

N.C. CARTER, Ph.D., P.Eng.

830613

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

December 19, 1986

Mr. T.E. Kirk
President
Kilo Gold Mines Ltd.
210 - 26 Bastion Square
Victoria, B.C.
V8W 1H9

Dear Mr. Kirk:

Re: Skylark-Ranger Property
Slocan Mining Division
British Columbia

I have reviewed a report on the Skylark-Ranger property prepared by R.D. Kregosky, B.Sc., FGAC, and dated November 25, 1986. The following comments and suggestions are based on a review of exploration results to date and on a previous report prepared by the undersigned March 22, 1986.

The Skylark-Ranger property includes a persistent gold-silver bearing vein system which has been traced by geochemical surveys and old trenches and adits over an apparent strike length in excess of 1300 metres. The quartz vein, mainly restricted to a linear roof pendant of altered Slocan sediments within Nelson granitic rocks, strikes east-northeast and dips moderately north over much of its known strike length. Near its eastern limits, the vein system strikes northerly and dips steeply west.

Exposed vein widths vary from 15cm to more than 1 metre. Good gold and silver values are contained in the central part of the vein structure near the mutual boundary of the Skylark and Ranger Crown granted mineral claims. Weighted average grades of four chip samples over a 40 metre strike length extending east from Trench 7 (Figures 4 and 5, Kregosky report) are 0.721 oz/ton gold and 10.33 oz/ton silver over an average width of 0.36 metres. In the vicinity of Adit 1 (Figures 4 and 5) some 150 metres east, four chip samples over a 60 metre strike length yielded weighted average grades of 0.135 oz/ton gold and 64.20 oz/ton silver over an average width of 0.23 metres. Two grab samples, collected from the area between Trench 7 and Adit 1 yielded values of 0.438 and 0.480 oz/ton gold and 10.08 and 24.74 oz/ton silver.

As previously noted, anomalous geochemical values in soils for silver, lead and zinc have traced the roof pendant of altered sediments and contained quartz vein structure over an apparent strike length of 1300 metres (Figure 6, Kregosky report).

Good gold and silver values were obtained at a caved adit near the western limits of the structure and a parallel zone with anomalous silver, lead and zinc values in soils was identified in the northwestern part of the property (Figure 6).

While of narrow width, the quartz vein structure contains appreciable gold and silver grades and has a demonstrated strike continuity. Additional investigation of the property is warranted as recommended by Mr. Kregosky. Some modification of the proposed program is recommended as follows:

- (1) The electromagnetic survey, Phase I of the proposed program, is considered to be of limited value in assessing the down-dip extent of the vein structure. A more restricted EM survey should be directed to defining the apparent zone of flexure at the east end of the structure where greater vein widths may be developed. The balance of Phase I work could be directed to better exposing the structure on surface by way of drilling and blasting and possibly mechanical trenching.
- (2) It is recommended that Phase II diamond drilling be divided into two 1000 metre phases. The initial phase could be carried out using a drill rig positioned by helicopter. Pending receipt of encouraging results, road access could be considered for the second drilling phase.

It is anticipated that the modified program could be carried out within the framework of expenditures proposed by Mr. Kregosky.

Respectfully submitted,

N.C. Carter, Ph.D. P.Eng.

CERTIFICATE

I, NICHOLAS C. CARTER, of 1410 Wende Road, Victoria, B.C., do hereby certify that:

1. I am a Consulting Geologist registered with the Association of Professional Engineers of British Columbia since 1966.
2. I am a graduate of the University of New Brunswick with B.Sc. (1960), Michigan Technological University with M.S. (1962) and the University of British Columbia with Ph.D. (1974).
3. I have practised my profession in eastern and western Canada and in parts of the United States over the past 25 years.
4. This letter report is based on a review of a report on the Skylark-Ranger property prepared by R.D. Kregosky, dated November 25, 1986, on a report prepared by the undersigned dated March 22, 1986, and on a field examination of the property September 25, 1985.
5. I have no interest, direct or indirect, in Kilo Gold Mines Ltd. or in the Skylark-Ranger mineral claims.
6. Consent is hereby given to use this letter in support of a prospectus or Statement of Material Facts to be submitted to the Alberta Securities Commission and the Alberta Stock Exchange.

N.C. Carter, Ph.D. P.Eng.

Victoria, B.C.
December 19, 1986