

W. G. HAINSWORTH & ASSOCIATES LTD.

Mining Consultants

SUITE 905
837 WEST HASTINGS STREET
VANCOUVER, BRITISH COLUMBIA
V6C 1B6 (604) 687-6930

Ymir
800266

O'Hara Resources Ltd.,
200 - 675 West Hastings St.,
Vancouver, B.C.

March 17, 1987

Dear Sirs:

Introduction

The writer has been requested to review and advance a program with cost projections for the several precious metal properties of O'Hara Resources Ltd. This report confines itself to the B.C. and Ontario claim groups with which the writer is more familiar.

The Ontario block of claim was acquired in 1983 and several work programs have been carried out since the acquisition.

The British Columbia property was acquired in 1985 and several limited programs were completed during 1986.

Of the two claim blocks, the Ymir group in British Columbia shows more promise at the present time. The Ontario block, while in a well respected mining area and considered "hot" at the present, has shown nothing distinctive.

The Ymir Project, British Columbia

The Ymir claim block was acquired as two reverted crown - granted claims in an outright purchase in late 1985. During 1986 three claims were staked adjoining the crown - grants and an option was taken on a closeby 8 claim staked group. Two programs consisting of surface work and diamond drilling were completed during the year.

Property

The claim group, located in the Nelson Mining Division, is six miles east of the village of Ymir at the 3,800 elevation level on a ridge overlooking Wildhorse Creek.

Blackcock	Rev. C.G. 2922	
Whynot Fr.	Rev. C.G. 14690	
O'Hara 1	4297	January 14, 1990*
Glitter 1	4481	October 15, 1990*
Glitter 2	4482	October 15, 1990*

* Assessment credits awaited.

Production

The two crown grants go back to the turn of the century when work was organized and production commenced. The first recorded shipment for example was in 1899 when a shipment containing some 35 to 40 tons of ore exceeded \$25 per ton in gold and silver. (Gold at \$20.66 per ounce and silver at 0.57¢ per ounce.) In 1928 a shipment of 69 3/4 tons of ore forwarded to the Trail smelter assayed 1.14 ounces gold per ton and 2.77 ounces silver per ton.

A perusal of government records by the writer shows that in addition to the previous mentioned 35 to 40 tons in 1896 a shipment of 43 tons was made in 1900 with no recorded value. From 1928 to 1942, B.C. Department of Mines reports show a total of 2195.907 tons shipped from the claims which averaged 0.322 ounces gold per ton and 0.91 ounces silver per ton. The low value is believed due to the shipment of development rock from the #8 adit in 1936 and 1937. Some 1408.2 tons of this weak material graded 0.177 gold per ton and silver 0.52 ounces per ton. It is also presumed that 654.55 tons of ore shipped in 1940, 1941 and 1942 came from the stopes of #8 adit. This tonnage ran 0.428 ounces gold per ton (at \$35 gold) and 1.33 ounces silver per ton (at 0.38¢ per ounce).

There has been no recorded shipments since 1942, although it is suspected that leasing operations may have taken place at intervals.

Previous Work

In January of 1986 the writer visited the showings, sampled the #8 adit and issued a recommendation report February 7, 1986. The Stage I - Exploration was broken into two phases. Approximately half of the 1st phase has been completed with the surface geochemical and geophysical programs run through and the limited exploratory drilling program proving possible extensions. (See February 7, 1986 report.)

The surface surveys, undertaken in early October, were confined to the immediate area of the showings and covered an area 200 meters (650 feet) east - west and 400 meters (1,300 feet) north - south. The soil and EM - 16 results from this grid substantiated the mineralized extension of the showings. In addition, sampling of the various surface showings lent more credibility to the ore structure. (See November 7, 1986 report.)

In November 1986, the limited exploratory drilling program was undertaken with 5 shallow holes probing for vein extensions. Holes 86 - 1 (0.310 ounces gold per ton and 0.82 ounces silver per ton across 13.7 feet) and 86 - 2 (0.185 ounces gold per ton and 0.55 ounces silver per ton across 8.6 feet) proved the up dip extension of the structure above the stope area of the #8 adit. Hole 86 - 3 skimmed below the vein's structure

and because of its short length did not penetrate deep enough to intercept the structure. Hole 86 - 4 did not show strong mineralization in the short length sampled. More core is to be cut and assayed from this hole. Hole 86 - 5 apparently cut through a weak portion of the zone. However, more core will be run for assay from this hole. (See January 8, 1987 report.)

Work to date on the showings has shown the existence of strong and weak values within the Blackcock vein structure. The continuity of the zone is well recorded.

Recommendations

It is recommended that the remainder of Phase I as recorded in the writers report of February 7, 1986 be carried out. This would include:

- 1) Extending the access road further to the west.
- 2) Drain and rehabilitate the raises and stope accesses of the #8 adit.
- 3) Survey all surface showings carrying the survey into the #8 underground workings.

Advance into Phase II by carrying surface diamond drilling to the western portion of the showings.

Cost Estimates

To Contract:

Road extension	15,000
#8 Adit Rehabilitation	60,000
Surface and Underground Survey	3,000
Surface Diamond drilling	
3000 feet @ \$25/ft.	75,000
Equipment Rentals	1,200
Supervision	6,000
Consulting, travel and report	12,000
Assaying, shipping	<u>7,000</u>
	179,200
15% contingency	<u>26,800</u>
	\$206,000

Following rehabilitation and sampling of the #8 adit and stopes, serious consideration could be given to test mining certain areas in order to develop a cash flow to offset present expenditures.

The Beardmore Project, Ontario

The Beardmore claim block was acquired through a staking process. The original size group has been allowed to dwindle to a present day 10 claim size and these are presently in an allotted 8 month extension period. The claims, since acquisition in 1983, have had several programs conducted over them.

Property

The claim group, located in Summers Township, Thunder Bay Mining Division, is 2 1/2 miles north of the village of Beardmore, Ontario. Access is by a gravel spur road which passes through the group.

TB 686294 to 686296 incl.	February 22, 1987*
TB 686298 to 686300	February 22, 1987*
TB 686302 to 686304 incl.	February 22, 1987*
TB 731448 to 731449 incl.	January 12, 1988

* 8 month time extension granted February 6, 1987.

Production

The claims have never had any production nor are there any mineralized reserves allotted to it. The claims lie immediately adjoining the Wilport property of Falconbridge Nickel upon which a small tonnage, 41,212 tons of weak gold mineralization (0.16), was accounted.

Some 2 1/2 miles to the southwest is the shaft of Leitch Gold Mines Ltd. the biggest and richest producer in the Beardmore camp. Until 1968 this mine had been in continual production for 33 years producing close to 850,000 ounces from ore grading 0.92 ounces gold per ton.

Two recent occurrences in the adjoining eastern township, Irwin, have given the area an exciting and agitated environment resulting in virtually fully staked townships. Just north of Windigokan Lake, Metalore (TSE) has been quietly drilling and surface working its large block of claims. The company has been deep drilling (1,200 to 1,900 feet) and has announced results from 7 intersections where values have averaged 0.44 ounces gold per ton over a true width of 30 to 35 feet and a hanging wall structure of 0.27 ounces gold per ton across a smaller ten foot width. The zone has been traced over a distance of 500 feet by 6 drill holes. Litigation with its partner, Ontex Resources Ltd., has held up work but it is understood that this has been clarified.

Noranda in March 1986 optioned a claim block from a private company, Atlantic Mining Corporation, upon which a 60 foot wide surface showing of auriferous sulphides of possible commercial grade had been identified.

Previous Work

On December 19, 1983 the writer visited the claim group and reported with recommendations in a report dated January 25, 1984. The recommendations included a soil survey coupled with an EM 16 VLF survey which were carried out in the fall of 1984. The program showed several geochemical anomalous areas which coincided with EM conductors. In a report of January 8, 1985 the writer recommended further soil gridding and/or trench work. The latter was carried out in April 1985. However the assessment work was incorrectly recorded and the claims were not assigned the work load. In reports of March 4, 1986 and March 12, 1986 the writer describes the magnetometer survey and additional trench work carried out primarily to keep the claims in good standing.

The claims were due to come open in January 1987 but an application for extension of time was made and granted. Work should be done by October 30, 1987.

Recommendations

The Beardmore claims have shown very little results from the previous surveys. It is therefore recommended, considering the Beardmore area is under full scrutiny by the mining fraternity watching events at the two interesting properties, that O'Hara do enough work to keep their claims in good standing for an additional 2 years. Depending upon developments, the claims could then come open or be retained by doing additional work.

To maintain the ten claims in good standing, it is recommended that a magnetometer survey costing in the area of \$5,000 be done on the claim group.

Respectfully submitted,

Vancouver, B.C.
March 17, 1987

W.G. Hainsworth P.Eng.