82F/2E

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3 February 1994
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Kimberley, B.C.
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(604)427-5670

Alex J. Davidson
Exploration manager
Western Canada
MINNOVA Inc
4th Floor, 311 Water Street
Vancouver, B.C. V6B 1B8

Dear Alex:

I am enclosing a summary of an Aldridge Property I wish to option.

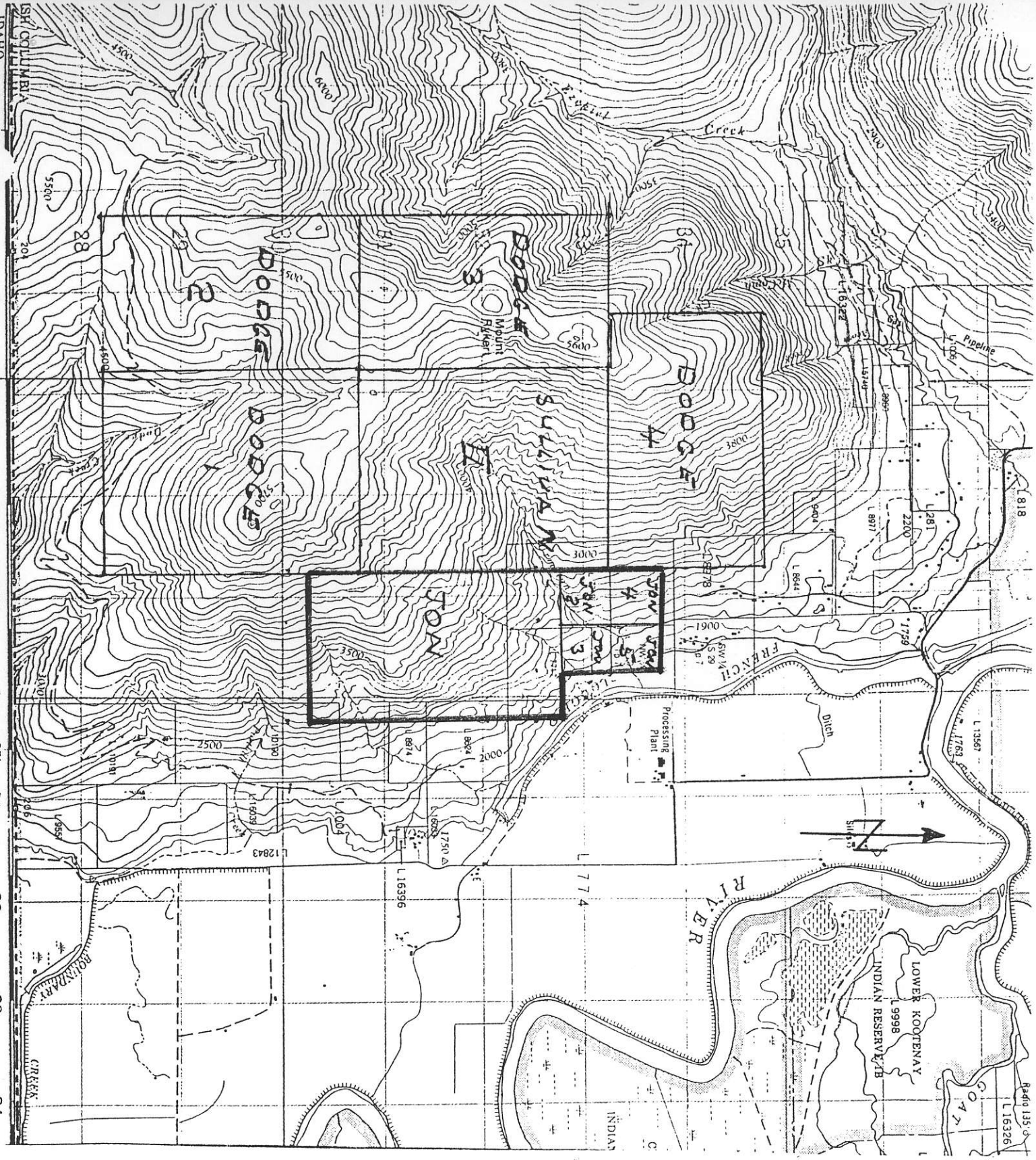
There are several reports, maps etc. available at my house in Kimberley for examination.

The area is usually snow free by late May or early June.

I look forward to hearing from you.

Sincerely,

Frank O'Grady



CRESTON

KOOTENAY LAND DISTRICT

BRITISH COLUMBIA

Scale 1:50 000 Échelle

Miles 1 0 1 2 3 Milles

Metres 1000 0 1000 2000 3000 4000 Mètres

Yards 1000 0 1000 2000 3000 4000 Verges

FIG. 2

CLAIM MAP.

-S. of Creston
- downdip of Sullivan
Claims.
- nothing on claims

SUMMARY

The Aldridge Formation underlies 26,000 square kilometers in Southeastern British Columbia. This formation hosts the Sullivan, a 160 million tonne iron-lead-zinc sulphide orebody.

Exploration on the Aldridge Formation has not yet yielded another orebody similar to the Sullivan.

The major producer in the area has drilled approximately 30 holes outside the Sullivan Mine property. During the past 10 years some junior mining companies have conducted fairly aggressive drilling programs on the Aldridge. This drilling has resulted in some encouragement. However, "another Sullivan" has not yet been discovered.

The Aldridge Formation has been divided into the Lower, Middle and Upper map units. The Sullivan orebody occurs at the contact of the Lower and Middle units. This contact is referred to as the LMC by the Explorationists that work in the Aldridge Formation.

JON GROUP

In 1986, the JON Group, consisting of 19 units, was staked by the authour (Frank O'Grady).

The authour became aware of the potential of the area after staking of the SULLIVAN TWO by Frank Whiting. Mr. Whiting was attracted to the area as a result of reading the B.C.M.M. REPORT for 1929 p360 which contains the folowing description:

> J. E. Hayden and associates on the McKelvey claim in the same vicinity; prospecting by Angus Currie and associates, who staked four claims at the head of Long creek, following the discovery of a large quantity of float after a forest fire which burned over this area last fall. These claims are about 2 miles west of the Kootenay flats, Long creek being a small stream between Corn and Boundary creeks. The float is a milling-ore consisting of galena in a quartz gangue and the formation is probably Aldridge. A large granitic dyke is said to cross the ground from north to south. The owners intend to do some stripping to find the lead as soon as the snow goes off.

Long Creek has since been renamed Urmston Creek.

The presence of the Moyie Sill and the "Sundown Marker" place the formation underlying this area in the Middle Aldridge.

PROXIMAL EXPLORATION

The JON Group formed part of the SULLIVAN/DODGE Group from 1987 to 1992. However, there was no exploration conducted on the JON claims.

Exploration conducted on the SULLIVAN TWO claim group, up dip and 2000 meters West of the JON Group, has revealed a mineralized horizon containing Pb, Zn and Ag.

During 1990, 8 holes were drilled in the immediate area of the mineralized horizon. A summary of the drill holes is as follows: (table 3, section 7.2 and 8.0 from report on the SULLIVAN TWO PROPERTY by Terry Eldridge April 5, 1992.)

Table 3 - DRILLHOLE SUMMARY

Hole	Coordinates North	Coordinates East	Angle (°)	Azimuth (°)	Depth (m)	
90-S-01	0+64	0+80	-60	270	64.92	lost
90-S-02	0+07	3+28	-60	270	172.20	lost
90-S-03	1+50	6+20	-60	270	87.78	target
90-S-04	1+80	6+00	-60	270	211.22	stopped short
90-S-05	8+10	0+80	-60	270	95.40	target
90-S-06	7+80	1+00	-60	270	57.91	tourmaline fault
90-S-07	8+90	0+80	-60	270	129.53	target
90-S-08	7+50	3+60	-85	270	90.83	lost
TOTAL					909.79	

7.2 Mineralization

Base metal mineralization occurs in trenches and drillholes on the Sullivan Two. The mineralized horizon in the trenches occurs as a composite zone 5 to 6 metres thick comprised of highly oxidized balck manganiferous gossan, massive talc beds, and intermittent layers of coarse-crstalline carbonate rock. The gossan contains small amounts of silver and zinc. In some of the trenches masses of quartz carrying galena and sphalerite are exposed.

Marker matches indicate that the mineralized horizon occurs near "Kidd Time". Base metal mineralization on the Kidd/Star property northeast of Creston also occurs at this stratigraphic interval.

Drillhole 90-S-02 intersected a thin bed of tourmaline altered argillite with minor galena on the fractures at 76.2 m. The target horizon consisting of a manganese stained sediment with albite, chlorite, quartz, pyrite alteration was intersected from 142.3 to 145.0 m. Mineralization consisted of pyrite, pyrrhotite, galena and sphalerite.

Drillhole 90-S-05 intersected massive garnetiferous quartzite with minor galena from 43.8 to 45.0 metres. The highly oxidized and manganese stained target horizon was intersected from 14.3 to 17.3 m and consisted of talc/chlorite altered sediments with visually up to 10% galena and 3% sphalerite. Quartz/chlorite/garnet alteration and tourmaline alteration also occured in the horizon.

Drillhole 90-S-07 intersected a quartz vein with up to 10% blebs of galena at 66.8 m. A weakly chlorite altered siltstone with strong manganese stains on the fractures was encountered from 73.0 to 73.4m and visually contained up to 15% blebs of galena.

8.0 Conclusions

The 1990 exploration program carried out by Kali Venture Corp. consisted of an 8 hole 908 metre BQ diamond drilling program. The holes were targeted to intersect the mineralized stratigraphy between the projected graben flanking faults. Ground conditions seriously reduced the success of the drilling program. The BQ size drilling system was frequently not able to recover broken core and blocked. Four of the holes were lost or stopped before intersecting the target stratigraphy and two of the holes appear to have drilled into or through the northern graben flank and thus out of the target area.

The 1990 holes intersected typical Middle Aldridge quartzites, siltstones and wackes. Chloritic alteration of the siltstone beds is common, with garnet commonly occurring within the quartzite beds. Tourmaline is common near and within the projected graben bounding faults and consists of patchy zones and fragments of tourmaline in quartzites to massive black tourmaline totally obliterating the sedimentary textures of the altered rock. Base metal mineralization occurred in highly altered (chlorite, talc, albite, tourmaline, quartz, pyrite) sediments and consisted of disseminations and blebs of massive galena and sphalerite.

With the limited success of completing drillholes during the 1990 exploration program, the main stratigraphic target remains virtually untested. The next phase of exploration should consist of a geophysical survey within the flanking graben faults, trenching of shallow targets and a HQ size drilling program.

Geological mapping of the area indicates the mineralized horizon probably dips under the JON property, and is present at a depth of approximately 400 meters in the Northern portion of the property and at depths of 700 to 800 meters near the centre of the property. (see section A-A and section B-B)

CONCLUSIONS

The JON property is underlain by the Middle Aldridge while the Sullivan deposit occurs at the contact between the Lower Aldridge and the Middle Aldridge (LMC).

There are, however, some similarities between the mineralization exposed to the West and believed to dip into the JON property and the Sullivan deposit. The similarities are summarized in a report by G.P. Leask dated August 8, 1992:

1.0 INTRODUCTION

The Sullivan Two/Dodge property at Creston, B.C. hosts stratabound lead-zinc-silver mineralization in Middle Aldridge sediments. Geological mapping, soil geochemistry, trenching and drilling have traced the mineralized horizon for about 2000 metres.

Structurally the Sullivan Two/Dodge is similar to the Sullivan Mine at Kimberley, B.C. Distinctive geological elements associated with the Sullivan Mine and found at the Sullivan Two/Dodge are albite and tourmaline alteration, growth fault pattern, fragmentals and a peripheral lead, zinc and silver apron.

Mineralization on the Sullivan Two/Dodge closely follows the mountain slope and probably forms a sheet at shallow depths beneath the surface. Lead, zinc and silver mineralization has been found at several points along the trend of the horizon. Visible mineralization consists of galena and sphalerite grading to 4.99% lead, to 1.46 zinc and to 130 gram/tonne silver. Surface exposures of the mineralized horizon in trenches are highly oxidized and leached, obtaining a true thickness of 6 metres. Fragmentals, tourmaline and albite alteration are concentrated around growth faults along the south and centre of the property. Exploration in 1991 consisted of geologic mapping and hand and machine trenching across the mineralized horizon.

There are also similarites between the geology underlying the JON property and the KIDD/STAR property situated in the same area. This similarity is summarized in a report by T.L Eldridge dated April 5, 1991:

Kidd/Star Property

The Kidd/Star property located about 17 km northeast of Creston is currently being explored by Kokanee Explorations and Barkhor Resources. Work to date has identified a stratiform base metal deposit in Middle Aldridge sediments within an east-west trending structure. Sullivan type geological elements include tourmaline and albite alteration, tourmaline breccias and fragmentals. Bedding parallel lead/zinc mineralization has been encountered in drill holes with grades to 12.2% lead, 0.7% zinc and 3.2 oz/ton silver over 13 feet. Disseminated, vein and bedding parallel base metal mineralizatiou occurs within highly altered Middle Aldridge sediments over a stratigraphic interval of about 1000 feet. This interval is above the "Sullivan Time Horizon" and is referred to as "Kidd Time" based on the stratigraphically closest marker horizon.

MAGNETICS

There is a low intensity magnetic high anomaly associated with the Sullivan deposit.

In the vicinity of the JON property there is a slight magnetic low underlying a portion of the drainage of Urmston Creek.

It is the opinion of the authour that a low intensity magnetic high anomaly would be masked by the presence of a large granite intrusive situated Southwest of the JON property. Therefore, the JON property is situated on the flank of a large magnetic high that would mask a subtle low intensity magnetic high anomaly. However, a ground magnetic survey may detect a subtle low intensity magnetic high.

OPTION AGREEMENT

The authour wishes to option the property. An outline of the desired agreement is as follows:

Year 1	- installation of cut grid (approximately 30 kilometers). - Geological mapping. - Soil sampling (approximately 400 samples). - Magnetometer survey. - Horizontal loop or UTEM if considered useful after mapping and geochem survey.
Year 2	- 2000 feet of drilling. - $5000 payment on first anniversary.
Year 3	- 6000 feet of drilling. - $10,000 payment on second anniversary.
Year 4	- Work depending on results and at discretion of optioner. - $15,000 payment on third anniversary.
Year 5	- Work depending on results and at discretion of optioner. - $20,000 payment on fourth anniversary.

On fifth anniversary a total buy out for $5,000,000 or 3½% NSR for the life of the mine. If the property is not in production and the buy out clause not exercised a payment of $100,000 per year adjusted to inflation after each 5 year period. The buy out price can be exercised before the fifth anniversary by discounting the buy out price at average Bank of Canada interest rate for the preceeding 12 months.

If the optioner wishes to terminate the agreement at any time before the fifth anniversary the property will be returned to the optionee with an additional 3 years assessment work filed and the property in good standing.

Reports, drill logs, and maps are available for examination at the author's residence in Kimberley, B.C.

The authour's address:

Frank O'Grady
587 Wallinger Ave.
Kimberley, B.C.
V1A 1Z8

phone (604)427-5670

REFERENCES

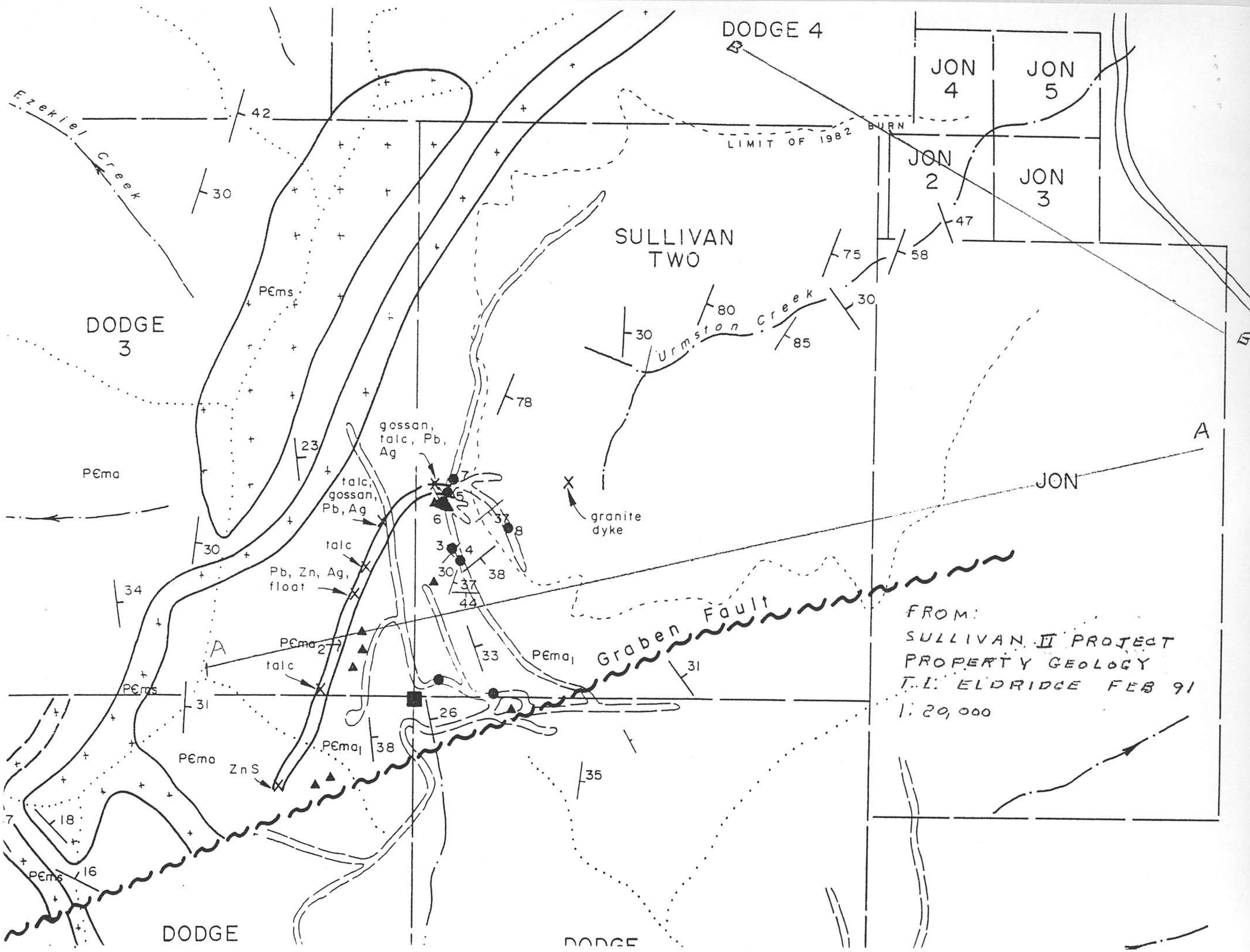
1. REPORT ON THE SULLIVAN TWO PROPERTY FOR WHITE KNIGHT RESOURCES LTD. April 5, 1991 by T.L. Eldridge

2. REPORT ON THE SULLIVAN TWO/DODGE PROPERTY August 8, 1992 by G.P. Leask

3 MINERALOGICAL ASSOCIATION OF CANADA SHORT COURSE HANDBOOK VOLUME 8, May 1983.

4. B.C.M.M. ANNUAL REPORT FOR 1929 (p C 360)

5. MAP 8475G CRESTON SHEET 82F/2 AIRBORNE MAGNETIC SURVEY



DODGE 4
JON 4
JON 5
JON 2
JON 3
Ezekiel Creek
42
30
LIMIT OF 1982 BURN
SULLIVAN TWO
47
58
75
30
80
85
Urmston Creek
DODGE 3
PЄms
30
78
PЄma
23
gossan, talc, Pb, Ag
talc, gossan, Pb, Ag
talc
Pb, Zn, Ag, float
granite dyke
A
JON
30
34
37
38
44
33
PЄma₂
PЄma₁
Graben Fault
talc
31
26
38
35
ZnS
18
16
DODGE
DODGE
FROM:
SULLIVAN II PROJECT
PROPERTY GEOLOGY
T.L. ELDRIDGE FEB 91
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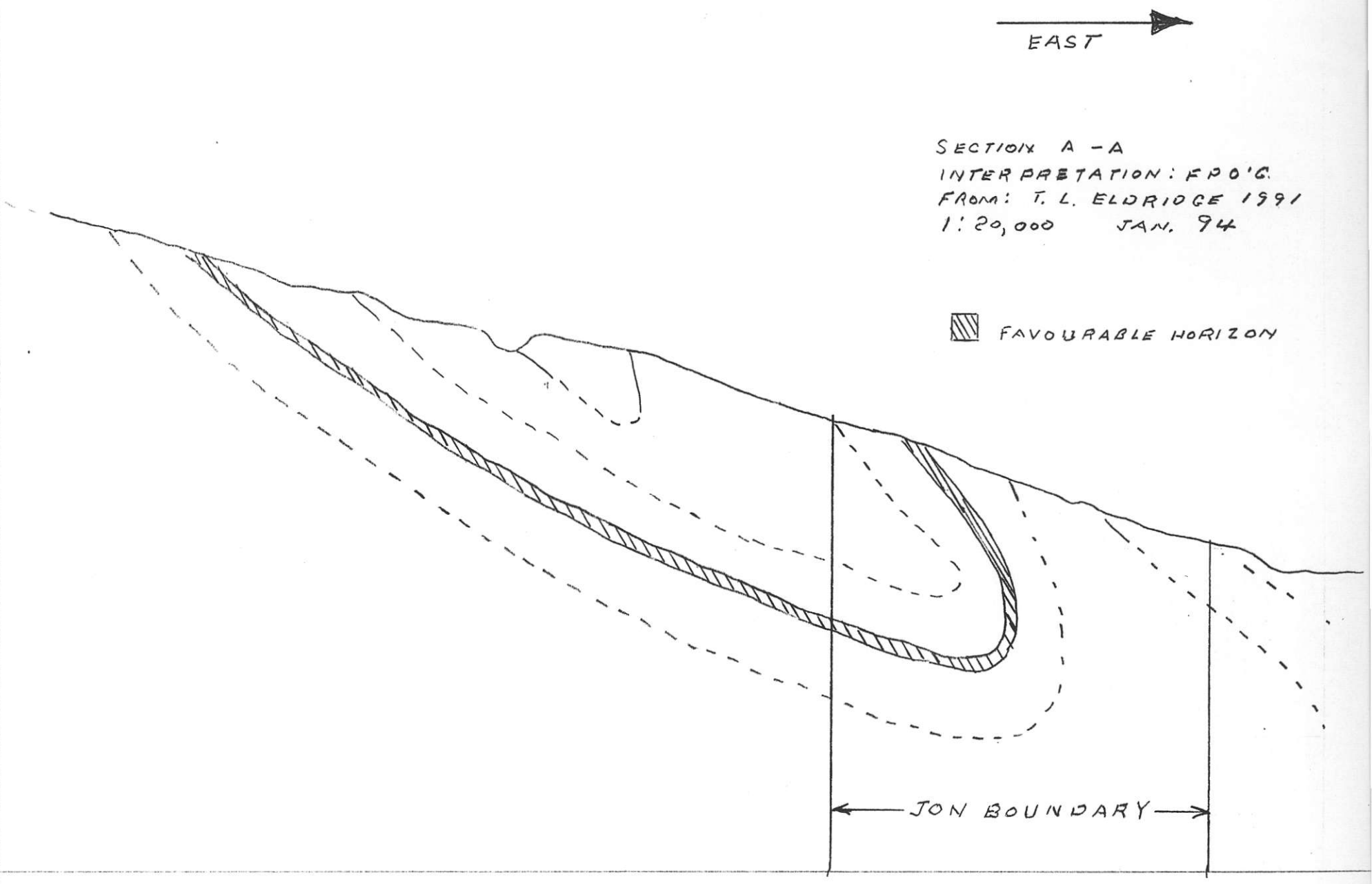
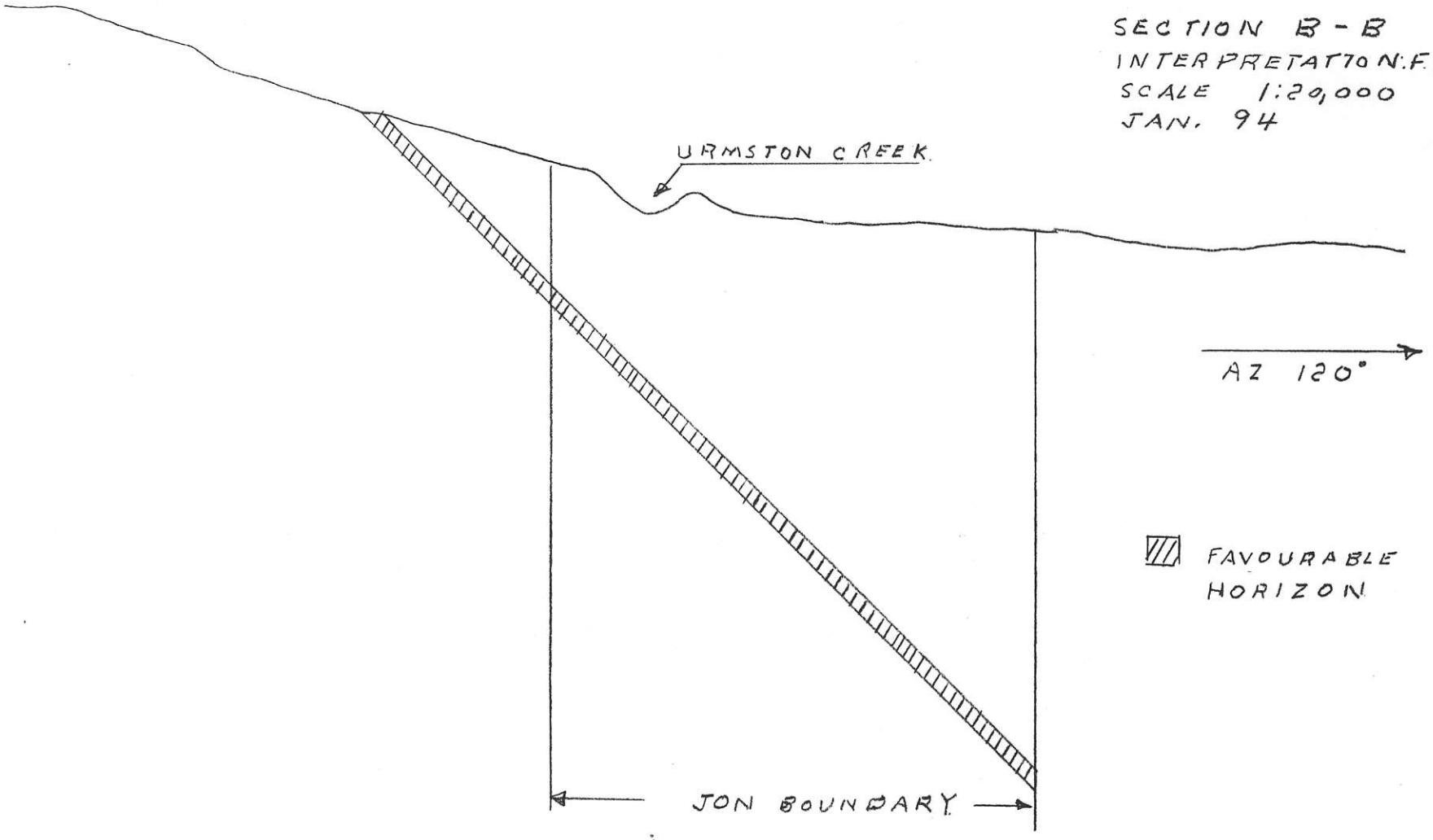

EAST
SECTION A - A
INTERPRETATION: F P O'C.
FROM: T. L. ELDRIDGE 1991
1: 20,000 JAN. 94
FAVOURABLE HORIZON
JON BOUNDARY

SECTION B - B
INTERPRETATION: F.P.O'G
SCALE 1:20,000
JAN. 94



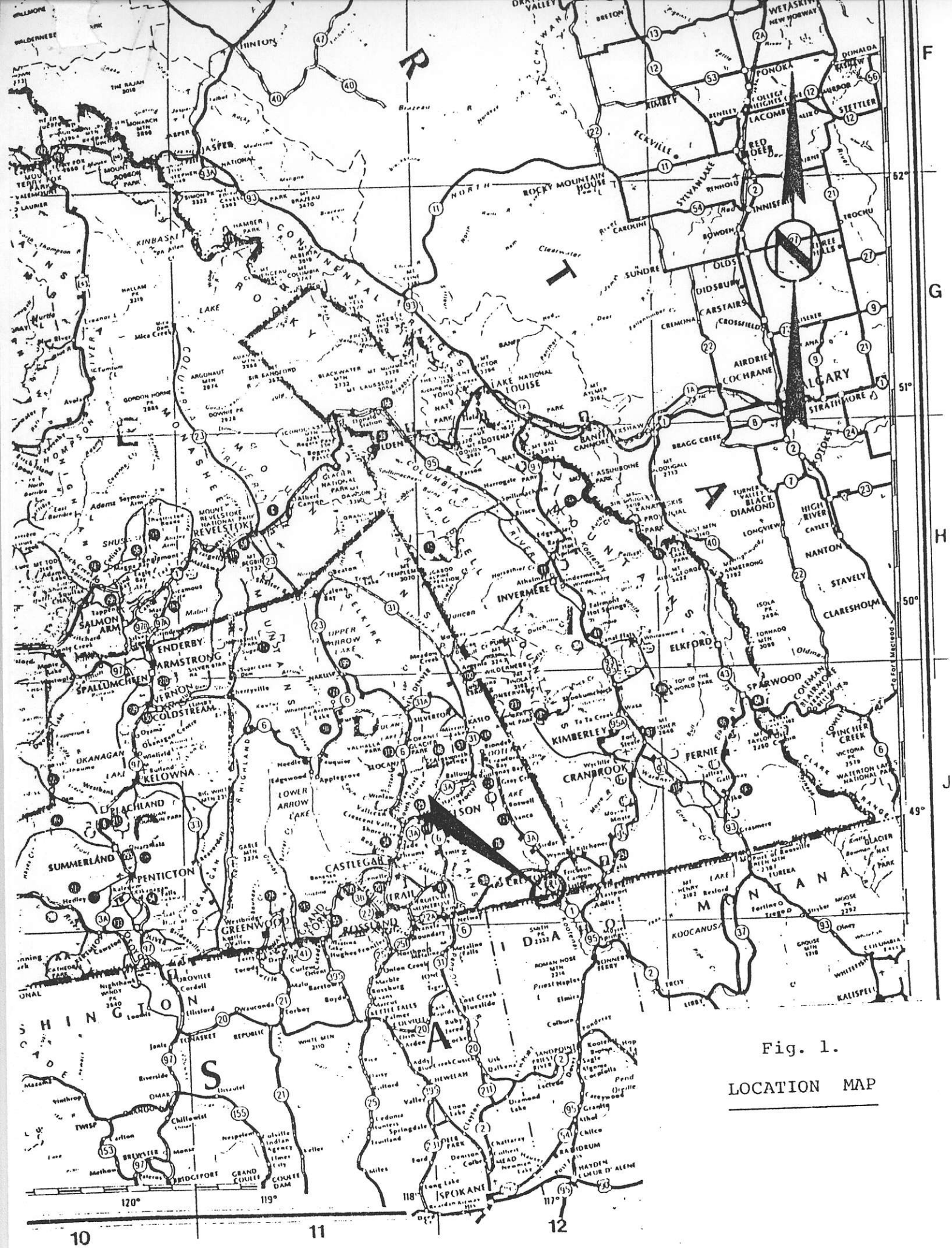


Fig. 1.

LOCATION MAP