

September 15, 1976.

Mr. R.W. Margetts,
1670 West 5th Ave.,
Vancouver, B.C.

Dear Ron:

Re: Priest Lake, Texada Island

I spent September 14th in the field with Stan Beale, Jr., and Egil Lorentzen, reacquainting myself with Texada Island geology and paying particular attention to the Priest Lake area - in the vicinity of T.P. Anderson's 2220 gamma anomaly.

The 2220 anomaly, as indicated by Anderson on his Plate 6, is, at least in part, west of Ideal Cement Lot 527, south of Lot 530 and north of Priest Lake. The ground thus circumscribed is triangular, a right triangle in fact, with sides of 1200 ft., 1200 ft. and 1700 ft. along the highway adjacent to the north side of the east end of Priest Lake.

The Priest Lake area is on the west side of the "lime belt" that traverses the north end of Texada Island from Vananda to the iron mines of Texada Mines Ltd. The geology of the "lime belt", which is up to 2 miles in width, is very favourable for mineral deposits of iron, copper and, to a lesser extent, gold. Mineral possibilities on Texada beyond or outside the "lime belt" are not good.

The triangular area in the Priest Lake vicinity is largely underlain by Texada greenstone, basaltic lava and agglomerate. A minor stock or dike-like intrusion of fine-grained quartz diorite is well exposed on the north side of the highway in the northwest corner of the triangular area.

No mineral was noted in surface outcrops of the Texada Formation or in the granitic (quartz diorite) rock of the triangular area.

The economic potential of the aforementioned triangular area lies in Anderson's 2220 anomaly which can only be caused by a magnetic source - possibly a magnetite deposit. Because of the association of copper-bearing sulphides with the magnetite deposits mined for 25 years on the south side of Texada Island, it is possible that a similar iron-copper situation could exist at Priest Lake. This will not be determined without drilling.

Prior to drilling, it is recommended that a little more geophysical data be obtained on the Priest Lake area. I suggest that N-S lines be cut (1.5 miles total) at 100 foot intervals and stations be established every 100 feet - in order to facilitate magnetic and electromagnetic surveys - the latter to determine, hopefully, the presence of sulphides in the general vicinity of the magnetic source. This program, linecutting and geophysics, should not exceed \$2500 in cost and should definitely be undertaken prior to considering a deep drill hole.

There is one point that must be brought up concerning the 2220 anomaly. It occurs at the eastern extremity of the Natalie group and, with the incomplete data presently available, probably continues well onto Ideal Cement Lot 527. If the magnetic anomaly results from an iron deposit, it is most likely that some of the

deposit is on Lot 527. In other words, the cause of the magnetic anomaly is, to all intents and purposes, on the boundary of the Natalie group and the Ideal Cement property. This brings up the question of whether Lot 527, and possibly 2 or 3 adjacent Ideal Cement claims should be acquired prior to drilling.

The above letter report does not deal with any other property belonging to the Margetts group because I am not clear on what is involved.

Respectfully submitted,

BACON & CROWHURST LTD.

W.R. Bacon, Ph.D, P.Eng.

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