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PRELIMINARY EVALUATION
OF THE
FALKNER GOLD PROPERTY,
BRITISH COLUMBIA

by

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for

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Toronto, Ontario

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FALKNER GOLD PROPERTY

General:

This report is an evaluation of the PR Gold prospect situated on Princess Royal Island, British Columbia. This work was requested by J.G. Falkner in order to gain a preliminary assessment of eight Crown Granted mineral claims that comprise the PR prospect. Conclusions given herein are based on literature data and local records only, hence recommendations are preliminary to an on-site examination of the prospect.

Location and Access:

The prospect is situated on the ^{EAST}~~west~~ side of Princess Royal Island, NTS 103H2, 53°5'N, 128°35'W, B.C., Mineral Inventory No. 103H-G30, approximately 200 km south of Prince Rupert, B.C. Access is by float equipped aircraft from Prince Rupert. The main showings are situated at an elevation of 600' and are approximately 1 km from tide water.

Tenure:

The property consists of eight contiguous Crown Grants comprising the Graham, Mountain, French, Malcolm, Keith, Bertha, Glengarry No.1 and Glengarry No. 2 claims (Lot No.s 2232 - 2239 inclusive). All claims are situated in Range 4, Coast District.

Description:

The prospect comprises four subparallel quartz veins situated in the French and Mountain claims. The veins strike 025° and dip 35° to 45° west. They occur in a narrow belt of biotite-sericite schist, an elongate panel of metasedimentary rocks enclosed by granitic rocks of the coast range Batholith. The veins range from 0.1 to 1.7 m ^{4' - 5 1/2'} thick and consist mainly of quartz and small amounts of pyrrhotite and pyrite. Strike lengths range from a few metres to approximately 300 metres. J. Falkner reports that chip samples taken from several of the veins range from trace amounts to 2.5 ozs. per ton gold. J. Falkner reports that a composite of randomly selected chips samples taken from the main vein over a distance of 150 metres and weighing 1.02 tonnes returned an assay of 0.87 ozs. per ton gold (30 grams per tonne). The average grade of 12 other assays also reported by Falkner is 1.1 ozs. per ton gold (38 grams per tonne). No information on the type of samples taken is available.

Discussion:

The absence of reliable assay and geological information precludes any firm conclusions on the prospect. Sample data provided may well be biased depending on what material was collected and submitted for assay. If sulphide-rich material was selectively assayed, gold assays will be much too high. Also, the average width of the vein is less than the 1.5 to 2.2-metre mining width usually employed with cut-and-fill methods. Falkner's average assay of bulk material taken from the main vein would represent a diluted mining grade of approximately 0.6 ozs. per ton gold (20 grams per tonne).

The gross potential tonnage of the main vein appears to be about 28 thousand tonnes, assuming a depth of 50 metres (562 tonnes per metre). The average grade of this material maybe as high as 20 grams per tonne if Falkner's bulk sample is representative. At a mining cut-off grade of 7 grams per tonne (0.2 ozs. per ton) the vein would contain 20 thousand tonnes of mineable material having an average grade of 27 grams per tonne (0.78 ozs. per ton). These estimates are fairly attractive for a small tonnage operation.

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Conclusions:

1. The Falkner property is one of several gold-copper prospects situated on Princess Royal Island and the nearby mainland, one of which, the Surf Inlet deposit was developed to production in 1916.
2. Randomly selected chip samples and a one-tonne bulk sample indicate a gold tenor of 20 grams per tonne (0.58 ozs. per ton). The tonnage potential is approximately 20 thousand tons having an average grade of 27 grams per tonne gold (0.78 ozs. per ton).
3. Sampling information is poor and technically unreliable hence no firm conclusions regarding the future potential of the property can be made at this time.

Recommendations:

An on-site inspection should be done by a competent geologist familiar with vein-type gold deposits. This examination should

be directed at the main vein (Falkner's 'A' vein) between the lower and upper adits. The cost of such an examination is estimated at \$3,000.

Prepared by

FOX GEOLOGICAL CONSULTANTS LTD.

A handwritten signature in black ink, appearing to read 'P. E. Fox', with a stylized flourish at the end.

July 15, 1980

P.E. Fox, Ph.D., P.Eng.

Belmont - Surf Inlet Mine.

Operated 1916 - June 1926.

Produced: Muck 836,500

Gold 358,500 oz. approx. (.43)

Silver 194,700 oz. approx. (.23)

Copper 6,010,000 lb. approx. (.35)

Shale structure w/ granite

Operated 1934 - 1942

Produced: Muck 127,373^{ton} through mill