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82K/11E



**ASSESSMENT AND REVIEW
OF
THE WAGNER PROJECT**

**SLOCAN MINING DIVISION
BRITISH COLUMBIA**

**FOR
MIKADO RESOURCES LTD.**

**T.G. HAWKINS, P.Geol.
JANUARY 31, 1985**



SUMMARY

Past efforts on the Wagner property have reported average grades of 7 to 30 oz per ton silver and 10 to 50% combined lead and zinc across widths of up to 4 feet. 1898 workings have exposed some of this mineralization. Work carried out in 1981 demonstrated that these grades are consistent at depth, the reported variability being related to sample selection. Drilling in 1981 in 6 holes has indicated average values of approximately 6 oz per ton silver and 10% combined lead/zinc across an average width of 1.3 metres. Higher grade values include up to 40 oz/ton silver and 50% lead and zinc across 1.8 metres. Later undocumented work indicates that the values on the 1981 drift are consistent with these average and high grade results.

Based on the known results, a program of verification of post 1981 program results is highly recommended and is to consist of underground and surface mapping and surveying at an estimated cost of \$26,200.

Contingent on verification of high grade results, a continued program of drifting, raising and crosscutting and 1898 level rehabilitation is recommended at an estimated cost of \$549,000. An order of magnitude feasibility study can be completed following data compilation and prior to a production oriented program.

Past failure has been due to poor project management and ill defined objectives. Professional guidance is required for the duration of the project or further failure is assured.



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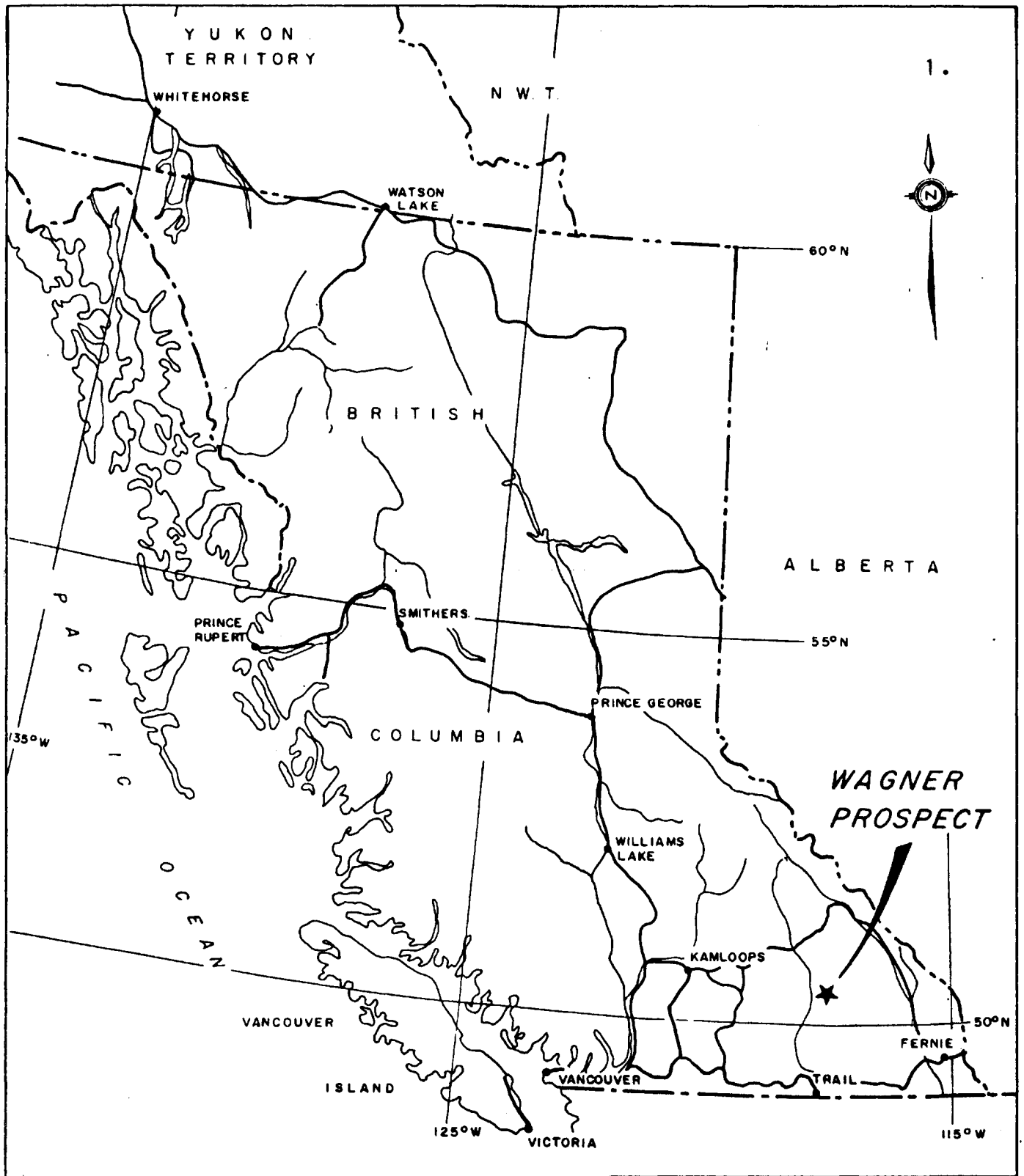
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GENERAL LOCATION MAP
WAGNER PROSPECT

Project No.	V 187	By:	G H
Scale:	1 : 8 000 000	Drawn:	J. S.
Drawing No.:	1	Date:	JANUARY, 1985.



MPH Consulting Limited



1.0 INTRODUCTION

The following report is prepared at the request of Mr. Rick Watson of Mikado Resources Ltd. and Mr. Jim Simpson as per correspondence dated January 18, 1985. The report is prepared based on a summary of information and work carried out by the author on previous programs in 1981 for Silvex Resources Corporation. All materials and reports pertaining to that work have been provided by Mr. Jim Simpson. The report is prepared for the purposes of filing with regulatory authorities and for determining and outlining a program of exploration on the prospect.



2.0 PROPERTY LOCATION, ACCESS, TITLE

The Wagner prospect is located in the Slocan Mining Division on NTS Mapsheet 82K/11. The Wagner Crown Grant which hosts the main showing, is located at 117°13' longitude and 50°40' latitude.

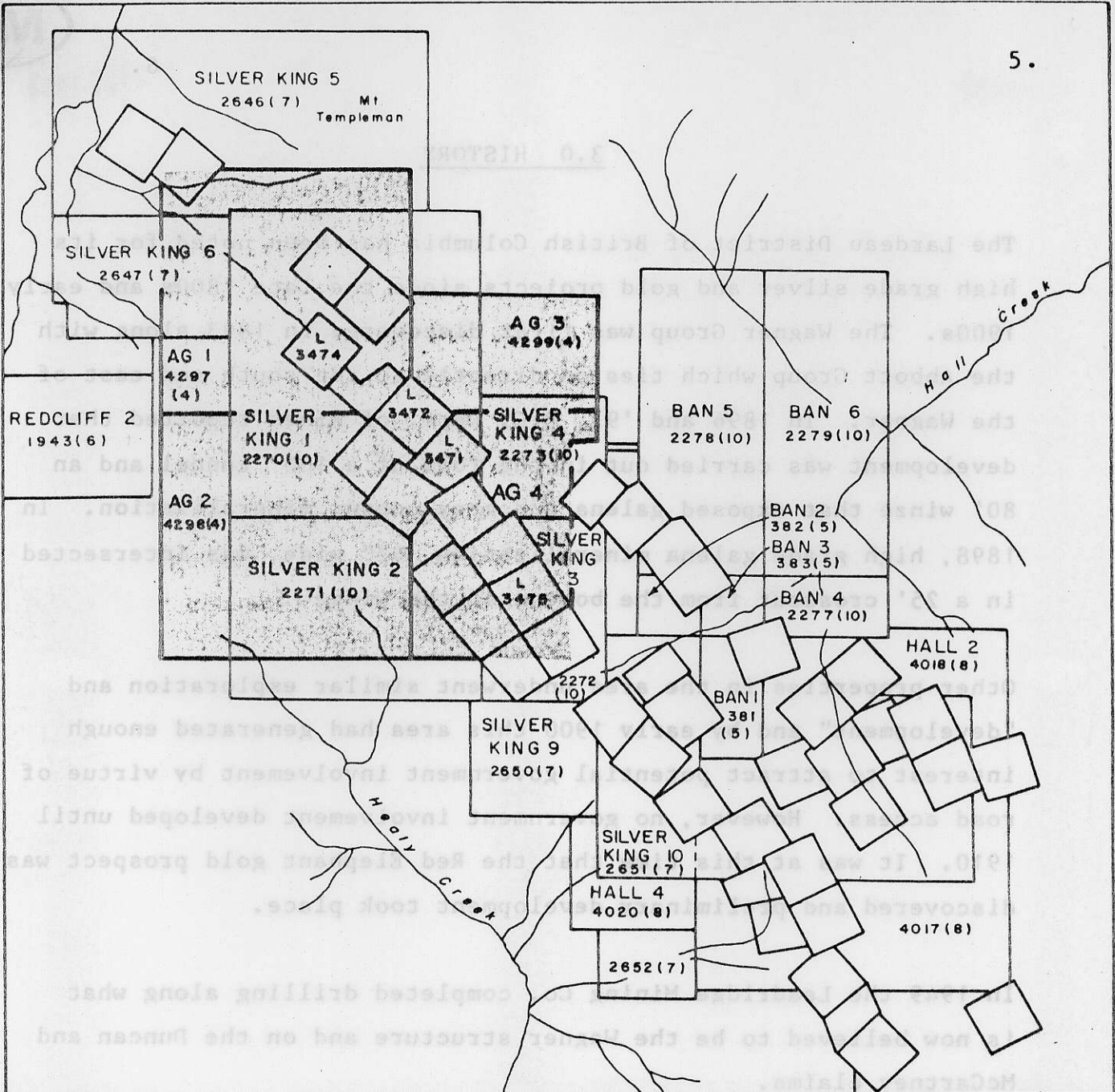
Four-wheel drive road access to the portal site was completed in the 1981 program and through work by highgraders in 1982 and '83. This road, however, will undoubtedly require some upgrading following each winter season and ongoing maintenance during the working season if much traffic is anticipated. The prospect can be reached from the village of Gerard at the southeast end of Trout Lake by following the main Kaslo road 4 km to the southeast to the Healy Creek turnoff to the northeast and across the Lardeau River. This road is then followed for some 25 km and across six bridges across Healy Creek, across the divide between Healy Creek and Hall Creek which flows northeasterly and into the Duncan River. Helicopter access from Nelson and Revelstoke is about 60 minutes or 30 minutes respectively but is very much contingent on variable and often adverse weather conditions.

In an agreement dated January 30, 1985, the four Crown Grants listed in the following table were acquired by option by Mikado Resources Ltd. from Turner Energy Corp.

Property Ownership

Crown Grant Name	Lot #	Owner	Agreement Date
McCartney	3471)	Dan Duggan (Resco	
Duncan	3472)	Renewable Energy Corp.)	
Ella	3474)	Sold to	
Ould Jim	3475)	Roulette Resources Ltd.	Nov. 30, 1984
		Optioned to Turner	
		Energy & Resources Ltd.	Jan. 29, 1985
		Optioned to	
		Mikado Resources Ltd.	Jan. 30, 1985

Due to financial difficulties encountered by the 1981 exploration programs, a number of liens have been assessed against the property for mining work carried out during 1981. According to Mr. Duggan and Mr. Simpson, all these encumbrances have been lifted and free title is now in the hands of Roulette.



Reference : NTS 82 K/IE



MIKADO RESOURCES LTD.

WAGNER PROSPECT
SLOCAN MINING DIVISION, B.C.

CLAIM MAP

Project No.	V 187	By:	G. H.
Scale:	1:50 000	Drawn:	J. S.
Drawing No.	2	Date:	JANUARY, 1985



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3.0 HISTORY

The Lardeau District of British Columbia has been noted for its high grade silver and gold projects since the late 1800s and early 1900s. The Wagner Group was first discovered in 1893 along with the Abbott Group which ties on directly to the south and east of the Wagner. In 1896 and '97, B.C. Dept. of Mines reported that development was carried out in the form of a 100' tunnel and an 80' winze that exposed galena and grey copper mineralization. In 1898, high grade galena mineralization, 42" wide, was intersected in a 25' crosscut from the bottom of the winze.

Other properties in the area underwent similar exploration and "development" and by early 1900 this area had generated enough interest to attract potential government involvement by virtue of road access. However, no government involvement developed until 1910. It was at this time that the Red Elephant gold prospect was discovered and preliminary development took place.

In 1949 the Leadridge Mining Co. completed drilling along what is now believed to be the Wagner structure and on the Duncan and McCartney claims.

No further work was carried out until 1951 when Sheep Creek Mines Limited completed road access up Healy Creek and drove the lower adit beneath the glacier for some 605' in an attempt to hit the Wagner structure. However, the property was abandoned in the early 1950s.



In the late 1950s and 1970s, Granby Consolidated Mining, Smelting & Power Company and SEREM Ltd. respectively carried out programs, the latter's program being on the Bannockburn Group. Twelve hundred tons per vertical foot of 1-2% lead, 1/2% zinc and 0.5 oz silver per ton over widths of up to 35' were estimated. This mineralization is believed to be similar to the Duncan Lake occurrences of Cominco, being a "disseminated" replacement body.

In 1980, the Sandon Silver Syndicate and Silvex Resources Incorporated improved road access up Healy Creek and carried out a diamond drilling and mining program at the new ice level, which was some 120' vertically below the ice level originally in place in the 1898 program. Six holes were drilled from one setup; all six intersected the Wagner lode within and beneath the showings of the Duncan Knob. One hundred and thirty feet of drifting was also completed and two small crosscuts into the hangingwall were made for the purposes of drilling. A 1981 "high grade" shipment of ore was made by lessors. In 1982-83, other undocumented work was carried out, including a raise which was completed at the end of the 135' drift completed in 1981.

An attempt was made in March of 1984 by the author to visit the property but extreme snow conditions did not allow for access into the drift.

4.0 GEOLOGY

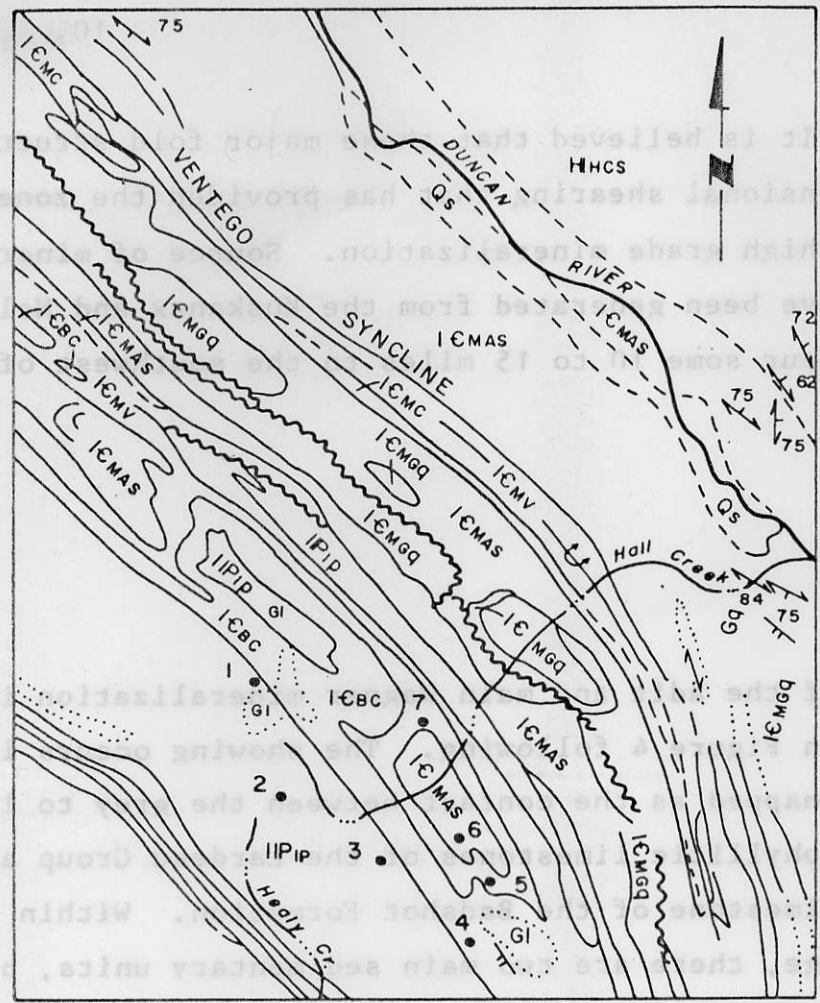
4.1 Regional Geology

Regional geology prepared by P.B. Read, 1976, in GSC Open File 464, demonstrates that the Wagner prospect area is underlain by the Lower Paleozoic, Cambrian (Lardeau Group), the Hadrynian to Lower Cambrian (Hamill Group) and the Hadrynian, Windermere (Horsethief Creek Group) (Figure 3).

The Lardeau Group is a greenschist facies, regionally metamorphosed package of fine grained clastic sediments, phyllites and phyllitic limestones. Minor volcanic elements, being interbedded diabase and greenstone, appear to be located in proximity to ore deposits. The northeastern extent of the Lardeau Group is marked by the Badshot Limestone or "lime dyke," which was noted by many of the oldtime prospectors as playing a prominent role in location of ore deposits.

The Hadrynian to Cambrian Hamill Group is comprised of clastic and limey sediments metamorphosed phyllite. Basal Proterozoic rocks in the package include slate, sandstones and pebble conglomerate. Mineral deposits that are found to occur in this suite of rocks include both high grade silver vein and bannockburn replacement types of mineralization.

Structure in the region is also believed to have played a major role. The Marsh Adams anticline axis is believed to run northwest and through the Badshot Formation. The Ventego syncline occurs approximately 3 miles to the northeast, the axis of which also



- 1 WAGNER
- 2 LAURA J.
- 3 JEWELL
- 4 ABBOTT
- 5 SUPERIOR
- 6 BANNOCKBURN
- 7 RED ELEPHANT

LEGEND

QUATERNARY PLEISTOCENE & RECENT

Qs Glacial deposits, recent alluvium, few if any outcrops

CAMBRIAN TO DEVONIAN OR OLDER (LARDEAU GROUP)

IIPip Grey and light green phyllite; minor phyllitic limestone and quartz grit.

HADRYNIAN (WINDERMERE) &/OR CAMBRIAN (HAMILL GROUP)

ICMV Green phyllite, minor grey phyllite and limestone

ICMC White to light grey limestone

ICMAS MARSH ADAMS FM. White grey and brown quartzite, phyllitic quartzite; minor grey and black phyllite.

ICMGq MT. GAINER FM. (ICMGq, ICMGv): White quartzite.

ICBC BADSHOT FM. Grey and white limestone

HADRYNIAN (WINDERMERE) HORSETHIEF CREEK GROUP

HHCS Undivided

GI Glacier

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WAGNER PROSPECT
SLOCAN MINING DIVISION, B.C.

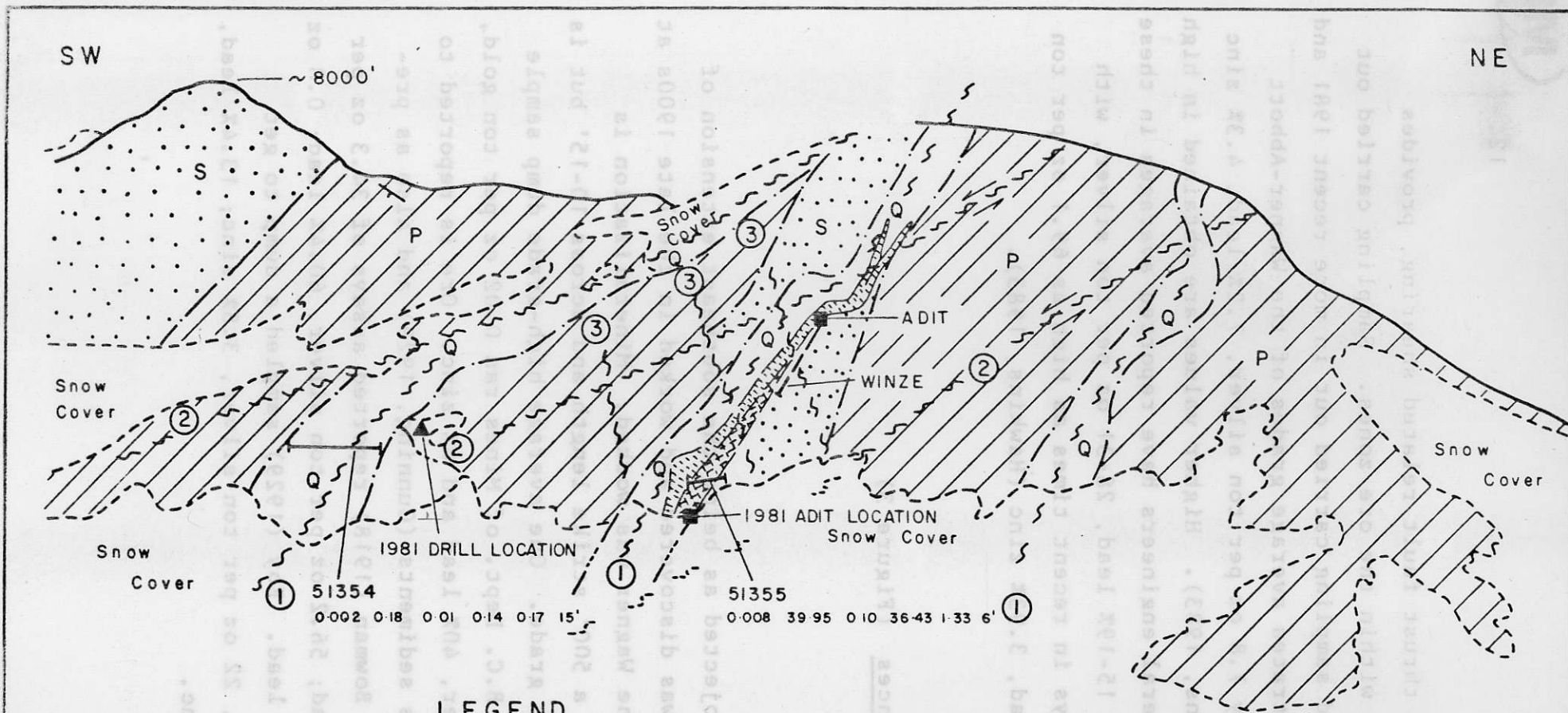
REGIONAL GEOLOGY MAP

Project No.	V 167	By	G. H.
Scale	1 : 250 000	Drawn	J. S.
Drawing No.	3	Date	JANUARY 1985.

trends northeast. It is believed that these major fold structures have created the tensional shearing that has provided the zones of emplacement of the high grade mineralization. Source of mineralizing fluids may have been generated from the Kuskanax and Nelson Batholiths which occur some 10 to 15 miles to the southwest of the area.

4.2 Local Geology

The local geology of the adit and main Wagner mineralization is best demonstrated in Figure 4 following. The showing occurs in what is regionally mapped as the contact between the grey to light green phyllite and phyllitic limestones of the Lardeau Group and the grey to white limestone of the Badshot Formation. Within the Lardeau Group package, there are two main sedimentary units, being a black fissile slate which hosts, for the most part, the quartz veins and the attendant mineralization, and the enveloping phyllite. The third prominent rock type is the quartz veining which is pervasive throughout the area, however three major quartz veins, being up to 20' across, occur in the vicinity of the Duncan Knob and the Wagner main showing. These quartz veins are emplaced along major dip, slip, shears and faults within the phyllitic and slate units. The axes of these shears trend northeasterly, parallel to the regional structural trend and in the vicinity of the Wagner property dip from 60° to 80° to the southwest. A second set of low-angle crosscutting, possibly thrust related, premineralized faults crosscut the quartz vein features, offsetting them by 10' to 15', the best example of which exists in the old 1898 adit area. Post mineral faulting, which is essentially



LEGEND

	P	PHYLLITE
	S	SLATE
	Q	QUARTZ VEIN
	L	LODE lowgrade highgrade

SAMPLING

No	Au	Ag	Cu	Pb	Zn	Width
	oz/ton	oz/ton	%	%	%	
51354	0.002	0.18	0.01	0.14	0.17	15'

CHRONOLOGICAL STRUCTURAL ELEMENTS

1. Premineral faults along which mineral is emplaced.
St. N 25°W Dip 70°SW
2. Premineral faults offsetting mineralized faults prior to mineralization.
St. N 25°W Dip 40°SW
3. Post mineral faults minimal displacement.
St. N 35°W Dip 75°NE

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WAGNER PROSPECT
SLOCAN MINING DIVISION, B C
SW-NE GEOLOGICAL SECTION
DUNCAN CLAIM

Project No	V 187	By	G H
Scale	~ 1:1200	Drawn	J S
Drawing No	4	Date	JANUARY, 1985.



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perpendicular to the thrust fault related shearing, provides minimal displacement within the ore zones. Sampling carried out by past explorers and sampling carried out in more recent 1981 and 1982 surveys, demonstrates average grades of the Wagner-Abbott zone of approximately 7.8 oz per ton silver, 7.2% lead, 4.3% zinc over 5.6 feet (Hawkins, 1983). Higher values are obtained in high grade chutes and several engineers have reported averages in these high grade chutes of 15-19% lead, 28-31 oz per ton silver, with documented spot assays in recent times as high as 69.1 oz per ton silver and 55.17% lead, 3.93% zinc (Hawkins, 1983).

4.3 Mineral Occurrences (Figure 3)

Jewel

The Jewel lode is projected as being the southeast extension of the Wagner lode and was discovered and worked in the late 1900s at the same time that the Wagner was worked. Mineralization is reported to be along a 500' strike length and across 10-15' but is quite likely of lower grade. One average high-grade dump sample taken in 1919 by the B.C. Dept. of Mines ran 0.02 oz per ton gold, 34.8 oz per ton silver, 40% lead and 8% zinc. Ore is reported to occur in carbonaceous sediments (Gunning, 1929) and also as pre-placement ore. F.C. Bowman (1918) reported assays of 34.3 oz per ton silver, 38.2% lead; 56.2 oz per ton silver, 60.4% lead; 0.8 oz per ton silver, 0.5% lead. Eby (1929) sampled a dump to get values of 28.7% lead, 22 oz per ton silver, 3.8% zinc; 13.4% lead, 8 oz silver, 1.9% zinc.

Abbott

The Abbott is the most southeasterly extension of the Wagner-Jewel-Abbott structure. Excellent surface showings found in 1893 resulted in the construction of a 300' tunnel, intersecting 20" of galena. Surface trenching indicated a 12-15' wide lode along a strike length of 400-500'. Both replacement and vein-type mineralization are believed to occur, being hosted in the same slates as the Jewel and Wagner. A.H. Halder (1819) sampled material that ran 0.241 oz per ton gold, 62.2 oz per ton silver, 50% lead. T.H. Fraser (1897) reported 4' widths with 50% galena and grey copper. Eby (1929) reported 1) 14' wide zone, in a lime slate contact 500' east of the divide between Hall and Abbott Creeks, running 3.9% lead, 2.2 oz per ton silver; 2) a sample of 15" streak stringer replacement in limestone, 1000' east of Hall-Abbott Creek divide; 72% lead, 21.4 oz per ton silver, 0.6% zinc; 3) average sample, big replacement in limestone above the tunnel, about 1 mile east of the divide of Hall and Abbott Creeks; 8.9% lead, 5.8 oz per ton silver, 16.1% zinc.

Bannockburn (Superior)

The Bannockburn replacement deposit lies on the northeast and opposite side of the lime dyke, as do the Abbott-Jewel-Wagner prospects. Assays reported by the government in 1897 were 35 oz per ton silver, 0.25 oz per ton gold, 70% lead. A 150' strike length of this type of material was indicated; Two open pits, a and b, produced material assaying 55% lead, 27.6 oz per ton silver and 0.1 oz per ton gold over 4' and 36% lead, 22.8 oz per ton silver and approximately 0.1 oz per ton gold over 3', respectively. 1919 sampling by the Ministry of Mines reported results



across 5' of 0.3 oz per ton gold, 27.5 oz per ton silver and 3% zinc. Gold values in this particular area appeared to be very much higher than the average. Extensive work was carried out in the 50s, 60s and 70s by Granby Consolidated Mining, Smelting and Power Co. Ltd., Sheep Creek Gold Mines Ltd. and SEREM Ltd. Finally, in 1977, 3400' of strike length at 11.5' of average width and an average grade of 6.2% combined lead-zinc and 0.7 oz per ton silver were indicated. 1,252 tons per vertical foot has been estimated by the SEREM people.

Red Elephant

Reports since 1907 from the Ministry of Mines have indicated a body up to 25' in width, assaying \$3-28 in gold and 2-5% copper. One hundred and fifty feet of underground development in "schist country rock" did not prove continuity of values; a) east-west striking crosscutting quartz vein assayed \$19.20 surface, whereas values in the underground were reported only as 0.1 oz per ton gold. Silicified schist at the portal mouth assayed 1.24 oz per ton gold.



5.0 1981 PROJECT SUMMARY

5.1 Drilling

Figure numbers 5 and 6 are drill hole sections from the six RQ holes that were completed on the setup to the west of the main Wagner mineralized structure. These six holes included a fan of four holes, approximately beneath the area of the portal of the new adit and two oblique angle holes further to the northwest along strike and beneath the new adit level (Figure 7). The purpose of drilling these holes was to demonstrate continuity of structure and also to demonstrate continuity of mineralization. The following points are summarized from Hawkins, 1983:

- 1) The average width of the vein structure is approximately 5 m along the drill core axis, a safe true width would be in the order of 4 m.
- 2) Grades demonstrated in drill holes are highly variable as expected and of course values are dependent on width of sample. Best intercepts average widths of 1.3 m with an average grade of approximately 6 oz of silver per ton across that width.
- 3) The mineralized structure continued well below the present portal level, to at least 35 m. The strength of mineralization does not appear to be decreasing.
- 4) The mineralized structure is increasing in width with depth and increasing in width to the southeast along strike and therefore out under the glacier.

- 5) The lode structure is splayed into two separate veins as shown in holes 81-1, 81-2, 81-3. Hole 81-4, which is updip from previously mentioned holes, appears to have been stopped 5 to 10 m short of intersecting this second and lower zone. It also appears that the two zones will converge very close to, and downdip from, the intersection of 81-2 with the vein.
- 6) The originally estimated tonnage of 31,700 (Hawkins, 1981) can be increased given the apparent increase in width. However, the grade that has been demonstrated in that entire width of material may be considered to be somewhat less. No reliable grade figure can be put on that tonnage, based on the drill holes to date given this type of mineralization. Grade related to any production will be highly dependent upon the quality and use of selective mining techniques.
- 7) The grades and widths demonstrated in drill holes are highly variable and selective mining could be successfully utilized in upgrading the average grade of muck.

The following Table 2 is a summary of what are considered best intercepts from the 6 drill holes completed. Figure 7, Appendix II demonstrates the intersection of these holes in plan for the upper zone and the lower zone.

Further sampling on the structure, approximately 100' to the southwest of the main structure (see Figure 4) returned a grab chip sample value of 0.002 oz per ton gold, 0.1 oz per ton silver,

Drill Hole No.	Dip	Azimuth	Length Metres (Feet)		Structure Intercept Metres (Feet)		Best Intercept						
							Width	Ag	Au	Cu	Pb	Zn	
DDH 81-1	80°	40°	61	(200)	43-50	(140-162.5)	<u>6.52</u>	<u>0.003</u>	<u>0.11</u>	<u>3.79</u>	<u>480</u>	1.5	(5)
DDH 81-2	90°	40°	84	(274)	52-58	(170-191)	<u>2.72</u>	<u>0.003</u>	<u>0.10</u>	<u>2.04</u>	<u>3.95</u>	1.5	(5)
DDH 81-3	65°	40°	57	(187)	37-80 and 44-47	(122.5-132) and (144-153.5)	<u>7.18</u>	<u>0.003</u>	<u>0.22</u>	<u>6.34</u>	<u>6.76</u>	1.2	(4)
DDH 81-4	50°	40°	40	(130.5)	34-38	(111-125)	<u>1.73</u>	<u>0.003</u>	<u>0.03</u>	<u>1.52</u>	<u>1.60</u>	2.1	(7)
DDH 81-5	55°	15°	46	(150)	33-37	(107.5-120)	<u>16.40</u>	<u>0.015</u>	<u>0.25</u>	<u>3.04</u>	<u>14.10</u>	0.8	(2.5)
DDH 81-6	35°	15°	43	(142)	+ 33-37	(109.5-120)	<u>3.82</u>	<u>0.007</u>	<u>0.03</u>	<u>3.26</u>	<u>1.18</u>	0.9	(3)

Table 2: Drill Hole Summary (Hawkins, 1983)

0.14% lead and 0.17% zinc. These very minor amounts of visible sulphide were evident across the 15' width of this sample. This may indicate an increase in values somewhere else along this trend.

5.2 Surface and Underground Sampling

Further detailed evidence from past sampling is reported in B.C. Dept. of Mines Annual Report of 1910 that states that a high percentage of galena is sandwiched between a 4-6' section estimated to carry 5-10% galena. Assays of pure galena ran as high as 100 oz per ton silver and 240 oz silver where tetrahedrite was also in evidence. In 1919, the same source reported values of 0.02 oz per ton gold, 22 oz per ton silver, 21% lead and 17.4% zinc over 2', in one of the Wagner crosscuts, presumably below the winze.

Sampling by a Mr. G.M. Guyoard, M.E., averaged from 60 or 70 samples across the principal ledge which was 10' wide, averaged 15-19% lead and 28-31% silver.

A Mr. F.C. Bowman, in communication with Mr. C.T. Porter, owner of some crown grants in the area and manager of what was then Wagner Mines in 1918, reported:

- 1) 2' of galena quartz carbonate outcrop on Duncan, 75' below post on divide, silver 42.4 oz, lead 32.2%;
- 11) 1.3' galena ore on footwall at crosscut and breast of 100' tunnel Duncan claim, gold is 0.03 oz, silver 57.6 oz, lead 40.2%;

- iii) 8' of quartz on footwall outcrop, about 25' above Duncan tunnel; Duncan claim, gold trace, silver 4.6 oz, lead 3.8%;
- iv) 1' galena and quartz on hangingwall side of vein, opposite sample #3, silver 30.2 oz, lead 25.4%.

Sampling from the bottom of the winze in the old adit taken by Eby, 1925, returned values reported to be 34.6% lead, 43.2 oz per ton silver, 6.3% zinc. The same sampler provided results of a 16" width of pure galena on the "bluff" which ran 60% lead, 70.6 oz silver, 3% zinc, 0.04 oz gold. Another professional mining engineer, White, in 1946 assayed the Wagner surface exposures and the top of the Knob, which samples returned 2.3 oz per ton silver, 1.9% lead, 1.6% zinc over 7.5' and 2.16% zinc over 2' respectively.

In summary, it is clearly evident that mineralization is consistent throughout the structure although the requirement for high-grade mineralization is dictated by location and size of potential reserves.

Underground sampling was carried out by geologists appointed by one of the creditors of Silvex Resources Corporation and the results were transmitted with Bondar-Clegg assay certificate to the writer in 1982. In correspondence to the president of Silvex on June 24, 1982 the results of this work were summarized (see Figure 8).



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In summary, the results of sampling along the vein structure underground demonstrated that:

- 1) faulting has resulted in minor offsets in strike direction of the vein;
- 2) these offsets appear to be associated with changes in grade of mineralization;
- 3) across the full 6-7 m width of the structure, the high-grade pockets within and along the structure may occur in the hangingwall or footwall portions, ie at crosscut #1, 7.5 oz per ton silver over 1 m is considered to be very good and this section represents the highest grade across the structure at that point. Therefore, unexposed portions of the vein may, in fact, demonstrate higher grades than those exposed in the drift;
- 4) the average grade of 3-7 oz per ton silver over widths greater than 1 m that are demonstrated in the drill holes, are upheld by evidence in drifting;
- 5) the highest grade values intersected by drifting were at the end of the drift, where 36.9 oz per ton silver, 81% lead and 3.93% zinc and 0.03 oz per ton gold are indicated (the widths of the samples are not known and are not reported).

Further work since that time has been completed by way of a raise up 40' from the adit floor and into the high-grade mineralization.

It is reported that high-grade mineralization across widths better than 1 m has been exposed along the entire section of the raise. A rough plot of the relationship of this work with old work demonstrates that high-grade values encountered at this point might very well coincide with the high-grade values reported in the winze completed in 1898 (see Figure 7). All of the post-1982 work must yet be confirmed by a professional assessment.

5.3 Ore Characteristics

Two important tests of run-of-mine muck have been made. Can-Test Ltd. of Vancouver has provided semi-quantitative spectrographic analysis, the certificate for which is enclosed (Appendix I). A massive galena sample, believed to represent that which might be high-graded during the process of the selective mining operation, has returned 20% silica, greater than 0.3% tin, greater than 0.3% copper, 0.2% chromium, and greater than 0.3% zinc in a matrix of lead. In terms of a smelter return, these items may or may not prove to be credits.

Custom lead ore treatment was completed on November 30, 1981 by Cominco Ltd. on 15.54 short dry tons of "run-of-mine" muck believed to come from the last rounds of the drifting exercise carried out in 1981. The grade of that material was 16.4 oz per ton silver, 0.012 oz per ton gold, 0.2% copper, 12.6% lead, 4.6% zinc. The bulk of the shipment was composed of silica, being 58.6%. This suggests that the selection of material was not carefully carried out. In 1981 and based on 1981 prices, the



total treatment charge of this material was approximately \$104, less silica credits of \$15, resulting in an NSR value per short dry ton of \$153. It is important to point out that Trail is not providing any credit for lead at this time and may not provide a silica credit either. This again demonstrates the extreme caution needed in selectively mining the deposit. (See Appendix I)

6.0 PROPOSED WORK PROGRAM 1985

6.1 Plan and Scope

A work program recommended for the property in 1981 and in 1982 has yet to be completed due to financial and project management difficulties. The original objectives outlined in 1981 were:

- i) to provide access to the new portal site
- ii) to drill the downdip extensions of the structure
- iii) to explore underground
- iv) to make a test shipment

To date, items i), ii) and half of iii) have been completed and the results demonstrate the following key points:

- i) professional project management and technical assistance is required in order to ensure a successful project;
- ii) all cost information must be documented as part of the data base for feasibility studies;
- iii) production oriented mining activities must not take precedence over exploration oriented activities. The results generated by the 1981 mining program are useless in terms of grade control, mining technique and operating feasibility studies;



- iv) the project remains an exploration one that has yet to demonstrate any economic feasibility;

- v) the work period is extremely short. In order to ensure the orderly collection of data for the purposes of completing an order of magnitude feasibility study, the following program is proposed for 1985:

Phase I must comprise the sampling and mapping and include the interpretation of the previous work carried out from 1981 to 1984. This will entail complete surface sampling at 2 m intervals, across the mineralized structure and along the surface trace of the mineralized zone that transects the Duncan Knob. This is estimated to total 100 samples to be analyzed for Ag, Au, Pb, Zn.

Detailed sampling underground is also required at 2 m intervals and across the mineralized structure where possible. A similar exercise is required for the 1982 raise and where possible for the 1898 adit. Verification of high-grade results reported in the drifting and raising program are required prior to commissioning Phase II.

Support facilities for the Phase I program will include a two-man helicopter supported camp for a 7 day period.



Phase II is to consist of the completion of the proposed 1981 drifting, raising and crosscutting program. This will include 40 m (130 feet) of drifting along the structure at the 1981 level, 62 m (200 feet) of crosscutting and 15 m (50 feet) of raising plus rehabilitation of the 1898 level work. It cannot be overemphasized that the purpose of the exploration/development exercise is to provide exploration and possible production data. Selective techniques that maximize grade must be stressed as opposed to advance oriented techniques. Grade control and stock piling is key to the success of the program.

Support facilities for Phase II will include upgraded road access up Healy Creek and an ice level camp to house mining, project management and technical management personnel. Occasional helicopter access might be required for emergency purposes.

The following cost estimates are provided for Phases I and II. Detailed planning and scheduling with support expediting are required four to six weeks prior to implementing the program.

6.2 BudgetPHASE I - 1981 Program Results Verification
Underground and Surface Sampling and Mapping

Mobilization/demobilization:

Men and equipment	3,000	
Helicopter 500 D x 4 hr @ \$500	<u>2,000</u>	\$ 5,000

Personnel:

Geologist 7 days @ \$325	2,275	
Field Technician 7 days @ 250	1,750	
Field Technician 7 days @ 250	<u>1,750</u>	5,775

Support:

Camp; 3 man camp 7 days @ \$50/day	350	
Equipment; Radio 7 days @ 30	210	
Surveying 7 days @ 50	350	
Supplies 30 man days @ 25/man day	<u>750</u>	1,660

Transportation; 4x4 rental plus fuel 10 days @ \$100/day		1,000
---	--	-------

Analyses 100 samples @ \$25 Au Ag Pb Zn		2,500
--	--	-------

Consulting and supervision 5 days @ \$450		2,250
Costs; travel, communications		1,000

Report Preparation 5 days @ \$325	1,625	
Costs	<u>1,500</u>	3,125

Administration @ 15% (of \$10,160)		1,520
------------------------------------	--	-------

Contingency @ 10% of \$23,830		<u>2,380</u>
-------------------------------	--	--------------

Total, say		<u>\$26,200</u> -----
------------	--	--------------------------



PHASE II - Contingent on Favourable Phase I results
and to consist of....

Underground drifting (selective mining)	130'	
Crosscutting	200'	
Raising	50'	
Rehabilitation	80'	Drift
	40'	Winze
Continued sampling and technical supervision		

Road rehabilitation (6 bridges) and maintenance	\$100,000
Mobilization/demobilization	10,000
Camp Installation	20,000
Air, water, rail installation to face	20,000

Underground development

Drifting (selective mining)	
130' @ \$600/foot	
plus all facilities 8' x 8'	\$78,000

Crosscutting	
200' @ \$400/foot	
plus all facilities 8' x 8'	80,000

Raising	
50' @ \$450/foot	
8' x 8'	22,500

Rehabilitation (1898 Level)	<u>20,000</u>
-----------------------------	---------------

200,500

Personnel

Project Manager	3 months @ \$7,000	21,000
Project Geologist		
(surveying, mapping, sampling)		
	60 days @ \$250	15,000
Expediter	20 days @ \$200	<u>4,000</u>

'40,000



Transportation		
4x4 (2) @ \$2,500/month for 3 months		\$15,000
Helicopter 10 hrs @ \$500/hr		5,000
Camp Costs;		
Supplies 360 man days @ \$25/man day		9,000
Equipment - Radio purchase		2,500
Analyses;	100 samples @ \$25	2,500
	Au Ag Pb Zn	
Consulting/Supervision		
20 days @ \$450		9,000
Travel, communications		2,000
Report Preparation		
10 days @ \$250	2,500	
Costs	<u>3,000</u>	5,500
Administration @ 15% (of \$384,500)		57,675
Contingency @ 10% (of \$498,675)		<u>49,870</u>
	Total, say	<u>\$549,000</u>

Additional project objectives might include:

- i) underground drilling
- ii) shipment of high-grade bulk sample to Cominco for returns testing

These programs can only be carried out if time and finances allow.

6.3 Schedule

The following schedule is thought to be realistic based on past experience on the property.

July 15, 1985 > Week	1	Aug. 1 > 2	3	4	5	Sept. 1 > 6	7	8	9	Oct. 1 > 10	11
PHASE I											
Mobilization	-										
Sampling, Mapping	-----										
Demobilization		-									
Analyses		-----									
Report		-----	-----								

PHASE II											
Rehab of Road		-----	-----								
Mobilization Mine Crew			-----	-----							
Camp Construction				-----	-----						
Install Mining Infrastructure					-----	-----					
Drifting 130'						-----	-----				
Crosscutting 200'							-----	-----			
Raising 50'								-----	-----		
Rehab									-----	-----	
Demob											-----
Project Management											-----
Geology											-----
Analyses						-----	-----	-----	-----	-----	-----
Consulting/ Supervision	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Report											-----





7.0 CONCLUSIONS

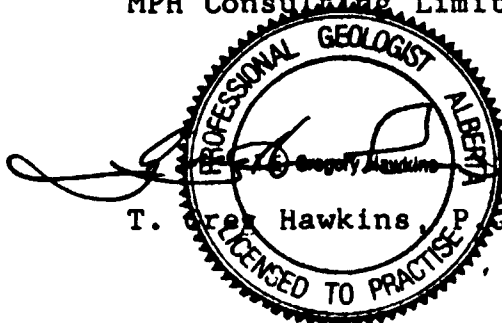
1. The Wagner project requires and warrants further assessment.
2. The potential suggested in preliminary studies partially demonstrated in 1981 underground and drilling work and rumoured in subsequent, undocumented high grading work remains untapped.
3. Drilling and drifting in 1981 demonstrated the continuity of a strong 3 m to 4 m wide mineralized structure with grades up to 40 oz Ag per ton across a mineable width.
4. A preliminary assessment program is required as soon as access permits in order to verify and document rumoured results and in order to survey present and past workings prior to initiating further mining activity.
5. Selective mining studies and a selective mining program are required to determine economic feasibility.
6. The key to success remains in organized and realistic project management, which management has generally been ignored in past programs.

8.0 RECOMMENDATIONS

1. An economic assessment of the Wagner Project is recommended in a two-phase exploration program.
2. Phase I, consisting of detailed sampling and mapping of surface and underground exposures and surveying control to tie in 1898 and 1981 workings, is recommended at an estimated cost of \$26,200 to be spent over a period of 7 field days.
3. Phase II, consisting of drilling, raising, crosscutting and rehabilitation contingent on Phase I results, is recommended at an estimated cost of \$549,000 to be spent over a period of 75 field days.
4. An order of magnitude feasibility study on the high grading is then recommended, based on the Phase I/Phase II results.
5. Professional project management is required for success.

Respectfully submitted,
MPH Consulting Limited

T. Greg Hawkins, P. Geol.



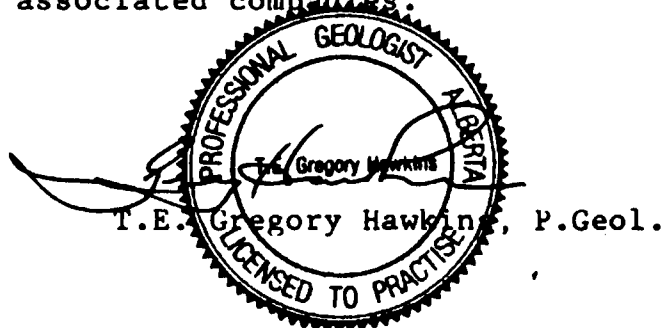
January 31, 1985



CERTIFICATE

I, T.G. Gregory Hawkins, do hereby certify:

1. That I am a Consulting Geologist with business offices at 301-409 Granville St., Vancouver, B.C. V6C 1T2.
2. That I am a graduate in geology of The University of Alberta, Edmonton (B.Sc. 1973), and of McGill University, Montreal, (M.Sc. 1979).
3. That I have practised within the geological profession for the past twelve years.
4. That I am a Fellow of the Geological Association of Canada and a Professional Geologist registered in the Province of Alberta.
5. That the opinions, conclusions and recommendations contained herein are based on field work carried out and supervised by me, on the property during 1981.
6. That I own no direct, indirect, or contingent interests in the area, the subject property, or shares or securities of Mikado Resources Ltd. or associated companies.



Vancouver, B.C.

January 31, 1985



BIBLIOGRAPHY

Hawkins, T.G., 1981 Preliminary Assessment and Recommended
Work Program Wagner Prospect
for Silvex Resource Corporation
by Sawyer Consultants Inc., July 20, 1981

Hawkins, T.G., 1983 Drill Core Logging Report
Wagner Prospect
for Mr. D. Duggan
by Sawyer Consultants Inc., Jan. 31, 1983



APPENDIX I

ANALYSIS CERTIFICATES

1201 Royal Bank Building,
675 West Hastings Street
Vancouver, B.C.
V6B 1N2

CERTIFICATE OF ASSAY

Samples submitted: June 15, 1981
Results completed: June 19, 1981

PROJECT: WAGNER

I hereby certify that the following are the results of assays made by us upon the herein described rock samples

MARKED	GOLD		SILVER		Cu	Pb	Zn				
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
51354	<0.002		0.18		<0.01	0.14	0.17				
51355	0.008		39.95		0.10	36.63	1.33				

NOTE:

Rejects retained three weeks
Pulps retained three months
unless otherwise arranged.

R. H. Clegg
Registered Assayer, Province of British Columbia



To: Sawyer Consultants Inc.
 1201 - 675 W. Hastings St.,
 Vancouver, B.C.
 V6B 1N2

ACME ANALYTICAL LABORATORIES LTD.

Assaying & Trace Analysis

852 E. Hastings St., Vancouver, B.C. V6A 1R6

Telephone: 253-3158

RECEIVED JAN 17 1983

File No. 83-0016

Type of Samples Cores

Disposition

ASSAY CERTIFICATE

o.	Sample	Cu%	Pb%	Zn%	Ag oz/ton	Au oz/ton		No.
1	43240	.05	.92	3.12	1.21	.001		1
2	43241	.01	.24	.62	.31	.001		2
	43242	.03	1.52	1.60	1.73	.003		3
	43243	.03	.87	.64	.89	.002		4
	43244	.25	3.04	14.10	16.40	.015		5
	43245	.02	.39	.36	.53	.002		6
	43246	.14	2.70	5.94	4.35	.004		7
	43247	.05	1.66	.63	2.95	.003		8
	43248	.03	3.40	2.43	3.92	.006		9
	43249	.05	.36	1.68	.73	.011		10
	43250	.03	3.26	1.18	3.82	.007		11
								12
								13
								14
								15
								16
								17
								18
								19
								20

reports are the confidential property of clients.

DATE SAMPLES RECEIVED Jan. 10, 1983

DATE REPORTS MAILED Jan. 14, 1983

ASSAYER

DEAN TOYE, B.Sc.
 CHIEF CHEMIST
 CERTIFIED P.L. ASSAYER

Sawyer Consultants Inc.



can test ltd.

Tele: 04 54210

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Suite 1200, 675 W. Hastings St.

Vancouver, B.C.

V6B 1N2

Certificate of Assay

File No. 3081E-6

Date Aug. 31, 1981

Attention: Mr. Greg Hawkins

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER	LEAD	ZINC	TIN	Percent	Percent
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent Pb	Percent Zn	Percent Sn		
1) 128'-132', 81-3	0.003	7.18	0.22	6.34	6.76	0.20		
2) 124'-128', 81-3	L 0.002	0.28	0.02	0.17	0.85	L 0.01		
3) 148'-153', 81-3	0.004	3.56	0.09	2.08	1.12	0.06		
4) 168½'-174', 81-2	0.004	1.38	0.05	1.04	1.05	0.02		
5) 174'-179', 81-2	0.003	2.72	0.10	2.04	3.95	0.09		
L = Less than								

Note Pulps retained three months.

CAN TEST LTD.

Rejects retained two weeks.

ALL REPORTS ARE THE CONFIDENTIAL PROPERTY OF CLIENTS. PUBLICATION OF STATEMENTS, CONCLUSIONS OR EXTRACTS FROM OR REGARDING OUR REPORTS IS NOT PERMITTED WITHOUT OUR WRITTEN APPROVAL. ANY LIABILITY ATTACHED THERETO IS LIMITED TO THE FEE CHARGED.

Form No. 13 C

[Signature]
Provincial Assayer



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Sawyer Consultants Inc.

Suite 1201, 675 W. Hastings Street

Vancouver, B.C.

VGB 1N2

Certificate of Assay

File No. 2718E-6

Date August 18, 1981

Attention: Mr. T. Greg Hawkins

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER	LEAD	ZINC			
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent Pb	Percent Zn	Percent	Percent	Percent
1) 105.5 - 120.5	L 0.002	0.06	0.01	0.01	0.03			
2) 120.5 - 123.5	L 0.002	0.42	0.01	0.35	0.61			
3) 137 - 143	L 0.002	3.46	0.09	0.76	1.28			
4) 143 - 148	0.003	6.52	0.11	3.79	4.80			
5) 148 - 155	L 0.002	0.18	0.01	0.09	0.27			
6) 155 - 162	0.002	1.00	0.03	0.63	0.97			
7) -----	0.011	15.26	0.14	10.3	1.47			
8) -----	L 0.002	0.20	0.01	0.10	0.04			
9) -----	L 0.002	0.12	0.01	0.03	0.74			

L = Less than

Note: Pulp retained three months.

Rejects retained two weeks.

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Form No. 13C

CAN TEST LTD.

Provincial Assayer

To:



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254 7278

Telex 04 54210

Sawyer Consultants

#1201 - 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2

Attention: Mr. T. G. Hawkins

Certificate of Assay

File No. 2745E-6

Date August 27, 1981

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	TIN		Sample Identification	Percent
	Percent	Sn		
Old file 2718 - 3	0.05			
- 4	0.13			
- 6	0.09			
- 7	0.27			

L = less than.

Note: Pulps retained three months.

Rejects retained two weeks.

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Form No. 13D

CAN TEST LTD.

Provincial Assayer

To:

Sawyer Consultants Inc.

Suite 1201, 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2

Attention: Mr. T. Greg Hawkins



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Telephone 254 7278

Telex 04 54210

Certificate of Assay

File No. 3072E-6

Date September 25, 1981

Re: CAN TEST LTD. FILE NUMBER 2

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	TIN		TUNGSTEN	GERMANIUM	TANTALUM & NIOBIUM	Percent	Percent	Percent	Percent
	Percent Sn	Percent W	Percent Ge	Percent Ta & Nb					
105.5 - 120.5	L 0.01	0.02	-	-	-				
120.5 - 123.5	L 0.01	L 0.01	-	-	-				
137 - 143	-	0.03	-	-	-				
143 - 148	-	0.02	L 0.01	L 0.01	-				
148 - 155	L 0.01	0.02	-	-	-				
155 - 162	-	0.04	-	-	-				

L = Less than

Note. Pulps retained three months.

Rejects retained two weeks.

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Form No. 13 B

CAN TEST LTD.

Provincial Assayer

1201 - 675 West Hastings Street
 Vancouver, B. C. V6B 1N2

CERTIFICATE OF ASSAY

Samples submitted: August 7, 1961
 Results completed: August 14, 1961

PROJECT: SIL WAG

I hereby certify that the following are the results of assays made by us upon the herein described rock samples

MARKED	GOLD		SILVER		Cu	Pb	Zn				
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
51445	0.050		69.10		0.22	55.17	3.93				

NOTE:
 Rejects retained three weeks
 Pulps retained three months
 unless otherwise arranged.



can test ltd.

To

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6 • TELEPHONE 254-7278

Mr. Dave Pearce

SEMI QUANTITATIVE SPECTROGRAPHIC ANALYSIS CERTIFICATE

Telex 04 54210

RR #1

File No 2475E-6-2

Nelson, B.C.

Date Aug. 14/8.

VIL SP4

We hereby Certify that the following are the results of semi quantitative spectrographic analysis made on ore samples submitted.

		1	2	3	4	5	Sample Identification
Aluminum	Al	1.					Sample 1: Wagner Pb
Antimony	Sb	ND					
Arsenic	As	ND					
Barium	Ba	ND					
Beryllium	Be	ND					
Bismuth	Bi	ND					Sample 2:
Boron	B	0.01					
Cadmium	Cd	ND					
Calcium	Ca	ND					
Chromium	Cr	0.2					
Cobalt	Co	ND					Sample 3:
Copper	Cu	*					
Gallium	Ga	ND					
Gold	Au	ND					
Iron	Fe	2.					
Lead	Pb	MATRIX					Sample 4:
Magnesium	Mg	TRACE					
Manganese	Mn	0.1					
Molybdenum	Mo	ND					
Niobium	Nb	ND					
Nickel	Ni	ND					Sample 5:
Potassium	K	ND					
Silicon	Si	20.					
Silver	Ag	*					
Sodium	Na	4.					
Strontium	Sr	ND					Percentages of the various elements expressed in these analyses may be considered accurate to within plus or minus 35 to 50% of the amount present.
Tantalum	Ta	ND					
Thorium	Th	ND					
Tin	Sn	*					
Titanium	Ti	TRACE					
Tungsten	W	ND					Semi-quantitative spectrographic analytical results for gold and silver are normally not of a sufficient degree of precision to enable calculation of the true value of ores. Therefore, should exact values be required, it is recommended that these elements be assayed by the conventional Fire Assay Method. Quantitative and Fire Assays may be carried out on the retained pulp samples. Silicon, aluminum, magnesium, calcium and iron are normal components of complex silicates.
Uranium	U	ND					
Vanadium	V	ND					
Zinc	Zn	*					

MATRIX - Major constituent
MAJOR - Above normal spectrographic range
TRACE - Detected but minor amounts
N.D. - Not detected
* - Suggest assay (above 0.3%)

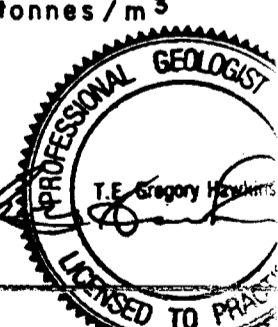
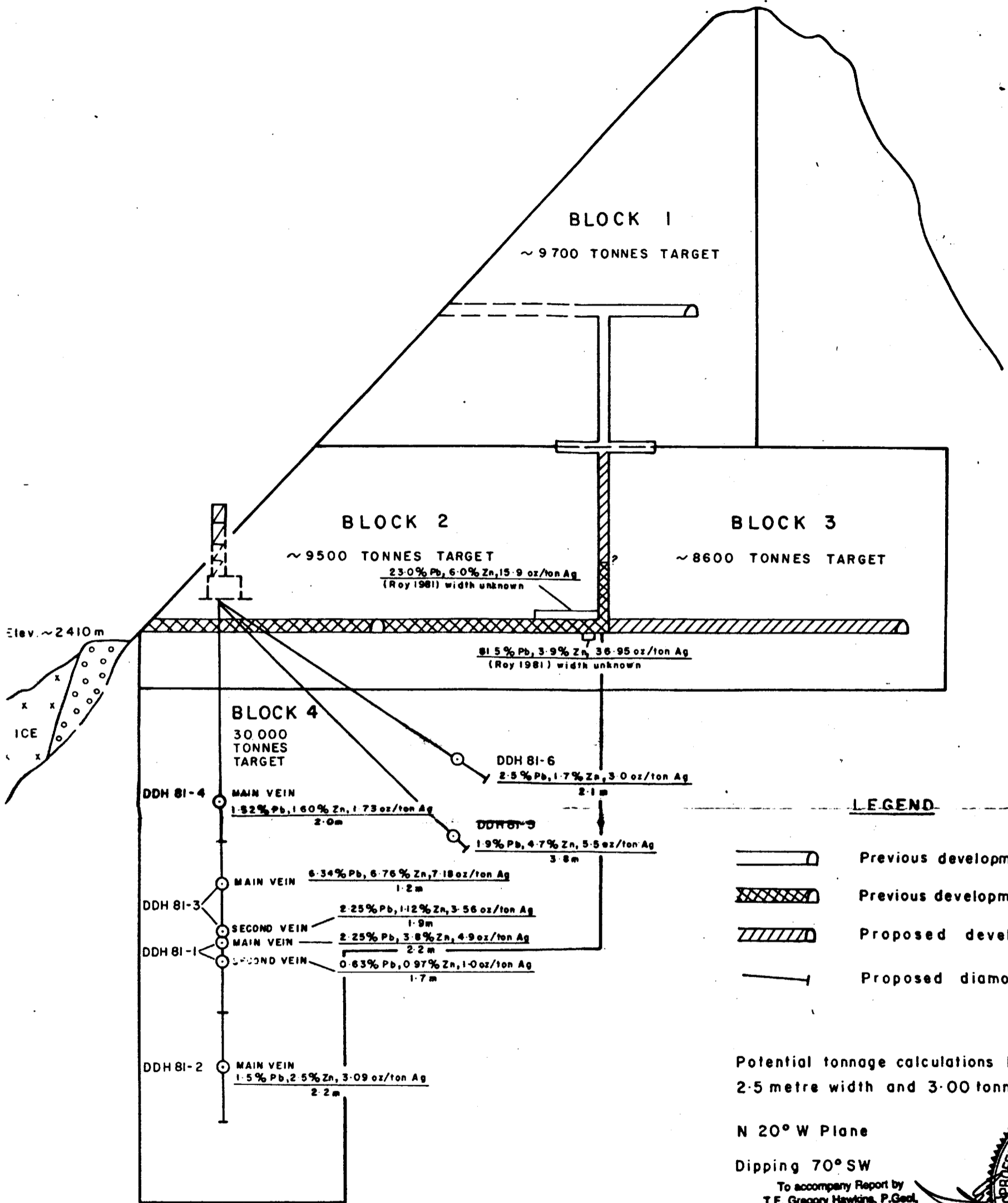
All results expressed as Percent

Note: Pulps retained one week

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CAN TEST LTD.

Handwritten signature and initials



MIKADO RESOURCES LTD.

WAGNER PROSPECT
SLOCAN MINING DIVISION
NW-SE IDEALIZED SECTION
OF 1981 WORK AND PROPOSED 1985 WORK

Project No:	V 187	By:	G. H.
Scale:	1 : 500	Drawn:	J. S.
Drawing No:	7	Date:	JANUARY, 1985.



MPH Consulting Limited