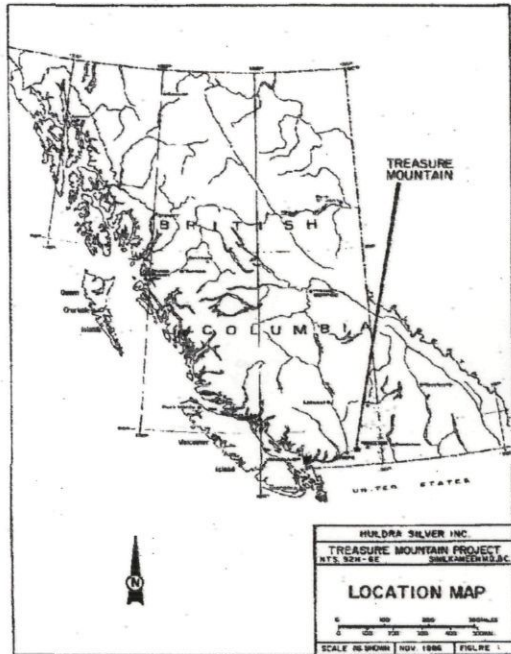


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From: Jim Laird
July 7/04

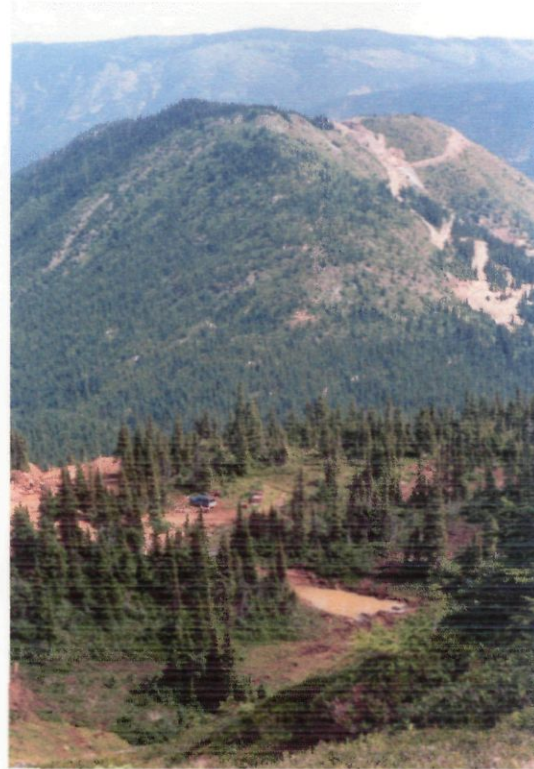
TREASURE MOUNTAIN Silver Bonanza of Summit City, BC

By: James Laird
Laird Exploration Ltd.
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Silver does not always inspire the prospector's imagination like gemstones, gold or platinum, but the bottom line in mining economics is always net profits, and huge financial rewards await within the Treasure Mountain Mine at the headwaters of the Tulameen River, BC. The mine is in the heart of the historic Summit City silver mining camp, located about 30 km. east of Hope BC. It is accessible via 40 km. of good gravel road from the Coquihalla Highway tollbooths. The Summit City Camp straddles the mountainous divide of the Cascade Range between the Coastal rainforest and the Interior dry-belt, giving a climate with cold snowy winters and warm dry summers.

My personal involvement with Treasure Mountain and the Summit City Camp started in 1985, when I agreed to prospect and sample the old workings and to investigate a major new discovery, the "C" vein system. The "C" vein had recently been discovered by long-time BC prospector Magnus Bratlien; it was extremely rich in silver, lead and zinc and definitely the largest silver vein ever found in the Summit City Camp. Again, the old prospector's adage "The best place to find a new mine is beside an old mine" has proved true.



Treasure Mt. from Summit City Camp

I spent the next four years exploring Treasure Mountain and the surrounding Summit Camp with Magnus Bratlien's company, Huldra Silver Inc., and also met discovery success with several other junior mining companies developing their adjoining silver properties, and prospecting for myself in interesting adjacent areas.

The Summit City Camp has had a long history of prospectors and miners attempting to mine the high-grade silver ore shoots, but lasting success has been elusive, caused by the lack of road access until the 1920's, and by periodic lows in the silver and base metal prices. Discontinuity and narrowness of many of the vein systems also contributed to mining failures, as did a lack of working capital to do the necessary underground development work prior to serious production.

Magnus Bratlien and Huldra Silver Inc. first got involved in the Summit Camp in the late 1970's, acquiring the old Treasure Mountain claims. By using newer techniques such as soil geochemistry and geophysics, along with old-fashioned prospecting, they have done an exemplary job of discovering and developing a major new silver deposit in this historic mining camp. Discovery of the "C" vein was the culmination of nearly 100 years of prospectors and explorers working in the camp, so perhaps a little mining history is in order.



Coquihalla Mt. from Summit City Camp

The development of the Coquihalla-Cascade Mountains region of BC began in 1846 when an officer of the Hudson's Bay Company, Alexander Anderson, blazed several new fur trade trails from Fort Hope on the Fraser River through to the Interior. The new trade routes were necessitated by the loss of the Columbia River route due to the new International Boundary Agreement. In 1849, Henry Peers of the HBC cleared the Brigade Trail from Fort Hope through to Fort Kamloops, via the Coquihalla River, Peers Creek, and the Similkameen Indian "Blackeye's Trail" in the Tulameen District.

The 1850's gold rush on the Fraser and Thompson rivers brought a large influx of immigrant placer miners and prospectors from all over the world, many with little understanding of geology or the rigors of bush life. Nevertheless, major discoveries of gold in the Cariboo area, Tulameen and Similkameen rivers, and numerous other locations in BC were made by these often-inexperienced miners. In 1860, the Dewdney Trail from Fort Hope to Vermilion Forks (Princeton) was constructed to handle the large increase in mining activity and to enhance the trade routes between the Interior and the Coast. During 1872, the Canadian Pacific Railway Company commenced a series of surveys through the area to locate a route from the Coast to the rich mines in the Kootenay and Boundary Districts.

By the late 1800's, the rich Tulameen placer diggings were yielding bonanzas in gold and platinum, and the natural progression was to work upstream to find the "motherlode" or source of the precious metals. The paying quantities of placer gold and platinum seemed to terminate in the vicinity of Champion Creek, but the curious miners pressed on, following tributaries upstream to the divide between the Tulameen and Coquihalla drainage areas, adjacent to Tulameen Mountain.

One of the seekers, Charles Connelly, was prospecting east of Tulameen Mountain in the

summer of 1894 when he came across a rust-coated mineralized zone, over which he staked a claim known as the Eureka. During the next two years, prospectors Fred Sutter and John Amberty explored the area and located additional showings, which were staked for the Star Mining Company of Terra Haute, Indiana. Several of the newly-staked claims soon revealed exposures of high-grade silver-lead ore, creating a great flurry of excitement and activity in the Yale and Similkameen Mining Districts.

The ore was very similar in occurrence and grade to the mines of the prolific Slocan District in the Kootenays and the Coeur d'Alene Mining District in Idaho, USA. During the ensuing staking rush and exploration boom, many new showings were discovered and staked by the prospectors, such as the Sutter, Skyline, Bluebell, Morning Star, Summit, Vigo, Lulu and Mountain View. Development work in the form of shallow pits, shafts and short adits culminated in a small high-grade ore shipment made prior to 1910; it reportedly weighed 1700 lbs. and contained 215 ounces of silver, \$12 in gold at prevailing prices, and 4% copper. The now well known Summit City mining camp became the focus of many mining entrepreneurs during the next decade, but the early promise of silver production was forestalled by the lack of a road, and the relative remoteness of the area at the time.

In 1906, prospector Andy Jensen was searching for an extension of the Eureka silver-lead veins when he discovered the Silver Chief lode located about 600 metres to the east. The new showings were located in a broad open notch between two rounded hills (now Treasure Mountain), exposing a four metre wide dyke of magnetic green andesite feldspar porphyry with occasional lenses of high-grade silver-lead-zinc mineralization along the walls of the dyke. Mr. Jensen and his partner, Mr. Wade, attempted to find more ore by digging shallow pits along the edge of the dyke. Although the dyke was explored extensively along strike, the only showings of promise were a narrow hanging-wall lode in the notch, and a second similar lode found nearer to the Eureka.

In 1910, Jensen and Wade struck a deal with William Dornberg of Spokane to accept a large block of stock in the Treasure Mountain Mining Company in return for the Silver Chief property. The first area to be developed was a showing along the edge of the dyke at the top of the mountain. A shaft was sunk on the showing to a depth of approximately 15 metres, but the water inflow

proved too great to continue. At this point, the #1 or Silver Chief adit was collared about 210 metres southwest of the Jensen shaft, which gave a depth of about 50 metres on the vein system. The #1 level tunnel was driven for 20 metres as a crosscut, and then drifted on the vein for a further 50 metres. Silver ore of high grade over a narrow but mineable width was found in the #1 tunnel, encouraging further underground development.



Treasure Mt. #1 Adit, collared in 1910

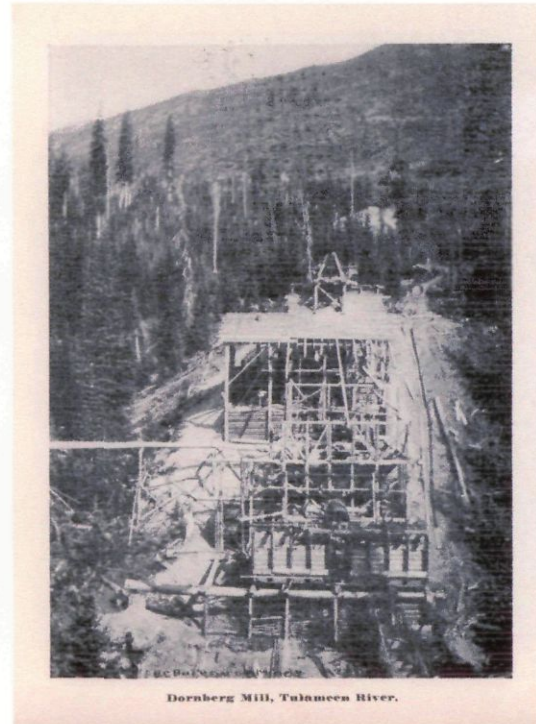
Given the success of the #1 level, a second, deeper level was collared about 125 metres vertically below the #1. The #2 level was driven as a crosscut for about 200 metres to the vein structure, and eventually was drifted on in both directions for about 100 metres total. Silver-lead-zinc mineralization of ore-grade was encountered in all of the workings, but the lack of a road to transport serious mining equipment caused the enterprise to grind to a halt. For the next ten years or so until the early 1920's, only minimal work was done, and finally the property was allowed to lapse and was later re-staked by William Dornberg.

In 1925, a new company, the Mary E. Mining Co. of Bellingham Washington, USA was incorporated and obtained the claims from Wm. Dornberg. The company began to lobby the government of the day to finish construction of a road from Tulameen to the mine. A mill had been planned for the mine, and underground development was underway. In 1926, the C.C. Julian Co. took over the Mary E. Mining Co., which was then re-named the Cascade Consolidated Silver Mining Company, with Wm. Dornberg as manager. Using the new

road from Tulameen, installation of a compressor plant and construction of a larger camp were completed in 1927.

In 1928, due to other financial commitments, the Julian Mining Co. had decided to sell out, but not before 30 tons of ore grading 96 oz./t silver, 30% lead, and 26% zinc were mined from a stope in the #1 tunnel. The property was subsequently taken over by the Silver King Mining Co. of Wm. Dornberg in consideration of a 25% net smelter return. A new #3 level was collared about 125 metres below #2; it required a 300-metre crosscut to the vein structure, which then was drifted on for about 50 metres. The ore zones contained higher zinc values and lower silver values than previously encountered in the mine.

Outside the #3 level near Amberty creek, a gravity mill was set up with old used jigs, tables and screens. The mill was fed by an aerial tramway from the #2 level portal, but the lack of a flotation circuit and poor grinding caused unacceptable mill losses. About 80 tons of ore concentrate was shipped to the railway in Tulameen, assaying about 95 oz./ton in silver and 50% lead. The operation closed shortly thereafter due to financial losses.



Dornberg Gravity Mill, 1930

After the addition of float-cells and a ball mill in 1932, a bright future was brought to a close due to the untimely death of William Dornberg. A final

130 tons of ore concentrate was shipped to the Trail Smelter that year. In the following years the mill was sold to pay off part of the debts. Low metal prices in the late 1930's prevented further capital investment and underground development. Total production of the mine to this point was approximately 40,000 ounces of silver from about 1600 tons of ore.

Silver Hill Mines Ltd. was formed in 1948 by Vancouver mining entrepreneur Edward Borup; Silver Hill Mines Ltd. then obtained the Treasure Mountain properties in 1949. The management had received numerous positive reports from mining and engineering consultants as to ore reserves, so the company proceeded to improve the existing road from Tulameen and started work on a new production raise to connect the #3 and #2 levels.

A new camp was built and the Jensen tunnel on the Eureka claim was rehabilitated. Early in 1951, a small shipment of 20 tons was made from the Jensen tunnel containing 24 ounces of silver to the ton. The raise from the #3 level proceeded slowly, as money was always in short supply. Over the next few years, a series of optimistic reports enabled the company to raise funds, but never enough to make a firm production commitment.

By 1955, the company had a 50-ton per day mill set up and a deluxe camp, but no developed ore to start up with. When asked by the shareholders to look into this situation, the mining consultant blamed the president of the company for his optimistic statements of production (based on the same consultant's ore reserve estimates), and cited lack of ore development as the key. After years of financing the operation on the assumption of ore reserves in sight, only to be told there were no firm ore reserves blocked out; this was the final straw. Mr. Borup was asked to step down as president, and the consulting company was put in charge. Two years later, Silver Hill Mines Ltd. filed for bankruptcy. In 1986, when we tore down the full but rotting Silver Hill mill ore bin, we were astounded to find that it was nearly full of dirt and rocks scooped from the nearby roadbank. The bin had just a thin coating of ore thrown on top, made to look as if the bin was full of good mill ore.

Historically, optimistic statements made by "independent" mining engineers and company promoters, who sometimes proceeded to mine the shareholders pockets (Bre-X), have fueled many so-called "mining operations". This is a common practice in every major mining camp in the world,

but many new mines have been found in spite of this, often by complete accident. With new national regulations regarding reporting and sampling methods, the process is now highly visible and accountable to the public shareholder.

The property lay dormant through most of the 1960's, tainted by the Silver Hill fiasco. During 1969/70, Copper Range Exploration Ltd. explored the surface and also cleaned out and sampled the tunnels. Results were not favorable, and the property was returned to the owner. Once again, Treasure Mountain seemed destined for obscurity, a place of broken dreams and financial ruin.

With improving silver prices in the late 1970's, prospector Magnus Bratlien negotiated an option to purchase the Treasure Mountain property. Magnus began to explore the top and relatively unexplored eastern side of Treasure Mountain using basic prospecting, soil geochemistry, and geophysics. With some encouraging preliminary results, a small diamond drill program was undertaken in 1983. The drill holes crossed several previously unknown overburden-covered vein structures paralleling the known Silver Chief lode, about 25 metres to the south. The vein intersections in the drill holes proved to be very rich in silver, lead and zinc.

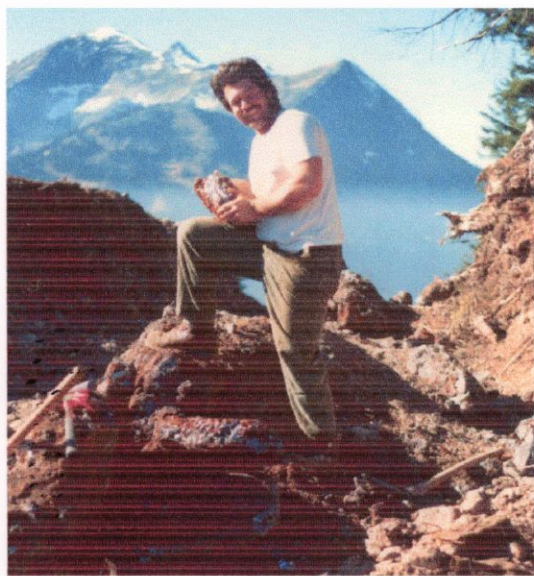


Magnus Bratlien and the "C" Vein

In 1985, the area of the drilled vein intersections was machine trenched by Magnus Bratlien and mapped by company geologist Egil Livgard. The results were incredible – massive high-grade galena over a metre wide running nearly 200 oz. per ton in silver. It quickly became apparent that the dyke, long assumed to be related to ore formation, was actually much younger and had followed a separate strand of the Treasure Mountain Fault. The new "C" vein (the "A" and "B" veins were along the walls of the dyke) was actually in the dominant fault structure, and was much larger and richer in silver than any vein found in the Summit Camp previously.

In the fall of 1985, Magnus asked me to work with him on further trenching and sampling of the "C" vein in the 1986 season. I jumped at the chance to participate in this new discovery, and so we began work in the late spring of 1986. Knowing the skepticism regarding the property from past efforts, we resolved to do such a good job sampling that no engineer or geologist would ever doubt our results. To this end, Magnus allowed me complete freedom to do the job as it should be done. As president of the company, he did not participate in the actual sample taking to prevent any suggestion of impropriety, but he did do a lot of digging and carried many 10 kg samples to the truck.

First, we opened up the entire vein system with a track-hoe operated by Tri-Valley Contracting out of Princeton. The vein was trenched for 250 metres continuously, and just got richer and bigger. Several additional high-grade veins were found as well, and where these joined the main "C" vein, bonanza-grade "Y" shoots formed. The richest shoot ran 473 oz. per ton in silver over 40 cm., with several adjoining samples in the 200-300 ounces over a metre range. Ironically, this shoot occurred in an area containing old bottles and other debris, adjacent to Andy Jensen's old 1906 cabin site and amazingly, directly below his outhouse. So near and yet so far!



Jim Laird trenching the "C" vein in 1986

I sampled the vein by removing all trace of surface oxide material, and then cut a deep, flat channel sample with a chisel. Vein and wallrock were sampled separately; the vein was sampled once per metre for the entire 250 metres. The weighted

(true) average width was 68 cm., with a grade of 64 ounces per ton in silver, plus 11% lead and 2% zinc. This confirmed what Magnus and I already knew, Treasure Mountain was destined to be a very rich silver mine!

We also opened and sampled the #1 level, but not without some difficulty. When we stripped off the sloughed gravel over the #1 portal, a great blast of retained water cascaded down the dry gulch below, catching my canvas cabin tent in the midst of a mudslide at the bottom of the hill. It took days to dry out, and lots of scrubbing to clean. Better than the old mine cabin though, with pack-rats climbing on the old dry pine boards at night, like nails on a blackboard. Grouse actually walked into the kitchen a few times, and once I woke up with a deer mouse perched between my eyes. Late in the fall, we would see snow-white ermine, built like the limousine of rats, cross the road up to the mine. Black bear, deer, moose, lynx and peregrine falcons we met on a daily basis.

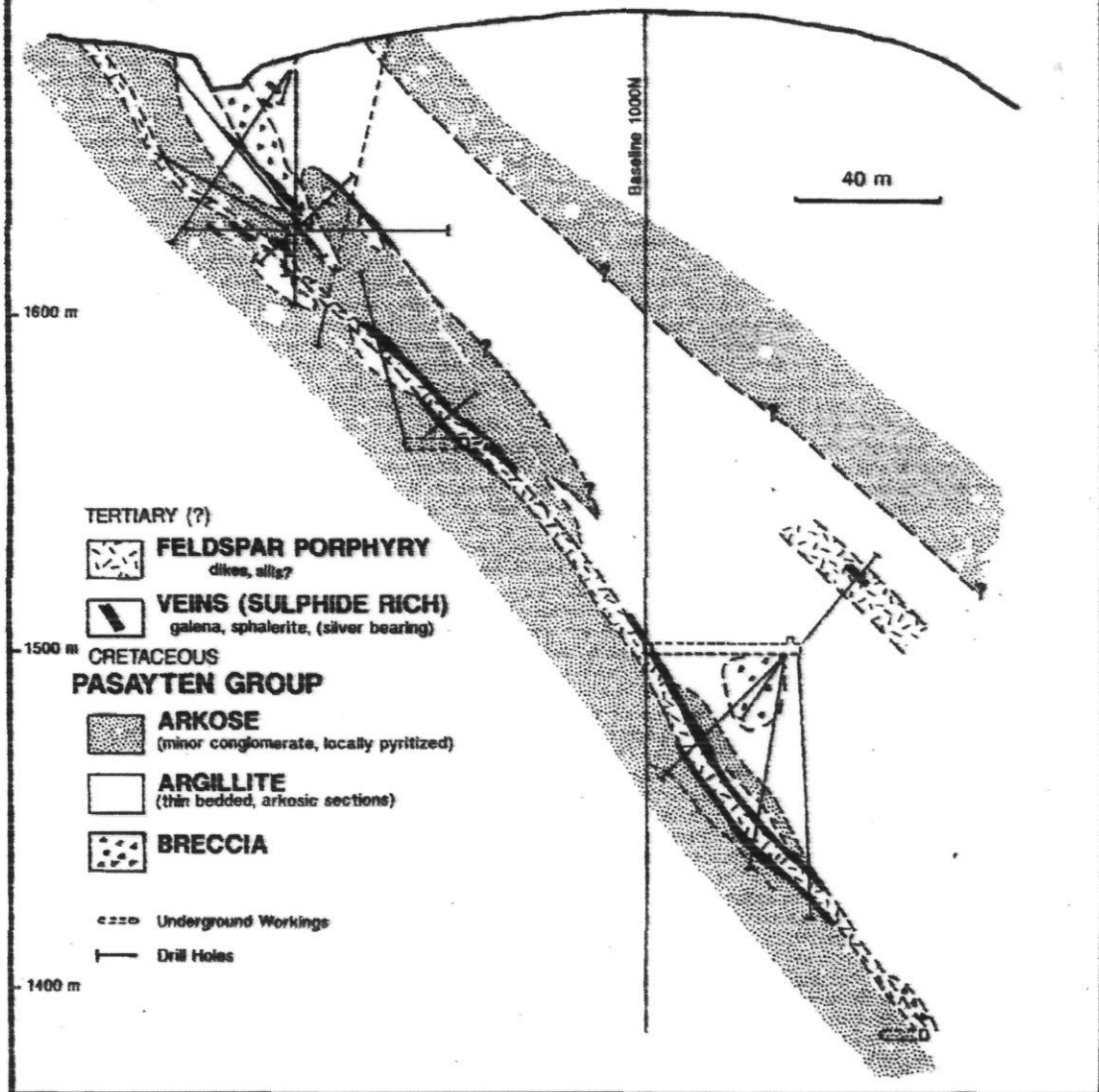
The #1 tunnel was sampled in detail using a technique known as panel sampling, whereby an equal amount of rock is removed from a measured surface. During sampling, and near the inner end of the tunnel, Magnus and I had an experience we are still at a loss to explain. We were sampling the back (top) of the tunnel when a deafening GONG! noise reverberated throughout the tunnel; we dropped our tools and ran out, on instinct alone, into the afternoon sun and quiet; no animals, people, cars, planes or other sounds, only silence. To this day, I can only believe in the old miner's adage "Rock that talks is not happy until it walks". And the Treasure Mountain Fault was talking to us, I believe. We finished sampling very quickly.

After the 1986 program was complete and the overall results confirmed our beliefs, several respected mining consultants such as James J. McDougall, P. Eng., Mohan R. Vulimiri, M Sc., Steve Presunka, geophysicist, and Al Beaton, mining engineer, were invited to see and interpret the results. All stated that the sampling and other work had been done to the highest possible standards, and was valid in calculating potential net worth of the new vein. Magnus Bratlien proceeded to take Huldra Silver Inc. (HDA-CDNX) public in 1987 to raise funds for further work, including bulk sampling of the "C" vein.

The "C" vein was open-pitted in 1987 by A. J. Beaton Mining Ltd., and 407 tons of ore were direct-shipped the smelters at Trail BC, and ASARCO in Montana. Net results showed over

TREASURE MOUNTAIN

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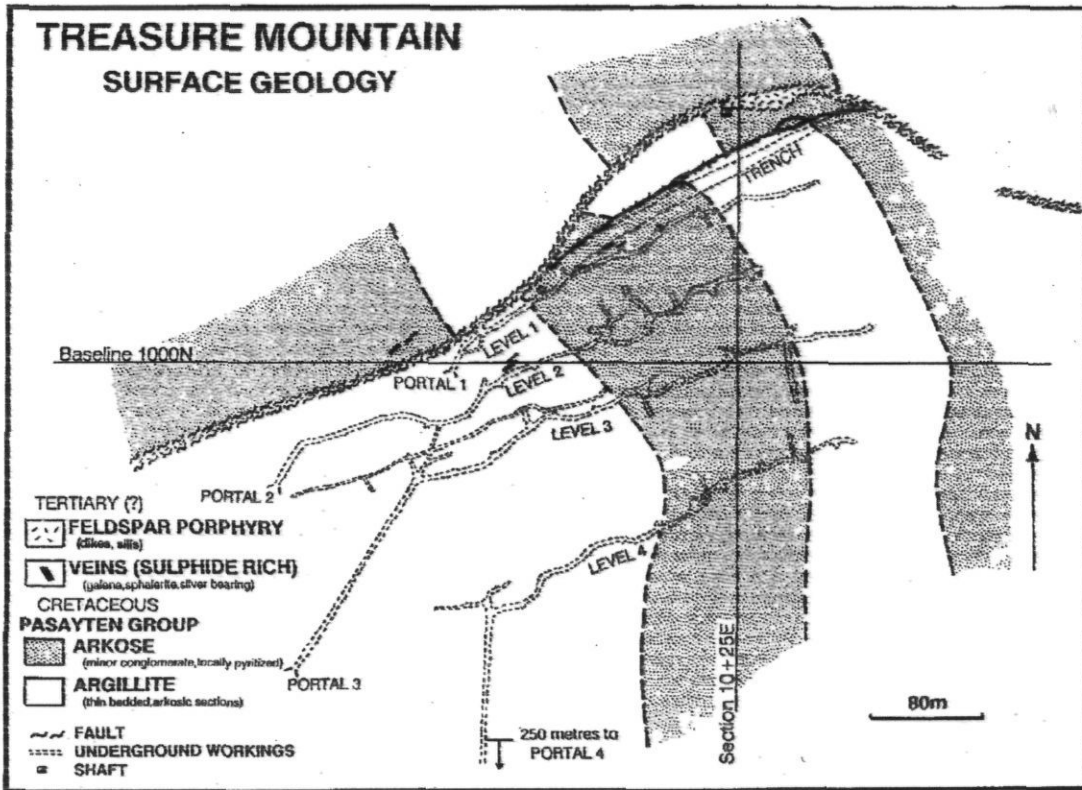
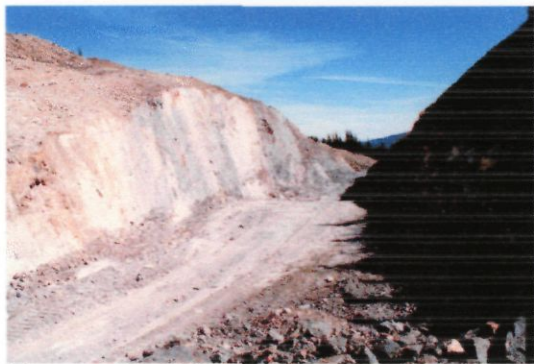


Figure B-4-3: Surface geology of the southeastern part of the Treasure Mountain property, showing the mine workings and the main geological features (from Hudra Silver Inc. company reports).

100 ounces of silver per ton of ore, with 32.7% lead and 6.8% zinc. Huldra Silver Inc. received a cheque for \$344,265.00 from the "C" vein open cut, and then began to deepen their exploration efforts.

One bulk sample had equaled the entire past production of the Summit City Camp! During the next 3 years, under the direction of company geologist Egil Livgard, more than 2750 metres of new tunneling and raising were completed by A. J. Beaton Mining Ltd. Over 4750 metres of surface and underground diamond drilling were done, along with additional surface work, mill ore tests, and environmental surveys.



Treasure Mt. "C" Vein Open-Cut, 1988

As a result of this work, Egil Livgard calculated preliminary ore reserves of 161,000 tons at a grade of 25.6 oz. in silver per ton, plus 10% combined lead-zinc. Probable additional resources were estimated at 180,000 tons at a similar grade, open to depth, and to the west and east. New surface showings (Ruby Zone) had also been discovered further to the east by Magnus Bratlien, which contained high-grade silver and surprisingly, some good-grade gold values.

After defining the developed silver reserves and the cost of production (about \$2.00 per ounce), the company decided that the mine was like money in the bank, and that silver prices in the early 1990's, while profitable, were slumping, so best to wait. Today, with strengthening metal prices and new industrial demands for silver on the rise, the economics look better than ever, and the management's decision to put the mine on hold to wait for better silver prices appears to have been a very wise one.

If, as the best data has indicated, the mine has a potential of over 350,000 tons of ore at a grade of 25 oz. per ton in silver, it could contain more than 8,750,000 ounces of silver. With a silver price of

\$10 Can. per ounce plus lead-zinc credits, this could translate into more than 100 million dollars in gross worth. Preliminary mill studies show that a complete milling operation can be set up for perhaps 5 million dollars, with payback in 2 years. Truly a bonanza in the best meaning of the word, and I can only believe that Andy Jensen and William Dornberg, the far-sighted mining pioneers, would have been proud of Magnus Bratlien for finally finding what they believed was there all along.

Of interest to the collector, the mineralogy of the veins is quite exotic, with many rare sulphosalt minerals. I have identified the following vein and alteration minerals: vein: galena, sphalerite, pyrite, pyrrohotite, chalcocopyrite, tetrahedrite (var. friebertite), marcasite, arsenopyrite, magnetite, hematite, zinkenite, boulangerite, jamesonite, bourmonite, stibnite, argentite, ruby-silvers (proustite, pyrargyrite), and native silver; alteration minerals: limonite, jarosite, pyrolucite, botrioidal psilomelane, wad, cerussite, anglesite, malachite, azurite, bindheimite, kermesite and covellite.