Silver Queen #2

907573

NEW NADINA

PROGRESS REPORT 1981

New Nadina Explorations Ltd. has embarked on a successful exploration program on it's Owen Lake silver, gold, zinc property near Houston, B.C.

During the period, May of 1980 to September 1981, a program of deep overburden trenching, mine rehabilitation, surface and underground drilling, crosscutting, data compilation, construction of a 20 man camp and a mine plant capable of sustaining pre-production development mining was completed.

The results of this recent work have indicated a substantial tonnage of good grade silver, gold, lead and zinc mineralization. Assays ranging up to .37 oz./ton Au, 17.2 oz./ton silver and 18.5% zinc over a true width of 3.8′ were encountered. The gold assays were atomic absorption and checks by fire assaying showed an increase of 15%.

Management feels confident that enough ore is indicated to begin feasibility studies for the construction of a mill of no less than 300 tons per day.

The underground drilling program conducted during 1981 proved a panel of ore laying below the 2600′ level. This ore panel is 900′ in length, has 250′ of depth and is 5.0′ in width; containing grades of approximately 12.4 ounces per ton of silver, .21 oz. per ton gold, 1.26% lead and 10% zinc (see accompanying assays).

The zone tested is less than 20% of the known vein system. This vein was partially mined above the 2600′ elevation (by the Bradina Joint Venture) in the early seventies. Diamond drilling done by the previous operators has proven that the ore shoots go to at least 2000′ below the 2600′ level and continue along the mile of known continuous vein structure.

Surface diamond drilling conducted on the area to the south of the workings has established the presence of a new vein or an extension of the main vein. This vein is at least 1000′ in length, has 1500′ of depth and where drilled appears to be two feet in width. This vein was encountered in five drill holes, three of which were drilled by New Nadina and two by previous operators.

Trenching in 1980 extended the portal vein and established the presence of a suspected flat fault. This rich vein (5% Cu, 20 oz. per ton silver over 2.5′) has defied drill testing because of this flat fault.

Due to the many veins on the property management decided to concentrate on the best known area and on a vein composed of an ore type typical of the bulk of the mineralization on the property.

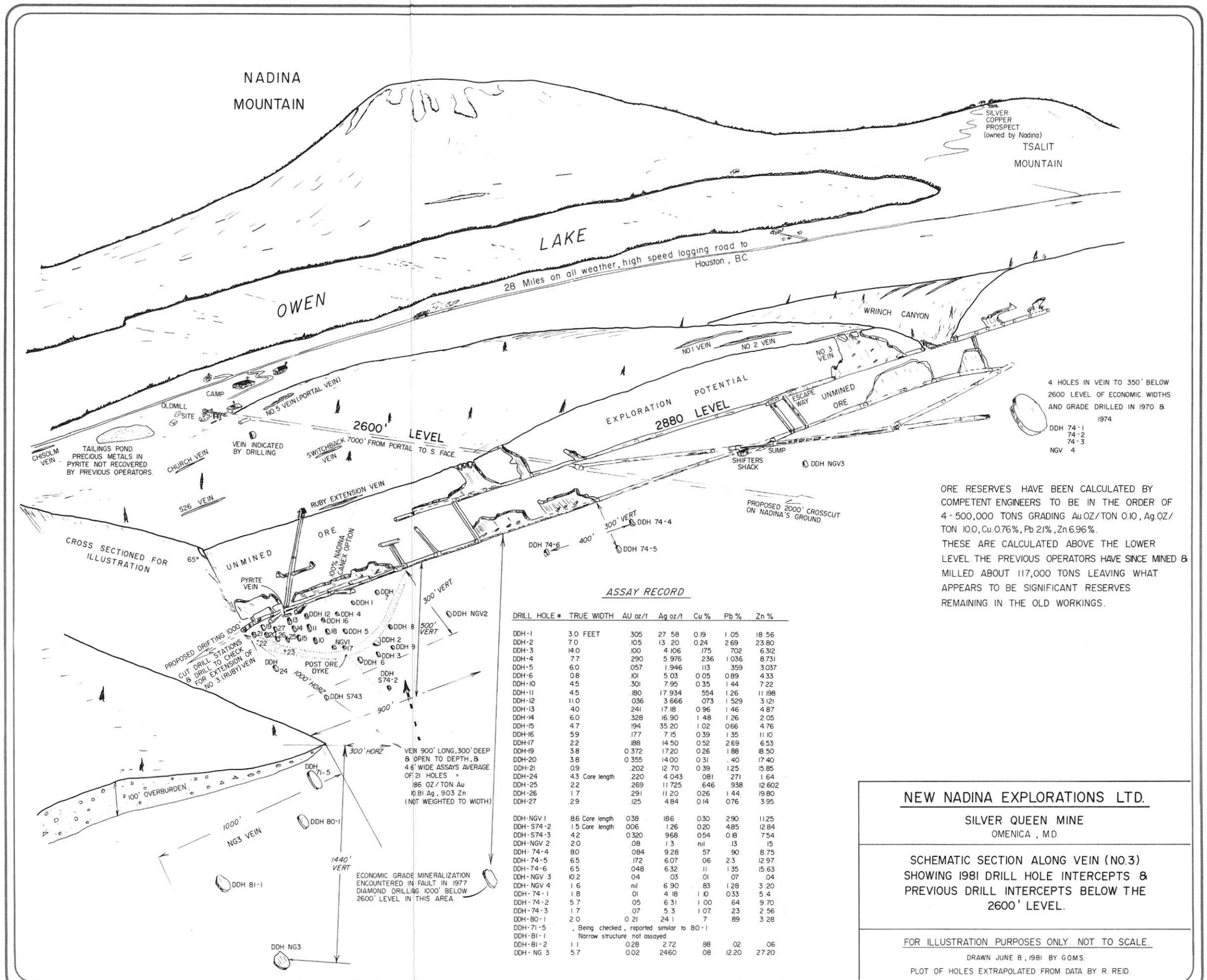
The body of mineralization lying 250′ below the 2600′ level has been drill proven and further testing below the 2600′ level will be limited to drifting from shaft stations.

It is proposed to test the vein lying to the south of the mine workings by underground development to establish reserves adequate to sustain a milling operation during shaft sinking and subsequent lateral development.

A further consideration in concentrating exploration and development in the south end of the property is the intense alteration of the wall rocks and the greater precious metal content of the mineralization found in this area.

This pervasive alteration found in these rocks is due to it's proximity to volcanic vents and associated hydrothermal activity. The major part of the altered zone is located beneath deep overburden. The added bonus of vein development in this area is the possibility of encountering a large tonnage proximal vent deposit similar to that operated by Placer Development at Houston, B.C. (Equity Silver).

Placer Development is the owner of some of the northern crown granted mineral claims on the Nadina property and Nadina holds these under a very favourable option agreement.



ORE RESERVES HAVE BEEN CALCULATED BY COMPETENT ENGINEERS TO BE IN THE ORDER OF 4 - 500,000 TONS GRADING Au.OZ/TON 0.10, Ag.OZ/TON 10.0, Cu. 0.76%, Pb 2.1%, Zn 6.96%.
THESE ARE CALCULATED ABOVE THE LOWER LEVEL THE PREVIOUS OPERATORS HAVE SINCE MINED & MILLED ABOUT 117,000 TONS LEAVING WHAT APPEARS TO BE SIGNIFICANT RESERVES REMAINING IN THE OLD WORKINGS.

ASSAY RECORD

DRILL HOLE #	TRUE WIDTH	AU oz/t	Ag oz/t	Cu %	Pb %	Zn %
DDH-1	3.0 FEET	305	27.58	0.19	1.05	18.56
DDH-2	7.0	105	13.20	0.24	2.69	23.80
DDH-3	14.0	100	4.106	175	702	6.312
DDH-4	7.7	290	5.976	236	1.036	8.731
DDH-5	6.0	057	1.946	113	359	3.037
DDH-6	0.8	101	5.03	0.05	0.89	4.33
DDH-10	4.5	301	7.95	0.35	1.44	7.22
DDH-11	4.5	180	17.934	554	1.26	11.198
DDH-12	11.0	036	3.666	073	1.529	3.121
DDH-13	4.0	241	17.18	0.96	1.46	4.87
DDH-14	6.0	328	16.90	1.48	1.26	2.05
DDH-15	4.7	194	35.20	1.02	0.66	4.76
DDH-16	5.9	177	7.15	0.39	1.35	11.10
DDH-17	2.2	188	14.50	0.52	2.69	6.53
DDH-19	3.8	0.372	17.20	0.26	1.88	18.50
DDH-20	3.8	0.355	14.00	0.31	.40	17.40
DDH-21	0.9	.202	12.70	0.39	1.25	15.85
DDH-24	4.3 Core length	.220	4.043	.081	271	1.64
DDH-25	2.2	269	11.725	.646	938	12.602
DDH-26	1.7	291	11.20	0.26	1.44	19.80
DDH-27	2.9	125	4.84	0.14	0.76	3.95
DDH-NGV 1	8.6 Core length	038	186	030	290	11.25
DDH-S74-2	1.5 Core length	006	1.26	0.20	4.85	12.84
DDH-S74-3	4.2	0.320	9.68	0.54	0.18	7.54
DDH-NGV 2	2.0	.08	1.3	nil	.13	.15
DDH-74-4	8.0	084	9.28	.57	90	8.75
DDH-74-5	6.5	172	6.07	06	2.3	12.97
DDH-74-6	6.5	048	6.32	11	1.35	15.63
DDH-NGV 3	10.2	04	03	01	07	04
DDH-NGV 4	1.6	nil	6.90	83	1.28	3.20
DDH-74-1	1.8	01	4.18	1.10	033	5.4
DDH-74-2	5.7	05	6.31	1.00	64	9.70
DDH-74-3	1.7	07	5.3	1.07	23	2.56
DDH-80-1	2.0	0.21	24.1	.7	89	3.28
DDH-71-5	. Being checked, reported similar to 80-1					
DDH-81-1	Narrow structure not assayed					
DDH-81-2	1.1	0.28	2.72	88	02	06
DDH-NG 3	5.7	0.02	2460	08	12.20	27.20

NEW NADINA EXPLORATIONS LTD.

SILVER QUEEN MINE
OMENICA, M.D.

SCHEMATIC SECTION ALONG VEIN (NO.3) SHOWING 1981 DRILL HOLE INTERCEPTS & PREVIOUS DRILL INTERCEPTS BELOW THE 2600' LEVEL.

FOR ILLUSTRATION PURPOSES ONLY NOT TO SCALE.

DRAWN JUNE 8, 1981 BY G.O.M.S.

PLOT OF HOLES EXTRAPOLATED FROM DATA BY R. REID

The property is surrounded on three sides by claims recently staked by Placer indicating explorationists interest in this large area of altered rocks.

The 1981 underground drilling has drill proven reserves in excess of 100,000 tons to 250' below the south end of the 2600' level and this ore shoot has been cored 1000' below the 2600' level, indicating further reserves to depth. The two northern ore shoots have been drill tested to 250' below the 2600' level and should contain similar tonnages with a slightly lower grade.

The previous operators had proven probable reserves of 450,000 tons of which 120,000 tons were mined leaving a significant tonnage still to be mined. The previous operations have left a tailings pond estimated to contain 100,000 tons of 15% barite, 2 oz./ton silver and .1 oz./ton gold.

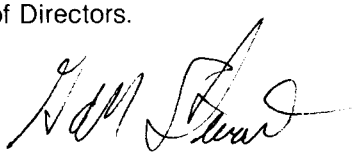
The surface drilling has indicated further potential to the south of the underground workings and numerous other veins have as yet untested potential.

In summary a vein mining operation with a minimum potential of 100,000 tons of mineralized material per 100' depth is indicated with a depth potential of at least 2000'. The grade indicated from past operations is .10 oz./ton gold, 10. oz./ton silver, .76% copper, 2.1% lead and 6.96% zinc, with additional credits in cadmium and barite.

Recent drilling by New Nadina has shown higher precious metal content than previous work, indicating that these altered vent areas are the best areas to pursue further development.

A tunnel from the south end of the 2600' level to establish drill stations will begin late in the fall of 1981. This program will be in conjunction with metallurgical and engineering studies related to shaft and mill construction and further mine development.

on Behalf of the Board of Directors.



George O.M. Stewart
Director

October 1, 1981

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SHARES LISTED
Vancouver Stock Exchange
Trading Symbol NNA

11 oz.; Ag. 6.46 oz.; Cu. 0.33%;
% over an average width of 6.5 feet.
el was postponed in favour of prov-
same vein on the lower level, 300
mately 500 feet from surface. To
t long averaging Au. 0.08 oz.; Ag.
.8%; and Zn. 7.9% over an average
er length of 620 feet approximately
ing Au. 0.19 oz.; Ag. 16 oz.; Cu.
n. 5.9% has been exposed by drift-
what seems to be the same type
yed. Drifting still continues south,
e-grade material.

raise started on the footwall of the
is locally about 10 feet wide con-
s vein is predominantly a lead zinc
contain considerable tonnage of
bined lead and zinc, it having been
r 1600 feet, development has been
nt due to the silver content aver-

n stripped on surface for approxi-
first 245 feet on the northwest end
ith assays averaging: Au. 0.07 oz.;
Pb. 0.3%; and Zn. 2.7%. Over the next 215 feet, assays averaged: Au. 0.21 oz.; Ag. 35 oz.; and Cu. 3.2% over a width of four feet. No underground work has yet been done on this vein, and due to its elevation in relation to the lower tunnel, future development will be done in conjunction with the Portal system of veins.

Number 1, 6 and 7 are good strong veins, averaging where stripped more than 4 feet in width, leaving little doubt that they will, when developed, add a considerable tonnage of mineable ore. Although no lengths have been shown on the Number 8 and the "Church", or Number 9 veins, which are separate from the four systems classified, they are considered very good prospects.

The Chisholm system of veins, while narrower than the others where exposed on surface, contain good silver values and will, in due time, be explored.

All assays quoted in this Annual Report are arithmetic averages of face samples and have not been weighted by taking into account sample widths. However, the majority of the assays indicated have been checked with bulk and muck samples.

While not definitely proven until raises between levels and surface have been completed, it now appears reasonable to assume that sufficient tonnage of ore is in sight to warrant production planning.