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July 9, 1991

Kettle River Resources Ltd.
Dentonia Resources Ltd.
P.O. Box 130
Greenwood, B.C.
VOH 1J0

Attention: George Stewart

Re: Second Quarterly Progress Report - Rainbow-Tam O'Shanter Property

Dear George:

Here is a brief report on the progress of the Rainbow - Tam O'Shanter property for the most recent quarter.

Field work was begun in April with the cutting of approx. 20 line kilometres of grid in the Midway area (referred to as the Rain91 grid) and 20 line kilometres in the Tam O'Shanter area (referred to as the Tam91 grid). During May and June VLF-EM, magnetometer and soil geochemical surveys as well as geological mapping and sampling were conducted over the entire grid area. Induced polarization was conducted over selected lines.

Although several linear N-NE S-SW conductors were delineated in the Rain91 grid area, geological mapping and sampling did not reveal any significant areas warranting more detailed inspection. Only one anomalous rock sample result was returned (655 ppb Au) from a 1 m² exposed hornfels zone. Soil sampling over this area returned no anomalous values. Examination of the soil profile in this area has shown it to be very poorly developed and only selected lines have been analyzed as a test for soil geochemical response. Listwanite alteration of serpentinite has

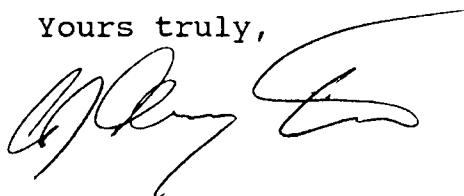
been extended to the south-east. The remainder of the grid was found to be underlain primarily by the Tertiary Marron and Kettle River formations.

Mapping of the Tam91 grid has outlined a small porphyry-type system that has been mentioned in past reports by Jim Fyles and companies such as Utah Mines. In the past this area has seen a total of at least 26 drill holes with no significant values of Au reported. A zone of chlorite/magnetite outlined by the 1990 airborne geophysical survey has been delineated further by the ground magnetometer survey. Induced polarization has outlined a number of small, generally weak chargeability highs in the grid area. One particularly strong chargeability is explained by a zone of very fine grained pyritic argillite.

The third quarter will see refinement and development of anomalous areas to the drilling stage, scheduled for later this summer.

Should you have any questions, please call myself or Ian Pirie in Vancouver.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cam Clayton', with a long, sweeping horizontal stroke extending to the right.

Cam Clayton
Geologist

MEMORANDUM:

DATE: July 5, 1991
TO: Ross Weeks.
FROM: Dave Heberlein.
COPIES TO: Alex Davidson, Ian Pirie, ✓Cam Clayton.
SUBJECT: **MONTHLY REPORT - JUNE 1991**
BRENDA JV.

General:

In Greenwood, the porphyry Cu-Au system in the **Tam O'Shanter** area continues to look good. Large Cu-Au soil and rock anomalies with coincident mag and chargeability highs occur in a highly altered and variably mineralized diorite intrusion. The porphyry style mineralization occurs over an area of about 1500 by 500m.

Best mineralization to date occurs at the southeast corner of the grid. Here, the diorite is intensely altered to chlorite and magnetite over an area of 500 by 400m. Finely disseminated chalcopyrite occurs throughout this zone. The alteration and mineralization are outlined by a coincident 5ms chargeability anomaly and a 2,500 gamma magnetic high. Soils from the area are anomalous for Cu (to 780 ppm) and Au (to 150 ppb). Chip samples collected from exposures of the mineralization returned values of up to 2104 ppm Cu and 610 ppb Au. The zone is open to the east and south onto the Sam and Wild Rose claims. This is now the primary target on the property.

An option agreement has been drafted between Minnova and Randsberg Gold Corporation for the **Wild Rose** and **Sam** claims that adjoin the Tam O'Shanter property to the east. These claims cover the east and south continuations of the porphyry Cu-Au system. Under the agreement, Minnova can earn a 70% interest in the

properties by spending \$300,000 on exploration and \$83,000 in option payments by July 1st, 1993.

Work planned for July will focus on the Sam and Wild Rose claims. The Tam grid will be extended 1.5km to the east to cover extensions of the porphyry mineralization. Soil sampling, mag and IP surveys will be done as soon as possible. In addition to the field work, an updated compilation of the Tam area will be done to incorporate 1960's and 1970's vintage drill data which has just come to light.

We anticipate drilling the Tam area by mid-August.

Results of the grid work in the Midway area have now been interpreted. No significant mineralization or geochemical anomalies are present. No further work will be done in the area. I recommend that we terminate the Midway Option.

Athelstan-Jackpot:

Drilling on **Athelstan-Jackpot** concluded early in the month. Results were not encouraging. Six holes were drilled (YTD 945.7m) to test for economic mineralization at the basal thrust contact. Well developed listwanite was intersected by five of the holes. Unfortunately, no significant gold was detected in the system. The drill program effectively tested the most promising targets with no success. Therefore, the option has been terminated and the claims returned to Chris Diakowski.

Property Examinations and Submittals:

The following properties were looked at in June:

Carmi: - Au/Ag vein near Beaverdell Camp. Target too small
- Declined.

Man/Prime - Porphyry Cu-Au in Nicola near Aspen Grove. -
Evaluation in progress. Possibilities.

**BRENDA – MINNOVA JOINT VENTURE
SUMMARY**
To June 30th, 1991

PROJECT	DRILLING		WORK IN PROGRESS / COMMENTS	EXPENDITURES		PROJECT BUDGET	PROJECT BALANCE
	Month	YTD		month	YTD		
<i>L Chance</i>	(m) -	(m) -	inactive	0	2.6	100.0	97.4
<i>Richter</i>	-	-	inactive	0.0	2.8	25.0	22.2
<i>General</i>	-	-	evaluating Lightning Peak and Moffat Creek areas. Agreement on Wild Rose in prep	3.2	30.6	50.0	19.4
<i>Rainbow</i>	-	-	porphyry system expanded. Adjacent ground to be acquired	29.1	94.4	275.0	180.6
<i>Athelstan</i>	731	946	Technical success! Listwanite confirmed but gold values low. Option terminated	44.9	73.2	110.0	36.8
<i>Other</i>	-	-	yet to be finalized. Man/Primer??	0.0	1.2	275.0	273.8
TOTAL(m)	731	946		77.2	204.8	835.0	630.2

All expenditures are in \$000's

Figures may vary slightly from accounting department official figures