

006205

PROPERTY FILE

AMENDMENT NO. 1 TO THE PROSPECTUS OF
SIERRA MADRE RESOURCES INC.

092C 133
HARBEY

See also AR17125

P.W.

Harbey 92C/16E

EFFECTIVE DATE: AUGUST 2, 1988

Sierra Madre Resources Inc. (the "Issuer") hereby amends its prospectus dated April 11, 1988 (the "Prospectus") to disclose a change of management and shareholders and a change in the use of proceeds for the Issuer.

In summary, the shareholders of the Issuer, including the principal escrow shareholders, have agreed to sell their shares to four affiliated arms-length parties. The sale of these shares, including the principal shares, will result in a change of control of the Issuer. For more detailed disclosure of the transaction, see the heading "Other Material Facts" herein.

The following items in the Prospectus are amended:

COVER PAGE

The distribution spread is amended by deleting the figure of "\$20,000" for estimated costs of the issue and replacing it with "\$30,000".

The eighth paragraph is amended by deleting the figure "45.63" and replacing it with "76.89%".

PROSPECTUS SUMMARY

The paragraph headed "Use of Proceeds" is amended by deleting the sums of "\$20,000" and "\$58,000" and replacing them with "\$30,000" and "\$48,000" respectively. An additional paragraph is added below the paragraph titled "Risk Factors" as follows:

"New Principals - By an agreement dated June 22, 1988 the principal shareholders of the Issuer, together with the shareholders holding all of the issued capital of the Issuer, agreed to transfer their shareholdings to Messrs. Arthur Clemiss, Murray Pezim and Douglas Casey, and to transfer the 750,000 principal escrow shares to Prime Capital Corporation. In addition, the present directors and officers of the Issuer have agreed to resign as of the Closing Date of the Share Purchase Agreement, as amended, to be replaced by Messrs. Clemiss, Pezim and Casey. See the heading 'Other Material Facts' on page 3 herein."

Presently called: SIERRA

Sept 19

RISK FACTORS

Item number 9. under this heading is amended by deleting the figure "45.63%" and replacing it with "76.89%", and by deleting the words "and by associates of the Agent" from the last line thereof.

USE OF PROCEEDS

The estimated costs of this issue set out in the item numbered "1" is increased to "\$30,000", and the provision for working capital set out in the item numbered "5" is decreased consequently to "\$48,000".

DIRECTORS AND OFFICERS

The following paragraph is added to this item:

"The Directors and Officers of the Issuer, have tendered their resignations from such positions effective as of the Closing Date of the Share Purchase Agreement, as amended. Reference is made to the heading "Other Material Facts"."

EXECUTIVE COMPENSATION

The first paragraph is amended by adding the following sentence to it:

"The Issuer and K.N.A. Holdings Inc. have agreed that the aforesaid arrangement will terminate on the Offering Day, if the Offering Day occurs on or before October 18, 1988. Reference is made to the heading "Other Material Facts"."

OPTIONS TO PURCHASE SECURITIES

A second paragraph is added as follows:

"The above-noted parties have renounced their stock options effective June 10, 1988. Accordingly, there are no agreements currently in effect granting options to purchase shares in the capital stock of the Issuer."

PRINCIPAL HOLDERS OF SECURITIES

The last line of the second paragraph is amended by replacing the figure "45.63%" with "76.89%".

MATERIAL CONTRACTS

Item #2 under this heading is amended as follows:

"The stock option agreements were renounced effective June 10, 1988 and are no longer in effect."

OTHER MATERIAL FACTS

The following text is added immediately before the first paragraph under this heading:

"By an agreement dated June 22, 1988 (the "Share Purchase Agreement"), Messrs. Tony Schefer and Kenneth Hardy, principal shareholders of the Issuer, agreed to sell 750,000 principal escrow shares in the aggregate to Prime Capital Corporation ("Prime") at a price of \$0.02 per share. In addition, Messrs. Schefer and Hardy, along with 42 other shareholders of the Issuer have agreed to sell a total of 581,001 common shares of the Issuer at a price of \$0.35 per share to Messrs Arthur Clemmiss ("Clemmiss"), Murray Pezim ("Pezim") and Douglas Casey ("Casey"). The closing date (the "Closing Date") of the Share Purchase Agreement is the date on which this Amendment is accepted by the regulatory authorities (the "Receipt Date") and is conditional upon the Closing Date occurring on or before October 18, 1988.

After the Closing Date, the principal holders of the securities of the Issuer will be:

<u>Name and Address</u>	<u>Type Of Ownership</u>	<u>Designation of Class</u>	<u>Number of Shares</u>	<u>Percentage of Shares Outstanding after the Closing Date</u>
Prime Capital Corporation 1550-609 Granville St. Vancouver, B.C.	Direct	Common	750,000	43.37%
Arthur Clemmiss 1550-609 Granville St. Vancouver, B.C.	Direct	Common	193,667	11.1%
Murray Pezim 1550-609 Granville St. Vancouver, B.C.	Direct	Common	193,667	11.1%
Douglas Casey 7290 Arbutus Place West Vancouver, B.C.	Direct	Common	193,666	11.1%

Additionally, effective on the Closing Date, Clemmiss, Pezim and Casey shall be appointed to the Board of Directors of the Issuer and Clemmiss and Casey shall be appointed President and Secretary, respectively, of the Issuer. The present Directors and Officers of the Issuer have agreed to resign as of the Closing Date.

The names, addresses and principal business or occupations in which each of the new directors and officers of the Issuer has been engaged during the immediately preceding five years are as follows:

<u>Name and Address</u>	<u>Positions to be Held After the Offering Day</u>	<u>Principal Occupations for the Past Five (5) Years</u>
Arthur Clemiss #1550 - 609 Granville Street Vancouver, B.C.	President and Director	Financier; Director of a number of reporting companies including Galveston Resources Ltd. and Golden Nevada Resources Inc.
Murray Pezim 1550-609 Granville St. Vancouver, B.C. V7Y 1C6	Chief Executive Officer/ Director/ Promoter	Financier; Director of approximately 35 reporting companies, including Delaware Resources Corp. and Colossus Resource Equities Inc.
Douglas Casey 7290 Arbutus Place West Vancouver, B.C.	Director/ Secretary	Author; Editor of "Investing in Crisis"; Vice President of Product Development and Director of New Dimensions Technologies Limited.

The following persons hold more than 10% of the voting rights in Prime Capital Corporation:

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percentage of Shares Issued</u>
Murray Pezim	7,717,103 (1)	28.0%
Arthur Clemiss	7,466,796 (2)	27.1%
Corona Corporation	7,800,000	28.3%

(1) Mr. Pezim holds 433,639 common shares directly; 6,461,433 common shares are held through Zareba Investments Ltd., a private B.C. company of which 100% of the shares are owned by Mr. Pezim; and 822,032 common shares are held by Fort Investments Ltd., a private B.C. company of which 100% of the shares are owned by Zareba Investments Ltd.;

- (2) Mr. Clemis holds 1,156,911 common shares directly; 1,842,194 common shares are held through Fernco Management Ltd.; and 4,467,691 common shares are held through Licon Management Investments Ltd. Both Fernco and Licon are private B.C. companies, the shares of which are 100% owned by Mr. Clemis.

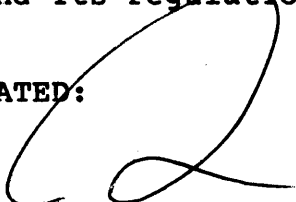
The Issuer has also entered into an agreement made effective on the Offering Day, as that term is defined in the Issuer's Prospectus dated April 11, 1988, with Prime Management Ltd. of 1550 - 609 Granville Street, Vancouver, B.C. for the provision of general administrative and bookkeeping services, as well as office facilities, to the Issuer, for which a monthly fee of the maximum amount permitted from time to time under the policies of the Vancouver Stock Exchange will be paid. Prime Management Ltd. is a wholly owned subsidiary of Prime Capital Corporation of which Clemis and Pezim are directors, officers and shareholders.

By virtue of the definition as set out in Section 1(1) of the Securities Act (British Columbia), Arthur Clemis will become a promoter of the Issuer on the Offering Day.

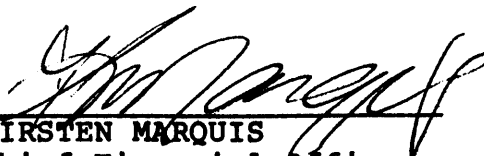
CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus of Sierra Madre Resources Inc. dated April 11, 1988, as amended hereby as required by the Securities Act and its regulations.

DATED:




TONY SCHEFER
Chief Executive Officer,
President, Director and
Promoter



KIRSTEN MARQUIS
Chief Financial Officer,
Secretary

On Behalf of the Board of Directors



KENNETH HUGH HARDY
Director and Promoter



CHRISTOPHER CAMPION
Director and Promoter



JAMES SELKIRK FALCONER
Director and Promoter

On Behalf of the Promoters



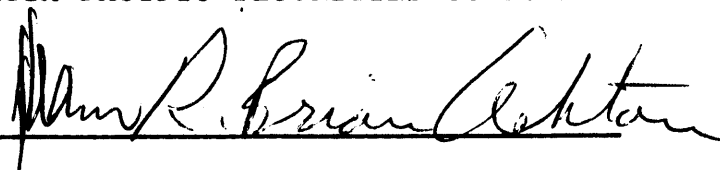
ARTHUR CLEMISS

CERTIFICATE OF THE AGENT

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 the Prospectus of Sierra Madre Resources Inc. dated April 11, 1988 as amended hereby as required by the Securities Act and its regulations.

DATED:

GEORGIA PACIFIC SECURITIES CORPORATION

Per: 

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 OFFENCE.

PROSPECTUS

EFFECTIVE DATE: APRIL 21, 1988

SIERRA MADRE RESOURCES INC.
1407 - 750 West Pender Street
Vancouver, British Columbia V6C 3R1
(the "Issuer")

PUBLIC OFFERING 400,000 COMMON SHARES

<u>Shares</u>	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be Received by the Issuer*</u>
Per Share	\$ 0.42	\$ 0.06	\$ 0.36
Total	\$168,000	\$24,000	\$144,000

* Before deduction of the costs of this issue estimated to be \$20,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THESE SECURITIES WAS ESTABLISHED THROUGH NEGOTIATION WITH THE AGENTS.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL OF THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE OCTOBER 18, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO THE HEADING "RISK FACTORS" ON PAGE 7.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION BEING RECEIVED BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE DATE NOTED ABOVE. FURTHER PARTICULARS OF THE MINIMUM SUBSCRIPTION ARE DISCLOSED ON PAGE 2 UNDER THE HEADING "PLAN OF DISTRIBUTION".

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT 23.1% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 45.63% THAT WILL THEN BE OWNED BY THE PROMOTERS, DIRECTORS, SENIOR OFFICERS, AND CONTROLLING PERSONS OF THE ISSUER AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 12 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND ASSOCIATES OF THE AGENT.

THE NET ASSET VALUE PER SHARE AFTER COMPLETION OF THE OFFERING WILL BE \$0.1593 REPRESENTING A DILUTION OF 60.17% ON A FULLY-DILUTED BASIS, OR \$0.2811 REPRESENTING A DILUTION OF 29.72% EXCLUDING THE ESCROWED SHARES.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFER TO THE HEADING "RISK FACTORS" ON PAGE 7 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE HEADING "PLAN OF DISTRIBUTION" ON PAGE 1 OF THIS PROSPECTUS.

Georgia Pacific Securities Corporation
16th Floor - 555 Burrard Street
Vancouver, British Columbia V7X 1S6

DATED: April 11, 1988

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Accompanying this Prospectus is the following material:

1. Audited Financial Statements of the Issuer as at August 31, 1987 and Unaudited Financial Statements as at January 31, 1988 together with auditor's comments;
2. Engineering Report dated January 15, 1988 prepared by V. Cukor, P.Eng. respecting the Harbey Property.

PROSPECTUS SUMMARY

THE FOLLOWING INFORMATION IS A SUMMARY ONLY. REFERENCE SHOULD BE MADE TO THE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS.

The Issuer:

Sierra Madre Resources Inc. (the "Issuer") was incorporated on May 9, 1986 to acquire, explore and develop natural resource properties.

The Offering:

Securities - 400,000 common shares without par value
Price to public - \$0.42 per share.

Agent's Commission - \$0.06 per share.

Net Proceeds to Treasury - \$0.36 per share/\$144,000.

Minimum Subscription - This Offering is subject to a minimum subscription being received by the Issuer within 180 days of the Effective Date. Further particulars of the minimum subscription are described on page 2 under the heading "Plan of Disbribution".

Use of Proceeds - To be used together with approximate unallocated working capital on hand of \$6,000. to carry out Phase I of the recommended program of explorations on the Harbey Property at an estimated cost of \$50,000., to secure a bond of \$10,000. to be lodged with MacMillan Bloedel, to pay the costs of this issue of \$20,000., to pay administrative and management expenses for six months of \$12,000. and to provide a working capital reserve of \$58,000; see the heading "Use of Proceeds" on page 9.

Risk Factors - There are risk factors associated with the purchase of shares of the Issuer including the nature of exploration for minerals as a speculative venture, the lack of any known body of ore on the Issuer's mineral properties, and the fact that there is no established market for the shares of the Issuer; see the heading "Risk Factors" on page 7.

Properties:

The Issuer holds title to one modified grid system mineral claim located in the Victoria Mining Division, Province of British Columbia.

PLAN OF DISTRIBUTION

Offering

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 400,000 common shares (the "Shares") of the Issuer at a price of \$.42 per share. 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.

Appointment of Agents

The Issuer by an agreement (the "Agency Agreement") dated March 14, 1988 appointed Georgia Pacific Securities Corporation as its agent (the "Agent") to offer the Shares on a best efforts basis through the facilities of the Exchange.

The Agent will receive a commission of \$.06 per Share.

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 opening of the market on the Offering Day at the Agent's discretion on the basis of its assessment of the state of the financial markets and 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.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering.

The Directors, Officers and other Insiders of the Issuer may purchase Shares from this Offering.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this prospectus.

Listing is subject to the Issuer fulfilling all of the listing requirements of the Vancouver Stock Exchange on or before October 18, 1988, including prescribed distribution and financial requirements.

Minimum Subscription

This offering is subject to a minimum subscription of 400,000 shares being sold on the Offering Day. If the minimum subscription is not reached, all funds will be returned to the purchasers without deduction.

Subject to the rules and by-laws of the Vancouver Stock Exchange, part of this Offering may be sold directly to investors or to brokerage houses in Great Britain and Western Europe who may sell to their clients. Any sales of shares of the Issuer outside of Canada will be subject to and conducted in accordance with the laws of the countries in which such sales are made.

NAME AND INCORPORATION

Sierra Madre Resources Inc. ("the Issuer") was incorporated on May 9, 1986 under the Company Act of the Province of British Columbia by the registration of its Memorandum and Articles. The Issuer remained inactive until May 1, 1987 at which time it commenced operations.

The address of the head office of the Issuer is 1407 - 750 West Pender Street, Vancouver, British Columbia.

The address of the records and registered offices of the Issuer is 2100 - 505 Burrard Street, Vancouver, British Columbia.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Issuer owns or has interests in the properties described under the heading "Property" and intends to seek and acquire additional properties worthy of exploration and development.

Property

Harbey Mine Property
Victoria Mining Division
British Columbia

By an agreement dated May 24, 1987 between the Issuer and Jaroslav Ruza, of 503 - 145 Keith Road, North Vancouver, B.C., an individual at arm's-length to the Issuer, the Issuer acquired title to the following recorded mineral claim and reverted Crown grants located in the Victoria Mining Division, Province of British Columbia (the "Property"):

<u>Name</u>	<u>Record Number</u>	<u>Number of Units</u>
Harbey	1838	20

The Issuer has paid Jaroslav Ruza \$25,000. to purchase the Property and is obligated to issue 75,000 common shares as follows:

25,000 upon the listing of the Issuer's shares on the Vancouver Stock Exchange (the "Exchange"); 25,000 upon the acceptance of the Engineer's Report reviewing Phase I of work on the Harbey Property and recommending a Phase II work program by the Exchange; 25,000 upon the acceptance by the Exchange of an Engineer's Report recommending a phase III work program on the Property.

In the event that the Issuer fails to make any payment or issue any shares, Mr. Ruza will be entitled to retain this Property and all payments made by the Issuer, but otherwise, Mr. Ruza will have no further recourse against the Issuer.

Mr. Ruza staked the Property in the spring of 1987.

The Property is located in the Cowichan Land District on the southern part of Vancouver Island. It covers the headwater of Reynard Creek, a southern tributary of the Chemainus River. The Property is situate a distance of approximately 40 air kilometres west northwest of Duncan, B.C., and about 6 kilometres northeast of the small community of Youbou.

Access to the property is via a good quality logging road following the north side of the Chemainus River Valley. From the turnoff on the Island Highway at Chemainus to the bridge D-12 (crossing the Chemainus River near the Property) is a distance of about 40 kilometres. From the bridge, old logging roads reach the claim area.

The Property lies within Blocks 57, 437, 438 and 996, Cowichan Lake Land District, with the surface and timber rights belonging to MacMillan Bloedel Limited. Prior to commencement of exploration, a licence for mineral exploration was obtained and a security bond was required to be posted.

The Property occupies the northern slopes of Mount Franklin between approximate elevations of 500 and 1100 metres for a total relief of about 600 metres. Topography is generally rugged with steep, north-south canyons in the southern part of the claim.

The northern part of the claim has been logged in the past and is now covered with thick second growth, which sometimes hampers prospecting and mapping. The southern part of the Property is covered by standing timber, where presently new roads are under construction in preparation for logging.

Geologically, the Property lies within a 100 mile long and 10 mile wide northwest trending belt which consists of complex sedimentary and volcanic rocks, of cretaceous age or older.

There are no records of previous work on the Property, and during the 1987 initial exploration program initiated by the Issuer, no physical evidence of any past exploration was detected.

Exploration, however, has been recorded on the Anne claims (previously known as the Window claims), which are adjacent to the Issuer's claims. Hibernia Mining has explored the old copper-gold showings on these claims in the past, and Utah Mines allegedly has plans to perform a drill program on this Property in the near future.

Elsewhere in the same 100 mile long volcanic belt, a number of other precious metal prospects are known. At the south end of the belt, the Twin J. mine has produced some 300,000 tons of ore with a grade of .075 oz/ton silver, with values in zinc, copper and lead. The Lynx-Myra ore body has been in production for the last 20 years. In 1979, Westmin Resources announced the discovery of the H.W. Deposit of 15,000,000 tons of ore with a grade of .007 oz/ton gold, 1.1 oz/ton silver, 2.2% and additional values in lead and zinc. Also, Abermin Corporation is conducting a program on the Lara Property, where a 530' long and 11' wide zone was reported to average .12 oz/ton gold, 2.8 oz/ton silver, 4.5% zinc, 1% lead and .75% copper. A further expenditure of \$1,000,000. was announced for the 1987 exploration of this property.

After acquiring the Property on May 24, 1987, the Issuer conducted a preliminary exploration program on the Property during the months of June through August, 1987 at a cost of \$85,750. Work performed on the Property consisted of geological mapping and sampling of outcrops, and geophysical and geochemical surveys, under the supervision of V. Cukor, Geologist. The results of this program of preliminary exploration showed that the Property is underlain by basic volcanics of the Triassic Franklin Creek Unit, equivalent to the Karmutsen Volcanics. These rocks overly silurian or permian cherts of the Sicker group which outcrop on the southern half of the Property. In the northern part of the Property, both groups are intruded by diorite of the Jurassic Island Intrusion.

The observed trend is west-northwest and major faulting also strikes in this direction. The fault that crosses the southwest corner of the Property runs in this same direction.

The outcrop on the Property is scarce, and what there is, is concentrated on the southern part of the Property, exposed on canyon walls and roadcuts.

The alteration of the Property consists of kaollinitization of intrusive, silicification of the chert, and some hornfelsing in the volcanic and the chert. In places there is limonitic staining and some quartz veining was noted. Some fracture filling by felsic dykes was also noted on the Property.

The initial exploration program consisted of geochemical soil survey and geophysical BVLf and ground magnetic surveys connected over a cut grid totalling about 50 kilometres. A total of 752 soil samples were collected and assayed for Au, Ag, Cu, Pb, Zn and Mo, returning anomalous and highly anomalous readings in well defined zones. The highest values were: gold 1.62 ppm, silver 17.2 ppm, copper 319 ppm, lead 1,000 ppm, zinc 267 ppm and molybdenum 69 ppm.

The 1987 preliminary exploration program on the Property proved the presence of gold-silver mineralization in both the soil and underlying rocks. Although the main regional structural trend is northwest, both high copper and gold geochemical anomalies show a conspicuous northeast trend, which is also coincidental with the trend of the VLF conductive zones. On the Property, significant gold values were obtained from shear zones located in both the contact zone of the Island Intrusives and in cherts of the Sicker group. Gold and copper, showed good correlation. The anomalous values of both metals show strong linear trends at N 30° east to N 45° east and correlate well with the

position and trend of the VLF conductor. The position of sampling location #1 was within an anomalous zone of about 400 metres wide over 1,600 metres long where copper values between 78 and 319 ppm, and gold values between 40 and 320 ppb were obtained. Within the same zone, anomalous silver and molybdenum values were recorded as well.

Most of the values for the lead and zinc are in the background range and only spotty highs are recorded in various parts of the grid. Anomalous silver and copper values are usually associated with such highs. Both silver and molybdenum show a wide range of anomalous readings spread over a large area. They do not seem to be related to any particular structure or rock unit. Both silver and molybdenum anomalies seem to relate to high gold and copper values.

In addition, the VLF survey produced positive results. Both stations used (Hawaii and Cutler) showed definite NE trends. The Hawaii anomaly appears to be related to a shear zone, in which significant gold values were received, and which closely correlates with high gold-copper readings in the soil. Also, the ground magnetic survey grooves a pattern which follow the main structural trends and geological units.

Based upon the results of the preliminary exploration carried out on the Property to date, V. Cukor, P.Eng. has prepared an Engineering Report dated January 15, 1988 recommending a two stage exploration program. Phase 1 would consist of physical work and detailed geological mapping and sampling. All three showing areas would be trenched and areas of high gold geochemical anomalies would be outlined. If positive results are obtained in Phase 1, all areas of interest would be diamond drill tested in Phase 2. Phase 1 of the recommended program is estimated to require \$50,000. for completion. Contingent on the results of Phase 1, the second phase of 2,000 feet of diamond drilling is estimated to require \$90,000. for completion. The Issuer has allocated \$50,000. of the proceeds of this Offering for the cost of completing Phase 1 of the recommended program of exploration. (See the heading "Use of Proceeds").

Presently there is no underground or surface plant or equipment on the Property nor any known body of commercial ore. The proposed program is an exploratory search for ore.

RISK FACTORS

The shares offered by this Prospectus must be considered speculative, generally because of the nature of the Issuer's business. In particular:

1. There is no known body of ore on the Issuer's mineral properties. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.
2. There is no established market for the shares of the Issuer.
3. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer in the acquisition of the interests described herein will result in discoveries of commercial quantities of ore.
4. The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.
5. The existence of title opinions should not be construed to suggest that the Issuer has good and marketable title to all of the properties described in this Prospectus. The Issuer follows usual industry practice in obtaining title opinions with respect to its properties. In the event that the Issuer is unable to obtain a title opinion with respect to any of its properties prior to the filing of this Prospectus, the Issuer undertakes not to spend any of the funds received from this offering in developing any of its properties unless and until satisfactory title has been obtained.
6. The Issuer's properties consisting of recorded mineral claims have not been surveyed, and therefore, the precise location of these properties may be in doubt.
7. Directors of the Issuer also serve as Directors of other companies involved in natural resource develop-

ment. Accordingly, it may occur that mineral properties will be offered to both the Issuer and such other companies. Furthermore, those other companies may participate in the same properties as those in which the Issuer has an interest. As a result, there may be situations which involve a conflict of interests. In that event, the Directors would not be qualified to vote at meetings on resolutions which evoke any such conflict. The Directors will attempt to avoid dealing with other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of the Issuer.

8. The net asset value per share after completion of the Offering will be \$0.1593 representing a dilution of 60.17% on a fully-diluted basis, or \$0.2811 representing a dilution of 29.72% excluding the escrowed shares.
9. Upon completion of this offering, this issue will represent 23.1% of the shares then outstanding as compared to 45.63% that will then be owned by the promoters, directors, senior officers and control persons of the Issuer and by associates of the Agents.

USE OF PROCEEDS

The net proceeds to be derived by the Issuer from the Offering will be the sum of \$144,000. which will be spent together with approximate unallocated working capital of \$6,000. in order of priority as follows:

- | | | |
|----|--|-------------------|
| 1. | To pay for the costs of this issue estimated at | \$ 20,000. |
| 2. | To pay the costs of Phase I of the program of exploration of the Harbey Mine Property as recommended in the report of V. Cukor, P.Eng., dated January 15, 1988 | \$ 50,000. |
| 3. | To pay 6 months of management and administrative expenses | \$ 12,000. |
| 4. | To provide security bond to MacMillan Bloedel | 10,000. |
| 5. | To provide working capital | <u>\$ 58,000.</u> |
| | TOTAL | <u>\$150,000.</u> |

The security bond referred to in point 4 above is required to be posted by MacMillan Bloedel, the holder of the tree-farming license to the area in which the Issuer's property is situate, in order to allow MacMillan Bloedel to recover for damage to their forest products which may result from Phase I of the Issuer's exploration program. After completion of the program, an Inspector from MacMillan Bloedel will assess any damage to the trees in the vicinity and such damages will be deducted from the bond. The remaining funds will be released to the Issuer.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this Prospectus, approval by the members of the Issuer must first be obtained and notice of the intention must be filed with the regulatory securities bodies having jurisdiction over the sale of the securities offered by this Prospectus.

The allocation of funds to the performance of further development of the Issuer's properties appears warranted on the basis of information presently available to the Issuer and current circumstances, economic and otherwise. However, the Issuer's Directors may elect to redirect these funds to other properties in light of further information or a subsequent change in such circumstances.

In the event of any material change in the affairs of the Issuer during the primary distribution of the securities offered by this Prospectus, an amendment to this Prospectus will be filed. Following completion of the primary distribution of the securities offered by this Prospectus, shareholders will be notified of changes in the affairs of the Issuer in accordance with the requirements of the appropriate regulatory authorities.

DESCRIPTION OF THE ISSUER'S SHARES

The authorized share capital of the Issuer consists of 10,000,000 common shares without par value. As of the date of this Prospectus, 1,331,000 shares were issued and outstanding.

All common shares of the Issuer, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call

or assessment. There are no pre-emptive or conversion rights and no provisions for redemption, purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

SHARE AND LOAN CAPITAL STRUCTURE

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount issued and allotted as of August 31, 1987 (date of Balance Sheet in the Prospectus)</u>	<u>Amount Outstanding as of the Effective Date set out on the front cover of this Prospectus</u>	<u>Amount Outstanding if all securities are sold</u>
Common Shares	10,000,000	1,321,001	1,331,001	1,731,001

PRIOR SALES

During the period from incorporation of the Issuer on May 9, 1986 to the date of this Prospectus, the Issuer sold the following shares for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Commissions Paid</u>	<u>Net Cash Received</u>
581,001	\$0.25	Nil	\$145,250.25
750,000	\$0.01	Nil	\$ 7,500.00
		Total	<u>\$152,750.25</u>

SALES OTHERWISE THAN FOR CASH

No securities are being offered under this Prospectus otherwise than for cash.

DIRECTORS AND OFFICERS

The names, addresses and principal business or occupations in which each of the Directors and Officers of the Issuer has been engaged during the immediately preceding five years are as follows:

<u>Names and Addresses</u>	<u>Positions Held</u>	<u>Principal Occupations for the Past Five Years</u>
Tony Schefer 212-2274 Folkestone Way West Vancouver, B.C. V7X 2X7	President & Director	President & Director, Vancouver Sight & Sound
Christopher Campion 6111 Doulton Avenue Richmond, B.C. V7C 4Y4	Director	Flight Attendant, Canadian Airlines International Ltd.
Kenneth Hugh Hardy 3274 Arbutus Drive Whistler, B.C. VON 1B0	Director	Self-employed; Construction Contractor, Heli-skiing tour operator
James Selkirk Falconer 203-1049 Chilco Street Vancouver, B.C. V6G 2R7	Director	Consulting Engineer, Juarez Engineering; self- employed Engineer; Senior Mining Engineer, Pan Canadian Petroleum; Director, Chelik Resources Inc.
Kirsten Marquis 2002 - 2020 Bellevue Avenue West Vancouver, B.C.	Secretary	Manager, K.N.A. Holdings Inc., Director, Barkhor Resources Inc. (1985-86); Avenue Resource (1985-present); self-employed Executive Secretary (1982-86)

The Issuer's Audit Committee is comprised of Tony Schefer, Kenneth Hardy, James Falconer, Christopher Campion.

STATEMENT OF EXECUTIVE COMPENSATION

The Issuer has two executive officers. Pursuant to a management agreement dated May 15, 1987 with K.N.A. Holdings Inc., a private company controlled by the Issuer's Secretary, the Issuer pays \$2,000. per month for management services. To January 31, 1988 \$10,000. had been paid for management fees.

There are no plans in effect pursuant to which cash or non-cash compensation was paid or distributed to executive officers during the most recently completed financial year, or is proposed to be paid or distributed in a subsequent year. Options to purchase securities have been granted to directors, see the heading "Option to Purchase Securities".

OPTIONS TO PURCHASE SECURITIES

By Agreements dated March 14, 1988 options to purchase a total of 173,100 common shares in the capital of the Issuer at a price of \$.42 per share exercisable during a two year period commencing on the effective date set out on the front cover of this Prospectus were granted as follows:

<u>Name</u>	<u>Nature of Option</u>	<u>Number of Shares</u>
Christopher Campion	Director's	28,550
Kenneth Hardy	Director's	58,000
Tony Schefer	Employee's	60,000
James Falconer	Employee's	26,550

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus, the following table sets forth the number of shares owned of record or beneficially, directly or indirectly, by each person who owns more than 10% of the Issuer's shares:

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Designation of Class</u>	<u>Number of Shares</u>	<u>Percentage of Shares Outstanding</u>
Tony Schefer 212-2274 Folkestone Way West Vancouver, B.C.	Direct and Beneficial	Common	470,000	35.31%
Kenneth Hardy 3274 Arbutus Drive Whistler, B.C.	Direct and Beneficial	Common	320,000	24.04%

The percentage of common shares held by all directors, promoters and senior officers is 59.3% of the total issued common shares of the Issuer. After completion of this offering, this percentage will be 45.63%.

ESCROWED SHARES

As of the date of this Prospectus 750,000 common shares are held in escrow by the Royal Trust Company of 505 Burrard Street, Vancouver, B.C. subject to the direction or determination of the Superintendent of Brokers (the "Superintendent") or, in the event that the Company is listed for trading on the Vancouver Stock Exchange (the "Exchange"), of the Exchange. These shares are "Principal Shares" as defined in the Superintendent's Local Policy 3-07

and were purchased at a price of \$0.01 per share. 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 holder of the escrowed shares make any transfer or record any trading of shares without the consent of the Superintendent or the Exchange, as the case may be. However, the escrowed shares may be released at the discretion of the Superintendent or Exchange, as the case may be, in accordance with applicable policy in the event the Issuer becomes successful due in part to the efforts of the holders of the escrowed shares. Any shares not released from escrow after 10 years from the date of the Escrow Agreement will be subject to cancellation.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	56.35% ⁽¹⁾ 43.32% ⁽²⁾

- (1) Prior to completion of public offering.
(2) After completion of public offering.

POOLED SHARES

None of the Issuer's shares are held in pool.

DIVIDEND RECORD

The Issuer has not, since the incorporation of the Issuer on May 9, 1986, paid any dividends on any of its shares. The Issuer has no present intention of paying dividends, but the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

PROMOTERS

By virtue of the definition as set out in Section 1(1) of the Securities Act (British Columbia), the directors of the Issuer are the Promoters of the Issuer.

The Promoters have acquired the following common shares in the capital of the Issuer for cash:

<u>Name</u>	<u>Number of Shares</u>	<u>Price per Share</u>
Tony Schefer	20,000	\$0.25
	450,000	\$0.01
Kenneth Hardy	20,000	\$0.25
	300,000	\$0.01

The Issuer has granted options to certain promoters as disclosed herein under the heading "Options to Purchase Securities".

PENDING LEGAL PROCEEDINGS

The Issuer is not a party with respect to any legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers of the Issuer have no interest in any material transactions in which the Issuer has participated or intends to participate at this time, except as follows. The Issuer has retained K.N.A. Holdings Inc. to perform administrative and management functions for a fee of \$2,000. per month. The principal of K.N.A. Holdings Inc. is Kirsten Marquis, the Secretary of the Issuer.

MATERIAL CONTRACTS

The following material contracts to which the Issuer is a party and which remain in full force and effect, particulars of which are disclosed elsewhere in this Prospectus:

1. Agreement dated March 24, 1987 between the Issuer and Jaroslav Ruza respecting the Property;
2. Incentive Stock Option Agreements dated March 14, 1988 between the Issuer and various directors and employees;
3. Escrow Agreements dated September 29, 1987 between Royal Trust Company and Tony Schefer and Kenneth Hardy.

Material contracts may be inspected at the offices of Douglas, Symes & Brissenden, 2100 One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, during normal business hours, during the period of primary distribution of the securities being offered under this Prospectus.

OTHER MATERIAL FACTS

There are no other material facts relating to the offering of securities under this Prospectus other than as disclosed herein.

SOLICITORS

The solicitors for the Issuer are Messrs. Douglas, Symes & Brissenden, 2100 One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors for the Issuer are Buckley & Shikaze, Chartered Accountants, of Suite 1401 - 1177 West Hastings Street, Vancouver, British Columbia.

The Registrar and Transfer Agent for the Issuer is the Royal Trust Company of 505 Burrard Street, Vancouver, British Columbia.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act of British Columbia provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act of British Columbia or consult a lawyer.

SIERRA MADRE RESOURCES INC.

FINANCIAL STATEMENTS

AS AT

AUGUST 31, 1987

BUCKLEY & SHIKAZE
CHARTERED ACCOUNTANTS

SIERRA MADRE RESOURCES INC.

FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Directors of Sierra Madre Resources Inc.

We have examined the balance sheet of Sierra Madre Resources Inc. as at August 31, 1987 and the statement of changes in financial position for the four month period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly include 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 August 31, 1987 and the changes in its financial position for the four month period then ended in accordance with generally accepted accounting principles.

Vancouver, B.C.
September 29, 1987

Buckley & Shikaze
Chartered Accountants

SIERRA MADRE RESOURCES INC.

1.

BALANCE SHEET

AUGUST 31, 1987

ASSETS

CURRENT

Bank	\$ 19,569
Subscriptions receivable (Note 4b)	7,500
Prepaid expenses	<u>1,000</u>

28,069

MINERAL CLAIM (Note 2)

Claim acquisition	25,000
Exploration (Schedule 2)	85,750
Administration (Schedule 1)	<u>12,732</u>

123,482

INCORPORATION COST

949\$ 152,500

LIABILITIES

CURRENT

Accounts payable	\$ 2,250
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SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 3)

150,250\$ 152,500

APPROVED BY THE DIRECTORS



 _____ Director

_____ Director

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987

CASH PROVIDED BY (USED FOR)

FINANCING ACTIVITIES

Share capital subscribed and issued	\$ 150,250
Subscriptions receivable	<u>(7,500)</u>
	<u>142,750</u>

INVESTING ACTIVITIES

Administrative expenses	(12,732)
Changes in non-cash working capital items	
Prepaid expenses	(1,000)
Accounts payable	<u>2,250</u>
	(11,482)
Claim acquisition costs	(25,000)
Exploration costs	(85,750)
Incorporation costs	<u>(949)</u>
	<u>(123,181)</u>

CASH, END OF PERIOD

\$ 19,569

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Deferred Costs

The company follows the full cost method of accounting for its interest in the mineral claim whereby all costs associated with acquisition, exploration and development are capitalized. Administrative costs incurred during the period are allocated to the property.

A separate full cost centre is maintained for the prospect. Costs accumulated in this centre will be amortized on the unit of production method for the specific property once production has commenced or, if abandoned, will be written off to deficit.

The amounts shown for the mineral claim represent costs incurred to date and are not intended to reflect present or future values. The recovery of these costs is dependent upon the future commercial success of the claim or the proceeds from the disposition thereof. On the basis of information to date, the claim does not yet have economically recoverable reserves.

NOTE 2 MINERAL CLAIM

	CURRENT EXPENDITURES	ADJUSTMENTS	BALANCE AUGUST 31, 1987
--	-------------------------	-------------	-------------------------------

HARBAY MINERAL CLAIM

Victoria Mining Division
Cowichan Lake Land District, B.C.

Claims acquisition	\$ 25,000	\$ -	\$ 25,000
Exploration	85,750	-	85,750
Administration	<u>12,732</u>	<u>-</u>	<u>12,732</u>
	<u>\$ 123,482</u>	<u>\$ -</u>	<u>\$ 123,482</u>

On May 24, 1987, the company entered into an agreement to purchase a 100% undivided interest in the Harbey Mineral Claim. The purchase price is as follows:

- a) \$25,000 upon execution of the agreement. This amount has been paid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987

NOTE 2 MINERAL CLAIM (Continued)

b) 75,000 shares to be issued as follows:

- i) 25,000 shares upon approval of the agreement by regulatory authorities and the listing of Sierra Madre on the Vancouver Stock Exchange.
- ii) 25,000 shares upon an acceptable report received from the engineer reviewing the completion of the Phase I work program and recommending a Phase II work program.
- iii) 25,000 shares upon an acceptable report received from the engineer reviewing the completion of Phase II of the work program and recommending a Phase III work program or commercial production.

The issuance of these shares is subject to regulatory approval.

Should the company fail to comply with these provisions, the property will revert back to the vendor.

NOTE 3 SHARE CAPITAL

Share capital is represented by the following:

Authorized: 10,000,000 Common shares without par value.

	SHARES	VALUE
Issued and Outstanding:		
Issued during the period	<u>1</u>	<u>\$.25</u>
Subscribed during the period but not yet issued		
Not yet paid (escrow) (Note 4b)	750,000	7,500.00
Fully paid (non-escrow)	<u>571,000</u>	<u>142,750.00</u>
	<u>1,321,000</u>	<u>150,250.00</u>
	<u>1,321,001</u>	<u>\$150,250.25</u>

The subscribed shares denoted as escrow have been segregated in anticipation of regulatory requirements for escrow share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987

NOTE 4 RELATED PARTY TRANSACTIONS

a) Management Agreement

On May 15, 1987, the company entered into a management agreement with another company controlled by an officer of Sierra Madre whereby Sierra Madre would pay a monthly fee of \$2,000 plus related expenses for management services over a term of two years. For the four month period ended August 31, 1987, \$8,000 was paid under this agreement.

b) Subscriptions Receivable

The balance of subscriptions receivable represent amounts owed by two directors of the company. These amounts were received on September 9, 1987.

NOTE 5 COMMENCEMENT OF OPERATIONS

The company was incorporated under the "Company Act of British Columbia" on May 9, 1986 and commenced operations on May 1, 1987. Accordingly, there are no comparative figures.

SIERRA MADRE RESOURCES INC.

SCHEDULE 1

DEFERRED ADMINISTRATIVE EXPENSES

FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987

Management fees	\$ 8,000
Audit	1,500
Travel	1,010
Telephone	926
License and dues	510
Office and printing	460
Business development	253
Bank charges	<u>73</u>
BALANCE, end of period	<u>\$ 12,732</u>

SIERRA MADRE RESOURCES INC.

SCHEDULE 2

SCHEDULE OF EXPLORATION COSTS
FOR THE FOUR MONTH PERIOD ENDED
AUGUST 31, 1987

SURVEYS

Linecutting	\$ 15,000
Engineering, supervision, management	10,000
Geochemical soil sampling	7,500
VLF EM survey	7,500
Geological mapping, rock sampling	7,000
Magnetometer survey	6,250
	<u>53,250</u>

DISBURSEMENTS

Equipment rental	8,500
Mobilization, demobilization	2,000
	<u>10,500</u>

DATA COMPILATION AND REPORTS

Assays	10,000
Construction of maps, profiles, contouring	3,500
Reports	3,500
Drafting	2,500
Licences, permits, reclamation	2,500
	<u>22,000</u>

BALANCE, end of period

\$ 85,750

SIERRA MADRE RESOURCES INC.

FINANCIAL STATEMENTS

JANUARY 31, 1988

UNAUDITED

SIERRA MADRE RESOURCES INC.

FINANCIAL STATEMENTS

UNAUDITED

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DEFERRED ADMINISTRATIVE EXPENSES

SCHEDULE 1

EXPLORATION COSTS

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SIERRA MADRE RESOURCES INC.

FINANCIAL STATEMENTS

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DEFERRED ADMINISTRATIVE EXPENSES

SCHEDULE 1

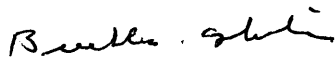
REVIEW ENGAGEMENT REPORT

We have reviewed the balance sheet of Sierra Madre Resources Inc. as at January 31, 1988 and the statement of changes in financial position for the five month period then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion of these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Vancouver, B.C.
February 23, 1988


Chartered Accountants

BALANCE SHEET

JANUARY 31, 1988

(Unaudited)

ASSETS

	JANUARY 31, 1988	AUGUST 31, 1987
CURRENT		
Bank	\$ 12,018	\$ 19,569
Subscriptions receivable	-	7,500
Prepaid expenses	-	1,000
	<u>12,018</u>	<u>28,069</u>
MINERAL CLAIM (Note 2)	145,433	123,482
INCORPORATION COST	<u>949</u>	<u>949</u>
	<u>\$ 158,400</u>	<u>\$ 152,500</u>

LIABILITIES

CURRENT		
Accounts payable	\$ 5,650	\$ 2,250

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 3)	<u>152,750</u>	<u>150,250</u>
	<u>\$ 158,400</u>	<u>\$ 152,500</u>

APPROVED BY THE DIRECTORS


 _____ Director

_____ Director

See accompanying notes to the unaudited financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FIVE MONTH PERIOD ENDED JANUARY 31, 1988
(Unaudited)

	FOR THE FIVE MONTH PERIOD ENDED JANUARY 31, 1988	FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Changes in non-cash working capital items		
Prepaid expenses	\$ 1,000	\$ (1,000)
Accounts payable	3,400	2,250
	<u>4,400</u>	<u>1,250</u>
FINANCING ACTIVITIES		
Share capital subscribed and issued	2,500	150,250
Subscriptions receivable	7,500	(7,500)
	<u>10,000</u>	<u>142,750</u>
INVESTING ACTIVITIES		
Administrative expenses	(20,951)	(12,732)
Claim acquisition costs	-	(25,000)
Exploration costs	(1,000)	(85,750)
Incorporation costs	-	(949)
	<u>(21,951)</u>	<u>(124,431)</u>
INCREASE (DECREASE) IN CASH	(7,551)	19,569
CASH, BEGINNING OF PERIOD	<u>19,569</u>	<u>-</u>
CASH, END OF PERIOD	<u>\$ 12,018</u>	<u>\$ 19,569</u>

See accompanying notes to the unaudited financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Deferred Costs

The company follows the full cost method of accounting for its interest in the mineral claim whereby all costs associated with acquisition, exploration and development are capitalized. Administrative cost incurred during the period are allocated to the property.

A separate full cost centre is maintained for each prospect. Costs accumulated in this centre will be amortized on the unit of production method for the specific property once production has commenced or, if abandoned, will be written off to deficit.

The amounts shown for the mineral claim represent costs incurred to date and are not intended to reflect present or future values. The recovery of these costs is dependent upon the future commercial success of the claim or the proceeds from the disposition thereof. On the basis of information to date, the claim does not yet have economically recoverable reserves.

NOTE 2 MINERAL CLAIM

HARBAY MINERAL CLAIM

Victoria Mining Division
Cowichan Lake Land District, B.C.

	BALANCE AUGUST 31, 1987	CURRENT EXPENDITURES	BALANCE JANUARY 31, 1988
Claims acquisition	\$ 25,000	\$ -	\$ 25,000
Exploration (Schedule 2)	85,750	1,000	86,750
Administration (Schedule 1)	12,732	20,951	33,683
	<u>\$ 123,482</u>	<u>\$ 21,951</u>	<u>\$ 145,433</u>

...Continued

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Deferred Costs

The company follows the full cost method of accounting for its interest in the mineral claim whereby all costs associated with acquisition, exploration and development are capitalized. Administrative cost incurred during the period are allocated to the property.

A separate full cost centre is maintained for each prospect. Costs accumulated in this centre will be amortized on the unit of production method for the specific property once production has commenced or, if abandoned, will be written off to deficit.

The amounts shown for the mineral claim represent costs incurred to date and are not intended to reflect present or future values. The recovery of these costs is dependent upon the future commercial success of the claim or the proceeds from the disposition thereof. On the basis of information to date, the claim does not yet have economically recoverable reserves.

NOTE 2 MINERAL CLAIM

HARBAY MINERAL CLAIM

Victoria Mining Division
Cowichan Lake Land District, B.C.

	BALANCE AUGUST 31, 1987	CURRENT EXPENDITURES	ADJUSTMENTS	BALANCE JANUARY 31, 1988
Claims acquisition	\$ 25,000	\$ -	\$ -	\$ 25,000
Exploration	85,750	1,000	-	86,750
Administration (Schedule 1)	<u>12,732</u>	<u>20,951</u>	<u>-</u>	<u>33,683</u>
	<u>\$ 123,482</u>	<u>\$ 21,951</u>	<u>\$ -</u>	<u>\$ 145,433</u>

...Continued

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

NOTE 2 MINERAL CLAIM (Cont'd)

On May 24, 1987, the company entered into an agreement to purchase a 100% undivided interest in the Harbey Mineral Claim. The purchase price is as follows:

- a) \$25,000 upon execution of the agreement. This amount has been paid.
- b) 75,000 shares to be issued as follows:
 - i) 25,000 shares upon approval of the agreement by regulatory authorities and the listing of Sierra Madre on the Vancouver Stock Exchange.
 - ii) 25,000 shares upon an acceptable report received from the engineer reviewing the completion of the Phase I work program and recommending a Phase II work program.
 - iii) 25,000 shares upon an acceptable report received from the engineer reviewing the completion of Phase II of the work program and recommending a Phase III work program or commercial production.

The issuance of these shares is subject to regulatory approval.

Should the company fail to comply with these provisions, the property will revert back to the vendor.

NOTE 3 SHARE CAPITAL

Share capital is represented by the following:

Authorized: 10,000,000 Common shares without par value

Issued and Outstanding: 1 \$.25

...Continued

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

NOTE 3 SHARE CAPITAL (Cont'd)

Subscribed and fully paid		
Balance, beginning of period	1,321,000	\$ 150,250.00
Subscribed during period	<u>10,000</u>	<u>2,500.00</u>
Balance, end of period	<u>1,331,000</u>	<u>152,750.00</u>
	<u>\$ 1,331,001</u>	<u>\$ 152,750.25</u>

NOTE 4 RELATED PARTY TRANSACTION

On May 15, 1987, the company entered into a management agreement with another company controlled by an officer of Sierra Madre whereby Sierra Madre would pay a monthly fee of \$2,000 plus related expenses for management services over a term of two years. For the five month period ended January 31, 1988, \$10,000 was paid or is payable under this agreement.

NOTE 5 COMMENCEMENT OF OPERATIONS

The company was incorporated under the "Company Act of British Columbia" on May 9, 1986 and commenced operations on May 1, 1987.

SIERRA MADRE RESOURCES INC.

SCHEDULE 1

DEFERRED ADMINISTRATIVE EXPENSES

FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

	FOR THE FIVE MONTH PERIOD ENDED JANUARY 31, 1988	FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987
BALANCE, beginning of period	\$ 12,732	\$ -
Management fees	10,000	8,000
Legal and accounting	3,262	1,500
Prospectus listing fees	3,250	-
Business development	1,774	253
Telephone	1,553	926
Prospectus filing fees	1,100	-
Bank charges	12	73
Travel	-	1,010
License and dues	-	510
Office and printing	-	460
	<u>20,951</u>	<u>12,732</u>
BALANCE, end of period	<u>\$ 33,683</u>	<u>\$ 12,732</u>

SCHEDULE OF EXPLORATION COSTS
FOR THE FIVE MONTH PERIOD ENDED

JANUARY 31, 1988

(Unaudited)

	FOR THE FIVE MONTH PERIOD ENDED JANUARY 31, 1988	FOR THE FOUR MONTH PERIOD ENDED AUGUST 31, 1987
BALANCE, beginning of period	\$ 85,750	\$ -
REVIEW OF THE HARBAY MINERAL CLAIM	1,000	-
SURVEYS		
Linecutting	-	15,000
Engineering, supervision, management	-	10,000
Geochemical soil sampling	-	7,500
VLF EM survey	-	7,500
Geological mapping, rock sampling	-	7,000
Magnetometer survey	-	6,250
	-	53,250
DISBURSEMENTS		
Equipment rental	-	8,500
Mobilization, demobilization	-	2,000
	-	10,500
DATA COMPILATION AND REPORTS		
Assays	-	10,000
Construction of maps, profiles, contouring	-	3,500
Reports	-	3,500
Drafting	-	2,500
Licences, permits, reclamation	-	2,500
	-	22,000
	1,000	85,750
BALANCE, end of period	\$ 86,750	\$ 85,750

Revised JANUARY 1988

Sierra Madre Resources Inc.
HARBAY MINERAL CLAIM

1987 Exploration Program

by V.CUKOR, P.ENG. ■ NVC ENGINEERING LTD. ■ VANCOUVER, B.C.

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SIERRA MADRE RESOURCES INC.

THE HARBAY MINERAL CLAIM

DUNCAN, B. C. AREA

1. INTRODUCTION

This report is prepared at the request of Sierra Madre Resources Inc., a Vancouver based company. The report is written based on the author's knowledge of the area, a study of pertinent data and his supervision of the program conducted on the property during the months of June through August, 1987.

Work performed on the property consisted of geological mapping and sampling of outcrops, and of geophysical and geochemical surveys, with a total expenditure of \$85,000. The geological work and field supervision was conducted by D. Cukor, geologist.

2. REVIEW

2.1 SUMMARY, CONCLUSIONS

The Harbey Mineral claim is underlain by the Triassic and older units of Franklin Creek and Sicker Group; both subsequently were intruded by the younger Island intrusives.

The Franklin Creek unit is host to skarn type and replacement type mineralization, which assayed up to .26 oz/t gold on the Anne claims (also known as the Widow claims and prior to that as the Comego property) located only about 1 mile west of the Harbey claim.

2. REVIEW (CONT'd)

2.1 SUMMARY and CONCLUSIONS (Cont'd)

On the Harbey property the shear zone within the Sicker Group is mineralized by pyrite and was found to assay significant gold values. At the other location pyritized chert within the same unit also assayed gold. An assay of .352 oz/t gold and .11 oz/t silver was obtained from the altered shear within the Island Intrusive. Moreover, the high geochemical values in gold, silver, molybdenum and copper are spread over all of the three geological units on the property.

Elsewhere within the "Vancouver Island Gold Belt" the Sicker Group is the best for economic gold deposits. Previously the Franklin volcanics were targeted to be most likely to host gold values on the property. However, the shear zone connected with VLF conductor, geochemical anomalies and gold showing in place, located within the Sicker Group should become the primary target for further exploration. However the showing in the contact zone of the intrusive should not be neglected. Further work should definitely be carried out to further evaluate high geochemical values elsewhere on the property and especially to open the showings for further detailed examination, mapping and sampling.

2. REVIEW (CONT'D)

2.2 RECOMMENDATIONS

The next stage of exploration on the Harbey claim should consist of physical work and detailed geological mapping and sampling. All three showing areas should be trenched, as should areas of high gold geochemical anomalies that were outlined. All those areas need very detailed geological mapping and extensive sampling. If positive results are obtained in the next stage, all areas of interest should be diamond drill tested.

2.3 COST ESTIMATE

The following budget is estimated to be necessary for completion of the recommended program.

Bulldozer trenching 250 tons @ \$100.	\$25,000
Mobilization, demobilization	3,000
Geological supervision, sampling, mapping	7,500
Assays	4,000
Accommodation, transport, communication	2,500
Report	3,000
	<hr/>
Sub Total	\$45,000
Contingency	<u>5,000</u>
Phase 1 Total	\$50,000

2. REVIEW

2.3 COST ESTIMATE (Cont'd)

Within this phase, funds for a performance bond to be lodged with McMillan Bloedel (\$10,000) should also be secured.

Contingent on results of stage 1, a second stage of about 2,000 feet of diamond drilling should be planned with estimated expenditure of about \$90,000.

If funds for both recommended stages are raised within this same public offering, a total of about \$150,000 should be allocated for the expenditure on the property.

3. PROPERTY

3.1 LOCATION

The Harbey Mineral claim is located in the Cowichan Lake Land District at the southern part of Vancouver Island. It covers the headwater of Reynard Creek, a southern tributary of the Chemainus River. (See Figure 1)

The property is located at a distance of about 40 air kilometers west north west of Duncan, B.C., and about 6 kilometers north east of the small community of Youbou. It is within the Victoria Mining Division, and is located at NTS 92C/16E. The center of the claim is at the approximate latitude 48° 55' 33" north and longitude 124° 09' 30". Location of the property is shown on Figures 1 and 2.

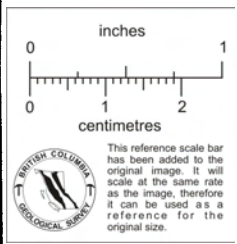
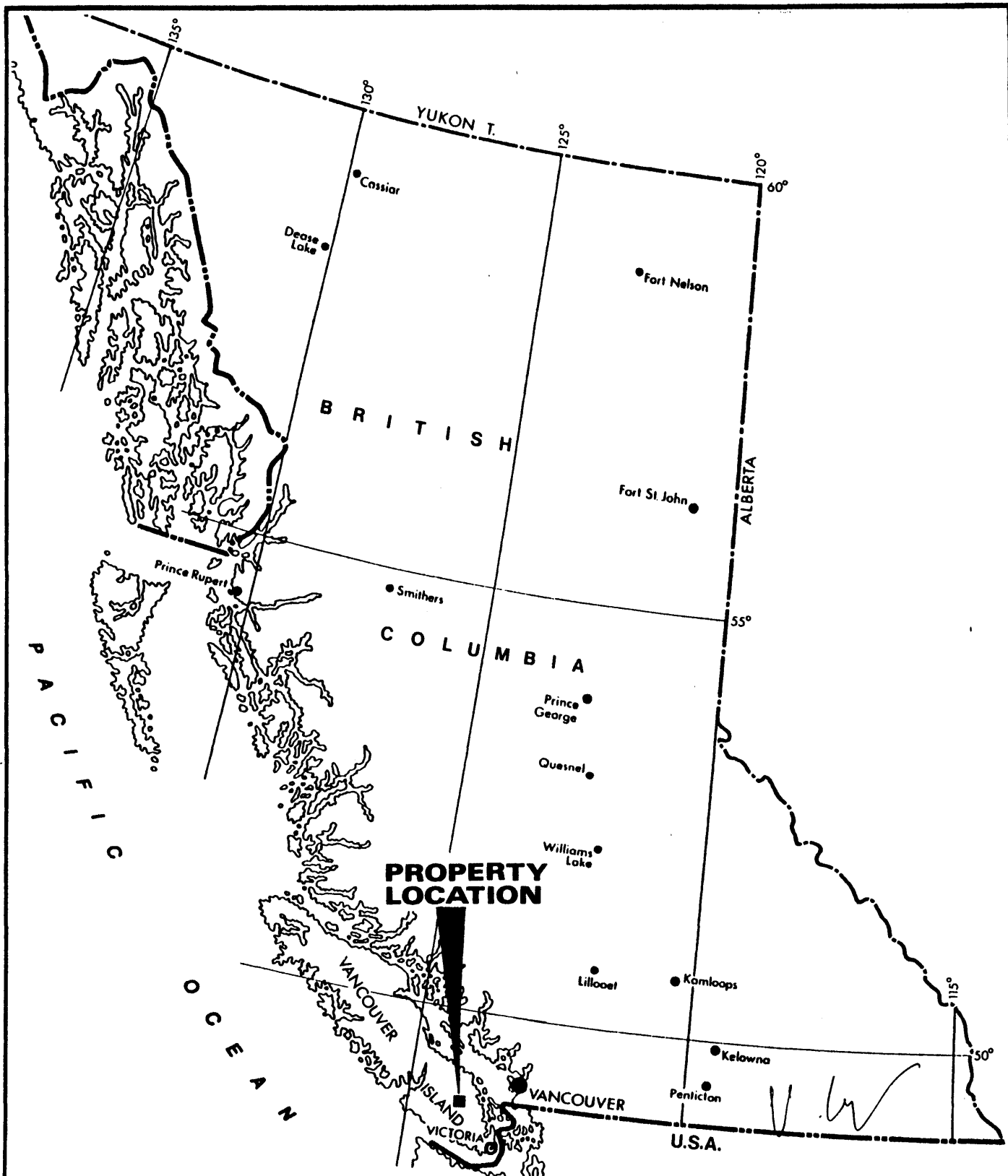
3.2 ACCESS

The property is accessible by a good quality logging road following the north side of the Chemainus River Valley. From the turnoff on the Island Highway at Chemainus to the bridge D-12 (crossing the Chemainus River near the property) is a distance of about 40 kilometers. From the bridge, old logging roads reach the claim area.

3.3 CLAIMS

The property consists of a single claim located on the modified grid system. The name and corresponding recording data are as follows:

<u>Claim</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Anniversary Date</u>
Harbey	20	1838	March 4, 1988



Sierra Madre Resources Inc.		
Harbey Mineral Claim Location Map		
VICTORIA M.D.	NTS 92C/16 E	
V. CUKOR, P.Eng. - NVC ENGINEERING Ltd. - VANCOUVER, B.C.		
DATE: August 1987	SCALE: 0 100 km	FIG. 1

3. PROPERTY (CONT'D)

3.3 CLAIMS (Cont'd)

The property lies within Blocks 57, 437, 438 and 996, Cowichan Lake Land District, with the surface and timber rights belonging to McMillan Bloedel Limited. Prior to commencement of exploration, the Licence for Mineral Exploration was obtained and a performance bond had to be posted with the Company.

The claims appear to be staked in accordance with the Mineral Act of B.C.

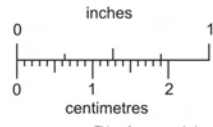
3.4 TOPOGRAPHY AND CLIMATE

The property occupies the northern slopes of Mount Franklin. It is between approximate elevations of 500 and 1,100 meters for a total relief of about 600 meters. The topography is generally rugged with steep, north-south canyons in the southern part of the claim.

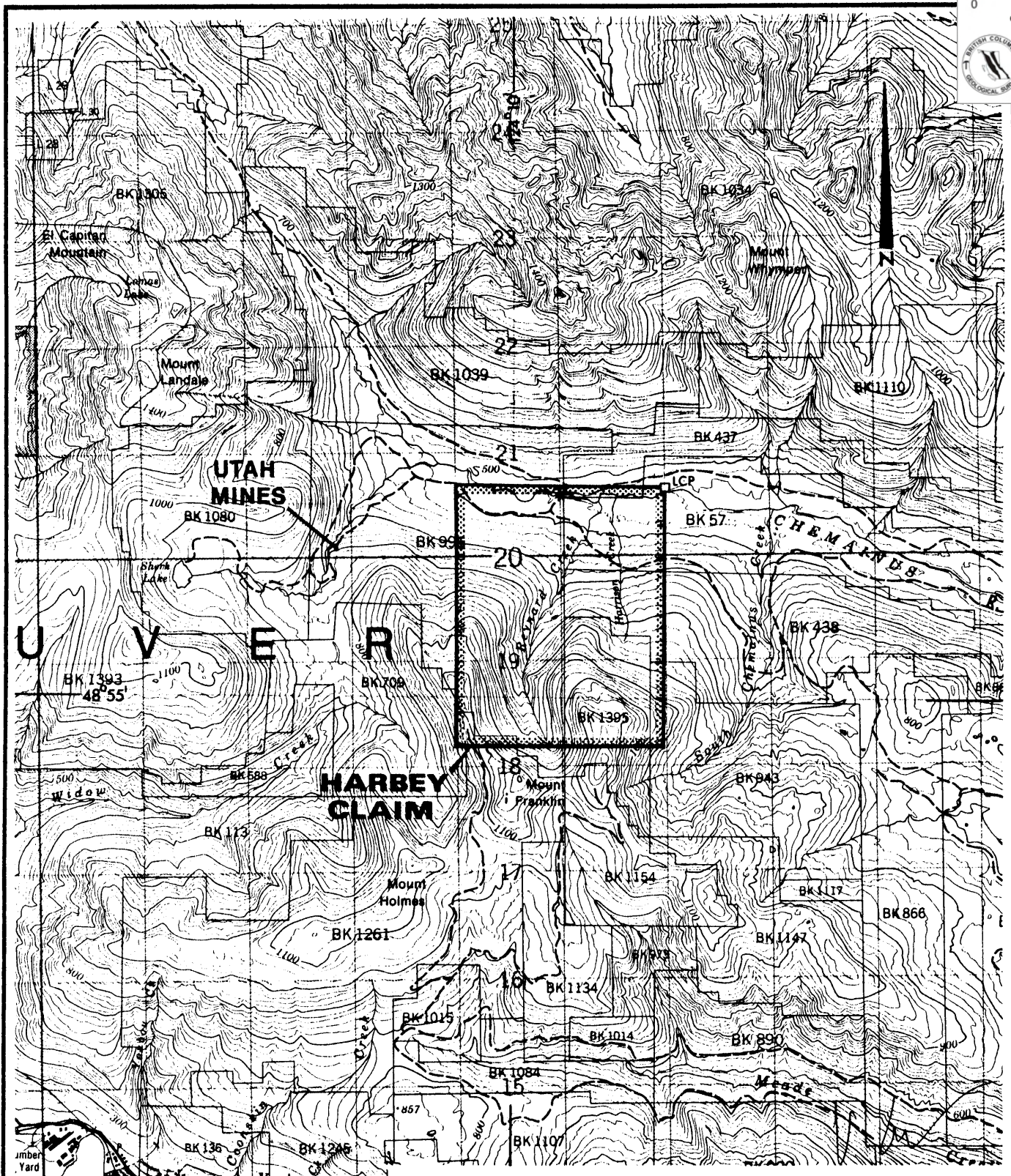
The northern part of the claim had been logged and is now covered with thick second growth, which sometimes hampers prospecting and mapping. The southern part of the property is covered by standing timber, where presently new roads are under construction in preparation for logging.

The climate of the area is characterized by hot summers and moderate winters with heavy atmospheric precipitation.

All water and timber for development purposes is available on the claim; large supply centers are within easy reach. The property topography and claim location is shown on Figures 2 and 3.



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



Sierra Madre Resources Inc.

Harbey Mineral Claim

Claim Location and Topography

VICTORIA M.D.

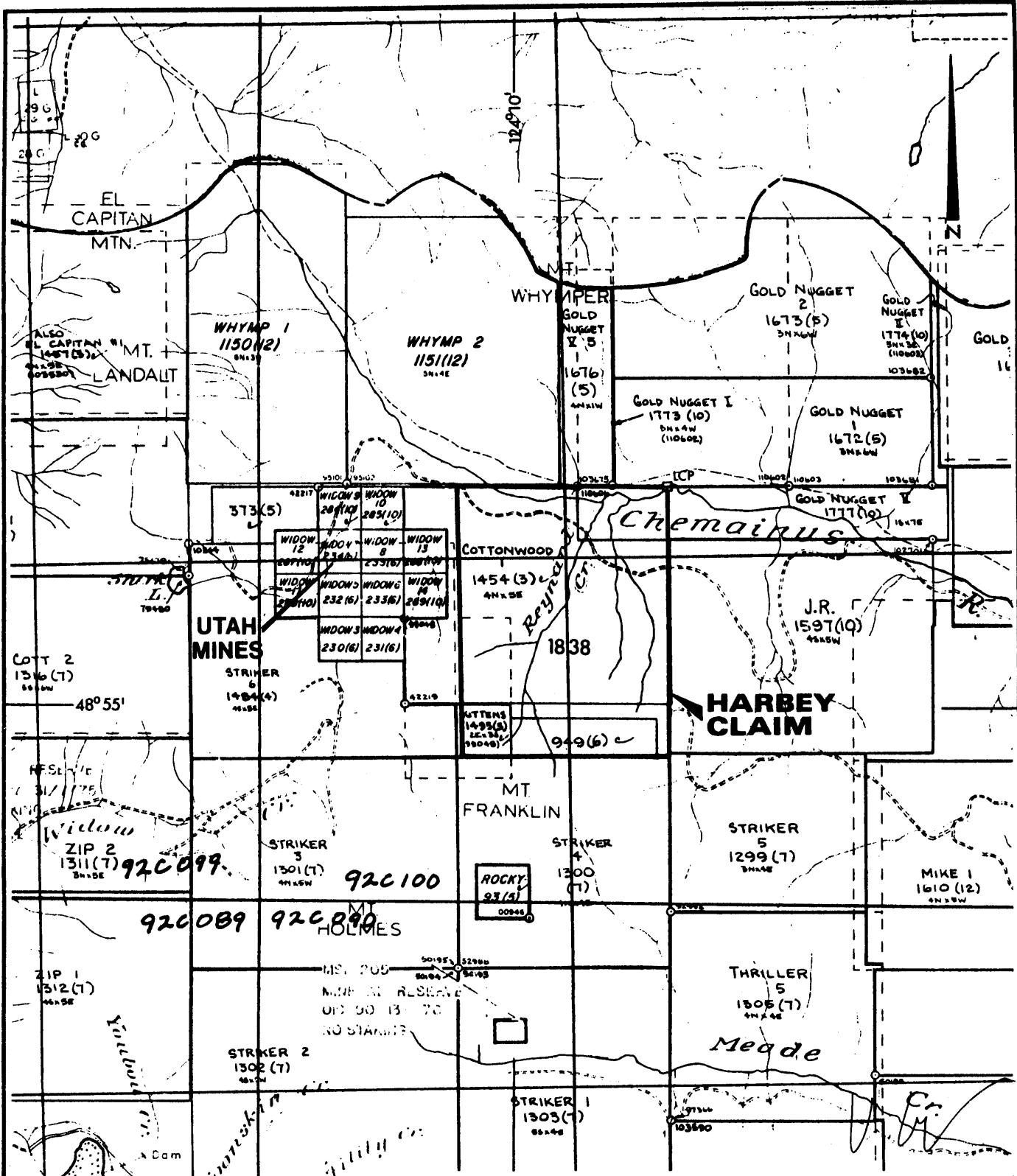
NTS 92C/16 E

V.CUKOR, P.Eng. - NVC ENGINEERING Ltd. - VANCOUVER, B.C.

DATE: August 1987

SCALE: 0 1 km

FIG. 2



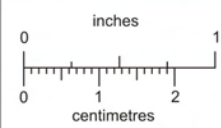
Sierra Madre Resources Inc.

Harbey Mineral Claim Claim Map

VICTORIA M.D. NTS 92C/16 E

V. CUKOR, P.Eng. - NVC ENGINEERING Ltd. - VANCOUVER, B.C.

DATE: August 1987 SCALE: 0 1 km FIG. 3



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

4. HISTORY

There are no records of previous work on the property, and during the 1987 field program, no physical evidence of any past exploration was detected. Only brief examination of the property was carried out, prior to the recent program.

Exploration, however has been recorded on the Anne claims (previously known as the Widow claims), where Hibernia Mining explored old copper-gold showings. Allegedly Utah Mines has a plan to perform a drill program on this property in the near future.

Elsewhere in the same 100 mile long volcanic belt, a number of other precious metal prospects are known.

At the south end of the belt, Twin J. Mine produced some 300,000 tons of ore with a grade of .075 oz/t gold, 2.05 oz /t silver, with values in zinc, copper and lead.

The Lynx-Myra ore body has been in production for the last twenty years. In 1979 Westmin Resources announced the discovery of H.W. Deposit, of 15 million tons of ore with a grade of .07 oz/t gold, 1.1 oz/t silver, 2.2% copper and additional values in lead and zinc.

Abermin Corporation is conducting a program on the Lara Property, where a 530 foot long and 11 foot wide zone was reported to average .12 oz/t gold, 2.8 oz/t silver, 4.5% zinc, 1% lead and .75% copper. A further expenditure of \$1,000,000 was announced for the 1987 exploration.

5. GEOLOGY

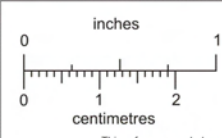
5.1 REGIONAL GEOLOGY

The property lies within a 100 mile long and 10 mile wide northwest trending belt which consists of complex sedimentary and volcanic rocks, of Cretaceous age or older. The geology of the Cowichan Lake area, within which lies the property, is shown on Open File Geology Map 1987/2, sheet 1 of 9, by W.D. Massey et al.

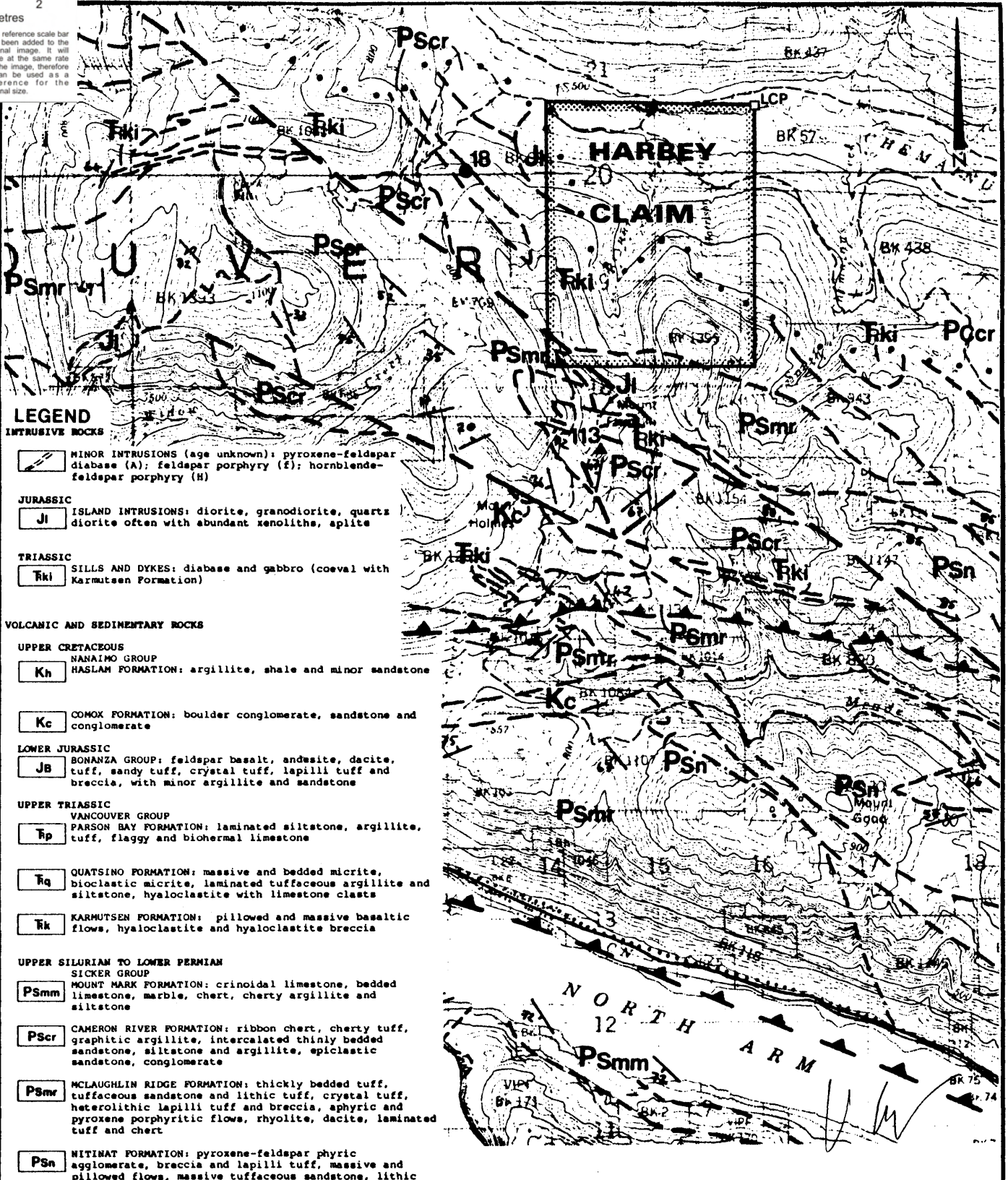
According to Massey's map, the geology comprises of volcanic and sedimentary rock, ranging in age from Cretaceous to Silurian. Locally these rocks are intruded by diorites, granodiorites and quartz diorites belonging to the Jurassic Island intrusives.

Geological units strike mostly northwest-southeast; this generally is the trend of most of the main fault and thrust zones which appear on the map sheet.

Numerous mineral showings are found within the area, mostly within Triassic Karmutsen volcanics and the Silurian Sicker Group sediments and volcanics. The one closest to the Harbey claim is the Comego (Anne) gold-silver-copper-molybdenum showing, located only about 1 mile west of the claims.



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



LEGEND

INTRUSIVE ROCKS

MINOR INTRUSIONS (age unknown): pyroxene-feldspar diabase (A); feldspar porphyry (f); hornblende-feldspar porphyry (H)

JURASSIC

ISLAND INTRUSIONS: diorite, granodiorite, quartz diorite often with abundant xenoliths, aplite

TRIASSIC

SILLS AND DYKES: diabase and gabbro (coeval with Karmutsen Formation)

VOLCANIC AND SEDIMENTARY ROCKS

UPPER CRETACEOUS

NANAIMO GROUP
HASLAM FORMATION: argillite, shale and minor sandstone

Kc

COMOX FORMATION: boulder conglomerate, sandstone and conglomerate

LOWER JURASSIC

BONANZA GROUP: feldspar basalt, andesite, dacite, tuff, sandy tuff, crystal tuff, lapilli tuff and breccia, with minor argillite and sandstone

UPPER TRIASSIC

VANCOUVER GROUP
PARSON BAY FORMATION: laminated siltstone, argillite, tuff, flaggy and biohermal limestone

Trq

QUATSINO FORMATION: massive and bedded micrite, bioclastic micrite, laminated tuffaceous argillite and siltstone, hyaloclastite with limestone clasts

Trk

KARMUTSEN FORMATION: pillowed and massive basaltic flows, hyaloclastite and hyaloclastite breccia

UPPER SILURIAN TO LOWER PERMIAN

SICKER GROUP
MOUNT MARK FORMATION: crinoidal limestone, bedded limestone, marble, chert, cherty argillite and siltstone

PsCr

CAMERON RIVER FORMATION: ribbon chert, cherty tuff, graphitic argillite, intercalated thinly bedded sandstone, siltstone and argillite, epiclastic sandstone, conglomerate

Psnr

MCLAUGHLIN RIDGE FORMATION: thickly bedded tuff, tuffaceous sandstone and lithic tuff, crystal tuff, heterolithic lapilli tuff and breccia, aphyric and pyroxene porphyritic flows, rhyolite, dacite, laminated tuff and chert

Psn

NITINAT FORMATION: pyroxene-feldspar phyric agglomerate, breccia and lapilli tuff, massive and pillowed flows, massive tuffaceous sandstone, lithic tuff, laminated tuff and chert

SYMBOLS

- Geological contact (defined, approximate, transitional).....
- Limit of drift covered area.....
- Roof pendant (unit code indicated; too small to map separately).....
- Limit of mapping.....
- Bedding (horizontal, inclined, overturned).....
- Bedding estimated from pillows (inclined).....
- Schistosity (inclined, vertical).....
- Fault (defined, approximate).....
- Thrust fault (defined, approximate, assumed) teeth indicate upthrust side with dip indicated.....

Sierra Madre Resources Inc.

**Harbey Mineral Claim
Geology Map**

VICTORIA M.D. NTS 92C/16 E
V. CUKOR, P.Eng. - NVC ENGINEERING Ltd. - VANCOUVER, B.C.

DATE: August 1987 SCALE: 0 1km FIG. 4

5. GEOLOGY

5.2 PROPERTY GEOLOGY

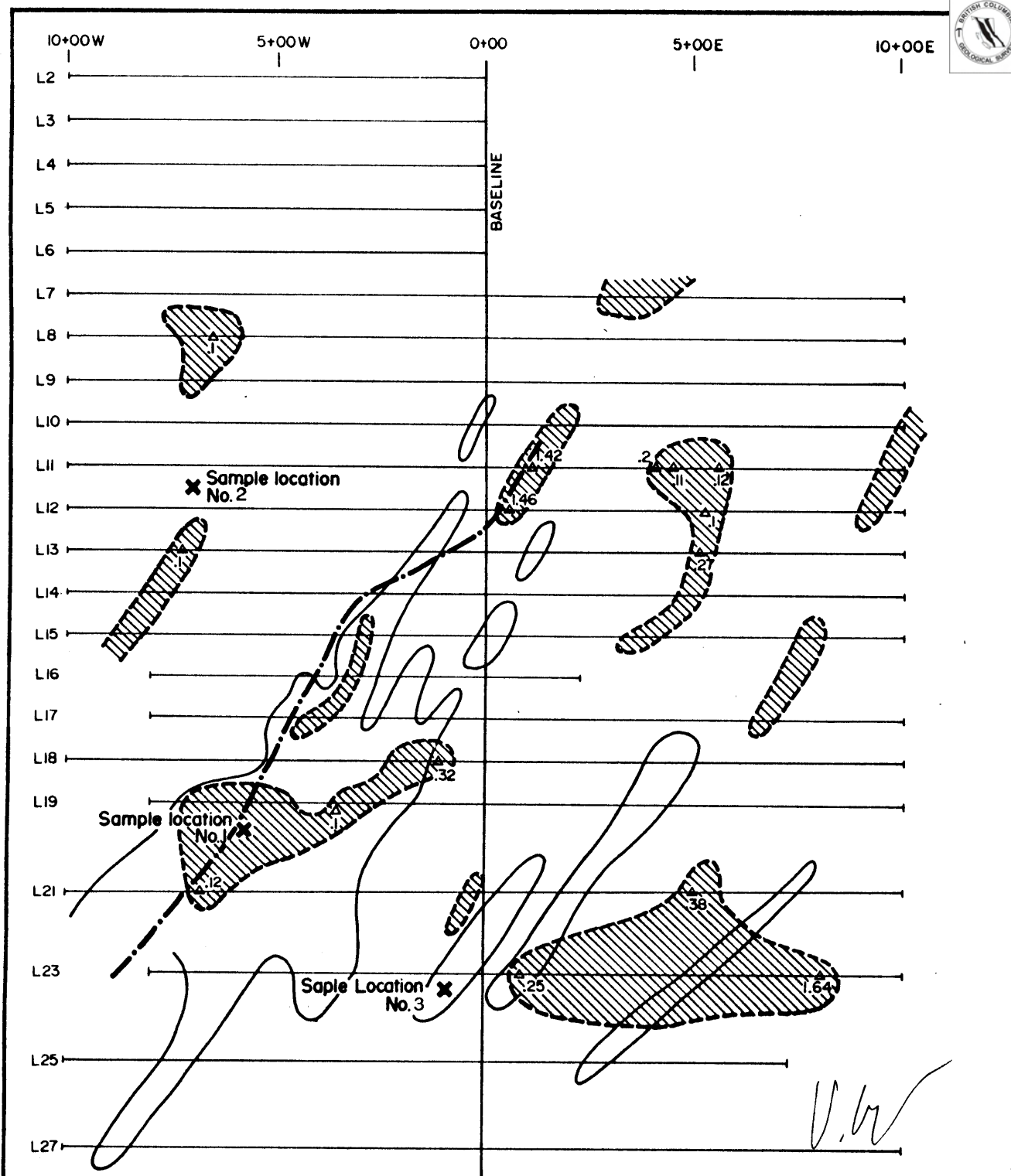
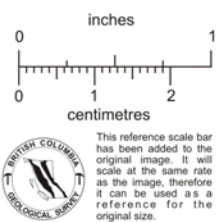
Part of the Harbey Claim area is underlain by basic volcanics of the Triassic Franklin Creek Unit, equivalent to the Karmutsen volcanics. These rocks overlie Silurian or Permian cherts of the Sicker Group which outcrop on the southern half of the property. In the northern part of the property, both groups are intruded by diorite of the Jurassic Island Intrusion.






The observed trend and the trend on the map of the units is west-northwest. Major faulting also strikes in this direction; the fault that crosses the southwest corner of the property runs in this same direction.

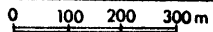
The outcrop on the property is scarce, and of what there is it is concentrated in the southern part of the property, exposed on canyon walls and road cuts.

The alteration on the property consists of kaolinitization of intrusive, silicification of the chert, and some hornfelsing in the volcanic and the chert. In places there is limonitic staining. Some quartz veining was noted, running north-south and northwest-southeast (90° to the trend of the contacts) vertically and in a third direction, dipping shallowly to the southwest.

Some fracture filling by felsic dykes was noted on the property, one such a place is line 19 S 70 W.



-  Copper Geochemical Anomaly
-  Gold Geochemical Anomaly
-  High Gold Geochemical Values (ppm Au)
-  VLF Conductor (Hawaii)
-  Rock Sample

Sierra Madre Resources Inc.	
Harbey Mineral Claim	
Composite Plan	
VICTORIA M.D.	NTS 92C/16 E
V. CUKOR, P. Eng. - NVC ENGINEERING Ltd. - VANCOUVER, B.C.	
DATE: August 1987	SCALE:  0 100 200 300m
	FIG. 5

6. GEOCHEMICAL SURVEY

6.1 FIELD METHOD

In preparation for the survey a chain and compass grid was cut, with a 100 metre line separation in the northern part and 200 metre in the southern part of the claim. Samples were collected at 50 metre spacing. Wherever possible soil was taken from shallow pits dug by mattock, preferably from the "B" horizon. All samples were packed in the standard soil sample envelopes, partially dried in the field and shipped to General Testing in Vancouver, to be processed further.

6.2 LABORATORY PROCEDURE

All samples were assayed for gold, silver, copper, molybdenum, lead and zinc. Firstly they were oven dried and sieved to -250 mesh. For the gold assay, a bead was prepared by the fire assay from a 10 g sample. The bead was dissolved in aqua regia and processed by atomic absorption.

For the other metals 1 gram of the -250 mesh fraction was dissolved, diluted and processed by atomic absorption photospectography. All assay results were expressed in parts per million; on the Geochemical Plan - Gold Plot, the gold values are shown as parts per billion.

6. GEOCHEMICAL SURVEY (CONT'D)

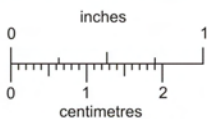
6.3 DATA PRESENTATION

Four geochemical plans were prepared in the scale of 1:5,000. Results are presented for gold, silver, copper and molybdenum. Assays for lead and zinc stayed in background values and plans for these two metals were not prepared. All assay reports are, however, appended to the end of the report.

The areas with anomalous and significantly anomalous values were contoured and significant anomalies were hatch-patterned.

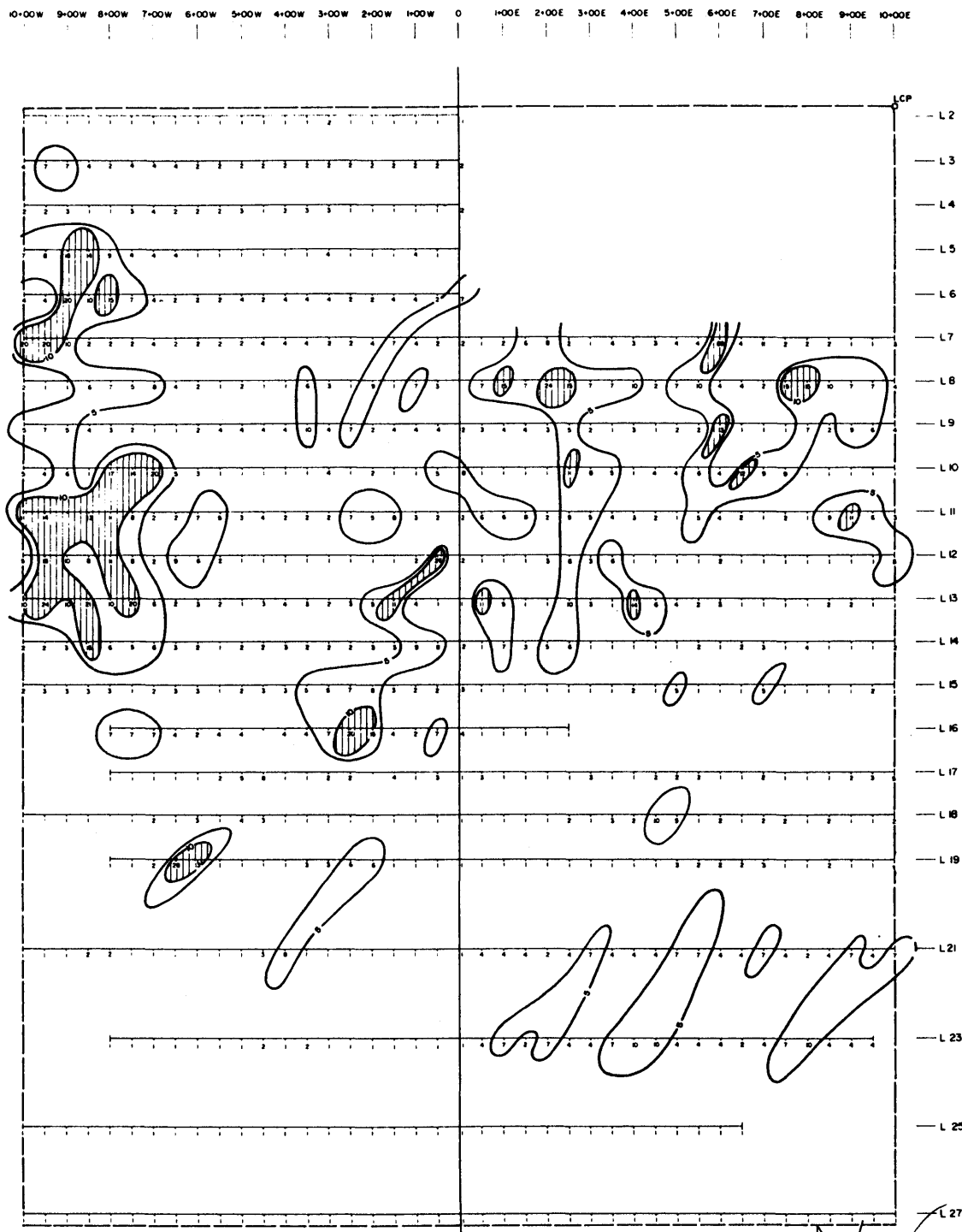
6.4 DISCUSSION OF RESULTS

a) Molybdenum - anomalous values are considered to be over 5 ppm Mo and significantly anomalous over 10 ppm Mo. Anomalous values are scattered over the whole grid area, however there is a concentration of the anomalous values in the northern part of the grid, where the highest result of 69 ppm Mo was encountered. This is also the area where the intrusive rocks underlie the property. The large anomaly, located between lines L 15 and L 4 along the western edge of the grid, should definitely be checked more closely. Anomalies in the southern part of the grid follow a conspicuous northeast trend.



BRITISH COLUMBIA
GEOLOGICAL SURVEY

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SCALE meters 50 0 100 200 meters

LEGEND

Anomalous > 5 ppm Mo

Significantly anomalous > 10 ppm Mo

Sierra Madre Resources Inc.

HARBEY MINERAL CLAIMS

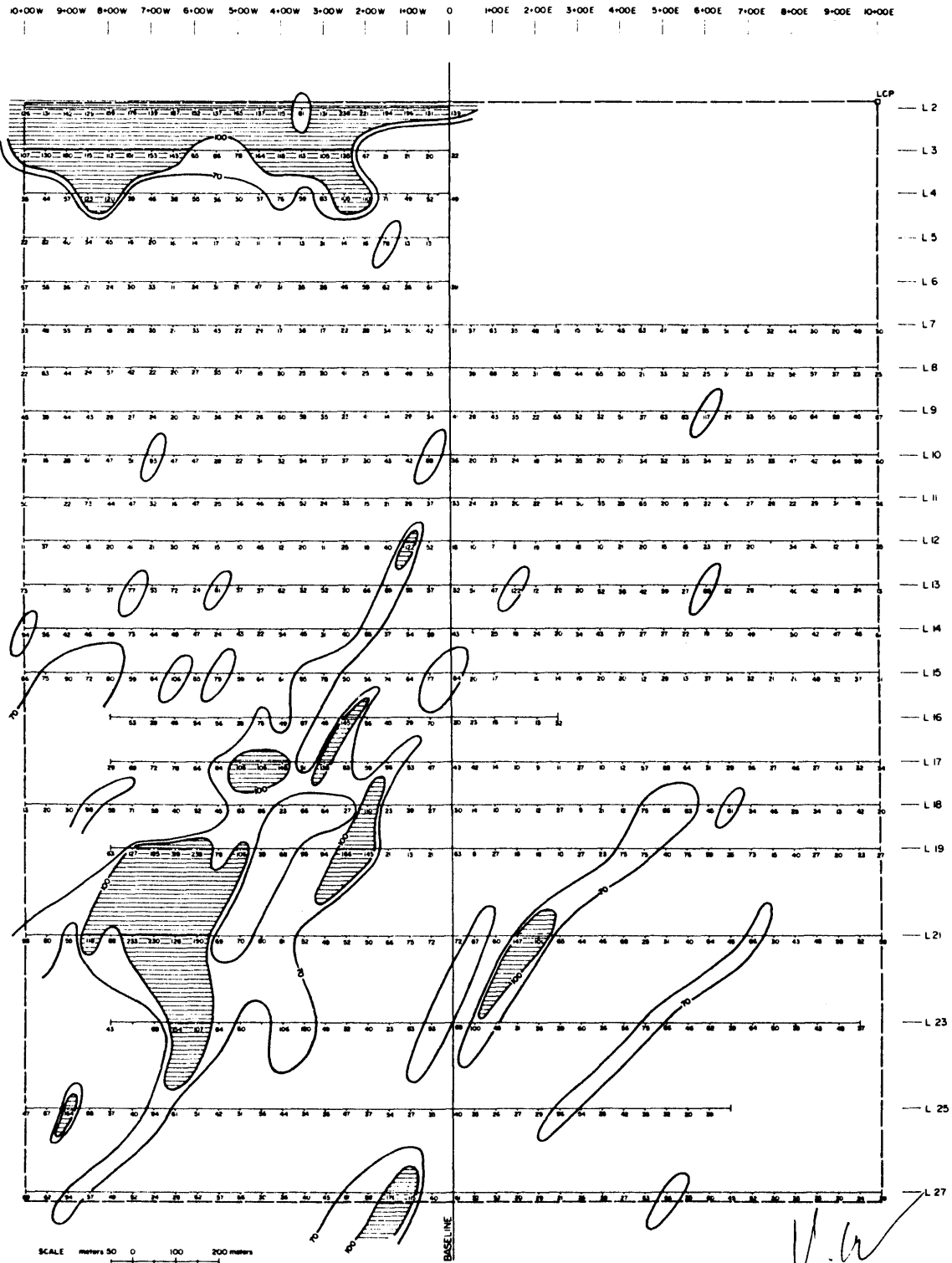
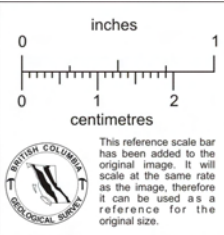
GEOCHEMICAL PLAN - ppm Mo

VECTORS 814 878 882 708

V. CLIKOR, P. Eng - RVC ENGINEERS LTD - VANCOUVER, B.C.

DATE Sept, 1987 SCALE as shown 718 6

V. Clikor



LEGEND

○ Anomalous > 70 ppm Cu

○ Significantly anomalous > 100 ppm Cu

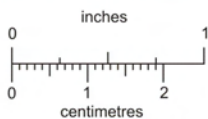
Sierra Madre Resources Inc.		
HARBEY MINERAL CLAIMS		
GEOCHEMICAL PLAN - ppm Cu		
WESTERN LTD. NTS 100/01		
V. CLUKOR, P. Eng. - NVC ENGINEERING LTD. - VANCOUVER, B.C.		
DATE	SCALE	FIG.
Sept., 1987	AS SHOWN	8

6. GEOCHEMICAL SURVEY (CONT'D)

6.4 DISCUSSION OF RESULTS (Cont'd)

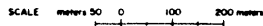
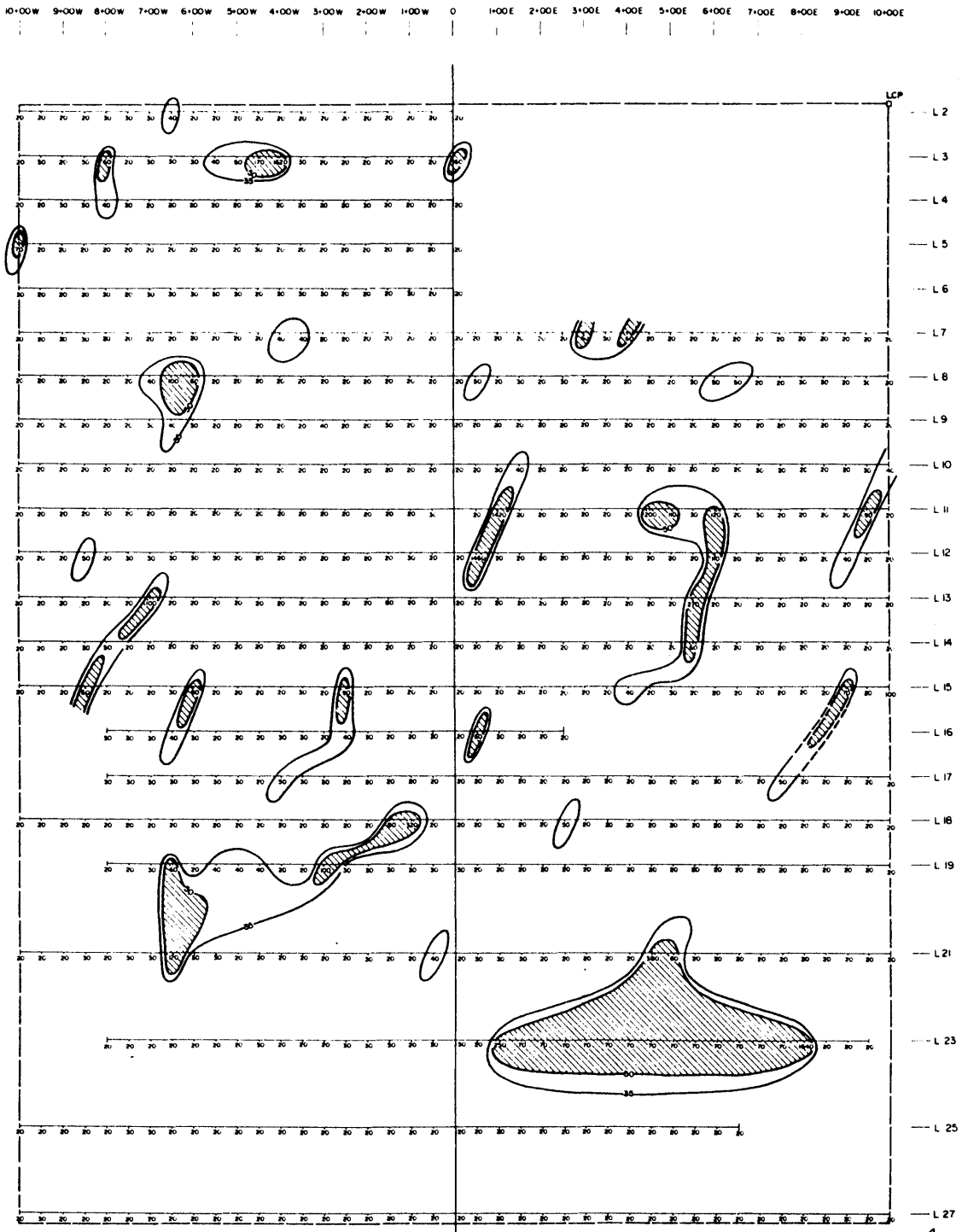
d) Gold (Cont'd)

The gold anomalies are of much smaller areal extent than the copper anomalies, but they largely coincide with each other in position. The trends of the latest gold anomalies greatly support the previously mentioned north-east trend as the major structural trend, also supported by the VLF-EM data.



BRITISH COLUMBIA
GEOLOGICAL SURVEY

This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



LEGEND

- Anomalous > 35 ppb gold
- Significantly anomalous > 50 ppb gold

Sierra Madre Resources Inc.

HARBEY MINERAL CLAIMS
GEOCHEMICAL PLAN - ppb Au
 VICTORIA, B.C. 875 021/011
 V. CLAROS, P. ENG. - NYC ENGINEERING LAB - VANCOUVER, B.C.
 DATE: Sep., 1987 SCALE: AS SHOWN FIG. 9

V. a.

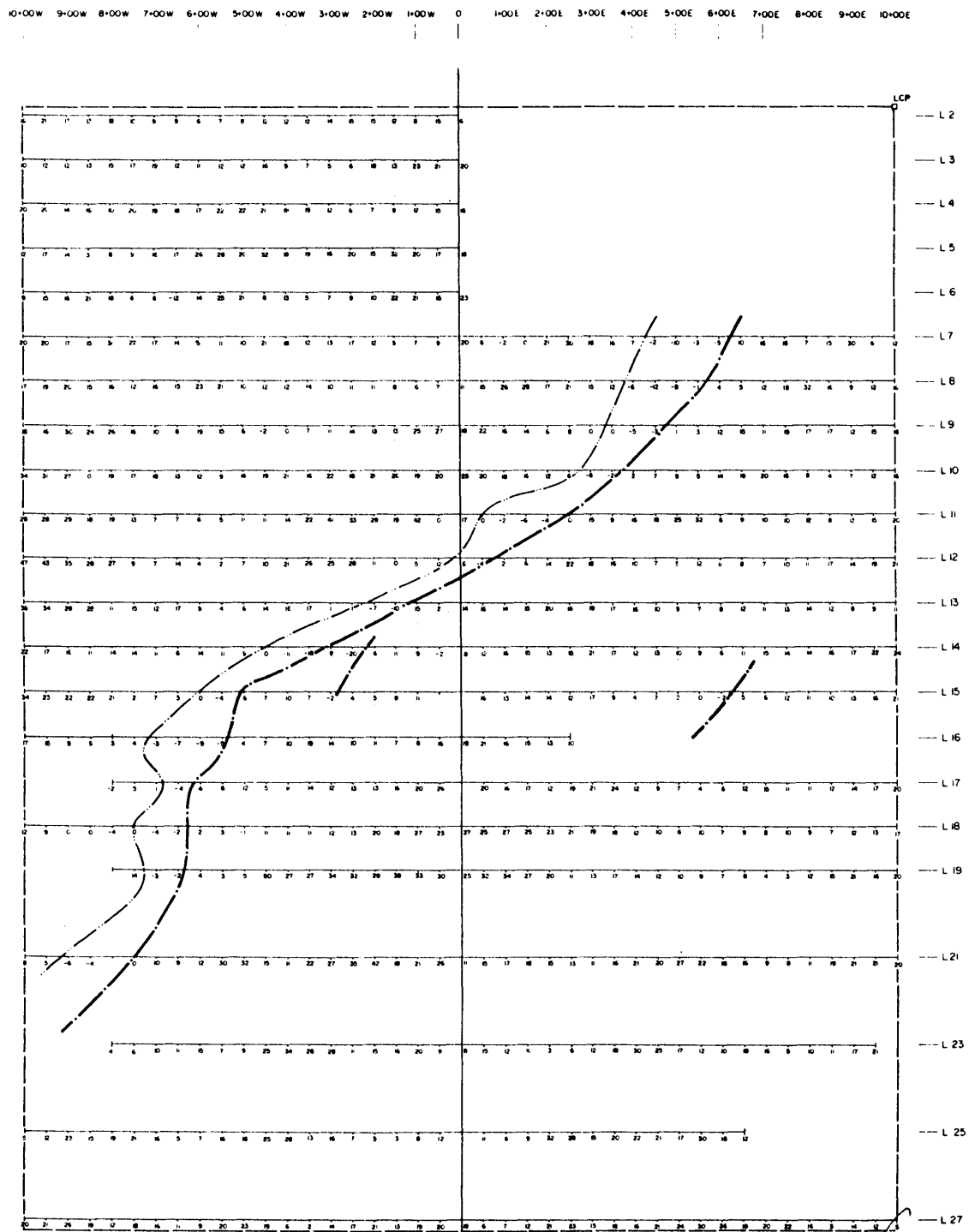
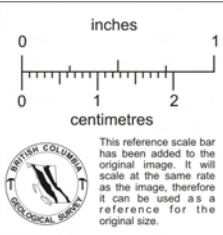
7. GEOPHYSICAL SURVEYS

The grid used for the geochemical survey was also utilized for the VLF-EM and Magnetic survey. The surveys were run by a Scintrex IGS-2 with VLF 4 and MP 4 sensors (see Appendix A for detailed instrument description).

7.1 VLF-EM SURVEY

The Scintrex IGS-2 was programmed to receive the VLF stations, Luahalei, Hawaii, 23.4 KHz and Cutter, Main 24.0 KHz. During the period of the survey, the station Seattle, Washington was inoperative. As well, due to its weak signal, Cutter, Maine was plagued by sporadic and fairly frequent electromagnetic interference; thus only the data for Hawaii is presented (see Figure 9). A conspicuous VLF anomaly is evident, running northeast-southwest, coinciding with both the geochemical copper and gold anomalies and with the gold showings. At Line 11, 400 W the anomaly is strong and narrow, suggesting it may be close to surface and may provide a trenching target if it can be accessed easily by bulldozer.

The VLF-EM survey has shown good response, coinciding with geologic trends, geochemistry and showings, thus it may be used to define the anomaly in more detail. For this purpose, a 50 metre spacing of the lines and 12.5 metre stations should be used.



SCALE meters 0 100 200 meters

LEGEND
 ——— Crossover (Conductor)
 - - - - Reverse Crossover

Instrument
 Scintrex IG5-2
 integrated geophysical system

Sierra Madre Resources Inc.	
HARBET MINERAL CLAIMS	
VLF-EM SURVEY - STATION HAWAII	
VICTORIA B.C.	M.F.S. INC./B.C.
V. CLUKOR, P. Eng. - R.V.C. ENGINEERING LTD. - VANCOUVER, B.C.	
DATE: Sept., 1987	SCALE: as shown
PAGE: 10	10

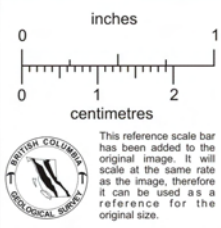
7. GEOPHYSICAL SURVEYS (CONT'D)

7.2 GROUND MAGNETIC SURVEY

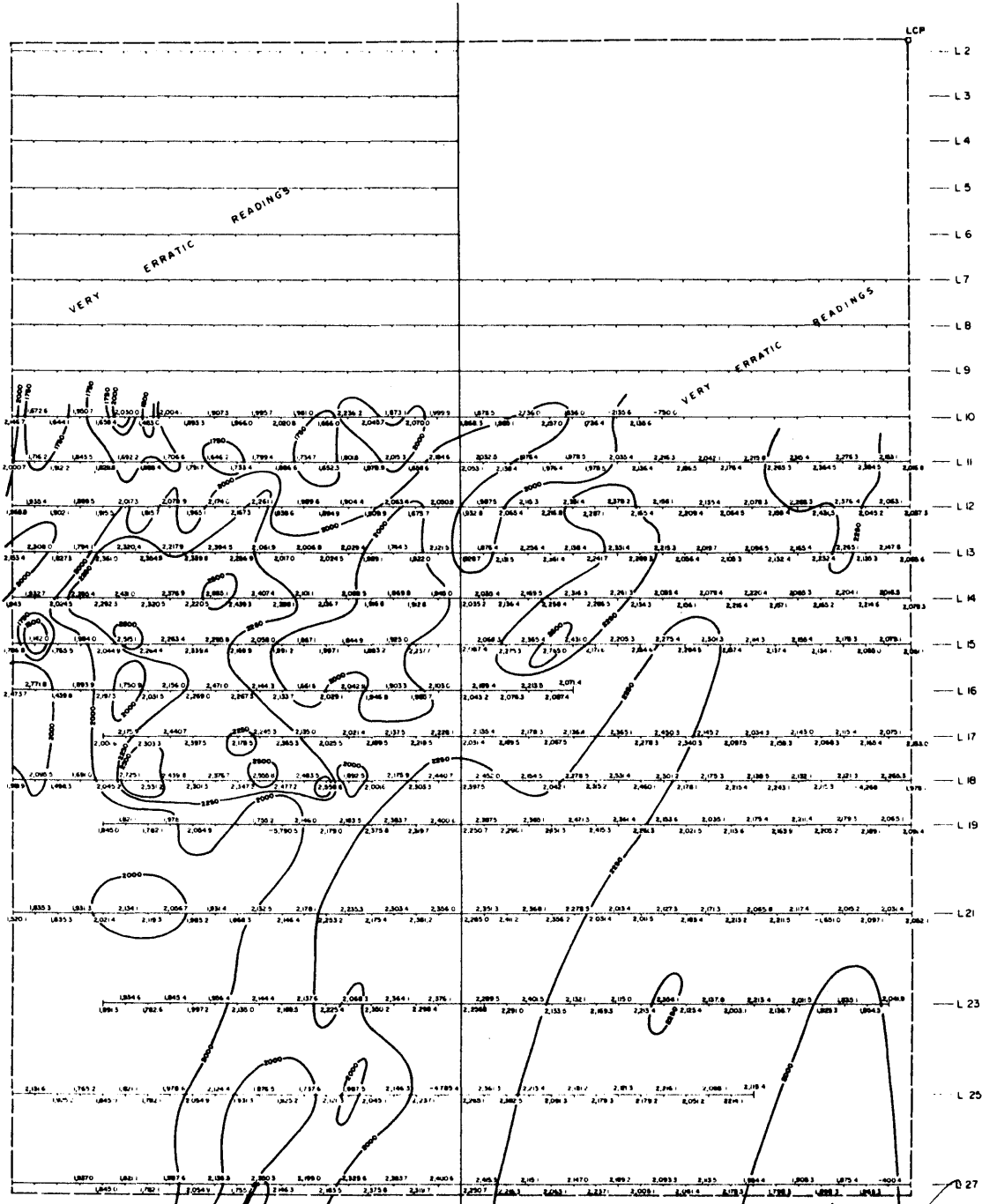
The IGS instrument measures total magnetic field. It is fitted with a proton-processing magnetometer sensor and is used in conjunction with a base station which is fitted similarly. Corrections are performed at the end of the day's survey, electronically, by connecting the base station with the field unit.

The results were plotted on Figure 10, scale 1:5000. The readings are fairly uniform over the whole surveyed area except for some very low, erratic readings, probably due to micropulsations. The northern part of the grid was not surveyed magnetically due to disturbances in the magnetic field that caused very erratic readings.

Overall, the magnetic survey does suggest a northeast trend in some areas.



10+00W 9+00W 8+00W 7+00W 6+00W 5+00W 4+00W 3+00W 2+00W 1+00W 0 1+00E 2+00E 3+00E 4+00E 5+00E 6+00E 7+00E 8+00E 9+00E 10+00E



SCALE meters 50 0 100 200 meters

LEGEND
 1845.0 1845.0 Readings in gammas

Sierra Madre Resources Inc.
 HARBEY MINERAL CLAIMS
 MAGNETIC SURVEY PLAN
 (Contour Map)
 V. CURIO, P. Eng. - HVC ENGINEERING LTD. - VANCOUVER, B.C.
 DATE Sept., 1987 SCALE 1:50,000 FIG. 11

8. SUMMARY OF 1987 EXPLORATION

The program conducted in the summer of 1987 produced decisively positive results.

Geochemical soil survey and geophysical VLF and ground magnetic surveys were conducted over the cut grid totalling about 50 kilometers. A total of 752 soil samples were collected and assayed for Au, Ag, Cu, Pb, Zn and Mo, returning anomalous and highly anomalous readings in same well defined zones. The highest values were: gold 1.62 ppm, silver 17.2 ppm, copper 319 ppm, lead 1000 ppm, zinc 267 ppm and molybdenum 69 ppm.

Most of the values for lead and zinc are in the background range and only spotty highs are recorded in various parts of the grid. Anomalous silver and copper values are usually associated with such highs.

Both silver and molybdenum show a wide range of anomalous readings spread over a large area. They do not seem to be related to any particular structure or rock unit. In part, both silver and molybdenum anomalies seem to relate to high gold and copper values.

Gold and copper, however, show good correlation. The anomalous values of both metals show strong linear trends at N 30° E to N 45° E and correlate well with the position and trend of the VLF conductor. The position of sampling

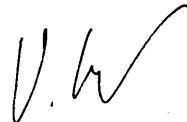
8. SUMMARY of 1987 EXPLORATION (Cont'd)

location No. 1 is within an anomalous zone about 400 metres wide and over 1,600 metres long where copper values between 78 and 319 ppm, and gold values between 40 and 320 ppb were obtained. Within the same zone, anomalous silver and molybdenum values were recorded as well.

The VLF survey produced positive results. Both stations used (Hawaii and Cutler) show definite NE trends. The Hawaii anomaly appears to be related to a shear zone, in which significant gold values were received, and which closely correlates with high gold-copper readings in the soil. By itself, this conductor is an excellent target for further investigation by more extensive sampling, bulldozer trenching and diamond drilling.

The ground magnetic survey produced a pattern which probably follows the main structural trends and geological units, and may assist with geological interpretation of the results of further exploration.

Respectfully submitted,



V. Cukor, P. Eng.
NVC ENGINEERING LTD.

August 10th, 1987
Revised January 15th, 1988

CERTIFICATE

I, VLADIMIR CUKOR, of 304 - 1720 Barclay Street, Vancouver,
British Columbia, DO HEREBY CERTIFY that:

1. I am a Consulting Geological Engineer with NVC ENGINEERING LTD. and with business address as above;
2. I graduated from the University of Zagreb, Yugoslavia in 1963 as a Graduated Geological Engineer;
3. I am a Registered Professional Engineer in the Geological Section of the Association of Professional Engineers in the Province of British Columbia, Registration No. 7444;
4. I have practiced my profession as a Geological Engineer for the past twenty-four years in Europe, North America and South America in engineering geology, hydrogeology and exploration for base metals and precious metals;
5. I have personally conducted or supervised work as documented in this Report;
6. I have no interest, direct or indirect, in properties of Sierra Madre Resources Inc., nor do I expect to receive any;
7. I hereby consent to the use of this Report by the Company for organizing public financing.

January 15th, 1988


V. Cukor, P. Eng.
NVC ENGINEERING LTD.

BIBLIOGRAPHY

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Anne Group Mineral claims.
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Harbey (#1838) Mineral claim (private file).

APPENDIX A

GEOPHYSICAL INSTRUMENT SPECIFICATIONS

THE IGS-2 SYSTEM

1.0 INTRODUCTION

1.1 General Information

The IGS-2 Integrated Geophysical System is a portable microprocessor-based instrument which allows more than one type of survey measurement to be performed by a single operator during a survey.

The IGS-2 is a modular system which can easily be configured to suit different and changing survey requirements. Reconfiguring the system is easy and offers both operational flexibility and minimal redundancy with a minimum number of spare consoles and/or modules.

When configured with any of the available sensor options, the IGS-2 System Control Console becomes a method-specific instrument according to the sensor option(s) utilized. In addition, the IGS-2 Console is an electronic notebook into which geophysical, geological or other data may be manually entered and digitally stored.

Data is stored in the IGS-2 in an expandable, solid state memory and can be output in the field by connecting the instrument to a printer, tape recorder, modem or microcomputer.

The 32 character digital display uses full words in most cases, ensuring clear communication. Both present and previous data are displayed simultaneously, allowing comparisons to be made at a glance during a survey.

The IGS-2 records header information, data values, station number, line number, grid number and the time of each observation in its internal memory. Data are first sorted by grid number, then in order of increasing line number and, within each line, by increasing station number. In this way, the data are organized logically regardless of the sequence in which they were taken. Ancillary data can also be manually entered and recorded at a given station, along with the survey parameters.

The IGS-2 may appear complex because of the new microprocessor-based technology employed in its design. However, it does not perform any operation that is, in principle, unfamiliar to an experienced operator. Only the procedures have changed. For instance, data can now be recorded in the memory of the IGS-2 by a



Figure IGS:1
The IGS-2 as Worn by an Operator

series of simple keystrokes, rather than recording measurements by hand in a notebook. Likewise, an error spotted in the records, which would be corrected or erased by hand, is now corrected by means of the Edit function which allows the error to be removed from memory, corrected, and then refiled, or erased altogether.

1.2 Product Updates

At Scintrex we are continually working in improve our line of products. You may be notified as important changes occur to either the software or hardware of our products. We would appreciate hearing from you if you are interested in our latest developments. We would also value hearing from you about any successes, or problems you may have encountered so that we may advise you.

THE MP-3/4 MAGNETOMETER

1.0 INTRODUCTION

1.1 General Outline

This section of the manual describes in detail the proton magnetometer method.

A theoretical explanation of the magnetic method is given first. Then the table MAG SETUP MENUS is presented for reference. After this, the following topics are dealt with in detail:

- 1) method enabling procedures,
- 2) measuring procedures,
- 3) warning messages,
- 4) equipment setup procedures,
- 5) troubleshooting information,
- 6) specifications and
- 7) parts list.

1.2 The Magnetic Method

The magnetic method consists of measuring the magnetic field of the earth as influenced by rock formations having different magnetic properties and configurations. The measured field is the vector sum of induced and remanent magnetic effects. Thus, there are three factors, excluding geometrical factors, which determine the magnetic field. These are the strength of the earth's magnetic field, the magnetic susceptibilities of the rocks present and their remanent magnetism.

The earth's magnetic field is similar in form to that of a bar magnet's. The flux lines of the geomagnetic field are vertical at the north and south magnetic poles where the strength is approximately 60,000 nT. In the equatorial region, the field is horizontal and its strength is approximately 30,000 nT.

The primary geomagnetic field is, for the purposes of normal mineral exploration surveys, constant in space and time. Magnetic field measurements may, however, vary considerably due to short term external magnetic influences. The magnitude of these variations is unpredictable. In the case of sudden magnetic storms, it may reach several hundred gammas over a few minutes. It may be

necessary, therefore, to take continuous readings of the geomagnetic field with a base station magnetometer while the magnetic survey is being done. An alternative field procedure is to make periodic repeat measurements at convenient traverse points, although this is a very unreliable method during active magnetic storms when it is important to have proper reference data.

The intensity of magnetization induced in rocks by the geomagnetic field F is given by:

$$I = kF$$

where I is the induced magnetization
 k is the volume magnetic susceptibility
 F is the strength of the geomagnetic field

For most materials, k is very much less than 1. If k is negative, the body is said to be diamagnetic. Examples are quartz, marble, graphite and rock salt. If k is a small positive value, the body is said to be paramagnetic, examples of which are gneiss ($k = 0.002$), pegmatite, dolomite and syenite. If k is a large positive value, the body is strongly magnetic and it is said to be ferromagnetic, for example, magnetite ($k = 0.3$), ilmenite and pyrrhotite.

The susceptibilities of rocks are determined primarily by their magnetite content since this mineral is so strongly magnetic and so widely distributed in the various rock types. (Of considerable importance, as well, is the pyrrhotite content.)

The remanent magnetization of rocks depends both on their composition and their previous history. Whereas the induced magnetization is nearly always parallel to the direction of the geomagnetic field, the natural remanent magnetization may bear no relation to the present direction and intensity of the earth's field. The remanent magnetization is related to the direction of the earth's field at the time the rocks were last magnetized. Movement of the body through folding, etc., and the chemical history since the previous magnetization are additional factors which affect the magnitude and direction of the remanent magnetic vector.

Thus, the resultant magnetization M of a rock is given by:

$$M = M_n + kF$$

where M_n is the natural remanent magnetization, and F is a vector which can be completely specified by its horizontal (H) and vertical (Z) components and by the declination (D) from true north. Similarly, M_n is specified when its magnitude and direction are known. Thus, considerable simplification results if $M_n = 0$, whereupon M merely reduces to kF . In the early days of magnetic

prospecting, it was usually assumed that there was no remanent magnetization. However, it has now been established that both igneous and sedimentary rocks possess remanent magnetization, and that the phenomenon is a widespread one.

1.2 Theory of Operation

The Very Low Frequency (VLF) Electromagnetic Method measures variations in the components of the electromagnetic fields, set up by communication stations operating in the 15 to 30 kHz frequency range. These stations, located around the world, generate signals for the purposes of navigation and communication with submarines.

In far field, above uniform earth, the groundwave of the vertically polarized VLF radiowave has three field components:

- 1) a radial, horizontal electrical field,
- 2) a vertical electrical field, and
- 3) a tangential, horizontal magnetic field.

When these three fields meet conductive bodies in the ground, eddy currents are induced causing secondary fields to radiate outwards from these conductors. In the Magnetic Field mode, the IGS-2/VLF-4 measures the horizontal field and two components of the

VLF: 1 - 2

VLF Horizontal Field Strength Measurement

Date: March 24, 1984; start 0600 Station: Annapolis 21.4 kHz

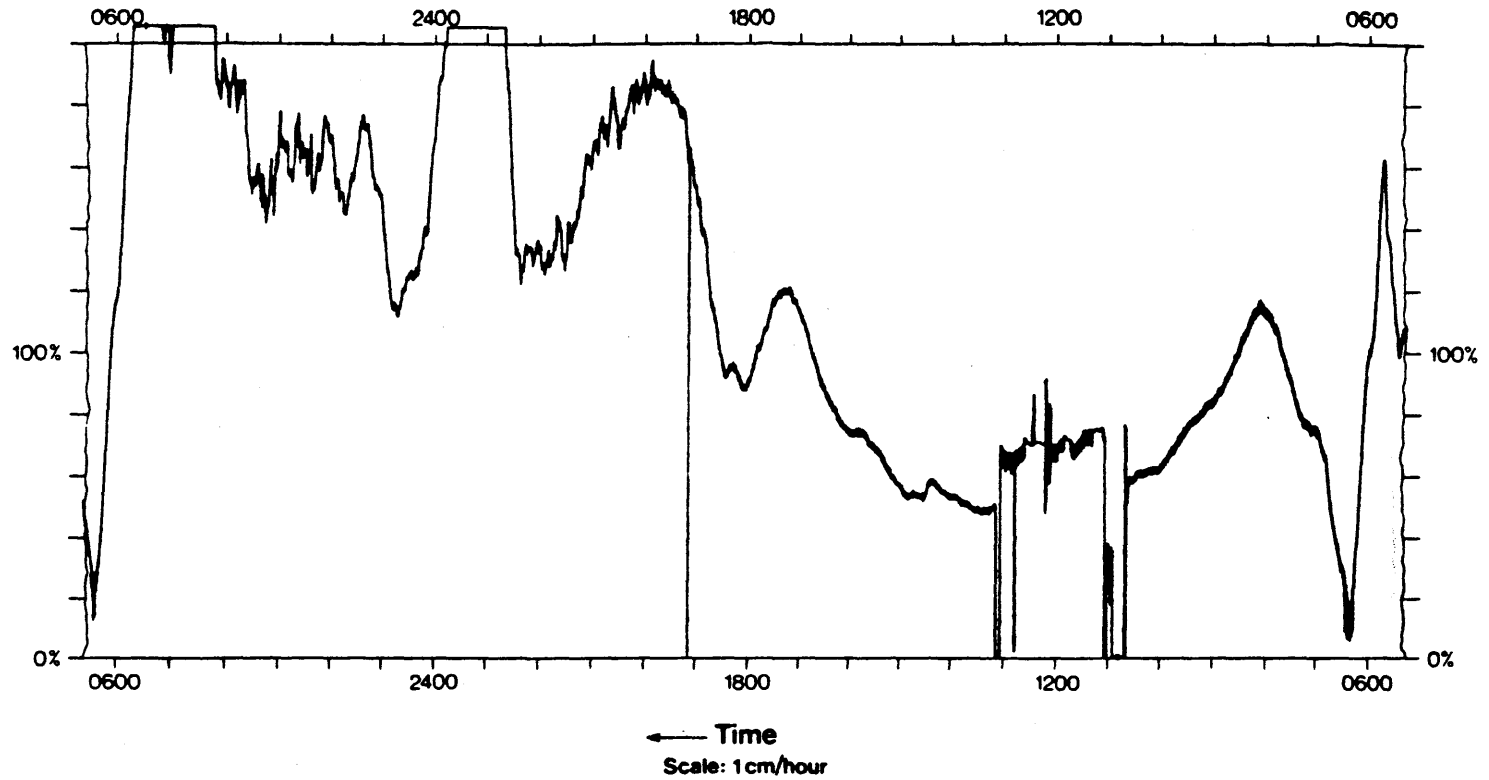


Figure VLF:1

Chart Recording of Primary Field Changing with Time

vertical field, normalized by the horizontal field measurement. In the Electrical Field mode, it measures the horizontal magnetic and electrical fields.

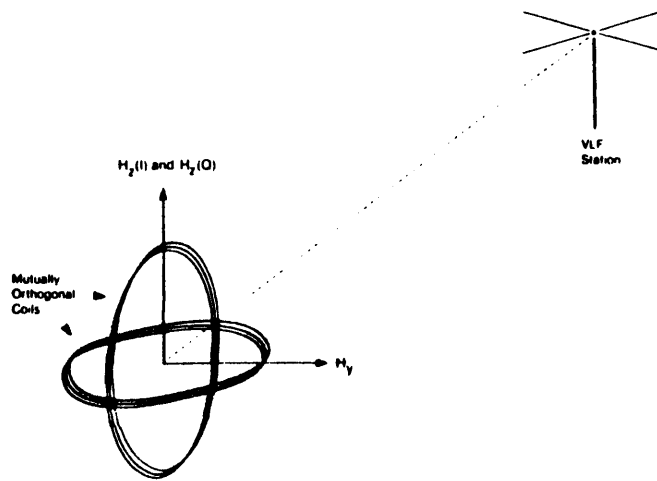
1.3 What the IGS-2/VLF-4 Measures

As its primary measurement, the IGS-2/VLF-4 employs two mutually orthogonal receive coils to determine three parameters of the VLF-magnetic field. These are: 1) the horizontal amplitude vector in a direction perpendicular to a line joining the operator to the station; 2) the amplitude of the component of the vertical field vector which is in phase with the horizontal vector; and 3) the amplitude of the component of the vertical field vector which is 90° out of phase with the horizontal vector. These three parameters, for the given VLF transmitter, are recorded simultaneously. Since the vertical components are expressed as a percentage of the horizontal vector, they are automatically normalized for any changes in the amplitude of the transmitted primary field.

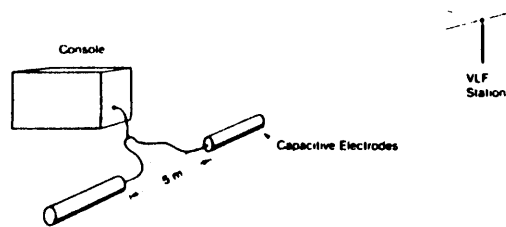
The primary field from a VLF station can in fact, vary considerably. Figure VLF:1 is a recording of the horizontal field strength from the Annapolis VLF station made in Toronto, Canada. For the most part, the field fluctuates moderately during the course of the day due to changes in atmospheric conditions. There are, however, more dramatic changes indicated on the recording. Towards evening there is a large upwards swing in the field strength, and at several points during the day, both partial and total drops in the field amplitude can be observed. In the light of these irregularities, the horizontal field data should always be considered with reservation as it is difficult to know whether changes are caused by conductors or by variations in the station's signal.

If the primary field strength is constant, changes in the amplitude of the horizontal magnetic field mainly reflect variations in the conductivity of the earth. Normally there will be no vertical magnetic field. However, near a conductor, a vertical field will be observed. The relative amplitudes of the in-phase and quadrature components may be used to interpret the conductivity-size characteristics of the conductor.

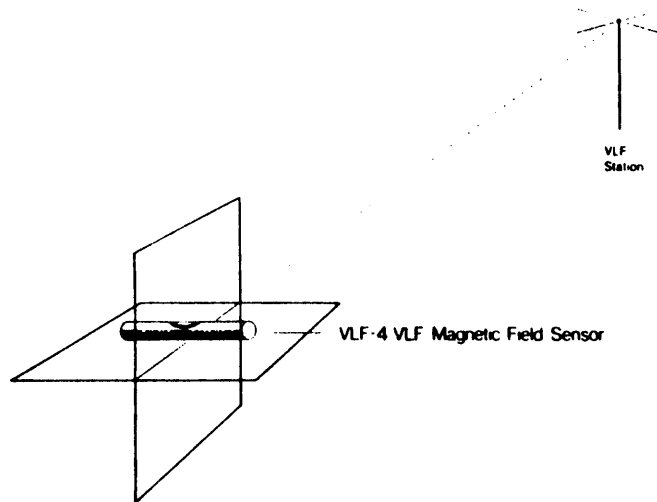
To permit measurement of the VLF-electric field, a dipole consisting of two cylindrical electrodes and 5 meters of wire is used. When this dipole is correctly laid out, the IGS-2/VLF-4 measures the in-phase and quadrature components of the horizontal electric field in the direction of the line joining the operator and the transmitter station. The phase reference is the horizontal magnetic field.



The VLF-magnetic field measurement comprises: 1) horizontal amplitude H_y , 2) the amplitude of $H_z(I)$ (the vertical field component which is in-phase with H_y) and 3) the amplitude of $H_z(Q)$ (the vertical field component which is 90° out-of-phase with H_y).



The VLF-4 is used to measure the in-phase $E_x(I)$, and quadrature $E_x(Q)$, components of the horizontal electric field, E_x , in the line joining the operator and the transmitter station. The phase is referenced to that of the horizontal magnetic field H_y . These components are not recorded but are used in the calculations of resistivity and phase made by the VLF-4.



An electronic level sensor on the axis of the horizontal vector receiver coil provides automatic side-to-side tilt compensation. The error in the vertical in-phase component is less than 1% for tilts up to 15° provided that the operator is facing the VLF station directly. Tilts in any other direction of up to 10° produce no significant error (1%) in the other components and, therefore, require no compensation.

Figure VLF:2
What the VLF-4 Measures

The IGS-2/VLF-4 uses the magnetic and electric field measurements to automatically calculate the apparent resistivity of the earth as well as the phase angle between the magnetic and electric field components. If the earth is uniform (not layered) within the depth of the VLF measurement, the phase angle between the horizontal magnetic and electric VLF fields will be 45 degrees. A non-uniform earth will give rise to other phase angles.

The following formulae are used for resistivity and phase calculations:

Apparent Resistivity Calculation:

$$\rho = \frac{1}{2\pi f \mu_0} \left| \frac{E_x}{H_y} \right|^2$$

where:

- ρ = apparent resistivity in ohm-meters
- E_x = horizontal electric amplitude, calculated
 $E_x = (E_x(I)^2 + E_x(Q)^2)^{\frac{1}{2}}$
- H_y = horizontal magnetic amplitude, measured
- f = VLF station frequency in Hertz
- μ_0 = permeability of the ground in Henries/meter, a constant

The resistivity calculation has a range of 1 to 100,000 ohm-meters with a resolution of 1 ohm-meter.

Phase Angle Calculation

The phase angle ϕ is expressed as:

$$\phi = \text{arc tan } \frac{E_x(Q)}{E_x(I)}$$

where:

- $E_x(Q)$ = horizontal quadrature VLF electric field.
- $E_x(I)$ = horizontal in-phase VLF electric field, phase rferenced to the horizontal magnetic field, H_y .

The phase angle calculation has a range of -180° to $+180^\circ$ with a resolution of 1° . By definition the angle is positive when the electrical field leads the magnetic field.

9.0 SPECIFICATIONS

9.1 Standard Console Specifications

Digital Display	32 character, 2 line LCD display
Keyboard Input	14 keys for entering all commands, coordinates, header and ancillary information.
Languages	English plus French is standard.
Standard Memory	16K RAM. More than sufficient for a day's data in most applications.
Clock	Real time clock with day, month, year, hour, minute and second. One second resolution, ± 1 second stability over 12 hours. Needs keyboard initialization only after battery replacement.
Digital Data Output	<p>RS-232C serial interface for digital printer, modem, micro-computer or cassette tape recorder. Data outputs in 7 bit ASCII, no parity format. Baud rate is keyboard selectable at 110, 300, 600 and 1200 baud. Carriage return delay is keyboard selectable in increments of one from 0 through 999. Handshaking is done through X-ON/X-OFF protocol.</p> <p>Allows IGS-2 to act as a master for other instrumentation.</p>
Analog Output	For a strip chart recorder. 0 to 999 mV full scale with keyboard selectable sensitivities of 10, 100 or 1000 units full scale.

Console Dimensions	240 x 90 x 240 mm includes mounted battery pack.
Weights	Console: 2.2 kg Console with Non-rechargeable Battery Pack; 3.2 kg. Console with Rechargeable Battery Pack: 3.6 kg.
Operating Temperature Range	-40°C to +50°C provided optional Display Heater is used below -20°C.
Power Requirements	Can be powered by external 12 V DC or one of the Battery Pack Options listed below.

9.2 Battery Pack Options

Battery Pack lifetime depends on which Battery Pack is selected, sensor(s) used, reading time and ambient temperature. Life expectancy would be 1 to 10, eight hour survey days.

Non-Rechargeable Battery Pack	Includes battery holder and 10 disposable 'C' cell batteries for installation on console. Used in low sensitivity total field magnetometry or VLF in temperatures above 0°C. Weight is 0.9 kg.
Rechargeable Battery Pack and Charger	Includes battery holder, 6 rechargeable, non-magnetic, sealed lead-acid batteries and charger for installation on console. Best for high sensitivity total field measurements, all gradient measurements and operation below 0°C. Pack weighs 1.3 kg. Charger specifications are: 140 x 95 x 65 mm, 115/230 V AC, 50/60 Hz, 20 VA, overload protected.

8.0 SPECIFICATIONS

8.1 Magnetometry Specifications

Total Field Operating Range	20,000 to 100,000 nT (1 nT = 1 gamma).
<hr/>	
Gradient Tolerance For Total Field: ±5000 nT/m.	
<hr/>	
Total Field Absolute Accuracy	±1 nT at 50,000 nT ±2 nT over total field operating and temperature range.
<hr/>	
Resolution	0.1 nT.
<hr/>	
Tuning	Fully solid-state. Manual or automatic mode is keyboard selectable.
<hr/>	
Reading Time	2 seconds. For portable readings this is the time taken from the push of a button to the display of the measured value.
<hr/>	
Continuous Cycle Times	Keyboard selectable in 1 second increments upwards from 2 seconds to 999 seconds.
<hr/>	

9.0 SPECIFICATIONS

Frequency Tuning	Automatic digital tuning. Can be tuned to any frequency in the range 15.0 to 29.0 kHz with a bandwidth of 150 Hz. Up to three frequencies can be chosen by keyboard entry for sequential measurements.
Field Strength Range	Fields as low as 100 mA/m can be received. In practice, background noise may require fields up to 5-10 times this level. Maximum received field is 2 mA/metre. These values are specified for 20 kHz. For any other frequency, calculate the above limits by multiplying by the station frequency in kHz and dividing by 20.
Signal Filtering	Narrow bandpass, low pass and sharp cut-off high pass filters.
Measuring Time	0.5 seconds sample interval. As many as 2^{16} samples can be stacked to improve measurement accuracy.
VLF-Magnetic Field Components Measured	1) Horizontal amplitude, 2) vertical in-phase component, and 3) vertical quadrature components. Vertical components are displayed as a percentage of horizontal component and are related in phase to the horizontal component. Their range is $\pm 120\%$; reading resolution 1%.
VLF-Magnetic Field Sensor	Two air-cored coils in a backpack mounted housing with an electronic level for automatic tilt compensation. The error in the vertical in-phase component is less than 1% for tilts up to $\pm 15^\circ$.

VLF THEORY

The signal transmitted by the VLF station is recorded by the vertical coils as:

$$H_p = A \sin wt; \quad H_s = B \cos (wt - \phi) \quad (1.0)$$

where: H_p = primary signal A = amplitude of primary signal
 H_s = secondary (phase laged) signal
 w = frequency B = amplitude of secondary signal
 t = time
 ϕ = phase lag

These two received signals combine giving an ellipse, which has two axis corresponding to the maximum length and minimum width of the ellipse.

$$\text{i.e.} \quad \frac{H_p^2}{A^2} + \frac{H_s^2}{B^2} - \frac{2 H_p H_s \sin \phi}{AB} = \cos^2 \phi \quad (2.0)$$

By measuring the angle from horizontal of the long axis of the ellipse, a conductor is located when this tilt angle is zero.

The Scintrex IGS VLF measures the primary vertical (in phase) H_p and the secondary (quadrature) H_s to obtain a conductor's location (from H_p) and the conductor's quality using both H_p and H_s .

$$\text{i.e.} \quad \phi = \frac{1}{2} \tan^{-1} (2 H_p / 100 (1 - e^2))$$

where ϕ = tilt angle (degrees)
 H_p = vertical in phase, expressed as a $\phi/100$
 $\phi = \tan^{-1} \left(\frac{H_p}{H_s} \right)$

VLF THEORY (Continued)

where ϕ = phase lag (degrees)
Hp = vertical in phase (any units)
Hs = vertical quadrature (same units as Hp)

Since the quadrature readings require a magnetic field phase reference, using unpublished means, the phase lag value is untested and should be considered qualitative only, but it is likely reasonably precise (the readings are repeatable), but may or may not be accurate (the correct value).

APPENDIX B

ASSAY CERTIFICATES

CERTIFICATE OF ASSAY

Date: July 24, 1987



SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division

File: 8706-2958

1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: N.V.C. ENGINEERING LTD.
Ste. 304 - 1720 Barclay Street
Vancouver, B.C.
V6G 2Y1

We hereby certify that the following are the results of assays on: soil samples

MARKED	GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxxxxxxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)	
L #3 0+00-W	0.06	1.3	22	44	128	2	
0+50	0.02	1.3	20	6	10	2	
1+00	0.02	1.8	21	10	10	2	
1+50	0.02	1.2	21	32	15	2	
2+00	0.02	1.2	47	23	16	2	
2+50	0.02	1.2	135	26	34	2	
3+00	0.02	1.4	105	31	34	2	
3+50	0.03	1.1	113	32	35	2	
4+00	1.62	1.5	118	37	41	2	
4+50	0.17	1.0	164	31	106	2	
5+00	0.05	1.5	78	152	95	2	
5+50	0.04	1.5	86	32	30	2	
6+00	0.03	1.4	65	99	80	2	
6+50	0.03	1.4	143	26	43	4	
7+00	0.03	1.1	153	353	257	4	
7+50	0.20	1.3	151	37	50	4	
8+00	0.06	1.0	112	184	176	2	
8+50	0.03	1.5	115	61	68	4	
9+00	0.02	1.5	180	31	57	7	
9+50	0.03	1.0	130	101	59	7	
10+00-W	0.02	1.5	107	37	56	4	
L #6 0+00-W	0.02	1.5	39	36	21	7	
0+50	0.02	0.9	61	34	18	2	
1+00	0.03	0.8	36	22	15	4	
1+50	0.02	0.9	62	26	23	4	
2+00	0.02	0.4	59	28	12	2	
2+50	0.02	1.1	46	25	22	2	
3+00	0.03	1.0	38	30	27	4	
3+50	0.03	1.4	35	29	21	4	
4+00	0.03	0.9	31	16	36	4	
4+50	0.02	0.9	47	25	32	2	
5+00	0.03	0.6	21	22	13	4	
5+50	0.03	0.3	31	7	10	2	
6+00	0.03	0.6	34	14	11	2	
6+50	0.03	1.5	11	15	12	2	
7+00	0.03	0.9	33	21	18	4	
7+50	0.02	0.8	30	22	18	7	

/ continued on page. 2 ..

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CERTIFICATE OF ASSAY

Date: July 24, 1987

File: 8706-2958



SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division

1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: N.V.C. ENGINEERING LTD.

(Page 2)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxx
	Au(ppm)	Ag(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #6 8+00-W	0.03	0.8		24	16	13	15		
8+50	0.02	1.0		21	21	9	10		
9+00	0.02	1.0		36	21	18	20		
9+50	0.02	0.9		55	20	10	4		
10+00-W	0.03	1.0		57	23	14	4		
BL #7 0+00-W	0.02	0.6		31	16	17	2		
L #7 0+50-W	0.02	0.9		42	30	25	2		
1+00	0.02	1.4		30	25	10	4		
1+50	0.02	1.1		34	26	18	7		
2+00	0.02	0.7		28	14	18	4		
2+50	0.02	0.8		22	21	13	2		
3+00	0.02	0.5		17	20	10	2		
3+50	0.04	0.4		38	11	14	4		
4+00	0.04	0.9		17	24	10	4		
4+50	0.02	0.9		29	25	11	4		
5+00	0.02	3.6		22	27	10	2		
5+50	0.02	2.4		43	33	17	2		
6+00	0.02	2.8		33	29	14	2		
6+50	0.02	0.9		21	19	10	2		
7+00	0.02	1.4		35	24	24	4		
7+50	0.02	1.5		28	27	10	2		
8+00	0.02	0.9		18	21	10	2		
8+50	0.03	1.4		23	21	34	2		
9+00	0.03	1.9		55	28	34	10		
9+50	0.03	1.9		48	24	29	20		
10+00-W	0.02	.18		33	26	21	20		
L #8 0+50E	0.05	1.5		39	25	14	7		
1+00	0.02	1.5		69	26	27	15		
1+50	0.03	0.9		35	21	10	7		
2+00	0.02	1.0		31	27	21	24		
2+50	0.03	1.5		65	30	14	15		
3+00	0.02	0.9		64	19	12	7		
3+50-E	0.02	0.8		65	16	16	7		

/ continued on page 3

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page 3

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MARKED	GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxxx
	Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
<u>L #8</u> 4+00-E	0.02	1.2	30	29	12	10		
4+50	0.02	0.7	21	15	10	2		
5+00	0.02	0.8	33	16	10	7		
5+50	0.03	0.9	32	23	10	10		
6+00	0.05	0.8	25	17	7	4		
6+50	0.05	0.8	31	21	8	4		
7+00	0.02	0.8	23	16	8	2		
7+50	0.02	1.3	32	23	10	15		
8+00	0.03	1.5	58	23	10	15		
8+50	0.03	1.4	57	19	57	10		
9+00	0.02	1.4	37	37	18	7		
9+50-E	0.03	0.9	23	23	10	7		
10+00-E	0.02	0.9	25	16	21	4		
<u>L #16</u> 0+00-W	0.02	0.6	20	20	8	4		
0+50	0.03	1.8	70	43	31	7		
1+00	0.02	0.5	29	21	10	2		
1+50	0.02	1.7	45	49	38	4		
2+00	0.03	1.1	56	22	39	15		
2+50	0.04	2.1	145	48	61	20		
3+00	0.02	0.5	45	8	11	7		
3+50	0.03	1.3	87	34	72	4		
4+00	0.03	0.9	49	22	34	4		
5+00	0.02	1.3	75	34	26	4		
5+50	0.02	0.6	38	21	12	4		
6+00	0.02	1.5	56	28	20	2		
6+50	0.03	1.3	54	32	16	4		
7+00	0.04	1.1	46	24	21	7		
7+50	0.03	1.1	29	28	57	7		
8+00-W	0.03	0.9	53	49	70	7		
<u>L #21</u> 0+50-E	0.03	1.5	87	55	28	4		
1+00	0.03	1.8	60	58	35	4		
1+50	0.03	1.5	147	51	48	4		
2+00	0.02	0.6	101	43	27	2		
2+50	0.02	1.3	65	42	44	4		
3+00-E	0.02	0.7	44	35	10	7		

/ continued on page 4 ...

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(page 4)

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MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxxxxxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)				
L #21 3+50-E	0.02	0.5	46	37	19	4				
4+00	0.02	0.8	68	43	36	4				
4+50	0.38	0.3	25	13	11	4				
5+00	0.06	0.4	31	15	41	7				
5+50	0.02	0.8	40	12	17	7				
6+00	0.02	1.8	64	34	54	4				
6+50	0.02	0.6	45	29	27	4				
7+00	0.02	1.8	86	43	66	7				
7+50	0.02	1.1	30	14	38	4				
8+00	0.02	0.9	43	33	72	2				
8+50	0.02	1.4	48	35	54	4				
9+00	0.02	1.5	58	25	41	7				
9+50	0.02	1.5	32	26	38	4				
10+00-E	0.02	1.8	59	17	34	7				
L #23 0+50E	0.02	1.5	100	23	30	4				
1+00	0.25	2.0	49	60	52	7				
1+50	0.07	0.5	31	14	10	2				
2+00	0.07	0.9	36	33	24	7				
2+50	0.07	1.0	29	37	18	4				
3+00	0.07	1.9	60	34	58	4				
3+50	0.07	0.8	36	24	16	7				
4+00	0.07	2.3	56	34	46	10				
4+50	0.07	1.8	75	25	53	10				
5+00	0.07	1.9	66	39	50	4				
5+50	0.07	1.6	46	19	25	4				
6+00	0.07	1.6	62	7	45	4				
6+50	0.07	1.0	39	6	15	2				
7+00	0.07	1.4	64	29	40	4				
7+50	0.07	1.8	50	33	30	7				
8+00	1.46	1.6	33	35	30	10				
8+50	0.02	1.9	43	26	35	4				
9+00	0.02	2.0	48	19	35	4				
9+50-E	0.02	1.5	37	29	31	4				
L #9 0+00-W	0.02	0.9	41	26	19	2				
0+50	0.02	1.1	34	32	11	4				
1+00-W	0.02	0.6	28	28	20	4				

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(page 5)

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MARKED	GOLD	SILVER	Copper	lead	Zinc	Molybdenum	xxxxx	xxxxxxx
	Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
<u>L #9</u> 1+50-W	0.03	0.3	14	10	10	4		
2+00	0.02	1.1	41	28	33	2		
2+50	0.02	0.8	23	28	15	7		
3+00	0.04	1.5	35	30	19	4		
3+50	0.02	1.4	38	27	15	10		
4+00	0.02	2.3	60	38	19	4		
4+50	0.02	1.1	26	17	21	4		
5+00	0.02	0.5	24	32	21	4		
5+50	0.02	1.6	36	48	17	4		
6+00	0.03	1.0	20	15	13	2		
6+50	0.04	0.5	20	12	11	1		
7+00	0.02	0.6	24	14	23	1		
7+50	0.02	0.5	27	16	21	2		
8+00	0.02	0.5	28	16	19	3		
8+50	0.02	0.5	43	20	24	4		
9+00	0.02	1.0	44	20	24	5		
9+50	0.02	0.9	39	21	31	7		
10+00-W	0.02	0.6	45	18	27	5		
<u>L #14</u> 0+00-W	0.02	0.9	43	23	32	2		
0+50	0.02	1.5	59	36	34	8		
1+00	0.02	2.1	54	22	47	9		
1+50	0.02	0.5	37	26	29	3		
2+00	0.02	0.8	85	17	41	3		
2+50	0.02	1.0	40	18	31	2		
3+00	0.02	0.4	31	19	18	2		
3+50	0.02	17.2	45	143	267	2		
4+00	0.02	2.3	54	31	33	3		
4+50	0.02	0.6	22	15	14	2		
5+00	0.02	0.9	43	19	24	2		
5+50	0.02	1.2	24	15	16	1		
6+00	0.02	1.5	47	22	28	2		
6+50	0.02	1.7	49	20	36	3		
7+00	0.02	3.8	44	38	62	6		
7+50	0.02	4.1	73	47	80	5		
8+00	0.05	1.2	49	23	22	6		
8+50-W	0.03	1.2	46	22	35	15		

/ continued on page 6..

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MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx
		Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)	
L #14	9+00-W	0.02	1.6	42	18	18	3	
	9+50	0.02	0.9	56	20	19	2	
	10+00-W	0.02	1.6	94	22	43	2	
Bl. #15	0+00-W	0.02	2.0	84	22	50	3	
L #15	0+50-W	0.02	1.3	77	22	44	2	
	1+00	0.02	1.5	64	21	41	2	
	1+50	0.03	1.2	74	23	50	3	
	2+00	0.02	1.2	56	20	31	8	
	2+50	0.09	1.5	50	20	30	7	
	3+00	0.02	1.2	78	20	33	5	
	3+50	0.03	1.1	95	20	44	5	
	4+00	0.02	1.2	61	21	34	3	
	4+50	0.02	1.5	64	20	35	3	
	5+00	0.02	1.3	59	20	26	2	
	5+50	0.02	1.5	79	19	71	1	
	6+00	0.08	4.3	35	>1000	26	3	
	6+50	0.03	1.2	106	39	29	3	
	7+00	0.02	1.3	64	19	23	2	
	7+50	0.02	1.5	59	16	22	1	
	8+00	0.02	.17	80	20	26	3	
	8+50	0.06	1.6	72	17	21	3	
9+00	0.02	1.7	90	20	28	3		
9+50	0.02	1.5	75	22	61	3		
10+00-W	0.02	1.6	66	17	49	2		
L #17	0+00-W	0.02	0.8	49	15	20	1	
	0+50	0.02	2.1	47	20	16	3	
	1+00	0.02	4.7	53	>1000	31	1	
	1+50	0.02	1.5	96	43	50	4	
	2+00	0.02	1.6	59	24	41		
	2+50	0.02	4.3	83	46	86	2	
	3+00	0.03	3.9	135	38	106	2	
	3+50	0.03	0.9	51	17	35	1	
	4+00	0.05	3.8	148	37	111	1	
	4+50-W	0.02	5.0	106	53	97	8	

/ continued on page 7...

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(page 7)

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MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)				
<u>L #17</u>	5+00-W	0.03	2.2	106	21	43	5			
	5+50	0.03	1.2	84	17	31	2			
	6+00	0.03	1.0	66	16	22	1			
	6+50	0.03	1.1	78	17	24	1			
	7+00	0.03	2.5	72	31	26	1			
	7+50	0.03	1.0	69	14	20	1			
	8+00-W	0.03	1.1	29	18	36	1			
<u>L #19</u>	0+00-W	0.03	0.5	63	45	25	1			
	0+50	0.03	0.6	21	43	29	1			
	1+00	0.03	0.4	13	20	27	1			
	1+50	0.03	0.5	21	30	26	1			
	2+00	0.03	1.6	145	17	63	6			
	2+50	0.03	1.7	166	20	84	6			
	3+00	0.10	2.0	94	35	72	3			
	3+50	0.02	3.8	95	51	75	3			
	4+00	0.02	1.2	68	20	48	1			
	4+50	0.04	0.9	39	10	26	1			
	5+00	0.04	1.3	106	17	44	1			
	5+50	0.04	1.5	78	19	44	1			
	6+00	0.02	1.6	238	19	93	13			
	6+50	0.06	2.2	319	20	131	28			
	7+00	0.03	1.5	185	17	31	2			
	7+50	0.02	1.2	127	15	17	1			
	8+00-W	0.02	1.8	63	16	11	1			
<u>L #21</u>	0+00-W	0.02	1.6	72	21	32	1			
	0+50	0.04	2.2	72	27	37	1			
	1+00	0.02	1.6	75	20	33	1			
	1+50	0.02	1.2	66	22	26	1			
	2+00	0.03	1.5	50	16	27	1			
	2+50	0.02	1.2	52	20	33	1			
	3+00	0.02	0.6	49	16	15	1			
	3+50	0.02	1.6	52	20	57	1			
	4+00	0.02	1.8	81	22	51	8			
	4+50	0.02	.15	80	20	39	3			
	5+00-W	0.02	2.0	70	24	44	1			

/ continued on page 8 ..

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(page 8)

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MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxx	xxxxxxxxxxxxx
		Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
<u>L #21</u>	5+50-W	0.03	1.9	69	21	43	1		
	6+00	0.03	1.6	190	20	41	1		
	6+50	1.20	1.1	128	16	29	1		
	7+00	0.03	1.8	230	20	25	1		
	7+50	0.03	2.4	233	17	27	1		
	8+00	0.02	2.0	88	16	29	2		
	8+50	0.03	2.1	118	19	23	2		
	9+00	0.02	1.2	55	23	45	1		
	9+50	0.02	1.5	80	23	77	1		
	10+00-W	0.02	1.8	98	24	46	1		
<u>L #23</u>	0+00-W	0.03	1.6	68	22	25	1		
	0+50	0.03	2.2	93	33	45	1		
	1+00	0.02	1.6	63	32	41	1		
	1+50	0.03	1.1	23	20	18	1		
	2+00	0.03	.12	40	21	33	1		
	2+50	0.03	1.8	32	23	23	1		
	3+00	0.02	1.1	49	19	29	1		
	3+50	0.02	1.8	130	23	51	2		
	4+00	0.02	2.1	101	23	61	1		
	5+00	0.03	1.5	60	25	59	2		
	5+50	0.02	1.6	84	20	48	1		
	6+00	0.02	1.1	107	18	51	1		
	6+50	0.02	2.7	154	22	41	1		
	7+00	0.02	1.2	68	18	41	1		
	8+00-W	0.02	0.5	43	19	19	1		
<u>L #9</u>	0+50-E	0.02	1.0	28	13	18	3		
	1+00	0.02	1.1	43	16	21	4		
	1+50	0.02	1.0	35	13	18	4		
	2+00	0.02	0.9	22	10	14	3		
	2+50	0.02	.10	65	14	22	5		
	3+00	0.02	0.9	32	12	14	2		
	3+50	0.02	0.8	32	12	27	1		
	4+00	0.02	1.2	51	15	25	3		
	4+50	0.02	1.3	37	14	21	1		
	5+00	0.02	0.6	63	15	33	2		
	5+50-E	0.02	1.2	83	15	36	2		

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L. Wong

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OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade

CERTIFICATE OF ASSAY

Date: July 24, 1987



SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division

File: 8706-2958

1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: N.V.C. ENGINEERING

(page 9)

We hereby certify that the following are the results of assays on: soil

MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxxxx
		Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
<u>L #9</u>	6+00-E	0.02	1.5	117	19	37	13		
	6+50	0.02	1.0	26	12	20	1		
	7+00	0.02	1.1	33	18	28	1		
	7+50	0.02	1.1	55	14	34	1		
	8+00	0.02	1.8	60	17	20	7		
	8+50	0.02	0.9	64	20	32	2		
	9+00	0.02	0.9	59	17	29	9		
	9+50	0.02	1.2	45	13	29	6		
	10+00-E	0.02	1.7	67	16	49	4		
<u>L #10</u>	0 +00-W	0.02	1.0	36	11	24	8		
	0+50	0.02	1.7	88	14	35	5		
	1+00	0.02	1.1	42	10	15	1		
	1+50	0.02	1.3	43	13	16	1		
	2+00	0.02	1.0	30	13	19	2		
	2+50	0.02	0.9	37	10	27	1		
	3+00	0.02	1.0	37	16	34	4		
	3+50	0.02	1.2	54	13	33	1		
	4+00	0.02	1.0	32	14	28	1		
	4+50	0.02	1.2	31	25	20	1		
	5+00	0.02	0.6	22	12	23	1		
	5+50	0.02	0.8	28	10	19	1		
	6+00	0.02	1.3	47	17	70	3		
	6+50	0.02	0.8	47	13	33	5		
	7+00	0.02	1.1	93	11	77	20		
	7+50	0.02	1.2	51	16	49	14		
	8+00	0.02	1.5	47	18	49	17		
	8+50	0.02	1.5	61	23	45	1		
9+00	0.02	1.1	28	13	31	6			
9+50	0.02	0.9	16	11	17	4			
10+00-W	0.02	1.2	19	10	19	5			
<u>L #11</u>	0+50E	0.02	1.1	24	11	12	6		
	1+00	1.42	1.1	23	12	15	6		
	1+50	0.02	1.1	20	10	12	8		
	2+00	0.02	1.2	22	14	19	2		
	2+50	0.02	1.1	34	14	25	9		
	3+00-E	0.02	0.9	30	10	24	5		

/ continued on page 10..

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Date:

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TO: N.V.C. ENGINEERING

(page 10)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxxx	xxxxxxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)				
<u>L #11</u>										
3+50E	0.02	1.1	35	10	23	4				
4+00	0.02	1.2	25	13	35	3				
4+50	0.20	1.6	65	11	26	2				
5+00	0.11	0.9	20	154	22	1				
5+50	0.03	1.1	15	12	20	5				
6+00	0.12	1.9	22	20	35	4				
6+50	0.02	2.0	61	16	85	2				
7+00	0.03	1.1	27	12	24	1				
7+50	0.02	1.2	28	12	30	2				
8+00	0.02	1.0	22	10	23	1				
8+50	0.02	1.6	29	14	22	9				
9+00	0.02	1.6	31	16	25	11				
9+50	0.09	1.0	18	12	18	6				
10+00-E	0.02	1.8	56	15	41	3				
<u>L #12</u>										
0+00-W	0.02	1.1	18	12	17	2				
0+50	0.02	1.7	52	23	48	26				
1+00	0.03	3.9	122	46	93	2				
1+50	0.02	1.7	40	15	27	1				
2+00	0.02	1.1	18	10	18	1				
2+50	0.02	1.5	25	10	19	1				
3+00	0.02	0.6	11	9	6	1				
3+50	0.02	1.2	20	10	17	1				
4+00	0.02	0.6	12	4	6	1				
4+50	0.02	1.5	45	11	21	1				
5+00	0.02	0.6	10	10	14	1				
5+50	0.03	1.0	15	11	16	2				
6+00	0.03	1.7	26	12	20	6				
6+50	0.03	1.3	30	13	26	9				
7+00	0.03	1.2	21	13	26	2				
7+50	0.03	2.0	41	17	21	8				
8+00	0.02	1.2	20	14	21	11				
8+50	0.05	2.0	18	>1000	21	8				
9+00	0.02	1.6	40	24	59	10				
9+50	0.02	1.6	37	15	30	18				
10+00-W	0.02	0.5	11	10	15	5				

/ continued on page 11 ..

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(page 11)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #13 0+50-E	0.02	0.9	51	10	28	11		
1+00	0.02	1.0	47	12	26	5		
1+50	0.02	1.2	122	12	47	1		
2+00	0.02	0.5	12	17	9	1		
2+50	0.02	0.8	29	9	21	10		
3+00	0.02	0.6	20	9	15	3		
3+50	0.02	1.0	52	35	20	1		
4+00	0.02	1.5	39	14	52	14		
4+50	0.02	1.1	42	10	34	6		
5+00	0.02	1.6	59	12	28	4		
5+50	0.02	1.1	27	13	20	2		
6+00	0.27	1.1	88	13	49	3		
6+50	0.02	1.2	62	10	33	1		
7+00	0.02	0.9	29	9	20	1		
8+00	0.02	0.9	40	11	20	1		
8+50	0.02	0.9	42	9	26	2		
9+00	0.02	0.9	18	10	21	2		
9+50	0.02	0.8	24	10	24	1		
10+00-E	0.02	0.6	13	8	12	1		
L #17 0+50-E	0.02	1.1	42	14	31	3		
1+00	0.02	0.5	14	9	9	1		
1+50	0.02	0.4	10	9	7	1		
2+00	0.02	0.5	9	4	3	1		
2+50	0.02	0.5	11	6	3	1		
3+00	0.02	1.5	37	14	18	3		
3+50	0.02	0.6	10	9	11	1		
4+00	0.02	0.5	12	5	5	1		
4+50	0.02	1.6	57	14	74	2		
5+00	0.02	1.7	58	13	71	2		
5+50	0.02	1.2	64	13	27	2		
6+00	0.03	1.2	31	9	22	1		
6+50	0.02	1.0	29	10	43	1		
7+00	0.02	1.6	56	10	20	2		
7+50	0.05	0.9	27	10	25	1		
8+00	0.02	0.9	46	7	24	1		
8+50-E	0.02	1.2	27	11	24	1		

/ continued on page 12 ,...

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TO: N.V.C. ENGINEERING

(page 12)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxxxxx
	Au(ppm)	Ag(ppm)			Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #17	9+00-E	0.02	1.5		43	10	21	2		
	9+50	0.02	1.3		32	10	22	3		
	10+00-E	0.02	1.6		34	12	20	4		
L #18	0+50-E	0.02	0.5		14	9	13	1		
	1+00	0.03	0.6		10	8	10	1		
	1+50	0.02	0.6		10	5	5	1		
	2+00	0.02	0.5		12	4	7	1		
	2+50	0.05	1.7		27	14	19	2		
	3+00	0.02	0.5		9	9	7	1		
	3+50	0.02	1.7		21	21	22	3		
	4+00	0.02	1.8		12	13	20	2		
	4+50	0.02	2.2		75	16	73	10		
	5+00	0.02	2.1		85	16	83	5		
	5+50	0.02	2.5		83	20	73	1		
	6+00	0.02	1.6		45	16	33	2		
	6+50	0.02	1.8		81	18	39	1		
	7+00	0.02	1.5		34	12	30	2		
	7+50	0.02	1.5		46	12	48	2		
	8+00	0.02	1.2		25	16	31	1		
	8+50	0.02	1.2		34	14	27	2		
9+00	0.02	0.6		13	11	15	1			
9+50	0.02	1.3		42	17	40	1			
10+00-E	0.02	1.0		20	17	21	2			
L #19	0+50-E	0.02	0.4		8	9	5	1		
	1+00	0.02	1.3		27	13	24	1		
	1+50	0.02	1.0		18	16	19	1		
	2+00	0.02	0.9		18	14	20	1		
	2+50	0.02	0.5		10	9	5	1		
	3+00	0.02	2.1		27	18	21	1		
	3+50	0.02	1.2		23	16	38	1		
	4+00	0.02	1.6		75	15	55	1		
	4+50	0.02	1.7		75	28	73	1		
	5+00	0.02	1.0		40	16	28	3		
	5+50	0.02	1.9		76	18	65	2		
6+00	0.02	1.9		59	16	40	2			
6+50-E	0.02	1.9		25	17	23	2			

/ continued on page 13 ...

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Telex: 04-507514

TO: N.V.C. ENGINEERING

(page 13)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxx
	Au(ppm)	Ag(ppm)		Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #19	7+00-E	0.02	2.4	73	16	68	3		
	7+50	0.02	1.9	15	14	20	1		
	8+00	0.02	1.5	40	17	58	1		
	8+50	0.02	1.5	27	17	25	2		
	9+00	0.02	0.8	20	18	23	1		
	9+50	0.02	1.2	23	14	31	1		
	10+00-E	0.02	1.2	27	15	33	1		
BL #2	0+00-W	0.02	1.7	139	20	79	1		
L #2	0+50-W	0.02	1.0	131	17	77	1		
	1+00	0.02	1.8	196	17	82	1		
	1+50	0.02	1.8	194	15	79	1		
	2+00	0.02	1.8	221	19	86	1		
	2+50	0.02	2.4	238	16	82	1		
	3+00	0.02	1.8	131	15	49	2		
	3+50	0.02	1.5	81	13	32	1		
	4+00	0.02	1.2	115	13	40	1		
	4+50	0.02	1.6	137	15	35	1		
	5+00	0.02	1.7	165	18	52	1		
	5+50	0.02	1.1	137	17	52	1		
	6+00	0.02	1.5	152	18	59	1		
	6+50	0.04	1.7	187	20	64	1		
	7+00	0.03	1.8	139	19	59	1		
	7+50	0.03	2.2	176	20	65	1		
	8+00	0.03	1.7	159	20	62	1		
	8+50	0.02	0.9	129	17	43	1		
9+00	0.02	0.9	142	13	30	1			
9+50	0.02	1.0	131	12	29	1			
10+00-W	0.02	0.9	126	10	26	1			
L 7 E	0+50	0.02	0.8	37	14	16	1		
L 7	1+00-E	0.02	1.2	63	16	37	2		
	1+50	0.02	0.8	35	17	25	6		
	2+00	0.02	1.1	48	18	30	8		
	2+50-E	0.02	0.8	18	13	14	2		

/ continued on page 14 ..

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(page 14)

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MARKED	GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxx
	Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn(ppm)	Mo (ppm)		
L 7	3+00-E	0.06	0.6	15	11	11	1	
	3+50	0.05	1.2	50	16	27	4	
	4+00	0.06	1.1	45	16	28	3	
	4+50	0.02	1.0	63	16	27	3	
	5+00	0.02	1.2	47	17	28	4	
	5+50	0.02	1.5	52	16	25	4	
	6+00	0.02	1.0	35	13	22	69	
	6+50	0.02	1.8	51	18	29	4	
	7+00	0.02	1.5	61	45	77	11	
	7+50	0.02	1.1	32	20	36	2	
	8+00	0.02	1.7	44	17	38	2	
	8+50	0.02	0.8	30	17	26	2	
	9+00	0.02	0.9	20	14	18	1	
	9+50	0.02	1.0	48	15	22	1	
	10+00-E	0.02	0.8	30	15	18	3	
L 8	0+50-W	0.02	0.9	35	18	22	3	
	1+00	0.02	1.6	49	23	58	7	
	1+50	0.02	0.9	18	15	15	1	
	2+00	0.02	1.2	25	19	24	9	
	2+50	0.02	1.8	41	20	27	1	
	3+00	0.02	1.1	30	22	24	3	
	3+50	0.02	1.3	25	11	17	6	
	4+00	0.02	1.2	30	13	20	1	
	4+50	0.02	0.9	18	9	20	1	
	5+00	0.02	1.4	47	14	36	2	
	5+50	0.02	1.3	35	13	24	1	
	6+00	0.06	1.2	27	14	26	2	
	6+50	0.10	1.0	20	12	27	4	
	7+00	0.04	1.1	22	11	21	8	
	7+50	0.02	1.4	42	18	73	5	
	8+00	0.02	1.4	57	17	50	7	
	8+50	0.02	1.1	24	12	18	6	
	9+00	0.02	1.4	44	13	37	1	
	9+50	0.02	1.2	63	16	43	1	
	10+00-W	0.02	0.9	22	13	23	2	

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L. Wong

PROVINCIAL ASSAYER

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

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REFEREE AND OR OFFICIAL CHEMISTS FOR: National Institute of Oilseed Products • The American Oil Chemists' Society
OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade

CERTIFICATE OF ASSAY

Date: July 24, 1987

File: 8706-2958



SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division

1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: N.V.C. ENGINEERING

(page 15)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxxxxxxx
	Au(ppm)	Ag (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #11	0+00-W	0.02	1.0	33	13	22	2		
	0+50	0.02	1.6	37	13	21	2		
	1+00	0.02	1.2	26	13	16	3		
	1+50	0.02	0.9	21	9	15	8		
	2+00	0.02	0.6	15	10	9	5		
	2+50	0.02	3.3	33	22	22	7		
	3+00	0.02	0.4	24	8	18	2		
	3+50	0.02	0.5	52	7	24	2		
	4+00	0.02	0.5	26	5	18	2		
	4+50	0.02	1.1	46	13	52	4		
	5+00	0.02	1.1	36	13	34	3		
	5+50	0.02	0.6	25	14	30	5		
	6+00	0.02	0.5	47	11	31	7		
	6+50	0.02	0.4	16	5	11	2		
	7+00	0.02	0.8	32	9	25	2		
	7+50	0.02	1.0	47	19	44	8		
	8+00	0.02	1.8	44	17	74	11		
	8+50	0.02	1.5	73	15	67	13		
	9+50	0.02	0.5	22	10	21	14		
	10+00-W	0.02	1.1	50	12	43	11		
L #13	0+50-W	0.02	0.5	32	9	16	1		
	1+00	0.02	0.5	37	10	18	4		
	1+50	0.02	1.3	55	13	55	11		
	2+00	0.08	1.0	85	10	47	5		
	2+50	0.02	1.0	66	12	30	3		
	3+00	0.02	0.6	30	9	18	2		
	3+50	0.02	0.6	52	12	24	3		
	4+00	0.02	0.6	32	9	19	4		
	4+50	0.02	0.8	62	14	33	3		
	5+00	0.02	0.6	37	8	20	1		
	5+50	0.02	0.5	37	6	36	2		
	6+00	0.02	0.9	81	9	45	3		
	6+50	0.02	0.3	24	5	18	2		
	7+00	0.10	0.9	72	10	43	6		
	7+50	0.02	0.8	53	13	55	20		
	8+00	0.02	1.1	77	12	53	10		
	8+50-W	0.02	1.4	37	15	32	21		

/ continued on page 16

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TO: N.V.C. ENGINEERING

(page 16)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxx	xxxxxxx
	Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)				
L #13	9+00-W	0.02	1.6	51	15	56	10			
	9+50	0.02	1.3	55	17	49	24			
	10+00-W	0.02	1.5	73	19	62	10			
L #4	0+00-W	0.02	0.6	49	11	19	2			
	0+50	0.02	0.9	52	10	21	1			
	1+00	0.02	0.9	49	11	20	1			
	1+50	0.02	1.6	71	14	50	1			
	2+00	0.03	1.5	110	14	35	1			
	2+50	0.02	1.6	105	13	30	1			
	3+00	0.02	1.5	83	21	41	3			
	3+50	0.02	1.3	59	19	40	3			
	4+00	0.02	1.8	76	21	47	3			
	4+50	0.02	0.8	37	16	19	1			
	5+00	0.02	1.0	30	15	21	3			
	5+50	0.02	1.5	36	15	22	2			
	6+00	0.02	1.6	55	19	33	2			
	6+50	0.02	1.3	38	14	20	2			
	7+00	0.02	1.3	46	14	20	4			
	7+50	0.03	1.1	39	14	18	3			
	8+00	0.04	1.5	120	21	49	1			
	8+50	0.03	1.1	123	18	37	1			
	9+00	0.03	1.1	57	15	20	3			
	9+50	0.02	0.9	44	15	20	2			
10+00-W	0.02	1.0	35	14	17	2				
L #5	0+50-W	0.02	0.5	13	14	10	1			
	1+00	0.02	0.6	13	18	35	4			
	1+50	0.02	1.3	78	19	53	1			
	2+00	0.02	0.4	16	12	11	1			
	2+50	0.02	0.6	14	13	16	1			
	3+00	0.02	1.1	31	14	27	4			
	3+50	0.02	0.9	13	15	17	1			
	4+00	0.02	0.5	11	12	14	1			
	4+50	0.03	0.4	11	11	12	1			
	5+00	0.02	0.5	12	10	11	1			
	5+50-W	0.02	0.6	17	12	19	1			

/ continued on page 17.

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(page 17)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER		Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxx
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)				
L #5	6+00-W	0.02	0.6	14	14	15	1			
	6+50	0.02	0.6	16	16	19	4			
	7+00	0.02	0.9	20	14	18	4			
	7+50	0.02	0.6	16	14	16	4			
	8+00	0.02	1.4	45	21	25	9			
	8+50	0.02	1.0	34	19	22	14			
	9+00	0.02	1.1	40	15	24	18			
	9+50	0.02	0.8	22	20	23	8			
	10+00-W	0.07	0.8	22	16	23	7			
L #10	0+50-E	0.02	0.5	20	17	17	1			
	1+00	0.03	0.6	23	18	18	1			
	1+50	0.04	0.5	24	460	16	1			
	2+00	0.02	0.6	18	18	12	1			
	2+50	0.02	0.9	34	19	19	11			
	3+00	0.03	0.9	35	14	21	8			
	3+50	0.02	0.6	20	14	20	5			
	4+00	0.02	0.6	21	13	22	1			
	4+50	0.02	1.0	34	10	25	4			
	5+00	0.02	1.1	32	13	26	4			
	5+50	0.02	0.9	35	14	24	6			
	6+00	0.02	0.9	34	13	25	4			
	6+50	0.02	2.1	32	15	21	12			
	7+00	0.03	1.8	35	16	19	9			
	7+50	0.02	1.5	33	16	18	9			
	8+00	0.02	1.4	47	10	25	1			
	8+50	0.02	1.0	42	11	24	1			
9+00	0.02	0.9	64	10	31	1				
9+50	0.03	1.0	59	10	25	1				
10+00-E	0.04	0.9	60	10	25	1				
L #12	0+50-E	1.46	0.4	10	8	11	1			
	1+00	0.02	0.4	7	9	6	1			
	1+50	0.02	0.3	8	9	6	1			
	2+00	0.02	0.9	19	13	15	3			
	2+50	0.02	0.5	18	10	13	6			
	3+00	0.02	0.8	18	12	26	3			
	3+50-E	0.02	0.6	10	10	12	6			

/ continued on page 18

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File: 8706-2958

TO: N.V.C. ENGINEERING

(page 18)

We hereby certify that the following are the results of assays on: soil

MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxx
		Au(ppm)	Ag(ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #12	4+00-E	0.02	1.3	21	12	18	1		
	4+50	0.02	0.9	20	17	20	1		
	5+00	0.02	0.8	15	12	14	1		
	5+50	0.02	0.5	15	10	10	1		
	6+00	0.11	0.8	23	22	28	2		
	6+50	0.02	1.1	27	13	20	1		
	7+00	0.02	1.0	20	11	20	1		
	8+00	0.02	1.4	34	12	24	1		
	8+50	0.02	1.0	20	13	12	1		
	9+00	0.04	0.1	12	6	12	1		
	9+50	0.02	0.4	8	7	12	1		
10+00-E	0.02	0.6	35	9	26	5			
L #14	0+50-E	0.02	0.5	7	6	9	1		
	1+00	0.02	1.3	25	15	22	7		
	1+50	0.02	0.9	18	10	19	3		
	2+00	0.02	1.6	24	15	21	5		
	2+50	0.02	1.3	20	12	18	6		
	3+00	0.02	1.0	34	15	13	1		
	3+50	0.02	0.4	43	16	24	1		
	4+00	0.02	1.8	27	17	18	1		
	4+50	0.02	1.5	27	16	18	1		
	5+00	0.02	1.5	22	18	16	1		
	5+50	0.02	1.1	22	13	17	2		
	6+00	0.06	0.9	19	12	15	1		
	6+50	0.02	1.3	50	13	40	2		
	7+00	0.02	1.1	49	14	33	3		
8+00	0.02	1.0	50	10	25	1			
8+50	0.02	0.9	42	11	26	4			
9+00	0.02	1.5	47	12	19	1			
9+50	0.02	1.6	45	11	21	1			
10+00-E	0.02	2.0	61	18	30	2			
L #15	0+50-E	0.02	1.3	20	14	19	1		
	1+00	0.02	1.1	17	19	25	1		
	2+00	0.02	1.3	16	16	15	1		
	2+50	0.02	0.5	14	14	10	1		
	3+00-E	0.02	1.5	19	14	17	1		

/ continued on page 19 .

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(page 19)

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MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxx	xxxxxxxxxxxx
		Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #15	3+50-E	0.02	1.5	20	16	15	1		
	4+00	0.04	1.9	20	18	24	2		
	4+50	0.02	0.9	12	10	15	1		
	5+00	0.03	1.8	29	16	29	5		
	5+50	0.02	0.8	13	5	10	1		
	6+00	0.02	1.8	37	15	21	1		
	6+50	0.02	1.4	34	14	24	1		
	7+00	0.02	2.0	32	18	30	5		
	7+50	0.02	1.1	21	17	26	1		
	8+00	0.02	1.5	20	16	16	1		
	8+50	0.02	1.3	48	13	34	1		
	9+00	0.07	1.3	33	15	20	1		
	9+50	0.02	1.6	37	17	27	2		
	10+00-E	0.10	1.8	31	17	23	1		
L #16	0+50-E	0.06	1.3	23	14	16	1		
	1+00	0.03	1.0	15	13	14	1		
	1+50	0.02	0.6	11	10	4	1		
	2+00	0.02	0.9	13	12	8	1		
	2+50-E	0.02	0.9	32	15	17	1		
BL #18	0+00-W	0.02	1.0	30	14	12	1		
L #18	0+50	0.02	1.0	27	13	12	1		
	1+00	0.32	1.3	39	15	19	1		
	1+50	0.08	0.9	23	14	24	1		
	2+00	0.02	1.6	110	15	38	1		
	2+50	0.02	0.9	27	22	24	1		
	3+00	0.02	1.9	64	19	47	1		
	3+50	0.02	2.0	66	18	31	1		
	4+00	0.02	1.4	23	14	13	1		
	4+50	0.02	2.3	86	16	22	3		
	5+00	0.02	2.1	83	15	21	4		
	5+50	0.02	1.3	45	14	19	1		
	6+00	0.02	1.6	52	19	44	3		
	6+50	0.02	0.8	40	10	25	1		
	7+00	0.02	1.8	59	15	17	2		
	7+50	0.02	1.8	71	14	17	1		
	8+00-W	0.02	1.6	58	16	25	1		

/ continued on page 20.

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(page 20)

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MARKED		GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxx	xxxxxxx
		Au(ppm)	Pb (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)		
L #18	8+50-W	0.02	2.5	93	23	34	1		
	9+00	0.02	1.5	30	14	22	1		
	9+50	0.02	1.1	20	13	18	1		
	10+00-W	0.02	0.6	13	7	6	1		
BL #25	0+00-W	0.02	1.1	40	18	25	1		
L #25	0+50-W	0.02	1.0	35	14	26	1		
	1+00	0.02	1.1	27	18	1	1		
	1+50	0.02	1.8	54	26	47	1		
	2+00	0.02	1.3	37	22	30	1		
	2+50	0.02	1.6	47	21	50	1		
	3+00	0.02	1.3	36	23	33	1		
	3+50	0.02	1.1	34	22	28	1		
	4+00	0.02	1.5	44	20	38	1		
	4+50	0.02	1.9	56	23	43	1		
	5+00	0.02	1.3	31	18	21	1		
	5+50	0.02	1.5	42	16	28	1		
	6+00	0.02	2.0	51	17	32	1		
	6+50	0.02	1.9	61	16	28	1		
	7+00	0.03	1.8	94	17	30	1		
	7+50	0.03	1.3	40	17	25	1		
	8+00	0.02	1.3	37	17	30	1		
	8+50	0.02	1.5	65	20	28	1		
	9+00	0.02	1.5	164	19	26	1		
	9+50	0.02	1.8	67	21	56	1		
	10+25-W	0.02	1.8	47	17	28	1		
	0+00-E	0.02	1.3	35	19	21	1		
	1+00	0.02	1.3	26	21	20	1		
	1+50	0.02	1.3	27	18	18	1		
	2+00	0.02	1.0	29	14	18	1		
	2+50	0.02	2.6	96	24	46	1		
	3+00	0.02	1.5	54	21	33	1		
	3+50	0.02	0.9	25	22	30	1		
	4+00	0.02	1.6	42	24	27	1		
	5+00	0.02	0.9	35	22	26	1		
	5+50-E	0.02	1.1	32	23	36	1		

/ continued on page 21 ...

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(page 21)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD		SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxxxxxxx
	Au (ppm)	Ag (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)	
<u>L #25</u> 6+00-E	0.02	0.6		20	14	17	1	
	6+50	0.02	1.8	39	21	43	1	
BL #27 0+00-W	0.02	2.4		61	25	38	1	
<u>L #27</u> 0+50-W	0.02	1.6		40	23	40	1	
	1+00	0.02	2.6	115	29	47	1	
1+50	0.02	2.0		176	24	42	1	
2+00	0.02	1.8		88	21	33	1	
2+50	0.02	1.9		81	24	35	1	
3+00	0.02	1.4		45	20	40	1	
3+50	0.02	1.5		40	21	37	1	
4+00	0.02	1.4		36	19	38	1	
4+50	0.02	1.3		30	20	47	1	
5+00	0.02	1.6		66	21	50	1	
5+50	0.02	1.4		57	21	30	1	
6+00	0.02	1.3		62	23	44	1	
6+50	0.02	1.1		29	18	25	1	
7+00	0.02	1.3		24	18	26	1	
7+50	0.02	1.6		52	27	44	1	
8+00	0.02	1.8		49	24	39	1	
8+50	0.02	.19		57	30	44	1	
9+00	0.02	1.9		94	27	64	1	
9+50	0.03	1.9		62	28	47	1	
10+00-W	0.02	2.1		69	26	51	1	
0+50-E	0.02	1.5		32	24	25	1	
1+00	0.02	1.8		52	22	32		
1+50	0.02	0.5		20	22	14	1	
2+00	0.02	1.3		28	20	24	1	
2+50	0.02	0.9		21	15	14	1	
3+00	0.02	1.3		26	19	39	1	
3+50	0.02	1.8		39	19	46	1	
4+00	0.02	1.3		27	21	33	1	
4+50	0.02	1.4		63	24	56	1	
5+00	0.02	1.3		96	22	47	1	
5+50-E	0.02	1.0		25	19	38	1	

/ continued on page 22

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS ON REQUEST PULPS AND AND REJECTS WILL BE STORE FOR A MAXIMUM OF ONE YEAR.

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L. Wong

PROVINCIAL ASSAYER

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

MEMBER: American Society For Testing Materials • The American Oil Chemists Society • Canadian Testing association
REFEREE AND OR OFFICIAL CHEMISTS FOR: National Institute of Oilseed Products • The American Oil Chemists' Society
OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade

CERTIFICATE OF ASSAY

Date: July 24, 1987

File: 8706-2958



SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division

1001 East Pender Street,
Vancouver, B.C., Canada V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: N.V.C. ENGINEERING

(page 22)

We hereby certify that the following are the results of assays on: soil

MARKED	GOLD	SILVER	Copper	Lead	Zinc	Molybdenum	xxxxxxxxxx	
	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	mo (ppm)		
<u>L # 27</u> 6+00-E	0.02	1.3	60	22	75	1		
6+50	0.02	1.5	45	21	79	1		
7+00	0.02	1.3	52	22	82	1		
7+50	0.02	1.3	30	18	67	1		
8+00	0.02	1.3	35	19	75	1		
8+50	0.02	1.4	35	19	74	1		
9+00	0.02	1.3	30	19	71	1		
9+50	0.02	1.3	24	19	40	1		
10+00-E	0.02	1.4	38	21	51	1		

> = Greater Than

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OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade

Bondar-Clegg & Company Ltd.
130 Pemberton Ave.
North Vancouver, B.C.
Canada V7P 2R5
Phone: (604) 985-0681
Telex: 04-352667



BONDAR-CLEGG


**Certificate
of Analysis**

REPORT: 427-5411

PROJECT: NONE GIVEN

PAGE 1

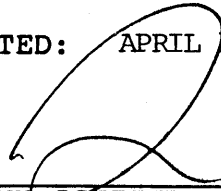
SAMPLE NUMBER	ELEMENT UNITS	Au OPT	Ag OPT
R2 901		<0.002	<0.02
R2 902		<0.002	<0.02
R2 903		0.251	0.04
R2 904		0.035	0.02
R2 905		0.019	0.02
R2 906		0.352	0.11
R2 907		0.061	0.08


Registered Assayer, Province of British Columbia

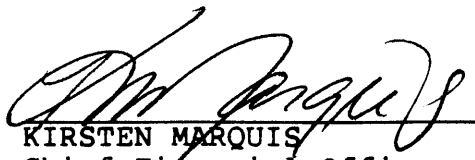
CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of British Columbia and its regulations.

DATED: APRIL 11, 1988

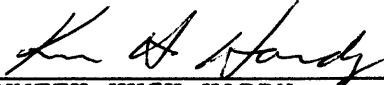


TONY SCHEFER
Chief Executive Officer,
President, Director and
Promoter

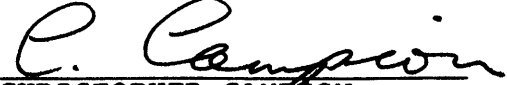


KIRSTEN MARQUIS
Chief Financial Officer,
Secretary

On Behalf of the Board of Directors



KENNETH HUGH HARDY
Director and Promoter



CHRISTOPHER CAMPTON
Director and Promoter



JAMES SELKIRK FALCONER
Director and Promoter

CERTIFICATE OF THE AGENT

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 prospectus as required by the Securities Act of British Columbia and its regulations.

DATED: APRIL 11, 1988

GEORGIA PACIFIC SECURITIES CORPORATION

PER:  _____