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GEOLOGICAL REPORT
ON
THE BEATRICE PROSPECT
LARDEAU CAMP
REVELSTOKE M.D., B.C.
FOR
DUNHILL RESOURCES BC INC.
BY
NELS VOLLO, P.ENG.
OCTOBER 26TH, 1987

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1.0 SUMMARY

The Beatrice Group is located in the Lardeau Mining Camp in Southeastern British Columbia. The prospect was discovered in the late 1990's and between 1900 and 1917 shipped 530t of ore, containing 1,400,000g of silver and 163,000kg of lead. Mineralization occurs as irregular veins in black, carbonaceous phyllites and grey "grits". The latter are probably rhyolitic ash flows and suggest a volcanic environment. A prominent silver soil anomaly, about 100m wide, trends southeasterly from the showings over a distance of 1000m. Two holes were drilled on this anomaly in 1980 but did not adequately test it. It is recommended that the property be geologically mapped and the grid be re-established and extended to the southeast. The geochemical anomaly should be re-established and the survey extended along strike to the southeast. Geochemical highs should be tested by geophysical methods and promising targets trenched or drilled.

2.0 INTRODUCTION

The writer was retained by Dunhill Resources BC Inc. to compile a Geological Report on the Beatrice Group. The property was examined on October 9th and this report is based on this examination and on a review of previous reports, government records and other available data on the Beatrice Group.

3.0 LOCATION AND ACCESS

The Beatrice Group is located in southeastern British Columbia, 55km southeast of Revelstoke. It is near the north end of the Lardeau mining camp, and is in NTS quadrangle 82K/12E. It can be reached by good logging roads from the end of pavement at Beaton Creek, to the old townsite of Camborne, then by about 15km of steep 4x4 road up Poole and Mohawk creeks to the workings (Fig. 1).

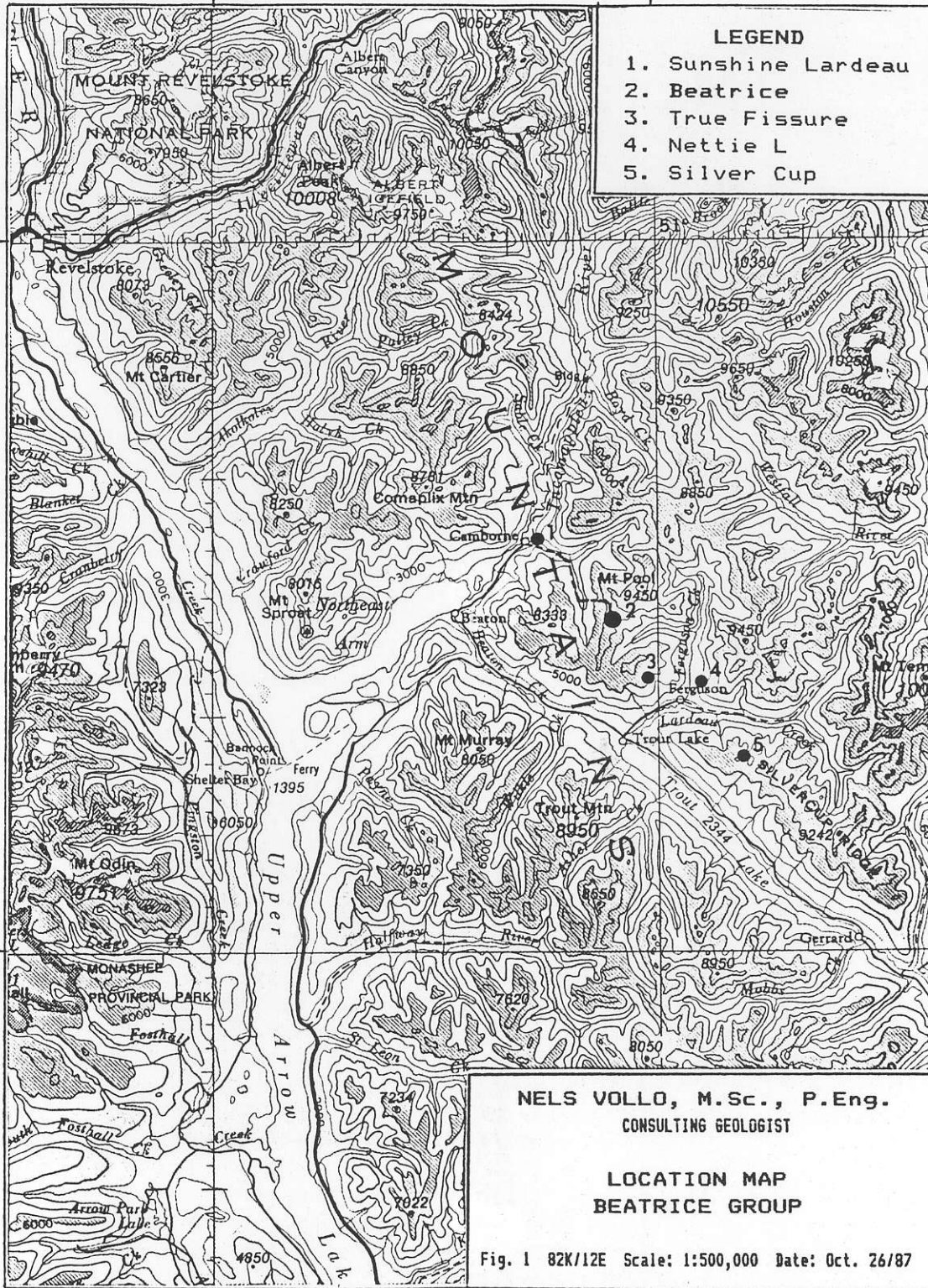
4.0 TOPOGRAPHY AND CLIMATE.

The property is in the Selkirk Mountains, with the Beatrice workings above 7000'. Most of the property is moderately rugged to rolling alpine, becoming heavily timbered to the southeast, below 6000'. Water is available from a few small alpine ponds.

Precipitation in the area is fairly high, in the order of 120cm annually. Snow can accumulate to depths exceeding 5m in the alpine and remains until July. The effective field season is from mid July to mid October.

118°00'

117°30'



51°00'

50°30'

N. Vollo

5.0 HISTORY AND PREVIOUS WORK

The Beatrice vein was discovered about 1898 and between 1900 and 1917 was developed by three adits, a sublevel and raises totalling more than 600m. 531t of ore were cobbled and shipped, containing 1,412kg of silver and 163t of lead¹. With the exception of a small underhand stope, mining was all above the 1st level and from the Beatrice glory hole above it. High lead ore was apparently hand cobbled in the stopes with high zinc ore and waste left as fill.

The Beatrice Mining Co. rehabilitated the trail and adits in 1954 and did minor roadwork in 1957-58. Dakota Silver Mines built a tractor road and rehabilitated the workings in 1964 and did a small amount of raising in 1965².

A geochemical soil survey was done for Arch Mining & Milling in 1978³. Taseko Mines improved the road to the #1 adit to 4x4 status and drilled 5 holes totalling about 300m in 1980.

410t of dump material from the the #1 adit was shipped to the David Minerals mill at Ainsworth by Wayne Tyner in 1984. The property has been dormant since.

6.0 PROPERTY

The property consists of two Crown Grants, four reverted Crown Grants and one 16 unit MGS claim, as follows:

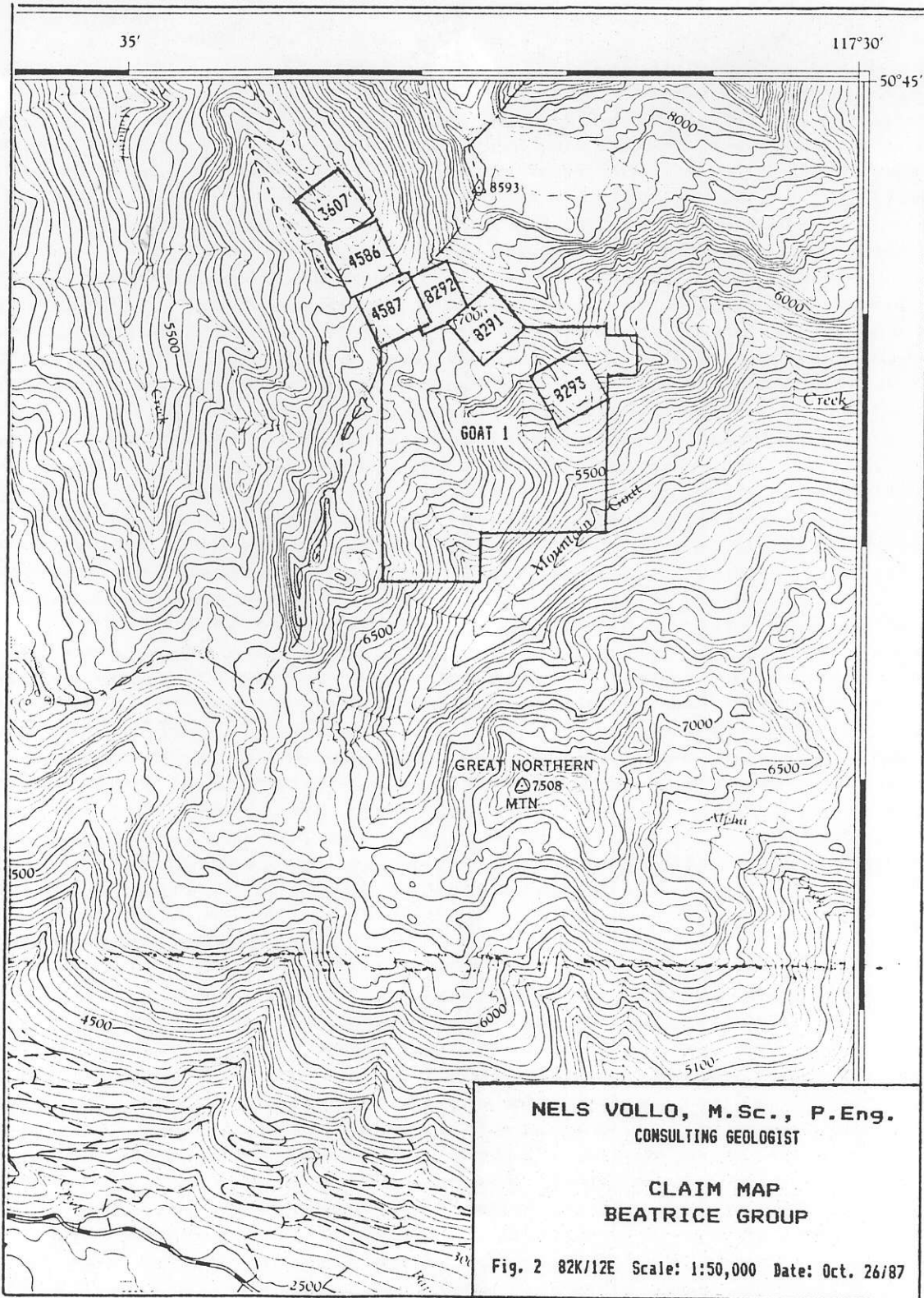
NAME	LOT NO.	RECORD NO.	UNITS	EXPIRY
Beatrice C.G	4586			
Folsom C.G.	4587			
Donaldo,	3607	11306		Feb. 6/88
Maymie Mack	8291	11307		" "
Mina R	8292	11308		" "
Iron Mask	8293	11309		" "
Goat 1		1022	16	Aug. 16/88

All are in the Revelstoke M.D. and are held by E. Empey. A cairn purported to be the LCP for the Goat 1 claim was found by the writer, but contained no tags or identification (Fig. 2).

7.0 GEOLOGY AND MINERALIZATION

The Beatrice prospect is at the northwest end of the Lardeau Camp, the most northwesterly of a series of silver-lead-zinc camps in the Kootenay Arc. Nearby mines (Fig.1) have produced 37kg of gold, 53,500kg of silver, 10,500t of lead and 11,500t of zinc.

The writer examined outcrops in the vicinity of the glory hole and #1 adit and for several hundred metres to the southeast. The #1 adit, in poor condition, was entered as was the Beatrice vein stope above. Chip samples were taken from the adit walls to determine the mineral content of the wall rocks, if any.



Nels Vollo

The Beatrice prospect is within the Broadview formation of the Lardeau group. It consists of "grits", black phyllites and pyroclastics⁴. The "grits" are composed of abundant smoky grey to black quartz eyes, up to 3mm in size, in a feldspathic matrix. They are probably rhyolitic ash flows or ignimbrites, rather than sediments. This would suggest a much higher volcanic component in the Broadview formation than was previously believed.

The Beatrice is on the east limb of the Finkle Creek syncline which strikes northwest and is overturned to the southwest⁵. The formations strike northwest and dip steeply east. However, in the vicinity of the Beatrice glory hole and #1 adit, quartz eye rhyolite strikes westerly and dips north, overlying black, graphitic phyllites, which in turn appear to overly a mass of thinly bedded white siliceous tuffite. The Beatrice vein, which strikes northeast and dips steeply south, appears to be located along the axial plane of a tight subsidiary fold. The "Main" vein, exposed in the #2 adit, not visited by the writer, strikes northwest and dips northeast⁶, in conformity with the host rocks. It is possible that the Beatrice vein is a sharply folded portion of the Main vein, but this can be determined only by detailed mapping.

The vein material is composed of fine grained galena, sphalerite and pyrite, and coarse pyrite, in quartz gangue. Widths appear to be less than one metre, judging from previous reports^{6,7}. The grade of the vein material may be quite high; the hand cobbled ore shipped in the early years contained more than 2700g/t of silver and 30% lead. Run of mine material would grade much less. 530t of dump material from the #1 adit, shipped in 1984 to the David Minerals Mill at Ainsworth, had a head grade of 365g/t of silver, 0.5g/t gold, 2% lead and 3.4% zinc. Values are confined to vein material; chip samples taken by the writer on wall rock in the #1 adit were barren.

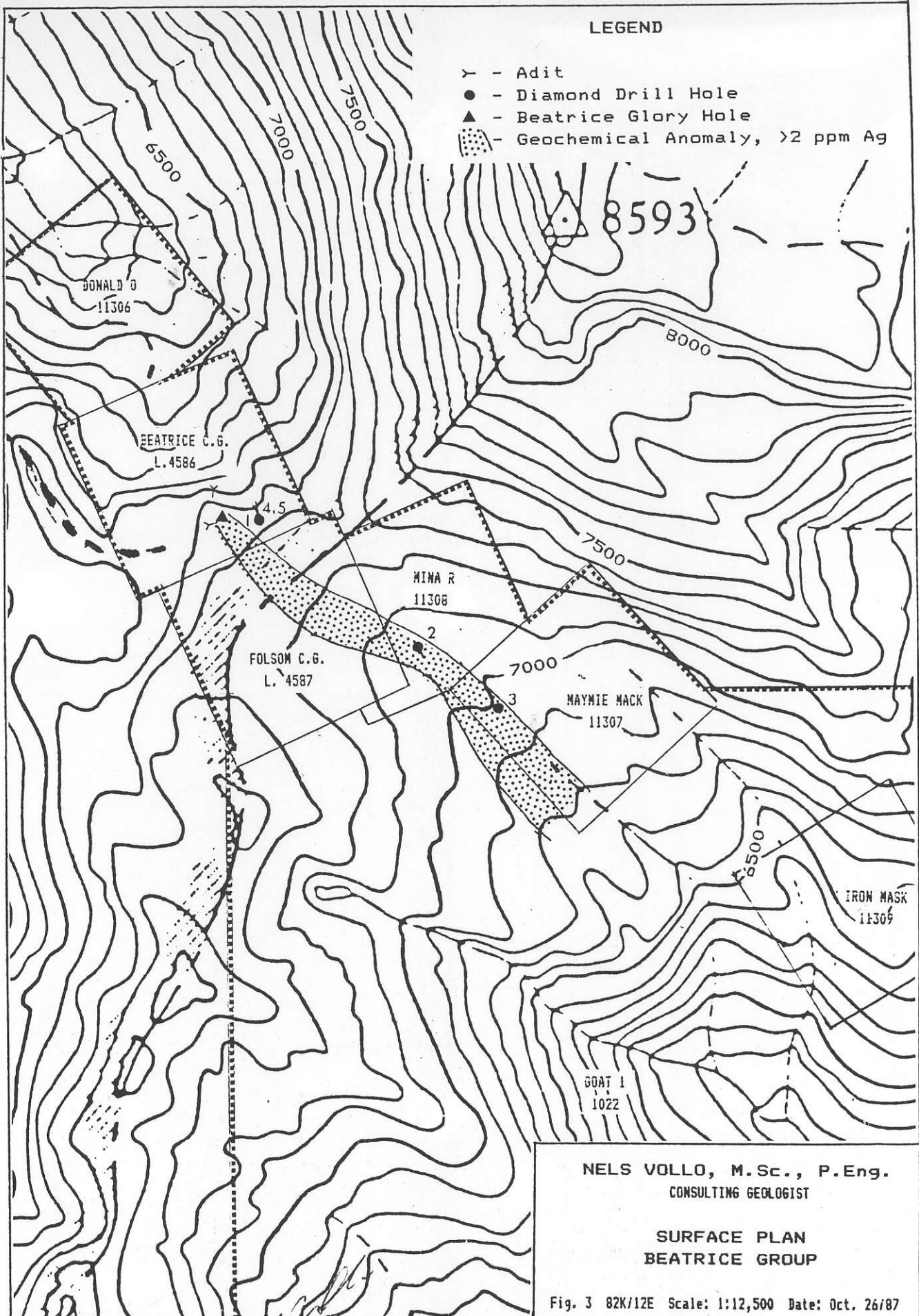
8.0 ECONOMIC POTENTIAL

B.C. Way⁷ estimated there to be about 1200T of ore in the Beatrice stope above the 1st level; 2000T in situ below the 1st level; about 800T of dump material, for a total of 4000T grading 28 oz/T "silver equivalent". Mining cost for this material would probably exceed the net smelter return.

The Beatrice group lies on trend between the True Fissure mine and Sunshine Lardeau's Spider mine, but has been relatively poorly explored by modern methods. A distinct silver soil anomaly, outlined by Ashton³ and Taseko Mines Limited, extends southeasterly from the Beatrice glory hole for 1200m (Fig. 4). Ashton reports anomalous zinc and lead associated with the silver, but the data on these elements has apparently been lost. Two holes were drilled by Taseko (Figs. 3,4), with negative results. Taseko also did some trenching at the time, according to field notes, but these trenches were not found by the writer.

LEGEND

- Y - Adit
- - Diamond Drill Hole
- ▲ - Beatrice Glory Hole
- ▨ - Geochemical Anomaly, >2 ppm Ag

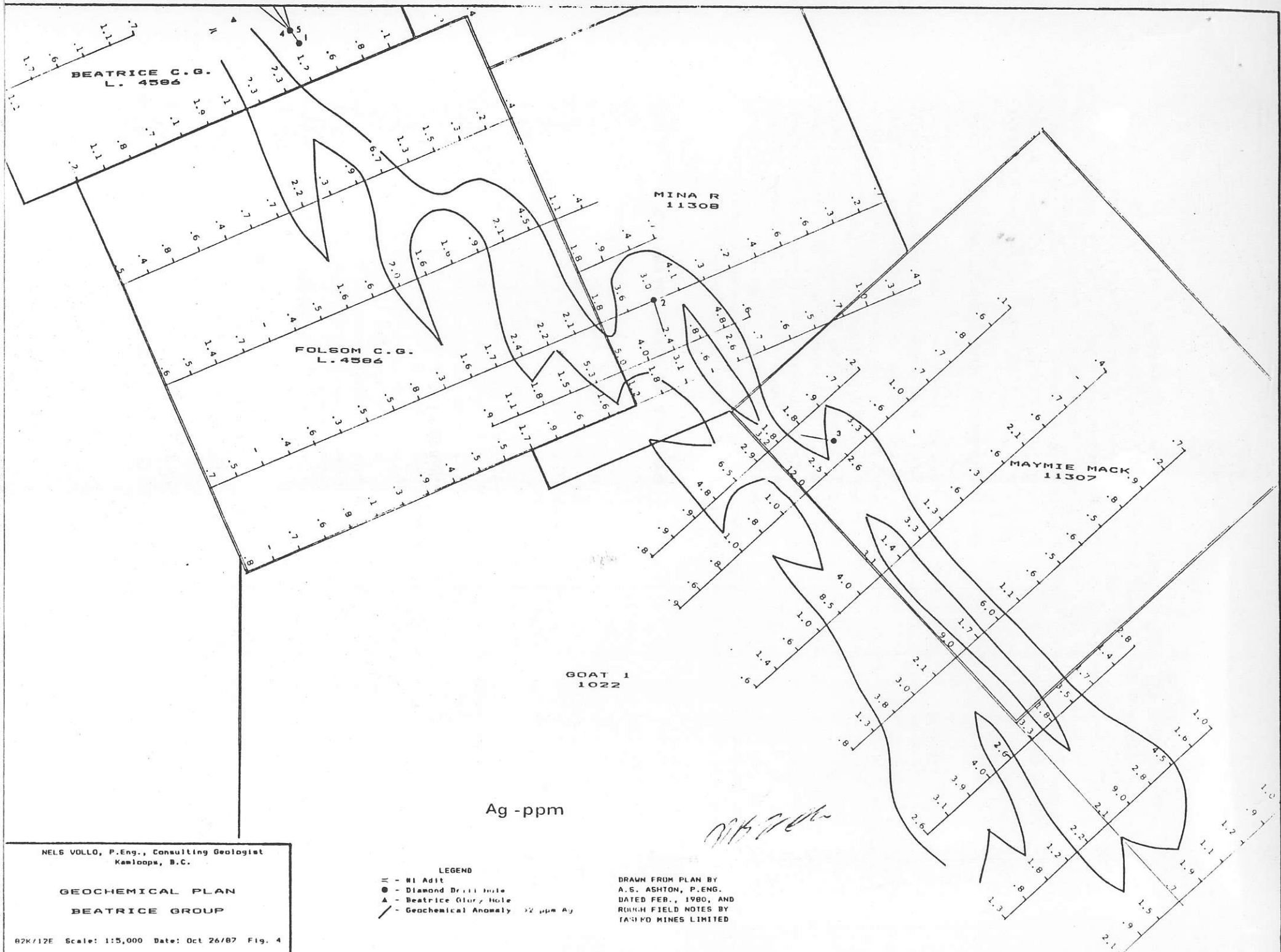


NELS VOLLO, M.Sc., P.Eng.
CONSULTING GEOLOGIST

SURFACE PLAN
BEATRICE GROUP

Fig. 3 82K/12E Scale: 1:12,500 Date: Oct. 26/87

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BEATRICE C.G.
L. 4584

MINA R
11308

FOLSOM C.G.
L. 4586

MAYMIE MACK
11307

GOAT 1
1022

Ag - ppm

Handwritten signature

NELS VOLLO, P.Eng., Consulting Geologist
Kamloops, B.C.

GEOCHEMICAL PLAN
BEATRICE GROUP

- LEGEND
- - NI Adit
 - - Diamond Drill Hole
 - ▲ - Beatrice Glory Hole
 - - Geochemical Anomaly 32 ppm Ag

DRAWN FROM PLAN BY
A.S. ASHTON, P.ENG.
DATED FEB., 1980, AND
ROUGH FIELD NOTES BY
TANFILD MINES LIMITED

The geochemical anomaly lies down ice from the glory hole area, according to the Glacial Map of Canada, and may be the result of glacial dispersion. However, it also lies on the Spider-Beatrice-True Fissure trend line and therefore should not be discounted prematurely. The anomaly trends upslope from the glory hole area, crosses a divide (Fig. 3), then trends down slope towards the True Fissure zone. It cannot therefore be discounted as a drainage anomaly.

9.0 CONCLUSIONS AND RECOMMENDATIONS

The Beatrice group lies on a trend between two former producers of good grade silver-lead-zinc ore. A distinct silver soil anomaly occurs along this trend and could possibly indicate new deposits, which should be explored for. A good topographic base map should be prepared, the property should be geologically mapped and the soil survey should be relocated and extended. VLF and magnetic surveys should be done. The conductance of the graphitic argillites may preclude use of electromagnetic methods. In this case, Phase Induced Polarization, or an equivalent method, should be tested. Coincident geochemical and geophysical anomalies should be trenched. Mineral showings or anomalies developed by this program should be diamond drilled as required.


10.0 ESTIMATED COST OF PROGRAM

Phase I

Base map preparation	\$ 5,000
Camp establishment, maintenance	10,000
Control surveying, 5 days @ 500	2,500
Grid chaining, cutting, 25km @ \$150	3,750
Geological mapping, supervision, 15 days @ \$500	7,500
Soil sampling, 1000 @ \$5.00	5,000
Geochemical analysis, 1000 @ \$6.00	6,000
VLF, magnetic surveys, 25km @ \$200	5,000
Phase IP survey, say 5km @ \$1,000	5,000
Trenching, backhoe or ripper, 40 hrs @ \$150	6,000
Plotting, draughting & reports	10,000
Contingencies, 10%	6,550
TOTAL	\$72,300

Phase II

Diamond drilling, say 1000m @ \$100/m overall	\$100,000
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Nels Vollo, P.Eng.
Oct. 26th, 1987

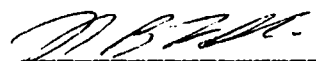
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2. B.C., MMAR 1954 to 1958, 1962, 1964 to 1965
3. Ashton, A.S., Geochemical Survey, Beatrice Mine, January 5, 1979.
4. Fyles, James T., and Eastwood, G.E.P., BCDM Bull. 45, Geology of the Ferguson Area, 1962
5. Read, P.B., GSC O.F. 432, Geology, Lardeau, West Half, 1976
6. Carter, N.C., Geological Report on the Beatrice Property, for Tyner Mining Corporation, Jan. 27, 1986
7. Way, B.C., Preliminary Mineral Inventory Report, June, 1987.

CERTIFICATE

I, Nels B. Vollo, do hereby certify that

1. I am a Consulting Geologist with my place of business at 1854 Russet Wynd, Kamloops, B.C., V2C 4N5. E74-4559
2. I am a graduate of the University of Saskatchewan, BA(Geol), in 1950, and of McGill University, MSc(Geol), in 1959.
3. I am a Registered Professional Engineer in good standing with the Association of Professional Engineers of British Columbia.
4. I am a Fellow of the Geological Association of Canada, and a Member of the Geological Society of America.
5. I have practised my profession for 37 years.
6. This report is based on my personal examination of the property on Oct. 9th, 1987, and on examination of previous reports and records.
7. I have no direct or indirect interest in the property or in Dunhill Resources BC Inc., nor do I expect to receive any.
8. Permission is granted to use this report in a statement of material facts or prospectus to be filed with a Canadian Securities or Exchange Commission provided that no material will be extracted out of context or used for other purposes.



N.B. Vollo, P.Eng.
October 26th, 1987