

Report

on

THE REFERENDUM GOLD PROSPECT

**Nelson Mining Division
82F/6 NW
British Columbia**

for

SNOWWATER RESOURCES LTD.

Nelson, B.C.

by

ALBERT F. REEVE, P.Eng.

October 22, 1986

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INTRODUCTION

This report on the "Referendum" property near Nelson B.C. has been prepared at the request of Mr. Henry Zukowski, the President of Snowwater Resources Ltd. of Nelson, B.C. The report is based on a visit to the property on October 8, 1986, as well as government reports and private reports provided by the Owners.

LOCATION AND ACCESS

The property is located on the northwest part of NTS Map Sheet 82F/6, six miles southwest of the town of Nelson on Fortynine Creek at about 5500 feet above sea level. Access is achieved by driving 22 miles from Nelson via the settlement of Blewett and the Rover Creek forestry road.

The north facing mountain slope on the property is heavily timbered except in the area of the Crown Granted claims which has recently been logged.

PROPERTY

The property covers approximately 1800 acres and is owned by Mr. Tom Cherry of Nelson, B.C. It is understood that Mr. Cherry has made an option agreement with Snowwater Resources Ltd. of Nelson. Mineral claim records were provided by the Owners as follows:

A. Reverted Crown Granted Claims:

Lot 4388	Golden Cross	Expires	April 8, 1989
Lot 4387	Referendum	Expires	April 8, 1990
Lot 4386	Katie	Expires	April 8, 1989

B. 2-Post Mineral Claims:

Tec 1	Record No. 2998	Expires	April 8, 1987
Tec 1	Record No. 2999	Expires	April 8, 1987
Tec 3	Record No. 3000	Expires	April 8, 1987
Tec 4	Record No. 3001	Expires	April 8, 1987
Tec 5	Record No. 3002	Expires	April 8, 1987
Tec 6	Record No. 3003	Expires	April 8, 1987
Tec 7	Record No. 3004	Expires	April 8, 1987
Tec 8	Record No. 4414	Expires	August 29, 1987
Tec 9	Record No. 4415	Expires	August 29, 1987
Teccu 1	Record No. 4263	Expires	October 29, 1989
Teccu 2	Record No. 4264	Expires	October 29, 1989

C. MGS Mineral Claims

Tec Gold #1 (9 units)	Record No. 4370	Expires	July 3, 1987
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Tec Gold (16 units)	Record No. 2997	Expires	April 8, 1987
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SUMMARY AND CONCLUSIONS

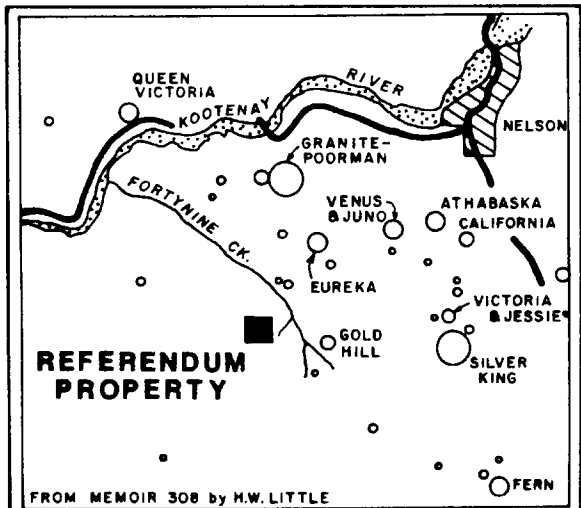
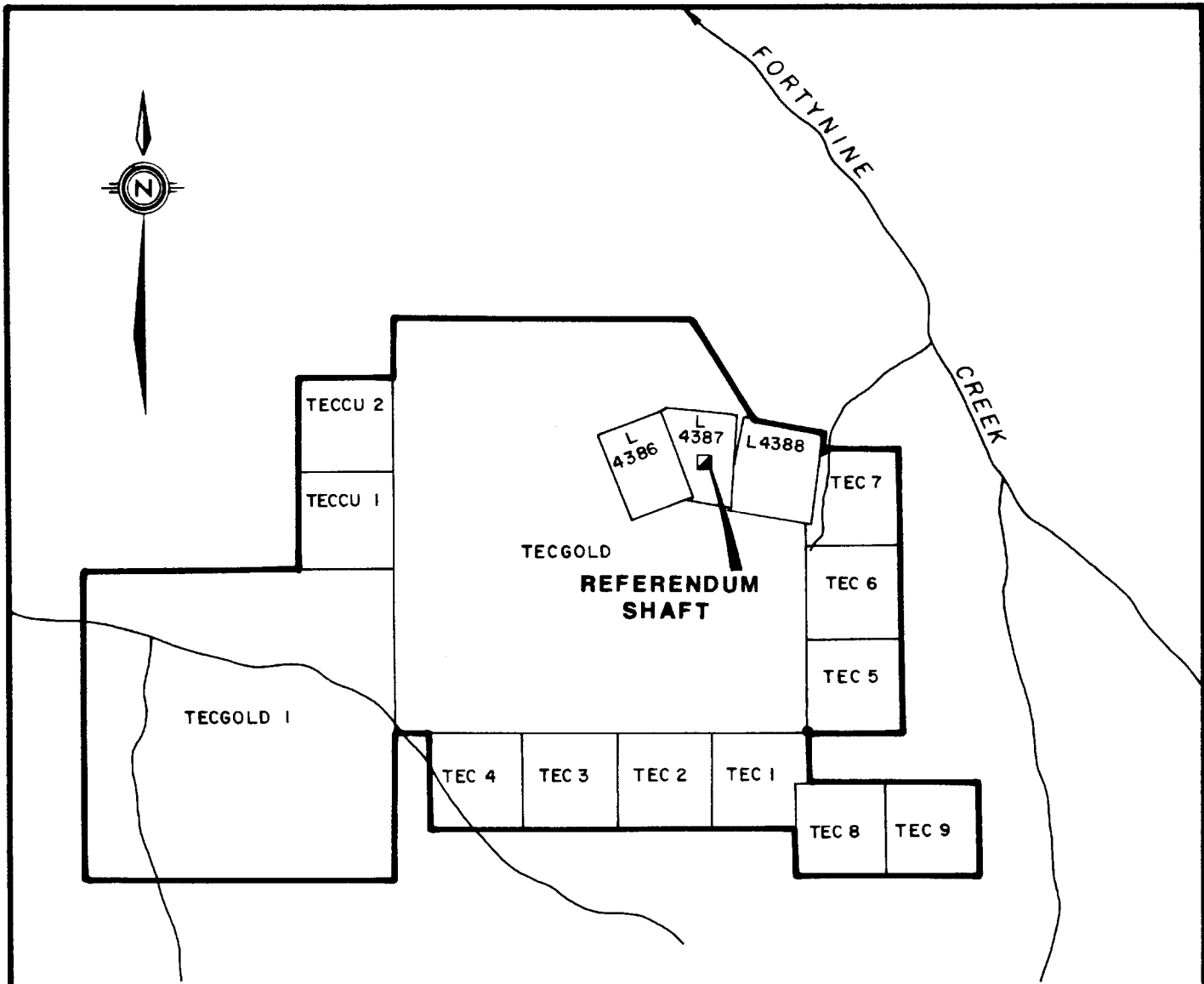
The Referendum gold property held by Snowwater Resources Ltd. is located 6 miles south west of Nelson, B.C. It is accessible by road and is located within an area of about 100 square miles where gold and silver bearing ores have been mined from about 30 locations. This area's close proximity to the Trail smelter (about 40 miles) could be a considerable economic advantage to any future mine development programme. The principal host rocks for the precious metals bearing veins and shear zones are the Rossland Volcanic Group which also hosts British Columbia's second most productive gold mining district near the town of Rossland.

There has been about 130 oz. of gold produced from the main Referendum vein, 100 oz. from a 250 foot shaft prior to 1907 and, within the last three years, about 30 oz. from surface near the shaft collar. The surface material averaged .13 oz/ton gold whereas ore from the shaft averaged .40 oz/ton indicating considerable grade improvement with depth. This idea is supported by a recent 10 ton shipment of material from the shaft dump that assayed 7.75 oz/ton silver as well as .20 oz/ton gold. The possibility of higher grade vein matter at depth should be tested by diamond drilling.

Two additional veins seen on the property are gold bearing and at least three others need to be sampled. Quartz stringers and sulphide bearing material in the wall rocks should also be sampled.

Overburden depths are not great and a programme of trenching, mapping and detailed sampling would be an effective exploration method.

A work programme with an estimated cost of \$102,900 is recommended.



LOCATION MAP
SILVER & GOLD MINES,
NELSON M.D.-B.C.
SCALE 1"=4 MILES

○ AMOUNT OF PRODUCTION IS RELATIVE TO CIRCLE'S DIAMETER.

FROM MEMOIR 308 by M.W. LITTLE

SNOWWATER RESOURCES LTD.
REFERENDUM CLAIM GROUP
 NELSON M.D.-B.C. NTS:82F/6

CLAIM MAP

To accompany a report by
 A.F.Reeve P.Eng. Oct., 1986

FIGURE:1

GEOLOGY OF THE NELSON DISTRICT

The area immediately southwest of Nelson has been the subject of considerable mining activity. It covers about 100 square miles and is underlain principally by volcanic rocks of the Jurassic Rossland Group. This unit is composed of flows and tuffs of basaltic to felsic composition. They have been folded into a northwest trending belt which forms a roof pendant within granitic rocks of the Nelson batholith. The Rossland rocks have been subject to "greenschist" metamorphism and include intensely sheared zones of chlorite and sericite schist.

In this area, ores containing gold, silver and base metals have been mined on a small scale from about 30 locations. The seven largest operations, according to B.C. Department of Mines literature were as follows:

Name of Mine	Tonnage		
	Produced	oz. Au	oz. Ag
Silver King	221,997	2,220	4,437,720
Granite Poorman	197,749	63,280	25,707
Athabaska	46,055	20,264	4,605
Queen Victoria	44,423	1,777	19,990
Fern Mine	12,430	6,215	497
Eureka	9,815	589	35,923
Venus Juno	5,967	3,401	3,043

Most of the mineralization occurs as quartz veins and stockworks in the volcanics and the adjacent Nelson batholith. Some "replacements" and disseminations of sulphide within sheared volcanic rocks are also reported.

**GEOLOGY AND MINERALIZATION
OF THE REFERENDUM PROPERTY**

The present property covers about 1800 acres and is underlain by fragmental volcanic rocks and minor sediments of the Rossland Group. Intense shearing has produced bands of chlorite and sericite schist which have a general northwest trend and dip steeply to the southwest. The bedrock is covered by fairly shallow till and outcrops are frequently seen in road cuts, prospect pits and trenches.

Six quartz vein showings were seen on the property as follows:

- (a) **The Referendum Vein** is located on the central part of Crown Grant No. 1626. It varies in width from 1 foot to 5.5 feet, has an east-west strike and dips 80° to the south. It is milky white in colour and contains irregular clusters and bands of tourmaline. Some stringers of quartz were noted in the sheared footwall. There is a shaft on the vein which is reported to be 200 feet deep and which produced 250 tons of material averaging .40 oz/ton gold in 1907 (B.C. Minister of Mines Annual Report 1907, page 103). A 5.5 foot sample taken by the writer at the shaft assayed .126 oz/ton gold and a second sample 100 feet to the east assayed .071 oz/ton gold across 9 inches. Both samples assayed .01 oz/ton silver. The owner has, during the past 3 years, shipped 220 tons of quartz averaging .13 oz/ton gold and minor silver to the Cominco smelter at Trail. This material was surface mined from a 100 foot section of the vein centred approximately on the shaft. A shipment of 10 tons from the shaft dump averaged .20 oz/ton gold and 7.75 oz/ton silver.

- (b) Two narrow veins subparallel to the Referendum were seen about 100 feet and 300 feet to the northwest.

- (c) A vein located about 1500 feet south-southeast of the Referendum shaft is exposed in a pit. A six foot sample taken by the writer, containing 10% white quartz, assayed .005 oz/ton gold and a specimen of rusty copper stained quartz from the hanging wall assayed .078 oz/ton gold. A 10 ton shipment by the Owner from this location assayed .05 oz/ton gold.

- (d) A very strong, sulphide bearing, quartz vein was seen in the wall of a second shaft about 700 feet north of the Referendum. It is near vertical and has a northwest strike. A sample of dump material taken by the writer assayed .376 oz/ton gold and .14 oz/ton silver.

RECOMMENDATIONS

The following Exploration programme is recommended for the Referendum claim group:

1. **Trenching and Sampling**

Excavator trenching across the strike of the known veins and their projections is recommended; to be followed by longitudinal stripping of any encouraging vein sections, as well as detailed sampling of the veins at intervals of not less than 10 feet. This work is to be recorded on an assay plan along with some basic geology.

- Excavator 100 hrs x \$100	\$ 10,000
- Sampling & Geology Crew 10 days x \$550	5,500
- Assays Au, Ag 250 x \$13	3,250
- Accommodation, meals, travel	2,000
- Allowance for survey control	2,500
- Reporting, drafting and Miscellaneous office expense	2,500
Total	<hr/> 25,750

2. **Diamond Drilling**

At least four diamond drill holes are recommended to test the Referendum Vein for high grade material at depth in the vicinity of the shaft. The drill holes should intersect the vein projection at about 100 feet and 200 feet below the shaft collar.

- 1500 feet of diamond drilling
including all support costs:

1500 x \$40 \$ 60,000

3. An allowance of 20% for additional drilling, trenching and sampling as required, is recommended \$ 17,150

Total recommended work programme **\$102,900**

Respectfully submitted,

A.F. Reeve, P.Eng.

Appendix A

WRITER'S CERTIFICATE

ALBERT F. REEVE LIMITED

CERTIFICATE

I, Albert F. Reeve of 904 - 675 West Hastings Street, Vancouver, British Columbia, do hereby certify that:

1. I am employed by Albert F. Reeve Limited of Vancouver, British Columbia and have practiced as a mineral exploration geologist for the past 24 years.
2. I graduated from Michigan Technological University, Houghton, Michigan in 1961, with a Bachelor of Science degree in Geological Engineering.
3. I am a member in good standing of the Association of Professional Engineers of British Columbia.
4. I have no direct or indirect interest whatsoever in Snowwater Resources Ltd. or its mineral properties, nor do I expect to receive any such interest.

Albert F. Reeve, P.Eng.

Vancouver, B.C.

October 22, 1986

Appendix B

REFERENCES

REFERENCES

B.C. Minister of Mines Annual Report 1907, page 103.

Report for Coffee Creek Resources Ltd., W.G. Hainsworth, January
1981.

Geochemical Report by J. Edington of Spokane, Washington, B.C.
Assessment Report #3533, 1971.

British Columbia Department of Mines & Petroleum, Geological
Fieldwork 1985, pages 333, 334 and 335.

G.S.C. Memoir #308, Nelson Map Area, West Half, H.W. Little,
1960.

British Columbia Mineral Inventory File.

Appendix C

SMELTER RECEIPTS

SMELTER RECEIPTS

from Cominco Ltd., Trail B.C.
to Tom Cherry, Nelson B.C.

Date	Short Tons	Grade oz/ton Au	Grade oz/ton Ag
September 3, 1986	22.9	.089	0.65
September 3, 1986	22.7	.087	0.15
September 6, 1985	19.7	.057	0.35
August 7, 1985	12.4	.130	0.40
July 5, 1985	9.0	.278	0.30
November 29, 1984	10.8	.172	0.25
November 23, 1984	10.9	.080	0.35
November 22, 1984	19.2	.232	1.00
October 25, 1984	12.2	.055	0.25
September 26, 1984	23.3	.203	0.20
November 28, 1983	25.2	.147	0.90
November 17, 1983	10.2	.200	7.75
November 17, 1983	10.1	.045	1.20
September 28, 1983	22.0	.100	0.35
September 7, 1983	9.8	.158	2.20