EEL PROPERTY, SUMAS MOUNTAIN
BRITISH COLUMBIA, CANADA

1994 GEOLOGICAL EVALUATION

EEL Claims 1 to 9
New Westminster Mining Division - NTS 92G/1E
Latitude 49°4' N - Longitude 122°11' W

Prepared for
QUALITY INDUSTRIAL MINERAL & SUPPLY INC.
37195 Ward Road, R.R. # 4
Box 12, Abbotsford, British Columbia
V2S 4N4

By
BAKKER GEOLOGICAL CONSULTING
Ebo Bakker, P.Geol. (Alberta)
4 Whitebrook Rise
Fairport, New York, 14450 - U.S.A.

July 1, 1994

23,449
SUMMARY

Quality Industrial Mineral & Supply Inc. (QUIMS) controls a group of seven contiguous mineral claims in British Columbia, (the EEL property). The claims are in good standing and total about 162½ ha.

The EEL property is concluded to be of potential economic interest, on its own or, more likely, in conjunction with QUIMS’ Feldspar property 1 km to the north.

The EEL property is close to the Trans Canada Highway and is easy accessible by paved road. The elevation ranges form about 90 m in the south to 270 m in the north. Most of the property is forested.

The EEL property is underlain by Middle Jurassic Chehalis Volcanics which consist of massive fine- to medium-grained intermediate and mafic volcanics. The rocks appear to have been lower greenschist facies metamorphosed. Deformation is mainly confined to the development of joints. Subvertical S20E joints dominate. The property is to the south and east bound by SW-NE and NW-SE faults, (i.e., along the north-west edge of the Sumas River valley and along the McKay creek valley).

Pyrite is in certain areas common on joints and in thin veinlets. An alteration zone paralleling subvertical NW-SE fractures is associated with bleaching, silicification and pyrite and copper mineralization.

Quality Industrial Mineral & Supply Inc. is developing the volcanics in the northern part of the property for road base material. The rocks are blasted in a large quarry and subsequently crushed.

Only the northern part in and around the quarry has been visited by the author. This is the best accessible part. Conclusions and recommendations are based on visits by the author, available information and on knowledge of the area obtained in relation to work done on QUIMS’ Feldspar property.

It is recommended that the EEL property is mapped in detail and that rock exposures are sampled.
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A. INTRODUCTION

A.1 Scope of Work
Bakker Geological Consulting ('BGC'), of Fairport, New York, United States, was requested by Pegasus Earth Sensing Corporation of North Vancouver, B.C., to evaluate the EEL property on Sumas Mountain in British Columbia for Quality Industrial Minerals & Supply Inc. of Abbotsford, B.C.

The author visited the property in April and in June, 1994. In addition available background material was studied. This report contains the evaluation of the property and recommendations for future work.

A.2 Legal Status
The EEL property consists of seven mineral claims in good standing (Figure 1):

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<td>25 ha</td>
<td>April 7,1995</td>
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<td>EEL 2</td>
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<td>25 ha</td>
<td>April 7,1995</td>
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<td>25 ha</td>
<td>April 9,1995</td>
</tr>
<tr>
<td>EEL 4</td>
<td>324532</td>
<td>25 ha</td>
<td>April 9,1995</td>
</tr>
<tr>
<td>EEL 5</td>
<td>324533</td>
<td>25 ha</td>
<td>April 11,1995</td>
</tr>
<tr>
<td>EEL 6</td>
<td>324534</td>
<td>25 ha</td>
<td>April 11,1995</td>
</tr>
<tr>
<td>EEL 9</td>
<td>324082</td>
<td>25 ha</td>
<td>March 9,1995</td>
</tr>
</tbody>
</table>

The property measures (because of claim overlap) about 1¼ by 1 km and totals about 162½ ha. The claims are registered in the name of Mr. Jack D. Lee of Abbotsford, B.C., the president of Quality Industrial Minerals Ltd. (QUIMS).

A.3 Location and Access
The EEL property is situated on the south-west side of Sumas Mountain, just north-west of the Sumas River valley. The property is reached from the Trans Canada Highway by the Upper Sumas Mountain Road. The Keeping Road, heading east from the Upper Sumas Mountain Road, ends in the northern part of the property.
The EEL property is about one kilometer south of the so-called Feldspar property, of which the claims are also registered in the name of Mr. Jack D. Lee. A Trans Mountain Oil Pipeline right-of-way crosses the southern part of the property.

A.4 Physiography
The EEL property straddles a NW-SE ridge which slopes steeply down to McKay Creek irregularly to the south-west to the Fraser/Sumas river valley. Access to McKay creek is presently not possible due to steepness and dense growth. The elevation of the property ranges from about 90 m in the south to about 270 m in the north. The upper part of the forested ridge contains some water filled depressions.

A.5 1994 EXPLORATION
Four man days were spent mapping the EEL property in April and June, 1994. Work consisted of mapping and sampling using aerial photographs and a Thommen 2000 altimeter for control.

B. GEOLOGY AND MINING

B.1 Regional Geology
Most of the region surrounding the EEL property is underlain by Mesozoic biotite and/or hornblende bearing intrusive rocks with compositions ranging from granites to diorites. Paleozoic to Recent sedimentary and volcanic deposits are present locally in subordinate amounts. Glacial drift is occasionally present in significant amounts, (see Roddick and Armstrong, 1956).

The major structural trend in the region is NE-SE parallel to the overall pattern of the Coast Mountains. SW-NW trends occur locally. The older Upper Paleozoic to Lower Mesozoic rocks are generally more severely deformed, and are generally higher metamorphosed than the younger rocks. In the younger rocks generally only low-temperature alteration products, such as chlorite, epidote and sericite are present.

Roddick and Armstrong (1956) describe three types of mineralization in the region:
1. The most common mineralization is a pyrite filling in narrow veins, or replacing large areas of fine-grained, dark hornblende granulites. Chalcopyrite and less commonly, other copper sulphides, sphalerite and galena are concentrated at scattered localities in the pyritized areas. These deposits are small, erratically distributed and discontinuous. Commonly the principal metal of value is copper, with minor amounts of gold and silver.

2. White quartz veins (most in non-granitic rock) containing minor amounts of pyrite and other sulphides. Gold is the only metal of value in these veins, but is rarely present in encouraging amounts.

3. Small, rust-colored pods of molybdenite and pyrite in fine-grained hornblende diorite, or hornblende-rich quartz diorite.

**B.2 Property Geology**

The EEL property is underlain by the Middle Jurassic Chehalis Volcanics. Roddick and Armstrong (1956) describe these volcanics as massive andesite and dacite porphyries characterized by phenocrysts of plagioclase and commonly quartz.

The property is situated just north-west of a significant SW-NE trending fault along the north-westerly edge of the Sumas River valley. The relative deep and straight McKay Creek valley at the eastern boundary appears to parallel a NW-SE fault.

The author visited the northern part of the property, where good exposures exists in the quarry of Quality Industrial Mineral & Supply Inc. Exposed are fine- to medium-grained, dark greenish chloritic, usually massive, mafic to intermediate rocks, locally with feldspar phenocrysts. Joints are very common, they are predominantly subvertical and trend S20°E, other directions are common but less regular. The jointing causes the rock to fracture in small angular fragments. The joints are typically coated with iron (hydr)oxides. The rocks are overlain by glacial till and topsoil.

Fine grained pyrite is common on joint surfaces or in veinlets in some areas. A quartz vein with some calcite was observed. An alteration zone, recently opened up in the quarry, is of particular interest. The bleached zone with chlorite and
carbonate is at least 40 cm wide and follows parallel NW-SE subvertical fractures. Mineralization consists of veinlets and small pods with pyrite, chalcocypyrte and possibly with other sulfides.

Four samples were taken in April and one sample in June (#36001 to 36005). Two samples, #36001 (intermediate rock) and #36004 (mafic rock), were taken to study the overall composition of the major rock types on the property in conjunction with the geology of the Feldspar property to the north. The other samples, #36002 (bleached rock) and #36003 and #36005 (mineralized) were collected in order to study the mineralization. Samples were sent to Acme Analytical Laboratories Ltd. of Vancouver, B.C. for whole rock ICP analysis, geochemical multi-element analyses and/or gold fire assay, (Appendix 2).

The intermediate and mafic rocks differ mainly in their iron content, (7.8 and 10.20 % Fe₂O₃, values much higher than in the feldspar-rich rocks of the Feldspar property). Calcium and sodium is higher and potassium is lower in the sample of the intermediate rock. The sample of the 'bleached' rock is enriched in silica (64.9 % SiO₂, versus 55.0-56.8 %), probably due to silicification as part of the mineralization process. One of the mineralized samples is enriched in iron (14.6 %) and copper (0.13 %). Results of the other sample has not been received yet.

B.3 Mining
The company 'Quality Industrial Mineral & Supply Inc.' (QUIMS) is presently quarrying the volcanics at the EEL 9 claim in the northern part of the property. The rocks in the ridge here are blasted and crushed. Crushed materials are intend for road base. The joints in the volcanics facilitate the fracturing of the rocks. QUIMS intends to level most of the west side of the ridge here from a high of about 270 down to about 240 m. The topsoil is, prior to blasting, removed and stockpiled. QUIMS plans to replace the topsoil when reclaiming the site after quarrying. Parts of the ridge are left in place to shield the dwellings south of the quarry.

The development of the quarry and associated issues are excellently described in detail by Reimchen (1993).
C. CONCLUSIONS AND RECOMMENDATIONS

C.1 Conclusions

1. The about 162½ ha EEL property on the south side of Sumas Mountain just north of the Sumas River valley is registered in the name of Jack D. Lee, the president of Quality Industrial Mineral & Supply Ltd. The property consists of seven contiguous claims, totaling about 162½ ha. The claims are not grouped, they expire in the period March 9 to April 11, 1995.

2. The EEL property is underlain by the Middle Jurassic Chehalis Volcanics, which consist of fine-grained and porphyritic intermediate and mafic volcanic rocks. The rocks appear to have been lower greenschist facies metamorphosed. Deformation is mainly confined to development of closely spaced joints. Subvertical S20E joints dominate. SW-NE and NW-SE faults are present south and west of the property.

3. Pyrite and copper mineralization exists along a NW-SE subvertical alteration and fracture zone.

4. Based on the mineralization found at the property, the closeness of major faults and the general setting of the property, it is concluded that the EEL property has a potential economic interest.

5. Quality Industrial Mineral & Supply Inc. is developing the volcanics in the northern part of the property for road base material.

C.2 Recommendations

1. Map the EEL property in detail and sample rock exposures in order to locate mineralized areas.

2. Inspect the quarry on a regular basis to see if the present mineralization changes in significance, or if other mineralized areas are being exposed.

3. Study of the EEL property and future evaluation should be done in conjunction with a new study and a re-evaluation of the Feldspar property 1 km to the north.
Respectfully Submitted,

Bakker Geological Consulting

Ebo Bakker, P.Geo. (Alberta)
D REFERENCES

Pegasus Earth Sensing Corporation (1993) Quims Quarry map, 1:1000. Cambria Data Services Ltd.
APPENDIX 1

LIST OF CLAIMS

COST STATEMENT

STATEMENT OF QUALIFICATIONS
COST STATEMENT 1994

Geological Mapping
Senior Geologist--3 days x $500/day $1500.00

Logistics
Transportation--truck rental, 4 days @ $100/day $400.00

Laboratory
Preparation/analysis $95.00

Reporting
Aerial Photographs $200.00
Drafting 5 hours @ $40.00 $200.00
Senior 1 day @ $500.00 $500.00
Secretary--1 day x $200.00 $200.00

GRAND TOTAL $3095.00
# LIST OF CLAIMS

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<td>324529</td>
<td>25 ha.</td>
<td>April 7, 1995</td>
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<td>EEL 2</td>
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<td>25 ha.</td>
<td>April 7, 1995</td>
</tr>
<tr>
<td>EEL 3</td>
<td>324531</td>
<td>25 ha.</td>
<td>April 9, 1995</td>
</tr>
<tr>
<td>EEL 4</td>
<td>324532</td>
<td>25 ha.</td>
<td>April 9, 1995</td>
</tr>
<tr>
<td>EEL 5</td>
<td>324533</td>
<td>25 ha.</td>
<td>April 11, 1995</td>
</tr>
<tr>
<td>EEL 6</td>
<td>324534</td>
<td>25 ha.</td>
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<tr>
<td>EEL 9</td>
<td>324802</td>
<td>12.5 ha.</td>
<td>March 9, 1995</td>
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</table>
STATEMENT OF QUALIFICATIONS

I, Ebo Bakker, of 4 Whitebrook Rise, Fairport, in the state of New York, United States of America, do hereby certify that:

1. I am registered as a Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta, since 1985.

2. I am a Fellow of the Geological Association of Canada since 1981 and a Member of the Irish Association of Economic Geology since 1992.

3. I am a graduate of the University of Leiden in the Netherlands where I obtained a B.Sc. Degree in Geology with Mathematics, Physics and Chemistry in 1973, and an M.Sc. Degree in Geology in 1979.

4. I have practiced my profession as a geologist since 1973 in Sweden, Canada, U.S.A., Mexico, Turkey, Costa Rica and Brazil.

5. I am the author of this report on the EEL property in British Columbia, Canada. The report is based on visits by myself in April and June 1994 and on a review of existing material.

6. I am an independent consulting geologist and have no direct or indirect interests in the EEL property, nor in Pegasus Earth Sensing Corporation, nor in Quality Industrial Mineral & Supply Inc., nor do I expect to receive any.

DATED at Rostrevor, Northern Ireland this 1st day of July 1994.

Ebo Bakker, P. Geol., Alberta
APPENDIX 2

ASSAY CERTIFICATE
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<th>SAMPLE#</th>
<th>SiO₂</th>
<th>Al₂O₃</th>
<th>Fe₂O₃</th>
<th>MgO</th>
<th>CaO</th>
<th>Na₂O</th>
<th>K₂O</th>
<th>TiO₂</th>
<th>P₂O₅</th>
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<th>Ba</th>
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| E 36001 | 56.75| 16.67 | 7.83  | 3.26 | 5.15| 7.09 | .39 | .93  | .29  | .16 | .002 | 99  | 27 | 224 | 105 | 30  | 14  | 22  | 2.0 | 100.59
| E 36002 | 64.90| 16.72 | 5.62  | 1.26 | 2.24| 5.89 | 1.46| .72  | .11  | .04 | .007 | 527 | 42 | 246 | 80  | 21  | 11  | 21  | 1.9 | 101.01
| E 36004 | 55.02| 17.18 | 10.17 | 3.21 | 4.34| 3.67 | 2.80| .99  | .32  | .11 | <.002| 1003| 25 | 211 | 82  | 33  | 13  | 24  | 2.8 | 100.83
| RE E 36004 | 55.08| 17.23 | 10.25 | 3.22 | 4.35| 3.64 | 2.89| .98  | .34  | .11 | <.002| 1000| 15 | 211 | 78  | 33  | 12  | 24  | 2.7 | 101.05

.200 gram samples are fused with 1.2 gram of LiBO₂ and are dissolved in 100 mL 5% HNO₃. Ba is sum as BaSO₄ and other metals are sum as oxides.

- Sample type: Rock
- Samples beginning 'RE' are duplicate samples.

DATE RECEIVED: APR 25 1994  DATE REPORT MAILED: April 24/94  SIGNED BY D. TOYE, C. LEONG, J. WANG; CERTIFIED B.C. ASSAYERS
<table>
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<th>U</th>
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<th>Cd</th>
<th>Sb</th>
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<th>V</th>
<th>Ca</th>
<th>P</th>
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<td>&lt;2</td>
<td>&lt;2</td>
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<td>.5</td>
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ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3:1-2 HCL-HN03-H2O AT 95 DEG.C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.

THIS LEACH IS PARTIAL FOR Mn Fe Sr Ca P La Cr Mg Ba Ti B W AND LIMITED FOR Na K AND Al.

ASSAY RECOMMENDED FOR ROCK AND CORE SAMPLES IF Cu Pb Zn AS > 1%, Ag > 30 PPM & Au > 1000 PPB.

SAMPLE TYPE: ROCK AU** BY FIRE ASSAY FROM 1 A.T. SAMPLE.

ADDENDUM TO
EEL PROPERTY, SUMAS MOUNTAIN
BRITISH COLUMBIA, CANADA

1994 GEOLOGICAL EVALUATION

New Westminster Mining Division - NTS 92G/1E
Latitude 49°4' N - Longitude 122°11' W

Owner
QUALITY INDUSTRIAL MINERAL & SUPPLY INC.
37195 Ward Road, R.R. # 4
Box 12, Abbotsford, British Columbia
V2S 4N4

By
BAKKER GEOLOGICAL CONSULTING
Ebo Bakker, P.Geo. (Alberta)
4 Whitebrook Rise
Fairport, New York, 14450 - U.S.A.

October 28, 1994
October 28, 1994

T.E. Kalnins, P. Eng.

Ministry of Energy Mines and Petroleum Resources
Geological Survey Branch
15th Floor, 1810 Blanshard Street
Victoria, B.C.
V8V 1X4

Dear Sir:

I have reviewed Ebo Bakker's field notes as well as mine taken during the development of the Quality Industrial Minerals Ltd. quarry from January/93 to July/94. Originally, this property was not staked for economic minerals, only as a source for crushed rock. Samples and mapping gathered by E. Bakker showed that the whole rock analysis and ICP matched some of the rocks that we were calling economic feldspars in the Mineral Property to the north. Subsequently, the Property was staked.

After blasting into the hillside interesting copper/pyrite mineralization was found along the major trending NW/SE faults.

I have plotted the geology as it was known in June/94 on the accompanying map.

Sincerely,

Ted H. F. Reimchen P. Geol., P. Geo.
CERTIFICATE

I, TED. H.F. REIMCHEN OF 4761 COVE CLIFF ROAD, North Vancouver, in the Province of British Columbia, Canada, DO HERBY CERTIFY:

1. THAT I am a Professional Geoscientist(1991-B.C.) and Professional Geologist(1972-Alta) with an office at the above address.

2. THAT I am a graduate of the University of Alberta located at Edmonton, Alberta where I obtained a BSc. and MSc. Degree in Geology in 1966 and 1968 respectively.

3. THAT I have been practicing my profession as a Professional Consulting Geologist in the Province of British Columbia, since 1972.

4. THAT I am a registered Professional Geoscientist in the Association of Professional Engineers and Geoscientists of British Columbia (1991) and a Professional Geologist in the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1972.

5. THAT I have personally prepared a portion of this report, mapped geology and produced the geology map for the EEL Property.

Dated this 28 day of October, 1994 at the City of North Vancouver in the Province of British Columbia.

Legend

- Contour
- $\theta_0$ dip/strike
- minor NE/SW faulting
- major NW/SE faulting
- $x^5$ sample locality 2001-005

Quality Industrial Minerals and Supply

GEOLOGY

Eel Property

Pegomas Earth Sourcing Corp

Figure: 1.