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**TO: JOHN ROBINS, LAWRENCE BARRY**

**RE: POTENTIAL VALUE OF NIZI AND VOIGTBERG PROSPECTS**

John and Lawrence:

I've had a quick look at the NIZI and VOIGTBERG data you provided and I think we can make a reasonable case for values as follows:

NIZI

No problem coming up with expenditures incurred since the claims were staked by Lawrence in 1994. These are:

1996 - \$285,400	Amount filed for assessment
1997 - <del>\$350,000(?)</del>	No expenditure details provided - similar program to '96
\$635,400	

Additional work was recommended in 1997 - a three phase program, with drilling making up the third phase, was estimated to cost \$847,000; for valuation purposes it would be in order to include only the estimated costs for phases one and two which totalled \$166,800.

Using the appraised value method for valuation purposes, a fair value for the NIZI property could be in the order of :

1996,1997 Expenditures - \$635,400	
Recommended work	<u>\$166,800</u>
	\$802,200

A couple of comments here - note that 1992 work, done by an unrelated party, is not included - in some cases it could be, albeit on a discounted basis inasmuch as the claims were allowed to lapse. Secondly, I have estimated costs incurred for the 1997 program - you may have these numbers. Thirdly, a second valuation method should also be employed - comparable transactions would be applicable, and in this context, details of the Orogrande - Madrona agreements would be needed. As we all know, there were few property transactions in northern BC over the past 10 years - the RDN deals (see below) may be applicable.

...../2

VOIGTBERG

Records of costs incurred in carrying out programs between 1994 and 1996 include those figures used for assessment purposes - it may be that expenditures exceeded the amounts reported which are as follows:

1994	\$24,274.02
1995	\$59,687.35
1996	<u>\$139,126.59</u>
	\$223,088.20 or \$225,000 rounded off

For the appraised value method of valuation, these costs would be retained at 100% since Dave Gunning recommended additional drilling in 1996, which was estimated to cost up to \$1 million. The value of this is conjectural, but let's say for these purposes 25% of \$250,000. Combining the past expenditures with the discounted recommended program would give a value of approximately \$475,000 for the VOIGTBERG property.

The recent RDN property transactions provide useful data for comparable transaction purposes. An interesting sidelight is that prior to the initial Newmont deal, Rimfire acquired a one-third interest in RDN from Equity Engineering in 1997 for \$150,000. This one-third interest was subsequently (1998) valued by Ross Glanville as being worth between \$200,000 and \$400,000 bringing the nominal property value to between \$600,000 and \$1,200,000. The remaining two-thirds interest accrued to Rimfire by way of an option agreement specifying the issuance of 133,330 shares and \$500,000 exploration expenditures by December 31, 2001.

The February, 2000 agreement allowed Newmont to earn a 51% interest in the property by incurring expenditures of \$3.5 million by the end of 2003 and making staged payments totalling \$140,000 prior to the 4th anniversary of the agreement. Actual expenditures by Newmont before dropping the option in December of 2001 amounted to \$700,000.

The Barrick agreement of April 25, 2002 is not nearly as good - Barrick can earn a 75% interest by expending \$1.5 million prior to the end of 2005 and making annual cash payments of \$25,000.

The actual expenditures by Newmont on the RDN property may be a measure of the current value of this property which might be in the order of \$700,000 to \$1,500,000. The VOIGTBERG is a lesser explored (and geologically different?) property but might have a value of between \$475,000 and \$750,000.

The foregoing is very much a preliminary assessment of the value of the NIZI and VOIGTBERG properties. Obviously, a considerable amount of fill-in work would be required to make a reasonably good case for the fair market value of each property.