset lithologies and may be related to mineralization. The Apex and Morning Veins, located 400 meters west of the Men #1 claim, appear to be hosted by conjugate shears of the Doran Lake Fault. The Doran Lake fault itself continues southeast onto the Men #1 claim and a parallel fault has been mapped by Sayer (1988) five hundred meters northeast of the Doran Lake fault, also on the Men #1 claim. Three gold-bearing quartz-pyrite veins on the Men #1 claim, also apparently hosted by conjugate shears to these two faults, will be discussed below in Section 7. Verley (1983) notes pyritic quartz-carbonate alteration envelopes around northwesterly trending faults and shear zones on the Men #3 claim. To the north, on the G.C. #1 claim, similar quartz-carbonate alteration hosts a gold-bearing quartz stockwork.

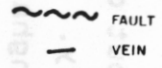
## 6.2 Geochemistry

Six silt samples taken from the streams in the immediate area of the Arch copper showings returned background values for gold, silver, copper, arsenic, antimony, tungsten and molybdenum (Verley, 1983). Ten panned silt samples from one stream on the Men #1 claim returned background values of up to 15 ppb gold (Sayer, 1988).



SAMPLE NUMBER	Au (g/t)	Width (m)	REFERENCE
AB-15104	17.1	Grab	Bilquist, 1986
Showing 2	7.7	Grab	Cukor, 1979
6301	4.67	0.10	Sayer, 1988
6302	2.02	0.30	" "
6303	4.32	0.10	" "
Apex Vein	5.04	1.95	Rosan, 1979
Morning Vein	11.66	Grab	BCDM, 1927
172014	4.32	0.50	Awmack, 1988
172015	6.75	Grab	" "
172016	5.97	Grab	" "
Arch - A Zone	9.6%Cu	Grab	Verley, 1983
- B Zone	0.33%Cu	Grab	" "
- C Zone	1.34%Cu	1.1	" "

**LEGEND**



**GAZELLE RESOURCES LIMITED**

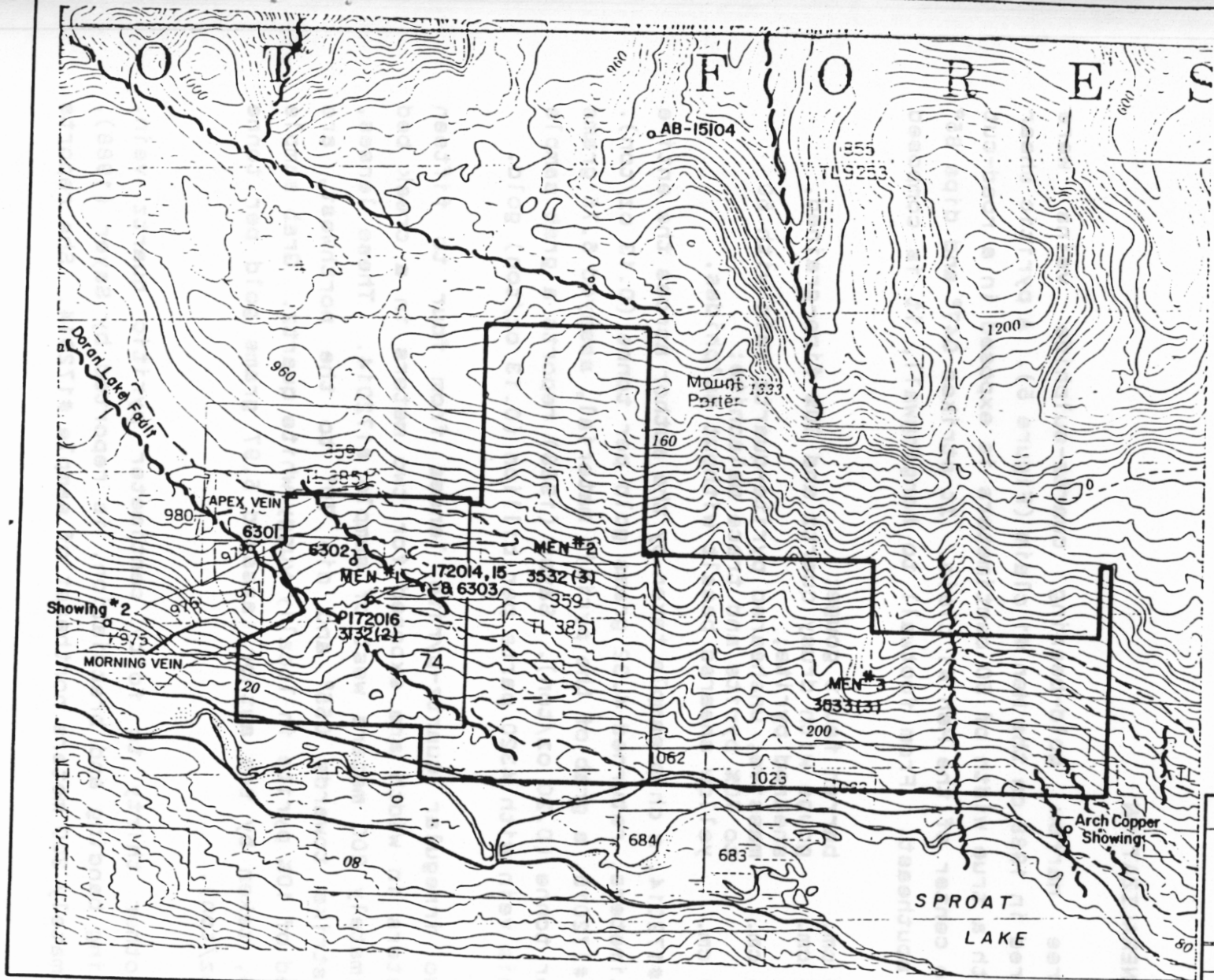
**MEN Property**

**GEOCHEMISTRY**

ALBERNI MINING DIVISION  
NT.S. 92F/3W, F/6

**EQUITY ENGINEERING LTD.**

OWN BY J.J.E.	PROJECT SMR88-01	DATE Sept., 1989	FIGURE 5
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A soil geochemical survey was carried out over the Arch copper showings in 1972, with copper analysis only. Results were quite erratic, with values up to 4750 ppm Cu (Singhai, 1972).

## 7.0 MINERALIZATION

Three narrow gold-bearing quartz-sulphide veins were discovered in 1988 on the Men #1 claim (Figure 5). A pyritic shear zone with a true width of 50 centimeters is exposed in a road-cut near the center of the Men #1 claim. It strikes  $047^\circ$  and dips  $85^\circ$  to the southeast. From footwall to hangingwall, it is composed of:

- 10 cm. barren fault gouge;
- 15 cm. gouge with drusy quartz and 30% fine-grained, sheared pyrite;
- 15 cm. massive, unsheared pyrite-quartz vein with 50 to 70% pyrite and trace malachite;
- 10 cm. yellow sheared basalt without sulphides.

Sample #172014, a chip sample taken by the author across the entire 50 centimeters, returned 4.32 grams gold per tonne (0.13 oz/ton). Sample #172015, a grab of the pyritic material, assayed 6.75 grams gold per tonne (0.20 oz/ton). Sayer (1988) reports a grab sample from this vein with 4320 parts per billion (0.13 oz/ton) gold.

Two irregular quartz-pyrite lenses from four to fifteen centimeters in width are exposed for two meters in a creek bed approximately 200 meters west of sample #172014. These lenses, which strike towards  $055^\circ$  and dip  $70^\circ$  to the northwest, are composed of 10% pyrite in locally vuggy white quartz. Grab sample #172016, taken by the author, assayed 5.97 grams gold per tonne (0.17 oz/ton).

Another thirty to forty centimeter pyritic quartz vein, exhibiting banding and brecciation, is reported by Sayer (1988), approximately 300 meters northeast of sample #172014. She reports

a grab sample containing 2020 parts per billion (0.06 oz/ton) gold from this vein.

## 8.0 DISCUSSION

Three auriferous pyrite-quartz veins have been discovered on the Men property during the course of limited prospecting and geological mapping. Their northeasterly trend, steep dip and style of mineralization are similar to those of the Apex and Morning veins located immediately to the west of the Men property. All of these veins appear to be hosted by conjugate shears related to two major northwesterly trending faults which cross the Men #1 claim. The limited amount of prospecting carried out to date on the Men property indicates that similar mineralized shear zones, possibly of the significance of the Apex or Morning veins, remain to be discovered.

Quartz-carbonate alteration around northwesterly trending faults has been noted on the eastern part of the Men claim group by Verley (1983). A pyritic quartz stockwork hosted within similar alteration contains up to 17.1 grams gold per tonne on the G. C. #1 claim, 1300 meters north of the Men #2 claim. Again, no exploration for gold has been directed at these quartz-carbonate alteration zones on the Men property.

To date, only very limited geochemical sampling has been conducted over the Men property. Sayer (1988) and Bilquist (1987) note the correlation between high gold, copper and arsenic values in mineralized rock samples, and these may prove valuable geochemical pathfinder elements in the search for precious metals. Soil sampling results are expected to be erratic, due to local glacial till cover.

## 9.0 RECOMMENDATIONS

### 9.1 Program

A two phase exploration program is recommended for the Men property. Advancement to the second phase will proceed only if warranted by favorable results from Phase I.

#### 9.1.1 Phase I

Geological mapping and prospecting should be done over the entire property, using an orthophoto for topographical control. Special attention should be paid to the Men #1 claim, where the three newly-discovered gold showings are located and to quartz-carbonate alteration zones around northwesterly trending faults.

Heavy mineral samples should be taken from each major drainage at about 150 meters elevation and silt samples should be taken from all side drainages and smaller creeks. All samples should be analysed geochemically for gold and 32-element ICP, with special attention paid to anomalous gold, silver, copper and arsenic values.

Soil geochemistry should be conducted over an area of 1000 meters by 1200 meters on the Men #1 claim. Soil lines 100 meters apart should be run perpendicular to a cut 1000-meter baseline trending northeasterly, with samples taken every 25 meters. This orientation cuts across the strike of all known veins and lithology. Samples should be analysed geochemically for gold, silver, arsenic and copper.

The gold-bearing shear zone exposed in the road cut on Men #1 should be traced by trenching along strike to determine its width and grade potential. Other significant veins discovered during the

course of the Phase I exploration program should be trenched as well.

### 9.1.2. Phase II

Contingent upon favorable results from the first phase, the second phase of exploration will consist of further trenching and diamond drilling of the best mineralized zones.

## 9.2 Budget

### 9.2.1 Phase I

#### WAGES

Project Geologist		
20 days ● \$350/day	\$	7,000
Prospector		
20 days ● \$250/day		5,000
Samplers		
2 ● 20 days ● \$175/day		<u>7,000</u>
	\$	19,000

#### CHEMICAL ANALYSES

Pan Concentrate Stream Sediment		
8 ● \$17.75	\$	142
Silt		
40 ● \$14.75		590
Soil		
560 ● \$19.00		10,640
Rock Geochemical		
140 ● \$17.50		2,450
Assay		
25 ● \$20.00		<u>500</u>
		14,322

#### ORTHOPHOTO

2,500

#### MATERIALS AND SUPPLIES

Geochemical Supplies	100
Explosives	500
Expendables	<u>250</u>
	850

**SUPPORT**

Communications	100
Room and Board	
80 mandays @ \$50/day	4,000
Helicopter and Travel	2,500
Truck Rental	
20 days @ \$60/day	1,200
Automotive	500
Freight	<u>300</u>

8,600

**REPORT PREPARATION**5,000

\$ 50,272

**CONTINGENCY @ 10%**5,027

\$ 55,299

**MANAGEMENT FEE**

15% on expenses only

4,691

\$ 59,990

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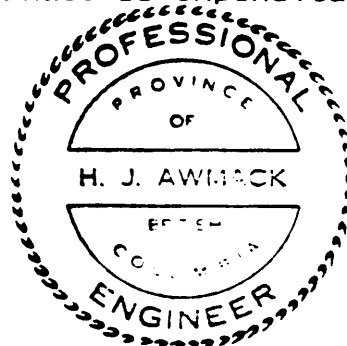
The recommended Phase I exploration program will cost approximately \$60,000 to implement.

**9.2.2 Phase II**

The second phase budget will depend upon the results of the Phase I exploration program. However, an additional \$40,000 should be made available to cover Phase II expenditures.

Respectfully submitted,  
EQUITY ENGINEERING LTD.

  
Henry J. Awmack, P.Eng.



Vancouver, British Columbia  
September, 1989

APPENDIX A

BIBLIOGRAPHY

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APPENDIX B

CERTIFICATES OF ANALYSIS



# Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers  
111 BROOKSBANK AVE., NORTH VANCOUVER,  
BRITISH COLUMBIA, CANADA V7J-1C1  
PHONE (604) 984-8221

To: EQUITY ENGINEERING LTD.

406 - 675 W. HASTINGS ST.  
VANCOUVER, BC  
V6B 1N2

Project:

Comments: CC: SNOW MOUNTAIN RESOURCES

Page No. : 1  
Tot. Pages: 1  
Date : 7-MAR-88  
Invoice # : I-8811930  
P.O. # : SR88-01

## CERTIFICATE OF ANALYSIS A8811930

SAMPLE DESCRIPTION	PREP CODE	Cu %	Mb %	Pb %	Zn %	Ag g/tonne	Au g/tonne				
172014	207	---	-----	-----	-----	11.5	4.32				
172015	207	---	-----	-----	-----	15.0	6.75				
172016	207	---	-----	-----	-----	1.5	5.97				

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION : *W. Stan Paganini*

APPENDIX C

ENGINEER'S CERTIFICATE

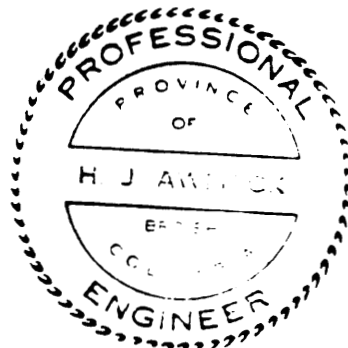
ENGINEER'S CERTIFICATE

I, HENRY J. AWMACK, of 12-1346 Nelson Street, Vancouver, in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Consulting Geological Engineer with offices at Suite 207, 675 West Hastings Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of British Columbia with an honors degree in Geological Engineering.
3. THAT I am a member in good standing of the Association of Professional Engineers of British Columbia.
4. THAT this report is based on property examinations in May 1987 and February 1988, on government publications and on assessment reports filed with the Province of British Columbia.
5. THAT I have no interest, nor do I expect to acquire any interest in the property or securities of Gazelle Resources Limited or any of its affiliates.
6. THAT I consent to the use by Gazelle Resources Limited of this report in a Prospectus, Statement of Material Facts or any other such document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

DATED at Vancouver, British Columbia, this 15<sup>th</sup> day of September, 1989.

  
Henry J. Awmack, P.Eng.



**CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

DATED: AUGUST 27, 1990

*(signed)* EVAN SLEEMAN

Chief Executive Officer, President, Director and Promoter

*(signed)* ROBERT T. PATERSON

Chief Financial Officer, Director and Promoter

*(signed)* K. WARREN GEIGER

Director

**CERTIFICATE OF THE AGENT**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Statement of Material Facts as required by the Securities Act and its regulations.

DATED: AUGUST 27, 1990

**YORKTON CONTINENTAL SECURITIES INC.**

Per:

*(signed)* D.A. Risling

**GEORGIA PACIFIC SECURITIES CORPORATION**

Per:

*(signed)* K.C. Kam    *(signed)* R. Brian Ashton