PRELIMINARY REPORT

ON THE

BC MOLY PROPERTY, PARADISE PEAK RANGE, NEVADA

Latitude: 38° 46' North
Longitude: 117° 48' West

TONOPAH 1° X 2° QUADRANGLE

for

ADANAC MOLY CORP.
2A 15782 Marine Drive,
White Rock, British Columbia,
V4B 1E6

By: Robert H. Pinsent, P.Geo.
2335 West 13th Avenue,
Vancouver, British Columbia,
V6K 2S5

February 25th, 2006

TABLE OF CONTENTS

TABLES

FIGURES

1.0 Summary

The BC Moly deposit, near Gabbs, Nevada, was located by USSRAM Company in 1969 and was explored through the 1970s. The company identified a relatively modest resource and was considering developing a small open-pit mine when the price of molybdenum dropped in the early 1980s. In 2004, William Worthington, who previously worked for the prior owners and has considerable knowledge of the deposit, reviewed the historic data. He suggested that, in addition to the original small open pit, part of the deposit might be amenable to underground development.

Adanac Moly Corp acquired the property in 2004. Along with it, has acquired a considerable amount of original geological data. This will take some time to fully evaluate. Based on a preliminary review of the data, it is clear that the deposit is real but the resource estimates are nowhere near NI 43-101 compliant. Work by Amax in 1978 suggests that they may be overstated.

I recommend that the company continue to process the old data and prepare to revise the resource estimation, while at the same time conducting a thorough diamond-drill "twin" programme to check on the geology and molybdenum assays. The results should show whether the larger-tonnage (low-grade) open-pit or the smaller tonnage (higher-grade) underground development option is the better way to proceed with the project in the short to medium term.

2.0 Introduction and Terms of Reference

In 2004, Adanac Moly Corp purchased a 100% interest (subject to a 1.25% NSR) in the re-staked BC Moly (a.k.a. B&C Springs) property, near Gabbs in Nevada. The company also acquired a considerable amount of original geological, technical, legal and administrative maps and files relating to the property. Mr. D. Philip has copied much of the data; however it is still largely unsorted, and in banker boxes and rolls of maps. Most of the files date from the 1970s and 1980s.

In 2004, the company has also acquired a short report on the "Mineral Potential of the BC Project Area" by William T. Worthington, a Consultant Geologist who was Chief Geologist for Sharon Steel Corporation, the previous owners, while much of the work was being done. In it, he describes the deposit and discusses options for mining; based on a minimum resource estimate of 33,641,000 tons (30,512,387 tonnes) grading 0.08% Mo, 0.18% Cu and 6.84 g/t Ag at a 0.04% Mo cut-off, made D. Lindsey of the U.S. Bureau of Mines, in 1892.

This resource is "historic" and is not up to NI 43-101 standards. The following report is formatted as if for a NI 43-101 report in order to show what is and is not known; however it is preliminary in nature and is produced for purpose of guidance in the short-term rather than a definitive assessment of the property. It should not be published. It discusses the nature and quality of the data and makes recommendations for further work.

3.0 Disclaimer

The current report is based on a very preliminary (3-4 day) review of the files in Mr. Philip's Office. The author has not seen the property or the core, and has limited exposure to the mineral deposits of Nevada. However, he is experienced in evaluating old data and has no reason to doubt the content of the files. The information in this report is based on the work of several people mentioned in the report and/or listed in the reference.

4.0 Property Description and Location

The BC Project is at Latitude 38°, 46', 50"; Longitude 117°, 48', 6" seconds in the Paradise Peak district of Nye County, Nevada. It is in the Paradise Peak Range, in Section 34, Township 11 North and Ranges 37 East, Mount Diablo Meridian. The project area is within the Toyiabe National Forest, approximately 130 miles (209 km) southeast of Reno and 12 miles (19 km) southeast of Gabbs. The deposit is approximately 18 km northeast of the past-producing Paradise Peak gold-silver mine and 4 km southeast of the Scheebar is 2-3 tungsten-mercury deposit (Figure 1).

5.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access is south for 6.4 kms from Gabbs on Highway 23 to Kelly's Well, then 14 kms southeast on Pole-line road to the BC Well road, then 18.3 km to the deposit area (Lindsey, 1982). There is (or was) a good network of dirt roads throughout the area.

The regional topography is moderate to rugged, with elevations ranging from 6,000 to 7,500ft (1,829m – 2286m). However, the deposit area includes the crest of a gentle ridge at approximately 7,200ft (2,194m) elevation. The terrain is typical semi-desert with a temperate climate. It is hot and dry in the summer months, with temperatures up to 37° centigrade. Moderate amounts of snow accumulate in the winter months and the temperature reaches lows of -26° centigrade. Rainfall is evenly spread throughout the year with average annual precipitation of around 12 cm (Hansen, 1982). Vegetative cover is mostly limited to sagebrush, pinyon and juniper trees, although there are also a wide variety of grasses. Deer, coyotes and rabbits are common.

The project area is close to both Gabbs and Hawthorne, Nevada, where logistical support of most types is available. Electric power *may* be available from a high-voltage transmission line which crossed near the southwest portion of the property. Water is relatively scarce at present, but probably could be obtained from wells in nearby valley areas (Hansen, 1982).

6.0 History

The BC deposit was found, through prospecting, following an airborne magnetic survey, flown in 1968. At that time, molybdenite was found in waste-rock around an old adit in an area noted to be anomalously low in magnetism. In 1969, the area was mapped and grid-based geophysical and geochemical surveys were conducted over the main area

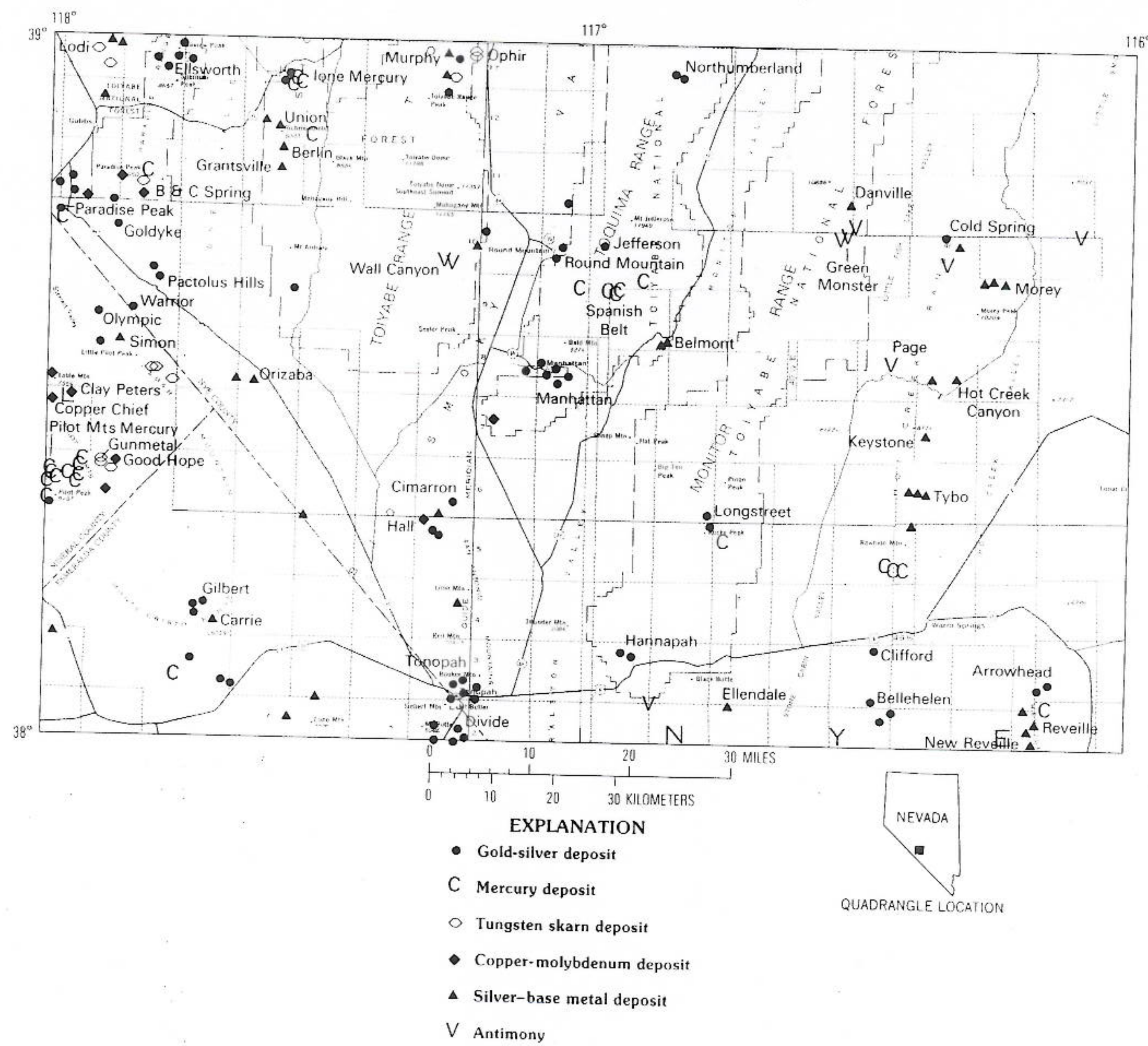


Figure 1. Map showing location of major mines and prospects in the Tonopah 1°×2° quadrangle. Symbols represent six major deposit types known in the area.

of interest. The company also drilled two, short, rotary-holes. The following year, it continued the rotary-drill programme. However, after collaring the discovery-hole (BC-15), it switched to a combination of shallow rotary and deeper diamond-drilling. There were major drill programmes between 1970 and 1974, and in 1977 and 1978. All but three of the holes were drilled by 1978. That year, United States Smelting, Refining and Mining Company (USSRAM), an affiliate of Sharon Steel Corporation, flew the area for accurate topography and prepared a new set of maps. These were used by W. Kastelic, Vice President in charge of mining for U.V. Industries (USSRAM's parent company) to design a small pit covering the northeastern, near surface part of the deposit. He calculated that there was a recoverable resource of 14,000,000 tons (12,698,000 tonnes) grading 0.08% Mo and 0.20% Cu with a strip-ratio of 2.4 tons (2.18 tonnes) waste to 1.0 ton (0.91 tonnes) of ore.

By 1982, USSRAM had completed its drill programme. It had drilled 66-holes in the main BC deposit area for a total of approximately 13,716 metres (Lindsey, 1982). Of these 24 were relatively shallow (< 200 metres depth) rotary holes and 42 were either cored from surface or extended rotary-drill holes. They were drilled through the deposit to 250 metres to 500 metres depth and outlined a relatively flat-lying, tabular deposit trending north 15° east, with a total length of 1,195 metres, average width of 465 metres and average thickness (to depth) of 51 metres. The deposit dips at 20° to the southeast, approximately parallel to an overlying thrust fault. The northeast part, proposed for open-pitting, comes to surface in the floor of a valley a cap of "greenstone" overlying the thrust fault has been eroded away.

At around this time, Sharon Steel Corporation performed two separate tonnage calculations, one for molybdenum and one for copper content. The former came up with 37,082,500 tons (33,633,827 tonnes) of "indicated" ore at a grade of 0.85% Mo using a cut-off of 0.04% Mo. The latter resulted in 21,866,250 tons (19,832,689 tonnes) of "indicated" ore grading 0.202% Cu using a cut-off of 0.10% Cu. The company made no attempt to combine the tonnages as the distribution of molybdenum in the deposit differs, slightly, from that of copper and silver. They may reflect two events.

In 1982, the United States Geological Survey (US Department of Interior) started a five year review of the geology and mineral resources of the Tonopah Quadrangle. As part of this programme, J. Thomas Nash undertook a detailed study of the petrography and geochemistry of the BC molybdenum deposit. The results have yet to be located; however, it is known that the USGS analyzed approximately 125 core samples (Nash, 1994). Mr. Nash reviewed later reviewed other deposits in the Tonopah 1° x 2° Quadrangle and wrote several papers on the metallogeny of the quadrangle.

In the early 1980s, D. Lindsey of the United States Bureau of Mines incorporated the drill-hole data into a deposit model, re-calculated Sharon Steel Corp's resource estimates and came up with a "demonstrated" resource of 33,641,000 (30,512,387 tonnes) containing 0.08% Mo, 0.18% Cu and 6.86g/t Ag using a 0.4% Mo cut-off. He also extrapolation between the holes, and calculated a down-hole "ore isopach" map for the area containing the over-all resource. From this, he estimated an "identified" maximum resource of 75,591,000 tons (68,571,037 tonnes) at metal grades assumed to be similar to those of the "demonstrated" resource. He considered this figure to be the upper limit of the deposit, as currently drilled. Mr. Lindsey examined the molybdenum market, made estimates of capital and operating costs and proposed a large open-pit operation to extract the deposit. The southern wall would extend to a depth of approximately 400 metres. The price of molybdenum crashed in 1982/3 and Mr. Lindsey noted that the operation he proposed was not at that time, economic and it was never considered at feasibility.

In 1978, the company drilled two deep (245 metres) diamond-drill holes in the "BCS" area, to the southwest of the main showings, to test for suitable host rock below the capping body of "greenstone". It failed, but encountered significant low-grade copper and gold values in a fissure-vein. It continued to explore this part of the property as the main exploration programme wound down in the early 1980s.

In 1983, USSRAM leased the BC Springs property, then consisting of 1,113 claims, to FMC Gold Corporation, who explored it for its precious-metal content. The company explored the western part of the land-holding but showed little interest in the BC molybdenum deposit. The claims were returned to USSRAM in the mid 1990s and eventually, all but BC-66 lapsed.

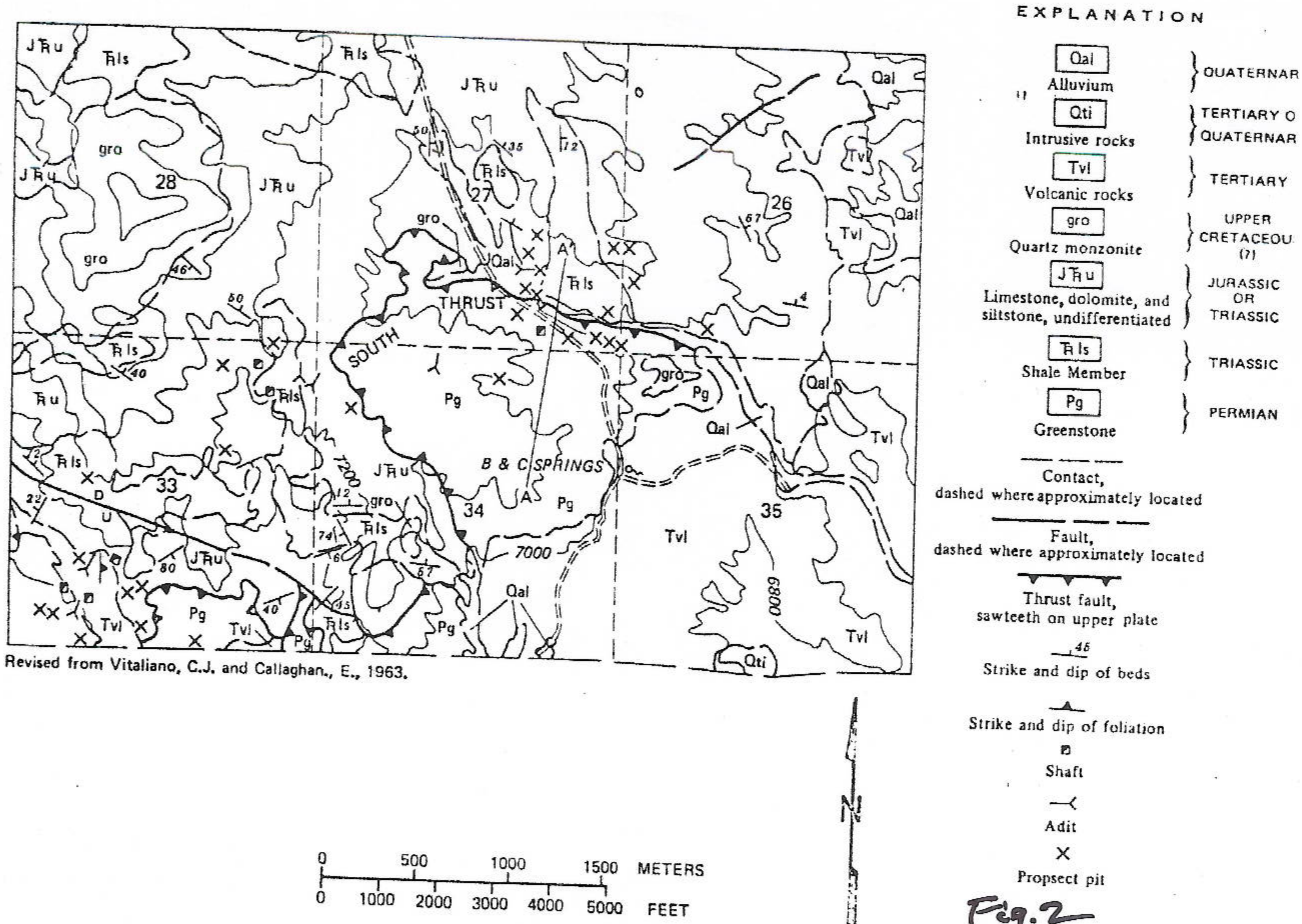
The claims were restaked in the early 2000s and 46 patented lode mining claims were acquired by Adanac Moly Corp. In 2004, William T. Worthington, who had been Chief Geologist for Sharon Steel Corporation and had worked on the property wrote a short over-view report on the property. In it, he suggests that the deposit may be amenable to both small open pit and underground mine development.

7.0 Geological Setting

The geology of the Paradise Peak Quadrangle has been mapped by Vitaliano and Callaghan (1963). The BC molybdenum deposit is in the southeast corner of the quadrangle, in an area underlain by deformed Paleozoic and Mesozoic rock. It is in an area that is thrust faulted, with plates of Paleozoic sedimentary and volcanic rock structurally emplaced over Paleozoic and Mesozoic sedimentary rocks (Figure 2). Both are intruded by numerous dykes, sills, plugs and stocks of varied texture and composition that range in age from Mesozoic to Tertiary. Tertiary volcanic rocks, which are abundant in Nevada, are common in the area (Wallace, 1978). The deposit is in the foot-wall of one of the thrust faults.

The Paleozoic to Mesozoic rocks are cut by regionally significant high-angle faults and fractures that strike between west-northwest and north-northwest. They are shown by the orientation of dyke swarms and by a preferred trend of quartz veins (Wallace, 1978).

The BC molybdenum and copper deposit is hosted by folded, faulted and moderately metamorphosed Triassic to Jurassic sediments of the Luning Formation, which strike to the northeast and (regionally) dip at approximately 20° to the southeast. The metasediments are fine-grained and calcareous; the uppermost Luning formation unit



Revised from Vitaliano, C.J. and Callaghan., E., 1963.

Fig. 2

consists of thin-bedded dolomite and limestone that has recrystallized to marble and contains locally well developed garnet, serpentine and chlorite alteration zones. This unit is the primary host for the mineralization. Underlying it, there is a 100ft (30.5m) thick recrystallized shale unit that is now hornfels. Below that, there is another, less skarnified, barren limestone; and below that there is a second hornfelsed shale unit.

In the immediate deposit area, the top of the Luning Formation is defined by the "South Thrust" which appears to have a similar strike and dip to the underlying metasediments. The thrust has a northeast strike and dips at 20° to the southeast. There are no obvious marker horizons (Nash, 1982). The molybdenum deposit is a tabular body lying within the metasedimentary unit in the immediate footwall of the fault. It comes to surface in the north, where the overlying thrust plate has been eroded away by a down-cutting creek.

The upper plate of the thrust consists of volcanic breccia and/or "greenstone", of andesitic composition that is inter-bedded with marine sedimentary rocks. The unit probably belongs to the Permian-age Pablo Formation. The volcanic rocks have undergone intense propylitic alteration and largely consist of aggregates chlorite, epidote, carbonate, sericite, quartz and pyrite. Although the volcanic rocks are thought to have been over-thrust prior to mineralization, they are essentially barren. They may have formed an impervious cap that confined the ore-bearing fluids to the underlying sediments (Callaghan, 1979). Figure 3, from Worthington (2004) is a simplified northwest-southeast geological section across the deposit (looking northeast)

Some of the deeper holes have passed through the Luning Formation into "quartz monzonite" at depth. This intrusion is separated from the Luning formation by a well-defined "shattered zone" (Callaghan, 1978; Nash, 1982). The rocks are altered but unmineralized and there is no evidence that it is directly responsible for the mineralization. The age of the intrusion is unknown; however Callaghan (1979) speculates that it is probably Cretaceous in age. There is regional evidence of Tertiary thrusting event and Nash (1982) suggests that the mineralized sedimentary rocks may have been thrust over the intrusion from the west, The rock is texturally similar to that of the Buzzard Peak stock, located 1.5 miles (2.4 km) to the west of the original BC Project boundary. It is possible that some of the altered dykes within the deposit may be derived from it this intrusion, which is known to be weakly-mineralized. It has undergone intense stockwork quartz veining and pervasive quartz-sericite alteration with attendant sulphide mineralization in the form of pyrite and lesser chalcopyrite (Hansen, 1977).

8.0 Deposit Type

The BC Molybdenum deposit resembles an intrusion-related skarn deposit; however, the host-rock is not true skarn but hornfels. Most of the carbonate is recrystallized to marble and shows no sign of reaction with quartz. The small amount of garnet that is present appears to be almandine rather than grossular or andradite. Some of the sediment is still argillite but most is biotite-rich hornfels (Goeltz, 1977).

The size and shape of the BC Moly deposit suggests derivation from a porphyry intrusion accompanied by fluid flow in deformed rocks in the footwall of the South Thrust. The mineralization is best developed in recrystallized calc-silicate rocks, possibly because they were able to fracture and provide permeability, rather than marbles that were less amenable. The temperature of formation of the deposit was too low to generate typical skarn mineralogy.

9.0 Mineralization

The mineralization in the BC molybdenum deposit is almost entirely disseminated. Molybdenite, chalcopyrite and variable amounts of pyrite replace matrix material in altered calc-silicate rock and are found as irregular, erratically distributed pockets and clusters. There is considerable over-lap between the distribution of molybdenite and chalcopyrite; however they differ locally and may reflect two separate events.

Most commonly, molybdenite occurs as small disseminated crystals inter-mixed with quartz and recrystallized carbonate, sericite and/or tremolite and magnetite (Wallace, 1978, Lindsey; 1982). The crystals range in size from less than 1mm to 0.38cm in diametre. Less commonly, larger flakes and crystals of molybdenite occur along fracture planes and joint surfaces, accompanied by chlorite and other accessory micas. In places, fine to medium-grained molybdenite is associated with sericite in clots of fine-grained carbonaceous debris. Alternatively, in tuffaceous rocks or siltstones, it may be present as small crystals and clots that are concentrated along preferred laminations. Some of the molybenite is mechanically redistributed along shears and the deposit is thought to be cut by late, near-vertical block faults (Nash, 1982)

The deposit is cut by an irregular stockwork of narrow (2 – 10mm wide) quartz-feldspar +/- sericite veins. They appear to be well developed in the better-molybdenite mineralized areas but few of them carry molybdenite. The veins have minor alteration selvages and show little reaction with the surrounding host-rock. Their constituent minerals are markedly less altered than those in the surrounding rock and it is possible they post-date mineralization (Goeltz, 1977). The quartz-feldspar veins locally contain pyrite and/or chalcopyrite and other trace sulphide minerals, including bornite, covellite, tetrahedrite, sphalerite and galena. Most of the chalcopyrite present is disseminated; however, it is also found in hair-line fractures (Wallace, 1978; Callaghan, 1979 and Lindsey, 1982).

Near surface, as in BC-37, molybdenite and chalcopyrite have undergone varying degrees of oxidation down to 350ft (107m) (Hansen, 1977). However, it is not clear to what extent USSRAM analyzed for Mo (oxide). To date, we have located data for BC-42 and BC-61 to BC-63.

10.0 Exploration

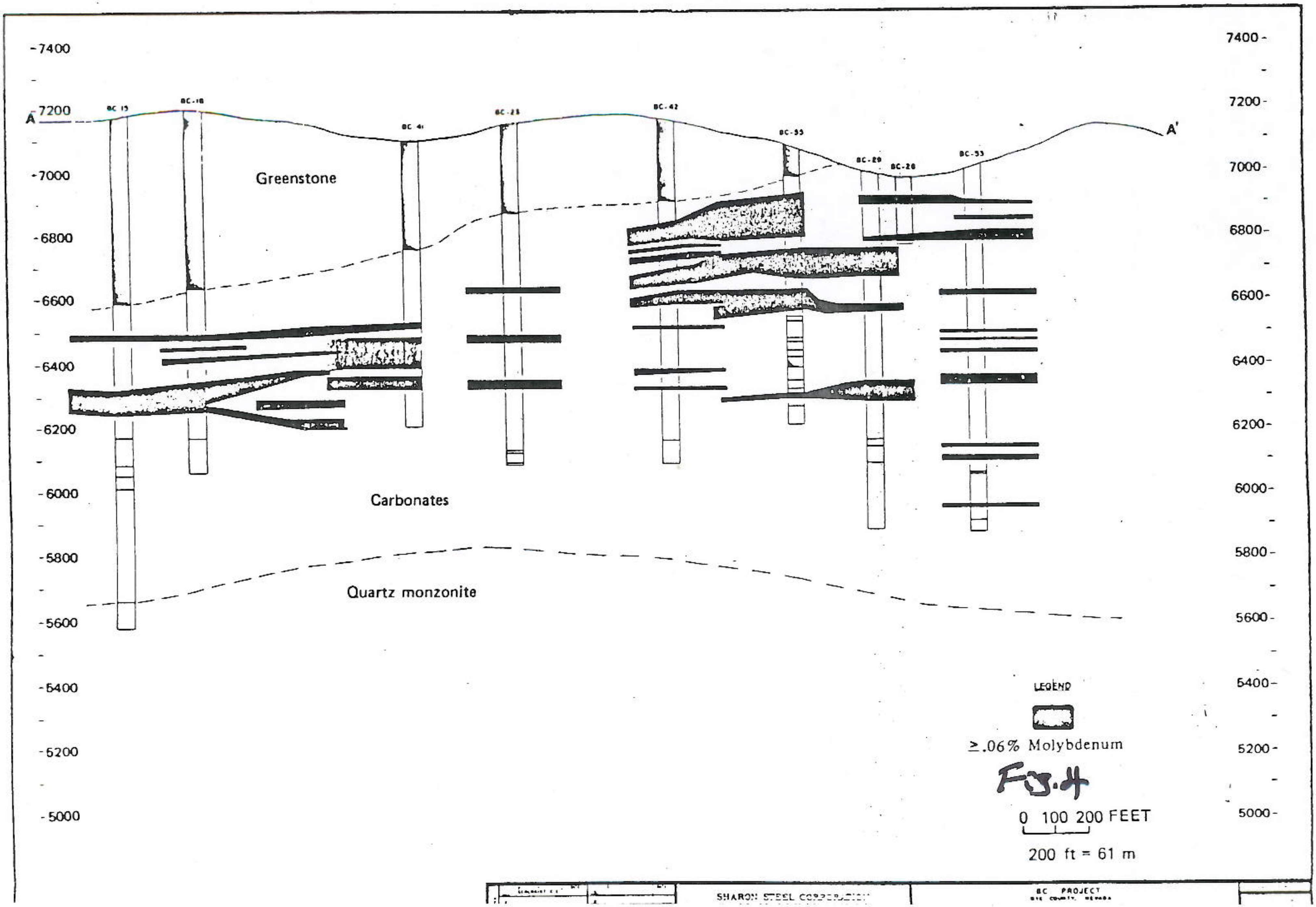
The BC molybdenum deposit was discovered by USSRAM Exploration in 1969/70 and was explored by the same company through to 1982/3. This is clearly an advantage as Adanac Moly Corp. has been able to obtain a considerable amount of primary data from the company. However, it is also a minor disadvantage in that the USSRAM never described or fully documented its work programmes. Most of the information in the report so far has been cobbled together from short internal memoranda (Goeltz, 1977; Hansen, 1982 and Hansen and Worthington, 1983), the work of outside consultants (Callaghan, 1978; Wallace, 1978 and Worthington, 2004) and government employees (Nash, 1982 and Lindsey, 1982).

From the primary data, it is clear that USSRAM located the deposit area by prospecting; constructed a grid and then, in the early 1970s, conducted typical ground exploration programmes. It mapped the deposit area and ran soil geochemical and magnetometer and induced polarization surveys. These led to, and were accompanied by the drilling of short rotary-drill holes, some of which were later either deepened or re-drilled as diamond drill holes. Starting in late 1976, the company switched to a more systematic approach. Where necessary, it rotary drilled to the base of the barren "greenstone". Thereafter, it extended the hole to depth through diamond drilling once it was below the South Thrust.

By the late 1970s, the company clearly felt that the deposit had production potential and it designed a small pit (Worthington, 2004). The company may have conducted a variety of metallurgical tests; however the only work so far identified was by Hazen Inc. in 1978. Initial results from its work on a 9.0 kg sample assaying 0.32% Mo, 0.144% Cu and 0.10 o/t Ag showed that flotation following a grind to 33% plus 100-mesh would recover about 92% of the Mo in the rougher concentrate. If the bulk concentrate was cleaned 3–4 times, it produced a Mo-Cu concentrate containing up to 91% Mo, 68% Cu and 39% Ag.

Lindsey (1982) presents a flow-sheet for a possible beneficiation plant. He felt that the mineralization was best recovered through separate molybdenum and copper cleaner circuits. He used recovery rates of 80% for molybdenum and 76.5% for his copper circuit in making his calculations. He thought that silver would report to the copper concentrate, and that approximately 57% could be recovered.

As noted earlier, William Worthington, who previously worked for Sharon Steel Corporation compiled USSRAM data in 2004. He took drill intercepts of greater than 0.10% Mo average grade over intersections of 10ft (3.048m) or more and studied their distribution in three dimensions. He identified a zone approximately 3,000ft (914m) wide in a north-south direction and 1,000ft (304.8m) wide in an east-west direction in plan view based on twenty one drill-holes approximately 300ft (91.4m) apart. Of these, sixteen showed one of more intersection of better than minimum grade and thickness. The mineralization is largely disseminated and appears to be reasonably continuous. Figure 4 is a simplified northeast-southwest section through the deposit (looking southwest) showing that there is good lateral continuity.



A
A'
BC 15
BC-18
BC 41
BC-23
BC-42
BC-55
BC-29
BC-28
BC-53
Greenstone
Carbonates
Quartz monzonite
7400
7200
7000
6800
6600
6400
6200
6000
5800
5600
5400
5200
5000
LEGEND
≥.06% Molybdenum
Fig. 4
0 100 200 FEET
200 ft = 61 m
SHARON STEEL CORPORATION
BC PROJECT

11.0 Diamond Drilling

USSRAM drilled the BC molybdenum deposit over a fourteen-year period using a variety of different technologies and drill-bit sizes. The core and/or rock chips in the case of rotary holes were shipped to the company's office in Midvale, Utah for logging and rock preparation. The core and rock chips were logged by different people over the years and, although the same general approach (describing lithology) was taken throughout, the terminology was not consistent. Confusingly, some of the holes were logged more than once - when drilled and later in the programme.

The drill logs are only available in manuscript form. Individual logs provide a down-hole graphic log, brief lithological descriptions and assay data over selected sample intervals. In some cases, site locations are shown by field grid co-ordinates but most of the logs give no indication of location other than drill-hole number. The co-ordinates for thirty two holes have been located separately. Collar elevations are commonly given as estimates. Early in the project, rock description and sample interval lengths varied appreciably from hole to hole and even within a hole. However, they settled to constant 5ft intervals in the later part of the programme. Some of the logs show recovery data. Otherwise there is very little geotechnical information. In total, the company drilled approximately sixty six rotary and/or diamond-drill holes for an aggregate depth of around 44,000ft (13,411m). The holes were all vertical. Table 1 summarizes what we currently know about the drill holes. Figure 5, which is not up to date, shows the location of some of the holes with respect to topography.

The first drill-programme lasted from December 1969 to May 1970. In the course of it, Anderson Drilling Company Limited drilled fifteen (5.125" diameter) rotary holes to between 220ft (67.0m) and 660ft (201m) depth. In the fall of 1970, Longyear Drilling Company diamond-drilled three of the rotary holes (BC-4, BC-6 and BC-15) to depth, greater producing NQ gauge core.

The second drill programme lasted from May 1971 to September. The Eklund Drilling Company rotary-drilled a further eight holes to shallow depth and Macpherson Drilling Company extended several (BC-9, BC-17, BC-18, BC-21 and BC-22) to depth below the "greenstone". It produced NXWL diametre core.

The next round of drilling started in July, 1973 and lasted through to the following September. A further six rotary holes were drilled and three holes (BC-23, BC-25 and BC-29) were deepened by Boyles Drilling, producing NC/NX gauge core.

Between November 1974, and January, 1975, O'Keefe Drilling rotary drilled eight holes to shallow depth and Longyear Drilling returned to the property to drill one (BC-30) to greater depth. It started with HQ diametre core but later reduced down to BQ rods deep down the hole. Longyear also appears to have diamond-drilled a single hole, of unspecified diametre, in 1976 (BC-31).

TABLE 1
BC MOLY PROPERTY DRILL SUMMARY

NUMBER D/R-DH	TYPE	DRILL SIZE	DEPTH (FT)	VOLCS (FT)	GRAPH LOG	ELEV. (FT)	NORTHING	EASTING	CLAIM #	ANALYSIS
BC-1-69	R		590			7210	51,455	28,350	3&4	Au, Cu, Mo, WO3*
BC-2-70	R		560			7340	49,195	26,850	17&18	Au, Cu, Mo, WO3*
BC-3-70	R		210	210		7189	48,180	30,335	39&40	Au, Cu, Mo, WO3*
BC-4-69	R		400			7006			43	Au, Cu, Mo, WO3*
BC-4-70	D		480	340	#	7006	48,303	32,222	43	Au, Cu, Mo, WO3*
BC-5-70	R		560		#	7181	49,960	31,920	10	
BC-6-70	R		380			7042			58	Au, Ag, Cu, Mo, WO3*
BC-6-70	D		812			7042	46,775	31,990	58	Cu, Mo, WO3 x 10ft comps
BC-7-70	R		482			6850	46,905	34,465	84	Ag, Cu, Mo WO3 x100ft comps
BC-8-70	R		240			6915	46,755	33,260	45&51	Ag, Cu, Mo WO3 x100ft comps
BC-9-70	R		660			6992	45,655	31,895	58	Ag, Cu, Mo WO3 x100ft comps
BC-9-71	D		1580	700		6992			58	Cu, Mo, WO3 x 10ft comps**
BC-10-70	R		178	180		7086	47,355	32,060	42	Au, Cu, Mo, WO3*
BC-11-70	R		150			6960	46,790	32,625	43,44,49	Au, Cu, Mo, WO3*
BC-12-70	R		300			6889	46,125	33,170	50	Au, Cu, Mo, WO3*
BC-13-70	R		100			6929	47,255	33,230	44&45	Missing
BC-14-70	R		160			6995			40&41	Au, Cu, Mo, WO3*
BC-14-70	D		1179	400	#	6995				Ag, Cu, Mo x100ft comps 5ft comps**
BC-15-70	R		220			7182			62	Ag, Cu, Mo. WO3 x 100ft comps*
BC-15-71	D	NX-BXWL	1651	500	#	7182	46,920	30,740	62	Ag, Cu Mo x 5ft comps**
BC-16-70	R		310			7345	52,065	31,350	57	Ag, Cu, Mo. WO3 x 100ft comps*
BC-17-71	R&D		1200	520	#	7234	47,122	30,547	40	Cu, Mo, WO3, 10ft comps*
BC-18-71	R&D		1137	570	#	7224	47,120	30,945	41	Cu, Mo, WO3, 10ft comps*
BC-19-71	R		420	450		7207	46,115	30,555	62	Cu, Mo, WO3, 20ft comps*
BC-20-71	R		465			7247	46,715	30,550	62	Cu, Mo, WO3, 20ft comps*
BC-20-71	D		1275	440	#					Cu, Mo +/-5ft comps*
BC-21-71	R&D		1005	580	#	7177	46,715	30,950	60	Au, Ag, Cu, Mo, WO3, 10ft comps*
BC-22-71	R		318			7093			60	
BC-22-71	D		810	767		7093	45,720	30,955	60	Au, Ag, Cu, Mo, WO3, 10ft comps*

BC-23-71	R		285		7168			40&41	
BC-23-73	D		1058	310 #	7168	48,110	30,965	40&41	Ag, Cu, Mo, WO3, 10ft comps*
BC-24-73	R		125	125 #	7252	47,460	30,155	40	Cu, Mo 25ft comps*
BC-25-73	R				7168			40	
BC-25-73	D		1268	500 #	7168	47,315	30,730	40	Cu,Mo, x 2-10ft comps*
BC-26-73	R		325		6968	49,150	31,545	25	Cu,Mo x 5ft comps*
BC-27-73	R		285		6948	49,075	32,040	26	Cu,Mo x 5ft comps*
BC-28-73	R		200	#	6992	49,275	31,040	24	Cu,Mo x 5ft comps*
BC-29-73	D		1160	#	6998	49,145	31,250	25	Ag, Cu, Mo, 5ft comps*, **
BC-30-74	D		1030	490 #	7170	47,330	31,145	41	Cu, Mo, 5ft comps*
BC-31-76	D		1250	480 #	7251			62,40	Cu, Mo, 5ft comps*
BC-32-74	H		355		7020	48,832	31,668	25	Cu, Mo, 5ft comps* [2 assay runs?]
BC-33-74	H		325		6940	49,200	32,295	27	Cu, Mo, 5ft comps*
BC-34-74	H		120		7238	50,385	32,400	10	Cu, Mo, 20ft comps*
BC-35-74	H		695		7178	52,065	29,040	56	Cu, Mo 10ft comps*
BC-36-74	H		660		7294	52,345	31,315	57	Cu, Mo, 5-30ft comps*
BC-37-74	H		300	#	7113	49,735	30,815	24	Cu, Mo, 5ft comps*
BC-38-77	H, R&D	HQ (2.5")	1130	460 #	7260			12	Ag, Cu, Mo, 5ft comps**
BC-39-77	H, R&D	HQ (2.5")	868	430 #	7170			12	Ag, Cu, Mo, 5ft comps**
BC-40-74	H		170		7121	50,335	32,520		Ag, Cu, Mo, 10-20ft comps*
BC-41-77	R&D	HQ (2.5")	895	380 #	7120				Ag, Cu, Mo 5ft comps**
BC-42-77	R&D	HQ (2.5")	1068	260 #	7170				Ag, Cu, Mo, 5ft comps* +WO3/Oxide
BC-43-77	D	HQ (2.5")	663	50	7205				Ag, Cu, Mo, 5ft comps**
BC-44-77	R&D	HQ (2.5")	1145	440 #	7210				Ag, Cu, Mo, 5ft comps*, **
BC-45-77	R&D (?)	HQ (2.5")	1064	320 #	7130				Ag, Cu, Mo, 5ft comps**
BC-46-77	R&D (?)	HQ (2.5")	1385	#	7040				Ag, Cu, Mo, 5ft comps**
BC-47-74	H		55		7178	50,045	32,940		Cu, Mo, 5-20ft comps*
BC-48-77	D	HQ (2.5")	965	440 #	7280				Ag, Cu, Mo, 5ft comps**
BC-49-78	D		1570	460 #	7260				Ag, Cu, Mo, 5ft comps**
BC-50-77	D	Lost Hole							
BC-51-77	R&D	HQ (2.5")	530	#	7040				Au, Ag, Cu, Mo, 2-10ft comps*, **
BC-52-77	R&D	HQ (2.5")	500	#	7040				Ag, Cu, Mo, 5ft comps**
BC-53-78	R&D		1138	#	7010				Ag, Cu, Mo, 5ft comps**, *
BC-54-77	R&D	HQ (2.5")	600	#	7120				Ag, Cu, Mo, 5ft comps**
BC-55-77	R&D	HQ (2.5")	860	80 #	7050				Ag, Cu, Mo, 5ft comps**
BC-56-78	R&D	Lost Hole							
BC-57-78	R&D	NQWL	1234	250 #	7210				Ag, Cu, Mo, 5ft comps**, *
BC-58-78	R&D	HQWL	920		7295				Ag, Cu, Mo, 5ft comps**

BC-59-78	R&D		927	490	7240	Ag, Cu, Mo, 5ft comps**
BC-60-78	R&D	HQWL	1162		7260	Ag, Cu, Mo, 5ft comps*
BC-61-78	R&D	HQ-NQWL	1142	#	7010	Ag, Cu, Mo, 5ft comps*/some Oxide
BC-62-78	R&D		1266		7330	Ag, Cu, Mo, 5ft comps*/some Oxide
BC-63-78	R&D	HQ-NQWL	877	50 Missing?	7310	Ag, Cu, Mo, 5ft comps*/some Oxide
BC-64-80	R&D		1605	400 Missing?		Au, Ag, Cu, Mo comp**
BC-65-80	R&D		1600		7025	Au, Ag, Cu, Mo comp**
BC-66-82	R&D (?)		397			No assays

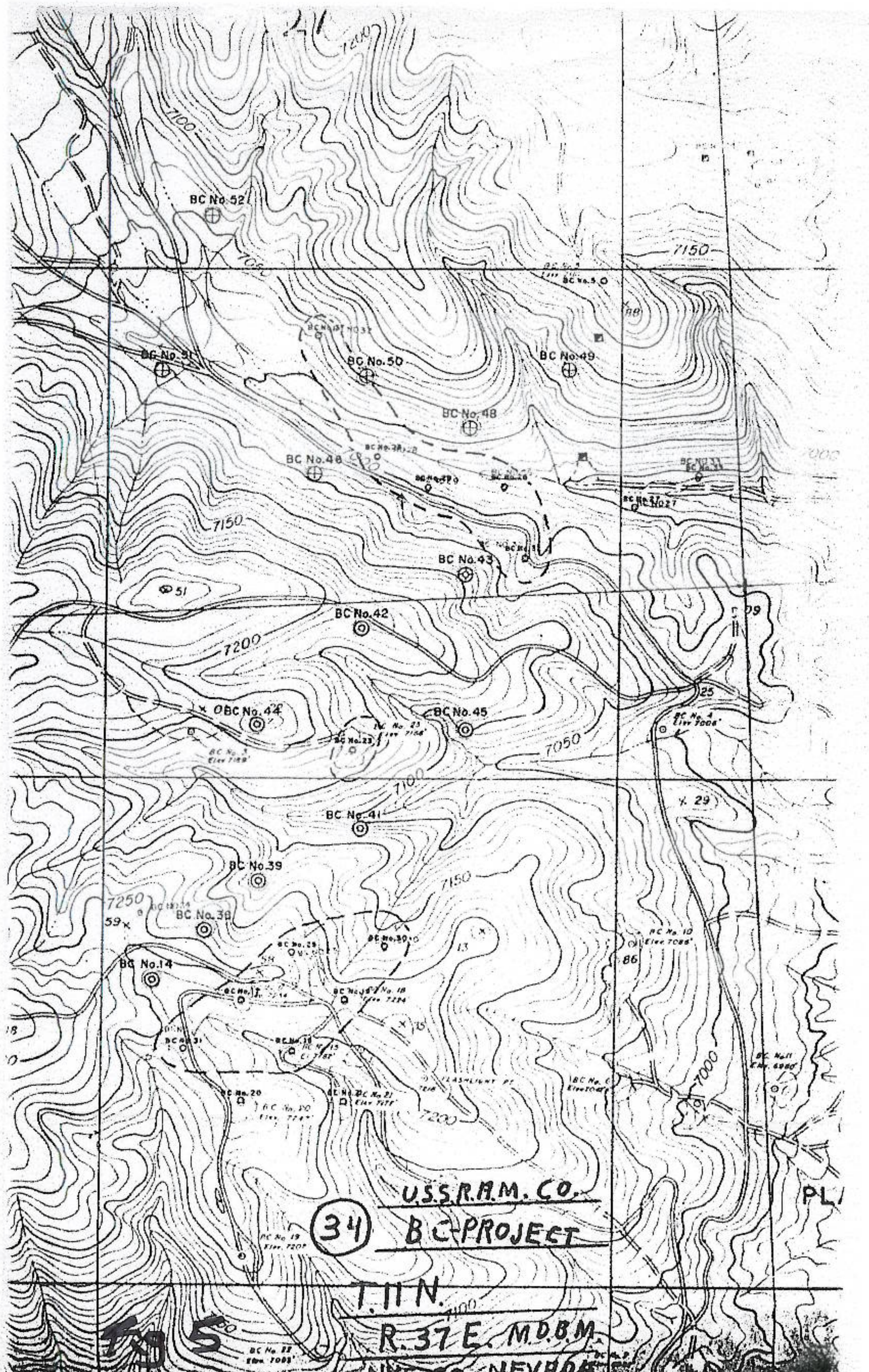
Note: Several holes have assay data on sheets supplied by one or more of USSRAM, UV Industries and/or Sharon Steel
Where there is a stamp present, it is invariably UV Industries.

Repeat Assays made for BC-55-77; BC-48-78; BC-14-77 & BC-41-77

Most of the drilling was done by Longyear Company, Minneapolis, Minnesota, USA for USSRAM Exploration Company

* Drill cutting chips analyzed for Au, Cu, Mo and WO3 by AA by UV Industries Inc. Salt Lake City, Utah.

** Some sections either assayed or reassayed by USSR&M Co Exploration, Midvale, Utah in 1977/78
United States Smelting and Refining Company, Midvale, Utah; Sharon Steel Corporation: Mining Division



BC No.52
BC No.51
BC No.50
BC No.49
BC No.48
BC No.46
BC No.43
BC No.42
BC No.44
BC No.45
BC No.41
BC No.39
BC No.38
BC No.14
7100
7150
7200
7050
7250
7000
U.S.S.R.A.M. CO.
34
B.C. PROJECT
T.11 N.
R.37 E. M.D.B.M.
NYE CO., NEVADA
Fig 5

The following year, USSRAM drilled a further fifteen combined rotary and diamond drill holes (BC-38, BC-39, BC-41 to BC-46, BC-48, BC-50 to BC-52, BC-54 and BC-55) but lost one of them (BC-50) and there is no drill log. The holes were rotary-drilled (6" diametre) by Longyear Company to the base of the "greenstone" and then diamond drilled by the same company using HQ gauge rods. The programme continued into 1978 and a further ten drill-holes were completed (BC-49, BC-53, BC-56 to BC-63). Off these, one more (BC-56) was lost.

The drill-holes discussed above were drilled by October, 1978. It is not known if Mr. Kastelic had all the information available to him when he designed his pit that year. Two additional holes (BC-64 and BC-65) were diamond-drilled by Longyear in 1980 and a final hole was drilled in 1982 (BC-66). Drill-hole BC-65 was HQ diametre down to 1086 ft and continued as NX diametre until the end of the hole at 1600ft.

In total, USSRAM diamond-drilled forty-two holes through the deposit and defined a significant, tabular body of molybdenite and chalcopyrite mineralization in recrystallized limestone and hornfelsed siliceous meta-sediment in the footwall of the South Thrust. There are no (UTM-type) co-ordinates on the drill logs but those for drill-holes BC-1 to BC-37 and BC-40 and BC-47 have been located on a separate sheet in the files. The others (from BC-48 to BC-66) should be there. Mr. Worthington's drill-location maps (Figure 3 & 6) shows that he had a digital file with data for holes BC-1 to BC-63 (missing BC-50), albeit he has miss-labeled one (BC-55). The sites should still be visible in the field.

In addition to the drill logs, the company produced several editions of surface maps and drill-sections at a variety of different scales. In particular, they produced a detailed set of graphic logs on 1" to 100ft sections that provide as good an interpretation of the geology underlying the South Thrust as is currently available. The sections available include thirty two drill-holes, including four from rotary-drilling. There are similar, simpler sections showing down-hole molybdenum assay content and interpretative sections showing possible continuity of "higher-grade" (> 0.1% Mo over 10ft or more) zones from hole to hole. They appear to include forty drill-holes, including ten from rotary drilling. These sections (Figure 7) were used by Worthington (2004) in his assessment of the small-scale pit and underground potential of the deposit.

12.0 Sampling Method and Approach

USSRAM's sampling method is not described; however, it was a large company and it is presumed to have been industry standard for its day. The drill-core and rotary chips were collected in the field and shipped to the Company's laboratory in Midvale, Utah, for logging and sample preparation. Prepared samples were then sent to the Company's affiliate laboratory, run by U.V. Industries, in Salt Lake City, Utah.

13.0 Sample Preparation, Analysis and Security

We have no knowledge of the Company's assay-laboratory preparation procedures or their quality control regime; however, it is presumed to have met industry standards, which may well have changed over the ten year period of analysis. In the early years, there was considerable variability in the length of core or chip interval sampled and elements analyzed for. This was particularly true for the rotary-holes. The samples were variously analyzed for Au, Ag and WO3 as well as Mo and Cu over intervals of 5ft (1.524m) to 100ft (30.48m). By 1977, when USSRAM had settled down to diamond drilling below the "greenstone" cap, it was submitting 5ft composite samples for analysis for Mo, Cu and Ag by atomic absorption spectrometry. Over the years, the data was entered on sheets belonging to U.V. Industries, USSRAM and Sharon Steel; however, the analyses almost certainly came from the same laboratory.

USSRAM maintained control of the sample preparation and analytical process and, although documentation and security are not up to modern standards, there does not appear to be any reason to doubt their data. Nevertheless, there may be problems with some of their analyses.

In the early 1980s, the US Geological Survey conducted a multi-element analysis of selected samples from numerous deposits in the Tonopah Quadrangle (Nash, 1994). It analyzed 125 drill-core samples from the B&C Springs deposit and, based on unpublished data, found that Ag correlates highly with Cu and is independent of Bi and Pb. The contents of Sb and As were found to be below the limits of detection of the spectrographic method used.

14.0 Data Verification

USSRAM had a repeat assay programme. Although the results have yet to be studied in detail, it is known that parts of drill-holes BC-14, BC-41, BC-48 and BC-55 were re-analyzed in-house and that samples from BC-14 and BC-55 were sent out for re-assay.

In 1978, Amax Exploration Inc. undertook a comparison of analytical data on U.V. Industries drilling at the BC project and raised doubts about some of its quality. For drill-holes BC-14 (drilled 1970) and BC-55 (drilled 1977) they concluded that at low assay ranges (<1000 ppm Mo), U.V.I. determinations are significantly higher than either Amax Denver or Skyline Tucson by a factor of 1.6 to 2.0 times. However, higher ranges of Mo (>2000 ppm Mo), U.V.I. determinations are only slightly higher than Skyline Tucson by a factor of about 1.18 times. They suggest that the discrepancy at the low end is probably caused by the analytical procedure used by U.V.I. (Miller, 1978).

15.0 Discussion

In his review of the molybdenum potential of the BC project area, Worthington (2004) suggests that the Company consider developing a small pit over the northern portion of the property, as proposed by Mr. Kastelic, and examine the feasibility of mining the deep, higher-grade material in the southern part of the deposit by underground methods. Given what we currently know, the Company should consider both options.

Figure 6, from Worthington (2004), shows an approximate outline for the surface trace of the Kastelic pit, which straddles a creek or dry wash. As currently defined, it extends for 2,400ft (731.5m) in a northwest-southeast direction and between 800ft (244m) and 1600ft (488m) in a northeast-southwest direction and is designed to extract an estimated 14,000,000 tons (12,698,000 tonnes) grading 0.08% Mo and 0.20% Cu. The pit (Figure 8) would have a strip ratio of approximately 2.4 tons (2.18m) of waste to 1.0 ton (0.907m) of ore. It is defined by eleven holes, collared on the northeast and southwest slopes of the wash. Of these, three (BC-26, BC-28 and BC-32) are relatively shallow rotary holes drilled in the early 1970s and eight (BC-29, BC-42, BC-43, BC-46, BC-51, BC-53, BC-56 and BC-65) are deeper, diamond-drill holes put in later in the decade. The last was drilled in 1980. The best intersection was in drill-hole #55, which cut 285ft (86.87m) grading 0.126% Mo. The best grades were at depth in a well-defined silicious tuff unit that averaged 0.394% Mo between 465ft (142m) and 505ft (154m). In the adjacent hole (BC-43), the same unit averaged 0.149% Mo between 350ft (107m) and 415ft (126m). Elsewhere, the higher-grade material is less well defined.

The near surface rocks are weakly to moderately-oxidized; however, there appears to be very little data on the distribution of ferri-molybdite, if present. As far as we know, only one hole from the pit area (BC-42) has been analyzed for molybdenum oxide. Some oxidation is to be expected. Mitchell (1945) found that schistose and pyritic meta-sediment at a similar molybdenum deposit, at Hall near Tonopah, Nevada, had lost up to 70% of its near-surface molybdenum to ferri-molybdite. It is in a similar topographic setting.

Worthington (2004) provides three northwest and two northeast facing sections illustrating the distribution of higher-grade mineralization below the "greenstone" cap. The sections present data from fourteen diamond drill holes (BC-14, BC-15, BC-17, BC-18, BC-20, BC-21, BC-25, BC-30, BC-31, BC-38, BC-39, BC-41, BC-48 and BC-49) spaced at approximately 300ft intervals, representing a northeast-trending area approximately 2,400ft (731m) long and 600ft (183m) wide. The drill-holes were completed between 1970 and 1977. The data show down-hole sections where there is high-grade (> 0.1%Mo over 10ft (3.05m)) or (undefined) low-grade mineralization. They appear to show one or more narrow (20 – 40ft wide (6.1 -12.1m)) zone/s of mineralization that strike to the northeast and dip at a relatively shallow angle to the southeast. The zones are in recrystallized limestone and are intermixed with a variable amount of lower-grade sulphide mineralization. There are a few weakly mineralized holes (BC-17 and BC-25) in the area and molybdenum grades decrease rapidly outward into barren rock. This is particularly true on the southeast side. The full extent of the zone is uncertain; however, the shape is consistent with a near vertical, northeast trending feeder system introducing fluid into a porous unit and migrating to the northwest.

16.0 Interpretation and Conclusions

A preliminary review of the files shows that the BC deposit consists of a relatively flat-lying, northwesterly trending zone of mineralization in re-crystallized sedimentary rock, including marble. It is in, and its location may be controlled by, the foot-wall of a major thrust fault. The northeast part of the deposit is exposed below the floor of a valley, where erosion has cut through the hanging wall of the fault. The mineralized zone projects to the southwest, under the thrust at a shallow angle but is at greater depth. Mr. Worthington (2004) suggests the northeastern part may be amenable to small-scale open-pit mining and the deeper part southwestern part may be mineable by low-tonnage underground methods.

Adanac Moly Corp has acquired a considerable amount of data relevant to the exploration of the deposit and needs to finish compiling it before it goes much further. However, it is clear that the current resource estimates are not NI 43-101 compliant and they will have to be confirmed before more engineering work can be done. It is particularly disturbing to see that AMAX considered the USSRAM's lower-grade molybdenum values to be over-stated. It is also disturbing that the company did not appear to give much thought to the presence and distribution of oxide molybdenum in the proposed open-pit area.

17.0 Recommendations

Adanac Moly Corp. has a considerable amount of geological and analytical data on the BC Moly property that has yet to be compiled; however, it is clear that it will have to re-drill both parts of the deposit before it can re-establish the resource and consider taking the property further.

I recommend the company proceed to a diamond-drill programme and "twin" 13 of the existing holes for an aggregate depth of 14,800ft (4,511m) while digitizing topographic maps and preparing for a resource evaluation. Seven of the holes should be drilled in the possible open-pit area and six in the area of potential for underground development. Based on the results of this programme, the company will know if it can use and build on the existing data, or if it has to completely re-drill the two parts of the deposit. Given the size and shape of the deposit, as currently define, that should not be too onerous.

In the proposed pit area, I recommend that Adanac Moly Corp. re-drills diamond-drill holes BC-29, BC-42, BC-46, BC-53, BC-55, BC-57 and BC-65 to a depth of 800ft (244m). In the possible underground deposit area, I recommend that Adanac Moly Corp. re-drills diamond-drill holes BC-14, BC-15, BC-18, BC-38, BC-39 and BC-41 to 1000ft (309m) depth. These holes contain representatives of each of the USSRAM's diamond drill programmes back to 1970. There are two from 1970, one from 1971, one from 1973, six from 1977, two from 1978 and one from 1980. If we are able to locate the core from any the original drilling, and it is in reasonably good shape, we may be able to analyze some of that and scale back on our requirements of "twinning".

The company should use thin-walled NQ rods and undertake a similar sampling programme to the one undertaken at Ruby Creek in 2004. The samples should be sawn or split and half samples representing 10ft (3.05m) of core should be crushed, riffled down, analyzed both for Mo and a full suite of (41) trace elements. This will determine the distribution and content of Cu, along with Ag, Au, Pb Zn and As, and identify samples containing W. Given the uncertainties regarding oxidation, the pulps from the possibly pit area should be re-run for oxide-related molybdenum.

The assay data obtained should be compared with the USSRAM determinations and a rigorous statistical analysis made to determine the usefulness of the old assays. Irrespective of whether the old data are usable, the next phase of drilling can be directed toward infill and definition drilling.

18.0 References

Callaghan E. (1979a): BC Project – Paradise Range, Nye County, Nevada, of USSRAM Exploration Company, May-June, 1979: Unpublished Report. 27 pages.

Callaghan E. (1979b): BC Project – Paradise Range, Nye County, Nevada, of USSRAM Exploration Company, 1979: Unpublished Report.

Goeltz, S. (1977): Petrological Reviews of Drill Core: USSRAM Unpublished Company Memorandum.

Hansen, G.W. (1977): BC Project Exploration Proposal; U.V. Industries, Unpublished Company, U.V. Industries Inc., p8 plus attachments.

Hansen G.W. (1982): Exploration Proposal, BC Project: Sharon Steel Corporation, Unpublished Company Memorandum

Hansen, G.W. and Worthington, W.T. (1983): Exploration Proposal: BC Project, Sharon Steel Corporation Unpublished Company Memorandum.

Hazen Research Inc. (1978): Flotation of a Molybdenum – Copper Ore: Progress Report No.1, done for U.V. Industries Inc. August 11th, 1978.

Lindsey, D. S. (1982): Report on the B&C Molybdenum Deposit, Nye County, Nevada; Sharon Steel Corporation Unpublished Report.

Miller, C.P. (1978): Comparison of Analytical Data on U.V. Industries Drilling at B.C. Moly Property, Nye County, Nevada; U.V. Industries, Unpublished Company Memorandum.

Mitchell, W.D. (1945): Oxidation in a molybdenum deposit, Nye County, Nevada; Economic Geology, Volume 40, pages 99 – 114.

Nash, J.T. (1994): Geochemical Signatures of Silver and Gold Deposits, Tonopah 1 degree x 2 degree Quadrangle, Nevada: Description and Applications to Exploration: US Geological Survey Bulletin, 2077; 46 pages and map.

Nash, T.J. (1982): Letters to William T. Worthington; Sharon Steel Corporation, Unpublished Company Correspondence.

Vitaliano, C.J., and Callaghan, E., (1963): Geology of the Paradise Peak Quad. Nevada, USGS, Quad Map, GQ-250, Scale 1:62,000

Wallace, S.R., 1978, Review of BC Mo-Cu-Ag Prospect, Nye County, Nevada: Private Report, 10 pages.

Robert H. Pinsent, Ph.D., P.Geo.
Consulting Geologist,
604-733-7852