BUSINESS AND PROPERTY

92H/9E

The Company is a mining company engaged in searching for and developing mineral properties.

008355

1. **Description and Access**

(a) Osoyoos Mining Division, British Columbia

The Company is the recorded and beneficial owner of the following located mineral claims situate at approximately 49'40 north latitude and 120' west longitude:

Rex	1 – 20	22565 – 22584
Ronda	1 – 8	22541 – 22548
Ronda	10 – 16	22550 – 22556
Ronda	24	

(hereinafter referred to as "the Osoyoos claims")

The northerly boundary of the Osoyoos claims is approximately three miles south of Thirsk, a station on the Kettle Valley Line of the Canadian Pacific Railway. It is readily accessible from West Summerland via the Trout Creek Valley road which skirts the railway right-of-way to terminate at Princeton. At a point roughly 18 miles from West Summerland the choice of either of two logging roads, both trending south-westerly from the main road, provides access – by four wheel drive vehicle – to the north central and northwesterly sections of the property.

(b) Slocan Mining Division, British Columbia

The Company holds the following mineral leases situate in the Slocan Mining Division:

Jo Jo	Lot No. 1839	Lease No. 91
Halton Chief	Lot No. 2158	Lease No. 85

(hereinafter referred to as "the Slocan leases")

The Slocan leases are accessible by a six mile road up Kane Creek from Three Forks, an abandoned settlement, five miles by road east of New Denver.

2. Acquisition

By agreement dated July 2, 1969 between E. Michael Spittlehouse as the vendor and the Company as the purchaser, the Company acquired the Rex mineral claims for the consideration of $12,000. The cost of the Rex claims to Mr. Spittlehouse was approximately $500.

By agreement dated July 2, 1969 between E. Michael Spittlehouse, Kenneth Davies, Norman Pfoh, Lorne Chorney, and David Hotner as vendors and the Company as the purchaser, the Company acquired the Ronda mineral claims for the consideration of $8,000 and 312,000 shares of the Company which consideration was distributed as follows:

E. Michael Spittlehouse	112,000 shares and $8,000
Kenneth Davies	50,000 shares
Norman Pfoh	50,000 shares
Lorne Chorney	50,000 shares
David Hotner	50,000 shares

The cost of the Ronda claims to the vendors was approximately $500.

By agreement dated June 24, 1969 between Robert C. McCorkell as the vendor and the Company as the purchaser, the Company acquired the Jo Jo and Halton Chief mineral leases for the consideration of 350,000 shares of the Company and the sum of $20,000 to be paid as follows:

(a) $1,000 upon execution of the agreement
(b) $1,000 on or before June 30, 1970;
(c) $1,000 on or before June 30 of each and every year after 1970 for a period of 18 years.

3. History

(a) Osoyoos claims:

The granodioritic mass which covers most of the northeastern portion of the Princeton map area has been prospected intermittently over the past fifty years. Efforts were directed primarily along creek beds in search of precious metal values. While copper, lead and zinc mineralization was found in several localities, the area as a whole failed to produce a commercial deposit.

About five years ago, Brenda Mines undertook a large scale exploration program over an area in the northern portion of the granodioritic mass showing disseminated copper mineralization in an effort to prove up an orebody of porphyry copper dimensions. This action on the part of the Brenda company started a staking rush and the subsequent initiation of numerous exploratory programs. With success of the Brenda venture now giving assurance of a copper-molybdenum operation of major proportions, the potential of the area as a whole is greatly enhanced, and the continued search for other commercial deposits – the existence of which may well be masked by the glacial drift-cover – is fully warranted.

4. Work Done

(a) Osoyoos Claims:

Work on the Osoyoos claims has consisted of 18 miles of linecutting, geomagnetic and geochemical surveys, klyceptor surveys and soil sampling.

(b) Slocan leases:

Work done on the Slocan leases consists of mapping old workings.

5. Equipment

There is no underground or surface plant or equipment on either the Osoyoos claims or the Slocan leases.

Osoyoos Claims

The following is taken from the report of George L. Mill, P. Eng., on the Osoyoos claims dated September 23, 1969, and together with the information thereon contained in the paragraphs "Location and Access" and "History" constitutes the Mill report in its entirety.

Introduction

This report has been prepared at the request of officials of Cairn Mines Ltd. (N.P.L.). The writer first examined the subject property on three occasions during the years 1966 and 1967 and, upon his recommendation, an electromagnetic ground reconnaissance survey was carried out in the spring of the year 1968. This survey outlined an anomalous area on which geophysical work in greater detail was fully warranted. No further work was done on the property and the ground was later acquired by Cairn Mines Ltd. This latter company, upon the recommendation of the writer, conducted a combined magnetometer and electromagnetic survey between June 23rd and August 27th of the current year. The detail portion of this survey was limited to the general area of the known anomalous zone and the reconnaissance portion was undertaken in an attempt to check the possible northerly and easterly projection of this zone of interest.

Summary

In summary, the writer concludes that, on the basis of information available to date, the implementation of the program on the scale recommended in this report is fully justified. While the existence of an orebody of porphyry dimensions is not visualized the possible existence of a substantial commercial deposit on the property cannot be overlooked. In essence, the recommended program involves the extension of magnetometer and electromagnetic surveys in detail over zones of indicated potential and the further checking, by means of a two-component magnetometer survey – plus the subsequent diamond drilling – of zones of known potential.

The capital outlay required to bring the outlined program to completion is estimated at $85,000.

Property

The subject property, located in the Osoyoos Mining Division of British Columbia and comprising a total of 36 claims held by right of location, is made up of two contiguous groups, namely, the Ronda and the Rex. Records of ownership have been checked and, subject to the acceptance of assessment work now filed, both groups are in good standing until the 5th day of August, 1971.

Physical Features

Elevations range from 4,000 to 4,500 feet above sea level with the moderately steep slope of the Trout Creek valley grading southwesterly into a more rolling formation to the valley of Lost Chain Creek. Jackpine predominates, with the occasional stand of fir. Water is available from Lost Chain Creek which crosses the northwesterly portion of the property to empty into Trout Creek. Climate conditions can be moderate to heavy with a marked scarcity of outcroppings.

Geology of the Area

The property lies in the east-central portion of the granitic mass which covers most of the northeastern section of the Princeton map area. These rocks extend southward to within six miles of the Similkameen River. A major re-entrant of the Nicola Volcanics lies northwesterly of the Brenda property which is approximately thirteen miles north of the Cairn holdings. Other minor inclusions of the Nicola formation appear within the boundaries of the granitic mass. Medium to heavy overburden conditions obscure the area, but the occasional outcrop shows variously coloured medium to coarse-grained siliceous granite and granodiorite with sparse iron and copper mineralization in evidence at a few locations.

A drilling program carried out in 1967 on ground adjoining the Cairn holdings to the northeast shows the rocks in that area to be essentially granodioritic, medium to coarse-grained, faintly to distinctly foliated and carrying varying amounts of biotite and hornblende. While some dissemination is apparent in the drill cores, the copper and iron mineralization appears to occur chiefly in fractures and siliceous zones.

Work to Date on the Property

As mentioned in the introduction to this report, a combined magnetometer and electromagnetic ground survey was conducted recently over a portion of the area contained within the boundaries of the property. This work was done by Klyceptor International Air Surveys Ltd. and the readings interpreted by D. L. Hings, P.Eng., Consulting Geophysicist. It was carried out in two stages as follows:

STAGE I

A general reconnaissance survey to check the possible northerly and easterly projection of a known anomalous area. (Klyceptor Report No. EM-69-102).

STAGE II

A detail survey limited to a four claim block within the boundaries of which this anomalous zone was known to lie. (Klyceptor Report No. EM-69-102-D).

As the findings indicated in the detail survey are of primary importance at this time a copy of the electromagnetic profile map prepared by Mr. Hings is included in this report. It outlines an area anomaly (Z1A) approximately 1400 feet in length with an average width of about 200 feet. It also indicates two other zones of interest, both in close proximity to the survey boundaries, one to the southwest (Z2A) and the other to the east (Z3A).

Readings obtained in the reconnaissance survey conducted under Stage 1 of the exploration program show conductive zones extending both northerly and northeasterly from the area covered by the detail survey.

A limited geochemical survey carried out in conjunction with Stage 2 of the program showed relatively low copper values but the "highs" appear to maintain strike features similar to those indicated in the geophysical surveys.

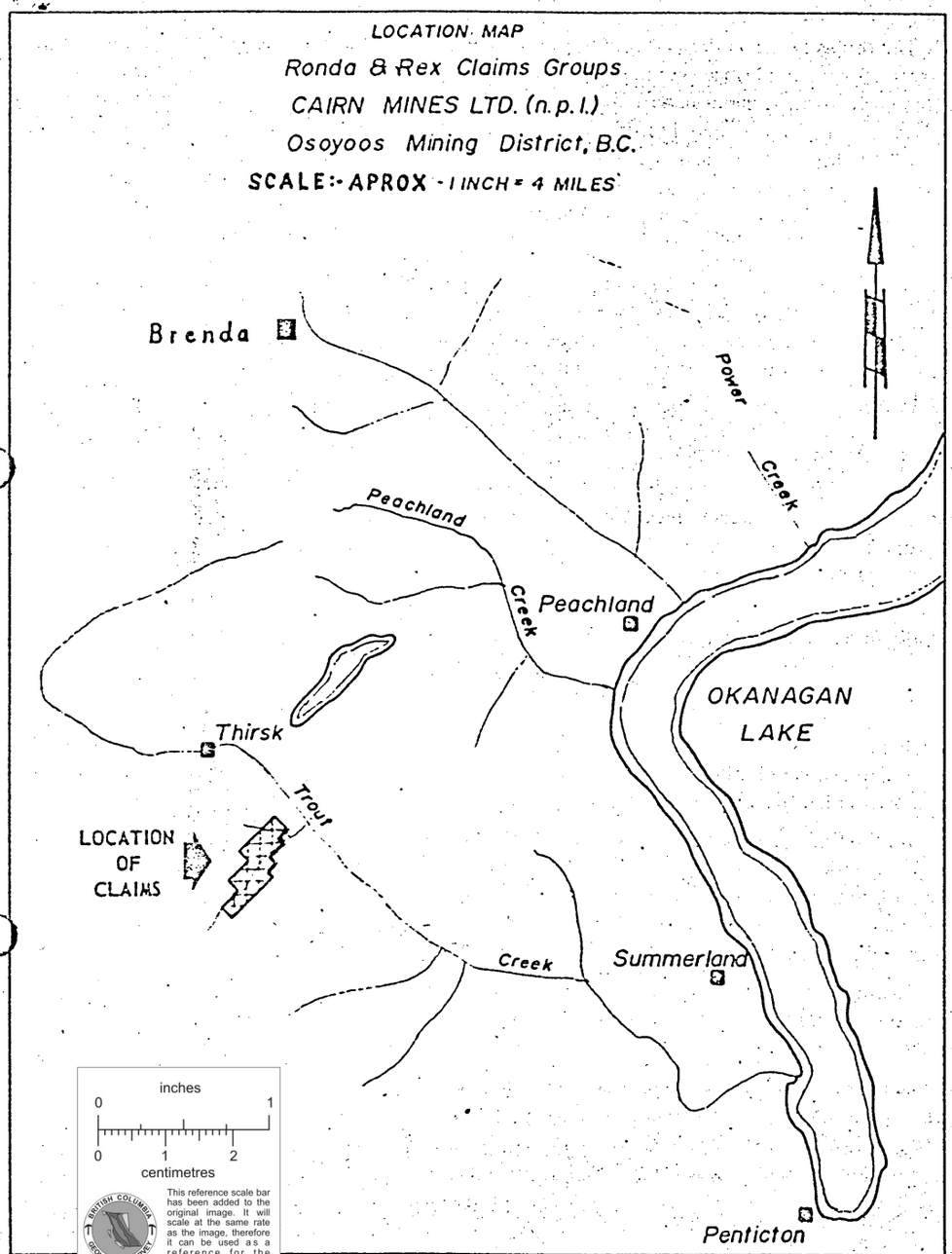
LOCATION MAP

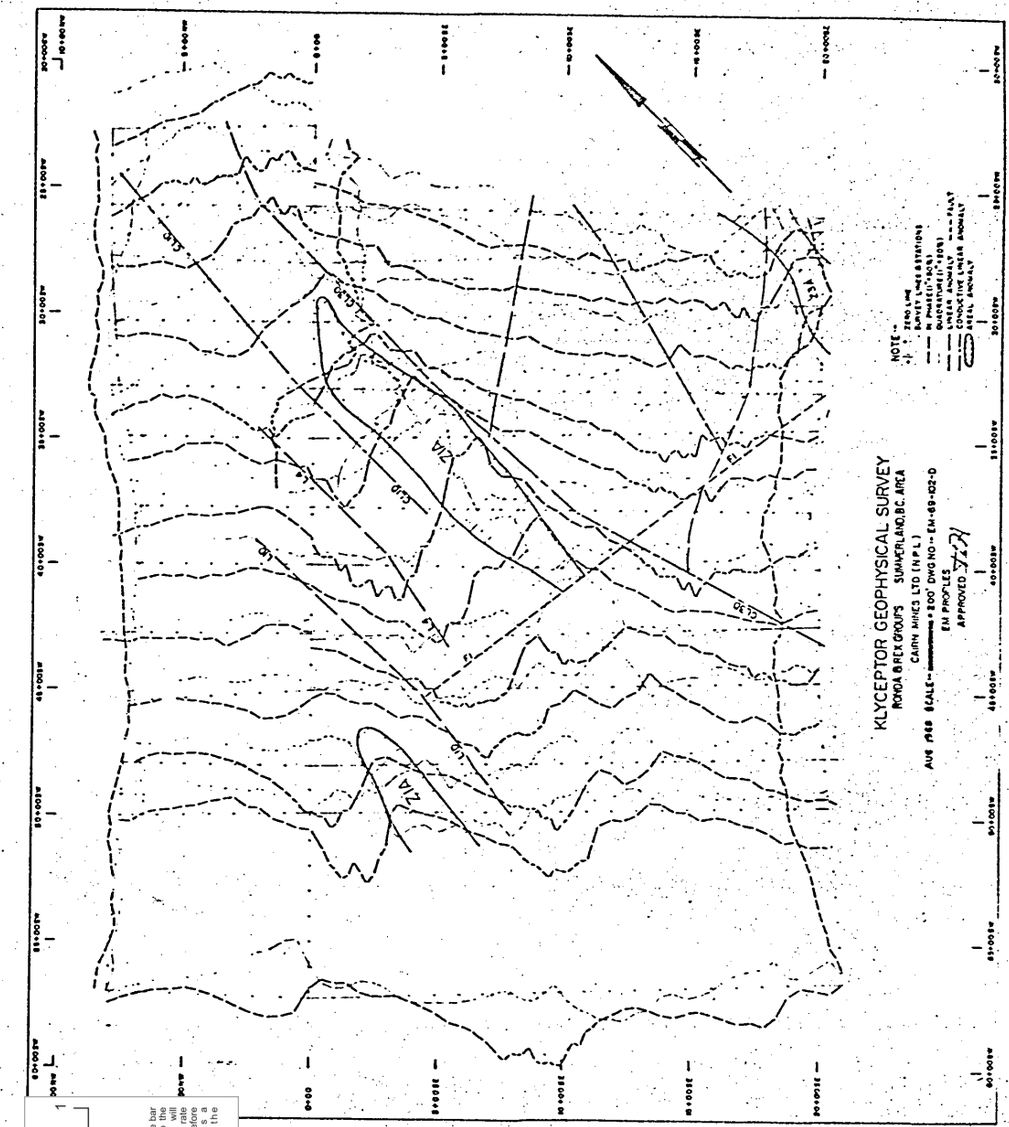
Ronda & Rex Claims Groups

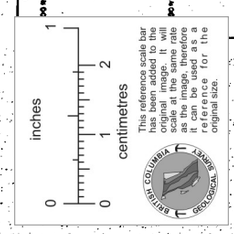
CAIRN MINES LTD. (n.p.l.)

Osoyoos Mining District, B.C.

SCALE:- APROX - 1 INCH = 4 MILES







Conclusions and Recommendations

From his interpretation of the results obtained in the detail survey Mr. Hings draws the following significant points:

1. That the anomalous area designated as Z1A shows more promise than any area so far surveyed on the property.
2. That the formation is dipping to the west and that development work involving subsurface exploration would appear to be best applied in or west of this Z1A zone.
3. That the indicated fault which appears to terminate the Z1A zone at its south end may prove to be the northern terminus of the zone designated as Z2A.
4. That there are indications of a parallel zone, designated as Z3A at the most easterly boundary of the surveyed area.

After full consideration of all available information the writer concludes that the initiation of a fairly substantial exploration program is fully warranted and that such a program should call for additional magnetometer and electromagnetic work in detail over areas of indicated potential together with diamond drilling from locations where holes can be spotted with some degree of accuracy. In line with this opinion the writer advances the following recommendations.

1. Stake at least four additional claims. Contiguous to Ronda 7–8 and Rex 14–16, if ground is open.
2. Map surface in applicable areas.
3. Check anomalous area designated as Z1A using a two-component magnetometer before establishing drilling locations.
4. Carry out a combined magnetometer and electromagnetic survey in detail over zones designated as Z2A and Z3A as well as on conductive zones outlined in the reconnaissance survey done in the area north and northeast of the Z1A zone.
5. A minimum of 4,000 feet of diamond drilling in 400 to 500 foot holes is recommended. At least three of these holes would be drilled eastward from the hanging-wall side of the Z1A zone. Location of the others will depend on the results obtained in the course of the geophysical work.

The attached cost estimates indicate that the above program will call for a capital outlay of $85,000.