

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

830833

1410 Wende Road
Victoria, B.C. V8P 3T5
Canada

Phone 250-477-0419
Fax 250-477-0429
Email nccarter@shaw.ca

November 13, 2003

Ms. Leila Kamil
2144 East 4th Avenue
Vancouver, B.C. V5N 1K6

Dear Ms. Kamil:

Re: Additional Exploratory Work
Expropriated Placer Mining Claims L.C. and L.C. 1
Tenure Numbers PC 269573 and PC 269574
Victoria Mining Division, British Columbia

This letter, intended as an addendum to my February 27, 2003 Preliminary Evaluation of Placer Claims L.C. and L.C. 1, deals with a program of additional exploratory work designed to further test the potential for placer gold within the subject placer mining claims.

While the effective expropriation of these claims by the Province of British Columbia in 1996 rendered additional work programs impossible, the writer is of the opinion that the following exercise could be of assistance in determining a fair market value for the mineral property.

Previous investigative work on the property between the early 1970s and late 1980s, as documented in my February 27, 2003 letter report, included various geochemical, geotechnical and geophysical surveys, road building, site clearing and laboratory test work on samples derived by way of surface excavations. The latter work included sampling of overburden in two test pits referred to as "Hole #1" and "Hole #2" and situated in the "Bowl Area" immediately west of Loss Creek in the northern part of the L.C. 1 placer claim ("Area of Principal Workings" – Figure 1, February 27, 2003 letter report).

It is worthy of note that the two test pits, 85 metres apart, extended to depths of 11 and 20 metres. A detailed seismic survey undertaken in the area of the two pits in 1973 (A.B.L. Whittles – Geophysical Report on Loss Creek Claim Group – part of data package) indicated depths to bedrock ranging from 13 to 31 metres and averaging 22 metres. Sampling of the shallower, near surface portions of the overburden profile (Kamil, 1982/83 – Assessment Report 10896) indicated that gold values in amalgamated samples ranged from 0.105 to 1.68 grams/cubic metre. Better gold values included 1.024 grams/cubic metre from "compacted gravel" from a depth of 10.7 metres in test pit or "Hole #1" and 1.05 and 1.68 grams/cubic metre from near surface sand between depths of between 1.2 and 3.7 metres in "Hole #2". The descriptions of the apparent

...../2

sample media have been derived by the writer from descriptions provided in A.B.L. Whittle's 1973 report and related to the sample intervals reported in Assessment Report 10896. Whittle's descriptions also refer to an extensive clay layer in the deeper section of "Hole #2". While the extent of this layer is not known, the presence of clay within the overburden profile may explain the trace gold values obtained from the limited soil sampling program described by Loring and Whittles in their 1974 report.

The foregoing suggests that additional information would have been required regarding the distribution of the more favourable horizons for concentrations of placer gold within the overburden profile on the L.C. and L.C. 1 placer claims. Significantly, neither of the two test pits extended to the bedrock – overburden interface, an environment which hosts better concentrations of gold in most British Columbia placer deposits.

A program of overburden drilling would have been the obvious next step in evaluating the potential of the "Bowl Area" in the northern part of the L.C. 1 placer claim. This might have consisted of 20 vertical drill holes at 30 metres spacings within a 150 x 90 metres area centred on the two test pits. Average hole depths, based on the seismic data, would have been in the order of 25 metres in order to test the entire overburden profile including the bedrock interface where coarser-grained, and higher concentrations of gold might reasonably be expected.

The type of drill rig would have been dependent on the local availability of equipment; the following estimated cost per metre of drilling includes all related costs including mobilization and demobilization charges. Such a program would have recovered a large volume of sample material for each 3 metres of drill hole, necessitating splitting of individual samples to a reasonable size for submission to a laboratory facility for the determination of average gold contents by fire assaying. The excess material could have been retained for panning and/or sluicing purposes. Estimated costs for such a program are as follows:

Overburden Drilling – 500 metres @ \$50/metre (all-inclusive)	\$25,000.00
Analytical Costs – 150 samples @ \$20/sample	\$3,000.00
Supervision, reporting	\$7,500.00
Contingencies @ 15%	<u>\$5,325.00</u>
Total Costs	\$40,825.00

Respectfully submitted,

N.C. Carter