

REPORT

on the

BAYONNE PROPERTY

NELSON MINING DIVISION, BRITISH COLUMBIA

NTS M82F/2W

Bluebird 1919, Last Chance 1920, BMAC 1 2724, BMAC 2 2725

LAT 49° 10'N LONG 116° 56'W

of

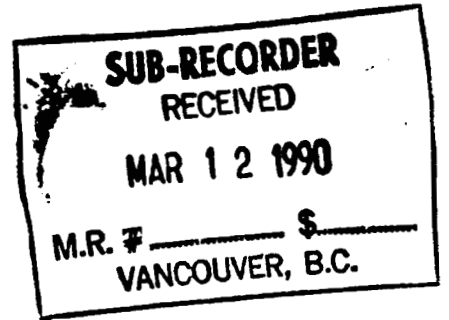
GOLDRICH RESOURCES

by

G.M. ALLEN, P.ENG., ONTARIO

Sept. 28, 1989

Vancouver, B.C.



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**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

19,289

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INTRODUCTION

The Bayonne Property is located east of the Sheep Creek Gold Mining Camp in southeast British Columbia and produced 85,000 tons of ore averaging 0.47 oz Au/ton and 1.12 oz Ag/ton between 1936 and 1942. The property is known to contain several gold and silver bearing fissure veins within fine to medium grained granodiorite.

The property consists of 138 claim units held by Fred Critchlow and Goldrich Resources.

A short exploration program consisting of a Self Potential survey was carried out July 10-13, 1989 by Fred Critchlow. 2.1 km of SP surveying was completed. This report covers the results of that survey.

A two phase exploration program is proposed to fully evaluate the results of this survey.

CONCLUSION

Results of work on the Bayonne Claims suggest that there are several east-west trending structures which parallel or extend known mineralized veins. The Bayonne Mine consists of steeply-dipping quartz veins varying up to 3.0 meters in width but averaging about 0.5 meters. The contained gold and silver in these veins are clearly associated with galena and sphalerite. The Bayonne veins are picked up by the SP survey and another parallel vein is indicated. Large areas covered by overburden present a large target area for finding additional veins. Results of this preliminary study show that closely spaced geophysical surveying can be very beneficial in finding and delineating the types of veins that are common in the Bayonne map area.

RECOMMENDATION

It is recommended that:

- 1.) A program of geophysical and geochemical surveying be carried out over the property to further outline extensions of the existing veins and to evaluate the potential of finding new undiscovered veins;
- 2.) Trenching and mapping should be done on the indicated anomalous extensions of existing known veins and on the indicated new veins.
- 3.) Drilling needs to follow the trenching where the trenching has shown mineralization and favorable geological structure.

The following cost estimate summarizes the proposed two phase work program:

Cost Estimate

Phase I Geochemical soil sampling, geological mapping and trenching:

Salaries;		
Geologist	30 days @ \$350/day	\$ 10,500
Assistant	60 days @ 150/day	9,000
Room and board	90 mandays @ \$40/day	3,600
Vehicle Rental		1,500
Material, camp supplies		1,500
Instrument rental		1,000
Geochemical analysis	600 samples @ \$15/sample	9,000
Backhoe for trenching	100 hours @ \$80/hour	8,000
Report and maps		8,000
	Subtotal:	<u>\$ 52,100</u>
	Contingencies:	<u>7,900</u>
	Total Phase I:	\$ 60,000

Phase II Diamond Drilling:

Salaries;		
Geologist	30 days @ \$350/day	\$ 10,500
Assistant	60 days @ \$150/day	9,000
Room and board	90 days @ \$40/day	3,600
Vehicle Rental		1,500
Bulldozer - site preparation	50 hours @ \$80/hour	4,000
Drilling	1000 m @ \$110/m	110,000
Assaying	300 samples @ \$15/sample	4,500
Material and supplies		5,000
Reports, maps, consulting		10,000
	Subtotal:	<u>\$158,100</u>
	Contingencies:	<u>15,900</u>
	Total Phase II:	\$174,000
	Grand Total:	<u><u>\$234,000</u></u>

Introduction

Goldrich Resources and Fred Critchlow hold a 100% interest in the Bayonne property comprising 80 claims units in the Salmo area of southeast British Columbia. The property is strategically located over known gold-silver mineralization.

This report summarized geophysical surveys conducted by Fred Critchlow July 10-13, 1989.

Location, Access

The property lies immediately north of the Salmo-Creston highway, at an elevation of about 1600m, and is about 50 km southeast of Nelson. Road access from the southern Trans-Provincial highway (Route 3) is a 10 km gravel road which leaves the highway in a northerly direction 32 km west of Creston or 50 km east of Salmo.

History

The earliest recorded history of the Bayonne property was in 1901 when the Bayonne and Echo claims received some attention. Early work consisted of numerous trenches and three short adits on the 1st, 6th and 8th levels developing the original vein exposures. Very little work was carried out between 1915 and 1935 when the 17 original Crown grant claims including the Bayonne and Echo claims were acquired by Bayonne Consolidated Mines, Ltd. Underground development and mining began and a 60 ton cyanide concentrator was constructed, coming into full production in 1936. Production was slowed down in 1939 in favour of an extensive development program and then continued unabated up to 1942.

The mine was at a standstill due to labour and material shortage until 1945 when it began operations again until 1946. Minor tonnages were produced by lessees between 1947 and 1951.

In 1963 Torwest Resources Ltd. optioned the property and carried out rehabilitation work, diamond drilling and a resampling program under the direction of W.G. Hainsworth, P. Eng. This work continued up to October, 1964. Up to 1963 access was by a 37 kilometer gravel road from Tye Siding on the west side of Kootenay Lake but the completion of the Salmo-Creston Highway in that year provided shorter access to the south. Logging roads were constructed from the Highway and extended by Torwest to the mine in 1964. The distance to the Trail smelter where shipments of vein material can be made is about 96 kilometers.

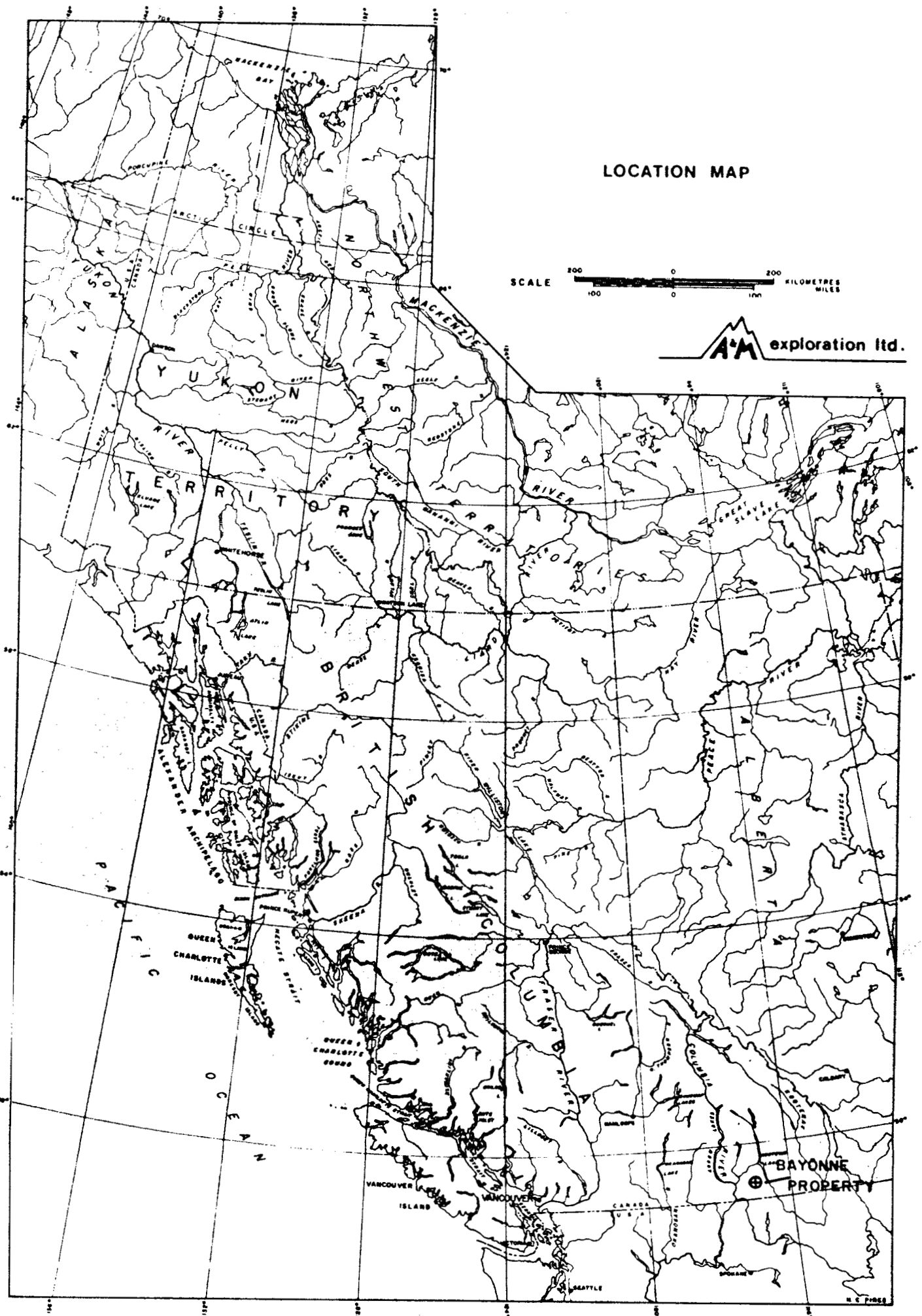
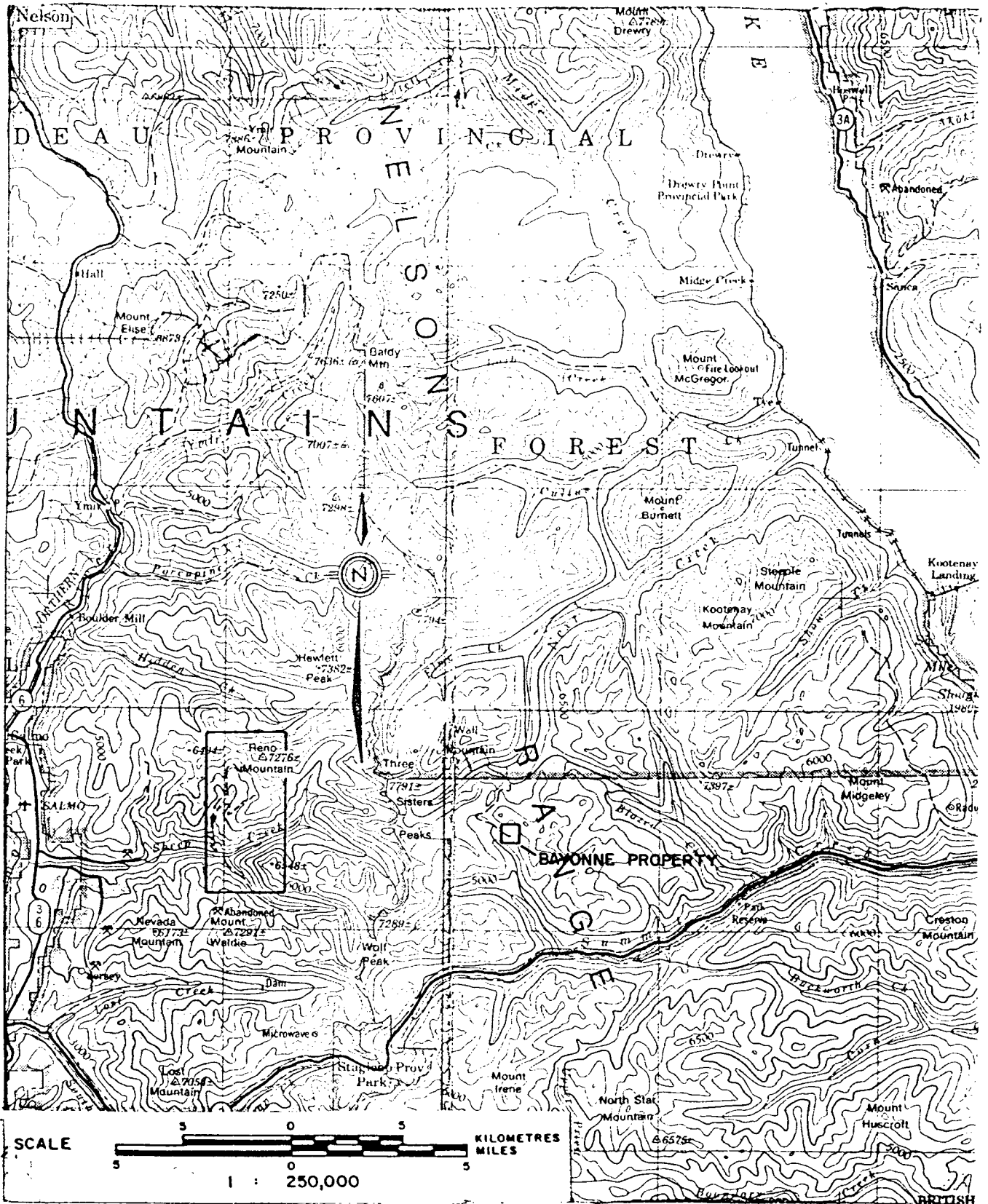


FIGURE - I



ACCESS MAP

History cont'd

Torwest Resources Ltd. carried out sufficient work to their satisfaction to justify construction of a new concentrator. Reserves were considered to be 12,450 tons averaging 0.79 oz Au per ton. Site preparation for the new 50 ton per day mill was commenced, two 300 ton ore bins were constructed, the main haulageway (5 level) was retracked when Torwest dropped their interest (and the option) in favour of other exploration properties.

Total production is reported as being 85,000 tons averaging 0.47 oz Au and 1.12 oz Ag. This includes shipments made by lessees in 1947 - 1951 that totalled 673 tons averaging 0.67 oz Au, 4.75 oz Ag, 4.4% Pb and 2.3% Zn.

In June, 1968 the property was optioned by Liberty Mines Ltd. but no work was carried out, other than an examination by G.L. Mill, P. Eng.

In early 1980 Goldrich Resources, Inc. acquired the property and began a program of rehabilitation, retimbering, diamond drilling and resampling under the direction of R.A. Wells and F. O'Grady. A trial stope on the 8 level was begun and a shipment of 43 tons averaging 0.15 oz Au, 1.2 oz Ag, 0.4% Pb, 0.2% Zn and 78.3% SiO₂ was made to the Cominco Smelter at Trail.

In 1987 Terra Mines Ltd. optioned the Goldrich claims and conducted geochemical, geophysical surveying, trenching and sampling. In the spring of 1989 Goldrich Resources signed a Letter of Intent whereby Goldrich would amalgamate with Gunsteel Resources Inc. for the purposes of putting the Bayonne and Sheep Creek Claims under one ownership in an attempt to begin production from the jointly owned claims.

CLAIM OWNERSHIP

The property consists of 138 claim units listed as follows:

<u>Claim Name</u>	<u>Type</u>	<u>Lot or Record No.</u>	<u>Units</u>	<u>Expiry Date</u>	<u>Owner</u>
Lynn 1-4 7-28	2 Post	5543-68	26	Mar. 20/90	F. Critchlow
BMAC 1&2	MG	2724&2725	2	Aug. 8/89	Goldrich Res.
Bluebird	RCG	1919	1	Aug. 21/89	Goldrich Res.
Last Chance	RCG	1920	1	Aug. 21/89	Goldrich Res.
Bayonne 1	MG	2503	20	Nov. 17/89	Goldrich Res.
Bayonne 2	MG	2504	2	Nov. 17/89	Goldrich Res.
Tristan 1-26	2 Post	5517-42	26	Mar. 20/90	F. Critchlow
AMIC I	MG	2708	2	July 20/90	Goldrich Res.
AMIC II	MG	2709	1	July 20/90	Goldrich Res.
Yukon	MG	2681	1	June 7/92	Goldrich Res.
Oxford		725	1	Aug. 15/92	Goldrich Res.
Deleware		726	1	Aug. 15/92	Goldrich Res.
Illinois		727	1	Aug. 15/92	Goldrich Res.
Echo		728	1	Aug. 15/92	Goldrich Res.
Echo Fr.		729	1	Aug. 15/92	Goldrich Res.
Ontario		730	1	Aug. 15/92	Goldrich Res.
Portland		731	1	Aug. 15/92	Goldrich Res.
St. Elmo		732	1	Aug. 15/92	Goldrich Res.
Idaho		733	1	Aug. 15/92	Goldrich Res.
Maryland		773	1	Aug. 29/94	Goldrich Res.
Kentucky		774	1	Aug. 29/92	Goldrich Res.
Mayflower	RCG	1918	1	Aug. 21/90	Goldrich Res.
Bayonne	CG	5083	1	No	Goldrich Res.
Columbus	CG	5961	1	No	Goldrich Res.
Ohio	CG	5962	1	No	Goldrich Res.
New Jersey	CG	5967	1	No	Goldrich Res.
Virginia	CG	6887	1	No	Goldrich Res.
Skookum	CG	9360	1	No	Goldrich Res.
Montana		10778	1	No	Goldrich Res.

1989 WORK PROGRAM

The 1989 work consisted of 2.1 kilometres of self-potential geophysical survey over the known workings of the Bayonne Mine. The purpose of the survey was to determine if self-potential surveying would be useful for locating as yet unknown mineralization.

GEOLOGY AND MINERALIZATION

The area in which the Bayonne property is located is underlain by fine to medium grained granodiorite of Mesozoic Age intruding green argillaceous quartzite, limestone and coarse sediments of the Horsethief Creek series of late Precambrian age. The property is located near the southwest end of an elongate, northeast-trending, 60 km long body of granodiorite known as the Bayonne batholith. This body averages about 16 kilometers in width, is generally irregular and has numerous small outlines. It varies in composition from a granite to a calcic granodiorite and contains phases described as coarse grained, fine grained porphyritic, non porphyritic, pink and light to dark gray, and is often gneissic in nature.

Mineralization consists of quartz filled fissure veins striking N80 degrees E and dipping vertically. The veins vary in width from a few centimeters to 3 meters and average about 0.5 m in width.

Gold and silver are intimately associated with pyrite, galena, sphalerite and chalcopyrite.

GEOPHYSICAL SURVEY

Self-Potential Survey

Method & Instrumentation

A total of 2.1 kilometres of self-potential survey was conducted on the Bayonne property. Measurements were taken at 10 metre intervals on line 1 and at 20 metres intervals on the other lines. The lines are shown on Figure 4. The survey was conducted by F. Critchlow.

The self-potential method measures the spontaneous ground potential between two stations. The ground potential includes the potential from numerous sources such as bioelectric activity in vegetation, fluid streaming, varying electrolytic concentrations in ground water as well as the mineralization potential from sulphides of metals, graphite and some metal oxides. The mineralization potential is similar to the potential created when two electrodes made of different metals are immersed in a homogeneous solution. Generally the mineralization potential is much greater than the potential from other sources so that the location of mineralization

may be obtained.

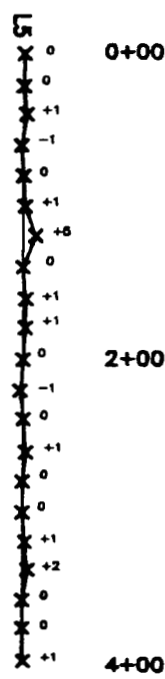
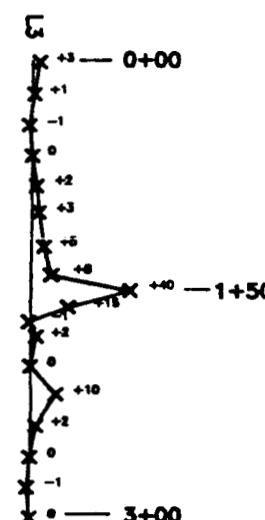
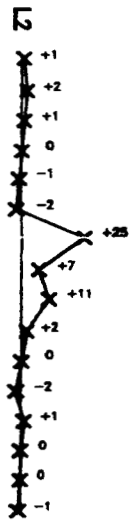
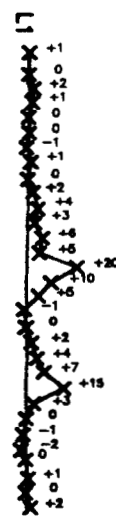
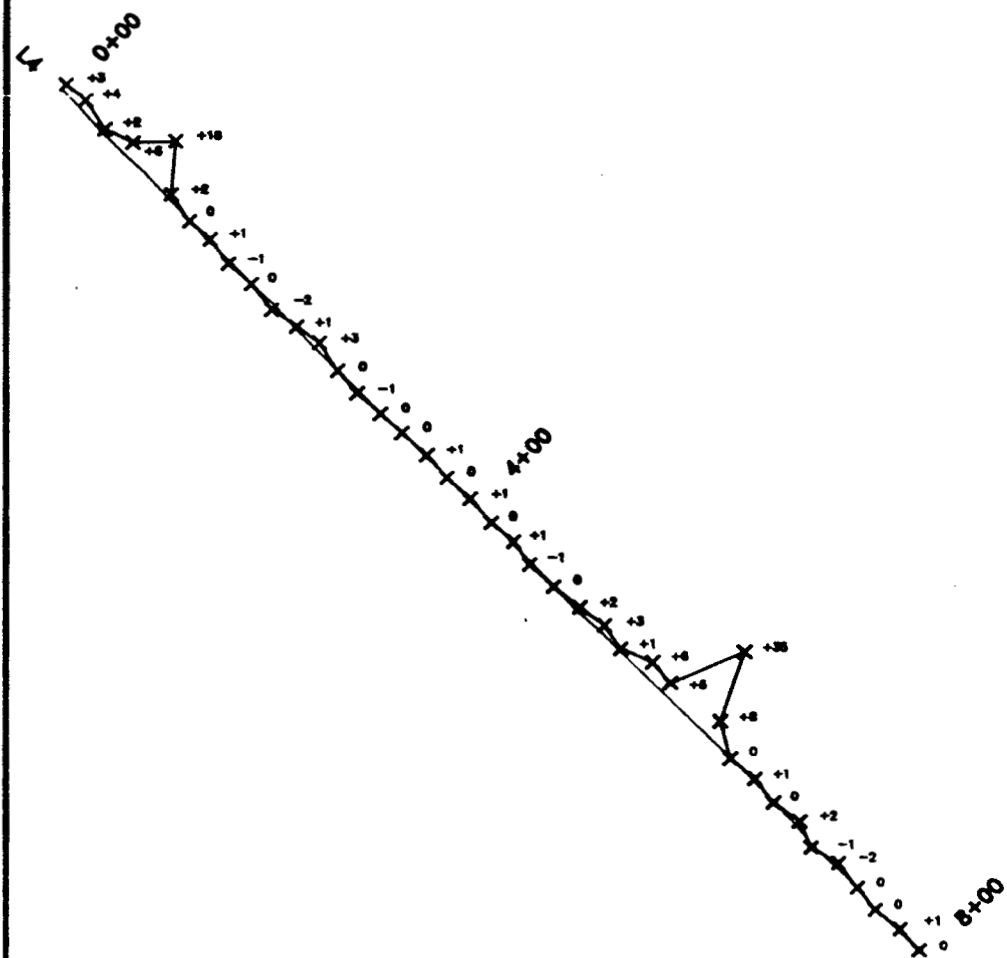
The self-potential survey was carried out using a self-potential detector manufactured by Columbia Geophysics of Castlegar, British Columbia. This unit consists of a digital voltmeter with a sensitivity of one millivolt and high internal resistance. Non-polarizable electrodes made of unglazed porcelain with a copper rod in copper sulphate solution are used. The electrodes measure four inches in diameter and are eight inches long. The unit gives large positive values in areas of mineralization.

The survey procedure involved the placing of one electrode in a fixed position at the end of a line, then taking measurements at 10 to 20 metre intervals with the second electrode. After covering 100 metres of line the rear electrode is brought forward 100 metres and the process repeated. Adjustments are made for the potential difference between the locations of the fixed electrode.

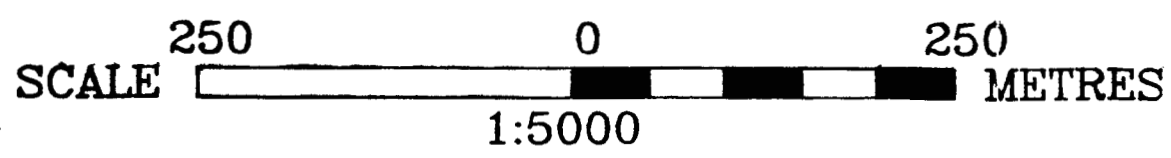
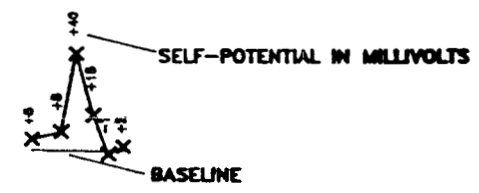
Results

The self-potential survey shows weak to moderate anomalies within the survey area. Anomalies on lines 1, 2 and 3 correlate well with known mineralization in the mine workings. Line 4 shows anomalies similar to those found over the mine workings and are likely caused by mineralization similar to that found in the mine workings.

The survey shows that self-potential surveying would be a useful tool determining the location of structures like those in the mine workings as well as discovering extensions of known mineralized zones.



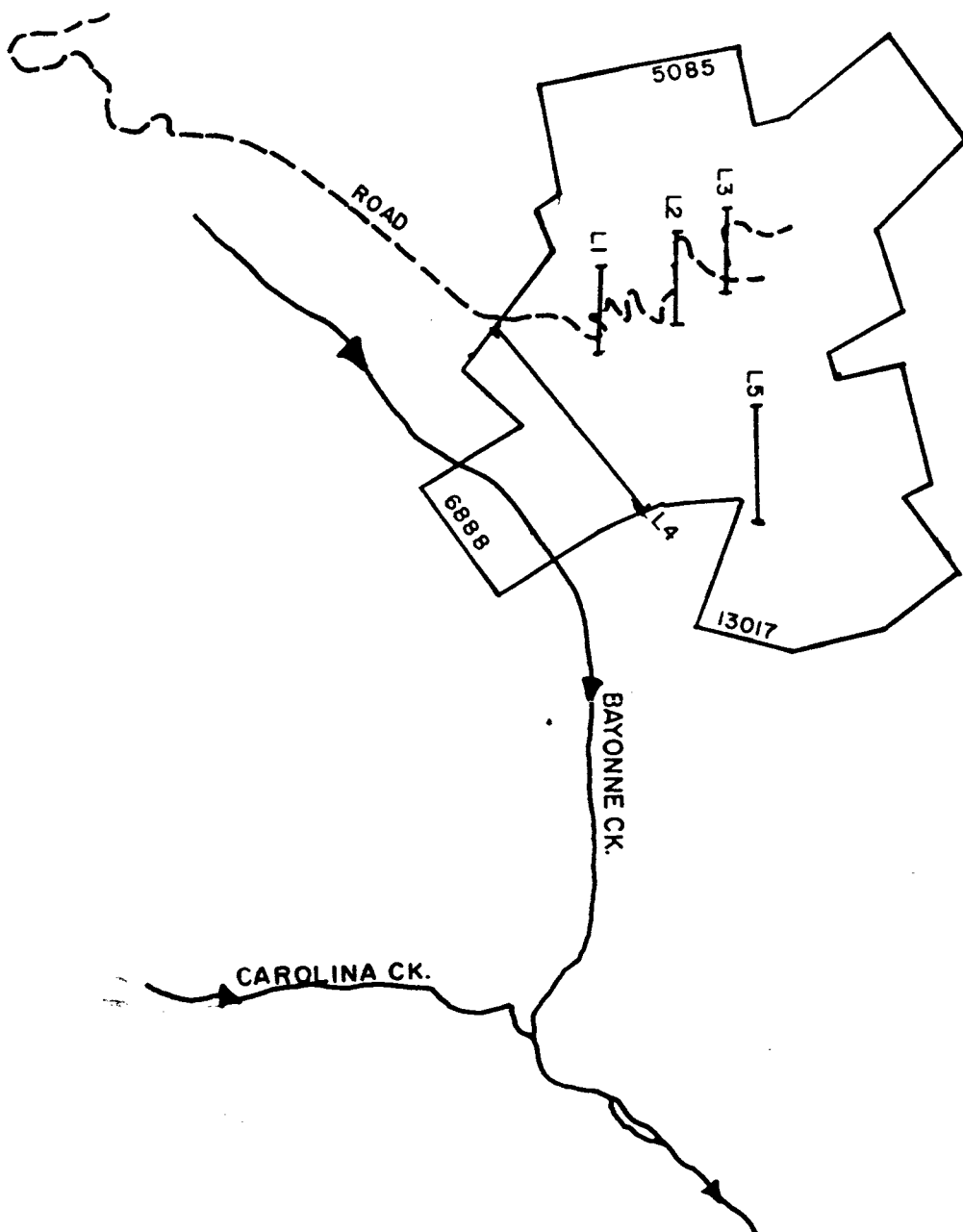
LEGEND



GUNSTEEL RESOURCES INC.
BAYONNE PROPERTY
SELF-POTENTIAL PROFILES

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FIGURE 4



GUNSTEEL RESOURCES INC.
BAYONNE PROPERTY
SURVEY GRID LOCATION

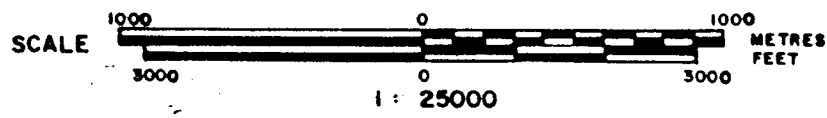


FIGURE 5

REFERENCES

Rice, H.M.A. - Nelson Map Area, East Half GSC 1941

Phendler, R.W. - Summary Report on the Bayonne Property, 1983

Phendler, R.W. - Report on the Bayonne Property, 1982


CERTIFICATE

I, Fredric H. Critchlow, certify that:

- (1) I am a prospector, free miners certificate #280908 (1989), #294865 (1190), and reside at 523-105th Street, Castlegar, B.C. V1N 3G7.
- (2) I have been practicing my profession, including prospecting, geochem, and geophysics since 1963, largely by contract basis with various companies in British Columbia.
- (3) This work was carried out by myself with the help of Dennis Llewellyn.
- (4) I have no interests in any of the company properties.

*This survey was conducted with a Self Potential Instrument, manufactured by Columbia Geophysics of Castlegar, B.C. Readings were measured in milli-volts.

Dated at Salmo, B.C
on 02/12/90



Fredric H. Critchlow

CERTIFICATE

I, Gary Allen certify that:

1.) I am a Mining Engineer, at Gunsteel Resources Inc., with offices at #507-850 West Hastings Street, Vancouver, B.C.

2.) I am a graduate of the South Dakota School of Mine and Technology in Mining Engineering, B.Sc. 1968, M.Sc. 1970.

3.) I have practised my profession since 1970 in British Columbia, Ontario and the United States.

4.) I am a member in good standing in the Association of Professional Engineers of Ontario.

5.) This report is based upon field work carried out by Fred Critchlow. I have visited the property several times and have directly supervised the work conducted on the property.



October 28, 1989

Gary M. Allen
P. Eng., Ontario

AFFIDAVIT OF EXPENSES

For fieldwork and report preparation carried out on the BMAC#1, BMAC #2, Bluebird and Lastchance claims, Nelson Mining Division, during the period of July 10 to 13, 1989.

Field

Labourer	Fred Critchlow	4 days @ \$90/day	\$360.00
Vehicle Rental		4 days @ \$15/day	60.00
	Gas/Oil		15.50
Equipment Rental	Columbia SP Detector	4 days @ \$5/day	20.00

Report

Geophysicist		2 days @ \$124/day	250.00
Drafting		3 hours @ \$20/hr	60.00
Typing/Compilation		2 hours @ \$20/hr	<u>40.00</u>
		TOTAL	\$805.00