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Report on my visit (8-15 November 1986) to Vancouver and Nevada, covering activities of Minerex Resources Ltd of Vancouver, B.C., at the following prospects:
- Oest property, near Silver City, Lyon County, Nevada;
- several claim groups near Grasset Lake, Quebec;
- Humbolt claims, Aurora district, Mineral County, Nevada;

with final comment on finance,

by

Dr H Neville Rhoden

25 November 1986

Summary of Minerex activity

- Exploration at the Oest property was satisfactorily done, but failed to discover ore, and expenditure should now cease other than making the final option payment.
- Exploration polity in Quebec, with Detour Syndicate/MPH Consulting, is astute, limiting risk while retaining a worth while interest, in areas that offer high rewards (like Hemlo) for a few.
- Purchase 50% interest in the Humbolt Aurora mine of Electra North West Resources Ltd from Global Resources Recovery Inc (the present operators), after checking mineral rights and equipment leases and studying projected costs and capex for some new equipment, to provide a cashflow in 1987.
- Overall, Minerex is a well-run vehicle for the exploration lottery, and more soundly based than in 1985.

Oest property, Lyon County, Nevada

## Results

The exploration program envisaged in previous reports by Minerex' geologists and mine engineers was carried out this year, but failed to located mineable ore. No further expenditure is justified on the Comet lode and adjacent veins other than making the final option payment (US $50.000 in Jan '87), and this only with a view to eventually selling the property if the price of gold rises sharply. It may also be possible to sell some superficial ore-grade material (50-80.000 t with 0.08 oz/s.t) found at the northern end of the Comet Lode to the nearby Nevex mine for leaching on their heaps.

Retimbering the shaft, with the objective of recovering the deepest levels of the old mine for drilling and sampling for metallurgical testwork, was interrupted by mishaps: hooligans tipped a hire-car down the shaft and tried to set fire to the timbering; old stopes filled with rubble caved in and blocked the access. In general, it is a mistake to spend money and time trying to rehabilitate old workings other than simple "make safe" in readily accessible tunnels to allow geologists to map and sample the mineralization below surface, since they are often dangerous and only provide limited access to new potential ore-zones.

Reverse circulation drilling was done in Aug-Oct '86, with a total of 6,000 ft in 18 holes, on contract by Dateline Drilling Inc. of Montana, an experienced and competent company. Inclined boreholes (50-90º from horizontal) starting in the hangingwall and aiming to cut the vein at depths of 150-400 ft, were well sited along the whole length of the Comet structure, from near the southern edge of the claims to the northern end of the visible lode discovered in last year's mapping; in particular, 3 holes cut the lode immediately below the deepest stopes. Every 5 ft drilled was taken as a sample - theoretical weight of 91 lb for a 4.5 inch diameter hole - and recovery usually exceeded 80%; the sample was split 3 times on site, and the 8-10 lb cut was sent to Legend Laboratories in Reno for further grinding and splitting down to about 30 g (1 "assay ton") for fire assay. The drilling was satisfactory, but the sample preparation procedure followed was below standard and would give rise to repeatability errors in a rigorous program; however, this had no effect on the outcome in this case. Since borehole samples are small, some high values should be found to boost the mean grade.

The results were disappointing. Nearly all holes showed low values (0.04-0.12 oz/s.t Au) over a 10 ft length on crossing the vein, though some deeper holes cut better values of Ag (1-2 oz/s.t). Only 1 intersection had a good assay of 0.212 oz over 5 ft, but the 3 holes below the stopes were remarkably poor. A short hole immediately below a good sample taken in 1985 from a trench across the footwall shear zone was barren, confirming that such values are due to shallow enrichment formed during erosion in semi-arid climates.

## Conclusions

Was reverse circulation drilling an adequate test of the property? Yes. The interpretation must be that the Comet lode, even below the old stopes, is

typically only 1-3 ft wide; hence, 5-10 ft drill samples on the incline dilute the values considerably, but this would occur anyway during mining. The paucity of alteration in the hangingwall rock and absence of values in the footwall both confirm the lack of strong mineralization along the Oest structures. Minor values were encountered in 2 holes that cut a narrow vein in the hangingwall of the Comet.

Diamond drilling to greater depth would probably reveal Ag mineralization, but also low grade and narrow.

Only 3 things remain to be done:
- make safe and cover the shaft;
- offer the small tonnage of Au-bearing rock at a bend in the vein at the northern end of the old workings with its superficial enrichment to Nevex for leaching on heaps, hoping to recover some cash;
- pay the final $50.000 to buy the claim ($250.000 has already been paid by Minerex and Rule (?), hoping to sell the property in the future.

Commentary

It is worth recalling that in my report of Oct 85, the risk at the Oest property was assessed at 70% against finding a mine, but 70% in favour of intersecting some good values; in fact, the drilling failed even the latter modest target. But this is about par for the course in exploration, and Minerex has gained experience in this type of epithermal Au deposit, learning also:
- not to get tangled with unreliable partners (Rule Resources);
- not to commit expenditure to mine working until ore grades and tonnages have been outlined by drilling - not necessarily fully proved, but at least cut by well-spaced boreholes;
- not to tackle prospects lacking ample signs of strong mineralization - length, breadth and alteration.

Minerex Resources has been strongly reinforced by the appointment of Dr Stanley B. Reamsbottom to its Board of Directors - a geologist with great experience in the exploration and evaluation of such deposits.