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PROSPECTUS
SNIP PROJECT

Submitted by:

The Joint Venture Partners

Cominco Ltd.
700 - 409 Granville Street
Vancouver, B.C.
V6C 1T2

Delaware Resources Corp.
800 - 900 West Hastings Street
Vancouver, B.C.
V6C 1E5

Prepared by:

NORECOL ENVIRONMENTAL CONSULTANTS LTD.
600 - 1281 West Georgia Street
Vancouver, B.C.
V6E 3J7

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1.0 FACT SHEET

Metal Reserves

Metals	Gold, minor silver
Reserves (diluted)	1.1 million metric tonnes (1.2 million short tons)
Average Grade of Ore	24.0 g/tonne (0.7 oz/ton)
Potential for Additional Reserves	Excellent

Mining

Mine Operation	Underground by adit entry
Production Rate	500 tons per day milled
Process Plant	Conventional cyanidation mill or combination gravity/cyanidation
Mine Life	7 years (plus)
Work Period	Mining - 7 days/week Milling - 7 days/week

Transportation

Aircraft	Fixed-wing from Smithers/Terrace and Wrangell, Alaska
Road	Possible consideration of constructing a 70 km access road from mine site to Bob Quinn Lake on Cassiar-Stewart Highway. Road access is being considered only as an option for extending the life of mine. Current plans envisage Stage I application and

approval to be based on air only access. Once the mine is in production, discussions will be carried out with the appropriate regulatory agencies to determine whether road access is viable.

Power

Diesel fuel generation with consideration of hydroelectric development from two possible sources: on site or from an overland transmission line originating from the head of Bradfield Canal in Alaska.

Work Force

Operational	125
Construction	145
Housing	Northwest Communities of Smithers, Terrace, Stewart and Dease Lake
On-site Accommodation	
Pre-Production	80
Production	65

Schedule

Construction and Pre-Production	November 1988
Operation	July 1989

2.0 PROJECT DESCRIPTION

2.1 Introduction

Cominco Ltd. in Joint Venture with Delaware Resources Corp. proposes to develop the SNIP Project, a gold deposit in northwestern British Columbia (Figure 1). The property is located near the Iskut River 100 km northwest of Stewart, B.C. Geographic coordinates are 56°41'N Latitude and 131°05'W Longitude, within NTS Map Sheet 104-B-11 (Craig River).

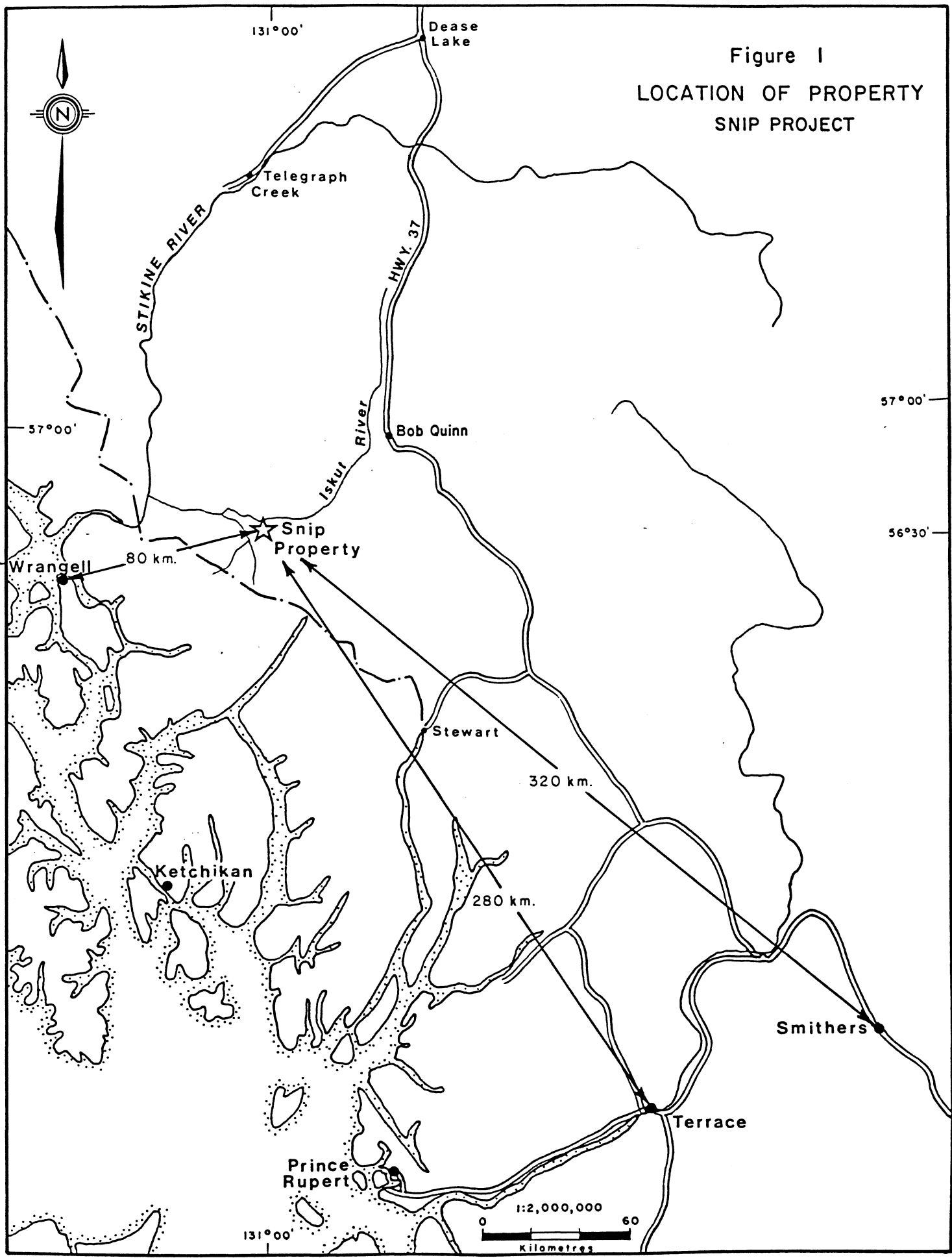
The property is 100% owned by Delaware with Cominco maintaining an option to back in for a 60% interest in the mine by financing the first stages of mine and plant construction. Claims were originally staked by Cominco in November 1980. From 1981 to 1985, geological mapping, soil geochemical sampling and trenching were undertaken. During 1986 and 1987, 85 drill holes totalling 15 354 m were completed.

The proposed development is to establish a mechanized trackless underground mine where ore will be processed in an on-site mill. A camp near the mine site will house workers for a fly-in operation utilizing the Bronson Creek airstrip.

2.2 Access

Access to the property is by fixed-wing aircraft from Wrangell Alaska (80 km) or Smithers (320 km away) or by helicopter from Stewart or Bob Quinn Lake to the Bronson Creek airstrip. The airstrip is large enough

Figure 1
LOCATION OF PROPERTY
SNIP PROJECT



to handle DC3 aircraft. The Cassiar-Stewart Highway lies 70 km east and is the nearest road. On the property a 3 km road connects the airstrip, camp and gold deposit. During property development, access will be via air. An all-weather gravel road into the mine site from the Cassiar-Stewart Highway is an option that will be considered for the transport of equipment and supplies after the mine is in operation.

2.3 Description of Mineral Claims

The project mineral claims consist of seven staked mineral claims (SNIP 1-5, JIM 1-2) for a total of 67 units covering an area of 1675 ha (Figure 2). Claim boundaries on SNIP 1 and 2 have been defined by a legal survey which has been submitted to the Surveyor General of British Columbia for approval prior to application for a Mining Lease on these claims.

Exploration to-date has been concentrated on the SNIP-1 mineral claim, with the main emphasis on detailing the Twin Zone structure by diamond drilling. Gold mineralization in the Twin Zone has been traced over a strike length of 1000 metres through a vertical range of 500 metres between the 150 m and 650 m elevations on the northwest facing slope of Johnny Mountain. The general attitude of the Twin Zone ranges from 110-120° strike and 40-60°SW dip. The dip length of the deposit has been established at 150-250 m on individual drill sections. The Twin Zone deposit as presently outlined is entirely confined to the SNIP-1 mineral claim.

Numerous other gold showings and geochemical anomalies are known on the property and these will be the targets of future exploration sampling and diamond drilling to evaluate their potential. This work will continue during underground exploration and mine construction stages in order to define additional reserves and extend the mine life.

2.4 Existing Facilities

An exploration drill camp of woodframe construction exists on-site. It consists of one office, one cookshack, mens' and womens' dry, recreation building, a food storage building, a core shack, two sample preparation buildings, a first-aid building, a sample storage building and 18 sleeping cabins. The frame construction, plumbing, electrical and septic systems all conform to the B.C. building code. Additional installations on-site include one satellite telephone dish, 5 core racks, two water wells, a vehicle maintenance building, a sawmill shelter, a generator building and an airport warehouse building.

A 900 m-long airstrip and 4 km of access roads exist on the property.

2.5 Project Schedule

The project schedule is shown in Figure 3. Key project dates are:

Submission of Prospectus Report	January, 1988
Submission of Stage I Report	July, 1988
Approval-in-Principal	October, 1988
Site Construction and Pre-Production	November, 1988
Production Target Date	July, 1989

3.0 GEOLOGY AND ORE RESERVES

3.1 Geology

3.1.1 Regional geology

Rocks in the general region near the junction of the Craig and Iskut rivers consist of folded and faulted sequences of volcanic, volcanoclastic and clastic sedimentary rocks of the Mesozoic Hazelton Group. Precise correlations are uncertain, but the thick clastic sedimentary sequence on the SNIP claims is possibly correlated to the Lower Jurassic Unuk River Formation. These layered rocks are intruded by intermediate to felsic stocks and plutons of Jurassic and younger age that are related to the Coast Range Batholiths. The area is extensively cut regional thrust faults and more regional NE and NW trending normal block faults. The E-W trending Iskut River valley may form part of a large scale regional graben structure - possibly related to recent extrusion of a thick pile of basalt flows at Mount Hoodoo located 10 km northwest of the SNIP claims.

3.1.2 Property geology

The Twin Zone geology can be best described as a 1- to 10-metre thick discordant shear vein that cuts through a massively bedded feldspathic greywacke-siltstone sequence. Bedding in the sediments is variable from 045-100°/10-45°NW-W. The character of the Twin Zone mineralization shows no appreciable change over the vertical range tested to date.

Gold mineralization occurs in centimetre to metre scale alternating bands of, in descending order of abundance: massive (streaky) calcite; heavily disseminated to massive pyrite; biotite-chlorite, as thin bands-streaks; quartz; pyritic to non-pyritic fault gouge.

Abundant calcite occurs throughout the Twin Zone. Sulphide minerals include pyrrhotite, chalcopyrite, sphalerite, galena, molybdenite and arsenopyrite. In overall total, these sulphides comprise less than 2% of the deposit. Minor/trace amounts of bismuth and lead tellurides, including tellurobismuthite, cosalite, hessite and volynskite have been noted in polished thin sections.

Narrow parts of the zone (1 metre+/-) often comprise dominantly one of the above types. Thicker sections show repetitive interbanding of all types. The thicker (3 metres+/-) sections also contain centimetre to metre interbands of weak to highly biotite/carbonate/k-spar altered-flooded feldspathic wacke. These bands often contain less than 1 g/t gold, and have been included as internal low grade sections in the ore reserve calculations. Later shearing has imparted a moderate to strongly developed foliation to the zone, which is best developed in biotite (chlorite) rich sections. Vein boundaries are usually sharp and well defined with gold values in the immediate footwall and hangingwall mostly up to a few 100 ppb. A few values in the 1 to 10 g/t range have been encountered in rocks adjacent to the Twin Zone, but these have not been included in the tonnage and grade estimates outlined below.

3.2 Ore Reserves

Diluted mineable ore reserves have been calculated for the Twin Zone deposit to be 1.1 million metric tonnes grading 24 grams Au per tonne (1.2 million short tons grading 0.7 ounces Au per ton). The reserves lie within the geological boundaries of the Twin Zone vein between the surface and depths ranging from 150 to 250 metres. The vein is apparently continuous, dipping 40 to 60 degrees to the southwest. The ore outline is shown on a long section in the plane of the vein in Figure 4. The deposit is open to depth and along strike to the east. The above reserve figures incorporate:

- o expansion of ore body thicknesses to 2 metre minimum mining thickness,
- o overall mining dilution of 20% at zero grade, and
- o cutting of individual assays greater than 150 g/t to 150 g/t.

SNIP - TWIN ZONE LONG SECTION

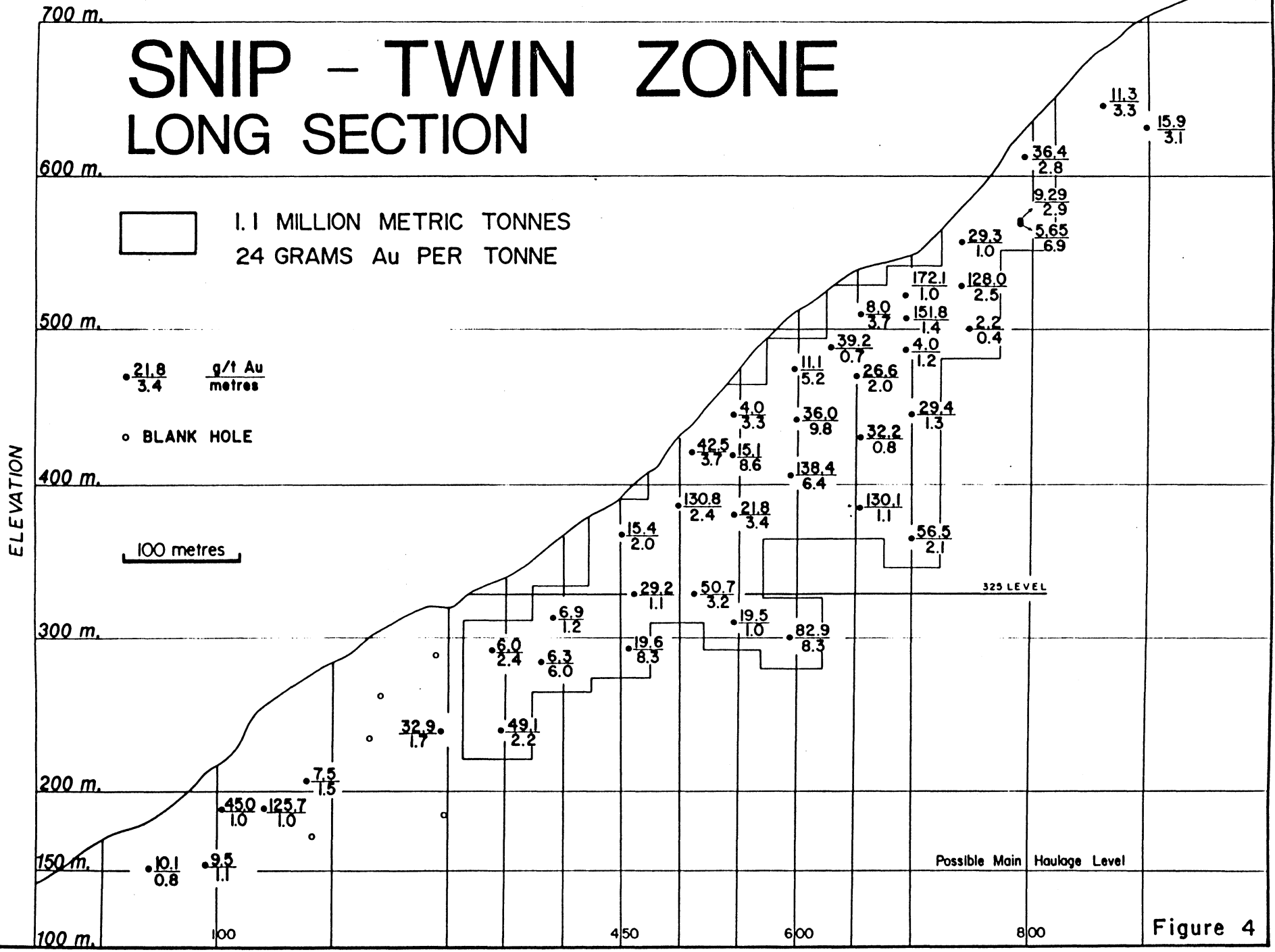


Figure 4

4.0 MINE PLANNING AND OPERATION

4.1 Conceptual Mining Plan

Mine development will be by conventional underground methods using cut and fill or shrinkage stopes depending on the dip of the ore zone. Access to the orebody will be by adit entry, initially on the 325 m (a.s.l.) level with ultimate internal development of stopes and levels connecting via ore passes to a main haulage level at about the 150 m elevation. Ore will be moved by trackless equipment to a primary crusher and mill established near the 150 m portal site. Additional access levels will be established above 325 m level and between the 325 m level and the 150 m portal. Waste rock will be stockpiled at appropriate sites and will also be used for road building purposes.

Development and production will operate on a two shift per day and seven day per week basis since this operation will be a fly-in project.

4.2 Processing of Ore

Preliminary cyanidation testing carried out on composited drill core material has indicated recoveries of 96% for Au and 80% for Ag. Polished sections reveal that native gold is almost always in free form. It occurs with gangue minerals (biotite, sericite, quartz) and commonly at the margins of pyrite, arsenopyrite and telluride grains. It is, therefore, assumed that gold recovery will be achieved by a conventional cyanidation process or combination of gravity and

