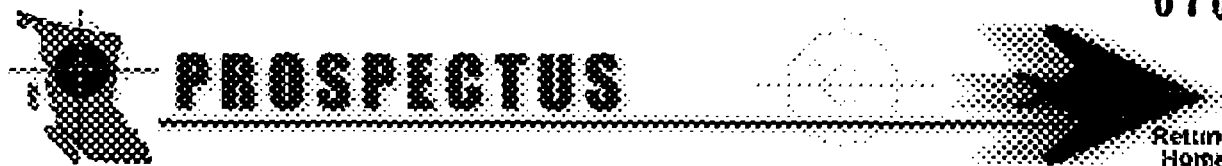


676815



THE JOINT VENTURE PROPERTY

Sadlier-Brown Report

The following is a summary of a geological and mineralization report (the "Sadlier-Brown Report") on the Joint Venture Property prepared by T. L. Sadlier-Brown, P. Geo., F.G.A.C. ("Sadlier-Brown") of Nevin Sadlier-Brown Goodbrand Ltd., Consulting Geologists, Vancouver, British Columbia, dated November 5, 1996.

Sadlier-Brown's evaluation is based on his visit to the site in October, 1996 and his review of existing reports and data on the Joint Venture Property. The purpose of the evaluation was to assess the geology, the results of past work done on the property and its future development potential and to provide recommendations and cost estimates for appropriate additional exploration work.

Property Location and Access

The Pine property is centred at 57° 13'N latitude; 126° 42'W. longitude in the Omenica Mining Division of north central B.C. It is about 270 kilometres due north of the Smithers and 450 kilometres northwest of Prince George in the southern part of the Toodoggone gold district. The claims straddle the Finlay River valley about 20 kilometres north of the Kemess South gold-copper deposit which is currently being readied for production by Royal Oak Mines Inc.

Surface access is from Fort St. James and Highway 16 via mainline logging roads and the Omenica Resource Access road to the Finlay River valley. From points near the Finlay crossing, roads lead northeasterly down the river on both the northwest and southeast sides of the valley for about 15 kilometres to the project site. The road on the southeast side accesses the Pine, Tree and Fin prospects, the sites of most of the work - including all of the drilling - done on the property to date.

The Toodoggone region is serviced by air with schedule daily flights from Prince George to the Sturdee valley airstrip on the main road about 38 kilometres from the property. Helicopters are available at Smithers and, on a casual charter basis, at the Kemess South camp.

Future regional access enhancement includes a 62 kilometres connector road from the Omenica Resource Access road to the British Columbia Rail line at Sloane. This has been proposed as the transportation route for concentrates from the Kemess South deposit.

Description of Mineral Tenures

The Pine property comprises 491 metric units contained in 46 claims known as the Fin, Easter, Ego, Easter Seal, Song, LY and Kath claims. The claims form a contiguous group covering an area of about 119 square kilometres.

Title records were examined at the Vancouver Mineral Titles office on October 21, 1996. The claims are all filed in the name of Electrum Resource Corporation ("Electrum") of Vancouver, B.C. and held by Stealth under terms of an Assignment Agreement with Electrum. The claims are valid and held in a manner consistent with the Mineral Titles Act (British Columbia).

History of Previous Work

The Pine property area was initially explored by Kennco Exploration (Western) Ltd. as part of a regional program conducted between 1968 and 1973. Field work included geochemical and reconnaissance IP surveys, geological mapping, an airborne magnetometer survey and the drilling of

a 25 metre X Ray diamond drill hole. This work identified porphyry copper-molybdenum potential in the area and resulted in the discovery of the "Fin" prospect and several aeromagnetic anomalies later found to be associated with copper mineralization. The project, however, was terminated in 1973.

The site was restaked in 1978 by B.D. Pearson who optioned it to Rio Tinto Canadian Exploration Ltd. Additional soil sampling, geological mapping, magnetometer surveys and 1,354 metres of drilling in 12 BQ holes were subsequently completed. Although gold-copper mineralization was encountered in some of the holes the option was dropped in 1980.

The claims were later optioned to Brinco Mining Ltd. who commissioned J.R. Woodcock Consultants to carry out detailed geological mapping. This work concentrated in the area of the Kennco Drill hold (Fin prospect). It further defined the copper-molybdenum perphyry system here and described the geological setting. Brinco, however, chose not to continue with the project and the claims were returned to the vendor.

In 1988 Electrum acquired the property and, in May 1990, optioned it to Cominco Ltd. Cominco constructed an access road down the Finlay valley from the Omenica Resource road and conducted magnetic, IP and geological surveys. The company also completed a 1,460 metre, 23 hole program of percussion drilling which identified a zone of low-grade copper mineralization. In 1991 Cominco proposed to revise the terms of its option but no agreement was reached and the property was returned to Electrum.

In 1992 Electrum optioned the claims to Romulus Resources Ltd. During the 1992 field season Romulus carried out an exploration program which included line cutting, geological mapping, IP surveys, soil and rock geochemical sampling, coloured air photography, sampling of existing drill core and a four hole 783 metre program of diamond drilling. This was followed, in 1993, by 1,702 metres of additional diamond drilling in the nine holes.

On the basis of the results of their work, Romulus concluded (Rebagliati Dec. 1993) that the IP chargeability anomaly in the Main grid area represents a large hydrothermally altered, gold-copper rich sulphide system related to a quartz monzonite intrusive. Continued exploration work including expanded geochemical and geophysical surveys, geological mapping and diamond drilling was recommended. Romulus, however, was not in a position to fund the proposed program and relinquished the property in 1994.

To date, a total of 49 percussion and diamond drill holes have been drilled on the claims and the extensive geochemical and geophysical surveys have identified a number of targets for additional exploration.

A recent development which has positive implications for the Pine property and other prospects in the region was the 1995 decision by Royal Oak Mines Inc. to place the nearby Kemess South gold-copper deposit into production. This property is reported (Royal Oak 1995) to have minable reserves of 221 million tons grading 0.22% copper and 0.018 ounces of gold per ton. Current plans call for a mining rate of 113,000 tons per day and a milling rate of 50,000 tons per day over a mine life of 20 years.

The Kemess production decision was reached after negotiations with the provincial government and will result in substantial improvements to regional infrastructure. These include new road and airfield construction, provision for maintenance of transportation facilities and installation of a 325 kilometres power line to service the region.

Property Geology

The following is a summary of the geology of the Joint Venture Property and described in the Sadler-Brown Report.

The oldest rocks in the project area are the lower Jurassic pyroclastics of the Toodoggone Formation. These are generally of latitic to andesitic composition and may contain quartz and Feldspar phenocrysts.

In the central part of the Fin claim group the volcanic rocks are cut by Omenica intrusives. These form

a plutonic complex consisting of an extensive granodiorite body - possibly of batholithic dimensions - in the eastern and northern parts of the mapped area. An adjacent quartz monzonite pluton and a series of porphyry dikes are also assigned to the Omenica intrusives. Age and genetic relationships between the larger intrusive bodies are uncertain but smaller north - trending post mineral dikes cut both the intrusive and volcanic terraines.

The property is traversed by the northeast trending Cascadero fault or fault zone, a major structure aligned with the Finlay River valley. Left lateral displacement on the order of 1 km is inferred from corresponding lithologies in dikes on opposite sides of the fault. A vertical component is also possible.

The mineralization delineated to date is either hosted by the plutonic rocks or spatially associated with them. The initial discovery by Kennco was a copper-molybdenum occurrence, now known as the "Fin" prospect, hosted by the granodiorite pluton in the eastern part of the project area. Later discoveries include the "Pine" and "Tree" prospects which are copper-gold occurrences associated with the quartz monzonite pluton near Fin Lake. The quartz monzonite forms an elongate body extending for about 3 kilometres roughly parallel to the trend of the valley along the inferred southeast side of the Cascadero fault.

The three principal prospects lie within an IP chargeability anomaly about 3.5 kilometres long and 1 kilometre wide on the southeast side of the valley. The Pine and Tree prospects also coincide with aeromagnetic anomalies delineated by the Kennco survey (McMullen & Smith 1973). Copper, gold and molybdenum soil geochemical anomalies occur throughout the general area of interest.

Mineral Occurrences

The Pine Gold-Copper Prospect

The Pine Prospect is a porphyry style gold-copper occurrence hosted by potassium altered quartz monzonite on the Fin 14 and 16 claims. Sulphide minerals include pyrite, chalcopyrite, minor bornite and sparse molybdenite. Very minor amounts of sphalerite are also found in some areas.

The sulphides occur disseminated in the host rock, as fracture fillings, and as a component of quartz veins. The strongest mineralization formed in areas of intense quartz stockwork development where it is commonly accompanied by potassium feldspar, quartz-magnetite flooding and magnetite stringers and disseminations. Gold occurs in gangue minerals or attached to chalcopyrite grains. No visible gold has been found.

The highest copper and gold values occur in a north trending shattered zone in the quartz monzonite intrusive. The zone is about 200 metres wide and is open to the north, east and at depth. The mineralization occupies a 50 metre thick easterly dipping interval in the north part of the zone. Average grades here are 1.11 g/tonne Au and 0.19% Cu and the entire zone is estimated by Rebagliati et. al. (1993) to contain an indicated resource of 40 million tonnes grading 0.57 g/tonne Au and 0.15% Cu.

The Tree Copper-Gold Prospect

The Tree Prospect is a copper-gold sulphide occurrence centred about 2 kilometre northeast of the Pine prospect in the northwest part of the Fin 12 claim. Mineralization consists of pyrite and chalcopyrite which occur as disseminated grains, as fracture fillings and as a component of quartz-magnetite veins in the Toodoggone volcanic rocks.

The mineralization is all developed within a zone of phyllic alteration surrounding the adjacent quartz monzonite intrusive terrain. The altered zone, which also envelopes the Pine prospect area, grades laterally away from the intrusive terrain into a region of propylitic alteration characterized by abundant epidote and chlorite.

Grades determined from the drilling of 10 percussion and diamond drill holes are reported by Rebagliati et. al. (1993) to be on the order of 0.20 g/tonne Au and 0.12% Cu. No estimate of the geologic inventory is available.

The Fin Copper-Molybdenum Prospect

Porphyry-style copper and molybdenum mineralization occurs at the Fin prospect about 1 kilometre northeast of the Tree showing on the Fin 11 and 12 claims. Pyrite, chalcopyrite and molybdenite are hosted by altered hornblende granodiorite in a 200 by 300 metre zone defined by assays exceeding 0.1% copper. Sulphides occur as disseminated grains, fracture fillings and in quartz veins and veinlets. Gold values here are low or negligible.

Other Prospects

Geochemical prospecting and follow-up surveys have identified several additional copper-gold exploration targets on the claims. Those currently considered to be promising are:

1. a zone of disseminated chalcopyrite and malachite associated with monzonite and syenite dykes and a group of aeromagnetic anomalies in the central part of the West Grid and in the Zone 3 and 4 IP anomaly areas;
2. a multi-element soil geochemical anomaly associated with an aeromagnetic anomaly in the North Grid area;
3. the "Northwest Breccia Zone", a kaolinized gold and molybdenum enriched breccia in the Northwest grid area;
4. the Zone 5 IP anomaly which is associated with an aeromagnetic anomaly area at Bogie Creek;
5. a copper-gold geochemical anomaly at the extreme northeast end of the Main grid and beyond the apparent limit of the IP survey work;
6. an area of anomalous gold and copper values in silts, soil and talus in the valley of a northeasterly flowing creek just southeast of the central part of the Main grid area.

Conclusions

The mineralization at the Pine property occurs in low-grade copper-gold and copper-molybdenum porphyry-style deposits. Sulphide minerals including pyrite and chalcopyrite are associated with quartz monzonite and granodiorite intrusives which cut the volcanic rocks of the Toodoggone Formation.

Geological, geochemical and geophysical work and drilling in 49 percussion and diamond drill holes indicate an indicated resource comprising 40 million tonnes grading 0.57 g/tonne Au and 0.15% Cu in the "Pine" prospect area. The work has also revealed a number of targets where exploration for additional mineralization is advisable. These include likely extensions of the known mineral zones and at least six alternative sites.

The exploration objective is the identification of a large low-grade copper-gold deposit mineralogically comparable to the partially developed inventory in the Pine prospect area. Results to date strongly suggest that the geology of the Pine property is compatible with this objective through augmentation of the Pine prospect resource, discovery of additional deposits or both of these alternatives.

Recommendations

On the basis of the review of the data compiled on the Pine property to date, continued exploration work is considered entirely appropriate and is recommended. Field work should be carried out in two phases. An initial phase should consist of airborne and surface surveys followed by a thorough analysis of all technical data.

Phase II activities will include drill testing of any targets identified by the phase I work as well as further drilling in the Main grid area to test the open extensions of the Pine and Tree prospect areas.

Ample provision should be made for permitting, planning and contract administration.

Cost Estimate

The recommended phase I exploration work could be carried out over a field duration of about four weeks. Based on this time frame and with an allowance for permitting, planning and reporting, the

recommended work could be completed for an estimated cost of \$261,000.

The cost of the phase II drilling program will be contingent upon the number and location of the targets selected.



© Stealth Mining Corporation

**Stealth
Mining**
CORPORATION