

June 19, 2000

Mr. Adolf Aichmeier
Newmex Minerals Incorporated
Box 161
Zeballos, B.C. V0P 2A0

re. Privateer Mine Visit - May 9, 2000

Dear Mr. Aichmeier:

I have received geochemical analyses for the two selected ore samples that I took from the grizzly at the millsite during our visit to the Privateer on May 9, 2000. For your information, I have enclosed a copy of the ICPMS analyses from Acme Analytical for samples 170506 and 170520, plus a re-analysis of 170520 and an analysis of Acme's standard. I have also enclosed a copy of my descriptions for each of the two samples, plus selected geochemical analyses having elevated values, being for the following elements: Ag,Au,As,Cu,Pb,Zn,Cd,Sb,Bi,B,Hg,Se,Te.

Elevated values in these elements are indicative of a number of mineral deposit types containing quartz vein hosted Au-Ag mineralization such as that at Privateer, including:

<u>Minfile Mineral Deposit Type</u>	<u># of:</u>	<u>Co-incident Elevated Elements</u>
• Epithermal Au-Ag: Low Sulphidation	(10)	Au,Ag,As,Cu,Pb,Zn, Sb, Hg,Se,Te
• Alkalic Intrusion-Associated Au-Ag	(8)	Au,Ag,As, Pb,Zn, Sb,Bi, Te
• Au-Quartz Veins	(10)	Au,Ag,As,Cu,Pb,Zn,Cd,Sb,Bi, Hg
• Cu Skarns	(8)	Au,Ag,As,Cu,Pb,Zn, Sb,Bi
• Au Skarns	(6)	Au,Ag, Cu, Zn, Bi, Te
• Porphyry Cu-Mo-Au	(12)	Au,Ag,As,Cu,Pb,Zn, Sb,Bi,B,Hg,Se,Te

A review of the Map Place and Minfile data for the area shows that a number of such mineral deposit types have been documented for the Zeballos area as follows:

- Au-Quartz Veins (6) Privateer, Prident, Roper, Mt. Zeballos, Goldfield, Central Zeballos
- Cu Skarn (2) Uebell, Major
- Au Skarn (1) Privateer
- Porphyry Cu-Mo-Au (2) Uebell, Britannia Dyke

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Observation of the locations of these deposits indicates a common spatial relationship with the western portion of the Tertiary Zeballos Stock. Observation of Landsat, Aeromagnetic and Airborne E.M. data each show circular patterns 3-5 km in diameter centered approximately on the Roper Deposit (Minfile 092L 013), which is considered part of the Spud Valley Deposit. The circular pattern contains most of those deposits mentioned above and most of the historic producers of the Zeballos District as well. Remember that total production for the entire Zeballos District is only 627,000 tonnes containing 3.9 million grams Ag (125,000 oz's) and 9.2 million grams (294,000 oz's) Au, plus minor base metals (Fe production excluded).

It is suggested that the 4 types of Au-Ag-Cu-Mo mineralization noted in the deposits listed above may represent a preserved (undiscovered) Porphyry Cu-Mo-Au + Skarn Cu-Au + Epithermal Au-Ag system centred about 5 km northeast of the village of Zeballos, along the western flank of, and genetically related to, the Tertiary Zeballos Stock. Although neither Cu nor Mo was ever mined on its own at Zeballos, two references in Minfile indicate that significant Cu and/or Mo mineralization has been identified as follows:

- Uebell Deposit Minfile 092L 155 combined 146,000 tonnes @ 2% Cu
- Britannia Dyke Minfile 092L 303 60 meter wide molybdenite occurrence

It is recommended that a more extensive, and independent literature research project be initiated to hopefully confirm this suggestion. It is also recommended that you proceed with your plan to consolidate mineral tenure over as great an area as you can. I would be pleased to discuss these observations, suggestions and recommendations further with you at any time. I also intend to continue my own research into this area, possibly involving other B.C. Geological Survey Branch personnel. Furthermore, I have been in contact with Mr. Harvey Cohen, and intend to meet with him in the near future with a view to obtaining copies of map data and other records relating to the Privateer Mine. I will keep you notified regarding the results.

Best of luck in your mining/exploration endeavours, Adolph.

Regards,

Jacques Houle, P.Eng.
Regional Geologist
Southwest Region - B.C. Ministry of Energy and Mines
(250) 751-7372

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**Ministry of
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October 31, 2000

Mr. Adolf Aichmeier, Manager
Newmex Minerals Incorporated
Box 161
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Dear Adolf:

It was good to hear from you the other day, and I hope to be able to collaborate with you to establish regional gold exploration targets in the Zeballos area in the future. It is something that I have some experience with in other gold camps, and would very much like to help you with.

One of the things I did in May upon my return to Nanaimo from our excellent tour of the Privateer Mine was to review Stephenson's Bulletin 27 on the Zeballos Mining Camp. I pinned Figure 2 from the report, entitled "Areal Geology Map" on my office wall, and proceeded to construct a schematic cross section across the Zeballos camp south of the Zeballos River on my whiteboard, where it still is. I recently decided to photograph the schematic section, and I have attached a print of the photograph with this letter for you.

Stephensen's mapping suggests that the portion of the Zeballos camp south of the river consists essentially of two NW-plunging anticlines each cored by poly-phase intrusive stocks. These anticlines and stocks are separated by a NW-plunging syncline containing primarily mafic volcanics/volcaniclastics, within which lies an important series of intercalated felsic volcaniclastics, limestones and lime-silicate rocks (skarns?). Most of the significant past producers of gold in the camp are located south of the Zeballos River, and consist of narrow quartz vein deposits (tension fracture fillings?) spatially associated with the (skarn?) contact zones between the intercalated units and the intrusive stocks, as shown in the schematic section, and listed as follows (from Stephenson's report):

Central Zeballos	20 K oz's Au	7% of camp Au production
Spud Valley	54 K oz's Au	19% of camp Au production
Privateer	154 K oz's Au	53% of camp Au production
Mount Zeballos	31 K oz's Au	11% of camp Au production
Total	259 K oz's Au	90% of camp Au production

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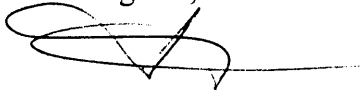
There also exist in the Zeballos camp known occurrences of, and in my opinion significant potential for additional, replacement-type gold deposits, evidenced by the Beano and Tagore prospects. The geology of replacement, or skarn gold deposits is very well understood, as are modern techniques for discovery. It appears that in the past, exploration for these deposits in the area was not very successful, either because they are rare, or that they are just difficult to find.

A similar relationship between quartz vein and replacement gold deposits is seen in the Wells-Barkerville area, where International Wayside Gold Mines has recently discovered the Bonanza Ledge Zone in the immediate footwall of the B.C. Vein, a narrow gold quartz vein structure. Although about 70% of past lode gold production in the Wells-Barkerville camp was from veins, the replacement gold deposits (about 30%) were much harder to find, being "blob"-shaped and compact, and higher grade. Wayside's primary exploration target in the area is to find more replacement type gold targets to supplement the Bonanza Ledge Zone.

Generally from a mining viewpoint, replacement gold deposits are highly profitable "mine makers", since they require less development, and can be extracted by mechanized underground methods (\$50-75/tonne) compared to manual underground methods (+\$150/tonne) required for narrow vein deposits. The key is to find enough of them close enough together to justify development and production. However, it is also important to look at all possible exploration targets and to review all available data with an emphasis on discovery. It sounds exiting!

Please give me a call, or a fax, and let me know your thoughts, Adolf.

Regards,



Jacques Houle, P.Eng.
Regional Geologist - Southwest B.C.

cc Greg Carriere, P.Eng., District Manager

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PROPERTY FILE

July 5, 2001

Adolf Aichmeier
Newmex Minerals Inc.
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Zeballos, B.C. V0P2A0

Dear Adolf:

Enclosed please find the following data from my visit to the Golden Gate, Hidden Creek and Privateer Mine areas of your Zeballos Property on June 12-13, 2001:

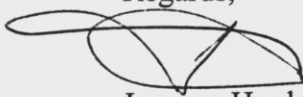
- Photo Album
- Sample Descriptions and analytical highlights
- Complete analytical report (excerpt from Acme File #101781 including standard)

The analytical results from the vein samples taken from the Golden Gate area (#187529,-30,-32) show elevated values in Cu, Ag and Au without the other metals (Pb, Zn, As, Cd, Sb, Bi, Hg, Se, Te) found in the Privateer Mine vein samples (#187534-38,-40). The selected vein grab sample from the first trench at Golden Gate yielded 25793 ppb Au (25.8 g/t = 0.75 opt), but the 0.3m. chip sample in the same area only yielded 1515.9 ppb Au (1.5 g/t = 0.04 opt). The NE face chip sample @ 42m. from the crosscut on the 2-3 vein yielded >100 g/t = >2.9 opt Au. If important to you, I will have a fire assay done on this sample.

The lime silicate sample taken from Hidden Creek (#187533) yielded similar geochemistry to the lime silicate and wallrock samples taken from the Privateer Mine (#187535-37,-39), with elevated values in Sr and Ba. Generally, the results show a higher level epithermal Au-Ag vein signature in the Golden Gate area compared to the Privateer Mine, but that they are both part of the same system of mineralization, in a similar geological setting.

I would like to visit the Privateer Mine and area with Tom Schroeter, the Senior Regional Geologist from the Vancouver Office, on August 14-15, 2001, if that is okay.

Regards,



Jacques Houle, P.Eng.
Regional Geologist - Southwest B.C.

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