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REPORT

ON

ARCADIA EXPLORATIONS LTD.

ANYOX, B.C.

June 1st, 1968

W.R. Bacon, PhD, P.Eng.

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ILLUSTRATIONS

- Figure 1. Property Locations, Anyox, B.C., 1" = 1 mile
Figure 2. Geology, Anyox, B.C., 1" = 1 mile

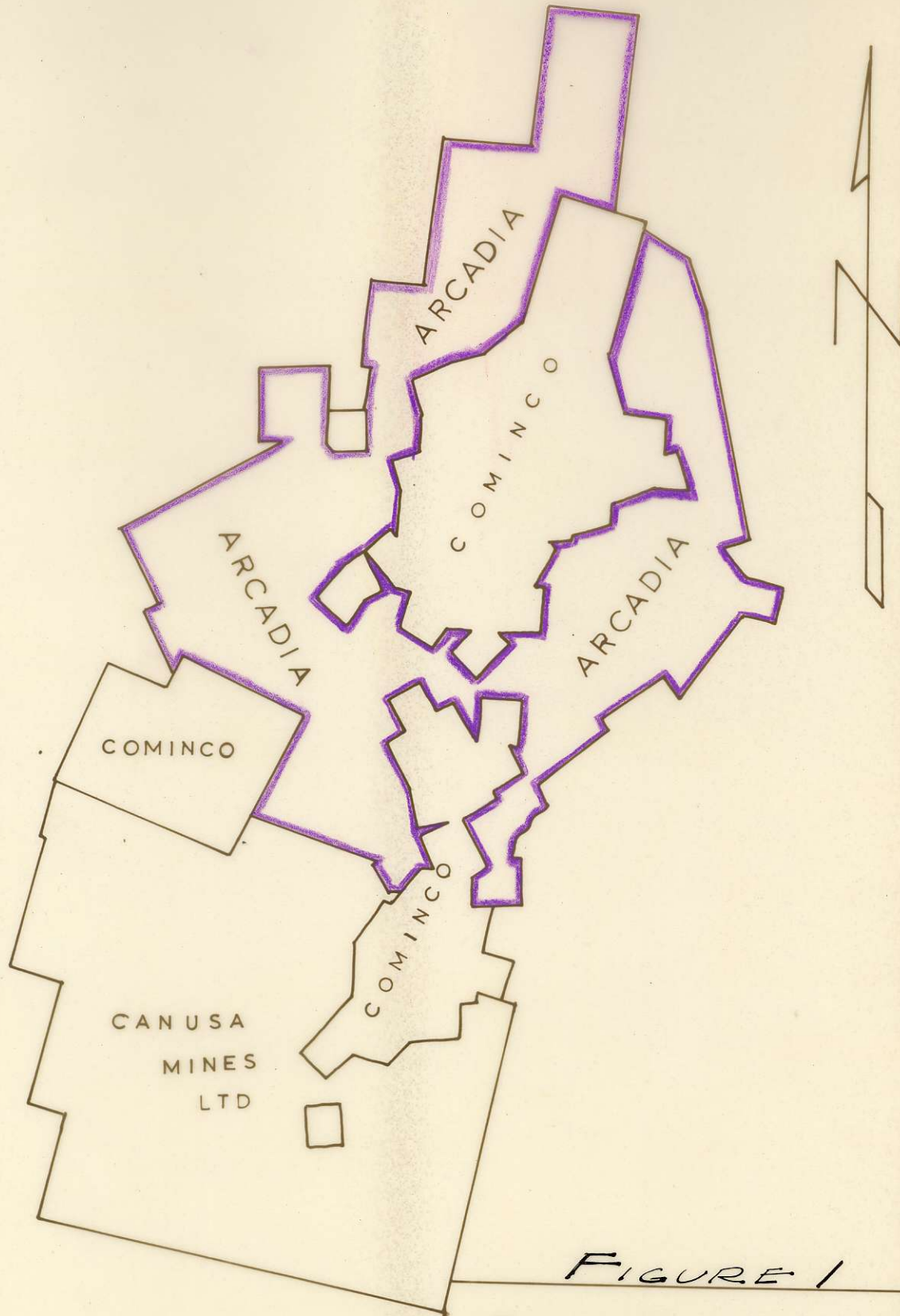


FIGURE 1
PROPERTY LOCATIONS
ANYOX, B.C.
SCALE: 1IN = 1MILE

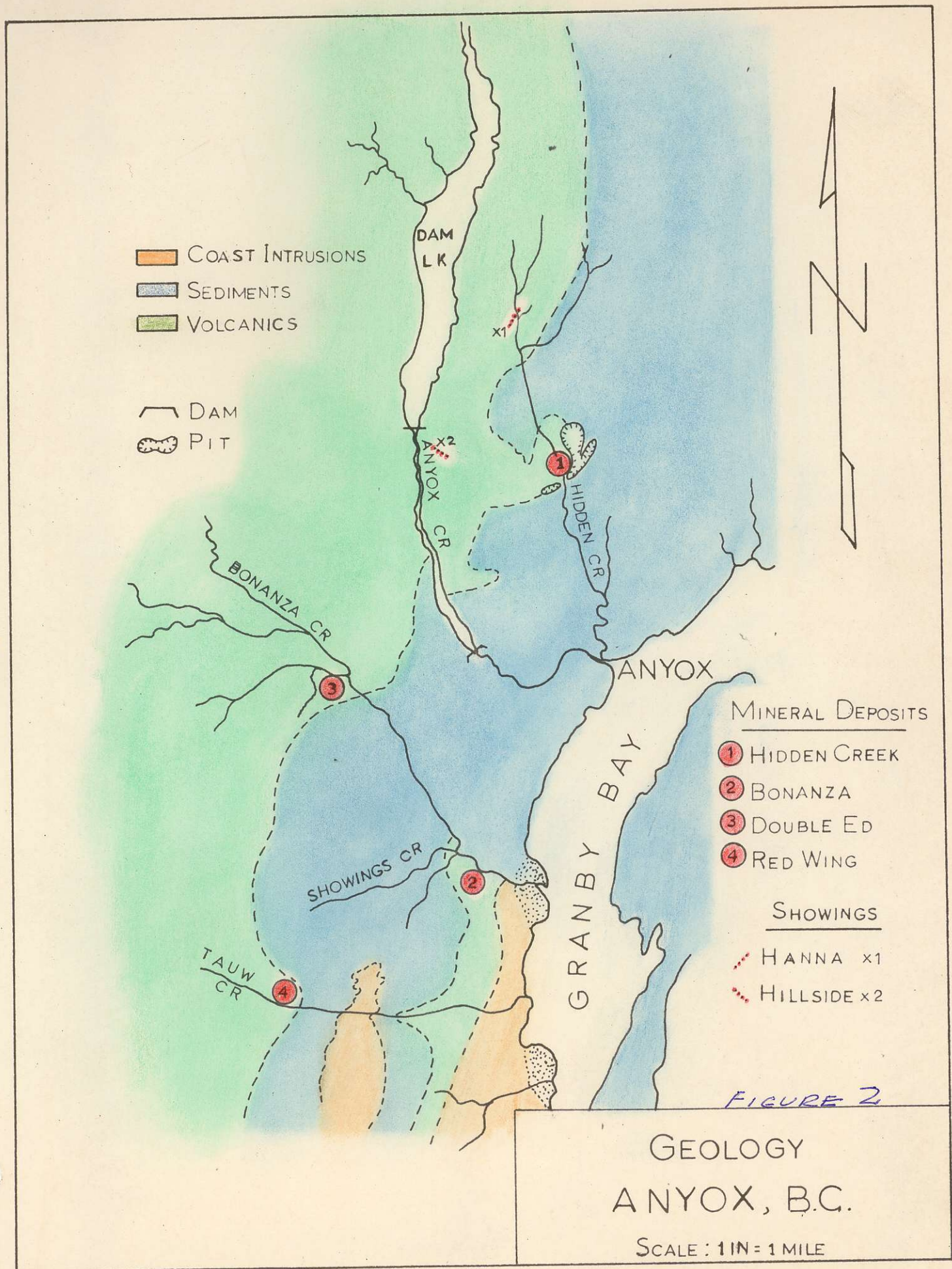


FIGURE 2

GEOLOGY
ANYOX, B.C.

SCALE: 1 IN = 1 MILE

INTRODUCTION

The writer's field examination was undertaken May 13-14, 1968. This was to refresh a substantial first hand knowledge of the Anyox camp and to inspect specifically the ground held by Arcadia Explorations Ltd.

Adjacent properties were also examined and special attention paid such features as the known orebodies and their setting.

PROPERTIES AND THEIR LOCATION

The properties of Arcadia Explorations Ltd. are 100 full and fractional mineral claims held by record, and 21 Crown-granted mineral claims on which mineral leases are in effect. They are 80 miles north of Prince Rupert, on the west shore of Observatory Inlet in the old Anyox mining camp. The properties of Arcadia and others are shown in Figure 1.

A detailed list of the Arcadia holdings follows:

Mineral Claims Held by Record

| | |
|-------------|-------------------------------|
| CD 15 to 18 | Record Numbers 28566 to 28569 |
| CD 19 FR | 28570 |
| CD 20 | 28571 |
| CD 21 FR | 28572 |
| CD 22 to 32 | 28573 to 28583 |
| CD 33 FR | 28584 |
| CD 34 FR | 28585 |
| CD 35 FR | 28586 |
| CD 36 FR | 28587 |
| CD 37 FR | 28588 |
| CD 38 to 43 | 28589 to 28594 |

Mineral Claims Held by Record (cont'd.)

| | | |
|-----------------|----------------|-----------------------|
| CU 1 to 10 | Record Numbers | 30616 - 30625 |
| CU 12, 14, 16 | | 30626 - 30627 - 30628 |
| CU 17 to 27 FR | | 30629 to 30639 |
| CU 28 to 33 | | 30640 to 30645 |
| CU 35 FR | | 30646 |
| CU 36 FR | | 30647 |
| CU 37 FR | | 30648 |
| CU 38 to 41 | | 30649 - 30652 |
| | | |
| CU 42 to 58 FR | | 31759 to 31775 |
| CU 59 to 62 | | 31776 - 31779 |
| | | |
| Black Fraction | | 32036 |
| George Fraction | | 32164 |
| Nick Fraction | | 32165 |
| | | |
| Sunshine 1-10 | | 31738 - 31747 |

Mineral Leases

M.L. 192

| | | |
|------------|-----|------|
| Lake | Lot | 1139 |
| Iron Cap | | 1508 |
| Monkey FR | | 1142 |
| Darwin FR | | 1141 |
| Lost Chord | | 1140 |
| Phyllis FR | | 1510 |
| No. 1 | | 1123 |
| No. 2 | | 1124 |
| No. 2 FR | | 1133 |
| No. 3 | | 1125 |
| No. 4 | | 1126 |
| No. 4 FR | | 1134 |
| No. 5 | | 1127 |

M.L. 115

| | | |
|--------------|--|------|
| Toten | | 1516 |
| Low Pass | | 1515 |
| Lone Wolf | | 1527 |
| Independence | | 1514 |

Mineral Leases (cont'd.)

N.L. 129

| | |
|-----------|----------|
| Sunrise | Lot 1530 |
| Sundog FR | 3873 |
| Ruby | 1973 |

N.L. 196

| | |
|---------|------|
| Mallard | 2225 |
|---------|------|

ACCESSIBILITY

Anyox has all but disappeared in the thirty years since mining ceased. It is uninhabited but accessible by aircraft or boat.

The Arcadia claims are adjacent to the old Anyox mine workings now held by Cominco Ltd. They are well located and very accessible should a mine develop.

HISTORY

Anyox has been one of the major mining camps of British Columbia. It was operated as an integrated copper mining and smelting industry for many years until it closed permanently, through strike action, in 1936.

The Hidden Creek orebodies were mined from 1914 to 1936; from 23,948,419 tons of ore treated, there was recovered 708,891,739 pounds of copper, 6,638,088 ounces of silver, and 121,299 ounces of gold. The Bonanza mine, 3½ miles south of Hidden Creek, was operated in the years 1928-35 and ; 724,193 tons of its ore yielded 31,525,588 pounds of copper, 281,244 ounces of silver, and 2,784 ounces of gold.

These properties were subsequently sold by the operators, The Granby Consolidated Mining, Smelting, and Power Company, Limited, to Consolidated Mining and Smelting Company of Canada Limited which undertook considerable exploration at Anyox in the 1950's. This company found the Double Ed deposit and explored it from surface and underground. The work outlined a copper body of more than one million tons grading better than one per cent.

In 1966, the Red Wing mineral deposit was explored extensively by the large American copper company, Anaconda, under an option arrangement from Canusa Mines Ltd. It is reported that this work developed approximately 200,000 tons of copper-bearing rock grading about 2.5 per cent copper.

GEOLOGY

The geology on the accompanying 1" = 1 mile map (Figure 2) is essentially that shown by M.E. Nelson in his 1935 paper "The Hidden Creek Ore-Bodies".* It is correct.

Anyox occurs in a septum or roof remnant of layered rocks surrounded in plan by granitic rocks of the Coast Intrusions. The layered rocks consist of volcanics and sediments.

The volcanics are andesites that in many places exhibit excellent pillow structures. Massive andesites also occur, some of which are sills, and are undoubtedly responsible for the idea of 'intrusive greenstone' in the vicinities of Hidden Creek and Bonanza.

* Published in Transactions of the Canadian Institute of Mining and Metallurgy, 1935, pp. 349-357.

The sediments overlies the volcanics and consist of banded argillites and siltstones, with minor sandstone and lenses of limestone.

The contact between volcanics and sediments is sharply defined except in a few places, as at Hidden Creek, where it is masked by silicification. Generally the contact dips eastward but not everywhere; an E-W section through the No. 1 orebody at Hidden Creek indicates that, here, the contact dips westward near the surface.

Much could be said concerning the structures found in the layered rocks and a traverse just about anywhere in the sediments would indicate some form of structural complexity. In this writer's opinion, however, the internal structures exhibited are not of great consequence in any new search for ore. Economically, the geologic feature of paramount importance is simply the volcanic-sedimentary contact and other considerations are secondary. All the copper mineral mined to date has come from deposits on that contact.

By the same token, it is highly unlikely that further superficial investigation of the contact would yield a pound of new ore. The Anyox area has been burned over thoroughly and the contact can be followed accurately and prospected carefully. This has been done.

Of secondary importance, but nevertheless of importance, are the volcanic rocks themselves. The Double Ed deposit is in the volcanics, as are the Hanna and Hillside showings of Arcadia

Explorations Ltd. These testify to the fact that copper mineralization does occur in the volcanics, away from the contact.

CONCLUSIONS AND RECOMMENDATIONS

The potential importance of the ground held by Arcadia Explorations Ltd. lies in its proximity to the Anyox orebodies and the fact that it covers 2½ miles of favourable volcanic-sedimentary contact. With regard to the Hanna and Hillside showings, in each instance it is possible to trace, in intermittent outcrop, chalcopyrite (copper) mineralization for a horizontal distance of 500-800 feet. Such showings are of potential importance in the Anyox context.

The surface condition of the Anyox area is significant in considering future exploration. As stated above, forest fires have denuded the area and undoubtedly the smelter operation contaminated the soil to some extent. In any event, geochemical work is not recommended.

The 2½ miles of favourable contact merits investigation by geophysics and the Anyox ore is particularly responsive to electromagnetic methods. The Turam method is recommended specifically because of its greater penetration than other electromagnetic methods.

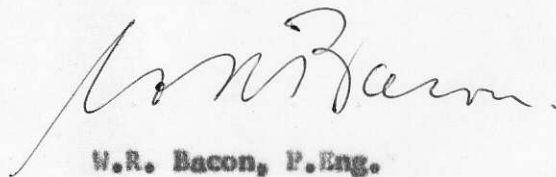
The Hanna and Hillside showings merit investigation by physical means, i.e. trenching and X-ray drilling.

ESTIMATED EXPLORATION COSTS

| | |
|--|-----------------|
| Transportation of men, drilling equipment to and from jobsite, fuel, supplies | \$4,000.00 |
| Provision for field camp | 3,000.00 |
| Marking & cutting of 30 lines, 400 feet apart and each 2000 feet long | 1,800.00 |
| S.M. (Turam) survey - 12 miles | 2,250.00 |
| Drilling geophysical indications 6 holes - total 3000 ft. @ \$12.50 | 37,500.00 |
| Trenching and X-ray drilling of Hanna and Hillside showings | <u>7,500.00</u> |
| | 56,050.00 |
| Omissions and contingencies | <u>5,605.00</u> |
| | \$61,655.00 |

Respectfully submitted,

BACON and CROWHURST


W.R. Bacon, P.Eng.

CERTIFICATE

I, William R. Bacon, with business address at
102 - 1111 West Georgia Street, Vancouver, 5, British Columbia,
DO HEREBY CERTIFY THAT:

1. I am a consulting geological engineer.
2. I am a graduate of the University of British Columbia with
B.A.Sc. (1939) and M.A.Sc. (1942) degrees in Geological
Engineering.
3. I am a graduate of the University of Toronto with a PhD (1952)
degree in Economic Geology.
4. I have practised my profession for thirty years in Canada, South
America and Australia. During the past twenty years, the majority
of my time has been spent in British Columbia; it includes
seven years (1949-56) as geologist with the B.C. Department of
Mines.
5. I have personally examined the Anyox property of Arcadia Explora-
tions Ltd. *HARRISON PINE LAKE MINING*
Co. Ltd
6. I have no interest, direct or indirect, in the property or
securities of the above Company, nor do I expect to acquire any
such interest.
7. I have inspected such claim posts and location lines as I en-
countered during my property examination. These appear to be
OMIT as required by the B.C. Mineral Act. In addition, from my general
knowledge of the staker, I assume that the claim locations have
been made as plotted on provincial government claim maps.

Respectfully submitted,

W.R. Bacon, P.Eng.

Vancouver, Canada.

September 27th, 1968.

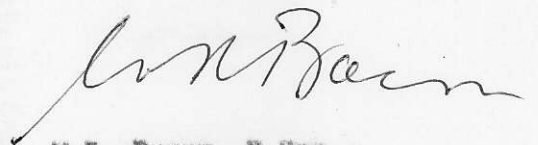
TO WHOM IT MAY CONCERN:

The value of the Denman claims depends on the following factors:

1. They are in the centre of a major mining camp, Anyox.
2. They straddle 1-1/4 miles of the favourable contact zone.
3. Copper float has been found on the claims.

Under the circumstances, a price of \$400 per claim is quite reasonable for the Denman claims.

BACON and CROWHURST

A handwritten signature in cursive script, appearing to read 'W.R. Bacon', is written over the typed name.

W.R. Bacon, P.Eng.