

CANADIAN GEOSCIENCE CORPORATION

809 - 626 WEST PENDER STREET, VANCOUVER, BRITISH COLUMBIA, CANADA V6B 1V9

For personal contact, please dial (604) 687-1022

reference:

May 18, 1983

826612
92H/12

Mr. J. Stewart, President
Rhyolite Resources Inc.
301 - 1285 West Pender Street
Vancouver, B. C.

CO. Y

Dear Jon:

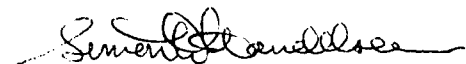
RE: HARRISON LAKE PROPERTY/KERR ADDISON MINES LTD

Today I had a telephone enquiry from Mr. Ray Dujardin, Vancouver Exploration Manager, Kerr Addison Mines Ltd, who had called your office and been unable to speak to you as you are out of town. You may recall that Bill Sirola, the previous manager, had some discussions about the property, but did not follow up your offer of a visit.

Mr. Dujardin requested permission for a visit next week. While I cannot give permission for you, I indicated that you welcome interested visitors to the property, and that he should proceed with his plans, checking in with April or Geoff at the camp. Further, I have arranged to see him tomorrow, and will give him the reduced scale set of plans, sections and drill logs we have given to others. He will be in touch with you on his return.

Trusting the above to be in order.

Yours very truly,
CANADIAN GEOSCIENCE CORPORATION



Simon D. Handelsman, P. Eng.
President

cc: K. C. Fahrni
R. Dujardin ←

CGC

NTS: 92H-12

Property Examination Report

Rhyolite Resources, Harrison Lake Property, B.C.

Introduction

The property lies about 64 Kms by road north of the Sasquatch Inn (on Highway 7), at Doctors Point on the west side of Harrison Lake (see location map and claim map attached).

For background information to date, see report by Canadian Geoscience Corporation dated October 3, 1981; Rhyolite Resources Inc., Prospectus effective January 19, 1983; drill logs for holes 81-R1 to 81-R13, 82-R1 to 82-R22, 83-RL1 to RL8, 83-R1 to 83-R25 and drill sections, all of which are included in this file. Hole 83-R25 was completed March 27, 1983 so the logs were not up to date at the time of our visit on May 25, 1983. The examination was carried out by the writer and A. Clendenan and involved an inspection of the surface showings and core from holes 82-R13, 82-R14, 82-R8, 82-R2, 83-R2.

Geology and Mineralization

The Lake Cut and the more important Road Cut showings occur in a faulted complex of Middle Jurassic andesitic to rhyolite flows and volcanoclastics, coarse to fine grained clastic sedimentary rocks and intermediate to acid intrusives. The dominant intrusive is dioritic.

The mineralized gold zones being explored appear to be controlled by gently dipping sheeted structures comprised of overlapping, en echelon ellipsoids of rock with shear boundaries. The gold mineralization within such zones is associated with discrete, distinctive concentrations of quartz-calcite veinlets, coarse crystalline pyrite, erratic massive and disseminated arsenopyrite and other minor sulphides, and siliceous-seritic alteration.

Widely spaced slickensided, chloritic shear planes cut the mineralized zone. The main zone explored to date is the Road Cut which on surface is exposed as a rusty weathered network of reticulating quartz-pyrite-epidote veinlets in a medium grain diorite, which intrudes "silicified andesites" or dacite. Drilling extends east and mainly north downhill from the showings, towards the west shore of Harrison Lake. The hillslope is about 30°.

Assessment of Drill Results

From our examination of the drill core and Rhyolite's sections, it is apparent that the Road Cut zone dips at about 10 to 20° eastwards towards Harrison Lake, crosscuts all formations except perhaps for some of the later intrusives and is vertically offset by steeply dipping block faulting. Within the 55 hole pattern drilled to date, the only intersections consistently above 0.1 ozs/ton gold lie in a sinuous zone oriented north-south over a horizontal distance of 100 m (328 feet), an average horizontal width of 15 to 20 m (49-65.6 feet) and with an average vertical thickness of 4.55 m (14.9 feet). The top of this zone is 0 to 20 m (65.6 feet) below surface and the average grade is 0.137 ozs/short ton. A rough calculation shows that the tonnage indicated in this zone is 36,000 short tons. A thin haloe of .05 to .1 ozs/ton surrounds the .1 or better grades.

In view of the meagre grade/widths indicated to date, and the environmental problems posed by the proximity of this arsenical ore to a major lake, we decided not to pursue the situation further on Kerr's behalf.

The unexplained anomaly is the high grade of the surface showings. May be selective sampling and/or surficial gold concentration due to weathering is the explanation.

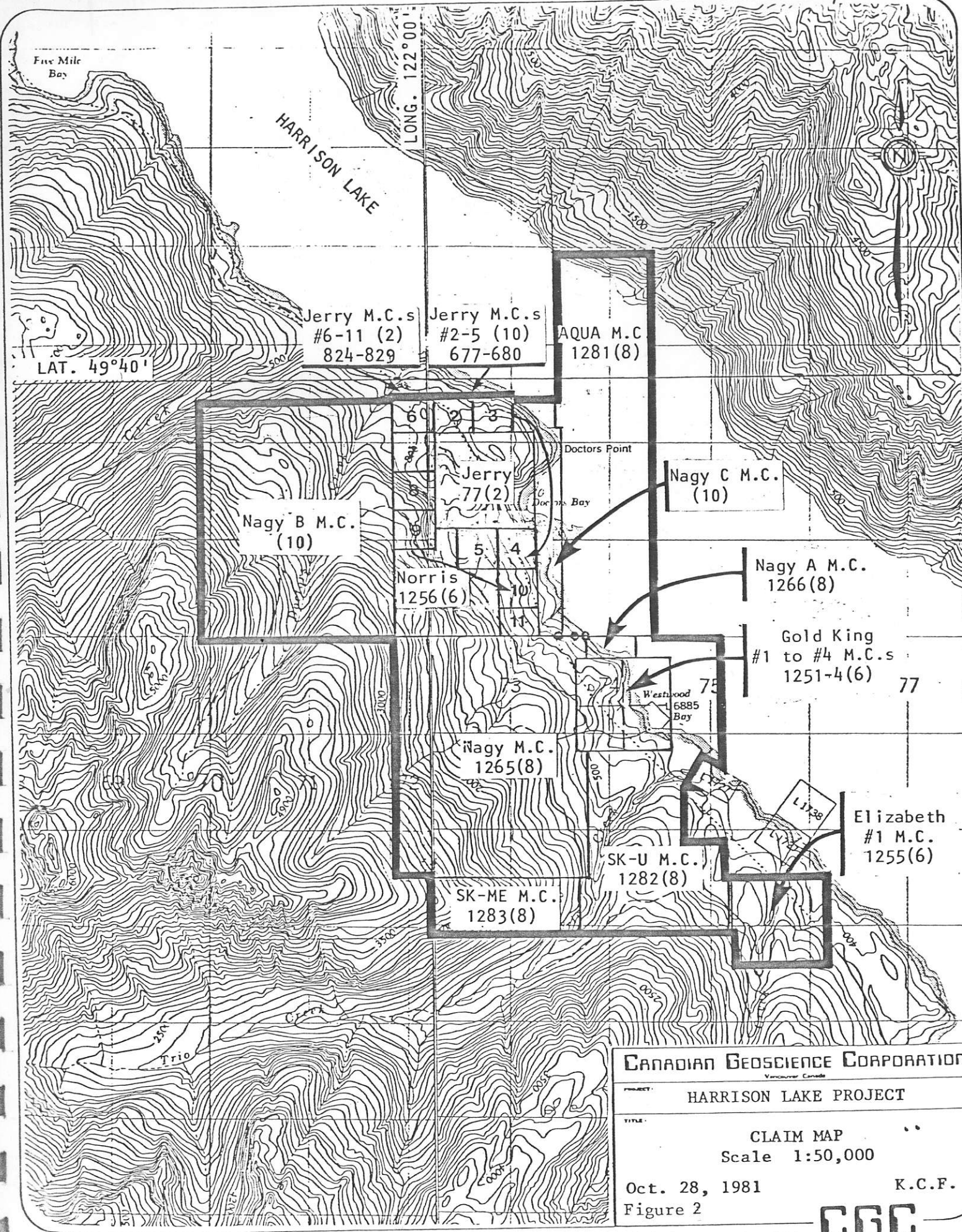


R. A. Dujardin

RAD/lk

Enclosure
cc - A.C.
F.C.
File

Map "B"



CANADIAN GEOSCIENCE CORPORATION

Vancouver, Canada

HARRISON LAKE PROJECT

CLAIM MAP

Scale 1:50,000

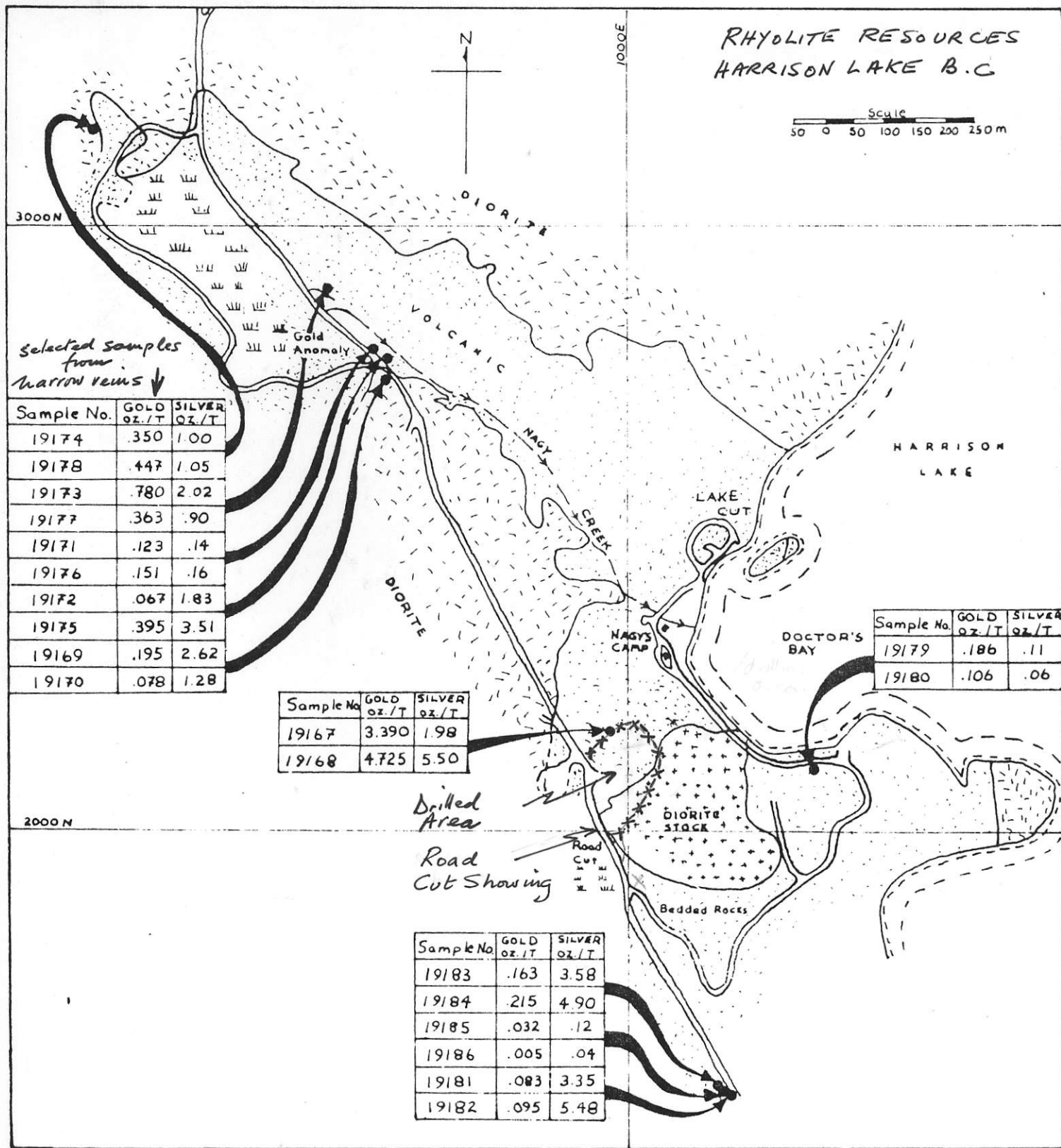
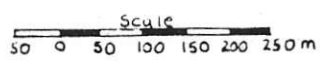
Oct. 28, 1981

K.C.F.

Figure 2

CGC

RHYOLITE RESOURCES
HARRISON LAKE B.C.



Selected samples from narrow veins ↓

Sample No.	GOLD oz./T	SILVER oz./T
19174	.350	1.00
19178	.447	1.05
19173	.780	2.02
19177	.363	.90
19171	.123	.14
19176	.151	.16
19172	.067	1.83
19175	.395	3.51
19169	.195	2.62
19170	.078	1.28

Sample No.	GOLD oz./T	SILVER oz./T
19167	3.390	1.98
19168	4.725	5.50

Sample No.	GOLD oz./T	SILVER oz./T
19179	.186	.11
19180	.106	.06

Drilled Area
Road Cut Showing

Sample No.	GOLD oz./T	SILVER oz./T
19183	.163	3.58
19184	.215	4.90
19185	.032	.12
19186	.005	.04
19181	.083	3.35
19182	.095	5.48