

TECHNICAL REPORT on the
ISKUT PROPERTY
Iskut River, Northern British Columbia

Tom Schuett
Mar. 7/06
(PDAE)

M. Johnny
(REB)

887144

LOCATION
Latitude 56 37' N
Longitude 131 05' W
NTS Map Sheets 104B 11/E or 104B065

Prepared for
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3.0 Summary

Spirit Bear Minerals Ltd has an option to acquire a 70% interest in the Iskut Property from Skyline Gold Corporation subject to certain cash payments, share payments and work commitments. The Property is comprised of 19 contiguous mineral claims totaling 6400 hectares. The Property is favorably situated in the metallogenic rich Stewart-Iskut camp with the prior producing Johnny Mountain shear-vein gold mine (production of 92,300 oz gold, 145,000 oz silver, 2,270,000 lbs copper) in the middle of the property and the prior producing Snip shear-vein gold mine (production of 1,032,000 oz gold, 390,000 oz silver, 550,000 lbs copper) 500m north of the property.

Two airstrips with a connecting 10 km road and fully functioning seasonal exploration camp at the lower airstrip at Bronson Slope provide service for crews. Access can be made by fixed-wing aircraft out of Terrace or Smithers both 330 km southerly or by helicopter from Bob Quinn airstrip on the Stewart-Cassiar Highway 65 km northeast of the Iskut Property.

The area is underlain by Triassic sediments and volcanoclastics (Stuhini Group) overlain unconformably by Lower Jurassic volcanoclastics (Hazelton Group) intruded by the Red Bluff K-feldspar megacrystic porphyry stock just north of the property and east of the Snip Mine, and by northeast-dipping K-feldspar megacrystic porphyry dykes genetically associated with Au veins at Johnny Mountain Mine. These and similar K-feldspar bearing intrusions are spatially and genetically related to gold-silver mineralization throughout the Stewart-Iskut Camp. Seven showings of Au-Ag with variable Pb-Zn-Cu mineralization are recommended for aggressive exploration.

South of Johnny Mountain Mine a 300m long Au-bearing float zone at the toe of a cirque glacier has yielded numerous samples in excess of 30 g/T Au and is deserving of considerable exploration to find its source. The obvious target source is a shear-vein system like the two mines mentioned above. A second target source involves Au-Ag shear vein systems venting onto a sea floor and depositing Eskay Creek style precious metal rich massive sulfide sediment. Both could lie hidden beneath a cover of post-mineral sediments and volcanoclastics.

North and west of Johnny Mountain Mine, numerous under-explored, structurally controlled showings contain significant Au-Ag \pm base metal mineralization. Gold grades at the Burnie showing are up to 15.4 g/T Au and 47 g/T Ag over 0.5m and (300m south) 96.8 g/T Au and 212 g/T Ag in float. At the C-1 showing veins grade up to 60.9 g/T Au and 520 g/T Ag over 0.9m. At SMC showing silicified structures grade up to 14.7 g/T Au, 16.4 g/T Ag, and 1% Pb and Zn over 1.0m. Other showings are identified by one or more of the following; areas of alteration up to 500m long, multi-element soil geochemical anomalies up to one km long, geophysical anomalies indicating structures over one km long together with accompanying significantly mineralized outcrops and float. Targets to be pursued are near surface Au-Ag shear-vein systems which could

develop into orebodies at shallow depths and/or lead to orebodies at greater depths identified through vertical zoning of gold and associated base metals.

Mining of Au-Ag-Cu veins at low elevations at Snip Mine and alpine elevations at Johnny Mountain Mine not only indicates the high mineral potential of the area but also the viability of mining on the Property. Seven under-explored Au-Ag bearing targets have been selected for an initial work program involving geological, geochemical and geophysical surveys to define positions of diamond drill holes for later in the season. Cost of a recommended Phase I program is \$650,000. A second phase of diamond drilling, budgeted at \$610,000, is contingent upon Phase I being successful.

4.0 Introduction and Terms of Reference

This report, requested by management of Spirit Bear Minerals Ltd., provides a summary of exploration targets to be evaluated by the Company that were selected from over thirty targets developed by Skyline Gold Corporation since their acquisition of the property in 1980. Since that time Skyline and several companies working under joint venture and option agreements with Skyline have conducted mapping, rock and soil geochemical sampling, trenching, numerous geophysical surveys, considerable diamond drilling of selected showings and the development and mining of the Stonehouse Gold Deposit also referred to as Johnny Mountain Mine. The numerous exploration targets have varying degrees of exploration conducted on them. Those selected are considered to have excellent potential for discovery of precious metal enriched deposits.

Management of Spirit Bear Minerals Ltd. requested a Technical Report written under guidelines of National Instrument 43-101 as a listing requirement for an Initial Public Offering.

Most of the information provided in this report came from voluminous files of previous work held in Skyline's storage facility in Vancouver. Mr. Dave Yeager, a director of Skyline, geological supervisor of much of Skyline's previous exploration work, and Chief Mine Geologist at the Johnny Mountain Mine has provided the writer with much valuable guidance to the files and an overview of the history of the property. His assistance is gratefully acknowledged.

The writer visited the property October 26-28, 2005 in order to acquaint himself with the property setting and to collect samples to verify previous assay results collected from the SMC showing, one of the mineral showings recommended for exploration work in this report. Room and board was provided by a seasonal private camp at Bronson Slope that caters to mineral exploration crews and is located just north of the Property. Access to the SMC showing was provided by helicopter on the morning of October 27 and used again in the evening of the same day to return to Bronson Slope. The writer was assisted by ~~Ms Gerri Klyne of Smithers, B.C.~~ in the collection of the samples.

5.0 Disclaimer

The writer is not licensed to provide statements of legal title. Claims included in the Property and area of the Property has been taken directly from Schedule A to the Mineral Property Option & Joint Venture Agreement between Skyline Gold Corporation and Spirit Bear Minerals Ltd which has been reviewed by Company's lawyers.

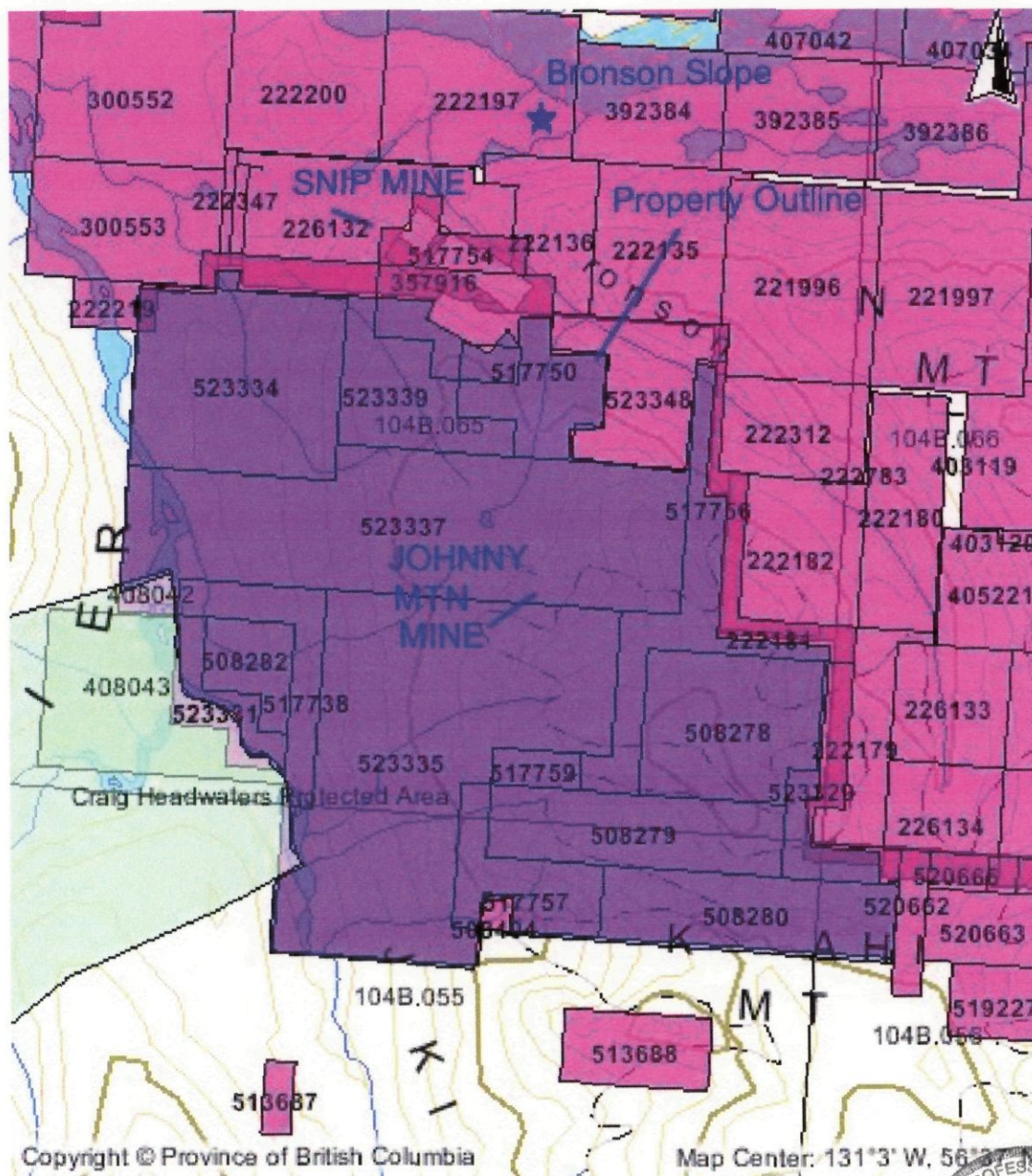


Figure 1. Mineral Claims and Property Outline.

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6.0 Property Description and Location

The property consists of 15 Mineral Cell Claims and 7 Crown Granted Mineral Claims in the Liard Mining Division of British Columbia. It is centered on 131°03' West Longitude and 56°37' North Latitude on National Topographic Series map sheet 104B 11/E (also 104B065). All previous Mineral Claims held by Skyline Gold Corporation have recently been converted to Mineral Cells under British Columbia Ministry of Energy and Mines' new (as of January 12, 2005) mineral selection and conversion process. Crown Grants are administered by the Mineral, Oil and Gas Revenue Branch of the British Columbia Ministry of Small Business and Revenue. The core claims of the previous Mineral Claims, the Snip Gold Deposit mineral claims to the north of the Property and all the Crown Grants were surveyed in 1987 under the supervision of and by J.W.P. Matthews, a British Columbia Land Surveyor of Vancouver, B.C. Therefore the writer believes that the conversion process to be accurate with no room for challenge by third parties. Also the claim outline provided is believed to be correct. Table 1 provides a summary of pertinent claim information. Skyline Gold Corporation is the registered owner of all mineral cell claims. Tuksi Mining and Development Co Ltd., a wholly owned subsidiary of Skyline Gold Corporation, is the registered owner of the crown granted mineral claims. Mineral cell claims are contiguous and overlap the earlier acquired crown granted mineral claims thereby hiding them from view on Figure 1 but the crown grants take precedence to title due to their earlier acquisition.

One two-cell claim was acquired over the crown grants by a third party immediately after the introduction of the new staking system January 12, 2005, presumably for nuisance value. Skyline's crown grants hold title to all minerals but excludes coal, petroleum and natural gas (personal communication, clerk at Mineral, Oil and Gas Revenue Branch). This two-cell claim covers ground on the extension of the Snip Gold Mine that has been extensively explored and is not under consideration for current exploration.

Table 1. Claims List and Expiry Dates.

Tenure Number	No. of Hectares	Expiry Date
508278	409.547	December 31, 2006
508279	356.247	December 31, 2006
508280	356.325	December 31, 2006
508282	124.635	December 31, 2006
517738	178.046	December 31, 2006
517750	409.107	December 31, 2006
517756	427.192	December 31, 2006
517757	195.970	December 31, 2006

517759	53.428	December 31, 2006
523329	178.100	Dec 1, 2006
523331	124.650	Dec 1, 2006
523334	622.647	December 31, 2006
523335	1353.509	December 31, 2006
523337	1263.601	December 31, 2006
523339	355.767	December 31, 2006
Crown Grant Lot No.	Total 6408.771 hectares	Taxes Due Date
2863	18.84	July 2, 2006
2865	20.7	"
2866	20.7	"
2867	19.55	"
2868	19.75	"
2869	20.9	"
2870	20.9	"

Cost of holding title to ground held by mineral cell claims for each additional year is \$4.00/hectare of exploration work plus \$0.40/hectare to record such work totaling \$28,200 per year. The cost would normally (under previous rules) be \$8.00/hectare of exploration work and could increase to this figure in the near term thereby requiring \$56,400 per year. Regardless of whichever figure is used, exploration work contemplated in this report is sufficient to advance the expiry date by several years and will require the \$0.40/hectare/year filing fee be paid prior to Dec 1, 2006.

Crown granted mineral claims are assessed for taxes May 1 of every year with notices sent to registered owners in May and taxes due July 2. Using 2005 assessment rate of \$1.25 per hectare the seven crown grants will require \$176.68 taxes be paid by July 2, 2006. Table 1 lists areas and due date for crown grants.

All proposed exploration work in the Province of British Columbia must receive prior approval by issuance of a work permit by the Ministry of Energy and Mines. Such approval is routinely given and is expected to be obtained with no difficulty in the areas to be explored subject to normal reclamation and environmental guidelines.

Spirit Bear Minerals Ltd (SBM) has ~~optioned~~ the Property from Skyline Gold Corporation (the Owner) with the right to acquire an undivided 70% right, title and interest in and to the Property in accordance with certain terms. A schedule of cash and share payments and work commitments have been initiated and agreed to by the parties. Shares are subject to certain trading restrictions. A \$10,000 payment was made in 2005 to initiate the agreement. For 2006, payments to the Owner of 200,000 shares and \$40,000 must be made by March 31 and ~~expenditures~~ expenditures on the Property of at least ~~\$400,000~~ must be incurred. Excess payments of cash or shares and expenditures made can be carried

forward to subsequent year's requirements. A summary of all requirements is provided in Table 2 below.

Table 2. Cash, Share and Work Commitments

Date	Shares	Cash	Additional Work
March 31/06	200,000	\$40,000	\$400,000 by March 31/07
March 31/07	300,000	\$40,000	\$600,000 by March 31/08
March 31/08	400,000	\$50,000	\$1,000,000 by March 31/09
March 31/09	500,000	\$50,000	\$1,500,000 by March 31/10
March 31/10	600,000	\$50,000	\$3,000,000 by March 31/11
Totals	2,000,000	\$230,000	\$6,500,000

SBM must pay one-half of all annual Mine Site Maintenance Costs at the closed Johnny Mountain Mine to an annual maximum amount of \$37,500. Reclamation costs at the Mine Site are the sole responsibility of the Owner.

7.0 Access, Climate, Physiography and Local Resources.

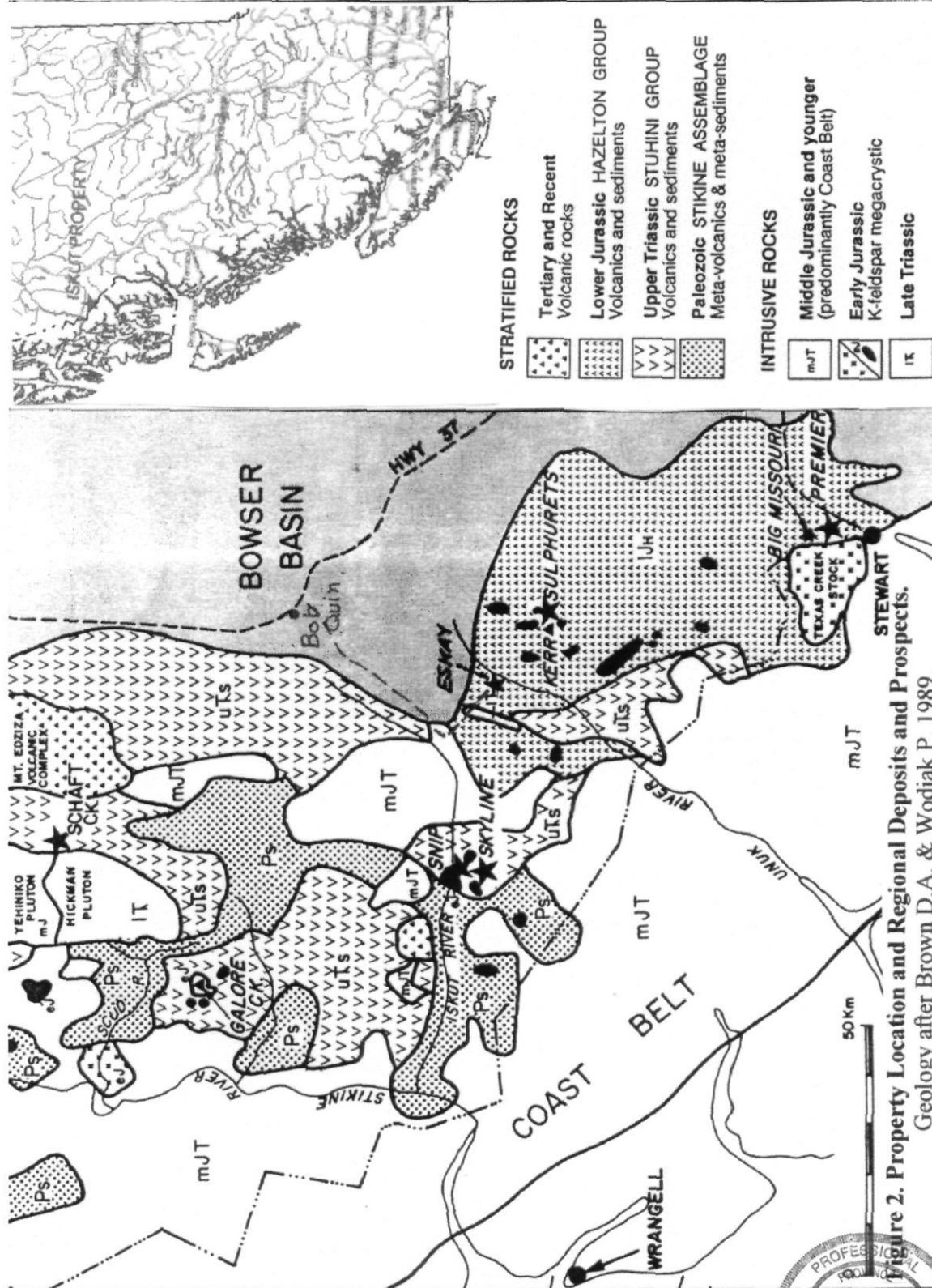
The property lies within the metallogenetically important Stewart-Iskut River area, northwestern British Columbia (Figure 2.). It lies on NTS map sheet 104B 11/E (also 104B065) at 56° 37' north latitude and 131° 03' west longitude, 110 km northwest of Stewart, B.C., 280 km northwest of Terrace, B.C., 80 km east of Wrangell, Alaska and 70 km west of Bob Quinn airstrip on the Stewart-Cassiar Highway. A mine access road leads from Bob Quinn 40 km down the south side of Iskut River to within 30 km of Bronson Slope where it turns south to the Eskay Creek gold-silver mine of Barrick Gold.

The property lies south of the Iskut River between Craig and Jekill Rivers on the west and Bronson Creek on the east. To the south the property covers glaciers and mountainous terrain including Johnny Mountain. The north property boundary lies 500m immediately south of the closed Snip Mine just south of the Iskut River.

Two airstrips suitable for Hercules aircraft or equivalent service the Property. One occurs at 100m elevation at Bronson Slope which is the old campsite of the closed Snip Gold Mine just north of the property. The second occurs in the alpine at 1100m elevation at the closed Johnny Mountain Gold Mine in the centre of the property. In recent years helicopters working for the mineral exploration industry out of Bob Quinn airstrip have been available for work in the area. This availability of helicopters is expected to continue in 2006 field season.

Access to the Property can be made from Smithers, B.C., Terrace, B.C., or Wrangell, Alaska to the airstrips mentioned above at the mine sites. Or vehicles can be driven to Bob Quinn to co-ordinate access by helicopter when they are available. A 10 km road connects the two airstrips through the center of the Property thereby providing

vehicle access to much of the property. Old drill roads shown on Figure 3 lead north and northwest from the Johnny Mountain airstrip and could be rehabilitated if warranted. The



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10 km road referred to requires yearly maintenance. A dozer equipped tractor crawler is available for rent at Bronson Slope for this purpose.

Elevations range from 100 m along Craig River to 2230 m on Johnny Mountain. Below treeline, topography is moderate to steep. Forest cover is comprised of hemlock, spruce and fir with an undergrowth of alders and devils club. Above treeline topography is flat to very steep with several cirque glaciers leading off high ridges and peaks. Temperatures during both winter and summer are moderate. Annual precipitation averages a minimum of 200 cm. Below treeline, snow in less than two m depths is usually present from November through May where work can proceed year round. Above treeline, deeper snow, wind and avalanches make exploration work impractical in some areas for part of the year.

A seasonal camp, catering to the mining industry, is operated at Bronson Slope at the lower airstrip beside the Iskut River and will be used in the proposed program. Certain machinery of the Owner is available for rent by SBM. This equipment includes a Caterpillar 235 backhoe suitable for trenching, a tractor crawler equipped with dozer blade suitable for road building and repair, and a Mack truck with Hiab suitable for moving drilling and other equipment. A vehicle suitable for moving men and light equipment will be required and can be flown in to one of the airstrips.

Previously operating mines at low elevations at the Snip Mine and at high alpine elevations at the Johnny Mountain Mine not only show the excellent potential for discovery of economic mineralization but also prove the viability of mining in the area.

8.0 Property History

In 1907, a prospecting party from Wrangell, Alaska recorded claims on Bronson Creek. These claims were later Crown Granted and remain in existence today. In the period 1911 to 1920 the Iskut Mining Company reported drifting, trenching and stripping a number of gold bearing veins on the Red Bluff and Iskut claims immediately north of the property. From 1954 to 1960 Hudson Bay Mining and Smelting Co. Ltd. completed exploration drilling resulting in the discovery of copper prospects at the location of the Johnny Mountain Gold Mine (see below). In 1964, Cominco Ltd. optioned claims from Tuksi Mining Company and Jodi Explorations Ltd. and in 1965 completed drilling on the Red Bluff claim north of the property for its copper content. In 1973 and 1974 the property was examined by Texas Gulf Sulphur Inc. for its copper and base metal content.

In 1980, Skyline restaked the claims that form most of the present claim block and initiated exploration on the Pickaxe Vein and adjacent area to define its gold potential. In 1981, the nearby Discovery Vein was discovered and drilling initiated. In 1982 Skyline continued drilling the Discovery Vein and other targets resulting in the discovery of a high grade gold vein known as the 16 Vein.

In late 1982, Skyline entered into an agreement with Placer Development Ltd. to explore the property. Placer in turn entered into a joint venture with Anaconda Canada Exploration Ltd. and the joint venture completed exploration during 1983 and 1984. During these years the gold rich McFadden float train was relocated, sampled and tested by geophysics and drilling.

In late 1984, Skyline completed deep drilling on the 16 Vein and established depth continuity to this gold bearing quartz sulfide vein. From 1985 to 1988 Skyline continued surface and underground exploration and development on the several veins that comprise the Stonehouse Gold Deposit (Johnny Mountain Mine).

In August 1988, the Johnny Mountain Gold Mine commenced production. During the period August 1988 to September 1990 a total of 207,058 short tons were milled at an average rate of 323 tons per day grading 0.474 ounces gold per ton. A total of 84,806 ounces of gold, 133,039 ounces of silver and 2,163,000 pounds of copper was produced. The gold recovery averaged 86.4%. Operations were suspended due to declining gold grades at the end of September 1990.

The mine was restarted in 1993 for three months resulting in the milling of an additional 23,700 short tons. This brought the total metals produced to 92,500 ounces of gold, 145,000 ounces of silver and 2,300,000 pounds of copper.

Androne Resources Ltd. (later Pezgold Resources Ltd.) performed exploration programs in 1987 and 1988 on a block of claims to the south of the mine. Work comprised geochemistry, prospecting, trenching and geologic mapping. A number of anomalous areas in gold were discovered.

Additionally, Skyline completed large geochemical, geophysical and prospecting programs during 1988, 1989 and 1990 between the mine and the northern and northeastern portion of the claims. These programs resulted in reconnaissance diamond drilling of numerous promising gold targets as well as directed drilling of the Road Show gold vein in 1988, the Bronson Slope copper, gold porphyry target in 1988 (just north of the Iskut Property) and the C-3 shear hosted gold prospect in 1990. Several million dollars of flow through exploration funds were spent on these programs.

Skyline also completed exploration programs on behalf of Placer Dome Inc. in 1990 and 1991 on an optioned block of claims known as the Bronson Creek Project northeast of the Iskut Property. Placer was exploring for the southeastern extension of the formerly producing Snip Gold Mine that adjoins the northern boundary of the Iskut Property. This extension extends through a small block of claims retained by Skyline before it runs onto the Property described in this report. In excess of one million dollars was spent on geophysical, geochemical, trenching, prospecting, geologic mapping and diamond drilling programs.

During 1991, Adrian Resources Ltd. performed exploration work on the northwest portion of the claims under an earn-in option agreement. The work comprised geophysics, geochemistry, prospecting, geologic mapping, trenching and diamond

drilling. Numerous targets were identified and the SMC Zone, thought to be a gold and base metal, shear hosted deposit, received the bulk of the drilling. Expenditures were reported to be 1.3 million dollars.

At the same time, during 1990 and 1991, Skyline was performing prospecting, geologic mapping, trenching and drilling on shear hosted gold targets on the Burnie claims to the south of the Adrian work. This work was based on the earlier work by Androne/Pezgold that had discovered numerous interesting targets.

In 1993, Skyline signed an exploration agreement with Cominco Ltd. in which Cominco performed exploration on that portion of Skyline's claims retained by Skyline immediately north of the Iskut Property. Cominco's interest was in finding a deposit similar to the Snip Gold Mine. During the period 1993 to 1995, Cominco spent approximately \$1.4 million on geologic mapping and diamond drilling.

Skyline performed a limited program of Induced Polarization and diamond drilling on the Red Bluff (Bronson Slope) gold-copper porphyry system in 1993 (north of the Property). This led to an extensive program of advanced exploration and feasibility study during the period 1994 to 1997. Field work was stopped in 1998 due to declining metal prices and loss of investor confidence due to the Bre-X scandal.

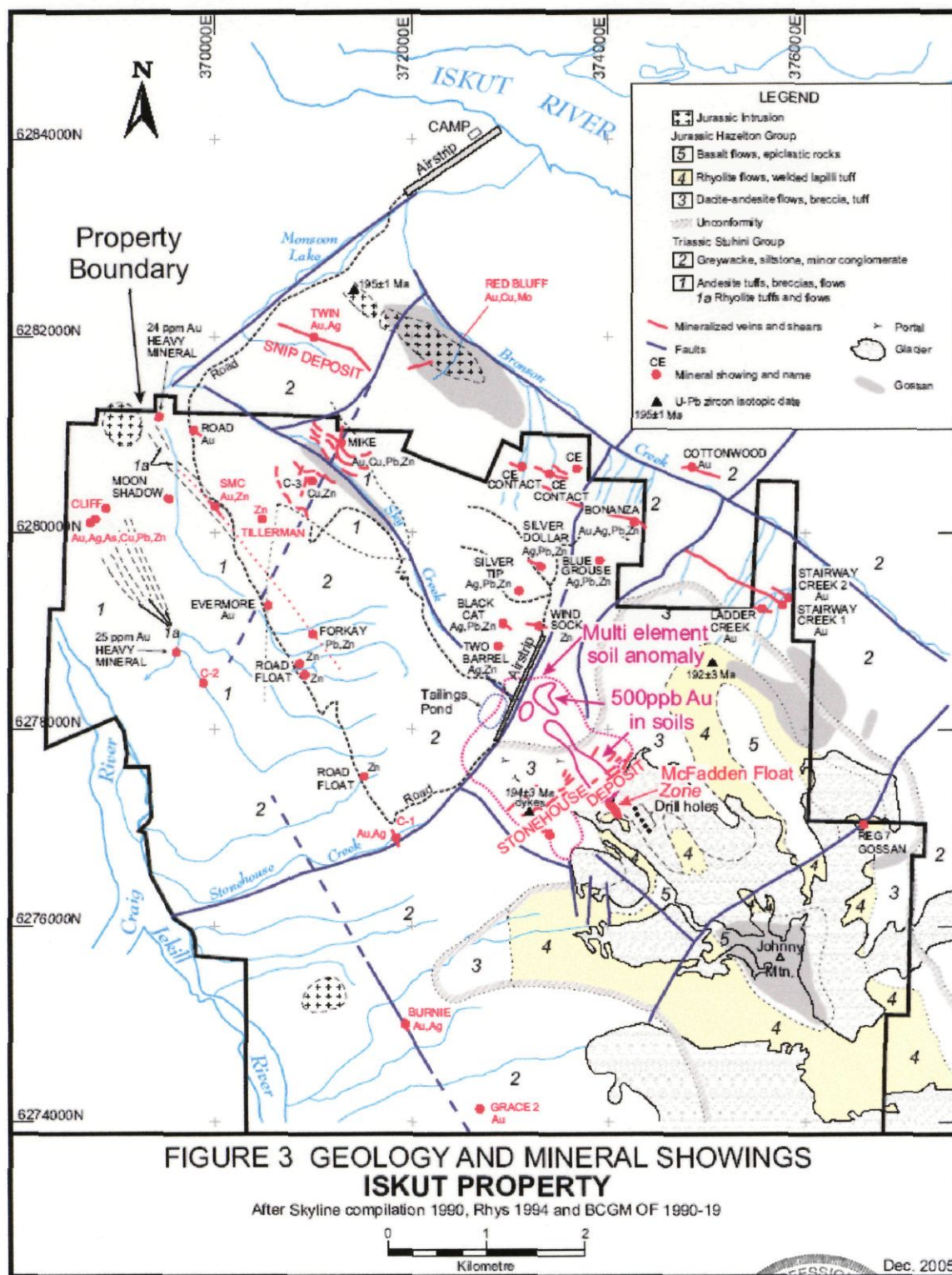
In 1999, Skyline reached an agreement with Homestake Canada Inc. whereby Skyline was given controlled access to the Snip Mine workings to perform underground exploration on an area of Skyline's ground immediately adjacent to the Snip workings and off the Property. Homestake acted as mining and drilling contractor to Skyline to perform the work. A revenue sharing agreement was agreed upon should Homestake elect to participate in the mining and milling of any ore developed on the claim. Homestake retained a production royalty on the ground from an earlier agreement. Financing for the work was provided by Royal Gold, Inc. of Denver Colorado in exchange for a royalty on any gold produced from the property. The cost of the program was \$CDN300,000.

Since 1999, Skyline's activities on the property have comprised a number of small reclamation programs as well as an examination of the tailings at the Johnny Mountain Gold Mine for their gold content and the recoverability of the gold.

9.0 Regional Geology (after Rhys)

The Iskut River region is within the Intermontane Belt on the western margin of the Stikine terrain. Three distinct stratigraphic elements are recognized in the western portion of the area (Anderson, 1989): (i) Upper Paleozoic schists, argillites, coralline limestone and volcanic rocks of the Stikine Assemblage, (ii) Triassic Stuhini Group volcanic and sedimentary arc related strata, and (iii) Lower to Middle Jurassic Hazelton Group volcanic and sedimentary arc related strata.

Intrusive rocks in the Iskut River region comprise five plutonic suites. The Stikine plutonic suite comprises Late Triassic calc-alkaline intrusions which are coeval with



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Group strata. The Copper Mountain, Texas Creek and Three Sisters plutonic suites are variable in composition but are roughly coeval and cospatial with Hazelton Group volcanic strata. Tertiary elements of the Coast Plutonic Complex are represented by predominantly granodioritic to monzonitic Eocene intrusions of the Hyder plutonic suite, exposed 12 kilometers south of the Bronson Slope deposit (Britton et al., 1990).

The age, mineralogy and texture of the Red Bluff porphyry stock (associated with the Bronson Slope deposit), suggest that it belongs to the metalogenetically important Early Jurassic Texas Creek plutonic suite (Alldrick, 1985; Alldrick et al, 1987; Brown, 1987). Plutons of this suite are widespread in the Stewart, Iskut River region and range in age from 196 to 185 million years (Anderson, 1993; MacDonald et al., 1992).

10.0 Property Geology (after Rhys, Yeager, Forbes, Fletcher et al)

10.1 LITHOLOGY

Strata on the property are divided into a lower and an upper sequence; probably correlating with Triassic Stuhini Group and Jurassic Hazelton Group respectively. The sequences are separated by a flat lying to gently dipping regional unconformity exposed approximately one kilometer to the northeast of Johnny Mountain Gold Mine.

The lower sequence comprises folded turbiditic greywackes with interbedded siltstones, mudstones, volcanic conglomerate and rare lenses of carbonate rocks. A lower section of andesitic tuffs and flows and mudstones together with narrower sections of rhyolite to dacite tuffs occurs as shown on Figure 3. The sequence is weakly to moderately metamorphosed (lower greenschist facies). Alteration ranges from weak to strong silicification, sericitic and K-feldspar alteration in the vicinity of mineral prospects. Some of the rocks on the west part of the property could be part of the Upper Paleozoic Stikine Assemblage. These include schists and phyllites near Cliff Showing, mylonite trending northwest through the Burnie Showing, and rocks west of this mylonite.

Triassic to Tertiary dykes and stocks intrude the Triassic and Jurassic rocks of Johnny Mountain. These include (i) a heterogeneous Late Triassic medium-grained equigranular diorite stock (Bronson Stock), which lies north of the Snip Mine, (ii) the Early Jurassic (U-Pb zircon age of 195 ± 1 Ma) K-feldspar megacrystic Red Bluff porphyry, which lies east of the Snip Mine, and (iii) several small stocks, sills and dykes of unknown age and intermediate to mafic composition that intrude the western side of Johnny Mountain. This third group includes northeast-dipping K-feldspar megacrystic porphyry dykes (U-Pb zircon age determination of 194 ± 1 Ma) within Johnny Mountain Mine that are related to Au mineralization.

Hydrothermally altered Red Bluff porphyry stock intrudes the lower sequence. The stock is approximately 2.0 kilometers long, up to 0.3 kilometers wide and trends southeast along the southwest side of the Bronson Creek valley. Contacts of the stock with country rocks are not well defined, but where observed in drill core or underground

workings are either faulted or intrusive. The southwest and northeast contacts appear to be southwesterly dipping.

Lamprophyre dykes of probable Jurassic age have been mapped at numerous locations on the property and in addition lower Jurassic feldspar porphyry dykes and Tertiary intrusive stocks have been noted. Basalt dykes, possibly correlative with Recent volcanism, have also been observed.

"Precious and base metal veins within 2 or 3 km of the Red Bluff porphyry are zoned. Veins and shear-veins proximal to the intrusion, such as the Twin Zone (Snip Mine), are typically enriched in Au, Cu and Mo, and have potassic alteration envelopes dominated by biotite. Distal veins usually contain relatively abundant Zn and Pb and have sericitic envelopes. Structures of both types have an Early Jurassic galena Pb-Pb isotope signature.

The similarities in structural fabrics and alteration histories in both the Twin Zone and the porphyry, zoning of the vein systems in the area, and apparently concordant Early Jurassic zircon U-Pb age from the porphyry and galena Pb-Pb dates from the Twin Zone and surrounding vein systems suggest that intrusion, semi-brittle deformation and a large mineralizing hydrothermal system were closely related temporally and genetically." (Rhys, 1994).

10.2 STRUCTURE (after Yeager)

To date, with the exception of the Red Bluff porphyry system lying just north of the Property, all mineral prospects on the Property and within a few km of the Property appear to be veins or silicified shear zones. Most of the mineralized prospects conform to the following three shear directions:

- northwest dipping shears ($060^{\circ}/70^{\circ}$ NW) - Stonehouse Deposit,
- southwest dipping shears ($120^{\circ}/55^{\circ}$ SW) - Snip Deposit and related showings (CE, Bonanza, Stairway)
- northeast dipping shears ($130^{\circ}/45^{\circ} \pm$ NE) - Burnie, C-1, SMC.

In the case of the Snip shear direction, the shearing may be related to regional folds that vary in intensity from small open fold belts to anticline-syncline pairs that can result locally in overturned bedding. The axial plane cleavage developed in these folds has created weakness in the rock and these zones of weakness have created conditions favorable for shearing in a northwest-southeast direction. The Snip veins appear to be emplaced in a shear zone that has developed in the axial plane cleavage of an anticline inferred from Skyline mapping of the sedimentary rocks further south along the Bronson Creek valley. The Red Bluff porphyry may be emplaced parallel to the axial plane cleavage of the corresponding syncline lying just to the northeast of the Snip anticline.

In the case of the Stonehouse deposit, the vein direction is roughly parallel to the orientation of Jurassic feldspar-porphyry dykes and is likely related to the same structural

event. To date, no explanation is apparent for the Stonehouse shear direction as bedding directions are not well constrained in the volcanic conglomerate host rock.

In the case of the Burnie prospect (and others), although geologic mapping has not been carried out to the same extent as at Bronson Creek, the shear direction appears to be related to a possible fold axis as well.

Glacial transport was from the southeast to the northwest parallel to and down Jekill and Craig Rivers, Bronson Creek and the two cirque glaciers Johnny and Camp Glacier. Other cirque glaciers coming off Johnny Mountain have moved in other directions parallel with cirque walls. Airphotos display scour features confirming this ice direction over much of the property. Ice direction is important in evaluating the soil geochemical anomalies and mineralized boulder trains present on the property. Soils were collected from basal tills deposited from glaciers and somewhat modified by more recent downhill slides and creep.

11.0 Deposit Types

11.1 GENERAL (after Brown et al)

Several deposit types known in the Stewart-Iskut gold belt provide guidance in evaluating the numerous targets on the property. **Existence of nearby deposits and mines is used as a guide to mineralization on the Property but is not necessarily indicative of the mineralization being reported on.** The deposit types include:

- gold rich veins and shears. e.g. Johnny Mountain and Snip
- gold and silver rich “bedded” massive sulfide. e.g. Eskay Creek
- base and precious metal volcanogenic massive sulfide. e.g. Rock and Roll

A fourth type of copper-gold porphyries (e.g. Galore, Schaft and Red Bluff) is another economically significant type in the area but does not occur on the Property.

Hypabysal copper-gold porphyries and mesothermal to epithermal gold-silver veins in the Stewart-Iskut gold belt are related to Early Jurassic intrusive rocks which are either alkaline or calc-alkaline in composition. In the Premier and Sulphurets areas (100 km SE and 50 km E) the intrusive rocks feed and cut a Lower Jurassic volcano-sedimentary sequence of the Hazelton Group (Figure 2). At the Snip, Johnny Mountain and Galore Creek (50 km N) deposits, the intrusive rocks cut Upper Triassic, Stuhini Group volcanic and sedimentary rocks. Porphyry and vein-type ore deposits are linked by:

1. their spatial and inferred temporal association with intrusive rocks, in particular distinctive two-feldspar porphyry with K-feldspar megacrysts (Premier porphyry, Eskay Creek and Johnny Mountain Mine are well documented examples)
2. potassic alteration – pervasive sericite, K-feldspar (adularia), and less commonly biotite
3. a structural control, interpreted to be syn-volcanic (ex. Premier and Galore Creek)

11.2 SNIP (after Minfile 104B 250)

The closed Snip Gold Mine (Twin zone 1.43 mT at 21.9 g/T Au), 500m north of the Property is a mineralized shear zone that trends 120* and dips moderately to the

southwest (about 55°). Discordant mineralization, that cuts massive feldspathic wackes, comprises pyrite, pyrrhotite, chalcopyrite, sphalerite, galena and arsenopyrite. The ore is both massive and strongly foliated. Quartz is commonly brecciated with a crackle texture. Mineralization is restricted to the shear zone and contacts with wall rock are sharp. Potassic alteration is represented by pervasive biotite-flooding and irregular K-feldspar (adularia) replacement of the wallrock.

11.3 JOHNNY MOUNTAIN (after Minfile 104B 107)

The closed Johnny Mountain Gold Mine (0.23 mT at 14.7 g/T Au), in the middle of the Property 10 km southeast of Snip, is a structurally disrupted mesothermal gold-bearing quartz vein deposit. Mineralization includes pyrite, chalcopyrite with some sphalerite, galena and minor pyrrhotite within a number of subparallel sulfide-K-feldspar-quartz veins and stockwork systems occurring along a series of northeast-trending structures in close proximity to a megacrystic K-feldspar porphyry.

11.4 ESKAY CREEK (after Minfile 104B 008)

The 21 zone mineralization of the Eskay Creek Mine is unusual and the most important of over 30 distinct mineralized zones at this mine, which lies 40 km east of the Property. Eskay Creek is Canada's highest grade gold mine and world's fifth largest silver producer. Most of the ore lies within stratiform lenses of precious metal rich sulfides and sulfosalts overlying rhyolite domes in a volcanogenic massive sulfide setting. High-grade footwall veins were the focus of exploration for 50 years leading up to the discovery of the main zone. Production and reserves total 4.0 million ounces gold and 153 million ounces silver at grades of 1.4 oz/T Au and 63 oz/T Ag.

11.5 ROCK AND ROLL (after Minfile 104B 377)

The Rock and Roll prospect, 10 km northwest of the Property, contains the Black Dog Zone with a small indicated resource **not compliant with NI 43-101** of Zn, Pb, Cu, Au, Ag mineralization (Northern Miner – October 28, 1991, p3). Mineralization is described as volcanogenic massive sulfide hosted within structurally deformed silicified mudstone to graphitic argillite units at or near tuff contacts all of probable Triassic age (Stuhini Group).

11.6 DISCUSSION

Targets to be evaluated are considered to be gold-silver shears and veins. Some, (SMC, Cliff) have features similar to volcanogenic massive sulfide deposits like the Rock and Roll deposit making evaluation somewhat confusing. It is noteworthy that other showings on the Property that were originally thought to have a volcanogenic origin were ultimately proved through drilling to be shear-vein systems. The Bonanza shear is an excellent example of this experience.

South of the Johnny Mountain mine volcanic stratigraphy has been dated as coeval with K-feldspar porphyry that is intimately associated with mineralization at the mine. A target for Eskay Creek type high precious metal bedded massive sulfide horizons is proposed as a target in this area along with Au-Ag shear-veins.

12.0 Mineralization

The targets on the property are grouped into the categories of Snip Mine Extension, Johnny Mountain Mine Area and Craig River Prospects. All descriptions have come from previous operators working on the property. Principal sources of information contained in the descriptions are referenced after the showing name.

12.1 SNIP MINE EXTENSION

Snip vein-shear mineralization extends for three km to the southeast of Snip Mine and includes the CE, Bonanza, Stairway and Ladder Showings. These showings contain much lower gold grades (< 3 g/T Au) with little untested room for developing significant sized orebodies of better grade near surface. Vertical zoning from high Pb-Zn in some of these showings to precious metal enriched Au-Cu-Mo veins and shears at much greater depth than tested to date remains a possibility.

12.2 JOHNNY MOUNTAIN MINE AREA

Johnny Mountain Mine (after Rhys, 1994, Yeager, 1991)

Extensions of mineralization at Johnny Mountain Mine has been explored in similar fashion to Snip Mine with numerous drill holes along strike but somewhat fewer to depth, probably because of the higher costs associated with drilling to depth. A more thorough examination of the exploration drill holes along with a growing knowledge base of the property by Company geologists will probably provide drill targets in the future. They are not considered as priority targets at this time because of the time required to assimilate the data and the existence of other excellent targets that are recommended to be explored first.

The Johnny Mountain Mine veins lie within intermediate volcanic sediments including massive andesitic tuffs, volcanic conglomerate and subordinate greywacke and siltstone. The volcanic rocks are intruded by a series of northeasterly trending steeply dipping plagioclase \pm potassium-feldspar porphyry dykes that are up to 20 m in thickness. A U-Pb zircon date of 194 ± 3 Ma was obtained from a plagioclase porphyry unit near the 11 level portal (Rhys, 1994).

Steeply dipping tabular to irregular breccia units are locally cut by feldspar porphyry but are difficult to map in the volcanic section due to similar textures. Late fresh basalt dykes intrude the mine workings.

Steep northwest dipping auriferous quartz-pyrite veins (25% pyrite) and related potassium feldspar alteration envelopes are superimposed on all of the lithologies described above, except the basalt dykes. The veins are subparallel to but slightly steeper than the north dipping porphyry units and where mined are typically 0.5 – 2 meters wide. Mine widths up to 8 m exist locally. Grades of mill feed were 14.7 g/T Au, 27 g/T Ag, and 0.7 %Cu (J.M. Britton et al, 1989).

McFadden (after Young, 1985, MEMP O.F. 1990-19, Rhys 1994)

The McFadden Gold Float Zone is an exceptional geochemical lead that has been explored by others but the source of which remains undiscovered. It was found in 1960 by Hudson's Bay Mining and Smelting prospectors but not worked on again until the early 1980's. "In 1982, assays from 13 samples taken from the zone averaged 2.88 oz/ton

of Au" (Gordon, 1985). "Apparently, all of the altered, mineralized material, including jarositic fines, carries significant gold values. A number of samples of massive sulfides average better than 75 ppm; altered siliceous material without massive sulfide assayed 3.90 ppm in one sample only. Also, in one sample only, the jarositic fines assayed 5 ppm" (Young, 1984).

The float zone consists of a lateral moraine along the west side of Johnny Glacier containing a significant portion of highly altered and mineralized material which is noticeably limonite stained. Young describes thrust planes in the toe of Johnny Glacier that contain jarositic material that were also anomalous for gold. The unmineralized portion of the moraine consists of volcanic material of the Lower Jurassic Hazelton Group like that exposed on adjacent hillsides. All of the altered and mineralized material in the zone apparently carries gold mineralization in significant amounts. Massive sulfide mineralization makes up a significant portion of the altered mineralized portion. Mineralization is pyrite with minor chalcopyrite plus traces of galena and sphalerite.

The float zone occurs on the upslope and up-ice end of an intense >500 ppb Au in soil anomaly that extends for about one km to the northwest. This strong Au in soil anomaly is encompassed within a much larger multi-element (Au, Ag, Pb, Zn, Cu, As) soil anomaly that extends from the leading edges of Camp and Johnny Glaciers downslope across the surface traces of Johnny Mountain Mine veins to the base of slope. The limits of this larger soil anomaly, shown on Figure 3, is a liberal generalization as not all elements mentioned are everywhere anomalous within this multi-element soil anomaly.

Source of the gold-bearing float is considered to be a gold shear-vein system buried beneath Johnny Glacier and till. Such a vein system could project under adjacent hillsides where dacites, rhyolites, andesites and sediments of Hazelton Group have been mapped. A U-Pb zircon analysis of flow-banded rocks from the middle rhyolitic unit yielded an age of 192 ± 3 Ma virtually identical to the age obtained from the porphyry dykes in Johnny Mountain Mine. It is possible that an upper portion of the Hazelton Group volcanics and sediments, lying above the dated flow-banded rock, could be post mineral and be concealing an extensive gold vein system. Attitude of such a vein system could be northeasterly parallel to the Johnny Mountain Mine veins or northwesterly parallel to the Snip Mine shear. It is interesting to note that Sky Creek Fault, a major structure parallel to the Snip Mine Shear projects under Johnny Glacier. Perhaps this fault is mineralized beneath Johnny Glacier and is the source of the McFadden float.

If a vein system can be found it is conceivable that it vented onto a sea-floor and deposited precious-metal rich massive-sulfide rich sediment similar to the 21 Zones of Eskay Creek. This target could be concealed within the Hazelton Group section of rocks exposed on both sides of Johnny Glacier. Local Lower Jurassic stratigraphy comprised of lower dacite unit, middle rhyolite unit and overlying andesite unit is remarkably similar to that at Eskay Creek of footwall dacite, middle rhyolite unit with a contact unit of rhyolite-mudstone, and hangingwall andesite. Age of mineralization at Johnny Mountain Mine is 194 ± 3 Ma versus about 175 Ma at Eskay Creek. However there is nothing precluding the same process going on at both localities. Precious metal rich sediment could only be deposited if the veins vented into water. The host rocks in the area in question are described as green in color and not red giving some hope that the environment of deposition was sub-marine. Mapping of the area could help confirm or negate this possibility.

Several large gossans occur within Hazelton Group rocks and immediately underlying Stuhini Group rocks as shown on Figure 3. The gossan on Johnny Mountain peak was sampled by mountaineers/geologists for Skyline with no significant anomalous results and the gossans on the east flanks of Johnny Mountain have not been mapped or sampled for Skyline (Dave Yeager, personal communication).

Reg 7 Gossan (after A. Burgoyne, 1992)

The Reg 7 Gossan showing is shown on Figure 3. The only description of this gossan found in Skyline records was that included in a report by A Burgoyne in 1992 on work compiled by M Moore as follows. *"A large gossan exists partly on the REG 7 (owned 100% by Skyline) and partly on the GOSSAN 17 claim of Cathedral Gold. This mineral occurrence has not been observed in the field by any Skyline geologists. Work done by the author on the Bronson Glacial moraine in 1987 for Cominco Ltd. was successful in outlining a large area of massive sulfide boulders. These boulders of massive sphalerite and galena are of economic significance. It was felt at the time the likely source of this massive sulfide float was gossans outcropping on west side of the Bronson Glacial valley. Conceivably the float may be related to this large gossan on Skyline ground. It is recommended that a visit to the gossan be made in the 1992 field season if conditions allow. Of extreme importance are safety considerations. The author witnessed several ice avalanches during the course of his short morainal prospecting work."* (M. Moore quoted in A.A.Burgoyne, 1992). There was no reference to what 'economic significance' meant nor to whether or not the gossan was examined in 1992 as recommended. Mr D Yeager states this follow-up was not done. Massive sulfide lenses and bodies including massive sphalerite and galena occur at Eskay creek in hangingwall lenses and distal bodies to the main 21 Zone. Perhaps the Reg 7 Gossan massive sulfide represents distal mineral facies to precious metal rich bedded massive sulfide sediments lying further southeast near Johnny Glacier and concealed within Hazelton Group rocks.

12.3 CRAIG RIVER PROSPECTS

Craig River area is a loose geographic term that here includes several mineral occurrences that have shear-vein (like Snip and Johnny Mountain) and some volcanogenic massive sulfide (like Rock and Roll) styles of mineralization. Prospects included in this discussion include from south to north BURNIE, C-1, CLIFF and C-2, TILLERMAN and SMC. Most of these targets also include geochemical, geophysical and geological leads somewhat removed from the exact location of the prospect being described.

Zoning described by Rhys above for proximal enriched Au-Cu-Mo in veins close to the Red Bluff intrusion outwards to anomalous Au-Ag with abundant Zn and Pb in veins distal to the intrusion is a lateral zoning phenomenon. If the same type of zoning occurs in a vertical sense, then the highly anomalous Au-Ag with high Pb and Zn vein-shears at Tillerman, SMC and others could be indicative of their occurring high above a buried mineralizing intrusion similar to the Red Bluff intrusion and more importantly could change with depth into an enriched Au-Cu-Mo mineral assemblage similar to the Snip Mine. Deep drilling is required to test this model. However, the highly anomalous Au and Ag in these structures could also lead to Au and Ag resources at or near surface.

Burnie (after Yeager, 1991)

The Burnie vein systems are hosted by a penetrative northwesterly trending shear zone approximately 35 m thick, the core 10m of which is so intensely deformed as to be called a mylonite. The zone is also intruded by two megacrystic plagioclase phyric dykes which have themselves been sheared and silicified. Similar mylonites have been identified in outcrop 350m along strike to the northwest where quartz flooding was also noted. This structure is likely to be large enough to have considerable strike and dip potential and by virtue of its width could develop thick ore shoots. Identical mylonite was reported by two prospectors and supported by photographs in Skyline's records 3km on strike southeast of the Burnie demonstrating the expected continuity of such a strong structure.

The quartz flooded shear zone contains gold silver and traces of lead and zinc. Previous trenching exposed the zone for over 12m of thickness. Individual quartz veins within the structure contained as much as 15.4 g/T Au and 47 g/T Ag across 0.5m. A single drill hole beneath the trenches encountered 1.15 g/T Au across 2.8 m. at the projected location of the Burnie-1 vein. A second quartz vein system was intersected uphole from the Burnie-1 system and is correlated with either an overburden covered vein or a vein exposed in a second trench.

The best gold values recovered to date in the Burnie area are from quartz float boulders found in the streambed of the next creek to the south of the Burnie trench area. Samples of numerous quartz boulders contained high grade gold mineralization with as much as 96.8 g/T Au and 212 g/T Ag.

The Grace two silicified shear prospect lies about 1200m southeast of the Burnie prospect slightly off trend with the trend of the Burnie structure. A select sample contained 11.0 g/T Au.

C-1 (after Yeager, 1991)

The C-1 prospect occurs in Stonehouse Creek as quartz veins containing high grade gold and silver with galena, sphalerite and chalcopyrite. Three mineralized veins have been exposed by trenching. Previous detailed sampling of these veins yielded grades as high as 60.9 g/T Au and 520 g/T Ag across 0.9m as well as 45.8 g/T Au and 101 g/T Ag across 0.8m. A single drill hole drilled beneath two of the trenches encountered low gold grade quartz veining. A third vein discovered just downhill from the drill pad yielded a grade of 45.8 g/T Au over 0.8m after drilling was completed.

The C-1 prospect lies two km due north of the Burnie prospect about a km off the structure that controls the Burnie vein system and is thus considered part of a separate vein system. The C-1 prospect does lie fairly close to the northeasterly trending major Johnny Creek Fault but any relationship to this fault has not been demonstrated.

Cliff & C-2 (after Forbes, 1992)

The broad area encompassed by the Cliff prospect lies six km northwest of and along strike of the silica flooded shear zone described for the Burnie prospect. Limited data has been collected and no drilling has been undertaken to date. The prospect area is underlain by rhyolites, schists, phyllites and andesitic sediments. Moderate to intense

silicification of several rock types and intense potassium feldspar altered crystal tuffs are reported within the area.

Very preliminary prospecting in the Cliff area yielded 6.2 g/T Au, 32.3 g/T Ag, 1.50% Pb, 0.73% Zn and 0.26% Cu hosted by a sheared crystal tuff. Other outcrops with anomalous metal values occur in widely spaced outcrops. A multi-element soil geochemical anomaly occurs over a widespread area elongate in a northwest direction parallel to ice movement and structural trend. Lenticular soil patterns for gold over 300m long of +100ppb, for silver over 500m of +5 ppm, for lead over 1000m of +300 ppm, for zinc over 400m of +800 ppm, and for copper over 500m of +100 ppm are roughly coincident and straddle the Cliff prospect area extending up-ice as much as 500m from the prospect. These patterns of highest values are supported by anomalous values below the thresholds described. A second pattern of +100 ppb Au over 500m long lies parallel to the above patterns but separated from them by about 100m. All patterns are open to the northwest.

The C-2 showing lies midway between the Burnie and Cliff showings along a pronounced topographic lineament occupied by a portion of Dog Leg Creek on strike with the Burnie shear system and the elongate geochemical pattern at Cliff showing. The showing contains approximately 100m of orange weathering felsite with related pyrite, sphalerite and galena bearing quartz breccia exposed in the creek bed of Dog Leg Creek. The breccia returned grades up to 4.3 g/T Au, 45.4 g/T Ag with less than 1% Pb and Zn across 15 cm.

Tillerman (after Forbes, 1992)

The Tillerman showing was discovered in 1991, 300m east of the SMC showing by follow-up prospecting from soil and VLF-EM surveys. A single drill hole was completed in 1991 with low results. Hand trenching returned high zinc and locally high lead and copper values.

Mineralization consists of pods, lenses and stringers of massive to semi-massive sulfides hosted by a locally brecciated and silicified intermediate volcanic. Pyrite is the dominant sulfide (up to 40%) with lesser sphalerite, chalcopryrite and galena. Gold and silver values are typically low (<0.5 g/T Au). Best sample assayed 0.6 g/T Au, 32.6 g/T Ag, 3.03% Pb, 9.11% Zn, and 1.14% Cu. Of 22 trench samples 3 were over 1.0% Pb, 14 were over 1.0% Zn, and 1 was over 1% Cu.

The soil anomaly is much bigger than the showing. Overlapping anomalous patterns of individual metals measures roughly 200m by 500m based on +100ppb Au, +5ppm Ag, +800ppm Zn, +300ppm Pb, and +300ppmCu with less anomalous support from adjacent samples.

The showing is located at the southeastern limit of a 700m long VLF-EM anomaly and is also associated with a weak HLEM (horizontal loop electromagnetic geophysical survey) anomaly approximately 100m long.

SMC (after Forbes, 1992)

The SMC showing was discovered in 1988 along the road leading from Bronson Slope to the Johnny Mountain Mine. A single drill hole was completed at that time. Showing exposures were increased in size by four back-hoe trenches. Twelve diamond drill holes were completed on a very tight grid along 40m of strike length in 1991. Drill

results yielded many mineralized section with grades similar to the trench samples described below.

Mineralization has been described by various geologists as volcanogenic massive sulfide but also as shear hosted. Mineralization has been traced over a 160m strike length in the trenches and follows a NNW trend. Rock types include intermediate to felsic ash to lapilli tuffs within more extensive greywackes and siltstones. Massive sulfides are well laminated within the tuffs. Sphalerite and pyrite are the dominant sulfides with lesser galena and chalcopyrite. Sulfides also occur as veinlets within brecciated felsic tuff subparallel to foliation/bedding. Silicification is strong where metal grades are highest. Foliation and shearing attitudes are highly variable but drilling shows bedding and mineralization to be dipping moderately northeast.

125 channel samples were collected by Adrian Resources Ltd in 1991 by making two cuts about 5 cm apart with a carbide blade across outcrops and chiseling out the intervening rock. Sample lengths were from 0.8m to 1.8m long but most were 0.9m to 1.1m long. 15 of these samples returned grades greater than 0.1 oz/T Au (3 g/T) with a high of 0.243 oz/T Au (7.5 g/T). Silver grades were ½ to 2 ½ oz/T, lead 0.2 to 5.7 %, zinc 0.38 to 19.4 %, and Cu 0.07 to 0.56 %. Many of the lower grade gold samples were also similarly anomalous for these other metals. Orientation of the samples was in general across structure although not all.

Soil samples collected over the showing area were not anomalous for any metals.

A ground VLF-EM survey that is coincident with mineralization at the trenches has been traced for 700m to the north and 500m to the south. A series of sub-parallel VLF-EM anomalies have also been identified.

Others (after Forbes, 1992)

Numerous other showings, mineralized boulders, unexplained soil anomalies, and unexplained HLEM and VLF-EM anomalies occur in the general area of the SMC-Tillerman-Cliff area that have not been drilled or worked on since their discovery in 1991. There are also a number of showings such as Road Show, Mike, C-3, and Bonanza, which have been examined in more detail, which will help in developing an understanding of geology and target selection for diamond drilling.

13.0 Exploration

The only exploration that has been conducted on the property by Spirit Bear Minerals Ltd. was an examination and re-sampling of some of the trench samples on the SMC showing by the writer of this report. The writer visited the property October 26 to 28, 2005. Samples were collected to confirm the tenor of mineralization reported by Adrian Resources Ltd (name since changed to Petaquilla Minerals Ltd.) at the SMC showing.

The old trenches were fairly open with only minor cleaning of the outcrops necessary to reveal the old channel samples. Many of the old assay numbers were found in locations as indicated on previous maps of the trenches. Fourteen samples were collected in areas of some of the higher grade assays. Results are reported in Table 3 below next to results from the 1991 sampling of Adrian Resources. Adrian Resources samples were collected by making two cuts about 5 cm apart with a carbide blade across outcrops and chiseling out the intervening rock. Recent samples were obtained by

chiseling off one shoulder from the previous channel sample and collecting chips in a marked bag using one tag from a triple tag assay book. One tag was left at the north end of the sample under a rock. Each sample weighed about one kg.

Table 3. Comparison of 2005 and 1991 Sample Results for SMC Trenches 1, 4 & 2.

Sample intervals from 2005 and 1991 do not correspond exactly.

(14.7) indicates duplicate gold assay (on three samples).

Writer's Results 2005							Adrian Resources Results 1991						
#	M	Au g/t	Ag g/t	Pb%	Zn%	Cu%	#	m	Au g/t	Ag g/t	Pb%	Zn%	Cu%
212201	1.0	5.5	42.4	.63	8.38	.33	6924	1.0	6.6	46.3	.19	17.8	.56
212202	1.0	2.2	22.7	.04	1.84	.46	6923	1.0	3.9	48.5	.15	19.4	.56
212203	1.0	2.4	22.1	.26	2.42	.20	6833	0.5	6.2	23.9	.24	1.06	.47
212204	1.0	0.7	1.0	.02	.09	.03	6834	1.0	0.4	2.5	.02	.06	.03
212205	1.0	2.3	11.6	.67	1.51	.09	6835	0.9	3.8	11.2	.95	1.47	.12
212206	1.0	1.3	5.5	.16	.15	.16	6836	0.9	1.1	6.2	.27	.17	.16
212207	0.85	16.3 (14.7)	18.1	.97	1.05	.20	6837	0.9	5.7	12.4	.64	.62	.34
212208	1.0	0.8	11.6	.16	.26	.16	6838	1.2	4.0	13.1	.30	.38	.27
212209	1.0	6.6	34.8	.65	1.33	.20	6839	1.0	1.4	18.3	.44	.94	.12
212210	1.0	0.1	10.0	.15	.35	.03	6840	0.9	0.5	26.1	.62	1.56	.12
212211	1.0	0.2	16.4	.07	.15	.16	6841	0.9	0.6	6.2	.02	.08	.09
212212	1.0	0.8	25.1	.17	.72	.12	6842	1.0	0.4	18.3	.11	.57	.17
							6843	0.9	0.8	9.3	.06	.98	.10
212213	1.0	14.7 (14.4)	16.4	.93	1.77	.09	6901	0.8	6.2	18.3	1.01	1.40	.07
212214	1.0	6.9 (5.8)	12.0	.67	1.14	.13	6902	0.9	4.4	17.4	.82	1.83	.17

Correlation of samples shown in Table 3 is not exact because of inability in the field to locate the exact start and stop points of Adrian Resources' sample intervals but is believed to be within 0.3m. Note also that sample lengths are more consistent in the recent sampling. Results correlate well with differences easily explained by normal variation except for the two high gold values from the writer's samples in sample numbers 212207 and 212213. Sample 212207 returned 16.3 and a re-assay of 14.7 g/T Au over 0.85m versus 5.7 g/T Au on the Adrian results. Sample 212213 returned 14.7 and a re-assay of 14.4 g/T Au over 1.0m versus 6.2 g/T Au on the Adrian results. Good

correlation exists for all the other elements (Ag, Pb, Zn, Cu) between these two sample sets. The higher gold values described from the current sampling cannot be explained, but it raises the possibility that Adrian results might be under-reporting actual grades in some of the other trenching and drill results.

Massive sulfide mineralization with anomalous Zn-Pb-Cu and precious metals is associated with a contact between felsic tuffs and siltstones. This relationship certainly fits a volcanogenic massive sulfide origin for this showing. The Bonanza showing was originally thought to be a volcanogenic massive sulfide occurrence but it ultimately proved to be a continuation of the Snip shear-vein system. Perhaps mineralization at SMC and other similar showings that are suggested to be volcanogenic massive sulfide occurrences might ultimately be followed along strike to outline Au-Ag base metal rich structures or followed to depth to base metal poor precious metal rich vein-shears similar to Snip.

14.0 Drilling

The Company has not conducted any drilling on the Property. Drilling by previous operators is discussed below for the proposed exploration targets. Hundreds of drill holes have been completed mainly on the Johnny Mountain Mine and the Snip Extension and a few tens of drill holes have been completed on a few other showings not reported on in this report.

14.1 MCFADDEN

Placer Drilled two holes from one set-up near the toe of Johnny Glacier and Anaconda seven holes from five set-ups in a linear array on Johnny Glacier. See Figure 3.

The Placer holes, #83-33 (160m) and #83-34 (180m), encountered 30 to 35 m of morainal material followed by a large proportion of recrystallized sandstone with dacite porphyry, lapilli tuff and volcanic conglomerate of the Hazelton Group. The holes contain traces of chalcopyrite as well as disseminated pyrite and magnetite.

Six of the seven Anaconda holes, #'s 44 to 50 totaling 603m, reached bedrock through ice of Johnny Glacier. Ice had a true thickness of 35 to 60m. Moraine varied from 2 to 35m in true thickness. Lapilli tuff, ash and tuff breccia of Hazelton Group were the dominant rock type. Samples were not anomalous in either base or precious metals.

14.2 BURNIE

Drill hole #982 was drilled in 1990 to test the down dip continuity of the Burnie-1 quartz vein system. The quartz vein system was intersected at its projected location and contained geochemically anomalous gold values (1.15 g/T Au across 2.8m). A second quartz vein system was intersected uphole from the Burnie-1 system and it's correlation with surface veins is not certain.

14.3 C-1

Drill hole #983 was drilled in 1990 to test the down dip continuity of the C1-2 vein and encountered the vein at its projected location. Although the drill hole did not intersect a high grade portion of the vein, (0.34 g/T Au across 1.8m), this in no way detracts from the mineral potential of the prospect.

14.4 SMC AND TILLERMAN

Twelve diamond drill holes, #'s 1 to 11 and 13, from 42m to 149m depths were completed on the SMC showing within a tight cluster over a 40 m strike length in 1991. One additional hole, #12, drilled to 200m depth was completed on the Tillerman showing. Results indicate similar grades to those obtained from surface trench samples.

15.0 Sampling Method and Approach

There is an obvious lack of detail concerning sample methods, assay labs used and assay techniques in all reports used in writing this report. Those omissions are likely due to the work being conducted in-house by senior mining companies and done prior to NI 43-101 requirements for all companies. Showings at Burnie and C-1 showings were mapped at a scale of 1:200 and SMC was mapped at a scale of 1:1000. All maps show excellent detail of geology, location of sample numbers, and sample attitudes and lengths.

High grade gold samples reported on the McFadden zone come from reports by Placer Development Ltd., Anaconda Canada Exploration Ltd., and Skyline Gold Corporation. Reg 7 Gossan massive sulfide boulders of massive sphalerite and galena mineralization are described by M. Moore but no assays are provided. Burnie and C-1 prospect showings and mineralized float is provided in a report by D. Yeager of Skyline Gold Corporation. Assays were done at Skyline's assay lab at the then operating Johnny Mountain Mine (D. Yeager personal communication). Cliff, SMC, and Tillerman assay results were collected by personnel of Adrian Resources Ltd (now Petaquilla Minerals Ltd.) with no reference to lab or assay techniques.

The writer collected samples from the SMC trenches to confirm the tenor of mineralization reported by Adrian Resources Ltd. Many of the old assay numbers were found in locations indicated on Adrian's maps of the trenches although exact locations were not known but were probably within 0.3m for the start and end of each sample. Fourteen samples were collected in areas of some of the higher grade assays. Adrian Resources samples were collected by making two cuts about 5 cm apart with a carbide blade across outcrops and chiseling out the intervening rock. These sample lengths were from 0.5 to 1.8 m long but most were 0.9 to 1.1m long. Recent samples were obtained by chiseling off one shoulder from the previous channel sample and collecting them in a marked bag using one tag from a triple tag assay book. One tag was left at the north end of the sample under a rock. Sample lengths were 1.0m except for one sample which was 0.85m. Each sample weighed about one kg.

16.0 Sample Preparation, Analyses and Security.

Data on all sample handling is unavailable for previous operators. Placer's and Anaconda's samples were part of a larger program that included sampling of showings that were eventually mined (Johnny Mountain Gold Mine). Skyline's samples were assayed at the mine assay lab. No detail is available on the procedures and checks in place but a routine was in place to check mine head grades with development assay grades (D. Yeager, personal communication). Adrian samples were assayed at an unknown lab. Some of Adrian's results were checked by re-sampling some trench samples as described above.

Samples collected by the writer on the SMC showing were placed in a plastic bag along with one tag from an assay book, immediately tied with flagging and placed in the writer's packsack where they were kept through his trip back to Vancouver. The samples were dropped off at Acme Analytical Lab's premises the next day by the writer with instructions for assaying. Each sample was treated by Acme's R150 preparation and a 30 g sample analyzed by their 1DX method (an ICP-MS procedure). Samples that exceeded 1000 ppm Pb or Zn had a one g sample of the original pulp analyzed by Acme's 7AR method (an ICP-ES procedure). Three of the higher gold values were re-analyzed for gold by Acme's Group 6 fire assay method to test variability within a single pulp. This was done on a 15g sample size.

Acme Analytical Laboratories Ltd., 852 East Hastings Street, Vancouver, B.C., Canada, V6A 1R6 is a BSI, Inc is a registered and certified laboratory recognized by the International Standards Organization(ISO) to "Operate a Quality Management System, which compiles with the requirements of BS EN ISO 9001:2000 for the activities detailed in the scope of Registration" Acme has a routine protocol on all its analytical work that includes a rerun , on the same sample pulp every 35th sample or less if the number of samples submitted is less. Acme also has a standard inserted into the sample run every 35th sample or less. Each analytical report is begun with an analysis on a blank sample.

In the writer's opinion the sample size, sample preparation, security and analytical procedures used on samples he collected are accurate and provide an accurate representation of mineralization encountered. Results from previous operators were not reported on with the standards of National Instrument 43-101. The writer knows of no reason to discredit these former results but realizes limited check assays should be performed as part of any further exploration work.

17.0 Data Verification

The writer has verified many of the higher results collected by Adrian Resources Ltd on the SMC showing as discussed. He has not verified results from any of the other showings because of snow cover at the time of sampling. The writer feels that results on each showing were verified by a number of previous operators and provide a good enough data base to proceed on such an early stage exploration project as the one proposed. Proposed work on all showings will include resampling of key outcrops and float.

18.0 Adjacent Properties

The adjacent Snip Mine, located within 500m of the north boundary of the Skyline property, was operated by Cominco Limited and Prime Resources Group. From 1991 to 1999, the Snip Mine produced 32 million grams Au, 12 million grams Ag, and 249,000 kilograms Cu from about 1.2 million tonnes. The Twin zone is a 0.5 to 15 (?) -meter wide sheared quartz-carbonate-sulfide vein that cuts through a massively bedded feldspathic greywacke-siltstone sequence. The mineralization occupies a 120* structure with dips varying from 30 to 90 degrees southwest. A post-mineralization dyke divides the vein into two parts for most of its length. The dip length of the deposit is about 500m and has been traced over a strike length of 1000m. (Ministry of Mines and Energy, Minfile No 104B 250 Production Report).

Although some of the targets sought on the property use the Snip deposit for modeling and formulating exploration programs **the existence of the Snip Mine adjacent to the Property is not necessarily indicative of the mineralization on the Property.**

The Bronson Slope mineralization, which lies only a few hundred meters northeast of the Snip Twin zone, occurs within an altered porphyry intrusion within a volcanoclastic sequence which is pyritized and bleached by carbonatization and silicification. Based on 14,800m of drilling in 77 holes, International Skyline Gold Corporation estimated a bulk tonnage of sub-marginal grades of Cu, Au, Ag, and Mo for the Bronson Slope deposit. (Ministry of Mines and Energy, Minfile No 104B 077). **No target on the Property is modeled after the Bronson Slope mineralization itself.** However, the Snip Mine and other vein-shears are considered genetically related to the Red Bluff porphyry.

19.0 Interpretation and Conclusions

The property lies in the metallogenetically important Stewart-Iskut precious and base metal rich camp. A volcanic-sedimentary package of Triassic-Lower Jurassic age has been intruded regionally by a number of alkalic to calc-alkalic intrusions with associated potassium alteration that are genetically related to much of the mineralization.

Since 1981 when the property was staked by Skyline over 30 showings have been found and explored to variable degrees. The Stonehouse deposit developed into the Johnny Mountain Mine which produced approximately 92,300 ounces gold, 145,500 ounces silver and 2,270,000 lbs copper from 232,000 tons of ore from August 1988 to August 1990 and September to November 1993. The adjacent Snip Mine, mined by Cominco Limited and Prime Resources produced slightly more than ~~one~~ million ounces gold, 390,000 ounces silver and 550,000 lbs copper from a moderately dipping vein-shear system in massive greywacke during 1991 to 1999.

Previous work on the property includes geochemical rock, silt and soil surveys, geophysical magnetic, VLF-EM, and HLEM air and ground-based surveys, hand and backhoe trenching, geological mapping, and diamond drilling. Several underexplored showings exist with excellent potential for developing significant precious metal resources.

The McFadden Zone remains an unexplained gold-bearing boulder train at the toe of Johnny Glacier containing angular limonitic boulders with numerous assays in excess of 30 g/T Au. Nine previous drill holes by Placer and Anaconda drilled in 1983 and 1984 failed to find the source of the boulders. Since that time the glacier is reported to have receded about 500m.

The boulders are interpreted to be derived from a shear-vein gold system lying up-ice beneath Johnny Glacier. Both Johnny Glacier and the southwesterly Camp Glacier have geochemically anomalous tills occurring at their fronts which like the McFadden Zone lie above and up-ice from surface projections of known veins.

A ~~second~~ target of precious metal rich "bedded" massive sulfide mineralization like the Eskay Creek 21 Zone is a possibility, based on geology. Hillsides adjacent to the McFadden Zone are underlain by a volcanic section that starting at the base are made up of units of dacite, then rhyolite and then andesite similar to the stratigraphy at Eskay Creek. Tuff from the middle rhyolite unit yielded a Pb-U zircon age of 192 ± 3 Ma

virtually identical to the age of mineralization-related feldspar porphyry at Johnny Mountain Mine. It is proposed that rocks a short distance above those dated rhyolites could be post mineral and thus conceal veins and possibly "bedded" massive sulfide mineralization, if the veins vented into water. It is important to note that Eskay Creek mineralization has been dated at roughly 175 Ma with a K-feldspar megacrystic feldspar porphyry dated at $184 \pm 5/-1$. Eskay Creek age dates indicate a younger age than those on the Property so geological units are not correlative. The analogy relies on a similar process having taken place in a similar geological environment of slightly older age.

Reg 7 Gossan is an occurrence of massive sphalerite and galena boulders that occur downslope from a gossan in the rhyolite unit referred to above on the northeast facing slope 2 1/2 km east of the McFadden Zone. Source of this mineralization is unknown but appears to be on the Property.

The Burnie, C-1, C-2, Cliff, Tillerman and SMC showings are gold-silver to gold-silver and base metal occurrences that are structurally controlled. SMC and perhaps Tillerman have some affinity to volcanogenic massive sulfide deposits but this same description at the Bonanza and other showings on the property ultimately proved to be wrong and a mineralized structure the correct model. Grades of float and outcrop on the Burnie to SMC showings include

- Burnie 15.4 g/T Au, 47 g/T Ag over 0.5m vein, 96.8 g/T Au, 212 g/T Ag float.
- C-1 60.9 g/T Au, 520 g/T Ag over 0.9m vein.
- Cliff 6.2 g/T Au, 32.3 g/T Ag preliminary grab sample.
- C-2 4.3 g/T Au, 45.4 g/T Ag grab sample quartz breccia.
- Tillerman 0.6 g/T Au, 32.6, g/T Ag, 3% Pb, 9% Zn, 1% Cu.
- SMC 14.4 g/T Au, 16.4 g/T Ag, 0.9% Pb, 1.8% Zn over 1.0m shear.

Some of the Burnie to SMC showings can be followed along strike by up to 700m by VLF-EM anomalies with some support by HLEM anomalies. Soils around the SMC showing are not anomalous for any elements and thus conventional soil geochemistry cannot be relied upon to rule out the possibility of underlying mineralization. However, geochemically anomalous soils do form patterns that enhance the Cliff and Tillerman showings. Numerous other geochemically anomalous soils and VLF-EM and HLEM anomalies occur in the general area of C-2, Cliff, SMC and Tillerman and deserve additional exploration.

Zoning described by Rhys for proximal enriched Au-Cu-Mo in veins close to the Red Bluff intrusion outwards to anomalous Au-Ag with abundant Zn and Pb in veins distal to the intrusion is a lateral zoning phenomenon. If the same type of zoning occurs in a vertical sense, then the high Pb and Zn vein-shears with Au and Ag at Tillerman, SMC and others(?) could be indicative of their occurring high above a buried mineralizing intrusion similar to the Red Bluff intrusion and more importantly could change with depth into an enriched Au-Cu-Mo mineral assemblage similar to the Snip Mine. Deep drilling with diamond drill holes $\geq 500\text{m}$ is required to test this model. However, Au and Ag grades at these showings are high enough that they could lead to resources being developed at much shallower depths.

In the writer's opinion, the character of the Property is of sufficient merit to justify an aggressive exploration program as recommended below.

20.0 Recommendations

The writer recommends conducting a two phase exploration program to:

1. research data base on Johnny Mountain Mine with the goal of developing drill targets for Au-Ag-Cu resources.
2. find the source of the McFadden Gold Float Zone and evaluate the Reg 7 Gossan to find the source of the massive sulfide boulders.
3. evaluate several gold-silver bearing shear vein systems in Craig River Area.

PHASE I

1. A comprehensive set of geology/geochemical/geophysical 1:2500 scale maps available in Skyline's storage facility in Vancouver be made. Field sheets for proposed work areas would be made and detailed plans made for field work. At this time it is also recommended that a comprehensive review of all mapping and drill data in and around the Johnny Mountain Mine be started.

2. On the McFadden Zone a program of mapping, Induced Polarization Survey and drilling is recommended as follows:

- re-sample McFadden mineralized float and examine samples for style of mineralization. Map Hazelton Group rocks to southeast and southwest of McFadden Zone.
- Locate and sample massive sphalerite and galena boulders on Reg 7 Gossan showing. Map adjacent hillside above boulders.
- Conduct an I.P. Survey positioning lines based on above mapping, location of McFadden Zone, previous drilling and large multi-element soil geochem anomaly.
- Diamond drill 1000m on selected targets based on above.

3. On the Burnie to SMC structures, each showing should be located and followed across the adjacent hillsides by:

- Mapping and sampling outcrops in area
- Using short VLF-EM lines where not previously done over each showing and along strike in an attempt to follow structures.
- Try short orientation style MMI soil survey lines over showings and if this method proves useful, expand surveys along strike.
- Trench by hand and or backhoe across and along structures to gather more information on style and continuity of grades.
- Conduct reconnaissance style I.P. lines over selected areas to test use of this method on known showings.
- Diamond drill 1000m on one or more of the mineralized structures.

PHASE II

If Phase I is successful in locating mineralized structures and in the opinion of the field geologist additional drill holes are warranted, then the following program is recommended:

McFadden: 2000m drilling contingent on Phase I success on this target.

Burnie to Tillerma: 2000m drilling contingent on Phase I success on these targets.

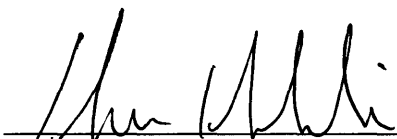
21.0 Proposed Budget (excludes cash payment to Skyline and Mine Site Maintenance Costs)

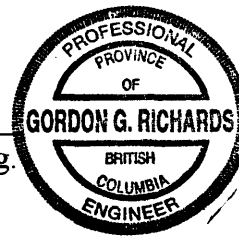
PHASE I

Office data compilation and Johnny Mountain Mine review	\$10,000
Salaries, wages and benefits- geologist, prospector, occasional help	50,000
Soil and rock geochemistry	30,000
Expediting Costs	5,000
Truck purchase and fly in	35,000
Accommodation	10,000
Supplies, fuel	5,000
Shipping costs	5,000
Backhoe, cat dozer, & Mack Truck rentals	30,000
Air travel, fixed wing charter, helicopter charter	35,000
I.P. Survey 12 km of line. All-in with helicopter	100,000
Diamond drilling 2000m @ \$110/m. All-in with helicopter	220,000
Core analytical costs	10,000
Supervision, reporting, data management, plotting, and reviews	20,000
Filing fees – Claim maintenance	20,000
Communication	5,000
Total	<u>\$ 590,000</u>
Contingency 10%	<u>60,000</u>
Total	\$ 650,000

PHASE II

Salaries, wages and benefits	\$ 50,000
Expediting Costs	5,000
Accommodation	6,000
Fuel, supplies	4,000
Mack truck, cat rental	10,000
Diamond drilling 4000m @ \$110/m all in with helicopter	440,000
Core analytical costs	10,000
Air travel, fixed wing charter, helicopter charter	25,000
Communication	5,000
Supervision, reporting, data management, plotting, and reviews	10,000
Total	<u>\$ 565,000</u>
Contingency 10%	<u>55,000</u>
Total	\$ 610,000


 Gordon G Richards, M.A.Sc., P.Eng.
 Dated December 21, 2005



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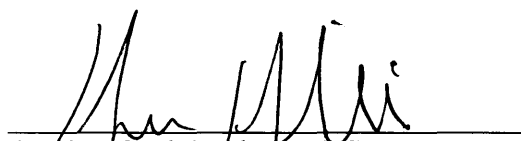
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23.0 Certificate of Author

I, Gordon G Richards, with business address at 6410 Holly Park Drive, Delta, B.C., V4K 4W6, do hereby certify that:

- 1 I am a Consulting Geological Engineer registration number 11,411 with the Association of Professional Engineers and Geoscientists of British Columbia since 1978.
- 2 I hold a B.A.Sc. (1968) from The University of British Columbia, and a M.A.Sc. (1974) from The University of British Columbia.
- 3 I have been practicing my profession as a geologist for over 35 years and as a consulting geological engineer since 1985. I have work experience in western areas of the United States, Alaska, Canada, Mexico and Africa. I certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
- 4 I have no direct or indirect, nor do I expect to receive any interest directly or indirectly in the properties or securities of Spirit Bear Minerals Ltd. I am independent of Spirit Bear Minerals Ltd in accordance with the application of Section 1.5 of National Instrument 43-101.
- 5 I have based this report on collection of samples personally from the property during October 27, 2005 and on a review of reports listed in the references section.
- 6 I am not aware of any material fact or material change with respect to the subject matter of this Technical Report which is not reflected in this report, of which the omission to disclose would make this report misleading.
- 7 I have read National Instrument 43-101, Form 43-101F1 and state that this report is in compliance with National Instrument 43-101.
- 8 I have prepared this report at the direction of directors of Spirit Bear Minerals Ltd. for use by the Company. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website accessible to the public.

Dated at Vancouver, British Columbia, the 21st day of December, 2005.


Gordon G Richards, M.A.Sc., P.Eng.
December 21, 2005

