

93 A/7E

821171

Summary Report

- on the -

Frasergold Property

Cariboo Mining Division, British Columbia

N.T.S. 93A/7E

AMOCO OPTION

- for -

indicated Geol Reserves Dec 83
11 x 10⁶ T @ .04 - .05 Au
(#16 #20 / T @ #400 Au)
100% Rec

Eureka Resources Ltd.,

837 E. Cordova St.,

Vancouver, B. C.

Prepared by:

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Kamloops, B. C. V2C 2P5

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December 10, 1982

Table of Contents

	<u>Page No.</u>
SUMMARY	1.
TERMS OF REFERENCE	3.
INTRODUCTION	3.
LOCATION AND ACCESSIBILITY	5.
CLAIMS	7.
PHYSIOGRAPHY AND VEGETATION	8.
EXPLORATION HISTORY	8.
GENERAL GEOLOGICAL SETTING	8.
PROPERTY GEOLOGY	9.
MINERALIZATION	13.
SOIL GEOCHEMISTRY	16.
Soil Profiling Program	20.
ROCK GEOCHEMISTRY	21.
CONCLUSIONS	23.
RECOMMENDATIONS	23.
Recommended Program	24.
Phase I	24.
Phase II	25.
Estimated Cost of Recommended Program	26.
REFERENCES	27.

continued

Table of Contents (Continued)

Page No.

FIGURES;

220 - 1	-	Location Map	2.
220 - 2	-	Claim Map	6.
220 - 3A	-	General Geological Setting of the Frasergold Property.	10.
220 - 3B	-	Structural Interpretation Across the Crooked Lake Syncline	11.
220 - 4	-	General Setting of the Main Gold Anomaly	15.

APPENDIX;

I	-	Statement of Qualifications; G. D. Belik	
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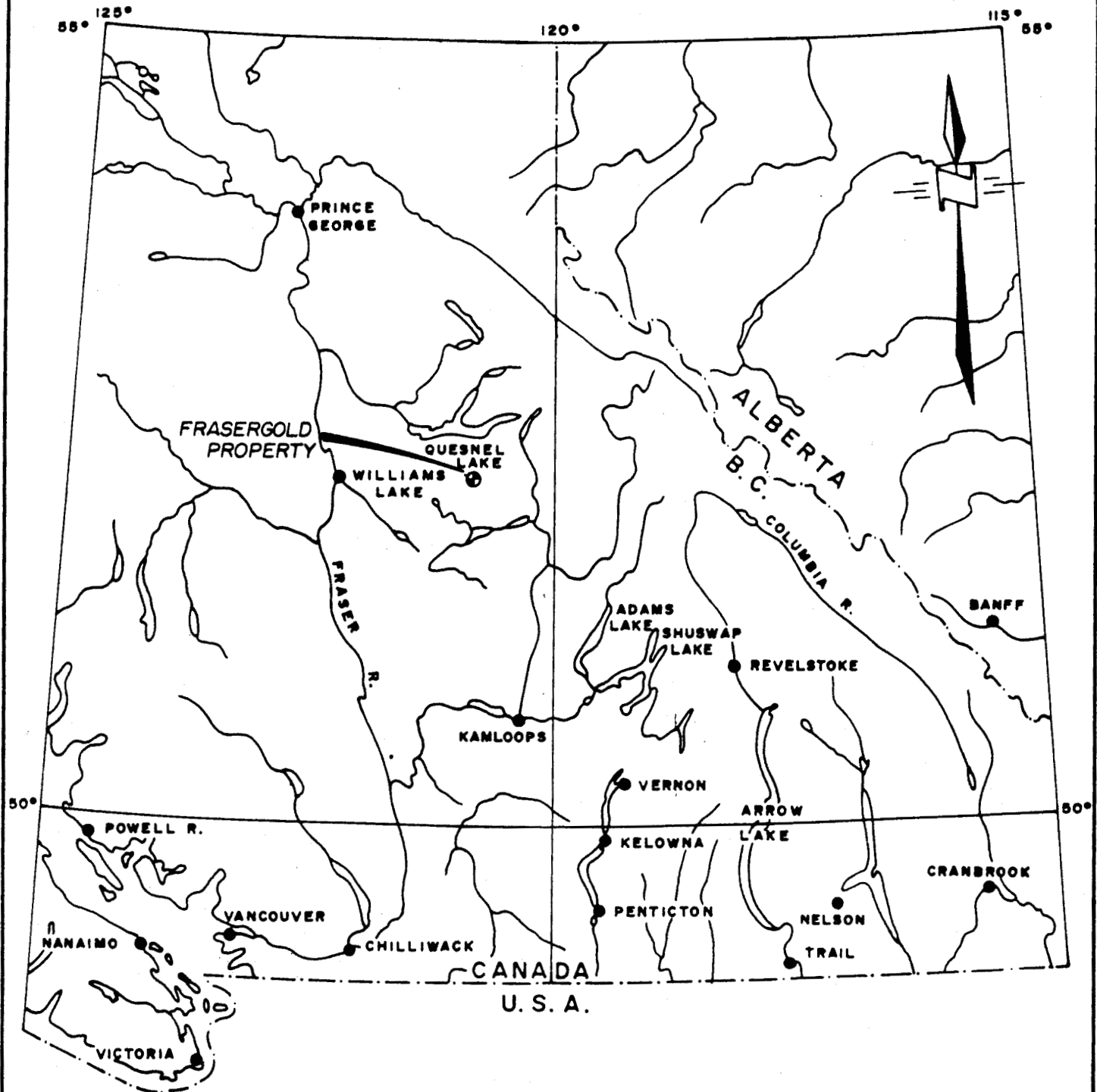
SUMMARY

The work carried out to date on the Frasersgold Property has confirmed the presence of significant gold mineralization within a series of strongly deformed, black phyllites of Upper Triassic age. The mineralization appears to be restricted to a discrete stratigraphic horizon within an iron/carbonate - rich facies of phyllite. Gold occurs both within phyllite (up to 1.13 grams/tonne) and within synmetamorphic quartz veins (up to +6.0 grams/tonne).

A volcanogenic origin for the gold mineralization is favoured. As envisaged, gold was chemically precipitated along with an iron - rich carbonate in a black clastic sequence within a back-arc setting adjacent to basic, alkaline, arc-type volcanic centers. Gold was partly remobilized during regional metamorphism and deformation of the host rocks.

Because of the general scarcity of outcrop the extent of the auriferous horizon is unknown but from the extent and continuity of highly anomalous gold in soils is inferred to be at least 3.0 km.

Based on favourable results obtained during the 1980 and 1981 programs and on the inferred potential for a stratabound, bulk-tonnage, low-grade, gold deposit, a two - phase diamond drill program, estimated to cost \$338,000.00 is recommended.



KERON HOLDINGS LTD.	
LOCATION MAP	
FRASERGOLD PROPERTY	
CARIBOO MINING DIVISION, B.C.	
Date: Oct. 1981.	Scale: 1" = 64 Miles
Drawn by: W.G.	Dwg no. 220-1

TERMS OF REFERENCE

This report is written at the request of Mr. Jack O'Neill, president of Eureka Resources Ltd. The descriptions, conclusions and recommendations which follow are largely abstracted excerpts from a more comprehensive report by the writer (Belik, 1981), which was filed for assessment purposes with the B. C. Department of Mines.

INTRODUCTION

In September, 1978, Cliff Gunn, a long time prospector to the Cariboo Region staked the Alpha 1 claim on the north side of the MacKay River area to cover an area containing numerous large quartz boulders. Follow-up prospecting and geochemical sampling failed to locate any significant mineralization although a few anomalous gold values in soils were obtained.

In 1979 Mr. Gunn continued prospecting in the MacKay River region and was eventually attracted to Frasergold Creek by the occurrence of placer gold reported in the Annual Minister of Mines Report for 1902. Silt samples from Frasergold Creek were found to contain anomalous gold and anomalous to highly anomalous gold values were obtained from soils at several sites adjacent to the creek. Based on these results the Kay 1 to Kay 8, 2-post claims were staked in August, 1979.

Mr. Gunn brought the Kay claims to the attention of J. M. Dawson of Kerr, Dawson and Associates Ltd., Kamloops, B. C. in the Fall of 1979. Mr. Dawson, acting as agent for Keron Holdings Ltd., Vancouver, B. C. optioned the property and supervised a preliminary geological and geochemical exploration program in 1980.

The 1980 program defined an area of highly anomalous gold in soil extending northwest from Frasersgold Creek to the western boundary of the Kay 9 claim, a distance of about 2 km. This anomaly, which was open to the northwest, was found to be between 100 meters and 250 meters wide with relatively sharp well-defined boundaries. Interestingly the anomaly was also found to parallel the regional strike of a dark grey to black, fine - grained, phyllite sequence which underlies the anomaly and most of the claim area. This lead to speculation that a distinct horizon within the phyllite sequence may be gold-bearing.

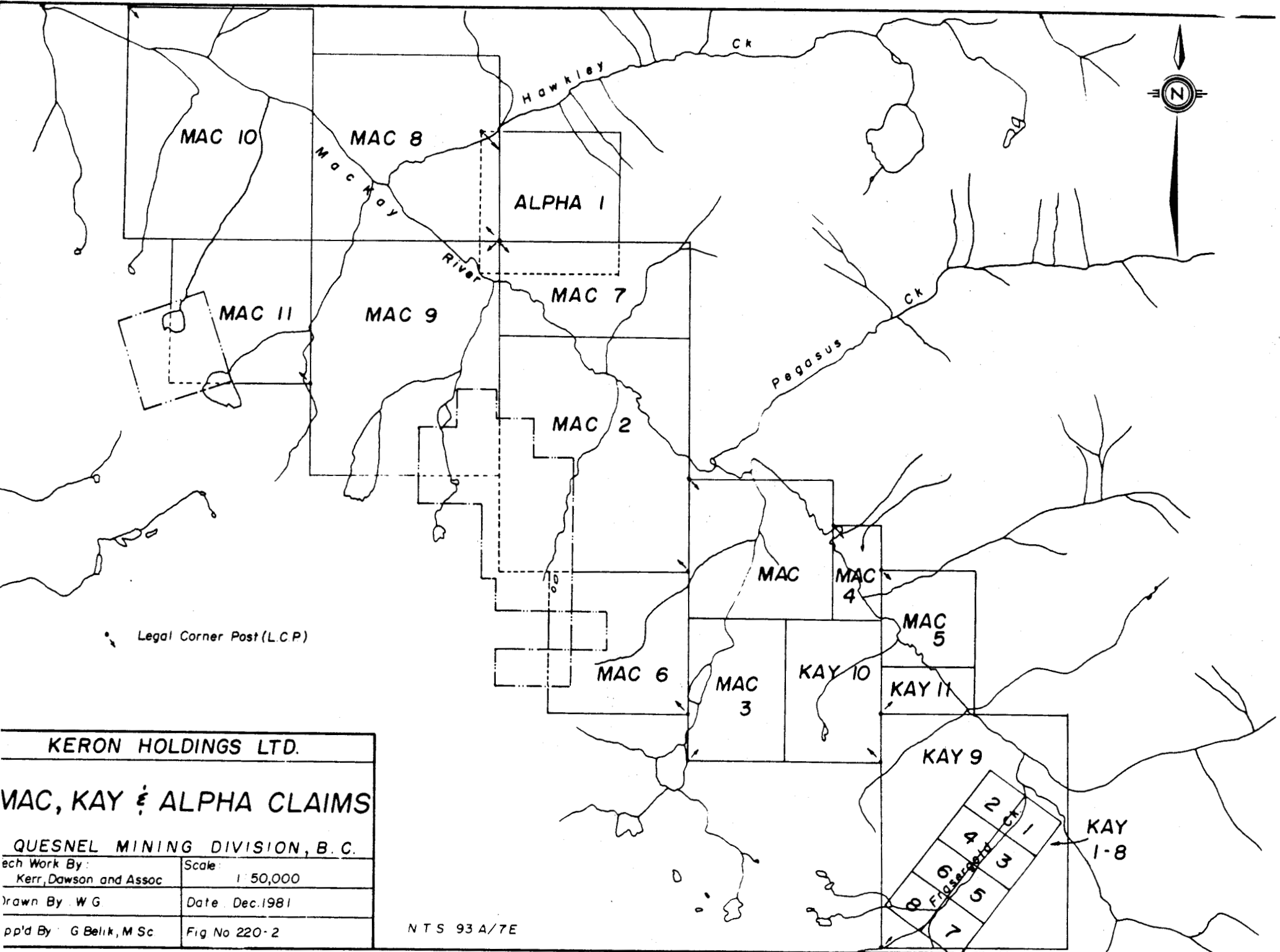
Based on the encouraging results of the 1980 program and on the inferred potential for a stratiform bulk-tonnage, low-grade gold deposit, the property was expanded to it's present size in the Fall and Winter of 1980 and an expanded geological and geochemical program was carried out in June, July and August of 1981.

The objectives of the 1981 program were:

- 1). Geologically map the claim area.
- 2). Determine the extent of the area of highly anomalous gold in soils which was partly delineated on the Kay 1 - 9 mineral claims in 1980.
- 3). Test for additional geochemical anomalies along the projected strike extension of the favourable phyllite unit to the northwest.
- 4). Determine the source of the gold and it's possible economic significance.
- 5). Define the parameters which control the gold mineralization.

LOCATION AND ACCESSIBILITY

The Frasergold Property is located along the MacKay River Valley in the Cariboo Mining Division, (N.T.S. 93A/7E). The center of the claim group is situated about 110 km east northeast of Williams Lake at geographic co-ordinates $52^{\circ}19'$ North Latitude and $120^{\circ}37'$ West Longitude. The western part of the claim group is traversed by a network of logging roads and skid trails which are accessible via good gravel road from Horsefly or 100 Mile House.



KERON HOLDINGS LTD.	
MAC, KAY & ALPHA CLAIMS	
QUESNEL MINING DIVISION, B.C.	
Each Work By: Kerr, Dawson and Assoc	Scale: 1" = 50,000'
Drawn By: W G	Date: Dec. 1981
App'd By: G Belik, M Sc	Fig No 220-2

NTS 93 A/7E

CLAIMS

The property described in this report is comprised of 23 contiguous claims totally 160 units and 8 two-post claims as detailed below:

<u>Mining Division</u>	<u>Claim Name</u>	<u>Units</u>	<u>Record Number</u>	<u>Date Recorded</u>
Cariboo	Kay 1	2-post	1182	Sept. 4/79
"	Kay 2	"	1183	Sept. 4/79
"	Kay 3	"	1184	Sept. 4/79
"	Kay 4	"	1185	Sept. 4/79
"	Kay 5	"	1186	Sept. 4/79
"	Kay 6	"	1187	Sept. 4/79
"	Kay 7	"	1188	Sept. 4/79
"	Kay 8	"	1189	Sept. 4/79
"	Kay 9	20	1810	Aug. 11/80
"	Kay 10	6	1961	Sept. 25/80
"	Kay 11	2	1962	Sept. 25/80
"	Mac	9	1286	Oct. 19/79
"	Mac 2	20	2078	Oct. 22/80
"	Mac 3	6	3074	Dec./80
"	Mac 4	2	3075	Dec./80
"	Mac 5	4	3076	Dec./80
"	Mac 6	9	3077	Dec./80
"	Mac 7	8	3078	Dec./80
"	Mac 8	16	3079	Dec./80
"	Mac 9	20	3080	Dec./80
"	Mac 10	20	3081	Dec./80
"	Mac 11	9	3082	Dec./80
"	Alpha 1	9	847	Sept. 11/78

The registered owner of the Mac 3 to Mac 11 claims is Keron Holdings Ltd., 837 E. Cordova St., Vancouver, B. C. The remainder of the claims are held by Keron through an option agreement with Cliff Gunn of #43, - 15875 20th Avenue, Surrey, B. C.

PHYSIOGRAPHY AND VEGETATION

The Frasergold Property lies along the MacKay River, a northwesterly flowing tributary of the Horsefly River. Elevation of the surveyed area ranges from 1200 meters to 1850 meters. Relief is moderate to steep with local precipitous bluffs at higher elevations.

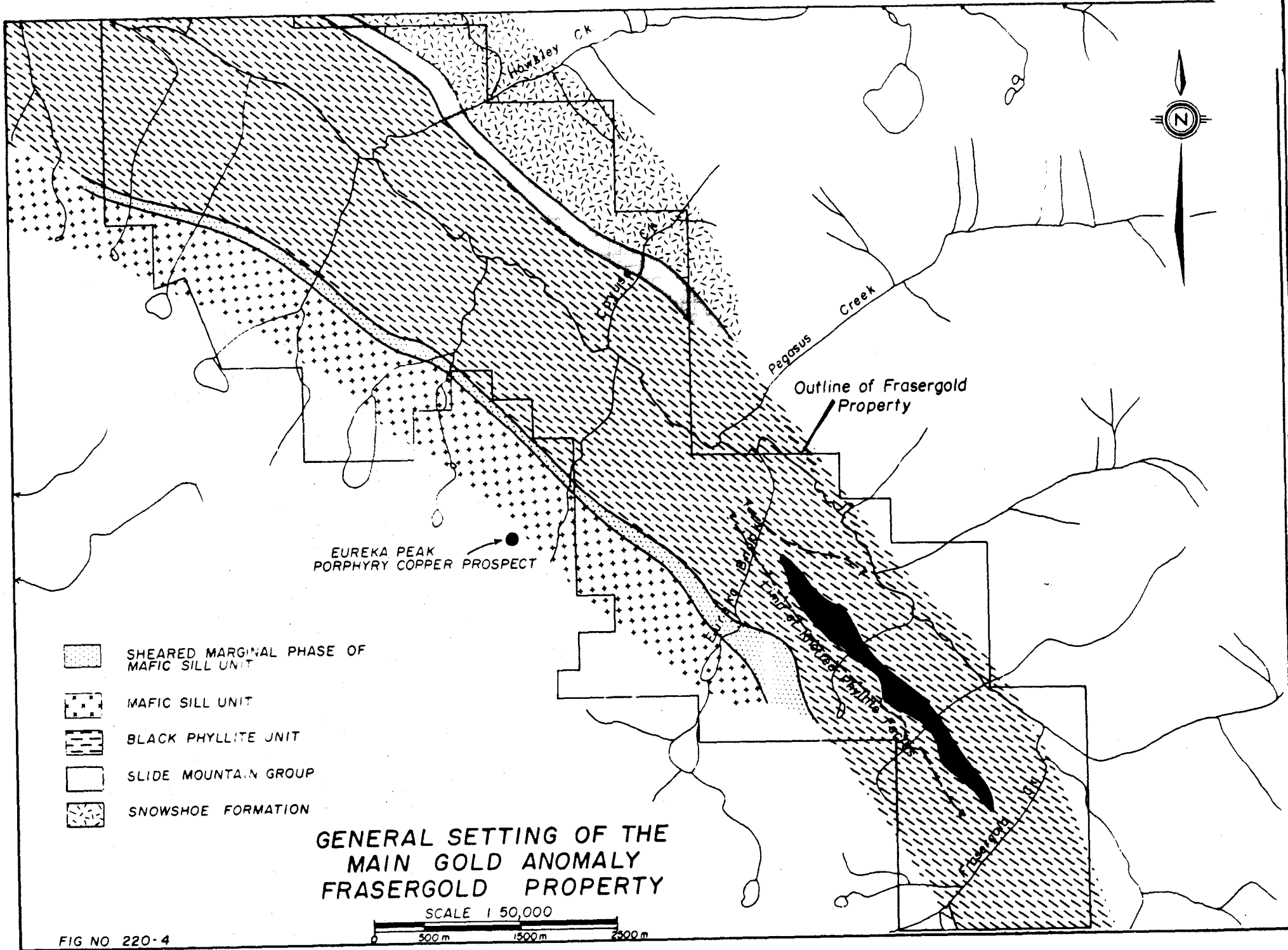
Vegetation along the lower reaches of the MacKay River Valley consists primarily of good commercial stands of spruce, balsam, fir and cedar with thick luxuriant underbrush. Forest cover is lighter above 1600 meters a.s.l. and above 1800 meters a.s.l. alpine type vegetation prevails. Most of the western two-thirds of the property has been logged.

EXPLORATION HISTORY

Apart from a small placer gold operation on Frasergold Creek in 1902, there is no record of any mining or appreciable exploration work having been previously carried out within the claim area.

GENERAL GEOLOGICAL SETTING

The Frasergold Property is situated along the eastern margin of the Quesnel Belt in the Quesnel Lake Map-Area. This belt is underlain, for the most part, by a sequence of volcanic and sedimentary rocks of Upper Triassic to Lower Jurassic age which were deposited in an island arc-type environment. The most widespread lithologies are Upper Triassic, alkaline, augite porphyry basalt and andesite and spatially related, coeval plutons which host alkaline-type, porphyry copper/gold deposits. South of Prince George the Upper Triassic volcanics grade easterly into black, fine-grained phyllites which overlie Upper Paleozoic rocks of the Slide Mt. Group.



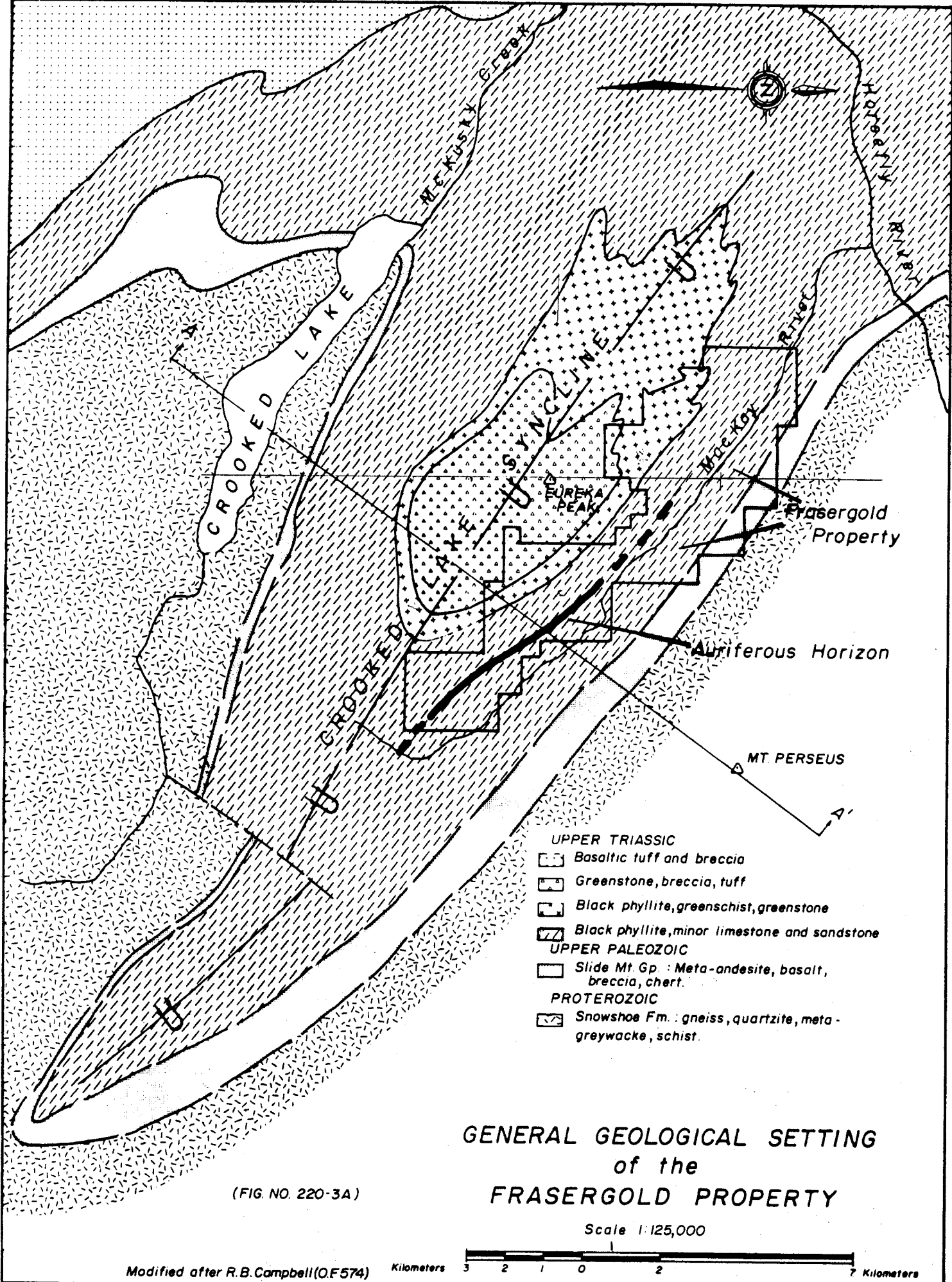
For the most part, Quesnel Belt rocks are only weakly deformed. The eastern phyllite facies, however, generally is strongly foliated and tightly folded - a result of uplift of the Omineca Crystalline Belt in Lower Jurassic time.

PROPERTY GEOLOGY

The Frasergold claims are situated along the north limb of a major northwest-trending, overturned syncline (informally designated the Crooked Lake Syncline). The axis of this syncline projects along the southern boundary of the claim group, parallel to the MacKay River and McKusky Creek/Crooked Lake Valleys (Figure 220-3A). Figure 220-3B shows a structural interpretation across the syncline.

The most widespread unit on the property, and which is exposed along its entire length, is a thick section (+1800 meters) of Upper Triassic, dark grey to black, lustrous phyllite. The phyllite displays a steeply-dipping, penetrative crenulation foliation which is axial planar to small-scale, gently plunging, isoclinal folds. The unit, characteristically, contains abundant (2% - 30%), translucent to milky-white, limonite-stained quartz lenses, pods and irregular veins.

Along the north edge of the property, the phyllite conformably overlies a 100 meter - thick section of andesitic to basaltic metavolcanics. This unit, which has been mapped as part of the Slide Mt. Group by R. B. Campbell (1978), can be traced around the entire perimeter of the Crooked Lake Syncline and serves as a useful marker horizon. On the Frasergold Property the Slide Mt. Group has been strongly deformed and subjected to a Middle to Upper Greenschist Facies of metamorphism.



(FIG. NO. 220-3A)

GENERAL GEOLOGICAL SETTING
of the
FRASERGOLD PROPERTY

Scale 1:125,000



Modified after R.B. Campbell (O.F.574)

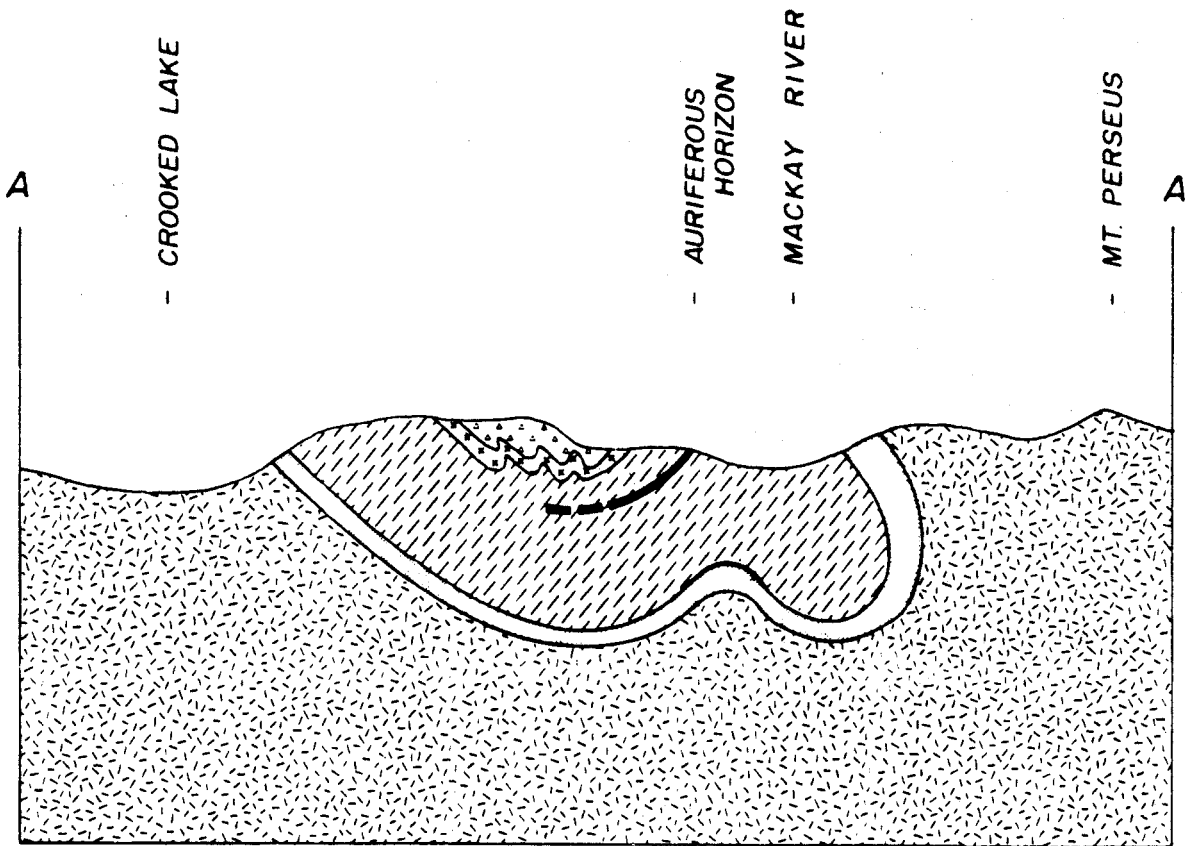


FIG. NO. 220-3B

STRUCTURAL INTERPRETATION ACROSS
THE CROOKED LAKE SYNCLINE

The Proterozoic Snowshoe Formation forms the base of the Crooked Lake Syncline and are the oldest rocks exposed on the property. Where exposed, this unit consists of sharp-banded paragneiss, leucocratic feldspar-augen gneiss, schist and sub-mylonite in the Upper Greenschist facies of matamorphism. The contact between the Slide Mt. Group and the Snowshoe Formation is sharp and represents a major structural discontinuity.

Overlying the phyllite is a 200 meter to 500 meter thick transitional zone consisting of interbedded phyllite and greenschist. This unit is in turn overlain by greenstone, augite-porphyry breccia and tuff. These units occupy the core of the Crooked Lake Syncline and, according to G.S.C. Open File Map 574 (Campbell, 1978), extend along the southern edge of the claim area. The transitional facies was mapped in the southern part of the Mac 3 and Kay 10 claims, however, the overlying volcanic member was not encountered within the area mapped and presumably is further to the south than indicated.

A thick coarse-grained mafic sill has been traced along the southern edge of the map - area over a strike length exceeding 9 km. in the approximate position of the transitional phyllite/greenschist unit mapped by R. B. Campbell. This unit contains discontinuous dykes and irregular masses of fine-grained, leuco-monzonite, syenite and diorite which host porphyry-style copper mineralization (eg. Eureka pk. property). The unit is at least 500 meters thick and has a highly sheared, concordant northern contact. The southern contact was not mapped but is presumed to be overlain by the upper volcanic member. The mafic sill is undoubtedly predeformational and probably is coeval with the overlying augite-porphyry, alkaline basalts.

A small isolated remnant of Tertiary valley basalt is preserved in the MacKay River Valley on the Mac 9 claim. This basalt, which is fine-grained and a medium grey color, forms a small rounded knob about 25 meters high and 500 meters long. The basalt preserves a remnant of The Mackay River Paleovalley and may be underlain by Tertiary channel gravels.

MINERALIZATION

Several types of mineralization occur on the Frasergold Property, the most significant of which is gold \pm silver in the black phyllite unit. Gold occurs within both phyllite (up to 1.13 grams per tonne) and quartz sweats (up to 16.0 grams per tonne) along the strike of an extensive area of highly anomalous gold in soil.

The salient features of the gold mineralization and associated soil anomalies are:

1. The main soil anomaly is conformable to the general strike of the phyllites and extends from Frasergold Creek to line 44 S.E., a distance of about 3.0 km. This anomaly is up to 300 meters wide with peak values of up to 1365 ppb gold.
2. Samples of phyllite, highly anomalous in gold, were obtained near the center of the soil anomaly between lines 54 S.E. and 62 S.E.
3. Outcrop is scarce within the anomaly area, especially northwest and southeast of the area of mineralized outcrops.
4. Mineralized phyllites contain no visible sulphide and are indistinguishable from unmineralized phyllite within the same general area.
5. Small, conformable lenses, pods and irregular veins of translucent to milky-white quartz are ubiquitous in the phyllite unit and appear to have developed as "sweats" during regional metamorphism. Numerous samples of this material were analysed for gold and silver.

With one exception, all of the anomalous values were obtained along the projected strike of the main anomaly over a strike length of about 1.7 km. Apart from the elevated gold values, there is no discernable difference between mineralized and unmineralized quartz.

6. Anomalous gold in rocks and in soils in the main anomaly area appear to correlate with a unique facies of phyllite. This unit has a characteristic knotted appearance. Knots, which are less than 8 mm in size and comprise 5% to 40% of the unit, consist of limonitic-brown to hematitic-red, fine-grained carbonate, possibly ankerite or siderite. Originally, this lithology appears to have been a fine-grained black clastic with thin laminations of iron-rich carbonate. The carbonate, being more resistant, was boudinaged during deformation yielding the characteristic knotted texture.
7. The knotted phyllite facies appears to lense-out in the same general area where the main soil anomaly cuts off to the northwest.

The conformable nature of the main gold anomaly, the confirmation of highly anomalous gold in phyllite within the anomaly area and the correlation of the anomaly and associated mineralization with a unique facies of phyllite suggest that the gold is restricted to a distinct stratigraphic horizon. The continuity and extent of the anomalous soil suggest that this auriferous horizon has a potential strike length of more than 3.0 kms. However, because of a general lack of outcrop, the continuity or distribution of the gold mineralization within the auriferous horizon are unknown. Gold could occur in one or more beds or possibly within a series of en-echelon lenses.

A volcanogenic, syngenetic origin for the gold mineralization is favoured. As envisaged gold was chemically precipitated along with an iron-rich carbonate, in a back-arc setting, peripheral to basic, alkaline, arc-type volcanic centers. Gold was subsequently partly remobilized into quartz veins during regional metamorphism.

SOIL GEOCHEMISTRY

In total 2513 soil samples were taken during the 1980 and 1981 programs. All samples were analysed for gold and silver. In addition 2050 samples were analysed for copper, lead, zinc and arsenic.

In order to carry out the soil sampling programs, approximately 132 kilometers of grid was established by chain and compass. The grid area, which is about 13 kms. long and 1.2 kms. to 2.7 kms. wide, extends northwesterly through the property along the south side of the MacKay River Valley.

Soil samples were taken at 50 - meter intervals along all grid lines. Samples were obtained by digging holes with a maddock to a depth of 10 cm. to 20 cm. The "B" horizon was sampled or in some cases the "B - C" depending on soil development at each sample location.

A statistical analyses of all elements analysed was carried out with the following results:

	<u>Au</u>	<u>Ag</u>	<u>Cu</u>	<u>Pb</u>	<u>Zn</u>	<u>As</u>
Population	2489	2492	2031	2050	2045	2043
Mean (\bar{x})	30.77ppb	0.85ppm	60ppm	11.8ppm	84ppm	15.2ppm
Standard Deviation (S)	63.11	0.94	62	6.4	60	44.7
Background (\bar{x})	<31	<0.9	<60	<12	<84	<15
Probably Anomalous (1S-2S)	94-157	1.8-27	123-194	18-24	144-204	61-105
Definitely Anomalous (2S-3S)	<u>158-220</u>	<u>2.8-3.6</u>	<u>185-246</u>	25-30	205-264	<u>106-150</u>
Highly Anomalous (3S)	> 220	>3.6	>246	>30	>264	>150

Values of greater than 600 ppb gold (0.76% of population), 6.0 ppm silver (0.64%), 600 ppm copper (0.92%), 500 ppm zinc (90.05%) and 200 ppm arsenic (0.34%) were cut from the above calculations to avoid erroneous geochemical categories.

Numerous anomalies are evident within the area surveyed. Briefly summarized the following patterns and relationships are evident:

1. Anomalous gold appears to be associated with two geological environments. The bulk of the anomalous values occur on the Kay 9, Kay 10 and Mac claims within an area underlain by the black, knotted phyllite unit. The main anomaly is conformable to the general strike of the phyllite and extends from Frasergold Creek to line 44 S.E., a distance of about 3.0 km. This anomaly, which is 100 meters to 300 meters wide, has good continuity and relatively sharp, well defined boundaries. Most gold values within the anomaly area exceed 220 ppb (ie. highly anomalous category). Several values exceed 1000 ppb.

Anomalous gold in soils also occurs in the area underlain by the mafic sill unit and late-differentiate, alkaline, granitic rocks. Most of the anomalies are small and of relatively low magnitude. One exception occurs near the south end of Lines 25 S.E., 27 S.E. and 29 S.E. Here gold values up to 7,250 ppb were obtained within an area underlain by a coarse-grained, mafic-rich phase of the sill unit. Nothing was noted which would account for the anomaly. However, the immediate area of the anomaly is covered by till and it is conceivable that this overburden could conceal one or more gold-bearing veins.

2. Two general areas of anomalous silver values are evident. The largest area is centered around the main gold anomaly and has the appearance of a broad halo around the auriferous zone. Within this area, anomalous silver values generally are scattered and less than 5 ppm with a few spot highs up to 35 ppm. The second area occurs along the projected strike extension of the auriferous horizon to the northwest, between line 35 N.W. and line 10 S.E. with a distinct cluster of anomalous values centered between line 22 N.W. and line 5 N.W. This area is also associated with anomalous lead and zinc.
3. Strong, narrow zones of anomalous copper in soils are associated with the sheared marginal phase of the mafic sill unit. Localized areas of disseminated copper mineralization (up to 0.2% copper) were noted at several localities within this contact zone and correlate well with the observed anomalous soil geochemistry.
4. A large area of highly anomalous copper was delineated along the south end of the grid between line 15 S.E. and line 22 S.E. This anomaly is related to the downslope migration of mineralized talus from the Eureka Pk. porphyry-copper prospect.
5. Although lead values are not considered high, a plot of anomalous values shows an interesting pattern. There is a strong positive correlation between lead and silver. Lead shows the same apparent zonal distribution around the main gold anomaly and is also associated with the area of anomalous silver along the projected strike extension of the gold-bearing zone to the northwest.

6. The distribution of anomalous zinc is very similar to lead. Zinc occurs peripheral to the main gold anomaly, is intimately associated with lead and silver along the projected extension of the gold bearing zone to the northwest and locally is present along the mafic sill/phyllite contact.
7. Anomalous arsenic in soils is intimately associated with the mafic sill/phyllite contact. Based on the results of rock sampling, the arsenic occurs within the brown-weathering altered carbonate zones developed along the contact and within phyllites in close proximity to the contact zone.
8. There is no correlation between anomalous arsenic and anomalous gold or silver. High arsenic locally correlates with anomalous lead, zinc and copper.

Although several intriguing anomalies were defined by the 1980 and 1981 soil sampling programs, the prime exploration target is the area of the main gold anomaly. Based on the conformable nature of this anomaly and on the confirmation of highly anomalous gold in phyllite within the anomaly area it is reasonable to assume that the gold is restricted to a distinct horizon. This auriferous horizon probably extends over the length of the main anomaly and possibly further; most of the area is heavily drift covered, especially immediately northwest of the anomaly area to about line 2 N.W. and numerous isolated high gold values in soil were obtained along the projected strike of the main anomaly to the northwest and the southeast.

Soil Profiling Program

During the last phase of the 1981 program a soil profiling program was carried out over the central and western parts of the main gold anomaly. The primary objectives of this program were to confirm the original survey results and to determine the continuity of anomalous gold within the overburden at depth.

In total 60 holes were dug at 50 meter intervals along 7 section lines. Holes were dug at or within close proximity to the original sample sites to a depth of 1.0 meters to 1.5 meters utilizing a power auger. Four samples were obtained from each hole; samples were obtained at the base and near the top of each hole and at intervals equal to about 1/3 the depth of each hole.

The main findings of the follow-up soil profiling program are as follows:

1. Within the main anomaly area anomalous gold occurs throughout the overburden column.
2. All horizons sampled show approximately the same anomaly pattern for gold.
3. In general, gold values are similar in the four horizons sampled at each sample site. Locally, however, gold is enriched within the upper soil horizons immediately downslope from the core of the anomaly.
4. The pattern and general magnitude of the gold anomaly defined by the follow-up program compare very favourably with the original survey results.

The follow-up soil profiling program has confirmed the continuity of the main gold anomaly and has demonstrated that anomalous gold is uniformly distributed throughout the overburden and hence not a near surface residual enrichment.

ROCK GEOCHEMISTRY

In total, 141 rock samples were taken by the writer during the 1981 program. These were analysed for gold, silver, copper, zinc, arsenic and locally lead. A statistical analysis of the data was not attempted because of the relatively small number of samples and the wide variety of material sampled.

The largest number of samples were taken from the black phyllite unit (81 samples). Briefly summarized the results for this unit are as follows:

	<u>No.</u>	<u>Range</u>	<u>Estimated Background</u>	<u>Probably Anomalous</u>	<u>No. of Anomalous Samples</u>
gold	81	5-1130 ppb	5 ppb	>25 ppb	16
silver	81	0.1-1.9 ppm	0.3 ppm	>1.0 ppm	18
lead	47	4-27 ppm	15 ppm	>30 ppm	0
zinc	81	37-906 ppm	80 ppm	>150 ppm	11
copper	81	1-152 ppm	40 ppm	>70 ppm	15
arsenic	81	1-133 ppm	10 ppm	>20 ppm	10

Gold values range from 5 ppb to 5700 ppb. Most of the highly anomalous values were obtained from quartz veins or from black phyllite along the projected strike of the auriferous horizon. One high value (5700 ppb) with 3.98 oz. per tonne silver and 4135 ppm lead was obtained from a quartz lense in phyllite in the northwest part of the property and a few anomalies (up to 300 ppb) were obtained from black phyllite near the center of the property adjacent to the mafic sill unit.

Silver values range from 0.1 ppm to 3.4 ppm (excluding the high silver assay associated with galena in quartz on line 35 N.W.) Nineteen values are greater than 1.0 ppm silver. Of these, 18 are from black phyllite or synmetamorphic quartz sweats within black phyllite. There is a positive correlation between high silver and elevated values for copper and zinc in black phyllite. There is no correlation between high silver and high gold in phyllite.

The only high lead value was obtained from the quartz pod on line 35 N.W. This sample contained visible galena.

Zinc values range from 2 ppm to 906 ppm. All of the anomalous values (ie. >150 ppm) were obtained from black phyllite and are associated with elevated copper and silver values.

High geochemical copper values were obtained from several samples of alkaline granitic intrusive and the sheared marginal phase of the mafic sill unit. All of these samples contained visible copper mineralization which occurs within restricted zones within these units.

Arsenic values range from 1 ppm to 558 ppm. A general background for most units is about 10 ppm. High arsenic values in rock were obtained from altered carbonate zones peripheral to the mafic sill unit and from phyllites in close proximity to the mafic sill unit. Anomalous arsenic in rocks correlated very well with areas of anomalous arsenic in soils.

There is no correlation between arsenic, gold and silver.

CONCLUSIONS

The 1980 and 1981 programs have confirmed the potential for a low-grade, bulk-tonnage gold ± silver deposit on the Frasergold Property. Mineralization appears to consist of very fine-grained, possibly colloidal gold along a particular stratigraphic horizon within a sequence of Upper Triassic black phyllites. The auriferous horizon occurs within an iron-carbonate-rich facies of phyllite. Synmetamorphic quartz veins are preferentially enriched within this horizon and yield gold values of up to +6.0 grammes per tonne.

RECOMMENDATIONS

The work performed to date on the Frasergold property is inconclusive. The property is, however, of considerable merit and systematic diamond drilling is warranted to establish the continuity of the auriferous horizon and the degree to which it is mineralized.

The following two-phase program is recommended: