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MAMMOTH

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BUSINESS OF THE COMPANY

General

- visited with: Ken Murray; Paul Wilton; Trygve Hoy; Linda Dandy

Bluebird was organized as a mineral exploration company and has developed a focused strategy to acquire, explore for and exploit mineral resource properties. Since its organization, Bluebird has acquired the North 40 Property and the Mammoth Property both located in the Nelson Mining Division of southeastern British Columbia as well as the Hebner Lake Property in northeast Manitoba situated approximately 120 kilometers west of Churchill.

A significant portion of the funds raised pursuant to this Offering will be expended by the Company on physical on-site exploratory work on the Mammoth and Hebner Lake Properties, as described below. See also "Use of Proceeds."

Bluebird follows a strategy that concentrates its exploration activities on high quality targets that require minimal geological and field exploration expense to advance the target to a drill ready stage and continues to pursue additional prospects that meet these parameters.

Properties

MAMMOTH PROPERTY, British Columbia

Location, Access and Physiography

The Mammoth Property is located 3 kilometers west of Highway 6, 15 kilometers south of the city of Nelson and 9 kilometers northwest of the town of Ymir in the province of British Columbia. The property is centered at approximately 49 degrees 22 minutes N. Latitude, 117 degrees 17 minutes W. Longitude on NTS mapsheet 82F/6 west half, located in the Nelson Mining Division. Access from Highway 6 is by a well-developed 4X4 gravel road system.

Topography is mountainous and generally very rugged, with a total elevation range of 1400m between the Salmo River (820m elevation) and Commonwealth Mountain (2220m elevation). The old workings and main area of interest are on the crest of an easterly trending ridge at an elevation of about 1800m with little tree cover. Slopes are variably wooded with stands of spruce, balsam and larch.

Description and Ownership of Property

On September 30, 1997, Bluebird entered into an arm's length agreement with Rossmine Explorations Ltd. ("Rossmine"), a private company located in Calgary Alberta, wherein Rossmine granted an exclusive option (the "Option") to Bluebird to purchase an undivided 100% interest of Rossmine's rights in the Mammoth Option Agreement dated September 10, 1996 (the "Mammoth Agreement"). The Mammoth Agreement governs 36 mineral claims, herein known as the Mammoth Property or the "Claims", which are comprised of 8 reverted Crown grants (patented) and 62 mineral claim leases totaling 1,120 hectares (2,800 acres). The lands are contiguous with expiration dates ranging from the years 2002 to 2005.

The Mammoth Agreement granted Rossmin the exclusive option to purchase the Claims by making annual payments, and the interest in the Claims, if and when acquired, and once commercially productive, is subject to a 2% net smelter return, which terminates when the cumulative sum of \$1,200,000 has been paid from proceeds of sales of minerals recovered. The remaining annual payment schedule is as follows:

\$20,000 on the tenth day of September, 1998,
\$20,000 on the tenth day of September, 1999,
\$25,000 on the tenth day of September, 2000,
\$30,000 on the tenth day of September, 2001,
\$30,000 on the tenth day of September, 2002.

In addition to the share issuances described below, in the event Bluebird exercises the Option such that the Claims are acquired by Bluebird, and in addition to the 2% net smelter return payable to the original optionors pursuant to the Mammoth Agreement, Bluebird will pay to Rossmin 0.5% of the net smelter returns received from the Claims commencing when the Claims are brought into production for the commercial life of the Claims provided mining operations that result in sales are carried out thereon.

In consideration for the option in respect of the Claims, Bluebird issued 500,000 Common Shares at a deemed price of \$0.22 per share at closing (the "First Tranche") and has the option, but not the obligation, to issue an additional 1,500,000 common shares as follows:

- (a) 500,000 Common Shares on or before October 1, 2001, (the "Second Tranche"); and
- (b) 1,000,000 Common Shares on the exercise by Bluebird of the option, which shall be no later than October 1, 2001 (the "Third Tranche").

History of Previous Work

The earliest recorded work on the Mammoth Property predates 1917, when a 12 m shaft and several open cuts were already in existence but the majority of the work was conducted in two periods, 1917 to 1940 and post 1967. During the period 1917 to 1920, J. Fisher and partners drove a 28m tunnel and crosscut and excavated one or more open cuts. A zone which assayed 1.5% copper and 2.99 g/t gold over 8.2 m in an open cut was intersected by the tunnel at a depth of 15 m.

The next recorded exploration was not until 1967, when Welland Mining Ltd. diamond drilled 15 holes, blasted 10 trenches and reopened some old trenches, stripped 375 square meters (all apparently in 1968), and carried out a magnetics survey by 1971.

The drilling was variously reported as totaling 1524 m or 1041 m. No drill logs, sections, or assay certificates are available. The only location map is contained in a later report (1972) and only shows nine of the holes. Twelve of the holes are reported to have been drilled in the area of Bluebird's current focus of interest offsetting the old shaft and five on a claim to the east of the Mammoth #2 claim on a copper target. The following results were reported:

Hole No. 1:	25 feet north of shaft 0.18% Mo over 23.0 feet 0.39% Cu over 44.5 feet	Hole No.2:	25 feet east of shaft 0.69% Mo over 22.0 feet 0.52% Cu over 67.0 feet
Hole No. A:	400 feet north of shaft 0.25% Mo over 12.6 feet 0.18% Cu over 12.6 feet	Hole No. 11:	75 feet northeast of shaft 0.88% Mo over 11.6 feet 0.63% Cu over 72.0 feet

The core apparently was not assayed for gold or other precious metals. Recent sampling of rock outcrops in the vicinity has shown the presence of gold and silver.

In 1972, Welland and Pechiney Development Ltd. carried out 16 line-kms of magnetics and a horizontal shootback EM test, geological mapping and rock sampling, and soil sampling (147 samples analyzed for Cu, Mo, Zn, Pb, Ag, Mn, of which 47 were also analyzed for Au). The soil geochemistry located a large area of anomalous Zn values southeast of the shaft where granodiorite intrudes argillite.

Greenwich Resources Ltd. during the period 1980 to 1984 carried out a program of prospecting, geological mapping and rock sampling, a 26.1 line-km magnetometer survey, and soil and silt sampling. This was followed in 1989 by a small geological and soil sampling program in the northern Keno claims by Euro Petroleum Corp. with copper and gold values reported from vein samples.

In 1991 and 1992 CME Consulting Ltd., under contract to Katie Mining Corp. and Golden Mammoth Resources Ltd. conducted a more comprehensive exploration program consisting of grid establishment, soil geochemistry, high density magnetics and detailed IP/Resistivity surveys. Some geological mapping and limited sampling were also done. This program outlined three coincident geochemical-geophysical targets in the north-central parts of the grid including a broad zone encompassing the original Mammoth working. Drilling was recommended but was never done.

Work conducted to date within the boundaries of the Mammoth Property has not established the existence of ore reserves in either the proven, probable or possible categories, nor has there been any surface or subsurface plant or mining facilities installed therein.

Regional and Property Geology

The regional geology has been well investigated by the British Columbia Ministry of Energy Mines and Petroleum Resources. Details from BCMEMPR Paper 1989-1, (Hoy and Andrew, 1989) and G.A.C. Guidebook A-7 (Hoy, Andrew and Wilton, 1993) are briefly summarized as follows:

The Mammoth Property lies within a highly mineralized arcuate belt of Early Jurassic age, Rossland Group volcanics, sediments and intrusives. These rocks trend south from Nelson to Salmo, then westward to Rossland. The Rossland Group comprises a basal succession of fine to coarse-grained clastic rocks of the Archibald Formation, volcanic and epiclastic rocks of the Elise Formation which in turn are overlain by argillaceous sediments of the Hall Formation. In the area of the Mammoth Property, the Elise and Hall Formations are best represented. In this area they are steeply dipping units, striking north to northeast. The entire volcano-sedimentary package has been tightly folded into what is known as the Hall syncline. The Hall and Elise Formations on the property quite likely represent one panel of the syncline. The geological picture is further enhanced by porphyritic diorite intrusions which may be somewhat coeval with the Elise volcanics. Skarn mineralization appears to be spatially associated with these porphyritic intrusions. Additional intrusive activity is manifested by late Jurassic Nelson intrusions on the western portion of the property.

Area Mineralization

The Mammoth Property is perhaps best-appreciated in context to nearby mineral occurrences and producers.

Rosslund, located about 45km southwest of the Mammoth property, is the second largest gold-producing camp in B.C. having produced more than 84,000 kilograms of gold and 105,000 kilograms of silver. Production from deposits in the Nelson-Ymir area (within about 14km of the Mammoth Property) have amounted to more than 16,750 kilograms of gold and 190,000 kilograms of silver.

Similar skarn-hosted mineralization was mined at the Second Relief Mine, approximately 10 kilometres to the southwest. Production here totaled 207,023t grading 15.1g/t Au, 4.2g/t Ag with minor Cu, Pb, and Zn.

The Tillicum deposit, approximately 72 kilometres north, is another example of a gold-rich skarn in Rosslund Group rocks, with reserves of 50,000t of 36.0g/t Au or 1,450,000t of 5.83g/t Au, depending on the cutoffs used.

Mineral occurrences in the Nelson and Ymir areas can be subdivided into four main types:

- 1) porphyry or stockwork molybdenum-copper
- 2) skarn molybdenum, tungsten, copper, gold
- 3) vein gold, silver, copper; gold, silver, lead, zinc.
- 4) Conformable gold

Porphyry, skarn and vein occurrences are closely associated with late granitic intrusions, whereas deposits referred to as conformable gold are more closely associated with Rosslund Group lithologies and early structures. (Hoy and Andrew, 1989).

Skarn mineralization in and around the shaft area, on the Mammoth property, is hosted by limy tuffs and fragmental rocks of the Elise Formation. Cu-Mo-Au mineralization is associated with fracture-controlled pyrite, molybdenite, chalcopyrite and malachite hosted by garnet-epidote-magnetite skarn and calc-silicate hornfels. This mineralization has a strong correlation with high IP chargeability. Additionally, Cu-Au mineralization is associated with quartz vein stockworks containing arsenopyrite and pyrite within the old Monarch shaft. Elsewhere, gold is associated with quartz vein stockworks within porphyritic diorite where values to 31.0g/t Au have been obtained.

Recently identified shear zones within the Elise Formation pyroclastic rocks returned values of 0.86g/t Au, 3.4g/t Ag, and 0.26% Cu. Mineralization here occurs within a sulphide-bearing silica-carbonate alteration zone.

Nature of Project to be Financed

Bluebird has not conducted any work on the property to date. The property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

The proposed program of exploration on the Mammoth property centers in an area where previous shallow drilling and exploration documented encouraging volumes of copper (up to 0.627%) and molybdenum (up to 0.88%) mineralization hosted in a geological environment indicative and reminiscent of porphyry/skarn copper-molybdenum deposits elsewhere in British Columbia. Core recovered from previous drilling in the target area was not assayed for gold or other precious metals. Recent geochemical and sampling of rock outcrops in the area have shown the presence of gold and silver. The Mammoth target area is an under-explored copper-molybdenum-gold porphyry/skarn in Jurassic volcanic rocks of the Rosslund Group.

Exploration Proposal

Bluebird intends to drill the Mammoth target with a program of 4,000 feet of diamond drill coring during later August and early September 1998. In addition to the results of previous exploration work in the area, the drill program has the guidance of modern geophysical techniques and the induced polarization/resistivity surveys conducted previously but recently reinterpreted show strong chargeability anomalies over the targets selected.