(4)

356

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EVALUATION

OF THE

SHERWOOD MINE

ALBERNI MINING DIVISION

VANCOUVER ISLAND, BRITISH COLUMBIA

by

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INTRODUCTION

The writers have assessed available data pertaining to previous exploration and development work on the Sherwood mine property at the headwaters of Drinkwater Creek, 45 km northwest of Port Alberni, British Columbia (the "Property").

The property, consisting of 19 contiguous Crown Granted mineral claims, contains the Sherwomd Gold Mine which was developed between 1940 and 1945, by more than 800 meters of drifting, crosscutting and raising on three main levels and two sub-levels. In 1942, W.J. Sherwood shipped 22 tons of ore to a smelter at Tacoma, Washington. Smelter receipts confirm an average grade of 111.49 grams/tonne gold and 197.14 grams/tonne silver. In 1985 and 1986 Casamiro reopened No. 7 and No. 3 levels.

Detailed underground sampling was carried out on behalf of the British Columbia Department of Mines by Dr. H. Sargent in 1940 (B.C. Department of Mines Bulletin No. 13,1941) and more recently by Casamiro Resource Corporation and one of the undersigned (R.T. Heard). There is good correlation between the various sample results and weighted averages of all results have been used in determining average gold and silver grades.

The report, "Evaluation Report on the Sherwood Gold Mine Area, Alberni Mining Division, Vancouver Island, British Columbia, for Casamiro Resource Corporation by R.T. Heard, P. Eng., December 1, 1986", summarizes all sampling results. This data provides the basis for this study.

Geological Setting

The Sherwood property is underlain by late Paleozoic Sicker Group volcanic and sedimentary rocks, intruded by swarms of granitic and basic dykes.

A strong, eest-northeast striking, steeply north dipping shear zone cuts the complex and extends 365 meters along strike to the northeast from the uppermost underground workings. The shear zone extends southwest to Drinkwater Creek. The principal Sherwood gold-silver quartz vein is hosted in this shear zone.

Other mineralized structures on the claims include the No. 1 and 2 P.D.Q. veins 1.5 km east of the Sherwood vein. No. 1 P.D.Q. vein strikes north-northeast and was traced in open cuts over a 700 meter strike length. The northernmost 100 meters of exposed strike length has reported better mineralization over 0.15 - 0.50 metre widths. Sampling by Sargent (1941) yielded values of 63 grams gold per tonne and 89 grams silver per tonne over 0.46 metres.

No. 2 P.D.Q. vein, parallel to and 300 metres south of the No. 1 vein, is exposed in open cuts over 100 metres of strike length. Several samples collected by Sargent (1941) included one over 0.38 metres which assayed 32.8 grams gold per tonne and 144.0 grams silver per tonne.

Evaluation of the Sherwood Vein

From examinations of the extensive underground workings (R.T.Heard) and from sampling of mineralized zones there is one and possibly two steeply plunging ore shoots which contain significant gold and silver values. These are ore shoots within the developed portion of the mine and no attempt has been made to postulate any reserves beyond the present workings along the strike of the vein.

In an attempt to qualify and quantify reserves, we have taken the ore shoot nearest to the exposed southwestern limits of the shear zone and assigned the following:

Assumptions:

1. Vertical range = 247 metres, from surface to the lowermost underground workings.

2. Strike length - is variable with the vertical point at which it is measured. We define this below in our calculations for each level.

3. Assigned average grade - these were obtained by calculating weighted average grades from all of the available assay values obtained by various authors. Again, these are defined below by level.

4. Discussion of assay values - the best assays from Level 1 yielded results up to 328.46 grams gold per tonne and 462.86 grams silver per tonne. Level 3 returned best results of 197.43 grams gold per tonne and 346.29 grams silver per tonne. This data points to a reduction in grade between levels, but this is an assumption only as the highest values obtained were from samples taken by W.S. Sherwood from the 5th level which returned an assay of 931.21 grams gold per tonne or in Imperial units 27.16 ounces per ton.

Level 1

When sampled by Sargent in 1940, much of the drift back was timbered, precluding sampling of much of the first 55 metres reported by Sherwood Mines as indicating commercial values over an average width of 1 metre.

Sargent collected 7 samples along a 19.2 metre section of untimbered back. Weighted average grades of these samples are:

Gold - 68.91 grams per tonne
Silver - 104.92 grams per tonne

Strike Length:	60 metres (56)
Average Width (Sherwood Mines):	1 metre
Vertical Range (surface to midway between No.'s 1 and 3 Levels):	66 metres
Specific Gravity:	2.8
Calculated Reserve: :	**11,088 tonnes**

Level 3

Twenty two samples, collected by Sargent in 1941, Heard and Casamiro in 1985 & 1986, over an exposed strike length of 80 metres were used to calculate weighted average values, which are:

Gold - 41.16 grams per tonne
Silver - 73.95 grams per tonne

Grades reported by Sherwood Mine in the early 1940's were greater than those for the No. 1 Level but were over a lesser width. Therefore, in view of the lower grades indicated by available sample results, an average width of 1 metre is assumed.

Strike Length	:	80 metres
Average Width	:	1 metre
Vertical Range (Midway between No.'s 1 and 3 Levels to No. 7 Level)	:	181 meters
Specific Gravity:		2.8
Calculated Reserve:		**40,544 tonnes**

Value of Geological Reserves

Weighted Average Grade:	Gold - 47.12 grams per tonne Silver - 80.60 grams per tonne
Inferred tonnage:	51,632 tonnes
Imperial Units:	56,914 tons, grading
	Gold - 1.374 ounces per ton Silver - 2.351 ounces per ton

Based on the April 6, 1989, London Metal Exchange prices for gold at $384.20 U.S. per ounce and silver at $5.81 US per ounce, and the $U.S. to $Cdn. exchange rate of 1.205, the gross, in situ value of this inferred or geological reserve is:

$ 37,139,462

This estimate makes no allowance for exploration potential of the P.D.Q. veins or the good prospects for finding additional mineralized shoots along the Sherwood shear zone.

Value of Previous Work

Skoda International Mining Services were consulted as to mining costs to duplicate the present underground workings in terms of today's dollar value. They provided the following costs:

i.	Drifting and Crosscutting :	2580 ft. x $300/ft.	= $774,000
ii.	Raising :	270 ft. x $600/ft.	= $162,000
iii.	Portals & Dumps:	3 x $20,000 each	= $60,000
			$996,000

Future reclamation and restoration work may involve expenditures of $10,000 (value of bond posted by Casamiro).

Total Value of Sherwood Mine

Geological Reserves:	$37,139,462
Previous Work:	996,000
Reclamation:	10,000
	$38,145,462

Author's Disclaimer

Mr. Heard, throughout his report dated December, 1986, has stated repeatedly that reserves are purely subjective. His recommended program, costed at $1,050,000 Cdn. was designed to define and categorize these, but due to the Government of British Columbia's refusal to allow this program to be conducted, the reserves are still subjective. They will remain so until a very definitive engineering and geological evaluation is completed.

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