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Ms. Leila Kamil
2144 East 4th Avenue
Vancouver, B.C. V5N 1K6

Dear Ms. Kamil:

Re: Reported Mercury Contents
Expropriated Placer Mining Claims L.C. and L.C. 1
Tenure Numbers PC 269573 and PC 269574
Victoria Mining Division, British Columbia

This letter is intended to address concerns expressed by Mr. Ken Davidson of Sierra Systems regarding potential concentrations of mercury within and/or adjacent to the subject placer mining claims.

The results of a program of sand and gravel sampling, undertaken over the area of the current placer claims in 1974, is detailed in a geochemical report prepared on behalf of Arside Mining Ltd. by F.C. Loring and A.B.L. Whittles. This report, which forms part of the data package, refers to analyses for gold only in the 20 samples collected; there is no mention of mercury.

A subsequent soil survey, carried out over parts of the current claims in 1979 by Mark E. Walmsley, is the subject of Assessment Report 7368 entitled "Soil Survey of PML 238 and 237 on Loss Creek for use in Reclamation Following Mining Exploration Procedures". As the title implies, this was a geotechnical study rather than a geochemical sampling program.

The only reference to mercury in the available reports directly pertaining to the subject property is contained in Assessment Report 10896 authored by H. Kamil and dated August, 1982 and revised in May of 1983. Test work on samples collected from the property included the use of mercury as an amalgam to concentrate gold. This work was apparently conducted off-site by Golduster Development Ltd. of Victoria.

Lode mineral claims immediately west and north of the subject present placer mining claims, and owned in the early 1980s by Triangle Ventures Ltd., were investigated in 1984 by E. Bakker and C. Ulrich. Results of this investigation are contained in Assessment Report 12061 which refers to the fact that the unconsolidated material overlying bedrock is gold-bearing in places and that "native mercury is common, sometimes occurring in appreciable amounts" but no analytical data are presented. The report goes on to state that "the placer gold and mercury is probably of local

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origin" and "the Leech River Schists are likely the source of the gold in the surficial deposits. Mercury often occurs together with free gold in these deposits." The authors state, however, that the most probable source of mercury is within the Loss Creek watershed and probably emanated from the Leech River Fault.

It would appear from the available information that the unknown concentrations of mercury in this area are naturally occurring and do not represent a contaminant relating to historic placer mining activities.

I am of the opinion that the presence or absence of mercury on the subject placer mining claims is not relevant to an assessment of the value of the property.

Respectfully submitted,

N.C. Carter