

NELSON M.D. NTS 82F/3W

LATITUDE 49° 14' 50" LONGITUDE 117° 24'

~~021-267~~

021685

INTRODUCTION

The Klovance Property was examined on September 24, 1984 by D. Ferguson and R. Allen. The tour was conducted by Joe Klovance of Salmo, B.C..

LOCATION and ACCESS

The property is situated 11 km. northwest of Salmo, B.C. and can be reached by good logging road from the mouth of Erie Creek near Salmo. It is also accessible by 5 kilometres of gravel road from the Salmo-Castlegar Highway.

CLAIMS

The property consists of 14 units:

| | |
|---------------|----------|
| BONNY | 10 units |
| MARILYN GROUP | 4 units |
| KATHY | 2 units |

HISTORY

1975- old shaft discovered by J. Klovance

- to east and north are a number of old Crown Grants covering 1- Cu occurrences in hornfelsic sediments
- 2- Ag, Pb veins on McKay Creek

--porphyry molybdenum showing (Amax June claims) borders property to north

1980- Silver Standard examined workings and carried out a small soil survey

1981- David Minerals Ltd.- soil survey, magnetometer survey

- soils collected along 50 metre spaced lines at 25 metre intervals

-confirmed Silver Standard anomaly and located a second Ag, Pb, Zn anomaly

-mag. survey indicated limited mineralization in vicinity of shaft

1981 to 1984-extensive cat work carried out by J. Klovance to remove overburden and follow-up soil geochemical anomalies

GEOLOGY

The property is underlain by Lower Jurassic Sinemurian Beds. The beds are structurally contorted and consist of banded argillite and siltstone, with interbeds of light coloured greywacke, tuffaceous beds and thin flows. These are thought to be equivalent to Milford Group rocks located further north along the Kootenay Arc. Rhyolite is exposed by the road west of the shaft and quartz-feldspar dykes have also been noted.

MINERALIZATION

The old shaft was driven on a 1 to 2 metre wide zone of brecciated argillite, containing a significant amount of magnetite, galena, sphalerite, pyrite and pyrrhotite. Lesser amounts of chalcopyrite and bornite are also present. A sample obtained from the zone contained 9.48 oz./ton Ag, .199% Cu, 5.65% Pb, 5.38% Zn. Au values are minimal. Soil geochemistry shows this zone to be of limited lateral extent. Few other showings, uncovered to date, are narrow vein-type structures, but do host reasonable Pb, Ag values. One such vein assayed 46.5% Pb and 27.71 oz./ton Ag.

CONCLUSIONS

Numerous soil geochemical anomalies remain untested on the property. For the most part, the significant Pb, Zn, Ag mineralization appears to be related to cross-cutting vein structures or semi-conformable pods. The style of mineralization may be related to a late stage mineralizing event associated with the nearby molybdenum porphyry system.

Del W. Ferguson

for Billiton Canada Limited

ROCK SAMPLES

| SAMPLE N° | LOCATION | TYPE | WIDTH | DESCRIPTION | Au | Ag | Cu | Pb | Zn | | | |
|-----------|----------------------------------|------|-------|--|-----------|---------------|------------|-------------|------------|--|--|--|
| KLO-1 | Shaft area | grab | | - massive sulphide breccia zone from shaft opening | 10 ppb | 9.48 oz/t | .199 % | 5.65 % | 5.38 % | | | |
| KLO-2 | Shaft area | grab | | - from mineralized dump | 5 ppb | 388 ppm | .092 % | 3.70 % | 4.46 % | | | |
| KLO-3 | Shaft area | grab | | - over 10m outward from east wall of massive sulphide zone - mostly stringer sulphide in argillite and pyrite and pyrrhotite disseminated through bands | 5 ppb | 8.6 ppm | 277 ppm | 0.21 % | 0.44 % | | | |
| KLO-4 | approx. 75m east of shaft | grab | | - 1 metre zone of silicified, brecciated and sulphide-stringered argillite - disseminated & stringered pyrite, pyrrhotite arsenopyrite, galena and sphalerite | 35 ppb | 11.4 ppm | 115 ppm | 0.98 % | 0.53 % | | | |
| KLO-5 | approx. 125m east of shaft | grab | | - high grade massive galena-pyrite cuts across argillite breccia - disseminated and stringer py and cpy near surface with galena deeper in structure | .023 | 27.71 oz/t | .336 % | 46.5 % | .76% | | | |
| KLO-6 | approx. 145m east of shaft | grab | | - road below KLO-5 sample 0.5 metre wide graphitic shear zone strikes N/S- bounded on east by crystal tuff | 5 ppm | 8.1 ppm | 58 ppm | 3300 ppm | 664 ppm | | | |

ROCK SAMPLES

| SAMPLE N° | LOCATION | TYPE | WIDTH | DESCRIPTION | Au | Ag | Cu | Pb | Zn | | | |
|-----------|--|------|----------|--|-----------|---------|--------|----------|----------|--|--|--|
| KLO-7 | Lowest trench road below shaft | grab | | - Fe-stained argillite with yellow oxide - brecciated and surface-weathered | 5 ppm | 5.7 ppm | 50 ppm | 1600 ppm | 195 ppm | | | |
| KLO-8 | Road south of shaft & immediately north of McKay Creek | grab | | - breccia zone in tuffaceous rocks and porphyritic rocks - disseminated pyrite-minor galena | 15 ppm | 3.4 ppm | 48 ppm | 1115 ppm | 1280 ppm | | | |
| KLO-9 | 6+00S Trench | chip | 20 metre | - block argillaceous material exhibiting strong Fe-stain - strong weathering - trench consists of intercalated argillite, tuff and quartzite (contorted bedding). | .004 oz/t | 4.8 ppm | 59 ppm | .46 % | .18% | | | |
| KLO-10 | Anomalous soil geochemical Trench | chip | 5 metre | - weathered, Fe-stained argillaceous sediments | 5 ppb | 1.4 ppm | 33 ppm | 192 ppm | 503 ppm | | | |