



Zalmaq Mines Ltd.

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May 18, 1991

J. C. Stephen Explorations Ltd.
746 - Regal Crescent
NORTH VANCOUVER, B.C.
V7K 2X8

Attention:

Re: PROPERTY SUBMITTAL - P & Z CLAIMS, LIGHTNING PEAK AREA,
VERNON MINING DIVISION OF B.C.

Dear Sir:

We have noted that your company (group) has been looking for mineral prospects of merit. The enclosed synopsis describes Zalmaq's mineral holdings in the Lightning Peak area south-east of Vernon, B.C. We feel this property is worthy of your consideration.

Although mineralization was first discovered in this camp in the late 1800's and limited production of high grade silver-lead-zinc and gold-silver mineralization was attempted as recently as 1955, the area has never been subjected to a thorough exploration effort, particularly not with modern techniques and equipment. No exploration has been conducted specifically for "skarn type", "contact metasomatic replacement type" or "epithermal vein type" deposits. Only localized exploration has been conducted for "mesothermal vein type" mineralization, and that only in areas of known outcrops. Only localized and very preliminary exploration has been conducted for "porphyry type" mineralization. No exploration attempt has even considered the "industrial mineral potential".

During the period of from 1981 to 1984 the writer was involved in grassroot exploration and limited follow-up exploration on ground which was recently added to Zalmaq's land package. At

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that time numerous very interesting and highly potential mineral showings were located and numerous multi-element soil geochem anomalies (which correlate with VLF-EM, S.P. anomalies) were discovered. "Epithermal" and "porphyry" type mineralization and alteration was noted for the first time. These areas all remain virtually untested to date.

Zalmaq, during the period 1984 to 1988, conducted a preliminary VLF-EM and test I.P./resistivity geophysical survey plus a trenching program on their Big P Group of claims, adjacent to the above referenced ground. This program identified numerous "conductors" which appear to correlate well with the intersection of various lithologies (as inferred by C.E. Cairnes, G.S.C. 1930) and cross-cutting fault structures (as interpreted from air photos and VLF-EM). Skarn alteration with associated copper-gold, and silver-lead-zinc mineralization was located. These areas also remain untested to date.

It is Zalmaq's opinion that only two obstacles lie in the way of finding a significant mine in this area.

The first obstacle is "lack of outcrop and locally heavy overburden cover", which has, since the late 1800's, hindered exploration. the heaviest overburden appears to occur in and/or along fault or contact zones - the zones most likely to be mineralized. Most attempts at physical exploration in these areas has been unsuccessful. Numerous trenches have been dug in an effort to test VLF-EM anomalies, however, in many cases the digging limit of the backhoes and excavators was reached (locally 6.5 m.) without encountering bedrock. VLF-EM, magnetometer, preliminary I.P./resistivity, S.P. and soil geochemistry (often not performed in conjunction one with the other) has been conducted and forms a solid data base upon which fill-in work can be conducted. This is our first objective!

No detailed geophysics, namely I.P./resistivity w/S.P. and deep penetrating EM (eg: Transient EM) has been conducted!! The soils over the central portion of the ground have not been sufficiently tested using modern techniques and analytical methods!! No drilling has been conducted!!

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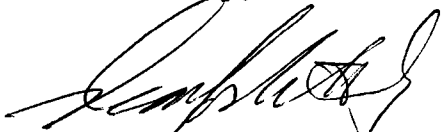
Although it is Zalmac's belief that numerous drill targets can quickly and inexpensively be defined, we feel, that prior to selecting targets and conducting a drill program it would be best to conduct further fill-in work - additional targets and/or better target definition will result.

The second obstacle to the exploration of this area has been the lack of willingness and/or financial ability to persevere. Zalmac has persisted since 1980. They have recently acquired adjacent ground exhibiting excellent mineral potential. This ground became available partially as a result of Mohawk Oil Co. Ltd.'s lack of desire to remain in the mining exploration field, and partially as a result of lack of perseverance on the part of the original owners.

On several occasions in the past other groups have held all or part of the ground package which Zalmac presently holds, however, on all previous occasions the greatest portion of the exploration dollars has been diverted to further the exploration and/or development on the Waterloo crown grant, which they also held. Although the Waterloo remains attractive for its potential to produce an early cash flow, it is Zalmac's desire to acquire but otherwise, avoid this temptation at the outset. Instead it is their objective to explore the adjacent ground. The entire belt of rock has excellent potential, extending from west and north-west of the Waterloo C.G. to east and south-east of the Rampalo C.G. and the old Lumpy showing. Most of the "grassroots" exploration has been conducted. Significant targets exist!!

Zalmac Mines Ltd. is looking for a company or group that is financially capable, and as motivated as we are, to share in the exploration and development of this area. If your company (group) is interested please contact us at the above address.

Yours truly,



R.W. (Bob) Yorke-Hardy, A.Sc.T.
ZALMAC MINES LTD.
Manager - Exploration and Development

PROPERTY SYNOPSIS

1. PROPERTY NAME: Zalmac Property, P & Z mineral claims;
Lightning Peak area, Vernon Mining Division of B. C.

2. PROPERTY OWNER: Zalmac Mines Ltd.,
c/o Box 298,
Vernon, B.C. V1T 6M2
Telephone: (604) 542-5173
Fax: (604) 542-7115
Contact: R.W. (Bob) Yorke-Hardy,
Manager - Exploration & Development.

3. EXPLORATION TARGETS:

- a) Large tonnage, medium grade "Skarn-type" deposits with silver-lead-zinc, gold-copper and/or tungsten mineralization associated with limestone or limy tuffs in contact with intrusive rock units.
- b) High grade "Epithermal-type" Au/Ag deposits hosted within northerly trending fault systems (similar to those occurring on the Dictator property ~5 km. to the north and the SAB property ~10 km. west).
- c) High grade mesothermal vein or contact metasomatic type silver-zinc(lead) deposits, associated with east-west shear zones/contacts; similar to the adjacent Waterloo C.G. and the SAB property to the west.
- d) Large tonnage Porphyry type copper-molybdenum deposit.
- e) Skarn associated industrial mineral deposits of garnet and wollastonite associated with limestone occurrences.

4. PROPERTY LOCATION, GEOLOGY AND DESCRIPTION:

The property is situated 68 kms. south-west of Vernon B.C. and is accessed via a series of logging roads after leaving Hwy. # 6 on the Monashee Pass some 52 km. south-east of Lumby B.C.. The claims are located immediately north of Lightning Peak on map sheets N.T.S. 82L/15E & 16W.



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| ZALMAC MINES LTD. | | |
| P & Z CLAIMS | | |
| LIGHTNING PEAK AREA, B.C. | | |
| LOCATION MAP | | |
| Y.-H. Technical Services Ltd. | | |
| DATE: MARCH 1991 | SCALE: 1:8,000,000 | FIGURE No. 1 |

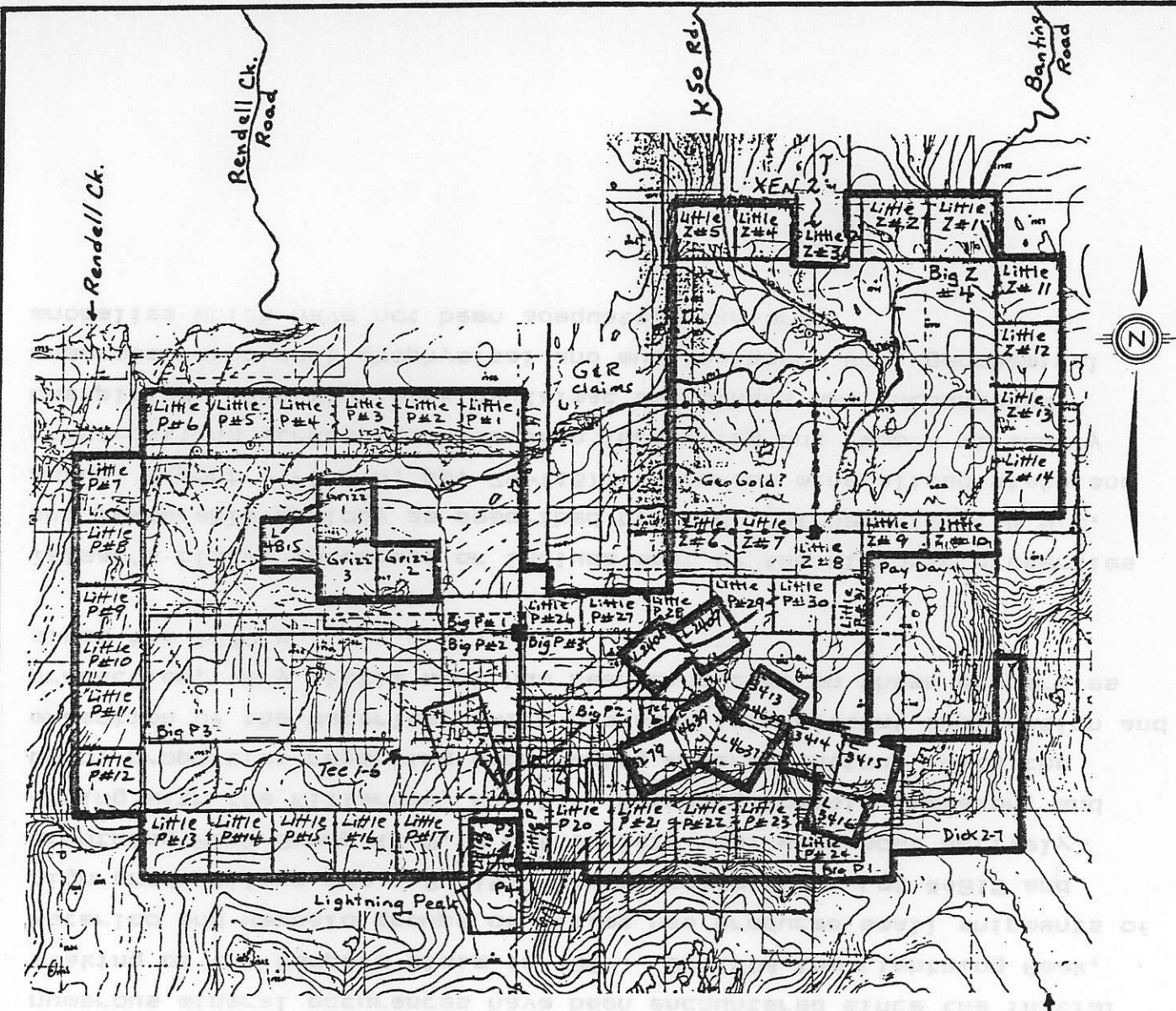
The claims are underlain by remnants (roof pendant) of Anarchist Group volcanic rocks, sedimentary volcanics, sandstone and limestone of Permian age which are in turn underlain/intruded by Nelson and Valhalla intrusives, of Cretaceous age. These rock units have in turn been intruded by Tertiary volcanics in the form of dykes and as a volcanic plug (cone) which forms Lightning Peak itself. Zalmac's P & Z claims surround numerous old Crown Granted mineral claims.



The property consists of 118 units comprised of 48 mineral titles consisting of four (4) post - multi-unit and forty-four (44) two post mineral claims covering an effective area of ~2700 hectares.

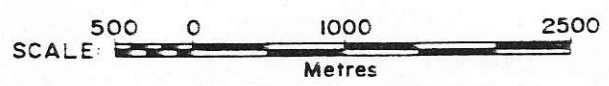
5. HISTORY:

The property is located in the Lightning Peak mineral camp in which numerous mineral occurrences have been encountered since the initial staking of the Rampalo claim in 1897. By 1904 the Lightning Peak, Waterloo and Rampalo groups of claims had produced small shipments of high grade silver ore. By 1917 the Waterloo (C.G. Lot #4815 and Lightning Peak Group (C.G.'s Lot #s 3414 -16) were most actively mining with the Killarney, Pay Day, Rampalo, Potosi, Dictator, and Lumpy properties reporting encouraging mineralization. With the exception of the Waterloo, which has seen intermittent exploration and production, very little work has been conducted on these properties since the 1930's.

Zalmac's claims encompass or include most of the historic properties and favourable geology as described by C. E. Cairnes (1930, G.S.C. Annual Report - Part A, pp. 79-115). Numerous mineralized stata and cross-cutting structures have been identified but remain virtually unexplored. Previous work by Zalmac and others has encountered numerous coincident geophysical and multi-element soil geochemical anomalies which have not been adequately explored.



-  External claim boundary
-  Internal claim boundary



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| ZALMAC MINES LTD. | | |
| P & Z CLAIMS | | |
| LIGHTNING PEAK AREA, B.C. | | |
| Claim Map | | |
| Y-H. Technical Services Ltd. | | |
| Date: MARCH 1991 | Scale: 1:50,000 | Figure No. 2 |

6. PROPERTY POTENTIAL:

There are several specific zones/areas of interest on the property.

The most important of these are:

* Rich Rock showing-

a) Lead, silver, zinc contact metasomatic (?) type mineralization near the intrusive/Anarchist contact; 350 - 400 metre long multi-element soil geochemistry and coincident VLF-EM, I.P.-resistivity anomalies.

- 2880 ppm lead, 7.7 ppm silver

- coincident I.P./resistivity anomaly.

b) Copper-gold skarn type?

- skarn zone in limestone and limy tuffs

- 1100 ppm copper, 66 ppb gold

* Lumpy showing-

Disseminated and joint surface mineralization associated with limestone - contact metasomatic and/or skarn type occurrence?

- historic occurrence of high grade (native silver, ruby silver) silver-zinc mineralization

- recent work indicates stronger conductors occur.

* Jon, S.E. Jon and Potosi showings-

a) Structurally controlled silver, lead, zinc shear/vein or contact metasomatic type mineralization similar to that occurring at the adjacent Waterloo Mine (extension?).

- 2.48 o.p.t silver, 3.00 % lead, 24.7 % zinc assay from 300 meter long "float train"

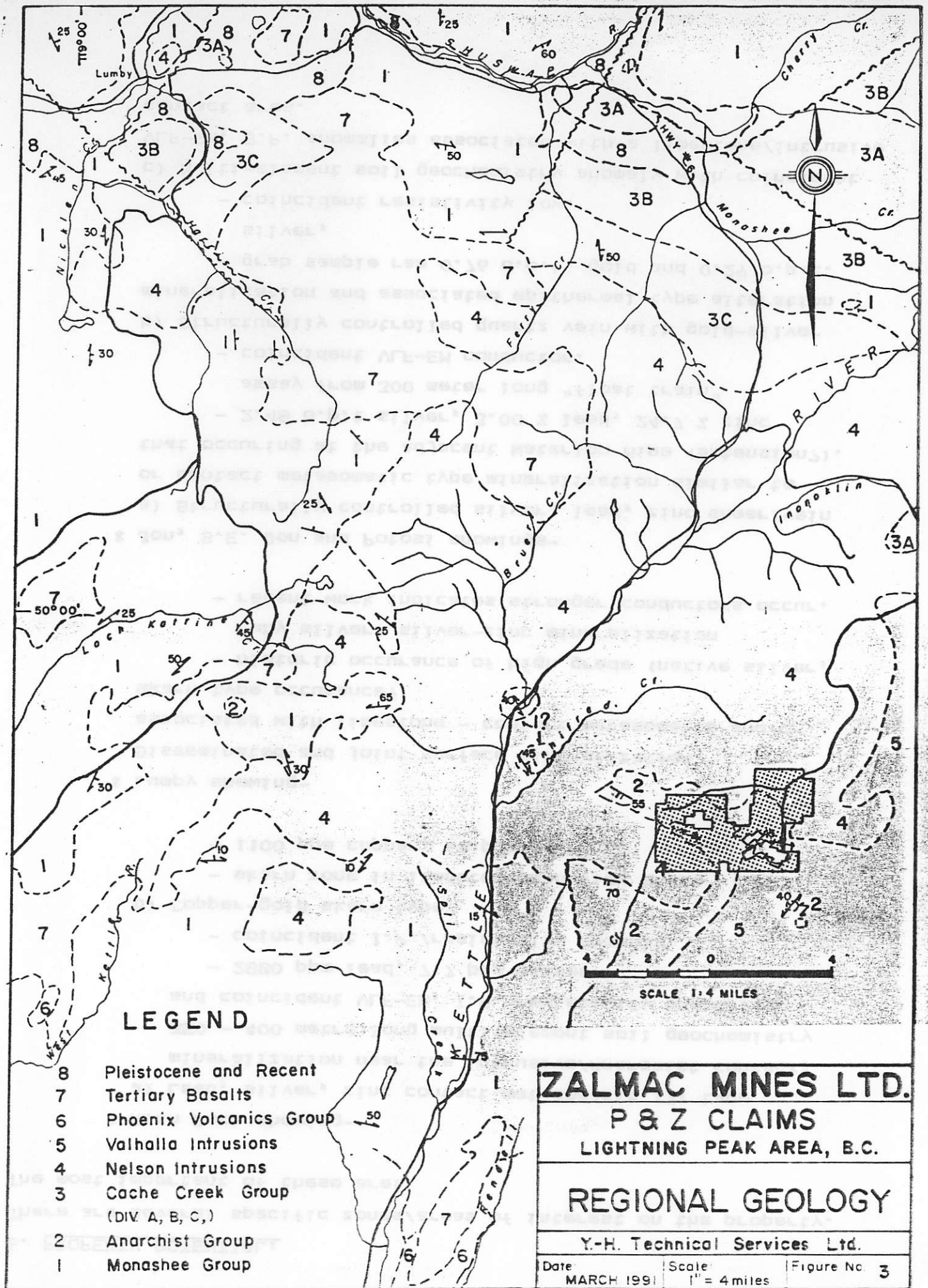
- coincident VLF-EM conductor.

b) Structurally controlled quartz vein with gold-silver mineralization and associated epithermal type alteration

- grab sample ran 0.76 o.p.t. gold and 0.29 o.p.t. silver,

- coincident resistivity low.

c) Multi-element soil geochemistry anomaly with coincident VLF-EM, S.P. anomalies associated with a limestone/intrusive contact area.



LEGEND

- 8 Pleistocene and Recent
- 7 Tertiary Basalts
- 6 Phoenix Volcanics Group
- 5 Valhalla Intrusions
- 4 Nelson Intrusions
- 3 Cache Creek Group (DIV. A, B, C,)
- 2 Anarchist Group
- 1 Monashee Group

ZALMAC MINES LTD.
P & Z CLAIMS
 LIGHTNING PEAK AREA, B.C.

REGIONAL GEOLOGY

Y.-H. Technical Services Ltd.

Date: MARCH 1991 | Scale: 1" = 4 miles | Figure No. 3

6. PROPERTY POTENTIAL: (cont'd)

* Big Z #4 showings-

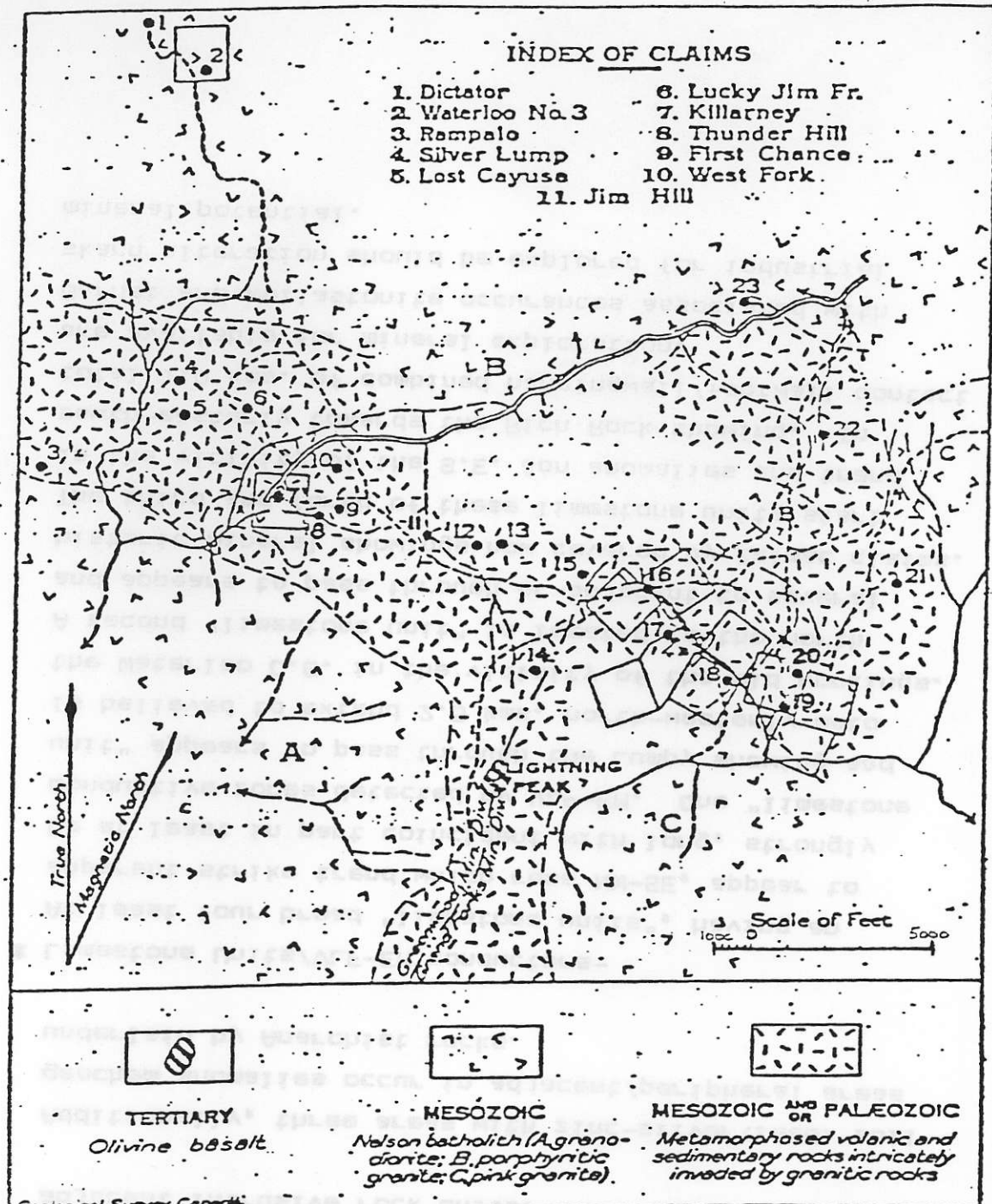
Porphyry type alteration and Cu, Mo mineralization in historic showings are coincident with large Cu, Mo soil geochemical anomalies. Historically, work was confined mainly to the Anarchist rocks; however, the more recent soil sampling suggests that this mineralization will be located mainly in the adjacent intrusive rock units.

Additionally, three areas with zinc-silver(lead) soil geochem anomalies occur in adjacent/peripheral areas underlain by Anarchist rocks.

* Limestone Units/VLF-EM conductors-

At least four broad "limestone units", having an apparent strike trend which runs NW-SE, appear to be at least in part coincident with long, strongly conductive zones detected by VLF-EM. One "limestone unit" appears to pass through the Lumpy showing and is believed to extend 2.5 kms. north-westerly onto the Waterloo C.G. in the vicinity of the old workings. A second "limestone unit" is located to the north and appears to pass through or adjacent to several historic mineral showings now covered by Zalmac claims. The third and fourth of these limestone units start in the vicinity of the S.E. Jon anomalies and trend south-easterly towards the Rich Rock showing. In total >10 kms. of combined hangingwall/footwall contact are available for mineral exploration.

Garnet and wollastonite occurrences associated with skarn alteration should be explored for industrial mineral potential.



Lightning Peak area, Osoyoos district, British Columbia. Positions of mines, prospects, and other mineral discoveries are indicated by solid circles numbered as in text.

Figure from 1930 report by Cairnes.
Numbers also relate to this report.

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| ZALMAC MINES LTD. | | |
| P & Z CLAIMS | | |
| LIGHTNING PEAK AREA, B.C. | | |
| Historic Properties & Mineral Discoveries | | |
| Y.-H. Technical Services Ltd. | | |
| Date MARCH 1991 | Scale: 1" = 5000' | Figure No. 4 |

7. PROPOSED EXPLORATION:

A program to investigate the three main areas of interest (see attached map) is recommended in a recently completed property report. The program is laid out in two phases. Phase 1 would include a broad based soil geochemistry and preliminary geophysical program over previously untested areas, in conjunction with detailed "follow-up" geophysical programs, trenching, geological mapping and systematic sampling of existing anomalous areas showing mineral potential. This phase includes a late stage "shallow hole" drilling program (~1000 ft.), designed to pin-point diamond drill targets by determining the outline of altered/mineralized zones indicated by geochem/geophysics anomalies but masked by heavy overburden. The recommended Phase 1 budget is \$230,000.

Phase 2, contingent in part on the results of Phase 1, would commence with an extensive follow-up trenching program, geological mapping and sampling followed by a program of diamond drilling (1000 metres) to test the down dip and strike extension of mineralized zones encountered. The Phase 2 budget is projected to be \$360,000.

8. PROPERTY AVAILABILITY:

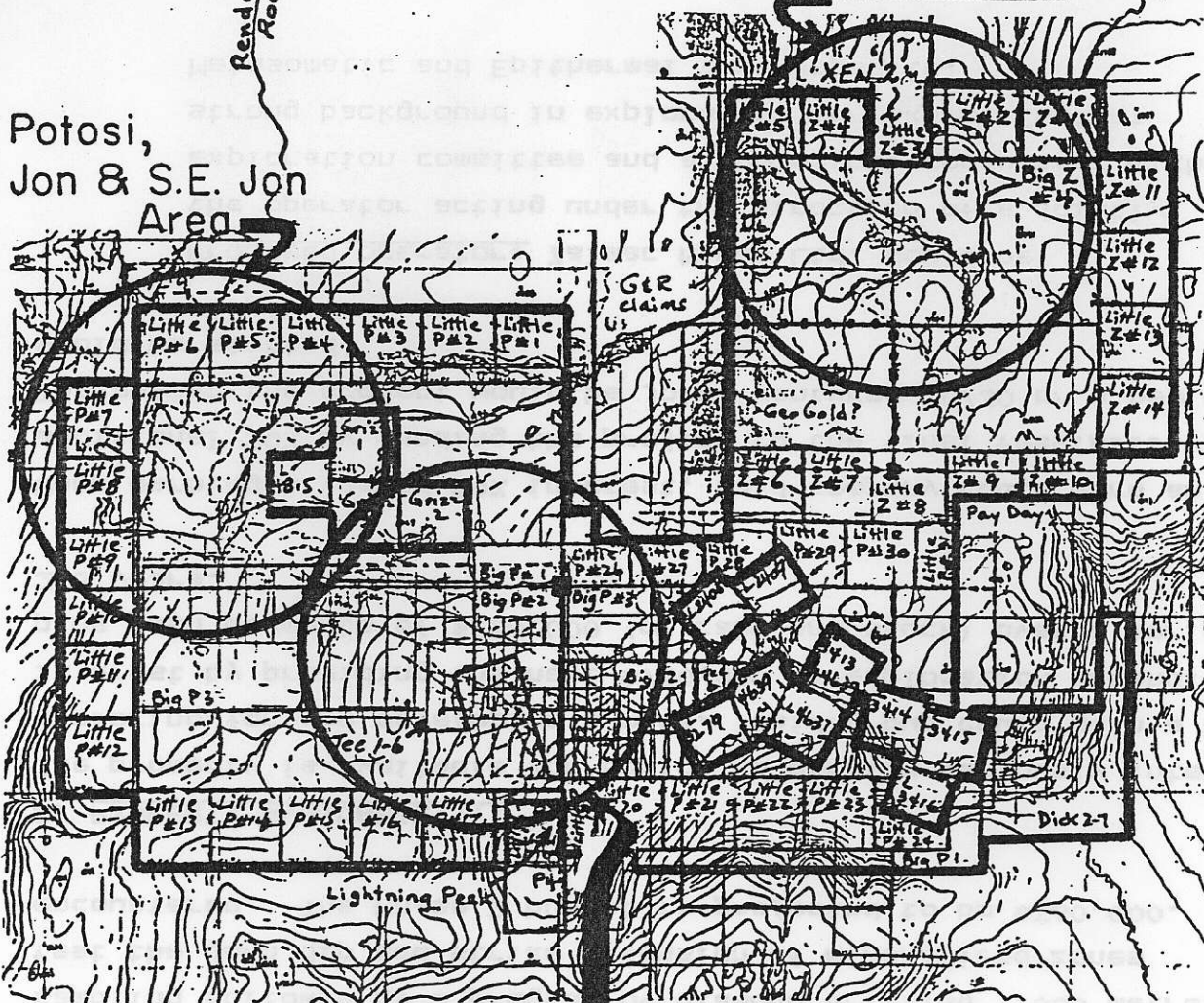
The property is available for option to parties seriously intent on exploring for and developing a mine. Said group could gain a 50% interest by providing the next \$750,000 of exploration expenditures plus cash payments of \$250,000 (or cash and stock) over a period of 2-3 years.

Upon earning a vested 50% interest, said company could earn an additional 20% by funding the project to the final feasibility stage. Thereafter the project would be joint ventured 70/30 or a new company would be started.




Proposed operator: Zalmac Mines Ltd. would be the operator acting under the direction of a jointly exploration committee and a geological consultant with a strong background in exploration for Skarn, Contact Metasomatic and Epithermal type deposits.

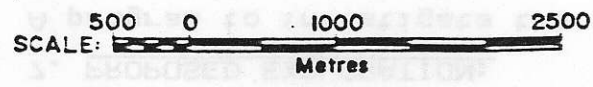
Potosi,
Jon & S.E. Jon
Area

Big Z #4 Area



Rich Rock, Lumpy &
Silver Spot Areas

-  External claim boundary
-  Internal claim boundary
-  Main areas of interest



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|--------------------------------------|---------------------|--------------|
| ZALMAC MINES LTD. | | |
| P & Z CLAIMS | | |
| LIGHTNING PEAK AREA, B.C. | | |
| Composite Map | | |
| Y.-H. Technical Services Ltd. | | |
| Date: MARCH 1991 | Scale: 1: 50,000 | Figure No. 8 |