

RHYOLITE RESOURCES INC.

BOLIVAR GOLD CORPORATION

TRENCHING

AND

BULK SAMPLING

PROGRAM

(SUMMER 1987)

BOLIVAR 24 and HOLLY

CLAIMS

GEOLOGICAL BRANCH
ASSESSMENT REPORT

16,702

Submitted by:

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SUMMARY

The object of Bolivar Gold Corporation's trenching and bulk sampling program was to expose, delineate and test known gold bearing zones which would subsequently prove to be additional economic ore reserves.

Unfortunately, the results from this program were discouraging and showed no immediate rewards.

The two main areas, that were investigated, were called the Bolivar 24 claim and the Holly claim.

The one particular zone on the Bolivar claim proved to be the most disappointing. The trenching program indicated the limited extent of the zone (along with previous diamond drilling) and the bulk sampling proved the low grade nature and the non-existence of the "nugget effect" problem within the zone.

Many zones within the Holly claims were investigated with trenching and two significant bulk samples taken. Unfortunately, nothing was unveiled to be of economic significance. The ore grades from the bulk sample did indicate a strong presence of gold. The trenching indicated wide spread mineralization and therefore could definitely use further exploration.

TABLE OF CONTENTS

Summary

Table of Contents

1. General Information

- 1.1 Location
- 1.2 Access
- 1.3 Topography
- 1.4 Claim Status
- 1.5 Previous Work

2. Trenching Program

- 2.1 Results of Trenching on the Bolivar 24 Claim
- 2.2 Results of Trenching on the Holly Claim

3. Bulk Sampling Program

- 3.1 Bolivar Bulk Sample
- 3.2 Holly No.1 Bulk Sample
- 3.3 Holly No.3-1 Bulk Sample

4.0 Apendix

- 4.1 Expenditures
- 4.2 Statement of Qualifications

5. List of Figures

- Fig.1 Texada Location Map
- Fig.2 Bolivar Claim Location Map
- Fig.3 Holly Claim Location Map

1.0 General Information

Two general areas of interest were investigated for Bolivar Gold Corp's 1987 trenching and bulk sampling program. The two areas are: (1) The Bolivar 24 Claim and (2) The Holly Claim.

1.1 Location

Both claims are part of Rhyolite Resources extensive Texada Island property which is located in the Nanaimo Mining Division, Province of British Columbia (see fig.1).

The Bolivar Claim (see fig.2) is adjacent to the Bolivar mill site, 2 km northwest of Vananda B.C. (NTS 92 F/15). The Holly Claim (see fig.3) is located approximately 3 km southwest of Vananda, B.C. (NTS 92 F/10).

1.2 Access

Both areas of interest are easily accessible from the main highway by way of short, well graded roads.

1.3 Topography

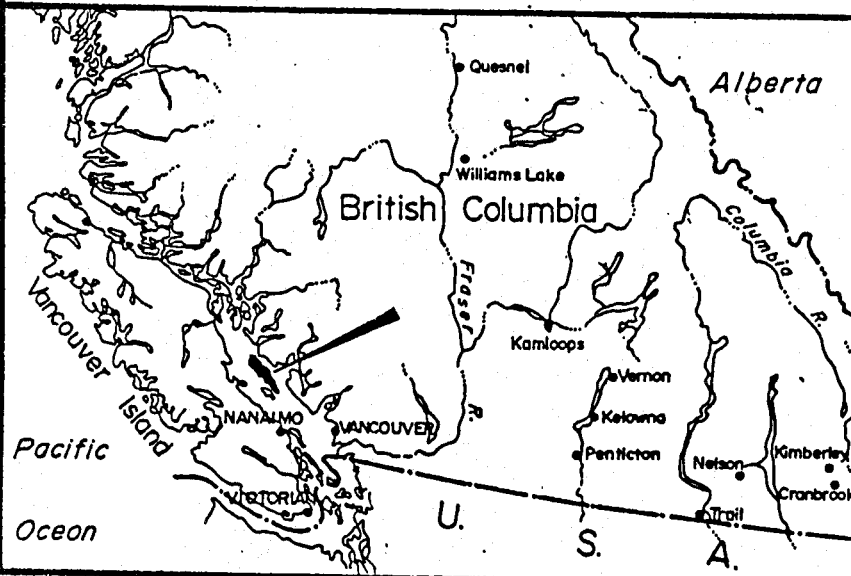
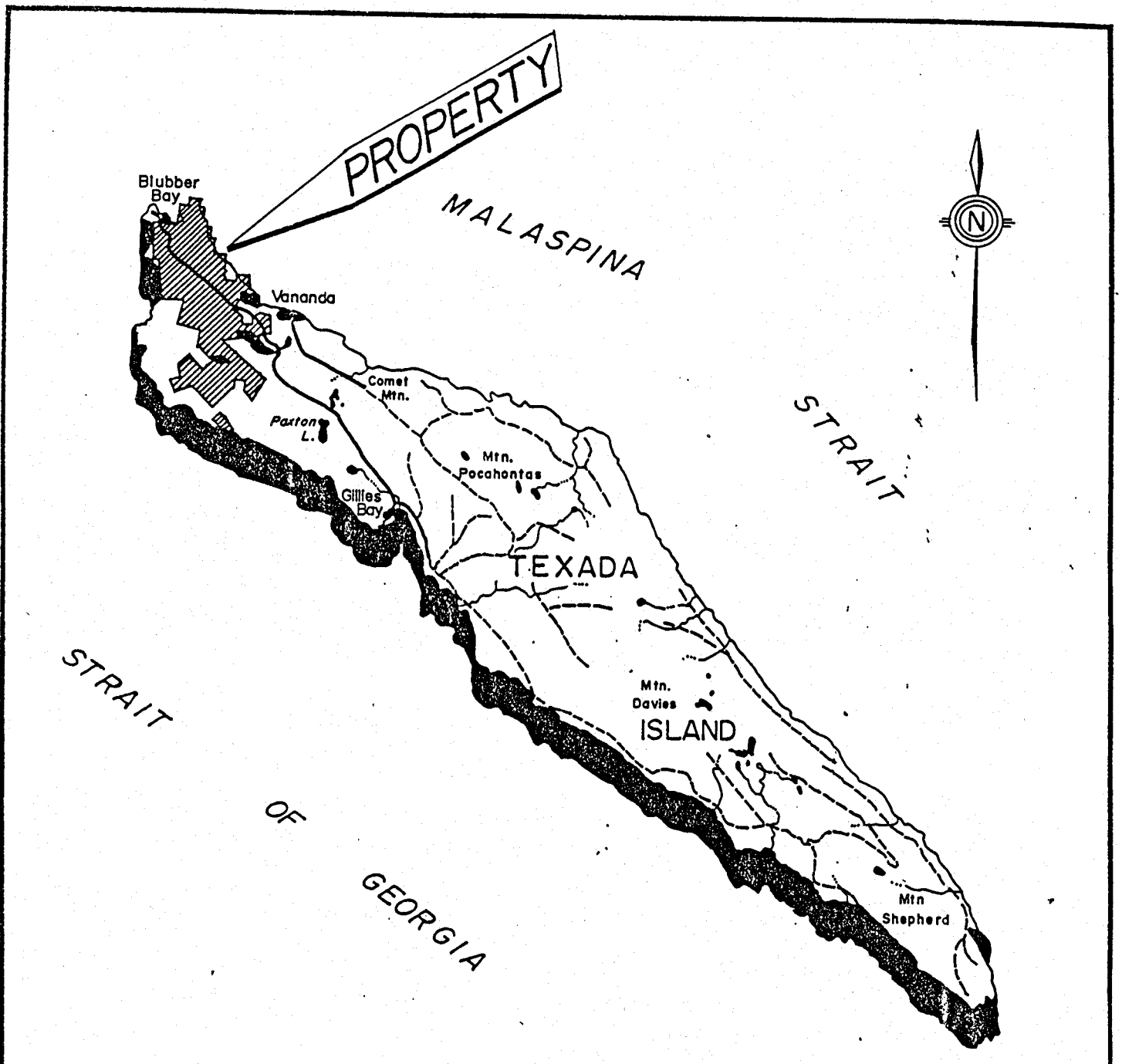
The topography is the same for both area of interest. Gentle, rolling slopes ranging in elevation from 50 to 100m A.S.L. Overburden varies from 0 to 20m in thickness and is predominantly covered in second growth, west coast forests.


1.4 Claim Status

The Bolivar 24 Claim and the Holly Claim are optioned by Rhyolite Resources Inc. from the Brennan-Johanson Group. A 4% precious metals royalty applies to the claims for compensation. A royalty of 10% N.S.R. applies to a portion of the Holly deposit.

1.5 Previous Work

Previous work (since 1971) has been well documented in preceding assessment reports by Rhyolite Resources and others. Both claims have undergone trenching, ground geophysics, geochemistry and diamond drilling. High grade samples of gold were found on both claims within structures which indicated a continuity to the occurrence. The object of the 1987 fieldwork was to determine the control, distribution, recoverability and eventual quantity of the gold occurrences.





RHYOLITE RESOURCES INC.

Texada Island Property *Texada Is., B.C.*
Nanaimo Mining Division *92F/10815*

0 1 2 3 4 5 10 15 km
 1: 250,000

LOCATION MAP **figure 1**

Algerine Passage

Ferry to Powell River



Maldispind Strait

GEORGIA STRAIT

Sturt Bay

Limekiln Bay

Crescent Bay

CLAIM

TEXADA

ISLAND

Priest Lake

Vananda

Welcome Bay

RHYOLITE RESOURCES INC.



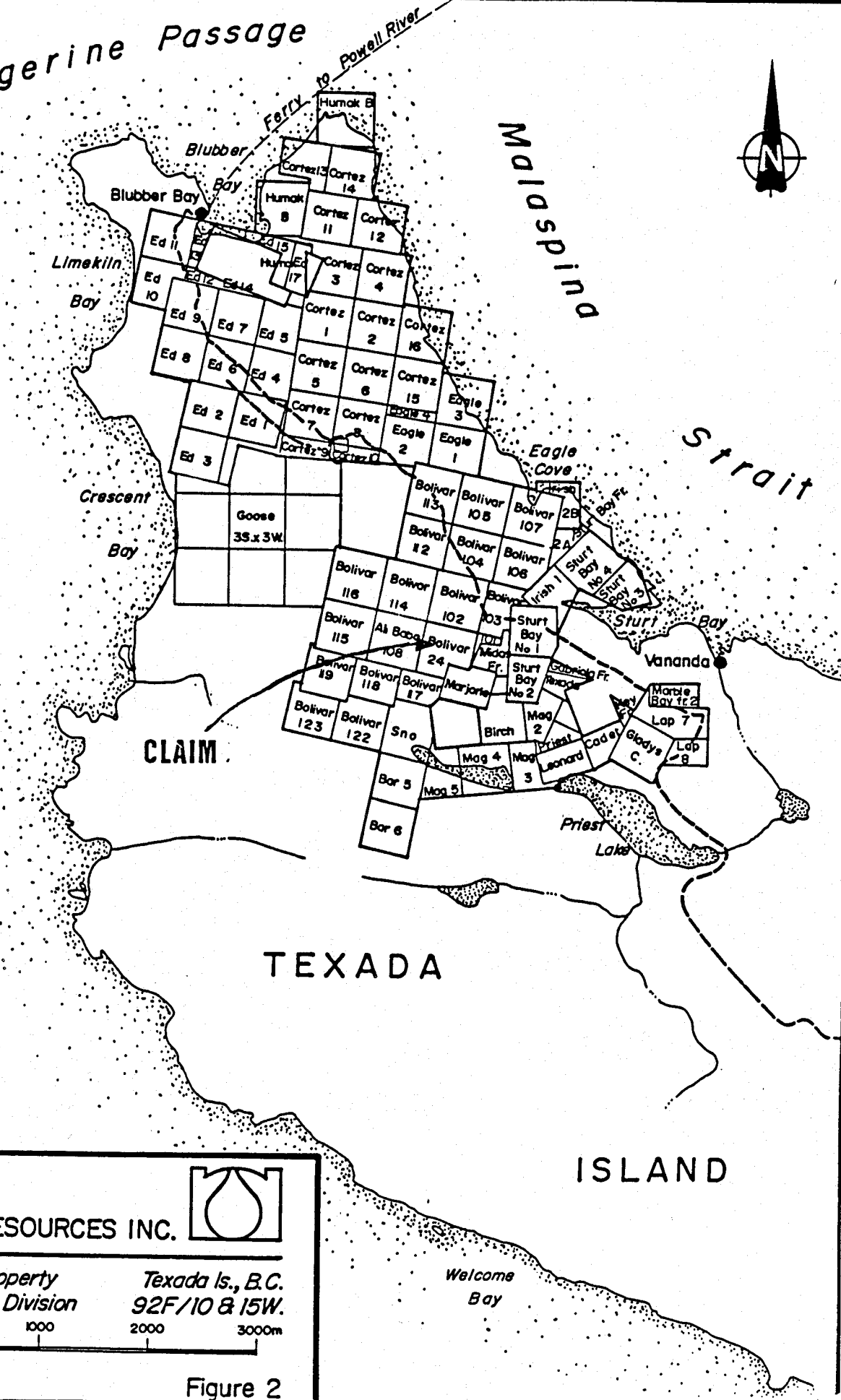
Texada Island Property
Nanaimo Mining Division

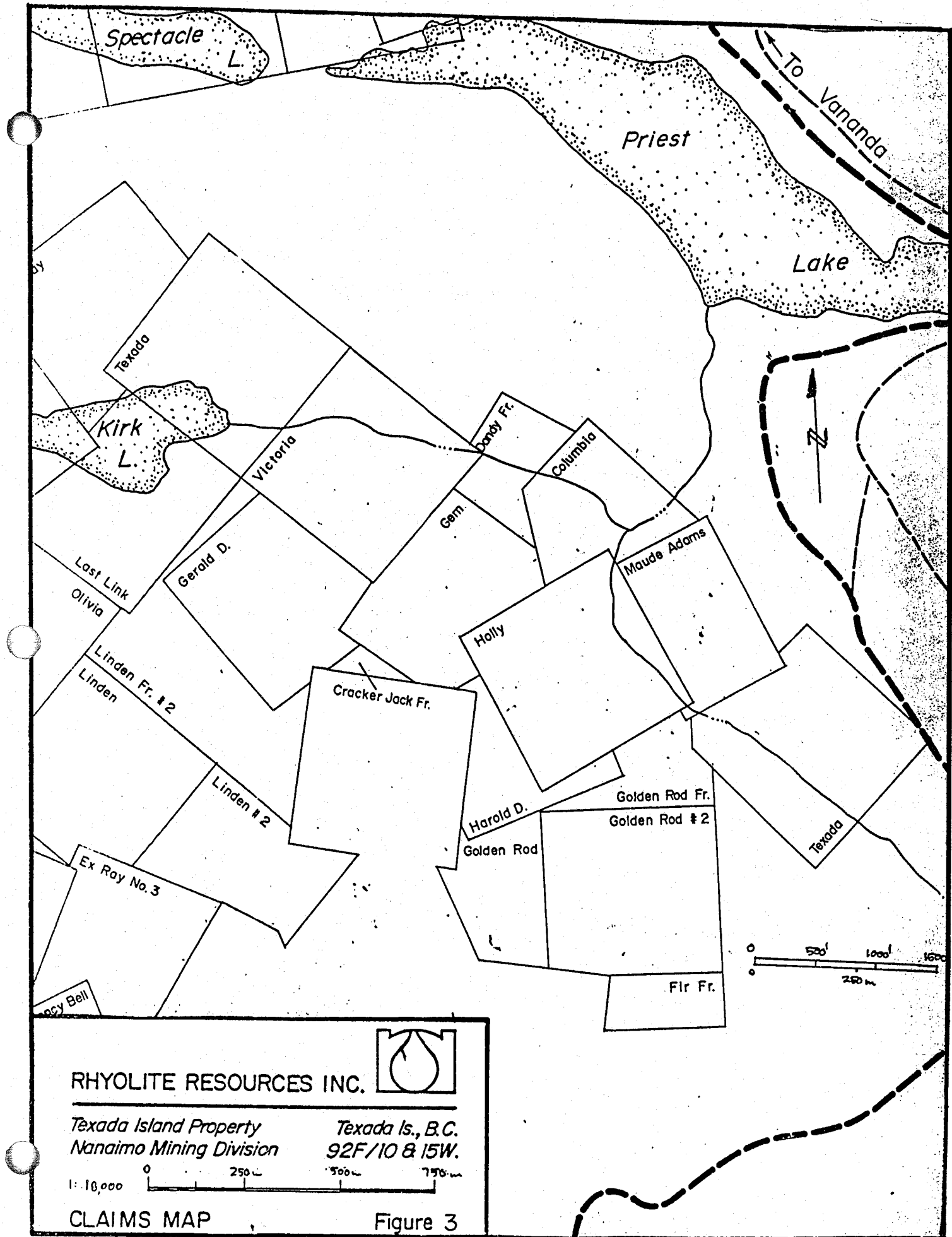
Texada Is., B.C.
92F/10 & 15W.



CLAIMS MAP

Figure 2





RHYOLITE RESOURCES INC.



Texada Island Property
Nanaimo Mining Division

Texada Is., B.C.
92F/10 & 15W.

1:10,000



CLAIMS MAP

Figure 3

2.0 Trenching Program

An extensive trenching program was initiated by Bolivar Gold Corporation in April 1987. Equipment used in their program included a UH09 Hitachi excavator, D-7 dozer, 780 Case backhoe, 950 Caterpillar loader and a Gardner-Denver P.R.-123 drill. The two areas of significant trenching were the Bolivar 24 claim and the Holly claim, with the Holly claim receiving the majority of the attention.

2.1 Results of Trenching on the Bolivar 24 Claim

The Bolivar 24 trenching consisted of a large, single trench measuring approximately 70m x 8m. The trench was excavated from a previous known gold showing which had received considerable work in previous years.

The zone of interest consisted of altered limestone overlying volcanoclastic rocks. Coarse, visible gold was hosted within the sheeted altered limestone.

The additional exposure revealed the native gold being closely associated with sub-parallel graphitic slips within the limestone. These slips appear to follow along the strike length, but; come and go in an irregular fashion.

Trenching was terminated when the graphitic slips exhausted themselves at both ends of the excavation. The gold bearing slips appear to continue down dip in a very sparse and sporadic nature.

2.2 SUMMARY of the RESULTS of TRENCHING on the HOLLY CLAIM

By Gary Benvenuto, Ph.D.

Twenty trenches totalling 640m in length were excavated between June 11 and July 20, 1987, in the east-central and northeast parts of the Holly claim. The purpose of the trenching was to explore gold-bearing quartz vein-structures partially exposed in old workings and determine whether they warrant bulk-sampling. The exploration included geologic mapping of the bedrock exposed in the trenches and fire assays of a large number (310) of chip-samples across the vein-structures. Trenches were excavated both across and along the vein-structures where overburden was sufficiently thin.

Trenching delineated a major and a secondary vein-structure in the northeastern corner of the Holly claim. The southeastern 21m of the major vein-structure was bulk-sampled. The bulk sample of 500 tons appears to confirm the results of the chip-sample assays: the "nugget effect", evident in proximate occurrences of a similar nature, was not evident along this vein-structure. The average grade x thickness for the vein-structure based on chip-sampling (0.07 oz Au/t over 1.06m width) is equivalent to that of the bulk-sample (0.034 oz Au/t over 1.7m)

The vein-structures in the Holly claim and area comprise predominantly northwesterly but also northeasterly to easterly striking, steep-dipping, complex zones of fractured, brecciated and sheared basaltic flows of the Triassic Karmutsen Formation, that have been quartz-flooded. Within the structures there is generally one main and up to two to three narrower intervals where the basalt is intensely brecciated and quartz-flooded, with non-, to nearly completely, quartz +/- pyrite (+ very locally, chalcopyrite-) alteration of the basaltic fragments.

The major vein-structure was exposed along 90m of its strike-length and is about 2.5 to 13m wide. The main interval of quartz-flooding and alteration varies from 0.13 to 4.65m wide, with an "average" width of 1.2m. The secondary vein-structure is located 50m to the northeast of the main structure. It strikes sub-parallel to, and appears en echelon with the main structure. The secondary vein-structure was exposed, in cross-trenches, along 100m of strike-length. It varies from up to 6 to 7.4m wide in the central part of the trench exposures to 0.5m wide at the northwesternmost exposure.

The highest concentrations of gold appear to occur, overall, in zones of most intense quartz + pyrite alteration. The southeasternmost 21m of the major vein-structure contains an average of 0.07 oz Au/t over an

average width of 1.06m. In the northwestern part of the structure one series of chip-samples across a 12m width contained an average of 0.023 oz Au/t. Chip samples across the secondary vein-structure indicate this structure contains from 0.014 oz Au/t over a 1.8m width, to 0.009 oz Au/t over 16.3m. Even though high grade concentrations of gold were not detected in chip-samples, the occurrence of anomalous concentrations of gold over substantial widths is highly encouraging. Additional trenching, and diamond drilling is warranted to test the strike-, and dip-projections of these two vein-structures.

3.0 Bulk Sampling Program

Three bulk samples were taken for metallurgical testing; one from the Bolivar claim and two from the Holly claim.

3.1 Bolivar Bulk Sample

The Bolivar bulk sample was mined with typical open pit methods using an air-trac drill for drilling, a 950 Loader for loading and a tandem axle dump truck for hauling the sample to the mill. The sample was crushed in two stages and then ground in the ball mill to less than 80% -100 mesh, from there, the coarse gold was removed through gravity separation techniques and the fine gold continued on to be recovered in the floatation circuit. Waste material from the mill was retained in a tailings pond. Samples were taken for gold assay from the drill cuttings, ball mill feed, gravity concentration, flotation concentrate and tailings.

The results from the Bolivar bulk sample are listed below:

Bolivar bulk sample weight	=	1734.400 tonnes
Average assayed sample grade	=	0.018 oz/tonne
Recovered oz in gravity conc	=	16.270 oz Au
Recovered oz in flotation conc	=	3.460 oz Au
Total weight to tails	=	1725.030 tonnes
Average assayed tail grade	=	0.006 oz/tonne
Total oz to tails	=	10.350 oz Au
Total oz of gold from sample	=	30.080 oz Au
Average calculated sample grade	=	0.017 oz/tonne

The 1734 tonne bulk sample was a good representative sample for the metallurgical testing. Assays were fairly consistent and balanced well within the metallurgical test. The slight difference between the averaged assayed sample grade and the averaged calculated sample grade indicated there was no "nugget effect" problem as earlier considered from a previous diamond drill program. A 66% recovery of gold was obtained in the test. Grades are of subeconomic level and encourage no further work at this time.

3.2 Holly No.1 Bulk Sample

The Holly No.1 bulk sample was mined with labour intensive equipment to minimize the dilution of the mineralized sample. The narrow zone required hand held drills for drilling and a backhoe for excavating and loading the bulk sample. The sample was then hauled 8 km to the Bolivar mill site for metallurgical test work. The bulk sample was crushed in two stages and then ground in the ball mill to less than 80% -100 mesh. The coarse gold was removed through gravity techniques and the remaining fine gold was concentrated via a flotation circuit. The tailings were discharged to the adjacent tailings pond. Samples were taken on a regular basis for gold assay from the drill cuttings, ball mill feed, flotation concentrate, gravity concentrate and tailings. Assays were taken for approximately every 5 tonnes of mill throughput.

The results from the Holly No.1 bulk sample are listed below:

Holly No.1 bulk sample weight	=	1294.220 tonnes
Average assayed sample grade	=	0.033 oz/tonne
Recovered oz in gravity conc	=	9.090 oz Au
Recovered oz in flotation conc	=	13.390 oz Au
Total weight to tails	=	1267.980 tonnes
Average assayed tail grade	=	0.011 oz tonne
Total oz to tails	=	13.950 oz Au
Total oz of gold from sample	=	36.430 oz Au
Average calculated sample grade	=	0.028 oz/tonne

The 1294 tonne bulk sample is representative of the mineable ore found in this zone. The narrowness of the mineralized vein prevented a higher grade sample to be taken. Even with a great deal of expense to minimize dilution, the average grade remained subeconomic. The assays were very consistent and by comparing the average assayed sample grade and the average calculated grade, there appears to be no

"nugget effect" present.

Gold recoveries were 62%, which is considered low by metallurgical standards.

3.3 Holly No.3-1 Bulk Sample

The Holly No.3-1 bulk sample was mined using conventional open pit methods. The wider zone, (greater than 1.5m), enabled the use of the air-trac drill for drilling and the excavator, (used for trenching) to excavate and load out the sample. The material was hauled and metallurgically tested in the same fashion as the Holly No.1 bulk sample. Samples were taken for gold assay on a regular basis from the drill cuttings, ball mill feed, gravity concentrate, flotation concentrate and the tailings. Assays were taken for approximately every 5 tonnes of mill throughput.

The results from the Holly No.3-1 bulk sample are listed below:

Holly No.3-1 bulk sample weight	=	464.490 tonnes
Average assayed sample grade	=	0.036 oz/tonne
Recovered oz in gravity conc	=	4.928 oz Au
Recovered oz in flotation conc	=	3.790 oz Au
Total weight to tails	=	457.070 tonnes
Average assayed tail grade	=	0.012 oz/tonne
Total oz to tails	=	5.480 oz Au
Total oz of gold from sample	=	14.190 oz
Average calculated sample grade	=	0.031 oz

The 460 tonne bulk sample appears to be representative of the ore found in this zone. The average grade found in this sample indicates that the ore is subeconomic for this type of deposit. The assays were fairly consistent and by comparing the average assayed sample grade and the average calculated sample grade, there appears to be no "nugget effect" present. Gold recoveries were approximately 61%, which is considered low by metallurgical standards.

BOLIVAR GOLD CORP

TRENCHING and BULK SAMPLING PROGRAM

EXPENDITURES ELIGIBLE FOR EXPLORATION EXPENSES

<u>Period</u>	<u>Amount</u>
April 25 - 30	\$2,732.56
May 1 - 15	\$27,184.52
June 19 - 30	\$43,337.20
July 1 - 31	\$68,753.62
Aug 1 - 9	<u>\$21,325.66</u>
Total Expenditures	\$163,333.56


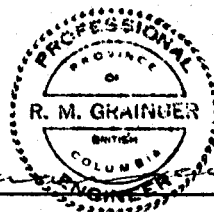
Work schedule: April 25 - May 15, 1987
June 20 - August 9, 1987

STATEMENT OF QUALIFICATIONS

I, Richard M. Grainger, P.Eng., with a business address in the city of Vancouver, B.C. do hereby certify that:

- 1) The work described herein was carried out under my personal supervision.
- 2) I am a 1981 Graduate of the University of British Columbia with a Bachelor of Applied Sciences Degree in Mining Engineering.
- 3) I am a registered member, in good standing, of the Association of Professional Engineers of B.C.
- 4) I have worked in the minerals industry for the past 13 years and have practiced various levels of my profession for the past 8 years.
- 5) I am fully employed by Rhyolite Resources Inc., the owner and operator of the described property and program herein.
- 6) The trenching work done on the Holly claim was directed by Gary Benvenuto, Ph.D., who has 8 years of exploration experience.

Dated at Vananda, in the Province of British Columbia, September 23, 1987.

Richard M. Grainger, P.Eng