

Compare p. 5  
with p. 8

SUMMARY

*Bullish on gold reserves than the signed summary.  
Basically the figures are the same for reserves but the  
"formal" report calls for 50% recovery of probable  
reserves during development. Au. was taken at 300<sup>00/5</sup>  
and of course \$ figures can be equated to present values.*

The Sheep Creek camp ceased operations during World War II under conditions of The Emergency Wartime Measures Act. *N.F.H.*

800486  
82F/3E

Past production from the Kootenay-Belle property, which is part of the camp, is recorded as 277,000 short tons of ore averaging 0.393 oz. gold/ton. The mine was developed on ten levels. This does not include production from the Vancouver Vein which was an orphan in the Sheep Creek camp and consequently was not part of the larger producing properties. Production from a single underhand stope (gopher hole) was 350 tons to yield 960 oz. gold or an average of 2.74 ounces per ton. This location is now part of the property held by Crow Equities Ltd. It is in a strong structure which can be traced for a distance of approximately three thousand feet on the property. The westerly extension coincides with the Hideaway Vein which was productive on the former Sheep Creek property.

Extensive geochemical surveys, rehabilitation and limited sampling completed since the property was brought under one ownership in 1979 confirm an extensive block of ground favorable for development of mineable reserves in addition to probable reserves remaining in the present mine workings.

The Vancouver Vein, isolated from the main Kootenay-Belle workings, but easily accessible from developed adits, presents an unique capability for early return on investment while full development of the property is underway. An easily accessible block of ore with probable reserves of 7,575 tons and 7,870 oz. Au. may be mined in the first phase of proposed development and shipped to Trail for recovery. The estimated cost of this phase is Canadian \$400,000.00 for a probable gross return of Canadian \$2,951,250.00 at present exchange rates and gold valued at

SUMMARY (cont'd)

*37500 cdm*

U.S.\$300.00 per oz. Silver and other metals may contribute minor additional value.

During this initial phase detail investigation of the mine workings above 6 level and investigation of new targets on surface will also be undertaken. With development of precise geological information in this phase diamond drill investigation to fully explore potential both laterally and at depth will be undertaken in Phase II.

Successful conclusion of Phase II would lead to dewatering the mine below the 6th level and re-establishing production at a rate of approximately 300 tons per day.

Because of the uniquely favorable logistics which allow shipment to Trail for recovery the development phase can produce a meaningful cash flow. With careful guidance the property can be made self-sustaining throughout its development.

EXCERPT FROM G. RAYNER REPORT  
ON THE  
KOOTENAY-BELLE  
SALMO, B.C.

PROPERTY

The property consists of ten reverted Crown Granted claims held by location as follows:

Argyle	L.10155
Wolf	L.3856
Yosemite	L.3654
Sultana	L.9186
Hide Away	L.5625
Vancouver	L.10006
Rio Tinto	L.4640
Yosemite Fraction	L.10254
Batt Fraction	L.9187
Helena	L.9344

LOCATION AND ACCESS

The property is located in the Sheep Creek camp in southeastern British Columbia. The specific location is 49°08' North Latitude; 117°08' West Longitude. The closest commercial center is the town of Salmo some 10 km. by good gravel road to the west of the property. Salmo has a population of some two thousand people and supplies most basic services. The town is on the Great Northern Railway.

VANCOUVER VEIN

HISTORY

The location of the Vancouver Vein relative to the productive veins "A" and "B" of the former Kootenay-Belle property and the Hide Away Vein and Queen shaft of the former Sheep Creek Gold Mines is shown on the air photo interpretation accompanying this report. It is quite evident that in the earlier years of development the Vancouver location was an orphan. A small amount of development work was undertaken during the years

1932-34 by the owners at the time with notably good results. In 1934 the property was taken into Sheep Creek Gold Mines Ltd.

The exact chronological order of production from the Vancouver Vein is difficult to trace but it is noted in British Columbia Department of Mines, Bulletin No. 31, p.52, that the tonnage mined from the Vancouver Vein was 350 tons yielding 960 ounces gold or an average of 2.74 ounces per ton. (The grade is important relative to recent sampling noted below.) This early beginning production was, according to the records, completed in the period 1932 to 1937.

The Underground Plan of the Hide Away Adit and Section A-B offer factual data important to the concept here presented.

Section A-B presents the relative vertical positions of the early workings on the Vancouver Vein at elevation 4085 feet and the Hide Away Adit at 3518 feet undertaken by Sheep Creek Gold Mines. The section also notes that on the east face of the stope developed the values were as follows:

0/46 oz. Au./3.0 ft. in the hanging wall, 2.15 oz. Au./0.6 ft. and 3.86 oz. Au./0.6 ft. in the foot wall of the vein.

The western face is shown as 0.69 oz. Au./0.6 ft. and fines at the bottom of the drift, 2.01 oz. Au.

This information, together with the plan of the Hide Away are from the old Sheep Creek records.

The plan provides accurate information concerning the time in which developments were completed in a logical sequence to properly develop the Vancouver Vein. The dates on this plan

show that Station 111 was reached on November 16, 1938. From this point a drive to the southeast was undertaken and ended on June 1, 1939. The direction of further working then went north to Station 115 from whence it paralleled the workings at elevation 4085. The final date of work noted is September 1, 1939.

Two very important points emerge from this evidence:

- (i) The adit as developed and its change in direction northerly clearly put these workings in the foot wall of the Vancouver Vein. A continuation easterly from Station 114 would probably have been more successful.
- (ii) The time at which this work was stopped was shortly after the beginning of World War II when manpower and supply requirements commanded closure of nonessential mining operations. Indeed the continuing operation of the Sheep Creek camp was on a declining basis until eventual closure in '41 - '42. The Vancouver Vein was, therefore, a casualty of circumstances and not a lack of geological promise. The ambitious undertaking of developing the Hide Away Adit attests to the latter.

#### PRESENT

The former Kootenay-Belle property which produced 108,925 ounces gold from 277,000 tons of ore (0.393 oz./ton) (B.C. Bulletin 31, p.52) and a number of additional claims were again brought together under one ownership in 1979.

Extensive exploration work including soil geochemistry surveys were completed. In 1981, under an agreement with Crow Equities Ltd., rehabilitation of the workings was undertaken.

The results important to this report are the assay values obtained from sampling of the Vancouver Vein sector in 1981. The stope could not be entered because it is flooded.

The certificate of assay shows an arithmetic average, not including the single Trace amount, of 0.60 oz. Au. The results used in calculating probable reserves as shown on the plan accompanying this report average 0.736 oz. Au./ton over 2 feet. This indicates reasonable agreement with the value noted in the west wall of the stope (Section A-B).

Equally important is the value obtained from Sample VL-V-80 which is the most easterly location accessible in the adit. This returned 2.560 oz. Au./ton, which is in very close agreement with average value of 2.74 oz./ton obtained in early mining.

#### AIR PHOTO INTERPRETATION

The air photo interpretation accompanying this report shows the position of the Vancouver Vein relative to other former producing veins and its possible extensions.

From this it can be seen that the Vancouver Vein is an extension of the structure which hosted the Hide Away Vein on the Sheep Creek property. This structure continues eastward beyond the Vancouver adits where it appears to be displaced southerly by a north-south fault structure. The eastward extensions of this structure remain unexplored, but equally important, this structural interpretation clearly shows that the known sectors of the Vancouver Vein are part of a strong feature which has provided production in the past, i.e. from the Hide Away on Sheep Creek ground and minor tonnage but significant grade on the property now held.

Considering the location of the Vancouver relative to the Hide

Away and the approximate difference in elevations the suggested dip of the vein structure is approximately 60° south.

This is further evidence that the Hide Away Adit at its most easterly sector of development is in the foot wall of the Vancouver Vein as developed at the 4050 elevation.

CONCLUSIONS

The evidence clearly reveals that the rich sections of the Vancouver Vein developed in the early stages of the Sheep Creek camp is not an isolated occurrence. It is part of a strong structure which can be traced a distance of approximately 3000 feet on the present property, the easterly extension being interrupted by a north-south fault. The westerly extension coincides with the Hide Away Vein which was productive on the former Sheep Creek property.

From this evidence it is reasonable to extend the dimensions of the stope on the Vancouver Vein 100 feet eastward and 100 feet downward.

It is equally acceptable to extend the stope westward to a point 25 feet east of the adit entrance and downward to the same level below the existing stope.

On this basis the following tonnage and grades in easily accessible sectors of the Vancouver Vein as shown on Section are:

<u>Block</u>	<u>Dimension</u>	<u>Tons</u>	<u>Grade</u>	<u>Oz. Au.</u>
A	$\frac{30 \times 55 \times 2}{12}$	275	0.736	202.4
B	$\frac{(120 \times 55 \times 3) - (20 \times 20 \times 3)}{12}$	1550	1.187	1,839.8
C	$\frac{150 \times 100 \times 3}{12}$	3750	1.187	4,451.25
D	$\frac{80 \times 100 \times 3}{12}$	2000	0.69	1,380.0
	Total	7575		7,873.5

Grade used for Blocks B and C is based on assay values in the F.W., H.W. and vein. It disregards the much higher value obtained in previous mining; the higher reported value of fines and reduces mineable width from 4.2 feet to 3.0 feet.

Grade for Block D is based on the lower value previously reported. Mineable width is taken as 3.0 feet from past records and evidence in the adit.

Grade for Block A is taken from recent sampling results.

The unique location of the property and the siliceous character of the ore would allow this development ore to be shipped to Trail for smelting.

It is not the purpose of this report to suggest the above as a commercial production. Nor would the above reserves necessarily provide a totally profitable operation in the normal sense of mining. The above conclusions, however, do show that sufficient gold exists on this property to protect investors.

It is recommended that a drilling program be initiated to include 2000 feet in the first phase to explore the downward continuation of the Vancouver Vein. On the basis of these results, locate workings to gain access to the ore between the 3500 and 4000 ft. level.

The estimated cost of this program would be:

2000 ft. diamond drilling	\$ 60,000.00
Rehabilitate Hide Away Adit and Provide Track and Pipe	50,000.00
Raise 400 ft. @ \$425.00/ft.	170,000.00
Mining 1500 tons @ \$40.00/ton	60,000.00
Total	<u>\$340,000.00</u>



This program would concentrate directly on the most positive feature on this property on the basis of present information with the very pragmatic goal of gaining an early return from the property.

Surface mapping, sampling, and trenching together with investigation of accessible underground workings, at an estimated cost of \$60,000.00, would allow precise evaluation for the second phase of development directed at diamond drill evaluation of potential reserves both laterally and at depth.

In addition, historical notes locally gathered, which indicate ore above the six level may be quickly verified.