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BAEZ (OBOY) [MI -093C015] NTS 093C/9E, 16E

On September 14, 1994 Bob Lane and I visited Phelps Dodge's Baez (incl. Oboy) epithermal gold project located 125 km west of Quesnel. The >10,500 ha property drilled in 1988, now adjoins the western boundary of the Clisbako property. The Baez property is underlain predominantly by a sequence of subaerial basaltic to rhyolitic tuffs, flows and breccias of probable (Tertiary) Ootaa Group equivalent. Rock exposure is less than 5% - a real, significant reason for the past lack of exploration (along with the poor access). The rhyolite unit is locally intensely argillically altered (predominantly kaolinite), with occasional banded quartz-chalcedony stockwork veins with minor fine-grained pyrite and trace arsenopyrite. In 1993 four large grids were established (A, B, C, D); in 1994, work was concentrated on Grids B, C, and D. Based on coincident anomalies of gold, silver, arsenic, antimony, and mercury, targets were defined and a diamond drilling program initiated.

At the time of our visit, DDH-94-10 was in progress. Approximately 6000 ft have been drilled in 1994 with expenditures estimated at \$250K. A further 2 to 4 holes were planned as a result of the on site visit by Mike Gray (Phelps Dodge, Toronto), Gregg Coffin (Phelps Dodge, Spokane), Phelps Dodge's Chief Geophysicist (Spokane), and Peter Fox (Fox Geological, Vancouver). Geoff Goodall (Fox Geological, Vancouver) was the project leader. While on site, we were NOT "allowed" to examine a key (discovery?) outcrop, nor look at any core from this 'key' area. Nonetheless, we believe the outcrop and core consist of a black matrix (silicified with sulphides) breccia. These breccias may provide a key clue as to the centres of structurally-controlled epithermal mineralization regionally. Fox Geological was using the old (incl. Metall) campsite at Clisbako Lake as their base (approx. 14 km east of the Baez property). Core from the drilling is also being stored there, alongside the Clisbako core. Confidential - Phelps Dodge are currently negotiating an option on the Clisbako property. They have recently staked claims to adjoin the Baez and Clisbako properties.

The key area of current interest is located approx. 8 km to the west of the Oboy property (1987 drilling). Grid D covers coincident north-south trending geochemical/geophysical anomalies (resistivity/chargeability highs) approx. 1.8 x 0.8 km in size. Geochemically, anomalous values in soils include: Hg- up to 20,150 ppb, As>400 ppm, Sb>20 ppm, and Au >940 ppb. Drilling has shown oxidation occurs to depths of 100 ft. The overall target is a bulk-mineable, leachable epithermal gold deposit(s) averaging greater than 0.02 opt Au.

[TGS COMMENT: This project, combined with a possible option of the Clisbako prospect, could result in a major, significant discovery].
REFERENCES: AR #15,298, 16,962 and 23,272.