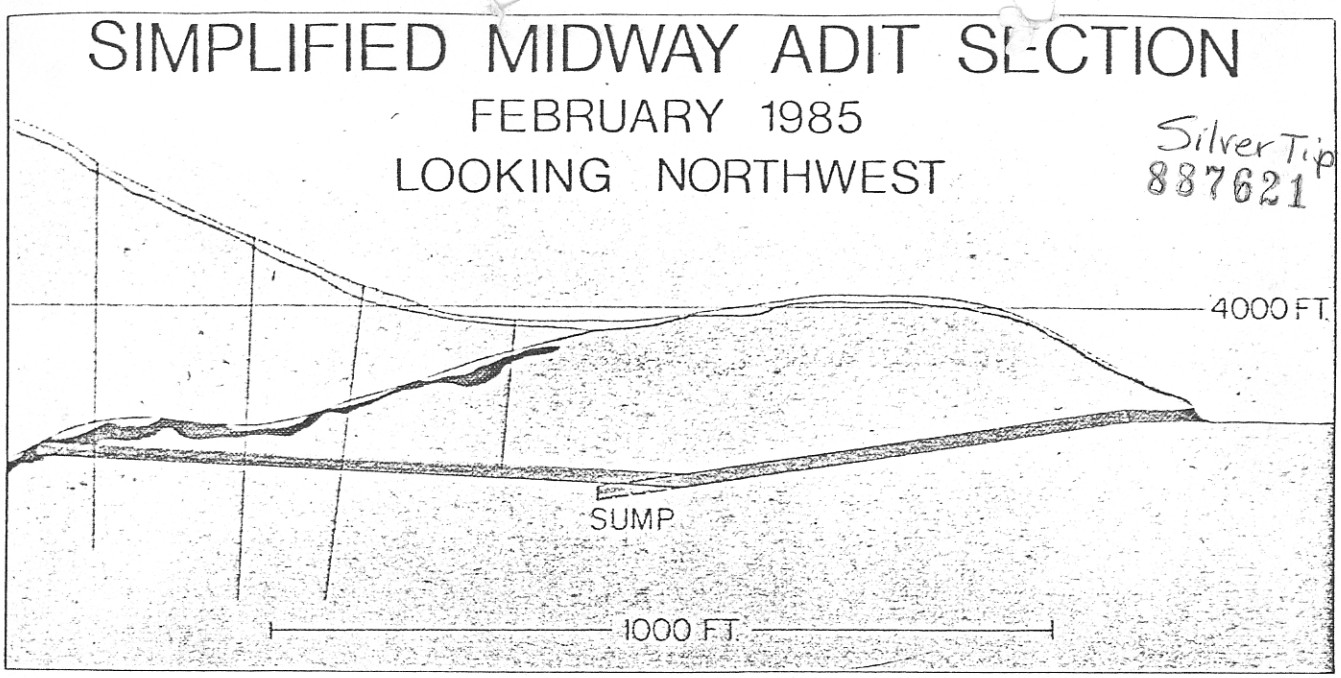
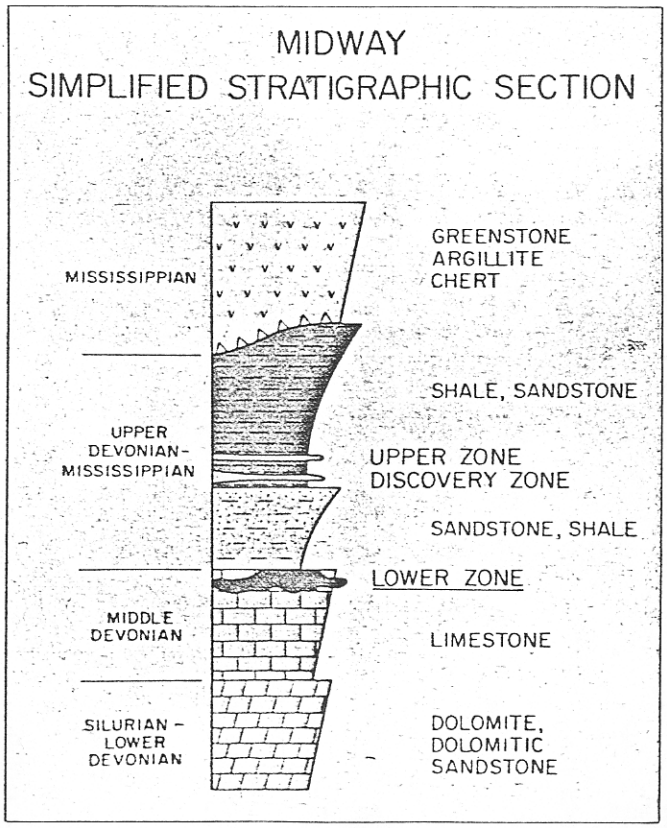


Model proposed for Midway mineralization

The Midway property is located just east of the Cassiar Batholith, a northwesterly trending body some 250 miles in length. This structure has been the source of a variety of mineral occurrences, predominantly located along its eastern boundary. These consist mainly of silver-lead-zinc, skarn, vein and replacement bodies.

The Midway area itself is underlain by a northwest trending syncline which repeats the stratigraphic units on each side of the property. The oldest unit consists of phyllite with minor limestone. This is overlain by a thick sequence of dolomite and limestone. The Lower zone, which contains the mineral deposits, is located within the upper portion of this assemblage. An erosional unconformity occurs at the top of the limestone unit. Overlying this are sandstone and shale units which were deposited in two generally coarsening upward cycles. Two chert horizons, which occur near the base of the second cycle, are locally mineralized on the property. These have been labeled Upper and Discovery zones. In the deposit area, these zones contain pyrite, galena, sphalerite and minor barite.

The Lower Zone mineralization occurs within Mid-Devonian fossiliferous limestone near the contact with overlying shale. Stratigraphic evidence indicates a pronounced erosional surface on top of the limestone, and caverns and channels suggest that a karst system was active.



Two main types of breccia are commonly developed in the deposit area. Tectonic breccias consist of homogeneous limestone fragments in a white calcite matrix. But of more significance are cavern filling and 'trash' breccias consisting of fragments of limestone, shale and sulphide in a muddy calcareous matrix. Diamond drilling has located some 'trash' breccias cemented by sulphides which are directly overlain by massive mineralization.

A manto and chimney model has been proposed for the Lower Zone mineralization. Hydrothermal solutions from a nearby intrusive body are believed to have moved upward through the limestones along zones of weakness, and then deflected below the shale cap. Pre-existing karst channels may have provided courses for mineralized hydrothermal fluids. As indicated from diamond drilling, the Lower zone shows good lateral continuity, forming a blanket-shaped body localized by both structural and stratigraphic controls.