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Bag 5000, Smithers, B. C. VOJ 2N0

To: V.A. Preto, Manager
Applied Geology & Coal

Date: June 17, 1986

Our File:

From: D.V. Lefebure, District Geologist

RE: SAM Property Visit, May 22, 1986
MINFILE 93L1W260

CONFIDENTIAL

Tom Schroeter and I visited the SAM claim on May 22, 1986 located immediately west of the Equity Silver Mine (Figure 1). Percussion drilling programs by Lorne Spence of Faraway Gold Mines over the past several years have defined a broad pyrite-rich zone (Figure 3) in suspected Goosly Sequence rocks (Equity Mine host rock). Percussion holes have been spaced (15') 5 to (400') 125 m apart and approximately (350') 100 m deep. The zone appears to "peter out" to the west according to owner Lorne Spence. Most holes have cut 20 to 80 feet of Tertiary flows before reaching the Upper Jurassic to Cretaceous Goosly Sequence. Four diamond drill holes (5,000') are proposed for this zone this month.

In May approximately 16 percussion drill holes were completed to test old soil geochemical anomalies near the eastern boundary of the claim (DVL-86P-17). Hole #43 passed through 25 feet of overburden into dacite, 7-15% sulphides including chalcopyrite, sphalerite, tetrahedrite and pyrite hosted by quartz + sericite-rich dacite^{w.c.e.} intersected from 70 to 250 feet (personal communication, L. Warren). Overburden and Tertiary flows are typically less than 100' thick. At the base of the Tertiary flows there is a blue clay (regolith?) which can carry anomalous values in Au and Ag (personal communication, L. Warren). Another 16 or 17 percussion drill holes were completed between the eastern zone and the main zone intersecting disseminated pyrite in dacite beneath varying thicknesses of Tertiary volcanics.

Current information on this property is very limited due to the company's secretive nature. Given the size of the pyrite-rich zone, there is definite potential for discovery of another Equity Silver Mine-type deposit.

Corrections to MINFILE properties 93L1W260 and 93L1W256 (Figure 2) resulted from the follow-up to this visit.

David Lefebure

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ACTION:	Vic	
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- percussion drill hole
- diamond drill hole

Figure 3. Proposed drill holes on SAM claim for 1986 (from notice of work).

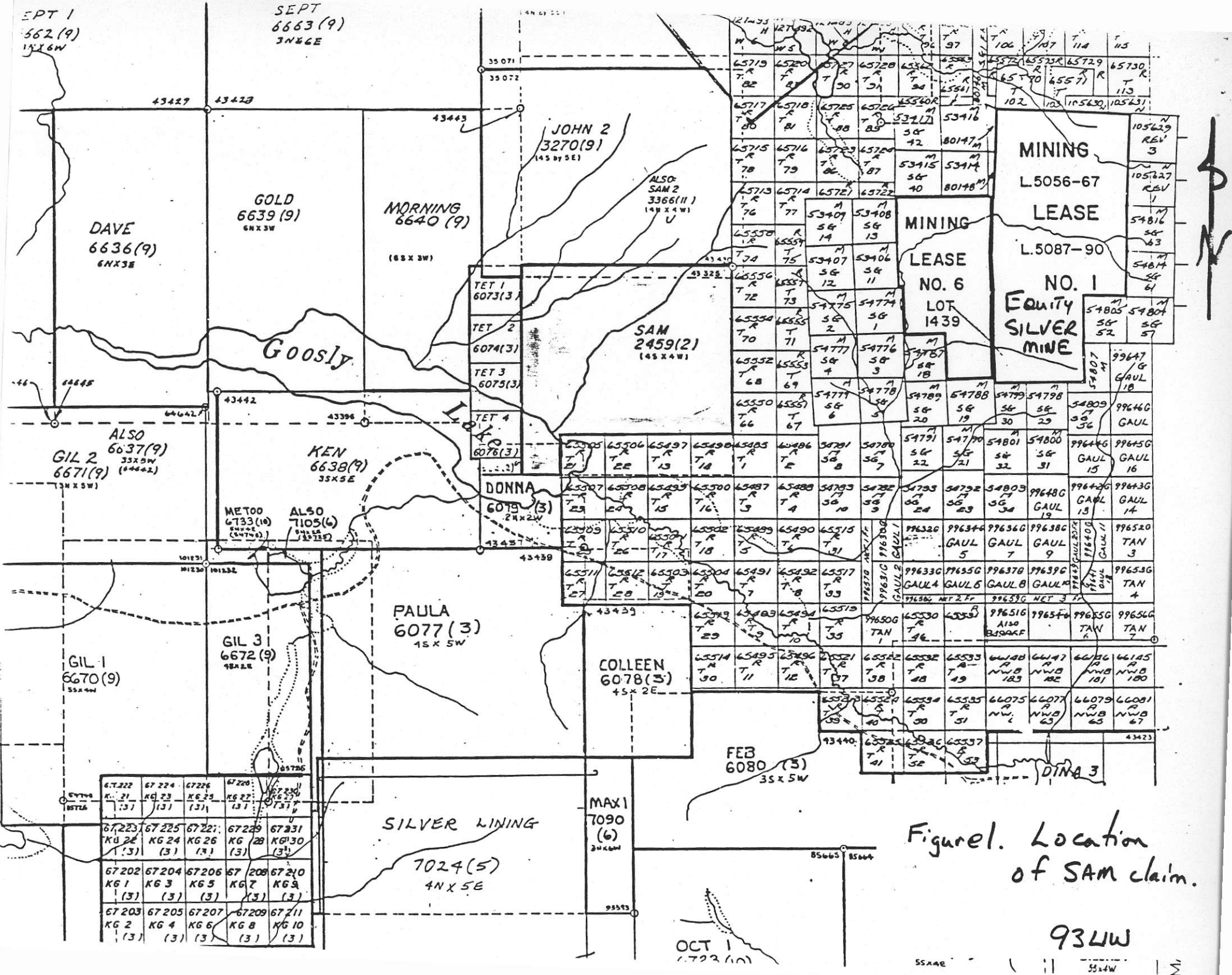


Figure 1. Location of SAM claim.

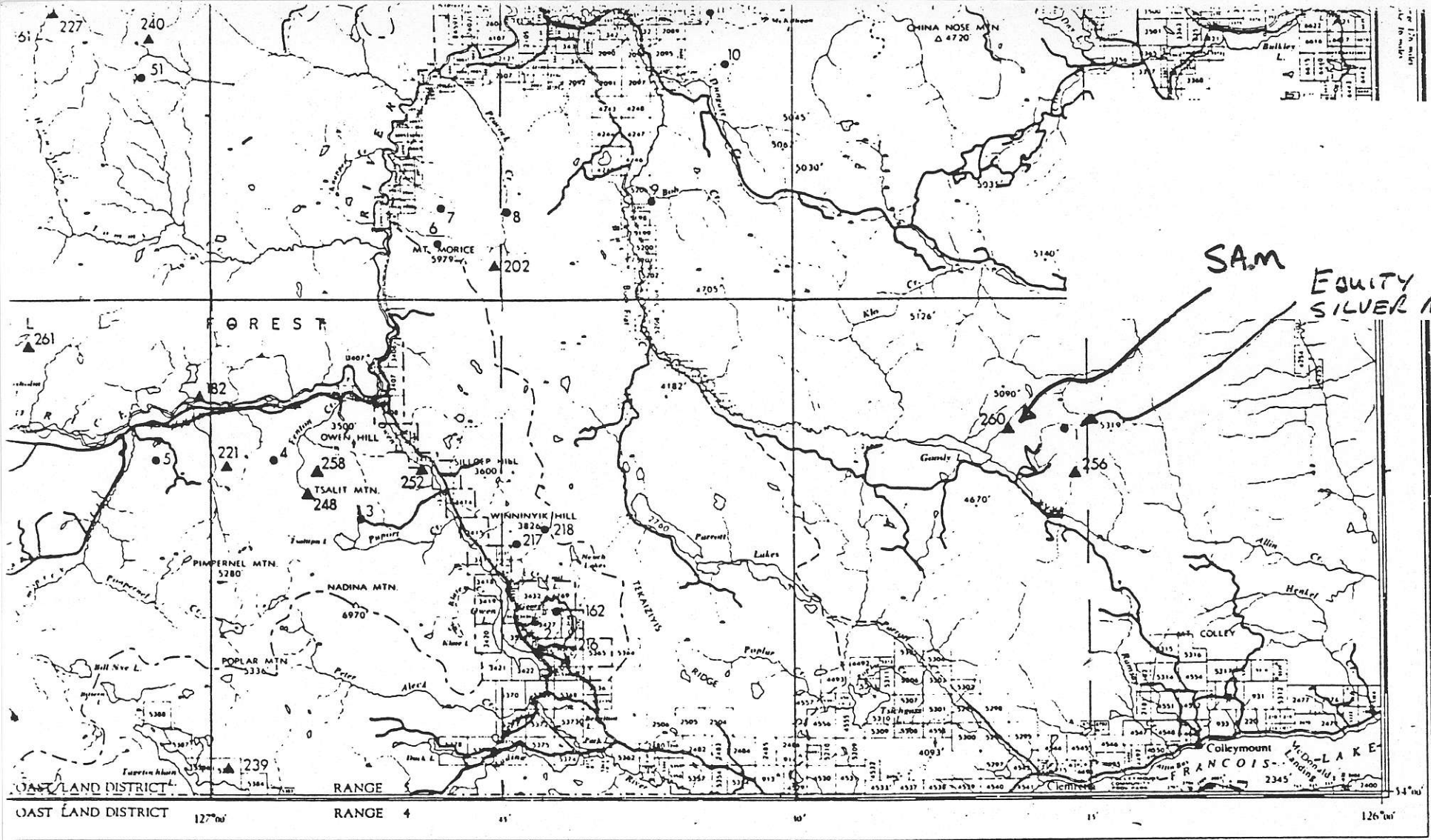
934W

OCT 1
6722(10)

5544E

5544W

5



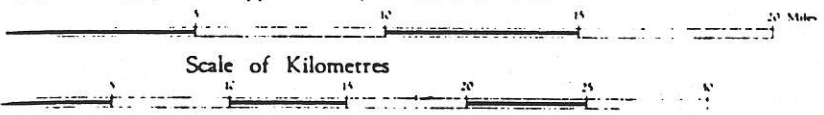
SAM
EQUITY
SILVER MINE



SMITHERS

BRITISH COLUMBIA
COAST LAND DISTRICT - RANGE 5

Scale 1:250,000 or approximately 1 Inch to 4 Miles



Magnetic Declination approximately 26° 54' East of true at date of sheet 1962
Increasing approximately 2.26' annually

W. B. YOUNG, CHIEF GEOGRAPHER

REFERENCE

- Road, Road Surface, All Weather More than 2 Lanes (1) 2 Lanes
- Road, Road Surface, All Weather Less than 2 Lanes
- Logging, Loose Surface, Dry Weather 2 Lanes
- Trail
- Railroad
- Telephone Line
- Electric Power Line
- Horizontal Control Station
- Contour (Interval 500 feet)
- Elevation in feet above mean sea-level
- Intermittent Stream
- Swamp or Marsh
- Ham
- Village
- Mine

Universal Transverse Mercator Projection

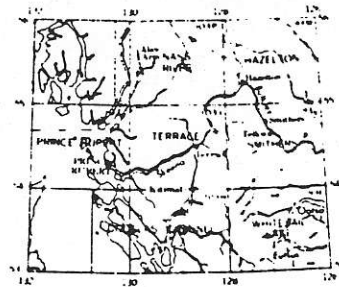


Figure 2. Location of Sheet 93L (MI)
Sam "pyrite zone".



DVL-86P-17 New zone drilled in 1986 with four percussion drill holes. The drill rig (in centre of photo) is still set up on the fourth hole. Cuttings reportedly contain zinc mineralization over significant widths.



DVL-86P-18 A view of Goosly Lake from the Sam campsite. The lake is still partially covered with ice.



DVL-86P-19 Picture of the camp for the SAM project



DVL-86P-20 Area south of camp which has been drilled in previous years with percussion rigs. Drilling has defined a broad pyrite zone which trends southwest.



DVL-86P-21 Leftover cuttings from a percussion
drill hole.