

MEMO TO: G. Grauer
FROM: Norman H. Ursel
RE: Sheep Creek Project - Amore
COPIES TO: Locke B. Goldsmith
Bill Hainsworth ✓

April 30, 1983

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The primary objective of the work on the Vancouver Vein is to delineate, if present, the downward continuation of the productive sector of the Vancouver Vein. The cash advantages to Amore if this is successful are reasonably obvious.

The work originally called for investigation of the vein on the Vancouver adit level beyond the stope to provide additional information prior to drilling. This was frustrated by field conditions and could not be done.

The drilling did get underway from the Midnight adit. Five holes have been completed. The result from the first hole did provide cause for optimism because it provided a lead which assayed 0.348 oz. Au. Considering the nature of the productive structures in the camp this is an extraordinary result.

Hole 2 drilled to the west failed to pick up this structure but picked up anomalous gold values in one section.

Hole 3 ^{+70°} has returned anomalous values from sections ahead of the expected intersection of the Vancouver Vein. A 2 ft. section at the approximate location of the vein is out for assay.

Hole 4 (flat) did not return any obvious results but on closer inspection did contain noticeable galena at 190 ft. sector which corresponds to the more obvious intersection in Hole 1.

Hole 5 had intersected sulfide mineralization at 218 feet.

In addition to this a second possible ore shoot has been revealed in the Midnight adit. There is a raise on this shoot from earlier work. Total investigation will require some rehab work.

Samples taken over 1 ft. widths returned:

At adit level	1.7 oz. Au./ton
Approx. 10 ft. above adit level	0.5 oz. Au./ton
Approx. 15 ft. above adit level	0.2 oz. Au./ton

This is the upper limit that could be physically reached at this time.

The initial expectations were obviously over-optimistic. A 500 ft. vertical bite on the Vancouver is ambitious. The results of Hole 1

...2

fed this optimism. The need now is to step back and assess the results thoroughly by:

1. Thorough examination of the vein and stope on the Vancouver adit level. The work to achieve this is in progress.
2. Sampling of the drill core on five foot sections, narrower at the geologist's discretion, based on evidence of fracturing and mineralization in the core.
3. Assembling all assay results.

On the basis of these results decide on further procedure. This could be:

1. Additional drilling (limited).
2. Completing the raise to the Vancouver adit from the Midnight. Approximately 110 ft. was done in earlier work.
3. Investigate the new shoot thoroughly from the Midnight level and develop as a secondary target to be investigated from the raise suggested and sub level drifts from this raise.

This work should keep in mind properly at all times the subtle nature of the structure which is nothing more than a hair line fracture ahead or behind (above or below) the productive ore shoot.

Black Vein Drilling

This part of the program is at the moment frustrated by property negotiations.

The target is worthy. It is difficult and may provide news. It will not provide any near term mineable ore.

The three level inspection which Bill headed up has provided leads for sampling on the B vein but there is some confusion in available reports concerning definition of the veins. Black or B. (or is it Black & Blue?)

Beyond sampling on this level, which I regard as a hazardous adventure at best, nothing should be contemplated without rehabilitation at least adequate to assure safety. The sampling on this level could also provide encouragement.

Subject to clarification of the company's status on property negotiations my preference is to (a) complete the work on the Vancouver Vein and the new shoot as stated above; (b) drill a short hole (150') to investigate the ground between Holes 1 and 2, the 100' bites along strike are optimistic; (c) complete raise from Midnight to Vancouver; (d) drill for the Black Vein from the Midnight - the latter, of course, could be undertaken at any time and may precede (b) or follow it, depending on property agreement status.

Norman J. Street