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Memo to: Shawn Kennedy, Goldbridge, B.C. (VIA FAX 604-238-2422)
Date: October 24, 1989
Re: X-CAL RESOURCES' SNOWBIRD PROSPECT, STUART LAKE, B.C.
(Some Progress Observations and Recommendations)

1. The following is a brief summary of general exploration progress on the Snowbird property to the present and some views as to "where one should go from here".
2. X-Cal's exploration to the present has explored a length exceeding 1,800 metres ("open" on both ends) in which its core drilling has indicated gold ore-grade widths at frequent random intervals along the MAZ structure, the best section in terms of grade continuity at present being the 200 metre section between 3+50N and 5+30N.
3. I remain confident that other portions of this overall MAZ length will be proved to contain ore-bodies when present interpretation difficulties are resolved. These difficulties relate to the nature of features such as pre-ore, intra-mineralization and post-ore cross structures. These have not clearly been recognized by us largely because of our past practice of drilling all holes in parallel planes, exposing such cross structures at angles so small we cannot adequately assess them. Unquestionably, the Main Alteration Zone (MAZ) is a trunk structural control, but secondary structures splaying off from it can be mineral distribution significance as we know from such examples as the stibnite vein and pegleg vein.
4. Evidence of such cross-structures, pre-, intra- and post-mineral, are evident in most holes we have drilled as dykes and/or actual shear/fracture zones. We also have geophysical survey evidence (mainly I.P.) that clearly indicates major faulting usually semi-parallel to our customary drill plane sections. I am confident that a better understanding of such secondary structures will reveal a better "linkage" between what now appears randomly oriented "good intersections".
5. This much needed "side-study" will involve possibly some percussion drilling, or trenching or even some short core-hole drilling with bearings providing us with third dimensional sections between certain of our present parallel plate sections. I will attempt to organize some specific plans in regard to this problem if this proposal is agreed upon.
6. A significant result of recent exploration has been the identification and semi-definition of a modest sized grano-dioritic intrusive stock near the Stuart Lake shoreline and eastern border of X-Cal's property. The general area is presently designated as the "Granite Zone" and is described in some detail on "Geology Map East Sheet August 1989".
7. It augurs well that it was first found by soil geochemical surveying of an overburden covered area that was found to be anomalous for gold. Present evidence is that it measures about 800 metres in length and about 150 metres in average width. It appears conformable with the surrounding argillaceous sequence and is sill-like in form. It has a high sodic content, much of it altered to sericite and muscovite. At least one of its contacts has metamorphosed the adjoining sediments.

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8. This intrusive is believed situated within 200 metres of the GSC plotted regional Sowchea shear zone, to which it appears to be parallel.

9. The overburden cover is quite deep but three back-hoe trenches have exposed bedrock for a distance of about 150 metres, obliquely along its strike. The three trenches have provided low to moderately anomalous gold assays in the fractured intrusive rock.

10. Four short percussion holes have been randomly drilled in the sill (PDH 89 nos 1 to 4) but it is not known if this was for bedrock identification alone or if any intrusive cuttings were assayed.

11. I view this "Granite Zone" as well deserving of additional exploratory attention, possibly by percussion drill geochemistry on a grid basis, or by an initial modest core drilling program initially cross-sectioning the initial fracture zone between trenches 1206-S, 1295-S and 1392-S.

12. In summary, I feel that further exploration should be pressed towards:

- A Developing a better understanding of the significance of cross structures and their relevance to the MAZ structure gold zones, and
- B A preliminary assessment of the gold anomalous sectors within and/or adjoining the contacts of the Sowchea "Granite Zone".

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