ASSessment report

on the

riley mineral claims

revelstoke mining division

nts 82m 1

lat. 51° 7.5'n long. 118° 25'w

owned and operated by

canadian sapphire corporation

anglo swiss group

october 20, 1997

by james w. laird

exploration manager

geological survey branch

assessment report

25,173
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INTRODUCTION AND SUMMARY

This report details the results of an initial exploration program consisting of helicopter-supported prospecting traverses, designed to assess the gemstone potential of the Riley 1 to 6 claims, located near Revelstoke, B.C.. The claims are 100% owned by and the exploration funded by Canadian Sapphire Corporation, a member of the Anglo Swiss Group of Companies. The field program was undertaken from June 21 to June 26, 1997 and was hampered by a late, deep snow pack, however, several areas of host rocks favorable for the occurrence of sapphire deposits were located. Specimens of tourmaline, zircon, titanite or sphene, quartz crystals, garnets and kyanite were collected during prospecting traverses.

Notable gemstone occurrences in the district include; a recent discovery of sapphire by the B.C. Geological Survey a few kilometres south of the Riley Property boundary; multi-coloured tourmaline and beryl in pegmatites are found on Mt. Begbie near Revelstoke; and emerald green spinel is found in the King Fissure lead-zinc-silver deposit adjoining the Riley Property. Four field personnel were employed during the program; James Laird, John Demers, David and Catherine Ridley, whom are all qualified, experienced gemstone prospectors.

LOCATION AND ACCESS

The Riley Property is located in rugged mountainous terrain in the vicinity of Mt. Copeland, about 20 kilometres northwest of the town of Revelstoke, B.C.. Elevations range from 620 metres east of the property in the Jordan River Valley to 2560 metres at Mt. Copeland. A gravel road up Jordan River and Hiren Creek formerly gained access to the central part of the Riley Property. The Hiren Creek section is currently in disrepair with several bridge washouts, and best access is via a 15-minute helicopter trip from Revelstoke.
CLAIMS

The Riley Property is 100% owned by Canadian Sapphire Corporation, and is comprised of six claims totaling 100 units, or 2500 hectares in area. The claims were staked in 1995 to cover rock types potentially favorable for sapphire occurrence.

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ENVIRONMENT AND TOPOGRAPHY

The Riley Property is underlain by rugged, mountainous terrain almost entirely in alpine. The upper part of Hiren Creek Valley near the former Mt. Copeland Molybdenum Mine millsite lies mostly in sub-alpine, while the lower regions (generally below 1500 metres) are densely treed with fir, cedar, spruce and pine. Open areas are generally covered with thick slide alder and scrub brush. Drainage from the Riley claims is north into Copeland Creek and south into Hiren Creek, which in turn drain easterly into the Jordan River. Weather patterns are quite variable, with snow flurries possible year round and an extremely deep snow pack (+20 metres) possible in the winter months. Extreme terrain, dense cloud cover and sudden mountain storms can make helicopter-supported traverses risky, so well-equipped, experienced field personnel are mandatory. Wildlife observed and thought to occur in the area include; mountain goat and sheep, black and grizzly bear, deer, elk, moose, caribou, wolf and a variety of smaller animals.
HISTORY

The Mt. Copeland and Jordan River area was first explored in the late 1800’s, initially following the discovery of placer gold in the Jordan River, which in turn led to the discovery of a major lead-zinc-silver (barite) deposit on Mt Copeland. The King Fissure (a.k.a. Jordan River) lead-zinc-silver deposit was first explored by shallow trenches and three short adits, and a trail was constructed to the showings from Revelstoke. No systematic exploration was carried out on the King Fissure deposit until the 1950’s, when American Standard Mines Ltd. and Bunker Hill Mines Ltd. conducted extensive surface trenching, bulk sampling and metallurgical testing. This work resulted in a 1961 C.I.M.M. paper published by consultant Chris Riley, in which a rough tonnage and grade estimate for part of the King Fissure deposit was stated as 2,873,000 tons of 5.1% lead, 5.6% zinc, and 1.1 oz/t silver. Bralorne-Pioneer Mines Ltd. drilled ten holes and conducted initial feasibility studies between 1963 and 1965.

West of the King Fissure, on a rugged mountainside below a glacier, prospectors discovered a mineable deposit of high-grade molybdenite in 1964. This property was subsequently purchased by King Resources Ltd., who commenced surface and underground exploration in 1965. The adit portal site is located at 1900 metres elevation on what is now the Riley 2 claim, and was driven approximately 1850 metres north through Mt. Copeland, with the main molybdenite deposit accessed by internal shafts and raises. The deposit achieved 200 tpd production from 1970 to 1973, producing 1,190,713 kilograms of molybdenum from 188,602 tonnes of ore, for an average grade of 1.58 % Mo. In 1970, Dr. James T. Fyles of the B.C. Department of Mines completed a geological and mineral deposit study of the Jordan River area, including the Riley Property area. K. L. Currie of the Geological Survey of Canada did a comprehensive study of the nepheline syenite gneiss intrusions of the Mt. Copeland area in 1976.

Little additional exploration work was done in the area until 1990, when the author began an investigation of the King Fissure deposit for Equinox Resources Ltd., on behalf of the owner, First Standard Mining Ltd.. Compilation work followed by a field program
resulted in the discovery of a new light rare earth and niobium bearing extrusive carbonatite unit within the stratiform lead-zinc-silver sequence (Laird and MacGillivray, 1990). By inverting the local stratigraphic sequence, the extrusive carbonatite layer, “marker marble” and massive sulphide horizons could then be correlated with the Cottonbelt lead-zinc-silver deposit and extrusive carbonatite layer on the northwest flank of the Frenchman Cap Dome, and other similar sequences within the Shuswap Metamorphic Complex. This correlation subsequently led to a district-wide re-interpretation of the stratigraphy and related fold structures, enabling additional discoveries of carbonatite and lead-zinc-silver to be made. Following a comprehensive field program in 1991, a structural re-interpretation of the complex folds hosting the King Fissure deposit resulted in a major increase in potential mineralization to 20,000,000 tonnes of 7.5% lead, 7.5% zinc, and 100 g/t silver (Laird and Clarke, 1991). The estimated tonnage of the light rare earth and niobium bearing extrusive carbonatite unit is on the order of 33,750,000 tonnes, with no ore grade currently established.

In addition, several occurrences of specimen and potential gem-quality crystals were discovered during the 1990 and 1991 field programs in the King Fissure area, including emerald-green gahnite spinel, red almandine garnets, black schorl tourmaline, blue kyanite, scapolite and quartz. In 1995, the Riley claims were staked as part of a regional exploration program based on geological similarities to Canadian Sapphire Corporation’s Blu Starr Sapphire Property, located about 175 kilometres south at the Passmore Gneiss Dome in the Slocan Valley. In 1996, Dr. George Simandl of the B.C. Geological Survey announced a discovery of sapphire hosted in correlative calcareous metamorphic rocks located in the vicinity of Eagle Pass Mountain, several kilometres south of the Riley Property boundary. No further exploration of this new discovery was possible during the 1997 field season because of the late, deep snow cover.

GEOLOGY OF THE MT. COPELAND AREA

The Riley Property is underlain by Monashee Complex metamorphic rocks, which lie within the Paleozoic and older Shuswap Metamorphic Complex. The Monashee
Complex consists of a series of granitic gneiss domes of probable Aphebian age enveloped by metasedimentary gneisses and schists. The Riley Property lies on the southern flank of the northernmost of these domes, the Frenchman Cap Gneiss Dome.

Field and compilation work in 1990 and 1991 (Laird and McGillivray, 1990; Laird and Clarke, 1991) resulted in stratigraphic and structural interpretations substantially different to those in previous publications (Fyles, 1970; Hoy and Brown 1980). This re-interpretation, made possible largely by recognition of the extrusive carbonatite layer associated with the King Fissure deposit, has enabled correlation’s to be made with stratigraphy elsewhere in the Monashee Complex, such as the Cottonbelt area on the northwest flank of the Frenchman Cap Gneiss Dome (Hoy, 1987). Units referred to in this report are keyed to those on the Riley Property Map.

The Frenchman Cap Gneiss Dome consists largely of medium to dark grey, medium-grained, granitic biotite-feldspar gneiss. Within the granitic gneiss are inclusions of biotite-hornblende gneiss and light grey granitic gneiss, and pegmatite zones are locally well developed. Folding within the gneiss intensifies towards the unconformably overlying metasediments (Fyles, 1970). Previously referred to as mixed gneiss (Wheeler, 1965; Fyles, 1970), it is herein referred to as Unit 1 granitic gneiss.

Overlying the core gneisses are Unit 2 quartz-pebble conglomerates, white quartzites, and less commonly, quartz-mica schists. In most places the conglomerates and quartzites are between 15 and 60 metres thick, but in the hinge zones of folds they can exceed 300 metres in thickness. Cross-bedding has been noted in the transition zone between the lower conglomerate and overlying quartzites (Fyles, 1970).

Above Unit 2 lies Unit 3, a package of green calc-silicate gneiss, marble, calcareous schist, biotite schist, quartzite, and tremolite-rich, locally dolomitic marble occurring as discontinuous layers and lenses. Where quartzites achieve appreciable thickness they are recognized separately as Unit 3q. Amphibolite sills are also locally significant. Fenite alteration has been noted in correlative stratigraphy in the Mt. Grace area on the
northwest flank of the Frenchman Cap Gneiss Dome (Hoy, 1987). Unit 3 has been described as being up to 100 metres thick, pinching out south and west of Hiren Creek (Fyles, 1970).

Overlying Unit 3 is grey-green coloured calc-silicate gneiss of Unit 4. Amphibolites intercalated with the calc-silicate gneiss, generally less than 2 metres thick, are thought to be sills due to their pinching and swelling nature. Some of the green members are thought to be of meta-volcanic origin. Quartzites also occur within this unit, and where significantly thick are mapped as Unit 4q.

Above Unit 4 lies Unit 5, a predominantly carbonate sequence hosting the massive sulphide lead-zinc-silver-barite layer, the “marker marble”, and the extrusive carbonatite layer. Lithologies within this unit are continuous over large areas, and are directly correlatable with similar stratigraphy described in the Mt. Grace area (Hoy, 1987). In the Jordan River area, a 0.5 to 1.0 metre thick gneissic-textured marble layer, informally named the basal marble indicates the base of the Unit 5 sequence. This marble consists of white to light grey calcite, with brown biotite/phlogopite mica laminations occurring near the upper contact. The upper contact with the extrusive carbonatite layer is gradational over approximately 15 centimetres, with the base of the carbonatite containing laminations of light grey marble. The continuity and contact relationships of the basal marble suggest it may also have an exhalative origin.

The extrusive carbonatite (Unit 5c) is medium to dark brown in colour, commonly over 5 metres thick, and ranges from non- to highly fragmental in nature. Mineralogy of the matrix consists primarily of calcite and phlogopite mica, with lesser fluorapatite and pyrochlore, while the light grey breccia fragments consist almost entirely of albite and phlogopite (Hoy, 1987). Fragment size ranges from less than 1 centimetre to over 20 centimetres. The largest fragments occur in the most intensely brecciated zones, and are interpreted to be near vent zones. Niobium and light rare earth elements commonly exceed 1% combined values in the carbonatite, making it a potential economic source for these elements.
Above the carbonatite lies interlayered fine-grained mica schist and calc-silicate gneiss and schist, in turn overlain by a regionally continuous white marble layer, informally named the “marker marble” (Unit 5m). The carbonatite-marker marble contact appears to be gradational, with brown phlogopite-biotite layers occurring near the base of the marble; these micaceous intercalations do not appear to be appreciably anomalous in rare earth element content (Hoy, verb. com. 1991). Thickness of the marble is commonly 3 to 10 metres. Mineralogy is almost entirely calcite, although accessory scapolite occurs on Frisby Ridge.

Above the marker marble lies relatively non-descript, grey, fine-grained mica schist and calc-silicate gneiss from 5 to 30 metres thick. This is overlain by the massive sulphide sequence (Unit 5s). The sulphide layer, while not regionally ubiquitous, is locally well developed. Multiple sulphide layers can total up to 6 metres in thickness, primarily consisting of fine to coarse-grained pyrrhotite, sphalerite, galena and pyrite, commonly, within a siliceous or calcareous matrix. Barite ranging in occurrence from discrete crystals to massive layers is intimately associated with the sulphides. The mineralogy and geological setting of the sulphide layer indicates deposition in shallow to intertidal basins in a sedimentary-exhalative (Sedex) environment. Supporting evidence includes multiple layering of barite and sulphides, mineralogical zonations, and footwall stockworking adjacent to brecciated zones within the massive sulphides. Above the sulphide layer lies quartzites and quartz-biotite schists of Unit 5q. Amphibolite sills displaying local contact metamorphism are common in the 5q metasediments. Sulphide deposition and widespread amphibolite intrusions within a thick metasedimentary sequence are indicative of episodic basinal subsidence during an extensional tectonic regime.

Unit 6 medium-grained biotite-sillimanite schists and quartzites commonly form rusty weathering cliffs, best exposed on the King Fissure deposit, on the north side of lower Copeland Creek, and on the western slope of Frisby Ridge. The schists often have a knotted appearance, and are migmatitic near the centre of major fold structures. Thin (<1 metre) irregular marble layers occur within Unit 6 on Frisby Ridge and Mt. Copeland.
Low-grade disseminations of chalcopyrite and malachite are sometimes found in the quartzites of Unit 6, and similar occurrences are known in the Cottonbelt area.

Intruding the metasedimentary sequence is gneissic nepheline syenite (Unit N). The nepheline syenite is a grey, medium-grained feldspar-biotite gneiss with moderately well defined foliation and locally pitted weathering surfaces. Nepheline amounts to as much as 20%; accessory minerals include calcite, zircon, sphene, fluorite, and magnetite, with minor pyrite, chalcopyrite, and pyrrhotite. Concentrations of molybdenite occurring in the aplitic and pegmatitic phases near the contacts of the nepheline syenite have been mined at the Mt. Copeland molybdenum mine. Zircons extracted from the nepheline syenite have been dated at 740 +/- 36 Ma. (Parrish and Scammell, 1988). Regional mapping indicates that the preferred level of intrusion of the syenite was in the upper regions of Unit 3, and that it was folded by the earliest regional deformation.

The youngest rocks recognized in the area are Tertiary biotite-olivine lamprophyre dikes. Ranging from <1 metre to over 3 metres in thickness and often occurring in swarms, these dikes tend to fill northerly trending faults and fracture zones. Rarely, the lamprophyres can form sills. Listwanite alteration comprised of ankeritic carbonate, silicification and the development of green mica is notable around some of the dike systems. In the King Fissure area, remobilized fault-hosted veins, mantos, and replacement-style lead-zinc-silver mineralization are associated with the lamprophyre dikes and related structures. At several locations on the north side of Copeland Creek, particularly on the Wild Goose Property, similar structures host gold-enriched lead-zinc-silver-copper veins. Lead-zinc-silver-fluorite mineralization is present along dikes and structures on the south side of Hiren Creek.

The Jordan River area is noted to be extremely complex structurally due to numerous generations of folds and related thrust faults. Three phases of folding are recognized in the area (Fyles, 1970). Phase 1 folds, having warped axial planes dipping primarily to the southwest, are isoclinal with highly attenuated limbs and thickened hinge zones. Thrust faulting and local shearing parallel to the foliation accompanies Phase 1 folding. Phase 2
LEGEND

I SELKIRK TERRANE
M, ZMSEDIMENTARY METAVOLCANIC. AND INTRUSIVE ROCKS

SHUSWAP TERRANE
M, ZMSEDIMENTARY METAVOLCANIC. AND INTRUSIVE ROCKS

PHANEROZOIC, PROTEROZOIC, AND ARCHEAN (?)
MONASHEE COMPLEX
M METASEDIMENTARY AND METAVOLCANIC "AUTOCHTONOUS COVER ROCKS"
PARAGNEISS AND ORTHOGNEISS "CORE" ROCKS

SYMBOLS

SHUSWAP Pb-Zn DEPOSIT
Cu-Zn DEPOSIT
Pb-Zn DEPOSIT

CANADIAN SAPPHIRE CORPORATION
ANGLO SWISS GROUP
REGIONAL GEOLOGY MAP

FIGURE 3
folds are generally overturned, with axial planes dipping at low to moderate angles to the south and southwest. Although most Phase 2 folds are of a concentric nature, thickened hinge zones have been noted, particularly near the gneiss dome. One large Phase 3 antiform has been mapped straddling the Jordan River Valley. The axis of this fold plunges moderately to steeply to the south, dipping steeply to the east. Two major thrust faults have been inferred, one along Copeland Creek and the second along Copeland Ridge. The King Fissure deposit has been structurally modified by a combination of Phase 1 and Phase 2 folds, resulting in an eye-shaped, doubly-plunging synform with a steep southerly dip, and a thickened hinge zone with attenuated limbs in the eastern half of the fold system.

**RILEY PROPERTY PROSPECTING TRAVERSES**

Several helicopter-supported exploratory traverses were made to assess the outcrops and talus accumulations downslope of prospective rock units. Deep snow cover limited accessibility to most areas; however, the published lithologies of each major rock unit encountered appear to be consistent with field observations. The prospecting traverses were focused on the nepheline syenite intrusions and Unit 3 calc-silicates, because of the possibility of corundum (sapphire) mineralization occurring in related silica-depleted metamorphic zones. The traverse locations included the entire Hiren Creek section of road, the area around the Mt. Copeland Molybdenum Mine portal and dump down to Hiren Creek, East Lake valley to Hiren Creek, and below the molybdenum mine outcroppings on the north side of Copeland Ridge. Several other areas of interest were also spot-checked using the helicopter. During the traverses, samples of the general rock types and any coarse crystalline minerals found were retained for later examination.

A summary of identified minerals includes;
Biotite, phlogopite, muscovite and green micas; orthoclase and plagioclase feldspar; smokey, rose and clear crystalline quartz; grey nepheline; black and fibrous blue amphibole; scapolite; red garnet; black schorl tourmaline; tremolite; diopside; augite;
sphene or titanite; zircon; purple fluorite; calcite; ankerite; magnetite, molybdenite, pyrite; pyrrhotite, chalcopyrite, and specular hematite.

No corundum (sapphire) mineralization was identified during this program but it remains a strong exploration target for the 1998 field season. Several areas of coarse tremolite-phlogopite marble were located within Unit 3 rocks, and could host metamorphic corundum (sapphire) mineralization, particularly when in contact with silica-depleted phases of the nepheline syenite intrusives, or perhaps associated with younger intrusive events. In addition, carbonate layers or aluminous metamorphic rocks within Units 5 and 6 could potentially host sapphires. The occurrence of gem-quality green spinels in Unit 5 at the King Fissure deposit, often geologically associated with corundum mineralization, and notable for its occurrence with blue sapphire in calcareous rocks at the Spinner property in the Slocan Valley, confirms the potential of these rocks. Although the nearby Eagle Pass sapphire occurrence has not yet been explored in detail, the gemstones have been stated to occur in a micaceous marble unit, and is likely correlative with similar rocks found in the Mt. Copeland area.

Other potential gemstone crystals known to occur on or near the property are multi-coloured tourmaline, beryl, sphene or titanite, garnet, zircon, various types of quartz, and moonstone feldspar. Additionally, the high nepheline content of the syenite and the significant tremolite content of the metamorphic marbles could result in an economic industrial mineral deposit.

**CONCLUSIONS AND RECOMMENDATIONS**

Due to snow coverage and high avalanche danger, few areas of interest were available for detailed examination. Prospecting for the targeted crystalline minerals concentrated on examining large talus fans and sporadic outcrops at the base of the steep, mountainous terrain on both sides of Copeland Ridge and the dumps at the Mt. Copeland molybdenum mine. A general collection of rock and mineral specimens was obtained during the traverses for petrographic examination. The conclusions of the field and petrographic
examinations are that geologic conditions are permissive for the development of gem minerals, particularly sapphire, and the property merits further fieldwork to assess this potential.

The favorable host rocks as identified and all additional accessible areas should be prospected in detail for gemstone crystals when snow cover is at a minimum. The Hiren Creek valley below the minesite could be prospected from late June onward, but the higher regions would be most accessible in mid-to late August. A helicopter-supported campsite located near the old minesite would allow good foot access to both areas, with occasional helicopter-supported traverses on the north side of Copeland Ridge. Weather patterns are often unpredictable in these mountain ranges and so helicopter travel can be difficult, necessitating a well-equipped base camp and experienced personnel capable of dealing with extreme conditions.

An estimate of costs to accomplish good prospecting coverage of the claims would include experienced personnel, a suitable base camp, and helicopter support from Revelstoke. An early season detailed field examination of the Hiren Creek valley by 2 persons would take approximately 1 week to 10 days and cost in the range of $10,000. A more intensive effort targeted at prospecting the upper slopes of Copeland Ridge could be done in mid-August, would take about 2 weeks and cost approximately $25,000.
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Report, 81pp, 29 maps.

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The River Jordan Lead Zinc Deposit, Revelstoke Mining Division, B.C.


Big Bend Map Area, British Columbia, 82M East Half.
STATEMENT OF QUALIFICATIONS

I, James W. Laird, do state that:

1. I reside at #501-11671 Fraser Street, Maple Ridge, B.C., V2X 6C4

2. I have been a mineral exploration contractor for 20 years and currently hold the position of Exploration Manager for the Anglo Swiss Group of Companies, #701-889 West Pender Street, Vancouver, B.C. V6C 3B2.

3. I have completed the B.C. Ministry of Employment and Investment (Mines Branch) course “Advanced Mineral Exploration for Prospectors, 1980”.

4. I have extensively researched and explored British Columbia and am very familiar with the geology and mines thereof.

James W. Laird

October 20, 1997
## STATEMENT OF EXPENSES

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