

Dear Ken,

At your request we have reviewed the data on Mustang Mineral Corp's Tillicum Property and prepared the following Proposed Exploration Program. In carrying out our review we examined the summary report by Ross Glanville and Associates Ltd prepared for you in March 2000, and held conversations with Mr. George Addie, who carried out the previous work on the property for AMT Resources Ltd. As you know little work has been carried out on the property over the last decade with the exception of the work reported by Mr. Addie in his 1997 assessment report. This has been in large part due to the difficulty in raising money for BC projects due to the negative investment climate brought on by the previous government's policies and exacerbated more recently by low gold prices.

Previous work on the property started in 1980 with the discovery of high-grade gold in the "Money Pit" by Arnold and Elaine Gustafson, of Burton, on ground held as the Wolf, Hugh, Sandy and Near claim groups (12 units). Esperanza Explorations Ltd and Welcome North Mines Ltd., as a joint venture, optioned 100 per cent interest in the property from the Gustafson's by a September 20, 1980 agreement, subject to a percentage of net smelter returns. The existing claims and adjacent ground was over staked as the Til 1-4 claims (72 units). Work in 1981 included geochemical and geophysical surveys and trenching. A bulk sample of 58 tonnes shipped from the Money Pit averaged 78.8 grams per tonne gold. Welcome North withdrew from the joint venture in March 1982. La Teko Resources Ltd., on June 23, 1982, acquired an option to purchase a 50.4 per cent share interest in Esperanza Explorations prior to December 31, 1984 for \$5,125,000. Additional staking expanded the property to some 237 units. Exploration activity in 1982 included 1128 metres of diamond drilling in 16 holes on the Heino-Money zone, 8 holes on the East Ridge zone and 1 hole on the Jenny zone. In 1983 a 60.9-metre crosscut adit was driven on the East Ridge zone and further geochemical surveys and trenching carried out. Diamond drilling was done in 18 holes on the Heino-Money zone. Drilling to that date outlined a drill indicated potential of 90,720 tonnes (George Cross News Letter, February 28, 1984). Drilling in 1983 totalled 2319 metres in 38 holes. In 1984 a 60-metre adit was driven into the upper part of the Heino-Money zone; a 2268-tonne bulk sample was shipped to the Dankoe mill at Keremeos in 1985. Further diamond drilling was done in 5 holes on the East Ridge zone (total 25 holes to date). La Teko provided financing of exploration to the end of 1985 (\$2.28 million) to earn a 39.6 per cent interest in Esperanza. La Teko was unable to provide further financing and the 1982 option agreement expired at the end of 1985.

The Heino-Money zone has been explored by drilling and underground exploration and has a reserve potential of 45,355 tonnes grading 34.28 grams per tonne gold. Within this reserve, a mining reserve has been calculated to be 15,874 tonnes with a diluted grade of 34.28 grams per tonne gold using a 11.99 grams per tonne gold cutoff grade. Exploratory underground drifting (300 metres) and drilling on the East Ridge zone has resulted in indicated reserves of 1,184,672 tonnes grading 5.82 grams per tonne gold. Within this reserve are measured geological reserves of 238,567 tonnes grading 13.36 grams per tonne gold using a minimum width of 1.5 metres and a 6.85 grams per tonne gold cutoff grade (Assessment Report 19437). Columbia Gold Mines (1991) estimated reserves of the East Ridge zone to be 440,000 tonnes grading 10.26 grams per tonne gold (Information Circular 1993-13, page 17). In 1993, a total of 5503 tonnes of ore with an estimated head grade of 24.4 grams

per tonne gold was mined from the Heino-Money zone and shipped to the Goldstream mill (082M 141) for processing. About 102,443 grams of gold and 149,546 grams of silver were recovered into concentrates, which were shipped to Japan for smelting (George Cross News Letter No. 237 (December 10), 1993).

Mustang Gold acquired the property in 1997.

As one can see from the exploration history, work to date has been focused on targeting small lenses on individual veins with a view to establishing small mining operations. There has been no assessment of the overall geometry and structural setting of the mineralization, with a view to establishing the controls on the genesis of the mineralization and assessing the overall potential of the property.

Such an assessment would require a study of the structural setting of the mineralization complete with 3-D modelling of the mineralization on the property. The data on the property is not in a digital format. All copies of previous work are currently stored with Mr. Addie. This includes the drill logs, however some of the drill logs are only summary logs as detailed logging was not carried out.

This first step in re-activating the property as a viable exploration project would require a thorough compilation of the data, including preparation of a digital database and 3-D modelling of the mineralization. This work is also recommended in the Glanville Report and by Mr. Addie (pers. comm.). We envisage the following work program to complete 3-D modelling of the mineralization and a structural study to determine the controls on mineralization and identify targets for further work.

The work program can be divided into the following tasks: Collect existing data; Convert data into a digital form and build Gemcom database; Prepare plans and sections and complete initial interpretation; Complete field checks by structural mapping in the field and re-examination of the drill core, including relogging of some of the holes for which there are no detailed logs, as required; Complete final interpretation; Prepare Report. The detailed budget for this work is presented below:

INSERT BUDGET HERE

One caveat we have is that not all of this work may qualify as assessment. While other provinces such as Nova Scotia have allowed compilation work to qualify, provided it can be demonstrated to be necessary to advance the project, we understand that in BC there are limits as to what percentage of a program can be compilation of existing data. We would therefore urge that you present this proposal to the Government for pre-approval as to how much of this work will qualify as assessment. It may be that with the new government wanting to revitalize the mineral industry there will be more flexibility than previously, particularly in a case like this where the work is vital and will in all likelihood generate new targets.