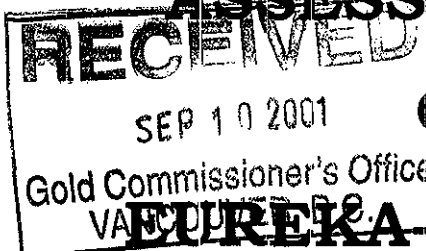


# GEOLOGICAL and PROSPECTING

## ASSESSMENT REPORT



ON THE

~~DIUREKA~~ VICTORIA MINE

(SILVER PEAK 1-4 CLAIMS)

Tenure #336759-336761 & 382196

SILVER PEAK AREA, HOPE, B.C.  
NEW WESTMINSTER M.D., N.T.S. 92H/6W  
LATITUDE 49° 18'N, LONGITUDE 121°28'W

For

HOMEGOLD RESOURCES LTD.

#5-2330 Tyner St.

Port Coquitlam, B.C.,

V3C 2Z1

Phone: 604-970-6402/Fax: 604-944-6102

Website: [www.HomegoldResources.com](http://www.HomegoldResources.com)

by

J. T. Shearer, M.Sc., P.Geo.

#5-2330 Tyner St.

Port Coquitlam, B.C.,

V3C 2Z1

Phone: 604-970-6402/Fax: 604-944-6102

July 15, 2001

GEOLOGICAL SURVEY BRANCH  
ASSESSMENT REPORT

261623

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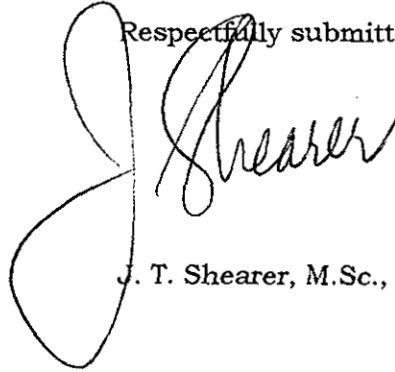
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## SUMMARY

- 1) The Silver Peak Claims cover the Eureka-Victoria Silver Mine, which has the distinction of being the first Crown-granted mineral property in British Columbia.
- 2) High grade silver veins were first discovered in 1868 and considerable ore was shipped up until 1874. Assays of remnant oxide material are recorded up to 658 oz/Ag per ton.
- 3) The property is located 6 km south of the Town of Hope. An old logging road extends to the workings. Presently access is best gained by a 4 km helicopter ride from the Valley Helicopters Ltd. base in Silver Creek on the Trans Canada highway or by foot along the road.
- 4) The mine workings on the Eureka Vein Comprise several adits, interconnected raises and a glory hole. Underground work was completed in 1924, 1961, 1971 and 1981. An indicated resource based on this work (Spencer, 1982) for only the eastern portion of the Eureka vein was reported as Indicated: 38,000 tonnes grading 449.15 grams (13.10 oz/ton) per tonne silver and Inferred: 10,900 tonnes grading 449.15 grams per tonne silver.
- 5) The area is underlain by chloritized Eocene conglomerate on the east side of a major regional structure called the Hope Fault. To the east and south is granodiorite of the Oligocene to Miocene Mount Barr batholith. To the west is the Cretaceous quartz diorite of the Spuzzum Pluton. On the north is the Eocene Silver Creek Stock composed of quartz diorite.
- 6) Cutting the conglomerate at an angle to both bedding and joint planes are a number of quartz porphyry dykes. The largest has an average width of 6 metres and follows the line of Glory Hole gulch where the Eureka Vein is thickest, varying between 12 and 20 feet thick for a length of 600 feet.
- 7) The silver deposits occur in well defined fracture zones in the conglomerate which coincide with northeast trending joint planes and areas of brecciation.
- 8) Chief gangue minerals are siderite, limonite and quartz. The principle ore mineral is tetrahedrite (friebergite).
- 9) The mineralized zones are called the Eureka, Victoria (formerly the Van Bremer) and Victoria West. At least two minor zones cross the Glory Hole gulch below the Eureka lode.
- 10) The Eureka vein has been traced across the summit of Silver Peak for about 427 metres striking 053°, varying in width from 1.5-6 metres and dipping steeply to the southeast (75°-80°SE). The Eureka Zone has been defined over 1,000 feet (300m) down dip. The zone is open down dip.
- 11) The Victoria Lode has been traced for about 366 metres on the southwestern slopes of Silver Peak. The depth to which the Victoria mineralization persists has not been defined by work to date nor have any reserves been calculated for the Victoria.
- 12) Minor diamond drilling was attempted in 1983 without the benefit of survey control and was stopped by bad weather on October 31, 1983. It is unlikely that the target depth was reached.

- 13) This report documents a program of geological mapping conducted in conjunction with access provided by INTERFOR road deactivation in 2000 and 2001.
- 14) A program of detail geological mapping transit surveying and initial diamond drilling is recommended to investigate all the zones at depth.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. T. Shearer". The signature is written in a cursive style with a large, looping initial "J".

J. T. Shearer, M.Sc., P.Geo.

## INTRODUCTION

The historic Eureka-Victoria Silver Mine was acquired by Homegold Resources Ltd. on June 12, 1995 when the three 1869 Crown grants reverted to the Crown. The surrounding ground was staked on November 3, 2000 when previous located claims lapsed.

The property is located on the rugged western slopes of Silver Peak between the elevations of 4,500 and 6,000 feet. A partially overgrown road leads to the mine site. The general mine area is clearly visible from the Trans Canada Highway at the Village of Silver Creek and Lake of the Woods.

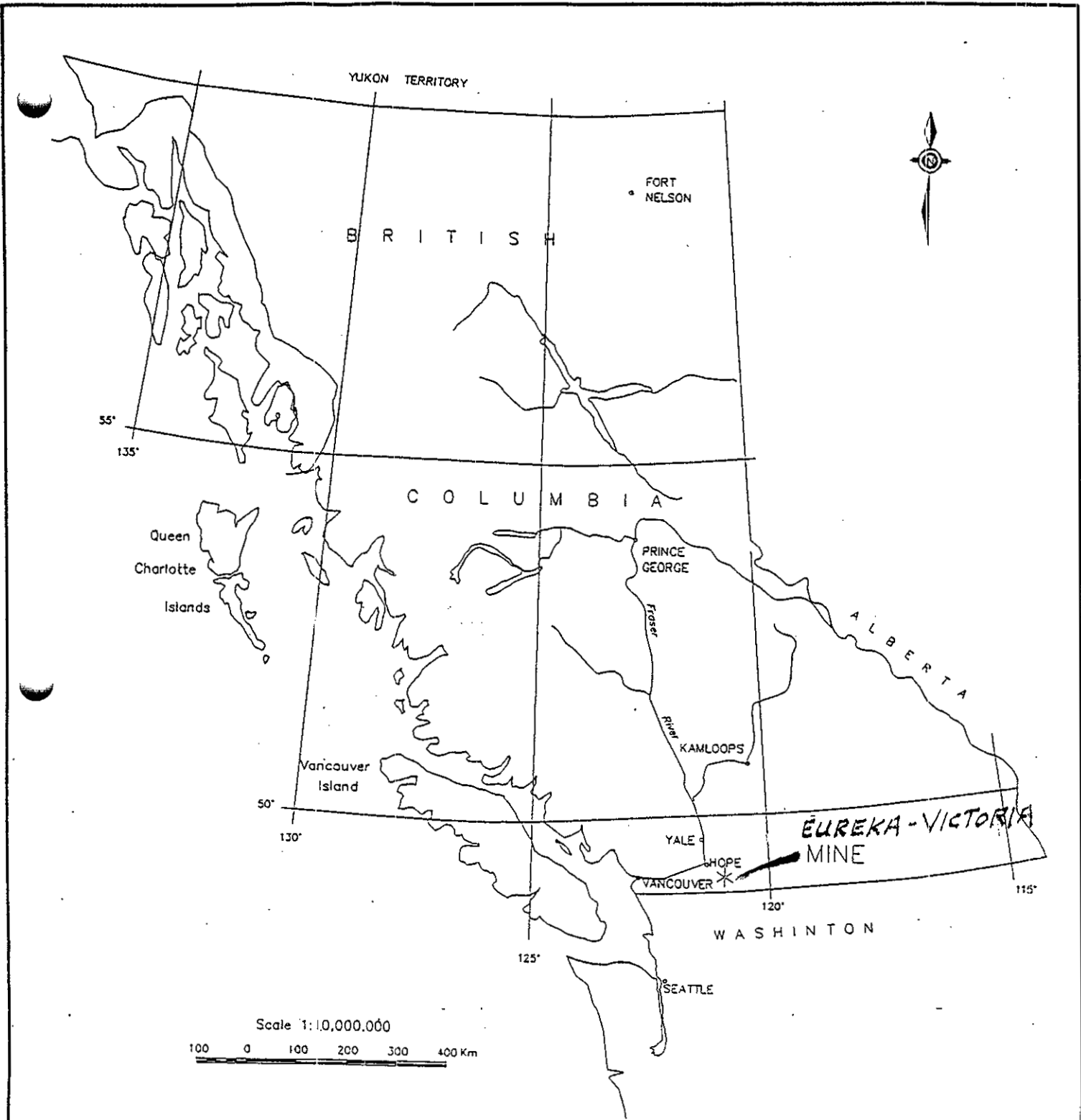
The veins are characterized by silver-rich tetrahedrite (freibergite) in a siderite gangue. The upper parts of the veins, which were oxidized, produced spectacularly high silver values up into the hundreds of oz/Ag per ton. The primary unaltered vein material appears to average around 10 to 25 oz/ton silver. Minor preliminary metallurgical testing has been done in 1982 for bench scale leaching. The mineralization is amenable to leaching and recoveries in the order of 50% to 60% may be possible.

Preliminary resource assessments on the Eureka vein only, have been made (Spencer, 1982) suggesting the following inventory:

<b>EUREKA VEIN (from Spencer, 1982)</b>				
	<b>Sample Location</b>	<b>Length</b>	<b>Oz/Ag</b>	<b>Width</b>
Block A	Surface samples	200 ft	15.73	3.0 ft
	New Carbonate Level	214 ft	17.12	3.0 ft
	Average grade		16.31	3.0 ft
Block B	New Carbonate Level	214 ft	17.12	3.0 ft
	Eureka Raise	200 ft	7.78	3.0 ft
	Eureka Drift	280 ft	8.78	3.0 ft
	Average grade		11.06	3.0 ft
Block C	Eureka Drift	280 ft	8.78	3.0 ft
Total Indicated Reserves		42,000 @ 13.10 oz/ton Ag		
Inferred Inventory, Block D		12,000 @ 13.10 oz/ton Ag		
Total Indicated and Inferred		54,000 ton @ 13.10 oz/ton Ag		

The vein systems have **not** been tested at depth below the Eureka Drift. The lack of accurate survey data apparently has hampered the exploration efforts in the past. The "Lower Tunnel" did not explore the main Eureka vein as was demonstrated by a 20 ft cross-cut driven in late 1981.

A phased exploration program is proposed to adequately test the vein systems at depth. An accurate survey base map is key to this program.



HOMEGOLD RESOURCES LTD.		
SILVER PEAK PROPERTY		
LOCATION MAP		
Scale: as shown	Date: March 1996	NTS: 92H/6W
Work by: J. Shearer, M.Sc., P.Geo.		Fig. 1

## LOCATION and ACCESS

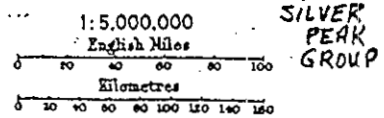
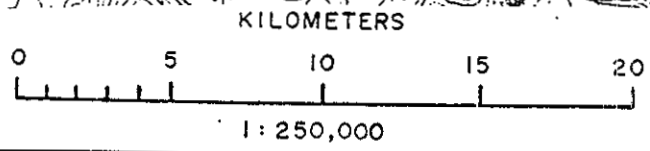
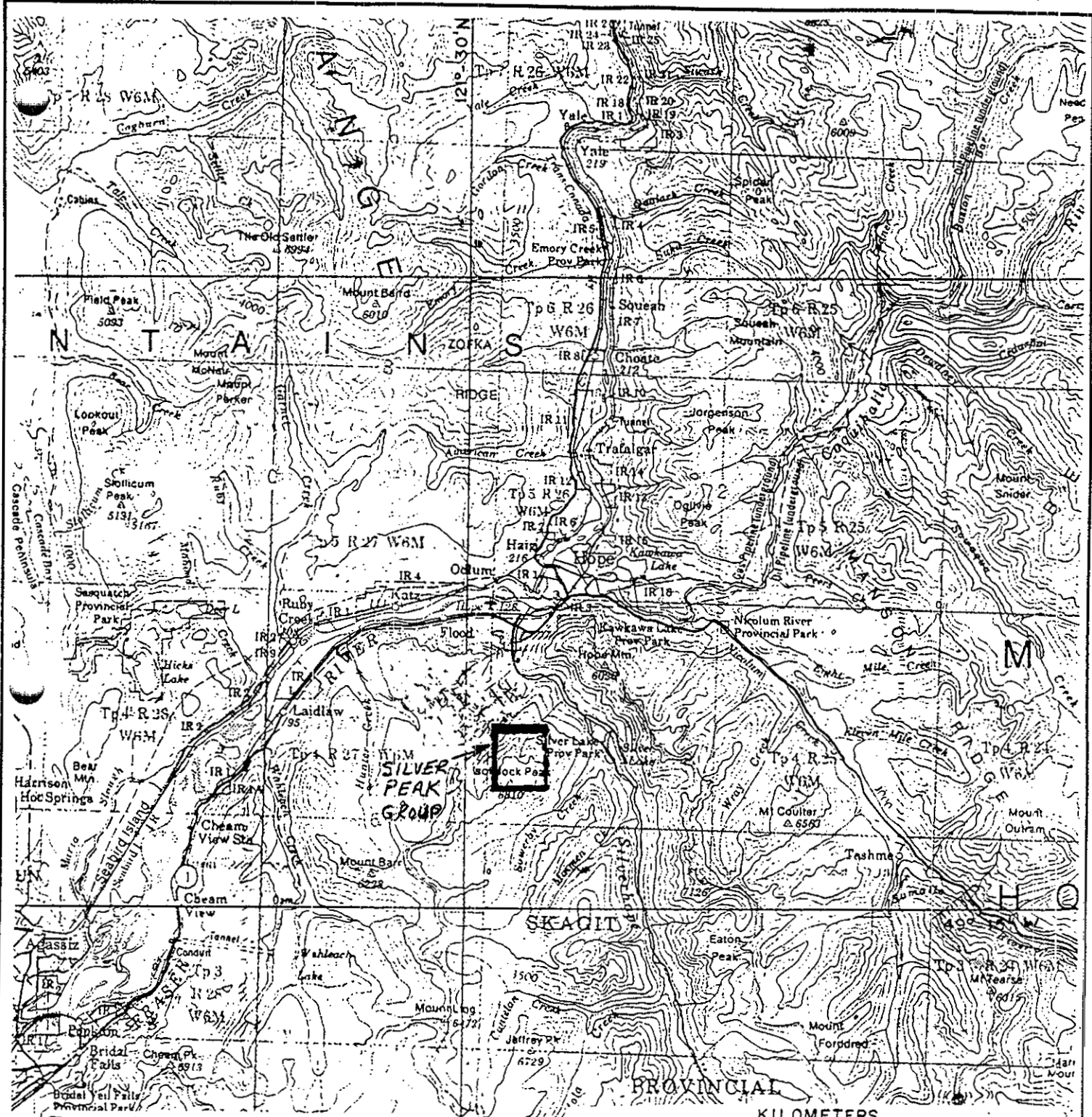
The Eureka-Victoria mine is located 6 km south of the Town of Hope, Figure 1 and 2, bounded by Silverhope Creek to the northeast, Eureka Creek to the northwest and Sowerby Creek to the south and east. Topography rises very steeply from about 200 feet at the Fraser River to 6,810 feet elevation on the top of Isolillock (Holy Cross) Peak.

Access to the mine site is presently best by a short 4 km helicopter flight from the Valley helicopters Ltd. base at Silver Creek on the Trans Canada Highway or by foot along the road.

The lower slopes of Silver Peak have been logged off in the late 1950's and early 1960's. A series of logging roads extends up to the 4,500 foot level. A steep mine road in stable condition provides access from the logging road network. The main logging road has recently been cleaned out by Interfor for road deactivation work. The road is driveable in 2001 up to a point 2.8 km from the Silver Lake Road. The portion between 2.8 km and 3.6 km has been deactivated by Interfor but could be cleaned out for access relatively easily (per communication with Kevin Chisholm, Road Engineer with Interfor, phone: 604-869-7111). The road between 3.6 km and 7.5 km at the lower workings was not deactivated by the loggers since it was deemed to be stable for the long term. The road above 5.8 km is in good shape.

Due to the implementation of the British Columbia *Forest Practice Code* and its provisions for forest road standards, the opening of the access road for mining purposes will require deactivation plans taking into consideration slope stability work. The result is that road "activation" tends to be more costly in the Province of British Columbia.





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SILVER PEAK PROPERTY  
ACCESS MAP

Scale: as shown	Date: March 1996	NTS: 92H/6W	Fig. 2
Work by: J. Shearer, M.Sc., P.Geo.			

## CLAIM STATUS

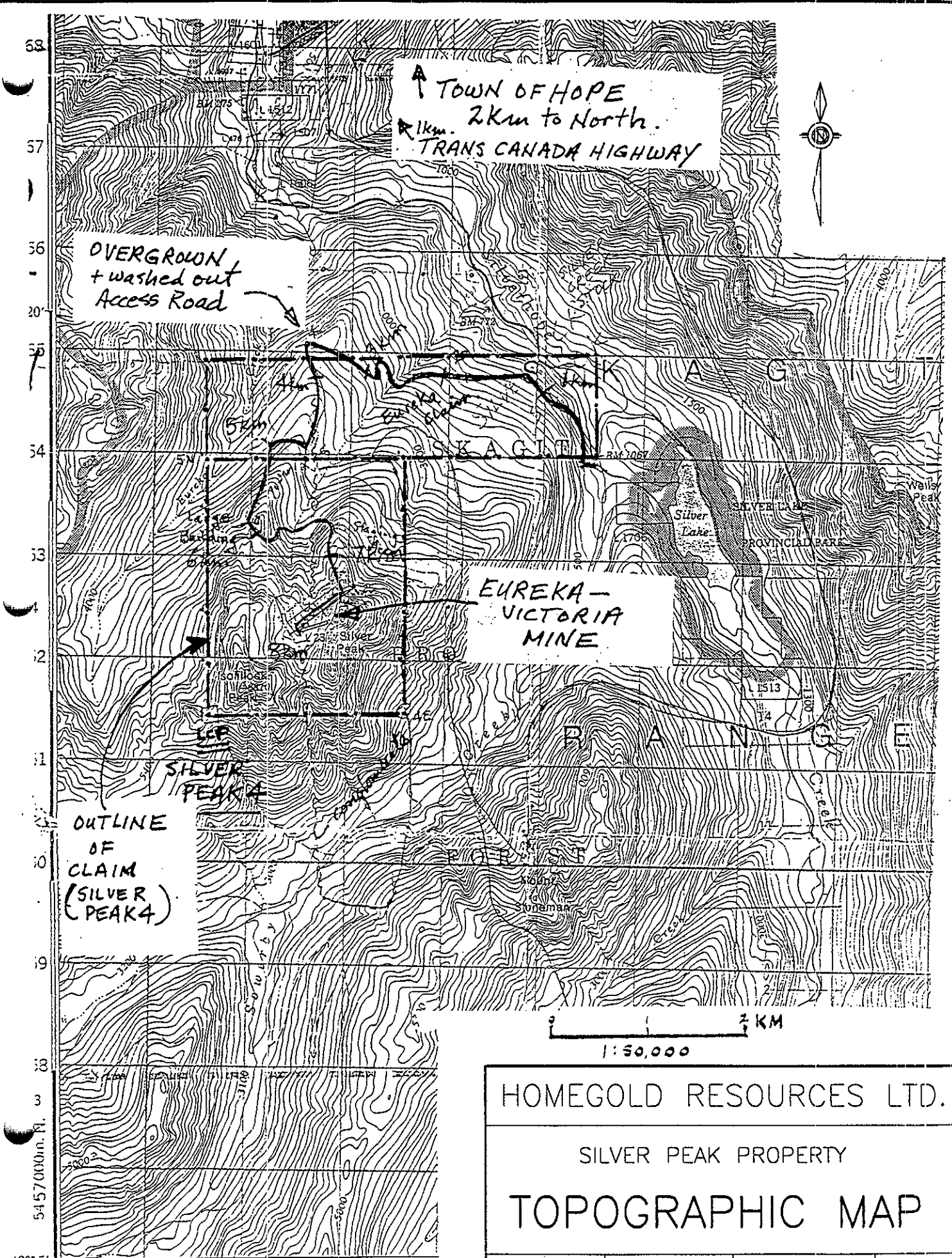
The area is held by the Silver Peak 1-4 and Eureka claims as shown in Table 1 and Figure 3.

TABLE I LIST OF CLAIMS						
Claim Name	Tenure No.	Size	Units	Location Date	Recorded Owner	Current Expiry Date *
Silver Peak 1	336759	2 post	1	June 12/95	J. T. Shearer	June 12, 2004
Silver Peak 2	336760	2 post	1	June 12/95	J. T. Shearer	June 12, 2004
Silver Peak 3	336761	2 post	1	June 12/95	J. T. Shearer	June 12, 2004
Silver Peak 4	382196	5Sx4W	20	Nov. 3/00	J. T. Shearer	Nov. 3, 2002
Total Units			23			

\* with application of assessment work documented in this report.

Subsurface mineral title in British Columbia is held under the regulations of the *Mineral Act*. Mineral tenure is secured by locating two post or modified grid claims in the prescribed manner and then completing approved assessment work on the claims in the amount of \$100 per unit for each of the first three years and then \$200 per unit thereafter.

When the Silver Peak Claims were located in 1995, a fraudulent claim was also filed, which precluded having a substantial work program approved by the Mines Branch in 1995. Fortunately, these fraudulent claims were finally cancelled in November 1997 after J. T. Shearer filed a successful Section 35 complaint.



HOMEGOLD RESOURCES LTD.

SILVER PEAK PROPERTY

TOPOGRAPHIC MAP

Scale: as shown | Date: March 1996 | NTS: 92H/6W | Fig. 3  
 Work by: J. Shearer, M.Sc., P.Geo.

## HISTORY

High grade silver deposits were discovered by Peter Emery in 1868 while hunting mountain goat. He showed samples of the mineralization to George Schooley of Yale who located ground for himself and friends. Cairnes (1924) records that:

*In 1869 a company was formed by local and Victoria capital, called the Eureka Mining Company. About 1871 they sold out to the New Eureka Mining Company, Limited for \$80,000. That company had a capital of \$150,000. The Victoria claim was also disposed of by the original locators. The purchasers afterwards formed a company called the Victoria Silver Mining Company, Limited, with R. P. Rithet, secretary, and a nominal capital of \$60,000 in \$20 shares. Among the original subscribers were the well-known pioneers of British Columbia, E. P. Moody, who built the first sawmill on Burrard Inlet, H. Nelson, George Dietz, and George Dunbar. Cariboo pioneers were Francis Garesche, T. C. Hughes, and others prominent in the early history of British Columbia.*

*The amount of ore shipped apparently amounted to a considerable tonnage containing high values. The ore was packed part way down on Indian backs, and the rest of the way to Hope on packhorses. It was then floated on barges down the Fraser River, towed to Victoria, and loaded on sailing vessels for San Francisco. Some shipments went round Cape Horn to Swansea, Wales. This ore netted \$420 per ton.*

*The mines were **closed in 1874**, due in part, to the expensive methods of transportation, and, in part, to unfortunate litigation as to their ownership and management.*

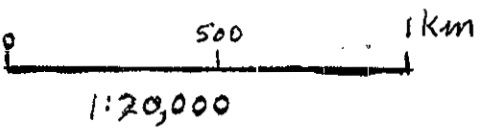
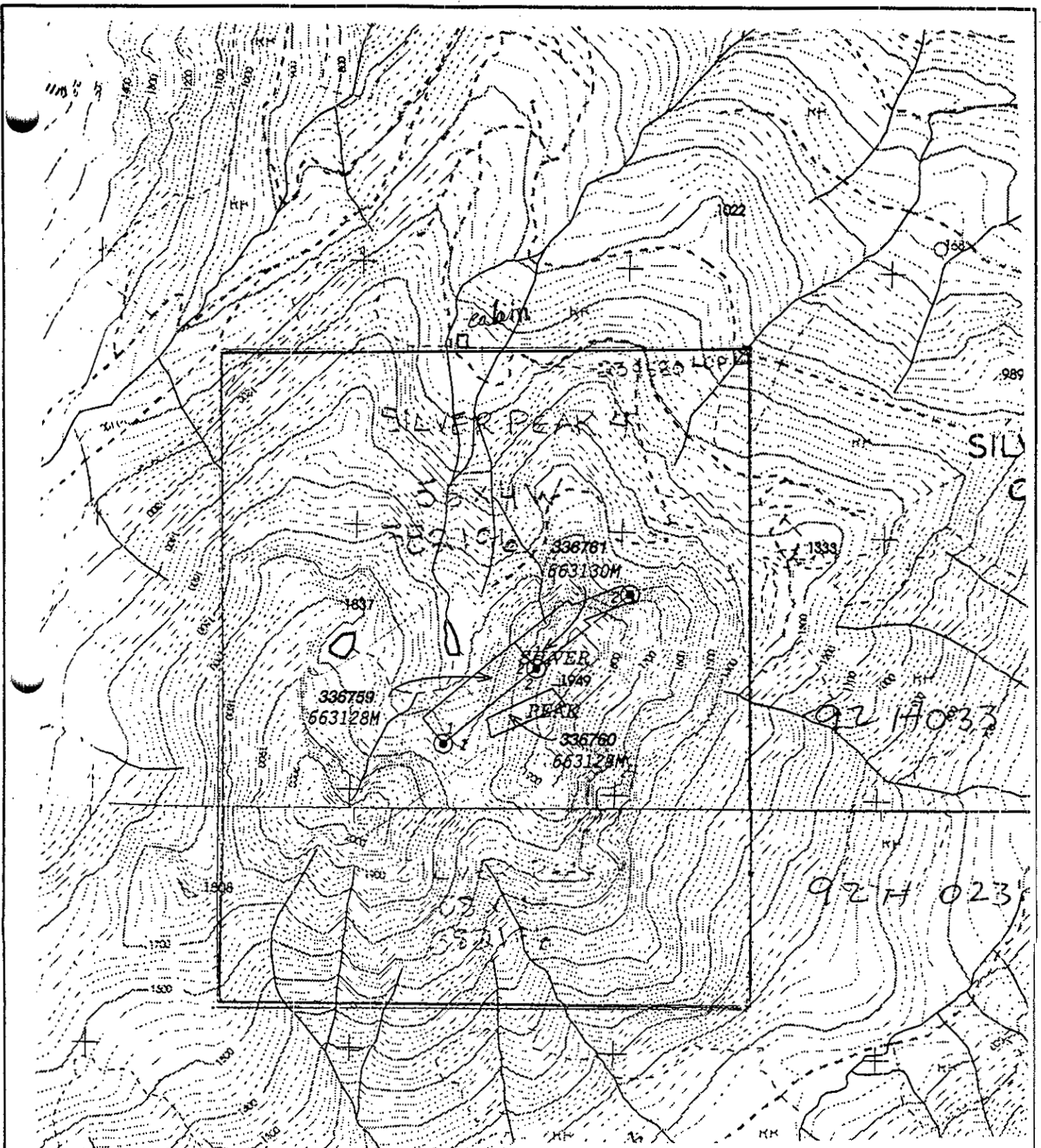
*The mines were **reopened in 1920** for the present owners Sperry and White of Seattle, under the management of A. S. Williamson.*

It is reported that during 1924 one of the old drifts was extended. There is no record of any production at this time except a 5 ton test sample was assayed 268 oz/Ag/ton. In 1961, Tru-West Exploration Ltd. with W. Ferguson, President and J. Knopp, Manager, drove a new cross-cut at an elevation of 5,200 feet extending 126 metres and a 69 metre raise driven about 60 metres from the portal. In 1963, a 3,500 foot aerial tramway was installed in June to move equipment and materials.

A new company, Holy Cross Mountain Mines Ltd., S. McClay, President, contracted 1.5 miles of new road in 1968 and in 1971 drove 205 feet of 6'x7' drift which employed 10 men for six months under the direction of A. Aalde.

Vanstates Exploration Ltd. acquired an option of the three Crown grants in 1980. In 1981, a 61 metre raise was driven from the Eureka drift and a new adit was driven 65 metres to intersect the raise. Based on this work, an indicated resource (Spencer, 1982) on only the eastern portion of the Eureka vein of:

<u>Indicated</u>	38,000 tonnes grading 449.15 grams per tonne silver (13.10 oz/ton)
<u>Inferred</u>	10,900 tonnes grading 449.15 grams per tonne silver
	48,900 tonnes (54,000 tons)



HOMEGOLD RESOURCES LTD.		
SILVER PEAK PROPERTY		
<b>CLAIM MAP</b>		
Scale: as shown	Date: March 1996	NTS: 92H/6W
Work by: J. Shearer, M.Sc., P.Geo.		Fig. 4



Vanstates also attempted to carry out some diamond drilling in 1983. Unfortunately the drill sites were not surveyed and the drill crew was forced out by bad weather on October 31, 1983 without knowing if the target was reached.

A VLF-EM survey was conducted by J. Lloyd in 1982 and some prospecting was done for Guinet management by R. Yorston in 1990.

## REGIONAL GEOLOGY

Cairnes (1944) compiled the regional geology of the Hope Area as Map 737A. This was revised by Monger (1970). The area around Hope encompasses the major tectonic boundary between the Coast Plutonic Complex and the Cascade Fold Belt. A recent contribution to the regional geological setting is by Richards and McTaggart (1976), Figure 4.

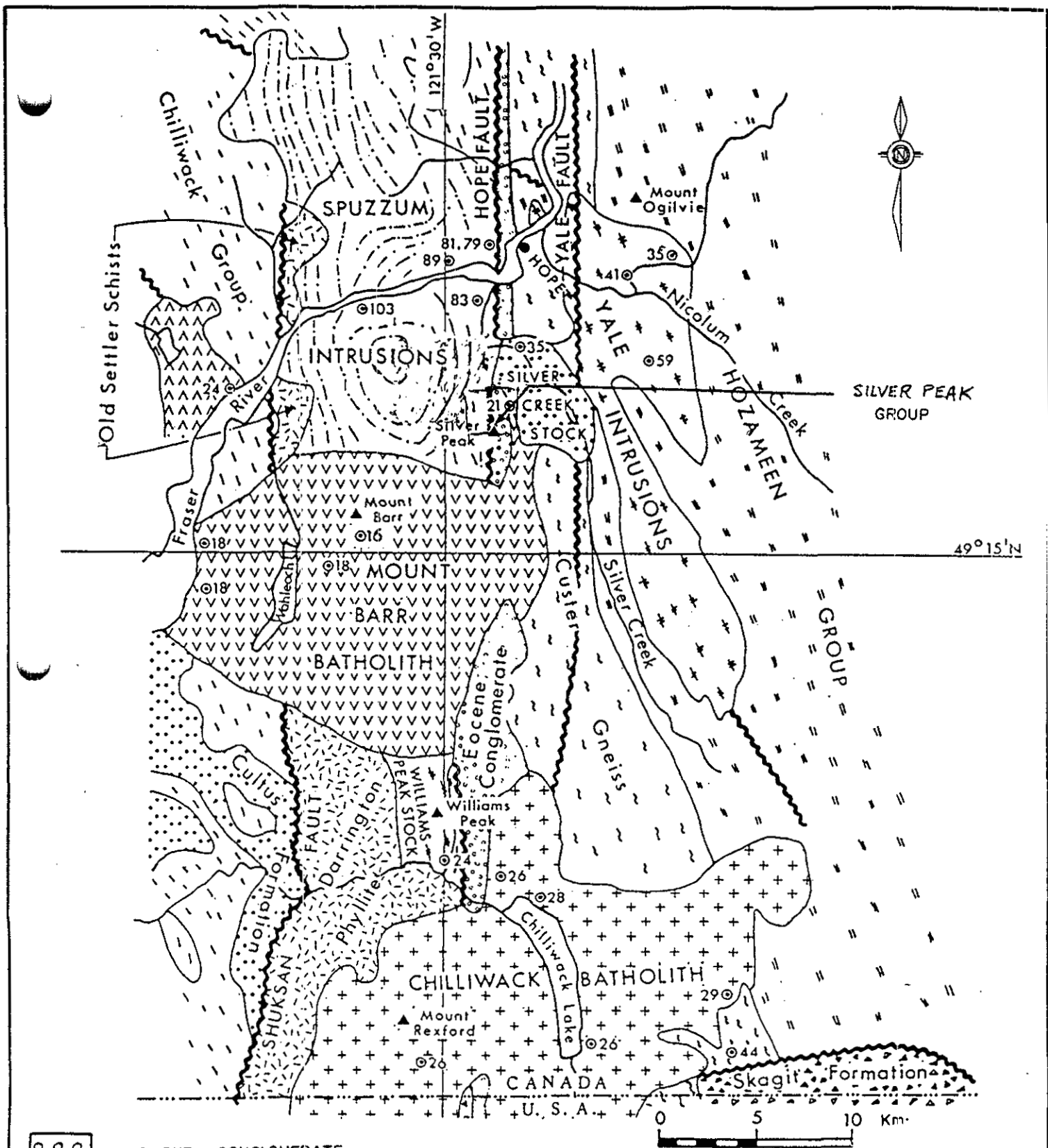
Structurally the area lies within imbricate fault slices between the Yale and Hope Faults and the Shuksan Thrust to the west. The graben created by the Yale and Hope Faults is a major fault system that extends northward for many kilometres and controls the course of the Fraser River.







The intrusive evolution of the area is varied and complex. The Silver Peak Claims are underlain to the west by late Cretaceous Spuzzum Intrusions, which range in age from 73 m.y. to 89 m.y. These are the oldest plutonic rocks of the region. The Yale Intrusions northeast of Hope are a group of stocks and sills that lie along a belt extending from 5 km north of Yale southward to near the head of Silver Creek. This suite of rocks range from tonalite and granodiorite to quartz monzonite. All units of the Yale intrusion display some degree of cataclastic foliation.

The Silver Creek Stock, 5 km south of Hope, is about 25 km<sup>2</sup> in area. It is composed of homogeneous and unfoliated medium grained tonalite. Richards and McTaggart (1976) page 944, describe the stock as follows:

*"The stock intruded and metamorphosed Eocene conglomerate and has been intruded by the Miocene Mount Barr batholith. The walls of the stock appear to be vertical. A single K Ar. determination on hornblende gave an age of 35 m.y., which is considered to be the time of emplacement of the stock. That the stock is epizonal is suggested by the high-temperature structural state of the alkali feldspar, fine grained margins, adjacent hornfels, and mid-Tertiary age."*

Emplacement of the Mount Barr batholith has been dated at 21 m.y. (Richards and McTaggart, 1976) and is exposed 4 km south of the Silver Peak Group. The later phases of the Mount Barr batholith at 16 m.y. represent the youngest major intrusive phase in the area.



-  EOCENE CONGLOMERATE
-  CHILLIWACK GROUP
-  HOZAMEEN GROUP
-  TONALITE, GRANODIORITE, QTZ. MONZONITE
-  TONALITE MED. GRAINED
-  TONALITE-DIORITE COMPLEX
- ⊙ K/Ar age (million years)

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SILVER PEAK PROPERTY			
<b>REGIONAL GEOLOGY</b>			
Scale: as shown	Date: March 1996	NTS: 92H/6W	Fig. 5
Work by: J. Shearer, M.Sc., P.Geo.			



## LOCAL GEOLOGY and MINERALIZATION

The area to the west of the claims is underlain by diorite and tonalite of the Spuzzum intrusions (McTaggart and Thompson, 1967). Two main units are distinguished: a central zoned diorite complex and a surrounding tonalite, Figure 5. The diorite is a fresh, medium-grained rock consisting of bronze-brown hypersthene and black augite with variable hornblende. Biotite is a minor constituent and quartz was rarely identified.

Richards and McTaggart, 1976, describe the dioritic complex as follows:

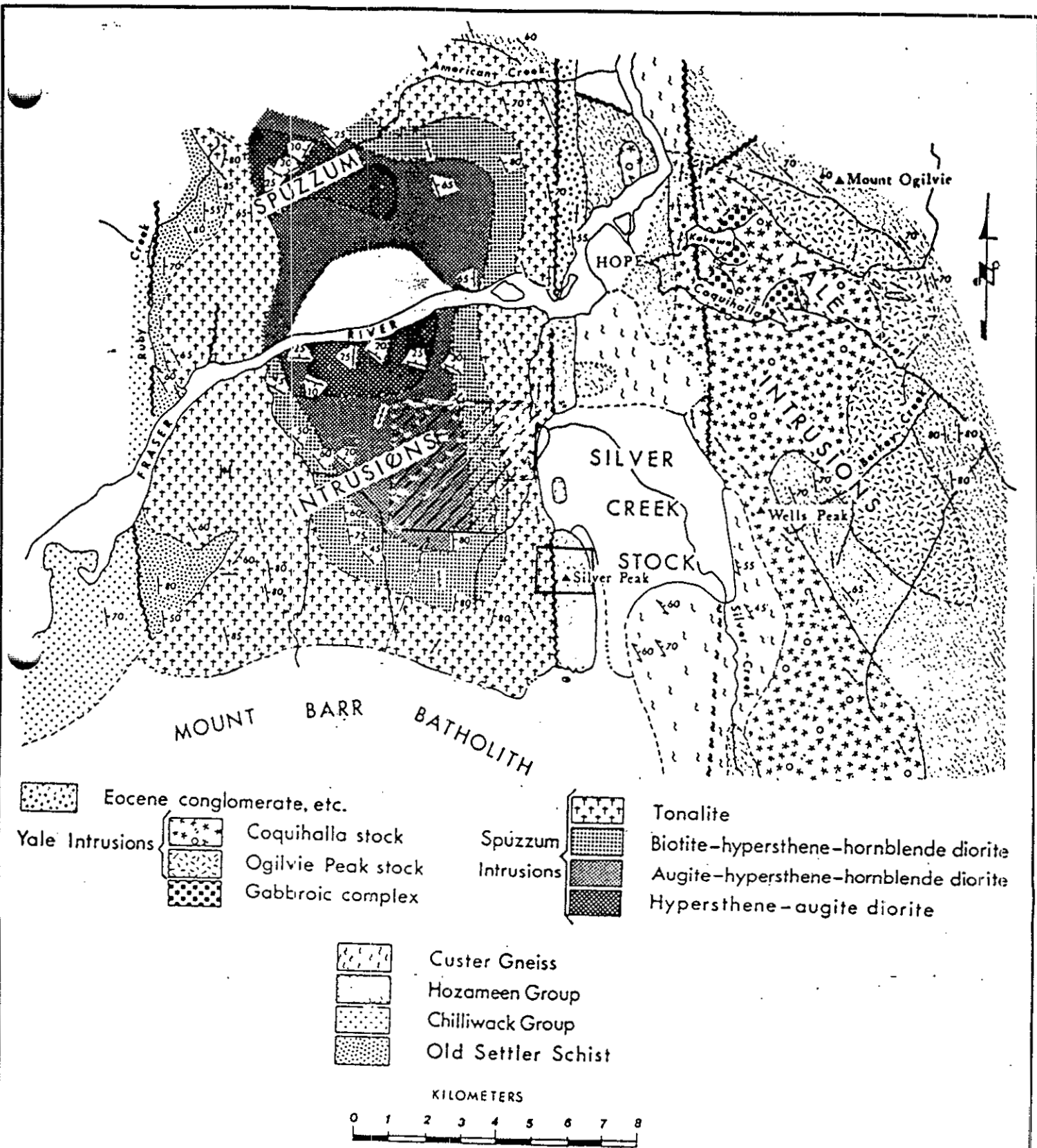
*"The diorite complex is crudely zoned, with hypersthene-augite diorite (rarely norite) in its core regions and hypersthene-hornblende diorite (rarely tonalite) at its margins. The mineralogical variation appears continuous, but three varieties have been defined: hypersthene-augite-hornblende diorite and a marginal zone of biotite-hypersthene-hornblende diorite. Only a small chemical differences accompany the pronounced mineralogical variation."*

The area immediately around the Eureka-Victoria Mines working is best described in Cairnes (1924) as reproduced below:

*"The upper 2,000 feet of Silver Peak is composed chiefly of a massive conglomerate of Lower Cretaceous age. Other remnants of this formation occur on the southern flank of Hope Mountain and in the Fraser Valley on either side of the river near Hope. The conglomerate varies greatly in the size of its constituent pebbles. A large proportion might be regarded as a coarse-grained grit, but in other sections it contains cobbles varying up to 6 or 8 inches in diameter. The general attitude on Silver Peak is nearly north and south, with an average high dip to the east. The attitude is, however, subject to local variation and syncline. This conglomerate has been invaded by a large batholithic body of quartz diorite, locally known as "granite", that comes in contact with the conglomerate on all except the southern flank of Silver Peak, where a narrow band of highly metamorphosed sediments, probably also of Cretaceous age, intervene. These sediments on the divide between Silver Peak and Isillock Mountain form a belt less than 200 feet wide, but their width at lower elevation could not be determined. They comprise both shaly and sandy materials, but their original character has been largely marked by the metamorphism to which they have been subjected by the quartz diorite, as well as by an earlier intrusive lying farther to the northwest.*

*Cutting the conglomerate at an angle to both bedding and joint planes are a number of quartz porphyry dykes. The largest of these has an average width of 20 feet and follows in an irregular fashion the line of the Glory Hole gulch, which cuts through the middle of the property in an east-west direction.*

*Mineral Deposits. The mineral deposits at the Eureka-Victoria mines occur in well-defined fracture zones in the conglomerate. These coincide with a prominent set of joint-planes, which intersect the conglomerate in a general northeast-southwest direction. Along these joint fissures, more or less movement and brecciation of the conglomerate has occurred, so that fracture zones, many of them several feet wide, have been developed. These zones furnished relatively easy passage to the mineralizing solutions forming the present ore deposits.*



HOMEGOLD RESOURCES LTD.

SILVER PEAK PROPERTY

# LOCAL GEOLOGY

Scale: as shown Date: March 1996 NTS: 92F/6W

Work by: J. Shearer, M.Sc., P. Geo.

Fig. 6

*The principal deposits occur in veins within the fracture zones. They rarely occupy the entire width of the zone, often form only a minor part of it, and in general, favour the hanging-wall side. Together with the intervening and in some cases sparingly mineralized conglomerate gangue they constitute the ore-bodies or lodes. Only in rare instances can the high-grade vein material be mined separately.*

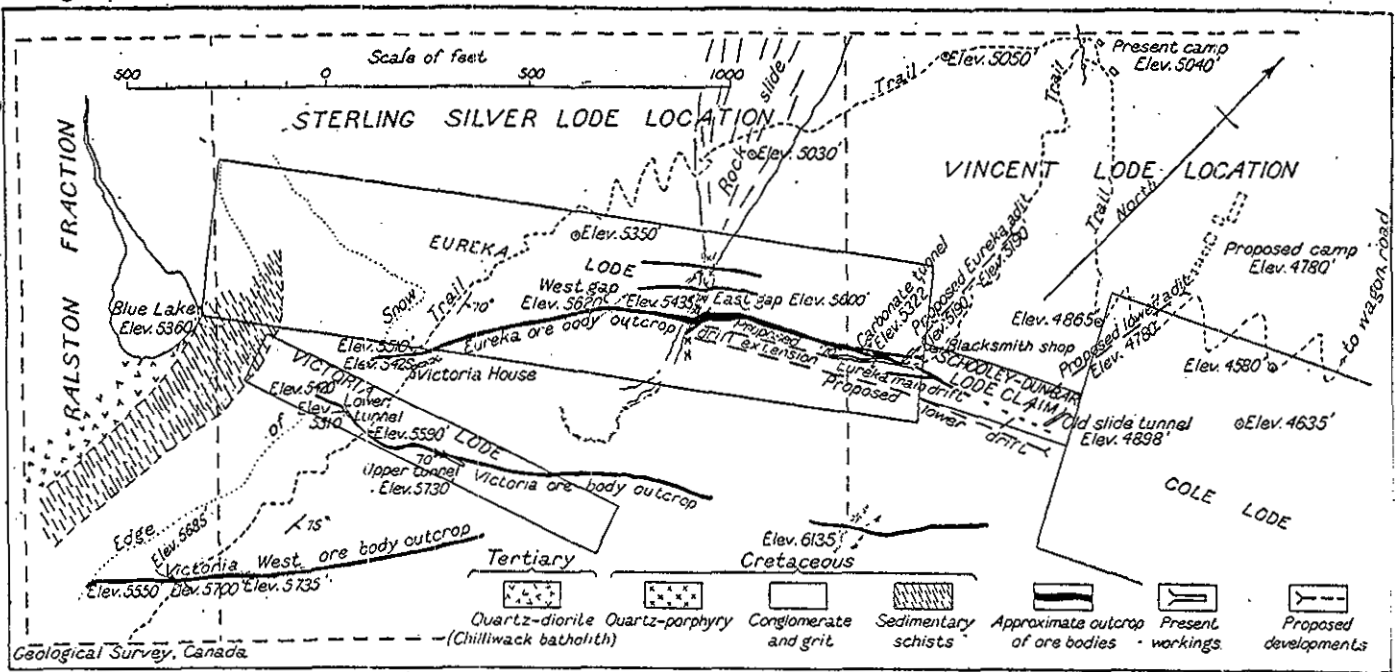
*The chief gangue minerals are siderite, limonite and quartz. The first occurs either as a brownish, coarsely crystalline mineral with large lustrous cleavage surfaces, or as a cream-coloured aggregate intergrown with clear crystalline quartz. The limonite occurs in two generations. That of the first is, in part, pseudomorphous after siderite and forms characteristic wedge-shaped crystals that project into open fissures in the vein. That of the second generation has been deposited over the older gangue minerals, is quite soft, and shows a botryoidal structure. The quartz is formed in two generations, the first intergrown with the siderite as well with tetrahedrite and iron sulphides, and the second forming crystals on the surfaces of the other minerals.*

*The principal ore mineral is the sulphantimonide of copper, tetrahedrite. This mineral carries a varying proportion of lead as well as the primary silver values in the deposits. It occurs in intergrown or deposited at different stages the siderite, quartz and pyrite and may replace the earlier formed minerals. It is disseminated irregularly throughout the ore-bodies in small specks or irregular masses that rarely exceed a cubic centimetre in size.*

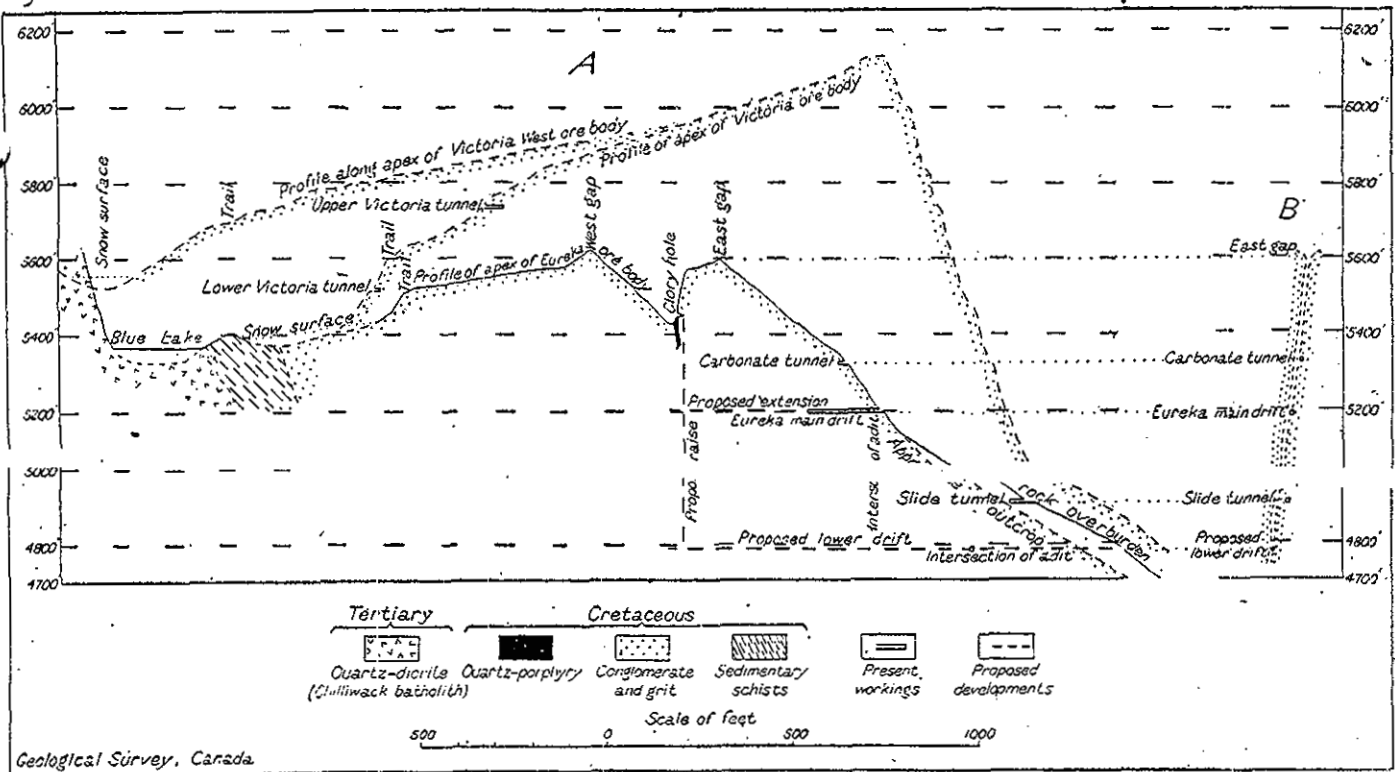
*A concentration of silver values occurs in certain of the upper sections of the ore bodies. There, superficial processes involving oxidation, carbonatization, and solution have resulted in the substantial reduction of gangue minerals and a differential enrichment of the mineral content of the veins. The tetrahedrite there has suffered decomposition. The copper has largely disappeared and the little left converted to carbonates. The lead has been largely retained, probably as an amorphous carbonate, and holds the silver values. The oxidation products of the silver and lead have lent a characteristic yellowish appearance to the decomposed ore. The result is a rich concentrate, running into hundreds of dollars per ton, from which shipments were made in the early years of mining.*

*Description of Ore-bodies. The principal mineral deposits occur in the Eureka, Victoria and Victoria West ore-bodies. A couple of minor bodies cross the Glory Hole gulch below the Eureka lode outcrops.*

*The Eureka lode, at present the most important ore-body, has been traced across the summit of Silver Peak for about 1,400 feet, its course for the greater part of the way being well defined by solid conglomerate walls. Its width varies, according to the surveys made by the management, from 5 to 20 feet, and is greatest east of the Glory Hole gulch where for about 600 feet it is between 12 and 20 feet. The western section of 800 feet has been neither close followed nor measured, but may average 5 feet in width. The actual proportion of the vein and mineral disposition within this fracture zone is extremely variable. In part the entire zone is occupied by gangue mineral, but these are mostly confined to narrow veins or stringers within the fractured belt and their combined width is measurable in inches rather than feet.*



Plan of Eureka-Victoria mines, Coquihalla River area, Yale district, B.C. (Plan reproduced by permission of mine management.)



Geological sections across Silver peak in vicinity of Eureka-Victoria mines, Coquihalla River area, Yale district, B.C.

- A, Three profile sections, not exactly parallel, projected into one plane
- B, Projection of Eureka ore-body on a vertical plane through East gap.

# HOMEGOLD RESOURCES LTD.

## SILVER PEAK PROPERTY PLAN & CROSS SECTION OF EUREKA-VICTORIA DEPOSITS

Scale: as shown | Date: March 1996 | NTS: 92H/6W

Work by: J. Shearer, M.Sc., P.Geo.

An adit was driven, in the early days, from the eastern side of Silver Peak, and at 5,190 feet above sea-level, for a distance of 240 feet along the principal ore-body. At the face a sample taken across 2 feet of ore was assayed by the Mines Branch, and ran 4.42 ounces in silver per ton and 0.17 per cent copper. Near the mouth of the adit some gangue richly impregnated with tetrahedrite is said to have assayed high in silver. Farther up the hill the values have been concentrated by oxidation and an adit disclosing copper-stained ore was driven for 20 feet along a narrow vein of this oxidized ore.

Where the Eureka ore-body crosses the Glory Hole gulch it encounters a wide rhyolite dyke. This dyke does not cross the ore-body, but forms the northwest wall for a distance corresponding to its width. The opposite wall is conglomerate, but the dyke may reappear again farther up the gulch.

The Victoria lode originally constituted the old Van Bremer mine. It has been traced for approximately 1,200 feet on the southwestern slope of Silver Peak, its course, like that of the Eureka ore-body, being obscured at lower elevations by snow. The general character of this lode is essentially similar to the other.

At an elevation of 5,510 feet, or 90 feet above the snowbank (figure 6), a drift 8 feet long, known as the lower Victoria tunnel, has been driven on the ore-body, the mineralized part of which has a width of 14 inches. A sample across this was assayed by the Mines Branch and showed: silver, 11.65 ounces per ton; no gold; no lead; and 0.30 per cent copper.

Two hundred and twenty feet above this shore drift another adit has been driven for 50 feet along a vein of richly oxidized ore. The vein, which strikes nearly east and west and dips at about 70 degrees south, has an average width of a foot. A sample taken at the portal of this tunnel across 14 inches of ore was assayed by the Mines Branch, and yielded 168.75 ounces silver per ton, a trace of gold, 1.12 per cent copper, and 11.96 per cent lead. A sample taken the previous year from the richest part of this vein gave an assay return of 658.42 ounces silver, and 26.72 per cent lead.

At 50 feet below the portal of the upper adit this enrichment is not noticeable. A sample was taken across a vein 12 inches wide in which the gangue minerals were siderite and limonite. This sample, assayed by the Mines Branch, yielded 38.65 ounces silver, trace of gold, 1.04 per cent lead and 44.37 per cent iron.

The Victoria South ore-body, and the smaller veins crossing the Glory Hole gulch below the Eureka lode, are composed of much the same materials."

(More recent work by G. E. Rouse showed that the conglomerate is of Eocene age based on pollen fossils.)

Sampling results by Vanstates Resources in 1981 (Spencer, 1982) are shown on Figure 8 from which the mineral inventory of 54,000 tons averaging 13.10 oz/ton was calculated on the eastern portion of the Eureka vein.

Limited prospecting and sampling was completed in 1995. Assay results of a suite of altered, chloritic conglomerate samples collected in 1995 are shown in Table 2. This suite of typically chlorite altered but unmineralized conglomerate averaged about 68.5% of SiO<sub>2</sub> and 14.1% Al<sub>2</sub>O<sub>3</sub>, but the combined alkali content (Na<sub>2</sub>O+K<sub>2</sub>O) is 4.3%.

**TABLE II**  
**1995 SAMPLING - ASSAY RESULTS**  
**SILVER PEAK CLAIMS**

Sample #	Description	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	CaO%	MgO%	Na <sub>2</sub> O%	K <sub>2</sub> O%	SO <sub>3</sub> %	Cl%	P <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	LoI%
6	Tertiary Schist	66.75	12.19	6.38	2.34	3.19	2.05						
		70.69	13.70	6.76	2.48	2.32	2.17	1.68	0.00	0.00	0.142	0.65	1.059
7	Tertiary Conglomerate #1	57.99	13.32	8.05	2.82	3.70	3.04						
		63.24	15.63	8.78	3.07	4.03	3.32	1.47	0.23	0.13	0.118	0.98	1.091
4	Eureka Dump Tertiary Conglomerate	64.93	11.37	6.69	3.45	2.84	2.45						
		69.03	12.92	7.11	3.67	3.02	2.61	1.35	0.06	0.025	0.087	0.75	1.063
5	Tertiary Conglomerate #2	69.31	10.20	5.74	2.14	2.38	2.70						
		73.51	11.55	6.09	2.27	2.52	2.87	0.84	0.15	0.002	0.077	0.66	1.061
3	Tertiary Conglomerate #3	62.72	11.53	7.32	3.71	2.81	2.98						
		67.5	13.23	7.87	3.99	3.03	3.20	0.97	0.00	0.007	0.088	0.74	1.076
1	Tertiary Conglomerate #4	62.09	15.06	4.79	4.62	2.21	2.85						
		66.00	16.67	5.10	4.91	2.35	3.03	1.65	0.06	0.035	0.049	0.62	1.063
2	Tertiary Conglomerate #5	66.63	11.98	3.82	6.58	1.71	2.63						
		69.89	13.1	4.01	6.91	1.79	2.76	1.20	0.12	0.017	0.054	0.48	1.049
8	Tertiary Conglomerate #6	64.64	14.43	4.18	3.43	2.53	3.19						
		68.13	15.98	4.41	3.61	2.66	3.36	1.64	0.02	0.022	0.048	0.72	1.054
	Average	66.50	14.1	6.3	3.9	2.7	2.9	1.4	0.08	0.029	0.083	0.70	1.065

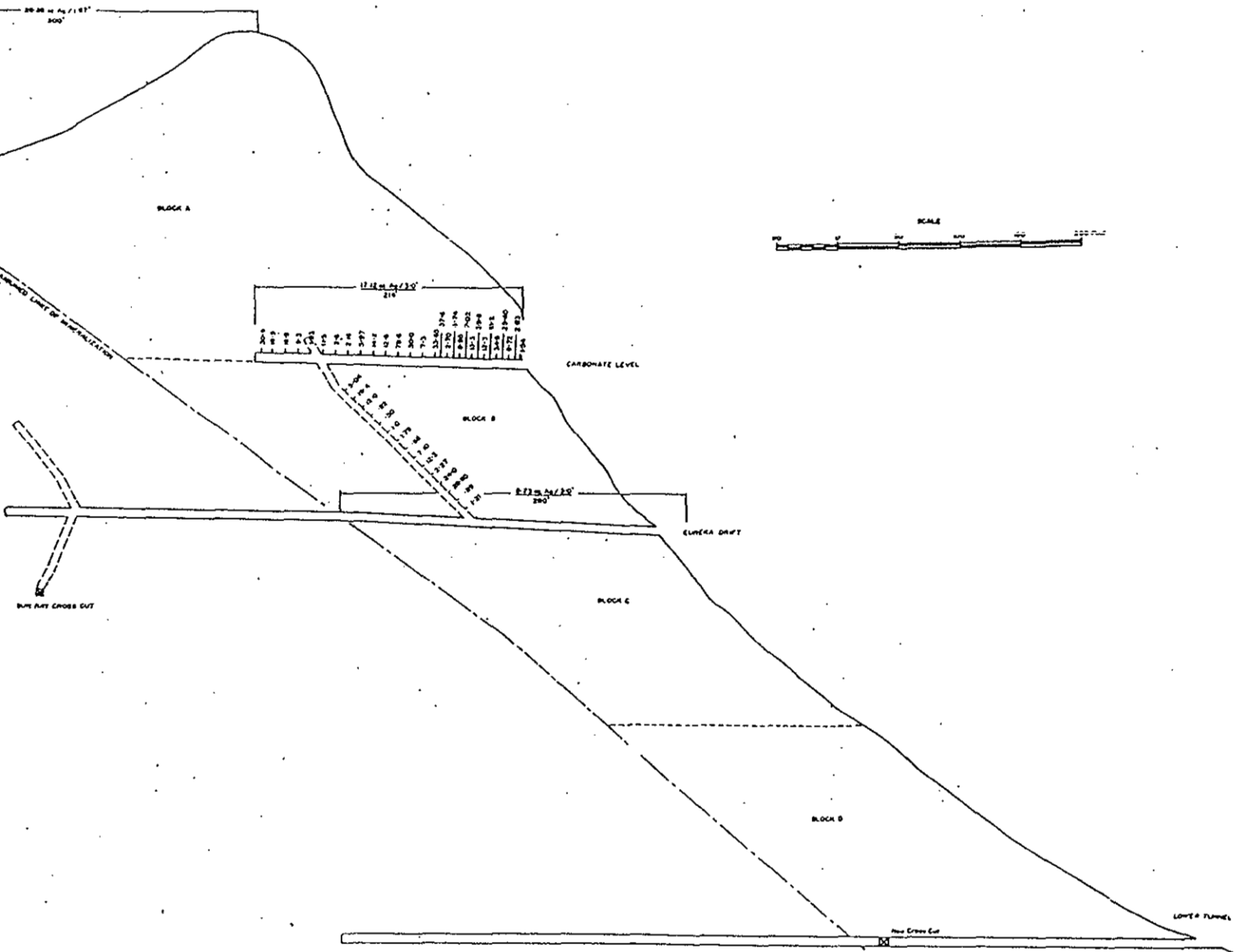
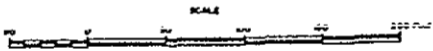
## PROSPECTING and GEOLOGY 2000 & 2001

Prospecting and geological mapping was completed on Silver Peak 4 claims along the old logging/mining road system given the renewed access from the lower roads in conjunction with road deactivation by INTERFOR, plotted on Figure 10, in pocket.

The siderite-tetrahedrite veins (both the Eureka and Victoria veins) were noted on surface to be steeply ( $75^{\circ}$ - $80^{\circ}$ ) dipping to the southeast. They rhyolite porphyry in Glory Hole Gulch was observed to be oriented  $325^{\circ}/75^{\circ}$  east. There is a possible faulted segment of the rhyolite dyke oriented  $105^{\circ}/48^{\circ}$  south.

The major regionally extensive Hope Fault is seen just to the west of Blue Lake. The schistose quartzite and shale/slate, which occur immediately to the east of Blue Lake, appear to owe their schistosity to movement along this major structure. Similar schistose quartzites were noted just north of the Silver Peak 4 claim again immediately adjacent to the presumed trace of the Hope Fault.

The host (Eocene) conglomerate is variably altered by chlorite and silicification. Thin sandstone and shaley interbeds are relatively common over narrow intervals. Framework clasts in the conglomerate are mainly well rounded but occasionally angular intervals were noted



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SILVER PEAK PROPERTY  
 LONGITUDINAL SECTION  
 EUREKA VEIN

Scale: as shown Date: March 1996 NTS: 92H/GW  
 Work by: J. Shearer, M.Sc., P. Geo.



## **AIRBORNE MAGNETICS**

An airborne magnetic survey around the Silver Peak Group issued by the Department of Energy, Mines and Resources, Ottawa in 1972, Figure 8, illustrates many of the geological features discussed under Regional Geology. Clearly evident is the circular outline of the Silver Creek Stock, which is located to the north of the claims. A subsidiary local magnetic high occurs along the central part of Eureka Creek. The highly variable magnetic signature of the Mount Barr batholith shows along the south edge and to the east of Silver Peak. In contrast the Spuzzum Intrusions have a relatively featureless magnetic profile. Slightly higher magnetic response is suggested for the core zone of the dioritic pluton. An east-west elongate trough occurs along the north part of Silver Peak 4 claims. This may reflect a subsidiary fault, which trends the same direction as the Hope Fault and occurs near the 1200m elevation break-in slope.



**LEGEND**

- ~~~~~ FAULT
- - - - - GEOLOGIC CONT  
Inferred
- — — CLAIM OUTLINE
- ~~~~~ CREEK

**ISO-MAG CONTOURS**

	57,500	Gamma
	57,400	"
	57,300	"
	57,200	"
	57,100	"
	57,000	"

SCALE  
1:63,360

0 2000 5000 8000  
FEET



HOMEGOLD RESOURCES LTD.  
SILVER PEAK PROPERTY  
**AEROMAGNETIC MAP**

Scale: as shown Date: March 1996 NTS: 92H/GW  
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Fig. 10

## **METALLURGICAL TESTING**

Spencer (1982) reports that:

A 131 pound composite sample of assay reject material was shipped to Witteck Development Inc. in Mississauga, Ontario for bench scale leach testing. The results of this test work indicate the silver values are evenly distributed in the various size fractions and fine grinding was necessary to obtain optimum recoveries. The ore is amenable to leaching and recoveries in the order of 50% to 60% may be possible from heap leaching methods. A sample of coarser run-of-mine ore will be required for permeability testing of the potential heap leaching extraction method.

The testing of the Silver Peak mineralization in relation to flotation recoveries is warranted.

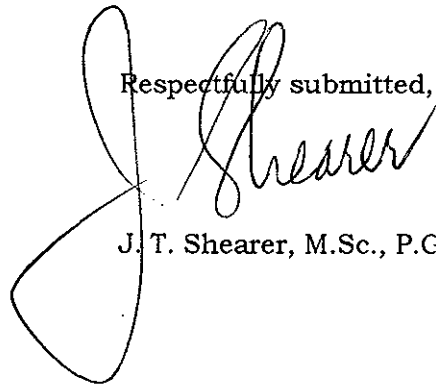
## CONCLUSIONS and RECOMMENDATIONS

The Eureka-Victoria Mine was the first Crown-granted mineral property in British Columbia. A substantial unknown quantity of high-grade oxidized silver ore was produced between 1868 and 1874. Grades of oxide material range up to 500-600 oz/ton silver. Primary mineralization consists of silver-rich tetrahedrite (friebergite) in a siderite-quartz gangue. Underground drifting in 1924, 1962, 1971 and 1981 has suggested a mineral inventory on the eastern portion of the Eureka vein of 54,000 tons averaging 13.10 oz/ton silver. The vein system consists of three main veins: (1) Eureka, (2) Victoria (formerly Van Bremmer) and the (3) Victoria West. The veins strike about 053° and dip steeply to the southeast. Several smaller veins are known at lower elevations. None of the veins has been tested at depth, although the Eureka Vein has been traced over 300 metres of dip length and is open down dip.

The mine has been developed on several levels and raises between the levels. Access is available by a combination of recent logging and mining roads have recently been cleaned out by Interfor for road deactivation work. The road is driveable in 2001 up to a point 2.8 km from the Silver Lake Road. The portion between 2.8 km and 3.6 km has been deactivated by Interfor but could be cleaned out for access relatively easily (per communication with Kevin Chisholm, Road Engineer with Interfor, phone: 604-869-7111). The road between 3.6 km and 7.5 km at the lower workings was not deactivated by the loggers since it was deemed to be stable for the long term. The road above 5.8 km is in good shape.

Exploration in the past has been hampered by a lack of detailed survey control. Accurate survey control will be especially important as the vein system is tested at depth. A two-phase exploration program is recommended to establish transit and EDM survey control, geologically map the area around the vein system and diamond-drill to test the veins at depth.

Respectfully submitted,



J. T. Shearer, M.Sc., P.Geo.

## **COST ESTIMATE of FUTURE WORK**

### **Phase I**

Detailed Transit and EDM survey of workings and surface points, detailed geological mapping.

Survey crew - \$1,200 per day for 7 days	\$ 8,400.00
Geological mapping (2 man crew) - 7 days at \$650 per day	4,550.00
Helicopter support - 7 days at \$550 per day	3,850.00
Meals and accommodation - 28 man days x \$60 per man day	1,680.00
Survey plotting	1,500.00
Report, drafting and reproduction	2,000.00
10% contingency	<u>2,000.00</u>
<b>Phase I Total</b>	<b>\$ 23,980.00</b>

### **Phase II**

Open road, road repairs, diamond drill lower part of vein system.

5,000 ft. contract diamond drilling at \$35 per foot all in cost	\$ 175,000.00
Opening road - 5 days at \$1,500 per day	7,500.00
Road repairs, culverting	40,000.00
Camp cost	7,500.00
Geological supervision and control	19,000.00
Report preparation, drafting and reproduction	5,000.00
10% contingency	<u>22,000.00</u>
<b>Phase II Total</b>	<b>\$ 276,000.00</b>

**PHASE I and II TOTAL** **\$ 300,000.00**

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1980b:

Progress Report on the Eureka-Victoria Property for Vanstates Resources Ltd., December 5, 1980, 8pp.

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Summary Report on the Eureka-Victoria Property, Private Report in the Vanstates Prospectus, dated February 5, 1981.

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Report on the Lucky Chance Mineral Claims for Vanstates Resources Ltd., May 25, 1981, 3pp.

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Report on the Eureka-Victoria Exploration Project for Vanstates Resources Ltd., June 9, 1981, 3pp.

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Progress Report on the Eureka-Victoria Property for Vanstates Resources Ltd., May 25, 1982, (Ore Reserve Calculation and Witteck Metallurgical Reports).

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# **APPENDIX I**

## **STATEMENT of COSTS SILVER PEAK 1-4 CLAIMS**

**JULY 15, 2001**



Appendix I

**STATEMENT of COSTS**

**SILVER PEAK 1-4**

Geological mapping in conjunction with Interfor road deactivation work done between Nov. 4, 2001 and June 4, 2001.

Wages and Benefits

J.T. Shearer, M.Sc., P.Geo., Quarry Supervisor 98-3550	
Geological mapping, 4 days @ \$350	\$ 1,400.00
S. L. Shearer, Assistant	
5 days @ \$200	<u>1,000.00</u>
	\$ 2,400.00
	<u>168.00</u>
GST	
Subtotal Wages	\$ 2,568.00

Transportation

Truck Rental, Fully equipped 4x4	
5 days @ 53.50	267.00
Hotel, Meals	199.70
Base Map	55.00
Report Preparation	700.00
Word Processing and Reproduction	<u>238.00</u>
<b>Total</b>	<b>\$ 4,028.20</b>



# **APPENDIX II**

## **STATEMENT of QUALIFICATIONS**

**JULY 15, 2001**

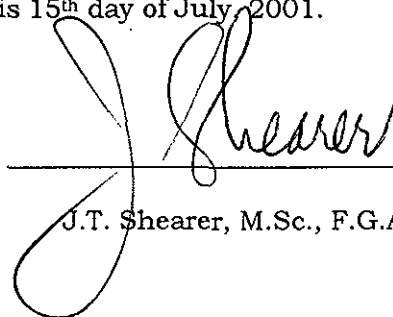
## Appendix II

### STATEMENT OF QUALIFICATIONS

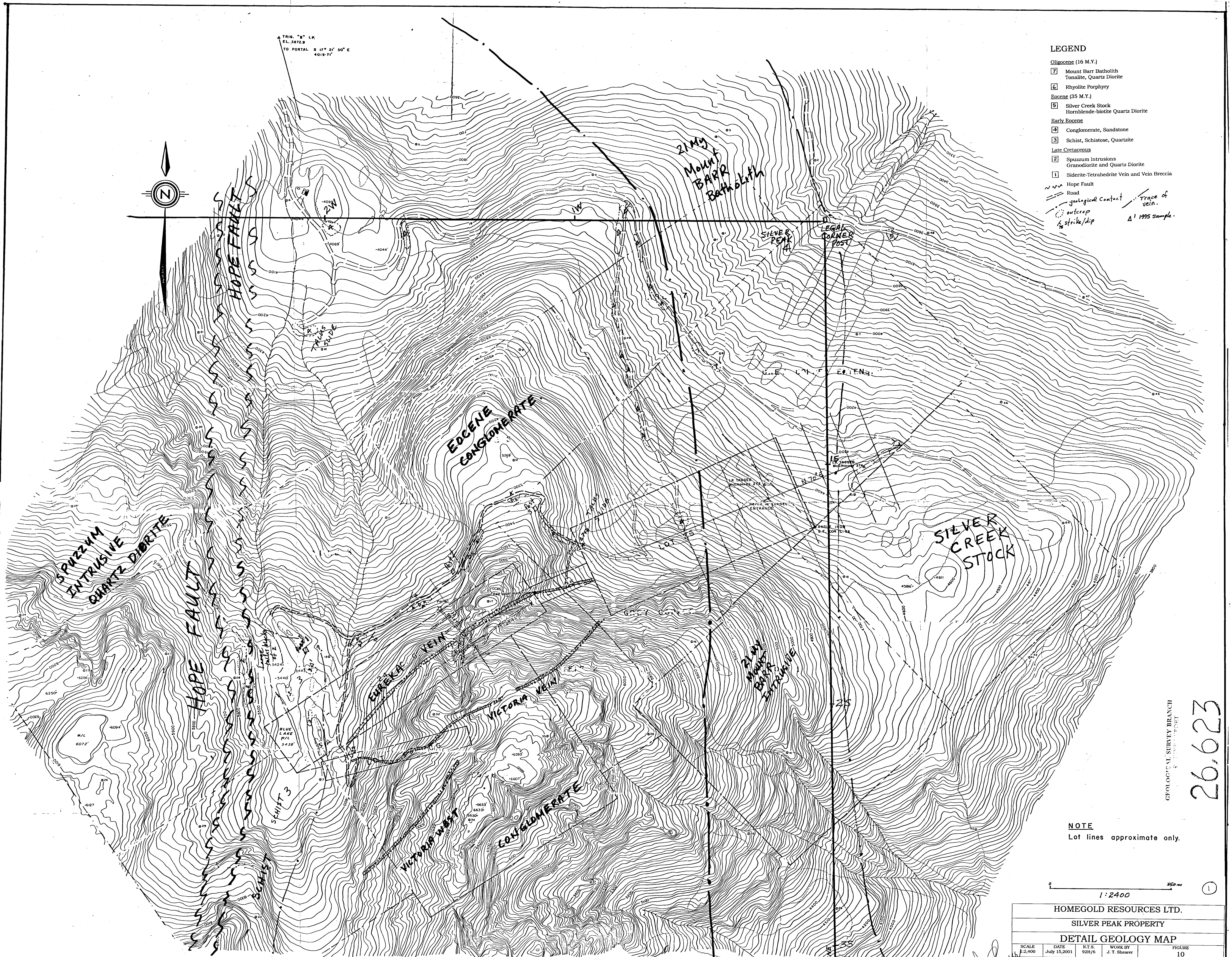
I, JOHAN T. SHEARER, of 1817 Greenmount Avenue, in the City of Port Coquitlam, in the Province of British Columbia, do hereby certify:

1. I am a graduate of the University of British Columbia (B.Sc., 1973) in Honours Geology, and the University of London, Imperial College (M.Sc., 1977).
2. I have over 25 years experience in exploration for base and precious metals and industrial mineral commodities in the Cordillera of Western North America with such companies as McIntyre Mines Ltd., J.C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd.
3. I am a fellow in good standing of the Geological Association of Canada (Fellow No. F439) and I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (Member No. 19,279).
4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. at #5-2330 Tyner St., Port Coquitlam, B.C.
5. I am the author of the present report entitled "Geological and Prospecting Assessment Report on the Eureka-Victoria Mine, Silver Peak 1-4 Claims, Silver Peak Area" dated July 15, 2001.
6. I have visited the property in June and August 1995, conducted physical assessment work in 1996 and 1997 and recently did geological mapping between November 4, 2000 and June 4, 2001. I am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Silver Peak by examining in detail the available reports, plans and sections, and have discussed previous work with persons knowledgeable of the area. I have worked in the general area of Hope area extensively since 1981. I have worked on the adjacent Hope-Hunter Group (WP Gold Mine) in 1984 and examined the Silver Creek stock and Mount Barr intrusions.
7. I own 100% of the Silver Peak 1-4 and 100% of Homegold Resources Ltd.

Dated at Port Coquitlam, British Columbia, this 15<sup>th</sup> day of July 2001.

  
\_\_\_\_\_  
J.T. Shearer, M.Sc., F.G.A.C., P.Geo.





- LEGEND**
- Oligocene (16 M.Y.)
- 7 Mount Barr Batholith  
Tonalite, Quartz Diorite
  - 6 Rhyolite Porphyry
- Eocene (35 M.Y.)
- 5 Silver Creek Stock  
Hornblende-biotite Quartz Diorite
- Early Eocene
- 4 Conglomerate, Sandstone
  - 3 Schist, Schistose, Quartzite
- Late Cretaceous
- 2 Spuzzum Intrusions  
Granodiorite and Quartz Diorite
  - 1 Siderite-Tetrahedrite Vein and Vein Breccia
- Hope Fault
- Road
- geological Contact
- Trace of vein.
- outcrop
- strike/dip
- Δ 1995 sample.

FIGURE 10  
To Accompany Geological and Prospecting Report  
on the Eureka-Victoria Mine  
by J. T. Shearer, M.Sc., P.Geo., dated July 15, 2001

**NOTE**  
Lot lines approximate only.

1

1:2400

HOMEGOLD RESOURCES LTD.			
SILVER PEAK PROPERTY			
DETAIL GEOLOGY MAP			
SCALE 1:2,400	DATE July 15, 2001	N.T.S. 92H/6	WORK BY J. T. Shearer
			FIGURE 10
PRELIMINARY RECONNAISSANCE TYPE MAPPING			
Compiled by MELHANNEY SURVEYING & ENGINEERING LTD. 1280 West Pender St. Vancouver, B.C.			
SCALE 1 inch = 200 ft	DATE JULY 1968	FIG. NO. 5264 - 1	SHEET NO. 1 OF 1

SCALE AND ELEVATION DATA BASED ON UNITED STATES CONTINENTAL SHEET 1280 IN 5000 RELATIVE, BUT UNCERTAIN ABSOLUTE MAP ACCURACY  
COMPILED FROM AERIAL PHOTOGRAPHY AT AN APPROXIMATE SCALE OF 1 INCH EQUALS 2,400 FEET FLOWN IN 1968 (AUG 24)

GEOLOGIC SURVEY BRANCH  
SILVER PEAK REPORT  
26.623