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→ RED POINT

EXECUTIVE SUMMARY

Geological mapping and logging of 1013.1 metres of core, derived from six drill holes, show that the Red Point claim area is underlain mainly by felsic volcanic flows and by felsic pyroclastic/epiclastic detrital rocks. Felsic rocks include rhyolite, rhyodacite, dacite, feldspar porphyry dacite, agglomerate, flow breccia, tuffs and unspecified sediments. This felsic succession is about 400m thick and lies in fault contact on about 100 metres of altered andesite at the base of the sequence. In the western claim area at Red Point, andesite is in fault contact with felsic volcanics.

The structural model proposed is that of a homoclinal, west-dipping (at 35°) sequence that is terminated by west-side-up faults at Red Ridge and at Red Point, where andesites are ramped (juxtaposed) against the felsic rocks.

The felsic volcanic detrital rocks and flow breccias are the best mineralized members. Pyrrhotite, lesser pyrite and trace to minor amounts of chalcopyrite, collectively to 40% at centimetre- to decimetre scales, exhibit a variety of depositional modes, including carbonate + silica +chlorite veins.

Drill holes 2,3 and 6 confirm and extend the presence of gold mineralization detected from an earlier diamond drill program in 1988. Drill hole 4 was drilled to test a surface gold showing and holes 1 and 5 drilled to test separate areas of gossanous rock. Gold mineralization is best associated with the detrital rocks and flow breccias.

In addition to these holes, preliminary geological mapping suggests the potential for gold mineralization extends for a distance in excess of 800 metres in strike length. Loumic's geologic model and exploration target at Red Point is the discovery and delineation of a bulk tonnage gold deposit.

7.0 PROPERTY GEOLOGY

Except for the well-exposed rocks on Red Ridge, outcrops are small (3x4 m), sparsely distributed and poorly exposed. Structural information, gleaned from rhyolitic rocks and associated tuffs, suggest that the flows and sediments strike NNW and dip 25 to 40° west, Figure 3. Similar bedding attitudes were also established by Höy and Andrew (1991b, p.24).

The claim area exposes primarily porphyritic dacite and rhyodacite, and minor rhyolite, agglomerate/breccia, tuff, porphyritic andesite and associated flow breccia. In the northern claim area, these compositons show relatively narrow, interpreted, outcrop widths ranging from 50 to 15 m in keeping with an orderly, west-dipping succession. However, in the southern claim area, broad expanses of rhyodacite and porphyritic dacite are exposed and these may bespeak shallow dips and dip reversals of units defining a NNW-plunging syncline whose western limb is terminated along north and north northwest trending faults (Figure 4). A number of presumed tectonically steepened and overturned bedding attitudes as well as a singular, subhorizontal dragfold in the southern claim area (B/L 4S - 0)+75E) suggest that the western andesites of Red Point are ramped against the homoclinal felsic successions along steep west-side-up faults.

At least two ages of dacite prophyry are apparent. One, containing distinct to indistinct feldspar phenocrysts, has in core the characteristics of flows. Others with fresh and distinct phenocrysts and locally exhibiting trachytic flow texture are recognized at surface where, for example, they inturde the sediments on Red Ridge, or the andesites at B/L 0 - 0+75W or the agglomerate at B/L2N - 3+50E. Granitioid dykes *per se* are recognized elsewhere as at the wood-road junction with the eastern drill-road, as well as at B/L3N - 3+40E which was intersected in borehole #3 at 13 m.

8.0 MINERALIZATION

Flows are ubiquitously but sparsely mineralized, tr. to 2%, which tends to be mainly pyritohedral pyrite (and minor po) in felsic rocks and pyrrhotite (and minor cpy) in andesitic rocks. These sulphides are precipitated from the magma (?). Hairline, carbonate + silica + chlorite veins in these flows may contain po, py and cpy; isolated, 0.5 cm-scale, massive po+py±cpy veins may be present. Thus the thick succession of andesite of borehole #1, the andesitic last segment of borehole #6 and the felsic flows of boreholes #2, #3 and #6 (50 to 100 m depth) are poorly mineralized. There is no apparent mineral zoning delineated to date.

Mineralization is best developed in fragmental rocks where porosity and permeability may have been the major factor in lagering the sulphides. Thus tuffs, crystal tuffs, breccias, agglomerates as well as sediments with epiclastic aspects are the better mineralized, regardless of protolith compositions. These rocks include the following modes of mineralization generally po>py>>cpy (">"means 'greater than';>> means 'very much greater than' in terms of relative proportions):

1. 'Magmatic' mineralization in clasts as described above; tr. to 2%.

2. Fragments (clasts) composed of massive po and py: 0.5 to 6 cm clasts with up to 60% sulphide.

3. Strings of sulphide disseminations concentrated parallel to bedding.

4. Disseminated po≥ py >>cpy = tr. to up to 40% at scales of 20 cm. Not uncommonly noted as matrix-fill in breccias. These form spectacular zones of mineralization.

5. Cm-scale veis, hairline fractures, matrix cracks (mm-scale dilations) filled with carbonate, silica, silicate and ± green chlorite in varying proportions, as well as irregular concentrations (fractures in plan view?) can constitute up to 4% sulphide mineralization.

Mineralization in the fragmental rocks (units 1 to 5 above) can suggest pyroclastic/epiclastic modes of deposition as well as hydrothermal enrichment. The sulphide clasts indicate massive sulphides to be located in nearby sections within the agglomeratic segment.

Plots of gold with depth show several intersections. See sections...Gold assays approach and attain 1 ppm in sections that contain detrita rocks (tuff to agglomerate). Anomalous values of Au, in the range of 2 to 12 ppm over two metre lengths, all appear to reside in rocks logged as agglomerate/breccia and breccia containing up to 6%, equal proportions of po an py (tr. of cpy) as disseminations, in hairline chlorite + carbonate veins and as clots. The volcanic 'brecccias' (rather than the well-mineralized agglomerates) appear to be the unique aspect of these occurrences.

If analyses from borehole #6 do not match the gold values (1 to12 ppm) of borehole #2, then a strata-bound (laterally distributed) concept of gold mineralization may be untenable. Instead, hydrothermal vein systems, subvertically disposed, may contain the higher gold values. Cursory measurements indicate that zones of crushed rock, shear (?) and closely-spaced fracture cleavage trend subparallel to the NNW-striking bedding and dip subvertically or 40 - 50° to the northeast. However, a much more considered suite of observations and measurements is needed to corroborate these as the mineralized pathways.

Scattergrams of Cu, Mo and As ICP analyses show no direct correlation with gold. These scattergrams do show that there appear to be at least two populations and that gold may have been introduced in two separate periods or may have been remobilized during a second period of mineralization. Alteration includes silica, carbonate and chlorite.

Copper does occur throughout each drill hole. The highest value obtained is 1991 pmm over a two metre interval from hole 6. The average copper value is less than 750 ppm. Silver values are generally at or near detection level of 0.3 ppm, the highest value being 9 ppm over a two metre interval from hole 3, and associated with a Pb high. Lead values are quite low with the odd high value. From the ICP data, several geochemical generalizations can be inferred such as Mo-Au-As, Cu-Pb-Zn-Ag, Pb-Zn, Pb-Ag, Pb-As and Cu-Au, the latter of which is more pervasive.

SIGNIFICANT GOLD INTERSECTIONS

Hole # Location	Azimuth	Dip	Hole Length (metres)	Interval (metres)	Length (metres)	Gold (gm/t)
97-RP-1300S / 160W	270	-55	186.8	26 - 32	6	0.17
97-RP-2 250N / 290E		-90	167.5	1.5 - 167.5	166	0.84
			inc.	1.5 - 14	12.5	0.94
				25 - 47	22	0.71
				61 - 167.5	106.5	1.03
				69 - 71	2	3.81
				(73 - 75	2	12.46)
				115 - 123.5	8.5	2.47
				129 - 134	5	7.66
				(129 - 132	3	12.22)
97-RP-3 210N / 275E	325	-55	205.1	3 - 203	200	0.30
			incl.	3 -5	2	14.62
				5 - 7	2	3.17
				39 - 43	4	0.38
				111 - 121	10	0.40
				137 - 149	12	0.42
97-RP-4 275N / 200E	145	-50	68.0	9.5 - 34	24.5	0.46
97-RP-5 350N / 195E	310	-55	116.7	5.2 - 6.2	1	0.81
				42.4 - 5613.6		0.66
				66 - 97	32	0.43
97-RP-6 210N /275E		-90	269.8	2.4 - 8	5.6	0.46
				24 - 40	16	0.56
				67 - 69	2	0.74
				83 - 95.512.5		1.87
				105.5 - 107.5	2	0.46
				119 - 138	19	0.47
				207 - 209	2	3.6

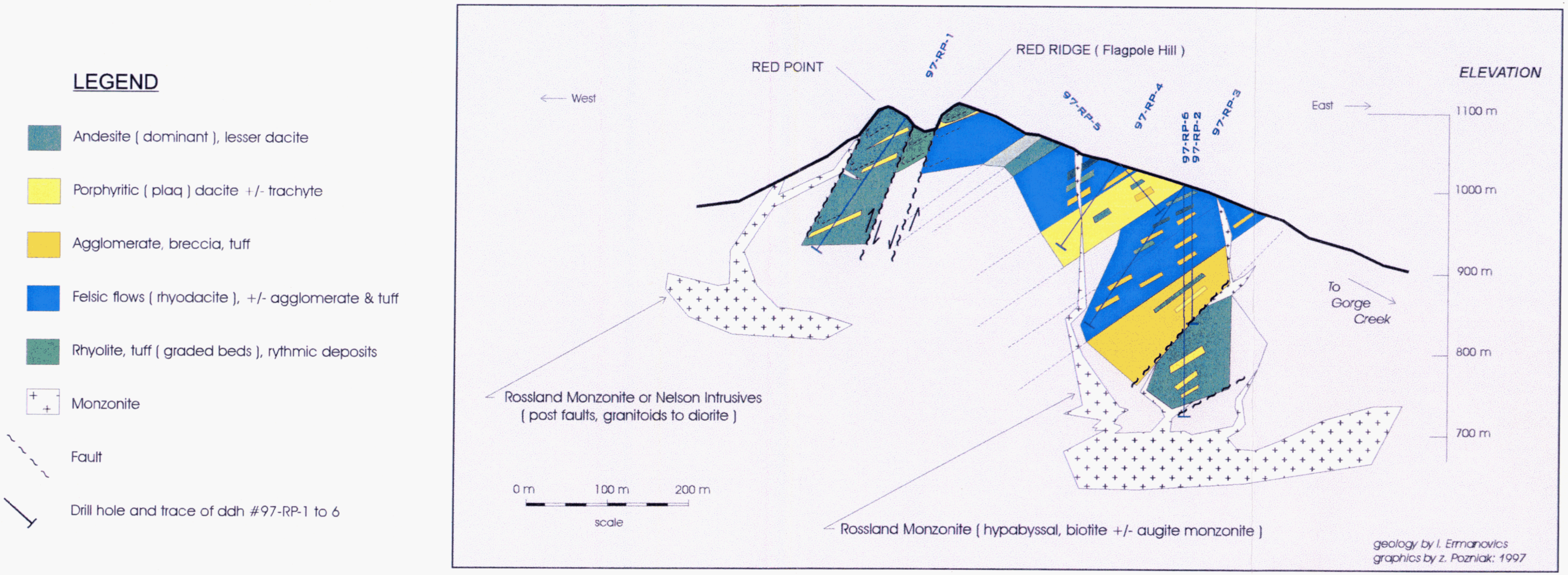

Fig. 4 Composite , schematic section along grid line, BL - 2N as though Red Ridge (Flagpole Hill) and Red Point were in the plane of the section..

Note: - *Except for DDH 97-RP-1, none of the inclined holes are in the plane of this section.*
- *The inclined holes may run with the dip, or with the strike, or both. Beds are assumed to dip west at 35 deg. and are observed to be ramped (overturned) against the western faults.*
- *Horizontal and vertical scales are the same.*

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