

**Report on the Blackstone Mine Project
Elmore County, Idaho
August 11, 1988**

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Introduction

This report was prepared at the request of Mr. James Hawley, President of Richwell Resources Ltd. ("Richwell"). The purpose of this report is to describe the results of the 1987 geological exploration and drilling program of the Blackstone Mine. The writer makes certain recommendations for further work.

The Blackstone property consists of 5 patented claims and 27 located claims in sections 13, 14, and 15, T.2S., R.10E., Boise Meridian, Elmore County, about 60 miles southeast of Boise, Idaho. Access is via the Hill City County Road, 6 miles south of Highway 26. Richwell holds a 100 percent leasehold interest in the claims under an agreement with Blackstone Mining Company Ltd., owner of the property.

Present surface development consists of a 100 x 600-foot open pit located near the eastern end of the five patented claim block. During 1987, the company mined, shipped, and crushed mill-grade ore, which was processed at Richwell's mill located at Fairfield, Idaho.

Sources of information

The primary sources of information on which this report is based include geologic data, maps, drill logs, cross sections, and other information obtained from Mr. Richard F. DeLong, consulting geologist of Reno, Nevada. In his report of March 29, 1986, he summarizes the work in the drilling of nine inclined, reverse circulation rotary drill holes on the extreme eastern portion of the Blackstone property. Richard E. Kucera, consulting geologist, reviewed the geology and work program and made certain recommendations in his report of July 21, 1986. In addition, the writer has drawn upon information from James Zarubica, consulting geologist, Ketchum, Idaho. In his report of December 17, 1987, he summarized the results of the winter drilling program and calculated proven ore reserves. The writer visited the property in 1986 and the mill site at Fairfield in 1988 and has had numerous discussions with Mr. Zarubica and Mr. Hawley.

Exploration program - 1987

This phase of the exploration was under the direction of James Zarubica, consulting geologist. The program included 27 diamond-core drill holes totaling approximately 11,500 feet. A grid was established to block out reserves in a 40 x 50 foot linear pattern along the strike of mineralized shear zones. A series of deep trenches, pits and cuts delineated a wide altered zone containing low-grade gold and silver mineralization. This development program has greatly expanded the scope of the area identified by the 1986 drilling.

Mineralization

According to Zarubica, mineralization at the Blackstone occurs as a system of quartz veins containing high-grade massive sulfide ones and extensive halos of low-grade silver and gold mineralization. The drill holes have confirmed that mineralization is associated with 11 shear zones adjacent to tertiary granite and rhyolite dikes. The shear zones crosscut a cretaceous granodiorite roof pendant within a zone 850 feet wide and approximately 7,500 feet long. The shear zones and associated quartz veins strike in an east-west direction and dip north between 50° and 70°.

Zarubica noted that three zones of alteration are associated with the vein stockwork and include:

- Epidote-chlorite halo hosting a high-grade ore zone
- Sericite-manganese oxide zone hosting leachable-grade gold/silver and base metal mineralization

- Argyillic zone containing leachable gold/silver mineralization

Core drilling has established the minimum depth of these zones to be 400 feet.

Mining zones

Based on the development, Zarubica calculated that a high-grade mining zone has been proven to contain 35,500 tons of 0.106 ounces gold, 23.58 ounces silver, 4.94 percent copper, 1.15 percent manganese, 4 percent lead, and 8.5 percent zinc. A low-grade mining zone contains 700,000 tons of leachable reserves having an average grade of .078 ounces gold, 2.11 ounces silver, 0.2 percent copper, 2 percent manganese, 0.25 percent lead, and 0.5 percent zinc.

In addition to proven reserves, drilling suggests that as much as 3 million tons of probable leach-grade ore and an additional 186,000 tons of high-grade ore may exist on the Blackstone property. Additional drilling is required.

Mill operations

Richwell has mined and stockpiled 4,000 tons of mill-grade ore and begun test milling at its Fairfield facility in Camas County, Idaho, approximately 16 miles from the Blackstone Mine. The mill utilizes an environmentally safe ammonium thiosulphate leaching circuit to process the oxidized portion of the ore. To recover the non-leachable sulfide values remaining in the tailings, the Company will add a flotation circuit.

At the time of this writing, the mill equipment is being installed in Richwell's new facility located at Gooding, Idaho. The Company anticipates processing mill-grade ore at approximately 35 tons per day, to begin production in September 1988. It is understood that the Company plans to sell concentrates from the milling operation to the Johnson Matthey refinery in Salt Lake City, Utah and the American Smelting and Refining Company in Montana.

Summary

Richwell has completed a second-phase drilling and development program at the Blackstone Mine in Elmore County, Idaho. Present surface development consists of a 100 x 600-foot open pit near the eastern end of the property.

The existing workings at the Blackstone consist of 221,500 tons of mill-grade ore, of which 35,500 tons have been proven. The average grade of the mill-grade ore is .106 ounces gold and 23.58 ounces silver per ton. Drill holes have proven 700,000 tons leach-grade ore containing .078 ounces gold and 2.1 ounces silver per ton.

During 1987 the Company mined, shipped, and crushed 4,000 tons of mill-grade ore. The ore was removed from the proven ore block delineated by the drilling program. Processing has been done at Richwell's hydrometallurgy mill located in Fairfield, Idaho and will continue in new facilities in Gooding, Idaho.

The 35,500 tons of mill-grade ore will provide approximately 3.8 years of mill feed based on a production capacity of 35 tons per day (assuming 22 operating days per month). Should the larger 186,000 ton ore block have the same grade, these reserves would add an additional 20 years of mill feed.

Recommendations

1. Richwell is in an enviable position to mine and mill proven ore reserves for several years. Revenues generated from the milling can be used to fund further exploration and development work at the Blackstone Mine. I recommend that Richwell mine and process the 35,500-ton ore block and bulk sample the probable 186,000-ton ore block to determine grade and metallurgical characteristics.
2. Add a flotation circuit in the mill to recover non-leachable sulfides remaining in the tailings.

3. Bulk sample the 700,000 ton leach-grade reserves found associated with the sericite-manganese oxide zone. Conduct experimental leach tests using ammonium thiosulphate (or other solvent). Determine the optimum processing methodology in anticipation of commencing large-scale heap leaching at the Blackstone Mine in early 1989.
4. Additional drilling is essential to outline the bulk tonnage of gold and silver mineralization. A grid should be established to block out reserves in a linear pattern along the strike of identified shear zones. A rotary reverse-circulation drill utilizing a 50-foot grid pattern is recommended.
5. An adequate base map of the Blackstone property is important. I recommend that low-level aerial photographs be obtained to be used for photo interpretation and compilation of a topographic base map. A scale of 1 inch = 200 feet will provide optimum coverage. Because the photographs will be taken for geologic use, the flight line should be laid out in an east-west direction in consideration of the geologic "grain" of the Blackstone property.

Careful stereoscopic interpretation of the aerial photos could help delineate rock types on the property and locate very subtle fractures, many of which are probably inconspicuous on the ground.

A topographic base map should be compiled from the aerial photos having a scale of 1 inch = 200 feet and a contour interval of 20 feet. Using this map as a base, the geologic information on the aerial photos can be transferred to the map, including all mineral outcroppings, trenches, pits, and drill-hole locations.

Certificate of qualification

I, Richard E. Kucera, hereby certify that:

1. I am an associate of Kucera and Associates Consultants of #201, 810 West Broadway, Vancouver, B.C. V5Z 4C9.
2. I am a fellow of the Geological Association of Canada, and a member of the American Association of Petroleum Geologists and Geological Society of America.
3. I hold B.Sc. and M.Sc. degrees from The Ohio State University and a Ph.D. from the University of Colorado.
4. I have been practicing my profession as a Geologist for over 25 years.
5. I have no direct or indirect interest nor do I expect to have any direct or indirect interest in the properties or securities of Richwell Resources Ltd.
6. The statements made in Kucera and Associates Consultants report of August 11, 1988 on the Blackstone Mine project were based on information obtained as specified in the report.
7. The report has been prepared for the exclusive use of the participants of the project and no part of it shall be reproduced, distributed or made available to any other person, company, regulatory body or organization without the complete context of the report or without my permission.
8. Consent is hereby granted to use the report, in its complete form only, in a Filing Statement, Statement of Material Facts, or Prospectus by Richwell Resources Ltd.