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# NUSPAR RESOURCES LTD.

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## VANCOUVER ISLAND GOLD PROJECT

### Sampling and Testing in Progress

Ten bulk samples, each consisting of one thousand pounds of representative silt, sand and gravel, are now being processed to determine the recoverable content of gold, silver and the platinoid elements.

### Encouraging Assays Reported

During April, 1983 a series of eleven samples taken under the supervision of Reimchen Urlich Geological Engineering of North Vancouver confirmed that potentially economic amounts of precious metals occur within the deposit. Values reported ranged from $0.11 to $53.51 (Canadian dollars) per cubic yard. Dry magnetic concentrate was obtained by on-site processing for subsequent analysis. Two concentrate samples were submitted to Chemex Labs Ltd. of North Vancouver for conventional fire assay analysis. Results were reported as follows:

| Sample No. | Description | Oz. Gold/ton | Oz. Silver/ton |
|---|---|---|---|
| 203 | Terrace gravel | 2.368 | 0.39 |
| 404 | Quadra sand | 7.408 | 1.21 |

Portions of the same concentrate were also analyzed by Sabin Metal Corp. of Scottsville, New York, after removal of all coarse material:

| Sample No. | Description | Oz. Gold/ton | Oz. Silver/ton |
|---|---|---|---|
| 203 | Terrace gravel | 0.313 | 0.36 |
| 404 | Quadra sand | 0.543 | 0.60 |

Both laboratories detected a high level of mercury with Sabin Metal Corp. also noting a minor amount of palladium. These results, together with other data obtained by Reimchen Urlich Engineering Ltd., were summarized as follows: "The average values per cubic yard for all of the materials are $2.05 or $10.93, depending on the inclusion of the high Chemex results or not. The above values are based on a measured loss of 11% of the free gold in the concentration."

## DISCOVERED BY SPANIARDS

Gold was first identified near the site of present operations by Eliza's Expedition in 1792, while the area was under Spanish domination, governed by the Viceroy of Mexico. Commercial development of the deposits commenced well before 1900 along what is now known as the Leech River fault zone. Between 1907 and 1914 a monitor and sluice operation employed a 50 man crew on ground now covered by leases under option to Nuspar. During the early 1970s the area was designated a "Placer Area" by the Provincial Government.

## TRIANGLE VENTURES LTD.

A group of Victoria residents, familiar with the area and aware of prior work, became interested when logging removed all prime timber from the site and provided access for systemic prospecting.

Leases were obtained and numerous sample pits and exposed gravels were tested. The services of Reimchen Urlich Engineering Ltd. were engaged to confirm and expand on the promising results obtained by Mr. Ian M. Sherwin, President of the privately funded Triangle group.

## NUSPAR OBTAINS OPTION

Preliminary studies during early 1983 by Reimchen Urlich Engineering Ltd. concluded that a detailed evaluation was warranted and recommended a two phased sampling and testing program. A Nuspar Engineer visited the property prior to the 1983 program and confirmed an interest in participation if warranted or required, following an independent evaluation. On approval by the Board of Directors, Nuspar agreed to fund further work at a cost not exceeding $50,000 in consideration for an option to acquire a 50% interest by placing the property in production. Terms and conditions of the option agreement are subject to regulatory approval.

## FUNDS AVAILABLE FOR EXPLORATION

Uncommitted funds, together with proceeds from directors' options and shareholder loans, are being employed to conduct work now in progress. A private placement has been arranged to insure adequate provision for ongoing work.

Funds will be applied in accordance with Engineering recommendations and to provide additional working capital. Application for regulatory approval will be submitted forthwith.

SEASONAL and ENVIRONMENTAL FACTORS

A paved highway extends to within two kilometres of present operational areas with logging roads traversing the property. Work is presently confined to an area between 75 and 150 metres above sea-level where snow and freezing conditions are seldom encountered. Notice of Work has been filed and no regulatory or seasonal constraints are anticipated. Clear cutting has removed all commercial timber from the proposed development area.

INDUSTRIAL RECOVERY and LAND RECLAMATION

Engineering estimates indicate 156 million cubic yards available for treatment, primarily to recover gold, but also to obtain values from silver, palladium, mercury and possibly recoverable amounts of platinum. Washed sand and gravel may be segregated for future use. Significant amounts of magnetite are also of potential economic interest. Hydraulic mining methods employing closed circuit slurry transport, concentration and disposal on a continuous operating basis have been recommended as an applicable and cost effective system. Reclamation of the work area would directly follow completion of each mining stage. Compound water cyclones (similar to those employed in the B. C. coal mines, which treat the millions of tons of metallurgical coal exported annually) have proven effective in recovery of fine gold.

DRILLING and PILOT PLANT CONTEMPLATED

Analysis and recovery information from the bulk sampling and testing work now in progress will provide sufficient data on which to base further development plans. Drilling to delineate reserves and construction of a pilot plant would be required in advance of detailed production planning. Nuspar would concur with the opinion of Mr. Sherwin of Triangle Ventures Ltd. who states that the deposit has the potential to rank as a world class development which could contribute significantly to the economy of British Columbia.

The foregoing information was prepared by Nuspar Resources Ltd. for inclusion in its 1983 Annual Report to Shareholders.

The Vancouver Stock Exchange has neither approved nor disapproved the content of this report.

Respectfully submitted on behalf of the Board:

H. S. Aikins
President