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TO: MR. KEN SWAISLAND Fax: 604-685-2426 (4 pages)
MR. ANDY SCHWAB 250-764-7606

RE: PRELIMINARY COMMENTS - FALCONBRIDGE SCOTIA PROPERTY

As per your request, I am providing some initial comments and observations regarding the merits of the Scotia property. I will be involved in a property examination in the Kamloops area all day Friday but will call Mr. Schwab on my arrival in Kamloops about 8:30 A.M. In the event this does not work out, I will be back in Victoria tomorrow evening and will be at the above number the balance of the weekend.

Herewith are some of my preliminary comments:

Property Location, Access, Infrastructure

The Scotia property is situated 10 km south of Skeena River and some 50 km southeast of Prince Rupert in the north coast region of British Columbia. Access is currently by helicopter from Prince Rupert; provincial highway 16 and the CN railroad follow the north shore of Skeena River. Logging activities south of Skeena River have included the Scotia River and tributary valleys and a logging road, apparently active in 1984, extends to within a few kilometres of the eastern property boundary. This road, which originates at a barge landing at the mouth of Scotia River, could be extended to the area of the exposed mineralized zone. In 1984, the cost of such an extension was estimated to be in the order of $750,000.

The terrain is typical of the north coast region and is moderately rugged in part. Elevations within the southern claims area range from 1,000 to 3,800 ft. above sea level. The main mineralized zone is exposed on a 30 degree slope at an elevation of about 2,800 ft.

The property location is considered to be reasonably good, considering proximity to tidewater and existing infrastructure.

Mineral Property

The Scotia property consists of six mineral claims (30 mineral claim units) owned by Falconbridge Limited. Government records show the claims to be in good standing until mid-1997.

Past Work

The exposed massive sulphide mineral zone was discovered by Texas Gulf Sulphur Company in 1958. Between 1960 and 1987, various exploratory programs undertaken by Texas Gulf and successor companies (Kidd Creek Mines and Falconbridge) and one unrelated company (Andaurex) have included surface surveys and four drilling campaigns consisting of 3406 metres (11,170 ft.) in 32 holes.

Documented costs of these programs, recast in present day dollars, amount to $1.27 million.

Property Potential

The exposed massive sulphide zone consists principally of sphalerite (zinc sulphide) and lesser galena (lead sulphide) plus iron sulphides (pyrite, pyrrhotite) and some copper sulphides. The geological setting is typical of volcanogenic massive sulphides; the zone is hosted by intensely deformed felsic metavolcanic rocks close to a mafic metavolcanic contact.

Drilling to date has identified a resource of 206,000 tons with an average grade 11.8% zinc, 1.3% lead and 0.6 oz/ton silver. Reported gold values (incomplete) range from 0.002 to 0.047 oz/ton and copper grades (again, only partial analyses available) are extremely variable, ranging from less than 0.10 to 0.70% and averaging perhaps 0.15%. Reported drill intercepts range from 7.2 to 60 ft. and appear to average 15 ft.

The reported average grade has an in situ gross value per ton of C$168 at current metal prices with zinc accounting for +90% of the value. Available data suggests some possibilities for additional credits from copper and gold.

The partially drilled zone containing the current indicated resource is open along a flat plunge to the north. Tight

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folding of the zone and enclosing rocks suggests good potential for parallel sulphide zones and there are a number of untested geophysical and geochemical targets elsewhere on the property.

Deposits of this type are known to occur in clusters - examples include the numerous deposits of variable size which have been mined at the Westmin operation on Vancouver Island over the past 30 years.

Environmental Aspects

No apparent problems in this regard - active logging has been underway in the lower reaches of Skeena River for a number of years and both Terrace and Prince Rupert are resource-based communities.

It should be noted however that this style of mineralization, with its high sulphide content, has the capacity for acid rock drainage but various measures can be taken to mitigate against this.

Falconbridge has undertaken reclamation of camp areas and drill sites over the past few years. Reclamation bonding with Mines Division would be required for any planned exploration work.

Like most parts of British Columbia, it is quite possible that this area is subject to one or more Native Land Claims - potential impacts are not currently known.

The Deal

The following outline is my assessment of the proposed terms:

Cash Payments

Falconbridge	Arnex	Total
Down - $10,000	$15,000	$25,000
Yr. 1-5 - $390,000	$185,000	$600,000

Combined down payment ($25,000) plus escalating payments over 5 years are considered reasonable.

Work Commitments

Yr. 1 -	$250,000	Arnex to carry out work
Yr. 2-6	$4,750,000	@ cost +15%
	$5,000,000	

- A reasonable amount of flexibility here -

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Net Smelter Royalty

Falconbridge	Arnex
2% - no buyout	1% - $1 million buyout

Not unreasonable - it would be nice to have a buyout on the Falconbridge NSR but I can understand their position.

Other Aspects

Back-in provision after $5 million expenditure- 3x ($15 million) to earn 51% is good protection for both parties

Promissory note re share purchase- I can't offer a comment on this - it's really a matter between Arnex and Bishop

Stock Purchase Warrants - with the indicated premiums, this is a plus for Bishop.

In summary, the proposed terms appear to be reasonable and in line with other mineral property agreements.

Current Value of Property

Past property expenditures of $1.27 million would retain most of their value in view of the potential indicated. The indicated resource would also have some value - I would suggest a total value of twice the expenditures to date or $2.5 million.

It is worth noting here that work to date indicates that zinc is the main commodity of interest. There is nothing wrong with this provided significant tonnages of good grade (+10% zinc) could be established. Zinc prices have relatively steady at $US0.50/lb over the past three years.

Exploration Approach

While the annual work commitments in the proposed deal allow for a fair degree of flexibility, I would suggest that a first year expenditure of between $0.5 and $1 million would be in order and would ensure a good assessment of the actual property potential.

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