

TO: BRIAN ABRAHAM
FM: G. PEARSON



Myra Falls Operations

881505
Pearson

Fax Cover Sheet

168 → PART REUFREU

(250) 647-5460

DATE: 18 October, 2001

NO. OF PAGES: 5

TO: Gary Pearson

(Including this cover sheet)

COMPANY:

FAX #: (250) 647-5460

CONFIDENTIAL.
(from: RC-02.19/01)

FROM: Sean McKinley

Message / Special Instructions

Gary,

For your information, here is the report/proposal that I have given to Ivor McWilliams and will submit to our Toronto office (there is one more page with a geology map and aeromag anomaly map, but they are in colour and wouldn't fax properly). It summarizes the information that you provided to me as well as some bits and pieces that I have dug up since then. Have a read of this and tell me what you think. Obviously this doesn't constitute any sort of offer or obligation at this time; it is simply a summary of the current knowledge, my ideas and how I think we should proceed.

Yours sincerely,

Sean McKinley
Exploration Geologist

Dr. Nulbert
Geological Survey of Canada
concerns and has started a file.

PEARSON Apr. 1/04
Anne Birkeland
stated Emerald Fields
planning to drill
(weasel in on activity)

Myra Falls Operations**MEMO**

DATE: October 16, 2001
TO: Ivor McWilliams
FROM: Sean McKinley
RE: Ni-Pt-Pd exploration opportunity

cc: Jim Jack
Kjell Larsson
Gary Pearson

Background

On September 29, 2001 I had the opportunity to visit a mineral property just north of the community of Port Renfrew on southwestern Vancouver Island. The visit was made on the invitation of Mr. Gary Pearson who holds a number of mineral claims in the area and with whom we had been in contact over the previous two years regarding his gold claims in the same area. Subsequent to our 1999 visit to his gold claims we agreed to cover the cost of his assays and accumulated expenditures of approximately \$10,000 in the process. During the subsequent two years, Mr. Pearson's focus shifted somewhat from gold to platinum group elements (PGEs) and nickel. During this recent visit I had the opportunity to visit Mr. Pearson's newer claims, discuss his work to date and conduct a preliminary assessment of the area's potential for Ni-PGE sulphide deposits.

The community of Port Renfrew is located on the southwest coast of Vancouver Island approximately 100km WNW from the city of Victoria. Mr. Pearson's Ni-PGE claims are located near Port Renfrew north of the San Juan River. The area comprises some quite rugged and steep topography, but is relatively easily accessed via a network of logging roads.

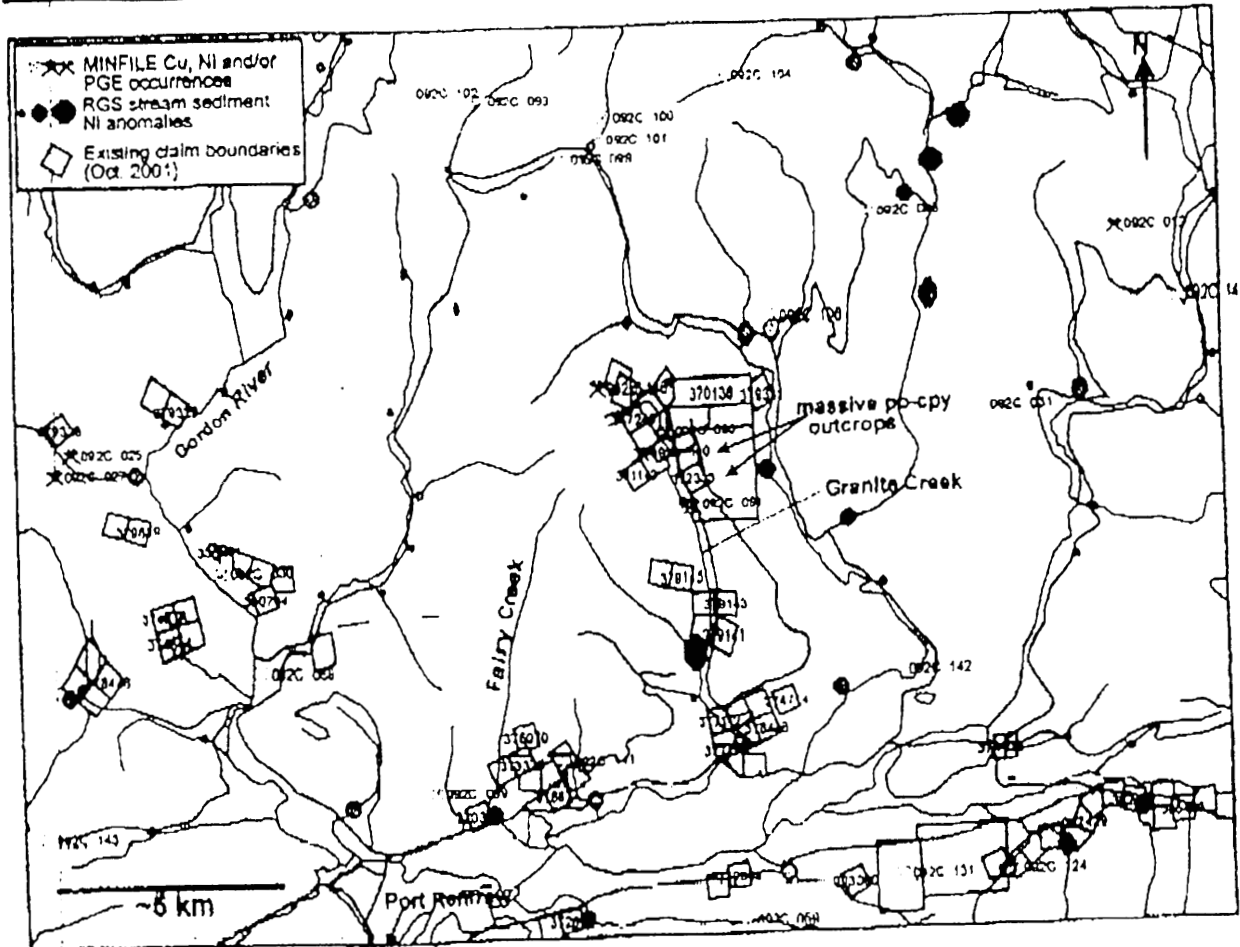
Geology

The area in question north of the San Juan River has been mapped in the past as part of the West Coast Complex which has been described as a belt of amphibolite, migmatite (e.g. tonalites and diorites) and minor meta-sedimentary and meta-volcanic rocks. These rocks are considered to be derived from rocks of the Paleozoic Sicker Group volcanics and Vancouver Group sediments. Other rocks in the area consist of Mesozoic Karmutsen and Bonanza volcanics, Island Intrusions and scattered occurrences of limestone (Quatsino Fm. equivalent?).

In the past 30 to 40 years, this area has received considerable exploration attention by companies (including Noranda, 1960s) searching for skarn-type Fe and/or Cu deposits. Skarn deposits are a logical exploration target here given the presence of both limestones and intrusive rocks. Indeed numerous skarn zones have been identified including a number of bodies of massive sulphide (pyrrhotite, chalcopyrite +/- magnetite, pyrite).



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In the past two years Mr. Pearson encountered many occurrences of what he identified as ultramafic rocks. This would not normally be very unusual as they might, at a first pass, be identified as migmatized mafic/ultramafic volcanics forming part of the West Coast Complex. However, following his visit to the area, Dr. Dante Canil, an igneous petrologist from the University of Victoria, identified these rocks as cumulate peridotites having 25-35% fresh olivine surrounded by 60-70% oikocrystic orthopyroxene. A total of 12 specimens from the area were all confirmed to be cumulate peridotite. Mr. Pearson has since identified over 30 peridotite bodies in the area. The occurrence of these ultramafic rocks corresponds quite closely to a strong aeromagnetic high. This aeromag high trends roughly east-west and in the study area and has dimensions of 25-30km by 5-10km for a total area of approximately 250km². Ultramafic rocks, and particularly cumulate ultramafics, are significant as they are associated with layered intrusions such as the Bushveld and Stillwater Complexes which host major PGE deposits. The peridotites in this area may have been misidentified or underidentified in the past since they tend to be more easily eroded or weathered than the nearby granitoid rocks. Although only a very loosely based observation, from my visit it appeared that the peridotites were more prevalent on the middle to lower slopes of the ridges and mountains and that they graded (?) into more gabbroic and granitic rocks upwards. Given that the higher peaks in this area are over 1100 metres in elevation it is reasonable that a thickness in excess of 500 metres of peridotite is exposed;

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Mineralization

Disseminated to net-texture pyrrhotite with lesser pyrite and chalcopyrite is quite common in these ultramafic rocks. However, exposures of semi-massive to massive sulphides were observed on the Fairy Main and Granite Creek Main logging roads. The latter was the more impressive of the two, comprising a several metre-wide outcrop of massive pyrrhotite with cm-size blebs of chalcopyrite; the true extent of this mineralization was not exposed. This mineralization was documented by Reako Explorations Ltd. during their exploration in the 1970s. They interpreted the sulphides to be skarns. However, given their close association to the aforementioned cumulate rocks, the possibility exists that the sulphides are of magmatic origin. This would be a highly important divergence in geological interpretation. Past assays of this mineralization did not show significant Ni or PGE contents, but this by no means precludes the existence of a PGE-bearing reef in the area. In fact, during the 1980s, prospector Matti Tavela discovered several pieces of mineralized float in the area between Fairy and Granite Creeks, several kilometres to the southwest of the massive pyrrhotite occurrences. Two of these samples graded 0.5% Ni, 0.6% Cu, 0.07-0.1% Co and >200ppb Pd. A third sample graded 0.66% Ni, 0.25% Cu, 0.07% Co, 75ppb Pt and 520ppb Pd. Follow-up prospecting by Mr. Pearson confirmed the presence of the mineralized float.

Mr. Pearson has extensively sampled this belt of ultramafic rocks and has returned many assays in excess of several hundred ppb Pt+Pd. Several researchers have documented the usefulness of Cu/Pd ratios as a prospecting tool for reef-style PGE mineralization within ultramafic rocks. These authors suggest that Cu/Pd ratios greater than 1,000 to 10,000 (i.e. mantle composition) suggest that the rocks are relatively PGE-depleted and therefore enrichments of these metals may occur at depth. Ultramafic complexes such as those above the Merensky Reef in South Africa or the Munni Munni Complex in Australia show this PGE depletion above the ore-grade PGE reefs. Preliminary examination of the data collected by Mr. Pearson indicate that the Cu/Pd ratios for the peridotites in this area often exceed 15,000 and locally exceed 50,000. Using the PGE reef/layered intrusive model, this would indicate that the exposed peridotites are relatively PGE-depleted and that PGE enrichments may exist at depth.

Conclusions and Recommendations

The identification of previously unknown cumulate ultramafic rocks is in itself quite an exciting development from a mineral exploration point of view given their close association with Ni-PGE deposits. However, the discovery of these rocks and their extensive occurrence along with the occurrence of known massive sulphides, mineralized float enriched in Ni, Cu, Co, Pt and Pd, and the apparent existence of PGE-depleted rocks would suggest that this geological environment is highly prospective for Ni-PGE mineralization. This is potentially an unprecedented discovery for Vancouver Island and possibly even for all of British Columbia.

This area is largely unstaked at this time. Mr. Pearson does hold a number of mineral claims in the area, but does not have the resources to stake all or even large portions of



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the roughly 250km² area discussed above. We recently received an estimate from Rio Minerals Limited (Mineral Exploration and Development) of Vancouver for a staking program that would cover the entire area of interest. This would involve staking of approximately 540 units via logging roads and helicopter for a total cost of approximately \$32,000 including mob-demob, recording costs and helicopter costs. Given a 10% contingency plus likely standby costs, a total cost of around \$40,000 seems reasonable. A modest initial field program of reconnaissance geological mapping and more detailed geochemical sampling would be necessary following the securing of the claims. This could be done for approximately \$50-60,000 for a total cost of around \$100,000. Should we not wish to any follow-up work, this property could quite possibly be sold to an interested party for considerably more than our modest investment or could be further explored under a joint venture agreement. Mr. Pearson has requested the establishment of a joint staking agreement between Boliden and himself to secure this highly prospective ground as soon as possible.

It is my opinion that this property is worthy of serious consideration for further work. However, **securing the claims has to be the first step** as exploration activity in the area would surely attract attention from other parties. Given the geological evidence that already exists as well as the strategic and economically favourable nature of PGEs now and in the future, I would highly recommend that Boliden act with Mr. Pearson to secure this ground and develop the property as soon as possible.