EL TRANSITO

Summary of Drilling Results Obtained at El Transito Gold-Silver Prospect in Honduras.

Introduction

This summary presents briefly the drilling and geological mapping results obtained at El Transito gold-silver property located on the Fonseca Bay in the southwest corner of the Republic of Honduras.

A drilling program of sixteen diamond drill holes for an aggregate total of 2,624 metres was carried out on a joint venture basis with Rosario Resources Corporation during the period July - November 1973 on the El Transito property optioned from a Mrs. I.D. Pekarik of Tegucigalpa.

Inasmuch as this report is essentially a synopsis of drilling results, details about the physical characteristics of the property, the option agreement, and the mining history of El Transito will not be described here.

Conclusions and Recommendations

A diamond drilling program program carried out jointly by Placer and Rosario at El Transito gold-silver prospect during the period July - November 1973 involving and aggregate total of 2,624 metres of drilling proved effective in establishing the following salient points :-

1. The El Transito gold-silver bearing silicified zones localized in shear structures and tensional fractures cutting andesitic volcanics are typical of epithermal late stage mineralization.

2. Drilling of a series of silicified zones up to 40 meters wide and a few hundred meters long indicated an overall average gold content in the order of 0.2 to 1.0 grams per metric ton. This grade is too low to make economically viable a large potential open pit mineable tonnage, which was the original target.

3. At least three steeply inclined, narrow, elongated ore-shoots, occurring within the low grade silicified zones (are 3 to 12 meters wide, have average grades ranging from 3.5 to 13.5 grams of gold and 15 to 21 grams of silver per metric ton, and could represent an estimated aggregate tonnage in the order of a quarter million metric tons grading 6 grams of gold and 15 grams of silver.

4. The intersection between north-east striking shears and north-south trending tensional fissures appears to have provided a structural control for the emplacement of the gold-silver bearing ore-shoots.

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While the drilling results have indicated the lack of requisite conditions for the occurrence of an economical low grade substantial tonnage situation at El Transito, the possibility of having a relatively high grade medium tonnage gold-silver deposit has not been ruled out. On the strength of the drilling results obtained to date it is recommended that a modest program, involving careful structural mapping and geochemical soil and rock sampling, be carried out at El Transito and surrounding areas to establish the possible potential occurrence of a series of additional high grade gold ore-shoots. (See accompanying map.)

In view of this proposed program the agreement with Pekarik covering the El Transito mineral claims should be renegotiated.

Drilling Results

A summary of El Transito drilling results in terms of significant gold-silver mineralized intersections may be tabulated as follows:—

Hole No.	Total drilling & approx width of altered zone	Drilling width of significant mineralization	Approximate vertical depth of mineralization	Au gr/mton	Ag gr/mton
PRT-1	34 meters	10 meters	surface	1.3	8
PRT-2	—	—	—	—	—
PRT-3	42 meters	12 meters	90 meters	3.5	21
PRT-4	24 meters 9 "	3 meters	90 meters	13.5	15
PRT-5	10 meters 10 "	3 meters	—	1.1	—
PRT-6	12 meters	—	—	—	—
PRT-7	15 meters 10 "	4 meters	3 meters	2	—
PRT-8	12 meters	2.1 meters	75 meters	4.2	19
PRT-9	33 meters	1 meter	—	1.5	—
PRT-10	14 meters	4 meters	10.6 meters	1	—
PRT-11	12 meters	3 meters	40 meters	9.3	17
PRT-12	15 meters	4 meters	50 meters	1.9	4
PRT-13	15 meters?	—	—	—	—
PRT-14	16 meters	—	—	—	—
PRT-15	20 meters?	—	—	—	—
PRT-16	10 meters?	—	—	—	—

A series of salient observations can be made from the drilling results supplemented by structural and geological data. These are:-

1. The zones carring significant gold-silver values are erratically distributed within the wide silicified bands which carry as a rule an average gold background in the order of 0.5 grams of gold per metric ton.

2. Interpretation of drilling results has revealed an elongated, steeply inclined configuration of the gold-silver bearing zones with narrow horizontal sections.

3. Preliminary indications would point to a structural control of the gold-silver mineralization consisting of localization of ore-shoots on north-east striking silicified shear zones at the intersection with north trending tensional fractures (see map).

4. The degree and direction of the pitch of the ore-shoots are not known with certainty, however, there is a suggestion that the ore-shoots intersected by drill holes PRT-3-4 and PRT-11 have steeply inclined pitches in a north and northwest direction respectively.

5. Drill holes PRT-3-4 and 12 would indicate that the gold-silver bearing structures extend at least [illegible] meters below

General Geology

The geology of the El Transito area in particular and the Pacific coast of Honduras in general is characterized by thick sequences of Quaternary lavas and related pyroclastics.

Most of the volcanics in the Transito area consist of andesitic lavas occasionally porphyritic, related finely bedded tuffs and volcanic agglomerate. Subordinate flow of rhyolitic composition appears to have been preceded and followed by the andesitic rock assemblages suggesting a series of intermittent volcanic cycles.

A series of silicified brecciated zones up to 40 meters wide and a few hundred meters long cutting andesitic flows are localized in shear structures and tensional fractures striking north-east and north-south respectively.

These silicified zones consist of quartz flooded volcanics, masses of finely crystalline silica often exhibiting brecciated structures, vuggy drusy quartz, and locally gray chalcedony. Lenses of cherty silicification are locally present.

The epithermal type gold-silver mineralized structures of El Rumbito consist of elongated, steeply inclined, narrow ore-shoots occurring within the silicified zones

at the intersections between shear structures and tensional fractures.

Fine gold occuring predominantly in the native state is associated with silver. Metallic minerals that have been identified within the silicified zones are in order of abundance: pyrite, chalcopyrite, galena, sphalerite and possibly tetrahedrite. Only disseminated fine pyrite is ubiquitous - ranging in concentrations mostly from about 0.2 to 1.5 percent; the other sulphides are found rarely and only in minor amounts. Visible gold has not been detected.

The silicified zones intersected by drilling at El Transito have an average gold content in the order of 0.2 to 1.0 grams per metric ton. The best mineralized ore-shoot at El Transito is the one cut by PRT-4 where a three meter section averages 13.5 grams of gold and 15 grams of silver per metric ton. Two one meter drill core sections in PRT-3 and PRT-4 assayed slightly more than one ounce of gold per metric ton. There is evidence that on surface gold distribution widens out laterally.

At El Transito hydrothermal alteration of the wall rock, besides pervasive silicification, is evident as bleaching, argillation, pyritization and local minor chloritization and epidotization.

Field evidence indicates that the gold has not been noticeably affected by recent weathering.

Drilling

Sixteen diamond drill holes, all of which except one were inclined, were drilled for an aggregate total of 2624 meters during the period July to November 1973.

A Longyear "34" wireline machine with a drilling capacity of 525 meters with AQ drill rods was used.

The average drilling rate of advance per a ten hour shift, including moving time, was 14 meters.

An air-cooled diesel power unit was installed shortly after drilling started thus substituting a gasoline engine which had a tendency to overheat.

The total average cost per meter drilled at El Transito was US $39.65.

Overall core recovery was in the range of 97%. Core recovery in a few silicified vuggy intersections was down to about 70%.

Assaying of Drill Core

All the El Transito split drill core of the gold-silver bearing silicified zones, the

sections of core was air-freighted to Vancouver assay offices. A total of about 950 kilos of mostly BQ split core samples was thus shipped to Vancouver at an average cost of U.S. $1.30 per kilo. The time interval between shipping from Tegucigalpa and delivery of samples to the Vancouver assayers was from four to ten days.

Assaying of the El Transito gold, which occurs mostly as "spotted" native highly segregated fine gold, failed occasionally, at the onset of the drilling program, to yield concordant results on duplicate samples. In order to obtain accurate concordant results using different assaying methods on varying weights of the same samples, the following procedure was followed:

1. All the drill core was fire assayed for gold and silver by General Testing rather than using atomic absorption assaying first and later checking by fire assaying only the samples with a significant gold content.

2. The split drill core was sent directly to Vancouver, thus eliminating the crushing to one quarter of an inch, and the splitting stage carried out at El Transito. This step was taken to eliminate the possibility that the sub-samples assayed were not representative of the whole

fragments making up the sub-samples and/or the mixing of the samples being inadequate.

3. The core samples were crushed and pulverized to minus 10 mesh before mixing and splitting. Screening and weighing for gold in metallics was carried out when warranted.

Rebucking and repeated analyses on the same samples were carried out using:-

(a) geochemical analyses on three gram samples pulverized to 200 mesh and digested in hydrobromic acid-bromine solution solvent extracted and estimated by atomic absorption;

(b) wet analyses on twenty gram samples digested in aqua regia-hydrofluoric acid mixture filtered and solvent extracted and estimated by atomic absorption;

(c) fire assaying using 30 gram samples. Results obtained by these three methods did correlate with a permissive margin of error.

In the case of the PRT-4 drill core samples, fire assaying carried out independently on the same samples by El Mochito Mine Assay Office and by General Testing of Vancouver gave concordant results.

The final gold-silver assay results of the El Bansito drill core checked and rechecked by different methods in different laboratories and varing weights of sample are deemed accurate and totally reliable.

Geochemical Survey.

An orientation geochemical survey involving sampling of thin skeletal soil was carried out with the objective of establishing whether associated elements such as copper, lead, zinc and arsenic, which are commonly found in epithermal types of gold-silver deposits, could be used as pathfinders.

The use of primary haloes of gold-silver and associated elements as geochemical guides in the search of blind epithermal gold-silver deposits is based on the characteristics of the patterns of distribution exhibited by the elements common to this type of mineral occurrence.

As a rule the horizontal distance from the zone of optimal gold-silver mineralization within which variations in the concentration of gold-silver and their associated elements take place is in the range of 100 to 300 meters.

Approaching the zone of optimal gold mineralization the primary haloes are characterized by increasing lower silver-gold ratios.

The copper concentration within a primary halo usually decreases markedly near the zone of maximum gold and silver concentration.

An orientation geochemical soil sampling carried out at El Transito, starting at the collar of PRT-3 drill hole on a line parallel to its bearing, has shown that the gold and silver concentration in the soil increases about ten-fold within 50 meters of the point of optimal gold-silver mineralization.

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