826704
92H/8

ACQUISITION PROPOSAL

GOOD HOPE RESOURCES LTD. - HEDLEY PROPERTIES, B.C.

SUMMARY

Good Hope Resources owns 66 Crown Granted mineral claims and 47 located claims on Nickel Mountain near Hedley, B.C. The holdings include three former gold mines: the Hedley Mascot, Good Hope and Canty, and adjoin the Mascot Gold Mines Ltd. property containing the old Nickel Plate Mine. Acquisition or an option is recommended on the basis that all three ex - producers are open to further exploration and that the rest of the claims contain other targets worth serious follow up. Other mitigating factors are the probability that the Nickel Plate will be resurrected based on published results of recent exploration, the availability of a functional mill at the Dankoe Mine, 40 miles away and the prevailing excellent access and infrastructure.

The Canty Zone is proposed as a starting point offering short term rewards, should the Good Hope Resources properties be acquired.

LOCATION AND TOPOGRAPHY

The Hedley Camp lies 260 Kms (162 miles) east of Vancouver on the Southern route of the Trans Canada Highway. It is within the Okanagan range of the Interior Plateau Region of British Columbia dissected by the deeply incised canyons of the Similkameen and its tributaries such as Twenty Mile Creek. The camp is centered on Nickel Plate Mountain directly east of the village of Hedley, which is flanked by the cliffs of Twenty Mile canyon on the west and those of the Similkameen canyon on the south. The elevation of Hedley is 518 metres (1700 feet) and the summit of Nickel Plate Mountain is 1890 metres (6200 feet).

HISTORY OF CAMP

Operations at the Nickel Plate Mine commenced in 1904 and after a four year cessation starting in 1930, carried through to 1955. During its 47 year production history the mine milled 3,301,600 tons of ore and shipped 1,420,710 ozs. of gold. This implies an average millhead grade of 0.44 ozs/ton, however the first 1,226,000 tons (1904 - 1930) averaged 0.525 and the last 1,975,600 (1934 - 1955) ran 0.394.

A thorn in the side of the Nickel Plate operators was the Mascot fractional claim, 7.8 acres in area, occurring in the middle of the main orebody. Years of negotiations failed to resolve this dilemma and ultimately Hedley Mascot Gold Mines mined this fraction as a separate entity, milling 686,625 tons of ore (1935 - 1949) for a gold production of 254,051 ozs., implying an average millhead grade of 0.37 ozs/ton.

Apart from small tonnages of high grade ore included in the Nickel Plate statistics, the only other mines with recorded production are:

		Tons Milled	Gold Sold (ozs)	Millhead Grade (oz/ton)
French Mine	(1950 - 55)	32,463	25,960	0.80
	(" ")	53,085	26,277	0.49
Good Hope	(1945 - 48)	4,563	2,830	0.62
	1982	5,527	2,432	0.44
Canty	1940 (?)	3,220	815	0.25

Following the mine closures were several years of relative inactivity during which ownership of the claim blocks became fragmented and changed hands several times until now the major claimholders are: [1]

Mascot Gold Mines Ltd.: holds 86 claims and 2 leases in the heart of the camp, including the Nickel Plate Mine and the Morning and Sunnyside Mines. After underground and surface work over the recent few years, current published reserves at the Nickel Plate are 480,056 tons grading 0.28 ozs/ton.

Good Hope Resources Ltd.: holds 113 claims around and interdigitating with the Mascot Gold Mines holdings, including the Mascot Fraction. Includes the Hedley Mascot, Good Hope and Canty mines.

Agio Resources Corp.: hold 5 claims/fractions on the northwest contact of the main Nickel Plate Skarn.

1. See Maps "A" and "B" attached

Pollock Mines Ltd. : holds the Copper Chief and Nick of Time Fraction immediately west of the Mascot Fraction and partially down plunge from the main Nickel Plate ore zone.

Grove Exploration : holds a small claim group covering the old French Mine, 5 1/2 Kms (3 1/2 miles) South-east of Hedley and a like distance South of the Nickel Plate Mine.

Banbury Gold Mines Ltd.: holds 22 claims 3 1/2 Kms (2.2 miles) west of Hedley covering the old Pine Knot vein reported to contain 185,700 tons grading 0.30 ozs/ton gold.

Neither the Nickel Plate nor Hedley Mascot mills exist today but 40 miles by road away is the 450 tons per day mill of Dankoe Mines Ltd., 12 miles South of Keremeos. It was constructed for the Utica Silver Mine but has been used to custom mill gold-ore from Dusty Mac Mines, the French Mine and Good Hope Mine.

HEDLEY CAMP GEOLOGY [1]

The Hedley Area is underlain by Triassic, Nicola Group sediments and volcanics cut by a well differentiated suite of Upper Jurassic acid, intermediate and basic intrusives. The Nicola rocks are folded along a NE-SW anticlinal axis in a block which is truncated on the North-west side by a NE bearing fault (the Bradshaw Fault) along Twenty Mile Creek which passes through the village of Hedley.

1. See Maps "A" and "C"

Southeast of the Bradshaw Fault, and truncated by it is a skarn-rich (calc silicate) zone roughly 2 Kms (1.2 miles) in diameter intruded by the Toronto Stock, a quartz-gabbro with gabbroic and dioritic sill and dyke-like offshoots. The skarn zone lies within the so-called "marble line" and is a derivative of the limestones and other calcareous sediments of the Nickel Plate Formation, a member of the Nicola Group, which occur outside the line. The Nickel Plate Formation is overlain by predominately volcanic and siliceous rocks of the Red Mountain Formation and overlies predominately siliceous sediments of the Red Top Formation.

The "main camp" ore bodies i.e. (from north to south) the Nickel Plate (and Mascot), Morning, Sunnyside 4 1/2, 4, 3, 2, 1, and Bulldog lie within a 213 metres (700 foot) wide arcuate zone, immediately inside the marble line around the eastern half the skarn zone, on the northern, eastern and southern flanks of Nickel Plate Mountain.

The Nickel Plate ore zone has a strike length near or at surface of only 91 metres (300 feet) but it plunges 30 degrees westerly for 3000 feet. The ore bodies were tabular, 3 metres (10 feet) to over 30 metres (100 feet) thick and up to 152 metres (500 feet) long and 107 metres (350 feet) wide (strikewise). They occurred in several overlapping in echelon sheets[1] and were controlled by concordant sills, dykes and tight plunging cross folds. The Sunnyside orebodies[2] were much smaller but higher grade and were similarly controlled by tight folds and a network of sills and dykes.

Former workers in the area were hidebound by a complex set of structural/ geological requirements (see Billingsley C.I.M.M. Vol XLIV, 1941, p. 579) for locating ore and the writer feels that in the process they missed bets falling outside the guidelines. The origin of ore was usually attributed to

1. See Maps "A", "D" and "E"
2. See Map "F"

hydrothermal emanations from either the basic intrusives or the nearby granodiorite. Later thinking poses the possibility of an exhalative volcanic origin which opens up new possibilities for exploration not considered by previous workers. Only rock with heavy arsenopyrite used to be sampled for gold. Recent work by Mascot Gold Mines within the established camp confirms significant gold values do occur apart from heavy arsenopyrite zones.

DESCRIPTION OF GOOD HOPE RESOURCES PROPERTIES

GENERAL

The properties owned by Good Hope have been divided by the writer into six segments according to geological and other considerations viz:

A. Mascot Fraction
B. Canty
C. Good Hope
D. Bradshaw Fault
E. South Rim
F. Oro Plata

A. Mascot Fraction

This triangular fraction with a base of 229 metres (750 feet) and a height of 320 metres (1050 feet) produced 254,000 ozs of gold from the Nickel Plate ore zone. In cross section the en echelon sheets of ore in the zone parallel a suite of sills, particularly the Hot Sill and often cut across the beds of sediments in stepwise fashion with depths. The Hot Sill steepens sharply in dip within the Mascot Fraction producing deep ore 183 metres (600 feet) vertically below the main ore trend above. Still deeper ore possibilities exist but an evaluation of such will involve the study of a mass of data including the logs of several hundred drill holes.

B. Canty

This block of claims, 16 crown granted and 13 located, centers on the old Canty Mine about 2 Kms (1.2 miles) east of the Nickel Plate mine, at the same elevation of 1770 metres (5800 feet). Gold mineralization was first discovered there about 1900 when two small tunnels and a shallow shaft were made. Nothing much further was done until the period 1935-39 during which diamond drilling was done and a shaft sunk to 400 feet and exploration drifts driven at the 200 and 400 foot levels to the extent of 457 metres (1500 feet) and 229 metres (750 feet) respectively. A quantity of ore was found but due to its erratic distribution no reliable tonnage could be defined above the 0.4 ozs/ton cut-off grade required. The deposit was found to resemble Nickel Plate ores i.e. disseminated massive arsenopyrite in garnetiferous skarn but the arsenopyrite appeared to carry less gold at the Canty. The underground development was under the direction of Victor Dolmage, of Hedley Mascot fame, who in 1946 concluded that the structural controls were never worked out but the strength of the zone was such that the property deserved exhaustive investigation. Nothing much further was done however until 1980-82 when Good Hope Resources carried out diamond and percussion drilling.

Evaluation of all the previous work is possible only within restricted limits because of:

- absence of pre-1980 drill core
- incompleteness of old records
- erratic and diversity of dip and azimuth of much of the drilling
- use of percussion drilling mixed with diamond drilling in recent work
- incomplete sampling of drill core in pre-1980 period
- erratic nature of the mineralization

In their evaluation, Campbell Resources compiled a set of sections including all the underground holes, most of which were short. After projecting and/or rotating divergent and off-section holes on to parallel sections it became impossible to correlate discrete ore shoots. Campbell's solution was to outline mineralized blocks, calculate the grade of the block by averaging all intersections within it, many of which were projected from off section and arriving at a "bulk-tonnage" and grade. Good Hope's approach is similar. Their most recent estimate above the 200 foot level is 362,000 tons grading 0.15 ozs/ton in a block 165 metres (540 feet) long, 12 metres (39 feet) wide to a depth of 63 metres (206 feet), one quarter to one third of which is deemed to be open pittable. Potential reserves are quoted at 750,000 tons of 0.1 ozs/ton or better.

The enclosed sections are ones we have constructed through each surface hole parallel to its true azimuth. The data on underground holes is incomplete and the ring pattern of diverging holes makes interpretation very difficult anyway. The sections are not parallel to each other so cannot be overlain but do show the true position of intersections of interest. The plan shows the vertical projections of the intersection and serve only to illustrate the distribution and trend of the mineralization. The true dip of the shoots and zone are unknown because the erratic drilling pattern and incompleted drilled sections prohibit the tracing of one intersection to another. The possibility of plunging, raking ore shoots seems not to have been contemplated by previous workers or the drill pattern would he different.

Attention is drawn to the following (see Canty Mine plan/sections)

1. In plan view erratic intersections define a zone 160 metres (525 feet long) by 30 metres (98 feet) wide trending ENE cut off along strike by only one or two dud holes.

2. The section through holes 81-7, 81-3 and 81-5 seems to define a zone averaging approximately 0.20 ozs/ton, with a true width of 25 metres (82 feet) dipping towards the NNW at about 60°. It probably outcrops below overburden to the SSE as vertical hole 81-5 hit it at only 12 metres (39 feet). The zone is open down dip but appears to thin out 15 metres to the Southwest and Northeast although more drilling is required to define the strike/dip and possible rake. Note too, that old holes 5 and 10 to the Northeast were drilled sub-parallel to the dip so could have missed the zone and 81-4 was vertical and might have clipped the footwall edge of the zone (it collared in 0.34 ozs/ton over 3.5 metres). Obviously more drilling in this direction is required.

3. The section through 81-1 and P207 (a percussion hole) also indicates a probably outcropping zone as the latter collared in 0.26 ozs/ton over 26.6 metres (87 feet) including 0.33 ozs/ton over 15.9 metres (52 feet).

   A zone dipping 70° to the NNW, 20 metres in true width is indicated with a grade of better than 0.20 ozs/ton. It could be open to the NNE or alternatively intersected in holes P202 and 81-2. The reliability of percussion holes must be questioned in all of these discussions.

   In conclusion, it is proposed that an extended grid be laid out over the whole Canty Zone and a detailed pattern of closely spaced surveyed holes be drilled on parallel sections, 15 metres or in cases 30 metres (49 feet and 98 feet) apart. On this basis a program of 3000 metres (9900 feet) of drilling could be justified.

   Our examination of the 1980-82 drill core revealed that the mineralized zone is hosted by fine grained, silicified, garnet-diopside skarn containing sparsley disseminated arsenopyrite and pyrrhotite.

C. Good Hope Mine

The deposits here were confined to a flat dipping series of stratified, altered limestones and tuff beds. Gold values occurred over 5 to 10 feet within 50 feet of surface in garnet-pyroxene skarn and was present as a telluride. No obvious possible extensions of the ore could be seen but the area is one of extensive overburden and a wide ranging magnetometer survey might be successful in finding more mineralized skarn.

The deposit is 4 miles South of the Canty in a window of Nickel Plate Formation in the Red Mountain Formation. As such it lies 3 Kms outside the "marble line" so has not been as intensively explored as properties in the heart of the camp.

D. Bradshaw Fault Block (Galena, Reno etc)

This block of claims straddles the Bradshaw Fault and occurs in the Northwest sector of the Hedley Mountain skarn zone i.e. within the marble line. Agio is drilling in the area at this time. Nothing much is known to us about these claims except that geologically and structurally they are well placed within the main camp and are worth serious exploration. They cover any Westward extension of the main productive zone, if it exists.

E. South Rim Block (Horsefly, Terrier etc)

This block straddles and adjoins the Southern and Southeastern sector of the main skarn zone and would cover the Southwestern extension of the main productive zone. We have little information at hand but the block is well placed and worth careful evaluation. Some drilling on the Horsefly Claim has been done by Good Hope Resources. The claim is adjoining Giant Mascot Resources Bulldog claim where recent drilling has indicated 50,000 grading 0.25 ozs/ton gold in non-arsenical ore not even sampled by previous workers. The showings drilled on the Horsefly are massive pyrrhotite-arsenopyrite pods in limey metasediments. Intersections of up to .50 ozs/ton gold

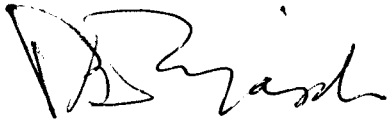
over 1.6 metres (5 feet) were obtained but no significant tonnage was outlined.

F. Oro Plata

This isolated claim covers the possible western extension of the Kingston Anticline West of the South Rim area of the main skarn complex. Nothing much is known of this claim.

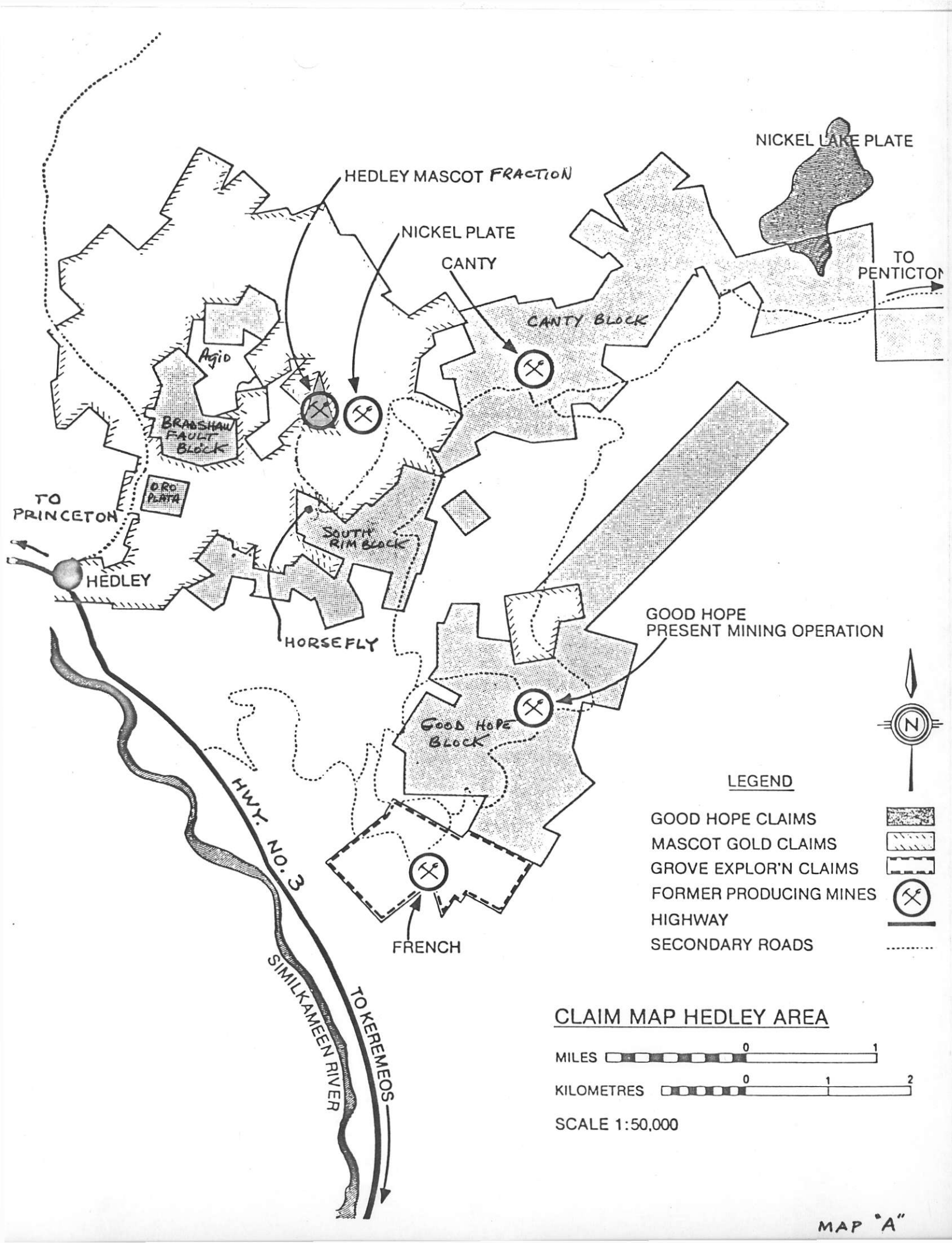
CONCLUSIONS

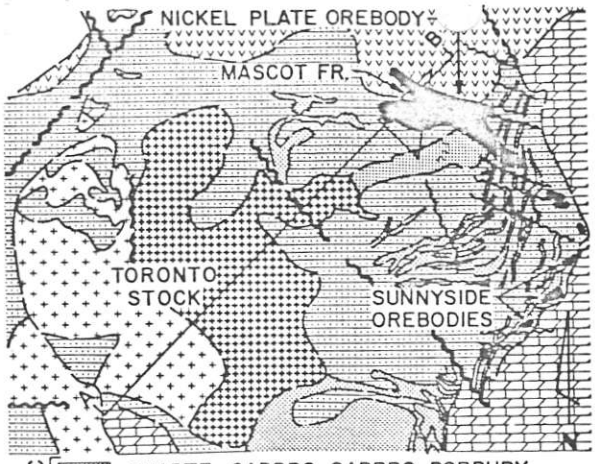
While Mascot Gold Mines hold the lion's share of the traditional main Hedley Camp, Good Hope has the second best land position and it is worth serious exploration. The Canty Mine is open to detailed drilling and would provide a good starting point for an exploration program on Good Hope's properties.



R. A. Dujardin
April 21, 1983

RAD/lk


NICKEL LAKE PLATE
HEDLEY MASCOT FRACTION
NICKEL PLATE
CANTY
TO PENTICTON
CANTY BLOCK
Agio
BRADSHAW FAULT BLOCK
ORO PLATA
TO PRINCETON
SOUTH RIM BLOCK
HEDLEY
HORSEFLY
GOOD HOPE
PRESENT MINING OPERATION
GOOD HOPE BLOCK
HWY. NO. 3
SIMILKAMEEN RIVER
TO KEREMEOS
FRENCH
N
LEGEND
GOOD HOPE CLAIMS
MASCOT GOLD CLAIMS
GROVE EXPLOR'N CLAIMS
FORMER PRODUCING MINES
HIGHWAY
SECONDARY ROADS
CLAIM MAP HEDLEY AREA
MILES 0 1
KILOMETRES 0 1 2
SCALE 1:50,000
MAP "A"



M. TO U. JURASSIC
- QUARTZ - GABBRO, GABBRO, PORPHRY
- AUGITE - DIORITE
- QUARTZ - DIORITE, GRANODIORITE

TRIASSIC
- TUFF, BRECCIAS, MINOR SEDIMENTS
- SKARN
- LIMESTONE
- QUARTZITES, LIMESTONE, ARG. & TUFF

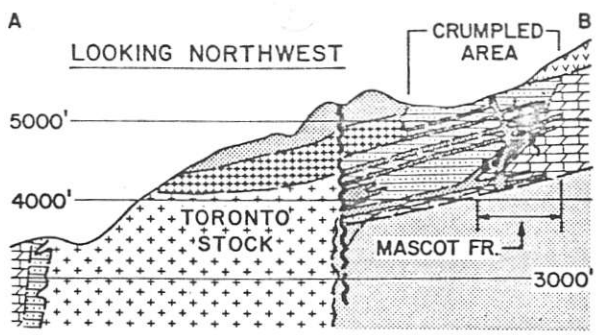
- MINERALIZATION

GEOLOGY
HEDLEY CAMP

SCALE 0 3000 FEET

AFTER DOLMAGE & BROWN, 1945

FIGURE 12. Geology of the Hedley Camp.



M. TO U. JURASSIC
- QUARTZ - GABBRO, GABBRO, PORPHRY
- AUGITE - DIORITE
- QUARTZ - DIORITE, GRANODIORITE

TRIASSIC
- TUFF, BRECCIAS, MINOR SEDIMENTS
- SKARN
- LIMESTONE
- QUARTZITES, LIMESTONE, ARG. & TUFF

- MINERALIZATION
- MARBLE LINE

CROSS SECTION A-B
HEDLEY CAMP

0 3000 FEET

AFTER DOLMAGE & BROWN, 1945

FIGURE 13. Cross section A-B, Hedley Camp.

MAP. "C"

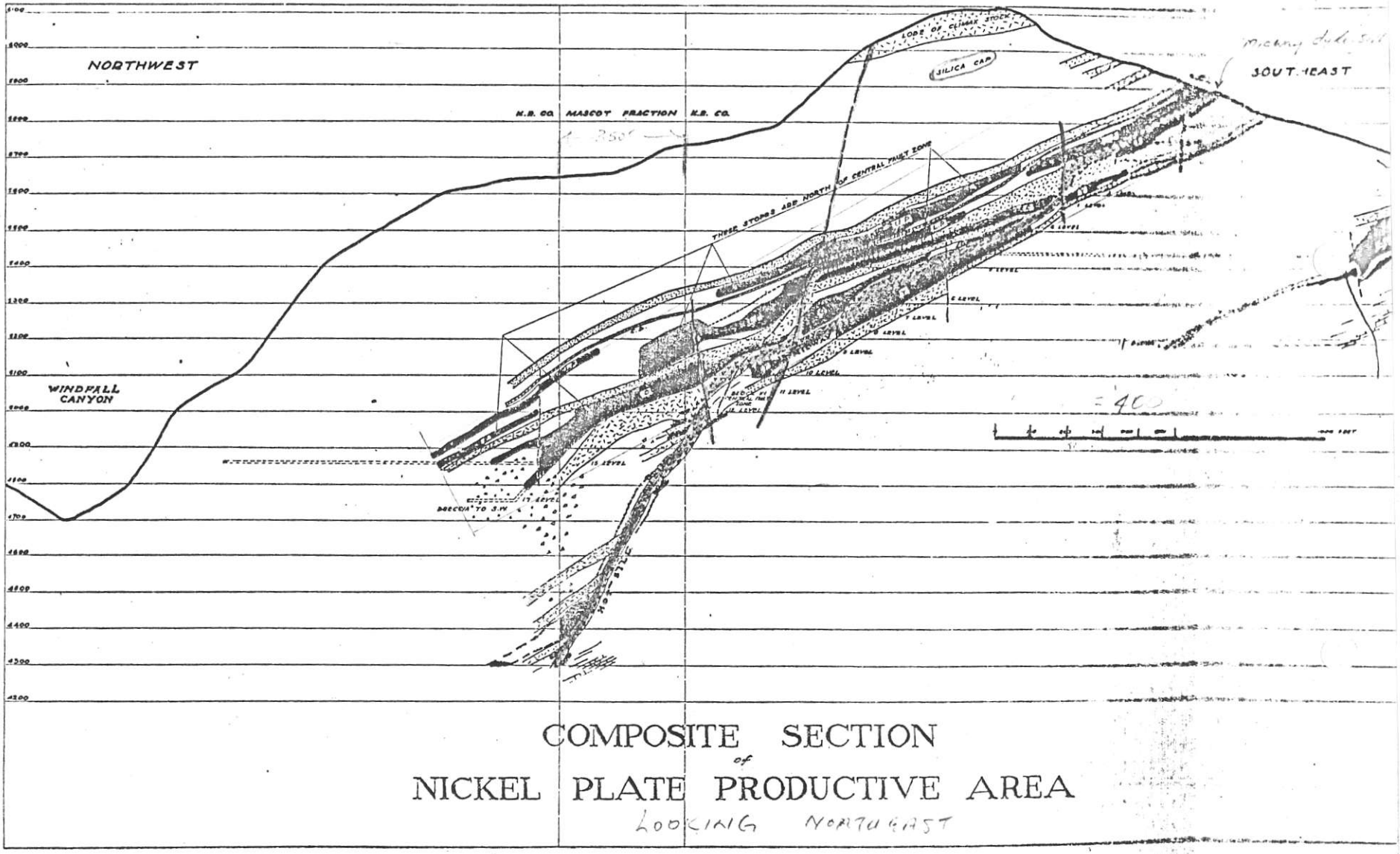


Figure 9.

MAP "D"