

SUMMARY REPORT ON THE MT. SIDNEY WILLIAMS**GOLD PROPERTY**

TARGET: Auriferous listwanite and auriferous ankertized norite

DEPOSIT TYPE: Similar to Kalgoorlie, Australia and Timmins, Ontario (gold-bearing carbonate-mariposite zones).

PROPERTY NAME: Mt. Sidney Williams

LOCATION: 87 km northwest of Fort St. James
NTS: 93-K-14W
Mining Division: Omineca

ACCESS: By helicopter from Fort St. James

CLAIMS: 14 four-post claims totalling 223 units

OWNER: U. Mowat

The property was discovered in 1987 by reconnaissance silt sampling during an exploration program to discover the source of the placer gold in Van Decar Creek. The property has been worked sporadically since then by a variety of companies such as Lacana, Viceroy, Minnova and most recently Teryl Resources. To date only 25% of the property has received any exploration which includes 161 silt samples, 3275 soil samples collected on 105,790 meters of flagged grid, 1127 rock samples, 52 meters of hand trenching, 26,150 meters of magnetometer surveys, 11,450 meters of IP surveys and 22 BdBGM drill holes totalling 1541.4 meters. A total of \$696,991 has been spent on the property of which \$138,844.37 was spent in 1994 on a drilling program totalling 724.7 meters of BdBGM.

The geology of the property consists of Trembleur Intrusions which are dominantly harzburgites and peridotites on the east side of the property and Cache Creek argillites and volcanics on the west side. All rock types have been intruded by Triassic? norites and Tertiary? basalts and dacites. The norite intrusives have produced a carbonate alteration zone within the ultramafics called listwanite (composed dominantly of carbonate +/- mariposite +/- quartz +/- pyrite, gold, arsenopyrite). Exploration on the property has focused on these auriferous listwanite zones of which 18 have been discovered to date. Only 4 of these zones have been drilled. The complex geology, the lack of outcrop and the limited amount of drilling have not established any size on the zones. In addition, drill holes have not been suitably angled partially because of the severe magnetism in the ultramafic.

RESULTS:

1) Soil sampling: values of 19,900 ppb Au have been obtained in soils over one of the listwanite zones. There are multiple gold anomalies reaching lengths of 300 meters.

2) Rock sampling:
Upper Zone: 1.42 oz/t Au over 1 meter
Stibnite Zone: 3260 ppb Au over 1 meter
Camp Zone: 3560 ppb Au over 1 meter
Zero North: 910 ppb over 2.5 meters
Zero South: **15794** ppb Au over 2.5 meters
RJS Zone: 1070 ppb Au over 3 meters

3) Drilling:

| | | | |
|----------|-------|--|-------------|
| DDH 90-1 | 0.9m | 1321 ppb Au | (.039 oz/t) |
| 90-2 | 1.1m | 2690 ppb Au | (.078 oz/t) |
| 90-3 | 9.2m | 4076 ppb Au | (.119 oz/t) |
| | | (this section also includes a 1.0 meter interval of 14860 ppb Au) | |
| 90-4 | 5.8m | 1911 ppb Au | (.056 oz/t) |
| 90-5 | 3.1m | 1500 ppb Au | (.044 oz/t) |
| | 3.1m | 1260 ppb Au | (.037 oz/t) |
| 90-6 | 0.4m | 5830 ppb Au | (.170 oz/t) |
| 90-7 | 6.2m | 921 ppb Au | (.027 oz/t) |
| 91-1 | 0.4m | 3070 ppb Au | (.091 oz/t) |
| | (1.2m | 1908 ppb Au) | |
| 91-2 | 1.9m | 334 ppb Au | (.010 oz/t) |
| 91-3 | 5.6m | 662 ppb Au | (.019 oz/t) |
| 91-4 | 13.9m | 783 ppb Au | (.023 oz/t) |
| 91-5 | 6.0m | 119 ppb Au | (.004 oz/t) |

Holes 94-1 to 10 failed to intersect gold mineralization as several holes testing an area of magnetic lows encountered altered volcanics instead of listwanite. Several holes that did encounter listwanite also were not auriferous as the degree of carbonatization was very low.

RECOMMENDATIONS:

- 1) A program of soil sampling is strongly recommended in the area directly upslope from the placer gold occurrence. This would involve the collection of approximately 1000 soil samples which would cost roughly \$20,000. Additional expenditures are helicopter (roughly \$7500) plus labour and room and board (roughly \$5000).
- 2) A program of soil sampling on the ^{Mid}~~Van~~ Claim which is underlain by intense listwanite alteration and also has evidence of fossil hot spring activity. This would involve the collection of approximately 1000 soil samples and involve at least one week of labour. Total cost would be roughly \$35,000.
- 3) A program of prospecting in the area of West Peak and sampling of listwanite #19 is also recommended. This would involve at least 6 hours of helicopter plus 4 days of labour. The cost would be roughly \$12,000.
- 4) A program of soil sampling over the Sedna Zone which has been partially delineated by previous soil sampling. This would involve the collection of approximately 100 soil samples. The estimated cost including labour and helicopter is roughly \$20,000.

The estimated budget for this program is \$99,000.

STATEMENT OF QUALIFICATIONS

I, Ursula G. Mowat, of 1405 - 1933 Robson Street, Vancouver, B.C. certify that:

1. I am a registered member of the Association of Professional Engineers and Geoscientists of British Columbia.
2. I am a graduate of U.B.C. with a B. Sc. (1969) in geology.
3. I have practiced my profession since 1969 and have worked in the mineral, oil and gas and coal exploration fields.
4. I have a direct interest in the Mount Sidney Williams Property.

Ursula G. Mowat

Dated August 3, 1995.

URSULA MOWAT
1405 - 1933 Robson Street
Vancouver, B. C.
V6G 1E7

Subject: Option Agreement, Mount Sidney Williams Property

Further to our discussions, I am writing this agreement with expectations of further exploring and developing the Mount Sidney Williams property, comprising the Klone 1 to 8, Van 1 and 2, Terannoursus, Money, Mid and One Eye 1 claims, Omineca Mining Division, B. C. (the "Property").

The agreement between me (the "Optionor") and you _____
("_____"), which is
made for good and valuable consideration, is as follows:

1. Title Warranty: The Optionor warrants that she has a 100% interest in the Property; that the Property is free and clear of all encumbrances and liens and is in good standing under the laws of British Columbia; and she has the right to enter into this agreement.
2. Grant of Option: The Optionor hereby grants to _____ the exclusive right and option (the "Option") to earn 100% interest in the Property.
3. Cash Payments: In order to exercise the Option, _____ must pay to the Optionor:
 - a) \$5,000 on signing of this agreement;
 - b) \$10,000 on the earlier of 30 days from the date of this agreement or the date on which the condition in paragraph 16 is satisfied;
 - c) \$25,000 on the first anniversary of the date of this agreement;
 - d) \$45,000 on the second anniversary of the date of this agreement;
 - e) \$65,000 on the fourth anniversary of the date of this agreement; and

- f) \$100,000 on the fifth anniversary of the date of this agreement;

for total cash payments of \$250,000.

- 4. Share Issuances of Common Shares of the Buyer: In addition to the cash payments listed in Paragraph 3, _____ will issue shares in the following manner:

- a) 50,000 shares forthwith upon the date of the VSE approval;
- b) 50,000 shares on the first anniversary of VSE Approval
- c) 50,000 shares on the second anniversary of VSE approval;
- d) 50,000 shares on the third anniversary of VSE approval;

for a total of 200,000 shares.

- 5. Work Commitment: In order to exercise the Option, _____ must also incur expenditures to explore the Property of at least \$1,500,000 by the fifth anniversary of the date of this agreement and not less than \$100,000 in each successive 12 - month period, the first of which commences on the date of this agreement.

Qualifying expenditures only include money spent directly on the exploration of the Property; without limiting the generality of the foregoing, qualifying expenditures do not include overhead, wages and benefits to employees or consultants or, unless absolutely necessary, travel, meal and accommodation expenses of exploration personnel (which shall not include corporate officers or directors) directly engaged in the exploration of the Property.

Qualifying expenditures do not include money spent to duplicate work on the Property which is documented in assessment reports on file with governmental departments of agencies or in an unpublished geophysical report written by the Optionor in 1991.

No work will be carried out in the Tear Drop-West Lake area of the property before June 15 or after September 30 in any year.

All work will be carried out in a professional manner in accordance with good engineering and mining practices and in full compliance with applicable laws and regulations.

6. Filing of Work: All work performed hereunder will be filed under applicable regulations by _____ at its expense for assessment credit against the Property.
7. Management of Work: The Optionor will be and is hereby engaged by _____ as an independent contractor to manage all work carried out to explore the Property and to write reports thereof.

The Optionor will be compensated at the rate of \$350 per eight-hour day, prorated for partial days, and is entitled to have here reasonable travel, meals, accommodation and out-of-pocket expenses reimbursed. Payments will be made on receipt of invoice from the Optionor.

8. Reporting: Each month, _____ will provide to the Optionor a detailed statement showing the expenditures incurred hereunder. _____ will provide to the Optionor copies of its press releases, at the time of publication, and copies of any correspondence pertaining to the Property and the results obtained and analyses thereof.

If the Optionor has ceased to be the manager _____ will provide to the Optionor copies of all reports of the work performed on the Property and the results obtained and analyses thereof.

After the option has been exercised, _____ will also provide the Optionor with access to the Property and workings thereon on reasonable notice.

If the Option terminates or expires, or if portions of the Property are dropped, _____ will provide to the Optionor within 90 days copies of all data obtained from work on the Property or provided by the Optionor to _____.

9. Termination of Option: The Option and all rights of _____ hereunder will terminate if _____ fails to make a payment under paragraph 3 and 4 or paragraph 7 or to incur expenditures under paragraph 5 within the times prescribed or if _____ fails to perform its obligations hereunder.

On termination of the Option, _____ will remove all equipment and material brought onto the Property by or for it within 90 days and will leave the Property in a clean and environmentally acceptable condition.

10. Exercise of Option: Subject to paragraph 9, _____ may exercise the Option by notice to the Optionor within 90 days after _____ has made all the payments and incurred all the expenditures required by this agreement. If _____ does not so exercise the Option it and _____ rights hereunder shall terminate.
11. Vesting of Interest: Upon the exercise of the Option _____ will have acquired 100% interest in the Property, subject to the royalty to be paid to the Optionor as provided in paragraph 12. The Optionor will then forthwith provide to _____ duly executed transfers of title to the Property.
12. Net Smelter Returns Royalty: From and after the date on which Option is exercised, the Optionor shall be entitled to and _____ will pay a royalty within 30 days of the end of each calendar quarter equal to 2% of _____'s revenues derived directly or indirectly from the Property during the preceding quarter, including from the sale of product from bulk sampling or mining, deducting the following:
- a) if the product is treated by an arms length party at a smelter, refinery or mint, all expenses relating thereto for the treatment, tolling, smelting, refining or minting of such product and for transporting insuring, handling, weighing and assaying the same; or
 - b) if the product is treated at a smelter, refinery or mint owned, operated or controlled by _____ all expenses described in paragraph 12 a) equivalent to the prevailing rates charged by similar smelters, refineries or mints as the case may be, in arms length transactions for the treatment of like quantities and quality of product.

Each payment of royalty shall be accompanied by a reasonably detailed statement showing the calculation thereof and copies of all smelter settlement sheets. The Optionor shall have the right to audit _____'s calculation of the royalty from time to time on reasonable notice.

_____ shall have the right to purchase the Optionor's royalty hereunder at any time on payment of \$2,500,000, in addition to the advance royalty payments and any payments made or due on account of the royalty.

_____ shall pay advance royalty payments to the Optionor in the amount of \$50,000 annually plus CPI commencing on the first anniversary of the date on which the Option is exercised by _____ and on each subsequent anniversary date thereafter, continuing until the amount of the royalty otherwise payable hereunder, minus the advance royalty payments previously made, is greater than \$50,000.

13. Area of Interest: Neither the Optionor or _____ will be restricted from staking additional claims.
14. Abandonment and Transfers: _____ will not without the Optionor's approval abandon or surrender the Property in whole or in part before it has exercised the Option; _____ will not do so after it has exercised the Option without first offering to retransfer the same to the Optionor, which right the Optionor may exercise within 90 days of receipt of notice.

_____ will not sell, transfer or otherwise dispose of the Property in whole or in part or any interest therein or rights with respect thereto without first obtaining the consent of the Optionor, not to be unreasonably withheld.
15. Indemnity: _____ will indemnify and save harmless the Optionor at all times against any and all claims and liabilities which may result directly or indirectly from the activities of _____, its officers or employees, contractors, licensees or invitees on or in relation to the Property. _____ shall at all times keep the Property free from liens.
16. VSE Approval: This agreement is subject to the condition that it is accepted for filing by the Vancouver Stock Exchange on or before October 31, 1995. An extension of 60 days may be granted by _____ paying the remainder of the first year's option payment (\$10,000) plus \$840 for claim maintenance.
17. Miscellaneous: Time shall be of the essence of this agreement. A grace period of 10 days will be permitted on late payments. Notices or payments by one party to the other will be sent by registered mail to their respective addresses shown above, or to such other addresses as they may specify by notice in the future. This agreement shall be governed by the laws of British Columbia and shall be binding upon and shall enure to the benefit of the parties hereto, their respective successors and assigns and the heirs, executors, administrators and legal personal representatives of the Optionor.

Please signify your agreement to the above by signing and returning the enclosed duplicate copy of this letter.

Yours truly,

Ursula Mowat

Acknowledged and agreed as of the date written below,

By: _____

For: _____

Date: _____