

**Report on  
Diamond Drilling  
on the  
Olympic/Kelvin Property  
Alta #1 & Hillside #7 Claims**

**Gold Bridge, B.C.  
Lillooet Mining Division  
N.T.S.: 092 J/15**

**Latitude: 50° 53' 30" N**

**Longitude: 122° 44' W**

**Owner/Operator:**

**Avino Silver & Gold Mines Ltd.  
Suite 400 – 455 Granville Street  
Vancouver, B.C. V6C 1T1**

**Author:**

**David St. Clair Dunn, P.Geo.  
1154 Marine Drive  
Gibsons, B.C. V0N 1V1**

**May 15, 2004**

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## Introduction

The Olympic Kelvin Property (the property) is located on the south side of Carpenter Lake, seven kilometers northeast of the town of Gold Bridge (Fig. 1 & 2). The property can be accessed from Gold Bridge by the Gray Rock road, a logging mainline, which follows the south shore of Carpenter Lake. The area of the 2004 diamond drill program was in the area of the kilometer eight marker on the Gray Rock road. Access on the property is possible on a network of mining access roads, largely constructed to carry out drilling and trenching programs in 1988.

The property consists of 20 reverted crown grants, one located mineral claim covering 15 units and three fractions, as listed below:

**Table 1: Table of Mineral Claims**

<b>Claim Name</b>	<b>Tenure Number</b>	<b>Number Units</b>	<b>Expiry Date</b>
Alpha # 1 & 2	228254	1	03/07/04
Alpha # 3	228287	1	17/09/05
Alta # 1	228237	1	08/11/05
Alta # 2	228238	1	08/11/04
Alta # 3	228243	1	23/11/05
Alta # 4	228239	1	08/11/04
Alta # 5	228195	1	19/09/05
Alta # 6	228194	1	19/09/05
Alta # 7	228197	1	19/09/05
Alta # 8	228196	1	19/09/05
Alta # 1 Fr.	228241	1	08/11/05
Alta # 2 Fr.	228206	1	19/09/05
Hillside # 1	228198	1	19/09/05
Hillside # 2	228199	1	19/09/05
Hillside # 3	228202	1	19/09/05
Hillside # 5	228203	1	19/09/05
Hillside # 6	228204	1	19/09/05
Hillside # 7	228240	1	08/11/05
Hillside # 8	228205	1	19/09/05
Hillside Ext. # 3	228201	1	19/09/05
Hillside Ext. # 4	228200	1	19/09/05
Jhanta Fr.	228503	1	11/04/05
Mellisande	228341	15	25/02 05

The mineral claims are owned by Avino Silver and Gold Mines Ltd. Avino was the operator of the 2004 program and contracted the author to provide geological supervision.

The property is in the Bridge River Camp, the largest lode gold producing area in the Canadian Cordillera. Significant activity began in the 1890's, with more than four million ounces of gold produced from mesothermal quartz veins in the whole camp between 1933 and 1974. Rising costs and a fixed gold price rendered the mines uneconomic and they closed in the early 1970's. The recent reopening of a mill at the Bralorne Mine, 19 kilometres by road from the property, has significantly increased the economic potential of the property.

The Olympic/Kelvin property has no history of past production, but veins and shear zones on the property have received considerable work, particularly by Olympic Gold Mines Ltd. and Kelvin Gold Mines Ltd. in the 1930's. At least seven adits were driven on the property: Leckie, Magee, Billyo, Antimony, Alma, Bridge, and Kelvin. A mineralized zone from 32 metres to 84 metres in the Bridge Adit averaged 9.2 grams gold per tonne over a 1.5 metre width. Sporadic ore grade mineralization was also reported from the Leckie and Magee adits.

Small drill programs were carried out in 1980 and 1984 by Noranda and Lacana, respectively, but only low gold values were encountered. In 1988 Avino Mines and Resources Ltd., a predecessor company to the present owner, carried out a major trenching and diamond drilling program on the property. This program discovered a parallel zone to the Leckie/Magee zone, named the Margarita Zone, with good gold values (Map 1). Samples from diamond drill hole Oly 88-4 returned 24 grams gold per tonne over 0.85 metres within a wider intersection of 8.2 grams gold per tonne over 3.48 metres. Diamond drill hole Oly 88-6 intersected the same zone 75 metres to the northwest. Samples assayed 4.26 grams gold per tonne over 1.34 metres within an eight metre section of listwanite. Three holes were planned for 2004 to test for depth and strike extensions of the mineralization intersected in the Margarita Zone in 1988.

The 1988 program outlined one other very interesting area 750 metres northeast of the Margarita Zone (Map 3). Samples from Trench OT-23 assayed 1.7 grams gold per tonne over 21 metres within a 75 metre wide mineralized zone. This area was named the Enigma Zone. One hole was planned to test the down dip extension of this zone.

The potential exists to outline mineralization in the 10 to 15 grams gold per tonne range in the Margarita Zone, which could be profitably mined and treated at the Bralorne mill, 19 kilometers away. The area of the Margarita Zone is easily accessible, as the Gray Rock logging mainline passes over the zone. Underground development would be warranted if two or three more drill holes intersected greater than five grams gold per tonne over mineable widths in the Margarita Zone.

The potential also exists to develop a large volume of 1 to 2 gram gold mineralization in the area of the Enigma Zone. The width of this zone would make it possible to mine this mineralization using open pit technology and to process it with large scale recovery methods.

The 2004 diamond drill program consisted of four NQ diameter holes totaling 287.7 meters. Three holes, totaling 133.7 metres (Map 2), were drilled to attempt to intersect the Margarita Zone and one hole 154 metres long (Map 4) was drilled under the Enigma Zone trench. The first three holes were drilled on the Alta # 1 mineral claim and the fourth hole was drilled on the Hillside # 7 mineral claim.

### **2004 Diamond Drill Program**

Four NQ diameter holes totaling 287.7 metres were drilled, three in the Margarita Zone and one in the Enigma Zone. Significant problems were encountered in drilling the Margarita Zone. Very broken ground and large, talc bearing fault zones were encountered. All three holes attempted to intersect the Margarita Zone were lost at 57.6 metres, 15.1 metres and 61.0 metres before they reached the targeted depth. These holes intersected serpentinite in fault contact with interbedded chert and andesite (Map 2, Appendix B). The most interesting information from these holes was the intersection of a previously unknown zone paralleling the Margarita Zone 25 metres to the southwest. This zone assayed 4.32 grams gold per tonne over 2.8 metres (1.95 metres true width) in hole 04-OK-03 (Map 1). This zone was also intersected but not sampled in holes Oly 88-2 and Oly 88-6. The zone is apparent on re-examination of the logs for Oly 88-2 and Oly 88-6. The ground drilled in the Margarita Zone was the worst ever encountered by the author in 35 years experience in mineral exploration or by the driller with over 40 years experience drilling. The difficulties encountered caused extreme delays and added greatly to the cost of the program.

The hole drilled under the Enigma Zone did not encounter any significant problems in drilling. This hole intersected interbedded chert, basalt and andesite. The core was generally well mineralized with pyrite to 10% and minor arsenopyrite and chalcopyrite. One zone one metre wide with pyrite, arsenopyrite and fuchsite was intersected. Assay values of samples were highly anomalous in gold to a high of 0.38 grams gold per tonne, but did not reach the values in the surface trench. Oxidation and supergene enrichment might explain this discrepancy.

Core is temporarily stored at the "Mine Cabin" on Ferguson Street in Gold Bridge. The core will be permanently stored at the Bralorne mill in Bralorne.

## **Interpretation and Conclusions**

The 2004 drill program was unsuccessful in testing the Margarita Zone. This zone has good potential to produce ore grade gold mineralization. With the Bralorne mill operating 19 kilometres away by road, it should be possible to make money mining and shipping 10 gram gold per tonne material. Further work should be carried out on the Margarita Zone. It might be possible to drill the Margarita Zone from the Gray Rock road near the Magee adit, drilling to the southwest (Map 1). This would mean the holes would be drilled partly down the dip of the zone, which dips to the southwest. This is not the preferred orientation to drill the Margarita Zone, but drill holes were successfully completed from this location in 1984.

Drilling under the Enigma Zone did not return values similar to those in trench samples. This discrepancy might be due to surface oxidation and supergene enrichment. Further work on the Enigma Zone should consist of a detailed geological examination and geochemical sampling of the zone on surface to attempt to trace the zone to the south to determine if better grade areas exist.

**Appendix A**  
**Cost Statement**

## Cost Statement

### Drilling Costs: (Phil's Diamond Drilling Ltd.)

Mob/demob	\$2,000.00
Cat JD 450: 35 hrs @ \$65/hr	2,275.00
Drill (Field Rate): 152 hrs @ \$25/hr	3,800.00
Man hrs (Field Rate): 340 hrs @ \$25/hr	8,500.00
Propane	502.51
Quick Gel: 350 bags @ \$9.34/bag	3,269.00
Other additives	1,796.65
Freight on mud	1,284.00
Fuel (Field Rate)	678.70
Equipment lost down hole or worn out	4,324.75
Drilling: 311.87 metres @ \$66/m	20,583.42
Excessive bit costs: 5 bits @ \$700/bit x 50%	1,750.00

### Drill Pad Construction: (Bridge River Valley Mechanical Contracting)

Excavator Hitachi Ex 150: 4.5 hrs @ 108.14/hr	486.63
Low boy (Busters): 2.5 hrs @ \$90/hr	225.00

### Geological Supervision:

D.Dunn: 25 days @ \$500/day	12,500.00
Room and Board: 25 days @ 46.96/day	1,174.00
Vehicle Rental: 35 days @ 65.05/day	2,276.75
Transportation	441.25
Fuel	693.00
Expendables	<u>841.00</u>

**Total Costs** **\$69,401.66**

## **Appendix B**

### **Diamond Drill Logs**

## **Appendix C**

### **Assay Results and Assay Procedure**

## **Appendix D**

### **Author's Statement of Qualifications**

## **Statement of Qualifications**

I, David St. Clair Dunn, Professional Geoscientist, with a business address of 1154 Marine Drive, Gibsons, B.C., Canada, certify that:

1. I am a graduate of the University of British Columbia, Vancouver, B.C. and hold a degree of Bachelor of Science in Geology.
2. I have practiced my profession as a prospector and geologist for 35 years.
3. I am registered as a Professional Geoscientist with the Association of Professional Engineers and Geoscientists of the Province of British Columbia (Reg. # 18,479). I am a Fellow of the Geological Association of Canada and a member of the Association of Exploration Geochemists, the Canadian Institute of Mining, Metallurgy and Petroleum, the Honorary Advisory Board to the B.C. and Yukon Chamber of Mines, the Society of Economic Geologists and the Mining Exploration Group. I am the qualified persons for the purposes of National Instrument 43-101 in reference to this report.
4. I directly supervised the 2004 diamond drilling program on the Olympic/Kelvin Property.
5. I am the sole author of this report.
6. I am not aware of any material fact or material change from the information in this report that would make the report misleading.
7. I consent to the use of this report for the purpose of a private or public financing.

Signed:

