

882420
Dove Creek

TOS -> RG
- Nanaimo

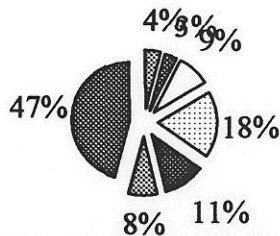
Schroeter, Tom EM:EX

From: Houle, Jacques EM:EX
 Sent: Friday, September 20, 2002 11:56 AM
 To: Hall, Ted EM:EX
 Cc: Carriere, Greg EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Jakobsen, Dorthe SRM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Lefebure, Dave EM:EX; Grant, Brian EM:EX; McArthur, Gib EM:EX; Simandl, George EM:EX; Ryan, Barry EM:EX; Logan, Jim EM:EX; Webster, Ian EM:EX
 Subject: Houle Weekly Report for September 17-20, 2002

Industry Activity:

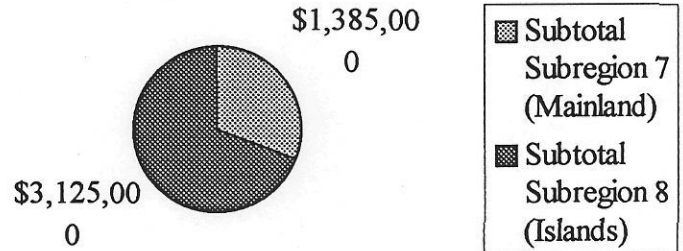
- **Exploration Activity Forecast Update:** Interim exploration activity forecast for the Southwest Region projects 2002 exploration expenditures at \$4.5 million (2001 - \$3.5 million), the number of major (>\$100,000) projects for 2002 at 13 (2001 - 8 major projects) and the amount of exploration drilling for 2002 at 9,500 meters (2001 - 22,700 meters); these statistics include combined coal/coal bed methane exploration (\$2.1 million on 3 projects) and exclude conditional projects (\$2.5 million on 4 projects); selected breakdowns as follows:

Expenditures by Target Commodities



- Au-Ag-Cu Qtz. Veins
- Porphyry Cu-Mo-Au
- Magmatic Mg
- Magmatic Cu-Ni-PGE
- Industrial Minerals
- Dimension Stone
- Coal / CBM

Expenditures by Subregion



- **International Millennium Mining Harrison Lake Cu-Ni-PGE Property Update:** George Nicholson on behalf of Garex (operator and optionee) and International Millennium (optionor) reports that up to \$150,000 in expenditures are planned for 2002, consisting of detailed geological mapping, whole rock analyses, ground magnetics, deep penetrating airborne mag+em survey planned (Oct) and possible diamond drilling; work is being done in conjunction with that on the contiguous property optioned by Stellar Pacific.
- **Stellar Pacific Ventures Harrison Lake Cu-Ni-PGE Property Update:** George Nicholson on behalf of Garex (operator and optionee) and Stellar Pacific (optionor) reports that \$150,000 in expenditures are planned for 2002, consisting of detailed geological mapping, whole rock analyses, ground magnetics and deep penetrating airborne mag+em survey (October); this work is being done in conjunction with that on the contiguous property optioned by International Millennium.
- **Priority Ventures / Action Energy J.V. Courtenay Area Dove Creek Coal/C.B.M. Property Update:** Neil Swift of Priority Ventures announced the acceptance of a letter of intent for Calgary-based private company Action Energy Inc. to acquire a joint venture interest in and operatorship of all of Priority's coal bed methane interests in the Comox Valley, including the Dove Creek Property; exploration expenditures targeting primarily C.B.M. but also collecting coal data are projected at \$1,550,000 in 2002, including \$550,000 spent on 1 hole of 550 m., and \$1 million to be spent on 2 holes totaling 1250 m. plus completion of the previous hole; Priority will also begin geological, geochemical and compilation work targeting primarily C.B.M. on its Port Hardy area holdings at Suquash (MINFILE 092L067) and prospective target areas near Nanaimo (numerous MINFILE occurrences).

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— Nanaimo

Schroeter, Tom EM:EX

From: Houle, Jacques EM:EX
Sent: Thursday, September 26, 2002 4:43 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Jakobsen, Dorthe SRM:EX; Schroeter, Tom EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Lefebure, Dave EM:EX; Grant, Brian EM:EX; McArthur, Gib EM:EX; Logan, Jim EM:EX; Simandl, George EM:EX; Ryan, Barry EM:EX; Webster, Ian EM:EX
Subject: Houle Weekly Report for September 21-26, 2002

Industry Activity:

• **Exploration Activity Forecast Update:** Interim 2002 exploration activity forecast for the Southwest Region revised downwards to \$4.075 million as a result of several canceled/deferred field programs, some of which are updated below; the number of major projects (>\$100,000) is reduced from 13 to 12; coal/coal bed methane projects have the greatest expenditures (\$1.98 million on 4 projects), followed by magmatic Cu-Ni-PGE (\$850,000 on 5 projects), industrial minerals (\$445,000 on 8 projects), magmatic Mg (\$415,000 on Cogburn project), dimension stone (\$315,000 on 3 projects) and \$370,000 on combined vein/porphyry/skam projects.

COAL

• **Significant New Claim Group Compilation:** Compilation initiated to identify significant (>4 claim units) claim groups staked or enlarged in 2002 within the Southwest Region, with a view to identifying potential property positioning by prospectors/companies for 2003; 2 of the 5 most active map sheets for new coal tenures in the province are 092F and 092L which cover portions of the Cretaceous Nanaimo sedimentary basin and several developed coal prospects on eastern Vancouver Island; 5 new coal license groups were staked by different operators during the year, many of whom are targeting both coal and coal bed methane, including:

- **Hamilton Lake:** Trent River Coal acquired 4 licenses covering the Hamilton Lake developed prospect MINFILE 092F313 near Cumberland, and also acquired 1 license adjacent to Weldwood's T'Sable River Project MINFILE 092F333.
- **Anderson Lake:** 634284 BC Ltd. acquired 3 licenses covering the Anderson Lake developed prospect MINFILE 092F317 west of Courtenay, and also acquired 1 license adjacent to the Priority Ventures / Action Energy Dove Creek JV property.
- **Chute Creek:** Briden Holdings Inc. acquired 5 licenses covering the Chute Creek developed prospect MINFILE 092F316 near Campbell River.
- **Quinsam Coal:** Quinsam Coal Corporation acquired 10 licenses along the coast east of the Quinsam Mine and due south of Campbell River.
- **Suquash:** Priority Ventures Ltd. acquired 9 licenses covering the Suquash past producer MINFILE 092L067 between Port McNeil and Port Hardy.

There have been many very active map sheets for new mineral tenures in the Southwest Region in 2002, particularly 092H, 092J and 092G (Lower Mainland), and 092C, 092F and 092L (Vancouver Island); 70 significant (> 4 mineral claim units) new or enlarged mineral claim groups have been identified; many of these have been described in previous weekly reports, but more data will be obtained from the tenure holders as they are contacted during the next month.

SABLE RIVER

• **Priority Ventures Ltd. / Forum Development Corp. / Gosfield Associates Corp. Nanaimo CBM/Coal JV Project Update:** Priority reports that it has established a joint venture to target coalbed gas, coal-mine gob gas and conventional natural gas in the Nanaimo Basin, allocating about \$250,000 for the project in 2002 to consist mainly of compilation and acquisition.

SABLE RIVER

• **Hillsborough Resources / Weldwood Coal Courtenay Area T'Sable River Coal Project Update:** Hillsborough Resources reports that the joint venture agreement with Weldwood has expired without successful renegotiation, and therefore no work is planned for the project this year; an 18-hole, \$1,000,000 exploration drilling program was planned conditional on renegotiation.

• **Quinsam Coal / TCV Campbell River Area Quinsam East CBM/Coal JV Project Update:** Quinsam reports that due to delayed title search by TCV, it is likely that no work will be completed at the Quinsam East project as planned; a 5-hole, \$500,000 exploration drilling program was planned, and has been re-allocated as conditional for the 2002 activity forecast.

Schroeter, Tom EM:EX

YOS → RB
- Nana

From: Houle, Jacques EM:EX
Sent: Friday, September 06, 2002 1:17 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Jakobsen, Dorthe SRM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Terry, David EM:EX; Lane, Bob EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Lefebure, Dave EM:EX; Grant, Brian EM:EX; McArthur, Gib EM:EX; Simandl, George EM:EX; Ryan, Barry EM:EX; Webster, Ian EM:EX; Logan, Jim EM:EX
Subject: Houle 2-Week Report for August 24-September 6, 2002
Sensitivity: Confidential

Industry Activity:

- **Northern Continental Resources Harrison Lake Gold Project Update:** September 5 spent with 5 members of the management team of Northern Continental Resources Inc. and geological consultant Barry Price touring the Harrison Lake Gold Property (MINFILE 092HSW092); vehicle visits made to former core shack and core storage site, lower rock dump, Portal Stock adit (recently flooded by debris slide), Hill Stock, Lake Stock, Bear Lake, the Jenner Stock adit (caved at portal) and the upper rock dump; the mine access road is heavily overgrown and currently being maintained as a recreational hiking trail; gold mineralization is hosted primarily by stacked, flat quartz-sulphide veins forming pipe-like stockwork zones within a cluster of Cretaceous? quartz diorite to diorite intrusive stocks; resource estimates by previous operators for 2 of 7 known mineralized zones are 2-4 million tonnes @ 3-4 g/t gold; no specific project plans or exploration budgets are in place by Northern Continental for 2002, but suggestions made during the site visit include: surface rights use agreement negotiations, access road rehabilitation, baseline environmental surveys, computer data modeling, and eventually systematic diamond drilling from underground or surface.
- **Priority Ventures Courtenay Area Dove Creek Coal/CBM Project Update:** Priority has announced a measured+indicated coal resource of 40 million tonnes based on 3 drillholes completed at Dove Creek; the coal beds are at depths of 150-800 meters; estimates of gas content within the coal resource range from 5.6-11.5 billion cubic feet; a joint venture agreement announcement for the Vancouver Island Project is pending from Priority.
- **SYMC Resources Port Alberni Area Macktush/Dauntless Cu-Ag-Au Projects Update:** Notice received by Herb McMaster of approval by surface rights holder Weyerhaeuser for SYMC to establish barge access for mechanized equipment from Alberni Inlet to Dauntless (MINFILE 092168) trenching site commencing September 9, with site visit tentatively planned for September 16-17; geochemical analyses also received from selected outcrop grab sampling along forestry roadcuts from July 30 site visits to:
 - MC (Kola) MINFILE 092F103 prospect where 2m. thick vein in sheared Triassic Karmutson basalt yielded >10% Cu, 0.25%Zn, 256g/tAg, 456ppmNi, 926ppmCo, 3758ppmAs, 6.8g/tAu, and 5.4%Ti
 - Rex MINFILE 092F 221 showing where pyritic quartz veins in Jurassic Island granodiorite yielded up to 280ppmCu, 147ppmCo, 1265ppmMn, 186ppmV, and 227ppmCr
 - Bowl Zone at Macktush MINFILE 092F012 where a thin quartz-sulphide breccia vein in Karmutson basalt yielded 1.2%Cu, 169ppmZn, and 6.1g/tAg
- **Clearview/Tri-Sil Sechelt Area Mineral Hill/Sechelt Carbonate Wollastonite/Garnet Skarn and Cu/Zn Skarn Projects Update:** Geochemical analyses received from selected outcrop grab sampling of sulphide zones from August 13 site visits to:
 - Minesite Zone at Mineral Hill (MINFILE 092GNW052) where a 1x3m. sulphide pod yielded 0.20%Cu, 0.18%Zn, and 106ppmNi.
 - Skidder Zone at Mineral Hill where massive quartz diorite with magnetite yielded 533ppmCu and 198ppmV, and 1-2.5m. sulphide pods yielded up to 0.27%Cu, 3.0%Zn, 6.1g/tAg, 119ppmNi, 299ppmCo, 1902ppmMn, 1305ppmAs, 77ppmU, 14ppmTh, 350ppmCd, 2.1%P, 156ppmLa.
 - Plain Claim at Sechelt Carbonate (MINFILE 092GNW031) where a 1.5m. thick sulphidic band in gabbro yielded 267ppmCu, 218ppmZn and low values in PGE's and indicator metals.
 - F-2 Pit at Sechelt Carbonate where a thin semi-massive sulphide band in diorite yielded 0.1%Cu, 3.7%Zn, 435ppmNi, 134ppmCo, 2452ppmMn, 490ppmCd, 1172ppmV, 15%Fe, 7.6%Ca, and 13%S.
- **Bella Coola Area Dan Epp & Bob Lenci Properties Update:** Site visit completed August 27-29 to various properties held by local prospectors Dan Epp and/or Bob Lenci, including:

Schroeter, Tom EM:EX

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-Nanaime

From: Houle, Jacques EM:EX
Sent: Friday, July 26, 2002 1:40 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Jakobsen, Dorthe SRM:EX; Schroeter, Tom EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Grant, Brian EM:EX; Logan, Jim EM:EX; Simandl, George EM:EX; Webster, Ian EM:EX; Ryan, Barry EM:EX
Subject: Houle 4-week Report for June 24-July 25, 2002
Sensitivity: Confidential

Industry Activity:

- **Preliminary 2002 Activity Forecast for Southwest Region:** Initial tally of 2002 exploration project expenditures in the Southwest Region is about \$6.5 million, including 10 major projects >\$100,000 each, compared with \$3.5 million and 8 major projects in 2001; however, the 2002 forecast includes \$2 million for 2 projects for which funding is pending, plus \$1.2 million for 2 coal bed methane and/or coal exploration projects; placer projects (few and all small) and sand and gravel projects (many and poorly documented) are not considered in the forecast; Myra Falls is forecasting nil exploration expenditures for 2002.
- **Beau Pre Explorations/First American Scientific Sooke Area Valentine Mountain Au-Ag Project Update:** Pending completion and acceptance of permit requirements, upgrading and installation of the Micronex 40 tpd mill on site is planned over the next few week to process up to 5000 tonnes of Au-Ag bearing quartz vein material from surface trenches at the Valentine Mountain (MINFILE 092B012) project; expenditures of \$100,000 are planned for 2002 in this project.
- **Garry Pearson/Emerald Field Resources Port Renfrew Area Nabay/Ran/Ultra Cu-Ni-PGE Project Update:** In late June, Emerald Field Resources of Kenora, Ontario completed an option agreement with Garry Pearson of Port Renfrew and Perry Heatherington of Emerald Field recorded 343 units in 25, 4-post mineral claims to surround Garry's existing 2-post claims as of June 29; Emerald Field's plans for 2002 are not known at this time, but contact is expected from Perry soon (presumably when he has completed staking); geochemical results were received from sampling of sulphide mineralization hosted by intrusive rocks on his Princess claim (near Sirdar MINFILE 092C025) and Tod 2 claim (near Reko 3 MINFILE 092C090) yielded up to 3%Cu, 4g/tAg, 595ppmNi, 1709ppmCo, 372ppbAu, 2619ppbHg and 72ppbPd.
- **SYMC Port Alberni Area Mactush/Dauntless Au-Ag-Cu Project Update:** Nanoose-based consulting geologist David Pawliuk completed a property summary report to 43-101 standards (at long last) for the Mactush (MINFILE 092F012) and Dauntless (MINFILE 092F168) properties, the results for which were issued in a press release of July 12; at Mactush, undiluted inferred resources for the Fred Vein are 182,982 tons @ 0.695%Cu, 1.42optAg, and 0.36optAu; and for the David Vein are 59,524 tons @ 1.02%Cu, 1.76optAg and 0.47optAu; both are steeply dipping and planar quartz-calcite-sulphide veins 1-2 meters thick that may be amenable to narrow vein longhole mining methods; at Dauntless, undiluted inferred resources for one of the several chalcopyrite-calcite veins are 27,750 tonnes @ 22.3%Cu; further prospecting is planned for Mactush in 2002 (\$20,000) and trenching/bulk sampling is planned for Dauntless (\$80,000); a property visit to Dauntless and possibly Mactush with SYMC president Herb McMaster is planned for July 30.
- **Priority Ventures Courtenay Area Dove Creek CBM/Coal JV Project Update:** Priority is finalizing a joint venture agreement with an Alberta-based company for exploration and development of the Dove Creek project; this will include a \$1 million, 3 hole drilling program targeting primarily CBM potential; Priority has also acquired 5000 acres surrounding the former Suquash Coal Mine (MINFILE 092L067) near Port McNeil, and is planning a \$160,000, 3 hole coal and/or CBM drilling program this winter.
- **Hillsborough/Texas Canadian Ventures Campbell River Area CBM/Coal JV Project Update:** Lubbock, Texas based Texas Canadian Ventures Inc. completed a joint ventures agreement with Hillsborough Resources to evaluate and develop Hillsborough's Campbell River area coal deposits as per a press release of July 3; the Quinsam Airport/East project (MINFILE 092F319) is expected to see \$500,000 in expenditures in 2002, including a 5 hole, 2000m. exploration drilling program targeting both CBM and coal; at T'Sable River, Hillsborough is planning a \$1 million, 18 hole Coal/CBM exploration program on the northern portion of the T'Sable River project (MINFILE 092F333) near Courtenay, conditional on receiving a time extension for exploration commitments from tenure vendor Weldwood; this program may proceed in 2002 if there is sufficient time prior to the rainy (fall) season; Hillsborough has also announced plans to construct a 49.9 MW coal-fired power plant near the Quinsam Coal Mine.

Schroeter, Tom EM:EX

TAB → DAVE
CK.

From: Brown, Derek EM:EX
Sent: Friday, May 03, 2002 11:24 AM
To: Houle, Jacques EM:EX; Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; MacIntyre, Don EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Gibson, Craig OGC:EX
Subject: RE: Houle Weekly Report for April 27 - May 3, 2002

Ted, Jacques and others,

I hope everyone can balance what Priority Ventures is announcing in the press relatively to what we know as a regulator and a government Ministry. I am concerned that stakeholders' expectations are running much farther ahead of where the project actually is in terms of technical assessment and whether the existing project is commercially viable.

Please remember CBM projects are like open pit mines - economy of scale is critical. That is to say CBM production comes from multi-well developments. They take years to fully evaluate and years to produce, Vancouver Island has numerous other challenges to any proponent (which we are working to resolve), ...

Please note, I wish Priority every success possible and we (along with the Oil and Gas Commission) are working with them to facilitate their project. In addition, please note that the OGC has not yet received an application from Priority for a second well at Comox. Lastly, any well data received by MEM or OGC remains confidential for at least one year (3 years if classified as a "scheme" under the P&NG Act).

I hope that if you want more background here or elsewhere in the province you consider giving me a call.

Thank you and take care,

Derek

Manager, Coalbed Methane Strategy
BC Ministry of Energy and Mines
5th floor -- 1810 Blanshard St.
Victoria, BC V8W 9N3
(250) 952-0432 FAX (250) 952-0381

-----Original Message-----

From: Houle, Jacques EM:EX
Sent: Friday, May 03, 2002 9:56 AM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; MacIntyre, Don EM:EX; Brown, Derek EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX
Subject: Houle Weekly Report for April 27 - May 3, 2002

Industry Activity:

- **Javorsky Port Alberni Area Tay Au Project Update:** Dalmation Resources allowed the Tay Property near Port Alberni to lapse in April, which covered 4 MINFILE occurrences, including the Tay developed prospect (092F212) with mineral inventory of 132,255 tonnes @ 2.15 g/Au in Cu-Ag quartz veins; it was subsequently restaked in part by prospector David Javorsky.
- **Pearson Port Renfrew Area Galleon Au/PGE Project Update:** Litigation matter initiated by former partners dismissed by courts; plans made to visit prospector Gary Pearson's PGE project area, including on May 9 (note: GSB tourists welcome!)
- **Priority Courtenay Area Dove Creek CBM Project Update:** Private placement funding of \$1.1 million raised

TBS → RG
- Nanaimo

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Subject: Houle Weekly Report for April 27 - May 3, 2002

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- **Priority Courtenay Area Dove Creek CBM Project Update:** Private placement funding of \$1.1 million raised for drilling up to 4 "coalbed gas-wells"; one well successfully completed, with drilling of the second well to commence in June.
- **Leader Hope Area Cogburn Mg Project Update:** Leader Mining has filed the Pre-Application Report for the Cogburn Magnesium Project to the BC Environmental Assessment Office; visit planned to Cogburn with Tom Schroeter on May 7.
- **Halliday Hope Area Spanky Cu-Ni-PGE Project Update:** Additional staking completed by prospector Murray Halliday in 2002 to increase property to 52 units; plans made to visit Murray in Hope subsequent to the Cogburn visit on May 7.

Government/Ministry Activity:

- **Southwest Region Assessment Reports Status Update:** Intention established by the Regional Manager to relocate the 101 boxes of assessment reports from Iron Mountain file storage in Burnaby to the Nanaimo Mines Branch Office; costs savings over time and increased accessibility for staff and clients will be achieved.
- **Southwest B.C. Property Listing Update:** Progress made on S.W. Region property listing, continuing map sheet 092H; remaining mapsheets are 092I,-J,-M,-N,093C,-D,103A; the Harrison Lake area on map sheet 092H is still in a dynamic staking rush, with over 700 units staked to date in 2002, bringing the cumulative staking to date since 2000 to about 3000 units.

Jacques Houle, P.Eng.
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FINANCIAL HIGHLIGHTS
 Year ending Dec. 31

	2001	2000
Sales	\$3,652,943	\$3,712,478
Direct costs	1,721,106	1,980,569
Gross profit	1,931,837	1,731,909
Operating expenses	1,648,633	1,512,999
Operating income	283,204	218,910
Income tax provision	74,556	126,714
Net income	\$172,314	\$215,729
Earnings per share	\$0.012	\$0.014

Two thousand and one proved to be a challenging year on many fronts. Ninety-five per cent of Poly-Pacific's business originates from the United States and even with the decreased economic activity in the U.S., sales of the plastic blasting media remained strong. Poly-Pacific signed a contract with the Naval Surface Warfare Center in Crane, Ind., worth \$3,196,500 (U.S.) over five years.

Gross profit increased by 12 per cent to \$1,931,837 as Poly-Pacific decreased raw material costs through increased efficiency in purchasing.

Poly-Pacific's wholly owned subsidiary, Everwood Agricultural Products International Inc., closed for six weeks and plant production and sales were affected due to the move to a new location and this resulted in a revenue decrease of 1.6 per cent or \$59,535.

Project development costs increased by \$106,352 due to the joint venture project in China and locating new facilities in California. These two projects will become operational in mid-2002.

Sales and marketing costs decreased as travel expenses were almost non-existent due to the uncertainties following Sept. 11.

Poly-Pacific's cash position continues to be strong and is currently at \$2,252,540 or 24 cents per share.

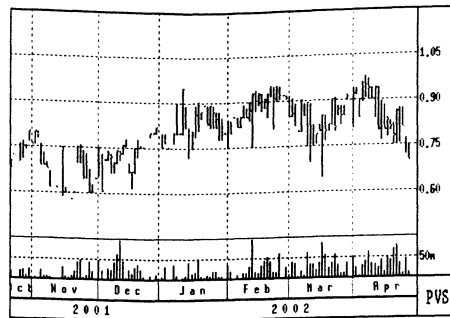
General and administrative expenses increased by \$110,070 or 23 per cent. The increase comes from costs associated with legal fees.

Net income decreased by \$43,415 to \$172,314 due to increased expenses associated with the planning and setup of the California plant.

Priority Ventures Ltd PVS

Shares issued 13,356,649 25 Apr 02 close \$ 0.70

Directors

 Snethun Leif K Swift Gordon F Robson
 Swift Neil R

News Release . . . Priority drill stem test results indicate additional zones

Mr. Neil Swift reports

VANCOUVER ISLAND COALBED METHANE PROJECT SUMMARY

The drill rig was released from Priority's well site Saturday, April 20. The well has been suspended with a retrievable packer in the casing. The packer seals the gas below the steel casing and allows easy access for completion. The data obtained from drill core, wire line logging, drill stem tests and flow testing are presently being compiled for use in project planning. Several gas and core samples have been sent to Calgary for analysis and interpretation. Baker Hughes Oil Field Services performed drill stem tests on three different zones. The tests included 11 coal seams. The results obtained indicate very little water in the coal. More importantly the test results indicate additional zones of interest that had been suspected but are now proven. In light of the results obtained, Priority will modify its approach to the project in the following respects:

1. The land acquisition strategy will incorporate an enhanced model that will focus Priority's attention to certain suspected geological trends.
2. The drill equipment to be used will be modified to accommodate drilling, testing and completion work in a timely and cost-effective manner.
3. The original pilot project had intended to drill four wells total and then tie them in for production. Priority intends to determine the feasibility of a single well tie-in. Moreover, the original four well pilot project may be changed to a 10-well project. This broader approach would benefit from the use of different drill methods and equipment. The choice of drill targets, assembly of the most appropriate equipment and raising of the required capital will prolong the time required before commencement of additional drilling.

Recently the Ministry of Energy and Mines announced its intention to modify the existing oil and gas permitting system. Presently applications must be filed individually for wells, pipelines and facilities of the same project regardless of the fact that they may be practically identical. The new system would recognize this duplication and allow for applications on a project basis where appropriate. Changes would benefit projects such as coalbed methane where multiple wells, collection, lines and facilities will be required.

The saving in both time and money from the upcoming regulatory changes will certainly enhance the planned coalbed methane development in British Columbia.

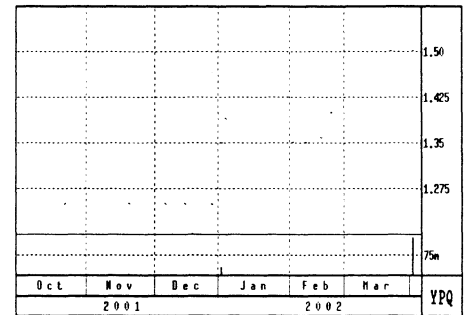
Priority will continue to provide updates on drill results as the information is compiled and interpreted. The disclosure will not, however, provide details that may detract from Priority's present competitive advantage. It is important to keep in perspective the fact that Priority and its shareholders have spent considerable capital, time and effort in obtaining this data.

Prism Equities Inc YPQ

Shares issued 2,255,667 25 Apr 02 close \$ 1.50

Directors

 Charles John C
 Kime F Grant
 Peters Mitchell
 Wright John D

 Graham Ronald G
 McIntyre Andrew
 Spence Brian

News Release . . . Prism Equities earns \$198,927 in Q1

Mr. Andrew McIntyre reports

PRISM EQUITIES INC. (CDNX:YPQ) REPORTS FIRST QUARTER RESULTS

Prism Equities has provided its results for the first quarter ended Feb. 28, 2002.

For the first quarter of fiscal 2002, net income increased to \$198,927 or six cents per share on a fully diluted basis compared with a loss of \$104,026 (four cents per share on a fully diluted basis) for the same period in the previous year, an improvement of \$302,953.

Total revenue for the first quarter was \$5.9-million compared with \$4.3-million in the first quarter of fiscal 2000, an increase of \$1.6-million (37 per cent) over the same period last year. While all subsidiaries experienced increased demand for their products during the quarter, the majority of this increase occurred within the company's medical products group. Institutional sales of ceiling lifts by Waverley Glen were strong during this period and are expected to continue through the second quarter. Waverley Glen also experienced stronger dealer sales in the North American home care market. Better market coverage in the United Kingdom accounted for the sales increase experienced by Westholme.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 88.8 per cent to \$568,586 in the first quarter of fiscal 2002 compared with the same quarter in 2001.

Schroeter, Tom EM:EX

TOR → RG
- NANAIMO

From: Houle, Jacques EM:EX
Sent: Friday, March 01, 2002 11:42 AM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Brown, Derek EM:EX; Pinsent, Robert EM:EX
Subject: Houle Weekly Report for February 23 to March 1, 2002
Sensitivity: Confidential

Mineral Exploration Activity:

- **Priority Ventures Courtenay Area Dove Creek Coalbed Methane Project Update:** To clarify the previous week's report, Priority has only applied for and received only one well authorization permit at Dove Creek; that well was collared on February 25.
- **International Millennium Mining Corp. Harrison Lake Area Jason MINFILE 092HSW076 Cu-Ni-PGE Project Update:** On February 26, David Houghton secured a formal option agreement and initial payment for the Jason Project from International Millennium Mining Corp., a former VSE-listed company which is preparing a prospectus for relisting on the CDNX; ground and/or airborne geophysics as well as geological work are planned for the Jason Project in 2002, with drilling planned for 2003; David has had three consecutive years of PAP funding on the Jason Project, and was one of the first prospectors to recognize the PGE potential of the Harrison Lake area.
- **Sigma/Ledcor Whistler Area Fitzsimmons Creek Hydroelectric Project Geological Compilation:** Geological compilation completed for engineering consultants engaged to design and construct a small 6.6 MW hydroelectric along a creek on the western slope of Whistler Mountain and within the Regional Municipality of Whistler; the subject site is underlain by a roof pendant of Lower Cretaceous Gambier Group volcanics and sediments, and is very close to two significant MINFILE occurrences: London 092JSE001 and Azure 092JSE005; the London is a Cu skarn and/or porphyry Cu-Mo-Au with resources of 6.5 million tonnes @ 0.66% Cu; a detailed compilation, site visit (summer) and baseline geochemical sampling were recommended to the client.

Government/Ministry Activity:

- **Geological Survey Branch Harrison Lake Area Presentations by C. Ash and R. Pinsent - Feb. 26, Vancouver:** Excellent presentations attended by 15 or so industry participants; lively discussions amongst both government and industry geologists occurred both during and after each presentation; more good work is left to be done to develop a sufficient understanding of the controls on Cu-Ni-PGE mineralization in the Harrison Lake area, but both Chris and Robert will be leaving the survey by April 1.
- **Iron Crown MINFILE 092L034, Benson Lake MINFILE 092L091 and/or Old Sport MINFILE 092L035 Sayward Area Iron/Copper Skarn Tailings Study:** Six selected samples taken by Mines Branch staff of pyritic/magnetitic tailings from historic magnetite/copper operations reviewed with macroscope and described, to be analyzed for multi-elements pending approval of regional budgets; untenured tailings, particularly those from Iron Crown (~1 million tonnes), could host economic gold resources.
- **Whelakis/Nugget/Queen MINFILES 092L178-179 Seymour Inlet Area Polymetallic Au-Ag-Cu-Pb-Zn Vein Property Study:** Data compilation relating to field programs by former tenure holders in progress; assessment reports requested.
- **China Creek MINFILE 092F247 Port Alberni Area Placer Designation Request Study:** Geological compilation completed and referral comments forwarded regarding this request; historic (1800's) placer area has up to 1205ppb Au from RGS samples.

Jacques Houle, P.Eng.
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fax (250) 751-7373
Jacques.Houle@gems9.gov.bc.ca

TGS → Reg. Mgr.
- N. Naim

Schroeter, Tom EM:EX

From: Hall, Ted EM:EX
Sent: Friday, March 01, 2002 12:51 PM
To: Anderson, Duane; Beckett, Carla EM:EX; Bergen, Wally; Beswick, Ed; Booth, Richard; Carr, Chris; Carriere, Greg; Carter, Tom; Cheatham, Pat; Conte, Rick; Curtis, Ross; Errington, John; Finvers, Maija; Forster, Patti; German, Gerald; Guthrie, Shelley; Hermann, Fred; Hoffman, Al; Houle, Jacques; Jakobsen, Dorthe; Jansen, Penny; Jorgensen, Sharon; Koncohrada, Karen; Lefebure, Dave; Lewis, Jim; Lieutard, Denis; Logan, Claudia; McArthur, Gib; McKillop, Greg; McLaren, Graeme; Munzer, Rosa; Murphy, Maureen EM:EX; O'Rourke, Patrick; Phelan, Bill; Pinsent, Robert; Puggioni, Giovanni WLAP:EX; Randall, Alf; Reid, Bruce; Rennie, Lorna; Schmitt, Rolf; Schroeter, Tom; Sedun, Thom; Smyth, Ron; Stewart, Linda; Taje, Eddy; Thomas, Hayley EM:EX; Whale, Andrew; White, Don; Wishlow, Wayne
Cc: Jakobsen, Dorthe SRM:EX
Subject: Southwest Region Update - March 1, 2002

ISSUES:

- DFO are again flexing their muscles on the Fraser River, refusing to issue Fisheries Act approvals for two gravel removal projects without a CEAA screening and further consultations with First Nations. The projects involve the extraction of gravel from the Hamilton Bar and Harrison Bar as part of a flood control strategy under the Fraser River Management Plan, which was developed in consultation with local, provincial, federal and First Nations governments. Although all provincial permits and approvals are in place and equipment is standing by, the DFO position will likely delay the project beyond the window of opportunity for instream works.
- Mines Act approvals for the Phase 2 drilling program on the Leader Mining - Cogburn Magnesium Project have been delayed by at least a week in order to accommodate further consultations with the Cheam and Chehalis Indian Bands. At a meeting of MEM reps with the Cheam Band on February 21st, the Chief refused to engage in good faith consultation. In a phone call with the Community Economic Development Manager for the Chehalis Band, the offer of a face-to-face meeting was turned down, and the Band refuses to consult until traditional use studies and archaeological studies are done. Subject to AG approval, it is expected that MEM will issue approvals to proceed with the project next week. Although there is some risk of backlash from the two Bands, Leader is also faced with the risk of losing its financial backers if the project is unreasonably delayed.
- A trespasser was killed in the Nicomen Aggregates Ltd. - Deroche Pit on February 23rd when the 4X4 vehicle he was driving rolled down an embankment, throwing the victim out. The mine was properly secured at the time, and the victim was believed to be under the influence of alcohol. This is being treated as a non-mining fatality, and an investigation is being conducted by the RCMP.
- Copcan Contracting Ltd. is becoming increasingly frustrated by the lack of a Supreme Court decision on the Jameson Road Quarry judicial review, which was promised for last December. Uncertainty caused by the delay has prevented Copcan from developing the quarry to date, and with drilling and blasting operations limited to the window between November 1st and March 31st, the opportunity to commence operations this winter is rapidly disappearing.

FYI:

- Boliden Myra Falls Operations has successfully concluded a Memorandum of Agreement with Union membership, which will help pave the way for a re-opening of the mine in mid-March. A decision to re-open also requires an agreement on financing for a new paste tailings facility, and financial support from Boliden's customers to provide working capital upon startup. In the meantime, breakthrough has been achieved on a new internal ramp, and the hoist rebuild program has been completed. It is hoped that implementation of Boliden's 2002 operating plan will put the mine back on a sound financial basis.
- Priority Ventures Ltd. have collared a coalbed methane production well in the Dove Creek area near Courtenay, under a well authorization permit issued by the Oil & Gas Commission. A joint venture was also announced (Priority 55%) with Methane Gas Canada to fund at least \$250,000 of coalbed methane exploration on Priority's coal leases in the Suquash Basin on northern Vancouver Island.

• Interest in placer mining on Vancouver Island seems to be on the rise, with recent requests for new placer
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Schroeter, Tom EM:EX

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From: Brown, Derek EM:EX
Sent: Monday, February 25, 2002 8:51 AM
To: Houle, Jacques EM:EX; Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Pinsent, Robert EM:EX
Subject: RE: Houle Weekly Report for February 16-22, 2002
Sensitivity: Confidential

Jacques,

Please note only 1 well has been approved to date from the Oil and Gas Commission. Priority has not formally applied for other wells yet. The term "Test Well" is another form of drilling permit under the OGC, this current drill hole is a "Well authorization". Distinction is important because of different fees, regulatory, rights, etc. If you would like details please give me a call.

This is exciting news and I was interested to hear from you that Priority now has an interest in the Suquash coalfield as well.

Thanks and cheers,

Derek

-----Original Message-----

From: Houle, Jacques EM:EX
Sent: Friday, February 22, 2002 12:03 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Brown, Derek EM:EX; Pinsent, Robert EM:EX
Subject: Houle Weekly Report for February 16-22, 2002
Sensitivity: Confidential

Mineral Exploration Activity:

- **Leader Mining Hope Area Cogburn Mg Project Update:** 22 hole, 1200 meter definition drilling program scheduled to begin March 4 at the Emory Zone, designed to define a 15 million tonne reserve of high-grade, open pit magnesium ore; core samples will also be used as bulk sample material for metallurgical test work.
- **Rick Strong / Jim Dyke Jordan River Area DS Cu Project Update:** List of companies possibly interested in Cu-Au projects forwarded to Rick to contact for possible options; 3 meters of snow are at the site now, so visits will not happen shortly.
- **SYMC Port Alberni Area Macktush/Dauntless Cu-Mo-Au-Ag Project Update:** Written approval apparently received by SYMC from forestry/private tenure holder Weyerhaeuser, including road construction joint funding arrangement, for access roads to both Dauntless copper veins along Alberni Inlet, and to the Macktush Bowl Zone near the Fred/David veins.
- **Priority Ventures Courtenay Area Dove Creek Coalbed Methane Project Update:** 2 petroleum geologists hired to assist Project Manager Gwyneth Cathyl-Bickford with Vancouver Island gas exploration projects; at Dove Creek, up to 4 test wells are to be drilled in the initial phase scheduled to begin next week; a Joint Venture was also announced (Priority 55%) with Methane Gas Canada to fund at least \$250,000 of CBM exploration on Priority's coal leases in the Suquash Basin on northern Vancouver Island.

Government/Ministry Activity:

- **Exploration and Mining in B.C. - 2001 Update:** All final papers posted on ministry Orchid I:drive, including the Foreword, all 5 Part A papers from Regional Geologists; and all 5 industry plus 1 of 3 government papers for Part B; deadline is today with formatting and printing (300 copies) to be handled by the Geological Survey Branch in time for release at KEGS on April 8.
- **S.E.G. NWUSA Field Trip Geology and Mines Tour May 12-19:** Request submitted to attend field trip

Schroeter, Tom EM:EX

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- NANA

From: Houle, Jacques EM:EX
Sent: Friday, February 22, 2002 12:03 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe SRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Brown, Derek EM:EX; Pinsent, Robert EM:EX
Subject: Houle Weekly Report for February 16-22, 2002
Sensitivity: Confidential

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- **S.E.G. NWUSA Field Trip Geology and Mines Tour May 12-19:** Request submitted to attend field trip organized by the UBC chapter of the Society of Economic Geologist to 3 major mines in NW USA, including Stillwater (Montana), Coeur D'Alene (Idaho) and Pend Oreille (Washington); if attendance is approved, it would preclude participation in the Prospecting and Exploration Field School in Oliver, B.C. scheduled for the same time period, unfortunately.
- **Springwood Middle School (Parksville) Geology Presentation:** 1 hour outline of local geology, the importance of mining, and passing around mineralized rock samples to a grade 6 french immersion class completed on February 20.
- **Rock Sample Library at Nanaimo Office:** An initial 192 sample collection of primarily mineralized rock samples collected over the past two years from the Southwest Region have been installed for client viewing in the library of the Nanaimo Mines Branch Office; sample labels include (where available) location data including G.P.S. co-ordinates in NAD27UTM, MINFILE numbers, mineralogy and geochemistry data; it is intended to add a geochemistry database linked to sample numbers in the future.

Jacques Houle, P.Eng.
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fax (250) 751-7373
Jacques.Houle@gems9.gov.bc.ca

Schroeter, Tom EM:EX

TFS → RG
-Nanai

From: Houle, Jacques EM:EX
Sent: Friday, December 07, 2001 10:37 AM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe MSRM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Brown, Derek EM:EX; Pinsent, Robert EM:EX; Ash, Chris EM:EX
Subject: Houle Weekly Report for December 1-7, 2001
Sensitivity: Confidential

Prospectors Assistance Program:

- **Gary Thompson P.14 Sooke Area Soog/Brenda Cu-Ni-PGE Projects Update:** After working on Coal Bed Methane projects in the US for most of the year, Gary is planning to complete his PAP project fieldwork in the Sooke area next week; tentative plans made to meet Gary on Tuesday, Dec.11 for a property visit.

Mineral Exploration Activity:

- **Beaupre Explorations Sooke Area Valentine Mountain Au Quartz Vein Project Update:** Sampling of surface trench by A. Kikauka on 'D' Vein in Discovery West area of Valentine Mountain Project allegedly yielded 2.9 opt Au over ~0.5m.
- **C.R.C. Exploration Cowichan Lake Area Nitnat Polymetallic Vein / Skarn Au-Cu-Pb-Zn Project Update:** Preliminary visit completed Dec.6 with owner Craig Payne to Nitnat Project, which covers the Goldex showing MINFILE 092C150: a 7 ddh, 1000 m. diamond drilling program is scheduled to begin Dec.8 to test numerous geochemistry and/or geophysical anomalies; a second site visit is planned towards the end of the drilling program, probably in early January after the Christmas break; Craig will provide a summary report on the property over the next week or so.
- **SYMC Resources Port Alberni Area Wacktush/Dauntless Porphyry/Skarn/Vein Cu-Mo-Au Project Update:** Exploration planning meeting held Dec.5 with president Herb McMaster at Nanaimo Mines Branch office; stripping, trenching, mapping, chip sampling and bulk sampling (up to 10,000 tonnes) from up to 6 parallel E-W trending Chalcopyrite-Quartz-Calcite Skarn Veins on the Dauntless prospect MINFILE 092F168 planned for early 2002, to be trucked (or barged) to Port Alberni and shipped directly to the Sumitomo smelter in Japan; shallow diamond drilling of the skarn veins consisting of up to 1000 m. in 20 holes also planned for the Dauntless; follow-up meeting scheduled for Dec.20-21 to plan bulk sampling and drilling for David and Fred Veins and a possible pilot mill at the Macktush prospect MINFILE 092F012; notices of work will be submitted by Herb in January.
- **Leader Mining Harrison Lake Area Cogburn Magmatic Mg Project Update:** Diamond drilling of up to 3 near-surface, bulk-target areas of massive peridotite with 2 drills on the Cogburn property nearing completion, consisting of 24 holes of 50-150m. each (~2500m. total); apparently some holes cut almost pure dunite at depth, suggesting sub-horizontal magmatic segregation; recent press release (Dec.2) announced results from 80 surface samples of the ultramafic bodies which yielded an average of 26% Mg and low levels of deleterious elements such as Ca, Fe, S and B; subsequent press release (Dec.6) announced Leader's appointment of a senior advisory group for the project; this is arguably a new discovery if the project is deemed economic.
- **Priority Ventures Courtenay Area Dove Creek Coal Bed Methane Project Update:** Pending receipt of a permit from MEM's Oil and Gas Commission, Priority intends to begin drilling 4 test wells for CBM at Dove Creek; Note: this project will not be including in regional statistics since it is targeting energy and not minerals/coal.
- **Meager Creek Development Corp. Pemberton Area Geothermal Power Project Update:** Meager Creek will shortly commence drilling 3, 1200 m. holes to test for geothermal gradients at this former B.C. Hydro project site; \$120,000 has been spent in 2001 on magneto telluric surveys, and the current phase 1 of the project is expected to cost \$1.4 million; Note: this project also will not be included in regional statistics since it is targeting energy.
- **555 Corporate Ventures Northern Texada Island Area Project Update:** 555 Corporate has apparently returned to continue (questionable?) exploration activity in northern Texada Island, and has engaged consultant John Carniel of

Schroeter, Tom EM:EX

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From: Houle, Jacques EM:EX
Sent: Thursday, August 16, 2001 3:46 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Jakobsen, Dorthe EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Pinsent, Robert EM:EX; Schroeter, Tom EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Terry, David EM:EX; Wojdak, Paul EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Massey, Nick EM:EX; Brown, Derek EM:EX
Subject: Houle Weekly Report for August 10 - 16, 2001
Sensitivity: Confidential

Prospectors Assistance Program:

- **David Haughton P.6 Harrison Lake Area Jason Cu-Ni-PGE Project Update:** Met with David on August 10 in the lapidary room at the Victoria G.S.B. offices where he was cutting and polishing rocks from the Jason project; although planned expenditures are completed, David will likely return briefly to the Shake Cutters area for additional prospecting, probably after receipt of the anticipated geophysical report from David Marks.
- **Mikkel Schau P.91 Schoen Lake Area Kringle Cu Skarn and Flan Epithermal Au Projects:** Met with Mikkel on August 10th in the lapidary room at the Victoria G.S.B. offices where he was cutting rocks from the Kringle and Jason projects; more prospecting will be completed on both targets after anticipated consulting work for Mikkel in the Tulameen area; brief visit completed to Kringle occurrence on August 13th with Tom Schroeter.
- **Dan Epp P.17 Bella Coola Area Cu-Zn-Au-Ag Project Update:** Visit planned August 20-21 with Tom Schroeter to Dan's project area, along with a visit with Larry Diakow (GSB), Bert Struik (GSC) to the Nifty and Keen VMS occurrences.

Mineral Exploration Activity:

- **Quinsam Coal Campbell River Area Quinsam East Coal Project Update:** Notice of work received/referred for 5 hole, 1650m. exploration drilling program, which combined with Quinsam Mine Project, will incur expenditures of \$500,000 in 2001.
- **Hillsborough Buckley Bay Area T'sable River Coal Project Update:** Visit completed on August 13th with Tom Schroeter and Mines Branch representatives to future site of twin underground declines and 90,000 tonne bulk sampling project at the T'sable River Coal Project; anticipated project expenditures for 2001 are \$2 million, including capital costs; tentative combined underground visits to T'sable River and Quinsam planned in the fall.
- **Cumberland Surface Coal Dump Fire Site Visit:** Brief visit completed on August 13th with Tom Schroeter and Mines Branch representatives to reclaimed site of surface coal dump fire near Cumberland; klinker breccia sample taken for interest.
- **Priority Ventures Courtenay Area Dove Creek Coal Project Update:** Visit completed on August 13th with Tom Schroeter and Mines Branch representatives to all three widely spaced surface drill sites, where an aggregate of 1271m. of drilling was completed in July-August to test coal seams in the Comox Formation; visit also completed to core storage facility in Courtenay to review selected coal seam and Karmutsen basement rock intercepts; estimated expenditures in 2001 on the project are \$450,000; Gwyneth Cathyl-Bickford, Project Manager, was invited to submit a paper for Part B of Exploration and Mining in B.C. - 2001.
- **Newmex Zeballos Area Privateer Gold Project Update:** Visit completed on August 14th with Tom Schroeter, along with Kieran Downes of Marksman Resources, to Privateer Mine and surface plant, as well as to the surface showings of the White Star and Prident past producers; hopefully, possible future participation in the Zeballos area by Marksman will result?!; several grab samples of vein and replacement ore were obtained from the Privateer coarse ore dump from recent development drifting, also a vein grab sample from the old Prident mine dump was obtained; estimated expenditures to date in 2001 are \$150,000.
- **Boliden Campbell River Area Myra Falls VMS Mine Update:** Visit completed on August 15 with Tom Schroeter to selected underground headings in the HW Mine, and to the 4th Level of the Price Mine; also reviewed selected exploration/definition drill core intercepts which yielded the following assays:
 - **Ridge West Zone** - 30 degree core angle intercept in hole LX10-2054 of 9m. @ 1.5%Cu, 1.6%Pb, 13%Zn, 2.5g/tAu, 208 g/tAg.
 - **Price Zone** - 90 core angle intercept in hole PR04-0203 of 10.1m. @ 1.4%Zn, 3.2%Pb, 12.5%Zn, with Au, Ag results pending.

Several ore grab samples were obtained from the various underground headings; Mine productivity, exploration success and staff moral at the Myra Fall Operation are all very high; unfortunately, metal prices, power costs and

Exp'n exp. in '01 expected < \$2.1m budget gold recoveries - extremely challenging!

VCS → leg. Mat
- Adams m

Schroeter, Tom EM:EX

From: Hall, Ted EM:EX
Sent: Monday, August 20, 2001 11:50 AM
To: Adams, Rick; Anderson, Duane; Beckett, Carla EM:EX; Bergen, Wally; Beswick, Ed; Booth, Richard; Carr, Chris; Carriere, Greg; Carter, Tom; Cheetham, Pat; Conte, Rick; Curtis, Ross; Errington, John; Finvers, Maija; Forster, Patti; German, Gerald; Guthrie, Shelley; Hermann, Fred; Hoffman, Al; Houle, Jacques; Jakobsen, Dorthe; Jansen, Penny; Jorgensen, Sharon; Koncohrada, Karen; Lefebure, Dave; Lewis, Jim; Lieutard, Denis; Logan, Claudia; McArthur, Gib; McKillop, Greg; McLaren, Graeme; Munzer, Rosa; Murphy, Maureen EM:EX; O'Rourke, Patrick; Phelan, Bill; Pinsent, Robert; Puggioni, Giovanni EM:EX; Randall, Alf; Reid, Beth; Reid, Bruce; Rennie, Loma; Schmitt, Rolf; Schroeter, Tom; Sedun, Thom; Smyth, Ron; Stewart, Linda; Taje, Eddy; Thomas, Hayley EM:EX; Whale, Andrew; White, Don; Wislow, Wayne
Subject: Southwest Region Update - August 20, 2001

ISSUES:

- Jack Lee has petitioned the Gold Commissioner for intervention under S.19 of the Mineral Tenure Act to resolve a question of ownership of mineral substances on the Jamieson property on Sumas Mountain. The property owner is operating a rock quarry for construction purposes (which was formerly operated by Lee), however Lee still holds a mining lease over the property. Lee has not only raised the question of access to the feldspar minerals in the rock, but has charged that MEM's issuance of a quarry permit to the property owner is illegal. Lee is prepared to commence court action if necessary to decide the question of ownership of the rock, and depending upon the court's definition of "mineral", any legal decision could be precedent setting with respect to regulation of the aggregate sector.
- A decision has been made to issue a placer exploration permit on the Qualark placer project near Yale, following a lengthy review which considered treaty related concerns raised by the Yale First Nation (YFN) and the Treaty Negotiations Office (TNO). Although the project will be very low impact, Qualark hopes the test work will confirm the feasibility of a major placer/aggregate project which could produce placer gold and up to 10 million tonnes of aggregate per year. YFN have identified the land as potential treaty settlement lands, and the TNO is considering establishing a Treaty Related Measure over the area. Both the YFN and the TNO will be briefed on the decision next week, and the permit will be issued the following week.
- A July 19th dangerous occurrence on the Priority Ventures Limited Dove Creek coal drilling project has been reported. While drilling at a depth of 361 metres, water and gas fountained up from the drill hole, breaking the masthead lights on the drill, six metres above the top of the drill head. The gas ignited into a faint blue flame which rapidly self-extinguished. The hole was quickly sealed by engaging the Blowout Preventer (BOP), and the hole was stabilized and sealed within 12 hours. The gas was sampled and found to contain largely nitrogen, with 5% to 6% methane and 3% to 4% oxygen. No injuries occurred, and environmental damage was largely contained to the drill site. This incident points to the potential for overpressured subsurface conditions to produce gas and water kicks in the Comox Coalfield, and suggests that BOP systems should be considered as standard equipment on deep boreholes in the coalfield.

Dove Creek

FYI:

Highlights from the Regional Geologist:

- **Quinsam Coal Campbell River Area Quinsam East Coal Project Update:** Notice of work received/referred for 5 hole, 1650m. exploration drilling program, which combined with Quinsam Mine Project, will incur expenditures of \$500,000 in 2001.
- **Hillsborough Buckley Bay Area T'sable River Coal Project Update:** Visit completed on August 13th with Tom Schroeter and Mines Branch representatives to future site of twin underground declines and 90,000 tonne bulk sampling project at the T'sable River Coal Project; anticipated project expenditures for 2001 are \$2 million, including capital costs; tentative combined underground visits to T'sable River and Quinsam planned in the fall.
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Schroeter, Tom EM:EX

TGS → RG
Nanaimo

From: Houle, Jacques EM:EX
Sent: Friday, April 06, 2001 12:22 PM
To: Hall, Ted EM:EX
Cc: Carriere, Greg EM:EX; Randall, Alf EM:EX; Reid, Bruce EM:EX; Jakobsen, Dorthe EM:EX; Taje, Eddy EM:EX; Wishlow, Wayne EM:EX; Smyth, Ron EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; Brown, Derek EM:EX; Massey, Nick EM:EX; Cathro, Mike EM:EX; Lane, Bob EM:EX; Wilton, Paul EM:EX; Wojdak, Paul EM:EX; Schroeter, Tom EM:EX; Pinsent, Robert EM:EX
Subject: Houle Weekly Report for March 30 - April 6, 2001
Sensitivity: Confidential

Client Activity:

- **Newmex Privateer Au-Ag Project, Zeballos Area:** Contact received from A. Aichmeier that both surface and underground exploration projects will proceed in 2001 with approved budgets; Newmex has also acquired a 70% interest in Sulphur Corporation of Canada Inc. from an affiliated company, which should assure future cash flow from operations to Newmex; Newmex also has a new website (<http://www.newmex-minerals.com/>) which has some data on the Privateer Project.
- **Commerce Resources Sunro Cu-Ni-Co-PGE Project, Jordan River Area:** Contact established at KEGS in Kamloops with Dave Heyman and Ikkee Battle of Commerce, who are focusing primarily on the Blue River tantalum-niobium project in 2001, but will visit and undertake preliminary work only on the Sunro Project; a corporate brochure was recently obtained from Commerce, who also have a website (<http://www.commerceresources.com/s/Home.asp>) which has some data on the Sunro Project; the project summary compares the mineral deposit model for Sunro to Lynn Lake (Manitoba) and Voiseys Bay (Labrador) deposits.
- **Chapman/Carlson Cogburn Cu-Ni-Co-PGE Project, Harrison Lake Area:** Data package received on CD from John Chapman; including a property summary report and miscellaneous other PGE data; copies available from John Chapman (604-536-8356); the Cogburn Project is being marketed for option or joint venture at this time.
- **Santoy Resources Emory Creek Cu-Ni-Co-PGE Project, Harrison Lake Area:** Data package received from booth at KEGS, which includes link to website (<http://www.bmts.bc.ca/san/>); preliminary exploration is planned for 2001.
- **Harrison Lake PGE Staking Update:** New claim maps were obtained from Mineral Titles in Vancouver, and show continued new staking activity east of Harrison Lake; an update to the compilation map in Core1 to be completed.
- **Eagle Plains Harrison Gold Project, Harrison Lake Area:** Contact established at KEGS with management team of Eagle Plains, consisting of Tim Termuende and Chuck Downie, who visited the Harrison Gold property on April 2; preliminary work being planned for 2001.
- **Cream Minerals Raven Co-Zn-Au-Ag Project, Nootka Island:** No significant mineralization allegedly found during field inspection of airborne geophysical anomalies completed in early 2001; future plans for Raven undisclosed at this time.
- **Priority Ventures Dove Creek Coal (Bed Methane?) Project, Courtenay Area:** Notice of Work submitted and referral notices issued for coal exploration drilling project; contact established with management team at KEGS, consisting of Neil Swift, Bill Nichols and Gwyneth Cathyl-Bickford; a corporate brochure was obtained from them, which describes their "Vancouver Island Natural Gas Play", and identifies their website (<http://www.priority-pvs.com>).

Ministry Projects:

- **KEGS Conference, Kamloops, April 3-4:** Clockwork-organized, well-attended conference; southwest regional poster display received little attention, assumed due to superior nearby displays by prospectors, but southwest regional presentation well-received; mining companies very quiet; many prospectors are counting on Prospectors Assistance Grant Program to be renewed in 2001; coast hockey team played hard and well,