

SHOPPING LIST

1. Use of Falconbridge PAC account.

We have agreed with Falconbridge to apply their PAC credits to the acquired properties prior to transfer of the properties to Doublestar's tenure. We would deeply appreciate a bend-over-backwards-to -help attitude from Vancouver staff in this regard. The purpose behind the PAC applications is to turn the 865 mineral units being acquired into five-year assets as opposed to one-year liabilities.

2. Transfer of Mining Leases.

We don't know how to do this. Catface will be transferred in early January, Sustut in May, 2001. Again, we will need counsel and advice.

3. Geological Assistance.

On several occasions I have visited willing, intelligent government geologists in Victoria and have received the help I sought. Doublestar now owns or has interests in some 30 mineral tenures in the province and is still interested in several targeted properties. The Falconbridge assets strain our abilities to qualify our mineral tenures.

As these assets are site specific and have some considerable database, I wonder if we could get some area-focussed assistance. This might provide us with a view of the rocks in which the deposits are located together with an informal guide on the geologic engines which might have generated the existing deposits. The result might lead to us attaining greater focus in our pending exploration of these deposits. Who knows, it might lead to that coveted left lateral leap in thinking that turns an also-ran deposit into a minor economic powerhouse.

If this is possible, I would like to formalize it somewhat as almost a government show-and-tell.

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• Sustut*

4. Island Rock Mills.

Doublestar has long nurtured (okay, 2 years) the idea of a custom milling facility that would be located on northern Vancouver Island. This facility could accept Island mineral deposit ores by truck and coastal mineral deposit ores by barge. See attached.

5. Capital.

Doublestar needs to raise \$10,000,000 and is actively pursuing this issue. If anyone in government has any ideas which might help vector capital toward our company we would be mighty happy to hear about it. On that note, the METC is a huge help.

EXECUTIVE SUMMARY
NORTH ISLAND ROCK MILLS LTD.

A proposal for the construction and operation of a custom ore processing facility located
on the northeastern coast of Vancouver Island

Prepared by:
Doublestar Resources Ltd.
September 9th 1999

Introduction:

Doublestar Resources Ltd. has developed a proposal for the construction and operation of a rock mill which would process ores generated from mineral deposits on Vancouver Island and along the coast of British Columbia.

Three preliminary studies have been commissioned and completed by Doublestar including an estimate of the existing mineral inventory within economic transportation distances of the proposed facility, a preliminary mill design, tailings impound and preliminary analysis of ore concentrate storage and load-out facilities.

The preferred location is three kilometers southeast of Port McNeill, near the Port McNeill airstrip.

Doublestar has incorporated a subsidiary company, Island Rock Mills Ltd., to be the proponent for the rock mill proposal.

Socio-economic Argument:

Coastal British Columbia and the North Island in particular have been severely impacted by the failure of the West Coast fishery and the greatly reduced level of forest products harvesting/processing. Doublestar understands that unemployment levels in Port Hardy and Port McNeill are near to or above 20%. Neither industry has been indicated to be slated for full recovery.

Tourism has been offered as a possible replacement industry.

There is a fourth industry which is available to the North Island and to many areas in coastal B.C. which is appropriate to the discussions of job creation and economic development. That industry is the mining industry.

A study entitled Mineral Resource Assessment of Vancouver Island and Mainland Coastal Area of British Columbia has been completed for Island Rock Mills Ltd. This study has concluded that seventeen years of mill operation could be derived from existing mineral resources within the area from which the mill would draw its raw ore supply.

The mill would directly employ 17 people. The small mines that would provide feed to the mill would employ a great many others. The attached map illustrates the remarkable density of mineral occurrences on the North Island. While the mill would be located at Port McNeill the many small mines supplying it would benefit the economies of surrounding communities closer to the mineral deposits, ie Port Alice, Woss, Coal Harbour, Port Hardy, Gold River, Zeballos and, further up the coast, Prince Rupert, Bella Coola etc. This diffusion of economic activity consequent on the mill's construction is one of its main appeals.

Economic Arguments:

Most of the mineral deposits that have been identified in the region are not individually large enough to amortize the cost of a mill built to process their ore only. So, while these deposits cannot afford to have a mill built at the site of the individual deposits, they are often of sufficiently high grade to be able to allow for their ores to be shipped to a central mill and to pay the higher per tonne of ore processing cost peculiar to a central mill. The central milling facility will then amortize its cost over production from a number of mineral deposits.

Construction of the mill will be a catalyst for renewed mineral exploration, deposit development and mineral production on the North Island and coastal B. C. Such exploration work not only generates ancillary jobs but also must have the effect of increasing the mineral reserve base from which the mill would draw ore. Thus the life of the project would be increased.

Since the location of the mill is proposed to be on tidewater, it will be well placed to access coastal British Columbia ores barged from mine site to mill site. The movement of bulk commodities by barge along the inside passage is extremely cheap when compared to other, land-based modes of transportation such as truck or rail. The ability to draw from the whole of coastal British Columbia enhances the long-term economics of the central milling facility.

The immediate area of some 4000 Km² around Port McNeill is blessed with a very high density of undeveloped mineral occurrences. For example, the cordilleran region of B. C. has a mineral occurrence density of 8 per 1000 Km². The area around Port McNeil has a mineral occurrence density of 50 per 1000 Km². The overall area studied, from Prince Rupert to Victoria, has a mineral occurrence density of 23 per 1000 Km². These are high densities, indeed, and argue for the presence of a facility to render a number of these mineral occurrences economic and to generate exploration to discover more.

Procedures and Risks:

The primary risk related to building a custom milling facility is inherent in its mission. It has no mine and therefore, no ore. It relies on ore supplied by miners that develop mineral resources within economic shipping distances from its location. Although there is clearly a synergy in bringing such a facility to a location which is surrounded by many mineral occurrences with existing tonnages of high-grade mineralization, the arrangements to see these mineral resources developed must be made prior to building the mill. The mill must not be too ambitious and it must be built so as to efficiently handle ores of varying composition and grades. In general, it ought to be built to handle 200 tonnes of ore per day and to accommodate ores containing copper, lead, zinc, silver and gold together with a separate magnetite circuit (magnetite is used to clean coal and for myriad other purposes and there is a lot of it on the North Island).

Specifically, the construction of the mill must be mooted publicly and the mining community must be urged to step forward with its deposits and their development plans, time schedules, delivery schedules and ore types. At the same time, the smelters that may be expected to process the concentrates produced by the mill must be canvassed to accept them and to aid in the process of financing the mill which will feed them their concentrates. The Trail smelter of Cominco and the Japanese, Korean and/or Chinese smelters come to mind. No construction can commence until the preceding components are in place in respect of demand for concentrate and respecting supply of sufficient ore against which to amortize the cost of the mill. It should be noted that because of the above there are long lead times to the building of such a facility and it is unlikely that it can be built without government assistance at all levels.

Doublestar Resources has a vested interest in proposing the building of such a mill. It holds a number of mineral properties on Vancouver Island and along the northern coast of British Columbia and has listed them in an attachment to this introduction.

Summary:

The proposal speaks to one of the strengths of the North Island resource base, a strength of an economic resource that is presently untapped but whose known proportions are considerable and whose hidden dimensions can only be imagined. The communities of the North Island would probably agree that the single greatest past economic driver of the area was one mine, Island Copper. If exploration and mine development could be re-kindled by this proposal the effect on the North Island economy would be very substantial indeed.

Assessment Documents Available for Review:

Mineral Resource Assessment of Vancouver Island and Mainland Coastal Area of British Columbia for Potential Feed for a Proposed Central Processing Plant at Port McNeil, Vancouver Island, B. C., M. P. Dickson, BSc. Geo., P. Eng.

Conceptual Estimate for a Custom Mill Near Port McNeil, B. C., H. A. Simons Mining Group

Proposed Port McNeil Custom Mill Facility, *Geotechnical and Environmental Preliminary Assessment*, Klohn-Crippen

Doublestar Mineral Interests on Vancouver Island:

Kinman Camp south of Nimpkish Lake:

Smith Copper:	84,000 tonnes, 1.69% copper, 3.7% Lead, 12.5% zinc, 64.4 grams (2 oz.) silver, .34 grams gold.
Hazel Pit:	1,500 tonnes high grade copper/zinc
2star Claims	Geophysical and geochemical anomaly yet to be drill-tested
Storey Claims	Geophysical anomaly yet to be drill tested.

Fandora Crown Grants:

Fandora Mine:	180,000 tonnes, 12.74 grams gold per tonne located 21 k ENE of Tofino
<u>Zeballos Magnetite:</u>	6,000,000 tonnes (more or less) 35-40% iron, located 10 Km north of Zeballos.

Doublestar Coastal British Columbia Mineral Interests

<u>Scotia Claims:</u>	240,000 tonnes @ 12.2% zinc, 1.2% Lead and 23 grams per tonne silver located 42 Km southeast of Prince Rupert.
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