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LARA PROJECT

Victoria Mining Division
British Columbia

Preliminary Mineral Inventory Report

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February 28, 1989

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Summary

The Lara property was acquired in late 1988 to evaluate the economic potential of the Coronation Zone which is hosted in Sicker Group volcanic rocks. The estimated mineral inventory for this zone is 324,860 tonnes with a grade of 0.91% Cu, 1.26% Pb, 6.01% Zn, 111.1 g/T Ag (3.24 oz/T) and 4.70 g/T Au (0.137 oz/T). Only 37.5% of this inventory is defined with a drill spacing of 25 meters or less. The remaining portion of the inventory (62.50%) is restricted to isolated intersections in the Coronation and Coronation Extension Zones. Further diamond drilling is required around these blocks to confirm their indicated mineral inventories.

Lara Project
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1. Introduction

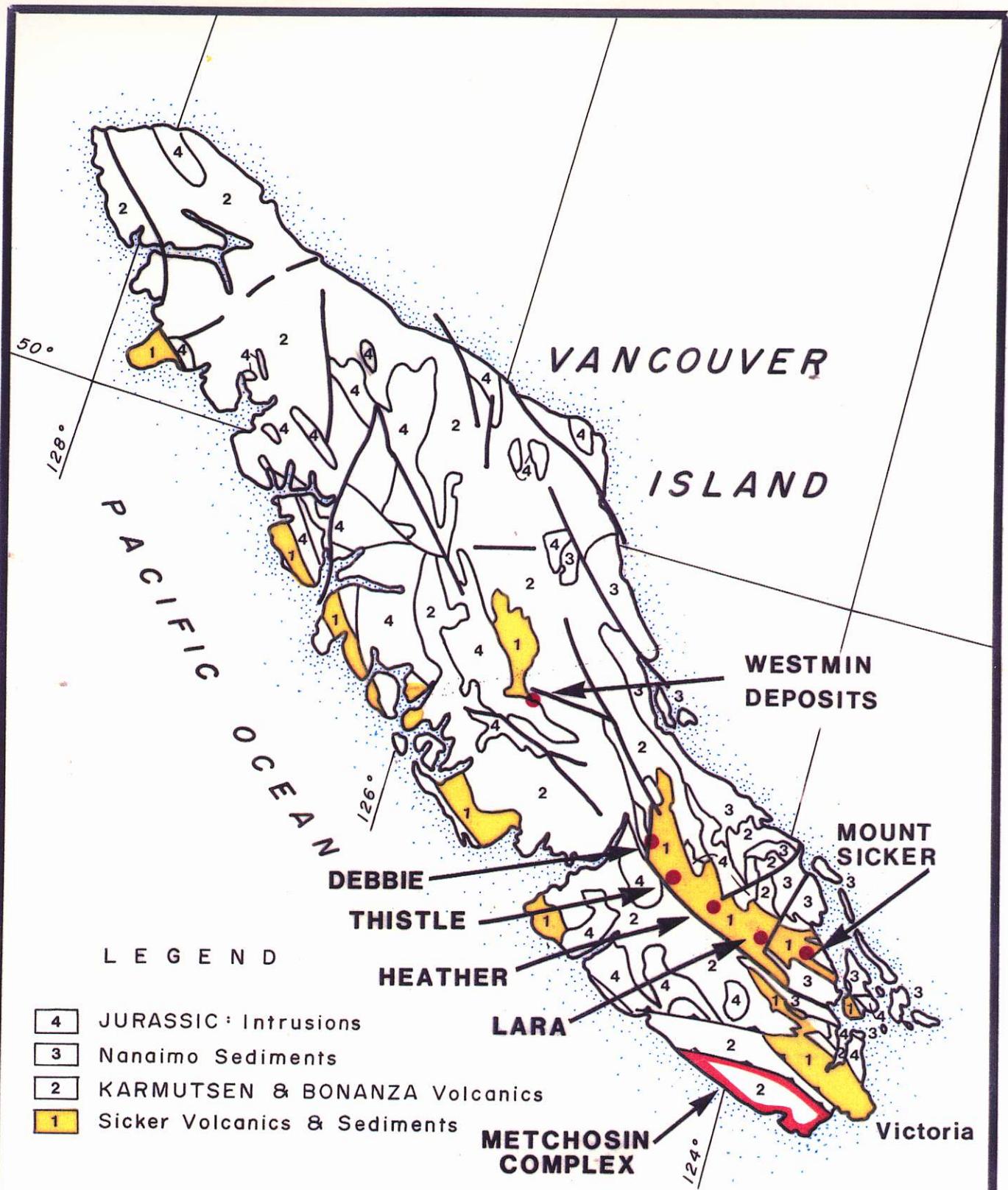
a. Location and Access

The Lara project is located on southern Vancouver Island, 75 km north of Victoria and 15 km northwest of Duncan (Figure 1). It is readily accessible from the Trans-Canada Highway via MacMillan Bloedel's Chemainus River haulage road and a number of secondary logging roads (22 km). A major B.C. Hydro power right-of-way transects the western side of the property.

b. History

The Lara property was originally staked by Laramide Resources in 1981 and subsequently joint-ventured to Abermin Corporation in 1982. The Coronation massive sulphide zone was discovered in December, 1984 and since then 162 drill holes have tested the extent of the mineralization. Laramide's most recent estimated ore reserve is 583,000 tons grading 1.01% Cu, 1.22% Pb, 5.87% Zn, 100.1 g/T Ag (2.92 oz/T), and 4.73 g/T Au (0.138 oz/T). An underground exploration program undertaken by Abermin during the spring and summer of 1988 confirmed the continuity and structural complexity of the mineralization ~~near surface~~ on the 600 m level, which is approximately 40 meters below the surface.

On November 1, 1988, Minnova Inc. became the operator of the property by acquiring an interest in Laramide Resources - the 100% owner of the property after purchasing Abermin's interest.

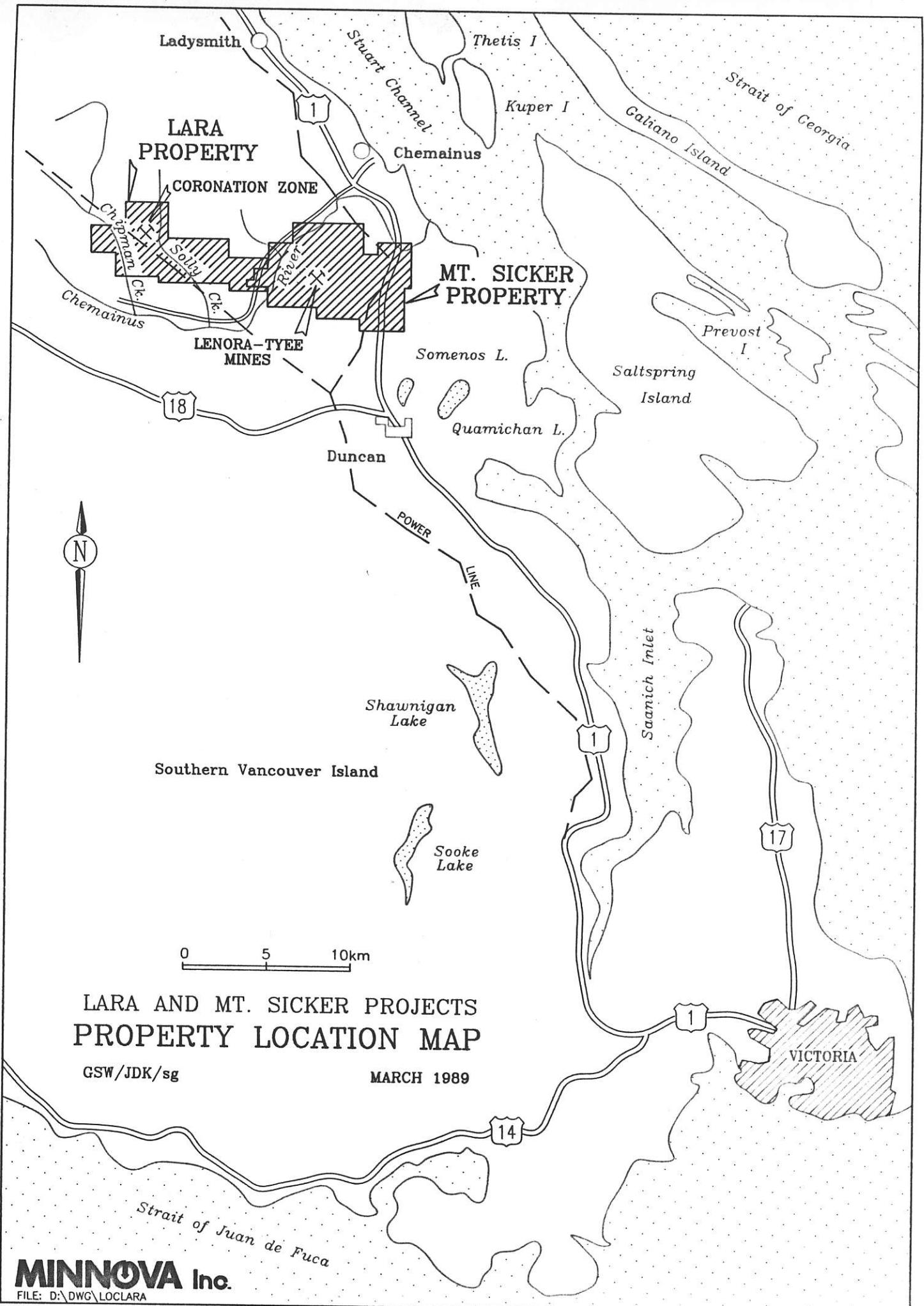


VANCOUVER ISLAND

GEOLOGY

SCALE: 1:2,000,000

MINNOVA



c. Geology

The Lara property is underlain by felsic volcanics and sediments of the Paleozoic Sicker Group and Cretaceous sediments of the Nanaimo Group (Figure 2). The Coronation zone is hosted in felsic crystal and ash tuffs of the Sicker group and is considered to be analogous to Westmin's Myra - Lynx and Price volcanogenic massive sulphide deposits located in the Buttle Lake area, 100 km to the north.

The Coronation zone is located 75 to 100 meters north of the Fulford Fault - a major thrust fault separating Sicker volcanics from Nanaimo sediments. This structure cuts off the mineralized zone at vertical depths greater than 400 meters. The zone has been traced over a strike length in excess of 2 km but is relatively unexplored at depths greater than 150 meters.

The Sicker volcanics exposed on the Lara property are structurally complex due to several episodes of folding and faulting.

2. Mineral Inventory Calculations

a. Parameters

The following parameters have been used in this report to establish the mineral inventory:

i. Grade

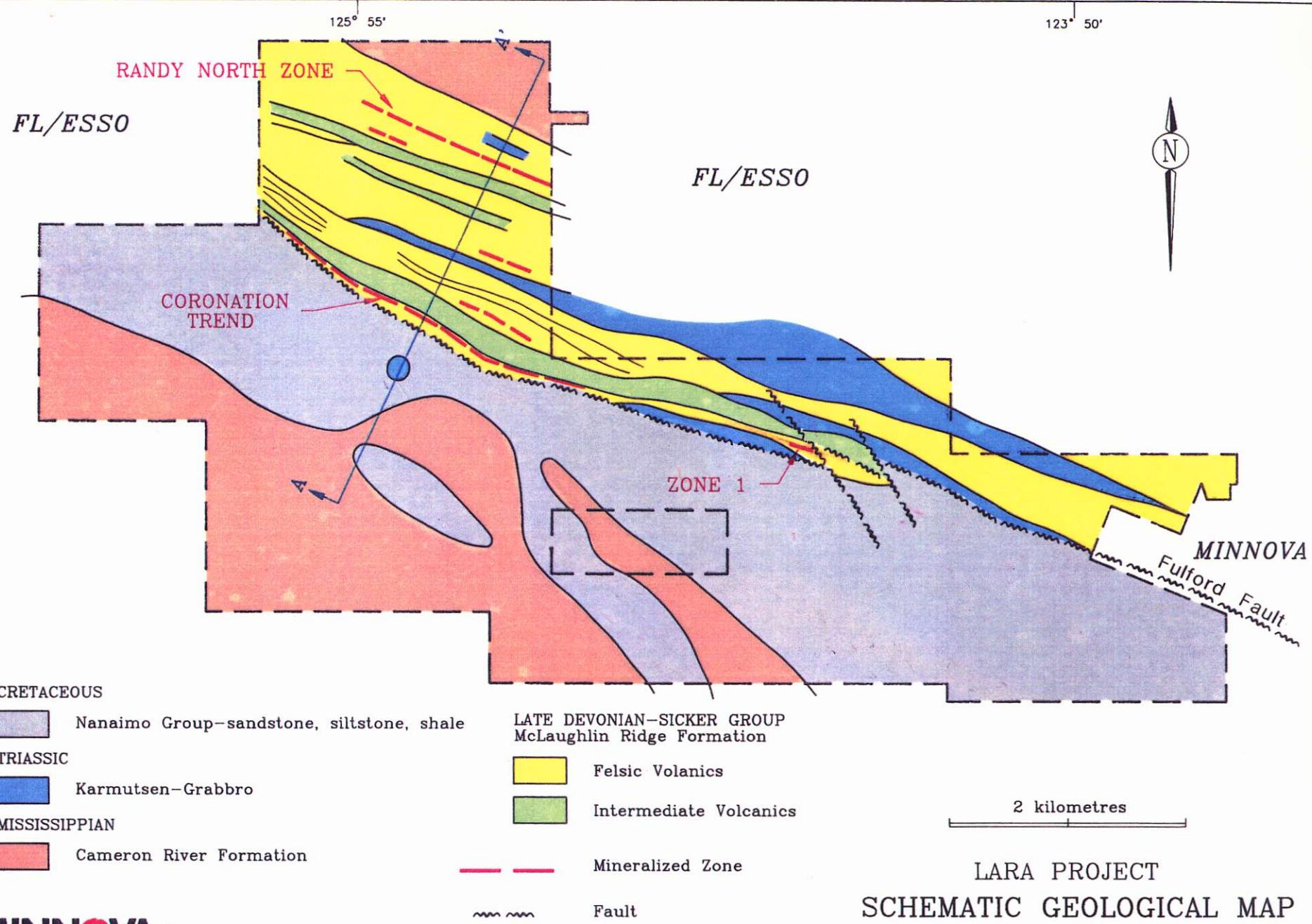
- cut-off: \$50 NSR over 2 meter minimum width
- NSR values calculated using the following parameters:

a) metal prices (\$US)

Cu - \$0.975/lb

Pb - \$0.35/lb

Zn - \$0.475/lb



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 FILE: D:\DWG\GEOLARA

LARA PROJECT
 SCHEMATIC GEOLOGICAL MAP
 GSW/sg NTS 92B/13W OCTOBER 1988

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Ag - \$7.20/oz

Au - \$400/oz

b) exchange rate

\$1 US = \$1.25 CAN

c) recoveries

Cu - 90%

Pb - 50%

Zn - 80%

Ag - 80%

Au - 65%

d) treatment charges

Cu - \$0.423/lb

Pb - \$0.300/lb

Zn - \$0.336/lb

Ag - \$1.257/oz

Au - \$19.41/oz

- where necessary dilution to 2 meter mining width using actual grades of adjacent samples. For holes 39, 42, 135 and 141, actual true thickness of mineralized zone is 1.94 m, 1.93 m 1.98 m, 1.97 m respectively. Grades for these holes have been diluted to 2.0 meters assuming zero grade.

-analysis done by wet assay (atomic absorption) for Cu, Pb, Zn, Ag; fire assay for Au.

ii Specific Gravity

- all assay samples have specific gravities measured by the analytical lab
- these values have been included in the weighted averages

iii Mineral Inventory Outlines

The mineral inventory has been subdivided into 3 categories. Block A is a high-grade pod of the Coronation Zone where drill spacing is less than 25 meters. The block is divided by a steeply dipping fault which was noted in the underground workings and offsets the zone in a sinistral sense. The second ore block consists of a number of isolated holes in the Coronation Zone that made the cut-off grade and width. The third category of the mineral inventory consists of intersections of the Coronation Extension Zone.

b. Method of Calculation - Polygon Method

The drill hole intercepts of the mineralized zone are projected onto a 60° dipping plane which is approximately coincident with the dip of the zone (Figures 3, 4). This inclined longitudinal section is then constructed using 600 meter ASL as the datum.

The area of influence for each drill hole is determined by drawing polygons around them using the perpendiculars at mid-points between adjacent holes. These polygons are drawn on the longitudinal section and areas for each are calculated using Autocad. Where polygons were too large or unattainable due to wide drill spacing (ie. holes 80, 85, 114, 182, 184), each hole was given a 25 m radius of influence. The true thickness for each

intercept is calculated from the drill sections. The volume of each block is determined by multiplying the true thickness by the area of the polygon for each hole. Tonnages are determined by multiplying the volume by the specific gravity obtained in the weighted average for the hole. Grades are also obtained using the weighted average for the mineralized zone in each hole.

3. Results

Each drill hole which intersected the mineralized horizon has been plotted on the inclined longitudinal (Figures 3, 4, 5). Holes where the mineralization made the cut-off grade and thickness are bounded by a polygon or circle. These holes have been separated into 3 separate blocks as noted above and the mineral inventories for each of these blocks are presented in Table 1. The overall mineral inventory for the Coronation Zone is 324,861 tonnes at a grade of 0.91% Cu, 1.26% Pb, 6.01% Zn, 111.1 g/T Ag (3.24 oz/T) and 4.70 g/T Au (0.137 oz/T). The calculated NSR for this zone is \$101.70 per tonne.

The weighted average grades of the mineralized zone in holes which did not make the cut-off grade are tabulated in Table 2.

4. Comments

Detail Block A of the Coronation Zone is defined by 20 drill holes and represents 37.5% of the total mineral inventory. Each hole within this zone has defined approximately the same tonnage except for hole 85-62. This drill hole which intersected 8.2 meters of high grade mineralization represents 11.1% of the total tonnage and 18.7% of the total value of the Coronation Zone. Further drilling is required to confirm this.

TABLE 1: CORONATION ZONE – MINERAL INVENTORY

The isolated blocks of the Coronation Zone and the Coronation Extension Zone have each been outlined by 7 drill holes. Drill spacing in both areas is greater than 25 meters and consequently each block represents a larger tonnage and value than those in Detail Block A. Further detailed drilling is required in both areas to confirm the indicated mineral inventories.

The Coronation Zone is polymetallic with silver and gold contributing 20% and 42% respectively to the total value of the zone. Base metals account for the remaining 38% of the value (Cu-12%, Pb-2% and Zn-24%). Metallurgical work is currently underway to establish expected recoveries for these commodities.