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EXPLORATION PROPOSAL FOR THE CHUCHI LAKE
PROPERTIES OF NATION RIVER RESOURCES LTD., OMINACA
MINING DIVISION, B.C.

SUMMARY

Nation River Resources Ltd. holds 32 contiguous mineral claims and fractions along the north shore of Chuchi Lake in the Intermontane Belt of British Columbia. The claims are centred about Lat. 55° 12' N, Long. 124° 30' W, and accessed by all weather gravel and logging roads 115 km from Fort St. James. The Chuchi properties consist of 14,000 hectares, known as the Skook and Anom claims, which are beneficially owned by Nation River Resources Ltd. free from encumbrance. These claims are located in regional geological province well known for its alkalic copper-gold deposits such as Similco, Afton, Mount Polley, and Mount Milligan (Fig. 1). Other gold-bearing deposits of the Quesnel belt include mesothermal sulphide veins of the Rossland mining area of southeastern B. C..

The geology of the project area consists of Mesozoic volcanic and sedimentary members of the Upper Triassic and Lower Jurassic Takla Group which are intruded by the Jurassic Hogen batholithic complex. The volcanic formations belong to an eroded, faulted, and weakly deformed volcanic centre that is partly intruded by subvolcanic intrusions. This early Jurassic volcanic complex was concentrically and radially faulted, tilted and down-sagged, and has suffered weak tectonic deformation. During the Pleistocene glaciation and deglaciation the property became covered by up to 50m of overburden consisting of sands and boulder clays which appear relatively thick to the east of Chuchi Lake.

Exploration of the Chuchi Lake area commenced with prospecting during the 1930s but few written records survive. In 1987-88 a limited program of prospecting, soil-, and rock-sampling was carried out by Nation River Resources Ltd.. Between 1990 and 1992 BP Resources Canada Ltd. optioned a large part of the property and conducted helicopter-borne magnetic, electromagnetic, and VLF-EM surveys, linecutting, geological mapping, Induced Polarization-Resistivity surveys, , and diamond drilling. Trenching was continued in 1994, and in 1995 by Westley Technologies Ltd. including an integrated program of sampling, fill-in geochemical soil surveys, and diamond drilling.

The Chuchi Lake property contains advanced projects along a partly explored mineralized early Jurassic caldera margin that have reached different stages of exploration and development:

The most advanced project is called the Wit Prospect, a vein structure over 600 m long, that has received over 1000 m of diamond drilling. This project returned three economically significant intercepts with average assays of 3.2% Pb, 9.9% Zn, 14 gm/tonne Ag, and 0.85 gm/tonne Au over a 4.15 m width, and remains open below the depth of 250 m. It is estimated to contain a potential for the discovery of over 1 millions tons of combined lead and zinc plus precious metal credits. Additional drilling is warranted to further delineate the Wit vein and associated structures indicated by hitherto untested geochemical soil anomalies.

A second prospect consists of overburden-covered, gold-copper bearing quartz-sulphide veins discovered by drilling the central part of the property in 1991, and is known as the Skook West Zone. Narrow intercepts of up to 12.5% Cu, 19 gm/tonne Au, and 69 gm/tonne Ag were found to be associated with an envelope of low grade disseminated copper. On the basis of geological similarities with the veins of the Rossland mining area, southeastern B. C., this prospect may contain over a million ounces of gold with substantial silver-copper credits. Ground geophysical surveys and drilling are required to further define the Skook West Zone.

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The Sook West Zone occurs near the north margin of the third prospect which consists of an extensive area of propylitic, carbonate, and silica alteration, including chalcedony filled breccia bodies indicative of epithermal mineralization. These features occur in an area of intensive radial faulting adjacent to the inner side of the early Jurassic caldera margin. Limited trenching of this area in 1989 returned significant copper-zinc-gold-silver mineralization over mineable widths, but no drilling has been done to date. The bulk-tonnage potential of this 'central epithermal target' is unknown at this time. X

Multielement soil geochemical anomalies of lead-zinc-silver-barium indicate the relatively unexplored potential of the eastern part of the property, notably 'down-ice' of, and along strike from, the arcuate Chuchi Lake caldera boundary fault system. This area also contains moderate to strong gold

anomalies, which increase in intensity towards the recently acquired easternmost Skook claims, but little is known of the underlying geology. Some of these geochemical anomalies may be underlain by over 50 m of overburden, and therefore require re-evaluation by overburden drilling prior to diamond drilling.

Some Induced Polarization-Resistivity anomalies were drilled by BP Canada in 1991 returning weakly pyritized intrusives and fracture-controlled pyrite hosted by hornfelsic and tuffaceous sediments of the Takla Group. Many other I.P. targets remain to be evaluated, in conjunction with some of the gold anomalies, in the eastern part of the property.

In order to further delineate the advanced prospects noted above, and to bring established geochemical anomalies to the drilling stage, an exploration program consisting of detail gridding, soil geochemical sampling, limited ground geophysical surveys, trenching, and diamond drilling is justified. A budget of \$533,000 is proposed for the first phase of work, to be followed by a second phase contingent on the results of the initial program.

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MEMO

MAY 2/97

TO COLIN CAMPBELL NATION RIVER RESOURCES LTD

FROM BERT REEVE

RE CUUCHI LAKE MINERAL PROPERTIES

I HAVE REVIEWED THE BEAUNON REPORT AND FIND IT TO BE THE BEST COMPENDIUM OF INFORMATION ON CUUCHI LAKE PROPERTY THAT HAS BEEN ASSEMBLED TO DATE. BY STUDYING THE REPORT IT IS POSSIBLE TO FORM A FAIRLY CLEAR IMPRESSION OF THE GEOLOGY AND MINERAL POTENTIAL OF THE AREA. HOWEVER, THE REPORT FAILS TO PROVIDE A CONCISE, FOCUSED SUMMARY FOR A READER WHO MIGHT WISH TO SPEND 5 OR 10 MINUTES ON IT FOR THE PURPOSE OF MAKING AN INVESTMENT DECISION. THE NEW SUMMARY THAT YOU FAXED TO ME MAY, 1 IS BETTER. I HAVE SPLICED TOGETHER THE EAST & WEST HALF OF ROYS' GEOLOGY MAP AND RECORDED SOME NOTES ON MINERALIZATION ON THE LOWER MARGIN. (ENCLOSED)

BERT

SKOOK-WIT (CHUCHI W) PROPERTY.

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IT IS FAIRLY OBVIOUS THAT THE EAST $\frac{1}{2}$ OF THE PROPERTY IS AN "INTRUSIVE" "ROOF" AREA AS EVIDENCED BY THE DIKE SWARM AND HIGH LEVEL MINERALIZATION MAINLY FOCUSED ALONG E-W TRENDING STRUCTURES. SUCH DIKES ARE RARELY ABSENT IN KNOWN EPITHERMAL GOLD & SILVER DISTRICTS IN NORTH AMERICA. THERE ARE A LOT OF FAULTS SHOWN ON THE GEOLOGY MAP. THESE ARE PROBABLY NOT SUPPORTED BY MUCH DETAILED INFORMATION AND THEY DETRACT SOMEWHAT FROM THE IDEA THAT MOST OF MINERALIZATION IS PROBABLY RELATED TO AN EW TRENDING "ANASTAMOSING" FAULT SYSTEM, THAT MIGHT TYPICALLY BE FOUND IN THE EXTENSIONAL TERRANES OF AN EPITHERMAL DISTRICT.