Summary - Mesabi Project

Quesnel Terrane Volcanogenic VMOS - Besshi VMS Project

-VMOS Gold and Besshi polymetallic massive suphide project targetting Au-Cu.

- 4 properties, 52 claim units (1,300 hectares).

- hostrocks are Upper Triassic Nicola Group "back-arc" submarine mafic volcanic and clastic sedimentary rocks in Quesnellia Terrane.

- Quesnellia Terrane is similar in age and metallogenic environment to Stikinia and Alexander Terranes in the Coast Mountain Ranges of B.C. and Alaska and the interior plateau of B.C. and Washington where some large Besshi-type Volcanogenic Massive Sulphide deposits and important VMOS-type gold deposits occur. For example:

Republic Deposits:	-946,000 oz. contained gold in Lamefoot, Overlook, Key West and Key East orebodies.
Windy Craggy:	-200 million tonnes @ 1.6% Cu, 0.1% Co, 3.5 g/t Ag, 0.2 g/t Au.
Anyox:	-25 million tonnes @ 1.5% Cu, 9.2 g/t Ag, 0.2 g/t Au.
Granduc:	-25 million tonnes @ 1.5% Cu, 8.2 g/t Ag, 0.13 g/t Au.

-geophysical surveys (airborne and ground VLF-EM, EM and magnetic) suggest the presence of semi-massive to massive sulphides on all properties.

-Strong Cu, Zn and Au-in-soil anomalies suggest the presence of base and precious metals beneath overburden-covered areas co-incident with the geophysical anomalies.

-Au and Cu showings on the properties - 11.3g/t Au across 2.2 metres on Moffat and 1.67% Cu across 4.5 metres in a drill hole on Mesabi.

-all properties are road accessible.

-drill targets will be defined with little or no additional work - some induced polarisation work is recommended over proposed drill sites to optimise the location of the diamond drill holes.

- little or no drilling has been completed to date on the properties, with no diamond drilling on the targets recommended for drilling.

Moffat Creek (082LSW007)

-18 claim units (450 hectares), located 19 kilometres north-northwest of Vernon.

- Zn-Au showing with stratabound characteristics near volcanic-sedimentary contact in Upper Triassic Nicola Group mafic volcanic rocks and argillites.

- 11.3 g/t Au across 2.2 metres in a channel sample associated with pyrite, pyrrhotite and sphalerite in "East showing".

- adit and two short drill holes at the "East showing" did not encounter mineralisation which appears to be downfaulted northward from the main Au and Zn soil and EM anomalies.

- strong concordant EM anomalies (to 420 siemens) associated with magnetic anomalies and soil anomalies 100 metres southeast of "East showing".

- 1,000 metre long untested conductive zone located 230 metres south of the Zn-Au showing with co-incident zinc-in-soil anomaly of up to 1360 ppm .

- gold-in-soil anomalies to 740 ppb partially co-incident with zinc anomalies and EM conductors:.

Mesabi (092INE096)

- 20 claim units (500 hectares), located 26 kilometres northeast of Kamloops.

- Cu showing and drill intersection hosted in "back-arc" facies mafic volcanic and calcareous pelitic sedimentary rocks of the late Devonian to late Permian Harper Ranch subterrane or the Upper Triassic Nicola Group.

- stratabound "skarny" massive sulphides and magnetite with drill-hole assays of up to 1.67% Cu across 4.5 metres and 30% Fe across 10.8 metres.

- never tested for gold.

- excellent Cu-in-soil anomaly,1.4 kilometres long with strongest portion (up to 1400 ppm Cu) located 900 metres north of the old drilling. A limited re-sampling program obtained highly anomalous Cu-in-soil to 2003 ppm and 580 ppb Au associated with EM conductors.

- AEM conductor of 2.3 and 1.3 siemens and co-incident magnetic anomaly associated with geochemical anomaly.

Oleen (082LSE023)

- 8 claim units (200 hectares), located 30 kilometres north of Lumby.

- volcanogenic massive sulphide environment in metamorphic rocks derived from "back-arc" lithologies of either the Upper Triassic Nicola Group or the Paleozoic Eagle Bay Formation.

- Cu-in-soil anomaly 800 metres long, ranging up to 1420 ppm Cu.

- chalcopyrite showings in sheared and metamorphosed mafic rocks.

- weak conductors associated with a magnetic depression extend northeast from the Cu showings towards the geochemical anomalies - unfortunately the results of the airborne EM survey are obscured in the area of a power line, however an induced polarisation survey should define a drill target.

Blair Creek (082LNW073)

- 6 claim units (150 hectares),located 7.5 kilometres north of Falkland.

- hostrocks are Upper Triassic mafic volcanic and black pelitic hostrocks of the Nicola Group with Tertiary basalts capping the plateau surface above the anomalies.

- 7 km.north of and at the same volcanic-sedimentary contact as the Falkland volcanogenic gypsum-anhydrite mine.

- 1.4 kilometre long Cu-in-soil anomaly with values up to 8,350 ppm Cu.

- no diamond drilling to date on the property -- 15 vertical percussion holes encountered wide low-grade copper to 2925 ppm, however structural dips are steep to vertical.

- airborne EM-magnetic survey detected weak EM responses near the Cu-in-soil anomaly at the southwestern edge of a 1.5 km. magnetic anomaly - these could be a reflection of a pyritic VMS deposit lacking pyrrhotite.

- induced polarisation surveys on lines subparallel to stratigraphy outlined several anomalous sections (to 69 milliseconds) co-incident with the anomalous soil geochemistry. Lines perpendicular to stratigraphy are required to define drill targets.

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TO: KEN DAUGHTRY (4 pages)

FROM: NICK CARTER

RE: VERNON AREA

Ken:

Sorry for the delay in getting back to you. I have been unsuccessful in locating the paper re Falkland gypsum but will keep looking and will send it along if I find it in the next couple of days.

I am enclosing a summary of Moffat Creek and two others in the Vernon area as prepared by Ron McMillan. The fourth property, at Heffley Lake (Mesabi), north of Kamloops, is currently under option to Echo Bay.

Both Ron and I want you to feel free to use any of the data, or for that matter, ignore it if you wish. Ron suggested that we negotiate a deal on Moffat Creek with you since you may be able to get around our apparent access problems with the local native group.

I trust you and Bob Thompson will lead a most interesting field trip next week - I'm sorry I will be unable to take part - Mexican reports!

Cheers,

Nick