820819

REPORT ON THE
EXPLORATION POTENTIAL OF THE
RELIANCE PROPERTY

GOLDBRIDGE, BRITISH COLUMBIA

LILLOOET MINING DISTRICT

N.T.S. Map: 92J/15W

LATITUDE: 50° 53' N LONGITUDE: 122° 47' W

Prepared for:
Menika Mining Ltd. (N.P.L.)
2245 W. 13th Avenue
Vancouver, B.C.
V6K 2S4

August 2, 1988

W.P. Stokes P. Eng.
B.M. Briggs P.Eng.
Beacon Hill Consultants Ltd.

LIST OF TABLES

SECTION 1

SUMMARY

The Reliance property is located approximately 8 km east of Gold Bridge and 165 km north of Vancouver in the Pacific Coast Range Mountains of southwestern British Columbia. This report summarizes the exploration work to date, reviews the geology and reserve potential, presents a conceptual mine plan, process options and financial analysis, and recommends a two stage exploration program. The report is written at the request of Menika Mining Ltd., the owner of the property.

The property lies within the Bridge River camp some 13 km from the Bralorne-Pioneer Mine, one of B.C.'s largest former producing gold mines. Menika Mining Ltd. hold 100% of the claims on the property, which consist of 19 contiguous reverted Crown grants and cover some 300 ha on the south side of Carpenter Lake.

The Reliance deposit consists of a chemically and structurally altered volcanic horizon hosting disseminated sulphides. The mineralization occurs as a series of veins, or as altered host rock within a major shear zone which has been identified over a strike length of some 800 m. Mineralization also occurs in parallel structures.

Exploration work on the property was first carried out in the early 1900's when a series of adits tested gold bearing quartz veins. Limited sampling was conducted in 1943 and 1971, before Menika Mining Ltd. acquired the property in 1984. Subsequent drilling programs identified a significant mineralized zone in the Imperial area of the main shear.

Based on the results of approximately 45 diamond drill holes, and other relevant sampling data, geological reserves for the Imperial zone, at a cut-off grade of 2.05 g Au/t (0.06 oz Au/t), have been estimated to be 138,900 tonnes grading 6.68 g Au/t (0.195 oz Au/t), of which 109,000 tonnes are greater than 1.5 m minimum thickness.

A conceptual mining plan has been developed, based on predominantly shrinkage stoping methods, and utilizing small sized trackless equipment. Access to the deposit would be a series of horizontal adits spaced at about 50 m intervals. The estimated diluted mining grade is 6.17 g Au/t or 0.18 oz Au/t.

Metallurgical work to date has been minimal, and performed on very unrepresentative samples, which gave overall recoveries in the 65-70% range. It is extrapolated that based on experience from former producers in the area, which were milling similar ores, overall recoveries up to 90% may be possible. Testwork will be required to confirm this. A conventional gravity concentration/flotation plant or a gravity concentration followed by cyanidation are seen as two possible process options. This report has evaluated the gravity/cyanidation option to produce dore bullion.

The estimated capital costs to develop a mine and mill on the property range from $10.5 m for a 200 tpd operation, to $13.5 m for 400 tpd.

Operating costs have been estimated at $61.08 per tonne at the 200 tpd production level, $54.28 per tonne at 300 tpd, and 49.00 per tonne at 400 tpd.

SECTION 2

INTRODUCTION

Menika Mining Ltd. is currently exploring the Reliance property along an 800 m mineralized shear zone and associated structures on the south side of Carpenter Lake near Gold Bridge, B.C. Since 1987 exploration activity on the property has focussed on the Imperial showing, a 70 m long section of the main shear zone, where more than 100,000 tonnes of potentially ore grade mineralization has been indicated by diamond drilling. Significant mineralization has also been discovered in other areas of the property, both along strike of the main shear and in parallel footwall structures, but more definitive work is required before the reserve potential of these zones can be assessed.

Menika has recently completed a 3300 m surface drill program and now wishes to evaluate the project before proceeding with the next phase of exploration. Following a number of discussions with Menika, Beacon Hill Consultants Ltd. was requested to undertake a prefeasibility study of the property, with particular emphasis on the Imperial zone.

The purpose of the study was to evaluate the economic potential of the deposit and to examine the most appropriate means of further exploring the zone to develop additional reserves. Exploration by surface drilling to delineate the zone at depth, and along strike to the south, is becoming increasingly difficult due to the topographic constraints of the area and thus the merits of underground exploration are to be examined.

The scope of the study, as outlined in a letter from Menika to Beacon Hill dated June 18, 1988, was to cover the following items:

- An assessment of existing geological data to determine the most suitable and cost effective means of access to the Imperial zone.
- An appraisal of the Imperial zone to determine possible mining methods, recovery and dilution factors, as well as capital and operating costs.
- Review of ore processing methods, including projections on metallurgical recoveries, and estimates of capital and operating costs.
- Estimates of other pre-production capital costs including exploration programs, engineering studies and design, access, power, tailings site preparation and permits.
- Economic evaluation of the deposit, with preliminary cash flow summaries.

This report has been prepared by Beacon Hill Consultants Ltd. under the direction of Mr. W.P. Stokes P. Eng. with the asssistance of Mr. B.M. Briggs P. Eng. both of whom visited the property on July 11, 1988, accompanied by Mr. Robert Morris, Project Geologist, Menika Mining Ltd.

SECTION 3

PROPERTY DESCRIPTION

3.1 Location and Access

The Reliance property is located in the Pacific Coast Range Mountains in southwestern British Columbia, approximately 8 km east of Gold Bridge and some 165 km north of Vancouver (Figure 1). Access to the property from Vancouver is by paved and all weather roads via Lytton and Lillooet, a distance of approximately 400 km. Summer access is possible via Pemberton over the Hurley River Pass, a forestry road.

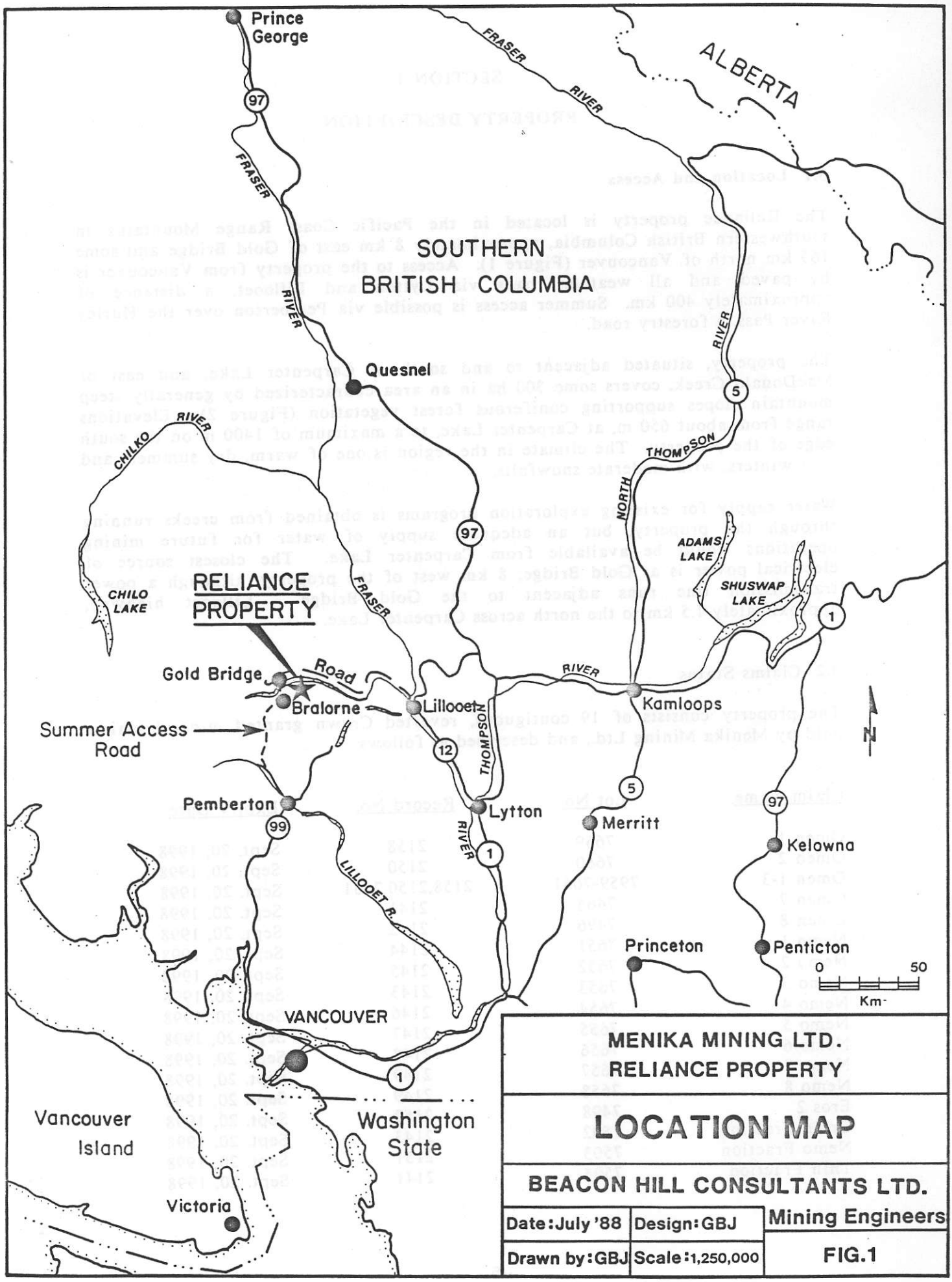
The property, situated adjacent to and south of Carpenter Lake, and east of MacDonald Creek, covers some 300 ha in an area characterized by generally steep mountain slopes supporting coniferous forest vegetation (Figure 2). Elevations range from about 650 m, at Carpenter Lake, to a maximum of 1400 m on the south edge of the property. The climate in the region is one of warm, dry summers and cool winters, with moderate snowfalls.

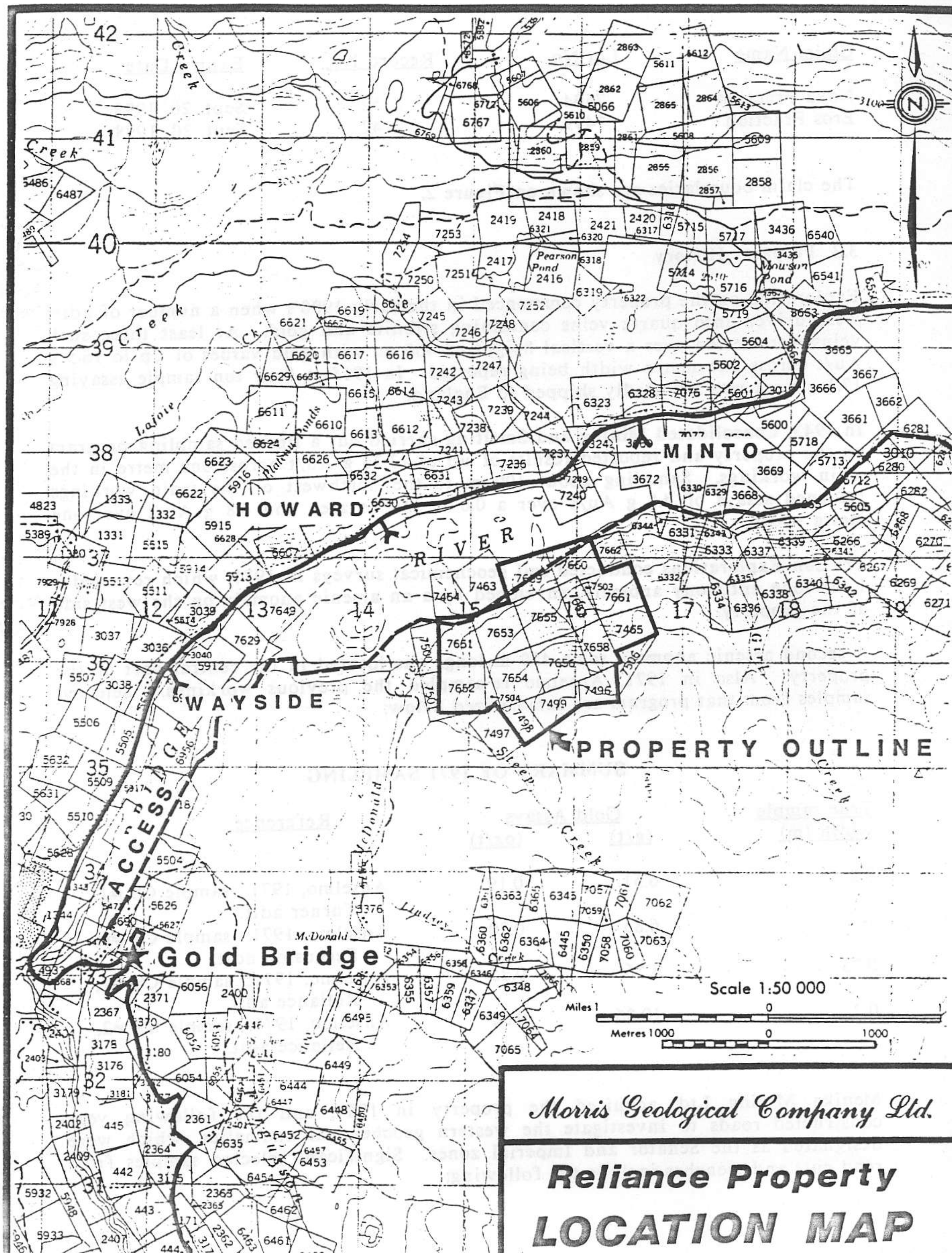
Water supply for existing exploration programs is obtained from creeks running through the property, but an adequate supply of water for future mining operations would be available from Carpenter Lake. The closest source of electrical power is at Gold Bridge, 8 km west of the property, although a power transmission line runs adjacent to the Gold Bridge - Lillooet highway, approximately 1.5 km to the north across Carpenter Lake.

3.2 Claims Status

The property consists of 19 contiguous, reverted Crown granted mineral claims held by Menika Mining Ltd., and described as follows:

Claim Name	Lot No.	Record No.	Expiry Date
Omen 1	7659	2158	Sept. 20, 1998
Omen 2	7660	2150	Sept. 20, 1998
Omen 1-3	7959-7661	2158,2150,2151	Sept. 20, 1998
Omen 7	7465	2141	Sept. 20, 1998
Omen 8	7496	2142	Sept. 20, 1998
Nemo 1	7651	2144	Sept. 20, 1998
Nemo 2	7652	2145	Sept. 20, 1998
Nemo 3	7653	2143	Sept. 20, 1998
Nemo 4	7654	2146	Sept. 20, 1998
Nemo 5	7655	2147	Sept. 20, 1998
Nemo 6	7656	2148	Sept. 20, 1998
Nemo 7	7657	2149	Sept. 20, 1998
Nemo 8	7658	2149	Sept. 20, 1998
Eros 2	7498	2152	Sept. 20, 1998
Omen Fraction	7502	2143	Sept. 20, 1998
Nemo Fraction	7503	2151	Sept. 20, 1998
Thin Fraction	7505	2141	Sept. 20, 1998


Prince George
97
FRASER RIVER
ALBERTA
FRASER RIVER
SOUTHERN BRITISH COLUMBIA
RIVER
Quesnel
CHILKO RIVER
5
THOMPSON
NORTH
97
ADAMS LAKE
SHUSWAP LAKE
CHILO LAKE
RELIANCE PROPERTY
FRASER
1
Gold Bridge
Road
RIVER
Bralorne
Lillooet
Kamloops
Summer Access Road
12
THOMPSON
5
97
Pemberton
Lytton
Merritt
Kelowna
99
RIVER
1
LILLOOET R.
Princeton
Penticton
0
50
Km
VANCOUVER
1
Vancouver Island
Washington State
Victoria
MENIKA MINING LTD.
RELIANCE PROPERTY
LOCATION MAP
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July '88
Design: GBJ
Drawn by: GBJ
Scale: 1,250,000
FIG.1


HOWARD
MINTO
RIVER
WAYSIDE
PROPERTY OUTLINE
ACCESS
Gold Bridge
Brexton
Pearson Pond
Mowson Pond
Lajoie
McDonald
Creek
Scale 1:50 000
Miles 1
0
Metres 1000
0
1000
Morris Geological Company Ltd.
Reliance Property
LOCATION MAP
Drawn By: JWK
Date: JAN 1988
FIG 2
Author: RJM

Claim Name	Lot No.	Record No.	Expiry Date
Nova Fraction	7504	2152	Sept. 20, 1998
Eros Fraction	7499	2142	Sept. 20, 1998

The claim boundaries are shown on Figure 2.

3.3 Property History

Exploration on the property commenced in the early 1900's when a number of adits were driven into quartz veins containing stibnite and gold. At least three such veins were tested over a vertical height of 460 m, with gold values of up to 16.5 g Au/t across one metre width being reported. In 1915, a four ton sample assaying 17.1 g Au/t was reportedly shipped to England.

In 1943, Consolidated Mining and Smelting carried out a limited sampling program on the property and reported results of up to 13.36 g Au/t across one metre in the main workings. Sampling about 100 m to the northwest of the main workings returned assays of 4.8 g Au/t over a 0.6 m square area and 4.8 g Au/t over one metre width.

Tri Con Explorations conducted soil geochemical surveys in 1971, which revealed a 1 km long antimony anomaly, enveloped by a an arsenic anomaly on the west side of the property.

A second arsenic anomaly some 450 m long, was located in the central part of the property. Also in 1971, Anselmo re-sampled the previous workings. Selected samples from that program are summarized below:

SUMMARY OF 1971 SAMPLING

True sample width (m)	Gold Assays (g/t)	(oz/t)	Reference
0.2	6.51	0.19	Anselmo, 1971: sample CS #1, Turner adit.
-	6.85	0.20	Anselmo, 1971: sample CS #6, Fergusson adit.
0.25	8.56	0.25	Anselmo, 1971: sample CS #1, Reliance adit.
0.2	19.86	0.58	Anselmo, 1971: sample CS #2, Reliance adit.

Menika Mining Ltd. acquired the property in 1984, and the following year constructed roads to investigate the western geochemical anomalies, which were designated as the Senator and Imperial zones. Significant selected samples from road cuts and trenches include the following:

SUMMARY OF 1985 SAMPLING

True Sample width (m)	Gold (g/t)	Gold (oz/t)	Reference
1.0	85.62	2.50	Borovic, 1985: Imperial Zone
5.5	15.99	0.47	Borovic, 1985: Imperial Zone
4.5	5.34	0.16	Borovic, 1985: Senator Zone
12.0	2.74	0.08	Sookochoff, 1985: Imperial Zone
1.0	66.78	1.95	Borovic, 1985: Imperial Zone
0.6	21.30	0.62	Borovic, 1985: Imperial Zone
1.5	1.85	0.05	Borovic, 1985: Imperial Zone

Based on these encouraging results Menika drilled five core holes totalling 719 m in 1985. While the first three holes did not intersect any significant gold values, holes 85-4 and 85-5 encountered mineralization assaying as high as 6.2 g Au/t over 1.4 m, within 30-40 m from surface. Because of the limited understanding of the geology, however, only a portion of the shear zone was intercepted.

During 1986 and 1987 various road cuts and trenches exposed numerous mineralized areas. These exposures have been interpreted to represent a single shear zone from the Diplomat, at an elevation of 780 m, to the Eagle at about 1110 m. It is thought that the sample from the Bona area, which assayed 72.3 g Au/t over a 6 m sample length, may represent a sub-parallel shear some 150 m east of the main shear zone.

In 1986, a 217 m continuous core hole, 86-1, was drilled into the Imperial zone and intersected a significant width of relatively high grade mineralization at a depth of 74 m. The sample returned an assay of 9.0 g Au/t over 13.7 m. Other significant gold values were reported both above and below this horizon, but were of narrower widths.

The 1987 exploration work concentrated on diamond drilling, geological mapping and minor trenching in and around the Imperial showing, with the objectives of developing a reserve base around hole 86-1, creating a better understanding of the property geology, and expanding the mineralized zone. The drilling program consisted of 53 core holes totalling 8460 m over a strike length of 575 m along the Royal shear of which 39 holes were confined to the Imperial-Royal area.

Geological mapping was conducted by Cooke Geological Consultants Ltd. of Vancouver. Cooke also provided supervision for part of the drilling program. Supervision of all field operations was taken over by Mr. R.J. Morris, of Morris Geological Co. Ltd. at the end of September, 1987 and a property assessment was begun. Mr. Morris was appointed Project Geologist for Menika Mining Ltd.

Early in 1988, some trenching work was carried out in the Vista area, where sampling indicated the existence of two zones, one of which averaged 17.2 g Au/t over an 8.2 m sample width, while the other assayed 3.6 g Au/t over a 9.1 m sample width. This area is one exposure of the Treasure shear, a parallel zone some 150 m east of the Royal shear.

The subsequent 1988 drilling program, recently completed, was designed to increase the reserve base in the Royal shear and explore the Treasure shear and the east side of the property. Approximately one-third of the 3300 m total drilling was devoted to the Imperial-Royal zone, where three of the holes intersected significant mineralized horizons resulting in an increase of the previously estimated reserve.

No formal systematic metallurgical testwork has been conducted to date on any representative samples from the mineralized zones. However a scanning electron microscope (S.E.M.) study was carried out on 2 drill core samples from hole 86-1, and a very preliminary metallurgical evaluation undertaken on three oxidized surface samples taken from the Imperial zone. Although this metallurgical testwork was carried out an unrepresentative samples, it did provide some indication of the mineralogy of the deposit and the extraction processes which should be examined in future testwork programs.

SECTION 4

GEOLOGY AND RESERVES

4.1 Regional Geology

The Gold Bridge-Bralorne area is part of the Coast Geanticline tectonic element of the Canadian Cordillera. The area was subjected to a varied eugeosynclinal depositional regime including extensive and repeated volcanism in island arc environments and rapid changes in the distribution, thickness and character of the sediments, reflecting repeated deformation and uplift from late Devonian until the late Cenozoic.

The upper Paleozoic eugeosynclinal rocks were deposited in two relatively mobile volcanic arcs. The Coast Mountain Arc is characterized by mixed volcanics: andesite, basalt, and rhyolite with abundant pyroclastics; and clastics, partly terrigenous and partly volcanogenic.

The early Mesozoic witnessed extrusion of abundant andesitic and basaltic volcanics, in part from centers along island arcs, and, in part as submarine flows in adjacent troughs and basins. The basins also received thick accumulations of volcanogenic and terrigenous sediments from the arcs. Tectonic relief is recognized on the basis of gross changes in facies of volcanics and sediments.

The Tyaughton Trough successor basin was established following mid-Jurassic tectonism. The trough received considerable granite debris from the east in late Jurassic and early Cretaceous time.. In early late Cretaceous time much of the Cordilleran region was land - mainly mountains, though deposition continued in Tyaughton Trough.

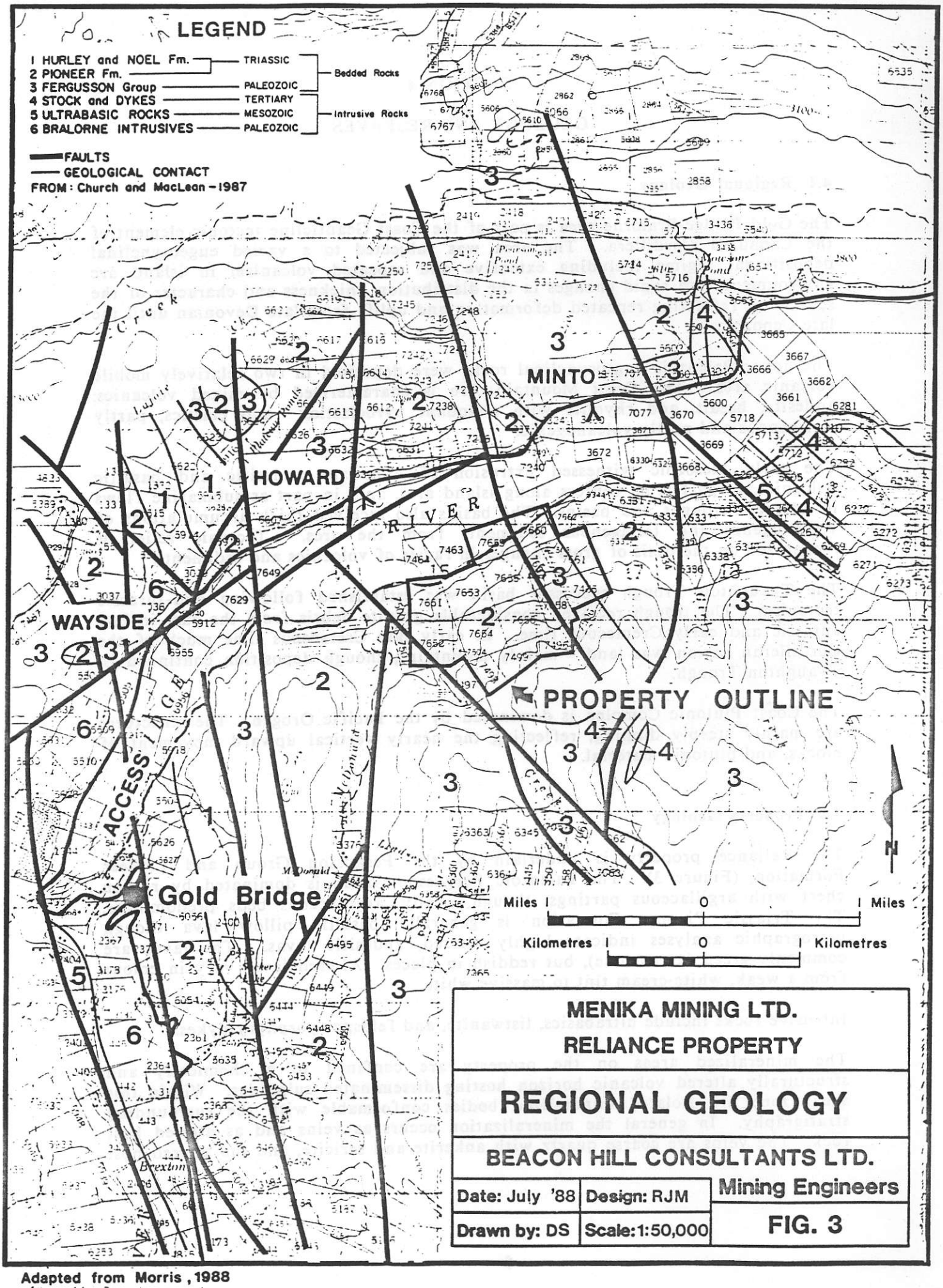
The Coast Plutonic Complex is dominated by the Pacific Orogen. The structures are mainly steeply dipping, reflecting the nearly vertical upward movement of blocks, and plutonic material.

4.2 Property Geology

The Reliance property is underlain by the Fergusson Group and Pioneer Formation, (Figure 3). The Paleozoic Fergusson Group is dominated by ribbon chert with argillaceous partings, though locally, argillaceous beds predominate. The Triassic Pioneer Formation is generally basaltic pillow lava though petrographic analyses indicate highly altered, andesitic lavas. The lavas are commonly green (greenstone), but reddish in places. Altered lavas vary in colour from a weak, white-cream tint to massive white.

Intrusive rocks include ultrabasics, listwanite, and feldspar porphyry dykes.

The mineralized areas on the property are confined to a chemically and structurally altered volcanic horizon hosting disseminated sulphides. Within this shear zone are isolated mineralized bodies conformable with the surrounding stratigraphy. In general the mineralization occurs as veins and as altered host rock. The veins are coarse quartz with ankerite and sericite, and the altered host



Adapted from Morris, 1988

rock is sheared, stretched and foliated. Pyrite is the most abundant sulphide, while stibnite and arsenopyrite are also present.

The hanging wall of the deposit consists of intimate layers of a black argillite and chert unit, and altered volcanic rocks. The contacts are gradational and the two units show fine interfingering. A white tuff unit, which is a sheared and bleached andesite, forms the immediate hanging wall of the mineralized zone, and is a good marker horizon.

The footwall of the deposit generally consists of unaltered volcanics, a sheared but competent chloritized andesite.

Occasionally an unmineralized dacite porphyry dyke is intersected. These dykes are interpreted to be deformed and discontinuous, due to extensive shearing between and within the various units.

Figure 4 shows a plan of the property geology as compiled by Cooke Geological Consultants Ltd. and Figures 6 to 12 indicate the geology in cross-section through the Imperial-Royal zone as interpreted from drill hole data. The surface mapping shows the interfingering of the volcanics and sediments and the generally conformable layering which has an apparent southeast strike and southwest dip. A number of northeast trending faults have also been interpreted to cut the altered horizon.

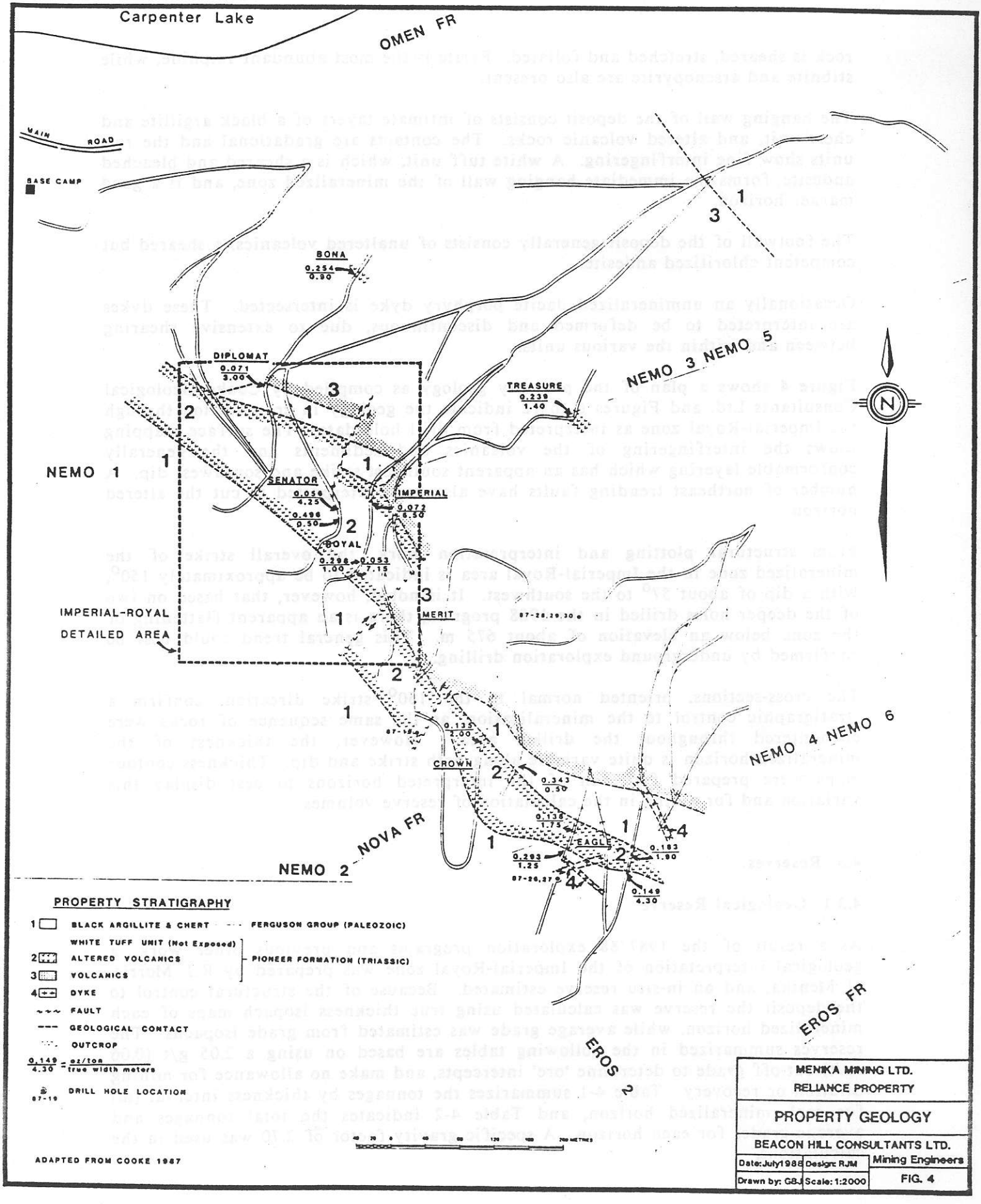
From structural plotting and interpretation work, the overall strike of the mineralized zone in the Imperial-Royal area is indicated to be approximately 150^{o}, with a dip of about 57^{o} to the southwest. It is noted, however, that based on two of the deeper holes drilled in the 1988 program, there is an apparent flattening of the zone below an elevation of about 675 m. This general trend could best be confirmed by underground exploration drilling.

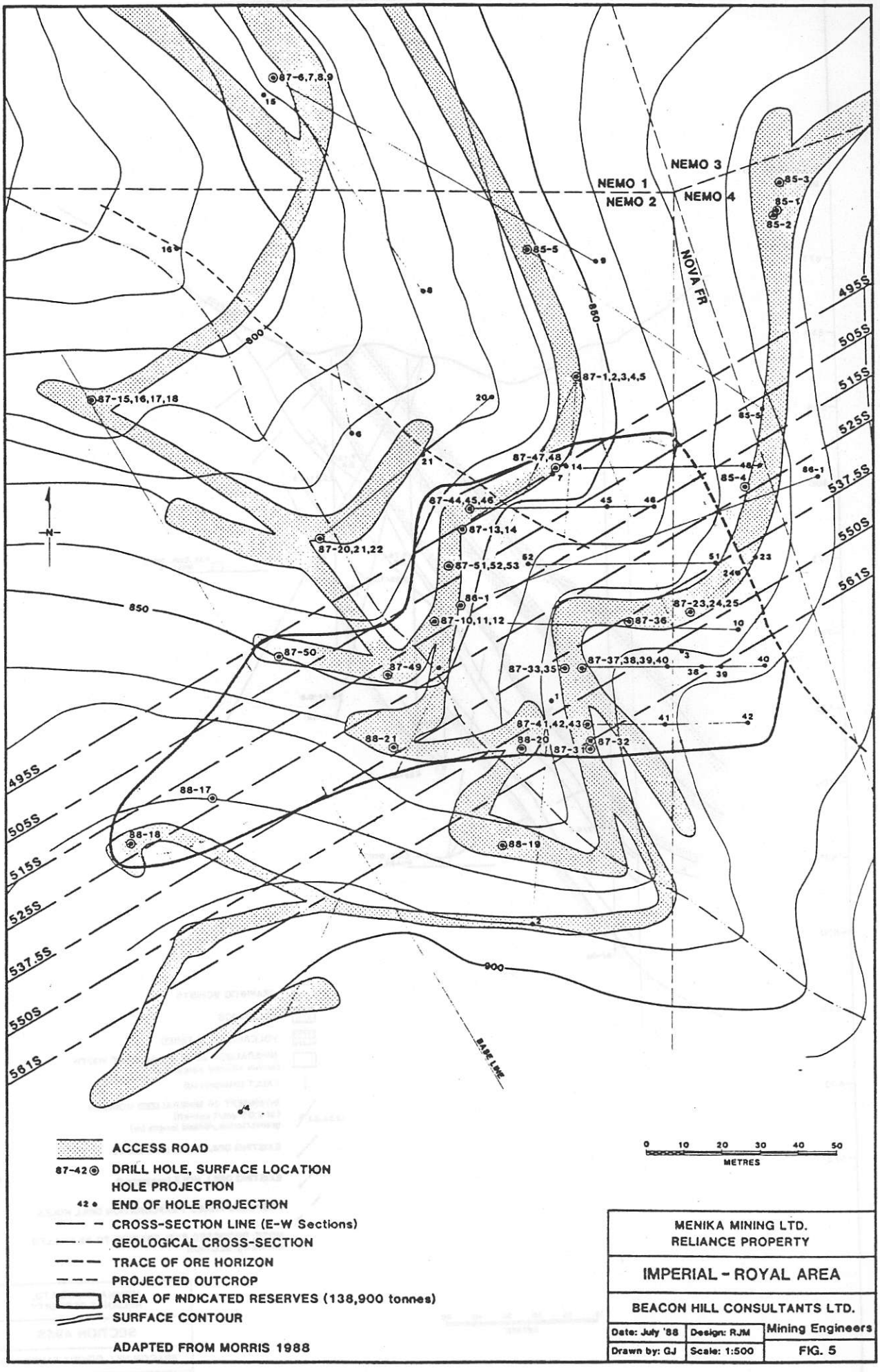
The cross-sections, oriented normal to the 150^{o} strike direction, confirm a stratigraphic control to the mineralization, as the same sequence of rocks were encountered throughout the drilled area. However, the thickness of the mineralized horizon is quite variable along both strike and dip. Thickness contour maps were prepared for each of the interpreted horizons to best display this variation and for aiding in the calculation of reserve volumes.

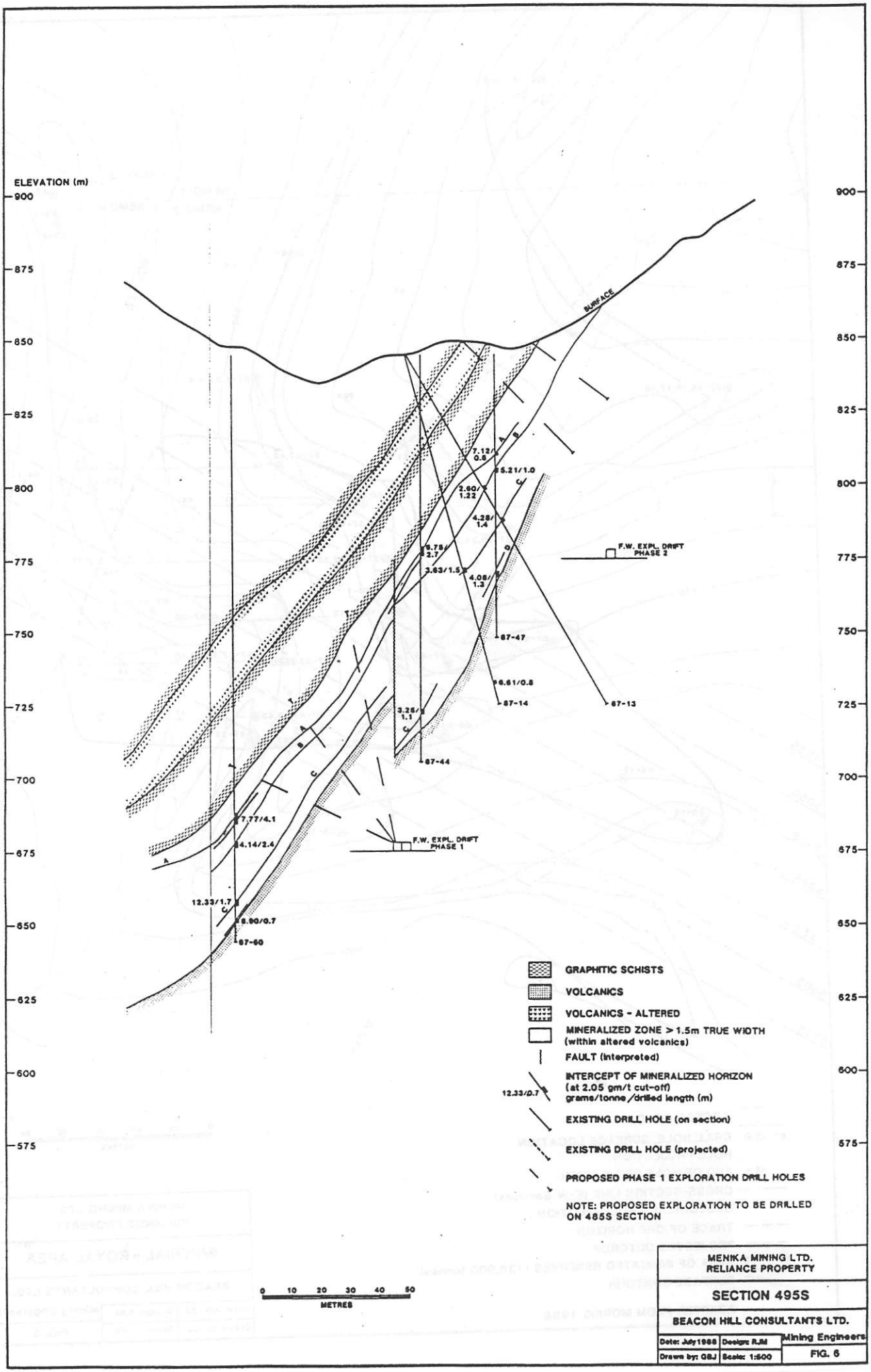
4.3 Reserves

4.3.1 Geological Reserve

As a result of the 1987/88 exploration programs and previous other work, a geological interpretation of the Imperial-Royal zone was prepared by R.J. Morris, of Menika, and an in-situ reserve estimated. Because of the structural control to the deposit the reserve was calculated using true thickness isopach maps of each mineralized horizon, while average grade was estimated from grade isopachs. The reserves summarized in the following tables are based on using a 2.05 g/t (0.06 oz/t) cut-off grade to determine 'ore' intercepts, and make no allowance for mining dilution or recovery. Table 4-1 summarizes the tonnages by thickness interval (m) for each mineralized horizon, and Table 4-2 indicates the total tonnages and average grades for each horizon. A specific gravity factor of 2.70 was used in the calculations.


Carpenter Lake
OMEN FR
MAIN ROAD
BASE CAMP
BONA
0.254
0.90
DIPLOMAT
0.071
3.00
TREASURE
0.239
1.40
NEMO 3 NEMO 5
NEMO 1
SENATOR
0.056
4.25
0.496
0.50
IMPERIAL
0.072
6.50
ROYAL
0.296
1.00
0.053
7.15
IMPERIAL-ROYAL
DETAILED AREA
MERIT
87-28,29,30
0.133
2.00
CROWN
0.343
0.50
0.138
1.75
EAGLE
0.183
1.90
0.293
1.25
87-26,27
0.149
4.30
NEMO 4 NEMO 6
NEMO 2
NOVA FR
EROS FR
EROS 2
N
PROPERTY STRATIGRAPHY
1 BLACK ARGILLITE & CHERT
FERGUSON GROUP (PALEOZOIC)
WHITE TUFF UNIT (Not Exposed)
2 ALTERED VOLCANICS
PIONEER FORMATION (TRIASSIC)
3 VOLCANICS
4 DYKE
FAULT
GEOLOGICAL CONTACT
OUTCROP
0.149 / 4.30 = oz/ton / true width meters
87-19 DRILL HOLE LOCATION
ADAPTED FROM COOKE 1987
MENIKA MINING LTD.
RELIANCE PROPERTY
PROPERTY GEOLOGY
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July 1988 Design: RJM
Drawn by: GBJ Scale: 1:2000
FIG. 4


NEMO 1
NEMO 2
NEMO 3
NEMO 4
NOVA FR
BASE LINE
N
850
900
495S
505S
515S
525S
537.5S
550S
561S
87-6,7,8,9
87-15,16,17,18
87-1,2,3,4,5
87-47,48
87-44,45,46
87-13,14
87-20,21,22
87-51,52,53
86-1
87-10,11,12
87-50
87-49
87-23,24,25
87-36
87-33,35
87-37,38,39,40
87-41,42,43
88-21
88-20
87-31
87-32
88-17
88-18
88-19
85-5
85-4
85-3
85-1
85-2
ACCESS ROAD
DRILL HOLE, SURFACE LOCATION
HOLE PROJECTION
END OF HOLE PROJECTION
CROSS-SECTION LINE (E-W Sections)
GEOLOGICAL CROSS-SECTION
TRACE OF ORE HORIZON
PROJECTED OUTCROP
AREA OF INDICATED RESERVES (138,900 tonnes)
SURFACE CONTOUR
ADAPTED FROM MORRIS 1988
0 10 20 30 40 50
METRES
MENIKA MINING LTD.
RELIANCE PROPERTY
IMPERIAL - ROYAL AREA
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July '88
Design: RJM
Drawn by: GJ
Scale: 1:500
FIG. 5



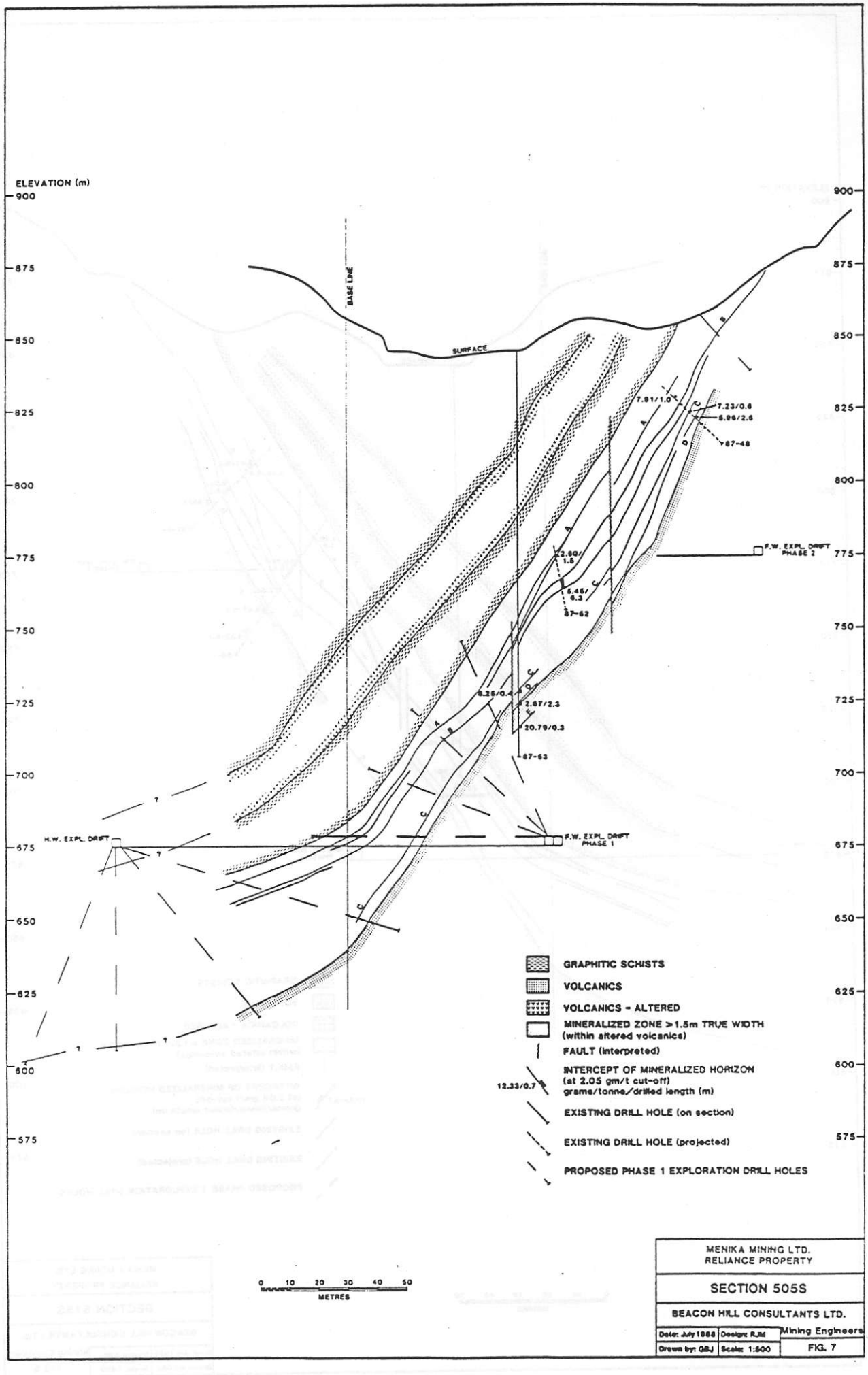
MENIKA MINING LTD.
RELIANCE PROPERTY

SECTION 495S

BEACON HILL CONSULTANTS LTD.
Mining Engineers

Date: July 1988	Design: RJM
Drawn by: GBJ	Scale: 1:500

FIG. 6



MENIKA MINING LTD.
RELIANCE PROPERTY

SECTION 505S

BEACON HILL CONSULTANTS LTD.
Mining Engineers

Date: July 1988	Design: RJM	FIG. 7
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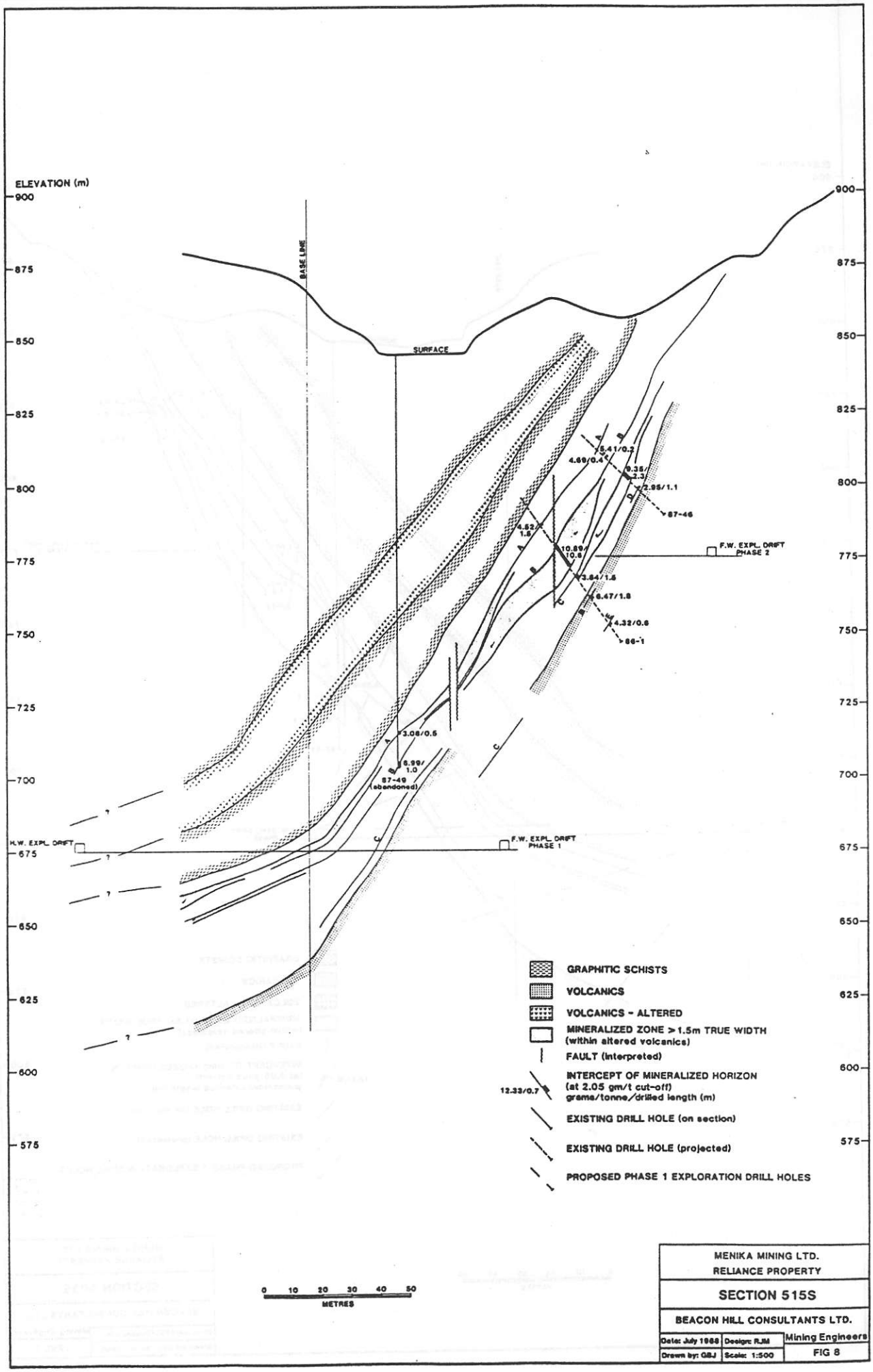


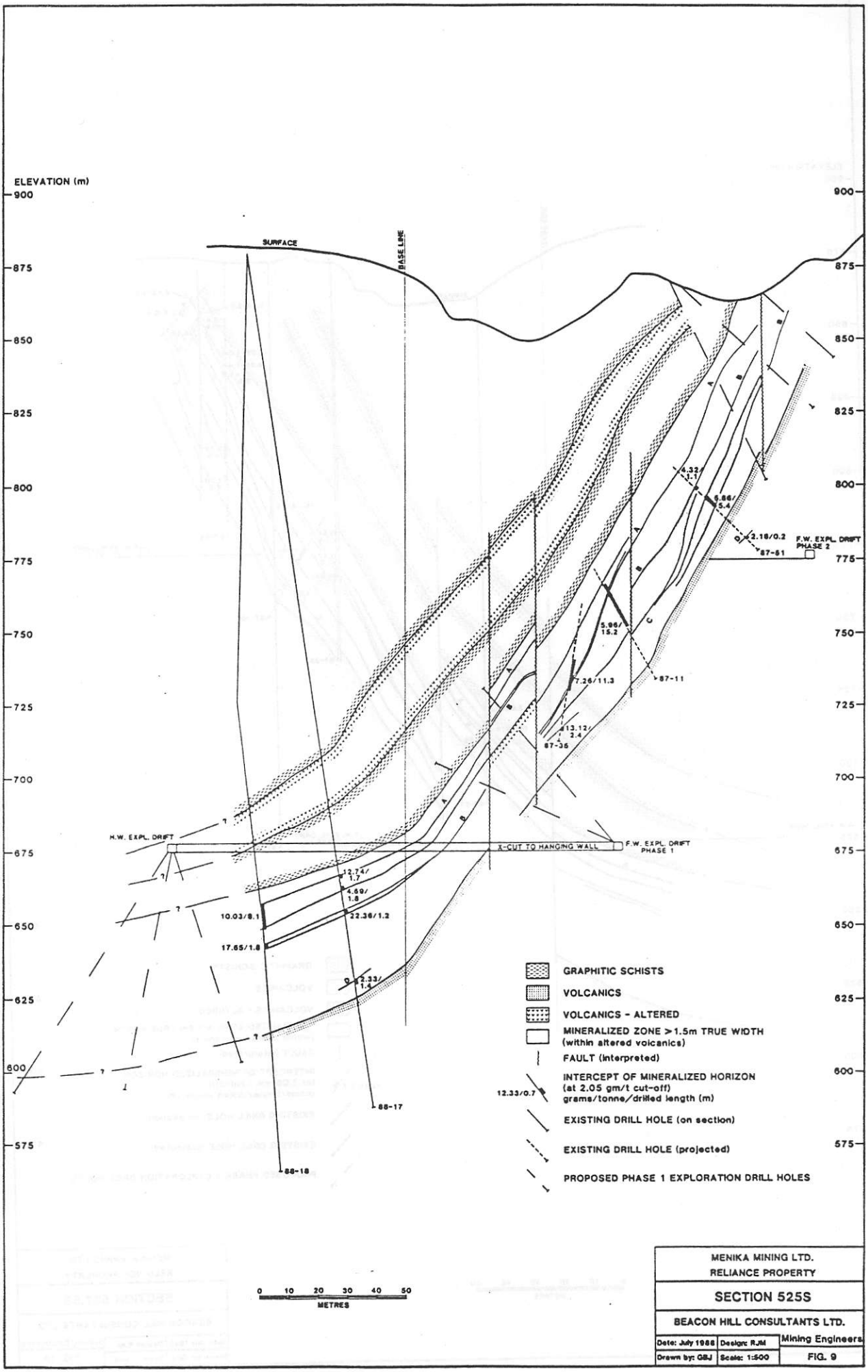
MENIKA MINING LTD.
RELIANCE PROPERTY

SECTION 515S

BEACON HILL CONSULTANTS LTD.
Mining Engineers

Date: July 1988	Design: RJM
Drawn by: GBJ	Scale: 1:500

FIG 8



MENIKA MINING LTD.
RELIANCE PROPERTY

SECTION 525S

BEACON HILL CONSULTANTS LTD.

Date: July 1988	Design: RJM	Mining Engineers
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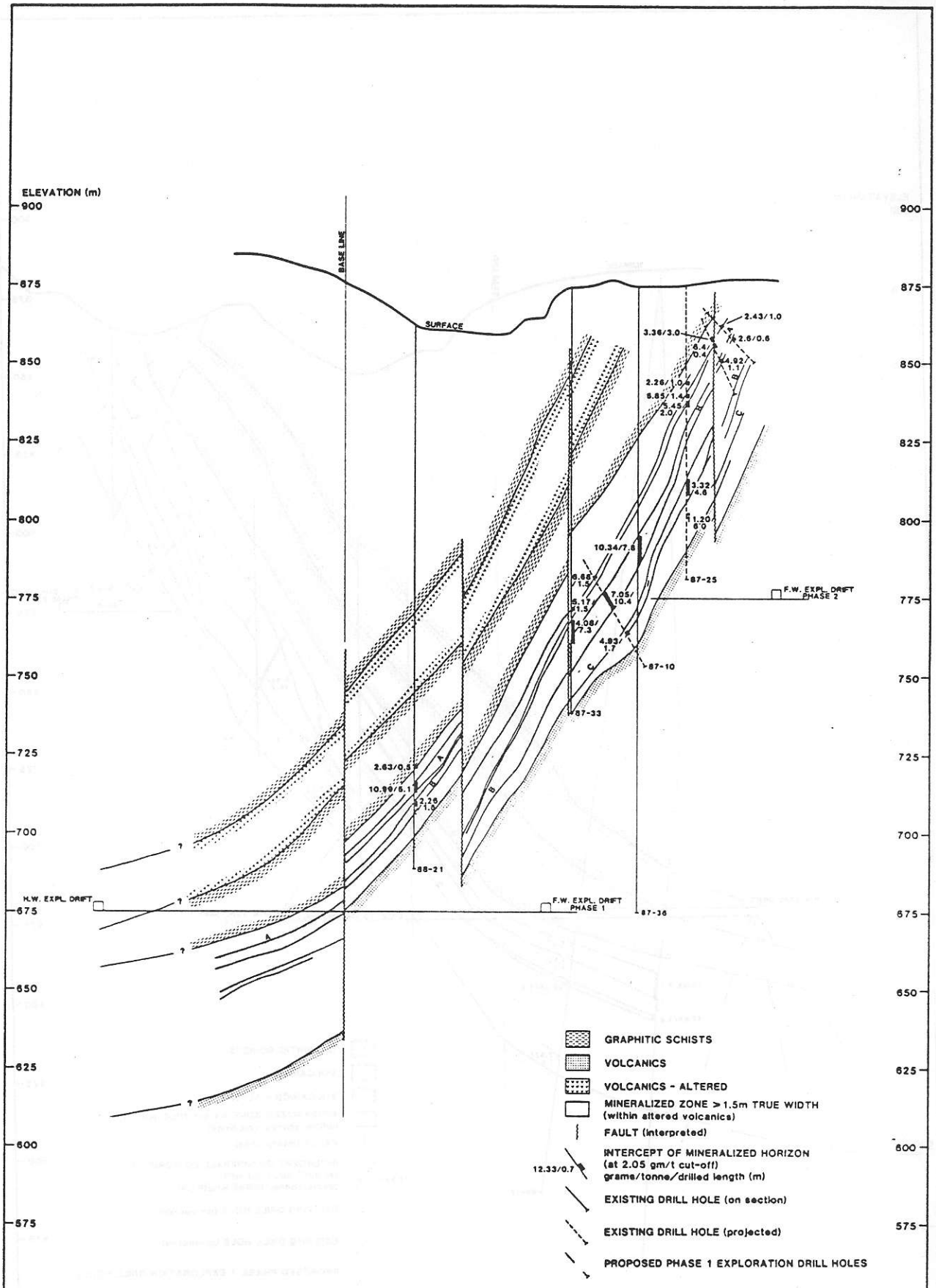

MENIKA MINING LTD.
RELIANCE PROPERTY

SECTION 537.5S

BEACON HILL CONSULTANTS LTD.

Date: July 1988	Design: RJM	Mining Engineers
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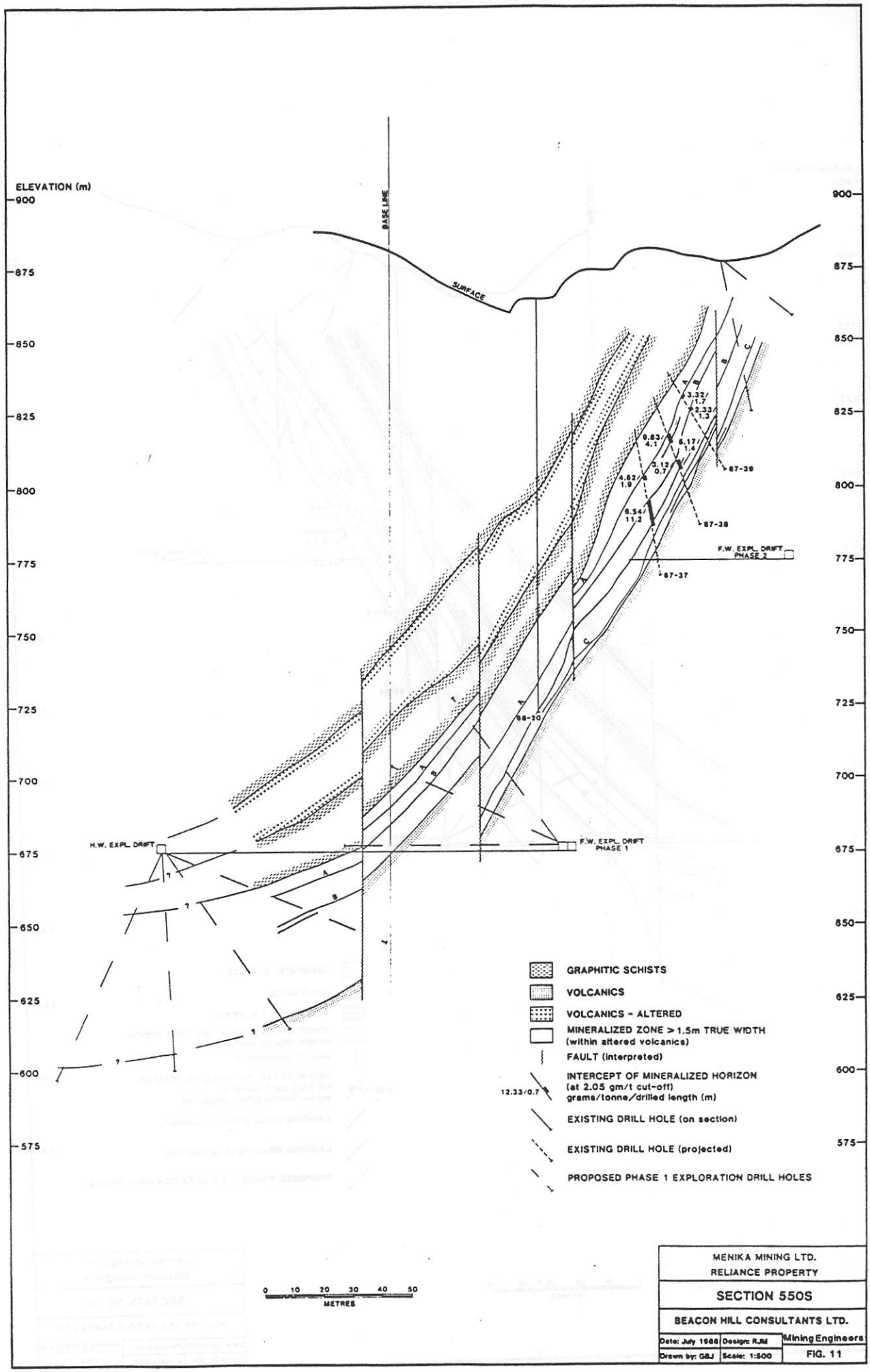

ELEVATION (m)
900
875
850
825
800
775
750
725
700
675
650
625
600
575
BASE LINE
SURFACE
H.W. EXPL. DRIFT
F.W. EXPL. DRIFT PHASE 1
F.W. EXPL. DRIFT PHASE 2
87-37
87-38
87-39
88-20
3.32/1.7
2.33/1.3
9.83/4.1
6.17/1.4
3.12/0.7
4.62/1.9
6.54/11.2
GRAPHITIC SCHISTS
VOLCANICS
VOLCANICS - ALTERED
MINERALIZED ZONE > 1.5m TRUE WIDTH (within altered volcanics)
FAULT (interpreted)
INTERCEPT OF MINERALIZED HORIZON (at 2.05 gm/t cut-off) grams/tonne/drilled length (m)
12.33/0.7
EXISTING DRILL HOLE (on section)
EXISTING DRILL HOLE (projected)
PROPOSED PHASE 1 EXPLORATION DRILL HOLES
0 10 20 30 40 50
METRES
MENIKA MINING LTD.
RELIANCE PROPERTY
SECTION 550S
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July 1988
Design: RJM
Drawn by: GBJ
Scale: 1:500
FIG. 11

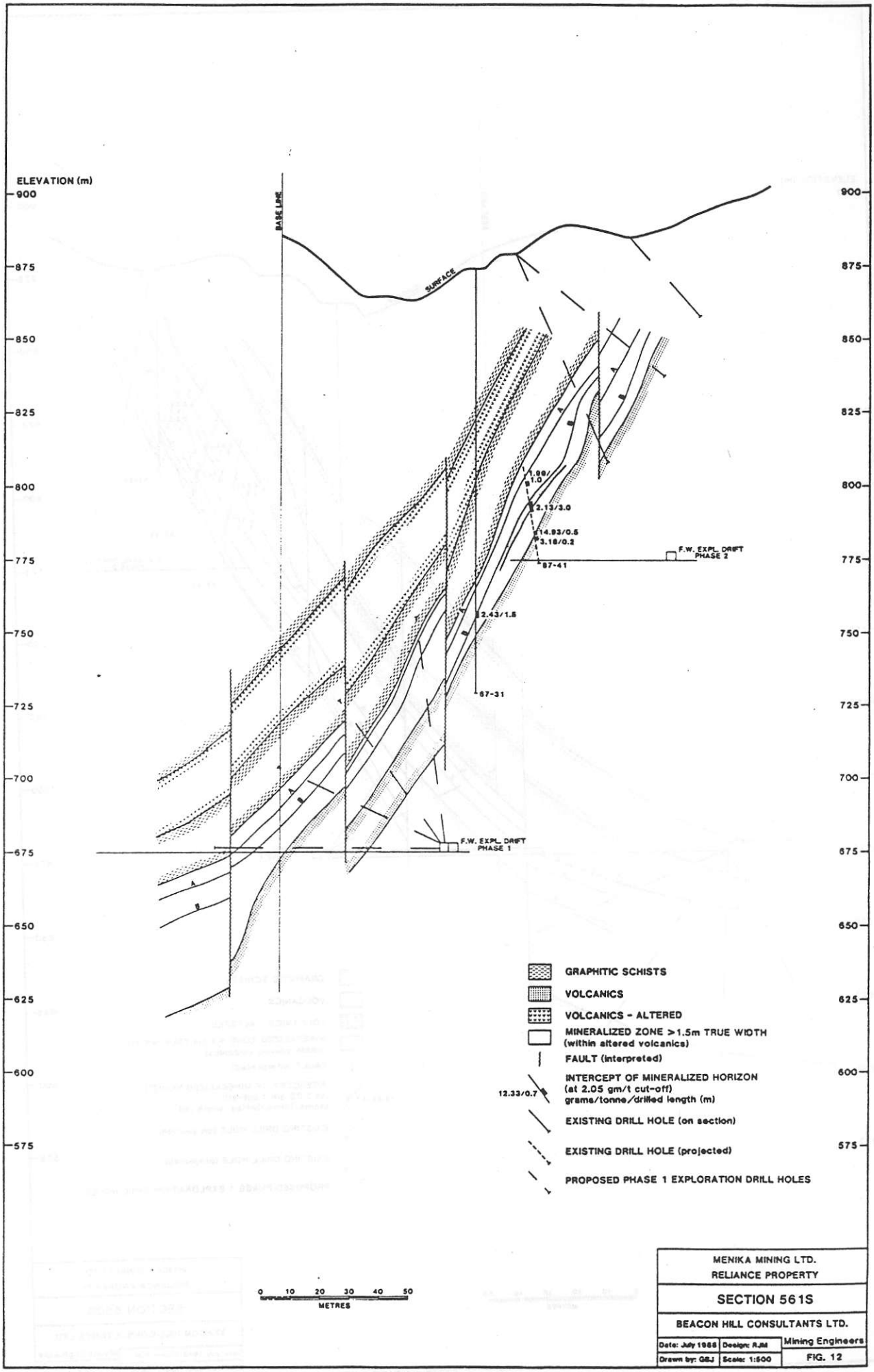

ELEVATION (m)
900
875
850
825
800
775
750
725
700
675
650
625
600
575
BASE LINE
SURFACE
1.98/1.0
2.13/3.0
14.93/0.5
3.18/0.2
87-41
F.W. EXPL. DRIFT PHASE 2
2.43/1.5
87-31
F.W. EXPL. DRIFT PHASE 1
A
B
GRAPHITIC SCHISTS
VOLCANICS
VOLCANICS - ALTERED
MINERALIZED ZONE >1.5m TRUE WIDTH (within altered volcanics)
FAULT (interpreted)
INTERCEPT OF MINERALIZED HORIZON (at 2.05 gm/t cut-off) grams/tonne/drilled length (m)
12.33/0.7
EXISTING DRILL HOLE (on section)
EXISTING DRILL HOLE (projected)
PROPOSED PHASE 1 EXPLORATION DRILL HOLES
0 10 20 30 40 50
METRES
MENIKA MINING LTD.
RELIANCE PROPERTY
SECTION 561S
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July 1988
Design: RJM
Drawn by: GBJ
Scale: 1:500
FIG. 12

TABLE 4-1

GEOLOGICAL RESERVES (TONNES)

(Imperial-Royal Area)

Thickness (m)	Mineralized Horizon A	B	C	D	Total Tonnes
0.0-0.5	1,000	800	2,000	2,100	5,900
0.5-1.0	2,900	2,300	3,100	2,900	11,200
1.0-1.5	3,900	3,400	2,900	2,600	12,800
1.5-2.0	4,400	3,900	3,300	500	12,100
2.0-3.0	9,400	9,300	6,400	400	25,500
3.0-4.0	3,600	5,900	6,900		16,400
4.0-5.0	3,500	5,900	4,500		13,900
5.0-6.0	2,800	6,500	200		9,500
6.0-7.0	2,800	6,800			9,600
7.0-8.0		6,500			6,500
8.0-9.0		5,600			5,600
9.0-10.0		4,900			4,900
10.0-11.0		3,900			3,900
>11.0		1,100			1,100
Total Tonnes	34,300	66,800	29,300	8,500	138,900

It should be noted from the above table that the tonnage of mineralization greater that 1.5 m thickness (considered to be the minimum width for mining) amounts to 109,000 tonnes or approximately 78% of the total.

TABLE 4-2

SUMMARY OF GEOLOGICAL RESERVES

(Imperial-Royal Area)

Mineralized Horizon	Reserves (Tonnes)	% of Total	Grades (g/t)	(oz/t)	Contained (g)	Gold (oz)
A	34,300	24.7	8.03	0.234	275,430	8,026
B	66,800	48.1	6.45	0.188	430,860	12,580
C	29,300	21.1	4.98	0.145	145,910	4,260
D	8,500	6.1	8.88	0.259	75,480	2,200
	138,900	100.0	6.68*	0.195	927,680	22,370

* Volume Weighted Grade

The reserve estimates presented in the above tables would be categorized as "drill indicated" or "probable".

4.3.2 Reserve Potential

The reserve base developed to date from the 1987 and 1988 detailed drilling programs is contained in a relatively confined area, which represents only about 10% of the projected strike length of the Royal shear on the Reliance property. Numerous other exposures on the Royal shear and on an apparent parallel shear zone to the east have been tested by sampling, trenching and widely spaced diamond drilling, but none have been explored in detail. Although significant gold values have been detected in these areas, the majority of the drill intercepts have been less than 3 m.

The success of the Imperial-Royal zone exploration resulted from a more concentrated drilling effort following the discovery of a thickening of the mineralized zone by hole 86-1. The picture developed from this subsequent drilling program is one of a number of distinct mineralized horizons within the shear which can vary considerably in thickness over relatively short distances along strike and dip.

Based on this model, there is no reason to believe that this localized thickening of the mineralized horizons could not be repeated in other areas along the main shear, or along parallel structures, between the existing widely spaced data points. The shear zones thus have the potential to host a number of significant mineralized bodies and consequently a substantial reserve base. The zone defined in the Imperial-Royal area is open at depth and along strike, and indeed, two of the holes drilled in 1988 indicated not only that the zone was flattening at depth but also that the width of the upper horizon (A) was increasing, after being locally pinching out up dip. An increase in grade was also evident. This down dip extension should thus be considered an important target in future exploration programs.

The estimated reserves for the Imperial-Royal zone, of 110,000 tonnes greater than 1.5 m width, have been defined within a general area measuring approximately 100 m along strike and covering some 200 m of vertical depth. Based on the foregoing discussion it therefore seems reasonable to project similar reserve tonnages to those found in the Imperial-Royal area for each 100 m of strike length of the shear zone, over a vertical height of 200 m. This projection could even be conservative, since within the 100 m x 200 m reserve boundary of the Imperial-Royal zone there are a number of sparsely drilled areas where additional exploration would most likely result in an increased reserve base.

By using the 110,000 tonne figure as a basis for projection, it can be seen that the reserve potential of the Royal shear over a 600 m strike length could be in the order of 600-650,000 tonnes to a depth below surface of 200 m. This would cover an area from just south of the existing camp to about 100 m south of the presently defined Imperial-Royal zone. Of this total potential reserve approximately 500,000 tonnes would be situated above the 650 m elevation.

It is proposed that the next phase of exploration be conducted over this section of the main shear zone and a recommended plan for this work is outlined in Section 9.

SECTION 5

MINING PLAN

A brief assessment has been made of the possible mining methods which could be used to exploit the reserves at the Reliance property and a conceptual mining plan outlined. The plan is based on the geological and reserve data provided by Menika for the Imperial-Royal zone, and it is assumed that any extensions to those reserves would be mined in a similar manner.

A minimum production rate of 200 tpd was used as the basis for the mining study, but in view of the estimated grade of the current reserve base, and reserve potential on the property, a production rate in the order of 300 to 400 tpd has been shown to be more appropriate.

The selection of a mining method depends on numerous factors, not the least of which are the variability of the ore width and continuity, the dip of the deposit, competency of the ore and host rock material, particularly the immediate hangingwall material, and the degree of selectivity required in order to maximize recovery and minimize grade dilution.

A preliminary review of the geological data and examination of the diamond drill core indicates that ground conditions within the host volcanics should be reasonably sound and, with an average dip of about 57^{o}, the deposit should lend itself to shrinkage mining in most areas. Where the widths of the veins become excessive, the ground conditions poor, or the dips too flat to allow for gravity flow of the ore, a method of pillar mining should probably be used. Because the mineralized zone largely consists of a number of isolated, or discontinuous veins, it is expected that the size of individual stopes will be relatively small, and thus development outside the mineralized veins should be kept to a minimum to avoid excessive waste development costs. The use of cut and fill mining is not contemplated at this stage, in view of the high cost of moving fill into the mine, and the associated handling problems.

It is expected that wall rock dilution in the shrinkage areas should be held to about 10% with careful mining and overall mining recovery should be in the range of 85-90%. Based on the estimated in-situ geological grade of the Imperial-Royal indicated reserves of 6.7 g/t (or 0.195 oz/t) a diluted average mining grade of 6.17 (or 0.18 oz/t) has been derived and has been used as the basis for the financial analysis.

It should be noted, however, that the upper mineralized horizon, containing 25% of the indicated reserve, has an in-situ grade of 8.03 oz Au/t (0.234 oz/t) or some 20% higher than the average of all horizons. If this higher grade trend continues in the same proportion throughout the remainder of the shear zone, it would be reasonable to assume that a higher grade could be achieved during the early part of the schedule by concentrating the mining in those areas. Based upon reserve projections it is estimated that the diluted mining grade would be 7.2 g Au/t (0.21 oz/t) in the first 1-2 years of operation, reducing to 5.69 g Au/t (0.166 oz/t) for the remainder of the schedule. The production schedules have therefore been evaluated on the basis of the foregoing assumptions.

It is proposed that the development of the mine be from a number of horizontal adits driven along the footwall of the main shear and in a location suitable for underground exploration of the deposit. The lowest drift would be driven at an elevation of about 675 m from a location adjacent to the existing camp area where the process plant would be sited. Other, shorter drifts would be located at 50 m vertical intervals above the 675 drift to provide additional access for mine development and ventilation.

As suggested previously, this is considerable reserve potential along the strike of the Royal shear between the camp area and the Imperial-Royal zone, and these initial development drifts would open up this entire area above the 675 m elevation. It is envisaged that stope development would take place off the main access drifts either in the vein or adjacent to the vein in the footwall host rock. Ore broken in the stopes would be pulled from drawpoints or chutes on each level by a load-haul-dump unit, or similar loader and mucked to an ore pass. The ore pass would connect to the 675 m level from where the ore would be loaded into a small truck and hauled via the main access/haulage drift to the surface plant.

The use of small diesel powered loaders and trucks in preference to truck bound equipment is seen as an advantage in this mine where a high degree of flexibility and efficiency of operation will be required.

The initial mining would take place above 675 m level and extend to the limits of the economic reserves. Future mining of any reserves established down dip below the 675 level would be developed via a decline driven from that horizon.

SECTION 6

METALLURGY AND PROCESS PLANT

6.1 Metallurgy and Recommended Testwork

Metallurgical testwork to date has been limited to a series of three tests to investigate gravity concentration and cyanidation. This work, done on unrepresentative samples, indicated a gold recovery of close to 66%.

Based on the experience and gold recoveries reported by former producers in this area milling similar ore type an overall gold recovery of up to 90% could be expected. This expectation could be confirmed by further metallurgical work on representative samples.

6.2 Process Options

A gravity concentration - flotation plant or a gravity concentration followed by cyanidation of the gravity circuit tailing are two possible process options and the metallurgical program should be designed to investigate gold recovery by each process.

This report considers the gravity - cyanidation option for the preliminary cost evaluation.

SECTION 7

CAPITAL AND OPERATING COSTS

7.1 Capital Costs

Preliminary capital costs have been estimated for a 200 tpd mining and milling operation. These were then pro-rated to derive costs for 300 tpd and 400 tpd production levels. Costs have been developed from various sources, and include an added contingency allowance of 10%. All costs are expressed in 1988 Canadian dollars.

Mine development costs are based on utilizing a mining contractor for all excavation work up to the time the mine is put into production. Unit excavation rates were obtained from a local contractor and are consistent with actual experience on comparable projects. Similar unit rates have been used in estimating the cost of the exploration development. Mining equipment costs are based on utilizing reconditioned equipment wherever possible.

The budget capital cost estimates for the mill are based on recent estimates for modular type flotation and cyanidation plants. It should be noted that these costs are based on the use of used equipment and are subject to the cost and availability of this used equipment.

The mill costs also include an allowance for both assay office and mill office and equipment.

Cost estimates for other capital items such as water supply, tailing disposal, site preparation and other surface facilities have been factored from other projects of similar nature, with allowances made for site specific conditions.

7.2 Operating Costs

Operating costs have been calculated using local labour and supply costs and are shown in 1988 Canadian dollars. A fringe benefit, or payroll burden allowance of 35% on the base labour rates has been applied throughput. The payroll burden covers unemployment insurance, worker compensation, health insurance and other normal payroll benefits. It is assumed that electrical power would be provided from the Provincial grid system via a power line constructed from Gold Bridge along the access road to the site. The estimated operating cost is $0.04/kwh.

Underground mining costs have been estimated on the basis of utilizing a shrinkage stoping method to mine the major portion of the reserve. Although it is evident from the nature of the mineralized zone in the Imperial-Royal area that other methods may also be applicable, shrinkage mining costs have been applied in order to keep the estimate conservative at this stage of evaluation.

Labour costs for underground crews include an overtime factor and a production bonus for stope miners, loader operators and truck drivers. Operating and maintenance supplies are based on experienced judgement of consumption and usage factors at comparable operations.

The mill operating and maintenance costs for each option are shown in the following tables. The maintenance labour costs refer to labour allocated solely to daily concentrator maintenance, and maintenance supplies refer only to mill and crushing plant maintenance.

Wage rates for salaried personnel are based on rates for similar positions at comparable operations. The wage rates for hourly paid personnel are based on labour rates in British Columbia in mid-1988.

The hourly rates include an allowance to cover the payroll burden and also include an anticipated overtime factor.

The number of operating personnel is based on a five day week for those employees not working on continuous rotating shifts.

It is expected that the operating and maintenance sections of the 200 tpd Option 1 mill will employ a total of 14 personnel, 3 salaried and 11 hourly rated. The option 2 mill will employ one additional salaried employee. For the 300 tpd and 400 tpd cases, minor increases in maintenance staffing will be required

An allowance has been made for the operating cost of the tailings disposal system, to cover the staged raising of the embankments over the life of the operation. The allowance also includes the cost of pump and pipeline operation, maintenance and power costs.

The general and administration costs include allowances for management and office staff, office supplies, taxes and insurance, etc. No allowance is made for corporate overhead charges.

Estimated capital and operating costs are shown in Tables 7-1 through 7-4. It should be noted that costs for all three of the production cases are shown in a summarized form. The operating cost breakdowns for the mine and mill are shown for the 200 tpd case only.

TABLE 7-1

CAPITAL COST SUMMARY

	Total Cost ($)		
	200 tpd	300 tpd	400 tpd
Exploration Program	2,280,000	2,280,000	2,280,000
Mine Development	1,470,000	1,700,000	2,000,000
Mine Equipment	760,000	950,000	1,100,000
Process Plant (Gravity/Cyanidation)	*3,250,000	4,200,000	4,800,000
Tailings Disposal and Water Supply	400,000	450,000	500,000
Site Preparation and Roads	200,000	220,000	250,000
Ancillary Buildings	250,000	250,000	300,000
Power Supply	500,000	500,000	500,000
Electrical Distribution	100,000	100,000	100,000
Spares and Miscellaneous	100,000	120,000	150,000
Environmental and Permitting	100,000	100,000	100,000
Engineering and Design	150,000	160,000	200,000
Contingency	956,000	1,103,000	1,228,000
Totals	10,516,000	12,133,000	13,508,000

* By comparison estimated costs of gravity/flotation mill are as follows:
200 tpd - $2,000,000
300 tpd - $2,700,000
400 tpd - $3,100,000

TABLE 7-2

OPERATING COST SUMMARY

		$/tonne		
		200 tpd	300 tpd	400 tpd
Mine	- Stoping and Haulage	16.42	15.92	15.17
	- Development	5.00	4.50	4.00
	- Indirects	10.73	8.90	6.85
Subtotal		32.15	29.32	26.02
Process Plant (Gravity/Cyanidation)		25.33	21.36	19.38
Tailings Disposal		0.60	0.60	0.60
General/Administration		3.00	3.00	3.00
Total		$61.08	$54.28	$49.00

TABLE 7-3

MINE OPERATING COSTS

(200 tpd case)

Summary		$/tonne mined
Stoping/haulage		
	- Labour	9.25
	- Materials and Supplies	7.17
		16.42
Development		
	- Labour	2.60
	- Materials and Supplies	2.40
		5.00
Indirects		
	- Hourly Labour	4.45
	- Supervision	4.28
	- Materials and Supplies	1.50
	- Power	0.50
		10.73
Total Mine Operating Cost		32.15

TABLE 7-4

PROCESS PLANT OPERATING COSTS

(200 tpd case)

Gravity Concentration and Cyanidation Plant

Area	Description	$ per tonne milled
Supervision	Four; mill superintendent, 2 mill foremen, assayer	3.50
Crushing	As per Option 1	2.46
Grinding	Labour: 1 @ 24 hours/day	3.60
	Maintenance: ($0.50/tonne + supplies)	1.30
	Consumables: Balls	1.25
	Liners	0.46
	Power 219 kw installed ($0.04/kwh, 95% availability)	1.00

Cyanidation	Labour: 1 @ 24 hours/day	3.60
	Reagents:	3.43
	Precipitation & Refining	1.50
	Cyanide neutralization	1.50
	Maintenance: ($0.25/tonne + supplies)	1.05
	Power: 145 kw installed	0.68
	($0.04/kwh, 98% availability)	
Total		$25.33

SECTION 8

FINANCIAL ANALYSIS

8.1 Introduction

The Reliance property has been evaluated using a discounted cashflow approach, in which projected annual cash outflows, such as operating and capital costs, royalities, loan repayments, and taxes, are subtracted from annual revenues, with the difference being discounted back to the date of valuation. Three production cases were evaluated and a number of sensitivities analysed. The purpose of the analysis was to determine the minimum reserve base required for a viable project, based on realistic expectations of ore grades recoveries and costs.

The various components of the cashflow are reviewed below, followed by a summary of results and detailed cashflow analyses.

8.2 Production Schedules

The project was evaluated at production levels of 200, 300 and 400 tpd. The production schedules were all extended to a minimum of 6 years of operation from the commencement of production, which was assumed to be in the latter half of 1990. In each case the maximum schedule tonnages and average mining grades are as follows:

200 tpd case - 450,000 tonnes at a grade of 6.17 g Au/t.

300 tpd case - 675,000 tonnes at a grade of 6.17 g Au/t.

400 tpd case - 900,000 tonnes at a grade of 6.17 g Au/t.

During the initial 1 1/2 years of production, the mining grade in each schedule is 7.2 g Au/t (0.21 oz Au/t) and reduces to a constant grade of 5.7 g Au/t (0.166 oz Au/t) for the remainder of the schedule.

8.3 Metallurgical Recoveries

The gravity concentration and cyanidation process option was used as the basis for the evaluation and a total gold recovery of 90% was assumed. A sensitivity analysis at 80% recovery was also performed.

8.4 Treatment Charges

The following approximate costs were applied:

Dore treatment charge	$1.25 oz troy net weight received at refinery
Gold payment	99.8% of assayed content
Silver payment	Not applicable

On the basis of a gold price of $550 CAN the dore treatment charge and gold payment factor is equivalent to a net pay factor of 99.5%.

8.5 Metal Prices

The evaluation were based on a gold price of $550 CAN per oz or $17.60 CAN per gram.

8.6 Capital and Operating Costs

Capital Costs (Million Can $)

	200 tpd	300 tpd	400 tpd
Exploration	$2.50	$2.50	$2.50
Development	$1.62	$1.87	$2.20
Capital	$6.40	$7.76	$8.81
Total	$10.52	$12.13	$13.51

Operating Costs

Unit operating costs (Can $/tonne ore)

	200 tpd	300 tpd	400 tpd
Mining	$32.15	$29.32	$26.02
Process Plant	$25.33	$21.36	$19.38
Tailing Disposal	$0.60	$0.60	$0.60
General/Administration	$3.00	$3.00	$3.00
Total	$61.08	$54.28	$49.00

8.7 Taxes

Income taxes have been estimated in accordance with the three-tier tax structure to which B.C. metal mines are subjected. Taxes on corporate profits are levied by the Federal and B.C. Provincial Governments and B.C. also imposes a mineral resources tax. In order to determine the net income subject to Federal or Provincial tax a

series of non-cash allowances were deducted from the estimated operating profit. These allowances, which reflect the 1987 changes, are as follows:

- Capital cost allowance - generally based on fixed asset class 28

- resource allowance

- exploration and development expenses

- earned depletion allowance

The Federal tax calculation allows the deduction of all the above items. The B.C. income tax calculation is the same as the Federal except that resource allowance is not permitted. The B.C. mineral resource tax allows all of the Federal deductions and also permits a processing allowance.

The rates of tax used in determining taxes payable were as follows:

Federal Income Tax - 28.8%

B.C. Income Tax - 14%

B.C. Mineral Resources Tax - 17.5%

8.8 Results

The three production rates were evaluated over the six year period using metal prices and other data noted above. In addition to the 300 tpd and 400 tpd cases were evaluated using a lower recovery factor of 80%. Sensitivity analysis were performed on the 300 tpd, 90% recovery case to evaluate the effect on the internal rate of return (IRR) of variances in capital cost, ore tonnage milled, and grade. The results are summarized in Table 8-1 and the sensitivity analysis illustrated on the accompanying graph.

TABLE 8-1

ECONOMIC ANALYSIS - SUMMARY OF RESULTS

Production Rate (tpd)	Recovery %	Tonnes Mined	IRR %	Discounted NCP (000'$) 5%	10%	15%	Payback (yrs)
200	90	450,000	8.05	852.4	-456.7	-1385.9	4.66
300	90	675,000	19.27	4234.8	2317.9	910.8	2.89
300	80	675,000	11.76	2095.3	458.8	-718.1	3.91
400	90	900,000	29.04	7760.9	5164.8	3242.6	2.19
400	80	900,000	20.62	5065.3	2899.6	1308.7	2.82

The results indicate that a reserve of 450-500,000 tonnes is required to achieve a minimum rate of return of 15%, based on a 300 tpd operation at 90% recovery. The tonnage requirement reduces to about 400,000 in the 400 tpd case, but project life is reduced to less than 3 years. The corresponding reserve requirements for a 20% rate of return are 700,000 tonnes for the 300 tpd case and 500,000 for the 400 tpd production level.

The sensitivity graph illustrates that the project is more sensitive to changes in grade (and consequently metallurgical recovery) than the other criteria reported. A 10% increase in grade can result in a substantial increase in the recoveries of the project.

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 200 tpd, 90% Recovery 22-Jul-88

Project Revenue Summary

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Ore Milled (000'S Tonnes)	0.00	0.00	30.00	70.00	70.00	70.00	70.00	70.00	70.00	450.00
Grades: Gold (gm/t)	0.000	0.000	7.200	7.200	5.700	5.700	5.700	5.700	5.700	6.129
Silver (gm/t)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GOLD REVENUE CALCULATION:										
Gold Recovery (%)	0.00	0.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Gold Recovered (000'S gms)	0.00	0.00	194.40	453.60	359.10	359.10	359.10	359.10	359.10	2443.50
Gold Pay Factor (%)	0.00	0.00	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Gold Payable (000'S gms)	0.00	0.00	193.43	451.33	357.30	357.30	357.30	357.30	357.30	2431.28
Gold Price ($/gm)	0.00	0.00	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Gold Revenue (000'S)	0.00	0.00	3404.33	7943.44	6288.56	6288.56	6288.56	6288.56	6288.56	42790.57
SILVER REVENUE CALCULATION:										
Silver Recovery (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Recovered (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Pay Factor (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Payable (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Price ($/gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Revenue (000'S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	3404.33	7943.44	6288.56	6288.56	6288.56	6288.56	6288.56	42790.57

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 200 tpd, 90% Recovery 22-Jul-88

Cashflow Summary

(000's)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Gross Revenue - Gold	0.00	0.00	3404.33	7943.44	6288.56	6288.56	6288.56	6288.56	6288.56	42790.57
- Silver	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	3404.33	7943.44	6288.56	6288.56	6288.56	6288.56	6288.56	42790.57
Operating Costs - Mining ($32.15/t)	0.00	0.00	964.50	2250.50	2250.50	2250.50	2250.50	2250.50	2250.50	14467.50
- Milling($25.93/t)	0.00	0.00	777.90	1815.10	1815.10	1815.10	1815.10	1815.10	1815.10	11668.50
- G & A ($3.00/t)	0.00	0.00	90.00	210.00	210.00	210.00	210.00	210.00	210.00	1350.00
Total Operating Costs	0.00	0.00	1832.40	4275.60	4275.60	4275.60	4275.60	4275.60	4275.60	27486.00
Operating Profit	0.00	0.00	1571.93	3667.84	2012.96	2012.96	2012.96	2012.96	2012.96	15304.57
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	316.12	326.55	642.68
B.C. Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	87.81	435.40	435.40	958.62
B.C. Mineral Resource Tax	0.00	0.00	0.00	0.00	0.00	0.00	17.52	224.57	224.57	466.66
Cashflow Before Capital Costs	0.00	0.00	1571.93	3667.84	2012.96	2012.96	1907.63	1036.86	1026.43	13236.62
Capital Costs - Exploration	1100.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2500.00
- Development	0.00	700.00	920.00	0.00	0.00	0.00	0.00	0.00	0.00	1620.00
- Processing & Other	0.00	2000.00	4400.00	0.00	0.00	0.00	0.00	0.00	0.00	6400.00
- Working Capital Chg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Costs	1100.00	4100.00	5320.00	0.00	0.00	0.00	0.00	0.00	0.00	10520.00
Cashflow Before Financing	-1100.00	-4100.00	-3748.07	3667.84	2012.96	2012.96	1907.63	1036.86	1026.43	2716.62
FINANCING:										
Bank Loan Drawdown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cashflow	-1100.00	-4100.00	-3748.07	3667.84	2012.96	2012.96	1907.63	1036.86	1026.43	2716.62
Accumulative Total	-1100.00	-5200.00	-8948.07	-5280.22	-3267.26	-1254.31	653.33	1690.19	2716.62	2716.62
Discounted NCF (5%)	-1100.00	-3904.76	-3399.61	3168.42	1656.07	1577.21	1423.51	736.88	694.73	852.44
Discounted NCF (10%)	-1100.00	-3727.27	-3037.58	2755.70	1374.88	1249.89	1076.81	532.07	478.84	-456.65
Discounted NCF (15%)	-1100.00	-3565.22	-2834.08	2411.67	1150.92	1000.80	824.72	389.79	335.54	-1385.86
Discounted NCF (20%)	-1100.00	-3416.67	-2602.82	2122.59	970.76	808.96	638.86	289.37	238.72	-2050.23
Internal Rate of Return (%)	8.05									
Payback Period (Years)	4.66									

Project Revenue Summary

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Ore Milled (000'S Tonnes)	0.00	0.00	45.00	105.00	105.00	105.00	105.00	105.00	105.00	675.00
Grades: Gold (gm/t)	0.000	0.000	7.200	7.200	5.700	5.700	5.700	5.700	5.700	6.129
Silver (gm/t)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GOLD REVENUE CALCULATION:										
Gold Recovery (%)	0.00	0.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Gold Recovered (000'S gms)	0.00	0.00	291.60	680.40	538.65	538.65	538.65	538.65	538.65	3665.25
Gold Pay Factor (%)	0.00	0.00	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Gold Payable (000'S gms)	0.00	0.00	290.14	677.00	535.96	535.96	535.96	535.96	535.96	3646.92
Gold Price ($/gm)	0.00	0.00	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Gold Revenue (000'S)	0.00	0.00	5106.50	11915.16	9432.84	9432.84	9432.84	9432.84	9432.84	64185.86
SILVER REVENUE CALCULATION:										
Silver Recovery (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Recovered (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Pay Factor (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Payable (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Price ($/gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Revenue (000'S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	5106.50	11915.16	9432.84	9432.84	9432.84	9432.84	9432.84	64185.86

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 300 tpd, 90% Recovery 22-Jul-88

Cashflow Summary

(000's)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Gross Revenue - Gold	0.00	0.00	5106.50	11915.16	9432.84	9432.84	9432.84	9432.84	9432.84	64185.86
- Silver	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	5106.50	11915.16	9432.84	9432.84	9432.84	9432.84	9432.84	64185.86
Operating Costs - Mining ($29.32/t)	0.00	0.00	1319.40	3078.60	3078.60	3078.60	3078.60	3078.60	3078.60	19791.00
- Milling($21.96/t)	0.00	0.00	988.20	2305.80	2305.80	2305.80	2305.80	2305.80	2305.80	14823.00
- G & A ($3.00/t)	0.00	0.00	135.00	315.00	315.00	315.00	315.00	315.00	315.00	2025.00
Total Operating Costs	0.00	0.00	2442.60	5699.40	5699.40	5699.40	5699.40	5699.40	5699.40	36639.00
Operating Profit	0.00	0.00	2663.90	6215.76	3733.44	3733.44	3733.44	3733.44	3733.44	27546.86
Federal Income Tax	0.00	0.00	0.00	0.00	31.86	605.66	605.66	674.20	807.54	2724.92
B.C. Income Tax	0.00	0.00	0.00	0.00	77.92	807.54	824.15	1076.72	1076.72	3863.06
B.C. Mineral Resource Tax	0.00	0.00	0.00	0.00	0.00	407.90	425.08	555.35	555.35	1943.67
Cashflow Before Capital Costs	0.00	0.00	2663.90	6215.76	3623.66	1912.34	1878.56	1427.16	1293.82	19015.20
Capital Costs - Exploration	1100.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2500.00
- Development	0.00	900.00	970.00	0.00	0.00	0.00	0.00	0.00	0.00	1870.00
- Processing & Other	0.00	2500.00	5260.00	0.00	0.00	0.00	0.00	0.00	0.00	7760.00
- Working Capital Chg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Costs	1100.00	4800.00	6230.00	0.00	0.00	0.00	0.00	0.00	0.00	12130.00
Cashflow Before Financing	-1100.00	-4800.00	-3566.10	6215.76	3623.66	1912.34	1878.56	1427.16	1293.82	6885.20
FINANCING:										
Bank Loan Drawdown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cashflow	-1100.00	-4800.00	-3566.10	6215.76	3623.66	1912.34	1878.56	1427.16	1293.82	6885.20
Accumulative Total	-1100.00	-5900.00	-9466.10	-3250.34	373.32	2285.66	4164.22	5591.38	6885.20	6885.20
Discounted NCF (5%)	-1100.00	-4571.43	-3234.56	5369.41	2981.19	1498.37	1401.81	1014.26	875.71	4234.76
Discounted NCF (10%)	-1100.00	-4363.64	-2947.19	4670.00	2475.01	1187.41	1060.40	732.36	603.58	2317.32
Discounted NCF (15%)	-1100.00	-4173.91	-2696.48	4086.97	2071.84	950.77	812.15	536.52	422.95	910.81
Discounted NCF (20%)	-1100.00	-4000.00	-2476.46	3597.09	1747.52	768.53	629.13	398.29	300.90	-135.01

Internal Rate of Return (%) 19.27
Payback Period (Years) 2.89

Project Revenue Summary

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Ore Milled (000'S Tonnes)	0.00	0.00	45.00	105.00	105.00	105.00	105.00	105.00	105.00	675.00
Grades: Gold (gm/t)	0.000	0.000	7.200	7.200	5.700	5.700	5.700	5.700	5.700	6.129
Silver (gm/t)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GOLD REVENUE CALCULATION:										
Gold Recovery (%)	0.00	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Gold Recovered (000'S gms)	0.00	0.00	259.20	604.80	478.80	478.80	478.80	478.80	478.80	3258.00
Gold Pay Factor (%)	0.00	0.00	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Gold Payable (000'S gms)	0.00	0.00	257.90	601.78	476.41	476.41	476.41	476.41	476.41	3241.71
Gold Price ($/gm)	0.00	0.00	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Gold Revenue (000'S)	0.00	0.00	4539.11	10591.26	8384.75	8384.75	8384.75	8384.75	8384.75	57054.10
SILVER REVENUE CALCULATION:										
Silver Recovery (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Recovered (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Pay Factor (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Payable (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Price ($/gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Revenue (000'S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	4539.11	10591.26	8384.75	8384.75	8384.75	8384.75	8384.75	57054.10

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 300 tpd, 80% Recovery 22-Jul-83

Cashflow Summary

(000's)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Gross Revenue - Gold	0.00	0.00	4539.11	10591.26	8384.75	8384.75	8384.75	8384.75	8384.75	57054.10
- Silver	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	4539.11	10591.26	8384.75	8384.75	8384.75	8384.75	8384.75	57054.10
Operating Costs - Mining ($29.32/t)	0.00	0.00	1319.40	3078.60	3078.60	3078.60	3078.60	3078.60	3078.60	19791.00
- Milling($21.96/t)	0.00	0.00	988.20	2305.80	2305.80	2305.80	2305.80	2305.80	2305.80	14823.00
- G & A ($3.00/t)	0.00	0.00	135.00	315.00	315.00	315.00	315.00	315.00	315.00	2025.00
Total Operating Costs	0.00	0.00	2442.60	5699.40	5699.40	5699.40	5699.40	5699.40	5699.40	36639.00
Operating Profit	0.00	0.00	2096.51	4891.86	2685.35	2685.35	2685.35	2685.35	2685.35	20415.10
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	354.69	435.63	435.63	1225.95
B.C. Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	562.90	580.84	662.52	1806.26
B.C. Mineral Resource Tax	0.00	0.00	0.00	0.00	0.00	0.00	212.24	299.58	341.71	853.54
Cashflow Before Capital Costs	0.00	0.00	2096.51	4891.86	2685.35	2685.35	1555.51	1369.29	1245.49	16529.35
Capital Costs - Exploration	1100.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2500.00
- Development	0.00	900.00	970.00	0.00	0.00	0.00	0.00	0.00	0.00	1870.00
- Processing & Other	0.00	2500.00	5260.00	0.00	0.00	0.00	0.00	0.00	0.00	7760.00
- Working Capital Chg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Costs	1100.00	4800.00	6230.00	0.00	0.00	0.00	0.00	0.00	0.00	12130.00
Cashflow Before Financing	-1100.00	-4800.00	-4133.49	4891.86	2685.35	2685.35	1555.51	1369.29	1245.49	4399.35
FINANCING:										
Bank Loan Drawdown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cashflow	-1100.00	-4800.00	-4133.49	4891.86	2685.35	2685.35	1555.51	1369.29	1245.49	4399.35
Accumulative Total	-1100.00	-5900.00	-10033.49	-5141.63	-2456.29	229.06	1784.57	3153.86	4399.35	4399.35
Discounted NCF (5%)	-1100.00	-4571.43	-3749.20	4225.77	2209.24	2104.04	1160.75	973.13	843.00	2095.30
Discounted NCF (10%)	-1100.00	-4363.64	-3410.11	3675.33	1834.13	1667.39	878.05	702.66	581.03	458.84
Discounted NCF (15%)	-1100.00	-4173.91	-3125.51	3216.48	1535.36	1335.09	672.49	514.77	407.15	-718.09
Discounted NCF (20%)	-1100.00	-4000.00	-2870.48	2830.94	1295.02	1079.18	520.94	382.14	289.66	-1572.60
Internal Rate of Return (%)	11.76									
Payback Period (Years)	5.91									

Project Revenue Summary

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Ore Milled (000'S Tonnes)	0.00	0.00	60.00	140.00	140.00	140.00	140.00	140.00	140.00	860.00
Grades: Gold (gm/t)	0.000	0.000	7.200	7.200	5.700	5.700	5.700	5.700	5.700	6.129
Silver (gm/t)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GOLD REVENUE CALCULATION:										
Gold Recovery (%)	0.00	0.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	80.00
Gold Recovered (000'S gms)	0.00	0.00	388.80	907.20	718.20	718.20	718.20	718.20	718.20	4387.00
Gold Pay Factor (%)	0.00	0.00	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Gold Payable (000'S gms)	0.00	0.00	386.86	902.66	714.61	714.61	714.61	714.61	714.61	4862.57
Gold Price ($/gm)	0.00	0.00	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Gold Revenue (000'S)	0.00	0.00	6808.67	15886.89	12577.12	12577.12	12577.12	12577.12	12577.12	85581.14
SILVER REVENUE CALCULATION:										
Silver Recovery (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Recovered (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Pay Factor (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Payable (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Price ($/gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Revenue (000'S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	6808.67	15886.89	12577.12	12577.12	12577.12	12577.12	12577.12	85581.14

Cashflow Summary

(000's)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Gross Revenue - Gold	0.00	0.00	6808.67	15886.89	12577.12	12577.12	12577.12	12577.12	12577.12	85581.14
- Silver	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	6808.67	15886.89	12577.12	12577.12	12577.12	12577.12	12577.12	85581.14
Operating Costs - Mining ($26.02/t)	0.00	0.00	1561.20	3642.80	3642.80	3642.80	3642.80	3642.80	3642.80	23418.00
- Milling($19.98/t)	0.00	0.00	1198.80	2797.20	2797.20	2797.20	2797.20	2797.20	2797.20	17982.00
- G & A ($3.00/t)	0.00	0.00	180.00	420.00	420.00	420.00	420.00	420.00	420.00	2700.00
Total Operating Costs	0.00	0.00	2940.00	6860.00	6860.00	6860.00	6860.00	6860.00	6860.00	44100.00
Operating Profit	0.00	0.00	3868.67	9026.89	5717.12	5717.12	5717.12	5717.12	5717.12	41481.14
Federal Income Tax	0.00	0.00	0.00	0.00	827.78	927.46	1172.18	1236.61	1236.61	5400.65
B.C. Income Tax	0.00	0.00	0.00	0.00	1103.71	1367.21	1648.82	1648.82	1648.82	7417.37
B.C. Mineral Resource Tax	0.00	0.00	0.00	0.00	569.27	705.17	850.42	850.42	850.42	3825.71
Cashflow Before Capital Costs	0.00	0.00	3868.67	9026.89	3216.36	2717.28	2045.70	1981.27	1981.27	24837.42
Capital Costs - Exploration	1100.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2500.00
- Development	0.00	1100.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	2200.00
- Processing & Other	0.00	2800.00	6010.00	0.00	0.00	0.00	0.00	0.00	0.00	8810.00
- Working Capital Chg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Costs	1100.00	5300.00	7110.00	0.00	0.00	0.00	0.00	0.00	0.00	13510.00
Cashflow Before Financing	-1100.00	-5300.00	-3241.33	9026.89	3216.36	2717.28	2045.70	1981.27	1981.27	11327.42
FINANCING:										
Bank Loan Drawdown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cashflow	-1100.00	-5300.00	-3241.33	9026.89	3216.36	2717.28	2045.70	1981.27	1981.27	11327.42
Accumulative Total	-1100.00	-6400.00	-9641.33	-614.45	2601.92	5319.19	7364.89	9346.16	11327.42	11327.42
Discounted NCF (5%)	-1100.00	-5047.62	-2939.99	7797.76	2646.11	2129.06	1526.53	1408.05	1341.00	7760.91
Discounted NCF (10%)	-1100.00	-4818.18	-2678.79	6782.03	2196.82	1687.21	1154.74	1016.70	924.28	5164.82
Discounted NCF (15%)	-1100.00	-4608.70	-2450.91	5935.32	1838.97	1350.97	884.41	744.83	647.68	3242.57
Discounted NCF (20%)	-1100.00	-4416.67	-2250.93	5223.89	1551.10	1092.01	685.10	552.94	460.78	1798.23
Internal Rate of Return (%)	29.04									
Payback Period (Years)	2.19									

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 400 tpd, 80% Recovery 22-Jul-88

Project Revenue Summary

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Ore Milled (000'S Tonnes)	0.00	0.00	60.00	140.00	140.00	140.00	140.00	140.00	140.00	900.00
Grades: Gold (gm/t)	0.000	0.000	7.200	7.200	5.700	5.700	5.700	5.700	5.700	6.129
Silver (gm/t)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GOLD REVENUE CALCULATION:										
Gold Recovery (%)	0.00	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Gold Recovered (000'S gms)	0.00	0.00	345.60	806.40	638.40	638.40	638.40	638.40	638.40	4344.00
Gold Pay Factor (%)	0.00	0.00	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Gold Payable (000'S gms)	0.00	0.00	343.87	802.37	635.21	635.21	635.21	635.21	635.21	4322.28
Gold Price ($/gm)	0.00	0.00	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Gold Revenue (000'S)	0.00	0.00	6052.15	14121.68	11179.66	11179.66	11179.66	11179.66	11179.66	76072.13
SILVER REVENUE CALCULATION:										
Silver Recovery (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Recovered (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Pay Factor (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Payable (000'S gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Price ($/gm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Revenue (000'S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	6052.15	14121.68	11179.66	11179.66	11179.66	11179.66	11179.66	76072.13

Beacon Hill Consultants Ltd. Project : Reliance Property, MENIKA MINING LTD. Case: 400 tpd, 80% Recovery 22-Jul-88

Cashflow Summary

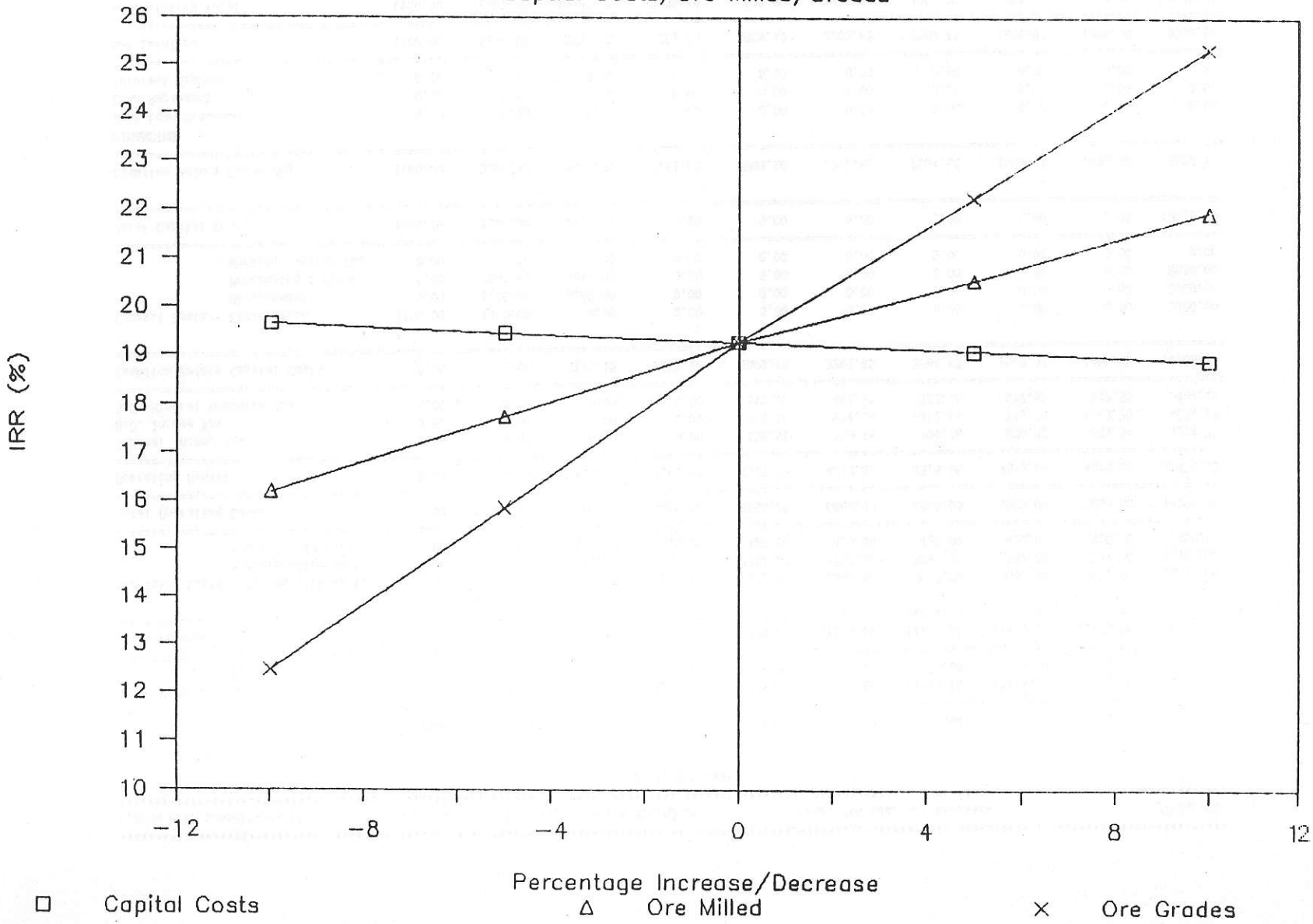
(000's)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
Gross Revenue - Gold	0.00	0.00	6052.15	14121.68	11179.66	11179.66	11179.66	11179.66	11179.66	76072.13
- Silver	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	6052.15	14121.68	11179.66	11179.66	11179.66	11179.66	11179.66	76072.13
Operating Costs - Mining ($26.02/t)	0.00	0.00	1561.20	3642.80	3642.80	3642.80	3642.80	3642.80	3642.80	23418.00
- Milling($19.98/t)	0.00	0.00	1198.80	2797.20	2797.20	2797.20	2797.20	2797.20	2797.20	17982.00
- G & A ($3.00/t)	0.00	0.00	180.00	420.00	420.00	420.00	420.00	420.00	420.00	2700.00
Total Operating Costs	0.00	0.00	2940.00	6860.00	6860.00	6860.00	6860.00	6860.00	6860.00	44100.00
Operating Profit	0.00	0.00	3112.15	7261.68	4319.66	4319.66	4319.66	4319.66	4319.66	31972.13
Federal Income Tax	0.00	0.00	0.00	0.00	158.51	700.76	700.76	830.35	934.34	3324.72
B.C. Income Tax	0.00	0.00	0.00	0.00	236.86	934.34	1012.19	1245.79	1245.79	4674.97
B.C. Mineral Resource Tax	0.00	0.00	0.00	0.00	115.20	481.91	522.06	642.55	642.55	2404.27
Cashflow Before Capital Costs	0.00	0.00	3112.15	7261.68	3809.10	2202.65	2084.65	1600.97	1496.98	21568.17
Capital Costs - Exploration	1100.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2500.00
- Development	0.00	1100.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	2200.00
- Processing & Other	0.00	2800.00	6010.00	0.00	0.00	0.00	0.00	0.00	0.00	8810.00
- Working Capital Chg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Costs	1100.00	5300.00	7110.00	0.00	0.00	0.00	0.00	0.00	0.00	13510.00
Cashflow Before Financing	-1100.00	-5300.00	-3997.85	7261.68	3809.10	2202.65	2084.65	1600.97	1496.98	8058.17
FINANCING:										
Bank Loan Drawdown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cashflow	-1100.00	-5300.00	-3997.85	7261.68	3809.10	2202.65	2084.65	1600.97	1496.98	8058.17
Accumulative Total	-1100.00	-6400.00	-10397.85	-3136.18	672.92	2875.57	4960.22	6561.19	8058.17	8058.17
Discounted NCF (5%)	-1100.00	-5047.62	-3626.17	6272.91	3133.75	1725.83	1555.60	1137.78	1013.21	5065.30
Discounted NCF (10%)	-1100.00	-4818.18	-3304.01	5455.81	2601.66	1367.67	1176.73	821.55	698.35	2899.58
Discounted NCF (15%)	-1100.00	-4608.70	-3022.95	4774.67	2177.86	1095.11	901.25	601.86	489.36	1308.47
Discounted NCF (20%)	-1100.00	-4416.67	-2776.29	4202.36	1836.95	885.20	698.15	446.80	348.15	124.65

Internal Rate of Return (%)	20.62
Payback Period (Years)	2.82

Sensitivity of IRR to Changes in

Captial Costs/Ore Milled/Grades



SECTION 9

CONCLUSIONS AND RECOMMENDATIONS

9.1 Conclusions

The conclusion of this report is that there is excellent potential on the property to develop a reserve of some 600-650,000 tonnes, and based on present grade projections and metal prices the project would yield an attractive rate of return. There is also a strong possibility of enhancing the grade of the deposit, and since the project is most sensitive to grade the potential value of the property could be increased substantially.

9.2 Recommendations

It is recommended that further exploration be conducted on the property to prove up the necessary reserves. The recommended program is to be carried out in two phases, with the initiation of the second phase being contingent upon positive results from the first phase.

9.3 Recommended Exploration Program

The purpose of the exploration program, to be conducted in two phases are as follows:

- to upgrade the status of the reserves in the Imperial-Royal zone.
- expand the reserve base by exploring in areas adjacent to the known body.
- delineate sufficient reserves along the Royal shear to establish the basis for a project feasibility study.
- obtain a bulk sample for metallurgical testwork.

It is evident that to expand the reserves down dip from the present limits in the Imperial zone, or to explore along strike at depth, is extremely costly with surface drilling due to the topographic constraints of the area. After reviewing a number of options, it became clear that the most cost effective and practical approach for outlining additional reserves would be to conduct further surface drilling, where appropriate, combined with an underground exploration program. One of the objectives in designing the program was to develop as large a reserve as possible above the 650 m elevation, which is a suitable elevation for the location of a future millsite. If sufficient reserve could be developed above this level, access for mining would be relatively straight forward and would not require expensive shaft or decline installations.

The scope of the proposed exploration program is illustrated on Figures 13, 14, and 15. It is designed in two phases, with the first phase covering the larger area of

the main shear zone. The first phase involves the driving of an exploration drift in the footwall volcanic rocks approximately 40-50 m from the contact of the altered zone. This drift, collared at about 665 m elevation adjacent to the present camp, would extend to the limits of the Imperial zone as currently defined. At approximately the centre of the zone, a cross-cut should be driven through the mineralized zone and into the hangingwall altered volcanics, from where the down dip extension of the zone could be tested.

This exploration drift has been located in the footwall because of the very poor ground conditions expected if the drift were to be excavated on the hangingwall side of the shear zone in the black argillite unit. An examiniation of the drill core revealed that the argillite braaks down easily when exposed to the natural elements and consequently difficult and costly driving conditions are envisaged. Improved ground conditions should exist in the altered volcanic horizon within the hangingwall argillites, but it would be difficult to keep the drift consistently within the unit and still maintain the required distance from the hangingwall contact of the mineralized zones for adequate drill coverage. Although the drift is being driven primarily for exploration purposes, a further advantage of excavating the drift in the footwall is that it is in the most suitable location for an access and haulage way for future mining operations, as described in Section 5.

The Phase I drill program is designed to prove up the necessary reserve tonnage by systematic diamond drilling of the main shear at regularly spaced intervals over a strike length of some 500 metres. The program can be considered to cover three areas as follows:

Area 1

Underground and surface drilling at 25 m horizontal intervals over a 100 m strike length of the Imperial zone to fill in gaps in the existing data base, and explore the down dip extension of the zone where there are indications from recent drilling of increases in both the thickness and grade of the deposit.

Area 2

Underground and surface drilling at 25 m intervals along 200 m of the shear zone immediately to the northwest of the Imperial zone, where current drill data is limited.

Area 3

Surface drilling only, at 50 m section intervals, along a further 200 m strike length of the shear adjacent to area 2.

The drill coverage, as indicated on longitudinal section, Figure 15, is intended to outline the reserves to an elevation of between 600 and 650 m, which is approximately a depth of 200-250 m vertically below surface. On the basis of the reserve projections discussed in Section 4, the phase I drill program could be expected to delineate some 500-550,000 tonnes of reserves, of which 400-450,000 tonnes would be situated above 650 m elevation.

It is recommended that the surface drilling in Area 3 commence at the same time as the adit is being started. This will enable the required information to be

available early in the program to properly position the drift in the footwall and provide an indication as to the need for any adjustments to the program as the work proceeds. When the first underground drill station is prepared in Area 2, drilling should commence in that zone and continue while the drift is being advanced towards the Imperial zone.

In addition to the drilling program, part of the phase I exploration will involve taking a bulk sample of the mineralized material for metallurgical testwork. This is considered essential to confirm metal recoveries and operating costs and establish a firm basis for a project feasibility study. The bulk sample would be obtained from the cross-cut driven through the mineralized zone, and should not involve additional excavations to those planned. Drifting through the mineralized shear zone will also provide useful data on ground conditions for future mine planning purposes.

Contingent upon the results of phase I, the second phase of the program would be initiated. This phase is aimed at further expanding the reserves to the south of the currently defined zone (Area 3) and involves the driving of a second adit, at a higher elevation, in order to explore the upper parts of the zone beyond the economical limits of surface drilling. A plan of Phase II exploration program is shown in Figure 14.

The adit would be collared at an elevation of approximately 775 m near the footwall contact of the shear zone and continue in the footwall, maintaining a similar distance from the contact as the lower drift. At the same time the lower drift, excavated in phase I, would be extended to the south for about 100 m to establish diamond drilling coverage for the lower part of the zone.

Diamond drilling would be carried out from both drifts, with most of the drill holes being inclined above horizontal, due to the dip of the deposit restricting effective down-dip coverage.

It is expected that the drilling in phase II will outline further reserves over a 100 m strike length, to approximately 200 m vertically below surface, yielding a potential of some 100,000 tonnes above 650 m elevation. The total potential reserve, therefore, expected to be realized from the phase I and phase II exploration programs is in the range of 600-650,000 tonnes.

The estimated costs of the recommended program are summarized below:

Phase I

	Costs ($)
Underground Development	
Exploration drift and drill stations 780 m @ $1100/m (Contract unit price)	860,000
Portal excavation	30,000
Sub-total	890,000

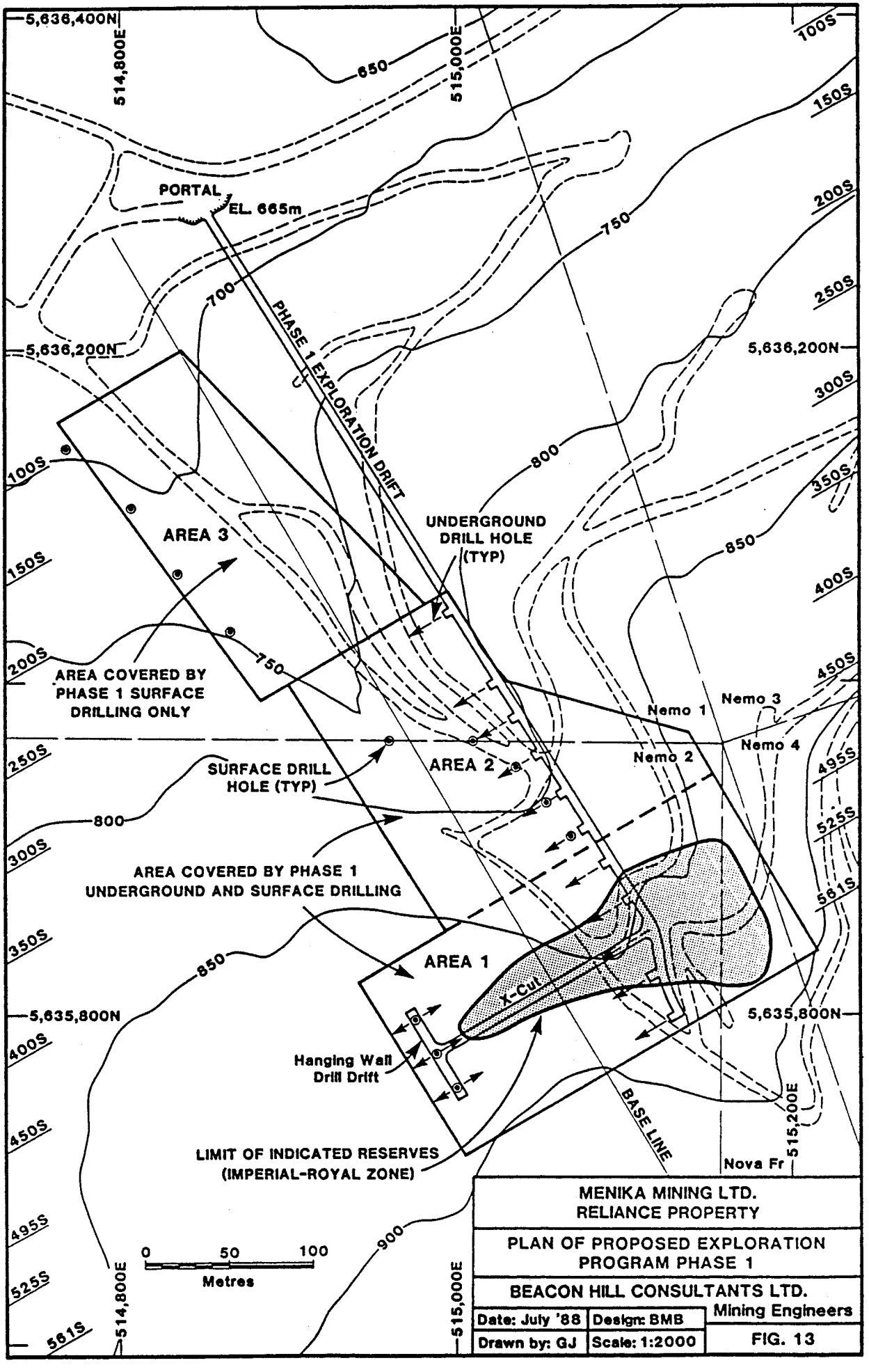
Diamond Drilling

Area 1	- Surface, 500 m @ $100/m	50,000
	- Underground, (FW) 1000 m @ $100/m	100,000
	- Underground, (HW) 800 m @ $100/m	80,000
Area 2	- Surface, 600 m @ $100/m	60,000
	- Underground, (F.W.) 2000 m @ $100/m	200,000
Area 3	- Surface, 1200 m @ $100/m	120,000
Sub-total		610,000
Total		1,500,000
Contingency @ 10%		150,000
Total Phase I		**1,650,000**

Note: Diamond Drilling unit cost includes contract drilling and allowances for sampling, assaying, drill roads, and geology supervision.

Phase II

	Cost ($)
Underground Development	
Exploration drifting and drill stations 470 m @ $1100/m	517,000
Portal excavation	30,000
Sub-total	547,000
Diamond Drilling	
Surface, 800 m @ $100/m	80,000
Underground, 1450 m @ $100/m	145,000
Sub-total	225,000
Total	772,000
Contingency @ 10%	78,000
Total Phase II	**850,000**
Total Phase I and Phase II	**$2,400,000**



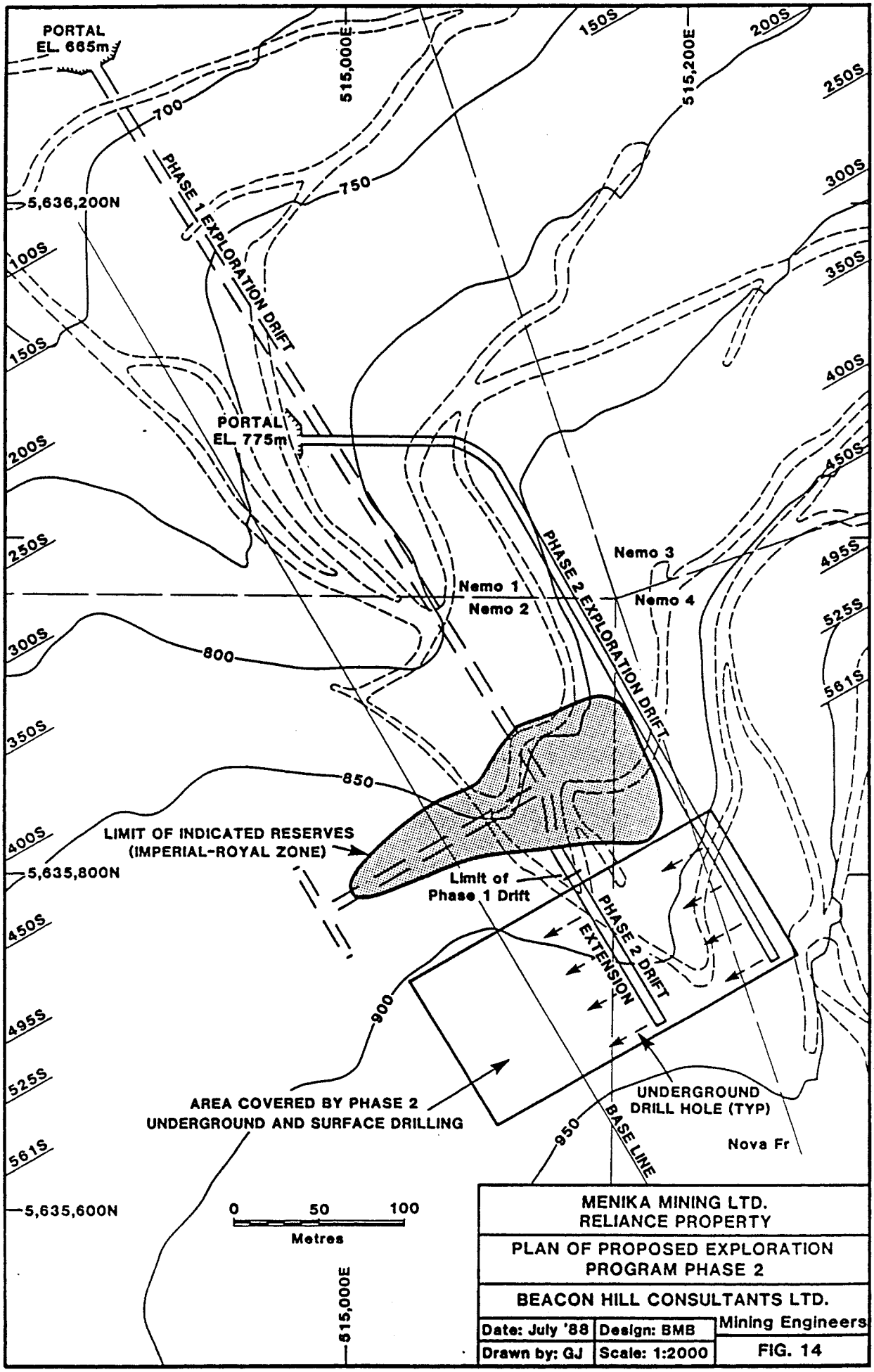
MENIKA MINING LTD.
RELIANCE PROPERTY

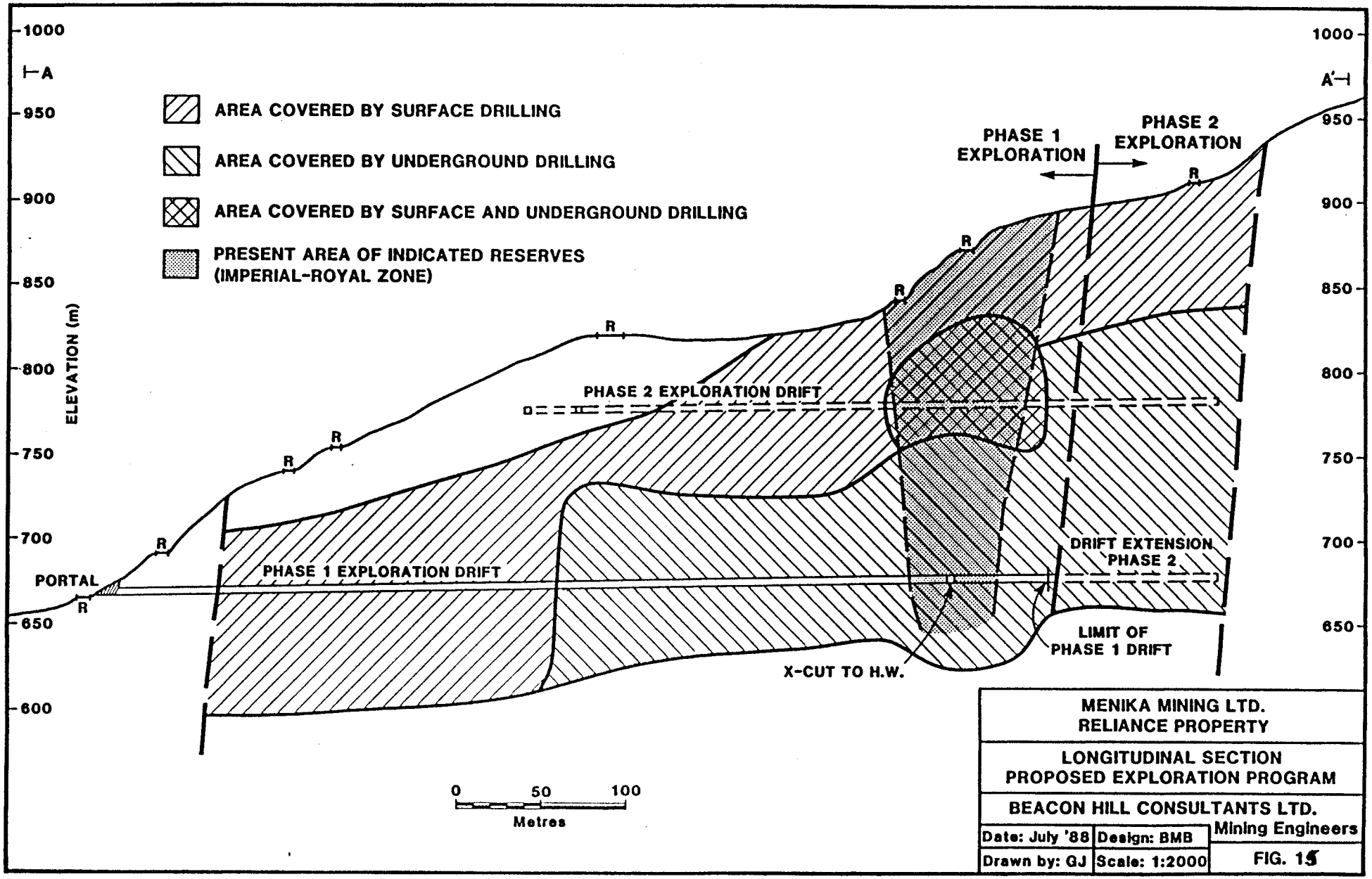
PLAN OF PROPOSED EXPLORATION PROGRAM PHASE 1

BEACON HILL CONSULTANTS LTD.
Mining Engineers

Date: July '88	Design: BMB
Drawn by: GJ	Scale: 1:2000

FIG. 13


PORTAL
EL. 665m
515,000E
515,200E
150S
200S
250S
300S
350S
400S
450S
495S
525S
561S
700
750
800
850
900
950
5,636,200N
5,635,800N
5,635,600N
PHASE 1 EXPLORATION DRIFT
PORTAL
EL. 775m
PHASE 2 EXPLORATION DRIFT
Nemo 1
Nemo 2
Nemo 3
Nemo 4
LIMIT OF INDICATED RESERVES
(IMPERIAL-ROYAL ZONE)
Limit of
Phase 1 Drift
PHASE 2 DRIFT
EXTENSION
AREA COVERED BY PHASE 2
UNDERGROUND AND SURFACE DRILLING
UNDERGROUND
DRILL HOLE (TYP)
BASE LINE
Nova Fr
0 50 100
Metres
MENIKA MINING LTD.
RELIANCE PROPERTY
PLAN OF PROPOSED EXPLORATION
PROGRAM PHASE 2
BEACON HILL CONSULTANTS LTD.
Mining Engineers
Date: July '88
Design: BMB
Drawn by: GJ
Scale: 1:2000
FIG. 14



MENIKA MINING LTD. RELIANCE PROPERTY	
LONGITUDINAL SECTION PROPOSED EXPLORATION PROGRAM	
BEACON HILL CONSULTANTS LTD.	Mining Engineers
Date: July '88 / Design: BMB	
Drawn by: GJ / Scale: 1:2000	FIG. 15

REFERENCES

1. Morris Geological Co. Ltd., "Reliance Property, Geological Assessment", March, 1988.

2. Morris Geological Co. Ltd., "Summary Report of the Reliance Property, Geological Update", March, 1988.

3. Cominco Exploration Research Laboratory, Letter report on Samples 88-163 x and 88-164 x, July 1988.

4. Bacon, Donaldson & Associates Ltd., "Preliminary Mineralogical and Metallurgical Evaluation of Sulphide Ore Samples 218003, 218004, 218014, July, 1988.

CERTIFICATE

I, W. P. Stokes P. Eng. President, Beacon Hill Consultants Ltd., 5720 Sherwood Boulevard, Tsawwassen, B.C., do hereby certify:

1. I have directed the preparation of the "Report on the Exploration Potential of the Reliance Property" on behalf of Menika Mining Ltd. (N.P.L.).

2. I hold a Higher National Diploma in Mining Engineering from North Staffs College of Technology.

3. I have been practicing my profession for more than 23 years.

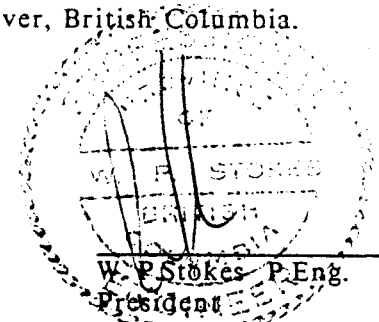
4. I am a registered Professional Engineer in the Province of British Columbia.

5. This report has been prepared under my direction with assistance of other professional engineers and other qualified persons.

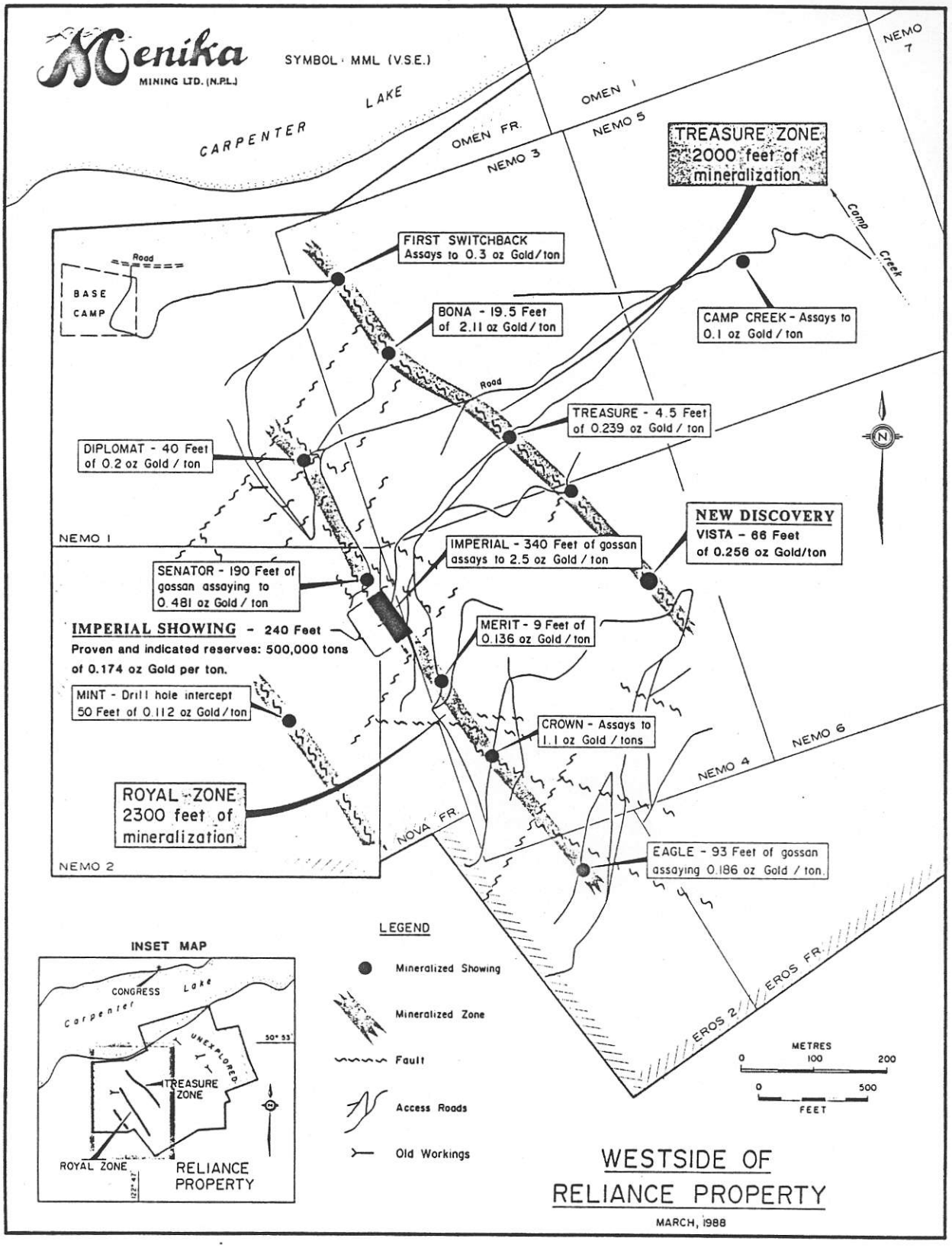
6. I have no direct or indirect interest in the subject property or in the securities of Menika Mining Ltd. (N.P.L.) or their affiliates.

7. Permission is hereby granted for using this report in raising funds for the exploration activities as described herein.

Dated 2nd August, 1988 in Vancouver, British Columbia.



W. P. Stokes P.Eng.
President
Beacon Hill Consultants Ltd.



Reliance Property

Interest: 100% owned
Location: Bralorne/Bridge River Gold Camp, British Columbia
Acreage: 740 acres

MENIKA MINING LTD. (VSE Symbol - MML)
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Doreen Boitard, *Corporate Secretary/Director*
Laurence Sookochoff, *P. Eng. Geologist/Director*
David Jenning, *Ph.D. Geologist/Director*
Katherine Johnston, *Para Legal/Director*

Project Geologist: Robert Morris, M.Sc.

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Div. of Hong Kong Bank of Canada
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Trading:

Vancouver Stock Exchange – MML
S.E.C. registered in the U.S.
Listed in the U.S. Standard
and Poor's Manual