Hiwatha Resources Inc.
July 1989

676639

082FSW179

TABLE OF CONTENTS

	Page
PARTICULARS OF THE OFFERING.....	1
PROPERTY.....	2
GEOLOGY.....	2
PRODUCTION.....	3
SOIL SAMPLING.....	4
GEOLOGICAL FRAMEWORK.....	5
SUMMARY.....	5
CONCLUSION.....	6

Figures

1	CLAIM MAP	1 : 50,000
2	GEOLOGICAL FRAMEWORK	1 :150,000
3	SW-NE SECTION RED MOUNTAIN	1 :100,000

PARTICULARS OF THE OFFERING

The Company:

HIAWATHA RESOURCES INC. is engaged in the business of exploration of mineral resources.

The Company was incorporated under the laws of the Province of British Columbia, Canada on December 9, 1987 under No. 337416.

Its registered and records office is at 800-1090 West Georgia Street, Vancouver, B.C., V6E 3V7 and its head office is at 680-650 West Georgia Street, Vancouver, B.C. V6B 4N8.

Capital Structure:

Proposed Authorised Capital:	50 million common shares with no par value
Issued:	750,000 principal shares
	400,000 shares @ $0.25
Total	1,150,000 shares
To be issued:	300,000 @ 25¢
	200,000 @ 40¢

Directors:

P.H. Sevensma, Ph.D., P.Eng.
General Delivery
Osoyoos, B.C.
V0H 1V0

Gordon Hoover
1620-840-7th Ave SW
Calgary, Alta
T2P 3G2

Robert Chenery
300-404-6th Ave SW
Calgary, Alta
T2P 0R9

Dale Paruk
680-650 West Georgia Street
Vancouver, B.C.
V6B 4N8

Legal Counsel:

Douglas Norby, Barrister and Solicitor
800-1090 West Georgia Street
Vancouver, B.C.
V6E 3V7

ank:

oronto Dominion Bank
499 Granville Street
Vancouver, B.C.

Exploration Manager:

P.H. Sevensma, Ph.D., P.Eng.

Obtained his Ph.D. in January 1941 from the University of Geneva, Switzerland, his thesis subject being "The Gold Mines of the St. Yrieix District, Haute Vienne, France". After a study of a gold mining district in Western Java and a period as prisoner of war of the Japanese on the Island of Ceram, he joined Cominco in 1948, where he became Senior Mine Geologist at the Sullivan Mine in Kimberley, B.C.

After a period as Senior Exploration Geologist in Eastern Canada, Research Geologist and Senior Exploration Geologist N.W. Canada, he became an independent consultant in 1966, with activities extending to Europe, Africa and South- and Central America, but centred on the Yukon and N.W. B.C., where he was instrumental in successful exploration of the Johnny Mountain gold deposit of Skyline Explorations from 1980 till 1985.

In 1987, he carried out a dozen examinations in the Kootenays, leading to the acquisition of the Rozan Group of claims some 12 km South of Nelson for Hiawatha Resources Inc., as a result of favorable assays of ore on the dumps of old workings and of 194 soil samples, 87 of which outlined a low-grade zone of less than 20 ppb gold, with 107 averaging 74 ppb and 21 samples above 100 ppb, on 50 meter line spacing and 25 m sample spacing, all in an area of light overburden and very sparse timber from 1,950 m to 2,150 m elevation. This made this property, located in the Rossland volcanic belt, particularly attractive to find a Rossland type gold-deposit, especially in view of numerous old workings and many trails and old roads now obliterated by post-fire vegetation.

PROPERTY

The property consists of four reverted Crown Grants, two two-post claims and a number of metric units, to wit Rozan, - 6 units, Eagle 1 - 4 units, Eagle 2 - 15 units and OGG 1-7, 46 units, giving a total area of between 73 and 74 metric units = about 1,825 ha = 4,500 acres. (Figure 1)

Options are for 100% plus 2% net smelter return plus payments of $200,000 on the Rozan claims, $15,000 of which has been paid, and payments totalling $20,000 a year on the OGG claims until $200,000 has been paid. These claims are held under one option on OGG 1 and 3 (OGG North), and one option on the remaining OGG claims (OGG South), and no payments are due for these years, during which period Hiawatha is obliged to keep the claims in good standing by work or by cash in lieu, $6,000 of which is due in 1989.

GEOLOGY

The area has been re-mapped by T. Höy and K. Andrew of the Geological Branch of the B.C. Ministry of Energy, Mines & Petroleum Resources during 1987 and 1988. This has led to a substantial revision in the Rozan area, where the re-mapping has located the Northern termination of the Archibald Formation, also known as the Sinemurian Beds, in a pre-intrusive fault contact with the Upper Elise volcanic rocks, in the same position as in the Second Relief Mine about 5 km to the South. The fault has been named the Red Mountain Fault. (Figure 2)

This large structure enhances the chance of finding substantial ore of the Second Relief type on the Rozan, especially so as Hiawatha mapped two significant bodies of Silver King porphyry, which is very similar to a diorite porphyry along which the main Second Relief ore-vein is located, with production of 228,000 tons @ .44 oz/t gold and .12 oz/t silver.

PRODUCTION

P.J. Santos, P.Eng. reported in 1983 total production from 1928-1958 by prospector Rozan of 146 tons @ 1.47 oz/t gold and .74 oz/t silver with 0.74% lead and zinc from veins 6" to 3' wide. Mining was by handsorting, gold being related to pyrite content.

Assays of representative material on the old dumps taken by this writer were as follows in oz/t gold:

588	.770	58019	.582 and .420 Width: 1'
589	.175	58020	.259 and .247 Dump
590	.473	(Taken by P.J. Santos in 1988	
591	.294	near old shaft on Golden	
592	.152	Eagle 5)	

Samples 590 and 591: High magnetite skarn

Metals with assays also suggesting skarn are:

Molybdenum,	up to 684 ppm
Copper,	up to 452 ppm
Tungsten,	up to .17%
Iron,	up to 56.5 %

As there is very little limestone in the original beds, we call the Second Relief ore "skarn-affiliated" and the same term may apply to the ore from Rozan and from the Rossland Camp, where garnet, actinolite, wollastonite, epidote, etc. are reported by various authors.

SOIL SAMPLING

532 soil samples were available for gold assay by Acme Analytical Laboratories, Vancouver, B.C. by acid leach of 10 gr. followed by AA. 30 elements were run by ICP (Inductively Coupled Plasma) methods on 445 samples, leaving out the original 87 low-gold samples. Line spacing varied from 50 m to 200 m, and sample spacing was mostly 50 m, due to the reconnaissance aspect of the survey. 10 km of line were cut and 50 samples were taken along 2.5 km of road cut as a trench on the Southern lower part of the Rozan and Eagle groups.

This road, 5 km total length, was cut by D-6, and is suitable for 4 WD vehicles; it provides early access from Hall Creek to the original Crown Granted claims, whereas the Rozan and North OGG claims are accessible up to Forty-nine Creek by a fire-tower road also suitable for 4 WD, but at a later date due to late snow in this Northwest oriented valley.

The 445 soils had a mean of over 100 ppb gold and both the 30 and 90 ppb contours outlined a consistently anomalous area of about 3 km long (NW-SE) and over 1.2 km wide (NE-SW) and partly open on all four sides.

An area of about 500 m x 500 m shows the highest gold, tungsten, copper and iron values, with peaks of 2,650 ppb gold, 85 ppm tungsten, 171 ppm copper and 10.43% iron, about centered on a shaft on Golden Eagle 5 said to be 15 m deep below a showing 1' wide assaying .42 oz/t gold and .13% tungsten. The shaft is located downhill from some of the highest gold values in the soils.

The area is of easy access from the road leading to the Rozan production adit, and is only slightly lower in elevation than the large old cabin which serviced the tunnel and which is still in reasonable and usable shape.

The quality of the anomalous area is much higher than most gold soil anomalies in the area, which tend to be narrow,

with peaks of 1,000 ppb or so dropping down to 5 ppb within 50 or 100 m, or less.

GEOLOGICAL FRAMEWORK

The geological framework of the Rozan-Eagle-OGG claims is constituted by the Rossland = Elise volcanics underlain by the Archibald Formation also known as the Sinemurian Beds, a time-equivalent of the upper Ymir sediments, and overlain by the Hall formation, the whole being known as the Rossland Group.

The Hall formation has yielded reliable early Pliensbachian and early Toarcian macrofossils and the Archibald carries Sinemurian fossils. The Rossland Group is therefore a Lower Jurassic Pliensbachian event, i.e. of the same age as the zones mineralized in the Golden Triangle of the Stewart-Iskut area as summarised by R.G. Anderson and T.V. Kirkham of the GSC at the 1989 Cordilleran Roundup.

In the Nelson area, there is also an alkali porphyry or stockwork molybdenum-copper-gold suite as recently drilled in the Shaft showing, of a nature somewhat similar to the orthoclase porphyries of the Stikine. The Elise volcanics, of a more dioritic character, are also reported to be high in potash (Höy, 1989), suggesting an island arc environment.

The Elise volcanics ore is associated with diorite and quartz-diorite porphyries = Silver King porphyries, most of which are described as having a close genetic relation with the Nelson granodioritic intrusives. Many intermediate terms can be found, as has been the writer's experience in the field. Some of them are now described by Höy (1989) as possible crystal tuffs, as small lithic fragments and broken crystals suggest a pyroclastic origin, instead of a subvolcanic intrusive origin.

As these concepts may provide essential guides for exploration, petrological work is clearly indicated, especially as mapping has shown extensive SK porphyries on and near the Rozan, and as the soil sampling suggests a close connection between high gold and the contact of the porphyries against granodiorite, volcanic rocks and the Archibald siltstones.

SUMMARY

The Hiawatha claims cover a very strong geological structure on the North side of a granodiorite tongue. About 5 km to the South, the same, but weaker, structure and

formations contain the Second Relief deposit, a typical skarn-affiliated deposit along a diorite porphyry dyke near the South contact of the granodiorite tongue. (Figure 2)

On the Hiawatha claims, a strong and intense gold soil anomaly straddles this structure, the Red Mountain Fault. Associated minerals indicate the presence of skarn-type mineralization.

The size of the structure and of the soil-anomaly suggest that an underlying Second Relief type deposit could be several times the size of the latter with a similar grade of .44 oz/t gold and low in silver (.12 oz/t) as suggested by the low silver in the Hiawatha soil samples.

On the Second Relief, the mined shoot is said to be 300 m long, mined to a depth of 400 m by 11 levels, with a shaft down from the 5th level at elevation 1,150 m with a vein width of from .2 m to 3.5 m.

Four low grade or thin parallel veins are lying within 100 m of the main vein to the SE in its footwall, of which the No. 2 is now providing encouragement in recently renewed exploration by Hawkeye Developments Ltd.

The writer postulates that the odds are two out of three, i.e. 66%, that the Hiawatha area is underlain by a minimum one million tons of $\pm$ .44 oz/t gold, low in silver.

As previously shown, the area is large enough to enclose the core of the Rossland Camp, where 6.2 million tons of .45 oz/t Au, .58 oz/t Ag and 1% Cu have been mined from 1893-1942 in multiple veins, more highly mineralized than the multiple veins of the Second Relief.

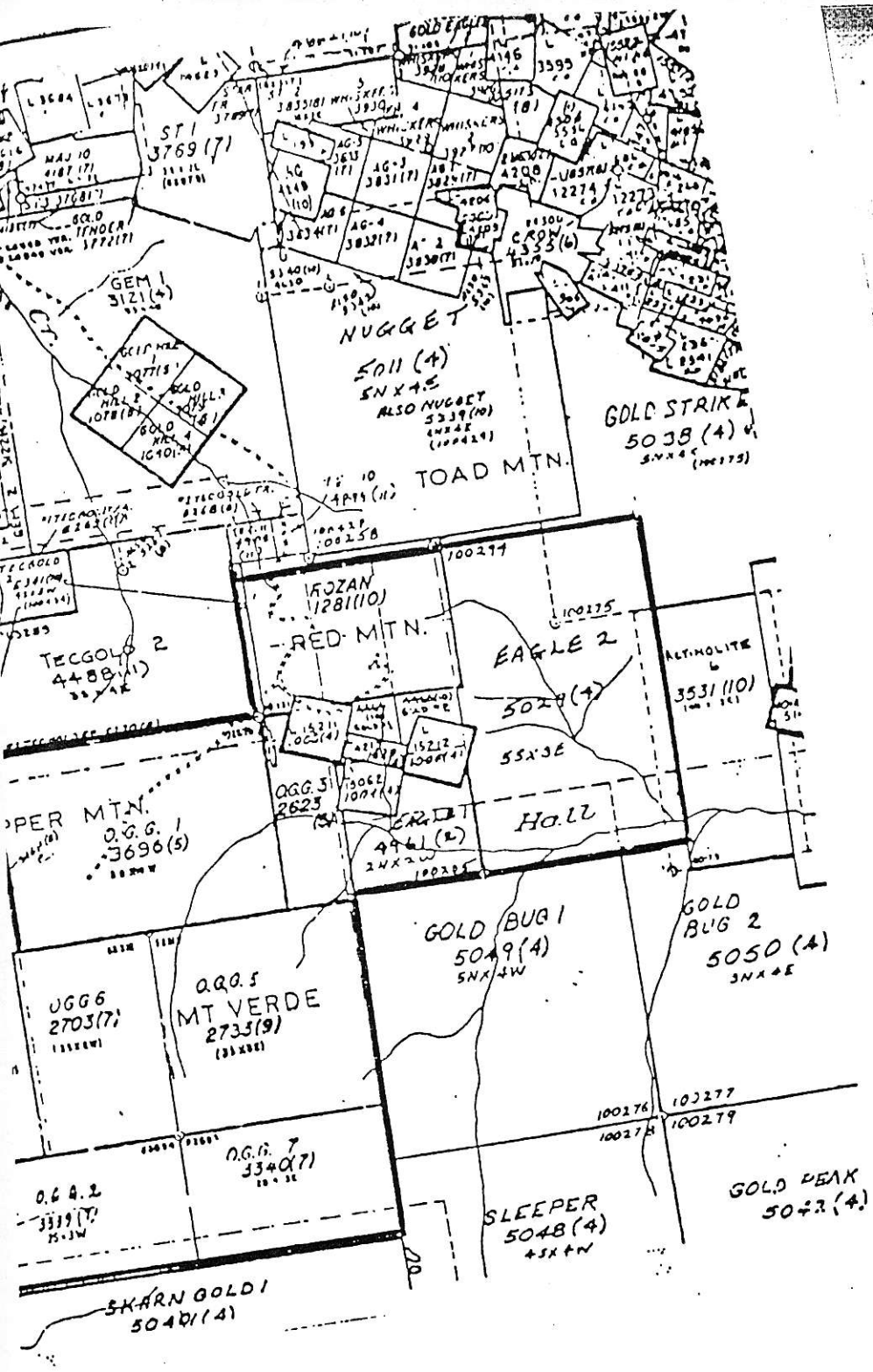
CONCLUSION

The property rates as a prime exploration target for a significant tonnage of good to high grade gold ore in a location accessible from two highways and a railway with the infrastructure of Nelson only about 20 km away by road.

A program of geological mapping, trenching, fill-in and extension soil sampling and shallow and deep geophysics is recommended for a total of $150,000 to develop targets for an extensive drill program.

P.H. Sevensma
President and
Exploration Manager

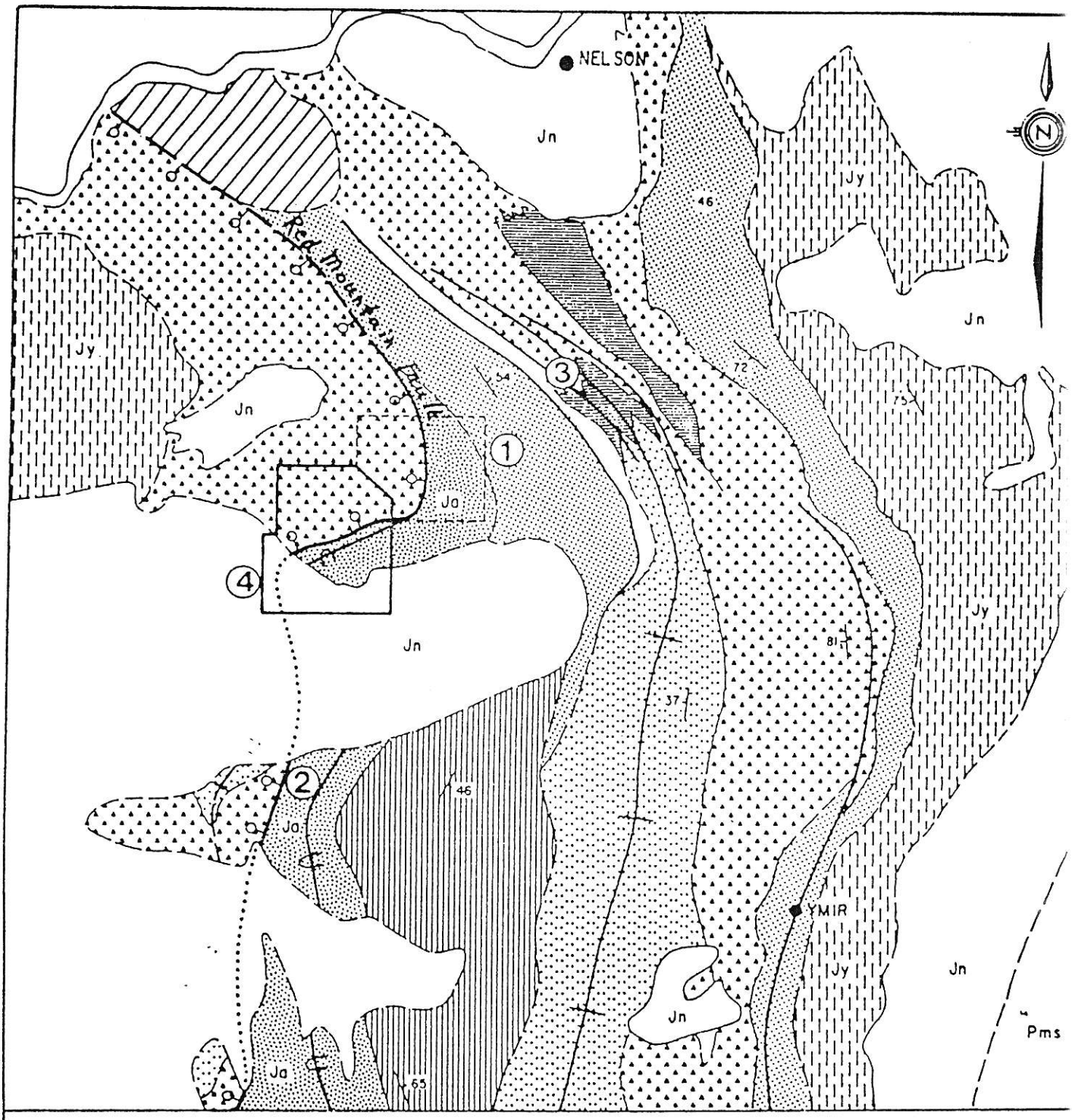
Vancouver, B.C.
May 8, 1989



CLAIM MAP, APRIL 7, 1989
HIAWATHA CLAIMS, ROZAN,
EAGLE 1, EAGLE 2, OGG 1-7

NTS 82-F-6, W/2 Nelson M.D., B.C.

Figure 1



MIDDLE JURASSIC

Jn — NELSON Intrusions

LOWER OR MIDDLE JURASSIC (?)

diorite (?)

LOWER JURASSIC
ROSSLAND GROUP

SILVER KING intrusions

HALL FORMATION

ELISE FORMATION

Upper Elise

intermediate to mafic lapilli crystal and fine luff

intermediate lapilli and

lower Elise

mafic flow breccia

mafic pyroclastic breccia crystal luff

Ja — ARCHIBALD FORMATION

Jy — YMIR GROUP

PALEOZOIC

Pms — metasedimentary rocks

..... Fault obliterated by later granodiorite

Adapted From:

1 Rozan-Eagle Group
2 Second Relief
3 Silver King
4 OGG Claims

Km 0 1 2 3 4 5 Km

HIAWATHA RESOURCES INC.

OGG GROUP
GEOLOGICAL FRAMEWOF
NELSON M.D., B.C.

PETER H. SEVENSMA, PH.D., P.ENG.

N.T.S. 82F/6W	SCALE 1:150,000	FIGURE

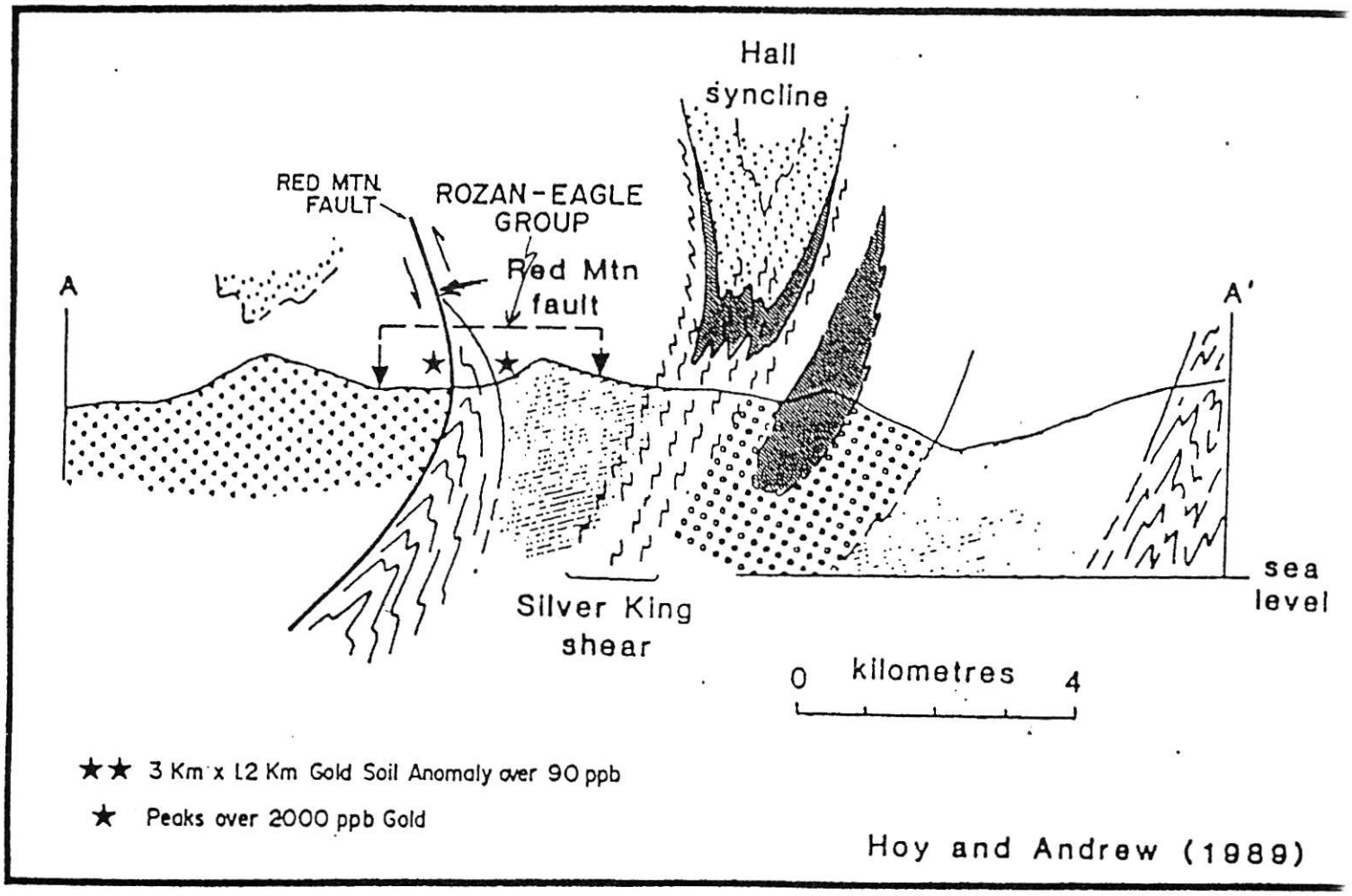


Figure 1-4-2b. Schematic vertical section through the northern part of the Nelson sheet; location is shown on Figure 1-4-2a.

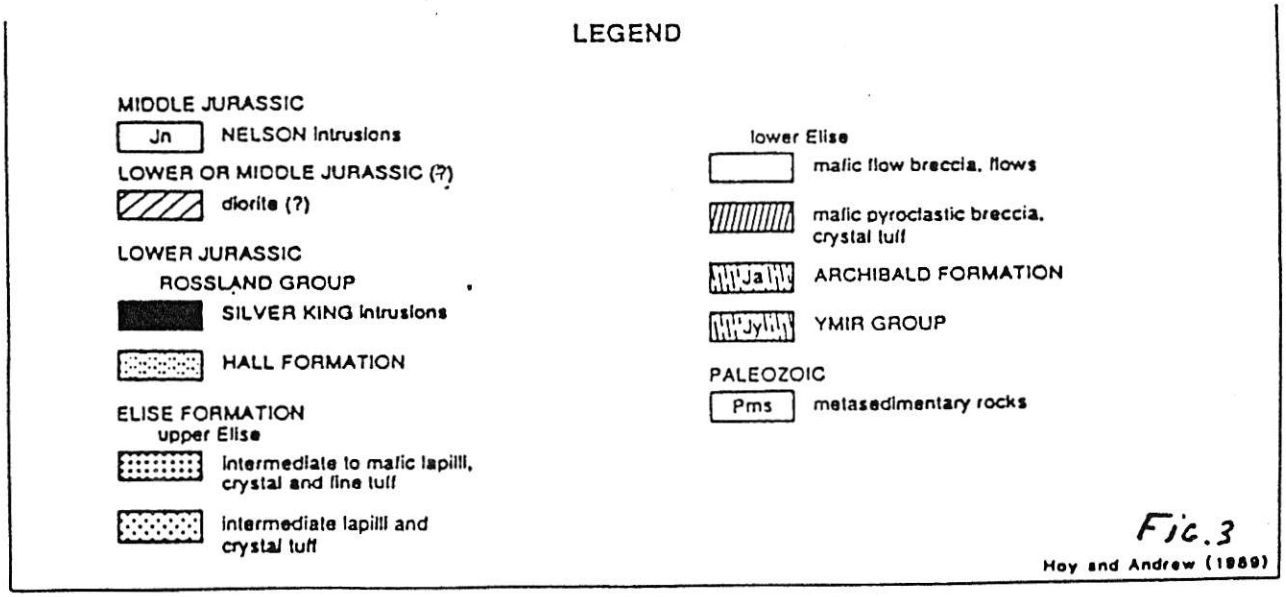
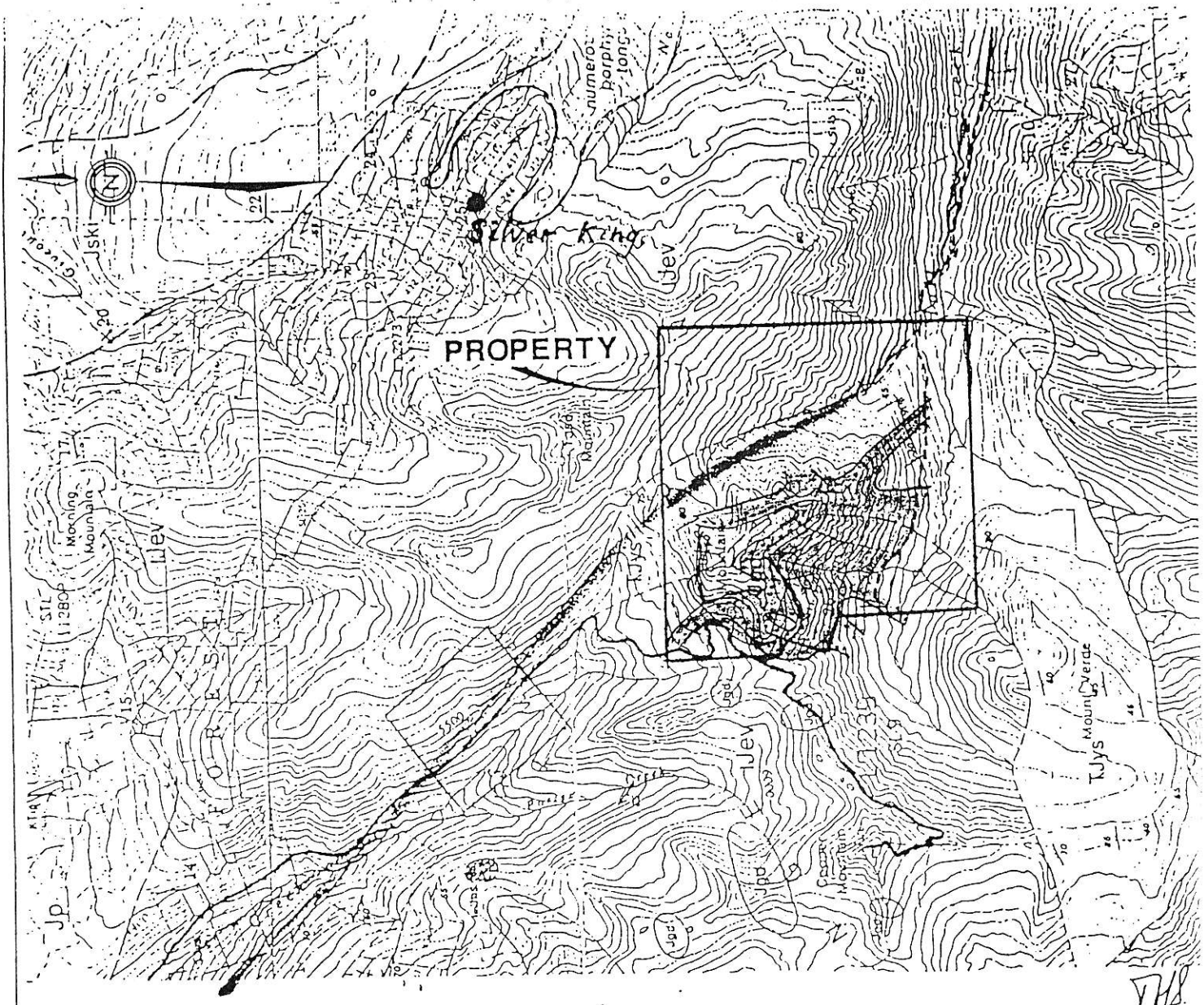


Figure 1-4-2a. Geology of the Nelson map area.



LEGEND:

Fossil Evidence

Jurassic	Nelson intrusions	
Jgd	± Granodiorite	
Lower & Middle Jurassic		
ImJhs	Hall formation, argillite, sandstone, conglomerate.	Toarcian
IJev	Elise formation.	Pliensbachian
Jski	Silver King plagioclase porphyry. Andesite, basalt, augite porphyry.	Sinemurian
Triassic		
TJys	Ymir Group Argill. quartzite, slate, basal limestone.	Hettangian

< 30 ppb gold

> 30 ppb gold

Road.

Completed 4-WD road.

Scale: 1: 50,000.

Aeromagnetic Low.

Hiawatha Resources Inc.

Red Mountain = Eagle property 82-F-6-W/2

Peter H. Sevensma Consultants Ltd., Vancouver, B.C.

Nelson M.D., B.C. | Scale: 0 1 km | Fig: 3

HIAWATHA RESOURCES INC.

Preliminary Field Budget for 1989

Rozan-Eagle and O.G.G. Claims

82-F-6/W Nelson M.D. - B.C.

1.	**Lines & Soils**	
	Linecutting 30km @ $275/km	$ 8,000.00
	Soil sampling $160/day - 300 samples	1,000.00
	Assaying, shipping, 300 samples	3,500.00
	Prospecting O.G.G., 30 days @ $150.00	4,500.00
2.	**Geophysics**	
	Mag & Max-Min, $650./day, 6 days	4,000.00
	U.T.E.M. survey, 15km	21,000.00
	Trenching by back hoe	8,000.00
	Assaying, 50 samples @ $40.00	2,000.00
3.	**Mapping**	
	Geological mapping @ $200/day, 60 days	12,000.00
4.	**General**	
	Supervision, Reports	30,000.00
	Transportation	3,000.00
	Fixing cabin for drilling	3,000.00
		$ 100,000.00
	Contingencies, 10%	10,000.00
	Overhead, 15%	15,000.00
	Working Capital	25,000.00
	TOTAL	$ 150,000.00

NOTE: Assessment requirements
Rozan, property payment, July 5th, $5,000.00
O.G.G. work required: $9,200.00 per year

It is proposed to concentrate O.G.G. work on O.G.G.3 and O.G.G.1, and work further south only as results justify. These claims are all grouped into 1 group.

Due Dates:

* O.G.G. 1 & 3, 15 units @ $200.00 = $3,000.00 May 6, 1989
O.G.G. 2, 6 & 7, 18 units @ $200.00 = $3,600.00 July 19, 1989
O.G.G. 4, & 5, 13 units @ $200.00 = $2,600.00 Sept 2, 1989

* Being taken care of.

Vancouver, April 29, 1989

P.H. Sevensma
P.H. Sevensma
Exploration Manager

; perspective. Perspective
prescience – it's a skill.
key decision in project devel-
it is applying this percep-
One looks to old exploration
s, rock specimens and deals
l on the original property.
arisons are made to existing
ts. The winner is usually not
st person on the site, more
the discovery is based on a
ft in the old records. Person-
d rather see alteration in a
ecimen rather than a dozen
bets" on paper. There are
any others pretending to do
o, substituting their skills for
ogist's.
n only guessing when I say
erhaps 20% of the new min-
ntures brought in by flow-
gh will actually produce. Nev-
ess, flow-through remains an
mechanism to automatically
iel that extra dollar in the
my toward exploration.
eoretically, this new system, a
ination grant-subsidy, should
better to junior mining be-
it reduces dilution. But if it is
anything more than a grub-
for the majors, serious junior
ig will have to win back the
dence of the investor. Hard
cing is also an essential ingre-
to their success.
ploration is not quick and not
Too often geologists are not
ved in management. Invest-
ould realize that our industry
s share of honest people who
enuinely concerned with geo-
al content.

R. W. Metcalfe
Metcalfe and Associates Ltd.

EGINALD JOHN KRUSE
1928-1989

e were shocked and deeply sad-
ned when John Kruse passed
way suddenly on April 19, 1989.
ohn Kruse, a native of Gaspé,
uébec, truly loved the mining busi-
ess, having worked in it as a
eologist, and a member of project
anagement virtually all his adult life.
e worked primarily in northern and

Nelson conference reflects interest in Kootenay

NELSON, B.C. – If the turnout at the Kootenay Exploration and Mining Conference in Nelson is any indication, there is plenty of interest in the exploration potential of the Kootenay region.

The conference was sponsored by British Columbia's Ministry of Energy, Mines and Petroleum Resources in conjunction with the Chamber of Mines of Eastern B.C., and although registration was expected to be 150, the final tally was more than 200.

Frank Fowler, exploration manager for Antelope Resources (VSE), discussed exploration activity in the Rossland Camp near the old Le Roi mine. Antelope has drilled more than 40,000 ft on its property under a joint venture agreement with Bryndon Ventures (ASE).

Although massive sulphide targets on the property are relatively small, they have yielded large amounts of gold, silver, and copper. Before production ended in 1941, the Le Roi mine produced 6.2 million tons of ore with a recovered grade of 0.47 oz gold, 0.6 oz silver and 1% copper from a relatively small area.

Fowler predicted they would need "several hundred thousand ounces" to get going again. Although past production was mostly direct-smelted at nearby Trail, he said they could produce a decent sulphide float. About 40% of the gold is free milling, he added.

Discussing the Bar discovery, a structurally-controlled hydrothermal copper-gold occurrence in the Moyie River area, Peter Kleuchuk of Chapleau Resources (VSE) said the deposit could be at least four million tons. Located on the Cranbrook fault, it has extensive quartz, copper minerals (including native copper) and anomalous gold, he told the gathering.

Barry Devlin of Esperanza Explorations (VSE) discussed the Tillicum Mountain property. Exploration outlined what might be a major gold deposit of several million tons in the East Ridge zone, averaging about 0.2 oz. Gold mineralization is associated with a large skarn, but a major structural control is present, he noted. The property is near Burton, B.C., and more work is planned this year.

Michael Henrick of Queenstake Resources (TSE) gave an update on the Moyie River placer project where low production costs of about $260(C) per oz of gold are due to the deposit's high grade.

David Makepeace of Dickenson Mines (TSE) discussed activities at Dickenson's Silvana mine at New Denver. The silver-lead-zinc producer can only be described as a survivor given today's silver prices. Significant amounts of lead and zinc are produced there as well. The Geological Survey Branch has outlined potential for "high tech" minerals in the area and this was the subject of a talk by Jennifer Pell. Minerals such as zirconium, gallium, germanium and yttrium, and rare earths beryllium and niobium are known to exist in the Kootenays. Detailed information is available from the Ministry of Energy, Mines and Petroleum Resources, Geological Survey Branch. Large reserves of marble granite are also available which meet ASTM standards, she said. A finishing plant in Delta, B.C., is the only one west of the Mississippi River.

Historical plaque to be unveiled at Brittania

A plaque commemorating the historic mining town of Brittania Beach, B.C., will be unveiled by Mary Collins, M.P., on May 13. A reunion for former employees and residents of Brittania mines will be held the same day. The public is invited to attend a 1920s-theme fair at the site, a 45-minute drive north of Vancouver. For more information call the B.C. Museum of Mining at 688-8735.

Grant to help Indians in deal with Bond Gold

The Windigo tribal council will receive a $46,000 provincial grant to fund the implementation of an agreement with Bond Gold Canada (TSE). The band will get social and economic benefits from Bond's Golden Patricia gold mine. The band will also hire staff to develop projects related to the mine and help band members get jobs at the mine.

World Gold Conference

PEOPLE

GOLDEN SITKA – Donald D. Sharpe appointed president.

☐ ☐

PIONEER METALS - C.J. Byrne McNamara and Michael L. Clark appointed to the board of directors.

☐ ☐

CENTURION GOLD – John Chapman appointed president and chief executive officer.

☐ ☐

TOPAZ EXPLORATION – Ms Anna Nyarady appointed a director; Cheryl Rolston appointed secretary.

☐ ☐

WHIRLWIND RESOURCES – Rod McCansh appointed president and director succeeding Terry Butchart who has resigned.

INTERNATIONAL SHASTA RESOURCES – Edward W. Craft appointed manager, project development.

☐ ☐

VARNA GOLD – Gerald L. Colborne appointed president and chief executive officer.

☐ ☐

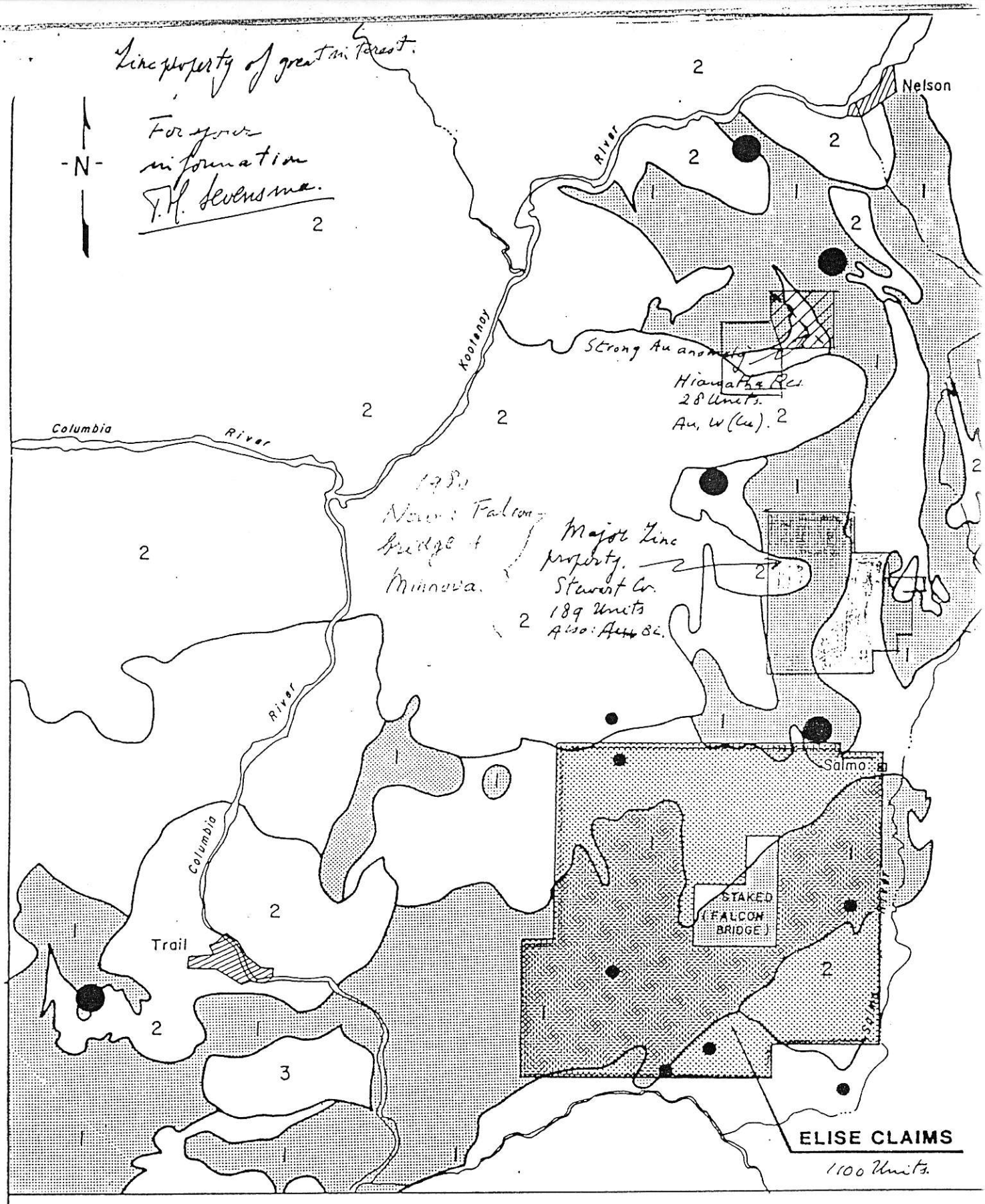
COMMODITY EXCHANGE, INC. (COMEX) – Alan J. Brody, president and chief executive officer, will resign effective June 30.

☐ ☐

CHELSEA RESOURCES – Brian J. McAlister has resigned as a director.

☐ ☐

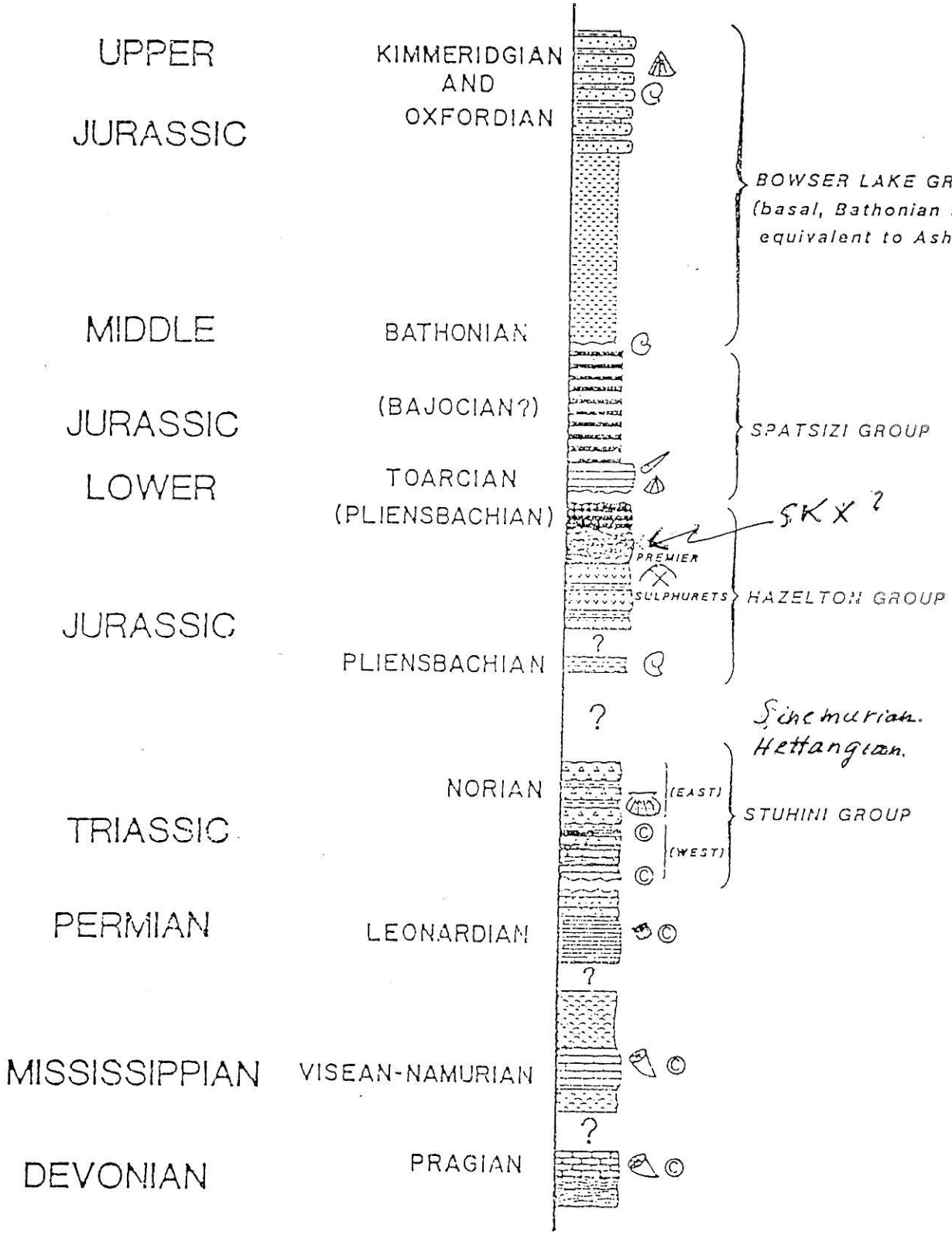
ASARCO INC. – David N. Lewis appointed manager of the Missouri mines division.



CORONA CORPORATION
WESTERN EXPLORATION

SALMO PROJECT
COMPILATION MAP

DATE: AUG. 1988	SCALE: 1" = 4 Miles	DRAWING No.



Iskut River - Stewart Area

LEGEND

MIDDLE AND UPPER JURASSIC BOWSER LAKE GROUP

- greywacke
- shale

TOARCIAN AND BAJOCIAN? SPATSIZI GROUP

- siliceous shale
- submarine tuff
- sandy limestone and limy sandstone

LOWER JURASSIC HAZELTON GROUP

- welded tuff and tuff breccia
- maroon volcanic conglomerate and breccia
- massive green andesite and minor shale

UPPER TRIASSIC STUHINI GROUP

- clinopyroxene-phyric volcaniclastic rocks (eastern volcanic facies)
- shale and argillite
- clinopyroxene-phyric mafic tuff and flow rock; felsic tuff (western volcanic facies)
- grey sparry limestone and chert-limestone conglomerate

PALEOZOIC STIKINE ASSEMBLAGE

- green intermediate to felsic volcaniclastic rock and tuff (PERMIAN)
- thin bedded coralline limestone (L. PERMIAN)
- pillowed basalt and hyaloclastite (MISSISSIPPIAN)
- medium to thick bedded coralline limestone (MISSISSIPPIAN)
- deformed coralline limestone (L. DEVONIAN)
- schistose mafic volcaniclastic rock (L. DEVONIAN?)
- schistose felsic tuff (L. DEVONIAN?)

SYMBOLS

- *Buchia*
- ammonite
- belemnite
- *Weyla*
- *Minotis* or *Halobia*
- tabulate coral
- rugose coral
- ? unknown stratigraphic relationship
- unconformity
- mineral deposit