



CONTACT INFORMATION  
Mining Records Curator  
Arizona Geological Survey  
3550 N. Central Ave, 2nd floor  
Phoenix, AZ, 85012  
602-771-1601  
<http://www.azgs.az.gov>  
[inquiries@azgs.az.gov](mailto:inquiries@azgs.az.gov)

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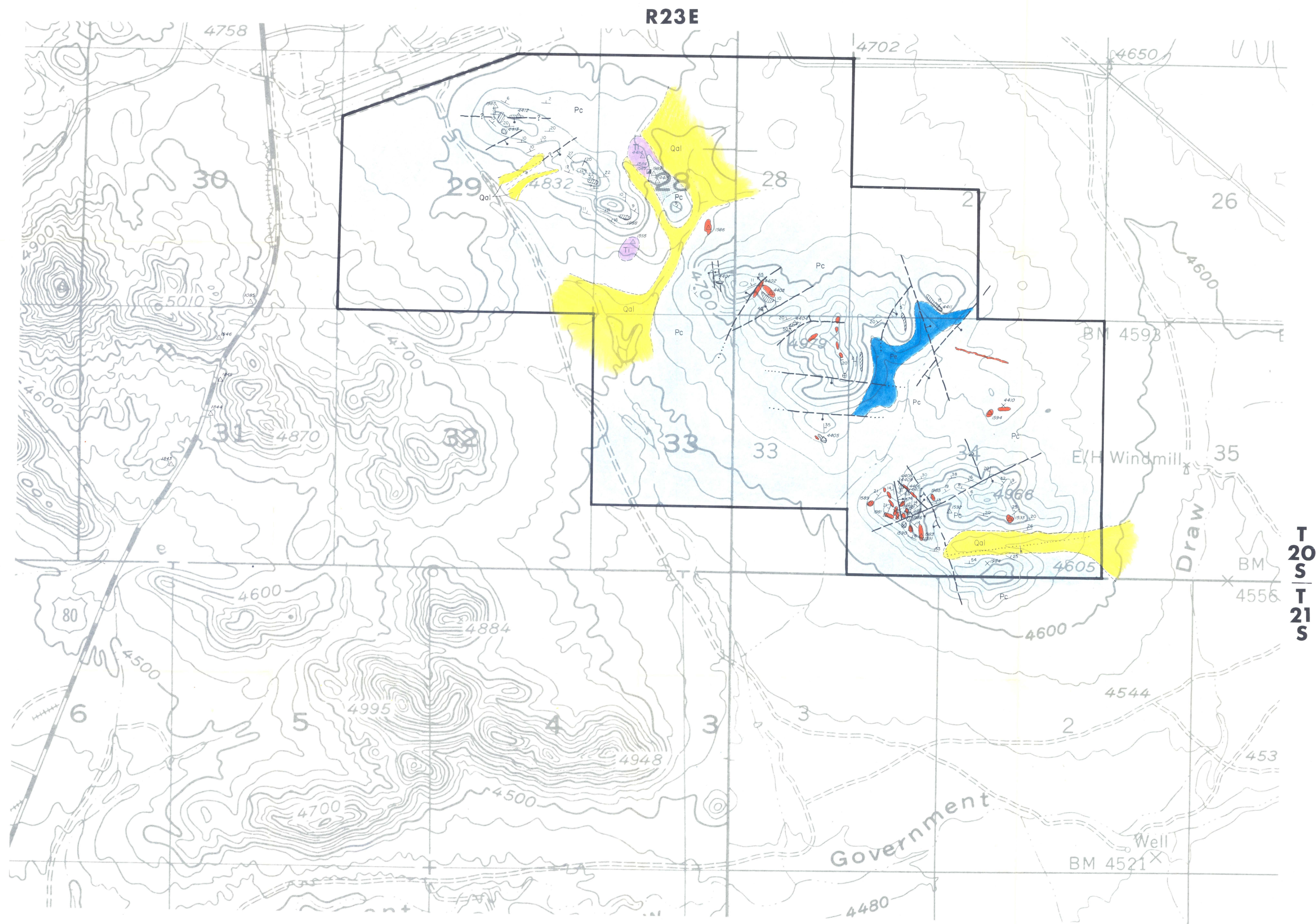
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**Energy Reserves Group**  
SOUTHWEST DISTRICT OFFICE

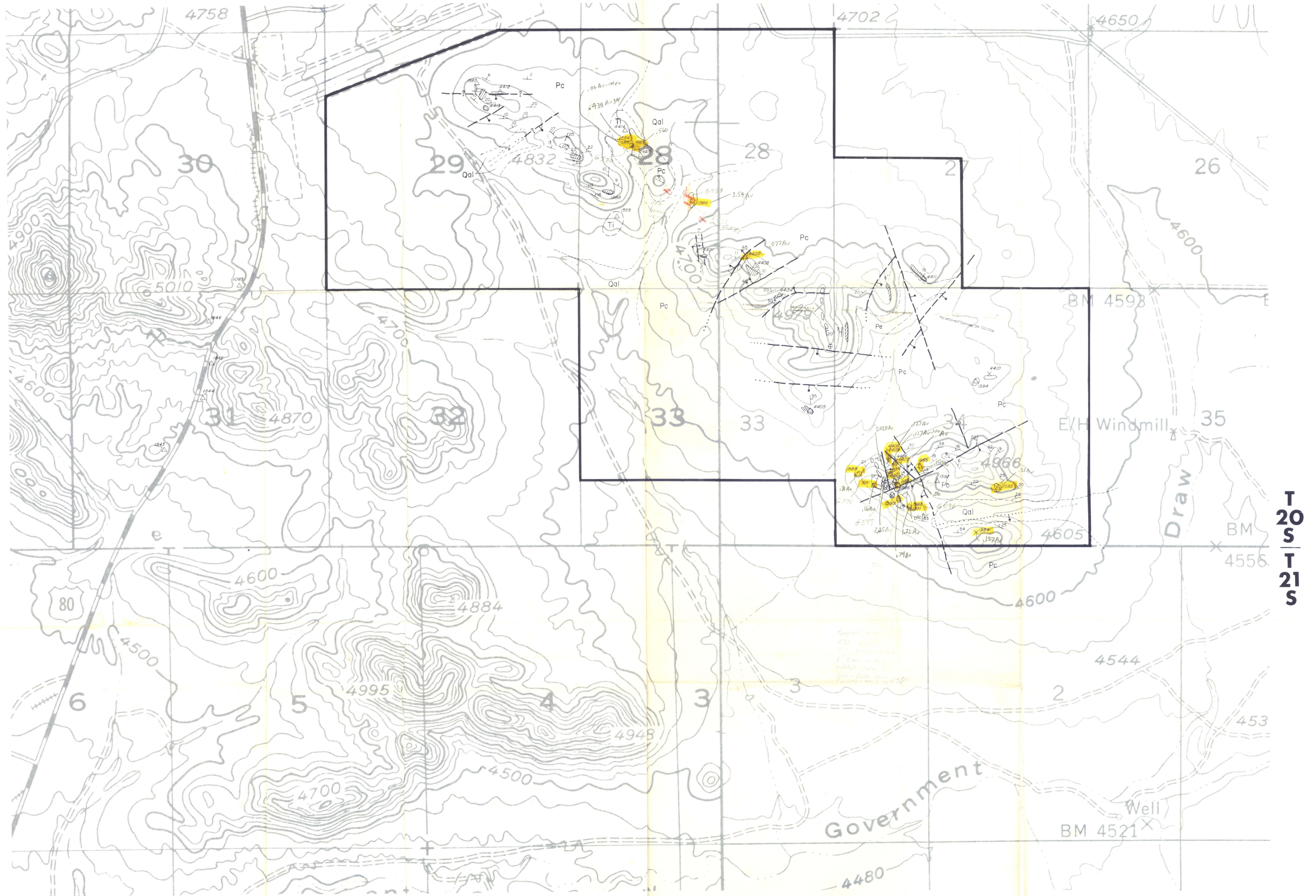
**ZEBRA PROSPECT**

SCALE 1"=1000'
BY: SELAE
DATE 3/26/81

- Qal QUATERNARY ALLUVIUM
- Tj TERTIARY JASPEROID
- Ti TERTIARY INTRUSIVE-RHYOLITE
- Pc PERMIAN COLINA LIMESTONE
- Pe PERMIAN EARP FORMATION
- SLIGHTLY ARGILLIZED COLINA LIMESTONE - MINOR LIMONITE AND HEMATITE
- BRECCIATED AND SILICIFIED COLINA LIMESTONE
- FAULT (BAR ON DOWN SIDE)
- CONTACT
- SAMPLE LOCATION



R23E


$$\begin{array}{r} \text{T} \\ 20 \\ \text{S} \\ \hline \text{T} \\ 21 \\ \text{S} \end{array}$$

The logo for Energy Reserves Group, featuring a stylized Greek letter Phi (Φ) inside a circle. To the right of the logo, the text "Energy Reserves Group" is written in a serif font. Below this, "SOUTHWEST DISTRICT OFFICE" is written in a smaller, all-caps sans-serif font. Below the company name, the text "ZEBRA PROSPECT" is written in a large, bold, sans-serif font. Below that, "ANOMALY MAP" is written in a smaller, italicized, sans-serif font. At the bottom, there are three boxes: "SCALE: 1" = 1000'", "BY: SELKE", and "DATE: 8/26/81".

Qal	QUATERNARY ALLUVIUM
	TERTIARY JASPEROID
Ti	TERTIARY INTRUSIVE-RHYOLITE
Pc	PERMIAN COLINA LIMESTONE
Pe	PERMIAN EARP FORMATION
	SLIGHTLY ARGILLIZED COLINA LIMESTONE - MINOR LIMONITE AND HEMATITE
	BRECCIATED AND SILICIFIED COLINA LIMESTONE
	FAULT (BAR ON DOWN SIDE)
	CONTACT
	SAMPLE LOCATION
GOLD ANOMALY	



Du bureau de  
**André Ouellet**

March 2, 84

To: Michael Gustin

what's the potential  
of this project?

Please send a copy  
of your comments to  
P. Bouchrecourt & myself

Sincerely,

REC - CAMBIOR USA

MAR - 7 1994

André O.



[http://mrkrabs.land.az.gov:7777/forms90/f90servlet?form=mn\\_start.fmx](http://mrkrabs.land.az.gov:7777/forms90/f90servlet?form=mn_start.fmx)



8/3/83

Memo To : File

From : O.J. Wronkiewicz

Subject : ~~ERG~~ Zebra Prospect - ERG submittal

Approximately 1 1/2 days were spent sampling and examining the Zebra Prospect Submittal on 3/3/83 & 3/6/83. The purpose of my visit was to reproduce a portion of ERG's sample results, and to examine the geologic viability of the prospect. My own observations indicated that gasperitization was less extensive than what ERG personnel indicated, and NICOR samples showed that although anomalous, our samples assayed somewhat less than ERG's. ERG personnel failed to note qtz veining in the NE corner of the SW 1/4, Sec 28, T20S, R23E. These veins may act as guides to mineralized areas. With the exception of these previously mentioned points, the submittal report appeared to be an accurate representation of the Zebra Rock area. This property may be of interest to NICOR should ERG decide to drop it's lease.



# Sample Results - Zebra Prospect

NILOR Sample #	Au ppm	Ag ppm	As ppm	Sb ppm	Corresponding ERG Sample #	ERG Sample Au ppm	ERG Sample Ag ppm
G-580	.05	<1.2	10	4	# 1584	4.38	—
G-581	.66	<1.2	80	2	500' SE #1586	—	—
G-583	.29	2	—	—	#1586	3.54	—
G-596	.27	2.1	90	2	#1983	1.32	3.2
G-597	.14	.4	<10	2	#1591	.06	—
G-598	.63	6.1	70	2	#1982	2.35	3.7
					#1587	1.03	—



ZEBRA PROSPECT: Sections 27-29, 33 and 34 of T20S, R23E;  
Cochise County, Arizona

Acreage: ±2,475

Land Status: Five State of Arizona Prospecting Permits covering +2,315 acres. A mining lease covering 160 acres of private land.

Royalty Burden: 5% NSR production royalty on the lands subject to the Mining Lease and the Prospecting Permits.

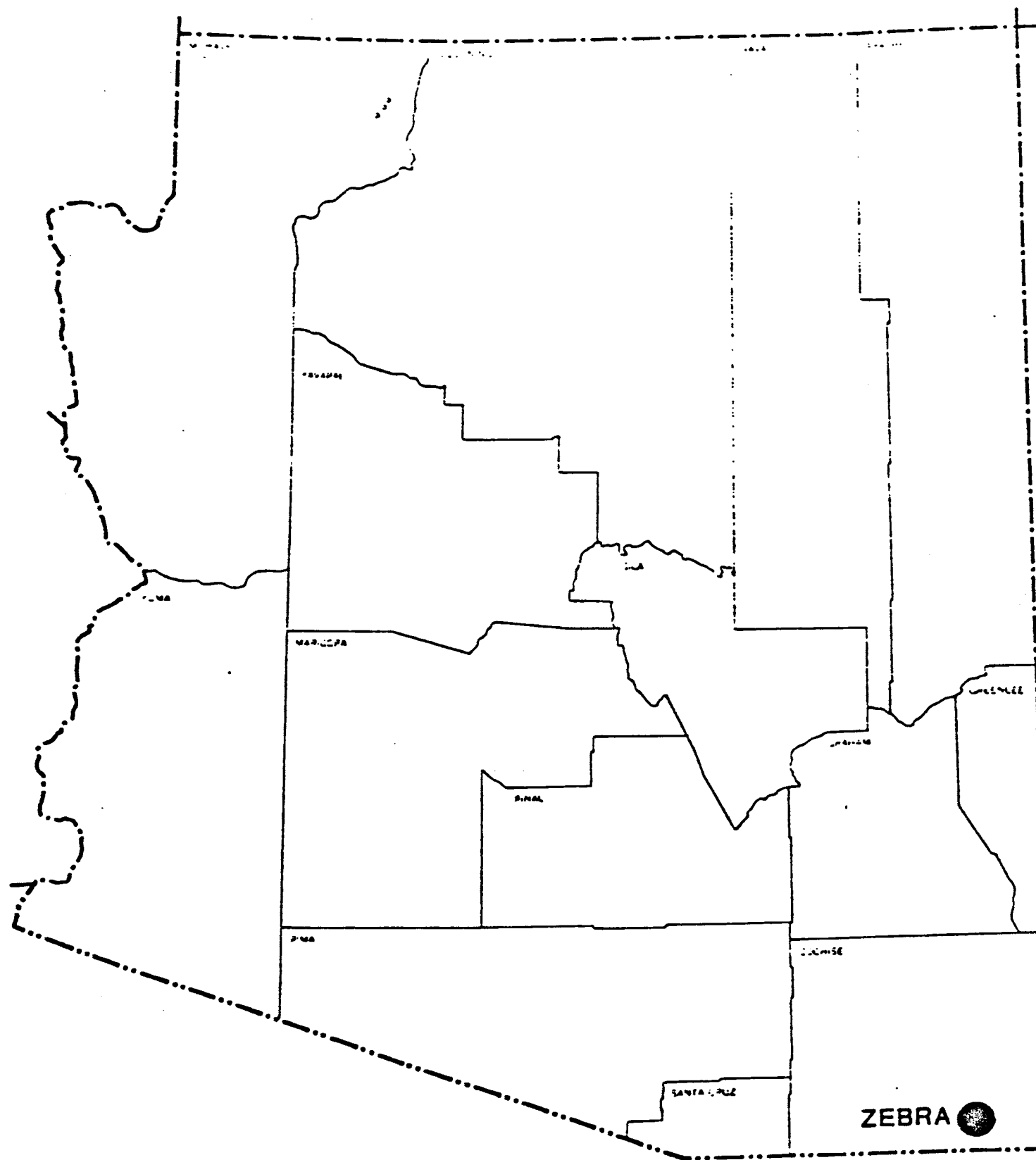
History: The Prospecting Permits and Mining Leases were acquired by ERG during 1981 and 1982. Until recently, the properties were joint ventured with Phillips Petroleum. However, due to lack of strategic minerals budget, Phillips terminated the joint venture prior to conducting an exploration program on the properties.

Rationale: Geologically, the Zebra Prospect represents a Carlin model disseminated gold prospect. Anomalous to ore grade gold mineralization has been detected in silicified Paleozoic limestones (jaspers) and argillized shales. Barite and fluorite mineralization has also been identified in the prospect area. Exploration drilling targets include a large area of silicified Paleozoic limestone that surrounds an argillically altered zone that forms a topographic low.



ARIZONA  
GENERAL LOCATION MAP

ZEBRA





STATE PROSPECTING PERMIT  
82848-AZ006002 10/7/06

28

STATE PROSPECTING PERMIT  
82849-AZ006004 1/5/07

29

STATE PROS.  
PERMIT  
82847-AZ006001  
10/7/06

27

STATE PROSPECTING PERMIT  
82851-AZ006006 1/27/07

34

STATE PROSPECTING PERMIT  
82850-AZ006005 1/5/07

33

32

COWAN - AZ006003 11/6/91

T20S

R23E



0 2000



FEET

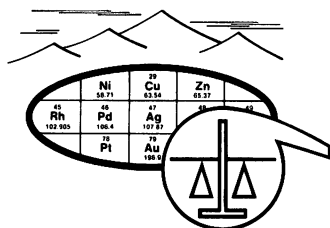
Φ Energy Reserves Group  
MINERALS & MINING DIVISION

ZEBRA PROSPECT  
LAND STATUS

DATE: 8/9/82

DRAFTED BY: M1





# SKYLINE LABS, INC.

1775 W. Sahuaro Dr. • P.O. Box 50106

Tucson, Arizona 85703

TEL. (602) 622-4836 FAX: (602) 622-6065

## REPORT OF ANALYSIS

JOB NO. WIO 006

July 14, 1994

062994 (1-15)

PAGE 1 OF 1

CAMBIOR EXPLORATION USA, INC.

Attn: Mr. Randy More

230 S. Rock Blvd. #23

Reno, NV 89502-2345

### Analysis of 15 Rock Chip Samples

ITEM	SAMPLE NUMBER	FIRE ASSAY				
		Au (oz/t)	Ag (oz/t)	As (ppm)	Sb (ppm)	Hg (ppm)
1	062994-1	.004	<.01	30.0	7.5	.16
2	062994-2	<.002	.06	17.0	1.3	.11
3	062994-3	<.002	<.01	1.2	.3	.07
4	062994-4	<.002	<.01	14.0	1.5	.18
5	062994-5	<.002	.14	46.0	4.0	.14
6	062994-6	<.002	.05	3.6	2.0	.07
7	062994-7	<.002	<.01	7.0	.6	.04
8	062994-8	<.002	<.01	.6	<.1	.08
9	062994-9	<.002	<.01	1.0	.1	.04
10	062994-10	<.002	<.01	1.4	<.1	.04
11	062994-11	<.002	<.01	1.6	.2	.03
12	062994-12	<.002	<.01	.6	<.1	.04
13	062994-13	<.002	<.01	1.8	<.1	.03
14	062994-14	<.002	<.01	10.0	.8	.03
15	062994-15	.002	<.01	2.8	.8	.60

cc: Mr. Dale Armstrong

1525 E. Lind Rd.

Tucson, AZ 85719-2243



MEMORANDUM

FROM: Richard Renn

Date: August 11, 1981

TO: Ruffin Rackley

Subject: Quarterly Summary Sheet  
Zebra Prospect

The Zebra Prospect is located in T20S, R23E, Sections 27, 28, 29, 33 and 34 and was acquired for its gold potential. This prospect is located on a south-east extension of the Tombstone Hills and is six miles southeast of the town of Tombstone in Cochise County, southeastern Arizona. All or part of the five state sections, consisting of approximately 2,355 acres, were filed for on August 3, 1981, by E.R.G. for a \$125.00 filing fee. The two state leases in Section 27 and 28 (800 acres) have been acquired uncontested. However, a simultaneous filing by E.R.G. and James Briscoe and Associates of Tucson, Arizona occurred on Sections 29, 33 and 34 and a drawing will be held by the State of Arizona and the winner notified before the end of August, 1981. Rentals on state leases are \$1.00 per acre per year, with the first two years rentals pre-paid. Work commitments are \$10.00 per acre per year for the first two years and \$20.00 per acre per year for the next three years. In addition, land personnel are working on acquiring the mineral rights to the fee land in the S/2, S/2 of Section 34, which will capture any mineral potential in that area.

Access to the area can be obtained by traveling south from Tombstone on Highway 80 for 5 miles then turning east on an unimproved county road to the Zebra Prospect. The topography in the prospect area is moderately hilly to relatively flat. Pre-existing roads cross most of the prospect area and any additional road building could be accomplished with a minimum of expense. Prickly pear cactus, cat claw and mesquite are the principal vegetation types and the area is presently utilized only for grazing.

The Zebra Prospect area was first recognized as a potential gold prospect in June, 1981. Geochemical sampling of the Zebra Prospect yielded several anomalous to ore grade gold analysis and it was at this time that the prospect's potential as a Carlin disseminated gold deposit was recognized. A land take-off indicated that most of the geologically favorable areas were situated on state leases held by Mr. Briscoe, but Mr. Briscoe's rentals were not paid and the state lands were coming up for renewal on August 1, 1981. Additional verification samples were collected over the entire Zebra Prospect area and favorable assay results were again obtained. As a result, it was determined that E.R.G. should file for the state leases on the renewal date. It was at this time that the simultaneous filing with Mr. Briscoe occurred, necessitating the drawing. E.R.G. personnel have now completed detailed sampling and geologic mapping of the Zebra Prospect and have greatly reduced our area of interest. As a result, we will file on only a small portion of the acreage that we applied for.

Rocks outcropping in the Zebra Prospect consist primarily of the Colina Formation which is an upper member of the Naco Group and early Permian in age. The Colina is a medium to dark gray, massive to thin-bedded, fossiliferous, marine limestone. Rhyolitic Tertiary intrusives cut a northwest trending ridge of Colina Limestone in Section 28 and 29, and are found in the southwest quarter of Section 29. Jasperoids outcrop sporadically throughout the Colina in the prospect area, but are mostly concentrated in the southwest quarter of Section 34. The prospect received its name from the striped appearance of the jasperoids in this area. Structurally, the prospect area is cut by numerous normal faults formed by Basin and Range age deformation.



The mineralization at the Zebra Prospect consists of gold mineralization in association with silica, jasperoid development and fluorite and barite mineralization. Alteration includes the argillization of thin-bedded shales and massive limestones that are poorly exposed in a small basin that is related to faulting and these faults served as the conduits for the upward migration of mineralizing solutions.

Drilling targets in the prospect area include the Colina Limestone and the underlying Earp Formation. Although the Colina Formation appears massive at the surface, nearby roadcuts in the Colina Limestone show a sequence of unaltered, thin-bedded limestones that are interbedded with argillically altered, thin-bedded shales and calcareous mudstones. Drilling should intercept this sequence within the first 100 feet and the Colina-Earp contact in much less than 500 feet. The Earp Formation consists of units of pale red, calcareous siltstones and mudstones, with medium gray, thin-bedded limestone and marl. The Earp Formation obtains thicknesses ranging from 350 to 540 feet.



PROSPECT ZEBRA										ENERGY RESERVES GROUP										COUNTY/STATE Cochise County, Arizona													
1										RESULTS										DESCRIPTION													
SAM- PCE NO.	LOCATION					COL- LEC- TOR	DATE	Au (ppm)	Ag (ppm)	As (ppm)	Sb (ppm)																						
	T	R	S	FNL	FEL																												
157420523E	34					RR	6-30-81	1.020	0.5	48.0	0.9																				Jasperoid in limestone, rust to white, significant FeOx mineralization, jasperoid looks banded or striped.		
1981	"	"	"	4100	4500	NRP	8-8-81	0.16	6.4	6.9	<0.5																				12' bed of jasperoid conforms to vertical bedding of limestone, jasperoid is pink & white, drusy, "zebra" moderate limonite outcrop 1'-3' wide.		
1982	"	"	"	3900	4200	"	"	2.35	3.7	62.0	2.8																				From prospect pits on fault, zebra Jasper pink & white.		
1983	"	"	"	4500	3700	"	8-9-81	1.32	3.2	240.0	<0.5																				Gray-red jasperoid, not too drusy, some banding, crystals of quartz as a coating.		
1984	"	"	"	5000	2350	"	"	0.197	4.0	69.0	1.6																				Silicified limestone, dk. red & gray, abund. hematite & MnO stain moderate limonite can see fresh pyrite, gold? flakes & lim. after pyrite.		
1985	"	"	"	3650	3500	"	"	0.150	6.9	14.0	3.1																				Fine to med. grained, silicified limestone, grayish white inside, pink on outside, abund. hematite, not zebra striped, came up through fractures in rock, mod-abund. limonite.		
1986	"	"	"	4050	3950	"	"	<0.003	1.6	3.7	3.2																				Very argillized, pinkish-red limestone, also brown limestone w/ barite, hem & lim abund., mod MnO in valley head, above zebra outcrop.		
1987	"	"	"	29	1100	2100	"	0.007	0.5	4.7	1.8																				Argillized limestone hematite stained, red & gray, waxy, in places, white calcite coating in places.		
1988	"	"	"	28	3300	4600	"	0.003	1.1	5.4	2.4																				Hematitic limestone, brown outside, gray-red inside, somewhat fractured, cryptocryst near intrusive e.		
1989	"	"	"	2400	4100	"	"	0.560	0.5	57.0	1.3																				At Contact between intrusive & limestone limestone is dk. brown to red, has small quartz phenocrysts, calcite.		
1990	"	"	"	4650	2700	MLL	8-8-81	0.003	<0.5	3.6	1.2																					Frothy brown (hematite-stained) fracture fillings in limestone, pervasively fractured, although sample is spotty, near faults and jasper. sample is more prominent and grades into siliceous Jasper.	
1991	"	"	"	4650	1850	"	"	0.077	0.5	41.0	3.2																					Partially silicified, calcite veined, argillized limestone in fault zone, some hematite and limonite staining (sample taken w/in an 8' area) not distinguishable enough to take separate sample.	



COUNTY/STATE Cochise CO., AZ

ENERGY RESERVES GROUP

ZEBRA

PROSPECT

SAMPLE NO.		LOCATION				COL-LEC-TOR	DATE	RESULTS					DESCRIPTION
		T	R	S	FN			FEL	Au (ppm)	Ag (ppm)	As (ppm)	Sb (ppm)	
4403	NS				4850	1600	MTL	8-8-81	0.005	0.5	21.0	6.1	Slightly Fe-stained, somewhat banded in spots. Jasperoid developed at top of massive limestone, w/in & between two normal faults. Cleaner white jasperoid contains specks of galena(?) Ag(?)
4404	"	"	33	200		1000	"	"	<0.003	0.5	5.8	3.3	red silstone below thick capping limestone, partially argillized some limonite staining along w/ the hematitic (red) color topography suggested a fault, but beds were continuous where observed, possibly just a valley formed by folding.
4405	"	"	"	"	2550	500	"	"	<0.003	0.5	1.9	2.9	Fe-stained (limonitic) slightly argillized limestone occurs along bedding planes, spotty jasperoid occurs nearby, but small area of alteration (minor fault) ENE, possible, but not able to find concrete evidence.
4406	"	"	34	3600		4050	"	"	0.030	0.5	9.2	1.8	Argillitic limestone next to fluorite-bearing jasperoid. Some fluorite in argillic matter. Located on S. hill along fault, going up W. valley.
4407	"	"	"	3600		4050	"	"	0.100	0.5	7.0	1.5	Fluorite-bearing jasperoid, clean surfaces, well developed crystals, w/color zones of purple-green-white-pink. Along fault & zone of #4406
4408	"	"	"	3500		4150	"	"	0.127	<0.5	36.0	2.7	Fe-stained argillized limestone adjacent to jasperoid along W. valley fault of S. hill.
4409	"	"	"	3500		4150	"	"	0.127	<0.5	42.0	2.3	Extensive argillized limestone(?) closer to jasperoid in pit of #4408, more Fe staining and argillization than #4408.
4410	"	"	"	1800		2000	"	8-9-81	<0.003	<0.5	15.0	1.3	Limonitic stained white jasperoid from prospect pit about 50' from road on W.
4411	"	"	27	5000		3400	"	"	<0.003	<0.5	3.3	2.0	Hematite-stained argillically altered limestone, frothy, some limonite, calcite veins.
4412	"	"	"	1390		1650	"	"	<0.003	0.5	27.0	1.2	Hematite stained cryptocrysts limestone silstone above massive limestone on N. hill ( No intrusive found)



COUNTY/STATE Cochise CO., AZ

ENXOT RESERVES GROUP

PROSPECT ZEBRA

LAMP FILE NO.	LOCATION				COL- LEC- TOR	DATE	RESULTS				DESCRIPTION
	T	R	S	F.N.L.	FEL		Au (ppm)	Ag (ppm)	As (ppm)	Sb (ppm)	
44120S23F	27	1600			1950	MI	8-10-81				Hematite stained, completely argillized limestone(?) appears as a shale, but in contact w/massive limestone
4412	"	28	2100		4300	"	"				Rhyolite-quartz latite w/gray aphanitic groundmass and quartz phenocrysts.
4415	"	"	2600		3950	"	"				Highly fractured, calcite veined, crypto-crystalline limestone, argillically altered but still hard, hematite and limonite staining.
1584	"	28	2400		4150	RR	7-29-81	.141oz/ton			Dump sample of jasper from large prospect pit w/ outcrop. Heavy Fe mineralization, adjacent to rhyolite.
1585	"	28	2400		4150	"	"	.002 oz/ton			Intrusive near #1584, white w/ Fe staining, rhyolite?
1586	"	24	3500		2900	"	"	.114oz/ton			Jasperoid, white in limestone, partially brecciated some Fe staining.
1587	"	24	3900		4000	"	"	.001 oz/ton			Silicified limestone, heavy concentration of Fluorite, green deep pinkish limestone w/fluorite. Inter-argillically altered limestone w/fluorite. Inter-argillically altered limestone w/fluorite. Inter-argillically altered limestone w/fluorite.
1588	"	24	4000		4000	"	"	.002 oz/ton			Silicified limestone, white-pink, whole quartz crystals visible.
1589	"	34	3800		4750	"	"	.010 oz/ton			Prospect pit, jasper massive w/barite. recrystallized limestone & jasperoid, white-rust heavy Fe mineralization, fluorite & barite.
1590	"	"	4300		3900	"	"	.024 oz/ton			Silicified limestone, jasperoid, fed-white, fluorite mineralization prevalent, some limestone appears cherty and banded.
1591	"	"	4500		3700	"	"	.002 oz/ton			Fe stained limestone w/fluorite, gypsum.
1592	"	"	4000		3150	"	"	.001 oz/ton			Jasperoid, whitened, brecciated & Fe stained.
1593	"	"	4100		1900	"	"	.010 oz/ton			Silicified limestone, jasperoid.
1594	"	"	1900		2350	"	"	.001 oz/ton			Fe stained.
1595	"	"	3800		4500	"	"	.001 oz/ton			Rhyolite, white to rust, Fe stained, intrusive at base of ridge.

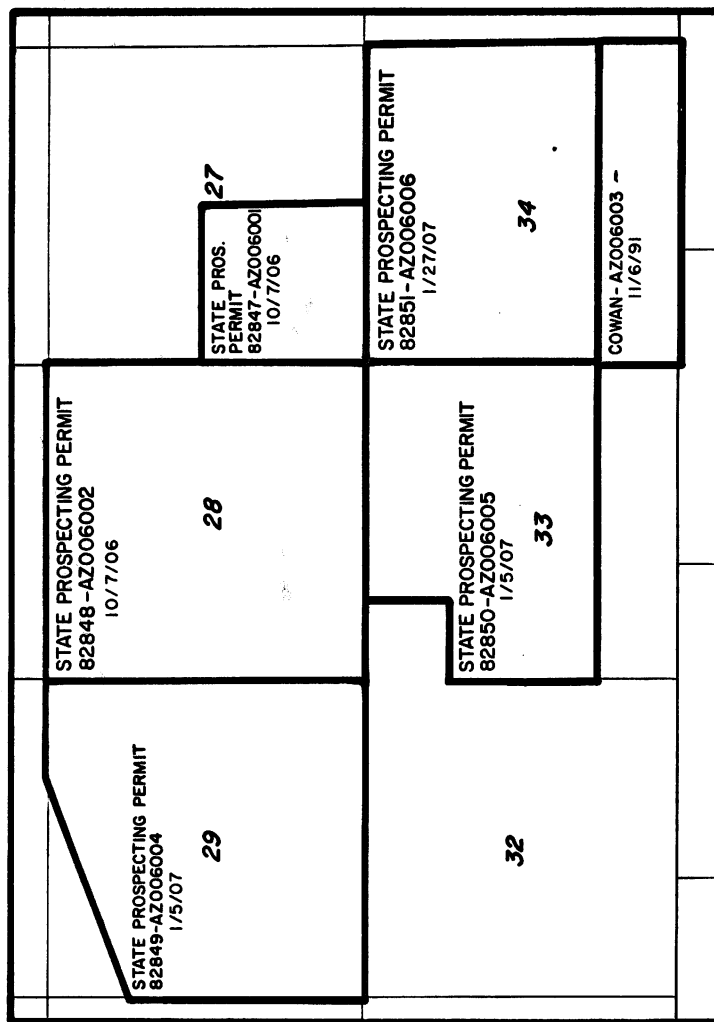



HAM- PILE NO	LOCATION					COL- LEC- TOR	DATE	Au (ppm)	Ag (ppm)	As (ppm)	Sb (ppm)	RESULTS	DESCRIPTION
	T	R	S	FWL	FEL								
18-70S23E	31	3200	3400			RR	8-5-81	<0.003	1.5	1.9	2.1		Roadcut 50' channel sample of limestone fresh to argillically altered, gray to pink, some Fe staining, same as in Section 34.
18-4	"	"	2200	2500		"	"	0.003	2.6	6.3	5.8		40' Channel sample of intrusive rock, (thylacite?) adjacent to Precambrian lime stone, has forced limestone beds to turn up as it intruded.
18-5	"	"	1500	2400		"	"	0.003	3.6	15.0	5.0		60' sample of limestone (Pc) interbedded w/ thinbedded shales & calcareous mudstones, slight Fe stains gray-green to pink.
18-6	"	"	600	2400		"	"	<0.003	3.7	11.0	9.0		Penn. collina limestone interbedded w/ thin-bedded shales & calcareous mudstones, some argillic alteration, heavy Fe stain gray-rust.
18-7	"	"	19	2200	2200	"	"	0.003	2.1	6.6	4.7		P. collina limestone w/ heavy Fe stain some argillic alteration, gray-rust 50' channel sample.
18-8	"	"	18	3000	4400	"	"	0.080	2.1	10.0	4.2		Jasperoid in limestone (Pc), Fe mineralization, white-red, limestone is recrystallized in vicinity.
18-9	"	"	"	2500	4800	"	"	<0.003	2.8	2.7	2.0		Intrusive rock in limestone (Pc) intermediate in composition, Fe stained



R 23 E

T 20 S



 <b>Energy Reserves Group</b> SOUTHWEST DISTRICT OFFICE	
<b>ZEBRA PROSPECT LAND STATUS MAP</b>	
SCALE: 1" = 2000'	BY: SELKE DATE: 11/19/01

FILE  
V. 100

**EXCELLON RESOURCES INC.**

**ZEBRA GOLD PROJECT - TOMBSTONE AREA, ARIZONA**

Excellon has the right to acquire up to a 75% interest in seven Arizona State Prospecting Permits, totalling 1,228 acres situated in Cochise County, Arizona near the town of Tombstone.

The basic terms of the agreement are summarized below:

- (1) On signing, payment of U.S. \$25,000 to the vendor. This payment was made on February 15, 1994;
- (2) In order to acquire a 50% interest in the property Excellon must make the following cash payments and work commitments -

<u>Date</u>	<u>Cash Payments to Vendor</u>	<u>Work Commitments</u>
	<u>\$ U.S.</u>	<u>\$ U.S.</u>
Prior to February 15, 1995	40,000	100,000
Prior to February 15, 1996	50,000	100,000
Prior to February 15, 1997	<u>50,000</u>	<u>250,000</u>
Total	<u>140,000</u>	<u>450,000</u>

- (3) Excellon may earn a further 25% interest by making a cash payment of U.S. \$50,000 and incurring an additional U.S. \$300,000 in exploration expenditures prior to February 15, 1998;
- (4) Joint Venture to be formed on a 50/50 or 75/25 basis as the case may be;
- (5) The Joint Venture Agreement will contain dilution provisions for non-performance down to a "net profits" interest. Net profits means all revenues accrued to the participating party, net of operating costs, after recovery of 200% of all costs incurred by or on behalf of such party to the commencement of commercial production, including all exploration, development and pre-production costs but excluding property acquisition costs and all interest charges.

The Zebra property has been classed by Dr. J. M. Guilbert, Professor Emeritus, the University of Arizona and senior author of "The Geology of Ore Deposits", and others as a "significant occurrence of the distal Tombstone gold zone. There, disseminated invisible Carlin(?) style gold of up to an ounce per ton on the surface is disseminated in what is known as the Upper Palaeozoic Naco Group." The Zebra property is about 3 miles from the recently recognized porphyry centre in the southeast corner of the town of Tombstone. The property possesses the potential to host both a low grade heap leach deposit as well as a higher grade deposit recoverable by conventional milling.

The property has been examined geologically, geophysically and geochemically. These studies have located numerous areas of anomalous gold mineralization, a shallow gold reserve of unknown size which is only partially delineated, geophysical anomalies, that were found to contain anomalous gold mineralization, and a number of other targets that have not been tested.



A report dated March 30, 1991 prepared by Mr. L. Halterman, Certified Professional Geologist, describes in detail the geology of the area and summarizes previous work carried out on the property. The report indicates that surface sampling over an area of about 3 square miles has confirmed gold mineralization in a number of geological environments. Drilling to date has been confined to only a few areas. One area (5 holes) has defined a small, shallow mineral deposit containing 104,632 tons of mineralization averaging .091 ounces per ton gold with a stripping ratio of 1.4 to 1.0. This deposit is open at depth and in both directions along an apparent northeast-southwest trend. There are a number of other mineralized areas near this zone with lesser grade at surface that have not been drilled. The report goes on to state that there are numerous targets on the property that warrant further work and specifically recommends four drill targets. A U.S. \$150,000 exploration program is recommended that includes 7,000 feet of drilling (approximately 25-30 holes). Based on the data generated to date it is felt that an aggressive exploration program will have an excellent chance of locating a economic gold orebody at relatively low cost.

The type of deal that Excellon would consider with a third party ("Investor") is as follows:

- (a) On signing of a deal, Excellon paid U.S. \$25,000 by the Investor who would provide the next U.S. \$250,000 of financing for the project;
- (b) Once expenditures in (a) are completed Investor would have earned a 50% interest in Excellon's rights to the project and thereafter expenditures split between the Investor and Excellon on a 50:50 basis;
- (c) Should Investor and Excellon proceed to earn a 75% interest then further expenditures shared 37.5% Excellon, 37.5% Investor and 25% by vendor or should Investor and Excellon not proceed beyond 50:50 with the vendor, then ongoing expenditures would be shared 25% Investor, 25% Excellon and 50% vendor;
- (d) Excellon would be the operator of the project;
- (e) Appropriate dilution clauses to be negotiated.

# EXCELLON RESOURCES INC.

---

BOX 28, 20 ADELAIDE ST. E., SUITE 200, TORONTO, ONTARIO, CANADA M5C 2T6  
FAX: (416) 867-1109 TEL: (416) 867-1100

February 24, 1994

Pierre J. Boudreault  
President  
Exploration Cambiex Inc.  
Bureau 850  
800 Boul. Rene-Levesque O.  
Montreal, Quebec  
H3B 1X9

Dear Pierre,

Attached is some background information on a gold property that Excellon Resources Inc. has under option near Tombstone, Arizona. Excellon is interested in finding a partner and looking to doing a deal along the lines outlined in the attached.

While in the early stages of exploration, the work to date has outlined a number of drill targets as well as outlining a small tonnage - 100,000 tons grading, .098 oz/ton and open in all directions.

If any of your group of companies might have an interest, please give me a call and we could discuss further.

Best regards.

Very truly yours  
EXCELLON RESOURCES INC.



Richard W. Brissenden  
Chairman



Report on

THE ZEBRA PROPERTY

A Gold Prospect,  
Cochise County, Arizona

Sections 27, 28, 29, 33 and 34  
Township 20 South, Range 23 East

Prepared for:

Primo Gold Ltd.

by

Leroy Halterman,  
Certified Professional Geologist #3444  
MinSearch, Inc.

March 30, 1991

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## APPENDICES

Appendix A - Rock and Soil Sample Descriptions and  
Assay Results

Appendix B - 1990 -1991 Drill Hole Assay Data

## ACCOMPANING DOCUMENTS

1. Zonge Engineering and Research Report
2. Soil Geochemistry Data Sheets and Assay Reports



## THE ZEBRA PROPERTY

### A Gold Prospect

This report was prepared at the request of Primo Gold Ltd. and was based on numerous visits to the property by the author. The most recent visit was January 14 through 25, 1991 when the author supervised a three hole drilling program and a soil sampling survey. Earlier visits to the property included supervising a drilling program, geophysical programs, geological and geochemical mapping. In addition to the field examinations, data compiled by Energy Reserves Group, Consolidated Paymaster, Wellington Financial, and Tempo Resources Ltd. was also used in the preparation of this report.

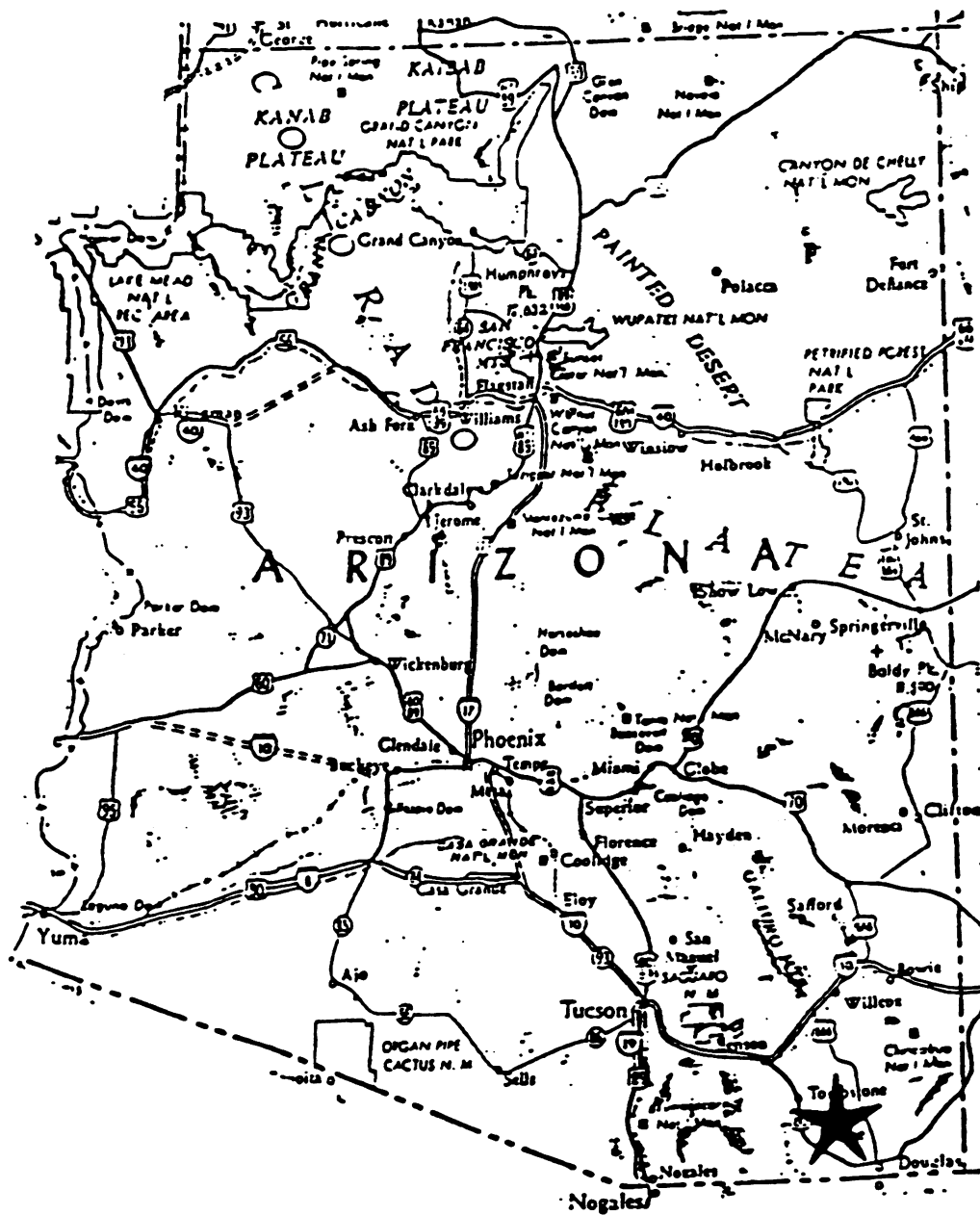
The Zebra prospect is an epithermal, disseminated gold occurrence which appears to possess potential for both a low grade heap-leach deposit and a higher grade zone which may be recoverable by conventional milling. The property as a whole was examined geologically, geophysically and geochemically.

### Location, Topography, Vegetation and Access

The Zebra prospect is located in sections 27, 28, 29, 33 and 34 of T20S, R23E, (31 39'N, 110 W) in Cochise County, Arizona. Elevations vary between 4,600 and 5,000 feet.

The closest major habitation is the historic town of Tombstone which is three miles northwest of the property. The nearest commercial air service is Tucson, Arizona approximately seventy miles northwest of the prospect (Figure 1). It should be noted that Tombstone was a major producer of silver, gold and lead from veins and replacement deposits. Production from these mines totaled over 30,000,000 ounces of silver and 200,000 ounces of gold.

The northern portion of the Zebra property is most easily accessed by traveling south on Highway 80 from Tombstone for three miles, then proceeding east on a paved road for two miles towards McNeil, and finally turning south on an unimproved dirt road for three quarters of a mile. The topography in the prospect area is moderately hilly to flat, with primitive roads crossing most of the low-lying terrain. Vegetation consists of sparse desert grasses, cacti, yucca, creosote bushes, cat claw and occasional mesquite trees. Mild arid winters make year-around operations possible, although mid-summer temperatures are somewhat distressing for both men and machines.



ZEBRA PROSPECT LOCATION MAP

FIGURE 1



### Property Status

The property totals 1,400 acres and includes the NE/4 of section 29, all of section 28, the NE/4 of section 33, the SW/4 and S/2 of the SE/4 of section 27 and the NW/4 and N/2 of the SW/4 of section 34, T20S, R23E and consists entirely of Arizona State Prospecting Permits (Figure 2). Details of permits with numbers assigned are as follows:

1. State of Arizona Prospecting Permit No. 95854, S/2 SE/4, Section 27, Township 20 South, Range 23 East, Cochise County, Arizona.
2. State of Arizona Prospecting Permit No. 95925, SW/4 Section 27, Township 20 South, Range 23 East.
3. State of Arizona Prospecting Permit No. 95899, S2/SW, and N/2SW, Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.
4. State of Arizona Prospecting Permit No. 95857, S2/NW, and N2/NW, Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.
5. State of Arizona Prospecting Permit No. 95855, NE/4 Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.
6. State of Arizona Prospecting Permit No. 95856, SE/4 Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.
7. State of Arizona Prospecting Permit No. 95986, S/2 NE/4 and S/2 N/2 NE/4, Section 29, Township 20 South, Range 23 East, Cochise County, Arizona.
3. State of Arizona Prospecting Permit No. 95898, NE/4, Section 33, Township 20 South, Range 23 East, Cochise County, Arizona.
4. State of Arizona Prospecting Permit NO. 95362, NW/4 and N/2, SW/4, Township 20 South, Range 23 East, Cochise County, Arizona.

The property is registered in the name of Primo Gold U.S.A., a wholly owned subsidiary of Primo Gold Ltd., owns a 100% interest in these properties. The prospecting permits require an annual rental payment of \$1 per acre and an annual work requirement of \$10 per acre for the first two years and the work requirement is increased to \$20 per acre in subsequent years. When the prospecting permits are converted to state leases, they will be subject to a 5% net value production royalty.



110°00'

28

6/28/03  
AZ PP 95026

Monthly/Quarterly  
6/28/03  
AZ PP 95009

6/31/03  
AZ PP 95057

6/28/03  
AZ PP 95009

28

6/31/03  
AZ PP 95055

6/31/03  
AZ PP 95055

32

33

6/28/03  
AZ PP 95008

27

6/28/03  
AZ PP 95025

6/31/03  
AZ PP 95054

T208

34

11/10/02  
AZ PP 95362

31°39'

31°39'

R23E

ZEBRA PROSPECT

LAND STATUS

FIGURE 2



## Regional Geology

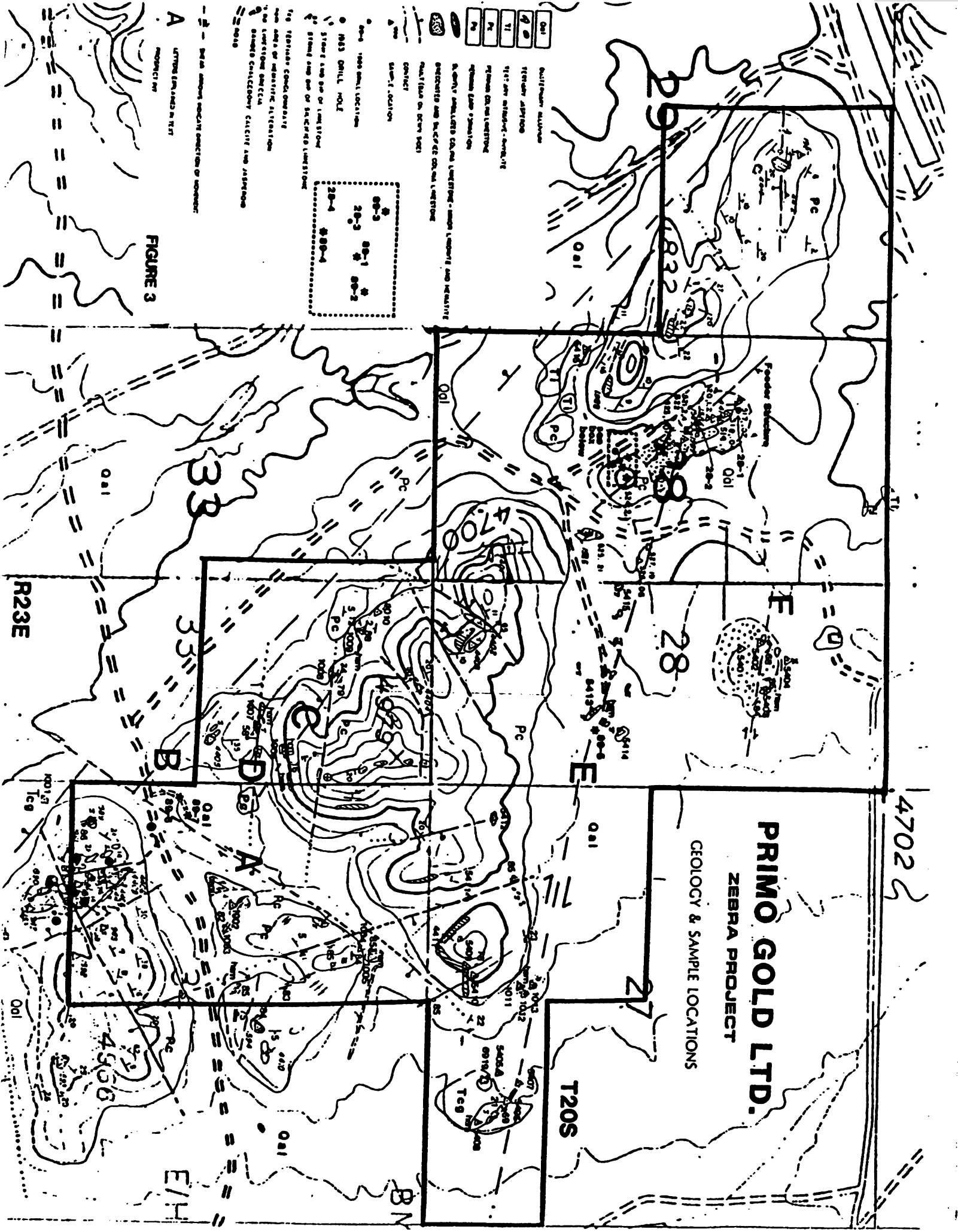
The Zebra prospect lies along the axis and slightly west of the deepest portion of the Sonoran geosyncline in an area known as the Pedregosa Basin. It also lies within a belt of north-northwest trending mountain ranges that are separated by broad alluvial-filled valleys which extend from the Colorado Plateau in central Arizona to Sonora, Mexico. Regional tectonic compression in the area began in Late Cretaceous-Early Tertiary Laramide orogeny and was directed northeast-southwest. Release of compression was accomplished by north-northwest trending folding and by faulting along abundant northwest trending low angle thrusts which in places, steepen to become high-angle reverse faults. During the Middle Tertiary, extension produced the present Basin and Range topography with deformation dominated by movement along normal faults in several orientations. Intrusion and extrusion of igneous rocks accompanied this movement. Major faults, within the prospect area, are generally aligned with this basin and range trend, and minor faults generally strike perpendicular to this trend direction.

## Local Geology

The prospect area itself is underlain by a relatively thick blanket of Paleozoic and Mesozoic sediments with outcrops of predominately Permian Colina Limestone on the surface (Figure 3). Numerous small Tertiary rhyolitic and dacitic intrusives, which are the only other outcropping rocks, are located in and near the western and northern halves of section 28, T20S, R23E. Nearby rhyolite intrusives of similar composition have been age dated at 63 M.Y.

Stratigraphically, only two Permian formations will be discussed in this report. Considering their lithologies, they are the only two economic targets for mineralization when considering size and grade of the potential orebodies. In ascending order, these formations are the Earp Formation and the Colina Limestone.

The Earp Formation is Pennsylvanian and Permian in age and does not outcrop on the property. It is composed of interbedded siltstone, sandstones and light-gray limestone and dolomite beds. To the west, the limestone content is sparse. However, to the east, in the Zebra prospect area, the limestone content increases upsection. Consequently, moving upsection, there is a transitional contact rather than a sharp contact between the Colina Limestone and the Earp Formation. In the nearby Tombstone hills, a 584 foot section of Earp Formation was measured.





The Permian Colina Limestone is composed of limestones, silty limestone, thin shale units, siltstones and dolomite beds. The sediments are generally medium tannish grey to grey and the limestone is often fossiliferous and contains light to dark grey chert nodules. Deformation of the sediments has occurred through folding and faulting. The Colina Limestone probably approaches its maximum thickness of 650 feet on the property. In the nearby Tombstone hills, a 633 foot section of Colina Formation was measured.

Numerous structures have been identified on the prospect. Six major structures, labeled A through F in figure 3 including structure B which is the range front fault have been identified through mapping and geophysics. Numerous smaller structures have also been identified and noted in figure 3. Detailed discussion of some these structures and their geophysical and mineralization relationship has been included in the latter part of the report. However, it should be noted at this time that in most cases where these structures can be observed, they have been silicified and contain anomalous concentrations of gold.

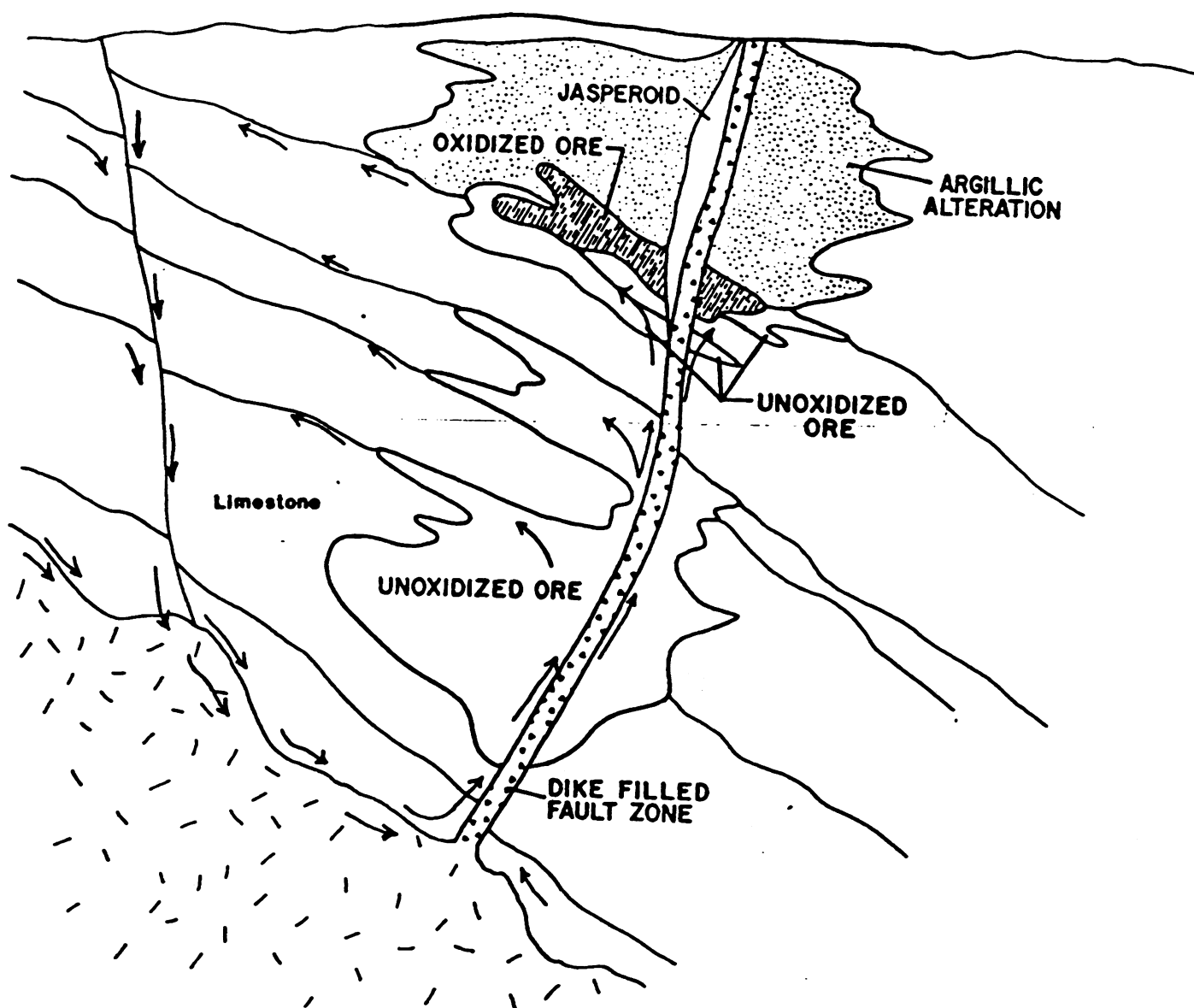
#### Geology-Epithermal Model

The epithermal model has been used to explain the origin of many low-temperature, disseminated precious-metal deposits and has been used numerous times to successfully guide exploration for these types of deposits. Although the Zebra prospect already has an identified target which conforms to this model and should be tested, this same model can be used to further explore the deeper targets and numerous other areas on the property which have the characteristics of this model.

The epithermal model implies that a buried intrusive or other heat source acts as a thermal pump to circulate meteoric waters. These fluids leach trace amounts of metals from the country rock along their circulating path. The metal enriched solutions then rise along the paths of least resistance and as the solutions cool they precipitate their dissolved metals content along with other elements. A vertical zonation of metals, gangue and alteration forms within this system. The precious metals and their associated gangues are normally the last economically important elements to precipitate. The precipitation is often associated with boiling of these ascending solutions. In addition to gold and silver, barium, arsenic, antimony and mercury are common pathfinder elements which also precipitate in association with precious metal mineralization. These elements are used to assist in the exploration for hidden epithermal deposits. (Figure 4).

## Carlin Model of Precious Metals

### Disseminated Replacement Type Deposit



**Figure 4**

Wall rock alteration and its zoning are important guides in exploration for deposits within the epithermal system. In disseminated epithermal deposits, such as those which may comprise the Zebra prospect, silicification and argillic alteration of the limestones along and near structures is prevalent. Also, the introduction of iron sulfides, barite, fluorite, arsenic and antimony compounds along with trace amounts of gold are common.

It should also be noted that many of the described characteristics of the Zebra property are present in the Tombstone mineral deposits. However, the carbonate replacement deposits at Tombstone are within a different formation. Also, because of the base metal content, these deposits were evidently deposited below or at the bottom of the epithermal system as we understand it. At Zebra, only three miles away, silver values are low but gold values are high. This may indicate a district wide zonation which could have important implications in an expanded exploration program.

#### Geology-Other Models

There appears to be some evidence that a intrusive/limestone contact silicification model may also be present in the Zebra prospect. Personal communication about recent work by Phelps Dodge has been directed towards a "Skarn Model". Some evidence of this may be the silicification associated with the contact between the limestone and intrusive in section 28. Anomalous gold values up to .29 ounces of gold per ton has been taken from the limited amount of outcrop in the area. However, it is also possible that this contact between the intrusive and the limestone served as a path for ascending auriferous solutions much like a fault or fracture resulting in replacement and mineralization.

#### Previous Work

The Zebra property was held in the recent gold boom by two other companies: Energy Reserves Group from 1982 thru mid-1983 and Consolidated Paymaster from mid-1983 thru mid-1985. Energy Reserves Group work consisted of geological mapping and geochemical sampling which delineated a number of potential targets, some of which are still untested today. Consolidated Paymaster's work consisted of a 10-hole drill program which totaled 2,465 feet and was designed to test several of the surface anomalies located on the property. Seven of these holes, five of which are on Primo Gold's property, were clustered in a twelve acre area in section 34 and three were located in and near a rhyolite intrusive in section 28. Later work performed in a 1988 program revealed that the holes in section 34 probably



tested only the surface remnant of mineralization that occurs at depth to the north of the drilling. Overall, this program tested only a small percentage of the prospective mineralized area in the Zebra prospect. Most holes in the 1983 Paymaster program did encounter minor mineralization, less than .01 ounces of gold per ton, with one hole, 28-3, encountering 20 feet of .045 ounces per ton gold within sixty feet of the surface.

In mid 1985, Wellington Financial conducted a one hole drilling program to test the continuity of the mineralization located by hole 28-3. This offset drill hole, 28-4, also intercepted mineralization of similar grade but thicker than that found in Paymaster's 28-3 drill hole. In 1988, Tempo Resources Ltd. conducted magnetic and VLF geophysical surveys and drilled an additional four shallow holes in this area. Three of the four holes intercepted significant amounts of alteration and two contain mineralization similar to the earlier intercepts. During this program Tempo also attempted to drill through unconsolidated sediments over a strong VLF anomaly in section 34 but had to abandoned the hole after several attempts. Tempo also drilled a 340 foot hole in the east central portion of section 28 near some anomalous jasperoids. The hole intercepted thick zones of trace gold mineralization which never exceeded .01 ounce per ton gold.

All of the previous programs contained some geological mapping and geochemical sampling. Results of this work has allowed the delineation of a large number of auriferous occurrences in a number of environments. Many of these occurrences combined with past and present work have delineated numerous targets some of the most important ones will be discussed in this report.

#### 1990-1991 Primo Gold Ltd. Program

In mid 1990, Primo Gold Ltd. conducted additional geological mapping and sampling to further define potential targets which follow by a 9 hole 1235 foot drill program. In late 1990 and January of 1991, a combination geophysical and geochemical soil sampling as well as drill program was performed on the property. The geophysics consisted of IP, resistivity, TEM and CSAMT and the soil geochemistry program totaled 323 samples which were analyzed for gold, arsenic and mercury. This recent program, along with previous work, will be discussed in detail later in the report and will serve as a basis for some of the recommendations.

#### Expenditure for the Benefit of the Property

Expenditures by Primo Gold in the 1990-91 programs totals \$97,449(Canadian). These funds were used for drilling, assaying, geophysics (IP, Resistivity, TEM and CSAMT), geochemical sampling, soil geochemical sampling and assaying and geological mapping.

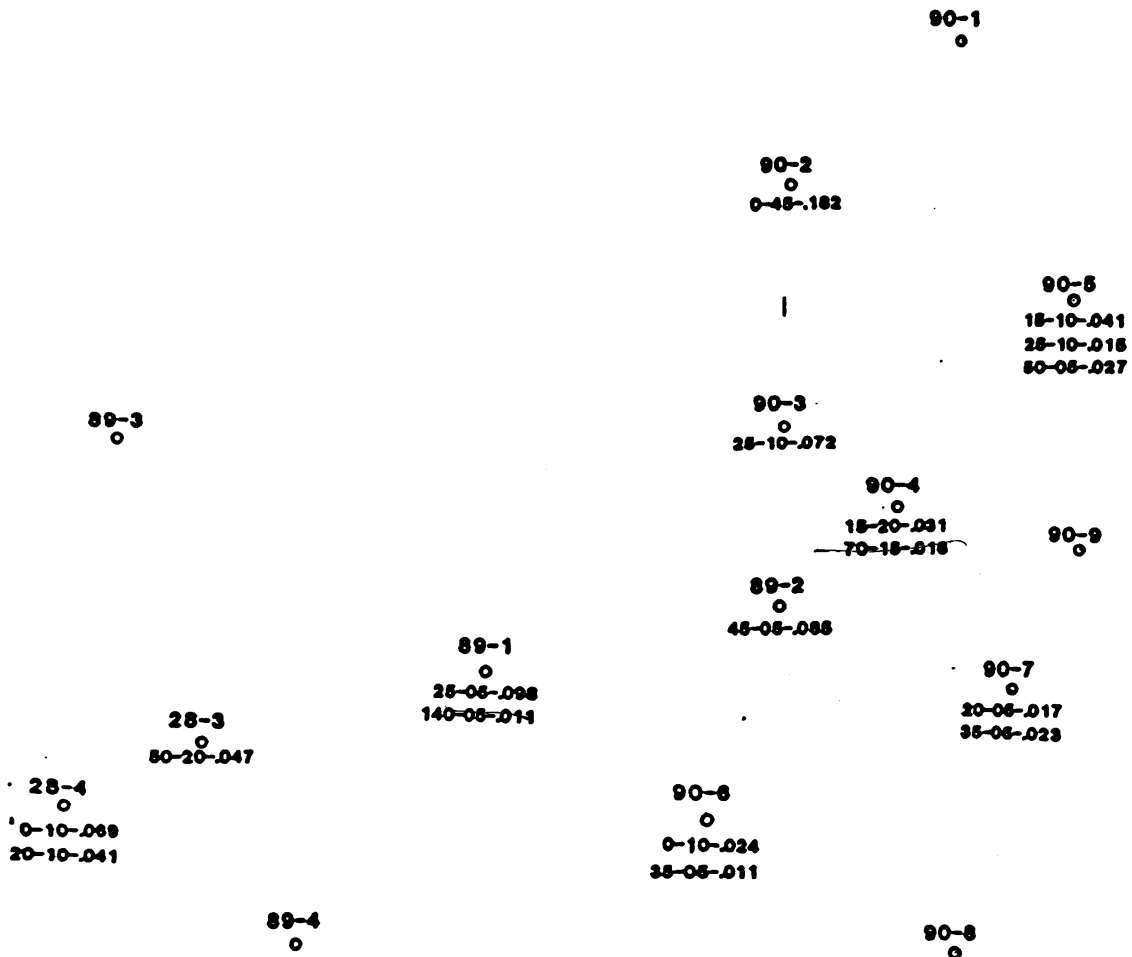
Geology, Mineralization and Potential Drill Targets  
Section 28

Section 28 is a highly mineralized area which based on geology, geochemistry, geophysics and drilling has delineated numerous targets of which the best four will be discussed in this report in the order of their merit. The first is associated with a feeder structure in the west central portion of the section which strikes approximately north 40 degrees west and has a near vertical dip. Silicification associated with this structure has been sampled and mapped. Samples have varied from trace to 1.02 ounces per ton gold. Samples in excess of .1 ounce per ton gold are common. It is believed that this structure was not only mineralized but also served as a feeder structure to supply the solutions that mineralized the host bed intercepted by the drill holes. According to the epithermal model, these mineralizing solutions would rise along the structure to the zone of boiling where they would begin to precipitate their precious metals content. However, because permeable beds within the Colina Limestone were present, these solutions also migrated laterally along bedding planes mineralizing them as well as the structure. The result of this lateral migration is the mineralization that can be seen in past and more recent drilling.

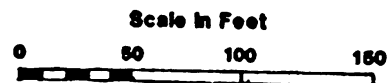
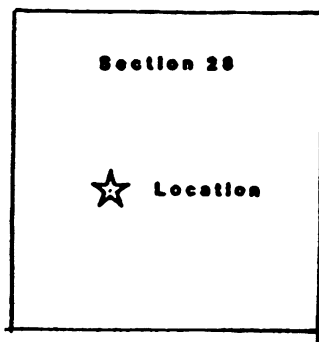
During the 1990-91, Primo Gold drilled nine holes to test and extend the mineralization. Five of these holes intercepted significant mineralization which combined with past drilling has delineated a small shallow mineral body. (Figure 5). A mineral appraisal prepared by MinSearch and dated August 31, 1990 indicates that a total of 100,632 ton of gold mineralization has been delineated with an average grade of .091 ounces per ton and a stripping ratio waste to mineral of 1.4 to 1. This mineral body is still open in both directions of an apparent northeast-southwest trend. Cyanide leach re-assays of five drill intervals indicate that approximately 70 percent of the gold was recovered by this assay method. Other nearby mineralized areas with lesser grade at the surface have not been drill tested.

It should also be noted that this mineralization is located 800 feet south of an intrusive which is in contact with the limestones. This contact has not been tested but samples taken along it sometimes contain anomalous gold with values up to .29 ounces per ton gold being recorded. In this area, as well as other areas, the contact of intrusives may represent a significant target.

The second significant target is in the center of section 28 and is associated with an east-west structure that mineralization can be traced for over 2,000 feet along it. This length is evidenced by altered limestone outcrops and float which exhibits



**PRIMO GOLD LTD.**  
**ZEBRA PROSPECT**  
 COCHISE COUNTY, ARIZONA  
 SECTION 28, T20S R23E



0  
 25-10-.072  
 Depth-Thickness-Gold in Troy Ounces

**Figure 5**

8/8/90



moderate red hematite and minor orange limonite staining. One good altered outcrop extends for almost 500 feet. However, the rest of the trend is predominately float. Numerous samples have been taken along this trend with most assaying between .005 and .028 gold ounces per ton gold.

During January 1991, Primo Gold drilled three holes at the extreme east end of the trend to test some surface rock anomalies. All three holes were angle holes, two were drilled at -55 degrees to a drillers depth of 200 feet and one was drilled at a -45 degrees to a drillers depth of 600 feet (Figure 6). All holes intercepted mineralization but mineral reserve estimates can not be assigned to them without additional drilling. It is also noteworthy that hole #90-12 indicates that good grade mineralization does occur at depths of over 300 feet. Significant intercepts over .1 ppm are listed in the table below.

Hole #90-10		Hole #90-11		Hole #90-12	
Depth	Gold in ppms	Depth	Gold in ppms	Depth	Gold in ppms
20-25	.11	0-05	.15	0-05	.10
25-30	.35	35-40	1.43	10-15	.37
120-25	2.30	40-45	.12	15-20	2.05
130-35	.19	45-50	.15	60-65	.56
140-45	.25	60-65	.17	65-70	.11
		65-70	.10	435-40	.35
		105-10	.38	440-45	1.90
				445-50	.13

This trend was also tested by Primo Gold as part of a 1990-91 Geophysical program consisting of IP, Resistivity, TEM and CSAMT. One line was run in a east-west direction across the center of section 28. Resistivity and CSAMT surveys reveal two high resistivity blocks both located under the valley at approximately 2400 (anomaly 2400) feet east of the west line at a depth of approximately  $\pm 200$  feet and another at 3600 (anomaly 3600) feet east of the west line at a depth of approximately  $\pm 400$  feet (Model #2, Figure 7). The resistivity anomalies also have a slightly higher than background IP response associated with them which may indicate the presence of pyrite which is commonly associated with gold mineralization on the property. Interpretation of these anomalies are that they are either intrusives, jasperoid replacements or a combination. Should these bodies be auriferous replacements then they could represent significant mineral reserves to be added to those already delineated.

At approximately the same time that the drilling and geophysics were performed, a soil sampling program consisting of north-south lines 500 feet apart sampled at a 100 foot interval along the line. These lines covered most of section 28 and a small portion of section 34. Samples were analyzed for gold, arsenic and mercury and contour maps using the surfer software were prepared. (Figures 8,9 and 10) Both the gold and mercury maps show good

90-12

TD 600'-45° S30W  
2700 FNL 700 FEL

90-11

TD 200'-55° N65W

90-10

TD 200'-55° S20E

**PRIMO GOLD LTD.**

**ZEBRA PROSPECT**

**COCHISE COUNTY, ARIZONA**

**SECTION 28, T20S R23E**



Section 28

Location

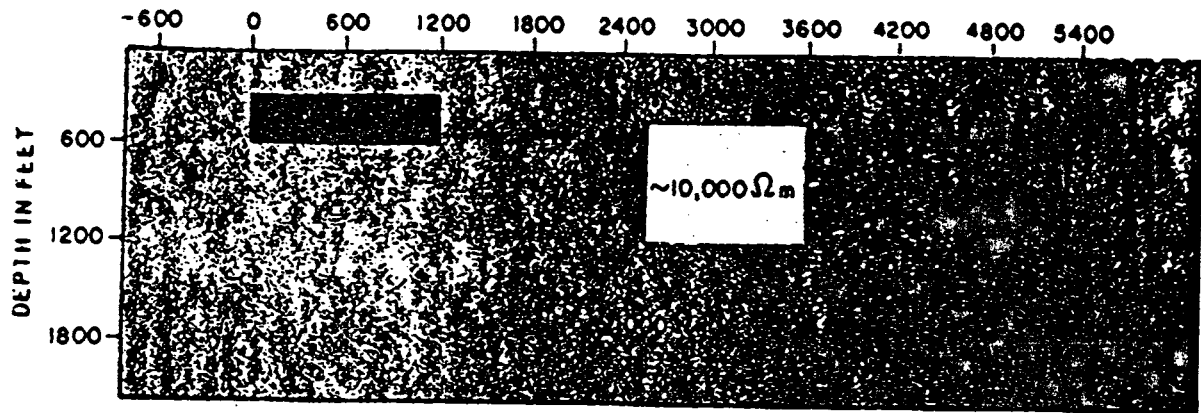


Scale in Feet



**Figure 6**

# Model #1



# Model #2

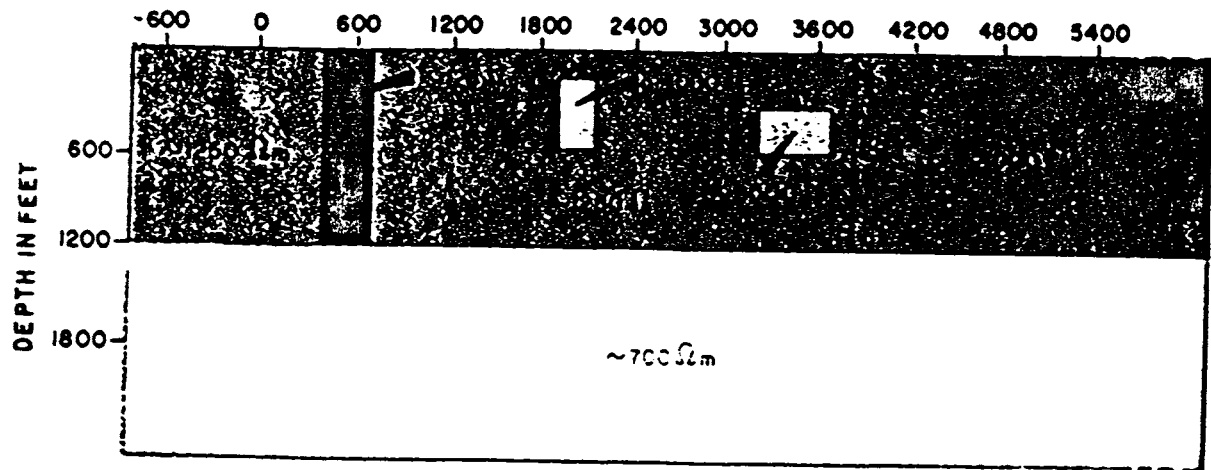


FIGURE 7

Taken from Zonge Engineering & Research Organization, Logistics Report, IP Survey



# ZEBRA PROSPECT-GOLD IN SOIL (ppb)

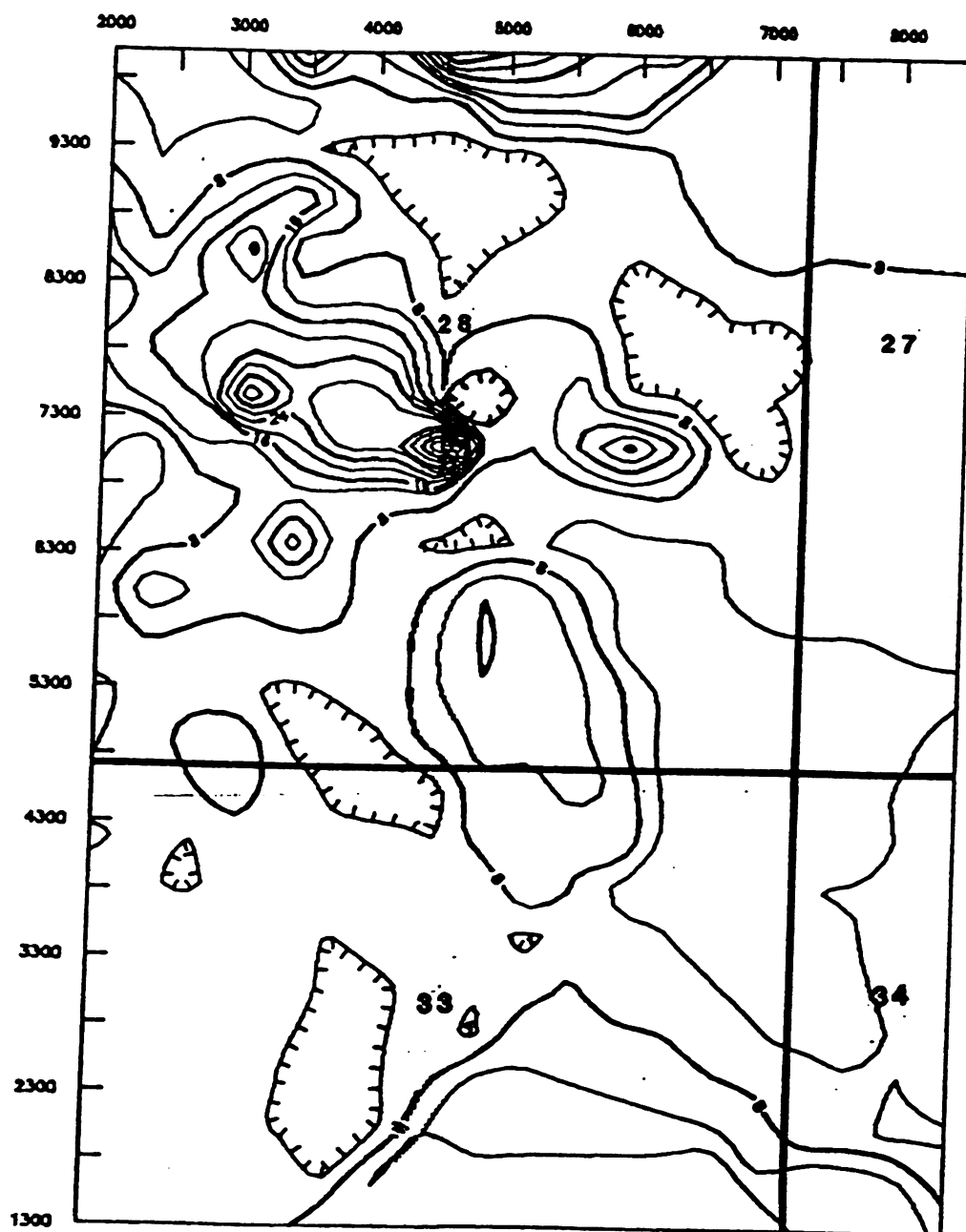


Figure 8  
SCALE 1:1500



# ZEBRA PROSPECT, Soil Mercury in ppms

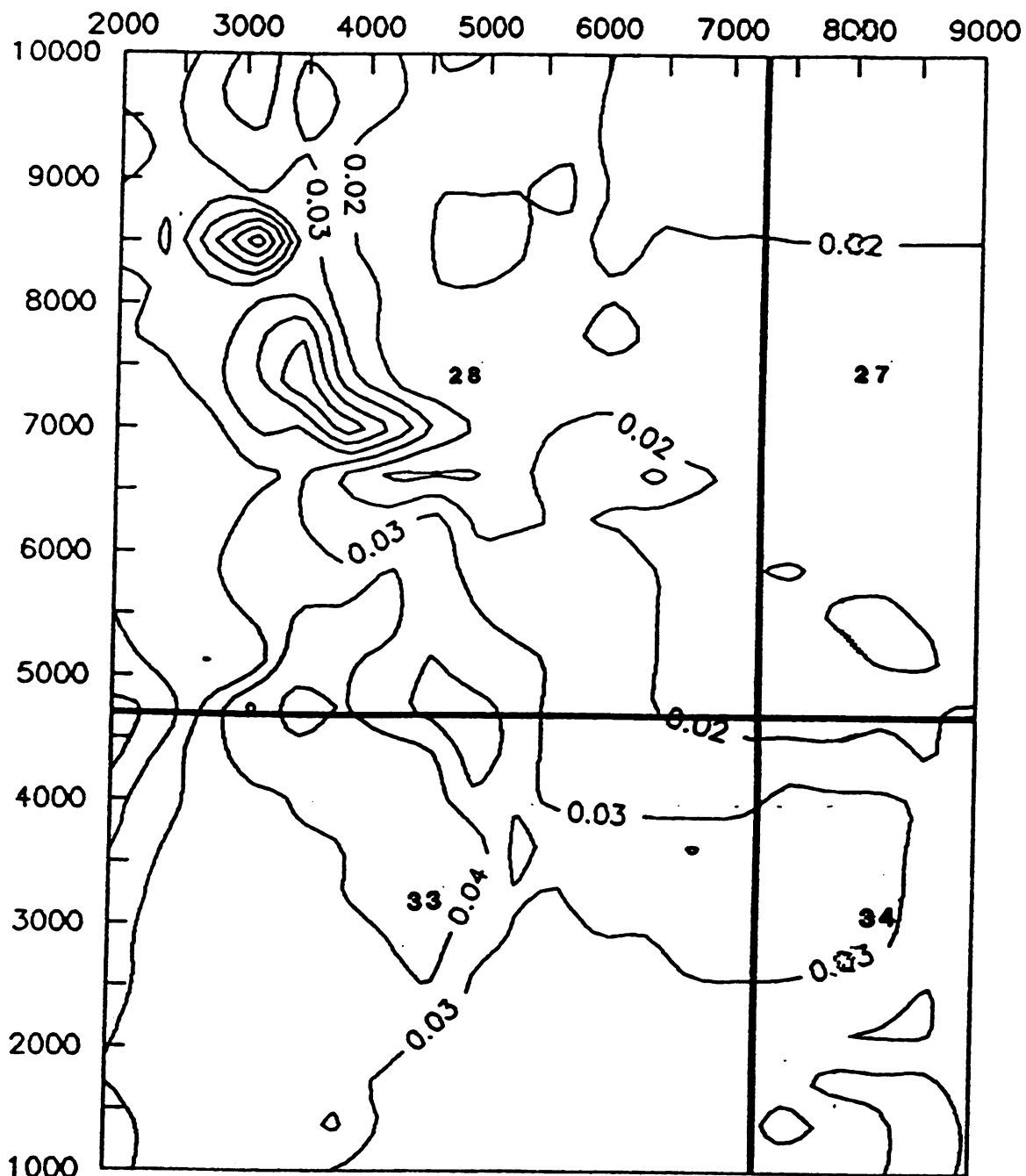
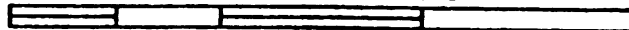


Figure 9

SCALE 1:1500



# ZEBRA PROSPECT, Soil Arsenic in ppms

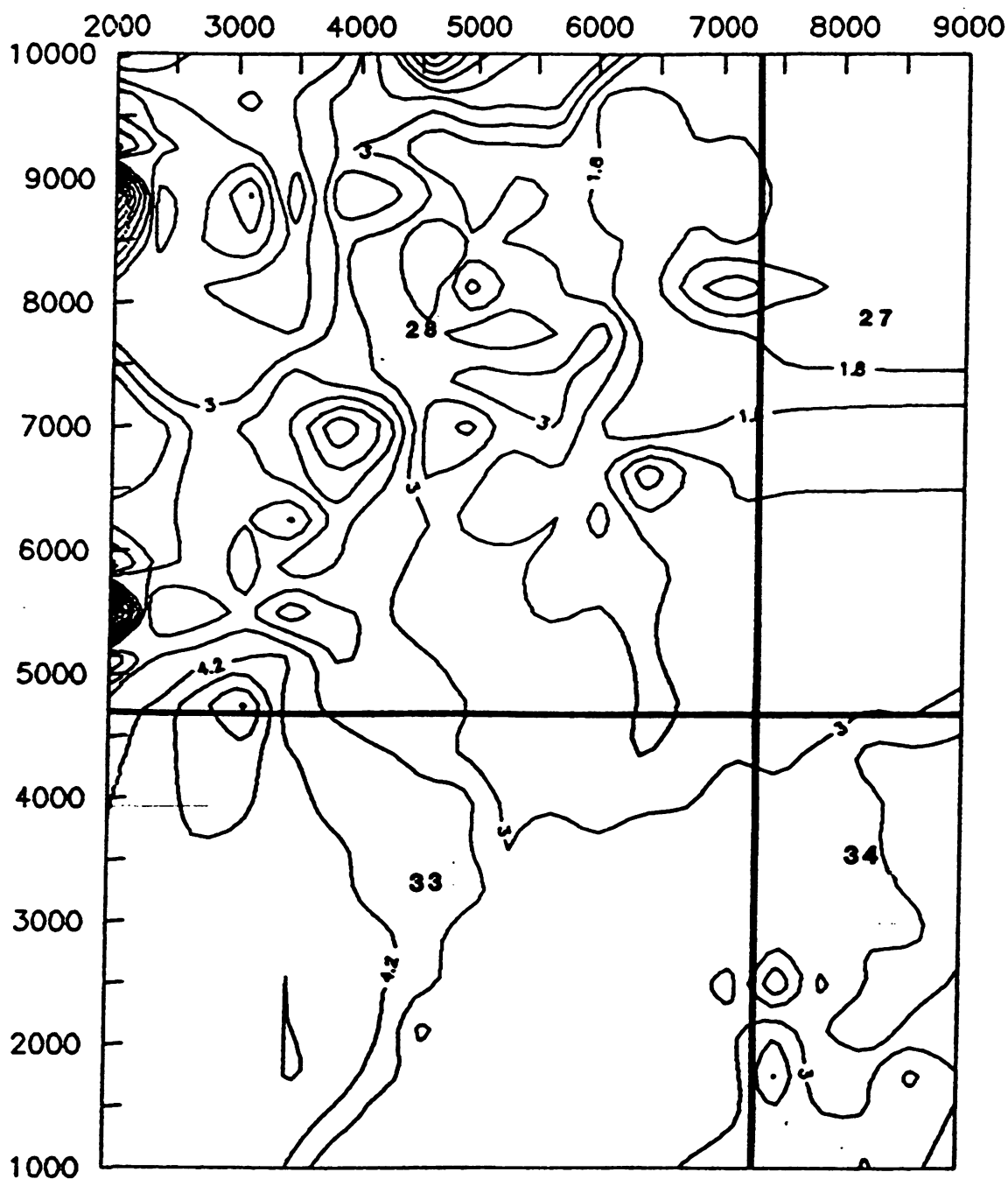
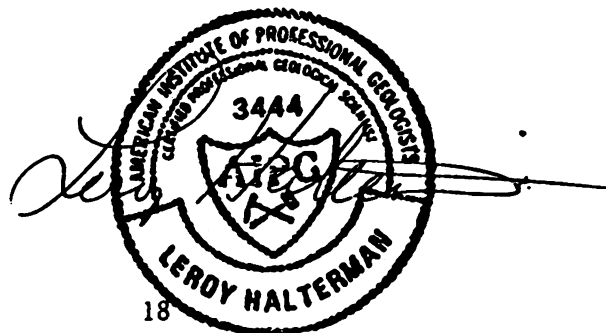
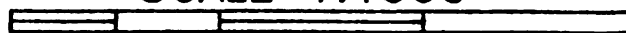


Figure 10

SCALE 1:1500



correlation with the geophysical anomalies. The geophysical highs lie in anomalous areas just off the center of the anomalies. The reason for them not being located exactly on the high may be that the mineralization was developed next to or around the feature or lateral movement of the soils or it may be that the lines which were 500 feet apart did not coincide exactly with the highs.

The third target is the large range front faults that lies under the alluvium along the western front of the hills. A smaller but parallel structure located at the foot of these hills contains anomalous gold. These structures which vary from a few inches to over ten feet commonly contain over 1 ppm (.03 ounces per ton). As an example, two of these structures just south of the geophysical line in section 28 assayed .07 ounces per ton gold. Cross structures which disappear underneath the valley fill also contain anomalous gold indicating that there is a reasonable chance that these larger structures are mineralized.

The fourth target is the Earp Formation and the transition interval between the the Colina and Earp Formations may represent an even better target than the one that has already been found and partially tested. The thin bedded nature of these formations suggests that they should be better potential hosts for gold mineralization than the horizon previously tested. This may be an especially attractive target along the larger structure such as the range front faults.

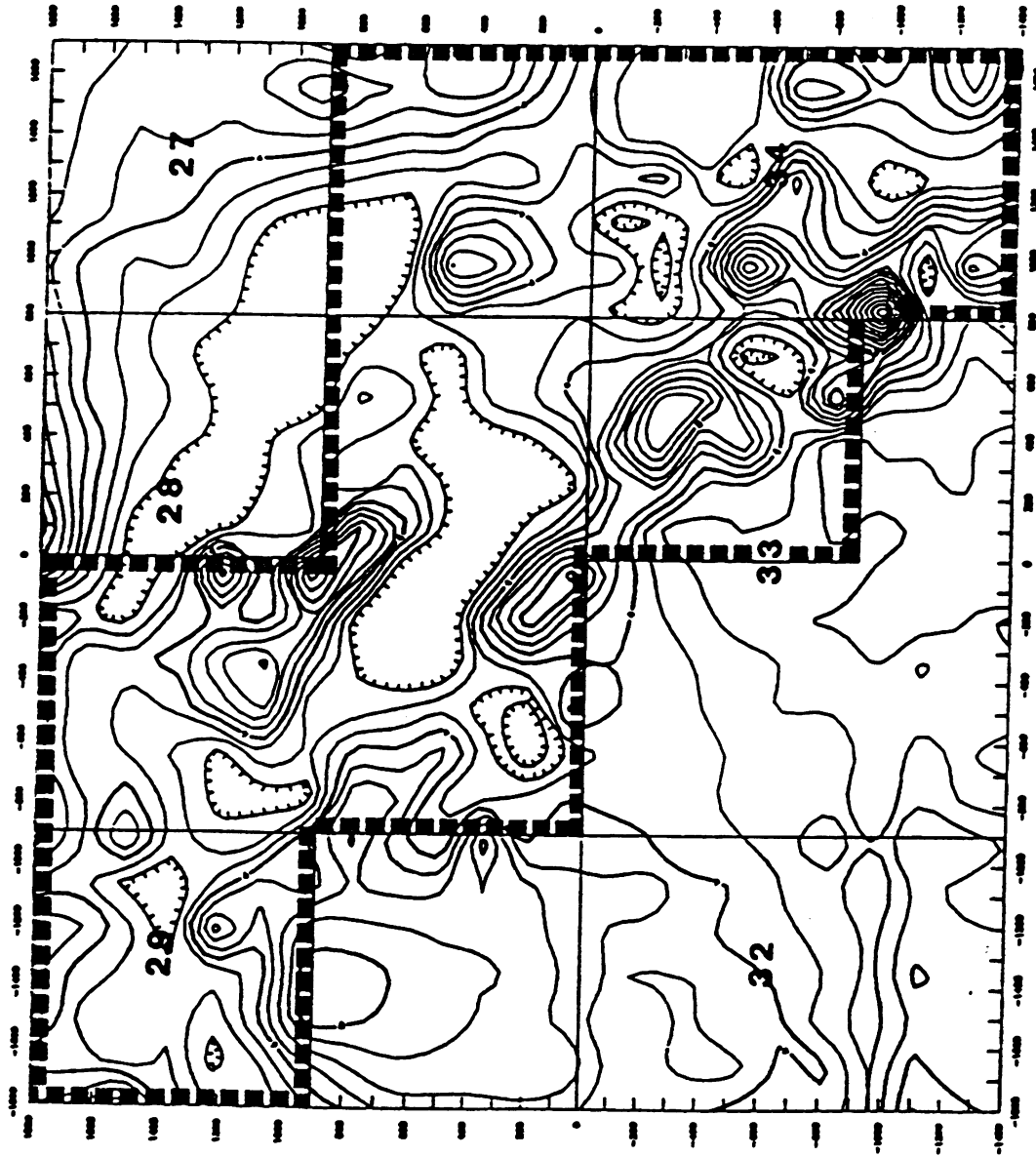
#### Geology, Mineralization and Potential Drill Targets Other Sections

Section 34 has targets similar to those in section 28 but lack those generated by the recent geophysical and soil geochemical program. Only a few soil samples were taken in the extreme southwest portion of the section and did not reveal any significant anomaly but most of the section remains to be tested. Targets three and four for section 28 have similar potential on section 34. This section also has numerous mineralized structures occurring on it with grades similar to those previously described which may represent additional targets.

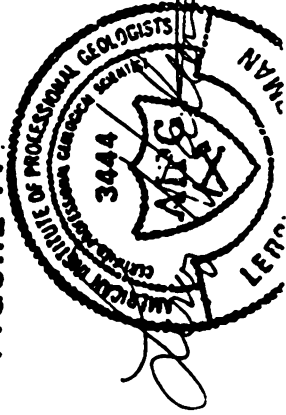
One additional target does occur on section 34 which was the result of an earlier (1988) VLF survey. This target is a strong anomaly located in the southwest corner of the property. (Figure 11) It is believed that the anomaly may be the result of the intersection of two structures one parallel to the range front and the other trending northeast-southwest along the valley. This valley, where the anomaly is located, foiled the attempts to test the anomaly in the 1988 drilling program. Several attempts were made to drill through the valley fill but hole conditions never let the hole go deeper than 120 feet. The drilling rig used was a vertical rig not capable of drilling angle holes.



*VLF Survey Zebra Prospect*



**FIGURE 11**



Limestone outcrop is located within 250 feet of the drill site and with an angle drilling rig a hole could be started in bedrock and angled into the anomaly, thus eliminating the problem.

Sections 27, 29 and 33 all have potential targets and with the exception of the 120 acres in 29 all have very similar structures, mineralization and anomalous gold concentrations on them. No resistivity type of geophysics or soil geochemistry has been run on them so the targets consist mainly of types three and four found in section 28. However, additional work could yield additional targets especially in areas of known strong (+1 ppm) mineralization.

### Recommended Programs

The author of this report has found that this property has substantial merit and warrants further expenditures. It is recommended that a two phase drilling program be established to test the probable auriferous targets which were delineated by the previous drilling programs, the geological mapping, geochemical sampling and geophysical studies. Reverse circulation rotary drilling with angle capability is the suggested exploration method with the drill cuttings being collected in a cyclone and then separated in a sample splitter to insure a homogeneous sample. One drill cutting sample should be collected for every 5 foot interval during the offset drilling in section 28. A sample can be collected for every 10 foot interval on the exploration holes drilled on other parts of the property. All samples should be assayed for gold.

#### Phase One, Section 28

1. Drill 10 additional holes to test the extent of the mineral resources delineated in the west central portion of section 28. Depths should be approximately  $\pm$  100 feet. Total footage 1000 feet.
2. Drill two holes to test the geophysical anomalies, 300 feet (anomaly 2400) and 500 feet deep (anomaly 3600). Total footage 800 feet.

#### Phase One, Other Targets

1. Drill two holes in section 34 in the area where faults A and B intersect (Figure 3). The holes should be completed to a maximum true vertical depth of 400 feet in this area. This area corresponds to a magnetic and VLF high indicating that there could be a zone of intense brecciation here which could host significant gold mineralization. The holes should be located on bedrock and angled toward the anomaly so as to avoid surface problems that were previously encountered. Total footage 1000 feet (800 feet vertically)

2. Complete the soil geochemical sampling grid in sections 27, 29, 33 and 34.

#### Phase Two

1. Phase Two would be contingent upon positive results from the first phase. This stage would include at least two Earp Formation tests plus delineation drilling of the existing or newly discovered mineralization found in Phase One. One of the Earp tests should be located in association with the major range front structures.

Cost Estimate, Phase One and Two On Following Page

## PHASE ONE

Cost Estimate, Section 28

<u>Item</u>	<u>Estimated Cost</u>	
	<u>US</u>	<u>Canadian*</u>
Drilling: 1,800 feet @ \$12.00/ft	\$21,600.00	\$25,272.00
Dirt Work and Archeology	2,000.00	2,340.00
Assay Drill Cuttings: 360 samp @ \$12.00	4,320.00	5,054.00
Geologist 15 days @ \$250.00/day (US)	4,000.00	4,680.00
Vehicle 2,250 miles @ \$.40/mile	900.00	1,053.00
Perdiem: \$75.00 per day, 14 days	1,050.00	1,229.00
Miscellaneous	500.00	585.00
SubTotal	\$34,370.00	\$40,213.00

Cost Estimate, Other Targets

<u>Item</u>	<u>Estimated Cost</u>	
	<u>US</u>	<u>Canadian*</u>
Drilling: 1,000 feet @ \$12.00/ft	\$12,000.00	\$14,040.00
Dirt Work and Archeology	2,000.00	2,340.00
Assay Drill Cuttings 200 samp @ \$12.00	1,000.00	1,170.00
Geologist 25 days @ \$250.00/day	6,250.00	7,312.00
Soil Sample Collection 300 samp.@ \$9.00	2,700.00	3,159.00
Soil Sample Assay 300 @ \$20.00	6,000.00	7,020.00
Perdiem: 23 days @ \$75.00/day	1,725.00	2,018.00
Vehicle 4,000 miles @ \$.40/mile	1,600.00	1,872.00
Miscellaneous	500.00	585.00
SubTotal	\$33,775.00	\$39,516.00
TOTAL PHASE ONE EXPENDITURE	\$68,145.00	\$79,729.00

Phase Two, Contingent Upon Positive Results from Phase One

<u>Item</u>	<u>Estimated Cost</u>	
	<u>US</u>	<u>Canadian*</u>
Drilling: 4,000 feet @ \$12.00/ft**	\$48,000.00	\$56,160.00
Dirt Work and Archeology	3,500.00	4,095.00
Assay Drill Cuttings 800 samp @ \$12.00	9,600.00	11,232.00
Geologist 40 days @ \$225.00/day	9,000.00	10,530.00
Perdiem: 40 days @ \$65.00/day	2,600.00	3,042.00
Vehicle 4,000 miles @ \$.40/mile	1,600.00	1,872.00
Miscellaneous	1000.00	1,170.00
Total	\$75,300.00	\$88,101.00

\* Exchange rate 1.17

\*\* Should the geophysical/geochemical target test positive some of the drill, assay, dirt work and geologist funds may be directed to geophysical surveys.



### CERTIFICATION

I, Leroy Halterman of Albuquerque, New Mexico, do hereby state:

1. I am a consulting Geologist. I graduated from Missouri School of Mines, Rolla, Missouri in 1968 with a B.S. in Geology.
2. My address is 820 Piedra Vista NE, Albuquerque, NM 87123.
3. I am a member in good standing of the American Institute of Professional Geologists, and I am a Certified Professional Geologist, #3444 and a Registered Geologist #540 in the State of South Carolina.
4. I am employed by MinSearch, Inc., 11930 Menaul NE, Suite 112, Albuquerque, New Mexico 87112
5. Since graduation, I have practiced geology for 23 years, mainly in the western United States.
6. My report is based on numerous visits to the Zebra property. The most recent visit was January 14 through 25, 1991
7. Consolidated Paymaster and Tempo Resources has given permission to use the data they acquired in this evaluation and report.
8. This report entitled "THE ZEBRA PROPERTY" March 30, 1991, may be used by Primo Gold Ltd. in a public financing.
9. I myself or MinSearch, Inc. have no direct or indirect interest in the Zebra property or in Primo Gold Ltd.

Dated at Albuquerque, New Mexico, the 30th day of March, 1991.

