

PHASE III REPORT

ELECTRUM PROJECT

BRITISH COLUMBIA

N.T.S. 92L/3W

TAYWIN RESOURCES LTD.

by

REBAGLIATI GEOLOGICAL CONSULTING LTD.

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January 23, 1988

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SUMMARY

A Phase III exploration program of prospecting, sampling and diamond drilling was conducted on the Electrum property during the period September-November, 1987, following the recommendations made in the Phase II Final Progress Report, dated September 15, 1987.

The prospecting program was made ineffective by heavy rain storms and very little was accomplished.

Bulk sampling on the Main Vein demonstrated that substantial surface leaching of gold and silver has taken place and that some potential exists for the discovery of bonanza-grade shoots down dip, below the surface outcrops.

A total of eight holes, comprising 234.87m, were drilled to test the B-Zone Anomaly Creek Vein and the C-Zone Vein.

At the Anomaly Creek Vein, only Hole 87-25 intersected the vein. Holes 87-26 and 87-27 intersected the favourable limestone/basalt contact but not the vein. Neither the vein nor the favourable contact were intersected in Hole 87-28. The best intersection in Hole 87-25 assayed 0.172 oz/ton gold and 10.76 oz/ton silver over 3.0 feet. The remainder of the quartz-veined, silicified limestone returned very low values.

At the C-Zone Vein, the drilling confirmed the down dip projection of the vein. However, only Holes 87-31 and 87-32 cut moderately low-grade mineralization, 0.107 oz/ton gold and 0.102 oz/ton gold respectively over 3.0 feet.

The C-Zone veins have now been adequately tested to ascertain that they offer little ore-making potential and no further work on these veins is recommended.

Some potential remains in the B-Zone for the discovery of high-grade shoots on the Main, Off-Set and Anomaly Creek Veins. Any additional drilling on these veins must be considered a high risk venture.

The small high-grade shoot previously outlined within the Electrum Vein warrants careful evaluation for a selected high-grade mining operation.

INTRODUCTION

During the period September–November, 1987, Taywin Resources crews collected bulk samples from the B-Zone, Electrum and Main veins and from the C-Zone vein; prospected several areas of the property; and diamond drill-tested the Anomaly Creek and C-Zone veins.

This report will briefly describe the work undertaken and will comment on the results obtained.

The writer visited the property on October 29, 1987, during the diamond drilling program and briefly examined core from Holes 87-25, 87-26, and 87-27.

LOCATION AND ACCESS

The Electrum property is situated 43 km west northwest of the village of Zeballos and 26 km south of Port Alice on the Kyuquot Peninsula in the Alberni Mining Division. It is centered at 50°10'N latitude, 127°21'W longitude on the northwest coast of Vancouver Island, N.T.S. 92L/3W (Fig.1).

Float-equipped, fixed-wing aircraft and helicopters are available at the Port Hardy airport, 50 km to the north.

Vehicle access to the claims is available from Zeballos via the Fair Harbour logging road. From Fair Harbour a motorized barge is utilized for the 20 km crossing of the Markale Passage to Whonnock's Chamiss Bay camp or Friell Lake Logging's camp. From the logging camps an extensive network of haulage roads provide ready access to the claims.

Board and lodging can be utilized on a pre-arranged basis at the Whonnock or Friell Lake camps.

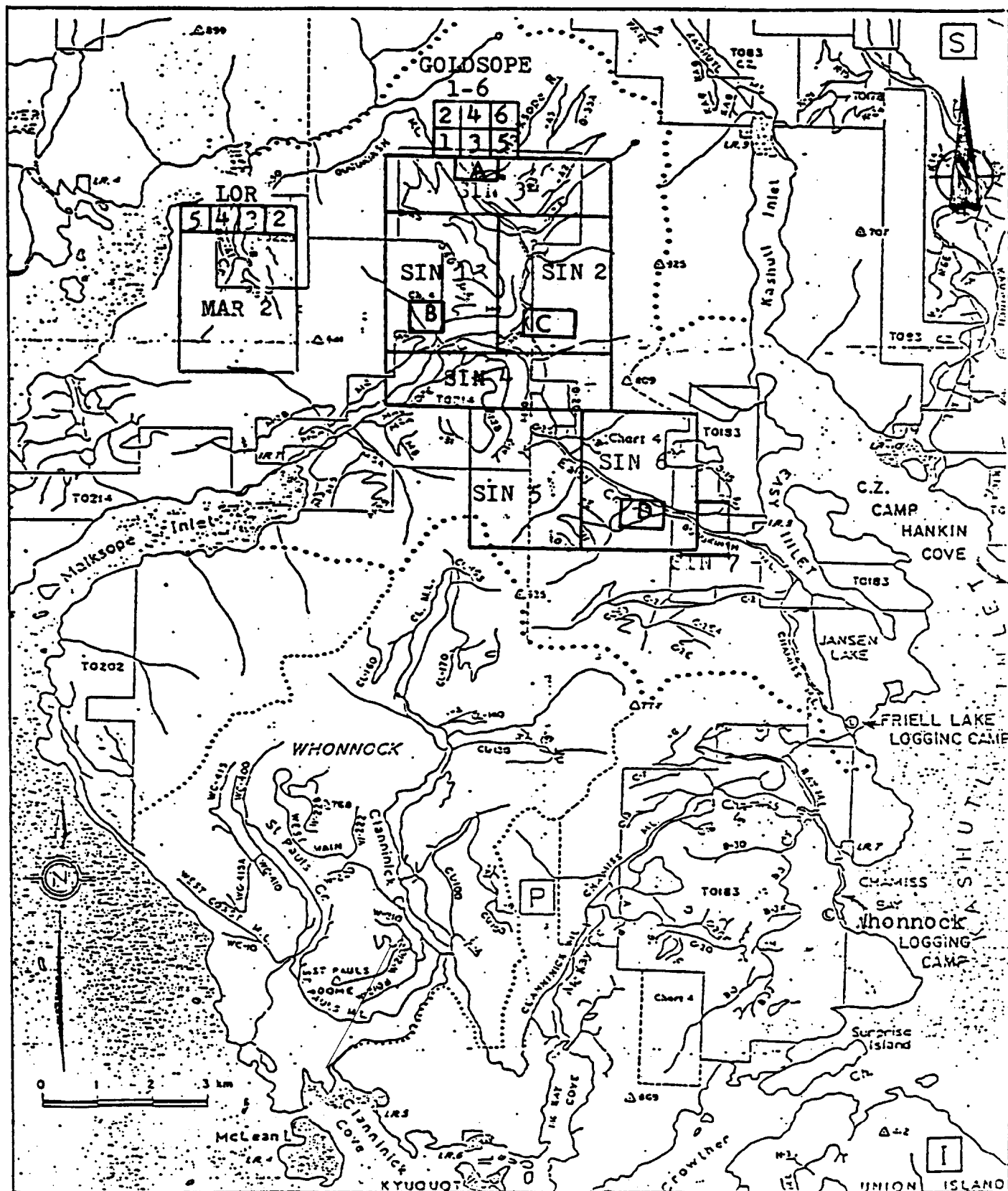
Terrain comprises moderate to steep U-shaped valleys separated by rounded ridges and highlands. Elevations range from a low of 50 m along the Malksope River valley to a maximum of 800 m. The Electrum vein occurs at an elevation of 180 m.

The area experiences high rainfall in the winter months and is heavily forested with western red cedar, yellow cedar, hemlock, sitka spruce and balsam. A large portion of the claims has been logged and active logging continues. Logging activities have greatly increased the amount of rock exposure.

CLAIMS

The following claim information was obtained from government and company records (Fig.2).

<u>Claim Name</u>	<u>Record #</u>	<u>Units</u>	<u>Expiry Date</u>
SIN 1	1530	20	Sept. 17, 1991
SIN 2	1531	20	Sept. 17, 1991
SIN 3	1532	16	Sept. 17, 1991
SIN 4	1533	16	Sept. 17, 1991
SIN 5	1501	20	Sept. 17, 1988
SIN 6	1502	20	Sept. 17, 1989
SIN 7	1549	4	Nov. 12, 1990
MAR 2	2845	20	Feb. 28, 1988
LOR 2	2841	1	Feb. 28, 1988
LOR 3	2842	1	Feb. 28, 1988
LOR 4	2843	1	Feb. 28, 1988
LOR 5	2844	1	Feb. 28, 1988
GOLDSOPE 1	3040	1	Nov. 14, 1990
GOLDSOPE 2	3041	1	Nov. 14, 1990
GOLDSOPE 3	3042	1	Nov. 14, 1990
GOLDSOPE 4	3043	1	Nov. 14, 1990
GOLDSOPE 5	3044	1	Nov. 14, 1990
GOLDSOPE 6	3045	1	Nov. 14, 1990
	<u>TOTAL</u>	<u>146 UNITS</u>	



SIN Claims in relation to logging roads and logging camps.

MINERALIZED ZONES A, B, C, D
ELECTRUM PROJECT
 1:100,000
 NTS 92L/3

B-ZONE**Electrum Vein Bulk Samples**

Under the supervision of York Robertson, cuttings from 18 short pneumatic hand-held plugger-type percussion drill holes were collected from the high grade area of the Electrum Vein. The intended purpose of this sampling was to better define the exceptionally rich segments of the vein. Severe problems were encountered in the attempt to recover the cuttings. As a result, it was decided that the cuttings were not sufficiently representative to provide meaningful data and the samples were not assayed. Four of these holes were blasted to provide bulk samples for metallurgical testing. Samples sites are referenced to Percussion Hole P-20 on Robertson's Figure 1 (Appendix I). The location of Hole P-20 is shown on the B-Zone Drill Hole Plan (Figure 4).

Main Vein Bulk Samples

The top 0.6m of the collars on four percussion holes on the Main Vein were blasted to provide bulk samples (Figure 5). Assay results are tabulated below with the assays from the equivalent surface chip samples and the percussion drill hole cuttings. Similar results are included from Percussion Hole P-44 on the C-Zone Vein. Sample TC2B, listed below, is a trench sample.

<u>Blast Hole</u>			<u>Percussion Hole</u>			<u>Chip Samples</u>		
<u>Samp.</u>	<u>Au oz/t</u>	<u>Ag oz/t</u>	<u>Hole#</u>	<u>Au oz/t</u>	<u>Ag oz/t</u>	<u>Samp.</u>	<u>Au oz/t</u>	<u>Ag oz/t</u>
P 2	0.101	4.38	P2-1	0.062	4.29	1004	0.085	5.27
P14	0.078	1.73	P14-1	0.099	3.13	1011	0.004	0.093
P16	0.096	2.91	P16-1	0.698	6.03	1014	0.032	1.41
P18	0.151	8.66	P18-1	0.271	14.23	1021	0.018	0.83
P44	0.108	12.50	P44-1	0.426	4.33	TC2B	0.372	113.64

Two observations with significant exploration implications are apparent from the foregoing data:

1. Gold grades at surface are from 16% to 95% lower than the bulk samples, indicating that strong surface leaching has taken place.
2. The variability of grades between the blast hole bulk samples and the percussion cuttings suggests the presence of metallic electrum in the Main Vein.

Anomaly Creek Vein Diamond Drilling

Four short BQ diamond drill holes, comprising 116.46m, were sunk to test for the westward strike and dip extension of the Anomaly Creek Vein. Summary drill logs and analytical certificates are found in Appendix II.

In Hole 87-25, quartz veins and highly-silicified argillaceous limestone were intersected, as anticipated, at the limestone-basalt contact. Above the contact, the core was highly oxidized and only vuggy vein rubble was recovered. The highest grading 3.0 ft (0.91m) interval from this leached material graded 0.172 oz/ton gold and 10.76 oz/ton silver (Figure 8).

Although Holes 87-26 and 87-27 intersected the favourable limestone-basalt contact, no significant veining or mineralization was encountered (Figure 7).

Hole 87-28, drilled 40 m west of the Anomaly Creek vein outcrop, did not intersect any limestone (Figure 9). Two intervals in the basalt with frequent quartz-calcite stringers carry geochemically anomalous concentrations of gold and silver.

S

N

Anomaly Creek

silicified limestone outcrops

87-27 (az. 360°, dip 62°) 87-26 (az. 360°, dip 45°)

overburden

2

180m

170m

silicified

2

altered

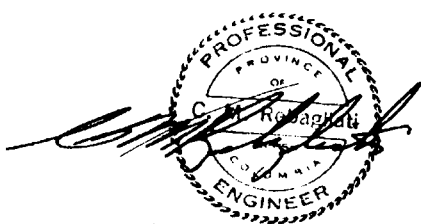
1

21.95m

1

21.95m

160m



SCALE 1:200

LEGEND

- 3 Quartz vein
- 2 Limestone / argillite
- 1 Basalt

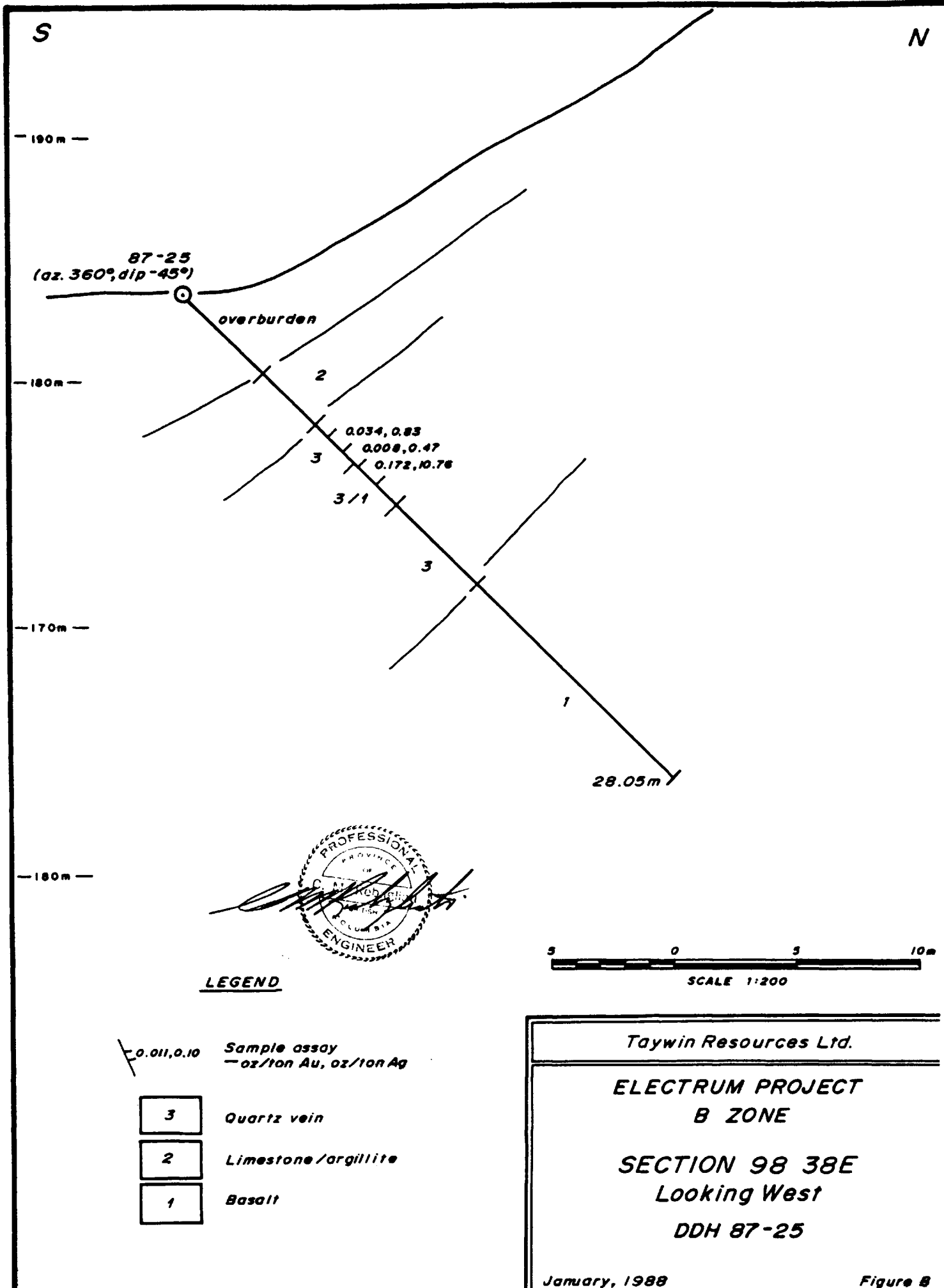
Taywin Resources Ltd.

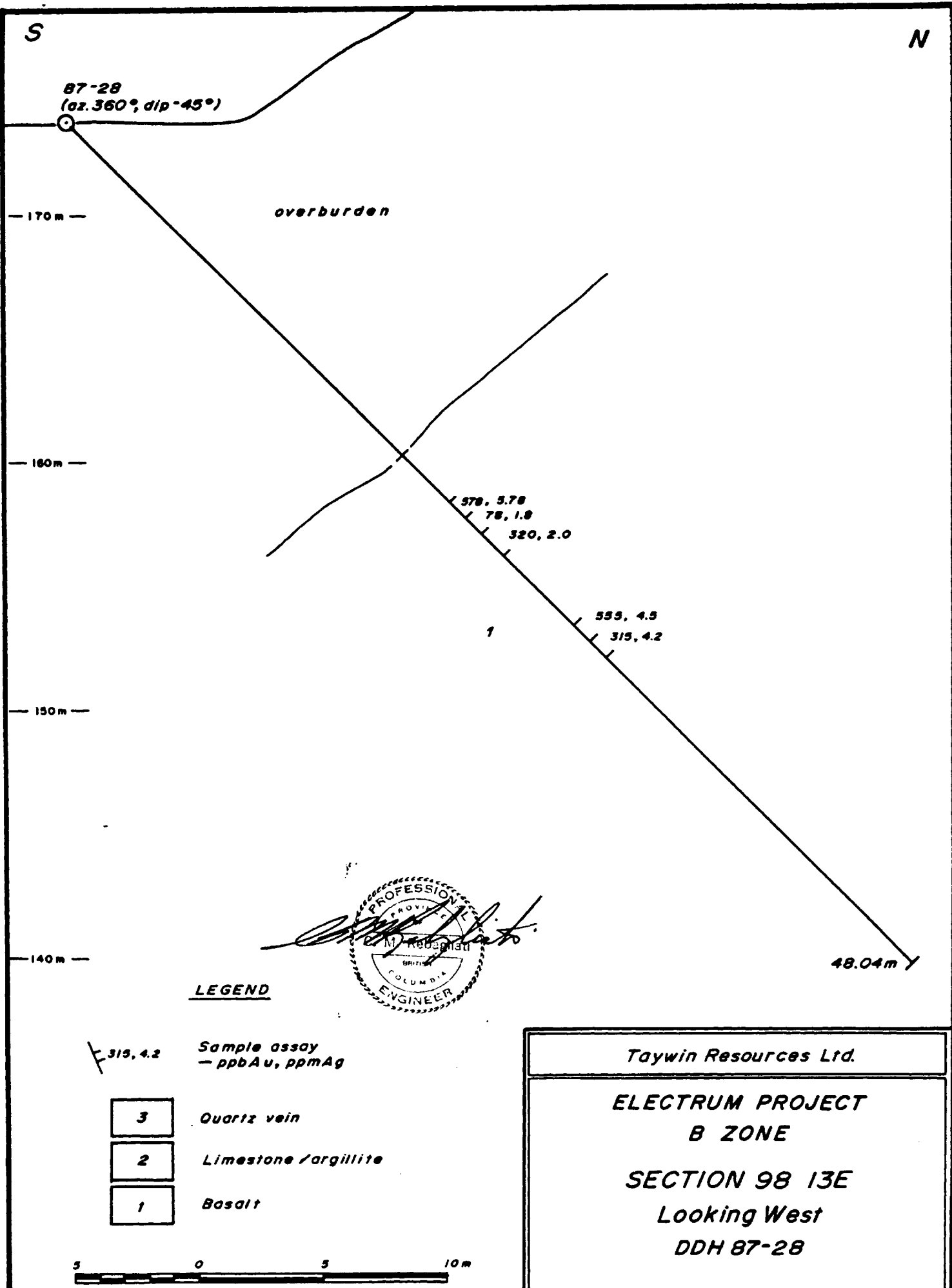
ELECTRUM PROJECT
B ZONE

SECTION 98 50E
Looking West
DDH 87-26, 27

January, 1988

Figure 7





These types of stringer zones are very common throughout the B- and C-Zone areas and, as such, are unlikely to represent an extension of the Anomaly Creek Vein. Hole 87-28 was drilled deep enough to extend well past the projected down dip extension of the vein. It is not known if the basalts intersected represent the hanging wall or footwall volcanic units to the limestone.

The following three explanations are possible reasons why the vein and/or the favourable contact area were not intersected:

- a) The vein could have been faulted upwards and eroded, as occurred at the Electrum Vein;
- b) The vein was faulted downwards and the hole stopped short of the favourable limestone/basalt contact;
- c) The vein is restricted to the limestone, which may plunge steeply to the west in the nose of the Anomaly Creek anticline.

C-ZONE

Bulk Samples

Five trench samples and one blast hole sample were cut from the C-Zone vein (Robertson's Figure 2 in Appendix I, and Figure 6 in this report).

At the upper end of the vein exposure, trench samples TC1A and TC1B, collected where earlier channel samples had returned low values, also returned low grades: 0.001 and 0.011 oz/ton gold respectively. At the lowest vein exposure, where percussion holes P43, P44, and P45 were sunk, trench samples TC2A and TC2B returned significant grades of 0.096 oz/ton gold, 01.08 oz/ton silver and 0.372 oz/ton gold, 113.64 oz/ton silver respectively.

Blast hole sample P44, taken directly below sample TC2A, assayed 0.108 oz/ton gold and 12.50 oz/ton silver. Sample TC3, collected between samples IC1A and TC2A near Percussion Hole P-40, assayed 0.039 oz/ton gold and 4.71 oz/ton silver.

Diamond Drilling

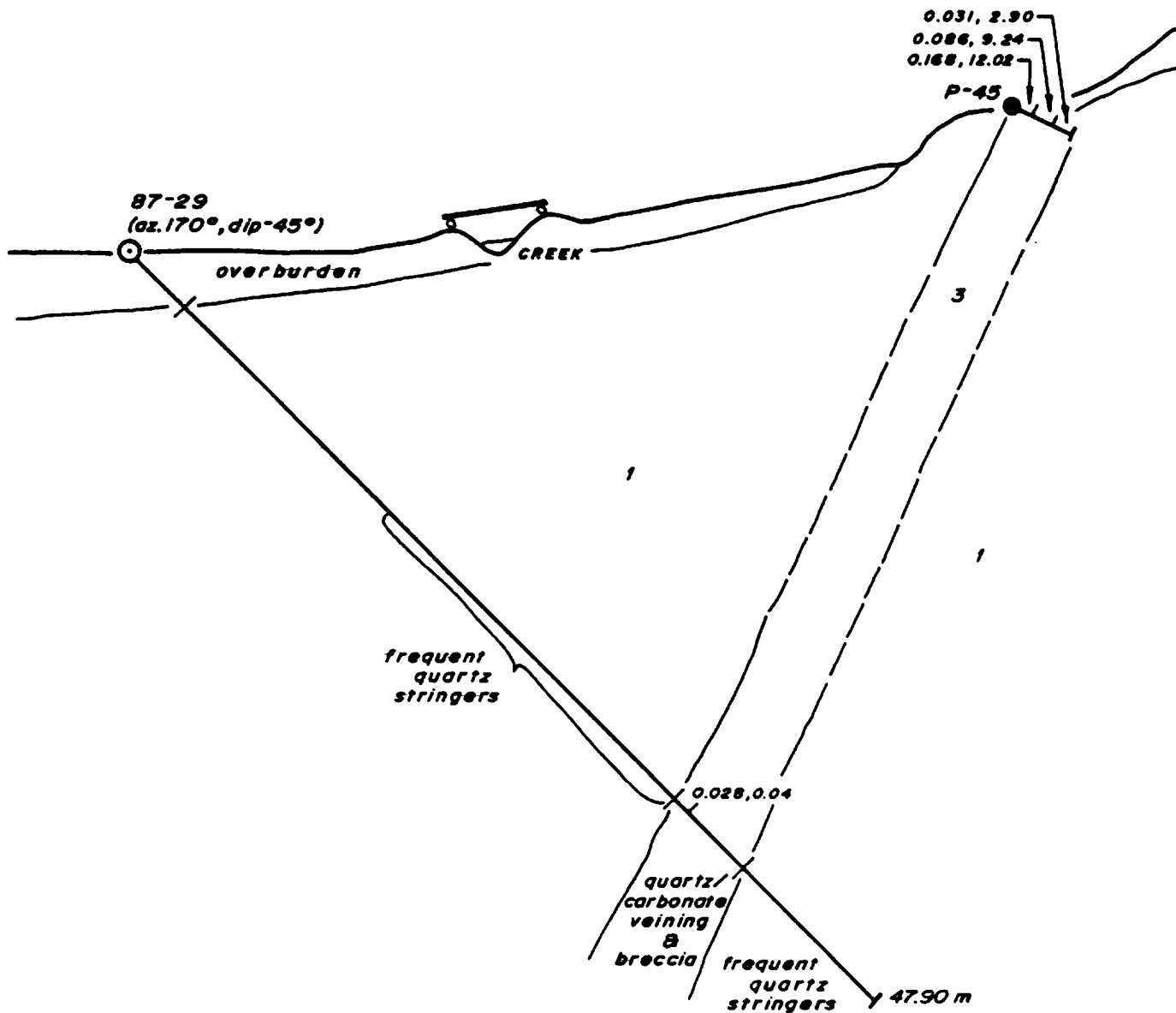
Four diamond drill holes, comprising 188.41m, were sunk to test the dip extension of the lower C-Zone quartz vein.

Hole 87-29 intersected a zone of quartz stringers and brecciation between 115-130 ft. from which one 3.0 foot sample ran 0.028 oz/ton gold (Figure 10). It is not clear from Robertson's summary log if this zone of brecciation and veining represents the main vein exposed at surface. Sections for Holes 87-31 and 87-32 (Figures 12 and 13) suggest vertical to steep southerly dips. It is possible that Hole 87-29 may have stopped short of the main vein structure.

Hole 87-30, drilled 20m east of Hole 87-29, intersected a 12-foot interval of quartz veining grading 0.02 oz/ton gold (Figure 11). Holes 87-31 and 87-32 intersected moderately low-grade intervals of 0.107 oz/ton and 0.102 oz/ton gold respectively at the northern vein contact, followed by lower grades towards the center of the vein, where the grades dropped to background levels (Figures 12 and 13).

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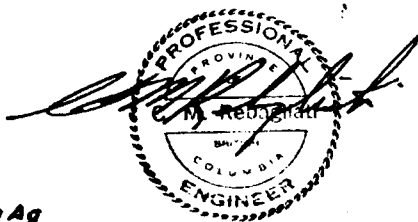
S



LEGEND

0.012, 0.10 Sample assay
— oz/ton Au, oz/ton Ag

- 3 Quartz vein
- 2 Limestone/argillite
- 1 Basalt



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ELECTRUM PROJECT
C ZONE

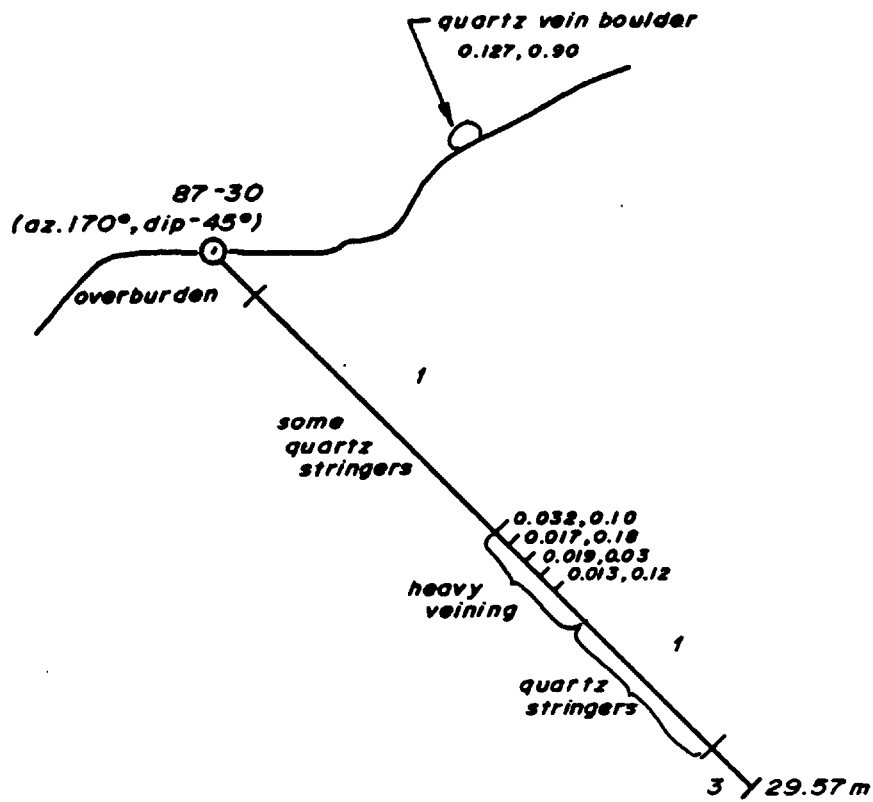
DDH 87-29
Looking East

January, 1988

Figure 10


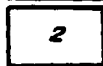

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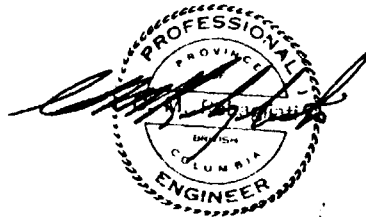
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LEGEND


 0.011, 0.10 Sample assay
 — oz/ton Au, oz/ton Ag

- 
 3 Quartz vein
- 
 2 Limestone/argillite
- 
 1 Basalt



Taywin Resources Ltd.

**ELECTRUM PROJECT
C ZONE**

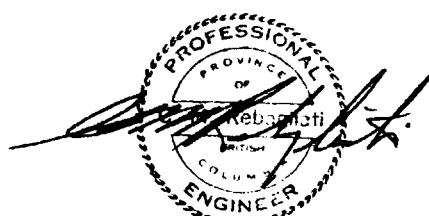
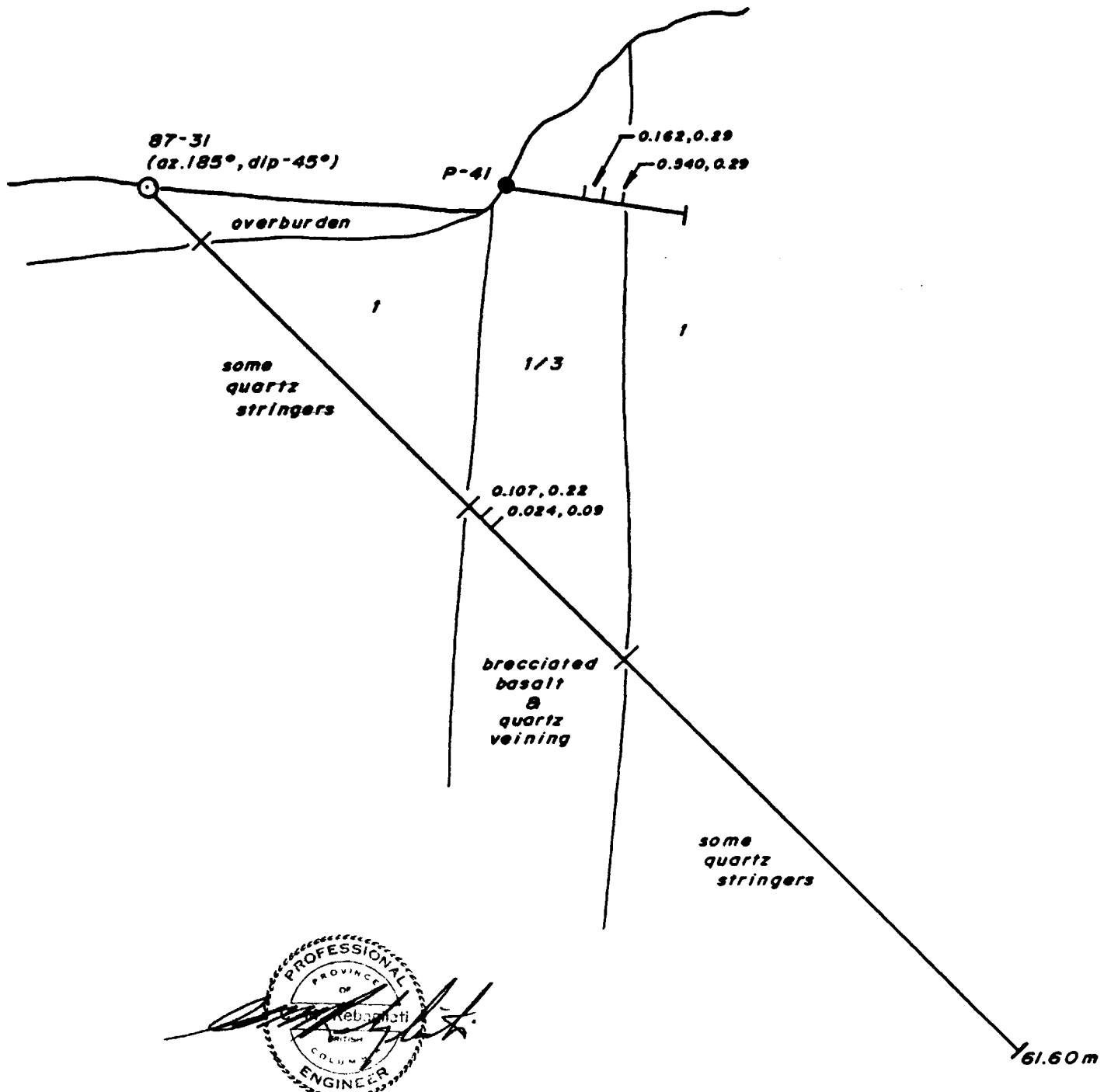
**DDH 87-30
Looking East**

January, 1988

Figure 11

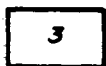


N

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LEGEND


 0.107, 0.22 Sample assay
 — oz/ton Au, oz/ton Ag

- 
 3 Quartz vein
- 
 2 Limestone / argillite
- 
 1 Basalt



Taywin Resources Ltd.

**ELECTRUM PROJECT
C ZONE**

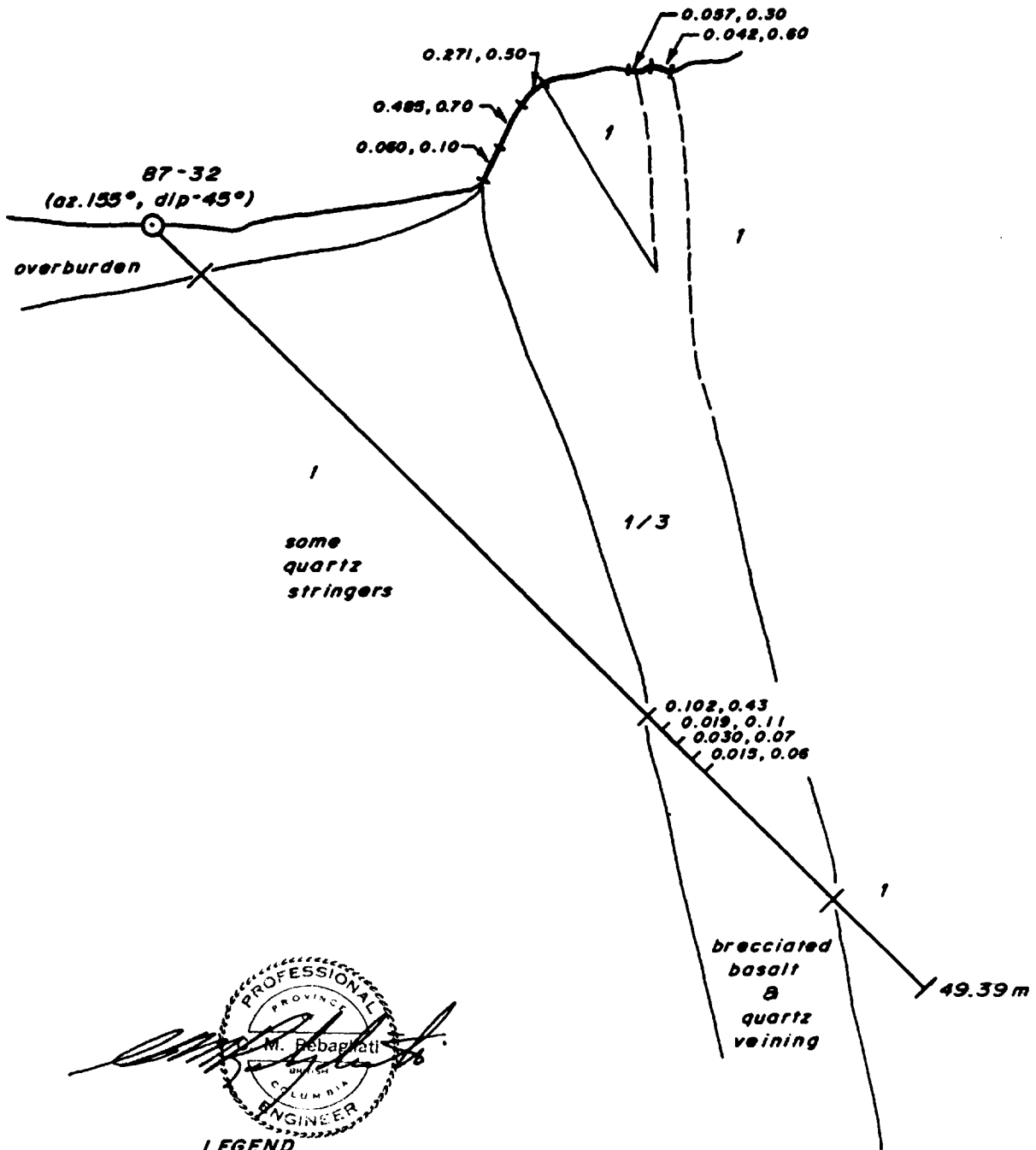
**DDH 87-31
Looking East**

January, 1988

Figure 12

N

S



M. Babapati

LEGEND

/ 0.015, 0.06 Sample assay
 — oz/ton Au, oz/ton Ag

- 3 Quartz vein
- 2 Limestone/argillite
- 1 Basalt



<i>Taywin Resources Ltd.</i>
ELECTRUM PROJECT C ZONE
DDH 87-32 Looking East
<i>January, 1988</i>

Figure 13

PROSPECTING

In early November, 1987, James W. Laird was commissioned to prospect for new vein occurrences in the vicinity of the B- and C-Zones and in the upper Malksope River canyon where Newmont had drilled the old Bralorne copper prospect.

After examining the A, B, C and D mineral zones, and traversing the previously mapped and sampled roadside outcrops to familiarize himself with the property geology, his attempts to prospect were severely hampered by heavy wind and rain storms. As a result of the inclement weather, the only new ground covered was at the old Bralorne copper prospect. Selected high-grade sulphide-rich samples, 6906 and 6919, collected from silicified chloritic shear zones in this area returned high copper values, which were only geochemically enhanced in gold and silver.

CONCLUSIONS

The prospecting program was ineffective, and very little previously unexplored ground was covered. Any further prospecting programs contemplated should be scheduled for the period June-September, when a high percentage of rain-free days can be anticipated.

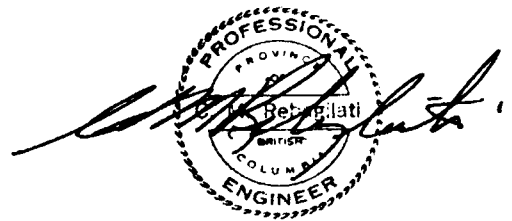
The diamond drilling program on the C-Zone has demonstrated that the vein persists to depth, but that gold and silver values are low and erratically distributed. No potential ore shoots were identified.

The past prospecting, soil geochemical, surface vein sampling, trenching, and percussion drilling programs and the recently completed diamond drilling program have thoroughly tested the known vein exposures within the C-Zone. While other veins farther upslope to the east have never been trenched or drilled, gold and silver values there are generally low and lack continuity.

Diamond drilling failed to confirm the westward and downdip extension of the Anomaly Creek Vein. This drilling strongly reduces the possibility that this area hosts repetition of an Electrum-type bonanza-grade ore shoot, but does not entirely eliminate the potential. Additional drilling is difficult to justify. However, two 100m-long holes would conclusively prove or disprove the presence of the extension of the Anomaly Creek Vein beyond the surface outcrops. One hole could be collared at the site of Hole 87-28, and drilled at an azimuth of 035° @ -45°. The second hole would be collared 50m north of Hole 87-28 with an azimuth of 035° @ -45°.

The best remaining potential for the discovery of new bonanza shoots lies along the downdip projections of the Main and Off-Set Veins. Access roads are in place to facilitate a diamond drilling program.

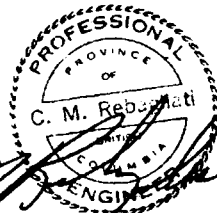
The small high-grade shoot previously outlined by drilling within the Electrum Vein continues to warrant careful evaluation for selected high-grade mining.



A circular professional seal for a Provincial Engineer in British Columbia. The seal contains the text "PROFESSIONAL ENGINEER" around the perimeter, "PROVINCIAL" at the top, "BRITISH COLUMBIA" at the bottom, and "Rebagliati" in the center. A handwritten signature is written across the seal.

RECOMMENDATIONS

1. Any further exploration on the property, including drilling on any of the known veins, must be considered a high risk venture. It may now be appropriate to farm the property out to a new party while at least a little intrigue remains in the Anomaly Creek and Main Vein areas.
2. A small high-grading operation on the Electrum Vein should be contemplated soon, before the Malksope River bridge deteriorates beyond a useable state for heavy equipment.

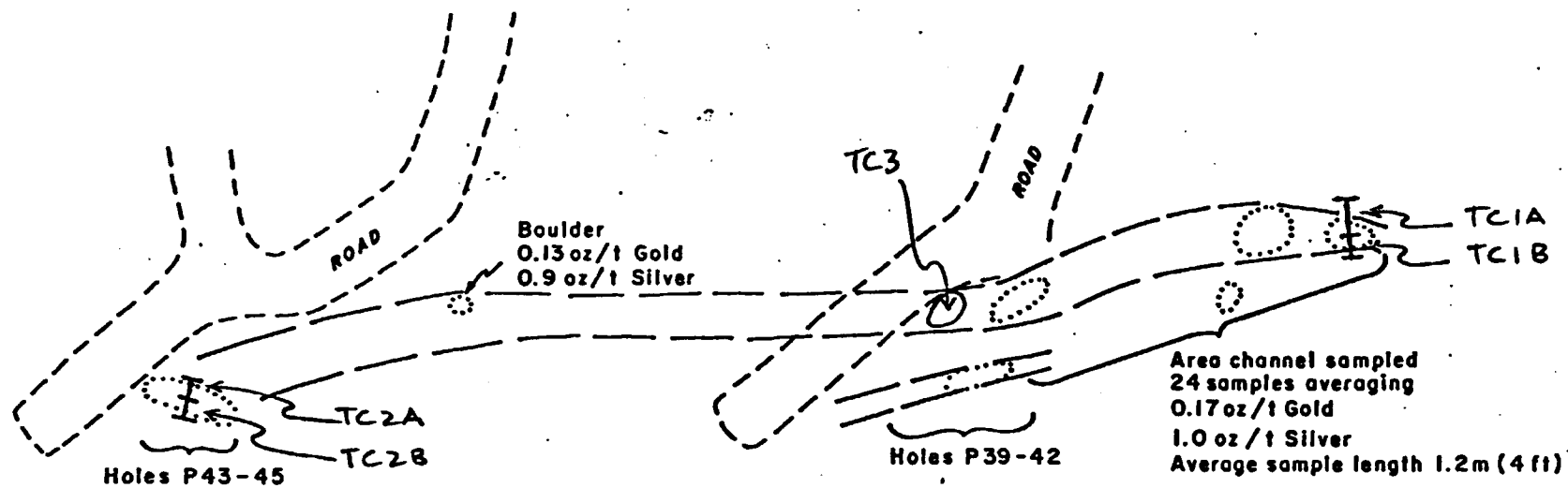


C. M. Rebagliati



TAYWIN RESOURCES LTD.

C- ZONE ELECTRUM PROPERTY

LOCATION OF PERCUSSION HOLES & CHANNEL SAMPLES



LEGEND

-  Outcrop
-  Probable trace of quartz vein

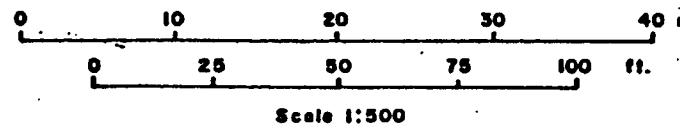


FIGURE 2
after: Rebagliati, 1987.