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1. SUMMARY

The Blackwater-Mt. Davidson property is located about 170 km southwest of Prince George. It has road access from Vanderhoof by 147 km of all-weather logging road and 17 km of mining road. The property ownership is a joint venture between Granges Inc. (75%) and Cominco Ltd. (25%).

A regional silt sampling program produced Zn-Pb-Ag anomalies that directed attention to the property. A follow-up soil geochemical survey localized anomalous areas in those metallic elements in the Pem claim; subsequent magnetic and EM geophysical surveys failed to detect unambiguous anomalies. The property was subsequently enlarged by staking claims around the original Pem claim. Drill testing of the soil anomalies discovered significant precious-metals mineralization in two areas of the Pem claim: the Silver and the Gold Zones.

The property is covered with mostly transported till and has very few outcrops. Mineralization in both the Silver and Gold Zones is hydrothermal-epigenetic hosted by the Eocene-Oligocene Ootsa Group, which is made up of volcanic and volcanoclastic rocks of rhyolite to andesite composition. An envelop of pervasive, intensive clay-sericite alteration envelops the mineralized areas. Mineralization consists of 1% to 5% sulphides comprising sphalerite, tetrahedrite, pyrite, galena, arsenopyrite, pyrrhotite and boulangerite.

The Silver Zone occupies an area with silver mineralization of about 250 x 250 m and its open to the north and east. The attitude of the zone is not well known; it seems to trend northwesterly, to dip gently to the northeast and to vary in thickness from 90 to 60 m. Drill-indicated, open pitable mineral inventory is about 6 million tonnes grading 37 g/t Ag and 0.05 g/t Au; the Ag:Au ratio ranges from about 80 to 2000.

The Gold Zone comprises an area with irregular gold mineralization that trends easterly for about 400 m and dips vertically or steeply to the south with widths ranging from 10 to 60 m. The zone is open at depth, to the west and partially to the east. The irregular mineralization and the insufficient drilling prevents meaningful mineral inventory estimates; some intersections of economic significance have been made, for example, 8.2 m grading 11.27 g/t Au and 21.2 g/t

Ag, including 2.2 m grading 28.8 g/t Au and 12.3 g/t Ag (DAV-11). The Ag:Au ratio varies from about 1 to 5.

A characteristic of the type of mineralization thought to be present in the property is the occurrence of several mineralized zones related to the same mineralizing event, for example, the Equity Silver deposit and the Capoose Lake prospect. Data on the property strongly suggests the possible existence of two types of mineral deposits: low-grade, large-tonnage, 'bulk', open-pitabile silver(gold) deposit and high-grade, smaller-tonnage, underground-minable gold(silver) deposit.

The writer considers that the property is mostly unexplored, with the Pem and Deb 1 claims underexplored. He strongly recommends to continue exploration on the property with a systematic, property-wide program.

2. INTRODUCTION

Granges Inc. commissioned the writer to evaluate the Blackwater-Mt. Davidson property that it owns in joint venture with Cominco Ltd. The objective given to the writer was to relog all the existing diamond drilling core stored at the property and Vanderhoof, to evaluate all the work done on the property, and, if warranted, to recommend further exploration. The writer logged core at the property on August 23, 24 and 25 and in Vanderhoof on August 26, and studied all the available information prior and after the field work.

This report reviews the geochemical, geophysical, geological and drilling data presented in available reports (see References), and summarizes the writer's diamond drilling logs and impressions of the property regarding type of mineralization and ore reserve potential. It also proposes a work program to continue exploration on the property.