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680048

R E P O R T  
on the  
EAGLES NEST PROPERTY,  
HEDLEY AREA,  
OSOYOOS MINING DIVISION, BRITISH COLUMBIA

for

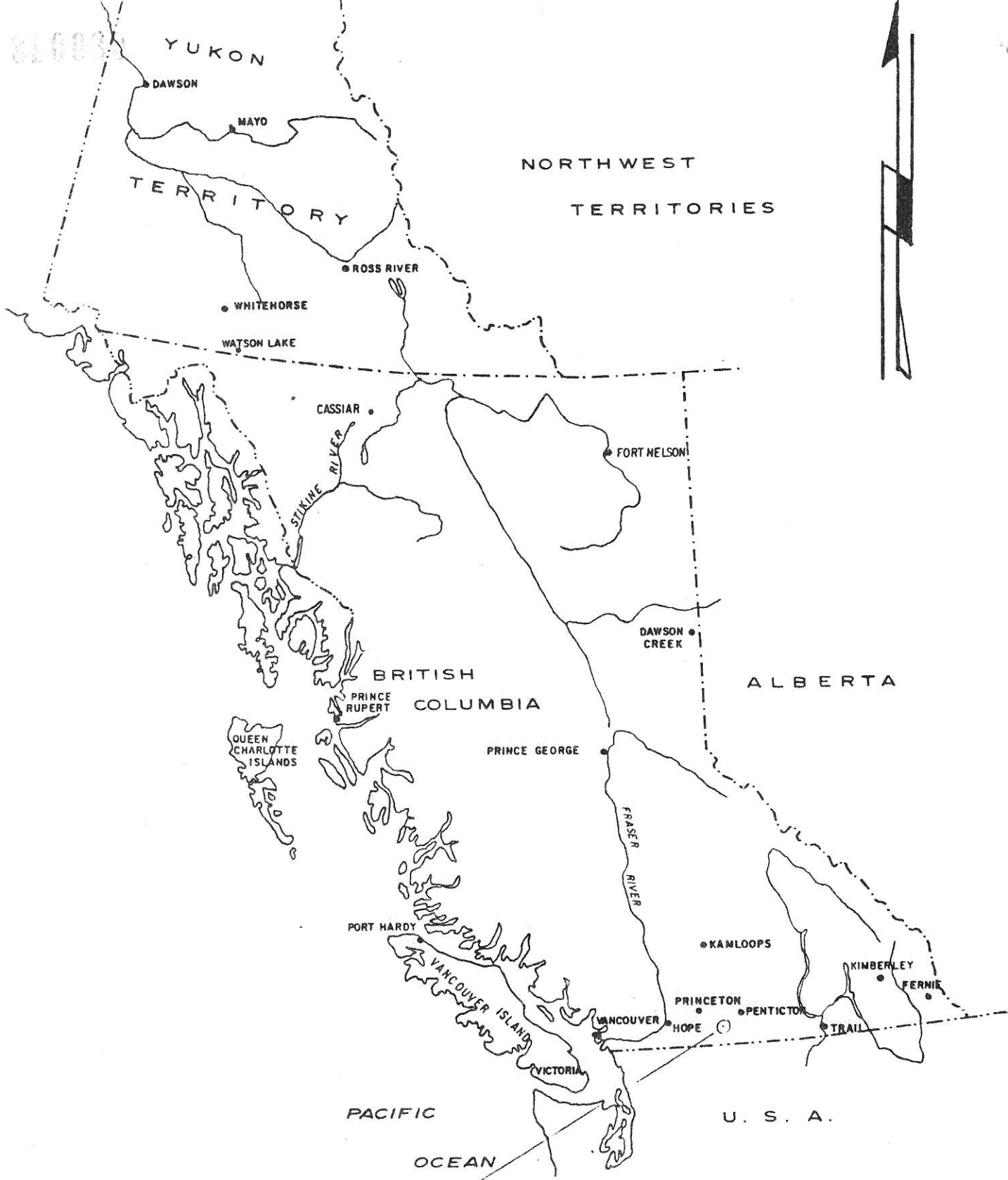
AGIO RESOURCE CORPORATION

by


R. W. PHENDLER, P. ENG.

Vancouver, Canada

May 5, 1981



EAGLES NEST PROPERTY

LOCATION MAP		
VANCOUVER		BRITISH COLUMBIA
<u>AGIO RESOURCE CORPORATION</u>		
EAGLES NEST PROPERTY, 0207110 MIN. DIV.		
SCALE 1:12,672,000		
0  200 Km		
NTS.	DATE, APR. 1981	FIG. No. 1

## TABLE OF CONTENTS

	<u>Page</u>
PART "A"	
Summary and Conclusions .....	1
Recommendations .....	2
Cost Estimate .....	3
PART "B"	
Introduction .....	4
Location and Access .....	4
Property and Ownership .....	5
History .....	5
Geology and Mineralization .....	8
Diamond Drilling .....	10
Comment .....	10
Certification .....	11
Bibliography .....	12

### ILLUSTRATIONS

Fig. 1 - Location Map	-	Scale 1" = 200 Miles
Fig. 2 - Property Map	-	1" = 900'
Fig. 3 - Cross Section	-	1" = 1,100'

PART "A"

SUMMARY AND CONCLUSIONS

Lying on the down-dip extension of the Nickle Plate and Hedley Mascot gold bearing mineral zones, the Eagles Nest claims contain all the characteristics that suggest that additional mineral zones are present. The property is located a few miles from Hedley in south central British Columbia, where by the use of exhaustive geological studies in the past, current exploration activity in the old producing properties is giving favourable results. The geological setting is well known and the ore controls appear to be fully understood.

The gold-bearing zones are confined to skarn rocks close to the extreme limits of metamorphism, where they are located adjacent to igneous contacts in controlling structures formed by transverse folding and fracturing in the sediments. Diamond drilling on the 3700 level, a part of which lies within the Eagles Nest claims, shows the presence of interesting gold-bearing intersection within the favourable horizons. Within the claims are 900 feet of horizontal drift (3700 level) and an 1800 foot long, +23° incline with five established level stations. This was driven with the purpose of connecting to the 3700 level in 1945 -47 and transporting mine ore from the upper levels through the incline to the Mascot Mill below but a strike in 1948 closed the operation when the incline lacked 600 feet for completion. However, the incline provides access for drilling to locate the favourable "Marble Line", above which arsenopyrite - gold pods within skarn (altered limestones) may occur.

It is believed that the possibilities of locating gold-bearing zones within the Eagles Nest claims are good and that an exploration program consisting of geological mapping and diamond drilling is warranted.

#### RECOMMENDATIONS

It is recommended that:

##### Phase I

- 1) The 2700 level incline be rehabilitated and made accessible for geological study and diamond drilling.
- 2) That the 2700 level incline and the 3700 level be geologically mapped in detail.
- 3) That diamond drilling be carried out from the 2700 level incline to probe for the presence of favourable geology and Nickle Plate type mineral zones.

##### Phase II

- 1) That diamond drilling be carried out from the 3700 level.
- 2) That the claims be prospected to locate old workings and possible mineral showings.

COST ESTIMATE

Phase I

1) Rehabilitate underground workings	-	\$10,000
2) Geological mapping	-	10,000
3) Diamond drilling -5000' x \$25/ft.	-	125,000
4) Sampling, assaying	-	3,000
5) Transportation & Accommodation	-	7,000
6) Engineering and Geology	-	<u>7,000</u>
	Total -	\$162,000
	15% Contingencies -	<u>24,300</u>
	Phase I - Total -	\$186,300

Phase II

1) Diamond drilling -5000' x \$25/ft.	-	\$125,000
2) Prospecting	-	5,000
3) Sampling & Assaying	-	3,000
4) Transportation & Accommodation	-	7,000
5) Engineering & Geology	-	<u>7,000</u>
	Total -	\$147,000
	15% Contingencies -	<u>22,050</u>
	Phase II - Total -	\$169,050

The sum of \$186,000 should be made available to carry out Phase I of the above program at this time. Results of this will determine if Phase II be carried out.

Respectfully submitted,

*R.W. Phendler*  
R.W. Phendler, P. Eng.



PART "B"

INTRODUCTION

At the request of the Board of Directors of Agio Resource Corporation, the writer examined the Eagles Nest property on March 2, 1981, accompanied by Mr. H.O. Plank, President of the company. During the examination the 2700 level incline was entered for about 400 feet and the 3700 level was examined throughout the length that lay within the Eagles Nest claim group (about 900'). Six diamond drill hole locations were observed but hole numbers could not be determined.

LOCATION AND ACCESS

The Eagles Nest property is located at an elevation of 2,000 - 4,000' about two miles northeast of Hedley and 150 miles east of Vancouver in south central British Columbia. Road access from Hedley, which lies on the southern trans-Provincial Highway (No. 3), 25 miles east of Princeton is for two miles up Hedley Creek past the old Mascot concentrator site to within a couple of hundred feet of the 2700 level incline portal. Access to the 3700 level adit is by foot up Windfall Canyon or by helicopter to the portal dump. This would be the most practical method to carry out any exploration within this adit.

The area in which the claims are located is extremely rugged but enjoys a rather dry climate. Snowfall is not heavy although sufficient water is available throughout the year to support an underground mining or exploration program.

No buildings exist on the property and accommodation for exploration personnel is available in Hedley.

PROPERTY AND OWNERSHIP

The Eagles Nest property consists of the following Crown granted mineral claims:

<u>Name</u>	<u>No.</u>	<u>Acres</u>
Eagles Nest No. 2	L844	57.65
Little Pittsburg	L649	14.52
Whale	L651	15.13
Bullion Beek	L652	17.71
Florence	L653	<u>22.69</u>
Total -		127.7

The claims are irregular in shape and cover an area approximately two thousand feet (E-W) by three thousand feet (N-S). All claims are believed to be held by Agio Resource Corporation (formerly known as Austro - Can Explorations Ltd.)

HISTORY

The discovery of placer gold in the Similkameen River in the 1860's led to the search for lode gold deposits in the area and in 1894 some claims were staked on an occurrence of gold-bearing sulphides on Nickle Plate Mountain near Hedley. Mineralization of commercial promise was discovered in 1898 and the staking of the Nickle Plate claim followed. Production from this claim began in 1904 and continued up to 1931 and again from 1934 to 1955. It is believed that production from the Nickle Plate and the Hedley Mascot Gold Mines averaged about 0.39 oz Au per ton and that total production was in excess of 1,500,000 ounces of gold. The original discovery was partially oxidized but showed the characteristic arsenopyrite of the primary mineralization. The prospect was examined by M.K. Rodgers for Marcus Daly of Butte, Montana



after seeing specimens of the original discovery in Victoria. He at once noted the widespread garnet - silica (skarn) cap on Nickle Plate Mountain and the ample widths of silicate rock seamed and impregnated with arsenopyrite and pyrrhotite. The property was optioned immediately and soon after, the westerly - dipping nature of the mineral zones and the remnant bedding led to the encountering of significant amounts of commercial grade ore. A mill was built in 1904.

During the first five years of production (up to 1909) the mill treated 167,000 tons averaging 0.696 oz Au per ton. About 1910 the Hedley Gold Mining Company was formed and the ore zones were then found to be associated with porphyry dykes. Camsell (1910) observed that ore did not follow the same limestone formation down dip but cuts across the beds at a sharp angle following the intrusive gabbro on the footwall (dipping close to 25 - 30°).

Between 1909 and 1921 about 700,000 tons were treated averaging 0.55 oz Au per ton. After that year the millhead grades dropped to 0.40 in 1922, 0.37 in 1926 and to 0.31 in 1927 as ore zones were smaller and pressure to maintain mill tonnage forced the mining to expand into lower grade material on the fringes. In 1931 the Nickle Plate Mine closed down as the ore was exhausted but during the next four years exploration work under the control of Mercer & Billingsley was successful in developing sufficient reserves to reopen. An important factor, of course, was the increase in the price of gold from \$20 to \$34 per ounce.

In 1934 exploration of the Mascot Fraction began in detail under the guidance of Victor Dolmage and production from the new separate mill began in 1936. This operation continued on up to 1950

while the Nickle Plate Mine remained open until 1955, being worked by the Kelowna Exploration Co. Ltd.

In 1964 Dundee Mines optioned the Nickle Plate property and although 5 of the 8 diamond drill holes intersected gold values they dropped their option.

In 1967 Giant Mascot Mines Ltd. optioned the Nickle Plate claims (83 Crown grants, 3 mineral claims, 2 mineral leases and surface rights on 14 Crown granted claims) from Burden Investors Service Inc., the parent company of Kelowna Exploration Co. Giant Mascot worked on the ground up to 1970, again in 1973 for assessment work purposes and then the property was idle until 1979. Work has continued up to the present and reserves are considered to be about 95,000 tons averaging 0.296 oz Au per ton.

The Eagles Nest claims were first owned by T. Bradshaw and in 1907 some underground work was carried out on the Florence claim. In 1908 Mr. C. Gilbert acquired an interest in the claim group and in the following year carried out additional development on the Florence claim. The B.C. Minister of Mines Bulletin for 1916 states that "orebodies" exist on the Florence claim that are tabular in nature, lying in metamorphosed limestone in contact with intrusive bodies.

In 1936 a picked sample assaying 1.46 oz Au was reported and a second sample chipped from a six foot square assayed 0.14 oz Au (Medley Mascot Gold Mines Annual Report - 1937).

In 1939 eight deep diamond drill holes were put down on the claims and two, four foot wide intersections assayed 0.32 and 0.26 oz Au per ton. (V. Dolmage).

In 1946 the 3700 level was advanced 923 feet and 13000 feet of diamond drilling was done exploring for the down dip extension of the Nickle Plate ore zones. Apparently the Hedley Mascot Mines had an option on the claims under discussion and took out a 5 year renewal in 1950.

In 1945 the 2700 level incline (+23<sup>o</sup>) was started by Hedley Mascot Gold Mines Ltd. with the purpose of connecting to the 3700 level for the passage of ore from this level down to their mill below the incline portal. By 1948 the 15' x 7½' incline had advanced 1805 feet when work was stopped by a miners' strike. About 600 feet was lacking for connection to the 3700 foot level and it is not known if any diamond drilling was carried out from any of the five level stations that were established.

#### GEOLOGY AND MINERALIZATION

The area in which the Eagles Nest claims are located is underlain by a succession of argillites, limestones and volcanic rocks of the Nicola Group of Triassic Age. These rocks that underlay Nickle Plate Mountain occupy the low-dipping west limb of a minor anticline that forms part of the major structure of the Princeton area. The stratified rocks are truncated to the west by the vertically - dipping Bradshaw fault and are underlain by granodiorite and intruded by gabbro stocks and dykes.

The productive zone in the Nickle Plate area lies 1200 feet above the base and these are cut by important basic intrusions. The largest, known as the Toronto stock is 2500' by 7000' consists of gabbro, quartz gabbro, augite, diorite and porphyry dykes and sills.

The calcareous and siliceous sedimentary formations on Nickle Plate Mountain have been altered to skarn (pyroxene and garnet) and to a light-coloured flinty rock resembling chert. In the skarn the resultant rocks are green in colour and contain minor amounts of epidote, wollastonite and sulphides. The transition between the skarn and unaltered limestone is sharp and marks the lower limit of gold mineralization. It was labelled as the Marble Line by Billingsley, outlines a shallow, bowl-like structure and was produced by the introduction of the basic intrusions with its greatest development in the region of transverse folding and crumpling. Figure 3 shows its assumed limit within the Eagles Nest claim.

Mineralization in the Hedley area consists of gold-bearing sulphides that replaced earlier minerals in the skarn. These minerals include arsenopyrite, cobaltite, pyrrhotite, sphalerite, chalcopyrite, gold, pyrite and marcasite. The most abundant is arsenopyrite and nearly all the gold is associated with it. Most ore bodies are associated with sills and dykes and also within small drag folds and crumples within the sediments. Dolmage and Brown state that no ore has been found unless the three following controlling factors are present:

- 1) proximity to the Marble line ( $\pm$  250')
- 2) proximity to dykes and sills
- 3) suitable minor folding

DIAMOND DRILLING

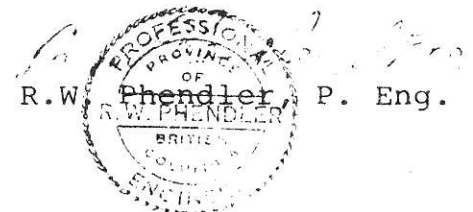
Records of the 13,000 feet of diamond drilling carried out on the 3,700 level are far from complete. However, it is known that at least six holes of unknown depth were drilled on the level on the Florence claim.

The following holes were drilled from the 3,700 foot level (from Mascot files) and although not necessarily on the Eagles Nest property show that significant intersections exist down to this level (and below):

<u>HOLE NO.</u>	<u>Depth</u>	<u>Dip</u>	<u>From - To</u>	<u>Width</u>	<u>oz Au/ton</u>
888	113'	flat	:	9.0'	1.26
895	?	flat	24 - 25'	1.0'	0.92
897	135'	flat	45 - 47'	2.0'	0.85
902	310'	-28°	150 -166'	16.0'	1.20
"			205 -210'	5.0'	0.62
"			257 -262'	5.0'	0.25
903	300'	-46°	103 -105'	2.0'	2.68
"			147 -152'	5.0'	2.02
927	135'	+60°	63 - 75'	12.0'	0.22
?	?	+90°	7 - 15'	8.0'	2.40
"			56 - 62'	6.0'	2.44

COMMENT

The Eagles Nest property is well located in relation to the principal mineral zones in the area. At least 1500 feet of favourable skarn formation exists in the claims with indications of the mine sills being present. The Marble Line projects through the ground and the drill hole information from the 3700 level shows that gold values exist within the claims. Extensive exploration work is warranted consisting of underground and surface geological mapping and diamond drilling.



C E R T I F I C A T I O N

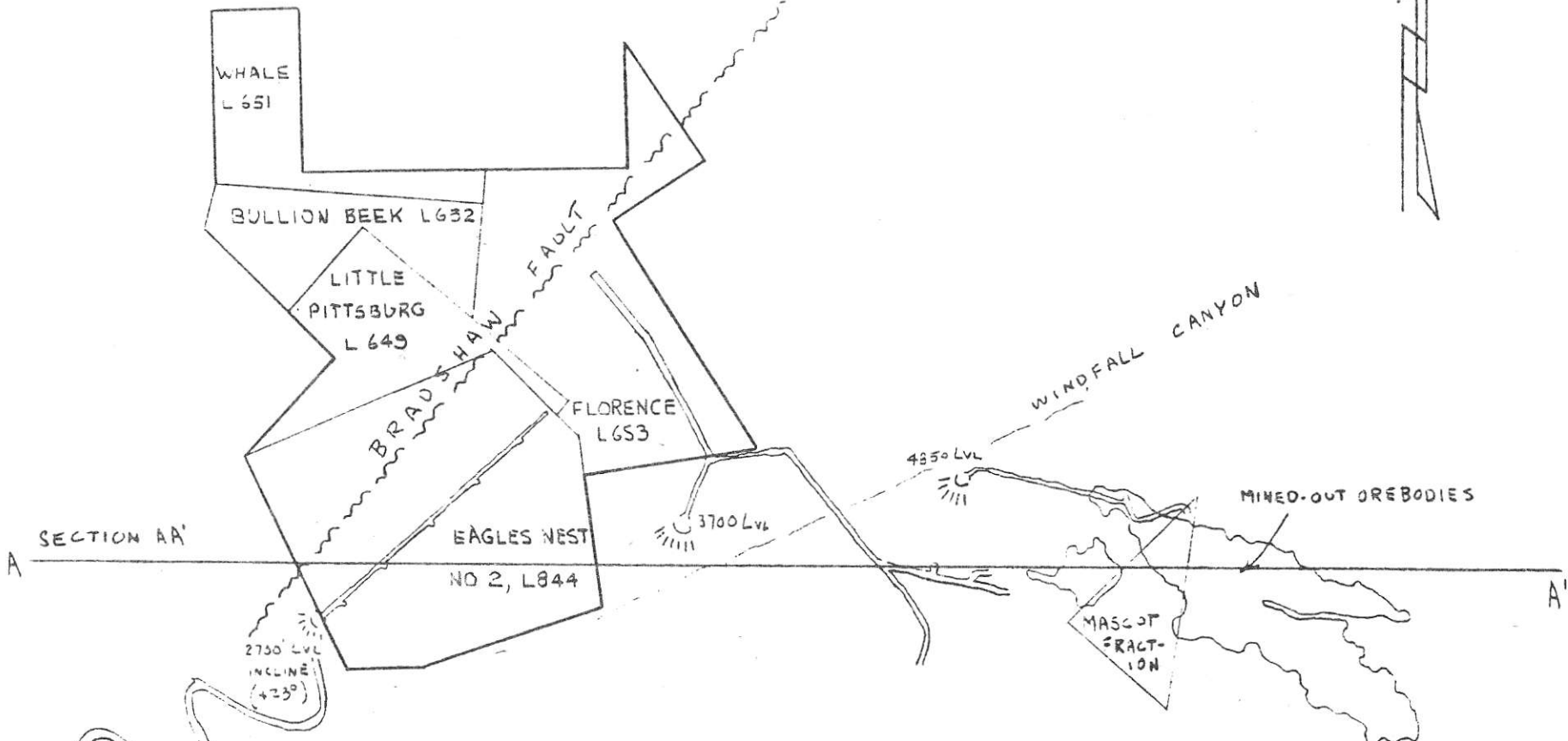
I, R.W. PHENDLER, of 7360 Decourcy Crescent, in the Municipality of Richmond, in the Province of British Columbia, hereby certify as follows:

- 1) THAT I am a registered member of the Association of Professional Engineers of British Columbia - No. 4421 - 1963.
- 2) THAT I am a graduate of McGill University, Montreal, with a Bachelor of Science degree in geology.
- 3) THAT I have practiced my profession continually as mine, exploration and consultant geologist for the past 27 years in all parts of Canada, the U.S.A., Mexico, Peru, Colombia and Chile.
- 4) THAT I have no interest directly or indirectly in the Eagles Nest claims nor do I own directly or indirectly, any shares of Agio Resource Corporation, nor do I expect to.
- 5) THAT the information contained in this report was compiled as a result of my examination of the Eagles Nest claims on March 2, 1981.
- 6) THAT I hereby consent to the publication of my report entitled "Report on the Eagles Nest Property, Osoyoos Mining Division, British Columbia", dated May 5, 1981, in a prospectus or a statement of material facts.



## BIBLIOGRAPHY

- 1) V. DOLMAGE & G. BROWN - "Contact Metamorphism at Nickle Plate Mountain, Hedley, B.C." - 1945.
- 2) HAINSWORTH, W.G., P. Eng. - "Report on the Nickle Plate Property, Osoyoos Mining Division, Hedley, B.C."
- 3) BILLINGSLEY, PAUL & HUME, C.B. - "The Ore Deposits of Nickle Plate Mountain, Hedley, B.C." - November, 1940.
- 4) RICE, H.M.A. - "Geology & Mineral Deposits of the Princeton Map Area, B.C. - 1960" - Geological Survey of Canada - Memoir 243.



SECTION AA'

WHALE  
L 651

BULLION BEEK L632

LITTLE  
PITTSBURG  
L 649

BRADSHAW  
FAULT

FLORENCE  
L653

EAGLES NEST  
NO 2, L844

3700 LVL

4350 LVL

WINDFALL CANYON

MINED-OUT OREBODIES

MASCOT  
FRACTURE

2750 LVL  
INCLINE  
(+23°)

DIRT ROAD

HEDLEY - 1 MILE

# AGIO RESOURCE CORPORATION

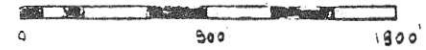
## EAGLES NEST PROPERTY

HEDLEY AREA, OSOYOCOS MINING DIVISION, BRITISH COLUMBIA

SHOWING PROPERTY OUTLINE UNDERGROUND

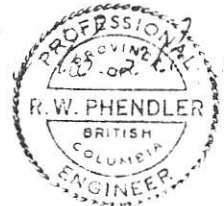
WORKINGS, AND RELATION TO OREBODIES IN THE AREA.

SCALE 1" = 900'

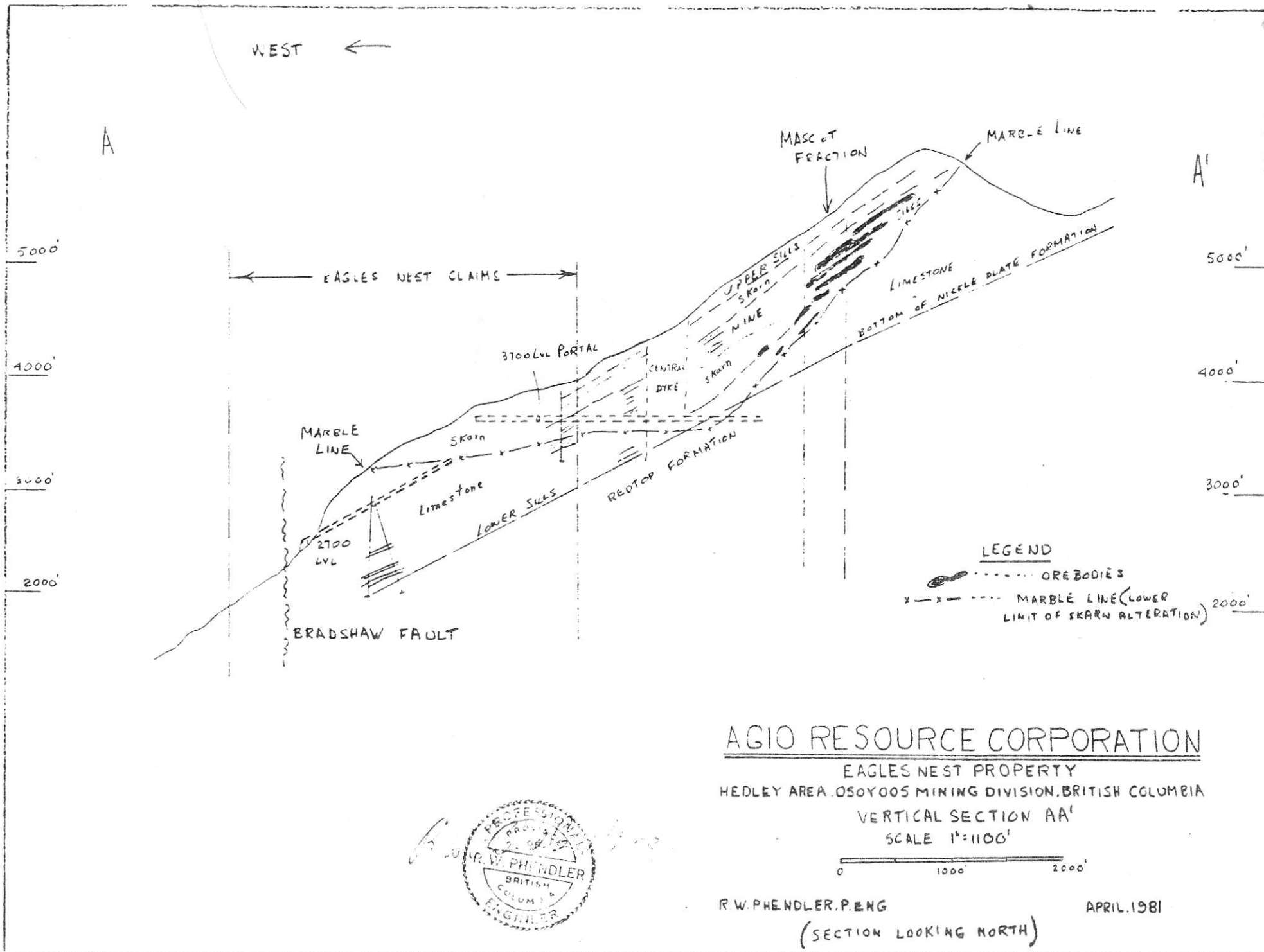


R.W. PHENDLER, P.ENG

APRIL, 1981







20. STATUTORY RIGHTS OF RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

21 CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

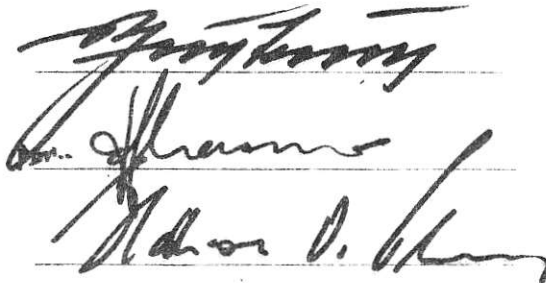
The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

September 14, 1981  
(Date)

Norbert Buxbaum, Director

Peter D. Marnow, Director  
& Secretary

Herman O. Plank, Director,  
President & Promoter



CERTIFICATE OF THE ~~INTERMEDIARY~~ AGENT:

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

September 14, 1981  
(Date)

CONTINENTAL CARLISLE DOUGLAS  
Per.

