

R. W. PHENDLER, P. Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

*WGA
for you
RWP*

R E P O R T
on the

800549

BAYONNE PROPERTY

NELSON MINING DIVISION, BRITISH COLUMBIA

of

GOLDRICH RESOURCES, INC.

by

R.W. PHENDLER, P. ENG.

Vancouver, Canada

October 4, 1982

GOLDRICH RESOURCES INC.

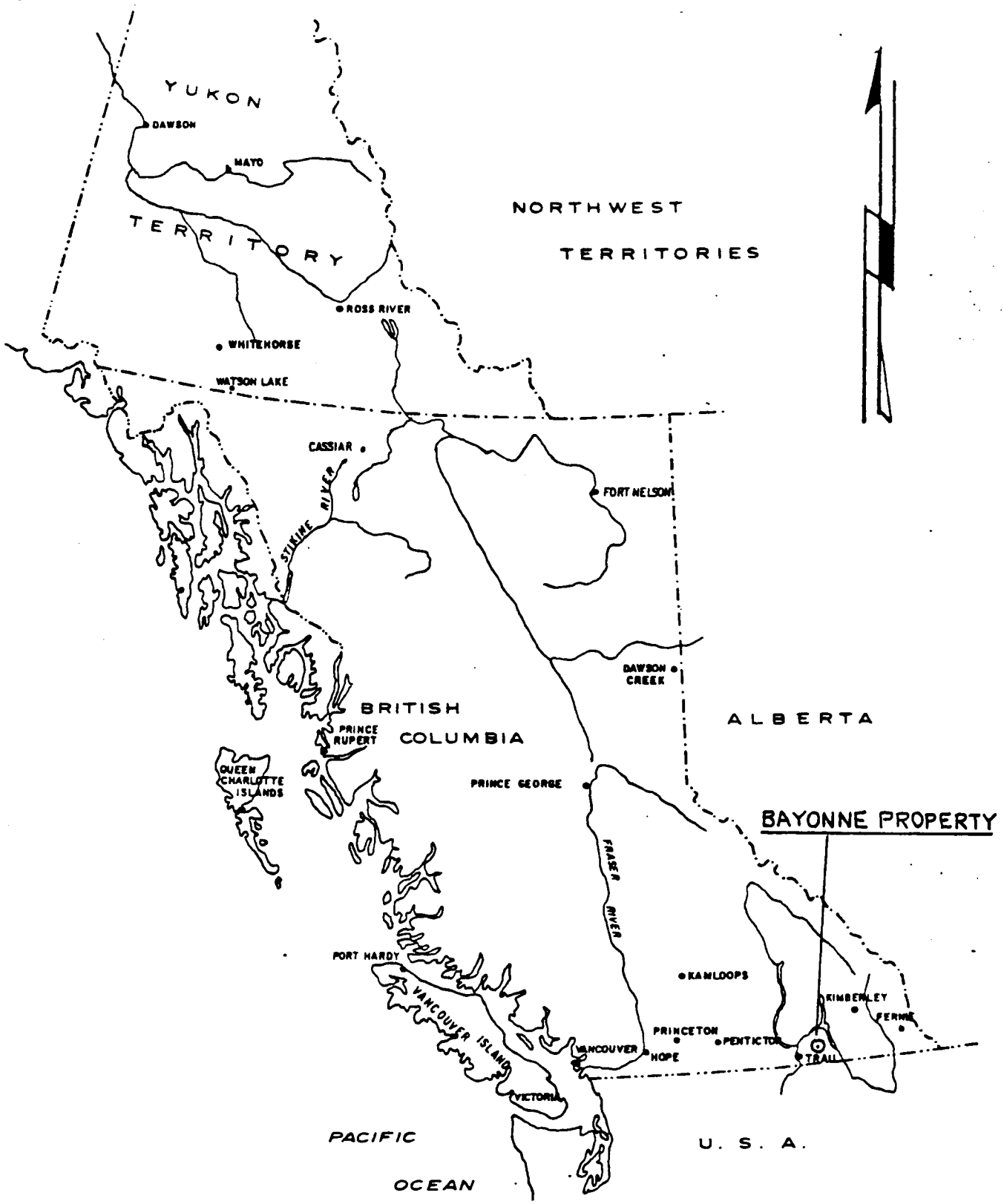
STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE SIX MONTHS ENDED AUGUST 31, 1982

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 28, 1982)

	<u>August 31, 1982</u>	<u>February 28, 1982</u>
<u>Source of Working Capital:</u>		
Sale of Capital Stock	\$ -	\$ 34,222.30
Less: Not including cash receipt: Shares issued for mining claims	-	34,222.30
	\$ -	\$ -
<u>Application of Working Capital:</u>		
Acquisition of mining claims	\$ 7,500.00	\$ 34,222.30
Less: Not involving cash outlay: Shares issued therefore	7,500.00	34,222.30
	\$ -	\$ -
<u>Purchase of Fixed Assets:</u>		
Mining Equipment	-	475.26
Office Equipment	293.80	-
	\$ 293.80	\$ 475.26
<u>Deferred Expenditures:</u>		
Exploration and Development	\$ 635.25	\$ 26,599.21
Administration	13,080.10	29,244.49
	\$ 13,715.35	\$ 55,843.70
Decrease in Working Capital	\$ 14,009.15	\$ 56,318.96
Working Capital at Beginning of the Period	5,994.69	62,313.65
Working Capital (Deficiency) at End of Period	\$ (8,014.46)	\$ 5,994.69
<u>Represented By:</u>		
Current Assets	\$ 13,630.45	\$ 17,290.14
Less: Current Liabilities	21,644.91	11,295.45
Working Capital (Deficiency) as Above	\$ (8,014.46)	\$ 5,994.69

The accompanying notes are an integral part of these financial statements.



1" = 200 MILES

LOCATION MAP	
VANCOUVER	BRITISH COLUMBIA
GOLDRICH RESOURCES INC.	
BAYONNE PROPERTY	
SCALE 1:12,672,000	
NTS.	DATE, MAR., 1981 FIG. No. 1

TABLE OF CONTENTS

	<u>Page</u>
PART "A"	
Summary and Conclusions	1
Recommendations	3
Cost Estimate	4
PART "B"	
Introduction	5
Location and Access	5
Property and Ownership	6
History	7
Geology and Mineralization	8
Metallurgy	12
Mine Development	13
Reserves and Possibilities	14
Comment	16
Certification	17
Bibliography	18

ILLUSTRATIONS

Fig. 1 - Location Map	1" = 200 Miles
Fig. 2 - Property Claim Map	1" = 600'
Fig. 3 - Composite Mine Plan and Longitudinal sections of Main and A veins	1" = 200'

PART "A"

SUMMARY AND CONCLUSIONS

The Bayonne property has yielded some impressive values in gold over the years with a recorded production of 85,000 tons averaging 0.47 oz Au and 1.12 oz Ag per ton. Lying in the heart of the Sheep Creek Mining camp in southeast British Columbia, the property has received a considerable amount of attention since 1901 but did not start production until 1936. Unable to survive the shortages created by the war, the property closed in 1942, never to reopen but coming close in 1963 when Torwest Resources, after exhaustive testing, established plans to reopen. However, at the 'eleventh hour', they decided against it.

Reserves on the two principal veins are presently considered to be 12,450 tons averaging 0.79 oz Au per ton. These reserves are based on detailed chip sampling taken on five foot intervals in mine openings and projected a very conservative maximum forty-five feet above and below these workings. This tonnage can be considered to be in the Probable category and a similar tonnage can be considered as Possible on the extensions of those blocks, using accepted engineering practices. It is also accepted engineering practice to project blocks of reserves below (or above) old producing stopes but this cannot be done at the Bayonne property because of lack of original drift sample results and the difficulty of floor sampling of veins. Numerous locations can be found on both the Main vein and the A vein where it is justified in outlining blocks of possible reserves below stopes that produced in the past. It is felt that an additional ten thousand tons of

reserves can be placed in this category. No grade can be given this tonnage.

A summary of reserves are as follows:

<u>TONS</u>	<u>oz Au</u>	<u>oz Ag</u>	<u>Category</u>
12,450	0.79	2.0 (estimated)	Probable - based on detail sampling
12,450	0.79	2.0 "	Possible - on extensions of Probable blocks
<u>24,900</u>	<u>0.79</u>	<u>2.0</u>	

An additional 10,000 tons is considered to exist below old producing stopes.

The driving of the No. 9 level should develop an additional 10,000 tons of reserves and upgrade some of the Possible reserves to the Probable category.

Vein widths on the steeply - dipping quartz veins vary up to 3.0 meters in width but average about 0.5 meters. The contained gold and silver is closely associated with galena and sphalerite and most of the material treated to date was mined from an oxidized zone - presenting some metallurgical problems that appears to have led to rather poor recovery.

The narrow vein widths, the blocky nature of the host granodiorite and the mining method used (shrinkage) led to high in-stope dilution. These problems can be overcome without much difficulty as can the metallurgical problems but more important, at present, is the need to increase mine reserves.

The indicated 35,000 tons of reserves that may produce a mill head of 0.40 oz Au, 2.0 oz Ag, 3.0% Pb and 2.0% Zn should be increased to at least double that amount before the construction of a small concentrator is considered.

RECOMMENDATIONS

It is recommended that:

- 1) The No. 9 level be collared on the A vein about 120 feet vertically below the 8 level. The selection of the elevation should await an accurate survey of the 8 level from the 8A portal to the No. 1 shaft. It is important that the 9 level drift pass 10 - 15' below the old 9 level near the No. 1 shaft (presently water - filled). The old level can later be utilized for stope preparation and the cost of rehabilitating the No. 1 shaft to establish level, in an attempt to connect the new level with the west end of the old and to reverse the grade and flow of water outweighs the additional cost of driving the 400 feet already established on the 9 level.
- 2) The rehabilitation of the old upper levels be continued but special attention given to the east end of the 4 and 5 levels on the Main vein and the east end of the 7 and 8 levels on the A vein where reserve blocks exist.
- 3) Metallurgical tests be carried out on oxidized and unoxidized (primary) vein material.
- 4) Resampling of veins be continued where no previous records or assay plans exist.
- 5) A camp be established at the mine site to provide office space and living accommodation when required.
- 6) Underground diamond drilling be carried out in conjunction with the development program to assist in vein location or to check for the presence of parallel veins.
- 7) Test stoping be continued and shipments continue to be made on a custom basis.

COST ESTIMATE

Stage I

1) Surface geophysical, geochemical	\$10,000
2) Rehabilitation of upper levels	40,000
3) Resampling	15,000
4) Establish camp	2,500
5) Underground and surface diamond drilling - 1200 ft. @ \$20/ft.	24,000
6) Road repairs	5,000
7) Travel and accommodation	4,000
8) Engineering and geology	<u>4,000</u>

Total = \$104,500

15% contingencies = 16,000

Total Stage I = \$120,500

Stage II

1) Drive 9 level 1,000 ft. @ \$160/ft.	160,000
2) Metallurgical test	10,000
3) Underground diamond drilling, 1200' @ \$20/ft.	24,000
4) Travel and accommodation	6,000
5) Engineering and geology	<u>6,000</u>

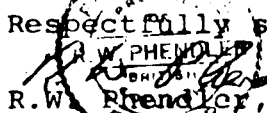
Total = \$206,000

15% contingencies = 25,000

Total Stage II = \$231,000

Grand Total = \$351,500

The sum of \$120,500 should be made available to carry out Stage I of the program. Additional funds may be required to carry out Stage II if results from Stage I are favourable.

Respectfully submitted,

R. W. Rrendler, P. Eng.

PART "B"

INTRODUCTION

At the request of the Board of Directors of Goldrich Resources, Inc., the writer compiled the following report based on a study of all available reports, maps and sections of the Bayonne Mine and two visits to the property on October 9 and November 12, 1980. During these visits the writer examined the 8 level, took twelve chip and muck samples, logged core from four diamond drill holes, took samples from this core, checked on progress of the rehabilitation program and laid out a new stope. In addition, during the second visit a resampling program was initiated.

LOCATION AND ACCESS

The Bayonne property is located at an elevation of 1,600 meters about 50 kilometers southeast of Nelson in southeastern British Columbia. Road access from the southern Trans-Provincial Highway (route 3) is by a 10 kilometer gravel road which leaves the highway in a northerly direction 32 kilometers west of Creston or 50 kilometers east of Salmo. The gravel road is in good condition and continues northwest past the Bayonne property to the nearby Spokane prospect.

Ample water for a modest mine operation is available from Bayonne Creek and an adequate timber supply can be acquired nearby.

A small power house and change room is presently located near the lower Bayonne portal - (8 level).

PROPERTY AND OWNERSHIP

The Bayonne property consists of the following seventeen contiguous mining claims:

<u>Claim Name</u>	<u>No.</u>	<u>Status</u>
Bayonne	Lot No. 5083	Crown Grant
Columbus	" " 5961	" "
Ohio	" " 5962	" "
New Jersey	" " 5967	" "
Virginia	" " 6887	" "
Skookum	" " 9360	" "
Oxford	Record No725	Reverted Crown Grant
Delaware	" 726	" " "
Illinois	" 727	" " "
Echo	" 728	" " "
Echo Fraction	" 729	" " "
Ontario	" 730	" " "
Portland	" 731	" " "
St. Elmo	" 732	" " "
Idaho	" 733	" " "
Maryland	" 773	" " "
Kentucky	" 774	" " "

In addition, certain surface rights are held on the Ohio claim.

All claims were acquired by Mr. R. Sostad in 1964 and are presently held by Goldrich Resources, Inc., as of early 1980.

HISTORY

The earliest recorded history of the Bayonne property was in 1901 when the Bayonne and Echo claims received some attention. Early work consisted of numerous trenches and three short adits on the 1st, 6th and 8th levels developing the original vein exposures. Very little work was carried out between 1915 and 1935 when the 17 original Crown grant claims including the Bayonne and Echo claims were acquired by Bayonne Consolidated Mines, Ltd. Underground development and mining began and a 60 ton cyanide concentrator was constructed, coming into full production in 1936. Production was slowed down in 1939 in favour of an extensive development program and then continued unabated up to 1942.

The mine was at a standstill due to labour and material shortage until 1945 when it began operations again until 1946. Minor tonnages were produced by lessees between 1947 and 1951.

In 1963 Torwest Resources Ltd. optioned the property and carried out rehabilitation work, diamond drilling and a resampling program under the direction of W.G. Hainsworth, P. Eng. This work continued up to October, 1964. Up to 1963 access was by a 37 kilometer gravel road from Tye Siding on the west side of Kootenay Lake but the completion of the Salmo - Creston Highway in that year provided shorter access to the south. Logging roads were constructed from the Highway and extended by Torwest to the mine in 1964. Distance to the Trail smelter where shipments of vein material can be made is about 96 kilometers.

Torwest Resources Ltd. carried out sufficient work to their satisfaction to justify construction of a new concentrator. Re-

erves were considered to be 12,450 tons averaging 0.79 oz Au per ton. Site preparation for the new 50 ton per day mill was commenced, two 300 ton ore bins were constructed, the main haulage-way (5 level) was retracked when Torwest dropped their interest (and the option) in favour of other exploration properties.

Total production is reported as being 85,000 tons averaging 0.47 oz Au and 1.12 oz Ag. This includes shipments made by lessees in 1947 - 1951 that totalled 673 tons averaging 0.67 oz Au, 4.75 oz Ag, 4.4% Pb and 2.3% Zn.

In June, 1968 the property was optioned by Liberty Mines Ltd. but no work was carried out, other than an examination by G.L. Mill, P. Eng.

In early 1980 Goldrich Resources, Inc. acquired the property and began a program of rehabilitation, retimbering, diamond drilling and resampling under the direction of the writer. A trial stope on the 8 level was begun and a shipment of 43 tons averaging 0.15 oz Au, 1.2 oz Ag, 0.4% Pb, 0.2% Zn and 78.3% Si O₂ was made to the Cominco Smelter at Trail.

GEOLOGY AND MINERALIZATION

The area in which the Bayonne property is located is underlain by fine to medium grained granodiorite of Mesozoic Age intruding green argillaceous quartzite, limestone and coarse sediments of the Horsethief Creek series of late Precambrian age.

The property is located near the southwest end of an elongate, northeast-trending, 60 kilometer long body of granodiorite known as the Bayonne batholith. This body averages about 16 kilometers in width, is generally irregular and has numerous small out-

liers. It varies in composition from a granite to a calcic granodiorite and contains phases described as coarse grained, fine grained, porphyritic, non porphyritic, pink and light to dark grey and is often gneissic in nature. The variety in the mine vicinity is fine to medium grained, equigranular and a distinct more basic phase than the mass of the Bayonne intrusive.

Mineralization consists of a principal quartz-filled fissure vein (MAIN VEIN) that strikes $N80^{\circ}E$, dips vertically and has been traced over a distance of 750 meters along strike. About halfway along this distance a secondary fissure vein (A vein) splits off the Main vein to the southwest and has been traced over a strike length of about 550 meters. The veins vary in width between a few centimeters and 3 meters and average about 1.6' in width (0.5 meters).

The only metals of commercial importance are gold and silver which occur intimately associated with pyrite, galena - sphalerite and chalcopyrite. Tetrahedrite has also been observed under the microscope as have hessite and petzite (Ag and Au telluride).

The Bayonne Mine is unique in British Columbia in that the veins are heavily oxidized to a maximum depth of 135 meters. In this zone the sulphides have largely disappeared, their place being taken by limonite and minor amounts of secondary ^{level} and zinc minerals. The bottom of this zone is characterized by a rather abrupt transition zone to fresh sulphides. Conclusions are that the area has suffered from deep preglacial weathering that escaped removal by continental glaciation, a rather surprising condition, considering the high elevation and exposed location but not unheard of. The oxidized zone consists of limonite and rusty, honey-

combed quartz that often assayed one to two ounces of gold per ton across narrow widths. Dilution brought this grade down to the half ounce range.

Below the oxidized zone is a 50 foot thick zone of apparently enriched material that assayed between 0.50 and 1.0 oz Au per ton and below this in primary material assays are closer to the 0.40 oz Au average. However, stopeable lengths of vein material continue to average close to 1.0 oz Au per ton (see east end of 8A level).

It is believed that some enrichment has taken place within the oxidized zone but that the primary zone will continue in depth to contain well defined shoots of commercial grade material.

Much of the vein appears to contain material that was considered to be uninteresting in the past but at present gold prices, deserves a closer look - i.e.; resampling, etc. The small amount of resampling carried out in 1980 gave the following results:

<u>Location</u>	<u>Length</u>	<u>oz Au (uncut)</u>	<u>oz Au (diluted)</u>	<u>Width</u>
8 level - A Vein - East end	70.0'	1.08	0.68	1.38'
This zone forms part of Block 22				
8 level - Main Vein - XC area	45.0'	0.18	-	0.97'

It is felt that additional mineral zones of commercial or near commercial grade exist in the older parts of the mine.



To: Mr. Roy Phendler
7360 Decourcy Cres.,
Richmond, B.C.
V7T 4E9

ACME ANALYTICAL LABORATORIES LTD.

Assaying & Trace Analysis
852 E. Hastings St., Vancouver, B.C. V6A 1R6
Telephone: 253 - 3158

File No. 80-1295

Type of Samples Rock

Disposition _____

ASSAY CERTIFICATE

Goldridge

No.	Sample	Pb%	Ag oz/ton	Au oz/ton				No.
1	1857			.580				1
2	1858			.895				2
3	1859			.750				3
4	1860			.435				4
5	1861			1.506				5
6	1862			.095	D.H #1	83'85'	20'	6
7	1863			.030	D.H #2	110'0"-1107	07'	7
8	1864			.002	D.H #2	555-063	08'	8
9	1865			.110				9
10	1866	8.06	3.80	.300				10
11	1867			.020				11
12	1868			.295				12
13	1869			.375				13
14	1870			.018	D.H #4	1515-1535	20'	14
15								15
16								16
17	2			.440	(from cert. #80-1443 dated Nov			17
18	1001			.890	"	"	"	18
19								19
20								20

All reports are the confidential property of clients.

DATE SAMPLES RECEIVED Oct. 21, 1980

DATE REPORTS MAILED Oct. 24, 1980

ASSAYER

DEAN TOYE, B.Sc.
CHIEF CHEMIST
CERTIFIED B.C. ASSAYER

Samples taken by the writer during his visits are as follows:

<u>Sample No.</u>	<u>Width</u>	<u>oz Au/ton</u>	<u>Location</u>
1857	0.3'	0.580	8A2 stope (new)
1859	1.2'	0.750	"
1860	1.0'	0.485	"
1858	muck	0.895	Muck sample from 8A3 stope
1865	0.3'	0.110	8 level - Main vein
1866	1.0'	0.30, 3.80 oz Ag, 8.1% Pb,	- 8 Main vein
1867	2.0'	0.020	8 level - Main vein
1868	4.0'	0.295	" "
2	1.3'	0.440	8A drift - east end
1001	0.8'	0.890	8A drift - North split - 8A2 stope

METALLURGY

A comparison of the reports by government engineers in the 1 to 2 ounce Au average in the enriched zone of the mine and the average grade of production (0.47 oz Au) suggests that excessive dilution took place in the stopes or recovery was poor in the mill, which was a straight cyanidation circuit of 60 tons per day capacity. A cubication of the stoped areas of the mine (from available longitudinal sections) indicates that stopes must have averaged at least 3.0 feet in width to produce a total of 85,000 tons, giving about an 87% dilution factor. This is about normal for shrinkage stoping a 1.6 foot wide vein, where a hungry mill demands 60 tons per day of mill feed from a relatively few stopes. And it is also acceptable with a mill on site, as long as the operation is financially successful.

However, it appears now that metallurgical tests carried out in 1935 suggested the installation of a fine grind, two stage classification with two stage shaking tables, amalgamation (with mercury) and cyanidation producing a lead concentrate, gold bullion and a gold silver precipitate. These recommendations were not followed and only fair gold and poor silver recovery could be anticipated and this probably was the case.

Tests carried out in 1964 suggested that a straight flotation circuit be installed in the mill but only fair to good silver recoveries and fair gold recoveries could be expected. It is believed that these tests (1935 and 1964) were carried out on mineral from the oxidized zone. The gold present was not easily liberated by cyanidation and an exceedingly fine grind was required.

Tests should be carried out on both oxidized and unoxidized material at present.

Information included in this discussion on metallurgy is quoted from a report by G.L. Mill, P. Eng., written in January, 1980.

MINE DEVELOPMENT

The Bayonne Mine has been developed on eight levels located about one hundred feet apart vertically. This appears to be the most suitable level interval and should be continued in depth.

Levels 1, 2, 3, 4, 5, 6 and 8 levels were driven from the surface on the main vein with access drifts or crosscuts to the A vein driven on the 4, 5, 6 and 8 levels. It appears that the 8 level is the only one that has access to the surface on the "A" vein, while access to the 7 level is provided by internal raises.

The No. 9 level was reached by the sinking of the No. 1 shaft 100 feet vertically on the north side of the A vein. Total development on the 9 level was 420 feet but only 140 feet of sample results are presently available.

RESERVES AND POSSIBILITIES

The accompanying composite level plan and longitudinal sections of the Main vein and the A vein shows stoped areas and reserve blocks. Blocks 1 to 18 were calculated in 1946 by C. Ruthford, P. Eng. and R.B. King, P. Eng. and blocks 19 to 22 were added by W. Hainsworth, P. Eng. in 1964 as a result of extensive resampling. It is felt that these reserves can be accepted today as Hainsworth's 1963 - 1964 resampling confirmed the earlier work and Hainsworth's integrity and reliability is of a high calibre. Minor resampling under the direction of the writer on the east end of the 8A level confirms the presence of Block 22 where a 70 foot long section of the vein averages 1.08 oz Au per ton (5 foot interval samples - 1980).

It is felt that the vein material can be mined by the resuing method, where the "ore" is first removed followed by additional blasting of the walls to minimum working width. Reserves are on the following page.

Block #	Tonnage	Width	Grade	24" Mining Width		30" Mining Width		
				Tonnage	Grade	Tonnage	Grade	
(Over 24")								
1	600	28"	0.42	600	0.42	650	0.39	
7	400	38"	1.10	400	1.10	400	1.10	
9	900	24"	1.13	900	1.13	1,100	0.90	
(From 18"-22')								
2	700	21"	0.52	800	0.46	1,000	0.36	
6	1,000	22"	0.54	1,100	0.49	1,350	0.39	
10	900	21"	0.47	1,000	0.41	1,300	0.33	
11	500	18"	0.59	700	0.44	850	0.35	
13	1,300	22"	0.93	1,400	0.85	1,750	0.68	
14	900	18"	0.52	1,200	0.39	1,500	0.31	
16	700	18"	0.75	900	0.56	1,150	0.45	
17	400	18"	1.11	550	0.83	650	0.67	
(Under 18")								
3	600	12"	0.75	1,200	0.37	1,500	0.30	
4	100	10"	1.35	250	0.56	300	0.45	
5	300	9"	1.13	800	0.42	1,000	0.34	
8	300	12"	1.04	600	0.52	750	0.42	
12	500	14"	1.56	800	0.91	1,050	0.73	
15	600	16"	0.48	900	0.32	1,150	0.26	
18	300	14"	0.80	500	0.47	650	0.37	
19	450	12"	0.67	900	0.34	1,100	0.27	
20	300	15"	0.72	500	0.45	600	0.36	
21	250	11"	0.45	500	0.21	700	0.17	
22	450	12"	1.71 (cut)	900	0.86	1,100	0.68	

12,450 @ 0.79oz/t gold

17,200 @ 0.58 oz/t gold

21,500 @ 0.46 oz/t gold

The total of 12,450 tons averaging 0.79 oz Au per ton can be expanded to 21,500 tons averaging 0.46 oz Au per ton, depending on whether the vein material is mined for shipping to a custom mill (Trail) or is left untouched in the mine until sufficient reserves are blocked out to warrant construction of a mill on the Bayonne property, when the greater widths would be mined with increased productivity.

As 40% of the known reserves are located below the 8 level it is obvious that priority be given to development in this area. Another 22% of the reserves lie between the 8 and 6 levels on the east end of the A vein and should be given attention as soon as possible.

The remaining blocks appear to be isolated but generally lie on the east end of the Main vein on the 3, 4 and 5 levels. They can probably be recovered profitably but rehabilitation required may be extensive.

Areas where new reserves could be developed are as follows:

- 1) The driving of the 9 level from surface on the A vein has good possibilities of developing 10 - 15,000 tons of mineable material.
- 2) The recently started 8A2 stope should be continued upward with an exploratory raise driven to surface beyond the 7 level. New reserves should exist in this area.
- 3) Both 8A 4 stopes should be continued upward to the 7 level. Present reserves here show only 700 tons and at least twice this amount should be present.
- 4) Exploration drifts should be driven to the east on both the A and the Main veins. It is obvious that on the A vein the 8 level is preferable to the 7 level (no surface access). It is not evi-

dent which level is preferable on the Main vein. It is probable that the 4 level should be advanced easterly to explore the vein down dip from the #2 orebody on the Main vein.

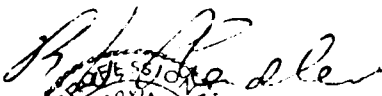
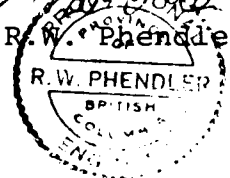
5) Diamond drill hole intersections on the No. 3 and No. 4 levels on the Main vein warrant exploration.

COMMENT

Closer examination of old levels will bring to light additional exploration possibilities as will resampling of accessible unmined vein exposures.

Of prime importance at this time is the need to increase reserves and efforts in the coming year should favour new development (No. 9 level) but should not ignore the potential of the old upper levels. Diamond drilling carried out in 1980 showed that the A vein continues at least 100 feet west of the 8A portal where a 2' wide vein assayed 0.018 oz Au. Three short holes were also drilled on the subsidiary north vein, where intersections of 0.095 oz Au/2.0' and 0.030 oz. Au/0.7' were located. No further work should be carried out on this prospect at this time.


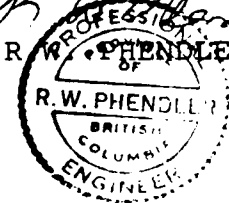
Respectfully submitted,


R. W. Phendler, P. Eng.


C E R T I F I C A T I O N

I, R.W. PHENDLER, of 7360 Decourcy Crescent, in the municipality of Richmond, in the Province of British Columbia, hereby certify as follows:

- 1) THAT I am a registered member of the Association of Professional Engineers of British Columbia - No. 4421 - 1963.
- 2) THAT I am a graduate of McGill University, Montreal, with a Bachelor of Science degree in geology.
- 3) THAT I have practiced my profession continually as mine, exploration and consultant geologist for the past 27 years in all parts of Canada, the U.S.A., Mexico, Peru, Colombia and Chile.
- 4) THAT I have no interest directly or indirectly in the Bayonne property nor do I own, directly or indirectly, any shares of Goldrich Resources Inc.
- 5) THAT the information contained in this report was compiled as a result of my examination of the Bayonne property on October 9th and November 12th, 1980.
- 6) THAT I hereby consent to the publication of my report, entitled "Report on the Bayonne Property, Nelson Mining Division, British Columbia", dated October 4, 1982, in a prospectus or a statement of material facts.


R. W. PHENDLER, P. ENG.


BIBLIOGRAPHY

- 1) MILL, G.L. - P. Eng. - "The Bayonne Group (Bayonne Mine),
The Echo Group (49⁰ 116' SW), Nelson Mining Division" -
January 4, 1980.
- 2) HAINSWORTH, W.G. - P. Eng. - "Report on the Bayonne Mine,
Nelson Mining Division, British Columbia" - November 28,
1979.
- 3) RICE, H.M.A. - "Nelson Map - Area, East Half British Columbia -
1941 - Geological Survey of Canada.
- 4) Numerous maps and sections of Bayonne Mine.

R. W. PHENDLER, P. Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

Dec 6, 1982

Ms G.E. Asmundson, Filings Analyst
Corporate Affairs,
Superintendent of Brokers, Insurance & Real Estate,
800 - 1050 W. Pender St.,
Vancouver, B.C.
V6E 3S7

Dear Ms Asmundson:

Re: Goldrich Resources Inc. (file No X00/6756 - 7)

Regarding my report of Oct 4, 1982 on the Bayonne property, may I say that no further work has been carried out on the property and that periodic visits by personnel of Goldrich Resources Inc has assured that camp buildings, roads, mine timbers, etc have remained in good repair.

My recommendations are unchanged and my cost estimates are valid to-day. Although diamond drilling costs increased between November, 1980 and the spring of 1982, they have dropped significantly since then and I feel that a cost of \$20.00 per foot is reliable to-day.

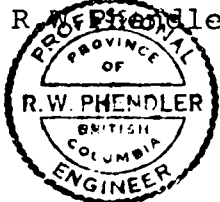
It must be realized that Goldrich Resources Inc owns compressors, underground rock drills, mine lights, a mucking machine, mine cars, etc. and that mine rails, air and water pipes are already on hand at the property. Because of this underground development costs of \$160 per foot are realistic to-day. Furthermore, the work will be carried out by company personnel and not by

a mining contractor, who includes in his turnkey price his ample profit margin (possibly as high as 25%).

In regards to the additional claims held by the company, the enclosed letter of November 15, 1981 recommends the acquisition of more ground in the area. As a follow-up to this, three crown granted claims (Mayflower, L9356, Bluebird, L9357 and Last Chance, L9358) were acquired and the Bayonne 1 and the Bayonne 2 claims (each of 20 units) were staked surrounding the original crown granted claims.

I trust that this letter answers any questions and will satisfy the requirements of the Superintendent of Brokers.

Yours truly

R. W. Phendler
R. W. Phendler, P. Eng.
A circular professional seal for R. W. Phendler, P. Eng. The seal contains the text: "PROFESSIONAL ENGINEER OF BRITISH COLUMBIA" around the perimeter and "R. W. PHENDLER" in the center.

R. W. PHENDLER, P. Eng., GEOLOGICAL CONSULTANT,
EXPLORATION AND MINING
7360 DECOURCY CRES., RICHMOND, B.C. V7C 4E9 (604) 271-2588

November 15, 1981

Goldrich Resources, Inc.
#504 - 475 Howe St.
Vancouver, B.C.
V6C 2B3

Attention: Mr. R. Sostad

Dear Mr. Sostad:

Re: Bayonne Property,
Nelson Mining Division, B.C.

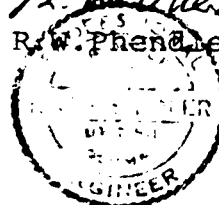
In reviewing your holdings covering the Bayonne property, I would suggest that additional ground be acquired along strike in both directions on the principal veins.

I recommend that additional units be staked in the vicinity of the present 17 Crown granted claims, to both the east and west.

Yours truly,


R. W. Phendler, P. Eng.

RWP/bj



20. STATUTORY RIGHTS OF RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

November 8th, 1982
(Date)

Ralph Andrew Sostad
Ralph Andrew Sostad (Director and a promoter)

Paul Frigstad
Paul Frigstad (Director and a promoter)

Robert Hugh Davie
Robert Hugh Davie (Director and a promoter)

Larry Ralph Wilson Sostad
Larry Ralph Wilson Sostad (Director and a promoter)

CERTIFICATE OF THE UNDERWRITER(S):

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

November 8th, 1982
(Date)

CANARIM INVESTMENT CORPORATION LTD.

Per: R. A. B.

WALWYN STODGELL COCHRAN MURRAY LIMITED

Per: [Signature]