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B.E. SPENCER ENGINEERING LTD.

CONSULTING GEOLOGICAL ENGINEER

REPORT ON THE A-2 ZONE
AXI. 3 - ADAM 1 MINERAL CLAIMS
KAMLOOPS MINING DIVISION

LONGITUDE 119°37'W
LATITUDE 51°02'N
N.T.S. 82M/4E

FOR

ADAMS SILVER RESOURCES INC.,
OWNER, OPERATOR

BY

B.E. SPENCER, P.ENG.
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FEBRUARY 20, 1992

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INTRODUCTION

The A-2 Zone is a stratabound mineralized felsic tuff horizon which was explored by trenching, soil geochemistry surveys, induced polarization surveys and diamond drilling during the period from 1984 to 1987. Since 1987 diamond drill core from this zone has been geochemically analyzed on an annual basis to satisfy mineral claim assessment requirements. Although all of the relevant core has not yet been analyzed there is now available sufficient drill core geochemical data, together with geophysical and geological information to assess the significance and potential of the zone. A new interpretation of the A 2 Zone is discussed in this report.

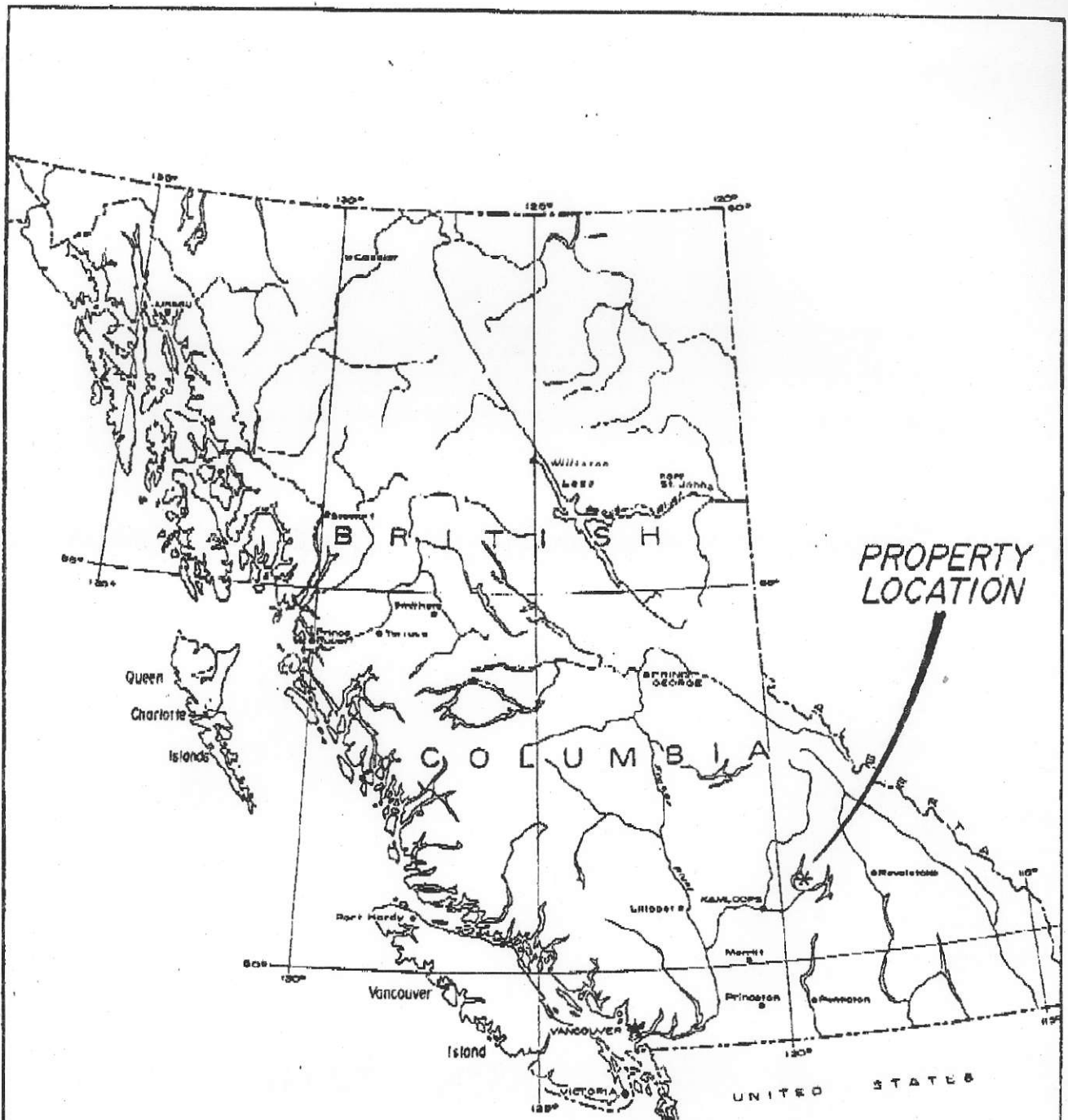
PROPERTY, LOCATION AND ACCESS

Adams Silver Resources Inc. own the following mineral claims located on the Adams Plateau in the Kamloops Mining District:

<u>Claim</u>	<u>Record #</u>	<u>No. of Units</u>	<u>Expiry Date</u>
Adam 1	3952	20	February 26, 1993
Adam 2	3953	4	February 26, 1993
Adam 10	4040	18	May 19, 1992
Adam 13FR	6301	1	July 2, 1993
Adam 14FR	6302	1	July 2, 1993
Adam 15FR	6303	1	July 2, 1993
Alpha 1	3717	8	July 30, 1992
Alpha 2	3718	6	July 30, 1992
Nova 1	3719	1	July 30, 1993
Nova 2	3720	1	July 30, 1992
BEE 2A	2707	20	June 27, 1997
AXL 3	649	15	November 26, 1994
K21	9874	12	March 23, 1993

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PROPERTY
LOCATION

ADAMS SILVER RESOURCES
 ADAMS PLATEAU PROPERTY
 KAMLOOPS M.D., B.C.
 LOCATION MAP

SCALE
 Km. 100 200 300 400 Km.
 Miles 100 200 Miles

The above claims are shown on Mineral Claim Map 82M/4E and are centred at latitude 50°02'N, Longitude 119°37'W.

The property lies 70 kilometres northeast of Kamloops, B.C. Access is via the Trans Canada Highway east of Chase to the south end of Adams Lake on paved road and then via a 25 kilometre mainline gravel logging road. Secondary branch logging roads provide good access to all of the claims.

The claims are located at an elevation of some 1800 metres and cover the flat alpine meadows of the plateau and the gentle south slopes. The exploration season in this area is generally from late June to early November when extremely heavy snowfalls impede access to the area.

HISTORY

Exploration on the Adams Plateau has been carried out intermittently since 1927 with the discovery of the Elsie-Lucky Coon massive sulphide deposits which are located 4 kilometres northeast of the AXL claim. These deposits were mined by small open pits in 1977 and 1,360 tons of copper/lead/zinc-silver ore was shipped to the smelter at Trail, B.C. This area was further explored by Adams Silver Resources Inc. in 1981 and 1984 with mapping and diamond drill programmes.

In the mid 1980's the discovery of the Rea Gold and Samotosun deposits west of Adams Lake and the publication of regional government maps outlining a belt of volcanic rocks with the potential to host volcanogenic massive sulphide deposits sparked intensive exploration in the region.

During 1984 to 1987 Adams Silver Resources Inc., in addition to the exploration on the AXL 3 - Adam 1 mineral claims conducted geochemical, geophysical, geological and diamond drill programme over an 8 kilometre strike length of the belt adjoining the above claims. Since 1987 work has been confined to geochemical analysis of drill core due to limited finances.

GEOLOGY AND MINERALIZATION

The regional geology of the district is shown in a provincial government map compiled by Schiarizza and Preto in 1984. The area is underlain by metamorphosed volcanics and sediments of the Devonian Mississippian Eagle Bay Formation. This belt of rocks trend southeast from Barrier to Adams Lake and then swings to the northeast east of the lake. The rocks have been folded and cut by low angle thrust faults with the result that the correlation of specific rock units is difficult. Preto's map indicates the Rea, Samatosun and Homestake deposits are in the same structural plate and in similar lithologies as the rocks underlying the AXL 3 - Adam 1 mineral claims. The Samatosun deposit has reserves of 1.12 million tons of 0.04 gold, 21.22 silver, 1.16% copper, 3.2% lead and 2.89% zinc.

The property geology is shown on Plate 1. A 250 meter thick sequence of intermediate to felsic tuffs and flows trend N50°E across the claims and dip 20° to 30° to the northwest. This sequence, Unit C, contains a greenstone marker bed, G-1 and the A-2 horizon, a mineralized rhyolite tuff and overlies a sequence of greenstone tuffs and flows, and is in turn overlain by argillites of unit B. Two north trending faults some 1 Kilometre apart offset the sediments and volcanics and appear to influence the distribution of mineralization and alteration.

Plate 2 and 3 are contoured plans of the resistivity and chargeability data obtained from the

6

second separation of a pole-dipole induced polarization survey conducted over the property. As Plate 2 indicates a resistivity low occurs between the two north-trending faults which extends from near the base of Unit C to the overlying argillites. This resistivity low reflects a zone of pervasive sericite alteration indicative of volcanic hydrothermal activity. Plate 3 shows the chargeability of the area. The 30 millisecond contours define the argillites of Unit B portions of the A-2 horizon and argillaceous sections of Unit C which occur to the east. The zone between the faults has a broad chargeability high which reflects the 5 to 10% pyrite content of the area. Discrete conductive zones indicating the A-2 mineralized horizon are apparent in pseudo-sections. Sphalerite is not conductive and does not contribute to the chargeability factor.

Within the area bounded by the north trending faults thirteen drill holes have intersected the A-2 Zone. The core from twelve of these holes has been geochemically analyzed for trace amounts of copper, lead and zinc over all or portions of the A-2 Zone. These analysis are tabulated below:

<u>Hole #</u>	<u>Interval</u>	<u>Width</u>	<u>Cu</u>	<u>Pb</u>	<u>Zn</u>
7	49.0-81.3	32.3	304	61	227
	81.3-99.5	18.2	809	42.4	1523 A2
18	11.4-16.4	5.0	118	55	748
	16.4-25.6	11.6	973	311	1013 A2
19	7.29-15.37	8.08	113	29	119
	15.37-25.6	10.23	798	342	3574 A2

<u>Hole #</u>	<u>Interval</u>	<u>Width</u>	<u>Cu</u>	<u>Pb</u>	<u>Zn</u>	
			7			
25	8.0-18.0	10.0	45	3	76	
	22.0-26.84	4.84	798	342	3574	A2 Portion
	44.0-52.0	8.0	32	14	52	
26	15.63-32.71	17.08	583	216	913	A2
	32.71-45.7	12.99	68	75	171	
28	22.0-33.92	11.92	111	76	202	
	33.92-42.18	8.26	887	681	2487	A2
32	51.8-74.37	22.57	584	586	2586	A2 H.W.
	74.37-83.5	9.13	27	19	117	
	83.5-95.7	12.2	58	474	1375	A2
	95.7-138.4	42.7	71	33	156	
33	13.5-26.5	13.0	78	900	1245	A2 H.W.
	59.28-59.80	.52	110	548	7387	
	64.16-64.46	.30	600	600	8600	
35	28.0-38.07	10.07	71	37	160	
	38.07-38.71	.64	970	5888	>10000	
	38.71-66.93	28.22	120	56	122	
	66.93-86.0	19.07	628	1158	1656	A2
51	80.69-97.54	16.86	283	179	385	
	172.44-180.46	8.02	605	>1632	>2340	

<u>Hole #</u>	<u>Interval</u>	<u>Width</u>	<u>Cu</u>	<u>Pb</u>	<u>Zn</u>
52	102.5-103.75	1.25	700	4100	97000
	103.75-125.9	22.15	94	21	80
	125.9-134.9	9.0	330	2005	2037 A2
	134.9-144.0	9.1	96	14	95
69	47.85-87.48	39.63	59	23	64
	87.48-105.77	18.29	152	773	598 A2
	105.77-108.81	3.04	12	28	60

Background values in this area are 100 ppm Copper, 50 ppm Lead, and 125 ppm Zinc versus average values of 832 ppm Copper, 453 ppm Lead and 1269 ppm Zinc for the anomalous area. These values in the A-2 Zone are comparable to those found adjacent to other volcanogenic massive sulphide deposits. At the Westmin Resources Ltd. Myra-Price-Lynx and H.W. deposits for example threshold anomalous values were in the order of 150 ppm Copper and 200 ppm Zinc. Samples from the host rhyolites within 200 metres of these deposits were in the order of 500 ppm Copper and 2000 ppm Zinc.

It is well known that volcanogenic massive sulphide zones have abrupt cutoffs, one published example being values of 100 to 1000 ppm in copper and zinc respectively within 30 to 50 metres of an ore zone averaging 4% copper and 10% zinc. The values obtained from the A-2 Zone which are some 10 times background are considered very significant.

Sections 1 to 3 show the relationship of the A-2 Zone to the underlying rhyolite flows and G1 marker horizon. It is evident that this zone is a stratabound mineralized horizon related to the volcanic stratigraphy. Section 4, a longitudinal section, indicates the anomalous

mineralization thickens as the westernmost north striking fault is approached. Zinc values also increase in this direction increasing from less than 1000 ppm in holes 69 and 26 to over 2000 ppm zinc in holes 28, 32 and 52. Only the A2 H.W. zone has been assayed in the area west of hole 32 but based on trenching and visual observations of the mineralogy in D.D. core it is reasonable to assume that the thickness and intensity of mineralization continue to increase as the western fault boundary is approached.


DISCUSSION OF EXPLORATION POTENTIAL

- (1) Based on the geochemical analysis of diamond drill core a stratabound mineralized horizon has been defined which extends over a 1 kilometre strike length, averages 17 meters in width and assays 498 ppm copper, 663 ppm lead and 1646 ppm zinc. These values are 10 times background for this and other volcanogenic environments hosting massive sulphide deposits and are comparable to values peripheral to major massive sulphide deposits.
- (2) The above noted mineralization is localized in a fault bound structural block some 1.3 kilometres wide which has been extensively altered by hydrothermal activity. This is a unique area based on the data compiled over exploration of an 8 kilometre strike length of this belt.
- (3) The existing data indicates that the thickness and intensity of the mineralization increases from east to west within the structural block defined by the north trending faults.
- (4) It is postulated that the westernmost fault was a major structural control which influenced the deposition of mineralization on the downslope eastern flank of this

feature.

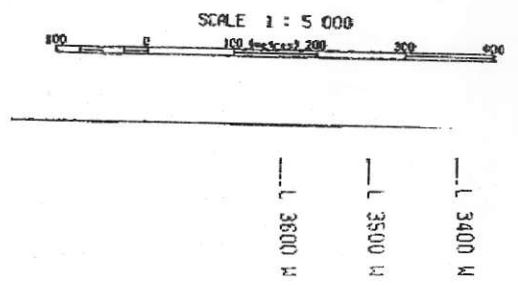
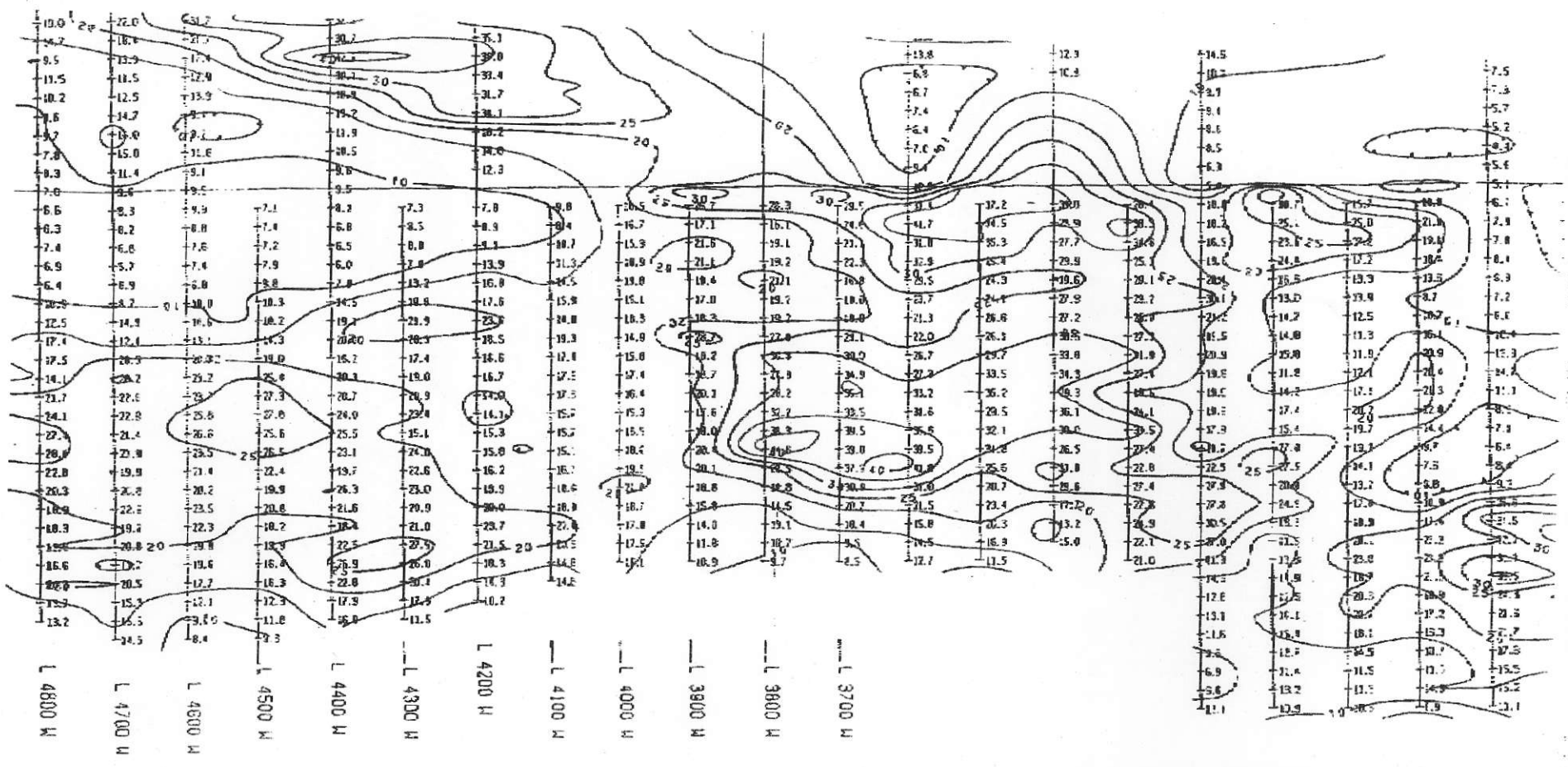
- (5) Mineralization has been noted in the uppermost 2/3 of the 250 metre thick felsic volcanic pile designated as Unit C. This suggests a prolonged multi-phase period of mineralization which may have deposited several beds of massive sulphide mineralization.
- (6) Deposits within a volcanogenic environment are generally elongated, with the long axis influenced by structural features. A width of 170 metres and a 600 metre length are dimensions which have been tabulated for deposits in excess of 6 million tons in the Canadian Pre-Cambrian Shield. Westmin Resources Ltd. H.W. deposit, which contains 15.2M tons of 0.07 opt gold, 1.1 opt silver, 2.2% copper, 0.3% lead and 5.3% zinc is some 300 metres wide and 1000 metres in length. There is therefore a considerable unexplored area which may host a major deposit adjacent to the area drilled to date.
- (7) The alteration, mineralization and structure of the A2 Zone is similar to what could be anticipated in an area peripheral to a major volcanogenic massive sulphide deposit. Given the gently dip of the zone and the flat topography of the area further down dip exploration of the zone does not involve excessive incremental exploration costs. Further exploration of this zone by deeper drilling is, in my opinion, clearly warranted.

Respectfully Submitted,



Bruce E. Spencer, P.Eng.

February 25, 1992

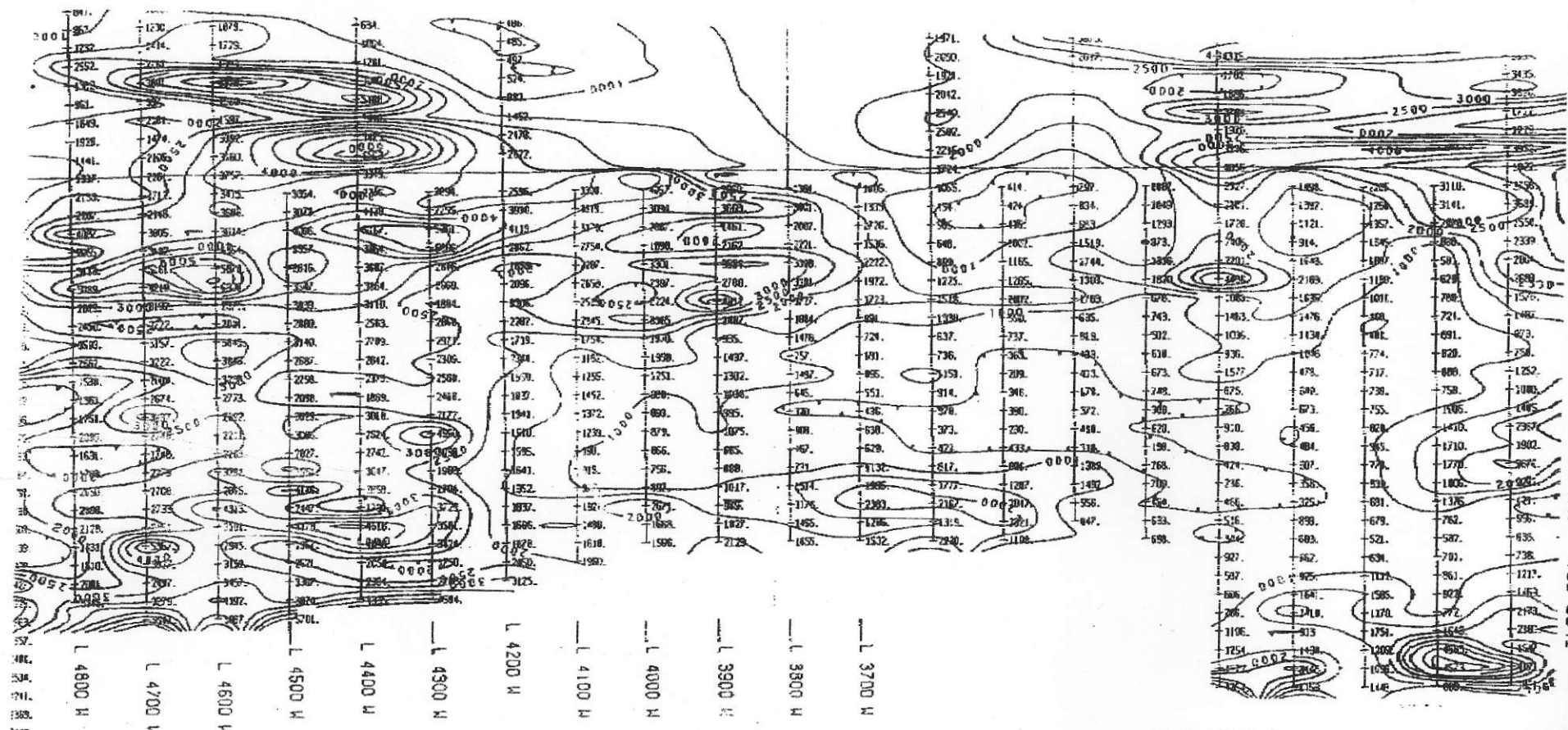


ADAMS PLATEAU JOINT VENTURE

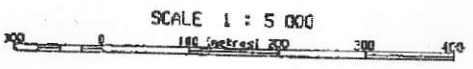
WIN GRID (SOUTHWEST SECTION)
 Pole dipole IP Survey
 CHARACTERISTIC $N=2$
 Line Z200N (North End) $N=1$
 Dipole Separation 25 Meters
 Line Z2004 (North End) 50 Meters
 C. North of P1P2

Scale 1:5000 Contour Interval: 5.0 MSEC

DATE: 02/09/92 BY: [illegible]



L 4900 M

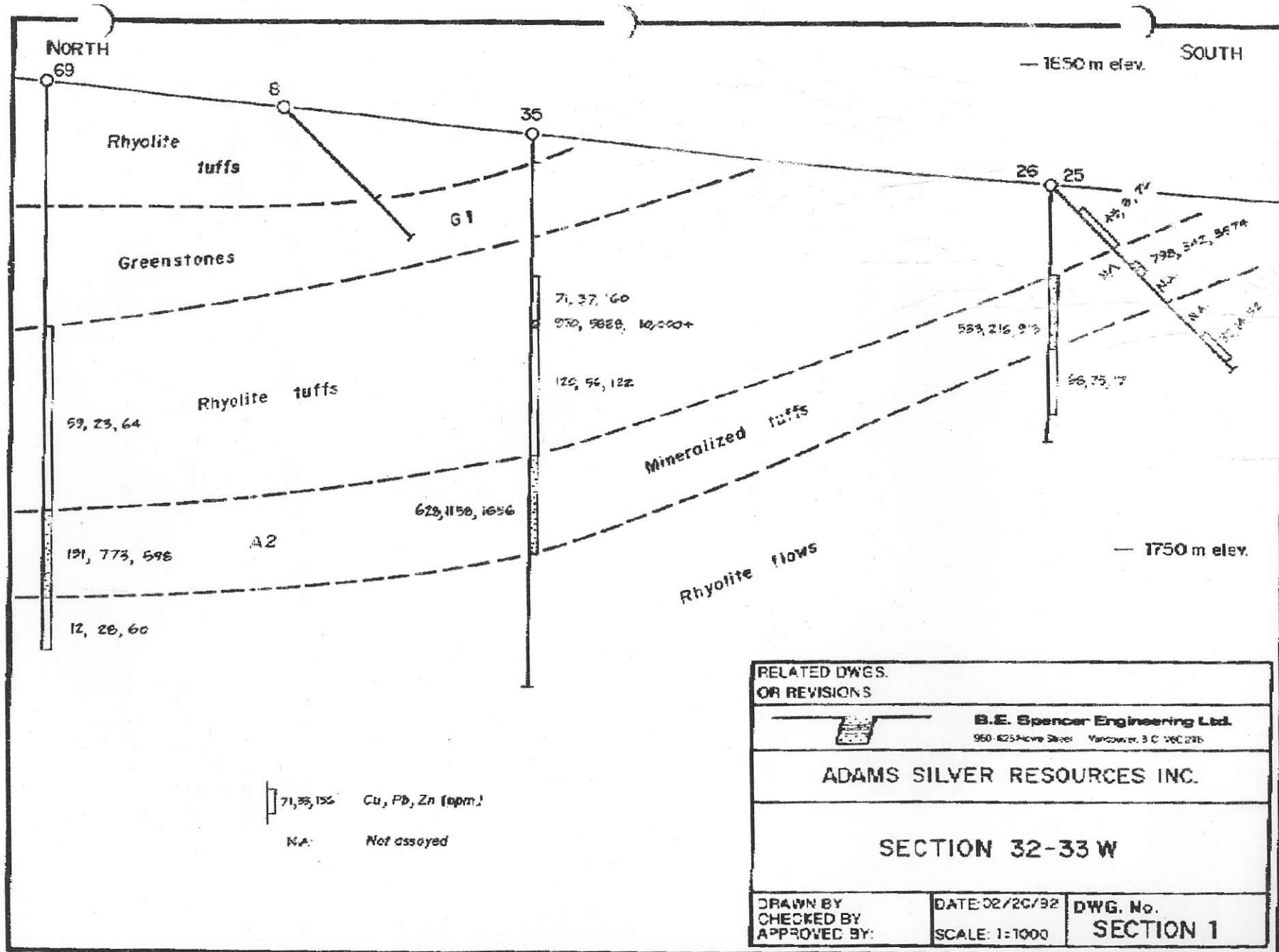


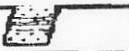
ADAMS PLATEAU JOINT VENTURE

MAIN GRID (SOUTHWEST SECTION)
 Pole dipole IP Survey
 RESISTIVITY $N = 2$
 LINE 2200M (NORTH END) $N = 1$
 Dipole Separation 25 Meters
 Line 2200M (North End) 50 Meters
 C1 North of PIP2

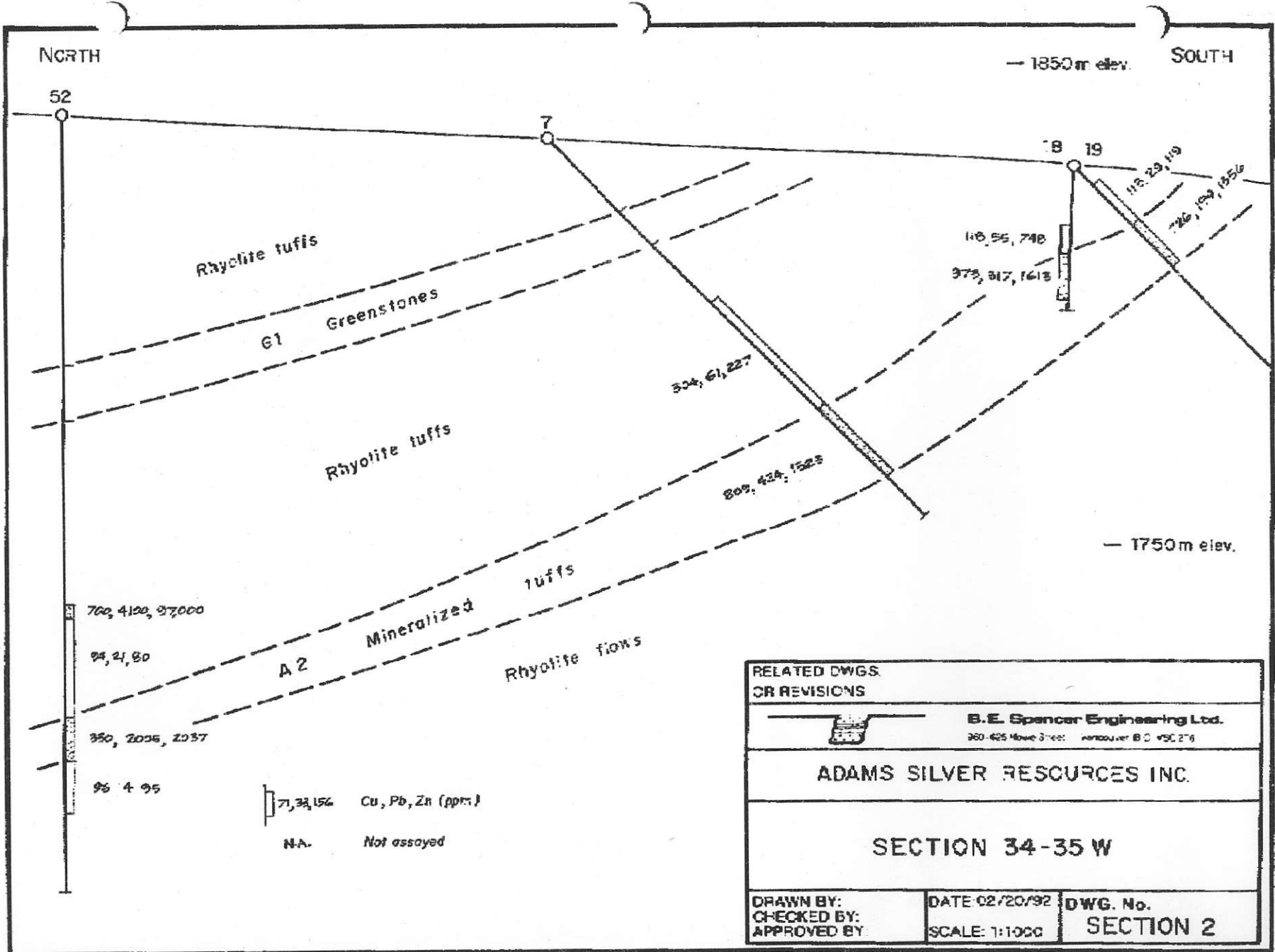
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L 3600 M
 L 3500 M
 L 3400 M

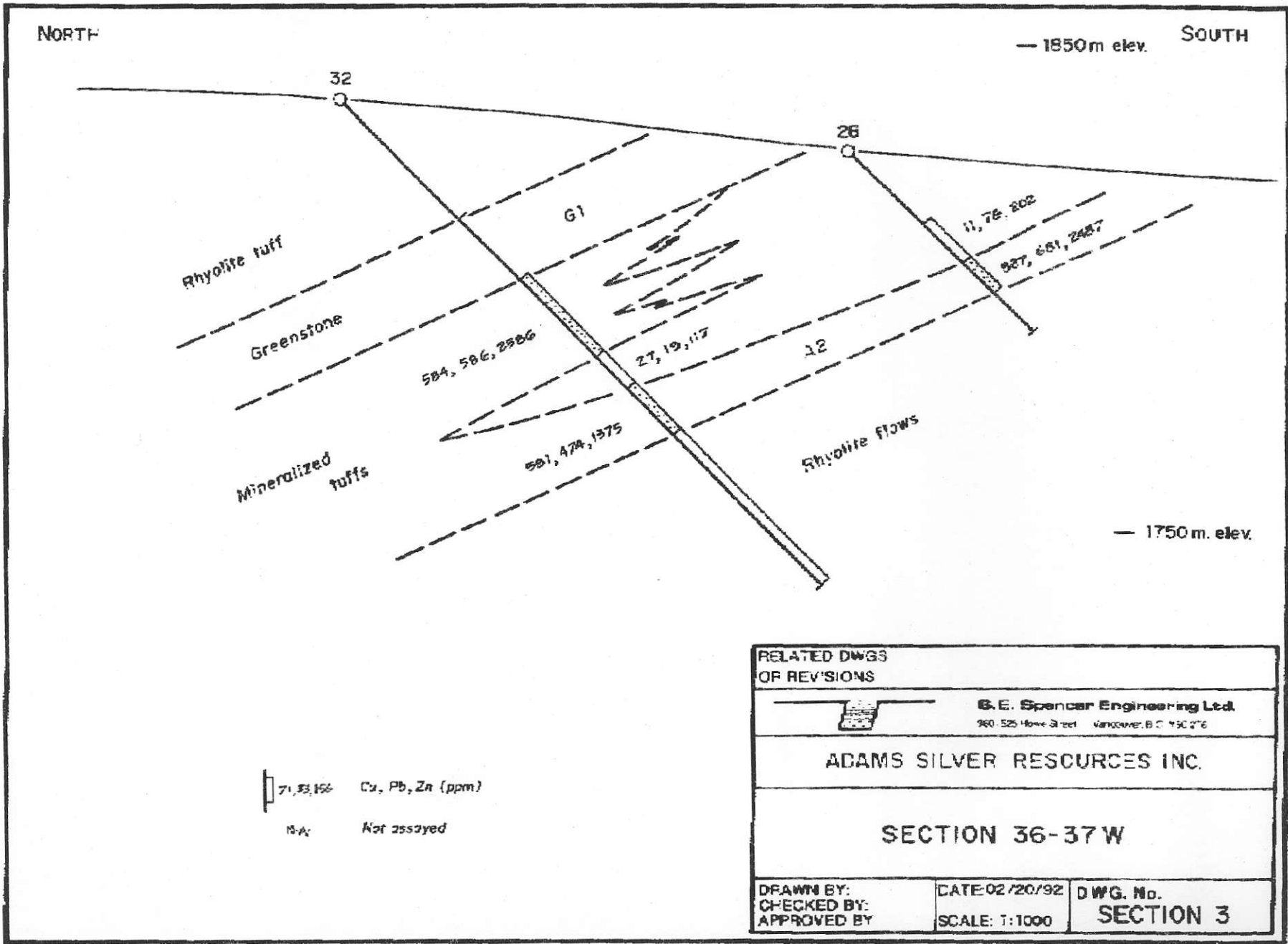


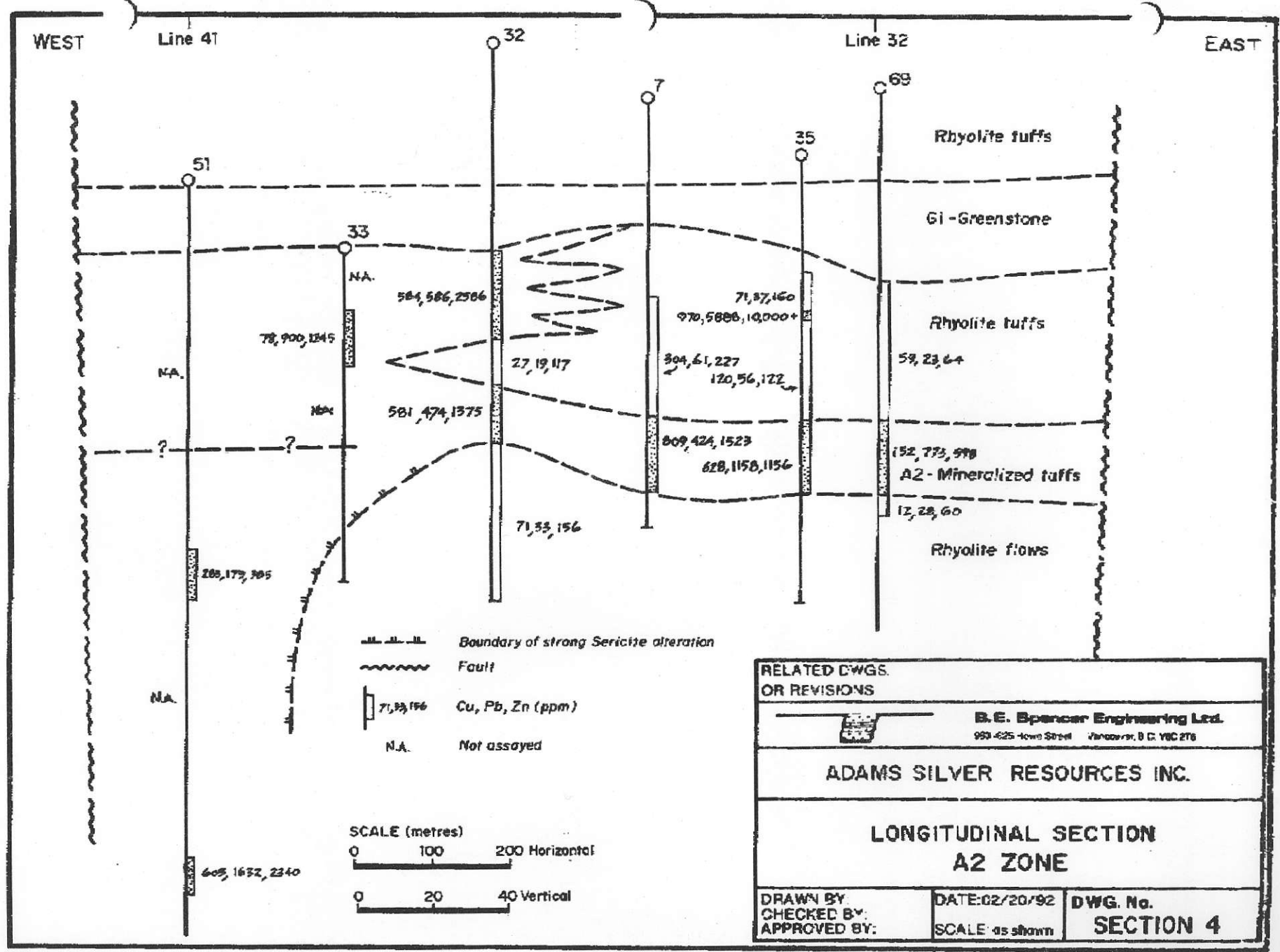
RELATED DWGS. OR REVISIONS		
 B.E. Spencer Engineering Ltd. 950 425 Howe Street Vancouver, B.C. V6C 2R6		
ADAMS SILVER RESOURCES INC.		
SECTION 32-33 W		
DRAWN BY	DATE: 02/20/92	DWG. No.
CHECKED BY	SCALE: 1:1000	SECTION 1
APPROVED BY:		


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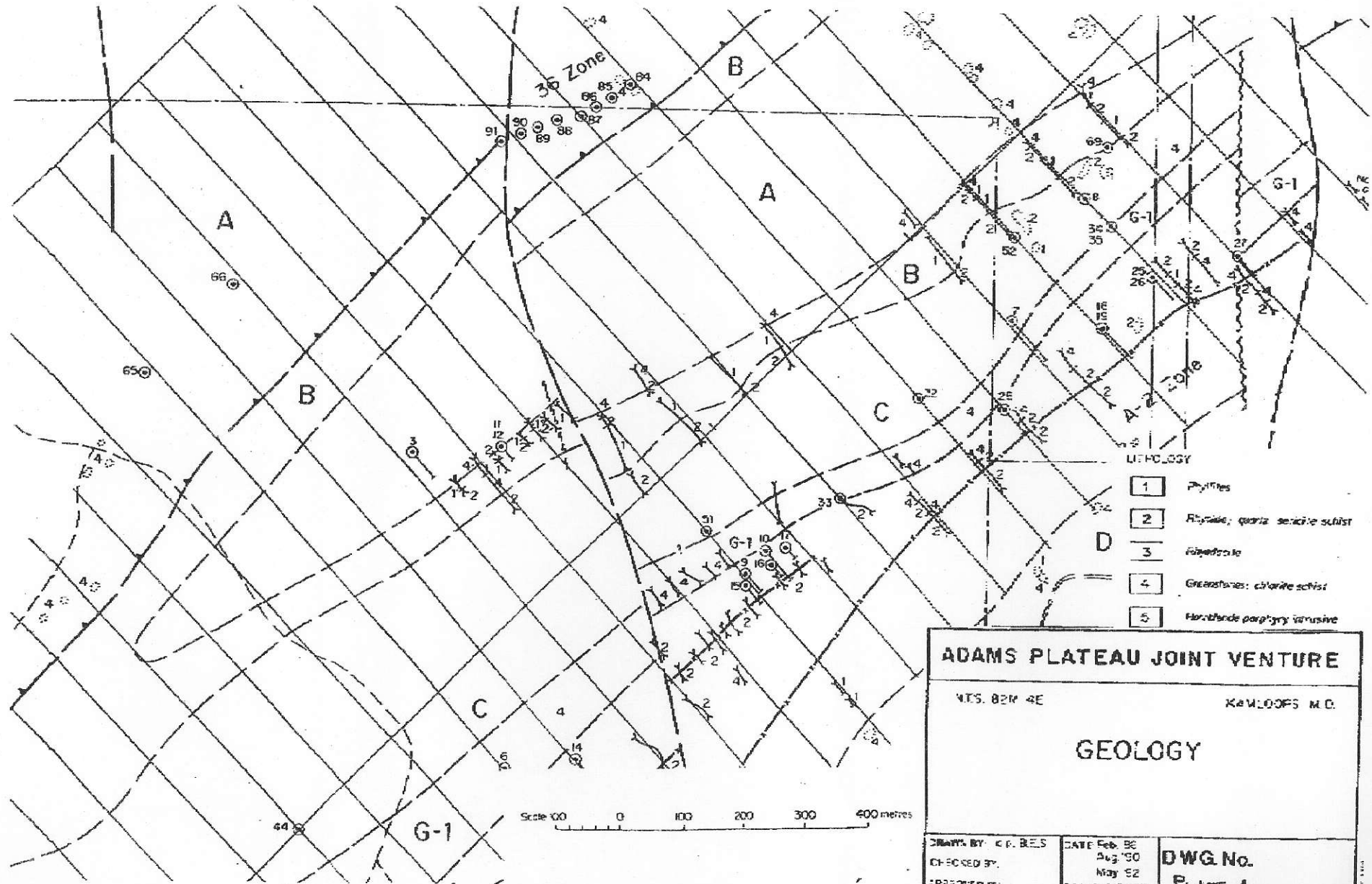


RELATED DWGS. OR REVISIONS		
 B.E. Spencer Engineering Ltd. <small>360-425 Howe Street Vancouver B.C. V5C 2T6</small>		
ADAMS SILVER RESOURCES INC.		
SECTION 34-35 W		
DRAWN BY:	DATE: 02/20/92	DWG. No.
CHECKED BY:	SCALE: 1:1000	SECTION 2
APPROVED BY:		





RELATED DWGS. OR REVISIONS		
 B.E. Spencer Engineering Ltd. 950-625-4000 Street Vancouver, B.C. V6C 2T6		
ADAMS SILVER RESOURCES INC.		
LONGITUDINAL SECTION A2 ZONE		
DRAWN BY: CHECKED BY: APPROVED BY:	DATE: 02/20/92 SCALE: AS SHOWN	DWG. No. SECTION 4



LITHOLOGY

1	Phyllites
2	Phyllites, quartz sericite schist
3	Schistose
4	Greenstones: chlorite schist
5	Horstlands porphyry intrusive

ADAMS PLATEAU JOINT VENTURE

N.T.S. 82M 4E KAVLOOPS M.C.

GEOLOGY

DRAWN BY: K.P. B.E.S.
 CHECKED BY:
 APPROVED BY:

DATE: Feb 86
 Aug 80
 May 82
 SCALE: 1:5000

DWG. No.
PLATE 1