

**WELCOME NORTH MINES LTD.**

1027 - 470 Granville St., Vancouver, B.C. V6C 1V5 • Telephone (604) 687-1658

July 19, 1984

Mt. Calvery Resources Ltd.
1027 - 470 Granville Street
Vancouver, BC
V6C 1V5

Re: CPW Claim, Spanish Mountain Area
Recommendation for Acquisition
Report by Welcome North Mines as
Operator for the Cariboo-Likely Project

Dear Sir:

The CPW claim (four units), presently owned by Whitecap Energy Inc. and the Mariner Joint Venture, lies on the northwest slope of Spanish Mountain, about 8 km east/southeast of the village of Likely, B.C. It is readily accessible by way of several old logging roads off the well-maintained Spanish Lake Road. The entire area is underlain by Upper Triassic/Lower Jurassic black phyllites, intercolated with minor impure quartzite horizons. These rocks strike northwest and dip southwest.

The claim area has been the focus of considerable mineral exploration during the past 50 years, since the discovery of gold-bearing quartz veins in 1933 (B.C. MM Reports, 1933, 1947). During that period, several adits and trenches had been excavated and a number of diamond drill holes completed as part of ongoing exploration for gold-bearing quartz veins. The author inspected a number of these old showings on the CPW claim on July 7th. Gold was seen in several areas, both in quartz veins and upon panning the soil along a creek gully.

A copy of the Mariner Joint Venture 1983 geochemical soil survey of the CPW claim (dated March, 1984) has been obtained and those results have been compiled and correlated with geochemical anomalies delineated by Mt. Calvery Resources to the northwest of the CPW property. It is apparent that the gold soil anomaly that Mt. Calvery has discovered and outlined on the EASY 3 and MARCH 1 and 2 claims is continuous to the northwest with that on the CPW claim.

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The best gold soil anomaly on the CPW claim measures 500 m x 350 m, and remains "open" to the south. The anomaly consists of values ranging from 200-5100 ppb gold. Recent prospecting, mapping and sampling of the claims' area has revealed a number of alteration zones elongated parallel to the bedding of the phyllites.

Exploration on Mt. Calvery's property, as well as on other claims located north of the CPW claim, has revealed that the phyllitic rocks do contain anomalous values of gold. It is important to note that similar phyllitic rocks partially underlie the CPW claim.

A specific source for the strong gold soil anomaly has yet to be found, but the anomaly certainly represents an extremely good exploration target particularly when combined with the Mt. Calvery anomaly. Therefore, it is strongly recommended that an attempt now be made to acquire the CPW claim from its present owners. This potential acquisition will unitize the Mt. Calvery and Mariner-Whitecap property and allow Mt. Calvery Resources to proceed with overall exploration of the Spanish Mountain geochemical anomaly.

This further exploration would consist of:

- a) Further geochemical survey of the CPW claim to extend the southern limits of the geochemical anomaly.
- b) Geologically mapping the entire claim area, using existing geochemical grid lines for control.
- c) Orientation geophysical surveys (VLF-EM) to assist in outlining structural features possibly related to mineralization.
- d) Bulldozer trenching and sampling of geochemical anomalies and mineralized zones.
- e) Follow-up of drilling (reverse circulation rotary) of the best-indicated mineralized zones.

Respectfully submitted,

A.J. Schmidt, P.Eng.
Welcome North Mines Ltd.

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STATEMENT OF QUALIFICATIONS

I, ANDREW J. SCHMIDT, of Vancouver, British Columbia, do hereby certify that:

- i) I am a registered Professional Engineer of the Province of British Columbia, residing at 1282 West 7th Avenue, Vancouver, B.C., V6H 1B6.
- ii) I am a graduate of the University of British Columbia, in Geological Engineering, B.A. Sc. 1961.
- iii) I have practiced my profession continuously since 1961 in many parts of Canada and the western United States, as well as Mexico and Portugal.
- iv) This report is based on my direct supervision of and participation in the field work during the period May 1st - July 31st, 1984, and my interpretation of the data, while employed by Welcome North Mines Ltd. (as operator of the Likely Joint Venture with Carolin Mines Ltd.).
- v) I acknowledge that I own approximately 22,500 shares of Mt. Calvery Resources Ltd.

A.J. Schmidt, P.Eng.
August 17, 1984