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REPORT ON THE
DIVIDEND-OSOYOOS CLAIMS
OSOYOOS MINING DIVISION,
OSOYOOS, B.C.

for

GOLDEN DIVIDEND RESOURCES CORP.,
901 - 837 West Hastings Street
Vancouver, B.C. V6C 1B6

by

W.G. Hainsworth, P. Eng.
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Vancouver, B.C.

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SUMMARY & CONCLUSIONS

The Dividend-Lakeview area of the Osoyoos Mining Division has seen intermittent exploration efforts plus disjointed production performances over the last seventy years. It has a history - particularly in the case of the Dividend - of producing precious metal, primarily gold. The Lakeview during its short operational career drew almost half of its revenue from the copper sales, the other half, from its gold production.

Between the granodiorite Osoyoos Batholith and Osoyoos Lake lie rocks tentatively assigned to either the Permian or Triassic age and termed either Anarchist or Kobau series. These rocks include schistose and massive andesites (greenstones), micaceous quartzites and minor crystalline limestone. The limestone members occur as lenses and/or pods within the altered flows. These formations appear to have been intruded by later dioritic bodies. Subsequent metamorphism has altered the entire assemblage with localized production of garnet skarn beds often being associated with economic mineralization.

The interest in the area is testified by the myriad of trenches, pits and stripped zones scattered through the claims. Gold values of various grades is verified by the writers sampling of different structures on the claim group.

It would appear that the Dividend ore body has been mined out. There was a modest drill program laid on from the underground with apparently no success. Other than for two holes testing an S.P. survey east of the Dividend glory holes in 1964 and an underground mapping of the levels by Cominco in 1941, it appears that the statement "run out of ore" has been accepted at face value. Further level examination is warranted in order to arrive at a definite conclusion.

The Manx adits first opened by leasers in the late '20s were repaired and explored by Osoyoos Mines. A narrow quartz vein in limestone with attendant skarn sections was the attraction, values are reported in a siliceous pyritic band disclosed on the offset side of the upper tunnel where five foot face samples ran 0.33 oz.t. gold. The history of the lower tunnel is more obscure but some raising is evident although the reason for this action is unknown. A flat drill hole, among others, put out from the face of the upper adit intersected five feet of 0.29 oz./t. gold at a core depth of 170 feet from the face. Further investigation should be made of these two adits. The Manx plus the Lakeview and Dividend ore is said to have contributed to the 50 ton mill feed in 1936.

The inclined shaft on the Osoyoos-Heclar Fraction was sunk on a strong lensey quartz structure. Although the writer's gold assays were weak the Shaft plus attendant open cut and trenches to the southwest should be more closely investigated.

In the late fifties and the sixties the exploration trend was in the direction of copper mineralization. With the introduction of the copper open pits the field programs became more oriented towards this metal. Copper staining is evident on the Osoyoos claims of Golden Dividend Resources Corp. but would not appear to be the primary metal of importance on the group. In view of the present price structure of both metals, gold becomes the more dominant commodity.

Trenching done by Pine Pacific in 1967 should be closely examined and sampled although the program might well have been directed towards copper.

The general area can be described as similar to a gopher haven with its numerous adits, pits and trenches scattered through the claims.

Gold mineralization was identified and mined in two productive areas within the claim group. Physical evidence of its presence (as past presence) is very obvious.

Potential exists for the location of areas of skarned material carrying values in gold. There is no recorded history of any operations on the property since the price of gold was increased from \$35.00 American per ounce in 1972. Providing that a suitable option or working agreement can be worked out with the vendors, acquisition of this property is warranted.

A staged program based on a success contingency is recommended. The first stage broken into two phases would consist of the initial phase being that of search and identification of target areas. Included in this phase would be mapping (surface and underground) rock sampling, geochemistry and ground geophysics (EM16 and magnetometer) at an estimated cost of \$27,000 (Canadian). The second phase would be the proving up of the targets, through a restricted 2,500 feet of diamond drilling at an estimated cost of \$115,000 (Canadian).

The second stage would be contingent upon the success generated in the target identification of Phase II. The size of this program would be variable, again dependant upon the success of the earlier programs.

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INTRODUCTION

The Dividend Mine property of six Crown-grants, 3 mineral leases and 6 located claims is situated on the lower eastern slopes of Kruger Mountain, a mile and a half southwest of the town of Osoyoos and one mile north of the International Boundary. The property was examined January 25, 1983 in the company of Mr. Joe Falkoski. Mr. Falkoski, a mining contractor from Bridesville, is the representative partner of the property.

The terrain is mildly rugged with some 200-250 feet of relief. The only vegetation is that of sand tumbleweed. Local water may present a slight problem for drilling but could be brought in from the lake for large projects such as an expanded drill program or mining operations. Electrical power would be available from Osoyoos.

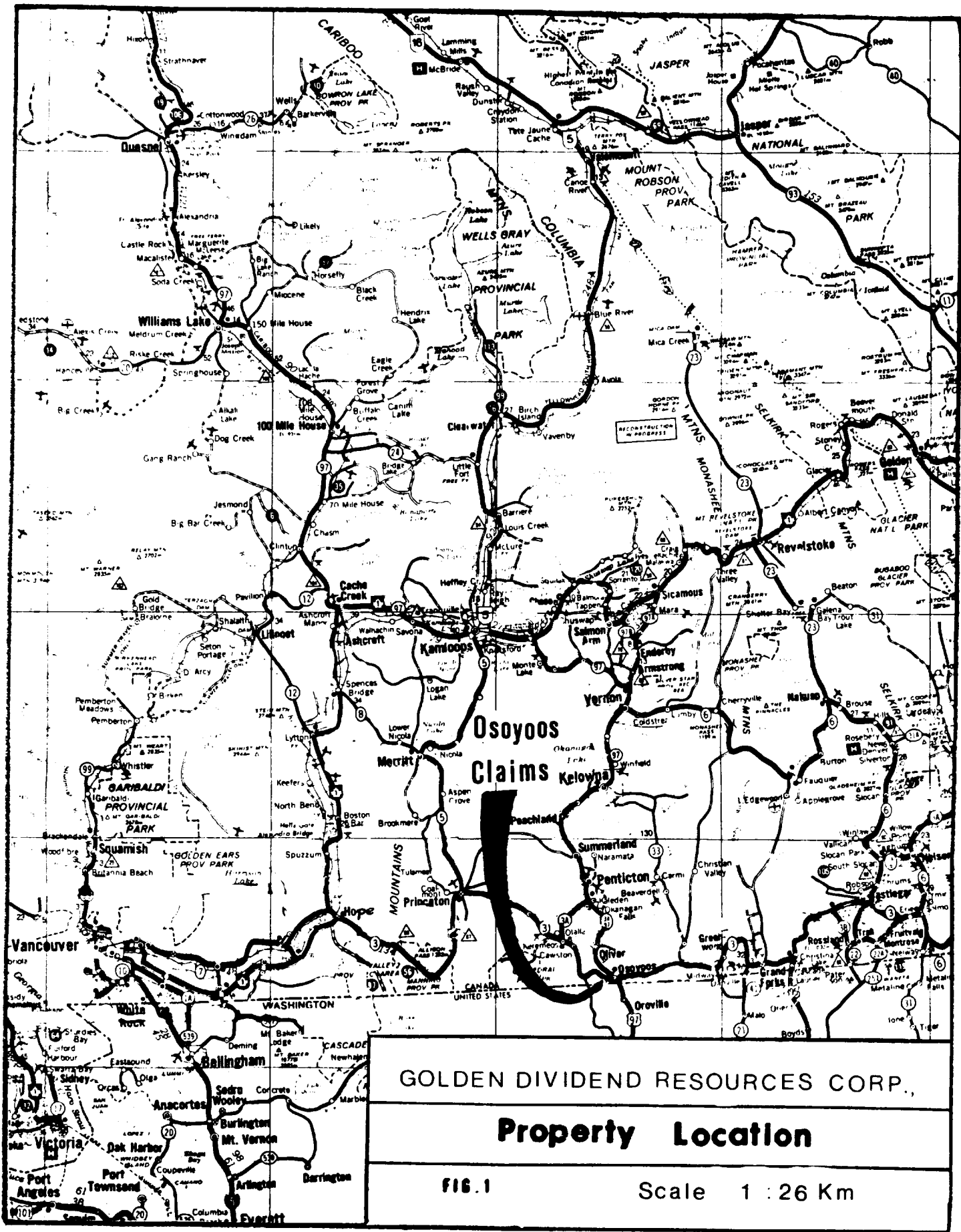
Mineralization occurs in fractures in a sheared greenstone alteration bed and in contact metamorphic limestone lenses. Values in gold, silver and copper occur in pyrrhotite, magnetite, chalcopyrite and occasionally arsenopyrite.

Past production operations on the property has consisted of sporadic mining operations on two of the area Crown-granted claims - Dividend and Lakeview - with the former claim being credited with shipments of crude ore and concentrates.

LOCATION AND ACCESS

The claim group is located along the east slope of Kruger Mountain, a mile and a half to the west of the town of Osoyoos, British Columbia.

Access to the claim group is by a short gravel road exiting from the paved Golf Course Road close to the racetrack. The town of Osoyoos is on the southern Transprovincial highway #3, approximately 245 miles (394 kilometers) from Vancouver.



PROPERTY

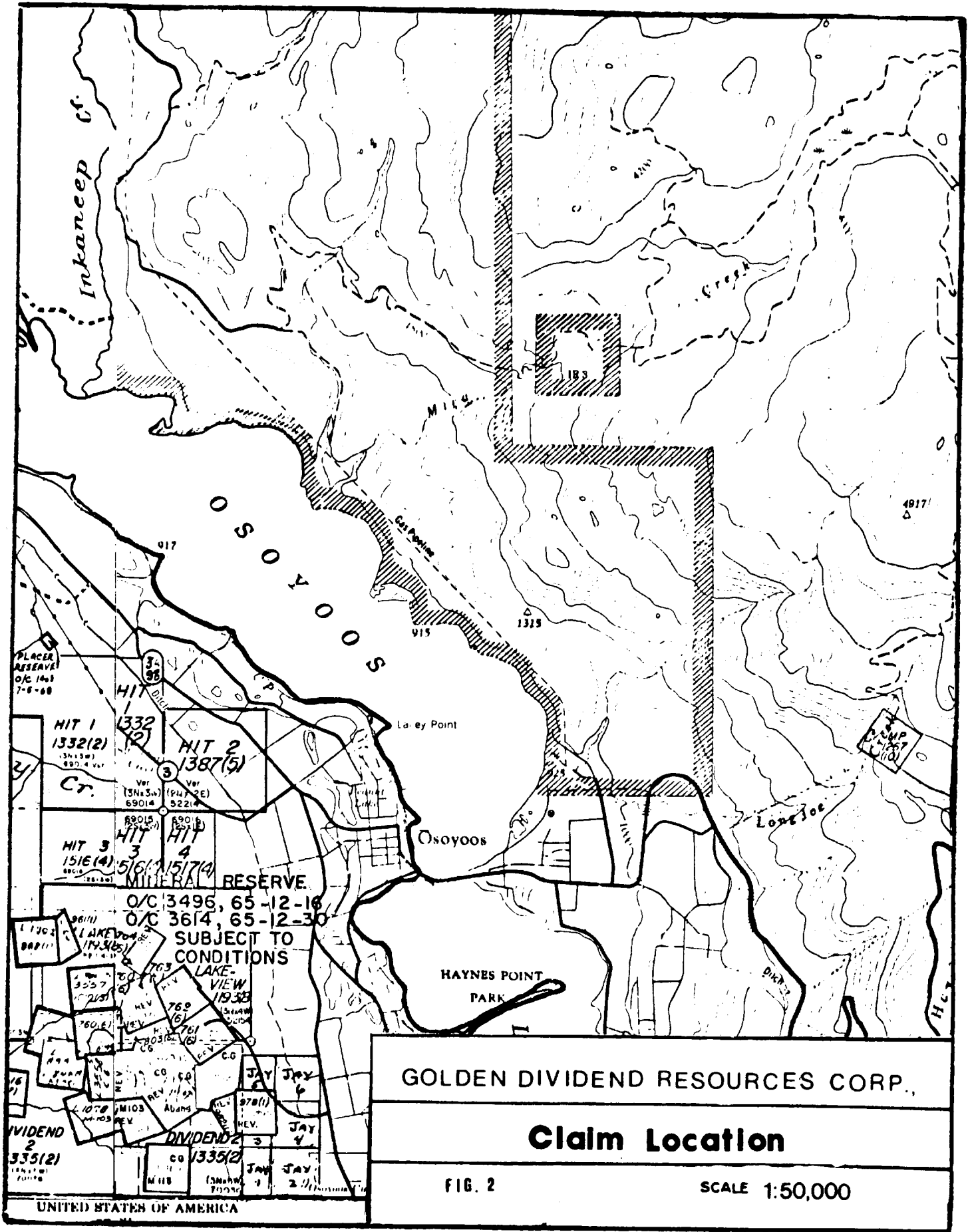
The Dividend claim group is located within the Osoyoos Mining Division, a mile and a half west and slightly south of Osoyoos.

The property consists of six Crown-granted claims, three mining leases totalling five reverted Crown-granted claims, and six claims located by the two post system. The claims form a contiguous group roughly measuring 8,500 feet (2,600 meters) in an east-west fashion from the hill slopes to the edge of the fruit orchards and 2,800 feet (850 meters) in a north-south manner with a single Crown-grant, the International, lying south of the group and having its south claim line flush with the International border.

Co-ordinates of the central point of the group are longitude $49^{\circ} 04'$ north and latitude $119^{\circ} 32'$ west with its N.T.S. as 82 E/3.

The Claims

<u>Name</u>	<u>Lot # - Record # - Lease #</u>	<u>Expiry Date</u>
International	1076	
Dividend	1589	
Dividend Fraction	1590	
Manx	3558S	
Little Manx Fraction	3559S	
Osoyoos Heclar	3573S	
Eagle Fraction	2395S	M26
Orient	1898	M36
Lakeview Extension	2468	M36
Copper King	1078	M103
Bullfrog Fraction	3572S	M103
Jay 1 to 6 incl.	1637 to 42 incl.	January 20, 1984



HISTORY

The Dividend-Lakeview area received prospecting attention prior to the turn of the century with the result that several of the more promising showings, including the Dividend, were Crown-granted early in the 1900's.

Granby Consolidated Mining and Smelting was the first senior mining company to option and work the Dividend in 1908. They returned it to the original owners, the Dividend-Lakeview Consolidated Gold Mining Co., Ltd., in 1911 who proceeded to mine the Dividend ore body by the Glory-hole method. From 1912 to 1914, at which time they were forced to close down due to wartime smelter restrictions, 20 cars of ore grading 1.02 oz./t. gold had been shipped to the Granby smelter at Grand Forks.

In the late 1920's and early '30s the mine was under the direction of leasers. In 1933 the claims were acquired by Northern Syndicate, Limited, of Calgary who formed the Osoyoos Mines, Limited to operate the property. After considerable development work and the shipping of 2,300 tons of raw ore to the custom mill at nearby Fairview Mines, the company, in 1935, started construction of their own 50 ton stamp and flotation mill which went into operation in March 1936. In 1937 the mill capacity was increased to 75 tons as a result of further exploratory and development work. In 1939 after undergoing a name change (Osoyoos Mines of Canada Ltd.) the mill was expanded to 150 tons. In 1940 the mine and mill shut down, ostensibly due to no ore. There has been no attempt made to operate the Dividend since 1940. During the operational period, the mill ran a through put of 97,016 tons which is said by Cominco reports to have averaged 0.19 oz. per ton gold. They report the grade of the ore decreasing from 0.48 in 1936 to 0.11 in 1940 at closure.

In 1941 Cominco examined the claims with a view to re-organization of the corporate structure and carrying an exploration and development program over the property. No decision was made.

In 1963, Sheep Creek Mines Limited optioned the group and after running magnetometer and self-potential surveys did some 2,404 feet of drilling in 15 scattered holes, of which only two holes were on the present block of ground. Sheep Creek's exploration interest lay in copper and molybdenum mineralization.

Torbrit Silver Mine ran their own geophysical survey over the Dividend and a large group of surrounding claims in 1966.

In 1967, Pine Pacific Mines Limited carried out a magnetometer survey over the Lakeview-Dividend claims and on the basis of the results did some 2,500 square feet of bulldozer stripping in addition to excavating three 200 foot trenches. As a follow-up they diamond drilled four holes for a total of 1,300 feet.

Multiple Mining Ltd. of Vancouver did some geochemical work and ran a geological survey over specific areas in the vicinity of the Dividend in 1968 while in 1970 an I.P. and a Resistivity survey were conducted on the Gem Crown-grant north of the Lakeview and on a block of staked ground east of the Dividend.

Since 1970 there has been no reported interest in the claims.

GEOLOGY

The claims are underlain by an assemblage of interbedded sedimentary and volcanic rocks. There is some doubt as to the proper age classification for these host rocks with some writers putting them into the Anarchist group of Permian age while others classify them as the Kobau group, an older formation of Triassic age.

The sedimentary beds are composed of dark micaceous quartzites which are highly sheared through most of the claims and generally altered by pneumatolytic metamorphism to skarns consisting of quartz, garnet, chlorite and minor calcite. The volcanic rocks are dark coloured, highly sheared andesites which have been variably affected by the metamorphic action displaying chlorite, epidote and iron oxide minerals. They are commonly referred to as greenstones. Quartz-calcite in-fills and stringers in shear structures of these formations often carry minor copper and gold values. Apparently interbedded with the above groupings are pods of limestone, highly altered and in the case of the Dividend mine well mineralized with pyrrhotite and arsenopyrite, both carrying associated gold values. In addition magnetite may be present as may also varying amounts of chalcopyrite. The latter mineral was more prominent in the ore deposits of the Lakeview zone.

In the localities examined by the writer the formations have a general northern strike with dips that are low to moderately westward. The multiple folding which has occurred in the area is well demonstrated in the local variations of strike and dip and the numerous relief shears and fractures that are common to the area.

Another formation in the area which has been described by other authors but which the present writer had difficulty in distinguishing is the "altered diorite" classification. This formation is described by Cockfield as being a dark green, fine grained, well altered rock, in many instances similar to the altered extrusives. This formation is reported to underlie the southern portions of the claim group. No mineral deposits of prominence have been reported in this rock type.

Trending across the northwest corner of the Lakeview Extension claim and continuing eastward at a point several thousand feet north of the Dividend ore bodies is the southeastern contact of the Osoyoos granodiorite batholith, an offshoot of the Nelson batholith. There have been no reported gold showings in the granodiorite of this particular area although molybdenum and copper showings have been identified.

SHOWINGS

The area is generally pot-holed with small trenches, pits, shallow shafts, numerous adits and stripped areas, many of which show vegetation overgrowth or the effects of time.

The writer was underground on the second level (2,530' elevation) at the Dividend Mine and, other than for several drifts which had been raised through to the overlying glory hole (\pm 20 feet) and had since collapsed, found the workings to be in good condition. Several character samples were taken from this level. Sample #595 was a random chip sample from a mineralized area (pyrrhotite) off the walls of a shallow (15 feet) stope underlying the south edge of the glory hole. The sample assayed 0.287% copper, 0.23 oz./t. silver, and 0.021 oz./t. gold. On the eastern bluff wall where an exit from the level broke out, a north trending shear accompanied by moderate iron staining was sampled (#596) with the assay returning 0.174% copper, 0.16 oz./t. silver and 0.084 oz./t. gold.

To the southeast of the bluff face previously mentioned, a "slate quarry pit" wall was examined and sampled. The highly sheared and well oxidized flow rock likely is a representation of the north-trending Bluff Fault which bounds the ore bodies on the southeast side. The 60" chip sample (#597) across highly oxidized material ran 0.223% copper, 0.13 oz./t. silver and 0.098 oz./t. gold. A grab sample from a highly pyritized section in the "pit" assayed 0.064% copper, 0.12 oz./t. silver and 0.016 oz./t. gold.

Slightly to the south of the above location there is evidence of past stripping.

On the Osoyoos - Heclar Fraction, an inclined 40 foot (?) water filled shaft has been sunk on a pinched quartz vein which widens down the shaft. The north striking 65° east dipping vein has been open trenched on the south side of the shaft. Enclosed in a dark highly altered greenstone the vein widens to a $3\frac{1}{2}$ foot thickness at a point 20 feet from the shaft. The hanging wall of the structure is defined by a strong slip. Sample #599 across 40 inches of quartz shear material ran 0.044% copper 0.21 oz./t. silver and 0.020 oz./t. gold. Several hundred feet to the south and west of the open cut a lengthly, sluffed-in trench testifies to an attempt to locate the southward extension of this structure.

A thousand feet (300 meters) to the west on the Eagle Fraction, the deep lengthy trenches and stripping area of Pine Pacific Mines is located. The decade and a half since their excavation has been instrumental in filling in the trenches and allowing grasses and vegetation to overgrown the stripped areas.

On the Jay #4 staked claim, a northwest bearing adit has been driven in for 35 feet on a narrow flat (30⁰) calcite veinlet carrying little in the way of mineral. Sample #600 across a 5" width of this vein returned 0.015% copper, 0.05 oz./t. silver and 0.006 oz./t. gold.

The Manx tunnels were not visited.

RECOMMENDATIONS

The following success-contingent exploration program is recommended on the Dividend-Osoyoos group of claims at an estimated cost of \$27,000 for Phase I of Stage I and \$110,000 for Phase II of Stage I. At this time there has been no estimate of cost for Stage II as this would be dependant upon the results of Stage I.

Stage I

Phase I

This would entail the establishing of a property control grid (east-west lines at 200 foot spacings) from which would be run surface geological mapping, a geochemical soil survey and two geophysical surveys.

The geophysical surveys would consist of an EM 16 VLF survey to delineate structures common to mineral localization and a magnetometer survey to delineate lithological differences.

The cleaning, examining and sampling of old pits and trenches would be a major consideration as only in this manner could a picture mineralization throughout the property be put together.

Phase II

Once the various targets have been identified, then sub-surface examination in the form of diamond drilling is recommended. The specific targets would be allotted their priority drill footage so as to stay within the program drill footage.

Stage II

Upon success being generated in Stage I, this stage would be an expansion of the initial drill results of the previous program. It would involve detailed excavation sampling in addition to target delineation diamond drilling. Possibly included within this program would be underground excavation work.

Respectfully submitted,

W.G. Hainsworth, P. Eng.
Consulting Geologist

APPENDIX A
CERTIFICATE

I, W.G. Hainsworth, P. Eng., of Vancouver, B.C. do hereby certify:

- (1) That I am a Consulting Geologist residing at #4 - 4100 Salish Drive, Vancouver, B.C.
- (2) That I am a graduate of the University of Western Ontario, London, Ontario, Bachelor of Science Degree, Honours Geology.
- (3) That I have practiced my profession for some 30 years.
- (4) That I have been a continuous member of the Association of Professional Engineers of British Columbia since 1965 and am a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1979.
- (5) That I have no financial interest, direct or indirect, in Golden Dividend Resources Corp., and do not expect to obtain any such interest.
- (6) That the information contained in this report is based on a visit to the Dividend-Osoyoos property on January 25, 1983 and perusal of all pertinent information available.
- (7) That consent is herewith given to Golden Dividend Resources Corp., to use any or all material from this report in information circulars, offerings or shareholders' brochures.

W.G. Hainsworth, P. Eng. (B.C.)
P. Geol. (Alta.)

To accompany:
REPORT ON THE
DIVIDEND-OSOYOOS CLAIM GROUP
OSOYOOS MINING DIVISION
OSOYOOS, B.C.

for

GOLDEN DIVIDEND RESOURCES CORP.
901 - 837 West Hastings Street
Vancouver, B.C.

February 8, 1983

APPENDIX B

ESTIMATED COST OF RECOMMENDED PROGRAM

Stage 1

Phase I

Reconnaissance Surveying and Target Identification

Program

Grid Preparation
Geological Mapping
Geochemistry
Cleaning and Sampling of old Showings
EM 16 Survey
Magnetometer Survey

Estimated Field Duration : 1 month

Estimated Cost:

Salaries

Geologist	1½ mos. @ \$3500/mo	\$ 5,250	
Assistant	1 mo. @ \$2200/mo	<u>2,200</u>	\$7,450

Fees

Management		5,000	
Professional	10 days @ \$350/day	<u>3,500</u>	8,500

General Expenses

Vehicle Rental (4 wd. 1 mo. @ \$1000/mo.)	1,000	
Fuel	500	
Food, lodging	2,850	
Assaying (Soils and Rock)	2,000	
Freight, express	500	
Equipment Rental (1 month)	500	
Report Preparation, drafting	<u>1,250</u>	8,600

	24,500	
Contingency 10%	<u>2,455</u>	

26,955

say \$27,000

Phase II

Target Evaluation

Program : Diamond Drilling

Estimated Cost

2500 feet of B Q wireline diamond drilling on specific targets. Estimated \$45/foot	\$110,000
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Total Stage I	<u>\$137,000</u>
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Stage II

This stage for which costs have not been estimated would depend upon the results obtained in Stage I. It would consist of detailed sampling, drilling and, possibly, development headings.

MIN-EN LABORATORIES LTD.

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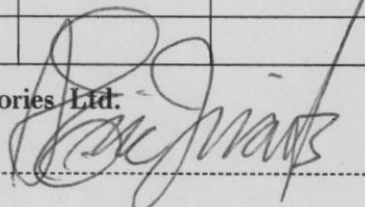
APPENDICES C

Certificate of Assay

TO: Mr. Hainsworth,
905-837 W. Hastings St.,
Vancouver, B.C.

PROJECT No. _____
DATE: Feb. 1/83.
File No. 3-29

SAMPLE No.	Cu %	Ag	Au		
		oz/ton	oz/ton		
0595	.287	.23	.021		
96	.174	.16	.084		
97	.223	.13	.098		
98	.064	.12	.016		
99	.044	.21	.020		
0600	.015	.05	.006		

MINE-EN Laboratories Ltd.
CERTIFIED BY: 

APPENDIX D
BIBLIOGRAPHIES

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B.C. Dept. of Mine Reports

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177, 322, 421; 1914, Pgs. 356, 419, 511; 1930, Pg. 218; 1931
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1963 - by D. Campbell, P. Eng.
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