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HARRISON LAKE GOLD PROJECT

PROPERTY: Previously known as Geo, RN and ABO, covers about 30 km² in 123 units.

LOCATION: East shore of Harrison Lake, main workings on west slope of Bear Mtn. in the District of Kent 4.5 km NE of the Village of Harrison Hot Springs, and 100 km of Vancouver, B.C.

OWNERS: R. B. Pincombe and Brunor Mines.

AGREEMENTS: Purchase Option by ABO Resource Corp in 1983. Optioned by Kerr Addison Mines Ltd. in 1984: 60% by spending $1.750 million prior to December 1989. Joint venture with Bema International Resources Inc.: 35% by spending $1. million.

CURRENT STATUS: Expenditure by end of December 1987 by Kerr Addison and Bema $1.575 million. Joint Venture between Kerr Addison (25% and operator), ABO (40%) and Bema (35%).

HISTORY: High grade surface and underground mining 1972 - 1982 on .3 to .45 m quartz vein, 642 tonnes of 47 g/tonne Au, 16 tonnes Ag and 1% cu. Shut down due to fault offset of vein.

ABO drilled 3,341m in 32 holes in 1983 and 1984 and intersected 40m of 4.0 g/tonne Au, 64m of 3.7 g/tonne Au and 28m of 2.5 g/tonne Au in the Jenner Stock quartz diorite.

Kerr Addison drilled 2,804m in 19 holes in 1985 and 1986 in the Jenner and Portal Stocks to outline size and grade. An additional 391m in 9 holes which identified gold mineralization in three additional quartz diorite stocks. Expenditure on the project was $575 thousand.

Kerr Addison and Bema completed underground bulk sampling in 1987 which included 290m of drilling in 5 holes, 269m of drifting, 81m of raising and 1,052 tonnes were processed in a portable pilot plant at a cost of $1.0 million dollars.

REGIONAL GEOLOGY: The Cascade Mountain system, where an axial core of gneiss and granitic rocks metamorphosed to greenschist and lower amphibolite facies are flanked to the east and west by folded and faulted sedimentary and volcanic rocks. The contact between the axial core and the Western belt is the Harrison Lake Fault, a strike slip fault with a 65° E dip.

The Western Belt is greenschist metamorphic facies adjacent to the Harrison Lake Fault. Fossiliferous Jurassic to Lower Cretaceous sequence which includes two major volcanic episodes. The Western Belt has been intruded by Cretaceous to Tertiary granodiorite and quartz diorite stocks and batholiths and is locally hydrothermally altered.

Several mineral occurrences are located in the Western Belt, where the Harrison Lake Fault is the feeder for the post faulting fluids. The influx of fluids in several pulses (pyrite-arsenopyrite, pyrrhotite-chalcopyrite, marcasite, tellurides and native gold) is of Tertiary age. (24 m.y.)

LOCAL GEOLOGY The central and southern part of the property is underlain by Upper Jurassic Mysterious Creek Formation metasediments (black argillite) injected or intercalated with sills or flows of mafic diorite, in fault contact along the Harrison Lake Fault to the north with Chilliwack Group Sediments. The eastern part is underlain by the middle Tertiary Hicks Lake granodiorite batholith. The Mysterious Creek Formation is intruded by at least nine igneous apophyses and is intensely hornfelsed within 3-4 m of the contact.

MINERALIZATION: The metasediments/metavolcanics contains 1 to 3% disseminated pyrrhotite with minor pyrite and chalcopyrite which locally increase to 15%. Gold is sporadic and uneconomic The Jenner Stock which host the gold bearing quartz veins is 120m NS and 72m EW on surface and dips E at 65°, contains disseminated pyrrhotite with minor pyrite, chalcopyrite and rare molybdenite. Microfaulting and fracturing of the brittle stock were followed by injection of fluids to form the quartz veins stockwork. The quartz veins contain pyrrhotite, minor pyrite and chalcopyrite and rare molybdenite in addition to native gold and a silver bismuth telluride. The fluids were injected along low angle faults. The Jenner Creek Fault is a post mineralization splay of the Harrison Lake Fault.

RESERVES: Although only preliminary results from the 1987 program are available economic gold values have been identified in a 37 m wide "FW" Zone along the footwall contact of the stock. This zone has a 9,360 tonnes per vertical meter potential.

ECONOMICS: A preliminary engineering study based on a very theoretical 2.2 million tonnes and 3.0 g/tonne gold showed that profitable underground mining by block caving or sub level caving of 1,100 tonnes per day can be done with a capital cost of $25 million and an operating cost of $25/tonne.

FUTURE PLANS: Further sampling and drilling to confirm the theoretical ore model.

MAIN PROBLEM: Reliable grade estimation of an erratically mineralised body with extreme nugget effects.