

REPORT ON THE 1987 SUMMER DRILLING PROGRAM

Richwell Resources Limited Blackstone Mine Project Elmore County, Idaho

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Introduction

This report covers the mineral development work on the ore deposits of the Blackstone Mine located in sections 13, 14, and 15, T2S, R10E, Boise Meridian, Elmore County, Idaho. To date, the company has drilled a total of 10 incline reverse circulation holes totaling 3,030', and 15 diamond core drill holes totaling 4,600'. In addition to the developmental drilling, a series of deep trenches, discovery pits and dozer cuts have delineated portions of the mineralization zone (alteration) as they traverse the 7,500' of patented claims that compose the primary area of the Blackstone Mine. The developed ore reserves are being mined based on the drilling results.

Ore

Ore mineralization at the Blackstone occurs as a stockwork system of quartz veins containing high grade massive sulfide zones and an extensive alteration halo of low grade gold mineralization. Mineralization is associated with eleven east-west shear zones adjacent to tertiary granite and rhyolite dikes spanning a width of 850 feet which cross-cut a cretaceous granodiorite roof-pendant for its entire length of approximately 7,500 feet.

Alteration associated with the stockwork vein systems includes an epidote-chlorite halo that hosts the high grade zones and a sericite/manganese oxide zone that hosts leachable grade gold-silver and base metal mineralization and an argyllic zone which contains leachable gold-silver mineralization. The vertical horizon of the zones has yet to be determined, although core drilling has established a minimum depth of 400 feet.

Based on the development work, a mining zone has been proven containing 700,000 tons of leachable reserves having an average grade of .078 oz. gold, 2.11 oz. silver, .2% copper, .2% manganese, .25% lead and .5% zinc. A high grade zone of 35,400 tons of high grade ore containing .106 oz. gold (minimum average; see "Geochemical Analysis"), 23.58 oz. silver, 4.94% copper, 1.15% manganese, 4% lead and 8.5% zinc has also been proven. In addition to the proven reserves, drilling is being completed on three million tons of probable (drilled on three sides) leach grade ore and an additional 186,000 tons of high grade ore. The zones are expected to contain values similar to that of the proven ore.

Geochemical Analysis

It is expected that poor core recovery, particularly in the heavily sheared (high grade) zones may result in the loss of a portion of the precious metals values. To test this probability, portions of the drilled areas have been mined and are being processed to compare drill results against actual recovery. With respect to the leach grade ores, gold and silver concentrates will be produced to further test the extent, by comparison, of the precious metals content of the leach grade reserves.

Analysis of the ore indicates the presence of high levels of metallic zinc. Based on the electrochemical properties of zinc, it has been determined that substantial portions of the metals precipitate out of solution and therefore cannot be completely read by atomic absorption. Removal of the base metal from the samples by hydrochloric acid has greatly improved the

analysis of the gold and silver values. Analysis by this improved methodology was underway at the time of this report. Average values will be reported subsequently.

Geophysics

In addition to the drilling, an induced polarization orientation (resistivity) survey has been completed, indicating strong sulfide anomalies (expected high grade mineralization) below the current development area.

The drilling program is continuing to outline the bulk tonnage gold and silver mineralization. A grid has been established to block out reserves in a 50' x 50' linear pattern. Drill holes will continue along strike of the identified shear zones (mineralization) at 50 foot intervals (up to 200 feet depending upon terrain) to determine further reserve ores.

Summary

Total drilling=	7,600'
Total trenching=	1,500'
Discovery cuts=	30
Geophysical survey lines=	18,000'
Tons mined=	6,000
Value=	\$3,036,000
Tons shipped=	3,600
Value=	\$1,820,000

Reserves

Proven (leach grade)=	700,000
Value=	\$45,500,000
Proven (mill grade)=	35,000
Value=	\$17,912,000
Probable (leach grade)=	3,000,000
Value=	\$195,000,000
Probable (mill grade)=	186,000
Value=	\$94,116,000

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