

Kwarek # 3
800370

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

for

CHANDI RESOURCES CORPORATION,
320 - 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.

October 26, 1987

TABLE OF CONTENTS

	<u>PAGE</u>
Introduction.....	1
Location and Access.....	2
Property.....	3
History.....	4
Geology.....	5
EM-16 VLF Survey.....	6
Magnetometer Survey.....	8
Expenditures.....	10
Recommendations.....	11
Cost Estimates.....	12
Writers Certificate.....	13
Bibliographies.....	14

FIGURES

- Figure 1 Location Map following page 2
- Figure 2 Claim Map following page 3
- Figure 3 EM-16 Data Map following page 6
- Figure 4 EM-16 Contour Map following page 6
- Figure 5 EM-16 Conductors Map following page 6
- Figure 6 Magnetometer Contour Map following page 8

W. G. HAINSWORTH & ASSOCIATES LTD.

Mining Consultants

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

INTRODUCTION

At the request of counsel of Chandi Resources Corporation, the writer herewith submits an update report on activities at the Keefer area claims (Kwoiek 3) of the company's since the writers last report of July 24, 1986.

The writer is aware of activities on the claims as an associate company, International Field Services Inc., carried out the surveys.

The July 24, 1986 report recommended a two-stage report totalling \$48,500.00 on the claims. The company, for reasons known to it, has carried out the Phase I recommendations in two separate assessment programs on a select area of the claim.

This report details the work programs carried out and makes further recommendations concerning the Kwoiek 3 mineral claim.

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

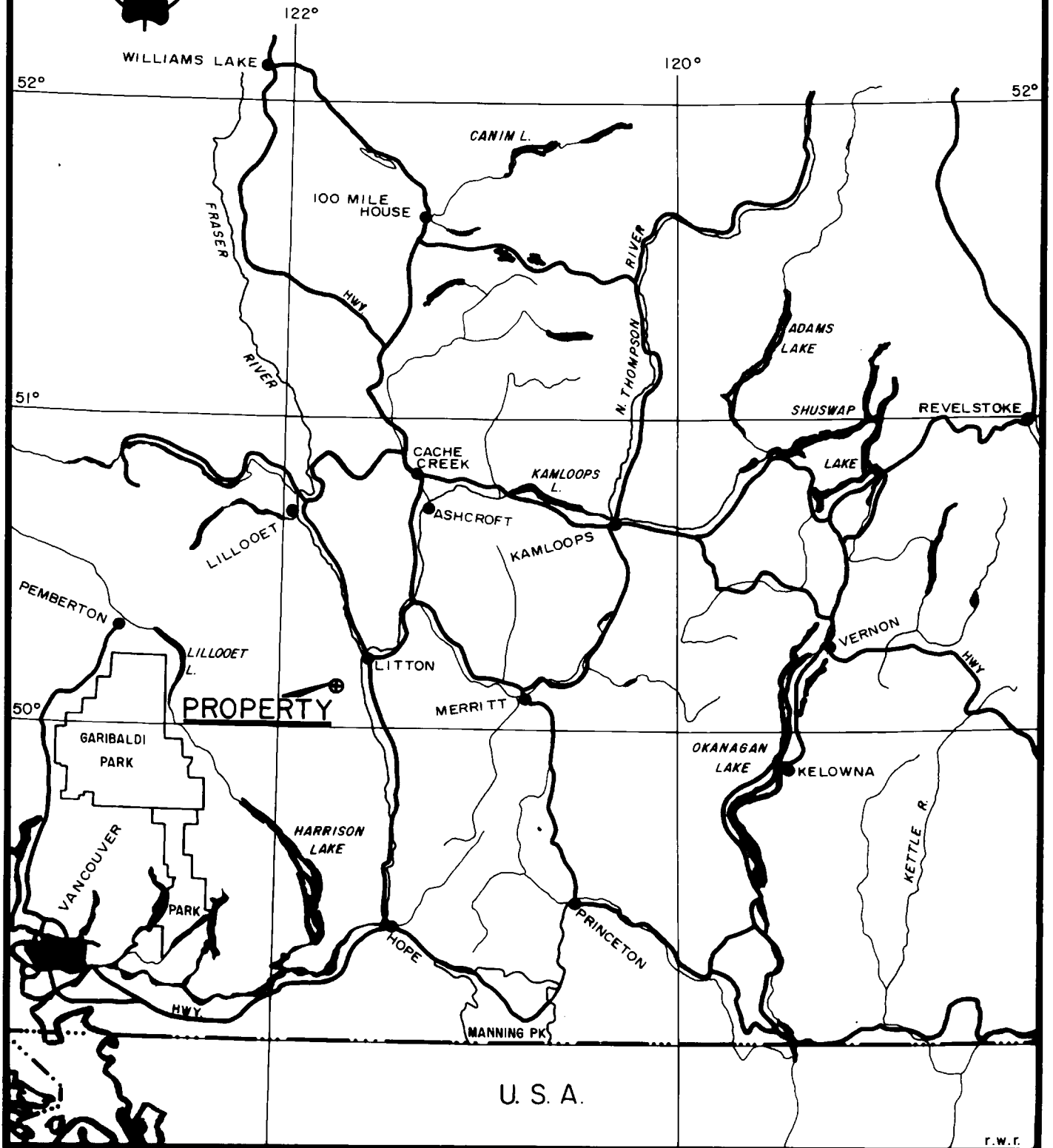
KAMLOOPS M.D.-B.C. NTS:921/4

LOCATION MAP

To accompany a report by W.G.Hainsworth

FIGURE: I

20 0 20 40 60
KILOMETRES



PROPERTY

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

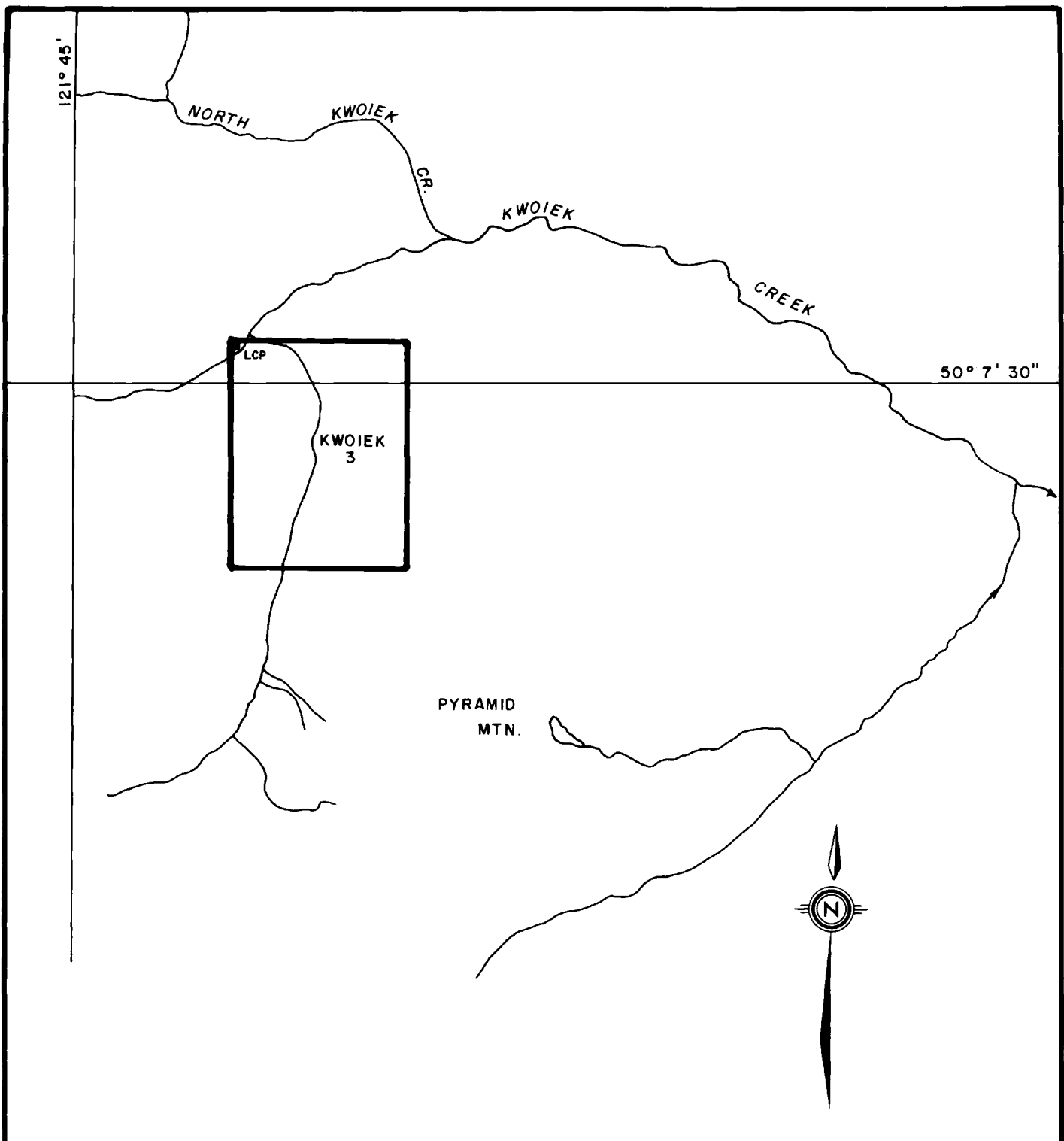
The property consists of 12 contiguous units extending 3 units (1500 meters) in an east-west direction and 4 units (2000 meters) in a north-south direction. The legal corner post is located at the east end of Kwoiek Lake and is at the northwestern corner of the claim. Refer to figure 2. In total the 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, 1987 *

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 \$200.00 per unit is required annually to maintain it in good standing.

*Further assessment work has been recorded against the claim for an additional year of good standing.



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

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.

Since acquisition by Chandi Resources, two surveys, to satisfy assessment requirements, have been completed on the present 12 unit Kwoiek 3 mineral claim.

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 through the immediate 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. The magnetometer survey suggests this possibility while the EM-16 survey illustrates several conductors probably associated or radiant from the fault zone.

EM-16 VLF OPERATIONS

The 1986 program was designed that advantage could be taken of past work (soil sampling) within the present grid of operations. The property in the southern and western areas is extremely rugged with sharp cliffs. Work was very slow and hazardous in this particular section.

Operations proceeded on the property in two stages. The first stage, August 21-23 1986, involved the running of a baseline by two female geologists. The second stage, the installation of the crosslines and the carrying out of the EM-16 survey, was conducted by an experienced field crew. This latter program extended from September 7, 1986 to September 12, 1986.

Total coverage was 6.09 kilometers of lines and baseline. An additional 2.5 kilometers of baseline was not utilized. In effect this was only 23% of the recommended survey meterage of the July 24, 1986 report.

EM-16 GEOPHYSICAL SURVEY AND RESULTS

This survey was carried out with a Geonics Unit Serial #71. Readings were taken every 20 meters along the grid lines which had 125 meter separations, and recorded.

The station selected was the Seattle, Washington transmitter on a frequency of 23.8 kHz. The operator faced east when making the readings. The quadrature was utilized to dampen the null and recorded but only the dip angle readings were plotted (figure 3). The data were put through the Fraser Filter with the results being contoured (figure 4). The various interpreted conductors are shown on figure 5.

There were 6.09 kilometers of line run with the EM-16 unit while some 271 readings were taken over the 8 grid lines.

Three consistent conductors were identified with one or two weaker anomalies additionally recorded. The conductors trended from east-west to predominately west-northwest.

The strongest conductor, termed 'A' in the survey, was identified across all lines, trending in a slightly north of west bearing. It has a close relationship with a geochemical water sample anomaly (#507 = 2160 ppb = 0.063 opt gold), taken along the north flowing stream. Although traversing through other areas of soil sampling noanomalous values were apparent. The conductor crosses the projection of the fault structure as defined in the northwest corner by the steep cliffs. Topography could have some bearing on this conductor.

Conductor 'B' extends across the southern portion of the grid area. Although terrain-wise it is rough, it is not as hazardous or as steep as the remaining sections. It is possible that this conductor although not associated with any previous water or soil anomalies is more realistic of a conductor than any identified in the survey.

Conductor 'C' with its possible split near line 1+25W is related to two chemical soil-water anomalies (#507 at 0.063 opt and #511 at 0.072 opt gold). The split apparently dies close to soil anomaly B1397 (0.031 opt gold). The terrain is very steep in this particular area and could have a pronounced influence on the readings.

A short conductor 'D' lacks continuity in the southeast corner.

MAGNETOMETER OPERATION

The survey was carried out from September 2nd to the 6th 1987, by an experienced crew of two field operators. Over the seven cross lines which totalled 6090 meters (3.8 miles), including the baseline, a total of 266 magnetometer readings were taken. The survey required re-running of the previous lines due to weather elimination of the previous flagging. As with the EM-16 program, the steepness of the terrain allowed for slow progress of the survey.

MAGNETOMETER SURVEY AND RESULTS

The survey utilized a Scintrex MP2 portable proton precession magnetometer, model # 767010. This unit uses the phenomenon of nuclear magnetic resonance to measure the flux density of the total magnetic field. Readings were taken and recorded every 20 meters along the grid lines which were spaced at separations varying from 100 to 125 meters.

The crosslines were laid out north-south to cross at right angles to regional structures and the conductors from the previous EM-16 survey.

The accompanying map is a contoured gamma map of the area surveyed (figure 6). The magnetic base figure is 56,500 gammas with increases shown as pluses while negatives are shown below this base reading as negatives. All readings were field corrected according to the diurnal variations.

Elevation contour lines have been located on the map along with road outlines and steep cliff-faces.

The survey shows a general build-up in gamma values in the southwest section of the map. The high of +805 gammas shows buildup along the line but little lateral projection. The moderate values experienced on the western four lines is not repeated in the eastern lines save for the lower half of line 2 + 50 west. The negatives introduced in these eastern lines suggest a formational change running northwest-southeast and being coincident with the steep cliffs of lines 3 + 75 west and 5 + 00 west. This might well be the fault structure referred to by the EM-16 survey.

A modest buildup of gamma values near the north end of line 0 + 00 suggests the more magnetic structural formation as evinced in the western half is repeating itself. These formational changes are suggested on the plan map by the dash lines.

EXPENDITURES

Expenditures by a prior operator (G.G. Richards, P.Eng.)
since acquisition in 1981 amounted to

\$ 29,841.55

The Em-16 survey by Chandi in 1986 cost

\$ 4,229.46

The magnetometer survey recently completed in 1987 cost

\$ 2,916.70

Total Expenditures on the Kwoiek 3 claim to date

= \$ 36,987.71

RECOMMENDATIONS

The recommendations of the original report of July 24, 1986 still hold. The work done on the claims to date are of an assessment nature only and are not directed towards full evaluation of the Kwoiek 3 claim. The claim coverage is only 23%.

The original recommendation was for an EM-16 and magnetometer survey plus attendant requirements costing \$16,000.00 in a Phase I surface Examination. A quarter of the property has been examined for \$7,150.00.

In effect, the writer continues to advance his original recommendations with the Phase I program being carried on to the remaining portion of the claims. Cost figures have been calculated with the 6 kilometers of work to date being eliminated.

Phase II would be the more detailed surface work as recommended in the original report.

Respectfully submitted,

W. G. Hainsworth, P. Eng.

COST ESTIMATES

Phase I - Surface Examination

Preparation and running of a 1250 meter continuing east-west baseline with flagged north-south grid lines. All grid lines will be at 125 meter intervals. Present grid lines will be extended to the claim boundaries. There will be 16 cross lines aggregating 18,750 meters.

20 kilometers of line @ \$80/km	\$ 1,600
Em survey - \$125/km	2,500
Magnetometer survey - \$125/km	2,500
Equipment Rental -	2,000
Billoting and crew victualling	2,500
Supervision, report writing	<u>1,500</u>
	12,600
Contingency 10%	<u>1,400</u>
	\$ 14,000

Phase II - Detailed Surface Examination

Detailed soil and/or EM and/or magnetometer	\$ 8,000
Bulldozer trenching on specifically established targets	15,000
Rentals, travel	1,500
Billoting and crew victualling	3,500
Supervision, report writing	<u>1,500</u>
	29,500
Contingency 10%	<u>3,000</u>
	\$ 32,500

Phase III

This is a success-contingent phase with the amount of drilling required being dependent upon the proceeding two phases. No cost estimates can be advanced at the present time.

W. G. Hainsworth, P.Eng.

CERTIFICATE

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

- (1) That I am a Consulting Geologist residing at 836 West 13th Avenue, 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 Chandi Resources Corporation, and do not expect to obtain any such interest.
- (6) That the information contained in this report is based on a visit to the Kwoiek Creek property and direction of all the past assessment surveys.
- (7) That consent is herewith given to Chandi Resources Corporation, to use any or all material from this report in information circulars, offering or shareholders' brochures.

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

To accompany:

AN UPDATE REPORT ON A MINING CLAIM BLOCK
KAMLOOPS MINING DIVISION
KEEFER, B.C.

FOR

CHANDI RESOURCES CORPORATION
930 - 470 Granville St.
Vancouver, B.C.

October 26, 1987

BIBLIOGRAPHIES

Ashcroft Map-Area, B.C. Memoir 262 G.S.C. Duffel and
MacTaggart, 1952

Hope (West Half) Paper 69-47 G.S.C. Monger 1969

Geological and Geochemical Report, Kwoiek #3 Mineral Claim,
Assessment Report, December 21, 1985 G.Richards

Nakatlatch Region, Prelim Report Paper 36-7, G.S.C. H.C.
Harwood 1936

B.C. Minister of Mines Reports:

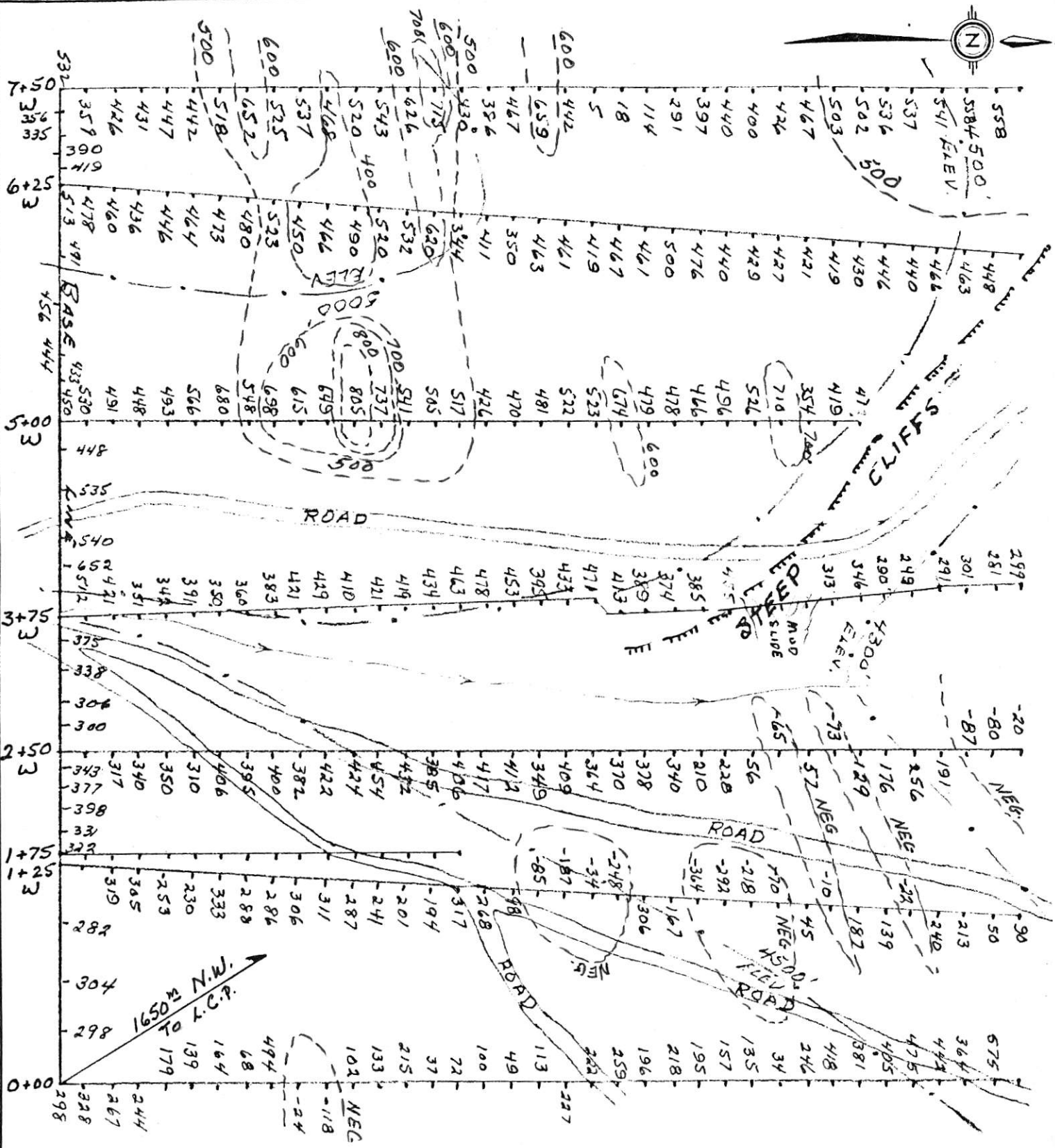
1915 - p. 253

1916 - p. 264

1929 - p. 236

1931 - p. 114

Report on a Mining Claim Block, Kamloops M.D. by W.G. Hainsworth,
July 24, 1986



SCALE 1:4000

0 40 80 100 200

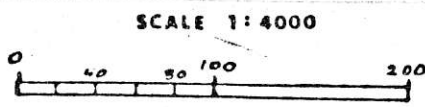
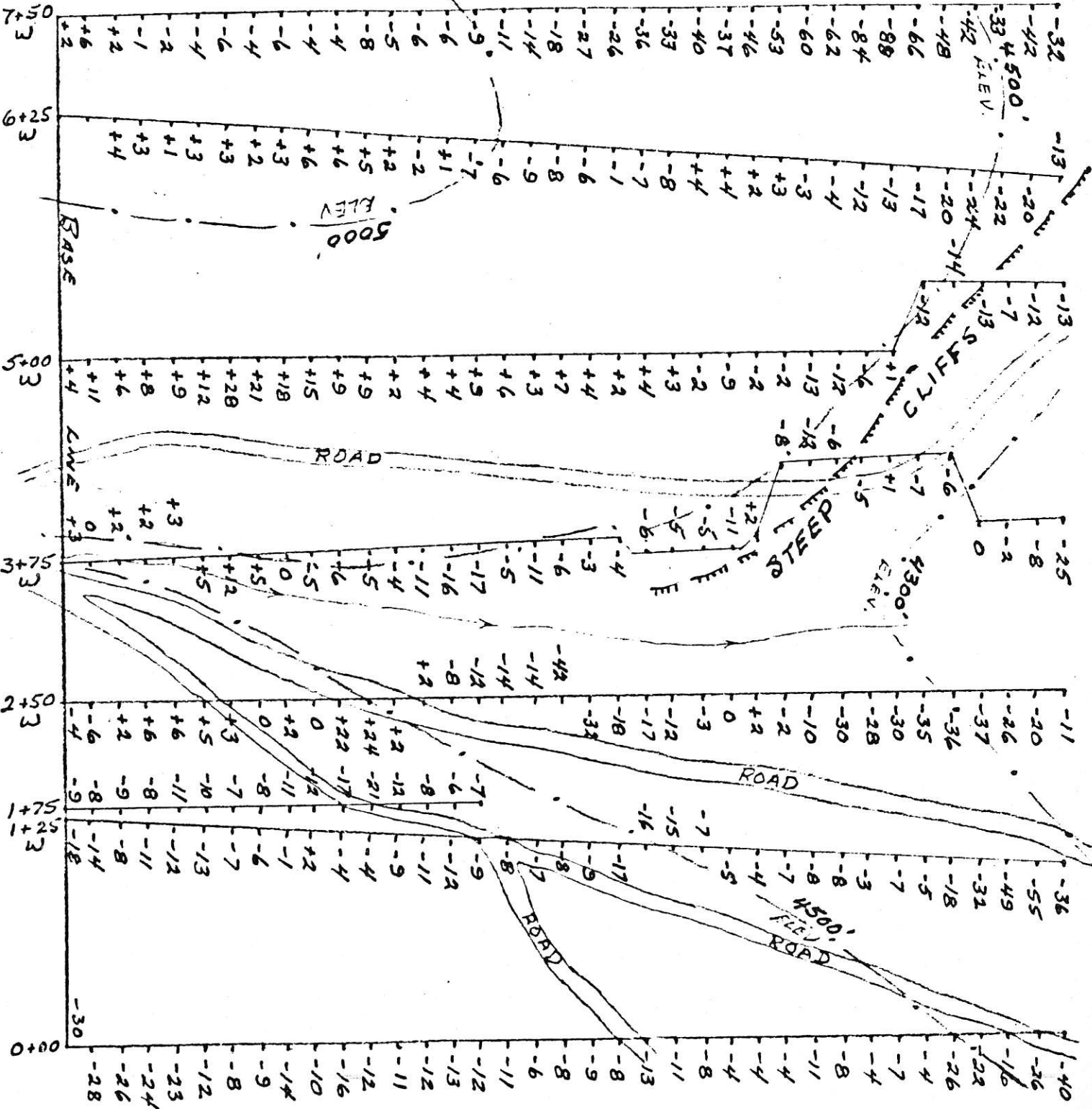
MAG. BASE READING = 56,500 gammas.

CHANDI RESOURCES CORPORATION
 KWOIEK 3 MINERAL CLAIM
 KAMLOOPS M.D.-B.C. NTS:921/4

MAGNETOMETER CONTOUR
 MAP

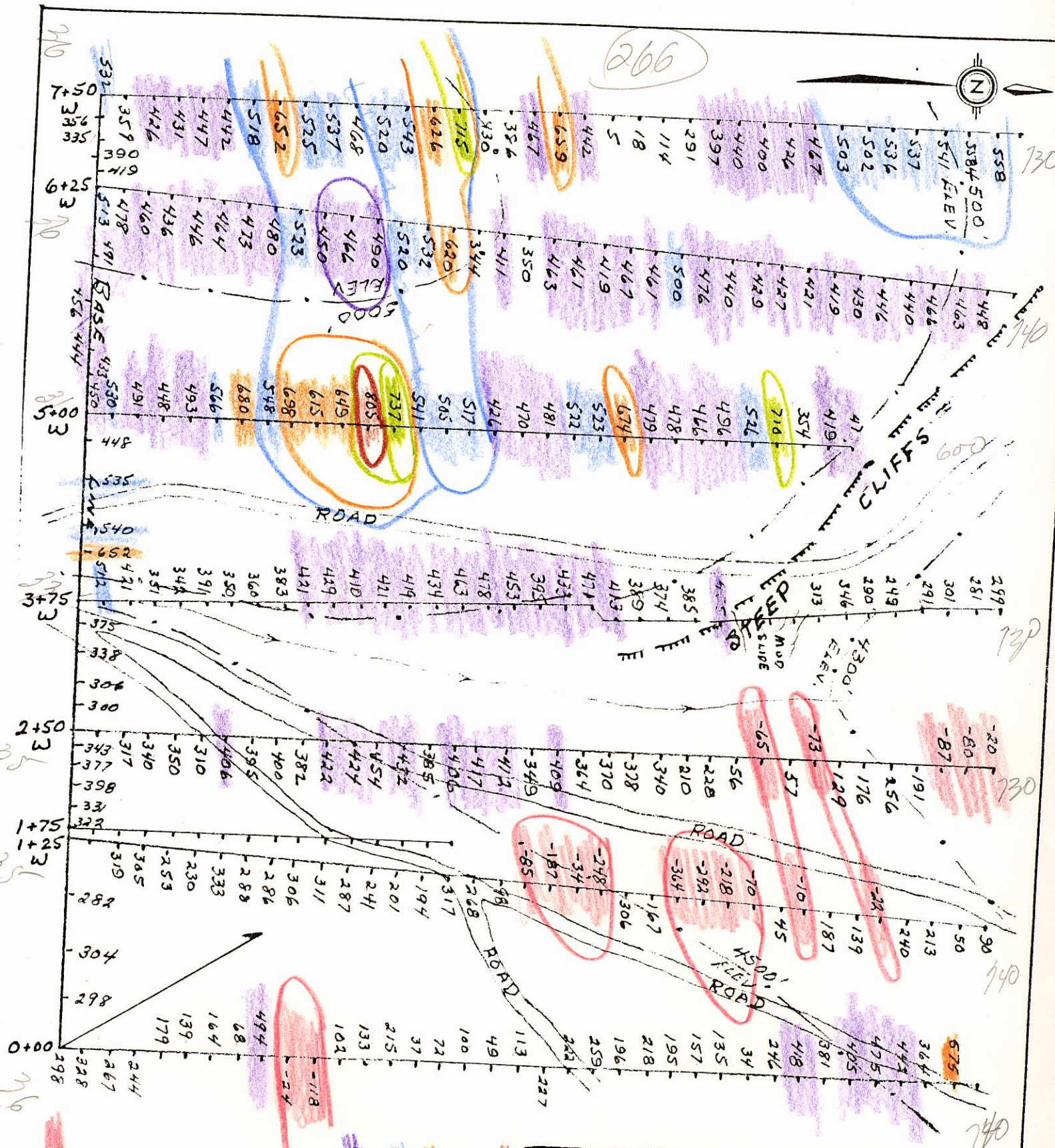
SEPT 15, 1987

Handwritten initials

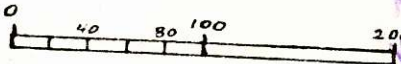


CHANDI RESOURCES CORPORATION
KWOIEK 3 MINERAL CLAIM
KAMLOOPS M.D.-B.C. NTS:921/4
EM-16 DATA
In Phase Readings
SCALE 1: 4000 FIG. 3

266

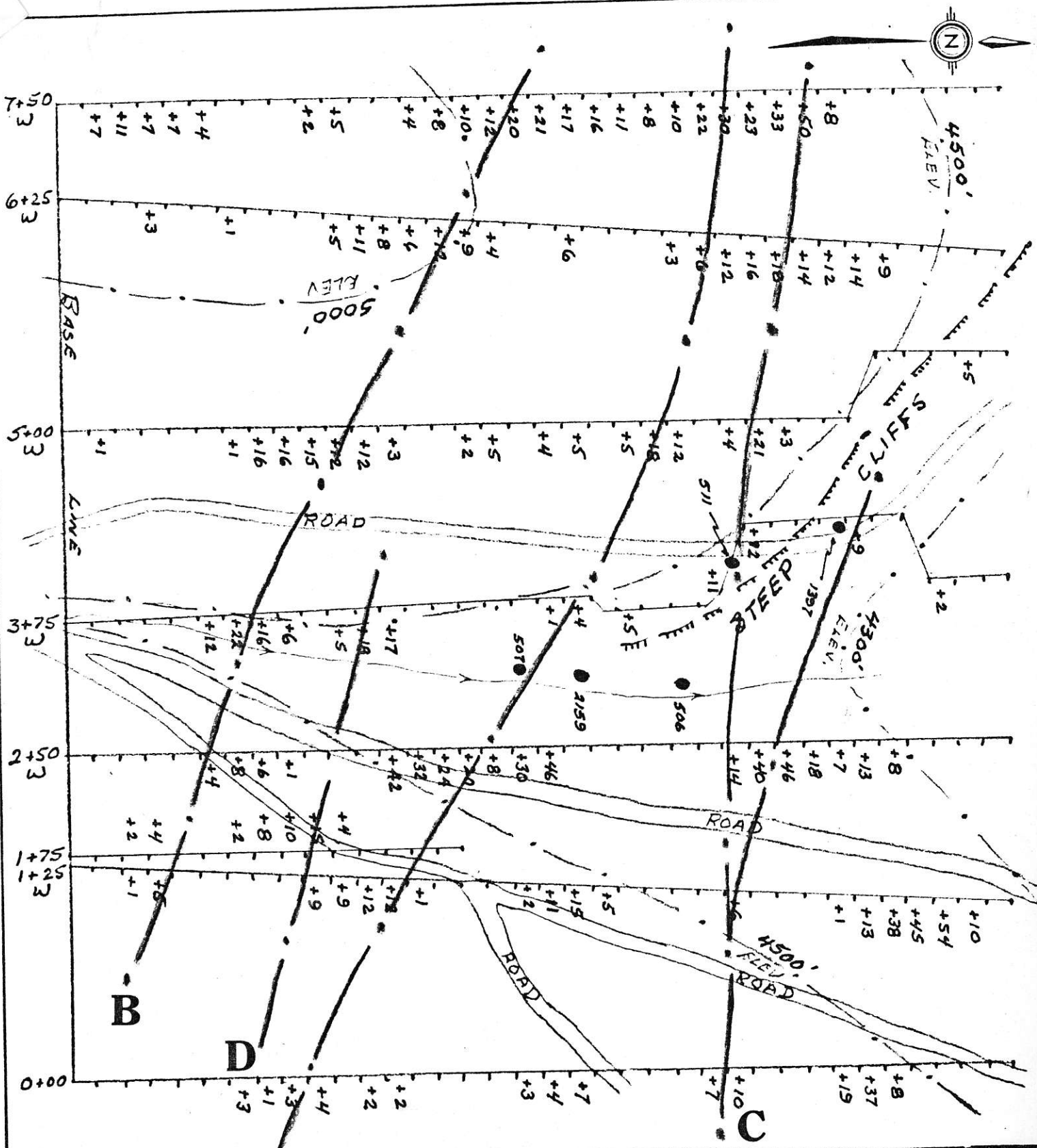


SCALE 1:4000



800+
 700-800
 600-700
 500-600
 400-500

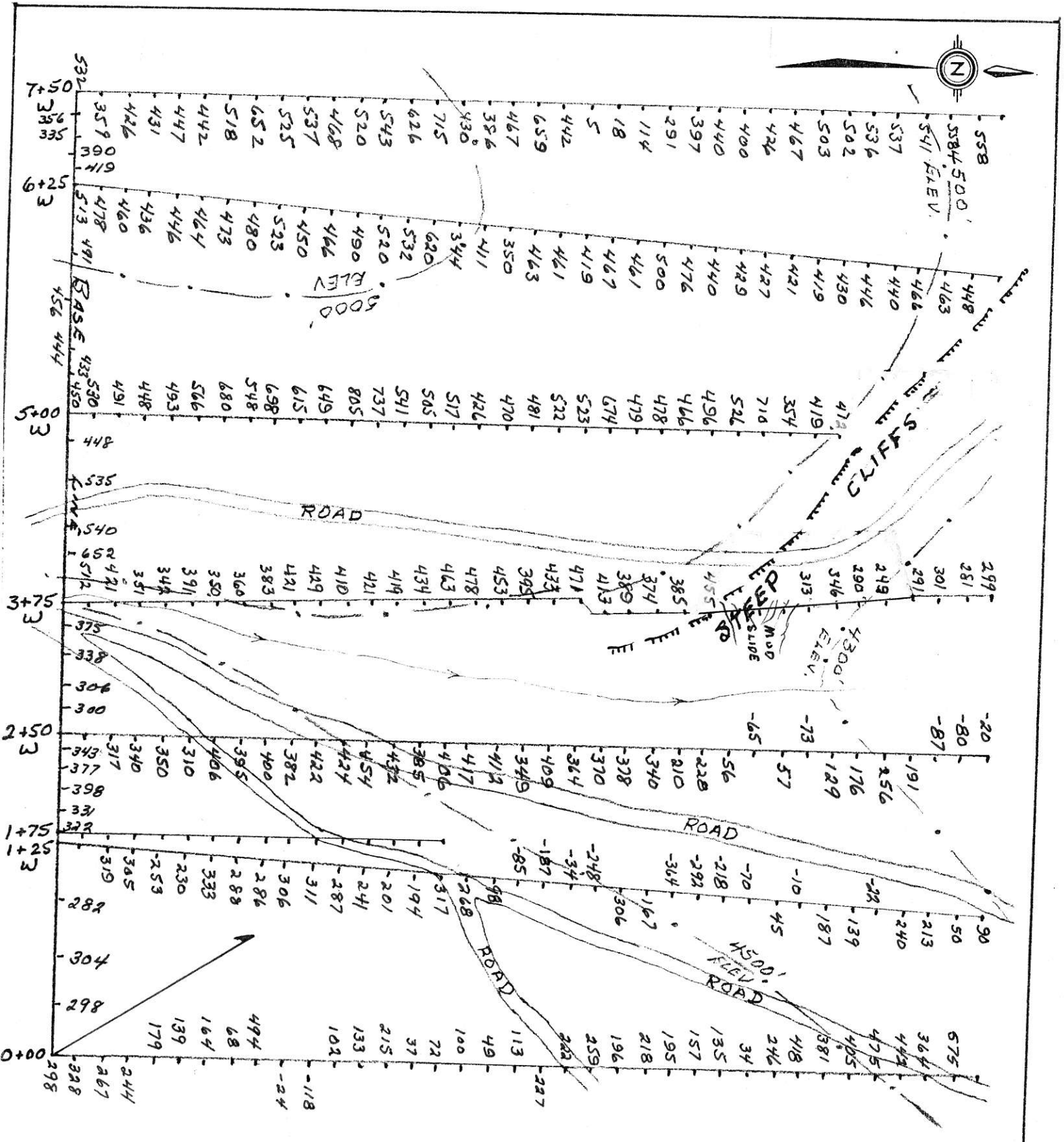
CHANDI RESOURCES CORPORATION
KWOIEK 3 MINERAL CLAIM
 KAMLOOPS M.D.-B.C. NTS:921/4
MAGNETOMETER CONTOUR
MAP



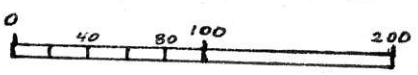
CHANDI RESOURCES CORPORATION
 KWOIEK 3 MINERAL CLAIM
 KAMLOOPS M.D.-B.C. NTS:921/4

**EM-16 DATA
 Conductors**

FIG. 5



SCALE 1 : 4000



CHANDI RESOURCES CORPORATION
KWOIEK 3 MINERAL CLAIM
 KAMLOOPS M.D.-B.C. NTS:921/4

MAGNETOMETER CONTOUR
MAP