

860105

15

N.C. CARTER, Ph.D., PEng.

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

May 22, 1989

TO: R.T. HEARD FAX: 685-6440
RE: DEER HORN - LINDQUIST LAKE

General Comments

1. Dr. Franc Joubin - attempts to negotiate a purchase of data pertaining to previous work on the property were unsuccessful. Joubin and partner will agree to provide information only on the basis of an interest in the property.

General terms discussed include a 25% Working Interest (carried through Phase I) with direct participation due at the commencement of Phase II or immediate conversion of the Working Interest to a 1% NSR on production.

It is difficult to determine how much hard information Joubin has in his possession relating to the 5600 metres of surface and underground drilling and 600 metres of underground workings but I suspect it is considerable. Access to this information would ensure a comprehensive and cost effective Phase I program. In addition, Joubin's involvement would be good PR and would undoubtedly enhance the proposal.

A decision regarding Joubin's possible involvement has to be made soon.

2. Work Permits - I checked with Denis Lieutard, Mineral Titles, Victoria, re the issuance of necessary work permits to allow the successful applicant to proceed with a Phase I program.

While the nature of the program will be described in the proposal, Form 9-10's will also be required prior to work proceeding. There is some danger that Parks Branch could drag their feet on this and there is some consideration being given to involving them in the selection process so at least they will be aware of the style of the successful program. The minimal surface disturbance during Phase I as contained in Equity's proposal should be an attraction for Parks Branch, not to mention the milling of possible ore outside the Recreation Area.

Additional Information -

(a) An engineering report (summary) from a 1954 Deer Horn prospectus has been sent to Darryl Hanson.

(b) Papezik M.Sc. thesis - deals mainly with mineralogy but also contains several poorly drafted underground plans and sections showing some drill holes - a copy can be obtained through Mines Library, Victoria.

(c) I had a chance to discuss the property with Larry Diakow who mapped the area for the Ministry of Mines in 1987. His comments are as follows:

- there is a landing at the west end of Whitesail Lake; the road from this point is in good shape to the southeast slope of Lindquist Peak where some sloughing has occurred.

-2-

LINDQUIST (cont'd)

- Adit seems to be in good shape - Diakow examined the first 150 m of crosscut.
- the mapped thrust fault is the main control for the Contact Zone - 0.50 m wide, sulfide bearing veins were noted in flat structures along the trace of the thrust fault 2 km west of the main zones and within the proposal area. The thrust is cut off to the east by a Tertiary granite.
- showings in the Chikamin Range are not considered to be too exciting.

3. Comments re Draft Proposal

4. Exploration Plans - if a deal can be worked out with Joubin regarding access to records of previous work, it is definitely worth mentioning that the Company has a working relationship with Joubin who supervised most earlier work on the property on behalf of Pioneer Gold Mines in the 1940's and Deer Horn Mines in the 1950's.

Some direct reference should also be made in this section with respect to examination and sampling of underground workings and exploration of the large area surrounding the known mineral zones.

Somewhere it should also be noted that the Company expects expeditious processing of necessary work permits should they be the successful applicant.

6. Old Mill Tailings - non-existent and confirmed by Diakow. Perhaps some reference should be made to possible treatment of 4000 - 4500 tons of adit dump material?