THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE.

NEW ISSUE

INITIAL PUBLIC OFFERING

GOLDEN SKY RESOURCES INC.

688 - 1185 West Georgia Street
Vancouver, British Columbia

(the "Issuer")

OFFERING OF COMMON SHARES
Minimum - 300,000 Shares
Maximum - 450,000 Shares

PRICE: $0.40 per SHARE

	Number of Shares	Price to Public (1)	Agent's Commission	Net Proceeds to be Received by the Issuer (2)
Per Share	1	$0.40	$0.03	$0.37
Minimum	300,000	$120,000	$9,000	$111,000
Maximum	450,000	$180,000	$13,500	$166,500

(1) THE PRICE TO THE PUBLIC WAS ESTABLISHED PURSUANT TO NEGOTIATIONS BETWEEN THE ISSUER AND THE AGENT.

(2) BEFORE DEDUCTING OFFERING EXPENSES ESTIMATED TO BE $25,000, WHICH WILL BE PAID BY THE ISSUER.

THERE IS CURRENTLY NO MARKET FOR THE SECURITIES BEING OFFERED UNDER THIS PROSPECTUS. THE SECURITIES OF THE ISSUER MUST BE CONSIDERED SPECULATIVE AS THE ISSUER IS IN THE DEVELOPMENT STAGE. THERE IS CURRENTLY NO MARKET FOR THE SECURITIES OF THE ISSUER AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP. SEE THE SECTION CAPTIONED "RISK FACTORS" HEREIN.

THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A

Agent
BRINK HUDSON & LEFEVER LTD.
1500 Park Place, 666 Burrard Street
Vancouver, B.C. V6C 3C4

THE ISSUER

GOLDEN SKY RESOURCES INC. (the "Issuer") was incorporated on the 11th day of December, 1986 as "318782 B.C. Ltd." under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles. On January 20th, 1987 the Issuer changed its name to "Faber Resources Corp." and on November 12, 1987 the Issuer subsequently changed its name to "Golden Sky Resources Inc".

The head office of the Issuer is located at 688 - 1158 West Georgia Street, Vancouver, British Columbia, and its Registered and Records Office is located at 2550 - 555 West Hastings Street, Vancouver, British Columbia, V6B 4N5.

The authorized capital of the Issuer is 100,000,000 common shares without par value.

DESCRIPTION OF BUSINESS

The Issuer's principal business is the exploration and development of mineral properties referred to herein. The Issuer owns or has interests in the property described under "The Acquisition" and intends to seek and acquire additional properties worthy of exploration and development.

THE ACQUISITION

Acquisition of the Lynx Claim
Vernon Mining District, Cherryville, British Columbia

Pursuant to an agreement dated the 16th day of January, 1987, (the "Agreement"), the Issuer acquired an option to purchase an 80% interest in 16 mineral claims (the "Claims") in the Vernon Mining Division, from International Burgers Now Ltd. of 1015 - 470 Granville Street, Vancouver, British Columbia, ("IBN"). IBN is a company at arms-length to the Issuer and had its shares listed for trading on the Vancouver Stock Exchange.

The property consists of sixteen claim units covering approximately 400 hectares in the Vernon Mining Division.

Claim Name	Record Number	Expiry Date
Lynx (16 Units)	685(8)	Aug. 16/92

Consideration for the acquisition of the interest in the Claims is as follows:

(a) $5,000 was paid on execution of the Agreement;

(b) $5,000 to be paid upon completion of a public financing;

The Issuer is also required under the Agreement to expend a minimum of $150,000 on the exploration and development of the Claims on or before January 16, 1989 (to date the Issuer has expended $41,000 on the exploration and development of the Claims). The Issuer may make up any deficiency in Expenditures on any date prior to January 16, 1989 by paying the amount of any such deficiency to IBN. The Issuer intends to expend a minimum of $74,800 on further exploration of the Claims. In order to expend the balance of the required $150,000 (i.e. $34,200) by January 16, 1989, the Issuer will use unallocated working capital derived from the exercise of options or private funding.

Upon exercise of the option, the Issuer will have earned an 80% working interest in and to the Claims and IBN will assign to the Issuer all of its rights and title to the Claims, subject to a 20% interest reserved for IBN and to be held by the Issuer in trust for IBN.

Upon the Issuer excerising its option, it will enter into a joint venture agreement with with IBN and participate in the further development of the claim. There is currently no joint venture agreement between the parties. All cost of such further exploration and development of the claim will be made jointly by the parties, each party paying its share of the expenditures in proportion to its interest in the claim.

To date, the Issuer has expended $46,000 on the acquisition and exploration of the Claims.

Location and Access

The Claims are located in the Vernon Mining Division, some 75 road kilometres east of the town of Lumby in south-central British Columbia.

Road access is available to the property area by motor car on Hwy. 6 eastward from the town of Lumby and thence along the Keefer Lake Logging Road. A trail-road leads southward from a bridge over the Kettle river to the drill sites on the claim area.

Exploration History

A brief history of the Claims is provided by Donald W. Tully, P. Eng., in his report dated December 7, 1987 (the "Report") as follows:

> *The Lynx claim now covers former Kismet, Mountain View, Iron Ball, Snowdrop and Dewdrop claim group that apparently occupied this ground prior to the year 1933. At about that time a 23-meter adit was driven northward on a quartz vein structure located near the brow of a steep south-facing slope as shown on Figure 16. This quartz vein structure carries gold values (0.315 opt) over a width of about 30 cm at the portal of this adit.*
>
> *A Program of diamond drilling was carried out during the autumn of 1981 totalling 1,068.6 metres (3,303 feet) of eight BQ core-size drill holes on the Lynx claim. The results of this diamond drill program showed a significant assay of 0.832 ounces of gold over a core length of 1.07 metres (3.5). The true width of the quartz vein in this intersection is probably about 92cm (3.0 ft.). This quartz vein is quite similar to that encountered at the portal of the tunnel and also similar in aspect, two narrow (2cm) quartz veinlets found in DD H-2-81, at 81.71 and 84.76 metres respectively, as shown on Figure 16.*
>
> *During the progress of the 1981 diamond drill program a surface quartz vein was found while preparing drill access routes near the collar of DD H-7-81. A grab sample of the quartz of this surface vein exposure assayed 0.170 ounces of gold, 1.61 ounces of silver. Flakes of molybdenite were noted in the quartz vein matrix. Similar quartz was noted in a zone of veinlets intersected below this surface exposure in a diorite porphyry host rock in DD H-7-81 but the quartz lacked molybdenite and the gold content was negligible.*

Current Exploration

The Issuer commenced a program of geochemical soil and silt sampling, VLF-EM and Magnetometer goephysical surveying with limited geological mapping in the north sector (± 40%) of the Claims area during October 1987. This work indicated seven mineral target areas. Target area "A" includes the zone previously diamond drill tested during the 1981 program and described in sections 2.6 and 2.7 of the Report. The results of the 1987 program of mineral exploration indicate that target "A" may have considerable strike length potential and a significant new zone indicated at target area "G".

There are no known reserves of commercial ore located on the Claims, and the Issuer is conducting an exploratory search for ore only.

There are no known material underground workings, plant or equipment located on the Claims.

The above information is based on the report of Donald P. Tully, P.Eng. dated December 7, 1987, a copy of which is attached to this prospectus. For further information reference is made to his Report.

Recommendations

The following program of mineral exploration is recommended by Donald W. Tully, P.Eng. in his Report.

Phase I

(a)	Survey the perimter of the claim area	$ 2,500
(b)	Line control (estimate 32 line km X $200 line/km	$ 6,400
(c)	Geological mapping on scale 1:5,000	$ 8,000
(d)	Geochemical soil and silt sampling including detailed surveys on Target Areas "A", "C", "D" and "G" (estimate 840 soil and silt samples X $20/sample)	$ 16,800
(e)	VLF-EM and magnetometer surveying (estimate 29 km x $400 line/km)	$ 11,600
(f)	200 metres BQ core size diamond drilling x $110/metre)	$ 22,000
	Contingency	7,500
	Total estimated cost of Phase I	$ 74,800

Phase II

Contingent upon the results of the Phase I program on mineral exploration and an engineering evaluation recommending further development of the Claim area, it is proposed to diamond drill test those indicated mineral target

areas deemed to have economic potential as follows:

1,500 metres BQ core size diamond drill core X $90/metre	$135,000
Contingency for mobilization and demobilization, supervision, and engineering report	15,000
Total estimate cost of Phase II	$150,000
Total estimated cost of Phases I and II	**$224,800**

PLAN OF DISTRIBUTION

The Offering

The Issuer by its Agent hereby offers (the "Offering"), to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), up to 450,000 shares (the "Shares") of the Issuer at a price of $0.40 per Share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the shares of the Issuer are conditionally listed on the Exchange (the "Effective Date").

Appointment of Agent

The Issuer, by an agreement (the "Agency Agreement") dated February 10, 1988 with **Brink, Hudson & Lefever Ltd.**, of 1500 Park Place, 666 Burrard Street, Vancouver, British Columbia, as its agent ("Agent") to offer the Shares to the public through the facilities of the Vancouver Stock Exchange (the "Exchange).

The Agent will receive a commission of $0.03 per Share sold.

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 at any time before the opening of the market on the Offering Day at the Agent's discretion on the basis

GEOLOGICAL EVALUATION REPORT

ON THE

LYNX CLAIM (16 UNITS)

RECORD NO. 685(8)

TRAPP CREEK - KETTLE RIVER

KEEFER LAKE AREA

VERNON MINING DIVISION

LUMBY, BRITISH COLUMBIA

N. Lat. 50°06' W. Long. 118°23'

82-L-1W

for

GOLDEN SKY RESOURCES INC.
P.O. Box 12077
Suite 2550
555 West Hastings Street
Vancouver, British Columbia
V6B 4N5

by

DONALD W. TULLY, P. ENG.

December 7, 1987 West Vancouver, B.C.

DON TULLY ENGINEERING LTD.
SUITE 1205, 555-13TH STREET
WEST VANCOUVER, BRITISH COLUMBIA
V7T 2N8

Donald W. Tully

FIGURE I.

0 50 100 200 MILES
0 100 200 300 KILOMETRES

inches
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centimetres

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PROPERTY LOCATION MAP

GOLDEN SKY RESOURCES INC.

DECEMBER 7, 1987

DONALD W. TULLY, P ENG

1.0 INTRODUCTION

1.1 This report was prepared pursuant to a request from the Directors of Golden Sky Resources Inc., P.O. Box 12077, Suite 2550, 550 West Hastings Street, Vancouver, British Columbia V6B 4N5.

1.2 The purpose of this report is to review the results of previous development work done on the ground now held by the LYNX Mineral Claim and evaluate the mine-making potential of the property.

1.3 This report is based upon the personal supervision of a program of diamond drilling carried out during the autumn of 1981 in the area of a previously driven prospect adit (Kismet Adit) on the LYNX claim and also a check examination on December 2, 1987.

1.4 A program of mineral exploration is recommended.

2.0 SUMMARY AND CONCLUSIONS

2.1 The LYNX Mineral Claim is composed of sixteen claim units containing an area of 400 hectares subject to survey.

2.2 The LYNX property is located in the Vernon Mining Division, some 75 road kilometres east of the town of Lumby in south-central British Columbia.

2.3 Road access is available to the property area on Hwy. 6 eastward from the town of Lumby and thence along the Keefer Lake Logging Road as shown on Figures 2 and 3. A trail-road leads southward from the bridge over the Kettle River to the drillsites on the claim area. The total road distance from Lumby is about seventy-five kilometres.

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MAPS

DON TULLY ENGINEERING LTD.
SUITE 1205, 555-13TH STREET
WEST VANCOUVER, BRITISH COLUMBIA
V7T 2N8

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MAPS (Cont'd)

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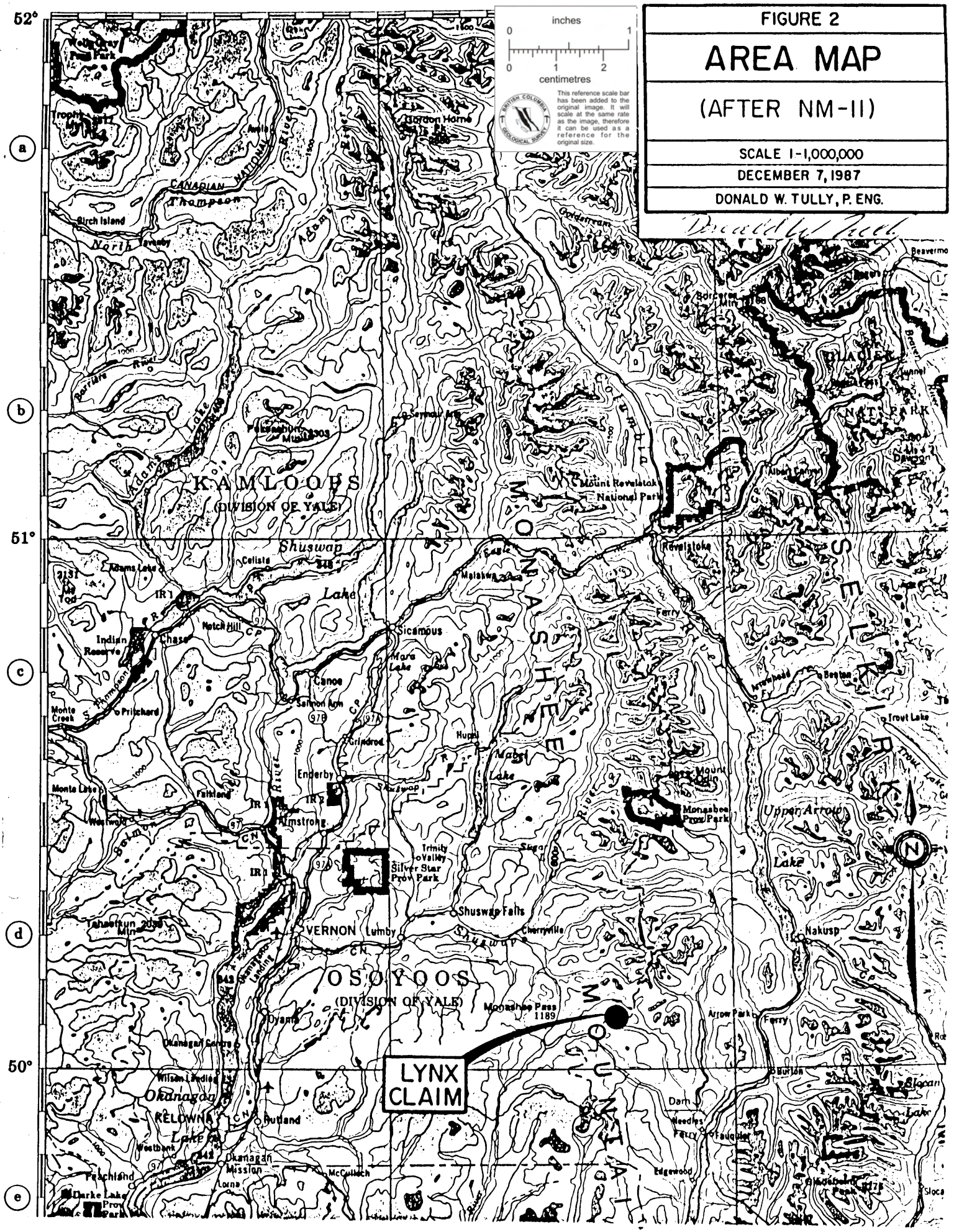
WEST VANCOUVER, BRITISH COLUMBIA
V7T 2N8



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BRITISH COLUMBIA GEOLOGICAL SURVEY

FIGURE 2

AREA MAP

(AFTER NM-11)

SCALE 1-1,000,000

DECEMBER 7, 1987

DONALD W. TULLY, P. ENG.

2.4 The property is underlain by sediments intruded by a diorite porphyry. The diorite porphyry mass is believed to be part of complex of Jura-Cretaceous granitic intrusives in this area. The sediments are probably part of the Thompson Assemblage (formerly known as Cache Creek). Several mineral showings occur in the general area of Keefer Lake in association with the granitic intrusive complex.

2.5 The LYNX claim now covers former Kismet, Mountain View, Iron Ball, Snowdrop and Dewdrop claim group that apparently occupied this ground prior to the year 1933. At about that time, a 23-metre adit was driven northward on a quartz vein structure located near the brow of a steep south-facing slope as shown on Figure 16. This quartz vein structure carries gold values (0.315 opt) over a width of about 30 cm at the portal of this adit.

2.6 A program of diamond drilling was carried out during the autumn of 1981 totalling 1,068.6 metres (3,505 feet) of eight BQ core-size drill holes on the LYNX claim. The results of this diamond drill program showed a significant assay of 0.832 ounces of gold over a core length of 1.07 metres (3.5 feet). The true width of the quartz vein in this intersection is probably about 92 cm (3.0 ft.). This quartz vein is quite similar to that encountered at the portal of the tunnel and also similar in aspect, two narrow (2 cm) quartz veinlets found in DD H-2-81, at 81.71 and 84.76 metres respectively, as shown on Figure 16.

2.7 During the progress of the 1981 diamond drill program a surface quartz vein was found while preparing drill access routes near the collar of DD H-7-81. A grab sample of the quartz of this surface vein exposure assayed 0.170 ounces of gold, 1.61 ounces of silver. Flakes of molybdenite were noted in the quartz vein matrix. Similar quartz was noted in a zone of veinlets intersected below this surface

exposure in a diorite porphyry host rock in DD H-7-81 but the quartz lacked molybdenite and the gold content was negligible.

2.8 Golden Sky Resources commenced a program of geochemical soil and silt sampling, VLF-EM and magnetometer geophysical surveying with limited geological mapping in the north sector (± 40%) of the LYNX claim area during October 1987. This work indicated seven mineral target areas designated "A", "B", "C", "D", "E", "F", and "G" as shown on Figure 8. Target area "A" includes the zone previously diamond drill tested during the 1981 program and described above in sections 2.6 and 2.7. The results of the 1987 program of mineral exploration indicate that target "A" may have considerable strike length potential and a significant new zone indicated at target area "G".

2.9 It is concluded the LYNX Mineral Claim area is an excellent exploration bet in a favourable geological environment for the discovery of a viable gold deposit. The property is considered to be relatively underexplored and warrants further geological mapping, geochemical soil and silt sampling, geophysical surveying and an additional diamond drill test of the significant gold assay found in DD H-4-81.

2.10 A two-phase program of mineral exploration is recommended at an estimated total cost of $224,800 to prepare the indicated mineral targets on the property for diamond drill testing.

3.0 PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY

3.1 The LYNX Mineral Claim is located in the Vernon Mining Division, in the Osoyoos Division of the Yale Land District, some 360 km east of Vancouver, British Columbia.

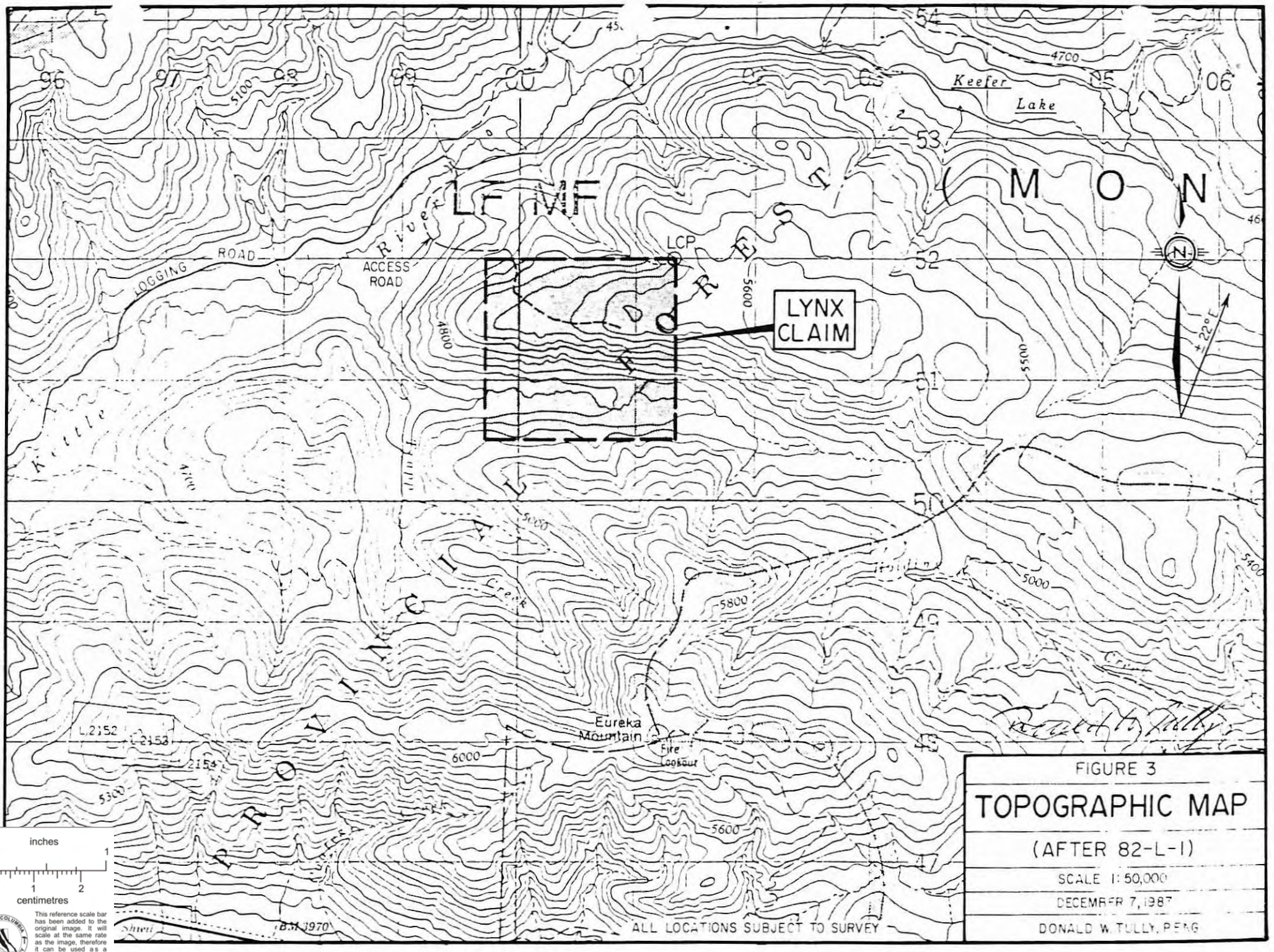

FIGURE 3

TOPOGRAPHIC MAP

(AFTER 82-L-1)

SCALE 1:50,000

DECEMBER 7, 1987

DONALD W. TULLY, P.ENG

3.2 The claim area consists of sixteen claim units comprising 400 hectares of land, subject to survey.

3.3 The LYNX Mineral Claim is situated in the Whatshan Range of the Monashee Mountains. The property is located about 1.5 kilometres west-northwest of the height of land which divides the Osoyoos Division of the Yale Land District from the Kootenay Land District.

3.4 Access is available to the property area by motor car. A 4 WD vehicle is recommended for access from the Keefer Lake logging road on to the claimed ground. The road distance from the town of Lumby on Hwy. 6, is 63 km to the Keefer Lake Logging Road and thence twelve km to a bridge crossing the Kettle River. At this point, the LYNX claim is located about one km to the south. An access trail-road was established southward from the bridge crossing the Kettle River to the drillsite during the trenching work program in 1980 and the subsequent diamond drill operation.

3.5 The main topographic feature of the local area is Eureka Mountain, situated some 3 kilometres to the south of the claimed ground and rising to 1,966 metres (6,450 feet). The highest point in the immediate region is Whatshan Peak located some 12 km to the east of the property. It rises to 2,256 m. (6,878 feet) above sea-level.

3.6 The topography over the LYNX claim ranges from some 5,200 feet to over 5,600 feet (1,585 - 1,707 metres). A west flowing tributary of Trapp Creek traverses the central sector of the LYNX claim. The valley walls of this creek are relatively steep. The northeast portion of the claim area is plateau in aspect.

3.7 Most of the ground covered by the LYNX claim is lightly forested with poplar, spruce, and some cedar. A

thick underbrush is also present in the north portion of the claim area.

3.8 Water for any immediate industrial use is available from small creeks flowing westward from the plateau-like area in the north sector of the ground and also from Trapp Creek.

4.0 CLAIM

4.1 The LYNX Mineral Claim consists of sixteen claim units located in the Vernon Mining Division, British Columbia.

4.2 Information on file with the Gold Commissioner at Vernon, B.C., on December 2, 1987 was as follows:

Claim Name	Record Number	Expiry Date	Recorded Holder
LYNX (16 units)	685(8)	August 16, 1992	Hi-Cor Resources Ltd.

4.3 The total claim area is calculated to be 400 hectares, subject to survey.

4.4 The claim is shown on British Columbia Ministry of Mines and Petroleum Resources Mineral Claim Map 82-L-1W (Figure 4).

5.0 HISTORY - PREVIOUS DEVELOPMENT

5.1 During the original property examination on September 20, 1979, this writer observed old claim posts in the area of the adit on what is believed to be the former Kismet claim. The claim tags were attached to claim posts and marked 1965 and 1966. At that time, a few caved trenchings were observed along the south-facing slope, some 100 - 300

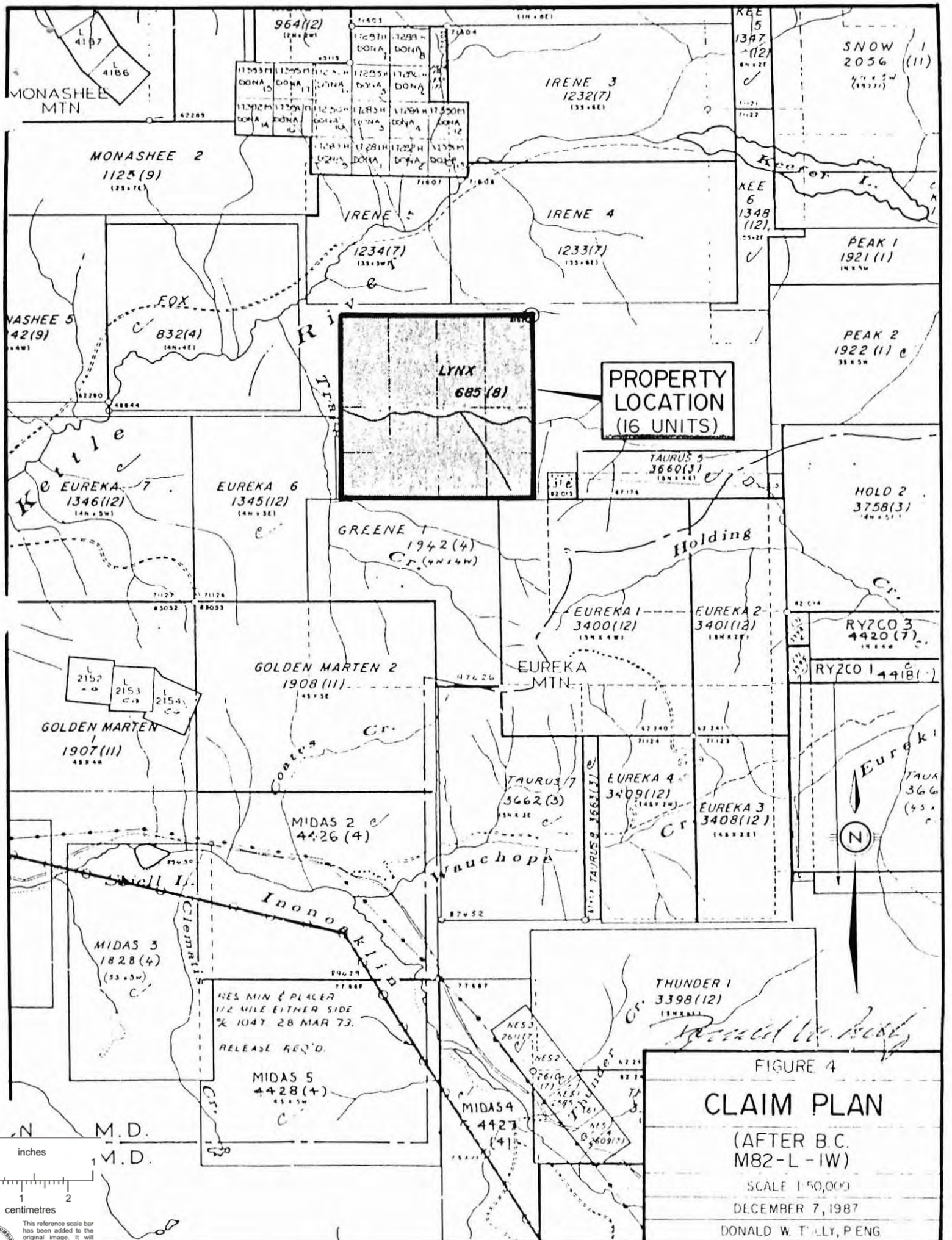

FIGURE 4

CLAIM PLAN

(AFTER B.C. M82-L-1W)

SCALE 1:50,000

DECEMBER 7, 1987

DONALD W. TALLY, P.ENG.

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BRITISH COLUMBIA GEOLOGICAL SURVEY

metres west of the Kismet Adit, at around the 5100 - 5250 foot elevation. Fragments of sericitized granite-granodiorite carrying disseminated pyrite were noted on the dumps of these old trenchings. These trenchings may belong to the former Kismet claim from the description recorded hereinafter. The former workings on the former Iron Ball, Snowdrop, Dewdrop, Mountain View were not noted during the initial property examination. Strato Geological located old trenchings in the area of designated Target Area "G" on line 8400S near 4+50W in October 1987.

5.2 The reference in the Annual Report of the B.C. Minister of Mines for 1933 on page 136 gives some detail of the former development workings as follows:

" Kismet

This group, including the Kismet, Mountain View, Iron Ball, Snowdrop, Dewdrop, and three other claims, and owned by A.O. Holmes, M.J. Doran, O.L. Willoughby, and associates, of Lumby, is situated on the north side of Trap creek, which flows into the Kettle river from the east, about 5 miles up-stream from the road crossing. The claims can be reached by trail 6 miles long. On the Kismet, in addition to numerous open-cuts, a 75-foot tunnel has been driven on a quartz vein in granite. The vein is from 6 inches to 3 feet in width and strikes in a northerly direction, while dipping steeply to the east. At the mouth of this drift the 3-foot vein is much oxidized and free gold can be panned. In the face of the drift the vein, 22 inches wide, contains mostly pyrite, arsenopyrite, and lesser amounts of galena. A chip-sample across the face assayed: Gold, 1.04 oz per ton; silver, 0.06 oz per ton. The quartz appears to be widening on a fault in the face. On the surface, about 50 feet above and north of the tunnel, the vein has evidently split and the cuts show several stringers. On the Iron Ball, downhill and to the south-west, other quartz veins containing pyrite and arsenopyrite striking slightly east of north have been uncovered. It is possible that these may intersect the tunnel vein to the north. About 700 feet west of the Kismet and 200 feet lower, a 30-foot open-cut has uncovered a shear-zone $4\frac{1}{2}$ feet wide containing pyrite, pyrrhotite, and lesser amounts of arsenopyrite in a gangue

" of quartz and disintegrated granite. On the Dewdrop, west of the Iron Ball, open-cuts have uncovered north-striking quartz fissure-veins containing similar minerals in granite. Some free gold was panned in the oxidized ore.

Several cuts to the east of the Kismet tunnel have uncovered other fissure-veins in the granite, a 3-inch stringer assaying; Gold, 1 oz per ton; silver, 1 oz per ton. On the Mountain View, adjoining the Kismet on the south, downhill, several cuts and a 30-foot tunnel have been driven on an extremely sheared and faulted quartz vein in the altered limestone and argillite beds, remnants of which lie in contact with the granite in an easterly and westerly direction along the foot of the hill sloping towards Trap creek. It appears probable that the section of Vein in these workings has been pushed downhill by the granite intrusive and is probably the top of one of the fissures found above. Picked samples of the ore carry good values in gold and silver. The mineralization seen consisted of pyrite, galena, and jamesonite. A dense, highly altered siliceous igneous rock is found in the neighbourhood of the workings. This may possibly be an offshoot from the granite batholith.

The area covered by these claims and underlain chiefly by granitic rocks has undoubtedly been fissured by numerous quartz veins carrying gold and silver, and, although comparatively narrow, they appear to warrant further exploration in the hope of finding wider orebodies that will pay to mine. "

5.3 Hi-Cor Resources carried out a program of bulldozer trenching for assessment purposes during August - September, 1980. This work is described in a report dated April 3, 1981 (see References).

5.4 During the period September 9 - October 24, 1981, Hi-Cor Resources drilled eight BQ core size diamond drill holes. This program totalled 1,068.6 metres (3,505 feet) of diamond drilling. The results of this diamond drill program showed the quartz vein structure exposed in the surface adit was intersected in holes DD H-2-81 and DD H-4-81. A core intersection in hole DD H-4-81 showed a value of 0.832 ounces of gold over 1.07 metres (3.5 feet). The true width is esti-

mated to be 92 cm (3.0 feet).

5.5 The following is a summary of the diamond drill holes and the results of the drill hole split-core assay intersections:

DDH No.	Dir'n.	Dip	Depth	Intersection From	Intersection To	Width (metres)	Gold ozs.	Silver ozs.	Copper %	Antimony %
H-1-81	090°	50°	124.70m				Low gold values in three vein structures			
H-2-81	270°	50°	160.98m	35.52	35.67	0.15	0.036	0.05	0.01	N/A
H-3-81	090°	50°	168.90m				Low gold values in one vein structure			
H-4-81	270°	50°	140.24m	53.96	55.03	1.07	0.832	0.39	0.01	
							Low gold values in two parallel vein structures			
H-5-81	090°	50°	168.00m				Low gold values in one vein structure			
H-6-81	090°	50°	74.10m				No quartz veins intersected			
H-7-81	150°	65°	114.60m	72.60	73.20	0.60	0.110	0.09	N/A	0.009
							Low gold values in two parallel vein structures			
H-8-81	165°	50°	117.10m	28.05	28.20	0.15	0.024	0.11	N/A	0.004
	TOTAL		1,068.62m (3,505 feet)							

5.6 Strato Geological Eng. Ltd. carried out a program of geochemical soil and silt sampling, VLF-EM and magnetometer geophysical surveying and limited geological mapping over the north portion (± 40%) of the LYNX claim area, during the period October 6,24, 1987. The results of this work program are described hereinafter.

6.0 REFERENCES

6.1 The following publications contain information pertinent to the LYNX Mineral Claim area:

Annual Reports of the Minister of Mines, British Columbia for the years:
1900 - p.856
1902 - p.165
1903 - p.150
1905 - p. 252
1916 - p. 207

Geological Survey of Canada Memoir 296 and accompanying Map 1059A

Geological Survey of Canada Open Files 409, 410, 411 (1977) and 637 (1980)

Geological Survey of Canada Aeromagnetic Map 8491G

BCMEMPR Assessment Reports
4740 (Dona-Irene claim area - 1973)
5220 (Dona-Irene claim area - 1974)
#10920 (Granex Resources - 1982)
#14587 (Granex Resources - 1983)
#12331 (Paradize-Renown showings - 1983)
4761 (Rose-El Paso claim area - 1973)
5279 (Keefer, Crystal, K1 claims - 1973)
#10871 (Keefer, Crystal, K1 claims - 1982)
#11645 (Keefer, Crystal, K1 claims - 1983)
#13545 (Keefer, Crystal, K1 claims - 1984)
Mindep File - see also Figure 7)

Tully, D.W., P.Eng., Report on the LYNX Claim (16 units) for Hi-Cor Resources Ltd., dated October 4, 1979

Tully, D.W., P.Eng., Report on the LYNX Claim (16 units) for Hi-Cor Resources Ltd., dated April 3, 1981

Tully, D.W., P.Eng., Assessment Report on the 1981 Program of Diamond Drilling on the LYNX Claim, dated November 25, 1981, BCMEMPR #10530

TULLY, D.W., P.Eng., Report on the LYNX Claim (16 units) for Penrose Resource Corp., dated May 15, 1987

Tully, D.W., P.Eng., Report on the LYNX Claim (16 units) for Golden Sky Resources Inc., dated September 25, 1987

Hunter, A.E. (Geophysicist), Report on LYNX Claim for Strato (1987) Geological Engineering Ltd. (Undated)

7.0 REGIONAL AND LOCAL GEOLOGICAL SETTING

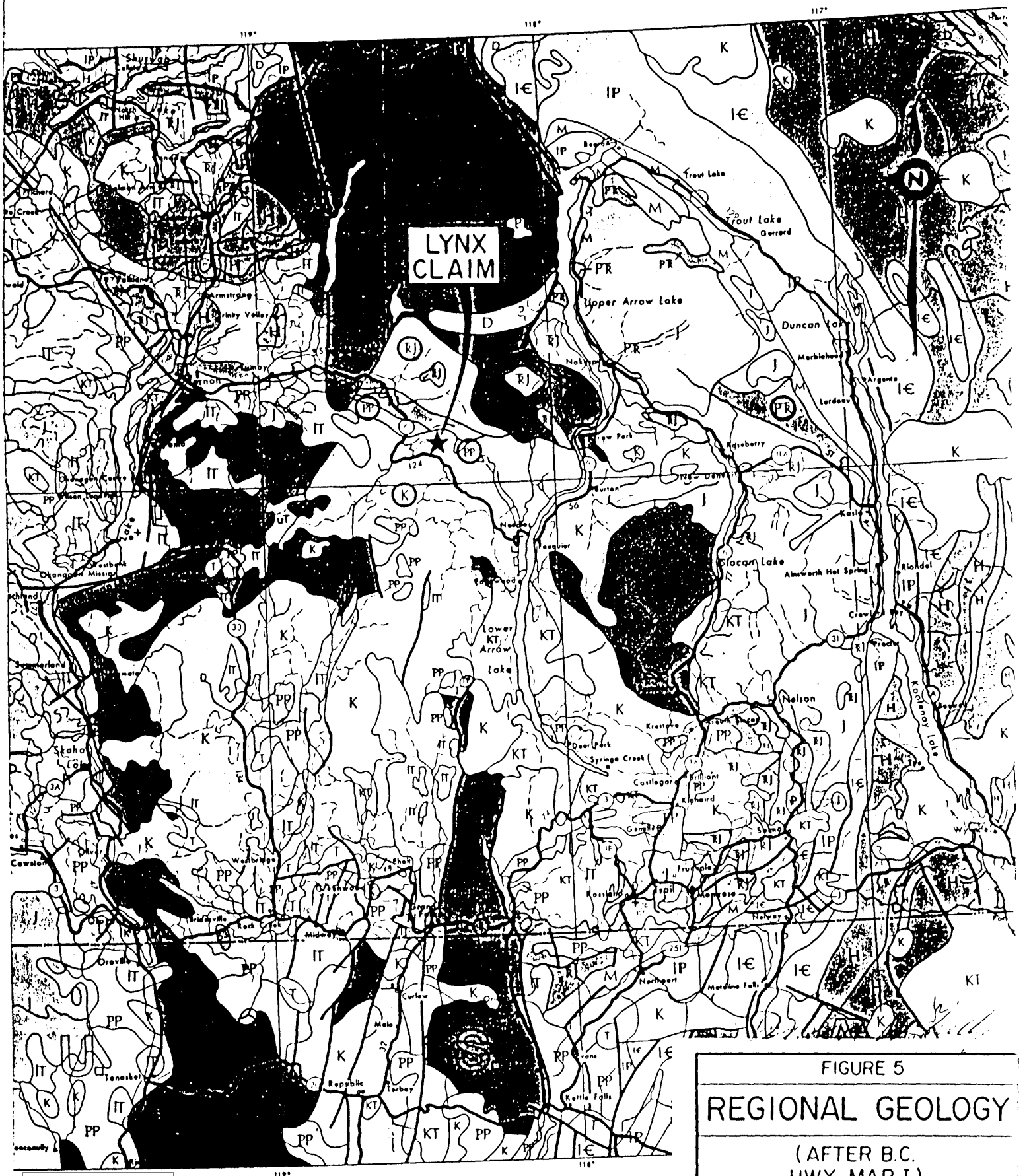
7.1 The general geology of the property area is shown on Figure 6.

7.2 The LYNX Mineral Claim area is underlain by Paleozoic volcano-sedimentary rocks which have been intruded by a complex of granitic rocks including a diorite porphyry. These intrusives are considered to be Jurassic-Cretaceous in age.

7.3 Preliminary observations suggest that rock outcrops are relatively scarce in the claim area. The overburden is a mix of sand, loam and glacial debris. Geological mapping by Strato Geological during October 1987 indicated very few rock exposures in the north sector of the LYNX claim.

7.4 A tentative timetable of geologic events for the claim area is postulated as follows:

Formation	Description/Event	Age
Sand, gravel, loam and local glacial debris	Unconsolidated	Quaternary
	Erosional Unconformity	
Mineralization, quartz veining, metamorphism	Gold, silver, arsenopyrite, pyrite, galena and chalcopyrite	Tertiary to Jurassic (?)
	Shearing, faulting and related tectonic activity	



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BRITISH COLUMBIA GEOLOGICAL SURVEY

K – CRETACEOUS INTRUSIVES
RJ – TRIASSIC SEDIMENTS
PR – TRIASSIC VOLCANICS
PP – PALEOZOIC SEDIMENTS

FIGURE 5

REGIONAL GEOLOGY

(AFTER B.C. HWY. MAP I)

SCALE 4cm = 50Km

DECEMBER 7, 1987

DONALD W. TULLY, P. ENG.

Formation	Description/Event	Age
Granitic intrusives	Diorite, diorite porphyry, granodiorite and lamprophyre dykes	Jura-Cretaceous (?)
	Shearing, folding, faulting and related tectonic activity	
Sediments (Inlier)	Quartzite, conglomerate, slate, limestone and volcanics	Paleozoic

7.5 The volcano-sedimentary assemblage of pelite, psammite, quartzite conglomerate, limestone, argillaceous and graphitic limestone, black shale, andesite and tuff have recently been considered (GSC Open File 637) an integral part of the Thompson Assemblage instead of the former Cache Creek Group nomenclature.

7.6 The planar and lineal structural elements in the volcano-sedimentary lithologies are apparently related to a dominant north-northwest deformational trend. Locally, the trends are generally north-south with the dips varying from vertical to nearly flat as a result of local dragfolding as exposed in bulldozer trenches dug in 1980.

8.0 RESULTS OF THE 1987 PROGRAM OF MINERAL EXPLORATION

8.1 Strato Geological Eng. Ltd. carried out a contract program of geochemical soil and silt sampling, VLF-EM and magnetometer surveying and limited geological mapping over some ± 40% of the LYNX claim area during the period October 6 - 24, 1987. A coarse grid of east-west chain and compass control lines was established at 200-metre intervals over the north sector of the claim area. A detail grid was laid out in the northeast corner of the claim with east-west control lines at 25-metre intervals. A summary of the results is as follows:

Line-km of survey	15.17
Number of soil samples	497
Number of silt samples	38
Designated mineral target areas	7

8.2 Mineral target areas "A", "B", "C", "D", "E", "F", "G" are tne designated target areas resulting from the geochemical soil and silt sampling and the geophysical surveys.

8.3 Histograms for gold, silver, lead, zinc, arsenic and iron have been prepared from a statistical analysis of the assay results of the 497 soil samples. The histograms for each of the elements are shown in APPENDIX D. A study of the histograms shows -

Gold

No. of samples	497
Maximum value	360 parts per billion (ppb)
Minimum value	1 ppb
Mean value	7 ppb
Median value	1 ppb
Standard deviation	29 ppb

The results show a bimodal distribution. 24 samples assayed greater than 30 ppb. 90 ppb is considered to be anomalous.

Silver

No. of samples	497
Maximum value	4.3 parts per million (ppm)
Minimum value	0.1 ppm
Median value	0.9 ppm
Mean value	0.8 ppm
Standard deviation	0.6 ppm

The results of the analyses show a bimodal distribution. Eight samples assayed greater than 3.9 ppm and are considered to be anomalous.

Lead

No. of samples	497
Maximum value	125 ppm
Minimum value	4 ppm
Mean value	19 ppm
Median value	18 ppm
Standard deviation	8 ppm

The assay results for lead indicate a single population occurrence for this element.

Zinc

No. of samples	497
Maximum value	261 ppm
Minimum value	68 ppm
Mean value	131 ppm
Median value	127 ppm
Standard deviation	30 ppm

A bimodal frequency occurrence is indicated for zinc. Three samples assayed greater than 250 ppm.

Arsenic

No. of samples	497
Maximum value	483 ppm
Minimum value	5 ppm
Mean value	31 ppm
Median value	19 ppm
Standard deviation	47 ppm

A bimodal distribution is indicated for 27 samples which assayed greater than 90 ppm.

Iron

No. of samples	497
Maximum value	4.77%
Minimum value	1.80%
Mean value	3.05%
Median value	3.02%
Standard deviation	0.44%

The analyses for iron indicate a single population occurrence for this element.

8.4 SILTS

Histograms for gold, silver, lead, zinc and iron have been prepared from the assay results of 38 silt samples. A study of the histograms show -

Gold

No. of samples	38
Maximum value	97 ppb
Minimum value	1 ppb
Mean value	6 ppb
Median value	1 ppb
Standard deviation	16 ppb

The maximum value of 97 parts per billion gold is considered to be anomalous.

Silver

No. of samples	38
Maximum value	4.1 ppm
Minimum value	0.2 ppm
Mean value	0.7 ppm
Median value	0.5 ppm
Standard deviation	0.6 ppm

The maximum value of 4.1 parts per million is considered to be anomalous.

Lead

No. of samples	38
Maximum value	20 ppm
Minimum value	5 ppm
Mean value	13 ppm
Median value	13 ppm
Standard deviation	4 ppm

The assay results indicate a single population occurrence for lead.

Zinc

No. of samples	38
Maximum value	155 ppm
Minimum value	78 ppm
Mean value	113 ppm
Median value	111 ppm
Standard deviation	14 ppm

The analyses for zinc indicate a single population occurrence for this element.

Iron

No. of samples	38
Maximum value	4.33%
Minimum value	1.01%
Mean value	2.96%
Median value	2.96%
Standard deviation	0.69%

The results of the analyses for iron indicate a single population occurrence for this element.

8.5 The geochemical and geophysical surveys have been described by A.E. Hunter, geophysicist for Strato Geological Engineering Ltd., as follows:

" GEOCHEMISTRY

Four hundred and ninety-seven soils were taken from the Coarse and Detail grids on the property. An additional 38 silts were collected from the tributary of Trapp Creek and its tributaries. These silt and soil samples were placed in standard kraft sample bags. The amount of materials collected was about 500 grams with soils collected from the B horizon at a depth of around 25 cm. The samples were sent to Acme Analytical Labs in Vancouver, B.C. for geochemical analysis where they were analyzed for Pb, Zn, Ag and Fe using the Inductively Coupled Plasma (ICP) techniques; and Au using the Atomic Absorption technique. The analysis procedures and certificates appear in Appendix A.

GEOPHYSICS

The area was surveyed with a Sabre model 27 VLF-EM receiver using the NLK, Seattle, Wash. transmitter with a frequency of 24.8 kHz and a rated power of 125 Kw. Dip angle and field strength results are presented in plot

" plan form for the detail and coarse grid in Figures 8 and 12 respectively. The dip angle results were Fraser filtered and the contoured results for the detail and coarse grids appear on Figures 7 and 11 respectively.

The area was also surveyed with a Scintrex MF-2 fluxgate magnetometer which measures the vertical component of the earth's magnetic field. The contoured results for the detail and coarse grids are presented on Figures 6 and 9 respectively.

Survey control was maintained with hipchain and compass. The lines were tested at 12.5m and 25m intervals on the detail and coarse grids respectively. The lines are run at 090 degrees from a baseline at 3+00W. Tie lines were established at 6+00W and 7+00W to control the bearing of the line.

The results of the VLF-EM (Fraser filter anomalies) and magnetic anomalies are also presented on Figure 4 with the geochemical results.

DISCUSSION OF GEOPHYSIC RESULTS

VLF-EM

Generally the results show the presence of weak northeast to northwestern trending conductors. This is in agreement with the regional deformational trend and is generally across the strike in the area. A northeasterly trending conductive zone with a strike length of 130m is found between 7+25W, 5+00S and 7+00S, 3+75S. This zone parallels the western northeast trending mineralized zone. Both these features shown on Figure 4.

Vertical Component Magnetics

The dominant anomalies were found on the detail grid. A dipole anomaly is centered at 5+75W, 5+50S which is coincident with the drilling area and the area anomalous in Au and As. This anomaly has a high and low 4000 and 700 gammas above and below background respectively. The high is elliptical with a northerly trend. Another low with a magnitude 1300 gammas below background is centered at 4+75S, 6+40W. Two northerly trending magnetic lows with magnitudes 700 gammas below background and strike lengths of 25m are centered at 3+85S, 5+50W and 3+35S, 6+00W. These four features form a northerly trending zone of magnetic anomalies which could be related to the northerly trending mineralized zones discussed earlier (Geochemistry section).

" The coarse grid contains three northerly trending and much smaller magnetic highs which are only 200 or 300 gammas above background. A northerly trending zone centered at 19+50W, 5+00S with a strike length of 200m is interesting because it parallels an Au geochemistry anomaly. "

8.6 Target Area "A" (Figures 8, 9 and 16)

This mineral target zone is located in the north-east sector of the LYNX claim. The trend is north-northeast and has been traced for some 500 metres between Lines 3+00S and 8+00S in the area of 4+75W and 9+00W. Target Area "A" may extend south-southwesterly on strike towards Target Area "F", an additional two hundred metres. The north portion of Target Area "A" was tested by diamond drilling in 1981 in the area of the old adit (Kismet Adit). Downslope, some 400 feet vertically, below the Kismet Adit, geochemical soil sample values in arsenic (156, 194 and 209 ppm) were found on Line 8+00S between 6+00W - 9+00W in association with weaker values in gold (18, 24 and 71 ppb). Anomalous values were found on Lines 6+00S and 5+50S in this target area between 4+75W and 6+75W. Values in arsenic ranged from 98 - 483 ppm and gold from 32 - 360 ppm. The distribution of higher values on Line 6+00S may have been extended as a result of bulldozer trenching in this area in 1980. VLF-EM and magnetic geophysical response in this target area is relatively weak. A value of 0.832 opt in gold was found in a core intersection in DDH 4-81 along the projected strike of the quartz vein in the Kismet Adit.

8.7 Target Area "B" (Figures 8, 12 and 14)

Target Area "B" comprises two indicated linear VLF-EM conductors semi-coincident with magnetic anomalous response on Lines 5+50S and 8+00S between 12+50W and 14+00W. This zone of moderate geophysical response occurs on a south-facing slope between elevations 4800 - 5250 feet.

8.8 Target Area "C" (Figures 8 and 9)

Two higher values in gold (305 and 350 ppb) were found on Lines 1+00S and 1+50S at 4+00W and 4+50W. More detailed soil sampling should be carried out in the area of these anomalous gold values.

8.9 Target Area "D" (Figures 8 and 10)

Two anomalous values in arsenic (294 and 384 ppm) occur in the area of an indicated magnetic "low" and "high" on Line 2+00S in the northwest sector of the LYNX claim at 16+50W and 17+00W. Detailed geochemical soil sampling and geophysical surveying may enhance the extent of this indicated target area.

8.10 Target Area "E" (Figure 8)

This silt sample anomaly is located in the west boundary area of the LYNX claim. Two drainage channels on a north-facing slope showed gold (26 ppb), silver (4.1 ppm) and arsenic (128 ppm) values. Detailed geochemical silt and soil sampling with geological mapping is proposed for this drainage area.

8.11 Target Area "F" (Figure 8)

This silt sample anomaly is located some 200 metres south and west of Target Area "A". Values in arsenic (185, 240 and 241 ppm) were found in a drainage channel on a north-facing slope. Detailed geochemical silt and soil sampling is recommended for this target area.

8.12 Target Area "G" (Figure 8)

This significant target area occurs on Line 8+00S at 3+20W - 4+50W in the area of old trenchings. The former Iron Bell, Dewdrop, Snowdrop and Mountain View claims are believed to occur in the area of the Kismet Adit but the

identity of this anomalous zone of gold (204, 485 and 550 ppb), silver (185.9 ppm), lead (4436 ppm), zinc (9763 ppm) and arsenic (160, 356 and 801 ppm) were found in the assays of five samples. More detailed geochemical sampling with geological mapping is proposed to determine the extent of this target area.

9.0 MINERALIZATION AND SOME THEORETICAL CONSIDERATIONS

9.1 A study of aeromagnetic map #8491G shows a significant lack of magnetic mineral content in the basement geological structure on the LYNX claim area.

9.2 Figure 7 shows several mineral deposits, (2), (4), (8), (16), (21), (24), (39), (40) surrounding the area of the LYNX deposit (55). These mineral deposits are for the most part gold and silver-bearing with the Paladora (8), Meadow View #2 (24) and the Dora-Irene (16) carrying lead, copper and zinc mineralization as well. The descriptions of these deposits, with the exception of the Dora-Irene, show the cost rock is mostly granite and the mineralization is carried in fissure-filled quartz vein structures. Of this group, the property of significant interest is the Dona-Irene claim group (16). This ground was developed by El Paso in the early 1970's and the following features may be important to the development of the LYNX claim:

(a) Discovered as a result of a reconnaissance geochemical silt sampling program.

(b) A follow-up of detailed geochemical soil sampling showed coincident anomalous results of gold, silver, lead, zinc and arsenic.

(c) A back-hoe was used to expose the bedrock underlying the geochemical anomalous results and showed a diorite mass as the host rock. This diorite intrudes sediments of the Cache Creek Group (now re-named the Thompson Assemblage). The diorite intrusive is the host to a stockwork of fine quartz veins and veinlets and small pods of massive sulphides carrying gold and silver.

(d) The host rock carrying gold-bearing quartz veins on the LYNX claim is also a diorite porphyry.

9.3 The diorite intrusive on the Dona-Irene claims and the diorite porphyry on the LYNX claim may be spatially associated with the same granitic intrusive complex in the Keefer Lake area.

9.4 Limonite was noted in pyritized granitic boulders in the overburden near old caved trenchings east of the Kismet Adit. Sericite alteration was noted in some granitic boulders and there is evidence of gossan in rock boulders along the slope both east and west of the Kismet Adit.

9.5 The gold-bearing quartz in DD H-4-81 and H-7-81 is cryptocrystalline in texture, grey in color and carries pyrite, fine chalcopyrite and arsenopyrite.

10.0 RECOMMENDATIONS

10.1 The following program of mineral exploration is recommended to determine the mineral target potential of the LYNX claim:

10.2 Phase I

(a) It is proposed to establish the perimeter of the claim area relative to any adjoining claimed ground and prepare a 4 WD access road on to the working area of the

LYNX claim.

(b) Line-cutting along east-west lines at 100-metre intervals to control geological mapping, geochemical and geophysical surveying over the remainder (some 60%) of the Lynx claim area.

(c) Geological mapping, geochemical soil sampling, and silt VLF-EM electromagnetic and magnetometer surveying over the remaining 60% of the LYNX claim area.

(d) Detailed geochemical soil sampling, VLF-EM and magnetometer surveying on 25-metre grid on the area of Target Areas "A", "C", "D" and "G".

(e) Detail geochemical silt and soil sampling at the locations of Target Areas "E" and "F".

(f) Diamond drill 200 metres of BQ core size diamond drilling to test the strike extension of the core intersection of 0.832 opt gold in DD H-4-81 in Target Area "A".

Contingent upon the results of the Phase I program of mineral exploration and a recommendation to further explore the LYNX mineral claim, it is proposed to commence a program of diamond drill testing those anomalous zones deemed to have economic merit.

10.3 Phase 2

A program of diamond drilling is recommended to test the potential of those mineral target areas delineated in Phase I.

11.0 ESTIMATED COST OF THE PROPOSED WORK PROGRAM

11.1 Phase I

(a)	Survey the perimeter of the LYNX claim area	$ 2,500	
(b)	Line control (estimate 32 line km x $200 line/km	6,400	
(c)	Geological mapping on scale 1:5,000	8,000	
(d)	Geochemical soil and silt sampling including detailed surveys on Target Areas "A", "C", "D" and "G" (estimate 840 soil and silt samples x $20/sample)	16,800	
(e)	VLF-EM and magnetometer surveying (estimate 29 km x $400 line/km)	11,600	
(f)	200 metres BQ core size diamond drilling x $110/metre)	22,000	
	Contingency	7,500	
	Total estimated cost of Phase I		$ 74,800

11.2 Phase 2

Contingent upon the results of the Phase I program of mineral exploration and an engineering evaluation recommending further development of the LYNX claim area, it is proposed to diamond drill test those indicated mineral target areas deemed to have economic potential as follows:

1,500 metres BQ core size diamond drill core x $90/metre	$135,000	
Contingency for mobilization and demobilization, supervision, and engineering report	15,000	
Total estimated cost of Phase 2		150,000
Total estimated cost of Phases 1 and 2		$224,800

Respectfully submitted,

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December 7, 1987 Donald W. Tully, P. Eng.

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