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DIAMOND DRILL REPORT  
ON THE  
GUS #2 CLAIM GROUP

Prepared for  
Moly Gold Resources Ltd.  
Operator

NTS 84K/11W  
Revelstoke Mining Division

Latitude  $50^{\circ}32.5'N$

Longitude  $117^{\circ}18'W$

A. Morvay, owner

April 1984

**GEOLOGICAL BRANCH  
ASSESSMENT REPORT**  
Robert Hillman B.Sc.  
geologist

12.179

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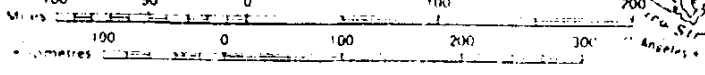
FIGURE 1 - LOCATION MAP.....	frontispiece
FIGURE 2 - CLAIM MAP.....	5



**LOCATION MAP**

fig. 1

SCALE 1 6.336 000 or 1 inch equals 100 miles



## SUMMARY AND CONCLUSIONS

One diamond drill hole of 20.11 meters was completed on the Gus 3 mineral claim to test for extension to mineralization exposed on crown granted claims to the southwest. The hole intersected phyllite with numerous barren quartz veinlets and sweats. No significant mineralization was encountered.

There appears to be a good potential that vein mineralization on adjoining properties, from which small shipments have been made in the past, may extend onto the Gus #2 claim group. Work to date has been insufficient to explore this possibility and further work is required. Work should be aimed at assessing and tracing these structures to determine their orientation, continuity, mineral potential, and possible locations within the Gus claims. Initial phases of exploration should include detailed geological mapping of the property and adjoining mineral occurrences, as well as soil geochemical and VLF electromagnetic surveys. Positive results should then be followed up by trenching and drilling.

## INTRODUCTION

During the period August 22 to September 3, 1983, a diamond drill program was conducted on the Gus #2 claim group by Moly Gold Resources Ltd., under the supervision of A. Morvay. The author was contracted by Moly Gold Resources in April, 1984 to log the core and to compile and report on the results of this work, which is the purpose of this report.

## LOCATION AND ACCESS

The Gus #2 claim group straddles Lardeau Creek at its junction with Ottawa Creek, 18 kilometers east-southeast of the village of Trout Lake. The towns of Revelstoke and Nakusp lie sixty kilometers to the northwest and southwest respectively and the city of Vancouver, 440 kilometers to the west-southwest. Elevations on the claims range from 4000 to 5500 feet.

Access is via paved highway from Revelstoke or Nakusp to Trout Lake and then by logging road up Lardeau Creek to the claims. Helicopter access is also available from Revelstoke.

Topography in the area is steep and rugged with relief in excess of 4000 feet common between valley and mountain peaks. Lower slopes are well timbered with all sizes of spruce and cedar rising up to tree-line at 5000 feet elevation. Water is plentiful all year around.

## HISTORY

Mineral exploration and mining activity in the Trout Lake-Iardeau region dates back to the 1890's with past production in the millions of dollars worth of high grade silver-lead-zinc-gold ores. This production came from a number of small mines, mainly during the period between 1898 and 1920. The area has been worked sporadically since with renewed periods of production from some of the larger deposits during the late 1930's and mid-1950's. Some of the major past producers are:

- 1) The Silver Cup Mine - 5,090 oz. gold, 1,434,273 oz silver, 5,780,319 lb. lead, 143,199 lb zinc from 23,080 tons of ore
- 2) The Nettie I. Mine - 459,253 oz. silver, 1,309,870 lb. lead, 28,239 lb. zinc from 12,810 tons of ore
- 3) True Fissure Mine - 42,147 oz. silver, 533,021 lb. lead, 286,571 lb. zinc from 5,070 tons of ore

In more recent years, much attention has been focused on the Trout Lake molybdenum deposit which is currently being developed by Newmont Mines Ltd. and Esso Minerals Ltd. Drilling in the past few years has indicated a significant mineral zone with disclosed intersections of up to 271 meters (890 feet) grading 0.4% molybdenum.

There is no record of any work having been done in the past on the Gus #2 claim group area; however, several old workings, including a 60 meter adit, occur just uphill to the southwest on the adjoining crown

grants (I5695, I5696, L7433).

#### CLAIM STATUS

The Gus #2 claim group consists of the following contiguous mineral claims, totalling 32 units, located in the Revelstoke Mining Division (see figure 2):

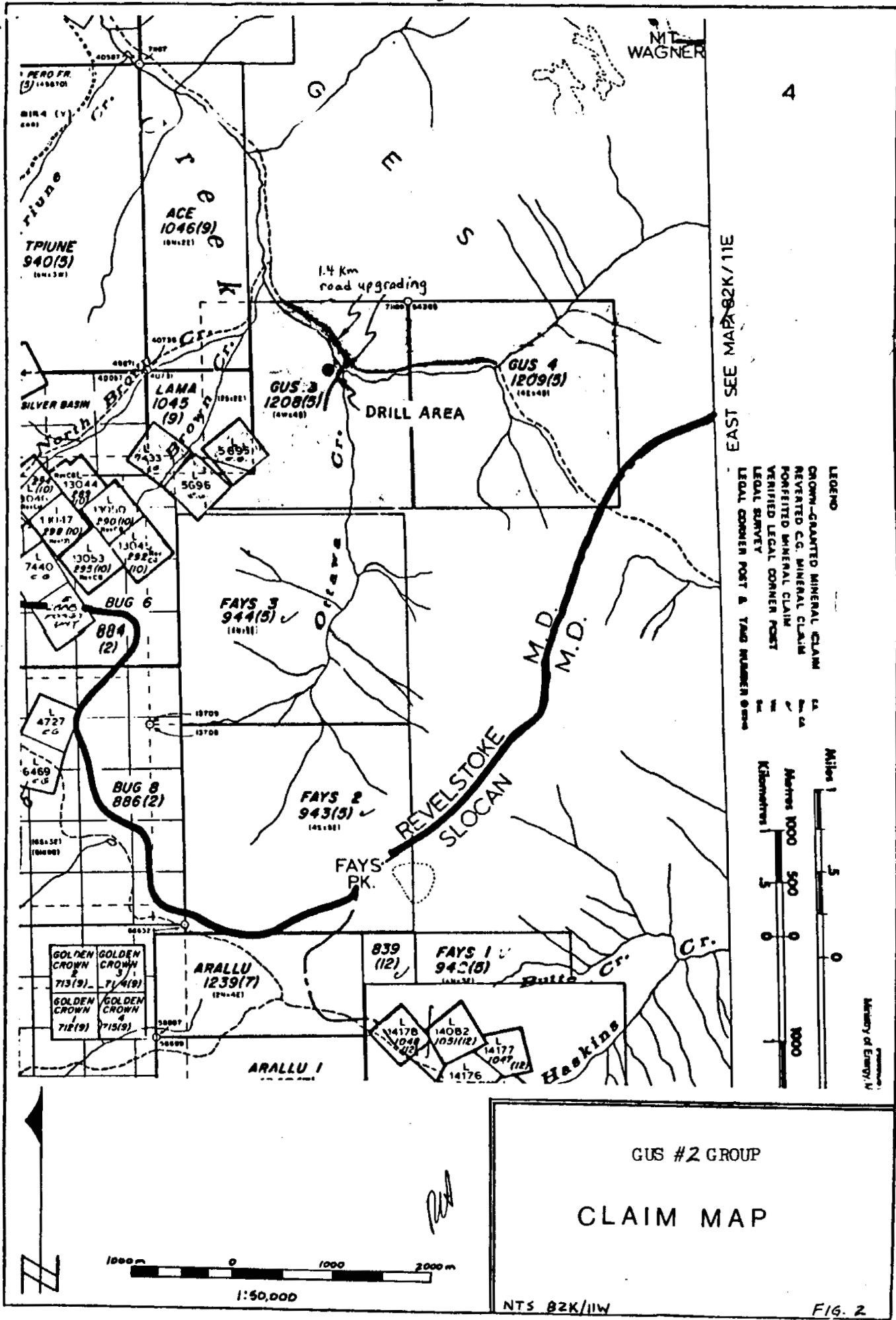
Claim	Record No.	No. of Units	Expiry Date
Gus 3	1208	16	May 15, 1984
Gus 4	1209	16	May 15, 1984

The claims are recorded in the name of Agoston Morway and are held under option and operated by Moly Gold Resources Ltd. of Vancouver, B.C.

#### GEOLOGY

The Lardeau-Trout Lake region lies within the northern part of the northwest trending Kootenay Arc complex of metasediments and metavolcanics which have been intruded by acid and basic igneous batholiths and stocks. A major northwest trending fault zone cuts this sequence along the Lardeau River-Trout Lake Valley.

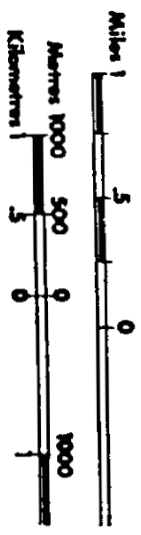
The claim area lies northeast of the Trout Lake fault and is underlain by the poly-deformed northwest trending Lardeau Group of probable lower Cambrian age. These rocks are comprised largely of grey to green phyllites and grits, and grey to black argillites with lesser pyroclastics and limestones. They are folded into the Silver Cup anticline along Silver Cup ridge to the south of the claims and are intruded by numerous small acid and basic plugs and stocks.



EAST SEE MAP B2K/11E

LEGEND

- CROWN-GRANTED MINERAL CLAIM
- REVERTED C.G. MINERAL CLAIM
- FORFEITED MINERAL CLAIM
- VERIFIED LEGAL CORNER POST
- LEGAL CORNER POST & T&M MARKER AREA

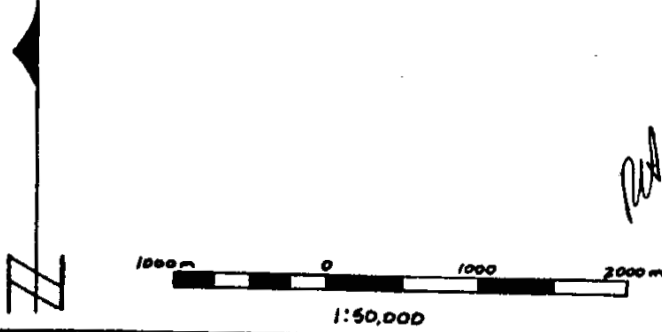


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GUS #2 GROUP  
CLAIM MAP

NTS B2K/11W

FIG. 2





The claims were not visited by the author; however they appear to be underlain, at least in part, by phyllites, siliceous phyllites and meta-argillites with some intercalated tuffaceous rocks. Barren quartz veining is common to abundant and would appear to be, in part, caused by remobilization of quartz during metamorphism and deformation.

### MINERALIZATION

Mineralization in the Lardeau Creek area consists essentially of ores of gold, silver, lead and zinc, structurally controlled and localized into vein systems associated with carbonization. The main values appear to be in silver and lead, with gold and zinc being locally important. These mineral occurrences are concentrated in a 1 to 2 kilometer wide belt, extending from the south end of Trout Lake northwest for at least 40 kilometers. Included in this belt are the former producing mines, the Silver Cup, the Nettie L. and the True Fissure, as well as numerous other smaller producers.

The Gus #2 claim group lies along the northwest edge of this mineral belt within four kilometers of the Silver Cup Mine. At least seven other small former producing properties (up to 1780 tons) lie within five kilometers to the west and southwest, including four within two kilometers. No mineral showings have been reported within the claims; however, mineralization on the adjoining Whistler-Agnes-Silver Belt crown granted claims (L5695, L5696, L7433) appears to strike onto the property. A one ton shipment from

the Agnes in 1897 yielded 1 oz. gold, 133 oz. silver and 1536 lb. lead.

#### DIAMOND DRILLING

Drilling was carried out using a portable X-ray type drill on contract from Taban Development Ltd. of Vancouver. The drill was powered by a 9 HP Briggs and Stratton engine and used XRT rods (2.2 cm core). One hole (Gainer #4) totalling 20.11 meters (66.0 feet) was collared on the Gus 3 claim, approximately 150 meters southwest of Iardeau Creek and 100 meters west of the mouth of Ottawa Creek. The hole was drilled north at  $-45^{\circ}$  to test for extensions of mineralization exposed 1500 meters uphill to the southwest (Agnes). Core was shipped to Vancouver where it was logged by the author and stored at the offices of Moly Gold Resources Ltd. The drill log is contained in the Appendix of this report.

Hole Gainer #4 intersected grey to dark grey quartz-sericite-biotite rich phyllites containing numerous barren white remobilized quartz veinlets and sweats. No significant mineralization was encountered and no samples were taken for assay.

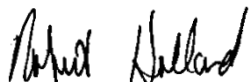
STATEMENT OF COSTS

Diamond Drilling			
66.0 feet @ \$22.00/foot	\$1320.00		
Mobilization	375.00		\$1695.00
Road Maintenance			
4 man-days @ \$100.00/day (Aug. 22-23)	400.00		
2 machine-days @ \$722.00/day front-end loader (Aug. 22-23)	1444.00		1844.00
Report Preparation and Core Logging			
2 days @ \$150.00/day R. Holland (Apr. 18, 25)	300.00		
Typing - 2 hr @ \$9.00/hr	18.00		
Photocopying, materials	10.00		<u>328.00</u>
	Total		<u>\$3367.00</u>

CERTIFICATE OF QUALIFICATION

I, Robert Holland, of 13451 - 112A Avenue, Surrey, B.C., do state that the following information is true and correct:

- 1) I have received my Bachelor of Science degree in geology from the University of British Columbia in 1976
- 2) I have practised my profession as an exploration geologist in British Columbia and the Yukon Territory for the past eight years
- 3) I have no interest in the Gus or adjoining mineral claims, nor do I have any interest in Moly Gold Resources, its shares or related companies, nor do I expect to
- 4) I have not visited the Gus #2 claim group nor have I conducted any work on it
- 5) The information contained in this report entitled Diamond Drill Report on the Gus #2 Claim Group was obtained solely from the files and records of Moly Gold Resources Ltd. and does not represent any original studies carried out by the author excepting the logging of the core and compilation and interpretation of this data.

  
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Robert Holland, B.Sc.  
geologist

APPENDIX

DIAMOND DRILL LOG

