

**N.C. CARTER, Ph.D. P.Eng.
Consulting Geologist
1410 Wende Road
Victoria, B.C. V8P 3T5**

**Tel: 250-477-0419
Fax: 250-477-0429
Email: nccarter@home.com**

DATE: June 12, 2001

TO: ALAR T. SOEVER

RE: TILlicum PROPERTY PROGRAM AND BUDGET

Some comments re your program outline and budget - both look fine and I think we can make some progress with respect to the "compilation" component. One question here - I note that the database compilation is listed as \$12,432 plus \$600 for prints. Will this adequately cover what you would like to do? I also note that part of the compilation includes time and travel to Nelson to collect the data - this could be covered off as field expenses.

With respect to field work, the structural mapping and necessary core logging are fine - I would suggest that this component also include some stream sediment sampling of several drainages within the northern tier of claims on the assumption that these may be dropped but it's always a good idea to get some data on their potential on the way out the door. I anticipate the collection of about 40 samples which might involve 3-4 days time and analytical costs of \$800.

The northern tier of claims is underlain by granitic rocks of the Cretaceous Goat Canyon - Halifax Creek stock which are younger than the host sedimentary sequences. These may have some potential for porphyry style and possibly intrusion-related gold and the proposed stream sediment sampling may indicate something in this regard although I consider it doubtful.

The current property consists of 169 mineral claim units contained in 30 titles. One year of assessment requirements amounts to 169 x \$200/claim unit or \$33,800. We had discussed dropping the northern tier of claims which consist of the following:

- Gold Till 1 - 20 units
- Mill - 10 units
- Juanita - 20 units
- Halifax - 20 units
- Esto 1 - 6 units
- Daisy #8 Fraction - 1 unit
- AGE 1-4 - 4 units

These total 81 mineral claim units or slightly less than half of the current property holdings. Remaining claims (88 mineral claim units) would include:

...../2

TIL 1 - 20 units
 TIL 2 - 20 units
 TIL 3 - 16 units
 TIL 4 - 16 units
 Molly Fraction - 1 unit
 Molly - 1 unit
 Near 1-7 - 7 units
 Sandy Too 1-3 - 3 units
 Wolf - 1 unit
 Hugh - 1 unit
 Black Bear - 1 unit
 Golden Hope - 1 unit

Required assessment work credits to maintain these key claims in good standing for one year would be $88 \times \$200 = \$17,600$. To extend these claims for two years beyond current expiry dates would be double this amount or \$35,200. Pending the client's approval, this may well be possible by expanding your budget amount (\$29,554.50) as follows:

1. My daily rate - I note that you have me down for a total of 10 days which I think is sufficient. My daily rate is \$700/day, not including GST (more on this later). The distribution of days can be entirely flexible - perhaps 6 days for report prep is a bit too much and in this context, we may wish to consider my traveling to Nelson at the same time as yourself during which time we might be able to visit the property as well as review the data available through George Addie. The most cost efficient way for me would be to drive to Nelson; total travel, accommodation, etc. costs would be in the order of \$600.

2. My gut feeling is that it may be necessary to involve George Addie for 3 days instead of 2. The other component here is that we may wish to retain George's son Gordon to carry out the field work which I think would keep everyone on side. Just a suggestion - there are a couple of other geologists in the Nelson area who would be more than capable of carrying this out as well.

3. GST on daily rates is not reflected in the budgeted amounts - this would amount to slightly more than \$1,000 and can be included in the daily rates for assessment purposes.

4. Claim Grouping and Assessment Work Filing or Recording Fees - grouping of all current claims will be required - at \$10/title, these would amount to $30 \text{ titles} \times \$10 = \$300$. Assuming assessment work would be filed on 88 claim units only, the fee for one year would be $88 \text{ units} \times \$10 = \$880$ or \$1,760 for the proposed two years. These fees are not allowable for assessment credit but should be included in the proposed budget.

Incorporating the foregoing would bring the total budget to about \$40,000 of which \$35,200 could be applied to maintain the key claims for an additional two years. This would leave a surplus of about \$3,000 (not including filing fees) which could be applied to the company's Portable Assessment Credit (PAC) account for use in defraying future filing fees and required assessment credits.

Assuming that the proposed \$13,000 is adequate for database compilation, this would amount to about 36% of the total assessment work. It may well be possible to expand this component by further discussion with those responsible for vetting assessment work, but if so, we may have to cut back on something else - perhaps 10 field days instead of 15?

...../3

Finally, we have to be aware that the critical date for nominal completion of this program is July 18 which is the expiry date for the Halifax 20 unit claim. Failing this, the options include simply letting this claim (one of the northern ones) lapse or arranging a cash-in-lieu payment of \$4,000 plus recording fees of \$200. The next critical date is July 29 when the Esto 1 claim (6 units and again, one of the northern claims) expires.

Bear in mind that we have 90 days beyond the filing date to complete the report done and the data compilation could be completed during this time - the critical thing is to have the field work done by either one of these two dates.

I think I mentioned in a previous note that any field work done (ie - stream sediment sampling) on the northern claims could be applied to the claims we want to maintain by grouping all of the claims prior to filing the assessment work.

At the end of the day, we could end up with two years assessment credit on the key claims and a document that could be used to attract interest in this property.

I'll be interested in your comments re the foregoing.

Nick Carter