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Mr. George Heard, P.Eng.  
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Fax: 257-3650 (2 pages)

Dear Mr. Heard:

**Re: TATSI Property**

The following comments are based on an examination of parts of the subject property between July 12 and 14.

Main Zone

Will Tompson's geological mapping and several recently blasted trenches indicate that the several zones (Upper, Main, Lower West and Lower East) suggested by 1994 preliminary work are in fact all part of a single vein system which apparently strikes east-northeast and dips at a shallow angle (20 - 25 degrees) to the south. As currently exposed, this structure has a strike length of about 100 metres, a down-dip extent of 250 metres and an average width or thickness of about 0.5 metre. The central part of the vein is partially obscured by between 5 and 20 metres of volcanic caprock and the vein may also extend along strike beneath similar volcanic cover. Drilling will be required to test not only the strike extent but also the down-dip potential beneath the overburden at the base of the bluff west of the camp.

The footwall of the vein, as exposed in three trenches, consists of a fine-grained, banded tuff which contains some quartz stringers. It is possible that parallel or "stacked" veins exist within the tuff unit - additional trenching, or more likely drilling, will be required to prove this.

The flat-lying vein structure is bisected by a north-northeast trending, snow-filled draw, along which are remnants of very fine-grained, banded rhyolite dykes and abundant epidote alteration within the Hazelton volcanic rocks. Similar dykes are spatially related to copper-silver (+gold) mineralization in the Terrace area. North-northeast trending, 5 to 10 metre wide, porphyry dykes occur

immediately west of the exposed vein structure - these also have caused epidote alteration of the enclosing volcanic rocks. The relationship of these with respect to the vein structure remains to be determined.

It is possible that the north-northwest draw may represent a feeder for the flat vein system - one or two holes should be directed to this structure.

Will Tompson has provided a rock collection for mineralographic studies at Vancouver Petrographics - this work should be useful in determining whether or not some of the native silver is in fact electrum and generally with what minerals the precious metals values are associated. Jerry Blackwell also plans to have some microprobe work done on two specimens he collected July 13.

#### Discovery Zone

This zone, with apparent different mineralogy (mainly chalcopyrite, minor bornite, galena and sphalerite), has returned the best gold values to date including one sample grading 2.36 oz/ton.

The zone consists of at least two, and possibly several, parallel quartz veins which strike northeasterly and dip moderately to the southeast. It may have widths in the order of 10 metres and is poorly exposed in several hand trenches over a strike length of 100 metres - additional surface indications suggest a possible strike length in excess of 300 metres.

The Discovery Zone is marginal to and partially within medium-grained quartz diorites typical of the Coast intrusions. A peculiar flow banded, felsic breccia occurs immediately west of the zone - this may be a diatreme or more likely, a part of the lower unit of the Hazelton Group and similar to sequences seen west of the Skeena River in the Terrace area.

#### Conclusions

Additional trenching, followed by detailed sampling, should be completed on both the Main and Discovery zones prior to diamond drilling which should get underway by mid-August. It would be advantageous to have a single shift on the drill - this will enable proper assessment during the course of the drilling program.

