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EVALUATION REPORT

ON THE

HORN SILVER & UTICA CLAIMS PROJECT

Osoyoos Mining Division
British Columbia
NTS 82E/4E
Latitude 49° 03'N
Longitude 119° 41'W

CLAIMS OWNER:

Dankoe Mines Ltd.
7 Ridgewood Road,
Toronto, Ontario
M5P 1T4

CONSULTANTS:

Gewargis Geological Consulting Inc.
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Author:

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Revised:
June, 1987

TABLE OF CONTENTS

TABLES & FIGURES

SUMMARY

Dankoe Mines Ltd. own the Horn Silver Crown-grant that lies within the Utica block, located near Keremeos, British Columbia. The mine (Horn Silver) has produced 469,171 tons, totalling 3,856,870 oz silver, averaging 8.9 oz/ton silver.

Encouraging gold results which range between 0.04 oz/ton to 0.33 oz/ton gold from the upper mine workings of the Utica claim block as well as the proximity and similarity of the geological environment to that of the Fairview and Mak-Siccar camps make these claims attractive exploration targets.

Dankoe Mines Ltd., the last operator, closed the Horn Silver Mine in August, 1981 due to a depression in metal prices. As far as the writer is aware, no surface exploration work was carried out by them on the entire claim block prior to and after the closure of the mine.

The writer made a brief study of the main geological information and data available on the surrounding gold camps and in the vicinity of the Utica Claim property such as Fairview and Mak-Siccar camps. The writer endorses the opinions of 'Dankoe Mines' engineering staff in that the potential discovery of a gold system within the claim block is very possible, due to the fact that the geological environment of the claim block is similar to that of the Mak-Siccar and Fairview gold camps.

A multi-phase program with an initial expenditure of approximately $327,360 is recommended. The initial phase would consist of rehabilitation of underground and surface facilities, x-cutting and underground diamond drilling. At an estimated cost of $173,460. The second phase would include

extending the x-cut and further diamond drilling at a cost of $83,800. The third phase would amount to some development of the ore which, due to its nature, requires confirmation at a cost of $70,100.

The underground program would be carried out over a period of 120 days and would consist of underground and equipment rehabilitation, x-cutting to establish diamond drill stations as well as underground diamond drilling.

The area considered to have the most potential is located at the extreme north east corner of the 2600 level workings. The ore in this area was discovered by diamond drilling and mined just before the closure of the mine in 1981.

Two significant aspects make this an interesting location for exploration work. The first being that gold values in the ore is approximately 3 times higher than the average grade produced from the mine. Samples from this area produced gold assays of 0.15 ozs per ton over 2' width, however, the average was in the .08 to .1 range. Similarly, silver values of mined ore were higher averaging above 8 ozs per ton.

The second factor, and not enough evidence is available to confirm this, however, the geological possibility that this is the beginning of another vein syncline which produced mined ore averaging over 15 ozs per ton of silver in the early days (1968-1970) cannot be ignored.

1.0 INTRODUCTION

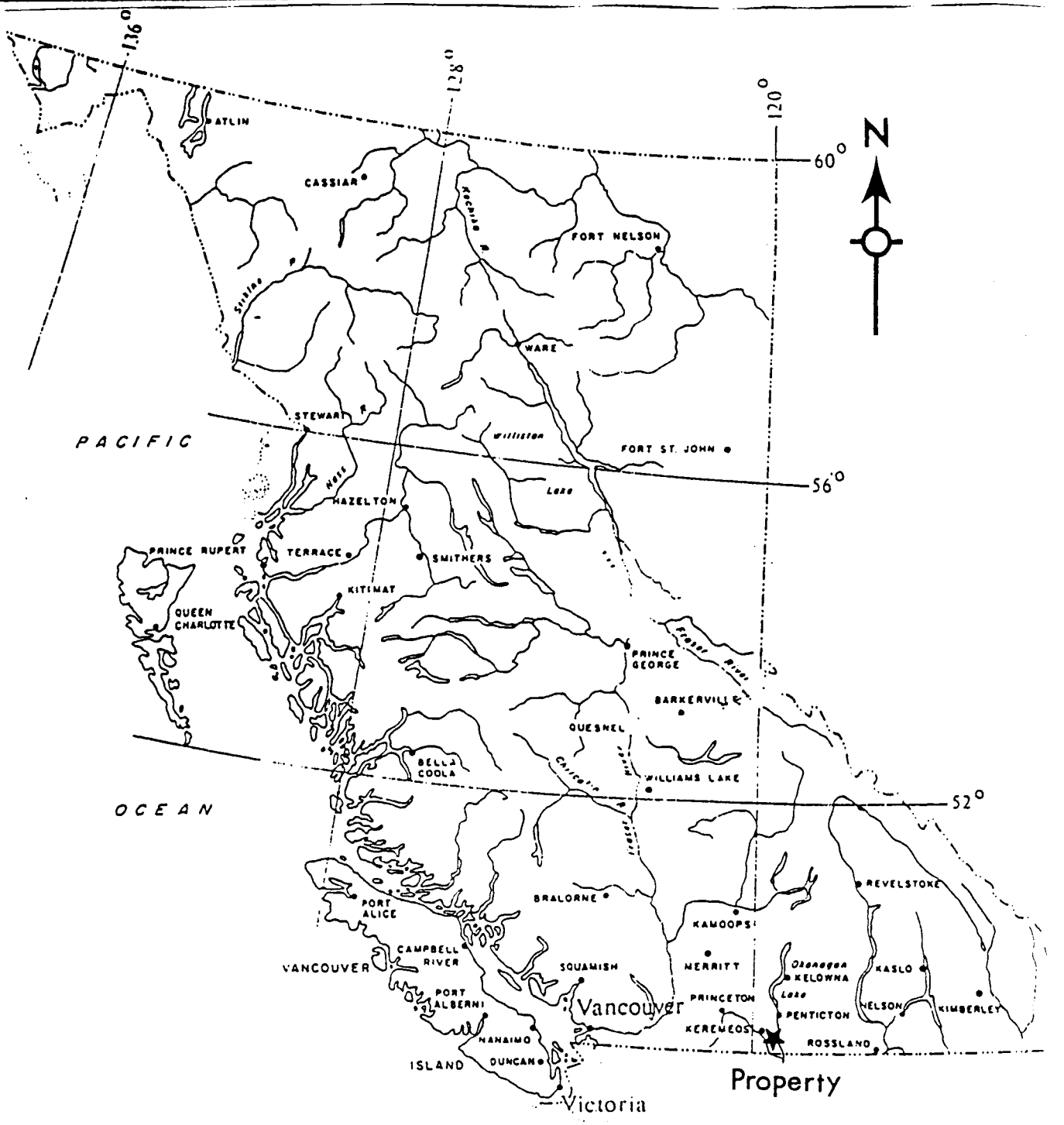
The writer, Wilson A. Gewargis, B.Sc., F.G.A.C. of Gewargis Geological Consulting Inc. was engaged by E. N. Larabie, P.Eng., a Director of Dankoe Mines Ltd. to evaluate the **Utica claim** in relation to the Mak-Siccar and Fairview camps gold potential.

A comprehensive report dated September 10, 1981 by E.N. Larabie, P.Eng., Mine Manager of Dankoe Mines Ltd. was made available to the writer prior to writing this report. The report described the history, production and reserves of the **Horn Silver property**. The writer did not visit the property, and the data contained in the following report is based on the writer's knowledge of such deposits, in particular, his examination of the **Fairview camp** located northeast, and the **Richter Range** to the east of the property. Information was also obtained from the B.C. Department of Mines Annual Reports and other geological reports written on the region, as well as additional data and maps supplied by Dankoe Mines Ltd.

This report described the physical aspect of the property, regional geology, history, production, ore reserves, and the economic potential for developing a new ore body on the claim block.

1.1 LOCATION AND ACCESS (Figure 1)

The Utica claim is located in the Similkameen Valley, 26 kilometers southeast of Keremeos, and 35 kilometers northwest of Osoyoos, British Columbia. The Mill and other infra-structure is located 300 meters east of Highway No. 3 and is connected by a 0.6 kilometer gravel road and a 3.5 kilometer road to the upper mine workings. The claims are situated within the National Topographic System area 82E/4E at 49^{o} 03' North Latitude and 119^{o} 41'West Longitude.



DANKOE MINES LTD.

HORN SILVER & UTICA PROPERTY

KEREMEOS, B.C. N.T.S. 82E/4E

OSOYOOS MINING DIVISION

LOCATION MAP

SCALE : 1: 7,500,000	FIG: 1
DRAWN BY: D.G.	DATE: JUNE 4,1986

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At the present time, there are no roads connecting the Mine to the exploration target area due to the steep rugged terrain, therefore, future exploration work in certain parts of the property will require helicopter assistance.

1.2 TOPOGRAPHY AND CLIMATE (Figure 2)

The property is located on a steep mountainside with the Similkameen valley to the west and the Richter mountain range to the east at an elevation ranging between 609 to 1372 meters. The northern and southern portions of the property represent a steep rugged terrain.

Below the 1000 meter elevation level vegetation is sparse, consisting mainly of grass and sage brush, with fir and pine being the principal trees above this level. The climate of the area is typical of southeastern British Columbia where the average precipitation is 20 to 25 centimeters of rain, with light snowfall. Freezing conditions do occur during part of December, January and February.

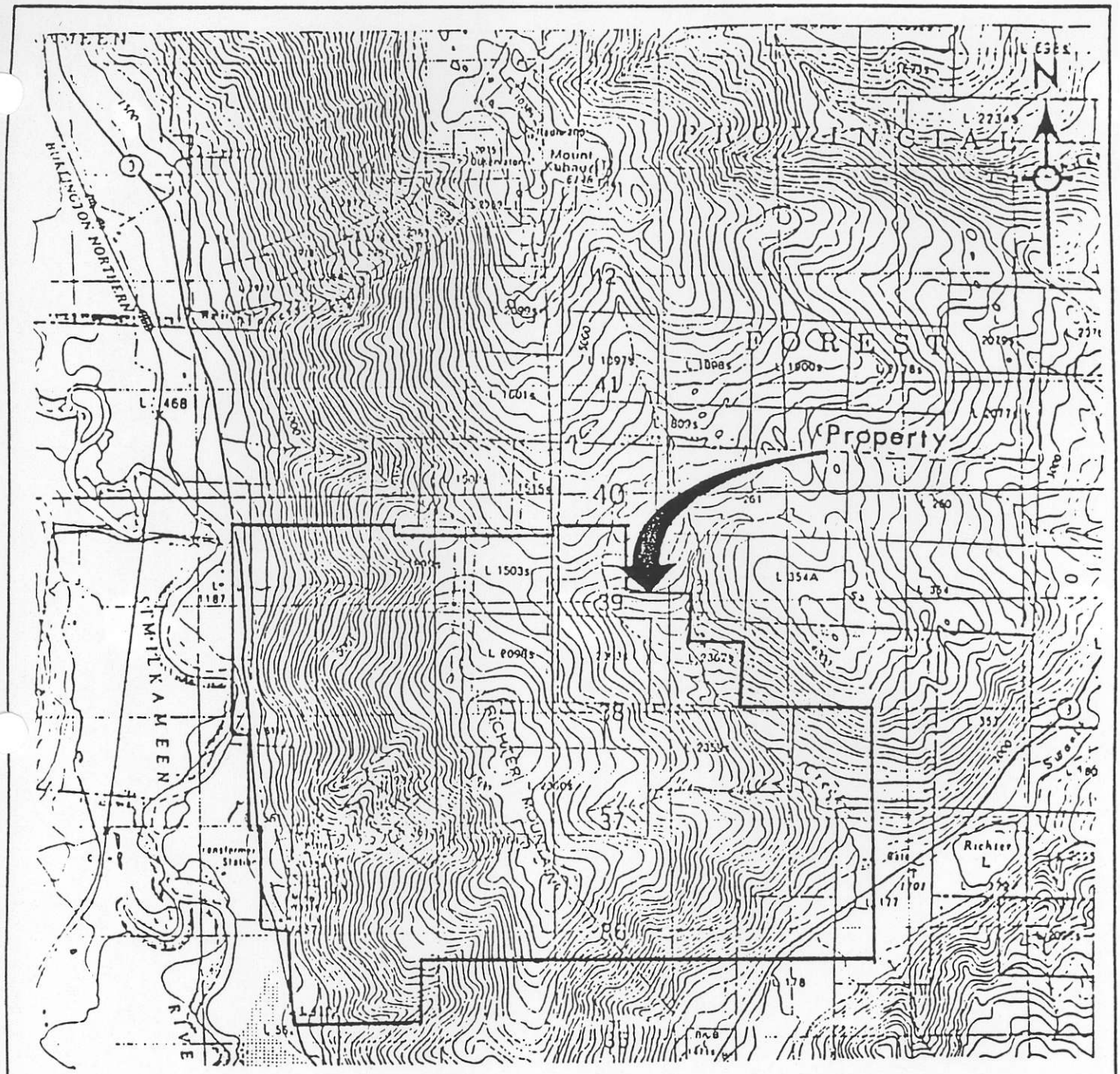
1.3 PROPERTY DESCRIPTION (Figure 3)

The Horn Silver property is located in the Osoyoos Mining District, British Columbia, NTS 82E/4E, and it encompasses a past-producing silver mine. The property consists of 95 re-grouped mineral claims (2 post claims) and 3 Crown-granted claims for a total of approximately 1000 hectares (2471.2 acres). The geographic coordinates of the property are 49° 03' North Latitude and 119° 41' West Longitude.

The property consists of the following claims:

CROWN GRANTS:

Horn Silver	Lot 1928
Silver Bell	Lot 23935



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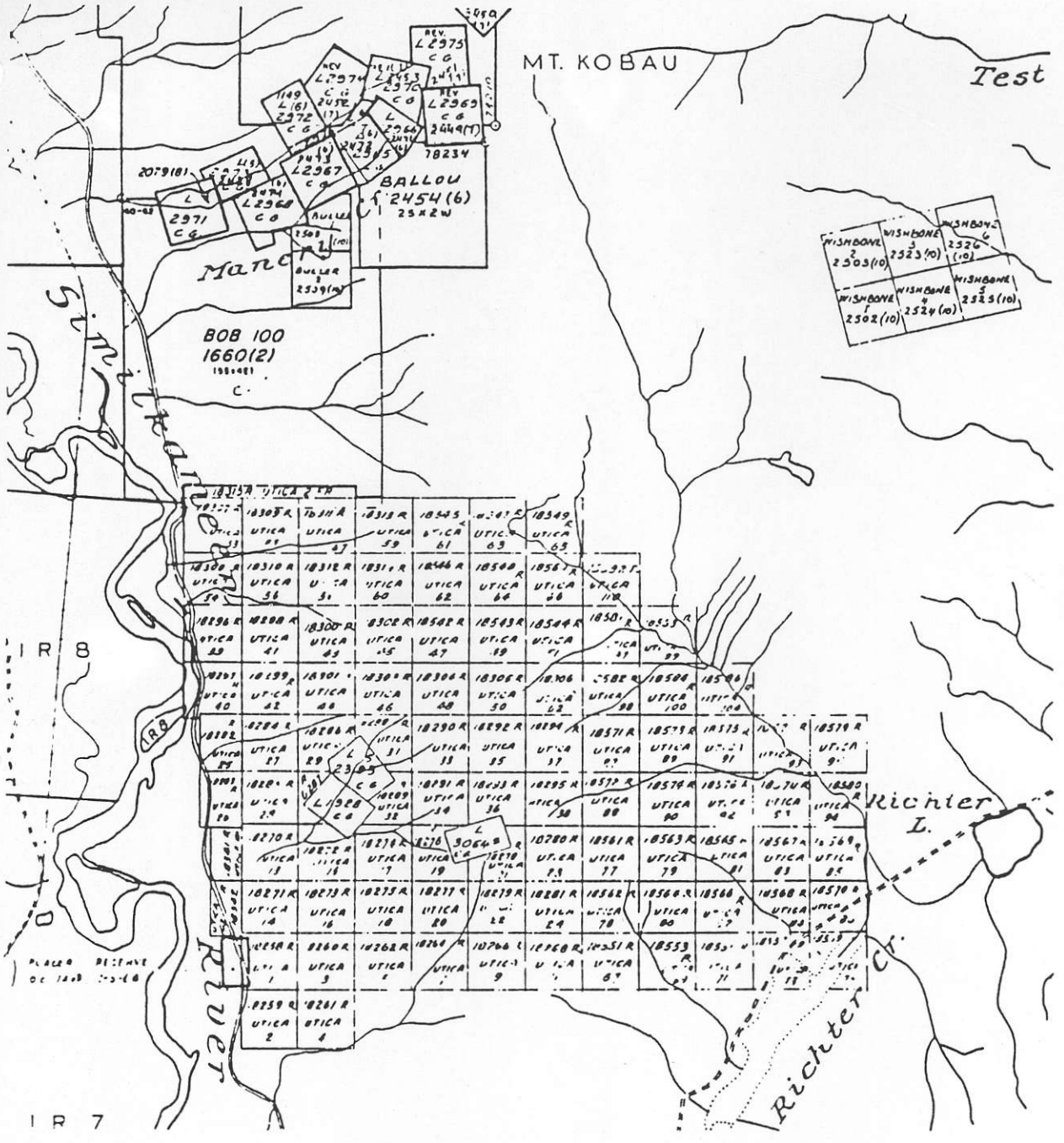
HORN SILVER & UTICA PROPERTY

KEREMEOS, B.C. N.T.S. 82E/4E

OSOYOOS MINING DIVISION

TOPOGRAPHY MAP

SCALE: 1:50,000	FIG: 2
DRAWN BY: D.G.	DATE: Dec. 5, 87



DANKOE MINES LTD.	
HORN SILVER & UTICA PROPERTY KEREMEOS, B.C. N.T.S. 82E/4E OSOYOOS MINING DIVISION CLAIM MAP	
SCALE: 1:50,000	FIG: 3
DRAWN BY: D.G.	DATE: Dec. 5, 87

DANKOE MINES CLAIMS

Claim Name	Claim Block No.	Claims Nos.	Expiry Date
Utica	No. 1	28,1,1,34,13,14,101,102,16,30	Dec 6, 1988
Utica	No. 2	11,13,14,67,69,71,73,75,77,78, 79,80,81,82,83,84,85,86,89,90, 91,92,93,94,95,96,100,104,57,9 5,17,18,19,20,21,22	Dec 6, 1988
Utica	No. 3	37,38,47,49,51,52,61,62,63,64, 65,66,87,88,97,98,99,110	Dec 19, 1988
		32,34,35,36,48,56	Dec 6, 1988
Utica	No. 4	Utica #2, Fraction MC	Dec 6, 1988
		39,41,43,45,53,54,55,56,57,58, 59,60,25,26,27,29,31,33,40,42, 44,46	

The writer did not examine these claims in the field, but did check at the Mine Recording Office in Vancouver and found all expiry dates to be Dec. 1988. All the claims are registered under Dankoe Mines Ltd. The writer does not accept responsibility for the legal status of the land holdings.

1.4 WATER AND POWER

Water is available to operate the Mill at maximum capacity and water for mining is collected underground. Fresh water is supplied by a deep well pump. Power is supplied by West Kootenay Power at a cost of $6,500 per month when operating at full capacity. (These figures were taken from the September 1981 records). The Mill is in good condition for future milling on the property.

1.5 MINING HISTORY

To understand the nature of the proposed exploration program, the reader should be familiar with the historical data on the Horn Silver and the two adjacent gold camps that lie within a close distance from the target area and have similar geological environments. The history description of the following camps are as follows:

(A) Horn Silver Mine:

The first activity on the property was in 1901 when J. Hunter staked the discovery claim. In 1909, these claims were Crown-granted and the property was under development every year from 1914 to 1922. Between 1918-1920 the property was managed by the Condit Bros., of Similkameen and continued active operation with several hundred tons of good gold-silver ore being shipped between 1920 and 1927. In 1925, the Horn Silver Mining Corporation built a small mill which operated at 22 tons per day capacity. The mill during its operation in 1926, milled only 700 tons.

In 1927, the management and ownership of the Mine changed. The Horn Silver Mining Corporation took control and continued development work until 1930 when the mine was closed. The mine and mill equipment was removed by 1933.

In 1933, Madison Oils Ltd. took control of the Horn Silver Mine property, and no work was recorded until 1958 when Canada Radium Corp. Ltd. of Toronto, optioned the property and carried out a development and diamond drill program. A total production of 5,878 tons containing 682 oz gold, 249,090 oz silver, 131 lbs copper, 1,471 lbs lead and 85 lbs zinc.

In the following year, Santo Silver Mines Ltd. optioned the property and carried out surface diamond drill and re-sampling programs. The operation was suspended in September, 1959 and no records are available to the writer for the period between 1959 to 1964 when the property was optioned by Utica Mines Ltd. In 1965, a major development and construction program was carried out and included the building of a 400-ton per day Mill facility.

Low silver prices starting in 1967 resulted in the closure of the Mine in 1970, and in 1972 re-organization took place with the name of the company being changed to **Dankoe Mines Ltd.** In 1974, the silver prices improved and Dankoe Mines Ltd. re-opened the Mine and continued its operation until June, 1981 when low-grade ore and depressed silver prices caused the closure of the underground operation. The Mill facility was kept in good condition in an attempt to continue operations, and in 1985, the mill was in operation for a short period of time on a custom-milling basis.

(B) Mak-Siccar Camp

The original name of this group in 1989 was Eclipse Mining and Milling. In 1927, Tigar Group, and in 1933, Mak-Siccar. The Eclipse Mining and Milling Co. did minimal exploration work and shipped some ore.

In 1933, Mak-Siccar Gold Mines Ltd. carried out a development program and encountered very high gold results, which assayed between 1 to 8.4 oz/ton gold. Between 1934 to 1939, there were 189 tons of 4,012 grams (141.5 oz) gold, and 1,960 grams (69.1 oz/t) silver, produced on this property. From 1939 to 1980, no data is available on the property.

In 1980, Alfred Best, owner of Mak-Siccar visited the property on three different occasions to assess the property's potential. (B.C. Mineral Resources Branch/Assessment Report No. 8996).

(C) **Fairview Camp**

Fairview Camp is one of the older mining camps in the Province of British Columbia. Many of the claims of the Camp were staked in the early nineties, and the greater part of the work done was done prior to 1900.

The chief development in this camp was the **Morning Star Claim**, which in 1899 was operated by S. Mangott and Associates. It is reported that in 1933 a total of 2983 tons of ore with a gross value in gold of $55,936.00 was produced.

In 1936, a total of 12,960 tons of ore was mined with a total of 1,511 oz of gold and 21,334 oz of silver.

In the latter part of 1937, with a view to develop a vein at greater depth, a development program was carried out and as a result, a large ore body 259 meters from the No. 6 Adit portal was intersected. The mining operation concentrated on this new discovery.

The camp was idle for a number of years until work was resumed by Consolidated Mining & Smelting Co. in 1946. Since then, the area has been active in gold exploration and the entire camp has been staked.

2.0 PAST PRODUCTION AND ORE RESERVES

Past Production - Horn Silver Property

The above production figures were taken from the recent report by E.N. Larabie, P.Eng., Mine Manager dated September 10, 1981 who stated that:

> "Between 1967 and 1981 the Mine produced 469,171 tons and 3,856,880 oz of silver. In 1967, 1970 and 1974 the Mill operated only part of the year, and in 1975 and 1976 it operated on a custom-milling basis mainly for Dusty Mac ore. Although all the gold production figures are not available, using those that are estimating the remaining years, it would appear that gold production between 1967 and 1980 was something in the order of 7,000 oz of gold."

The recorded production of the Mak-Siccar camp for the years 1934, 1935, 1938, and 1939 is 189 tons of 141.5 oz of gold and 69 oz of silver.

The recorded production of the Fairview camp which includes the Morning Star, between 1933 to 1941 is 11,272 tons, 15,301 oz of gold and 167 oz of silver.

The recorded production for the Stemwinder between 1898 to 1949 totalled 27,666 tons, 962 oz of gold and 18,749 oz of silver.

Ore Reserves

The following are proven probable and possible reserves and were calculated by Dankoe engineering staff and included in E.N. Larabie, P.Eng. report dated September 10, 1981. The ore reserves of the Upper Mine (above the 2200 level) for the veins A, N, F, and G are as follows:

A. Proven - 18,890 tons of 93,900 oz. of silver.
B. Probable - 23,955 tons of 108,223 oz. of silver.
C. Possible - 38,616 tons of 151,404 oz. of silver.

The ore reserves of the Lower Mine (below 2200 level) for the vein "B":

A. Proven - 16,771 tons of 92,953 oz. silver.
B. Probable - 8,165 tons of 39,678 oz. silver.
C. Possible - 35,921 tons of 160,097 oz. silver.

The total ore reserves for the Upper and Lower Mine for the above three categories are as follows:

A. Proven - 35,661 tons of 186,853 oz. silver.
B. Probable - 32,120 tons of 147,901 oz. silver.
C. Possible - 74,537 tons of 311,501 oz. silver.

Two calculations for ore reserves were made based on different cut-off grades:

1) Using a cut-off grade of 4.0 oz/t silver.
2) Using a cut-off grade of 3.0 oz/t silver.

1) Ore Reserves - Using a cut-off grade of 4.0 oz of Silver per ton:

		Tons	Grade	Ounces
Upper Mine	Proven	9,684	6.84	66,315
Upper Mine	Probable	11,381	5.88	66,980
Lower Mine	Proven	16,364	5.60	91,732
Lower Mine	Probable	6,871	5.12	35,149

Thus the total ore reserves, (assuming mining of 80% probable ore) is 40,584 tons containing 239,750 oz of silver, with an average grade of 5.90 oz of silver.

2) **Ore Reserves - using a cut-off grade of 3.0 oz Silver per ton:**

		Tons	Grade	Ounces
Upper Mine	Proven	17,669	5.14	90,847
Upper Mine	Probable	23,955	4.51	108,273
Lower Mine	Proven	16,771	5.54	92,953
Lower Mine	Probable	8,085	4.90	39,678

The total ore reserves, (assuming mining of 80% of probable ore is 60,072 tons, containing 302,160 oz of silver, with an average grade of 5.0 oz of silver.

The possible ore reserves for the Upper Mine is 38,616 tons, grading 3.92 oz of silver per ton, and 35,921 tons in the Lower Mine averaging 4.46 oz of silver per ton. Possible ore reserves total 74,537 tons with an average grade of 4.18 oz of silver per ton.

3.0 GENERAL ASSETS

The Mill facility was first built in 1965 by Utica Mines, and since 1972 Dankoe Mines has used, updated, and maintained these facilities. The mill was in operation between 1972 and 1981 when Dankoe was operating the Mine. From 1981 to 1985 the mill was operated on a custom-milling basis.

D.W. Pringle, P.Eng. of D.W. Pringle and Associates in his reports dated May 14, 1984 shows estimated values of the mill

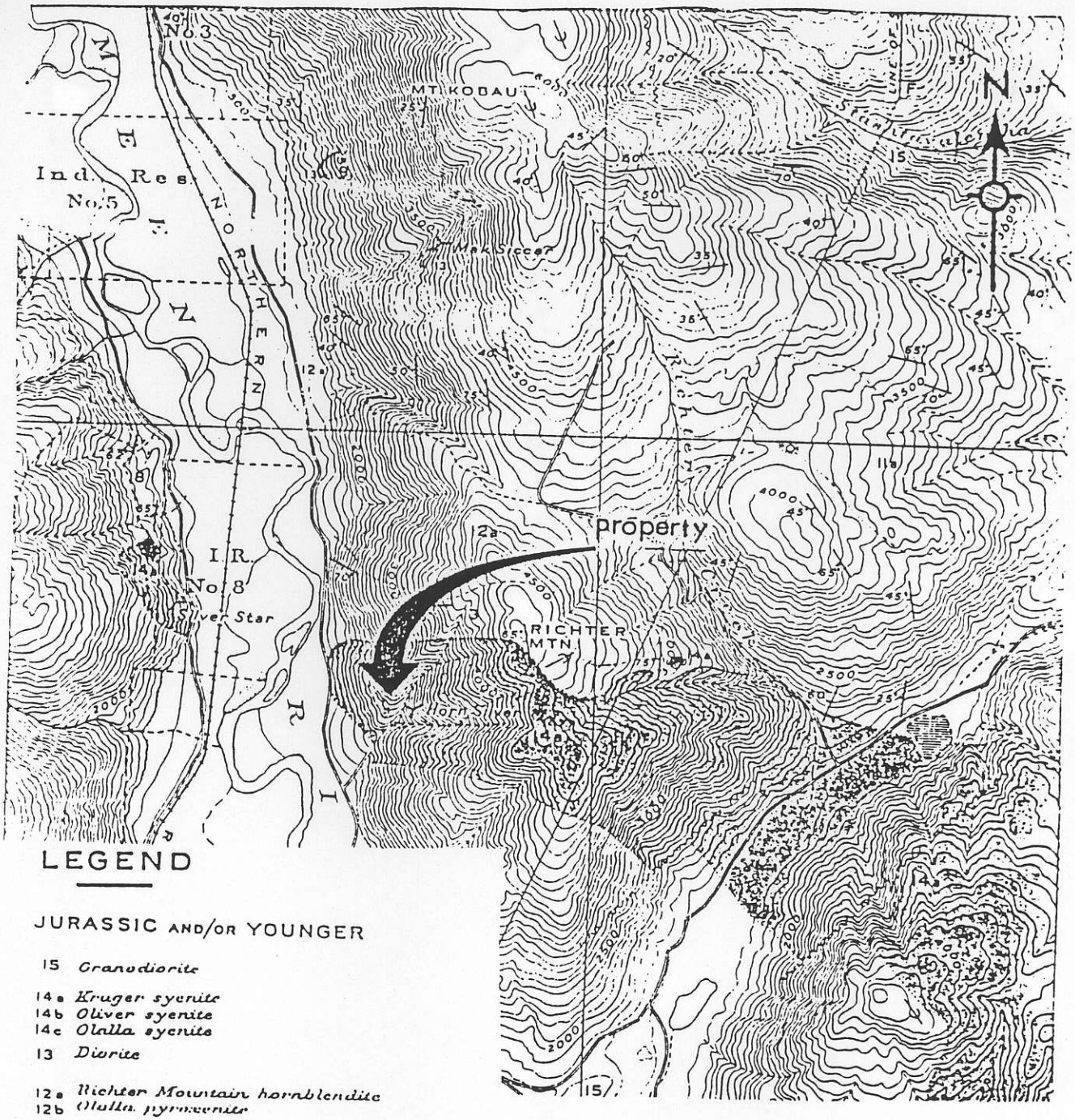
facility, which include the mining equipment, building, and mobile equipment at $1,750,000 (in place) and liquidated value of $1,157,050 (by pieces) less 25% for the selling cost. Some of these facilities could be utilized when new ore body has been found.

4.0 GEOLOGY

4.1 REGIONAL GEOLOGY (Figure 4)

The geology of the centre part of Keremeos and Oliver has been described in a number of memoirs, company and government reports. In essence, the geology of this comprises carboniferous sequence of the Kobau group (Unit 3), which comprises of a great thickness of metamorphosed, stratified rocks mainly of sedimentary origin. The quartzite members are thinly-bedded and commonly micaceous or graphitic. There are also fine grained, siliceous, mica schists, and other containing chlorite, hornblended, graphite and talc. The associated greenstones are variously sheared, and in a few locations are greatly faulted. It is probable that slices of formations other than those represented are present.

The Kobau group (Unit 3) has been intruded by younger intrusive rocks at Jurassic or younger in age and comprised of granodiorite, diorite and syenite. The intrustive rocks of the area, with the exception of the Fairview (Unit 11b) and the Osoyoos (Unit 11a) bodies, indicate a succession from ultrabasic and alkaline to more siliceous types. The syenites (Unit 14) have been invaded and largely replaced by intrusions of granodiorite and granite. The diorite (Unit 13) and granodiorite (Unit 15), lying within the area of Oliver granite have been intruded by granite. Elsewhere, dioriote is intruded by granodiorite.



LEGEND

JURASSIC AND/OR YOUNGER

15 *Granodiorite*

14a *Kruger syenite*
14b *Oliver syenite*
14c *Olalla syenite*

13 *Diorite*

12a *Richter Mountain hornblendite*
12b *Olalla pyroxenite*

11a *Osoyoos granodiorite and associated rock types*
11b *Fairview granodiorite and associated rock types*

CARBONIFEROUS

3 KOBAU GROUP

Quartzite, schist, greenstone

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REGIONAL GEOLOGY MAP

SCALE: 1": 1 MILE	FIG: 4
DRAWN BY: D.G.	DATE: Dec. 5, 87

The Osoyoos and Fairview intrusives (Units 11a and 11b) included types varying from granite to diorite, granodiorite and quartz diorite being the most abundant. Some of the small bodies mapped as diorite are like dioritic phases of the Osoyoos and Fairview intrusives and may be contemporaneous. The age of Osoyoos and Fairview bodies (Unit a,b) relative to the intrusives in the area is not know, but they are believed to be older as they are more sheared and altered.

The gold veins of the Fairview camp and vicinity are grouped in a northwest trending belt and occur mainly in rocks of the Kobau group (Unit 3), and within 1.6 kilometers of the contact of Oliver granite (Unit 16a). Goldbearing veins are also found in this granite.

4.2 PROPERTY GEOLOGY

The Utica claim block is underlain by an east to southeast trending 1.6 kilometer band of Kruger Syenite (Unit 14a) bordered to the north by the Kobau group (Unit 3) and on the south and west by a large mass of younger granodiorite (Unit 15). Argenite, tetrahedrite, pyrargyrite, ceragyrite, native silver, galena, sphalerite, pyrite and chalcopyrite occur in lenticular quartz veins which occupy tension fractures in a shear zone in a monzonite phase of Kruger Syenite. Irregular bodies and dykes of pyroxenitic hornblendite occur scattered through the monzonite. Narrow syenitic pegmatitic dykes have been cut and displaced by the veins in the mine.

The monzonite-syenite extends 1.6 kilometers north-northwest of the Horn Silver Mine located in the middle and outcrops on the west side of the Similkameen valley 2.4 kilometers from the Mine.

Occurrences of silver-bearing quartz veins have been found in the Syenite for a distance of 3.2 kilometers east and 2.4 kilometers west of the Horn Silver Mine.

4.3 MINERALIZATION

The silver bearing veins are mainly quartz with some calcite. The main economic mineral within these veins is argentiferous pyrite with minor native silver and acanthite. Occasional galena and chalcopyrite are encountered with sphalerite.

The most productive vein to date is the "A" vein, which has been explored by mine workings for about 609 meters east-west along the strike and about 152 meters north-up dip. Two veins, presumably the "A" and "N" veins occur in a road cut 122 meters south of the mine, but as yet have not been traced further. At an elevation of 1219 meters above the east end of the Mine vein, the Shurston showing is drifted on for about 30 meters. The vein is relatively wide and shows good ore values in part, and has been traced for 549 meters on surface. No gold assays are available for this vein. Above the Shurston vein, which is considered a good exploration target, other veins have also been noted.

4.4 STRUCTURE

The silver bearing quartz veins are exposed in the older part of the Mine and generally strike easterly or south-easterly and dipping from 0^{o} to 30^{o} south. To the east these structures intersect a vein striking north 15^{o} - 40^{o} east and dipping 30^{o} - 40^{o} to the southeast. It is on this vein "B" that the best potential for new ore exists. Two sets of faults occur in the Mine, one set strikes north-easterly, and the other north-westerly, with dips varying from 60^{o} westerly to

vertical and occasionally steeping to the east. Movements along the faults are small, but due to the flat dip nature of the veins a small vertical offset will give a relatively large apparent horizontal displacement.

5.0 ECONOMIC SETTING

The Kobau group (Unit 3) and to a lesser extent the Granite (Unit 16a) and Syenite bodies (Unit 14a), have been explored intermittently since the early nineties for gold-silver and base metal mineralization in Fairview, Mak-Siccar and Horn-Silver camps. The veins of the Fairview camp and vicinity are grouped in a northwest trending belt and occur mainly in the rock of the Kobau group.

The Kobau group unit covers almost 30% of the Utica claim block in the northeast portion of the claim block. The following Utica claims, which underlie the Kobau group, are considered a major exploration target area:

Utica Claim #'s: 37, 39, 40, 42, 44, 46, 48, 50, 63, 65, 87, 89, 91, 95, 97, 99, 100 and 103 - 118.

Dankoe Mines Ltd. carried out a minimal surface exploration program, and the main objective was to explore for silver veins similar to those once found in the Mine area. The writer examined the limited data available, and found some encouraging gold assay results from sampling of the upper workings, ranging between 0.04 oz/ton to 0.33 oz/ton gold. With these results in mind, and the proximity and similarities of the geological environment to that of the Fairview and Mak-Siccar camps, will make this area an attractive exploration target.

Significant gold occurrences within the Kobau group in the area adjacent to the Dankoe claims are summarized below:

5.1 MINERAL OCCURRENCES (Figures 5, 6)

(A) Fairview Camp

Brown Bear and Little Joe Claims:

A belt of upturned schist averaging 305m wide striking northwest and dipping 30-60 degrees northeast is bounded on the northeast by granodiorite known as Oliver granites and on the southwest by Diorite known as Fairview granite. Three quartz veins 60 centimeter to 6 meters wide conforming with the strikes and dip of the enclosing schists, carry pyrite, galena, sphalerite, chalcopyrite and free gold.

Published production is 9 tons for the year 1938 and 1956, a total of 13.1 oz of gold averaging 0.68 oz/ton gold and 43 oz silver averaging 4.8 oz/ton silver.

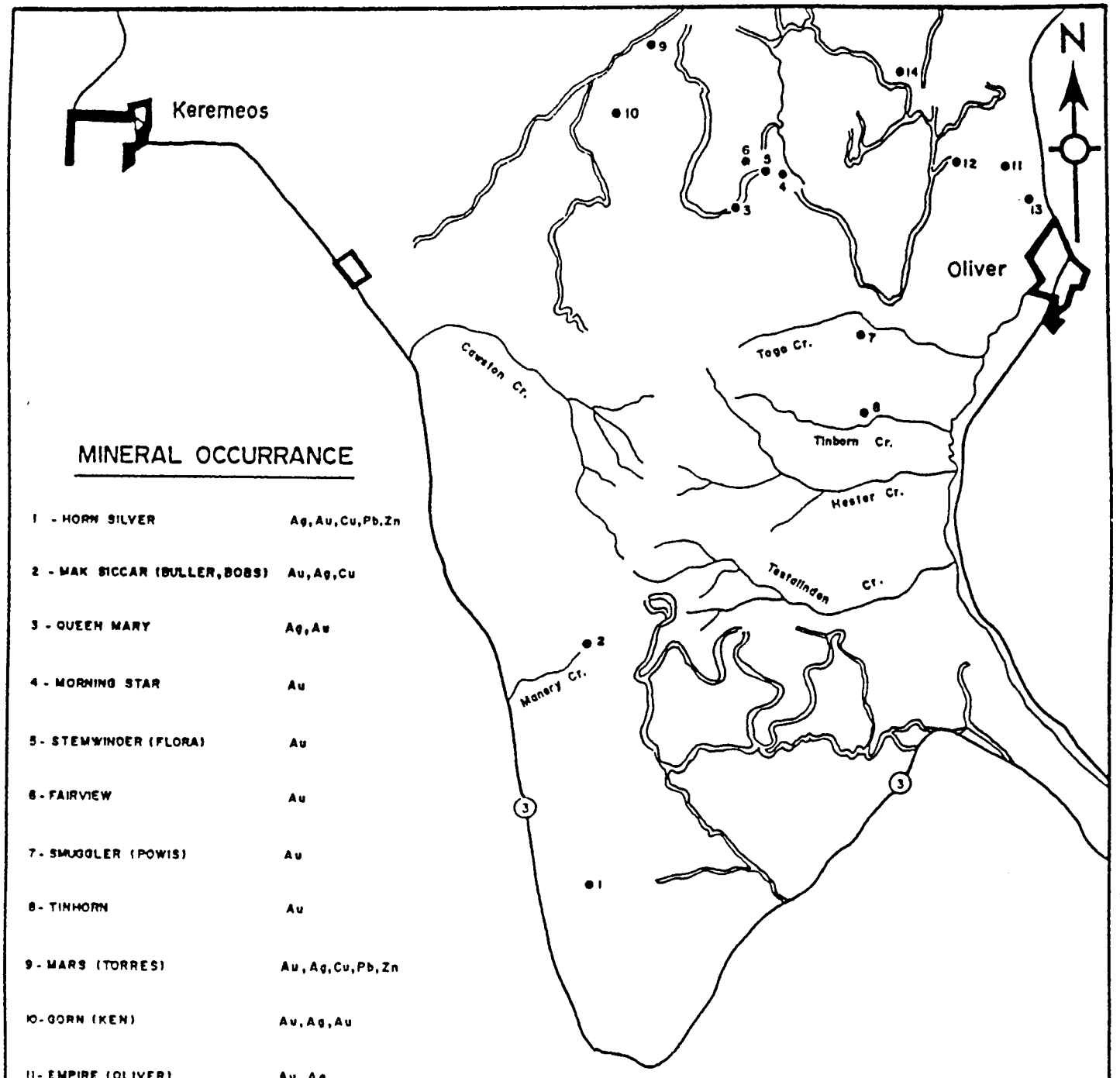
Morning Star, Black Diamond and Silver Crown Claims:

Two almost parallel quartz veins carrying pyrite, galena sphalerite and some free gold closely associated with sphalerite and galena. Silver values are also present. The quartz veins lie in argillites and schists of the Kobau group which have been intruded by the Oliver and Fairview granites and are cut by numerous dykes of quartz porphyry and dacite porphyry.

Published production for the years 1934-1941 is 110,272 tons totalling 15,301 oz of gold and 167,208 oz of silver, 10,013 kilograms of copper, 102,702 kilomgrams of lead and 2,409 kilograms of zinc.

Stemwinder and Flora Claims:

Three well defined quartz veins averaging 2.5 - 9.1 meters wide, striking north 50^{o} west and dipping 60^{o} northeast, carry free gold, galena and pyrite.



MINERAL OCCURRANCE

1 - HORN SILVER	Ag, Au, Cu, Pb, Zn
2 - MAK SICCAR (BULLER, BOBS)	Au, Ag, Cu
3 - QUEEN MARY	Ag, Au
4 - MORNING STAR	Au
5 - STEMWINDER (FLORA)	Au
6 - FAIRVIEW	Au
7 - SMUGGLER (POWIS)	Au
8 - TINHORN	Au
9 - MARS (TORRES)	Au, Ag, Cu, Pb, Zn
10 - GORN (KEN)	Au, Ag, Au
11 - EMPIRE (OLIVER)	Au, Ag
12 - STANDARD	Au, Ag, Pb, Zn
13 - GYPO (OLIVER SILICA, QUARRY)	Au, Ag, Silica, Fluorite
14 - SUSIE	Au, Ag, Pb, Zn

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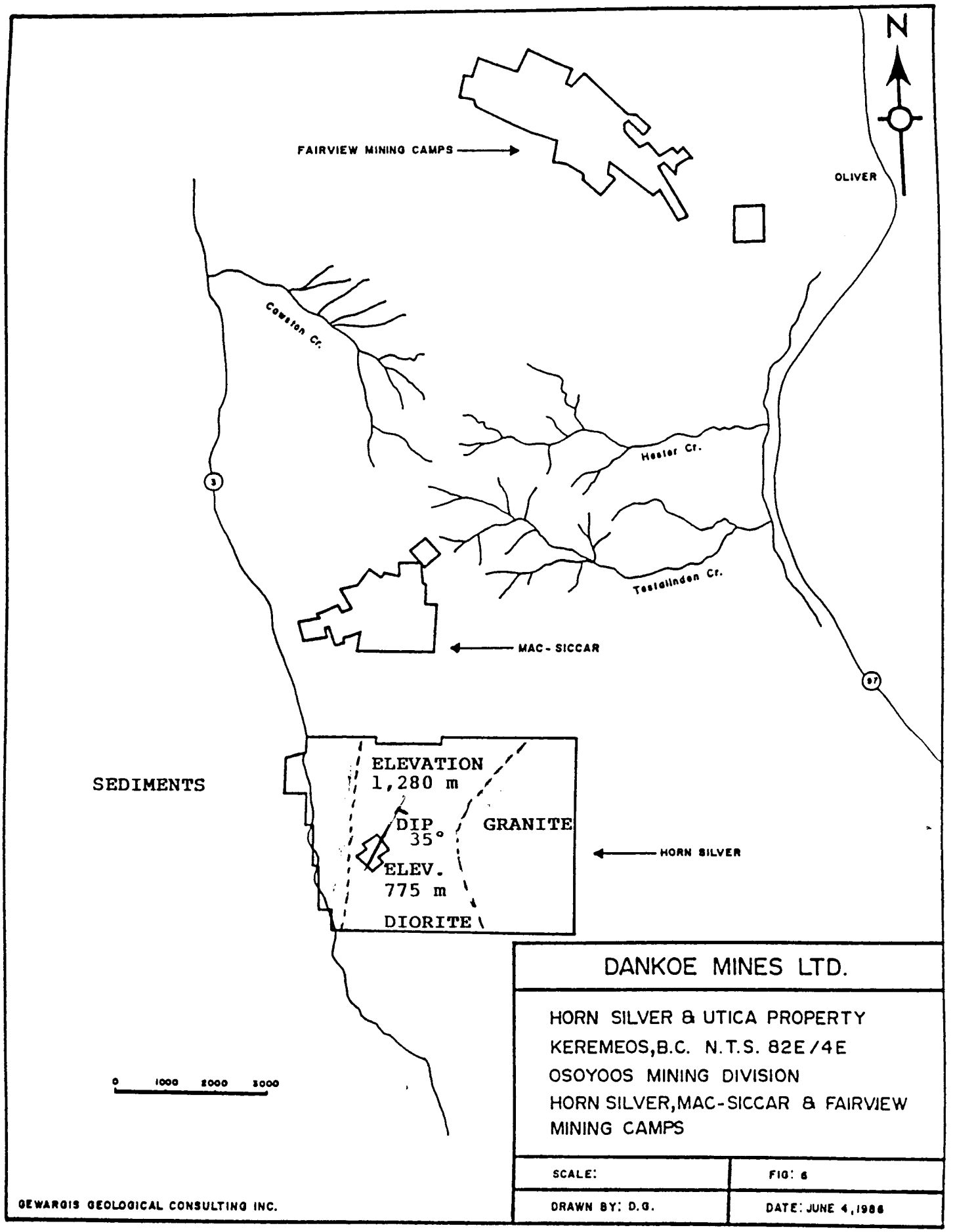
HORN SILVER & UTICA PROPERTY

KEREMEOS, B.C. N.T.S. 82E/4E

OSOYOOS MINING DIVISION

MINERAL OCCURRENCES LOCATION MAP

SCALE: 1:125,000	FIG: 5
DRAWN BY: D.G.	DATE: JUNE 4, 1986



DANKOE MINES LTD.

HORN SILVER & UTICA PROPERTY
KEREMEOS, B.C. N.T.S. 82E/4E
OSOYOOS MINING DIVISION
HORN SILVER, MAC-SICCAR & FAIRVIEW MINING CAMPS

SCALE:	FIG: 6
DRAWN BY: D.G.	DATE: JUNE 4, 1986

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Two periods of quartz injection are indicated, **first** pure white quartz with little or no sulphides, and the **second** of transparent quartz containing sulphides. Ore bodies lie along the east contact of the granite and are associated with aplite and dacite porphyry dykes.

Published production for the years 1898 to 1904 and 1920, 1946 and 1949 are 27,666 tons of 3393 oz of gold, 18,749 oz of silver and 3,670 kilograms of lead and 249 kilograms of zinc.

(B) Mak-Siccar Camp

Buller, Bobbs, Eclipse and Kitchener Claims:

A quartz vein up to 1.5 meters wide carries pyrite and lesser amounts of chalcopyrite occurs in certain favourable zones along the schist contact with the diorite and greenstone rocks. Numerous slightly mineralized quartz-filled fractures strike in every direction within the diorite found on the property.

Published production for the years 1934, 1935, 1938 and 1939 are 189 tons of 141.5 oz of gold averaging 0.75 oz/ton gold and 69.1 oz silver, averaging 0.40 ounces/ton silver.

6.0 RECOMMENDED WORK PROGRAM

6.1 DESCRIPTION

The program would consist of underground and surface rehabilitation to allow for power, air and water supply and waste disposal. A minor amount of slashing is needed to allow access of LND equipment to face for x-cutting and then diamond drilling. A three phase program is recommended; the first two being exploration to justify sufficient and proper reserves so that Phase III would confirm or augment those reserves.

The erratic nature of the ore is such that one must allow for some flexibility within the program, mainly in locating Phase II x-cutting and drill hole locations.

BUDGET SUMMARY

PHASE I

Slash present X-cut to 2.15m X 2.4m from present 1.4m X 2.4m: 2,400 m^3 @ $6.50/$m^3$		$ 15,600.00
Drive X-cut 82m from present face, slash for diamond drill set-ups: 82m @ $1,200.00/m		$ 98,400.00
Rehabilitation underground and surface facilities, waste dump, etc.:		$ 20,000.00
Diamond Drilling, seven (7) holes, including sampling and geological supervision:		
	330m @ $72.00/m	$ 23,760.00
	SUB-TOTAL:	$157,760.00
	10% CONTINGENCY	$ 15,700.00
	TOTAL PHASE I:	**$173,460.00**

PHASE II

Drive X-cut additional	41m @ $1,200.00/m	$ 49,200.00
Diamond drilling, seven (7) holes, including sampling and geology:		
	375m @ $72.00/m	$ 27,000.00
	SUB-TOTAL:	$ 76,125.00
	10% CONTINGENCY	$ 7,600.00
	TOTAL PHASE II:	**$ 83,800.00**

PHASE III

Drive 1.5m X 2.13m raise from X-cut along hole # 1 to ore:	32m @ $900.00/m	$ 28,800.00
Drive sub. drift east on ore from top of raise:	25m @ $700.00/m	$ 17,500.00
Drive sub. drift west on ore from top of raise:	25m @ $700.00/m	$ 17,500.00
	SUB-TOTAL:	$ 63,800.00
	10% CONTINGENCY	$ 6,300.00
	TOTAL PHASE III:	**$ 70,100.00**

TOTAL PHASE I, II, III, COMPLETE: $327,360.00

BUDGET SUMMARY Continued

Dankoe would contract the work out, however, it may supply equipment to the project for economic or practical reasons.

Should Dankoe do so, it would be done at going rates and an independent estimate rental cost would be obtained.

E. N. LARABIE, P.Eng.

7.0 CONCLUSIONS

1) The Kobau formation in the Keremeos-Oliver area is known to host gold bearing quartz vein deposits of the Mak-Siccar and Fairview camps to the north and north-east of the Utica claim block and has produced a total of 18,849 oz of **gold** and 186,070 oz of **silver**, 210,013 kilograms (22,075 lbs) **copper**, 106,372 kilograms (234,506 lbs) **lead** and 2,658 kilograms (5,860 lbs) **zinc**.

2) The Kobau formation has been mapped and it shows that 30% of the Utica claim is covered by this formation.

3) The Kobau formation on the Utica claim has the potential to host a similar gold vein system to the Mak-Siccar and Fairview. Assay results from the Upper Mine workings and surface exploration prove that the gold mineralization occurs within this area.

4) No thorough systematic geological work has been carried out on the property to evaluate the gold potential of the claim block and very few samples were analyzed for gold.

5) Results obtained in early 1981 before mine closure would indicate that an underground program could produce ore reserves mineable at today's metal prices, especially if gold values persist.

8.0 RECOMMENDATIONS

Although several areas on surface may be considered good exploration targets, the knowledge and known potential for mineable ore underground, makes the underground program a primary target.

The steep terrain near the mine site is also a factor to be considered, which would allow the exploration of some surface showings from underground to be more practical.

6) A thorough investigation should be carried out on the following area because it is considered a good potential for discovery of a complete new vein system in the vicinity of the Mine.

a) The Shurston vein on the surface is exposed in a series of hand pits with indications of continuity. This vein could be evaluated by surface diamond drilling.

b) The veins which are along the strike of the Mine vein system to the east.

c) The veins across the gulch to the west of the Mine.

d) The contact zone between the Kobau group and the bordering monzonite in the vicinity of the Richter Creek.

7) The initial phase work is recommended at an estimated cost of $399,650 for the Horn Silver and Utica claim group. The work will commence in the middle of August, 1987 and is estimated to take 15 weeks to complete the field work and 3-4 weeks to complete the final report.

8) Recommendations for the next Phase will be made when the initial phase is completed. It would be contingent upon favourable results and is that it would cost approximately $1,000,000.

Respectfully submitted
GEWARGIS GEOLOGICAL CONSULTING INC.

Wilson A. Gewargis, B.Sc., F.G.A.C.

9.0 BIBLIOGRAPHY

B.C. Ministry of Mines Annual Reports: 1909, 1915-1930, 1958-1960, 1963-1968.

Geology, Exploration and Mining in B.C. B.C. Department of Mines & Petroleum Resources 1969-1970, 1973-1974.

H.S. Bostock, 1929-1930: G.Sc. Map 341A, Keremeos, Similkameen District, B.C.

Alfred Best 1980: B.C. Mineral Resources Branch/Assessment Report No. 8996 on Mak-Siccar prospect.

E.N. Larabie, P.Eng., 1981: Report on the Horn Silver Mine, Dankoe Mines Ltd.

B.C. Ministry of Energy, Mines and Petroleum Resources, Minefile, N.T.S. 82E on Horn Silver, Mak-siccar and Fairview camps.

D.W. Pringle, P.Eng. 1984: Report on Horn Silver Mine, Dankoe Mines Ltd.

Personal Communication with previous Mine Manager E.N. Larabie, P.Eng. of Dankoe Mines Ltd.

Review of some Company data and maps relating to the surface work on Utica claims.

10.0 CERTIFICATE OF QUALIFICATIONS

I, Wilson A. Gewargis, B.Sc., F.G.A.C., of 4811 Dunfell Road, Richmond, British Columbia, hereby certify as follows:

1. I am a Consulting Geologist with an office at Suite 811 - 850 West Hastings Street, Vancouver, B.C.

2 I am a graduate of the University of Mosul in Iraq (1970) and hold a Bachelor of Sciences degree in Geology. In addition, I spent two years of post graduate studies, geology and geophysics, at the University of Stuttgart in West Germany.

3. I have engaged in mineral exploration work and studies for 15 years in Canada, United States of America and Europe.

4. I am a Fellow of the Geological Association of Canada and a member of the Society of Mining Engineers of AIME.

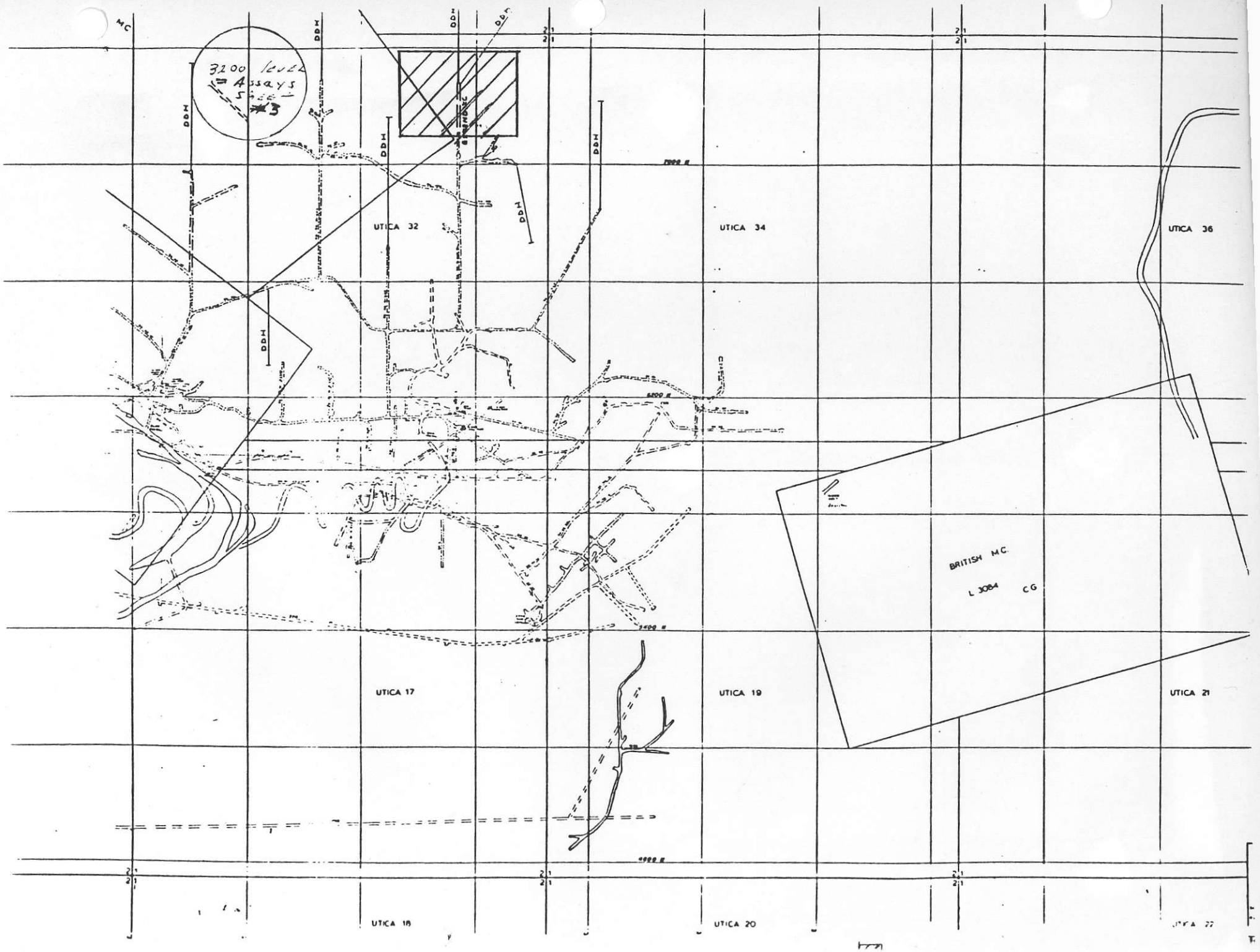
5. This report is based on my personal examination of available reports and maps on the Horn Silver - Utica claim block and adjacent camps.

6. I have no interest, either directly or indirectly in the Horn Silver property or securities of Dankoe Mines Ltd.

7. I hereby grant my permission to Dankoe Mines Ltd. to use this report, or any portion of it, for any legal purposes normal to the business of firm, so long as the portions used do not materially deviate from the intent of this report, as set out in the whole.

Dated at Vancouver, British Columbia, this 4th day of June, 1986.

Wilson A. Gewargis, B.Sc., F.G.A.C.
Consulting Geologist


3200 level
= Assays
See
#3
DDH
UTICA 32
UTICA 34
UTICA 36
BRITISH M.C.
L 3084 CG
UTICA 17
UTICA 19
UTICA 21
UTICA 18
UTICA 20

Dankoe mill re-opens to process Greenwood ore

After several years of inactivity the Dankoe mill near Cawston is back in operation.

Skylark Resources Ltd., located in Greenwood with head office in Vancouver, has rehabilitated the Dankoe Mill and will be milling several thousand tons of ore during the next few months.

Bob McTiernan, manager of the milling operations for Skylark, says assays show 20 ounces per ton of silver and 0.08 ounces per ton of gold in the ore that is being processed. The ore also contains the base metals of lead and zinc.

The opening of the mill has already provided a substantial inflow of money into various local businesses. Prior to starting operations on Monday, March 14 the company spent two weeks putting the mill into shape.

Skylark's policy is to patronize the local business community as much as possible.

Nine people are currently involved in the operation, including truck drivers hauling the ore from Greenwood to the mill site. That number could increase as longer shifts are put on.

The ore is mined at Skylark's Greenwood mine division and is trucked to the Dankoe mill for processing. Two trucks will be used to haul four to five loads per day to the mill. The concentrate that will come from the milling operation will then be taken to Trail for final smelting processing.

Skylark's use of the Dankoe Mill will be the largest milling contract the mill has handled since 1980. McTiernan stated Skylark Resources has spent money to complete the necessary repairs to the mill and it has been upgraded to a good operating condition, as shown by a relatively trouble-free start-up on March 14.

The number of employees will vary between six and 12. The mill will operate on an eight hour basis but that can be increased at different periods as the stock pile of raw ore permits.

Assays will be carried out on site in a refurbished lab.

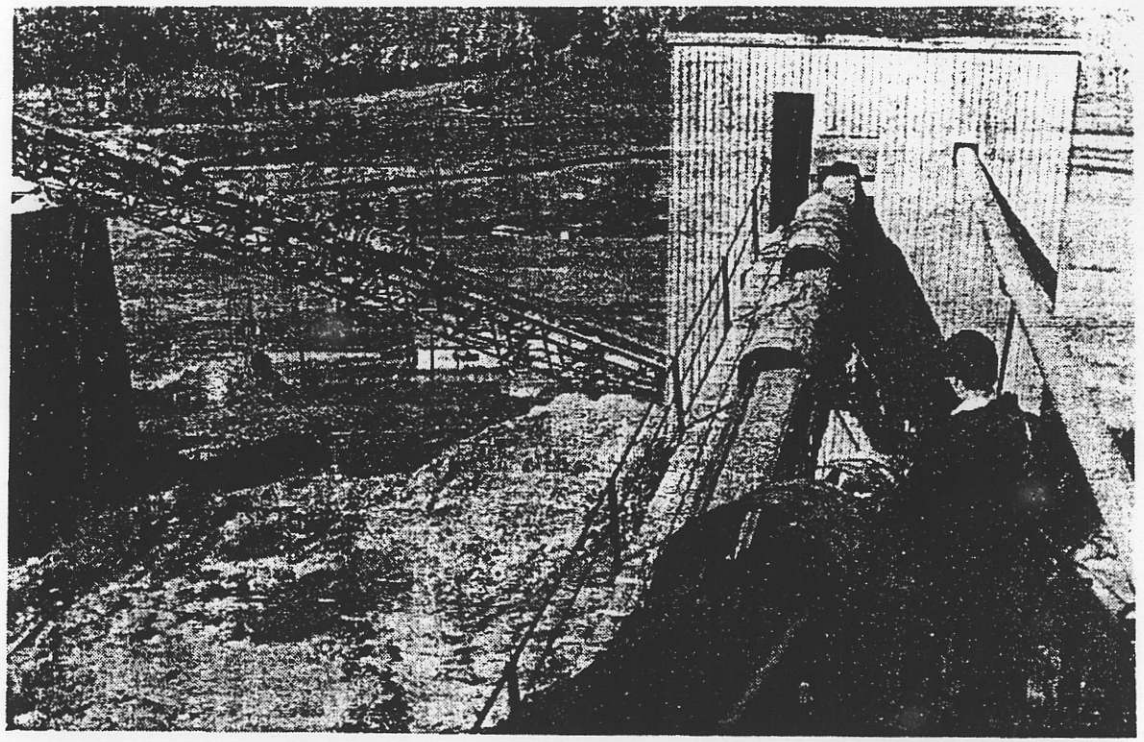
McTiernan is no stranger to the Dankoe Mine. He was an assistant manager of the mill prior to it closing down in 1984.

The mine itself was started in 1964 but then shut down in August, 1984. There could be some exploration going on at the mine site later this year.

The milling process involves the crushing of the ore. Ore trucked in from the mine is stockpiled near the tailings pond and then transported up to a raw ore bin. At that stage the ore is as big as 12 inches in size.

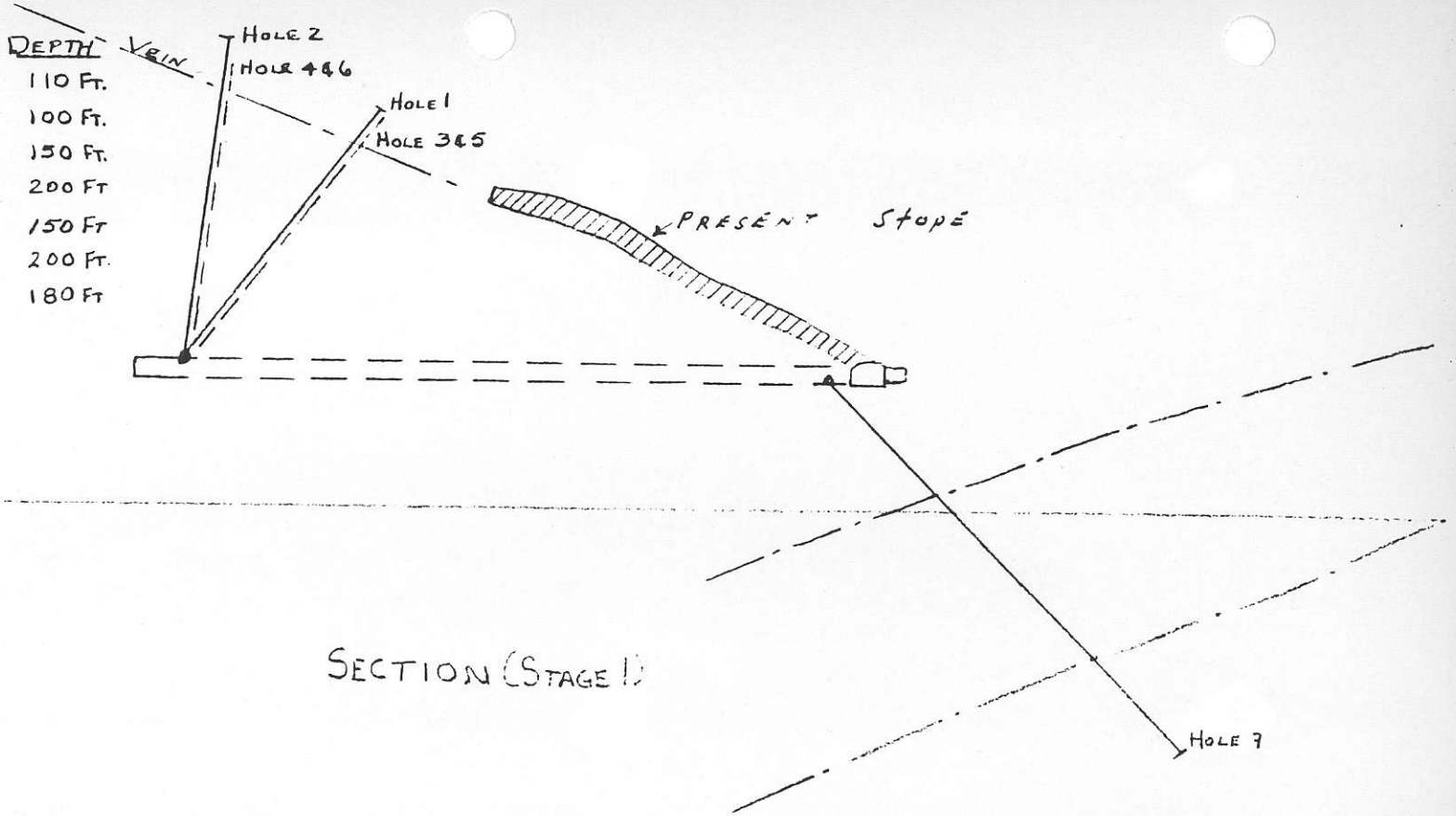
Ore then goes through a crusher and is screened. The finer rocks are carried on to a fine ore storage bin to await the milling process while the larger chunks are returned to the crusher.

From the fine ore storage the ore is crushed further in a ball mill. Chemicals are then added to help separate the valuable minerals through 9 flotation processes. The final concentrate is then stored until ready to go to Trail for smelting.



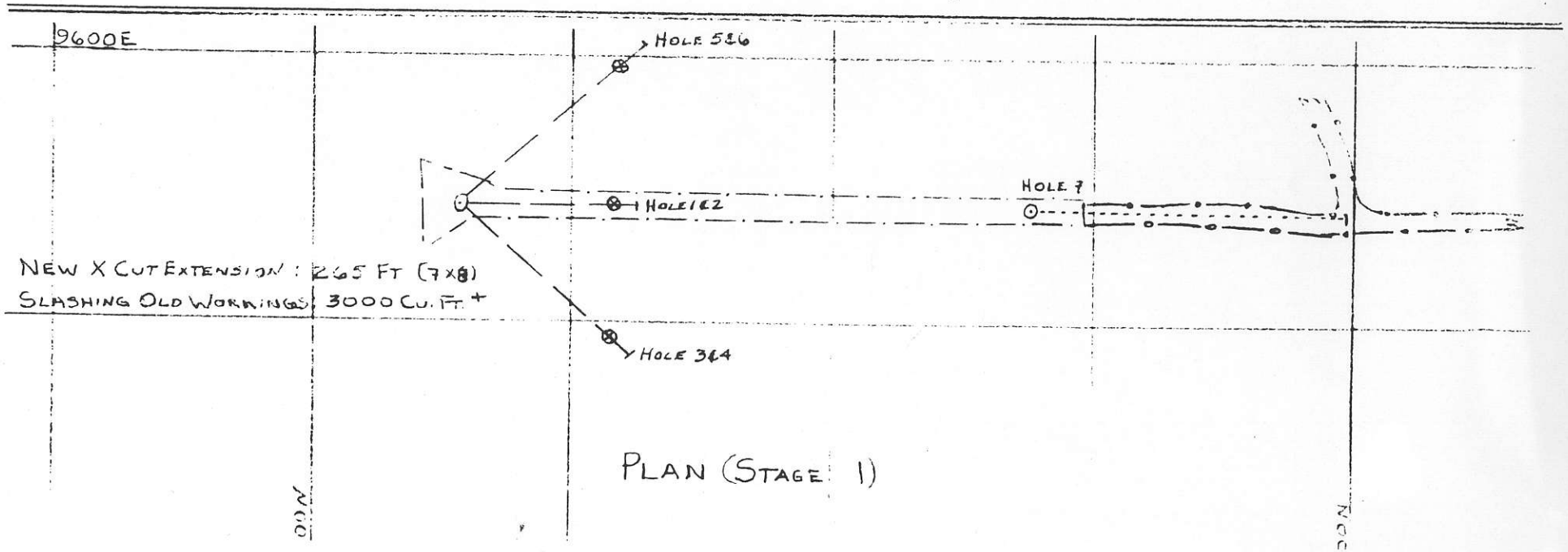
Conveyor belts are again in operation at the Dankoe mill near Cawston which has been leased by Skylark Resources to process ore from a Greenwood area mine. The ore is crushed and milled. The concentrate remaining is then taken to Trail for final smelting and refining.

Hole #	Angle	Az.	Depth
1	+45°	180°	110 Ft.
2	+80°	180°	100 Ft.
3	+45°	220°	150 Ft.
4	+80°	220°	200 Ft
5	+45°	140°	150 Ft
6	+80°	140°	200 Ft.
7	-45°	180°	180 Ft



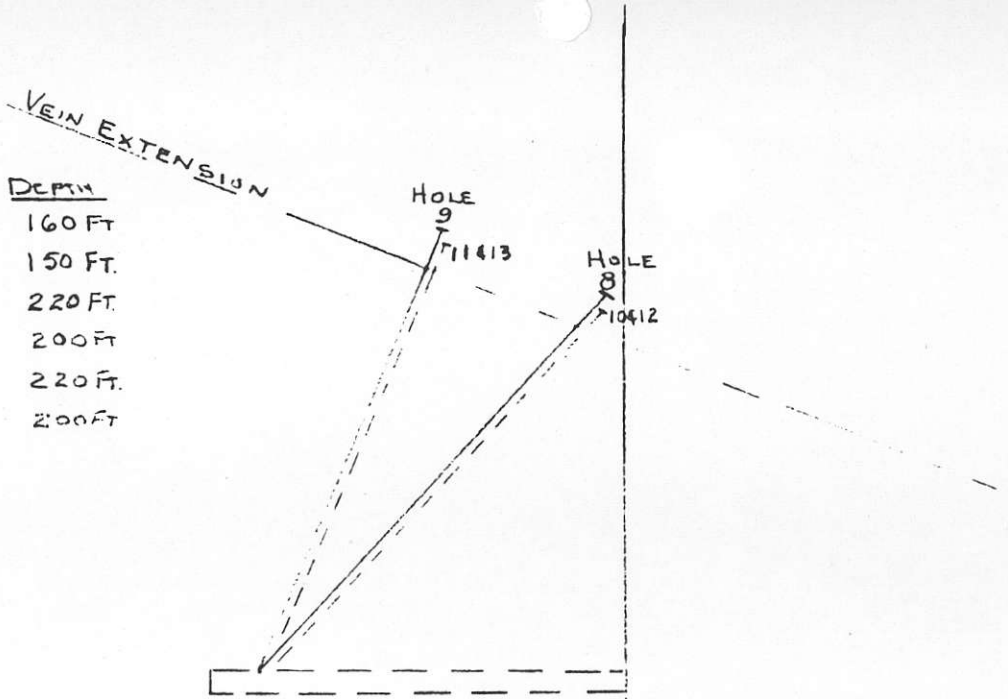
Section (Stage 1)

Scale: 60' to 1"



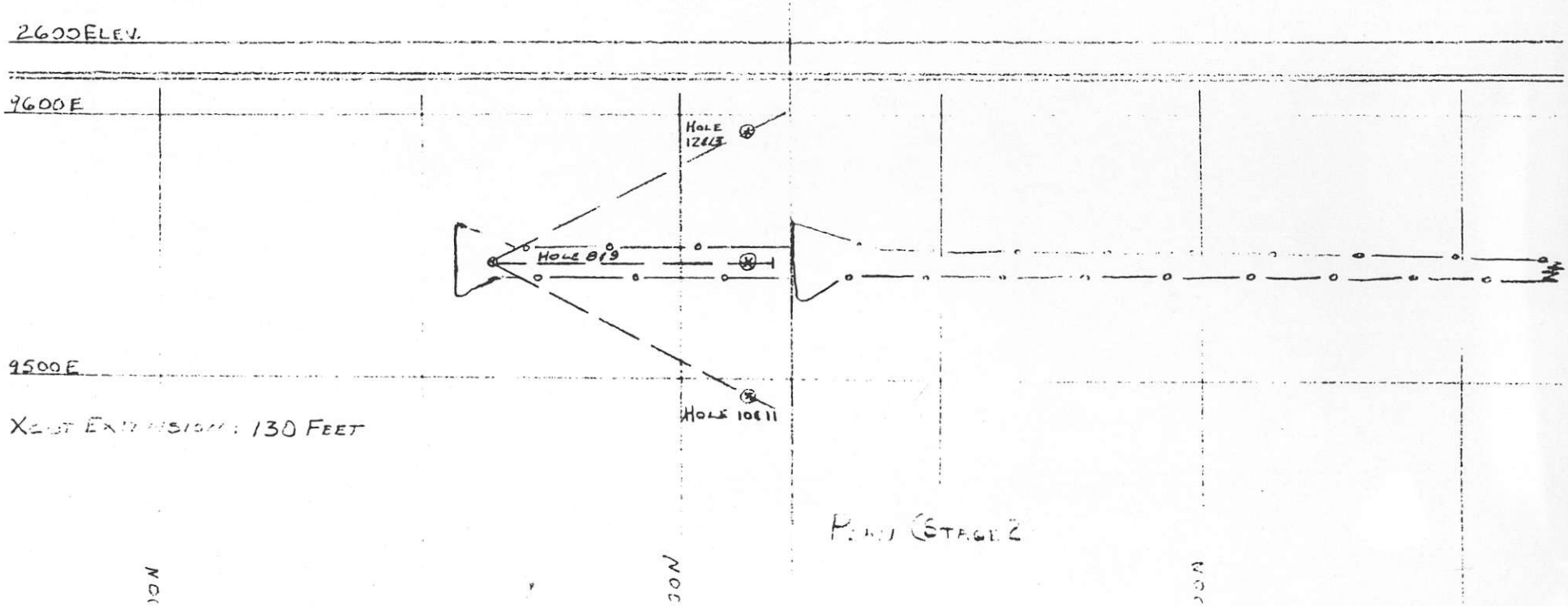
Plan (Stage 1)

Hole No	Angle	Az.	Depth
8	+47°	180°	160 Ft
9	+67°	180°	150 Ft.
10	+47°	207°	220 Ft.
11	+67°	207°	200 Ft
12	+47°	152°	220 Ft.
13	+67°	152°	200 Ft



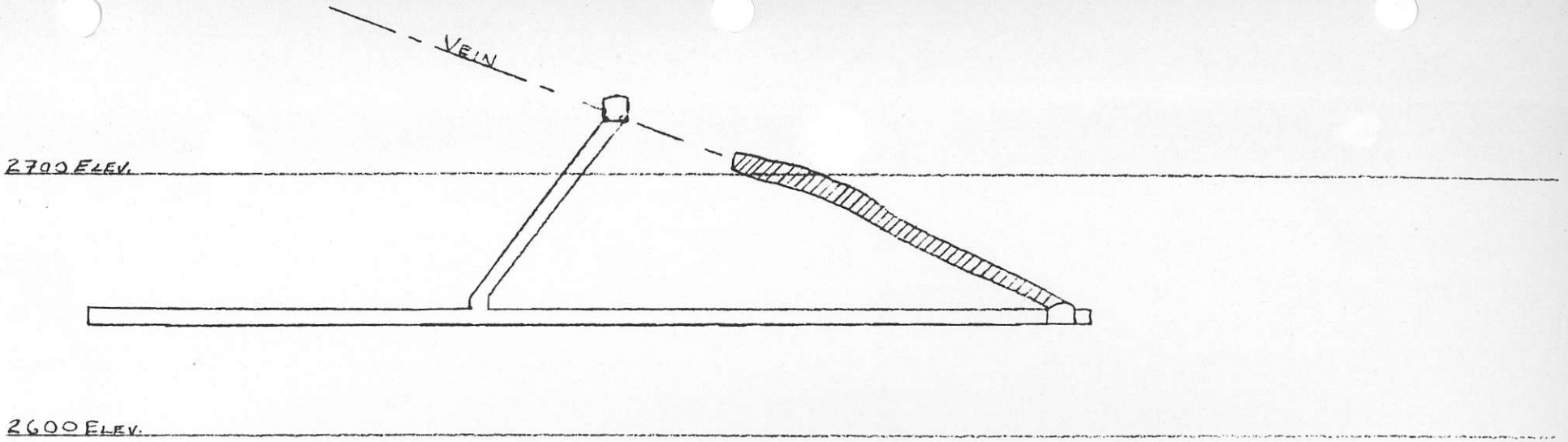
Scale 60' to 1"

Section (Stage 2)



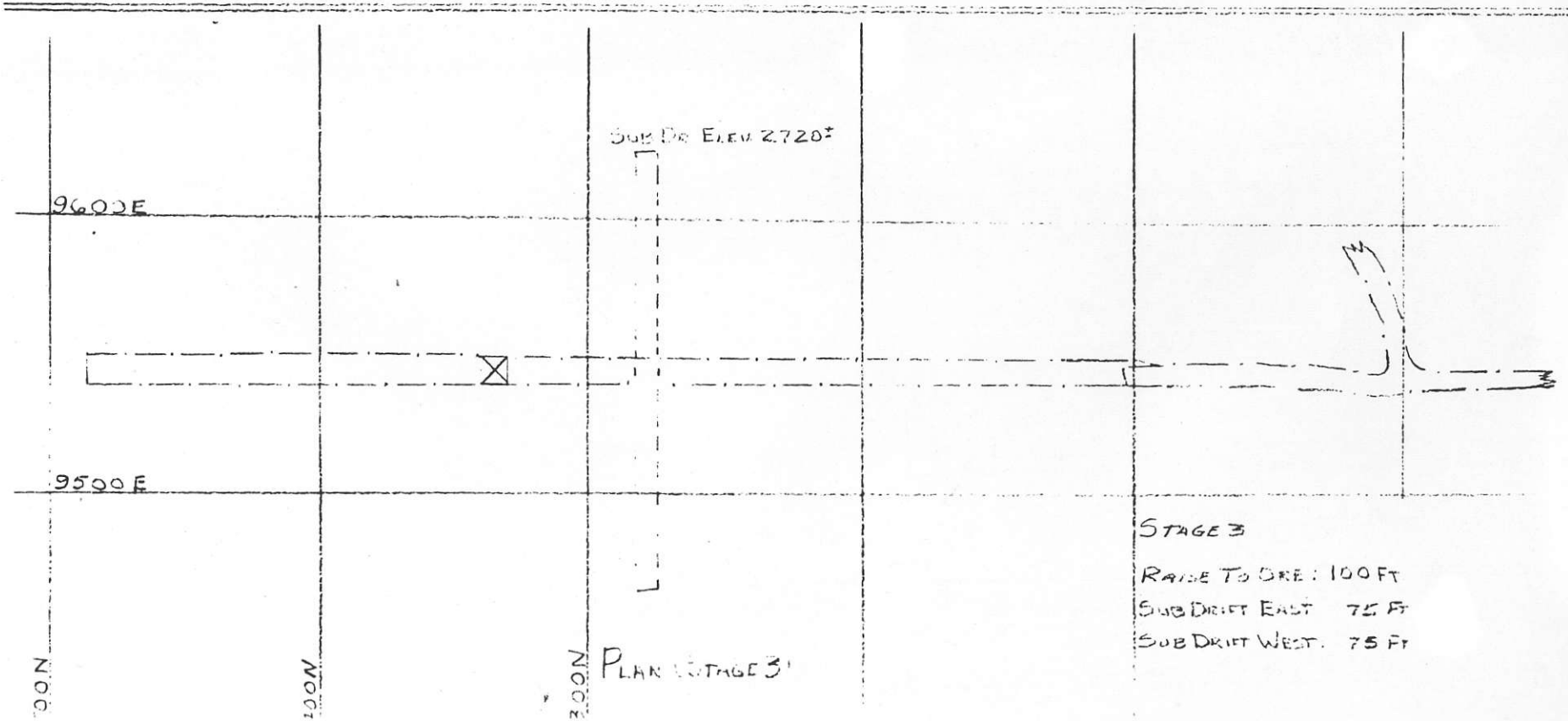
Vein Extension: 130 Feet

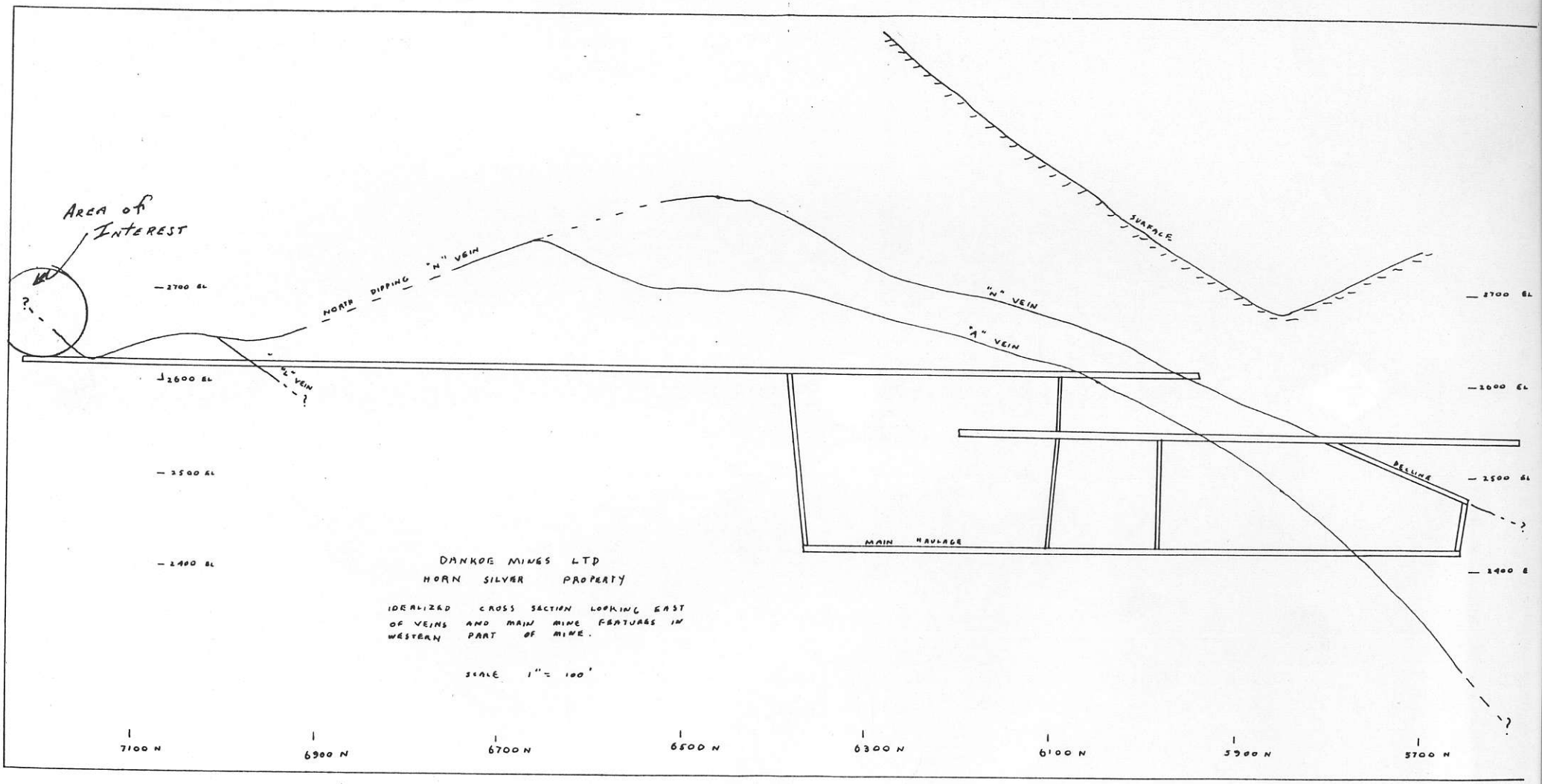
Plan (Stage 2



SCALE: 60' TO 1"

SECTION (STAGE 3)





DANKOE MINES LTD
HORN SILVER PROPERTY

IDEALIZED CROSS SECTION LOOKING EAST OF VEINS AND MAIN MINE FEATURES IN WESTERN PART OF MINE.

SCALE 1" = 100'

Cominco Ltd./Trail, British Columbia, Canada V1R 4L8
Tel. (604) 364-4222/Telex 041-4426

LEAD CONCENTRATE — COMINCO LTD. — MARCH 05, 1984
TRAIL, B.C.
FINAL SETTLEMENT: DANKOE MINES- PB CN (2-3)

IN ACCOUNT WITH: DANKOE MINES LTD.
STE 410 - 100 ADELAIDE ST. W
TORONTO, ONTARIO

LOT NUMBER: 2 — SERIAL NUMBER: 3169

CAR NUMBERS	DATE RECEIVED	
1 TRUCK	01 12 84	

NET WET WEIGHT	MOISTURE	NET DRY WEIGHT	SHORT DRY TONS
56140 LBS	7.2000 %	52094 LBS	26.0492

ASSAYS:	GOLD	SILVER	COPPER	LEAD	ZINC	SULPHUR	SILICA
	0.8860	152.5500	0.8200	1.1000	1.6000	26.9000	25.7000
	OZ/ DRY TON		%	%	%	%	

ALUMINA	IRON	LIME	ANTIMONY	ARSENIC	BISMUTH	MAGNESIA	C-OMI.
5.7000	25.7000	2.1000	0.2000	0.7000	0.0400	0.000	0.00
%	%	%	%	%	%	%	

METAL PRICES: FEBRUARY 1984 AVERAG
EXCHANGE: $US TO $CDN = 1.24800 STERLING TO $US = 1.44167
LABOUR RATE = 17.930

COMINCO CDN PRICE 30.000 * 0.000 = 0.0000
US PRICE 24.073 * 1.24800 * 0.600 = 18.02535
LME PRICE 284.798 * 1.44167 / 2204.6 * 1.24800 * 0.400
= 0.29713
CALCULATED LEAD PRICE = 27.32296

PB PRICE 27.32296 - 10.00 - 0.25 (27.32296 - 25.00)
= 15.74222 /L
AG PRICE 9.12650 * 1.24800 * .970 - 0.00000 = 11.04813 $/OZ
AU PRICE 385.92100 * 1.24800 * 0.95 - 0.000 = 471.99562 $/OZ
CU PRICE 60.619 * 1.24800 - 20.000 = 55.65251 $/L

PAYMENTS PER TON

	CONTENT	DEDUCTIONS	PAID FOR		
PB	22.00 LBS	20.14 LBS	1.86 LBS	= $	0.31 LEAD
AG	152.5500 OZ	10.8810 OZ	141.7190 OZ	= $	1565.74 SILVER
AU	0.8860 OZ	0.0620 OZ	0.8240 OZ	= $	388.92 GOLD
CU	16.40 LBS	10.00 LBS	6.40 LBS	= $	35.56 COPPER
			TOTAL PAYMENT	= $	1956.53

DEDUCTIONS

BASIC TREATMENT CHARGE	= $	-140.00
C.P. INDEX	= $	-2.45
SULPHUR PENALTY	= $	-34.00
IRON 25.7000 - 7.3040 * 3.550	= $	-55.31
ARSENIC + ANTIMONY	= $	-1.05
ALUMINA	= $	-4.68
LABOUR: LABOUR RATE = 17.930	= $	-2.75
CREDITS:		
SIO2	= $	12.55
NET DEDUCTIONS	= $	-237.73
VALUE/S.D.T. -- F.O.T. TADOUSAC	= $	1720.13
VALUE/S.D.T. * 26.0492 S.D.T.	= $	44825.90
AMOUNT ADVANCED	= $	30290.00
SETTLEMENT AMOUNT	= $	14535.90

LEAD CONCENTRATE — COMINCO LTD. TRAIL, B.C. — JANUARY 29, 1981

PRELIMINARY SETTLEMENT: DANKOE MINERALS-PB CN

IN ACCOUNT WITH: DANKOE MINES LTD.
#2002 - 1177 WEST HASTINGS STREET
VANCOUVER, B.C.

LOT NUMBER: 114 — SERIAL NUMBER: 2870

CAR NUMBERS	DATE RECEIVED
CP 377116	12 19 80

NET WET WEIGHT	MOISTURE	NET DRY WEIGHT	SHORT DRY TONS
117000 LBS	9.6000 %	105768 LBS	52.8840

ASSAYS:	GOLD	SILVER	COPPER	LEAD	ZINC	SULPHUR	SILICA
	0.2200	151.7500	0.7100	0.5000	0.4000	17.2000	51.2000
		OZ/ DRY TON	%	%	%	%	%

ALUMINA	IRON	LIME	ANTIMONY	ARSENIC	BISMUTH	MAGNESIA	CADMIUM
8.4000	15.0000	0.3000	0.3000	0.1000	0.0100	0.0000	0.0000
%	%	%	%	%	%	%	

METAL PRICES: JANUARY 20, 1981

EXCHANGE: $US TO $CDN = 1.19160 — STERLING TO $US = 2.39350

WAGE GRADE 7 = 10.180 — HH UNREFINED = 0.990 * REFINED

AG PRICE 13.38000 * .990 * 1.19160 - 0.08500 = 15.69917 $/OZ

AU PRICE 524.00000 * 1.19160 * 1.00 - 5.000 = 619.39840 $/OZ

CU PRICE 81.209 * 1.19160 - 20.000 = 76.76864 ¢/LB

PAYMENTS PER TON

	CONTENT	DEDUCTIONS	PAID FOR		
AG	151.7500 OZ	10.6225 OZ	141.1275 OZ	=$	2215.58 SILVER
AU	0.2200 OZ	0.0300 OZ	0.1900 OZ	=$	117.69 GOLD
CU	14.20 LBS	10.00 LBS	4.20 LBS	=$	3.22 COPPER
			TOTAL PAYMENT	=$	2336.49

DEDUCTIONS

BASIC TREATMENT CHARGE	=$	-50.00
ALUMINA	=$	-2.76
LABOR: WAGE GRADE 7 = 10.180	=$	-19.26
MOISTURE	=$	-0.64
CREDITS:		
SIO2	=$	7.86
NET DEDUCTIONS	=$	-64.80
VALUE/S.D.T. -- F.O.B. TADANAC	=$	2271.69
VALUE/S.D.T. * 52.8840 S.D.T.	=$	120136.05
LESS:		
EXTRA HANDLING	=$	190.00
FREIGHT CHARGES	=$	27.41
NET AMOUNT	=$	119918.64
ADVANCE PAYMENT	=$	89940.00

DANKOE MINES LTD. (N.P.L.)

ASSAY REPORT

Sheet No. 1

Date 20 July '81

SAMPLE NO.	PLACE	LOCATION	DESCRIPTION	WIDTH TONS	OZS AG	OZS AU	
14952.	26. 6. 9570		upper vein	1.4'	45.7	X	
53	"	44' to E	H.W.	1.5'	.96		
54	"	original sub	intervein mat'l	1.7'	.35	X	
55	"		lower vein	1.2'	21.2	X	
14621	26. 6. 9570	27.5 "	k. spar in vein	4.0	66.4	soft!	Go

DANKOE MINES LTD. (N.P.L.)

ASSAY REPORT

Sheet No. 2 Date 2 [illegible]

9570 FINAL SAMPLING.

SAMPLE NO.	PLACE	LOCATION	DESCRIPTION	WIDTH TONS	OZS AG	OZS AU		
15066	Fw. main drift	#1		1.8'	46.8			
67		#2		3.7'	6.1			
68		#3		3.5'	13.6			
69		#4		2.7'	10.7	partial vein		
70		#5		2.3'	36.5		"	
71		#6		3.2'	2.0		"	
72		#7		2.2'	6.1	lower vein		
73		#8		2.2'	3.0	upper vein		
74		#9		4.0'	5.4	2 veins comb.		
75		#10		3.1	6.9	comb. incl- [illegible] past junction		
15082		#11		1.9'	5.9			
83		#12		1.6'	2.8			
87	orig. sub.	#3	R.R.S	1.9'	7.0			
89		#4 A	L.R.S intersection 1.5'	3.0' ~~7.5~~	71.9	lower ~~upper~~ vein		
91		#5 A	intersection 1.3'	1.6'	57.9	upper vein		

DANKOE MINES LTD. (N.P.L.)

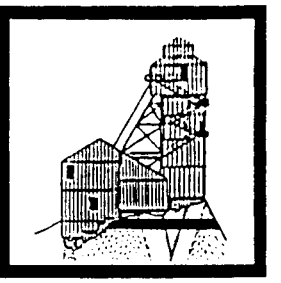
ASSAY REPORT

Sheet No. 3 Date 24 Oct '53.

SAMPLE NO.	PLACE	LOCATION	DESCRIPTION	WIDTH TONS	OZS AG	OZS AU		
2186	10' ADIT ABOVE 3200.		QV 1'		1.06	.02		
87	3200	0-3' FROM FACE	OXIDIZED GOUGE AVE .3'		1.92	.05		
88	"	18'-20' " "	OXIDIZED GOUGE .5'		6.18	.059		
89	"	50' "	QV WIDE GOB.		54.6	.354		
90	"	80' " "	QV. BOTH WALLS .75' TOP, .5' BOTTOM		64.3	.072		
91	"	110' " "	QV. 1.5' TOP, .5' BOTTOM		12.4	.03		
92	"	9/c 10' ABOVE BROW	QV 1.5'		49.1	.31		
		D.						

LAROTH ENGINEERING LTD.

405 - 595 Howe Street
Vancouver, B.C. V6C 2T5
Tel: (604) 681-6466



June 03, 1988

FIRST CENTURY CAPITAL INC.
1020-625 Howe Street,
Vancouver, B.C.
V6C 2T6
Attention: Eugene A. Hodgson

Dear Mr. Hodgson,

REGARDING: DANKOE MINES LTD.

As per your letter of May 20, 1988, regarding flow-through funding and our subsequent telephone conversation, please find enclosed data and a report pertaining to the Dankoe Mines Ltd. mining property and complex, located near Keremeos, British Columbia.

Unfortunately, Dankoe stored concentrates on the property until 1984, and therefore the increased gold values were not apparent until a concentrate shipment for the area in question, was made in 1984.

As a general practise, Dankoe did not assay for gold, thus few assay results are available. Concentrate settlement sheet (Lot 2) when compared to Lot 114 shows an increase in most minerals and what may be considered most relevant, is the increase in iron (pyrite) and arsenic (arsenopyrite) which are often associated with gold.

In 1987, Dankoe recieved a favourable ruling from Revenue Canada which qualified it for flow-through funding. Simultaneously to this letter, Dankoe management is actively exploring promotional avenues to increase its share value.

Enclosed herewith, please find;

1) Report by W.A.Gewargis, B.Sc., F.G.A.C., which was reviewed with some revisions in June, 1987 by R. S. Verzosa, P.Eng.

.../2

2) Idealized cross-section.

3) Assay sheets of area in question, so marked.

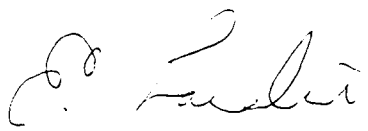
4) Smelter settlements indicating increased gold and metal values from ore mined in area to be explored.

5) Plan and sections outlining exploration work.

6) Recent newspaper article.

Dankoe has considerable more information at its mine office, near Keremeos. I would be interested in discussing the potential of our plan for funding with you at your convenience, as well as answer any questions you may have.

Yours truly,



Eugene N. Larabie, P.Eng.

COST ESTIMATE

The program has been broken down into three (3) phases, the first will consist of mine rehabilitation on surface and underground, slashing, X - cutting and diamond drilling.

The second phase would include further X - cutting and diamond drilling, and the third would be investigating ore through raising and developing vein. The total cost of the project is estimated at **$327,360.00.**

The rehabilitation would include mainly underground electrics, air and water pipe, portal re-timbering and surface dump facilities. Work is performed in the area to be explored using 911 LHD equipment, to a small waste pass, then by rail to a major waste pass from 2,600' level to 2,400' level, and hence, once again by rail to surface waste dump.

The area to be investigated has been selected for the following reasons;

1) At the time of mine closure, the stope on ore in the area was producing mill feed with an average grade of 10 - 12 ozs/ton of Ag and .07 - .09 ozs/ton of Au. Further development and exploration is needed, as proposed, to continue mining.

2) The theory that the vein may be a duplication, is based mainly on visual inspection of old similar grade workings to the south, whereby the vein appears the same in character. However, the old workings contained similar silver, the new area has higher gold values and more pyrite mineralization (note iron content in smelter return).

3) Most important is the increase in gold values in the general area.

4) Potential with minimum development and exploration to delineate in excess of twenty thousand (20,000) tons of ore with grades of 10 - 12 ozs of Ag and .07 - .09 ozs of Au per ton, should be considered good. Dankoe, with its mill available on site, could recover exploration cost and show a profit at today's metal prices, if those aforementioned reserves are outlined. This would thus allow Dankoe to fund itself to explore and develop more ore. Several hundred meters of strike and dip have never been explored (see Figure 6 of report).

It is also important to note that although the Phase I portion of the program will most likely remain as outlined, the second and third phases may require some alternatives, depending on results from Phase I.

The cost sheet included herewith, could be broken down further if deemed necessary, and should be considered as maximum cost estimates based on actual operating data.

.../2

C O S T

PHASE I

Slash present X - cut to 2.15m X 2.4m from present 1.4m X 2.4m:		
	2,400 m^3 @ $6.50/$m^3$	$15,600.00
Drive X - cut 82m from present face, slash for diamond drill setups:		
	82m @ $1,200.00/m	$98,400.00
Rehabilitation underground and surface facilities, waste dump etc.:		$20,000.00
Diamond drilling, seven (7) holes, including sampling and geological supervision:	330m @ $72.00/m	$23,760.00
	SUB-TOTAL:	$157,760.00
	10 % Contingency:	$15,700.00
	TOTAL PHASE I:	**$173,460.00**

PHASE II

Drive X - cut additional 41m:	41m @ $1,200.00/m	$49,200.00
Diamond drilling, seven (7) holes, including sampling and geology:		
	375m @ $72.00/m	$27,000.00
	SUB-TOTAL:	$76,200.00
	10 % Contingency:	$7,600.00
	TOTAL PHASE II:	**$83,800.00**

PHASE III

Drive 1.5m X 2.13m raise from X -cut along hole #1 to ore:		
	32m @ $900.00/m	$28,800.00
Drive sub. drift east on ore from top of raise:		
	25m @ $700.00/m	$17,500.00
Drive sub. drift west on ore from top of raise:		
	25m @ $700.00/m	$17,500.00
	SUB-TOTAL:	$63,800.00
	10 % Contingency:	$6,300.00
	TOTAL PHASE III:	**$70,100.00**
	TOTAL PHASE I, II, III, COMPLETE:	**$327,360.00**

.../3

COST continued

Dankoe would contract the work out, however, it may supply equipment to the project for economic or practical reasons.

Should Dankoe do so, it would be done at going rates and an independent estimate rental cost would be obtained.

E.N. LARABIE, P.Eng.