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SHERWOOD MINE EVALUATION
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Introduction

The writers have assessed available data pertaining to previous exploration and development work on the Sherwood mine property at the headwaters of Drinkwater Creek, 45 km northwest of Port Alberni, B.C.

The property was developed by more than 800 metres of drifting, crosscutting and raising on three main levels and two sub-levels between 1940 and 1945.

Detailed underground sampling was carried out on behalf of the British Columbia Department of Mines by Dr. H. Sargent in 1940 (B.C. Department of Mines Bulletin No. 13, 1941) and more recently by Casamiro Resource Corporation and one of the under-signed (RTH). There is good correlation between the various sample results and weighted averages of all results have been used in determining average gold and silver grades.

Geological Setting

The Sherwood property is underlain by a complex of late Paleozoic Sicker Group volcanic and sedimentary rocks intruded by swarms of granitic and basic dykes.

A strong, east-northeast striking, steeply north dipping shear zone cuts the complex and extends 365 metres along strike to the northeast from the uppermost underground working. The shear zone extends southwest to Drinkwater Creek. The principal Sherwood gold-silver quartz vein is hosted by this shear zone.

Other mineralized structures on the claims include the No. 1 and 2 P.D.Q. veins 1.5 km east of the Sherwood vein. No. 1 P.D.Q. vein strikes north-northeast and was traced in open cuts over a 700 metre strike length. The northernmost exposed 100 metres of strike length has reported better mineralization over 0.15 - 0.50 metre widths. Sampling by Sargent (1941) yielded values of 63 grams per tonne gold and 89 grams silver per tonne over 0.46 metre.

No. 2 P.D.Q. vein, parallel to and 300 metres south of No. 1 vein, is exposed in open cuts over 100 metres of strike length. Several samples collected by Sargent (1941) included one over 0.38 metre which assayed 32.8 grams/tonne gold and 144.0 grams/tonne silver.

Evaluation of Sherwood Vein

Extensive underground workings and previous sampling of the mineralized zone indicate a steeply southwest plunging shoot containing significant gold and silver values. Better average grades (29.5 - 71.0 grams/tonne gold; 44.2 - 106.0 grams/tonne silver) occur over widths of up to 1 metre, a strike length of between 56 and 65 metres and a vertical range between surface and the lowermost underground working of 247 metres. The shoot is near the exposed southwestern limits of the shear zone.

Level 1

When sampled by Sargent in 1940, much of the drift back was timbered precluding sampling of much of the first 55 metres reported by Sherwood Mines as indicating commercial values over an average width of 1 metre.

Sargent collected 7 samples along a 19.2 metre section of untimbered back. Weighted average grades of these samples are:

71.0 grams/tonne gold
106.6 grams/tonne silver

Strike Length - 56 metres
Average Width (Sherwood Mines) - 1 metre
Vertical Range (surface to midway between Nos. 1 and 3 Levels - 66 metres
Specific Gravity - 2.8

10349 tonnes

Level 3

Twenty samples, collected by Sargent (1941), Heard and Casamiro over an exposed strike length of 65 metres of shear zone containing better gold-silver values, were used in calculating weighted average grades as follows:

23.7 grams/tonne gold
50.7 grams/tonne silver

Grades reported by Sherwood Mines in the early 1940's were greater than those for the No. 1 Level but were over a lesser width. Therefore, in view of the lower grades indicated by available sample results, an average width of 1 metre is assumed.

Strike Length - 65 metres
Average Width - 1 metre
Vertical Range - midway between Nos. 1 and 3 levels to No. 7 level
- 181 metres
Specific Gravity - 2.8

32942 tonnes

Weighted Average Grade - 35.0 grams/tonne gold
64.1 grams/tonne silver

Inferred tonnage - 43291 tonnes

Imperial Units - 47,620 tons grading 1.015 oz/ton gold,
1.86 oz/ton silver

* [Based on March 17, 1989 gold and silver prices (\$394.30 and \$6.10 US per ounce respectively) and a \$US = \$C exchange rate of 1.196, gross, in situ value of this inferred, possible or geological reserve is:]

\$23,439,818.00

This estimate makes no allowance for exploration potential of the P.D.Q. veins or the good prospects for finding additional mineralized shoots along the Sherwood shear zone.

Value of Previous Work

1. Underground Workings - the cost of duplicating existing workings has been conservatively estimated by one of the undersigned (RTH) at \$909,000.00
2. Casamiro Expenditures between 1985 and 1987 are estimated to be \$1,300,000.00
3. Future reclamation and restoration work may involve expenditures of \$10,000.00 (value of bond posted by Casamiro).

Value of Sherwood Property

Geological Reserves	\$23,439,818.00
Previous Work	\$2,209,000.00
Reclamation	\$10,000.00
Total	<u>\$25,658,818.00</u>