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May 23, 1994

## SAD PROPERTY

Stewart Area  
Skeena Mining Division  
British Columbia

### Introduction

The SAD property includes at least two gold-bearing zones developed in a roof pendant of sedimentary and volcanic rocks within Coast Plutonic Complex granitic rocks.

Gold values ranging from less than 1 g/t to more than 200 g/t have been obtained from surface sampling of a quartz vein system in the western claim area and visible gold has been reported from an apparent skarn zone in the central part of the property.

### Location and Access

The SAD mineral claim is immediately west of the head of Hastings Arm some 37 km south-southeast of Stewart. Elevations within the claim area range from sea level at the Legal Corner Post to more than 1200 metres in the northwestern part of the claim.

Access to the principal showings areas is by helicopter.

### Mineral Property

The SAD property consists of one 4-post mineral claim in the Skeena Mining Division and owned by Richard T. Heard of 349 East 21 Street, North Vancouver, B.C. V7L 3B9. Details of the claim are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Date of Record</u>
SAD	323603	20	February 17/94

(Note: Crown granted mineral claims shown on the attached sketch map have reverted and are now part of the SAD claim).

### Regional Geological Setting

The SAD claim is situated within the Coast Plutonic Complex between the prolific Stewart and Anyox - Alice Arm mineral districts. Major past producing mines of the region include the Premier and Big Missouri gold-silver deposits, Dolly Varden and Torbrit silver deposits, Granduc and Anyox massive sulphide deposits and Kitsault (BC Moly) porphyry molybdenum deposits.

The nearby Red Mountain gold property of Lac Minerals Ltd., 40 km north of the SAD claim, includes at least four en-echelon northwest trending zones of semi-massive sulphides hosted by Hazelton Group volcanic rocks marginal to a granodiorite stock which was previously investigated for molybdenum mineralization.

Published reserves prior to the 1993 field season were 2.8 million tons grading 0.37 opt gold. 1993 work, which included 100,000 ft. of surface diamond drilling and 2,000 ft. of underground decline and crosscutting, indicated a resource of between 2 and 3 million ounces gold which is being firmed up by a current \$14.5 million development program.

### Property Geology

The SAD mineral claim covers the northern part of a roof pendant of Jurassic (Hazelton Group) volcanic and sedimentary rocks contained within granitic rocks of the Coast Plutonic Complex. Numerous granitic dykes cut the sedimentary and volcanic sequence.

Two gold-bearing zones are known on the claim. The Saddle showings, in relatively subdued topography near the summit of steep terrain west of Hastings Arm, were initially explored in the late 1920's by way of 3 shallow shafts and one 195 metre adit. Access was via an aerial tram line.

The principal showings consist of parallel quartz veins and stringers exposed over a strike length of 70 metres and an overall width of 30 metres. Individual veins, which strike northwesterly and dip steeply southwest, are crudely conformable with the overall trend of the host volcanic rocks.

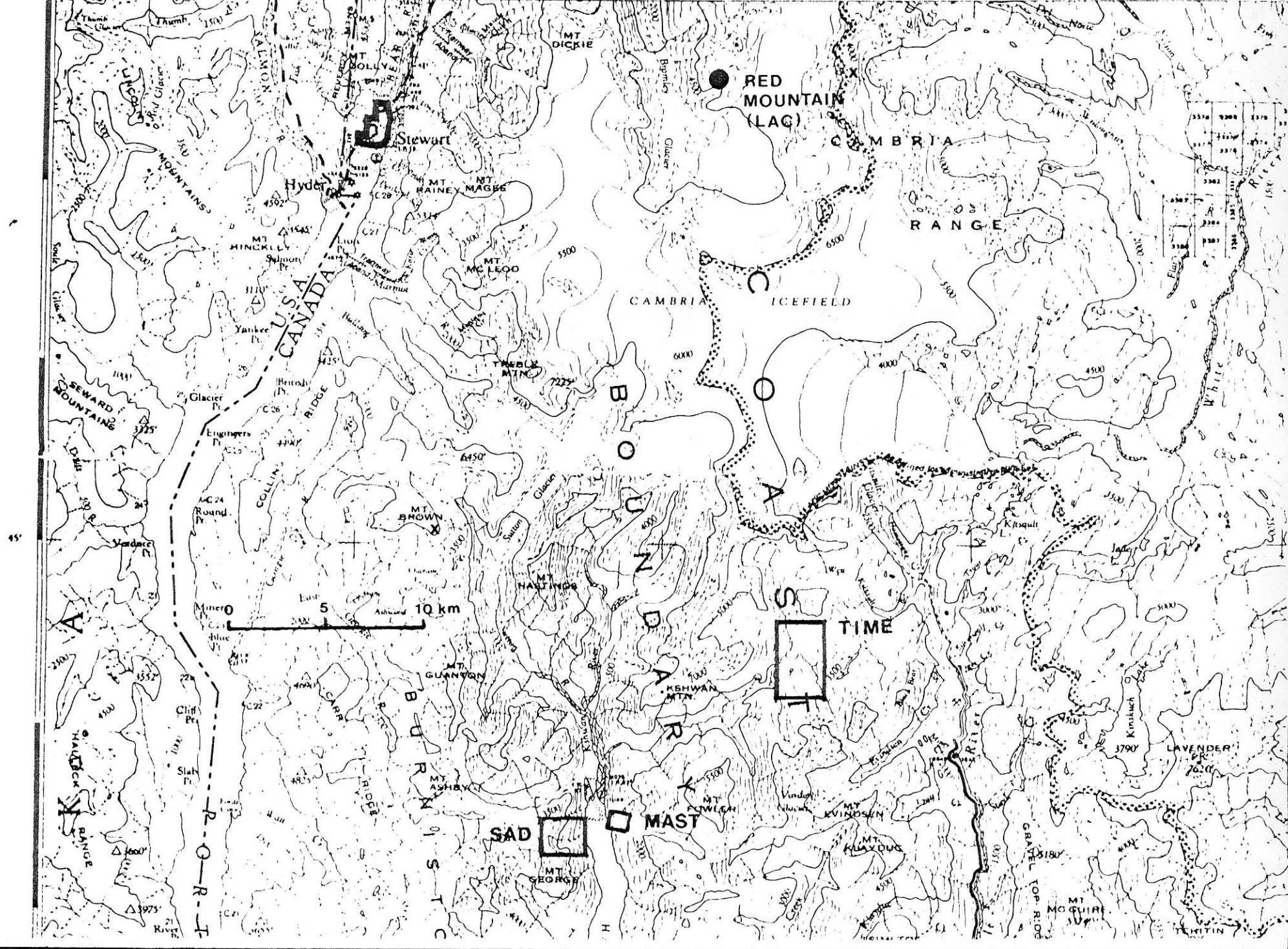
The two principal quartz veins, 10 to 15 metres apart, have widths of between 0.3 and 1.5 metres and contain lenses

of massive sulphides (pyrite, galena, sphalerite, chalcopyrite, pyrrhotite) which are up to 0.6 metre thick and 2 - 3 metres in length. Better gold values (up to †200 g/t - see attached sketch map) are associated with these massive sulphide lenses.

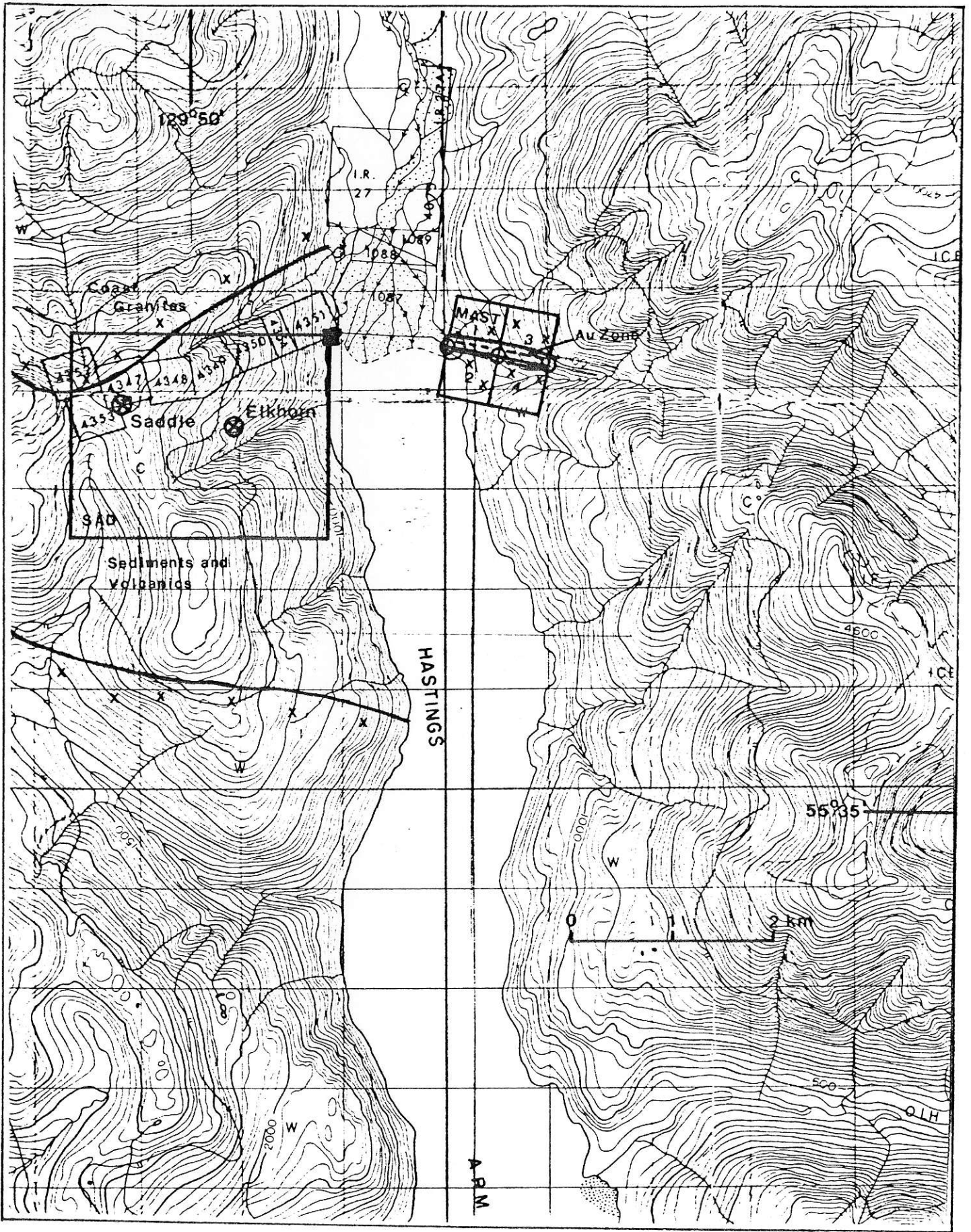
Work in the area of the Saddle showings in the 1980's, in addition to detailed sampling, included airborne and surface VLF-EM surveys which are of only limited use - the orientation of the airborne survey was not normal to the structural trend and better surface VLF-EM conductors appear to be coincident with old aerial tramway cables.

This zone has not been tested to depth - available data suggest that the 195 metre adit was driven in a direction that would have precluded it intersecting the two principal veins and there are no records of any previous drilling.

The Elkhorn showing is described as being about midway between the Saddle and tidewater (see attached sketch map). Previous descriptions refer to silicified zones containing sulphide minerals plus associated garnet and epidote alteration suggesting a skarn environment. Government reports also refer to "some spectacular finely divided gold" being discovered in one locality in 1929. No recent work has been done in the area of this showing.

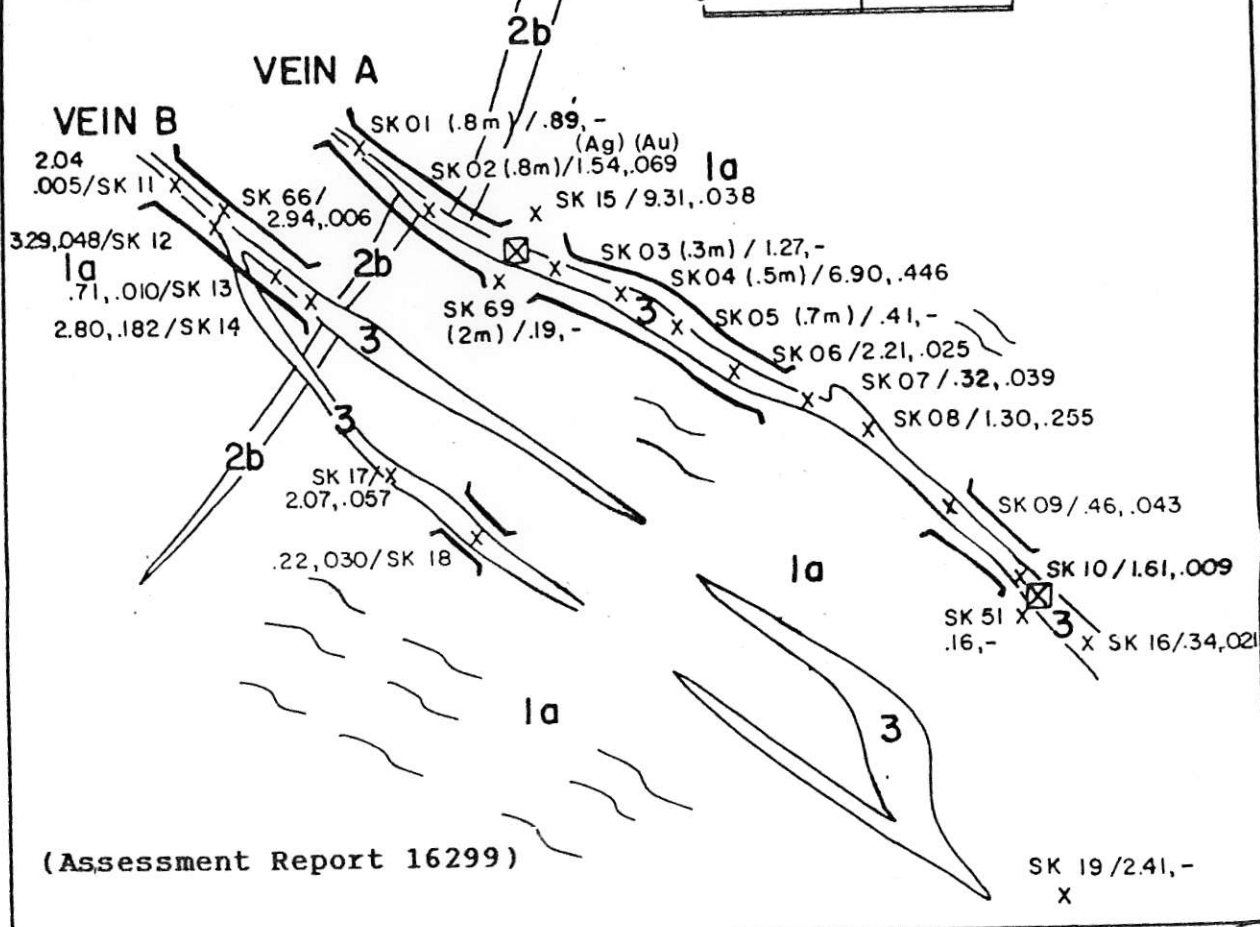
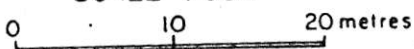






# MINERALIZED QUARTZ VEIN SHOWINGS (SADDLE)

SCALE 1:500



(Assessment Report 16299)

## (Assessment Report 11527)

### MARKS:

- X : grab sample of granitic dyke both sides and between mineralized veins
- : grab sample every 10cm for about 4m through 6 sections quartz veins.
- : grab sample of country rock around the mineralized quartz veins
- ◇ : grab sample from upper dump
- ▽ : grab sample from lower dump
- ◇ : grab sample from intermediate dump

channel sample #	width(cm)	silver oz/ton	g/tonne	gold oz/ton	g/tonne
7201	9	82	28	138	4.7
2	20	233	79	190	6.5
3	35	102	34	011	.3
4	80	752	257	003	.1
5	90	958	328	032	1.1
7206	35	21.30	730	286	9.8
7	50	1.08	370	003	.1
8	50	3.22	110	045	1.5
9	20	37	127	001	.1
10	18	18.40	630	7.054	241.8
7211	13	2.19	75	1.053	36.1
2	55	.27	92	.011	.3
3	8	.19	65	.004	.1
4	30	1.09	37	.019	.6
5	50	15.60	538	.082	2.9
7216	65	5.75	197	636	21.8
7	GRAB	.14	48	.010	.3
8	GRAB	235	805	.009	.3
9	GRAB	.06	20	.001	.1
20	25	2.32	795	.249	8.5
7221	30	.45	15	.118	4.0
2	25	.54	186	.150	5.1
3	17	.52	178	.014	.3
4	25	.50	171	.045	1.5
5	20	.01	03	.002	.1
7226	12	.58	198	.025	.8
7	22	2.16	740	.003	.1
8	25	.43	147	.002	.1
9	15	.75	257	.001	.1
30	10	.39	133	.011	.3
7231	GRAB	.01	03	.001	.1
2	GRAB	.09	27	.001	.1
3	GRAB	.01	03	.001	.1