

**REPORT ON THE
EXPLORATION POTENTIAL OF THE
RELIANCE PROPERTY**

GOLDBRIDGE, BRITISH COLUMBIA

LILLOOET MINING DISTRICT

N.T.S. Map: 92J/15W

LATITUDE: 50° 53' N LONGITUDE: 122° 47' W

**Prepared for:
Menika Mining Ltd. (N.P.L.)
2245 W. 13th Avenue
Vancouver, B.C.
V6K 2S4**

August 2, 1988

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B.M. Briggs P.Eng.
Beacon Hill Consultants Ltd.**

RELIANCE PROPERTY
EXPLORATION POTENTIAL OF THE RELIANCE PROPERTY

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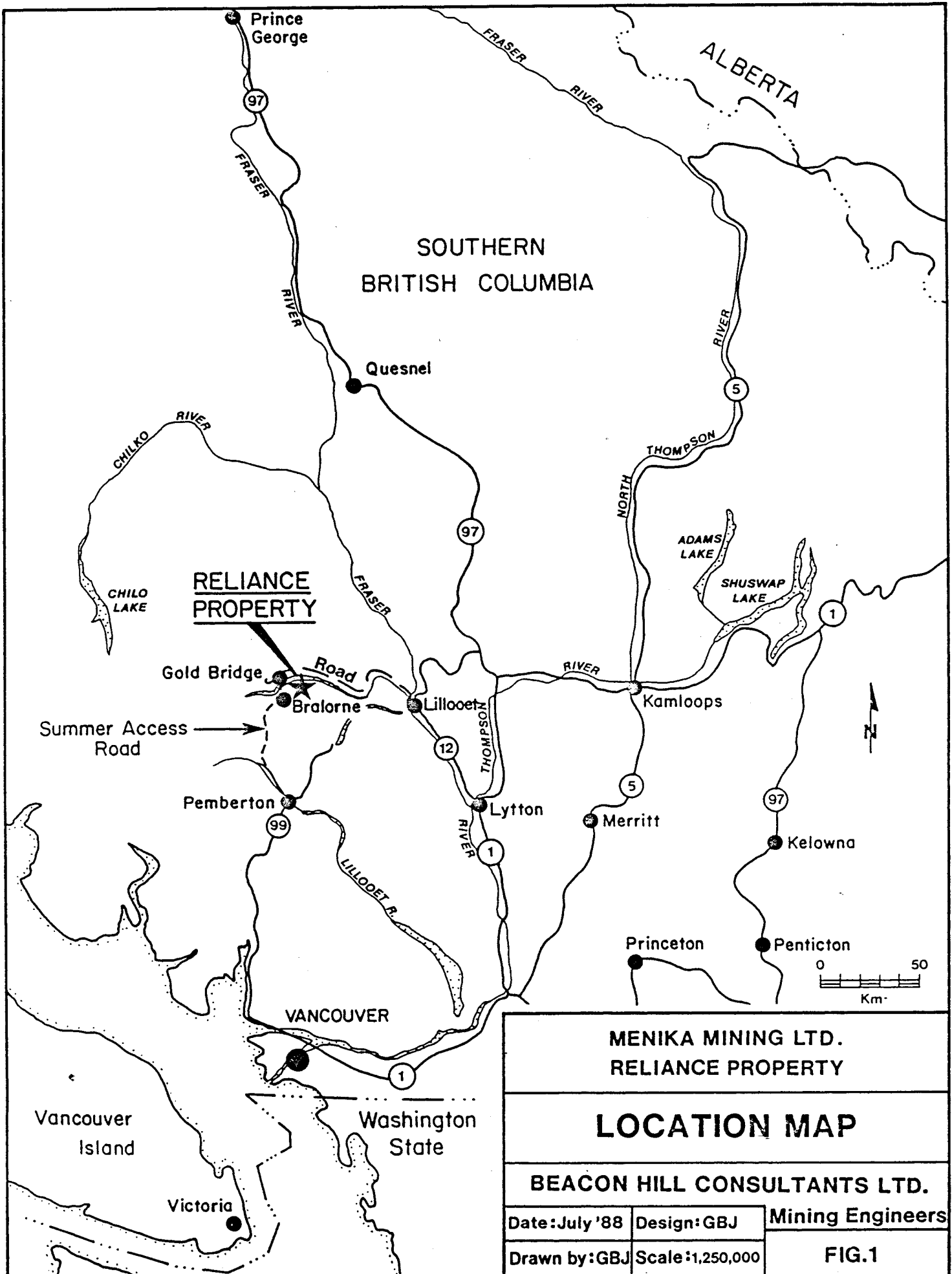
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The conclusion of this report is that it requires approximately 500,000 tonnes of ore grading 6.17 g/t to provide a situation whereby a project would yield an attractive rate of return and that these reserves could be outlined by the exploration program as defined in this report. Furthermore there is evidence to indicate that an improvement in overall grade may be achieved by such an exploration program. The above comments are based on current metal prices.

It is thus recommended that a two phase exploration program be undertaken; phase I is estimated to cost \$1,650,000 while the second phase is estimated at \$850,000. The exploration program will upgrade the status of the existing reserves, expand the reserve base to the level required for a feasibility study and obtain a bulk sample for metallurgical testwork and process design.

Contribution to the metallurgy and process plant have been provided by R.C. Smith Associates, a minerals processing consultant retained by Beacon Hill.

The co-operative assistance of Mr. Morris, who provided the geological data for the report, as well as much of the background information on the property, is also acknowledged.



<u>Claim Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>Expiry Date</u>
Nova Fraction	7504	2152	Sept. 20, 1998
Eros Fraction	7499	2142	Sept. 20, 1998

The claim boundaries are shown on Figure 2.

3.3 Property History

Exploration on the property commenced in the early 1900's when a number of adits were driven into quartz veins containing stibnite and gold. At least three such veins were tested over a vertical height of 460 m, with gold values of up to 16.5 g Au/t across one metre width being reported. In 1915, a four ton sample assaying 17.1 g Au/t was reportedly shipped to England.

In 1943, Consolidated Mining and Smelting carried out a limited sampling program on the property and reported results of up to 13.36 g Au/t across one metre in the main workings. Sampling about 100 m to the northwest of the main workings returned assays of 4.8 g Au/t over a 0.6 m square area and 4.8 g Au/t over one metre width.

Tri Con Explorations conducted soil geochemical surveys in 1971, which revealed a 1 km long antimony anomaly, enveloped by an arsenic anomaly on the west side of the property.

A second arsenic anomaly some 450 m long, was located in the central part of the property. Also in 1971, Anselmo re-sampled the previous workings. Selected samples from that program are summarized below:

SUMMARY OF 1971 SAMPLING

<u>True sample width (m)</u>	<u>Gold Assays</u>		<u>Reference</u>
	<u>(g/t)</u>	<u>(oz/t)</u>	
0.2	6.51	0.19	Anselmo, 1971: sample CS #1, Turner adit.
-	6.85	0.20	Anselmo, 1971: sample CS #6, Fergusson adit.
0.25	8.56	0.25	Anselmo, 1971: sample CS #1, Reliance adit.
0.2	19.86	0.58	Anselmo, 1971: sample CS #2, Reliance adit.

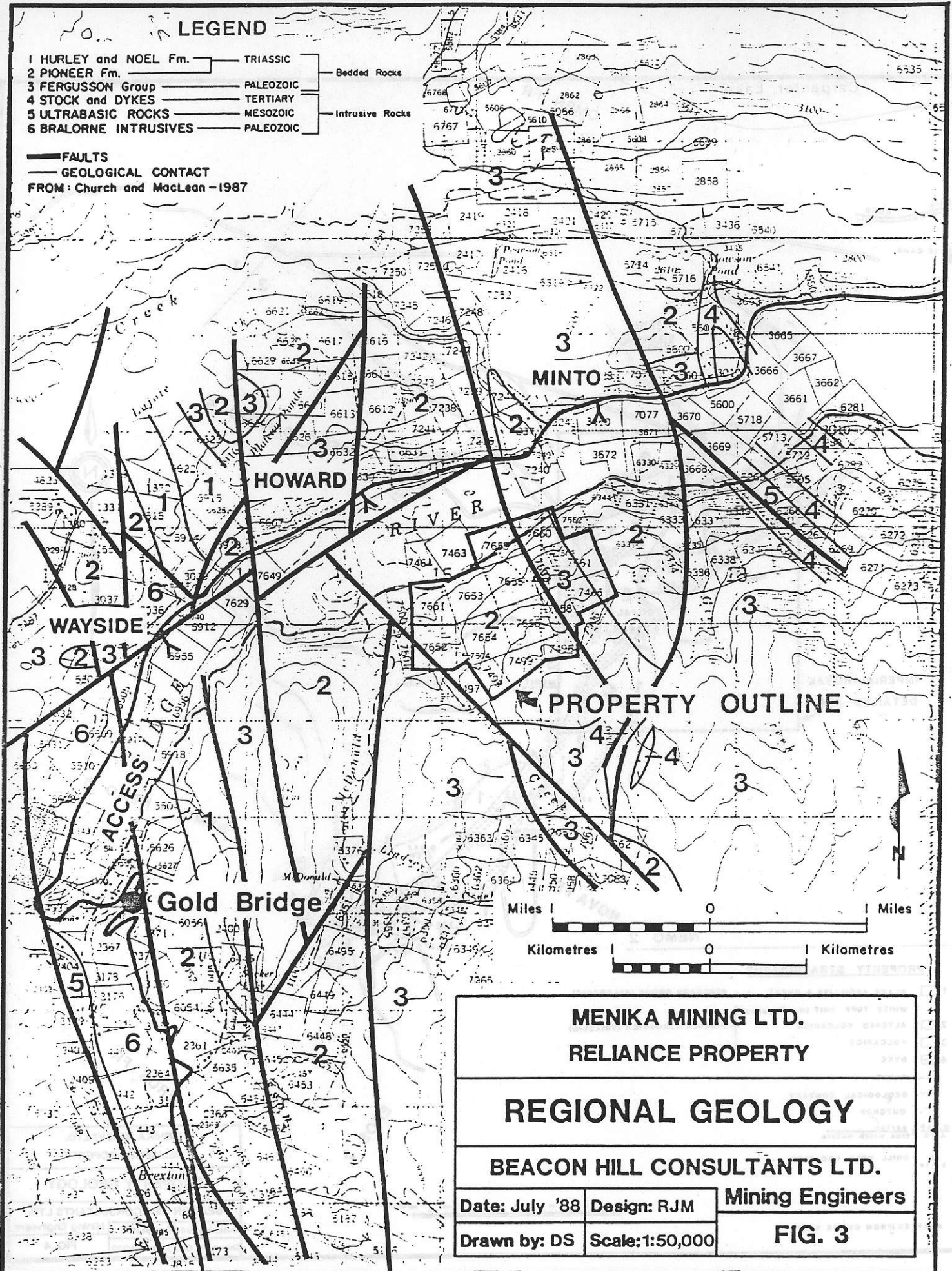
Menika Mining Ltd. acquired the property in 1984, and the following year constructed roads to investigate the western geochemical anomalies, which were designated as the Senator and Imperial zones. Significant selected samples from road cuts and trenches include the following:

The subsequent 1988 drilling program, recently completed, was designed to increase the reserve base in the Royal shear and explore the Treasure shear and the east side of the property. Approximately one-third of the 3300 m total drilling was devoted to the Imperial-Royal zone, where three of the holes intersected significant mineralized horizons resulting in an increase of the previously estimated reserve.

No formal systematic metallurgical testwork has been conducted to date on any representative samples from the mineralized zones. However a scanning electron microscope (S.E.M) study was carried out on 2 drill core samples from hole 86-1, and a very preliminary metallurgical evaluation undertaken on three oxidized surface samples taken from the Imperial zone. Although this metallurgical testwork was carried out on unrepresentative samples, it did provide some indication of the mineralogy of the deposit and the extraction processes which should be examined in future testwork programs.

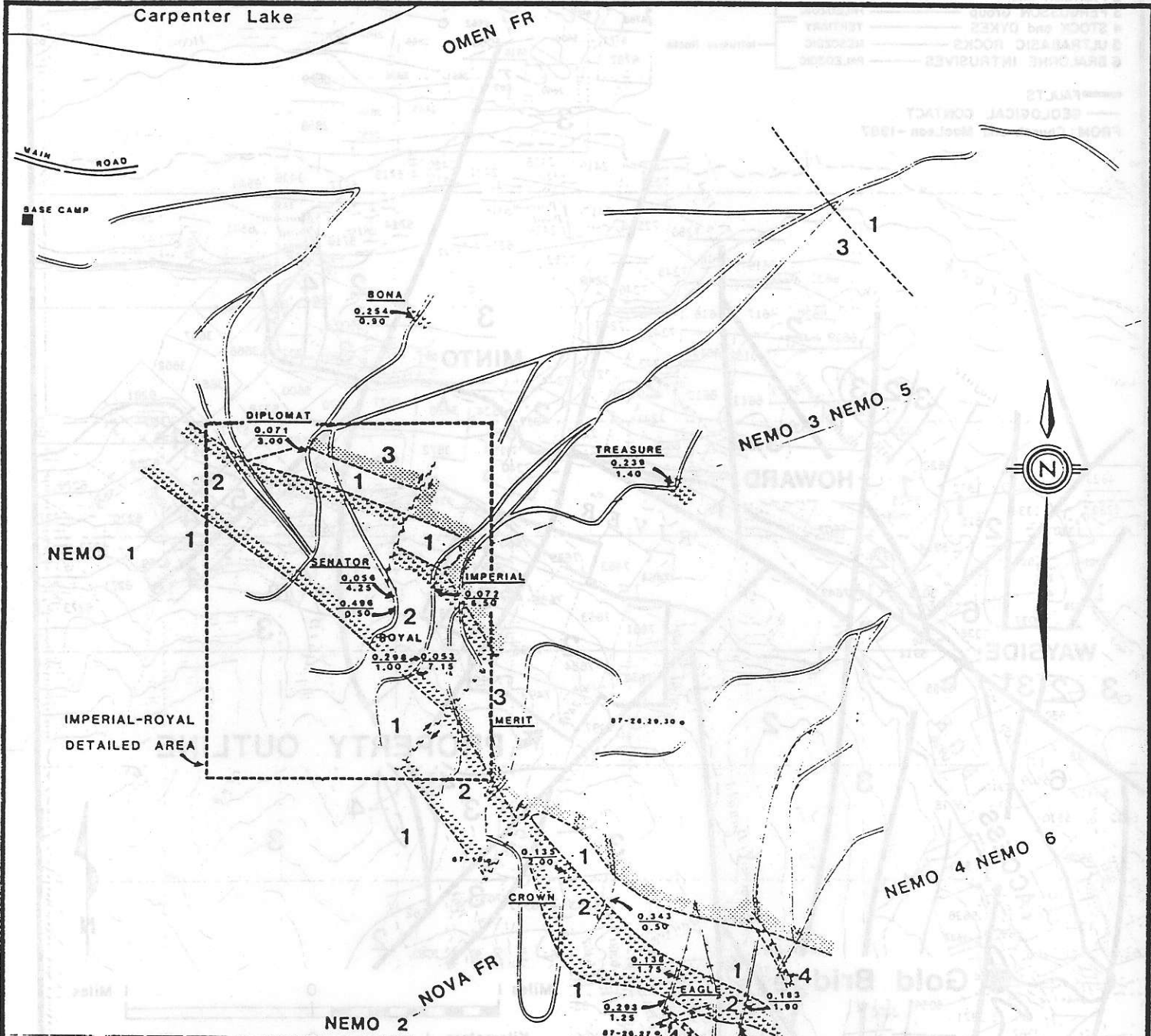
LEGEND

- | | | |
|-----------------------|-----------|-------------------|
| 1 HURLEY and NOEL Fm. | TRIASSIC | } Bedded Rocks |
| 2 PIONEER Fm. | PALEOZOIC | |
| 3 FERGUSSON Group | TERTIARY | |
| 4 STOCK and DYKES | MESOZOIC | } Intrusive Rocks |
| 5 ULTRABASIC ROCKS | PALEOZOIC | |
| 6 BRALORNE INTRUSIVES | | |
- FAULTS**
— GEOLOGICAL CONTACT
FROM: Church and MacLean - 1987



MENIKA MINING LTD.		
RELIANCE PROPERTY		
REGIONAL GEOLOGY		
BEACON HILL CONSULTANTS LTD.		
Date: July '88	Design: RJM	Mining Engineers
Drawn by: DS	Scale: 1:50,000	
FIG. 3		

Adapted from Morris, 1988



PROPERTY STRATIGRAPHY

1	BLACK ARGILLITE & CHERT	FERGUSON GROUP (PALEOZOIC)
2	WHITE TUFF UNIT (Not Exposed)	PIONEER FORMATION (TRIASSIC)
3	ALTERED VOLCANICS	
4	VOLCANICS	
5	DYKE	
6	FAULT	
7	GEOLOGICAL CONTACT	
8	OUTCROP	

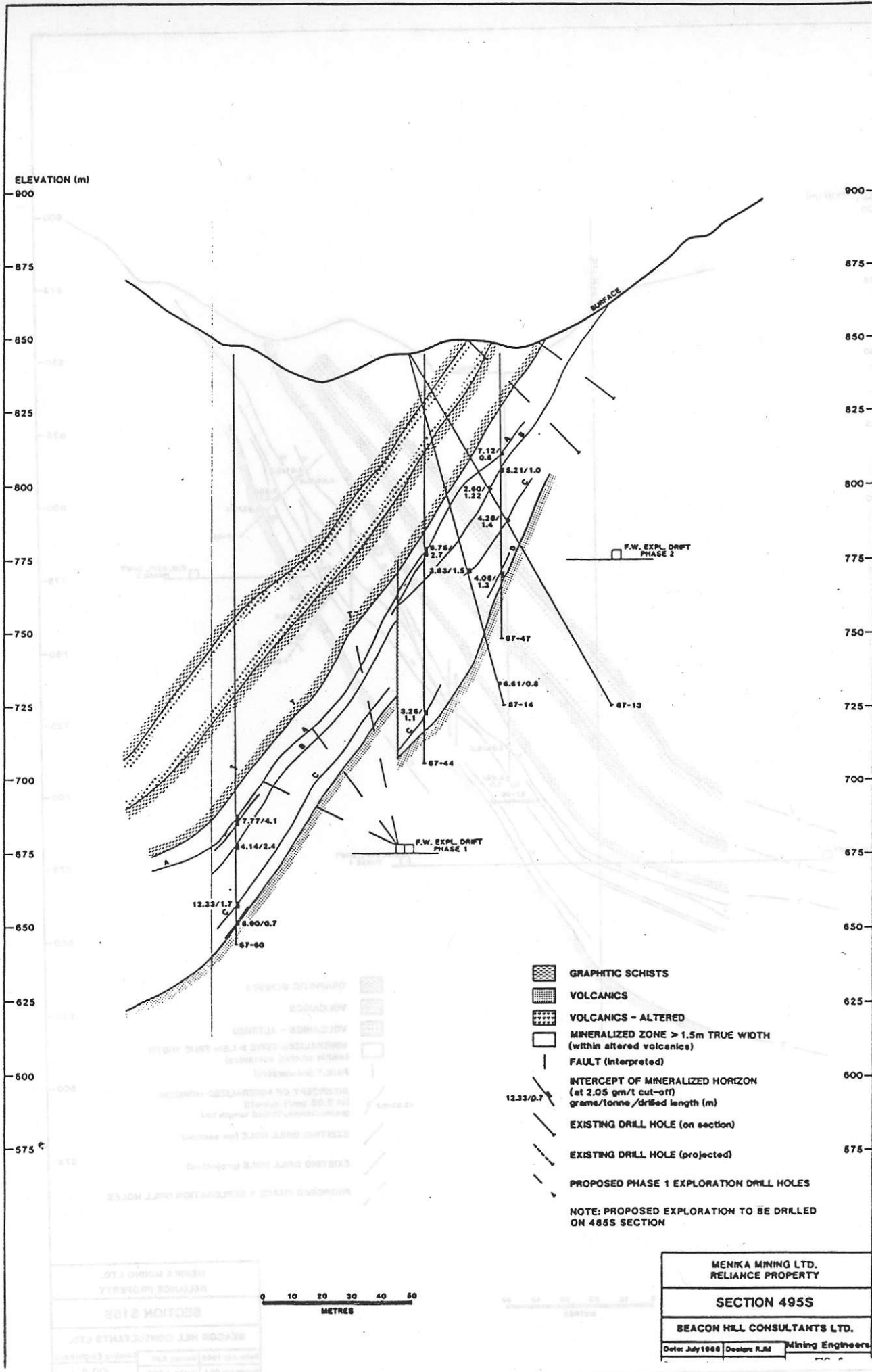
0.148 oz/ton
4.30' true width meters

87-10 DRILL HOLE LOCATION



ADAPTED FROM COOKE 1987

MENKA MINING LTD. RELANCE PROPERTY		
PROPERTY GEOLOGY		
BEACON HILL CONSULTANTS LTD.		
Date: July 1988	Design: RJM	Mining Engineers
Drawn by: GB	Scale: 1:2000	FIG. 4



ELEVATION (m)

900
875
850
825
800
775
750
725
700
675
650
625
600
575

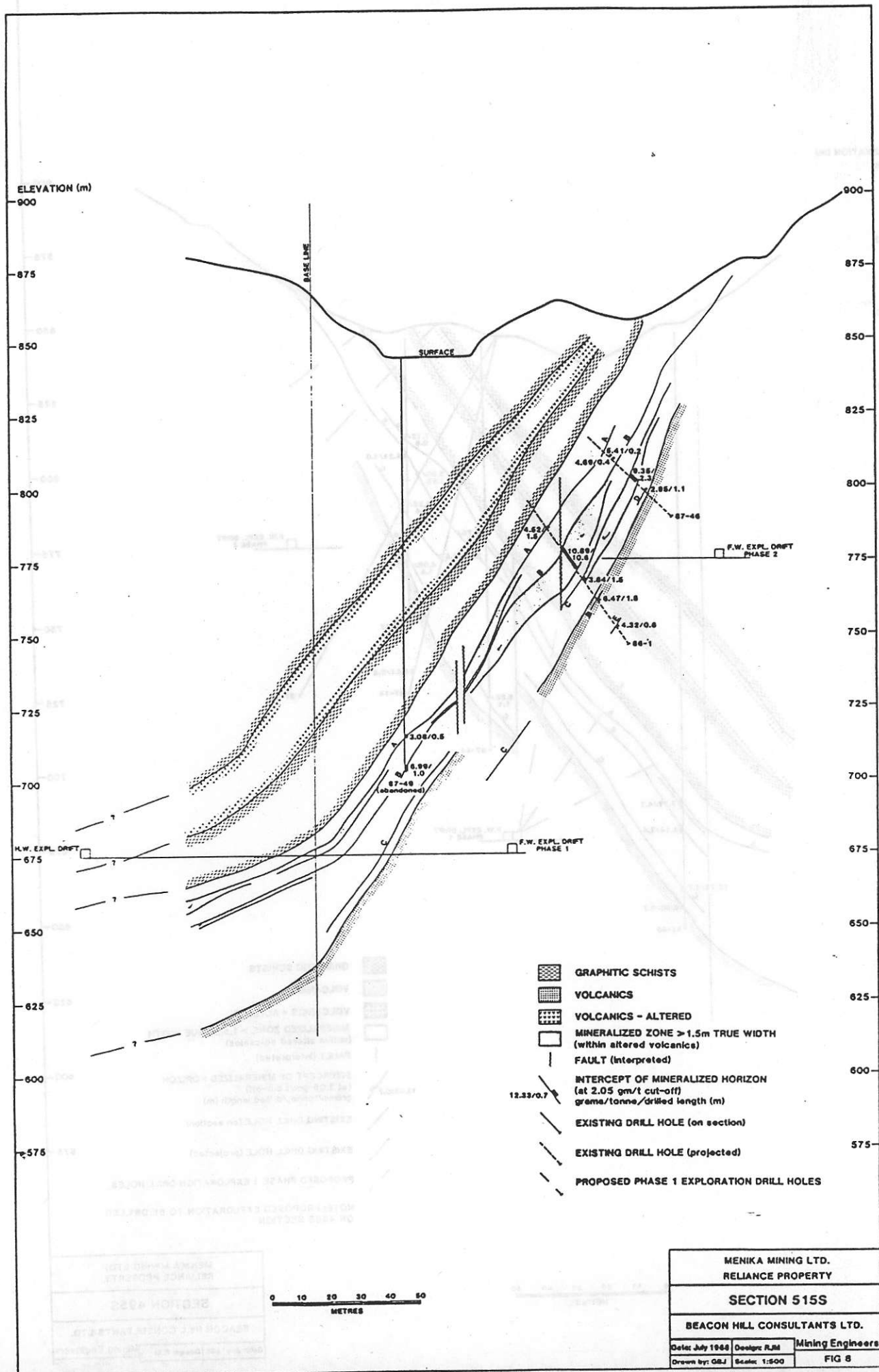
900
875
850
825
800
775
750
725
700
675
650
625
600
575

- GRAPHITIC SCHISTS
- VOLCANICS
- VOLCANICS - ALTERED
- MINERALIZED ZONE > 1.5m TRUE WIDTH (within altered volcanics)
- FAULT (Interpreted)
- INTERCEPT OF MINERALIZED HORIZON (at 2.05 gm/t cut-off) grams/tonne / drilled length (m)
- EXISTING DRILL HOLE (on section)
- EXISTING DRILL HOLE (projected)
- PROPOSED PHASE 1 EXPLORATION DRILL HOLES

NOTE: PROPOSED EXPLORATION TO BE DRILLED ON 4855 SECTION

0 10 20 30 40 50
METRES

MENKA MINING LTD. RELIANCE PROPERTY
SECTION 495S
BEACON HILL CONSULTANTS LTD.
Date: July 1988 Design: R.M. Mining Engineers



ELEVATION (m)

900
875
850
825
800
775
750
725
700
675
650
625
600
575

900
875
850
825
800
775
750
725
700
675
650
625
600
575

BASE LINE

SURFACE

H.W. EXPL. DRIFT

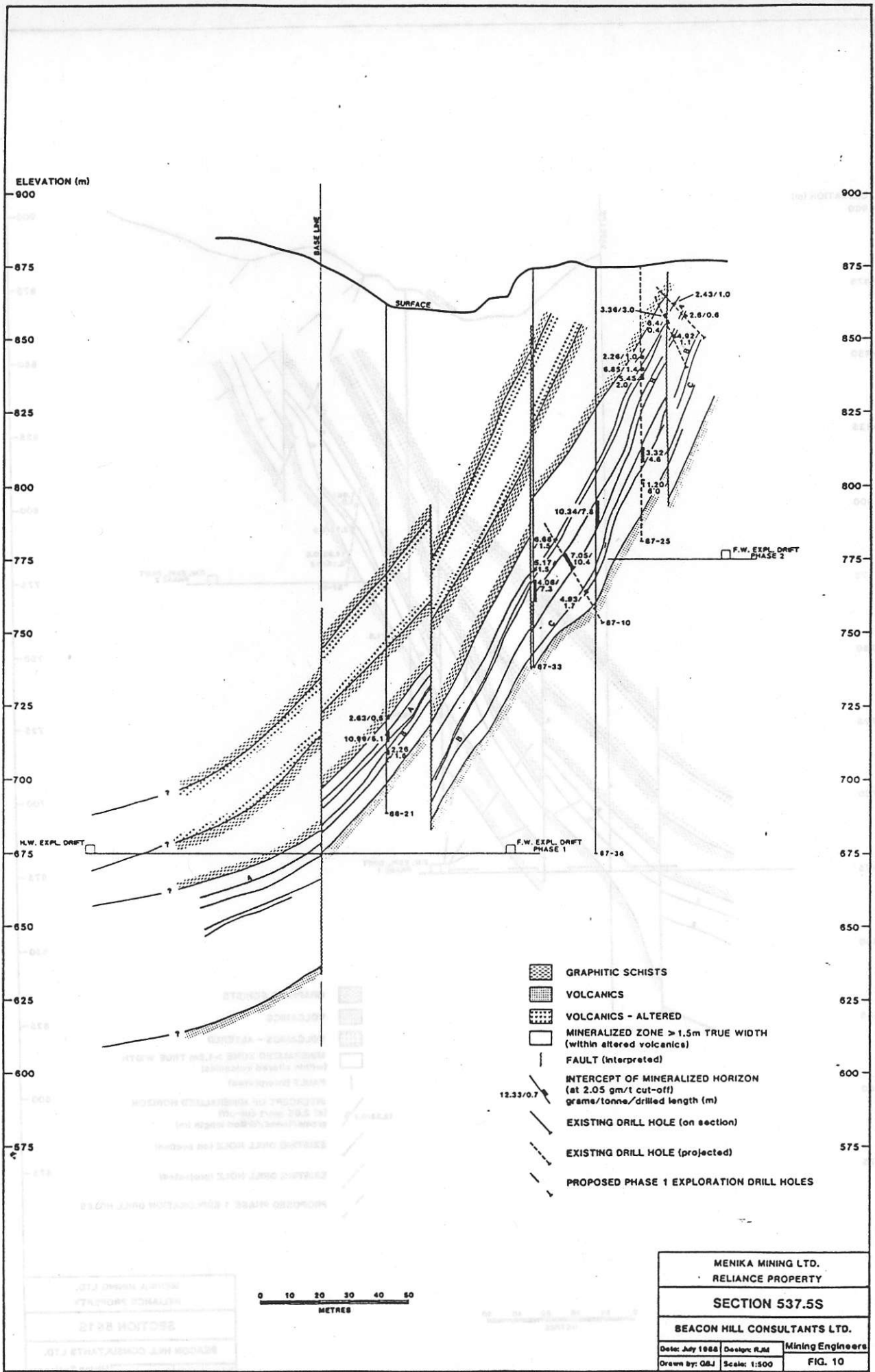
F.W. EXPL. DRIFT PHASE 1

F.W. EXPL. DRIFT PHASE 2

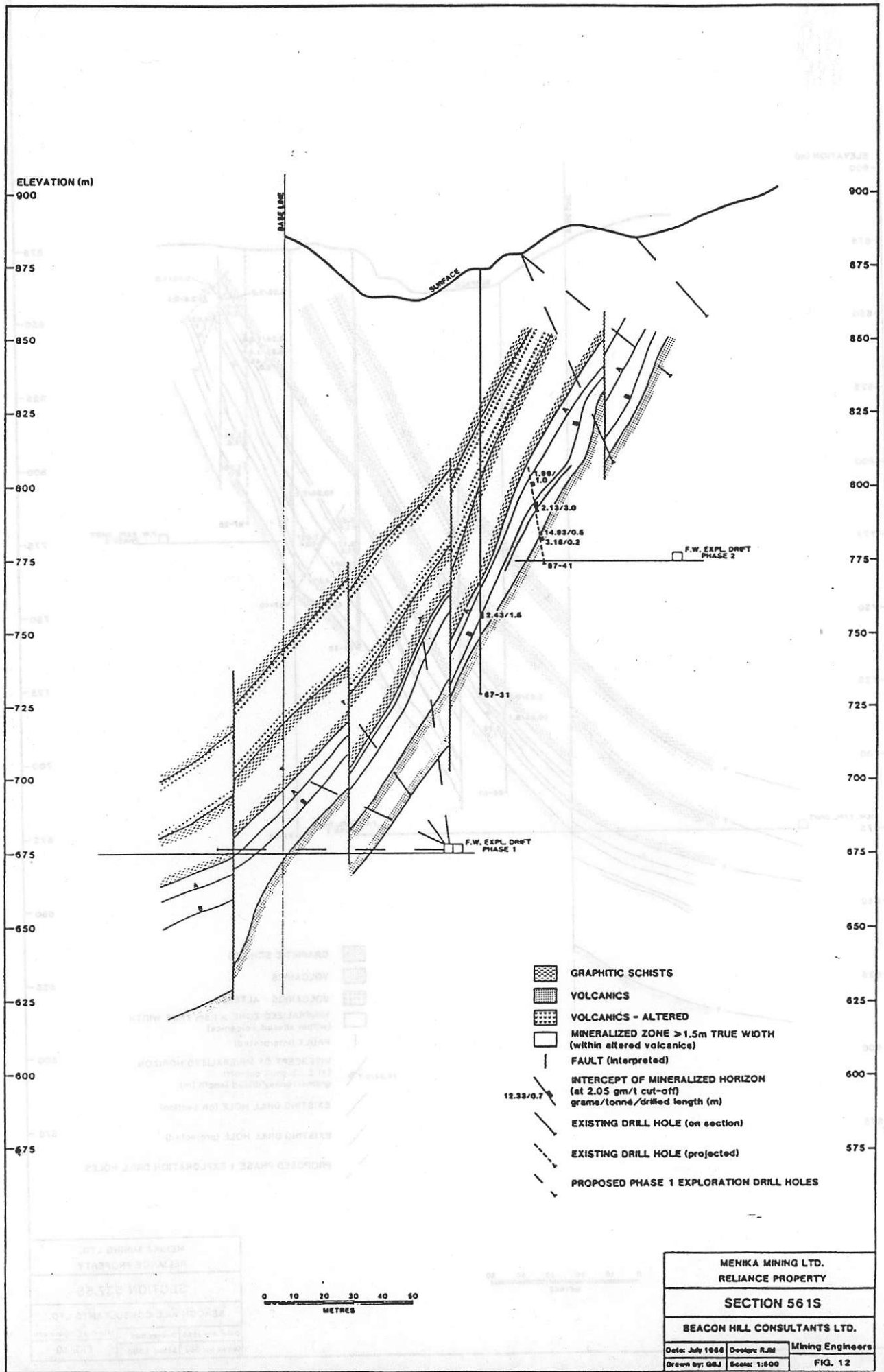
- GRAPHIC SCHISTS
- VOLCANICS
- VOLCANICS - ALTERED
- MINERALIZED ZONE > 1.5m TRUE WIDTH (within altered volcanics)
- FAULT (Interpreted)
- INTERCEPT OF MINERALIZED HORIZON (at 2.05 gm/t cut-off) grams/tonne/drilled length (m)
- EXISTING DRILL HOLE (on section)
- EXISTING DRILL HOLE (projected)
- PROPOSED PHASE 1 EXPLORATION DRILL HOLES

0 10 20 30 40 50
METRES

MENIKA MINING LTD. RELIANCE PROPERTY		
SECTION 515S		
BEACON HILL CONSULTANTS LTD. Mining Engineers		
Date: July 1968	Design: R.M.	Scale: 1:500
Drawn by: G.S.J.	FIG 8	



MENIKA MINING LTD. RELIANCE PROPERTY		
SECTION 537.5S		
SEACON HILL CONSULTANTS LTD.		
Date: July 1968	Design: R.M.	Mining Engineers
Drawn by: O.B.J.	Scale: 1:500	FIG. 10



4.3.2 Reserve Potential

The reserve base developed to date from the 1987 and 1988 detailed drilling programs is contained in a relatively confined area, which represents only about 10% of the projected strike length of the Royal shear on the Reliance property. Numerous other exposures on the Royal shear and on an apparent parallel shear zone to the east have been tested by sampling, trenching and widely spaced diamond drilling, but none have been explored in detail. Although significant gold values have been detected in these areas, the majority of the drill intercepts have been less than 3 m.

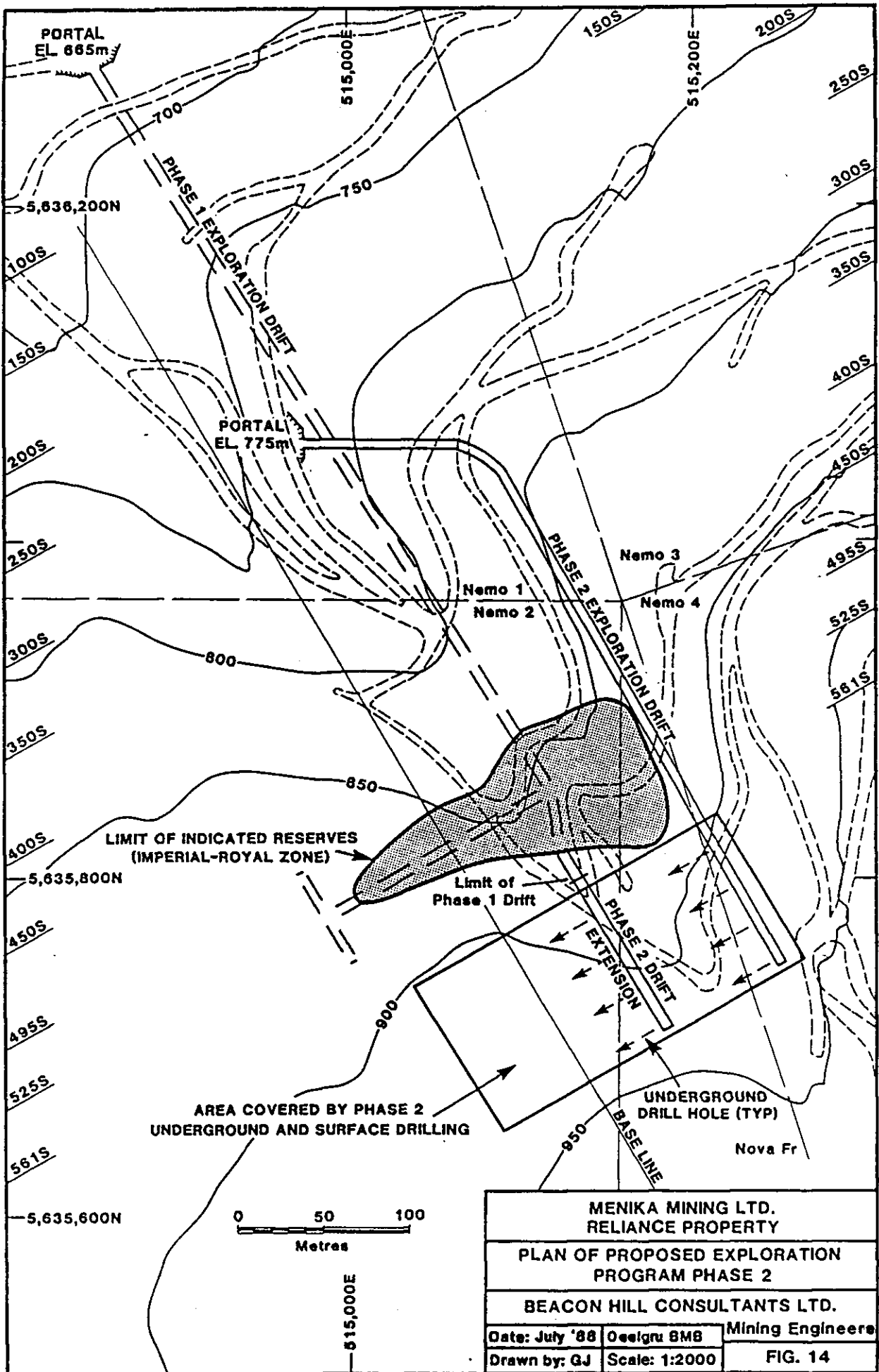
The success of the Imperial-Royal zone exploration resulted from a more concentrated drilling effort following the discovery of a thickening of the mineralized zone by hole 86-1. The picture developed from this subsequent drilling program is one of a number of distinct mineralized horizons within the shear which can vary considerably in thickness over relatively short distances along strike and dip.

Based on this model, there is no reason to believe that this localized thickening of the mineralized horizons could not be repeated in other areas along the main shear, or along parallel structures, between the existing widely spaced data points. The shear zones thus have the potential to host a number of significant mineralized bodies and consequently a substantial reserve base. The zone defined in the Imperial-Royal area is open at depth and along strike, and indeed, two of the holes drilled in 1988 indicated not only that the zone was flattening at depth but also that the width of the upper horizon (A) was increasing, after being locally pinching out up dip. An increase in grade was also evident. This down dip extension should thus be considered an important target in future exploration programs.

The estimated reserves for the Imperial-Royal zone, of 110,000 tonnes greater than 1.5 m width, have been defined within a general area measuring approximately 100 m along strike and covering some 200 m of vertical depth. Based on the foregoing discussion it therefore seems reasonable to project similar reserve tonnages to those found in the Imperial-Royal area for each 100 m of strike length of the shear zone, over a vertical height of 200 m. This projection could even be conservative, since within the 100 m x 200 m reserve boundary of the Imperial-Royal zone there are a number of sparsely drilled areas where additional exploration would most likely result in an increased reserve base.

By using the 110,000 tonne figure as a basis for projection, it can be seen that the reserve potential of the Royal shear over a 600 m strike length could be in the order of 600-650,000 tonnes to a depth below surface of 200 m. This would cover an area from just south of the existing camp to about 100 m south of the presently defined Imperial-Royal zone. Of this total potential reserve approximately 500,000 tonnes would be situated above the 650 m elevation.

It is proposed that the next phase of exploration be conducted over this section of the main shear zone and a recommended plan for this work is outlined in Section 9.



MENIKA MINING LTD. RELIANCE PROPERTY		
PLAN OF PROPOSED EXPLORATION PROGRAM PHASE 2		
BEACON HILL CONSULTANTS LTD.		
Date: July '88	Design: BMB	Mining Engineers
Drawn by: GJ	Scale: 1:2000	FIG. 14

REFERENCES

1. Morris Geological Co. Ltd., "Reliance Property, Geological Assessment", March, 1988.
2. Morris Geological Co. Ltd., "Summary Report of the Reliance Property, Geological Update", March, 1988.
3. Cominco Exploration Research Laboratory, Letter report on Samples 88-163 x and 88-164 x, July 1988.
4. Bacon, Donaldson & Associates Ltd., "Preliminary Mineralogical and Metallurgical Evaluation of Sulphide Ore Samples 218003, 218004, 218014, July, 1988.