REPORT

ON THE

NICKEL PLATE PROPERTY

OSOYOOS MINING DIVISION HEDLEY, BRITISH COLUMBIA

FOR

MASCOT GOLD MINES LTD. 900 - 837 West Hastings Street Vancouver, B.C.

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	PAGE
SUMMARY RECOMMENDATIONS COST ESTIMATES	
INTRODUCTION	1
LOCATION AND ACCESS	2
PROPERTY	3
HISTORY	. 4
GEOLOGY	5
OREBODIES	7
PRODUCTION	9
RESERVES	10
EXPLORATION PROPOSAL	11
TARGET AREAS	12
METALLURGICAL TEST WORK	17
GEOCHEMICAL AND GEOPHYSICAL EXPLORATION	18
MAPS	
Figure 1 - Mineral Claim with Location Map (following page 3) Figure 2 - Areas of Exploration Interest (following page 11) Figure 3 - Silverside Bid Section (following page 16) Figure 4 - Silverside Bid Section (following page 16) Figure 5 - Sunnyside 250 Section (following page 16) Figure 6 - Sunnyside 250 Section (following page 16) Figure 7 - Northern Nickel Plate Section (following page 16) Figure 8 - Southern Nickel Plate Section (following page 16) Figure 9 - Sunnyside 1 Zone Section (following page 16) Figure 10 - Sunnyside 2 Zone Section (following page 16) Figure 11 - Sunnyside 3 Zone Section (following page 16)	

APPENDICES

Appendix A - Distribution of proposed Diamond Drilling Appendix B - Claim Standing Appendix C - Writer's Certificate Appendix D - Bibliographies Appendix E - 1984 Drill Intercepts

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Summary

The Nickel Plate mine is a former gold producer which was in near continuous operation for some 47 years before it was closed down as a result, in part, to operating cost increases in relation to a fixed gold price. During its operation 3,273,807 tons of ore grading 0.442 ounces of gold per ton and yielding 1,448,460 ounces of gold were produced from the three main ore systems, the Nickel Plate, Morning and Sunnyside. Development and production, which extended over a vertical depth of 1,700 feet (518 meters), was conducted by way of a series of inclined shafts for some 18 levels.

This report very briefly summarizes the work done to date on the Nickel Plate property of Mascot Gold Mines Limited ('Mascot") in the Osoyoos Mining Division, British Columbia since the commencement of a surface diamond drill program in late 1980 followed by an extensive underground drill program through the winter-spring of 1981-1982. In the summer-fall of 1982 a surface program of geologic mapping, surface trenching, sampling and a limited amount of surface and underground diamond drilling was undertaken to locate surface expressions of ore bodies and to obtain a greater understanding of the structures in areas previously known. In April 1984 the drill program was again reinstated with the dual purpose of locating additional mineralized bodies of economic value and expanding and enhancing the previously outlined areas of new ore.

Prior to present operations the surface diamond drilling, totalling 14,480 feet (4415 meters) in 97 holes, had concentrated in 2 main areas (Sunnyside 3-4 area and the immediate vicinity of the Nickel Plate glory hole) while the underground drilling aggregating 32,486 feet (9,904 meters) in 377 holes was done for a total drilling footage of 46,966 feet (14,319 meters). In combination with information available from previous operations (1908-1954) and the recent Mascot work (1979-1983), the writer estimated the geologic mineral reserves at 404,498 tons grading 0.292 ounces of gold per ton and 94,160 possible tons of 0.270 ounces of gold per ton above the 450 level, as of February 14, 1983.

The underground drill program was completed in June 1982 with the fall-winter surface reconnaissance phase completing the ongoing exploration program. This surface work located the new exciting Silverside zone, added dimensions to the known Sunnyside No. 1 zone and expanded the known information in the Bulldog No. 3 area.

The present drill schedule has been involved in the above mentioned areas and the egregiously expanding Sunnyside 250 zone. To the date of this report some 6,376 feet (1,944 meters) of drilling has been completed in 32 diamond drill holes on surface and underground.

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RECOMMENDATIONS

The principal exploration targets for increasing the mineral reserves and for upgrading them are in four areas adjoining the old Nickel Plate mine workings. These are the recently discovered Silverside area (above the high-grade and prolific Sunnyside 450 zone), the Sunnyside 250 zone, the Sunnyside No. 1 zone and the Bulldog No. 3. All of these areas require additional exploratory diamond drill holes to increase the tonnage plus fill-in holes to confirm the expanding tonnage and grade.

Other exploration possibilities abound within the property confines as outlined in the "Target Area" section of this report. A priority rating has been attached to the various targets but the drilling schedule need not be related to this approach. It is recommended that should initial testing of a target show less than desirable results that the zone be temporarily relinquished in favour of another target.

It is appreciated that in order to locate specific underground drill sites access will be required to these areas. Therefore exploratory drives to these localities are an integral part of the program.

Surface prospecting in the form of geochemistry and geophysical surveys will assist geological interpretation of specific or general areas. These surveys have been recommended to allow for the identification of more objective areas.

Metallurgical testing is an essential phase of an exploration program as the stage approaches for a production decision. This study can be lengthy and involved and should therefore be entered into at this point in time.

Consideration has been given to drilling from the 800 level to extend some of the known zones and to probe for additional new areas. To this end recommendations are made to rehabilitate the 450 and the 800 levels for eventual drilling.

It is recommended that surface and underground drilling be carried out to the extent of a total of 39,500 feet (12,042 meters) on a priority target rating of nine individual mineralized zones plus additional zones as they become apparent. It is additionally recommended that soil sampling coupled with geophysics be carried out over geologically selected areas in the on-going search for new targets.

To facilitate policy decisions at an early date, it is recommended that metallurgical testing be initiated during this program.

The writers' recommendations for continuing future work includes a concentrated approach involving some 39,500 feet (12,050 meters) of surface and underground drilling coupled with metallurgical work to assist possible future mill studies and certainly to assist in recognition of additional Sunnyside 250 zones, and surface programs of exploratory geophysical and geochemical nature. The cost of this program is estimated at \$3,560,000.

COST ESTIMATE

	DIAMOND	DRILLING
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39,500 feet (12,042 meters)	@ \$58.00 per foot (all inclusive)	\$2,291,000
EXPLORATION HEADINGS FOR DRI	ILL SITES	
Sunnyside 250 Zone 1,000 feet (304 meters)) @ \$400.00 per foot (all inclusive)	400,000
Silverside Zone 300 feet (92 meters) @	\$400.00 per foot (all inclusive)	120,000
450 and 800 Levels rehabilit	tation	225,000
I	Drilling Costs =	\$3,036,000
Metallurgical Test Work Geochemical and Geophysical	Surveys	50,000 150,000
(Contingency 10%	\$3,236,000 324,000
		\$3,560,000

INTRODUCTION

Mascot Gold Mines Limited ("Mascot") has been exploring the old Nickel Plate Mine at Hedley, British Columbia with an on-going program since January 1980. The estimated geological mineral reserves are approaching the point where pre-feasibility studies of the economical and environmental aspects of the project are warranted.

Since the inception of the undertaking, Mascot has rehabilitated several of the haulage levels (No. 4 Nickel Plate Portal and the No. 3 Bulldog Portal), the Dickson shaft, all above the 450 level, for the access of the exploration crews, carried out to date 14,480 feet (4,415 meters) of surface diamond drilling 32,486 feet (9,904 meters) of underground diamond drilling and completed 272 feet (83 meters) of exploration development work. This work resulted in the discovery of two new zones, the Sunnyside 250 and the Silverside, in addition to outlining new ore zones in close proximity to the old workings.

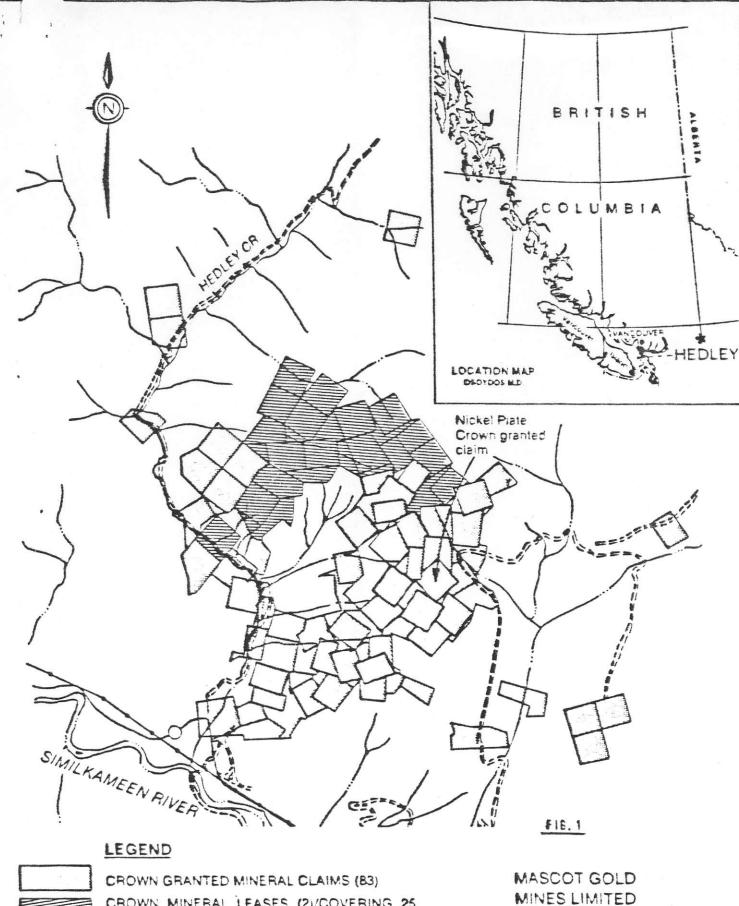
The closure of the Nickel Plate mine by Kelowna Exploration Company Ltd. in 1955 was variously attributed to the exhaustion of commercial grade ore reserves at the then prevailing gold prices, operating costs and labour difficulties. However available records make no specific references to the reason for closure.

LOCATION AND ACCESS

The Nickel Plate property of Mascot Gold Mines Limited is located some 250 kilometers (150 miles) east of Vancouver near Hedley, British Columbia, which is on the Southern Trans-Provincial Highway No. 3. The claims lie along the southern and western slopes of Nickel Plate mountain, some 3.5 kilometers (2 miles) to the northeast of Hedley.

The area is serviced by highway transport from Vancouver, the major supply centre and from Penticton, a growing service centre some 45 kilometers (28 miles) to the east and Princeton, 40 kilometers (25 miles) to the west.

Access to the property is by a 20 kilometer (12 mile) gravel road from Hedley that follows the southern and eastern slopes of Nickel Plate Mountain to the mine camp. The road continues some 5 kilometers (3 miles) to Nickel Plate Lake near the popular Apex ski resort. Apex is connected to Penticton by some 5 kilometers (3 miles) of well maintained gravel road and some 30 kilometers (18 1/2 miles) of black top road.





CROWN MINERAL LEASES (2)/COVERING 25 REVERTED CROWN GRANTED MINERAL CLAIMS

Three of the Crown granted mineral claims are outside this plan - two are to the north and one is to the east. Also three mineral claims held by location are outside this plan. MINERAL CLAIM PLAN

OSOYDOS MD

SCALE 1:50 000

DATE JUNE 1984

PROPERTY

The Mascot Nickel Plate property holdings consist of eighty-three Crown-granted mineral claims, three mineral claims held by location, two mineral leases, surface rights on fourteen Crown-granted claims and one land lot. In total the claims aggregate some 1,557 hectares (3,848 acres).

The claims which form a solid block save for a pie-shaped wedge in the north central area, lie along the south and west slopes of Nickel Plate Mountain between 920 and 1,860 meters (3,000 to 6,100 feet) in elevation. Refer to Figure 1.

The property is in the Osoyoos Mining Division of British Columbia, with its co-ordinates centering on north 49° 22' latitude and west 120° 02' longitude. Reference N.T.S 92H/8.

HISTORY

The history of the Hedley gold camp dates from August, 1897 when Peter Scott came in from the Slocan Silver Camp, British Columbia and located the "Rollo" claim. He was followed a year later by two experienced prospectors who among other claims located the Nickel Plate, Bulldog and Sunnyside. M. K. Rodgers, agent for Marcus Daly of Anaconda fame was attracted to the camp after viewing specimens. He then took what amounted to an option on the claims initiating development work in 1899. However Daly combined with New York interests to form the Yale Mining Company which operated the mine until 1909. Daly himself retained control over the milling operation through his Daly Reduction Company.

In 1909, when the mine lacking development exploration work appeared on the verge of closing, new interests brought the Hedley Gold Mining Company in as mine operators. Under Hedleys guidance the Dickson shaft was sunk and the known Sunnyside orebodies (Nos. 1, 2 3 and 4) were mined to exhaustion. However the company's lax attitude toward geological structures and interpretation resulted in its close down in 1930.

A well recognized geological engineer out of Denver, Paul Billingsley, with the backing of a New York group mapped and drilled the workings over a four year period. In 1934 a new company, the Kelowna Exploration Company Limited, was formed to operate the mine and continued to operate it until 1955.

A small fractional claim, the Mascot Fraction, was staked in the early 1900's by a local prospector who resisted all efforts to sell it. In 1935 a Vancouver group obtained the claim and formed Hedley Mascot Gold Mines Limited. Reserves on the tiny fraction were mined up to 1949, at which time the lack of ore forced the Company to close and sell the claim to interests other than the Kelowna Explorations Company Limited.

Various small junior organizations have been active in the area over the years, involved in the hunt for either copper or precious metals.

In 1979, the first involved rehabilitation and exploration program was organized by the present owners. Ongoing programs of varying intensity and financial backing have been carried out since.

GEOLOGY

In the Hedley area the oldest rocks are sediments of Mesozoic age that correlate with the Nicola group of the Triassic period. The Nicola formations were derived from an epoch of wide spread volcanism that flowed into a marine basin of great extent and depth resulting in the formation of argillite and limestone with some local fine-grained quartzites.

Strong pressure from the east and west caused folding of the sediments which in the Hedley area formed an asymetrical anticline striking north 15° to 20° east. This overturned fold whose axial plane dips steeply to the west displays a western limb dipping 15° to 40° to the west which is cut longitudinally by the flat dipping north-east striking Bradshaw Fault. This fault structure occupies Windfall Canyon through which Twenty Mile Creek flows.

Intrusion by early magmas produced a granitic core underlying the sediments. Outpourings of later basic magmas were responsible for several large areal plutons and extensive groups of dykes and sills.

The stratigraphic column in the Hedley area is depicted as follows:

Aberdeen - (Youngest) Sediments

Red Mountain - Volcanics

Nickel Plate - Top Bed - Kingston Limestones

- Middle Bed - Middle Member (Ore Section)

- Bottom Bed - Sunnyside Limestones

Red Top (Oldest) - Quartzites.

The Nickel Plate mine is a complex mixture of stratigraphy and structure which has produced three different sets of orebodies the Nickel Plates, the Sunnysides and the Mornings. The Bulldog ore is classified with the Sunnyside system.

Intrusives

Granodiorite
Diorite Gabbro - Toronto Stock & Climax Stock
Lamprophyre
Andesites Dykes.

The Nickel Plate formation has been subjected to alteration forming "skarn", a coarse aggregate of diopside, garnet, epidote, wollastonite plus the infused silica. A sharp demarcation skarn line referred to as the "Marble Line" marks the normally abrupt transition from variably altered to unaltered strata generally in the vicinity of the contact with the underlying unaltered Sunnyside limestones.

Exposure at the Nickel Plate has shown the existence of five ore controls. They are

- (a) Favourable beds.
- (b) Relationship to the Marble Line.
- (c) Presence of Sills and Dykes.
- (d) Folds and fractures.
- (e) Presence of arsenopyrite.

Any of the above controls present either individually or in conjunction with other influencing factors could establish economic mineralization.

Other minerals present are pyrite, pyrrhotite, chalcopyrite and minor amounts of cobalt.

OREBODIES

There are three general systems of gold bearing orebodies in the Nickel Plate area.

1. Nickel Plate Orebodies - This system is composed of a series of tabular gold bearing lenses that may be described as a set of overlapping shingles following the dip of the strata for a distance of 3,000 feet (900 meters) on a bearing of north 70° west. There are seven lenses from the surface each contained in a different skarn bed. For convenience, the previous operators identified the ore shoots or beds by a colour code. The system is associated with porphyry sills called "the mine sills" which are intrusive structures lying slightly discordant to the bedding planes.

The ore beds have been mined from the surface through to the 17th Level at elevation 4,750 feet (1,450 meters).

2. Morning Orebodies - This system of orebodies which are unlike the Nickel Plate orebodies in both structure and grade derives its name from the claim on which they were first identified.

Two of the better known porphyry structures, the Midway Sill and the Flange Dyke, combine at depth to form orebodies at their junction. The grade and persistence of the mineralization was related in most instances to the tight folding at these "crotches".

The Morning ore structures, because of their rich grades were thoroughly stoped above the 4,050 level and possibly below.

3. Sunnyside Orebodies - The surface expression of the Sunnysides were discovered early in the history of the mine and became the staple mill feed along with the near surface Nickel Plate orebodies.

The Sunnyside ore beds lie deep in the Middle formation and are closely related to indentations or keels in the Marble Line. They are moderately folded with the mineralization being confined to the apex and/or one limb of the fold. Their down dip expression is shallow.

The Sunnyside 450 like the others, is associated with mine sills, the principle one being the Flipper Sill. In addition, two dykes converging to the east form a loci with the sill where ore grade mineralization is generally formed.

The newly-discovered Silverside bed is a similar dyke-related ore structure which overlies the Sunnyside 450 zone and which has given some credence to the possibility of a comparable stacking of ore structures as the Nickel Plates.

The Sunnyside 250 zone is most unlike the other Sunnyside orebodies. It is not associated with perceptible arsenopyrite and, at present, has no recognizable ore controls. Its identification in core or surface

formations is difficult leading to an obvious question as to how many Sunnyside 250 zones have been overlooked in the past due to conformity to then accepted standards.

The Bulldog ore zones are similar to the Sunnysides in stratigraphy but lie further to the south and down the rake of the strata. Sills play a prominent part in the relationship of the distribution of the gold values.

PRODUCTION

A complete production record is not availabale for the Nickel Plate Mine. However the following tabulation has been compiled from miscellaneous records and memoranda.

Period	Company	Gold price per oz.	Mill rate per day in tons	Total tons	Grade oz. gold/ ton	Bullion ounces
1904-1909	Daly Reduction Company	\$20.67	100	166,987	.673	112,382
1909-1930	Hedley Gold Mining Co.	\$20.67	150	1,131,223	.4 92	557,693
1934-1955	Kelowna Mines, Hedley Ltd.	\$35.00	285	1,975,597	.394	778,385
				3,273,807	.442	1,448,460

Of interest is the location of the 1934-1955 Kelowna production:

Orebody	Tons	% Production	Grade oz. gold	% of total ounces
Nickel Plate Morning Sunnysides Bulldog	1,566,956 190,017 212,551 6,073	79.32 9.62 10.75 0.31	.300 .674 .833 .350	60.47 16.47 22.79 0.27
	1,975,597	100.00	0.394	100.00

It is apparent from the above table that exploration to locate similar orebodies to that of the Sunnysides is important.

RESERVES

The writer, working within standard engineering procedures, calculated a geological mineral reserve throughout the property above the 450 level in his report to management of February 14th, 1983. These reserves were graded into two categories - drill proven and possible. There has been insufficient development work undertaken to the present to classify any of the mineralization in the true category of "proven ore". The writer's breakdown of the mineral reserves was 404,498 drill proven tons at a grade of 0.292 ounces gold per ton and 94,160 possible tons of 0.270 ounces gold per ton. These reserves were further defined with a high grade category which totalled 242,600 tons having a weighted grade of 0.340 ounces gold per ton. No factors governing mining dilution or extraction had been applied to these figures as the program is preliminary and the mining mode has not been chosen.

Silver and copper values have not been included in the reserve summation as at the time of calculation the prices of these commodities were weak. In the Nickel Plate and Sunnyside ore zones, the silver values are generally in the order of 3 units of silver to 2 units of gold. However in specific areas (Copperfield adit, Bulldog No. 3 zone and the 820 stope) these metals become more significant from both an economical and metallurigical standpoint.

The results of the present 1984 drill program (32 holes) have been most encouraging. Refer to Appendix E. With the ongoing program it is not possible to allocate any further reserves at this time. This would be the subject of a separate ore reserve report once sufficient data becomes available.

1984 EXPLORATION PROGRAM PROPOSAL

Several excellent targets are presently available as a starting point for an exploration program of considerable scope.

In addition past operators have overlooked several potential areas thus leaving open situations available for extensive exploration.

The Nickel Plate beds have been mined to a considerable depth over a sizeable width. This fact has been paramount in generating the larger tonnages of the past production. It is appreciated that the size of the target dictates the grid pattern; the larger the target, as with the Nickel Plate beds, the greater can be the drill spacing.

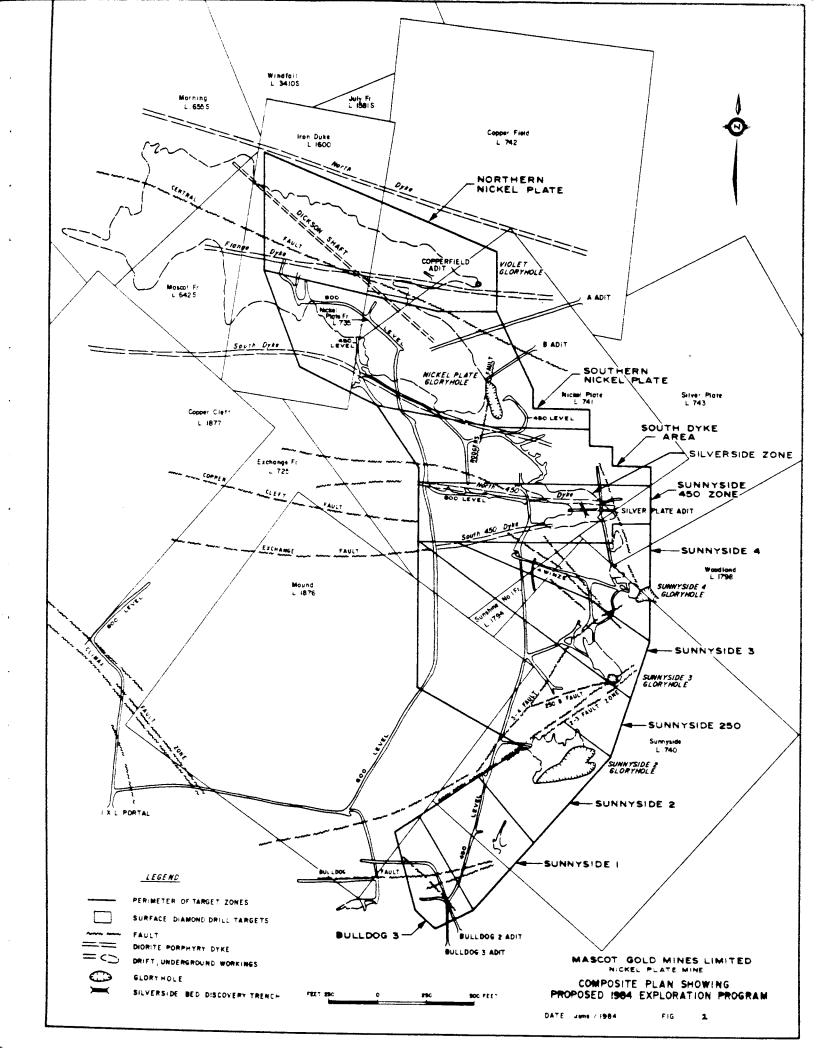
To properly explore from the surface the possibility of unidentified overlying beds within, the Nickel Plate system will require a grid style drilling approach. As the Nickel Plate beds have great lateral extent the grid can be more wide open than for the Sunnyside structures. Suggested is a 100 feet (30 meters) east-west by 100 feet (30 meters) north-south pattern. Latitude should be left to the judgement of the project geologist as to whether to close or expand the grid interval and whether to deviate from vertical to inclined drilling designation. In essence, this provision should apply throughout the designated program.

The geometric design of the Sunnyside beds - tabular, narrow and shallow in depth - requires that the grid spacing be close. Recommended is a 25 foot (8 meters) by 25 foot (8 meters) grid pattern.

It should also be realized that as the surface exploration drilling proceeds down dip of the strata, in reality it is proceeding up-hill on the mountain side, making for considerable depth of the hole to the target areas. It may be necessary from the economic and exploration standpoints to run in exploration headings underground for the establishment of exploratory drill sites.

Underground drilling of potential new areas such as the Sunnyside 250 zone will eventually require access to the 800 level of the mine. From the safety and economic aspect the rehabilitation of this level is essential for the continuance of the exploration program.

Priority has been given to the main target zones principly to build up early tonnage. However this priority system is not rigid and should be patterned to allow flexibility should early results disappoint or exceed expectations. The targets have from past operations been shown capable of the possibility of expansion but in any exploration program there can be no guaranties as to when and in what manner expansion will result, if indeed it does appear.



TARGET AREAS

The priority system herewith applied has been derived by past performances of the targets and does not necessarily imply continuation within this order.

Priority 1 Silverside Bed

In late October 1982, a bulldozer working on the road above the Silver Plate adit, was diverted to put in a nearby rock cut which airphoto reconnaissance thought to be a surface expression of the Sunnyside North 450 Dyke. The resulting cut exposed mineralization which proved encouraging to the point of dozing the ground into three benches, each bench face being individually sampled. The original face yielded 1.092 ounces gold per ton across a 40 foot (12 meter) length with an adjoining northern 30 feet through to the Sunnyside North Dyke running weak assays. A second bench seven feet east of the first face was cut with the samples assaying 0.593 ounces gold per ton over the 20 foot (6.1 meters) restricted exposures. The original bench was then cut down to the elevation of the second bench and the new face sampled. The result was a 45 foot length averaging 0.556 ounces gold per ton. The weighted average of the three sampled faces is 0.767 ounces gold per ton.

Surface diamond drill hole MG 82-66 was located 28 feet (8.5 meters) west of the original showing and drilled vertically to 60 feet (18 meters). The mineralized bed proceeded by a weathered section running 0.147 ounces gold per ton over 17 feet (5 meters) came in at the 17 foot mark (5 meters) and across the next 25.6 feet (7.8 meters) averaged 0.585 ounces gold per ton.

At the time it was considered that this structural development might be somewhat similar to the Nickel Plate ore system. The Silverside ore might represent the top bed of a stacked series, however, the equivalent of the Nickel Plate mine sills has not been identified.

In the abbreviated drill program begun on April 3rd 1984 and carried through to the time of this report some 1968 feet (600 meters) in 11 surface holes probed this zone in what could best be termed a scatter grid. Four of the drill holes lay outside the Sunnyside dykes while the remaining seven lay within the converging dyke structures. Four of the inside holes representing 100 feet (30 meters) of down dip coverage picked up the tearing structure with assays below original expectation (weighted grade of 0.240 ounces gold per ton). (Refer to Appendix E).

It is recommended that some 4,500 feet (1372 meters) of surface and 1,500 feet (457 meters) of underground drilling be allotted to this high priority target zone. The latter drilling could be organized from a rehabilitated Silver Plate adit. It is also recommended that surface drilling of the structure be on a closely spaced grid such as 25 feet by 25 feet (7.5 meters) with incline holes being additionally directed from the dyke location set-ups where required. The topography in several locations mitigates against vertical holes. Refer to Figures 3 and 4.

Priority 1A Sunnyside 450 Zone

Directly underlying the Silverside zone is the Sunnyside 450 structure, one of the highest grade producers in past mining operations. This zone is associated with skarned beds adjacent to and often extending between two vertical, sub parallel porphyry dykes with a contained sill, the Flipper Sill. The possible extension of the ore zone below its present horizon would be best investigated from the 800 level with internal drilling.

Some 1500 feet (457 meters) of ring drilling is recommended for this project. Consideration should be given to two deep surface holes at the western end of the Silverside surface grid.

Priority 2 Sunnyside 250 Zone

This is a new mineral find by Mascot during its surface drilling program of 1980 - 1981 when surface holes MG 81-44 intersected 25 feet (7.6 meters) grading 0.634 ounces gold per ton. Subsequent follow up included the drilling of four underground drill holes and the crosscutting into the zone in 1982. Intensive scattered and ring drilling within the mineralized drift obtained the maximum amount of drill coverage that was practical from available drill set-ups.

The composition of the No. 250 zone is unlike the other Sunnyside zones. Mineralogically the gold values are not as rigidly associated with arsenoyrite and appears to be present in part as an unidentified telluride. The mineralization consists of pyrite, pyrrhotite, minor arsenopyrite and occasionally chalcopyrite. In the ore sections the sulphides are exceedingly fine grained making visual identification difficult. Lithologically the beds consist of alternating and interbedding horizons of skarn bands of calcite-diopside and diopside-garnet. Cherty beds of variable thickness along with limey or unaltered argillites make up the 250 zone.

No structure has been found associated to date with this zone. Minor folding with some related fault action may have been instrumental in mineral deposition. The writer has considered that a flexured structural terrace could be the geometric design.

Drilling in the 1984 program has resulted in some impressive intersections. Of the 20 holes aggregating 4309 feet (1314 meters), some 14 holes totalling 2521 feet (769 meters) are of the underground category. Two of the surface holes cut 0.466 and 0.461 ounces gold per ton across 38.7 feet (11.8 meters) and 44.0 feet (13.4 meters) respectively. The initial ten holes underground examined the possible below level extension of the 250 zone with varying results. One hole cut 1 foot (.3 meter) of 0.185 ounces gold per ton while another intersected 3.281 ounces gold per ton across 2.7 feet (0.8 meters). Drilling from the face of the main drift, hole MD 2909 ran a healthy 2.029 ounces gold per ton across 65.5 feet (20 meters) of core. Two further holes in the same area have yet to report. (Refer to Appendix E).

The writer recommends that 2300 feet (701 meters) of surface drilling and 9000 feet (1372 meters) of underground drilling be assigned for the Sunnyside 250 zone investigation. It is quite likely that exploration headings will be required to locate more appropriate drill sites underground. Refer to Figures 5 and 6.

Priority 3 - Sunnyside 1 Zone

This is one of the earliest sections of the Nickel Plate mine to be examined. However other than for an adit drive of some 170 odd feet (52 meters) there was no mining activity. Hedley tried to unlock the geological puzzle during 1907-1910 but were unsuccessful. The area did not appeal to Kelowna. Mascot's sampling of the adit in 1982 showed a band of gold values (0.308 ounces gold per ton) associated with a particular skarn bed. Subsequent drilling (7 holes) by Mascot extended the zone down dip. The writer assigned a drill proven tonnage of 6,700 tons grading 0.475 ounces gold per ton based on the surface and underground showings coupled with the 17 drill holes put down on the structure.

In April 1984, Mascot returned to the area with a 3 hole underground effort from the Bulldog haulage level trying to define the downward extension of the zone. Two of the holes intersected sub-economic grades with the result the company temporarily left the area in favour of the Sunnyside 250 zone. The three holes totalled 301 feet (92 meters). (Refer to Appendix E).

It is recommended that a total of 450 feet (137 meters) be assigned to check the Sunnyside 1 zone possibilities. Refer to Figure 9.

Priority 4 Northern Nickel Plate

In essence this is checking the ore structures north of the Flange Dyke, one of the strongest and most persistant of porphyry dykes associated with the Nickel Plate series of ore beds. To extend the new ore zones lying in close proximity to the old workings, particularly those lying north of the higher level ore structures, surface drilling is recommended. The deeper old ore zone with their apparent new ore extensions would best be drilled from the old underground workings. Again it appears that exploration headings might be necessary to allow for the proper location of drill sites.

The writer has calculated 66,849 tons of drill proven material at a grade of 0.247 ounces gold per ton and 22,620 tons of possible ore of a grade of 0.285 ounces per ton gold lying north of the Flange Dyke in the five ore beds. It is recommended that 5,150 feet (1,570 meters) of drilling be equally expended in surface and underground diamond drilling. Refer to Figure 7.

Priority 5 Southern Nickel Plate

Large blocks of ore were mined by past operators in the area south of the Flange Dyke. The Nickel Plate glory hole is a manifestation of the breakthrough to surface of the mining of several of the top ore beds immediately south of the dyke. Although no restrictions were obvious in the lateral extent of these ore structures, a striking feature is the gradual northward withdrawal of the southern ore margins towards the Flange.

Similar applications of drilling, from surface and underground, apply to this side of the Flange dyke as to the northern portion.

Calculations of ore on the south side of the dyke from the writers report of February 14th, 1983 are 188, 222 tons of drill proven material running 0.272 ounces gold per ton and 40,250 tons of possible ore grading 0.232 ounces gold per ton. It is recommended that surface drilling be initially confined to a total of 2,075 feet (633 meters) while the underground portion of the program be given a reserve of 2500 feet (762 meters) of drilling. Refer to Figure 8.

Priority 6 South Dykes

The Nickel Plate South dyke has been regarded as the southern extremity of the Nickel Plate pancake ore beds with the Sunnyside structures defining themselves below the dyke. As both ore developments are often associated with mine sills either independently or in conjunction with the dykes, the presence of the South dyke deserves attention for possibilities as an ore control.

It is recommended that equal amounts of drilling - 2500 feet (762 meters) each - be assigned to the surface and underground drill program.

Priority 7 Sunnyside 2 Zone

This stope was one of the richest stopes worked in the early days of the mine. Old records leave the impression of good grade values in the floor of the open cut. The stopes relationship to an overlying sill plus the folding action within the richer sections allow for speculation as to its true geometric outline.

Some 400 feet (122 meters) of surface drilling is recommended to initially check out the possibilities. In addition a reserve of 1500 feet (457 meters) of underground drilling is similarly recommended. Refer to Figure 10.

Priority 8 Sunnyside 3 and 4 Zones

The Sunnyside 3 and 4 zones were the target areas for the surface drilling of 1981. Both of these areas had stope operations in the past. Geologically speaking they are related to and controlled by fault action and sill introduction. The location of the faulted zones plus new areas within the confines of the Marble line would be the targets.

The writer calculated a total of 62,720 tons of drill proven material grading 0.244 ounces per ton gold and 800 tons possible ore of a tenor of 0.294 ounces per ton gold contained between the two stoped areas.

It is recommended that 1475 feet (450 meters) of surface drilling and 1000 feet (305 meters) of underground drilling be utilized between the two ore zones in the expansion of the known new mineral reserve and the exploration for additional ore sections. Refer to Figure 11.

Priority 9 Bulldog 3 Zone

The Bulldog ore zone lies along the east flank of a northwest striking skarned anticline close to the Marble Line which feature has interrupted the continuity of the zone in several places. To the north, the east trending, vertical dipping Bulldog Fault cuts off the ore zone.

The writers calculation of ore drilled off, but not mined, by other operators is 16,360 tons of 0.362 ounces gold per ton.

It is recommended that 1,000 feet (305 meters) of underground drilling and 150 feet (46 meters) of surface drilling be applied to this structure.

METALLURGICAL TEST WORK

Gold occurs, as native gold, electrum and as a telluride often in intimate association with arsenopyrite.

In past operations recovery was by means of jigs, flotation and cyanidation with recoveries varying from 84% to 90%. Initially the arsenic was recovered by the smelter from a concentrate shipped from the mine. When arsenic became a smelter-environmental problem they refused to accept this type of concentrate. The disposal of the arsenic was subsequently never satisfactorily resolved.

The mine is situated in an environmentally sensitive area and the combination of cyanide in the milling process coupled with the arsenic in the tailings could create problems. To ensure an acceptable waste product without undue expense, \$50,000 has been allocated to metallurgical testing.

GEOCHEMICAL AND GEOPHYSICAL EXPLORATION

In 1971 during the Mascot program for copper identification, certain restricted areas of the property were soil sampled and analyzed for copper and silver. In 1982 and 1983, Mascot ran exploratory reconnaissance lines over sections of the Nickel Plate and Sunnyside ore sections, this time analyzing for gold and arsenic.

On the basis of restricted work, it is recommended that soil sampling be applied to the southern, central and eastern sectors of the property. A recommended pattern would be 100 foot (30 meter) spaced lines with sample points being each 100 feet (30 meters) along the 33 miles (53 kilometers) of aggregated length.

The property has been sporatically tested by magnetometer and electromagnetic surveys, the latter being a horizontal loop EM and a Ronka EM 16 unit survey. It is recommended that further geophysical surveys be carried out over the soil sampling grid in order to assist geological interpretation of both approaches.

Some \$150,000 should be allocated to this phase of the operation.

Respect for ESS/OF

/lcd

APPENDIX "A"

DISTRIBUTION OF PROPOSED DIAMOND DRILLING

<u>Location</u>	Surface	Underground
Silverside (Sunnyside)	4500	1500
Sunnyside 450	-	1500
Sunnyside 250	2300	9000
Sunnyside No. 1	450	-
Northern Nickel Plate	2575	2575
Southern Nickel Plate	2075	2500
South Dyke	2500	2500
Sunnyside No. 2	400	1500
Sunnyside No. 3 and 4	1475	1000
Bulldog No. 3	150	1000
	16425	23075

Total 39,500 feet (12,050 meters)

SCHEDULE OF MINERAL PROPERTY HOLDINGS AND WATER LICENSES

- MASCOT NICKEL PLATE MINES LIMITED

1.	SURVEYED CLAIMS	LOT NO.	ACRES	HECTARES
	PS Fraction	200 S	28.07	11.37
	Nellie A	265 S	32.60	13.20
	Badger	389 S	13.40	5.43
	Beaver	634 S	25.10	10.17
	Morning	655 S	48.70	19.72
	Paris	656 S	26.60	10.77
	Triangle Fraction	6 63	5.50	2.23
	Dominion	679 S	51.65	20.92
	Wellington	707	27.49	11.13
	Cracker Jack	708	42.69	17.29
	Exchange Fraction	725	12.80	5.18
	Nickel Plate Fraction	735	0.30	0.12
	Bulldog	739	40.32	16.33
	Sunnyside	740	45.95	18.61
	Nickel Plate	741	49.85	20.19
	Copper Field	742	40.40	16.36
	Silver Plate	743	29.90	12.11
	Gold Field	744	47.30	19.16
	Electro Plate	745	50.60	20.49
	Alice	852	22.20	8.99
	July Fraction	1581 S	1.06	0.43
	New York Fraction	1582 S	29.24	11.84
	Iron Duke	1600	23.00	9.32
	Danube	1792	33.53	13.58
	Gold Plate	1793	45.60	18.47
	Sunshine No. 1 Fraction	1794	1.50	0.61
	Warrimoo	1795	36.90	14.94
	Aorangi	1796	28.82	11.67
	Danube Fraction	1797	2.07	0.84
	Woodland	1798	34.50	13.97
	Mound	1876	51.65	20.92
	Copper Cleft	1877	42.35	17.15
	Mafeking	1975	49.75	20.15

SURVEYED CLAIMS	LOT NO.	ACRES	HECTARES
Iron Plate Fraction	1980	5.82	2.36
Kingston	2474	31.00	12.56
Rollo	2475	37.57	15.22
Princeton	2476	21.90	8.87
King	2477	8.00	3.24
Warhorse	2478	33.80	16.69
Grandview	2479	4.00	1.62
Metropolitan	2480	36.20	14.66
Kingston Fraction	2481	6.50	2.63
IXL	2664	20.50	8.30
Climax	2665	40.00	16.20
Red Mountain	2666	45.38	18.38
Sacramento	2673	39.90	16.16
Banner	2819	26.00	10.53
Centre Star Fraction	2822	4.50	1.82
Draw	2 823	40.97	16.59
Czar Fraction	2832	37.58	15.22
Kitchener Fraction	2903 S	23.75	9.62
Salt Lake Fraction	2904 S	4.22	1.71
Mound Fraction	29 05 S	0.07	0.03
Red Eagle	3032	25.00	10.13
Midday Fraction	3033	45.50	18.43
Mayflower	3034	25.80	10.45
War Eagle	3037	34.40	13.93
Victoria Fraction	3113 S	16.16	6.54
Coyote Fraction	3312 S	0.40	0.16
Annie Brooks Fraction	3313 S	6.26	2.54
August	3314 S	40.06	16.22
Enckechin	3326 S	51.37	20.80
Synkelip	3327 S	51.65	2 0.92
Chinook	3328 S	51.65	20.92
Chilanko	339 8 S	43.11	17.46
Mowich	3399 S	48.24	19.54
Ciutan	34 00 S	51.51	20.86
Windfall	3410 S	36.00	14.58
Bighorn	3411	31.20	12.64
Winchester Fraction	3412	48.00	19.44

	SURVEYED CLAIMS	LOT NO.	ACRES	HECTARES
	Stemwinder	3464	50.68	20.53
	Glenwood Fraction	3465	21.00	8.51
	Charter Oak	3466	41.50	16.81
	Sage	3850 S	51.65	20.92
	Spruce Fraction	3851 S	47.15	19.10
	Fir Fraction	3852 S	51.54	20.87
	Pine Fraction	3853 S	51.65	20.92
	Juniper Fraction	3854 S	43.39	17.57
	Aspen Fraction	3855 S	51.62	20.91
	Cedar Fraction	3856 S	51.65	20.92
	Thistle No. 2	3878 S	42.55	17.23
	Thistle No. 2 Fraction	3879 S	49.6 8	20.12
	Thistle Fraction	3880 S	48.84	19.78
	TOTAL 83 CROWN GRANT CLAIMS		2,698.26	1,092.80
2.	MINERAL LEASES	NUMBER	ACRES	HECTARES
	Mineral Lease	M-71	51.47	20.84
	Mineral Lease	M- 72	913.14	369.82
			964.61	390.66

3. SURFACE RIGHTS - CROWN GRANTS

	LOT	CERTIFICATE OF TITLE	ACRES	HECTARES
	201	01 11122	HUNES	HECTARES
Victoria Fraction	3113 S	208234F	16.16	6.54
Chilanko	3398	208235F	43.11	17.46
Mayflower	3034	20 8237F	25. 80	10.45
Mafeking (Parcels A&B)	1975	208238F	47.98	19.43
Czar Fractional	2832	2 082 39 F	37.58	15.22
Copper Field	742	208240F	40.40	16.36
Electra Plate	745	208240F	50.60	20.49
Danube	1792	208240F	33.53	13.58
Glenwood Fraction	3465	208241F	21.00	8.51
Bulldog	739	208242F	40.32	16.33
Sunnyside	740	208242F	45.95	18.61
Nickel Plate	741	208242F	49.85	20.19
Silver Plate	743	2 082 42 F	29.90	12.11
Woodland	1798	208242F	34.50	13.97
			516.68	209.26
OTHER LAND HOLDINGS				
Block 57 of Lot 1977		2 08236F	0.33	0.13

5. WATER LICENSES

4.

Final Water License No. 14559 for 65,000 Imperial gallons per day from Boston Creek for mining and domestic purposes.

Final Water License No. 14558 for two cubic feet per second from Hedley Creek and additional amounts which may be determined by the Water Rights Engineer, less 150,000 Imperial gallons per day which may be diverted by Hedley Improvement District, for mining and domestic purposes.

Conditional license No. 22075 for one cubic foot per second from Hedley Creek for mining purposes.

6. CLAIMS HELD BY LOCATION

		REC. #	WORK RECORDED TO	ACRES	HECTARES
Mali	10 Fr.	20475	Sept. 18, 1980	61.7	24.99
	21	20479	Sept. 18, 1980	61.7	24.99
	22	20480	Sept. 18, 1980	61.7	24.99

APPENDIX C

CERTIFICATE

- I, W. G. Hainsworth, P. Eng., of Vancouver, British Columbia do hereby certify:
- (1) That I am a Consulting Geologist residing at #4 4100 Salish Drive, Vancouver, British Columbia.
- (2) That I am a graduate of the University of Western Ontario, London, Ontario, Bachelor of Science Degree, Honours Geology.
- (3) That I have practiced my profession for some 30 years.
- (4) That I have been a continuous member of the Association of Professional Engineers of British Columbia since 1965 and am a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1979.
- (5) That I have no financial interest, direct or indirect, in the Mascot Gold Mines Limited, and do not expect to obtain any such interest.
- (6) That the information contained in this report is based on numerous visits to the Nickel Plate property of Mascot Gold Mines Limited, the latest being June 7, 1984, and familiarity with the operations, past and present.
- (7) That consent is herewith given to Mascot Gold Mines Limited to use any or all material from this report in information circulars, offerings or shareholders brochures.

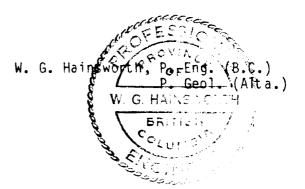
TO ACCOMPANY:

Report on the Nickel Plate Property Osoyoos Mining Division Hedley, B.C.

For

Mascot Gold Mines Limited Vancouver, B.C.

June 8, 1984



APPENDIX D

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- W. G. Hainsworth,
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1984

APPENDIX E

1984 DRILL INTERCEPTS (As of June 8, 1984)

<u>Significant Intersections - Assays</u>

Hole No.	Interval	Gold oz/ton	Silver oz/ton	Widt	n(Ft) Location
UNDERGROUND					
M.D. 2901 2902	182.0-183.0	0.185	0.18	1.0	Sunnyside 250 to 3 Extension
2903 2904 2905	46.0-51.5 45.0-53.3	0.181 0.123	0.03 0.01	5.5 8.3	Sunnyside 1
2906 2907 2908 2909	130.0-132.7 1.5-67.0	3.281 2.029	0.12 0.11	2.7 65.5	Sunnyside 250 Ext.
2910 2911 2912	0-17.5	0.056	0.03	17.5	12 - 61 11 - 16 14 - 16
M.D. 2913	57-68.8 111-113	0.058 0.093	0.01 0.06	11.8	Sunnyside 250 to 3 Extension
M.D. 2914	159-164	0.064	0.06	5.0	Sunnyside 2 to 250 Extension
M.D. 2915	(Assays inc	omplete)			Sunnyside 250 to 3 Extension
M.D. 2916	(II	,)			Sunnyside 250
SURFACE					
M.G. 84-101	15.0-25.0 55.0-65.0 75.0-105.0 115.0-125.0 (146.0-151.0 (155.0-160.0 146.0-160.0	0.058 0.119 0.088 0.079	0.01 0.01 0.03 0.01 0.01 0.01 0.01	10.0 10.0 30.0 10.0 5.0) 5.0 14.0 16.0	Silverside Bed

APPENDIX E (Continued)

Hole No.	<u>Interval</u> <u>Go</u>	ld oz/ton	Silver oz/ton	Width(I	t) Location
M.G. 84-102	-	_	-	_	ti .
84-103	2.0-10.0	0.090	0.06	8.0	H
84-104	0-34.6	0.253	0.07	34.6	11
J. 25.	45.3-57.0	0.266	0.20	11.7	н
M.G. 84-105	4.0-33.0	0.083	0.05	29.0	fi
	(13.0 - 18.0)	0.211	0.07	5.0	
	33.0-59.0	0.200	0.10	26.0	
	(46.5-54.0	0.328	0.11	7.5)	
	72.8-80.0	0.091	0.08	7.2	•
84-106	95.0-105.0	0.047	0.01	10.0	н
84-107	-	-	-	-	u
84-108	50.0-51.0	1.660	0.59	1.0	н
	125.0-145.0	0.134	0.08	20.0	
	(135.0-140.0	0.295	0.17	5.0)	
84-109	50.0-57.0	0.044	0.01	7.0	##
	178.0-202.0	0.076	0.01	24.0	
	(194.0-202.0	0.153	0.01	8.0)	
84-110		0.466	0.08	38.7	Sunnyside 250
	(188.3-209.4		0.11	21.1)	
	(209.4-227.0	0.117	0.04	17.6)	
84-111	-	-	-	-	ŧŧ
84-112	-	-	-	_	11
84-113	210.7-220.0	0.038	0.14	9.7	ii.
	260.0-304.0	0.461	0.05	44.C	
84-114	Incomplete	Hole			Silverside Bed
84-115	-	-	-	-	Sunnyside 250
84-116	Incomplete	Hole			- 11

