

TEXADA IS. (Rhyolite S.)

FAME 87

888660

PRELIMINARY TECHNICAL INFORMATION

- A. Main Target of the Program: The Texada Project consists of several claims at various stages of exploration, development and mining. We are presently mining in the Bolivar Pit and developing the Holly Deposit. Further exploration work is required to extend the ore reserves in both deposits. Other neighbouring claims justify further exploration work to prove up ore reserves and to determine appropriate mining methods.

- B. Property Name(s): The Texada Project includes the following deposits to be investigated on Texada Island: Bolivar Pit, Holly Deposit, M-21 Deposit, Angel Claims, Yew Claims, Surprise Mountain and the formerly producing Loyal Mine.

- C. Location: Near the town of Vananda on the north end of Texada Island, British Columbia.

 Access: Provincial highways and short gravel roads lead to all deposits.

 Mining Division: Nanaimo. NTS: 92F/10E and 92F/15E

- D. Claims: 112 staked claims and 22 crown grants.

- E. Most claims and crown grants are optioned from the Brennan Group with a 4% net smelter return on all precious metals for payment. A royalty of 10% N.S.R. applies to part of the Holly Deposit.

- F. Regional and Local Geology: (See attachments 1 and 2)

- G. Current Status of Exploration: Certain Principle members of Rhyolite Resources Inc. have been investigating the Texada Island claims since 1972. Rhyolite obtained the claims in 1981, and have embarked on a systematic approach to evaluate all the potential mineral deposits within their boundaries. Geophysical and geochemical surveys have blanketed much of the areas between Rhyolite and others. Rhyolite has completed over 5,000 feet of diamond drilling and to date some very promising results have been incurred. Grades higher than 0.5 oz/ton Au have been found on the Holly Deposit, Bolivar Deposit, M-21 Deposit and on Surprise Mountain. Diamond drilling in 1986 on the Yew Claims indicated a shallow, continuous, flat lying mineralized zone grading 0.3oz/ton Au over a 3 ft thickness. The Angel group of claims was recently acquired and initial indications (i.e. one diamond drill hole) show a promising gold bearing zone.

H. Current Ore Reserves on Property:
Drill Indicated - 5,000 tonnes
Geologically Inferred - 175,000 tonnes

I. Current Mining Rate: 75 tonnes/day

J. Number of People Employed at Operation: 19

Technical Staff Employed Includes:

1. Richard M. Grainger, P.Eng	Mining Engineer
2. Ross G. Melville, P.Eng	Metallurgical Engineer
3. Gary Benvenuto, Phd	Doctor of Geology
4. Brad D. Matthews, B.A.Sc	Mineral Processing E.I.T
5. Hugh J. Eisler, B.A.Sc	Mining E.I.T.

Annual Expenditures in B.C. Include:

1. Wages: \$600,184.00
2. Goods and Services: \$647,140.00
3. Total Annual Expenditures: \$1,247,324.00

K. Recommended Work Program: Different levels of exploration are required for the various known deposits: Surprise Mountain and the Angel claims are in the initial stages of exploration and require geophysical, geochemical and diamond drilling work for their assessment; the Holly Deposit could use more diamond drilling to increase the limits of the ore zone and a short adit to take a bulk sample at depth for metallurgical testing; the Bolivar Pit requires further stripping and diamond drilling to determine the boundaries of its ore zone; the Yew Claims require definition drilling and a surface metallurgical bulk sample; the M-21 Deposit requires additional stripping, trenching and bulk sampling; the Loyal Mine (operated in 1900's) has been completely surveyed with geochemical and geophysical work, some indicating high anomalies. Diamond Drill targets have been laid out to investigate this further.

L. Estimated Start Date of Program: Preliminary work is in progress
Full scale assessment work
starts June 5, 1987.

M. Estimated Completion Date of Program: December 31, 1987.

- N. Bibliography of Published and Unpublished Reports: (see attachment 3)

- O. Source of Funding for Applicants Share: Ryholite's share of funding for the program has been raised by flowthrough share offerings and out of General Revenues.

- P. The Attached Claims Map Indicates:
 - a) Location of previous drilling-⊗
 - b) Geochemical and Geophysical anomalies-○
 - c) Area of current interest-○
 - d) Proposed drill target - X

RHYOLITE RESOURCES INC.

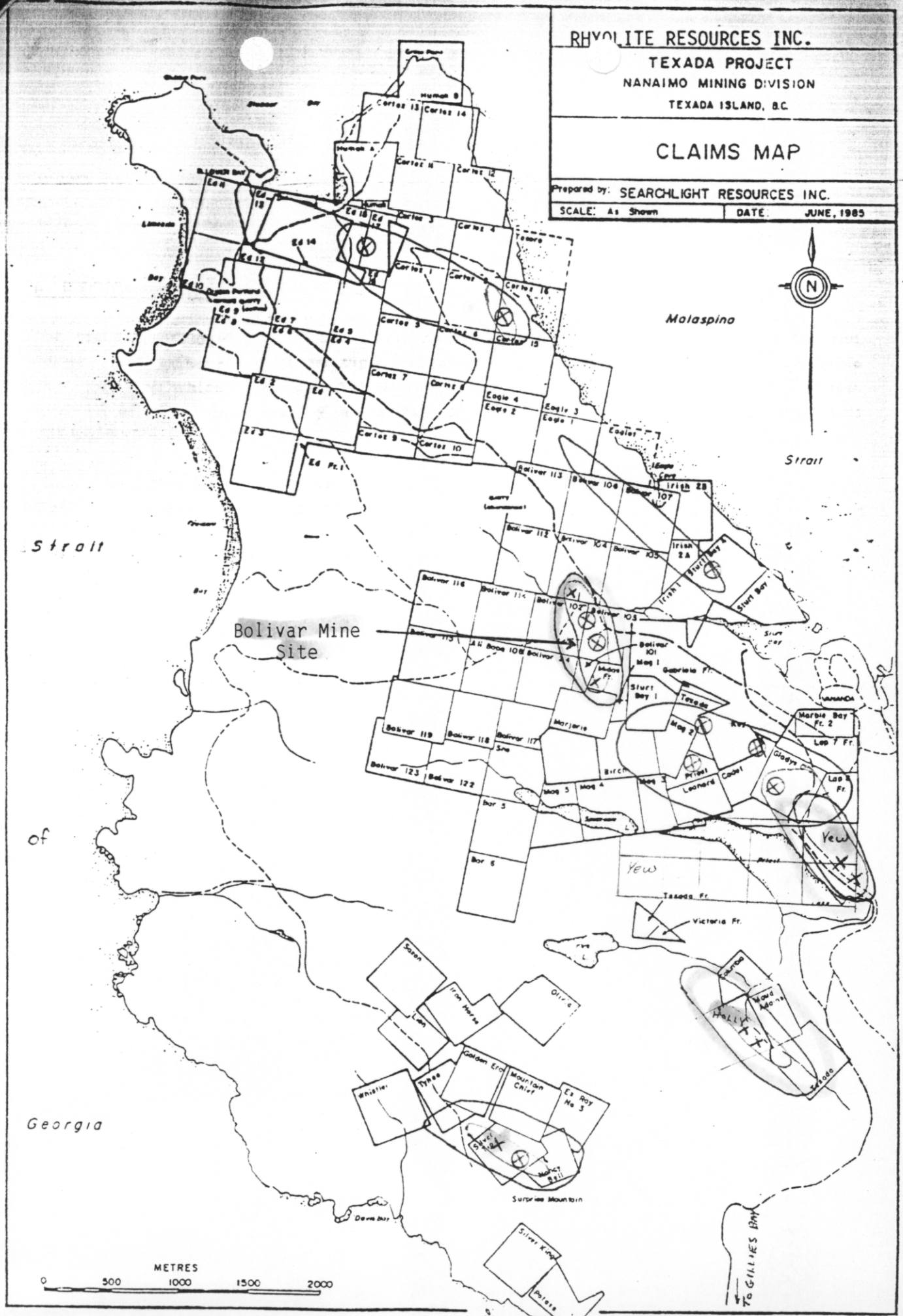
TEXADA PROJECT
NANAIMO MINING DIVISION
TEXADA ISLAND, B.C.

CLAIMS MAP

Prepared by: SEARCHLIGHT RESOURCES INC.

SCALE: As Shown

DATE: JUNE, 1985



6. REGIONAL GEOLOGY

The regional geology of Texada Island has been reported by McConnel, Muller and Carson, and Asihene. The principal rocks on the island are limestones of the Marble Bay Formation which appears to overlie the volcanic rocks of Triassic age Texada Group, with all of these intruded by a variety of Jura-Cretaceous stocks, dykes, and sills composed of granite to diorite.

The composition of some of the more acid phases of the Texada Group rocks are very similar to the more basic suite of the intrusives. Portions of the mapped diorites may be feeder dykes for the volcanics in the older Texada Group.

The Texada Group rocks generally strike northwesterly with limestones conformable to the ceiling of the more acid members. Detail mapping in areas of the contact of the two formations indicates that the shift from volcanic to sedimentary facies was at different horizons due to the nature of the volcanic pile. The centres of volcanism that formed the Texada Group were offset and terminated at different times.

The volcanic suite consists of four members. The most common members are the massive flows and interstratified flow breccia and volcano-sedimentary rocks. There are thin bands of pillow lavas within massive but thin flows and massive flows and thin tuffs intercalated with limestone.

The limestone of the Marble Bay Formation is interbedded with tuffs and flows at the outer edge of the volcanic suite. The few locations for fossils in the Marble Bay indicate that this formation was reef type in part but does contain brecciated fore-reef and thin bedded limestone in back reef or platform type environments. The limestone tends to be very pure and massive in the platform environment with increasing graphite, sand, and alumina in the areas proximal to the edges of the volcanic pile.

6. LOCAL GEOLOGY

Most of the claim group is underlain by the Marble Bay Formation of upper Triassic age. This suite probably is related to the Quatsino Limestone on Vancouver Island to the west. Throughout the property are outcrops of the Texada Group volcanic rocks as thin flows, tuffs, and minor volcanic breccia (fine grained) in what appears to be the apron edge of major volcanic piles. The Texada Group probably is equivalent with the Karmutsen Volcanics on Vancouver Island.

Intruding all the rock types are small stocks and sills or dykes of the younger Island Intrusions. These rocks appear to be the cause/source of the known mineralization on the island that has been mined in the past. All the major deposits are related to skarnification proximal to a quartz diorite or biotite-hornblende granodiorite intrusion after limestones of the Marble Bay Formation.

Most of the significant gold mineralization noted during the examination is related to magnetite and chalcopyrite bearing high temperature pyrometasomatic skarn adjacent to quartz diorite intrusives. The skarns appear to be both simple replacements along the border of the diorite and as masses in areas where they are 'embayed' by diorite.

The thin border skarns are usually after massive low silica marbles and do not have the size or grade to justify further exploration.

The embayed skarns are surrounded on three sides by diorite with the thickest zone of magnetite at or very near the nose of the skarned rock. From the nose of the embayed skarn zone towards the portion where the diorite lies only to one side of the skarn, the skarnification wanes to a series of bands of garnet-diopside skarn and marble parallel to the known bedding in the area. These bands of skarn thin out both in grain size of the skarn minerals and the amount of garnet till there is only a sandy limestone in outcrop.

Within the embayed zone of skarn there are large patches (not well exposed) of massive marble. The best gold and copper values, and the highest magnetite content appear to be restricted to the skarn where diorite is within 10's of feet and surrounds the skarn on three sides. In some cases the copper bearing magnetite skarn zone lies between two diorite stocks and diminishes along strike as the the diorite stocks move further apart.

11. BIBLIOGRAPHY:

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