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MINISTRY OF ENERGY, MINES
& PETROLEUM RESOURCES.
REC'D OCT 2, 1989
Nelson, B.C.

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
32/89

STATEMENT OF MATERIAL FACTS
EFFECTIVE DATE: AUGUST 10, 1989

NAUTILUS RESOURCES LTD.
13269 - 72ND AVENUE
SURREY, BRITISH COLUMBIA
V3W 2N5
(604) 590-4151

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

700-845 CAMBIE STREET, VANCOUVER, BRITISH COLUMBIA, V6B 4Z9
ADDRESS OF REGISTERED AND RECORDS OFFICES OF THE ISSUER

National Trust Company
900 Park Place Tower, 666 Burrard Street,
Vancouver, British Columbia, V6C 2Z9

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

OFFERING: 300,000 SHARES

	PRICE TO PUBLIC*	AGENT'S COMMISSION	PROCEEDS TO BE RECEIVED BY ISSUER*
Per Share:	\$0.45	\$0.03333	\$0.41667
Total:	\$135,000.00	\$10,000.00	\$125,000.00

* The Shares will be sold at a fixed price of \$0.45 per Share.

The Securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

AGENT

CANARIM INVESTMENT CORPORATION LTD.
2200 - 609 GRANVILLE STREET
VANCOUVER, B.C.

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representations to the contrary is an offence.

PROPERTY FILE

Sept. 19/89

1. PLAN OF DISTRIBUTION

Offering

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange 300,000 common shares (the "Shares").

The Shares will be sold at a price of \$0.45 per Share.

The Offering shall be made on a day (the "Offering Day") within the period of 180 business days following the Effective Date of this Statement of Material Facts (the "Effective Date") being the date of acceptance of this Statement of Material Facts by the Exchange and the Superintendent of Brokers ("Superintendent") as noted on the cover page). If subscriptions for the entire offering of 300,000 Shares are not obtained on the Offering Day the Offering shall terminate and all subscriptions shall be cancelled and all funds received by the Agent for subscriptions shall be returned to the subscribers.

The purchaser of any Shares will be required to pay regular commission rates as specified by the rules and by-laws of the Exchange.

Appointment of Agent

The Issuer, by an agreement dated January 26, 1989, as amended June 28, 1989, (referred to as the "Agency Agreement") appointed Canarim Investment Corporation Ltd., of 2200-609 Granville Street, Vancouver, British Columbia as its Agent ("Agent") to offer the Shares to the public.

The Issuer will pay the Agent a commission of \$10,000.00 on completion of the sale of the entire offering.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licensed broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the Offering Day, at the Agent's discretion, on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

The Issuer has granted the Agent a right of first refusal to provide future equity financing to the Issuer for a period of 12 months from the Effective Date.

Directors, officers and other insiders of the Issuer may purchase shares from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than disclosed in this Statement of Material Facts.

2. HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT

The Issuer will receive net proceeds of \$125,000.00 from the sale of Shares providing the minimum subscription has been met. The principal purposes for which these funds will be used as follows:

(a)	Estimated cost including legal, audit printing, of this issue	\$17,500.00
(b)	Accounts payable as at April 30, 1989	\$43,317.00
(c)	To carry out Phase I of the exploration program on the Jack, Black & Can't Fix Claims, Slocan Mining Division, as recommended by Wayne M. Ash, P.Eng. in his December 20, 1988 report	\$ 8,700.00
(d)	To carry out Phase II of the exploration program on the Jack, Black & Can't Fix Claims, Slocan Mining Division, as recommended by Wayne M. Ash, P.Eng. in his December 20, 1988 report	\$16,850.00
(e)	Working Capital	<u>\$36,633.00</u>
		\$125,000.00

3. MATERIAL NATURAL RESOURCE PROPERTIES

(1) SUMMARY OF MATERIAL MINING PROPERTIES

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Explora- Costs to Date (in \$)	Shares Issued to Date	Planned Expenditure from Funds Available upon Completion of the Offering
I	Nil			
II	Jack, Black & Can't Fix Claims Slocan Mining Division, British Columbia	\$12,200.00 acquisition costs \$43,818.00 exploration costs	none	\$25,550.00
III	Nil			

GROUP I - PROPERTIES FOR WHICH REGULATORY APPROVAL HAS BEEN OBTAINED UNDER THIS STATEMENT OF MATERIAL FACTS.

NONE

GROUP II - PRESENTLY HELD PROPERTIES WHICH ARE CURRENTLY PRODUCING OR BEING EXPLORED, OR UPON WHICH EXPLORATION IS PLANNED WITHIN THE NEXT YEAR.

JACK, BLACK & CAN'T FIX CLAIMS
SLOCAN MINING DIVISION
PROVINCE OF BRITISH COLUMBIA

By an agreement dated September 7, 1983, with Ronald Card of 2621 Byron Road, North Vancouver, B.C., the Issuer acquired the following mineral claims:

Name	No. Units	Record No.	Expiry Date
Jack	3	5894	Dec. 1, 1989
Black	12	5893	Dec. 1, 1989
Can't Fix	20	5895	Dec. 1, 1989

located in the Slocan Mining Division, British Columbia

(hereinafter called the "Property"). Mr. Card transferred his interest in the Property to the Company in consideration of the issuance to him of 750,000 escrowed shares in the capital stock of the Company and the payment of \$4,700. The cash payment to Mr. Card represented a re-payment of out-of-pocket expenses in connection with the acquisition of the claims.

Location and Access

The following is taken from the report of Wayne M. Ash, P.Eng., dated December 20, 1988:

"The Jack-1, Black-1 and Can't Fix-1 Property is located seven kilometres southeast of Sandon, 100 kilometres north of Nelson, at elevations ranging between 5,500' and 8,300 feet (1,675 to 2,500 metres), the highest point being Mount Heyland. The Property is easily reached by 4x4 pick-up truck on a recently constructed logging road that follows Long Creek from the Keen Creek road to approximately the southeast edge of the claims. The Keen Creek road is accessible from Nelson, north on Highway 3 and 31 to Kaslo, and thence west six kilometres on Highway 31A to the Keen Creek turn-off. The Cork-Province mine is 11 kilometres southwest on the Keen Creek road."

Work on the Jack, Black & Can't Fix Claims

The following is taken from the report of Wayne M. Ash, P.Eng., dated December 20, 1988:

"The Comstock, Virginia and Erie claims were originally staked in the early 1900's, when three adits were driven on a strong quartz vein. The adits are 75 feet apart vertically and in 1948 only the middle level at an elevation of 2,100 metres was accessible. This level followed the steeply dipping quartz vein for 186 feet. It was reported that in 1909 a shipment of 5 tons was made that averaged 100 oz. Ag per ton and 60% Pb. In 1948 a small crew was occupied clearing the trail up Long Creek to the Comstock claim and cleaning out the middle level. The B.C. Minister of Mines report for the year stated that a grab sample from the uppermost dump assayed 79.1 oz. Ag/ton, Nil Au, 0.9% Pb and 6.0% Zn.

In 1980, Canfic Silver Mines Ltd. held an option on the three Crown-grant claims and acquired 5 claims totalling 91 units. During that summer, Canfac

carried out geochemical and geophysical surveys (VLF-EM) and rehabilitated the 185 foot long middle adit. Approximately 20 kilometres of grid was covered. Anomalous soil conditions (silver) were found to exist on the original showing within the Comstock claim with other soil anomalies outside the Crown-granted claims to the northeast and the southwest.

Nautilus Resources Ltd. acquired the claims, now named Jack-1, Black-1 and Can't Fix-1 which enclosed (but do not include) the Comstock, Virginia and Erie Crown granted claims. In 1983 a geochemical survey for lead, zinc and silver and an electromagnetic survey (EM-16) was carried out over 10,250 metres of new grid. In 1985, the previous soil survey carried out during 1983 was extended to include an additional 20,950 metres of grid. A total of 610 soil samples were taken in 1983 and 1985. Results were similar to that found in 1980 with a new, large lead-silver soil anomaly discovered to the southeast. The location of these anomalies are shown on figures 6 and 7, together with the description of the interpretation carried out during the 1985 on the soil samples data which has been included in the appendix.

* * * *

During August, 1985, Nautilus Resources Ltd. contracted de La Mothe Exploration Services Ltd. to carry out soil sampling.

The program carried out involved extending the 1983 grid to the northeast, southwest and southeast. These extensions covered the major portion of the claimed ground with the exception of those areas covered by the Crown grants, bedrock and talus slopes and the southwest slope of Mount Carlyle. The location of the camp site did not allow convenient access to Mount Carlyle.

The soil sampling program involved not only the physical collecting of samples, but also reconnaissance prospecting, investigation of sites where anomalies from previous surveys were identified and identification of soil and landform characteristics which affect the classification of each soil sample taken."

Recommendations:

The following is taken from the report of Wayne M. Ash, P.Eng., dated December 20, 1988:

"A new logging road has been constructed in the last few years from Keen Creek road (near the confluence of Long Creek with Keen Creek) to approximately the southeast side of the claims. This road should still be passable during the 1989 field season, thus making it entirely feasible to conduct a trenching program on the anomaly sites. The cost of such a program would be much less than drilling. Further, drilling targets as such have not been established since the information available from the soil survey is broadly based and not specific enough to effectively site a drill set up. Trenching would considerably aid the situation.

To facilitate locating the trenching site, additional more detailed soil sampling and more advanced geophysical surveys are recommended in the immediate area of the geochem anomalies that would be investigated. An estimated 130 soil samples and 6,000 metres of geophysical surveys are recommended.

The elements tested for in soil survey should also include mercury and zinc. The geophysical equipment recommended is an integrated portable system that measures magnetic, VLF and EM fields, all in one operation. This equipment permits conducting more detailed surveys and interpretation of the field data is also improved."

The Issuer intends to expend up to \$25,550.00 to complete Phase I and Phase II of the program recommended by Wayne Ash, P.Eng., as set out in his report of December 20, 1988.

THE JACK, BLACK AND CAN'T FIX CLAIMS have no known body of commercial ore and the proposed program is an exploratory search for ore.

GROUP III - OTHER PRESENTLY HELD PROPERTIES UPON WHICH THE ISSUER'S ACQUISITION AND EXPLORATION COSTS TO DATE EXCEED \$100,000.

NONE

Risk Factors

The Shares offered hereby are speculative investments, and prospective purchasers should consider the following risk factors.

The Issuer's business is subject to risks normally encountered in mineral resource exploration and development. The profitability of the Issuer's business and the market value of the Issuer's securities will be related to the success the Issuer experiences in exploration and development of resource properties. Mineral exploration and development involve significant risk and while the rewards if an ore body is discovered may be substantial, few properties which are explored are ultimately developed into producing mines. Substantial expenditures may be required to establish ore reserves through drilling, to develop metallurgical processes to extract the metals from the ore and to construct the mining and processing facilities at any site chosen for mining. No assurance can be given that current exploration programs will result in any commercial mining operation.

The Issuer's mineral properties are without a known body of commercial ore and the proposed programs are an exploratory search for ore. The boundaries of the mineral properties referred to in this Statement of Material Facts have not been surveyed and, therefore, in accordance with the mining laws of the applicable jurisdictions, their precise location and area may be in doubt.

In addition, it is normal business practice in the mining industry to conduct preliminary title examinations to mineral properties prior to conducting exploration work, however, there is no assurance that such an examination establishes ownership of the mineral property and accordingly, ownership of the Issuer's mineral properties may be in doubt. The Issuer will follow usual industry practice in conducting a preliminary title examination prior to the commencement of exploration work and will complete a comprehensive title examination, if and when a decision is made to place a mineral property into commercial production. Mining operations and exploration activities are also subject to national and local laws and regulations which currently or in the future may have a substantial adverse impact on the Issuer. In order to comply with applicable laws the Issuer may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied.

Refer to Item 9 of this Statement of Material Facts for information as to the location of a list of names of other reporting companies of which the directors, officers or promoters of the Issuer are also directors, officers or promoters.

- (3)
- (a) None of the directors, officers or promoters of the Issuer has received management, administration or other fees.
- (b) No director, officer promoter or insider of the Issuer has received anything of value from the Issuer within the past year which has not been disclosed elsewhere in this Statement of Material Facts.
- (4) To the knowledge of the Issuer's directors the following are the persons who own beneficially, directly or indirectly, more than 10% of the equity shares of the Issuer.

Name & Address	No. Shares	Percentage
G. Richard Watson 700-845 Cambie Street Vancouver, B.C.	750,000	46.72%
Vancouver Stock Exchange Service Corp. P.O. Box 10333 609 Granville Street Vancouver, B.C.	428,998	26.72%
Hallco 1040-789 West Pender St. Vancouver, B.C.	222,000	13.83%

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The following are the outstanding incentive stock options of the Issuer:

Directors'

Name of Optionee	No. Shares	Price	Date of Grant	Date of Expiry
John D. Dorflinger	80,250	\$0.45	Feb.20/89	Feb.19/94

Employees'

Name of Optionee	No. Shares	Price	Date of Grant	Date of Expiry
G. Richard Watson	80,250	\$0.45	Feb.20/89	Feb.19/94

The above incentive stock options are subject to regulatory authorities approval.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

- (1) As of the date hereof 750,000 shares of the Issuer are held in escrow by National Trust Company, 900 Park Place, 666 Burrard Street, Vancouver, B.C. subject to the direction or determination of the Vancouver Stock Exchange. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Issuer, its transfer agent or escrow holder make any transfer or record any tradings of the shares without the prior consent of the Vancouver Stock Exchange.

In the event that the Issuer loses or alienates the property or asset for which it issued all or part of the escrow shares the Issuer or any shareholder thereof shall have the express obligation to declare such event or circumstance and the particulars thereof to the Vancouver Stock Exchange, who may, at its discretion, make such order or direction for the cancellation of all or any portion of the shares as it may deem advisable. The fact that the property or asset has been lost or alienated shall not, in itself, be cause for cancellation of all or part of the shares. The complete text of the Escrow Agreement is available for inspection at the Issuer's registered office, 700-845 Cambie Street, Vancouver, British Columbia.

At the Company's Annual General Meeting held on December 22, 1988 a transfer within escrow of 750,000 shares from Ronald Card to G. Richard Watson was approved by the shareholders. Regulatory authorities approval to the transfer within escrow is currently being sought.

- (2) There are no shares of the Issuer held in pool.
- (3) There are no other securities of the Issuer which are subject to an unexpired hold period originally imposed by the Superintendent of Brokers.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

- (1) There are no actual or pending material legal proceedings to which the Issuer is or is likely to be a party, or to which any of its properties is or is likely to be the subject.

- (2) There are no properties proposed to be acquired, or other transactions, for which regulatory authority approval is not being sought in connection with this Statement of Material Facts.
- (3) The Issuer's liabilities have not significantly increased or altered subsequent to the date of the financial statements included in this Statement of Material Facts.
- (4) There are no other material facts not previously disclosed herein.

The Issuer is currently under a Cease Trade Order which was issued on January 12, 1988 for failure to file Interim Financial Statements. As of the date hereof the Issuer has filed all Financial Statements with regulatory authorities and supplied the same to all registered shareholders. It is anticipated that a partial revocation of the Cease Trade Order would be provided to allow the soliciting for trades pursuant to the Offering. The full revocation of the Cease Trade Order would be available upon the completion of the Offering.

- (5) The material contracts referred to herein, all technical reports summarized or referred to in Item 3 and a list of the names of the reporting companies referred to in Item 6(2) may be inspected at Suite 700-845 Cambie Street, Vancouver, British Columbia, during normal business hours during the primary distribution of the securities offered hereby and for a period of 30 days after completion of primary distribution.

10. STATUTORY RIGHTS OF RESCISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

NAUTILUS RESOURCES LTD.

FINANCIAL STATEMENTS

APRIL 30, 1989

DRIVER ANDERSON

CHARTERED ACCOUNTANTS

DRIVER ANDERSON
CHARTERED ACCOUNTANTS

SUITE 1514 - 1177 WEST HASTINGS STREET
VANCOUVER, B. C. V6E 3Y9
TEL: (604) 689-2919 FAX: (604) 685-2900

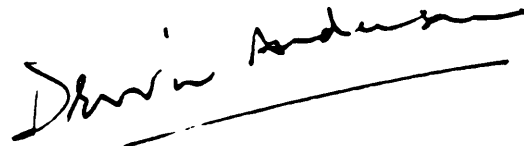
CLARK ANDERSON
CYRUS DRIVER

AUDITORS' REPORT

To the Directors of
Nautilus Resources Ltd.

We have examined the balance sheet of Nautilus Resources Ltd. as at April 30, 1989 and the statements of loss and deficit, deferred exploration and development costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Vancouver, B.C.

CHARTERED ACCOUNTANTS

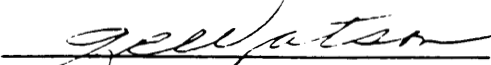
July 18, 1989

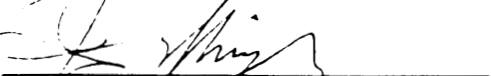
NAUTILUS RESOURCES LTD.
BALANCE SHEET
APRIL 30, 1989

	<u>1989</u>	<u>1988</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ 1,998
MINERAL CLAIMS (Note 3)	12,200	12,200
DEFERRED EXPLORATION AND DEVELOPMENT COSTS	49,269	39,818
	<u>\$ 61,469</u>	<u>\$ 54,016</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,017	\$ 8,386
Advances payable (Note 4)	29,300	-
	<u>45,317</u>	<u>8,386</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 5)	138,750	138,750
DEFICIT	(122,598)	(93,120)
	<u>16,152</u>	<u>45,630</u>
	<u>\$ 61,469</u>	<u>\$ 54,016</u>

SUBSEQUENT EVENT (Note 6)

APPROVED BY THE DIRECTORS:





NAUTILUS RESOURCES LTD.
STATEMENT OF LOSS AND DEFICIT
FOR THE YEAR ENDED APRIL 30, 1989

	<u>1989</u>	<u>1988</u>
ADMINISTRATION EXPENSES		
Administrative services	\$ 462	2,405
Licenses and fees	6,155	1,872
Office	1,682	542
Professional fees	19,410	7,271
Transfer agent	1,769	971
	<hr/>	<hr/>
LOSS FOR YEAR	29,478	13,061
DEFICIT, beginning of year	93,120	80,059
	<hr/>	<hr/>
DEFICIT, end of year	<u>\$ 122,598</u>	<u>\$ 93,120</u>

NAUTILUS RESOURCES LTD.
STATEMENT OF DEFERRED EXPLORATION
AND DEVELOPMENT COSTS
FOR THE YEAR ENDED APRIL 30, 1989

	<u>1989</u>	<u>1988</u>
INCURRED IN YEAR		
Staking	\$ 8,131	\$ 2,175
Preparation of mining report	1,320	-
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	9,451	2,175
 DEFERRED EXPLORATION AND DEVELOPMENT COSTS, beginning of year	 39,818	 37,643
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
DEFERRED EXPLORATION AND DEVELOPMENT COSTS, end of year	\$ 49,269	\$ 39,818
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NAUTILUS RESOURCES LTD.
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE YEAR ENDED APRIL, 30, 1989

	<u>1989</u>	<u>1988</u>
OPERATIONS		
Payments for administrative costs	\$ (21,847)	\$ (15,533)
INVESTING ACTIVITIES		
Deferred exploration and development costs	(9,451)	(2,175)
FINANCING ACTIVITIES		
Advances payable	<u>29,300</u>	<u>-</u>
CHANGE IN CASH & EQUIVALENTS DURING THE YEAR	(1,998)	(17,708)
CASH & EQUIVALENTS, beginning of year	<u>1,998</u>	<u>19,706</u>
CASH & EQUIVALENTS, end of year	<u>\$ -</u>	<u>\$ 1,998</u>

NAUTILUS RESOURCES LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 APRIL 30, 1989

1. SUMMARY OF ACCOUNTING POLICIES

a) Values

The amounts shown for mineral claims and deferred exploration and development costs represent costs to date and do not necessarily reflect present or future values.

b) Deferred costs

The company is engaged in the development of natural resource properties and has established a policy of deferring all exploration and development costs until such time as the properties are put into commercial production, sold or abandoned. Administration costs are written off to deficit in the period in which they are incurred.

2. GOING CONCERN

These financial statements are prepared on the basis that the company will be able to continue to operate as a going concern. Continued operation of the company and realization of deferred exploration and development costs and mineral claims is dependant upon its ability to raise funds through the issue of shares, or other means, to enable it to develop its mineral claims and place them into production.

A failure to continue as a going concern would require the assets and liabilities to be reflected on a liquidation basis which may differ substantially from the stated amounts.

3. MINERAL CLAIMS

By an agreement dated September 1983, the company acquired thirty-five units in the Jack, Black and Can't Fix claims located in the Slocan Mining Division, British Columbia.

The consideration was:

	<u>1989</u>	<u>1988</u>
Cash	\$ 4,700	\$ 4,700
750,000 shares at a deemed value of \$0.01 each	7,500	7,500
	\$ 12,200	\$ 12,200
	\$ 12,200	\$ 12,200

NAUTILUS RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 1989

4. ADVANCES PAYABLE

These advances, made by an unrelated party, are non-interest bearing with no fixed repayment terms.

5. CAPITAL STOCK

a) Authorized

10,000,000 common shares without par value

b) Issued

	<u>1989 and 1988</u>	
	<u>Number of Shares</u>	<u>Amount</u>
Balance, beginning of year and end of year	1,605,000 -----	\$ 138,750 -----

Included in the above are 750,000 shares issued for mineral claims. These are held in escrow and can only be released on approval by the appropriate regulatory authorities.

c) During the year, stock options were issued to a director and an employee of the company. Under the agreements, dated February, 1989, the director and employee each may exercise their option to purchase 80,250 shares at \$0.45 per share. These options expire in February, 1994.

d) The company has applied to increase the authorized share capital from 10,000,000 to 100,000,000 common shares without par value.

6. SUBSEQUENT EVENT

Subject to regulatory authority, the company has agreed to issue 300,000 common shares of the company at \$0.45 per share for proceeds of \$125,000 (net of agent's commission of \$10,000).

**REPORT ON
THE JACK-1, BLACK-1 AND CANT' FIX-1 CLAIMS
RECORD NO. 5894, 5893, 5895
SLOCAN MINING DIVISION
SANDON, BRITISH COLUMBIA**

**49° 52.5' North Latitude
117° 13.5' West Latitude
N.T.S. 82F W1/2**

Prepared For

**NAUTILUS RESOURCES LTD.
Suite 700 - 845 Cambie Street
Vancouver, B.C.
V6B 4Z9**

Prepared By

**WAYNE M. ASH, P. ENG.
West Vancouver, B.C.**

December 20, 1988

TABLE OF CONTENTS

	Page
Summary & Conclusions	1
Introduction	2
Location and Access	2
Property and Ownership	3
History	3
Regional Geology	4
Local Geology and Mineralization	5
Previous Field Programs	6
Recommendations	8
Estimated Cost of Work Programs	9
References	10
Certificate	11
Appendix	

Illustrations

Following Page

Figure 1	Location Map	2
Figure 2	Claim & Topography	3
Figure 3	Regional Geology	5
Figure 4	Survey Grid and Land Forms	Following Appendix
Figure 5	Soil Classification Map	Following Appendix
Figure 6	Ag Geochemistry	Following Appendix
Figure 7	Pb Geochemistry	Following Appendix

SUMMARY AND CONCLUSIONS

The Jack-1, Black-1 and Can't Fix-1 claims are located near the heart of the very productive silver producing Slocan mining camp of southeastern British Columbia. The Comstock-Virginia prospect located within these claims, but not held by Nautilus, has been reported to have made shipments of 100 oz. Ag and 60% Pb per ton early in the 1900's. This material was obviously hand-sorted, but indicates that exploration in the vicinity is warranted.

The three adits on the Comstock-Virginia prospect have been driven on a quartz vein which cuts through a granite porphyry. One of these adits was opened in 1948 and reports by government agents showed a continuous vein for 42 of the 56 meter long adit. The vein ranged in width up to 3/4 meters. Mineralization consists of galena and sphalerite and associated silver minerals. Mr. G. Krueckl of Krueckl & Associates visited these underground workings to confirm the 1948 reports and of the rock specimens taken, one of these taken on a narrow part of the vein assayed 292 oz. Ag, 28.9% Pb, and 29.1% Zn per ton. These investigations confirmed reports by R.W. Phendler and others of high silver values on the property.

The Comstock-Virginia vein is typical of the Slocan veins which follow major faults striking in a north-northeasterly direction. Field evidence suggests that this fault can be traced over a distance of 3 kilometers and intersects a 1½ kilometer wide occurrence of slate, argillite, limestone, quartzite, and tuffaceous sediments believed to be of the Slocan series of rocks. It is in these rocks that all of the major mineral occurrence are located in the Sandon area.

Several government geologists (Cairnes, Hedley, Little) have studied the area and written reports on the mineral occurrence in the Slocan camp. One study of the old producing mines showed that many of the silver rich veins had a vertical extent of 1000 to 2000 feet (300 to 600 meters) before pinching out at depth. It was also speculated that the higher elevation prospects have better silver possibilities. This bodes well for the Comstock-Virginia prospect (7200 feet elev.) and the surrounding Jack-1, Black-1 and Can't Fix-1 claims, particularly where the Slocan series of rocks occur.

INTRODUCTION

The writer prepared this report on the Jack-1, Black-1 and Can't Fix-1 property at the request of the Directors of Nautilus Resources Ltd.

This report was prepared to assess the mine making potential of the property and to recommend a work program for the next phase of the property development. The previous work carried out on this property for which information is available involved conducting soil surveys and geophysics in 1983 and a soil survey in 1985 and prospecting the area to correlate geochem results with the geology and landforms in the area. The writer has reviewed the data and interpretations of the 1983 and 1985 field work to arrive at the conclusions reached in this report.

The writer is familiar with the geology of the mines and mineral prospects of the Sandon area of which the property discussed in this report is part.

LOCATION AND ACCESS

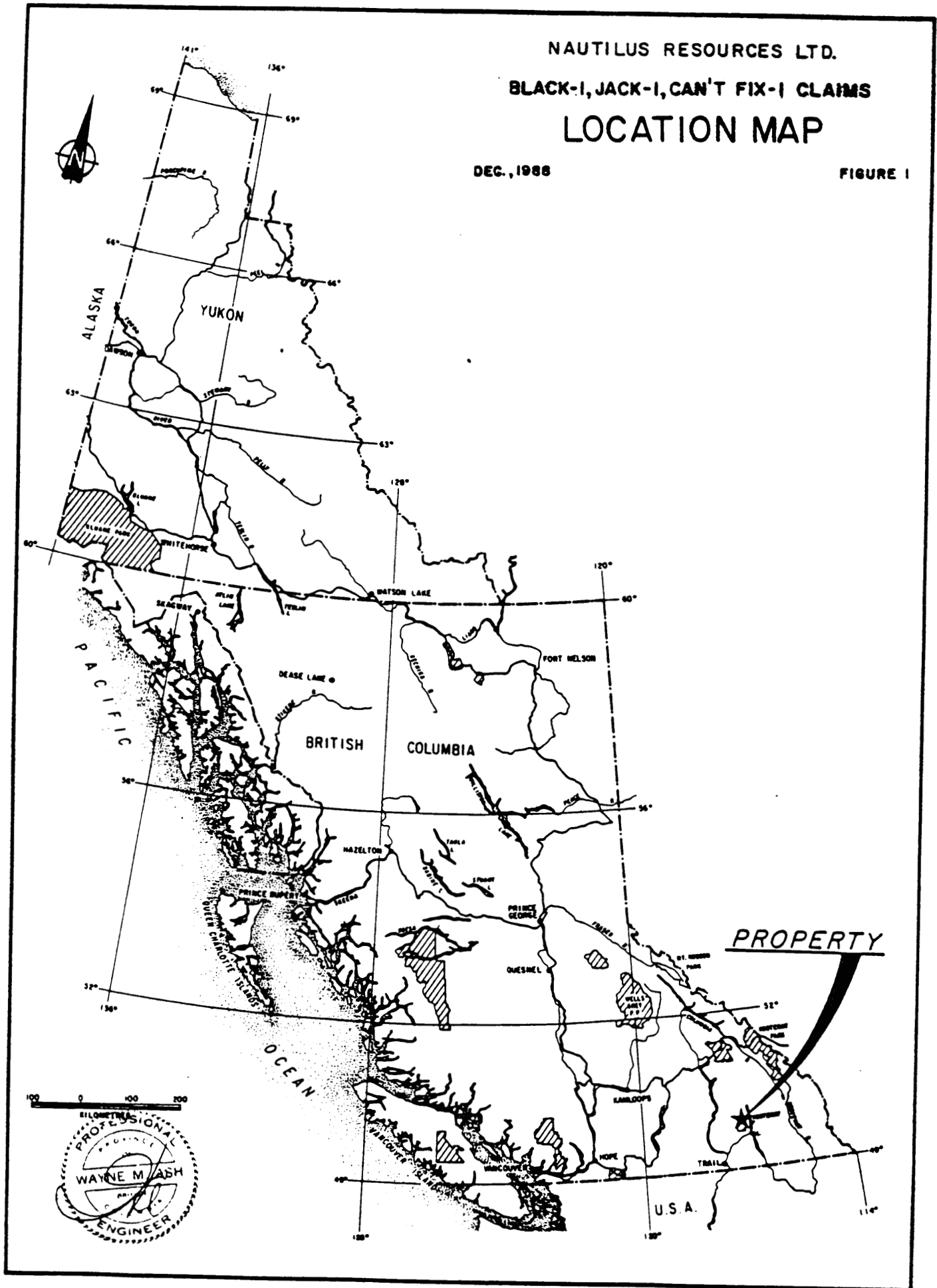
The Jack-1, Black-1 and Can't Fix-1 property is located 7 kilometers southeast of Sandon, 100 kilometers north of Nelson, at elevations ranging between 5500 and 8300 feet (1675 to 2500 meters), the highest point being Mount Heyland. The property is easily reached by 4x4 pick-up truck on a recently constructed logging road that follows Long Creek from the Keen Creek road to approximately the southeast edge of the claims. The Keen Creek road is accessible from Nelson, north on Highway 3 and 31 to Kaslo, and thence west 6 kms on Highway 31A to the Keen Creek turn-off. The Cork-Province mine is 11 kilometers southwest on the Keen Creek road.

The property has no buildings and water is available locally for exploration and mining purposes.

NAUTILUS RESOURCES LTD.
BLACK-I, JACK-I, CAN'T FIX-I CLAIMS
LOCATION MAP

DEC., 1988

FIGURE 1



PROPERTY AND OWNERSHIP

The claims that make up the property are situated in the Slocan Mining Division and consist of the Jack-1, Black-1 and Can't Fix-1 claims. These claims enclose the Comstock-Virginia and Erie Crown-granted claims, which are held by Mr. Frank Juhan (Figure 2). All claims listed below are held by Nautilus Resources Ltd.

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Expiry Date</u>	<u>Record Owner</u>
Jack-1	5894(12)	3	Dec. 1, 1989	Nautilus Res.
Black-1	5893(12)	12	Dec. 1, 1989	Nautilus Res.
Can't Fix-1	5895(12)	20	Dec. 1, 1989	Nautilus Res.
		<u>35</u>		

HISTORY

The Comstock, Virginia and Erie claims were originally staked in the early 1900's, when three adits were driven on a strong quartz vein. The adits are 75 feet (22.7 meters) apart vertically and in 1948 only the middle level at an elevation of 2100 meters was accessible. This level followed the steeply dipping quartz vein for 186 feet (56 meters). It was reported that in 1909 a shipment of 5 tons was made that averaged 100 oz. Ag per ton and 60% Pb. In 1948 a small crew was occupied clearing the trail up Long Creek to the Comstock claim and cleaning out the middle level. The B.C. Minister of Mines report for that year stated that a grab sample from the uppermost dump assayed 79.1 oz. Ag/ton, Nil Au, 0.9% Pb and 6.0% Zn.

In 1980, Canfic Silver Mines Ltd. held an option on the three Crown-grant claims and acquired 5 claims totalling 91 units. During that summer, Canfic carried out geochemical and geophysical surveys (VLF-EM) and rehabilitated the 185 foot long middle adit. Approximately 20 kilometers of grid was covered. Anomalous soil conditions (silver) were found to exist on the original showing within the Comstock claim with other soil anomalies outside the Crown-granted claims to the northeast and the southwest.

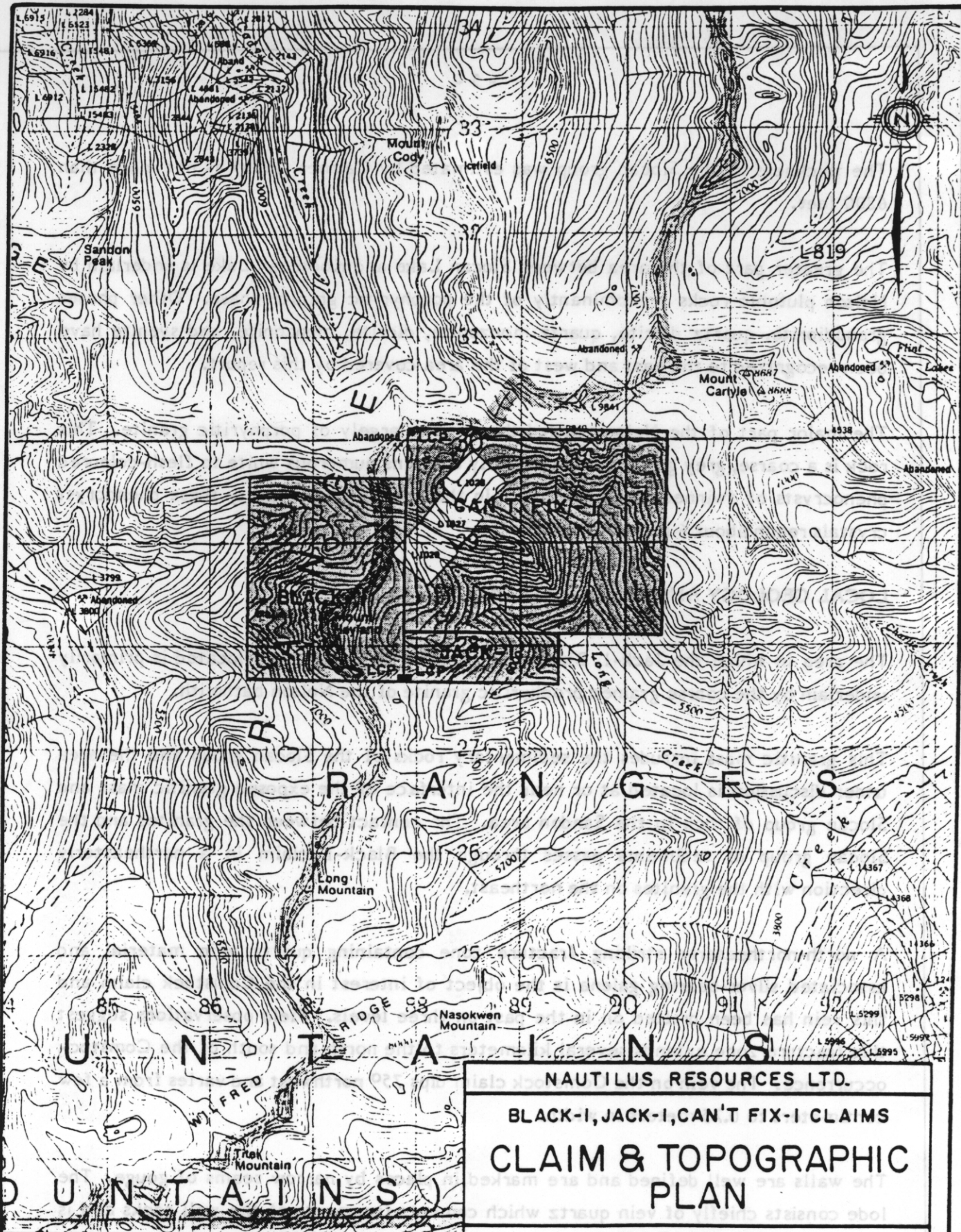
After Nautilus Resources Ltd. acquired the claims, now named Jack-1, Black-1 and Can't Fix-1, in 1983 a geochemical survey for lead, zinc and silver and an electromagnetic survey (EM-16) was carried out over 10,250 meters of new grid. In 1985, the previous soil survey carried out during 1983 was extended to include an additional 20,950 metres of grid. A total of 610 soil samples were taken in 1983 and 1985. Results were similar to that found in 1980 with a new, large lead-silver soil anomaly discovered to the southeast. The location of these anomalies are shown on Figures 6 and 7, together with a description of the interpretation carried out during 1985 on the soil sample data, which has been included in the Appendix.

REGIONAL GEOLOGY

The regional geology of the Slocan area consists primarily of Triassic and lower Jurassic greenstones, slates, argillite, quartzite, limestone and tuffaceous sediments intruded by major bodies of granite of lower Cretaceous age. The sediments in the area are of the Kaslo and Slocan Groups of rocks.

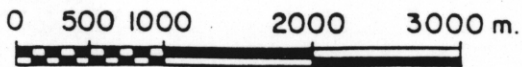
The Kaslo Group of rocks are almost entirely of volcanic origin. Volcanic breccias and tuffs predominate at the base, but extensive and intrusive andesite and dacite also occur. Near the middle of the group, two belts of serpentine and carbonate rocks are present. In the upper part of the group, flows and sill-like bodies of, mainly andesite, are common. The maximum thickness of the Kaslo group varies greatly and near Jardine Mountain is about 6200 feet while on Kaslo River it is only 3000 feet.

The Slocan group of rocks consists predominately of argillaceous rocks, but fine-grained quartzite and limestone are fairly abundant. Tuffaceous beds and a little conglomerate are also present. The basal part of the group has been referred to as the "slate belt" because of the predominance of fissile, argillaceous rocks. A number of bands of limestone occur in them, and some quartzitic strata are also present. Higher in the section the sedimentary beds are more arenaceous, the dominant type being a dark, well-bedded, quartzitic argillite. Rocks highest in the section are similar to the well-bedded quartzitic argillite found lower in the section, but also contain beds of tuffaceous origin. The Slocan group is exposed mainly in the region between Slocan Lake and Kaslo River north of the Nelson batholith. It is at the interface between the Nelson batholith and the Slocan group southeast of Sandon that the property, the subject of this report, is located.



NAUTILUS RESOURCES LTD.
 BLACK-I, JACK-I, CAN'T FIX-I CLAIMS
**CLAIM & TOPOGRAPHIC
 PLAN**

WAYNE ASH P. ENG.



N.T.S. 82 F/14	SCALE: 1 : 50,000	FIG.
DEC., 1988	DRAWN: d.w.	2

The thickness of the Slocan group was estimated by Cairnes (1934) as not more than 6800 feet.

The greater part of the area between Slocan Lake and Kootenay Lake is underlain by Nelson plutonic rocks predominantly of the porphyritic granite phase. Other phases granodiorite, quartz diorite, quartz monzonite, diorite, monzonite, and syenite have been recognized to the east and west of the area covered by this report.

The major part of the Nelson batholith consists largely of porphyritic granite. This rock is a coarse, grey granite that generally contains numerous white to flesh-coloured phenocrysts of twinned alkali feldspar. In the area of the property these phenocryst crystals reach about 6 inches in length.

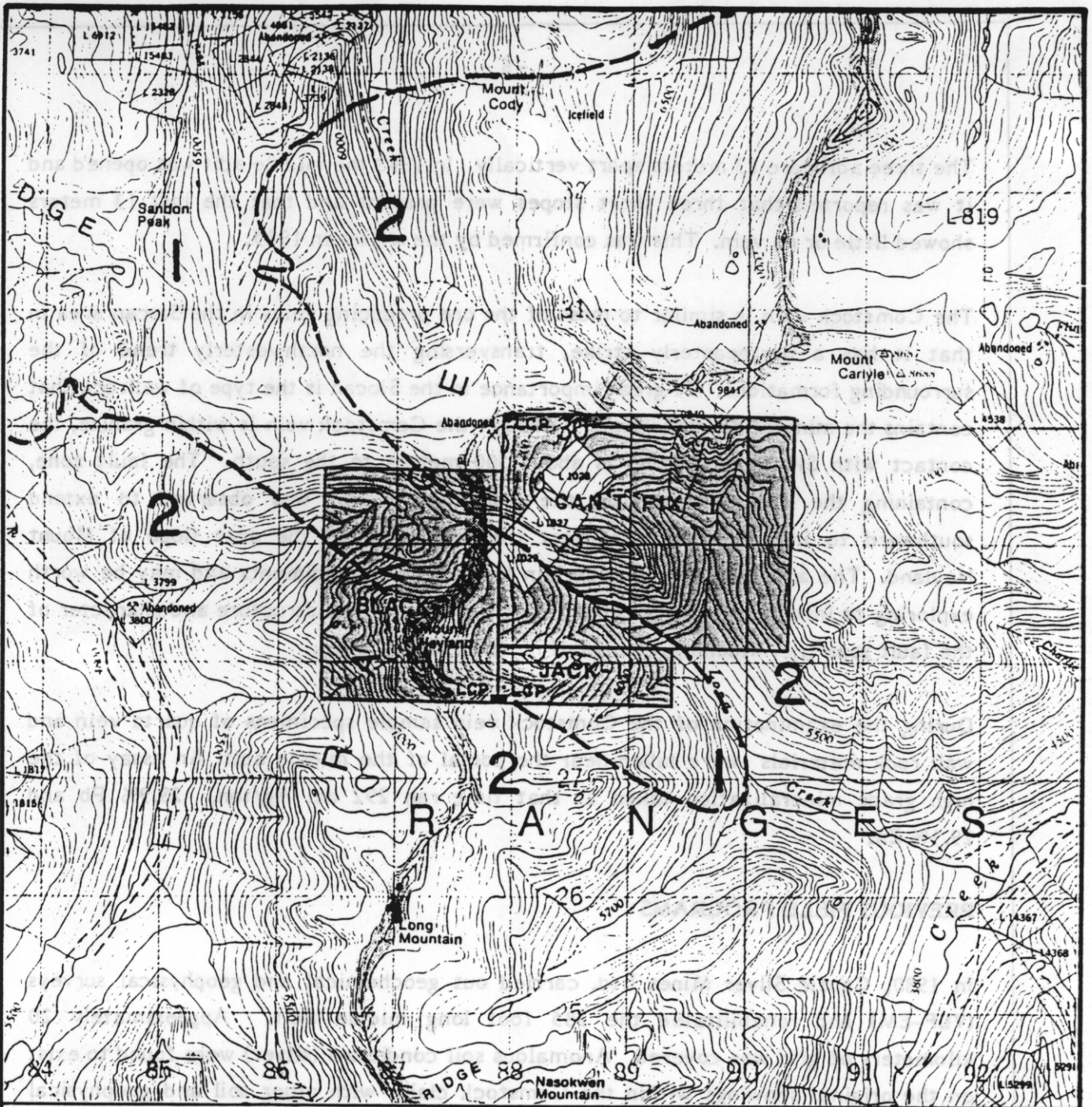
LOCAL GEOLOGY AND MINERALIZATION

The area in which the Jack-1, Black-1 and Can't Fix-1 claims are located is primarily underlain by the coarse grained porphyritic granite of the Nelson batholith.

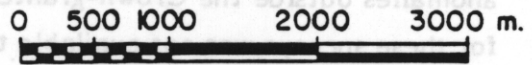
This granitic mass intrudes the sedimentary rocks of the Slocan group and the area under discussion is located at or near the interface of the exposed granitic mass and Slocan group of rock in the Sandon area. The contact between the granites and the Slocan group of sediments passes through the Black-1 claim in a northeasterly direction with the granites on the northeast.

A north-northeasterly striking fracture zone containing quartz vein material and associated silver-bearing galena is the object of interest in the Comstock claim and this vein has been drifted on in the past on three levels. Field observations suggest this fracture zone extends several kilometers to the north and south of the Comstock occurrence. The vein on the Comstock claim dips 75° northwest and varies from a few centimeters to 0.75 meters in width.

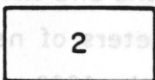
The walls are well defined and are marked in places by narrow seams of gouge. The lode consists chiefly of vein quartz which cements fragments of the wall rocks and is mineralized with galena, sphalerite, tetrahedrite, ruby silver and argentite.



Geology after: C.E. Cairnes, 1925, 1926, 1927, & 1928.

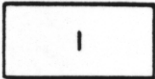


LEGEND



PORPHYRITIC GRANITE

Slocan Series



SLATE, ARGILLITE, LIMESTONE, QUARTZITE, & TUFFACEOUS SEDIMENTS

NAUTILUS RESOURCES LTD.

BLACK-I, JACK-I, CAN'T FIX-I CLAIMS

REGIONAL GEOLOGY PLAN

WAYNE ASH P. ENG.

N.T.S. 82 F/14

SCALE: 1:50,000

FIG.

DEC., 1988.

DRAWN: d.w.

3

The three adits are 23 meters apart vertically. In 1948 the middle adit was opened and it was reported that three short stopes were present and that the last 13 meters showed little or no vein. This was confirmed by the writer in 1985.

The Comstock vein is similar to most of the ore producing veins in the Slocan area in that it has a northeasterly strike, transversing the northwesterly trend of the surrounding formations. Of great importance in the Slocan is the type of wallrock that contains the mineral-bearing veins. Although the Comstock vein is within granite, the contact with Slocan sediments is about 500 meters to the south. The fault zone, containing the mineralization on the Comstock claim, was observed to extend southward to intersect the east-west trending ridge on the east slope of Mount Heyland. The area between is underlain by the Slocan sediments and may be worth exploring to investigate the possibilities of a change in the structure and character of the fault zone (i.e. widening, change of mineralization, etc.).

During the examination of the Comstock vein sample specimens of quartz vein and wall rock materials were taken near the portal of the middle adit. An assay of the high grade mineralization taken at that time ran 292 oz. Ag/ton, 28.9% Pb and 29.1% Zn.

PREVIOUS FIELD PROGRAMS

In 1980, Canfic Silver Mines Ltd. carried out geochemical and geophysical surveys (VLF-EM) and rehabilitated the 185 foot long middle adit. Approximately 20 kilometers of grid was covered. Anomalous soil conditions (silver) were found to exist on the original showings within the Comstock claim with other soil and geophysical anomalies outside the Crown-granted claims to the northeast and southwest. The data for these surveys was not available to the writer.

During 1983 Nautilus Resources Ltd. acquired the Jack, Black and Can't Fix claims (now named Jack-1, Black-1 and Can't Fix-1) which enclosed but did not include the Comstock-Virginia-Erie Crown-grants. A geochemical survey for lead, zinc and silver and an electromagnetic survey (EM-16) was carried out over 10,250 meters of new grid. A total of 234 soil samples were taken on closer spacing between the 1980 grid

lines. The analytical data for the soil survey was available to the writer for this report and has been interpreted with the 1985 soil sampling carried out. The data for the geophysical survey carried out in 1983 was not available and only a plan prepared by R.W Phendler in 1983 showing EM anomalies was found by the writer.

During August, 1985, Nautilus Resources Ltd. contracted de La Mothe Exploration Services Ltd. to carry out soil sampling to fulfill the requirements of Phase II as recommended by R.W. Phendler in 1983. The writer's March 1986 report describes in some detail the work carried out.

The program carried out involved extending the 1983 grid to the northeast, southwest and southeast. These extensions covered the major portion of the claimed ground with the exception of those areas covered by the Crown grants, bedrock and talus slopes and the southwest slope of Mount Carlyle. The location of the camp site did not allow convenient access to Mount Carlyle. Figure 4 (Appendix) shows the grid, claim boundaries and the various landforms which affected the boundary of the areas surveyed.

The soil sampling program involved not only the physical collecting of samples, but also reconnaissance prospecting, investigation of sites where anomalies from previous surveys were identified and identification of soil and landform characteristics which affect the classification of each soil sample taken (Figures 4 and 5) (Appendix).

Since the depth of the organic matter and the horizon of eluviation (leaching) were very thin in the area surveyed, the major portion of samples taken were from the horizon of illuviation (the horizon enriched in clay minerals).

The soil samples were tested for silver and lead and the results of these are given in Figures 6 and 7 (Appendix).

R.W. Phendler's 1983 report shows two anomalous areas. These areas are also shown in Figures 6 and 7 of this report since the 1983 survey data was also incorporated with

the results of the 1985 data. Both sites were visited and it was determined from some of the outcrop exposure in the area that rocks are of the Slocan series of argillites and quartzites. However, exposure of these rocks is limited and therefore trenching would be required to expose the source of the anomalous lead and silver values. Prior to entering a program of trenching, additional detailed soil sampling and more advanced geophysics should be conducted in the anomaly area to better define trenching targets.

RECOMMENDATIONS

A new logging road has been constructed in the last few years from Keen Creek road (near the confluence of Long Creek with Keen Creek) to approximately the southeast side of the claims subject of this report. This road should still be passable during the 1989 field season, thus making it entirely feasible to conduct a trenching program on the anomaly sites discussed in the writer's March 1986 report. The cost of such a program would be much less than drilling. Further, drilling targets as such have not been established since the information available from the soil survey is broadly based and not specific enough to effectively site a drill set up. Trenching would considerably aid this situation.

To facilitate locating the trenching site, additional more detailed soil sampling and more advanced geophysical surveys are recommended in the immediate area of the geochem anomalies that would be investigated. An estimated 130 soil samples and 6,000 metres of geophysical surveys are recommended.

The elements tested for in the soil survey should also include mercury and zinc. The geophysical equipment recommended is an integrated portable system that measures magnetic, VLF and EM fields, all in one operation. This equipment permits conducting more detailed surveys and interpretation of the field data is also improved.

ESTIMATED COST OF THE WORK PROGRAMS

Phase I

Soil surveys 2 men, 3 days at \$225/manday	\$ 1,350
Geophysical survey 1 man, 3 days at \$225/manday	675
Re-establish grid 1 man, 3 days at \$225/manday	675
Equipment rental 6 days at \$325/day	1,950
Mobilization and demobilization	900
Room and board	500
Transportation, 2500 km and 6 days duration	305
Analytical, 130 samples at \$8.00/sample	1,040
Contingency 10%	<u>805</u>
Total Phase I	<u>\$ 8,700</u>

Phase II

Trenching 7 days at \$700/day	\$ 7,000
Mobilization and Demobilization 1 day at \$700/day	1,000
Mapping and Sampling 8 days at \$350/day	2,450
Transportation, 3000 km, 8 days duration	990
Room and Board	525
Analytical, 25 samples at \$20	500
Report preparation 6 days at \$375/day supplies and services	2,250 600
Contingency 10%	<u>1,535</u>
Total Phase II	<u>\$ 16,850</u>
TOTAL PHASE I & II	<u>\$ 25,550</u>

REFERENCES

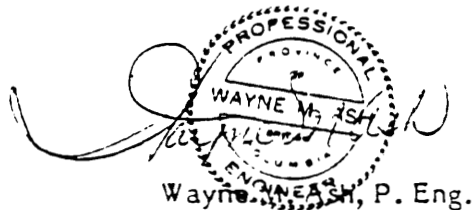
1. Hedley, M.S. - "Geology and Ore Deposits of the Sandon area, Slocan Mining Camp, B.C.", 1952, Bulletin 29, B.C. Department of Mines.
2. Little, H.W. - "Nelson Map Area, West Half of B.C.", Memoir 308, Geological Survey of Canada, 1960.
3. Cairnes, G.E. - "Description of Properties, Slocan Mining Camp, B.C.", Memoir 184-1935, Canada Department of Mines, Geological Survey.
4. Cairnes, C.E. - "Slocan Mining Camp, B.C.", Memoir 173-1934, Canada Department of Mines, Geological Survey.
5. Phendler, R.W., P. Eng. - "Report on The Jack, Black and Can't Fix Claims, Slocan Mining Division, B.C.", for Nautilus Resources Ltd., December 15, 1983.
6. Ash, W.M., P.Eng. - "Report on the Jack, Black and Can't Fix Claims Record No. 3909, 3910, 3607, Slocan Mining Division, Sandon, B.C. for Nautilus Resources Ltd., March 31, 1986.

CERTIFICATE OF QUALIFICATION

I, Wayne M. Ash, P. Eng., of #401 - 1765 Duchess Street, West Vancouver, in the Province of British Columbia, hereby certify as follows:

1. I am a graduate of the Haileybury School of Mines, (Ontario) and Michigan Technological University, and hold a Bachelor of Science degree in Mining Engineering.
2. I have been a member of the Association of Professional Engineers of British Columbia since 1971 (Certificate No. 7940) and have been directly involved in the mining industry for the past 23 years.
3. I have no interest, either directly or indirectly in the Jack-1, Black-1 & Can't Fix-1 Claims, or any property or securities of Nautilus Resources Ltd., nor do I expect to receive any.
4. I reviewed the data and interpretation to arrive at the conclusions reached in this report.
5. I hereby grant my permission for Nautilus Resources Ltd. to use this report, or any portion of it, for any legal purposes normal to the business of that firm, so long as excerpts used do not materially deviate from the intent of this report, as set out in the whole.

Dated at Vancouver, British Columbia, this 20th day of December, 1988.


Wayne M. Ash, P. Eng.

APPENDIX

INTERPRETATION OF RESULTS - 1985 SOIL SURVEY

(as extracted from the writer's March 1986 report on this property)

The area surveyed is an upland mountainous region (elevation 5,000 to 8,300) located between Kootenay Lake and Slocan Lake, a few miles south of Sandon in the Columbia Mountain range. The area is an eluvial landscape where the soils are well drained and precipitation exceeds evaporation. Based on the Canadian system of soil classification, the soil in the area would be classified as Podzolic.

The writer studied the soil and land forms relationships in the area (Figure 4) and concluded that the major portion of the soils are glacial till and the samples taken were primarily in residual or near residual soil locations. Some migration of samples was however very likely due to downslope creep and glacial action. These movements, however, were likely not that great ranging from a few meters to several hundred meters.

Based on the residual character of sample sites, three (3) classifications were used in preparing Figure 5 as follows:

- SL(R) - residual soil consisting of mainly till that has moved at the most only a few 10s of meters.
- SL(M) - mechanically smeared soil consisting of mainly glacial till that has moved up to a few hundred meters and can be considered essentially residual.
- SS - stream sediment.

Soil sampling was carried out every 50 meters along section lines shown in Figure 4. A total of 376 samples were taken and analyzed for silver and lead. These samples combined with the 1983 soil sampling totalled 610 sample sites and the statistics for the combined 1983 and 1985 programs are as follows:

<u>Metal Analyzed</u>	<u>Number of Samples</u>	<u>Mean PPM</u>	<u>Standard Deviation</u>	<u>Lowest Value</u>	<u>Highest Value</u>
Silver	610	1.056	0.977	0.2	12.4
Lead	610	27.65	33.22	6	460

A further breakdown of these statistics were carried out based on the underlying bed rock type. Soil samples taken from sections 36+00N, 37+00N, 38+00N, 39+00N, 40+50N, 41+50N, 42+50N, 43+50N, 44+50N, 45+50N and 46+50N in the south part of the claimed area are underlain by the slocan series of predominantly argillaceous rock. The soil samples in this area have a higher background level for both silver and lead than soil samples taken on sections 51+50N, 52+50N, 53+50N, 54+50N, 55+50N, 56+50N, 57+50N, 58+50N, and 59+50N in the north which are underlain by a coarse grained prophyritic granite bedrock. The statistics have been calculated for each of these areas as follows:

Area Underlain by Slocan Series of rocks in the South

<u>Metal Analyzed</u>	<u>Number of Samples</u>	<u>Mean PPM</u>	<u>Standard Deviation</u>	<u>Lowest Value</u>	<u>Highest Value</u>
Silver	440	1.22	1.09	0.3	12.4
Lead	440	30.28	37.04	10	460

Area Underlain by Granite in the North

<u>Metal Analyzed</u>	<u>Number of Samples</u>	<u>Mean PPM</u>	<u>Standard Deviation</u>	<u>Lowest Value</u>	<u>Highest Value</u>
Silver	170	0.631	0.309	0.2	3.6
Lead	170	21.36	22.60	6	300

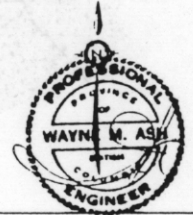
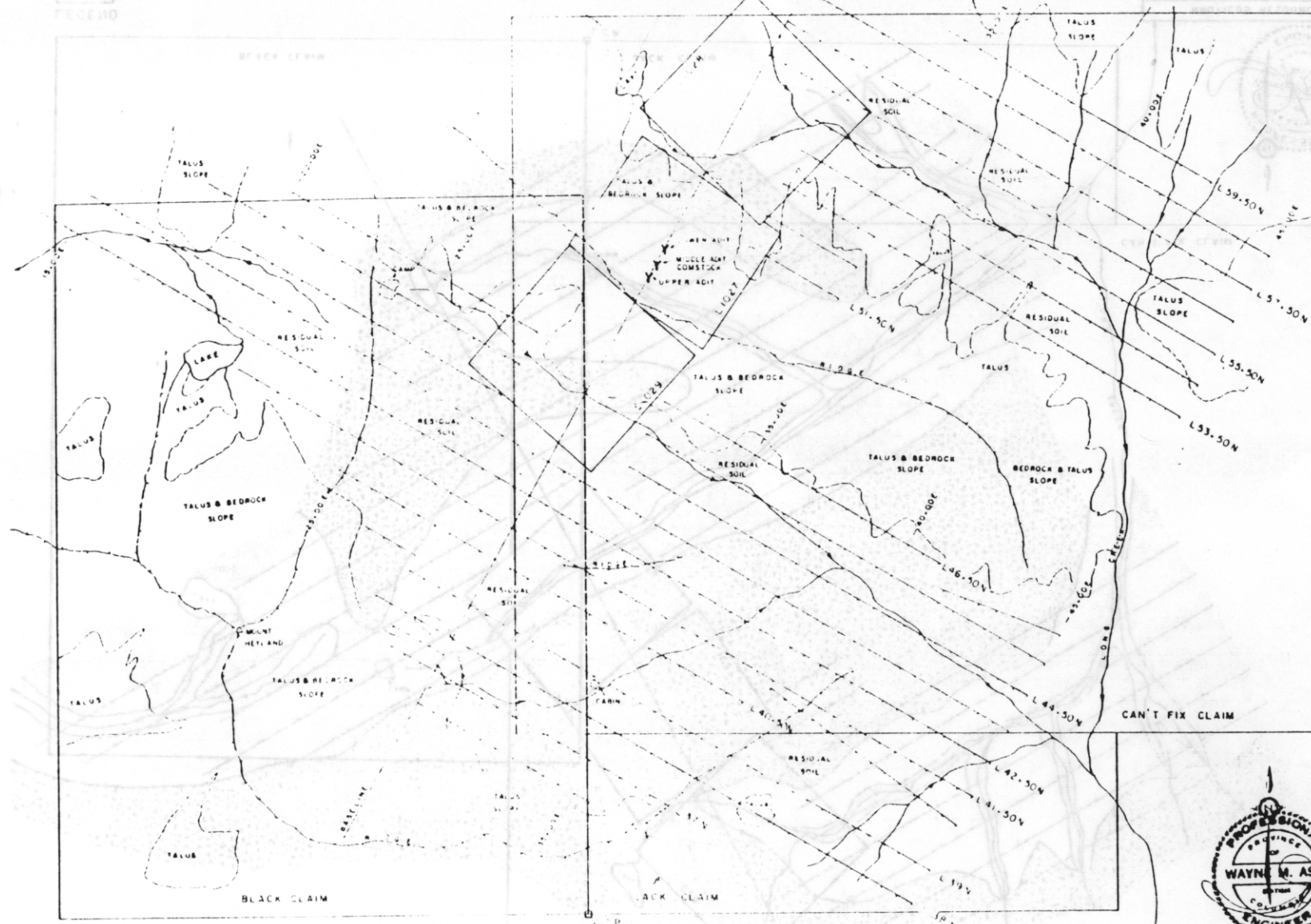
Figures 6 and 7 show the location of anomalous values for silver and lead based on the mean value plus multiples of standard deviation for each area.

Contouring of anomalies were based on the following:

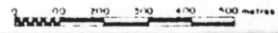
<u>Metal</u>		<u>North</u>	<u>South</u>
Silver	mean + 1 SD	0.9	2.3
	mean + 2 SD	1.2	3.4
	mean + 3 SD	1.5	4.5
	mean + 4 SD	1.8	5.6
Lead	mean + 1 SD	44	68 (70)
	mean + 2 SD	66	105 (105)
	mean + 3 SD	88	142 (140)
	mean + 4 SD	110	179 (175)

[Symbol] BEDROCK SLOPE
 [Symbol] TALUS SLOPE
 [Symbol] RESIDUAL SOIL
 LEGEND

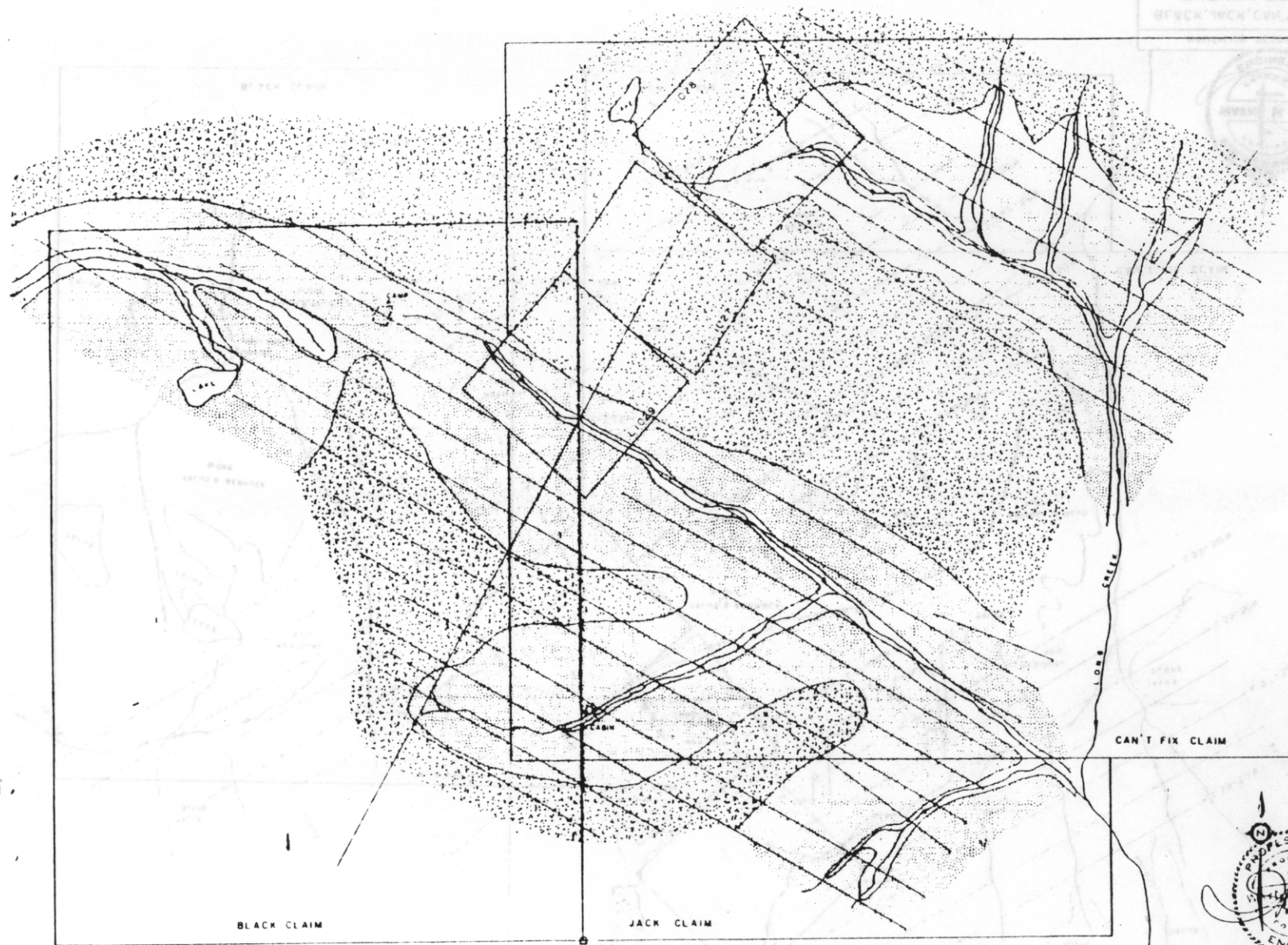
SOIL CLASSIFICATION MAP
 BLACK JACK CAN'T FIX CLAIM
 NAUTILUS RESOURCES LTD






NAUTILUS RESOURCES LTD
BLACK, JACK, CAN'T FIX CLAIMS
SURVEY GRID AND
LAND FORMS
 GEORGE KRUECKL PENG
 CHECKED WASH SCALE 1:8,000 F.18
 DATE OCT. 1985 DRAWN GW 4

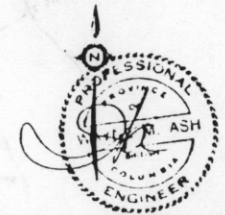
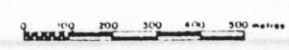


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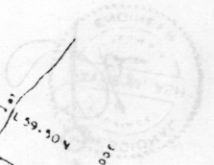
-  Residual soil
-  Mechanically smeared soil due to slump or glaciation
-  Stream sediments



NAUTILUS RESOURCES LTD
 BLACK, JACK, CAN'T FIX CLAIMS
SOIL CLASSIFICATION MAP
 GEORGE KRUECKL PENG
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 DATE OCT, 1989 DRAWN GW 5

7

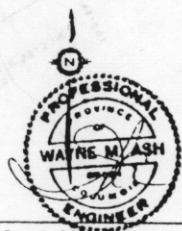
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 DATE
 GEORGE KRUECKL PENG
 Ag GEOCHEMISTRY
 PRINTED REVISIONS T/D



BLACK CLAIM

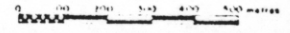
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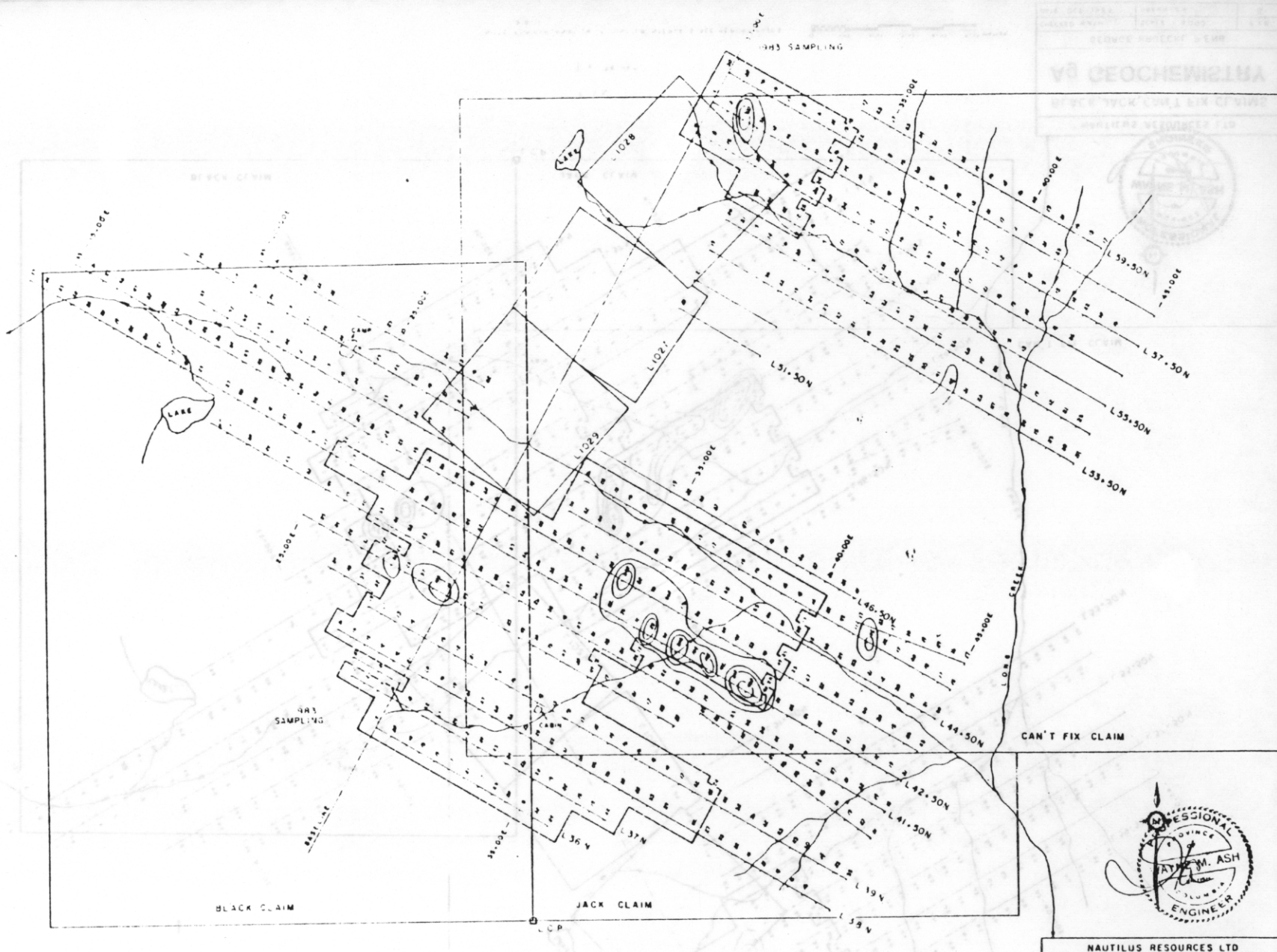
CAN'T FIX CLAIM



NAUTILUS RESOURCES LTD
 BLACK, JACK, CAN'T FIX CLAIMS
Ag GEOCHEMISTRY
 GEORGE KRUECKL PENG
 CHECKED WASH SCALE 1:8,000 P. 18
 DATE OCT, 1985 DRAWN GP 6

NOTE FOR EXPLANATION OF CONTOUR INTERVALS SEE HERINT PAGE 2 & 3





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Pb GEOCHEMISTRY		
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DATE OCT 1983	DRAWN GW	7

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 10m
 NOTE FOR EXPLANATION OF CONTOUR INTERVALS SEE REPORT PAGES 48-50
 0 100 200 300 400 500 metres


11.(1) 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.

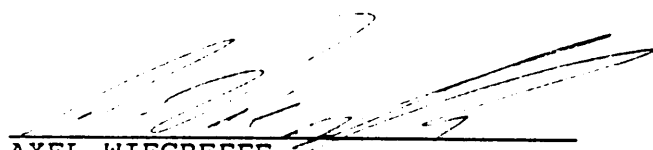
August 1, 1989
Date



G. RICHARD WATSON
President/Director/Promoter



JOHN D. DORFLINGER
Director



AXEL WIEGREFFE
Director

11.(2) CERTIFICATE OF THE UNDERWRITER:

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.

August 1, 1989
Date

CANARIM INVESTMENT CORPORATION LTD.

Per: