

The Nelson Group - Gold Property

Hedley Basin Gold Camp

INTRODUCTION

The Nelson Claim Group has been staked to cover several known high grade gold skarn occurrences, covering Apex Mountain and the surrounding area.

LOCATION & ACCESS

The property is located mostly above tree-line on prominent east-west trending ridges and slopes, between Apex Mountain and Beaconsfield Mountain near the famous Hedley Gold Camp.

The famous Nickel Plate Mine at Hedley produced 2.5 million ounces of gold from underground and surface operations from 1904 to 1996.

Road access is gained from a network of existing logging roads that trend off of Highway No. 3 from near Olalla and also from near Penticton.

The many known surface showings, shafts and adits expose mineralisation. This consists of gold-bearing, pyrrhotite with chalcopyrite and stratabound skarn mineralisation covering Apex Mountain and the surrounding area.

PROPERTY

The Dividend is just east of the Nelson Group and the property consists of numerous old workings and some newer trenches.

The Dividend occurrence contains disseminated to massive pyrrhotite with chalcopyrite, magnetite, pyrite, scheelite and wolframite. Mineralized zones have been traced over a strike length of 2400 metres and they possibly are up to 500 metres wide.

Most of the mineral claims covering the Hedley Basin are currently being tightly controlled by Barrick Gold Corporation and Goldcliff Resource Corporation.

The Nelson Group and Dividend properties are currently some of the only ones available for sale in this highly prolific gold camp.

The Nelson Gold Skarn property has undergone intermittent exploration on claims consisting of the following old Reverted Crown Grants:

Independence (Lot 256s), Apex (Lot 659s), Australian (Lot 690s), Alpha (Lot 691), Utopia (Lot 692s), Acacia (Lot 694s), Acadia (Lot 695s), Goldsmith (Lot 1101s), Nelson (Lot 1102s), Nelson Fraction (Lot 1103s).

HISTORY

The first recorded work (1902) occurred on the Acadia property, when small surface cuts were made. In 1903, further open cuts were made and a 6-metre shaft was sunk. Between 1905 and 1906, B.C. Copper Co. sunk an 18-metre shaft. This is thought to be the No. 2 inclined shaft on the Acacia (Lot 694s) Reverted Crown grant, from which production occurred later in 1945.

A drift tunnel (100 level) was developed from the bottom of the No. 2 shaft in 1913. Between 1921 and 1922, a 1.5-metre shaft and 10.7-metre adit were completed on the Nelson claim.

Hedley Gold Mining Co. held the property between 1926 and 1928. A 12-metre shaft was completed. The owner, drove an adit in the vicinity of the shaft in 1928. Between 1938 and 1939, Kelowna Exploration Co. Ltd. held the property and drove the Main adit for 487 metres on the Nelson claim.

This work was to test the underground continuity of surface gold-bearing showings. The property was optioned to Hunston and McLeod in 1945. Ninety-nine tonnes of ore was mined from the No. 2 adit and 100 level. Apex Exploration and Mining Co. obtained the property in 1966.

Property exploration included several underground drill holes from the Main adit. In 1979, Union Carbide optioned the property from owner, G. Willis, who later sold the claims to S. Brewer. Between 1980 and 1982, Union Carbide conducted an exploration program on the property and surrounding area. Then Cominco Ltd. acquired an option on the property in 1983.

Further property exploration was conducted until 1985.

The ground underlying the present claims was last held and explored by the now defunct Skylark Ranger Resources.

REGIONAL GEOLOGY

The area contains a sequence of Triassic volcanic and sedimentary rocks that have been intruded by granitic Okanagan intrusions. Larger intrusions are composed of granite and granodiorite, while smaller stocks are composed of diorite and gabbro. Numerous sills, dikes and apophyses are associated.

Triassic rocks are assigned to the Nicola Group, which have been subdivided in the Apex Mountain area into the Triassic Shoemaker Formation, the Old Tom Formation of the Apex Mountain Complex and the Upper Triassic Independence Formation. These rocks form the eastern limb of a large anticlinal fold with fold axes striking roughly north.

The Independence Formation consists of interbedded, dark grey to black chert (commonly rusty or red stained), chert breccia, and siliceous greenstone containing disseminated pyrite and pyrrhotite or pyrite and arsenopyrite.

The Shoemaker consists of cherts, greenstone and minor argillite. The cherts of the Shoemaker Formation are commonly lighter coloured (buff, pink, grey, grey-green) and commonly show a saccharoidal texture.

The Nelson Group claim area contains numerous stratabound auriferous pyrrhotite and chalcopyrite rich zones as well as abundant showings of other gold bearing skarn-type mineralisation.

PROPERTY GEOLOGY & MINERALISATION

The property area contains numerous stratabound auriferous pyrrhotite rich zones as well as abundant showings of gold bearing skarn-type mineralisation. The skarn horizons, in limestone, are up to 6 metres thick in a sequence that strikes northeast and dips 30 to 60 degrees southeast.

The Australian showing is underlain by rocks of the Independence Formation. Within this area, rhyolite to dacite tuffs and interbedded black, graphitic cherts containing up to 5% disseminated pyrrhotite. They are overlain by a fine grained marble unit but locally metasomatically altered to quartz-calcite-pyroxene skarn. The marble unit is about 8 metres thick. Fine grained, dark grey, barren basalt and black cherts overlie the marble unit. Basalt flows range from 7 to 15 metres in thickness. This stratigraphic sequence strikes northeast and dips 30 to 60 degrees southeast. A weak metamorphic foliation is developed parallel to bedding.

Within the skarn, mineralisation consists of up to 15 per cent disseminated pyrrhotite, 2 per cent chalcopyrite and minor scheelite. The skarn appears to be best developed near the marble-felsic tuff, chert contact, ranging up to 6 metres in thickness. Rhyolite and Dacite tuffs also contain up to 5 per cent disseminated pyrrhotite with pyrite and chalcopyrite.

SAMPLING RESULTS

A 1 metre section of skarn down the east wall of the 100 level ran 11.18 grams per tonne gold and 0.27 per cent copper.

The sample taken across 2.25 metres of marble down the west wall of the 100 level yielded 6.31 grams per tonne gold.

Another sample yielded 6.03 grams per tonne gold and 0.10 per cent copper. This sample was taken horizontally across 3.75 metres of skarn and marble.

A select sample taken in 1902 yielded 7.7 per cent copper, 96.00 grams per tonne silver and 96.00 grams per tonne gold. (Minister of Mines Annual Report 1902, page 185).

A sample obtained from the 1.5-metre shaft on the Nelson claim yielded 107.66 grams per tonne gold, 30.86 grams per tonne silver and 0.22 per cent copper (Minister of Mines Annual Report 1922, page 163).

The Acacia occurrence produced 99 tonnes of ore in 1945, from which 5754 grams of gold, 1680 grams of silver and 689 kilograms of copper were recovered. The ore was reported shipped to a Tacoma smelter.

More recent sampling by Cominco has confirmed the presence of high grade gold on the Nelson Group.

Summary results are as follows:

25.0 gpt Au over 1 metre.

11.3 gpt Au over 3 metres.

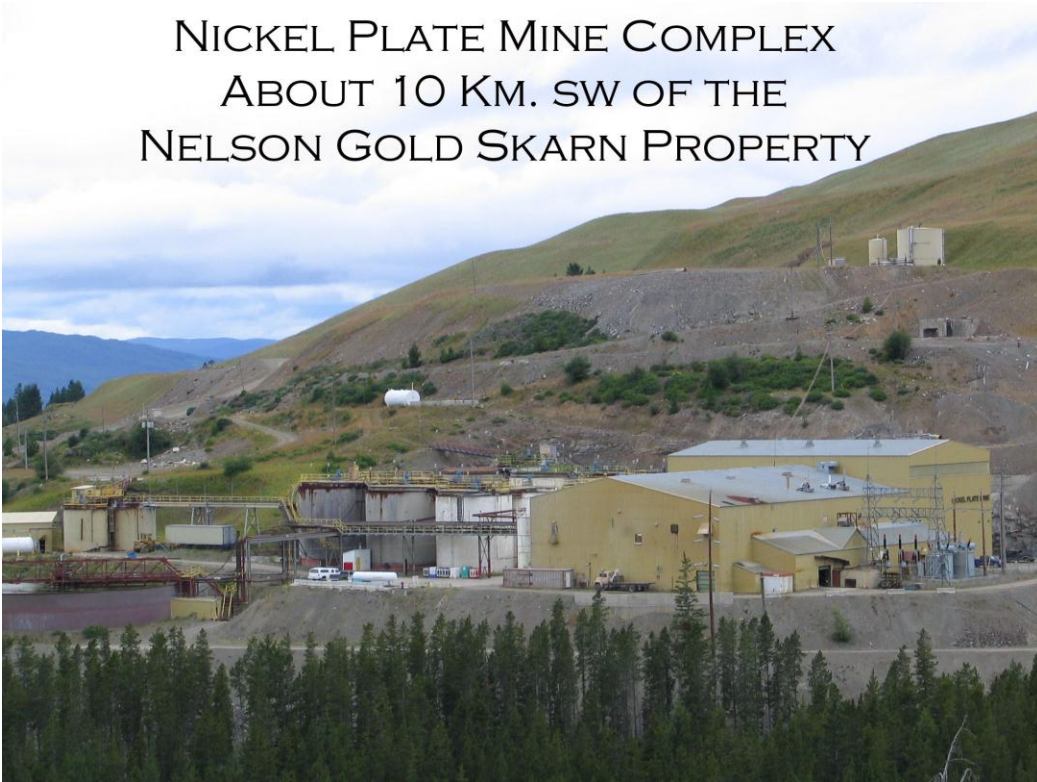
19.0 gpt Au over 2 metres.

The gold values are associated with pyrrhotite rich dacite-chert volcanic sequences and pyroxene calcite-epidote skarn horizons. Zones of auriferous massive sulphide's have been located that are greater than four metres wide.

The Nickel Plate and Hedley Mascot mines near the town of Hedley have produced 3,600,000 tonnes of ore from underground workings grading 0.408 opt gold. More recent open pit production figures are 8,250,000 tonnes grading 0.080 opt gold. The primary ore in this camp is auriferous skarn type mineralisation, similar to the mineralisation that occurs on the Nelson Group of claims.

The Nelson Group property has been proven to host high grade gold. The potential for this property to host new gold discoveries is very good. Further exploration is definitely warranted.

NICKEL PLATE MINE COMPLEX ABOUT 10 KM. SW OF THE NELSON GOLD SKARN PROPERTY



For Further Information

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