860805

MEMORANDUM

TO: Ed Kimura

DATE: July 15, 1988.

FROM: JM Kowalchuk

PDI FILE: 040080
NTS: 104 B 8 W

RE: DOC Property, Magna Ventures Ltd.
Property visit

RECOMMENDATIONS

Some discussions should be instituted with Brad Cooke concerning the financing of Magna Ventures Ltd toward their exploration of the DOC property. The program and budget, as proposed by Magna involves extensive underground work and drilling with a total expenditure of $4.3 million. Brad Cooke appreciates that this program is rather ambitious and thus is looking for financing of $1 million towards a surface drilling program.

The writer feels that the Q17 vein and the Q25 and Q28 veins should be tested by an extensive fence of diamond drill holes in order to test their continuity and extent. A VLF EM survey using 20 metre station spacing over 50 metre line spacing should be very effective in delineating the surface trace of the zones. This technique will help in the location of drill holes as well as test the continuity of the veins and the dislocation of the veins by several small faults. Any underground work should be delayed until after the property is tested on surface.

PROPERTY EXAM

An examination of the DOC property took place on July 13, 1988. The visit was directed by Brad Cooke of Magna Ventures and attended by personnel of various mining companies interested in a possible acquisition or financing. These people were:

Ray DuJardin	Kerr Addison
Tor Bruland	Kerr Addison
Ed Yarrow	Min Gold (HBM&S)
Peter Folk	Teck Corporation
John Kowalchuk	Placer Dome

The group examined and samples the three exposures of the Q17 vein in the underground workings; looked at two 1986 diamond drill holes; looked at the vein in trench 3; and looked at the trenches and underground workings of the Globe Vein east of the main workings.

DISCUSSION

The Q17 vein is not a true quartz vein but a boudinaged shear zone which contains 0.5 to 12 metres of bull quartz in its core. The gold is contained within the sulphide rich shear as well as in sulphide rich pods and patches within the quartz. Other than these sulphide patches, the quartz is barren of gold mineralization. In the underground workings, the shear and quartz vein averaged approximately 2 metres in true thickness. Sketches of the veins as observed in the underground drift and cross cuts accompany this memo. The locations of check samples are also plotted on these drawings.

The Q17 vein as observed in trench 3 looks very similar to its appearance in the underground workings. In drill hole 86-6 the core of which was spread out for examination also showed similar features. The quartz vein material was recovered and where disseminated sulphides were encountered, the vein material carried quite good gold values. Generally core from the shear zones around the quartz veins was not well recovered.

A total of 10 holes were drilled along the vein. Except for hole 86-1, they all hit the vein. Six of the hole intersected a sulphides in the vein resulting in the grade of the vein intersection averaging greater than 0.3 oz/ton gold over a 2 metre width. The other holes intersected quartz vein material but did not intersect sulphides. Generally where rusty fault gouge was mentioned, core recovery was quite low. Rusty gouge, adjacent to the veins generally assayed less than 0.1 oz/ton gold.

The Globe vein is actually two parallel quartz veins each 6 metres across, separated by a fault zone 10 metres across. Surface and underground workings on these veins encountered little sulphides and correspondingly low gold assays. The only sulphides seen were along 0.3 metre selvages on the edge of the veins. These country rocks around these veins were quite altered with extensive carbonate and quartz flooding. The veins appear to average about 0.03 oz/ton gold.

SUMMARY

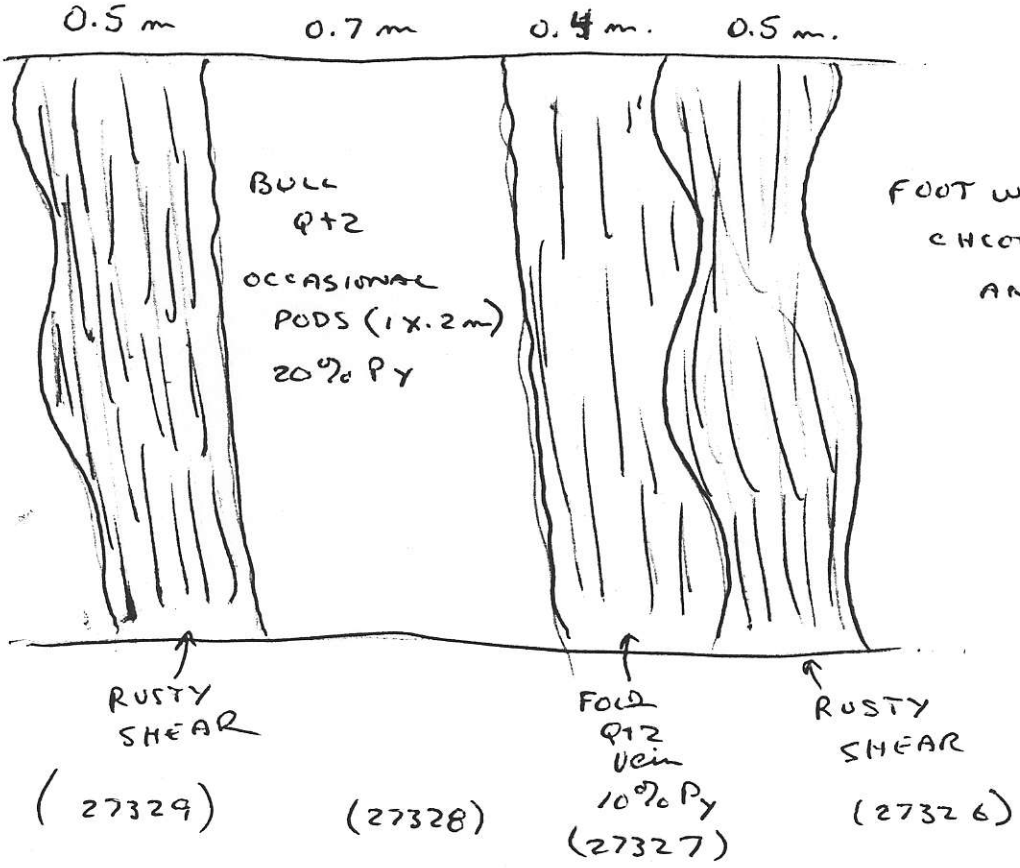
The Q17 vein on the DOC property is actually a shear zone averaging from 1 to 5 metres in width and averaging 2 metres. The shear contains a barren quartz core which hosts patches or pods of sulphides. These sulphide pods carry significant gold values. The shear hosting the quartz vein also carries good gold when sampled in trenches or in the underground cross cuts, however does not appear to carry as much gold in the drill core. Recovery in the sheared material is poor and Magna personnel believe that the gold has been lost from the core.

The shear appears to have good continuity of length and width as well as depth. If confidence in the average grade of the vein can be increased, the potential exists for this shear and its sister shear Q25-Q28 to host one to two million tons of economic gold mineralization.

The Globe vein has certain similarities to the Q17 vein, however it is much larger in size and contains significantly more bull quartz. It lies 600 metres lower in a vertical sense than the Q17 vein and may be the deep equivalent of the upper veins.

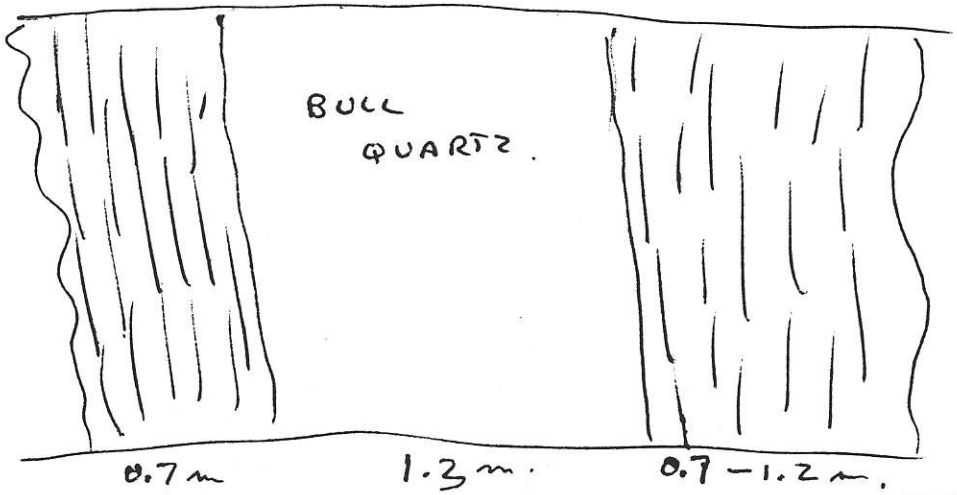
John Kowalchuk

NORTH WALL.



MAGNA AVERAGE OF 4 CHANNELS.
0.286 oz/t Au
1.95 m.

SOUTH WALL

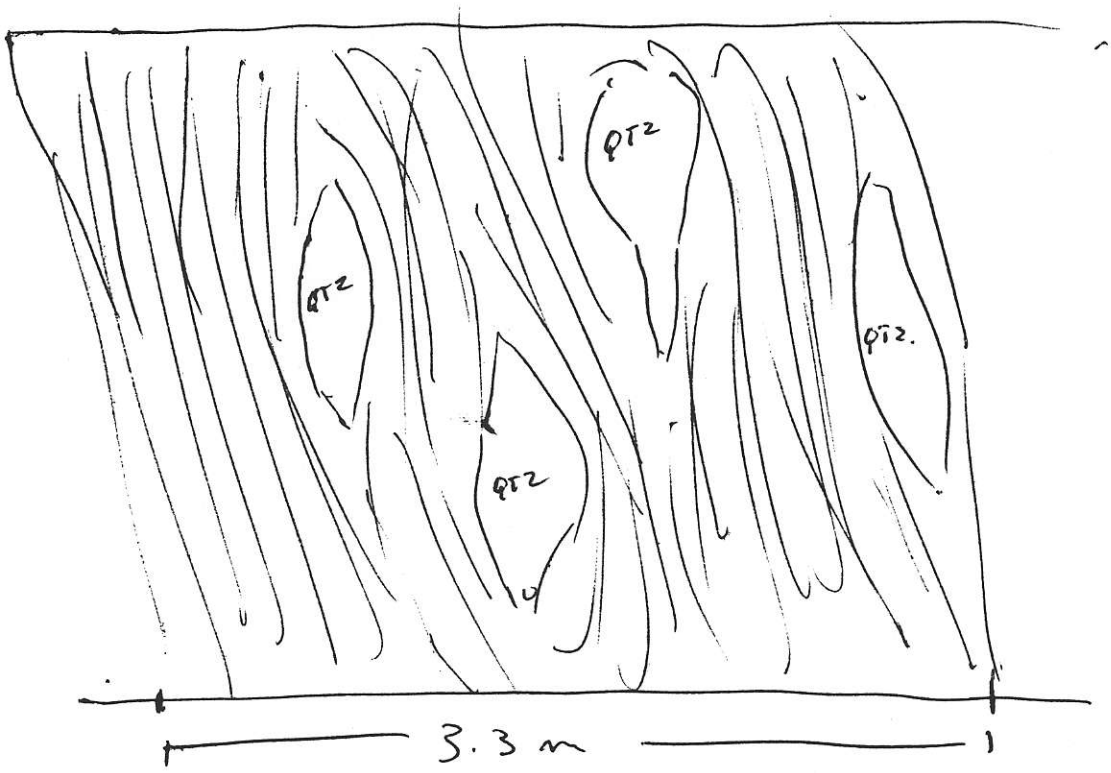


– Q17 vein

DOC CLAIMS.
104 B
JULY 15/88
NORTH CROSSCUT – 2 VEIN GEOLOGY

JM K.

SOUTH WALL



RUSTY SHEAR.

MAGNA AVERAGE.
OF 4 CHANNELS

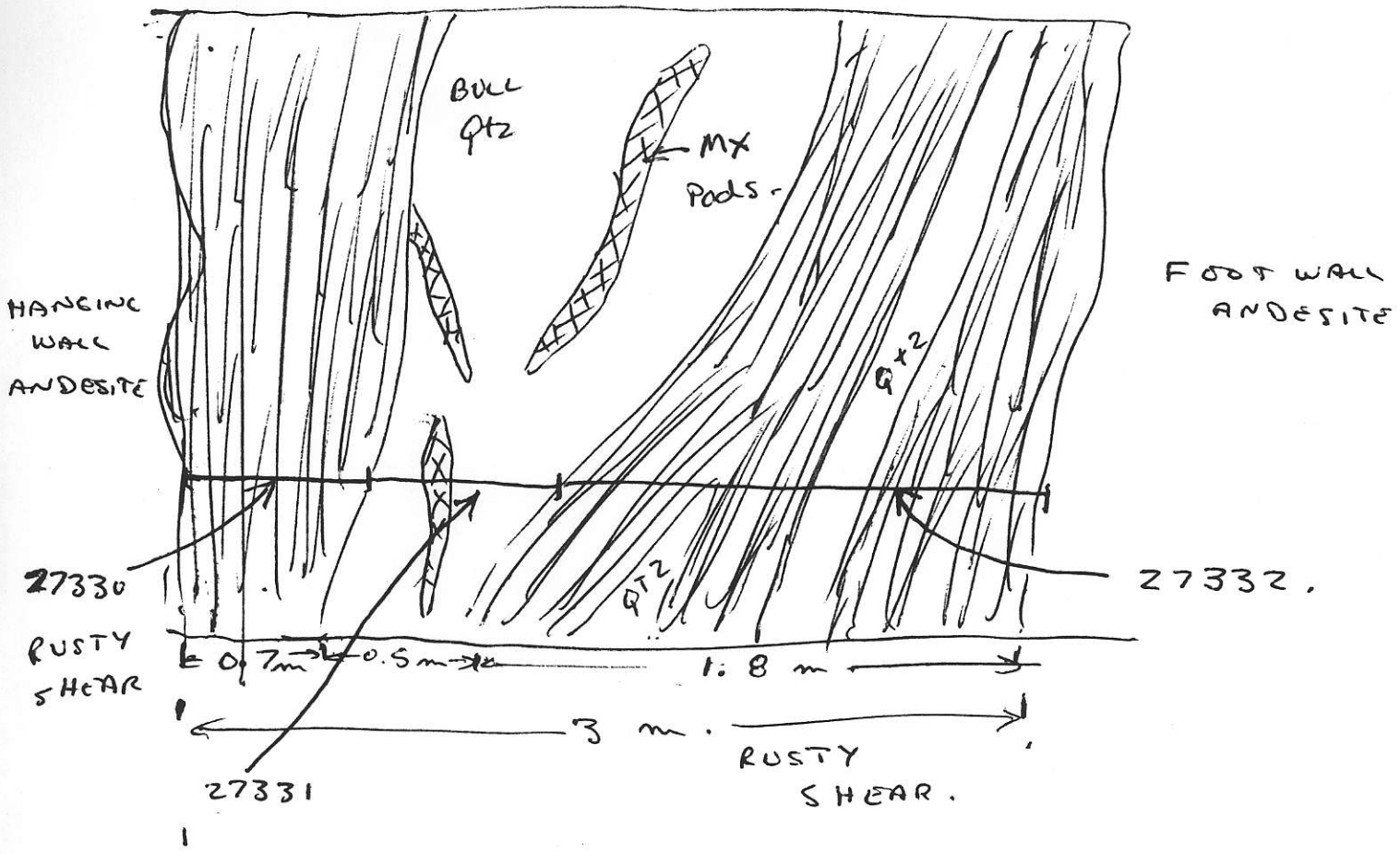
0.65 z g/t Au
3.06 m

Q 17 VEIN

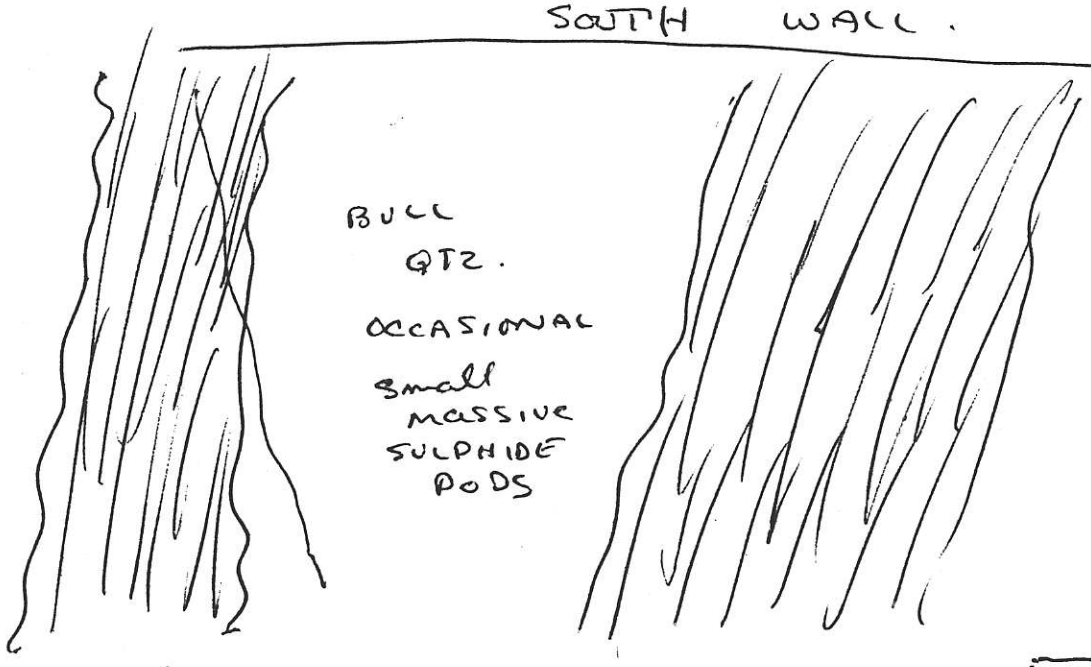
DOC CLAIMS.

104 BB
JULY 15/88
MAIN CROSS CUT - 1
VEIN GEOLOGY.

NORTH WALL



SOUTH WALL.



MAGNA.
AVERAGE
OF 4 channels
0.369 oz/t Au
1.81 m.

Q17 vein

0.3m RUSTY SHEAR
0.7m (27334)
1m (27333) RUSTY SHEAR

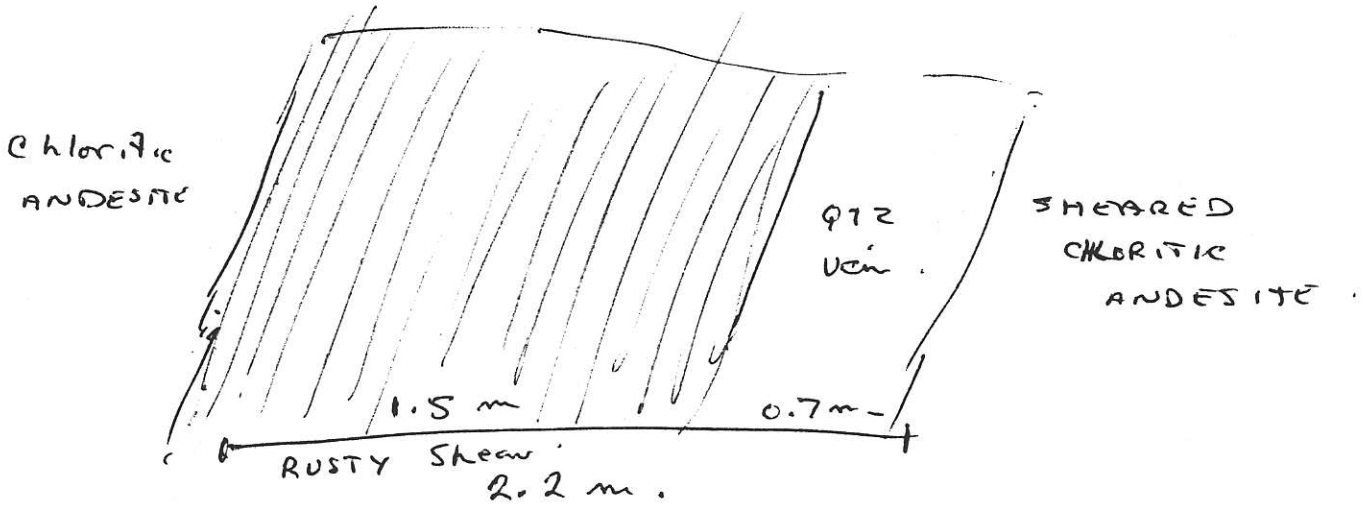
DOC CLAIMS
104 B 8.
JULY 15/88.

SOUTH CROSSCUT -3
vein Geology

JMK

Q 17 vein.

TRENCH 3.

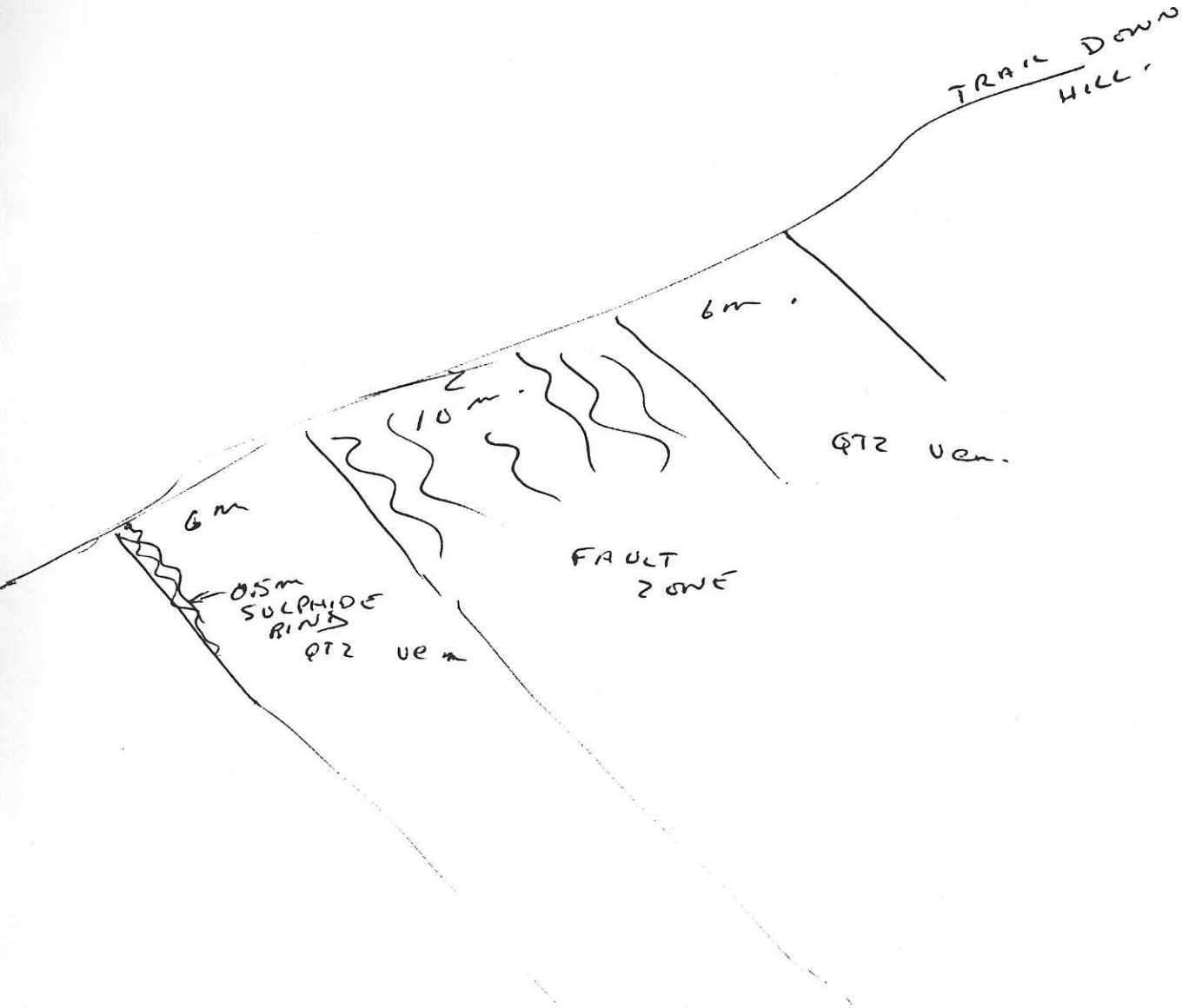


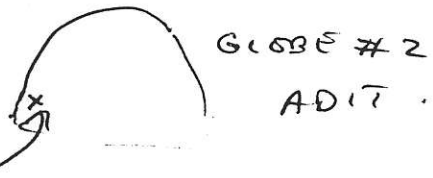
DOC CLAIMS.

104 B8

JULY 15/88.

FACING NORTH





CARBONATIZED FOOTWALL
RUSTY. - QTZ - ANKERITE -
27336.

DOC PROPERTY

GLOBE VEIN.
JULY 15/88.
104 B 8.

	Au oz / ton	Ag oz / ton	True Width metres	
X-Cut N° 1	0.446	1.72	3.20	
	0.933	2.91	3.12	
	0.735	2.38	2.90	
MAIN	0.501	1.54	3.00	
Average	0.652	2.14	3.06	
X-Cut N° 2	0.385	1.491	2.10	) N WALL
	0.385	1.353	2.15	
	0.174	1.006	1.60	) S WALL
NORTH	0.163	0.633	1.95	
Average	0.286	1.139	1.95	
X-Cut N° 3	0.418	1.890	1.80	) N. WALL
	0.897	3.708	1.75	
SOUTH	0.084	0.413	1.90	) S WALL
	0.107	0.430	1.80	
Average	0.369	1.579	1.81	

DOC CLAIMS.

Q 17 Vein.

DOC CLAIMS.
11,600 LEVEL PLAN.
CROSS-CUTS AND
CHIP SAMPLES
@ 17 Vein.
JULY 15/88.

Elev. 1161.4

86-11
56.17 m
-45°
Elev. 1197.65

86-6
74.1 m
-60°
Elev. 1168.83

86-7
138.7 m
-75°
Elev. 1099.03

27326
27327
27328
27329

11617-8
(+50)
19.8 m

1160-13

11622-5
43°37'
118 m

DDHoles 1986
6,7
Elev 1233.0

DRILL STATION
116171

1160-14

1160-11

11617-7
(+50°)
47.2 m

11617-6
(-45°)
63.7 m

1160-09

1160-12

1160-06

1160-15

37330
37331
37332

1160-16

37334
37333

37335

11622-4
61°26'
134 m

MEMORANDUM

TO: Ed Kimura

DATE: July 8, 1988.

FROM: JM Kowalchuk

PDI FILE: 040080
NTS: 104 B 8 W

RE: DOC Property, Magna Ventures Ltd.

SUMMARY AND CONCLUSIONS

The DOC Property of Magna Ventures Ltd. contains several narrow quartz sulphide veins which contain significant amounts of gold. The largest of these veins, the Q17 vein carries published reserves of proven and probable quality of 207,000 tons of ore grading 0.32 oz/ton gold. These reserves have been delineated by an 1987 underground mining and diamond drilling program. Geological reserves in parallel vein systems total 263,000 tons of 0.23 oz/ton gold and 1.25 oz/ton silver.

Potential exists for two or three of these vein systems to carry over one million tons of ore carrying greater than 0.3 oz/ton gold.

INTRODUCTION

The DOC Property was presented to Placer Dome Inc. by Brad Cooke, President of Magna Ventures Ltd. Magna is looking for senior financing to help explore and develop their vein gold deposit in northwestern British Columbia.

LAND

The property consists of 22 modified grid claims and 6 crown grants, totalling 322 units and covering 7,600 hectares. The claims are located in the Skeena Mining Division.

OWNERSHIP

The property is held as a 50-50 joint venture partnership between Magna Ventures Ltd. and Silver Princess Resources Inc. Magna Ventures are the operators of the joint venture.

LOCATION AND ACCESS

The DOC property is located approximately 920 kilometres northwest of Vancouver and 50 kilometres northwest of Stewart in northwestern British Columbia. Access to the claims is provided by commercial jet service to Terrace, vehicle transport by highways 16 and 37 to Stewart and helicopter to the property.

PROPOSED TARGET

Gold, in mesothermal quartz sulphide veins and shear fillings. The veins are believed to have good continuity along strike and at depth. A model of gold vein mineralization similar to the gold deposits in the Superior Province of northern Ontario and Quebec is proposed by the vendors.

HISTORY

In the 1890's, prospectors worked their way from Alaska to the junction of the South Unuk and Sulphurets Creek where placer gold was discovered. The Globe claims were first staked in 1899 and two veins were explored by several trenches and four adits. Although a 3 ton stamp mill was packed in and 45 tons of high grade ore were stockpiled, no shipments were made from the property.

In 1946, Leitch Gold Mines discovered gold veins (DOC) and staked mineral claims, which were then optioned to Halport Mines in 1947. Halport discovered several new veins and then in 1948, drilled 19 core holes totalling 4,230 feet over a strike length of 1250 feet on the Q17 and Q22 veins. Another 10 holes totalling 2,044 feet on the Q25 vein were drilled in 1949. The property was dropped.

New Minex Resources Ltd. acquired the ground in 1974. They channel sampled the Q17 and Q25 veins, and carried out ground magnetic and VLF EM surveys in 1975.

In 1980, DuPont of Canada Exploration completed geological mapping and geochemical surveys over the property.

In 1985, Silver Princess Resources optioned the property from Tom McQuillan and resampled old trenches.

In 1986, Magna Ventures optioned the ground and carried out further ground acquisition, surface prospecting, 3,495 feet of diamond drilling on the Q17-Q22 vein and 110 feet of crosscut tunnelling.

In 1987, 1,235 feet of underground development on the Q17 vein were completed. The vein was intersected with three crosscuts. From two drill stations located in the workings the Q17 and Q22 veins were tested at depth with eight boreholes totalling 2,278 feet.

GEOLOGICAL SETTING

The DOC property is underlain by Lower Jurassic andesite, tuff, greywacke and limestone. The rocks are moderately altered to hornfels and skarn. Large diorite and granite plugs and dykes crosscut the stratigraphy.

Major structures include northwest-trending cataclastic zones and fold axes. Associated with these major structures are west-northwest trending, steeply dipping mineralized veins, north-northwest striking, moderately dipping cross faults and northeast oriented tension fractures.

The mineralized veins range up to 20 feet wide (typically 5-10 feet wide) and extend up to 5000 feet long (normally 500-1000 feet long). They consist of white quartz with disseminated pyrite, chalcopyrite and galena. Some specular hematite, sphalerite and tetrahedrite also are present. The sulphide content varies across the vein, with increased concentration of sulphides along the margins.

Gold values (average 0.25-0.75 oz/ton) tend to reflect the pyrite concentration in the vein. Silver assays (average 1-3 oz/ton) relate to the galena concentration.

PROPOSAL

The investment proposal is detailed in the accompanying letter from Mr Brad Cooke, president of Magna Ventures.

DISCUSSION AND CONCLUSION

Two and possibly three vein systems cut across the DOC property. These veins all have variable thickness.

The Q17-Q22 vein has a strike length of at least 200 metres, width of 2 metres and depth of 100 metres. Trench, drill hole and underground channel samples give an average grade to this vein of 0.32 oz/ton gold. This vein is open along strike and to depth although the DOC fault might cut part of it. Measurements of the surface dimension of the vein give it a possible strike length of 700 metres.

The Q24-Q28 vein system has a possible strike length of 700 metres although these veins have only been tested over a total distance of 210 metres. The rest of the region is obscured by snow and overburden. These veins average 0.123 oz/ton gold over 1.65 metres width.

The Pyramid zone has been tested with several scattered trenches. Continuity of the zone is not known since the shear is covered in most places by extensive snow cover. Grades and widths are similar to those mentioned for Q17-Q22.

The Globe vein system occurs at an elevation 600 metres below the outcrop of the Q17 veins. This vein is similar in grade and size to the aforementioned vein systems. The presence of mineralized veins to this depth suggests that all of the vein systems mentioned have a possible depth extent of up to 600 metres.

If the veins are continuous, and relatively uniform in grade and thickness, the potential exists for several million tons of gold ore.

RECOMMENDATIONS

1. A property examination is required to answer several questions:

   A. What is the continuity of the Q17 vein? Is it cut up by little cross faults or are these shears just parallel structures?
   B. What is the effect of the DOC fault? Does it truncate the bottom of the mineralization?
   C. Check on ground conditions re: dilution and support
   D. Check quality of trenches and sampling. Was mineralization intersected.
   E. Check for changes in thickness of vein or changes in grade with depth.
   F. Check Globe vein. Is style and mineralogy similar to Q17 vein. Is there a chance of them being connected?

2. Based on this examination a recommendation will be made regarding proceeding with discussions on an option.

John Kowalchuk

ARC
RESOURCE
GROUP

MAGNA
VENTURES LTD.

Trading Symbol **VSE: MVN**

Suite 107, 325 Howe Street, Vancouver, B.C. V6C 1Z7 • (604) 685-9700

July 6, 1988

Mr. John Kowalchuk,
Mr. Ed Kimura, and
Mr. Robert Pinsent
Placer-Dome Inc.
Suite 1500 - 1055 Dunsmuir St.
Vancouver, B.C.
V7X 1P1

Dear Sir:

RE: INVESTMENT OPPORTUNITY IN MAGNA VENTURES LTD.

Further to our recent discussions, I would like to outline a more concrete proposal regarding an investment opportunity in Magna Ventures. As you know, Magna is currently looking for a major mining company to provide financial support and mining expertise in backing our gold projects to production.

Our philosophy has been to acquire, explore and develop advanced gold properties through joint ventures. In the BOB claims, Colombo mine and DOC property, Magna has three top-notch gold projects, each located in "million ounce" gold camps, with known gold zones being actively explored, and small, high-grade mineral inventories open for further work.

The DOC property is our best project and our immediate concern because the field season is upon us and our joint venture partner has been and will be a problem. Our solution is to arrange sufficient financing for 1988 that would enable Magna to quadruple the ore potential of the DOC property and dilute Silver Princess to a lower working interest.

Magna, as Operator, will be proposing to the Joint Venture a 1988 budget in the range of $1.5 million (minimum) to $4.5 million (maximum). We propose a series of private placements totalling $1 to $3 million to finance Magna's commitments on the DOC project in 1988. As well, management could make available stock in a series of private purchases totalling $1 million to allow the accumulation of a control block in Magna.

.../2

	Date	Funds	Price	Shares
Company Private Placements:				
1.	July 31, 1988	$1,000,000	$1.00	1,000,000
2.	Oct. 31, 1988	$1,000,000	$2.00	500,000

NOTE: The first $500,000 should be hard cash but the balance could be flow-through funds.

Management Private Placements:				
1.	July 31, 1988	$ 500,000	$1.00	500,000
2.	Oct. 31, 1988	$ 500,000	$2.00	250,000
		$3,000,000		2,250,000 (19%)

NOTE: The first $500,000 would allow management to exercise options and net the treasury $350,000.

We are planning a tour of the DOC property and mine site for company representatives next week. Should you require any further information, please do not hesitate to call me. I look forward to hearing from you.

Yours truly,

MAGNA VENTURES LTD.

Brad Cooke

Bradford J. Cooke
President

BJC/jaf