

MAY 10, 2007

**KENRICH-ESKAY  
MINING CORP.**
**Trading Symbols:**

Toronto: KRE

Pink Sheets KREKF

Frankfurt-Berlin: 878 985.

*The geological information contained herein is approved by Paul McGuigan, P. Geo., the Qualified Person for the Company*

*The 2006 Corey exploration program focused on exploring a large volcanic-sedimentary rift basin of the same age and setting as the Eskay Creek mine that is an exceptionally gold- and silver-rich massive sulphide deposit.*

*Multiple discoveries of volcanogenic massive sulphides on Corey property demonstrates that the Eskay Rift sequence is highly prospective south of the Eskay Mine.*

## 2006 EXECUTIVE SUMMARY

### Corey Property, BC

#### INTRODUCTION

##### Company Making Potential

The Eskay mine of Barrick Gold Corp. ("Barrick"), that is located **10 km north** of the Kenrich-Eskay Mining Corporation ("Kenrich") Corey property, is distinguished as the **richest** of an important class of world-wide gold-rich VMS deposits, according to Dr. M. Hannington of the Geological Survey of Canada.

Additional major gold-rich VMS discoveries are most likely to be made within the confines of the Eskay rift basin area, and any new discovery has a high potential to share the common characteristics of age, volcanic-sedimentary strata, metal contents, alteration, and stockwork vein structures as those found within the Eskay deposits.

Opportunities to explore a major belt containing volcanogenic massive sulphide ("VMS") deposits are rare. The Company's geologists, working with recognized world-experts in volcanogenic massive sulphide deposits, have developed an exploration "signature" for gold-rich VMS deposits in the Eskay



High Grade Au Intersected in the C 10

#### Background on the Nearby Eskay Creek Deposit, BC

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**Eskay VMS Deposits:** The Eskay Creek Mine (owned by Barrick Gold) contains several deposits of exceptionally gold-silver-rich polymetallic sulfide and sulfosalt mineralization as volcanogenic and replacement massive sulfide ("VMS"); as debris flow breccias; and as discordant veins and stockworks.

**Resources:** The total mineral resource at Eskay is 2.49 million tonnes of **44.38 g/t gold and 2087.68 g/t silver**. The deposit also contains approximately 3.2 percent Pb, 5.2 percent Zn, and 0.7 percent Cu.

**Ranking:** It is the fifth largest silver producer in the world and the second-richest producing gold mine in Canada.

**Low-Cost Production:** The cash cost of gold production has been below \$60 US dollars an ounce for the life of the Eskay Creek mine. It is currently producing gold at a cost of \$49 per ounce (Barrick 2006 Annual Report).

**Eskay Rift:** The Eskay deposits formed in a cluster within a narrow, north-south trending rift which is a trough-like seafloor depression.

The deposits are hosted by the Lower to Middle Jurassic Salmon River formation and lie proximal to rhyolite and dacite with a distinctive lithogeochemical affinity (tholeiitic and transitional compositions).



*'The targeted  
Eskay-type "prize"  
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exploration effort'*

## INTRODUCTION, cont.

rift basin running through the Corey property and have fielded an aggressive, well-disciplined, staged exploration program spanning the 2004, 2005 and 2006 field seasons. The targeted Eskay-type "prize" is well-worth a concerted multi-year exploration effort and the Company is well satisfied with the progress achieved to date.

### Location

The mineral properties of Kenrich-Eskay Mining Corporation ("Kenrich") are located in northwestern British Columbia, 70 km northwest of Stewart, BC (Figure 1). Reference maps are NTS sheets 104B 9 and 10. The property is accessed from Highway 37 by the nearby Eskay Creek Mine road, thence by helicopter. The Corey Property is located along the Unuk River, approximately 10 kilometres south of the Eskay Creek mine property owned by Barrick Gold Corp. ("Barrick"). In the event of discovery of a mineable deposit on the Corey property, readily constructed access would be via a 15 km extension of the Eskay Creek Mine road.

### Mineral Tenures

The Corey property is comprised of 466 units of claims that hold 100% of 10,200 hectares (25,190 acres). All are in good standing to beyond 2010. Kenrich holds a 100% interest in the mineral tenures, subject to a 2% Net Smelter Return royalty.

### History

The Eskay Creek deposit was discovered in 1989 by junior mining companies listed on the Vancouver Stock Exchange (now the TSX-Venture Exchange). The ownership of the Eskay Property passed through several owners via a succession of corporate mergers and stock purchases to the current owner, Barrick. From the first discovery intersection (DDH 109), the deposit was recognized as a massive sulphide body of exceptionally high gold and silver grades.

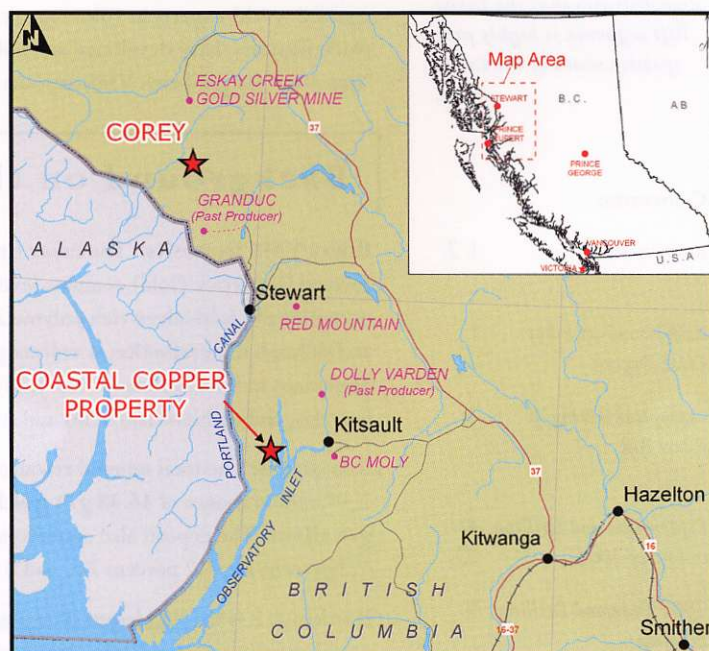
Kenrich has an 18-year history in the Eskay Creek and Sulphurets Gold Camps, in northwestern BC. Kenrich has secured the important parts of its

strategic Corey property prior to the discovery of the Eskay Creek deposit in 1989. By 1996, Kenrich had obtained full control and 100% ownership of the Corey land position, subject only to a 2% NSR.

Understandably, a decade of intense exploration, diamond drilling and geological investigations ensued after the discovery of the Eskay deposit. Mining companies, provincial and federal geological surveys and academic researchers built a tremendous body of publications, reports and data during that time. The local geological setting of the gold-silver massive sulphide deposits was resolved within several years of discovery. However, geological techniques to trace the important, larger-scale "Eskay Rift" required the accumulation of a critical mass of data and research.

That critical mass of research was reached in 2003 - 2004. The management of Kenrich subsequently retained and funded a team of geological specialists to assemble the data on the Kenrich land holdings, and to combine the public domain information from the entire Eskay Camp, in order to trace the important deposit forming, north-south trending "Eskay Rift." Subsequently, the Corey Property was recognized to straddle a complete stratigraphic section of the Hazelton Group, which includes the Betty Creek and Salmon River formations.

*The huge Eskay  
staking rush came  
AFTER the  
Company had  
established its  
dominant land  
position*



KRE Mineral Properties, British Columbia



## GEOLOGICAL SETTING OF ESKAY DEPOSITS

### Jurassic Rift-Setting

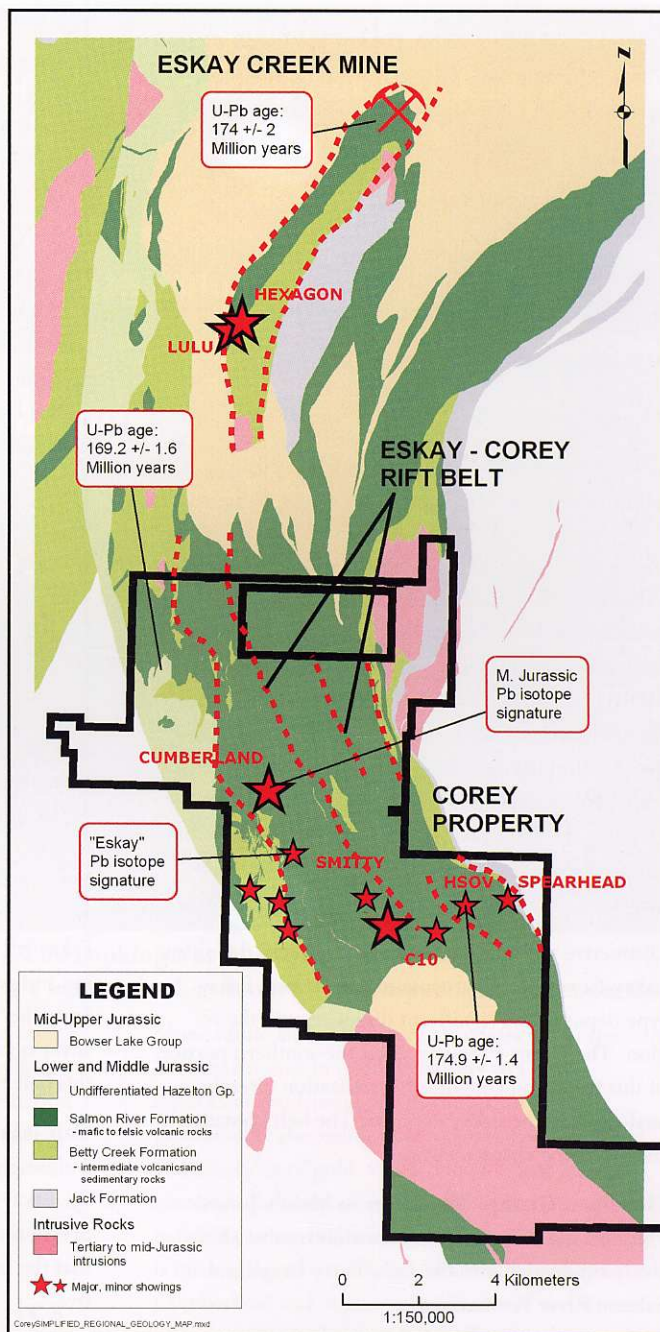
The Eskay Creek deposit is associated with a distinctive bimodal basalt-rhyolite volcanic assemblage (the Eskay Creek member of the Salmon River Formation; Lewis and Tosdal, 2000). The host rocks are both slightly younger (168-178 Ma vs. >181 Ma) and compositionally distinct (tholeiitic vs. mainly calc-alkaline) from volcanic rocks that comprise the rest of Salmon River formation, and indeed, the rest of the Hazelton Group. Rhyolitic rocks associated with the Eskay Creek deposit are characterized by a tholeiitic tectonic affinity and low TiO<sub>2</sub> values, which distinguish them from felsic volcanic units elsewhere in the Hazelton Group.

Eskay mineralization is closely related to an assemblage of rift-related volcanic and sedimentary rocks and to controlling fault structures that bound and cross-cut the local rift basins. Metallogenic studies by the Mineral Deposit Research Unit (MDRU), and federal and provincial government geological survey branches have determined the Eskay Creek mine sequence is a Lower to Middle Jurassic succession of bi-modal volcanism and clastic sedimentation, termed the **Salmon River Formation**, a sub-division of the regional Hazelton Group.

### Barrett and Sherlock Work

Barrett and Sherlock (1996) argue on the basis of lithogeochemistry that the Eskay rhyolite most closely resembles rhyolites erupted at rifted continental margin and are significantly different from the arc-related volcanic rocks that compose the rest of the Hazelton Group. The hanging wall basalt unit yields a mainly tholeiitic N-MORB composition. These arguments, together with observed or inferred facies variations in the immediate Eskay Creek area, led Barrett and Sherlock (1996) and Roth (2002) to suggest that the *Eskay Creek deposit formed within a roughly north-south trending zone of localized rifting*, either in a back-

*Research by the Company in 2003-06 further defined the paleotectonic setting of the Eskay Camp, and the important Eskay rift.*



**Local Geology of the Eskay Rift Belt**  
Limits of Eskay Rift are shown with red dashed lines.

arc or an inter-arc paleotectonic setting, that represents the terminal stage of magmatism within the Hazelton Group.

Building on the work by Barrett and Sherlock, the Company has continued with closely spaced sampling of the volcanic-sedimentary rift succession and focused all exploration work within the Eskay rift.

## SURFACE EXPLORATION RESULTS TO 2006

*Corey contains the most extensive and best preserved Eskay Rift sequence in the region*

### Systematic Exploration

Kenrich has applied a systematic and multidisciplinary approach to its exploration at the Corey Property. This program has involved

- detailed geological mapping,
- geochemical sampling (stream sediments)
- lithochemical sampling (rocks),
- airborne geophysics (AeroTEM), and
- aggressive drilling of its best targets.

Geological research work by Kenrich in 2003, contributions by Dr. Tim Barrett, Dr. Peter Lewis and field work in 2003-06 further defined the paleotectonic setting of the Eskay Camp, and the important Eskay rift. The paleotectonic setting of the Eskay rift is interpreted on a camp scale, using data in the public domain (scientific papers, assessment reports and MDRU compilations), historical data in the private files of Kenrich-Eskay, and now an extensive litho-geochemical database supported by detailed 1:2000 scale geological mapping of the entire property. Defining the most prospective Eskay rift rocks is the key to discovery and prioritization of "Eskay-like" targets.

*The Eskay Rift belt contains ALL the significant Eskay-type discoveries in the region*

Distinctive volcanic and sedimentary rocks define an Eskay-Corey belt that contains **all** the best Eskay-type deposits and significant discoveries in the region. The Corey Property spans the southern portion of this trend and contains mineralization directly analogous to the Eskay deposits. The belt contains the following characteristics:

**Hazelton Group:** The Lower to Middle Jurassic volcanic and sedimentary succession is most effectively subdivided into the Jack, Betty Creek and Salmon River Formations.

**Salmon River Formation:** The deposition of this unit marks a change in volcanism from a largely intermediate suite to a bi-modal extrusive suite, with volcanic signatures ranging from arc to oceanic / back-arc settings. At Eskay Creek, the suite contains sub-aqueous rhyolite and basalt volcanism and intercalated sediments. Salmon River Formation marks a transition from predominantly calc-alkaline arc volcanism of Betty Creek Formation to a transitional to tholeiitic rift and/or back-arc tectonic setting.

### Sub-volcanic felsic intrusions (180-170 Ma):

are contemporaneous with Salmon River Formation and, in part, occupy syn-mineralization faults, such as the Harrymel-South Unuk fault. Those same faults are mineralized and could represent hydrothermal feeders for syngenetic mineralization and later stratabound replacement mineralization.

**Host Rocks:** Tholeiitic and transitional rhyolites, tholeiitic basalt and carbonaceous mudstones. Most of the ore grade deposits formed with the "contact mudstone" that lies on the rhyolite and within small basinal depressions. The hanging wall is comprised of basalt flows, mudstones and basalt sills.

**Eskay stratabound deposits** are localized over footwall alteration zones and syn-mineralization faults of northwesterly and northerly trends. Footwall stockworks (feeder zones) are of mineable grade in several locations proximal to the stratabound deposits.

**Eskay-Corey belt:** The Technical Report by McGuigan et al (2004) for Kenrich concluded that Eskay-type tholeiitic basalts, and a mixed population of rhyolites (ranging from closely analogous to Eskay Rhyolite to some that are calc-alkaline) occur in a linear, north-south trending belt on the Eskay, SIB and Corey properties. Together they form a distinct Eskay rift sequence and with the accompanying faulting and gold, silver and base metal mineralization form the "Eskay-Corey belt". All significant gold and silver occurrences in the Eskay Camp are located in this belt.

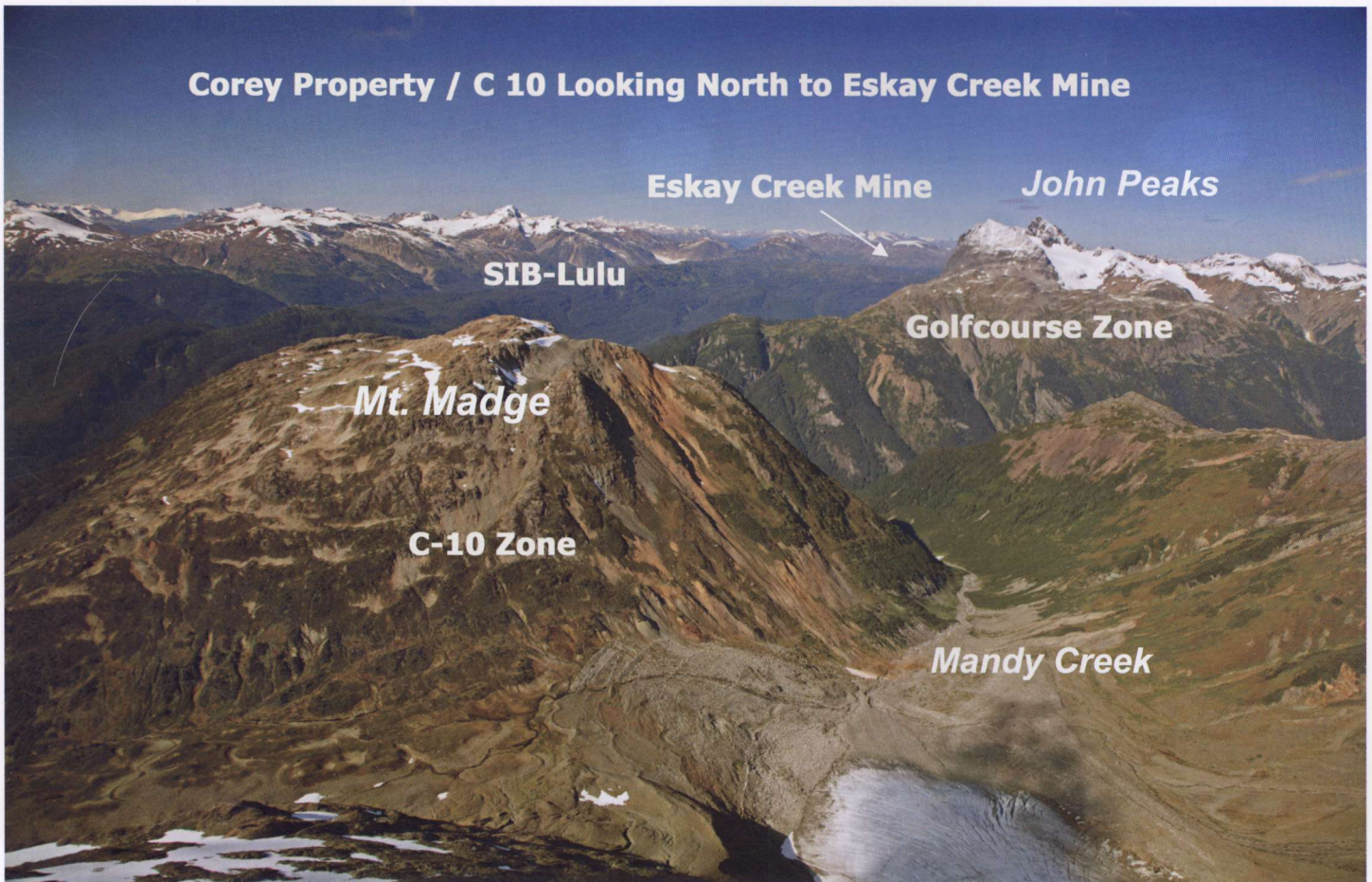
**Calc-alkaline intermediate** rocks flank this belt and despite containing time-equivalent members to the Eskay-Corey belt, contain only minor base and precious metal occurrences. This further confirms that the trend of the Eskay rift is the most prospective.

### AeroTEM II Survey

An AeroTEM II airborne survey was conducted in Spring 2006 over most of the Corey Property. Advances in the technology, employing "early" time channels in the time domain EM system, have been successfully developed by the AeroQuest team. These advances make it possible to directly detect the Eskay suite of mineralization types for the first time in an airborne-based system. While detecting



## SURFACE EXPLORATION RESULTS TO 2006, cont.



Corey Property / C 10 Looking North to Eskay Creek Mine

Eastern flank of Mt. Madge is strongly iron stained, reflecting the prospective C 10 Feeder Zone

numerous conductive targets for drilling that may represent sulphide mineralization, the survey has been helpful in modeling the structure deformation and faulting of the geology at Corey, thus enabling Company geologists to interpret the Eskay rift belt with more confidence and precision.

### Stream Geochemistry Detects Strong Anomalies

In 2004 and 2005 a total of over 700 high energy stream sediment samples were collected covering all accessible areas on the property. The work detected areas of anomalous metal content that might indicate outcropping bedrock mineralization. The most anomalous areas on the property were the Mandy Creek area (draining C 10 and HSOV) and the South Unuk area, and in particular the areas of the South Unuk near the contact of the Salmon River basalts and the thick, Eskay-equivalent mudstones.

More subtle anomalies were also detected in the Battlement area in close proximity to Eskay-equivalent mudstones and rhyolites. In all cases, polymetallic anomalies were detected and included combinations of gold, silver, copper, lead and/or zinc and often anomalous values of other Eskay-type pathfinder elements such as arsenic and antimony. It is interesting to note that the known showings at Cumberland and Smitty responded well to this sampling technique, thus validating the process.

In conclusion, the stream geochemical survey was invaluable for the prioritization of potential drill target areas and focused surface exploration efforts.

All of the above systematic work has culminated in the current major phase of exploration at Corey: the drill-testing of the identified target areas. The results to date of this ongoing phase are discussed in the next section.

*Mandy Creek is a very strong steam geochemical anomaly in Gold, confirming the importance of C 10*

*The Corey contains  
the most extensive  
and best preserved  
Eskay Rift  
lithologies in the  
region*

*Extensive  
VMS-Style  
Feeder Zone  
Present at C10*

## DIAMOND DRILLING PROGRAM 2005 & 2006

The 2005 exploration program completed the first series of diamond drilling since commencing with advanced exploration methods on the Corey in 2004. Results of this initial drilling were sufficiently encouraging to allow an expanded, aggressive diamond drilling program in 2006 that continued to test prospective targets from the 2005 program in addition to developing new targets. To date, a total of 108 diamond drill holes have been completed at Corey for a total of over 19,000 metres. Drill hole locations are shown on the facing page.

The diamond drilling program has been conducted to **firstly**, test previously known and newly discovered volcanogenic massive sulphide zones on the property, comprising ten areas prospective for Eskay-type precious metal rich massive sulphides. 2005-06 saw initial drilling on all of these ten target areas. **Secondly**, to probe the shape and distribution of Eskay-rift basin on the central portion of the Corey property.

The following summarizes the highlights of the major components of the 2005-06 drilling program:

### C10 Zone

Company geologists are very encouraged by the results of the 2005-06 program at C10. The drilling program has clearly demonstrated the presence of a gold and base metal-enriched hydrothermal system consistent with a feeder zone below a volcanogenic massive sulphide deposit, as explained below.

**A total of 25 diamond drillholes were completed in 2005-06 on the C10.** Geochemical and assay data have now been received for all of these drillholes and geological interpretation has been completed.

The zone is hosted by mafic rocks of the Lower to Middle Jurassic Salmon River Formation and occupies the same stratigraphic position as the Eskay Creek Deposit 20km to the north of C10. The 2005-06 drilling and surface mapping and sampling demonstrated that entire altered and mineralized zone has a true width of at least 200 to 250 metres and dips steeply towards the northeast with a strike length of about 1 km. Enrichments of gold, copper and zinc are present throughout, and locally concentrated in distinct, metal-zoned intervals. Isolated anomalous gold samples, generally under 1000 ppb

Au (or 1 g/t), are present throughout most of these zones. However, coarse visible gold was observed in drillhole CR05-17. **The 1.5 metre core sample has now returned a value of 99.4 g/t Au** (from 145.5 to 147 metres). Base and precious metal contents, alteration and stockwork vein styles encountered in the drilling strongly confirm the C10 is consistent with a feeder zone below a volcanogenic massive sulphide deposit.

Perhaps the most encouraging result from the 2006 drill program at C10 was the intersection of mineralized horizon indicative of VMS system. Holes 33, -34 and -35 all intersected 5 to 15 metre wide intervals of a silicified mafic fragmental unit whose matrix comprised massive pyrite. Furthermore, nearby mudstone units contained clasts (fragments) of pyrite. These textures suggest sulphide deposition was occurring at approximately the same time as the host rocks were being deposited, as one would expect with a VMS environment. While these intercepts did not contain metal grades of economic significance, the style of occurrence of the mineralization adds further weight to the interpretation that C10 and its surrounding areas are very prospective for a bona fide VMS deposit.

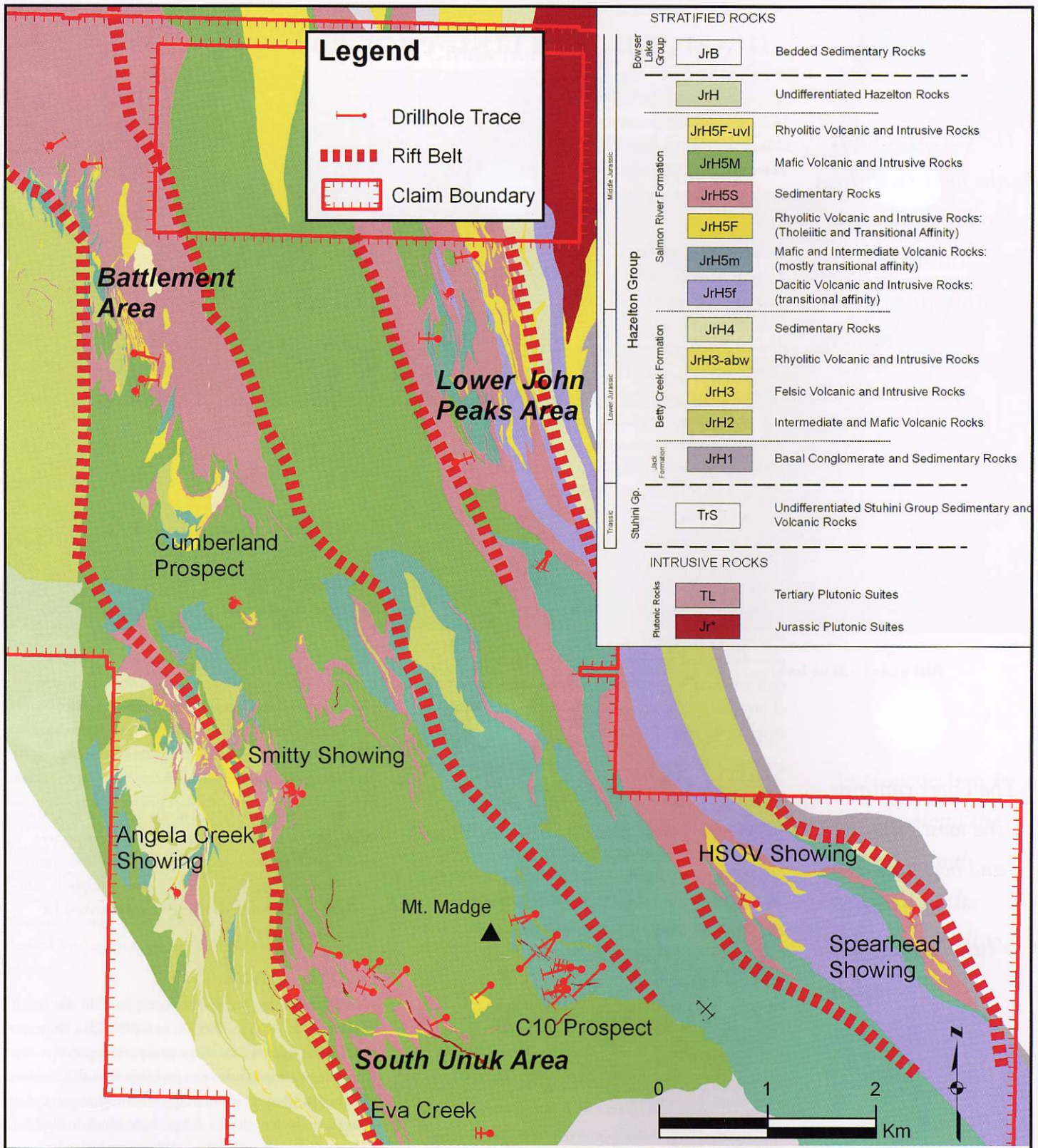
Now that the nature and orientation of the zone are well-established, the company can move forward to aggressively drill-test those higher levels in the volcanic-sedimentary stratigraphy which provide the best potential for discovery of a high-grade massive sulphide deposit. The presence of visible gold, in conjunction with the exceptional stream sediment geochemical anomalies within altered Salmon River Formation rocks strongly confirms the C10 – Mandy Creek area as prospective for a gold-silver rich massive sulphide deposit of the Eskay Creek type.

### Cumberland Zone

Surface geological work in 2004 & 2005 demonstrated the sulphides at the Cumberland Zone were syngenetic with 'classic' VMS textures and relationships with the enclosing basaltic volcanic rocks.

Collaboration with the Mineral Deposit Research Unit (MDRU) at the University of British Columbia demonstrated that the Cumberland volcanogenic massive sulphides have a Middle Jurassic lead isotope signature similar to the Eskay Creek deposit itself, as previously reported by the Company. This distinc-







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## DIAMOND DRILLING PROGRAM 2005&2006, cont.

tive signature and the Cumberland's position on the central axis of the Eskay-Corey rift basin, led the Company to test the Cumberland in greater detail.

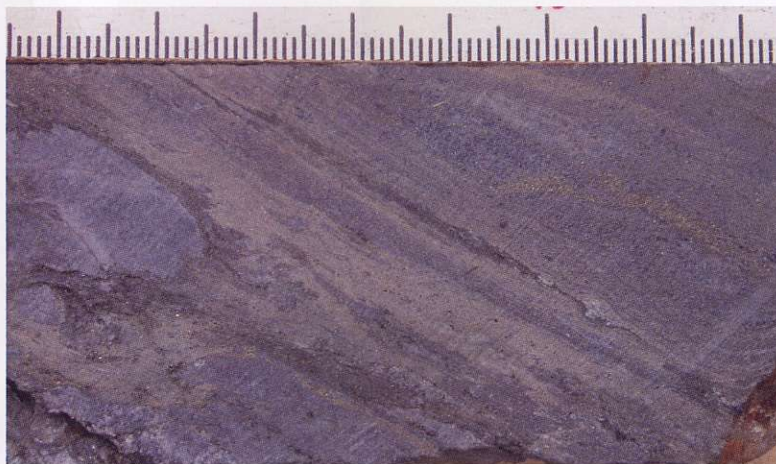
Results of the Cumberland Zone drillholes clearly illustrated the high grade, polymetallic (Au-Ag-Cu-Pb-Zn) nature of this volcanogenic massive sulphide (VMS) zone. These results continue to show the high grade, polymetallic nature of the mineralization at Cumberland. Drill holes CBL05-10 and -14 to -16 did not intersect massive sulphides, but contained hydrothermal alteration and pyritic stringers consistent with a VMS mineralizing system. Drilling at the Cumberland, including early drill holes in the 1980s and 1990s, encompassed an area 300m by 300m and intersected the massive sulphides at varying core angles. Surface mapping and the 2005 drilling has now delineated the mineralizing trend and the next drill program will include significant step-out testing of prospective rhyolites and mudstones located along strike to the east of the zone.

### Smitty Showing

A total of 11 drillholes were drilled at the Smitty Zone during the 2005 program. This drilling was designed to follow-up the discovery of an Eskay-age silver-rich polymetallic massive sulphide occurrence discovered in outcrop during the 2004 program.

The intervals of Eskay-equivalent mudstones that host the surface showing at Smitty are clearly intruded and disrupted by mafic sills of a closely similar age to the mudstones. This contemporaneous sill formation is a defining feature of the Eskay-rift, but at the Smitty, has increased the difficulty of following the mineralized interval over substantial distances away from the showing.

Notwithstanding, drilling intersected sulphidic intervals containing sub-economic enrichments of zinc over intervals of up to 9 metres in core. For example, drillhole CR05-04 returned an average of 2682 ppm Zn over 4.1 metres from 140.6 to 144.7 metres depth. Similarly, drillhole CR05-24 returned



Massive Sulphide in Cumberland Zone

1843 ppm Zn over 9.0 metres from 292.7 to 301.7 metres depth. It is also important to note that these same intervals also contain anomalous concentrations of As, Sb and Hg which are regarded as 'pathfinder' elements for Eskay-type massive sulphide targets.

Similar such intervals are found elsewhere in the Smitty drilling and some of these appear to be continuous between drillholes. Company geologists interpret these results as distal to a seafloor hydrothermal system within the Eskay rift sequence. Future drilling in this area will target more proximal and vent areas where sulphide accumulations of appreciable grades are more likely.

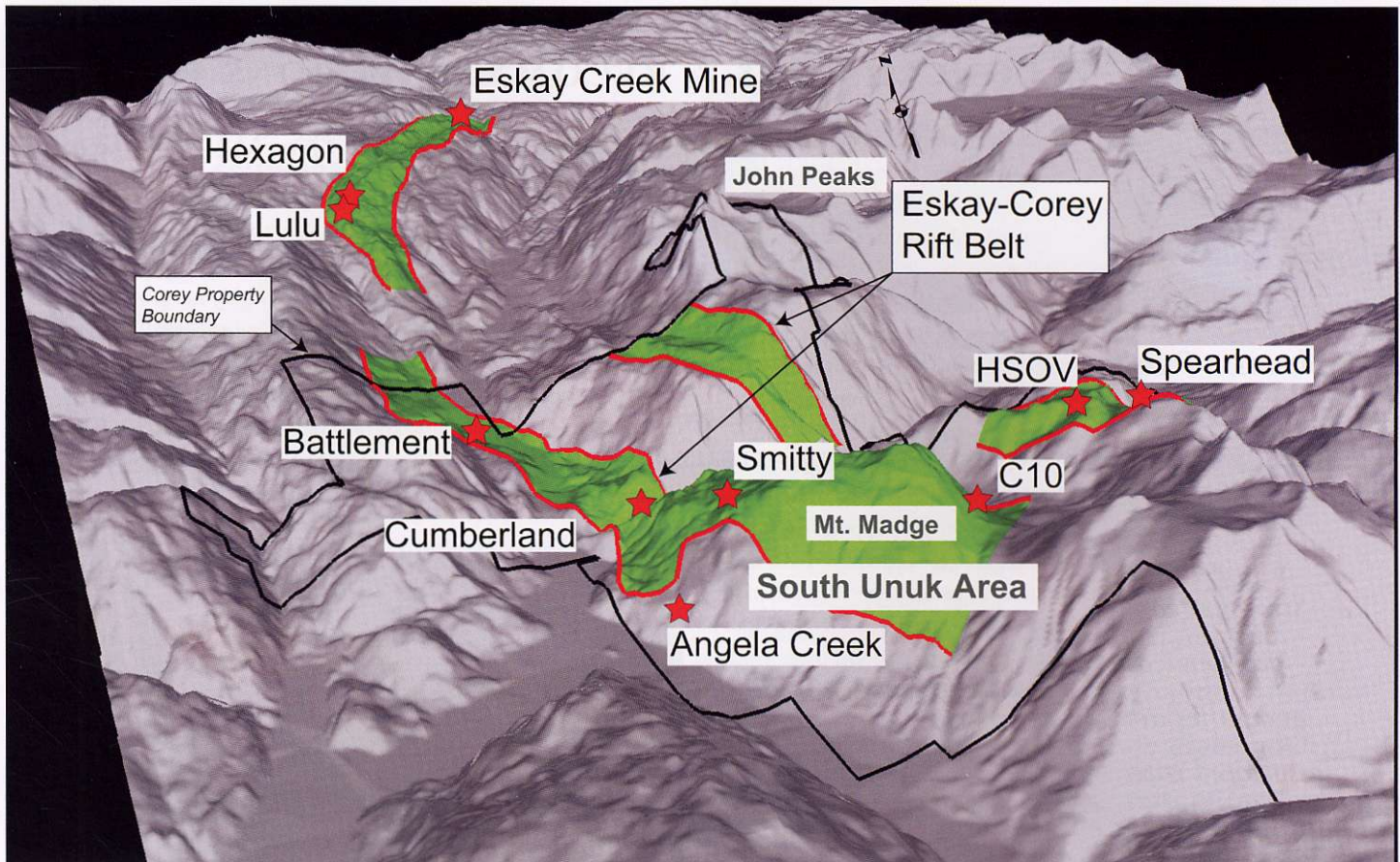
No drilling was carried out at the Smitty during the 2006 program, but it remains a highly prospective target given the wide exposure of "Eskay-like" units in the area and the presence of massive sulphide mineralization. **Further drilling is warranted in this area in 2007.**

### South Unuk Area

A total of five drillholes were completed in the South Unuk area in 2005 (CR05-19 to CR05-23). These holes were drilled to test the prospective Salmon River Formation mudstones and rhyolites that coincided with stream sediment geochemical anomalies along a strike length of 1.5 km. Individual drillholes being collared about 250 to 600 metres apart.

Stream geochemical sampling during the 2004 program returned numerous polymetallic (Au-Ag-Zn) anomalies that appeared to be sourced from these mudstones. Perhaps of most significance in the South





Corey Property / C 10 Looking North to Eskay Creek Mine

Eskay Rift Lithologies are shown in green. Note that all major VMS showings are confined to the Eskay Rift

Unuk drilling were the anomalous concentrations of metals in drillhole CR05-20 which intersected 22.0 metres grading 1158 ppm zinc as well as anomalous arsenic, antimony and mercury from 235.0 to 257.0 metres depth. This interval also contained laminated pyrite and was accompanied by silicification and brecciation of the host mudstones. This highly anomalous interval is very similar in nature to the intersections from the Smitty area discussed above that are located 2 km to the northwest of hole 20 and hosted by the same sequence of Eskay-rift mudstones.

While the 2005 drilling did not intersect mineralization that would explain the surface anomalies, the wide spacing of the drilling should be taken into account. The South Unuk area remains a large, promising target that requires significantly more drilling to adequately explain the stream geochemical anomalies and to test these anomalous mudstones for an Eskay Creek-type deposit.

The presence of apparently distal syngenetic sulphides and elevated base metals suggests that this area requires significant additional drilling.

### Battlement Area

Geological mapping and sampling in 2005 & 2006 of the rugged and overburden-covered Battlement zone has established the presence of mudstone and sub-aqueous rhyolite and basalt that are part of the Eskay rift sequence. Lithogeochemical results confirm that this newly discovered zone is of the same tholeiitic magmatic affinity as the main volcanic-sedimentary sequence that hosts the mineralization at the Eskay Creek mine. Co-incident high geochemical sediment survey results in this area confirm the potential of this zone to host Eskay-style mineralization. The 2006 drill program investigated this potential. A total of ten drill holes were drilled from five different set-ups. Multiple intercepts containing elevated zinc, silver, gold and other Eskay pathfinder elements were encountered in association with veined and silicified Eskay mudstone. Unfortunately, due to bad ground conditions, several drillholes did not reach their target depth. **The Battlement has only received the most preliminary of drill testing and warrants significant further work in 2007.**

*Battlement Area is directly along the rift trend, and proximal to the Eskay Creek Mine.*



*Mount Madge  
Syncline Provides  
Primary  
Exploration Focus*

*Strong stream  
geochemical  
anomalies are  
associated with  
both limbs of the  
Mount Madge  
syncline*

## CONCLUSIONS & RECOMMENDATIONS FOR 2007

Detailed geological mapping complemented by a comprehensive lithogeochemical survey and an airborne geophysical survey has resulted in a very well defined geological template for the Corey Property. This work has clearly demonstrated that the Eskay rift rocks (the Salmon River Formation) not only trend onto the Corey property, they are thick and areally extensive. The rift rocks at Corey define a roughly north-south trending belt.

### Mount Madge Syncline

Central to this belt is the Mount Madge syncline defined by an east-dipping limb in the South Unuk area comprised of Eskay-equivalent basalts, rhyolites and mudstones and a steep west-dipping limb of tholeiitic and transitional mafic volcanic and sedimentary rocks in the east side of Mount Madge. Stream geochemical results have highlighted the prospective nature of this large area. Strong anomalies are associated with both limbs of the Mount Madge syncline: on the west side, strong polymetallic anomalies are sourced from the extensive Salmon River mudstones in the South Unuk area, and on the east side strong gold and silver anomalies in the Mandy Valley are sourced primarily from the C10 Zone.

Drilling in 2005-06 has clearly demonstrated that the C10 zone comprises a gold and base metal-enriched hydrothermal feeder zone to a possible massive sulphide deposit. Drilling of the South Unuk area mudstones has revealed distal evidence of seafloor sulphide mineralization characterized by discrete layers enriched in base metals and "pathfinder" elements. Simply put, the C10 area comprises the potential pathway for ore-forming fluids while the South Unuk mudstones constitute a potential "Eskay-like" host to mineralization. **The top priority for drilling in 2007 is testing this potential host unit as it extends to depth under Mount Madge from the South Unuk area closer to the feeder zone at C10.**

### Tracking the Mt. Madge Syncline to the North

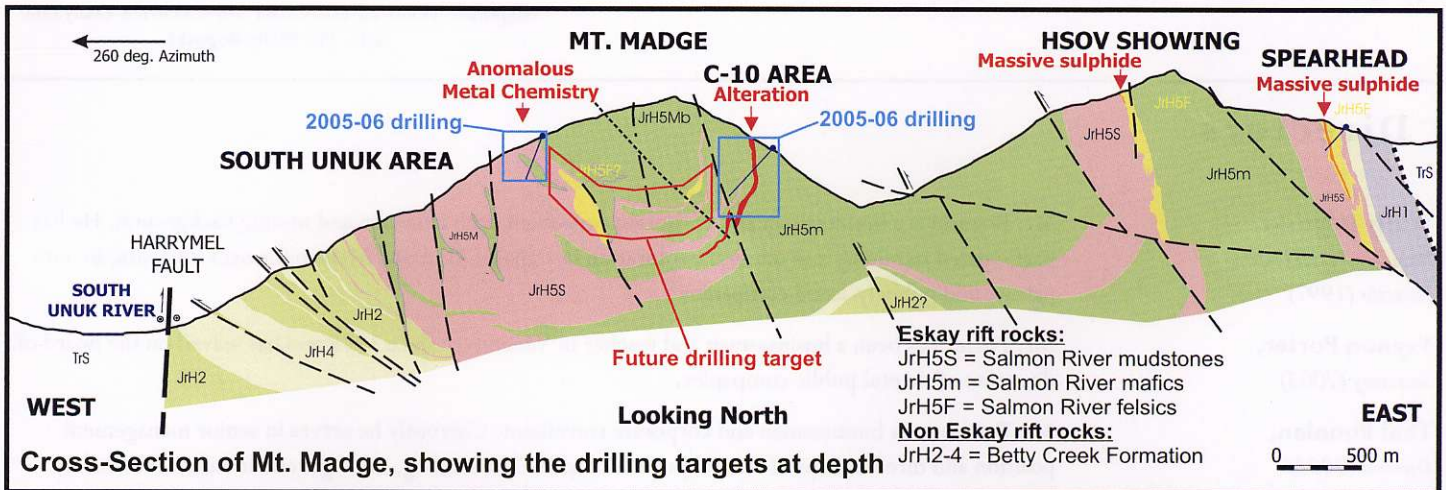
While the South Unuk-C10 area remains the top priority in 2007, it is important to note that those prospective rocks trend roughly northward where they host both the Smitty and Cumberland high grade showings. Only the areas in the immediate vicinity of these showings have been drill tested. The area southeast of Cumberland contains prospective Salmon River rhyolites and mudstones that may indicate a better, more quiescent depositional environ-



Helicopter Portable Hydraulic Diamond Drill on C 10

ment for massive sulphide formation and preservation. Similarly, at Smitty, tracking the metal-enriched mudstones away from the "disruptive" conglomerate and debris flow units and into a more stable depositional environment may provide more a





better option for massive sulphide discovery.

Further north still, the Battlement area geology provides perhaps the closest analog at Corey for Eskay Creek stratigraphy where Salmon River mudstones are interlayered with tholeiitic, rift-related rhyolites and basalts. Drilling in 2006 revealed some evidence of polymetallic mineralization in the area in the form of sulphide laminations and transported sulphide clasts. Drill testing has only just started to test the prospective geology at Battlement.

## Eastern Flanks of Corey Property Upgraded

The discovery of the new Spearhead Showing in the eastern portion of the property dramatically upgraded the importance of this area which had been assumed to be underlain by much less prospective Lower Hazelton Group or even Triassic Stuhini Group rocks. This area is underlain by Salmon River Formation felsic volcanic and sedimentary rocks equivalent to the Eskay-age volcanics that host the HSOV Zone.

Exploration for gold-rich volcanogenic massive sulphides of the Eskay-type is challenging due the small "footprint" of the deposits. However, in VMS camps worldwide, conditions suitable for the deposition of one deposit, almost invariably lead to the formation and preservation of multiple deposit clusters."

The Eskay Rift belt is typical in that important aspect. Passing southward, precious metal rich VMS deposits and showings occur at the Lulu (VMS), Hexagon (stringer/feeder zone), Cumberland (VMS), Smitty (VMS), South Unuk (distal VMS metals), C 10 (gold-copper-zinc stringer / feeder zone, with some VMS), HSOV (VMS) and Spearhead

(VMS).

These later occurrences on the Corey, are equivalents of the Eskay deposit setting in age, setting and lithogeochemical signature. Significantly, work on the Corey property continues to uncover additional VMS occurrences.

## 2007 EXPLORATION PROGRAM

A continuation of the successful systematic, aggressive approach to exploration at Corey is recommended in 2007. Drilling will involve 1 to 3 drills phased in over the course of the late spring and early summer as snow cover permits. Primary focus should be on the Mount Madge area targets in an effort to track the anomalous South Unuk mudstones through the Mount Madge syncline towards the feeder zone identified at C10. Secondary targets include the Battlement, Smitty and Cumberland areas to the north of Mount Madge, but within the same prospective stratigraphy. This drilling will be supported by additional focused geological mapping and prospecting, particularly in the Mount Madge and Battlement areas.

Detailed geological mapping will be required to better define the characteristics of the Spearhead Zone, and success contingent, additional drilling may be recommended. Mapping of the high grade GFJ and TM showings south of HSOV and Spearhead is also required.

A total budget of \$6,500,000 is recommended for the field portion of the 2007 program (not including subsequent geological interpretation and reporting). This budget will allow for about **16,500 metres of diamond drilling** as well as all the support costs.

*The 2007 Exploration Program will focus on diamond drill tests of the local volcanogenic massive sulphide and feeder zone trends, especially near the C 10, Cumberland axis*



# KENRICH-ESKAY MINING CORP.

C206 9801 King George Hwy Surrey, BC V3T 5H5  
Telephone (604) 582-0559 Facsimile (604) 580-6805  
corporate@kenrich-eskay.com www.kenrich-eskay.com  
Attn. Mr. Wally Boguski

## Directors

**Wally Boguski,**  
*President/CEO (2002)*  
*Director (1997)*

Mr. Boguski is a businessman and corporate consultant with a finance and mining background. He has participated in mining and mineral exploration in Canada, USA and Mexico for over 25 years, in both private and publicly-listed companies.

**Vernon Porter,**  
*Secretary (2003)*

Mr. Porter has been a businessman and teacher in Vancouver since 1975 and has served on the board of directors of several public companies.

**Thal Poonian,**  
*Director (2002)*

Mr. Poonian is a businessman and corporate consultant. Currently he serves in senior management position and directorships of several public companies, in mining, oil & gas and industrial sectors.

**Robert Michor,**  
*Director (1991)*

Mr. Michor has been a director of the Company since April 1991 and is a businessman and licensed real-estate broker. He is also a member of the Audit Committee and has been active in the management of public resource companies. He has participated in the Company since its inception in 1990.

## Advisory Committee

**Paul McGuigan, P. Geo.**  
*Cambria Geosciences Inc.*

Mr. McGuigan is a Professional Geoscientist with 32 years of international experience in management of mineral exploration and mining operations, including work in the Eskay Creek region since 1979.

**David Shaw, PhD**  
*Consultant*

Dr. Shaw is a geologist and financial consultant with over 32 years of international professional experience. His main area of expertise is in the investigation of structural controls of mineralization.

**Michael Hitch, PhD. P. Geo.**  
*University of BC, Mining Dept.*

Dr. Hitch has enjoyed a 20-year career in the mining industry with major mining companies. Mr. Hitch also has extensive experience as a mining analyst and corporate finance professional.

## Company History and Share Structure

Kenrich-Eskay Mining Corp. and its predecessor companies have been active in the Eskay Creek and Stewart Mining Camps since 1988. In 2006, the Company expanded its exploration effort southward along the Early to Middle Jurassic age Eskay Rift, acquiring a 50% option on mineral tenures in the historic Anyox mining camp. The project is named the Coastal Copper project. That project will be the focus of the next newsletter.

The Company obtained funding in the spring of 2006, sufficient to explore both the Corey and the Coastal Copper projects, for at least two exploration seasons. Moving forward, the Company is

in an excellent financial position as it is sufficiently funded to complete the current 2007 exploration programs.

Recommendations for the 2007 programs are pending the receipt of the full geological reports from the 2006 programs, expected in early April. The Company has allocated an initial \$8,000,000 to fund the 2007 program, from funds on hand.

Corporate information may be viewed at [www.sedar.com](http://www.sedar.com). Exploration information is also available at [www.kenrich-eskay.com](http://www.kenrich-eskay.com)

**Share capital issued (March 20, 2007)**  
61,400,871

### Warrants

2,728,950 @1.25 (extended to June 6/07)  
4,365,150 @2.00 (expires June 6/07)  
525,336 @1.60 (expires June 6/07)

### Options outstanding

990,000 @0.36 (expires June 4/07)  
2,320,650 @1.00 (expires June 22/08)  
200,000 @\$1.38 (expires July 10/08)  
1,162,425 @\$0.80 (expires Nov 24/08)  
1,015,967 @1.75 (expires Feb. 10/08)

### Working Capital

Approximately \$10,500,000 (Nov. 30/06)