

EVALUATION REPORT

ON THE

DOC GOLD PROPERTY

**South Unuk River
Skeena Mining Division
British Columbia**

**NTS Map-Area 104B/08W
Latitude: 56°20' North
Longitude: 130°27' West**

PREPARED FOR:

LAWRENCE BARRY

BY:

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June 15, 1998**

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SUMMARY

The DOC gold (+silver) property is situated in the Unuk River mineral district 55 km northwest of Stewart, British Columbia. The property, which is 35 km south of the currently producing Eskay Creek gold-silver mine, is comprised of two 4-post mineral claims (16 units) and one internal 2-post mineral claim.

Gold and silver mineralization within the boundaries of the present property was discovered in 1946. Exploratory work between 1986 and 1989 included geological mapping, geochemical sampling, detailed sampling of existing trenches, 4680 metres of diamond drilling in 50 holes and 680 metres of underground crosscutting and drifting.

The property is underlain by a late Triassic metavolcanic-metasedimentary sequence which has been intruded by granitic rocks. Work to date has identified nine northwest-striking, steeply-dipping, mesothermal quartz-sulphide-oxide vein structures containing significant gold and silver values. Two contiguous veins (Q17 and Q22) host an uncut and undiluted indicated resource of 126000 tonnes grading 11.8 grams/tonne gold. Both structures are open to depth and possibly along strike. Limited sampling of several other vein structures has indicated locally significant gold and silver values. The property may also have potential for

skarn-hosted gold and precious metals-enriched volcanogenic massive sulphide mineralization.

Three established methods were used to determine a value for the DOC property. On the basis of deemed, retained past exploration expenditures, the writer is of *the opinion* that a fair and reasonable estimate of the current value of the property is in the order of \$2 million.

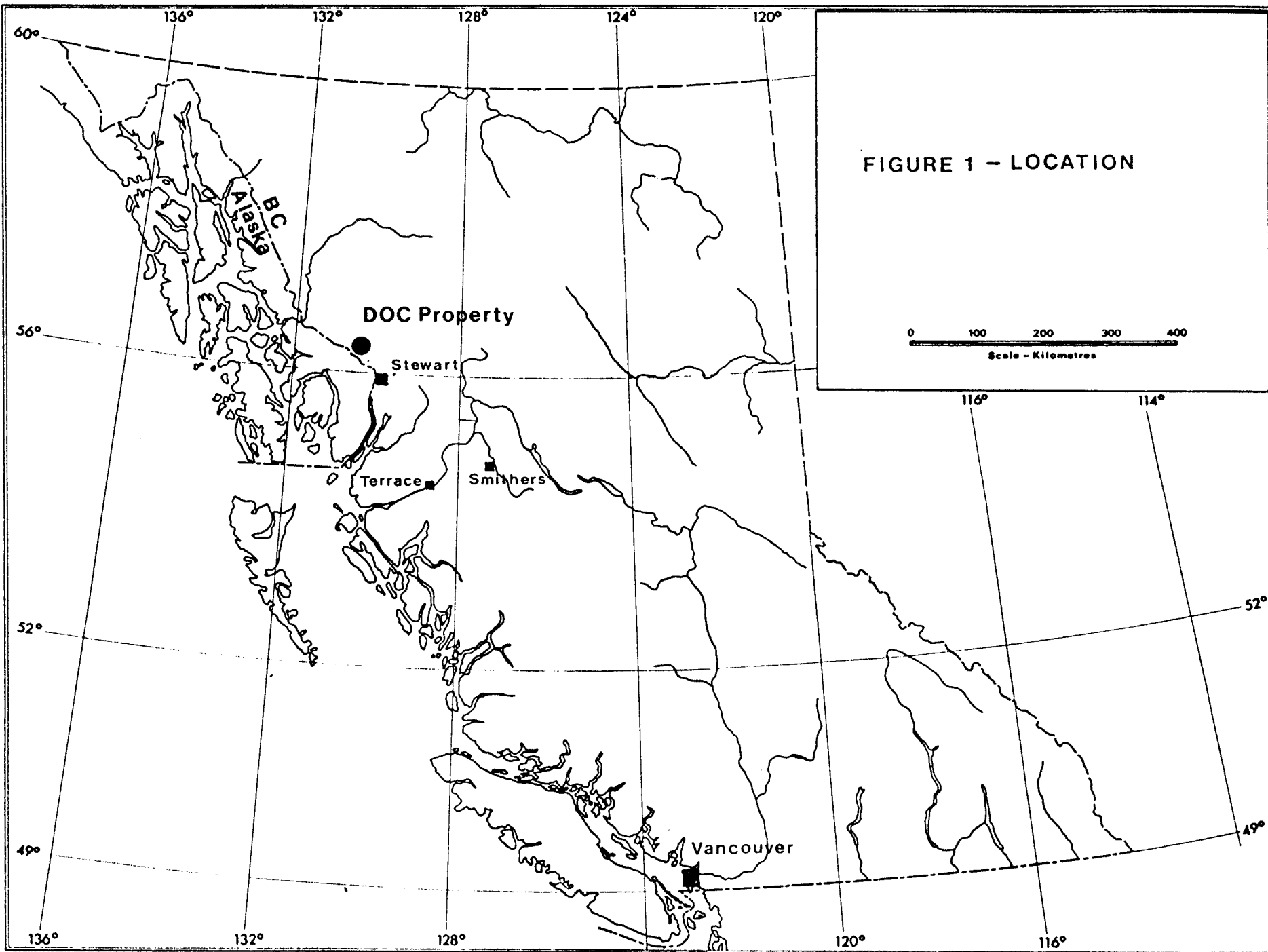


FIGURE 1 - LOCATION

0 100 200 300 400
Scale - Kilometres

INTRODUCTION

The DOC gold (+silver) property, situated in the Coast Range northwest of Stewart, British Columbia, is currently covered by three mineral claims recorded in the name of Lawrence Barry.

This evaluation report, prepared at the request of Mr. Barry, is based on a review of published and unpublished documents pertaining to previous exploratory work and the geological setting of the DOC property. An attempt to access the property by helicopter September 23, 1997, in order to undertake a personal examination, was precluded by inclement weather conditions.

The writer has extensive background knowledge of the geology and mineral deposits of the north coast region of British Columbia derived by way of personal involvement in several geological mapping programs and numerous mineral property examinations over the past 30 years. This work has included several property examinations in the Unuk - Iskut Rivers area during the past 10 years.

LOCATION AND ACCESS

The DOC property is situated 55 km northwest of Stewart in northwestern British Columbia (Figure 1). The geographic centre of the property is at latitude $56^{\circ}20'$ North and

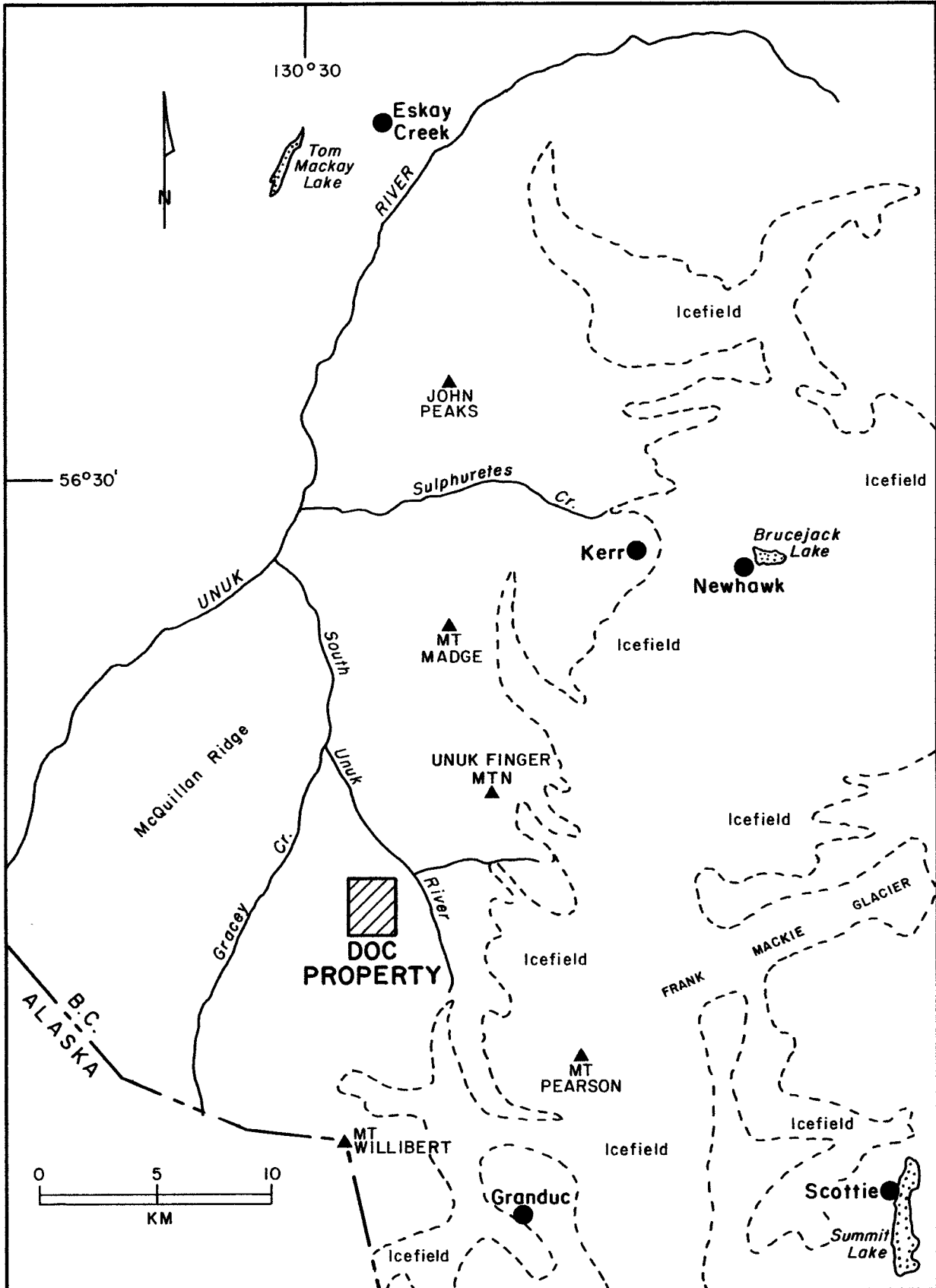


FIGURE 2 - LOCATION - DOC PROPERTY

longitude 130°27' West in NTS map-area 104B/08W.

Mineral claims comprising the present property are situated on a ridge between South Unuk River and Gracey Creek in the Boundary Ranges of the Coast Mountains 10 km northeast of the British Columbia - Alaska border (Figure 2).

Access to the property is by helicopter from Stewart. Equipment and supplies can be transported by road to an airstrip 3 km north of the former Granduc mine access tunnel portal immediately north of Summit Lake (Figure 2). Terminus of this road is 50 km north of Stewart and 25 km southeast of the DOC property.

Unuk River and its tributaries empty into Burroughs Bay, an ocean inlet in neighbouring southeast Alaska. This was the original access route into the Unuk River region in the early part of the century.

MINERAL PROPERTY

The DOC property consists of two contiguous 4-post mineral claims (16 units) and one internal 2-post claim located in the Skeena Mining Division. The claims were originally located and recorded in the name of Mr. Lawrence Barry in March of 1996.

Configuration of the claims is shown on Figure 3 and details are as follows:

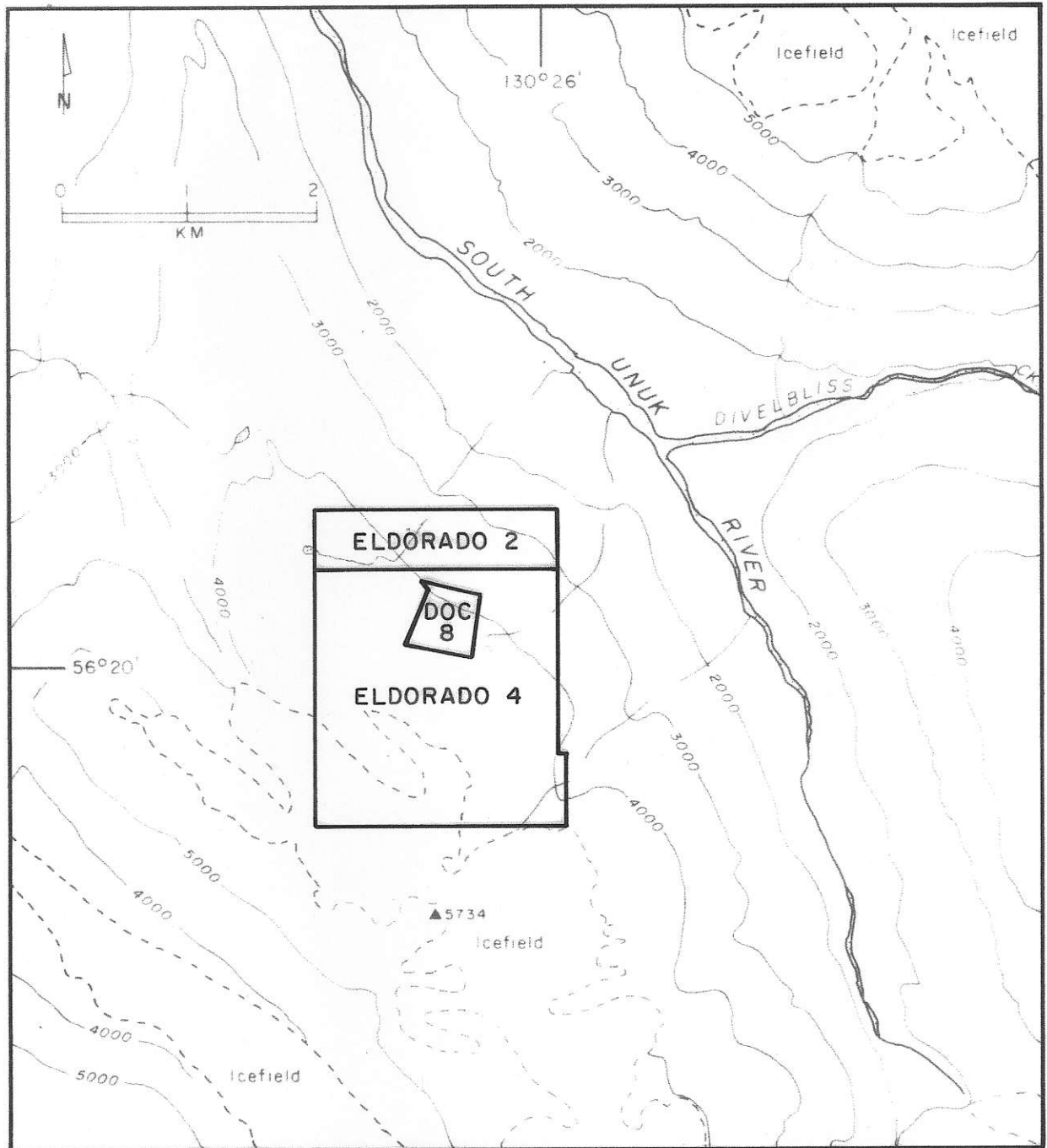


FIGURE 3 - DOC PROPERTY - MINERAL CLAIMS

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiry Date</u>
ELDORADO 2	343905	4	March 5, 1999
ELDORADO 4	343907	12	March 5, 1999
DOC 8	343901	1	March 5, 1999

PREVIOUS WORK

Placer gold occurrences in the Unuk River region were initially investigated in the 1880's and small operations were underway in the lower reaches of Sulphurets Creek in 1896. Vein-hosted gold-silver mineralization was discovered on the Globe property adjacent to South Unuk River (immediately east of present DOC property) at the turn of the century and initial work consisted of the driving of short adits and the erection of a 3 tons per day stamp mill. The Globe claims were Crown granted in 1902.

Prospecting activities in the 1930's resulted in the discovery of the Morris Summit (Scottie) gold property at Summit Lake (Figure 2) and gold-silver mineralization in the vicinity of the currently producing Eskay Creek mine east of Tom Mackay Lake. The Granduc copper deposit was discovered in 1951 and exploration work throughout the region over the following 20 years identified several mineralized zones near the headwaters of Sulphurets Creek.

Work over the past 15 years has been successful in defining reserves and resources at the Newhawk and Kerr properties and the identification of high grades of gold-

silver mineralization at Eskay Creek in 1989 refocussed attention on the general area.

Gold and silver-bearing quartz veins were discovered on the present DOC property in 1946. Known originally as the Gracey property, work over the next 3 years by Halport Mines Ltd. included surface trenching (75 trenches) and 1900 metres of diamond drilling in 29 holes. All supplies, including the diamond drill, were reportedly air-dropped onto the property (Minister of Mines Annual Reports 1948,1949).

The property lay idle until 1974 when New Minex Resources re-sampled existing trenches. Some investigative work carried out by DuPont of Canada Exploration Ltd. in 1980 preceded the 1985 acquisition of the property by Silver Princess Resources Inc.. Magna Ventures Ltd. entered into a joint venture agreement in 1986 and undertook trenching, mapping and sampling, 33.5 metres of underground crosscutting and 913.2 metres of diamond drilling in 10 holes (Gewargis,1986).

Work the following year included prospecting of an expanded property area which included the adjacent Globe Crown granted claims, additional detailed surface mapping and sampling, 376 metres of underground development and 694 metres of underground diamond drilling in 8 holes (Aelicks et al,1988).

Echo Bay Mines Ltd. joint ventured the DOC property in 1988 and constructed a 40-person camp. Continued exploration work included an additional 230 metres of underground drifting and 32 surface diamond drill holes totalling 3074 metres (Freeze et al, 1989). A one-month geological mapping and geochemical sampling program was undertaken over the entire property area (22 4-post mineral claims (316 units) plus 6 Globe Crown-granted claims) in 1989 (Glover et al, 1989).

The original DOC claims were allowed to lapse and claims were located to cover the principal areas of interest in March of 1996.

PHYSICAL SETTING

The DOC property is situated in the north coast area of British Columbia, a mountainous region area dissected by numerous drainages and modified by glaciation. As indicated on Figure 2, much of the area south and east of the property is covered by permanent icefields.

Steep slopes are common adjacent to major drainages and tree line extends to about 1000 metres elevation. The climate is wet and mild between May and September; significant snow accumulations are the norm during the remainder of the year.

The DOC property is situated on the northeast flank of a

ridge above South Unuk River (Figure 3). Elevations range from 760 metres above sea level at the northeast corner of the property to about 1500 metres in the southwestern property area. (Note that elevations are expressed in Imperial units of measurement on Figure 3).

Much of the property area is in open, alpine terrain in which bedrock is well exposed except where covered by a small icefield in the southern and southwestern parts of the property (Figure 3). The central property area, which includes the principal areas of interest, features moderate relief with elevations ranging from 1200 to 1500 metres.

REGIONAL GEOLOGICAL SETTING

The Unuk River area is within the western part of the Intermontane tectonic belt which is bounded on the west by the Coast Plutonic Complex. The Intermontane belt in northern and central British Columbia is underlain by Stikine terrane which in this area is comprised of late Triassic (Stuhini Group) and early to mid Jurassic (Hazelton Group) arc-related volcanic-sedimentary sequences which are capped in part by late Jurassic clastic sediments of the Bowser Lake Assemblage. The layered rocks are intruded by coeval and younger granitic rocks, in part related to the Coast Plutonic complex, and are variably deformed and metamorphosed marginal

to these intrusions.

The Unuk area is well known for its number and diversity of mineral deposits. These include polymetallic quartz veins containing significant gold and silver values, porphyry copper-gold (+molybdenum) deposits and stratiform, volcanogenic massive sulphide deposits, some of which are enriched in precious metals.

Some of the more significant deposits in the general area of the DOC property are shown on Figure 2. Examples of shear-hosted, gold and silver-bearing quartz vein deposits include Newhawk at Brucejack Lake. Mesothermal, quartz-carbonate, polymetallic veins here contain proven and probable reserves of 750000 tonnes grading 15.4 g/t gold and 650 g/t silver. The Scottie Gold (Morris Summit) mine at Summit Lake (Figure 2), which produced in the early 1980's, consists of auriferous pyrrhotite-chalcopyrite veins containing reserves of 240,000 tonnes grading 18.5 g/t gold.

The Kerr property, at the headwaters of Sulphurets Creek (Figure 2), includes a highly deformed and strongly altered porphyry copper-gold deposit developed within and marginal to an early Jurassic monzonite intrusion. A 135 million tonnes resource grading 0.76% copper and 0.34 g/t gold was indicated by drilling between 1985 and 1992. Kerr is one of several porphyry copper-gold (+molybdenum) systems identified in the

Sulphurets Creek area; others include the nearby Sulphurets and Mitchell zones and the Snowfield disseminated gold deposit.

Granduc mine, 15 km south of the DOC property (Figure 2), includes a series of concordant massive sulphide lenses in Early Jurassic, deformed volcanic rocks. Initial reserves were 39 million tonnes grading 1.73% copper with some gold and silver credits. About half of the reserve was mined between 1971 and 1984.

The Eskay Creek mine, north of Unuk River (Figure 2), is a precious metals enriched, volcanogenic massive sulphide deposit. Several stratiform, polymetallic deposits are hosted by clastic sediments and felsic volcanic rocks of the uppermost (Middle Jurassic) Hazelton Group. This mine produced 110000 tonnes with recovered grades of 69 g/t gold and 3350 g/t silver in 1997; proven and probable reserves at the beginning of 1998 were 1.36 million tonnes grading 58 g/t gold and 2680 g/t silver or roughly equivalent to the mineable reserves indicated at commencement of production in early 1995.

PROPERTY GEOLOGY AND MINERALIZATION

Principal geological features of the current DOC property, shown in general fashion on Figure 4, are as

summarized by Piroshco(1997) and are based on mapping by Freeze et al(1989) and Alldrick et al(1989).

The property is mainly underlain by a northwest-trending metavolcanic and metasedimentary sequence initially interpreted (Alldrick et al,1989) as being part of the lowest Hazelton Group (Unuk River Formation) of early Jurassic age. Subsequent radiometric dating of crosscutting diorite intrusions (Britton,1990) indicates that these layered rocks are in fact part of the late Triassic Stuhini Group.

Principal lithologies include porphyritic andesites and intercalated siltstones and limestones (marbles) which are intruded by foliated to gneissic quartz diorites, coeval with, or slightly younger than, the layered rocks and by distinctly younger (Eocene) granodiorites related to the Coast intrusions. The volcanic and sedimentary rocks are variably metamorphosed and strongly deformed to schists and gneisses, particularly marginal to intrusive rocks. At least two stages of isoclinal and chevron folding are evident (Piroshco,1997).

While there is some reference to skarn mineralization in marble units (Pisoshco,1997), quartz veins constitute the most significant style of mineralization. At least ten fissure-filling vein structures have been identified by work to date; these occupy shears and dilatant zones which

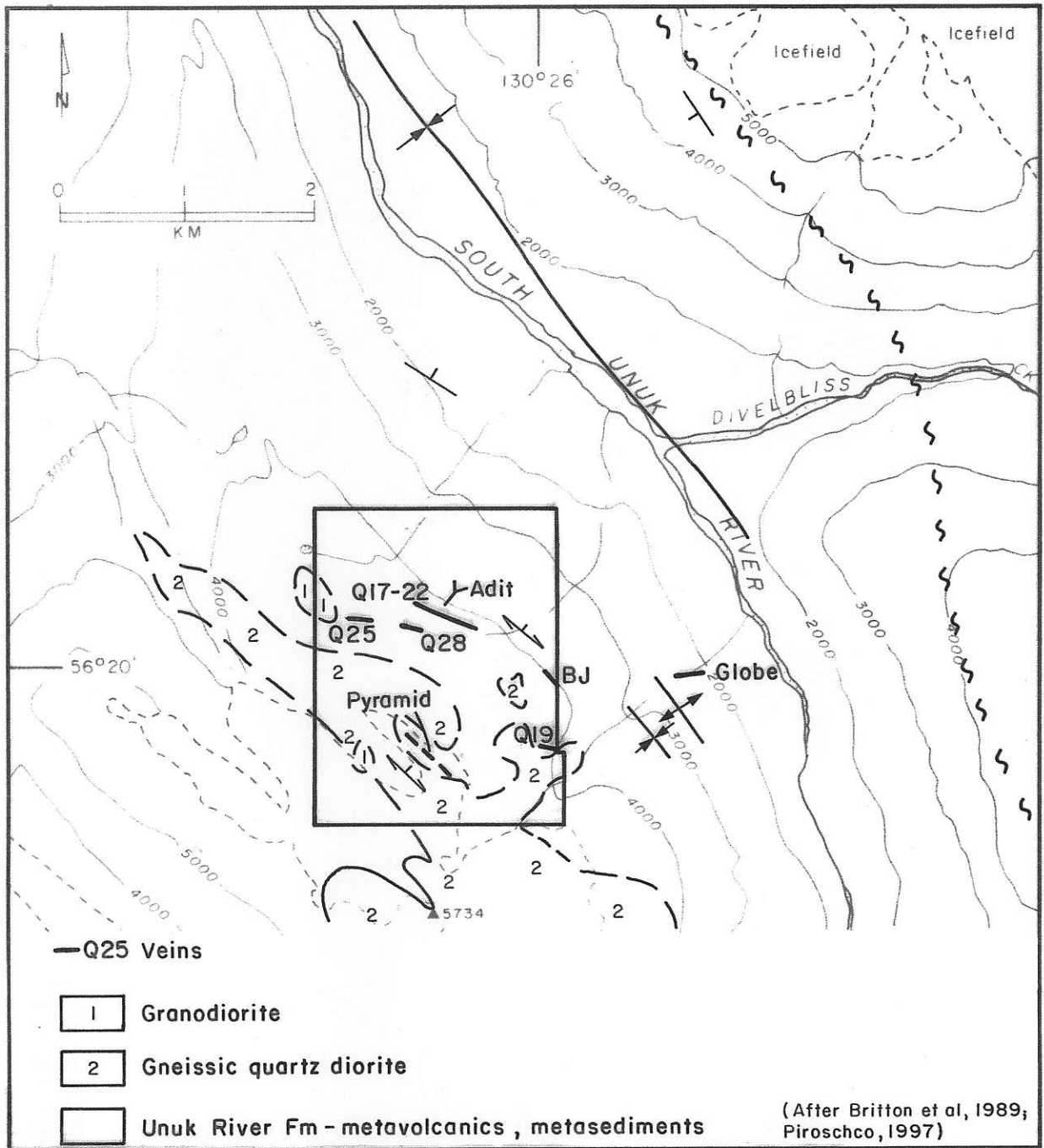


FIGURE 4 - DOC PROPERTY - GEOLOGICAL SETTING

parallel the northwest structural trend of the folded metavolcanic and metasedimentary host rocks and are best developed marginal to granitic intrusions.

Vein mineralogy consists of massive white quartz with some calcite and between 5 to 10% metallic minerals including pyrite, galena, chalcopyrite, sphalerite, specularite and magnetite. Wallrock alteration marginal to the quartz veins is restricted, indicative of a mesothermal environment.

Vein widths average 2 metres and individual structures have been traced by surface exposures, trenches and diamond drilling over strike lengths of up to 250 metres.

The more significant gold (+silver)-bearing veins are shown on Figure 4. Of these, the Q17 and Q22 vein structures have been most thoroughly investigated by way of surface trenching, underground drifting and surface and underground diamond drilling (Figure 5).

Q17 Vein

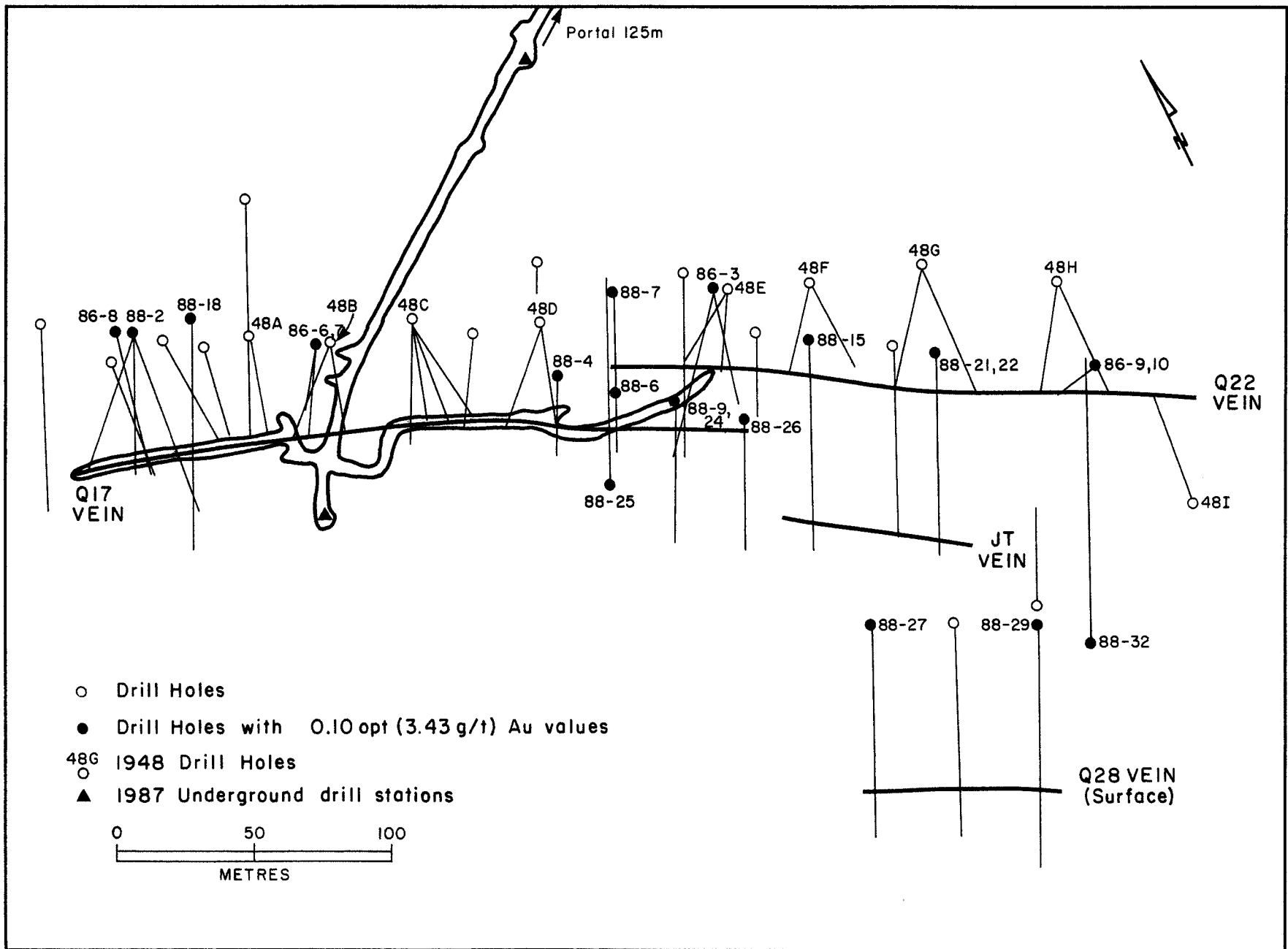
This is a west-northwest striking, subvertical structure which was initially explored in the late 1940's by a number of surface trenches and by diamond drilling. More recent sampling results (Gewargis, 1986) for 12 of the trenches have a weighted average grade, as calculated by the writer of 16.03 g/t gold and 86.1 g/t silver over an average width of 2.33 metres and a strike length of 139.5 metres. This

structure has also been sampled in detail in the crosscut and drifts on the 1160 metres elevation adit (Figure 5). Sample spacing across the exposed structure was at 2 metres intervals from the face of the west drift to a point midway along the east drift. Incorporating a 3.43 g/t gold cutoff grade, a weighted average grade for this section of the Q17 vein is 11.90 g/t gold over an average width of 1.81 metres and a strike length of 163 metres.

Q17 vein has also been tested by a number of inclined, surface diamond drill holes which tested the structure between surface and the 1160 level and to vertical depths of about 50 metres below the level. The numbered holes on Figure 5 are those with intervals containing +3.43 g/t gold; details of these are included in the following table. While many of the 1948 drill holes had reportedly good values (Piroshco, 1997), complete details of these holes are unavailable and consequently they are not included.

<u>Hole No.</u>	<u>Dip.Az.</u>	<u>El.(m)</u>	<u>TD(m)</u>	<u>Interval(m)</u>	<u>Length(m)</u>	<u>Au(g/t)</u>
86-3	-75@202	1225	108.2	91.4-93.0	1.6	5.35
86-6	-60@215	1234	74.1	65.6-68.1	2.5	50.50
86-7	-75@215	1234	138.7	130.2-133.6	3.4	12.45
				137.2-137.8	0.6	22.49
86-8	-45@194	1237	72.8	59.0-61.0	2.0	10.73
88-2	-60@205	1237	106.4	95.2-97.2	2.0	12.86
88-4	-60@205	1216	57.6	42.1-43.0	0.9	14.71
88-6	-60@205	1219	48.5	28.2-31.3	3.1	5.31
88-9	-55@205	1234	36.9	21.0-22.0	1.0	4.46
88-18	-45@025	1237	117.7	71.0-73.0	2.0	18.34
88-24	-60@205	1234	104.2	27.7-28.8	1.1	22.90
88-25	-50@205	1230	119.2	33.6-35.1	1.5	14.09
88-26	-55@205	1219	85.0	7.9-8.8	0.9	6.51

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**FIGURE 5 - DOC PROPERTY -
 SURFACE DRILL PLAN & UNDERGROUND WORKINGS**

Q22 Vein

As indicated on Figure 5, this vein is immediately north of, and parallel to Q17 vein and may be a faulted offset of this structure. Q22 vein is exposed on surface in six trenches from which sampling results (Gewargis, 1986) indicate a weighted average grade of 6.34 g/t gold over an average width of 2.54 metres and a strike length of 140 metres.

The vein was not explored by underground drifting but was tested by surface drilling over a 200 metres strike length and to vertical depths of between 50 and 100 metres below the surface exposures. Drill holes with intercepts of +3.43 g/t gold include the following:

<u>Hole No.</u>	<u>Dip, Az.</u>	<u>El. (m)</u>	<u>TD (m)</u>	<u>Interval (m)</u>	<u>Length (m)</u>	<u>Au (g/t)</u>
86-9	-60@265	1228	49.4	35.8-36.4	0.6	19.68
				43.5-43.8	0.3	9.26
				45.7-47.2	1.5	20.50
86-10	-45@265	1228	34.4	25.6-30.9	5.3	15.74
88-7	-55@205	1203	106.4	51.4-52.2	0.8	3.81
88-15	-45@205	1214	112.5	22.2-23.9	1.7	3.77
88-21	-45@205	1217	109.4	23.6-24.6	1.0	4.25
88-22	-75@205	1217	53.0	40.6-41.2	0.6	27.19

Other Veins

The *JT* quartz-pyrite vein, parallel to, and 50 metres south of Q22 (Figure 5), was intersected by four 1988 surface drill holes over an apparent strike length of 100 metres. Low values were obtained, ranging from 0.48 g/t gold over 0.14 metre to 3.39 g/t over 2.55 metres (Piroshco, 1997).

The surface trace of the *Q28* vein is 150 metres south of

Q22 (Figure 5). This quartz-pyrite-galena-specularite-magnetite structure was explored by six trenches over a 95 metres strike length containing a weighted average grade of 7.20 g/t gold over an average width of 1.95 metres. Three 1998 drill holes returned no significant results although a "new vein" was reportedly (Piroshco,1997) intersected at shallow depths. Results included 15.06 g/t gold over 0.60 metre in hole 88-27 and 24.55 g/t over 0.30 metre in hole 88-29. It is possible that these results could be from a gently north-dipping Q28 vein.

Q25 vein, exposed on surface and in several trenches east and west of a 60 x 70 metres icefield, is 500 metres west of Q17 (Figure 4). Weighted average grade of the west segment is 18.48 g/t gold over a 2.42 metres width and a 28 metres strike length; the east segment grades 4.28 g/t over a 3.00 metres width and an 8 metres strike length. This structure was tested by three 1949 drill holes (Piroshco,1997) which returned an average grade of 8.83 g/t gold over a 0.74 metre width. No details are available regarding intercept depths.

Q32 vein, 1000 metres on strike to the northwest of Q17 and near the western property boundary, returned 1.78 g/t gold over 2.44 metres in one trench.

The Q19 quartz-pyrite vein, which is in the southeastern

property area (Figure 4), strikes west-northwest and dips gently north. The vein has been explored by ten trenches over a 25 metres strike length; weighted average gold grade (Piroshco, 1997) is 7.65 g/t over a 1.50 metres width.

The *Pyramid Zone* is a 10 to 15 metres wide, northwest-striking shear zone which has been traced in outcrop and by 14 trenches over a 1200 metres strike length. As described by Piroshco (1997), this is a locally silicified and quartz-veined, clay-altered zone containing pyrite. A weighted average of vein samples from seven trenches over 200 metres of strike length at the known northwestern limits of the zone is 2.80 g/t gold over a 0.65 metre width. Samples from six trenches over 110 metres of strike length in the southeastern part of the zone returned a weighted average grade of 0.56 g/t gold over an average width of 0.86 metre. Selected samples from elsewhere along the zone had grades of between 6.62 and 13.23 g/t gold (Piroshco, 1997).

Silver Values

Silver grades have not been routinely reported for all drill holes and results for underground sampling do not include silver values. Based on available data, the silver: gold ratio for the various vein structures averages about 5:1.

RESOURCE ESTIMATES

The available database permits the calculation of a resource for both the Q17 and Q22 veins. For both structures, enough information is available from surface and underground sampling and/or surface diamond drilling to categorize the resource as an "indicated resource" pursuant to recommendations contained in the Canadian Institute of Mining, Metallurgy and Petroleum Ad Hoc Committee Report on Mineral Resource/Reserve Classification: Categories, Definitions, and Guidelines (CIM Bulletin, September, 1996). This report defines an indicated resource as "the estimated quantity and grade of part of a deposit for which the continuity of grade, together with the extent and shape, are so well-established that a reliable grade and tonnage estimate can be made."

Q17 Vein

The writer's calculation of an indicated resource for Q17 vein incorporates sampling results of surface trenches which are at an elevation of 1250 metres and detailed underground sampling on the 1160 metres level. A number of surface drill holes, which demonstrate continuity of the structure between surface and the 1160 level, also contain values in excess of 3.43 g/t gold (see foregoing table) but have not been included in this calculation.

Results of surface and underground sampling are summarized as follows:

	<u>Average Width(m)</u>	<u>Length(m)</u>	<u>Gold(g/t)</u>
Trenches	2.33	139.5	16.03
1160 level	<u>1.81</u>	<u>163.0</u>	<u>11.90</u>
Average	2.07	151.0	14.06

The following parameters have been used in the resource calculation:

- Cutoff grade - 3.43 g/t gold
- No cutting of values in excess of 34.3 g/t gold
- No internal or external dilution
- Assumed specific gravity - 2.8
- Average width - 2.07 metres
- Strike Length - 151.0 metres
- Vertical range - 90.0 metres (between surface at 1250 metres and 1160 metres level)

Q17 indicated resource - 79000 tonnes @ 14.0 g/t gold

Q22 Vein

An indicated resource for the Q22 vein has been calculated by section (seven sections between drill holes 88-7 and 86-9,10 - Figure 5) and incorporates results of surface trench sampling and drill intercepts of +3.43 g/t gold. Parameters used are the same as those listed for Q17 vein with the exception of the following:

- Average width - 2.15 metres
- Strike length - 150.0 metres
- Vertical range - 55.0 metres (average of drill intercepts below surface trenches at 1250 metres elevation)

Q22 indicated resource - 47000 tonnes @ 8.2 g/t gold

Total Indicated Resource - Q17 and Q22 Veins -

- 126000 tonnes @ 11.8 g/t gold -

Previous estimates of reserves/resources for the Q17 and Q22 veins include those of Aelicks et al(1988) which are reported as uncut and undiluted, "proven, probable and possible" 187600 tonnes @ 11.0 g/t gold for Q17 and 35700 tonnes @ 12.3 g/t gold for Q22 or a total of 223300 tonnes grading 11.2 g/t gold.

Estimates by Freeze et al(1989) incorporated a minimum true width of 1.2 metres, a diluted true width of 1.8 metres. a cutoff grade of 3.43 g/t gold and the cutting of high assays to 34.3 g/t. "Proven, probable and possible" reserves for Q17 were 67800 tonnes @ 9.4 g/t gold and 23700 tonnes @ 7.2 g/t for a total of 91500 tonnes grading 8.8 g/t gold.

EVALUATION OF THE DOC PROPERTY

An evaluation of a mineral property is a relatively straightforward exercise for those properties with proven and probable reserves and for which at least a pre-feasibility study has been completed. In such cases generally accepted accounting procedures, including discounted cash flow and net present value calculations, would be in order.

Rendering an opinion of value for mineral properties which do not have mineable reserves is necessarily a

subjective exercise. Various guidelines for preparing an evaluation such properties have been proposed in the recent past, notably by Roscoe(1986), Lawrence(1988) and Kilburn(1990,1998). These include an assessment of past exploration expenditures and a geoscience or geotechnical rating system to assign a dollar value that reflects the potential of a particular mineral property.

An estimate of the current value of the DOC property has been undertaken using several methods as follows:

1. Value of Resource

Exploration of the DOC property between 1986 and 1989, which has included 4680 metres of diamond drilling in 50 holes and 640 metres of underground crosscutting and drifting, has established indicated resources for the Q17 and Q22 vein structures. Three estimates of total resources are as follows:

	<u>Tonnes</u>	<u>Gold Grade (g/t)</u>
Aelicks et al,1988	223300	11.20
Freeze et al,1989	91500	8.80
Carter,1998	126000	11.80

The estimate of Freeze et al(1989), which incorporates minimum widths and cut values, is considered to be the most rigorous (and most conservative) of the three. Converted to Imperial units, this would amount to 100,830 tons grading 0.255 oz/ton gold or a contained 25,700 ounces.

The gross, *in situ* value of this resource, at a gold price of US\$295 per ounce and a conversion factor of US\$1.00 = C\$1.43, would amount to C\$10.8 million.

This estimate of the gross value of the known indicated resource for the DOC property obviously involves no assessment of the economics or mineability of the resource but does provide an indication of the potential of the property.

2. Appraised Value Method

This approach involves a determination of the value of the potential of a mineral property based on previous exploration expenditures. As proposed by Roscoe(1986), past expenditures on a subject mineral property are assessed to determine if the property's value is either enhanced or diminished by the previous exploration work. Assuming the value has been enhanced, there must also be a reasonable expectation that if additional funds are spent, the property's value will be further enhanced.

This method also includes a determination of the percentage of previous expenditures that can reasonably be deemed to be retained expenditures in assigning a value for the subject property.

The writer is of the opinion that the value of the DOC

property has been enhanced by exploration work to date and that good potential exists for increasing the current indicated resources at depth in both the Q17 and Q22 veins. Other known vein structures on the property, which have not been investigated in detail, also have potential for the definition of resources/reserves.

Property expenditures, as documented in assessment reports on public file, are as follows:

<u>Company</u>	<u>Year</u>	<u>Expenditure</u>
Magna Ventures/	1986	\$191,757
Silver Princess	1987	\$1,500,000
Echo Bay Mines	1988	\$2,194,000
	1989	<u>\$12,050</u>
	Total	\$3,897,807

It is necessary to determine what percentage of the \$3,897,807 can reasonably be deemed as retained expenditures in order to assign a value to the property. By Roscoe's methods, if the total expenditures had been incurred in the recent past, the property retained by the previous owner and additional exploration work planned, 100% would be deemed as retained expenditures.

In this case, no work has been done since 1989 and the original claims were allowed to lapse. The property in 1989 consisted of 316 mineral claim units or 7900 hectares. The current DOC property, which covers an area of about 400 hectares, includes all of the known, significant vein

structures and it is estimated that 75% of the total exploration expenditures of \$3.9 million, or \$2.9 million, were spent within this area. Two-thirds of this amount, or \$1.9 million, are considered as being retained expenditures and therefore a measure of the present value of the DOC property.

3. Geotechnical Rating Method

This method, as proposed by Kilburn(1990), involves a geoscience factor rating method which generates a cash value of individual mineral claims. A systematic assessment of several technical characteristics of individual mineral claims is made to determine a series of multipliers which are applied to a deemed base acquisition cost per claim. Kilburn proposed a base acquisition cost of \$400 per 16 hectare claim in 1990; this has since been revised to \$450 (Kilburn,1998).

Mineral claim units in British Columbia are about 500 x 500 metres or 25 hectares in size; consequently, using Kilburn's model, deemed base acquisition cost per claim would be 56% greater \$700.00 per mineral claim unit.

Kilburn's 1990 proposal involves an assessment of the importance of five main geotechnical characteristics for individual mineral claims or units in order to assign a dollar value. These include location of the subject property

with respect to significant, nearby off-property (off claim) mineralization and/or producing mines, location relative to known off-property geological, geochemical and geophysical targets, grades of mineralization on the claim under evaluation, plus the incidence of geophysical and/or geochemical targets and geological patterns favourable for mineralization. Each of the five principal characteristics include a number of subcategories ranging from high to low potential which have been assigned numerical values. As previously noted, these are combined and used as a multiplier of the base cost of claim acquisition.

The DOC property consists of two British Columbia 4-post mineral claims comprising 16 mineral claim units of 25 hectares each for a total property area of 400 hectares. Based on parameters proposed by Kilburn(1990) all of the 16 mineral claim units would have a value in excess of the base cost of acquisition.

The mineral claim unit with the greatest potential would be that including the Q17 and Q22 vein structures, both of which contain indicated resources. Using Kilburn's 1990 methodology, the dollar value for this claim unit has been derived as follows:

(a) Location of claim unit relative to off-property (outside the claim unit being assessed), significant mineral occurrences - these would include the nearby Q25 and Q25 veins, both of which contain "sub-ore grade mineralization"

which has been measured in three dimensions by surface trenching and sampling and by limited diamond drilling. These are within 1.6 km of the subject claim unit; consequently, the value factor or multiplier would be 2.5.

In addition, the adjacent claim units also contain "interesting but sub-ore grade mineralization" which has been measured in two directions, including the JT and "new vein". The applicable multiplier would be 1.5.

(b) Location of the claim unit containing Q17 and Q22 veins relative to known off-claim geological, geochemical, geophysical targets - 3 or more such targets would be applicable in this case and would include indicated extensions to other known vein structures. The value or multiplier factor would be 1.5.

(c) Grades of mineralization on the claim unit under evaluation - both the Q17 and Q22 veins contain what would be categorized as an "ore grade mineralized zone, which has been measured in three dimensions, at a size which is economically interesting (not yet shown to be economically exploitable)." A multiplier of 8.0 would be applicable.

(d) Geophysical and/or geochemical targets on the claim unit under evaluation - in other words targets similar to those indicative of known mineralization - these would include potential parallel vein structures and the applicable multiplier would be 3.0.

(e) Geological patterns on the claim unit - two such patterns are evident, including the fact that Q17 and Q22 veins are open to depth and possibly along strike. The multiplier for this category would be 3.0

The total multiplier for this, the highest priority mineral claim unit would be $2.5 \times 1.5 \times 1.5 \times 8.0 \times 3.0 \times 3.0 = 405.0$.

The claim unit would have an estimated value of:
Base Cost of Acquisition = $\$700 \times 405.0 = \$283,500$.

A similar exercise, undertaken for lower order priority claim units includes the following:

- Claim unit including Q28 vein plus potential northwest strike extension of Q17 vein - Multiplier - 202.5
Value = Base Cost of \$700 x 202.5 = \$141,750
- Claim unit containing Q25 vein - same rating as previous -
Value = \$700 x 202.5 = \$141,750
- Claim units (2) containing the Pyramid zone and Q19 vein - Multiplier for each would be 81.0 and combined value of these two claim units would be \$700 x \$56,700 x 2 = \$113,400
- Balance of the 11 remaining claim units comprising the property are deemed to have a similar value. These include claim units between Pyramid zone and Q19 vein, northwest and southeast strike extensions of Pyramid zone and northwest and southeast strike extensions of Q17 and Q22 veins. Applicable multiplier would be 40.5 and combined value for these 11 claim units would be:
 $\$700 \times 40.5 = \$28,350/\text{claim unit} \times 11 = \$311,850$

Total estimated value of the DOC property using the Geotechnical Rating Method is \$992,250.

CONCLUSIONS

The DOC property is situated in a well-documented, highly mineralized area of northwestern British Columbia. Past work on the property has identified a number of wet-northwest striking, steeply-dipping quartz veins containing appreciable gold and silver values.

Two of these structures, the Q17 and Q22 veins, have been explored in some detail by surface trenching, 4680 metres of diamond drilling in 50 holes and by 680 metres of underground workings. A conservative estimate of the total indicated resource for these two structures is 91500 tonnes

grading 8.8 grams/tonne gold. Both are open to depth and possibly along strike; in this regard, the mesothermal style of mineralization is indicative of good potential for continuity of structure and grade to depth.

Limited sampling of seven other known vein systems has returned locally significant gold and silver values and these structures are considered to have good potential for the definition of additional resources.

Parts of the property are underlain by metamorphosed calcareous sedimentary rocks which could host skarn-type gold mineralization. The potential for precious metals-enriched volcanogenic massive sulphide style of mineralization, similar to the Eskay Creek gold-silver mine, remains unknown.

Three methods have been used in preparing an assessment of a fair and reasonable value for the DOC property. In summary, these are as follows:

1. Value of Resource	\$10,800,000
2. Appraised Value Method	\$1,900,000
3. Geotechnical Rating Method	\$992,250

The gross *in situ* value of identified resources, at \$10.8 million, while not unreasonable, is considered to represent an unrealistically high value for the property.

Conversely, the \$992,250 value derived by the more rigorous geotechnical rating method in part reflects the relatively small property size which may unfairly downgrade

the property value .

The retained exploration expenditures of \$1.9 million derived from the appraised value method are considered to represent the most realistic assessment of property value. Consequently, the writer is of the opinion that a fair and reasonable estimate of the current value of the DOC property is in the order of \$2 million.

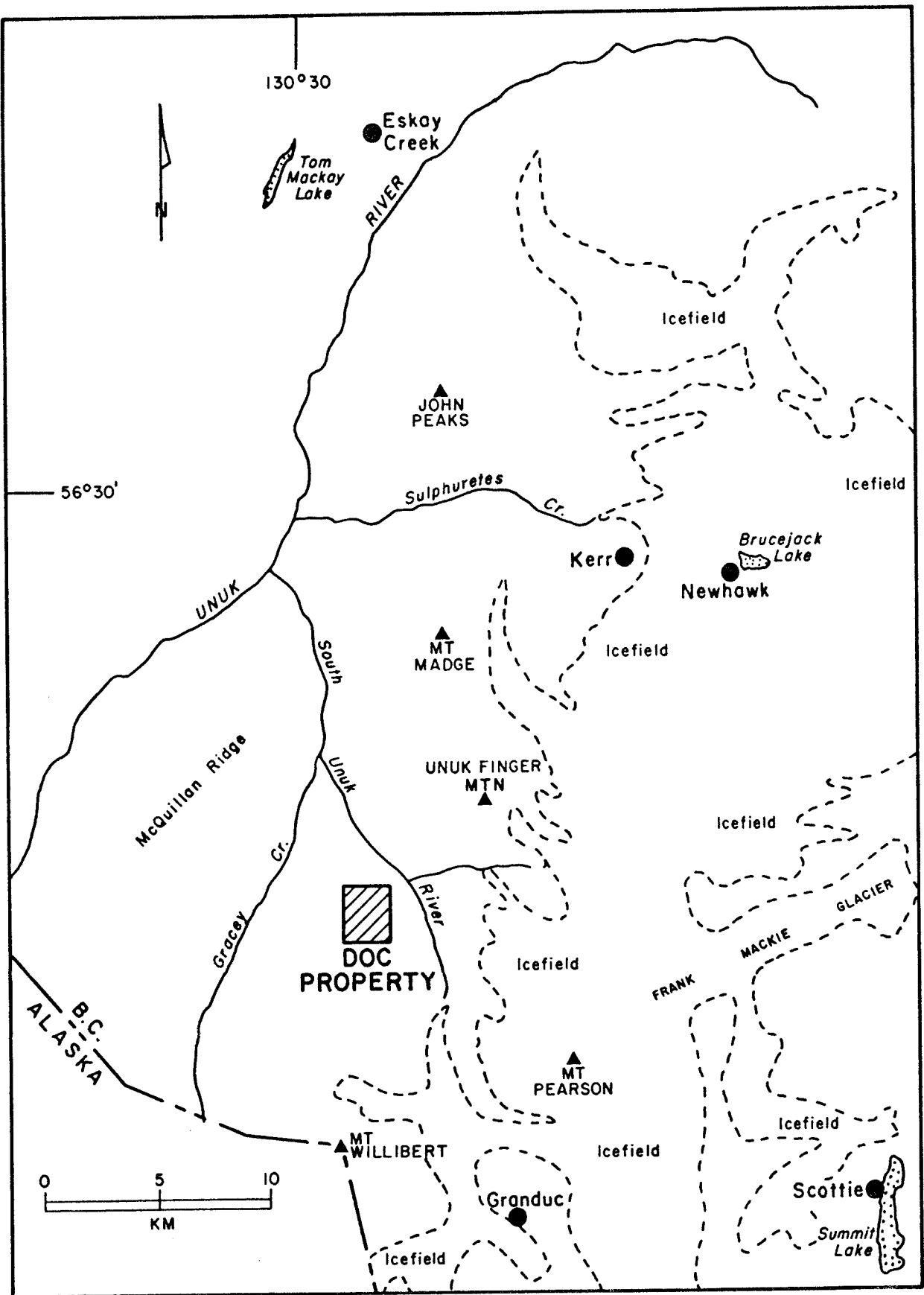


FIGURE 2 - LOCATION - DOC PROPERTY

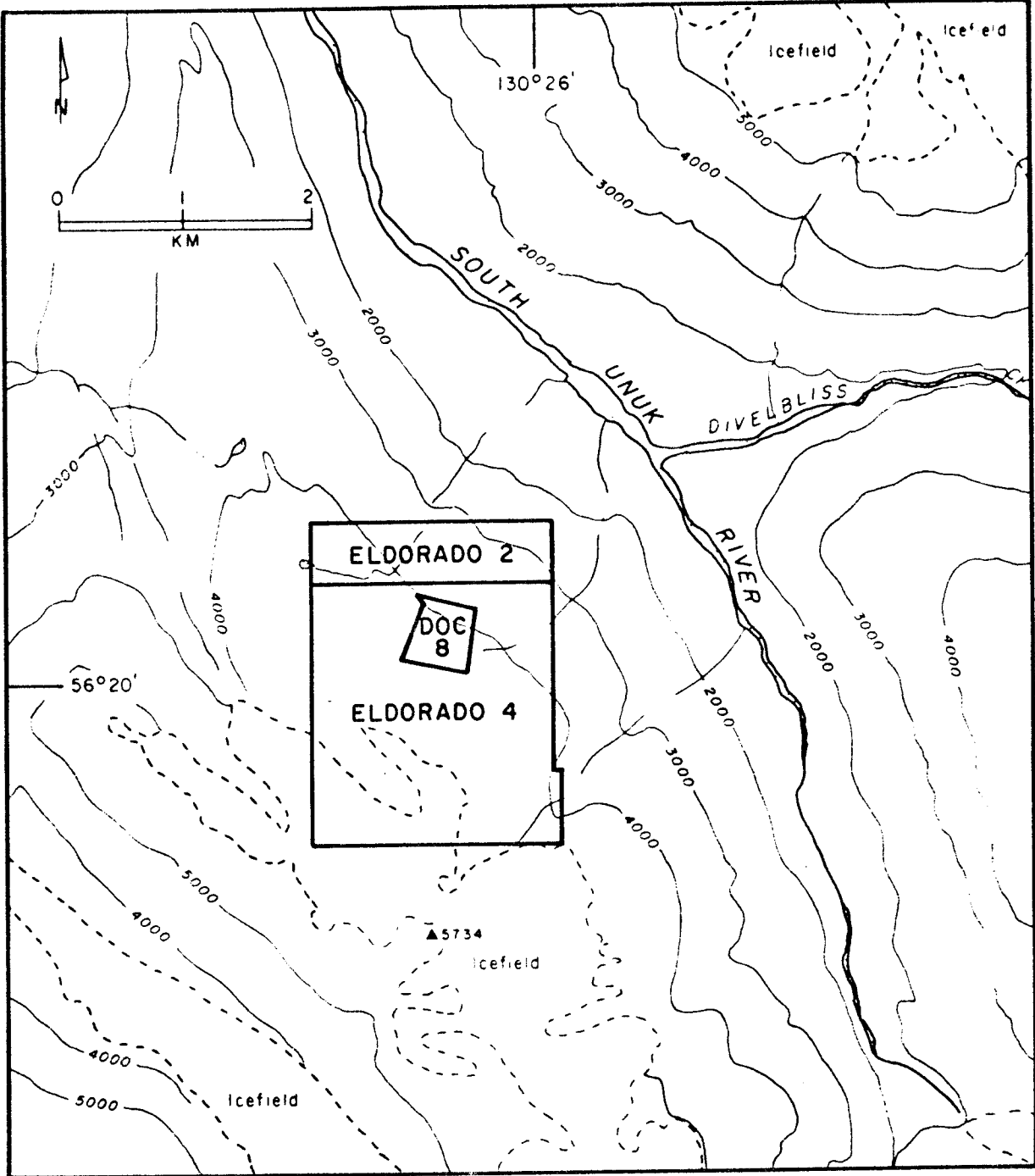


FIGURE 3 - DOC PROPERTY - MINERAL CLAIMS

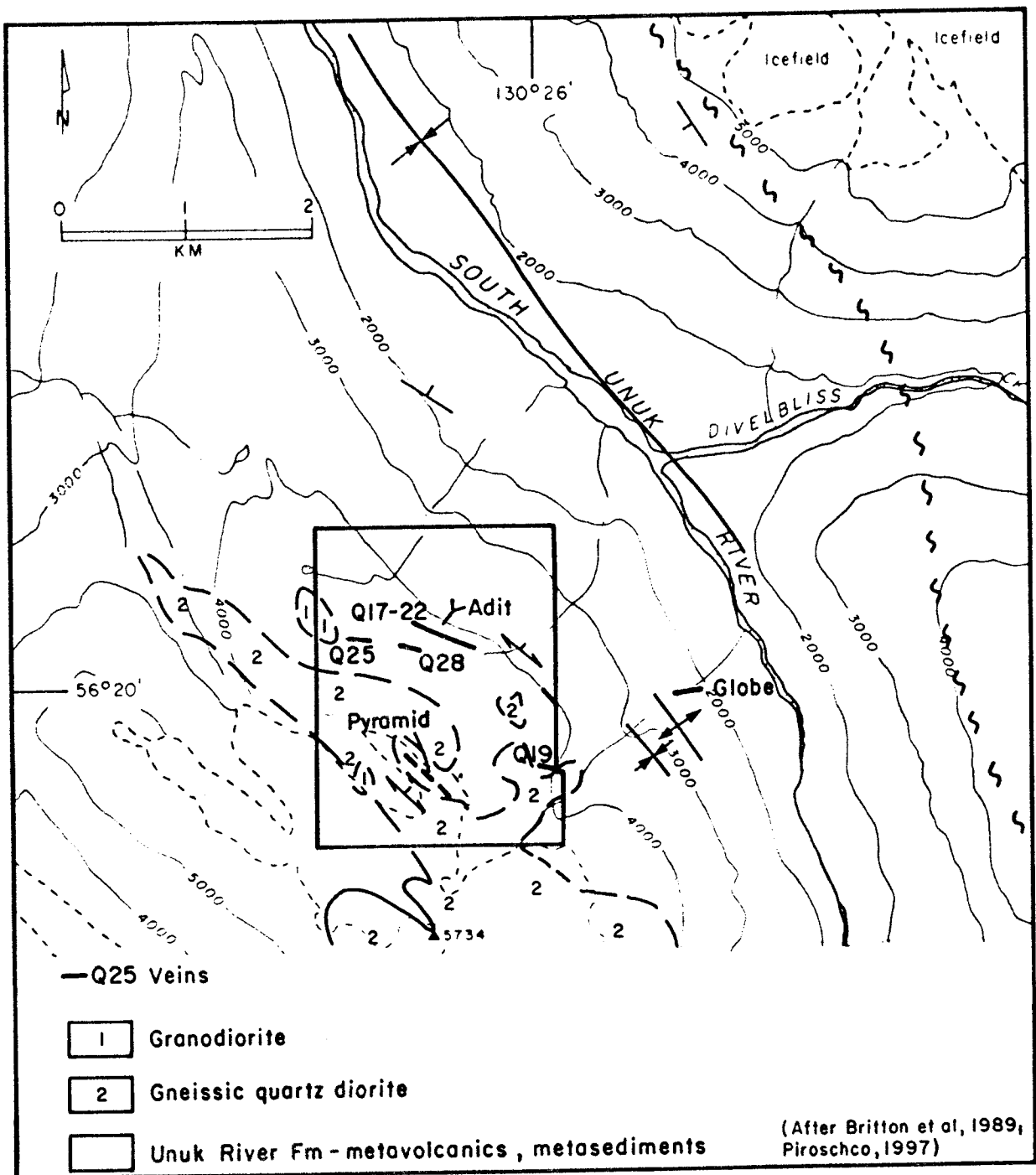
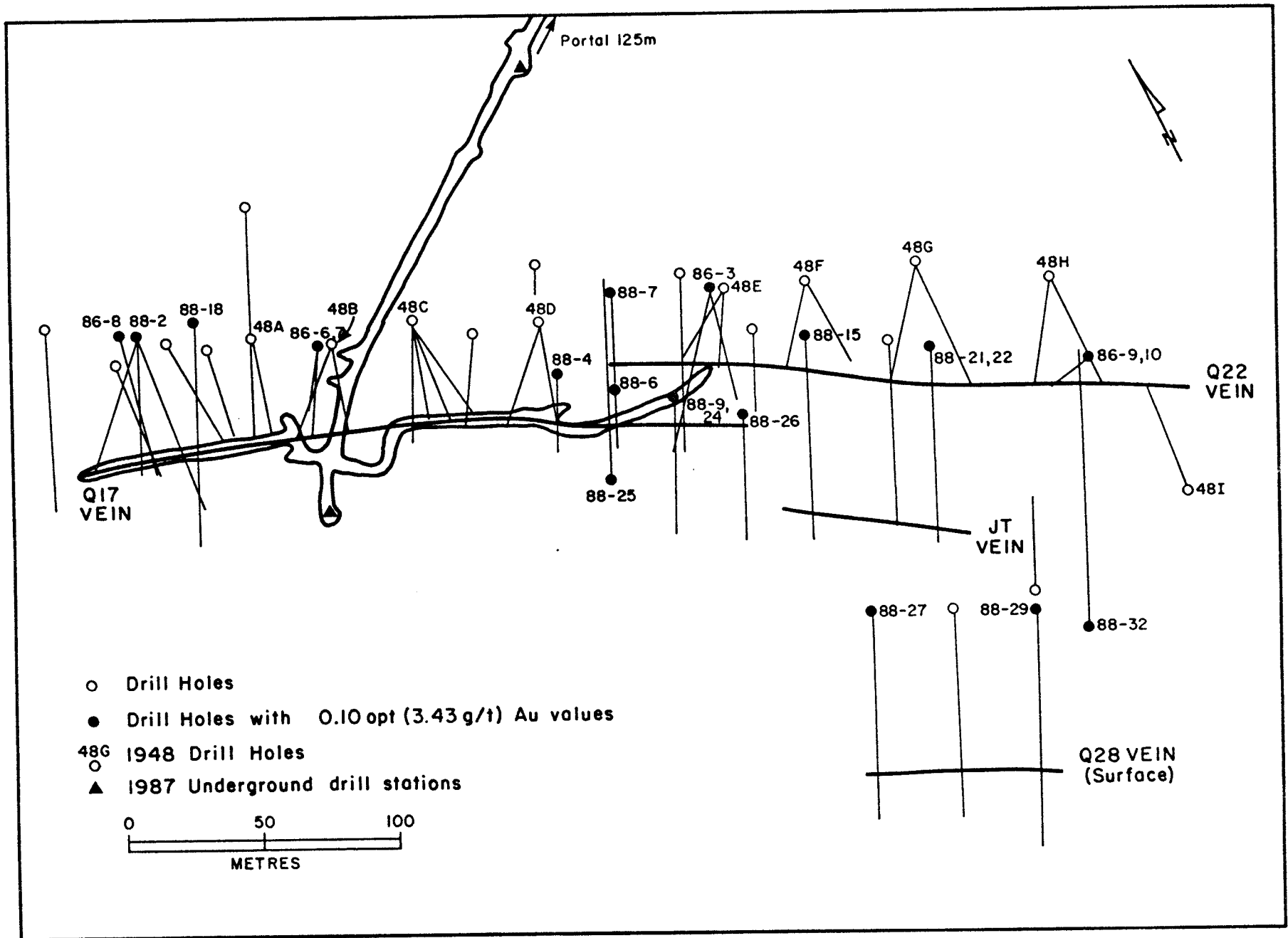


FIGURE 4 - DOC PROPERTY - GEOLOGICAL SETTING



**FIGURE 5 - DOC PROPERTY -
 SURFACE DRILL PLAN & UNDERGROUND WORKINGS**

Comp?

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CERTIFICATE

I, NICHOLAS C. CARTER, with residence and business address at 1410 Wende Road, Victoria, British Columbia, do hereby certify that:

1. I am a Consulting Geologist and have been registered with the Association of Professional Engineers and Geoscientists 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 and abroad for more than 30 years.
4. I am the author of the foregoing report on the DOC Property, Skeena Mining Division, British Columbia, which has been prepared at the request of the property owner, Lawrence Barry. The report is based on published and unpublished information pertaining to the property and its regional setting, and on the writer's extensive background knowledge of the general area.
5. I hold no interest, directly or indirectly, in the mineral claims comprising the DOC property nor do I expect to receive any such interest.

Dated at Victoria, British Columbia, this 15th day of June, 1998:

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

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