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NTS: 82N/3 & 82K/15

VALUATION OF THE

VERMONT PROJECT

MINERAL CLAIMS LOCATED AT

BOBBIE BURNS CREEK - VOWELL CREEK
GOLDEN MINING DIVISION, BRITISH COLUMBIA

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SUMMARY

Valuation Of The Vermont Project Mineral Claims

The Vermont Project consists of 206 mineral claims and 13 mining leases totaling approximately 3,490 hectares located 30 km south of Golden, British Columbia. The mineral claims are owned 100% by Mountain Star Resources Ltd. of Calgary, Alberta.

The geology of the area consists of upper Precambrian slates and sandstone of the Horsethief Creek Group. These rocks were folded, fractured and intruded by plutonic rocks during the Cretaceous period. At least three types of precious metal deposits occur in the area; gold rich quartz veins, copper rich quartz veins and silver-lead-zinc rich replacement mineralization in limestones. The majority of the exploration work in the area was carried out during the 1890's and up to the 1940's. Sporadic exploration was also undertaken on and around the property during the 1970's and early 1980's while a serious attempt to mine the Ruth Vermont deposit in 1973 to 1974 was thwarted due to heavy snowslides destroying the surface infrastructure.

The Vermont Project includes several auriferous quartz vein prospects near the north end of the property and several significant lead-zinc-silver prospects including the Ruth Vermont deposit which have reported reserves of 300,000 tonnes grading 4.8% Pb, 5.6% Zn and 6.9 oz Ag/ton. Four km to the north west of the Ruth Vermont deposit a stratiform base metal showing found in 1981 grades 4.4% Pb, 8.2% Zn and 3.9 oz Ag/ton in shales. In 1977 a new zone was drilled about 2.5 km southeast of the Ruth Vermont mine. One hole intersected 3.4% Pb, 8.6% Zn and 3.4 oz Ag/ton over 4.7 meters.

While these zones are viable targets themselves the potential target may lie at depth beneath the Ruth Vermont mineralization. The geological model and target here is a mineral deposit similar in genesis to the world class Sullivan base metal deposit 200 km south of the property. In order to evaluate this theory Mountain Star Resources Ltd. will carry out an exploration program with a minimum expenditure of $425,000 to be incurred in an initial exploration phase over the next 12 months.

In this report the Vermont Project mineral claims have been valued using two independent valuation techniques. The two values are within 25% of each other. Using a weighted averaging of the two techniques gives an opinion of value of the property of approximately $1,600,000.

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I INTRODUCTION

Scope

This valuation of the Vermont Project mineral claims is undertaken at the request of Mr. Gordon Dixon, President, Mountain Star Resources Ltd.

Location and Access

The property is located near the headwaters of Bobbie Burns Creek in the Spillamacheen Range of the Purcell Mountains approximately 30 kilometers south of Golden, British Columbia. The town of Parson is located 28 kilometers to the east.

The property is accessible with a four wheel drive by a gravel logging road (Sanborn Road) which turns south and west from Route 95 at Parson (Figure 1). Several old branch roads give direct access to the northerly claims at Bobbie Burns Creek and the Ruth Vermont claims at the south.

Weather conditions are temperate with heavy snow cover on most of the property from late October to mid June. The Ruth-Vermont mine could be made accessible year round for underground mine operations.

Property and Ownership

The Vermont Project is made up of four groups of claims consisting of 206 mineral claim units and 13 Crown Grants which covers approximately 3,490 hectares of land. The property is approximately 19 kilometers long in a south easterly trend ranging from four km north of Bobbie Burns Creek to Vowell Creek in the south (Figure 2). Details of the various claims are summarized in Table I.

The writer has done neither a title search nor a detailed review of sale/option agreements, but has received the assurances of Mr. Gordon Dixon, Q.C. that tenure is secure in the name of Mountain Star Resources Ltd. (Mountain Star) and that this company owns 100% of the claims as listed in Table I. Mr. Dixon has also confirmed that all claims as listed in Table I for this valuation are free and clear of liens and encumbrances and have had sufficient work expenditures performed to hold all claims in good standing for at least a 12 month period or more as of the date of this report.

Specific option payments and property expenditures must be met on certain claims in order that Mountain Star maintain its full interest in these claims. A net smelter return royalty and a net profits interest royalty, with buy out clauses, exist on certain claims. The writer has not examined in detail the royalty interests however the option payments and expenditure requirements are, in his opinion, reasonable and not a detriment to the value of the Property.

The mineral claim records and documents are on file with the Acting Gold Commissioners office at 606 North Sixth St., Box 39, Golden, B.C., V0A 1H0, (604) 344-7550, Fax (604) 344-7553.

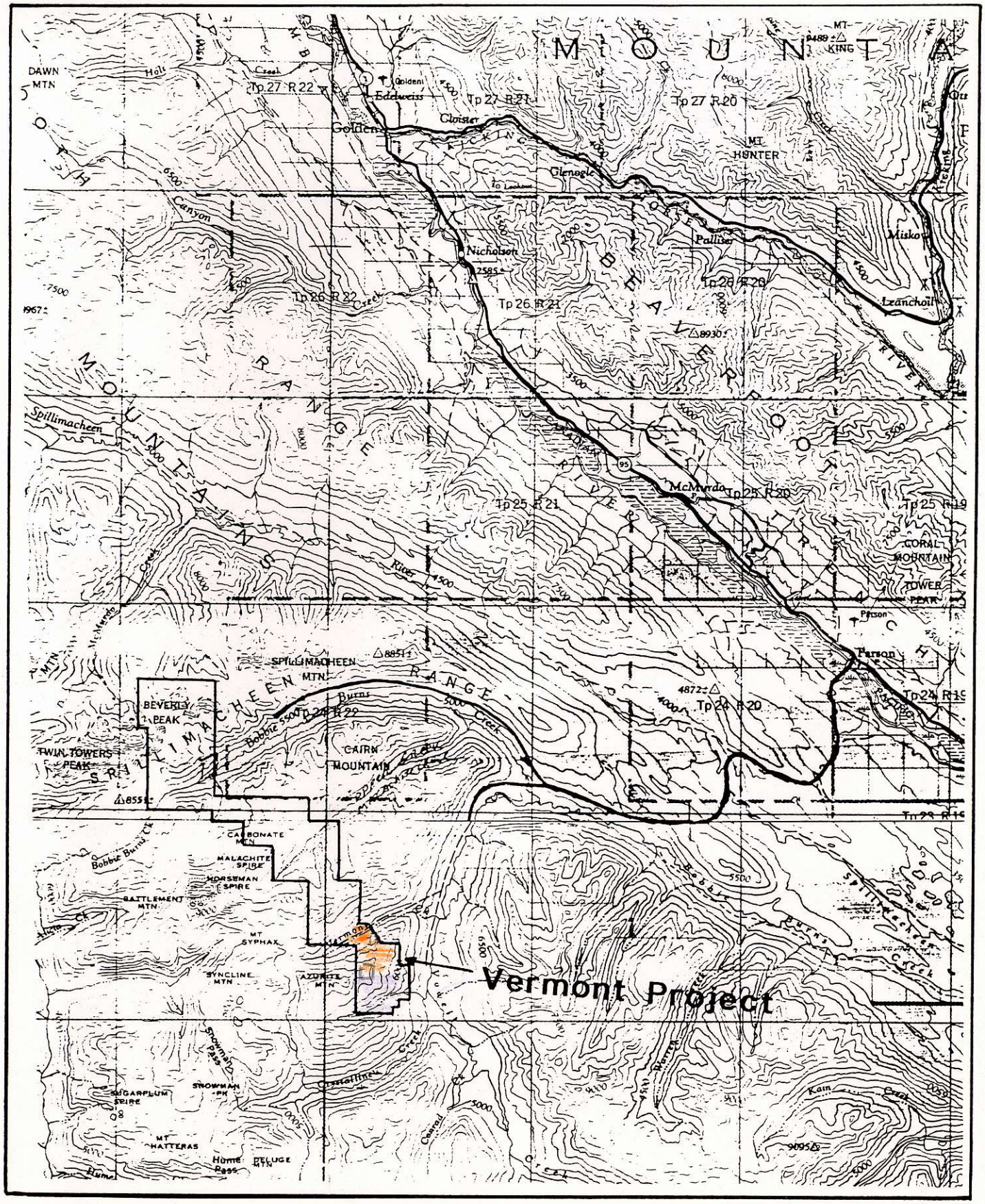

Figure 1: Location Map of Vermont Project, Golden, B.C.

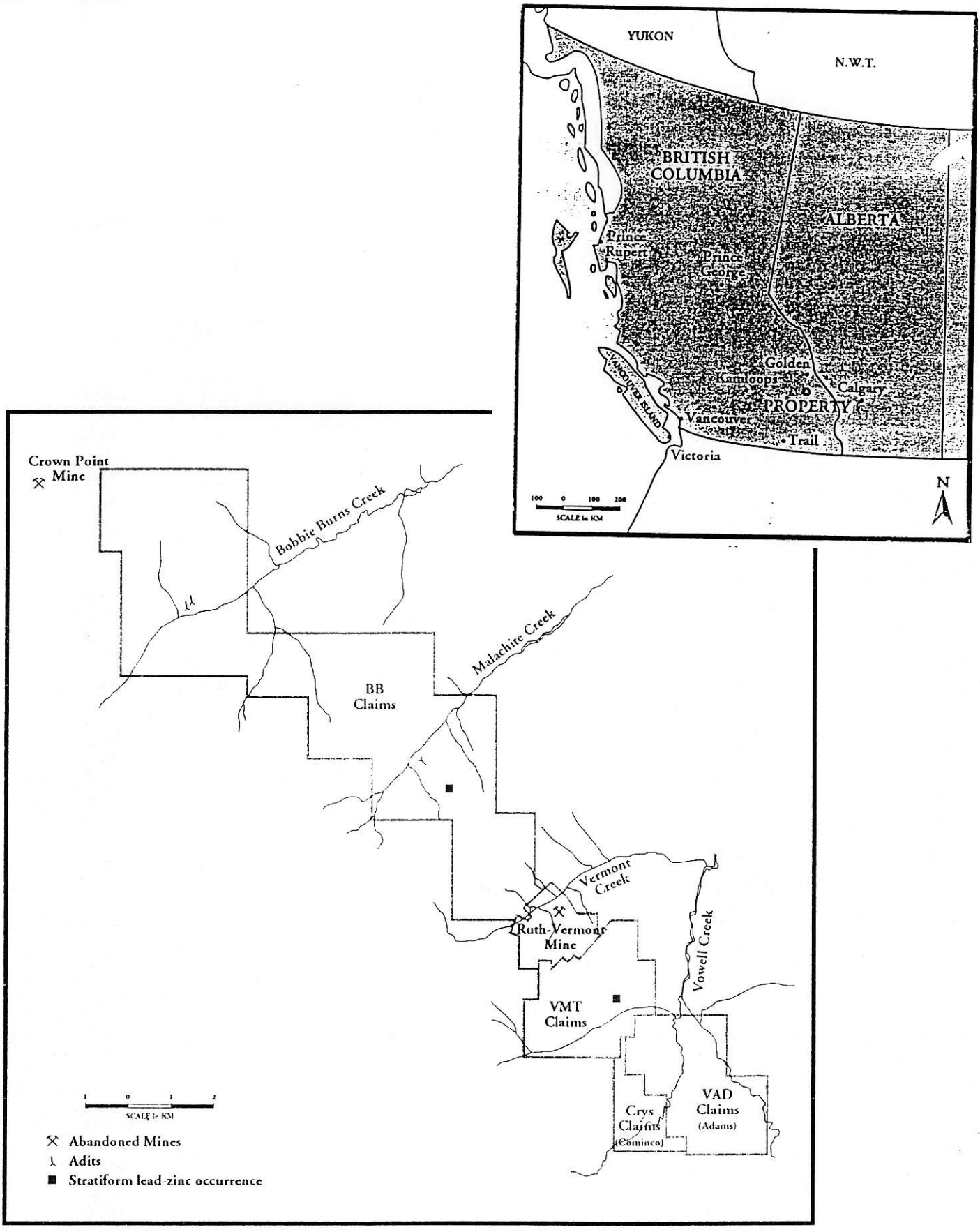

Figure 2: Vermont Project - Property Map

TABLE I

Mineral Claim Status of the Vermont Project, Golden Mining Division, British Columbia

Claim Name	Tenure Number	Number of Units	Claim Type	Area (hectares)	Next Due Date	Registered Owner
BB Claim Group						
BB-1	338847	16	Staked Claims	256	Aug. 13, 1997	Mountain Star Res. Ltd.
BB-2	338848	12	Staked Claims	192	Aug. 13, 1998	Mountain Star Res. Ltd.
BB-3	338849	18	Staked Claims	288	Aug. 13, 1998	Mountain Star Res. Ltd.
BB-4	338850	18	Staked Claims	288	Aug. 13, 1998	Mountain Star Res. Ltd.
BB-5	340409	18	Staked Claims	288	Sept. 24, 1997	Mountain Star Res. Ltd.
BB-6	340410	6	Staked Claims	96	Sept. 24, 1997	Mountain Star Res. Ltd.
BB-7	340411	6	Staked Claims	96	Sept. 24, 1997	Mountain Star Res. Ltd.
BB-8	340412	18	Staked Claims	288	Sept. 24, 1997	Mountain Star Res. Ltd.
BB-9	340413	18	Staked Claims	288	Sept. 24, 1997	Mountain Star Res. Ltd.
BB-10	340414	20	Staked Claims	320	Sept. 24, 1997	Mountain Star Res. Ltd.
Bobbie Burns Claims						
Bryan	3951	1	Mining Lease No. 97	18	Apr. 17, 1997	Gordon F. Dixon
Lincoln	3952	1	Mining Lease No. 97	18	Apr. 17, 1997	Gordon F. Dixon
Lucky Jack	3953	1	Mining Lease No. 97	16	Apr. 17, 1997	Gordon F. Dixon
Ruth Vermont Mine						
Vermont 1	213300	3	Staked Claims	48	Sept. 15, 1997	Mountain Star Res. Ltd.
Vermont 2	213301	12	Staked Claims	192	Apr. 3, 2005	Mountain Star Res. Ltd.
Cleopatra M.C	L 8112	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
Vermont M.C.	L 8123	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
Sheba M.C.	L 8124	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
Ruth Fr.	L 8125	Fraction	Mining Lease M-95	8	Aug. 21, 1997	Mountain Star Res. Ltd.
Ruth M.C.	L 418	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
Minnie M.C.	L 419	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
-	L 15310	Fraction	Mining Lease M-95	8	Aug. 21, 1997	Mountain Star Res. Ltd.
C.M.R. M.C.	L 10476	Fraction	Mining Lease M-95	8	Aug. 21, 1997	Mountain Star Res. Ltd.
Charlotte M.C.	L 405	1	Mining Lease M-95	16	Aug. 21, 1997	Mountain Star Res. Ltd.
VMT Claim Group						
VMT 2	213576	20	Staked Claims	320	Sept. 15, 1997	MineQuest Exploration
VMT 3	213577	2	Staked Claims	32	Sept. 15, 1997	Associates Ltd.
VMT 5	213770	1	Staked Claims	16	Sept. 15, 1997	" " "
VMT 6	213759	1	Staked Claims	16	Sept. 15, 1997	" " "
VMT 7	213768	1	Staked Claims	16	Sept. 15, 1997	" " "
VMT 8	213766	12	Staked Claims	192	Sept. 15, 1997	" " "
VMT 9	213771	1	Staked Claims	16	Sept. 15, 1997	" " "
VMT 10	213772	1	Staked Claims	16	Sept. 14, 1997	" " "
VMT 11	213773	1	Staked Claims	16	Sept. 14, 1997	" " "
VMT 12	213767	1	Staked Claims	16	Sept. 14, 1997	" " "
VMT Fr.	213268	Fraction	Staked Claims	8	Sept. 15, 1997	" " "
-	L 1107	1	Revert. Crown Grant	16	Apr. 26, 1998	Mrs. Campeau
		219	units	**3,490**	hectares	

Notes:

1). All claims in the Ruth-Vermont Mine Claims have been sold (100%) to Mountain Star from Centipede, subject to a 5% Net Profits Return royalty which can be bought out for $1 million.

2). All VMT Claims including L1107 have been optioned from MineQuest to Mountain Star. Mountain Star may earn a 100% interest in these claims by paying a specific number of shares to and making a $90,000 cash payment to MineQuest and making a $400,000 exploration expenditure on the entire project (216 units).

3). The Crown Grant L 1107 in the VMT Group has been optioned to MineQuest who in turn have optioned it to Mountain Star. This claim is subject to a 5% Net Smelter Return royalty with a $500,000 buy out clause.

4). The VMT claim Group, registered to MineQuest Exploration Associates is presently being transferred to Mountain Star Resources Ltd.

REGISTERED PROFESSIONAL GEOSCIENTIST
CHARLES DEARIN
SIGNATURE
Oct. 9/96
DATE
NEWFOUNDLAND & LABRADOR

II GEOLOGY

Regional Geology

The Vermont Project area lies within the Purcell Anticlinorium bounded between the Rocky Mountain trench and the Purcell trench, two major structural zones of the eastern Cordilleran fold belt. The rocks consist of a thick assemblage of upper Precambrian (Hadrynian age) slates, quartzites, limestones and conglomerate and their metamorphosed equivalents of the Horsethief Creek Group of the Windermere System. The Windermere System overlies and is separated by a widespread unconformity and an interval of folding, metamorphism and granitic intrusion from the Helikian age Purcell System of clastic and carbonate rocks.

The Horsethief Creek Group sediments were deposited in a shallow water, marine environment with provenance derived from both the Precambrian Shield and Helikian age sediments to the east. The group is made up of a basal grit - sandstone - pebble conglomerate unit about 900 meters thick overlain by a 300 meter thick unit of gray - green slates followed by a 200 meter section of limestones. The top of the Group hosts a variably thick (from 0 to 300 meter) unit of slate and quartzite.

Sedimentary deposition continued throughout the Paleozoic. The Columbia Orogeny during upper Cretaceous time was responsible for regional deformation and granitic intrusions with extreme folding and faulting predominating in the western Rocky Mountains.

Regional Mineralization

The region hosts numerous base and precious metal deposits, especially in the more accessible areas such as Kimberley, Cardeau, Moyie, etc. to the south. The world class Sullivan Pb-Zn deposits occur as syngenetic and replacement type mineralization while numerous lode gold and silver deposits have been mined to the south and west of the Project area.

At least three types of mineralization are known to occur in the area; gold rich quartz veins cutting slates and grits (i.e. Bobbie Burns and Flying Dutchman veins), silver - lead - zinc rich replacement type mineralization in limestones and adjacent fracture zones (i.e. Crown Point and Ruth - Vermont deposits) and copper rich quartz veins cutting quartzites and slates (i.e. Copper Creek - Tennessee showing).

Property Mineralization

Gold - Quartz Veins: Flying Dutchman - Bobbie Burns Prospects

Auriferous quartz-carbonate veins cutting slates were worked on the property in the 1890's. The Flying Dutchman prospects contain at least two sets of veins on which two adits were driven.

Detailed chip sampling of the backs of the veins by the writer in 1981 indicated the NE trending, younger veins carried gold values averaging 0.146 oz Au/ton across an average width of 0.67 meters. Similar sampling on surface revealed an average of 0.17 oz Au/ton over a width of 0.55 meters.

The Bobbie Burns prospects occur approximately 1200 meters north of the Flying Dutchman prospects. In the 1880's trenching and sampling of narrow, sparsely mineralized quartz veins showed high, but erratic gold values ranging from 1.5 to 27 oz Au/ton. In 1891 a five stamp mill with a 750 pound head and mercury amalgam plates was erected here. One surface trench produced 70 tons of "ore" grading 0.76 oz Au/ton. Very poor gold recoveries of 14% indicates the gold is in sulfides and is not free milling gold. Very little detailed geological work has been carried out in this rugged terrain and its gold potential is considered to be good to high.

Several copper prospects in quartz veins were discovered during the early 1900's to the northeast of the property near Copper Creek (Spruce Tree Creek). In 1917, an 18 foot adit was driven into a wide quartz-carbonate vein (Tennessee showing) containing a 17 inch seam of chalcopyrite. A one ton sample averaged 11.92% copper. Sampling of the vein in August 1984 yielded an average of 6.01% Cu, 0.021 oz Au/ton and trace of Ag from four presumably high grade samples.

In 1898 a 65 foot long adit was driven in a six foot wide quartz vein carrying a two inch auriferous pyrite veinlet on the Ellen D claims north of the property. The results were not encouraging and no work has been done since.

In the late 1890's several adits were driven on the Bennison claims to the west of the property, well below a gold bearing quartz vein having widths up to 32 feet. Several veins were intersected and a significant gold deposit was rumored to have been found. Very little data is available on this project.

Malachite Creek was also explored for gold veins in the early part of the century, and trenches and an adit are the remaining evidence of this. Later exploration in the early 1980's discovered stratiform lead - zinc grading 4.4% Pb, 8.2% Zn and 3.9% oz Ag/ton over 0.5 meter associated with shales. This prospect forms part of the property.

Lead, Zinc and Silver Replacement Mineralization

Just beyond the northern most property boundary, at the Crown Point Mine, located at the headwaters of McMurdo Creek, both auriferous lodes and silver rich galena as replacement type mineralization in limestones occur. Extensive drifting and raising was done on over five separate Ag-Pb-Zn prospects during 1929 and 1930. The overall results of these programs were not encouraging; the amount of recovered ore was approximately 60,000 tonnes of ore grading 6.24% Pb, 0.18% Zn and 3.42 oz Ag/ton.

During the 1880's the Ruth-Vermont silver-lead-zinc deposit was discovered near the south end of the property. Mineralization consists of both lode type and replacement type within limestone bounded by schistose slates. Several attempts to mine the deposit from 1892 to 1965 failed, however, from 1970 to 1975 113,100 tons grading 4.4 oz Ag/ton 2.9% Pb and 5.6% Zn with minor

amounts of gold, copper and cadmium was mined. It is estimated the 300,000 tonnes of ore grading 4.8% Pb, 5.6% Zn and 6.9 oz Ag/ton remain. During 1968 to present additional showings have been discovered in this area.

At the southern end of the property on the VMT claim block, work has been sporadic since 1966. Between 1974 and 1977 Madesto Exploration of Calgary carried out soil sampling, geological mapping, trenching and drilling. In 1977, two significant intersections were made, one in drill core (3.4% Pb, 8.6% Zn, 3.4 oz Ag/ton over 4.7 meters, known as the LCP zone) the second in a trench. Subsequent drilling by later parties intersected sulfides.

Numerous other precious and base metal showings have been made in the area over the past 100 years however very little is known about these. In general, although the area has received some prospecting attention it has not yet received a thorough geological investigation because of its remote and somewhat difficult location and the generally unfavorable snow conditions.

Exploration Target and Geological Model - Vermont Project

The main exploration target on the Vermont Project is stratiform lead-zinc-silver mineral deposits similar in style and genesis as the world class Sullivan Mine located at Kimberly, B.C. 200 km to the south of the Vermont Project. Summarized below are excerpts from information supplied by Mountain Star. The writer generally agrees with this proposal and feels it important to include herewith.

The Exploration Target

The Vermont property hosts stratiform lead-zinc mineralization. The exploration strategy is to find the main zone of this mineralization similar in genesis and size to Cominco's Sullivan Mine at Kimberley, B.C. The Sullivan Mine is the largest stratiform lead - zinc deposit in the world, with over 155 million tons grading 6.6% Pb and 5.9% Zn.

Work done in 1983 by Samin Canada Inc. found on the Vermont property a section of bedded lead, zinc and silver (4.43% Pb, 8.2% Zn and 133.6 g/ton Ag over 0.5 meter) within black shale. Evidence that a large shale hosted sedimentary lead zinc deposit may exist is seen in other areas in the property. Most notably is on the southernmost VMT claims, where a 4.7 meter section of 3.4% lead (Pb), 8.6% zinc (Zn), and 116.4 grams/tonne silver (Ag) in bedded sediments was intersected in drill core.

The Exploration Model

The exploration model for the section of the Purcell Anticlinorium located between Crystalline Creek and McMurdo Creek is that of a sedimentary exhalative lead-zinc deposit of Precambrian age.

The model being used was first suggested by Kanasewich in 1968, whereby Precambrian rifts and faults detected through geophysics below the southern Alberta plains, trend into eastern B.C. He suggested that these rifts may have been the source of the fumarolic fluids that created the Sullivan Mine lead-zinc deposit and other lead-zinc occurrences along this trend. There are other indicators of comparability between Sullivan and the exploration area which are discussed below.

Applying Kanasewich's theory to the northern occurrence of the Ruth-Vermont and Crown Point lead-zinc properties provides an excellent target for mineral exploration. Recent geophysics to delineate the Precambrian geology of central Alberta has been documented by Ross et al. (1991) who have identified several significant Archean and Proterozoic provinces and boundaries. The ages of the provinces ranges from 2.8 billion years ago (G.A.) to 1.8 G.A. One terrain boundary between the Thorsby low (2.4 G.A. - 2.0 G.A.) and the Rimby high (2.0 G.A. - 1.8 G.A.) has been interpreted as a subduction zone. When this collision zone is extrapolated south westerly into eastern B.C., the trace intersects the Kicking Horse Pass lead-zinc occurrence, as well as the Ruth-Vermont area. With this fault zone acting as a potential sub-aqueous fumarolic feeder for mineralization from the basement, there is potential for a significant lead-zinc ore body in this area.

The later effect of the Rocky Mountain compression may not have significantly displaced the location of this feeder. This is because the main movement was north easterly resulting in a telescoping motion without significant lateral movement.

Although the age of the rock in the Vermont Creek area is younger than that of the Sullivan orebody by 600 million years, the relative ages between the basement faulting and the sediment deposition is similar (1 billion years) and lithologies are still within the Precambrian sedimentary package. The lithologies of interest, the Horsethief Creek Group, is 1.06 billion years or Hadrynian age.

Mineralization in the area occurs in veins and as replacement bodies in limestone. The two abandoned mines in the area (Ruth-Vermont and Crown Point) were originally focused on vein gold and silver occurrences with associated lead and zinc. However, in both cases, stratabound remobilized lead and zinc are also found to occur in limestone adjacent to the mineralized veins. It is postulated that these veins were conduits for mineralization coming from a source (stratiform lead-zinc?) below. As discussed above, there are also showings of bedded lead-zinc in the property and south of the property which supports the theory of the existence of a stratiform lead-zinc deposition environment. On the property, sporadic occurrences of tourmaline have been found in shales.

The presence of tourmaline is another similarity with the Sullivan Mine where tourmaline is one of the main alteration facies of the feeder zone in the footwall and to a lessor extent the hanging wall. The hanging wall alteration at Sullivan consists of albitization and chloritization of sediments.

These are considered to be products of the later stage tourmalizing fluids, as the sub-aqueous fumarole (now barren of sulfides) reached the end of its cycle with the element boron escaping into sea water.

The Sullivan ore occurs at the transition from lower Aldridge to middle Aldridge Formations. The lower Aldridge is notably absent of volcanic rocks, unlike the rest of the Aldridge Formation (Sangster & Scott, 1976). Sullivan footwall consists of regularly bedded sediments or a lens of intraformational conglomerate. The Windermere Supergroup where the Ruth Vermont lies is also lacking volcanic rocks, and the lowermost unit is the intraformational Toby conglomerate. The target horizon may be at this transition where the Toby conglomerate grades into the lowermost bedded shale sediments of the Horsethief Creek Group.

Conclusion

The Vermont Project represents an excellent exploration opportunity. The theoretical indicators and mineral findings to date support the model outlined, and it is the opinion of the company that there is potential for another Sullivan-type deposit to be hosted within the property boundaries. The extensive logging in the area, the ease of access to highway and rail transportation routes and the proximity to the Trail smelter make this target a high priority for extensive exploration.

III PROPERTY VALUATION

Terms and Definitions

The valuation of mineral assets can be performed using either the cost, the market or the income methods or a combination of each. The latter two methods are primarily used when market transactions (property sales, options, etc.) have recently occurred on comparable (i.e. location, size, geology, etc.) properties in the area of concern or when net present values of cash flows can be determined through economically mineable, proven and probable ore reserves which exist on a property. For purposes of this valuation, the later two methods cannot be properly applied as there have been few reasonable property sales on comparable lands in the recent past, nor have sufficient ore reserves been defined at present on the property.

The valuation of a mineral property without proven ore reserves is at best an educated "guesstimate" of the property's value based on known mineral occurrences, geology, structures and alteration which have been determined through past exploration work that yielded positive enough results to warrant future exploration expenditures. The real value of an exploration property is its potential for the existence of an economically viable orebody. This is extremely difficult to establish but can be determined through the property geology.

Roscoe Method

The most practical valuation method to use on the Vermont Project is the cost method as defined by Roscoe (1986) and Lawrence (1989). Also known as the "retained value method", it relies strongly on the judgment of an experienced exploration geologist. This method involves equating the exploration potential to the cost of past and future exploration work that is warranted to assess the properties potential. Past exploration expenditures must be reasonable and productive and it must be determined by the valuator whether this work enhanced or diminished the value of the property and to what extent. Expenditures which led to negative results and no further exploration recommendations cannot be included as value. The appropriate past expenditures (which are a geologist's judgment call) are escalated to today's dollars and are added to recommended, reasonable and committed future exploration expenditures to give the property value.

The following four steps are utilized in the valuation:

1) Past expenditures are examined for appropriateness and are reduced by amounts spent on part of the property which have been dropped or written off due to poor results.

2) Retained past expenditures are escalated to today's dollars and totaled. Judgment factors have to be used as to the value of recent past work and whether work carried out over 40 to 50 years ago should be retained or not.

3) Recommended future exploration expenditures which are committed are added to the retained value of past work to yield the total property value.

TABLE II

Valuation (Retained Values) of the Vermont Project, Golden Mining Division, British Columbia

Claim Name	Number of Units	Area (hectares)	Estimated Expenditures to 1996	Retained Value to 1996	Recommended Expenditure in next 12 months	Total Retained Value
BB Claim Group						
BB-1	16	256	$53,333	$21,333	$10,667	$32,000
BB-2	12	192	40,000	$16,000	$8,000	$24,000
BB-3	18	288	60,000	$24,000	$12,000	$36,000
BB-4	18	288	60,000	$24,000	$12,000	$36,000
BB-5	18	288	60,000	$24,000	$12,000	$36,000
BB-6	6	96	20,000	$8,000	$4,000	$12,000
BB-7	6	96	20,000	$8,000	$4,000	$12,000
BB-8	18	288	60,000	$24,000	$12,000	$36,000
BB-9	18	288	60,000	$24,000	$12,000	$36,000
BB-10	20	320	66,667	$26,667	$13,333	$40,000
	150	**2,400**	**$500,000**	**$200,000**	**$100,000**	**$300,000**
Bobbie Burns Claims						
Bryan	1	16	$3,200	$3,200	$8,000	$11,200
Lincoln	1	18	3,600	3,600	9,000	12,600
Lucky Jack	1	16	3,200	3,200	8,000	11,200
	3	**50**	**$10,000**	**$10,000**	**$25,000**	**$35,000**
Ruth Vermont Mine						
Vermont 1	3	48	All values are lumped below and these claims are treated			
Vermont 2	12	192	as one entity for valuation purposes.			
Cleopatra M.C.	1	16	-	-	-	-
Vermont M.C.	1	16	-	-	-	-
Sheba M.C.	1	16	-	-	-	-
Ruth Fr.	Fraction	8	-	-	-	-
Ruth M.C.	1	16	-	-	-	-
Minnie M.C.	1	16	-	-	-	-
-	Fraction	8	-	-	-	-
C.M.R. M.C.	Fraction	8	-	-	-	-
Charlotte M.C.	1	16	-	-	-	-
	24	**360**	**$15,000,000**	**$500,000**	**$200,000**	**$700,000**
VMT Claim Group						
VMT 2	20	320	$235,294	$94,118	$47,059	$141,176
VMT 3	2	32	23,529	9,412	4,706	14,118
VMT 5	1	16	11,765	4,706	2,353	7,059
VMT 6	1	16	11,765	4,706	2,353	7,059
VMT 7	1	16	11,765	4,706	2,353	7,059
VMT 8	12	192	141,176	56,471	28,235	84,706
VMT 9	1	16	11,765	4,706	2,353	7,059
VMT 10	1	16	11,765	4,706	2,353	7,059
VMT 11	1	16	11,765	4,706	2,353	7,059
VMT 12	1	16	11,765	4,706	2,353	7,059
VMT Fr.	Fraction	8	5,882	2,353	1,176	3,529
-	1	16	11,765	4,706	2,353	7,059
	42	**680**	**$500,000**	**$200,000**	**$100,000**	**$300,000**
TOTALS	**219**	**3,490**	**$16,010,000**	**$910,000**	**$425,000**	**$1,335,000**

Notes:

Estimated Expenditures to 1996 have been conservatively estimated from past exploration work which was carried out in these areas since the 1970's. The Estimated Expenditure for each claim is a proportionate of the total for the Group based on area of each claim.

Retained Value to 1996 is the estimated useful value of positive results; it would cost at least this much to locate and define all known mineral showings of worth on the properties.

Recommended Expenditure in Next 12 Months; it is assumed that an exploration program costing at least $425,000 will be carried out before October, 1997. The gross expenditures per claim group may vary.

Total Retained Value is the addition of the previous two columns.

4) The company's ownership interest is applied to the total value to determine the properties value to the company. Any royalties existing on the claims must be taken into account and property value reduced accordingly.

All past exploration expenditures on the Vermont Project have been estimated by the writer (Table II). Only work of a useful nature and which produced favorable results have been included. The writer has reviewed various geological reports of the area to gain an understanding of the quality of work done. In most cases the expenditures have been drastically cut to reflect the estimated useful value of these expenditures in today's geological terms.

Finally a $400,000 exploration program has been proposed by Mountain Star for the entire project. In addition the writer has proposed a $25,000 program for the Bobbie Burns Claims (Dearin, 1992) which is still a valid proposal. These expenditures are a committed minimum amount which will be incurred on the project over the next 12 months.

Using this valuation method and as summarized in Table II the Vermont Project mineral claims have an estimated value of $1,335,000.

Kilburn Method

A second, more independent valuation, is the Kilburn (1987) method which is based on the premise that a property is normally acquired in the first instance by staking (Lawrence, 1989). This staking cost can be applied to four qualitative factors (location, mineralization, anomalies and geology), each with scales of 1 to 6 and by carrying out compound multiplication of the staking cost times the scale of each of the four factors a value of the property can be estimated.

The Kilburn method has recently been greatly improved upon (Kilburn, 1990) and this revised method while still relying on the subjective experience and skills of a geologist as the valuator, has a more quantitative geological engineering basis for its estimation of value.

The four main characteristics of a mineral property are still used in the method:

1) **Location**: refers to the properties proximity to any off-property, but near by mines or other significant mineral occurrences of value which may or may not be extended toward or onto the subject property; or any favorable geological, geophysical and/or geochemical patterns which may extended onto the subject property.

2) **Grade**: refers to whether or not "ore grade" or any significant grade and amount of mineralization is known to exist on the property;

3) **Anomalies**: refers to geochemical and/or geophysical targets present on the property and their position with respect to one another.

TABLE III

MINERAL PROPERTY CHARACTERISTICS AND FACTORS

Characteristic	Sub category	Value Factor	Sub-category Description
LOCATION			Off property mineralization is:
	1	1.5	- subore grade showing measured in 2D (surface sampling).
	2	2.0	- oregrade showing measured in 2D (surface sampling).
	3	2.5	- subore grade zone measured in 3D (drilled).
	4	3.0	- ore grade, uneconomic zone measured in 3D (drilled).
	6	4.0	- a mine, past or present producer (i.e. San Antonio).
		5.0	- a major mine, past/present (very large) producer (i.e. Hemlo).
			Off property contains geological or geophysical targets:
	7	1.3	- one such target or two correlatable, different targets.
	8	1.5	- 3 or more correlatable targets.
GRADE			Mineralization on the property is:
	9	2.0	- subore grade showing measured in 2D (surface sampling).
	10	3.0	- ore grade showing, measured in 2D (surface drilling).
	11	5.0	- subore grade one, measured in 3D (drilled).
	12	6 to 8	- ore grade, uneconomic zone measured in 3D (drilled).
	13	7 to 8	- a mine, past producer with ore grade zone in place.
	14	9 to 10	- a major mine, past producer with ore zone in place.
ANOMALIES			Similar to anomalies indicative of mineral deposits elsewhere:
	15	2.0	- one such geochemical or geophysical target on the property.
	16	3.0	- 2 to 3 such correlatable targets on the property.
	17	3.5	- 4 or more such correlatable targets on the property.
GEOLOGY			Similar to geological setting hosting ore deposits elsewhere:
	18	2.0	- 1 to 2 such geological patterns on the property.
	18	3.0	- 1 to 2 such geological patterns with mineralization/alternation.
	19	3.0	- 3 or more such geological patterns on the property.
	19	4.0	- 3 or more such geological patterns with mineralization.

TABLE IV

Valuation (Property Characteristics) of the Vermont Project, Golden Mining Division, British Columbia

Claim	No.	Claim	Area	Location		Grade		Anomalies		Geology		VALUE
Name	Units	Type	hect	S. Cat.	Fact.	S. Cat.	Fact.	S. Cat.	Fact.	S. Cat.	Fact.	
BB Claim Group												
BB-1	16	Staked	256	7	1.0	9	1.5	15	1.0	18	2.0	$19,200
BB-2	12	Staked	192	7	1.0	9	1.5	15	1.0	18	2.0	$14,400
BB-3	18	Staked	288	7	1.0	9	1.5	15	1.0	18	2.0	$21,600
BB-4	18	Staked	288	7	1.0	9	1.5	15	1.0	18	2.0	$21,600
BB-5	18	Staked	288	7	1.0	9	1.5	15	1.0	18	2.0	$21,600
BB-6	6	Staked	96	7	1.0	9	1.5	15	1.0	18	2.0	$7,200
BB-7	6	Staked	96	7	1.0	9	1.5	15	1.0	18	2.0	$7,200
BB-8	18	Staked	288	7	1.0	9	1.5	15	1.0	18	2.0	$21,600
BB-9	18	Staked	288	7	1.0	9	1.5	15	1.0	18	2.0	$21,600
BB-10	20	Staked	320	7	1.0	9	1.5	15	1.0	18	2.0	$24,000
												$180,000
Bobbie Burns Claims												
Bryan	1	Lease	16	3	2.5	11	5.0	15	1.0	18	3.0	$15,000
Lincoln	1	Lease	18	3	2.5	11	5.0	15	1.0	18	3.0	$16,875
Lucky Jack	1	Lease	16	3	2.5	11	5.0	15	1.0	18	3.0	$15,000
												$46,875
Ruth Vermont Mine												
Vermont 1	3	Staked	48	3	2.5	11	5.0	16	3.0	18	3.0	$135,000
Vermont 2	12	Staked	192	3	2.5	11	5.0	16	3.0	18	3.0	$540,000
Cleopatra M.C	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
Vermont M.C.	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
Sheba M.C.	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
Ruth Fr.	Frac.	Lease	8	3	2.5	11	5.0	16	3.0	18	3.0	$22,500
Ruth M.C.	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
Minnie M.C.	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
-	Frac.	Lease	8	3	2.5	11	5.0	16	3.0	18	3.0	$22,500
C.M.R. M.C.	Frac.	Lease	8	3	2.5	11	5.0	16	3.0	18	3.0	$22,500
Charlotte M.C	1	Lease	16	3	2.5	11	5.0	16	3.0	18	3.0	$45,000
												$1,012,500
VMT Claim Group												
VMT 2	20	Staked	320	3	2.5	9	2.0	16	2.5	18	2.5	$250,000
VMT 3	2	Staked	32	3	2.5	9	2.0	16	2.5	18	2.5	$25,000
VMT 5	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 6	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 7	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 8	12	Staked	192	3	2.5	9	2.0	16	2.5	18	2.5	$150,000
VMT 9	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 10	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 11	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT 12	1	Staked	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
VMT Fr.	Frac.	Staked	8	3	2.5	9	2.0	16	2.5	18	2.5	$6,250
-	1	Lease	16	3	2.5	9	2.0	16	2.5	18	2.5	$12,500
												$531,250
TOTALS	**219**		**3,490**									**$1,770,625**

REGISTERED PROFESSIONAL GEOSCIENTIST
CHARLES DEARIN
SIGNATURE
Oct. 9/96
DATE
NEWFOUNDLAND & LABRADOR

4) **Geology**: refers to the existence of known, favorable geological rock types, alteration, structures, etc. on the property which may be considered favorable for the occurrence of exploitable mineralization, based on previous experience of comparison with known mineable deposits.

These four main characteristics may be subdivided into 19 subcategories which are specifically defined ranges within the four main characteristics. These subcategories are defined and summarized in Table III.

Each of the 19 subcategories are assigned a relative importance with respect to one another which is a function of the valuators personal experience, knowledge and preference. Each subcategory is assigned a value factor which is related to the degree of importance of the subcategory to the valuation. Table III summarizes these characteristics and the weighting factors. The weighting factors in Table III have been used as proposed by Kilburn with the exception of geology subcategories 18 and 19 where two additional weights have been added by the writer.

Kilburn assumed a fair cost base for a typical Canadian mineral claim, which is directly related to the claims acquisition cost, to be $400 for a 16 hectare mineral claim, or $25 per hectare with periodic adjustments for inflation. The property is then valued on a claim by claim basis by selecting the appropriate subcategories and its weighting factor and then multiplying each subcategory factor by the other factors times the claim size times $25 per hectare. Table IV summarizes this valuation process on a claim by claim basis.

Using this valuation method and as summarized in Table IV the Vermont Project mineral claims have an estimated value of approximately $1,770,000.

Property Value

Two independent valuation techniques have been used to conservatively arrive at a value of the Vermont Project mineral elaims. The values are within 25% of each other. It is felt that the more quantitative Kilburn (1990) valuation technique gives a more accurate value, however to remain on the conservative side the Roscoe value should influence the final valuation figure.

It can be concluded that the Vermont Project of Mountain Star Resources Ltd. has a value of approximately $1.6 million.

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CERTIFICATE OF QUALIFICATIONS

I, CHARLES F. DEARIN, P. GEO. of the city of St. John's, Newfoundland do hereby certify:

THAT I am a practicing Geologist residing at 7 Parsons Place, St. John's, NFLD. A1A 1Y2

THAT I am a registered Professional Geologist with the Association of Professional Engineers and Geoscientists of Newfoundland (APEGN).

THAT I received my Bachelor of Science degree in Geology from Memorial University of Newfoundland in 1975.

THAT I have practiced my profession as both a Mining and Exploration Geologist continuously since 1975.

THAT I do not have, not do I expect to receive any interest, direct or indirect, in the securities or properties of Mountain Star Resources Ltd.

THAT this report is based on my personal examination of parts of the property during 1981 as well as a review of all available geological reports and data related to the Vermont Project area.

Dated at St. John's, Newfoundland this 30th day of September, 1996.

Charles Dearin, P. Geo.