

PHASE II  
FINAL PROGRESS REPORT  
ELECTRUM PROJECT  
BRITISH COLUMBIA  
N.T.S. 92L/3W  
TAYWIN RESOURCES LTD.

by

REBAGLIATI GEOLOGICAL CONSULTING LTD.

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION	5
LOCATION AND ACCESS	5
CLAIMS	7
SOIL GEOCHEMICAL ANOMALIES	8
Prospecting and Trenching	8
A-Zone	8
B-Zone	8
C-Zone	9
D-Zone	10
PERCUSSION DRILLING	10
B-Zone	11
Electrum Vein	11
Main Vein	12
Off-Set Vein	12
C-Zone	12
CONCLUSIONS	13
RECOMMENDATIONS	15
PROPOSED BUDGET	16
REFERENCES	17
CERTIFICATE OF QUALIFICATIONS	19

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SUMMARY

The second half of the Phase II exploration program on the Electrum property was completed during the period June to August 1987, by personnel from Rebagliati Geological Consulting Ltd. Road building activities were overseen by Taywin personnel. The exploration involved prospecting and rock chip sampling of areas with anomalous gold and silver values within the A, B, C and D-Zone soil grids; trenching of high-intensity anomalies on the A, B and D grids; the construction of access roads to the B-Zone, Anomaly Creek, Main and Off-Set veins and to the C-Zone veins. Closely-spaced percussion drill holes were sunk to further define the high grade Electrum shoot and to assess the grade potential of the Main, Off-Set and C-Zone veins.

Prospecting within the three A-zone soil anomalies located numerous quartz stringers carrying low grade but anomalous concentrations of gold and/or silver which are the probable cause of the soil anomalies. The linear northwest-southeast trending anomaly that crosses the logging road was found to be associated with skarn developed in a limestone bed adjacent to a felsic dyke. Trenching showed the skarn to be narrow and grades low.

Detailed prospecting of the B-Zone silver soil anomalies indicated that areas anomalous in silver, but not in gold, are invariably underlain by a grey argillaceous limestone. The limestone itself is not enriched in silver but must form a soil

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environment conducive to the concentration of silver in the soil. Traverses in the Anomaly Creek canyon and backhoe trenching of the southwestern lobe of the gold and silver soil anomaly below the Electrum Vein led the writer to conclude that the high soil values are caused by the glacial transport of mineralized material derived from the Electrum vein and not from a hidden source. Prospecting down-ice along the anomalous trend located two areas with one to two metre-thick compositionally banded quartz carbonate veins. Samples from these northerly-trending veins returned low values and do not merit further exploration.

Twenty percussion holes were drilled into the Electrum vein to better define the zone of high grade mineralization. This zone shows sufficient potential to warrant a detailed examination by a qualified mining engineer to determine the potential of a small open-cut high-grading operation.

The drilling of 18 percussion holes on the Main and Off-Set veins substantiated that the veins carry persistent but unevenly distributed low-grade gold values, which are generally in the range of 0.01 to 0.20 oz/ton.

Two exposures of the mineralized C-Zone vein were enhanced by the construction of the access road. Seven percussion drill holes tested the vein at the road cuts. Gold grades in the upper (eastern) exposure are low (0.01 to 0.16 oz/ton) and are not accompanied by any appreciable silver. Two of the three holes in

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the western exposure returned moderate gold and silver grades ranging up to 0.426 oz/ton and 12.02 oz/ton respectively.

Prospecting along the D-Zone anomaly resulted in the relocation of the old BP diamond drill holes. Plotting of these holes on the geochemical grid indicates that they have adequately tested the core of the eastern gold anomaly. The high silver values at the east end of the grid are probably attributable to the presence of limestone. Trenching at the west end of the grid proved that the high metal values in the soil are caused by a small pod of sulphides in a sheared, narrow skarn zone developed along a limestone-shale contact.

Prospecting and trenching within the four soil grids failed to identify any new zones of mineralization worthy of additional exploration. However, three low-to-moderate priority, moderate-to-high risk drill targets remain. The discovery of coarse electrum in the Anomaly Creek vein confirms that it is the probable western extension of the Electrum vein. The question as to whether this vein exposure represents the dissipated tail end of the high grade Electrum ore shoot or the leading edge of a new shoot can only be resolved by diamond drilling. Similarly, the grades of gold and silver encountered in the Main, Off-Set and C-Zone veins are generally similar to those encountered in the eastern segment of the Electrum vein. Diamond drilling beneath these surface exposures is warranted. Access roads are in place

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to facilitate the diamond drilling program.

A Phase III exploration program of diamond drilling to test the Anomaly Creek, Main, Off-Set and C-Zone veins for high-grade ore shoots is recommended, if the officers of the company determine that the level of risk vs the potential reward are compatible with their corporate objectives. The engineering study of the Electrum vein is recommended without qualifications. A budget of \$ 160,000 is proposed for the diamond drilling and the evaluation by a mining engineer.

**INTRODUCTION**

During the periods June 1 - 13, June 29 - July 11, July 19-31, and August 17 and 18, 1987, personnel from Rebagliati Geological Consulting Ltd. completed the Phase II exploration program on the Electrum property of Taywin Resources Ltd.

The work conformed to the principle recommendations outlined in the Summary Report on the Phase I exploration program dated December 1986, and the recommendations in the Phase II Progress Report dated April 1987.

Exploration comprised of prospecting and trenching of the A, B, C and D-zones precious metal soil geochemical anomalies; road building to provide access to trench or drill sites; and percussion drilling to assess the Electrum, Main, Off-Set, and C-Zone veins.

This report describes the exploration program and makes recommendations for a Phase III exploration program.

**LOCATION AND ACCESS**

The Electrum property is situated 43 km west northwest of the village of Zeballos and 26 km south of Port Alice on the Kyuquot Peninsula in the Alberni Mining Division. It is centered at 50°10'N latitude, 127°21"W longitude on the northwest coast of

SOIL GEOCHEMICAL ANOMALIES

**Prospecting and Trenching**

A-Zone

The core areas of the three main gold soil anomalies were prospected and all quartz veins, stringers and skarn zones were chip sampled (Figs.3 & 4) (Rock chip samples 870011501 - 1524, Appendix I). A 0.9 m exposure of silicified limestone with thin skarn bands situated on the road at 50N, 50E ran 1250 ppb gold (0.036 oz/ton). Virtually all samples of quartz veins carried anomalous concentrations of gold and arsenic; however, none are considered to warrant further exploration.

A trench was excavated across the multi-element gold anomaly associated with the skarn. A representative chip sample across the one metre wide skarn interval graded 1220 ppb gold (0.036 oz/t) and 4.3 ppm silver.

No other areas within the A Zone soil grid remain to be explored.

B-Zone

The southwestern extension of the main Electrum Vein-Anomaly Creek multi-element gold soil anomaly was intensively prospected and tested by long trench (Fig.7). Prospecting in the Anomaly Creek canyon located only narrow quartz-calcite stringers. No new mineral occurrences were discovered which would explain the soil anomaly.



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A large sheared quartz vein forms the eastern bank of the stream draining the area south of the 92+50N baseline between 91+50N and 93+50N. Samples 87011535-1546, cut from this vein and subsidiary veins, are only weakly anomalous in gold. Similarly, samples 87011551-1554, from compositionally banded quartz-carbonate vein and vein rubble, are barren or, at best, only slightly geochemically enriched.

No veins or mineralized structures were exposed in the trench excavated west of Anomaly Creek.

None of the veining observed within the southwestern lobe of the gold anomaly explains the source of the gold. It is probable that the anomaly is caused by glacial smearing of mineralized debris eroded from the Electrum Vein.

The broad silver anomaly, which extends to the west beyond the limits of the gold anomaly, closely coincides with the trace of grey argillaceous limestone units. A stratigraphic rather than a mineralized source is inferred.

**C-Zone**

The area east of line 54+00E, which had not been examined previously, was prospected and all quartz vein and stringer zones sampled.(Fig.10). While most samples were geochemically enriched in gold, silver and arsenic, none are sufficiently mineralized to warrant additional work.

D-Zone

Soil sample site 87021820 at 52+50E, 50+50N was resampled and the high gold (4530 ppb), silver (116.4 ppm), lead (1964 ppm), zinc (1974 ppm) and copper (552 ppm) values were confirmed. (Fig.13). (Appendix II).

Trenching of the area exposed a 5 m wide zone of weak skarn development at the contact between a grey limestone and a limey shale. The skarn (Sample 87011809) was not mineralized; however, a sulphide-rich lens in a 0.3 m wide shear zone in the skarn carried considerable copper, lead and zinc mineralization with about 52 ppm silver and 265 ppb gold. (Sample 87021810). The high gold values encountered in the overlying soil sample were not repeated. The argillaceous limestone on the north side of the skarn is geochemically anomalous in copper, lead and zinc (Samples 87021807 + 1908) but is not sufficiently mineralized with gold or silver to justify additional exploration.

PERCUSSION DRILLING

A tank-mounted percussion drill utilizing a 2.5 inch diameter bit was used to collect samples from the Electrum, Main, Off-Set and C-Zone veins. Sample lengths of 1.0 m were maintained and approximately 4 kg of cuttings were recovered from each 1.0 m sample interval. No lithological control was used to determine the sample length; therefore, lower grades can be

expected to have been attained from intervals where the sample included both mineralized vein and barren or low-grade rock.

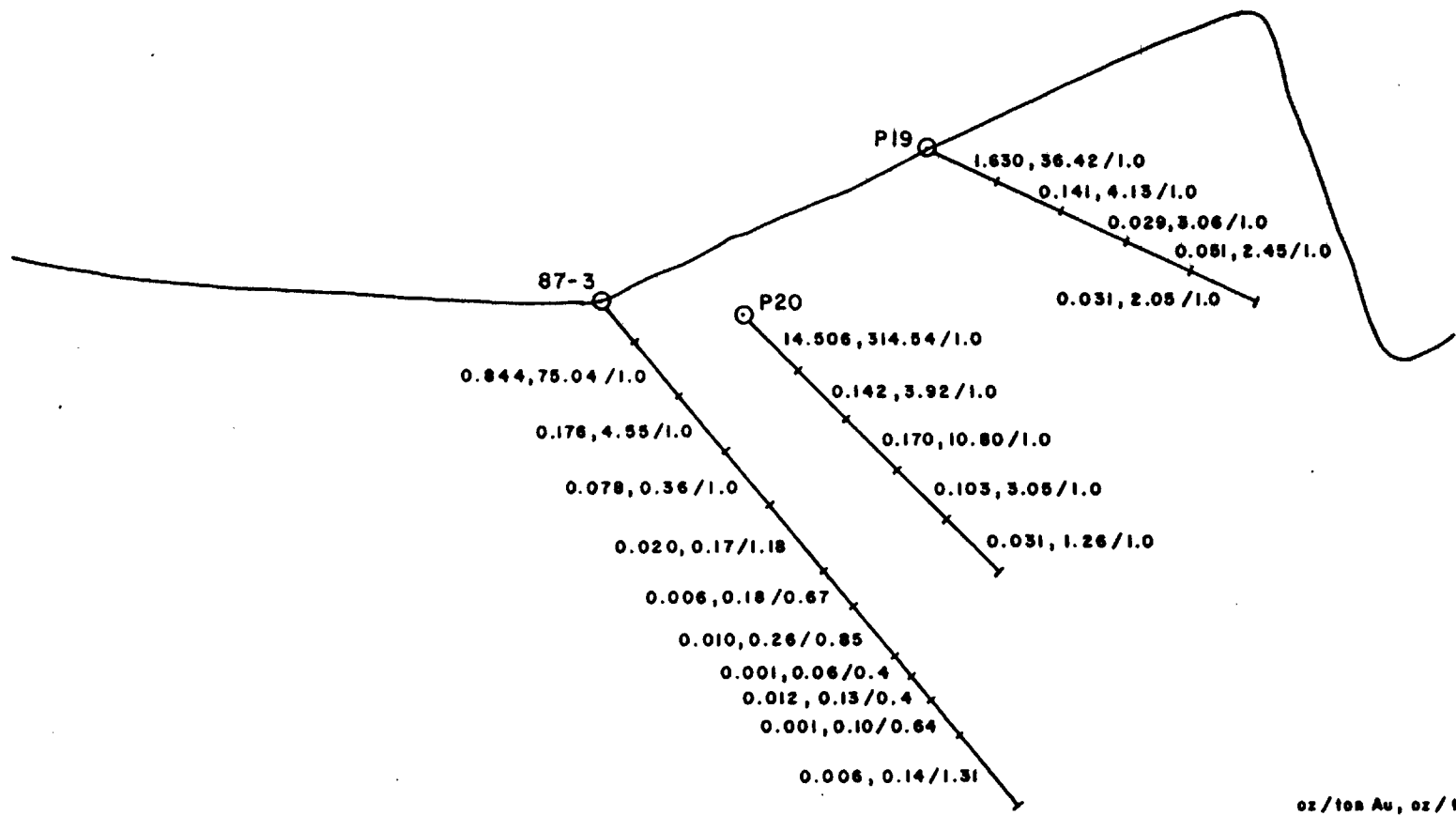
B-ZONE

Electrum Vein

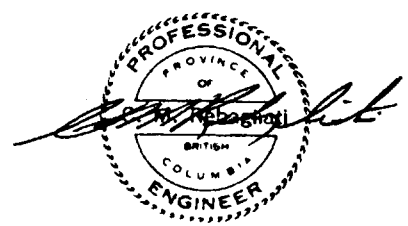
Twenty percussion holes (P 19-38), totalling 93 m, were drilled into the western portion of the Electrum vein where surface samples and diamond drill core had indicated bonanza-type gold and silver grades. Hole locations are plotted on Figure 16 and cross-section figures 31, 31A, 31B, 31C and 32 show gold and silver assay plots.

From the sections, it is apparent that the highest grades (up to 14.056 oz/ton gold, 314.54 oz/ton silver) occur near the elevation of the access road at the western extremity of the vein. Grades decrease eastwards. Beyond section 9940E (Fig. 32) they seldom exceed 0.25 oz/ton gold.

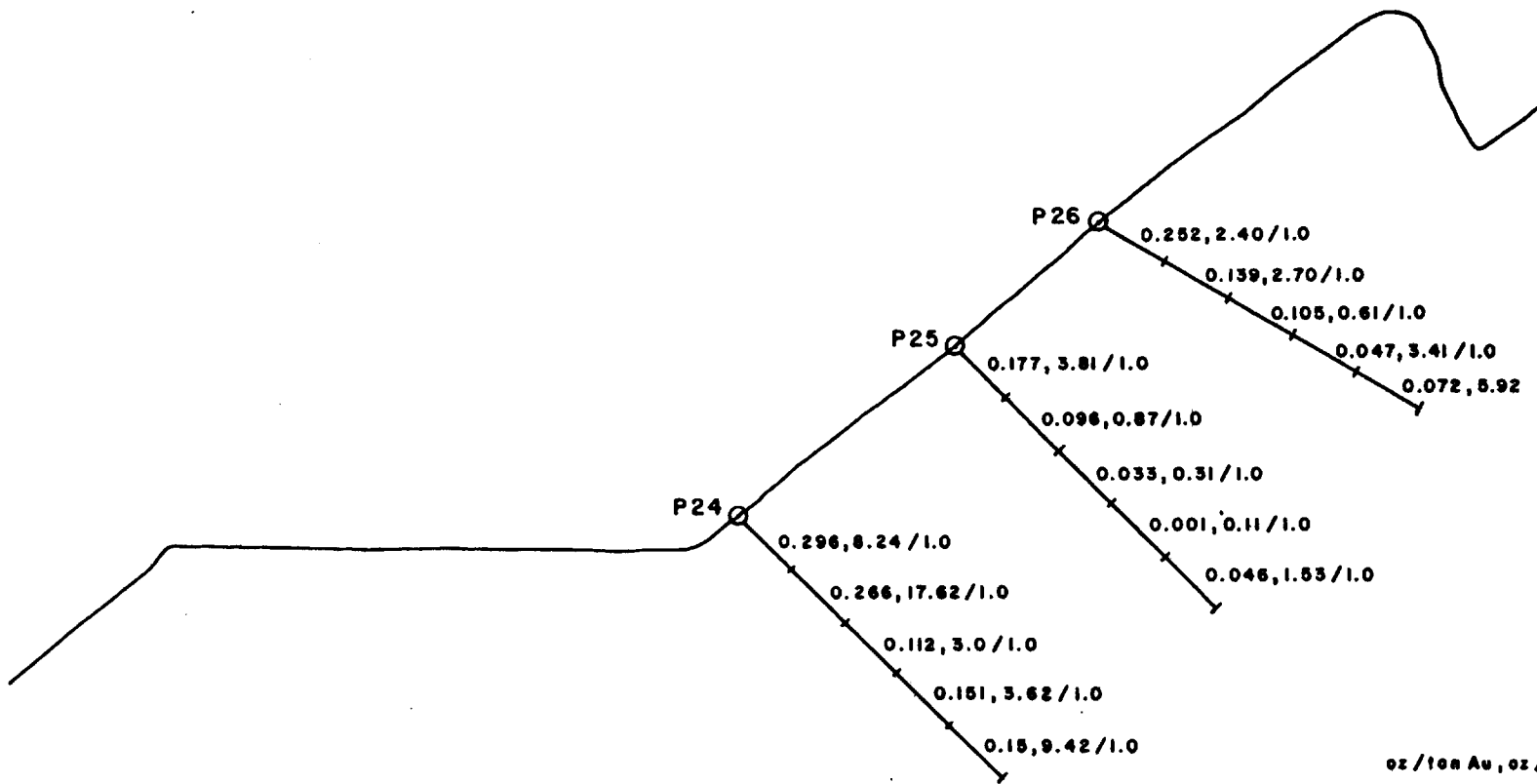
A small reserve of high-grade vein material has been outlined by the diamond and percussion drilling programs. The feasibility of selectively mining this potential ore shoot should be investigated by a qualified mining engineer with experience in small high-grading operations.



oz / ton Au, oz / ton Ag / interval in metres



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<b>ELECTRUM PROJECT</b>
<b>ELECTRUM VEIN</b>
<b>DDH 87-3, P19 &amp; 20</b>
Aug., 87 Scale 1:100 <span style="float: right;">Figure 31a</span>

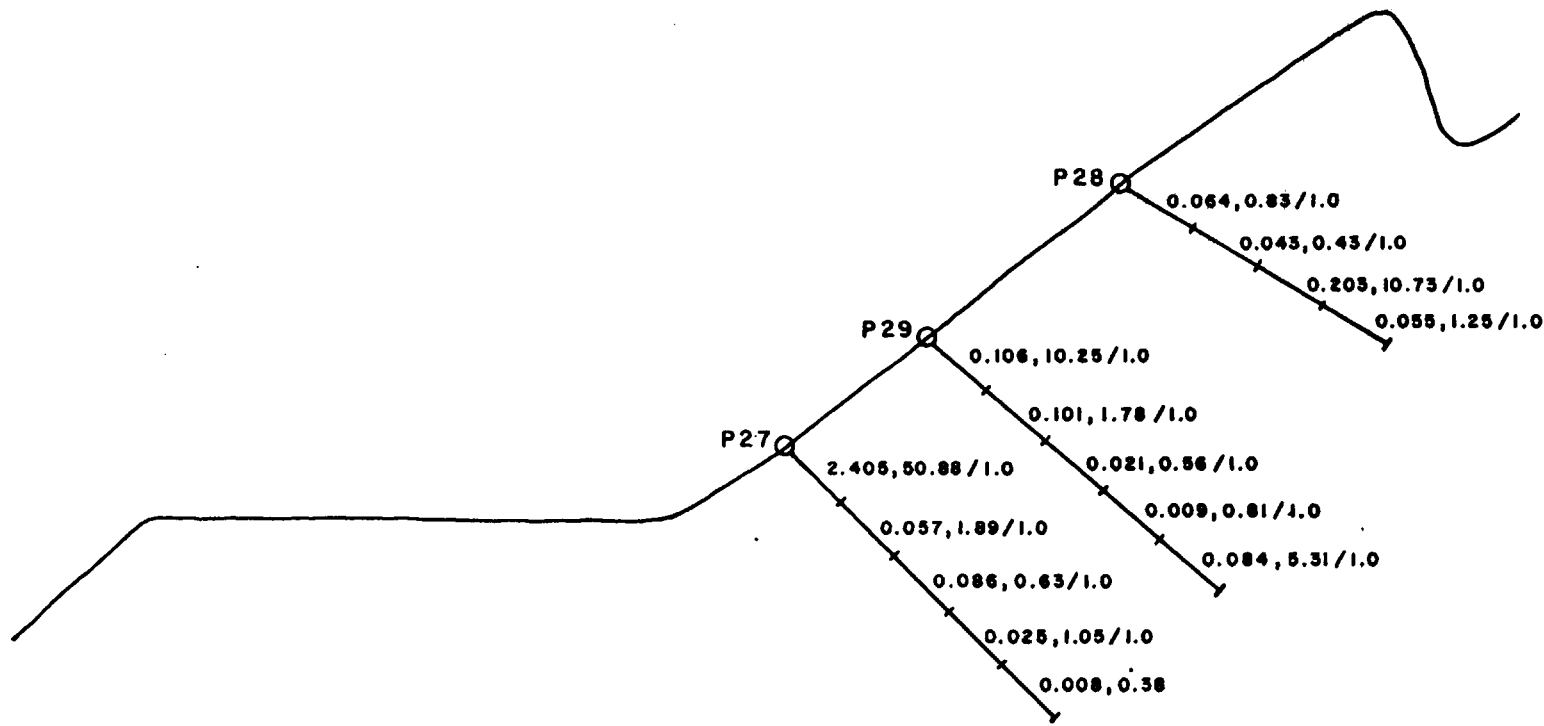


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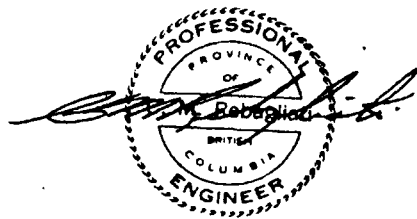


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ELECTRUM VEIN
PERCUSSION HOLES
P24, 25 & 26
Aug., 87 Scale 1:100

Figure 31b



oz / ton Au, oz / ton Ag / interval in metres



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ELECTRUM PROJECT
ELECTRUM VEIN
PERCUSSION HOLES
P 27, 28 & 29

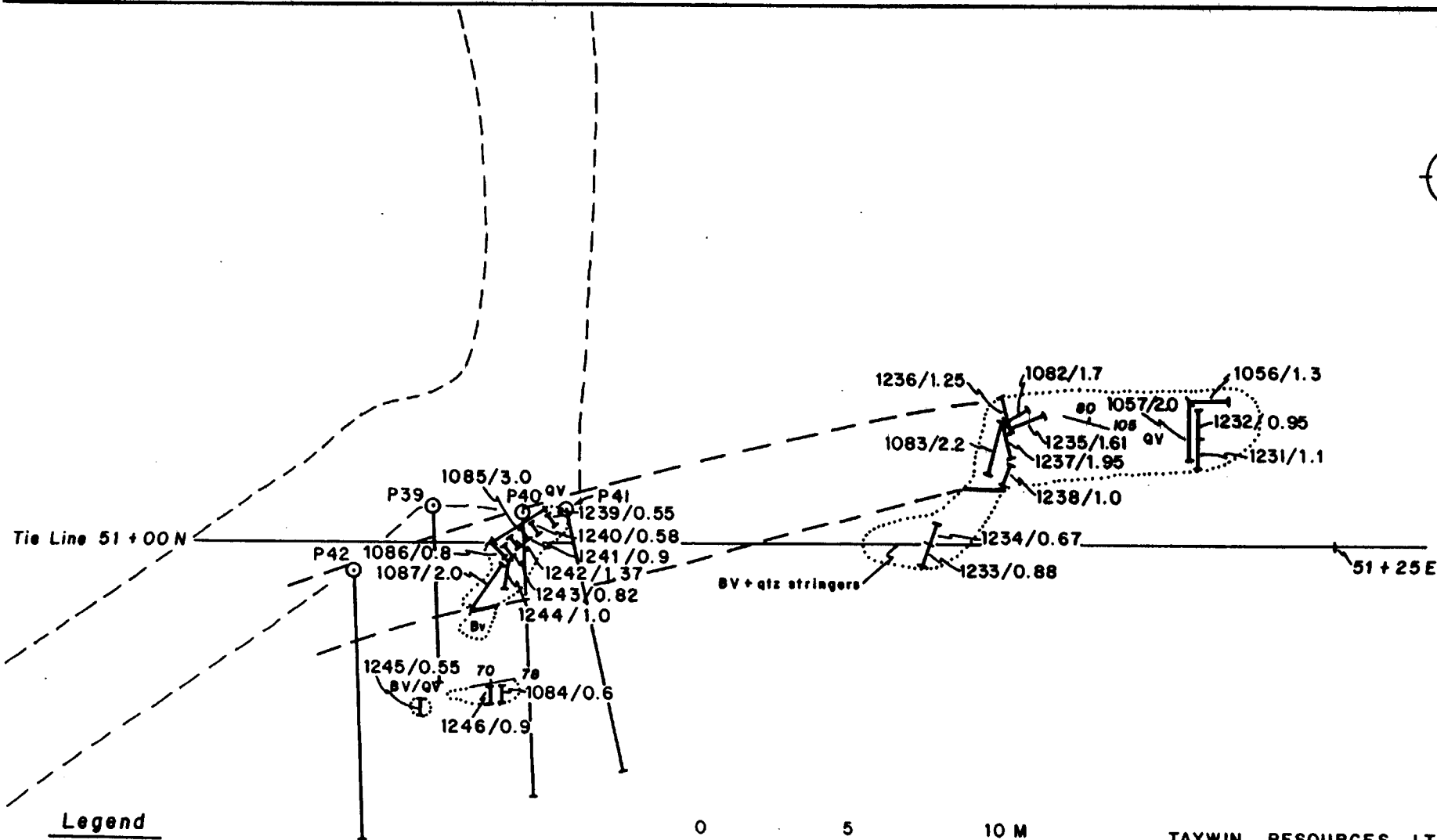
Main and Off-Set Veins

Eighteen percussion holes, totalling 92 m, were drilled to assess the continuity of the gold and silver grades indicated by chip samples cut from the leached surface exposures of the veins and to probe for possible rich ore shoots not exposed at surface. Both the chip samples and the percussion cuttings show an irregular distribution of precious metals. Grades are generally similar, ranging from a low of 0.01 to 0.03 oz/ton gold up to 0.1 to 0.4 oz/ton gold. (Fig.17 and Appendix III). The silver assays from samples grading 0.10 oz/ton gold or better range from 0.31 to 14.23 oz/ton silver.

While no high-grade bonanza-type shoots were discovered by the shallow percussion holes, sampling on the Electrum Vein has demonstrated that grades may rapidly increase over short intervals. Grades in the Main and Off-Set Veins are low but persistent; rich shoots may be present at depth. If present, the steep slopes would facilitate easy adit access.

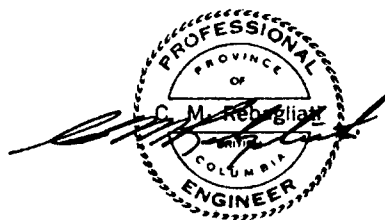
C-Zone

Two segments of the C-Zone Vein, where channel samples had returned significant grades, were percussion drill sampled. Holes P39-42 tested the upper eastern exposure and holes P43-45 probed the lower western exposure (Figs.17,18,19 and 20). Holes P40 and P41 cut 0.101 and 0.108 oz/ton gold across 1.0 and 2.0 m



**Legend**

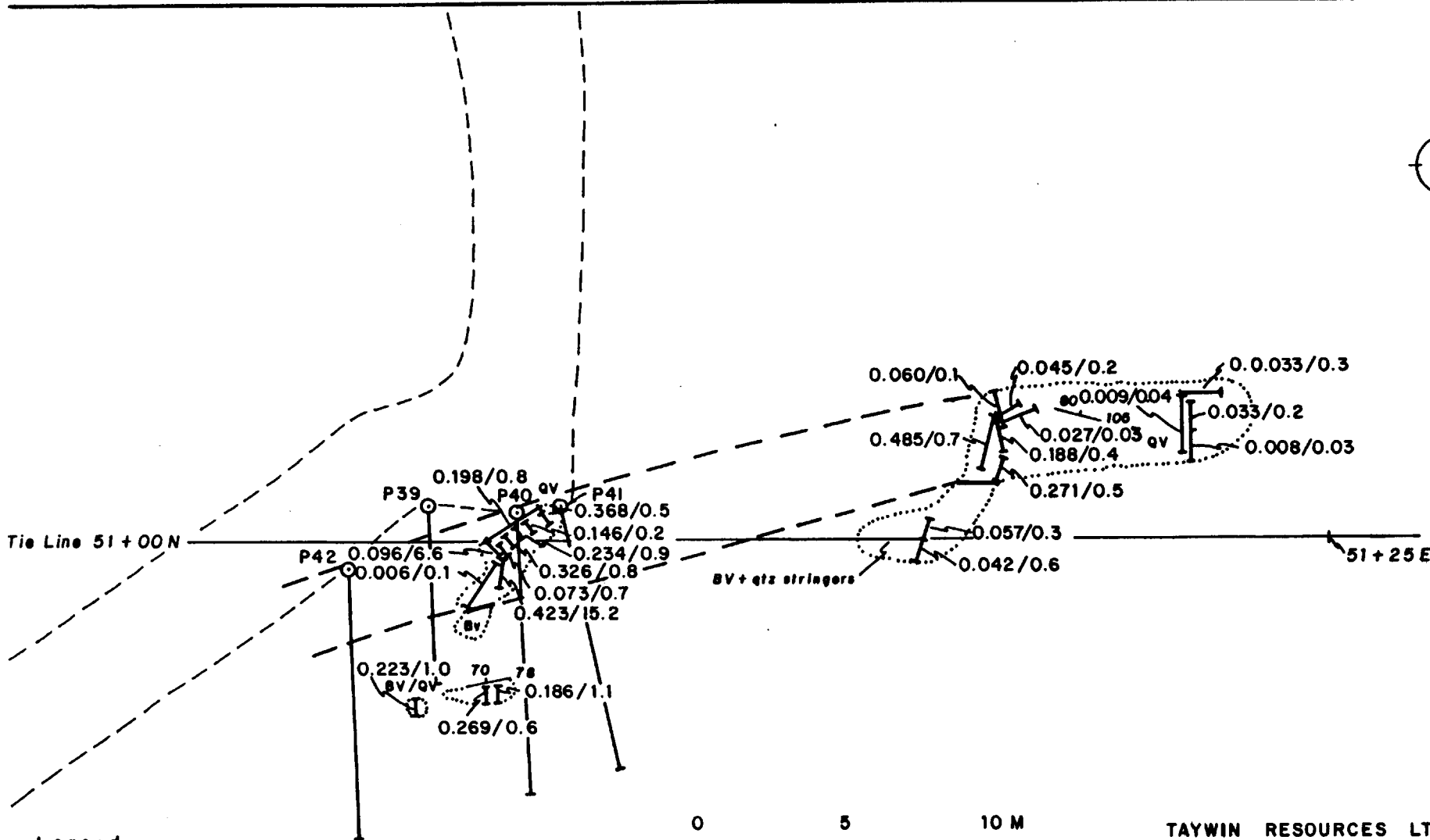
- 1085/2.0  
|—| SAMPLE LOCATION, NUMBER/  
LENGTH IN METRES
- LS/Q LIMESTONE/SILICIFIED
- BV BASALTIC VOLCANICS
- QCV QUARTZ CARBONATE VEIN



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ELECTRUM PROJECT  
**C - ZONE**  
DETAIL SAMPLE PLAN

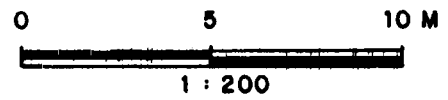
Figure 18





**Legend**

- 0.198/0.8
- | GOLD/SILVER oz/t
- LS/Q LIMESTONE/SILICIFIED
- BV BASALTIC VOLCANICS
- QCV QUARTZ CARBONATE VEIN



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ELECTRUM PROJECT

**C - ZONE  
ASSAY PLAN**

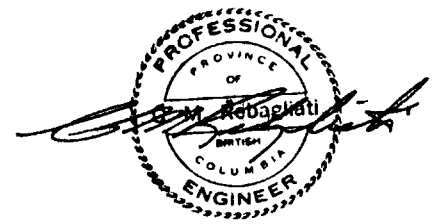
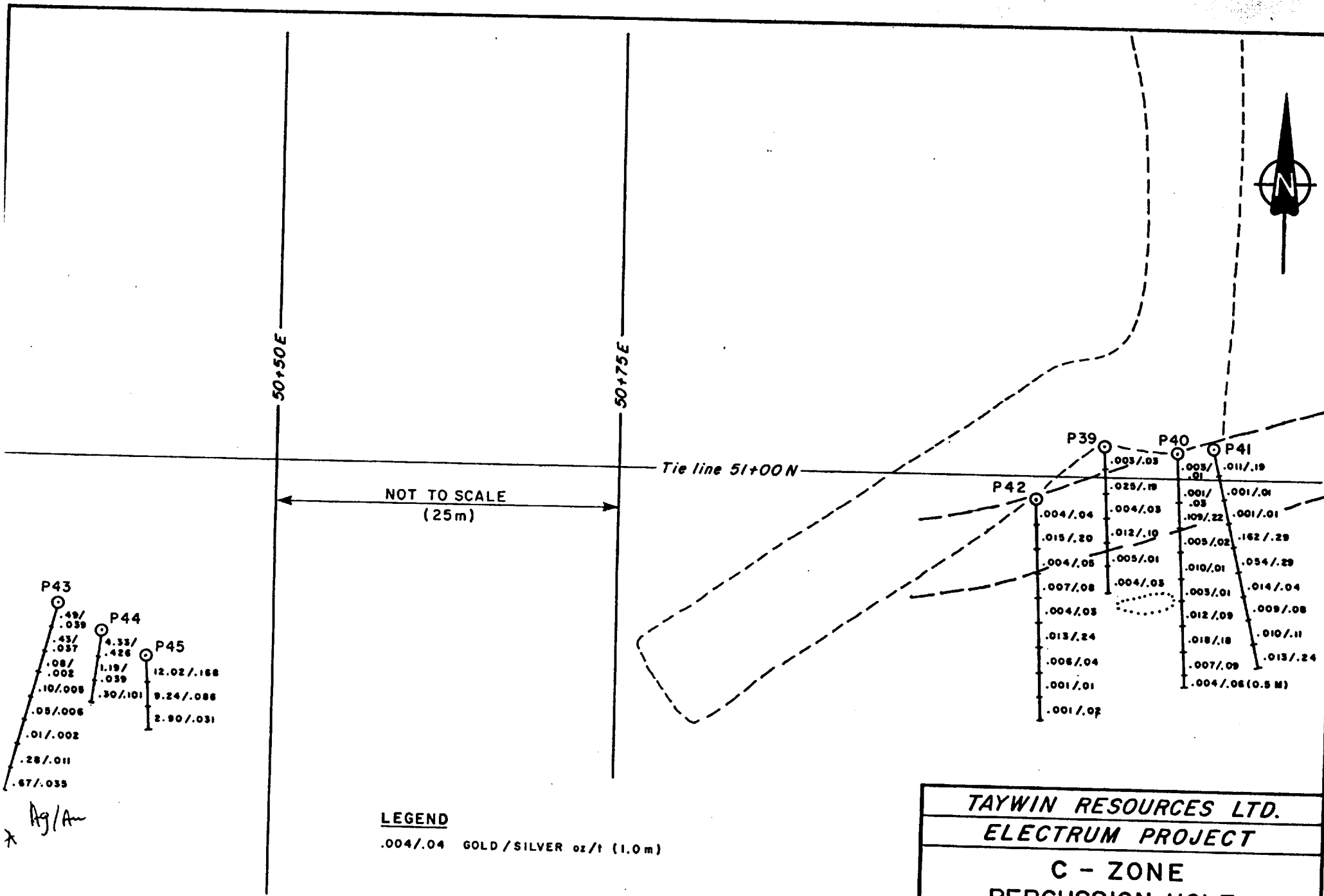


Figure 19



Hole	Assay Data (GOLD/SILVER oz/t)
P43	.49/.039 .43/.037 .08/.002 .10/.005 .05/.006 .01/.002 .28/.011 .67/.035
P44	4.33/.426 1.19/.039 .30/.101
P45	12.02/.168 9.24/.086 2.90/.031

Hole	Assay Data (GOLD/SILVER oz/t)
P39	.003/.03 .025/.19 .004/.03 .012/.19 .005/.01 .004/.03 .007/.08 .004/.03 .013/.24 .006/.04 .001/.01 .001/.02
P40	.003/.01 .001/.03 .109/.22 .005/.02 .010/.01 .003/.01 .012/.09 .018/.18 .007/.09 .004/.06 (0.5 M)
P41	.011/.19 .001/.01 .001/.01 .162/.29 .054/.29 .014/.04 .009/.08 .010/.11 .013/.24

respectively in the footwall of the vein. Silver grades are low; 0.22 and 0.29 oz/ton respectively. Adjacent holes P39 and P42 returned only a maximum of 0.025 oz/ton gold. At the western exposure, 45 m to the west, holes P44 and P45 cut 0.189 oz/ton gold, 2.04 oz/ton silver, and 0.127 oz/ton gold and 10.63 oz/ton silver across 3.0 m and 2.0 m respectively. Hole P43, drilled just 3.0 m to the west of hole P44, intersected 2.0 m grading 0.038 oz/ton gold and 0.46 oz/ton silver.

The percussion drill hole sampling program indicates a highly variable distribution of gold and silver grades in the vein, even at close sampling intervals. The percussion sampling has neither enhanced the apparent potential of the vein nor eliminated the potential for the discovery of a high-grade ore shoot.

#### CONCLUSIONS

The prospecting and trenching programs on the A, B, C and D-Zones have greatly reduced the potential to discover new mineralized veins within the areas of the soil geochemical surveys. No additional work is warranted on the A and D grids.

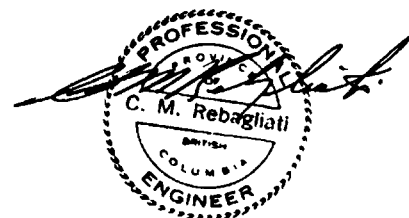
A small, high-grade shoot has been outlined by drilling within the Electrum Vein. The potential to develop this high-grade gold and silver deposit warrants careful evaluation by a mining engineer.

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The Anomaly Creek, Main and Off-Set Veins have mineralogical and textural similarities to the Electrum Vein. They are probably faulted segments of the same fissure-vein system which follows a plane of weakness along the contact between competent basalt and a more ductile limestone. The coarse metallic electrum present in the Anomaly Creek vein suggests that this vein may be a remnant of the high-grade shoot in the Electrum Vein, or may be the leading edge of a blind deposit.

The investigation by diamond drilling of the possibility that high-grade ore shoots may be present down dip from the surface exposures on the Main, Off-Set and C-Zone veins and down dip and along strike to the west on the Anomaly Creek vein warrant serious consideration.

These veins, while having ore making potential, must be considered as relatively high-risk prospects.



RECOMMENDATIONS

1. Engage a mining engineer to evaluate the feasibility of selectively mining the high-grade shoot in the Electrum Vein.
2. Undertake metallurgical testing to determine realistic recovery levels and to better evaluate potential custom milling and smelting facilities.
3. Diamond drill to test the down dip and westward projections of the Anomaly Creek vein for the continuation or the repetition of the Electrum Vein bonanza-grade shoot.
4. If the risks involved are compatible with corporate objectives, diamond drill the down dip extensions of the Main, Off-Set and C-Zone Veins.

