

Bow
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Sent: Friday, July 09, 1999 9:30 AM
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Subject: Lane Weekly Reports

Lane Weekly for June 28 to July 8, 1999.

Exploration:

Dot Com. On June 29, briefly looked at small trenching program of Jack Brown-John and Herb Wahl west of Horsefly. They encountered porphyry and flow-top copper mineralization in float during logging in the area last year. Trenching reached sub-outcrop. Assays grade up to several percent copper with elevated silver values.

List. Spent the better part of a day (June 29) with PA grantee Bill Poole on his List property west of Quesnel near the Blackwater River. A small trenching program targeted a gold soil anomaly located near the contact between a granite and ultramafic rock package, but did not identify anything of significant interest. Narrow quartz-sulphide veins, some heavily oxidized, likely contributed to the anomaly.

Tas (Tas) On June 30, examined core from a recently completed a seven-hole, 650-metre diamond drill program completed by Omni Resources on their porphyry copper-gold prospect located east of Inzana Lake. Not much of the core was sampled and mineralization was sparse. Mineralization is primarily fracture-controlled and consists of 1-2% pyrite and traces of chalcopyrite in augite phyric flows and tuffs, siltstones and argillites. A limited amount of core was split and sampled.

new Lottie (Lottie) **CONFIDENTIAL** Spent two days (July 5-6) with Eureka Resources examining several VMS float showings on their claims north of Wells. Company president Jack O'Neill, directors John Kerr and Hugh Morris, contract workers Warner Gruenwald, Rob Montgomery and John Austerhagen, consultant Roger Paulin and GSBer Peter Bobrowsky were on site. The three float discoveries (Bow, Tow and Lottie) were made by PA grantee Martin Peter in 1997 and 1998. Each area is underlain by basalts and/or cherty sediments of the Upper Paleozoic Antler Formation (Slide Mountain Group). At Lottie, a small trench dug at the float discovery site generated many angular blocks of laminated chalcopyrite-rich massive sulphide and stringer float within cherty sediments (exhalite?) all within a zone of ferricrete—bedrock cannot be far. Assays of massive sulphide float discovered last year by Peter graded up to 24.3% Cu, 400 ppb Au and 19.6 g/t Ag with elevated As, Co, Mo, Pb and Zn. One semi-massive sulphide cobble assayed 4.51% Zn and 1.00% Pb. The company is presently conducting a till fabric and till sampling program in order to determine the most likely source for the massive sulphide float—preliminary indications are that the up-ice/source direction is to the east. Eureka completed additional staking and will be seeking a joint-venture partner for the project. Hopefully we'll see a phase II at this exciting new VMS discovery.

At the Bow property, float is very similar to that observed at Lottie, although grades are lower

(up to 3.1% Cu and 0.25 g/t Au), but still very significant. At Tow, float is higher grade (up to 7% Cu), but is semi-massive and not laminated like the float at Bow or Lottie. Eureka flew an airborne EM and conducted grid-based ground follow-up and soil geochemical sampling over the Bow and Tow areas in 1998. The results from these surveys identified several coincident anomalies that they would like to drill. However, the company has been unable to raise the required capital to conduct the program.

Lottie Creek Placer. On July 5 met Doug Euker on his small placer operation near the Lottie VMS discovery. He claims that he is mining profitably in an area untouched by the oldtimers.

Activities:

93A RGS Release. Plotted 95th percentile gold values and noted several anomalies off tenured ground: Eureka Peak (north of Frasergold property); Victoria Creek area; Horsefly River area east of Woodjam property; headwaters of Choate Creek. Also, a number of gold anomalies occur along the Beaver Creek drainage. Only two packages sold out of Prince George office.

Lane Weekly Report: June 14 - June 24, 1999

Mines:

* Quintette. The Quintette Operating Company announced today (June 24) that it would be laying off 125 employees, reducing the mines workforce to 500. A backlog of coal inventories at the Port in Prince Rupert is being blamed for the layoff. So far in 1998 monthly coal production has averaged approximately 210,000 tonnes; this rate of production would result in 1999 annual production of 2.5 million tonnes. In 1999 1/3 of the production will come from the Little Windy and Big Windy developments at Mount Babcock and the remainder will come from Mesa/Mesa Extension. Decreased production will extend the life of the reserves which are approximately 12 million tonnes for each of the two areas being mined.

* Bullmoose. Annual production is expected to total 1.1 million tonnes in 1999, down from the 1.5 million tonnes agreed to in the recently renewed contracts with the Japanese steel industry. All production comes from the Southfork pit; development of the Westfork pit will not proceed. Won't be surprising if they're are more layoffs beyond those previously announced.

Exploration:

* Ace. Barker Minerals have staked the former Mass property (north of their Frank Creek VMS prospect) south of Cariboo Lake. Interest shown this year by major mining company and at least one junior. Visited the property on June 16-17 to traverse the stratigraphy and examine VMS showing. Recent mapping on the has identified pillow lavas and interpreted overlying rocks, previously mapped as "quartzites & quartz pebble conglomerates" to be (reworked) felsic pyroclastic rocks. The massive sulphide showing consists of many massive sulphide cobbles and small boulders in a road cut and bedrock showing of pyrite-chalcopyrite stringers in hanging wall rocks.

Also looked at the Blackbear Creek area quartz sulphide veins (including Providence 093A 003). Individual veins locally exceed 6 metres in width, pinch and swell along strike and are offset by minor faults. They are generally shallow dipping, controlled somewhat by gently dipping black phyllites and