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Lat. 56 03' N
Long. 129 56' W

GEOLOGICAL, GEOPHYSICAL AND GEOCHEMICAL REPORT ON THE MC CLAIMS, BEAR RIVER, STEWART, B.C.

SKEENA MINING DIVISION

for
Fundamental Resource Inc.,
4083 Monarch St., Victoria, B.C. V8N 4B7

by

Andris Kikauka, P.Geo.
1581 Rowan St., Victoria, B.C. V8P 1X4

November 15, 2000

GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT

26,381

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1. INTRODUCTION

This report summarizes geological and geochemical surveys carried out between August 6-10, 2000 on the MC and MC 2 mineral claims. The purpose of the survey was to locate metallic mineralization and interpret the relation between geology, mineralization, stream sediment geochemistry, and magnetometer geophysics..

2. LOCATION, ACCESS AND PHYSIOGRAPHY

The MC claim is located on Bear River Ridge about 10 km north of Stewart, B.C. The claim group is 2 km E of the Silbak-Premier Mine where Boliden Resources maintains a 2,000 tpd mill. The property is within the Skeena Mining Division on NTS 104 A/4 W, latitude 56 06' N, longitude 130 04' W (Fig. 2).

Elevations on the claim group range from 1150-1950 meters. Slopes are moderate to gentle west of the Bear River Ridge and steep to moderate on the east side of the ridge towards Bear River. The claims are mostly above tree line and support sparse growth of mosses and lichens (i.e. alpine taiga). Recent recession of glacial ice has exposed extensive rock outcrop areas, especially in the vicinity of the arete shaped Mount Shorty Stevenson.

The west portion of the claims can be accessed by trails that lead to prospects west of Mount Shorty Stevenson near the headwaters of Cooper Creek. The east portion of the claims can be accessed by crossing the Bear River by boat followed by hiking up steep and exposed bedrock ledges, ramps and cliffs. There are numerous helicopter landing areas above tree line (3,200 foot elevation above sea level), and the Stewart airport is about a nine minute flight.

3. PROPERTY STATUS

The MC claim consists of 1 claim, staked by Andris A. Kikauka (who is performing work on behalf of Fundamental Resources Inc.). Details of the claims are as follows:

Claim Name	Record No.	Units	Record Date	Expiry Date
MC	370236	20	July 12, 99	July 12, 02*
MC 2	377629	4	June 4, 00	June 4, 02*
MC 3	377630	3	June 4, 00	June 4, 02*

The MC claim covers an area of 675 hectares. Fieldwork carried out by the author has been filed as a statement of work credited to the claim group (*expiry date extended).

4. AREA HISTORY

The Stewart Complex contains numerous mineral deposits that cover an area over 150 km in length and 20-40 km in width extending from Alice Arm (Kitsault) to the lower Iskut River valley. This area is collectively referred to as the "Golden Triangle" or "Stikine Arch". This mineral belt has been recently active because of the discovery of precious and base metal deposits such as: Silbak-Premier, Granduc, Anyox, Porter-Idaho, Dunwell, Eskay Creek, Snip, Brucejack Lake, Red Mountain, Doc, Big Missouri, Johnny Mountain, Silver Butte, Scottie Gold, Kerr, Rock 'n Roll, Inel, Bonanza, Red Bluff, Golden Wedge, Bear Pass, and Georgie River. All of these properties have been the subject of major exploration and/or development for precious and base metals in the past 20 years.

The Stewart area has been exploited for minerals since 1900 when the Red Cliff deposit on Lydden Creek was mined. Since then, approximately 120 base and precious metal deposits within the Stewart mining district have been developed.

Total recorded production from the Stewart area is 2,400,000 ounces gold, 40,000,000 ounces silver, and over 100,000,000 pounds copper-lead-zinc. Most of this production came from the Silbak-Premier, operating episodically from 1918 to 1996.

The Eskay Creek deposit contains an estimated 4,000,000 ounces gold, 40,000,000 ounces silver and over 100,000,000 pounds copper-lead-zinc. This deposit does not outcrop and eluded discovery despite over 50 years of exploration history on the property. The unique high-grade stratiform 2-60 m wide massive sulphide horizon is remarkable in terms of predictability of its geology and tenor, and its relatively well defined, contact controlled assay boundary.

The Red Mountain deposit is a recent discovery at the headwaters of Bitter Creek. Gold bearing sulphides (pyrite, arsenopyrite, chalcopyrite) are localized in a major shear zone near a Texas Creek plutonic complex feldspar porphyry-Unuk River volcanic contact. Over 2,000,000 tonnes of 0.4 opt Au and 1.0 opt Ag have been outlined by over 150 diamond drill holes.

Numerous small scale workings near the MC claims include the Silver Crown, Monitor, Spider, Lois, Sebwacke, Hyder Gold, Dalhousie, Prince John, Big Casino, Independence, Dunwell and Ben Ali. Precious and base metal values occur as veins, and/or replacement, breccia, stockwork in quartz-sulphide gangue. Mineralization consists of sphalerite, galena, chalcopyrite, pyrite, tetrahedrite, arsenopyrite, native gold, and/or various sulphosalts in a gangue of quartz, carbonate, barite, and/or chlorite. Historic work on these showings include underground development, drilling, geological evaluations and prospecting.

5.0 MC PROPERTY HISTORY

From 1921 to 1924 a diamond drilling and trenching program was carried out on the northwest trending, steeply dipping quartz-carbonate veins on a ridge immediately south of Mount Shorty Stevenson. Mineralization consists 5-50% sphalerite-galena with minor pyrite-chalcopyrite, and trace sulphosalts, native silver and/or electrum. Mineralization is spatially related to en echelon west and northwest trending fault structures within or adjacent to quartz-sericite-pyrite (phyllic) alteration. "Bonus" Nick Benkovich discovered this showing in the 1970's and a small shipment of several hundred pounds was sent to Trail, B.C. for custom milling. Material from the shipment was assayed giving the following results:

% Cu	% Pb	% Zn	Opt Ag	Opt Au
1.47	35.15	19.18	550.00	0.160

In 1986, Moche Resources flew an airborne VLF-EM and magnetometer geophysical survey. This survey identified 2 well defined (data profiles form bell-shaped curves) 45-64% VLF-EM field strength peaks (i.e. interpreted as conductive zones) located south and east of Mount Shorty Stevenson (DiSpirito, F., Assessment Report # 15,581, 1986). Magnetometer readings varied up to 1,000 gammas, but the mag anomalies had little correlation with VLF-EM anomalies.

In 1990, Navarre Resource Corp performed diamond drilling, trenching, geological mappingand soil sampling. Work was focused on a 0.5 X 0.2 km, northwest trending quartz-sericite-pyrite (phyllic) alteration zone. This QSP alteration is pervasive some 400 m south of Mount Shorty Stevenson. A trench sample of highly silicified pyritic material from the QSP altered zone returned a value of 6.0 opt Ag over a width of 80 cm. 20 soil samples from a 150 X 300 m area returned average values of over 20.0 ppm Ag and 100 ppb Au. A northwest trending, steeply dipping quartz-sulphide vein is located 100 m south of the QSP alteration. Trenching this vein gave an assay value of 1.35% Pb, 7.56% Zn, 26.14 opt Ag and 0.086 opt Au. A diamond drill was positioned to cut the QSP zone as well as the NW extension of the quartz-sulphide vein, but it was stopped well short of its target depth due to mechanical problems. The 99 meter drill hole intersected high grade sulphides in the final 0.2 m which gave the following results:

From T	To	Width	% Pb	% Zn	Opt AgO	Opt Au
98.8 m 9	99.0 m	0.2 m	0.37	9.24	10.02	0.052

In 1992, Navarre Resource Corp found 2 new NW trending, steeply dipping mineralized shear zones with the following assays:

Width	% Pb	% Zn	Opt Ag	Opt Au
0.5 m	3.8	9.4	12.0	0.121
0.5 m	23.1	30.6	12.8	0.042

In 1996, Navarre Resource Corp outlined new showings 1.3 km ENE of Mount Shorty Stevenson. These showings are adjacent to crown granted claims, which are part of the Dalhousie showings. The Rock of Ages showings are currently within the MC claim and returned the following assay values:

width	% Cu	% Pb	% Zn	Opt Ag	Opt Au
0.3 m	0.06	3.21	6.54	6.48	0.362
0.4 m	0.05	3.50	5.74	7.15	0.364
0.3 m	0.05	2.66	5.69	8.41	0.655

The Rock of Ages showings consist of 5-15% sphalerite-galena with minor pyrite-chalcopyrite in a gangue of quartz-carbonate. The high silver and gold are accountable by the presence of trace amounts of tetrahedrite and/or sulphosalts/electrum. The mineralization occurs in NNW trending, steeply dipping shear zones hosted in andesite/dacite tuff/flow, volcaniclastic and volcanic breccia. A post ore, 2 meter wide quartz monzonite dyke cuts the andesite/dacite along the shear zone which follows the main creek bed. The Rock of Ages showings that contain the higher precious metal are located between 1,500 to 1,575 meters elevation. The mineralized shears can be traced for 600 meters to 1,200 meters elevation, where a jasper-chalcopyrite-hematite-magnetite-pyrite bearing, high iron (sulphide and oxide) formation which forms a prominent bluff forming scarp feature. This area had not been sampled in detail since the appendage to L 4940 was not part of the MC claim at that time, but now the MC claim covers this portion of the high iron, tabular shaped formation.

Quartz-sericite-pyrite (QSP) alteration is well developed across a 0.5 X 0.3 km. zone, located in the northeast portion of the MC claim. QSP is locally abundant between the 1,300 to 1,400 meter elevation. Adjacent to the QSP alteration, a northwest trending mineralized fault zone is located along Rock of Ages Creek, which contains minor jasper and chalcopyrite with 3-5% disseminated pyrite. Sub-parallel mineralization peripheral to this fault consists of pyrite-chalcopyrite-galena-sphalerite in a gangue of quartz, carbonate, magnetite, and/or jasper. The lower jasper zone (@ 1,200-1,300 m. elevation) contains 3-5% fracture filling pyrite and sparse chalcopyrite.

The following results were obtained from stream sediment sampling on the MC claim (1999):

SAMPLE #	PPM Cu	Pb	Zn	Ag	PPB Au
54431	176	41	477	1.2	85
54432	40	29	306	0.4	70
54433	38	92	443	2.2	110
54434	75	101	557	0.6	15
54435	70	32	206	0.6	35
54436	105	51	351	0.4	29
54437	31	127	366	1.2	9
54438	42	206	483	3.5	20

Stream sediment results show that the 3 creeks draining the northeast portion of the claim (close to the old Rock of Ages crown grants) have higher Au values as well as the highest Cu value. The central and southern portion of the claim has relatively higher Pb and Ag values which corresponds to the elevated silver values obtained from previous rock and soil geochemical analysis from the Mt. Shorty Stevenson area.

Prospecting, trenching, diamond drilling, and soil geochemistry from previous work programs have outlined several veins located east and northeast of Mount Shorty Stevenson. These silver and gold bearing veins occur near a major stratigraphic break between Lower Jurassic and Middle Jurassic volcanics and sediments that are proximal to Jurassic Texas Creek granodiorite intrusive rocks. This unconformity and proximity to the Texas Creek granodiorite are important ore controls of the nearby Silbak-Premier ore which occurs in similar stratigraphy. The strong northwest trending faults east of Mount Shorty Stevenson, that forms Dundee Creek and Dalhousie Creek, cuts Lower Jurassic stratigraphy and the margin of the Texas Creek granodiorite. This fault is a major air photo lineament and is related to pervasive quartz-sericite-pyrite alteration.

Geological mapping of Rock of Ages mineral zone on the MC claim (1,300-1,550 m. elev.) confirms gold-silver bearing quartz-sulphide fissure veins which are characterized by weak chlorite-carbonate alteration with adjacent Q-S-P alteration. The Q-S-P alteration is widest and most intense in Dalhousie Creek @ 3,900 foot (1,188.7 m.) elevation and an area 400 meters SE of Mount Shorty Stevenson @ 5,600 feet (1,706.8 m.) elevation (Kikauka, 1993,1994). The Dalhousie Creek Q-S-P forms a highly visible limonite-rich gossan which hosts two distinct precious metal bearing mineral assemblages:

1) Pyrite-chalcopyrite-jasper in quartz-magnetite gangue.
2) pyrite-chalcopyrite-sphalerite-galena in a gangue of quartz-carbonate

A Tertiary hornblende porphyry dyke system invades most of these mineral zones which are localized along NW trending shear zones. The dykes appear to be post-mineral and quite often split larger veins in two, e.g. 400 meters SE of Mt. Shorty Stevenson.

There are two main zones on the MC claim that were defined by fieldwork carried out in 1996 and 1997: 1) Rock of Ages Creek at 1,300-1,550 m. elevation and 2) High-grade quartz sulphide veins that resemble Silbak-Premier ore which have returned assays up to 0.16 oz/t Au, 505 to 550 oz/t Ag, 1.47% Cu, 35.15% Pb, 19.18% Zn located 200-600 meters southeast of Mount Shorty Stevenson.

6.0 GENERAL GEOLOGY

The Stewart Complex includes a thick sequence of Late Triassic to Middle Jurassic volcanics, sediments, and metamorphic rocks. These have been intruded and cut by mainly calc-alkaline and lesser alkaline Lower Jurassic and Eocene plutons which form part of the Coast Plutonic Complex. Deformation, in part related to intrusive activity, has produced complex fold structures along the main intrusive contacts with simple open folds and warps dominant along the east side of the complex. Cataclasis, marked by strong N-S structures, are prominent features that cut this sequence.

Country rocks in the Stewart area comprise mainly Hazelton Group strata which includes the Lower Jurassic Unuk River Fm and the Middle Jurassic Betty Creek Fm/Mount Dillworth Fm. This sequence is unconformably overlain by Middle Jurassic Salmon River Fm/Nass River Fm (Grove, 1971, 1986). Unuk River strata includes mainly fragmental andesite-dacite, epicalstics and minor sediments. Widespread Aalenian uplift and erosion was followed by deposition of the partly marine volcaniclastic Betty Creek Fm, the mixed Salmon River Fm, and the dominantly shallow marine Nass River Fm.

Intrusive activity in the Stewart area has been marked by the Lower and Middle Jurassic Texas Creek granodiorite with which the Big Missouri, Silbak Premier, SB, Scottie Gold, Red Mountain and many other mineral deposits in the district are associated. Younger intrusions include the Hyder Quartz Monzonite, Bitter Creek granodiorite and many Eocene stocks, dykes and sills which form a large part of the Coast Mountain Plutonic Complex. Mineral deposits such as Kitsault Lime Creek Molybdenum, Porter-Idaho Silver Mine, and a host of other deposits are related to the 48-52 Ma (Eocene) plutons. These intrusives also form the regionally extensive Portland Canal Dyke Swarm.

More than 700 mineral deposits and showings have been discovered in the Stewart Complex. The Silbak-Premier represents a telescoped (transitional) epithermal gold-silver base metal deposit localized along complex, steep fracture systems in Lower Jurassic volcaniclastics unconformably overlain by shallow dipping Middle Jurassic sediments/volcanics. These overlying units form a barrier or dam to migrating hydrothermal fluids, trapping bonanza type gold-silver mineralization at a relatively shallow depth. Metallogeny of the Silbak-Premier, Big Missouri, SB, Red Mountain and most of the major deposits in the Stewart District is related to early Middle Jurassic plutonic-volcanic activity. Overall, at least 4 major episodes of mineralization involving gold-silver, base metals (including Mo-W), dating from Lower Jurassic to Eocene, have been recorded throughout the Stewart Complex.

7.0 FIELDWORK 2000
7.1 METHODS AND PROCEDURES

Geological mapping was carried out at a scale of 1:5,000 over an area of 1 X 1.5 km in the western portion of the MC and MC 2 claim. This area is steep and ranges from 800' to 3,500' feet in elevation. Geochemical stream sediment sampling was carried out in the east edge of the claim group. Stream sediments were taken with a shovel & wet screened through -80 mesh and placed in kraft paper bags. Samples were shipped to Pioneer Labs in Richmond, B.C for geochemical analysis.

Modified contour grids within a 0.1 X 0.75 km area were established in the east portion of MC 2 and the southeast portion of MC to take magnetometer readings. A Unimag g-836 proton procession magnetometer was used to take readings at 12.5 meter spacing along a distance of 500 m. A total of 1.0 km line kilometres were surveyed using hip chains and compasses. Two 500 m long, 020 trending survey lines were used for a magnetometer survey. Stations are marked at 25 metre intervals with orange flagging. A Unimag G-836 proton procession magnetometer was used to take readings at 12.5 metre intervals (Fig. 4). Diurnal variations were corrected by looping grid lines.

7.2 PROPERTY GEOLOGY AND MINERALIZATION

Geological mapping identified Unuk River Formation andesitic and dacitic tuffs and flows in the west portion of the claim (Fig.4). Numerous quartz-sericite alteration zones occur within the Unuk River volcanics. These 50-200 m wide altered zones are bleached white-grey colored and occur along northwest trending fault structures.

The majority of the property is underlain by Lower Jurassic Unuk River Formation green, red, and purple volcanic breccia, conglomerate, crystal and lithic tuffs, sandstone, and siltstone. Early Jurassic Texas Creek granodiorite cuts the Unuk River Formation on the southeast portion of the claim group. The Middle Jurassic Betty Creek Formation green, red, purple, and black volcanic breccia, hematitic volcaniclastics, andesitic to dacitic tuffs and flows, Mount Dillworth Formation rhyolite, and Salmon River Formation siltstone-sandstone sequence unconformably overlies the Unuk River Formation near the summit of Mount Shorty Stevenson. Well preserved primary volcanic textures such as devitrified glass, pumice conglomerates, crystals of feldspar, and broken quartz-jasper fragments with feathery and wispy edges occur within dacitic volcanics located on Bear River Ridge north of Mount Shorty Stevenson. This sequence is cut by several northwest trending Tertiary andesite-dacite dykes 1-10 meters in width.

Detailed lithology of the mapped areas are summarized as follows;

TERTIARY INTRUSIVE ROCKS

7 ANDESITE-DACITE DYKE- Aphanitic to medium-grained, greyish-green colour, 1-10 meters wide.

EARLY-MIDDLE JURASSIC INTRUSIVE ROCKS

6 Texas Creek granodiorite

MIDDLE JURASSIC VOLCANICS AND SEDIMENTS

SALMON RIVER FORMATION

4 Siltstone (carbonaceous), sandstone, minor limestone

MOUNT DILLWORTH FORMATION

3A Rhyolite sequence (dust, lapilli, and welded tuffs)

BETTY CREEK FORMATION

2A CONGLOMERATE, SANDSTONE, SILTSTONE- Grey, green, purple, hematitic volcaniclastic sediments, minor andesitic-dacitic ash, crystal, and lapilli tuffs and tuff breccia.

LOWER JURASSIC- UNUK RIVER FORMATION

1 VOLCANIC BRECCIA, CONGLOMERATE- Green, red, and purple coloured matrix supported sub-rounded clasts to 30 cm., fine grained green-grey matrix, minor andesite ash, crystal, and lapilli tuffs, and tuff breccia.

Bedrock mapped on the MC (Figure 4) consists mainly of Unuk R Fm. volcaniclastics cut by northwest trending mineralized and silicified shear zones.

MINERALIZATION AND ALTERATION

Quartz-sericite-pyrite-clay (QSP) phyllic alteration is well developed across a 0.5 X 0.3 km. zone, located in the northeast portion of the MC claim. QSP is locally abundant between the1,300 to 1,400 meter elevation. Adjacent to the QSP alteration, a northwest trending mineralized fault zone is located along Rock of Ages Creek, which contains minor jasper and chalcopyrite with 3-5% disseminated pyrite. Sub-parallel mineralization peripheral to this fault consists of pyrite-chalcopyrite-galena-sphalerite in a gangue of quartz, carbonate, magnetite, and/or jasper. The lower jasper zone (@ 1,200-1,300 m. elevation) contains 3-5% fracture filling pyrite and sparse chalcopyrite. The southeast extension of the NW trending mineralized fault

system outcrops in series of cliffs at a lower elevation (200-800 meters a.s.l.) On the cliffs above the Bear River situated in the east portion of MC 2 (Fig. 5). Of particular interest is the NW trending quartz-sulphide fissure vein that was located 500 m west of the Bear River (sample 104852 see Fig. 5) on MC 2 which gave the following results:

Claim	Width	% Cu	% Pb	% Zn	G/t Ag	G/t Au
MC 2	1.0 m	0.63	1.79	9.99	293.8	58.9

This high grade Zn-Ag-Au showing has a 7 meter long and 1.5 meter wide adit which has been driven at a bearing of 310 degrees into the hillside to trace the quartz-sulphide vein. An attempt to trace the vein on surface was futile because of dense forest growth and overburden, but there does appear to be a small, dry creek gully which traces the uphill extension of the high grade vein. The trace along strike of this high grade quartz vein may be traced effectively with VLF-EM and follow up hand trenching.

7.3 STREAM SEDIMENT GEOCHEMISTRY

A total of 4 stream sediments were taken in the southeast corner of the MC claim group. Average values of the 4 samples are listed as follows:

Sample #'s	Ppm Cu	Ppm Pb	Ppm Zn	Ppm Ag	Ppb Au
MC 21-24	85	57	298	1.1	53

These samples demonstrate relatively elevated values of base and precious metals. There does not appear to be any specific follow up targets developed from this survey.

7.4 MAGNETOMETER SURVEY

A total of 82 readings were taken along two 500 meter long, 020 trending grid lines. The grid is located at 600-650 meter elevation (1,968-2,132 feet) near the north end of MC 2 about 850 meters west of Bear River (Fig. 4b). Magnetometer readings range from 56,346 to 58,377 gammas (a range of 2,031 gammas) total field. There were several sharp increase and decrease in readings at the north end of both L 1W and L 2W. There is also an increase in steepness of terrain near the north end of both lines suggesting the anomalies may be enhanced by topography. There is also a NW trend of Tertiary (Portland Canal/Bitter Creek Pluton related) dykes that cut the north end of the magnetometer survey, suggesting that the intrusive, tabular shape, magnetite-enriched bedrock feature would produce bell-shaped or inverted bell-shaped anomalies (Fig. 4). The sharp 1,100 gamma increase on the north end of L 1W occurs on the crest of a cliff, suggesting the presence of magnetite in a relatively restricted area (e.g. tabular shaped body of magnetite enriched bedrock).

8.0 DISCUSSION OF RESULTS

Dacitic tuff/flow and breccia hosted silicification (quartz, minor jasper) and ubiquitous pyrite, i.e. phyllic altered outcrops which occur in the northeast portion of the MC claim. This gossan cliff area is clearly visible from highway 37A. This gossan zone is the where the Dalhousie and Rock of Ages mineral showings occur. Quartz fissure veins consisting of polymetallic (Cu-Pb-Zn-Ag-Au bearing sulphides in a gangue of quartz are emplaced along steeply dipping NW trending fault/fracture zones. Quartz-sulphide veins occur above and below treeline at elevations ranging from 610-1,373 meters (2,000-4,500 feet). In the area of the gossan cliffs in the northeast portion of the MC claim, the treeline dips to its lowest elevation 915 meters (3,000 feet) relative to the Bear River Ridge treeline which varies from 3,000 to 5,000 feet in elevation. The east portion of the MC 2 claim follows the southeast extension of the Dalhousie/Rock of Ages mineral zone.

A high grade, polymetallic quartz-sulphide vein was located in the east portion of MC 2 defined by sample 104852 occurs at an elevation of 1,200 feet (336 meters). This 1.0 meter wide rock chip sample contains 58.9 g/t Au (1.718 opt Au) and 293.8 g/t Ag (8.57 opt Ag). Sample 104852 has a relatively low Ag/Au ratio compared to samples taken from higher elevations (e.g. DDH 93-1 collared at 5,000 feet/1,525 meters elevation returned 343.5 g/t Ag (10.02 opt Ag) and 1.78 g/t Au (0.052 opt Au). As is the case with Premier's polymetallic ore shoots, higher Ag/Au ratios occur at higher elevations and lower Ag/Au ratios are found at lower elevations.

The close proximity to Bear River and Highway 37A and Boliden's mill facility at Premier are important factors in future development of the quartz-sulphide vein located on the MC claims.

9.0 CONCLUSION AND RECOMMENDATIONS

The MC claim group has potential to host a gold-silver deposit based on the following facts;

1) Favourable geological structure and stratigraphy to host a mineral deposit.

2)Previous and current work programs have outlined significant gold-silver and base metal values from trench, soil, stream sediment and diamond drilling samples

3) Sulphide mineralization and related quartz-pyrite-sericite alteration corresponds to NW trending faults.

4) Mineralized fault trends consisting of massive galena, sphalerite, tetrahedrite with minor pyrite outwardly resemble ore found in the nearby Silbak-Premier vein system.

5) Close proximity to mill and mining infrastructure.

There are three main zones on the MC claim group that require further exploration: 1) Rock of Ages and Dalhousie Creek 800-1,550 meters (2,624-5,084 feet) elevation and 2) High-grade quartz sulphide veins that resemble Silbak-Premier ore which have returned assays up to 0.16 oz/t Au, 505 to 550 oz/t Ag, 1.47% Cu, 35.15% Pb, 19.18% Zn located 200-600 meters southeast of Mount Shorty Stevenson at an elevation of 1,525 meters (5,000 feet) 3) The high grade polymetallic quartz vein located on MC 2 (defined by sample 104852 see Fig. 5) It is recommended that core drilling, geological mapping and trenching be carried out on the upper 2 targets. Trenching and drifting is recommended on the third target. Approximately 5,000 feet (1,500 meters) of core drilling is recommended for these mineral zones. Approximately twelve 60-100 meter (200-330 feet) deep, inclined drill holes should be collared 20-40 meters (65-135 feet) from the target zone and spread out along a fence pattern perpendicular to surface trends. A helicopter assisted drill program could be carried out between June and October. An approximate budget for this program would be $200,000 (including field crew and field costs).

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CERTIFICATE

I, Andris Kikauka, of Vancouver, B.C., hereby certify that;

1. I am a graduate of Brock University, St. Catharines, Ont., with an Honours Bachelor of Science Degree in Geological Sciences, 1980.

2. I am a Fellow in good standing with the Geological Association of Canada.

3. I am registered in the Province of British Columbia as a Professional Geoscientist.

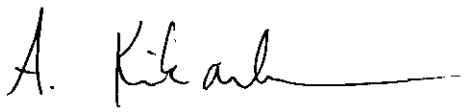
4. I have practised my profession for eighteen years in precious and base metal exploration in the Cordillera of Western Canada and South America, and for three years in uranium exploration in the Canadian Shield.

5. The information, opinions, and recommendations in this report are based on fieldwork carried out in my presence on the subject properties and on published and unpublished literature and maps.

6. I have a direct interest with Fundamental Resources Corp & the subject property.

7. This report is intended for the purpose of filing a statement of work and is not intended for purposes of public financing.

Andris Kikauka, P. Geo.,



November 15, 2000

ITEMIZED COST STATEMENT- MC Claims, August 6-10 , 2000
SKEENA MINING DIVISION, NTS 104 B/1 E

FIELD CREW:

A.Kikauka (Geologist) 5 days	**$**	**1,175.00**
K. Neill (Geotechnician) 5 days		**1,050.00**

FIELD COSTS:

Meals and accommodations	**275.00**
Truck rental	**375.00**
Assays (13 rock, 4 silt 30 element ICP and Au geochem)	**340.00**
Mob/demob	**250.00**
Report	**300.00**
Total=	**$ 3,765.00**

Mt. Shorty Stevenson 6,500'

Mt. Shorty Stevenson 6,500'

Silbak - Premier Glory Hole

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
A. A. KIKAUKA
GEOSCIENTIST

AK

LOCATION MAP

FIGURE 1

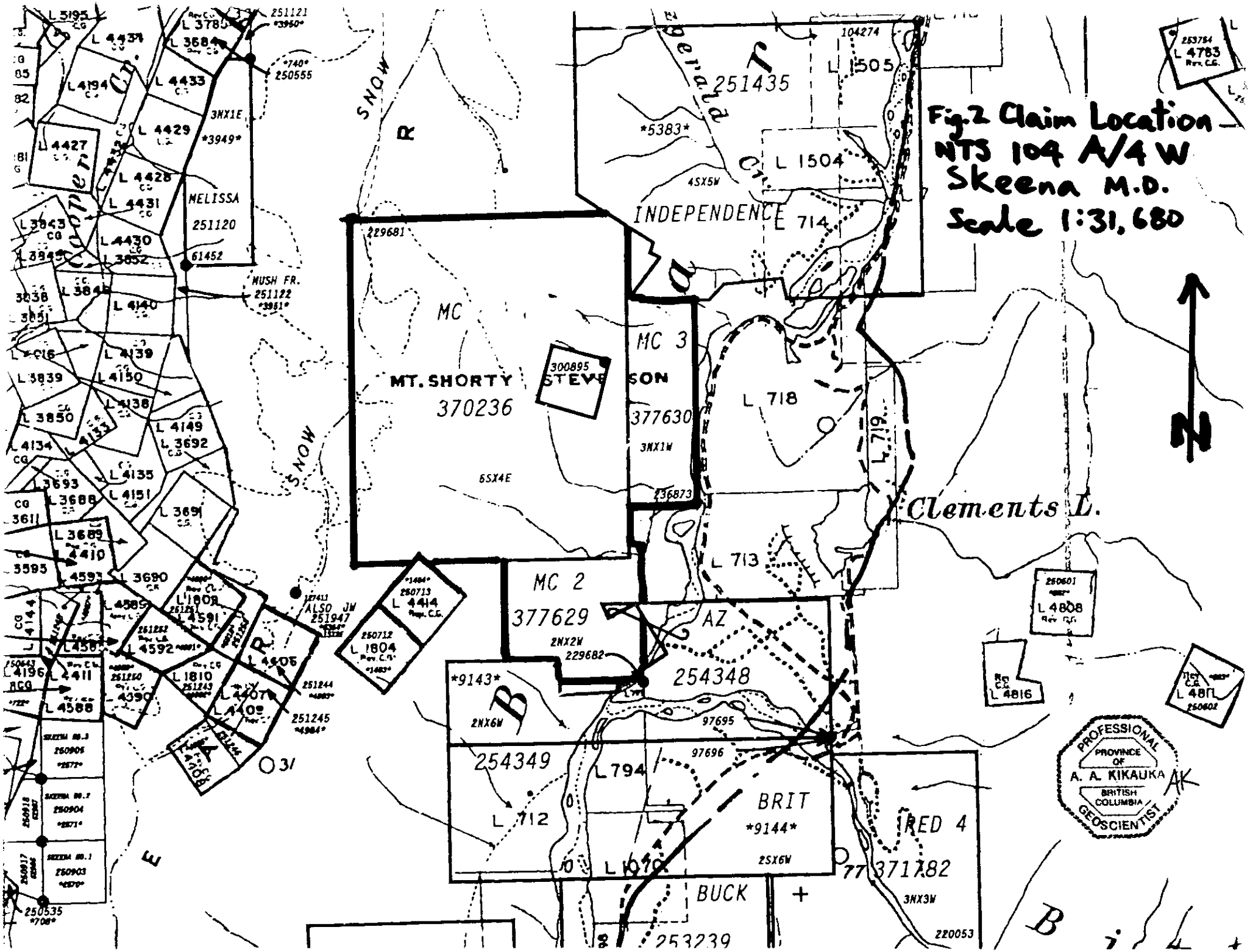
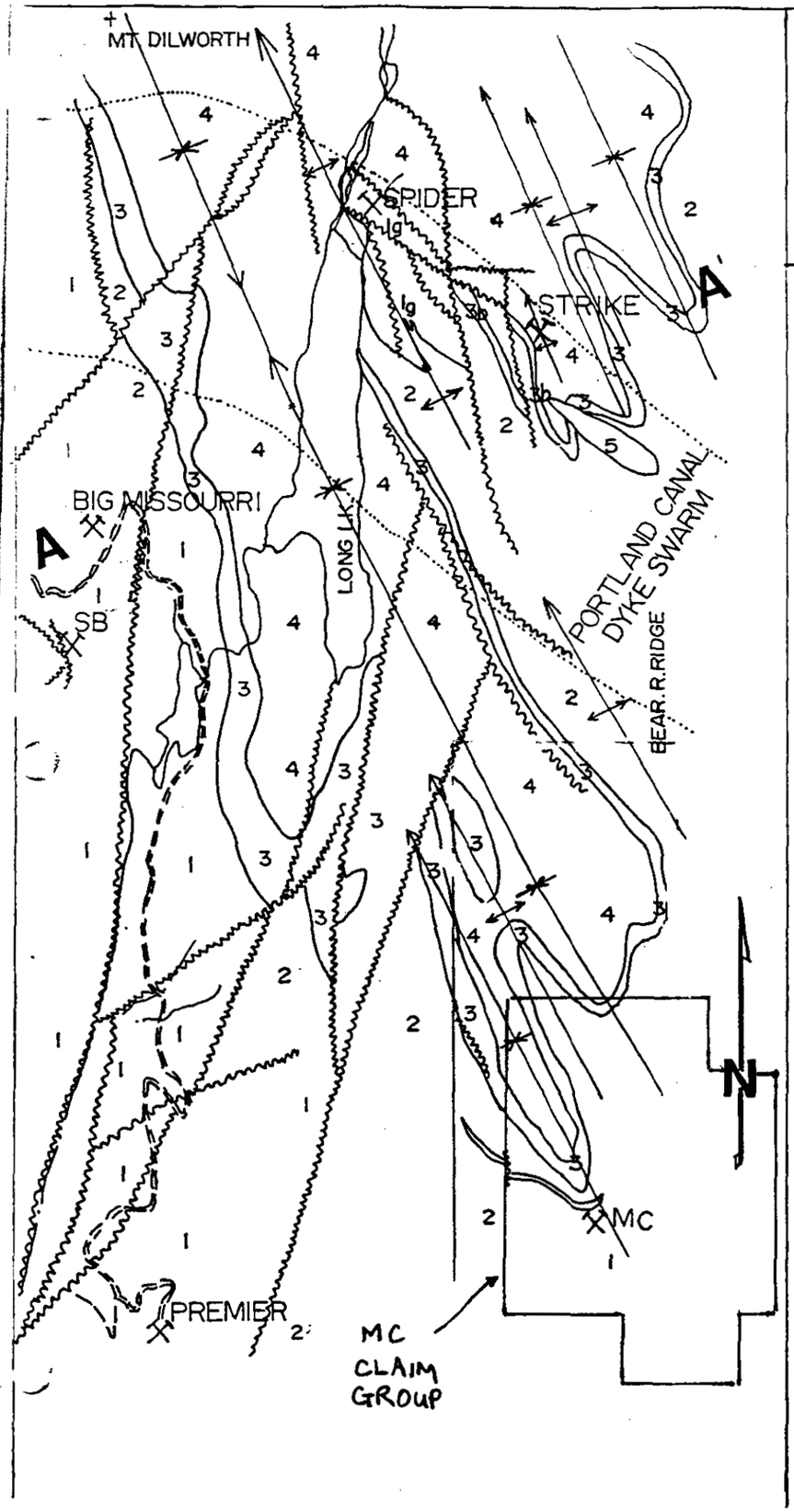
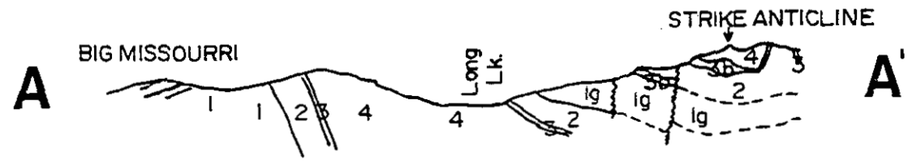


Fig.2 Claim Location
NTS 104 A/4 W
Skeena M.D.
Scale 1:31,680
MC
MT. SHORTY
370236
MC 3
377630
MC 2
377629
AZ
254348
B
254349
BRIT
9144
RED 4
371782
INDEPENDENCE
L 714
L 1504
L 1505
L 718
L 719
L 713
L 712
L 794
Clements L.
SNOW R
Beirata Cr
Copper Cr
MELISSA
251120
MUSH FR.
251122
ALSO JW
251947
BUCK
PROFESSIONAL
PROVINCE OF
A. A. KIKAUKA
BRITISH COLUMBIA
GEOSCIENTIST
N



CROSS SECTION



REGIONAL GEOLOGY. LONG LAKE AREA (after D.Alldrick.87)

LEGEND

TERTIARY INTRUSIVE ROCKS

5 Plagioclase porphry, granodiorite

Portland Canal dyke swarm (individual dykes not shown)

MIDDLE JURASSIC VOLCANIC AND SEDIMENTARY ROCKS

Salmon River Formation

4 Argillaceous, carbonaceous siltstone, shale, sandstone, *minor conglomerate and limestone*

Mount Dillworth Formation

3b Felsic pyroclastic sequence of lower dust tuff, middle welded tuff, upper siliceous lapilli tuff, capped by pyritic lapilli tuff (5-15% pyrite) with intercalated limestone

3 Felsic pyroclastic sequence of lower dust tuff, middle welded tuff, upper siliceous lapilli tuff

Betty Creek Formation

2 Andesitic to dacitic tuffs/flows, conglomerate, siltstone, sandstone, minor limestone

LOWER JURASSIC VOLCANICS AND SEDIMENTARY ROCKS

Unuk River Formation

1 Andesite tuffs/flows, conglomerate, siltsone, sandstone, minor argillite, limestone lg AUGITE PORPHYRY

ANTICLINE FOLD AXIS

SYNCLINE FOLD AXIS

ROAD

GEOLOGICAL CONTACT

MARGIN OF MAJOR DYKE SWARM

FAULT

MINE OR PROSPECT

SCALE 1:50,000

0 1 2 Km.

PROFESSIONAL GEOSCIENTIST PROVINCE OF BRITISH COLUMBIA A. A. KIKAUKA

FIG. 3

Plan View
Scale 1:2000

0 50 100 m

1500 m
MC 2 LCP

profile vertical scale:
1 cm. equals 500 gammas

readings in gammas

57270
57311
57296
57114
57412
57460
57294
57317
57290
57114
57412
57517
56840
56921
56986
57027
57140
57291
57763
57840
57610
56907
57116
56812
56744
57119
57211
56346
57490
57510
57440
57337
57291
57327
57241
58377
58210
57919
57716
57774
57741

L 2W

57,000 gammas

57240
57296
57417
58012
58101
58217
58190
58162
58011
58097
58122
57744
57622
57511
57717
57614
57719
57811
57216
57377
57111
57198
57205
57247
57618
57514
57669
57786
57911
57810
57403
56967
56812
57410
57211
57310
56817
56890
56940
58091
56910

L 1 W

creek

diff

MC, MC 2 CLAIMS FIG. 4
Magnetometer Survey Profiles
For location see Fig. 4b
NTS 104 A/4W SKEENA M.D.

PROFESSIONAL ENGINEER
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A. A. KIKAUKA
GEOSCIENTIST

MC CLAIMS TOPOGRAPHY

MAGNETOMETER SURVEY LOCATION

SCALE 1:20,000

Skeena M.D

N.T.S. 104 A/4W

MT SHORTY
+2000
STEVENSON

MUDDY GULCH

Clements Lake
±97

MC 1
MC 2
MC 3

75C207

BC BP022

Upper Creek

Icefield

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
A. A. KIKAUKA
GEOSCIENTIST

MC CLAIM GROUP STREAM SEDIMENT GEOCHEMICAL SAMPLE LIST, AUG., 2000

Sample No.	Creek Size	Description	ppm Cu	ppm Pb	ppm Zn	ppm Ag	ppb Au
MC21	small	pyrite, limonite, qtz.	61	57	354	0.7	80
MC22	small	pyrite, limonite	100	45	338	1.4	10
MC23	medium	pyrite, limonite, sphalerite	89	63	465	1.7	55
MC24	small	pyrite, limonite	89	63	33	0.5	65

MC CLAIM GROUP ROCK CHIP GEOCHEMICAL SAMPLE LIST, AUG., 2000

Sample No.	Width	Description	ppm Cu	ppm Pb	ppm Zn	ppm Ag	ppb Au
104846	2.0 m	Qtz., limonite	3	8	33	0.5	5
104847	1.0 m	Qtz.carb.vein,py.,sp.,cpy.	6224	9	68799	15.8	150
104848	2.0 m	Qtz.stwk.,chl.,ep.,py.	108	23	265	1.0	60
104849	2.0 m	Pyo.,qtz.,py.,cpy.,ga.,sp.	249	1051	1408	9.3	20
104850	1.5 m	Qtz., limonite	73	7	24	1.3	5
104851	0.8 m	Qtz., py.	327	33	236	1.3	50
104852	1.0 m	Adit qtz. vn. cpy.,ga.,sp.	6300	17864	99999	293.8	58900
104853	0.5 m	Qtz. vn., py., cpy.	815	34	148	4.9	60
104854	1.1 m	310 Az qtz vn., py.	61	42	294	0.7	30
104855	1.0 m	Qtz., vein	50	55	101	1.6	25
104856	0.6 m	010 Az, qtz. vein	36	13	51	0.3	65
104857	1.0 m	Quartz vein, py.	89	29	102	1.2	35
104858	1.0 m	Qtz., py.	304	19	273	0.4	60

PIONEER LABORATORIES INC. #103-2691 VISCOUNT WAY RICHMOND, BC CANADA V6V 2R5 TELEPHONE (604)231-8165

GEOCHEMICAL ANALYSIS CERTIFICATE

MR. ANDRIS KIKAUKA

Project: MC

Sample Type: Stream seds./Rocks

Multi-element ICP Analysis - .500 gram sample is digested with 3 ml of aqua regia, diluted to 10 ml with Water. This leach is partial for Mn, Fe, Ca, P, La, Cr, Mg, Ba, Ti, B, W and limited for Na, K and Al. Detection Limit for Au is 3 ppm. *Au Analysis- 10 gram sample is digested with aqua regia, MIBK extracted, graphite furnace AA finished to 1 ppb detection.

Analyst J. Sam

Report No. 2003332

Date: August 15, 2000

ELEMENT	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Au*
SAMPLE	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppb
MC21	7	61	57	354	.7	4	18	1843	5.81	69	8	ND	3	49	1.4	4	3	62	.77	.108	4	5	1.01	240	.07	4	2.12	.10	.26	2	80
MC22	4	100	45	338	1.4	3	11	2185	3.81	44	8	ND	2	62	2.8	7	3	81	.83	.063	2	4	.96	340	.09	3	2.39	.15	.46	3	10
MC23	12	107	62	402	1.7	3	15	3493	5.60	150	8	ND	5	70	3.3	9	4	52	1.04	.061	1	5	.82	299	.06	6	2.27	.03	.34	6	55
MC24	4	89	63	465	1.3	14	31	3516	4.18	97	8	ND	3	90	5.5	3	3	77	1.23	.082	8	34	1.24	255	.07	6	3.08	.03	.28	2	65
104846	1	3	8	33	.5	1	2	908	.15	6	8	ND	2	126	.2	3	3	2	42.54	.006	1	3	.11	20	.01	11	.03	.01	.01	3	5
104847	2	6224	9	68799	15.8	17	12	48	2.84	70	8	ND	2	3	697.8	6	3	1	.10	.022	1	133	.02	12	.01	3	.04	.01	.04	26	150
104848	5	108	23	265	1.0	5	12	906	4.68	5	8	ND	2	75	1.6	4	3	47	.66	.059	1	92	1.00	86	.02	3	2.21	.09	.42	2	60
104849	43	249	1051	1408	9.3	5	29	1292	6.99	3	8	ND	2	55	15.4	5	15	93	1.32	.085	1	54	1.17	37	.14	3	2.82	.20	.93	2	20
104850	5	73	7	24	.8	2	3	74	1.06	5	8	ND	2	3	.3	3	3	6	.04	.006	1	101	.15	10	.01	3	.12	.01	.03	2	5
104851	9	327	33	236	1.3	8	18	196	2.89	2	8	ND	2	15	2.1	3	3	12	.38	.002	1	179	.33	12	.01	3	.51	.03	.05	2	50
104852	8	6300	17864	99999	293.8	3	116	782	14.99	63	8	57	2	4	1324.5	43	356	13	.14	.027	1	166	.28	17	.02	3	.52	.01	.14	2	58900
104853	6	815	34	148	4.9	4	15	915	3.10	4	8	ND	2	33	1.3	3	4	31	.49	.055	1	86	.60	75	.04	3	1.31	.05	.12	2	60
104854	9	61	42	294	.7	4	14	1395	1.84	40	8	ND	2	219	2.9	4	3	2	3.74	.014	1	111	.07	6	.01	4	.12	.01	.01	6	30
104855	5	50	55	101	1.6	1	8	5381	1.99	1195	8	ND	6	491	1.5	7	4	10	13.10	.018	4	70	.34	18	.01	14	.51	.02	.03	2	25
104856	3	36	13	51	.3	2	2	239	1.65	10	8	ND	5	24	.3	3	3	32	.41	.038	2	66	.58	39	.06	3	.97	.08	.14	2	65
104857	5	89	29	102	1.2	3	10	568	3.55	19	8	ND	2	288	.8	3	3	12	2.85	.051	1	82	.54	26	.01	3	3.91	.11	.06	2	35
104858	57	304	19	273	.4	3	1	605	32.97	29	8	ND	3	6	.2	3	5	274	.05	.064	1	66	.66	9	.12	3	1.01	.01	.01	2	60

For Au greater than 10,000 ppb, fire assay is recommended.

For Pb, Zn greater than 10,000 ppm, assay digestion is required for correct data.

For Ag greater than 35 ppm, assay digestion is required for correct data.

GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT
26,581

py. pyrite
cp. chalcopyrite
ga. galena
sp. sphalerite
chl. chlorite
ser sericite
carb carbonate
ank ankerite
ep epidote
pyo pyrrhotite

6215000 N

FIG. 4 MC, MC 2, MC 3 PROPERTY GEOLOGY & MINERALIZATION FIG. 5

SKEENA MINING DIVISION, STEWART, B.C., AUGUST, 2000

LEGEND

EARLY JURASSIC
4 Texas Creek granodiorite, diorite, quartz diorite

LOWER JURASSIC
3 Mount Dilworth Formation white, green, or grey dacitic welded and ash tuffs, minor flows, minor pyritic and siliceous tuffs near top of sequence
2 Betty Creek Formation maroon or green dacitic tuffs/flows, minor intercalations of sandstone, siltstone, greywacke, and mudstone
1b Unuk River Formation andesitic welded tuffs with intercalated red hematitic lenses
1a Unuk River Formation maroon or green andesitic tuffs/flows, minor intercalations of volcaniclastics

ADIT
BEDDING
ROCK CHIP SAMPLE
LITHOLOGICAL CONTACT
FAULT
FOLIATION
DISSEMINATED PYRITE AND SERICITE-CARBONATE
STREAM SEDIMENT
6213000 N UTM NORTHING
442000 E UTM EASTING
MC 3 CLAIM NAME
377630 CLAIM RECORD NO.

PROFESSIONAL ENGINEER PROVINCE OF BRITISH COLUMBIA A. A. KIKAUKA GEOSCIENTIST

SCALE 1: 5,000
0 200 m.

MC 370236

6214000 N

Glacier

BEAR R. RIDGE

MT. SHORTY △ STEVENSON 6,520'

Anticlinal Fold Axis

6213000N

441000 E

442000 E

443000 E

6212000 N

6211000 N

Silbak-Premier Glory Hole ← 2 Km.

MC 2 377629

MC 3 377630

MC 23

MC 24

MC22

BEAR R.

37A

BITTER CK.

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104853	0.5 m	Qtz. vn., py., cpy.	815	34	148	4.9	60
104854	1.1 m	310 Az qtz vn., py	61	42	294	0.7	30
104855	1.0 m	Qtz., vein	50	55	101	1.6	25
104856	0.6 m	010 Az. qtz vein	36	13	51	0.3	65
104857	1.0 m	Quartz vein, py.	89	29	102	1.2	35
104858	1.0 m	Qtz., py.	304	19	273	0.4	60