

INMET

MINING

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Date: April 1, 1996
To: Ian Morrison
From: Peter Daubeny
Subject: SIB property data assessment.

The SIB property covers the same stratigraphy as the Eskay Creek VMS deposit about 5 km to the North. Extensive exploration, consisted of rock and soil sampling, magnetometer, VLF and IP surveys, and diamond drilling was conducted during the years 1989-1991, coeval with the discovery and definition drilling of the Eskay Creek precious and base metal deposit. Most recently, data collected by American Fiber's consultants during the 1989-1991 exploration program was examined by Inmet personal and two long sections depicting favorable stratigraphy and accompanying mineralization were constructed to help determine the potential for untested exploration targets.

All surface exploration targets appear to have been well explored. All but the most insignificant rock and soil geochemical anomalies have been drill tested as have most of the geophysical anomalies. Stratigraphy with the potential to host Eskay type mineralization has been systematically tested on 200 meter sections to relatively shallow depths over the entire length of the property. In addition, two large gaps in the claims covering the property have been similarly tested by other operators. Of the 112 drill holes completed on the SIB claims, only 5 exceeded 200 meters in length, and most are less than 100 meters long. All the core from the drill holes was split and assayed by 30 element ICP and anomalous intersections were fire assayed. No whole rock analyses were undertaken.

During the course of the exploration program two areas, the Lulu zone and Battleship Knoll zone, both containing high grade gold and silver mineralization were discovered. In addition, the stratigraphical intervals hosting the Mackay mudstone/Betty Creek volcanics contact and the Mt Dilworth/Salmon River formation contact were explored. The Mackay mudstone/Betty Creek contact was found to be spatially associated with low grade, mostly narrow intersections of Au and Ag mineralization. The Mt Dilworth /Salmon River formation contact, which hosts the Eskay ore body a few kilometers to the north, was found to be mostly devoid of precious or base metal mineralization.

Mineralization in the Lulu zone was discovered in DDH 90-30, which intersected 14.3 meters grading 14.43 g/t Au and 1059.8 g/t Ag. Twenty-five subsequent drill holes defined a discreet zone of stibnite, barite and tetrahedrite veining with occasional visible

gold, hosted in graphitic argillites. The argillites have been interpreted too lie in a gently south plunging, steep sided syncline, that is bounded on its flanks by the rhyolite flows and tuffs of the Mt Dilworth formation. A north-south long section of the Lulu mineralization reveals that the strike extension of the zone to the South appears to be truncated by the Lulu and Coulter Creek faults. Mineralization is possibly open to the North at depths of about 100 meters but gold and silver mineralization, while remaining distinctly anomalous, is an order of magnitude less than the values obtained in DDH 90-30.

A second area of high-grade mineralization occurs some 200 meters north of Battleship Knoll, which is a rhyo-dacite? edifice consisting of Betty Creek formation pyroclastics and volcanic fragmentals. The mineralization is centered in a 350 meter wide gap in the SIB claims on ground that is owned by Prime Resources and Homestake Mining Co. DDH LW90-02 intersected 1.197 oz gold and 1.71 oz silver/ton about 60 meters below surface close to what is probably the Betty Creek volcanics/Mackay mudstone contact. Subsequent drilling in the immediate vicinity of this intersection turned up sporadic, mostly low grade gold/silver mineralization and up to 8% combined lead-zinc over 2 meters. Drilling under Battleship Knoll by American Fiber intersected low grade gold-silver mineralization (up to 1.3 g/t Au, 4.2 g/t Ag/ 9 meters) at depths of up to 200 meters below surface. Drill logs also make reference to strong sericite alteration of the Betty Creek volcanics intersected at depth in drill holes 89-11, 90-40 and 91-110.

Recommendations:

Although the SIB claims have been well explored the possibility of economic Eskay Creek style mineralization at depth cannot be discounted. One obvious target is the area underlying previous drilling on Battleship Knoll. Here, approximately 60 whole rock samples of Betty Creek volcanics taken from about 20 drill holes might better define the alteration and point to an obvious drill target. Two draw backs to this plan must be considered. Drill holes testing any targets would be relatively deep (300 to 400 meters in length) and there is a significant chance that at least part of any ore body discovered would lie in one of the two large gaps in the SIB claim block that flank Battleship Knoll. The other area where whole rock sampling might define a drill target is beneath and to the north of the mineralization in the Lulu zone. Although the Lulu zone is nominally open in this direction, mineralization in drill holes defining this trend show a significant decrease in grade over mineralization encountered closer to the discovery drill hole. However, about 60 whole rock samples taken from 15 drill holes would characterize the alteration surrounding the Lulu zone and should define any vectors leading to nearby undiscovered ore-grade mineralization.