

460

TEL.: BUS. 987-5322
RES. 987-9520

WILLIAM M. SHARP, M.A.Sc., P.Eng.
CONSULTING GEOLOGICAL ENGINEER
3280 CHESTERFIELD AVENUE
NORTH VANCOUVER, B.C. V7N 3M9

801297

82F

May 12, 1977

Dungannon Explorations Ltd. &
Sabina Industries Ltd.
c/o 1275 - 555 Burrard Street
VANCOUVER, B. C.
V7X 1J6

Gentlemen:

SUMMARY REPORT - GEOLOGY & ORE POTENTIAL
HEWITT-VAN ROI MINE PROPERTY
SILVERTON, B. C. SLOCAN MINING DIVISION

GENERAL

This report summarizes the draft of a more detailed formal report which is being prepared for the client.

The writer examined the Hewitt section of the consolidated property during January 6 - 9, incl., 1977. This examination consisted of a general inspection of all accessible workings on Hewitt 10 level, following by compass-tape surveying/detailed geological mapping, and spot-sampling of representative vein-mineralization. Concurrent 'office' work involved the studies, discussions, and compilations of all of the background data that were available at that time.

PROPERTY & ACCESS

The properties are located about 3 line-miles southeast of Silverton, and are reached by way of six miles of well-located mine road. The currently planned development-mining operation and proposed exploration programs are focussed on depth extensions of established ore zones within the Hewitt mine to, and below 10 level.

A portable mining plant is installed near Hewitt 10-E portal, and is adequate for all present purposes. It is owned by the prime leaser, Mr. F. Pho, of New Denver, B. C.

The consolidated Hewitt-Van Roi property consists of 42 contiguous, Crown-granted standard and fractional mineral claims - all of which are reported to be in good standing. These comprise one claim block with an east-west extent of about three miles. This block adequately covers the strike and dip extensions of the through-going Hewitt-Van Roi multiple-vein system, or 'lode'.

HISTORY

Both properties were discovered and staked during the 1890's. Since then, the Hewitt and Van Roi mines, respectively, have recorded ore productions amounting to 120,000 tons averaging 16.0 oz./ton Ag, 1.7% Pb, 15.5% Zn, and 300,000 tons averaging 7.6 oz./ton Ag, 2.5% Pb, 2.2% Zn.

GEOLOGY

The through-going lode strikes easterly over most of its course through the Hewitt mine, but within the East ore zone it bends to an E.N.E. strike which it maintains over the full extent of the Van Roi workings. Over most of its exposed length, it maintains a dip of about 70° northward.

The principal vein of the lode, particularly within the Hewitt mine, has been mined over widths ranging from 4 to 10 and, locally, to 20 feet. The ore minerals, consisting of galena, sphalerite, grey copper and some ruby silver occur, typically, in a gangue of brecciated and silicified wall rock and quartz. Wall rocks are predominantly quartzitic and argillaceous sediments of the triassic Slocan Series. The better ore sections tend to occur on the more sinuously-trending vein segments, and particularly where they cut across folded bedding assemblages, to develop 'open-breccia' vein fillings.

The Hewitt 10-West adit is accessible for some 1500 feet. The outer part of it

bears E.S.E., and the inner part, where it has been turned to parallel the lode hanging wall, bears E.N.E. The adit initially traverses coarse-grained (Nelson) granodiorite. This gives away to firm, hard-altered, strongly-bedded limy argillites and quartzites, which generally strike and dip roughly parallel to the lode. The inner end (south branch) of the adit is blocked by caved lode material.

The 10-East adit comprises 1800 feet of S.W.-trending crosscut, followed by about 1000 feet of drift which is now largely inaccessible. However, a hanging wall drift driven from the end of the crosscut portion of the adit, exposes hanging wall parts of the vein-system over a strike length of about 450 feet. From this 'lateral', the depth extension of the Cunningham ore shoot was located by diamond drilling. The sub-10 level part of the ore shoot was developed and mined via an inclined winze which, during periods between 1956 and 1976, had been sunk through 11, 12, and 13-levels, and mined to the latter level. Over this vertical range, the easterly-striking ore shoot has been mined over strike-lengths of 70-110 feet, and widths of 6 - 12 feet. This work has produced 14,469 tons of millfeed with an average grade of 15.8 oz./ton Ag, 3.2% Pb, 5.1% Zn. In addition, and as a result of the exploratory crosscutting, drifting and raising carried out within the East ore zone, other parallel, well-mineralized veins have been discovered at the 10-level horizon. These comprise rather immediate exploration targets to be tested via the proposed program.

ORE RESERVES/VALUATION

On the basis of his recent underground investigations and studies of records made available, the writer estimates ore reserves to total:

Probable Ore = 4,370 tons @ 19.0 oz./ton Ag, 3.0% Pb, 7.0% Zn
Possible Ore = 5,300 tons @ 15.0 oz./ton Ag, 2.3% Pb, 6.4% Zn

9670

A preliminary production estimate, based on revenue and cost records of the leasers' 1976 operations, indicates:

a possible net cash flow = \$54.74/ton, and
a possible cash flow = \$24.74/ton

from the mining of 2700 tons of ore below Hewitt 13-level, as is presently

proposed. Also, an increase in the total tonnage mined would result in a reduction in unit costs per ton; hence, an increase in profit per ton.

RECOMMENDATIONS & ESTIMATED COSTS

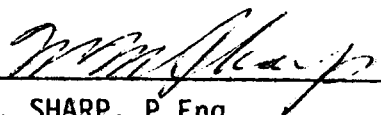
Stage I - Develop and mine indicated 2700 ton ore block, Cunningham ore shoot, below Hewitt 13 level.

Stages II & III - Explore Hewitt East and West Zones.

(a) Sink & timber winze extension - 90' @ \$200/ft. (cost)	\$18,000
(b) Crosscutting, no timber - 50' @ \$100/ft.	5,000
(c) Drifting, no timber - 80' @ \$100/ft.	8,000
(d) Raising, no timber - 10' @ \$100/ft.	1,000
(e) Sub-drifting, no timber - 80' @ \$100/ft.	8,000
(f) Mining and delivering to stock pile, 2000 tons @ \$13.25/ton	26,500
(g) Loading & Hauling to Mill: 1000 tons develop. ore	
<u>2000 tons stope ore</u>	
3000 tons @ \$5.00/ton	<u>15,000</u>
	<u>\$81,500</u>

Stages II & III - pending calculation.

Respectfully submitted,


W. M. SHARP, P.Eng.

CERTIFICATE

I, WILLIAM M. SHARP, with business and residential address in North Vancouver, British Columbia, DO HEREBY CERTIFY THAT:

1. I am a graduate of the University of British Columbia with an M.A.Sc. (1950) degree in Geological Engineering.
2. I am a Registered Professional Engineer in the Province of British Columbia, Reg. No. 2164.
3. I have practiced my profession since 1950, and as geological consultant since 1964.
4. I have personally examined and sampled the accessible underground showings at the Hewitt mine during January, 1977 for Dungannon Explorations Ltd. and Sabina Industries Ltd.
5. This report is based on my personal examinations, public geological reports and maps, and general and technical data provided by Mr. F. Pho, New Denver, B. C.
6. I have no direct or indirect interest in the property or securities of Dungannon Explorations Ltd. and Sabina Industries Ltd., nor do I expect to acquire any such interest in them.



W. M. SHARP, P.Eng.

North Vancouver, B. C.
May 12, 1977

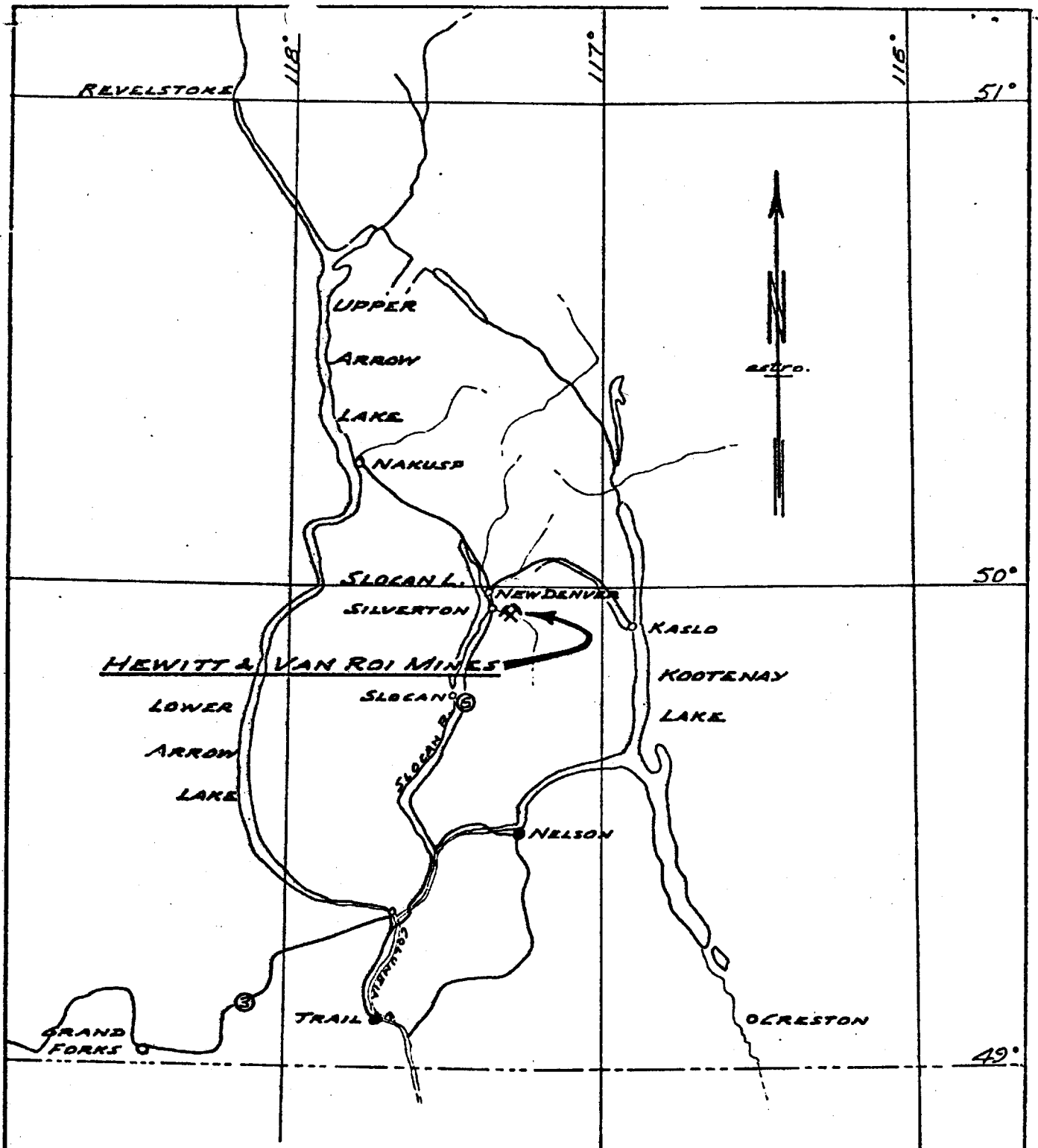


FIG. 1 - INDEX MAP

HEWITT & VAN ROI MINES

SILVERTON AREA - SLOCAN MIN. DIV., B.C.

1 IN. = 20 MI.

MAY, 1977
W. M. SHARP, P. ENG.

5. GIVE THE FULL NAME, HOME ADDRESS AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE ISSUER BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE ISSUER AND IF EMPLOYED DURING THE PAST FIVE YEARS THE NAME OF EACH EMPLOYER.

<u>Name and Address</u>	<u>Chief Occupation</u>	<u>Number of shares of Issuer beneficially owned.</u>
William W. Cummins, 44 Dinnick Crescent, Toronto, Ontario President & Director	June 1969-December 1972 Hibernian Investments Limited, Toronto January 1973 to present, self employed as Chartered Accountant and Managing Director of Sabina Industries Ltd.	213,000
Gordon Gutrath, 3636 Lakedale, Burnaby, B.C. Director	Self Employed Professional Geologist	None
T. Patrick Bowes, 2561-248th Street, Aldergrove, B.C. Director	Self Employed Mining Executive	None
Helga Rapp, 94 Harlandale Avenue, Toronto, Ontario Secretary	December 1969-December 1972 Executive Secretary Hibernian Investments Limited, Toronto. January 1973 to present, Executive Secretary, Sabina Industries Ltd.	None

To carry out the Company's 50% obligation in a Joint Venture arrangement with Sabina Industries Ltd. on the Hewitt-Van Roi Mine Property near Silverton, British Columbia pursuant to the report of William M. Sharp, P.Eng. dated May 12, 1977.

Details of Mr. Sharp's recommendations are as follows:

(a)	Sink & timber winze extension - 90' @ \$200/ft. (cost)	\$ 18,000.00
(b)	Crosscutting, no timber - 50' @ \$100/ft.	\$ 5,000.00
(c)	Drifting, no timber - 80' @ \$100/ft.	\$ 8,000.00
(d)	Raising, no timber - 10' @ \$100/ft.	\$ 1,000.00
(e)	Sub-drifting, no timber - 80' @ \$100/ft.	\$ 8,000.00
(f)	Mining and delivering to stock pile, 2000 tons @ \$13.25/ton	\$ 26,500.00
(g)	Loading & Hauling to Mill: 1000 tons develop ore <u>2000</u> tons stope ore 3000 tons @ \$5.00/ton	<u>\$ 15,000.00</u>
		\$ 81,000.00 =====