Geoscience BC's

Explorer

Annual Information Update

Annual Report 2008

Geoscience BC

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The QUEST and QUEST-West Projects

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Photo courtesy of B. Mahoney

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Cover photo courtesy of K. Simpson

Back cover photo:
Janina Micko at Galore Creek.
Photo by K. Simpson

Published by Geoscience BC

Suite 440 – 890 West Pender Street
Vancouver BC V6C 1J9
T. 604.662.4147 F. 604.662.4107
info@geosciencebc.com
www.geosciencebc.com

Editor: **Christa Sluggett**
Design & Layout: **XY3 Design**

PRINTED IN CANADA
2009

Dr John Thompson
Chairman of the Board of Directors,
Geoscience BC

Message from the Chair

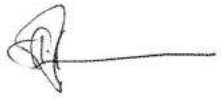
I am pleased to have been part of another highly successful year for Geoscience BC. Our industry-driven geoscience project activities continue to provide valuable publicly available datasets. These data and the efforts made by Geoscience BC to disseminate relevant information increase the exploration interest in priority areas within British Columbia.

The Government of British Columbia demonstrated its ongoing support for Geoscience BC by providing additional funding for the QUEST-West and the Horn River Basin projects in Budget 2008. The new high quality regional datasets acquired and rapidly disseminated through such projects increase our knowledge and understanding of British Columbia's geology and hence enhance the potential for new discoveries.

Despite a slow-down in the industry in late 2008, the reaction to the expanded QUEST project to the west (QUEST-West) resulted in approximately 200,000 hectares being staked. Preliminary estimates of industry investment in the QUEST area by just five exploration companies exceeded $12 million over the past two years, indicating that Geoscience BC continues to deliver on its mandate to attract exploration investment in British Columbia.

As we head in to uncertain times in the industry, it is perhaps even more important to attract the next generation of explorers who will invest and secure the future of the mineral and oil and gas sectors in British Columbia. In addition to providing exciting new information, Geoscience BC will continue to develop the human resources needed for the resource sector by supporting the education of students and professionals, and by providing appropriate information to First Nations and communities.

I would like to take this opportunity to thank everyone who has helped to make Geoscience BC so successful: the Directors for their outstanding leadership; the volunteer Technical Advisory Committees for the guidance and technical input that drives the research direction of the organization; all our partners in industry, government, academia, First Nations and communities for their ongoing collaboration and support; the Project Team of consultants and the staff of Geoscience BC for their dedication and hard work, and the Government of British Columbia for their commitment to geoscience.

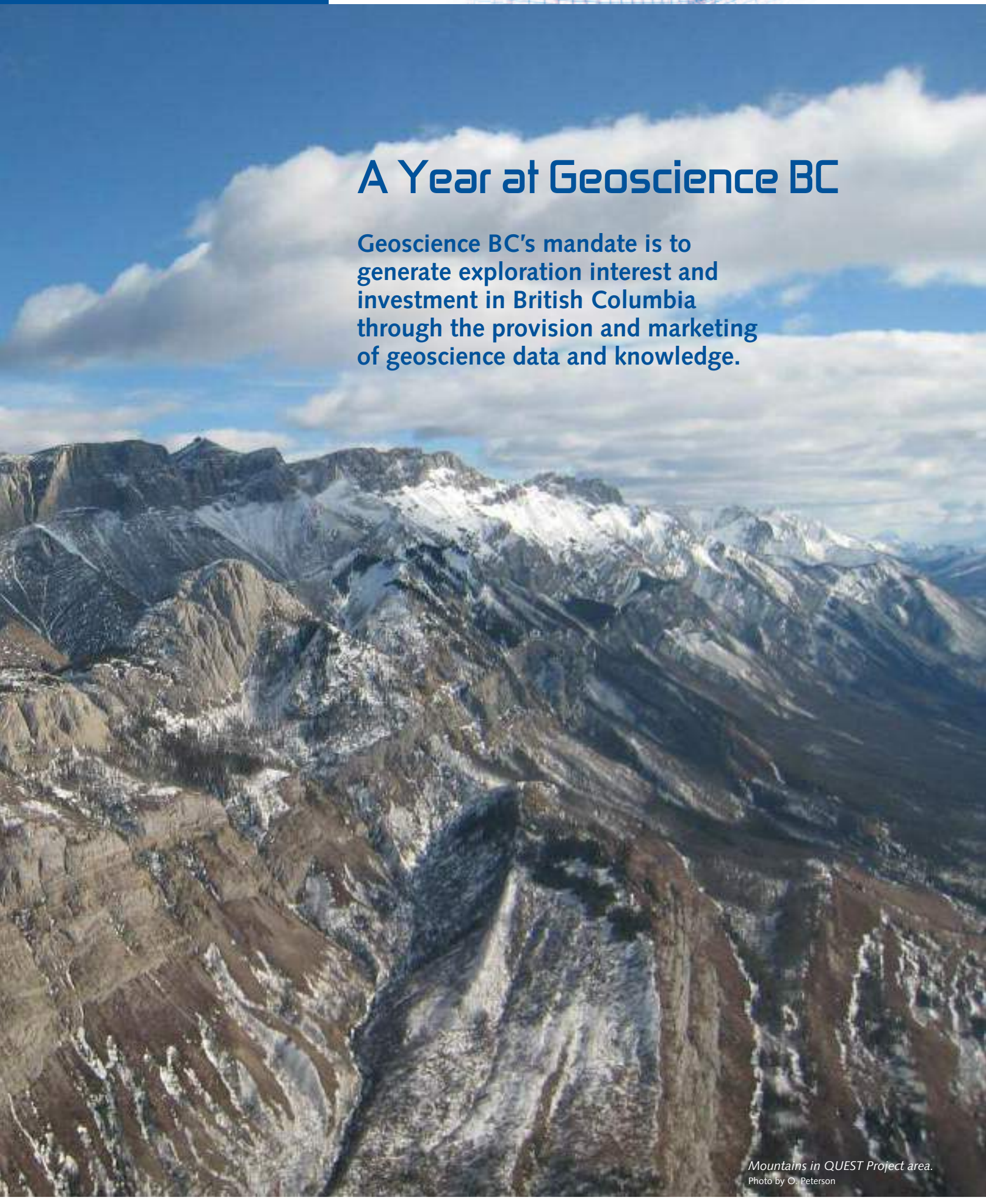


Dr John Thompson

VP Technology and Development,
Teck Cominco Limited
and Chairman of the Board of Directors,
Geoscience BC

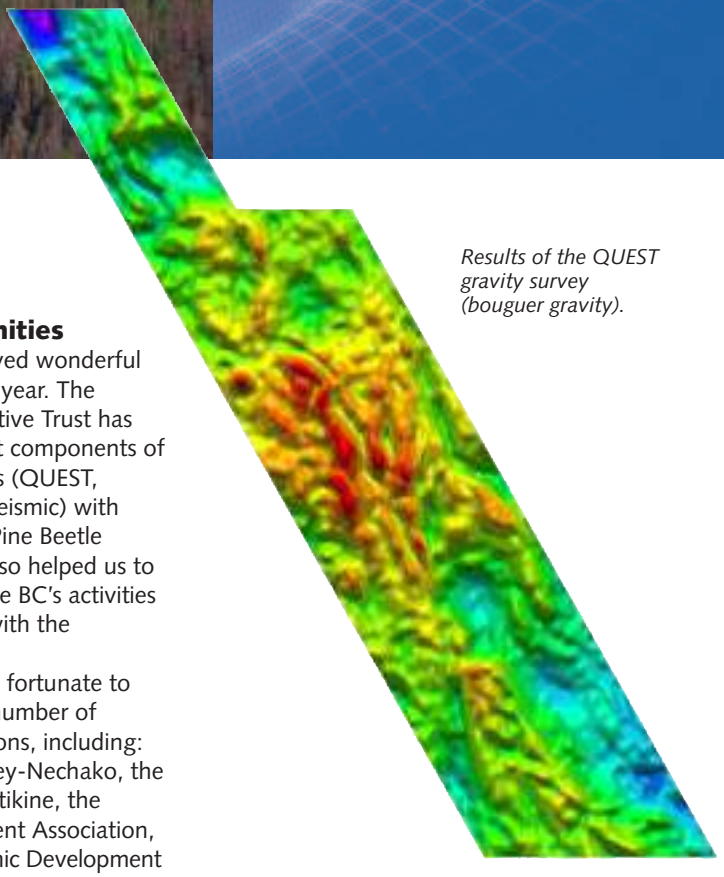
A Year at Geoscience BC

Geoscience BC's mandate is to generate exploration interest and investment in British Columbia through the provision and marketing of geoscience data and knowledge.



Mountains in QUEST Project area.
Photo by O. Peterson

Mountain Pine Beetle-killed trees in the QUEST-West area.
Photo by W. Jackaman



Results of the QUEST gravity survey (bouguer gravity).

This past year (2008) has been a very exciting and busy time for both Geoscience BC and our partners, as we work to fulfill our mandate and help to make BC an attractive destination for exploration activity and investment. Here are just a few of our highlights:

Major Projects, Results and Data Releases

Geoscience BC released airborne geophysical and ground geochemical data from our first major survey project, QUEST (QUesnellia Exploration STrategy) in the first half of 2008. We also launched our second major mineral exploration project in June (QUEST-West project), and a seismic survey of the northern Nechako Basin in July (Nechako Seismic project).

We have continued to fund partnership projects identified through our annual Request for Proposals and a targeted call for proposals focusing on follow-up geoscience work in the QUEST Project area.

At the AME BC Mineral Exploration Roundup meeting in January 2009, we will be releasing new data from the QUEST-West Project, as well as announcing both our new QUEST-South major exploration geoscience project and new partnership projects identified through our Fall 2008 request for proposals.

Details on all of our ongoing or recently completed projects can be found in subsequent articles in this magazine, and additional technical details are published in our annual Summary of Activities volume, which will be released at Roundup 2009. This information is also available from our website at www.geosciencebc.com.

Working with Communities

Geoscience BC has also enjoyed wonderful community support this past year. The Northern Development Initiative Trust has generously funded significant components of all three of our major projects (QUEST, QUEST-West and Nechako Seismic) with grants from their Mountain Pine Beetle Recovery Fund. They have also helped us to raise awareness of Geoscience BC's activities in their region and connect with the communities in these areas.

Geoscience BC has been fortunate to have strong support from a number of community-based organizations, including: the Regional District of Bulkley-Nechako, the Regional District of Kitimat-Stikine, the Terrace Economic Development Association, and the Lakes District Economic Development Association. In addition, representatives of the communities of Burns Lake, Vanderhoof, Smithers, Terrace, Mackenzie, Fort St James, Houston, Prince George and others have actively worked with Geoscience BC to help

Announcing the QUEST-West airborne electromagnetic survey (flown by Aeroquest Ltd) at the Smithers airport. From left to right: Paul Wodjak (MEMPR), Judy L'Orsa (Smithers Exploration Group), Gary Tipper (Aeroquest Ltd.), Gordon Hogg (Minister of State for Mining), Dennis McKay (MLA, Bulkley Valley-Stikine), Garth Kirkham (Geoscience BC), Jim Genereux (Aeroquest Ltd), 'Lyn Anglin (Geoscience BC), Sharon Smith (Mayor, Houston) and Eileen Benedict (Regional District of Bulkley-Nechako).

Sander Geophysics Ltd.'s helicopter with floats used to fly the QUEST-West airborne gravity survey.
Photo by O. Peterson

Vibroseis trucks used in Nechako Seismic Project.
Photo by B. Smithyman

Galore Creek.
Photo by K. Simpson

provide information to people in their communities and to develop projects of benefit to their regions.

The Regional District of Bulkley-Nechako and the Lakes Economic Development Association initiated the proposal to Northern Development's Mountain Pine Beetle Recovery Fund for extensions to Geoscience BC's QUEST-West Project. The Terrace Economic Development Association, working with the Kitimat-Terrace Industrial Development Society and the Regional District of Kitimat-Stikine also supported two Geoscience BC project proposals and partnerships with Northern Development: the Terrace-Prince Rupert Geochemical Reanalysis Project, and the extension of the QUEST-West Project to include the Terrace-Kitimat area.

The Smithers Regional Airport Authority provided tremendous support in allowing us to organize a launch event of the Aeroquest TEM airborne survey (part of QUEST-West) at the airport, with the Honourable Gordon Hogg, the new Minister of State for Mining, Mayors Jim Davidson from Smithers and Sharon Smith from Houston, Chair Eileen Benedict of the Regional District of Bulkley Nechako, and numerous community representatives.

We have continued to participate with and support the Beetle Action Coalitions in their development of strategies to diversify and support the economies of the beetle-affected areas of the Province. Geoscience BC participated in a number of Omineca Beetle Action Coalition – Minerals Sector Strategy Workshops. We also contributed to the Cariboo-Chilcotin Beetle Action Coalition mineral and oil and gas strategy development, and participated in two First Nation Mountain Pine Beetle Initiative economic diversification workshops.

'Lyn Anglin, President and CEO of Geoscience BC with Minister of State for Mining Gordon Hogg, MEMPR Chief Geologist Dave Lefebure, and MEMPR Mineral Development Office Director Jay Fredericks at a meeting with representatives of Jinduicheng Molybdenum Co., Ltd. at China Mining in Beijing.

Geoscience Information for Regional Exploration Groups

Geoscience BC has been fortunate to have had the opportunity to participate in a number of exploration meetings across the Province.

We started the year at AME BC's Minerals Exploration Roundup in Vancouver, a busy week which included a day in the Map Tent highlighting our QUEST Project, over 20 poster presentations, two talks, and a two-day booth. At the Map Tent, we distributed over 100 digital copies of the new QUEST electromagnetic and geochemical reanalysis datasets, which were released at the conference.

Geoscience BC also gave a talk at the Smithers Exploration Group "Rock Talks" meeting in February on the QUEST data, and had discussions on future project priorities for the Smithers area.

At the Kamloops Exploration Group conference in April, Geoscience BC participated with a booth and two talks, and released two new data sets: new QUEST regional geochemical survey results, and the QUEST airborne gravity preliminary images from Sander Geophysics Ltd.

At the Minerals North conference in Smithers, Minister Krueger and several community representatives helped us to make the first announcements of Geoscience BC's plan to undertake an extension to the west of our successful QUEST project. The new project was appropriately named "QUEST-West" and extended the QUEST Project from Vanderhoof to Terrace.

Geoscience BC also sent a team to Minerals South in Nelson to release the first QUEST-West data and deliver a mini-workshop on new geoscience data sets available for the QUEST area.

International Marketing

Geoscience BC was invited to give a presentation on our QUEST Project at the South Australian Resources and Energy Investment Conference in Adelaide, South Australia in April. This meeting provided a great opportunity for Geoscience BC to spread the word internationally about mineral potential in BC's interior and the results of the QUEST Project.

Geoscience BC also accompanied the Honourable Gordon Hogg, Minister of State for Mining, as a member of the BC delegation of government and industry representatives to China Mining. We presented information on our QUEST and QUEST-West surveys and other projects, and shared a booth with Aeroquest International/UTS Geophysics representatives.

Our final data release of 2008 took place in December in Terrace, where we released the results of the Terrace-Prince Rupert Geochemical Reanalysis Project at an event organized by the Terrace Economic Development Association.

Looking Forward to 2009

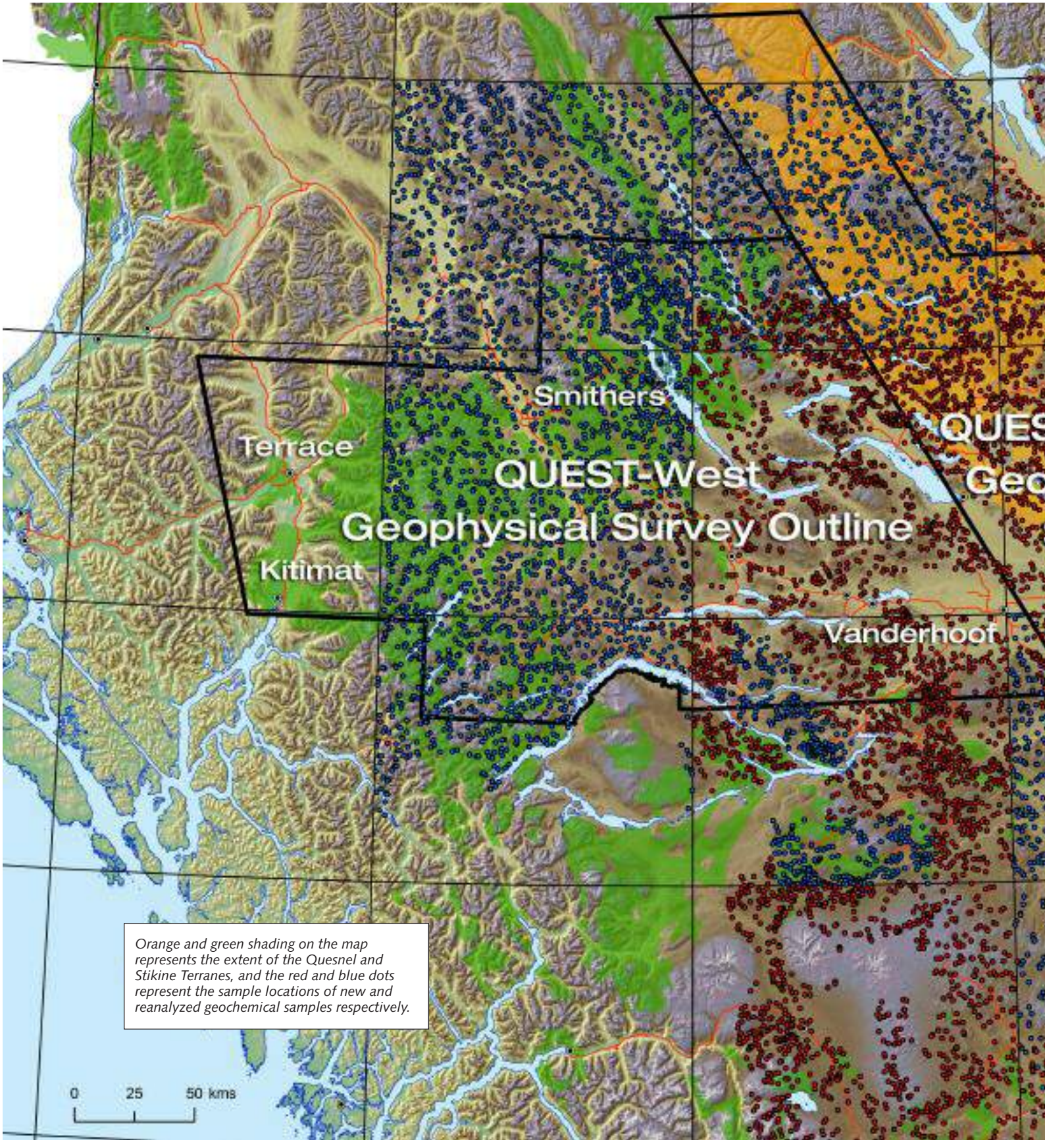
In 2009, Geoscience BC will be launching another major exploration geoscience project: the new QUEST-South Project that will extend the QUEST survey south from Williams Lake. We will also be launching a number of new partnership projects identified through the Fall 2008 and QUEST Follow-Up Request For Proposals. Of particular note, Geoscience BC is co-organizing a workshop with the BC Geological Survey and the Geological Survey of Canada to generate a new geological interpretation of the Quesnel Terrane geology using the new data generated by the QUEST Project.

Stay tuned for more Geoscience BC news, projects and data in 2009!

'Lyn Anglin, Geoscience BC and Sonja Song, translator for Team BC at the Geoscience BC booth in the B.C. Pavilion, China Mining Congress, Beijing.
Photo courtesy of MEMPR

BC's Exploration Advantage:

The QUEST and QUEST-West Projects



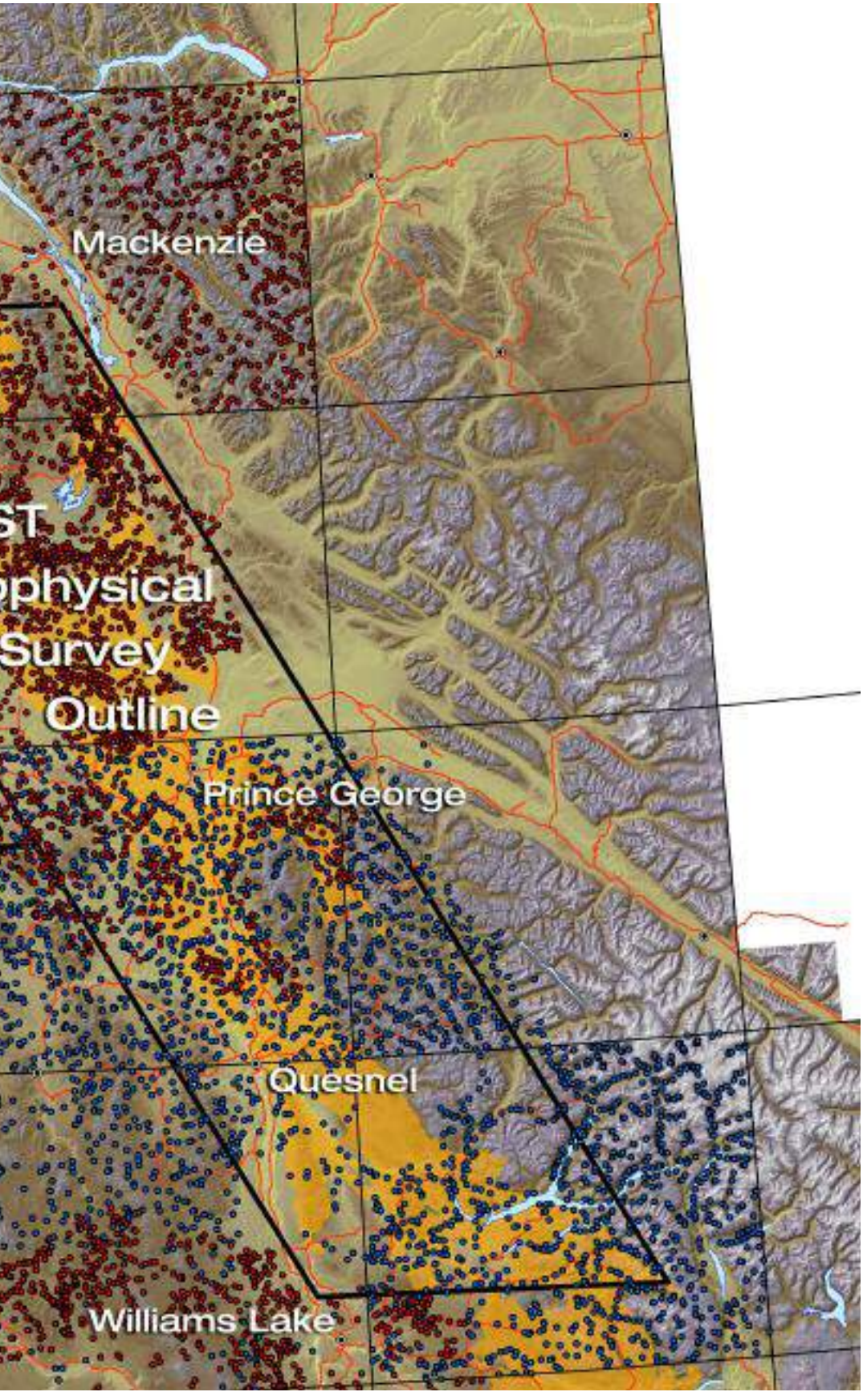
Orange and green shading on the map represents the extent of the Quesnel and Stikine Terranes, and the red and blue dots represent the sample locations of new and reanalyzed geochemical samples respectively.

Geoscience BC's QUEST and QUEST-West Partners:

Ministry of Energy, Mines and Petroleum Resources

Northern Development Initiative Trust

Regional District of Kitimat-Stikine



Geoscience BC's QUEST and QUEST-West projects are designed to provide the mineral exploration industry with new regional geoscience datasets to help guide them to the significant mineral potential of central British Columbia.

These two projects cover an area of more than 80,000 square kilometres including parts of the Quesnel and Stikine Terranes, both highly prospective for copper-gold porphyry and other base and precious metal deposits.

The QUEST and QUEST-West projects have employed the latest airborne geophysical survey techniques, including airborne time-domain electromagnetics (VTEM™ and AeroTEM™) and airborne gravity (AirGrav™).

Geochemical analyses of hundreds of new lake and stream sediment samples and reanalyses of thousands of existing archived sediment samples have been added to the provincial geochemical database through these two projects.

Preparing previously collected geochemical samples for analysis.
Photo by W. Jackaman

Mountain Pine Beetle-killed trees in the QUEST-West Project area.
Photo by O. Peterson

The QUEST Project

This past year was highly successful for Geoscience BC, due in large part to the QUEST Project, Geoscience BC's first major mineral exploration initiative.

The QUEST Project is a program of regional geophysical and geochemical surveys, designed to look under the sand and gravel cover between Williams Lake and Mackenzie to the Quesnel Terrane below. The Quesnel Terrane is a belt of prospective rocks that has good potential for copper and copper-gold deposits such as those at the Gibraltar and Mount Polley mines.

With $750,000 in partnership funding from the Northern Development Initiative Trust's Pine Beetle Recovery Account, Geoscience BC initiated the $5 million QUEST Project in June 2007. Geophysical surveys were conducted by Sander Geophysics Ltd (airborne gravity) and Geotech Ltd (airborne electromagnetics), and geochemical samples were collected by Noble Exploration Services Ltd and CME Consultants Inc. The resulting datasets cover parts of ten 1:250 000 NTS map sheets, with the two geophysical surveys each covering about 46,000 km^2 (an area larger than Vancouver Island).

The first results from the project were released at AME BC's Mineral Exploration Roundup in January 2008, with more data released at the Kamloops Exploration Group's conference in April 2008. The final datasets were released in June 2008 (see sidebar for details on each data release). Geoscience BC is now working on a GIS compilation for the QUEST Project, which allows users to interact with the QUEST datasets and other previously collected datasets in the project area in numerous formats, eventually including ArcMap, ArcReader, Manifold, Google Earth, MapInfo and PDF. A preliminary version of the compilation will be demonstrated at the 2009 Mineral Exploration Roundup.

FOR MORE INFORMATION ON THE QUEST PROJECT, PLEASE CONTACT:

Geoscience BC
info@geosciencebc.com
www.geosciencebc.com/s/QUEST.asp

QUEST Project Datasets

Geoscience BC released the QUEST data through six data releases in 2008. Geoscience BC Report 2008-3 contains the results of the reanalysis of almost 5,000 archived regional geochemical survey samples from the QUEST Project area, while Geoscience BC Reports 2008-5 and 2008-7 include the results from new lake and stream sediment samples respectively.

Geoscience BC Report 2008-4 contains the results of the helicopter-borne QUEST electromagnetic survey. Geoscience BC Report 2008-6 includes preliminary images of the QUEST airborne gravity survey, and the subsequent Geoscience BC Report 2008-8 includes the final airborne gravity dataset and images.

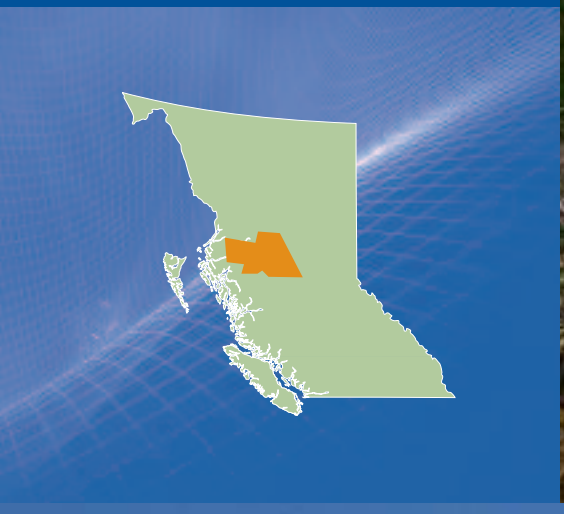
All these reports are available from Geoscience BC's website (www.geosciencebc.com). Also available are georeferenced images and PDF maps of the datasets, and technical reports written by Geoscience BC Project Team members for Geoscience BC's Summary of Activities 2007 volume.

Did you know?

Geoscience BC initiatives in central BC have added 6,822 new geochemical samples to the provincial database, and have supported the reanalysis of 7,769 previously collected samples.

– Geoscience BC Summary of Activities 2008

Helicopter used in flying an airborne gravity survey.
Photo by O. Peterson, Sander Geophysics Ltd.



Collecting new stream sediment geochemical samples.
Photo courtesy of W. Jackaman

The QUEST-West Project

Building on the successful QUEST Project, Geoscience BC's QUEST-West Project is collecting new geoscience data over an additional 40,000 square kilometres in central BC.

The project will help exploration geologists better understand the mineral potential of the project area, which stretches from Vanderhoof to Terrace, hopefully leading to increased mineral exploration investment in the area. The QUEST-West Project is funded by Geoscience BC, with support from the Regional Districts of Bulkley-Nechako and Kitimat-Stikine and the Northern Development Initiative Trust.

QUEST-West includes two new airborne geophysical surveys: an electromagnetic survey and a gravity survey. The surveys were flown by helicopter over the summer and fall of 2008, with the results of the airborne gravity survey being released at the Minerals South Conference in Nelson in November 2008. The airborne electromagnetic survey included detailed surveys over known deposits, including Morrison, Bell, Granisle, Equity Silver, Endako and Huckleberry. Sander Geophysics Ltd. conducted the airborne gravity survey, while Aeroquest Ltd. conducted the airborne electromagnetic survey.

The project also includes the collection of new sediment samples from small lakes and streams in the region, as well as the reanalysis, using modern methods, of over 3,000 sediment samples previously collected and analyzed in the 1970s and 1980s. Noble Exploration Services Ltd. managed both the new geochemical sampling program and the reanalysis program.

Results from the airborne electromagnetic survey and the reanalysis of previously collected geochemical samples are to be released at the 2009 Mineral Exploration Roundup. Analytical results from the new geochemical samples collected in 2008 are expected to be released in Spring 2009.

For additional details on the geophysical and geochemical surveys conducted as part of the QUEST-West Project, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- "QUEST-West geophysics in central British Columbia: new regional gravity and helicopter time-domain electromagnetic data"; and
- "QUEST-West Project geochemistry: field survey and data reanalysis"

FOR MORE INFORMATION ON QUEST-WEST, PLEASE CONTACT:

Geoscience BC
info@geosciencebc.com
www.geosciencebc.com/s/QUESTWest.asp

Aeroquest Ltd.'s AeroTEM system, used in the QUEST-West Project.
Photo courtesy of Aeroquest Ltd.

Geophysical Survey Quest 2008.
Photo courtesy of Serengeti Resources Inc.

Lake sediment sampling. QUEST datasets, such as the lake sediment geochemical dataset collected in 2007, are now being examined in QUEST follow-up projects.
Photo courtesy of W. Jackaman.

Following up on the QUEST Project

In August 2008, Geoscience BC issued a call for proposals for projects to analyze geoscience data acquired in the GBC QUEST Project area.

Five projects were initially funded, which range from adding value to the geochemical and geophysical datasets collected as part of QUEST, to improving the public access to mineral exploration datasets in the QUEST Project area. All the projects will be completed in early to mid 2009, and will assist the mineral exploration community in interpreting and getting full value out of the QUEST datasets.

Two projects funded as part of the QUEST follow-up initiative are examining the wealth of geochemical data collected as part of QUEST. BW Mining is gridding, leveling and blending adjoining geochemical surveys for each element, in order to infer bedrock geology in areas covered by glacial drift. CSIRO Mining and Exploration will use their SiroSOM data mining technology to establish relationship and domains within the various geological and geochemical assay data from the QUEST datasets.

Mira Geoscience Ltd. will examine the QUEST geophysical dataset, performing 3D inversion modeling, integration and visualization of the airborne gravity, electromagnetics and magnetics over the QUEST Project area.

Two projects will update and enhance the public access to BC's mineral exploration databases. Total Earth Science Services will manage and update MINFILE occurrences in the QUEST Project geophysical survey area, based on review of assessment reports, property file, news releases, formal publications, recent exploration and the web. Purple Rock Editing will index and publish online a collection of geoscientific documents known as the "industry file", which include previously unpublished documents from Cyprus-Anvil, Placer Dome, Chevron and Rimfire. The British Columbia Geological Survey is a partner on both of these projects.

Finally, Geoscience BC, in partnership with the British Columbia Geological Survey and Natural Resources Canada, will be supporting a joint project in March 2009 to update the bedrock geology map in the QUEST Project area. The QUEST Project datasets, as well as the interpretations provided by the projects listed above, will be key to this geological interpretation project.

For more information on the QUEST follow-up projects, stay tuned to Geoscience BC's website (www.geosciencebc.com).

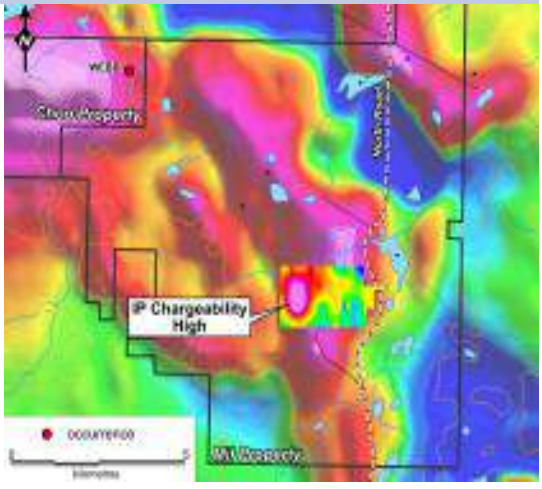
Mineral Exploration in the QUEST Project Area

Serengeti Resources Inc. (TSX-V:SIR) and its joint venture partner, Fjordland Exploration Inc. (TSX-V: FEX) were very active in the QUEST survey area in 2008. The joint venture conducted induced polarization (IP) geophysical surveys on ten properties during the year identifying attractive targets for follow-up on seven of these. The highlight of this work was the identification of a potential new sulphide system in the right magnetic environment in a covered area, 15 kilometres west of the Mt. Milligan copper-gold deposit. Compilation of prior ARIS (assessment) reports also shows a strong gold-in-glacial till anomaly immediately down ice of this target. Drilling is planned for 2009.

FOR MORE INFORMATION ON THE QUEST JOINT VENTURE:

Serengeti Resources Inc.
www.serengetiresources.com

Fjordland Exploration Inc.
www.fjordlandex.com



Regional aeromagnetics and IP chargeability high at the Mil Property (part of Serengeti Resources Inc. and Fjordland Exploration Inc. QUEST Joint Venture).
Image courtesy of Serengeti Resources Inc.

Did you know?

The area covered by the QUEST Project airborne geophysical surveys is larger than Vancouver Island.

Geoscience Projects in the QUEST and QUEST-West Project Areas

Garnet-chalcopyrite-anhydrite-cemented breccia, Central Replacement Zone, Galore Creek alkalic porphyry deposit, BC.
Photo courtesy of K. Simpson

Two of Geoscience BC's mineral deposit projects have a focus in the QUEST and QUEST-West Project areas.

Starting in 2008, a project led by Dr. Jim Mortensen at the University of British Columbia is examining the nature and structural setting of orogenic gold mineralization in the Cariboo Gold District. This summer's fieldwork included surface mapping and logging key drillholes at various occurrences and regional exposures throughout the central and southern parts of the Wells/Barkerville camp, including Skygold Venture's Spanish Mountain property and Hawthorne Gold's Frasergold property. An extensive suite of samples was collected for dating the mineralization and host rocks, a lead isotopic study seeking to identify the source(s) of metals, a fluid chemistry study of gold-bearing veins throughout the region, and an investigation of the compositions of lode gold in this part of BC.

An ongoing project at UBC's Mineral Deposit Research Unit ("Shallow and deep-level alkalic mineral deposits: Developing an integrated exploration model") has continued to examine the Mount Polley, Mount Milligan, Lorraine and Galore Creek deposits in BC. Recent work has focused on Terrane Metals Corp.'s Milligan copper-gold deposit west of Mackenzie, and a new paper in Geoscience BC's Summary of Activities volume describes the geological setting, alteration, mineralization, and origins of this important BC deposit.

For additional details on these projects, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- "Investigations of orogenic gold deposits in the Cariboo gold district, east-central British Columbia: progress report"; and
- "Distribution of alteration in an alkalic porphyry copper-gold deposit at Mount Milligan, central British Columbia."

FOR MORE INFORMATION, PLEASE CONTACT:

Jim Mortensen
University of British Columbia
jmortensen@eos.ubc.ca
www.geosciencebc.com/s/2007-016.asp

Thomas Bissig
Mineral Deposit Research Unit, UBC
tbissig@eos.ubc.ca
www.geosciencebc.com/s/2005-053.asp

Fine-grained, banded pyritic replacement mineralization in blue-grey dolomitized limestone from the Mosquito Mine.
Photo by D. Rhys

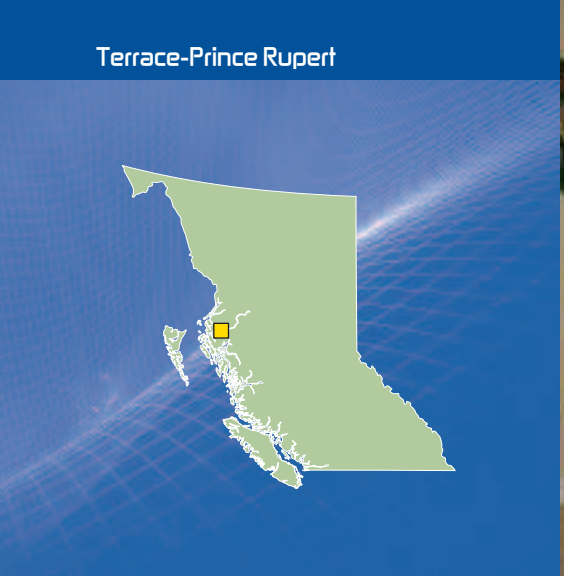
Kevin Byrne logging core at Galore Creek.
Photo courtesy of K. Simpson.

Recently Completed Geoscience BC Projects

Several Geoscience BC Projects were completed in 2008, including:

- Development and Application of a Relational Rock Property Database System for BC (T. Lane, CAMIRO)
- Hyperspectral Pilot Survey (W. Kilby, Cal Data Ltd)
- Mapping the Resource Potential Beneath the Chilcotin Flood Basalts (CFB): Volcanic Lithofacies Constraints on Geophysical Surveys (K. Russell, UBC)
- Mineral Potential of the Westcoast Crystalline Complex, western Vancouver Island (D. Marshall, SFU)
- Reprocessing of Regional Seismic Data (A. Calvert, SFU)
- Terrace Geochemical Data Reanalysis Project (W. Jackaman, Noble Exploration Services Ltd.)

For more information on these projects, including posters, technical articles and final deliverables, please go to Geoscience BC's website (www.geosciencebc.com).



New Geochemical Data in the Terrace–Prince Rupert Region

Project Partners

In December 2008, Geoscience BC released new geochemical data for the Terrace-Prince Rupert area.

The data released included new inductively coupled plasma – mass spectrometry (ICP-MS) analyses of steam sediment sample pulps from 2,128 sites, originally collected in a 1978 BC Geological Survey and Geological Survey of Canada geochemical survey of the Terrace and Prince Rupert map sheets (NTS map sheets 103I and part of 103J). This project added 51 analytical determinations that include a wide range of precious, base, pathfinder and rare earth elements, providing superior detection levels and important new data on elements such as silver, molybdenum and rhenium.

The project was carried out by Noble Exploration Services Ltd., with project funding provided by Geoscience BC in conjunction with the Terrace Economic Development Authority, the Regional District of Kitimat-Stikine, Kitimat-Terrace Industrial Development Society, and the Northern Development Initiative Trust. The results will stimulate mineral exploration interest in the Terrace area by providing new, high-quality geochemical information on an area considered to have good potential for new mineral discoveries.

"We are very pleased to see Geoscience BC and the Province support this project in the Terrace area in cooperation with community groups and the Northern Development Initiative Trust," said Sam Harling of the Terrace Economic Development Authority. "This information and the interest that it will generate among prospectors and companies helps to attract investment and exploration activity to our region."

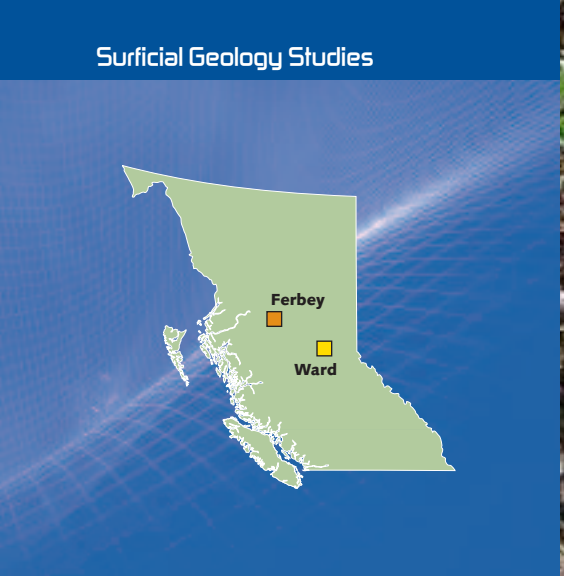
"Regional geochemical data is one of the basics of the mineral explorer's toolkit," said Wayne Jackaman of Noble Exploration Services Ltd., working under contract to Geoscience BC. "The new data set released today is one of the most comprehensive collections of regional-scale stream sediment geochemical information in the province. Not only does it indicate a number of exploration targets, the results can also assist more detailed geological research and environmental studies".

For additional details on this project, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring "Stream geochemical survey sample reanalysis, Terrace and Prince Rupert map areas, western British Columbia." The final dataset is available from Geoscience BC's website, www.geosciencebc.com, as part of Geoscience BC Report 2008-11.

FOR MORE INFORMATION, PLEASE CONTACT:

Wayne Jackaman
Noble Exploration Services Ltd.
wjackaman@shaw.ca
www.geosciencebc.com/s/2007-007.asp

Photo above: Terrace geochemical data release event. From left to right: Lael McKeown (Progressive Ventures, KT Industrial Development Society), Janine North (Northern Development Initiative Trust), Sam Harling (Terrace Economic Development Authority), 'Lyn Anglin (Geoscience BC), and Byng Giraud (Mining Association of BC, Geoscience BC).
Photo credit: Terrace Standard



Rock with striations, which indicate the direction of glacial flow.
Photo by Brent Ward

Prospecting Goes Under Cover

Glacial History and Till Studies in Central British Columbia: QUEST and QUEST-West Project areas

Collecting till samples.
Photo by Brent Ward

Three things drew Geoscience BC to the QUEST Project area: 1) the Quesnel Terrane (excellent potential for copper-gold porphyry deposits); 2) a thick layer of sand and gravel left behind by glaciers, which covers much of the Quesnel Terrane near Prince George and hinders exploration; and 3) the Mountain Pine Beetle infestation, which has forest-dependent communities looking for other economic opportunities.

A new 3-year project, led by Dr. Brent Ward at Simon Fraser University and funded by Geoscience BC, is taking on the challenge of understanding the history of glaciation near Prince George. Preliminary work in 2008 included collecting information on ice flow history and thickness of the glacial sand and gravel ("till"), and collecting till geochemical samples down-ice from geophysical anomalies identified in the QUEST Project dataset. The results of this project will provide the mineral exploration industry with a framework to interpret geochemical and geophysical datasets in the QUEST region.

Further to the west in the QUEST-West Project area north of Houston, glacial till partially blankets the Babine intrusive rocks which host the copper-gold mineralization of the Babine porphyry copper district (including past producers Bell and Granisle, and developed prospects Morrison, Dorothy, Hearne Hill and Fireweed). A project led by Travis Ferbey of the British Columbia Geological Survey is reanalyzing previously collected till samples from this region in order to provide a new, high quality, regional-scale, geochemical dataset that will help guide exploration efforts in this region. For additional details on these projects, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- "Trace-element analysis of clay-sized fraction of archived till samples, Babine porphyry copper district" (Ferbey); and
- "Ice-flow history, drift thickness and drift prospecting for a portion of the QUEST Project area, central British Columbia" (Ward)

FOR MORE INFORMATION, PLEASE CONTACT:

Brent Ward
Simon Fraser University
bcward@sfu.ca
www.geosciencebc.com/s/2007-026.asp

Travis Ferbey
British Columbia Geological Survey
Travis.Ferbey@gov.bc.ca
www.geosciencebc.com/s/2007-027.asp

Did you know?

Geoscience BC co-funded a surficial geology study in Northeast BC in 2005. Results from this study are expected to be released in early 2009.
www.geosciencebc.com/s/2005-016.asp

Nechako Basin Seismic Survey

In July 2008, Geoscience BC initiated a Vibroseis seismic reflection survey in the northern Nechako Basin west of Quesnel, in the heart of the Mountain Pine Beetle-affected area of British Columbia.

CGGVeritas vibrators used in the Nechako Basin seismic survey.
Photo by A. Calvert

CGGVeritas equipment laid out in the initial staging area.
Photo by A. Calvert

This $2.5 million survey, carried out by CGGVeritas of Calgary, Alberta, with the support of the Nazko First Nation, collected 330 line-kilometres of new seismic data.

The survey was funded with $2 million from Geoscience BC and $0.5 million from the Northern Development Initiative Trust Pine Beetle Recovery Account.

This project represents a major component of Geoscience BC's interior basins oil and gas geoscience program originally funded in April 2005 with a $5 million grant to Geoscience BC from the Provincial government. The area of the survey is largely contained within the Nazko First Nation's Traditional Territory, and CGGVeritas provided training and employment opportunities to some band members from the Nazko First Nation.

This seismic reflection survey was the first seismic work to be carried out in the area since the early 1980s when Canadian Hunter collected approximately 1,300 kilometres of seismic data using Vibroseis technology. Although five wells were drilled in the early 1980s as a result of this program, hydrocarbon exploration in the area ceased soon after.

The 2008 survey was designed to map the distribution of the Early Cretaceous rocks which may host oil and gas reservoirs, and improve upon the data collection done by Canadian Hunter in the 1980s. The young volcanic rocks, which cover much of the Nechako Basin, may continue to create difficulties in imaging the near-surface parts of the basin in some areas, however lower crustal reflectors were observed on all lines collected in 2008, indicating good signal penetration through the volcanic rocks.

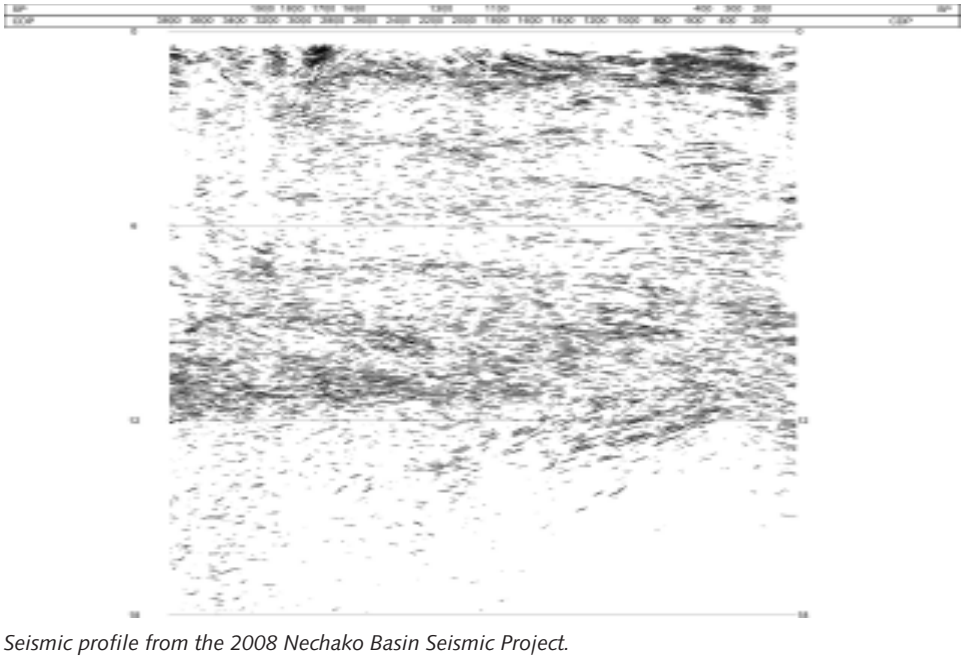
The data collected during this survey will provide information for Geoscience BC and its partners to help design new seismic and other geoscience projects in central BC, and will assist in determining the geological characteristics and petroleum potential of the Nechako Basin. The data are presently being processed and are scheduled for publication in the spring of 2009.

This survey complements ongoing seismic monitoring, geophysical, and geological studies of the Nechako Basin being supported by Geoscience BC in partnership with Simon Fraser University, the University of British Columbia the BC Ministry of Energy, Mines and Petroleum Resources, and Natural Resources Canada.

For additional details on this project, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring "Vibroseis survey acquisition in the central Nechako Basin, south-central British Columbia".

FOR MORE INFORMATION, PLEASE CONTACT:

Andrew Calvert
Simon Fraser University and Geoscience BC
acalvert@geosciencebc.com
www.geosciencebc.com/s/NechakoSeismic.asp



Seismic profile from the 2008 Nechako Basin Seismic Project.

CGGVeritas recording truck.
Photo by A. Calvert


Photo by J.B. Mahoney


Photo by J.B. Mahoney

Nechako Basin Partnership Projects

In addition to the Nechako Seismic survey, Geoscience BC has continued to support geoscience partnership projects in the Nechako Basin, with five projects active in 2008.

Dr. Andrew Calvert and Dr. Nathan Hayward at Simon Fraser University are continuing to examine the 1980s vintage Canadian Hunter seismic datasets, developing a generalised basin-scale facies model for the surface volcanic rocks, which will be useful in assessing the access to exploration targets beneath the surface volcanic rocks. The new seismic data acquired in 2008 will be used to further their interpretation of the older Canadian Hunter data and to expand our understanding of the Basin's hydrocarbon potential.

A second project, led by Dr. Ronald Clowes at the University of British Columbia, is also using the new Nechako seismic data collected in 2008. The first-arriving energy from seismic surveys can be used to determine variations in the speed with which seismic energy propagates in the near-surface rock layers. Waveform tomography is a new approach that provides much more detailed rock speed information as it uses the recorded first-arrival waveform data rather than simple traveltime picks. The results will be used to determine rock types and aid in determining the subsurface structure and prospectivity of the Nechako Basin.

Dr. Peter Mustard at Simon Fraser University and Dr. Brian Mahoney at the University of Wisconsin-Eau Claire, are working on a project aimed at understanding the Cretaceous rocks exposed along the southern margin of the Nechako Basin. These rocks represent the prospective hydrocarbon reservoir targets in the subsurface, and an accurate assessment of the petroleum potential of the Nechako Basin hinges on a comprehensive understanding of the basin architecture developed within these rocks. Ongoing work on this project suggests stratigraphic correlations between rocks of the Jackass Mountain Group and the Taylor Creek Group, significantly expanding our understanding of the configuration of the basin. Future work will constrain sediment provenance, basin evolution and reservoir potential in these strata.

Geoscience BC is also continuing to co-fund two projects led by researchers at the Geological Survey of Canada. Jim Craven and Jessica Spratt have continued their work analyzing magnetotelluric data collected throughout the Nechako Basin. To date, the project has yielded one-dimensional models for the entire dataset and two-dimensional conductivity models along four of the seven major profiles. A conductivity contrast between the surface volcanic rocks, the Nechako sediments and the underlying basement rocks is observed, indicating that the method is capable of imaging the structure of the basin. Lateral variations in conductivity within the sedimentary packages suggest changes in mineralogy, porosity, or salinity. Characterizing these changes will be important in assessing the potential for oil and gas within the region.

John Cassidy (Geological Survey of Canada) is leading a project in the Nechako Basin, using passive source seismic data (using the energy from distant earthquakes) to map discontinuities in rock units in the Nechako Basin. This year, graduate students at the University of Victoria and the University of Manitoba worked on mapping the sedimentary rocks and crustal structure of the Nechako basin using the passive source seismic dataset.

Photo by J.B. Mahoney

For additional details on all these projects, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- "Preliminary first-arrival modelling constraints on the character, thickness and distribution of Neogene and Eocene volcanic rocks in the south-eastern Nechako Basin, south-central British Columbia";
- "Enhanced velocity structure from waveform tomography of seismic first-arrival data: application to the Nechako Basin, south-central British Columbia";
- "Regional facies patterns in the northern Jackass Mountain Group, northern Methow Basin, south-western British Columbia";
- "Preliminary images of the conductivity structure of the Nechako Basin, south-central British Columbia from the magnetotelluric method";
- "Mapping the sedimentary rocks and crustal structure of the Nechako Basin, British Columbia, using teleseismic receiver functions"; and
- "Seismic tomography of the Nechako Basin, south-central British Columbia using ambient seismic noise."

FOR MORE INFORMATION, PLEASE CONTACT:

Andrew Calvert
Simon Fraser University
acalvert@sfu.ca
www.geosciencebc.com/s/2006-002.asp

Ron Clowes
University of British Columbia
rclowes@eos.ubc.ca
www.geosciencebc.com/s/2007-017.asp

Peter Mustard
Simon Fraser University
pmustard@sfu.ca
www.geosciencebc.com/s/2006-014.asp

Jim Craven
Natural Resources Canada
Jim.Craven@NRCan.gc.ca
www.geosciencebc.com/s/2006-016.asp

John Cassidy
Natural Resources Canada
JCassidy@NRCan.gc.ca
www.geosciencebc.com/s/2006-028.asp

Nine Mile Ridge, Camelsfoot Range, BC.
Photo courtesy of R. Goodin

Geoscience BC in the Bowser Basin

Geoscience BC is also continuing to examine the hydrocarbon potential of the Bowser Basin. Dr. John Waldron and graduate student Jean-François Gagnon conducted detailed geological mapping along the western margin of the Middle Jurassic Bowser Basin during the 2008 fieldwork season.

This work has provided a better understanding of siliciclastic-dominated slope environments. Spatial distribution of multiple amalgamated channel systems, mass-transport complexes and turbidites sequences were investigated to evaluate the reservoir quality of prospective units. This sedimentary succession constitutes an excellent modern day analog of deep water sedimentation in a tectonically active basin, and could potentially be charged with hydrocarbon in laterally equivalent units farther northeast in the basin where thermal maturation levels are favourable. More information on this project is available in Geoscience BC's Summary of Activities 2008: "Sedimentation patterns and reservoir distribution in a siliciclastic, tectonically active slope environment, Bowser Basin, north-western British Columbia.

FOR MORE INFORMATION, PLEASE CONTACT:

John Waldron
University of Alberta
jwaldron@ualberta.ca
www.geosciencebc.com/s/2006-046.asp

New Frontiers in Northeast BC:

Horn River Basin Shale Gas

The Horn River Basin is located in Northeast BC, and is the focus of considerable interest and exploration by the oil and gas industry, looking to develop its significant shale gas potential resources.

The basin is estimated to cover an area of over 5,200 square kilometres. The primary target horizons are Muskwa/Otter Park and Klua/Evie shales: Devonian aged units with a cumulative thickness of about 150 metres.

Production of shale gas has only recently become technically feasible with the development of new technology related to horizontal drilling and hydraulic fracturing of the rock units hosting the gas. Producing shale gas requires significant amounts of water, and safe sites for disposal of spent water from these innovative completion practices.

To significantly reduce reliance on surface waters in the testing, development and eventual production of shale gas from the Horn River Basin reservoirs, Geoscience BC has initiated a collaborative geoscience program with members of the Horn River Basin Producers Group.

The Horn River Basin Producers Group consists of representatives of Apache Canada Ltd., EnCana, Devon Canada Corp., EOG Resources Canada, Nexen Inc., Quicksilver, Imperial Oil Resources/ExxonMobil Canada and Stone Mountain Resources. The purpose of the group is to facilitate cooperation and communication between major industry players, key stakeholders and First Nations in the area.

This project will undertake an inventory and assessment of saline aquifers in the Horn River Basin.

"The Horn River Basin Producers Group is excited about the opportunity to partner with Geoscience BC to identify potential subsurface water sources," said Rob Spitzer, Chair of the Horn River Basin Producers Group. "This is an excellent example of the kind of collaboration that will ensure the responsible development of the Horn River Basin."

Basin-wide mapping and characterization of the aquifers is required to establish their suitability as sources of water and water disposal sites, in support of producer drilling and completion activities in the basin. An early goal of the project is to identify key data requirements that can be addressed while drilling new wells in current and future drilling seasons.

Up to $5 million has been committed by Geoscience BC to fund this project. Petrel Roberston Consulting Ltd. in Calgary will be coordinating this project on behalf of Geoscience BC, and will also be contributing technical expertise. Members of the Horn River Basin Producers Group are contributing information and technical expertise and are developing proposals for priority geoscience research to be undertaken in partnership with Geoscience BC. Geoscientists in the Ministry of Energy, Mines and Petroleum Resources will also be contributing technical expertise and knowledge to this project.

Geoscience BC believes that by working collaboratively with the Producers Group, and the Ministry of Energy, Mines and Petroleum Resources, we will be supporting orderly and efficient development of the basin, reducing industry spending through more efficient collection of data, and helping to minimize environmental impacts of development. The partnership approach to this project will maximize the quality and completeness of project data and results.

Photo courtesy of EnCana.

Did you know?

Shale gas is natural gas stored in organic-rich, very fine-grained rocks such as shale, mudstone or laminated siltstones.

– From www.csug.ca

Stained quartzites at the "Jack Leg" showing (Ruby Red Resources).
Photo by Russell Hartlaub

Geoscience BC Comes to the Kootenays

Fugro's HeliGEOTEM™ system.
Photo courtesy of Fugro Airborne Surveys

Geoscience BC introduced two new geoscience projects in the Kootenays in 2008: a regional examination of the stratabound copper potential of the Purcell Supergroup, and a time domain electromagnetic survey over the Kootenay Arc.

The first project, led by Dr. Russell Hartlaub of BCIT, focuses on the stratabound copper potential of the Creston Formation, in the Cranbrook area. Equivalent rocks across the border in Montana host the Troy and Montanore copper-gold deposits. Summer 2008 fieldwork included regional and focused geological mapping, sample collection (rock and trial biogeochemical sampling) and examination of the Montana deposits, in order to identify effective exploration strategies. Compilation of a new geological map for the Yahk Mountain area is also underway. This work follows up on the successful work by Russell Hartlaub and Suzanne Paradis in the same region (see the British Columbia Geological Survey's Fieldwork 2007 volume).

In partnership with Dajin Resources Corp., Sultan Minerals Inc., and Natural Resources Canada, Geoscience BC is funding a 4,367 line-kilometre airborne electromagnetic and magnetic survey just east of Salmo, British Columbia. The survey focuses on the Kootenay Arc, a belt of highly deformed rocks that extend 400 kilometres from north of Revelstoke, BC to the Canada-United States border. The Kootenay Arc contains a number of carbonate-hosted zinc-lead deposits, including past producers Reeves MacDonald, Jersey, HB and Bluebell. The survey will help in developing an accurate geological map and target potential base metal deposits within the survey area. The survey commenced in late 2008 with completion expected in early 2009.

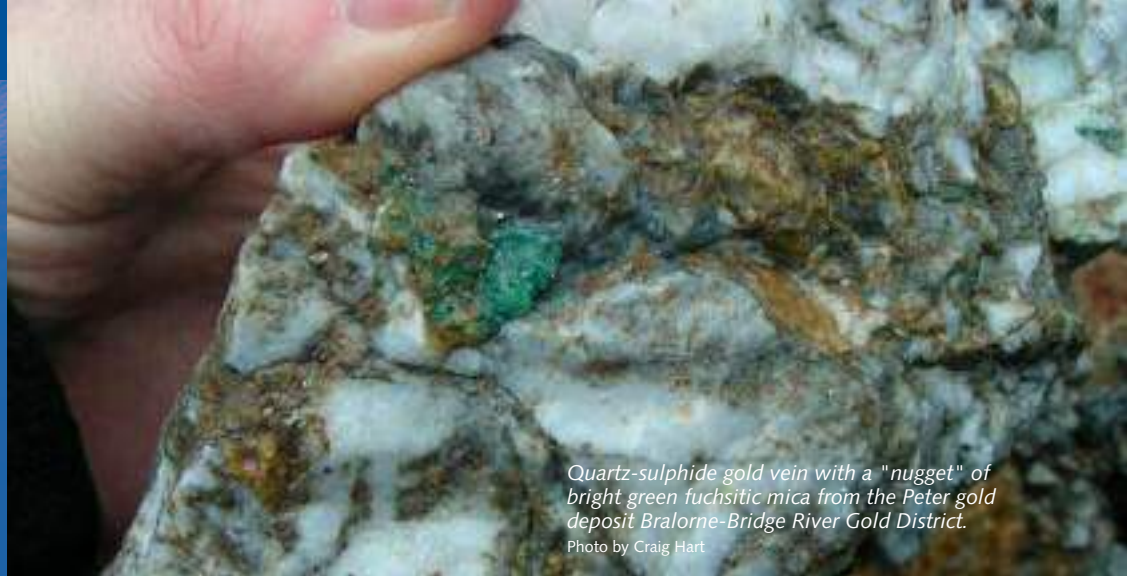
For additional details on these projects, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- Sediment-hosted stratabound copper-silver-cobalt potential of the Creston Formation, Purcell Supergroup, southeastern British Columbia (Hartlaub); and
- Time-domain electromagnetic and magnetic survey over the Kootenay Arc, Southeastern British Columbia (Garth Kirkham).

FOR MORE INFORMATION, PLEASE CONTACT:

Russell Hartlaub
British Columbia Institute of Technology
russell_hartlaub@bcit.ca
www.geosciencebc.com/s/2007-019.asp

Garth Kirkham
Geoscience BC
kirkham@geosciencebc.com



Quartz-sulphide gold vein with a "nugget" of bright green fuchsitic mica from the Peter gold deposit Bralorne-Bridge River Gold District.
Photo by Craig Hart

Mineral Deposit Studies

Mineral Potential Projects Nearing Completion

Two Geoscience BC projects funded through an October 2005 Geoscience BC Request for Proposals (Industrial Matching Grant Program for Universities, Colleges and Consultants) are nearing completion.

The first, led by Dr. Greg Arehart of the University of Nevada, Reno, and graduate student Jessica Smith, aims to fit the Adanac molybdenum deposit into the spectrum of molybdenite deposits, and to compare the deposit to intrusion-hosted gold deposits in the North American Cordillera.

FORE MORE INFORMATION, PLEASE CONTACT:

Greg Arehart
arehart@unr.edu
www.geosciencebc.com/s/2005-054.asp

The second project, led by Dr. Lori Kennedy at UBC along with graduate students Lucy Hollis and Scott Blevings, has examined copper and gold mineralization in the Taseko Lake region. A final project report, "Mineralization and alteration of Cretaceous Rocks of the Taseko Lakes region, south-western British Columbia" is published in Geoscience BC's Summary of Activities 2008. The report describes in detail the geology, alteration and mineralization observed in the region, as well as key stable isotope and geochronological data.

FOR MORE INFORMATION, PLEASE CONTACT:

Lori Kennedy
lkennedy@eos.ubc.ca
www.geosciencebc.com/s/2005-058.asp

Geoscience BC funds mineral potential and mineral deposit studies throughout BC.

One project, led by Dr. Craig Hart (MDRU, formerly of the University of Western Australia), is examining the orogenic gold deposits of the Bralorne-Pioneer district in south-western BC. The district hosts an array of vein types (including gold ± tungsten, silver-lead-zinc, antimony-lead-zinc, antimony and mercury) that are broadly zoned over a large area.

In order to make better exploration models, the project is working on identifying the controls on these variations and distributions. For example, do they represent one or many mineralizing events? Do the proximal Bendor Batholith or Coast Plutonic Complex contribute to the mineralization? Using various geochronological and geochemical methods in order to better define these controlling factors will aid in the design of a better model to account for the distribution. This past year, the researchers utilized sulphur isotopes to identify the sources of sulphur for the various vein deposits.

A second project, led by Dr. Jim Mortensen and Ph.D. candidate Tyler Ruks at UBC, is examining the mineral potential of the Sicker and Buttle Lake groups on Vancouver Island. Recent fieldwork focused on examining key sections of the Sicker Group and overlying Fourth Lake Formation in the Cowichan Lake, Chemainus River, Horn Lake and Port Alberni areas, and extensive sampling for U-Pb and microfossil dating, as well as lithogeochemistry and sulphide Pb isotopes. Mapping and sampling work also continued throughout most of the other known exposures of Sicker Group strata on Vancouver Island.

For additional details and new results from these projects, pick up a copy of Geoscience BC's Summary of Activities 2008, featuring:

- Sulphur sources for gold deposits in the Bridge River–Bralorne mineral district, soutwestern British Columbia (L. Moore, UWA); and
- Preliminary results of geological mapping, uranium-lead zircon dating, and micropaleontological and lead isotopic studies of volcanogenic massive sulphide–hosting stratigraphy of the Middle and Late Paleozoic Sicker and Lower Buttle Lake groups on Vancouver Island, British Columbia (T.Ruks, UBC)

FOR MORE INFORMATION, PLEASE CONTACT:

Craig Hart
University of Western Australia
craig.hart@uwa.edu.au
www.geosciencebc.com/s/2006-005.asp

Jim Mortensen
University of British Columbia
jmortensen@eos.ubc.ca
www.geosciencebc.com/s/2005-030.asp

Did you know?

Gold was first discovered in British Columbia in 1856. A First Nations man taking a drink from the Thompson River noticed a shiny pebble, which turned out to be gold.

– From www.bcpcc.com

Geoscience BC Publications 2008

All Geoscience BC Publications and Data Releases can be found on our website at www.geosciencebc.com

Geoscience BC Report 2008-1
Geoscience BC Summary of Activities 2007 (contains 16 papers on Geoscience BC project activities in 2007, *various authors)*

Geoscience BC Report 2008-2
BC Hyperspectral Demonstration Project Data Release, *by Ward Kilby and Caleen Kilby, Cal Data Ltd.*

Geoscience BC Report 2008-3
QUEST Project Sample Reanalysis, *by Wayne Jackaman*

Geoscience BC Report 2008-4
Report on a Helicopter-borne Versatile Time Domain Electromagnetic (VTEM) Geophysical Survey: QUEST Project (NTS 93A, B, G, H, J, K, N, O; 94C, D); *by Geotech Ltd.*

Geoscience BC Report 2008-5
Regional Lake Sediment and Water Geochemical Data, Northern Fraser Basin, Central British Columbia (parts of NTS 93G, H, J, K, N and O); *by Wayne Jackaman, Noble Exploration Services Ltd*.

Geoscience BC Report 2008-6
New QUEST Preliminary Airborne Gravity Images; *by Sander Geophysics Ltd. and Geoscience BC*

Geoscience BC Report 2008-7
Regional Stream Sediment and Water Geochemical Data, Pine Pass (NTS 093O), British Columbia; *by Wayne Jackaman*

Geoscience BC Report 2008-8
Project Report: Airborne Gravity Survey, Quesnellia Region, British Columbia, 2008; *by Sander Geophysics Ltd.*

Geoscience BC Report 2008-9
2008-9a: Development and Application of a Relational Rock Property Database System for British Columbia; *by Sharon Parsons, Mira Geoscience Ltd.,* and
2008-9b: Application of Physical Rock Property Data for British Columbia: Mt. Milligan Case Study; *by Tom Lane, Mira Geoscience Ltd.*

Geoscience BC Report 2008-10
Project Report: Airborne Gravity Survey, QUEST-West, British Columbia – 2008; *by Sander Geophysics Ltd.*

Geoscience BC Report 2008-11
Regional Stream Sediment and Water Geochemical Data: Terrace & Prince Rupert (NTS 103I &103J), British Columbia; *by Wayne Jackaman, Noble Explorations Services Ltd.*

Examining fossils in the Jackass Mountain Group in Nemaiah Range, looking west at the Coast Mountains.
Photo by K. Maclaurin

Scholarship Winners

Exploration Geoscience Grad Students Working in BC

Geoscience BC awarded eleven graduate scholarships for $5,000 each to students working on a mineral or oil and gas exploration project in British Columbia in 2008.

The scholarships were open to students registered in a Masters (MSc) or Doctorate (PhD) program working on an exploration-related topic in British Columbia. Applicants were scored based on their education and work experience, their thesis project, their career goals and aspirations, as well as the remarks from their references. Applications were reviewed by a panel of geoscientists from industry and academia. Preference was given to applicants whose projects were deemed to have the greatest potential benefit to exploration in BC and whose research and career interests are primarily directed towards the exploration sector, either mineral or oil and gas.

For more information about Geoscience BC, the scholarship opportunities, and the scholarship winners and their projects, please visit our website at www.geosciencebc.com/s/Scholarships.asp.

Katrin Breitsprecher

PhD student, University of British Columbia

Katrin's project focuses on the geochemical relationship between plate boundary conditions and magma sources at convergent margin settings, and on applying isotopic data to outstanding tectonic problems in the Mesozoic assembly of the Canadian Cordillera. The project is providing tools for the exploration community, including an "isotopic fingerprint" by which to discriminate between Triassic alkalic Cu-Au±Ag mineralized porphyry intrusions and variably barren to Cu-bearing Jurassic magmatism. This is the second year Katrin has received this award.

Kevin Byrne

MSc student, University of British Columbia

Kevin's MSc thesis focuses on characterizing the lithologies, alteration and mineralization of the Southwest Zone breccia-centered Cu-Au prospect in the Galore Creek alkalic porphyry Cu-Au district. By developing a genetic model for the Southwest Zone, Kevin will contribute to ongoing international collaborative studies and the fundamental understanding of alkalic porphyry Cu-Au deposits.

Joel Cubley

PhD student, University of Calgary

Joel's project focuses on the Grand Forks Complex situated in the Omineca Crystalline Belt in southeastern BC. The project will analyze the structure and petrology of the area, focusing on the Kettle River Fault, an east-dipping normal fault that forms the edge of the complex. Similar normal faults in the Cordillera are linked to hydrothermal fluid flow and Ag-Pb-Zn-Au mineralization. Joel's project will identify controls on local Cu-Au skarn mineralization and evaluate the future economic potential.

Tashia Dzikowski

PhD student, University of British Columbia

Tashia is studying the origin of the marble-hosted Revelstoke ruby and sapphire occurrence. Through field work and laboratory analysis of samples, Tashia will examine the nature of the protolith, role of marble in corundum mineralization, concentration mechanisms for aluminum and chromophores, conditions of formation, and the influence of local and regional geology on mineralization.

Did you know?

The application deadline for the 2009 Geoscience BC Scholarship is April 30, 2009

Shannon Frey
MSc student, Simon Fraser University

Shannon is quantitatively determining relationships between sedimentology, ichnology, and hydraulic energy for beaches developed along a relatively straight coastline (southwest Vancouver Island). These relationships are used as a means of predicting along-strike variability of beach sediments preserved in rock records, which is important to hydrocarbon exploration as these units are important hydrocarbon reservoirs.

Jean-François Gagnon
PhD student, University of Alberta

Jean-François' project focuses on the Bowser Basin in northwest British Columbia, and aims to improve the understanding of Bowser Basin development and evolution. Understanding the regional change from a volcanic-dominated environment to a sedimentary basin will put significant constraints on the timing of generation-migration and accumulation of hydrocarbons in the Bowser Basin. This is the second year that Jean-Francois has received this award.

Jamie Kraft
PhD student, University of Alberta

Jamie's project will improve the understanding of the Paleozoic evolution of the distal Cordilleran margin, characterized by deformed and variably metamorphosed volcanic and sedimentary successions in the Selkirk Mountains near Revelstoke and Trout Lake, BC. Jamie is combining field, geochemistry and geochronology studies to address several outstanding questions, including the potential for syn-depositional sulphide deposits within the studied strata.

Vishal Kumar
MSc student, University of British Columbia

Vishal's thesis involves interdisciplinary research combining new data analysis procedures applicable to multichannel seismic data. He is working on an incoherent noise suppression algorithm, which, if successful, will provide new methods for random noise suppression and improvement of signal-to-noise ratio, and for enhancement of the resolution of seismic reflectivity.

Chris Lawley
MSc student, University of Alberta

Chris is studying the MAX molybdenum deposit, located in southeastern BC. The project is developing a comprehensive metallogenic model for the formation of the deposit, incorporating previous studies, field observations, geochemistry of the host intrusion, and fluid inclusion analysis. Conclusions generated from the project will directly contribute to ongoing exploration efforts in and around the MAX property for similar style deposits.

Janina Micko
PhD student, University of British Columbia

Janina's PhD research is part of a joint MDRU-–CODES project investigating alkalic porphyry deposits, which typically are enriched in Au, Ag and Cu, and can have large tonnages (deposit or district scale), making them economically attractive. Janina's project focuses on understanding the hydrothermal evolution of the NovaGold Resources Inc.'s Galore Creek Deposit in northwest BC. This is the second year that Janina has received this award.

Keegan Raines
MSc student, University of Calgary

The objective of Keegan's research is to map the subsurface architecture of Jurassic sandstone beds in northeastern BC, focusing on depositional environments, sediment distribution, stratigraphic correlations and reservoir potential. The project will create a predictive model of sandstone bed geometries, and develop a tectono-stratigraphic model for the period when the passive margin developed into a tectonically active foreland basin.

The Geoscience BC Team

Geoscience BC is an industry-led, industry-focused, non-profit organization. Its mandate includes the collection, interpretation and delivery of geoscience data and expertise to promote investment in resource exploration and development in British Columbia.

Geoscience BC works in partnership with industry, academia, government, First Nations and communities to attract mineral and oil & gas investment to BC.

Board of Directors

John Thompson, Chairman of the Board
VP Technology and Development,
Teck Cominco Limited

David Caulfield
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C.D. ('Lyn) Anglin
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Staff

C.D. ('Lyn) Anglin
President and CEO

Garth Kirkham
VP Industry Liaison

Christa Sluggett
Project Geologist and Communications Coordinator

Angel Bouwsema
Office Manager and Executive Assistant

Rhonda Schultz
Accountant and Corporate Secretary

Project Team

Geoscience BC's Project Team is a highly respected group of technical experts, who develop and deliver large-scale Geoscience BC projects such as QUEST and QUEST-West.

Colin Barnett
BW Mining

Andy Calvert
Simon Fraser University

Bob Cathro
Consultant (retired)

Wayne Jackaman
Noble Exploration Services

Garth Kirkham
Kirkham Geosystems Ltd./Geoscience BC

Peter Kowalczyk
PK Geophysics Ltd.

Christa Sluggett
Geoscience BC

Stephen Williams
Natural Resources Canada

Thomas Bissig
UBC – MDRU

Don MacIntyre
D.G. MacIntyre & Associates Ltd.

Technical Advisory Committees

Geoscience BC has two Technical Advisory Committees (TAC), a Minerals TAC and an Oil & Gas TAC. Individuals on these committees represent a range of expertise in industry, academia and government. The TACs are tasked with reviewing and recommending proposals under consideration by Geoscience BC. The TAC's recommendations are presented to Geoscience BC's Board of Directors for final funding approvals.

Mineral Technical Advisory Committee

Henry Awmack
Equity Engineering Ltd.

Lindsay Bottomer
Entrée Gold Ltd.

Peter Bradshaw
First Point Minerals Corporation

Andrew Calvert
Simon Fraser University

Rob Cameron
Valley High Ventures Ltd.

Bob Carmichael
Lundin Mining Corporation

Stephen Cook
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Andrew Davies
Teck Cominco Ltd.

Carl Edmunds
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Consultant

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GBC/Kirkham Geosystems Ltd.

Jules Lajoie
Teck Cominco Ltd.

Bob Lane
Allnorth Consultants

Ian Paterson
Consultant

Rob Pease
Terrane Metals Corporation

Wayne Roberts
Manex Resource Group/Rockex Consulting

Steve Robertson
Imperial Metals Corporation

Hans Smit
Grayd Resource Corporation

Rob Stevens
BCIT

Dick Tosdal
UBC – MDRU

H. Paul Wilton
Chamber of Mines of Eastern BC

Non Voting Members

Steve Gordey
Natural Resources Canada

David Lefebure
BCGS

Carmel Lowe
Natural Resources Canada

Oil & Gas Technical Advisory Committee

Andrew Calvert, Chair
Simon Fraser University

Brad Hayes
Petrel Robertson Consulting Ltd.

John Hogg
MGM Energy

Richard Kellett
Sherritt International Corporation

Garth Kirkham
GBC/Kirkham Geosystems Ltd.

Grant Knowles
EnCana Corporation

Don Lawton
University of Calgary

Lavern Stasiuk
Shell Canada Ltd.

Non Voting Members

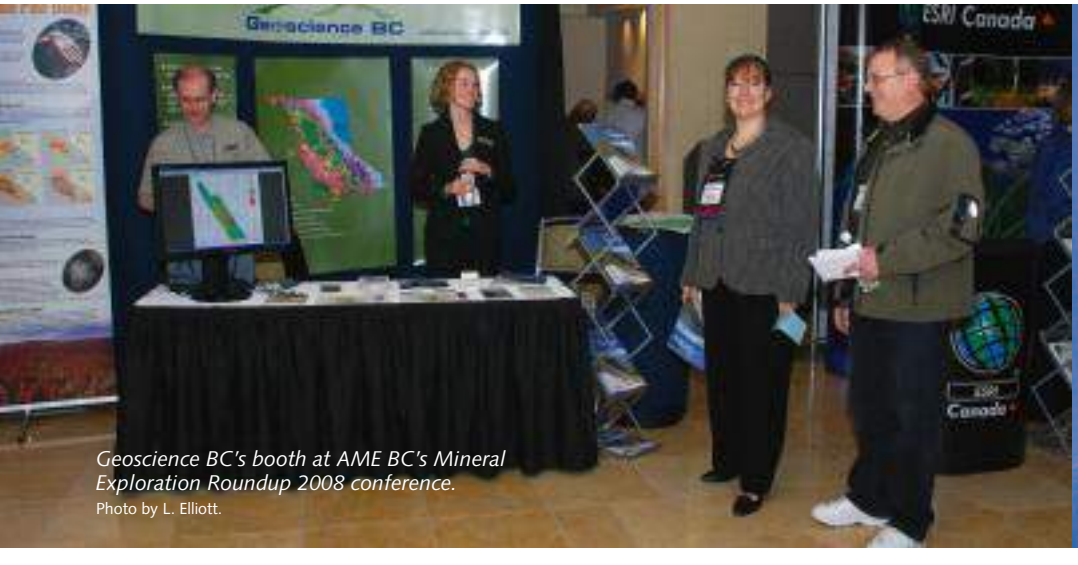
Fil Ferri
BC MEMPR-Oil and Gas Division

David James
Independent Consultant

Peter Kowalczyk
PK Geophysics Ltd.

Carmel Lowe
Natural Resources Canada

David Taylor
Petro Andina Resources Inc.



Geoscience BC's booth at AME BC's Mineral Exploration Roundup 2008 conference.
Photo by L. Elliott.

Auditors' Report

To the Members of Geoscience BC Society

We have audited the statement of financial position of Geoscience BC Society as at March 31, 2008 and the statements of revenues and expenditures, cash flows, and changes in net assets for the year then ended. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia
August 22, 2008

"Beauchamp & Company"
Chartered Accountants

Geoscience BC Society

Statements of Financial Position

As at March 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 227,475	$ 2,014,849
Temporary investments (Note 4)	15,747,547	18,558,520
Accrued interest receivable	40	68,416
Amounts receivable (Note 8)	11,944,605	54,713
Prepaid expenses and deposits	10,134	3,337
	27,929,801	20,699,835
Equipment (Note 5)	32,277	28,452
	$ 27,962,078	$ 20,728,287
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 178,672	$ 41,913
NET ASSETS		
Net Assets Invested In Equipment	32,277	28,452
Net Assets Restricted For Approved Programs (Note 3)	2,207,675	929,988
Unrestricted Net Assets	25,543,454	19,727,934
	27,783,406	20,686,374
	$ 27,962,078	$ 20,728,287

Approved By The Board:

"James D. Gray"
Director

"C.D. ('Lyn) Anglin"
Director

See accompanying notes.

Geoscience BC Society

Statements of Revenues and Expenditures

For the years ended March 31, 2008 and 2007

	2008	2007
Revenues		
Grants – BC Ministry of Energy, Mines and Petroleum Resources	$ 11,700,000	$ –
Grants – other	669,888	16,466
Investment income (Note 4)	800,563	991,743
Workshops	–	3,850
Funding recoveries (Note 3)	14,605	256,129
	13,185,056	1,268,188
Expenditures - Program Costs		
Program costs incurred	4,662,457	2,520,212
Project GST, non-refundable portion	94,893	–
Publishing costs	20,417	34,135
	4,777,767	2,554,347
Expenditures - Administrative Costs		
Amortization of equipment	15,003	10,693
Communications and marketing	61,918	65,654
Consulting	62,792	95,014
Donations and gifts	1,302	–
Dues and memberships	2,574	3,910
Equipment lease (Note 6)	3,181	3,161
Executive recruitment	8,219	–
GST, non-refundable portion	11,449	23,971
Insurance	5,385	7,522
Investment management fees	55,391	23,156
Office and sundry	21,090	16,088
Professional fees	49,068	41,807
Rent and utilities (Note 6)	45,487	42,782
Salaries and benefits	324,734	277,011
Scholarship awards	50,000	–
Travel, conferences and meetings	72,250	91,547
Website, internet and e-mail	5,394	7,860
Workshop expenses	675	10,557
	795,912	720,733
Excess (Deficiency) Of Revenues Over Expenditures	$ 7,611,377	$ (2,006,892)

See accompanying notes.

Geoscience BC Society

Statements of Cash Flows

For the years ended March 31, 2008 and 2007

	2008	2007
Cash Provided By (Used For):		
Operating Activities		
Grants	$ 531,625	$ 16,466
Workshops and recoveries	45,347	229,237
Investment income	930,627	1,107,269
Payments for program expenditures	(4,654,873)	(2,554,347)
Payments for administrative expenditures	(777,530)	(682,123)
Payments of refundable portion of GST	(102,653)	(23,971)
Receipt of refundable GST	23,971	9,833
Cash used for operating activities	(4,003,486)	(1,897,636)
Investing Activities		
Payments for equipment	(18,828)	(11,874)
Redemptions (initial purchases) of temporary investments	2,993,880	(18,000,000)
Reinvestment of investment income, net	(758,940)	(418,514)
Cash provided by (used for) investing activities	2,216,112	(18,430,388)
Decrease In Cash And Cash Equivalents	(1,787,374)	(20,328,024)
Cash And Cash Equivalents, Beginning Of Year	2,014,849	22,342,873
Cash And Cash Equivalents, End Of Year	$ 227,475	$ 2,014,849
Cash And Cash Equivalents		
Funds held in treasury account	$ 77,475	$ 114,849
GIC investments due within one year	150,000	1,900,000
	$ 227,475	$ 2,014,849

See accompanying notes.

Geoscience BC Society

Statements of
Changes in Net Assets

For the years ended March 31, 2008 and 2007

	Investment In Equipment	Restricted For Approved Programs	Unrestricted	Total
Balance, March 31, 2006	$ 32,586	$ 815,132	$ 21,726,703	$ 22,574,421
(Deficiency) Excess of revenues over expenditures	(10,693)	(2,520,212)	524,013	(2,006,892)
Unrealized gain on investments	–	–	118,845	118,845
Investment in equipment	6,559	–	(6,559)	–
Internally imposed restrictions	–	2,635,068	(2,635,068)	–
Balance, March 31, 2007	28,452	929,988	19,727,934	20,686,374
(Deficiency) Excess of revenues over expenditures	(15,003)	(4,807,350)	12,433,730	7,611,377
Unrealized loss on investments	–	–	(514,345)	(514,345)
Investment in equipment	18,828	–	(18,828)	–
Internally imposed restrictions	–	6,085,037	(6,085,037)	–
Balance, March 31, 2008	$ 32,277	$ 2,207,675	$ 25,543,454	$ 27,783,406

See accompanying notes.

Geoscience BC Society

Notes

to Financial Statements March 31, 2008 and 2007

1. Incorporation And Nature Of Operations

Geoscience BC Society ("Geoscience BC" or "the Society") was incorporated under the Society Act (British Columbia) on April 26, 2005 as a not for profit organization. The Society is exempt from taxation under Section 149(1) of the Income Tax Act (Canada). The purpose of the Society is to promote, fund and otherwise support applied geoscience research in British Columbia. The Society had its genesis in the $25 million funding commitment announced by the government of British Columbia in January 2005, which unrestricted funding was subsequently received and the Society incorporated. The Society has had certain members and directors in common with, and its creation was promoted by, both the Association for Mineral Exploration British Columbia ("AME BC") and the Mining Association of British Columbia. However, the Society operates independently of both organizations and is controlled by a separate board of up to 13 directors, which also comprises the Society's membership. Although it functions to complement the efforts of pre-existing provincial and federal agencies, Geoscience BC also operates on an arms-length basis from the governments of both British Columbia and Canada.

2. Significant Accounting Policies

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenditures for the year reported. Actual results could differ from those estimates. The financial statements of the Society have, in management's opinion, been properly prepared within reasonable limits of materiality, and within the framework of the significant accounting policies disclosed below.

Financial instruments
The Society's financial instruments consist of cash and cash equivalents, temporary investments, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from its financial instruments. As described further below, the Society records its financial instruments at their current fair values.

During the year ended March 31st, 2007 the Society adopted, on a prospective basis, Canadian accounting guidance in respect to the measurement and presentation of certain financial instruments at fair value. Pursuant to these standards the Society's temporary investments have been classified as available for sale and have been reported at fair value. Unrealized gains or losses involving instruments other than banker's acceptances are recorded directly in the statement of changes in net assets. Effective April 1, 2006, the Society classified its accounts payable and accrued liabilities as other financial liabilities and accounted for them at amortized cost.

The Society's financial instruments are exposed to market volatility, particularly in respect to the approximately $9.3 million currently invested in the Connor, Clark and Lunn Private Capital Ltd. ("CC&L") portfolio of pooled private equity funds. During the year ended March 31, 2008, the Society recorded an unrealized loss of $514,345 (2007 – an unrealized gain of $118,845) in respect of its aggregate investment in the CC&L portfolio, and further losses of this nature could be possible in the future.

Geoscience BC Society

Notes

to Financial Statements March 31, 2008 and 2007 (cont'd)

2. Significant Accounting Policies (cont'd)

Revenue recognition
The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets. Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

Donated materials and services
Donated materials and services are recorded only when a fair value can be reasonably estimated and when they would be paid for by the Society if they had not been donated.

Contributed services
Significant volunteer labour is contributed to assist the Society in carrying out its activities, but is not recorded in the Society's financial statements due to the difficulty of determining the fair value of those services.

Cash and cash equivalents
Cash and cash equivalents consist of cash on deposit with banks and other financial institutions, and highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash. As at March 31, 2008, the Society's term investment had an effective annual interest rate of 2.2%, and was due February 3rd, 2009 (2007 – 3.9% due April 27, 2007).

Equipment
Equipment purchases made by the Society are capitalized and are recorded at cost less accumulated amortization. Amortization is recorded as disclosed in note 5 on a straight-line basis, commencing in the quarter of acquisition, as follows:

Computer equipment	3 years
Furniture and office equipment	5 years

Accounting changes
Effective April 1, 2007, the Society adopted the new CICA Handbook Section 1506 Accounting Changes. Under these new accounting standards, voluntary changes in accounting policies are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These accounting standards also require the disclosure of new primary sources of Canadian GAAP that have been issued but are not yet effective. The impact that the adoption of this section will have on the Society's financial statements will depend on the nature of future accounting changes and the required additional disclosure of Recent Accounting Pronouncements.

3. Restricted Net Assets

At March 31, 2008, the Society's net assets are subject to future obligations aggregating $2,207,675 (2007 – $929,988), representative of undisbursed but approved funding commitments, payment of which is contingent upon the Society receiving acceptable deliverables from these programs in accordance with executed agreements. These internally restricted amounts are not available for other purposes without the approval of the Society's Board of Directors.

Notes

to Financial Statements March 31, 2008 and 2007

(cont'd)

3. Restricted Net Assets (cont'd)

Recipients of funding from Geoscience BC are required to account for the expenditure of all monies received, and Geoscience BC reserves the right to request documentation to support the reported expenditure breakdowns. Unspent funds, including GST input tax credits subsequently recovered by recipients but based on the expenditure of Geoscience BC grants, are to be returned to the Society. During the fiscal year ended March 31, 2008, the Society received an aggregate of $14,605 (2007 – $75,709) of such recoveries, which are included within the Society's unrestricted net assets. No predictions of future recoveries can be accurately made at this time and therefore funding recoveries are recorded at the earlier of the date of receipt and the date that a recovered amount becomes determinable.

During the year ended March 31, 2007, Geoscience BC recovered an aggregate of $180,420 from third parties in connection with the partial reimbursement of program expenditures incurred by the Society.

Refer to Note 8.

4. Temporary Investments

During the year ended March 31, 2007, the Society's board elected to invest an aggregate of $18.0 million in temporary investments other than cash. Accordingly, $8.0 million was invested in banker's acceptances which initially matured at three, six and twelve month intervals and which are readily convertible to cash at any time at market values. A further $10.0 million was invested in various pooled funds under the discretionary management of CC&L, and subject to a Statement of Investment policy between the Society and CC&L. These monies are also readily convertible to cash at any time without penalty.

During the year ended March 31, 2008, the Society drew $1.994 million from the amount initially invested in banker's acceptances, and an additional $1.0 million from the amount invested under CC&L's management.

Refer to note 8.

	Cost*	Market value
Banker's acceptance, Bank of Nova Scotia, due April 1, 2008	$ 3,239,683	$ 3,239,683
Banker's acceptance, Firstbank, due June 23rd, 2008	843,503	843,073
Banker's acceptance, Firstbank, due July 7th, 2008	2,387,083	2,390,216
	$ 6,470,269	6,472,972
Connor, Clark and Lunn aggregate portfolio, at market value		9,274,575
		$ 15,747,547

**Inclusive of accumulated provisions for amortized discounts calculated on a straight-line basis. In a non-volatile interest rate environment the adjusted cost – market differential in respect to banker's acceptances is typically nominal; accordingly, the aggregate difference above is included in current operations and not separately disclosed.*

Geoscience BC Society

Notes

to Financial Statements March 31, 2008 and 2007

(cont'd)

4. Temporary Investments (cont'd)

Investment income is comprised as follows:

	2008	2007
Interest earned on cash equivalents/ banker's acceptances	$ 380,837	$ 658,261
Reinvested income distributions	479,798	312,009
Realized investment (losses) gains	(60,072)	21,473
Unrealized investment (losses) gains	(514,345)	118,845
Aggregate investment income	286,218	1,110,588
Add: unrealized losses (gains) reported.in. Statements of Changes in Net Assets	514,345	(118,845)
Income reported in Statements of Revenues and Expenditures	$ 800,563	$ 991,743

5. Equipment

	Cost	Accumulated Amortization	Net Book Value at March 31, 2008	Net Book Value at March 31, 2007
Computer equipment	$ 41,601	$ 21,185	$ 20,416	$ 14,800
Furniture and office equipment	19,873	8,012	11,861	13,652
	$ 61,474	$ 29,197	$ 32,277	$ 28,452

6. Contractual Obligations

As at March 31, 2008 the Society has a base rental commitment relating to the lease of its office premises, inclusive of monthly charges in respect to operating and common area costs and property taxes, totalling approximately $100,000 (2007 – $133,000) to January 31, 2011. The Society also has a commitment relating to the lease of its photocopy equipment totalling $7,712 (2007 – $10,517) to November 17, 2010.

Pursuant to a contract of employment with its President and Chief Executive Officer, the Society would be committed, in the event that it terminates its employment of this individual without cause, to pay $160,000 in termination benefits. In addition, the President and Chief Executive Officer may terminate employment with the Society at any time by providing three months written notice.

7. Related Party Transactions

There were no related party transactions in either fiscal year.

Notes

to Financial Statements March 31, 2008 and 2007

(cont'd)

8. Subsequent Events

During the period subsequent to March 31, 2008:

- The Society received additional funding from the B.C. provincial government in the amount of $11.7 million, of which $6 million is intended to fund mineral resource geoscience and the balance designated for oil & gas funding. The amount was recorded as receivable as at March 31, 2008 as the government decision to expend the funds had been made prior to that date.
- The Society announced the QUEST ("Quesnellia Exploration Strategy")-West program, pursuant to which its board of directors has approved approximately $5.4 million to be spent directly by the Society on regional geophysical and geochemical exploration programs and community based initiatives in the QUEST-West area.
- The Society approved $450,000 in funding for QUEST program follow-up work, and $700,000 in funding with $500,000 for potential partnership programs with the B.C. Geological Survey, and $200,000 for data compilation programs for planning of future Geoscience BC programs.
- The Society approved and disbursed 11 scholarships of $5,000 each.
- The Society approved $2.6 million, which includes $500,000 to be received from the Northern Development Trust Initiative, for a seismic survey in the Nechako Basin and related logistics. Expenditures of $115,756 were incurred by the Society to March 31, 2008 as the funding for this program was approved in principle by its board prior to year end.
- The Society invested an additional $5.0 million under the management of CC&L and $6.0 million in a one-year redeemable GIC with a yield of 3.4%. Banker's acceptances were sold to raise cash proceeds of approximately $1.25 million.
- The Society terminated its office lease in favour of a new lease for office premises in a different suite situated in the same building. The base rental commitment relating to this new lease, inclusive of monthly charges in respect to operating and common area costs and property taxes, totals approximately $465,000 to July 31, 2012.

Geoscience BC Society

Notes

to Financial Statements March 31, 2008 and 2007

(cont'd)

9. Adoption Of New Accounting Policies

Future changes in accounting policies

Section 1535 - Capital Disclosures
This standard requires disclosure of the Society's objectives, policies and processes for managing capital, quantitative data about what the Society regards as capital and whether the Society has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Society for interim and annual periods relating to fiscal years beginning on or after April 1, 2008. The Society is currently evaluating the effect of adopting this standard.

Financial instruments - Disclosure (Section 3862) and Presentation (Section 3863)
These standards replace CICA 3861, Financial Instruments - Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for the Society's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, currency risk, interest rate risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Society for interim and annual periods relating to fiscal years beginning on or after April 1, 2008. The Society anticipates that its disclosures will be expanded to incorporate these additional requirements.

Amendments to section 1400 – Going Concern
CICA Handbook Section 1400, General Standards of Financial Statement Presentation, was amended to include requirements to assess and disclose the Society's ability to continue as a going concern. This standard is effective for the Society for interim and annual periods relating to fiscal years beginning on or after April 1, 2008. The Society is currently evaluating the effect of adopting this standard.

Geoscience BC is an industry-led, industry-focused not for profit society that works to attract mineral and oil and gas investment to British Columbia through collection and marketing of geoscience data.

Geoscience BC operates independently from government.

Fieldwork in British Columbia.
Photo by Andrew Davies

Geoscience BC

Suite 440 – 890 West Pender Street
Vancouver BC V6C 1J9
info@geosciencebc.com
www.geosciencebc.com

Geoscience BC is funded through grants from the Provincial Government of British Columbia.