

Kwoiek #3

800369

REPORT ON A
MINING CLAIM BLOCK
KAMLOOPS MINING DIVISION
KEEFERS, BRITISH COLUMBIA

FOR

CHANDI RESOURCES CORPORATION
930 - 470 GRANVILLE STREET
VANCOUVER, B. C.

BY

W. G. Hainsworth, P. Eng.
W. G. HAINSWORTH & ASSOCIATES LTD.
905 - 837 West Hastings Street
Vancouver, B. C.
V6C 1B6

Vancouver, B. C.

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Summary and Conclusions

The block of 12 contiguous units constituting one claim, Kwoiek #3, that Chandi Resources Corporation has acquired in the Kwoiek Creek area of interior southern British Columbia are well located with respect to favourable strata and evidence of local mineralization.

The area has seen sporadic prospecting and limited field programs since the early placer work. Difficulty of access, isolation and work costs have all combined to keep the small mining company from the area.

There are no known mineral producers in the area but several well-known prospects show promising mineralization. One prospect made a 3 ton shipment of ore to the Tacoma smelter.

Since staking the original property in 1981, the prior owner conducted limited soil and geological surveys. Several high anomalous gold values from the soil program have shown a pattern grouped along a possible fault zone.

It is the writer's contention that the claim block lies within a favourable geological environment, somewhat similar to that at the Carolyn Mine some 80 kilometers to the southeast. The present recommended program is organized to explore the potential of the claim.

Exploration of the claim block will proceed by establishing a grid line plot over the 12 units. Along these grid lines surveys consisting of geophysics in the form of an electromagnetic and a magnetic program and prospecting will be conducted. Based upon success being generated in this phase of activities, the follow up phase would be more specific: detailed and localized EM/magnetic surveys plus additional soil sampling coupled with bulldozer trenching of established priority targets.

This two-phase program is recommended for the Chandi Resources Corporation claim block with the total cost being \$48,500 over a 2 to 2 1/2 month operational period.

Recommendations

The Kwoiek Creek area has not seen extensive prospecting in the last several decades. Its isolation plus exploration cost factors have not made it an ideal place for prospecting by the smaller cost-conscious companies, despite the existence of three or four showings of some importance.

Prior work has isolated an area of soil values which should be expanded through further work. An anomalous condition (soil target) has been identified and further substantiation is required.

Based on the information available, the writer is recommending a program that is essentially "grass-roots". The objective is to delineate targets for follow-up programs.

It is recommended that the claim block be investigated by utilizing a VLF electromagnetic system such as an EM 16 unit. As quartz veins often fill shear or fault structures and as shearing has been stated to be prevalent in and around the area, this survey could prove up worthwhile targets.

It is additionally recommended that as the claim units may entertain the ultra-mafic formation which often hosts gold, chrome, nickel, silver and platinum mineralization, that the claims be further investigated by a magnetometer survey.

Both surveys, and subsequent surveys should be conducted over a well identified surface grid laid out by compass and hip chain.

All the above recommendations are surface investigations of the claim group with target priorities being identified. This would constitute Phase I of the recommended program.

Phase II would be a more detailed geochemical drift sampling program, a follow-up on the '84 - '85 soil program, and EM/magnetometer survey where required. In addition this phase would include bulldozer trenching, and possibly overburden stripping, of favourable target zones.

Phase III would be a major drill program depending upon the results and priorities of the previous phase.

W. G. HAINSWORTH & ASSOCIATES LTD.

Mining Consultants

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

Introduction

The Chandi Resources Corporation property consisting of twelve units contained in one (1) claim - Kwoiek 3 - is in unsurveyed territory some 39 kilometers (24 miles) north northwest of North Bend, British Columbia. Examination of the claim group took place June 19, 1986 at the request of Mr. Alex Hamilton, Director of Chandi Resources Corporation.

The claim topography is very hilly, lying as it does on the north facing slope of Pyramid Mountain. A good access road allows ingress to the claim where numerous logging roads traverse the units.

There are no known economic mineral occurrences on the property, however, the general area has been the scene of extensive prospecting throughout the years. The subject claims have had several field projects carried out.

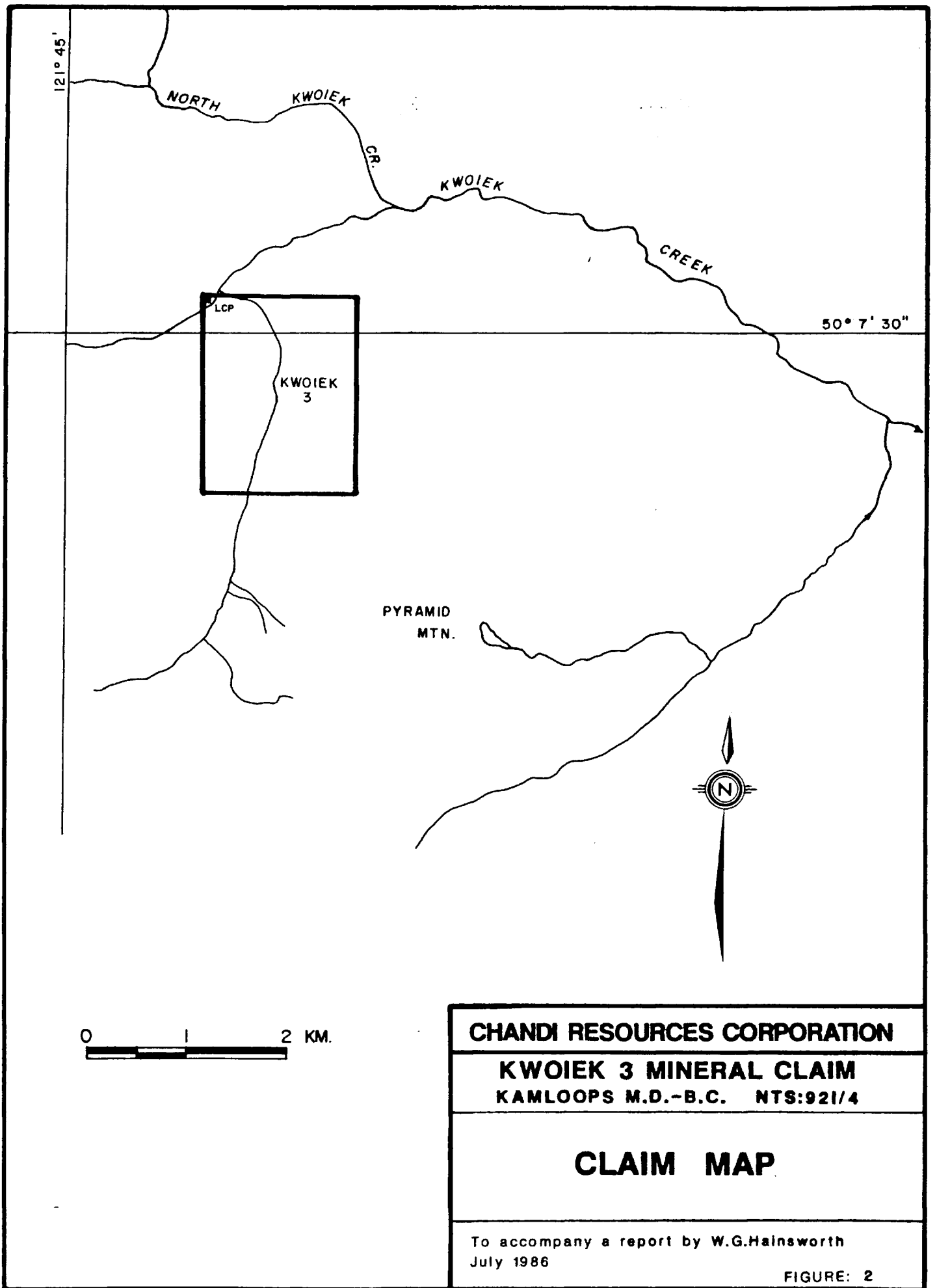
The geology is interesting and offers the possibility of a strong fracture or fault zone with which several geochemical anomalies are associated.

Location and Access

The claim group lies 39 kilometers (24 miles) north northwest of North Bend, B. C. Vancouver is 210 kilometers (130 miles) by Trans Canada Highway 1 to the southwest of North Bend. Access to the claims is by a hard pack gravel road from North Bend which parallels the Fraser River to Kanaka then heads inland (west) following Kwoiek Creek to the claims located just southeast of Kwoiek Lake. Total distance by road from North Bend to the claims is 53 kilometers (33 miles).

The claims have been logged within the past 5 years and numerous logging roads cut through the property.

The Chandi Resources claims are within the Kamloops Mining Division with the claims centering on north 50° 07' latitude and west 121° 43' longitude. Its National Topographic Series location is 92I/4 East.



CHANDI RESOURCES CORPORATION

KWOIEK 3 MINERAL CLAIM

KAMLOOPS M.D.-B.C. NTS:921/4

CLAIM MAP

To accompany a report by W.G.Hainsworth
July 1986

FIGURE: 2

Property

The Chandi Resources claim group located in unsurveyed territory is within the Mining Division of Kamloops, southwestern British Columbia.

The property consists of 12 contiguous units extending 3 units (1500 meters) in an east-west direction and 4 units (2000 meters) in a north-south direction. The legal corner post is located at the east end of Kwoiek Lake and is at the northwestern corner of the claim. Refer to figure 2. In total the group occupies approximately 300 hectares (740 acres).

<u>Claim</u>	<u>Record Number</u>	<u>No. of Units</u>	<u>In Good Standing Until</u>
Kwoiek #3	3845	12	September 28, 1986

This claim was reduced from its original 20 units on September 30, 1985 to the present 12 units.

As this claim was staked originally in 1981, and assessment work continuously reported, the claim is now at a point where \$200 per unit is required annually to maintain it in good standing.

CHANDI RESOURCES CORPORATION

KWOIEK 3 MINERAL CLAIM

KAMLOOPS M.D.-B.C. NTS:921/4

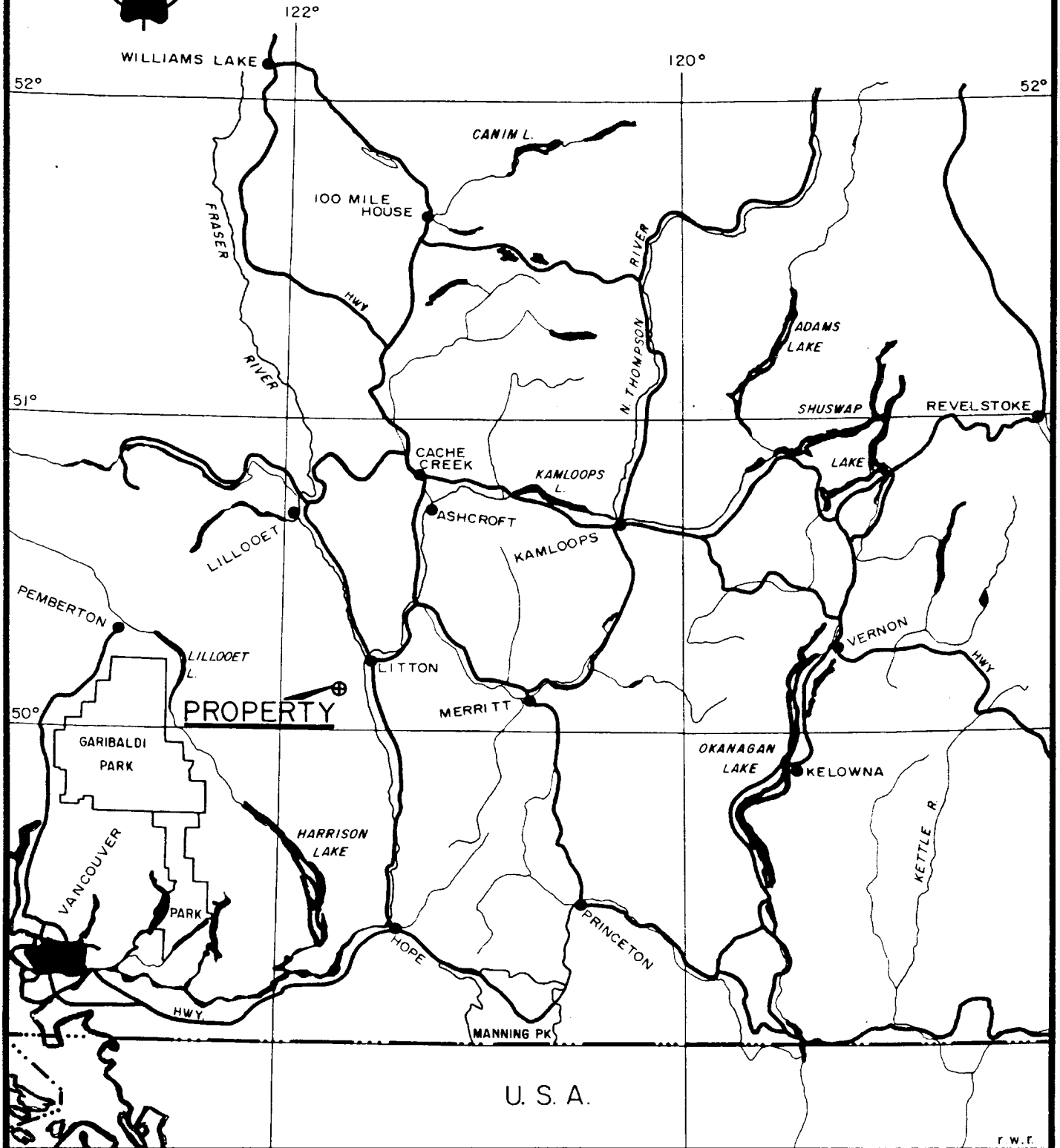
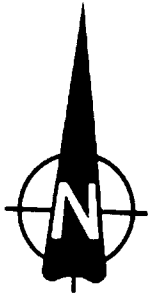
LOCATION MAP

To accompany a report by W.G.Hainsworth

July 1986

FIGURE: 1

20 0 20 40 60
KILOMETRES



History

The Kwoiek Creek area does not have a long or colourful history. This in part is due to its location and the ruggedness of its terrain, but additionally to the lack of presence, past or present, of a steady mineral producer. However it has proven the existence of a variety of metals but a deficiency in exploration has not allowed elaboration on quality or quantity.

Placer mining was evident at the turn of the century on tributaries emptying into the Fraser River. It is likely, but evidence is lacking, that Kwoiek Creek saw its share of action.

The first evidence of lode mining was the staking of 5 claims in September 1914 by Indians from Keefer. A half interest in the claims located 15 miles up the creek on Antimony Mountain was obtained by a W. S. Clark of Keefer who did some development work and shipped out 3 tons of ore grading 15% antimony. Cominco became interested in the property but was unable to examine it in 1916 due to a slow snow melt that season. A drastic drop in the metal price that summer (\$0.42 to \$0.16 per pound) cooled Cominco's interest.

In the '30s, a small silver showing was made 4 1/2 kilometers (2 3/4 miles) southeast of Kwoiek Lake on Pyramid Mountain. Development was carried out on the claims (Paystreak group) but no ore was shipped.

Prior to Paystreak discovery, a silver-gold prospect (Glacier group), some 3 1/2 kilometers (2 miles) southeast of the antimony showing, was staked and opened up. The 800 foot long vein was trenched in several places with silver assays running as high as 13.2 ounces to the ton with weak gold returns. A government sample across 42" of the vein in a shallow adit ran 0.8 ounces silver per ton and 0.16 ounces gold per ton.

Three kilometers (2 miles) southeast from the silver showing a group of 14 claims lie north and south across the serpentine band. An 18 meter (60 foot) shear zone with quartz veins up to 1 1/2 meters (5 feet) in width carries auriferous pyrite. Little work has been done on this prospect.

The area has received little attention in the last few decades however in 1981, Gordon Richards, P. Eng. staked 4 claims totalling 46 units. With time 3 of the claims were dropped while the fourth was reduced in size.

Geology

The general geology of the Kwoiek Creek area is that of the Coastal Mountains environment - granodiorite - with a tongue of metamorphosed rock extending northwestward into the region. This belt which extends some 50 kilometers (32 miles) northwest from the Fraser River is unique in that it has no counterpart on the east side of the Fraser. The belt consists primarily of dark phyllites with minor amounts of quartzites, limestones and "greenstones". This metamorphic band is thought to belong to the Triassic era while the broken band of ultramafics, central and peripherally located within it is thought to belong to the later Cretaceous intrusions. The ultramafics, as opposed to the metamorphosed sediments, carries on across the Fraser River Fault and is well represented as a narrow band flanking a Paleozoic volcanic sediment sequence. Its presence in this particular locality has been represented by several mineral prospects including the Carolyn Mine. Hornblende diorite is often found associated with many of the serpentine bodies of the Coastal Mountains.

The main structural feature of the area is the Fraser River Fault System. Although not directly related to the area of interest it has blocked off the Cretaceous belt to the east and presumably elevated the Coastal Mountains.

In the vicinity of the Kwoiek #3 Claim the rock strata is that of the metamorphosed belt being composed largely of dark amphibole or phyllite schist. The north slope of Pyramid Mountain is primarily schist but near the ridge serpentized formations accompanied by a gneissic, altered Hornblende diorite have been identified. The schists are locally silicified and cut by quartz-carbonate shear zones. In addition certain areas are variably bleached and talcose. A few strong quartz veins cut the schists on a northwesterly trend, this being consistent with the northeasterly dipping strata.

Possible faulting of an east-west nature has been reported through soil sampling midway down the slope towards Kwoiek Lake.

Showings

There are no known economic mineral deposits on the Kwoiek #3 Claim.

The previous owner of this and the adjoining claims did rather limited work on the group. His work confined as it was to the Kwoiek #3 claim consisted of mapping and limited soil sampling.

The existence of a silver property (Paystreak), less than 2 kilometers south of the claims is encouraging from the mineralization standpoint. In addition a gold prospect has been identified several kilometers further to the south. Carolyn Mines was a precious metal operation located close to the contact of the ultrabasics with metamorphosed sediments. This condition exists in the southern reaches of the Kwoiek #3 claim.

Geochemical traverses in 1984 and 1985 have identified several anomalous arsenic-gold zones related to a possible fault structure. Six soils all within an area of 200 meters and grouped close to the presumed fault location ran (in gold values):

2550 ppb (0.074 oz/t); 2159 ppb (0.063 oz/t)
2460 ppb (0.072 oz/t); 1080 ppb (0.031 oz/t)
2.58 ppm (0.075 oz/t) and 0.30 ppm (0.009 oz/t).

Although values of this nature are not repeated elsewhere within the limited soil survey, the results almost make it mandatory to do further work in this vicinity. Nothing is apparent on surface due to the shallow overburden.

Expenditures

Since staking the claims in 1981, the previous owner, Mr. Gordon G. Richards, P. Eng., states in a letter that costs on work pertaining to the claims since acquisition are:

Labour	\$ 9,375.00
Truck Rentals	1,310.00
Helicopter	6,000.00
Geochemistry	5,637.10
Freight	168.41
Field Expenses	1,691.00
Reports, typing, drafting, etc.	<u>\$ 5,660.04</u>
Total	\$ 29,841.55

Respectfully submitted,

W. G. Hainsworth, P. Eng.