

N.C. CARTER, Ph.D., P.Eng.

831140
103P/5W

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

Fax: 604-477-0419

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TO: JOE TATAK Fax: 905-456-3784 (7 pages)
Hillsborough Resources Ltd.

RE: Goldkeish Property - Anyox Area
Skeena Mining Division, B.C.
Latitude 55 22.5'North, Longitude 129 47'West
NTS Map Area 103P/5E

Summary and Conclusions

The Goldkeish quartz vein, mined as a source of flux for the Anyox copper smelter between 1918 and 1929, yielded average recovered grades of 0.092 oz/ton gold and 0.50 oz/ton silver from the 52,746 tons mined from surface and underground.

The vein, which is conformable to the trend of enclosing siltstones and graphitic argillites, strikes north-northeast and dips steeply east. Vein widths, exposed over 170 metres of strike length in underground workings, average 1.5 to 1.7 metres. 1988 underground sampling returned mainly low gold values (0.002 to 0.004 oz/ton) with the exception of one sample which assayed 0.194 oz/ton gold and 0.48 oz/ton silver over a sample interval of 1.5 metre.

While the vein structure is apparently open along strike and to depth, there is little indication of an appreciable increase in grade above that indicated by previous mining. However, it is worth noting that the vein has not been explored by drilling along strike or below the underground workings.

Introduction

This summary report is based on a few hours of research of British Columbia government files pertaining to current ownership and past work on the subject property. The writer has a good working knowledge of the general area based on geological studies and mineral property examinations conducted over the past 30 years.

Location and Access

The Goldkeish mineral claims are situated on the west shore of Observatory Inlet several km south of the former mining and smelting town of Anyox which is 120 km north-northeast of Prince Rupert on the north coast of British Columbia.

Access is by boat, or more conveniently, by floatplane

from Prince Rupert.

Mineral Property

The Goldkeish property consists of four contiguous 2-post mineral claims located on Bocking Peninsula on the west side of Observatory Inlet. Details are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Goldkeish	250595	Aug.15,2002
Goldkeish #2	250765	July 19,1997
Goldkeish #3	251078	Sept.7,1997
Goldkeish 4	311835	Aug.1,1999

The first three claims are registered in the name of Thomas Alfred Cloke; the Goldkeish 4 claim is recorded in the name of Thomas Reg Chase, believed to be an associate of Mr. Cloke.

Previous Work

The Goldkeish property was mined as a source of flux for the nearby Anyox smelter between 1918 and 1929. Production was initially from a 140 metres long, 6 to 7.5 metres wide open cut and subsequently by way of 275 metres of underground workings which included an inclined shaft, a crosscut adit and drifting along the vein structure. Available records indicate the mining of 52,746 tons which yielded 4,831 ounces gold (0.092 oz/ton) and 26,443 ounces silver (0.50 oz/ton). (Note: there has been considerable confusion in the past regarding this property and the nearby Golskeish vein - see diagram. Careful research of old records clearly demonstrates that the Goldkeish property was the source of the reported production).

There is no record of any work having been done between 1929 and the location of the current claims in 1979. These have been kept in good standing principally by the application of physical work to satisfy assessment work requirements. Results of mapping and sampling of the underground workings, undertaken in 1988, are contained in Assessment Report 18127.

Geological Setting

The Anyox area is underlain by early Mesozoic volcanic and sedimentary rocks which are part of a roof pendant within granitic rocks of the Coast Plutonic Complex. The Anyox volcanogenic massive sulphide deposits were formed at or near the contact between pillow basalts and overlying clastic sedimentary sequences. Total production from several of these deposits through 1935 was 25 million tons with average

recovered grades of 1.50% copper, 0.005 oz/ton gold and 0.28 oz/ton silver.

Quartz veins, both parallel to and oblique to bedding, are common in the upper sedimentary sequence. Bedding plane veins at two localities, Granby Point (see diagram) and Goldkeish, were mined as flux for the Anyox smelter. Reported production from Granby Point was 62,000 tons with average recovered grades of 0.093 oz/ton gold and 3.1 oz/ton silver plus minor copper and lead.

Property Geology

The Granby and Bocking peninsulas are entirely underlain by sandstones, siltstones and locally graphitic argillites. In the vicinity of the Goldkeish claims, the sedimentary sequence strikes north-northeast and dips steeply to moderately east.

A crosscut adit, collared about 10 metres above sea level, passes through sandstones for a distance of 80 metres prior to intersecting the quartz vein at a vertical depth of between 25 and 30 metres below surface. The vein and enclosing wallrocks (siltstones and graphitic argillites) strike north-northeast and dip 50 to 60 degrees east. Vein widths average 1.5 to 1.7 metres over most of the 170 metres of drift north and south of the crosscut with the exception of the northern extremities where the vein reportedly pinches to 1.2 metres. Sulphide minerals, which include pyrite, sphalerite and galena, are erratically distributed near vein margins particularly the footwall which is comprised of graphitic argillite. Older reports also refer to the presence of chalcopyrite, arsenopyrite, tetrahedrite native gold and silver and electrum within the vein system.

1988 sampling included about a dozen grab and chip samples at intervals of between 5 and 20 metres along the length of the vein exposed in the drift (see diagram). Gold values were generally low, in the 0.07 to 0.14 grams/tonne range (0.002 to 0.004 oz/ton) with the exception of one sample which returned 6.68 g/t gold and 16.6 g/t silver (0.194 and 0.48 oz/ton respectively) over a sample width of 1.5 metre - see diagram.

While production records indicate overall recovered grades of 0.092 oz/ton gold and 0.50 oz/ton silver for the Goldkeish vein, year-by-year records show two years (1919 and 1924) with higher than average gold grades, namely 0.166 and 0.183 oz/ton. However, these values were associated with shipments which were only 10 to 25% of the overall yearly average of 4,600 tons.

45'

30'

15'



