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Mr. J.A. Currie, P.Eng.
Vice President
Exploration and Business Development
Fargo Resources Limited
9th Floor, 850 West Hastings Street
Vancouver, B.C.
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Dear Mr. Currie:

Re: Kerr Copper-Gold Project
Sulphurets Gold Corporation

Summary and Conclusions

The Kerr property, on Sulphurets Creek northwest of Stewart, includes a potentially large zone of good grade (+1%) copper mineralization with significant gold values in the 0.010 oz/ton range.

The physical setting of the property allows for a potentially low stripping ratio in a possible open pit mining operation.

Analytical results for 1988 drill holes should be assessed to gain a better understanding of grade distribution and a preliminary metallurgical study is recommended.

I consider the Kerr property to be an attractive prospect worthy of serious investigation.

Introduction

The Kerr copper-gold property is situated on Sulphurets Creek in the Coast Mountains 55 km northwest of Stewart and 60 km west of highway 37 at Bowser Lake.

The writer briefly visited the property September 12 in the company of yourself and Dale Wallster, president of Sulphurets Gold Corporation. The following comments are based on observations made during the property visit, on reports of 1987 exploratory work conducted by Western Canadian Mining Corporation, and on an August 29, 1988 press release issued by Sulphurets Gold Corporation.

Setting

Principal mineral zones on the Kerr property are on a gossanous northeast-trending ridge south of Sulphurets Creek. Elevations range from 1400 to 1800 metres above sea level.

A Jurassic volcanic sequence underlying the property area is transected by several north-striking fault zones. Fragmental volcanic rocks throughout the main area of interest have been converted to quartz-sericite-chlorite schists. Syenitic(?) feldspar porphyries and late stage (post mineral) andesite dykes intrude the volcanic sequence, generally paralleling the north-trending schistosity.

Three principal north-trending mineral zones are known on the Kerr property. From west to east these include A Zone (gold-silver-copper - 2-3 metre wide breccia zones with values of 0.10-0.50 oz/ton gold, 1-6 oz/ton silver, 1-4% copper), B Zone (copper-gold stockwork mineralization over a large area with values of up to 1% copper and 0.012 oz/ton gold) and C Zone (gold-silver in 0.5 metre wide quartz veins with gold values in the 0.10 oz/ton range). A good zonation is evident outward from a feldspar porphyry intrusion underlying A Zone.

While the C and particularly the A Zone are considered to have merit, B is the principal zone of interest at present.

B Zone

B Zone has been tested by 15 diamond drill holes over a strike length of 1 km and a width of up to 300 metres. Analytical data, available for 6 holes in the central part of the zone, show average copper grades of more than 1% over lengths of 80 to 160 metres in three of the holes. Gold values are in the 0.010 oz/ton range.

Disseminated pyrite is ubiquitous and copper occurs as chalcopyrite and as secondary copper minerals (chalcocite?) disseminated in quartz veinlets which parallel foliation planes

in the host quartz-sericite schist. Gold is reportedly associated with chalcopyrite.

Hole K87-8 was briefly examined on site and better copper grades (0.5 to 2%) and gold values are apparently restricted to the interval between 30 and 95 metres. The interval between surface and 30 metres contains low copper values but enhanced gold, characteristic of a leached cap environment below which is a weakly developed supergene zone (note that supergene copper zones are known elsewhere in glaciated terrains of B.C. - examples include Bell Copper and the Berg deposits). Below 95 metres in hole K87-8, quartz sericite schist is silicified and copper grades are lower, in the 0.2 to 0.5% range.

The quartz-sericite schists are cut by dykes of feldspar porphyry and andesite, both of which contain low copper values and trace gold.

Discussion

Widespread copper mineralization averaging 1% with gold values in the 0.010 oz/ton range render the Kerr property an attractive prospect which warrants serious investigation.

Analytical results were available for only the central part of the B Zone at the time of the property visit. It is understood that hole K88-18, 700 metres to the northwest yielded 143 metres grading 1% copper and 0.012 oz/ton gold. These results indicate a strike length of at least 700 metres, widths of up to 300 metres and a vertical range of 200 metres for the B Zone. A potentially large tonnage of copper-gold mineralization is inferred and the zone is open along strike and to depth.

Respectfully submitted,

N.C. Carter, Ph.D. P.Eng.