

006689

ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 662-3722

Stag Explorations Ltd.
Vancouver, B.C.

PROPERTY FILE

Summary Report
on the

DEER BAY PROPERTY

Tofino Inlet
Vancouver Island, B.C.
(NTS 92F/4)

49°13' N. Lat; 125°36' W. Long.

April 15, 1988

Robert S. Adamson, P.Eng.

Consultant

Vancouver, Canada

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION	3
Location and Access	3
Property	3
History	4
Recent Work	6
References	6
GEOLOGICAL SETTING	7
Regional Geology	7
Property Geology	7
Mineral Occurrences	8
TOFINO CREEK AREA	9
Geology	9
Mineralization	9
Geochemistry	10
Jumbo Zone	10
NICKEL-PGM AREA	11
Geology	11
Mineralization	12
Geochemistry	12
Geophysics	13
CONCLUSIONS	13
Recommendations	14
Estimated Costs	16
CERTIFICATE	18

LIST OF ILLUSTRATIONS

		<u>Following Page</u>
Figure 1	Location Map	2
Figure 2	Property Map	3
Figure 3	Property Geology	7
Figure 4	Tofino Creek Compilation	9
Figure 5	Nickel-PGM Compilation	11

ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 662-3722

SUMMARY

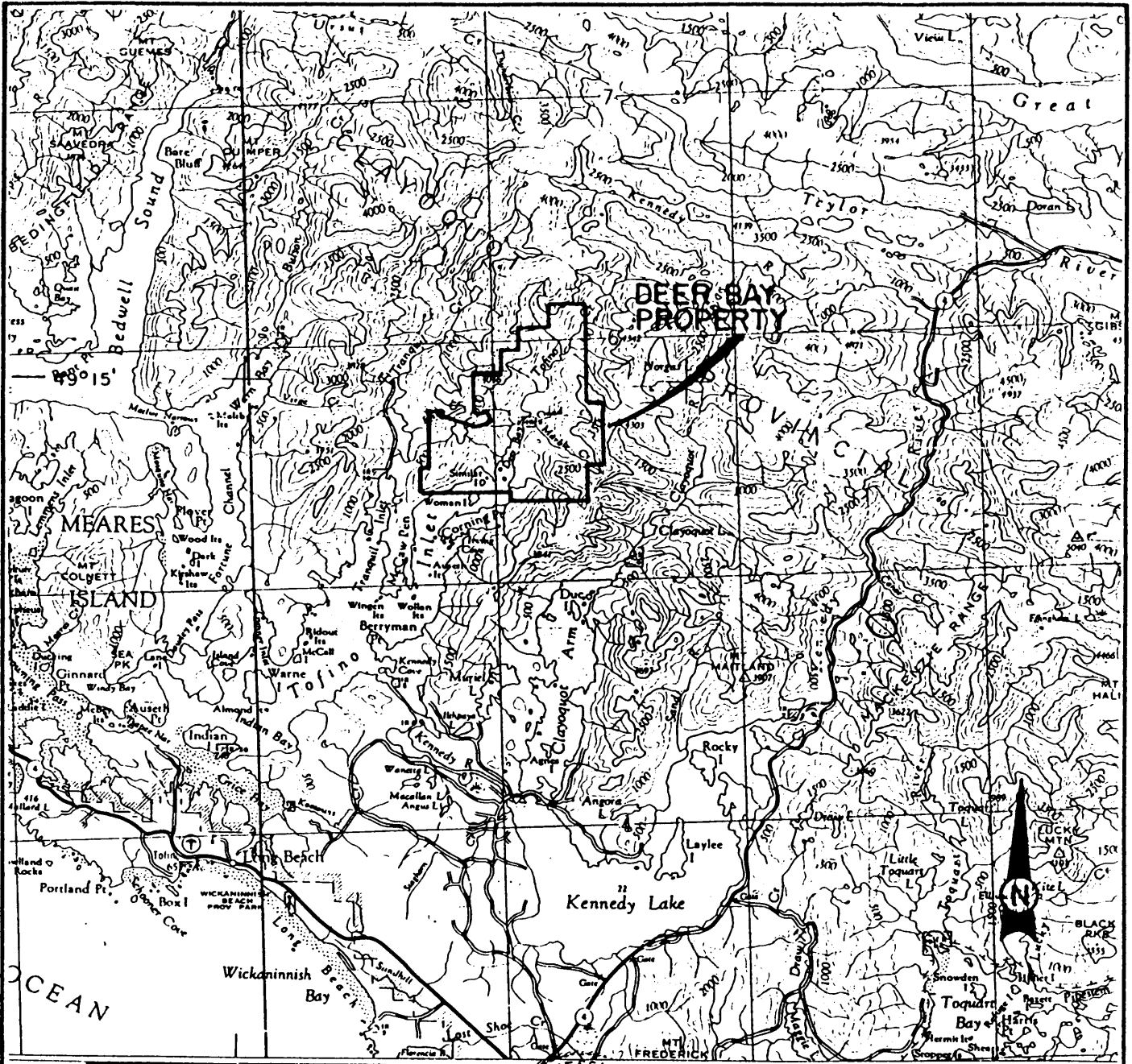
A preliminary mapping and sampling program was recently undertaken in the Tofino Creek and Nickel-PGM areas on the Deer Bay property, a multi-metals prospect situated on the west coast of Vancouver Island. Now consisting of 17 mineral claims (176 units), the property has been held and sporadically explored since the turn of the century by a number of individuals and companies.

The geological setting consists of the Paleozoic age Sicker Group overlain by the Triassic age Karmutsen Formation of the Vancouver Group. On the property, the Sicker Group comprises the Nitinat Formation, probably a metamorphic equivalent of the Myra Formation, and possibly the Buttle Lake Formation. The Sicker Group is intruded by a small gabbro body and amphibolite dykes of unknown age, by a quartz diorite stock of the Jurassic age Island Intrusions, and by a quartz feldspar porphyry body and felsite dykes of the Tertiary age Catface Intrusions.

The Tofino Creek area, underlain by andesite, diorite, and minor limestone of the Nitinat Formation, hosts numerous mineral occurrences, several of which have been accessed by adits and short shafts. Mineralization associated with skarn-type minerals consists of chalcopyrite and magnetite with minor molybdenite and pyrrhotite. The most attractive of these occurrences from an exploration standpoint is the Jumbo zone, which lies close to the quartz feldspar porphyry intrusive body and not too far from a cluster of anomalous gold values in soils. The other zones exhibit somewhat restricted continuity and/or grade to be of economic interest.

The Nickel-PGM area, underlain by Myra Formation(?) gneiss, contains a nickel-copper occurrence with associated platinum, palladium, and gold values. Mineralization, comprising pyrite, chalcopyrite, violarite, and minor millerite, occurs in an amphibolite dyke believed to be associated with the gabbro intrusion. Because of the high grade and the favourable geological setting, a search for other occurrences of similar grade, but with more tonnage potential, in the area surrounding the gabbro is justified.

A comprehensive exploration program is proposed. An initial stage should consist of detailed geochemical sampling, geological mapping, and geophysical surveying around the Jumbo zone in the Tofino Creek area; prospecting and a semi-reconnaissance geochemical survey in the Nickel-PGM area; and reconnaissance prospecting on the remainder of the property. The cost of the program is estimated to be \$75,000.



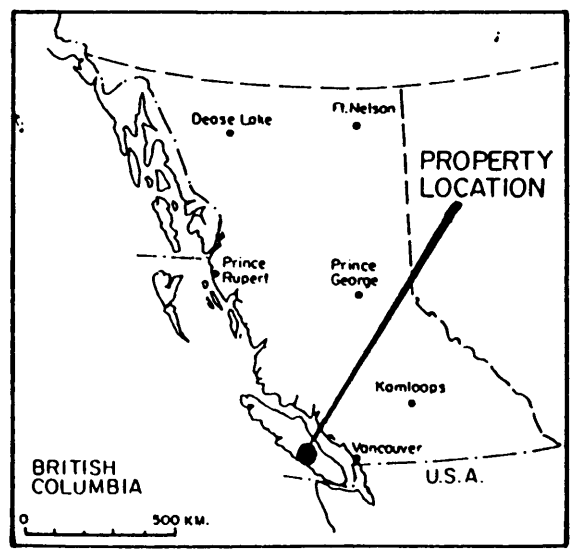
100m E. 45' 0

PROFESSIONAL ENGINEER OF R. S. ADAMS BRITISH COLUMBIA ENGINEER

R. S. Adams

125° 30' 2 3

5 10 15 KM.



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS	
VANCOUVER, CANADA	
STAG EXPLORATIONS LTD.	
DEER BAY PROPERTY	
LOCATION MAP	
TOFINO INLET, B.C. N.T.S. 92F/4,5	
SCALE: 1:250,000	APRIL 1988 FIG. 1

INTRODUCTION

Orcan Mineral Associates Ltd. has been requested by Stag Explorations Ltd. to review the available technical data and to prepare a report on its Deer Bay property, a multi-metals prospect located on the west coast of Vancouver Island, British Columbia. The writer examined the property on March 6, 1988. He was accompanied by Ms. E. Lambert, geologist for Stag Explorations, and who had recently supervised a small exploration program on the property for the company.

Location and Access (49° 13' N. Lat.; 125° 36' W. Long.)

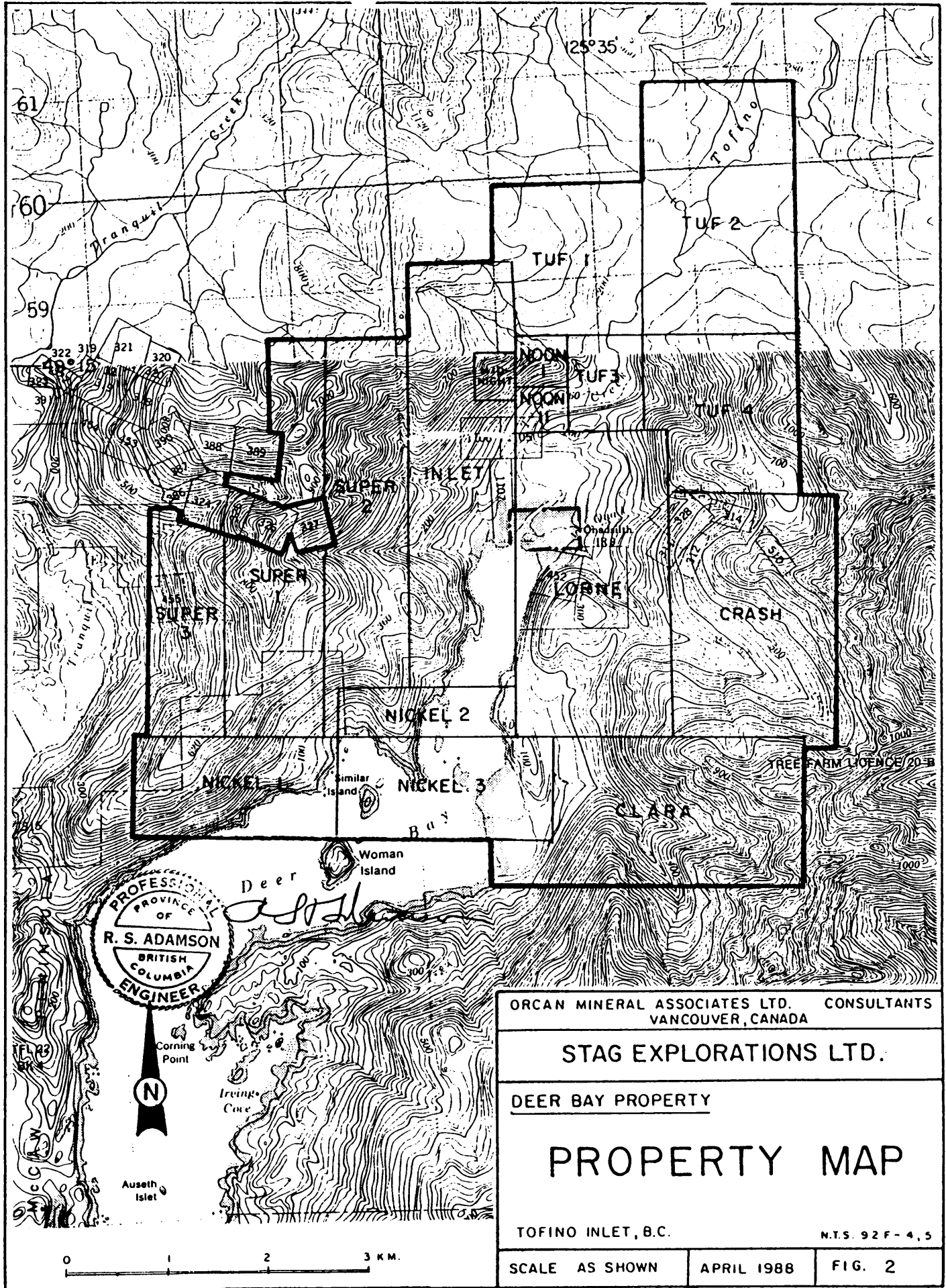
The property lies in the Alberni Mining District at the head of Tofino Inlet, approximately 20 kilometres northwest of the village of Tofino, (NTS 92F/4).

Access to the eastern half of the property is achieved by an excellent logging road to the head of the inlet; the western half can best be reached by boat from a landing on the east side of the inlet. The logging road extends northward from a cutoff on the main Alberni-Tofino Highway near Uculet, B.C. to Tofino Inlet 20 kilometres distant, then continues along the east side of the inlet to Tofino Creek at its head. Logging operations have recently been initiated in the Tofino Creek watershed.

Property

The property comprises 17 located mineral claims, collectively containing 176 units, (Figure 2). They are enumerated as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Nickel 1	8	1048	November 12, 1989*
Nickel 2	4	1338	November 12, 1989*
Nickel 3	8	1339	November 12, 1988
Super 1	16	2150	May 10, 1989
Super 2	16	2151	May 10, 1989*



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS
VANCOUVER, CANADA

STAG EXPLORATIONS LTD.

DEER BAY PROPERTY

PROPERTY MAP

TOFINO INLET, B.C.

N.T.S. 92F-4,5

SCALE AS SHOWN

APRIL 1988

FIG. 2

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Super 3	10	2152	May 10, 1989
Inlet	16	3403	December 1, 1989*
Lorne	18	1341	November 12, 1990*
Clara	18	2977	July 29, 1989*
Crash	20	2994	August 20, 1989*
Midnight	1	3365	October 9, 1989*
Noon I	1	3402	December 1, 1989*
Noon II	1	3403	December 1, 1990*
Tuf 1	9	3491	March 3, 1989
Tuf 2	15	3492	March 3, 1989
Tuf 3	6	3493	March 3, 1989
Tuf 4	9	3494	March 3, 1989

* Pending approval from the Ministry of Energy, Mines and Petroleum Resources for assessment work submitted on April 6, 1988.

Stag Explorations has an option to purchase 100 per cent ownership in the property.

The terrain is very rugged. The most prominent topographic features are the Tofino Creek Valley, and Deer Bay, an extension of Tofino Inlet. Secondary features are several sharply incised creeks that flow into Deer Bay and Tofino Creek. Elevations rise steeply from sea level to in excess of 900 metres. Thick stands of timber and dense undergrowth inhibit access beyond the logging roads that penetrate the property.

History

Copper mineralization was initially discovered at the head of Deer Bay in the late 1890's. From 1898 to 1930, considerable exploration activity took place in three areas within the district, on Tofino Creek, lower Onad Creek (Jumbo), and upper Onad Creek (Crow). Adits were driven on a number of copper zones; all were apparently collared for exploration purposes. Bagged ore stockpiles remain near a few adits. Only 215 tons of copper were reported to have been produced, for shipment to a

ORCAN MINERAL ASSOCIATES LTD.

smelter in Ladysmith. The most extensive underground workings are in the Jumbo mine area. Two short shafts were sunk and considerable drifting was undertaken.

No exploration activity was undertaken from 1930 to the early 1950's. All claims were allowed to lapse.

New claims were staked in the area in 1952 and 1953 by Lorne Hansen. In 1954, the claims were put into Clear Creek Copper Mines. The company carried out some minor, small diameter core drilling that year. About this time, a nickel occurrence with significant platinum values was discovered approximately three kilometres southwest of the outlet of Tofino Creek. Claims were staked to cover this mineralization, but eventually all claims in the area were dropped.

In 1960, Mr. Hansen again staked the area. He then sold the property to Sun West Minerals Ltd. Sun West shifted the exploration emphasis in the Tofino Creek area to molybdenum which was found to occur with several of the copper deposits. Bulldozer stripping of mineralized areas was undertaken in 1961 and 1962. During this period, six core holes (488 metres) were drilled, evidently with little success. The claims were again allowed to lapse.

Mr. Hansen staked the area once again in the mid 1970's. The property this time was dealt to Pawnee Oil Corp. Pawnee drilled eight core holes (336 metres) in 1979 in the Tofino-Onad Creeks area, but eventually the property was again dropped.

In the mid 1980's, Mr. Hansen restaked the nickel occurrence. The property was acquired by Cominco who carried out geological mapping and geophysical surveys in 1986, but the company did no further exploration before returning it to Mr. Hansen. Seminole Resources acquired claims on the west side of Tofino Creek in 1985. After undertaking a modest exploration program that included reconnaissance geochemical sampling, a magnetometer survey, geological mapping and prospecting, this property was allowed to lapse.

Recent Work

Between February 5 and 22, 1988, Stag Explorations carried out a general examination program on the Nickel-PGM area and the Tofino-Onad Creeks area. Preliminary geological mapping and reconnaissance geochemical soil surveys were undertaken by a three-man crew. A number of the old workings were located and plotted on maps. New logging roads constructed to gain access to the Tofino Creek area were prospected.

References

1. G.E.P. Eastwood, 1963; "Tofino Inlet Copper - Molybdenum, Sun West Minerals Ltd." in Annual Report of B.C. Minister of Mines and Petroleum Resources.
2. J.E. Muller, 1969; "Geology and mineral deposits of Alberni map-area, British Columbia" in Geological Survey Paper 68 - 50.
3. B.D. Fairbank, 1979; "Report on the Tofino and Pawnee Claims" for Pawnee Oil Corporation.
4. J.E. Muller, 1980; "The Paleozoic Sicker Group, Vancouver Island, British Columbia" in Geological Survey Paper 79 - 30.
5. J. Ostler, 1980; "Geological Report, Pawnee Claims Group", Assessment Reports Nos. 8106 and 8138 for Pawnee Oil Corporation.
6. T. Kraft, 1985; "Geological, Geochemical and Geophysical Report on the Winter 1 and 2 Claims, Tofino Inlet - Deer Bay" for Seminole Resources Inc.
7. P.T. Gannon, 1985; "Report on the Super 1, 2, 3 Group" for Jim Rallis.
8. J.J. Lajoie, 1986; "Assessment Report - Horizontal Loop Electromagnetic, VLF, and Magnetic Surveys on the Super 1 Claim" for Cominco Ltd.
9. I.M. Mason, 1986; "Tofino PGM, Evaluation Report" for Cominco Ltd.
10. P.C. Lecouteur, 1986; "Assessment Report, Geology on the Nickel 1, 2, 3, the Lorne and the Super 1, 2, 3" for Cominco Ltd.
11. E. Lambert, 1988; "Reconnaissance Geological and Geochemical Survey on the Deer Bay Property", Assessment Report for Stag Explorations Ltd.

GEOLOGICAL SETTING

Regional Geology

The Tofino Inlet area is underlain by three, northwesterly trending sequences of rocks: the Sicker Group, the Westcoast Complex, and the Vancouver Group. The Paleozoic age Sicker Group is flanked on the northeast by the Karmutsen Formation, the youngest member of the Mesozoic age Vancouver Group, and on the southwest by the Westcoast Complex of indeterminate age. The Karmutsen Formation, middle Triassic in age, consists of massive, basaltic lavas and breccias. The Westcoast Complex consists of amphibolite, diorite, and quartz diorite. The Sicker Group comprises the Nitinat Formation, the Myra Formation, and the Buttle Lake Formation (Muller, 1980). The Nitinat Formation, of Devonian age, is predominantly intermediate to mafic volcanic and sub-volcanic rocks with minor limestone, argillite, and chert. The Myra Formation, ranging in age from late Devonian to early Mississippian, consists of acidic to mafic volcanics, argillite, siltstone, chert, and very minor limestone. The Buttle Lake Formation, ranging in age from middle Pennsylvanian to early Permian is predominantly limestone with very minor siltstone and chert.

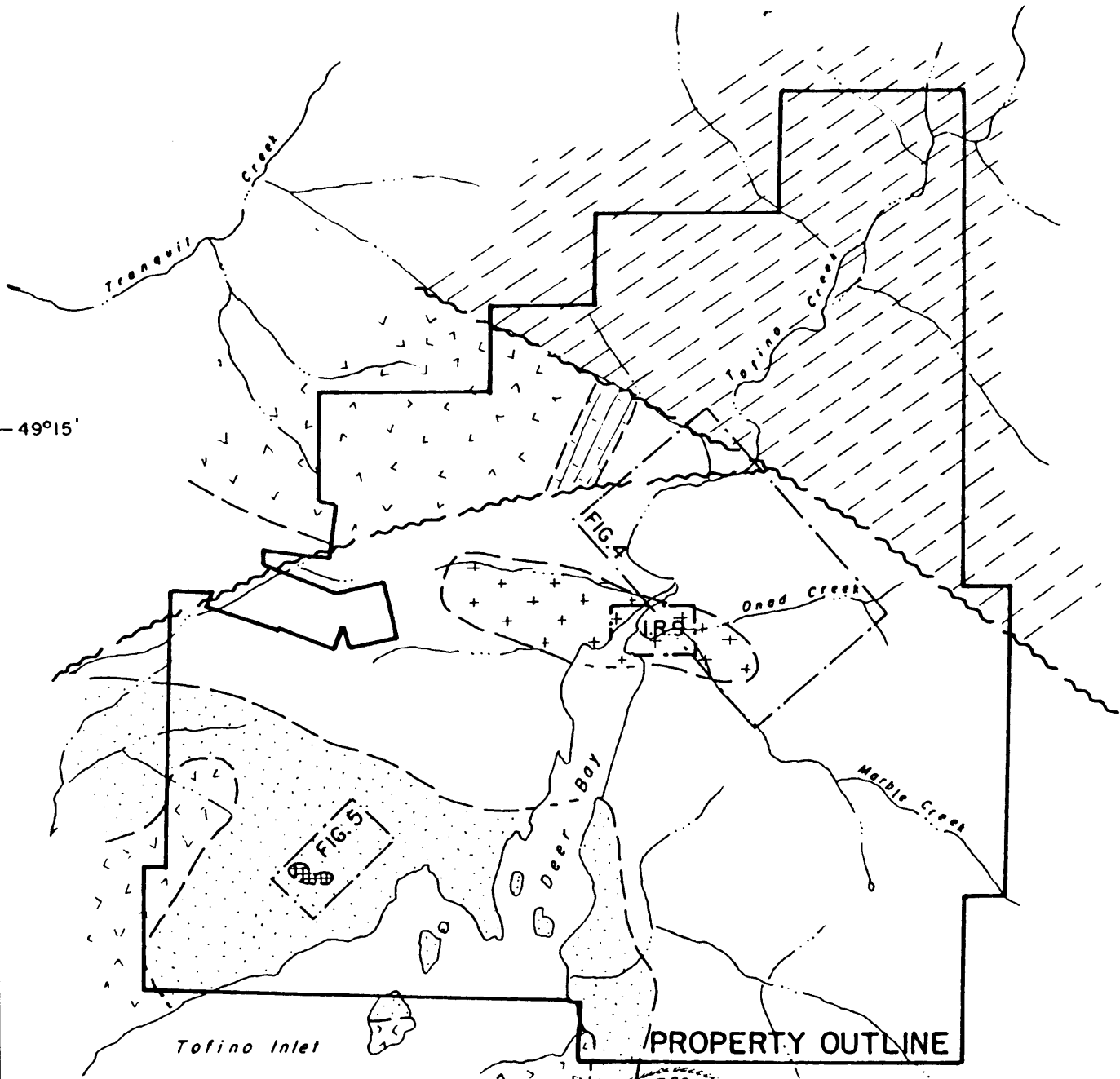
Two groups of crystalline rocks intrude the above units. The Island Intrusions of Jurassic to Cretaceous age consist of granodiorite and quartz diorite with lesser quartz monzonite. The Catface Intrusions of early Tertiary age are predominantly quartz monzonite, commonly porphyritic in texture.

Property Geology

The property is underlain for the most part by the Sicker Group. It is bounded on the southwest, south, and northwest by granitic rocks of the Island Intrusions and on the northeast by volcanic rocks of the Karmutsen Formation (Figure 3). The dominant rock unit in the southwestern part of the property is a foliated quartz-feldspar gneiss, which is believed to be metamorphosed Myra Formation. The principal rock unit in the central sector is likely Nitinat Formation. It consists predominantly of andesite and

125° 35'

49°15'



- | | | |
|----------|--|---------------------|
| TERTIARY | | CATFACE QFP |
| JURASSIC | | ISLAND INTRUSIONS |
| | | GABBRO |
| TRIASSIC | | KARMUTSEN FORMATION |
| | | SICKER GROUP |
| PERMIAN | | BUTTE LAKE FM. |
| | | MYRA FM. |
| DEVONIAN | | NITINAT FM. |
| | | FAULT |
| | | CONTACT |



R. S. Adamson

OCEAN MINERAL ASSOCIATES LTD. CONSULTANTS VANCOUVER, CANADA	
STAG EXPLORATIONS LTD.	
DEER BAY PROPERTY	
PROPERTY GEOLOGY	
TOFINO INLET, B.C.	N.T.S. 92 F - 4
SCALE AS SHOWN	APRIL 1988
	FIG. 3

diorite (greenstone). Narrow bands of limestone are common in the Nitinat Formation in this region. A larger mass of limestone situated on the bluffs northwest of Tofino Creek may be Buttle Lake Formation.

Intrusive into the Myra Formation is a small stock of gabbroic composition. It may be related to Triassic age Karmutsen vulcanism. Intrusive into the Nitinat Formation is a larger body of quartz-feldspar porphyry with numerous peripheral felsic dykes. It is believed to be related to the Catface Intrusions of early Tertiary age. Metallic mineralization of economic interest on the property appears to be uniquely associated with each of these intrusive events.

The overall trend of the Sicker Group is northwesterly; however, faulting, folding, and intrusive activity have evidently modified this general attitude locally. Gneissic foliation within the Myra rocks is conspicuously variable. Limestone beds in the Nitinat Formation commonly strike northwesterly and dip steeply. Two strong faults are indicated on the property (Figure 3). The most expressive is one which apparently divorces the Karmutsen from the Nitinat Formation.

Mineral Occurrences

Metallic mineral occurrences are ubiquitous in the area. Several styles of mineralization are evident. On Tranquil Creek, west of the property, gold-quartz veins occur in a shear zone adjacent to an andesite dyke, in sufficient concentrations to justify ultimate development of the veins on four adit levels. Veins, which are narrow, strike north 70 degrees west and dip 75 degrees to the north. On crown grants which encroach into the western boundary of the property, skarn-type copper mineralization occurs near an intrusive contact. On the property, chalcopyrite and pyrite are associated with violarite and minor millerite in amphibolite bands near a gabbroic intrusion. At the head of Deer Bay, chalcopyrite, magnetite, molybdenite, and minor pyrrhotite mineralization is widespread, usually associated with skarn minerals and liney rocks in the general vicinity of quartz feldspar porphyry intrusions. Disseminated molybdenite occasionally occurs in felsic dykes.

TOFINO CREEK AREA

Geology

The dominant lithologies in the Tofino Creek are a dark green andesite (or metabasalt) and a medium to dark grey diorite. The diorite, occurring as stocks and dykes, locally displays impressive intrusive breccias. The dykes commonly occupy fracture systems that strike northwesterly. Thin limestone lenses, usually interlayered with the volcanic horizons, frequently are metamorphosed to a skarn consisting of calcite, garnet, and diopside.

The above assemblage is intruded by a large quartz-feldspar porphyry body that trends westerly across the head of Deer Bay. Felsite dykes in the area are probably related to this period of intrusion which is believed to be early Tertiary age.

Mineralization

Metallic mineralization is widespread within a northwesterly trending block, approximately 700 metres by 2,000 metres in extent (Figure 4). Skarn-type mineralization, visible in adits, shafts and road cuts, consists of disseminated to massive chalcopyrite and magnetite commonly, but not always, associated with disseminated molybdenite. Occurrences are frequently aligned at diorite dyke contacts. In general, continuity of mineralization is lacking in this geological environment; however, the grade of many of these occurrences is sufficiently high to have encouraged repeated exploration programs over many years.

Since the early 1960's, the principal commodity sought has been molybdenum. The most recent, ambitious exploration program was undertaken by Pawnee Oil in 1979, when eight holes were drilled. However, no significant mineralization was encountered in any of the holes. Drill hole 79-1, a vertical hole drilled at the old Jumbo mine workings, returned visible molybdenite between 10 and 25 metres in depth, but no assays were recorded. Visible copper mineralization occurring in the remainder of the hole was reported to be rare (Ostler, 1980). Drill holes 79-2 and 79-3

LEGEND

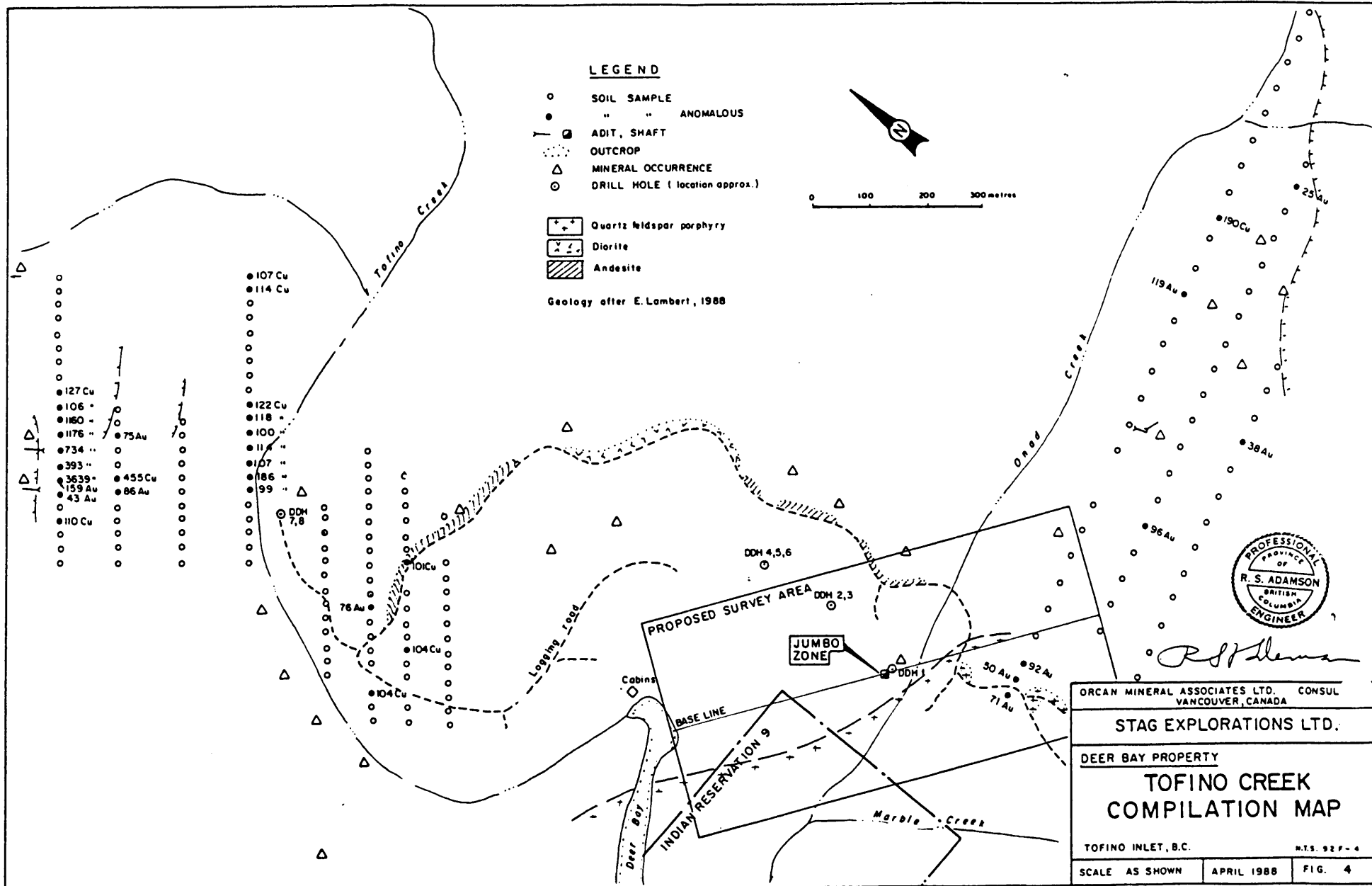
- SOIL SAMPLE
- " " ANOMALOUS
- ADIT, SHAFT
- (dashed) OUTCROP
- △ MINERAL OCCURRENCE
- (with dot) DRILL HOLE (location approx.)

- ⊕ Quartz feldspar porphyry
- ⊗ Diorite
- ▨ Andesite

Geology after E. Lambert, 1988



0 100 200 300 metres



ORCAN MINERAL ASSOCIATES LTD. CONSUL VANCOUVER, CANADA	
STAG EXPLORATIONS LTD.	
DEER BAY PROPERTY	
TOFINO CREEK COMPILATION MAP	
TOFINO INLET, B.C.	M.T.S. 92 F-4
SCALE AS SHOWN	APRIL 1988
	FIG. 4

tested an outcrop of skarn. Only trace amounts of copper were intersected. Drill holes 79-4, 79-5, and 79-6 tested an outcrop of altered andesite. Very minor molybdenite was intersected. Drill holes 79-7 and 79-8 were drilled near old workings on the east side of Tofino Creek. Only trace amounts of chalcopyrite and molybdenite were noted.

Geochemistry

Stag Explorations established two grids in the Tofino Creek area using hip chain and compass. One grid straddles Tofino Creek; the other lies immediately south of Onad Creek (Figure 4). Lines and sample spacing were widely spaced. The purpose was to test the effectiveness of soil geochemistry around known mineralization.

Soil development is good on the flatter terrain and poor on the steeper parts of the Tofino Creek area. Samples were analyzed for copper and gold. As shown on Figure 4, anomalous copper values (in excess of 100 ppm) are sporadically distributed; they tend to be commonly associated with mineralization near old adits. Anomalous gold values (in excess of 25 ppb) are equally sporadic and not obviously related to anomalous copper values. Three anomalous gold values are clustered southeast of the Jumbo shaft area.

Jumbo Zone

The Jumbo showing visible at surface comprises several parallel sulphide lenses, each up to one metre in width. Disseminated to massive chalcopyrite occurs as skarn ribbons in limestone and andesite, which has been intruded by diorite and felsite dykes. The overall width of the zone is approximately 20 metres; individual mineralized lenses in the zone can be traced along strike for up to 30 metres. The vertically dipping zone strikes north 55 degrees west; it disappears beneath overburden in both directions.

ORCAN MINERAL ASSOCIATES LTD.

The earliest work on this zone (prior to 1916) consisted of sinking two shafts, 13 and 20 metres in depth respectively, and drifting for approximately 40 metres. Today, only one of the shafts is visible and it is filled with water. Each shaft was originally sunk on two of three skarn lenses in the zone.

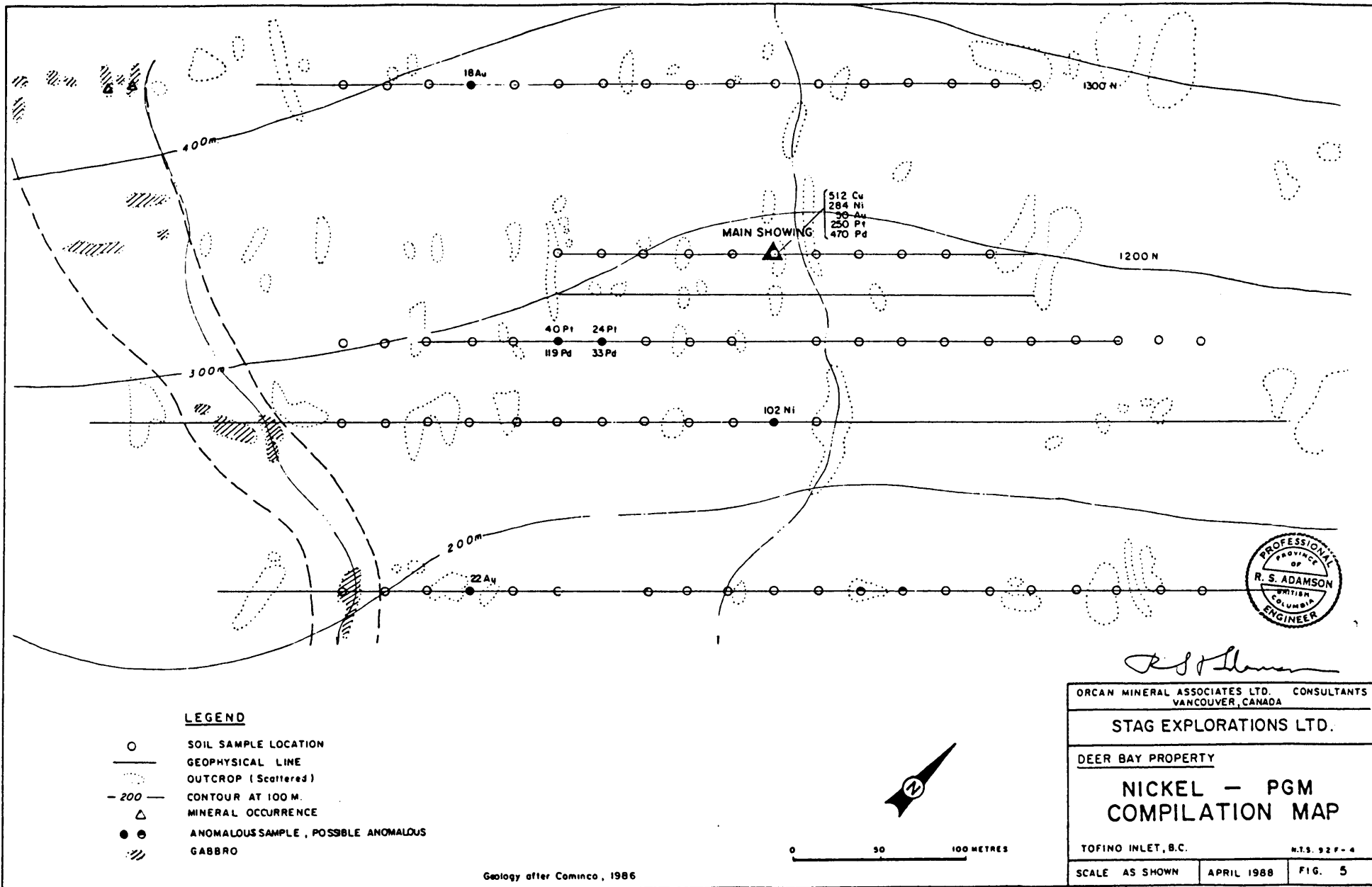
In the early 1960's, Sun West Minerals drilled a small diameter core hole across the zone. Mineralized intercepts in the hole, from 8.5 to 30.1 metres, averaged 0.08 per cent molybdenite and 0.04 per cent copper. Records of a second Sun West hole, evidently drilled in this area at a later date, are missing. In 1979, the vertical hole drilled in this area to a depth of 48 metres intersected minor molybdenite mineralization from 9 to 23 metres and weak copper mineralization to the end of the hole. The core consisted of porphyritic andesite intruded locally by quartz diorite. There is no indication in the records that the zone was drilled along strike beyond the outcrop surrounding the shaft.

NICKEL - PGM AREA

The nickel-platinum group mineral occurrence lies approximately 300 metres above sea level on a steep, heavily wooded slope on the northwestern side of Tofino Inlet. Several lines were previously cut across the mountain side by Cominco personnel, for geological mapping and geophysical purposes (Figure 5).

Geology

The area is underlain primarily by quartz feldspar gneiss. The gneiss is poorly foliated, fine to medium grained, and pale to greenish grey with local, thin, dark green chloritic bands. The gneiss has been intruded by numerous amphibolite dykes and sills. A small hornblende-gabbro body lies approximately 400 metres southwest of the principal mineral occurrence. The amphibolite dykes are probably associated with the intrusion of this gabbro into the gneissic rocks.



LEGEND

- SOIL SAMPLE LOCATION
- GEOPHYSICAL LINE
- OUTCROP (Scattered)
- 200 — CONTOUR AT 100 M.
- △ MINERAL OCCURRENCE
- ● ANOMALOUS SAMPLE, POSSIBLE ANOMALOUS
- ▨ GABBRO

Geology after Cominco, 1986



R. S. Adamson

ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS
VANCOUVER, CANADA

STAG EXPLORATIONS LTD.

DEER BAY PROPERTY

**NICKEL — PGM
COMPILATION MAP**

TOFINO INLET, B.C.

N.T.S. 92 F-4

SCALE AS SHOWN

APRIL 1988

FIG. 5

Mineralization

The principal mineral occurrence is in a small, isolated outcrop of amphibolite. Mineralization consists of heavily disseminated pyrite, chalcopyrite, and violarite with minor millerite and very minor pentlandite. Past hand-trenching has not delineated the zone in all directions, because vegetation is thick and, although outcrops are plentiful on the hillside, they are commonly moss and debris covered. The showing occurs as two distinct bands displayed over a 25-metre high rock face.

The showing has been selectively sampled by several people since its discovery. A number of selected samples collected by Cominco personnel in 1984 ranged from 0.19 per cent to 5.40 per cent copper, 0.08 per cent to 14 per cent nickel, 0.4 grams per tonne to 19.2 grams per tonne platinum group metals. Platinum to platinum plus palladium ratios averaged 0.22. Gold assays from eleven samples averaged 0.21 grams per tonne. Two specimen samples taken by Stag Explorations personnel and analyzed geochemically returned values of 6,904 ppb platinum, 18,716 ppb palladium, 1,092 ppb gold; and 4,842 ppb platinum, 18,416 ppb palladium, 393 ppb gold.

Two of several rock chip samples collected from the gabbro intrusion were anomalously enriched in copper, nickel, and palladium, suggesting that nickel-precious metal mineralization in the area is related to the intrusive event. Of interest is the presence of nickel mineralization that is also related to a gabbro intrusion in Meares Island 15 kilometres to the west.

Geochemistry

Soil samples were collected by Stag Explorations along the geophysical lines cut by Cominco (Figure 5) and analyzed for copper, nickel, gold, platinum and palladium. The survey was conducted for orientation purposes to see whether the technique could be useful in detecting the presence of other occurrences in the area.

It is evident, as shown, that anomalous values are present in the soils. Some are clearly not derived from the known occurrence.

Geophysics

The geophysical survey undertaken by Cominco consisted of 1.9 kilometres of horizontal loop electromagnetics and 2.7 kilometres of combined magnetics and VLF electromagnetics. The survey was carried out for orientation purposes, essentially to establish whether the mineralization responded to various geophysical techniques.

There was no anomalous signature from any of these three methods.

CONCLUSIONS

There are two areas on the Deer Bay property that warrant more specific exploration than has been previously undertaken. They are the Nickel-PGM area and the Jumbo Zone within the Tofino Creek area. It is also evident, in view of the favourable geological setting and the number and variety of mineral occurrences, that more intense prospecting of the remainder of the property should be carried out.

In the Nickel-PGM area, the apparent association of the relatively high grade mineralization with the gabbro intrusion suggest other occurrences might occur around the periphery of the intrusion. At present only the northeast side of the gabbro has been prospected in some detail, though evidently with limited use of geochemical techniques. Recent work by Stag Explorations has demonstrated that soil sampling could be effective in locating nickel-precious metal mineralization in this steep, thickly wooded environment. The presence of ore grade mineralization, although to date indicated to be localized, makes detailed prospecting for similar but possibly more extensive occurrences in this area worthwhile.

In the Tofino Creek area, exploration work undertaken to date has indicated that mineralized zones, although commonly containing high grade copper values, lack continuity. This feature is not uncommon for deposits which occur in a skarn environment; that is, characteristic mineralization occurs in limey rocks at intrusive contacts. However, the presence of molybdenite in felsite dykes and in some of the skarn-type copper occurrences suggests that the mineralization may be directly associated with the younger quartz feldspar porphyry intrusion rather than the diorite

intrusions in the Nitinat Formation. For this reason, the porphyry-Nitinat contact should be the focus of exploration on the property for copper deposits with associated gold and molybdenum. In this particular environment, more continuous and possibly wider zones of mineralization would be more likely to occur. As the Jumbo zone exhibits moderate continuity, width, and grade on surface, and is in relatively close proximity to this prospective contact, exploration in the Tofino Creek area should initially be centred on it. The location of the contact, shown on Figure 4, is uncertain because outcrops around the Jumbo zone are relatively meagre. The exploration attraction of the Jumbo zone area is enhanced by the presence of the group of anomalous gold soil samples only 300 metres southeast of the Jumbo shaft.

Elsewhere on this large property, the most promising features that require prospecting are the remainder of the quartz feldspar porphyry intrusive body, particularly west of the head of Deer Bay, and the two indicated strong fault structures that cut across the property (Figure 3). Karmutsen Formation rocks that lie on the northeastern part of the property should be regarded as the least prospective.

Recommendations

A comprehensive exploration program comprising three components is proposed. It should consist of the following activities:

- a) Detailed exploration of the area around the Jumbo zone.
- b) Semi-reconnaissance exploration of the Nickel-PGM area centred on the gabbro intrusion.
- c) Reconnaissance exploration on the remainder of the property.

Specific tasks for each are presented as follows:

Jumbo Zone

1. Prepare a cut-line grid at 100 metre line spacing over the proposed survey area shown on Figure 4, but excluding that portion within the Indian Reservation.
2. Implement an induced polarization survey over the grid (approximately 3,000 metres). The object of this survey is to identify concentrations of sulphides.
3. Carry out a soil sample survey over the cut lines and flagged intermediate lines on 25 metre sample stations. Double the sample density around the cluster of anomalous gold soil samples (estimate 300 samples). Analyze the samples for 32 elements using the ICP technique, and for gold.
4. Undertake a magnetometer survey over the cut and flagged grid with readings at 25-metre stations. The principal objective of this survey is to more precisely locate the contact between the quartz feldspar porphyry intrusion and the andesite-diorite unit. There ought to be a marked contrast between these rock units.
5. Geologically map the outcrops that lie within the grid.

Nickel-PGM Area

1. Using hip chain and compass methods, develop a relatively large flagged grid incorporating the present cut-line grid. The flagged grid should essentially be centred on the gabbro intrusion. Consistent with the cut-line grid, the flagged lines should, as near as practical, parallel the hillside contour for ease of access and control. Lines should be spaced at 100 metres; stations should be flagged at 25 metres on the lines.
2. Collect and sample at each station (estimate 400 samples). Analyze for gold, platinum, palladium, nickel, and copper.
3. Geologically map and visually prospect the flagged grid area.

4. After evaluating the geochemical results, prospect the hillside directly above the anomalous values. The use of hand trenching tools to strip moss from outcrops and to dig beneath tree roots will be essential.

5. Hand-trench the main showing, using powder as required. The object of the trenching is to attempt to trace the mineralization along strike as far as possible and to open up the present exposure for sampling and mapping purposes.

Property Prospecting

1. Prospect the two creeks that flow easterly into the outlet of Tofino Creek and drain the western half of the quartz feldspar porphyry intrusion. Visual prospecting should be supported by geochemical soil sampling. Samples should be collected from both sides of each creek at regular intervals (100-200 metres) and analyzed for copper, molybdenum, and gold. The source of anomalous values should be sought immediately uphill using hand trenching tools.

2. Prospect along the two indicated faults using the same geochemical techniques where practical.

Estimated Costs

The cost of the recommended program is estimated to be as follows:

1. Geology and Supervision Geologist - 38 days @ \$275/day	10,000
2. Geophysics (IP survey and Rentals)	4,000
3. Labour (3 men, one month)	12,000
4. Analyses & Assays	16,000
5. Transportation (Vehicles & boat rentals)	3,000
6. Maintenance (Field Crew & Geophysics)	10,000


ORCAN MINERAL ASSOCIATES LTD.

7.	Field Support Travel, Communications, Freight, Powder, etc.	5,000
8.	Project Management incl. Consulting, Report, Assessment Submission, etc.	6,000
9.	Contingencies (approx. 12%)	9,000
		<hr/> <hr/>
		\$ 75,000

If favourable results are obtained from this initial stage program, the next stage of exploration, which would consist largely of diamond drilling, will cost in the order of \$150,000.

Respectfully submitted,
ORCAN MINERAL ASSOCIATES LTD.




Robert S. Adamson, P.Eng.

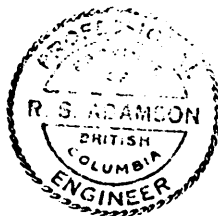
ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

SUITE 1417 - 409 GRANVILLE STREET
VANCOUVER, CANADA V6C 1T2
TELEPHONE (604) 682-3722

CERTIFICATE

I, Robert S. Adamson, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of the University of British Columbia, (B.A. Sc. in Geological Engineering, 1957).
3. I am a registered Professional Engineer of the Province of British Columbia.
4. From 1957 until 1967, I was engaged in mineral exploration in Canada for a number of companies. Positions included Senior Geologist, Chief Geologist, and Vice-President, Exploration. Since 1967 I have been practising as a consulting geological engineer and, in this capacity, have examined and reported on numerous mineral properties in Africa, Europe, and North and South America.
5. I examined the Deer Bay property on February 16, 1988.
6. I have not received, directly or indirectly, nor do I expect to receive any interest, direct or indirect, in the property of Stag Explorations Ltd. or any affiliate thereof, nor do I beneficially own, directly or indirectly, any securities of Stag Explorations Ltd. or any affiliate thereof.



Vancouver, Canada

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "R. S. Adamson".

Robert S. Adamson, B.A.Sc., P.Eng.