

'82-#578..#10896
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ASSESSMENT WORK REPORT

To: Victoria Mining Division

Concerning: Loss Creek placer gold deposit/
Victoria Mining District PML # 257
and PML # 258 (grouped)

Location: Long.: 124° 20' W
Lat.: 48° 35' N
NTS: 1 : 50,000 92 C8W

Leaseholder: Armside Mining Ltd. (N.P.L.)
1461 Merritt Place
Victoria B.C. V8P 5H6
Tel.: (604) 477-7108

Date: August 1982: Original Report;
Revised in May 1983 to comply with
the corrections and amendments specified
by the Mining Department's letter dated
March 22, 1983, re. Geochemical Report
No. 82-# 578/File # 166 Victoria

Author: H. Kamil

**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

10,896

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REPORTI. Preamble

Extensive exploration was done in the mid-1970's to determine the development potential of the placer deposit covered by the PML # 257 and PML # 258 (Victoria Mining District). However, sampling and subsequent assaying performed during these past mining activities showed no economical exploitations prospects at that time. In hindsight, the conclusion may be reached that the methodology initially applied to assess the merits of the property was inadequate in this specific case of a placer deposit containing fine gold particles.

In the course of the lease year 1981-1982, the company decided to reassess its mining policy concerning the subject PML's in view of the following new possibilities:

- 1) the use of high volume low cost gravel moving methods;
- 2) the application of new gold recovery technology.

To achieve this goal, various investigations were carried out which are not directly relevant to the scope of this technical report. The next following elaborations restrict themselves to that portion of the company's 1981-1982 studies which relates to the geochemical investigation of a zone within PML # 257 on which an initial production may be contemplated. The afore-mentioned part of PML # 257 - which has been thoroughly explored in the past - contains two test pits (hole # 1 and hole # 2), each covering about 250 m² on the surface and from which the placer materials specified hereinafter have been systematically sampled from different depth layers by scraping the bottom with a dragline bucket. In order to acquire new preliminary data for re-assessing the mining prospects of the deposit in question, it was paramount to refute the absolutely negative results of previous assays by re-testing already assayed samples from hole # 1 and hole # 2. This report concerns itself with such an investigation and shows that not only is gold present in the the placer material of hole # 1 and hole # 2, but also that - roughly estimated - this precious metal could be extracted in economical quantities in the vicinity of the sampled area. As the previous method consisting of sampling and sending the raw material for concentration and assay to an independent laboratory did not - in the past - come up with satisfactory conclusions, it was chosen to proceed as follows:

- 1) to duplicate the original sampling from various depths of hole # 1 and hole # 2 by re-sampling the raw material from inventorized bulk storage containers which were systematically marked and filled in the course of active excavation;
- 2) to select, scrub and amalgam these placer materials in their natural (virgin) state, i.e. not to concentrate them prior of final processing. This work was done under contract with Golduster Development Ltd. of Victoria B.C.;
- 3) to compare the results of the amalgamation of the raw material for each sample processed. To achieve this goal, the amalgam was squeezed by hand through a cloth until quite dry and hard. The resulting squeezed amalgam probes were taken as basis for the comparative values specified in Appendix I hereto;
- 4) to establish the quantitative ratio of gold to squeezed amalgam contained in an average sample taken from both holes # 1 and # 2. Assuming that the gold content in the amalgam will be consistent in yield for all samples tested is questionable. However, in the specific case of our investigation, the exact content in gold for each sample is only an ancillary conclusion to the main topic of the report, i.e. whether or not gold in measurable quantities is contained in the samples in rebuttal to previous assay findings. It is obvious that in subsequent test programs the gold/amalgam grade of each sample will have to be determined individually if we desire to define the accurate quantitative values.

II. Comments and Results regarding the Assessment Work

1) Comment on the Amalgam Assay:

Appendix II lists assay values for the average squeezed amalgam sample taken from all depth of hole # 1 and hole # 2. We would like to mention that this sample shows that its gold content is over 900 fine. Such a fineness in gold is characteristic for fine gold particles. Within the realm of empiric knowledge, it is acceptable to roughly assume that the proportion in weight of gold contained in the dry and hard squeezed amalgam fluctuates from 20% to 40% of the total amalgam weight. The assay values scheduled in Appendix II determined a weight ratio of 21% gold/total amalgam. Such a ratio places the sample in question at the fringe of the recognized minimum gold content tolerance. Therefore, the above-stated figure of 21% appears to represent a reasonably prudent approximation, PROVIDED it is only introduced herein for the purpose of preliminarily comparing the data of the tests with regard to their

potential approximative economical significance.

Note: For corroborative literature concerning gold/amalgam ratio, please refer to Mining Engineer Handbook - Peele/Third Edition/Volume II/ page 33-04 and Handbook of Mineral Dressing - Taggart/Ores and Industrial Minerals/page 14-11.

2) Results of the Amalgamation:

These data are scheduled in Appendix I hereto and show that appreciable specific quantities of amalgamated precious metals are distributed over all depths of hole # 1 and hole # 2 and over a total surface area of about 500 m².

3) Approximation of the Content in Gold:

- a) Although by no way accurate for each single test sample, we are assuming - in a rough estimate - that 21% of the squeezed amalgam by weight is gold;
- b) we furthermore estimate the average market value of gold with can.\$ 15.-- per gram (approx. US\$ 375.-- per troy ounce);
- c) the figures compiled in the last column of Appendix I show the values in gold content of the placer material in question, provided always that the product of the parameters above-specified in a) and b), i.e. $15 \times 0.21 = \text{can.}\$ 3.15$ gold per gram of amalgam, will - in the final analysis - prove to have been realistically approximated.

III. Conclusion

The established quantities of amalgamated metals per cubic meter of raw material extracted from the two test holes in question and subsequently the approximated gold content indications related thereto are sufficiently high to justify a rejection of the validity of the previous disappointing assay results. It is therefore recommended and intended to repeat the presently applied methodology on an additional series of adjacent test pits in order to determine with accuracy the delineation and quantitative value of the placer ground area in question.

SCHEDULE

Weight of amalgamated metals/m³ for various depths.

Samples taken from Hole # 1 and Hole # 2 located on P.M.L. # 257

Indicative guidelines for corresponding approximated weights and values of gold/m³;

Approximation introduced: US\$ 375.-- per troy ounce//content of gold in amalgam = 21%

Pos.	Location	Depth in metres	Volume of sample in litres	Weight of squeezed amalgam extracted from sample in mg	Squeezed amalgam weight per unit of raw material in gr/m ³	Approximated values as indicative guidelines only	
						Approximated corresponding gold content of raw material gr/m ³	Approximated corresponding value in gold per m ³ of raw material in can.\$
1	Hole # 1	1.8	10	5	0.500	0.105	1.58
2	Hole # 1	10.7	8	39	4.875	1.024	15.36
3	Hole # 1	Conglomerate taken from 1.8-18.3 m	35	95	2.714	0.570	8.55
4	Hole # 2	1.2	10	80	8.000	1.68	25.20
5	Hole # 2	3.7	20	100	5.000	1.05	15.75
6	Hole # 2	6.1	20	60	3.000	0.63	9.45
7	Hole # 2	8.2	10	40	4.000	0.84	12.60
8	Hole # 2	Conglomerate taken from 1.2-10.7 m	13.5	40	2.963	0.62	9.30

General Testing Laboratories

A Division of SGS Supervision Services Inc.

1001 EAST PENDER ST., VANCOUVER, B.C., CANADA, V6A 1W2
 PHONE (604) 254-1847 TELEX 04-507514 CABLE SUPERVISE



TO:
ARMSIDE MINING LTD.
 1461 Merritt Place
 Victoria, B.C.
 V8P 5H6

CERTIFICATE OF ASSAY

No.: 8208-0651 DATE: Aug. 10/82

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

Amalgam

MARKED	GOLD	SILVER	Specific Gravity	Insoluble	Copper	Platinum	Manganese	Mercury
	Au (mg)	Ag (mg)	S.G.	Insol(mg)	Cu (mg)	Pt (mg)	Mn (mg)	Hg (mg)
Amalgam Total Wt. 453.48 mg.	94.165	8.96	12.579	0.06	0.56	< 0.05	0.01	349.48
	<u>Iron</u>							
	Fe (mg)							
	0.26							

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

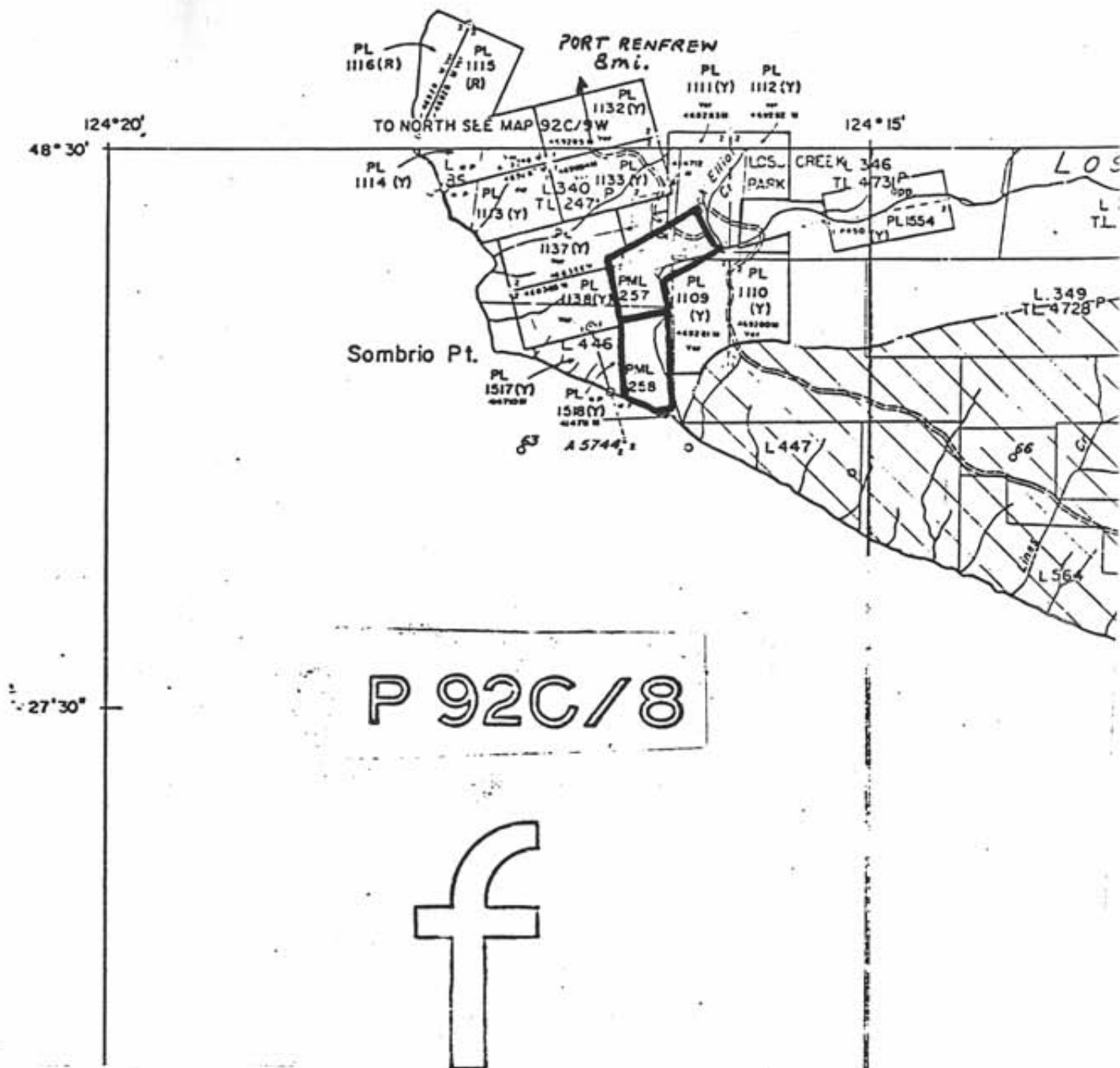
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L. Wong
 L. Wong

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
 REFEREE AND OR OFFICIAL CHEMISTS FOR: National Institute of Oilseed Products • The American Oil Chemists' Society
 OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade



P.M. Claim Map showing PML # 257 and PML # 258 in relation to Sombrio Pt. (13 km south of Port Renfrew, West Coast V.I.)

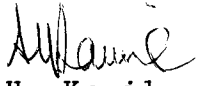
STATEMENT OF COSTS

The following costs were incurred by Armside Mining Ltd. (N.P.L.) in carrying out exploration work related to its PML # 257 (grouped with PML # 258) between June 1982 and July 29, 1982:

1) Transportation, handling and storage of samples Loss Creek PML # 257 (refer to page II; Bill of I.M. Sherwin Ltd.)	\$ 554.80
2) Exploration services performed by Golduster Development Ltd. ref. testing of two areas of placer ground as to their amalgam content in function of the depth of the deposit; (refer to page 12; Statement of Account)	1,300.--
3) Assay charges by General Testing Laboratories, Vancouver	90.--
4) Compiling and analysing data; revision of report	<u>300.--</u>
Total	\$ 2,244.80 =====

Note: The leaseholder requests that an amount of \$ 1,500.-- is credited towards his assessment work obligations for the PML-Group # 257 and # 258 as follows:

a) for the past lease year (1981-1982)	\$ 500.--
b) for the current lease year (1982-1983)	500.--
c) and the balance in favour of the lease year 1983-1984	500.--

Signed: 
H. Kamil
President
Armside Mining Ltd. (N.P.L.)

Date: August 1982/May 1983

I.M. Sherwin Ltd.

1863 HOLLYWOOD CRESCENT
VICTORIA, BRITISH COLUMBIA
CANADA V8S 1J2
PHONE (Area 604) 598-1421

June 19, 1982

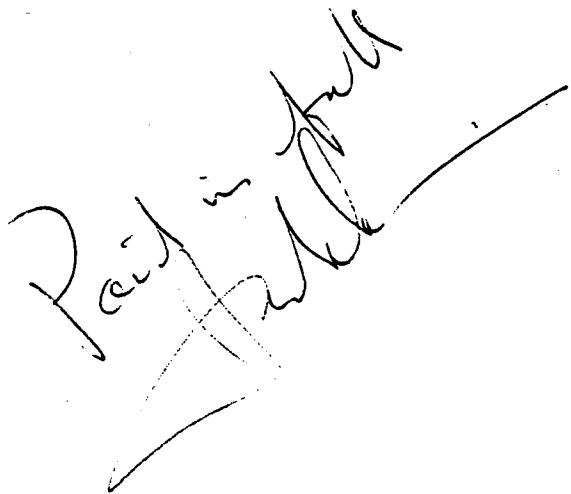
BY HAND

Armside Mining Ltd., NPL
Victoria

To transportation, handling and storage of samples Loss Creek,

‡ML257 \$554.80

This is our bill.

Paid in full


Golduster Development Ltd.
 Box 7322
 Victoria B.C.
 V8B 5B7

STATEMENT OF ACCOUNT

For exploration services rendered to Armside Mining Ltd. (NPL)
 ref. PML # 257, Loss Creek (Victoria Mining District):

1) Selecting, splitting of placer material samples and marking of 50 small reference batches: 6 hours at \$ 25.--	\$ 150.--
2) Scrubbing and amalgaming of 8 large samples of placer material collected from hole # 1 and hole # 2 located on PML # 257 (including use of machinery): 30 hours at \$ 35.--	1,050.--
3) providing technical assistance in the making of the test report: lump sum	<u>100.--</u>
Total	<u>\$ 1,300.--</u> =====

Paid in full on July 29, 1982

Golduster Development Ltd.

M. Richter

Marvin Richter, President

STATEMENT OF AUTHOR'S QUALIFICATIONS

I, Hassan Sayed Kamil certify that

- 1) I graduated in 1945 as a Professional Mechanical Engineer from the Federal Institute of Technology (E.T.H.) in Zurich/Switzerland.
- 2) Since the early stage of my career, I specialized as project engineer in the various phases of industrial ventures, From 1952 to 1960 I was active as chief coordinator for "Oerlikon Machine Tool Works, Zurich/Switzerland" in some of their overseas manufacturing projects.

From 1960 to 1966, I was the leading partner in a Swiss engineering firm entrusted by the Egyptian Government with the planning and erection of two major industrial complexes in Cairo.

Since my immigration to Canada in 1969, I have been involved in the raw land development business as well as in the exploration of mining prospects.

- 3) Presently, I am active in setting up a pilot plant for the recovery of micro-gold out of placer deposit concentrates.

Date: August 1982

Signed:



H.S. Kamil