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Golden Loon

PRO-GEO Exploration and Mining Services Inc.

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Mr. W. Kovacevic
307 McDonald St.
Clinton, BC, CANADA

June 11, 1999

Re: Platinum-Palladium Potential of Golden Loon Claim Group, Kamloops Mining Division, British Columbia, Canada NTS 92P/8

Dear Sir,

Thank you for bringing this property to my attention. I have reviewed the several reports of R. C. Wells (1988), B. J. Price (1996) and J. M. Dawson (1997) which you supplied to me and upon which, partially, my current opinion of the property is based. In addition, I have consulted with M. Cathro, P. Geo., who is the British Columbia Provincial Government Geologist for the Kamloops Mining Division, in which your property is located. I have also consulted other colleagues of mine in the mining and mineral exploration industry, confidentially, in regard to the property's general geological setting and its particular features.

As you know, I have a keen interest, both commercially and academically, in the noble metals, i.e. Platinum Group Elements (PGE) and Gold. Since 1994, I have conducted several large and/or multi-million dollar mineral exploration and development programs in BC for Gold (Bonaparte Mine; Blackdome Mine), Copper (Alwin Mine; Getty Copper Highland Valley Project) and Platinum-Palladium (Tulameen Ultramafic Complex). With the exception of the Getty Copper property, which is in the pre-feasibility stage at present, and the Tulameen PGE project which was only recently acquired, I was able to produce ore from each of the other properties. In addition to my previous academic research concerning analytical geochemistry and exploration methods for PGE during my years at the University of Toronto (funded by INCO and NSERC), I have been actively seeking prospective PGE exploration projects, recently in BC. Besides your property's significant known potential for Gold mineralization as described in the above-mentioned reports which indicated Gold assays up to 3.5 ounces of Gold per ton and 18 ounces of Silver per ton, I believe that your property is also a legitimate and exciting candidate for exploration for Platinum-Palladium, Nickel and Chromium.

Platinum-Palladium-Nickel

In regard to advancing the property and more fully exploring its mineral potential, I reviewed the previous explorations described in the above mentioned reports. It seems to me that given the large size of the property (6,000 ha) and the widespread distribution of favorable lithologies (rock types), only a small portion of the property has been appropriately and intensively explored, mostly for Gold. To date, hardly any exploration has taken place for PGE's (Pt, Pd, Rh, Ir, Os, Ru), which in my opinion is very surprising considering the favorable geological and geochemical features of the property.

Apparently by chance in 1988, anomalous Platinum and Palladium concentrations were obtained from two prospecting samples collected along the main grid baseline (Wells, 1988) in an area where later reconnaissance scale geological traverses apparently indicated that pyroxenite, peridotite and dunite ultramafic units were present and that compositional layering was a strong possibility (Corona, 1990). Thus, it is readily apparent that both Platinum and Palladium occur in compositionally layered mafic-ultramafic rocks on your property, and this association may be very important, indeed.

I must point out to you that all of the major PGE mines, worldwide, occur within volumes of compositionally layered mafic to ultramafic intrusive rocks, e.g., the famous Merensky Reef, Bushveld Igneous Complex, South Africa; and the famous J-M Reef, Stillwater Complex, Montana, USA. These reefs (sulphide-bearing horizons or layers containing nickel

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± copper) usually occur near the base of the lithologic layer that includes the first appearance of plagioclase. In regard to your property, Price (1996) notes that the northwesterly trending mafic to ultramafic intrusion bisecting the Golden Loon claims is actually a layered intrusive body, not a series of lenses as previously indicated on the 1971 GSC map of the area. Furthermore, he notes that geological traverses over the mafic-ultramafic intrusion show it to be compositionally layered with thick bands of dunite, peridotite, pyroxenite and gabbro. Considering that the mafic-ultramafic intrusive located in your claim group is reasonably large, having been indicated to be at least nine km long with a surface width up to 1.3 km (White, 1988; Corona Corp., 1990; B.J. Price 1996), and considering that Noranda's 1967 soil geochemical survey identified nickel anomalies variably occupying approximately 5 km of the strike of the intrusion, including one individual anomaly approximately 2500m long by 500m wide, one can only conclude in the light of the presence of Platinum and Palladium in the two above-mentioned prospecting samples (Wells, 1988) that this situation presents excellent potential for the presence of a Nickel-Platinum-Palladium bearing sulphide reef, of a style similar to the J-M reef at the Stillwater Mine in Montana, USA.

At the Stillwater the J-M reef is usually only 1-3meters in thickness. Thus, as you can appreciate, this type of PGE target constitutes a very narrow feature that may easily be over-looked by the untrained eye or may be easily hidden from view by overburden, even though this type of sulphide reef may extend for many kilometers in length . For example, the JM reef, although very narrow, extends for many kilometers continuously and has provided Stillwater Mining Company with proven and probable reserves of 29.5 million tons at an average grade of 0.79 oz. Pd+Pt per ton, or 23.4 million ounces of PGM's. The sulphide composition of this reef is that of chalcopyrite, pyrrhotite and pentlandite, which are sulphides of iron, copper and nickel. Considering that the early work of Noranda (1967) obtained abundant anomalous nickel concentrations in soil samples collected in the area of your mafic-ultramafic intrusion and that both Platinum and Palladium are known to be present here by virtue of the two above mentioned prospecting samples (Wells, 1988), I am strongly recommending that a program be conducted to attempt to discover a Stillwater-style Platinum-Palladium-Nickel-Copper bearing sulphide reef within this mafic-ultramafic intrusion on your Golden Loon mineral exploration property.

Chromium ± Platinum

From my observations of the previous soil geochemical data and geophysical magnetic susceptibility data, I conclude that there is also reasonable potential on the property for significant chromite mineralization, which elsewhere in BC is known to contain associated Platinum concentrations up to 0.47 ounces per ton over a one meter chip sample and 0.27 ounces per ton over 3.3m in drill core (Tulameen Ultramafic Complex in south-central BC; Longreach, 1988). Without much extra cost, proportionately, the minor amount of additional chemical analyses and geological work that would be required to examine specific prospective portions of the property for this type of mineralization could easily be accommodated within the program of exploration for a Platinum-Palladium bearing nickel-copper sulphide reef.

Gold

Considering the reports and data regarding the previous explorations and the many significant results thereof for Gold and Silver on portions of the property outside of the mafic-ultramafic intrusion, I recommend that you consider extending the soil geochemical coverage in both directions along the strikes of the known Gold mineralized zones. For economy sake, this would best be done at the same time as the exploration of the central mafic-ultramafic intrusion. It would be important either to re-establish the previous control grid over the central mafic-ultramafic intrusive and the areas prospective for Gold mineralization or alternatively to cut a new grid if the previous grid has been lost to time or subsequent commercial timber harvesting.

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Suggested General Schedule of an Exploration Program for Platinum-Palladium-Nickel, ± Gold ± Chromium

A) Compile all existing pertinent data, maps and interpretations into a single comprehensive reference compilation.

B) Re-establish previous control grids, or cut a new control grid, over the mafic-ultramafic intrusive, and also add minor extensions to Gold exploration grids, as required, in both directions along strike of the Gold mineralization zones.

C) Conduct detailed geological and structural mapping and lithological geochemical sampling of the mafic-ultramafic intrusive complex. All outcrops must be visited and examined, exhaustively, and the boundaries of the compositional layers must be determined. Certain crucial mineralogical observations must be made on a very detailed scale in order to facilitate predicting the stratigraphic location of a possible Nickel-Platinum-Palladium bearing sulphide reef within the mafic-ultramafic intrusion.

D) Although magnetic susceptibility and VLF-EM data are available from previous surveys, it could be very helpful to obtain induced polarization (IP) geophysical data across the compositionally layered mafic-ultramafic intrusion, since disseminated sulphides that may occur in a potential sulphide reef may respond more distinctly to IP chargeability than to VLF-EM, which essentially indicates 'conductivity'. If the metallic minerals composing a potential sulphide reef are not in intimate contact, conductivity of the potential reef may be weak or even undetectable, whereas the 'chargeability' potentially resultant from disseminated metallic minerals composing a potential Nickel-Platinum-Palladium bearing sulphide reef might be more easily detected.

E) Once the areas that are permissive or conducive to the potential presence of a sulphide reef are established from the results of field mapping, lithogeochemical sampling (C, above) and geophysical IP survey results (D, above), soil and vegetation sampling should be conducted at very close intervals in several locations across the anticipated strike of the potential reef.

F) Mechanical trenching to remove overburden in order to expose compositional layering of the intrusive in critical areas may become necessary in order to better understand the geological setting and to assist in determining the areas that may be favorable for the potential presence of a sulphide reef. Mechanical trenching to expose bedrock may be necessary in order to examine bedrock underlying areas that may return favorable soil or vegetation sampling results.

G) I have very strong expectations that the results of a program such as outlined above will result in the identification of legitimate targets for diamond drilling in order to test for the existence of a potential Nickel-Platinum-Palladium bearing sulphide reef on your property. In addition, the results of the minor extensions to the existing soil survey data for Gold and its associated pathfinder elements may warrant additional drilling for potential Gold mineralization, per the company's interest at that time, if any, in advancing its Gold prospects on this large property.

F) There should be an allowance for ongoing report writing and periodic summary report writing , including required reporting to regulators.

H) If indications of potentially economic mineralization are obtained, an 'in-house' environmental assessment should be undertaken immediately and certain environmental monitoring programs and studies should be initiated in anticipation of applications for various mining permits and environmental approvals. Permitting in regard to mineral exploration in BC is now a "one window" venue with the Mines Branch (Ministry of Energy and Mines), who then consult with the other BC regulators, e.g., Ministry of Forests, Ministry of Environment, etc. This is "one window" approach to mineral exploration permitting is a new development in BC and has significantly contributed to the ease of mineral exploration permitting, recently. Under the new regulations, most exploration permitting, including drilling and excavator trenching, can now be obtained within 30 days.

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Program Costs

I expect that the above mentioned program, exclusive of drilling, would cost on the order of $CDN 400,000-$500,000. Pending the results of the geological, geophysical and geochemical work, an initial exploratory drilling program for the purposes of attempting to discover indications of Platinum-Palladium-Nickel bearing sulphide reef in drill core would probably require approximately 3,000 meters of core drilling, which would cost approximately $CDN 400,000 including assays, petrographic work. Thus, a worthwhile intensive first pass at the mafic-ultramafic complex would likely cost on the order of $800,000-$900,000 and would provide a fairly definitive determination of the likelihood of the presence of a Stillwater-type Platinum-Palladium-Nickel bearing sulphide reef on the property.

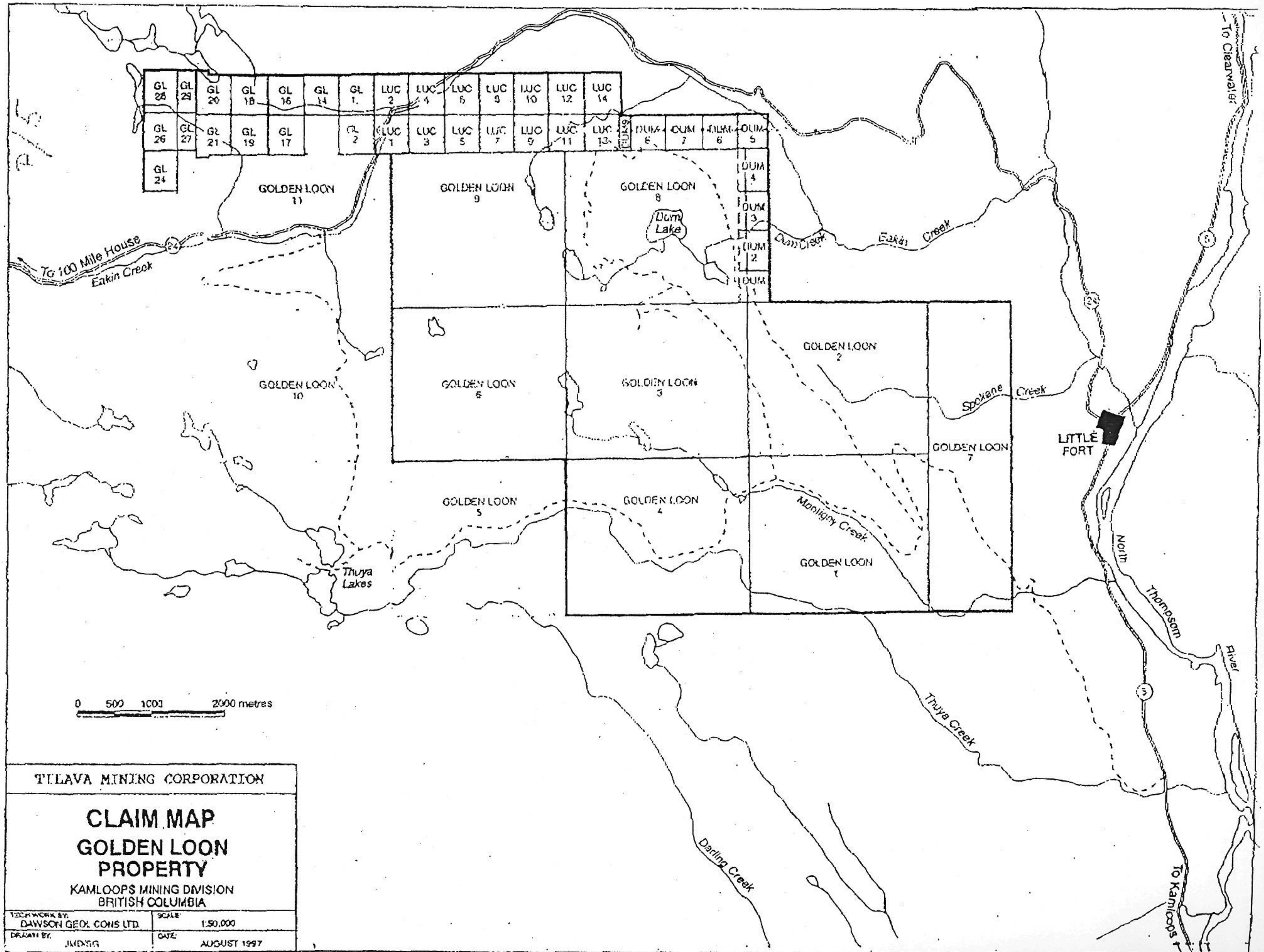
If the initial program outlined above encounters firm indications of the presence of a Platinum-Palladium-Nickel bearing sulphide reef on the property, then further drilling in order to precisely locate and further define a Platinum-Palladium-Nickel mineral resource would be legitimately warranted. If the project is fortunate enough to achieve this stage, which I believe it has a very good chance of doing, then a larger drilling program should ensue, perhaps in stages of approximately 10,000 meters each, which would cost approximately $1,000,000 per each stage, until sufficient mineralization is defined by sufficiently dense drilling in order to estimate, credibly, a mineral resource at the "drill-indicated" level of confidence. Should the program advance to the point of achieving a drill-indicated mineral resource, then feasibility studies would be required to in order to determine an ore reserve, if any. My estimate of the time frame required to reach the feasibility stage, if warranted, would be approximately 18-months to 24 months, depending on the time of year the program is initiated.

I am available for further discussion on this matter and I am prepared to detail an initial exploration program along the lines of the general program described above. I will require a retainer in regard to such further work, according to my schedule of professional fees which your recently received from me. I look forward to being of any further assistance to you in advancing your project, which again I must say has, in my opinion, remarkable and apparently unexplored potential for Nickel-Platinum-Palladium mineralization similar in style to the Stillwater J-M Platinum-Palladium bearing nickel-copper sulphide reef.

Yours truly,

Bruce Perry, Ph. D., P. Geo., FGAC
Geologist and Analytical Geochemist

Per: PRO-GEO Exploration and Mining Services Inc.


TILAVA MINING CORPORATION
CLAIM MAP
GOLDEN LOON PROPERTY
KAMLOOPS MINING DIVISION
BRITISH COLUMBIA
TECH WORK BY: DAWSON GEOL CONS LTD.
SCALE: 1:50,000
DRAWN BY: JMDSG
DATE: AUGUST 1997
0 500 1000 2000 metres
GOLDEN LOON 1
GOLDEN LOON 2
GOLDEN LOON 3
GOLDEN LOON 4
GOLDEN LOON 5
GOLDEN LOON 6
GOLDEN LOON 7
GOLDEN LOON 8
GOLDEN LOON 9
GOLDEN LOON 10
GOLDEN LOON 11
Dum Lake
Dum Creek
Eakin Creek
Spokane Creek
Monligny Creek
Thuya Creek
Darling Creek
Thuya Lakes
North Thompson River
LITTLE FORT
To 100 Mile House
To Clearwater
To Kamloops

TOLKO INDUSTRIES LTD.

F.L. A18686
DUM LAKE

C.P. 876

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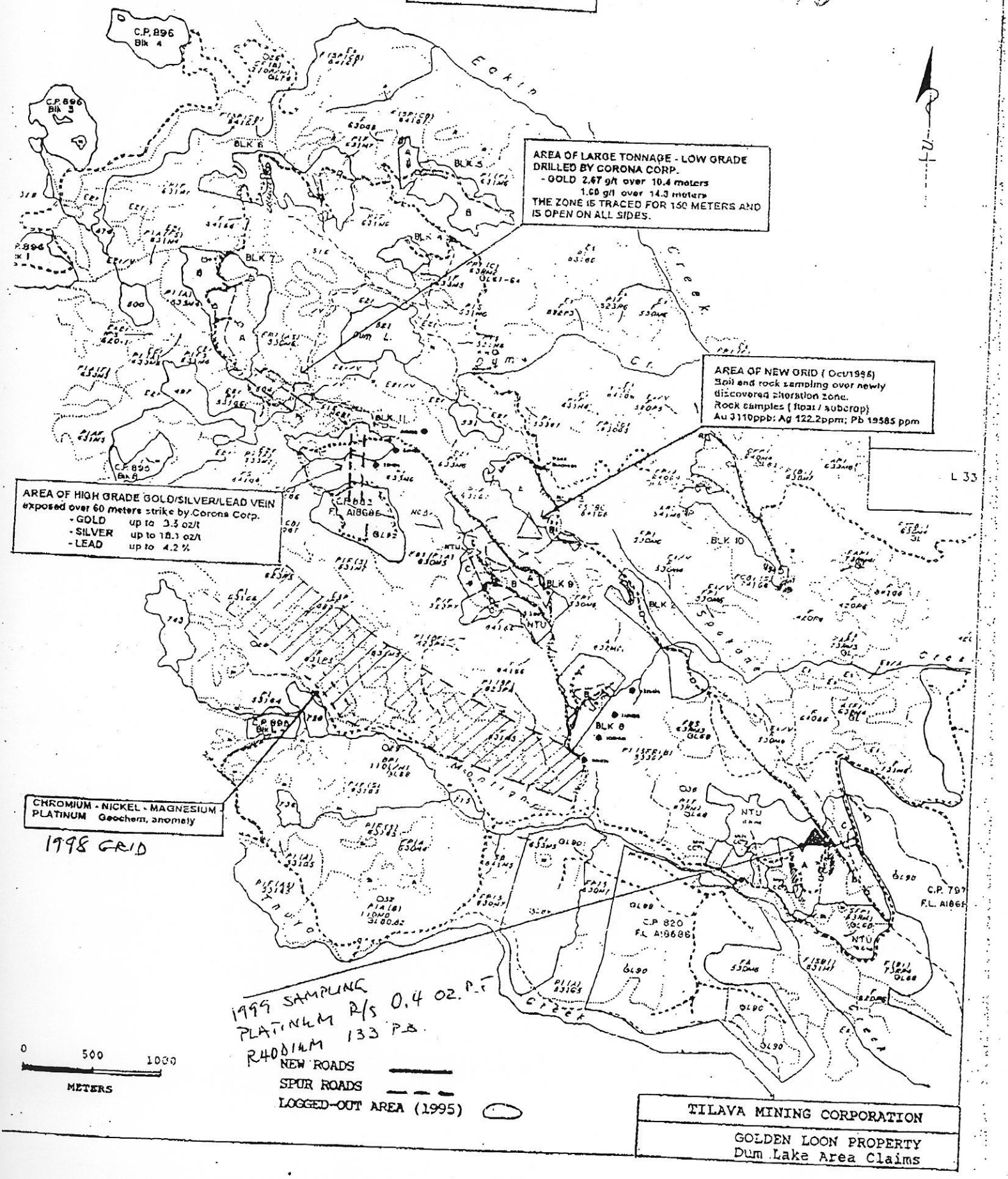
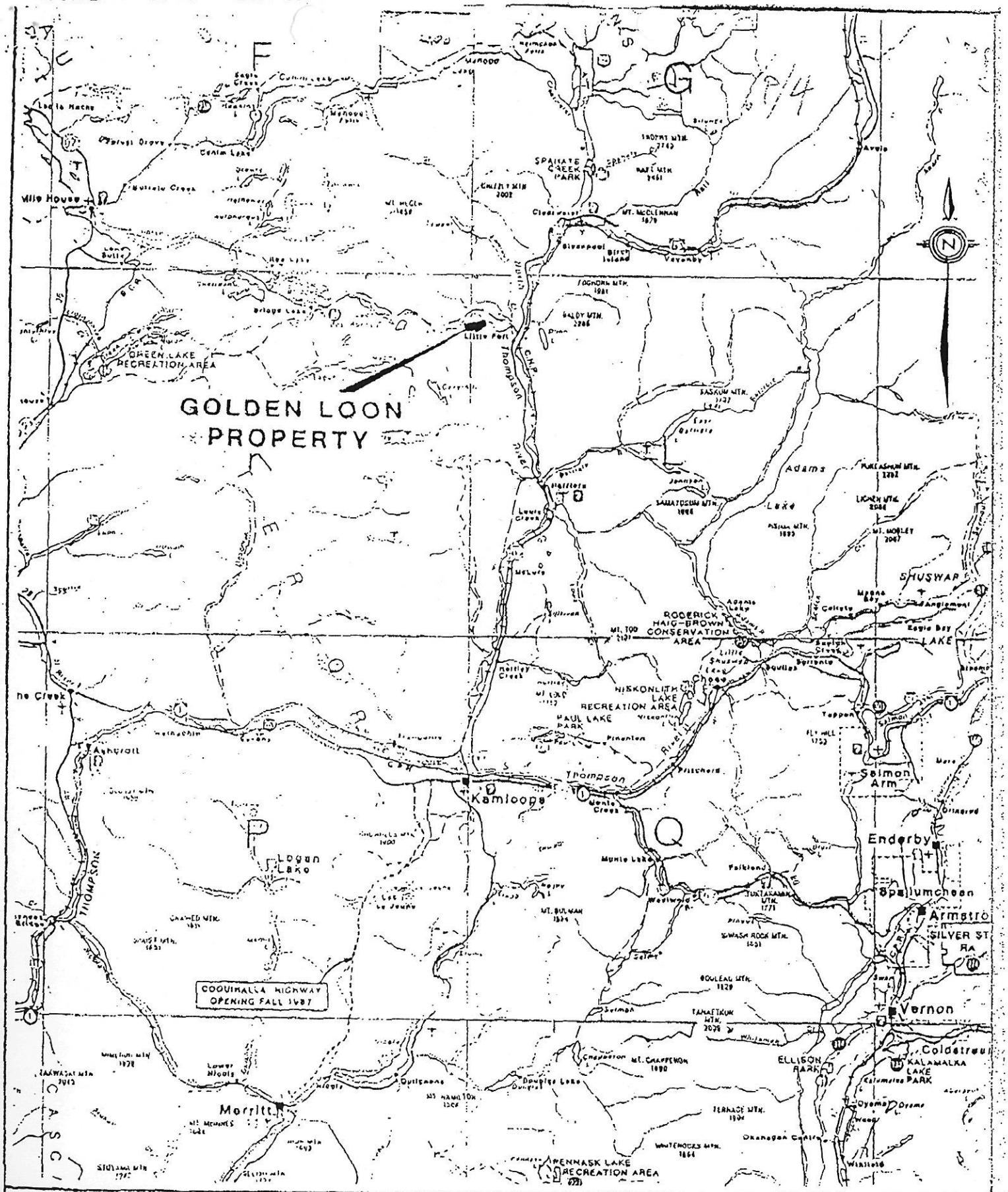


TILAVA MINING CORPORATION

GOLDEN LOON PROPERTY
Dum Lake Area Claims



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GOLDEN LOON PROPERTY
LOCATION MAP

DATE:	SCALE: 1: 900,000	DRAWING No.