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CUSAC INDUSTRIES LTD.

104P/4E

MEMO

AUGUST 18, 1983

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Visited Cusac in company with Eleanor Sidey - Met Guilford Brett, President, and Jay L. Taylor of Taylor Hard Money Advisors, New York. Bob Heim was visiting overnight.

Drove out to showings in trenched area referred to as the Line 4 zone. The trenched area and some rock contacts and veins trend northerly. Flat north dipping shears and apparently irregular easterly striking quartz veins occur in altered volcanics? and listwanite. A zone of black graphite argillite occurs on the east side of the exposure. No attempt was made to map the zone - it appears quite complex. Manganese stain is more common than usual, veins contain pyrite, some chalcopyrite, minor sphalerite, arsenopyrite? tetrahedrite and galena? Listwanite contains some pyrite, minor chalcopyrite. Other mineralization in manganese stained altered rock includes pyrite, sphalerite galena? High grade assays over widths of 25 feet are reported with some areas giving relatively high silver low gold but more regularly gold to about 1 ounce with low silver.

At the millsite a fairly large series of small dumps of underground quartz material is stockpiled and is used to feed the 30 ton mill by front end loader. Most of this material is said to be from the Freddie vein and consists of massive white glassy quartz, somewhat rusty white quartz, quartz with vuggy apparently micaceous areas, quartz with zones

of pink coloration - possibly due to rhodocrosite or rhodonite. Mineralization consists of pyrite, minor chalcopyrite, tetrahedrite, galena, sphalerite? and VG. *Pink mineral may be KERMESITE  $Sb_2S_2O$  which occurs at ERICKSON.*

VG occurs usually within somewhat cubic cavities from which pyrite has been weathered. It occurs also in rather fresh looking small cavities with no limonite.

Beyond the mill at Line 9 the Hot Vein trends  $070^\circ/55^\circ N$ . It is said to be 450' long and open at both ends. It looks to be about 4' in width. A surface cut was mined of 300 - 400 tons said to average 0.40 oz. The dump near a small older working contains pieces of spectacular free gold, partly in limonitic gossanous material but also in narrow fractures close to the gossanous surface.

The vein looks massive glassy to bull quartz but contains small vuggy cavities and pyrite with minor arsenopyrite? and a flaky grey mineral which looks like molybdenite - possibly too brittle.

A subdrift is being driven about 30' below surface from the raise on the Hot vein.

The mill is said to be capable of 70 tons/day - is doing about 25 tons per day since a piece of tramp steel shattered the small roller mill. Sequence is - hopper - jaw crusher - roller mill (Now smaller jaw crusher)

- ball mill - oversize back to small crusher by wheelbarrow.- jig -  
which recovers 60% of gold - jig con to Wifly? table - fines to flot-  
ation circuit -

Two concentrates - jig + flotation.

Approximately 1200 feet drifting underground - no maps or assay records  
seen.

Veins exposed from Hot vein line 9 to Line 4 zone said to be 2600 feet.  
Don't know how far apart lines are - possibly 200'.

Diamond drilling being done by Adanac Consulting with BBS-1 type wire line  
machine. Had hit a lamprophyre dyke in last hole - unusual.

Note: - At Plaza mill quartz muck in small stockpiles - supposedly from  
Vollang vein (Minister of Mines reports) shows some py mineralization -  
and portion of some large blocks - one side of vein only? - shows tetra-  
hedrite mineralization. Mineralization does not seem as diverse as Cusac.