SCOTIA MASSIVE SULPHIDE PROPERTY

830109

BRITISH COLUMBIA, CANADA

The Scotia prospect is owned by Falconbridge Limited and is located approximately 40 km from tidewater in costal British Columbia. Access is by helicopter. Logging roads are present nearby in the valley floor. The claims are underlain by rugged topography.

The property was discovered by Falconbridge in 1958 during a regional exploration program. In 1960, 10 holes (570 m) were drilled indicating 30,000 to 50,000 tons grading 20% Zn and 2% Pb. In 1980, seven holes (960 m) were drilled and reserves were estimated at 87,000 t grading 11.8% Zn, 1.3% Pb and 20.6 g/t Ag. In 1981, 4 more holes (1,104 m) were drilled and down hole pulse EM surveys were conducted. In 1987, geophysical and lithogeochemical surface surveys were conducted with encouraging results.

At this time, Falconbridge was unable to permit the Catface open pit copper mine in Clayquot Sound. Falconbridge subsequently stopped their exploration projects in British Columbia and relocated it's exploration office elsewhere in Canada, citing as a rational, unfavorable government policies at the time for mining investment in the province.

Money (Falconbridge, 1989) summarizes as follows; "Previous drilling tested the Scotia deposit, a volcanogenic massive sulphide occurrence, and outlined drill inferred reserves of 187,000 tonnes grading 11.8% Zn, 1.3% Pb, and 20.6 g/t Ag with 21 drill holes having an aggregate length of 2634 metres. An evaluation of the available data indicates that a 2000 metre drill program, should be conducted in conjunction with geologic mapping and prospecting."

A subsequent fill-in drill program was then conducted for Andaurex Resources Inc. which largely verified Falconbridge's results but the option was eventually allowed to lapse due to lack of interest and no further exploration work has been conducted on the claims since that time.

The Scotia deposit lies on the western limb of a northerly striking broad anticline and is hosted in a series of mixed mafic and felsic gneisses and amphibolites intruded by gneissic diorite and late pegmatite and diorite dykes. These rocks are thought to be higher metamorphic grade equivalents of the metavolcanic sequences (Qaal metamorphic complex) hosting volcanogenic massive sulphide deposits (VMS) at Ecstall in the souther portion of the belt.

At the Main Showing, massive blackjack sphalerite containing disseminated galena outcrops in a large surface showing on a steep oliff face. The massive sphalerite is slightly

dislocated and intruded by a late Paleocene Pegmatite dyke swarm, typical of the border margin of a nearby pluton, and by folding.

Mineralization consists of semi-massive to massive sphalerite, galena and pyrite and has been intersected in approximately 32 drill holes during four programs in a zone extending for approximately a 200 m strike length and 50 m down dip over a vertical elevation range of 125 m. The thickest massive sulphide section (up to 18 m) has been described as a "pod" with several thin sulphide horizons proximal to the pod. The pod has continuity of thickness and grade down the shallow plunge of the zone (thought to be controlled by the hinge line of an isoclinal fold) and is open to the north. Geophysical anomalies occur on the open northern plunge projection of the zone as well as surface barite occurrences (accessory mineral associated with VMS exhalite horizons).

Although metamorphosed and deformed, the Scotia property represents an important localization of economic grade base metal massive sulphide mineralization within a geologic belt thought to contain other VMS occurrences. Because these types of deposits tend to occur in clusters, it is possible that other sulphide bodies exist on the property where gossans, barite occurrences and geophysical anomalies provide targets for follow up exploration.

Future recommended work would include detailed mapping, prospecting and additional geochemical sampling (particularly along the northern extension and along the eastern fold limb) accompanied by geophysics closely followed by exploration drilling of the down plunge extensions of the known zone and of any newly generated targets. For discussion proposes, a Phased program with budgeted expenditures of approximately $100,000 in the pre-drill stage followed by $400,000 of diamond drilling in each of the first two years is suggested.

The Scotia base metal massive sulphide prospect represents an attractive exploration opportunity in a belt that contains numerous VMS targets which have been already identified by other companies and where drill programs have been recently carried out. The Scotia prospect contains the largest identified resource of VMS base metal (zinc, lead) mineralization found to date in this belt. Regionally, prospects are considered excellent for the discovery of additional showings following up previous preliminary work aided by the application of modern regional geochemical and geophysical methods thereby potentially developing the belt into an emerging regional exploration play.

The Scotia property warrants additional investigation. The property is a fairly advanced exploration project and is currently available at a depressed price in an area in the country where interest in mining exploration shows signs of becoming revitalized in the near future.

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Arne O. Birkeland, P.Eng.

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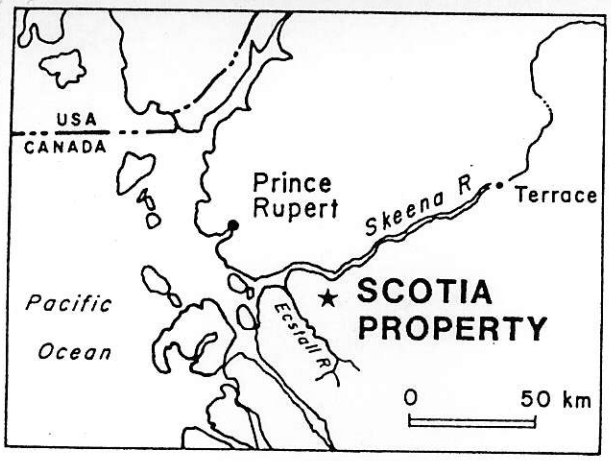

LEGEND

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L.C.P.

SCOTIA 2

SCOTIA 1

1987 GRID

ALBERE 1-4

SCOTIA
DEPOSIT

Scotia Creek

0 1 km

SCALE 1 : 25,000

FALCONBRIDGE LIMITED

SCOTIA PROPERTY

1987 PROPERTY EXPLORATION

Date: Jan. 1988