UNDERGROUND DRILLING REPORT
SURF MINE 900 LEVEL
SURF INLET PROJECT

PRINCESS ROYAL ISLAND
SKEENA MINING DIVISION
NORTH COAST BRITISH COLUMBIA
NTS; 103H2W

REPORT PREPARED FOR: KERMODE RESOURCES LTD.
520 - 470 GRANVILLE ST., VANCOUVER, B.C.

DATE OF PUBLICATION: MARCH 01, 2001
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1.01 Technical summary

Rupert Resources Ltd. owns a 100% interest in the Surf Inlet Project, one of northern British Columbia's largest past producing, lode-type gold mines. The total recorded production from two adjoining mines which form the property (termed the Surf and Pugsley Mines) is 1,091,131 tons at an average grade of 13.5 grams gold per ton (0.425 oz/ton), (Cominco, 1981). Plate no.1.0 shows the location of the property relative to regional tectonic belts of western British Columbia.

The mines were in operation mainly from 1917 to 1926 and at reduced levels from 1935 to 1942. Metallurgy of the ores is very simple and recovery involved standard floatation techniques and shipment of pyrite concentrates containing gold to a smelter.

The former mines are situated on opposite sides of a U shaped valley and development of both mines was carried out by a series of adit levels and inclined shafts. The majority of the production (921,245 tons) was from the Surf mine which consists of complex mineralized zones, localized along a regionally extensive, north trending, fault. The Pugsley mine is situated along the same fault structure approximately one kilometre to the south of the Surf mine. The mineralized zones consist of parallel, west dipping, quartz and sulfide veins within the fault structure. Plate no.s 1.2 1.3 and 1.4 show the location of the mines relative to claim boundaries and geology. Plate no. 2.0 is a schematic longitudinal view which shows the principle underground workings and the areas which have been mined out.

In 1981, Cominco and Placer Dome completed a limited, helicopter assisted, drill program to evaluate the potential of the property to host a large tonnage, low grade gold deposit. Results of the program showed no potential for a bulk mineable type deposit however, Cominco concluded that, from the perspective of underground mining, "there was no reason to suspect that the host structures and the associated Surf and Pugsley ore centres do not persist to considerably greater depths".

In 1985 Surf Inlet Mines Ltd. acquired the property and constructed access roads, installed a trailer camp and rehabilitated part of the 900 level of the former Surf mine with the objective of drill testing possible extensions of the main mineralized zone. Part of the underground work required to provide drill access was completed however no drilling was carried out.

In 1993, Rupert Resources Ltd. acquired the property and commissioned an independent evaluation report referred to as the Magrum - Burton Report. This report concluded that "previous drilling from the 1000 Level of the former Surf Mine (circa 1941) as well as structural control and mode of emplacement of ore shoots, indicates a new ore shoot may be present below this level north of the existing workings."

In 1995, the writer visited the property and updated the Magrum - Burton Report. The updated report recommended that the primary objective of exploration should be to evaluate the Surf mine area and verify the 1941 drill results which indicate that significant mineralization may extend onto the former Wells Claims. Based on the proximity of the Wells Claims to the main mineralized zone of the former Surf mine this area was considered the highest priority target on the property.

Between 1995 and 1997 Rupert Resources Ltd. completed the rehabilitation of the 900 level of the Surf Mine, drove a 75 meter drill access crosscut tunnel onto the former Wells Claims and completed approximately 500 meters of underground drilling designed to determine if mineralization extends onto the former Wells Claims. The total cost of this program was approximately $750,000.

A total of three holes were drilled all of which encountered mineralization. Drill hole 97-01 was drilled at the boundary between the former Surf Mine and the former Wells Claims and encountered a 4.3 meter wide mineralized zone including a 0.9 meter interval grading 7.90 grams gold (0.23 oz/ton), 36.2 grams silver (1.1 oz/ton) and 1.09% copper. Drill hole 97-02 was drilled on the same section as DDH 97-01 and tested the mineralized zone approximately 25 meters down dip. This hole encountered a 4.5 meter wide mineralized zone including a 0.9 meter interval grading 11.35 grams gold (0.33 oz/ton), 10.6 grams silver (0.3 oz/ton) and 0.10% copper. Drill hole 97-03 was drilled along the Wells Claim boundary approximately 25 meters south of drill hole 97-01 and encountered a 3.4 meter wide interval containing low but anomalous gold values. Plate no. 4.0 and 5.0 show the approximate position of the 1997 drill holes and assay data. Although only limited drill information is available it is estimated that the true thickness of the mineralized zone is approximately 3 meters.

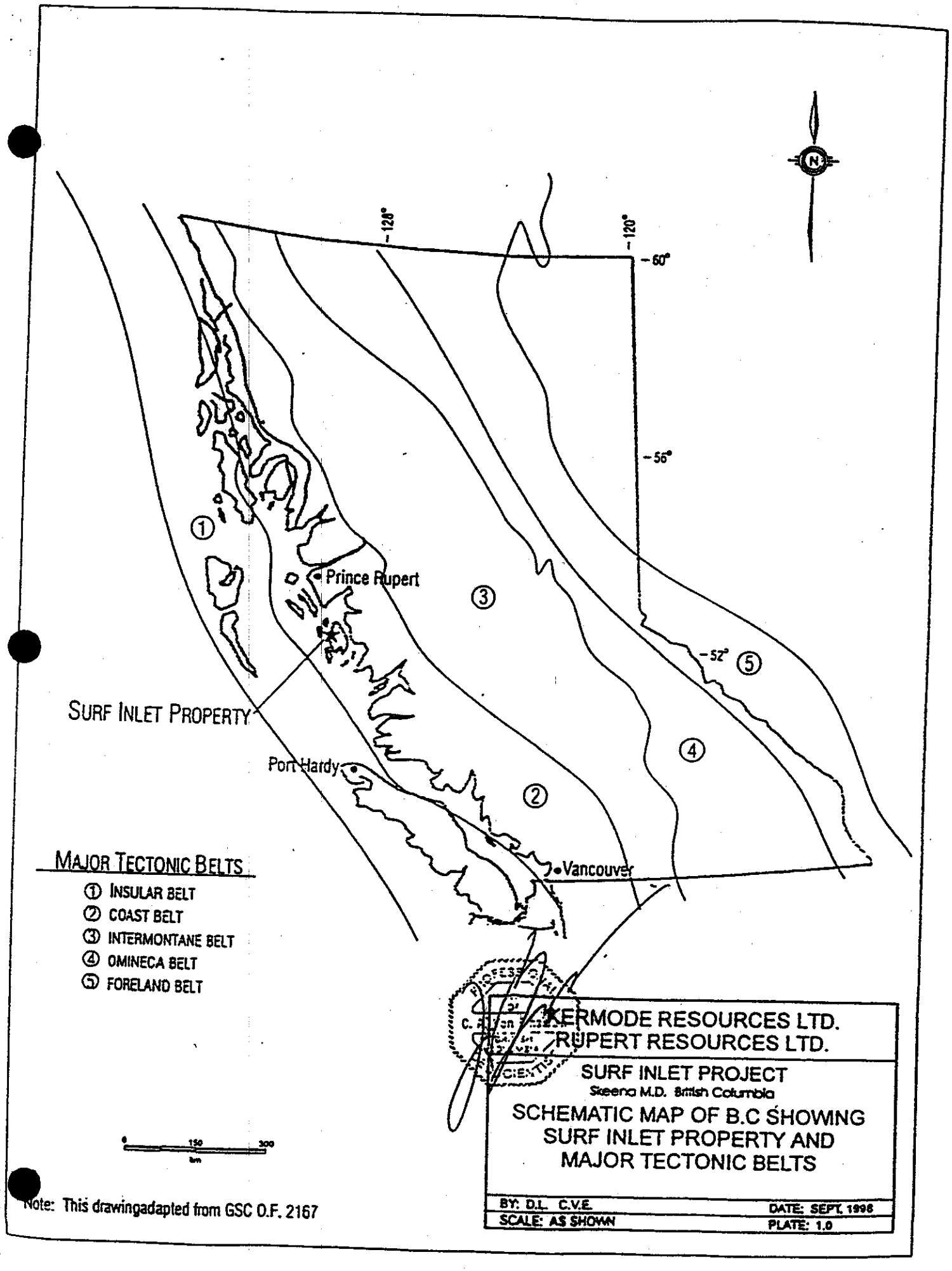
Based on the results of the drilling carried out in 1997 it was concluded that additional underground exploration drilling was warranted to evaluate the extent and grade of mineralization developed on the former Wells Claims.

In 1998 Kermode Resources Ltd. (Kermode) entered into an agreement with Rupert whereby Kermode acquired an option to earn a 50% interest in the property by carrying out additional exploration. Between June and October of 2000 Kermode mobilized equipment to the site and completed two additional drill holes from the existing drill station on the Surf 900 Level. These holes were drilled approximately 50 meters below the 1997 drill holes. The total cost of this program was approximately $250,000.

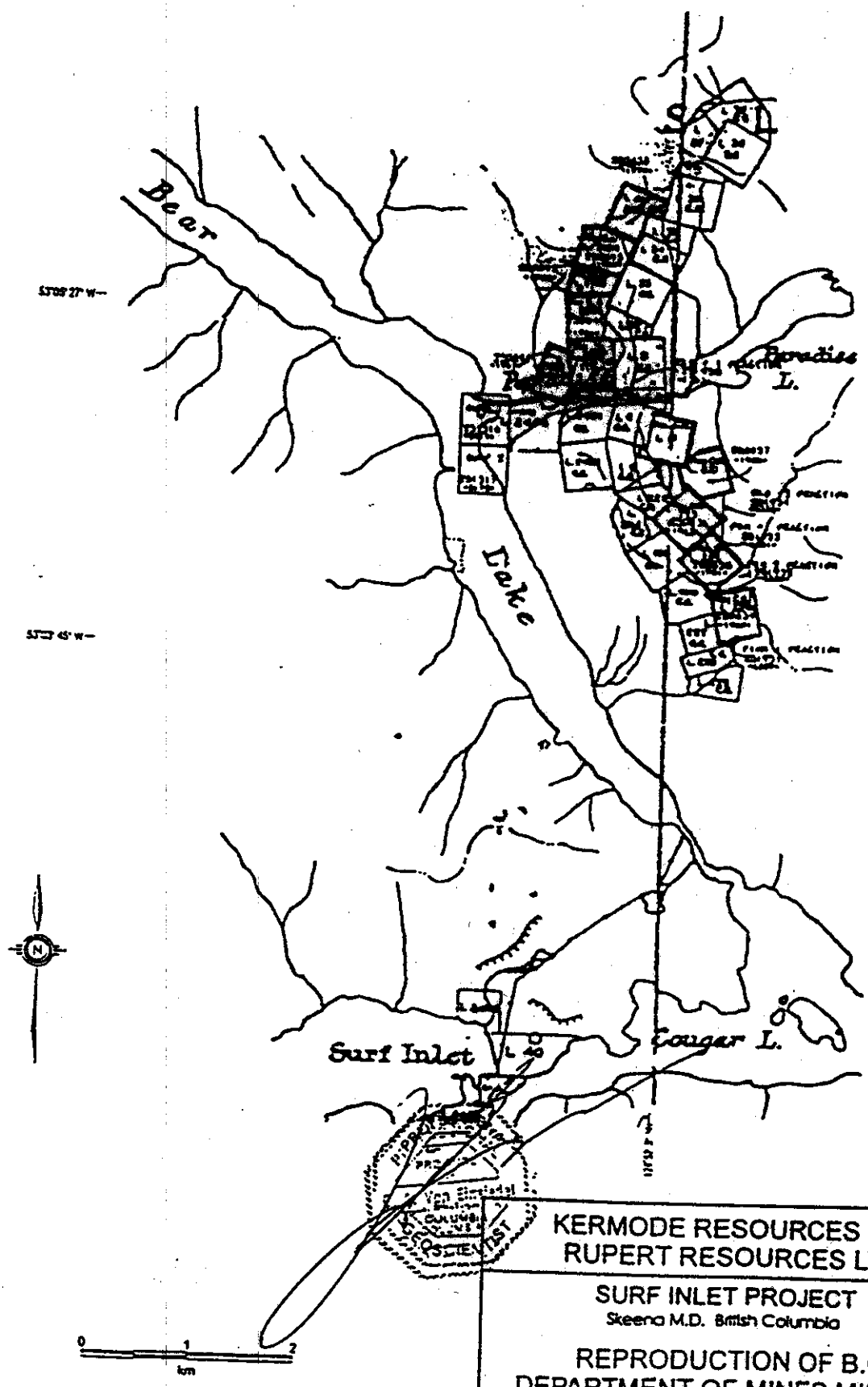
Drill hole 2000-01 was drilled on the former Wells Claims approximately 50 meters below 97-03 and encountered a 2.5 meter wide mineralized zone including a 1.1 meter interval grading 0.60 grams gold, 0.8 grams silver /ton 138 ppm copper. Two additional mineralized stringers were intesected further down hole at 309.0-310.5 and 327.0-327.5. The first mineralized stringer returned 0.4 meters grading 4.9 grams per ton gold, 158 grams per ton silver and 9.32% copper. The second mineralized stringer returned 0.15 meters grading 11.85 grams per ton gold, 16.0 grams per ton silver and 3.53% copper. Drill hole 2000-02 was drilled on the Wells Claims below DDH 97-02 and intersected a 7.1 meter wide zone on quartz and brecciated metasediments including a 1.1 meter section which assayed 1.1 grams per ton gold, 2.2 grams per ton silver and 814 ppm copper. Drill core logs and laboratory assay certificates are included as item no.5.1 and 5.2 in this report.

Although drilling intersected the vein structure and returned significant gold and copper grades over narrow widths, drill core logs indicate that the main mineralized structure in this portion of the former Wells claims is dipping at a shallower angle (estimated at 35o)than originally believed. Based on the fact that the vein is dipping at such a shallow angle it is concluded that an extension of the existing drill crosscut and establishment of a new drill station will be required prior to completing additional drill testing of the main vein structure. The estimated cost of completing this work will be approximately $500,000 before calculating additional drill costs.

Considering the costs involved in continuing underground drill testing of the main vein structure it is recommend that Kermode defer additional work until gold prices show significant improvement.



Note: This drawingadapted from GSC O.F. 2167



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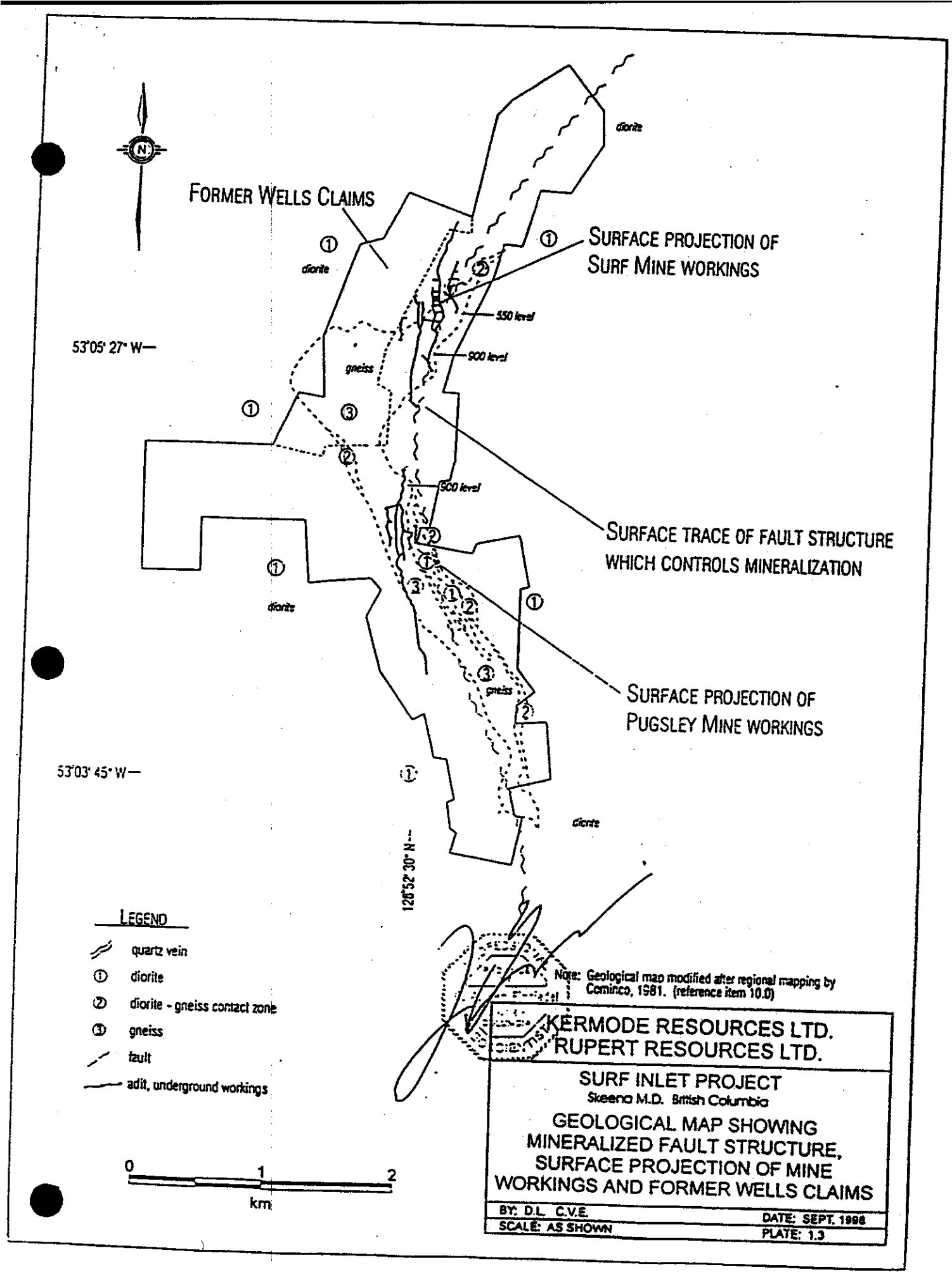
SURF INLET PROJECT
Skeena M.D. British Columbia

REPRODUCTION OF B.C. DEPARTMENT OF MINES MINERAL TENURE MAP NTS: 103H2W

BY: D.L. C.V.E.	DATE: SEPT. 1998
SCALE: AS SHOWN	PLATE: 1.1


FORMER WELLS CLAIMS
SURFACE PROJECTION OF SURF MINE WORKINGS
SURFACE TRACE OF FAULT STRUCTURE WHICH CONTROLS MINERALIZATION
SURFACE PROJECTION OF PUGSLEY MINE WORKINGS
53°05' 27" W
53°03' 45" W
128°52' 30" N
diorite
gneiss
550 level
900 level
500 level
LEGEND
quartz vein
① diorite
② diorite - gneiss contact zone
③ gneiss
fault
adit, underground workings
0 1 2
km
Note: Geological map modified after regional mapping by Cominco, 1981. (reference item 10.0)
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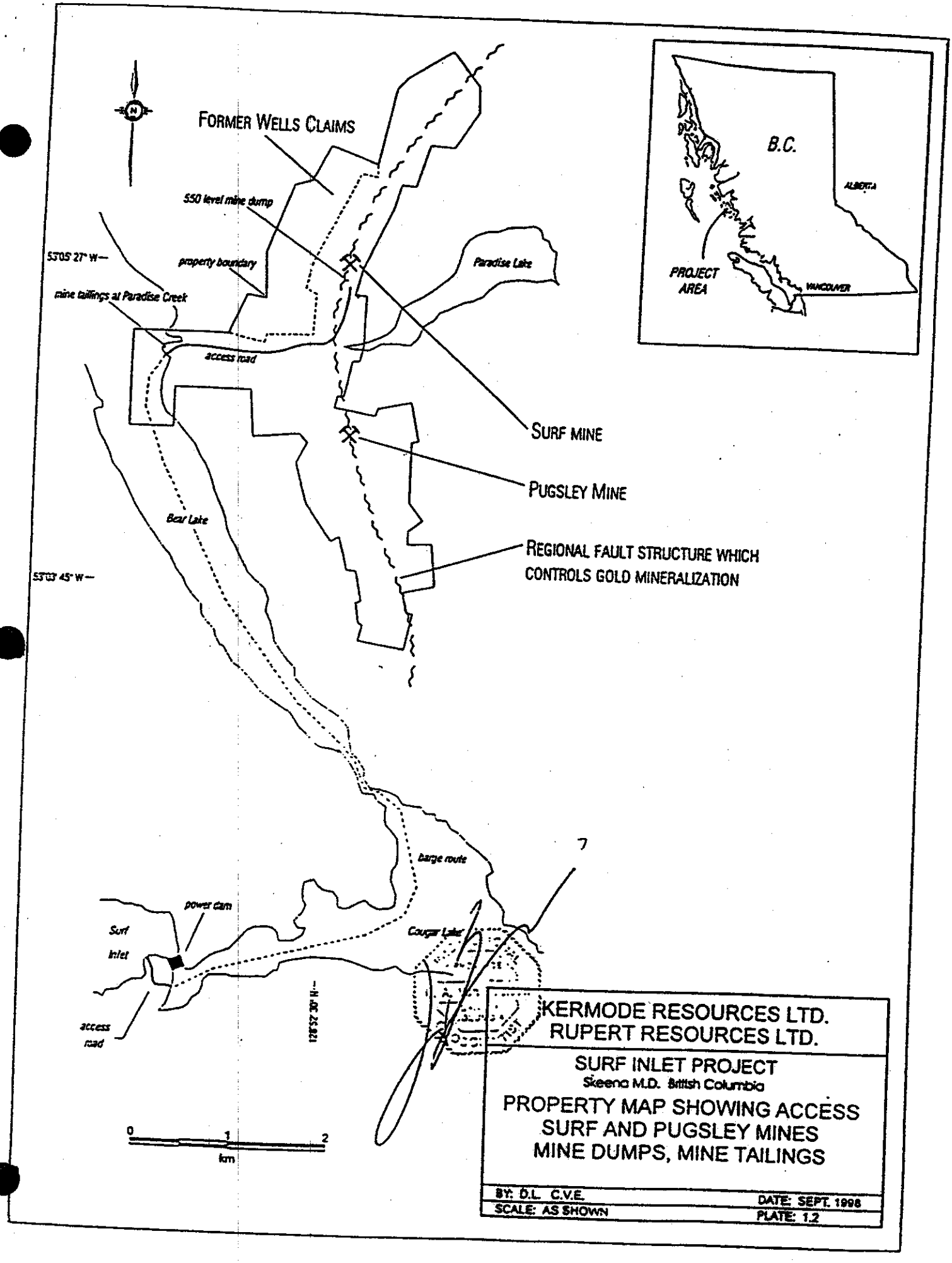
Skeena M.D. British Columbia
GEOLOGICAL MAP SHOWING MINERALIZED FAULT STRUCTURE, SURFACE PROJECTION OF MINE WORKINGS AND FORMER WELLS CLAIMS
BY: D.L. C.V.E.
DATE: SEPT. 1998
SCALE: AS SHOWN
PLATE: 1.3


FORMER WELLS CLAIMS
550 level mine dump
property boundary
Paradise Lake
mine tailings at Paradise Creek
access road
SURF MINE
PUGSLEY MINE
Bear Lake
REGIONAL FAULT STRUCTURE WHICH
CONTROLS GOLD MINERALIZATION
barge route
power dam
Surf
Inlet
Cougar Lake
access
road
B.C.
ALBERTA
PROJECT
AREA
VANCOUVER
0
1
2
km
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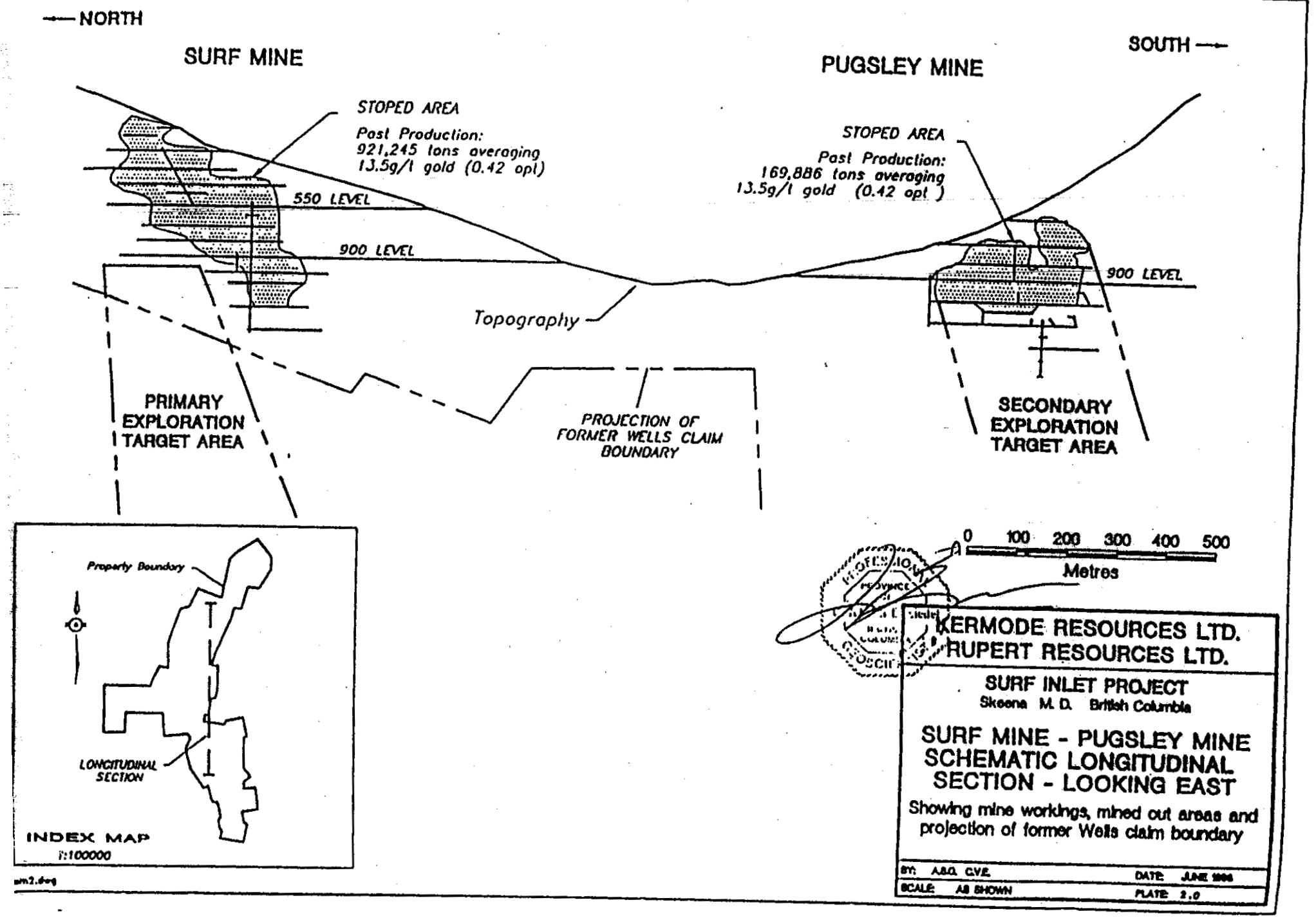
PROPERTY MAP SHOWING ACCESS
SURF AND PUGSLEY MINES
MINE DUMPS, MINE TAILINGS
BY: D.L. C.V.E.
DATE: SEPT. 1998
SCALE: AS SHOWN
PLATE: 1.2


NORTH
SOUTH
SURF MINE
PUGSLEY MINE
STOPED AREA
Post Production:
921,245 tons averaging
13.5g/t gold (0.42 opt)
550 LEVEL
900 LEVEL
STOPED AREA
Post Production:
169,886 tons averaging
13.5g/t gold (0.42 opt)
900 LEVEL
Topography
PRIMARY EXPLORATION TARGET AREA
PROJECTION OF FORMER WELLS CLAIM BOUNDARY
SECONDARY EXPLORATION TARGET AREA
Property Boundary
LONGITUDINAL SECTION
INDEX MAP
1:100000
0 100 200 300 400 500
Metres
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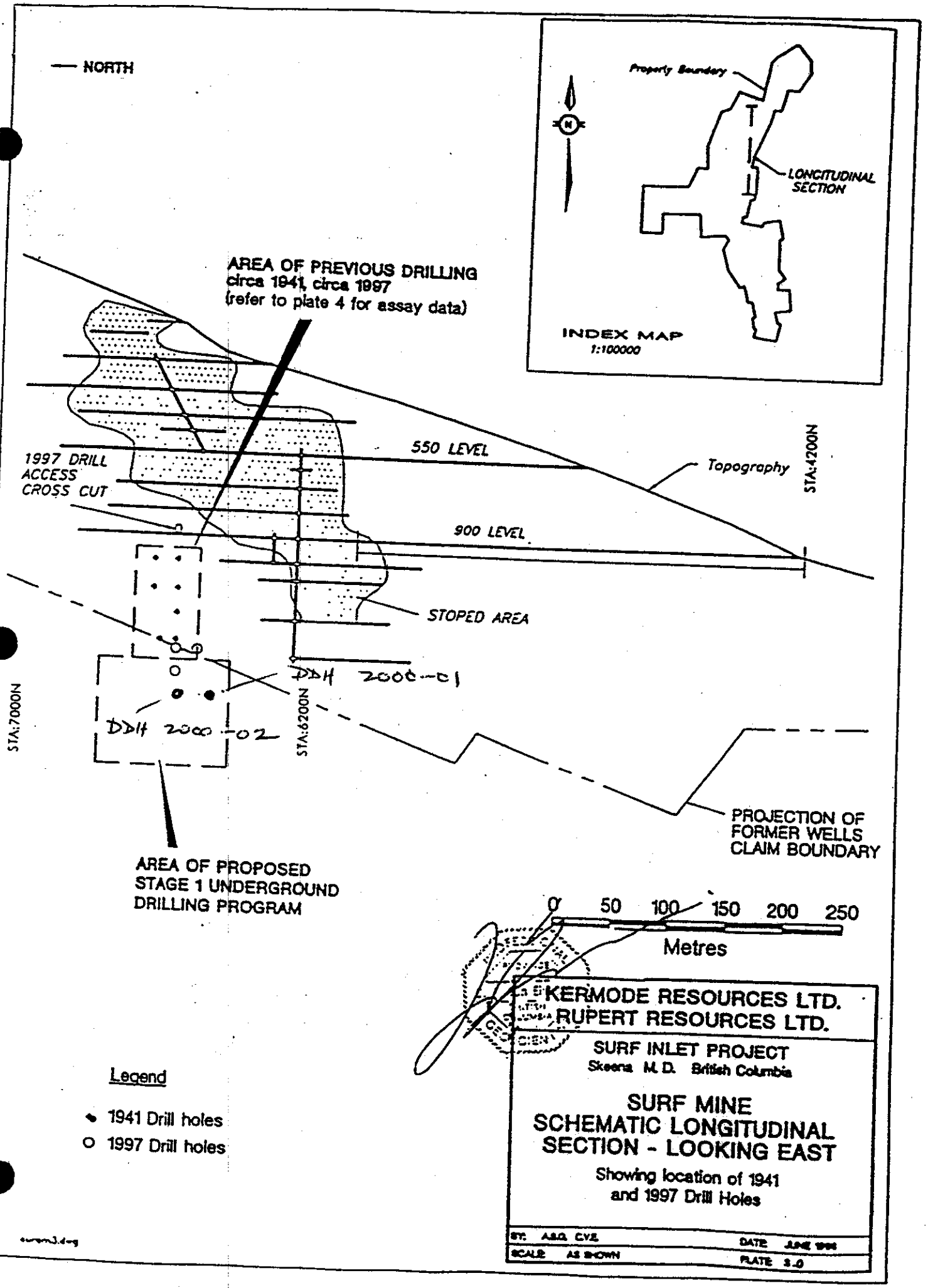
SURF INLET PROJECT
Skeena M. D. British Columbia
SURF MINE - PUGSLEY MINE
SCHEMATIC LONGITUDINAL
SECTION - LOOKING EAST
Showing mine workings, mined out areas and
projection of former Wells claim boundary
BY: A.S.Q. C.V.E.
DATE: JUNE 1996
SCALE: AS SHOWN
PLATE 2.0


NORTH
Property Boundary
LONGITUDINAL SECTION
INDEX MAP
1:100000
AREA OF PREVIOUS DRILLING
circa 1941, circa 1997
(refer to plate 4 for assay data)
1997 DRILL ACCESS CROSS CUT
550 LEVEL
900 LEVEL
Topography
STA:4200N
STOPED AREA
DDH 2000-01
DDH 2000-02
STA:7000N
STA:6200N
PROJECTION OF FORMER WELLS CLAIM BOUNDARY
AREA OF PROPOSED STAGE 1 UNDERGROUND DRILLING PROGRAM
0 50 100 150 200 250
Metres
Legend
1941 Drill holes
1997 Drill holes
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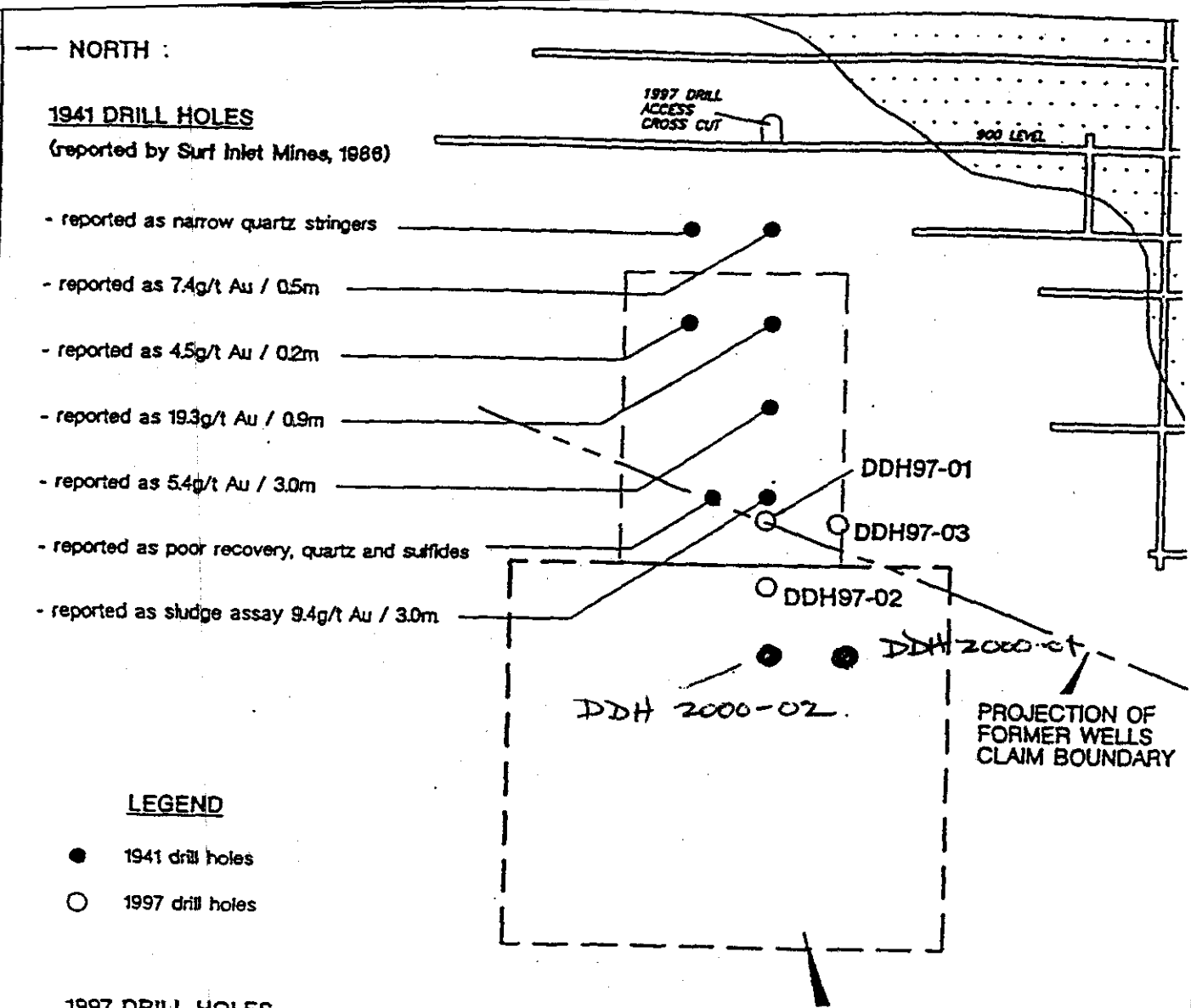
Skeena M.D. British Columbia
SURF MINE
SCHEMATIC LONGITUDINAL SECTION - LOOKING EAST
Showing location of 1941 and 1997 Drill Holes
BY: A.S.Q. CVE
DATE: JUNE 1998
SCALE: AS SHOWN
PLATE 3.0



1941 DRILL HOLES

(reported by Surf Inlet Mines, 1986)

LEGEND

- ● 1941 drill holes
- ○ 1997 drill holes

1997 DRILL HOLES

(refer to appendix 2 for certified assay results)

97-01

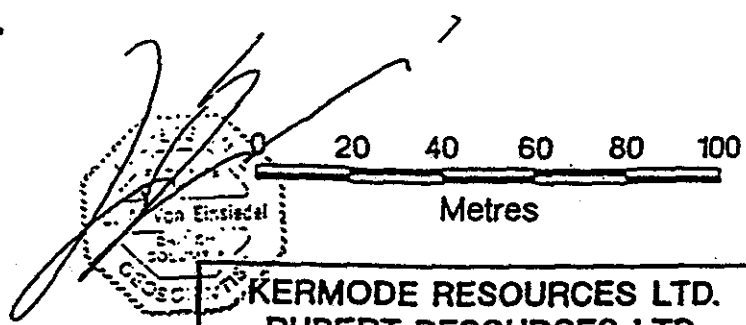
Interval (m)	Interval (ft)	g/t Au	Cu %
117.0 - 118.3	384.0 - 388.0	0.61	0.09
121.0 - 121.9	397.0 - 400.0	7.90	1.09
121.9 - 123.1	400.0 - 404.0	0.01	tr
123.1 - 124.4	404.0 - 408.0	0.22	0.03
124.4 - 125.3	408.0 - 411.0	0.07	

97-02

Interval (m)	Interval (ft)	g/t Au	Cu %
140.2 - 141.1	460.0 - 463.0	tr	tr
141.1 - 142.0	463.0 - 466.0	0.01	0.02
142.0 - 143.0	466.0 - 469.0	11.35	0.10
143.0 - 143.9	469.0 - 472.0	1.21	0.01
143.9 - 144.8	472.0 - 475.0	0.10	tr

97-03

Interval (m)	Interval (ft)	g/t Au	Cu %
135.6 - 136.2	445.0 - 447.0	1.18	tr
136.2 - 137.2	447.0 - 450.0	0.14	tr
137.2 - 138.1	450.0 - 453.0	0.01	tr



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SURF INLET PROJECT
Skeena M. D. British Columbia

SURF MINE SCHEMATIC LONGITUDINAL SECTION - ON STA. 6750N

1941 Drill Results
and 1997 Drill Results

BY:	A.S.G. C.V.E.	DATE:	JUNE 1994
SCALE:	AS SHOWN	PLATE:	4.0

surm4.dwg

3.0 Property description, location and access

The Surf Inlet Property is located on Princess Royal Island off the north coast of British Columbia approximately 150 kilometers south southeast of Prince Rupert or approximately 250 kilometers north from Port Hardy at the northern end of Vancouver Island. The approximate geographic centre of the property is located at 53 05' North and 128 52' 30" West. The easiest way to visit the property is via float equipped aircraft either from Prince Rupert or Port Hardy.

Commercial access to the minesite is by barge to the head of Surf Inlet on the west side of the island, transfer via a short road to smaller lake barge, and then by way of a mine access road built during 1988. Access roads, barge routes, camp area and the location of the mine workings and tailings dumps are illustrated in plate no. 1.2.

The Surf and Pugsly mines are situated along the same fault approximately one kilometer apart on either side of Paradise Creek Valley. The Surf mine is on the north side and the Pugsly is on the south. A diagrammatic longitudinal view is included as plate 2.0.

The terrain is typical of west coast rain forests and consists of densely forested valleys with barren, steep sides. Vegetation is primarily second growth spruce and cedar. Annual rainfall is in excess of 300 cm. The climate is moderate with limited snowfall in winter. It is possible to work on the property on a year round basis however, winter weather conditions can limit both marine and float plane access.

The Surf Inlet Property consists of 21 Crown Grants formerly owned by Matachewan Consolidated Mines, 9 Reverted Crown Grants formerly owned by Placer Dome Canada and 7 located and or fractional claims formerly owned by Surf Inlet Mines Ltd. Plate no. 1.1 is a reproduction of the current B.C. Department of Mines claims map for the Surf Inlet area.

Crown granted claims (Prince Rupert Land Title Registry)

Claim Name	Lot No.
Bee	1915
Bench	35
Bluebell	2485
Bluff	34
Cassie	228
DLS	31
Excelsior	9
Granite	1916
Gulch	33
Independence Fr.	222
La Quivree	39
Lake Fr.	32
Lakeview	229
Marcia	2484
Mountain Fr.	37
Olive	227
Princess Royal	7
Sadie	8
Sea Fr.	1914
Twin Peaks	38
UTA Fr.	36

Recorded mineral claims (Skeena Mining Division)

Claim Name	Record No.	Expiry
Sea Anchor Fr.	1979	Jan.14/2007
Summit	1980	Jan.14/2007
Bonanza	1981	Jan.14/2007
Anaconda	1982	Jan.14/2007
Turner Fr.	1983	Jan.14/2007
Seagull	1985	Jan.14/2007
Little Tommy Fr.	1986	Jan.14/2007
Brown Bear	1987	Jan.14/2007
Sunlight Fr.	1988	Jan.14/2007
Sea Lion	1989	Jan.14/2007
Finn 1 Fr.	6329	Aug.25/2007
PEH 2 Fr.	6330	Aug.25/2007
PEH 1 Fr.	6331	Aug.25/2007
RKB 2 Fr.	6332	Aug.25/2007
RKB 1 Fr.	6333	Aug.25/2007
Surf #1	5174	Feb.28/2007
Surf #2	5175	Feb.28/2007

3.0 Summary of previous mining operations and exploration

The following historic description of the mining operations on the Surf Property is reproduced from the technical report prepared by Cominco, 1981.

Gold mineralization was first discovered at Surf Inlet in the late 1800's with the first claims located in the fall of 1898.

Shipments of crude ore from the Pugsley mine began in 1900 and continued for a number of years. There is no record of tonnage or value produced.

On March 14, 1914 the Tonopah Belmont Development Company acquired the Surf Inlet Property. On September 1, 1917 a 400 ton per day capacity mill was placed in operation.

From September 1, 1917 to June 30, 1926 the Belmont Surf Inlet Mines produced 848,883 tons of ore of which 57,632 tons came from the Pugsley mine. The average feed grade of this ore was 0.425 ounces of gold (approx 13.5 grams), 0.30 ounces (approx 10 grams) of silver and 6 pounds of copper (0.3%). With an average gold price of $20.67 per ounce, dividends of $1,437,500 were paid out during that time period.

Unfavorable economics forced closure of the mine from 1926 to 1934. At a new price of $35.00 per ounce gold, an attempt to revive the mine in 1935 failed.

In 1936 the mine was refinanced and the name changed to Surf Inlet Consolidated Gold Mines Ltd. Operations continued until December 15, 1942.

Until the end of 1942, total recorded production from the property amounted to 1,091,131 tons of which 169,886 tons came from the Pugsley mine. Total average recovered grades were 0.385 ounces gold, 0.18 ounces silver and 0.29% copper.

In 1946 the Pugsley mine was dewatered with extensive underground development carried out on the 1000, 1100 and 1300 levels. In May, 1947 the 900 level of the Pugsley mine was extended south to explore the large area to the south of the workings. Sub-ore grades were encountered along that development. No work was performed on the property since that time. Upon closure of the Pugsley mine, proven reserves of 13,900 tons plus inferred reserves of 51,000 tons above the 1300 level had been outlined at historical grades. Reserves on the Surf mine on established levels were believed depleted.

It is important to note that the quoted reserves for the Pugsley mine do not conform to current industry standards for ore reserve classification and cannot be included in any form of reserve estimate .

According to Cominco, in December 1954 the company name was changed to Surf Inlet Consolidated Mines Ltd. Subsequently the name was changed to Western Surf Inlet Mines Ltd., in November, 1959. In May, 1966 Matachewan Consolidated Gold Mines Ltd. merged with Western Surf Inlet Mines with five new shares replacing four old shares.

In 1981 Cominco and Placer Dome entered into a joint venture to explore the property and completed a wide spaced drill program to test the bulk tonnage potential of the fault zone which hosts the Surf and Pugsley gold mines and as part of this program sampled existing mine dumps at the 550 Level of the Surf mine. Ten drill holes totalling 1,526.4 meters were cored along a section which extends from approximately 700 meters south of the Pugsley mine to approximately 300 meters south of the southern extension of the Surf mine workings.. Drilling showed no potential for an open pit type gold deposit however samples collected from the mine dumps averaged approximately 0.07 oz/ton gold (approx. 2.4 grams). It is important to note that sampling carried out by Surf Inlet Mines in 1991 was in close agreement with this estimate. A short extension of the access road constructed during 1988 would provide easy access to these dumps in the event that processing was warranted.

In 1985 a new company, Surf Inlet Mines Ltd. acquired the property including the former Wells Claim area. Based on extensive geological work and computer modelling in 1986, Mohan Vulimiri, David Bell and several other geologists developed new geological models for the Surf mine area and concluded that there was excellent potential for a repetition of the main ore body immediately north of the Surf mine ("Wells Claims" area). It was recommended that diamond drilling be completed from crosscuts on the 900 Level to test the area indicated in Plate no. 2.0.

During 1988 Surf Inlet Mines Ltd. a total of approximately $2,000,000 was spent in construction of new access roads, installation of a trailer camp and completion of much of the required underground rehabilitation work. Rehabilitation of the Surf 900 level was completed from the portal (Station 4200N) to Station 6200N. Unfortunately, market interest declined in late 1988 and the remaining rehabilitation work, construction of drill access crosscut tunnels and the proposed underground drill program was not carried out.

In 1993, Rupert Resources Ltd. (formerly Blackbridge Capital Corp.) Acquired the property from Surf Inlet Mines Ltd. After taking into consideration the work completed in 1988, Magrum and Burton, 1993 recommended a comprehensive, multi-stage exploration program at an estimated cost of approximately 1.13 million dollars. This program was designed to evaluate the Surf mine area and the Pugsley mine area including the mine dumps and mine tailings at Paradise Creek. Although the program suggested by Magrum and Burton was justified, it was the author's opinion that the most promising exploration target on the property is the former Wells claim area.

Between 1995 and 1997, Rupert Resources Ltd. and joint venture partners, New Dimension Technologies and Buffalo Mines Inc., completed repair and rehabilitation of the access roads and the trailer camp, completed the rehabilitation of the 900 level to station 6750N, completed a 75 meter drill access crosscut and drill station and carried out a limited underground diamond drilling program. The total cost of this program was approximately $750,000.

4.0 Geological description of the Surf Inlet Property

According to Cominco, 1981, the Surf Inlet Project is situated within the Coast Belt tectonic province in western British Columbia. Gold mineralization is localized along an extensive shear system that cuts predominantly intrusive and lesser mixed inclusions of gneissic volcanics and sediments of the extensive Coast Range Batholith. Rock units are believed to be Triassic in age. The location of the Surf Inlet Property and the tectonic provinces of British Columbia are shown in plate no.1.0. Property geology, generalized from the geological map prepared by Cominco, is shown in plate no.s 1.2, 1.3 and 1.4. Schematic sections showing the main underground workings, mined out areas and results of previous drilling are included as plate no.s 2.0, 3.0, and 4.0. For reference, the 1:10,000 scale geological map prepared by Cominco and the summary drill logs for the 1981 drill program are attached.

The gneiss unit consists of coarse grained moderately well banded, quartz biotite feldspar gneiss and plagioclase, hornblende, biotite gneiss. Accessory minerals include apatite and augite. Complex folding is common. The contact between the gneiss unit and diorite is rarely a well defined, sharp boundary. Instead, a type of assimilation zone from 5 to 100 meters wide exists. This unit is characterized by variably oriented gneiss fragments in diorite and irregular diorite dykes or injections in the bordering gneisses.

The major unit on the property is diorite with minor associated quartz diorite. In the unaltered state, this unit is medium to coarse grained, granular to weakly foliated. Major constituents include plagioclase, hornblende, biotite with lessor quartz, and accessory augite, sphene and magnetite.

The geology and ore deposits of the Surf Inlet area have been described extensively by various authors including: J.E.Gill and A.R. Byers in "Structural Geology of Canadian ore Deposits - A Symposium" by the Geology Division of the Canadian Institute of Mining and Metallurgy - 1948; Honsberger, 1973; Freeze and Juras, 1981 in a detailed report for Cominco Ltd.; and, Freeze, 1986; Magrum and Burton, 1994; and, von Einsiedel, 1998. The following description is a synopsis of these reports.

The gold occurrences are quartz-pyrite veins developed along the hanging wall and footwall of a complex fault zone with a general north-south strike and a westerly dip averaging 45°. The fault zone is along or near the east side of a roof pendant or screen of metasediments and volcanics in the Coast Range Batholith', which here is composed mainly of quartz diorite and bordering gneisses.

Both the Surf and Pugsley orebodies persist over a strike extent of roughly 300 meters and a known vertical extent of 425 meters. The ore zones are marked by the presence of numerous veins of milky quartz that have been inserted along slippage surfaces and tension cracks. Within the quartz pyrite and chalcopyrite can form up to 25% by volume. Rocks in and near the mineralized zones contain sericite and carbonate from the alteration of feldspar and broader zones of chlorite from the alteration of hornblende and biotite..

The fault zone has been traced for approximately 4,500 meters horizontally and 1,000 meters vertically. In the part containing the Surf and Pugsley ore zones it is broadly convex towards the west, striking N 23° E. at the north end, north-south in the central section, and N.18°W. at the south end. Dips range from 30° to 60°W. averaging 45°W. Internally it consists of parallel or sub-parallel shear surfaces or zones from a few centimeters to 10 meters thick.

Individual faults show broad corrugations, grooves and striae plunging northward at 30° to 70° and there is abundant evidence that during the main movement the west or hanging wall moved upward along these lines relative to the foot-wall. Markings due to later movements are numerous and it is almost certain that the openings for the veins were provided by the the small adjustments they record carrying one wall past the other in directions oblique to the main corrugations. Intensity of deformation, alteration and vein dimension varies markedly both in the horizontal and vertical sense. It is assumed that known ore zones and additional quartz-pyrite occurrences along the fault zone represent areas of dilatency which facilitated the ascent of mineralizing fluids.

Other gold mineralization occurs along the fault zone to the north and south of the mine workings however little exploratory work has been done. For information concerning these occurrences the reader is referred to the 1981 Cominco report which contains detailed sketches and assay data. This report also includes assay data and sketches of the 550 Level mine dumps. It is important to note that the occurrences along the fault structure outside of the main underground workings are situated in extremely rugged terrane and that exploration would be possible only by high cost helicopter assisted drilling programs.

4.1 Description of the Surf mine

The main ore zone, as defined by mined out areas, is an oblong feature which plunges roughly 45° to the south and is approximately 300 meters wide and 400 meters in length. Plate no. 2.0 and Plate no. 3.0 are schematic longitudinal drawings which show the approximate position of the underground workings, dimensions of the mined out areas and the approximate position of the 1941 and 1997 drill hole intercepts..

The complex vein zones are subdivided into west (hanging wall) and east (foot wall) veins with a complex network of vein filled sub shears and tension gashes. In past production areas, the average stope width was approximately 3 meters. Separation between the veins is variable ranging from 20 to 60 meters with mineralized zones varying between 0.6 and 12 meters in width. Historic mining records and assay plans show that mineralization is often concentrated in significantly enriched shoots within the larger mineralized zones. For example, on the 550 level, historic assay plans indicate that a 70 meter long shoot averaging 38 grams/ton gold over a 2.5 meter width was encountered between station 6200N and 6500N. This section of the historic assay plan for the 550 level is reproduced as plate 6.0 however it is important to note that these assays are based on historic values reported on the mine plans and are not the result of underground sampling programs carried out by the project operator..

In the Surf mine some of the veins occupy fissures that, from their positions in relation to the grooves, were tension cracks formed during the main fault movements, but these were no doubt opened by small, horizontal or oblique left-hand movements at the time of emplacement of the first quartz. The plunge to the southeast is in part, at least, due to these, but it is probably only a local feature. According to Vulimiri, 1986 structural work suggests a northerly pitch to ore shoots is equally possible and, if correct, new exploration opportunities lie to the north (Wells claim area) of the old workings.

Item 5.0 Description of 2000 drilling program

Between June and October of 2000 Kermode mobilized equipment to the site and completed two additional drill holes from the existing drill station on the Surf 900 Level. These holes were drilled approximately 50 meters below the 1997 drill holes. The total cost of this program was approximately $250,000.

Drill hole 2000-01 was drilled on the former Wells Claims approximately 50 meters below 97-03 and encountered a 2.5 meter wide mineralized zone including a 1.1 meter interval grading 0.60 grams gold, 0.8 grams silver /ton 138 ppm copper. Two additional mineralized stringers were intesected further down hole at 309.0-310.5 and 327.0-327.5. The first mineralized stringer returned 0.4 meters grading 4.9 grams per ton gold, 158 grams per ton silver and 9.32% copper. The second mineralized stringer returned 0.15 meters grading 11.85 grams per ton gold, 16.0 grams per ton silver and 3.53% copper. Drill hole 2000-02 was drilled on the Wells Claims below DDH 97-02 and intersected a 7.1 meter wide zone on quartz and brecciated metasediments including a 1.1 meter section which assayed 1.1 grams per ton gold, 2.2 grams per ton silver and 814 ppm copper. Drill core logs and laboratory assay certificates are included as item no.5.1 and 5.2 in this report

Figure no.3.0 and 4.0 show the approximate location of the 2000 drill holes.

Although drilling intersected the vein structure and returned significant gold and copper grades over narrow widths, drill core logs indicate that the main mineralized structure in this portion of the former Wells claims is dipping at a shallower angle (estimated at 35o) than originally believed. Based on the fact that the vein is dipping at such a shallow angle it is concluded that an extension of the existing drill crosscut and establishment of a new drill station will be required prior to completing additional drill testing of the main vein structure. The estimated cost of completing this work will be approximately $500,000 before calculating additional drill costs.

Considering the costs involved in continuing underground drill testing of the main vein structure it is recommend that Kermode defer additional work until gold prices show significant improvement.

Item 5.1 Drill core logs of 2000 drilling program

DDH 2000-01

001.0-239.0	unaltered to slightly altered metasediments, foliation to core axis at 50o
239.0-262.0	main or No.1 quartz vein, milky white quartz, coarse pyrite mineralization (approximately 20% pyrite) from 258.0-262.0
262.0-306.5	unaltered to slightly altered , grey coloured metasediments
306.5-311.0	slightly sheared metasediments, quartz and approx 25% coarse patches of chalcopyrite, bornite from 309.0-310.5.
311.0-327.0	metasediments
327.0-327.5	quartz stringer with coarse patch of chalcopyrite
327.5-508.0	metasediments
508.0-518.0	white quartz, minor breciation of wall rocks, no visible pyrite or chalcopyrite mineralization
518.0-685.0	metasediments
685.0-688.0	milky white quartz, no visible sulfides
688.0-698.0	gouge zone, grey to black coloured metasediments
698.0-745.0	metasediments
745.0	end of hole

Note 1: All drill core cross stacked at Surf Mine 900 level portal landing

Note 2: Sample analyses listed in Section 5.2. Sample number for each assay interval is in fact the specific interval submitted for assay.

Note 3:

Inclination:	-70 degrees
Azimuth:	247.5 degrees (west southwest)
Core size:	BQ
Collar elev.	same as 900 level elevation

DDH 2000-02

001.0-230.0	unaltered to slightly altered metasediments, foliation to core axis at 50o
230.0-238.0	main or No.1 quartz vein, milky white quartz, coarse pyrite mineralization (approximately 20% pyrite from 283.0-286.5); breccia zone with angular wall rock fragments from 230.0 to 232.0
228.0-513.0	unaltered to slightly altered , grey coloured metasediments
513.0-524.5	white quartz, minor breciation of wall rocks, no visible pyrite or chalcopyrite mineralization
524.5-690.0	metasediments
690.0-693.0	milky white quartz, no visible sulfides
693.0-699.0	gouge zone, grey to black coloured metasediments
699.0-750.0	metasediments
750.0	end of hole

Note 1: All drill core cross stacked at Surf Mine 900 level portal landing

Note 2: Sample analyses listed in Section 5.2. Sample number for each assay interval is in fact the specific interval submitted for assay.

Note 3:

Inclination:	-70 degrees
Azimuth:	270.0 degrees (west)
Core size:	BQ
Collar elev.	same as 900 level elevation

Item 5.2 Original assay certificates for 2000 drill program

ALS Chemex

Aurora Laboratory Services Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221

To: RAM EXPLORATION

131 ALEXANDER ST.
VANCOUVER, BC
V6A 1B8

INVOICE NUMBER I0034986

BILLING INFORMATION

Date: 05-DEC-2000
Project:
P.O. No.:
Account: PJA

Comments:

Billing: For analysis performed on Certificate A0034986

Terms: Payment due on receipt of invoice 1.25% per month (15% per annum) charged on overdue accounts

Please Remit Payments to:

ALS CHEMEX
212 Brooksbank Ave.,
North Vancouver, B.C.
Canada V7J 2C1

COPY

# OF SAMPLES	ANALYSED FOR CODE - DESCRIPTION	UNIT PRICE	SAMPLE PRICE	AMOUNT
3	205 - Geochem ring to approx 150 mesh	2.60		
	ICP-32	7.40		
	0-3 Kg crush and split	2.60		
	983 - Au ppb FA+AA	10.25	22.85	68.55
1	205 - Geochem ring to approx 150 mesh	2.60		
	ICP-32	7.40		
	0-3 Kg crush and split	2.60		
	983 - Au ppb FA+AA	10.25		
	997 - Au FA g/t	12.30	35.15	35.15

Total Cost $	103.70
(Reg# R100938885) GST $	7.26
TOTAL PAYABLE (CDN) $	**110.96**

ALS Chemex

Aurora Laboratory Services Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221

To: RAM EXPLORATION

131 ALEXANDER ST.
VANCOUVER, BC
V6A 1B8

INVOICE NUMBER I0035429

BILLING INFORMATION

Date: 11-DEC-2000
Project:
P.O. No.:
Account: PJA

Comments:

Billing: For analysis performed on
Certificate A0035429

Terms: Payment due on receipt of invoice
1.25% per month (15% per annum)
charged on overdue accounts

Please Remit Payments to:

ALS CHEMEX
212 Brooksbank Ave.,
North Vancouver, B.C.
Canada V7J 2C1

COPY

# OF SAMPLES	ANALYSED FOR CODE - DESCRIPTION		UNIT PRICE	SAMPLE PRICE	AMOUNT
1	212 - Overlimit pulp, to be found		0.00		
	384 - Ag FA	g/t	11.00		
	301 - Cu	%	8.75	19.75	19.75
1	212 - Overlimit pulp, to be found		0.00		
	301 - Cu	%	8.75	8.75	8.75

Total Cost $	28.50
(Reg# R100938885) GST $	2.00
TOTAL PAYABLE (CDN) $	30.50

ALS Chemex

Aurora Laboratory Services Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RAM EXPLORATION

131 ALEXANDER ST.
VANCOUVER, BC
V6A 1B8

Project :
Comments: ATTN: CARL VON EINSIEDEL

[redacted] Number :1-A
[redacted] Pages :1
Certificate Date: 05-DEC-200
Invoice No. :10034986
P.O. Number :
Account :PJA

CERTIFICATE OF ANALYSIS A0034986

SAMPLE	PREP CODE		Au ppb FA+AA	Au FA g/t	Ag ppm	Al %	As ppm	B ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %	Ga ppm	Hg ppm	K %	La ppm
01: 258.0-262.0	205	226	600	-----	0.8	0.80	< 2	< 10	50	< 0.5	< 2	3.86	< 0.5	63	64	138	6.83	< 10	< 1	0.22	< 10
01: 309.0-310.5	205	226	4990	-----	>100.0	0.55	< 2	< 10	70	0.5	30	2.69	2.0	3	56	>10000	4.06	< 10	< 1	0.20	< 10
01: 327.0-327.5	205	226	>10000	11.85	16.0	1.27	< 2	< 10	50	< 0.5	2	1.94	< 0.5	11	106	>10000	4.28	< 10	< 1	0.12	< 10
02: 283.0-286.5	205	226	1105	-----	2.2	0.21	8	< 10	10	0.5	2	0.50	1.0	226	70	814	>15.00	< 10	< 1	0.11	< 10

CERTIFICATION: [signature]

ALS Chemex

Aurora Laboratory Services Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RAM EXPLORATION

131 ALEXANDER ST.
VANCOUVER, BC
V6A 1B8

Project :
Comments: ATTN: CARL VON EINSIEDEL

[redacted] Number :1
[redacted] Pages :1
Certificate Date: 08-DEC-20
Invoice No. :I0035429
P.O. Number :
Account :PJA

CERTIFICATE OF ANALYSIS A0035429

SAMPLE	PREP CODE	Ag FA g/t	Cu %
01: 309.0-310.5	212 --	158	9.32
01: 327.0-327.5	212 --	-----	3.53

OVERLIMITS from A0034986

CERTIFICATION: [signature]

ALS Chemex

Aurora Laboratory Services Ltd.
Analytical Chemists * Geochemists * Registered Assayers
212 Brooksbank Ave., North Vancouver
British Columbia, Canada V7J 2C1
PHONE: 604-984-0221 FAX: 604-984-0218

To: RAM EXPLORATION

131 ALEXANDER ST.
VANCOUVER, BC
V6A 1B8

A003542

Comments: ATTN: CARL VON EINSIEDEL

CERTIFICATE A0035429

(PJA) - RAM EXPLORATION

Project:
P.O. # :

Samples submitted to our lab in Vancouver, BC.
This report was printed on 08-DEC-2000.

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
212	2	Overlimit pulp, to be found

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
384	1	Ag g/t: Gravimetric	FA-GRAVIMETRIC	3	3500
301	2	Cu %: Conc. Nitric-HCl dig'n	AAS	0.01	100.0

6.0 Expenditure summary for Surf Inlet project expenditures for period ended October 30, 2000

Field personnel:

Field technicians: charges involved with equipment mobilization to Prince Rupert, unloading Wainwright Marine barge at Surf Inlet damsite, transportation of equipment to Cougar Lake loading ramp, assembly of Cougar Lake loading platform and ramp, transfer of fuel and equipment from Cougar Lake ramp to Bear Lake ramp, repairs and maintenance to Paradise road culvert crossings, transfer of equipment from Bear Lake ramp to Surf 900 level and trailer camp.

67 man days @ $250	$ 19,262.50

Underground shiftboss as per Department of Mines regulations

J. Hutter: 39 days @ $345	13,455.00

Field technicians: charges involved with assembly of Gardner Denver 900 cfm compressor, assembly of Mancha trammer, scaling, track clearing, muck removal, installation of dewatering pumps, removal and overhaul of 12 BH drill head and 12 BH Hydraulic chuck, removal of pre-existing scaffolding in No.1 drill station, installation of new scaffolding in No.1 station, installation of rock bolts for hoisting block and tackle, demobilization of all drilling equipment from No.1 station to portal landing, removal of approx. 1000' of rubber water line, removal of air fans and utility air hoses, construction of rain cover for drilling and underground equipment pending demobilization.

55 man days @ $350	22,137.50

Industrial First Aid technician

20 days @ $281.25	5,625.00

Industrial First Aid Equipment rental

unrestricted Level III with overnight oxygen	1,000.00
Employee benefits incl. W.C.B. @ 6.7%	4,052.16
Employee travel expenses	2,931.77
sub-total	$ 68,464.03

Equipment transportation charges

-Rivtow Marine charges (Vancouver - Prince Rupert)	$ 2,357.50
-Rivtow Marine demob. charges (Surf Inlet to Kitimat)	14,375.00
-Wainwright Marine (Prince Rupert to Surf Inlet)	5,750.00
-Bandstra transport GD 900 Smithers to Prince Rupert	1,150.00
-J.M. Hutter invoice re. asst'd freight to Prince Rupert	550.00
-Ram Exploration equipment and trailer to Prince Rupert	
2800 km. return @ $0.55	1,540.00
-Ram Exploration 5 ton crane truck Vancouver to Kitimat	
2600 km return @ $1.05	2,730.00
-Ram Exploration 1 ton van Terrace to Vancouver	
2600 km return @ $0.45	1,170.00
sub-total	$ 29,622.50

Ram Exploration equipment rentals
-service and auxiliary equipment

-Ford 4x4 crewcab with utilty box @ $500	$ 1,000.00
-Ford 4x4 flatdeck @ $500	1,000.00
-Chevrolet rear lift equipped 5 ton 14' van @$750	1,500.00
-Toyota 4x4 pick-up @$500	1,000.00
-utility box trailer @ $250	500.00
-utility 12' flat trailer @ $250	500.00
-utility 10' flat trailer @ $250	500.00
-18' camper trailer @ $250	500.00
-18' Raider aluminum skiff w/ cabin and 70 h.p. Evinrude @ $1,250	2,500.00
-camp appliance rentals (minimum 2 month rental)	
propane refrigerator @ 125.00	250.00
propane stove @ $50.00	100.00
propane shower unit @ 250.00	500.00
freezers(2) @ $125.00	500.00
-equipment and industrial tooling	
portable industrial welder @ $995	1,990.00
portable barge frames @ $500	1,000.00
50 h.p. Mercury barge engines (2) @ $250 ea.	1,000.00
6,500 watt diesel generator @ $495	990.00
5000 watt Honda generators(3) @ $250	1,500.00
5 h.p. Honda water supply pump @ $250	250.00
oxygen and acetylene tanks 200 cu.ft./ torches @ $100	200.00
1000' utility hoses @ $500	500.00
pallets, metal strapping and tooling @ $250	250.00
mechanics tool set @ $500	500.00
carpenters tool set @ $250	250.00
crane operation straps, slings and utility equipment @ $500	500.00
hoisting chains, 2.5 ton hoist, 3 ton hoist @ $1,000	1,000.00
5 gal. fuel containers (20) @ $100	100.00
jack-all(5), hydraulic jacks @ $25	125.00
hoisting blocks(4) @ $75	300.00
12V fuel transfer pumps @ $100	200.00
sub-total	$ 21,005.00

Ram Exploration underground mining equipment and air compressor rentals

-Gardner Denver 900 c.f.m. compressor @ $4,500	$ 9,000.00
-accessory 2" diameter bull hoses; 1" diameter bull hoses @ $500	500.00
-hydraulic oils, engine oils, filter replacement stock	
-Mancha 1.5 ton trammer @ $1,675 per mo.	3,350.00
-Mancha 1.5 ton trammer @ $1,675 per mo. (Back-up unit)	1,675.00
-40 volt battery @ $250 per mo.	500.00
-40 volt battery @ $250 per mo.	500.00
-40 volt battery charger @ $250 per mo.	500.00
-1.25 ton muck car @ $250 per mo. (as mud tank)	500.00
-timber car @ $275 per mo.	550.00
-jackleg drill @ $390 per mo.	1,170.00
-ventilation fan 18" diameter @ $175 per mo.	350.00
-ventilation fan 18" diameter @ $175 per mo.	350.00
-ventilation fan 18" diameter @ $175 per mo.	350.00
-reciever tank (internal) @ $195 per mo.	280.00
-10 hp. Diesel Monarch dewatering pump @ $995 per mo.	1,890.00
-10 hp. Diesel Monarch dewatering pump @ $995 per mo.	1,890.00
-asst'd. Dewatering equipment incl. 500' 4" layflat vinyl	500.00
-Sand Piper air operated dewatering pump @ $295 per mo.	590.00
-air oilers (6), valves, headers etc. @ $250 per mo.	500.00
sub-total	$ 24,945.00

Consumable supplies

10 % (1)
90 % (2)

-groceries and camp consumables	
261 man days @ $35 per diem	9,135.00
-45 gal. drum rentals	
106 units fuel delivery @ $57.50 ea.	6,095.00
-diesel fuel	
19,200 liters @$0.6751	12,961.92
-gasoline	
2,000 liters @ $0.7130	1,426.00
-100 lb. propane tank rentals	
12 units propane delivery @ $201.25	2,415.00
-asst'd hydraulic oil, compressor oil, engine oil, filters, misc.	
approx. 25 pails @ $50 ea.	1,250.00
-lumber and miscellaneous supplies	
200' utility 2x10 planks @ $1.00	200.00
10 pc. Used 3/4" plywood @ $20	200.00
asst'd fasteners	100.00
sub-total	$ 33,782.92

Communications charges

-satellite telephone invoices	$ 4,669.00
-satellite telephone rental: 2 mo. @ $1,000	2,000.00
-satellite telephone rental (back-up unit)	1,000.00
-VHF radio (3 hand held) @ $75 ea per mo.	450.00
sub-total	$ 8,119.00

Diamond drilling charges

DDH 2000-01	
-745' @ $24.40 per foot as per budget estimate ($80.00 per meter)	$ 18,178.00
DDH 2000-02	
-750' @ $24.40 per foot as per budget estimate ($80.00 per meter)	18,300.00

Diamond drilling consumable supplies

-core boxes (as per Robertson Manufacturing invoice)	1,097.10
-drilling muds	
6 pail Extreme mud @ $143.75	862.50
14 pail Extreme cutting oil @ $75	1,050.00
-diamond set products	
10 diamond set bits @ $477.25	4,772.50

Diamond drilling equipment

-replacement of damaged 12BH chuck bearings, 37A draw works bearings	1,000.00
-replacement of 4 damaged BQ rods @ $140 ea.	560.00
sub-total	$ 45,820.10

Air charter costs

Lake Else Air (Terrace)	
-06/20/00	$ 1,716.55
-07/16/00	1,107.45
-07/25/00	1,107.45
-08/02/00	243.64
-08/03/00	1,218.20
-08/15/00	1,107.45
-08/19/00	553.73
-08/22/00	304.55
-09/01/00	1,107.45
-09/03/00	1,107.45
-09/07/00	553.73
-09/09/00	609.10
Air Cab (Port Hardy)	
-07/22/00	1,725.00
Sub-total	$ 12,461.75

Preparation of geological and technical reports, preparation of exploration permit applications, compliance with Department of Mines regulations, core logging, preparation of final technical report.

C. von Einsiedel:	$ 2,359.90
sub-total	$ 2,359.90

Total project expenditures for the period ended October 30, 2000: $246,580.20

6.0 References

Freeze A.C. & Juras, S. 1981 COMPLAC Joint Venture, 1981 Termination Report. Private Report for Cominco Ltd., December 14, 1981. 12 pp.

Freeze A.C. Exploration and Development Recommendations for the Surf Inlet Gold Project submitted to Fleet Developments Ltd., Vancouver, B.C. Consulting report prepared by Cominco Ltd. March 10, 1986. 12 pp.

Honsberger, J.C. Report on the former Surf Inlet Consolidated Gold Mines Ltd. Property. Private report, Matachewan Consolidated Mines Ltd., July 20, 1973, 26 pp.

Gill, J.E. & Byers, A.R. 1948 Surf Inlet and Pugsley Mines in Structural Geology of Canadian Ore Deposits, Canadian Institute of Mining and Metallurgy, Special Volume., pp 99-104.

Magrum, M. & Burton, A. Summary Report and Proposed Exploration Program. Surf Inlet Gold Project. Report dated May 10, 1993 as amended August 15, 1993 and September 24, 1993. Report included in Statement of Material Facts Number #82/94 dated November 1, 1994. 25 pp.

Surf Inlet Mines, Vulimiri, M Technical Summary of the Surf Inlet Project, Princess Royal Island 1986.

Von Einsiedel, C. Summary Report and Proposed Exploration Program, Surf Inlet Project Princess Royal Island, June 15, 1998

Legun, R.E. Geological Survey of Canada Open File 2167. Geology and Regional Setting of Major Mineral Deposits in Southern British Columbia. A. Legun, R.E. Meyers, H.P. Wilton

7.0 Certificate

I, CARL A. VON EINSIEDEL, do hereby certify that I am an independent Consulting Geologist with Ram Exploration Ltd. at 131 Alexander Street, Vancouver, B.C., V6A-1B8, Telephone No: (604) 331-8566

I FURTHER CERTIFY THAT:

1. I am a geology graduate of the University of British Columbia and am a registered Professional Geologist in B.C. with Certificate No.21474.

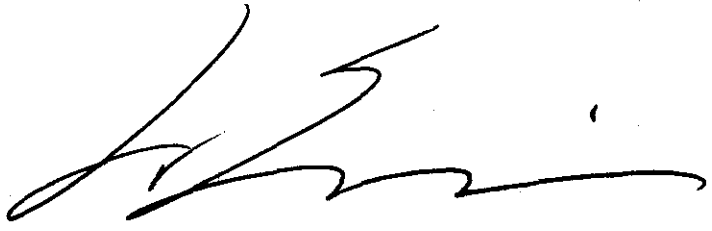
2. I have practised my profession for over 10 years as an independent consultant junior mining companies in Canada and the United States.

3. I have personally supervised exploration work carried out between 1988 and 1997 and have extensively reviewed the considerable data available on the mines including relevent plans, sections, drill hole data and previous operators technical reports..

4. I have no personal interest, directly or indirectly in the property or securities of Kermode Resources Ltd., nor do I expect to receive directly or indirectly any interest in such property or securities.

5. I give permission to Kermode Resources Ltd. to use this Report for underwriting purposes.

Dated this 1st day of March, 2001 in Vancouver, B.C.



CARL A. VON EINSIEDEL, P.Geo.
Consulting Geologist