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PHASE III  
1985<sub>n</sub> EXPLORATION REPORT  
ON THE

PESO-CPW GOLD PROSPECT  
SPANISH MOUNTAIN AREA

CARIBOO MINING DIVISION  
BRITISH COLUMBIA

NTS 93A/11W  
LATITUDE :  $52^{\circ}36'N$   
LONGITUDE :  $121^{\circ}28'W$

FIELD WORK DONE DURING THE PERIOD OCTOBER 24 - NOVEMBER 10, 1985

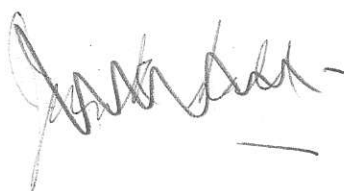
FIELD WORK SUPERVISED BY: JA MCCLINTOCK, P.Eng  
REPORT PREPARED BY: JA MCCLINTOCK, P.Eng.

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INTRODUCTION

Prompted by the success of the initial phase I and II, 1985 exploration Mt. Calvary Resources Ltd., successfully completed a two phase program, a Phase III program was initiated on the CPW Gold Prospect during exploration program on the CPW Gold Prospect during 1985. Combined total October 1985. Total expenditure of the Phase III program was \$ [redacted] expenditures for the two phase program was \$391,300.

The Phase III program, consisting of 600 m of backhoe trenching and 655 m of rotary percussion drilling in 8 holes was undertaken during the period October 24 through November 10, 1985. All of the drilling was done on the Madre zone with the objective of defining the south west strike extent of the zone. Results of drill hole MR-7 which intersected gold mineralization assaying 0.20 oz/ton gold over 26 m. Results of the Phase I program demonstrated this zone, named the Madre, to be continuous to the northeast, southwest and to depth, with surface trench assays to 0.28 oz/ton gold over 13 m and drill intersections to 0.16 oz/ton gold over 11 m. In addition, several additional significant gold-bearing zones, the 12 and 14 Oz Zones, were discovered. <sup>655m of NQ diamond drilling</sup> ~~of the program showed the Madre zone to have a total strike length of 250 m and to be terminated to the south west by a fault. The overall potential of the Madre zone is therefore limited to 750,000 tons~~ <sup>Despite the disappointing results from drilling on the Madre, there are several other zones that remain to be tested. If further work is carried out, the priority should be delineating the other zones through additional trenching and drilling.</sup>

Prompted by the highly encouraging results of the Phase I work, a comprehensive Phase II program of 2,517 metres of rotary percussion drilling in 29 holes and 700 m of trenching was carried out during the period August 1st through September 30th. Phase II work was focussed on reserve definition of the Madre Zone and initial drill testing the 12 Zone and LE Zones. This program successfully upgraded the property by extending the still open Madre Zone to 150 m on strike and down-dip for 60 m, and tracing the LE, and newly discovered 11 and 13 Zones over a 90 m strike length. In addition, trenching established strike continuity of the 14 Oz and M Zones.

The encouraging results to date fully justify additional exploration to define reserves of potential economic gold mineralization.

LOCATION AND ACCESS

The CPW Claim is located just west of Spanish Lake, approximately 4 miles east-southeast of the village of Likely, B.C. Approximate geographic coordinates are 52°36' North latitude, and 121°28' West longitude (see Figure 1).

The all-weather, Spanish Lake - Abbott Creek forestry-access road transects the northern portion of the claim and provides ready access from the village of Likely. Secondary logging roads off the main haul road have been up-graded and extended to provide access throughout the property.

#### PHYSIOGRAPHY AND VEGETATION

The CPW Claim lies on the north slope of the western ridge of Spanish Mountain. The terrain is moderate, elevations range from 3,000 feet a.s.l. at Spanish Creek to 4,300 feet a.s.l. along the southern boundary of the property. Side slopes seldom exceed 25°.

Much of the property has been clear-cut logged; however, the northeast and southwest corners of the property are covered by mature stands of fir, spruce, alder and cottonwood. The logged-off areas have been reforested, but are largely covered by a heavy growth of alder.

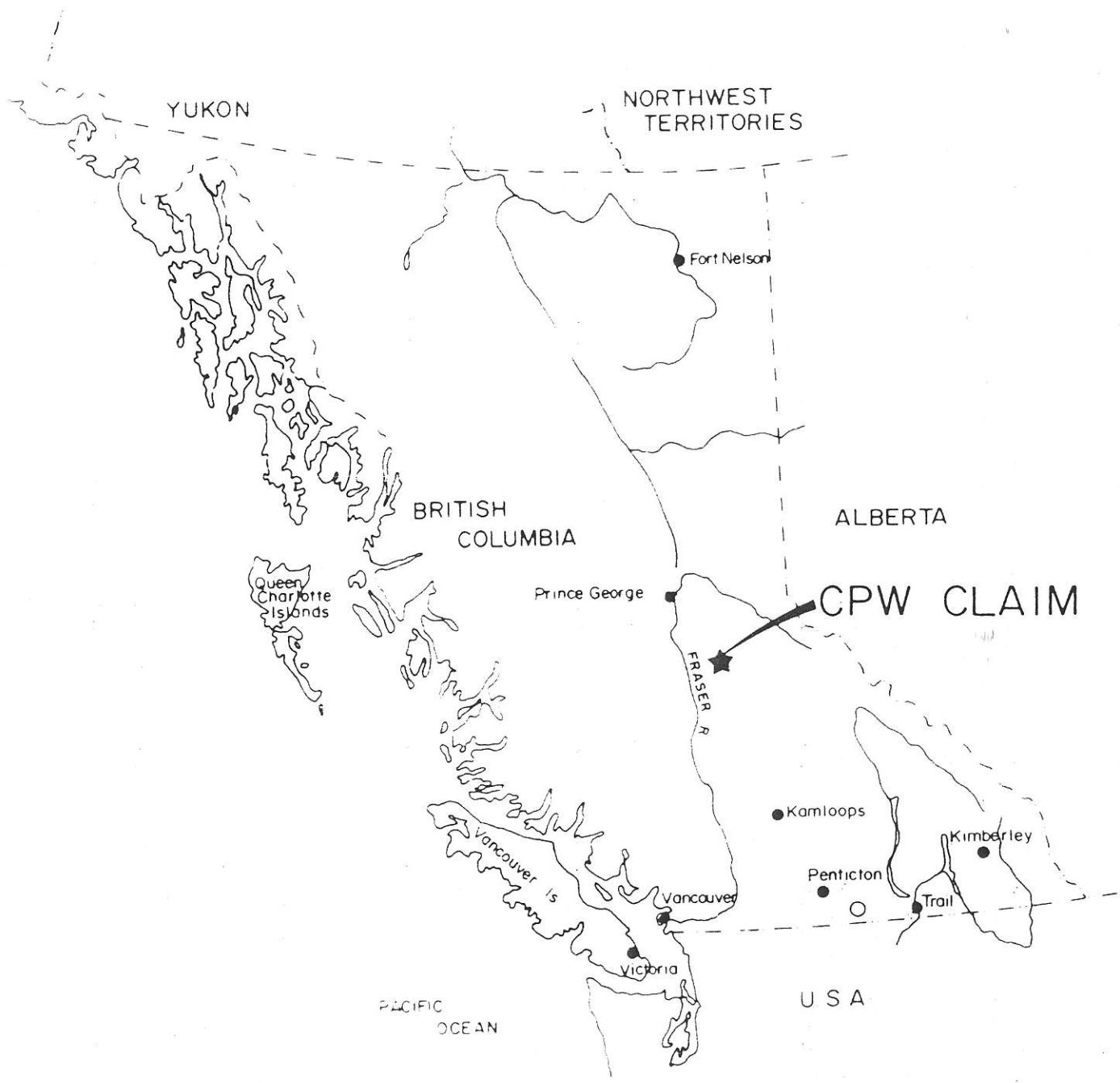
#### CLAIM STATUS (see Figure 2)

The four-unit CPW Claim was staked in October, 1982 and recorded November 1, 1982 (Record No. 4541) by D.E. Wallster, as agent for C.P. Wallster, trustee for the Mariner Joint Venture. On March 18, 1983, the CPW Claim was optioned to Whitecap Energy Inc.

Mt. Calvery Resources acquired the CPW Claim by an agreement with Whitecap Energy and the Mariner Joint Venture under a Letter of Agreement on August 2, 1984, and a formal agreement dated November 2, 1984. Mt. Calvery has the right to earn an 100% interest in the property, while Mariner and Whitecap may elect to participate as to 10% and 20% working interests respectively.

Mt. Calvery and Teck Corporation concluded a financing agreement on November 2, 1984, which allows Teck the option of funding Mt. Calvery's Cariboo-Likely Project, including the CPW Claim, through production, by the purchase of Mt. Calvery treasury shares. Since November 1984, the necessary funds to continue exploring the CPW Claim have been provided by Teck.

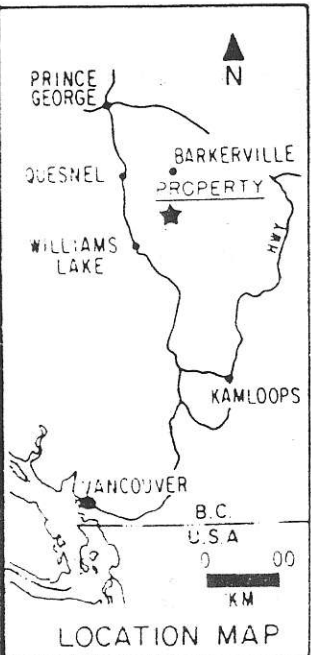
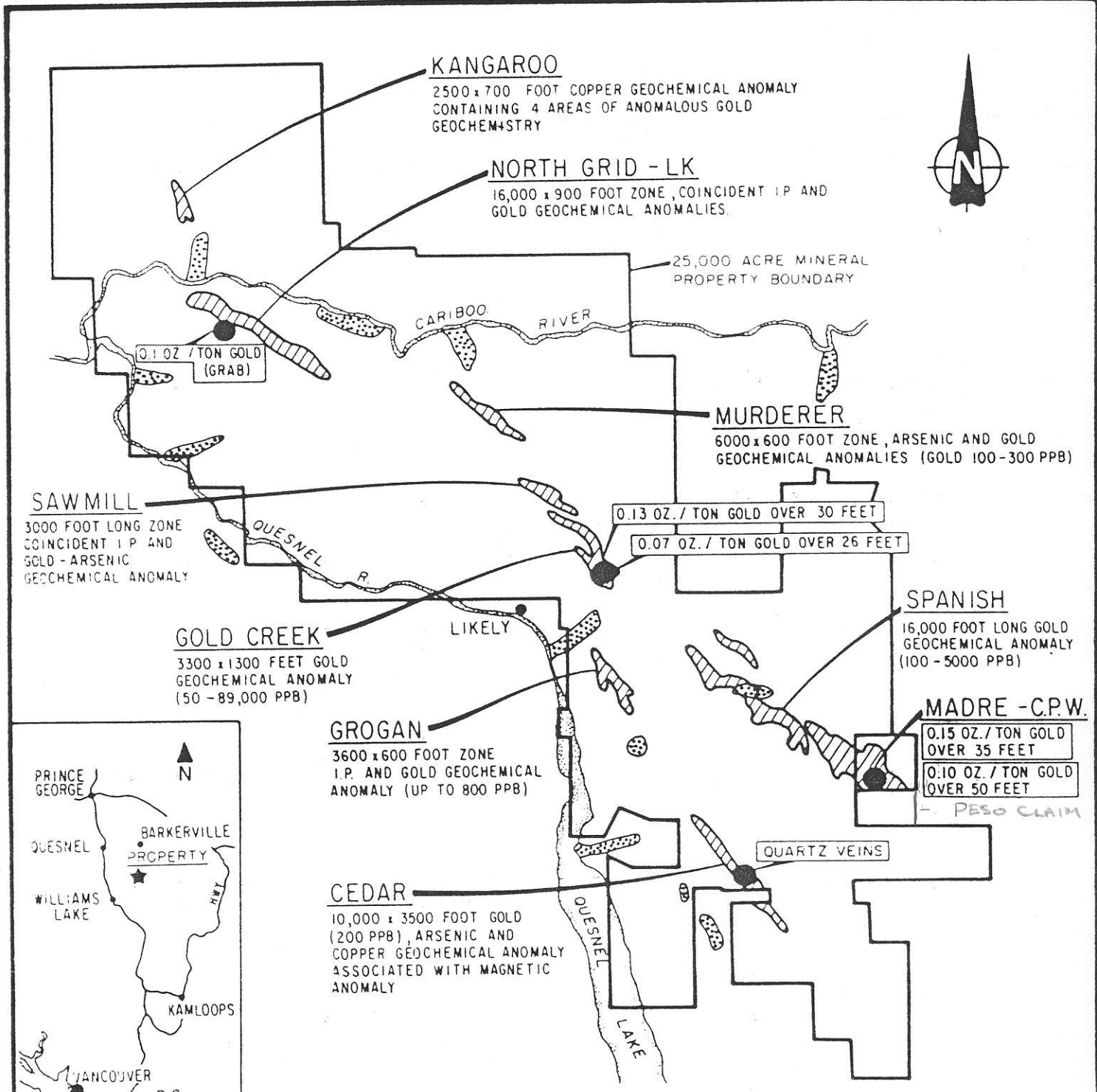
In October 1985, the PESO Claim, which adjoins the CPW to the south, was acquired by option from Hycroft Resources. The terms of the agreement give Mount Calvery the right to earn 60% interest in the PESO claim through cash payments and fulfilling a \$350,000 work commitment.



MT. CALVERY RES. LTD.  
CPW CLAIM  
LOCATION MAP

FEB , 1985




FIGURE 1



MT. CALVERY RESOURCES LTD.  
CARIBOO-LIKELY AND C.P.W.  
GOLD PROJECT

GOLD EXPLORATION  
TARGETS

LEGEND:

-  PLACER GOLD DEPOSIT.
-  GOLD IN BEDROCK
-  GOLD GEOCHEMICAL ANOMALY

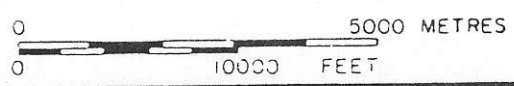


FIGURE 2

PHASE III PROGRAM  
1985 FIELD PROGRAM

Phase III Program

~~Gold mineralization was found on the CPW Claim in late July, 1984, during detailed prospecting of a large intense gold soil geochemical anomaly. A subsequent 1984 exploration program of trenching and drilling in the discovery zone obtained excellent results of gold mineralization with values up to 0.20 oz/ton over 26 m in drill hole MR-7.~~

*→ 1985 Phase I and II Program*  
 Prompted by the highly encouraging results of the 1984 program, a two phase 1985 comprehensive exploration program was undertaken on the CPW

*Tek Corporation funded*  
*and adjoining*  
 CPW Claim that was funded by Tek Corporation. The initial Phase I program was targeted on the Madre Zone and was focussed on delineating the gold mineralization discovered in drill hole MR-7 with a secondary goal of preliminary evaluating other known gold mineralized zones on the CPW. The Phase I program consisted of:

- The purpose of the Phase III Program was three fold:*
- 1) To delineate the southwest extension of the Madre zone;*
  - 2) To provide core samples of the gold bearing zones;*
  - 3) To provide a comparison between assay results obtained from rotary drilling to those of diamond drilling.*
- To this end a program of 655 m of NQ drilling in seven holes was undertaken. Of the seven holes, two were redrills of earlier rotary drilled holes designed to test both a high grade and a low grade intersection. The remaining 5 holes tested a zone of potential
- 1) 600 m of (Cat 235) backhoe trenching on the Madre and LE Zones;
  - 2) Cutting approximately 250 one-metre channel samples (5-7 kg each) from mineralized zones exposed by the above trenches;
  - 3) Detailed geological mapping (1:200) of trenches and road cuts;
  - 4) Rotary percussion (reverse circulation) drilling of 8 inclined holes from 8 sites totalling 655 metres, of which 7 were drilled on the Madre and 1 was drilled on the LE Zone. Chip samples were collected at one-metre intervals and analyzed for gold.

*→ strike extent southwest of the 1985 Phase I and II programs (Plate 1).*  
 All five of these holes were drilled on the Paso claim.

The Phase II Program was designed to explore the Madre Zone by grid drilling on strike to the northeast and southwest, testing the strike extensions of the LE Zone and evaluating several other zones outlined during the earlier exploration programs. To this end, Phase II consisted of:

- 1) Approximately 820 m of (Cat 225) backhoe trenching of several additional gold mineralized zones located parallel and adjacent to the Madre Zone;
- 2) Cutting approximately 550, one-metre channel samples (5-7 kg each) from the mineralized zones exposed by the above trenches;



- 3) Detailed geological mapping (1:200) of the trenches;
- 4) Rotary drilling (reverse circulation) of 29 inclined holes from 29 sites, totalling 2,521 metres. Chip samples were collected at 1 metre intervals and analyzed for gold.

Welcome North Mines Ltd., as Operator, initiated and conducted the Phase III ~~I and II~~ exploration program on the CPW Property ~~as set out in~~ <sup>and PESO claims as set out in</sup> Schedule "D" of the Teck-Mt. Calvary financing agreement.

TABLE 1 - DIAMOND DRILL HOLE DATA

<u>Hole No.</u>	<u>Length Metres</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Grid South</u>	<u>Location East</u>
MD 11	106.5	120°	-60	962	244
MD 12	30	120°	-60	948	289
MD 13	91.5	120°	-60	1024	240
MD 14	106.5	120°	-60	1008	215
MD 15	136	120°	-60	1052	153
MD 16	93 <del>115</del>	120°	-60°	1068	199
MD 17	91.5	120°	-60°	1035	265

GEOLOGICAL SETTING

The Cariboo-Quesnel Gold Belt lies within the Cariboo-Quesnel Trough, a 20 mile wide, northwest-trending, early Mesozoic volcanic-sedimentary belt of regional extent. To the west, the trough is fault-bounded by Cache Creek Terraine sediments and greenstones, and to the east by Omineca Terraine metamorphosed sediments. The trough is defined by an Upper Triassic assemblage of calcareous argillites, sandstones and conglomerates overlain by a series of Jurassic basalt flows and breccias, with variable interbedded limestone, mudstone, greywacke and conglomerate and upper series of maroon-coloured basaltic flows and breccias. This entire sequence has been intruded by a series of stocks and sills of syenite and diorite.

PROPERTY GEOLOGY

The Property is underlain by a northwest trending assemblage of Triassic-age sedimentary and volcanic rocks. This assemblage is divisible into a structurally overlying - intercalated phyllitic shale, siltstone and massive <sup>dolomitic</sup> siltstone, and a structurally underlying andesitic tuffs, breccias and agglomerates. Light grey, altered feldspar porphyry dykes cut the above lithologies in the southwest portion of the property.

Structurally the above units have been folded into a major northwest trending anticline-syncline pair. Much of the property overlies the "S" limb of the anticline resulting in a predominant sheet dip of 30-35 degrees to the northeast with local dip reversals due to open parasitic folding. Numerous faults and shear zones parallel and conjugate to the major fold axes are present throughout the property and are important control to the gold mineralization. All sedimentary units have suffered low grade

, green-schist facies metamorphism with universal pyritization and carbonatization (ankerite).

### LITHOLOGIC DESCRIPTIONS

Structural-stratigraphic mapping and drilling has outlined a thick succession of interbedded phyllitic shale, shaly siltstone and siltstone structurally overlying andesitic tuffs, breccias and agglomerate (fig). Although there remains a lack of stratigraphic control, based on drilling results, the succession appears to have a minimum thickness of 300m. <sup>with</sup> ~~thickness~~ of individual members varies from 50 to over 200 feet in thickness.

The structurally lower most part of the sequence is an unknown thickness of andesitic fine ash tuff, coarse breccia and possibly autobrecciated flows, <sup>unit TV.</sup> These volcanic rocks are nowhere exposed on surface on either the Pso or CPW claims and were first recognized in ~~the~~ Phase III drill core (Plates 1, 2). The volcanic rocks are pale to medium green in colour and intensely carbonate and fersite altered and pyritic. Carbonate alteration consists of calcite veining and <sup>dot-like</sup> development of ankerite porphyroblasts.

Super imposed on the ~~pre~~ carbonate alteration, forming envelopes around fractures and shears is argillic alteration. Alteration is so intense making positive identification of the primary ~~volcanic~~ textures difficult. None of the drill holes penetrated unit TV, hence it is unknown what underlies the unit.

Overlying unit TV is a dark grey to black variably sheared, graphitic, ~~graphitic~~, phyllitic shale to silty shale, <sup>unit SH-2</sup> The nature of the contact between the shale and volcanics is unknown as the 3 holes that penetrated the shale, passed through ~~a~~ feldspar porphyry dykes before entering the volcanics. It is equally possible; therefore that the contact is either conformable, unconformable or faulted.

On surface, the shale is exposed in the core of a major anticline that transects the south western portion of the CPW and the central portion of the Peso claims. The shale contains an average of 10% pyrite ~~concentrated~~ concentrated in wisp-like bands of fine-grained, anhedral crystals. These bands of granular pyrite vary in thickness from 3mm to 10mm. and generally mimic the foliation. Variable amounts of <sup>small</sup> fine-grained, oval shaped <sup>small</sup> ankerite porphyroblasts

are common throughout but are ~~more~~ prevalent in silty lamina within the shale. Drilling indicates the shale to be approximately 100 m thick.

The shale sequence is conformably overlain by <sup>an ~~thin~~ unit SST</sup> a 10 to 20 m

thick, pale orange weathering, variably calcareous, laminated dark gray silty shale to shaly siltstone. Typically, unit SST, has 3 to 5 cm beds of siltstone

separated by 1 to 2 cm thick beds of shale. The unit is pyritic with coarse, euhedral pyrite disseminated in the siltstone beds and fine grained granular bands of pyrite in the shale beds.

In turn, Unit SST is overlain by pale orange weathering massive

to thick bedded, light to dark gray siltstone, unit ST. The siltstone consists of quartz grains in a dolomitic clay matrix. Large, up to 1 cm <sup>PORPHYROBLASTS</sup> porphyroblasts

of ankerite form up to 5% of the rock. Pyrite forms 3% of the rock as <sup>disseminated</sup> very coarse grained (up to 2 cm) euhedral grains. Surface mapping and drilling

indicate unit ST to have a thickness of 30 m.

Overlying unit ST is a second unit of shaly stone (SST) which is <sup>visually</sup> indistinguishable from the underlying unit. This <sup>upper</sup> ~~second~~ unit of SST

is overlain by a second unit of ST. This ~~second~~<sup>upper</sup> massive siltstone differs slightly from the lower unit in the presence of fine grained angular volcanic fragments.

Intrusive into the sedimentary rocks are narrow light-gray siliceous feldspar porphyry dykes ranging from 10 cm to over 20 cm thick.

The dykes for the most part trend northwesterly with near vertical dips.

They are most common in the southwestern portion of the CPW and the northwestern part of the Paso claim where they form a closely spaced swarm.

The dykes characteristically have <sup>faint</sup> indistinct <sup>crowded</sup> porphyritic texture and contain variable amounts of ankerite, pyrite and <sup>traces</sup> of fuschite. The age of the porphyries has not been determined, but it is assumed they are related to Jurassic-age stocks <sup>seen elsewhere in the district.</sup>

Locally, alteration of the intercalated siltstone (ST) - shaly siltstone (SST) sequence and the volcanic tuff (TV) have been bleached, <sup>white</sup> silicified and altered to an assemblage of dolomite, calcite, quartz and fuschite. These alteration areas are centered around similarly altered porphyry dykes. Intensity of the alteration is such, that determination of the original rock type is difficult and

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W. Princeton →

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The contacts between intrusive and wall rock is indistinct. Where identification of the original rock type is impossible, the rock has been termed altered sedimentary and mapped as unit AS.

### STRUCTURAL SETTING

The eastern portion of the Peso and most of the CPW claims ~~are~~ largely cover the east limb of a major north west trending anticline (Plate). Bedding attitudes, where recognized, have an average strike of  $130^\circ$  and a variable dip of 30 to 60 degrees to the northeast. The variable dips are due to open, parasitic ~~open~~ folds along the back or "S" limb of the anticline. These folds have amplitudes of tens of metres, with steep south west limbs and gentle northeasterly dipping limbs. The net effect of the sub parallel topographic relief and unit sheet dips results in the present surface ~~forming~~ <sup>forming</sup> ~~being~~ nearly a dip slope.

The west limb of the major anticline underlies most of the western half of the Peso Claim. This west limb is poorly exposed with widely scattered rock outcroppings of massive, indistinctly bedded siltstone (ST), altered sedimentary and occasional feldspar porphyry. The paucity of rock outcroppings combined with the lack of bedding features in the massive siltstone makes a



STRUCTURAL SETTING  
24 + 100

The eastern portion of the Pass and most of the CPW above ~~is~~ largely  
made the east limb of a major north-west trending anticline (Part 1). Bolding  
attitudes, where recognized, have an average strike of 130° and a variable

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detailed structural interpretation difficult.

↓ All of the rocks have been disrupted, by several directions ↓  
of faulting and shearing some of which are economically important.

From oldest to youngest these are:

i) Axial plane shears trending at approximately  $150^\circ$  and are sub vertical. These zones, with widths to 15 m have been recognized in the shale. They contain graphitic planes, <sup>AND</sup> quartz veinlets;

ii) Two sets of <sup>one</sup> quartz-filled fractures, trending at  $035^\circ$  with a  $40$  to  $60^\circ$  north west dip with the other with an average trend of  $100^\circ$  and a flat <sup>lying</sup> southerly dip. Coarse visible gold has been observed in both fracture set quartz veins;

iii) Late stage <sup>normal</sup> northerly trending faults with grey clay gouge that displace rock unit boundaries. The most prominent of which is <sup>the</sup> northwesterly trending fault that transects the Peso - CPW boundary and has down-dropped massive siltstone (ST) against shale (SH). These faults post date the mineralizing event.

The structural preparation of the layered sequence of shale and siltstone through folding, shearing and fracturing has provided the network

of channel ways for the silica-gold mineralization.

## MINERALIZATION

Exploration of auriferous veins on Spanish Mountain has occurred sporadically since ~~the~~ prior to 1930's. Prior to 1984 most of this work was focused on the larger veins with the objective to develop small tonnages of higher grade vein material. In 1984, Mount Calvary personnel discovered that within certain units, "replacement" type mineralization occurred between the veins. This exciting discovery prompted extensive prospecting, sampling, trenching, diamond and rotary drilling both on the CPW and on the Peso claim.

The extensive exploration has demonstrated three inter-related styles of gold mineralization:

- a) In anastomosing quartz vein swarms occupying northeasterly trending, steeply dipping shear zones in graphitic shale and underlying tuffaceous volcanic rocks;
- b) Rimming and filling fractures in pyrite grains invariably encapsulated in silica;

c) As free gold associated with minor galena in northeasterly and easterly trending 2cm to 1.5m quartz veins in massive siltstone and altered siltstone.

The three forms of gold mineralization are thought to have been deposited by hydrothermal fluids localized in north easterly trending fracture and shear zones formed by compressional shearing during folding of the strata. Compressional stress caused the more competent massive siltstones and altered dykes to fail along a limited number of fractures, while wide zones of fracturing developed in the shale. The auriferous, hydrothermal fluids migrated up these structures forming discrete vein-fillings in the massive siltstone, but horsetailed into an anastomosing vein system on passing into the fractured shale. Ponding of the hydrothermal fluids occurred as the upwardly migrating solutions attempted to pass from the structurally more permeable shale into the overlying less permeable siltstone. As ponded fluids spread laterally through the pyritic shaly siltstone, gold was deposited as replacements of pyrite rims forming manto-like replacement zones beneath the less permeable siltstone.

Since acquiring the ground, Mount Calvary Resources Ltd.

have focused exploration on both the shear hosted and manto-type mineralizations because of their potential for significant tonnages of near surface, open pit table gold mineralization.

Earlier 1984 and 1985 programs on The CPW claim have shown the shear-hosted vein swarms to be up to 15m wide and to consist of variably spaced .5 to 2cm thick quartz veins. These veins ~~contain~~ contain quartz pseudomorphs of calcite and occasional, drusy cavities.

Sulphide mineralization consists of minor to trace quantities of pyrite, galena and chalcopyrite. Gold in native form occurs in the veins as <sup>very</sup> fine to coarse grains often intimately associated with galena and pyrite. Veins in the shale are generally narrower and of a more anastomosing nature than in the tuffaceous volcanic rocks.

Work has shown the replacement, or manto-type mineralization to be restricted to the shaley-siltstone units. Within the replacement zones, quartz has flooded out <sup>from the veins</sup> laterally along the pyritic shale beds encapsulating pyrite grains and depositing gold. The highest grade replacement gold mineralization is usually restricted to within 1 to 2 metres of the source vein. The zone of replacement is restricted to a 10 to 20 m thickness beneath the overlying siltstone cap and is laterally restricted to 10 metres on either side of the underlying shear-hosted quartz-vein swarm.

Seven separate areas of the CPW and Peco claim have been found to host both shear-hosted veins swarms and associated replacement gold mineralization. These zones have been termed: The Madre;

Madre West; 11-12-13 and LE; M; 1402; A; and E zones (Plate 1).

As all of the Phase III work was restricted to the Madre zone, only

this zone will be discussed in detail. For a complete discussion of

the remaining zones the reader is referred to a report entitled:

1985 Exploration Report

on the

CPW Gold Prospect, Spanish Mountain Area

by J. A. McClintock P. Eng.

### Madre Zone

The best defined of the gold zones is the Madre. Extensive trenching

shown the zone to consist of

decimated and rotary drilling have ~~defined~~ both an <sup>auriferous vein swarm</sup> and cutting shale

and tuffaceous volcanics, and a replacement zone where the vein swarm intersects

the contact with overlying siltstone. The stockwork zone varies from 10

to 20 metres wide, strikes northeasterly and dips 50° to the northwest.

The 1985 Phase I and II drilling traced the vein swarm from the shale-shaly

siltstone contact southwesterly to the Pesol (CPW) claim boundary. The

replacement, or mantle part of the zone is restricted to 10 to 15 m thickness

of the shaly siltstone immediately beneath the capping siltstone. Laterally the zone obtains a width of 30 to 40m. This replacement zone plunges northeasterly beneath the siltstone cap.

The northeast end of the Madre zone ~~is~~ terminates against a series of feldspar porphyry dykes and ~~is~~ intensely silicified and carbonate altered sedimentary rocks. Where the vein swarm and associated replacement mineralization encounter the more competent dykes and altered sedimentary rocks, they <sup>become channeled</sup> into larger more widely spaced veins.

The south west extension of the Madre vein swarm remained open <sup>after - the</sup> ~~at the end of the~~ Phase II drilling and it was the objective of Phase III to drill test the zone in this direction. Locations of the drill holes are shown on Plate 1 and a ~~summary~~ <sup>summary</sup> of the assay results <sup>is tabulated</sup> ~~are listed~~ in Table 1. Logs of the drill holes are available in Appendix I with drill sections displayed on plates through .

Diamond drilling was chosen over <sup>reverse circulation</sup> rotary <sup>percussion</sup> because of the anticipated freezing conditions which make splitting wet samples accurately

both difficult and expensive. A second reason for diamond drilling was to obtain geological information on the mineralization not available from rotary cuttings.

To obtain a comparison of rotary to diamond drill results, it was decided to twin two rotary holes. The holes chosen were MR-35 which had a high-grade gold intersection and MR-13 which contained a low-grade intersection. Diamond drill hole MD-11 and MD-12 were drilled 1 metre northwest of the collars of MR-35 and MR-13 respectively. Comparison of the results are available on plates and , and a graphic comparison is provided in figures 3 and 4.

Although sections of anomalous gold values generally correspond between the two types of drilling, on average, the drill results are generally lower. Comparison of MD-11 and MR-35 show the diamond drill results to be roughly half of the rotary results. The difference between MR-13 and MD-12 is less dramatic, but is still significant.

The possible cause of the discrepancy may be the nugget



effect of coarse particles of free gold amplified by the much smaller sample size and ~~more~~ <sup>more</sup> erratic recoveries of diamond drilling. A comparison of the idealized sample size (fig 3) shows the diamond drill sample to be  $\frac{1}{13}$  the size of the rotary sample. To be certain ~~of a~~ <sup>that</sup> statistically significant difference <sup>exists</sup> between the two types of drilling will require the <sup>additional</sup> twinning of holes. Until this problem is resolved, the <sup>gold</sup> assay results of the diamond drilling must be held suspect.

Drilling traced the Madre zone <sup>to the southwest, at which point the zone is</sup> ~~to the southwest, at which point the zone is~~ <sup>terminated by</sup> a post mineralization, normal fault, which downdrops the economically unfavourable siltstone against shale. The downward component of fault movement is in excess of 100m with an unknown strike-slip component. <sup>If the strike-slip movement was negligible then the zone lies</sup> at depth, ~~beneath~~ <sup>at depth, beneath</sup> > 100m of barren siltstone. If the strike slip movement was significant there is a chance that the zone has been displaced to the north west or south east.

Drill intersections within the southwest extension show gold values to be low (Table 1, Plate <sup>However,</sup> ). <sup>The</sup> significance of these results is questionable because of the known low-grade bias of diamond drilling compared with rotary drilling. Redrilling of the southwest extension with rotary drill will be necessary to confirm gold grades.

The overall strike extent of The Madre zone has been shown to be 250 metres. The tonnage potential of the zone to a depth of 60m and a width of 20m is approximately 860,000 tons grading 0.1 o/t gold.

### Remaining Potential

On The CPW claim, six other stockwork and replacement zones have been outlined. These zones, which are at varying stages of exploration have surface and/or drill results indicating gold grades and widths similar to the Madre zone. Mineralized exposures in each of the zones indicate they individually have potential for between 500,000 and 2,000,000 tons and collectively have potential for several million tons of 0.1 o/t gold. Systematic trenching, rotary and diamond drilling will be required to delineate these reserves.

On The Peso claim, potential for stockwork and replacement mineralization is best on the eastern portion of the claim where the shale/siltstone contact is exposed. This part of the claim remains to be prospected and geologically mapped. An area of lesser attraction lies in the southwest quadrant of the Peso claim where north east trending quartz veins to 50 cm

are hosted in massive siltstone. These are locally mineralized with spectacular amounts of gold. Unfortunately, as on the CPW claim, the veins are narrow (< 30cm), widely spaced, and disrupted by numerous post mineralization faults. The veins may represent leakage from an underlying replacement and stockwork mineralization in the shale and shaly siltstone beneath the massive siltstone. However, based on drill results from MD 15 and MD 16 it is probable that the capping siltstone is in excess of 200 m.

### CONCLUSIONS

Drilling showed the <sup>southwest end of the</sup> Madras zone to be terminated by a northwest trending normal fault. Maximum strike length of the zone is 250 metres with an ~~and the~~ inferred tonnage potential in the order of 850,000 tons in the 0.10t range.

Twinning of <sup>2</sup> rotary holes with diamond drilling shows <sup>drill ~~ass~~ gold assay</sup> diamond results

to be half of the comparable <sup>rotary</sup> results. <sup>Gold assay</sup> Assay results obtained from diamond

drilling the south-west extension are therefore inconclusive and probably do not

reflect the true grade of the zone. Diamond drill holes MD 13, 14 and 17 should

redrilled by rotary drilling techniques to verify the diamond drill results.

In addition to the Madrel zone, there are 6 other gold zones on the CPW claim <sup>that have</sup> a combined potential for several million tons grading 0.1 to 0.17 gold. Further trenching and drilling of these zones is warranted.

On the Peco, a geologically favourable environment ~~has~~ exists in the unexplored eastern half of the claim. Prospecting, surface sampling and geological mapping in this area is warranted.