

SURF INLET MINES LTD.SUMMARY

The dormant Surf and Pugsley Mines are located near the head of Surf Inlet on Princess Royal Island, British Columbia at latitude 53°05' north and longitude 128°53' west. Prince Rupert, the main supply base, lies 100 miles to the northwest.

The mines, situated in rugged terrain, are separated by 4,000 feet, with the Surf located to the north and the Pugsley located to the south of Paradise Creek.

Gold mineralization is associated mainly with pyrite in quartz, ankerite, sericite, chlorite veins. The gold quartz veins, hosted by diorite and gneiss, outcrop discontinuously along a well exposed shear zone traceable for over 15,000 feet of strike length. This shear-vein system dips generally 45° to the west and has been traced over a vertical distance exceeding 3,000 feet.

From 1900 to 1942 the mines operated intermittently for 25 years. In 1946 and 1947 further underground work was carried out at the Pugsley Mine confirming ore reserves and establishing new ore potential. Labour shortages, not reserves or economics, forced closure of the mines. During 1981 a program of drilling, mapping and sampling was carried out by Cominco Ltd., Placer Development Ltd. and Matachewan Consolidated Mines, Limited.

Total production from both mines equals 1.1 million tons grading 0.385 oz/ton gold, 0.18 oz/ton silver and 0.29% copper recovered. Dividends declared throughout the production period equal \$1.6 million.

The Surf Mine produced 770 tons per vertical foot over a vertical distance of 1,100 feet whereas the Pugsley Mine produced 325 tons per vertical foot over a vertical distance of 525 feet. Pugsley production per vertical foot was, at time of closure, increasing with depth; (900-1000 level production was 430 tons per vertical foot).

Detailed work by former production staff established that there was no diminishing of shear strength or gold grade with deeper mine development.

At present reserves of: 300,000 tons grading 0.1 oz Au/ton occur in waste dumps; 1,000,000 tons grading 0.03-0.04 oz Au/ton occur in the tailings; and 60,000 tons proven ore grading 0.4 oz Au/ton has been outlined between the 1000 and 1300 levels in the Pugsley Mine. A further 50,000 tons of inferred ore grading 0.4 oz Au/ton has been outlined within the extensions of the Surf and Pugsley Mines.

Other gold quartz showings of significance outcrop along the shear south of the Pugsley Mine. Showings outcrop on the Independence Fr., Anaconda, Bonanza, Summit and Cassie claims; the last of which occurs 2,000 feet south of the end of the most southerly exploration drift. Some of these showings have been tested by drifting and drilling.

The potential for continuation of known ore centers plus the potential for discovery of new ore centers is considered excellent.

At present an underground development and drilling program is planned for both the down dip extensions of the Surf and Pugsley ore centers.