

BABE GOLD DEPOSIT

GRAHAM ISLAND, QUEEN CHARLOTTE ISLANDS

B.C.

July 1978

S.N. Charteris

N.T.S. 103-F-9

BABE GOLD DEPOSIT (Graham Island) (Queen Charlotte) 103-F-9
S.N. Charteris July 12, 1978.
2-2
B.C.

FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE: February 20, 1979

TO: ~~A. M. Clarke~~

COPIES TO: WDH/JCC/WBGW
J. J. McDougall, R. W. Spence

FROM: S. N. Charteris

SUBJECT: RE BABE GOLD DEPOSIT
Graham Island, Queen Charlotte Islands, B.C. 103-F-9
Visit by S. N. Charteris, J.J. McDougall, R.W. Spence, Feb. 3, 1979

Introduction

We arranged a second visit to the property in December following the initial reports of a high grade intersection in hole 78-6 drilled about 700 feet southeast of the grid drilling examined in June, 1978. By the time of our arrival, the story of the intersection had been expanded into the gold strike of the decade. Reporters and television technicians were fanning the rumours following some irresponsible reporting in the Vancouver Express.

We had timed our visit to see the core from the two drills scheduled to start in mid January. After our arrangements were made, the stock was suspended from trading and the start of the drilling postponed.

The New Drill Program

The location of the new drilling and sections approximately normal to dip and with the same orientation as those that accompanied my July 12, 1978 report are attached. There were 4 shallow packsack holes and 5 holes up to 200 feet deep, including an inclined hole drilled previously in the area. Gold values in the order of .07 ounces per ton has been returned near surface in some of these earlier holes. Cinola moved onto the area to see what might occur at depth.

Hole 78-6, the first hole in this area, created great excitement with the intersection of 0.86 ounces per ton over a core length of 78 feet from 498 ft to 576 ft. This intersection is 350 feet below the low grade zone intersected in the earlier shallow drilling. The gold occurs in a zone of very thin (1 mm or less) quartz veinlets at 10° to 20° to the core cutting rhyolite and feldspar porphyry fragments and the calcedonic quartz matrix.

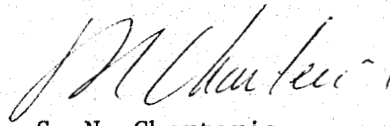
Hole 78-7 collared 150 feet northeast of 78-6 passed through the low grade-near surface zone of 0.07 oz. Au over 33 ft. near surface and encountered 0.43 oz. Au over 13 feet beginning at 584 feet within a zone of pyritic fault gouge from 574 ft. and 640 ft. This mud gouge is probably at a low angle to the core.

A narrow (0.25 oz. Au over 27 ft.) was encountered in the upper part of hole 78-8, collared 155 ft. west of hole 78-7 but there was no high grade zone at depth.

This southern area differs from the northern area in the lack of shale. In the northern area rhyolitic fragments graded downward through zone of mixed shale and rhyolite fragments to a chert cemented shale breccia. All the fragments in the south zone are rhyolite indicating, they believe, that the vent for the rhyolite is in the vicinity.

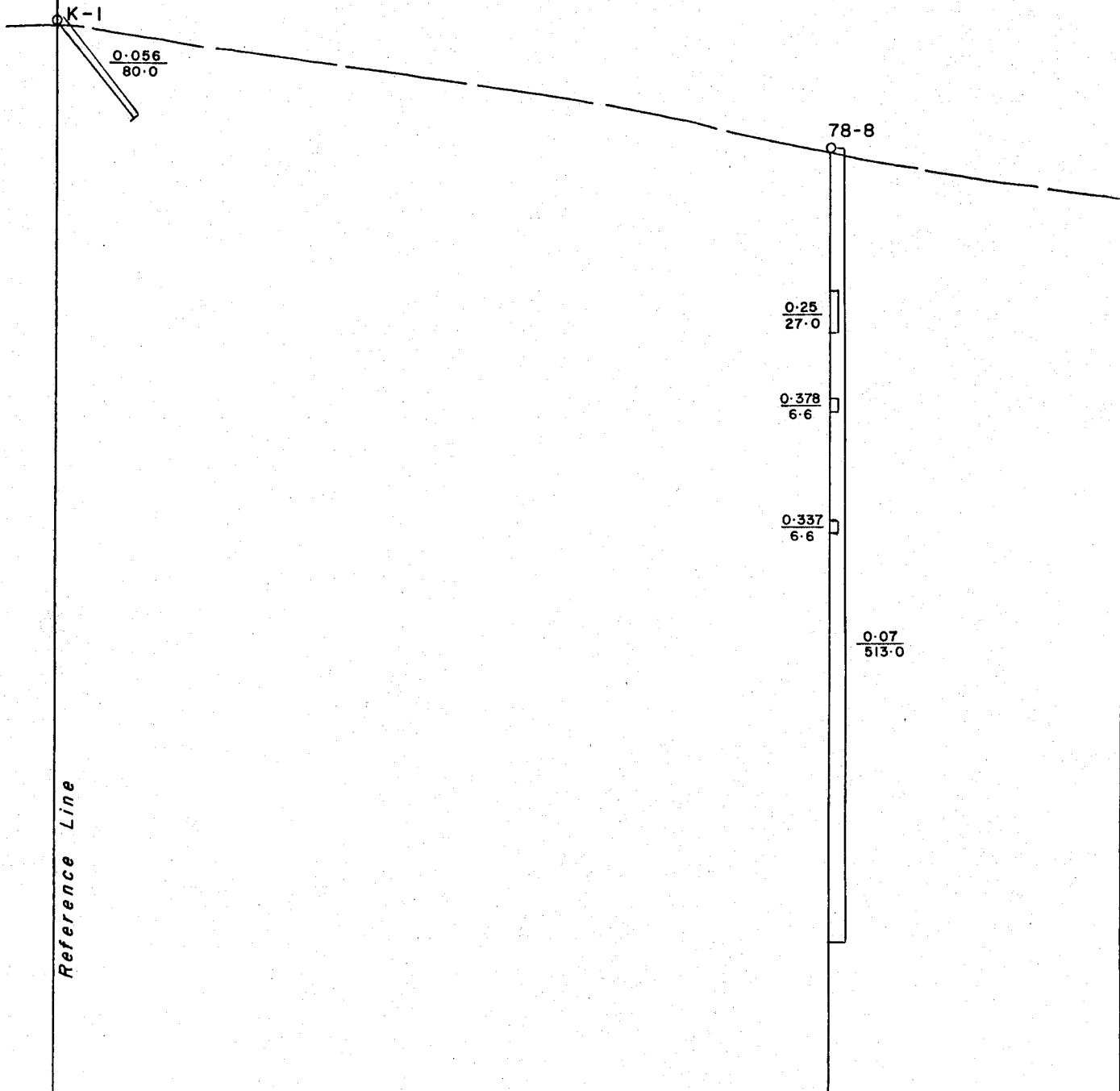
Conclusions

- (1) The old and the new drilling have confirmed a low dipping, near surface zone of gold bearing material grading from 0.06 to 0.1 ounces of gold per ton.
- (2) It is doubtful that high grade intersection in hole 78-6 is part of a parallel zone 300 or more feet below the upper zone. If the 0.43 ounces of gold over 14 ft. in hole 78-7 had been in zone of fine quartz veining similar to the 78-6 intersection, rather than being in a mud gouge, I would have considered that a flat lying zone of steep fractures could exist. Also hole 78-8 did not intersect a higher grade zone at depth.
- (3) Consolidated Cinola's drilling is continuing to outline extensive volumes of 0.06 to 0.1 ounce of gold per ton. Somewhere the grade could improve and if they expend the funds they have raised on drilling, they could locate such a zone.
- (4) The euphoria amongst the principals of Consolidated Cinola induced by the current publicity and the strong market support for their stock, makes negotiations with them impossible at this time.


S. N. Charteris

SNC:ols

Reference Elevation



FALCONBRIDGE NICKEL MINES LTD.

BABE GOLD DEPOSIT
SECTION 10S

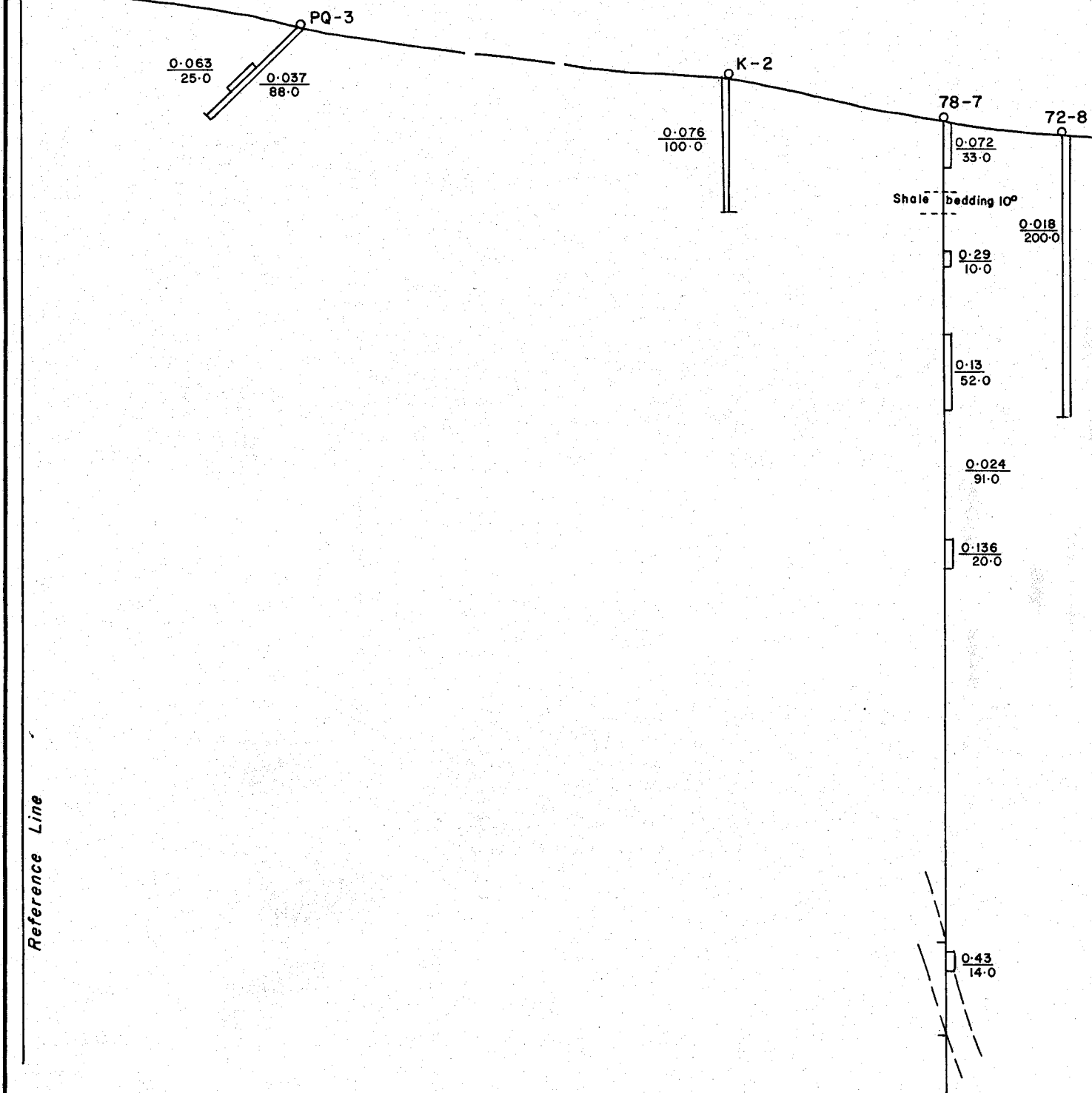
SCALE 1" = 100'

DATE Feb. 1979

DRAWN

TRACED

Reference Elevation



FALCONBRIDGE NICKEL MINES LTD.

BABE GOLD DEPOSIT
SECTION II S

SCALE 1" = 100'

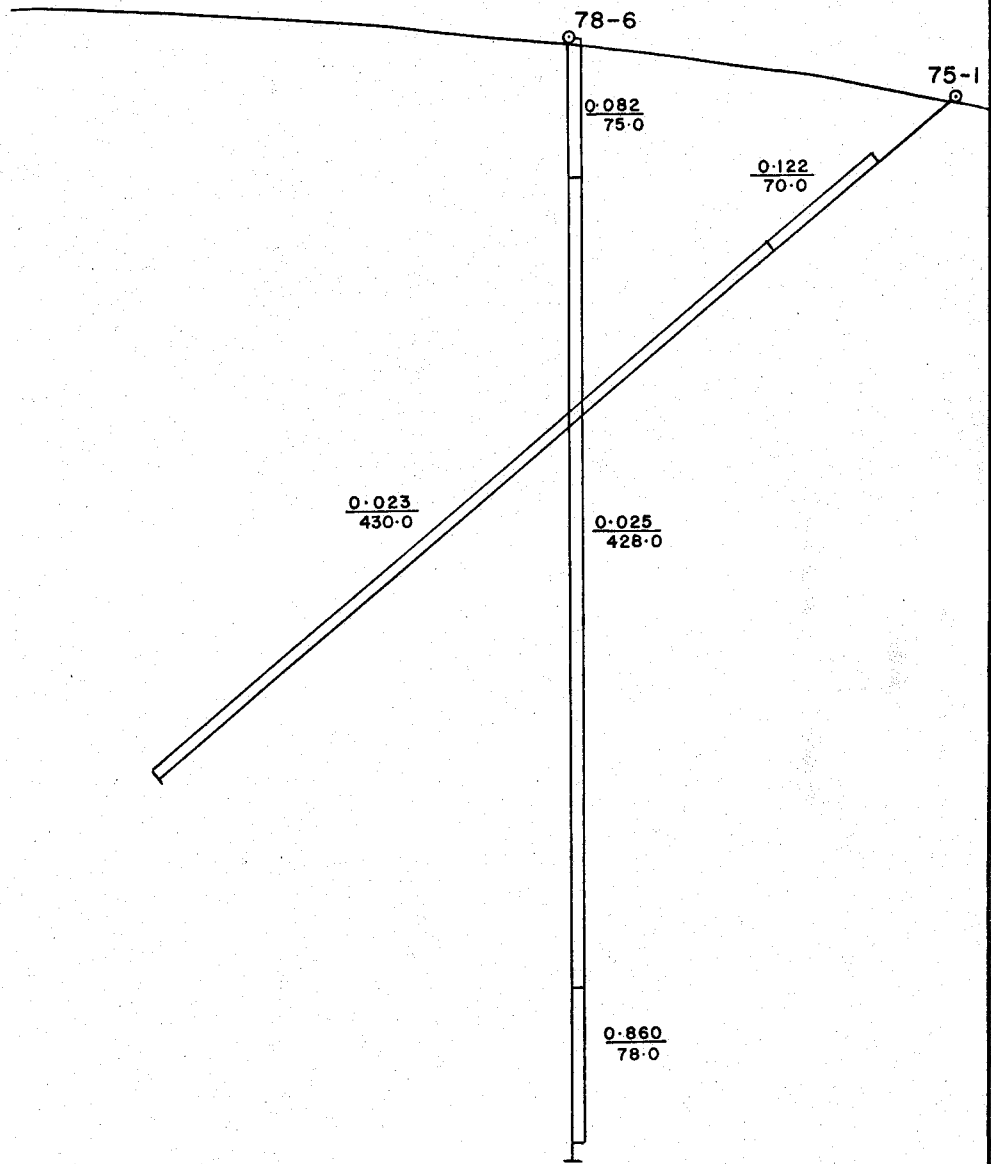
DATE Feb. 1979

DRAWN

TRACED

Reference Elevation

Reference Line



FALCONBRIDGE NICKEL MINES LTD.

BABE GOLD DEPOSIT
SECTION 12S

SCALE 1" = 100'

DATE Feb. 1979

DRAWN

TRACED

FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE: July 12, 1978

TO: A. M. Clarke

COPIES TO: WDH/JCC/WBGW; GAV; J. J. McDougall/B. Simmons

FROM: S. N. Charteris

SUBJECT: BABE GOLD DEPOSIT
Graham Island, Queen Charlotte Islands, B.C. 103-F-9

RECEIVED
FEB 15 79
GEOLOGY DEPT.

Introduction

The afternoon and evening of June 24th was spent on an examination of surface outcrops and the diamond drill core in the area of gold mineralization on the "Babe" 10 mineral claim. The tour and access to the core was provided by Al McKillop, a veteran prospector-technician, who is resident on the property for Consolidated Cinola during the current diamond drill program. A summary log was made of two of the surface drill holes.

A complete description of the surface exposures is given in the accompanying report by A. Sutherland Brown and T. G. Schroeter from G.E.M. - 1975. This memorandum concerns the drill results only.

Exploration activity has recently increased in the area with extensive stoking by Umex and Shell. Umex is currently drilling.

Summary and Conclusions

1. The gold occurrence was located in 1970 by E. Specogna and subsequently optioned and explored by Kennco, Cominco, Silver Standard and Quintana. It is currently under option to Consolidated Cinola Mines Limited of Vancouver. Their option requires payments totalling \$1,000,000 by Cinola to Specogna over 8 years.
2. The 35 claims and 7 fractions staked by Specogna are located at the end of McMillan and Bloedel Branch Road 42, about 25 miles by road from Queen Charlotte City. Topography is gentle; the climate like Tasu but with probably less rainfall.
3. The "Babe" Gold deposit has been compared to the Carlin deposit in Nevada. While mineralization does occur in brecciated shales and rhyolite tuffs, the mineralogy is quite different.

4. About 3,400,000 tons of 0.07 ounces of gold per ton including 930,000 tons grading 0.10 ounces of gold per ton have been indicated in shallow holes drilled on a 100 foot grid drill program. Wide spaced drill holes by previous optionors intersected 0.04 to 0.076 ounces of gold in a 38 acre area surrounding the grid drilling.
5. The tonnage potential is large but the economics are questionable. Preliminary bench testing has indicated only 72 percent recoveries but they hope to increase this to 80 percent.

G. A. Vary is evaluating the economics of the deposit.
6. Option terms have not been discussed with Consolidated Cinola nor are any discussions planned until we receive G. A. Vary's report.
7. While the grades located to date are very low, there is no reason to assume that better grades do not exist in the area. Our orientation geochemical survey carried out in the spring of 1978 showed that there are anomolous concentrations of mercury, arsenic and gold in the stream sediments up to one mile downstream from the deposit. Soil samples also responded over the deposit. A continuation of the geochemical survey over adjacent areas has been recommended. Sam Zastavnikovich, I believe, will go there in the next few weeks.

Property, Location and Access (See accompanying 1:500,000 map)

Property consists of the Babe 1 to 26 claims, the 9 Rico claims and the 7 Rico fractions all recorded by E. Specogna and optioned to Consolidated Cinola Mines Ltd. (NPL). These claims can be reached by following the main trunk logging road from the west side of Queen Charlotte City for 21 miles to Branch Logging Road 42. Cinola's camp is at the end of this branch road.

Electric power is limited on Graham Island to diesel generators.

History

The property was discovered by E. Specogna and John Trico in 1970. In 1971, Kennco optioned the property and carried out soil sampling, mapping and drilled a few shallow packsack holes. Cominco optioned the property in 1972 and drilled 500 meters in 9 drill holes. Silver Standard took on the option in 1973 then turned it over to Quintana Minerals who worked on the ground until 1976. 718 meters in 5 wide spaced drill holes were drilled by Quintana.

The property is now under option to Consolidated Cinola Mines Limited
807 - 543 Granville St.
Vancouver, B.C.
K. G. Sanders, President
(604) 669-1524.

on the following terms:

1. The sale price is \$1,000,000 to be paid as follows:
 - (a) A down payment of \$7500 and quarterly payments of \$7500 to Jan. 15, 1979.
 - (b) Quarterly payments of \$10,000 between Jan. 15, 1979 and Jan. 15, 1980.
 - (c) Quarterly payments of \$25,000 between Jan. 15, 1980 and Jan. 15, 1981.
 - (d) Quarterly payments of \$50,000 after Jan. 15, 1981 until the balance of \$822,500 has been paid.

2. The purchase price can be reduced to \$450,000 if fully paid by April 7, 1979.

Option Terms

None has been discussed. K. G. Sanders, president of Consolidated Cinola, stated to J. J. McDougall that he wants the optionor to acquire the property through the purchase of shares of Consolidated Cinola. In a recent conversation with J. J. McDougall he suggested that the property could be transferred to a new 10,000,000 share company. The optionor could earn up to 7 million shares in the new company and Consolidated Cinola would hold 3 million shares.

They have just turned down an offer by Shell whereby Shell would earn an interest directly in the property, not in Cinola.

Geology and Gold Mineralization

The rhyolite breccia on surface and in the drill holes consists of angular to sub rounded fragments in a grey tuffaceous? matrix. Fragments vary from rhyolite porphyry having aphanitic grey matrix with feldspar crystals and quartz eyes to bedded tuff, pumice, argillite and carbonized wood. Except for kaolinization of the feldspars, no alteration is obvious. Vesicles are abundant in matrix and, of course, in the pumice. These are lined with fine quartz crystals and pyrite. Pyrite and marcasite also occur as disseminations and clots in the tuffaceous matrix.

The argillite underlying the rhyolite is also brecciated. Rounded to angular fragments of grey to white shale and numerous carbonized wood fragments are in a matrix that varies from black argillite to a grey tuff. As in the rhyolite breccia, fine pyrite and marcasite form disseminations and clots up to 2 cm wide in the matrix.

Cutting both the argillite and rhyolite breccia are irregular veins of chalcedonic quartz from a few millimeters to 20 cm wide. Chalcedony locally replaces the matrix, enveloping the fragments.

The lithology from the drill logs and the published gold assays are shown in the accompanying diamond drill sections. While gold values extend from surface to the bottom of many of the drill holes, better values appear to be concentrated in the vicinity of the contact between the brecciated rhyolite and the brecciated argillite. K. Sanders president of Cinola, says that values also increase with the amount of sulphides and the number of coal fragments.

Tonnage and Tonnage Potential - see 1" = 100' plans and sections.

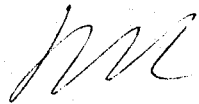
Consolidated Cinola has announced that they have a total drill indicated tonnage of 2,300,000 tons of 0.08 ounces of gold per ton including 800,000 tons grading better than 0.10 ounces of gold per ton. Using the data in A. F. Roberts' report on the 1977 drill program and adding the information from the releases in the George Cross Newsletter, the writer estimates they have indicated 3,400,000 tons containing 0.07 ounces of gold per ton including 930,000 tons grading 0.10 ounces of gold per ton.

Drilling by Kennco, Cominco and Quintana between 1970 and 1976 extended over an area of 43 acres. The current drilling has been concentrated in about one-eighth of this area, in the vicinity of the original showing. Details on the previous drilling are not immediately available but a plan by D. W. Tully shows that values of .043 ounces of gold per ton to 0.076 ounces of gold per ton were intersected in this drilling. A copy of his plan accompanies this report.

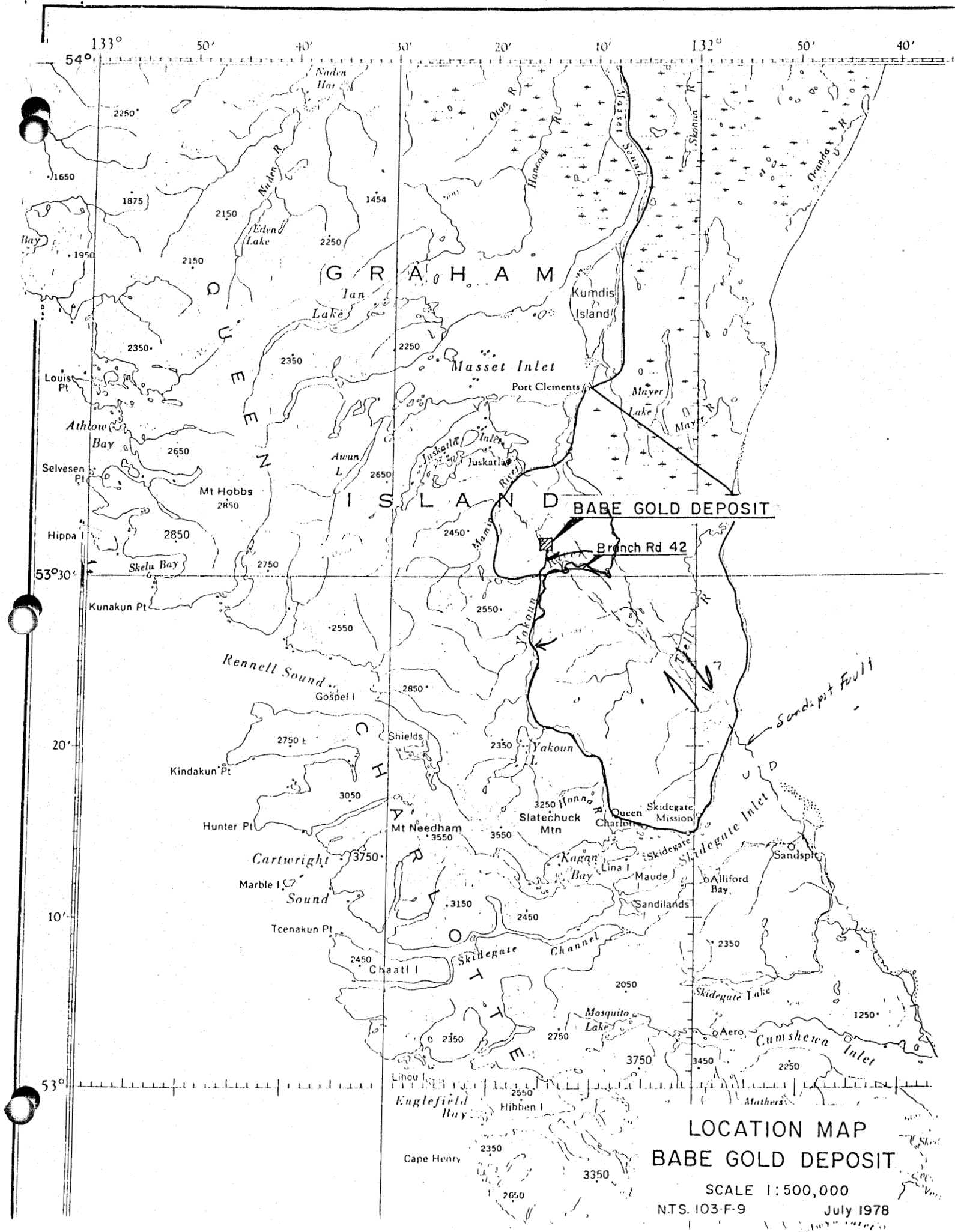
Potential For Other Deposits

Outcrop is limited and so the potential is unknown. However, our geochemical orientation survey carried out in the spring of this year showed that the mineralization is "reflected in anomolous mercury, arsenic and gold in the silt samples up to one mile downstream from the deposit".

If the other low hills in the area are underlain by the more resistant rhyolites, additional deposits, hopefully better grade, could exist.

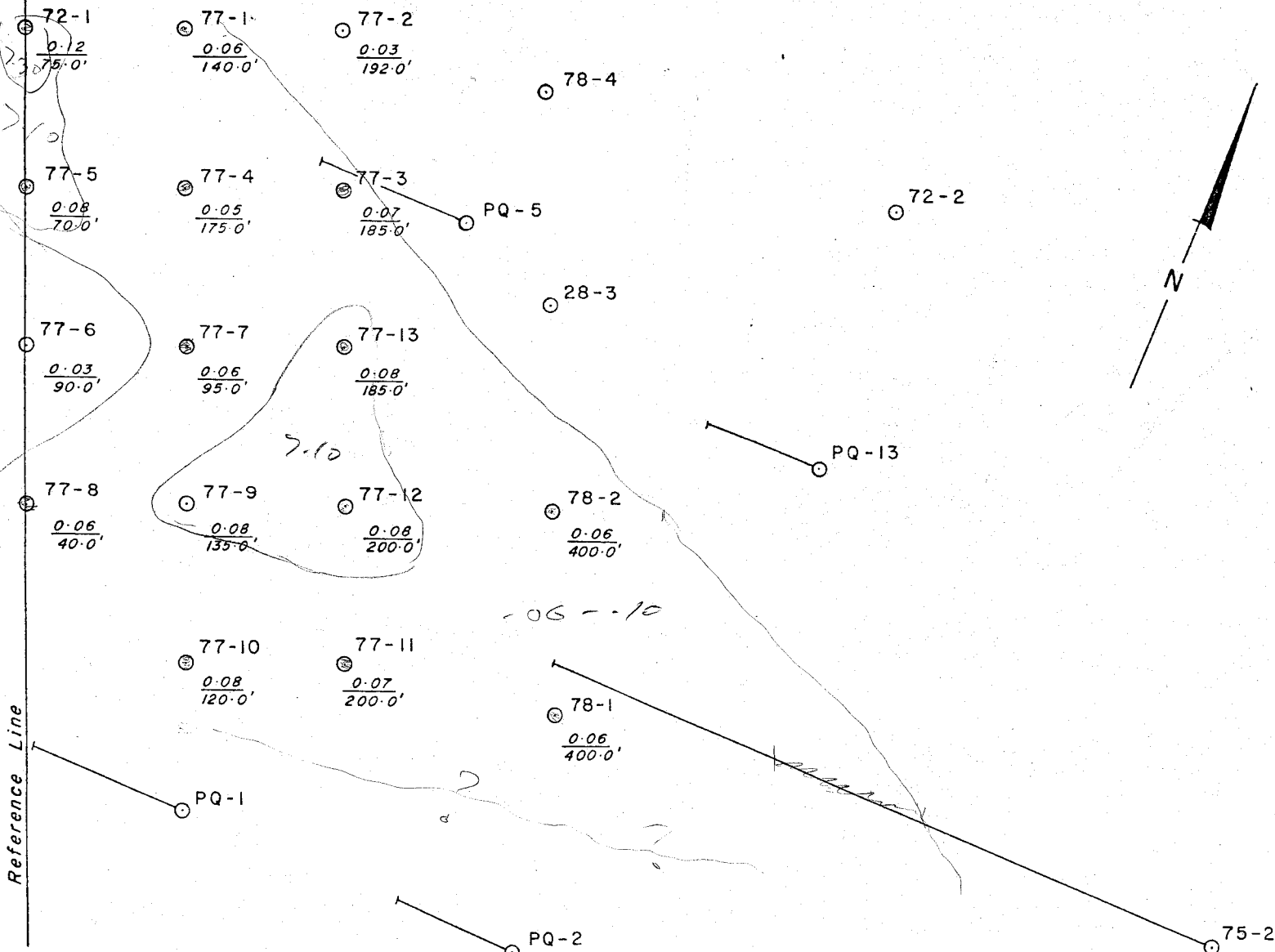

S. N. Charteris

SNC/jd
Encl.



Reference Line

Ounces of gold per short ton
Core length in ft.



FALCONBRIDGE NICKEL MINES LTD.

Consolidated Cinola Mines Limited

BABE GOLD PROSPECT

Queen Charlotte Islands

PLAN OF GRID DRILLING

SCALE 1" = 100'

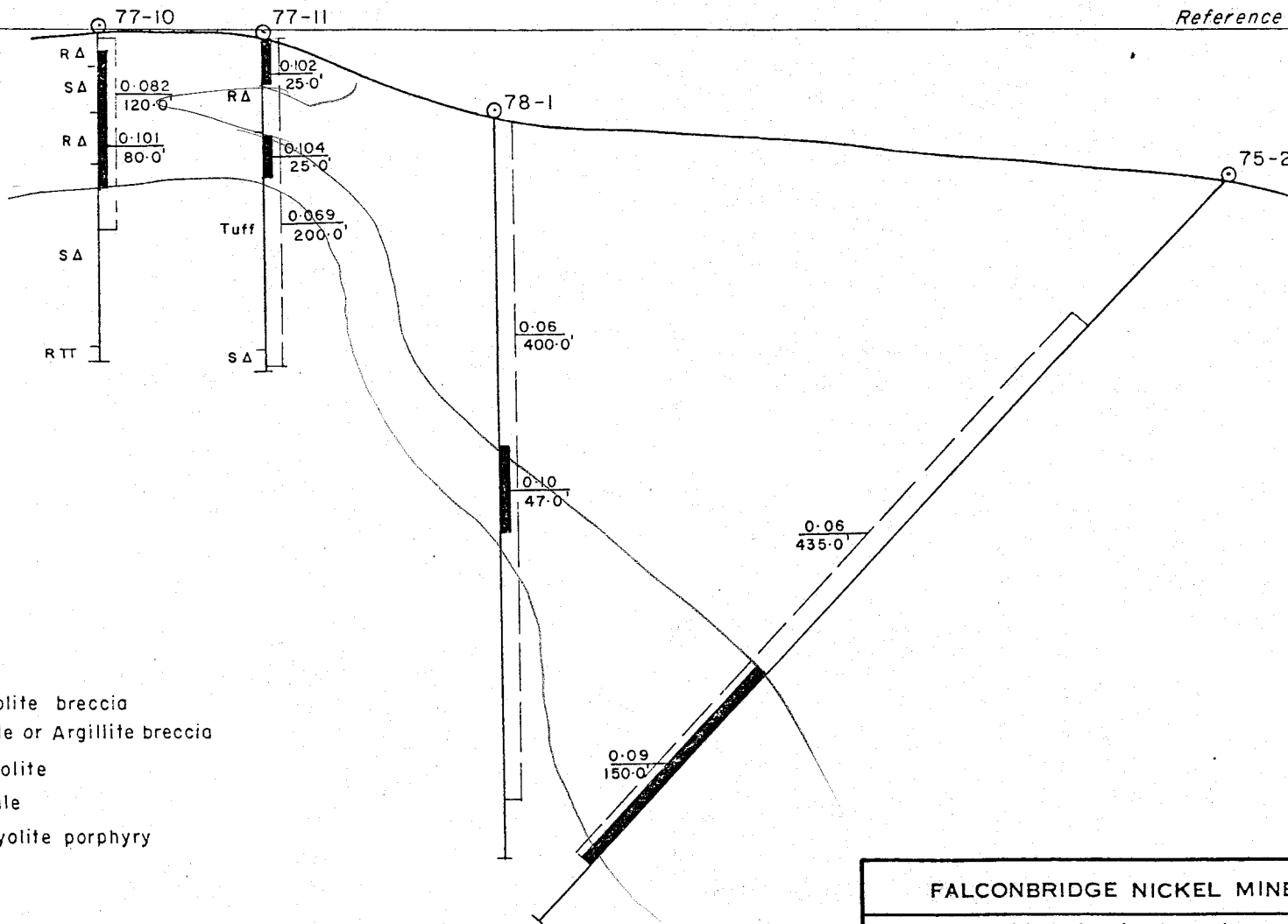
DRAWN

DATE July 1978

N.T.S.: 103-F-9

Reference Line

Reference Elevation



FALCONBRIDGE NICKEL MINES LTD.

Consolidated Cinola Mines Limited

BABE GOLD PROSPECT

Queen Charlotte Islands

SECTION 5-S

SCALE 1" = 100'

DRAWN

DATE July 1978

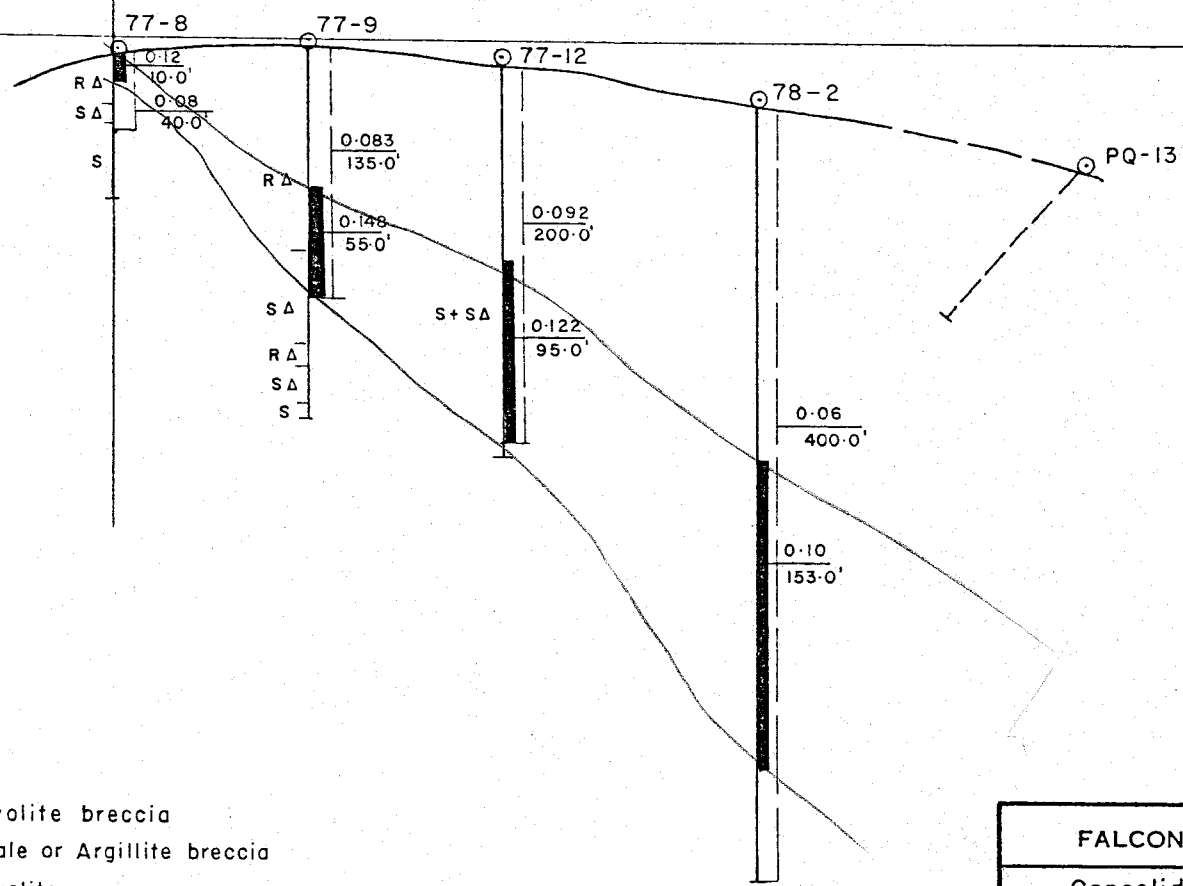
N.T.S. 103-F-9

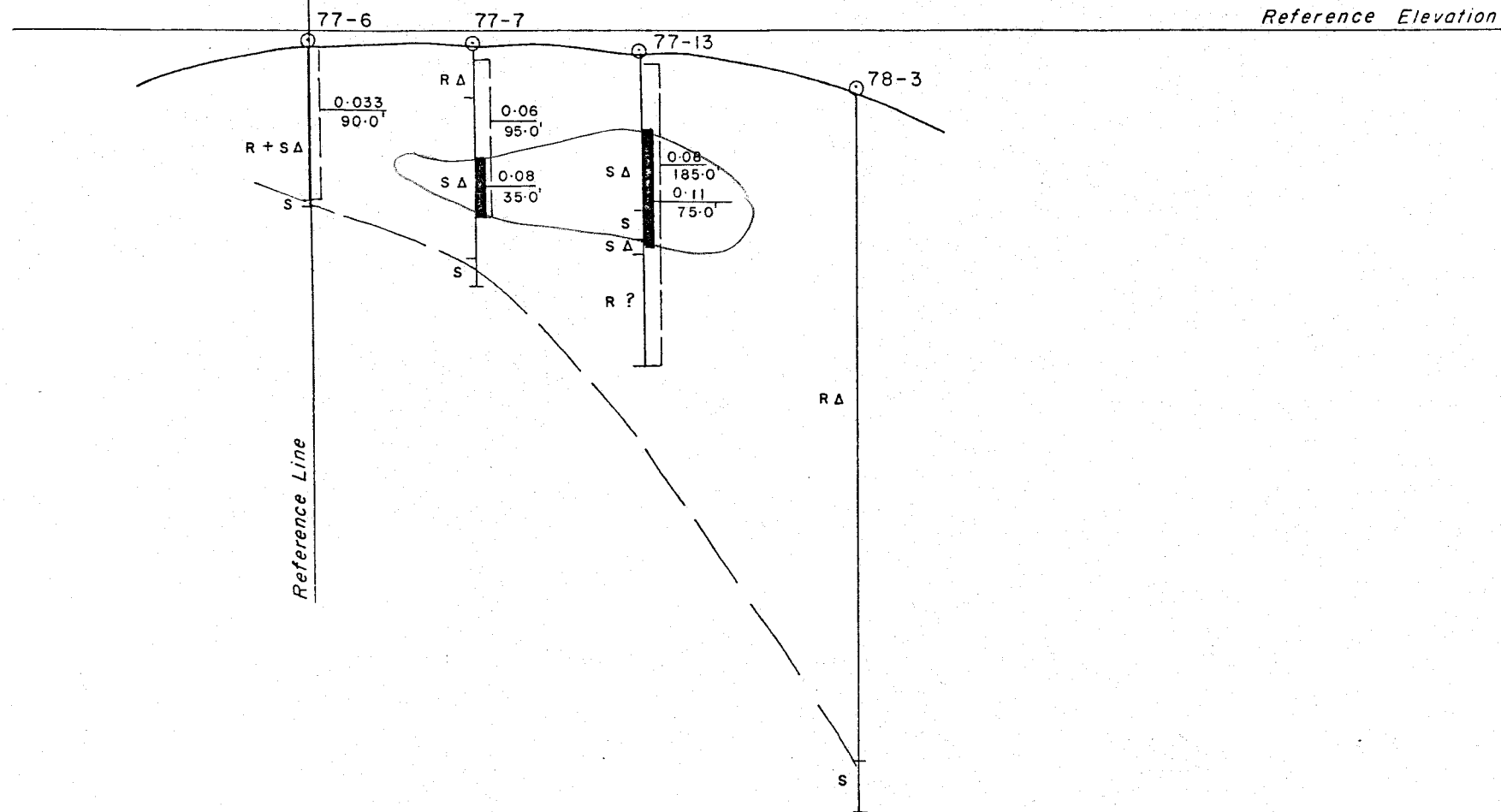
Reference Line

Reference Elevation

- RA - Rhyolite breccia
- SA - Shale or Argillite breccia
- R - Rhyolite
- S - Shale
- RTT - Rhyolite porphyry

FALCONBRIDGE NICKEL MINES LTD.	
Consolidated Cinola Mines Limited	
BABE GOLD PROSPECT	
Queen Charlotte Islands	
SECTION 4 - S	
SCALE 1" = 100'	DRAWN
DATE JULY 1978	N.T.S. : 103-F-9





- RΔ - Rhyolite breccia
 SΔ - Shale or Argillite breccia
 R - Rhyolite
 S - Shale
 RΠ - Rhyolite porphyry

FALCONBRIDGE NICKEL MINES LTD.

Consolidated Cinola Mines Limited

BABE GOLD PROSPECT

Queen Charlotte Islands

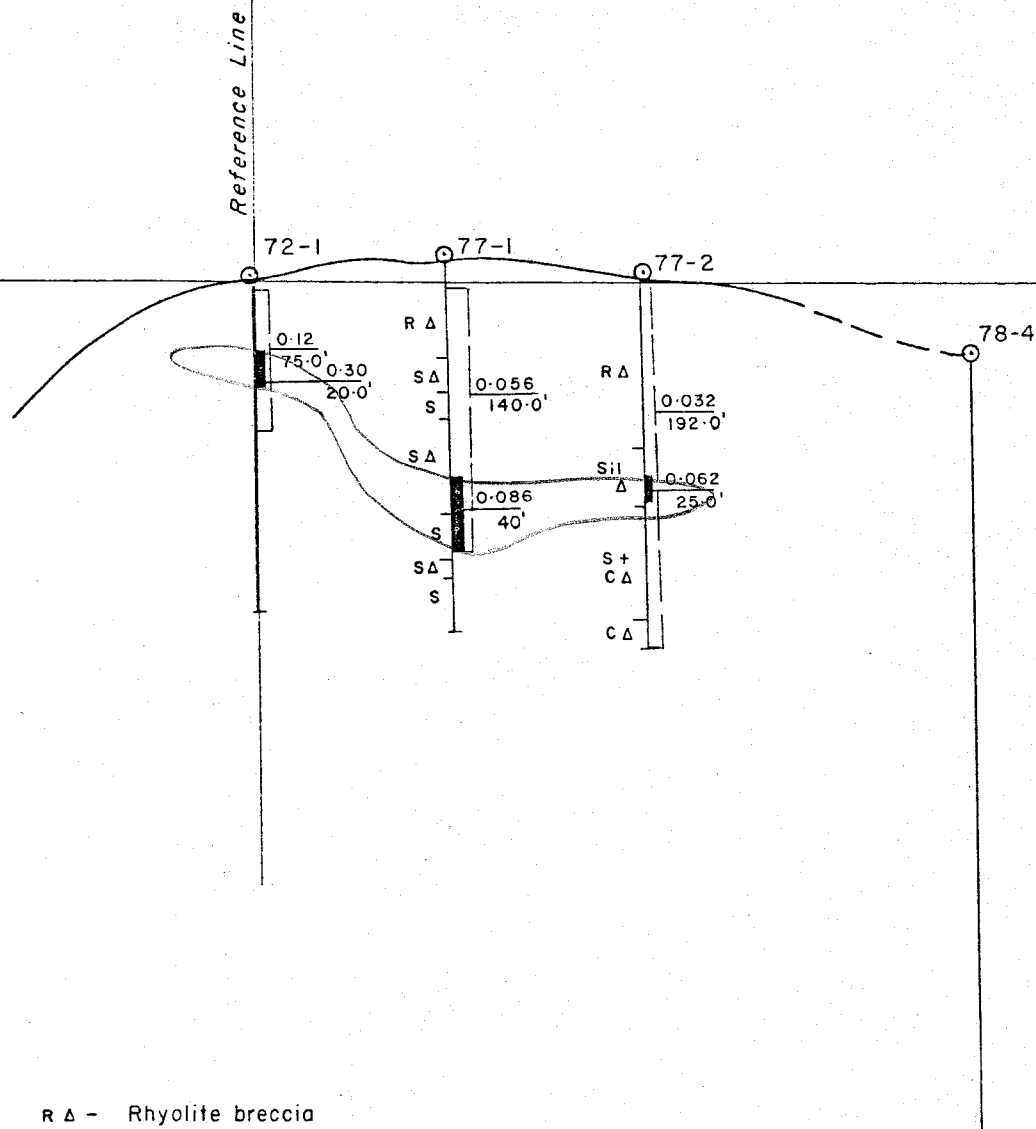
SECTION 3-S

SCALE 1" = 100'

DRAWN

DATE July 1978

N.T.S. 103-F-9



R Δ - Rhyolite breccia
 S Δ - Shale or Argillite breccia
 R - Rhyolite
 S - Shale
 R TT - Rhyolite porphyry

FALCONBRIDGE NICKEL MINES LTD.

Consolidated Cinola Mines Limited

BABE GOLD PROSPECT

Queen Charlotte Islands

SECTION I - S

SCALE 1" = 100'	DRAWN
DATE July 1978	NTS: 103-F-9

404-750 W.Pender St.,
Vancouver, B.C.
V6C 2T7
683-7283
(AREA CODE 604)

George Cross News Letter

"Reliable Reporting"

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$180.00 PER YEAR

REPRINTED FROM:
NO.116 (1978)
JUNE 16, 1978

WESTERN CANADIAN INVESTMENTS

REPRINTED FROM:
NO.116 (1978)
JUNE 16, 1978

CONSOLIDATED CINOLA MINES LTD.

HOLE NO.	TOTAL SECTION. Oz.Gold/Ton	BEST SECTION Oz.Gold/Ton	SECOND YEAR DIAMOND DRILL PROGRAM UNDERWAY ON GOLD PROPERTY
72-1	75' of 0.120	20' of 0.30	Consolidated Cinola Mines Ltd. has the 1978 diamond drilling program underway on the Specogna gold property on Graham Island, in the Queen Charlotte Islands, B.C. The property is about 12 miles south of Port Clements. Results from the 1977 drilling are detailed in the adjoining table. The holes varied in length from 80 feet to 200 feet. Six of the longer holes failed to reach the basement rocks and were stopped in ore.
77-1	140' of 0.056	40' of 0.086	
77-2	192' of 0.032	25' of 0.062	
77-3	185' of 0.066	65' of 0.103	
77-4	175' of 0.051	25' of 0.090	
77-5	70' of 0.080	30' of 0.149	
77-6	90' of 0.033	5' of 0.080	
77-7	95' of 0.061	35' of 0.080	
77-8	40' of 0.061	10' of 0.120	
77-9	135' of 0.083	55' of 0.148	
77-10	120' of 0.082	80' of 0.101	
77-11	200' of 0.069	25' of 0.102	In reporting on the results of the drilling, A.F. Roberts, P.Eng., stated that the drilling indicates that the thickness of the ore increases with an improving grade, as the holes are moved to the south
77-12	200' of 0.092	25' of 0.104	
77-13	185' of 0.080	95' of 0.122	
		75' of 0.111	

and east. A preliminary estimate of the ore gives drill indicated reserves of 1,340,000 tons of 0.086 oz. gold per ton valued at \$17.80 per ton or 1,440,000 tons at 0.0796 oz. per ton. A better grade section of 500,000 tons of 0.10 oz. gold per ton can be selected.

The assumed cut-off grade was 0.035 oz. gold per ton. Economics of mining will dictate the cut-off grade, which if lowered would increase the tonnage sharply.

In the Oct.17, 1977 report, Mr. Roberts notes, "Mr. R.R. Wolfhard, of Quintana Minerals, in an address at a CIMM convention, October 1966, stated that this deposit could contain up to 50,000,000 tons with a grade of 0.06 oz. per ton of gold.

"The recent drilling of only 5-6% of the total prime area, as indicated by Quintana's work, including their drilling, appears to be improving the grade considerably, with a strong possibility of improving on the tonnage.

"It is worth noting that a company operating in the U.S. is presently mining 8,000 tons of waste and 8,000 tons of ore per day with a grade of 0.06 oz. gold per ton, and a 0.020 cut off grade, as quoted in E & MJ, July 1977. Present indications are that Consolidated Cinola will have very little waste to remove.

"The encouraging results of the last drilling justifies recommending further drilling on the property on a wider drill hole spacing."

Drilling in the 1978 season started in May with three holes completed to date and with the fourth hole for this season, which is No. 17 hole drilled by Consolidated Cinola on the property now drilling.

K.G. Saunders, P.Eng., president of Consolidated Cinola, stated that 30% of the drilling done in 1977 was in mineralization in excess of 0.10 oz. gold per ton.

A number of major company representatives have examined the property and the results to date and have indicated that offers to participate in the next phases of exploration will be made in the near future.

He also pointed out the soil sampling work carried out last year confirmed anomalous areas, using a mercury indicator, over the area being drilled and a stronger and larger anomalous target area about a mile to the northeast in a separate drainage area. This other target will be tested as conditions allow.

Consolidated Cinola has received, effective June 16, 1978, an underwriting covering 150,000 shares at 60¢ per share from Canarim Investment Corporation Ltd. as to two thirds and from Continental Carlisle, Douglas & Co. Ltd. as to one-third. In consideration the underwriters have been granted an option on 150,000 shares at 70¢ due in 90 days.

REPRINTED FROM:
NO.116 (JUNE 16, 1978) + GEORGE CROSS NEWS LETTER LTD. THIRTY-FIRST YEAR OF PUBLICATION +

(Continued from Page Two)

IMPERIAL METALS & POWER LTD.

As to the future, Mr. Ball says, "From our present sound financial base the company will aggressively seek other profitable ventures. Interest will be primarily in mining and metallurgical processing but other activities may be considered. At present some interesting uranium prospects are being examined in Canada and elsewhere. Additional funds may be allocated to their acquisition and development."

Imperial's present directors, Mr. Ball, owning 267,500 shares, Douglas L. Price with 105,517 and Chester F. Millar with 98,017, are nominees for election as directors at the annual meeting called for 19Jul78 at 10 a.m. in the Holiday Inn Harborside, Vancouver. The largest shareholding is of 568,520 shares by Dominion Foundries and Steel Ltd.

CONSOLIDATED CINOLA MINES LTD.

ASSAY RESULTS FROM FIRST 1978 DRILL HOLE PROGRAM - As outlined by Consolidated Cinola Mines Ltd. earlier, a diamond drill program has been underway on the Specogna gold property, located 12 miles south of Port Clements, Graham Island, Queen Charlotte Island group, B.C., for the past few weeks. The first 2 holes provided the following results. No. 78-1 cut 0.06 oz. gold per ton from the surface to 400 feet, including a 47-foot section grading 0.10 oz. gold per ton and a 320-foot section grading 0.07 oz. gold per ton.

The hole No. 78-2 cut 400 feet, from the surface to the toe of the hole, grading 0.06 oz. gold per ton, including 153 feet grading 0.10 oz. gold per ton and 340 feet grading 0.07 oz. gold per ton.

K.G. Sanders, P.Eng., president of Consolidated Cinola Mines, has reported that the total drill indicated tonnage of mineralization to date is 2,300,000 tons of 0.08 oz. gold per ton, 0.12 oz. silver per ton. This includes 300,000 tons grading better than 0.10 oz. gold per ton.

The president also reported some spectacular gold values from samples taken across narrow widths. The six samples provided the following assays:

No. 1 65.7 oz. gold per ton,	24.0 oz. silver per ton	No. 2 73.2 oz. gold/t	28.4 oz. silver/t
No. 3 108.5 oz. gold per ton,	39.8 oz. silver per ton	No. 4 92.1 oz. gold/t	30.5 oz. silver/t
No. 5 136.1 oz. gold per ton,	48.4 oz. silver per ton	No. 6 106.9 oz. gold/t	36.1 oz. silver/t

He said the "assays are from the visible gold area 1,000 feet north of the zone we are now drilling. They are hand picked specimen samples taken this year weighing about one half pound each and representing quartz stringers one inch wide. The frequency of the occurrence of these stringers will determine an average grade which may or may not be mineable over open pit widths. We wish to point out to our shareholders that higher grade material does occur in possibly significant amounts on the property."

"This higher grade zone has produced three smelter shipments in the past which graded as follows: June 26, 1975 Asarco - 1,453 pounds at 16.45 oz. gold per ton
June 26, 1975 Asarco - 5,943 pounds at 3.40 oz. gold per ton
Nov. 16, 1975 Cominco - 7,705 pounds at 2.655 oz. gold per ton.

(See GCNL No. 116, page two, June 16, 1978, for previous story on the property and financing)

FOR THE RECORD

Pegasus Explorations Limited. director E.A. Scholz has clarified the percentage interest in the property which the limited partners will earn by providing the \$500,000 for the next phase of leach testing. He stated that the limited partners earn 1 1/2% of Pegasus's interest for each \$100,000 provided. The interest earned is in Pegasus's 65% property interest and not in 100% of the property. In the result, the Pegasus interest could be reduced to 58.25% or 46.75% interest depending upon exercise of backin options and whether or not the limited partners provide the full \$500,000. (This corrects GCNL 123 & 1

Ni-Cal Developments Ltd. director E.A. Scholz wanted it brought out that the August meeting of shareholders is to consider only the stock split and will not consider the acquisition of Inter American Nickel Inc. The acquisition of Inter American Nickel by Ni-Cal Developments for treasury shares is not subject to shareholders' approval of Ni-Cal. The acquisition is subject to the approval of regulatory authorities.

NUSPAR RESOURCES LTD.

DIAMOND DRILLING IS TO START ON URANIUM CLAIMS - Nuspar Resources Ltd., by 2May78 agreement effective 26Jun78, have acquired by assignment from H.S. Aikins Explorations Ltd. (for reimbursing Aikins related expenditures of \$3,000) an option from Robert Rosenblat to buy an undivided 50% interest in the Kipawa mineral claims in Quebec pursuant to a 30Mar78 agt. amended 16Jun78 whereby Nuspar is to pay Mr. Rosenblat \$5,000 forthwith and \$50,000 in various sums up to 1Jun81, each subject to filing a satisfactory engineering report. To maintain the agreement in good standing, Aikins is to spend \$20,000 on the claims before 1Sep78 and to pay rentals on the claims. Mr. Rosenblat is to retain 3% of net smelter return from the claims.

Nuspar's president H.S. Aikins reports that Nuspar has let a diamond drilling contract to Philippon Diamond Drilling Inc. of Rouyn, Quebec. A series of short holes will test an area of highly anomalous radioactivity on the Kipawa River property in Villedieu township, Temiscamingue county, some 50 miles south of Noranda, Quebec. Drilling is scheduled to start on the 1Jul78 weekend.

FOR THE RECORD

Grove Explorations Ltd. shares are out of primary distribution, effective 27Jun78.

WEST CENTRAL BRITISH COLUMBIA

BABE GOLD PROSPECT (103F/9E)

By A. Sutherland Brown and T. G. Schroeter

The Babe prospect, that now consists of approximately 102 claims and fractions including Babe, Ric, and Bee, was visited independently by the writers. The showings are on a hill overlooking the lowlands of the Yakoun River, 17.6 kilometres south of Port Clements, Queen Charlotte Islands.

It was discovered by Efrem Specogna and Johnny Trinco while prospecting along the trace of the Sandspit fault zone. They were attracted to the locality by a visible jarosite-coated bluff in which veins were visible but sulphides were sparse. Fortunately, they sampled veins and wallrocks which had some gold values. They located the property in 1971 and optioned it first to Kennco Explorations, (Western) Limited who conducted silt and soil surveys and geological mapping, and drilled two packsack diamond-drill holes totalling 55.2 metres. The geochemical surveys (Assessment Reports 2890 and 3517) reveal a considerable mercury anomaly as well as weak gold and arsenic anomalies of crudely annular shape. Since the Kennco work the property has been optioned repeatedly — to Cominco Ltd., Canex Placer Limited, Silver Standard Mines Limited, and from the latter to Quintana Minerals Corporation. In 1972 Cominco drilled nine holes shown on Figure G-34, totalling 500 metres. Quintana drilled four packsack diamond-drill holes totalling 57 metres and 16 percussion holes totalling 623 metres in 1974 (Assessment Report 5284) and also undertook a considerable program in 1975 including two drill holes each 180 metres deep. The following description has been modified from that of *Geological Fieldwork 1975* in the light of information made available by Quintana (Richard, Christie, and Wolfhard, 1976).

REGIONAL GEOLOGY: The Babe property is situated at the boundary between the Skidegate Plateau and the Charlotte Lowlands — the locus of the Sandspit fault. The precise location of the main strand of the fault is not obvious but is east of the showing. West of the fault is an area underlain by gently west-dipping rhyolite ash flows of the basal Masset Formation of Early Tertiary age, which unconformably overlie folded argillites of the Queen Charlotte Group of Cretaceous age. Between the Masset rhyolites and the Sandspit fault is a faulted area exposing quartz feldspar porphyry of uncertain age and variably silicified Skonun Formation of Mio-Pliocene age. East of the main strand of the Sandspit fault is a lowland largely covered by Pleistocene and Recent deposits with some exposures of poorly consolidated sands of Mio-Pliocene Skonun Formation along the Yakoun River.

GEOLOGY OF THE CORE CLAIMS: The units previously described all occur within the core of the Babe claims shown on Figure G-34. Outcrop is sparse in hills east of the scarp of Masset Formation, and virtually non-existent in the lowlands. Exposure on the well-forested hills is limited to the bluff along which a trench has been blasted south of Kennco DDH 1, some bulldozed trenches, and rare natural outcrops. No drill core was available for either writer to see at the time of our visits.

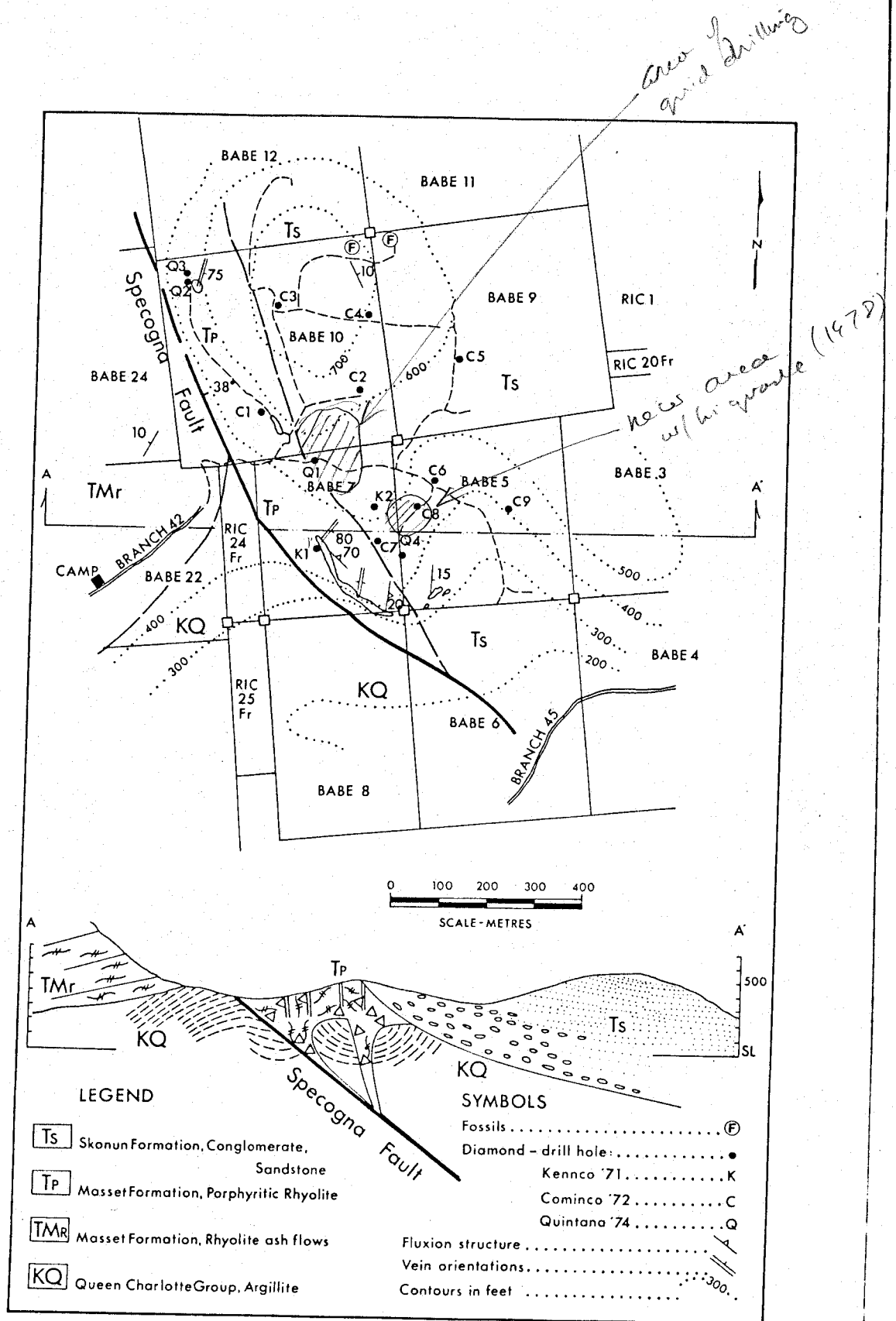


Figure G-34. Geological sketch map and section, Babe gold prospect.

The bluff outcrop is freshly exposed and is the most revealing exposure of the rhyolite porphyry body of uncertain age with which the deposit is associated. The exposure on the Babe 7 claim is about 210 metres long and exposes silicified rocks of highly varied character. The least modified rock is a very fine-grained porphyritic rhyolite which is composed of about 5 per cent phenocrysts of partly resorbed quartz up to 4 millimetres in diameter together with fewer and smaller, completely sericitized and silicified feldspars. Primary fluxion structures are evident in some specimens which resemble the eutaxitic textures of collapsed pumice fragments in ash flows. These laminae now consist of streaks of fine mosaic quartz. Commonly the rhyolite porphyry is brecciated with fragments as large as 15 centimetres across contained in a white to black siliceous matrix. Exotic fragments of argillite or charred wood may be present and even abundant.

Along the bluff most of the rhyolite is brecciated, and exhibits both primary and secondary fluxion structures in fine breccia. In general primary fluxion structures are oriented northwestward and dip steeply, but at the southeast end of the bluff they strike northward and dip about 20 degrees eastward. In this vicinity there are abundant flattened clasts of wood that have been charred in place and infilled on dessication by cherty mosaic quartz. The interface with onlapping silicified Skonun Formation is not readily evident if exposed in this trench.

Throughout the length of this trench there are numerous multiple quartz veins that strike northward and dip steeply. These veins are true fissures up to 1 metre wide with outer white crystalline quartz and inner cherty quartz that exhibits cockade structure and patterned combs coated with spongy chalcedony. The lineations of the patterns in the comb structures tend to be either nearly vertically oriented in the west and nearly horizontal in the east. Relatively minor sulphides occur in the veins but adjacent silicified breccias particularly the dark matrix breccias carry fine pyrite and marcasite. Significant coarse pyrite and marcasite occur at depth (Richards, et al., 1976). In addition to the major veins a fine quartz stockwork is commonly evident that merges in places into zones of complete silicification. Gold mineralization is not visible but is present principally in the dark (carbonaceous) silicified breccias where it occurs with marcasite rather than within the veins.

To the northwest a few exposures of porphyritic rhyolite occur. The largest outcrop, called the Marino showing by Specogna, is at the northwest part of the Babe 10 claim. Here buff-coloured, rusty weathering rhyolite porphyry that is relatively unsilicified or textured is cut by a stockwork of very fine cherty quartz veinlets. The larger veinlets are commonly about 2 centimetres wide and these strike north 20 degrees east and dip about 75 degrees eastward. Smaller veinlets are randomly oriented. The main stockwork veinlets have margins of fine sugary quartz that have visible fine spongy gold in interstices. The inner part of the vein consists of fine clear quartz some of which is chalcedonic.

On the Babe 5 claim nearly 100 metres to the east of the end of the bluff trench are some other blasted outcrops that superficially resemble the rhyolite since they consist largely of clasts of rhyolite, many of which however are rounded. The rocks are crudely bedded, striking northward and dipping 15 to 20 degrees to the east. They may be compact with the clasts cemented with silica or very much less lithified. Exotic granitic clasts as well as argillite occur. Veinlets are very rare and appear to be mostly chalcedonic. No large multiple veins were observed. Cubic pyrite grains up to 2 millimetres on an edge are relatively common in the siliceous matrix and as replacements of certain clasts. The

writers interpret these rocks as belonging to the Skonun Formation. The relationship of these rocks to silicified breccias, etc., in the trench to the west is obscure on the surface but some of the silicified rocks are definitely Skonun Formation according to evidence in drill holes (Richards, et al., 1976).

Along strike on the hilltop scattered outcrops and trenches expose siliceous sandstones identical in petrographic character to those of the Skonun Formation at the type locality although they have a siliceous matrix. In a number of localities these contain casts of clams mixed with leaf fossils that resemble alder leaves. Good specimens could not be collected but the assemblage closely resembled those typical of the Skonun Formation (Sutherland Brown, 1968, pp. 118-127). Rare small cherty veins occur in these sandstones.

STRUCTURE: The Sandspit fault marks the approximate edge of the Hecate Basin but the fault dislocates the onlap of the Skonun Formation that fills that basin. The Specogna fault, west of the Sandspit fault, strikes parallel to it and dips eastward toward it at 38 degrees. It was shown as a steep fault previously (Sutherland Brown and Schroeter, 1975) but the deeper drilling of Quintana shows its attitude, that it forms the footwall to mineralization but is the locus of younger movement, and that it may have controlled the site of the porphyritic rhyolite 'dome.'

TENOR OF MINERALIZATION: Mineralization is largely restricted to a subcircular zone of silicification adjacent to the Specogna fault. In detail the tenor is highly variable, ranging from trace to 50.7 ppm gold and 245 ppm silver in selected samples by the writers. At the Marino showing where the wallrock is virtually barren, Specogna has hand-cobbed vein material and shipped it to the Tacoma smelter. One shipment in 1975 of selected vein material weighing 0.59 tonne assayed: gold, 559.3 ppm; silver, 228.5 ppm. Another weighing 2.43 tonnes assayed: gold, 115.6 ppm; silver, 51.68 ppm. On a broad scale mineralization is quite uniform. Quintana have outlined by drilling a mineral reserve of 45 million tonnes of 2.1 ppm (0.06 ounce per short ton) gold and 3.5 ppm (0.1 ounce per short ton) silver (Richards, Christie, and Wolfhard, 1976).

CONCLUSION: Studies by Quintana have clarified the relationships at this property. The present writers interpreted the porphyritic rhyolite to be part of the basal Masset Formation which it resembles. On Quintana evidence these rocks appear to post-date Masset deposition and be very slightly older or possibly equivalent in age to some part of the Skonun Formation. The mineralization is thus shown by them to be younger than the porphyritic rhyolite and in the upper part of the Skonun Formation and therefore Miocene or younger — surely one of the youngest exposed areas of significant mineralization.

The Babe prospect has clear similarities with the Carlin deposit of Nevada or the Pueblo Viejo mine of the Dominican Republic for it is spatially associated with young acid volcanic rocks along a major fault and is contained in an area of intense silicification carrying minor sulphides and very fine-grained native precious metals reminiscent of hot spring deposits.

REFERENCES

- Assessment Reports 2890, 3517, 5284.
- Richards, G. G., Christie, J. S., and Wolfhard, M. R. (1976): Specogna: A Carlin Type Gold Deposit, Q.C.I., *C.I.M.*, Bull., Vol. 69, No. 773, p. 64 (abst.) and preprint.
- Sutherland Brown, A. (1968): Geology of the Queen Charlotte Islands, British Columbia, *B.C. Dept. of Mines & Pet. Res.*, Bull. 54.
- Sutherland Brown, A. and Schroeter, T. G. (1975): Babe Gold Prospect, *B.C. Dept. of Mines & Pet. Res.*, Geological Fieldwork 1975, pp. 71-75.

ANTI (103P/1E)

By T. G. Schroeter

LOCATION: The Anti 1 to 4 claims, owned by Edwin E. Utterstrom of Coquitlam, are situated 3.2 kilometres northwest of Kitwanga on the east bank of Mill Creek. Access is by four-wheel-drive road from Kitwanaga.

DESCRIPTION: In the late 1920's two short adits (3 metres) were put into the east bank of Mill Creek to follow a vein of stibnite. The showing was staked in 1966 and examined by L. J. Manning and Associates in 1968.

A vein of massive stibnite up to 20 centimetres in width and open at both ends over an exposed length of 18 metres transects a bedded sequence of quartz-rich sandstone and shale. Bedding in the sedimentary rocks is $035^{\circ}/60^{\circ}$ west. Wallrock immediately adjacent of the vein is brecciated with a siliceous matrix containing minor amounts of stibnite in the form of veinlets and minor disseminations. Quartz veins up to 10 centimetres in width intrude the sedimentary sequence but are barren of mineralization. Structurally, there are abundant minor slips. A complete spectrographic analysis of high-grade stibnite ore indicated that there were no significant metal values other than antimony which assayed 17.66 per cent. An average high-grade vein sample assayed 12.9 per cent antimony and wallrock immediately adjacent to the main vein with brecciation assayed 3.35 per cent antimony over a total width of 35 centimetres.

WORK DONE: Edwin E. Utterstrom reconstructed 3.2 kilometres of road and dug five trenches totalling 120 metres.

REPORT ON THE
SPECOGNA GOLD PROSPECT
QUEEN CHARLOTTE ISLANDS, B.C.
SKEENA MINING DIVISION
Lat. $53^{\circ}32' N$ Long. $132^{\circ}13' W$

→ SNC

for
CONSOLIDATED CINOLA MINES LTD. [NPL]
1600-777 Hornby Street
Vancouver, B.C.

by
A. F. Roberts, P. Eng.

KEN SANDERS
PER CODE 604) 669-1524
Room 807
43 GRANVILLE ST

October 17, 1977

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY.....	
INTRODUCTION.....	1
LOCATION, ACCESS, TOPOGRAPHY.....	2
CLAIM GROUP.....	3
HISTORY.....	3
GENERAL GEOLOGY.....	4
DIAMOND DRILLING.....	5
DRILL HOLE GEOLOGY, MINERALOGY.....	6
ORE RESERVES.....	7
METALLURGY.....	9
CONCLUSIONS.....	9
RECOMMENDATIONS.....	10
COST ESTIMATE.....	11
CERTIFICATE.....	12

MAPS

Ref.No.

- 1] Location Map.....[Frontispiece]
- 2] Topographic Map
from NTS 103F9/E 1:50,000.....[follows page 1]
- 3] Claim Map from B.C. Department of
Mines & Petroleum Resources 103F9E...[follows page 3]
- 4] General Geology Map from B.C. Dept.
of Mines & Petroleum Resources,
Geological Field Work 1975. Baba
Gold Prospect by A. Sutherland
Brown, T.G. Schrader.....[follows page 4]
- 7] Drill Hole Plan [back pocket]
- 11] Quintana Minerals Corporation,
Map Geology and Geochemistry,
November 19, 1974.....[back pocket]

S U M M A R Y

The 1977 drilling on the Spacogna Gold Prospect by Consolidated Cinola Mines Ltd. is considered very successful in that it has increased both the previous estimated grade and tonnages in the area drilled, covering only 5-6% of the area considered most favourable by previous work, and still leaves other large favourable areas to be explored.

Subject to a full scale feasibility study, and the limitations noted in the text, the preliminary tonnages estimated, at 0.035 oz per ton cut-off value, are -

1,340,000 tons at 0.0860 oz/ton - gold
or 1,440,000 tons at 0.0796 oz/ton - gold
with silver values at approximately 0.12 oz/ton

Note that the tonnage estimate can be raised or lowered by altering the cut-off value. A U.S. company is presently mining a grade of 0.06 oz per ton, cut-off grade of 0.02 oz per ton.

It is noteworthy that six holes did not reach the basement rocks, and that three of these were still in ore [at 200 feet], when stopped.

It is recommended that these six holes be deepened to the basement rocks, if the driller can re-set on them.

It is also recommended that the Company undertake to drill an additional 4,000 feet minimum, with another machine capable of drilling 500 feet, or more, to bottom in the basement rocks, and on an expanded pattern, say 200 feet between holes.

It is suggested that one hole could be reserved to test the southeast area where a grade of 0.08 is inferred.

As the past metallurgical work is inconclusive, it is recommended that further studies be undertaken by a local consultant.

The cost of the above program is estimated at \$125,000.00.

Respectfully submitted,

A.F. Roberts, P.Eng.

TABLE OF CONTENTS [Cont'd]

Page

APPENDICES

Ref.No.

- | | | |
|-----|---|-----|
| 8] | Appendix A - Drill Hole Section.....[and of report] | |
| 9] | Appendix B - Assay Certificate..... | do. |
| 10] | Appendix C - Drill Hole Logs, 1977..... | do. |

REFERENCES

- 5] B.C. Department of Mines & Petroleum Resources, Bulletin 54, Geology of The Queen Charlotte Islands by A. Sutherland Brown 1968
- 6] B.C. Department of Mines & Petroleum Resources, Geological Field Work 1975, Report on the Babs Gold Prospect, Queen Charlotte Islands, by A. Sutherland Brown, T.G. Schroeter

Reports by A.F. Roberts, P.Eng., dated July 11, and August 30, 1977 re Specogna drilling and optioned claims

Report on the Specogna Gold Prospect by Donald W. Tully, P.Eng., May 16, 1977

Quintana Minerals Corporation: Summary Report, Specogna Gold Property, by G.G. Richards dated December 1974, and various maps and cross sections.

Report on the Babs Gold Property, by P.R. Delancey, September 1973

Specogna Gold, Port Clement, by R.H. Saraphis, Ph.D., P.Eng., May 1973.

Colour Photographs of Cominco DEH 72-1.

REPORT ON THE
SPECOSNA GOLD PROSPECT
QUEEN CHARLOTTE ISLANDS, B.C.

SKEENA MINING DIVISION

Lat. $53^{\circ}32'$ N Long. $132^{\circ}13'$ W

for

CONSOLIDATED CINOLA MINES LTD. [NPL]
1600-777 Hornby Street
Vancouver, B.C.

By

A. F. Roberts, P. Eng.

October 17, 1977

INTRODUCTION

This report is authorized by the Directors of the Company.

Its purpose is to review all past work, including the recent drilling on the property.

Then, if considered advisable, to recommend an ongoing program of exploration.

The writer is familiar with the property from visits July 4-7, August 16-19, and September 27 - October 1, 1977.

All available data from the work of others has been read, and is referred to in the text.

LOCATION, ACCESS, TOPOGRAPHY:

The property consists of 41 full claims and 7 fractions "Baba" and "Rico".

They are about 26 miles south of Port Clements via MacMillan Bloodel logging roads, at the end of Branch Road No. 42, and are therefore, in a forest management license; and subject to the company's road use, and other regulations.

The area of the claims is of low topographic relief. Elevations within the group are 700 to 400 feet, A.S.L.

The area being drilled is in second growth timber. Mature timber covers the northern part of the claims, and the south grades into logged over, swampy ground.

There is sufficient water within the group to provide both drilling and domestic water.

Overburden varies from 0 to 15 feet in the current area of drilling, but grades to plus 150 feet to the southeast in the low areas.

1] Location Map - 1" = 38 miles

[Frontispiece]

2] Topographic Map NTS 103F9/E

[Follows page 1]

CLAIM GROUP: 3]

The group consists of the following claims:

<u>Name</u>	<u>Record No.</u>	<u>Date of Record</u>
Babs 1 - 8 incl.	34966-73 incl.	March 5, 1970
Babs 9 - 17 incl.	35222-30 incl.	March 26, 1970
Babs 18 - 23 incl.	36578-83 incl.	April 3, 1971
Babs 24 - 29 incl.	36601-06 incl.	April 28, 1971
Babs 30 - 32 incl.	36746-48 incl.	June 14, 1971
Rico 20 - 26 Fr.incl.	36739-45 incl.	June 14, 1971
Rico 1 - 9 incl.	36589-36600 incl.	April 28, 1971

The recorded owner is E. Specogna, and the claims are in good standing until at least 1978, with both work and rentals paid.

HISTORY:

The property was discovered and staked by E. Specogna and John Trico in 1970.

In 1971, Kennco Exploration optioned the property and carried out a soil-bolt sampling program, with geological mapping and packback diamond drilling.

In 1972, Cominco Ltd. optioned the claims and drilled 9 holes [500 metres], and colour-photographed the cores.

Also, in 1971, Canex Aerial Exploration also carried out geochemical and geological surveys.

3] Claim Map from B.C. Department of Mines
& Petroleum Resources 103F9E [Follows page 3]

* See List of References

SPECOGNA GOLD PROSPECT

QUEEN CHARLOTTE ISLANDS, B.C.

CLAIM MAP

Date: Oct 17 1977

Scale: 1" = 1/2 mi

Drawn by: *AFR*To Accompany Report by A F Roberts, P. Eng, dated
October 17, 1977

M 10

KEN

Florence Cr.

C 700

38131 P
BRE 3938132 P
BRE 4038133 P
BRE 4138134 P
BRE 4238130 P
BRE 3838129 P
BRE 3738128 P
BRE 3638127 P
BRE 3538135 P
BRE 4338136 P
BRE 4438137 P
BRE 4538138 P
BRE 4638126 P
BRE 3438125 P
BRE 3335229(o)
BARE 1635228(o)
BARE 1538139 P
BRE 4738140 P
BRE 4835606 D
Sabe 2935605 D
Sabe 2835227(o)
BARE 1435226(o)
BARE 1338141 P
BRE 5035604 D
Sabe 2735603 D
Sabe 2635225(o)
BARE 1235224(o)
BARE 1135601 D
Sabe 2435602 D
Sabe 2535692 D
RIC 335694 D
RIC 435693 D
RIC 535602 D
Sabe 2535601 D
Sabe 2435223(o)
BARE 1035222(o)
BARE 935629 D
RIC 135690 D
RIC 235696 D
RIC 335695 D
RIC 435694 D
RIC 535623 D
Sabe 2335682 D
Sabe 2234972(o)
BARE 734970(o)
BARE 534955(o)
BARE 334956 D
BARE 135692 D
RIC 1035697 D
RIC 935698 D
RIC 835681 D
Sabe 2135680 D
Sabe 2034973(o)
BARE 834971(o)
BARE 634955(o)
BARE 434957 D
BARE 235690 D
RIC 1235699 D
RIC 1135698 D
RIC 1035679 D
Sabe 1935678 D
Sabe 1835230(o)
BARE 1736748 G
BARE 3036747 G
BARE 3136746 G
BARE 3038091 P
BRE 2 Fr.38099 P
BRE 738100 P
BRE 835679 D
Sabe 1935678 D
Sabe 1835230(o)
BARE 1736748 G
BARE 3036747 G
BARE 3136746 G
BARE 3038091 P
BRE 2 Fr.38099 P
BRE 738100 P
BRE 838123 P
BRE 3138124 P
BRE 3238122 P
BRE 3038121 P
BRE 2938120 P
BRE 2838119 P
BRE 2738118 P
BRE 2638117 P
BRE 2538116 P
BRE 2438115 P
BRE 2338114 P
BRE 2238113 P
BRE 2138123 P
BRE 3138124 P
BRE 3238122 P
BRE 3038121 P
BRE 2938120 P
BRE 2838119 P
BRE 2738118 P
BRE 2638117 P
BRE 2538116 P
BRE 2438115 P
BRE 2338114 P
BRE 2238113 P
BRE 2138123 P
BRE 3138124 P
BRE 3238122 P
BRE 3038121 P
BRE 2938120 P
BRE 2838119 P
BRE 2738118 P
BRE 2638117 P
BRE 2538116 P
BRE 2438115 P
BRE 2338114 P
BRE 2238113 P
BRE 2138123 P
BRE 3138124 P
BRE 3238122 P
BRE 3038121 P
BRE 2938120 P
BRE 2838119 P
BRE 2738118 P
BRE 2638117 P
BRE 2538116 P
BRE 2438115 P
BRE 2338114 P
BRE 2238113 P
BRE 21

BARB

9

4

33

28

28

28

Silver Standard took over in 1973, and worked on it until Quintana Minerals took over the property from them in 1974, and also did geochemical and geological surveys, drilled four packback holes and sixteen percussion holes [623 metres].

In 1975, Quintana continued their work, drilling five holes with BX core [713 metres], and had some metallurgical studies done. They outlined an area of gold mineralization about 3,000 ft. x 1,200 ft., with indications that it could extend farther to the northwest and southeast.

Consolidated Cincos now has the option on the property.

GENERAL GEOLOGY: 4] 5] 6]

The claim group is believed to be lying across the Sandspit fault, or strands of it.

On the west side Massett Formation ash flows overlie Massett porphyritic rhyolite, which in turn overlies the Queen Charlotte argillites.

On the east, the Skonun conglomerates, and sandstone, overlie the rhyolites.

In the area of interest the rhyolites outcrop and are very highly brecciated, and silicified, with

-
- 4] General Geology Map [Follows page 4]
 - 5] B.C. Department of Mines & Petroleum Resources, Bull. 54, Geology of the Queen Charlotte Islands, A. Sutherland Brown, 1968
 - 6] B.C. Department of Mines & Petroleum Resources, Geological Field Work 1975. Report on the Babe Gold Prospect, Queen Charlotte Islands by A. Sutherland Brown, T.G. Schroeter

stringers of quartz, which is chalcedonic, vuggy and limonite stained. Dark inclusions, carbonaceous, may be argillite.

Ash is also included. Some of the rhyolite is definitely porphyritic.

North of the area being drilled the "Merino showing" where Specogna mined and shipped free gold ore, there is a buff-coloured rhyolite porphyry cut by a stockworks of fine quartz veinlets striking N20E, dipping steeply eastwards.

Specogna's shipments were:

0.645 tons @ 16.45 oz Au, 6.72 oz Ag/ton
 1.72 tons @ 3.40 oz Au, 1.52 oz Ag/ton
 3.80 tons @ 2.65 oz Au, 2.450 oz Ag/ton
 Silica ran plus 90%

The above is a simplified version of the geology, from observations, and the references.

DIAMOND DRILLING: 7] 8] 9] 10]

Two thousand two hundred and twenty four feet were drilled in thirteen holes in the period July to October this year, all with EX core.

7]	Drill Hole Plan	[back pocket]
8]	Drill Hole Sections	[Appendix A]
9]	Assay Certificates	[Appendix B]
10]	Drill Hole Logs, 1977	[Appendix C]

The grid was on 100 foot centres, based on Cominco DDH 72-1 as the northwest corner.

Reference to the sections shows that the most westerly holes were comparatively short, and increase in depth to the east and south, and that four holes bottomed in ore.

All holes were split on five foot sections after logging. All assaying was done by Sonder-Clegg of North Vancouver, using fire assaying methods. A check was run by General Testing Laboratories of Vancouver. The differences were negligible, and the results are believed to be perfectly accurate.

One series of holes was run for silver, which averages 0.12 oz Ag/ton.

DRILL HOLE GEOLOGY, MINERALOGY:

As four different people logged the cores, including Cominco DDH 72-1, there are some differences of interpretation. For the purposes of this report, the geology has been generalized on the sections. Full interpretations are on the enclosed logs.

The material in the cores is generally rhyolite, well brecciated, and healed with chalcedonic quartz. The colour varies from black to light gray, depending on the amount of argillite and/or carbonaceous material included. A large portion of the rhyolite is porphyritic, although it is often difficult to see the phenocrysts.

An ash bed occurs in several holes and it is possible to trace it between holes. It is flat lying.

The most westerly holes were bottomed in a mud that is probably ash, and is followed by more massive argillites, and the basement rock.

There are sections of chalcedonic quartz veining within the core varying from a few inches to several feet. This is usually limonite-stained, vuggy, and carries little mineralization.

Most of the mineralization appears to be associated with the darker breccias [argillite-rhyolite breccia ?, carboniferous ?] in the form of very fine pyrite, and a little marcasite. In the light gray rhyolite porphyry breccia, there occurs a very fine lace-work of black lines which carries a considerable amount of pyrite, sufficient to bring it up to ore grade.

Cinnabar was noted in the top of CC 77-9.

The following holes are worthy of special interest:

CC 77- 3	185 ft. @ 0.070 last 5 ft. @ 0.087 not bottomed
77- 9	120 ft. @ 0.094 not bottomed or 95 ft. @ 0.103
77-10	120 ft. @ 0.090 not bottomed
77-11	185 ft. @ 0.067 not bottomed
77-12	195 ft. @ 0.094 last 5 ft. @ 0.31 not bottomed
77-13	190 ft. @ 0.077 last 5 ft. @ 0.042 not bottomed

and all require deepening to the basement rocks.

ORE RESERVES:

The drill indicated reserves were calculated by assuming that:

a] The ore is flat lying.

- b] The area of influence of each hole extends half way to the next hole, or 50 feet around it.
- c] Cut-off is at .050 for high grade and .035 bottom cut-off. These are arbitrary selections.

In the first calculation some sections of the bed were left out as they might be in actual mining.

The second calculation included these same sections, resulting in a slightly lower grade, and an increase in tonnage.

These preliminary calculations give the following estimates:

- a] 1,340,000 tons @ 0.0360 oz/ton - gold
- b] 1,440,000 tons @ 0.0796 oz/ton - gold

These include Cominco hole 72-1, and Quintana hole PQ-5.

It should be noted that this estimate is preliminary, and subject to a full scale feasibility study, and that the tonnage-grade figures can be considerably altered by raising or lowering the cut-off grade, which, itself, is subject to the economics at the time of mining. A mining company in Nevada, is breaking 8,000 tons of ore and 8,000 tons of waste per day. Their grade is 0.06 oz gold per ton, with a cut-off at 0.02.

It should also be noted that the area drilled is only 5-6% of the total area defined by Quintana as being of greatest interest and that the lower priority areas extend

to the north and west, and to the south and east, as defined by their soil sampling and geological mapping, nor does it include the Marino showing where Specogna found free gold, and shipped it. 11]

Mr. M.R. Wolfhard suggested that this deposit could possibly contain 50 million tons grading 0.06 oz/ton, in an address he gave to a CIMM Convention in Vancouver, October, 1976. Present work appears to better that grade, and deeper holes should increase the tonnage rapidly.

METALLURGY:

Quintana had some preliminary work done by Southwestern Laboratories, Tucson, Arizona. Their work included, cyanidation, chlorination of the raw samples, flotation and cyanidation, and chlorination of the float portion.

They also tried high temperature and low temperature roasting, followed by cyanidation.

The high temperature roasting-cyanidation gave better than 90% recovery, which was the most successful of the methods tried.

These results are really inconclusive, and considerably more work is required.

CONCLUSIONS:

The 1977 drilling can be considered as highly successful in that it is indicating a potentially higher

11] Quintana Minerals Corporation, Map
Geology and Geochemistry November 19, 1974 [back pocket]

grade with larger tonnages than has been indicated in the ~~past~~ past, within what is considered the most favourable area, and further work is justified.

The past metallurgical studies are inconclusive, and more work is required in that area.

RECOMMENDATIONS:

It is recommended that at least 4,000 feet more drilling be done.

This would include deepening holes Nos. 77-10, 11, 12, and 13, to the basement with the machine now on the property.

Obtain a second drill, capable of drilling to 500 feet or more, and continue the drill pattern to the east and south, drilling to the basement rocks on a wider pattern, say 200 feet.

Engage a metallurgical consultant to continue metallurgical studies.

COST ESTIMATES;

Assuming 4,000 feet to be drilled.

Time 3 months, big machines two shifts, small machine single shift.

Supply tents, frames, winterizing, stoves, kitchen	\$ 1,800.00
Fuel, propane, oil	300.00
Transportation [to drillsite and back]	3,000.00
Cook	3,600.00
Food	3,600.00
New Hoses	400.00
Drill 4,000 feet @ \$17.50/ft.	70,000.00
Assaying 800 @ \$5.00	4,000.00
Bombardier Rental	4,500.00
Engineering, core logging & splitting, etc.	12,000.00
Metallurgical Test Work	10,000.00
Sub-total	\$113,200.00
10% Contingencies	11,320.00
Total	<u>\$124,520.00</u>
Say	<u>\$125,000.00</u>

Respectfully submitted,

A.F. Roberts, P.Eng.

CERTIFICATE

I, A.F. Roberts of 812 Fairbrook Crescent, Richmond, B.C., do hereby certify that:

- [1] I am a graduate of the University of British Columbia [B.Sc.] in Mining Engineering, 1951.
- [2] I am registered as a Professional Engineer of the Province of British Columbia, and am a member of The Canadian Institute of Mining and Metallurgy.
- [3] I have practiced my profession since 1951 with Quetaino Copper Gold Mines Ltd., Giant Mascot Mines Ltd., Cochenour Willens Gold Mines Ltd., Mogul Mines Ltd., Kerr Addison Gold Mines Ltd., Atlantic Coast Copper Corporation Ltd., Wasamac Mines Ltd., Brenda Mines Ltd., and T.C. Explorations Ltd. Since January of 1970 I have been an independent Consultant.

Previous to, and during University, I worked as a miner underground, and on several exploration-development projects.

- [4] The accompanying report is based entirely on my personal analysis of the reports and other data referred to in the text, and on visits to the property on July 4 - 7 and August 16 - 19, and September 27 - October 1, 1977.
- [5] I have no interest, direct or indirect, in the Consolidated Cinola Mines Ltd. property, or adjacent properties, nor have I any interest, direct or indirect, in any companies controlled by Consolidated Cinola Mines Ltd. I have not, nor do I expect to receive any interest in the shares of the Company, in its securities, or in those of any company with which it may become associated.
- [6] I consent to the use of this report, in or in connection with, a prospectus, or a statement of material facts relating to the raising of funds for this project.

DATED at Vancouver, British Columbia this seventeenth day of October, 1977.

A.F. Roberts, P.Eng.

APPENDIX B

ASSAY CERTIFICATES



BONDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

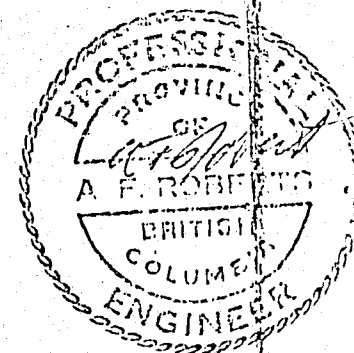
TELEX: 04-54554

CERTIFICATE OF ASSAY

TO Consolidated Cinola Mines Ltd.

A27 - 372

Page 2



I hereby certify that the following are the results of assays made by us upon the herein described

core

samples.

MARKED	Au oz/Lon	MARKED	Percent	MARKED	Percent
AL 67	0.031				
68	0.021				
69 145-150'	0.026				

NOTE:

Refracts retained two weeks
Pulps retained three months
unless otherwise arranged.

[Handwritten signature]

BONDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

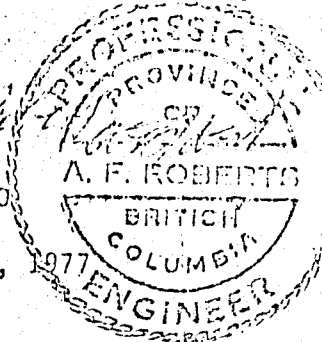
TO Mr. A. F. Roberts

8120 Fairbrook Crescent

Richmond, B.C.

A27 - 500

August 9, 1977



I hereby certify that the following are the results of assays made by us upon the herein described core sample

MARKED		Au oz/ton	MARKED		Au oz/ton	MARKED		Au oz/ton
BILL	1	0.046	BILL	23	0.093	BILL	45	0.036
	2	0.060		24	0.12		46	0.055
	3	0.054		25	0.11		47	0.055
	4	0.030		26	0.14		48	0.090
	5	0.040		27	0.18		49	0.087
	6	0.044		28	0.072		50	0.042
	7	0.062		29	0.085		51	0.036
	8	0.043		30	0.072		52	0.045
	9	0.044		31	0.11		53	0.045
	10	0.022		32	0.11		54	0.10
	11	0.010		33	0.086		55	0.058
	12	0.020		34	0.062		56	0.029
	13	0.12		35	0.048		57	0.047
	14	0.051		36	0.056		58	0.043
	15	0.054		37	0.077		59	0.048
	16	0.039		38	0.054		60	0.029
	17	0.040		39	0.041		61	0.044
	18	0.012		40	0.019		62	0.044
	19	0.029		41	0.030		63	0.021
	20	0.033		42	0.046		64	0.010
	21	0.030		43	0.032			
	22	0.053		44	0.025			

NOTE:

Rejects retained two weeks
Pulps retained three months
unless otherwise arranged.

[Signature]

B.C.

BONDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

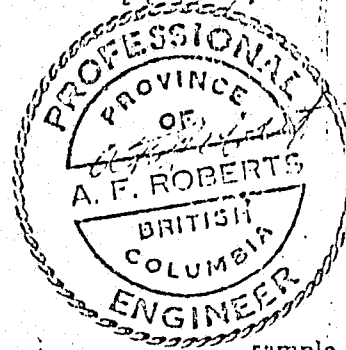
TO Mr. A. F. Roberts

A27 - 672

404 - 470 Granville Street

August 29, 1977

Vancouver, B.C. V6E 1V8



I hereby certify that the following are the results of assays made by us upon the herein described

ore

sample.

MARKED		Au oz/ton	MARKED		Au oz/ton	MARKED		Au oz/ton
C	1	0.023	30'-35'	D	1	D	23	0.004
	2	0.013		2	0.015	E	1	0.063
	3	0.043		3	0.011		2	0.040
	4	0.029		4	0.011		3	0.047
	5	0.066		5	0.061		4	0.040
	6	0.12		6	0.052		5	0.041
	7	0.12		7	0.026		6	0.072
	8	0.062		8	0.037		7	0.020
	9	0.064		9	0.016		8	0.018
	10	0.085		10	0.012		9	0.013
	11	0.058		11	0.003		10	0.023
	12	0.041		12	0.019		11	0.013
	13	0.064		13	0.071		12	0.021
	14	0.058		14	0.046		13	0.014
	16	0.062		15	0.24		14	0.017
	17	0.039		16	0.18		15	0.023
	18	0.009		17	0.15		16	0.057
	19	0.013		18	0.21		17	0.008
	20	0.059		19	0.023		18	0.080
	21	0.11		20	0.029		19	0.012
	22	0.007		21	0.050		20	0.015
	23	0.007	120'-126'	22	0.020		21	0.003

NOTE:

Rejects retained two weeks
 Pulps retained three months
 unless otherwise arranged.

A handwritten signature, likely of the Professional Engineer A. F. Roberts, written in dark ink.

BONDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

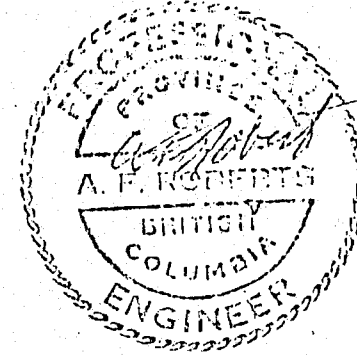
TELEX: 04-54554

CERTIFICATE OF ASSAY

TO A. F. Roberts

A27 - 672

Page 2



I hereby certify that the following are the results of assays made by us upon the herein described

ore

sample

MARKED	Assay oz/ton	MARKED	Percent	MARKED	Percent
1	0.033	<u>21-5'</u>			
2	0.046				
3	0.090				
4	0.11				
5	0.043				
6	0.028				
7	0.050				
8	0.021				
9	0.026				
10	0.034				
11	0.050				
12	0.035	<u>55-60'</u>			

cc A. F. Roberts - Richmond

NOTE:

Rejects retained two weeks
Pulps retained three months
unless otherwise arranged.

[Signature]

To: A. F. RobertsPAGE No. 1

BONDAR-CLEGG & COMPANY LTD.

REPORT No. 27 - 733DATE: September 7, 1977

404 - 470 Granville Street

CERTIFICATE OF ASSAY

Samples submitted: August 31, 1977Results completed: Sept. 7, 1977I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	GOLD		SILVER								TOTAL VALUE PER TON (2000 LBS.)
	Ounces per Ton	Value per Ton	Ounces per Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
CA 1	0.056										
2	0.057										
3	0.074										
4	0.073										
5	0.074										
6	0.090										
7	0.090										
8	0.094										
9	0.070										
10	0.035										
11	0.021										
12	0.029										
13	0.019										
14	0.013										
15	0.008										
16	0.006										
17	0.008										
18	0.037										
19	0.12										
20	0.12										
21	0.044										
22	0.064										
23	0.029										
24	0.034										
25	0.038										
26	0.013										
27	0.005										


 Registered Assayer, Province of British Columbia

To: Mr. A. F. RobertsPAGE No. 2

BONDAR-CLEGG & COMPANY LTD.

REPORT No. A27 - 733DATE: September 7, 1977

CERTIFICATE OF ASSAY

I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	GOLD		SILVER								TOTAL VALUE PER TON (2000 LBS.)
	Ounces per Ton	Value per Ton	Ounces per Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
CA 28	0.013										
29	0.016										
30	0.006										
31	0.004										
32	0.005										
33	0.002										

cc Mr. A. F. Roberts

BONDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

TO Consolidated Cinola Mines Ltd.

A27 - 848

307 - 850 West Hastings Street

September 28, 1977

Vancouver, B.C. V6C 1E1

I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	Au RHOEN oz/ton	MARKED	Au RHOEN oz/ton	MARKED	Au RHOEN oz/ton
DA - 1	0.041	DA - 23	0.11	DA - 45	0.12
2	0.015	24	0.087	46	0.14
3	0.025	25	0.068	47	0.12
4	0.040	26	0.12	48	0.090
5	0.033	27	0.060	49	0.082
6	0.042	28	0.033	50	0.095
7	0.043	29	0.014	51	0.11
8	0.029	30	0.016	52	0.12
9	0.028	31	0.013	53	0.10
10	0.041	32	0.018	54	0.095
11	0.064	33	0.037	55	0.056
12	0.017	34	0.020	56	0.078
13	0.034	35	0.025	57	0.093
14	0.060	36	0.007	58	0.11
15	0.060	37	0.006	59	0.085
16	0.097	38	0.050	60	0.044
17	0.091	39	0.013	61	0.025
18	0.17	40	0.012	62	0.054
19	0.19	41	0.050	63	0.050
20	0.34	42	0.054	64	0.049
21	0.21	43	0.035	65	0.029
22	0.15	44	0.12	66	0.029

NOTE:

Refracts retained two weeks
Pulps retained three months
unless otherwise arranged.

Registered Assayer (Cinola Mines Ltd.)

BCC

geochemists • assayers • analytical chemists

BONDAR-CLEGG & COMPANY LTD.

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

TO Consolidated Cinola Mines Ltd.

A27 - 848

September 28, 1977

I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	Au Percent oz/ton	MARKED	Au Percent oz/ton	MARKED	Percent
DA - 67	0.026	DA - 89	0.090		
68	0.029	90	0.039		
69	0.012	91	0.077		
70	0.009	92	0.059		
71	0.009	93	0.14		
72	0.016	94	0.075		
73	0.022	95	0.097		
74	0.012	96	0.11		
75	0.046	97	0.10		
76	0.020	98	0.064		
77	0.009	99	0.027		
78	0.005	100	0.055	95-100	
79	0.019				
80	0.014				
81	0.060				
82	0.14				
83	0.12				
84	0.083				
85	0.10				
86	0.068				
87	0.054				
88	0.004				

NOTE:

Rejects retained two weeks
Pulps retained three months
unless otherwise arranged.



BCL

BONIDAR-CLEGG & COMPANY LTD.

geochemists • assayers • analytical chemists

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

TO Consolidated Cinola Mines Ltd.

A27 - 938

30.7 - 850 Hastings Street

October 12, 1977

Vancouver, B.C. V6C 1E1

I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	ALL Residue oz/Lon	MARKED	ALL Residue oz/Lon	MARKED	ALL Residue oz/Lon
X 1	0.18	100-105. * X 3	0.034	Y 25	0.067
2	0.12	4	0.10	26	0.11
3	0.040	5	0.042	27	0.066
4	0.035	6	0.047	28	0.16
5	0.066	7	0.070	29	0.12
6	0.063	8	0.055	30	0.15
7	0.055	9	0.055	31	0.090
8	0.046	10	0.11	32	0.066
9	0.066	11	0.24	33	0.17
10	0.048	12	0.063	34	0.12
11	0.10	13	0.041	35	0.22
12	0.098	14	0.018	36	0.061
13	0.037	15	0.014	37	0.066
14	0.042	16	0.029	38	0.12
15	0.039	17	0.046	39	0.15
16	0.067	18	0.044	40	0.31
17	0.044	19	0.067	Z 1	0.058
18	0.029	20	0.098	2	0.12
19	0.027	21	0.073	3	0.049
20	0.025	22	0.11	4	0.062
Y 12 1	0.047	23	0.055	5	0.060
2	0.10	24	0.11	6	0.070

14'-20'

NOTE:

Reacts retained two weeks
 Pulps retained three months
 unless otherwise arranged.

Registered Assayer in British Columbia



BONDAR-CLEGG & COMPANY LTD.

1500 PEMBERTON AVENUE, NORTH VANCOUVER, B.C.

PHONE: 988-5315

TELEX: 04-54554

CERTIFICATE OF ASSAY

TO Consolidated Cinola Mines Ltd.

A27 - 938

Page 2

I hereby certify that the following are the results of assays made by us upon the herein described core samples.

MARKED	Au rejects oz/ton	MARKED	Au rejects oz/ton	MARKED	Percent
Z 7	0.044	Z 29	0.076		
8	0.17	30	0.043		
9	0.068	31	0.025		
10	0.091	32	0.047		
11	0.17	33	0.033		
12	0.12	34	0.032		
13	0.10	35	0.030		
14	0.14	36	0.052		
15	0.11	37	0.042		
16	0.17				
17	0.13				
18	0.11				
19	0.038				
20	0.064				
21	0.086				
22	0.10				
23	0.078				
24	0.097				
25	0.082				
26	0.058				
27	0.095				
28	0.045				

NOTE:

Rejects retained two weeks
Pulps retained three months
unless otherwise arranged.

Registered Assayer, Province of British Columbia

To: Mr. A. F. Roberts

PAGE No. 1

8120 Fairbrook Crescent
Richmond B.C.

BONDAR-CLEGG & COMPANY LTD.

REPORT No. 571

DATE: August 29, 1977

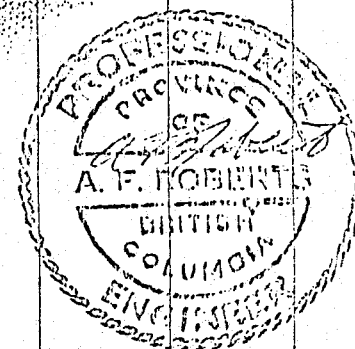
Samples submitted: August 23, 1977

Results completed: August 29, 1977

CERTIFICATE OF ASSAY

I hereby certify that the following are the results of assays made by us upon the herein described composites samples.

MARKED		GOLD		SILVER								TOTAL VALUE PER TON (2000 LBS.)
		Ounces per Ton	Value per Ton	Ounces per Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
AL	5-14	0.041		0.09								
	15-24	0.043		0.04								
	25-32	0.089		0.12								
	40-49	0.022		0.06								
	50-59	0.023		0.16								
	60-69	0.044		0.10								
BILL	1- 9	0.045		0.03								
	13-22	0.045		0.20								
	23-32	0.105		0.19								
	33-42	0.050		0.11								
	43-49	0.053		0.13								



Registered Assayer, Province of British Columbia

GENERAL TESTING LABORATORIES

DIVISION SUPERINTENDENCE COMPANY (CANADA) LTD.

1001 EAST PENDER ST., VANCOUVER, B.C., CANADA V6A 1W2

PHONE (604) 254-1847 TELEX 64-507514 CABLE SUPERVISE

TO:

Attn: Mr. Ken Sander

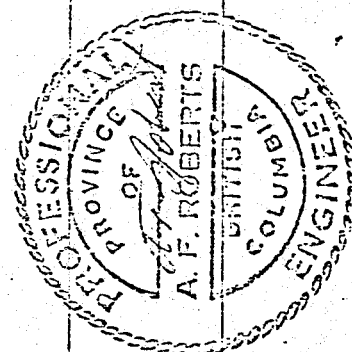
CERTIFICATE OF ASSAY

No.: 7707-2657

DATE: August 3/77

We hereby certify that the following are the results of assays on: Ore

MARKED	GOLD OZ/ST X 2000	SILVER OZ/ST GR/MT	XXX	XXX	XXX	XXX	XXX	XXX
AL - 1	0.007							
2	0.005							
3	0.021							
4	0.009							
5	0.038							
6	0.051							
7	0.055							
8	0.057							
9	0.045							
10	0.025							
11	0.022							
12	0.016							
13	0.101							
14	0.015							
15	0.037							
16	0.001							
17	0.031							
18	0.062							
19	0.052							
20	0.075							
21	0.073							
22	0.052							
23	0.009							
24	0.027							
25	0.088							
26	0.062							
27	0.073							
28	0.059							
29	0.010							
30	0.003							
31	0.053							
32	0.328							
33	0.005							
34	0.037							
35	0.003							
36	0.010							
AL - 37	0.001							



A.F. Roberts

/Continued on next page

REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS. ON REQUEST PULPS AND REJECTS WILL BE STORED FOR A MAXIMUM OF ONE YEAR.

REPORTS ARE THE CONFIDENTIAL PROPERTY OF CLIENTS. PUBLICATION OF STATEMENTS OR CONCLUSIONS OF EXTRACTS FROM OR RECORDING OUR REPORTS IS NOT PERMITTED WITHOUT OUR WRITTEN APPROVAL. ANY LIABILITY ATTACHED THERETO IS LIMITED TO THE FEE CHARGED.

[Signature]

PROVINCIAL ASSAYER

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

MEMBER: American Society for Testing Materials • The American Oil Chemists' Society • Canadian Testing Association
AFFILIATE AND OFFICIAL CHEMISTS FOR: Vancouver Merchants Exchange • National Petroleum Oil & Gas Products • The American Oil Chemists' Society

CENTRAL TESTING LABORATORIES

DIVISION SUPERINTENDENCE COMPANY CANADA LTD.

1001 EAST FENDER ST. VANCOUVER, B.C., CANADA V6A 1A6
PHONE (604) 254-1647 TELEX 04-507514 CABLE SUPERVIS

TO:
CONSOLIDATED CINOLA MINES LTD.

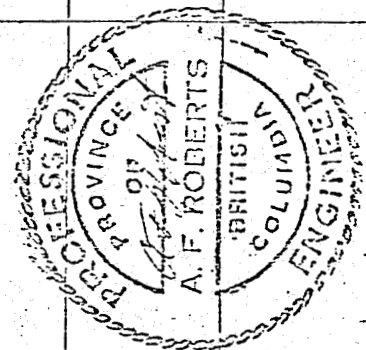
(Continued) .. page 2 ...

CERTIFICATE OF ANALYSIS

No: **7707-2657** DATE: **August 3/77**

We hereby certify that the following are the results of assays on: **Cre**

MARKED	GOLD OZ/ST DISCOUNT	SILVER OZ/ST GR/MT	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
AL - 38	0.008							
39	0.011							
40	0.026							
41	0.012							
42	0.023							
43	0.030							
44	0.017							
45	0.007							
46	0.021							
47	0.022							
48	0.006							
49	0.020							
50	0.011							
51	0.019							
52	0.018							
53	0.010							
54	0.017							
55	0.009							
56	0.024							
57	0.053							
58	0.018							
59	0.011							
60	0.023							
61	0.028							
62	0.113							
63	0.021							
64	0.071							
65	0.073							
66	0.034							
67	0.029							
68	0.013							
AL - 69	0.043							



A.F. Roberts

REMARK: All assays are determined by fire assaying on one assay ton weights.

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS. ON REQUEST PULPS AND REJECTS WILL BE STORED, FOR A MAXIMUM OF ONE YEAR.

ALL REPORTS ARE THE CONFIDENTIAL PROPERTY OF CLIENTS. PUBLICATION OF STATEMENTS, CONCLUSIONS OR EXTRACTS FROM OR REGARDING OUR REPORTS IS NOT PERMITTED WITHOUT OUR WRITTEN APPROVAL. ANY LIABILITY ATTACHED THERETO IS LIMITED TO THE FEE CHARGED.

L. WONG

PROVINCIAL ASSESSOR

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

MEMBER: American Society For Testing Materials • The American Oil Chemists' Society • Canadian Testing Association
REFEREE AND/OR OFFICIAL CHEMISTS FOR: Vancouver Merchants Exchange • National Institute Of Oilseed Products • The American Oil Chemists' Society
OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade • Vancouver Merchants Exchange

APPENDIX C

DRILL HOLE LOGS. 1977

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect
Queen Charlotte Islands HOLE NO. CC 77-1 DATE July 5, 1977

Logged by KS

RECOVERED					Logged by KS
FROM	TO	DATE	TIME	%	DESCRIPTION
0	2				Casing
2	9				Siliceous quartz breccia, limonite stain
9	16				Siliceous grey breccia
16	23				Grey banded zone. Banding @ 80° to core.
					Almost like an ash
23	39				Rusty siliceous breccia. Off white colour,
					limonite stain. Crusty qtz. Vugs @ 27'
39	44				Grey and buff breccia. Pyr @ 40'.
44	51				Pale, buff, grey rhyolite breccia.
51	53				Buff grey. Not much breccia
53	77				Grey breccia. Patches of limonite stain. Some fragments are rounded.
77	83				Brown-Black shale. Not much breccia. Some banding or bedding @ 80° - 90° to core. May be volcanic ash, or coal.
83	89				Blacker and more dense, and a little more breccia (shale breccia?)
89	109				Grey and buff breccia. Pyr. @ 102, Qtz XLS @ 103
109	121				Carbonate breccia. Creamy buff fragments.
121	134				Dark grey breccia. May be shale. More qtz. and pyr. Pyrite rims fragments.
134	155				Uniform black massive shale. Hard. May be O.C. argillites. Some qtz. Overall, more pyr. A little breccia. Bleached white zone and pyr. 149-151 brecciated.

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect HOLE NO. CC 77-2 DATE July 5, 1977

FROM	TO	RECOVERED			DESCRIPTION	Logged by KS
		INT	FT	%		
0	1				Casing	
1	30				All silicified agglomerates. Fragments to 1".	
					Grey and buff. Patches of limonite stain.	
30	34				As above	
34	42				As above but larger fragments. and more massive.	
					Fair pyrite.	
42	58				Purplish buff, rhyolite breccia. Minor mixed	
					in ash.	
58	78				Calling this sulphide breccia, or agglomerate.	
					Fine grained black matrix. May be pyr. Often	
					completely stained by limonite. Soft.	
78	82				Soft, brown, tuffaceous ash. 2" of coal at 78'.	
					Contact at 60° to core.	
82	87				Sulphide breccia.	
87	121				Very hard siliceous breccia. Almost complete	
					silicification.	
121	139				Carbonate breccia. Scattered pyrite.	
139	152				Hard siliceous alt. with vugs, crystals and	
					massive quartz.	
152	180				Shale breccia. Some rhyolite porph. frags.	
180	192				Mixed carbonate breccia, and shale breccia.	
					Better pyrite 182-192. Some chalcedony alt.	
					End of hole	

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect HOLE NO. CC 77-3 DATE July 5, 1977

FROM	TO	RECOVERED			DESCRIPTION	Logged by K.S.
		INT	FT	%		
0	4				Casing.	
4	6				Buff and grey breccia. Surface limonite stain.	
6	15				Pale, buff and grey, purplish. Soft and fine grained. Not much breccia.	
15	40				Sulphide breccia. Patches of limonite stain. Traces of bedding @ near horizontal.	
40	48				Dark grey to black ash (?). Bedding. Some carbonaceous material. Traces of stratification @ 70° to core. Some thin streaks of chalcedony.	
48	53				Sulphide breccia. Soft and limonite stained.	
53	60				Fine grained, black tuffaceous. Some carbonaceous material. Thin quartz box work.	
60	63				Sulphide breccia.	
63	67				Fine grained, soft rhyolite. Buff colour.	
67	78				Sulphide breccia. Limonite patches. Fair pyrite.	
78	93				Good grey, coarse breccia.	
93	100				Grey breccia as above, but less quartz and brecciation. Bedding traces near horizontal.	
100	113				Mixed carbonate, and grey breccia. Fair pyrite.	
113	119				Dark grey, argillaceous. Less brecciation	
119	131				Carbonate breccia. Some argillaceous sections.	

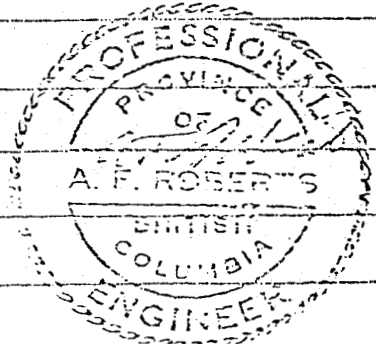
DIAMOND DRILL LOGPROJECT Specogna Gold Prospect HOLE NO. CC 77-4 DATE July 5, 1977

FROM	TO	RECOVERED			DESCRIPTION	Logged by K.S.
		FEET	FT	%		
0	6				Casing.	
6	31				Good example of sulphide breccia. Considerable limonite staining. Excellent pyrite throughout. Some fragments are rounded. Possible thin rhyo- lite dikes @ 30° to core.	
31	35				Rhyolite breccia. Buff and limonite stained.	
35	38				Mixed sulphide and rhyolite breccia.	
38	40				Purple grey to black tuff.	
40	43				Mixed sulphide and rhyolite breccia.	
43	47				Tuff bed. Some bedding @ 70° to core.	
47	49				Sulphide breccia.	
49	58				Tuff. Purple grey to black. Near horizontal bedding. Some bedding @ 45°.	
58	62				Contact zone. Brecciated.	
62	67				Purplish to buff rhyolite breccia. Brecciation is younger.	
67	74				Dark matrix, coarse breccia, not much quartz. Fair pyrite. Some buff to pale fragments. Fragments are sub-angular to rounded.	
74	84				Light, buff rhyolite breccia. Very pale colour. Almost "off-white".	
					(For balance of hole see next sheet by AFR)	

DIAMOND DRILL LOG

PROJECT: C.C. O.C. Property HOLE NO. C.C.DDH 77-5 DATE August 17, 1977

RECOVERED					DESCRIPTION	Logged by AFR
FROM	TO	TOT	FT	%		
0	5			30	Argillite breccia, limonite in frac. No pyrite.	
5	10			90	Rhyolite breccia. Badly broken limonite in frac. Poor pyrite.	
10	25			100	Rhyolite, breccia increasing with depth. Also pyrite. Pyrite very good.	
25	41			100	Rhyolite breccia. Inclusions of argillite breccia. Oxides in fractures. Pyrite poor, except in 1 ft. of Argillite breccia.	
41	47			100	Argillite breccia. 47 ft. - rusty fractures.	
47	69			100	Almost massive argillite. Good pyrite. Some inclusions of rhyolite. Oxides in frac. Fair to good pyrite. Increasing brecciation and pyrite with depth.	
69	75				Rhyolite breccia. Considerable oxidation. Inclusions of argillite. Pyrite fair to poor.	
75	91			80	Badly broken, oxidized, soft, chalky white brecciated. Rhyolite fragments altered.	
91	106			95	Argillite, Argillite breccia. Rhyolite inclusions some oxidation in fractures. Fair pyrite.	
106	113			100	Grey-brown ash, dense, soft. Some fair pyrite.	
					End of Hole	
					Samples D1 - D23	



DISTRICT DRILL LOG

PROJECT: C.C. O.C. Property HOLE NO. C.C. DDH 77/6 DATE August 17, 1977

[illegible]

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect HOLE NO. CC 77-7 DATE August 17, 1977

FROM	TO	RECOVERED			DESCRIPTION	Logged by KS
		FEET	FT	%		
0	2				Casing.	
2	26				Pale, buff rhyolite breccia. Broken and considerable core lost. Badly leached and limonite stained. (86% Rec.)	
26	31				Probably as above, but fresher. Some buff rhyolite, and argillite breccia.	
31	34				Carbonate breccia. Good pyrite @ 33'.	
34	64				As above. Short argillaceous sections with good pyrite. Still oxidized and leached. Getting fresher 60-63.	
64	95				Good section of dark argillite breccia, and dark agglomerate fragmental. Weak pyrite.	
95	104				Carbonate breccia, argillaceous, dark. (3' of core lost 93-103).	
104	129				Argillite breccia. Coarse. May be main contact @ 105 with Q.C. argillite, but brecciated into the foot wall.	
129	141				Q.C. argillite. Some ghost brecciation. Wispy marcasite. Otherwise brecciation is absent. Good marcasite @ 140.	
141	146				Argillite. Softer beyond 141. Muddy. No evidence of faulting at contact.	
					Last sample 140 - 146	
					End of hole.	

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect HOLE NO. CC 77-8 DATE August 27/27

Logged by K.S.

[illegible]

DIAMOND DRILL LOGPROJECT: Specogna Gold Prospect HOLE NO. CC 77-9 DATE Sept. 14, 1977

FROM	TO	RECOVERED			DESCRIPTION	Logged by K.S.
		DM	FT	%		
0	4				Casing	
4	30				Light grey, siliceous, buff breccia. 7-8 shows specks of cinnabar. Fair pyrite all through.	
30	36				Section showing brecciated rhyolite porphyry and fair pyrite	
36	77				Creamy to buff grey, siliceous breccia. Fair pyrite	
77	86				Pinkish grey rhyolite, laced with thin streaks of pyr. Excellent pyrite throughout.	
86	108				Grey to dark siliceous breccia. Argillaceous. Some fragments are completely replaced by pyrite. Typical of the dark breccias. 97-100 shows the best pyrite seen to date. Occasional patches of porphyry.	
108	117				As above, but lighter coloured, and less pyrite.	
117	132				Section characterized by pale green fragments as seen in hole No. 3 @ 188-196	
132	157				Argillite breccia. Some grey rhyolite fragments. Sometimes seems to be grey silica surrounding argillite fragments. Not much pyrite.	
157	162				Pale green rhyolite breccia.	
162	171				Argillite breccia.	
171	183				Carbonate breccia. Faintly porphyritic.	
186	200				Brecciated argillite porphyry. Weak brecciation. Fairly good pyrite in veinlets and $\frac{1}{4}$ " stringers. Light grey creamy.	
					End of hole	

DIAMOND DRILL LOG

PROJECT: Specogna Gold Prospect HOLE NO. CC 77-11 DATE September 27, 197

[illegible]

DIAMOND DRILL LOG

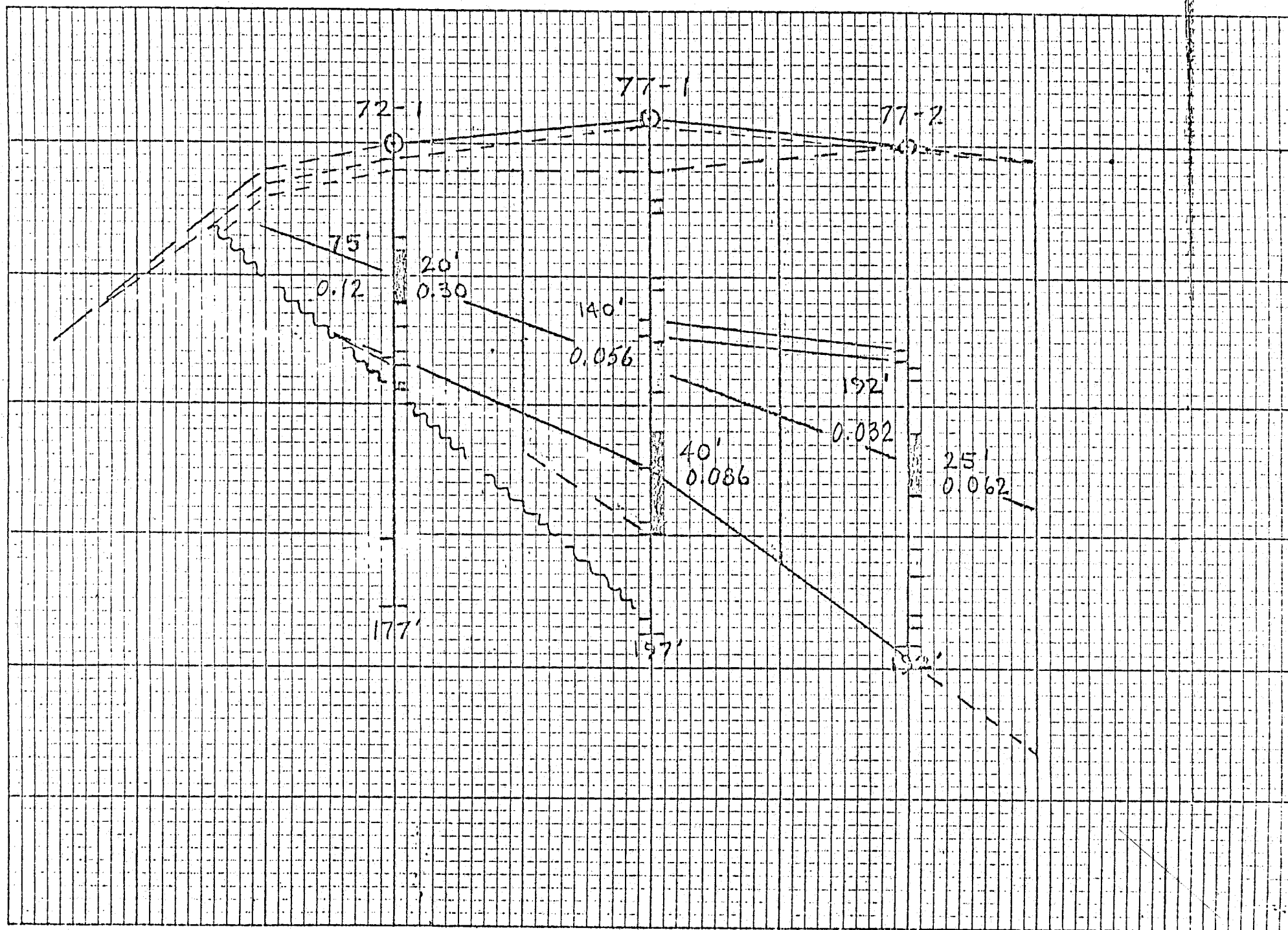
PROJECT Spaccogna Gold Prospect HOLE NO. CC 12/77 DATE _____

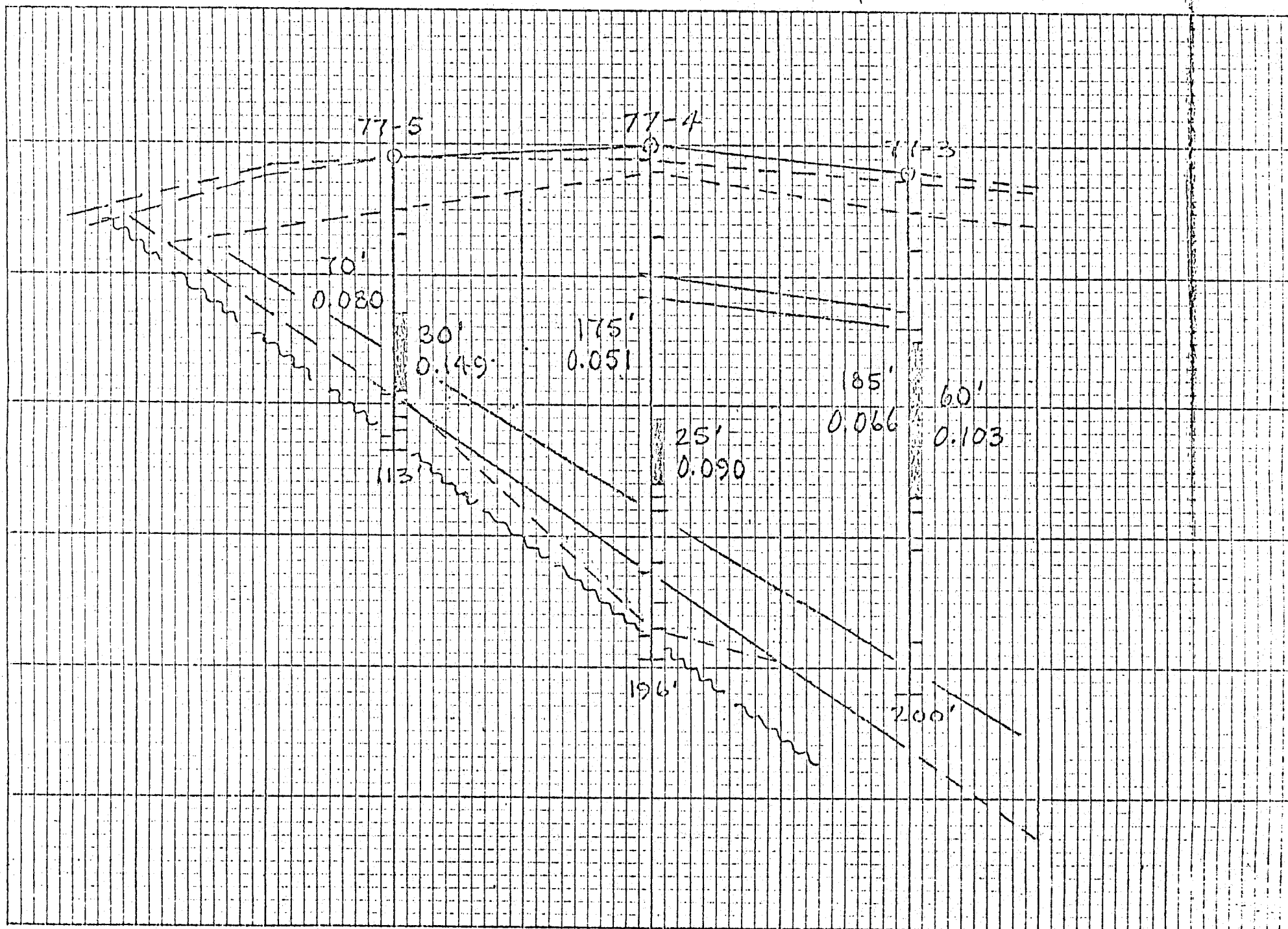
RECOVERED					DESCRIPTION
FROM	TO	INT	PT	%	
0	8				Casing - VI 8' - 10'
8	9				Massive argillite, rust seams at 9 ft.
9	13				Argillite breccia. Mud seam at 11'. Good pyr.
13	14½				Broken rusty breccia
14½	15½				Argillite breccia
15½	20½				Mixed argillite, ash, silica, very siliceous, rusty.
20½	25				Argillite breccia, siliceous, fine pyrite in places, porphyritic appearance.
25	26				Grey, silica, some fine argillite, wuggy.
26	28				Argillite breccia, siliceous, fine pyrite.
28	30				White silica, wuggy, rusty.
30	31				Argillite breccia, almost massive.
31	32				Grey, siliceous, argillite and ash inclusion.
32	43				As above
43	45½				Grey ash, seams of qtz, last 6" with arg. breccia, rusty.
45½	62				Argillite breccia, some short massive sections. Considerable rust, short quartz sections. Fair pyrite.

PROJECT: Specogna Gold Prospect HOLE NO. CC 13/77 DATE August 17/77

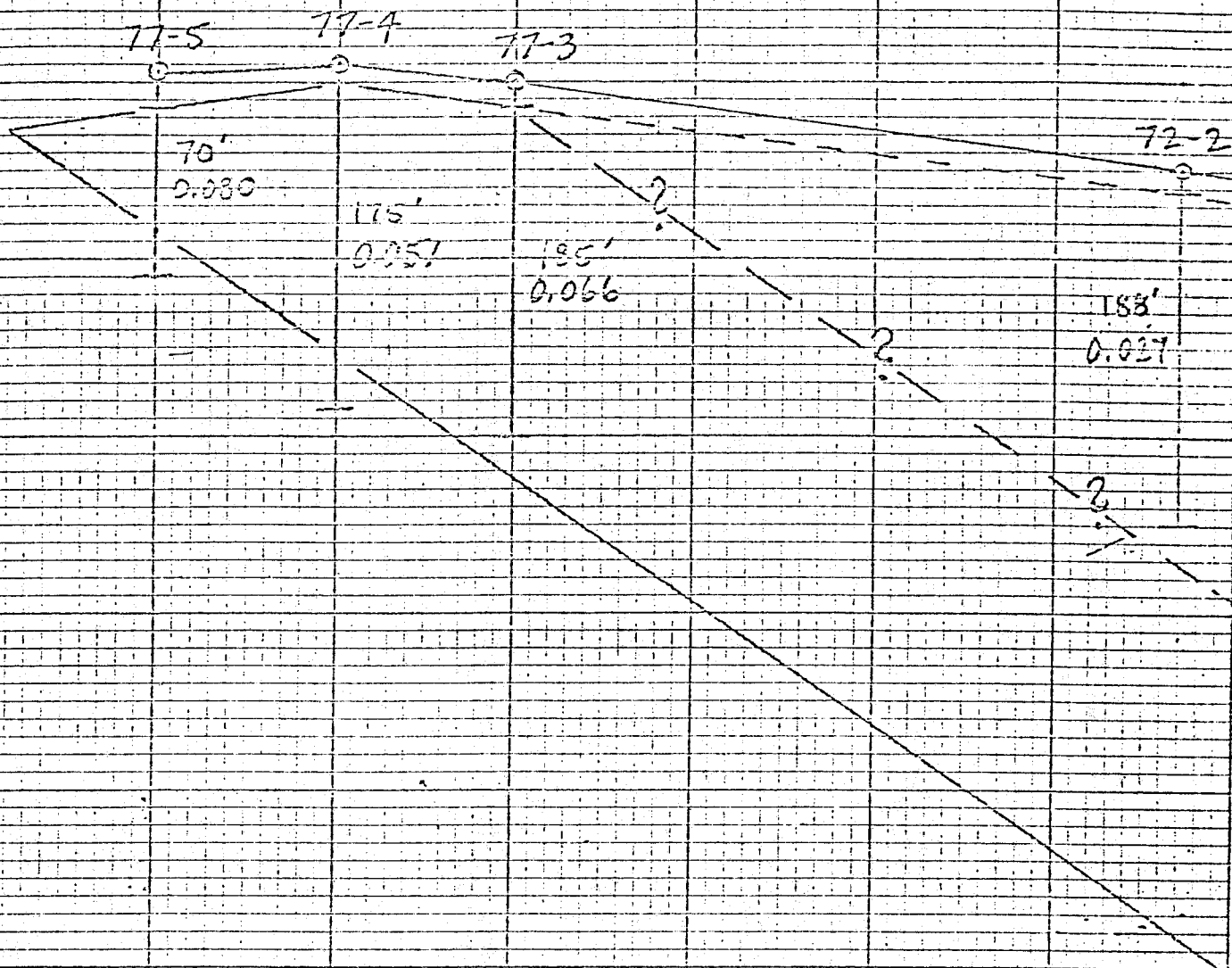
Logged by AFR

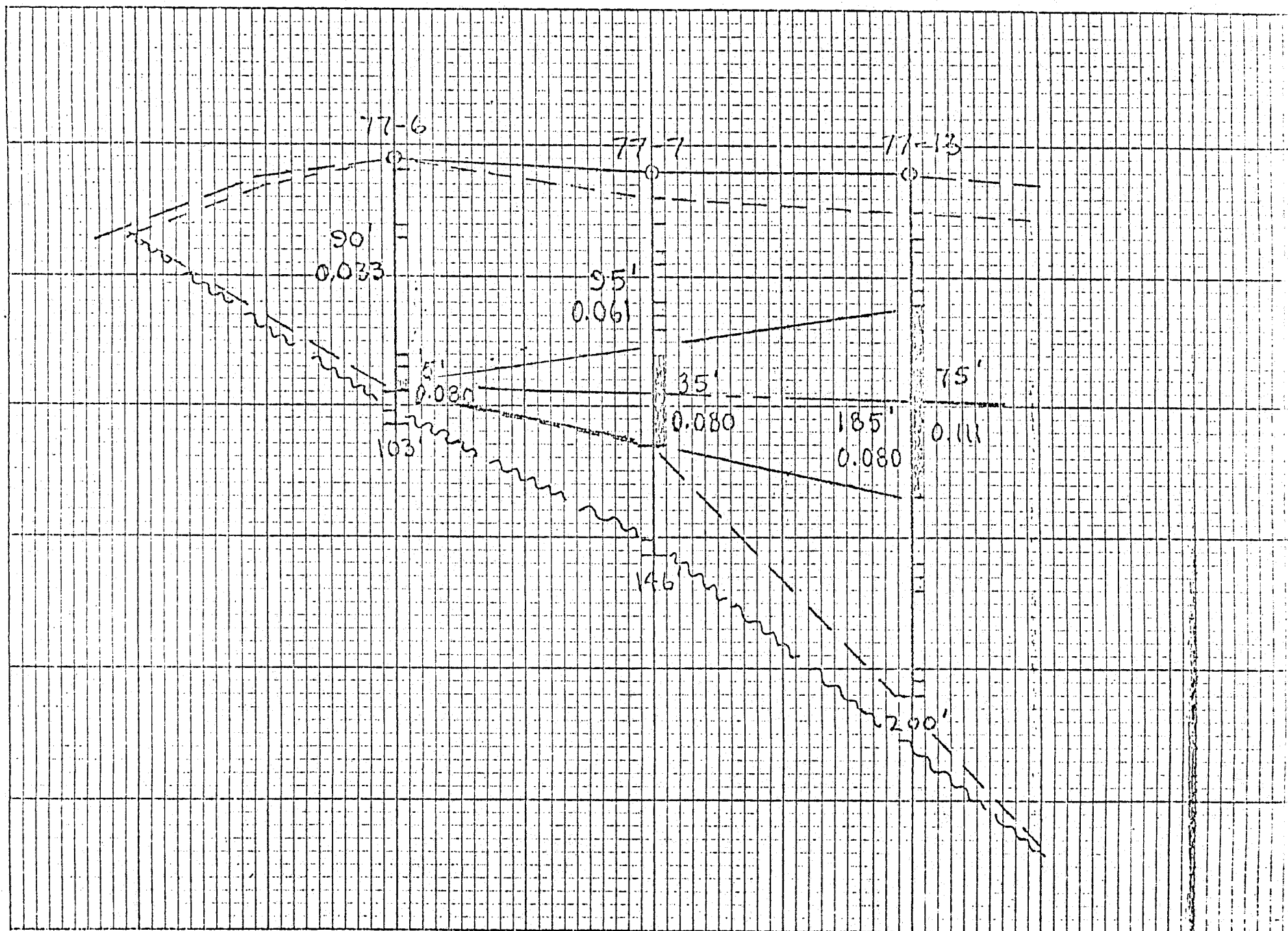
RECOVERED					DESCRIPTION	Logged by AFR
FROM	TO	DET	FT	%		
0	11				Casing - Zl 14' 20'	
11	99				Argillite breccia. Some very good pyrite	
					Short sections of ash. 14' - 18', 20'-20½',	
					few rusty breaks. 6" quartz at 34', 42',	
					32'-34', 41'. Massive at 35'-36'. Some	
					rusty frac. and vuggy at 34', 40', 41', 44',	
					48', 52'. Broken and rusty at 63', 64', 67',	
					69', 73', 82', 86-87'. Lighter coloured,	
					more ash at 51-54'. Good pyrite 95-96'.	
					Rest fair to good pyrite.	
99	100				Quartz. Argillite inclusions. Vuggy.	
100	103				Argillite, quartz stringers.	
104	114				Quartz, argillite inclusions.	
114	122				Argillite breccia, more massive.	
122	200				Generally greyish in colour, rhyolite, rhyolite	
					ash breccia, with argillite inclusions. Web	
					of fine dark lines (argillite?). Argillite	
					is pyritized, and the web of dark lines is	
					well pyritized.	

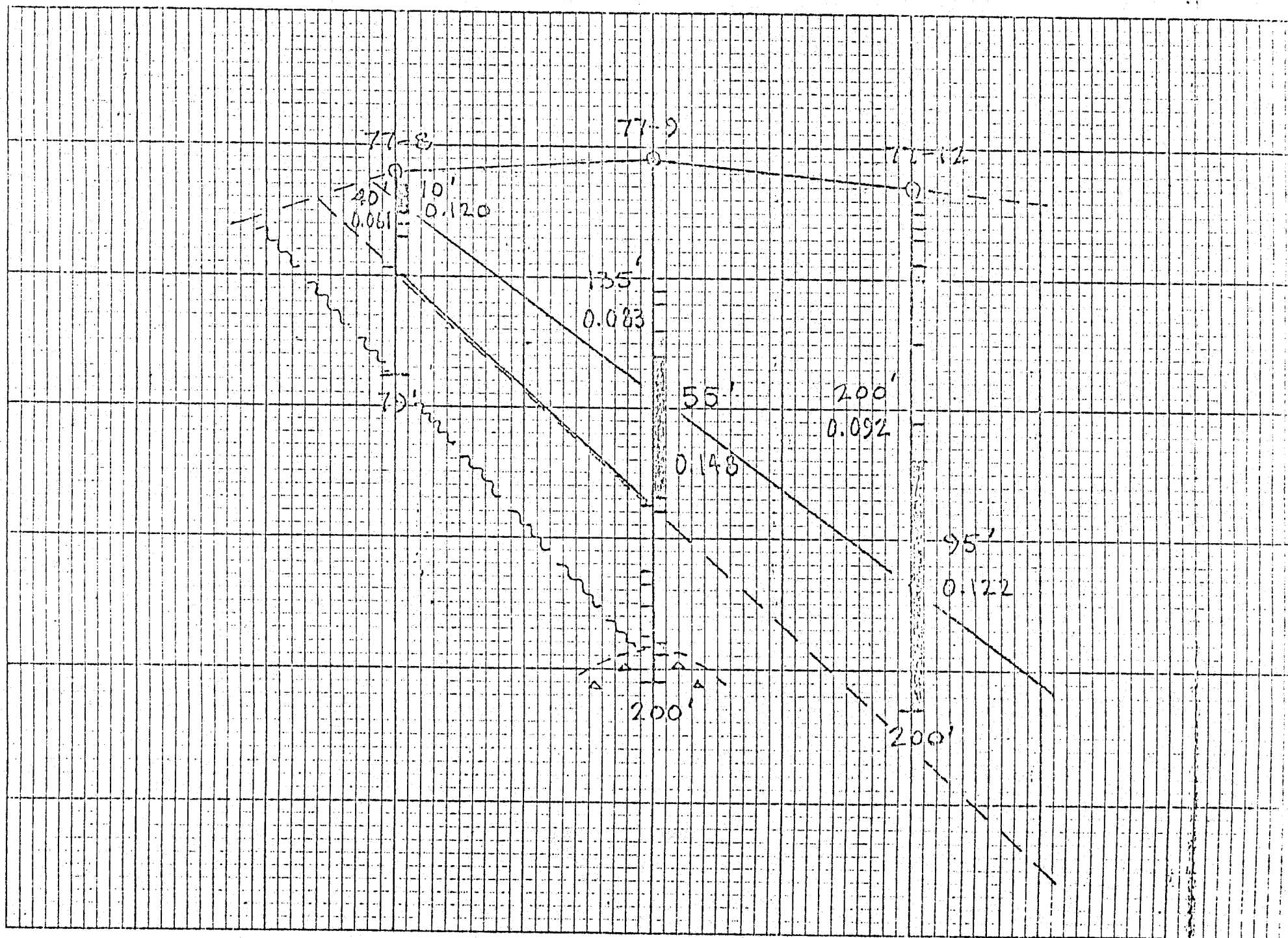


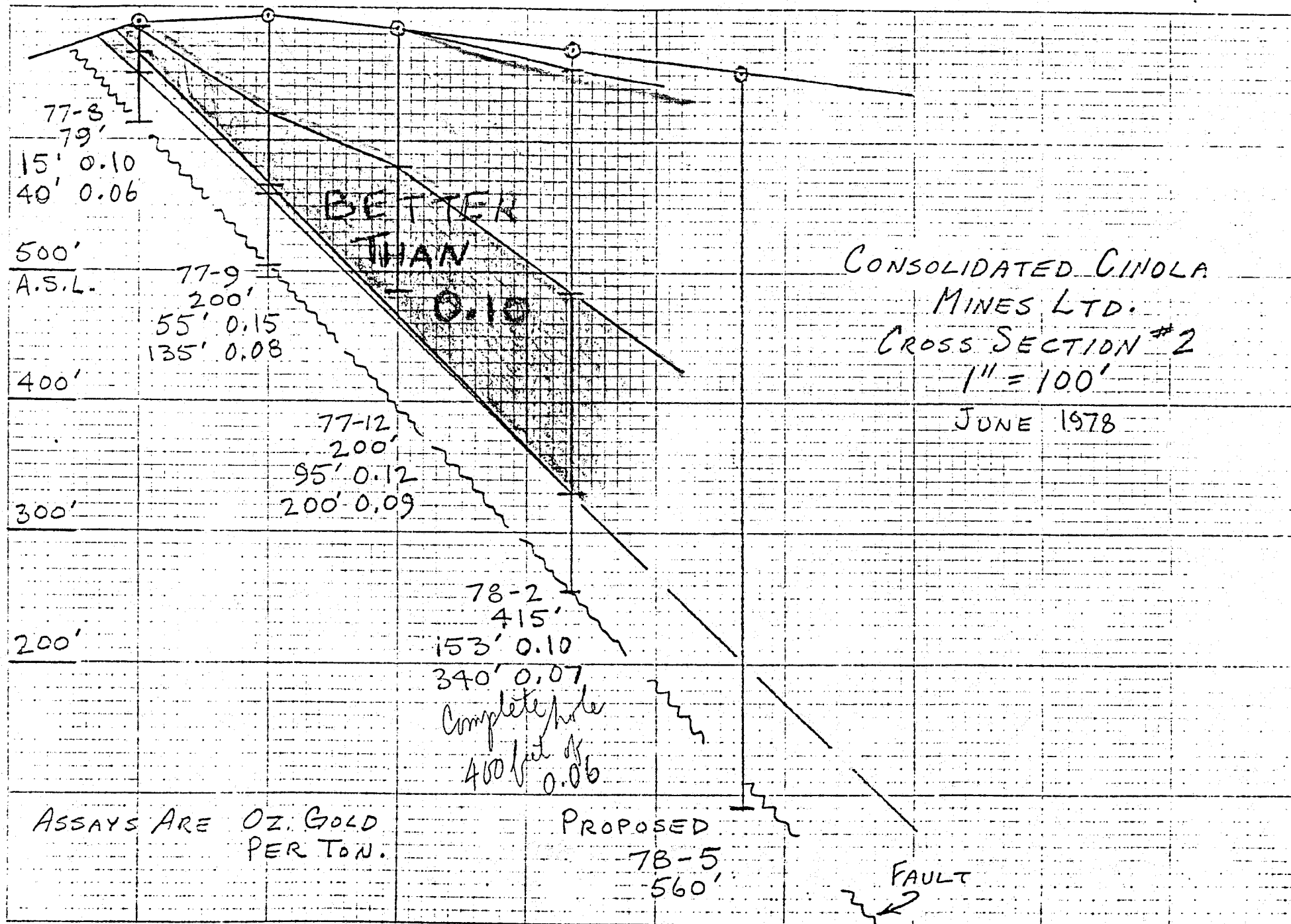


760



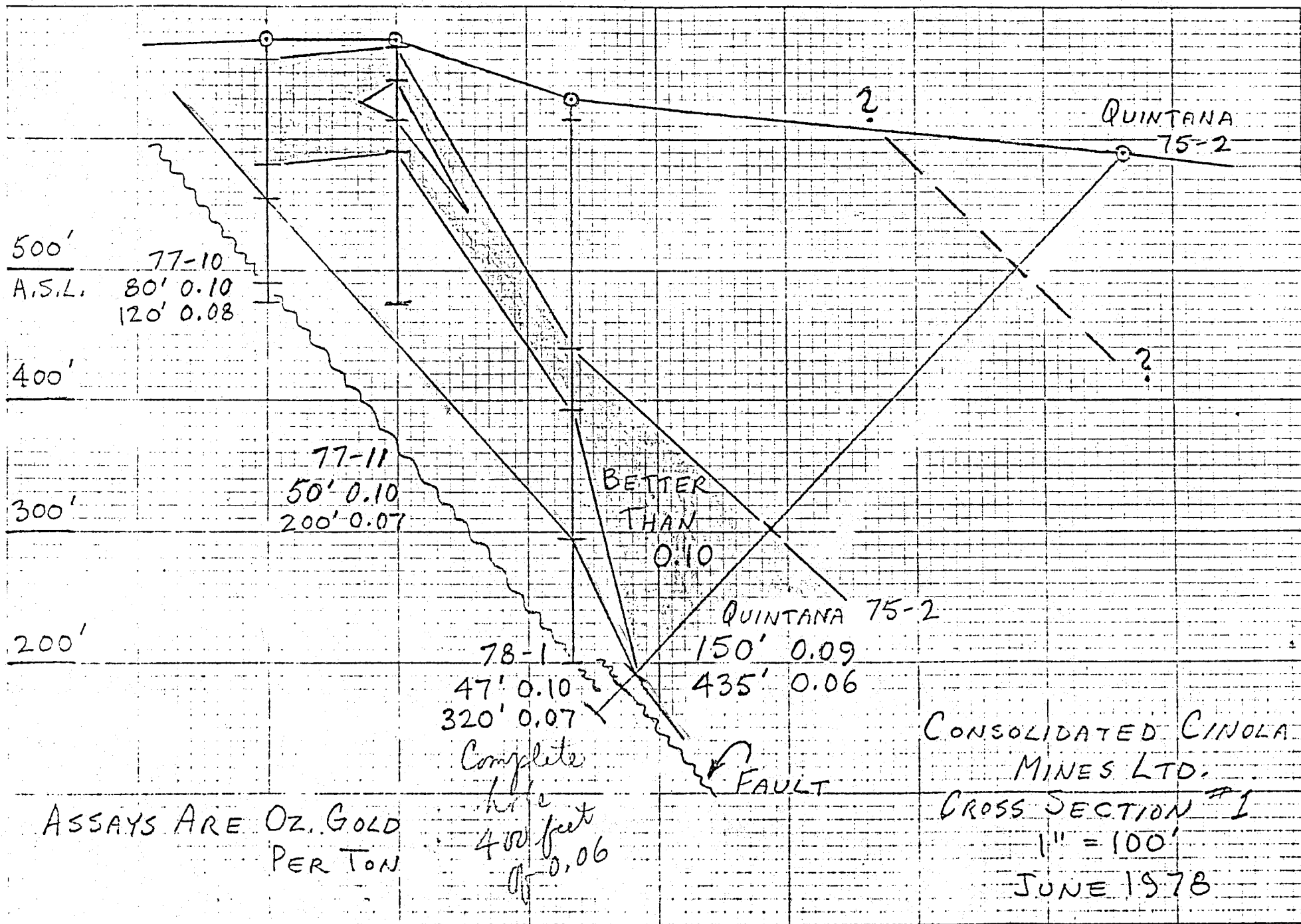


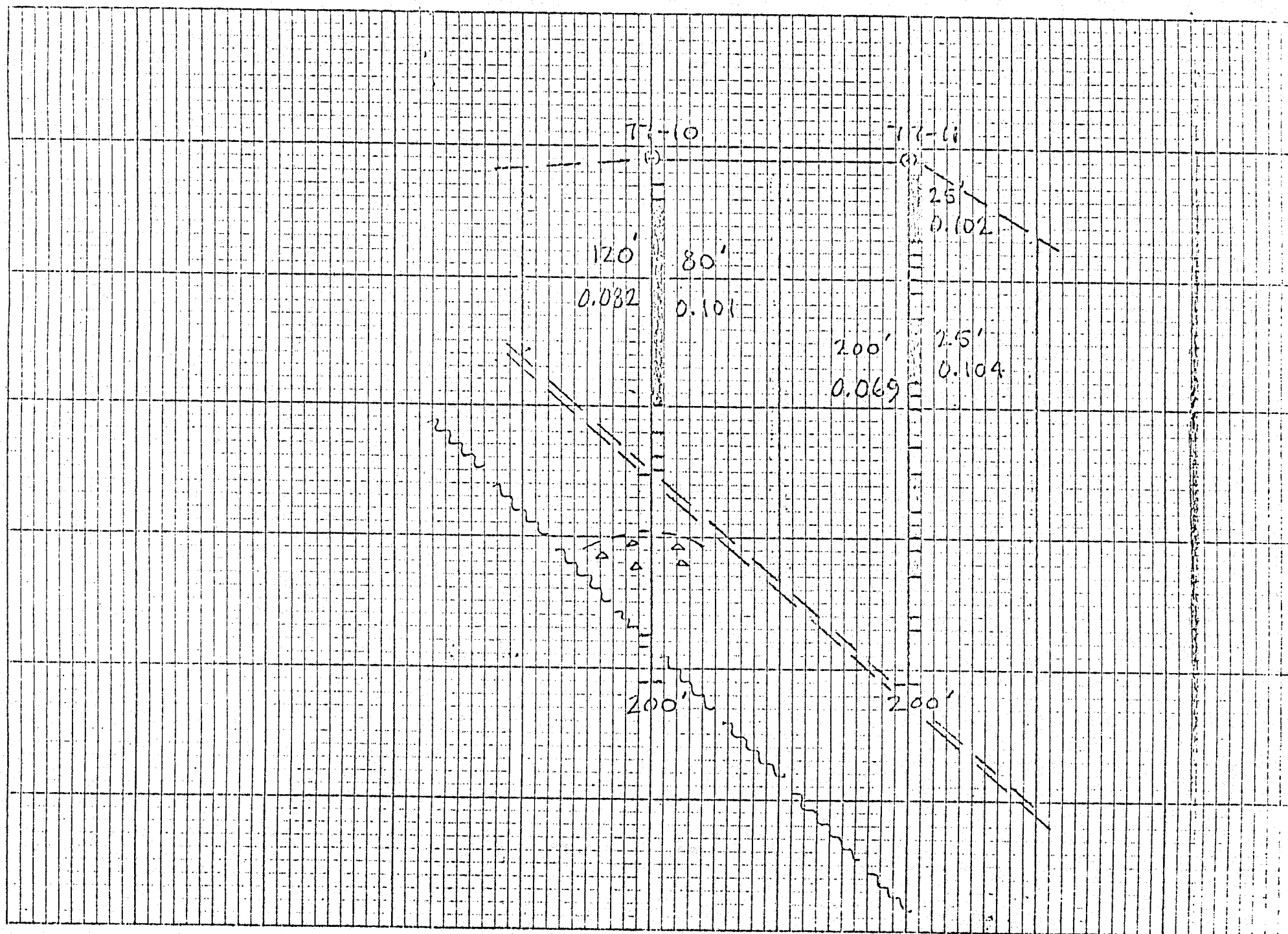


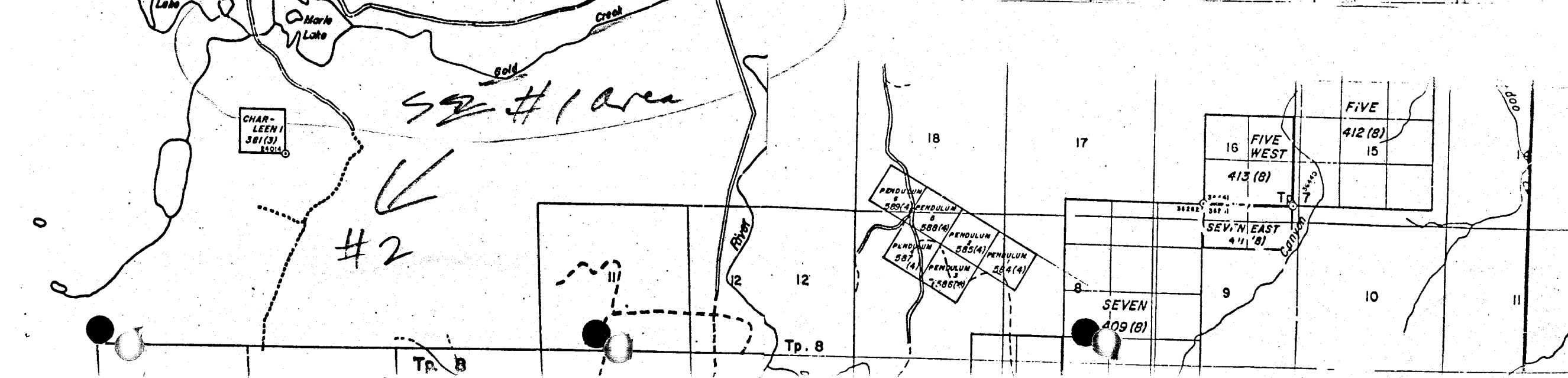
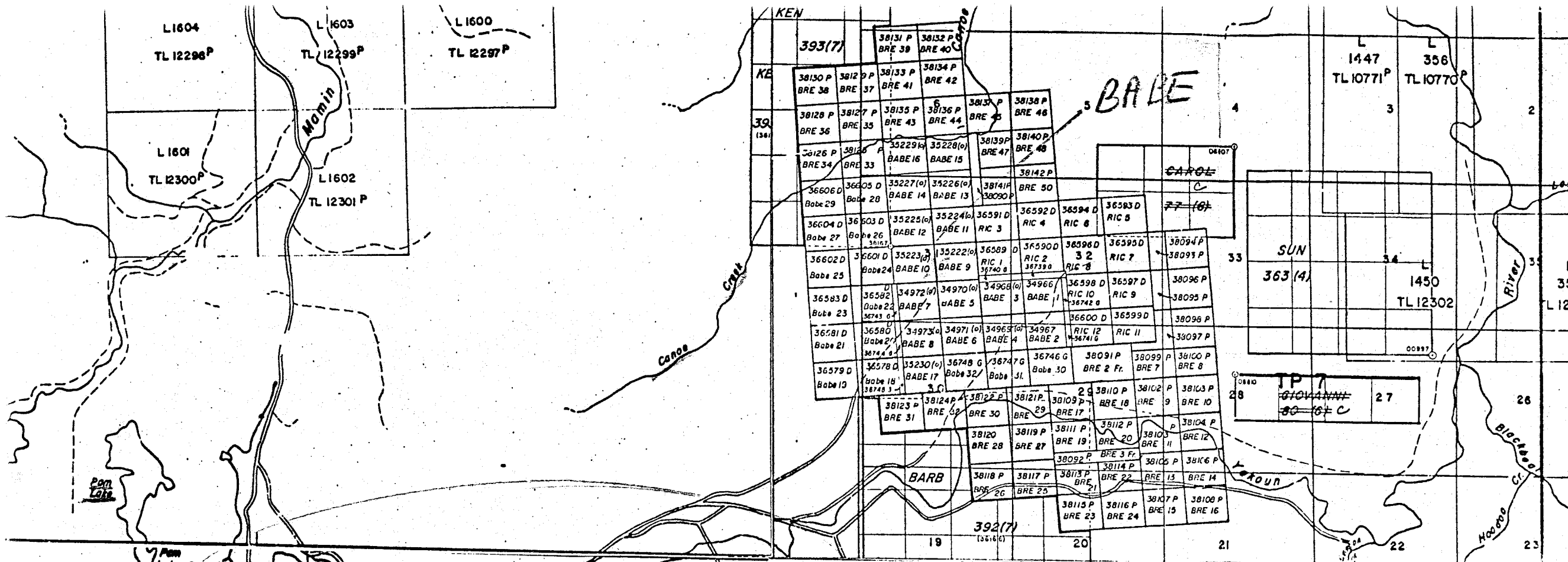


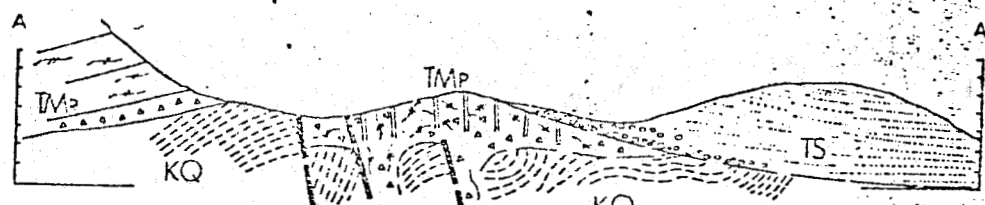
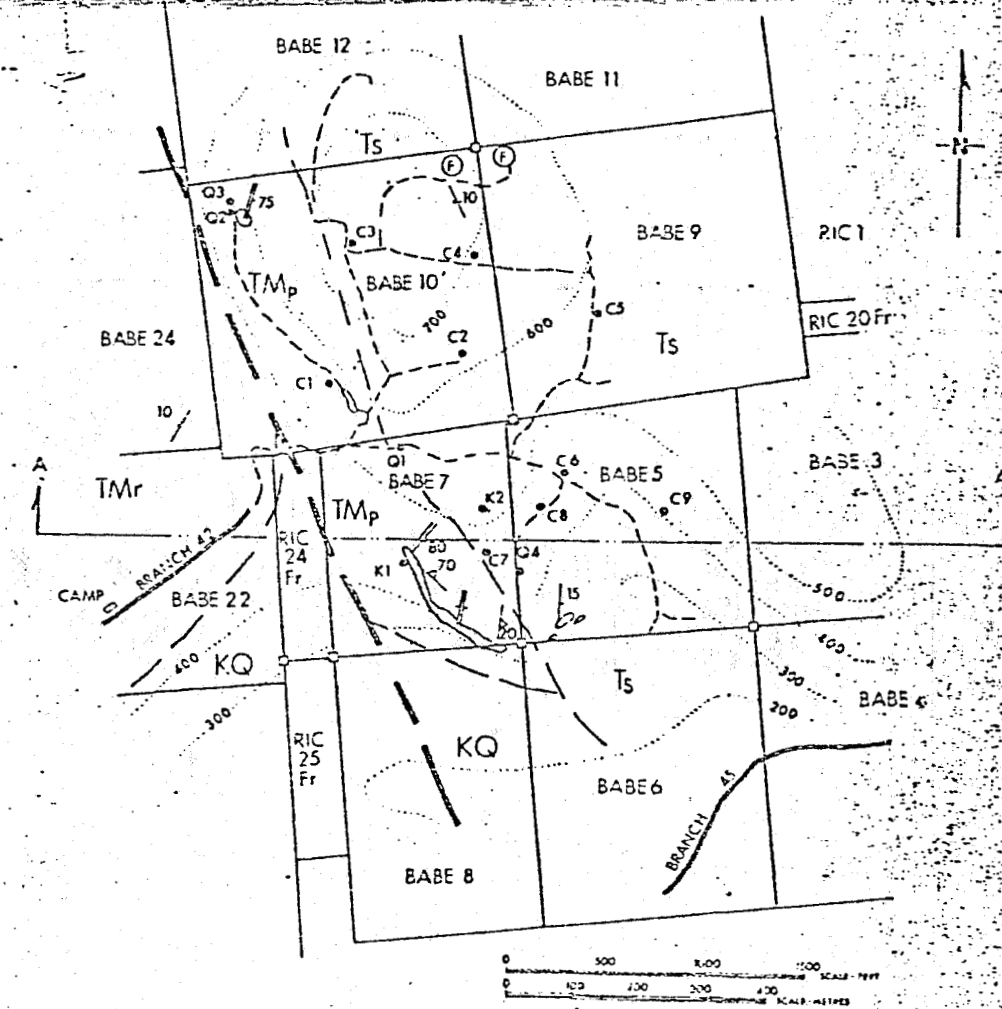
CONSOLIDATED CINOLA
MINES LTD.
CROSS SECTION #2
1" = 100'

JUNE 1978









LEGEND

- Ts SKONUN FORMATION, CONGLOMERATE, SANDSTONE
- TMr MASSET FORMATION, PORPHYRITIC RHYOLITE
- TMr MASSET FORMATION, RHYOLITE ASH FLOWS
- KQ QUEEN CHARLOTTE GROUP, ARGILLITE

SYMBOLS

- F FOSSILS
- DIAMOND-DRILL HOLE
- K - KENCO '71
- C - COMINCO '72
- Q - QUINTANA '74
- - - FLUXION STRUCTURE
- VEIN ORIENTATIONS
- CONTOURS IN FEET

Figure 12. Geological sketch map and section, Babe gold prospect.

CONSOLIDATED CINOLA MINES

VANCOUVER, B.C.

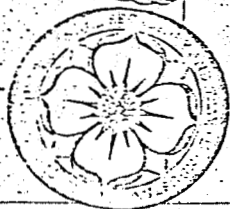
SPECOGNA GOLD PROSPECT

QUEEN CHARLOTTE ISLANDS, B.C.

GENERAL GEOLOGY MAP

Date: Oct 17 1977

Scale: As Shown



PROPERTY OF

QUEEN

OCEAN

CHARLOTTE

ISLANDS

CONSOLIDATED CINOLA MINES LTD

VANCOUVER, B.C.

SPECOGNA GOLD PROSPECT

QUEEN CHARLOTTE ISLANDS, B.C.

LOCATION MAP

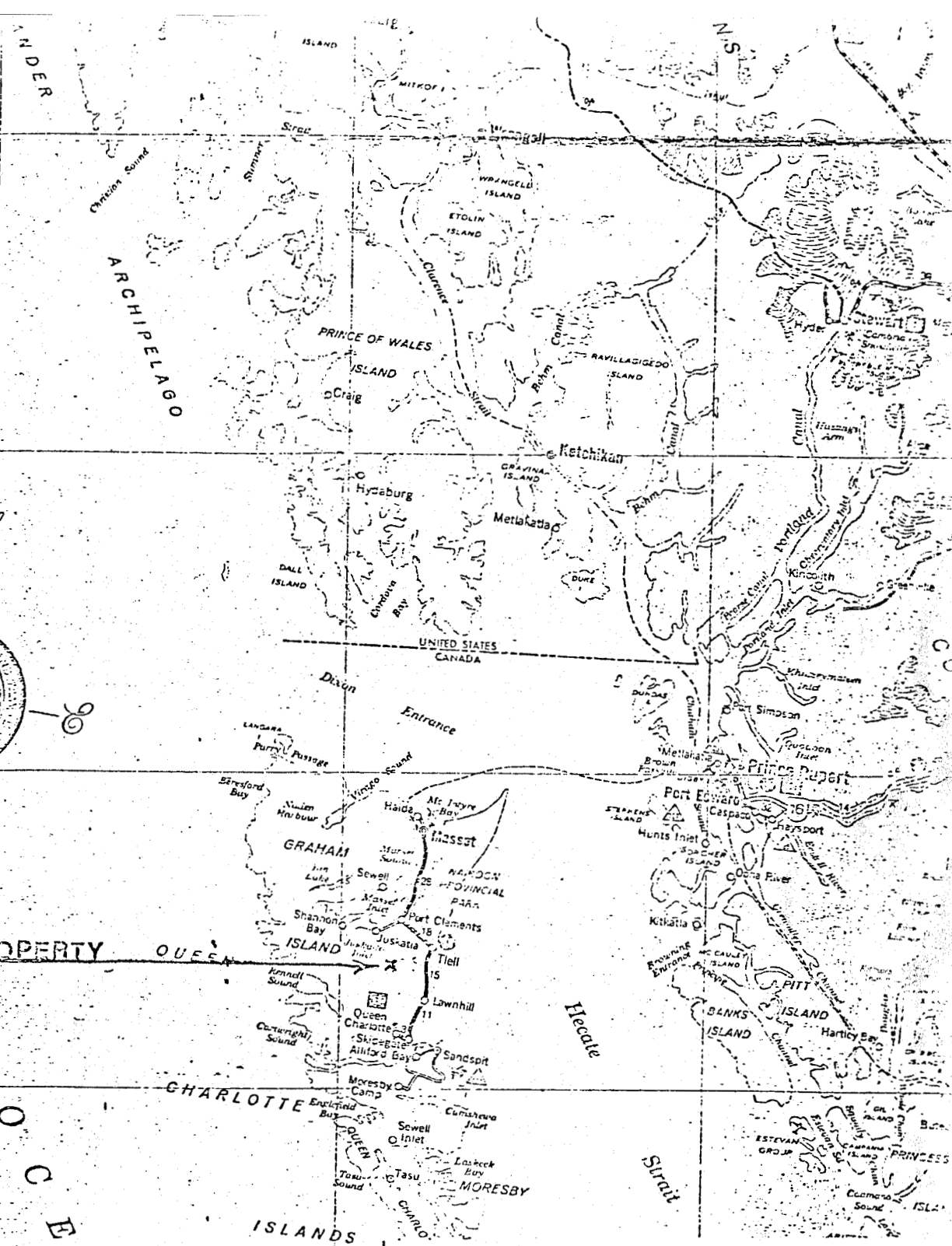
Date: Oct 17 1977

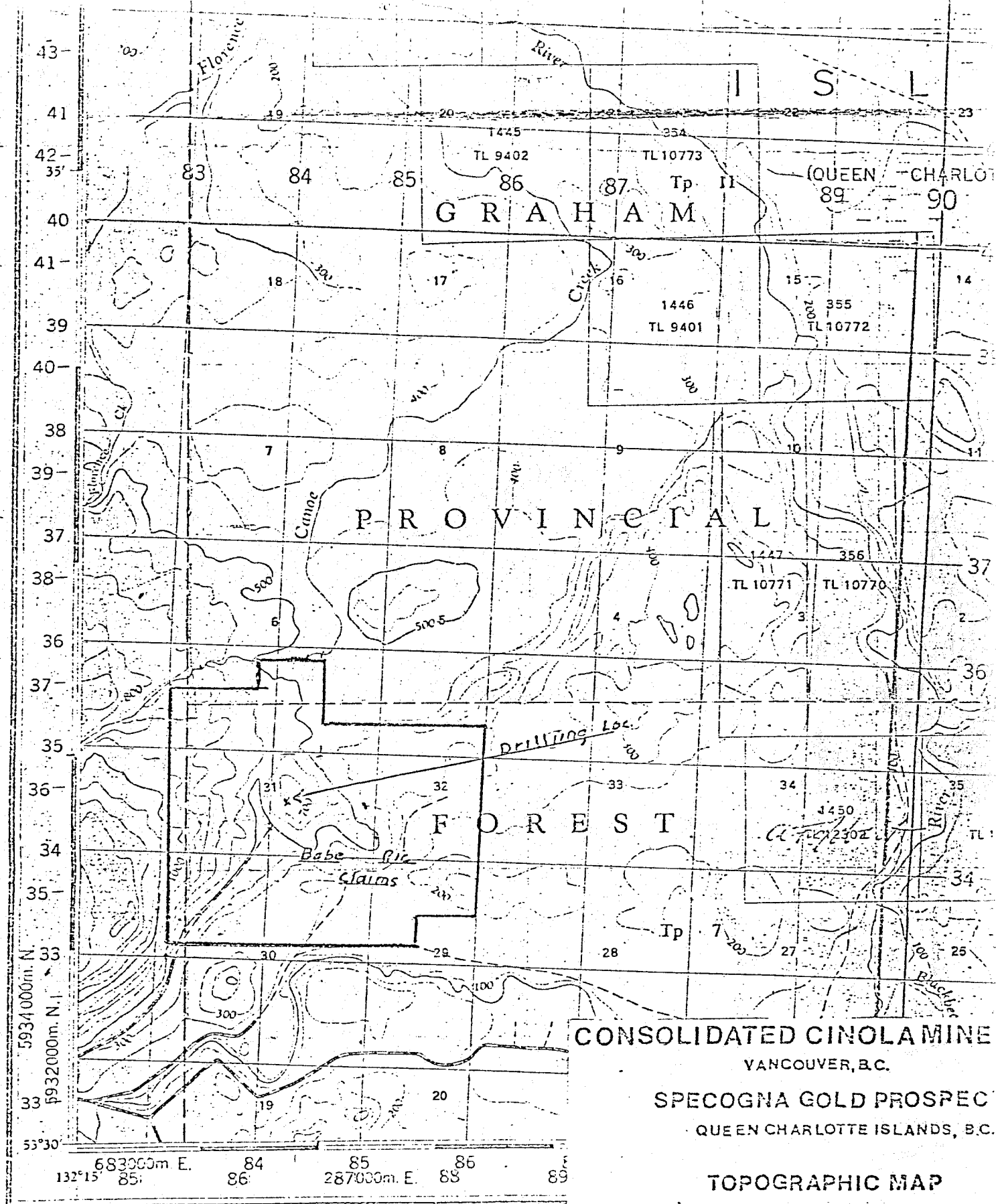
Scale: 1" = 38 mi.

Drawn by:

To Accompany Report by A F Roberts, P. Eng, dated
October 17, 1977

Summer cruises along the Pacific Coast are
operated by Royal Viking Lines: Pacific Far





Produced by the ARMY SURVEY ESTABLISHMENT, R.C.E.
 Information depicted current as of 1964. Printed 1966.
 Copies may be obtained from the Map Distribution Office,
 Department of Mines and Technical Surveys, Ottawa.

Date: Oct 17 1977

Scale: 1:50,000

Drawn by: *252*

To Accompany Report by A F Roberts, P. Eng.,
 October 17, 1977

SCALE 1:50,000



THE GOVERNMENT OF
THE PROVINCE OF BRITISH COLUMBIA

Form 12

Securities Act

Date Accepted
For Filing June 16, 1978

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
VANCOUVER CURB EXCHANGE

STATEMENT OF MATERIAL FACTS

VANCOUVER CURB EXCHANGE
Name of Exchange

CONSOLIDATED CINOLA MINES LTD. (N.P.L.)
Name of Issuer

#807-543 GRANVILLE STREET, VANCOUVER, B.C.
Address of Head Office of Issuer

1650 - 777 HORNBY STREET, VANCOUVER, B.C.
Address of Registered Office of Issuer

#807-543 GRANVILLE STREET, VANCOUVER, B.C.
Address of Records Office (Section 38 - Companies Act)
CROWN TRUST COMPANY,
455 HOWE STREET, VANCOUVER, B.C.

Name & address of Registrar & Transfer Agent
for Issuer's shares in British Columbia.

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange/Vancouver Curb Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

1. DETAILS OF THE CIRCUMSTANCES RELATING TO THE OFFERING OF SECURITIES

Consolidated Cinola Mines Ltd. (N.P.L.) ("the Issuer") has entered into an Underwriting Agreement with Canarim Investment Corporation Ltd., of 1350 - 409 Granville Street, Vancouver, British Columbia, as to 66-2/3% and Continental Carlisle Douglas Ltd., of 789 West Pender Street, Vancouver, British Columbia, as to 33-1/3% as Underwriter on the 24th day of May, 1978, wherein the said Underwriter agreed to purchase 150,000 shares at the price of 60¢ per share forthwith upon the acceptance of the Statement of Material Facts by the Vancouver Curb Exchange (which date shall be the "Effective Date") to net the Issuer \$90,000.00 and in consideration thereof the Underwriter was granted one option of 150,000 shares at 70¢ per share exercisable within 90 days from the Effective Date. The shares underwritten or purchased under the option will be for primary distribution to the public at the prevailing market price at the time of offering through the facilities of the Vancouver Curb Exchange.

Each time the Issuer's shares sell on any Stock Exchange in excess of 175% of the option price the Underwriter must immediately exercise the entire option. The Underwriter has the right of first refusal on any future financing by the Issuer within the next twelve months.

The closing bid price for the shares of the Issuer on the last trading day prior to the date of acceptance of this Statement of Material Facts was 70¢ per share; therefore, the underwritten shares are being purchased at a discount of 10¢ per share from that price.

The range of the market price of the shares of the Issuer and the volume of shares for each of the four weeks immediately preceding the Effective Date of this Statement of Material Facts on the Vancouver Curb Exchange (the only Exchange on which shares of the Issuer are traded) is as follows:-

<u>Week</u>	<u>Market Range</u>			<u>Volume</u>
	<u>High</u>	<u>Low</u>	<u>Close</u>	
May 15 - 19	70¢	63¢	70¢	20,800
22 - 26	74¢	65¢	74¢	20,000
29 - June 2	73¢	68¢	70¢	14,700
June 5 - 9	73¢	68¢	71¢	42,700

The beneficial shareholders of the Underwriter holding directly or indirectly more than 5% of the issued shares are:-

Canarim Investment Corporation Ltd.

<u>Name and Address</u>	<u>No. of Shares</u>	<u>Percentage</u>
Alfred E. Turton, 1 Lake View Square, Winnipeg, Manitoba.	24,119 Common	54%
* The MacLachlan Investments Corporation, 1350 - 409 Granville Street, Vancouver, B.C.	15,212 Common	34%
Brian D. Harwood, 1350 - 409 Granville Street, Vancouver, B.C.	5,625 Common	12%

* Peter Brown of 1350 - 409 Granville St., Vancouver, B.C., is the sole shareholder of The MacLachlan Investments Corporation.

Continental Carlisle Douglas Ltd.

<u>Name and Address</u>	<u>No. of Shares</u>	<u>Percentage</u>
Angus I. MacPhail, 600 - 789 West Pender St., Vancouver, B.C.	256 Common	25.5%
G. Robert Fay, 600 - 789 West Pender St., Vancouver, B.C.	256 Common	25.5%
Douglas A. Scammell, 600 - 789 West Pender St., Vancouver, B.C.	122 Common	12.25%

Continental Carlisle Douglas Ltd. (Cont)

<u>Name and Address</u>	<u>No. of Shares</u>	<u>Percentage</u>
John N. Carlisle, 600 - 789 West Pender St., Vancouver, B.C.	61 Common	6.125%
David J. Douglas, 600 - 789 West Pender St., Vancouver, B.C.	61 Common	6.125%
Thomas L. Taylor, 600 - 789 West Pender St., Vancouver, B.C.	61 Common	6.125%
Dean Duggan, 600 - 789 West Pender St., Vancouver, B.C.	61 Common	6.125%
J. Arthur Charpentier, 600 - 789 West Pender St., Vancouver, B.C.	60 Common	6.125%
Richard J. Broad, 600 - 789 West Pender St., Vancouver, B.C.	61 Common	6.125%
Continental Securities Corporation (1971) Ltd., 600 - 789 West Pender St., Vancouver, B.C.	15,075 Preferred	49.15%
Carlisle Douglas Adam & Co. Ltd., 600 - 789 West Pender St., Vancouver, B.C.	15,595 Preferred	50.85%

The number and percentage of the issued and outstanding securities of each class of the Issuer beneficially owned, directly

or indirectly by promoters, directors, senior officers and persons holding 10% or more of the issued shares, as a group, are as follows:

<u>Number of Shares</u>	<u>Percentage</u>
523,625	20.4%

During primary distribution of this offering Canarim Investment Corporation Ltd. and Continental Carlisle Douglas Ltd. may be considered the market makers; and otherwise the President of Consolidated Cinola Mines Ltd. (N.P.L.), Kenneth Sanders, is the market maker of the Issuer. The number of shares controlled by the market makers is 282,750 (Kenneth Sanders).

2. PARTICULARS CONTRIBUTING TO THE SPECULATIVE NATURE OF THE SECURITIES BEING OFFERED

The property of the Issuer on which part of the proceeds from the sale of the securities offered by this Statement of Material Facts are to be spent, is without a known body of commercial ore and the proposed programme is an exploratory search for ore.

The shares of the Issuer must be considered speculative securities as the Issuer's mining properties are in the exploration and development stage.

The mineral properties of the Issuer other than the Midnight Crown Grant are held by location under the Mineral Act and have not been surveyed, and accordingly their precise boundaries may be in doubt.

3. DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL CHANGES IN THE AFFAIRS OF THE ISSUER

An Application for acceptance of the following Agreement by the Vancouver Curb Exchange has not been accepted for filing. The Agreement provides for the issuance to Sand Mines Ltd. of

200,000 treasury shares subject to such restrictions as the Vancouver Stock Exchange and the Office of the Superintendent of Brokers shall determine for the mutual rescission of that certain Agreement made between Sand Mines Ltd. and the Issuer and dated November 6th, 1974, for the mining of the Issuer's Rossland Properties and for the acquisition by the Issuer of the XL Fraction mineral claim as well as certain mill equipment and the absolute assignment of an Option Agreement to acquire certain Crown Granted mineral claims at Rossland, B.C., adjoining the Midnight Crown Granted mineral claim of the Issuer, namely:-

All minerals precious and base (save coal) in or under Lots 1215, 1216, 1217, 1943 and 2675, Kootenay District respectively known as "Little Dallas", "June", "Golden Butterfly", "Golden Butterfly Fraction" and "O.K. Fraction" mineral claims.

There remains outstanding and payable under the said Option to George E. Gilmor, Foreman, and Mary Campbell, Housewife, and Elizabeth S. Gilmor, Housewife, all of Trail, B.C., the following payments:

On or before August 1, 1978	-	\$5,000.00
On or before November 1, 1978	-	\$7,000.00

These mineral claims have little mineral potential but together with the XL Fraction afford security of access to the mill site at Rossland, B.

A concurrent application for approval to the transfer within escrow of 80,000 shares to Angelo Tosi of 624 Main Street, Vancouver, B.C., from Sand Mines Ltd., was contingent upon approval of the afore-said Agreement between the Issuer and Sand Mines Ltd.

It is the opinion of the Directors that the November 6th, 1974, Agreement with Sand Mines Ltd. gives no rights to Sand Mines Ltd. to the Queen Charlotte properties, because the terms of payment to the Issuer thereunder renders the applicability of the Agreement to the Queen Charlotte properties fully unworkable.

The owners of more than 5% of the issued shares of Sand Mines Ltd. are as follows:

Rock B. Rycroft, of 112M-1200 Howie Ave., Coquitlam, B.C.	51%
Kabalarian Philosophy, of 908 West 7th Ave., Vancouver, B.C.	30%

4. THE ESTIMATED NET PROCEEDS OF THE ISSUER ARE TO BE SPENT IN THE FOLLOWING MANNER:

The net proceeds of this Underwriting in the sum of \$90,000.00 will be used as follows:-

(a) Defray cost of Engineering Budget of A.F. Roberts, P. Eng., pursuant to an Engineering Report of October 17, 1977, as amended by Addendum dated May 9, 1978	\$ 60,000.00
(b) Accounts payable (trade)	\$ 5,811.04
(c) Directors' advances	\$ 14,635.60
(d) General corporate purposes	\$ 9,553.36

The proceeds from the exercise of the option will be held for further development as may be recommended by a future Engineering Report.

No funds will be spent on any property without filing an acceptable up-dated Engineering Report with the Vancouver Stock Exchange.

5. THE FULL NAME, HOME ADDRESS AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE ISSUER BENEFICIALLY OWNED, DIRECTLY AND INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE ISSUER AND IF EMPLOYED DURING THE PAST FIVE YEARS THE NAME OF EACH EMPLOYER

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>No. of Shares of Issuer Beneficially Owned</u>
Kenneth George Sanders, 1940 Limerick Place, North Vancouver, B.C. President and Director.	Geologist - Self-employed	282,750
William Thompson, #109 - 7180 Linden Ave., Burnaby, B.C. Secretary and Director.	Director and Past President of Consolidated Cinola Mines Ltd. (N.P.L.)	99,250
Ivon Shearing, 1160 West 10th Ave., Vancouver, B.C. Director.	President and Administrator - Kabalarian Philosophy	131,625
John Patrick McGoran, 3091 West 3rd Ave., Vancouver, B.C. Director.	Geologist - Self-employed	10,000
Allan Morrow, 648 East 2nd St., North Vancouver, B.C. Director.	B.C. Telephone Company Technician.	Nil

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER

The Issuer was incorporated on February 7th, 1962, under Certificate No. 52,623 as Cinola Mines Ltd. (N.P.L.) and consolidated its capital one for two on the 10th January, 1973, at which time its name was changed to Consolidated Cinola Mines Ltd. (N.P.L.).

The last Annual Report of the Issuer was filed with the Registrar of Companies on May 18th, 1978, and all filings required

to be made under the Securities Act and Companies Act of the Province of British Columbia are up-to-date.

The Issuer's last prepared audited financial statements are as of the year ended December 31st, 1977, and on the 6th April, 1978, the Issuer's audited financial statements were mailed to all shareholders and the 1978 General Meeting was held on the 28th day of April, 1978.

The Issuer is primarily engaged in the business of exploring and developing natural resource properties.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE ISSUER

The authorized capital of the Issuer consists of 5,000,000 shares without par value, of which there are issued on the date hereof 2,560,226 shares as fully paid. The Issuer's capital was consolidated on January 10th, 1973, on a one for two share basis. 187,306 shares of the Issuer are held in reserve for exchange for unconsolidated shares.

8. THE PRICES AT WHICH SECURITIES OF THE ISSUER HAVE BEEN ISSUED DURING THE PAST YEAR

During the past year, 400,000 treasury shares have been issued at a price of 16½¢ per share, and 300,000 shares at 35¢ per share. 225,000 shares were allotted and issued to Kenneth Sanders under the Specogna Agreement, the first 75,000 of which at a deemed price of 15¢ per share and the succeeding 150,000 shares at a deemed price of 50¢ per share.

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF THE ISSUER

No bonds, debentures, notes, mortgages, charges, liens or hypothecations have been made or issued by the Issuer.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED, HELD UNDER OPTION OR OPERATED BY THE ISSUER OR ANY SUBSIDIARY THEREOF
-

Rossland Property

The Issuer owns outright the Midnight Crown Granted Mineral Claim, Lot 1186, one mile west of the City of Rossland. This property was under development by Sand Mines Ltd. over two years and is currently shut down. The Claim was being developed by Sand Mines Ltd. pursuant to an Agreement in writing dated November 6th, 1974, providing for the payment by Sand Mines Ltd. to the Issuer of 20% net smelter returns. It is intended to leave the Midnight Claim dormant other than making payment of current taxes, without prior approval being sought from the Vancouver Curb Exchange.

Queen Charlotte Properties

The Issuer holds by assignment the Agreement dated April 7th, 1977, between Kenneth G. Sanders, Professional Engineer, of 1940 Limerick Place, North Vancouver, B.C., and Efrem Specogna of 161 Centenary Drive, Nanaimo, B.C., which is an option to acquire the following Mineral Claims:

BABE	1	-	8	#34966/973
BABE	9	-	17	#35222/35230
BABE	18	-	23	#36578/36583
BABE	24	-	29	#36601/606
BABE	30	-	31	#36746/47
BABE	32			#36748
RIC	1	-	12	#36589/600
RIC	20	-	26 Fr.	#36739/745

all of which mineral claims are situate in the Skeena Mining Division in the Province of British Columbia.

In the past year the Issuer has established a base camp on the Queen Charlotte properties for accommodation for 6 men, improved existing roads and conducted a BQ surface diamond drilling programme of approximately 3,000 feet in 15 holes to the approximate cost of \$70,000.00.

11. PARTICULARS OF THE COST OF PROPERTIES ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF WITHIN THE PAST THREE YEARS OR PROPOSED TO BE ACQUIRED BY THE ISSUER OR ANY SUBSIDIARY THEREOF

By Agreement between Kenneth Sanders of North Vancouver, B.C., and Efrem Specogna of Nanaimo, B.C., dated April 7th, 1977, the full price for the Queen Charlotte Properties is \$1,000,000.00 with a down payment of \$7,500.00 and \$7,500.00 quarterly until January 15, 1979, then \$10,000.00 quarterly until January 15, 1980, then \$25,000.00 quarterly until January 15, 1981, then \$50,000.00 quarterly until the balance of the \$1,000,000.00 be paid (Mr. Sanders has made the \$15,000.00 first two payments). There is further provision for the purchase price being reduced to the sum of \$450,000.00 if paid fully by April 7th, 1979. The total amount paid to date under the Specogna Agreement is \$37,500.00

Efrem Specogna staked this property seven years ago and there has been approximately \$500,000.00 spent on exploration of the property to date.

Mr. Sanders by Agreement dated April 28th, 1977, has agreed to assign this Option Agreement to the Issuer for \$15,000.00 cash and 300,000 shares in the capital stock of the Issuer.

225,000 of such shares have been allotted and issued and the remaining 75,000 shares may be allotted 270 days after May 2nd, 1977, upon filing acceptable up-dated Engineering Report.

The 300,000 shares representing part of the consideration herein will not be sold until the approval of the Vancouver Stock Exchange and Superintendent of Brokers is obtained and the shares are qualified for sale.

All allotments and issue of shares in the aforesaid schedule will require the prior approval of the Vancouver Stock Exchange.

12. THE NAME AND ADDRESS OF ANY PERSON OR COMPANY WHO OR THAT IS OR HAS BEEN A PROMOTER OF THE ISSUER WITHIN THE PRECEDING TWO YEARS AND THE NATURE AND AMOUNT OF ANYTHING OF VALUE RECEIVED OR TO BE RECEIVED FROM THE ISSUER

Kenneth Sanders, P. Eng., President of the Issuer, may be considered the promoter of the Company. Nothing of value has been received by him other than the following:-

Kenneth Sanders, P. Eng., President of the Issuer has received a payment of \$1,550.00 for engineering field work during the past year. Under his Agreement of April 28th, 1977, the Company has repaid Mr. Sanders the \$15,000.00 he had paid to Efrem Specogna and issued 225,000 treasury shares to him

13.

THE NUMBER OF THE SHARES OF THE ISSUER HELD IN ESCROW
OR IN POOL AND A BRIEF STATEMENT OF THE TERMS OF THE
ESCROW OR POOLING AGREEMENTS

Certificates representing 276,874 shares are held in escrow and 221,335 shares are held in pool by Crown Trust Company of 455 Burrard Street, Vancouver, B.C., all subject to the release with the written consent of the Superintendent of Brokers and the Vancouver Stock Exchange. These shares cannot be traded or dealt with in any manner without the consent of the Vancouver Stock Exchange.

14.

THE NUMBER OF EQUITY SHARES OF THE ISSUER OWNED
BENEFICIALLY, DIRECTLY OR INDIRECTLY, BY EACH
PERSON OR COMPANY WHO OWNS, OR IS KNOWN BY THE
SIGNATORIES HERETO TO OWN BENEFICIALLY, DIRECTLY
OR INDIRECTLY, MORE THAN 10% OF THE EQUITY SHARES
OF THE ISSUER

Name and Address

No. of Shares

Kenneth George Sanders,
1940 Limerick Place,
North Vancouver, B.C.

282,750

15. A BRIEF STATEMENT OF ANY LEGAL PROCEEDINGS TO WHICH THE ISSUED OR ANY OF ITS SUBSIDIARIES IS A PARTY OR WHOSE PROPERTY IS THE SUBJECT OF SUCH PROCEEDINGS

Federated Mining Corporation Ltd. (N.P.L.) ("Federated") has commenced an action against the Issuer, which is disputed on the basis that Federated has defaulted under an earlier participation agreement in connection with the Rossland property. There has been no step taken by the Plaintiff in this connection for more than five years.

16. THE AGGREGATE DIRECT OR INDIRECT REMUNERATION PAID OR PAYABLE BY THE ISSUER AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE ISSUER

There has been no remuneration, directly or indirectly, paid or payable by the Issuer or any subsidiary to any Insider, other than the payments detailed in Item 12 herein.

17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREIN

There is no option to purchase securities of the Issuer outstanding.

18. THE DATES OF AND PARTIES TO AND THE GENERAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE ISSUER OR ANY SUBSIDIARY WITHIN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

There are no contracts of any materiality entered into by the Issuer within the above two years not disclosed herein. All Agreements referred to herein may be examined until a period of 30 days after the completion of the primary herein at the Registered Office of the Company at #1650 - 777 Hornby Street, Vancouver, B.C., during the hours of 9 a.m. to 4 p.m., upon reasonable notice.

19. PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

None

CONSOLIDATED CINOLA MINES LTD. (N.P.L.)

Balance Sheet as at December 31, 1977

(with comparative figures as at December 31, 1976)

	<u>December 31,</u> <u>1977</u>	<u>December 31,</u> <u>1976</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash	\$ 5,372.30	\$ 10.89
Accounts Receivable	7,257.30	1,000.00
Prepaid Expenses	7,060.16	-
	<u>\$ 19,689.76</u>	<u>\$ 1,010.89</u>
<u>Mining Properties: (Note 1)</u>		
Mineral Claims, at cost	\$ 171,250.00	\$ 100,000.00
<u>Buildings and Equipment, at cost</u>	<u>\$ 59,450.39</u>	<u>\$ 50,083.03</u>
<u>Deferred Expenses:</u>		
Exploration, Development and		
Administration - Schedule 1	\$ 572,186.61	\$ 492,931.52
Incorporation	2,000.00	2,000.00
	<u>\$ 574,186.61</u>	<u>\$ 494,931.52</u>
<u>TOTAL</u>	<u>\$ 824,576.76</u>	<u>\$ 646,025.44</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Salaries & Wages	\$ -	\$ 13,754.40
Accounts payable	16,653.51	28,052.04
Loans	1,500.00	2,410.00
	<u>\$ 18,153.51</u>	<u>\$ 44,216.44</u>
<u>Loan from shareholder</u>	<u>\$ -</u>	<u>\$ 3,800.00</u>
<u>Capital:</u>		
Authorized: 5,000,000 shares, no par value		
Issued: 2,485,225 shares	\$ 934,196.25	\$ 725,782.00
<u>Deficit</u>	<u>\$ (127,773.00)</u>	<u>\$ (127,773.00)</u>
<u>TOTAL</u>	<u>\$ 824,576.76</u>	<u>\$ 646,025.44</u>

Signed on behalf of the
Board of Directors.

J. D. Sanders Director

John Thompson Director

This is the Balance Sheet referred to
in our report dated March 30th, 1978.

GOODMAN & CO.

Le Sueur Co
Certified General Accountants

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED CINOLA MINES LTD. (N.P.L.)

Notes to Financial Statements of December 31, 1977

1. Mining Properties:

Rossland Property

The Company owns outright the "Midnight" crown granted mineral claim.

Queen Charlotte Properties

By Agreement dated April 7th, 1977, Kenneth G. Sanders, obtained from Efrem Specogna an option to acquire Mineral Claims situate in the Skeena Mining Division in the Province of British Columbia.

The full price for the Queen Charlotte Properties is \$1,000,000.00 with a down payment of \$7,500.00 and \$7,500.00 quarterly until January 15, 1979, then \$10,000.00 quarterly until January 15, 1980, then \$25,000.00 quarterly until January 15, 1981, then \$50,000.00 quarterly until the balance of the \$1,000,000.00 be paid. There is provision for the purchase price being reduced to the sum of \$350,000.00 if paid fully by April 7th, 1978, or \$450,000.00 by April 7th, 1979.

Mr. Sanders has assigned this Option Agreement to the Company for \$15,000.00 cash and 300,000 shares in the capital stock of the Company.

The 300,000 shares would be allotted as follows:

- a) 75,000 on the effective date
- b) 75,000 90 days after the effective date
- c) 75,000 180 days after the effective date
- d) 75,000 270 days after the effective date

2. Legal Action

A writ has been issued against the Company by Federated Mining Corporation Ltd. (N.P.L.) on an agreement dated October 15, 1969. It is the opinion of the directors that Federated has defaulted under the terms of the agreement and, therefore, they believe no liability exists to either Federated Mining Corporation Ltd. (N.P.L.) or Tull Mines Ltd. (N.P.L.). No further action has been taken by Federated.

A. F. ROBERTS, P.ENG.
CONSULTING MINING ENGINEER

408-470 Granville Street
Vancouver, B.C. V6C 1V8

The following is a summary of my report on the Specogna Gold Prospect, Queen Charlotte Islands, for Consolidated Cinola Mines Ltd., [NPL], dated October 17, 1977.

In the period July - October, 1977, Consolidated Cinola has drilled 2,224 feet of BQ diamond drill core in 13 holes, on a 100 foot grid.

These holes varied in length from 80 feet to 200 feet. The shorter holes were stopped in the basement rocks, out of the ore. Six of the longer holes failed to reach the basement rocks and were stopped in ore. These latter holes will be deepened to the basement rocks at an unknown depth.

Drilling, to date, indicates that the thickness of the ore increases, with an improving grade, as the holes are moved to the south and east. A previous operator estimated the grade in the area being drilled as 0.075 oz of gold per ton.

Results of the holes are as follows:

<u>Hole No.</u>		<u>Total Section</u>		<u>Best Section</u>
Cominco	72-1	5' - 80',	75' of 0.120	40' - 60', 20' of 0.30
Cons. Cinola	77-1	20' - 160',	140' of 0.056	120' - 160', 40' of 0.086
"	77-2	0' - 192',	192' of 0.032	110' - 135', 25' of 0.062
"	77-3	15' - 200',	185' of 0.066	65' - 125', 65' of 0.103
"	77-4	10' - 185',	175' of 0.051	105' - 130', 25' of 0.090
"	77-5	20' - 90',	70' of 0.080	60' - 90', 30' of 0.149
"	77-6	0' - 90',	90' of 0.033	85' - 90', 5' of 0.080
"	77-7	10' - 105',	95' of 0.061	70' - 105', 35' of 0.080
"	77-8	0' - 40',	40' of 0.061	5' - 15', 10' of 0.120
"	77-9	0' - 135',	135' of 0.083	75' - 130', 55' of 0.148
"	77-10	0' - 120',	120' of 0.082	15' - 95', 80' of 0.101
"	77-11	0' - 200',	200' of 0.069	(5' - 30', 25' of 0.102 60' - 85', 25' of 0.104
"	77-12	0' - 200',	200' of 0.092	105' - 200', 95' of 0.122
"	77-13	15' - 200',	185' of 0.080	50' - 125', 75' of 0.111

CC 77-3, 9, 10, 11, 12 did not reach the basement rocks.

The silver content averages 0.12 oz per ton.

A preliminary estimate of the drill indicated ore, made on the basis of the 13 holes by Consolidated Cinola, one by Cominco, and one by Quintana is:

a] 1,340,000 tons @ 0.0860 oz/ton

or

b] 1,440,000 tons @ 0.0796 oz/ton

The assumed cut-off grade was 0.035 oz/ton. Economics of mining will dictate the cut-off grade, which, if lowered, would increase the tonnage sharply.

Mr. M.R. Wolfhard, of Quintana Minerals, in an address at a CIMM convention, October 1976, stated that this deposit could contain up to 50,000,000 tons with a grade of 0.06 oz per ton of gold.

The recent drilling of only 5 - 6% of the total prime area, as indicated by Quintana's work, including their drilling, appears to be improving the grade considerably, with a strong possibility of improving on the tonnage.

It is worth noting that a company operating in the U.S., is presently mining 8,000 tons of waste, and 8,000 tons of ore per day, with a grade of 0.06 oz per ton, and a 0.020 cut-off grade, as quoted in E & M J, July, 1977. Present indications are that Consolidated Cinola will have very little waste to remove.

The encouraging results of the last drilling justifies recommending further drilling on the property, on a wider drill hole spacing.

- 3 -

This program, a minimum of 4,000 feet of drilling, plus metallurgical testing for the best method of recovering the gold, is estimated to cost \$125,000.00.

A.F. Roberts

A.F. Roberts, P.Eng.

Vancouver, B.C.,
October 17, 1977

ADDENDUM
TO THE REPORT OF OCTOBER 17, 1977
ON THE SPLCOGNA GOLD PROSPECT
QUEEN CHARLOTTE ISLANDS, B.C.
SKEENA MINING DIVISION
Lat. $53^{\circ}32'N$ Long. $132^{\circ}13'W$
for
CONSOLIDATED CINOLA MINES LTD.
1600 - 777 Hornby Street
Vancouver, B. C.
May 9, 1978

This addendum is written at the request of the Directors of Consolidated Cinola Mines Ltd., and is a resume of the work to date.

Diamond drilling has begun on the property under the immediate direction of Mr. A. MacKillop, well known fieldman, and prospector.

The first hole, DDH 78-1, is 40 meters east and 40 meters south of DDH 77-12, and has been completed to 430 feet where it entered the basement fault.

DDH 78-2 is 80 meters north of DDH 78-1, continuing the regular pattern, to the east and south, on a wider spacing, as recommended in the report of October 17, 1977, and is at 128 feet.

The core has not been logged, or assayed at this date.

Costs are estimated at \$22.00/foot, for a total of \$13,000.00 to date.

It is recommended that a further 2,000 feet of drilling be done, bringing total costs to \$60,000.00 for this stage.

If the grade stands up in these holes, then it is recommended that the program in the report of October 17, 1977 be completed.

Respectfully submitted,

A.F. Roberts, P.Eng.

Vancouver, B.C.,
May 9th, 1978

CERTIFICATE

I, A.F. Roberts of 812 Fairbrook Crescent, Richmond, B.C., do hereby certify that:

- [1] I am a graduate of the University of British Columbia [B.Ap.Sc.] in Mining Engineering, 1951.
- [2] I am registered as a Professional Engineer of the Province of British Columbia, and am a member of The Canadian Institute of Mining and Metallurgy.
- [3] I have practiced my profession since 1951 with Quatsino Copper Gold Mines Ltd., Giant Mascot Mines Ltd., Coch-enour Willens Gold Mines Ltd., Mogul Mines Ltd., Kerr Addison Gold Mines Ltd., Atlantic Coast Copper Corporation Ltd., Wasamac Mines Ltd., Brenda Mines Ltd., and T.C. Explorations Ltd. Since January of 1970 I have been an independent Consultant.

Previous to, and during University, I worked as a miner underground, and on several exploration-development projects.

- [4] The accompanying report is based entirely on my personal analysis of the reports and other data referred to in the text, and on visits to the property on July 4 - 7 and August 16 - 19, and September 27 - October 1, 1977.
- [5] I have no interest, direct or indirect, in the Consolidated Cinola Mines Ltd. property, or adjacent properties, nor have I any interest, direct or indirect, in any companies controlled by Consolidated Cinola Mines Ltd. I have not, nor do I expect to receive any interest in the shares of the Company, in its securities, or in those of any company with which it may become associated.
- [6] I consent to the use of this report, in or in connection with, a prospectus, or a statement of material facts relating to the raising of funds for this project.

DATED at Vancouver, British Columbia this ninth day of May, 1978.

A.F. Roberts
A.F. Roberts, P. Eng.



Sections 61 and 62 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

May 24th, 1978

(Date)

K. G. Sanders
KENNETH G. SANDERS - President,
Director and Promoter

IVON SHEARING - Director

ALLAN MORROW - Director

William Thompson
by K. G. Sanders, Attorney-In-Fact
WILLIAM THOMPSON - Secretary
and Director

JOHN P. MCGORAN - Director

CERTIFICATE OF THE UNDERWRITER(S):

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

May 24th, 1978

(Date)

CANARIM INVESTMENT CORP. LTD.

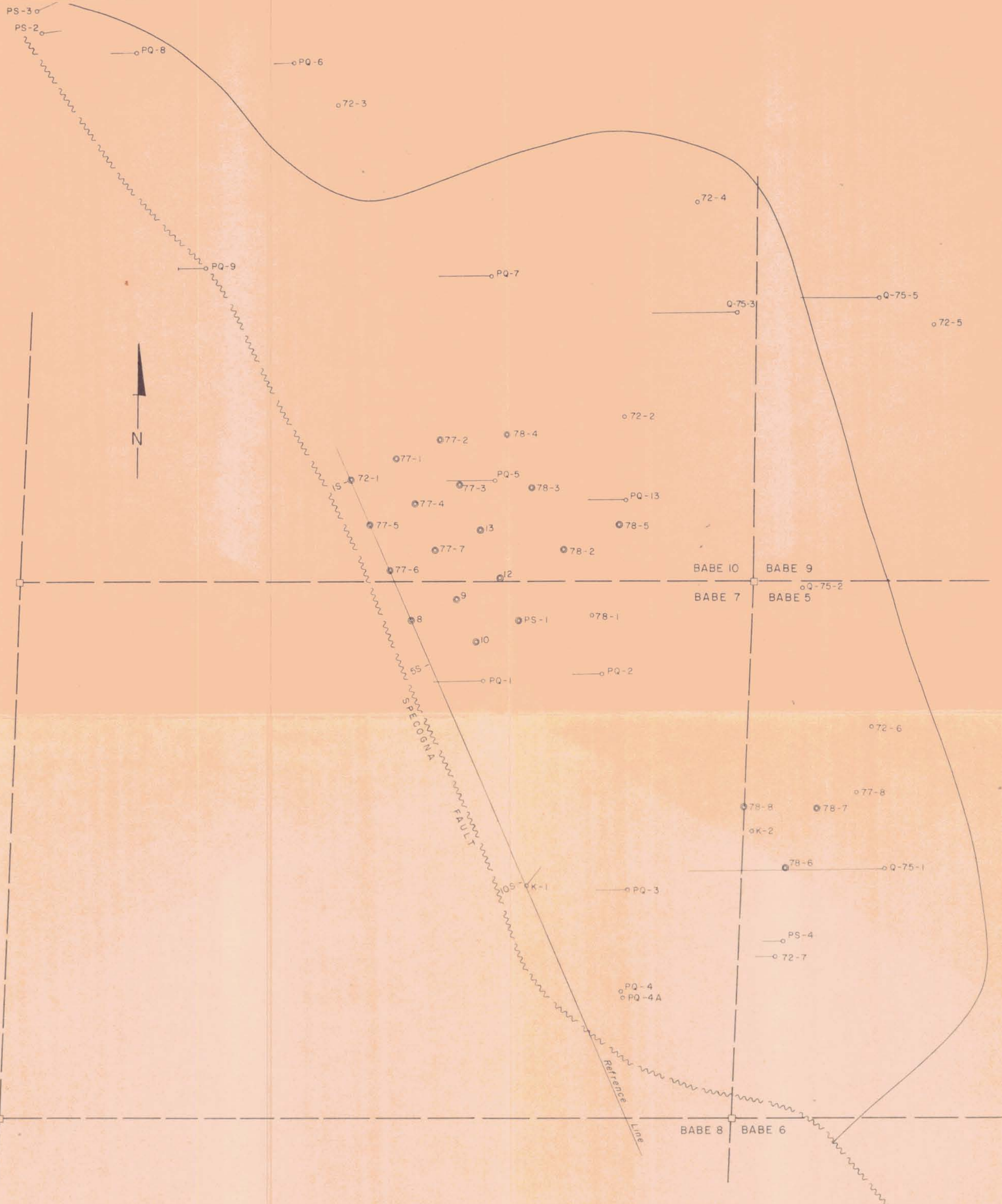
Per: [Signature]

Per: _____

CONTINENTAL CARLISLE DOUGLAS LTD.

Per: [Signature]

Per: _____



- □ — CLAIM POST, LINE (APPROX.)
- K - KENNCO DRILL HOLES
- C - COMINCO " "
- Q - QUINTANA " "
- PQ - QUINTANA " "
- PS - QUINTANA " "
- - CURRENT DRILLING

BABE GOLD DEPOSIT
PLAN SHOWING DRILL LOCATIONS

