

RICHARDSON GEOLOGICAL CONSULTING LTD.

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MEMO TO: Mr. F.G. Hewett, Vice President,
Northair Mines Ltd.,
625 Howe Street
Vancouver, B.C.

February 22, 1988

Dear Fred:

Following your instructions, I contacted Ed Kimura of Placer Dome regarding the QR Gold Property in the Likely Area of the Cariboo. I was given a set of 1:1000 plans and 1:500 cross sections which covered the Main, Midwest and West zones. Several ore reserve calculations have been made using different cutoffs and methods of calculations, but the results of these do not vary significantly considering the data are entirely from drill holes. These are summarized in the Pre-Feasibility Report as follows (converted to short tons and oz/ton):

	Diluted tons	oz/ton
Main Zone (.044 oz/ton cutoff)	580,406	0.171
West Zone (.114 oz/ton cutoff)	119,514	0.273
Midwest Zone (.088 oz/ton cutoff)	421,434	0.174
	<u>1,121,354</u> tons @	<u>0.183</u> oz/ton Au
Potential Main Zone additional reserves: Undiluted and uncut	<u>319,964</u> tons @	<u>0.134</u> oz/ton Au


205
42

The Main Zone would be mined in an open pit. The Midwest Zone would be mined from a decline from surface or an underground opening from the west end of the Main Zone open pit. The West Zone would be mined from a drift the full length of the zone followed by retreat mining to the portal.

The metallurgical testing was done by Lakefield Research in 1981 on Main Zone ore. It indicated that the Main Zone ore is free milling with about 50% of the gold recoverable by gravity separation. Milling tests have not been done on ores from the West and Midwest zones. Straight cyanidation gave recoveries of 95-96% with cyanide consumption of 0.5 kg/t.

Access to the Property is from Quesnel via a good logging road to the centre of the Property. Power would be supplied by B.C. Hydro with 10 km of line needed from Morehead Lake to the Property.

Attached are copies of the Pre-Feasibility Study by the Dome Mines Group and a Metallurgical Study dated November 25, 1981 by Lakefield Research.


P.W. Richardson, P.Eng.