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PDAE '01

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EXECUTIVE SUMMARY

DEER BAY (TOFINO NICKEL) PROPERTY

Gabbroid Cu, Ni, Co, PGM, Au, Ag Prospect

INTRODUCTION

The Deer Bay (formerly Tofino Nickel) Property is comprised of six continuous mineral claims totaling 40 units owned jointly by Peter Buckland of Boat Basin and Arne Birkeland of North Vancouver BC. The property is located 25 km northeast of Tofino on the central west coast of Vancouver Island, B.C. (Alberni Mining Division, NTS 92F/4E). Access is via well maintained all weather logging roads or by boat from Tofino.

PROPERTY HISTORY AND NOTEWORTHY RESULTS

Exploration activity on the Deer Bay property dates back to the late 1890's when hand cobbled ore was produced from shafts and adits dug on small quartz veins along Tofino Creek. Between 1953 and 1984 the property was explored for its skarn and porphyry Cu-Mo potential associated with an Island Intrusive Stock at the head of Tofino Bay.

In 1984, Cominco examined the Cu-Ni-PGE Main Showing and optioned the property in 1985. Detailed geologic mapping, soil sampling, limited geophysics and trenching were carried out. In an Assessment Report, Cominco concluded that **PGE bearing Cu-Ni mineralization may have been emplaced as an immiscible liquid at the same time of injection of the ultrabasic host, demonstrating a potential for size and continuity of mineralization.** A report by Jerry Mason, July 1986 states: **"the associated rock types (altered ultramafics and anorthosite) and the Cu-Ni sulfide bands suggest that it is part of a much larger body... the property has both demonstrated grades and potential for significant tonnage"**. Additional work was recommended but was not carried out by Cominco.

Reconnaissance geological mapping and geochemical surveys were conducted by Stag Explorations during 1988. Soil geochemistry delineated anomalous zones around the Main Showing and indicated anomalies elsewhere on the property.

In 1992, reconnaissance soil and moss mat stream sediment sampling along new road-cuts above the Main Showing detected anomalous Cu, Ni, Co, PGE and Au extending the prospective mineralized strike length beyond the areas previously explored.

Orientation soil and stream sediment sampling conducted in 1995 defined geochemical anomalies up-drainage from the Main Showing. These results confirm earlier reports of anomalies up-slope and indicate additional undiscovered mineralization is present.

An engineering geology and rock chip sampling program conducted by Arnex Resources Ltd. at the Main Showing Area in 1997 concludes the following:

1. The 1 to 2 m wide massive sulphide showing dips moderately to the southwest,
2. Disseminated and stockwork mineralization occurs over an exposed 8 to 10 m width in the structural footwall,
3. High-grade Cu-Ni-Pt-Pd-Au values occur in stockwork lenses in the footwall over widths of up to 1 m and lower-grade values occur as disseminations over widths of up to 10 m,
4. The massive sulphide zone was extended along strike to the southeast,
5. **Two convenient drill sites have been located with three proposed holes each on two parallel section lines that will sample the down dip projection of the massive sulphide and footwall zones in six drill intersections,**
6. If shallow holes intersect the mineralized zone, step-out holes to test depth potential of magnetic anomalies should be drilled on section.

A grid Magnetometer Survey and additional rock chip sampling were carried out at the Main Showing area in the period June to August, 2000. A magnetic anomaly was detected to the west and northwest of the Main Showing. The Ni-Cu-PGE mineralization outcropping at the Main Showing is a low temperature non-magnetic violarite-millerite Ni assemblage. It is interpreted that the magnetic anomaly represents the down-dip magnetic pyrrhotite-pentlandite Ni facies of the mineralization as it dips under the high temperature differentiated Gabbro sill complex to the west. Down-dip drill targets are indicated.

GEOLOGICAL SETTING

The claims are underlain rocks belonging to the Paleozoic Sicker group and the West Coast Crystalline Complex (WC3). An Island Intrusion stock is present at the head of Deer Bay and a Tertiary Catface Intrusion flanks the property to the southwest.

The Main Showing is strataform to foliation and is hosted in amphibolites and gneiss in a broad northwest trending high-grade metamorphic zone in the WC3. **A high-level sub-volcanic (differentiated) gabbro sill anomalous in Cu, Ni, Co and PGM is strataform to the west of the Main Showing.**

MINERALIZATION - MAIN SHOWING

Massive sulphide mineralization over approximately a 1.5 m width is exposed in trenching in outcrop over a strike length of approximately 30 m. The massive sulphide consists of bands of fine

to coarse grained pyrite, chalcopyrite, violarite, millerite and minor pyrrhotite and pentlandite. Accessory minerals include minor magnetite, sphalerite and galena. The mineralization is concordant with the strongly developed foliation and is hosted in a banded amphibolite-gneiss sequence. Disseminated sulphides are also broadly distributed in the border phases of the massive sulphides.

Historic rock chip sampling has returned values of up to 10.1% Ni, 0.2% Cu, 0.17 oz/Ton Pt and 0.76 oz/Ton Pd from representative grab sampling of loose high-grade talus at the Main Showing. The best rock chip channel sampling of the zone returned 2.1% Ni, 2.0% Cu, 0.05 oz/Ton Pt and 0.17 oz/Ton Pd over a 2.2 m width and 1.6% Ni, 1.9% Cu, 0.02 oz/Ton Pt and 0.17 oz/Ton Pd over 1.3 m. This confirmed Cominco results (1985) where chip sampling over 11.1 m strike length gave values up to 1.5% Ni, 4.2% Cu, 1.4 g/t Pt and 4 g/t Pd. Selected character samples gave considerably higher values.

The results from rock chip sampling from the **year 2000** program at the Main Showing are calculated as per Table 1, Weighted Assay Intervals, which are plotted on Figure 4, Rock Chip Sampling – Main Showing. Best intervals are **2.4 g/t Pt, 8.3 g/t Pd, 3.4% Cu and 0.7% Ni over 2.7 m and 1.6 g/t Pt, 5.2 g/t Pd, 3.1% Cu and 2.1% Ni over 2.5 m.**

DEPOSIT CLASSIFICATION

Of importance was rock geochemical sampling of unmineralized amphibolite host at the Main Showing and from the large gabbro (amphibolite) complex on the western portion of the property. Anomalous Ni-Co-PGE values indicates a genetic link between the amphibolite hosted mineralization and the gabbro body. A petrographic report completed in April 1995 confirms that the protolith of the altered metamorphosed host rock is a zoned ultramafic intrusive complex.

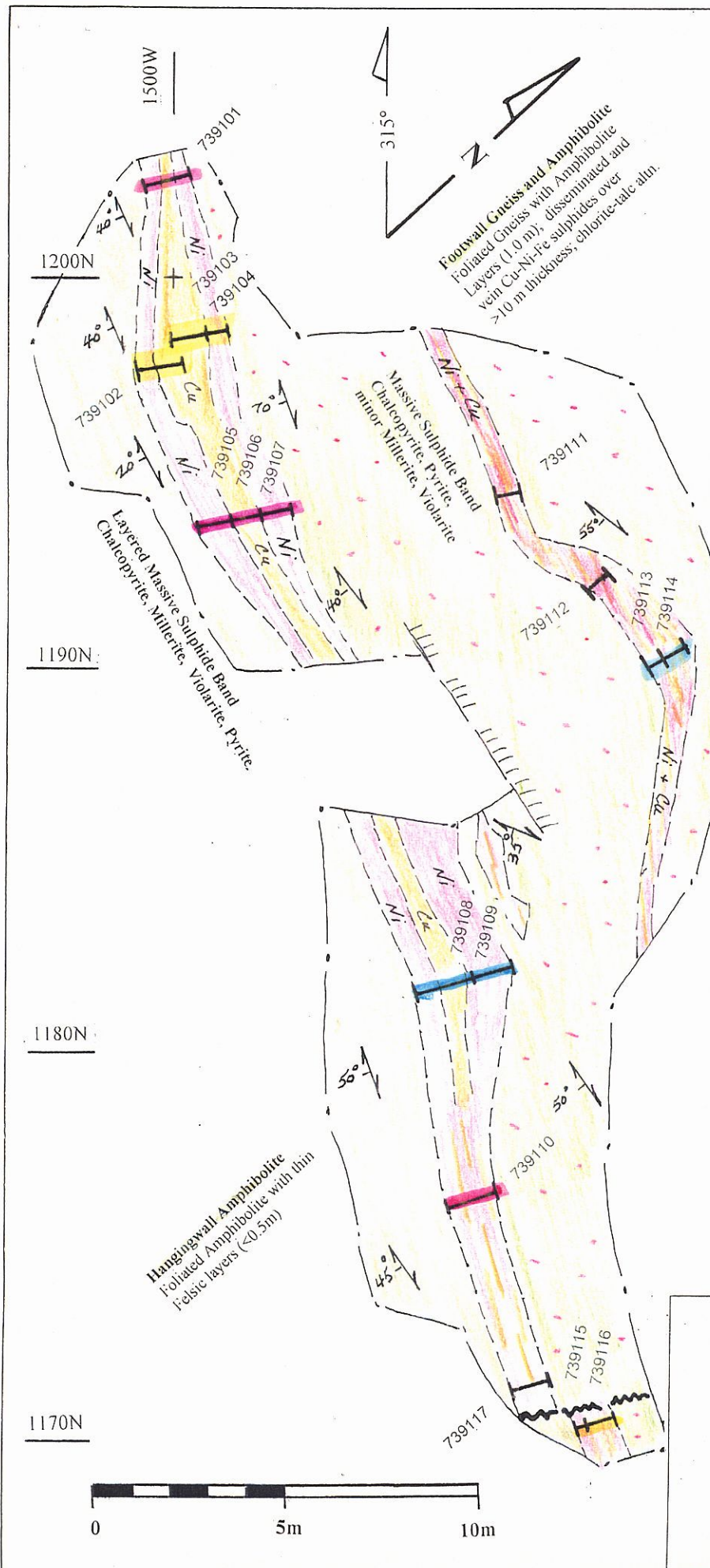
The Deer Bay property is classified as a gabbroid Ni-Cu-Co-PGE deposit type. Mineralization is hosted in an ultramafic/mafic intrusive associated with a differentiated high level gabbroic sill complex.

Ni-Cu-Co-PGE occurrences associated with amphibolite gabbros are also known to exist to the northwest and southeast on Vancouver Island. This indicates that a favourable geologic setting for Ni-Cu-Co-PGE mineralization associated with ultramafic intrusions is present elsewhere and that the Deer Bay showing is not an isolated occurrence. Similar deposit types are present at a number of occurrences within the Insular Tectonic Belt and in southeastern Alaska.

CONCLUSIONS

A Cu-Ni-PGE massive sulphide showing occurs in outcrop. Although additional work has been recommended by Cominco geologists and others, **the showing has never been tested by diamond drilling.** Geochemical soil and stream sediment sampling indicates undiscovered mineralization is also present. Petrography and rock geochemistry identifies this prospect as belonging to the economically important gabbroid Cu-Ni-Co-PGE class. Additional exploration work is warranted.

March, 2001



Rock Chip Assay Results Main Showing Area

No.	Width m	Pt g/t	Pd g/t	Cu %	Ni %	Au g/t
739101	1.2	1.82	4.76	0.14	2.42	0.12
739102	1.2	2.52	7.70	3.53	0.98	0.42
739103	1.0	3.36	12.75	4.37	0.50	0.54
739104	0.5	0.21	0.70	0.87	0.39	0.09
739105	1.0	0.98	2.80	1.79	0.48	0.21
739106	0.7	2.10	5.88	7.66	0.82	0.48
739107	0.8	1.96	7.70	0.86	5.10	0.30
739108	1.5	1.05	4.41	2.77	1.40	0.27
739109	1.0	0.84	3.08	1.03	1.79	0.12
739110	1.4	1.26	6.16	0.92	3.06	0.18
739111	0.4	<0.07	1.05	0.55	0.23	0.06
739112	0.4	0.14	0.84	0.15	0.33	<0.06
739113	0.4	0.70	5.74	7.03	0.28	0.78
739114	0.6	0.21	0.63	0.22	0.04	<0.03
739115	0.2	0.35	1.75	0.35	0.56	0.12
739116	0.9	0.98	3.78	3.35	0.34	2.46
739117	1.0	0.14	0.28	0.13	0.15	<0.03

Weighted Assay Intervals Main Showing Area

No.	Width m	Pt g/t	Pd g/t	Cu %	Ni %	Au g/t
739102	1.2	2.52	7.70	3.53	0.98	0.42
739103	1.0	3.36	12.75	4.37	0.50	0.54
739104	0.5	0.21	0.70	0.87	0.39	0.09
Interval	2.7	2.40	8.27	3.35	0.69	0.40
739105	1.0	0.98	2.80	1.79	0.48	0.21
739106	0.7	2.10	5.88	7.66	0.82	0.48
739107	0.8	1.96	7.70	0.86	5.10	0.30
Interval	2.5	1.61	5.23	3.13	2.05	0.31
739108	1.5	1.05	4.41	2.77	1.40	0.27
739109	1.0	0.84	3.08	1.03	1.79	0.12
Interval	2.5	0.97	3.88	2.07	1.56	0.21
739113	0.4	0.70	5.74	7.03	0.28	0.78
739114	0.6	0.21	0.63	0.22	0.04	<0.03
Interval	1.0	0.41	2.67	2.94	0.14	0.31
739115	0.2	0.35	1.75	0.35	0.56	0.12
739116	0.9	0.98	3.78	3.35	0.34	2.46
Interval	1.1	0.87	3.41	2.80	0.38	2.03

Arnex Resource, Ltd.
Deer Bay Property
**Rock Chip Sampling
Main Showing**

MD: Alberni NTS: 092F/4,5
Scale: 1: 150 Date: Jan, 2001
Compiled by A O Birkeland, PEng

Figure 4