

# STEPHEN EXPLORATIONS LTD.

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746 Regal Crescent, V7K 2X8

June 20, 1987

Mr. Balbir Johal, President  
Main Exploration Ltd.  
1013 - 837 West Hastings Street  
Vancouver, B.C.

Dear Mr. Johal;

Re: KALUM PROJECT - TERRACE, B.C.

Our report on the drill program conducted on this property is dated May 15, 1987 and has been submitted with the recommendation that the property be allowed to revert to the prospector vendors.

In view of the unexpected width of the gold values obtained in drill hole K87-3, however, further on site and technical investigation was carried out to assess the possible potential of this intersection.

This investigation included the following:-

- a) telephone discussion with Henry Awmack, P.Eng., regarding the character of the drill core intersection and the surface exposure tested by hole K87-3;
- b) discussion of the report and drill results with Ellen Lambert, geologist, who had mapped the property in September 1986;
- c) appointment of Ellen Lambert to revisit the property to examine the surface showings in the vicinity of drill holes K87-2, K87-3, K87-4 and K87-5 in particular; to relog the drill core for possible alternative interpretation; and to ship the core for hole K87-3 to Vancouver for re-examination and sampling.
- d) examination of the core by Dr. P.A. Christopher and myself and subsequent core splitting, sampling and assaying carried out by Chritina Sayer, geologist.

The surface exposure tested by hole K87-3 consists of a small quartz vein trending easterly in the old pit and shaft area on the KEN claims. Significant gold values have been reported from time to time from this and similar small zones on the property. Lambert identified visible gold in the core from which sample 58063 was cut. This sample includes a small quartz vein and extends only 0.05 metres. It assayed 17.6 gm/tonne gold and 26.5 gm/tonne silver.

Above sample 58063 in the drill core, sample 58062 across 0.49 metres tested a narrow shear zone with visible copper mineralization. This sample had assayed a surprising 36.1 gm/tonne gold and 13.7 gm/tonne silver with 0.77% copper.

Thirteen additional samples have been cut and assayed from this drill hole so that all core showing traces of copper mineralization close to these gold assays has been tested. The best gold value obtained was 0.007 ounces gold per ton.

It is my strong opinion that free gold from the quartz vein in sample 58063 inadvertently salted material from sample 58062 resulting in an apparent gold intersection of some magnitude. Since it may only be the pulp portion of this sample which might have been salted, Chemex Labs have been asked to reassay the reject portion of sample 58062. Results should be available almost immediately.

As a result of the exploration program of September, October 1986 we had recommended exploration of certain geophysical targets east of the highway on trend with the gold indications known along Kitsumkalum Lake. The strongest anomalies were tested by drill holes K87-4 and K87-5 with negative results.

Lambert suggested in her report of September 1986 that a possible narrow zone of mineralization, structurally controlled, may occur parallel to the lake shore (p 18, Lambert, Stephen, November 17, 1986). She has reiterated her recommendation to investigate this possibility in a memo dated June 4, 1987, following this most recent investigation. This memo has been provided as an addendum to be inserted in our report of May 15, 1987.

Drill hole K87-2 of the recent program was designed to cut across Lambert's postulated trend in the vicinity of the best assays in the shaft and north adit area. This hole was lost due to reported rock pressure and K87-3 was drilled at about right angles to test the east trending quartz vein structure. This hole was also abandoned at shallow depth due to drilling problems.

I do not agree with Lambert's postulated trend as a viable exploration target for the following reasons:-

- 1) copper, gold mineralization on north trending, near vertical, fractures has a width of only a few centimetres at best;
- 2) the mineralization in hole K87-3 is related to an east trending shear and vein of narrow width;
- 3) the mineralization in the south adit, in my opinion, was probably related to a "pencil" shaped zone of small dimensions occurring on the nose of a local recumbent fold which plunges flatly east;
- 4) The Road Showing, not visible now due to road pavement, was mapped and sampled as a narrow east trending zone. I suspect this zone to be related to local cross folding showing in outcrop to the immediate southwest. This zone was tested by hole K87-1 and the location was checked as accurate by Lambert.
- 5) the Quartz Vein showing, a considerable distance to the south, was tested by hole K87-6. This zone is related to another east plunging recumbent fold.

The mineralization cited by Lambert appears to me to be a series of separate occurrences revealed by prospecting, natural outcrop and new road cuts where the best rock exposure is available. In my opinion there is no overall structure to connect these showings. The best gold showings are confined to the lake shore, close to the highway and in the new road cuts. We have not been able to discover significant mineralization to the east away from the highway. It would be expensive, difficult and environmentally more hazardous to pursue exploration under the highway and below the lake. I do not feel this to be warranted and recommend no further expenditure on the property.

Yours very truly,

J.C. Stephen Explorations Ltd.

  
J.C. Stephen,



# Chemex Labs Ltd.

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To: STEPHEN, J.C. EXPLORATION LIMITED

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Project: CANNON (KALUM)  
 Comments:

Page No. : 1  
 Tot. Pages: 1  
 Date : 11-JUN-87  
 Invoice # : I-8715818  
 P.O. # : NONE

## CERTIFICATE OF ANALYSIS A8715818

SAMPLE DESCRIPTION	PREP CODE	Cu %	Ag oz/T RUSH	Au oz/T RUSH
31434 R	236 --	< 0.01	0.03	0.002
31435 R	236 --	< 0.01	0.03	0.002
31436 R	236 --	< 0.02	0.03	0.002
31437 R	236 --	< 0.01	0.03	< 0.002
31438 R	236 --	< 0.01	0.03	< 0.002
31439 R	236 --	< 0.01	0.03	< 0.002
31440 R	236 --	< 0.01	0.03	0.007
31441 R	236 --	< 0.01	0.01	< 0.002
31442 R	236 --	< 0.01	0.01	0.002
31443 R	236 --	< 0.01	0.02	< 0.002
31444 R	236 --	< 0.01	0.01	< 0.002
31445 R	236 --	< 0.01	0.01	< 0.002
31446 R	236 --	< 0.01	0.01	< 0.002

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION :