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GEOLOGY DEPT.
September 11, 1984.

Mr. M. J. Knuckey,
V.P. Exploration,
Corporation Falconbridge Copper,
P.O. Box 40,
Commerce Court West,
Toronto.

824357

Dear Michael,

REA GOLD PROJECT

Thank you very much for permitting me to visit the Rea Project while I was in B.C. recently. I spent an enjoyable morning with Ian Tierie going over the exploration results, examining the trenches and some of the core.

Your chaps have done a good job in delineating the two 'shoots' and I shall restrict my comments to the following pertinent points :

1. The gold appears to be mainly in solid solution and you do not have a troublesome 'nugget effect'. If there is free gold then it is probably finely disseminated. There is a fairly good correlation between original assays and assays of the rejects.
2. If there is any doubt about the sampling it is how representative are the samples in terms of the sphere of influence they have on the tonnage they represent. Firstly, I believe that it is important to carry out work in the oxide and transition ores separately from the sulphides, e.g. the compilation of results from the oxides and transition ores, including the ore reserves, should be kept separate from the sulphides. The results

of trench sampling which have oxides, and a mixture of oxides and sulphides, should not be incorporated in grade estimates for sulphide ores. Secondly, although there is no apparent serious nugget effect from coarse free gold, there is quite a large variation in the magnitude of the assays. This leads one to wonder just how representative a few boreholes are in say 100,000 tons of ore. The most effective way of overcoming any questions in that regard is to carry out simple statistical probability exercises which show that the grade has an $x\%$ probability of being y g/t on either side of the true value. The results would indicate whether further work is justified should you be considering an operation of some sort.

3. The refractory characteristics of these small tonnages and the potential environmental problems (both physical and chemical) do not help the idea of a small operation. It does seem preferable at this stage to concentrate on finding the 'big one' which hopefully is less refractory or large enough to justify necessary beneficiation plant. Doubts on the viability of the small deposits are compensated by the certainty that you are in good exploration ground.

Thanks again for an interesting visit and the courtesies of the crew at Squamm Bay. I would sign up as a field technician if you had a boat and downrigger on Adams Lake.

Yours sincerely,

Howell Bird