

**PASS LAKE RESOURCES LTD.**

February 8, 1989

PASS LAKE ACTIVITIES IN GALORE CREEK, B. C. GOLD CAMP

This report describes the activities of Pass Lake in the Galore Creek gold camp, north of Stewart, B.C. Subsequent its second quarter report to October 31, 1988, Pass Lake has increased its land position in the Galore Creek gold camp substantially and has recently concluded two option agreements with Vancouver-based companies.

In December, 1988, the company staked an additional 322 units at Galore Creek. As a result, Pass Lake's total claim holdings in this new gold camp now amount to 728 units (128 sq. km./ 70 sq. miles).

On December 30, 1988, Pass Lake entered into an option agreement with Volcano Resources Corp. with respect to the PL 7-11 claims (see map) comprising 100 units (25 sq. km.). The terms of this agreement provide for Volcano to earn a 51% interest in the claims by paying \$10,000 in cash and issuing 85,000 Volcano shares in stages to Pass Lake and by expending \$640,000 on the property by December 31, 1991. After that date, Volcano and Pass Lake will form a joint venture with funding on a 51 - 49% basis, respectively, subject to dilution of either party's interest in the event of non-participation in ongoing development programs.

On January 4, 1989, Pass Lake signed a letter agreement with Consolidated Goldwest Resources Ltd., a company in the Prime Capital Group, with respect to your company's remaining 517 available claim units (129 sq. km.) at Galore Creek. Under the terms of the agreement and subject to VSE approval, Consolidated Goldwest can earn a 51% interest in the properties by paying \$50,000 in cash and issuing 200,000 of its shares in stages to Pass Lake and by making expenditures of \$2,500,000 in exploration of the properties over a three-year period. As in the Volcano agreement, a 51 - 49% Consolidated Goldwest - Pass Lake joint venture will be formed once Consolidated Goldwest exercises the option.

These property acquisitions and exploration financing agreements are the key to Pass Lake's growth plans. The two agreements, taken together with the Lorica option on the TREK property, provide \$3,640,000 in third party funding for exploration of Pass Lake's properties in the Galore Creek camp over the next three years. Of this amount, some \$700,000 is expected to be spent during 1989 alone. Furthermore, at current market prices, the present value of cash and share consideration payable to Pass Lake amounts to an additional \$340,000. The payments will ensure that the company's financial position will remain strong while active exploration programs proceed on properties in which we retain major participation. The company is now evaluating other exploration targets in northwest B.C., directly and under an exploration joint venture with Queenstake Resources Ltd.

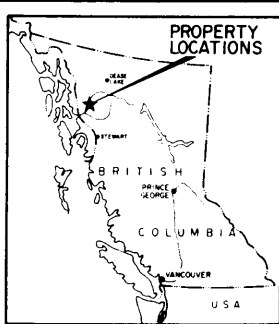
J.E. Christoffersen  
President

D.D. Sharp  
Secretary-Treasurer

Pass Lake Resources trades on the Vancouver Stock Exchange, symbol- PLJ

Exploration Office: 14070 Greencrest Drive, White Rock, B.C. V4A 2Y4 • (604) 536-9452

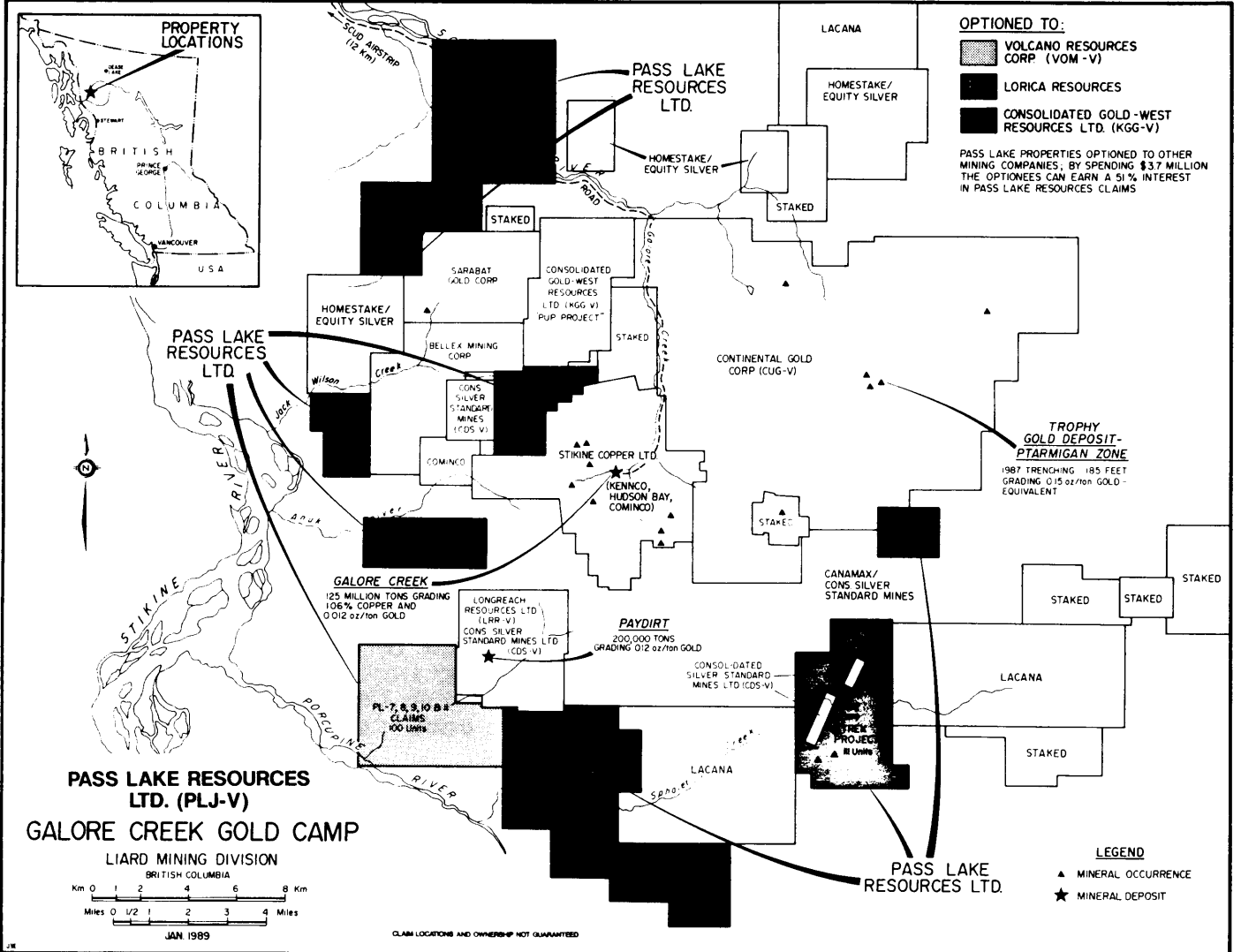
Accounting Office: Suite 1105 - 1020 Howe Street, Vancouver, B.C. V6Z 1R2 • (604) 682-5205



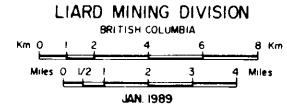
**OPTIONED TO:**

- VOLCANO RESOURCES CORP (VOM -V)
- LORICA RESOURCES
- CONSOLIDATED GOLD -WEST RESOURCES LTD. (KGG-V)

PASS LAKE PROPERTIES OPTIONED TO OTHER MINING COMPANIES, BY SPENDING \$3.7 MILLION THE OPTIONEES CAN EARN A 51% INTEREST IN PASS LAKE RESOURCES CLAIMS



**PASS LAKE RESOURCES LTD. (PLJ-V)**  
**GALORE CREEK GOLD CAMP**



CLAIM LOCATIONS AND OWNERSHIP NOT GUARANTEED

- LEGEND**
- MINERAL OCCURRENCE
  - MINERAL DEPOSIT