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Ms Leila Kamil
291 East 24th Avenue, #5
Vancouver, B.C.

Dear Ms. Kamil:

Re: Kamil/Bell Placer Claims
Mineral Tenures 269573, 269574

The following comments pertain to a March 31, 2004 preliminary evaluation of L.C. and L.C.1 placer mineral claims prepared as a Memorandum for the Ministry of Energy and Mines by Derry Michener Booth & Wahl Consultants Ltd. (DMBW).

The comments incorporate definitions guidelines as contained in "Standards and Guidelines for Valuation of Mineral Properties", dated February, 2003 (Final Version) and prepared by a Special Committee of the Canadian Institute of Mining Metallurgy and Petroleum on Valuation of Mineral Properties (CIMVAL). This document refers to the three generally accepted valuation approaches (Income, Market and Cost) in determining the fair market value of mineral properties. The guidelines also recommend that, where possible, more than one approach be used in the valuation of mineral properties.

The DMBW preliminary evaluation makes use of all three valuation approaches including Income which is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the mineral property. The CIMVAL Standards and Guidelines state that this method is not deemed to be appropriate for exploration properties or those properties without defined mineral reserves or resources and for which economic viability has not been demonstrated. The subject placer claims are considered to be an exploration property and while the inapplicability of the Income approach is essentially confirmed in the last paragraph on page 7 of the DMBW memorandum, it is nevertheless used to assign a zero value to the subject claims.

The Cost approach, the second method used by DMBW, generally makes use of the Appraised Value Method by which previous exploration expenditures are analyzed for their contribution to the exploration potential of the mineral property. Not all previous exploration costs may be deemed to have been productive in enhancing the property potential and only a portion of the actual costs may be judged to be applicable in assigning a value to the subject mineral property. The DMBW preliminary evaluation includes only the exploration costs reported in three assessment reports filed with the Ministry of Energy and Mines between 1973 and 1982. These total $8,025 of which an allowable portion of 20% is used to arrive at an appraised property value of $2,000.

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The documents included in Schedule D (Information and Records Requested by the Minister in Regard of Title) indicate that actual exploration costs were substantially higher during the same time frame than those cited in the three assessment reports.

The third valuation method used by DMBW, Market approach, commonly involves the comparable transaction method whereby the subject mineral property is compared with values of similar properties as determined by transactions in an open market. The DMBW memorandum states that "there are no comparable transactions for such low grade, uneconomic placer deposits" but suggests that staking and holding costs may be indicators of value for the subject placer claims. The value assigned by DMBW is $700 or mid-range between the "cost of purchasing" (staking) of $400 and five years holding costs of $100 per placer claim per year or $1,000.

The holding costs cited by DMBW are incorrect. The actual cost of maintaining a placer claim, as per the Mineral Tenure Act Regulation, is $500 per year of exploration and development work or a cash-in-lieu payment, plus a $100 recording fee. The total holding costs for a five year period would be $500 +$100 x 2 placer claims x 5 years = $6,000.

Even the $6,000 figure understates total property acquisition and holding costs which include the $18,500 acquisition costs of the original two placer mining leases and annual lease rentals which amounted to $4,580.

Further, the DMBW memorandum does not make reference to a 1983 transaction between Sombrio Mines Ltd., Triangle Ventures Ltd. and Nuspar Resources Ltd. involving the adjacent Sombrio Point placer leases. This transaction allowed Nuspar to acquire a 50% interest in the Sombrio Point placer gold property by funding two phases of exploration work and by issuing common shares to the vendors. Available records indicate that Nuspar had incurred expenditures of $171,750 by mid-1984 and the number of shares issued (1983 trading range - $0.21-$3.30) had apparently enabled the principals of Triangle Ventures Ltd. to acquire control of Nuspar. This comparable transaction is considered to have had a value of several hundred thousand dollars.

Respectfully submitted,

N.C. Carter

cc: George F. Jones, Q.C.
Jones Emery Hargreaves Swan

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DATE: May 25, 2005

TO: SPATZI KAMIL (3 pages)

RE: LOSS CREEK PLACER

The following letter was also sent to George Jones who appended it to his response to the Ministry in late June of last year.

Curiously, there was no formal response to the points raised by me concerning the technical report prepared on behalf of the government and on which they are still trying to make their case. There was a change in procedures midway through last year whereby there was no funding in place to retain Ken Davidson and the Ministry of Energy and Mines undertook direct negotiation with claim owners. Funds were apparently secured later in the year and Davidson assumed his role as negotiator. It may be that he is unaware of the attached letter.

Nick Carter