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To Whom It May Concern:

Re: Granite-Poorman Tailings, Nelson, B.C.

The writer has been requested to examine and comment on data supplied to him regarding the above situation. The data, in the form of an abbreviated report, was not signed.

The Granite-Poorman is one of British Columbia's oldest gold producers. Although operating from 1889 to 1954 the early portion of the operation (some 100,000 tons of underground material at an approximate grade of 0.35 ounces gold per ton) was crushed by using the old stamp mills. These stamp mills are notorious for giving poor milling results with the tailings receiving good gold values. The latter part of the mines life (1947 to 1954) saw cyanide leaching of the gold in the milling department; however, in the final years, mining was taken on by leasors who highgraded the underground and put this material through the mill with the subsequent loss of ore values into the tailings.

The samples taken by the present owners show good values to be present in the tailings. The firms General Testing Laboratories, Sando Industries, Rossbacher Laboratories and Min-En Laboratories are highly reputable metallurgical laboratories within the general Vancouver district. Bacon Donaldson Associates Ltd. of Vancouver are widely recognized as a thorough and reputable mineral dressing organization whose analysis carries a good amount of weight.

Although it is estimated that the tailings might be treated similar to a placer deposit, it is more than likely possible that a leach situation could be developed. The capital costs of both operations would tend to favour leaching.

The grade of the tailings from the assay sheets included in the data report is likely to be in the area of 0.035 to 0.045 ounces gold per ton. This grade is amenable to leach or sluice operations. Further metallurgical testing is recommended to determine the best process. It is also recommended that additional testing of the tailing deposit be undertaken to definitively tie down the grade of the pile.

Should the grade of the ore be 0.035 and a leach operation be advanced for the situation then recovery could be estimated at 85% for minimal costs of possibly \$5 per ton. At \$450 U.S. (\$600 Canadian) profits could be:

200,000 tons @ 0.035 @ 85% recovery @ \$600 Canadian less
200,000 tons @ \$5 ton = \$2.57 million possible profit.

Yours truly,

W.G. Hainsworth, P.Eng.