

The initial drill hole program which began in the diorite immediately east of the gold bearing exposures in the Road Cut did not meet with much success until it was extended to the north to the contact of the intrusive.

Here hole 81R-8, encountered volcanic breccia and hornfels with a bleached, silicified zone carrying interesting gold grades, Figure 8 and 9. A width of 4m averaged 0.21 ounces per ton in gold. The following year a 15m square grid pattern of vertical holes was begun. Results from the 14 holes drilled were spotty but encouraging. The grid was expanded in 1983 to determine limits of mineralization to the north and west. The diorite contact formed a boundary on the south east side. Additional holes were drilled to give a total of 72 holes. Within the area tested a smaller block of 43 drill holes has defined a continuous lense of mineralized material, Figure 10.

Calculations by K. C. Fahrni, P. Eng. were made in 1984 to determine the tonnage and grade of this material and to estimate approximate stripping ratios. Rectangular blocks representing areas of influence for each hole have been marked on a plan and each area determined. From the sections, vertical thickness of the mineralized zone at each drill hole and the depth of barren material lying above the zone were measured. This information with the averaged assay values of the zone for each drill hole is shown in Appendix III. The calculations of tonnages and strip ratios are shown in Table IV and Table V shows the calculation of a gross precious metal value with cumulative total for the entire deposit (Appendix III).

The detailed drill program has defined a tabular block of mineralized material about 9700 square metres in area with an average thickness of 4.3m. The floor of this mass is undulating but has general inclination to the east at about 25 degrees. Rock overlying the mineralized material varies in thickness from nil at the northern and western edges to 39.5 maximum with an average of about 16.7m. The tonnage of mineralized material is calculated to be 113,651 tonnes (125,300 short tons). The grade in place averages to 2.16 grams per tonne in gold and 6.17 grams per ton in silver corresponding with grades of 0.063 troy ounce gold per short ton and 0.18 troy ounces silver per short ton (Appendix II).

No mining plan has been drawn up but it appears that if economics justify, a straight forward side hill open cast operation could extract the material with little loss. A stripping ratio of greater than 4:1 would result with allowance for wall slopes and access roads.

Drilling in 1985 intersected mixed sulfide mineralization in epithermal veins and veinlets. The drill holes at the northern end of the swamp showed sparse veining, but of larger width, and the drill holes at the southern end of the swamp showed more continuous veining, but most are very narrow, with only weak alteration halos.

The significant assay results are tabulated below:

TABLE III: DIAMOND DRILLHOLE SUMMARY 1985

| HOLE NUMBER | ANGLE | DEPTH | WIDTH | Au. oz/ton | Ag. oz/ton |
|-------------|-------|-------------|-------|------------|------------|
| 85-NM-1 | -90 | 5.48-5.79 | 0.31 | 0.212 | 1.60 |
| 85-NM-2 | -55 | 13.41-14.23 | 0.82 | 0.443 | 0.96 |
| 85-NM-5 | -45 | 37.79-38.40 | 0.61 | 0.260 | 0.73 |
| 85-NM-5 | -45 | 38.40-39.62 | 1.22 | 0.044 | 0.24 |
| 85-NM-5 | | AVE. | 1.33 | 0.116 | 0.40 |
| 85-NM-8 | -45 | 18.29-18.69 | 0.40 | 0.089 | 0.99 |