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(PICK AXE)

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PROSPECTUS

DATED: June 30th, 1988
EFFECTIVE DATE: July 12th, 1988

[illegible] ISSUE

R.M.

PROPERTY FILE

92HSE

WINTERS GOLD HEDLEY LTD.
#204 - 5511 West Boulevard
Vancouver, British Columbia
V6M 4H3
(hereinafter referred to as the "Issuer")

COMMON SHARE OFFERING: 200,000 SHARES (2)

Shares	Price to Public	Commission	Net Proceeds to be Received by Issuer (1)
Per Share	$ 0.45	$ 0.045	$ 0.405
Total	$ 90,000.00	$ 9,000.00	$ 81,000.00

COMMON FLOW-THROUGH SHARE OFFERING: 250,000 SHARES (2)

Shares	Price to Public	Commission	Net Proceeds to be Received by Issuer (1)
Per Share	$ 0.50		$ 0.50
Total	$ 125,000.00	(3)	$ 125,000.00 (3)

(1) Before deduction of the legal, audit and printing costs of the Issue estimated to be $15,000.00.

(2) Excluding any shares which may be acquired by the Agents pursuant to their Agent's Warrants (see "Plan of Distribution").

(3) The Issuer will pay the Agent a commission of $12,500.00 respecting the Flow-Through Shares from general working capital.

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VANCOUVER STOCK EXCHANGE TRADING SYMBOL: WGD

GEOLOGICAL REPORT
ON THE
HEDLEY PROJECT

Located in the
Osoyoos Mining Division
British Columbia
NTS 92H/8E
120°02' West Longitude
49°20' North Latitude

- Prepared for -

WINTERS GOLD HEDLEY LTD.

- Prepared by -

S.L. TODORUK, Geologist
C.K. IKONA, P.Eng.

March, 1988

GEOLOGICAL REPORT on the HEDLEY PROJECT

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GEOLOGICAL REPORT on the HEDLEY PROJECT

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APPENDICES

1.0 INTRODUCTION

The Hedley Project is located near Hedley, on the east side of the Similkameen River, in southern British Columbia (Figure 1). Pamicon Developments Limited was requested by Winters Gold Hedley Ltd. to conduct an exploration program consisting of trenching known gold mineralization in the Pick Axe Zone in conjunction with a geophysical survey consisting of VLF-electromagnetics and magnetometer.

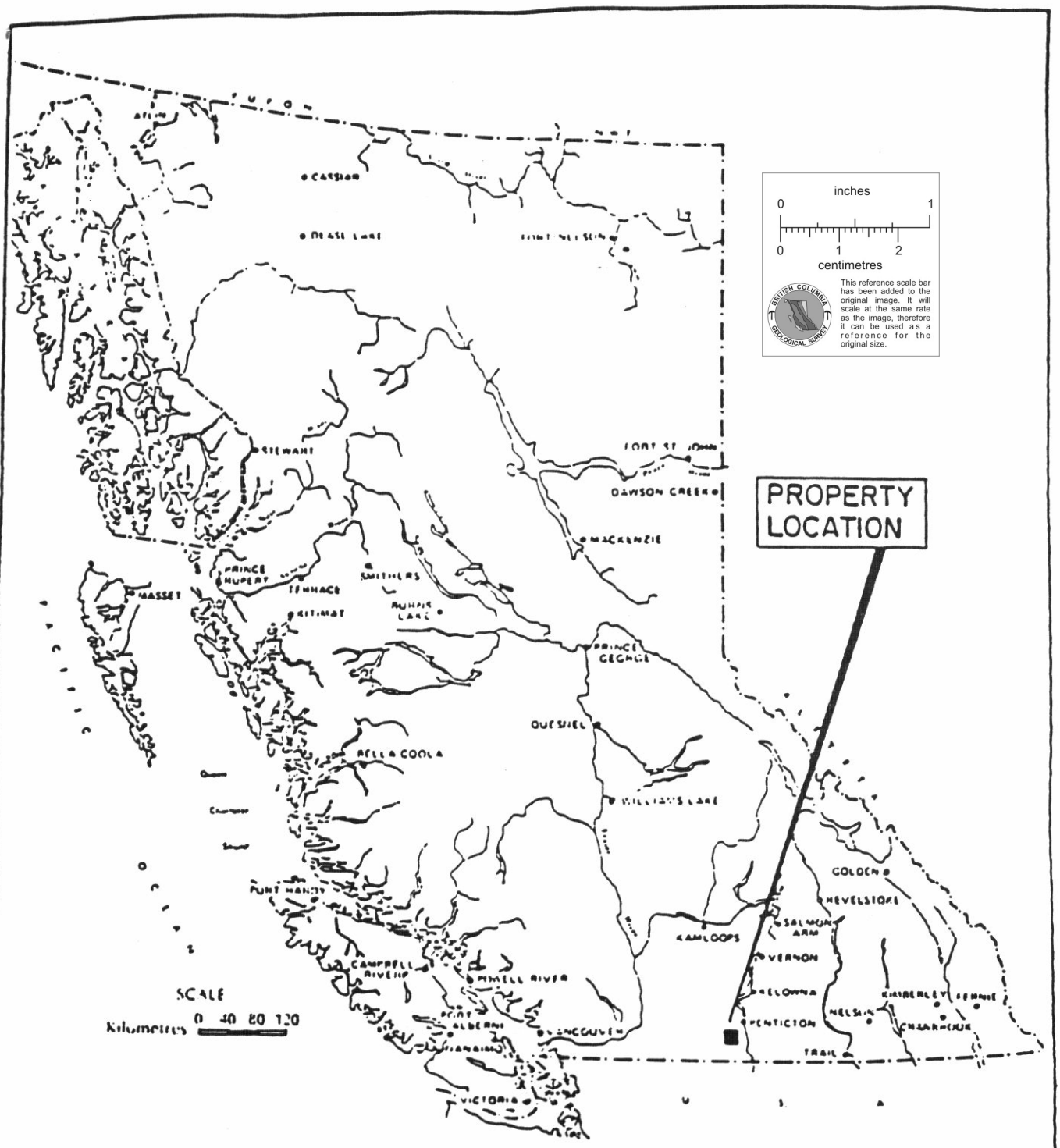
Trenching exposed 9.0 metres of skarn-style massive pyrrhotite and arsenopyrite. Assays returned anomalous values in silver, bismuth, copper and tungston. Gold values ranged up to 1.080 ounces gold per ton. A short diamond drilling program was subsequently carried out to test the strength of this encouraging zone.

The field program was underway during the winter months of November, December and January at which time on several occasions temperatures dropped to in excess of -30°C. As a result, several problems arose which greatly inhibited the progress of the drilling program. It was decided by the author to stop the drilling until a later date when weather conditions were more favourable.

2.0 LIST OF CLAIMS

Records of the British Columbia Ministry of Energy, Mines and Petroleum Resources indicate that the following claims (Figure 2) are owned by Avenue Resources Ltd.

Claim Name	Record No.	Lot No.	Anniversary	Area
Hedly North	2271		22 July/93	6 units
Hedly South	2272		22 July/93	15 units
Winters Gold	2273		22 July/93	4 units
Winters Gold 2	2389		6 Mar/93	4 units



WINTERS GOLD HEDLEY LTD.

HEDLEY PROJECT

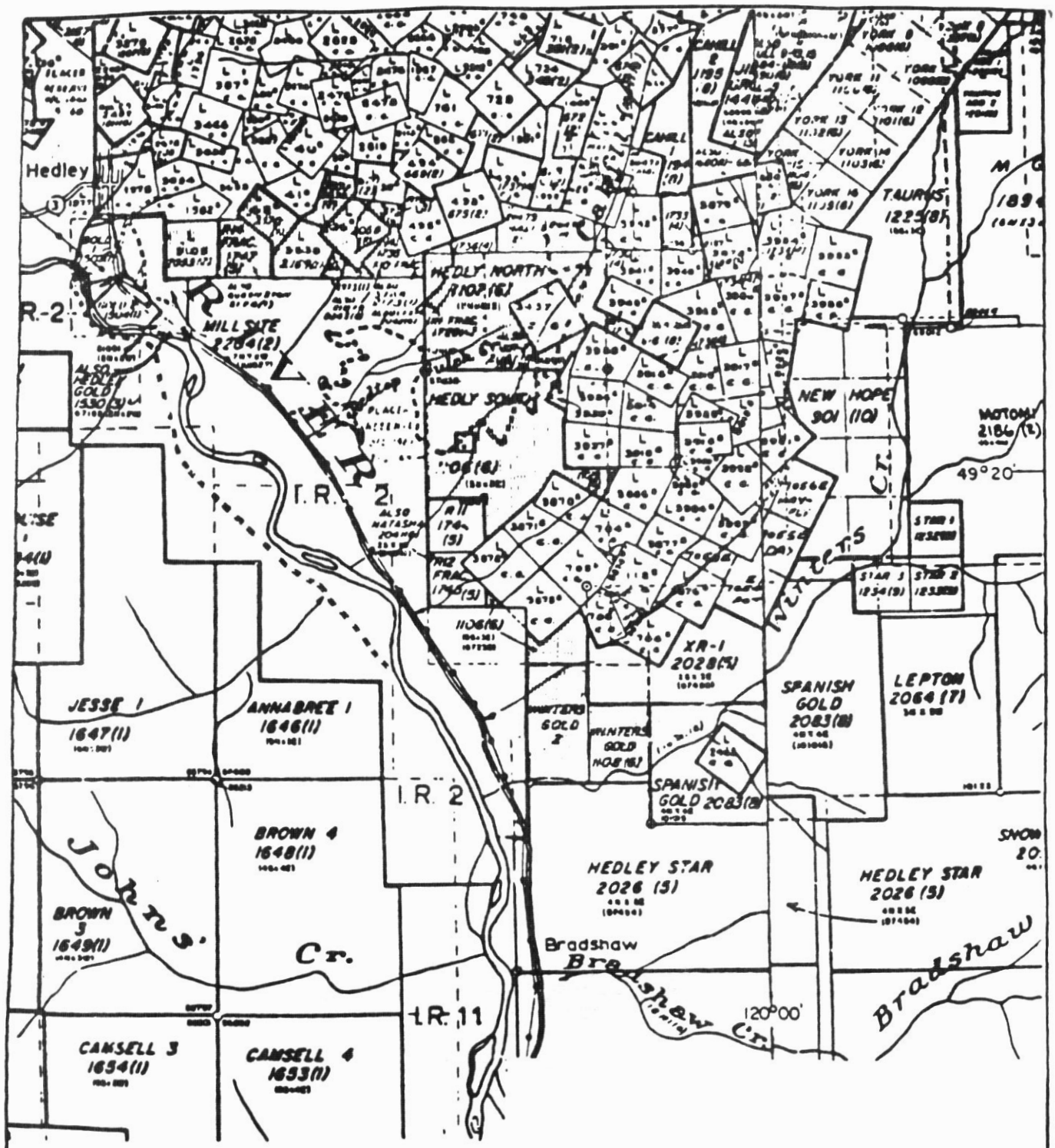
LOCATION MAP

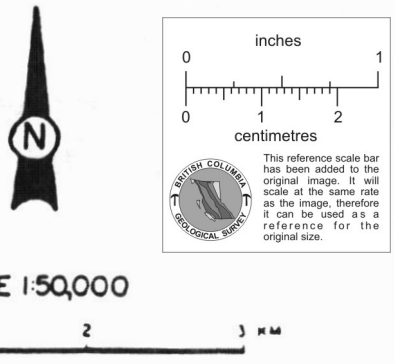
OSOYOOS MINING DIVISION

HEDLEY, BRITISH COLUMBIA

PAMICON DEVELOPMENTS LTD.

Drawn	NTS	Date	Fig. No.
J.W.		March 1988	1.





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WINTERS GOLD HEDLEY LTD.

HEDLEY PROJECT
CLAIM MAP

OSOYOOS MINING DIVISION

HEDLEY, BRITISH COLUMBIA

PAMICON DEVELOPMENTS LTD.

Drawn	N.T.S.	Date	Fig. No.
J.W.		March 1988	2

Claim Name	Record No.	Lot No.	Anniversary	Area
Queenston Fr.	2174		21 Jan/93	N/A*
Star Fr.	2173		21 Jan/93	N/A*
Redtop	2058	36S	13 July/93	20.61 ha
Powell	2059	3102	13 July/93	20.90 ha
Norfolk Fr.	2060	3539	13 July/93	11.86 ha
Tower Fr.	2375	37S	3 Feb/93	5.09 ha
Victor Fr.	2377	35S	3 Feb/93	3.16 ha
Sweden Fr.	2371	42S	22 Jan/93	15.24 ha
Stag Fr.	2370	3538	22 Jan/93	18.18 ha

The Hedly North, Hedly South, Winters Gold 2 and Winters Gold Legal Corner Posts were all located by the author. Within the Reverted Crown Grant claim, only the eastern Sweden corner post and a southwestern Norfolk corner post were located. Remaining Reverted Crown Grant boundaries were assumed from this point.

3.0 LOCATION, ACCESS AND PHYSIOGRAPHY

Terrain within the claim area consists generally of steep topographic relief. Elevations vary from 550 metres to over 1500 metres. Fir, spruce and pine cover the majority of the claim area.

Coordinates of the property are 120°02' west longitude and 49°20' north latitude.

The Hedley Project claim group adjoins the Chuchuwayha No. 2 Indian Reserve immediately to the east of the Reserve boundary beginning approximately 500 metres east of the Hedley Townsite. The claims continue to the east and south along the Reserve boundary to Winters Creek excluding the French Mine Crown Grants.

*N/A - Not available without survey due to the irregular shape and definition of these fractions.

Access to the central reaches of the property is attained via the old Nickel Plate gravel road two kilometres south of Hedley which passes through the Winters Gold Hedley property and continues on up to the Mascot Gold Mine and further to Apex Mountain and Penticton. Two roads branching off the Nickel Plate road to the south toward the French Mine provide access to the Hedly South, Winters Gold 2 and Winters Gold claims. Access to these claims is also attainable just 200 metres east of Provincial Highway No. 3. Immediately north of the Hedly North claim, a road branching west off the Nickel Plate road adjacent to the Mascot Gold Mine tailings pond provides access to the northern reaches of the Winters Gold Hedley ground and leads toward the Central Station Cabin and the Sweden Reverted Crown Grant. This road is quite narrow and road banks drop off quite steeply to the west.

4.0 AREA HISTORY

Earliest recorded work in the area saw placer gold mining during the 1860s. This work led to the discovery of the rich lode gold deposits near Nickel Plate Mountain in 1897. Since these initial discoveries, several other mines have seen limited production.

Mine	Ore (tons)	Gold (ounces)	Silver (ounces)
Nickel Plate-Hedley Mascot 1904-1963	3,967,350	1,556,759	188,725
French (Oregon) 1950-1955 1957-1961 Jan-Apr 1983	79,127	51,928	3,993
Canty 1939, 1941	1,483	530	N/A

Mine	Ore (tons)	Gold (ounces)	Silver (ounces)
Good Hope 1946-1948 1982	9,231	5,298	N/A

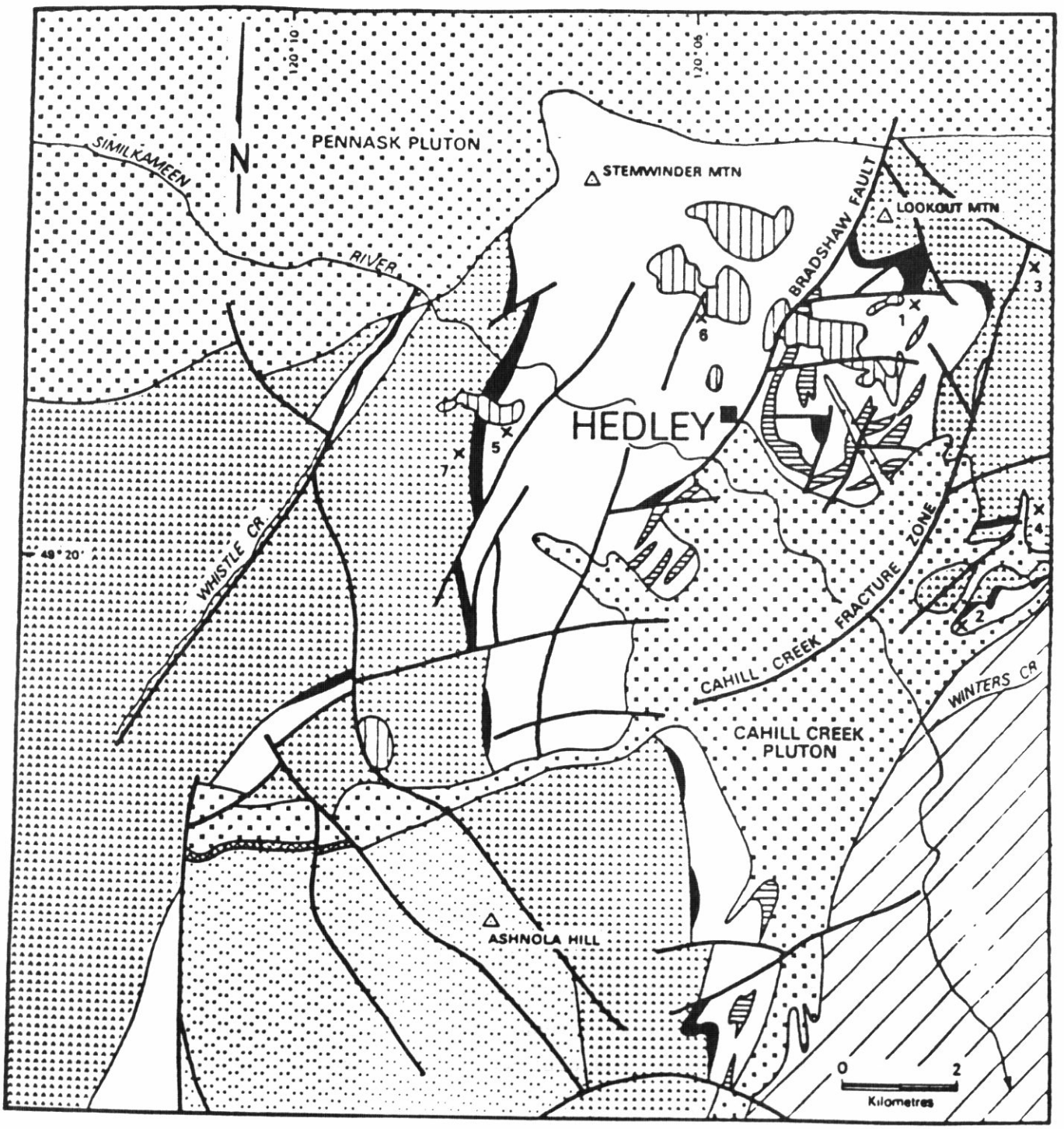
The Victoria Mine, located 500 metres east of the Winters Gold claim, hosts low gold values associated with chalcopyrite and pyrrhotite in a 2 to 66 cm wide quartz vein.

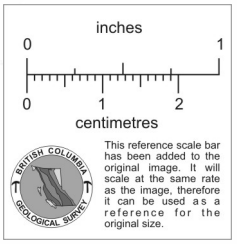
Recent activity in the area has seen Mascot Gold Mines bring their $70 million open pit mine into production in 1987. Recent figures indicate proven ore reserves of 9.9 million tons grading 0.133 ounces of gold per ton. In addition to these open pit reserves, underground drilling from within old mine workings has indicated a further two million tons grading 0.16 ounces gold per ton below the proposed open pit. Mascot is also presently drilling the Canty Mine in an attempt to define reserves.

5.0 REGIONAL GEOLOGY

The Hedley region lies within the Intermontane Belt of the Canadian Cordillera. The area is predominantly underlain by a 1000 to 2000 metre thick sequence of deformed, sedimentary and volcaniclastic rocks belonging in part to the Upper Triassic Nicola Group (Figure 3). These units in turn are intruded by sills, dykes and plutons of mid-Jurassic to Tertiary age granodiorite, diorite and gabbro.

The oldest rocks exposed in the area are found to the southeast and east of Winters Creek. Mississippian to Lower Triassic oceanic sediments and volcanics consisting of deformed cherts, argillites, tuffaceous siltstones, greenstones and minor limestones represent a back-arc marginal basin assemblage grouped into the Apex Mountain group.





WINTERS GOLD HEDLEY LTD.

HEDLEY PROJECT
REGIONAL GEOLOGY MAP

OSOYOOS MINING DIVISION

HEDLEY, BRITISH COLUMBIA

PAMICON DEVELOPMENTS LTD.

Drawn	N.T.S.	Date	Fig. No.
J.W.		March 1988	3

LEGEND

QUARTZ PORPHYRY

SIMILKAMEEN INTRUSIONS

Granodiorite, granite (c.150 Ma)

HEDLEY INTRUSIONS

Diorite, Gabbro (c.180 Ma)

ROCKS OF UNCERTAIN AGE

Dacitic and andesitic tuffs (Units B and C)

UPPER TRIASSIC — WHISTLE CREEK SEQUENCE

Tuff, volcanic breccia, siltstone (Unit A)

Copperfield conglomerate — limestone boulder conglomerate

UPPER TRIASSIC — HEDLEY SEQUENCE

Siltstone, argillite, minor limestone and conglomerate

2 Sunnyside *Limestone*

PALEOZOIC — APEX MOUNTAIN GROUP

Argillite, chert, greenstone tuff, minor limestone

GOLD BEARING PROPERTIES

LOCATION NO.	NAME AND MINFILE NO.
1.	NICKEL PLATE AND MASCOT MINE (92H/SE-38,36)
2.	FRENCH MINE (92H/SE-59)
3.	CANTY MINE (92H/SE-64)
4.	GOOD HOPE MINE (92H/SE-60)
5.	BANBURY GOLD MINE (92H/SE-46)
6.	PEGGY / HEDLEY AMALGAMATED (92H/SE-66)
7.	GOLD HILL (92H/SE-54)

The Nickel Plate Mine area between Winters Creek and Whistle Creek has been informally separated into a younger Whistle Creek sequence (700 to 1200 metres) to the west and an older Hedley sequence (700 metres) to the east. In the Hedley area, the majority of gold mineralization has been won from ore deposits within the Hedley sequence. Unlike most areas, Nicola group rocks in the district are composed mainly of sediments, with only minor components of volcanics. In the Hedley sequence, thin-bedded calcareous and cherty turbiditic siltstones, black argillites and impure limestone beds are present within the Hedley sequence. Toward the top of the sequence, fine-grained volcaniclastics and crystal tuff material may be found. Important to ore localization is the "Sunnyside limestone" which attains thicknesses of individual beds up to 100 metres. This unit is traceable over several kilometres between Hedley Township and Lookout Mountain. The "marble line" is a transitional zone within the Sunnyside limestone. The rocks generally dip to the west. As indicated by Nickel Plate Mine Geologists as early as the 1950s:

> "The 'marble line' forms the outer edge of the skarn zone, being the transition zone between highly altered skarn and unaltered limestone. It ranges from 50 to 200 feet in width. All ore-bodies lie close to this zone, within a few hundred feet of the marble line, favouring competent skarn beds rather than limy or chert beds."

Stratigraphically above the Hedley sequence is the Whistle Creek sequence. In the lower portions, tuffaceous siltstones with rare argillites predominate while higher in the sequence, bedded to massive ash and lapilli tuffs with minor volcanic breccia exist.

The Whistle Creek and Hedley sequences are separated by the limestone boulder "Copperfield Conglomerate" which forms the most recognizable and important stratigraphic marker horizon in the district. To date in the Nickel Plate Mine area, most major ore deposits have been found below the Copperfield Conglomerate. The thickness of the unit varies from 10 to 200

metres. It is well developed south of Lookout Mountain (100 metres) and just south of the old Nickel Plate Mine tramway near the Central Station Cabin on the Sweden Reverted Crown Grant. The conglomerate is characterized by abundant, well-rounded to angular pebbles, cobbles, and boulders of limestone generally up to 1 metre in diameter.

The Pinto Formation is a limestone boulder conglomerate of possibly similar origin as is the Copperfield Conglomerate. This unit hosts the French Mine mineralization. Pinto Formation conglomerate is also located just east of the Avenue Resources property, 1400 metres north-northeast of the French Mine.

The area is intruded by three various suites of rocks. The oldest is Middle Jurassic (170 to 190 million years) Hedley intrusions comprising massive, coarse-grained, often greenish, hornblende-bearing diorites, quartz diorites and minor gabbros. Sills and dykes up to 200 metres in thickness and stocks up to 1.5 kilometres in diameter are present. A majority of the gold-bearing skarn mineralization in the Nickel Plate gold camp has been found within and adjacent to many of these intrusions.

The Similkameen intrusions have been dated as Late Jurassic age (150 to 160 million years) and consist of coarse-grained, massive biotite ± hornblende-bearing granodiorite. These usually form large plutons such as the Cahill Creek pluton between Winters Creek and Hedley Township and the Pennask pluton northwest of Hedley. Country rocks adjacent to the Similkameen intrusions usually exhibit some hornfelsing as well as minor skarn alteration but to date gold mineralization has been negligible.

Several roof pendants of hornfelsed, sedimentary and tuffaceous rocks are present in the Cahill Creek pluton. The French Mine is situated within one of these pendants. Gold-bearing skarn mineralization occurs in the Pinto Formation which is a limestone boulder conglomerate closely resembling the Copperfield Conglomerate.

The youngest intrusive suite is composed of a fine-grained, felsic, quartz-bearing porphyry that cuts and postdates the Cahill Creek pluton.

6.0 LOCAL GEOLOGY

The local geology on the subject property is abridged from the May, 1987 Geological Report on the Hedley Project written by Todoruk and Ikona. The subject property is underlain by Paleozoic to Late Triassic metamorphosed Apex Mountain group rocks in the southeast corner near Winters Creek. Late Triassic to Jurassic (?) Hedley and Whistle Creek sequences are found in the northwest (including the Copperfield Conglomerate and Sunnyside limestone). Middle Jurassic Hedley intrusions as hornblende porphyry sills cut the Late Triassic and younger sequences. Middle to Late Jurassic Similkameen intrusions as the Cahill Creek pluton and dyke separate the Apex Mountain group and Hedley sequences (Figure 4).

6.1 APEX MOUNTAIN GROUP (Unit 1)

The Apex Mountain group is composed of Paleozoic and Triassic deformed greenstones, tuffaceous siltstones, argillites, quartzites, cherts and minor limestones. Sulphides as pyrite and pyrrhotite are present in only minor amounts, except locally in small shear zones.

6.2 HEDLEY SEQUENCE

6.2.1 Red Top Formation (Unit 2)

Rocks of the Red Top Formation consist predominantly of grey to black, thin-bedded, calcareous and cherty siltstones and argillites. A thin polymictic pebble conglomerate composed largely of chert, siltstone and argillite fragments up to 3.0 cm in a chert matrix is interbedded with limestone

± marble at the base of formation near the North and South Corrall trenches in close proximity to the northern boundary of the Cahill Creek pluton.

Bedding generally strikes northeasterly with a 20 degree to 50 degree dip to the northwest. When in contact with members of the Hedley intrusions, bedding is usually distorted to varying degrees.

Sulphides as pyrrhotite ± pyrite ± chalcopyrite occur as disseminations from 1 to 5% throughout the siltstone, argillite and chert.

Alteration ubiquitously consists of calcium-carbonate and silicification with pyrrhotite ± pyrite. Locally, in the Corrall trenches, epidote with minor clay is seen in the altered sediments and occasionally recrystallized limestone.

6.2.2 Sunnyside Formation (Unit 3)

The Sunnyside Formation consists almost entirely of grey, massive limestone forming individual beds 75 to 100 metres in thickness. Minor argillite, siltstone and chert beds are located at the base of the sequence. Bedding strikes northeasterly and dips 20 to 40 degrees to the northwest.

Sulphides as pyrrhotite, chalcopyrite and arsenopyrite occur in skarn zones associated with Hedley instrusions.

6.2.3 <u>Hedley Formation</u> (Unit 4)

Rocks of the Hedley Formation consist of turbiditic siltstone with argillite, chert, thin-bedded limestone and fine-grained volcaniclastic and crystal tuff material. Bedding strikes northeasterly and dips modestly to the northwest.

Alteration consists predominantly of calcium-carbonate, silicification and locally iron-carbonate.

Sulphides consist of disseminated pyrrhotite.

6.3 WHISTLE CREEK SEQUENCE

6.3.1 Copperfield Conglomerate (Unit 5)

The Copperfield Conglomerate is exposed in the Sweden Reverted Crown Grant along a strike length of 250 metres. It attains a thickness of at least 25 to 50 metres.

The unit is composed of well-rounded to angular pebbles, cobbles, and boulders of limestone generally up to 1 metre in diameter. Some of the larger boulders exhibit soft sediment deformation.

Alteration locally in the Copperfield Conglomerate can be found in skarn zones where recrystallized limestone fragments are hosted in a garnetite matrix. Sulphides occur as disseminations, fracture fillings, blebs and massive sulphide. Minerals observed include pyrrhotite, chalcopyrite, pyrite, arsenopyrite, galena, sphalerite, magnetite, garnet and calcite.

In the vicinity of the Sweden Shaft, the Copperfield Conglomerate can be identical in appearance to the Pinto Formation.

6.3.2 Whistle Creek Formation (Unit 6)

The Whistle Creek Formation is observed to the east of the property and within a roof pendant hosting the French Mine. Rocks consist of andesite ash tuff, tuffaceous siltstone, andesite lapilli tuff, argillite, siltstone and thin-bedded limestone.

6.4 INTRUSIVE ROCKS

6.4.1 Hedley Intrusions (Unit 7)

On the property, the Hedley intrusions consist of hornblende-porphyritic sills and dykes. They are most likely gabbro to diorite in composition. The hornblende phenocrysts vary in size from 1 to 15 mm. Plagioclase crystals up to 5 mm are also visible. The rock is generally a medium to dark green-grey colour.

The sills almost always occur along sedimentary bedding planes predominantly in the area of the Reverted Crown Grants. Often along the contacts of these sills with the adjacent rocks is a narrow zone of silicification up to 1 metre wide which usually hosts 1 to 15% disseminated and patchy blebs of pyrrhotite up to 1.5 cm in diameter.

The hornblende porphyry sills are stacked in such a fashion that they appear en echelon.

6.4.2 Similkameen Intrusions (Unit 8)

On the property, the Cahill Creek pluton represents the Similkameen intrusions. The pluton occupies the majority of the Hedly North, Hedly South and Winters Gold 2 claim blocks. A dyke-like apophysis from the pluton projects across the eastern Stag and western Norfolk fractions of the Reverted Crown Grants. The intrusions consist of coarse, massive, biotite ± hornblende-bearing granodiorite.

The granodiorite is barren of any mineralization.

7.0 1987 FIELD WORK - PICK AXE ZONE

7.1 TRENCH

During the spring program in 1987, gold-bearing massive pyrrhotite and arsenopyrite was found in place in the Pick Axe Zone. Approximately 1.0 metre of mineralized strike length was exposed (Figure 4).

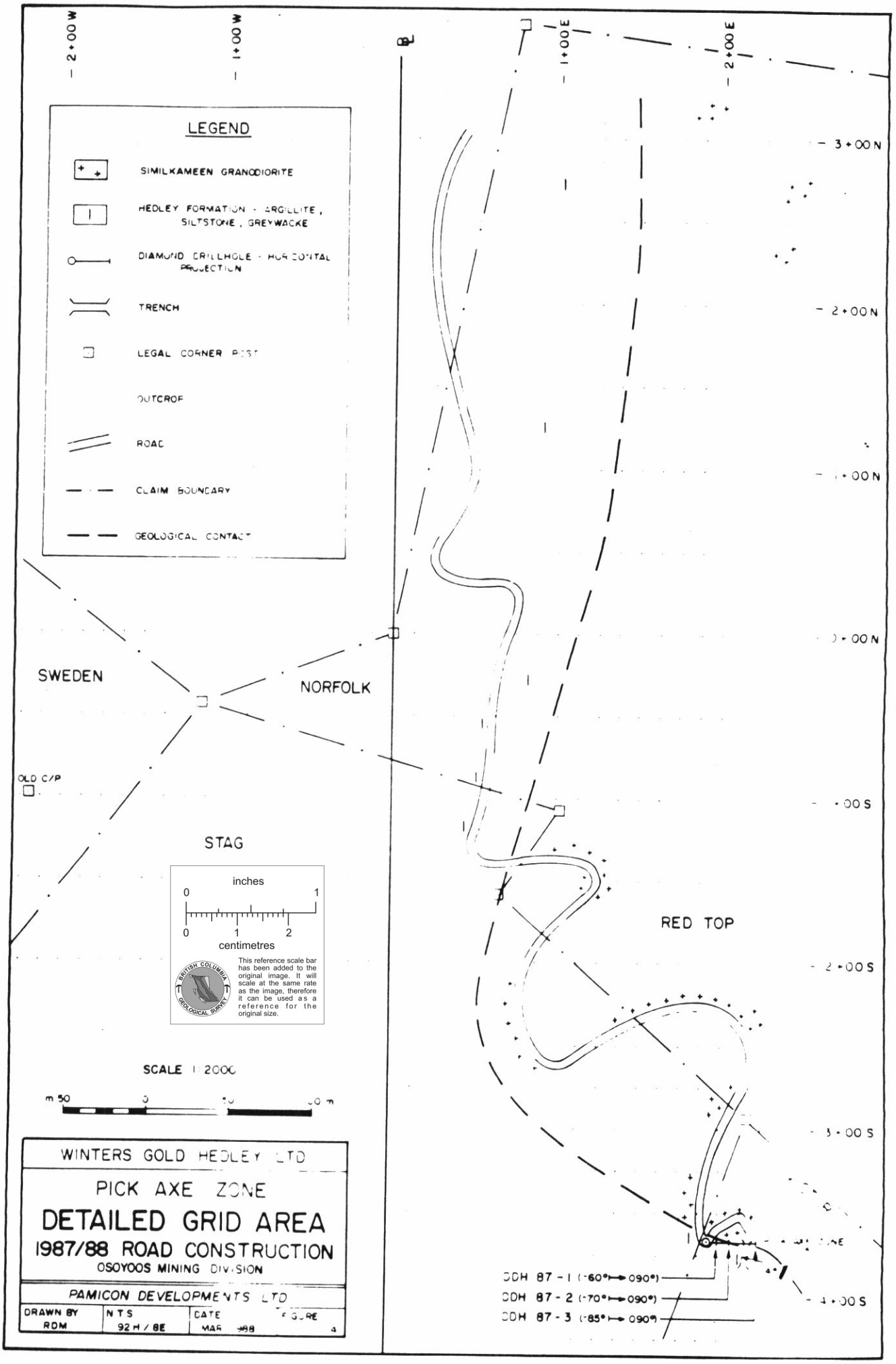
A backhoe excavator was used in November, 1987 to extend the strike length of the zone to its present length of 9.0 metres (Figure 5). Skarn-style massive arsenopyrite and pyrrhotite was exposed along the entire length. Assay values are listed below:

Sample Number	Width (m)	Bi (ppm)	As (ppm)	Cu (ppm)	Ag (oz/ton)	Au (oz/ton)
14704	0.35	160	1,155	2,120	0.14	0.144
14705	0.55	314	305	1,430	0.11	0.252
14706	0.50	1,090	180	2,180	0.28	1.080
14707	0.50	314	25	1,205	0.12	0.364
14708	0.20	4	45	161	0.01	0.010
14709	0.35	276	10	920	0.09	0.350
14710	0.35	154	1,175	2,510	0.12	0.118

7.2 GEOPHYSICS

A geophysical survey was carried out across the Crown Grants which cover the Pick Axe Zone area and the favourable Copperfield Conglomerate to the west. Survey lines were often ended because of cliffs.

A geophysical report with maps written by S.J.V. Consultants Ltd. is appended (Appendix D).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1+00 W
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1+00 E
2+00 E
LEGEND
SIMILKAMEEN GRANODIORITE
HEDLEY FORMATION - ARGILLITE, SILTSTONE, GREYWACKE
DIAMOND DRILLHOLE - HORIZONTAL PROJECTION
TRENCH
LEGAL CORNER POST
OUTCROP
ROAD
CLAIM BOUNDARY
GEOLOGICAL CONTACT
3+00 N
2+00 N
1+00 N
0+00 N
0+00 S
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WINTERS GOLD HEDLEY LTD
PICK AXE ZONE
DETAILED GRID AREA
1987/88 ROAD CONSTRUCTION
OSOYOOS MINING DIVISION
PAMICON DEVELOPMENTS LTD
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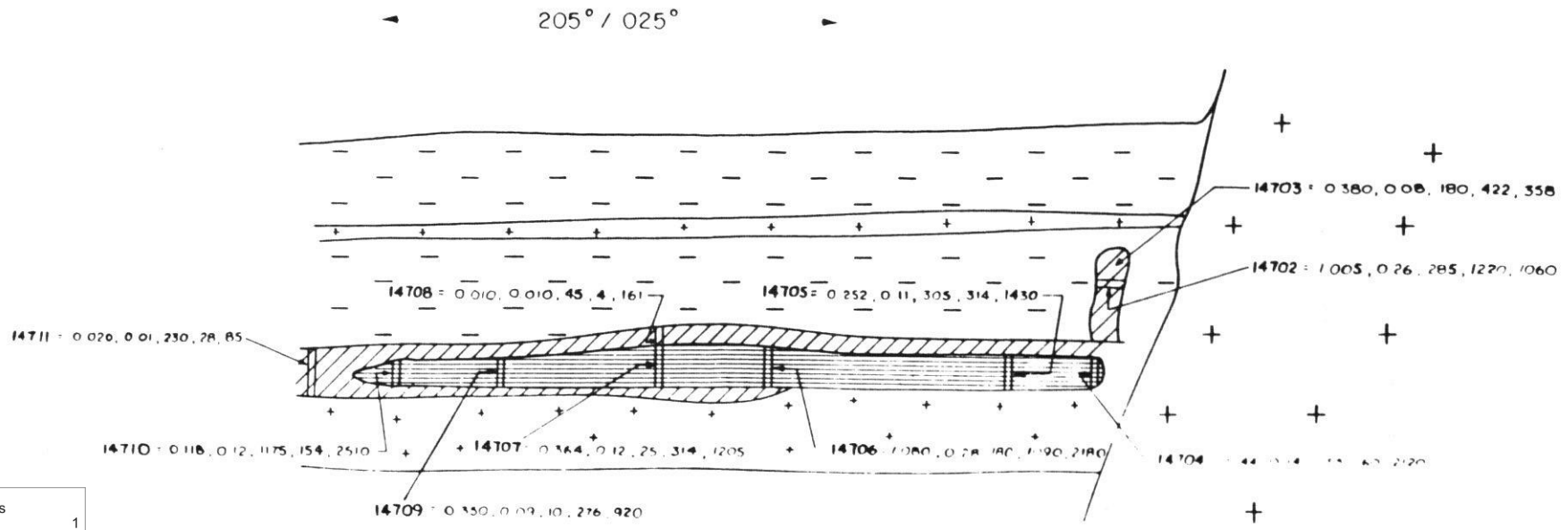

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LEGEND

SIMILKAMEEN NTRUSIVE GRANODIORITE

ANDESITE SILL FELDSPAR PORPHYRITIC

ARGILLITE / SILTSTONE / GREYWACKE

SKARNED, CHERTY SEDIMENTS Sometimes limonitic
+ 180 + Ex fracture stringers + calcite veinlets
+ chlorite alteration

MASSIVE PYRRHOTITE AND ARSENOPYRITE

ROCK CHIP SAMPLE

GEOCHEM VALUES AS 14709 = 0.212 oz/t Au, 0.51 oz/t Ag, 432 ppm As, 333 ppm Bi, 562 ppm Cu

WINTERS GOLD HEDLEY LTD

PICK AXE ZONE
TRENCH
CROSS-SECTION MAP

OSOYOOS MINING DIVISION

PAMICON DEVELOPMENTS LTD.

DRAWN BY	NTS	DATE	FIGURE
RDM	92H / 8E	MAR 1988	5

7.3 DIAMOND DRILLING

Three short diamond drill holes totalling 188.3 metres were drilled to test the auriferous sulphides exposed in the Pick Axe Zone trench (Figure 6).

8.0 DISCUSSION AND CONCLUSIONS

The Pick Axe Zone was extended for a strike length of 9.0 metres. Massive pyrrhotite and arsenopyrite mineralization occurs along this interval "sandwiched" between feldspar porphyritic andesite sills which correlate with the Hedley Intrusions at the Mascot Gold Mine. As at Mascot, anomalous bismuth occurs with the pyrrhotite and arsenopyrite. Within the Pick Axe trench, gold values obtained ranged up to 1.080 ounces per ton.

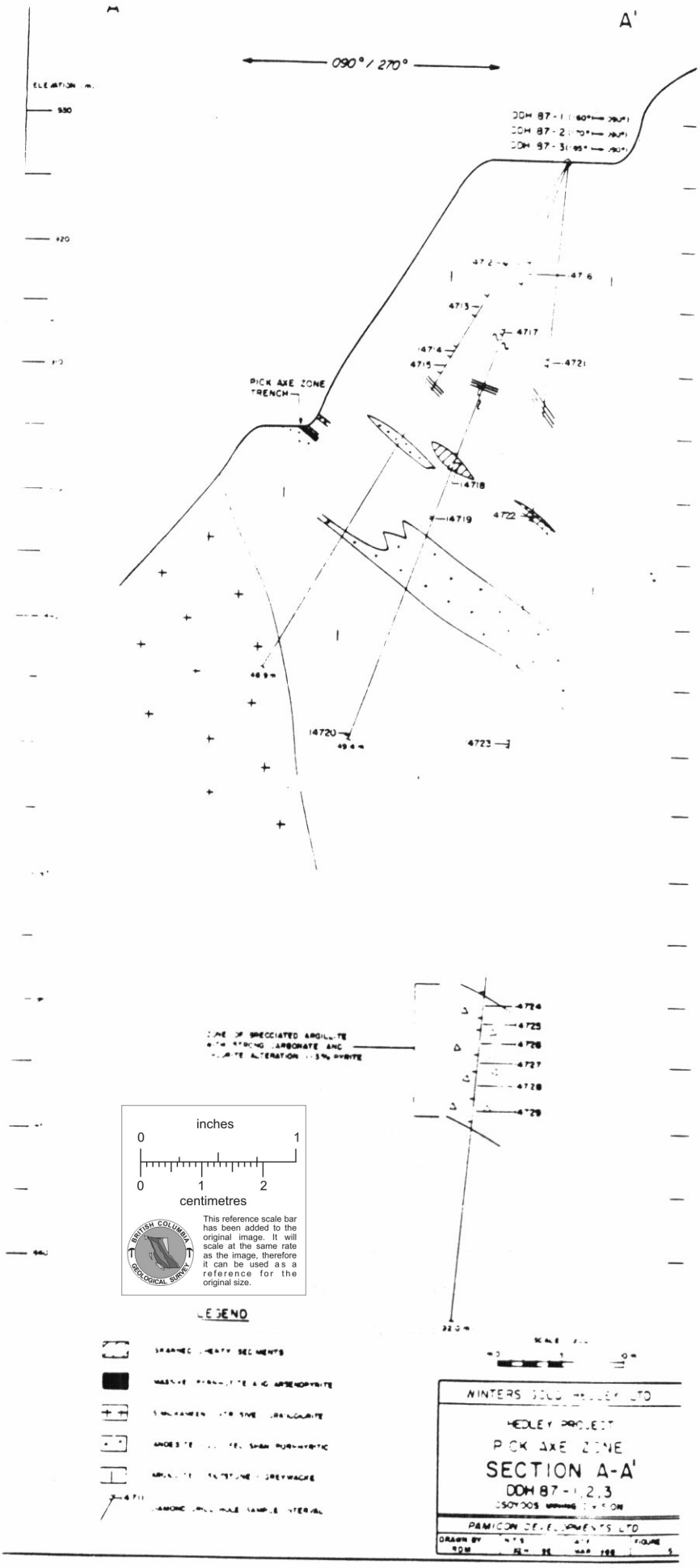
The Pick Axe Zone occurs on the immediate western border of a Similkameen granodiorite dyke. A short three hole diamond drill program was unable to intersect the zone.

9.0 RECOMMENDATIONS

The winter 1987-88 program encountered numerous troublesome climatic problems which were costly and greatly inhibited the program. As a result, the diamond drilling program was stopped earlier than originally desired with the thought of continuing at a later date.

The Winters Gold Hedley Ltd. property and more exactly the Pick Axe zone trench has confirmed that gold-bearing sulphide mineralization similar to that at Mascot Gold Mines does exist on the claims.

It is therefore recommended that continued trenching be carried out in the area of the Pick Axe Zone to find additional strike length in the hopes of drilling the zone to the south of the 1987 winter diamond drilling.


A
A'
090° / 270°
ELEVATION m.
930
920
DDH 87-1
DDH 87-2
DDH 87-3
PICK AXE ZONE TRENCH
4716
4717
4713
4714
4715
4721
4718
4719
4722
4720
4723
4724
4725
4726
4727
4728
4729
inches
0
1
0
1
2
centimetres
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.
BRITISH COLUMBIA GEOLOGICAL SURVEY
LEGEND
WINTERS
HEDLEY PROJECT
PICK AXE ZONE
SECTION A-A'
DDH 87-1,2,3
PAMICON DEVELOPMENTS LTD
DRAWN BY
FIGURE

Two or three diamond drill holes totalling 180 to 300 metres should then be drilled in the area of the Sweden Shaft testing below the favourable limestone boulder Copperfield Conglomerate.

The remainder of the 1987 budget (approximately $20,000) and an additional $125,000 should be made available for this next phase of work on the Winters Gold Hedley Ltd. property.

Respectfully submitted,

S.L. Todoruk, Geologist

C.K. Ikona, P.Eng.

APPENDIX A

BIBLIOGRAPHY

BIBLIOGRAPHY

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APPENDIX B

DIAMOND DRILL LOG SHEETS

PAMICON DEVELOPMENTS LIMITED

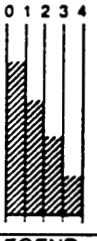
DRILL LOG

PROJECT: WINTERS GOLD HEDLEY	GROUND ELEV.: 927m
HOLE NO.: DDH 87-1	BEARING: 090°
LOCATION: 3+65S/1+95E	DIP: -60°
	TOTAL LENGTH: 46.9 m.
LOGGED BY: Steve L. Todoruk	HORIZONTAL PROJECT:
DATE: Dec. 18, 1987	VERTICAL PROJECT:
CONTRACTOR: NOMAD DRILLING INC.	
CORE SIZE: BQ	
DATE STARTED: Dec. 16, 1987	
DATE COMPLETED: Dec. 17, 1987	
DIP TESTS:	

ALTERATION SCALE

absent
slight
moderate
intense

TOTAL SULPHIDE SCALE



traces only
< 1%
1% – 3%
3% – 10%
> 10%

COMMENTS

LEGEND

PAGE 2 OF 3 | PROJECT: WINTERS GOLD HEDLEY | HOLE NO. 87-2

MINERALIZATION DESCRIPTION	TOTAL SULPHIDE	SAMPLES FROM (m)	SAMPLES TO (m)	SAMPLES (WIDTH)	SAMPLE NUMBER	ASSAYS			
- 2-3 % pyrite in 2-3 mm. fracture stringers		9.6	9.9	0.3	14712				
- 2-3 mm. pyrite stringers		12.8	14.5	1.7	14713				
- 1-2 mm. fracture stringers of pyrite		17.3	18.3	1.0	14714				
		18.3	19.8	1.5	14715				
- 2-3 mm pyrite stringers									

N2/E2

MADE IN VANCOUVER, CANADA

PAMICON DEVELOPMENTS LIMITED

DRILL LOG

PROJECT: WINTERS GOLD HEDLEY	GROUND ELEV.: 927 m
HOLE NO.: DDH 87-2	BEARING: 090°
LOCATION: 3+65S/1+95E	DIP: -70°
	TOTAL LENGTH: 49.4 m
LOGGED BY: Steve Todoruk	HORIZONTAL PROJECT:
DATE: Feb. 18, 1988	VERTICAL PROJECT:
CONTRACTOR: Nomad Drilling	
CORE SIZE: BQ	
DATE STARTED: JANUARY 22, 1988	
DATE COMPLETED: JANUARY 24, 1988	
DIP TESTS:	

ALTERATION SCALE

absent
slight
moderate
intense

TOTAL SULPHIDE SCALE

traces only
< 1%
1% – 3%
3% – 10%
> 10%

COMMENTS

LEGEND

 PROJECT: WINTERS GOLD HEDLEY HOLE NO. 87-2

MINERALIZATION DESCRIPTION	TOTAL SULPHIDE	SAMPLES FROM (m)	SAMPLES TO (m)	SAMPLES WIDTH (m)	SAMPLE NUMBER	ASSAYS			
2-3% pyrite as fractures within carbonate + bleached alteration.		8.7	10.5	1.8	14716				
1-2% disseminated pyrite		14.3	14.8	0.5	14717				
3-4% pyrite as fracture fillings		25.0	26.2	1.2	14718				
-5% pyrite as clots and fracture fillings. -2-5% disseminated pyrite		30.3	30.4	0.1	14719				
- 2-3 mm. pyrite fracture fillings		48.9	49.4	0.5	14720				

PAMICON DEVELOPMENTS LIMITED

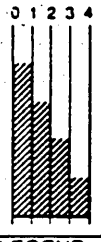
DRILL LOG

PROJECT: WINTERS GOLD HEDLEY	GROUND ELEV.: 927 m
HOLE NO.: DDH 87-3	BEARING: 090°
LOCATION: 3+65S/1+95E	DIP: -85°
	TOTAL LENGTH: 92.0 m
LOGGED BY: Steve Todoruk	HORIZONTAL PROJECT:
DATE: Feb. 18, 1988	VERTICAL PROJECT:
CONTRACTOR: Nomad Drilling	
CORE SIZE: BQ	
DATE STARTED: JANUARY 30, 1988	
DATE COMPLETED: FEBRUARY 1, 1988	
DIP TESTS:	
COMMENTS:	LEGEND:

ALTERATION SCALE

absent
slight
moderate
intense

TOTAL SULPHIDE SCALE



traces only
< 1%
1% – 3%
3% – 10%
> 10%

 PROJECT: WINTERS GOLD HEDLEY HOLE NO. 87-3

MINERALIZATION DESCRIPTION	TOTAL SULPHIDE	SAMPLES FROM (m)	SAMPLES TO (m)	SAMPLES (?WIDTH)	SAMPLE NUMBER	ASSAYS			
2-3% pyrite as fractures + clots									
1-2 mm. parallel pyrite stringers		15.8	16.2	0.4	14721				
- 25% finely disseminated pyrite		27.8	28.5	0.7	14722				
- 3-5% fracture stringers of pyrite.									
- 2-4% disseminated pyrite and minor 1-2 mm. fractures of pyrite									
- 5-6 mm fractures of pyrite at 65° to c/a.		46.1	46.6	0.5	14723				
1-3% pyrite		66.3	68.6	2.3	14724				
- 1-2% pyrite disseminated and some 1-2mm. pyrite fracture stringers		68.6	69.5	0.9	14725				
- 1-3% disseminated pyrite		69.5	71.5	2.0	14726				
- 1-3% disseminated pyrite.		71.5	72.9	1.4	14727				
- 2-5% disseminated pyrite		72.9	75.0	2.1	14728				
- 1-2% pyrite		75.0	76.8	1.8	14729				

PAGE 4 OF 5	PROJECT: WINTERS GOLD HEDLEY	HOLE NO. 87-3

MINERALIZATION DESCRIPTION	TOTAL SULPHIDE	SAMPLES FROM (m)	SAMPLES TO (m)	SAMPLES WIDTH (m)	SAMPLE NUMBER	ASSAYS				

N2/E2

MADE IN VANCOUVER, CANADA

APPENDIX C

ASSAY CERTIFICATES

Chemex Labs Ltd.
Analytical Chemists • Geochemists • Registered Assayers
212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1
PHONE (604) 984-0221

To: PAMICON DEVELOPMENTS LIMITED

711 – 675 W. HASTINGS ST.
VANCOUVER, BC
V6B 1N4

A8728050

Comments:

CERTIFICATE A8728050

PAMICON DEVELOPMENTS LIMITED
PROJECT : WINTERS GOLD HEDLEY
P O # :

Samples submitted to our lab in Vancouver, BC.
This report was printed on 29-DEC-87

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
207	11	Assay: Crush, split, pulv -140
238	11	ICP: Aqua regia digestion

• NOTE 1:

The 32 element ICP package is suitable for trace metals in soil and rock samples. Elements for which the nitric-aqua regia digestion is possibly incomplete are. Al, Ba, Be, Ca, Cr, Ga, K, La, Mg, Na, Sr, Ti, Tl, W.

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
383	11	Ag oz/T	FA-GRAVIMETRIC	0.01	20.00
396	11	Au oz/T: 1/2 assay ton	FA-GRAVIMETRIC	0.003	20.000
921	11	Al %: 32 element, soil & rock	ICP-AES	0.01	15.00
922	11	Ag ppm: 32 element, soil & rock	ICP-AES	0.2	200
923	11	As ppm: 32 element, soil & rock	ICP-AES	5	10000
924	11	Ba ppm: 32 element, soil & rock	ICP-AES	10	10000
925	11	Be ppm: 32 element, soil & rock	ICP-AES	0.5	100.0
926	11	Bi ppm: 32 element, soil & rock	ICP-AES	2	10000
927	11	Ca %: 32 element, soil & rock	ICP-AES	0.01	15.00
928	11	Cd ppm: 32 element, soil & rock	ICP-AES	0.5	100.0
929	11	Co ppm: 32 element, soil & rock	ICP-AES	1	10000
930	11	Cr ppm: 32 element, soil & rock	ICP-AES	1	10000
931	11	Cu ppm: 32 element, soil & rock	ICP-AES	1	10000
932	11	Fe %: 32 element, soil & rock	ICP-AES	0.01	15.00
933	11	Ga ppm: 32 element, soil & rock	ICP-AES	10	10000
951	11	Hg ppm: 32 element, soil & rock	ICP-AES	1	10000
934	11	K %: 32 element, soil & rock	ICP-AES	0.01	10.00
935	11	La ppm: 32 element, soil & rock	ICP-AES	10	10000
936	11	Mg %: 32 element, soil & rock	ICP-AES	0.01	15.00
937	11	Mn ppm: 32 element, soil & rock	ICP-AES	1	10000
938	11	Mo ppm: 32 element, soil & rock	ICP-AES	1	10000
939	11	Na %: 32 element, soil & rock	ICP-AES	0.01	5.00
940	11	Ni ppm: 32 element, soil & rock	ICP-AES	1	10000
941	11	P ppm: 32 element, soil & rock	ICP-AES	10	10000
942	11	Pb ppm: 32 element, soil & rock	ICP-AES	2	10000
943	11	Sb ppm: 32 element, soil & rock	ICP-AES	5	10000
952	11	Se ppm: 32 element, soil & rock	ICP-AES	10	10000
944	11	Sr ppm: 32 element, soil & rock	ICP-AES	1	10000
945	11	Ti %: 32 element, soil & rock	ICP-AES	0.01	5.00
946	11	Tl ppm: 32 element, soil & rock	ICP-AES	10	10000
947	11	U ppm: 32 element, soil & rock	ICP-AES	10	10000
948	11	V ppm: 32 element, soil & rock	ICP-AES	1	10000
949	11	W ppm: 32 element, soil & rock	ICP-AES	5	10000
950	11	Zn ppm: 32 element, soil & rock	ICP-AES	1	10000

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Analytical Chemists • Geochemists • Registered Assayers
212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA CANADA V7J-2C1
PHONE (604) 984-0221

To: PAMICON DEVELOPMENTS LIMITED
711 - 675 W. HASTINGS ST.
VANCOUVER, BC
V6B 1N4
Project: WINTERS GOLD HEDLEY
Comments:

Date : 29-DEC-87
Invoice # : I-8728050
P.O. # :

CERTIFICATE OF ANALYSIS A8728050

SAMPLE DESCRIPTION	PREP CODE		Ag FA oz/T	Au FA oz/T	Al %	Ag ppm	As ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %	Ga ppm	Hg ppm	K %	La ppm	Mg %
14701	207	238	0.03	0.068	1.21	1.2	55	50	< 0.5	70	1.38	0.5	13	43	480	6.10	< 10	< 1	0.07	10	0.28
14702	207	238	0.26	1.005	1.00	6.4	285	30	< 0.5	1220	2.06	0.5	34	36	1060	7.46	10	< 1	0.05	20	0.18
14703	207	238	0.08	0.380	1.37	3.2	180	130	0.5	422	2.70	< 0.5	10	36	358	4.09	10	< 1	0.26	< 10	0.50
14704	207	238	0.14	0.144	1.31	3.0	1155	40	1.0	160	2.42	0.5	131	13	2120	>15.00	10	< 1	0.05	10	0.36
14705	207	238	0.11	0.252	0.77	3.4	305	10	< 0.5	314	1.13	1.0	146	< 1	1430	>15.00	10	< 1	0.01	10	0.15
14706	207	238	0.28	1.080	0.67	6.8	180	10	< 0.5	1090	0.76	1.0	149	4	2180	>15.00	10	< 1	0.02	20	0.12
14707	207	238	0.12	0.364	0.79	2.6	25	20	1.0	314	1.40	0.5	67	17	1205	13.40	10	< 1	0.03	10	0.19
14708	207	238	0.01	0.010	2.20	0.6	45	240	0.5	4	2.09	< 0.5	7	24	161	2.64	< 10	< 1	0.81	10	1.29
14709	207	238	0.09	0.350	1.19	1.8	10	40	< 0.5	276	0.93	0.5	75	8	920	>15.00	10	< 1	0.08	10	0.14
14710	207	238	0.12	0.118	0.80	3.6	1175	20	< 0.5	154	1.26	1.0	65	17	2510	8.22	< 10	< 1	0.04	10	0.12
14711	207	238	0.01	0.020	1.52	0.4	230	90	0.5	28	2.31	< 0.5	7	26	85	2.18	< 10	< 1	0.13	10	0.31

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION :

Chemex Labs Ltd.
Analytical Chemists • Geochemists • Registered Assayers
712 BROOKSBANK AVE. NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1
PHONE (604) 984-0221

To : PAMICON DEVELOPMENTS LIMITED

711 - 675 W. HASTINGS ST.
VANCOUVER, BC
V6B 1N4

Project : WINTERS GOLD HEDLEY
Comments:

Date : 29-DEC-87
Invoice # : I-8728050
P.O. # :

CERTIFICATE OF ANALYSIS A8728050

SAMPLE DESCRIPTION	PREP CODE		Mn ppm	Mo ppm	Na %	Ni ppm	P ppm	Pb ppm	Sb ppm	Se ppm	Sr ppm	Ti %	Tl ppm	U ppm	V ppm	W ppm	Zn ppm
14701	207	238	389	< 1	0.13	16	690	6	< 5	< 10	121	0.10	< 10	< 10	32	60	29
14702	207	238	620	< 1	0.07	17	1120	< 2	< 5	< 10	49	0.07	< 10	< 10	22	1015	39
14703	207	238	472	1	0.09	15	920	2	< 5	< 10	85	0.09	< 10	< 10	33	430	48
14704	207	238	1530	< 1	0.07	17	980	< 2	5	< 10	149	0.08	< 10	< 10	35	260	73
14705	207	238	1200	< 1	0.04	24	510	< 2	5	30	67	0.03	< 10	< 10	19	460	52
14706	207	238	508	< 1	0.06	18	850	< 2	5	60	45	0.06	< 10	< 10	27	765	34
14707	207	238	574	< 1	0.05	12	1090	< 2	5	10	50	0.08	< 10	< 10	19	380	37
14708	207	238	280	1	0.18	11	1100	8	5	< 10	286	0.12	< 10	< 10	49	5	39
14709	207	238	233	< 1	0.17	19	670	< 2	5	10	191	0.06	< 10	< 10	11	195	14
14710	207	238	904	< 1	0.08	11	850	< 2	5	< 10	115	0.07	< 10	< 10	13	60	81
14711	207	238	510	3	0.17	13	1470	4	< 5	< 10	223	0.09	< 10	< 10	19	5	43

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION :

Chemex Labs Ltd.
Analytical Chemists • Geochemists • Registered Assayers
212 BROOKSBANK AVE NORTH VANCOUVER,
BRITISH COLUMBIA CANADA V7J-2C1
PHONE (604) 984-0221

To: PAMICON DEVELOPMENTS LIMITED
711 675 W. HASTINGS ST
VANCOUVER, BC
V6B 1N4
Project :
Comments:

Page No : 1
Tot. Pages : 1
Date : 14 MAR 88
Invoice # : I-8811922
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8811922

SAMPLE DESCRIPTION	PREP CODE	Cu %	As NAA %	Bi %	Ag oz/T	Au oz/T
14712	207 --	< 0.01	0.002	< 0.001	< 0.01	< 0.002
14713	207 --	< 0.01	0.003	< 0.001	< 0.01	< 0.002
14714	207 --	< 0.01	< 0.001	< 0.001	< 0.01	< 0.002
14715	207 --	< 0.01	0.054	< 0.001	0.12	0.002
14716	207 --	< 0.01	0.002	< 0.001	< 0.01	< 0.002
14717	207 --	< 0.01	0.003	< 0.001	< 0.01	< 0.002
14718	207 --	< 0.01	0.021	< 0.001	< 0.01	0.002
14719	207 --	< 0.01	0.001	< 0.001	< 0.01	< 0.002
14720	207 --	< 0.01	0.002	< 0.001	0.01	< 0.002
14721	207 --	< 0.01	0.008	< 0.001	< 0.01	< 0.002
14722	207 --	< 0.01	0.001	< 0.001	< 0.01	< 0.002
14723	207 --	< 0.01	0.001	< 0.001	0.01	< 0.002
14724	207 --	< 0.01	0.003	< 0.001	< 0.01	< 0.002
14725	207 --	< 0.01	0.002	< 0.001	0.01	0.004
14726	207 --	< 0.01	0.008	< 0.001	0.02	0.002
14727	207 --	< 0.01	0.001	< 0.001	0.01	< 0.002
14728	207 --	< 0.01	0.084	< 0.001	0.09	0.002
14729	207 --	< 0.01	0.007	< 0.001	< 0.01	< 0.002

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION : [signature]

APPENDIX D

GEOPHYSICAL REPORT

VLF AND

MAGNETOMETER SURVEY

AND

HORIZONTAL LOOP TEST

ON THE

HEDLEY PROJECT

WINTERS GOLD HEDLEY LTD.

Survey By

Pamicon Development LTD. and S.J.V. Consultants LTD.

Osoyoos MD., B.C. N.T.S. 92H/8E

December 1987

Report By
Syd Visser
S.J.V. Consultants LTD.

TABLE OF CONTENTS

INTRODUCTION

A Vlf, Magnetometer and a short Max-Min test survey was completed, between November 17 and November 26 on the Hedley Project for Winters Hedley Gold Ltd. by Pamicon Development Ltd. and S.J.V. Consultants Ltd. in the search of gold bearing skarn type deposits which contain magnetite and/or massive sulfide.

DATA PRESENTATION

The data is presented in 3 profile plots, 2 contour maps and 1 compilation map.

Plate 1a	Vlf (EM-16) survey Dip Angle and Quadrature (Washington)
Plate 1b	Vlf (EM-16) survey Frazer Filter of Dip Angle (Washington)
Plate 1c	Vlf (EM-16) survey Frazer Filter of Dip Angle (Washington) Contour Interval = 5 (values > 0)
Plate 2a	Magnetometer survey Proton Precession Magnetometer
Plate 2b	Magnetometer survey Proton Precession Magnetometer Contour Interval 50 nanoteslas
Plate 3a	Vlf (EM-16) survey Compilation map

VLF SURVEY

A Geonics EM-16, using the submarine communication station at Jim Creek Washington as a transmitter, was used in the Vlf survey on the Hedley Project.

The dip angle and quadrature were recorded and plotted as profiles (plate 1a). A frazer filter was then applied to the dip angle data and the positive part plotted as profiles

(Plate 1b) and as a contour map (Plate 1c). The VLF survey results indicates a number of N-S striking crossovers (Plate 3). The most prominent N-S crossover, which is possibly a conductive fault zone, extends from approx. 300N, 100W to approx. 400S, 350W. The remaining crossovers are not as well defined and may be partly due to topography. The west end of lines 400S and 350S start on what appears to be a strong conductor. These lines should be extended west to check this conductor.

There are a number of E-W striking structures indicated by offsets in the N-S structures (eg. between line 200S and 150S).

The line spacing in the S-E corner of the grid was decreased to 25m and the resultant data from this area indicate a number of short N-S and E-W striking conductors. The most prominent conductors is the E-W conductor starting at 105E, 440S and ending at 210E, 350S. Because of the small angle between the conductor and the survey lines the exact location of the conductor is difficult to determine. Using the transmitter station at Cutler with line running at right angles to the present lines would possibly help resolve this.

MAGNETOMETER

The Hedley Project grid was surveyed using a Scintrex, MP-2, and a Gem Systems, GSM-8, Proton Precession Magnetometer. The resultant data was base shifted to the value at a common base station, corrected for diurnal variations, and plotted on profiles (Plate 2a) and a contour map (Plate 2b).

The survey indicates a large uniform magnetic low in the center of the grid area that is easily recognized on both the profile and contour maps. This low extends from approx. 0S to 150N in the eastern part of the grid and from 150S to 100N in the western part of the grid. Uniform

magnetic lows as seen in this area are usually associated with sedimentary rocks or a homogeneous granitic intrusion.

There are a number of short wavelength magnetic anomalies to the north and south of the uniform magnetic low, in the western part of the grid, as indicated by the bull-eyes on the contour map (a few of these are one point anomalies and should be confirmed (Plate 2a)). These anomalies are probably related to local small magnetic (magnetite) bodies very common in skarn type deposits.

The larger wavelength magnetic high centered at approx. 50E, 100S and 150E, 275S are likely due to more extensive and deeper but less magnetic bodies or dykes than the short wavelength features. Although the exact location of the showing, in relationship to the grid, is not known they do appear to be associated with the magnetic highs or short wavelength anomalies.

HORIZONTAL LOOP TEST

Two short lines were surveyed, using a Max-Min II+ Horizontal Loop System with a 100m and a 50m coil separation, near the pick axe showing. The resultant data indicated a very weak conductor near to the pick axe zone and a other weak conductor near the base line. It was felt that because of the poor results and snow conditions on the property that this type of survey would not be feasible at this time. The VLF results does indicate that there are conductors present in the area, and a Max-Min 1 survey (which incorporates higher frequencies up to 14KHz compared to 3.55KHz of the Max-Min II+) would aid in the interpretation of the conductors.

SUMMARY

The VLF survey indicates a number of N-S striking structures of which the western one is the most dominant and is probably a conductive fault. The magnetic survey indicates a change in geologic in this area. Further geological work should be done to confirm that this structure (conductor) is due to a conductive fault.

The south east corner of the grid has some N-S and E-W striking structures of which a E-W striking conductor (approx. 300N, 100W to 400S, 350W) is the most interesting and should be a priority in follow up work.

The magnetics indicates a uniform magnetic low over the center of the grid which is surrounded (mainly in the western part of the grid) by short wavelength magnetic anomalies. These short wavelength anomalies are of interest in the search of skarn type deposits. The line spacing should be decreased in this area and the one point anomalies confirmed. The known showings appear to be coincidental with magnetic highs in the eastern part of the grid or near the short wavelength magnetic anomalies in the western part of the grid.

A Max-Min survey, using a Max-Min 1, would help in evaluating the VLF conductors but the survey would have to be completed in better weather conditions.

Syd Visser

Geophysicists

S.J.V. Consultants Ltd.

APPENDIX E

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, STEVE L. TODORUK, of Suite 129, 7451 Minoru Boulevard, Richmond, in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Geologist in the employment of Pamicon Developments Limited, with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.

2. THAT I am a graduate of the University of British Columbia with a Bachelor of Science Degree in Geology.

3. THAT my primary employment since 1979 has been in the field of mineral exploration.

4. THAT my experience has encompassed a wide range of geologic environments and has allowed considerable familiarization with prospecting, geophysical, geochemical and exploration drilling techniques.

5. THAT this report is based on data generated by myself, under the direction of Charles K. Ikona, Professional Engineer.

6. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to receive any such interest.

7. THAT I hereby grant permission to Winters Gold Hedley Ltd. for the use of this report in any prospectus or other documentation required by any regulatory authority.

DATED at Vancouver, B.C., this 18 day of March, 1988.

Steve L. Todoruk, Geologist

APPENDIX F

ENGINEER'S CERTIFICATE

ENGINEER'S CERTIFICATE

I, CHARLES K. IKONA, of 5 Cowley Court, Port Moody, in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Consulting Mining Engineer with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.

2. THAT I am a graduate of the University of British Columbia with a degree in Mining Engineering.

3. THAT I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.

4. THAT this report is based on a research of all available information surrounding Avenue Resources Ltd.'s mineral claims compiled by Steve Todoruk, with whom I have worked for one year, and in whom I have every confidence.

5. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to acquire any such interest.

6. THAT I consent to the use by Winters Gold Hedley Ltd. of this report in a Prospectus or Statement of Material Facts or any other such document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

DATED at Vancouver, B.C., this 17th day of MARCH, 1988.

Charles K. Ikona, P.Eng.

PAMICON
DEVELOPMENTS LIMITED

PAMICON DEVELOPMENTS LIMITED
#711-675 WEST HASTINGS ST., VANCOUVER, BC
CANADA V6B 1N4
TELEPHONE (604) 684-5901

April 20, 1988

Winters Gold Hedley Ltd.
c/o Sobolewski Anfield
P.O. Box 10068
1600, 609 Granville Street
Vancouver, B.C.
V7Y 1C3

Dear Sirs:

You have requested that we provide a detailed budget for the work program recommended in our report dated March 1988 on Winters Gold Hedley project.

Please consider this letter as an addendum to that report.

BUDGET
STAGE I EXPLORATION PROGRAM
HEDLEY PROJECT

PERSONNEL

Geologist		
21 days @ $350/day	$ 7,350	
Prospector		
21 days @ $250/day	5,250	
Helpers (sampling, trenching, geophysics)		
2 x 21 days @ $175/man day	7,350	
Total Personnel Cost		$ 19,950

Carried Forward		$ 19,950
EXPENSES		
Geophysical Survey (contract)	$ 8,000	
Support Cost 84 man days @ $75/man day	6,300	
Trenching (backhoe and tractor) 14 days x 10 hours/day @ $150/hour	21,000	
Drilling 300 metres @ $160/metre all inclusive (water truck, mob/demob, expendibles, support)	48,000	
Analysis 150 rock and drill samples @ $26	3,900	
Truck Rental 2 x 21 @ $75/day	3,150	
Equipment Rental Drill, chainsaw, miscellaneous	1,000	
Engineering and Reporting	4,000	
Total Expenses		95,350
Subtotal		115,300
Contingency @ 10%		11,530
Management Fee		19,024
TOTAL STAGE I		$145,854

I hope the above satisfies your requirements and apologize for any inconvenience which you may have incurred for not including this in our original report.

Should you have any questions we would be please to discuss these at your convenience.

Yours sincerely,

Charles K. Ikona, P.Eng.

CKI/cg

FLOW THROUGH SHARE FUNDING AGREEMENT

THIS AGREEMENT dated for reference the 30th day of June, 1988.

BETWEEN:

Each of those persons who have subscribed for all or any of the "Flow-Through Shares" of the Company, as set in the prospectus of the Company dated , 1988

(hereinafter referred to as the "**Subscribers**")

OF THE FIRST PART

AND:

WINTERS GOLD HEDLEY LTD., a company duly incorporated pursuant to the laws of the Province of British Columbia having its registered office at 1600 - 609 Granville Street, Vancouver, British Columbia

(hereinafter referred to as the "**Company**")

OF THE SECOND PART

WHEREAS:

A. The Company has certain interests in mining resource properties situated in Canada (collectively the "Property");

B. The principal business of the Company is mining or exploring for minerals.

C. The Company intends to carry out or have carried out on its behalf an exploration program that may include geophysical surveys, seismic testing, underground and surface diamond drilling programs, metallurgical studies and underground drifting on the Property to determine the existence, location, extent and quality of the mineral resources located thereon (the "Exploration Program");

D. The Company anticipates that the expenses incurred in performing the Exploration Program will constitute Canadian Exploration Expense ("CEE") within the meaning of subparagraph 66.1(6)(a)(iii) of the Income Tax Act of Canada (the "Act");

E. The Subscribers have agreed to fund the Exploration Program by subscribing for flow-through common shares of the Company at a price of $0.50 per share in the amounts set out in