

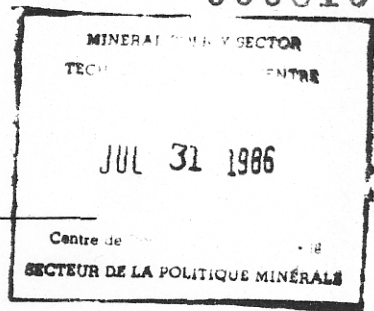
I've copied only the portion of this report that includes the report by J.J. MacDougall

*MADAME LEAF
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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

000816

STATEMENT OF MATERIAL FACTS
NO. 99/86



EFFECTIVE DATE: July 10, 1986

LONGREACH RESOURCES LTD.
206 - 744 West Hastings Street,
Vancouver, British Columbia V6E 2S9
(604)687-0125

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

400 - 1140 West Pender Street,
Vancouver, British Columbia V6E 4G1

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Central Trust Company
750 West Pender Street, Vancouver, British Columbia V6C 2B2

NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA.

OFFERING: 600,000 UNITS, EACH UNIT CONSISTING OF ONE (1) COMMON SHARE AND TWO (2) SERIES "A" SHARE PURCHASE WARRANTS

	<u>Estimated price to public</u>	<u>Estimated commission</u>	<u>Estimated net proceeds to be received by Issuer (*)</u>
Per Unit:	\$1.00	\$.075	\$0.925
Total:	\$600,000	\$45,000	\$555,000

(*) Before deduction of the costs of the issue estimated at \$20,000.

The offering price of the Units will be determined in accordance with the rules and policies of the Vancouver Stock Exchange at a premium over the average trading price of the Issuer's shares.

ADDITIONAL OFFERING:

The Agents will receive Agents' Warrants entitling them to purchase a total of 300,000 common shares of the Issuer in return for guaranteeing the sale of the Units offered hereby. Any Units purchased by the Agents and any shares purchased by the Agents pursuant to the Agents' Warrants are hereby qualified for sale. See "Additional Offering" for further information concerning the sale of these securities by the Agents.

The Issuer is designated a "Development Company" pursuant to the rules of the Vancouver Stock Exchange.

**PRELIMINARY REPORT
ON
PLATINUM GROUP METAL VALUES PRESENT
IN THE FRANKLIN MINING CAMP HOLDINGS OF
LONGREACH RESOURCES LTD.
"PLATINUM BLONDE PROJECT"**

Greenwood Mining Division, B.C.

Latitude 49° 34' N

Longitude 118° 22' W

N.T.S. 82 E / 9 W

**FOR
LONGREACH RESOURCES LTD.
206 - 744 West Hastings Street
Vancouver, B.C.
V6E 2S9**

**BY
J.J. McDOUGALL, P. ENG.
7720 Sunnyside Road
Richmond, B.C.
V6Y 1H1**

OCTOBER 31, 1985

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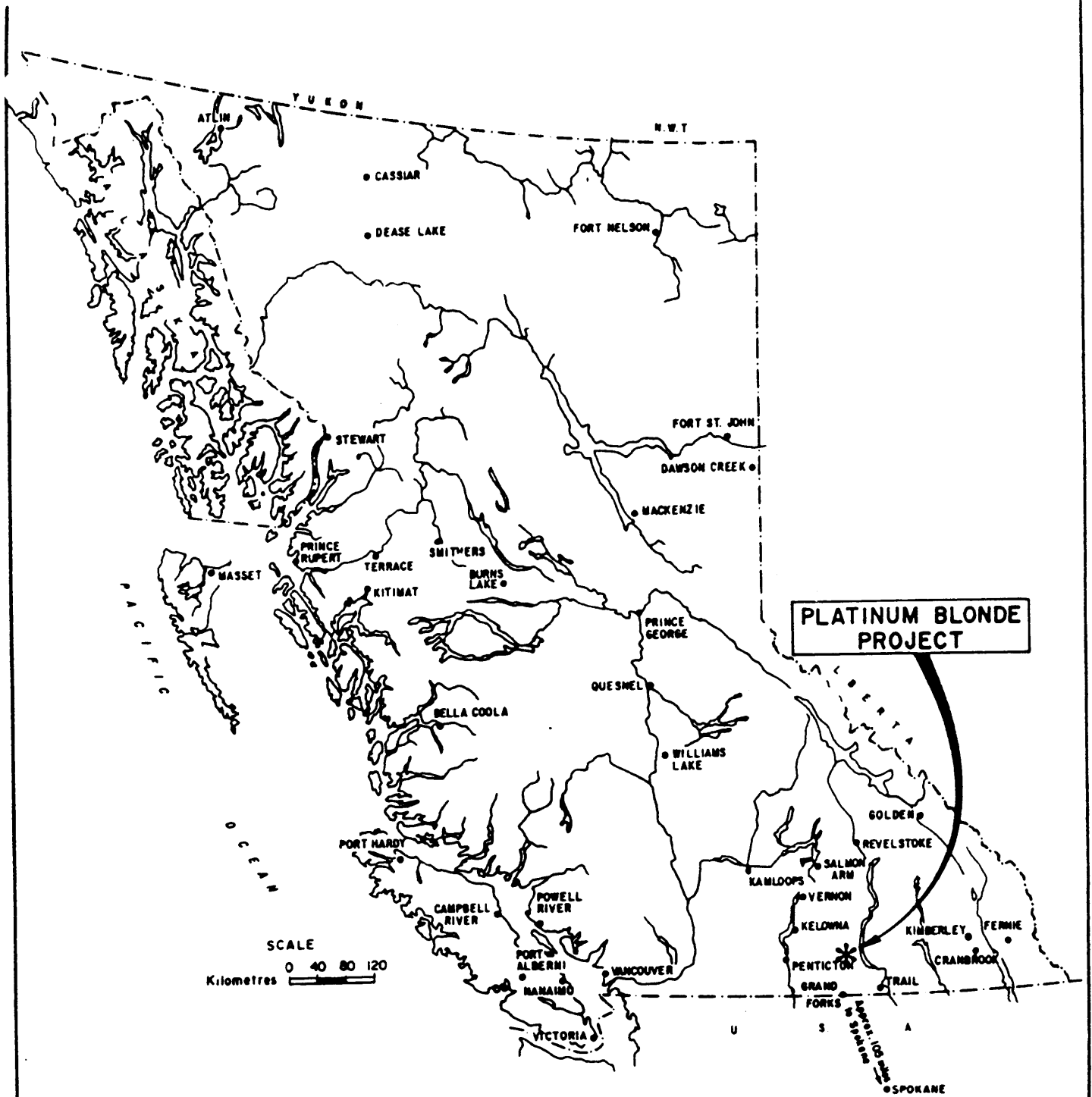
A. INTRODUCTION

This short, partially documented and referenced report summarizes platinum-group occurrences known in the Franklin Mining Camp about 45 miles north of Grand Forks, B.C., and attempts to define preliminary drill target areas on ground held by, or under tentative option to, Longreach Resources Ltd. and referred to by management as the "Platinum Blonde Project". This report supplements another similarly dated one which was prepared as a lesser documented guide to "Flow Through Share" financing of the project.

The writer is as familiar as most, save E.V. McDougall and Tom Lisle, with the overall project area, but lacks detailed knowledge of many specific occurrences, many of which have not been reported on for 70 years. An examination of South African occurrences, (i.e. the world leading "Morensky Reef", and to a lesser extent, the "Stillwater Complex" (US)), has alerted the writer to the inconspicuous nature of Platinum mineralization such that he recommends that a far more thorough geological study be carried out on the Franklin occurrences as has been recommended by various geologists since 1911, but to the writer's knowledge, never carried out. Even the platiniferous far-east extension, and another to the west, both now controlled by Longreach, appear not to have been even sampled since reported to contain Platinum 70 years ago. The writer's direct involvement with the Platinum occurrences has included (a) sampling drill core and trenches on the easily accessible "Maple Leaf" showings on the east end of the zone and (b) sampling of adits and cuts along a 2 mile (+) favourable "contact" area toward the west end of the zone, plus various intermediate investigations (i.e. gold, silver and uranium). He also has contact with, and reports from, most operators who have worked the area in the past 40 years.

In the writer's opinion, a definitive drilling program is premature until some required definitive concept of the geological control of the Platinum mineralization is established, but a preliminary exploratory drilling program would help appreciably toward this end, especially in the vicinity of about a dozen known prospects.

In addition, strategically located magnetic anomalies of possible interest remain to be drill tested in the West End (where drilling has never occurred), which could lead directly to important mineral occurrences. Towards the East End (i.e. a few miles



PLATINUM BLONDE PROJECT

LONGREACH RESOURCES LTD.		
PLATINUM BLONDE PROJECT		
GREENWOOD MINING DIVISION, B. C.		
LOCATION MAP		
DATE: OCT. 31, 1985	SCALE: 1:8,000,000	FIGURE No. 1/85

away) Platinum has been proven and even mined as a by-product on the old "Maple Leaf" property (the only reported lode claim production in B.C.), but geology is so complex that continuity, without additional drilling or stripping, remains an unknown.

In addition to the above, "24K Ltd." (Pearl Resources Ltd.) are in the process of negotiating a sub-lease so that some drilling can be done by Longreach on untested gold and silver-bearing targets on additional claims, and on the Maple Leaf showing as described below.

This report was prepared at the request of R.H. Lonsdale, President of Longreach Resources Ltd., 206 - 744 West Hastings Street, Vancouver, B.C.

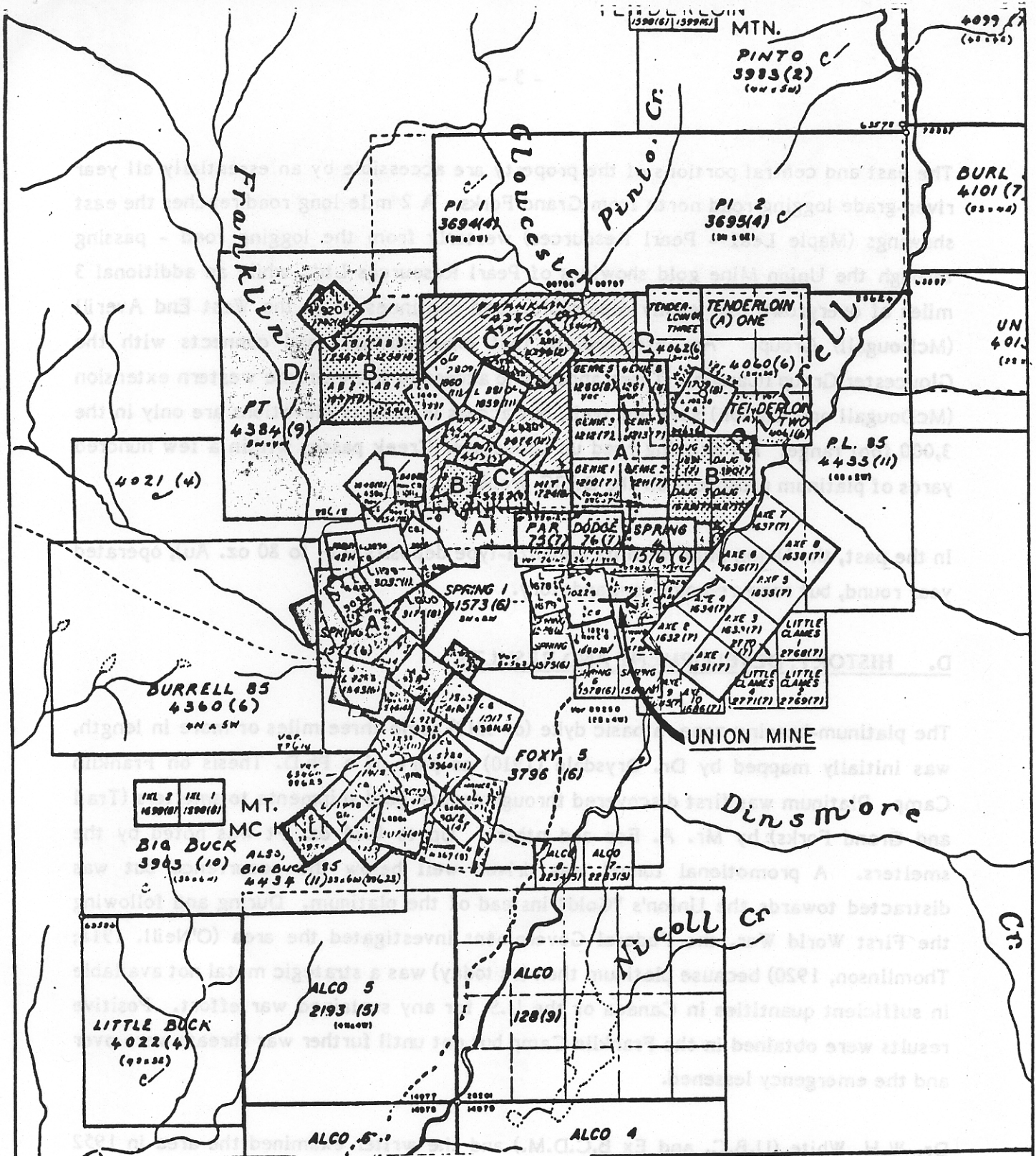
B. PROPERTY AND OWNERSHIP

The property consists of at least 47 located and reverted Crown granted mineral claims (list attached) in the old "Franklin Camp" about 45 miles north of Grand Forks, which, if units are counted separately, total 84 (Map 82E/9W and Figures 1, 2 and 3/85). Certain rights only are included in some of these claims (see attached agreements). These cover a well defined group of mafic rocks known to be platiniferous on occasion. These claims - the Averill Group and the Gloucester Group (Central West End), were optioned from E.V. McDougall and J. Carson of Grand Forks, B.C. (the former of whom has held claims in the area for at least 45 years and the latter who has been very active in the area for at least 25 years). The two owners were earlier "co-owners" of some of the property involved and it is understood that some sort of "consolidation" will again emerge as time allows.





Longreach has a tentative option, through Mr. Fred Clark and Dr. R.H. Seraphim, of 24K Ltd., on platinum (and some gold-base metal) occurrences on East End claims (i.e. the Maple Leaf showing) controlled by 24K Ltd. through an arrangement with Pearl Resources Ltd. There is some question as to the inclusion of certain "showings" within the Gloucester claim boundary.

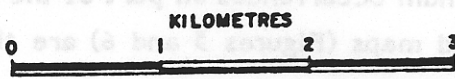
C. LOCATION AND ACCESS (Figure 1/85 and Map 133A attached)

The main property involved consists of claims covering the "Black Lead", a platinum-bearing basic dyke (or sill?) exposed at intervals along a \pm 3.5 mile length (EW) in the Franklin Mining Camp, 45 road miles north of Grand Forks, B.C.



LEGEND

-  **A** 24K OPTION
-  **B** McDOUGALL OPTION
-  **C** CARSON OPTION
-  **D** STAKED FOR LONGREACH



REVISED JUNE 2/86

LONGREACH RESOURCES LTD.		
PLATINUM BLONDE PROJECT		
FRANKLIN CAMP GREENWOOD MINING DIVISION, B.C.		
CLAIM MAP		
DATE OCT. 31, 1985	SCALE: 1:50,000	FIGURE No. 2

The east and central portions of the property are accessible by an essentially all year river-grade logging road north from Grand Forks. A 2 mile long road reaches the east showings (Maple Leaf - Pearl Resources) westerly from the logging road - passing through the Union Mine gold showings of Pearl Resources Ltd., while an additional 3 miles of overgrown (but easily repairable) road continues on to the West End Averill (McDougall) Group. An intermediate (but mountaintop) road connects with the Gloucester Group (Carson). There appears no access to the extreme western extension (McDougall and Carson) save for trail, but access is easy as elevations are only in the 3,000 foot range. An existing road up Gloucester Creek passes within a few hundred yards of platinum prospects on the DAJG property.

In the past, the Union Mine with its bonanza-type deposits (i.e. to 80 oz. Au), operated year round, but snow removal is mandatory.

D. HISTORY, DEVELOPMENT AND RESULTS

The platinum-bearing zone, a basic dyke (or sill?) some three miles or more in length, was initially mapped by Dr. Drysdale (1910) as part of a Ph.D. Thesis on Franklin Camp. Platinum was first discovered through copper-gold shipments to smelters (Trail and Grand Forks) by Mr. A. Fee and others. Up to 0.25 oz. Pt was noted by the smelters. A promotional tunnel was driven well below the occurrence but was distracted towards the Union's "Gold" instead of the platinum. During and following the First World War, the Federal Government investigated the area (O'Neill, 1918; Thomlinson, 1920) because platinum then (as today) was a strategic metal not available in sufficient quantities in Canada or the U.S. for any sustained war effort. Positive results were obtained in the Franklin Camp but not until further war threats were over and the emergency lessened.

Dr. W.H. White (U.B.C. and Ex B.C.D.M.) and the writer examined the area in 1952 (White, 1952) while working on the Phoenix Mine reappraisal under Dr. R.H. Seraphim and Dr. D.F. Kidd. The West End Averill occurrences were sampled and Dr. White advised E.V. McDougall to restake the Maple Leaf area occurrences as he felt the platinum should be better studied. In 1964, Tom Lisle and R. Chilcott (Lisle, 1965), working for Spud Huestis, investigated the platinum occurrences on part of the Averill and Maple Leaf groups. Their descriptions and maps (Figures 5 and 6) are the best

obtainable to date but fall short of an overall acceptable explanation of the occurrence of some of the platinum, and their West End assays do not all agree with those earlier received by the writer and Dr. W.H. White. The Lisle program was based on platinum being directly associated with copper - the latter for which geochem was a reasonably useful guide in 1964. Although at the East End White and the writer (plus most other samplers) found platinum to be definitely associated with copper near the south contacts of the pyroxenite or related augite syenite, in the Averill area the reverse was true and we have never completely accepted the Lisle copper-association parameters as being representative of the whole area, at the same time realizing the tremendous lack of confidence in most assays for the platinum group - a plague that continues on to present (i.e. interference by Fe and Mg). Lisle did outline some possible platinum-related magnetic highs on the Averill group which have never been investigated, however. These form the basis for the initially proposed drill program, as does his geological map of the Gloucester.

Dr. Norman of Newmont (Norman, 1968) expressed interest in the platinum while conducting regional "copper" work south of Longreach-optioned ground in 1967 - 1968. However, despite obtaining an all-time(?) high assay of over 2 oz/ton Pt reported on the Maple Leaf, Newmont never controlled the platiniferous ground although some pyroxenite occurs on the more southerly "IXL" (Carson) optioned property.

Limited drilling on the Maple Leaf was conducted by H.H. Huestis (Lisle, 1965), and the writer's resampling of core took place (McDougall, 1965) following this. E.V. McDougall interested Ensign Oils of Calgary into examining the Maple Leaf area prior to this, and a couple non-productive holes were drilled to test magnetic highs removed from the contact area. Claims in the Maple Leaf area were held through geochemical assessment work (Freisen, P., 1972) but anomalies were not seriously followed-up.

Pearl Resources acquired the Maple Leaf prospect (then including the "Par", "Kingfisher", "Dodge" and "M & M" claims) from E.V. McDougall a few years ago as the fault-offset portion of the Union-Gold vein may occur on Maple Leaf ground, but the owners have never seriously considered the complexly-occurring platinum occurrences of prime interest.

Numerous examinations have taken place since the Pearl acquisition, but a detailed geological examination of the platinum-suggested belt remains to be carried out.

Platinum occurrences and assay results are minimally documented as follows:

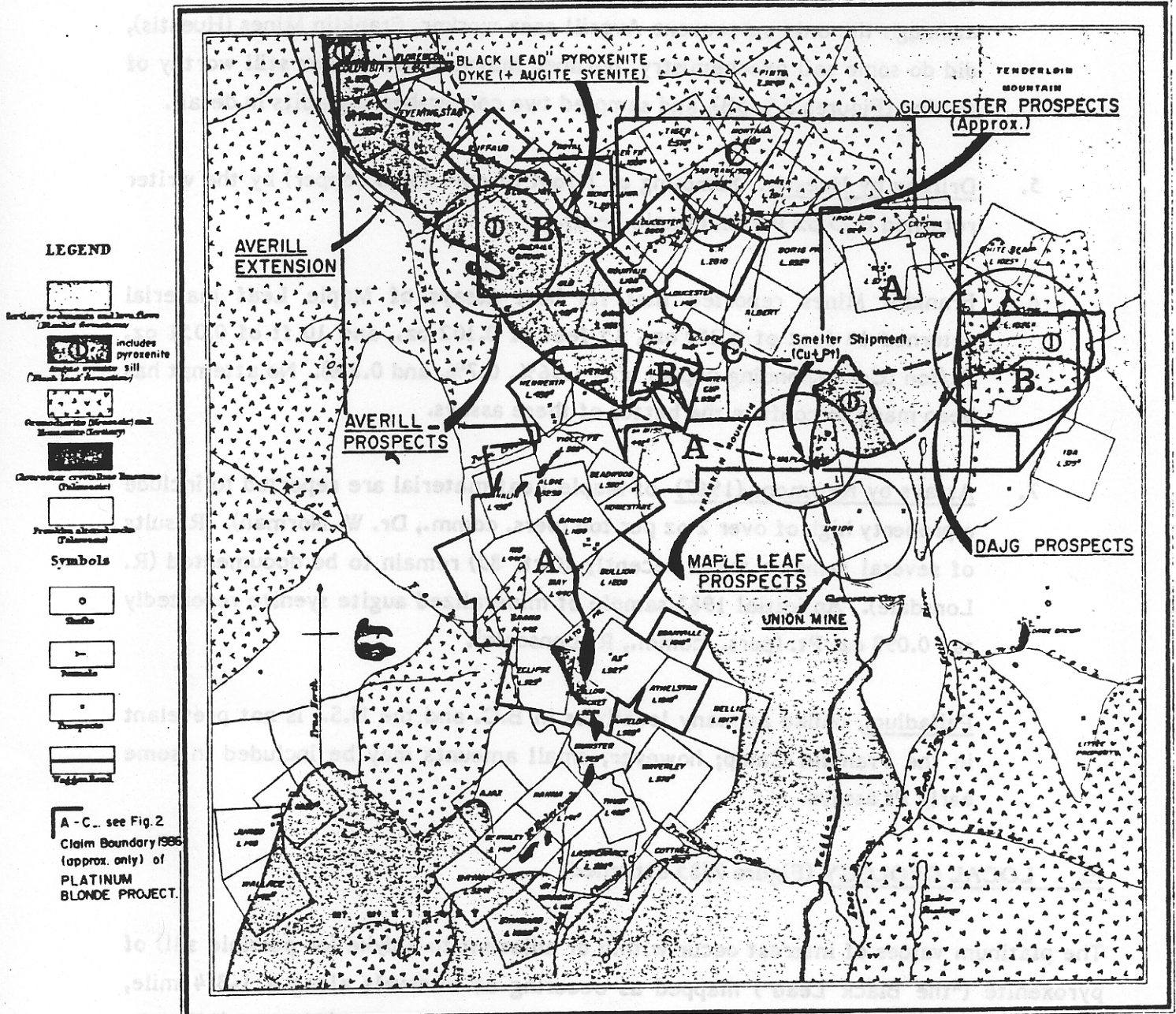
1. Shipments (1910) to Trail and Grand Forks' smelters showing "up to 0.25 oz Pt. present". Three "truckloads" were involved and included hand-sorted copper-gold-silver ores from the Maple Leaf property (Thomlinson, 1920).
2. Sampling by Munitions and Supply (Thomlinson, 1920). Records show "0.25 oz/t in 2 smelter shipments." Sampling of trenches showed "up to 0.17 oz/t present", apparently on Maple Leaf ground.
 - (2a) Zones 4,000 feet northwest of (2) returned "values to 0.09 oz Pt/ton."
 - (2b) Sampling of the Averill Group (West End) returned values to 0.09 oz/ton, (White, 1952) and on the Buffalo Group near the Averill, to 0.19 oz/ton. (of interest here is the oft stated but never implemented statement, totally in sympathy with the writers thesis, that "Careful and systematic investigation of the pyroxenite is necessary" to show where any possible economic segregations of the platinum minerals occur.)
 - (2c) Sampling by the G.S.C. (O'Neil, 1918) reported platinum on the Lucky Jack claim, now covered by the DAJG claims.
3. Sampling of the Maple Leaf area in 1952 led Dr. W.H. White (1952) to conclude with the statement that "This property appears to offer interesting possibilities for a moderate amount of exploration. No factors are visible which might limit the copper ore to the area now exposed "(This would include platinum in this specific area-JJM)
4. On the Averill Group, White refers to the "Platinum Blonde" on which copper occurs - a name legitimately adapted by Longreach. On the Averill Group, slightly cupriferous southernmost contact areas sampled by White (accompanied by the Writer) assayed 0.01, 0.02 and 0.04 oz Pt per ton. It

Canada
Department of Mines

HON. L. CODERRE, MINISTER; R.W. BROCK, DEPUTY MINISTER.

GEOLOGICAL SURVEY
OUTLINE OF AGREEMENT CLAIM
(OLD CLAIMS SHOWN-NOT CURRENT)

OUTLINE MAP



LEGEND

- Secondary to tertiary and lava flows (Blackfoot formation)
- includes pyroxenite (Andesite dykes and sills) (Blackfoot formation)
- Precambrian (Dismal) and Mesozoic (Corymb)
- Devonian crystalline basement (Thompson)
- Franklin ultramylonite (Thompson)
- Symbols**
- Shaft
- Tunnel
- Prospector
- Vein/trace

A - C... see Fig. 2
Claim Boundary 1986
(approx. only) of
PLATINUM
BLONDE PROJECT.

MAP 133 A
(Amended 1984)

MINERAL CLAIMS, FRANKLIN MINING CAMP, WEST KOOTENAY, B.C.

Scale of feet

FIGURE 3/85

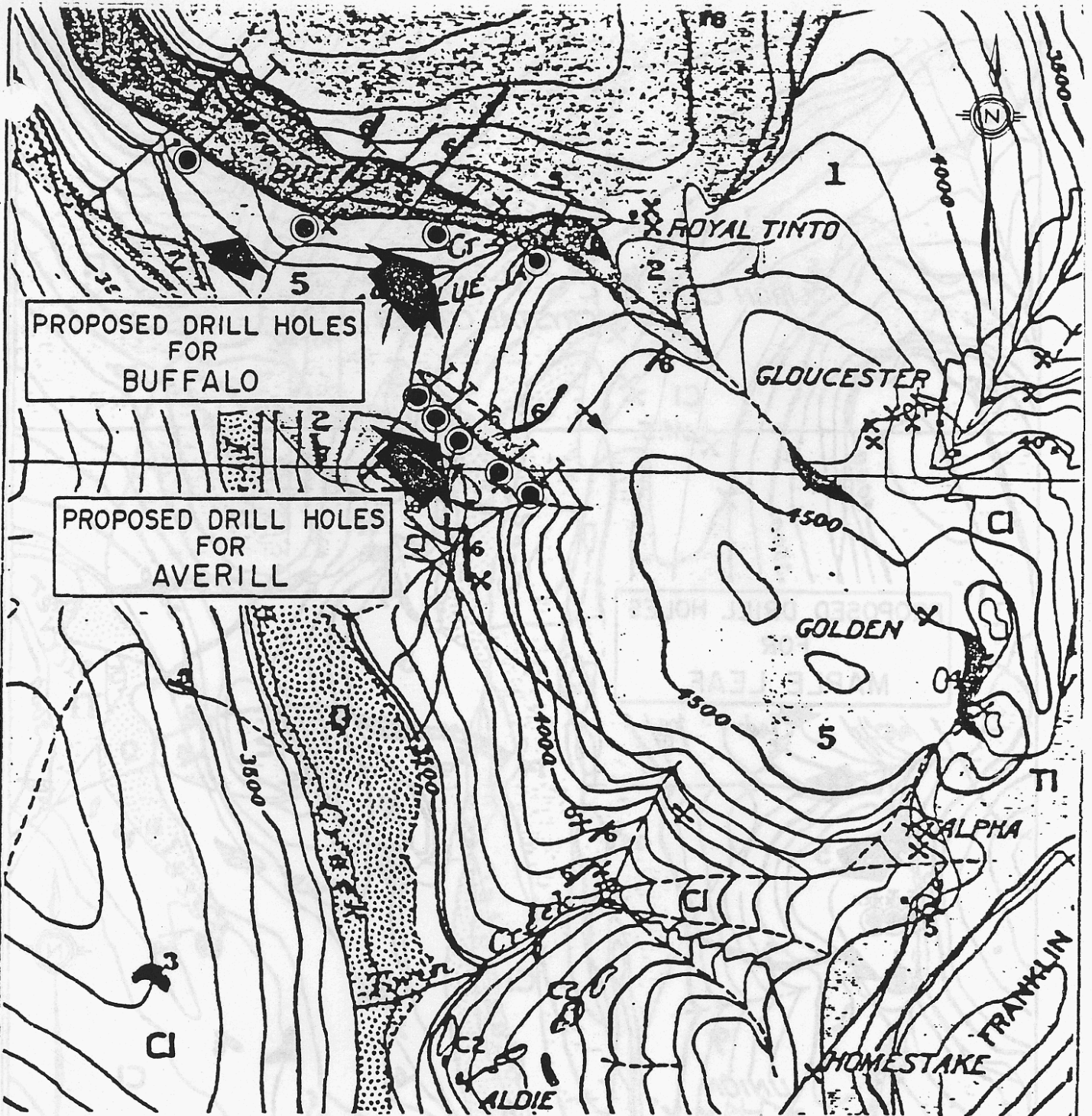
was noted at the time that no sampling appeared to have been done along continuations of the platinum-bearing zone to the northwest. It was suggested that "the area be plane-table mapped" and "possible diamond drilling take place". This recommendation was never followed through on although the only subsequent Averill area worker, Franklin Mines (Huestis), did do some soil geochemistry, outlined magnetic anomalies still worthy of testing (Figures 5A, 5B), and sampled two copper-bearing adits in detail.

5. Drilling by Huestis. Sampling of 1 foot of core (high copper) by the writer returned 0.25 oz Pt/ton (Maple Leaf).
6. Franklin Mines reported that its best assays of Maple Leaf material returned 14 feet of 0.259 oz., 15 feet of 0.102 oz., and 10 ft of 0.051 oz. Pt/ton (Corresponding copper was 1.36%, 0.7%, and 0.8%). No attempt has been made to confirm the better of these assays.
7. Assays by Newmont (1967) of Maple Leaf material are reported to include a property high of over 2 oz per ton (pers. comm., Dr. W. Norman). Results of several samples taken recently (Oct. 85) remain to be documented (R. Lonsdale). An initial 1985 sample of mineralized augite syenite reportedly ran 0.093 oz. Pt. (pers. comm., R. Lonsdale).

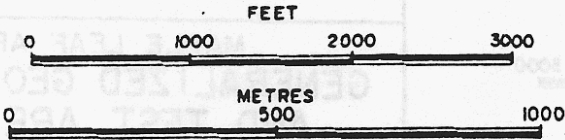
Palladium, unlike at many localities in B.C. and the U.S., is not prevalent in the Franklin Camp; however, small amounts may be included in some early Pt assays.

E. LOCAL GEOLOGY (Figure 7/85 attached)

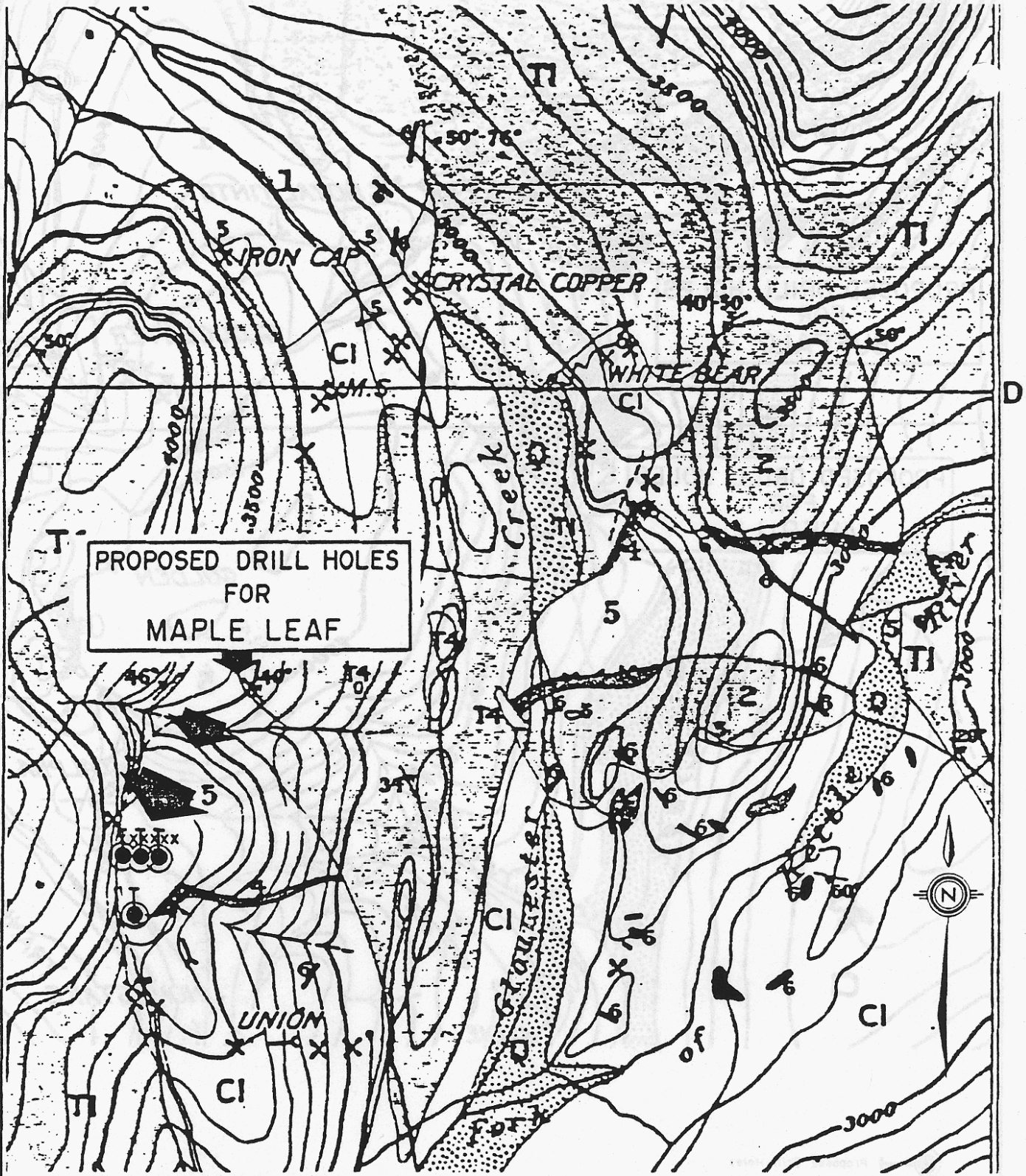
The platinum values of interest occur within or adjacent to a dyke (or possible sill) of pyroxenite ("the Black Lead") mapped as occurring at intervals along a 1-3/4 mile, generally E-W zone, then as a continuous mass for another mile (Figure 4/85). An extension of possibly a couple (?) miles should exist beyond the mapped area toward a contact with granitic rock. It occurs within or near a 3 - 4,000 foot wide body of augite syenite to which it appears related and with which it has, through metamorphism, formed various "hybrid" rock types such as shonkinite. Andesitic volcanics occur at intervals along the contact area.



● Proposed Drill Holes

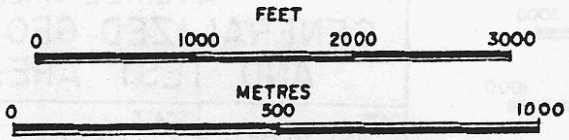


LONGREACH RESOURCES LTD.		
PLATINUM BLONDE PROJECT		
GREENWOOD MINING DIVISION, B. C.		
AVERILL AREA		
GENERALIZED GEOLOGICAL		
AND TEST AREA MAP		
DATE	SCALE:	FIGURE No.
OCT. 31, 1985	1" = 1,100'	4/85

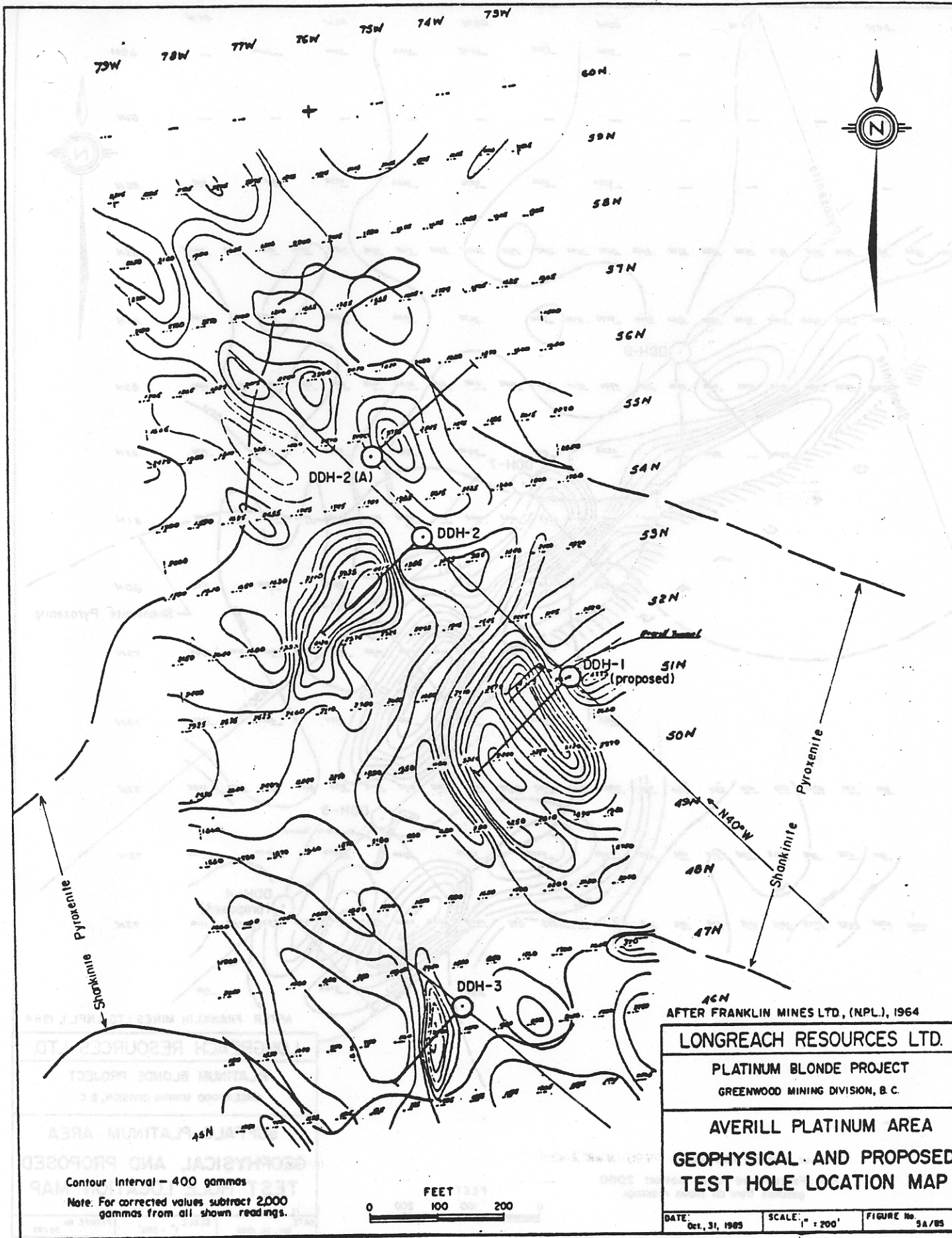


PROPOSED DRILL HOLES
FOR
MAPLE LEAF

Proposed Drill Holes



LONGREACH RESOURCES LTD.		
PLATINUM BLONDE PROJECT		
GREENWOOD MINING DIVISION, B. C.		
MAPLE LEAF AREA		
GENERALIZED GEOLOGICAL AND TEST AREA MAP		
DATE OCT. 31, 1985	SCALE: 1" = 1,100'	FIGURE No. 5/85



Contour Interval - 400 gammas
 Note: For corrected values subtract 2000 gammas from all shown readings.



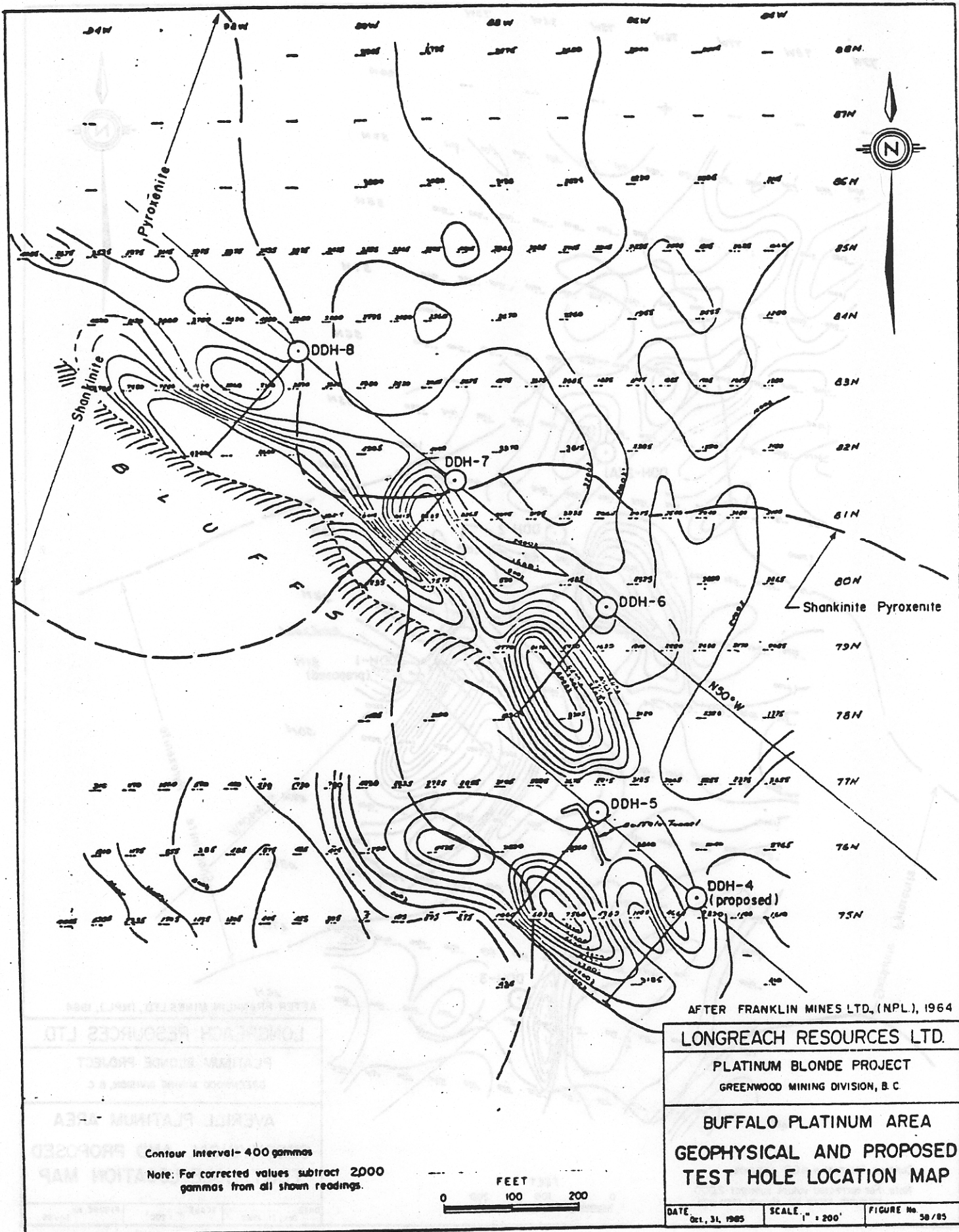
AFTER FRANKLIN MINES LTD., (NPL.), 1964

LONGREACH RESOURCES LTD.

PLATINUM BLONDE PROJECT
 GREENWOOD MINING DIVISION, B. C.

**AVERILL PLATINUM AREA
 GEOPHYSICAL AND PROPOSED
 TEST HOLE LOCATION MAP**

DATE: Oct. 31, 1965	SCALE: 1" = 200'	FIGURE No. 3A/85
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AFTER FRANKLIN MINES LTD. (NPL), 1964

LONGREACH RESOURCES LTD.

PLATINUM BLONDE PROJECT
GREENWOOD MINING DIVISION, B. C.

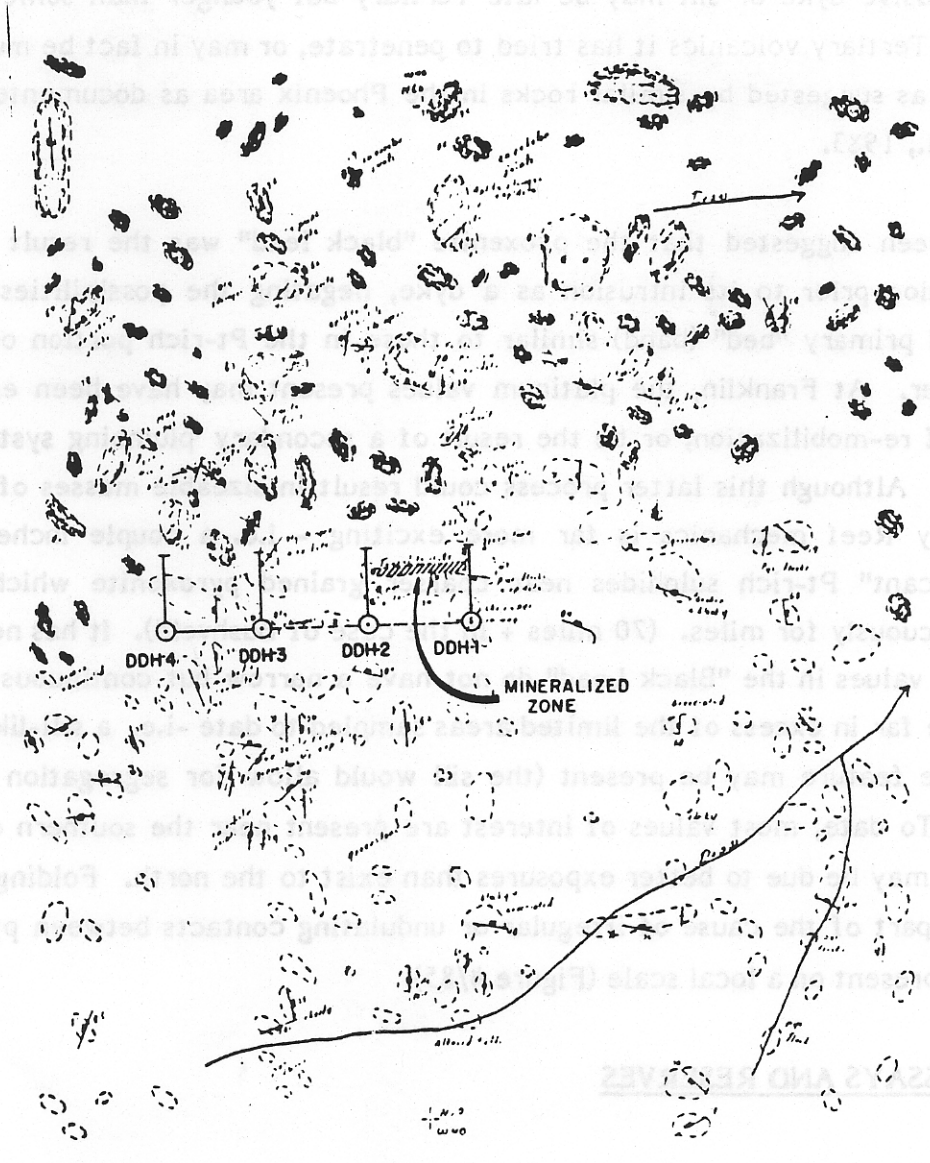
**BUFFALO PLATINUM AREA
GEOPHYSICAL AND PROPOSED
TEST HOLE LOCATION MAP**

DATE Oct. 31, 1985	SCALE 1" = 200'	FIGURE No. 58/85
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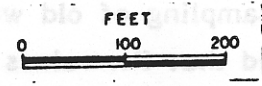
Contour Interval - 400 gammas

Note: For corrected values subtract 2000 gammas from all shown readings.





■ Granodiorite
□ Franklin Group



AFTER FRANKLIN MINES LTD. (N.P.L.), 1964

LONGREACH RESOURCES LTD.		
PLATINUM BLONDE PROJECT GREENWOOD MINING DIVISION, B.C.		
GLOUCESTER GOLD AREA		
GEOLOGICAL AND PROPOSED TEST HOLE LOCATION MAP		
DATE: Oct. 31, 1985	SCALE: 1" = 200'	FIGURE No. 6A/85

The intrusive dyke or sill may be late Tertiary but younger than some of the older (hilltop) Tertiary volcanics it has tried to penetrate, or may in fact be much older -i.e. Triassic as suggested by similar rocks in the Phoenix area as documented by Church, B.C.M.M., 1983.

It has been suggested that the pyroxenite "black lead" was the result of magmatic segregation prior to its intrusion as a dyke, negating the possibilities of a locally enriched primary "bed" (band) similar to those in the Pt-rich portion of Bushveld or Stillwater. At Franklin, the platinum values present may have been emplaced as a result of re-mobilization, or be the result of a secondary 'plumbing system' along the contact. Although this latter process could result in sizeable masses of interest, the Morensky Reef mechanics is far more exciting - i.e. a couple inches of "usually insignificant" Pt-rich sulphides near coarser grained pyroxenite which can extend inconspicuously for miles. (70 miles + in the case of Bushveld). It has not been shown that Pt. values in the "Black Lead" do not have a narrow but continuous strike length exposure far in excess of the limited areas sampled to date -i.e. a sill-like rather than dyke-like feature may be present (the sill would allow for segregation more than a dyke). To date, most values of interest are present near the southern contact areas but this may be due to better exposures than exist to the north. Folding and faulting may be part of the cause of irregular or undulating contacts between pyroxenite and syenite present on a local scale (Figure 4/85).

F. ASSAYS AND RESERVES

Assay values (largely historical) have been listed under Section D. There are no known reserves in the Franklin System as only a few exploratory drill holes have been attempted and no systematic measurements have been carried out, except in areas where copper mineralization is evident. The writer can only confirm grades of 0.25 oz platinum occurring over drill hole widths of a foot, but other workers (i.e. Lisle & Chilcott) have stated that up to 14 feet of similar grade is present in the complex Maple Leaf occurrence. The writer can also confirm lower grade material (to 0.09 oz per ton) present along the Averill - Buffalo -Gloucester contacts if earlier assays were correctly performed. Very detailed sampling of old workings in the latter area by Lisle (plus a few by the writer) showed that Pt. values are low in the old adits and trenches which were put in to trace copper occurrences. Values are evidently confined

to the contact areas and not necessarily related to copper in this West End. Platinum values are reported and mapped as occurring on the "Lucky Jack" property (O'Neill, J.J., 1918, pp. 9G), now the "DAJG" claim optioned by Longreach from E.V. McDougall. On the Gloucester, a well defined narrow(?), but minimally test drilled occurrence of copper-gold-zinc is present (Figure 6A/85).

G. CONCLUSIONS

The Franklin holdings of Longreach Resources contain proven platinum (plus occasional gold) values throughout a little understood "re-occurring" system at least two miles in length. Unexplored extensions of equal dimensions appear to exist and have been staked and included as part of the Longreach (Platinum Blonde) property. Few, if any, platinum properties yet described in Western Canada can exhibit even this much (albeit confusing) control.

H. RECOMMENDATIONS

- (a) The platinum occurrences along the "Black Lead" deserve closer attention. Drilling to establish reserves is very definitely premature but enough geophysical anomalies exist, particularly in the West End, to help outline "priority zones" which should be "exploratory drilled" and within which platinum values could be expected to occur in proximity to magnetite (or chromite) veins or lenses.
- (b) On the Averill Group, Huestis (Lisle & Chilcott) has left several such anomalies untested save for detailed sampling of several old cuts or adits. These are near the contact of the pyroxenite in proximity to the augite syenite or shonkinite (an intermediate "contaminated" product). A number of short drill holes (Maps 5B, 5C/85) should test these anomalies although there are no reliable guides, save copper geochemistry, available at this time. Geochemical testing for low grade platinum was not developed at the time the 1965 geophysics was performed, but should now be considered. Thus a contact area with a magnetic high -preferably with some sulphides visible - provides a preliminary target. Geological guidance, based on Lisle's geological map (copy obtained), must be observed, however.

- (c) In the same area, the contact extension to the northwest has never been adequately tested, and some cat or backhoe stripping is required, extending as far northwesterly as an assumed (and possibly important) contact with the bounding regional granitic intrusive. At the same time, any sulphide concentration within the Black Lead itself should be shallow-drilled or trenched. Such is unknown to the writer at present, but may occur. Again Lisle's mapping should be used as an initial guide.
- (d) Systematic drilling is yet required on the proven but little understood platinum occurrences on the Maple Leaf (Z) and DAJG claims to the east. A series of short drill holes, with core examination by a competent geologist prior to assaying as a prerequisite, would be the most useful approach. This should be guided by previous as well as recent sampling. This should be preceded by cat stripping of localities marked on the old maps, such as by Drysdale (1915).
- (e) Some gold, copper, silver, lead and zinc occurs on claims now held by Pearl within the Maple Leaf and "Jimmy" zones. These are apparently open to deal and appear to have never been drilled as exposures are poor or surface widths are minimal.

The claim boundaries of Longreach-optional property must be properly determined with reference to claim posts before any work is attempted on such as the Gloucester, Gloucester Fr., Genie, and DAJG ground all existing reports should be obtained (ie. DAJG-area assessment report #07918). The latter claims are not contiguous with other Longreach-optional ground and require separate grouping for assessment work.

H.(1) Specifically, the following work is recommended as part of an initial program on the Longreach holdings:

- 1. Independent determination of the property boundaries of all claims optional from E.V. McDougall and J. Carson. In the East end (Maple Leaf), these are well established by survey but in the far east, claim boundaries have been established by survey. In the central area, some boundaries have not been accurately determined. In the West End, most reportedly

platiniferous occurrences appear adequately covered but recent additional coverage to the northwest has not been accurately determined.

2. Opening up with a cut of the Lower Franklin Ck Road (B) and repairs to both the upper road (A) and to the DAJG area immediately east of Gloucester Creek. An evaluation of geophysical anomalies (Maps 5A & 5B/85 in the Averill area. Most described by Lisle reflect shonkinite-pyroxenite contact areas or structures judged favourable by most workers to date. Shallow drilling of these cannot be considered premature at this stage -particularly since such drilling has reportedly never been done on the West End. Possible drill sites are plotted on the maps, but ground conditions or on-site re-appraisal will probably change the location of some of the 9 or 10 possibilities shown.
3. Cat trenching along the same Averill contact to the unknown northwest is also recommended. This could be followed by shallow drilling given positive results.
4. A series of systematic short holes should be put in on the Maple Leaf ground providing a suitable agreement is concluded with Pearl. In the same category, some silver soil anomalies on the Jimmy MC (J) near the Averill could be drilled or stripped.
5. If it can be shown that the Gloucester Fraction (0.25 oz Au Assays - Ref Longreach) and the Gloucester Claim are on Longreach ground, a couple systematic drill holes would be in order on this showing, believed to be the "roots" of an "eroded" deposit (Maps 6A/85 offers suggestions re the main Gloucester deposit).
6. The DAJG claims, (4) staked by E.V. McDougall and Associates (part of the Longreach option) cover ground a mile east of the Maple Leaf. Geochemical work by Cam Stevens several years ago suggests mineralization present immediately north of the DAJG and possible southerly extensions could be tested by detailed prospecting and selective soil sampling. Published geochem submitted for assessment data should be

obtained. The DAJG claims cover the cancelled "Lucky Jack" Crown-grants on which government reports mention platinum values present. It is assumed that these values were obtained from one or more of the three prospects plus shown on Drysdale's map (Figure 7/85). As these are immediately accessible to a year-round water supply (Gloucester Creek) at low elevation, winter drilling is feasible given a few hundred yards of Cat road access.

7. Longreach has a tentative option or lease arrangement with 24K Ltd. regarding anomalous silver geochem areas located on the Jimmy MC near the Averill (work was directed by the writer). As is, stripping sites are present in the limited area surveyed any mineralization of interest revealed could be easily checked by drilling. Maps are available (McDougall, 1974).

A cat is required to prepare roads and drill pads in the Averill-Buffalo, Gloucester and Maple Leaf areas. In general, only 20 year old vegetative growth must be removed to allow truck access, but more intensive work will be required northwest of the Averill and possibly east of the Maple Leaf.

I. COST ESTIMATES

(Exclusive of property payments, examinations, etc.)

Stage I

A. Averill (Pt)

1.	Averill Access	
a.	Cat (D-7) 6 days @ \$1,200/day (all incl.)	\$ 7,200
2.	Averill Extension Cat Work	2,500
3.	Trenching	3,500
4.	Drilling Geophysical Anomalies as per Lisle Map .5 sections @ 300'/section, @ \$40/ft/incl* (BQ drilling - max. depth 600 ft.)	60,000

B. Gloucester and Jimmy M.C. (Silver-Copper-Lead-Zinc Occurrences)

1.	Cat (D-7) prep of Gloucester Fr. - 1 day @ \$1,200 (all incl.)	\$ 1,200
2.	Exploratory Drilling - 1000' @ \$40/ft incl.* (area easily accessible by road)	40,000

C. Maple Leaf (Pt) (Dodge, Par)

1.	Trenching - Cat - 4 days @ \$1,200 (all incl.)	\$ 4,800
2.	Exploratory Drilling - 1,000 ft in 4 holes @ \$40/ft (all incl.)* (locations near existing roads)	40,000

D. Maple Leaf East (Pt) (DAJG)

1.	Cat stripping - 6 days @ \$1,200 all incl. (areas to be determined)	\$ 7,200
2.	Exploratory Drilling - 2,000 in 8 holes @ \$40/ft (all incl)	80,000

General Costs (A, B, C & D incl)

1.	Camp, Core Storage, Shop, Bunkhouse, etc.	\$ 45,000
2.	Geology and Surveying	20,000
3.	Preliminary Mineralogical and Metallurgical Studies	30,000
4.	Overhead (reports, supervision, consulting fees, etc.)	<u>25,000</u>

366,400

Contingency (10%)

36,000

Total Stage I

\$ 402,400

Favourable results from the above preliminary exploratory program will require follow-up in more detail in a Stage II program.

Note: Work notices must be filled with and approved by the proper authorities well before any program involving stripping or drilling is commenced.

*"inclusive" involves the inclusion of all services supporting drilling, ie. transport support, site preparation, mobilization, sampling, surveying, assaying, etc.

Stage II


This stage is dependent on positive Stage I results being obtained in any of the areas referred to.

1. Drilling (BQ) - max. depth 1,000 ft. (preliminary definitive diamond drilling) 10,000 ft. @ \$30/ft (all incl)	\$ 300,000
2. Geological mapping and surveying of drill holes	40,000
3. Detailed mineralogical studies	20,000
4. Metallurgical studies and assays (Lakefield)	<u>75,000</u>
Total	\$ 435,000
Overhead (reports, supervision, consulting fees, etc.)	45,000
Contingency (10%)	<u>50,000</u>
Total Stage II	<u><u>\$ 530,000</u></u>

Should results continue favorable following Stage II, a program of Advanced Definitive Drilling and Pre-Feasibility Studies will be required.

Timing

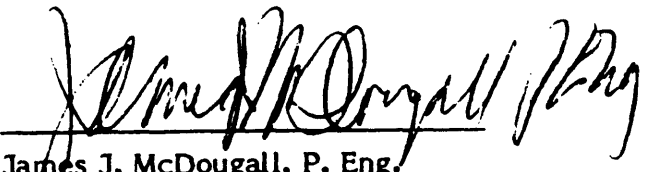
Given the location, drilling is feasible over a 12 month period if allowance is made for adequate water supply (metal pipe) at the higher elevations. The normal snow free period would be April to early November.


James J. McDougall, P. Eng.
April 22, 1986

J. CERTIFICATE

I, James J. McDougall, of 7720 Sunnyside Road, Richmond, B.C. do hereby certify that:

1. I am a graduate of the University of British Columbia with the degree of Master of Science in Geology (1954).
2. I have been a practicing geologist for 33 years.
3. I am a registered member, in good standing, of the Association of Professional Engineers of British Columbia.
4. Data included in this report is based on that available in published literature, private reports, and on ground observations carried out by me on numerous occasions, the latest being mid-October, 1985.
5. I have no financial interest, nor do I expect to have, in Longreach Resources Ltd. or in the subject claims.
6. I consent to the use of this report for a prospectus or Statement of Material Fact by Longreach Resources Ltd. providing no statement is published out of context without reference to the report as a whole.


James J. McDougall, P. Eng.
October 31, 1985

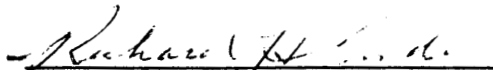
K. REFERENCES

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(a) CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER


The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this statement of material facts.

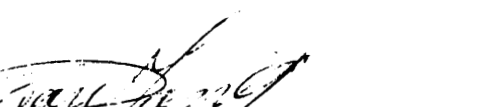
DATED this 10th day of June, 1986.


Richard Henry Lonsdale
Director



Stephen George Gardiner
Director


Alden Russell Campbell Potter
Director


William James Urquhart
Director


Seamus Young
Director


Nell Dragovan
Director


Carl Ludwig Radymski
Director.

(b) CERTIFICATE OF THE AGENTS

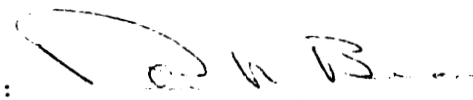
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this statement of material facts.

DATED: June 10th, 1986.

CONTINENTAL CARLISLE DOUGLAS

CANARIM INVESTMENT CORPORATION LTD.

Per: 

Per: 

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