

EQUITY SILVER MINES LIMITED

90.01.05

MEMORANDUM

TO: ENGINEERING SUPERVISOR
FROM: EXPLORATION GEOLOGIST
RE: FIREWEED MINERAL PROPERTY

INTRODUCTION

This report attempts to analyze the existing diamond drill hole data for the Fireweed property and to assess objectively and independently some of the exploration potential. The data available for the study were summary lithologic drill logs and assay/ geochem values from 79 diamond drill holes; sketchy outlines of I.P. geophysical anomalies; and a report prepared by Fox Geological Consultants Ltd. for Placer-Dome Inc. on the geological reserves of the West Zone.

SUMMARY

The Fireweed property is a silver-zinc-lead and copper-gold exploration prospect of considerable potential. To date, two main mineralized zones have been discovered by diamond drilling along a 5 kilometre I.P. geophysical trend. The West Zone has drill indicated geological reserves of 434,000 tons grading 9.99 opt silver, 1.80% zinc, and 1.17% lead (Fox, 1989). The geologic setting is considered extremely favorable for the discovery of additional, potentially larger zones.

Apparently, many of the lower grade drill hole intersections have not been assayed and therefore the bulk tonnage potential of the property may have been overlooked.

Equity should attempt to negotiate an option agreement with Canadian-United Minerals Inc. for controlling interest in this property.

LOCATION AND ACCESS

The Fireweed project is located along the southwestern margin of Babine Lake approximately 70 kilometres north-northeast of the town of Houston. The terrain is generally flat to gently sloping with elevations ranging from 715 to 1,060 metres. Overburden cover is extensive in the area.

Access to the property is via a network of logging roads which branch off the publicly maintained Babine Lake Road at kilometre 58.

HISTORY AND CLAIM STATUS

The original Fireweed claims were staked in 1987 on the occurrence of weakly mineralized float and a zinc-manganese showing. Since then \$1.7 million has been spent on geological mapping, soil geochemistry surveys, geophysical surveys, and 14,000 metres of diamond drilling.

The property is currently comprised of 21 contiguous modified grid claims totalling 333 claim units. The property is 100% owned by Canadian-United Minerals Inc. subject to a 2% NSR royalty.

GEOLOGY

The Fireweed mineral deposits are hosted by a deltaic sequence of interbedded mudstones, siltstones, and fine to coarse grained sandstones belonging to the Kitsum Creek formation of the lower Cretaceous Skeena Group. This sequence lies within a graben structure that is surrounded by lower to middle Jurassic Hazelton Group volcanics and related sediments. The host rocks apparently strike slightly north of east and dip steeply to the south.

The Mesozoic assemblage is intruded by a porphyritic plug of Tertiary age and associated latite dykes.

WEST ZONE

In the West Zone, sulfides and sulfosalts occur mainly as fine grained disseminations of pyrite, sphalerite, galena, minor tetrahedrite, and ruby silver minerals in the matrix of coarse grained sandstones with dominant cherty clasts. Sulfide-filled fractures and sulfide-matrix breccias occur in restricted zones within the finer grained clastic rocks. The genetic connection between these two modes is unknown but the breccia/ fracture system could have acted as a feeder for the disseminated mineralization.

The arcuate shape of the West Zone is probably due to drag along a northwesterly trending fault.

Fox calculated a geological reserve for this zone, based on fifty-two diamond drill holes, of 434,000 tons with grades of 9.99 opt silver, 1.80% zinc and 1.17% lead.

EAST ZONE

Breccia style copper-gold mineralization with erratic high grade zinc values is defined over a strike length of 550 metres by 15 diamond drill holes about 2 km east of the West Zone.

EXPLORATION POTENTIAL

- 1) Possible extensions of the West Zone (1600 Zone ?) zone on the southwest side of the fault have not been located.
- 2) It is apparent from the Canadian-United data that many low grade intersections were not sampled. The bulk tonnage potential of the West Zone should be investigated.
- 3) The margins of the I.P. anomaly east and west of the breccia are not adequately tested in the East Zone. The large size of the breccia zone makes this a very attractive target.
- 4) Rigorous geological x-sections should be prepared to help locate areas of potentially thick sandstone beds that may be related to growth faults that occurred during deltaic sedimentation.
- 5) The 3200 Zone has not been adequately drill tested.
- 6) The Far West Zone has not been drill tested.
- 7) I.P. is required to test the area between the East Zone and Babine Lake for additional targets.

PROPOSED WORK PROGRAMME

STAGE I

- 1) Establish adequate ground control and tie-in all existing drill holes.
- 2) Re-log selected drill holes and compile and interpret cross-sections paying particular attention to the location of possible growth faults.
- 3) Sample selected low-grade intervals from existing holes in the West Zone to evaluate the bulk tonnage potential.
- 4) Extend I.P. coverage eastward to Babine Lake.
- 5) Conduct a test program of overburden drilling over known mineralized zones.

The estimated cost of this program is \$100,000. The completion of this program with positive results would lead to a Stage II program of diamond drilling and/or more extensive overburden drilling on selected targets.

D.J. Hanson
Exploration Geologist

cc. Mine Manager
Mine Superintendent