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Notes on Cenola Deposit. Field Visit ~~July 20/88~~

LOCATION: Queen Charlotte Islands
- Graham Island south of Port Clements.

Owner/Operator: City Resources (CANADA) limited

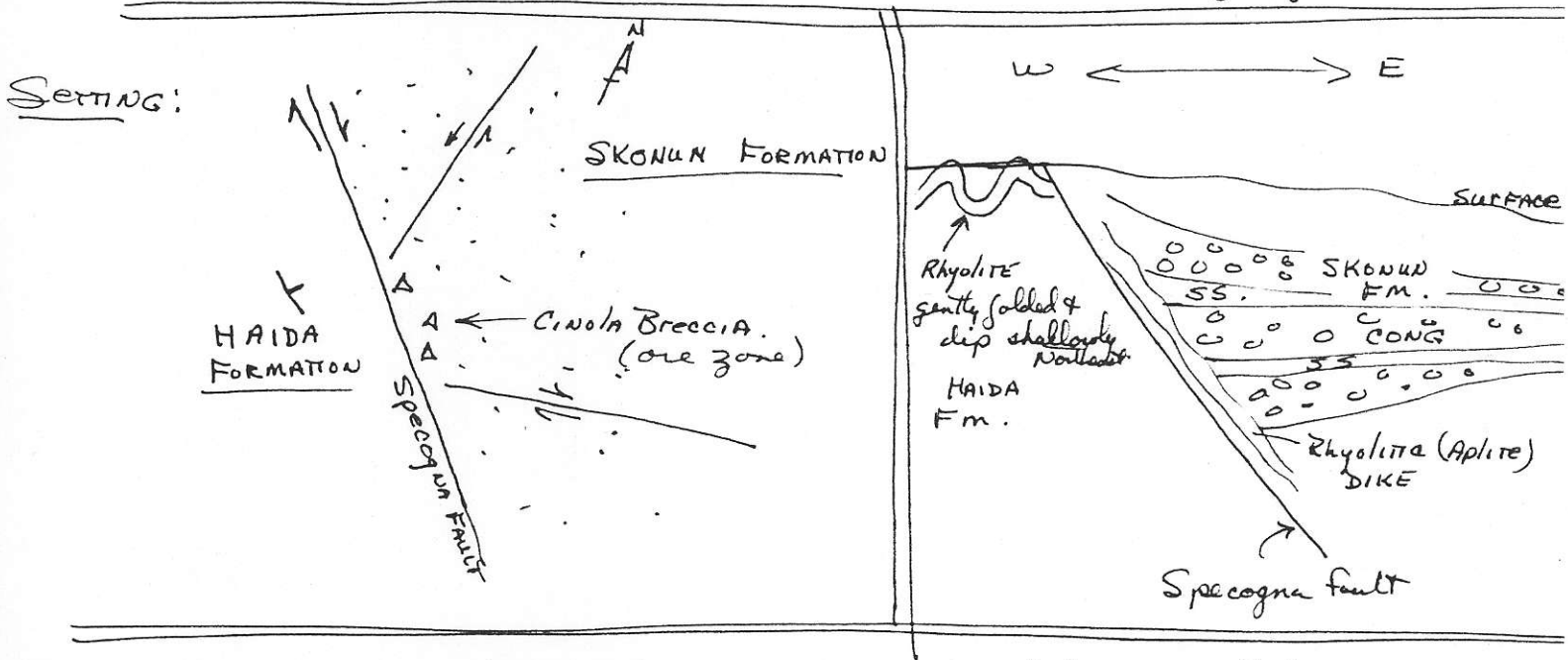
Contact: John Deighton - Senior Geologist - Administration 604 669-1524

Type: Epithermal gold.

Ore Reserves:

Mineable	40.7 m tonnes	@ 1.65g/t Au	(1.1g/t cutoff)
Geological	43.5 m tonnes	@ 1.65g/t Au	(0.69g/t cutoff)

(mineable reserves are included in the geological)



SKONUN Fm. - 6600' of pebbly conglomerate, sandstone, siltstone and some intermixed rhyolite. Very rugged locally, and conglomerates are relatively porous units. Highly silicified in area of ore zone.

ORE ZONE: - in Skonun Fm. Field mapping identifies "single phase" and "multi-phase" breccias which are conglomerates containing or cut by "Crackle Breccia". Crackle Breccia is a quartz stockwork system containing free gold (particularly in grey colored quartz). Veins are average 1 to 10 millimeters in width but some veins are up to 1 meter.

- gold is preferentially concentrated in crackle breccia within conglomerates but also occurs in vuggy cavities and disseminated throughout the sediments.
- ore zone is about 700 x 300 meters but is open to NE and ~~SE~~ SE

Alteration: - Most highly silicified (and mineralized) horizons are the Skomun conglomerates. Intertbedded sandstones and siltstones are less silicified + mineralized reflecting the obviously greater porosity of the conglomerates to the ore forming fluids.

- Very strong propylitic and pyrite alteration in vicinity of ore zone.
- Strong kaolinitic alteration (Argillic) within fault zones.

Geochem: - Much of property is covered by thick overburden so soil geochem surveys have not been highly productive.

- There are anomalous values for arsenic, antimony and mercury respectively as distance increases from the ore zone to the north-east.

Specogna Fault: Right lateral offset. At least four identifiable fault planes in ore zone vicinity: Intersected by 2 other major faults trending NNE and ESE but is not offset by them. Highly kaolinized in fault zone. Aplitic dike is associated with Specogna Fault in area of ore zone and may be related to gently folded rhyolite in the Haide Formation. Specogna Fault parallels Sandspit Fault to the east.

Future: Submitted Stage II report to Mine Development steering committee and production/development is planned for late '88 or 1989. at a proposed rate of 6000 Tpd. to produce about 160,000 ounces gold per year at an estimated cost of \$225 (U.S.) per ounce.