

Memorandum

Vancouver, B. C.
1982-11-18

Re: King Project - M490

EARL D. DODSON:

The King property is located 740 kilometers northwest of Vancouver and 50 kilometers north of Queen Charlotte City in the Queen Charlotte Islands (Figure 1). The property was obtained from JMT Services in 1978 and is currently held in the name of Chevron Canada Limited.

The property was optioned because:

- (1) a significant arsenic and mercury geochemical anomaly was outlined during regional soil sampling,
- (2) silicification was found in the Honna conglomerate which was originally believed to host the Cinola deposit.

Chevron has evaluated the property by geological mapping and prospecting, overburden drilling, diamond drilling, and geochemical analysis of rock and soil samples for mercury, arsenic and gold.

The amazingly high mercury (up to 10,000 ppb Hg) and arsenic (up to 1800 ppm As) were traced from soils in the east, westward to the Honna conglomerate. Diamond drilling in 1979 actually located the highest values along the base of the conglomerate in three holes. Later relogging of this core indicated the anomalies values are associated with a zone of argillic alteration, similar to that seen surrounding the silicification at Cinola. The alteration appeared to be increasing in intensity and volume as the holes progressed eastward. Geological mapping indicated that the conglomerate is cut off to the east by a fault (Figure 3). Analysis of soil samples over this area outlined a good arsenic anomaly (>1000 ppm).

The following hypothesis was developed:

Hydrothermal fluids came up the fault and hit the base of the conglomerate and spread out along this horizon. The central zone (i.e. the fault) should be well silicified and surrounding this silicification would be an area of argillic alteration (comparable to Cinola).

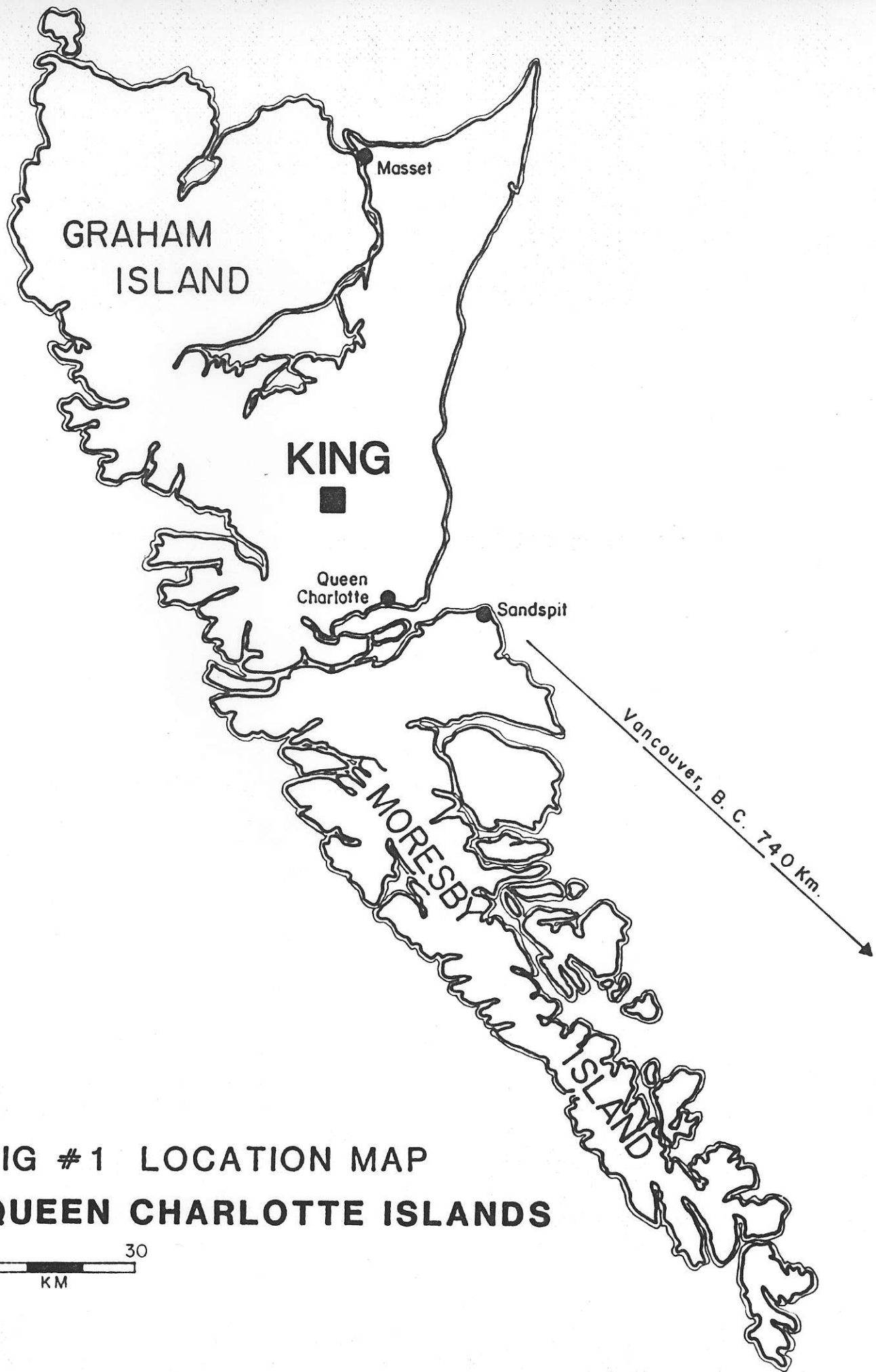
To test this hypothesis three diamond drill holes were completed east of the 1979 drill holes (Figure 3). The objective was to get through the conglomerate and the fault. Both were intersected and no alteration (either argillic or silicification) and little geochemical response was obtained.

This ground has been evaluated and the large geochemical response must have been transported and cannot be related to any nearby mineralization.

Based upon this information, I recommend the property be returned to JMT Services Corp. Our expenditures to date are \$532,000. US.

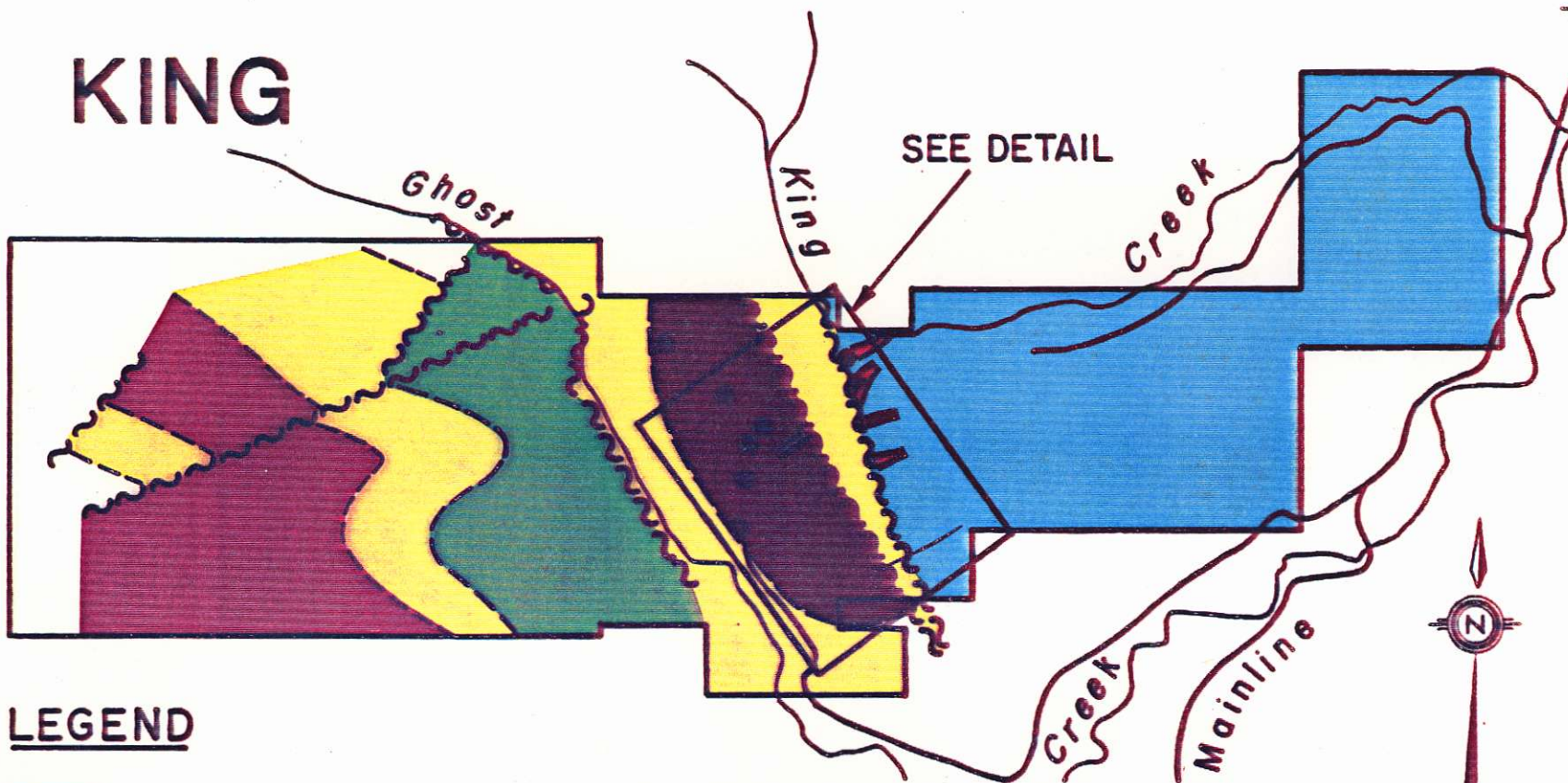

G. WALTON

GW:am
Attach.








**FIG # 1 LOCATION MAP
QUEEN CHARLOTTE ISLANDS**

KING



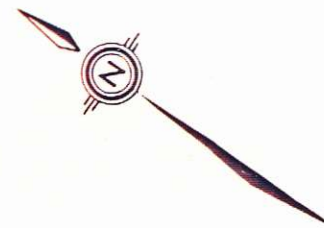
LEGEND

-  TERTIARY INTERMEDIATE VOLCANICS
-  CRETACEOUS CONGLOMERATE
-  CRETACEOUS SANDSTONE
-  JURASSIC VOLCANICS
-  TRIASSIC SHALE










-  TERTIARY FELDSPAR PORPHYRY
-  DRILL LOCATION
-  FAULTS

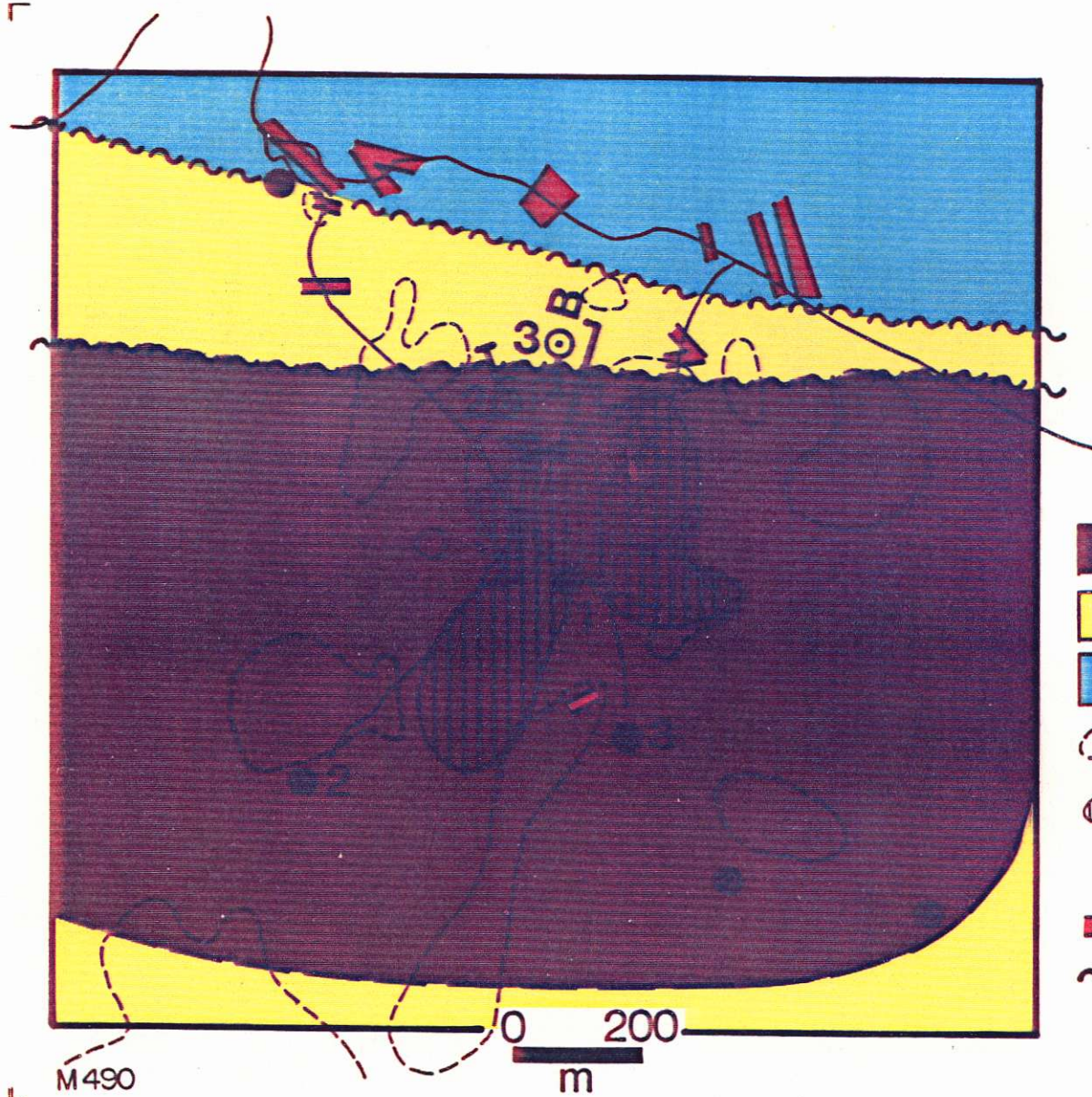
0 1
Km

KING



LEGEND

-  CRETACEOUS CONGLOMERATE
-  CRETACEOUS SANDSTONE
-  TRIASSIC SHALE
-  As - SOIL 200 ppm
-  As - ROCK 1000ppm
-  DRILL LOCATION
-  FELDSPAR PORPHYRY
-  FAULT
-  1982 DRILL LOCATION



SECTION THROUGH KING DRILLING AREA

A

LOOKING NORTH

B

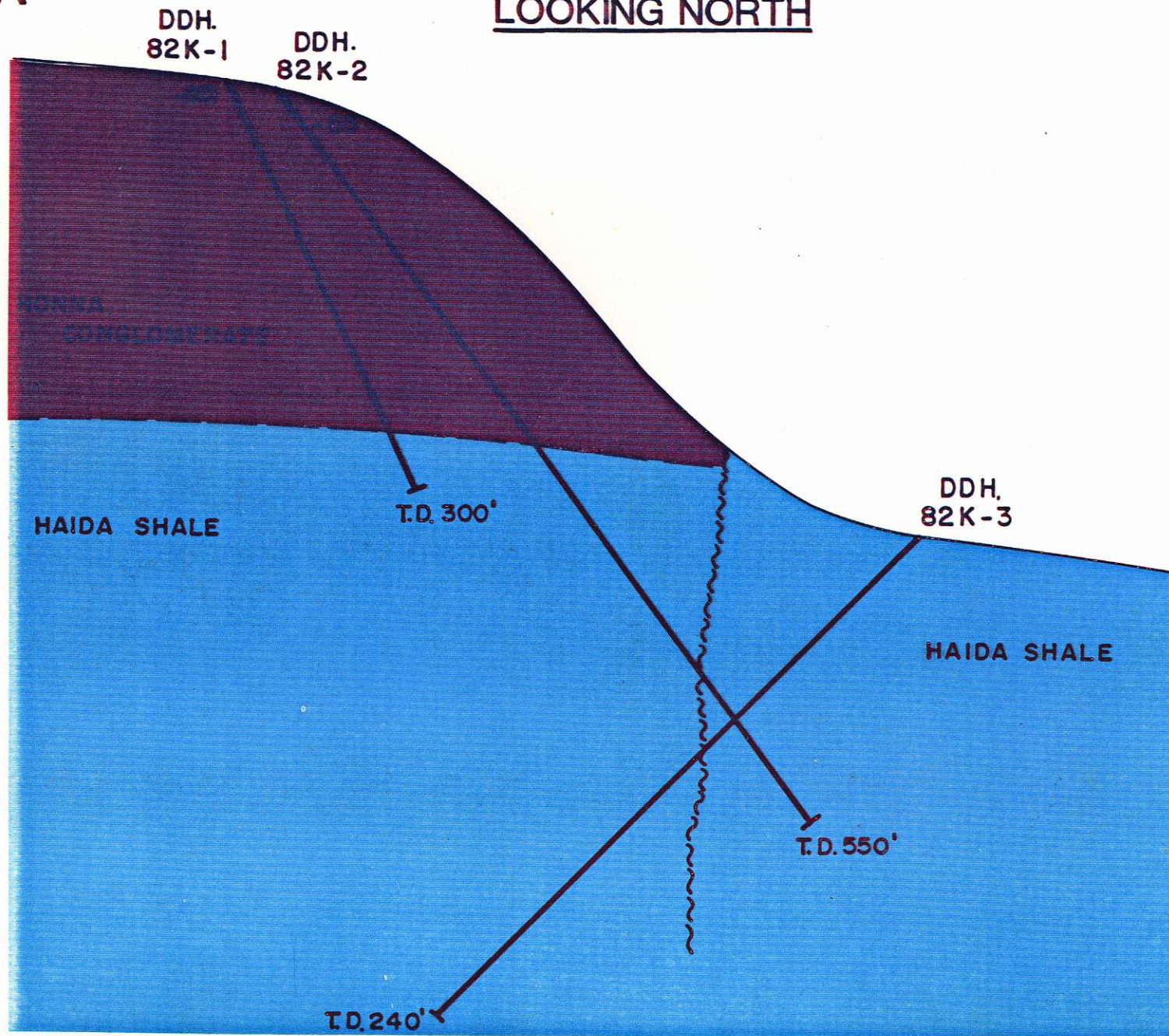


FIG.2