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**GEOLOGICAL AND GEOPHYSICAL REPORT  
ON THE  
GOLD HILL PROPERTY**

**Gold Hill 1-4 & GEM 1-2 CLAIMS**

**Nelson Mining Division**

**N.T.S. Map 82F/6W**

**Lat. 49° 25' N./Long. 117° 22' W.**

**GEOLOGICAL BRANCH  
ASSESSMENT REPORT**

**21,206**

by

**D. G. Leighton, B.Sc., F.G.A.C.**

**Owner:  
Operator:  
Report:**

**Annex Exploration Corp.  
Formosa Resources Corporation  
March 30, 1991**

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## GOLD HILL PROPERTY

### SUMMARY

1. The Gold Hill property is a gold-silver-copper prospect located at Fortynine Creek south of Nelson, B.C. The property is near the centre of an active mining camp with several active players including Pacific Sentinel Gold Corporation and Teck Corporation.
2. The property consists of six contiguous claims (34 units) held under an Option/Joint Venture agreement with Annex Exploration Corp. (formerly Golden Eye Minerals Ltd.). The option was acquired in March, 1988).
3. The original agreement called for annual payments and minimum work commitments over a four year period leading to a 60% property interest. The agreement was subsequently amended giving Formosa the right to obtain a further 15% interest.
4. Formosa completed grid controlled prospecting and geochemical surveys over most of the property in 1988. In 1989, follow-up work consisted mainly of prospecting and backhoe trenching across the 1988 geochemical targets and a minor diamond drilling program. The main showing was sampled underground in 1988, and resampled in 1989.
5. Exploration undertaken in 1990 included reconnaissance geological prospecting, minor fill-in line cutting, and geophysical (magnetic and VLF-EM) work.
6. Although no priority exploration targets have been developed on the Gold Hill property a number of anomalies were identified. These include:
  - the strike extensions of a major magnetic anomaly which runs the length of the claims and which hosts the old main workings situated beside the Gold Hill access road, and
  - the northeastern sector of the property which contains a number of coincident geochemical and geophysical anomalies and a number of old workings (adits and trenches).

## GOLD HILL PROPERTY

### 1. INTRODUCTION

This report summarizes the results of geological and geophysical surveys completed on the Gold Hill property, located at Nelson, B.C., in 1990. The work was done at intervals during July and August. The geophysics involved a magnetic/VLF-EM survey over about 60 line kilometres of previously established grid. The geological work consisted of limited reconnaissance work, mainly at the northeast end of the property.

While no priority exploration targets have emerged on the Gold Hill claims, the geological database has been substantially advanced and secondary targets have been delineated that merit follow-up as circumstances allow.

As operator, Formosa enlisted Boundary Drilling Inc. to undertake the exploration program described in this report. The geophysics was mainly the responsibility of D.G. Leighton. Jennifer Pell did most of the geological-prospecting work. Both John Knox and Lindsay Martin were actively involved with interpretation of Gold Hill data during the course of their work on adjoining claims.

### 2. PROPERTY

#### 2.1 Location, Access and Physiography

The Gold Hill property is situated on Fortynine Creek, about ten kilometres (16 by road) southwest of Nelson B.C. Topographic coordinates are 49° 25' north latitude, 117° 22' west longitude. Access is via a dirt road which runs along the east side of Fortynine Creek from the community of Blewett (see Figure 2). The Gold Hill workings are beside this road at an elevation of 5160 feet. With winter snow plowing, the property is accessible by vehicle year round.

Property topography is moderate to steep. Both sides of the Fortynine Creek Valley are covered by second growth forest and in most areas undergrowth is thick.

Most supplies and services are readily available in Nelson which is an important supply centre for the region. Power,

water and transportation services (including rail) are located nearby and the Trail smelter is within an hours drive from the Gold Hill claims.

## 2.2 Claims

The Gold Hill property consists of four two-post and two metric claims in the Nelson Mining Division as follows:

CLAIM NAME	UNITS	RECORD NO.	EXPIRY (M/D/Y)
Gold Hill #1	1	1077	5/30/1993
Gold Hill #2	1	1078	5/30/1993
Gold Hill #3	1	1079	5/30/1993
Gold Hill #4	1	1080	5/30/1993
GEM #1	20	3121	4/06/1993
GEM #2	10	3122	4/06/1993

Formosa Resources Corporation has an option to acquire up to a 75% interest in the Gold Hill claims from Annex Exploration Corp. (formerly Golden Eye Minerals Ltd.).

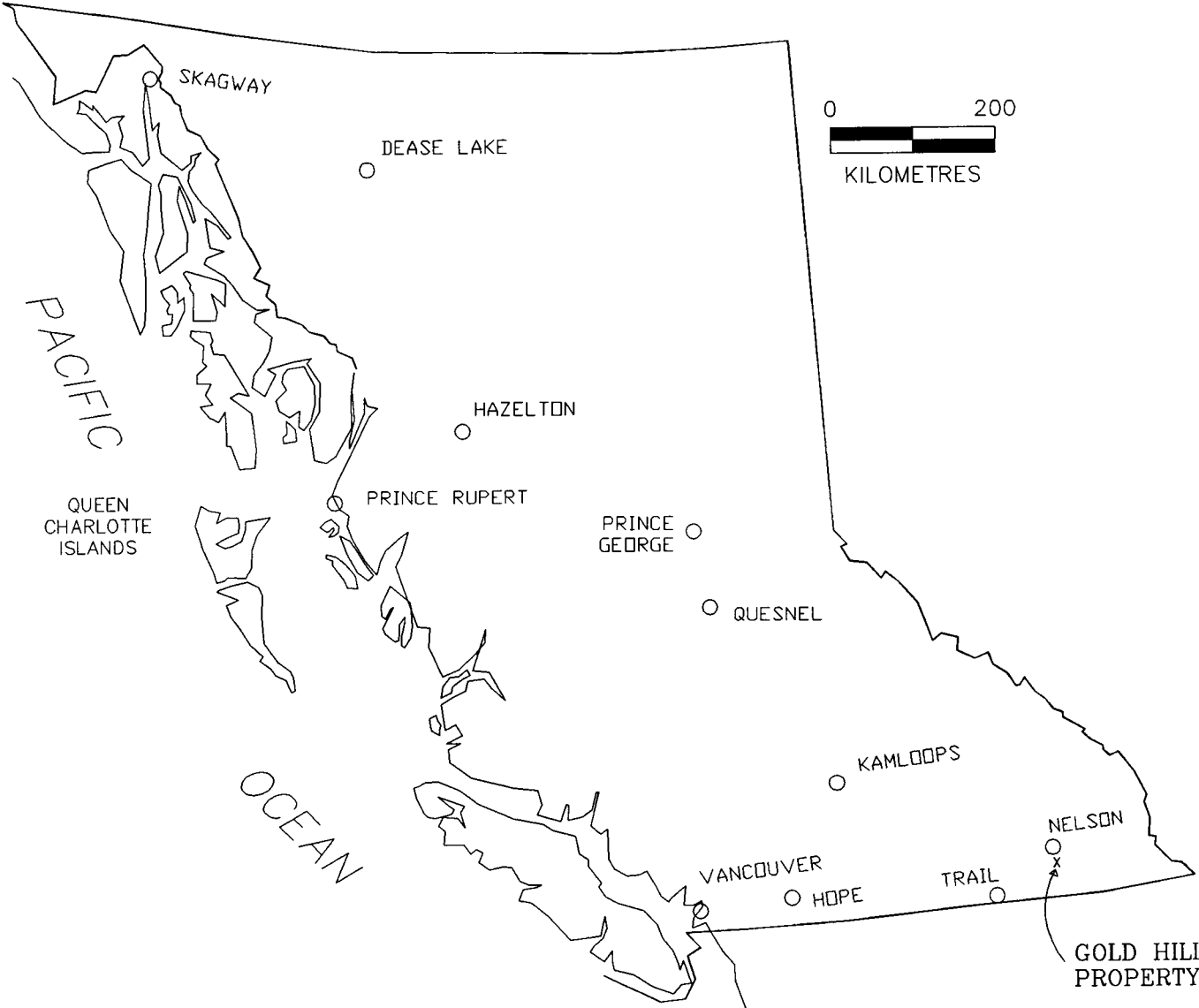
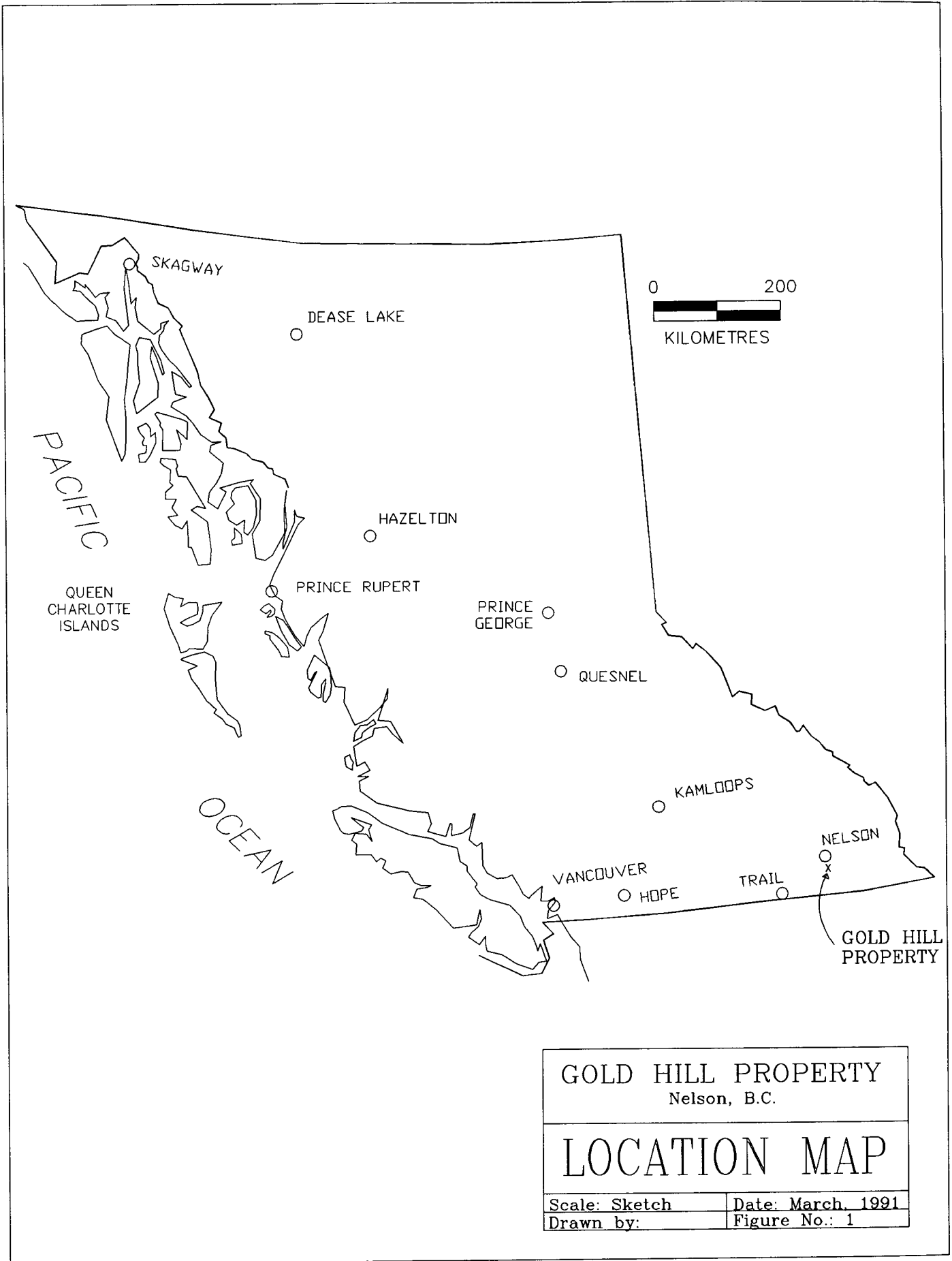
## 2.3 Property History

The region located south of Nelson has been a focus of prospecting and exploration efforts at various intervals since the late 1800's. The first recorded work on the Gold Hill showings was in 1890. By 1889 a 600 foot adit had been completed and in 1903 ten tons of (presumably hand sorted) ore were shipped to Hall smelter in Nelson. More ore was shipped in 1921 and in 1922. Underground drifting was extended in 1927 after which the property remained inactive until 1974 when workings were rehabilitated by E. Denny and his partners. Golden Eye Minerals acquired the property in 1983 and did some geochemical and geophysical work and underground sampling. Further surveys were completed by Golden Eye in 1984, the last recorded work up to the present phase of activity.

## 3. GEOLOGY

### 3.1 Regional Geology

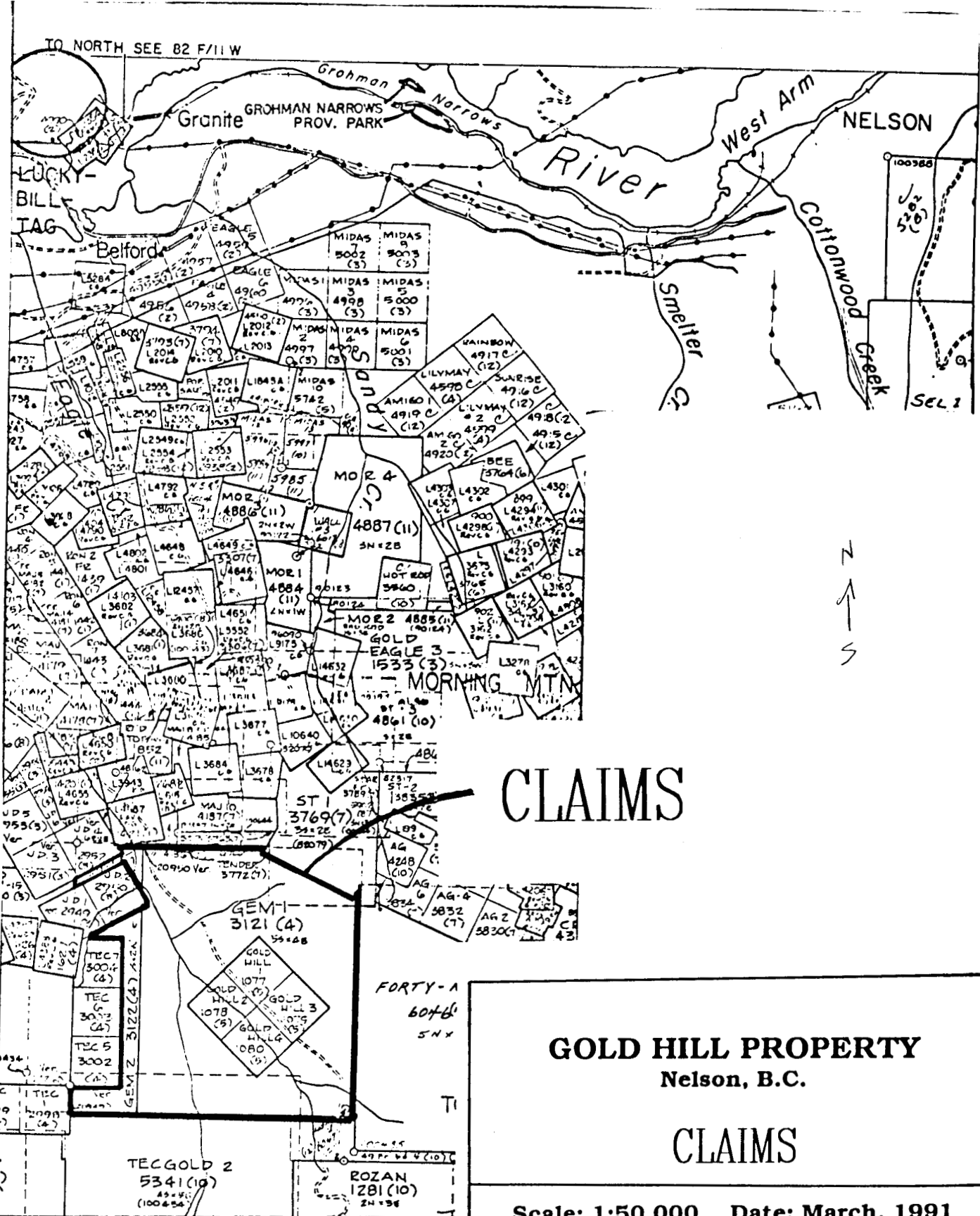
The area south of Nelson is predominantly underlain by volcanic and sedimentary rocks of the Jurassic Rossland



GOLD HILL PROPERTY  
Nelson, B.C.

LOCATION MAP

Scale: Sketch	Date: March, 1991
Drawn by:	Figure No.: 1



# CLAIMS

**GOLD HILL PROPERTY**  
Nelson, B.C.

# CLAIMS

Scale: 1:50,000    Date: March, 1991  
 Drawn by: D.G.L.    Figure No.:2

Group and lower Cretaceous granitic rocks of the Nelson batholith. Rosslund Group rocks are exposed in a broad arcuate belt, which is bounded to the west, north and east by Nelson granites, and is in fault contact to the south with lower Paleozoic rocks of the Kootenay Arc. Rosslund Group rocks are intruded by subvolcanic stocks and plugs, by numerous small, irregular stocks of Nelson granite, by apophyses of the Nelson batholith and, locally, by Eocene alkalic Coryell intrusions (Höy, pers. comm., 1990; Höy and Andrew, 1988; Little, 1960).

The Rosslund Group has been subdivided into three units: a lower, highly deformed sequence of fine grained clastic rocks assigned to the Ymir Group and Archibald Formation; an intermediate unit formed predominantly of volcanic flows and pyroclastic and epiclastic rocks of the Elise Formation; and an upper sequence of weakly deformed rocks comprising the Hall Formation (Höy and Andrews, 1988).

The Ymir Group and correlative Archibald Formation consist of interbedded siltstones, sandstones and argillites that locally contain thin, impure marble beds and grit layers. Thin (2 to 10 metre) basaltic andesite flows or sills occur near the top of the succession and the contact with the overlying volcanic dominated Elise Formation is gradational. Strata mapped as Ymir Group are in excess of 900 metres thick; the Archibald Formation is estimated to be at least 1000 metres thick. Microfossils collected from rocks of the Archibald Formation indicate an early to late Sinemurian age (circa 200-210 Ma.) for these strata (Höy and Andrew, 1989a; Little, 1960).

The Elise Formation is characterized by a series of interfingering lenses of massive to brecciated augite porphyry flows, fine grained tuffs, crystal and lapilli tuffs, sub-volcanic feldspar porphyries and minor epiclastic deposits that pinch out both laterally and vertically. Despite facies changes, the Elise Formation can be broadly subdivided into two members (Höy and Andrew, 1988; 1989a; 1989b). The lower Elise member primarily includes massive augite porphyry flow breccias, flows and coarse blocky pyroclastic rocks. Thin, shaley interbeds are present at the base of the succession and thin tuffaceous beds are locally present throughout the sequence. Up-section, strictly augite phyrlic rocks give way to augite and feldspar phyrlic flows and flow breccias. The upper Elise member consists mainly of intermediate pyroclastic rocks, minor epiclastic rocks and some mafic flows. Light grey-green, fine grained feldspathic tuffs, coarse feldspar crystal and lapilli tuffs and tuff breccias are the most common lithologies present (Höy, pers. comm., 1990; Höy and Andrew, 1988; 1989a; 1989b). The lower Elise Formation is estimated to be at least one kilometre thick; the upper Elise Formation is up to 2.5 kilometres thick (Höy and Andrew,



1988). No radiometric dating has been done on Elise Formation strata; they are considered to be between 210 and 190 Ma., bracketed by Sinemurian fossils in the underlying Archibald Formation and early Pleinsbachian to early Toarcian macrofossils from the overlying Hall Formation strata (Höy and Andrew, 1989a).

Subvolcanic intrusive bodies up to 400 metres thick and conformable with stratigraphy occur within the Elise Formation. These intrusions (including the Silver King) are porphyritic, characterized by 20 to 30% euhedral plagioclase phenocrysts up to one cm in size, less than 5% hornblende laths and a few percent resorbed quartz phenocrysts in a fine grained light grey to green matrix (Höy and Andrew, 1988). Radiometric dating on zircons from the Silver King porphyry indicate an age of approximately 182 Ma. for these rocks (Höy, pers. comm., 1990) which slightly postdates the estimated time of emplacement of Elise Formation strata.

The Hall Formation, youngest member of the Rosslund Group, generally conformably overlies the Elise Formation. It is at least 1400 metres thick and comprises a lower coarsening upwards succession of black argillites, siltstones, grits and conglomerates overlain by interbedded siltstones and argillites (Höy and Andrew, 1989a).

Plutonic rocks associated with the Nelson batholith intrude, and are marginal to, Rosslund Group strata. Both nonporphyritic medium grained, biotite and hornblende granodiorites, and fine grained diorites with plagioclase and hornblende phenocrysts are present as small stocks intruding Rosslund strata; porphyritic granites and granodiorites are the dominant lithologies in the main batholith, marginal to the Rosslund rocks (Höy and Andrew, 1988; Little, 1960). Radiometric dating indicates an age of 162 Ma. for the Nelson batholith and related rocks (Höy, pers. comm., 1990). Lamprophyric and dioritic dykes of probable Cretaceous to Tertiary age are also found locally. Small Tertiary (Eocene) stocks of shonkonite and syenite, correlative with the Coryell intrusions, are also present.

The structure of the Nelson area is dominated by northerly trending tight folds and associated shears, with intensity of deformation increasing towards the east. The main map-scale structure in the area south of Nelson is the Hall Creek syncline, a tight, southwest plunging fold that exposes Hall Formation rocks in its core and Elise and Archibald Formation strata on its limbs. To the northwest of the exposed core of Hall Formation rocks, the syncline apparently gives way to a zone of intense shearing, more than one kilometre wide, that is informally known as the Silver King shear. Folding and shearing affects rocks of the Rosslund group, including the subvolcanic feldspar porphyritic intrusions, but predates intrusion of the Nelson

granites (i.e. between approximately 180 and 160 Ma.; Höy, pers. comm., 1990; Höy and Andrew, 1989a). West of the Hall Creek syncline and Silver King shear zone, in the Fortynine Creek valley, is a northeast dipping, overturned listric normal fault, the Red Mountain fault. It is believed to be slightly younger than the main period of folding and shearing, but is also truncated by granitic rocks of the Nelson Intrusions (Höy and Andrew, 1989a).

Southwest of Nelson, near the mouth of Fortynine Creek, an intrusive body of uncertain affiliation crops out. It has been previously mapped as pseudodiorite, but appears to be monzonite to monzodiorite. It consists predominantly of medium grained equigranular, feldspar- and hornblende-bearing, leucocratic to mesocratic rocks of unknown age. Timing of emplacement relative to deformation has not been clearly established; some evidence suggests that it may be a predeformational intrusion (Höy, pers. comm., 1990).

### 3.2 Nelson Area Mineral Deposits

A variety of gold, silver, copper, lead and zinc vein deposits as well as molybdenum deposits occur in Rossland Group rocks or the intrusions cutting them. Many of these deposits are past producers, with activity dating back to the late 1880's; since that time more than 16,750 kilograms of gold and 190,000 kilograms of silver have been recovered from the area (Höy and Andrew, 1989a). Mineral occurrences in the Nelson area can be subdivided into four main types (Andrew and Höy, 1989; Höy and Andrew, 1989a; 1989c) as follows:

- I porphyry or stockwork molybdenum-copper
- II skarn molybdenum, copper, tungsten, gold
- III vein gold-silver-copper or vein gold-silver-lead-zinc
- IV "conformable" or shear zone related gold-copper

Porphyry, skarn and vein occurrences are closely associated with late Nelson granitic intrusions; deposits referred to as "conformable" or shear zone related are more closely associated with Rossland Group lithologies and early structures.

Types I & II are typical of porphyry and skarn systems elsewhere and will not be described in detail. Vein deposits are widely distributed throughout the area; many have a preferred structural orientation, parallel to bedding, foliation, AC jointing or extension joints (Höy and Andrew, 1988). Vein mineralogy appears to be associated to host rock lithology: gold-silver-lead-zinc veins are mostly found in metasedimentary rocks of the Ymir or correlative

Archibald Formations, and adjacent to or within Nelson granites; copper-gold veins are commonly in Elise Formation volcanic rocks, usually in or near shear zones (Höy and Andrew, 1989a).

"Conformable" gold-copper deposits include a variety of showings that are either conformable to foliation or bedding within the host Elise Formation and are sheared or foliated along with the host rocks. They appear to be related to synvolcanic intrusions (including the Silver King porphyry) and all have extensive alteration halos (Höy and Andrew, 1989a). Two main types of alteration have been noted: one is a dominantly green chlorite-epidote-carbonate-magnetite assemblage; the other, a bleached white quartz-carbonate-sericite-pyrite association. In some areas, potassic alteration (development of secondary potassium feldspar) and argillic alteration (kaolinite after feldspar) have also been noted (Andrew and Höy, 1989; Höy and Andrew, 1989a; 1989c; Höy, pers. comm., 1990).

### 3.3 Property Geology

The Gold Hill property is predominantly underlain by volcanic and volcanoclastic rocks correlative with the Elise Formation of the Jurassic Rosslund Group. The property can be broadly subdivided into two geological domains, one lying approximately southwest of the 100+00E baseline on the lower slopes above Fortynine Creek, and the other to the northeast of that line (Figure 90-3). Regional mapping (Höy and Andrew, 1988) indicates that the two domains are separated by the Red Mountain Fault in the vicinity of the Gold Hill property.

The dominant lithology in the southwestern domain is a light green weathering crystal lapilli tuff assigned to the Upper Elise Formation. The tuff contains abundant small feldspar crystals, fragments of leucocratic igneous intrusive rocks up to 20 cm in size and rare shale chips in a chloritic matrix. Fragments can comprise up to 50% of the rock and are generally flattened parallel to foliation. Locally, these tuffs have a very high magnetic susceptibility, containing finely disseminated magnetite crystals and magnetite associated with quartz veinlets. One area in which variably magnetic crystal lapilli tuffs are exposed is along a trench road at the south end of the property between line 92+00N and line 99+00N, coinciding with a magnetometer survey high.

Chlorite schists containing small feldspar crystals are also present within this lithologic package. These are exposed near the Gold Hill adit, along the road to the north of it (line 100+00N to 106+00N, 96+00E), and in the vicinity of an

old shaft east of the main road at line 115+50 to 116+00N, 97+00E. The chlorite schists are generally strongly foliated; locally they exhibit a massive felted texture. In some areas the schists are strongly magnetic; in other areas they are epidote-rich. Talc is observed locally. The protoliths of these schists are uncertain; they may have been derived from sheared crystal tuffs, sheared crystal lapilli tuffs, or some other lithology. Copper-gold bearing quartz veins are associated with these rocks at the Gold Hill adit (the Portal Vein). No distinctive magnetic signature is associated with the shearing or veining at this locality. Black argillites correlative with the Hall Formation outcrop at the south end of this belt. These are exposed along the main trench road between line 93+00N and line 93+50N.

The northeastern domain (northeast of the Red Mountain Fault) is predominantly underlain by augite porphyry flows and flow-top breccias of the Lower Elise Formation. These are dark green, massive rocks with augite phenocrysts up to 0.5 cm in size in a fine grained matrix. Flow top breccias are characterized by blocky augite porphyry fragments in a matrix of similar composition; the fragmental nature of these rocks is best observed on weathered surfaces. Fine grained basaltic tuffs are also present.

Within this package, chlorite schists are locally developed in shear zones. These schists can be strongly magnetic and are commonly associated with quartz-carbonate-chalcopyrite-specular hematite veins. A series of old workings is found along one of these shears in the vicinity of line 113+50 to 115+25N, 103+25 to 103+75E. Epidote is often present in augite porphyry peripheral to shears.

The Red Mountain Fault separating the two domains exhibits no surface expression. The fault trace shown in Figure 90-6 is interpreted mainly from VLF data.

Immediately north of the Gold Hill property on the Gold Bell and May & Jenny Crown Grants, rusty weathering, chalky white quartz-carbonate-pyrite and quartz-sericite-pyrite alteration zones are developed in highly sheared rocks. Gold bearing quartz-pyrite veins, commonly with chlorite clots and selvages, are associated with this alteration type. Northeast of the May and Jennie shear system (line 100+00N, 105+60E; May & Jenny Grid) a similar alteration type is present. Here, the alteration is hosted within sheared augite porphyry and is associated with quartz-carbonate-chalcopyrite-specular hematite veins.

### 3.4 Economic Geology

Three main types of alteration and associated mineralization have been identified on and near the Gold Hill property. Southwest of the Red Mountain Fault, copper-gold bearing quartz veins are present in chloritic shear zones within Upper Elise Formation crystal lapilli tuffs. At the Gold Hill adit, free gold is found in the Portal quartz vein along with bornite and chrysocolla. In a small shaft east of the road at line 115+50N, quartz veins in chlorite schist contain gold, silver and some copper (chrysocolla) with grab samples assaying 4.67 gpt (0.136 opt) Au and 60.0 gpt Ag (Appendices I & II). The chlorite schists are locally magnetic and some epidote is developed marginal to the main shears. The width of the mineralized shear zones, which are recessive, cannot be determined by surface mapping.

The second alteration type is hosted within sheared augite porphyry flows of the Lower Elise Formation. Near line 119+00N to 115+00N 103+50E, copper bearing quartz-carbonate veins occur in chloritic shear zones exposed in old workings. Copper is present in the form of chalcopyrite and copper staining (malachite or chrysocolla). Specular hematite is also present locally in the veins. Extremely low gold and silver values were returned from grab samples of this type of mineralization (Appendices I & II). Chlorite schists in these shear zones are moderately magnetic. Since our magnetic survey did not extend over this area, it is difficult to estimate the strike length of this zone.

The third alteration and mineralization type is best exposed north of the Gold Hill property on the May & Jenny and Gold Bell crown granted claims. It consists of gold bearing quartz-pyrite veins and stringers in very fine grained rusty to white weathering quartz-pyrite+/-carbonate+/-sericite altered rocks. Quartz stringers may have black chloritic selvages or may contain specular hematite. Pyrite is generally present in well formed cubes up to one centimetre across. Chalcopyrite is present in veinlets associated with similar alteration to the northeast of the Gold Hill property. This bleached and silicified alteration is commonly associated with chlorite schist, chlorite-rich sheared augite porphyry and epidote altered augite porphyry. Grab samples of quartz stringer veins and silicified alteration collected from the dumps of an old adit on the Gold Bell Crown Grant contained up to 7.43 gpt (0.217 opt) Au; a grab sample of silicified augite porphyry with abundant disseminated pyrite and minor quartz stringers contained up to 4.27 gpt (0.125 opt) Au (Appendices 1,2).

The first two types of mineralization, veins associated with chloritic shears, are of limited exploration potential. The

quartz-carbonate-chalcopyrite veins in sheared augite porphyry (near the northern property boundary) did not carry gold. As well, the shear zone hosting these veins appears to be quite narrow. Quartz-bornite-chrysocolla veins in chloritic shears in crystal lapilli tuffs on the southwestern part of the property represent better targets in that they carry gold values. However, the gold appears to be concentrated in narrow, discontinuous veins that are difficult to follow. The large magnetic anomaly warrants additional prospecting to determine if similar mineralization is present along strike.

On the Gold Hill property, the best exploration potential is considered that associated with quartz-pyrite-carbonate-sericite alteration in zones such as the one extending between the May & Jenny property and the Gold Bell Crown Grant which is characteristic of "conformable" gold-copper deposits as described by Höy and Andrew (1989a). Gold is present in altered host rock as well as veins which suggests that potential for sizeable mineralized zones. No alteration of this type was seen on the Gold Hill property.

#### **4. GEOPHYSICS**

##### **4.1 Survey**

A total field magnetometer and VLF-EM survey covering approximately 60.7 line-kilometres was completed in June and July, 1990. The survey grid had been established over the previous two field seasons in order to provide control for prospecting and soil sampling surveys. Data was obtained using an EDA Omni Plus instrument: with magnetic data corrected by the tie-line method. Orientation surveys, completed over parts of the grid in 1989, had demonstrated the value of both ground magnetics and VLF electromagnetic measurements in this particular area.

##### **4.2 Results**

The data indicates several significant features (Figure 90-4). West of Fortynine Creek, magnetic susceptibilities are consistently 500 to 1000 gammas higher than those found to the east. This suggests that Fortynine Creek marks the boundary between different rock packages. No geological data is available to confirm this interpretation.

A well developed linear anomaly trending about 140 degrees runs through the Gold Hill property which is associated with a geologic structure. Extending 1200 to 1500 gammas above the background level, this magnetic susceptibility high correlates with a zone of chlorite-magnetite alteration associated with shearing within lower Elise Formation lapilli and crystal tuffs. This interpretation is supported in an outcrop near the main road at line 116+00N, and on the trench road between line 96+00N and line 98+00N. Here, chlorite schists and foliated tuffs occur in conjunction with the magnetic high.

The magnetic anomaly is cut into two segments near line 105+50N 97+50E, a left lateral separation of about four hundred metres. There is no surface expression or VLF signature associated with this separation. It is likely that the offset is caused by a brittle fault cutting the chlorite schists. The southern portion of the linear magnetic anomaly is narrow, sharp and clearly defined. North of the offset, the anomaly broadens considerably. This widening of the anomaly might be due to overburden near the valley bottom.

A similar total magnetic field survey was conducted over the May and Jennie shear system immediately north of the Gold Hill property. Here quartz-sercite-pyrite alteration associated with gold mineralization exhibits a strong, linear magnetic response 600 to 800 gammas above background. This anomaly weakens to the southeast and does not appear to extend onto the Gold Hill property.

A VLF-EM survey was completed in 1990 utilizing the Seattle transmitting station (24.8 kHz). Fraser filtered in-phase component data is presented in Figure 90-5. Several strong linear conductive zones were identified. Given the available surface and underground geological data, all VLF-EM anomalies can be attributed to faulting.

The principal EM anomaly extends from 96+40E on line 91+00N to baseline 100+00E at line 107+00N, and follows the 100+00E baseline to the northern claim boundary. This is interpreted to be a reflection of the Red Mountain Fault.

A strong linear anomaly trending 075° and centered at line 99+75N 98+00E, cuts the Red Mountain fault trace with a slight apparent right lateral offset. This cross structure does not appear to extend much west of baseline 95+00E, and is open to the east. Faulting observed underground in the Gold Hill workings correlates closely with the intersection of this cross structure with a splay of the Red Mountain Fault system.

Other VLF-EM conductors appear to correspond to splays of the Red Mountain Fault. The strongest of these extends

eastward from line 113+50N 100+50E to line 105+50N 104+25E. This anomaly is open to the east. The intersection of the Red Mountain Fault and this splay also coincides with a large copper-lead-zinc soil geochemistry anomaly.

The magnetic and VLF-EM anomalies share a common regional trend of approximately 135°. A VLF survey conducted over the May and Jennie property indicated coincident magnetic and VLF anomalies over the mineralized shear system. No coincident mag/VLF anomalies occur on the Gold Hill property.

#### 5. CONCLUSIONS & RECOMMENDATIONS

Any follow-up work on the Gold Hill property should include the following:

1. Extending the grid in the northeastern part of the property to control magnetometer/VLF-EM surveys.
2. Prospecting for bleached quartz-pyrite-carbonate-sericite alteration, particularly in the northeast part of the property beyond the existing grid.
3. Additional prospecting in vicinity and northeast of the upper Gold Hill adits (line 104+00E and beyond) and the large magnetic anomaly. Work should concentrate on locating and sampling other mineralized shears and other recognized alteration types.
4. Testing southern extension of May & Jenny shear zone. Drilling would likely be necessary.

Owing to the fact that the exploration work suggested above involves relatively low priority "secondary" targets, no formal recommended Program/Budget is provided. Any follow-up work on the Gold Hill property would be justified, and incidental to, that associated with a larger program tied to a more specific exploration objective. A significant discovery on nearby claims, for example, might well provide the necessary justification, and incentive.



## 6. REFERENCES

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7. STATEMENT OF COSTS

Wages and Professional Fees

D.G. Leighton		
July 4-12, August 9-20		
21 days @ \$300 per day	\$ 6,300	
Jennifer Pell		
August 9-18		
10 days @ 275 per day	2,750	
Benefits @ 25%	<u>2,262</u>	\$ 11,312

Disbursements


Truck Rental	\$ 2,580	
Meals and Accommodation	1,270	
Expendable Supplies	471	
Instrument Rental	3,723	
Compilation (maps, reports, etc.)	<u>2,000</u>	<u>10,044</u>
TOTAL		<u>\$ 21,356</u>

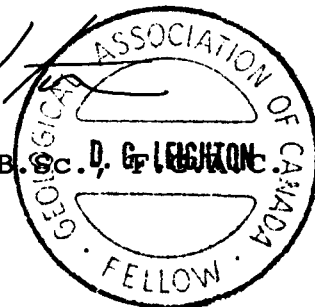
**8. STATEMENT OF QUALIFICATIONS**

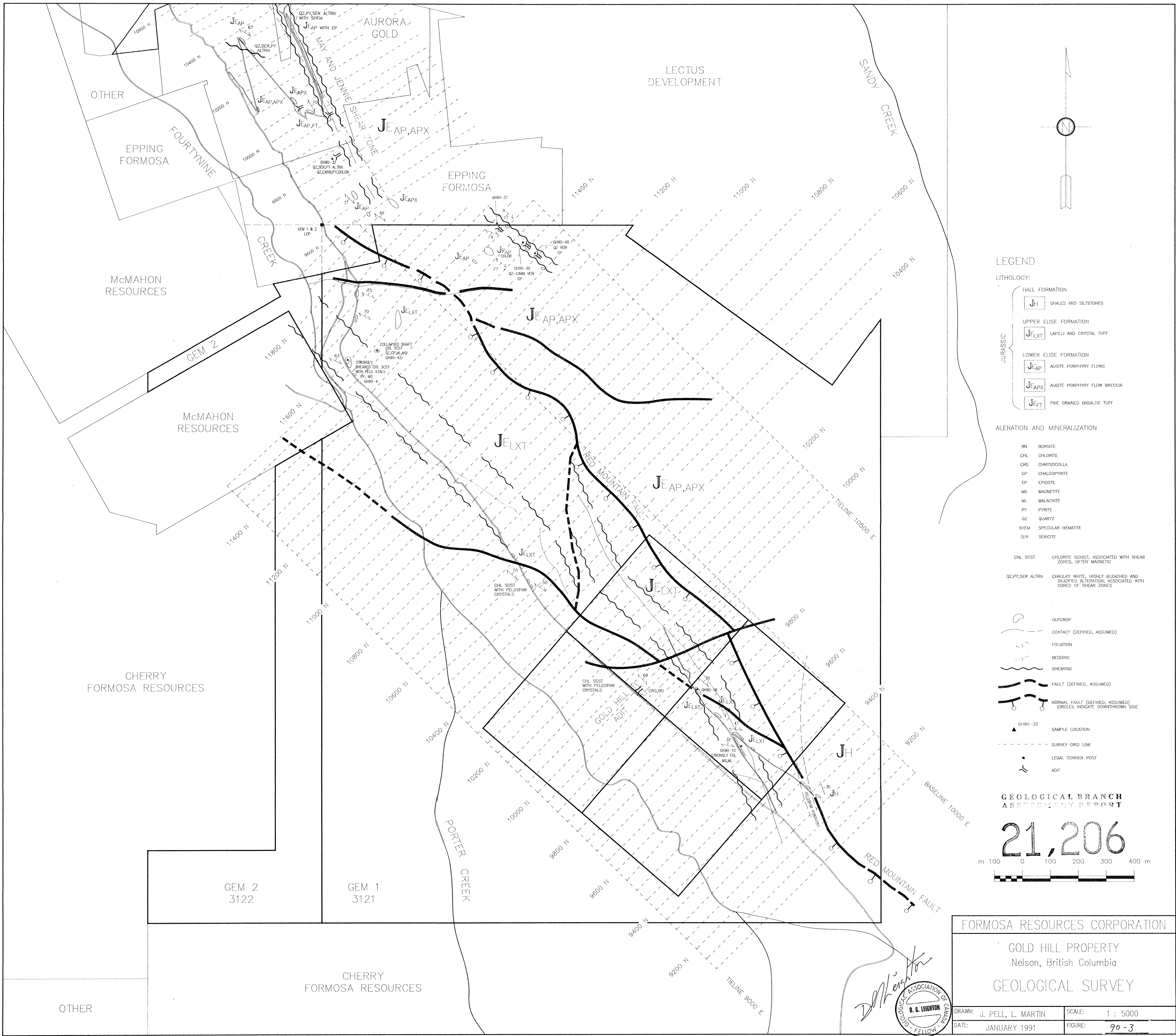
I, Douglas G. Leighton, do hereby certify that:

1. I am a professional geologist/geophysicist with offices at 3155 West 12th Avenue, Vancouver, B.C.
2. I am a graduate of the University of British Columbia, B.Sc., (1968).
3. I am a member (Fellow) of the Geological Association of Canada.
4. I have practiced my profession since 1968, mostly in British Columbia, Yukon Territory and the western United States.
5. I have no direct or indirect interest in Annex Exploration Corp., Formosa Resources Corporation or the claims comprising the Gold Hill property.
6. This report is true and factual, to the best of my knowledge. It is based on my work and work done directly under my supervision as well as a study of applicable literature.

Dated at Vancouver, B.C. this 30th day of March, 1991.

  
Douglas G. Leighton, B.Sc., F.G.A.C.





- LEGEND**
- LITHOLOGY:**
- JURASSIC**
  - HALL FORMATION
    - JH SHALES AND SILTSTONES
  - UPPER ELISE FORMATION
    - JELXT LAPILLI AND CRYSTAL TUFF
  - LOWER ELISE FORMATION
    - JEAP AUGITE PORPHYRY FLOWS
    - JEAPX AUGITE PORPHYRY FLOW BRECCIA
    - JEFT FINE GRAINED BASALTIC TUFF
- ALTERATION AND MINERALIZATION**
- BN BORNITE
  - CHL CHLORITE
  - CRS CHRYSOCOLLA
  - CP CHALCOPYRITE
  - EP EPIDOTE
  - MG MAGNETITE
  - ML MALACHITE
  - PY PYRITE
  - QZ QUARTZ
  - SHEM SPECULAR HEMATITE
  - SER SERICITE
- CHL SCST CHLORITE SCHIST; ASSOCIATED WITH SHEAR ZONES, OFTEN MAGNETIC
  - QZ,PY,SER ALTRN CHALKY WHITE, HIGHLY BLEACHED AND SULFIDED ALTERATION; ASSOCIATED WITH CORES OF SHEAR ZONES
- OUTCROP
  - - - CONTACT (DEFINED, ASSUMED)
  - - - FOLIATION
  - - - BEDDING
  - - - SHEARING
  - - - FAULT (DEFINED, ASSUMED)
  - - - NORMAL FAULT (DEFINED, ASSUMED)
  - CIRCLES INDICATE DOWNTHROWN SIDE
  - ▲ GH90-32 SAMPLE LOCATION
  - - - SURVEY GRID LINE
  - LEGAL CORNER POST
  - - - ADIT

**GEOLOGICAL BRANCH  
ASSESSMENT REPORT**

**21,206**

m 100 0 100 200 300 400 m

FORMOSA RESOURCES CORPORATION

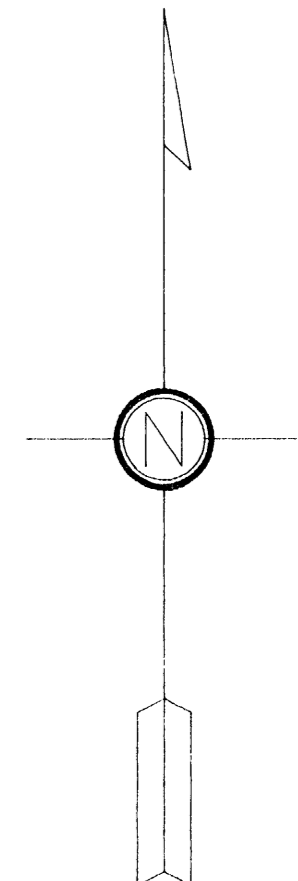
GOLD HILL PROPERTY  
Nelson, British Columbia

**GEOLOGICAL SURVEY**

DRAWN: J. PELL, L. MARTIN      SCALE: 1 : 5000

DATE: JANUARY 1991      FIGURE: 90-3

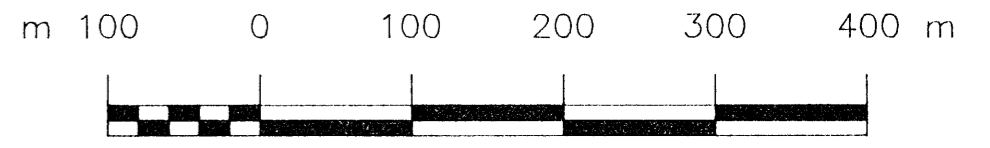




TIE LINE CORRECTED DATA  
 CONTOUR INTERVAL: 200 GAMMAS

GEOLOGICAL BRANCH  
 PRESENTMENT REPORT

**21,206**



FORMOSA RESOURCES CORPORATION	
GOLD HILL PROPERTY, Nelson, British Columbia	
TOTAL FIELD MAGNETOMETER SURVEY	
DRAWN: L. MARTIN	SCALE: 1 : 5000
DATE: JANUARY 1991	FIGURE: 70-4



*D. G. Leighton*



FRASER FILTERED  
INPHASE COMPONENT  
(PERCENT)

CONTOUR INTERVAL: 5%

GEOLOGICAL BRANCH  
ASSESSMENT REPORT

**21,206**

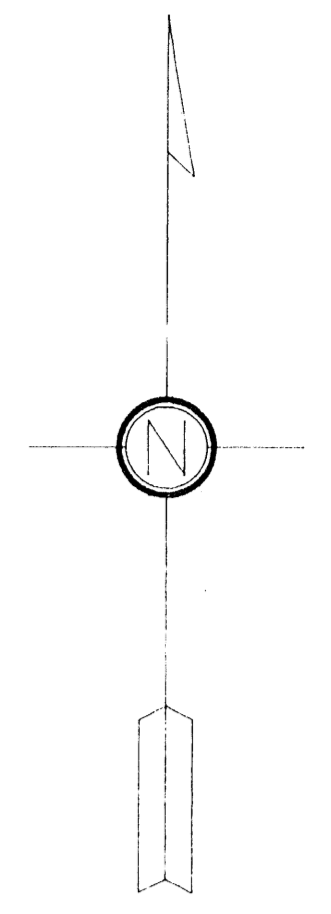
0 100 200 300 400 m

FORMOSA RESOURCES CORPORATION

GOLD HILL PROPERTY  
Nelson, British Columbia  
VLF-EM SURVEY  
24.8 kHz - SEATTLE

DRAWN: L. MARTIN	SCALE: 1 : 5000
DATE: JANUARY 1991	FIGURE: 90-5





**LEGEND**

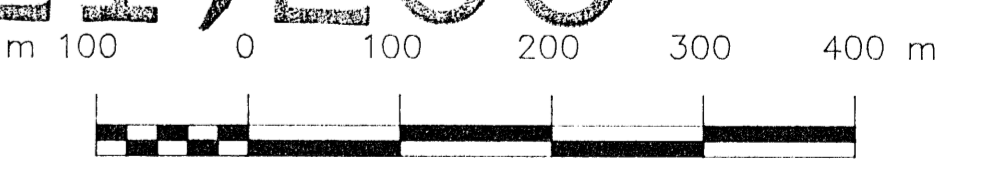
ANOMALOUS SOIL GEOCHEMISTRY

- CU > 90 PPM
- PB > 25 PPM
- ZN > 150 PPM
- AU > 50 PPB

- TRACE OF MAGNETIC ANOMALY
- SHEARING
- FAULT (DEFINED, ASSUMED) FROM VLF DATA
- SURVEY GRID LINE
- LEGAL CORNER POST
- ADIT

GEOLOGICAL BRANCH  
ASSESSMENT REPORT

**21,206**



FORMOSA RESOURCES CORPORATION  
GOLD HILL PROPERTY  
Nelson, British Columbia  
COMPILATION MAP



DRAWN: L. MARTIN      SCALE: 1 : 5000  
DATE: JANUARY 1991      FIGURE: 90-6