

CARIBOO GOLD QUARTZ MINE

INTRODUCTION

The Cariboo Gold Quartz Mine Property ("Property") consists of 63 crown granted mineral claims and fractions comprising 2,296 acres on Cow Mountain and Barkerville Mountain at Wells B.C. On October 3, 1994, International Wayside Gold Mines Ltd. entered into an option agreement with Mosquito Consolidated Gold Mines Ltd. specific to the Property. Terms of the agreement include the right to earn a 50% interest in the Property following a work commitment in the amount of \$1.5 million (Cdn) over a period of five years.

In addition to the optioned Property, Wayside has staked another contiguous 2,482 acres on Cow Mountain. Wayside holds a 100% interest in this claim group.

SITE GEOLOGY

The Property to date, has had identified the following mineral zones. They are the Tailings, No. 1, Rainbow, Sanders, Pinkerton, No. 6, No. 7, Butts and B.C. Vein. These Zones consist of Quartz-type, high grade pyrite type (Replacement ore) bodies that are associated with a series of North-South normal faults dipping to the east. Underground mining connected all the Zones. Of these Zones, the Sanders, Pinkerton, Butts and B.C. vein are known to project to surface.

MINING HISTORY

The Cariboo Gold Belt is a world class producer of gold. The Cariboo Gold Quartz mine, the Island Mountain mine, and the Mosquito Creek Gold mine produced a total of 1.23 million ounces of gold. Production was from a mineralized trend developed underground over a strike length of 3.5 miles, vertical range of 2000 feet and width of about 500 feet. Unexplored gaps exist within the plane of the developed trend. Two types of lode gold ore were mined at Wells. 75% of the gold was recovered from crosscutting, quartz-type vein ore with an average grade of 0.38 ounces gold per ton., the remainder was from Replacement ore with an average grade of 0.63 ounces gold per ton.

B.C. Mineral Statistics Annual Summary Tables show placer gold production for the Cariboo District amounted to 2,622,400 ounces to year-end 1985. Total production is probably closer to 3 million ounces of gold as discovery of placer gold in the Stanley-Wells-Bakerville gold fields dates from the 1860's and as production prior to 1874 was unrecorded.

The first indications of sustainable hard rock mining were not realized until the 1920's when A.E. Sanders located the Rainbow claims. Fred Wells purchased the Rainbow Group of Claims from A. E. Sanders and incorporated the Cariboo Gold Quartz Mining Company Ltd. in 1927. An adit was driven (1100 level) in 1927 from an elevation of

4,375 ft. to intersect the veins on the Rainbow Claims. These veins laid the basis for a mining operation of 50 - 60 TPD in 1933 to 100 TPD in 1935. Peak production of 350 TPD was reached in 1941.(40,000 ounces of gold annually).

During the period 1933 to 1959, the Cariboo Gold Mine (CGQ Mine) produced 626,755 oz of gold and 56,092 oz of silver from 1,681,951 tons of Qtz. type vein ore. A grade of 0.40 oz gold per ton was required to meet prewar production costs. A grade of 0.5 oz gold per ton was required to meet production costs at the time of closure. Such a high grade was required because of gold's fixed rate of \$35.00 US.

The CGQ Mine consists of 36 miles of underground development on 13 levels (900 to 2100 levels) between elevations of about 4,800 and 3,350 feet. The 1500 Level, main haulage extends 10,500 feet to the B.C. Shaft. Inclined raises from the 1500 Level and adits on the 1200 Level (4,300 feet) and 1000 Level (4,500 feet) provided access to upper levels of the mine. Three shafts sunk internally from the 1500 Level, the No 1 Shaft in the No. 1 Zone, No 2 Shaft in the Rainbow Zone and the No. 3 Shaft in the Sanders Zone accessed the lower levels. Mineralized zones were interconnected by underground workings by the late 1940's.

In 1940-41, the main haulage was extended 5,500 feet to the B.C. Vein at the southeast boundary. No exploration or development was carried out in this drift extension. It averages 20 feet in width but ranges to 42 feet in width.

In October 1942, gold mining was classified as a non-war industry by the Federal Government and received no priority for labour or supplies. As a result, gold mines in British Columbia were unable to hire replacement labour for the duration of the war. The mine operation never recovered from loss of revenue due to a 50% reduction in production and depletion of reserves due to no exploration drilling and minor development during this period. In 1944, the first Replacement ore was found by accident in the Rainbow Zone.

Post-war development was concentrated in the No. 1 and Tailings zones below the 1500 Level through the No. 1 Shaft, in the Rainbow Zone through the No. 2 Shaft and the No. 1-No. 2 shaft connection, in the Sanders Zone through the No. 3 Shaft and in the Pinkerton Zone. In 1948, the No. 1 Shaft was deepened to the 2100 Level and selective stoping of quartz-type ore resumed. A major Replacement ore body of 0.70 ounces gold per ton was discovered in the Tailings Zone in 1950.

The Cariboo Gold Quartz Mining Company purchased the adjacent Island Mountain Mine in 1954, and focused on development of higher quality Replacement ore on the Island Mountain Mine.

Production ceased on the CGQ Mine in 1959 in order that the Cariboo Gold Qtz. Mining Company could concentrate on other rich zones of Replacement ore grading .6 oz per ton gold or better located principally on Island Mountain Mine though connected

underground to the CGQ Mine. Grades of 0.402 oz per ton for Qtz. type ore and 0.699 oz per ton for Replacement type ore were still being mined at the time of closure in 1959 of CGQ Mine. Reserves of 115,010 tons of ore, including a 1952 reserve write down of 46,600 tons of 0.27 ounces gold per ton equaling 12,582 ounces of gold and an additional 68,410 tons at 0.37 ounces gold per ton equaling 25,311.7 ounces of gold existed at time of closure. The 1957 Annual Report (E.E. Mason, P. Eng.) figures include certain quantities also representing the six ore zones lying east of No. 1 Shaft, a distance of roughly 10,000 feet to the B.C. Shaft. They are not being worked, nor is any consideration being given to working them in the immediate future.

These are nominal quantities, not necessarily representative of the production possibilities of these zones. Rather can they be expected to resemble in productivity the three ore zones that have largely supplied the production of the last ten years and earlier. Ore grades and the major distances separating these from the active ore zones, however, render their development and exploitation impractical until an improved climate for gold production has evolved. In effect, mining has proceeded at a faster pace than replenishment.

It became clear from information gathered from the Cariboo Gold Quartz Mining Co. Annual Reports that the decision to close the CGQ Mine was based not on a lack of ore reserves, but, rather on the insistence of pursuing Replacement ore on the Island Mountain Mine. A higher average grade ore of 0.5182 oz/ton was mined from the neighbouring Island Mountain Mine which the C.G.Q. Mining Co. acquired prior to closure of the CGQ Mine. This grade was more favourable as opposed to 0.402 oz/ton at the CGQ Mine. In his annual report dated February 29, 1960, the consulting engineer, E.E. Mason, stated that the CGQ Mine closed because of exhaustion of ore structures developed in the tailings and No. 1 zone. In addition, Mr. Mason stated that development of new ore reserves within this region would require the deepening of the No. 1 shaft and 2000 ft lateral development on each level. The C.G.Q. Mining Co. was not capable of financing such an undertaking. The Cariboo Gold Quartz Mining Company continued operations until 1967 at the Island Mountain Mine. At today's market values, any expenditure would be quickly recovered as grades were upwards of 0.402 oz/ton.

OPEN PIT RESERVES

In 1980-81 development of open pit reserves of Qtz. type gold ore within the Sanders Zone was conducted by Wharf Reserves Ltd. Percussion and diamond drilling by Wharf Resources Ltd. reported 360,072 tons of probable reserves grading 0.131 oz/ton.

In 1984 Golder Associates (Consulting Geo-Technical & Mining Engineers) completed a report on Cariboo Gold Quartz Mine for Wharf Resources Limited. Based on the drilling program carried out by Wharf. The reserve calculations generated by Golder are shown in the attached table "Ore Reserve Summary-Cariboo Gold Quartz - Sanders Zone - by Golder Associates - June 1984". Please see Table 1.

In the conclusions of their report Golder Associates say:

".... The Wharf holdings in the Cariboo district of British Columbia have the potential for the development of up to several million tons of gold ore reserves which may be available for surface mining. If the surface project should prove viable, then the potential exists for the discovery and development of additional high grade orebodies, particularly of the massive sulphide replacement type, in the underground portions of the mine. The development of the underground reserve will probably be largely dependent on the success of the surface operation and on the cost of rehabilitation and development of the underground mine...."

Table 1. Golder Associates - June 1984 Ore Reserve Summary - Cariboo Gold Quartz.

Wharf Resources 1981 Annual Report, discloses that the company drilled three rotary drill holes into the tailings zone where an additional 2,927,246 tons of millable tailings grading at 0.04 ounces per ton or approximately 120,000 ounces of gold was identified.

In addition one of three rotary drill holes into the Rainbow Zone yielded a grade of 0.8 oz/ton gold over 42 feet.

Pan Orvana Resources Inc. in 1988-89, upon reviewing Wharf Resources data reported and completed a field study which upgraded the total probable ore reserves to 391,740 ton of probable reserves grading 0.146 oz/ton gold. The zone is open at depth. See table 2.

Table 2. Upgraded Ore Reserves - Sanders Zone Pan Orvana Resources Inc.

	Wharf 1	Pan Orvana 2	3	4
Tonnage (ton)	360,072	391,740	1,874,311	7,607,497
Grade (oz/ton)	0.13	0.146	0.092	0.026
Tonnage Factor (ton/ft ³)	0.083	0.078	0.078	0.078
Bench height (for assay composite, ft)	20.0	32.8	32.8	32.8
Cutoff grade (gm/ton)	0.33	0.32	0.016	0.0
Maximum pit depth (ft)	140.1	196.9		
Strip ratio (waste:ore)	2.4:1	2.5:1		

1. J.D. Taylor (1981), Scholz Minerals Engineering Inc., probable reserves, converted to imperial for comparison with Pan Orvana
2. A.A. Laird (1990), recalculated from data of Wharf
- 3,4. A.A. Laird (1990), global geological reserves, cases without confining pit boundary, calculated using polygons with 65.6 ft search radius on 32.8 ft benches.

Pan Orvana also test drilled the Rainbow Zone from surface and reported 0.586 oz/ton over 39.4 ft. and 0.451 oz/ton over 6.56 ft.

In addition, Pan Orvana also conducted percussion drilling in the B.C. Member southwest of the Pinkerton Zone to test gold anomalies within the Wells trend trenches. Previous trenching returned gold values as high as 1.21 oz/ton over 16.4 ft. The holes were drilled at 45 degree angles in such a way that they ended directly below the trenches. DDH 89-01 was drilled 303 ft. near the lower trench while DDH 89-02 was drilled 330 ft. near the

upper trench. Vein intersections assayed up to 0.035 oz/ton but recovery was poor. Rotary drilling should be conducted to better test these holes.

Upon upgrading the ore reserves, Pan Orvana Resources Inc. compiled all their data to calculate a statistical model (Table 3) of a producing open pit operation based on 1000 TPD using heap leaching as the principle recovery method. The model is based on a 75% recovery rate but, realistically recovery would be upwards of 90%.

Table 3. Pan Orvana Resources Ltd. open pit mine model.

Operating months per year	9
Operating days per year	230
Annual tons mined	253,585
Days sprinkling (8 months)	243
Tons waste mined	507,166
Pad grade (oz/ton)	0.128
Recovered grade (oz/ton @ 75%)	0.096
Recovered ounces/annum	22,200
Annual revenue @ \$350 gold price (US)	\$7.8 million(US)
	\$9.1 million(CAN)
Operating Costs per ton ore (CAN)	
Mining	7.70
Processing	4.40
General & administration	3.30
Total Unit Cost	15.44
Annual Operating Costs	\$3.22 million(CAN)
Operating Profit per Annum	\$5.88 million(CAN)
Pre-Production Capital Costs	\$9.00 million(CAN)

At present day gold prices and Canadian exchange rates, annual revenue would increase to \$12.0 million Canadian with an annual operating profit of almost \$8.8 million Canadian. These estimates clearly show that any capital cost investment could be recovered in less than two years. The capital cost will be recovered sooner with mill recovery at 90-95%.

EXPLORATION TARGETS

The Tailings Zone is located at the north end of Jack of Clubs Lake. Wharf Resources Ltd. drilled 3 rotary drill holes into the Tailings Zone in 1981, to confirm the existence of 2.9 million tons of millable tailings grading 0.04 oz/ton, some of which can be recovered.

The No. 1 Zone is located approximately 700 ft. southeast of the Tailings Zone. This zone was developed on the main adit level No.15 and on five successive levels below. No. 1 shaft was sunk to the 2000 level. Ore reserves below the 2000 level are known to exist but have not been developed due to high development costs. Future exploration below the 2000 level is warranted. Other mineral reserves are located in isolated locations mainly in stope pillars.

The Rainbow Zone may well project through to surface. Grades here during production exceeded 0.409 ounces per ton to January 31, 1948 from 12 to 20 level. This Zone produced 48% of the total tonnage mined and 54% of the gold. Results from Pan Orvana drilling on the Rainbow Zone encountered a section of strongly disseminated replacement type ore which ran 0.531oz/ton gold over 39.4 ft. This coincides with the plotted location of the high grade intersection encountered by Wharf Resources in 1980. Pan Orvana hole 89-04 returned gold values as high as .451 oz/ton gold over 6.56 feet. It is anticipated this zone projects through to surface, and will be of considerable value. An underground drill program and surface trenching is planned. Drilling will be conducted on the 1200 level and directed out to surface.

The Sanders Zone is located approximately 1000 ft southeast of the Rainbow Zone and projects through to surface. A great deal of exploration has been conducted to prove open pit reserves within this zone. The zone was originally developed from surface down to the 19 level. Exploration has been limited on the 18 and 19 levels but, existence of replacement type ore is possible as the zone is open to depth. Grades of 0.25 oz/ton exist within this zone.

The Pinkerton Zone projects to surface at an elevation of 4,500 feet within a few hundred feet of Lowhee Creek. Records show the existence of a zone of veining (27 vein) between the 12 and 15 levels within the Pinkerton Zone. This section of veining is known to project approximately 300 feet between the 15 main cross cut and the Lowhee Fault. A section of this vein graded at 0.21 oz/ton over 6.7 feet for 30 feet. Most of the 27 vein remains unexplored as the grade was considered to be too low during early years. Further exploration of this zone is warranted in order to prove this zone as well as any available ore reserves on or near surface. An underground ore reserve inventory for this zone was written off as too low grade. At the time, a grade of 0.27 ounces per ton was considered too low due to high operating costs. (1952 Annual Report)

The Butts Zone is located approximately 1000 feet southeast of the Pinkerton Zone and was partially developed between the 12 and 15 levels. Some drifting was done but no stoping. Exploration was not directed to the favourable area along the Lowhee Fault (Skerl 1948). A number of auriferous veins were mapped and sampled prior to 1948. A

zone of oxidized replacement ore assaying 1.34 oz/ton over 0.3 feet was returned at the Baker contact at the north end of the Butts Zone. Surface exploration should be focused on defining these replacement ores.

The No. 6 & No. 7 Zones are located within the Gold Finch Fault. The No. 6 and No. 7 Zones remain virtually undeveloped with the exception of the 1500 main haulage level which passes through on its way to the B.C. Vein. Several gold bearing veins were encountered in this zone, one of which assayed 0.28 oz/ton over 5 feet. Stoping suggests that it will be considerably larger (Skerl 1948). This zone is located approximately 600 feet below surface therefore requires underground exploration.

The B.C. Vein is located approximately 10,500 ft. southeast of the No. 1 Zone. It is accessed via the B.C. shaft and 1500 main haulage level. Two mineable quartz veins were intersected during the development of the 1500 haulage level in 1940. High grade ore showing visible gold was also encountered during sinking of the B.C. shaft. (Skerl 1948). The B.C. vein was exposed on surface for 2400 feet at an average width of 20 feet. The west end was found to pinch out but the east end was still showing at an average width of 20 feet. Deep overburden in the east end prevented further exposure of the B.C. vein. In 1947, an 800 foot long length of the B.C. vein surface showing was re-examined near the B.C. shaft. This included a 90' x 7' block containing 2.24 oz/ton gold, a 22' x 5' block containing 0.45 oz/ton gold, a 70' x 7' block containing 0.38 oz/ton gold, and a 75' x 8' block containing 0.51 oz/ton gold. The high assay grades for these zones warrants further exploration.

Exploration work on the surface showing should be conducted to further establish the B.C. vein. Surface trenching should be conducted to further define the east end of the B.C. vein. Diamond drilling should also be conducted to define the vein below surface.

PROPOSED EXPLORATION

International Wayside Gold Mines Ltd. would like to further prove the open pit potential of the Cariboo Gold Quartz property with the long term intention of using its production to help finance the exploration and development of the lower reaches of the underground workings.

International Wayside Gold Mines Ltd. is proposing an exploration program consisting of trenching and drilling on the Rainbow, Pinkerton and B.C. Zones. International Wayside has proposed spending \$100,000 on drilling/trenching in its initial exploration of targets. Please see table 4.

Table 4. Budget - Phase I Exploration Program, Cariboo Property

Item	Estimated Cost \$(C) thousands
Drilling/Trenching and Assaying	50.0
Road construction	3.0
Technical Support	16.0
Transportation	6.0
Accommodation	6.0
Communication	2.0
Reporting	4.0
Accounting	3.0
Reclamation	5.0
Contingency	5.0
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TOTAL	\$(C) 100.00