

86-928-15435

ASSESSMENT REPORT
ON
WINNER CLAIM GROUP
GREENWOOD MINING DIVISION

NTS: 82E/2E 04.3'
LATITUDE: 49° 03' 30" N
LONGITUDE: 118° 35' 30" W

Operator: FOR
SILVER LADY RESOURCES INC.
#303-609 West Hastings Street
Vancouver, B.C.

Owner: G. NAKADE

BY
H. KIM, P. GEOL., F.G.A.C.
Consulting Geologist

JANUARY 20, 1987

GEOLOGICAL BRANCH
ASSESSMENT REPORT

15,435

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ASSESSMENT REPORT

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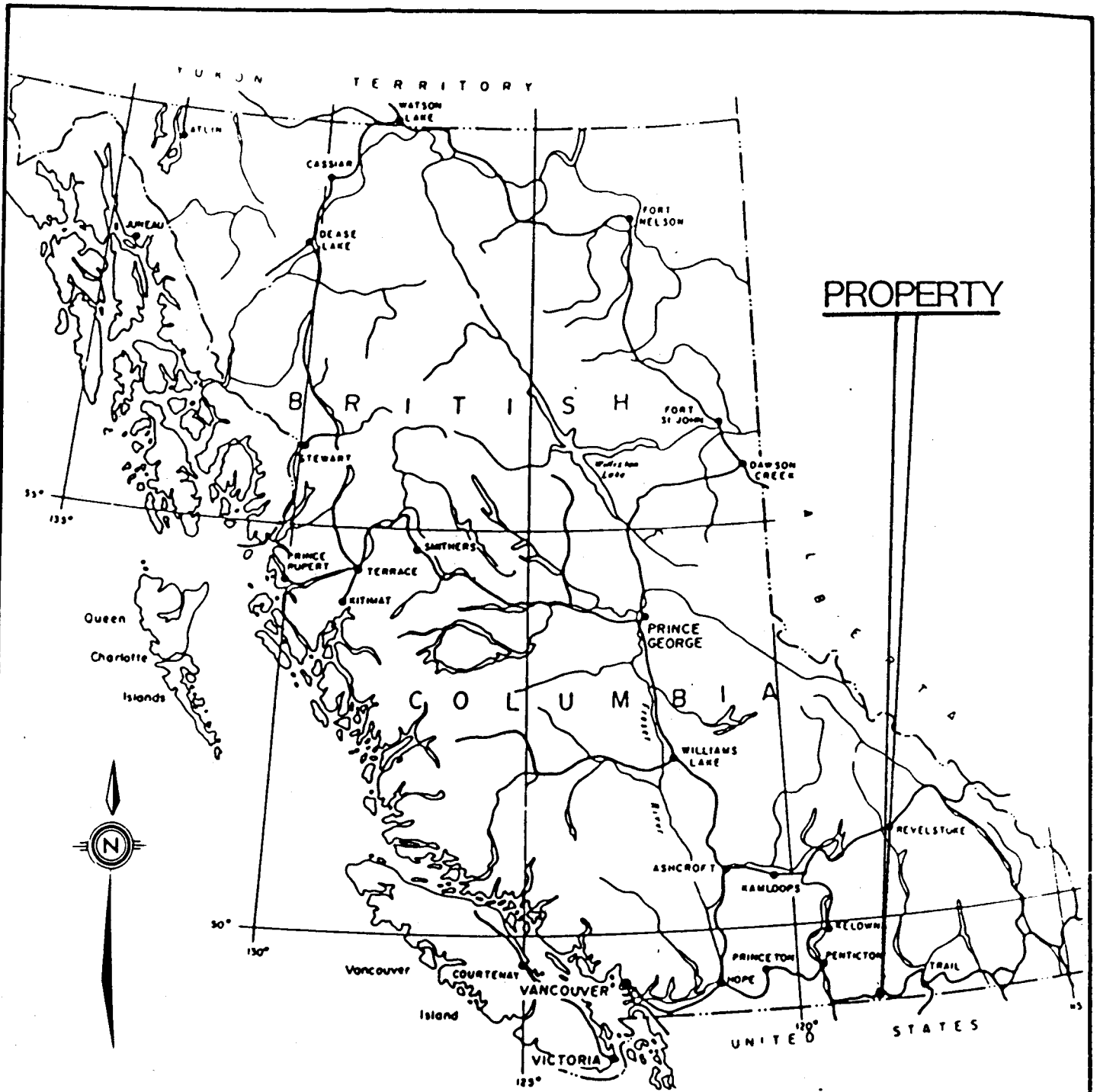
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Assessment Report
on the
Winner Claim Group
for Silver Lady Resources Inc.

1.0 INTRODUCTION

This report summarizes the results of the 1986 geological, geochemical and geophysical surveys on the Winner Claim Group in the Greenwood Mining Division about 500 road km east of Vancouver (Figure 1). The quartz vein system in the vicinity of the Winner shaft and its northwesterly extension was examined and sampled. Most of the prospect shafts and trenches were sloughed in during this investigation period (October - December 1986).

The line-grid flagging, soil sampling and VLF-EM 16 surveys were accomplished by Jack Luckie, Certified Geological Technologist and Ray Hughes of Grand Forks, B.C. under the author's general supervision. The VLF-EM 16 survey in particular was under the field supervision and instruction of Steve Presunka, Geophysicist, c/o Jim McDougal of Vancouver, B.C. A geophysical interpretation of the electromagnetic anomalies for this report was conducted by Steve Presunka. Also, the report brings together the present and future exploration concepts and recommendations relating to the gold bearing - quartz veins and sulphide deposits seen in the Winner property, by utilizing all available existing data on the subject ground and the surrounding areas.



PROPERTY

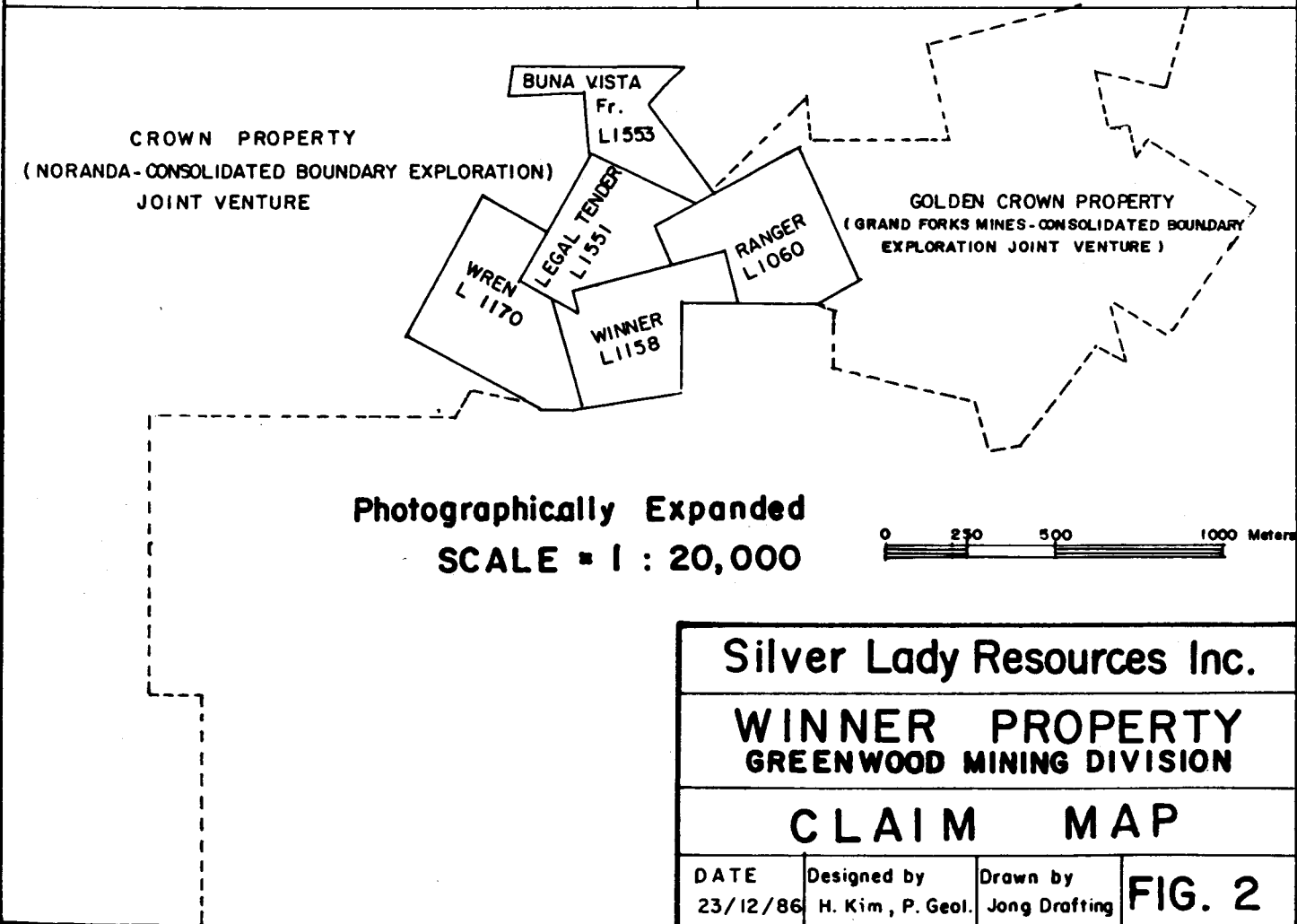
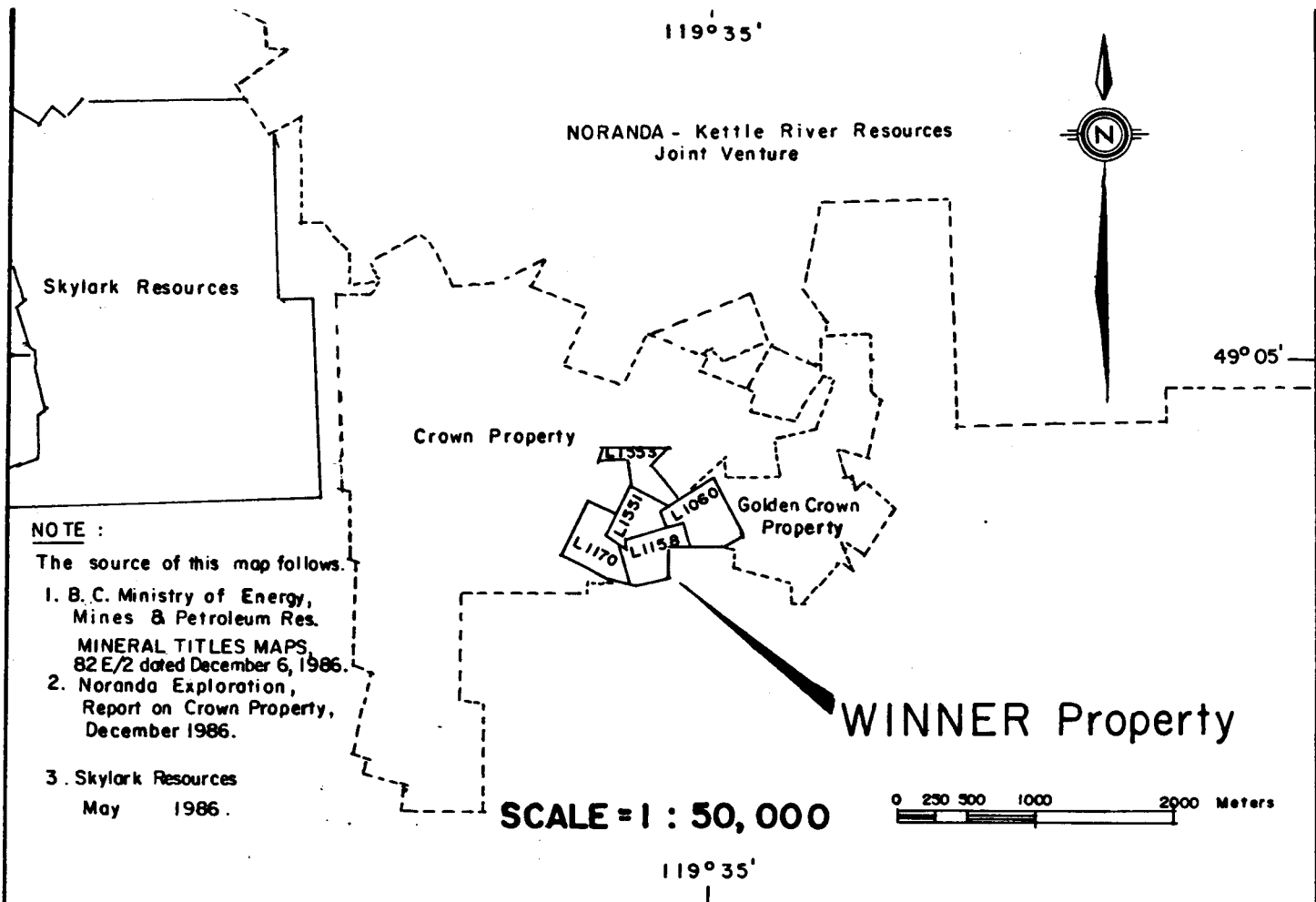
H. Kim, P.GEOL., F.G.A.C. Consulting Geologist				
Silver Lady Resources Inc.				
WINNER Claim Group Greenwood Mining Division				
Location Map				
SCALE 1 : 6,300,000	DATE December 1988	NTS 82E/2E	DRAWN BY Jong Lee Drafting Service	FIG. 1

2.0 PROPERTY

The Winner property consists of five reverted Crown Grants, which are held by Silver Lady Resources Inc. The five reverted Crown Grants were transferred by Bill of Sale from George Nakade of Grand Forks, B.C. to Silver Lady Resources Inc. on October 28, 1986. The claim particulars are listed below and shown on Figure 2.

TABLE 1 CLAIM PARTICULARS

<u>Name</u>	<u>Lot No.</u>	<u>Record No.</u>	<u>Anniversary Date</u>
Winner	1158	305	December 2
Ranger	1060	2540	December 2
Legal Tender	1551	2538	December 2
Wren	1170	2537	December 2
Buna Vista Fr.	1553	2538	December 2



3.0 LOCATION AND ACCESS

The property lies in the historically renowned Phoenix-Boundary Mining Camp in the southern interior of British Columbia. It is readily accessible from Highway No. 3, all weather black-topped Greenwood - Phoenix road and Phoenix Ski Hill dirt road, phoenix mine haulage dirt road (all-weather) and numerous secondary roads.

The centre of the property is 6 km southeast, and 14 km northwest of Greenwood and Grand Forks, respectively, and can be reached within half an hour by normal transportation from the two towns. A major centre for food and industrial supplies is the city of Grand Forks with 4,000 population, located one km north of Danville, Washington State.

The property is adjacent to the Winnipeg-Golden Crown Mine, former largest gold producer in Boundary district to the east. It also borders, on the northwest, the Crown property on which Noranda's on-going exploration with encouraging results is active. To the south, the property is neighbored by Ophir-Keno and Athelstone Jackpot mines in which high grade gold deposits are reported.

4.0 HISTORY

General Phoenix-Boundary Mining Camp

The history of exploration in the Greenwood-Grand Forks area dates back to the early 19th century, when the first fur traders explored the region. In common with the rest of Western Canada, these were followed by placer and lode gold prospectors.

In 1890's, large copper ore deposits including Phoenix, Motherlode and Deadwood camps were discovered, followed by construction of copper smelting plants at Boundary Falls, Greenwood and Grand Forks. The major mine was Phoenix camp, 2 km north of the Winner property. The total production from Phoenix to date is about 30 million tons averaging 0.85% copper, 0.033 oz/ton gold and 0.20 oz/ton silver. Since 1977, the Phoenix open pit is abandoned to date and is under the management of Noranda Mines who took over the property from Granby Mines Co. Other deposits known in the area were Oro Denoro and B.C. Mines in the Summit camp, 4 km northeast of Phoenix.

The Jewel mine south side of Jewel Lake, 8 km northeast of Greenwood reportedly produced 66,500 tons of ore from a Tertiary quartz vein, grading 0.32 oz/ton and 2.0 oz/ton silver.

The inactive Providence mine, 2 km northeast of Greenwood was a high grade operation, produced a total of 11,451 tons averaging 0.51 oz/ton gold and 119 oz/ton silver to yield total 5,867 ounces of gold and 1,361,433 ounces of silver.

Winner Property And Adjacent Mines

As stated earlier, three major copper smelting plants were built at Grand Forks, Greenwood and Boundary Falls in the 1890's.

These smelters accepted any gold-silver bearing ore from the surrounding areas for custom milling, and enabled a swarm of small mining operations to exist in addition to the main copper mines at Phoenix and Motherlode. This probably triggered numerous lode gold prospect in the area including the Golden Crown-Winnipeg and Ophir-Keno claims immediately east, and south of the property.

Approximately 8000' of shaft and drift were completed on the Golden Crown and Winnipeg prior to 1905. Development and shipping of ores from the both claims continued in 1901 and 1902 and 1910 to 1912. During the above period reported production from these two claims is:

- Winnipeg: 58,722 tons, grading 0.2 oz Au/ton,
0.62 ozs Ag/ton and 0.16% Cu.
- Golden Crown: 2,742 tons, grading 0.45 ozs Au/ton,
0.82 ozs Ag/ton and 1.53% Cu.

Several caved shafts and hand trenches seen on the Winner, Legal Tender and Ranger claims were probably done, concurrently with or subsequent to the active prospecting and mining development on the Golden Crown and Winnipeg as above.

Report of the Minister of Mines, 1933 (page A 160) has the following notes on the subject ground:

"This group, owned by George Walters and associates, of Greenwood, includes the Winner, Legal Tender, Wren and Good Luck Fraction and lies a short distance south-east of Phoenix and Hardford Junction close to the old road. Development during 1933 included sinking the new shaft through the fault to about 50 feet in depth. The vein is about 2 feet wide and in places shows free gold. The strike of the vein through the Winner and Legal Tender is persistent and the vein in places is 6 feet wide and warrants further exploration. Evidently the ore found in the shaft is the top of a shoot which probably rakes south."

Other than the above, no official document regarding the production history on the property is available to the author. It was reported that the property was owned by Scotia Mines Ltd. (President, Joe Sullivan, P. Eng.) prior to April 1984. The acquisition of the entire property including the Winner claim was completed by George Nakade of Grand Forks, B.C. in the late 1984, and was transferred by Bill of Sale to Silver Lady Resources Inc. in October 1986.

Having stated in the preceding, a significant gold production was realized from the Golden Crown and Winnipeg Workings prior to 1912, but has been apparently dormant until 1965. This may be due to the lack of the modern technology and tools in prospecting and exploration of gold deposit at that time. Between 1965 and 1983, the Golden Crown and Winnipeg property was optioned intermittently to several major companies including Scurry Rainbow but the project was dropped after an extensive program with a total of 9,000 m of diamond drilling by various companies for 80 holes. Since 1983, the Golden Crown-Winnipeg has been continuously under the active exploration as per the Consolidated Boundary Exploration-Grand Forks Mines Ltd. Option Agreement. A total of 40,000 tons grading 0.3 oz/ton Au of drill indicated reserves were reported on the Golden Crown (December 12, 1986).

In December 1986, Consolidated Boundary Exploration has put down 14 short diamond drill holes at and near the east limit of the Winner property (Ranger claim) to test an EM-16 anomaly, resulted by Steve Presunka, Geophysicist, who also conducted the EM-16 surveys in the subject ground for this report. The diamond drilling to test an EM anomaly on the Golden Crown was suggested by Presunka and the results of drilling were in fact found to be encouraging with the core samples of economic interest (up to 1.260 oz/ton gold over 4 feet). Details of the results are shown on Figure 6.

On the Keno-Ophir property adjacent to the South, a 35 foot incline shaft was sunk prior to 1933. It is also reported that in 1936, Mr. L. Manzini, who presumably held a lease on the Keno-Ophir, shipped 89 tons averaging 0.88 oz/ton Au, 9.9 oz/ton Ag and 1.3% pb. The present owner of this property is Mr. Sam Bombini of Greenwood, B.C. The trenching by Mr. Bombini in 1973 disclosed the presence of new quartz veins with significant gold mineralization, other than the Keno shaft vein (see details on Figure 6.)

Recent on-going exploration activity in the area focused on precious metal occurrences has been generated by Noranda, Skylark Resources Ltd., Kettle River Resources Ltd., Consolidated Boundary Exploration Ltd., and the subject company under this report.

5.0 GEOLOGY

Regional Geology

B.N. Church (1985) updates the regional geologic informations and refers to the forty-three earlier publications in the Greenwood - Grand Forks map area. A 1975 geological report in the area by the author forms a part of the references for the report by B.N. Church (1985).

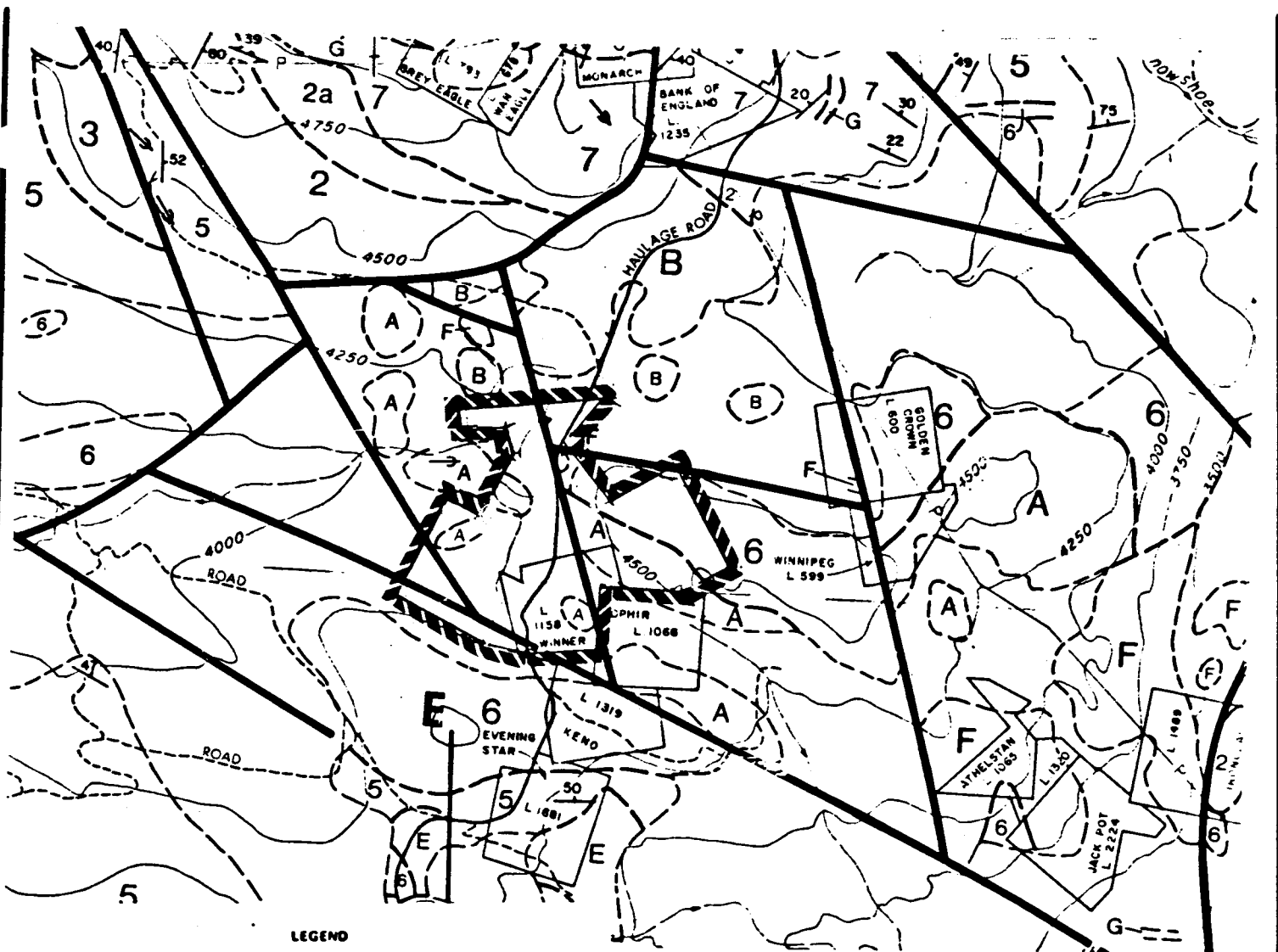
Church presented twenty-two geological units in the Mount Atwood - Greenwood Area. These include metamorphic, sedimentary, and intrusive and extrusive igneous rocks ranging in age from Permo - Carboniferous to Tertiary that "reflect multiple episodes of deformation and igneous intrusion". The Winner property occupies approximately a centre of this regional geological map. A portion of this map is presented in Fig. 4 of this report.

Mineral deposits in the Greenwood - Grand Forks area vary, ranging from contact metasomatic skarn deposits with base metal occurrences to structurally controlled quartz veining and sulphide deposits carrying precious metal values.

LOCAL GEOLOGY

The property is underlain by Permo-Carboniferous to Triassic aged metavolcanic rocks and intrusive rocks, which are fairly identical to and/or continuous with the country rock of the easterly adjoining Golden Crown - Winnipeg, one of the former largest gold producer in the area.

The metavolcanics in the area have been generally termed greenstone, which is known to be of andesitic to basaltic composition and in places has been metamorphosed and recrystallized into amphibolite and amphibolitic schist (green schist).



LEGEND

BEDDED ROCKS

TERTIARY

PENTICTON GROUP

- 13 MARRON FORMATION
PARK HILL MEMBER: BROWN MEROCRYSTALLINE ANDESITE, MICRODIORITE
- 12 WIMPT LAKE MEMBER: TAN TRACHYTE, PULASKITE SILLS AND DYKES
- 11 YELLOW LAKE MEMBER: PURPLE MAFIC PHONOLITE, MONZOIORITE SILLS
- 10 KETTLE RIVER FORMATION: MOSTLY ARKOSIC SANDSTONE, SOME CONGLOMERATES, AND MINOR RHYOLITE TUFF. 110m SPRINGBROOK FORMATION

TRIASSIC

BROOKLYN GROUP

- 9 EMOLT FORMATION MOSTLY MAROON AND GREEN VOLCANICLASTICS
- 8 LIMESTONE AND INTERCALATED ARGILLITE
- 7 SHARPSTONE CONGLOMERATE, INTERCALATED SANDSTONE, AND SHALE
- 0 SKARN

PERMO-CARBONIFEROUS

ATTWOOD GROUP

- 6 METAVOLCANICS, MOSTLY GREENSTONES (METAMORPHOSED BASALTS AND ANDESITES)
- 5/4 BLACK SHALE, GREYWACKE/LIMESTONE
- 3 SHARPSTONE CONGLOMERATE, CHERT BRECCIA AND SANDSTONE

BASEMENT COMPLEX

KEND HILL GROUP

- 2/2a (2) METACHERT AND MICA SCHIST, (2a) AMPHIBOLITIC SCHIST AND GNEISS,
- 1 MARBLE

IGNEOUS INTRUSIONS

TERTIARY

- H CORVELL FORMATION SYENITE MONZONITE AND SHONKINITE
- G DIORITE, MONZOIORITE, PULASKITE

CRETACEOUS

- F ULTRAMAFICS, SERPENTINE, LISTWANITE
- E GRANODIORITE
- D GABRO
- C QUARTZ FELDSPAR PORPHYRY

TRIASSIC

- B MICRODIORITE
- A OLD DIORITE

GEOLOGY
WINNER Claim Group
After B.N. Church (1985)

FIG. 4

The greenstone is predominant on the northeast side of the property, specifically, Ranger claim area, continuous with that of the Winnipeg and Golden Crown claims (See Fig. 4).

The igneous intrusion of Triassic age was presented as map unit "A" (old diorite) by Church (1985) in about the two-third part of the property west. It is also identical to, and continuous with the host rock of the Ophir vein to the southeast, which carried a significant gold value (Phendler 1973) as described in the following chapter.

The area immediately south of the property is underlain by massive, blocky greenstone and fragmental greenstone, conglomerate, greywacke and limestone of Permo-Carboniferous to Triassic age. These rocks are intruded by the Greenwood granodiorite related to the Nelson Intrusions (Little 1983), which are in turn associated with the Coast Plutonic Complex of Cretaceous time. Apparently derived from this intrusion, there is an extensive development of skarn in the area composed mainly of epidote - garnet calcite and tactite (Phendler 1973). A large plutonic body of granodiorite composition occurs on the east ridge of Mt. Summit, about 1.5 km south of the Winner property.

Serpentinized ultramafic rocks of Cretaceous age (Church, 1985) occur extensively in the area which the Athelstan - Jackpot mine is located, about 2 km southeast of the property. A small body of serpentine also occurs immediately east in the Golden Crown claim. Based on the results of diamond drilling for more than 80 holes, the serpentine lies as sill-like body below the greenstone in the entire Golden Crown and possibly the Winner property area.

Major north-west block faults disrupt the entire property area and surrounding claims and possible syngenetic shearing (fissure) is expressed in prominently parallel north-west shears. These may have provided conduits for mineralizing hydrothermal solutions, and diorite and ultramafic intrusions. In this respect, Church (1985) gives the following note related to mineralization of the subject ground: "It is conceivable that the intricate and extensive fissure system of the Mt. Attwood - Phoenix area as above shown in part on the accompanying map, provided the necessary channelways leading metalliferous solutions to the ore deposits. In this model the igneous intrusions served principally as heat engines in the process of convection and dispersion of the solutions."

6.0 ALTERATION

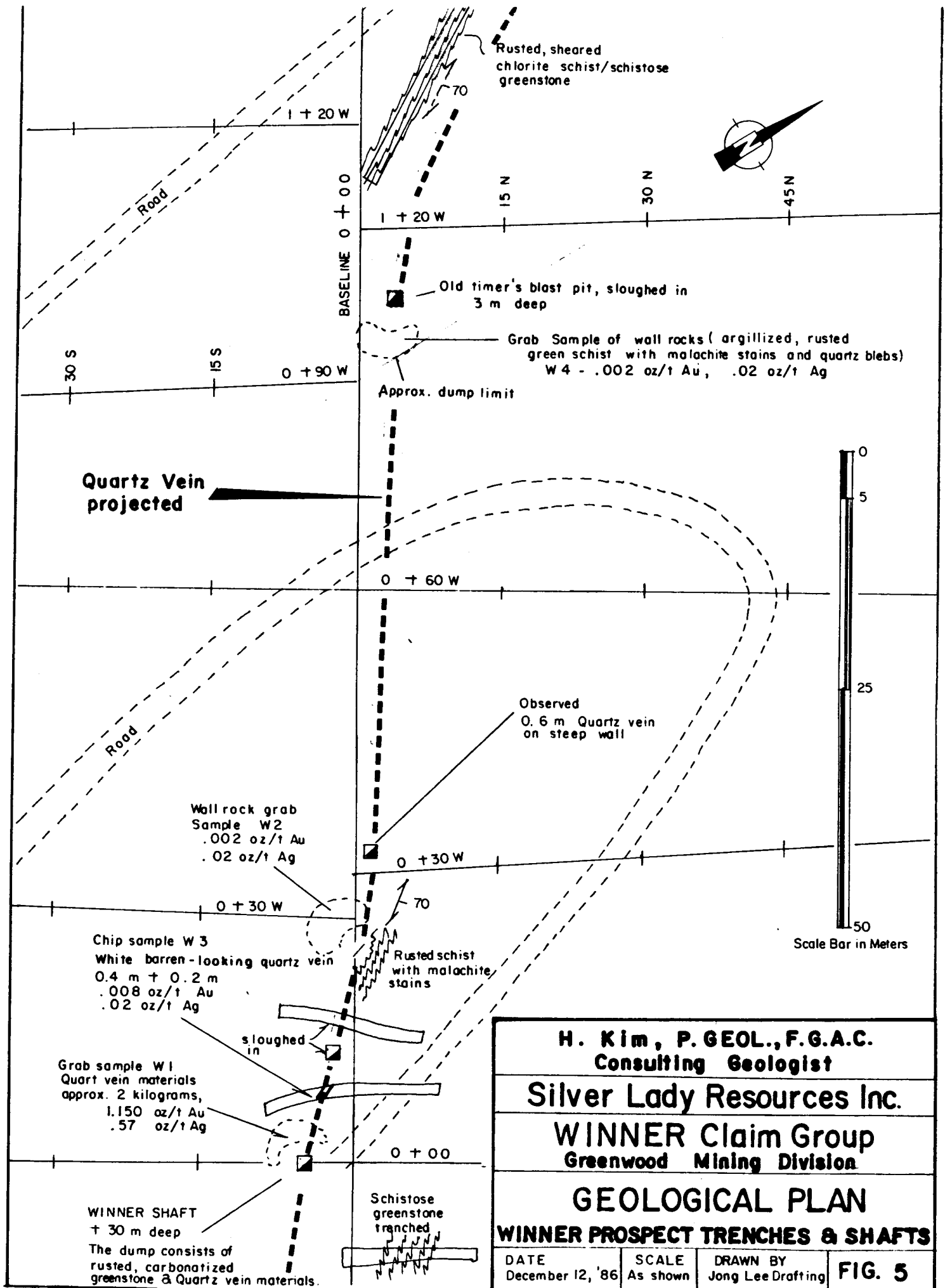
The mineral showings on the property are accompanied by one metre or more of alteration zone on either side of the mineralized structure. The massive pyrite and quartz in the vicinity of the Ranger shaft is accompanied by alteration in the greenstone. This is represented by epidotization, silicification, rustily weathered "buff brown" carbonation. In the vicinity of the Winner prospect workings, along the projected quartz vein location, the alteration product is compounded by bleaching (kaolinization) and argillization in the chlorite schist (or schistose diorite) in addition to the common alteration as described above.

7.0 MINERAL OCCURENCES

Precious metal mineralization on the property occurs mainly as fissure fillings and replacement veins along multiple parallel, northwest trending structures hosted by greenstone, diorite and schist. Two types of mineralization are presented in the subject area to date: (1) quartz vein and (2) massive sulphide. The host rocks in the vicinity of the showings are in common bleached argillized, silicified, carbonatized, pyritized, hemato-limonitized and possibly ankeritized. A brief description follows.

Winner Quartz Vein

Shown on Figure 5, the quartz vein southerly located in the claim group strikes N 50 - 55 W, almost conforming to Baseline 0 + 00, and was traced for 120 m. It was prospected by four trenches and four shafts including two shallow blast pits, 2 - 3 m deep. Most of these physical workings are sloughed in or flooded during this investigation period. The two trenches at the northeast and southeast ends exposed only rusted, sheared green schist without quartz vein, but they appear to be spotted in wrong location, being missed or parallel the projected vein outcrop. Since Figure 5 itself is self-explanatory, geological description of the showings is not repeated, but the following factors may lead to an exploration concept of this quartz vein type in the area:



H. Kim, P. GEOL., F.G.A.C.		
Consulting Geologist		
Silver Lady Resources Inc.		
WINNER Claim Group		
Greenwood Mining Division		
GEOLOGICAL PLAN		
WINNER PROSPECT TRENCHES & SHAFTS		
DATE	SCALE	DRAWN BY
December 12, '86	As shown	Jong Lee Drafting
		FIG. 5

1. Negligible amount of sulphide mineral.

In contrast to wall rock alteration including pyritization, quartz vein itself appears to carry lesser sulphide minerals or in places lacks sulphide mineral in hand specimens.

2. Insignificant response to electromagnetic survey.

Because of insignificant sulphide mineraliation in the quartz vein, it has not been detected by EM-16 survey. Notwithstanding the above, a grab sample of barren-looking silica quartz materials from the dump returned the significant assay result (1.150 oz/ton in gold). As described earlier, the Winner shaft was reported to carry free gold.

3. Predominant northwest trending.

Conforming to the productive Golden Crown zone and the South Zone, the Winner quartz vein also trends northwest.

4. Geochemical soil value at the Winner shaft area.

In contrast to the significant assay result and reported free gold, a soil sample in the Winner shaft area returned moderate values but not conspicuously high (140 ppb). As described in the following, Anomalies 1 - 10 presented higher geochemical values ranging from 324 ppb to 991 ppb.

A total of five samples were picked from the Winner prospect trenches and shafts and returned the following assays:

TABLE 2 SAMPLING AT WINNER PROSPECT WORKINGS

<u>Samples #</u>	<u>Location</u>	<u>Width (m)</u>	<u>Sample Description</u>	<u>Gold oz/ton</u>	<u>Silver oz/ton</u>
Winner 1	Winner Main Shaft Dump	-	1 kilogram grab sample, white quartz vein materials no conspicuous sulphide is noted	1.19	0.57
Winner 2	Dump Baseline 0 + 00 0 + 30 W	-	Grab sample, silicified mottled, weakly pyritized wall rock materials	0.02	0.02

<u>Sample #</u>	<u>Location</u>	<u>Width (m)</u>	<u>Sample Description</u>	<u>Gold oz/ton</u>	<u>Silver oz/ton</u>
Winner 3	Trench Baseline 0 + 00 0 + 10 W	0.6	Chip sample, white barren looking quartz vein	0.08	0.02
No Mark (Winner 4)	Dump Baseline 0 + 00 0 + 90 W	-	Grab samples, argillized, rusted schist with malachrite stains and quartz blobs	0.002	0.02

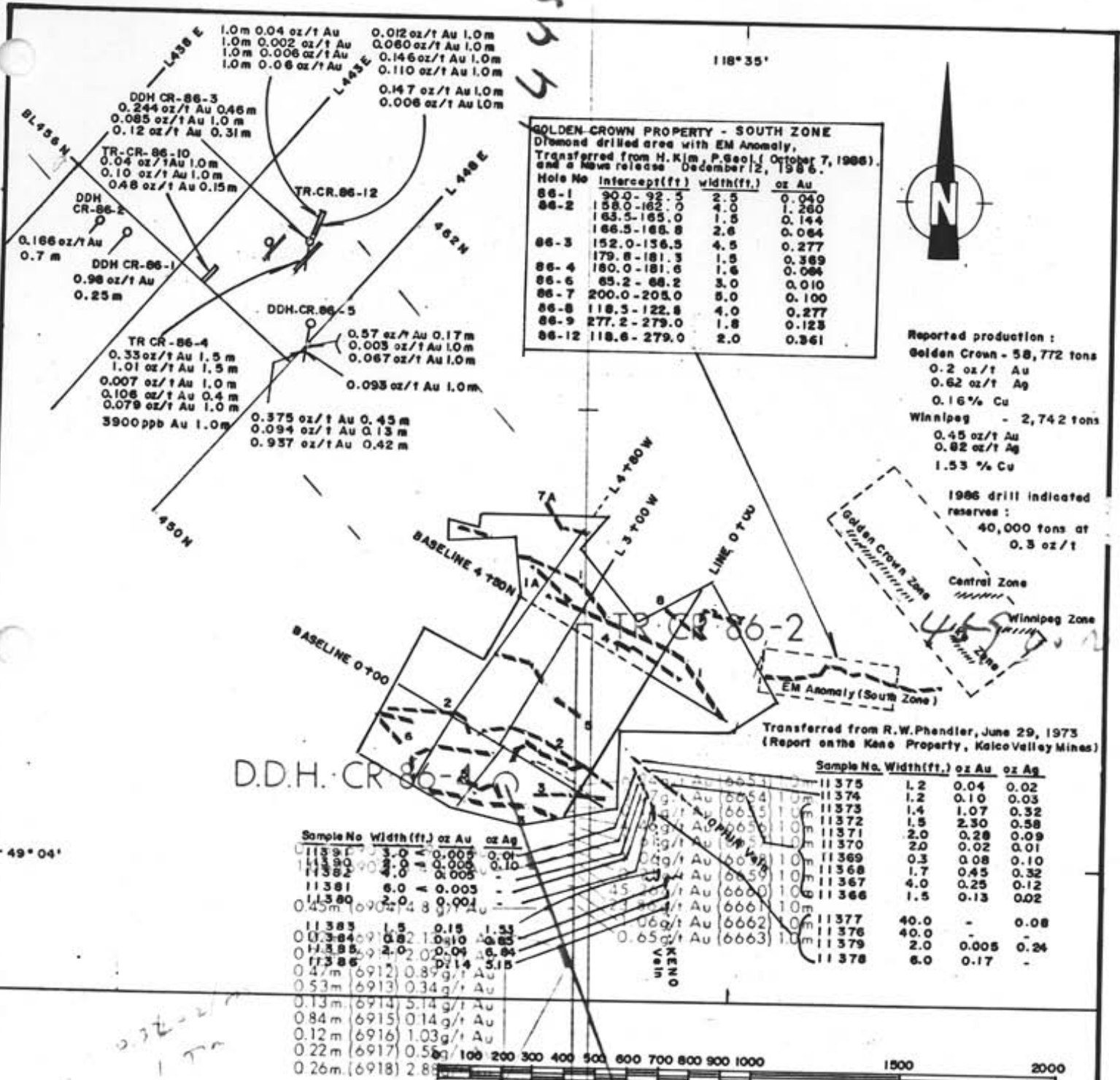
Ophir and Keno Veins

On the Ophir claim, southerly adjacent to the Winner claim, two quartz veins were prospected by several shafts and trenches prior to 1973. The Ophir vein which strikes N 50 W and was traced for 320 feet and the Keno vein which strikes almost N-S and was traced for 570 feet (Phendler 1973). As seen on Figure 6, the two veins appear to merge into one and extend further northwesterly on the Winner property. Anomaly No. 5 would be the north extension of the Ophir vein.

The following assay table is transferred from a report by R.W. Phendler (1973), and approximate sample locations are shown on Figure 6.

TABLE 3 ASSAY RESULTS - OPHIR AND KENO VEINS (PHENDLER 1973)

<u>Sample #</u>	<u>Width</u>	<u>Oz. Au.</u>	<u>Oz. Ag.</u>	<u>% Cu.</u>	<u>Location</u>
11366	1.5'	.13	.02	-	SE end of Ophir vein.
11367	4.0'	.25	.12	.10	25' NW of 11366
11368	1.7'	.45	.32	.09	50' NW of 11366
11369	0.3'	.08	.10	.08	60' NW of 11366, split
11370	2.0'	.02	.01	-	78' NW of 11366
11371	2.0	.28	.09	-	100' NW of 11366
11372	1.5'	2.30	.58	-	127' NW of 11366
11373	1.4'	1.07	.32	-	160' NW of 11366
11374	1.2'	.10	.03	-	227' NW of 11366
11375	1.2'	.04	.02	-	318' NW of 11366
11376	40.0'	-	-	.02	0-40' in NE trench
11377	40.0'	-	.08	.12	40-80' in NE trench



GOLDEN-CROWN PROPERTY - SOUTH ZONE
 Diamond drilled area with EM Anomaly,
 Transferred from H. Kim, P. Geol. (October 7, 1986),
 and a News release December 12, 1986.

Hole No	Intercept(ft)	width(ft.)	oz Au
86-1	90.0-92.5	2.5	0.040
86-2	158.0-162.0	4.0	1.260
	163.5-165.0	1.5	0.144
	166.5-168.8	2.3	0.064
86-3	152.0-156.5	4.5	0.277
	179.8-181.3	1.5	0.369
86-4	180.0-181.6	1.6	0.084
86-6	65.2-66.2	3.0	0.010
86-7	200.0-205.0	5.0	0.100
86-8	118.5-122.8	4.0	0.277
86-9	277.2-279.0	1.8	0.123
86-12	118.6-279.0	2.0	0.361

Reported production :

Golden Crown - 58,772 tons
 0.2 oz/t Au
 0.62 oz/t Ag
 0.16% Cu

Winnipeg - 2,742 tons
 0.45 oz/t Au
 0.82 oz/t Ag
 1.53 % Cu

1986 drill indicated reserves :
 40,000 tons at
 0.3 oz/t

Transferred from R.W. Phendler, June 29, 1973
 (Report on the Keno Property, Kalco Valley Mines)

Sample No	Width(ft.)	oz Au	oz Ag
11375	1.2	0.04	0.02
11374	1.2	0.10	0.03
11373	1.4	1.07	0.32
11372	1.5	2.30	0.58
11371	2.0	0.28	0.09
11370	2.0	0.02	0.01
11369	0.3	0.08	0.10
11368	1.7	0.45	0.32
11367	4.0	0.25	0.12
11366	1.5	0.13	0.02
11377	40.0	-	0.08
11376	40.0	-	-
11379	2.0	0.005	0.24
11378	6.0	0.17	-

D.D.H. CR 86-4

Sample No	Width(ft.)	oz Au	oz Ag
11391	3.0	0.005	0.01
11390	3.0	0.005	0.10
11389	4.0	0.005	-
11388	6.0	0.005	-
11387	2.0	0.001	-
0.45m (6907)	4.8	0.15	-
11385	1.5	0.15	1.53
0.384m (6910)	0.82	1.0	0.85
11386	2.0	0.04	0.64
0.47m (6912)	0.87	0.14	5.15
0.53m (6913)	0.34	g/t Au	-
0.13m (6914)	5.14	g/t Au	-
0.84m (6915)	0.14	g/t Au	-
0.12m (6916)	1.03	g/t Au	-
0.22m (6917)	0.58	g/t Au	-
0.26m (6918)	2.8	g/t Au	-

H. KIM, P. GEOL., F. G. A. C.
 Consulting Geologist

SILVER LADY RESOURCES INC.

WINNER Claim Group
 GREENWOOD MINING DIVISION

**GEOPHYSICAL & GEOCHEMICAL ANOMALIES
 WITH
 CORRELATIVE MINERAL SHOWINGS
 ON THE WINNER PROPERTY**

<u>Sample_#</u>	<u>Width</u>	<u>Oz.Au.</u>	<u>Oz.Ag.</u>	<u>%Cu.</u>	<u>Location</u>
11378	8.0'	.17	-	.39	S. end N-S trench
11379	2.0'	.005	.24	.40	40' N of 11378
11380	2.0'	.01	-	.50	70' N of 11378
11381	6.0'	.005	-	.06	100' N of 11378
11382	4.0'	.005	-	.30	140' N of 11378
11390	2.0'	.005	.10	.01	179' N of 11378
11391	3.0'	.005	.01	.01	210' N of 11378
11383	1.5'	.015	1.53	-	N end Keno claim (vein)
11384	0.8'	.10	.85	-	S of Keno shaft
11385	2.0'	.04	68.4	-	70' S of Keno shaft
11386	-	.14	5.15	-	80' S of Keno shaft. dump.
11387	75.0'	.005	.54	.40	Keno extension claim-skarn.
11388	30.0'	-	.67	.65	Evening Star claim-skarn
11389	20.0'	-	-	.56	Evening Star claim-skarn

South_Zone

The South Zone is a massive sulphide deposit comprised mainly of pyrrhotite and minor chalcopyrite, pyrite and quartz vein with significant gold value, trending northeast west and eastwest. It is located at the east boundary of the Winner property (Ranger claim) and was traced southeasterly for in excess of 400 m, based on fourteen diamond drill holes completed in December 1986. Indicated on Figure 6, the South Zone may be disrupted by a fault within the Ranger claim area and reappear as "Anomaly No. 1 - 1A" on the subject ground. It should be noted that the South Zone was initially expressed as an EM-16 conductor zone, similar to the various anomalies found on the property (Presunka 1986 - personal communication). The results of the sulphide intersections from the 1986 diamond drilling on the South Zone are transferred from a NEWS RELEASE (December 12, 1986):

TABLE 4

ASSAY RESULTS FROM DIAMOND DRILLING
THE SOUTH ZONE

<u>Hole No.</u>	<u>Intercept (ft.)</u>	<u>Width (ft.)</u>	<u>Assay Gold oz/ton</u>
86-1	90.0 - 92.5	2.5	.040
86-2	158.0 - 162.0	4.0	1.260
	163.5 - 165.0	1.5	.144
	166.5 - 168.8	2.6	.064
86-3	152.0 - 156.5	4.5	.227
	179.8 - 181.3	1.5	.369
86-4	180.0 - 181.6	1.6	.064
86-6	65.2 - 68.2	3.0	.010
86-7	200.0 - 205.0	5.0	.101
86-8	118.5 - 122.5	4.0	.277
86-9	277.2 - 279.0	1.8	.123
86-12	118.6 - 279.0 120.6	2.0	.361

The general location of the above diamond drilling is shown on Figure 6. A more detailed geology of the South Zone is described in other report (Kim, 1986).

Ranger Shaft

The Ranger Shaft located within Anomaly No. 4 was sunk about 20 m deep on vertical N 70 - 80 W trending vein of massive pyrite and quartz about 0.6 metre wide. The bottom of the shaft was flooded and the vein was inaccessible for sampling at the date of this investigation. The two collapsed hand trenches were reported in the vicinity of the Ranger Shaft (Taylor, 1984), but a moderate snow cover in the area hindered detailed inspection of the shaft and other physical workings. One grab sample from the dump of the shaft comprising of the altered wall rock (greenstone) with rich pyritization gave the assays of:

TABLE 5 WALL ROCK SAMPLING AT RANGER SHAFT (H. KIM 1986)

<u>Sample No.</u>	<u>Mineral Content</u>
Ranger # 1 (altered wall rock)	0.044 oz/ton gold 0.08 oz/ton silver

R.P. Taylor, P. Eng. (1894) picked five samples in the area around the shaft for Scotia Resources Ltd., and the results of this sampling are transferred from his report:

TABLE 6 ASSAY RESULTS - RANGER SHAFT (TAYLOR 1984)

<u>Sample No.</u>	<u>Cu</u> <u>%</u>	<u>Pb</u> <u>%</u>	<u>Zn</u> <u>%</u>	<u>Ag</u> <u>oz/ton</u>	<u>Au</u> <u>oz/ton</u>	<u>Te</u> <u>ppm</u>
46701 Wall rocks of shaft vein - high Cu	2.29	.01	.01	.78	1.102	
46702 Wall rocks of shaft vein	.26	.01	.01	.09	.006	
46703 Sloughed trench	.03	.01	.01	.01	.001	
46704 Shaft - massive sulphides	.39	.01	.01	.43	.093	3.2
46705 Shaft - high quality content	.28	.01	.01	.09	.016	

The presence of tellurium in sample 46704 is significant in that telluride gold is water soluble and the rocks assayed may be leached of gold content to some extent.

Crown Showings (Noranda Mines - Consolidated Boundary
Exploration Ltd. Joint Venture)

The Crown Showings, one km northwest of the property, were initially expressed as geophysical and geochemical anomalies in the summer of 1986. They were disclosed by trenching and diamond drilling in October - December 1986. The general trend of this newly discovered mineralization was reported to strike to the northwest, conforming to those of the mineral showings and the anomalies revealed on the property. The significant assay results from Noranda's 1986 program are summarized on Figure 6. The most impressive one is from trenching at TR.CR.86-2:

TABLE 7

SAMPLING AT NORANDA'S 1986
TRENCH CR-86-2

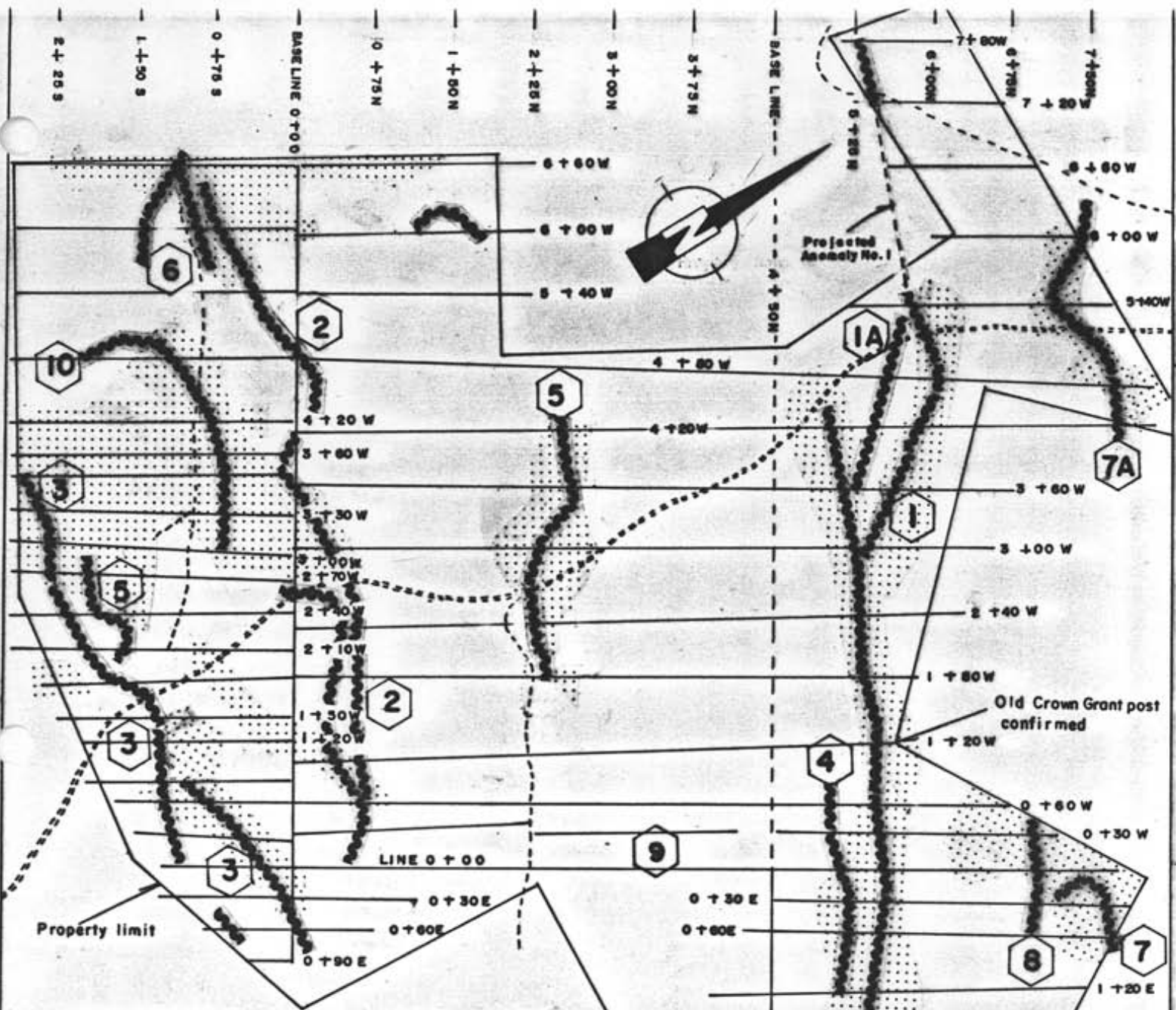
<u>Sample No.</u>	<u>Channel Cut (m)</u>	<u>Gold</u>	
		<u>g/ton</u>	<u>oz/ton</u>
6653	1.0	6.24	0.22
6654	1.0	0.07	0.002
6655	1.0	0.14	0.005
6656	1.0	4.46	0.16
6657	1.0	1.61	0.06
6658	1.0	1.06	0.04
6659	1.0	0.21	0.007
* 6660	1.0	45.26	1.597
6661	1.0	23.86	0.842
6662	1.0	1.06	0.037
6663	1.0	0.65	0.023
* combined	2.0	34.56	1.220

8.0 GEOPHYSICAL SURVEY


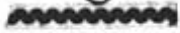
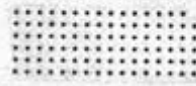


General

The purpose of the present geophysical survey was to delineate the gold-bearing zones, possibly extended northwesterly, and southeasterly from the South Zone and Ophir Vein, and the Crown Showings, respectively. Steve Presunka, Geophysicist provided field supervision and geophysical interpretation of the present survey. A Ronka EM-16 VLF electromagneto meter was used in this survey. As stated earlier, Steve Presunka performed the same survey on the Golden Crown in the Summer of 1986, leading to the discovery of the South Zone of highly commercial interest.

The EM-16 unit utilizes the primary electromagnetic fields generated by very low frequency marine communication stations, 15-25 kHz. The instrument measures the dip angle of the secondary field induced in a conductor. The VLF-EM readings were filtered using D.C. Fraser's method (Geophysics Vol. 34, No. 6, December 1969). This method transforms or phase shifts the dip angle data by 90 so that cross-overs and inflections are transformed into peaks to yield contourable quantities.



LEGEND

- 

 EM - 16 Conductor(Crossovers) & Anomaly number
- 
 Geochemically Anomalous Area.
 For detailed information, consult Fig. & Fig. (in pocket)
- 
 Two wheel drive all weather dirt road
- 
 Four wheel drive road

NOTE : For detailed results of VLF - EM 16 survey (In phase and Quadrature profiles, Crossovers, etc.), consult Fig. (in pocket).

H. Kim, P. GEOL., F.G.A.C.
Consulting Geologist

Silver Lady Resources Inc.
WINNER CLAIM GROUP
GREENWOOD MINING DIVISION

GEOPHYSICAL SURVEY(EM-16)
(Simplified)

DATE December 1986 DRAWN BY [Name] **FIG 7**

Line Grid Flagging

A line grid covering the property consisted of 22 northeast lines, 30 - 60 m apart and 450 - 1,000 m long. Two base lines were run, due to the fact that the property boundary lines are not straight, and disrupted by other Crown Grant and contiguous claims. The base lines were laid at 300 azimuth. The VLF-EM reading spacing on the lines was 15 m.

Results

The results of this survey confirm virtually all the mineral showings described in the preceeding chapters, except the Winner prospect quartz vein with 1.19 oz/ton Au (sample Winner #1). In addition, the survey disclosed more than ten conductors, all of which trend northwesterly, paralleling or subparalleling the base lines. As described in the following chapter, all these anomalies are supported by correlative geochemical values. The results of the survey are shown generalized on Figure 7, and in detail on Figure 12. The geochemically anomalous areas are simplified and incorporated on this Figure by shading for the reader's convenience.

9.0 GEOCHEMICAL SOIL SURVEYS

General

The initial plan was to collect soil samples from every line-grid stations as for the VLF-EM 16 survey. But, due to a limited field season for unfrozen soil sampling, only the geophysically anomalous areas were selected in priority for soil sampling. In all 496 samples were picked, being divisible into three general areas; northern, central and southern sectors. In the selected areas as above, soil samples were taken at 15 m intervals on lines.

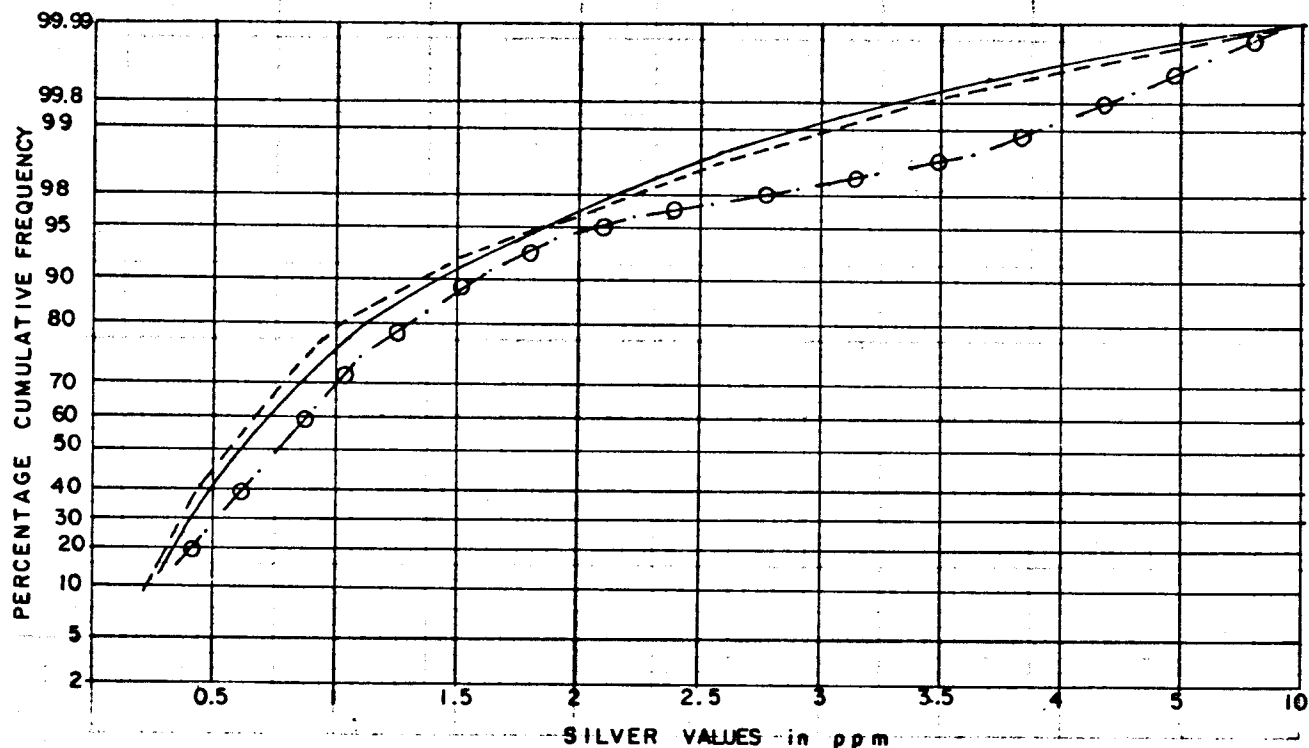
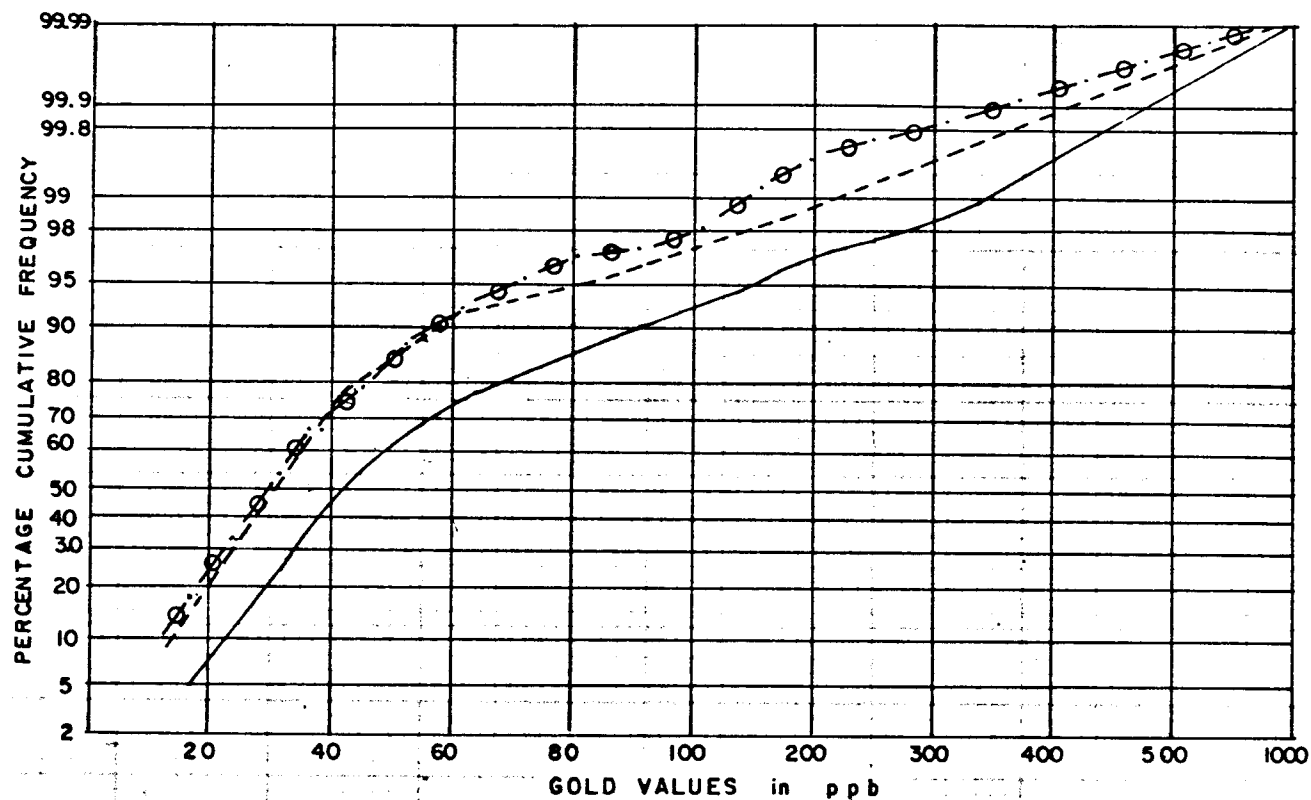


FIG.8 COMPARISON OF GOLD & SILVER DISTRIBUTION IN SOILS
Between NORTHERN, CENTRAL & SOUTHERN SECTORS
Geochemically surveyed, using background and threshold values.
 (Cumulative Frequency is plotted on normal probability paper)
WINNER CLAIM GROUP, GREENWOOD M.D.

KEY

- NORTHERN Sector (area to the north of Baseline 4+50N)
- - - CENTRAL Sector (area between Baselines 0+00 & 4+50)
- - ○ - ○ SOUTHERN Sector (area south of Baseline 0+00)

Prepared & Drawn by H. Kim, P. Geol., F.G.A.C.
 Consulting Geologist

December 14, 1986

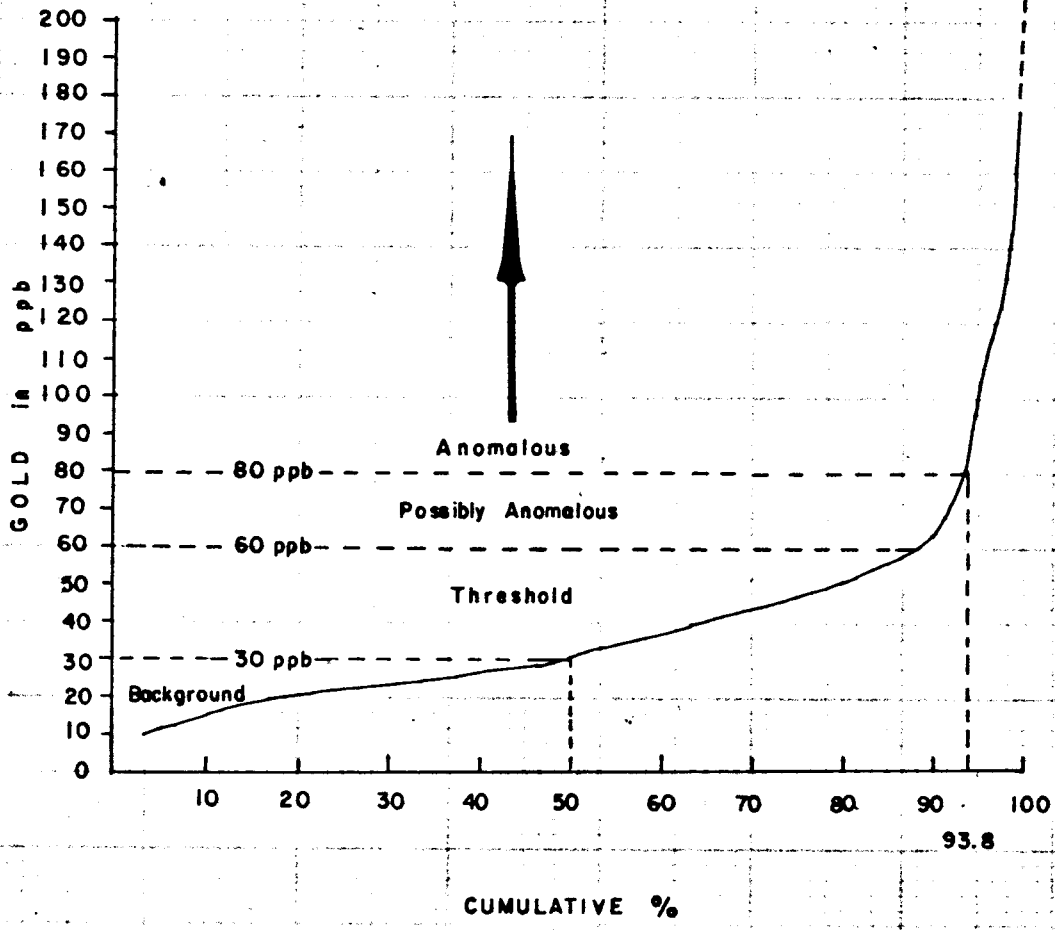
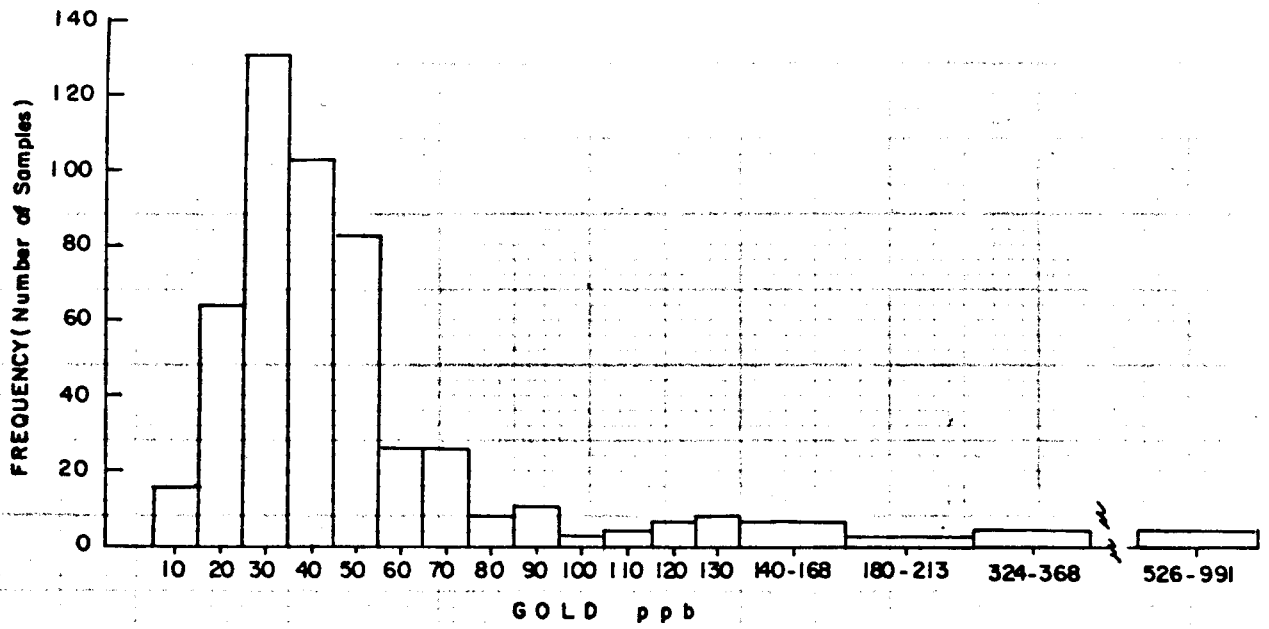
Physiography and General Review of Soils

Relief exceeds 200 m from about 1,245 m (4,085 ft.) elevation at the western edge of the claims to about 1,450 m (4,757 ft.) elevation on the ridgetop in the vicinity of the Ranger shaft on the east. Topographic profile is not uniform. In general, the western half part of the property forms relatively a gentle 20 degrees west-facing slope and broad gulley with sparse, scattered bedrock exposures. The eastern sector in the Ranger shaft area is dominated by bedrock exposures and steep slopes at a general angle of 40 degrees with several escarpments. The surface drainage on the property is not conspicuous, but may be weakly developed by a broad gulley running northwest in the limited season of high precipitation.

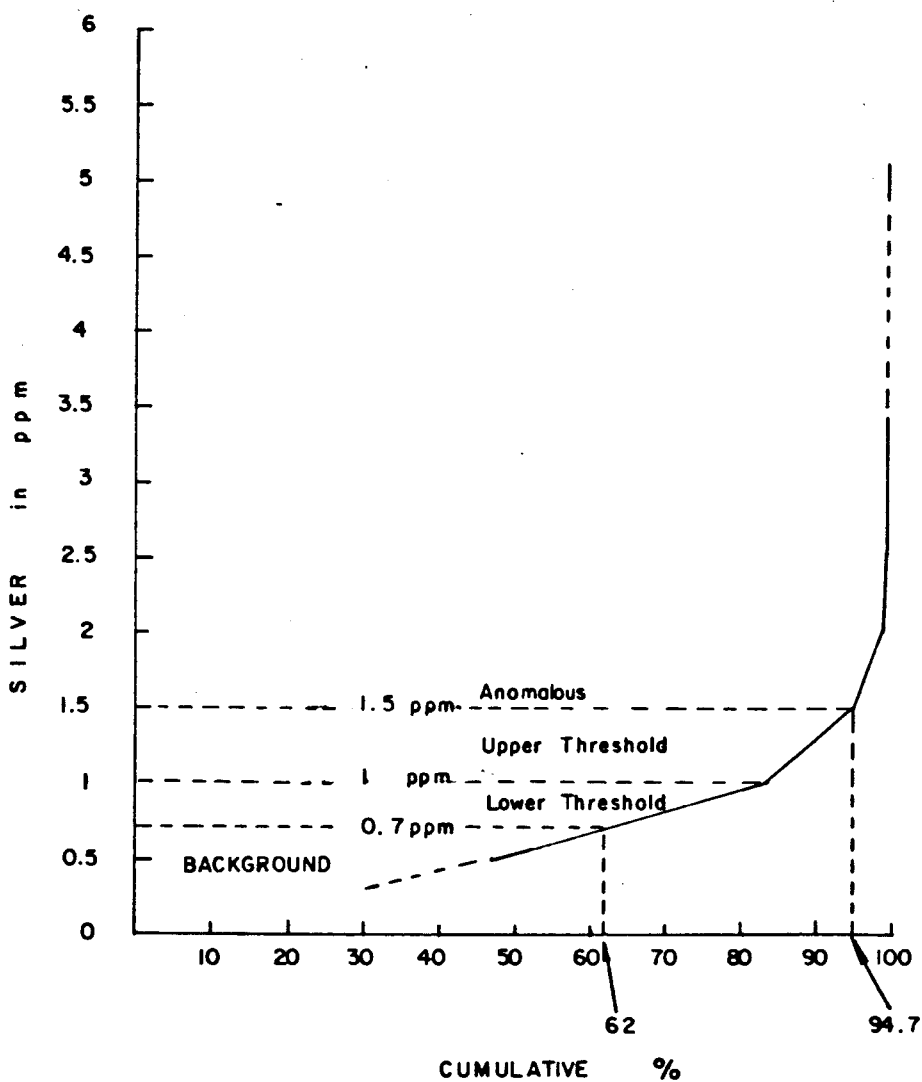
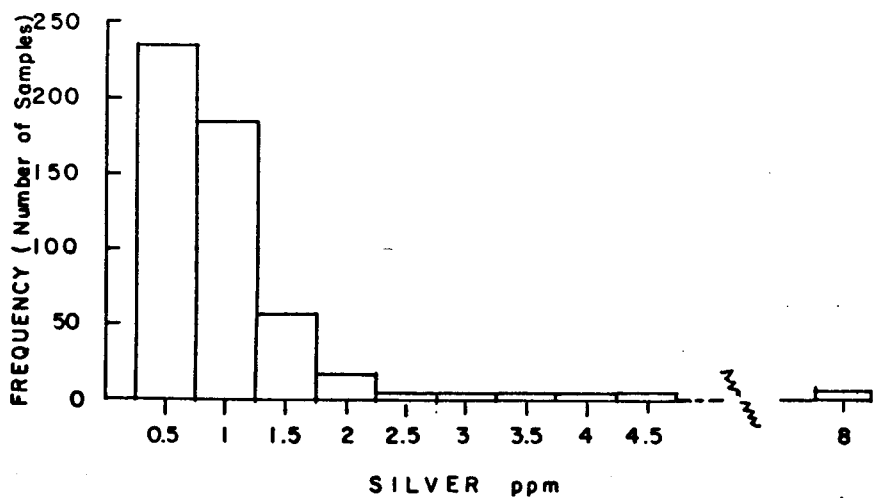
The vegetation to the west and south is commonly broad-leaved, mixed with coniferous forest associated with podzolic soils and/or local lithosols. The eastern rocky sector from which several erratically high geochemical values came is sparsely vegetated with coniferous trees and poorly drained. The soils here appears to be remained in a juvenile state of development with thin, indistinct horizons containing weathered bedrock itself or a high portion of partially weathered rock debris, generally categorized to "skeletal lithosols".

Estimation of Background and Threshold Values

A total of 496 geochemical soil sample data are available on the three selected areas as described earlier. Before presenting the overall background and threshold values for gold and silver, the data from the northern, central and southern sectors were separately studied for frequency distributions. Cumulative frequency percentage for gold and silver in the three areas plotted on a normal probability paper shows generally coincident correlations (Figure 8). The statistical distribution and estimation of background, threshold and anomalous values for gold and silver in 496 samples are exhibited on Figures 8 - 10.



**FIG. 9 Histogram & Corresponding Cumulative % Frequency
For GOLD (496 values)
WINNER CLAIM GROUP, GREENWOOD M.D.**



**FIG. 10 HISTOGRAM & CORRESPONDING CUMULATIVE % FREQUENCY
For SILVER(496 values)
WINNER CLAIM GROUP, GREENWOOD M. D.**

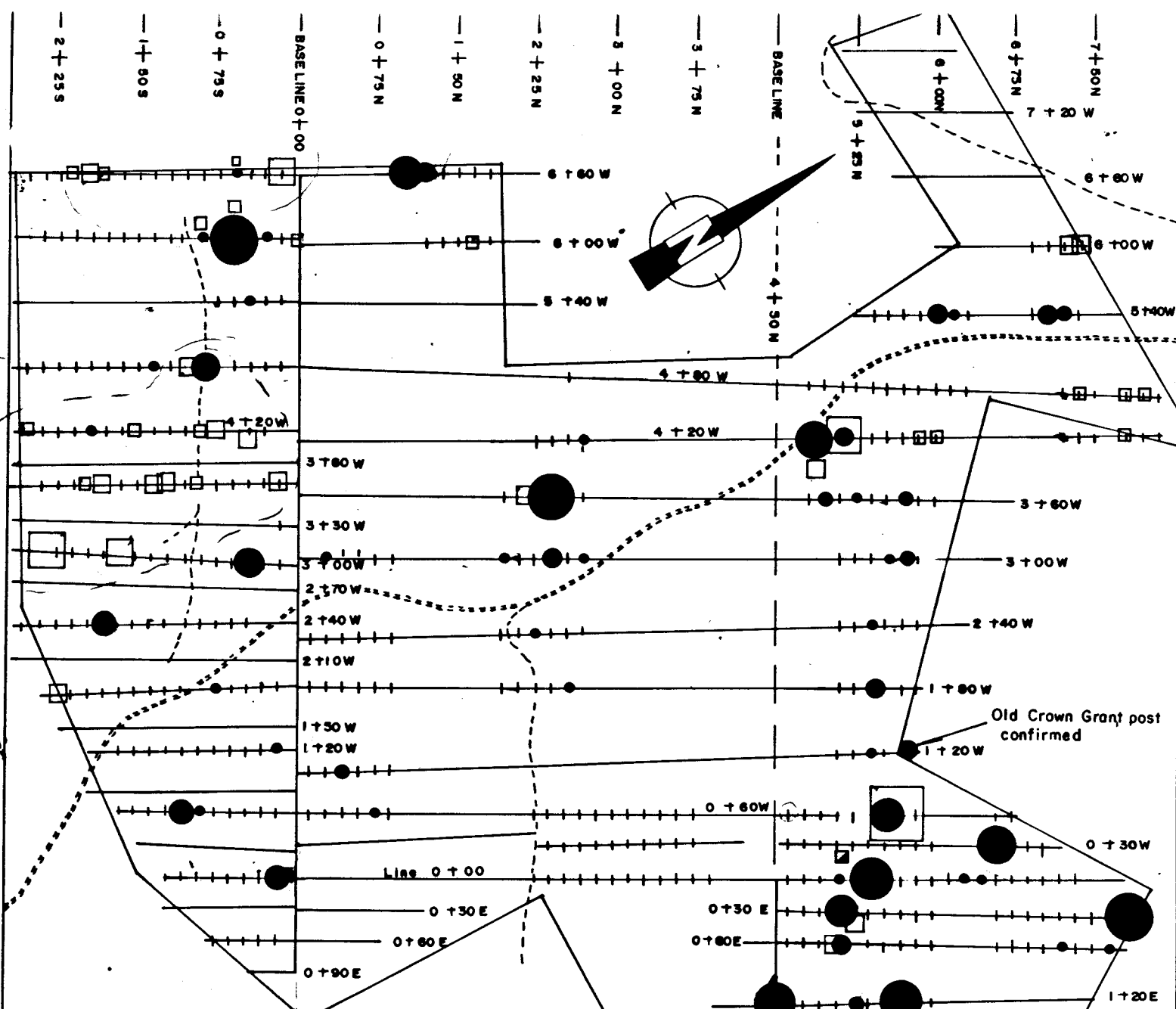
The respective ppb (gold) and ppm (silver) ranges for mean (background), threshold and anomalous values were initially chosen by inspection of inflection points on the cumulative percentage frequency curves on normal graph paper. However, these values were modified later by provisional correlations between geochemical features, general geology, topography and the actual examination of the mineral showings.

Preparation of Geochemical Maps and Others

Anomalous soil distributions in the selected areas of geochemical survey are exhibited generalized on Figure 11 and in detail on Figure 13. Anomalous contouring may not be employed at this time, because the present line-grid may be inadequate to ensure validity of contours for the following reasons:

1. Soil sampling has not been completed in the entire line-grid area.
2. Anomalies are not homogeneous, changing rapidly from background to anomalous values at 15 m intervals.
3. Since the purpose of this soil survey was to verify the geophysical anomalies in the selected area, the distances between lines are not uniform, ranging from 30 m to 60 m. This incongruous line-grid does not justify a graduated series of contouring for such erratic high anomalies.

Soil samples were taken by J. Luckie and R. Hughes with shovels at an average depth of 40 cm and packed in standard soil sample paper bags. All samples were analyzed by General Testing Laboratory, Vancouver, B.C.



LEGEND

GOLD ppb

SILVER ppm

- 526 - 991
- 324 - 368
- 181 - 213
- 161 - 180
- 141 - 160
- 121 - 140
- 101 - 120
- 81 - 100
- 80 - 80

- > 8.0
- 4.5
- 3.5
- 3.0
- 2.5
- 1.5

Old Crown Grant post
"NE of OPHIR"
confirmed in the field



NOTE: For detailed assays, consult
Fig. (in pocket)

H. Kim, P. GEOL., F.G.A.C.
Consulting Geologist

Silver Lady Resources Inc.

WINNER CLAIM GROUP
GREENWOOD MINING DIVISION

SOIL GEOCHEMISTRY
(Simplified)

DATE

DRAWN BY

FIG 11

10.0 DESCRIPTION OF ANOMALIES (See Figures 6 & 7)

The following table summarizes the combined geophysical (VLF-EM 16) and geochemical anomalies, which are numbered in their order of preference.

TABLE 8 SUMMARY OF VLF-EM AND GEOCHEMICAL COMBINED ANOMALIES

Anomaly Nos.____	Conductive Zone Strike Length_____	Gold Peak Value _____ppb_____	Remarks
1	1,000 m	368	<p>Within the northern sector. Reflects bedrock mineralization. Ranger shaft is about 20 m below this anomaly. Possible northwest extension of the South Zone. Open-ended at the west edge of the claims. Coincides also with high silver anomaly (+ 8.0 ppm)</p> <p>*Merits detailed investigation.</p>
1A	200 m	-	<p>*May reflect hidden sulphide mineralization, branching off the above Anomaly No. 1. No coincident geochemical value.</p> <p>*May merit detailed geochemical survey</p>

<u>Anomaly Nos.</u>	<u>Conductive Zone Length</u>	<u>Strike</u>	<u>Gold Peak Value</u> <u>ppb</u>	<u>Remarks</u>
2	700 m		748	<p>Within the southern sector. Reflects unknown mineralization. High gold value is coincident with, and surrounded by moderate silver values.</p> <p>This structure parallels the southern known showings prospected by the Winner prospect shafts and trenches.</p> <p>*Merits detailed investigation.</p>
3	600 m		140	<p>Within the southern sector. This strong EM conductive zone runs almost east - west, and transects the strike of the known quartz vein on the Winner workings. Coincides with high silver value (3.5 ppm).</p> <p>*Merits detailed investigation.</p>
4	200 m		180	<p>Within the northern sector. Reflects known mineralization at the Ranger shaft and its extension. Also correlated with moderate silver value.</p> <p>*Merits detailed investigation.</p>
5	250 m		526	<p>In the central sector. Reflect the northwest extension of the Ophir vein in the Ophir claim southeast. Coincides with moderate silver value.</p> <p>*Merits detailed investigation.</p>

Anomaly Nos.---	Conductive Zone Strike Length-----	Gold Peak Value -----ppb-----	Remarks
6	100 m	-	<p>On the southwest edge of the property. Reflects unknown mineralization branching off the aforementioned Anomaly No. 2. No coincident gold value. An anomalous point for silver is noted.</p> <p>*May merit trenching.</p>
7	100 m	991	<p>At the northeast edge of the property. EM conductor is curved and short in strike length, but the highest gold value was resulted. Reflects unknown mineralization being possibly merged into Anomaly No. 8 described below.</p> <p>*Requires trenching to test the cause of the anomaly.</p>
7A	250 m	105	<p>At the northern edge. Possible northwest extension of Anomaly No. 8 described below. Correlated with moderate silver values.</p>
8	100 m	216	<p>In the northern sector. This fair anomaly with corresponding geochemical values continues off the line grid to the northwest. Anomaly 7A described above may be northwest extension of this anomaly (see Figure 7). The southeastern part and eastern part of the geochemically anomalous area has not been soil sampled.</p> <p>*Geochemical detailing and trenching should be done.</p>

<u>Anomaly Nos.</u>	<u>Conductive Zone Length</u>	<u>Strike</u>	<u>Gold Peak Value ppb</u>	<u>Remarks</u>
9	200 m		-	<p>Near the east border. This EM conductor runs exceptionally northeast. No geochemical survey was done in the area.</p> <p>*This anomaly can be further substantiated by geochemical survey in the later stage.</p>
10	180 m		142	<p>In the southern sector. Located with a silver anomalous zone. Reflects overburden-covered mineralization.</p> <p>*Worth further investigation. Soil sampling should be filled in the unsampled area to the south.</p>

The following table lists three other important target zones not included in the above table. The three target zones are shown on Figure 11 (soil geochemistry - simplified).

TABLE 9 OTHER TARGET ZONES FOR EXPLORATION

<u>Target Area</u>	<u>Location</u>	<u>Size</u>	<u>Remarks & Significance</u>
Winner Vein	Baseline 0+00 N 0+60 E - 1+50 W	120 m (known)	Devoid of VLF-EM conductive zone. A grab sample from Winner shaft dump returned 1.19 oz/ton gold. Appears to be open to northwest and southeast. A geochemical detailing at 5 m interval may disclose further extension of the vein.
A	Baseline 0+00 N - 2 +755 2+70 W - 4+80 W	200 m x 300 m	The most impressive silver anomalous zone on the property. Partial overlaps with Anomalies 3 and 10. May reflect a base metal mineralization. Next phase geochemical program should include geochemical analysis for Cu, pb and Zn.
B	0+75 N - 1+50 N 6+00 W - 6+60 W	75 m x 60 m	A small VLF-EM conductor zone coincides with a silver anomaly. Gold geochemical value shows up to 169 ppb. Open ended at the west edge of the line grid. Geochemical survey should be expanded to the east and south for better evaluation of this anomaly.

11.0 CONCLUSIONS

The ten electromagnetic conductors with correlative geochemical values in gold on the property reflect bedrock or overburden-covered sulphide mineralization.

The South Zone (massive sulphide deposit) with significant gold value, up to 1.26 oz/ton Au across 4 feet on the Golden Crown property appears to extend to the subject ground (Anomaly No. 1). The Ophir-Keno vein with local erratic high gold value, 2.3 oz/ton Au across 1.5 feet, also appears extended to the property (Anomaly No. 5).

The newly discovered Crown showings of highly commercial interest, up to 1.22 oz/ton Au over a channel cut length of 2 m, trend reportedly northwest, conforming to those of the existing showings and various anomalies on the property.

The Crown showings, the Winner prospect/anomalies including Ophir-Keno vein and the productive Golden Crown showings with the South Zone appear to be within the same metallogenic system. This may be supported by the following factors:

1. The same host rock; map unit A (old diorite) including local schist by B.N. Church (1985).
2. Within the same tectonic elements; northwest block faults (Figure 4, after Church, 1985).
3. Reported the same lithology, mineralogy and alteration of the mineral occurrences.
4. Northwest alignment of the respective mineral showing locations.

The Winner Quartz Vein, 120 m long in projected strike length, is devoid of geophysical response, but the reported free gold and a grab sample of economic interest (1.19 oz/ton Au) in this quartz vein should be noteworthy.

12.0 RECOMMENDATIONS

In view of the preceeding factors, the property warrants an additional exploration program to determine its economic feasibility as follows:

1. Detail prospecting and mapping in the entire property. The showings, alteration and lithology of the adjacent claims should be also investigated for better understanding of the subject ground.
2. Complete fill-in soil sampling at 15 m interval in the entire line grid.
3. Detailed EM and geochemical survey at 5 m intervals on lines, 10 m apart to select locations for subsequent trenching of the currently revealed ten anomalous zones.
4. Stripping, blasting and sampling the anomalies and extension of the Winner Quartz Vein, following the above No. 3 work.
5. Drilling:

Stage I Subsequent to the above No. 4 work, 500 m of core drilling in BQ for short, eight or nine holes, should be undertaken to test for economic feasibility in the Winner and Ranger prospects, plus the other showings revealed by the above No. 4.

Stage II Should the results of the Stage I be encouraging, a modest drilling program can be planned. About 700 m for 12 holes at shallow depth may be necessary to amplify the lateral extension of the mineral occurrences.

13.0 BIBLIOGRAPHY

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- WARES, R. (1985) - Report on Golden Crown and Winnipeg property.

14.0 CERTIFICATE

I, Hun Kim, with a business address in the city of Vancouver, B.C. do hereby certify that:

1. I am a consulting geologist and registered in the Geological Association of Canada (Registration #F1309).
2. I am a registered, licensed member, in good standing, of the Association of Professional Engineers, Geologists and Geophysicists in the Province of Alberta (Registration #5848).
3. I am a graduate of Seoul University (1958) holding a B.Sc. degree in Geology and completed one year of post graduate studies for a Master of Science degree (1960).
4. I have practised my profession for 16 years in Canada, and for 7 years in foreign countries per US Agency of International Development overseas project for the U.N. and assessed about 200 different metallic and non-metallic mines and properties including 104 precious metal deposits.
5. I have been a mine geologist with Granby Mining's Phoenix Division near the property for several years prior to 1977. This report is based on the writer's recent visit to the property between October and December 1986 plus available maps and reports from government private sources on the region.
6. I have no interest, direct nor indirect, in the properties described herein, or in the securities of any company involved, nor do I expect to receive any interest in the future.

Vancouver, B.C.
January 27, 1986



H. Kim, P. Geol., F.G.A.C.
Consulting Geologist

15.0 STATEMENT OF COSTS

Introduction

The geological, geophysical and geochemical surveys were carried out on the Winner Claim group from November 1, 1986 to December 20, 1986, and further follow-up program is in progress on the property as of to date (January 27, 1987). The following statement of costs shows only a portion of the value expended in exploration on the Winner Claim Group during the period from November 1, 1986 to November 24, 1986, supporting cost data for the applied amount of \$9,200.00, compatible with STATEMENT OF EXPLORATION AND DEVELOPMENT on the Winner Claim Group, recorded on November 25, 1986.

Geochemical Survey

Wages 2 men (J. Luckie, R. Hughes) 5 days @ \$210	\$ 1,050.00
--	-------------

Geophysical Survey

Wages 2 men (J. Luckie, R. Hughes) 10 days @ \$210	2,100.00
Geophysicist 15 days @ \$200	3,000.00
Associated Field Cost	2,000.00
Transportation	<u>1,050.00</u>
	\$ 9,200.00

*As reiterated, the above costs represent only a portion of the exploration expenditures excluding numerous items such as geochemical analysis of 496 samples, hotel accomodation and meals, the author's professional fee, etc.



15,435
 GEOLOGICAL BRANCH
 ASSESSMENT REPORT

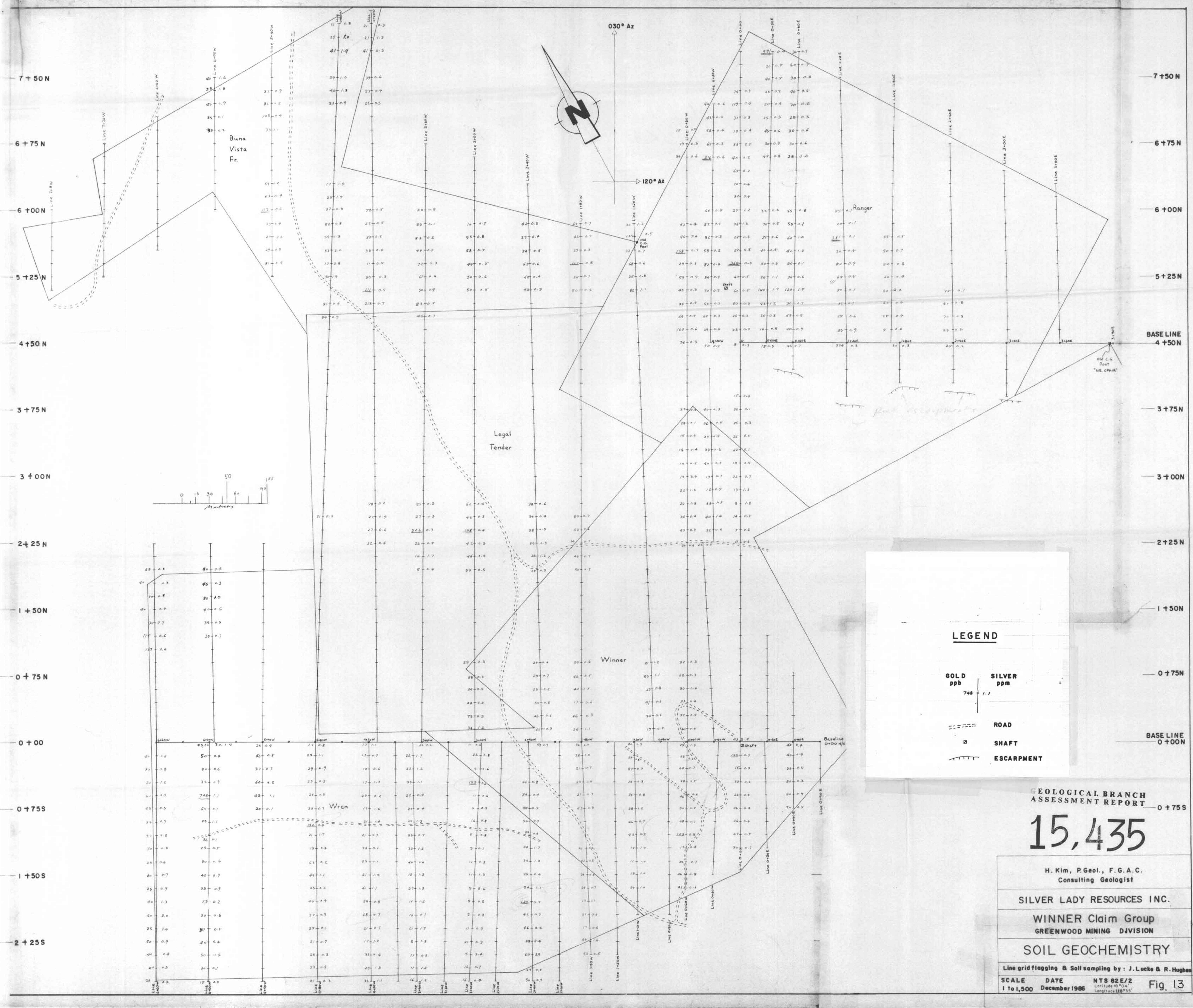
BANYAN EXPLORATION CONSULTANTS INC.
 for
SILVER LADY RESOURCES LTD.
 Winner Mineral Claim Group - Greenwood Mining Division

Electromagnetic Geophysical Survey
 Instrument: Ronka EM-16 - Ser. Nos. 2 & 20
 VLF Station: 248 (Seattle)
 Tilt Angle: 330° Az.
 Surveyed by: J. Lucka/R. Hughes
 Drawn by: S. Presnka
 Date: November 22, 1986
 Scale: 1 to 1500 (1cm = 15m)
 Drawing No.:

N.T.S.: 82 E/2
 Latitude: 49° 04' N
 Longitude: 118° 38' W
 In Phase Profiles
 Quadrature Profiles
 Crossovers

(24.8)
 (21.4)

FIG. 12



LEGEND

- GOLD
ppb
748
- SILVER
ppm
1.1
- ROAD
- SHAFT
- ESCARPMENT

GEOLOGICAL BRANCH
ASSESSMENT REPORT

15,435

H. Kim, P. Geol., F.G.A.C.
Consulting Geologist

SILVER LADY RESOURCES INC.

WINNER Claim Group
GREENWOOD MINING DIVISION

SOIL GEOCHEMISTRY

Line grid flagging & Soil sampling by: J. Lucke & R. Hughes

SCALE 1 to 1,500 DATE December 1986 NTS 82E/2
Latitude 49°04' Longitude 118°35'

Fig. 13