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RED PROPERTY

Babine Lake Area
British Columbia

Introduction

Previous diamond drilling programs on the RED property have partially tested a pyrite-pyrrhotite zone over a strike length of 220 metres. Massive and stringer sulphides were intersected over core lengths of 30-50 metres. Chalcopyrite has been noted in core and elevated copper,zinc,lead, silver and gold values are associated with the massive sulphide zones.

Potential for economic base and precious metal values is thought to exist within or adjacent to the pyrite-pyrrhotite zone which is open along strike and to depth. Drill sites for the next phase of drilling were recently prepared.

IP and HLEM surveys have indicated a several additional anomalous zones which also require further investigation.

Location and Access

The RED property is situated on the east side of Babine Lake 70 km east of Smithers in west-central British Columbia (Figure 1). The property is 6 km north of the former Granisle mine and 6 km east of Noranda's Bell copper mine (Figure 2).

Access is by Northwood ferry from Topley Landing,41 km north of highway 16,and by logging roads as indicated on Figure 2.

Mineral Property

The RED property consists of 4 Modified Grid mineral claims (58 units) in the Omineca Mining Division and recorded in the name of Leona C. Auger. The claims are shown on Figure 3 and details are as follows:

Claim Name	Record Number	Units	Expiry Date
RED 1	6248	20	May 20,1998
RED 2	7490	10	February 27,1999
RED 3	9043	8	October 8,1999
RED 4	9923	20	November 3,1999

Previous Work

Initial work in the area of the present claims included prospecting and geophysics by Granby in the mid-1960's. Bethex Explorations Ltd. acquired the ground covered by the present property in 1966 and completed IP and magnetometer surveys prior to a 9 hole drilling program in 1967. Canadian Superior and Quintana Minerals each held parts of the Bethex ground in 1972 and conducted IP and geochemical surveys.

The RED 1 mineral claim was located by Gerard Auger in 1984 to cover the area previously drilled by Bethex. An option agreement was negotiated with Anglo Canadian Mining Corporation who completed HLEM and magnetometer surveys in early 1986. Anglo Canadian entered into a joint venture agreement with Equity Silver Mines Limited in 1987 and 7 inclined holes totalling 963 metres were drilled in two areas of the property. Equity commissioned an IP survey in 1988 to further define HLEM conductive zones prior to drilling 6 widely spaced holes (914 metres) to test secondary targets in early 1989.

A 1990 drilling program was planned to further test the zone drilled in 1987 and 6 drill sites were prepared prior to Equity returning the property to the original vendors in May, mainly in response to changing corporate priorities.

Regional Geological Setting

The northern Babine Lake area, near the northern margin of the Interior Plateau, features relatively gentle topography and limited bedrock exposures.

The region is within the Intermontane tectonic belt and is underlain principally by Mesozoic volcanic and sedimentary rocks of the Jurassic Hazelton Group. Younger sequences include sedimentary and lesser volcanic rocks of the Bowser Lake Assemblage and Skeena and Sustut Groups which range in age from late Jurassic to early Tertiary. Layered sequences are intruded by granitic rocks of various ages including Lower Jurassic Topley intrusions, Omineca intrusions of early

Cretaceous age, late Cretaceous rhyolite and granodiorite porphyries (Bulkley intrusions) and Babine intrusions of early Tertiary age.

Porphyry copper mineralization in the Babine area is well documented and is mainly associated with stocks and dyke swarms of the Babine intrusions and to a lesser degree with Topley and Bulkley intrusions. The former Granisle mine and the currently producing Bell copper mine (1989 production - 20,590 tons copper, 83,000 oz. silver and 24,900 oz. gold) are the two best known examples of deposits associated with Babine intrusions; more than a dozen similar prospects are known in the general area.

Other recognized deposit types in this mineral district include veins marginal to porphyry deposits and prospects and disseminated copper mineralization in Mesozoic volcanic rocks

Massive and stringer sulphide mineralization in the Babine area was first identified by Bethex drilling on what is now the RED property. The Fireweed prospect, west of Bell mine, is considered to be of a similar type. Two known zones, hosted by Skeena Group sediments, include a western lead-zinc-silver zone and an eastern zone with massive and stringer pyrite-pyrrhotite within which copper, zinc and gold values have been reported.

Property Geology, Geophysics and Mineralization

Figure 4, a compilation map, shows basic geology, geophysical signatures and diamond drill holes to date.

Geology

Much of the southern part of the RED property is overlain by 15-20 metres of overburden as indicated by drilling to date. Bedrock exposures are restricted to the south flowing drainage in the western part of the RED 1 claim and to the higher areas of the RED 2 and 4 claims.

Diamond drilling to date shows much of the southern half of the property to be underlain by a sedimentary sequence of argillaceous siltstone and greywacke. Where exposed in the south flowing creek in the western parts of the RED 1 and 2 claims, the sequence strikes northeast with moderate westerly dips. Felsic and intermediate volcanic rocks are locally intercalated with the sedimentary rocks near the north boundary of the RED 1 claim. Both the volcanics and sediments are intruded by an elongate diorite pluton on the RED 2 claim

(Figure 4). Contacts along the south margin of the pluton, seen only in a few drill holes, appear to be irregular.

The sedimentary and lesser volcanic sequences are considered to be part of a marine sequence near the base of the Hazelton Group although they could be of a younger age. The diorite intrusion, similar to those in the district which have yielded 100 Ma dates, provides an upper limit for the age of the volcanic-sedimentary sequence which is also cut by Tertiary felsic and basic dykes.

Geophysics

Figure 4 shows IP (metal factor) anomalies as determined by 1966 and 1972 surveys. Magnetic highs are coincident with parts of the two principal metal factor anomalies which were partly drilled in 1967. A 1972 IP survey confirmed and expanded the northern anomaly (Figure 4).

HLEM (Max-Min) and magnetic surveys undertaken in 1986 defined a number of northeast trending conductive zones, several of which are coincident with the metal factor anomalies. Most of the conductors correspond in part with areas of higher magnetic intensity, particularly the central part of conductor VII (Figure 4).

A 1988 IP survey, over an expanded grid between lines 8S and 18N and principally southeast of the baseline, indicated a number of discrete northeast trending anomalies slightly transverse to the baseline between 10N and 18N. The survey also re-established the southern metal factor anomaly between lines 4N and 4S.

Diamond drilling has indicated the cause of several IP and HLEM anomalies in the northern part of the grid to be due to graphitic mudstone and siltstone horizons marginal to the diorite pluton and to 1-3% disseminated pyrite-pyrrhotite in both the intrusive and sedimentary rocks. HLEM conductor I (Figure 4), a strong persistent feature apparently adjacent to the IP anomalies, has been only partially tested by drilling.

Mineralization

The only known exposure of mineralization on the property consists of a 0.3 metre wide quartz-carbonate vein with galena, sphalerite and chalcopyrite in sheared, rusty sediments near the northwest corner of the RED 2 claim (Figure 4).

The most significant mineralization found to date is that which is the cause of the southern metal factor anomaly and HLEM conductor VII which has been intersected by several drill holes, locations of which are shown on Figure 4. Two of three vertical holes in 1967 intersected multiple 1-3.5 metre sections of locally banded massive pyrite-pyrrhotite hosted by graphitic siltstones, greywacke and tuff. The most southerly hole, abandoned in bad ground at 40 metres depth, intersected 1 metre of banded massive sulphides which yielded enhanced geochemical values for copper, lead, zinc, silver and gold.

More recent drilling by Equity consisted of 6 inclined holes which tested part of HLEM conductor VII and the coincident strong magnetic anomaly. Holes 87-1,-2,-3 and -4 (Figure 4) intersected massive and stringer sulphides (pyrite-pyrrhotite) over core lengths of between 36 and 39 metres, with particularly heavy sulphide concentrations over core lengths of 15 metres. Assuming a steep west dip, width of the sulphide zone would be in the order of 30 metres. The zone, drilled over a strike length of more than 200 metres and to vertical depths of 60-120 metres, appears to be best developed in a greywacke unit between graphitic mudstones. No significant base or precious metal values were intersected in these four holes - slightly elevated geochemical values for copper and zinc were encountered in hole 87-1. Hole 87-7 was abandoned at 67 metres in bad ground before intersecting the sulphide zone.

Two 1989 holes were drilled to test HLEM conductor VI (Figure 4). A locally graphitic mudstone and a grey sandstone sequence, cut by andesite dykes, was intersected in hole 89-2. Hole 89-1, designed to test both HLEM conductor VI and at greater depth the sulphide zone intersected by holes 87-1 and -2, was lost in bad ground at 61 metres. A 3 metre section of mudstone with only minor sulphides had values of 0.92% copper, 0.44% zinc and 6g/t silver.

Exploration Potential

Drilling to date in the southern part of the RED property has identified a massive and stringer sulphide zone over appreciable core lengths and more than 200 metres of strike length. That part of the sulphide zone tested to date is reflected by a moderate to strong HLEM conductor, an IP anomaly and a coincident magnetic high probably due to the pyrrhotite content.

Immediately southwest of line 2N there are two limbs of strong chargeability as indicated on the enclosed IP pseudosections and the metal factor anomaly on Figure 4. Magnetic intensities are not as high over the western limb suggesting lesser pyrrhotite and perhaps the presence of base metal sulphides. It may be significant that one 1967 vertical hole (lost at 40 metres) in this area intersected 1 metre of banded massive sulphides (pyrite, lesser pyrrhotite, minor chalcopyrite) which yielded slightly elevated copper, zinc and gold (25 ppb) values.

This western limb of the IP anomaly was scheduled for drill testing in 1990 as indicated by the open circles on Figure 4 and on the IP pseudosection for line 0. As noted previously, drill sites have been prepared; during road building, some massive sulphide float was uncovered which contained minor copper values.

Other untested targets include that part of HLEM conductor VII northeast of the coincident magnetic high (Figure 4) and the western part of conductor I, the strongest defined on the property, which is several hundred metres south of exposed lead-zinc mineralization in the northwest part of the RED 2 claim.

References

Assessment Reports - 893 - 1966 IP and Magnetics
4189 - 1972 IP Survey
14093 - Geological Setting, 1967 Drilling
14778 - 1986 HLEM and Magnetics
17130 - 1987 Equity Drilling
18254 - 1988 IP Survey
? - 1989 Equity Drilling

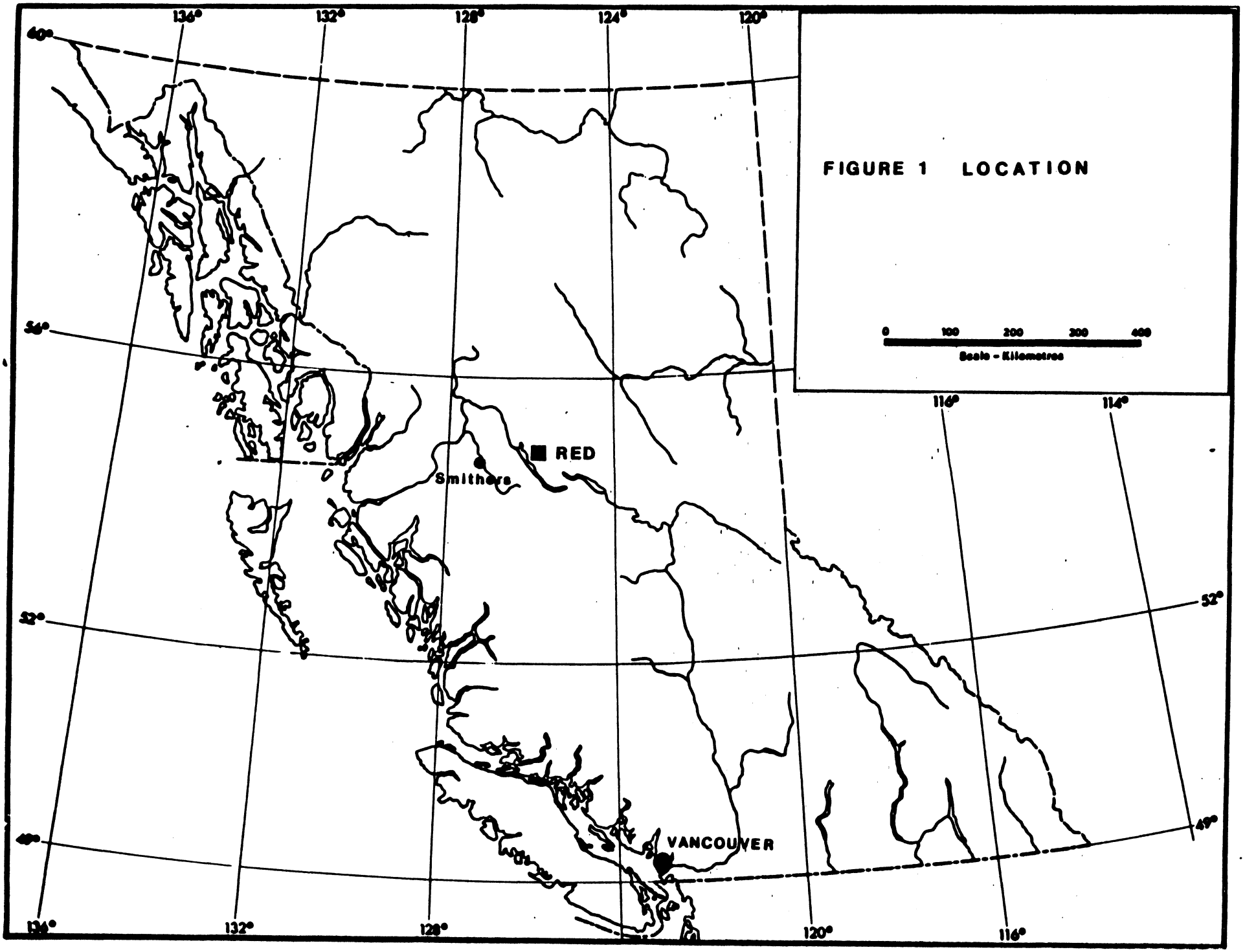


FIGURE 1 LOCATION

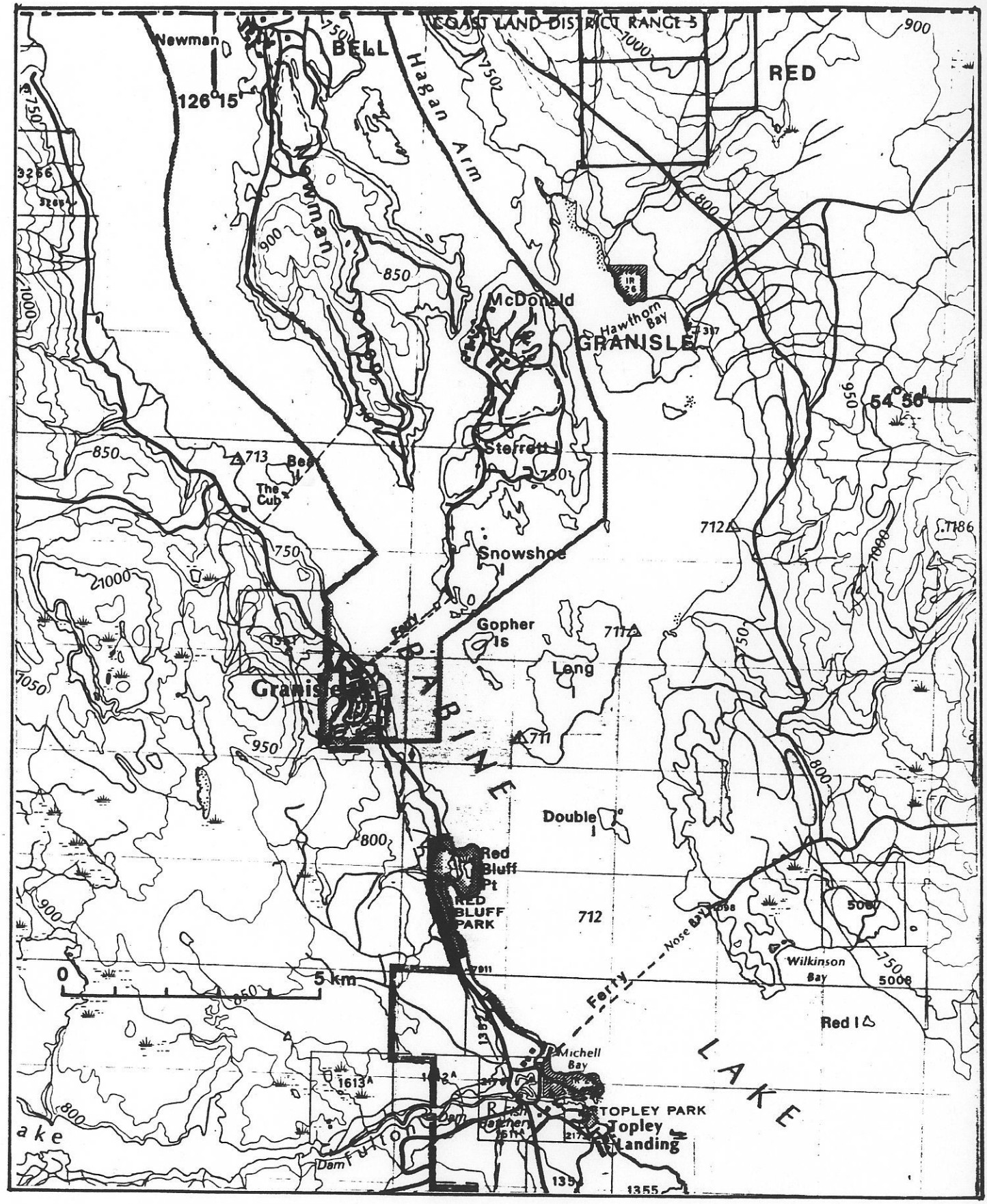
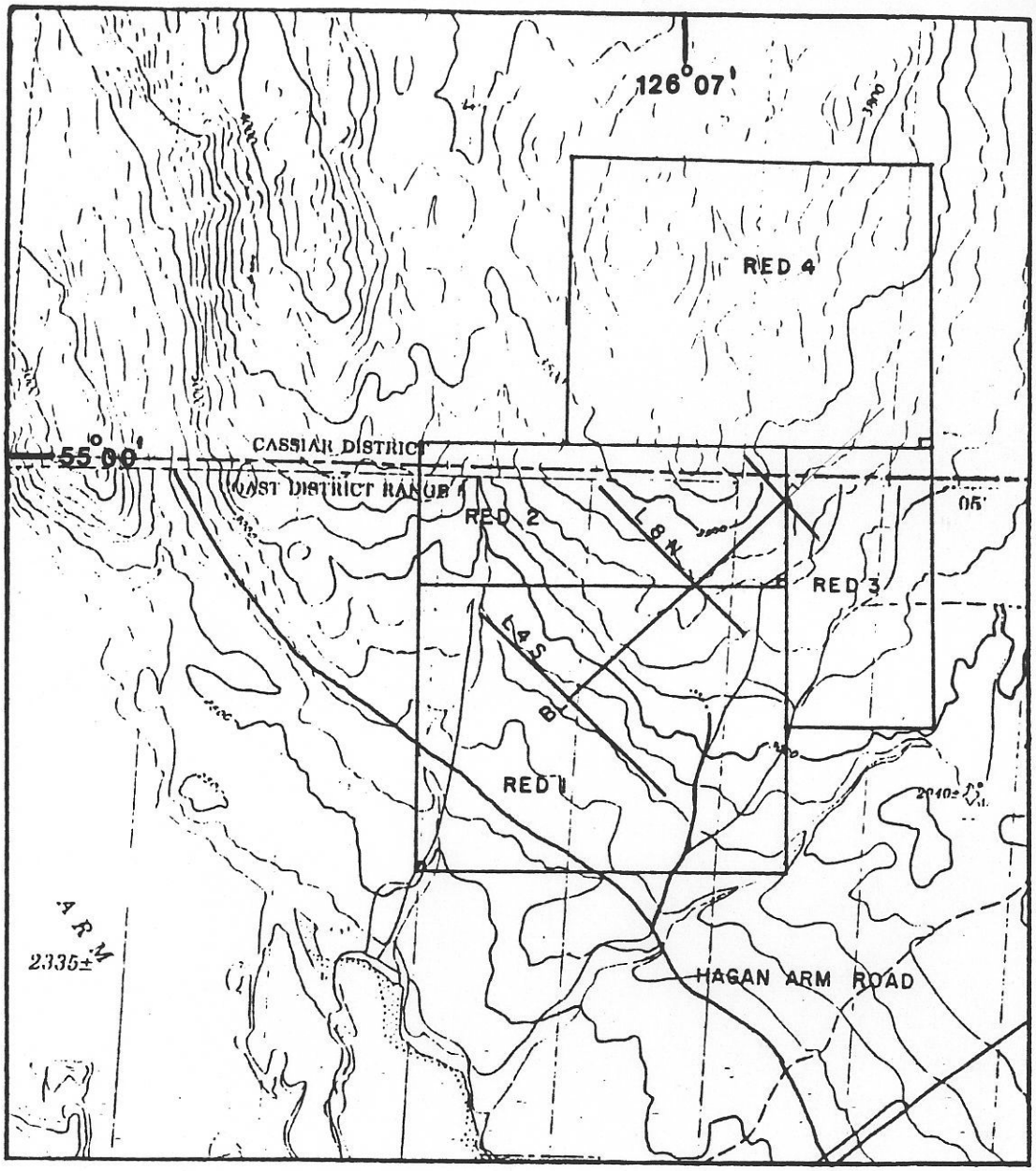


FIGURE 2 – LOCATION– RED PROPERTY



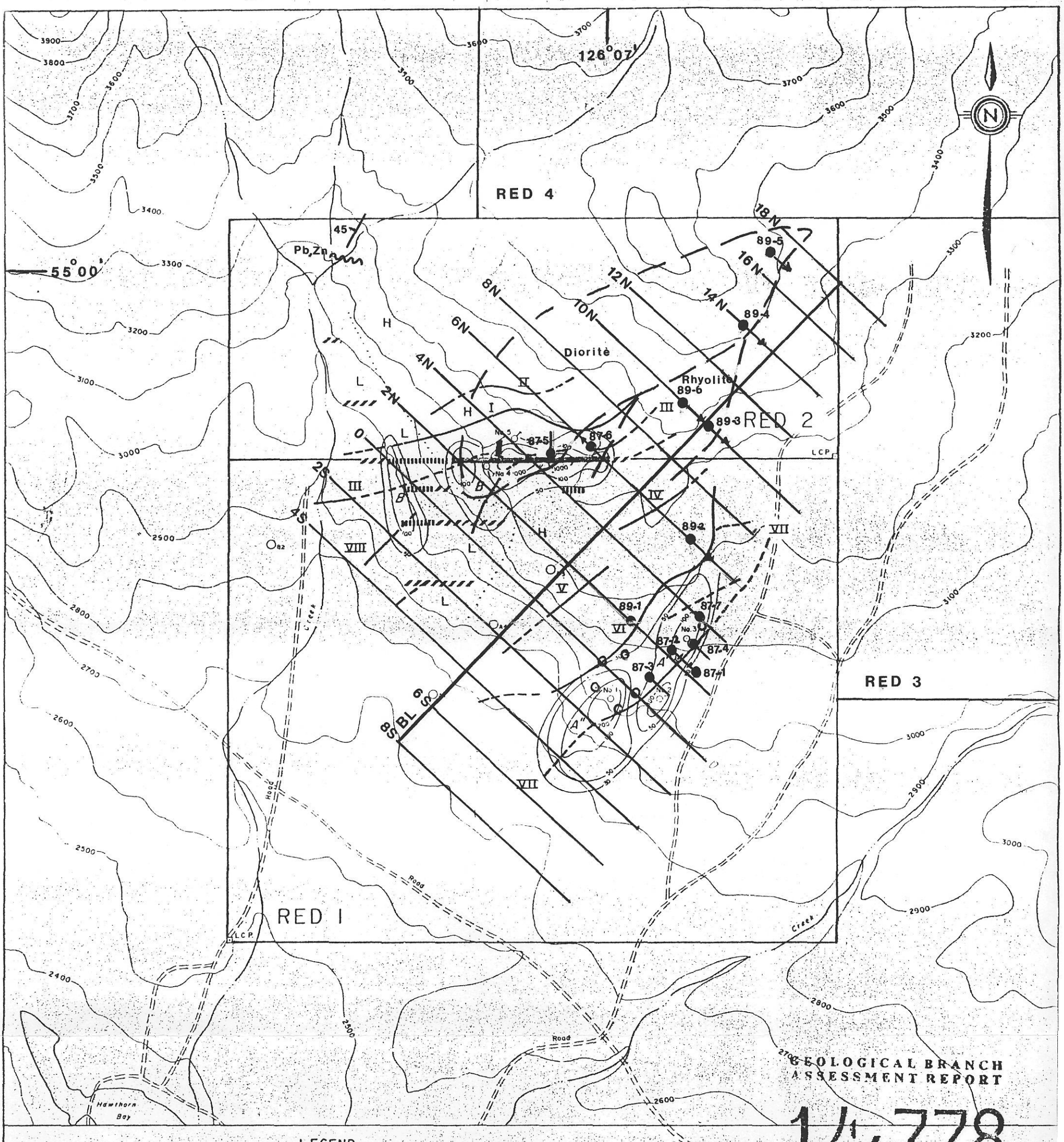
RED CLAIMS

FIGURE 3 CLAIM MAP

N.T.S. 93 L16, 1:50,000
93 M1

0 1 2

Km



LEGEND

1966 I.P. - RESISTIVITY SURVEY

METAL FACTOR CONTOURS

1967 DRILLING

DRILL HOLE

1972 I.P. - RESISTIVITY SURVEY

DEFINITE ANOMALY (METAL FACTOR)

PROBABLE ANOMALY (METAL FACTOR)

POSSIBLE ANOMALY (METAL FACTOR)

L RESISTIVITY LOW (below 100 ohm - ft.)

H RESISTIVITY HIGH (above 100 ohm - ft.)

1985 AIRBORNE EM SURVEY

AIRBORNE EM CONDUCTORS

1986 HORIZONAL LOOP EM SURVEY

DEFINITE CONDUCTOR

POSSIBLE CONDUCTOR

Note: Work from 1966 to 1972 has yet to be field - verified onto present grid system.

METRES
0 100 200 300 400 500

GEOLOGICAL BRANCH
ASSESSMENT REPORT

14,778

TO ACCOMPANY GEOPHYSICAL REPORT BY DAVID G. MARK, GEOPHYSICIST, MARCH 25, 1986

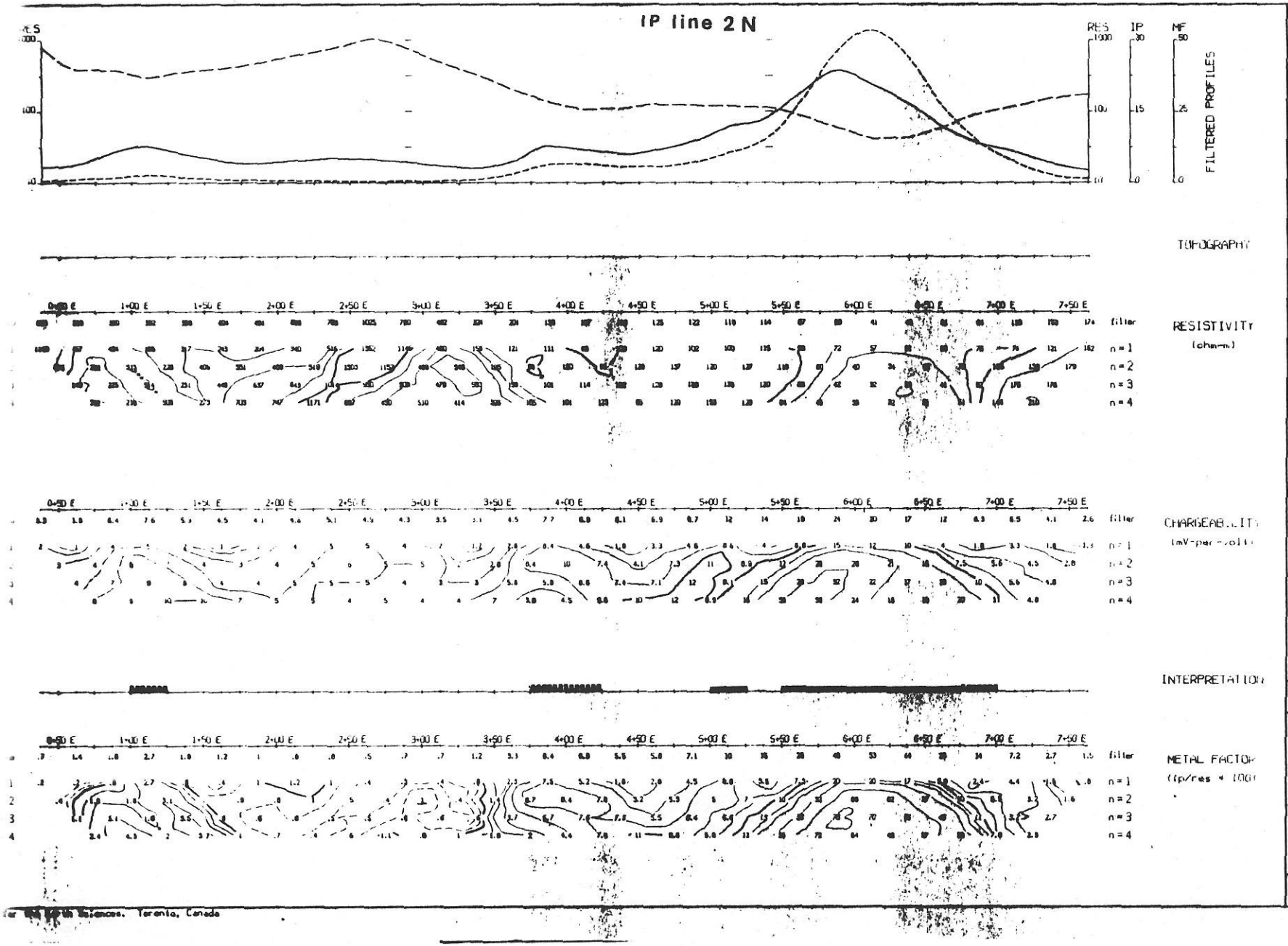
GEOTRONICS SURVEYS LTD

RED CLAIM GROUP

HAWTHORN BAY, BABINE LAKE AREA
OMINECA M.D., B.C.

FIGURE 4
COMPILATION MAP

SCALE	DATE	N.T.S.	PROJECT No.	MAP No.
1: 10,000	MAY, 1986	93L/16E	86 - 02	6



Line 2

Dipole Dipole

Filtered Pro

Resistivity
Polarization
Metal Factor

Logarithmic Contours 1, 1.5, 2, 3,

Instrument: IP
Frequency: .12
Operator: R.

INTERPRETA

well defined, str
decrease in re

fairly well defi
in polarization.

Fairly defined p

Resistivity featu

EQUITY SILVER M

INDUCED POLARIZA

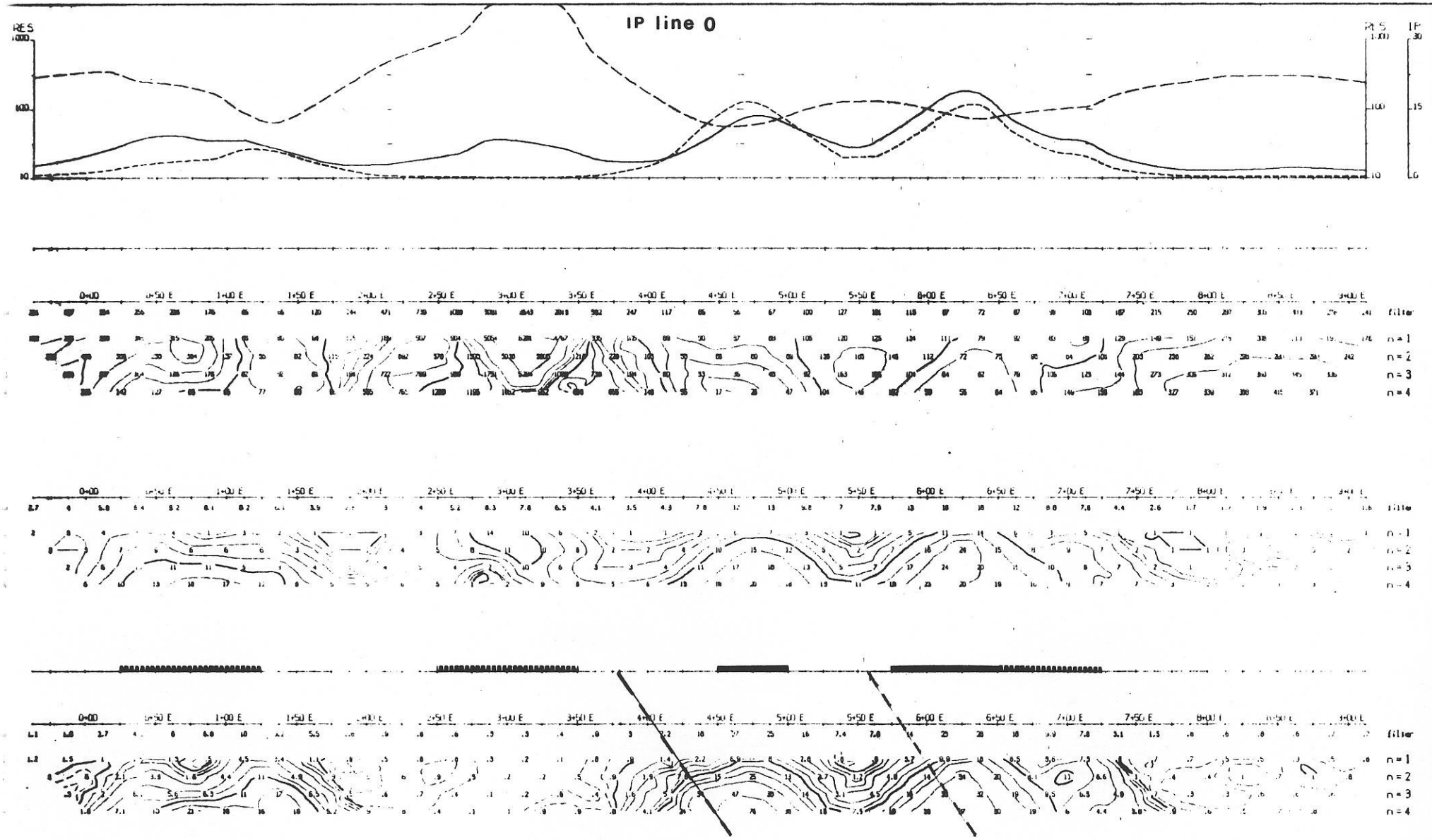
RED GRI

BABINE LAKE

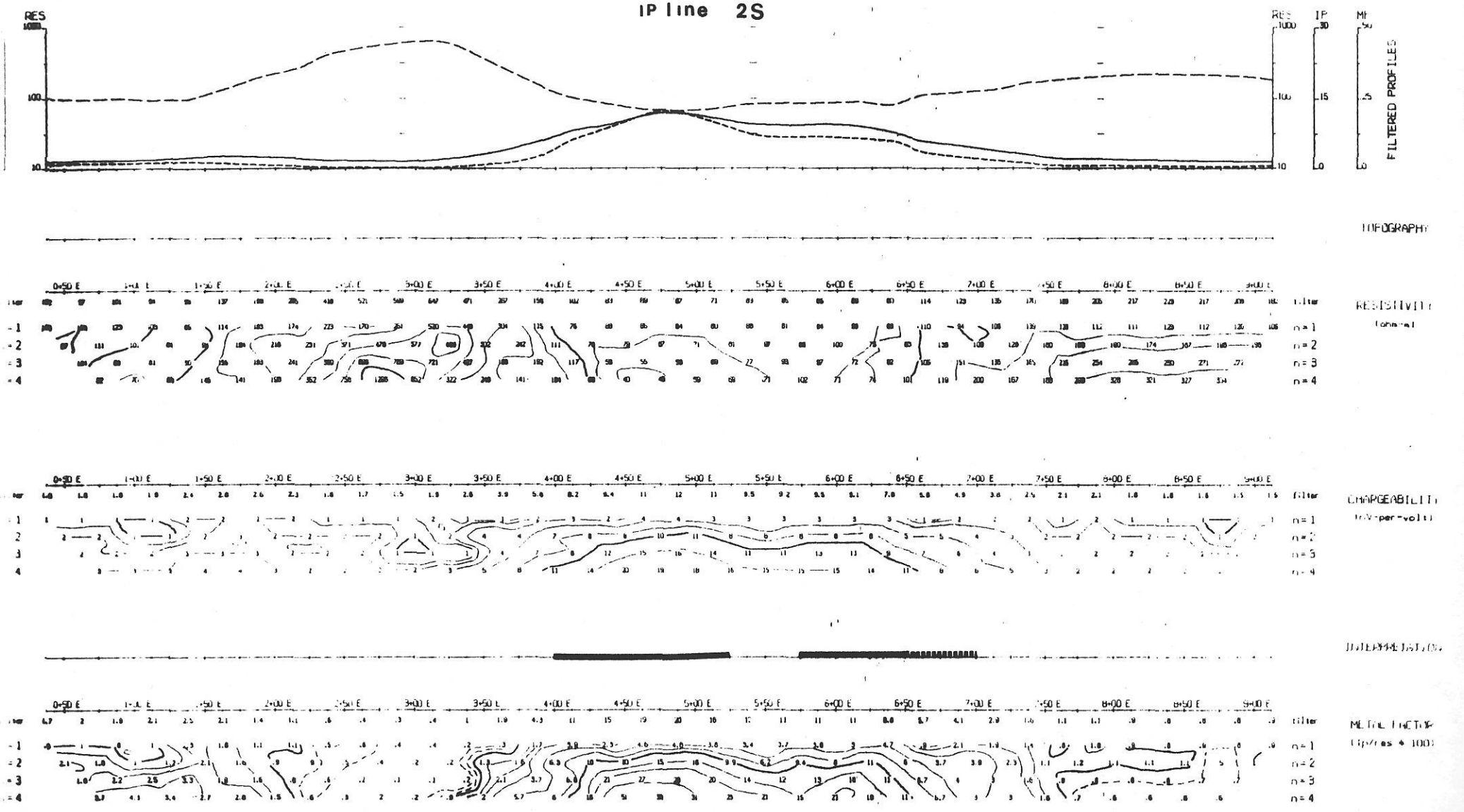
Date: 09 10 '88
Interpretation by P.E.W.
Scale: 1 : 2500

PETER E. WALCOTT

Sciences, Toronto, Canada



the Earth Sciences, Toronto, Canada



for the Earth Sciences, Toronto, Canada