ADDITIONAL OFFERING

900,000 AGENT'S WARRANTS

THE AGENT HAS AGREED TO PURCHASE ANY OF THE SHARES OFFERED HEREBY WHICH HAVE NOT BEEN SOLD AT THE CONCLUSION THE OFFERING (THE "GUARANTEE"), AND AS CONSIDERATION FOR THE GUARANTEE HAS BEEN GRANTED THE AGENT'S WARRANTS. ANY SHARES ACQUIRED BY THE AGENT PURSUANT TO THE GUARANTEE WILL ALSO BE DISTRIBUTED UNDER THIS STATEMENT OF MATERIAL FACTS THROUGH THE FACILITIES OF THE VANCOUVER STOCK EXCHANGE AT THE MARKET PRICE AT THE TIME OF THE SALE. FOR FURTHER PARTICULARS PLEASE REFER TO THE ITEM CAPTIONED "PLAN OF DISTRIBUTION" HEREIN.

AGENT

GEORGIA PACIFIC SECURITIES CORPORATION
Sixteenth Floor, Two Bentall Centre
555 Burrard Street
Vancouver, British Columbia
V7X 1S6

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT. FURTHER CLARIFICATION, IF REQUIRED, MAY BE SOUGHT FROM A BROKER.

NEITHER THE SUPERINTENDENT OF BROKERS NOR THE VANCOUVER STOCK EXCHANGE HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATIONS TO THE CONTRARY IS AN OFFENCE.

DATED: **August 8, 1989.**

The Quatsino limestone outcrops in two bodies on the Scafe Group of claims. One occurs north of the main vein and is well exposed in the No. 9 level crosscut. This body is dolomitized and was tested by drilling but was not found to have commercial quality. The second limestone body outcrops south of the main vein on the northern shoulder of Lukwa Mountain.

The Jurrassic granodiorite body belonging to the Island Intrusions intrudes Vancouver Group volcanics and sediments in the northwestern portion of the Britannia group just south of the Zeballos River.

The Tertiary aged quartz diorite, Zeballos Batholith, underlies the largest portion of the Central Zeballos property. This body intrudes the Triassic Karmutsen volcanics and the Quatsino limestone in the north and southeasterly portions of the Scafe group of claims; the Bonanza volcanics in the western portion of the Britannia M claim group; and the Jurassic granodiorite body in the northwestern part of the Britannia B claim group. A complex melange of intrusions are exposed along this contact on the Goldvalley logging road. Several altered mafic xenoliths occurring in the batholiths are believed to be remnants of the volcanics and older intrusives which have been grantized by the intruding body.

A third intrusive event is evidenced by felsic and mafic dykes which occur along the same structures as the gold bearing veins. They are believed to have been injected at the same time as the mineralization was deposited. The dykes themselves are highly altered and mineralized in places."

Property Mineralization and Alteration

Central Zeballos - Scafe Group

"Skarn mineralization occurs along the contacts between the intrusive bodies, the limestone and the volcanics both south and north of the main vein on the Scafe Group. A diamond drilling programme conducted in the sixties outlined a mineralized zone containing copper and some gold. The gold values appear to be sporadic, as is typical of skarn deposits. Although the mineralization may have some economic importance in the future the current direction for exploration is the gold bearing quartz sulphide veins.

An extensive gold bearing quartz sulphide vein was discovered on the Central Zeballos property in 1937 and was developed over a 1,440 foot (439 metres) strike length and a 900 foot (274 metres) vertical extent. The vein strikes approximately 90° and dips from 85 to 65° to the south. Within the developed workings three main ore shoots were mined by stoping. When mining was discontinued in 1947 two zones on the No. 5 level had been blocked out but were not taken. The vein was drifted along on the No. 6 level for approximately 400 feet. Stations were established on the No. 7 and 8 levels in the main raise but the vein was not explored at these levels. The No. 9 level drift shows a consistent vein for approximately 300 feet. At the western end of the No. 9 level drift the vein is diverted by a southwesterly striking splay in the main structure and is then cut off by a northeasterly trending fault.

Programmes of back sampling of the old workings were carried out both in 1982 and recently in 1988. Based on the results from the 1982 programme D. Tully, P. Eng. calculated possible-probable reserves to be 9,020 short tons based on a

density of 12 cubic feet per short ton ore and a mining width of 1.2 feet. The western most area blocked out in the late 1940's but not mined, on the No. 5 level, has been calculated by Tully to contain 1,662 tons grading 1.239 ounces gold and 0.97 ounces silver per ton.

During the Fall sampling programme areas not accessed in 1982 were sampled as well as some of the same areas for comparison. The results of the recent sampling indicate that two ore shoots may be present at the No. 6 level. Values from 0.546 to 0.79 ounces of gold per ton over 20 to 30 centimetres were obtained from 30 to 40 metres east of the main raise. At the western face of the No. 6 drift a value of 3.856 ounces gold per ton over 22 centimetres (8.66 inches) was obtained. In the western most area blocked out by Tully on the No. 5 level, values of up to 2.826 ounces gold per ton over a width of 35 centimetres (13.78) inches were obtained. At the western face of the No. 5 level a sample taken over 35 centimetres assayed 4.616 ounces per ton.

Two other mineralized structures are exposed in the No. 9 level crosscut and were drifted on for short distances. The strike of these is 60° which is the average strike of the ore bearing veins in the mines on Spud Creek (held by McAdam Resources and New Privateer Mines). The most northerly structure is a narrow quartz vein with some clay gouge and pyrite, arsenopyrite, sphalerite and galena. Although the vein is narrow where exposed it is gold bearing and may open up into better widths along the strike or dip extent as most of the economic veins in the camp pinch to narrow widths in places. The second structure is an aplite dyke similar in appearance to the dyke occurring in the footwall of the main vein in the discovery showing at the No. 1 level on the west fork of Bibb Creek. Pyrite and chalcopyrite mineralization hosting weak gold mineralization occurs along a post dyke shear on the footwall selvage of the dyke.

Surface prospecting and geological mapping along the strike projection of the main vein delineated narrow quartz veins and aplite dykes up to 750 metres west of the discovery showing at the No. 1. level on the west fork Bibb Creek.

A northerly trending grid line which was prospected, mapped, and soil sampled 1,530 metres west of the discovery showing delineated two narrow quartz veins and a rhyolite dyke all striking 60°. The veins showed only minor gold mineralization and the soil samples did not detect any noticeable geochemical anomalies."

Britannia B Claim Group

"Several narrow gold bearing quartz sulphide veins have been discovered over the years on the Britannia B claim. The following are results obtained from a report written for the Britannia Mining and Smelting Company Ltd. in 1937.

Vein	Adit	Length (feet)	Claim	Assay oz/ton	Width (inches)
Garbo			*B*	*0.13*	*7.5*
End			*B*	*0.02*	*1-13*
Wet Fraction			*B*	*Trace*	*2-4*
River			*B*	*0.02*	*4*
Dyke	*Wet drift*	*1830*	*B*		*15.6*

Some of these veins and some new discoveries were sampled during the recent exploration programme. Several mineralized shear zones and quartz veins occur along and just south of the contact between the Jurassic granodiorite and the Tertiary quartz diorite batholiths. Weak gold, silver, copper, zinc, and arsenic mineralization occurs in these structures but so far none have proven economic. The average strike of these structures is 60°. Several of the structures are well exposed along the east-west to southerly curve on the Goldvalley Main logging road. A couple of veins are exposed on Monckton and Gold Valley Creeks just above and below their confluence, respectively. One quartz vein is exposed in an old trench in a gulley in the northwestern corner of the Britannia B claims approximately 375 metres south of the Goldvalley logging road. In the late 1930's plans were drawn up by the Britannia Mining and Smelting Company to drive two long crosscuts to access a group of these veins occurring in the northwest corner of the B-5 claim.

Shear zones and quartz veins are also exposed on the southern half of the Britannia B claims. Weak gold values over narrow widths were obtained from veins exposed along a narrow switch back on the Goldvalley Main line 160 to 360 metres south of Monckton Creek.

A zone of several veins is exposed along the western loop of the Goldvalley Main line at the southwestern end of the Britannia B claims. Several of these veins carry weak gold mineralization. The most encouraging results were obtained from a 2 to 5 centimeter wide rusty fracture in silicified quartz diorite which carries 0.268 oz/ton gold, 0.019 oz/ton silver and 9,000 ppm arsenic. A 9 centimetre wide gouge zone carries 5,590 ppm molybdenum with weak gold values (0.013 oz/ton)."

Britannia M Claim Group

"Several narrow gold bearing quartz sulphide veins have been discovered over the years on the Britannia M. claims. In the 1930's three gold bearing veins were discovered and drifted on for short distances. The following are results obtained from a report written for the Britannia Mining and Smelting Company Ltd. in 1937.

Vein	Adit	Length (feet)	Claim	Assay oz/ton	Width (inches)
Free gold	*Upper*	*56*	*M*	*0.61*	*4.7*
Free gold	*Lower*	*38*	*M*	*1.51*	*2.5*
Goat		*100*	*M*	*0.31*	*9*
Long		*82*	*M*	*0.019*	*4*

One of these veins and adits was discovered and sampled during the recent programme. Although these veins are narrow where exposed on the Britannia M claims they are very continuous and extend onto claims held by McAdam Resources Inc. in Goldvalley. These veins parallel the Goldfinch and other veins currently being developed by McAdam Resources Inc. on the Spud Valley property which bounds the northern edge of the Britannia M claims.

The character of the gold bearing veins is the same as that described under regional mineralization."

Diamond Drilling

The Report then reveals, at pages 15 through 19, the following:

"Diamond drilling was carried out from December 1 to 15, 1988; and from January 17 to April 3, 1989 during which time a total of 2,211 metres (7,253 feet) were drilled. All drilling was carried out from the No. 9 level crosscut at an elevation of 200 metres (650 feet).

Eight drill holes totalling 3,228 feet were drilled from station 1, 1840 feet from the No. 9 level portal. These holes were targeted to test the mineralization in the main vein between the No. 5 level and the No. 9 level and west of the No. 4 and 5 level drifts.

An additional 4,025 feet were drilled in 13 holes from a new extension of the crosscut 50 feet south of the No. 9 level drift (2,350 feet from the portal). Twelve of these holes tested the extension of the vein below the No. 9 level. One flat hole was drilled due south of the main vein to search for additional mineralized veins....

The main vein structure was intersected in 19 of the 20 holes drilled to test it. The vein was always intersected approximately where expected indicating that there are no major faults offsetting the structure in the area tested by drilling. New veins were also intersected in several holes....

(...)

Drill hole No.s CZ-9-88-1 to 89-6, 20 and 21 tested the downward extension of the ore shoots blocked out on the No. 5 level and indicated by recent sampling at the western face of both the No. 5 and 6 levels. At the same time the narrower veins paralleling the main vein to the north were also tested by these holes.

Where CZ-9-89-20 intersected the main vein structure a brecciated quartz vein with fine grained sulphides carries 0.568 ounces gold per ton across a 0.22 metre (8.7 inches) width. This zone was intersected at the No. 6 level, 115 feet below an ore shoot previously mined on the No. 5 level and 95 feet west of ore grade mineralization sampled (3.8 ounces gold/ton over 8.5 inches) in the western face of the No. 6 drift. This intersection suggests that the ore shoot mined on the No. 5 level may extend 115 feet in depth over it's 100 foot lateral extent. Drill hole CZ-9-88-1 intersected a zone carrying only 0.003 ounces per ton gold in the main vein structure between hole No. 20 and the No. 6 level drift. While this result does not allow reserve estimates to be given for this area, it is not uncommon to find low values within ore shoots in the Central Zeballos mine and other mines in the Zeballos Camp.

Drill hole CZ-9-88-1 intersected a new vein 89 feet (27 metres) north of the main vein between the No. 6 and 7 levels. This zone consists of a white quartz veinlet with siliceous hanging wall and footwall. No sulphides were visible in the zone. A 0.10 metre (4 inches) width carries 1.2 ounces per ton gold.

The narrow veins exposed on the No. 9 level were not detected in any of drill holes CZ-9-88-1 to 89-6, 20 or 21.

Hole No.s CZ-9-89-7 to 18 were drilled to test the extension of the vein below the No. 9 level. Drill hole CZ-9-89-10 intersected a zone carrying 0.82 ounces gold per ton over a width of 0.23 metres (within this a 0.064 metre width carries 2.878 ounces per ton). The zone comprises a quartz vein occurring within a clay and sericite gouge. The vein hosts coarse pyrite, sphalerite and galena; both the vein and the gouge host fine grained grey sulphides. This intersection of the main vein structure is 121 feet below the No. 9 level and 50 feet (15 metres) west of the raise where commercial ore is noted on old mine maps. This suggests a new ore shoot may be developing between the area intersected by CZ-9-89-10 and the raise area.

The fourth mineralized zone intersected by the recent drilling is in a new structure 372 feet south of the main vein on the No. 9 level. This zone was intersected by CZ-9-89-19 which was a flat hole drilled for a distance of 441 feet (134.42 metres) due south of the main vein. The zone comprises a quartz veinlet within fault gouge of sericite and carbonate and pyrite up to 20%. The structure carries 1.48 ounces per ton over a 0.07 metre width. Although this is not an economic width, this structure is a new discovery and is worthy of further investigation."

Reserves

The Report then discloses, at pages 19 and 20, the following:

"A back sampling programme of the old workings was carried out in 1982 by D. Tully, P. Eng. who calculated the following reserves:

Area	*Category*	*Tons*	*Grade oz/ton*	*Area ft^2*	*Density ft^3/ton*	*Width feet*
No. 4/5 levels West	*Probable*	*1,662*	*1.239*	*18,000*	*12*	*1.12*
No.2-9 levels West	*Possible-Probable*	*9,020*		*90,200*	*12*	*1.2*

In 1988 and 1989 Beaty Geological Ltd. carried out exploration programmes comprising: rehabilitation of the No. 9 level crosscut to 1840 feet; back sampling and geological mapping of the accessible levels of the mine; and 7,253 feet (2,211 metres) of diamond drilling from the No. 9 level which intersected the main vein structure between the No.s 4 and 7 levels and up to 155 feet below the No. 9 level.

The 1988 back sampling programme confirmed the presence of the western ore shoot between the No. 4 and 5 levels and a 35 centimetre chip sample carrying 4.616 ounces per ton suggests a western extension to this ore shoot in the western face of the No. 5 level. In addition to this, an eastern ore shoot between the same levels indicated on mine maps from 1947 was confirmed.

Two ore shoots are also indicated at the No. 6 level. Values from 0.546 to 0.79 ounces gold per ton over 20 to 30 centimetre were obtained from 30 to 40 metres east of the main raise. At the western face of the No. 6 drift a value of 3.856 ounces gold per ton over 22 centimetre (8.66 inches) was obtained.

The possible-probable reserves, between the No. 2 and No. 9 levels, calculated by Tully as 9,020 short tons would equal 30,067 tons over a 4 foot mining width. Due to the nature of the ore shoots indicated on the mine maps the writer would expect that more than one shoot is likely present within this area as reflected in the following reserve estimates. These reserves are calculated over a 4 foot mining width which is standard practice for the camp.

Area	*Category*	*Tons*	*Grade oz/ton*	*Area ft^2*	*Density ft^3/ton*	*Width feet*
No.4-5 levels West	*Probable*[1]	*6,000*	*0.35*	*18,000*	*12*	*4*
No.4-5 levels East	*Probable*	*3,000*	*0.35*	*9,000*	*12*	*4*
No.5-9 levels West	*Possible*[2]	*15,600*	*0.35*	*135,000*	*12*	*4*
No.2-5 levels West	*Possible*	*20,000*	*0.35*	*60,000*	*12*	*4*
No.5-9 levels East	*Possible*	*10,000*	*0.35*	*30,000*	*12*	*4*
No.9-1020 ft Raise	*Possible*	*2,500*	*0.35*	*7,500*	*12*	*4*

TOTAL ESTIMATED RESERVES: *9,000 Tons Probable*
48,100 Tons Possible

[1]*Probable Reserves have only been estimated where indicated by compiling results of recent underground sampling with old mine data.*

[2]*Possible Reserve estimates are based on results from old mine data as supported by recent underground sampling and diamond drilling. The estimated grade of 0.35 ounces per ton is based on historical data and not from current point sampling. The length of the estimated ore shoots are also based on historical mine data.*

Due to the nature of the lenticular and narrow veins which host high grade shoots of gold in the Zeballos Camp diamond drilling has been found to only be effective in tracing the vein structure not in estimating reserves. As is common in this type of gold camp, McAdam Resources Ltd. (Spud Valley) recommends drilling for structure and drifting for reserves. Although the lack of high grade intersections in the area west of drill hole CZ-9-89-21 limits the estimate of Possible Reserves, this area should not be considered fully tested and barren in that holes such as CZ-9-89-3 and 21 intersected zones carrying 0.024 and 0.087 ounces per ton gold which show that the structure is still mineralized. This range of values often occurs within ore shoots although they are not direct evidence of an ore shoot.

The continuity of the gold bearing vein indicates the potential for developing more reserves both along strike and down dip. The present target is to develop 250,000 tons grading 0.35 ounces per ton."

Conclusions

The Report then discloses its conlusions, at page 21, as follows:

> *"The Central Zeballos mine was abandoned in 1947 with ore reserves left in the developed workings. The potential for developing additional reserves along both the strike and dip extent of the main vein is excellent. In addition to the main vein, gold mineralization occurs in several other parallel structures within the old workings which deserve further attention.*
>
> *On the adjacent Britiannia B and M claims several narrow gold bearing structures show potential for hosting economic gold mineralization. Two other groups of claims, the Rimy and the H&J, cover areas proximal to known gold bearing quartz veins and have an excellent potential for covering the extensions of the known veins as well as parallel structures to them.*
>
> *The Fall exploration programme updated the ore reserve estimates in the Central Zeballos Mine. Probable and Possible Reserves are estimated at 9,000 and 48,100 tons, respectively, grading 0.35 ounces per ton.*
>
> *During the underground drilling programme a total of 2,211 metres (7,253 feet) were drilled from the No. 9 level. Four of the twenty-one holes intersected high grade gold mineralization of between 0.5 and 2.78 ounces per ton, several of the holes intersected mineralized zones of between 0.02 and 0.087 ounces per ton gold indicating continuity to the gold bearing structure. Two zones show potential for developing further reserves. The first zone suggests an extension to the No. 5 level ore shoot for at least 115 foot vertically and 100 foot laterally. The second zone suggests a 121 foot vertical extension to ore grade mineralization delineated in old mine records in the vicinity of the raise on the No. 9 level.*
>
> *Diamond drilling was successful in identifying the extension of mineralization in the main vein structure beyond those areas previously mined. The next phase of exploration required is underground development which will require a programme of rehabilitating the old workings and drifting along the Central Zeballos vein in mineralized areas. In addition to providing exploration data this programme will also develop access and enable mining to be rapidly initiated if a production decision is made in due course. Additional diamond drilling is also warranted to continue to test the strike and dip extent of the main vein and the narrower parallel veins.*

Recommendations

The Report then reveals its recommendations and cost estimates, in part, at pages 22 through 24, as follows:

> *"Based on the conclusions stated, the following Phase III and IV exploration programmes are recommended. The decision to proceed with Phase IV is not contingent upon favourable results from drilling in Stage III of Phase III and may proceed without completing Stage III. The justification to proceed with the Phase IV programme of rehabilitation for exploration on the No. 5 level is based on current information indicating probable reserves on the No. 5 level. While drilling has proven to be encouraging in the Central Zeballos*

Mine, the nugget effect of the gold mineralization limits the ability of drilling results to substantiate reserve estimates. Therefor drilling may be carried out to provide further encouragement as to the extent of gold mineralization in the Central Zeballos Mine but it is not imperative.

PHASE III Exploration and Development No. 9 Level

Stage I

1) *The mine access and haulage road which connects the No. 9 level portal with the Nomash Creek logging road should be improved over its' 1.5 kilometre length.*

2) *An engineering study should be carried out to evaluate the existing raise and lower mine workings in order to have a better control on costs for the next stages of further exploration and development.*

Stage II

Track should be installed on the No. 9 level from the dump area outside the portal to the raise. Rehabilitation of the No. 9 level should be completed from the intersection of the No. 9 level crosscut and the main No. 9 level drift to the raise, a distance of approximately 200 feet. The cost required to complete this work is estimated as the Phase III Stage II programme in section 7.

Stage III

1) *Diamond drilling should be carried out from the east side of the main raise on the No. 9 level. Drill stations should be made both north and south of the main vein to enable drilling. Drilling from the north station will test the vertical extension of the ore shoot mined between the No. 2 sublevel and the No. 4 level as indicated by recent sampling on both the No. 5 and No. 6 levels. Drilling from the station south of the main vein will test the zone below the No. 9 level intersected in hole CZ-9-89-10 during the Phase II Stage II drilling programme.*

2) *Diamond drilling should also be carried out from drill station 2 to test the vein between level No.s 7 and 9."*

The Report then discloses, at pages 23 through 25, the cost of each of Stages I, II and III, of the Phase III, and Phase IV of the recommended work programs on the Property, as follows:

Phase III Exploration and Development No. 9 Level

"STAGE I	
Road Construction	*$ 25,000.00*
Engineering Study	*5,000.00*
TOTAL STAGE I	**$ 30,000.00**

STAGE II	
Mobilization and Setup	*10,000.00*
Rail installation: 2,700.00 feet @ 25.00 /foot	*67,500.00*
Installation of Safety Bays: 18 @ 450.00 each	*8,100.00*
Food and Accomm 62.00 mandays @ 60.00 /day	*3,720.00*
Supervision 6.00 days @ 350.00 /day	*2,100.00*
General Contingency @ 9.4%	*8,580.00*
TOTAL STAGE II REHAB	**$100,000.00**

STAGE III DIAMOND DRILLING

GEOLOGICAL SUPPORT

Personnel				
Geologist	*21.00 days*	*@*	*350.00 /day*	*$ 7,350.00*
Assistant	*21.00 days*	*@*	*225.00 /day*	*4,725.00*
Support				
Motel	*21.00 days*	*@*	*25.00 /day*	*525.00*
Food	*42.00 days*	*@*	*25.00 /day*	*1,050.00*
Trucks 4X4	*21.00 days*	*@*	*50.00 /day*	*1,050.00*
Gasoline	*21.00 days*	*@*	*10.00 /day*	*210.00*
Drillers Fuel	*14.00 days*	*@*	*10.00 /day*	*140.00*
Camp fuel	*21.00 days*	*@*	*16.80 /day*	*352.80*
Communications				*1,000.00*
Assays	*100.00 smpls*	*@*	*25.00 /sample*	*2,500.00*
Supplies				*1,550.00*
Cat	*15.00 hours*	*@*	*70.00 /hour*	*1,050.00*
Office				
Project Prep	*3.00 days*	*@*	*325.00 /day*	*975.00*
Drafting				*1,500.00*
Report Writing	*5.00 days*	*@*	*350.00 /day*	*1,750.00*
	GEOLOGICAL SUPPORT TOTAL			*$ 25,727.80*

DRILLING

Coring	*2,000.00 feet*	*@*	*19.25 /foot*	*38,500.00*
Shift Boss	*14.00 days*	*@*	*312.50 /day*	*4,375.00*
Fuel	*12.00 days @ 100 gal/day*		*@ 1.8 /gal*	*2,160.00*
Food	*14.00 days*	*@*	*125.00 /day*	*1,750.00*
Accommodation	*14.00 days*	*@*	*50.00 /day*	*700.00*
Core boxes	*125.00 boxes*	*@*	*8.50 /box*	*1,062.50*
Power Supply	*14.00 days*	*@*	*200.00 /day*	*2,800.00*
Dip tests	*10.00 tests*	*@*	*60.00 /tests*	*600.00*
Moves and Labour		*@*	*10%*	*5,194.75*
Mob/Demob	*6,000.00*	*+*	*6,000 labour*	*12,000.00*
COST PER FOOT	*34.57*		*DRILLING TOTAL*	*69,142.25*
	SUBTOTAL GEOLOGICAL AND DRILLING			*$ 94,870.05*

Contingency at approximately 15%	*14,220.95*
Administration and Overhead at 10%	*10,909.00*
GRAND TOTAL PHASE III STAGE III	**$120,000.00**
TOTAL STAGE I	*$ 30,000.00*
TOTAL STAGE II	*$100,000.00*
TOTAL PHASE III	**$250,000.00"**

Phase IV Rehabilitation of the Raise to enable Drifting on the No. 5 and 6 Levels

Mobilization and Setup				*10,000.00*
Surface Site Preparation at Portal				*20,000.00*
Trestle				*10,000.00*
Food and Accom	*350 mandays*	@	*60.00 /day*	*21,000.00*
Cleaning old Chutes of Waste and Ore				*5,000.00*
Chute installation	*2*	@	*20,000.00/chute*	*40,000.00*
Raise:Rehab/Surface 400.00 feet *Replacing 100% staging and manway timber,* *100% raise cribbing and all ladders*		@	*300.00/foot*	*120,000.00*
Tramming				*20,000.00*
Contingency Rock bolting and Ground Control at 15%				*49,200.00*
Mining Engineer	*60.00 days*	@	*500.00*	*30,000.00*
General Contingency		@	*15%*	*48,780.00*
Administration and Overhead		@	*10%*	*37,398.00*
TOTAL PHASE IV				**$411,378.00"**

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

There are no known material underground or surface workings, plant or equipment located on the Property, except as disclosed herein.

7 Crown Granted Mineral Claims (No Royalty)

Lot Number	Claim Name
1878	Mon Fraction, MC
1879	Bax Fraction, MC
1715	Extension 8
1712	Extension 10
1049	Extension 6
1047	AD
1046	AE

(collectively known as the "Sand Mineral Claims").

The Agreements provided for payments of a total of $245,000 and issuances of a total of 200,000 common shares by the Issuer to the Optionors (75% to Mr. Clement and 25% to Ms. Lindsay), which payments and issuances have been made by the Issuer to the Optionors. Correspondingly, the Issuer has acquired a 100% interest in and to the Sand Mineral Claims:

Pursuant to an Agreement dated November 5, 1983, as entered into between the Issuer and Neil Scafe ("Scafe"), of P.O. Box 94, Dawson Creek, British Columbia, the Issuer acquired a one hundred percent (100%) interest from Scafe, subject to a two and one-half percent (2.5%) net smelter return royalty, in consideration of a cash payment of $6,500 which has been made, in and to thirteen (13) reverted crown granted mineral claims located in the Alberni Mining Division of the Province of British Columbia, which reverted crown granted mineral claims are more particularly described as follows:

13 Reverted Crown Granted Mineral Claims (2.5% Net Smelter Return Royalty)

Lot Number	Claim Name	Record Number
1048	Extension 5	1577
1713	Extension 9	1576
1714	Extension 7	1575
1901	Rimy 6	1574
1902	Rimy 1	1574
1766	Rimy 8	2471
1767	Rimy 5	2470
1768	Rimy 7	2470
1997	H and J 7	2472
1998	H and J 8	2472
1770	XY	1572
1771	XX	1571
1772	XZ	1573

(collectively known as the "Scafe Claims").

Note 7 con't

(e)	*Accounts Payables and Accrued Liabilities as of April 30, 1989*	*$ 39,219*
	Less: Ordinary creditors share for debt settlement	*$27,235*
	Balance after share for debt settlement	*$ 11,984*

Note 8: *COMPARATIVE FIGURES*

Comparative figures are presented for the fiscal year ended May 31, 1988. Comparative figures are not presented for the corresponding eleven month period ended April 30, 1988, as the latter figures are not available and are not as meaningful as the figures for the preceding fiscal year.

GEOLOGICAL REPORT
on the
CENTRAL ZEBALLOS PROPERTY

ALBERNI MINING DIVISION
WEST COAST VANCOUVER ISLAND, BRITISH COLUMBIA
NTS 92L/2W
50° 01.5'N 126° 46.5'W

FOR

NEW IMPACT RESOURCES INC.
SUITE 1840 - 200 GRANVILLE STREET
VANCOUVER, B.C.

PREPARED BY

STILLWATER ENTERPRISES LTD.
2891 WEST 14TH AVE.
VANCOUVER, BRITISH COLUMBIA
V6K 2X3

Author: J.C. FREEZE, F.G.A.C.

JUNE, 1989

SUMMARY

The Central Zeballos property comprises 22 crown grants and 11 reverted crown grants in the Alberni mining division on Vancouver Island, British Columbia. The nearest communities are Zeballos, 15 road kilometres to the southwest and Port NcNeill, 90 road kilometres to the north. Access is by road via the North Island Highway and the Zeballos Forestry road which connects with the highway 42 kilometres north of Zeballos and 50 kilometres south of Port McNeill. The property is situated on the west coast of Vancouver Island, 33 kilometres east of the Pacific Ocean. The region has a wet climate averaging 250 centimetres precipitation annually.

The Central Zeballos Property was initially staked in 1937 following the discovery of the main vein near the head waters of Bibb Creek. Underground work was started in 1938 with two adits at the No.s 1 and 2 levels. By 1940 a 50 ton per day mill was erected at the base of the mountain on Bibb Creek. The 2,300 foot crosscut was driven at the mill level (No.9 level) and a 400 foot raise was driven to access the stopes being mined at the No.5 level. Recorded production for the mine was 20,472 ounces gold and 14,618 ounces silver from 58,450 tons mined, of which 41,655 tons were milled, from 1940 to 42 and 1946 to 47. The average grade of ore is calculated at 0.491 ounces of gold and 0.35 ounces of silver per ton.

In addition to the gold bearing quartz veins the Central Zeballos Property has been explored intermittently for its' copper ($\pm$ gold) skarn and lime silicate ($CaCO_3$) potential.

Impact Resources Inc. (now New Impact Resources Inc.) acquired the Central Zeballos Property in 1981 . Since that time New Impact Resources Inc. has carried out programmes of back sampling, rehabilitation, drilling, prospecting and geochemical sampling. Both the historic Spud Valley and Privateer properties have received a renewed interest since 1984 and are currently being developed by McAdam Resources Inc. and New Privateer Mines Ltd., respectively. McAdam Resources reports reserves of 429,533 tons grading 0.25 ounces gold per ton over a 4 foot mining width.

In the Fall of 1988 CanAlaska Resources Ltd. optioned the Central Zeballos property from New Impact Resources Inc. and carried out an exploration programme comprising the following: rehabilitation of the No.9 level crosscut; back sampling and geological mapping of the accessible levels of the mine; surface prospecting and geological mapping, geophysical surveys; geochemical sampling and a compilation of all data previously collected. These surveys are discussed in assessment reports covering these programmes.

Underground diamond drilling was carried out from December 1, 1988 to April 3, 1989. A total of 2,211 metres (7,253 feet) were drilled in 21 holes. The drilling tested the main vein structure between the No.4 and 9 levels as well as below the No.9 level. The two programmes carried out by CanAlaska were completed at a total cost of approximately $600,000.00

In the Zeballos Camp the gold bearing veins are believed to have been formed as a late stage of the Tertiary Sooke (quartz diorite) Intrusion. This quartz diorite body underlies a large portion of the Central Zeballos Property. The veins are lenticular in form and comprise quartz and clay-quartz gouge and breccia hosting pyrite, sphalerite, arsenopyrite, chalcopyrite, galena, pyrrhotite and minor marcasite. The veins average one foot in width but often pinch to much narrower widths. Grades in ore shoots range from 0.25 to over 4 ounces per ton gold.

The recent exploration programmes updated the ore reserve estimates to 9,000 tons Probable grading 0.35 ounces per ton and 48,100 tons Possible grading 0.35 ounces per ton. Drilling has shown that the main vein structure is mineralized beyond the areas previously mined. However, drilling in a gold camp where the veins are narrow and lenticular in shape and the gold occurs in high grade shoots subject to the nugget effect is only useful to delineate structure. Drifting is required to prove up reserves. For this reason it is recommended that further exploration be focused on underground rehabilitation which will develop access to the old workings for exploration thereof and will enable mining to be rapidly initiated if a production decision is made in due course. Additional underground diamond drilling is also recommended.

Several other groups of claims belonging to the Central Zeballos Property also deserve further exploration and have been discussed in this report.

TABLE OF CONTENTS

1. INTRODUCTION

The geology and economic potential of a precious metal prospect covered by the Central Zeballos property held by New Impact Resources Inc. and under option to CanAlaska Resources Ltd. is discussed in this report. The data presented was obtained during recent exploration programmes carried out by Beaty Geological Ltd on behalf of New Impact Resources Inc. Results of exploration, development and mining programmes carried out since the discovery of the prospect in the late 1930's, have been summarized. Additional exploration programmes are recommended to test the economic potential of these claims.

1.1 Location and Access

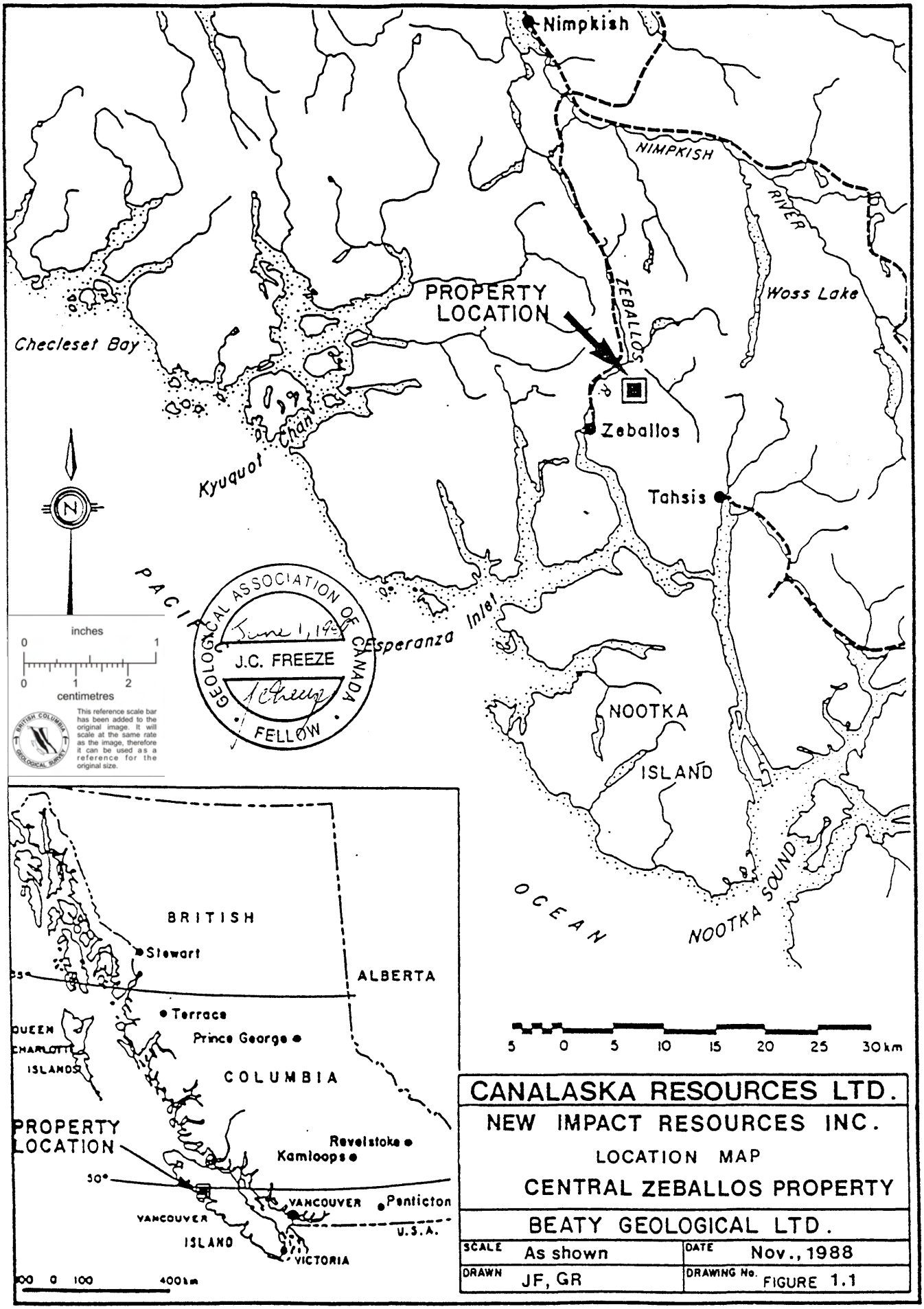
The Central Zeballos property is situated on the west coast of Vancouver Island, British Columbia and is located on N.T.S. Map Sheet 92L/2W at 50°02.5'N and 126°46.5'W. Declination for the area is 23°. The property is 15 road kilometres north of the village of Zeballos, 90 road kilometres south of the town of Port McNeill and 200 road kilometres northwest of the city of Campbell River. The claim blocks cover a total area of approximately 6 square kilometres (150 hectares or 371 acres) see Figure 1.2.

The Central Zeballos property is accessed via a network of logging roads. The main line heads north from Zeballos and connects with the Island highway at 42 kilometres. The original mine road remains as a good four wheel drive road connecting the No.9 level portal with the Nomash Creek logging road which leaves the main Zeballos line 11 kilometres north of town. A pack horse trail following the banks of Bibb Creek used to exist between the No.9 level and the No.2 level crosscuts. Access to the No.1 and No.2 levels and surface showings during the current programme was via Bibb Creek itself and remnants of the old horse trail.

Logging roads following both Goldvalley Creek and Spud Creek valleys provide access to the Scafe, Rimy, Britannia B and M claims. Additional access will be provided to the Scafe claims by logging roads planned to be built crossing Monckton Creek from the Goldvalley line.

Sea port access is currently available at Campbell River. Air access by helicopter is available either from bases in Goldriver or Campbell River.

Groceries, fuel, lumber and general supplies are available to a limited extent in Zeballos. The remainder may be trucked from Campbell River, Port Hardy or Port McNeill.



CANALASKA RESOURCES LTD.

NEW IMPACT RESOURCES INC.

LOCATION MAP

CENTRAL ZEBALLOS PROPERTY

BEATY GEOLOGICAL LTD.

SCALE	As shown	DATE	Nov., 1988
DRAWN	JF, GR	DRAWING No.	FIGURE 1.1

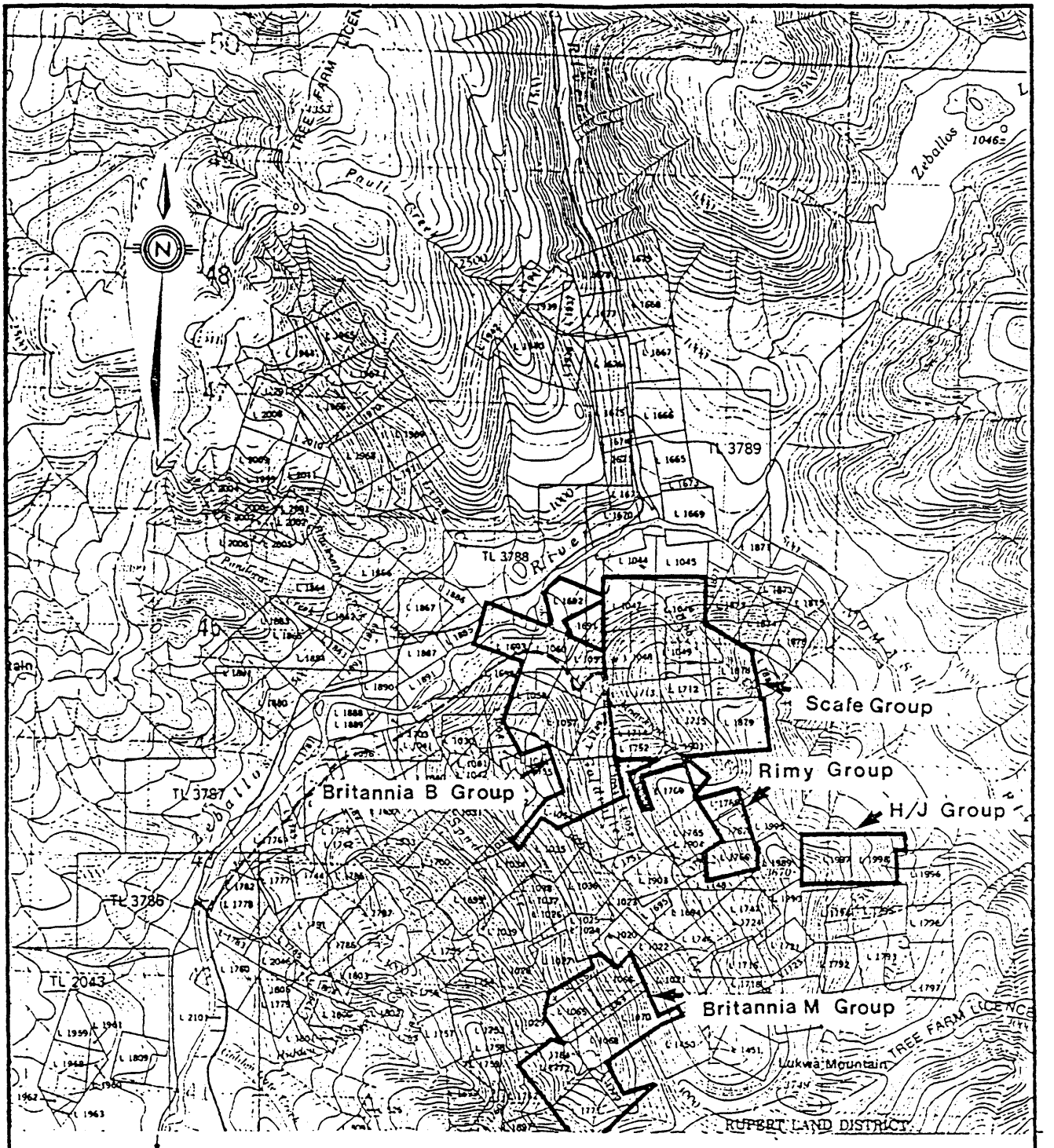
1.2 Property

The Central Zeballos property is held by 22 crown grants and 11 reverted crown grants in the Alberni mining division as listed below. It is understood that the property is held by New Impact Resources Inc. and is under option to CanAlaska Resources Ltd., however, the legal terms are not covered by the scope of this report.

Table 1.2
Claim Status

Group	Name	Expiry Date	Lot No.	Rec No.	Status
Scafe	AE		L1046		C.G.
	AD		L1047		C.G.
	Extension No. 5	12/13/91	L1048	1577	R.C.G.
	Extension No. 6		L1049		C.G.
	Extension No.10		L1712		C.G.
	Extension No. 9	12/13/91	L1713	1576	R.C.G.
	Extension No. 7	12/13/91	L1714	1575	R.C.G.
	Extension No. 8		L1715		C.G.
	Mon Fraction		L1878		C.G.
	Bas Fraction		L1879		C.G.
	Rimy 6 & 1	12/13/91	L1901/02	1574	R.C.G.
Britannia B	B-1		L1053		C.G.
	B-2 Fraction		L1054[1]		C.G.
	B-3		L1057		C.G.
	B-5		L1058		C.G.
	B-4		L1059		C.G.
	B-6		L1060		C.G.
	T		L1692		C.G.
	B-7		L1693		C.G.
	Wet Fraction		L1749		C.G.
Britannia M	M-1		L1065		C.G.
	M-2		L1066		C.G.
	M-3 Fraction		L1067		C.G.
	M-4		L1068		C.G.
	M-6 Fraction		L1069		C.G.
	M-5		L1070		C.G.
	XY	12/13/91	L1770	1572	R.C.G.
	XX	12/13/91	L1771	1571	R.C.G.
	XZ	12/13/91	L1772	1573	R.C.G.
Rimy	Rimy 8	02/13/90	L1766	2471	R.C.G.
	Rimy 5 & 7	02/13/90	L1767/68	2470	R.C.G.
H/J	H and J No.7	02/13/90	L1997	2472	R.C.G.
	H and J No.8	02/13/90	L1998	2473	R.C.G.

[1] An undivided interest only as to lot 1054 except that part lying southwest of the production northwesterly of the northeasterly boundary of Lot 1035, Rupert District (Surface Title Number 128049-1)



GEOLOGICAL ASSOCIATION OF CANADA
June 1, 1989
J.C. FREEZE
FELLOW

NTS 92 L/2W

NEW IMPACT RESOURCES INC.	
CLAIM MAP CENTRAL ZEBALLOS PROPERTY	
BEATY GEOLOGICAL LTD.	
SCALE 1:50,000	DATE NOV., 1988
DRAWN JF, GR	DRAWING No. FIGURE 1.2

1.3 Physiography, Vegetation and Climate

The claims are situated on the west coast of Vancouver Island, 25 kilometres east of the Pacific Ocean. The region has a wet climate; snow cover in winter is moderate; rain, snow, and wind storms are common all year round. Mean annual precipitation is greater than 250 centimetres.

The property covers a rugged, mountainous terrain with elevations ranging from 90 metres (300 feet) to 1,113 metres (3,650 feet). Some slopes are extremely steep, but most may be traversed with care.

Westerly flowing tributaries to the Zeballos River drain the property. The Zeballos River flows southwesterly into Esperanza Inlet which enters the Pacific Ocean 23 kilometres west of the property.

Natural vegetation cover is moderate to dense and typical of west coast rain forest. Cedar, hemlock and balsam trees with thick to moderate underbrush characterize the vegetation. Alder trees grow in thick patches where logging has taken place.

Water and timber resources for exploration and development purposes are plentiful. Several tributaries to the main creeks carry sufficient drilling water during most of the year.

Pursuant to an Agreement dated April 29, 1983 (the "Agreement"), as entered into between the Issuer and Anaconda Canada Explorations Ltd. ("Anaconda"), of 1600 - 1500 West Georgia Street, Vancouver, British Columbia, V6G 2Z6, the Issuer obtained an option for the right to acquire a one hundred percent (100%) interest in and fifteen (15) reverted crown granted mineral claims located in the Alberni Mining Division of the Province of British Columbia, which reverted crown granted mineral claims are more particularly described as follows:

15 Reverted Crown Granted Mineral Claims (4% Net Smelter Return Royalty)

Lot Number	Claim Name
1053	B-1
1057	B-3
1058	B-5
1059	B-4
1060	B-6
1692	T
1693	B-7
1749	West Fraction
1065	M-1
1066	M-2
1067	M-3 Fraction
1068	M-4
1069	M-6 Fraction
1070	M-5
1054	B-2 Fraction

(collectively known as the "Anaconda Claims").

The Agreement provided for the payment of a total of $50,000 (U.S.) to Anaconda, which payment has been made by the Issuer to Anaconda.

Correspondingly, and by virtue of a transfer agreement dated October 2, 1984, and by virtue of a royalty agreement dated October 2, 1984, as entered into between the Issuer and Anaconda, the Issuer has acquired a 100% interest in and to the Anaconda Claims, subject to a four percent (4%) net smelter return royalty payable to Anaconda which is in effect until January 6, 2064, which net smelter return royalty is interchangeable with a four percent (4%) net processing plant return royalty for any substances, ores or minerals which are sold by the Issuer other than to a smelter.

(The Sand Mineral Claims, the Scafe Claims and the Anaconda Claims are hereinafter collectively referred to as the "**Property**").

1.4 History

Zeballos Camp

The discovery of placer gold in the Zeballos River in 1907 encouraged prospecting in the surrounding area and led to the discovery of gold bearing quartz veins. The first "gold vein" was staked in 1924 on the Tagore property, 1 1/2 miles up from the mouth of the Zeballos River, and by 1929 forty claims had been staked in the Zeballos River valley. Mining began in the winter of 1934-1935 following the discovery of the rich gold - quartz veins on the White Star, Spud Valley and Privateer properties on Spud Creek. The first shipments were made from these properties in 1937 and 1938. By the end of 1948 a total of 287,811 ounces of gold had been produced from a total of 651,000 ton mined of which 370,750 ton were milled. Average gold grade was 0.44 ounces per ton mined and 0.75 ounces per ton milled.

In 1962 Zeballos Iron Mines Ltd. produced 3700 tons of iron per day from a magnetite skarn in the Karmutsen volcanics north of the Zeballos River. The ore was shipped from a deep sea port in Zeballos. Production ceased and the mine was sold in 1972 due to world iron markets.

Central Zeballos Property

The main vein mined on the Central Zeballos property was discovered in September of 1937 by O.T. Bibb at the headwaters of the creek now named the same. This creek drains the north slope of Lukwa Mountain approximately a mile south of Nomash Creek. Bibb and his associates made open cuts and trenches to the west of the creek exposure of the vein. The upper two adits were started in 1938 when Central Zeballos Gold Mines was formed. The company first started as a private company but went public in April of 1938. In 1938-40 a winze was sunk between the No. 2 and the No.5 levels by Reno Gold Mines whom acquired a 40% interest in the property. In 1940, a 50 ton per day amalgamation-flotation mill was completed at the base of the mountain on Bibb Creek (650 feet elevation). A 2,300 foot crosscut and 400 foot raise were driven to access the stopes being mined on the No.5 level. The property was closed from the autumn of 1942 until early 1946. Mining and milling were resumed but continued only until the spring of 1947 due to disappointing results from 225 feet of drifting on the No.6 level. Recorded production for the mine is 20,472 ounces of gold and 14,618 ounces of silver from 58,450 tons mined of which 41,655 tons were milled. The average grade of ore is calculated at 0.491 ounces of gold and 0.35 ounces of silver per ton.

In addition to the gold bearing quartz veins the Central Zeballos property has been explored intermittently for its copper (± gold) skarn and lime silicate ($CaCo_3$) potential. In 1964 the Silver Standard-Granby Prospecting Syndicate optioned the Central Zeballos-Sunny Boy claims and explored surface copper skarn showings by trenching and sampling. Three zones averaging 2.2% copper over an average width of 6.6 feet were outlined.

In 1965 Consolidated Skeena Mines Ltd. optioned the property and carried out geological mapping, geochemical - soil sampling, a magnetometer survey and surface diamond drilling. Mapping outlined a 4,000 foot strike length and 800 foot dip extent to the main gold bearing vein. The magnetometer survey outlined pyrrhotite zones in addition to the known skarn mineralization. The diamond drilling programme comprised 3,578 feet in 11 holes drilled on the main copper showing. The best result obtained was 0.10 ounces gold per ton, 3.00 ounces silver per ton and 3.10% copper over a 6.5 foot intersection.

Britannia Properties

The Britannia B and M groups of claims were originally staked and explored by the Britannia Mining and Smelting Company. Several gold bearing veins were discovered and investigated by short adits but were not developed for production.

1.5 Recent History

In 1981, Impact Resources Inc. (now New Impact Resources Inc.) acquired the Central Zeballos property and since that time has carried out exploration programmes comprising back sampling of the old workings, rehabilitation of a portion of the old workings, diamond drilling of a dolomitic limestone body in the No.9 level crosscut, reconnaissance prospecting and sampling and a soil geochemical survey. Results were encouraging and warranted additional exploration and rehabilitation of the old workings.

Both the Spud Valley and Privateer properties have received a renewed interest since 1984 and are currently being developed by McAdam Resources Inc. and New Privateer Mines Ltd, respectively. McAdam Resources reports reserves of 429,533 tons grading 0.25 ounces gold per ton over a 4 foot mining width.

In the Fall of 1988 CanAlaska Resources Ltd. optioned the Central Zeballos property from New Impact Resources Inc. and carried out an exploration programme comprising the following: rehabilitation of the No.9 level crosscut; back sampling and geological mapping of the accessible levels of the mine; surface prospecting and geological mapping, geophysical surveys; geochemical sampling and a compilation of all data previously collected. These surveys are discussed in assessment reports covering these programmes. Neither the geochemical sampling nor the geophysical surveys proved to be useful exploration tools on the Central Zeballos Property.

Underground diamond drilling was carried out from December 1, 1988 to April 3, 1989. A total of 2,211 metres (7,253 feet) were drilled in 21 holes. The drilling tested the main vein structure between the No. 5 and 9 levels as well as below the No.9 level. The two programmes carried out by CanAlaska were completed at a total cost of approximately $600,000.00

2. GEOLOGY

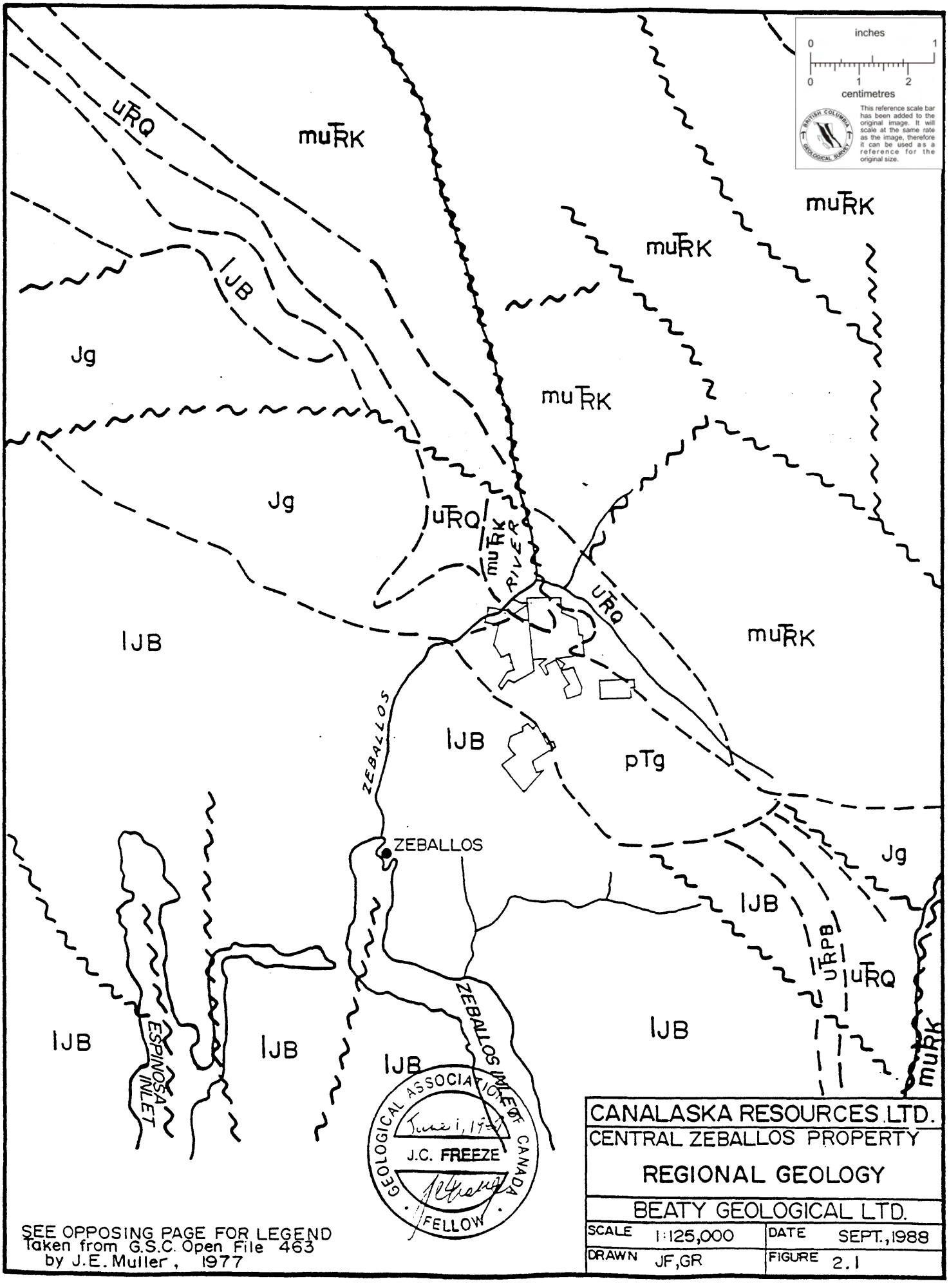
2.1 Regional Geology

The Zeballos River area was mapped initially by H.C. Gunning of the Geological Survey of Canada ("G.S.C.") in 1932 as part of a regional map covering an area of 142 square miles. Gunning's report and map are part of the G.S.C. Summary Report 1932. The most recent geological work in the area was compiled in 1977 by J.E. Muller as G.S.C. Open File 463 (see Figure 2.1).

The oldest rocks in the area are Triassic volcanics and sediments correlated with the Vancouver Group in the Nimpkish Lake region. In the Zeballos area the group is represented by two formations. The lower is the Karmutsen Formation comprising mafic to intermediate volcanics and volcaniclastics; overlying the Karmutsen volcanics is the Quatsino limestone. These rocks lie in fault contact along the northern branch of the Zeballos River north of the property. Early Jurassic Bonanza Group volcanics overlie the Vancouver Group on the southwest portion of the Britannia claims.

The volcanic and sedimentary rocks were intruded and in part replaced by a Jurassic Island Intrusion of granodioritic to quartz dioritic composition which outcrops in a northwesterly trending body predominantly north of the Zeballos River. A younger intrusive named the Zeballos (quartz diorite) Batholith, which has been dated at 38 Ma (Tertiary - Oligocene/Eocene) intrudes all older rocks and outcrops in a southeasterly trending body south of the Zeballos River.

The gold bearing quartz veins are believed to have been emplaced during the late stages of the Tertiary quartz diorite intrusion along with mafic and felsic dykes which are seen both to crosscut and be crosscut by the veins.



SEE OPPOSING PAGE FOR LEGEND
Taken from G.S.C. Open File 463
by J.E. Muller, 1977

CANALASKA RESOURCES LTD.	
CENTRAL ZEBALLOS PROPERTY	
REGIONAL GEOLOGY	
BEATY GEOLOGICAL LTD.	
SCALE 1:125,000	DATE SEPT., 1988
DRAWN JF, GR	FIGURE 2.1

TABLE OF FORMATIONS OF VANCOUVER ISLAND

SEQUENTIAL LAYERED ROCKS

PERIOD		STAGE	GROUP	FORMATION	SYMBOL	AVERAGE THICKNESS IN m, ±	LITHOLOGY
CENOZOIC				late Tert. volc's of Port McNeill	Tvs		
				SOOKE BAY	mpTSB		conglomerate, sandstone, shale
		EOCENE to		CARMANAH	eoTc	1,200	sandstone, siltstone, coglomerate
		OLIGOCENE		ESCALANTE	eTE	300	conglomerate, sandstone
		early EOCENE		METCHOSIN	eTM	3,000	basaltic lava, pillow lava, breccia, tuff
MESOZOIC	LATE	MAESTRICHTIAN	NANAIMO	GABRIOLA	uKGA	350	sandstone, conglomerate
				SPRAY	uKS	200	shale, siltstone
		CAMPANIAN		GEOFFREY	uKG	150	conglomerate, sandstone
				NORTHUMBERLAND	uKM	250	siltstone, shale, sandstone
				DE COURCY	uKDC	350	conglomerate, sandstone
				CEDAR DISTRICT	uKCD	300	shale, siltstone, sandstone
				EXTENSION - PROTECTION	uKEP	300	conglomerate, sandstone, shale, coal
				HASLAM	uKH	200	shale, siltstone, sandstone
		SANTONIAN		COMOX	uKC	350	sandstone, conglomerate, shale, coal
	EARLY	CENOMANIAN ALBIAN APTIAN ?	QUEEN CHARLOTTE	conglomerate unit siltstone shale unit	lKqc lKap	900 50	conglomerate, greywacke siltstone, shale
		VALANGINIAN BARREMIAN		LONGARM	lKL	250	greywacke, conglomerate, siltstone
	JURASSIC	MID to LATE TITHONIAN CALLOVIAN		Upper Jurassic sediment unit	uJs	500	siltstone, argillite, conglomerate
		EARLY TOARCIAN ?	BONANZA	volcanics	lJB	1,500	basaltic to rhyolitic lava, tuff, breccia, minor argillite, greywacke
		PLIENSBACHIAN SINEMURIAN		HARBLEDOWN	lJH		argillite, greywacke, tuff
	TRIASSIC	LATE NORIAN	VANCOUVER	PARSON BAY	uTrPB	450	calcareous siltstone, greywacke, silty-limestone, minor conglomerate, breccia
		KARNIAN		QUATSINO	uTrQ	400	limestone
				KARMUTSEN	muTrK	4,500	basaltic lava, pillow lava, breccia, tuff
		MID LADINIAN		sediment - sill unit	TrDS	750	metasiltstone, diabase, limestone
PALEOZOIC	PENN. and ? PERM.		SICKER	BUTTLE LAKE	CPBL	300	limestone, chert
				sediments	CPSs	600	metagreywacke, argillite, schist, marble
				volcanics	CPSv	2,000	basaltic to rhyolitic metavolcanic flows, tuff, agglomerate
	DEV. or EARLIER						

CRYSTALLINE ROCKS, COMPLEXES OF POORLY DEFINED AGE

NAME	SYMBOL	ISOTOPIC AGE Pb/U	ISOTOPIC AGE K/Ar	LITHOLOGY
SOOKE INTRUSIONS - silicic	Tg		32-59	quartzdiorite, trondhjemite, agmatite, porphyry
SOOKE INTRUSIONS - basic	Tgb		31-49	gabbro, anorthosite, agmatite
METCHOSIN SCHIST, GNEISS	TMn		47	chlorite schist, gneissic amphibolite
LEECH RIVER FM.	JKL		38-41	phyllite, mica schist, greywacke, argillite, chert
PACIFIC RIM COMPLEX	JKP			greywacke, argillite, chert, basic volcanics, limestone
ISLAND INTRUSIONS	Jg		141-181	granodiorite, quartzdiorite, granite, quartz monzonite
WESTCOAST COMPLEX silicic	PMns	264	163-192	quartz-feldspargneiss
WESTCOAST COMPLEX basic	PMnb			metaquartzite, marble hornblende-plagioclase gneiss, quartz diorite, agmatite, amphibolite
diabase sills	PTrb			
limestone	Ls			
metavolcanic rocks	PMmv			metavolcanic rocks, minor metasediments; limestone, marble
TYEE INTRUSIONS	Pg	>390		metagranodiorite, metaquartzdiorite, metaquartz porphyry
COLQUITZ GNEISS	Pns	>390		quartz feldspar gneiss
WARK DIORITE GNEISS	Pnb		163-182	hornblende-plagioclase gneiss quartz diorite, amphibolite

2.2 Regional Mineralization

The mineral deposits of the Zeballos Camp have been investigated and described by geologists of the Minister of Mines for B.C. and the Geological Survey of Canada since 1908. Descriptions given by J.S. Stevenson (1935 to 1948) and by Bancroft (1940) have been found to be accurate and informative. The Zeballos camp is well known for its' rich gold bearing quartz veins which produced a total of 287,811 ounces of gold between 1934 and 1948.

Vein Structure

These veins comprise quartz and sulphides in well defined fault fissures which are rarely more than a foot in width but maintain fairly uniform strikes and dips for considerable distances. The gold bearing vein material occurs as lenticular bodies, often referred to as ore shoots, within the consistent structures making reserves difficult to block out by diamond drilling.

Some of the gold bearing veins occur in sheeted zones comprised of joints spaced 2 to 8 inches apart over widths of up to 4 feet. Although narrow gouge films and quartz sulphide stringers line these joints the gold grades over the 4 foot width is often less than in the narrower but solid veins. These sheeted zones often grade into narrow shears containing high grade lenticular quartz sulphide veins.

Vein Composition

The vein material comprises sulphides and gold occurring in a gangue of quartz and minor carbonate. Gold grades appear to have an inverse relationship the amount of carbonate in the gangue. Films of gouge usually line the walls to the quartz sulphide veins. Banding occurs both between the quartz and sulphides and between the sulphides themselves indicating a sequential deposition. The quartz occurs in a comb texture made up of pyramid shaped crystals with sulphides often occurring between crystals. Sulphides comprising pyrite, sphalerite, arsenopyrite, chalcopyrite, galena, pyrrhotite and minor marcasite make up from 10 to 50%, averaging 25%, of the vein material.

Crushed country rock occurring in vein shears with gold bearing stringers and disseminated pyrite are usually low in gold content. Brecciated vein matter characterizes many parts of the veins and includes fragments of wall rock up to 10 inches across. Some of the wall rock fragments have been totally replaced by silicification. Where this has not occurred the wall rock tends to dilute the mineralization. Visible gold often occurs in the veins but commercial ore may

not contain any gold visible to the naked eye. The Privateer and the Goldfield veins are the best known for gold crystals and hackly masses of visible gold. Gold distribution in the quartz sulphide ore is directly proportional to the sphalerite and galena content. This evidence suggests that these minerals were precipitated from the same solutions although banding evidence indicates that the gold was deposited slightly later than the base metals. As a rule quartz veins containing pyrite and arsenopyrite without sphalerite and galena do not contain very much gold. The entire depositional sequence is believed to have started with pyrrhotite and some sphalerite, followed by arsenopyrite, pyrite, sphalerite, chalcopyrite, galena and gold. Mineral associations with gold are varied: it replaces arsenopyrite, pyrite and galena and occurs along the contact of quartz and the various sulphides, galena, sphalerite and pyrite. It also occurs entirely surrounded by quartz or moulded around the ends of prismatic quartz crystals.

The deposition of quartz appears to have started soon after the pyrrhotite and to have been repeated several times before the final stages of mineralization. The earliest quartz is dark grey and contains fine grained arsenopyrite and pyrite. This grey quartz forms the walls to most gold bearing veins as well as most of the gangue in narrow veins. A second stage quartz is drusy and white while a third and last stage quartz is white and barren of both sulphides and gold.

Wallrock Alteration

Alteration along the veins occurs in all rock types but is more intense along those crosscutting granodiorite and quartz diorite. Complete sericitization of the plagioclase crystals and total destruction of biotite and hornblende crystals has occurred in these intrusive rocks. The lime silicate rocks show little alteration and the volcanics show an altered zone up to 6 inches from the vein shears.

In addition to the gold bearing quartz veins the Zeballos camp hosts several skarn deposits. The largest discovered to date is a magnetite skarn in the Karmutsen volcanics north of the Zeballos River. In 1962 Zeballos Iron Mines Ltd. produced 3700 tons of iron per day from this skarn. Production ceased in 1972 due to world iron markets. Other skarn deposits host magnetite, copper and gold. Impressive gold results have recently been announced from the Footwall Property on the Artlish River.

2.3 Property Geology

The Triassic Karmutsen volcanics underlie the northern portion of the Scafe and Britannia B claim groups just south of the Zeballos River. These volcanics comprise basaltic lava, pillow lava, breccia and tuff.

The Quatsino limestone outcrops in two bodies on the Scafe Group of claims. One occurs north of the main vein and is well exposed in the No.9 level crosscut. This body is dolomitized and was tested by drilling but was not found to be of a commercial quality. The second limestone body outcrops south of the main vein on the northern shoulder of Lukwa Mountain.

The Jurassic granodiorite body belonging to the Island Intrusions intrudes Vancouver Group volcanics and sediments in the northwestern portion of the Britannia B Group just south of the Zeballos River.

The Tertiary aged quartz diorite, Zeballos Batholith, underlies the largest portion of the Central Zeballos property. This body intrudes the Triassic Karmutsen volcanics and Quatsino limestone in the north and southeasterly portions of the Scafe Group of claims; the Bonanza volcanics in the western portion of the Britannia M claim group ; and the Jurassic granodiorite body in the northwestern part of the Britannia claim group. A complex melange of intrusions are exposed along this contact on the Goldvalley logging road. Several altered mafic xenoliths occurring in the batholiths are believed to be remnants of the volcanics and older intrusives which have been granitized by the intruding body.

A third intrusive event is evidenced by felsic and mafic dykes which occur along the same structures as the gold bearing veins. They are believed to have been injected close to the same time as the mineralization was deposited. The dykes themselves are highly altered and mineralized in places.

2.4 Property Mineralization and Alteration

Central Zeballos - Scafe Group

Skarn mineralization occurs along the contacts between the intrusive bodies, the limestone and the volcanics both south and north of the main vein on the Scafe Group. A diamond drilling programme conducted in the sixties outlined a mineralized zone containing copper and some gold. The gold values appear to be sporadic, as is typical of skarn deposits. Although this mineralization may have some economic importance in the future the current direction for exploration is the gold bearing quartz sulphide veins.

An extensive gold bearing quartz sulphide vein was discovered on the Central Zeballos property in 1937 and was developed over a 1440 foot (439 metres) strike length and an 900 foot (274 metres) vertical extent. The vein strikes approximately 090° and dips from 85 to 65° to the south. Within the developed workings three main ore shoots were mined by stoping. When mining was discontinued in 1947 two zones on the No.5 level had been blocked out but were not taken. The vein was drifted along on the No.6 level for approximately 400 feet. Stations were established on the No. 7 and 8 levels in the main raise but the vein was not explored at these levels. The No.9 level drift shows a consistent vein for approximately 300 feet. At the western end of the No.9 level drift the vein is diverted by a southwesterly striking splay in the main structure and is then cut off by a northeasterly trending fault.

Programmes of back sampling of the old workings were carried out both in 1982 and recently in 1988. Based on the results from the 1982 programme D. Tully, P. Eng. calculated possible-probable reserves to be 9,020 short tons based on a density of 12 cubic feet per short ton ore and a mining width of 1.2 feet. The western most area blocked out in the late 1940's but not mined, on the No.5 level, has been calculated by Tully to contain 1,662 tons grading 1.239 ounces gold and 0.97 ounces silver per ton.

Option and Joint Venture Agreement respecting the Central Zeballos Property

Pursuant to an Option and Joint Venture Agreement dated August 23, 1988, as amended November 10, 1988 (the "Option and Joint Venture Agreement), as entered into between the Issuer and CanAlaska Resources Ltd. ("CanAlaska"), of 920 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6, the Issuer granted CanAlaska on option for the right to earn fifty percent (50%) of the Issuer's right, title and interest in and to the Property.

CanAlaska exercised its option pursuant to the terms of the Option and Joint Venture Agreement by expending approximately $575,000 on exploration and development of the Property and, correspondingly, CanAlaska has earned fifty percent (50%) of the Issuer's right, title and interest in and to the Property.

By virtue of the aforementioned Option and Joint Venture Agreement, the Issuer and CanAlaska have now established a joint venture for further exploration and development of the Property, and have correspondingly been deemed to have entered into a joint venture agreement, represented by Schedule "B" to the aforementioned Option and Joint Venture Agreement (the "Joint Venture Agreement"), for this purpose.

The Joint Venture Agreement provides that the Issuer and CanAlaska will each have a fifty percent (50%) participating interest in and to the Property and will share equally as to the cost of operating the Property in accordance with work programs approved by a Management Committee. The joint venture's Management Committee will consist of a representative from each of CanAlaska, as Operator, and the Issuer.

The initial participating interests of each party will change:

(a) If either party defaults in making its agreed upon contribution to a work program and does not cure the default within thirty (30) days after notice; or

(b) If either party elects to contribute less than its required share to an adopted work program or other cash call; or

(c) If either party elects not to contribute, in the first year of the Joint Venture Agreement, an amount equal to the contribution, if any, of the other party, then the participating interest will be reduced by one percent (1%) for each $10,000 of funds not supplied, and will remain reduced until there is a further reduction. Any reduction of the participating interest will result in a corresponding increase in the participating interest of the other party whereby the participating interests will total 100%. Each party will thereafter contribute to the operations of the joint venture to the extent of its adjusted participating interest; but if either party's participating interest is

During the Fall sampling programme areas not accessed in 1982 were sampled as well as some of the same areas for comparison. The results of the recent sampling indicate that two ore shoots may be present at the No.6 level. Values from 0.546 to 0.79 ounces gold per ton over 20 to 30 centimetres were obtained from 30 to 40 metres east of the main raise. At the western face of the No.6 drift a value of 3.856 ounces gold per ton over 22 centimetres (8.66 inches) was obtained. In the western most area blocked out by Tully on the No.5 level, values of up to 2.826 ounces gold per ton over a width of 35 centimetres (13.78 inches) were obtained. At the western face of the No.5 level a sample taken over 35 centimetres assayed 4.616 ounces per ton.

Two other mineralized structures are exposed in the No.9 level crosscut and were drifted on for short distances. The strike of these is 060° which is the average strike of the ore bearing veins in the mines on Spud Creek (held by McAdam Resources and New Privateer Mines). The most northerly structure is a narrow quartz vein with some clay gouge and pyrite, arsenopyrite, sphalerite and galena. Although the vein is narrow where exposed it is gold bearing and may open up into better widths along the strike or dip extent as most of the economic veins in the camp pinch to narrow widths in places. The second structure is a quartz diorite porphyry dyke similar in appearance to the dyke occurring in the footwall of the main vein in the discovery showing at the No.1 level on the west fork of Bibb Creek. Pyrite and chalcopyrite mineralization hosting weak gold mineralization occurs along a post dyke shear on the footwall selvage of the dyke.

Surface prospecting and geological mapping along the strike projection of the main vein delineated narrow quartz veins and aplite dykes up to 750 metres west of the discovery showing at the No.1 level on the west fork of Bibb creek.

A northerly trending grid line which was prospected , mapped and soil sampled 1,530 metres west of the discovery showing delineated two narrow quartz veins and a rhyolite dyke all striking 060°. The veins showed only minor gold mineralization and the soil samples did not detect any noticeable geochemical anomalies.

Britannia B Claim Group

Several narrow gold bearing quartz sulphide veins have been discovered over the years on the Britannia B claim. The following are results obtained from a report written for the Britannia Mining and Smelting Company Ltd in 1937.

Vein	Adit	Length feet	Elevation	Claim	Assay oz/ton	Width inches
Garbo				B	0.13	7.5
End				B	0.02	1-13
Wet Fraction				B	Trace	2-4
River				B	0.02	4
Dyke	West		1830	B		15.6

Some of these veins and some new discoveries were sampled during the recent exploration programme. Several mineralized shear zones and quartz veins occur along and just south of the contact between the Jurassic granodiorite and the Tertiary quartz diorite batholiths. Weak gold, silver, copper, zinc and arsenic mineralization occurs in these structures but so far none have been proven economic. The average strike of these structures is 060°. Several of the structures are well exposed along the east-west to southerly curve on the Goldvalley Main logging road. A couple of veins are exposed on Monckton and Goldvalley Creeks just above and below their confluence, respectively. One quartz vein is exposed in an old trench in a gulley in the northwestern corner of the Britannia B claims approximately 375 metres south of the Goldvalley logging road. (See Figure 2.3.a). In the late 1930's plans were drawn up by the Britannia Mining and Smelting Company to drive two long crosscuts to access a group of these veins occurring in the northwest corner of the B-5 claim.

Shear zones and quartz veins are also exposed on the southern half of the Britannia B claims. Weak gold values over narrow widths were obtained from veins exposed along a narrow switch back on the Goldvalley Main line 160 to 360 metres south of Monckton Creek.

A zone containing several veins is exposed along the western loop of the Goldvalley Main line at the southwestern end of the Britannia B claims. Several of these veins carry weak gold mineralization. The most encouraging results were obtained from a 2 to 5 centimetre wide rusty fracture in silicified quartz diorite which carries 0.268 ounces per ton gold, 0.19 ounces per ton silver and 9000 ppm arsenic. A 9 centimetre wide gouge zone carries 5590 ppm molybdenum with weak gold values (0.013 ounces per ton).

Britannia M Claim Group

Narrow gold bearing quartz sulphide veins were discovered in the 1930's on the Britannia M claims. Three of these veins were drifted on for short distances. The following are results obtained from a report written for the Britannia Mining and Smelting Company Ltd in 1937.

Vein	Adit	Length feet	Elevation	Claim	Assay oz/ton	Width inches
Free Gold	Upper	56		M	0.61	4.7
"	Lower	38		M	1.51	2.5
Goat		100		M	0.31	9
Long		82		M	0.19	4

One of these veins and adits was discovered and sampled during the recent programme. Although these veins are narrow where exposed on the Britannia M claims they are very continuous and extend onto claims held by McAdam Resources Inc. in Goldvalley. These veins parallel the Goldfield and other veins currently being developed by McAdam Resources Inc. on the Spud Valley property which bounds the northern edge of the Britannia M claims.

The character of the gold bearing veins is the same as that described under regional mineralization.

3. DIAMOND DRILLING

Diamond drilling was carried out from December 1 to 15, 1988; and from January 17 to April 3, 1989 during which time a total of 2,211 metres (7253 feet) were drilled. All drilling was carried out from the No.9 level crosscut at an elevation of 200 metres (650 feet).

Eight holes totalling 3,228 feet were drilled from station 1, 1840 feet from the No.9 level portal. These holes were targeted to test the mineralization in the main vein between the No.5 level and the No.9 level and west of the No.4 and 5 level drifts.

An additional 4,025 feet were drilled in 13 holes from a new extension of the crosscut 50 feet south of the No.9 level drift (2,350 feet from the portal). Twelve of these holes tested the extension of the vein below the No.9 level. One flat hole was drilled due south of the main vein to search for additional mineralized veins. Table 3.2 lists drill hole data.

The main vein structure was intersected in 19 of the 20 holes drilled to test it. The vein was always intersected approximately where expected indicating that there are no major faults offsetting the structure in the area tested by drilling. New veins were also intersected in several holes. Results are summarized in table 3.3. The following is a list of abbreviations used in table 3.3.

TABLE 3.1
ABBREVIATIONS

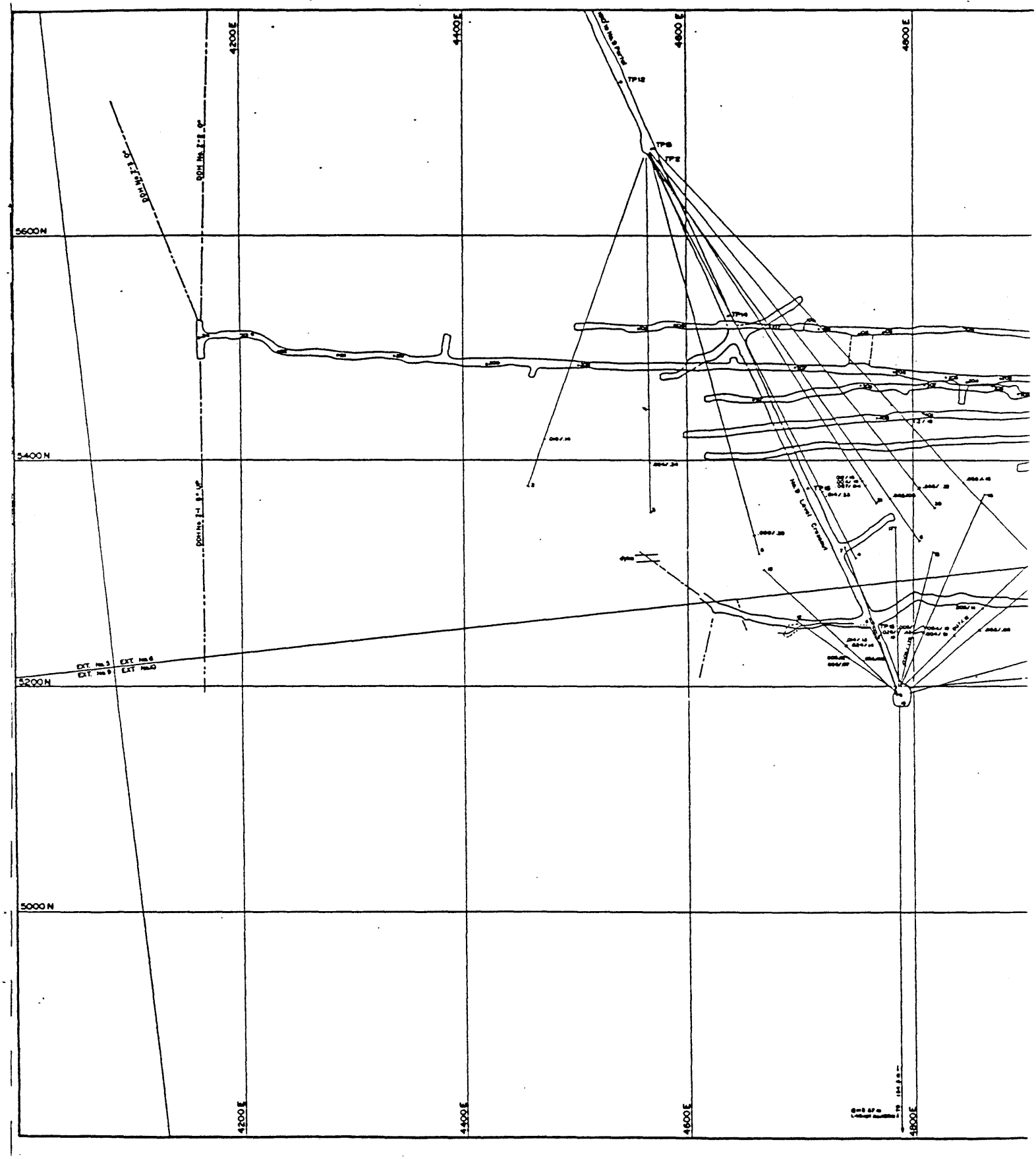
Ande	Andesite	kaolin	kaolinite
Ap	Aplite	Ma	Malachite
brx	breccia	med	medium
Cb	carbonate	P	porhyry
Chl	chlorite	perv	pervasive
Cs	coarse	pheno	phenocryst
Cp	Chalcopyrite	Po	Pyrrhotite
D	Diorite	Py	Pyrite
diss	disseminated	Q	Quartz
F	Feldspar	R	Rhyolite
Fels	Felsite	rk	rock
f.gr.	fine grained	Se	Sericite
frctr	fracture	Si	Siliceous
Ga	Galena	Sp	Sphalerite
gge	gouge	stkwk	stockwork
gr.	grained	Su	Sulphide
He	Hematite	Vn	Vein
homog	homogeneous	vnlt	veinlet
Ja	Jarosite	X	xenolith

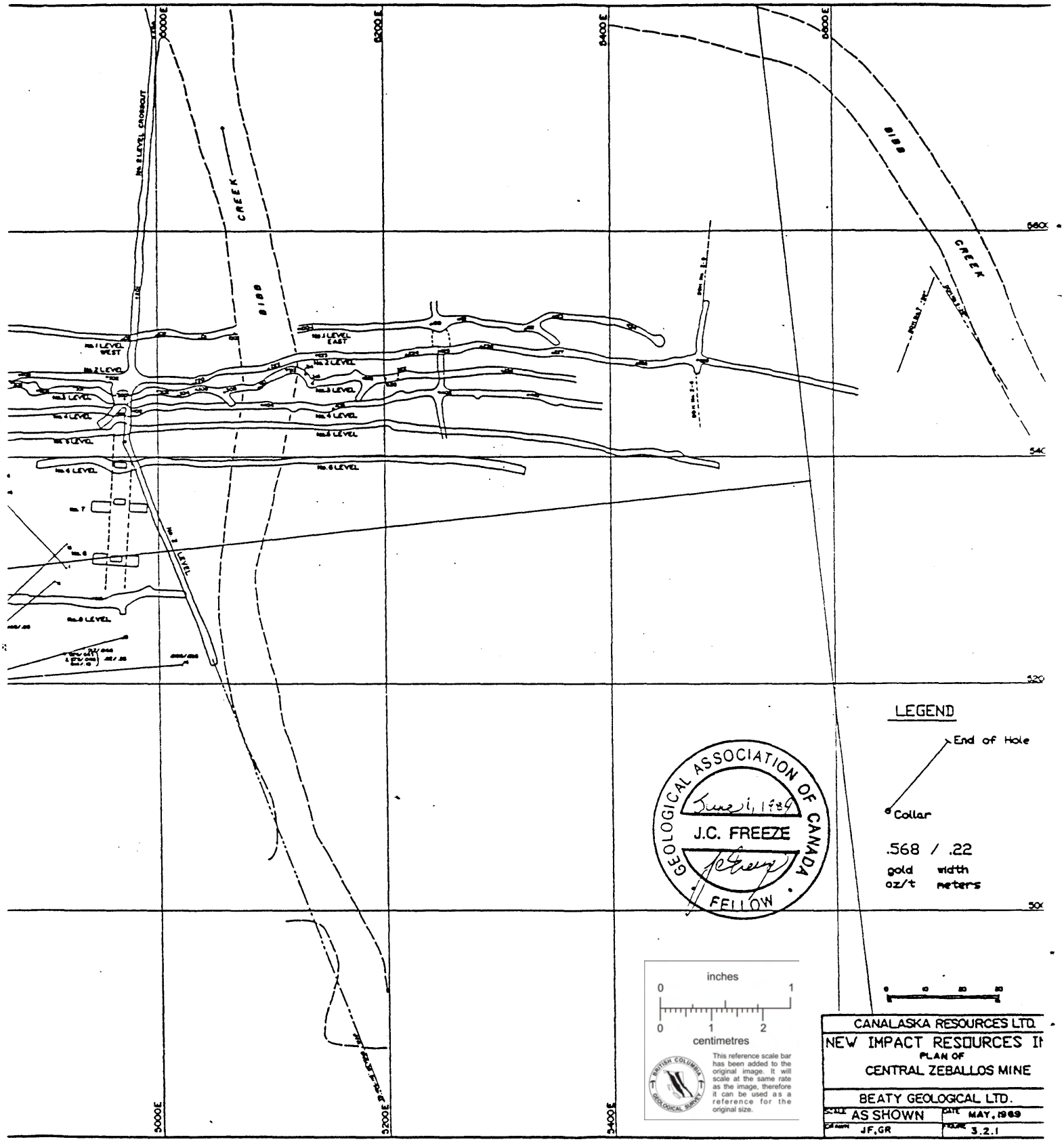
TABLE 3.2 DRILL HOLE DATA

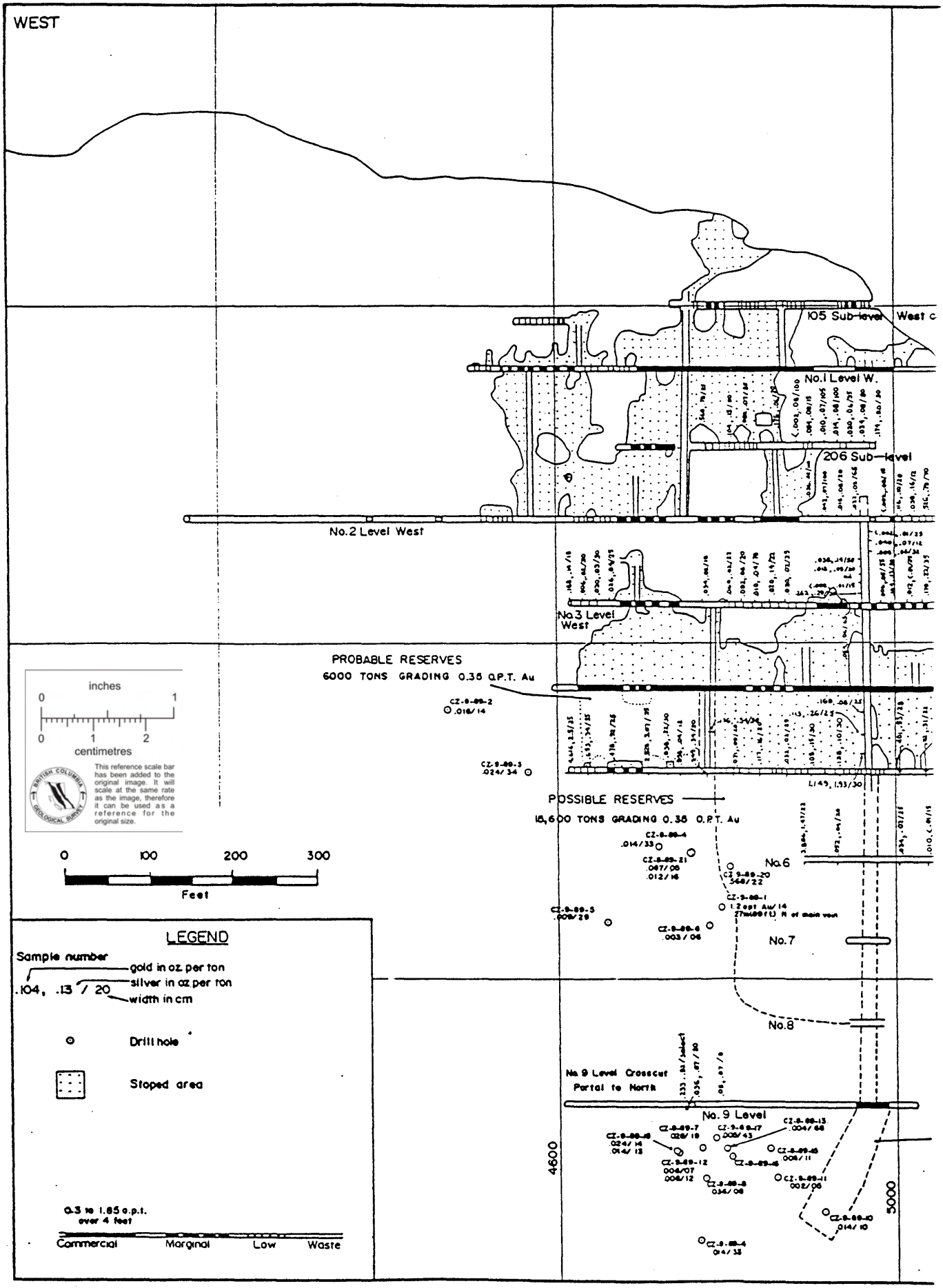
Drill Hole CZ-9-88/ 89	Angle°	Azimuth° w.r.t. GN	Total Depth metre/feet	Drill Station	
1	+35	137	188.98/620	1	1,840 ft.
2	+60	200	187.76/616	1	from portal
3	+55	179.5	167.94/551	1	
4	+41	153	163.07/535	1	
5	+30.5	165	129.84/426	1	
6	+29	145	146.30/480	1	
7	-45	340	55.78/183	2	2,350 ft.
8	-70	340	62.18/204	2	from portal
9	-90	340	68.58/225	2	
10	-45	075	75.59/248	2	
11	-45	050	61.87/203	2	
12	-45	305	46.33/152	2	
13	-45	014	52.43/172	2	
14	-45	086.5	97.23/319	2	
15	-35	046	67.67/222	2	
16	-50	025	91.14/299	2	
17	-37	0°	53.95/177	2	
18	-38	314°	62.18/204	2	
19	0°	180°	134.42/441	2	
20	+36	141°	150.88/495	1	
21	+40	147.5°	146.61/481	1	

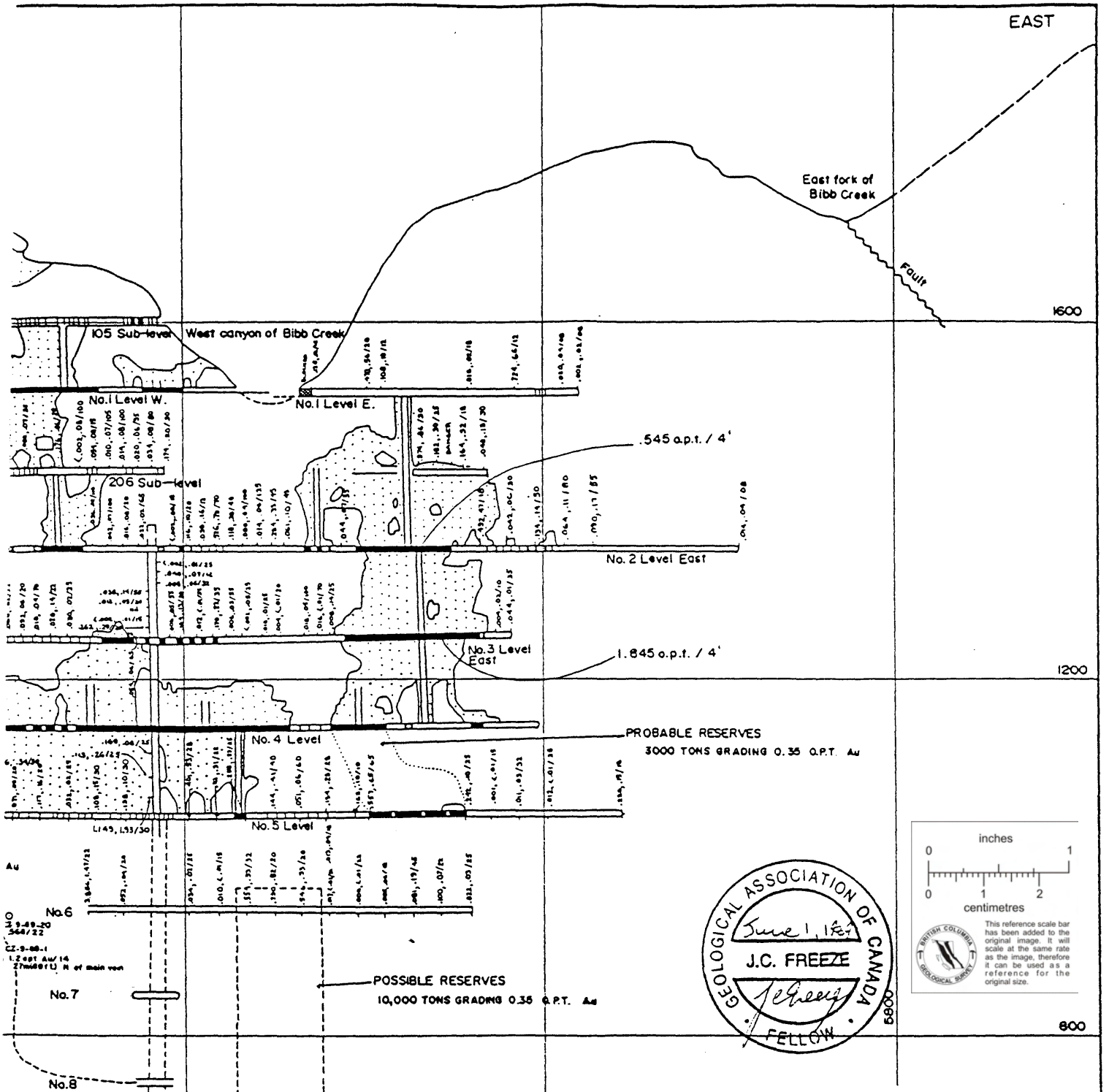
TABLE 3.3 DRILLING RESULTS

Drill Hole CZ-9-88/89	Intersection		Gold Assay oz/ton		True Width Metres		Level of Intersection (ft.)	Vein Name	Proximity of QDP dyke	Description
1	121.47	121.61	1.2		.10		674	27 m. N of	12.5 m.S	Qtz. vnlt and sil wallrock
1	121.61	121.76	0.011		.17		672	main vein	12 m. S	Frctrs w/Qtz. & FeO_2
1	149.73	149.96	0.003		.16		620	main	14.3 m. N	Qtz. vnlt w/Py cubes in Se alt
2	161.34	161.57	0.016		.14		440	main	1.75 m. S	Fault w/gouge centre, Se selvages
3	143.22	143.65	0.024		.335		514	main	1 m. S	Fault gouge & Se selvages
4	136.68	137.08	0.014		.33		600	main	8.5 m. N	Qtz. vn w/f.gr. Su, Clay & Se gouge
5	124.47	124.78	0.009		.294		691	main	9.5 m. N	Brx. qtz. & gouge w/f.gr. grey Su
6	129.78	129.86	0.003		.06		691	main	5 m. N	Pervasive Se alt zone
7	19.81	20.03	0.028		.19		945	main	23.5 m. N	Qtz. vn. & gouge, f. gr. grey Su, Py, Se
7	36.53	36.76	0.068		.20		984	new		Gouge w/qtz, f.gr. grey Su & Se
8	26.28	26.41	0.036		.084		981	main	21 m. N	Fault-qtz. w/f.gr. grey Su & Se gouge
9	36.64	36.98	0.024		.12		1021	new	21 m. N	Se alt & clay gouge
9	47.24	47.52	0.014		.10		1055.5	main		Qtz. & cb vn in Se alt zone, Py <1%
10	51.85	52.28	0.014		.10		1019	main		Gouge Se & kaolin f. gr. grey Su <1%
10	52.28	52.55	2.878	0.82	.064	.23	1020	main		Qtz. vn w/Py, Sp, Ga blebs & f. gr. grey Su
10	52.55	52.73	0.026		.064		1021	main		Gouge Se & kaolin, v. f. gr. Su <1%
10	60.17	60.45	0.012		.064		1038	new		Qtz.-Ca vn w/Py & Se alt selvages
11	34.84	34.94	0.002		.053		980	main		Se alt w/gouge-qtz. brx. in centre
12	21.82	21.95	0.006		.07		951	main		Pervasive Se & kaolin, v. f. gr. Py & Ga <1%
12	22.61	22.84	0.008		.12		953.5	main		Intense kaolin alt, v. f. gr. Py
13	6.90	7.10	0.009		.175		916.4	new		Qtz. vnlt in Se alt zone
13	19.54	20.11	0.004		.51		946	main		Se alt, v.fr. gr. Py
13	20.11	20.33	0.004		.19		947	main		Qtz. vn minor f. gr. Py
14	94.18	94.72	0.006		.035		1123	new		Fault gouge w/qtz. vnlt
15	22.53	22.70	0.007		.12		945	main	30 m. N	Fault kaolin, Cb, Se, Chl
15	29.26	29.44	0.008		.11		957	new		Fault gouge w/qtz. vnlt, trace Py
17	16.73	17.16	0.005		.43		934	main		Qtz. vnlts w/ <3% Py
18	23.29	23.50	0.024		.14		949	main	24 m. N	Fault Se & Ca gouge & qtz. vn, Py 2%
18	23.74	23.93	0.014		.13		950	main	24 m. N	Fault gouge & Se alt, Py 2%
19	113.57	113.65	1.482		.07		900	new		Fault gouge Se & Cb & qtz. vnlt, Py <20%
20	142.93	143.23	0.568		.22		625	main	9 m. N	Brx. qtz. vn w/f. gr. grey Su in fault gouge
21	136.70	136.90	0.012		.16		611	main		Se & clay fault gouge
21	137.03	137.27	0.004		.19		610.5	main		Se & clay fault gouge w/qtz. vnlt & Py 2%
21	139.30	139.35	0.087		.04		606	main		Fault Se-Clay gouge & brx. qtz. Py %


4200E
4400E
4600E
4800E
5600N
5400N
5200N
5000N
EXT. No 3
EXT. No 4
EXT. No 5
EXT. No 6
No 9 Level Crosscut


3000E
3200E
3400E
3600E
CREEK
CREEK
No. 1 LEVEL WEST
No. 1 LEVEL EAST
No. 2 LEVEL
No. 3 LEVEL
No. 4 LEVEL
No. 5 LEVEL
No. 6 LEVEL
No. 7
No. 8
No. 9 LEVEL
No. 3 LEVEL
No. 5 LEVEL
No. 6 LEVEL
LEGEND
End of Hole
Collar
.568 / .22
gold width
oz/t meters
GEOLOGICAL ASSOCIATION OF CANADA
June 15, 1989
J.C. FREEZE
FELLOW
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.
CANALASKA RESOURCES LTD.
NEW IMPACT RESOURCES LT
PLAN OF
CENTRAL ZEBALLOS MINE
BEATY GEOLOGICAL LTD.
SCALE AS SHOWN
DATE MAY, 1989
DRAWN JF, GR
FIGURE 3.2.1


WEST
105 Sub-level
West c
No.1 Level W.
206 Sub-level
No.2 Level West
No.3 Level West
PROBABLE RESERVES
6000 TONS GRADING 0.35 O.P.T. Au
CZ-8-88-2
.016/14
CZ-8-88-3
.024/34
POSSIBLE RESERVES
15,600 TONS GRADING 0.35 O.P.T. Au
CZ-8-88-4
.014/33
CZ-8-88-21
.087/08
.012/16
No.6
CZ-8-88-20
548/22
CZ-8-88-1
1.2 opt Au/14
27m(89ft) N of main vein
CZ-8-88-5
.008/29
CZ-8-88-6
.003/06
No.7
No.8
No.9 Level Crosscut
Portal to North
No.9 Level
CZ-8-88-7
028/18
CZ-8-88-17
.008/43
CZ-8-88-13
.004/66
CZ-8-88-16
024/14
014/13
CZ-8-88-12
004/07
008/12
CZ-8-88-18
008/11
CZ-8-88-8
034/08
CZ-8-88-11
002/06
CZ-8-88-10
014/10
CZ-8-88-4
014/38
4600
5000
inches
0 1
centimetres
0 1 2
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.
0 100 200 300
Feet
LEGEND
Sample number
.104, .13 / 20
gold in oz. per ton
silver in oz. per ton
width in cm
Drill hole
Stoped area
0.3 to 1.85 o.p.t. over 4 feet
Commercial
Marginal
Low
Waste



CANALASKA RESOURCES LTD.
NEW IMPACT RESOURCES INC.

CENTRAL ZEBALLOS MINE

LONGITUDINAL SECTION

BEATY GEOLOGICAL LTD.

SCALE AS SHOWN	DATE NOV., 1988
DRAWN JF, GR	FIGURE 3.2.2

reduced to ten percent (10%) or less, that party will be deemed to have transferred its interest to the other party and will therafter be entitled to a royalty of a two and one-half percent (2.5%) net smelter return.

The Joint Venture Agreement may be withdrawn by either party giving notice to the other of the effective date of the withdrawal, which will be the later of the end of the current work program or at least thirty (30) days after the date of notice.

The term of the Joint Venture Agreement is for the longer of twenty (20) years from the date of the Joint Venture Agreement or so long thereafter as a current work program is in progress.

The copy of the aforementioned Option and Joint Venture Agreement and Joint Venture Agreement will be available for inspection during the Offering period at the Registered Office of the Issuer located at 2550 - 555 West Hastings Street, Vancouver, British Columbia, V6B 4N5, during normal business hours, and will continue to be available during normal business hours for a period of thirty (30) days following the completion of this Offering.

Description of the Central Zeballos Property

The following information respecting the Issuer's Central Zeballos Property has been excerpted from an engineering report dated June, 1989 (the "Report"), prepared for the Issuer by J. C. Freeze, B.Sc., F.G.A.C., of Stillwater Enterprises Ltd., of 2891 West 14th Avenue, Vancouver, British Columbia, V6K 2X3, which Report by its reference herein is attached hereto and forms a material part of the Issuer's Statement of Material Facts.

Location and Access

The Report discloses, at page 1, the following:

> *"The Central Zeballos property is situated on the west coast of Vancouver Island, British Columbia and is located on N.T.S. Map Sheet 92L/2W at 50 (degrees) 02.5'N and 126 (degrees) 46.5'W. Declination for the area is 23 (degrees). The property is 15 road kilometres north of the village of Zeballos, 90 road kilometres south of the town of Port McNeill and 200 road kilometres northwest of the city of Campbell River. The claim blocks cover a total area of approximately 6 square kilometres (150 hectares or 371 acres)....*
>
> *The Central Zeballos property is accessed via a network of logging roads. The main line heads north from Zeballos and connects with the Island highway at 42 kilometres. The original mine road remains as a good four wheel drive road connecting the No. 9 level portal with the Nomash Creek logging road which*

Drill hole No.s CZ-9-88-1 to 89-6, 20 and 21 tested the downward extension of the ore shoots blocked out on the No.5 level and indicated by recent sampling at the western face of both the No. 5 and 6 levels. At the same time the narrower veins paralleling the main vein to the north were also tested by these holes.

Where CZ-9-89-20 intersected the main vein structure a brecciated quartz vein with fine grained sulphides carries 0.568 ounces gold per ton across a 0.22 metre (8.7 inches) width. This zone was intersected at the No.6 level, 115 feet below an ore shoot previously mined on the No.5 level and 95 feet west of ore grade mineralization sampled (3.8 ounces gold/ton over 8.5 inches) in the western face of the No. 6 drift. This intersection suggests that the ore shoot mined on the No.5 level may extend 115 feet in depth over it's 100 foot lateral extent. Drill hole CZ-9-88-1 intersected a zone carrying only 0.003 ounces per ton gold in the main vein structure between hole No. 20 and the No.6 level drift. While this result does not allow reserve estimates to be given for this area, it is not uncommon to find low values within ore shoots in the Central Zeballos mine and other mines in the Zeballos Camp.

Drill hole CZ-9-88-1 intersected a new vein 89 feet (27 metres) north of the main vein between the No. 6 and 7 levels. This zone consists of a white quartz veinlet with siliceous hanging wall and footwall. No sulphides were visible in the zone. A 0.10 metre (4 inches) width carries 1.2 ounces per ton gold.

The narrow veins exposed on the No.9 level were not detected in any of drill holes CZ-9-88-1 to 89-6, 20 or 21.

Hole No.s CZ-9-89-7 to 18 were drilled to test the extension of the vein below the No.9 level. Drill hole CZ-9-89-10 intersected a zone carrying 0.82 ounces gold per ton over a width of 0.23 metres (within this a 0.064 metre width carries 2.878 ounces per ton). The zone comprises a quartz vein occurring within a clay and sericite gouge. The vein hosts coarse pyrite, sphalerite and galena; both the vein and the gouge host fine grained grey sulphides. This intersection of the main vein structure is 121 feet below the No.9 level and 50 feet (15 metres) west of the raise where commercial ore is noted on old mine maps. This suggests a new ore shoot may be developing between the area intersected by CZ-9-89-10 and the raise area.

The fourth mineralized zone intersected by the recent drilling is in a new structure 372 feet south of the main vein on the No.9 level. This zone was intersected by CZ-9-89-19 which was a flat hole drilled for a distance of 441 feet (134.42 metres) due south of the main vein. The zone comprises a quartz veinlet within fault gouge of sericite and carbonate and pyrite up to 20%. The structure carries 1.48 ounces per ton over a 0.07 metre width. Although this is not an economic width, this structure is a new discovery and is worthy of further investigation.

4. RESERVES

A back sampling programme of the old workings was carried out in 1982 by D. Tully, P. Eng. who calculated the following reserves:

Area	Category	Tons	Grade oz/ton	Area ft^2	Density ft^3/ton	Width feet
No.4-5 levels West	Probable	1,662	1.239	18,000	12	1.12
No.2-9 levels West	Possible-Probable	9,020		90,200	12	1.2

In 1988 and 1989 Beaty Geological Ltd. carried out exploration programmes comprising: rehabilitation of the No.9 level crosscut to 1840 feet; back sampling and geological mapping of the accessible levels of the mine; and 7,253 feet (2,211 metres) of diamond drilling from the No.9 level which intersected the main vein structure between the No.s 4 and 7 levels and up to 155 feet below the No.9 level.

The 1988 back sampling programme confirmed the presence of the western ore shoot between the No.4 and 5 levels and a 35 centimetre chip sample carrying 4.616 ounces per ton suggests a western extension to this ore shoot in the western face of the No.5 level. In addition to this, an eastern ore shoot between the same levels indicated on mine maps from 1947 was confirmed.

Two ore shoots are also indicated at the No.6 level. Values from 0.546 to 0.79 ounces gold per ton over 20 to 30 centimetre were obtained from 30 to 40 metres east of the main raise. At the western face of the No.6 drift a value of 3.856 ounces gold per ton over 22 centimetre (8.66 inches) was obtained.

The possible-probable reserves, between the No.2 and No.9 levels, calculated by Tully as 9,020 short tons would equal 30,067 tons over a 4 foot mining width. Due to the nature of the ore shoots indicated on the mine maps the writer would expect that more than one shoot is likely present within this area as reflected in the following reserve estimates. These reserves are calculated over a 4 foot mining width which is standard practice for the camp.

Area	Category	Tons	Grade oz/ton	Area ft^2	Density ft^3/ton	Width feet
No.4-5 levels West	Probable[1]	6,000	0.35	18,000	12	4
No.4-5 levels East	Probable[1]	3,000	0.35	9,000	12	4
No.5-9 levels West	Possible[2]	15,600	0.35	135,000	12	4
No.2-5 levels West	Possible	20,000	0.35	60,000	12	4
No.5-9 levels East	Possible	10,000	0.35	30,000	12	4
No.9-1020 ft Raise	Possible	2,500	0.35	7,500	12	4

TOTAL ESTIMATED RESERVES: 9,000 Tons Probable
48,100 Tons Possible

[1]Probable Reserves have only been estimated where indicated by compiling results of recent underground sampling with old mine data.

[2]Possible Reserve estimates are based on results from old mine data as supported by recent underground sampling and diamond drilling. The estimated grade of 0.35 ounces per ton is based on historical data and not from current point sampling. The length of the estimated ore shoots are also based on historical mine data.

Due to the nature of the lenticular and narrow veins which host high grade shoots of gold in the Zeballos Camp diamond drilling has been found to only be effective in tracing the vein structure not in estimating reserves. As is common in this type of gold camp, McAdam Resources Ltd. (Spud Valley) recommends drilling for structure and drifting for reserves. Although the lack of high grade intersections in the area west of drill hole CZ-9-89-21 limits the estimate of Possible Reserves, this area should not be considered fully tested and barren in that holes such as CZ-9-89-3 and 21 intersected zones carrying 0.024 and 0.087 ounces per ton gold which show that the structure is still mineralized. This range of values often occurs within ore shoots although they are not direct evidence of an ore shoot.

The continuity of the gold bearing vein indicates the potential for developing more reserves both along strike and down dip. The present target is to develop 250,000 tons grading 0.35 ounces per ton.

5. CONCLUSIONS

The Central Zeballos mine was abandoned in 1947 with ore reserves left in the developed workings. The potential for developing additional reserves along both the strike and dip extent of the main vein is excellent. In addition to the main vein, gold mineralization occurs in several other parallel structures within the old workings which deserve further attention.

On the adjacent Britannia B and M claims several narrow gold bearing structures show potential for hosting economic gold mineralization. Two other groups of claims, the Rimy and the H&J, cover areas proximal to known gold bearing quartz veins and have an excellent potential for covering the extensions of the known veins as well as parallel structures to them.

The Fall exploration programme updated the ore reserve estimates in the Central Zeballos Mine. Probable and Possible Reserves are estimated at 9,000 and 48,100 tons, respectively, grading 0.35 ounces per ton.

During the underground drilling programme a total of 2,211 metres (7,253 feet) were drilled from the No.9 level. Four of the twenty-one holes intersected high grade gold mineralization of between 0.5 and 2.78 ounces per ton, several of the holes intersected mineralized zones of between 0.02 and 0.087 ounces per ton gold indicating continuity to the gold bearing structure. Two zones show potential for developing further reserves. The first zone suggests an extension to the No.5 level ore shoot for at least 115 foot vertically and 100 foot laterally. The second zone suggests a 121 foot vertical extension to ore grade mineralization delineated in old mine records in the vicinity of the raise on the No.9 level.

Diamond drilling was successful in identifying the extension of mineralization in the main vein structure beyond those areas previously mined. The next phase of exploration required is underground development which will require a programme of rehabilitating the old workings and drifting along the Central Zeballos vein in mineralized areas. In addition to providing exploration data this programme will also develop access and enable mining to be rapidly initiated if a production decision is made in due course. Additional diamond drilling is also warranted to continue to test the strike and dip extent of the main vein and the narrower parallel veins.

6. RECOMMENDATIONS

Based on the conclusions stated above, the following Phase III and IV exploration programmes are recommended. The decision to proceed with Phase IV is not contingent upon favourable results from drilling in Stage III of Phase III and may proceed without completing Stage III. The justification to proceed with the Phase IV programme of rehabilitation for exploration on the No.5 level is based on current information indicating probable reserves on the No.5 level. While drilling has proven to be encouraging in the Central Zeballos Mine, the nugget effect of the gold mineralization limits the ability of drilling results to substantiate reserve estimates. Therefor drilling may be carried out to provide further encouragement as to the extent of gold mineralization in the Central Zeballos Mine but it is not imperative.

PHASE III Exploration and Development No.9 Level

Stage I

1) The mine access and haulage road which connects the No.9 level portal with the Nomash Creek logging road should be improved over its' 1.5 kilometre length.

2) An engineering study should be carried out to evaluate the existing raise and lower mine workings in order to have a better control on costs for the next stages of further exploration and development.

Stage II

Track should be installed on the No.9 level from the dump area outside the portal to the raise. Rehabilitation of the No.9 level should be completed from the intersection of the No.9 level crosscut and the main No.9 level drift to the raise, a distance of approximately 200 feet. The cost required to complete this work is estimated as the Phase III Stage II programme in section 7.

Stage III

1) Diamond drilling should be carried out from the east side of the main raise on the No.9 level. Drill stations should be made both north and south of the main vein to enable drilling. Drilling from the north station will test the vertical extension of the ore shoot mined between the No.2 sublevel and the No.4 level as indicated by recent sampling on both the No.5 and No.6 levels. Drilling from the station south of the main vein will test the zone below the No.9 level intersected in hole CZ-9-89-10 during the Phase II Stage II drilling programme.

2) Diamond drilling should also be carried out from drill station 2 to test the vein between level No.s 7 and 9.

PHASE IV Rehabilitation of the Raise to Enable Drifting on the No.5 and 6 levels.

Rehabilitation of the raise from the No.9 level to the No.5 level may be completed to allow access for exploration drifting on the No.5 and 6 levels. Once the No.5 and 6 levels are accessible drifting should continue at the western faces of both levels to explore the western ore shoot.

7. COST ESTIMATE

PHASE III EXPLORATION AND DEVELOPMENT NO.9 LEVEL

STAGE I

Road Construction				25,000.00
Engineering Study				5,000.00
			TOTAL STAGE I	$30,000.00

STAGE II

Mobilization and Setup				10,000.00
Rail installation: 2,700.00 feet	@	25.00	/foot	67,500.00
Installation of Safety Bays: 18	@	450.00	each	8,100.00
Food and Accomm 62.00 mandays	@	60.00	/day	3,720.00
Supervision 6.00 days	@	350.00	/day	2,100.00
General Contingency	@		9.4%	8,580.00
			TOTAL STAGE II REHAB	$100,000.00

STAGE III DIAMOND DRILLING

GEOLOGICAL SUPPORT

Personnel					
Geologist	21.00	days	@	350.00/day	$7,350.00
Assistant	21.00	days	@	225.00/day	4,725.00
Support					
Motel	21.00	days	@	25.00/day	525.00
Food	42.00	days	@	25.00/day	1,050.00
Trucks 4x4	21.00	days	@	50.00/day	1,050.00
Gasoline	21.00	days	@	10.00/day	210.00
Drillers Fuel	14.00	days	@	10.00/day	140.00
Camp fuel	21.00	days	@	16.80/day	352.80
Communications					1,000.00
Assays	100.00	smpls	@	25.00/sample	2,500.00
Supplies					1,550.00
Cat	15.00	hours	@	70.00/hour	1,050.00
Office					
Project Prep	3.00	days	@	325.00/day	975.00
Drafting					1,500.00
Report Writing	5.00	days	@	350.00/day	1,750.00
					=========
	GEOLOGICAL SUPPORT TOTAL				$25,727.80

DRILLING

Coring	2,000.00	feet	@	19.25/foot	38,500.00
Shift Boss	14.00	days	@	312.50/day	4,375.00
Fuel	12.00	days	@	100 gal/day @ 1.8/gal	2,160.00
Food	14.00	days	@	125.00/day	1,750.00
Accommodation	14.00	days	@	50.00/day	700.00
Core boxes	125.00	boxes	@	8.50/box	1,062.50
Power Supply	14.00	days	@	200.00/day	2,800.00
Dip tests	10.00	tests	@	60.00/test	600.00
Moves and Labour			@	10%	5,194.75
Mob/Demob	6,000.00		+	6,000.00 labour	12,000.00
					==========
COST PER FOOT	34.57		DRILLING TOTAL		$69,142.25

SUBTOTAL GEOLOGICAL AND DRILLING	$94,870.05
Contingency at approximately 15%	$14,220.95
Administration and Overhead at 10%	$10,909.00
	==========
GRAND TOTAL PHASE III STAGE III	$120,000.00
TOTAL STAGE I	$ 30,000.00
TOTAL STAGE II	$100,000.00
	==========
TOTAL PHASE III	$250,000.00

PHASE IV REHABILITATION OF THE RAISE TO ENABLE DRIFTING ON THE NO.5 AND 6 LEVELS

Mobilization and Setup			10,000.00
Surface Site Preparation at Portal			20,000.00
Trestle			10,000.00
Food and Accom	350.00 mandays @	60.00/day	21,000.00
Cleaning old Chutes of Waste and Ore			5,000.00
Chute installation	2 @	20,000.00/chute	40,000.00
Raise:Rehab/Surface 400.00 feet@ Replacing 100% staging and manway timber, 100% raise cribbing and all ladders		300.00/foot	120,000.00
Tramming			20,000.00
Contingency Rock bolting and Ground Control at 15%			49,200.00
Mining Engineer	60.00 days@	500.00	30,000.00
General Contingency	@	15%	48,780.00
Administration and Overhead	@	10%	37,398.00
			==========
		TOTAL PHASE IV	$411,378.00

Respectfully Submitted,

GEOLOGICAL ASSOCIATION OF CANADA
June 1, 1987
J.C. FREEZE
FELLOW

Joanne C. Freeze, B.Sc., F.G.A.C.

REFERENCES

BANCROFT, M.F.,1937 — Gold-bearing deposits on the west coast of Vancouver Island between Esperanza Inlet and Alberni Canal, Geological Survey of Canada, Memoir 204, 34 pp.,

_____,1940 — Zeballos mining district and vicinity, British Columbia, Geological Survey of Canada, Paper 40-12, 39 pp.

BEATY, R.J., 1987 — Geological Report on the Central Zeballos Property, Zeballos, B.C. for New Impact Resources Inc.

FREEZE, J.C., 1989 — Geological Reports on the Scafe and Britannia Groups of the Central Zeballos Property for New Impact Resources Inc. and CanAlaska Resources Ltd.

FJETLAND, G.E., 1983 — Geological Summary of the Central Zeballos, Scafe, Britannia "B" and Britannia "M" Crown granted mineral claim groups, Zeballos. Unpublished report for Impact Resources Inc.

TULLY, D.W., 1981 — Report on the former Central Zeballos Gold Mine, Alberni Mining Division. Unpublished report for Impact Resources Inc.

_____, 1982 — Progress Report No.II Zeballos Backsampling. Unpublished report for Impact Resources Inc.

STEVENSON, J.S.,1935 — Vancouver Island, Zeballos River Section, Minister of Mines, B.C., Annual Report,pp. F38-F40.

_____,1938 — Lode - gold deposits of the Zeballos area, B.C. Department of Mines, 23 pp.

_____,1950 — Geology and Mineral Deposits of the Zeballos Mining Camp, B.C., Department of Mines Bulletin No.27.

CERTIFICATE

I, JOANNE C. FREEZE, of Vancouver, British Columbia do HEREBY CERTIFY THAT:

1. I am a consulting geologist and principal in Stillwater Enterprises Ltd. of 2891 West 14th Avenue, Vancouver, British Columbia.

2. I am a graduate of the University of Western Ontario, B.A. Physical Geography (1978) and the University of British Columbia, B.Sc. Geology (1981). I am a Fellow of the Geological Association of Canada. I have practiced my profession as a geologist continuously since graduation for such mining companies as Utah Mines Ltd., Hughes-Lang Group, White Geophysical Inc., Stetson Resource Management Corp., Lightning Creek Mines Ltd., Dia Met Minerals Ltd.

3. I am the author of this report on the Central Zeballos property, which is based on an exploration programme directed by myself, private reports on previous work carried out on the property, public files and my knowledge of the Alberni Mining Division.

4. I have no interest directly or indirectly, past or present, in the property, in any other property within 10 km. of the property, nor in the securities of either CanAlaska Resources Ltd. or New Impact Resources Inc.

5. Permission is hereby granted for the use of this report in a Prospectus or Statement of Material Facts to be filed with the Superintendent of Brokers for the Vancouver Stock Exchange providing it is not taken out of context and that any summary thereof be approved by myself.

DATED at Vancouver, British Columbia this 1st day of June, 1989.

STILLWATER ENTERPRISES LTD.

GEOLOGICAL ASSOCIATION OF CANADA
June 1, 1989
J.C. FREEZE
FELLOW

Joanne C. Freeze, B.Sc., F.G.A.C.

leaves the main Zeballos line 11 kilometres north of town. A pack horse trail following the banks of Bibb Creek used to exist between the No. 9 level and the No. 2 level crosscuts. Access to the No. 1 and No. 2 levels and surface showings during the current programme was via Bibb Creek itself and remnants of the old horse trail.

Logging roads following both Goldvalley Creek and Spud Creek valleys provide access to the Scafe, Rimy, Britannia B and M claims. Additional access will be provided to the Scafe claims by logging roads planned to be built crossing Monckton Creek from the Goldvalley line.

Sea port access is currently available at Campbell River. Air access by helicopter is available either from bases in Goldriver or Campbell River.

Groceries, fuel, lumber and general supplies are available to a limited extent in Zeballos. The remainder may be trucked from Campbell River, Port Hardy or Port McNeill."

Property and Area History

The Report then reveals, at pages 4 through 6, the following:

"The discovery of placer gold in the Zeballos River in 1907 encouraged prospecting in the surrounding area and led to the discovery of gold bearing quartz veins. The first "gold vein" was staked in 1924 on the Tagore property, 1 1/2 miles up from the mouth of the Zeballos River, and by 1929 forty claims had been staked in the Zeballos River Valley. Mining began in the winter of 1934 - 1935 following the discovery of the rich gold - quartz veins on the White Star, Spud Valley and Privateer properties on Spud Creek. The first shipments were made from these properties in 1937 and 1938. By the end of 1948 a total of 287,811 ounces of gold had been produced from a total of 651,000 tons mined of which 370,750 were milled. Average gold grade was 0.44 ounces per ton mined and 0.75 ounces per ton milled.

In 1962 Zeballos Iron Mines Ltd. produced 3,700 tons of iron per day from a magnetite skarn in the Karmutsen volcanics north of the Zeballos River. The ore was shipped from a deep sea port in Zeballos . Production ceased and the mine was sold in 1972 due to world iron markets."

Central Zeballos Property

"The main vein mined on the Central Zeballos property was discovered in September of 1937 by O.T. Bibb at the headwaters of the creek now named the same. This creek drains the north slope of Lukwa Mountain approximately a mile south of Nomash Creek. Bibb and his associates made open cuts and trenches to the west of the creek exposure of the vein. The upper two adits were started in 1938 when Central Zeballos Gold Mines was formed. The company first started as a private company but went public in April of 1938. In 1938-40 a winze was sunk between the No. 2 and the No. 5 levels by Reno Gold Mines whom acquired a 40% interest in the property. In 1940, a 50 ton per day amalgamation-flotation mill was completed at the base of the mountain on Bibb Creek (650 feet elevation). A 2,300 foot crosscut and 400 foot raise were driven to access the stopes being mined on the No. 5 level. The property was closed from the autumn of 1942 until

APPENDIX I

ANALYTICAL RESULTS

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE. NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1

PHONE (604) 984-0221

To: BEATY GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

A8824685

Comments: CC: J C FREEZE

CERTIFICATE A8824685

BEATY GEOLOGICAL LIMITED
PROJECT : 218
P O # : NONE

Samples submitted to our lab in Vancouver, BC.
This report was printed on 12-OCT-88.

SAMPLE PREPARATION

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION
207	44	Assay: Crush,split,pulv -150

ANALYTICAL PROCEDURES

CHEMEX CODE	NUMBER SAMPLES	DESCRIPTION	METHOD	DETECTION LIMIT	UPPER LIMIT
998	44	Au oz/T: 1 assay ton	FA-AAS	0.002	20.00
385	44	Ag oz/T: Aqua regia digestion	AAS	0.01	20.0

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J 2C1

PHONE (604) 984 0221

TO: BEATY GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

Project : 218
Comments: CC: J.C. BREEZE

Page No. : 1
Tot. Pages: 2
Date : 12-OCT-88
Invoice # : I-8824685
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8824685

SAMPLE DESCRIPTION	PREP CODE		Au oz/T	Ag oz/T
CZ 5E 70-10	207	--	0.162	0.10
CZ 5E 120-15	207	--	0.001	< 0.01
CZ 5E 60S-18	207	--	0.013	0.04
CZ 5E 162-18	207	--	0.220	0.15
CZ 5E 20-22	207	--	0.112	0.31
CZ 5E 30-25	207	--	0.258	0.29
CZ 5E 110-25	207	--	0.242	0.10
CZ 5E 140-25	207	--	0.012	< 0.01
CZ 5E 10-28	207	--	0.401	0.53
CZ 5E 60N-28	207	--	0.154	0.29
CZ 5E 130-32	207	--	0.011	0.03
CZ 5E 40-40	207	--	0.144	0.41
CZ 5E 50-60	207	--	0.051	0.06
CZ 5E 75S-65	207	--	0.557	0.65
CZ 5W 70-12	207	--	1.958	1.04
CZ 5W 40-20	207	--	0.117	0.16
CZ 5W 50-20	207	--	0.071	0.09
CZ 5W 60-20	207	--	0.349	0.34
CZ 5W 30-25	207	--	0.032	0.02
CZ 5W 90-25	207	--	1.478	1.92
CZ 5W 105-25	207	--	4.616	2.50
CZ 5W 10-30	207	--	0.138	0.10
CZ 5W 20-30	207	--	0.108	0.15
CZ 5W 75-30	207	--	0.038	0.22
CZ 5W 80-35	207	--	2.828	3.07
CZ 5W 100-35	207	--	0.653	0.34
CZ 6E 80-12	207	--	0.085	0.06
CZ 6E 20-15	207	--	0.010	< 0.01
CZ 6E 40-20	207	--	0.790	0.82
CZ 6E 50-20	207	--	0.546	0.33
CZ 6E 60-22	207	--	0.017	< 0.01
CZ 6E 70-22	207	--	0.008	< 0.01
CZ 6E 100-22	207	--	0.100	0.07
CZ 6E 10-25	207	--	0.034	0.02
CZ 6E 108-25	207	--	0.022	0.03
CZ 6E 30-32	207	--	0.554	0.33
CZ 6E 90-45	207	--	0.081	0.19
CZ 6W 10-20	207	--	0.052	0.04
CZ 6W 21-22	207	--	3.856	1.47
CZ 4.3-25	207	--	0.169	0.08

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY B.C. CERTIFIED ASSAYERS

CERTIFICATION : M. Stewart Bonavini

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J 2C1

PHONE (604) 984 0221

TO: BEATY GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

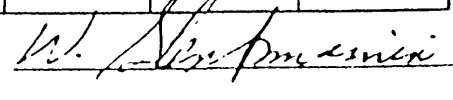
Project : 218
Comments: CC: J.C. PREFFZE

Page No. : 1
Tot. Pages: 2
Date : 12-OCT-88
Invoice # : I-8824685
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8824685

SAMPLE DESCRIPTION	PREP CODE		Au oz/T	Ag oz/T
CZ 5E 70-10	207	--	0.162	0.10
CZ 5E 120-15	207	--	0.001	< 0.01
CZ 5E 60S-18	207	--	0.013	0.04
CZ 5E 162-18	207	--	0.220	0.15
CZ 5E 20-22	207	--	0.112	0.31
CZ 5E 30-25	207	--	0.258	0.29
CZ 5E 110-25	207	--	0.242	0.10
CZ 5E 140-25	207	--	0.012	< 0.01
CZ 5E 10-28	207	--	0.401	0.53
CZ 5E 60N-28	207	--	0.154	0.29
CZ 5E 130-32	207	--	0.011	0.03
CZ 5E 40-40	207	--	0.144	0.41
CZ 5E 50-60	207	--	0.051	0.06
CZ 5E 75S-65	207	--	0.557	0.65
CZ 5W 70-12	207	--	1.958	1.04
CZ 5W 40-20	207	--	0.117	0.16
CZ 5W 50-20	207	--	0.071	0.09
CZ 5W 60-20	207	--	0.349	0.34
CZ 5W 30-25	207	--	0.032	0.02
CZ 5W 90-25	207	--	1.478	1.92
CZ 5W 105-25	207	--	4.616	2.50
CZ 5W 10-30	207	--	0.138	0.10
CZ 5W 20-30	207	--	0.108	0.15
CZ 5W 75-30	207	--	0.038	0.22
CZ 5W 80-35	207	--	2.828	3.07
CZ 5W 100-35	207	--	0.653	0.34
CZ 6E 80-12	207	--	0.085	0.06
CZ 6E 20-15	207	--	0.010	< 0.01
CZ 6E 40-20	207	--	0.790	0.82
CZ 6E 50-20	207	--	0.546	0.33
CZ 6E 60-22	207	--	0.017	< 0.01
CZ 6E 70-22	207	--	0.008	< 0.01
CZ 6E 100-22	207	--	0.100	0.07
CZ 6E 10-25	207	--	0.034	0.02
CZ 6E 108-25	207	--	0.022	0.03
CZ 6E 30-32	207	--	0.554	0.33
CZ 6E 90-45	207	--	0.081	0.19
CZ 6W 10-20	207	--	0.052	0.04
CZ 6W 21-22	207	--	3.856	1.47
CZ 4.3-25	207	--	0.169	0.08

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 : BEATY GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

Project : 218
Comments: CC: J.C. PREFZP

Page No. : 2
Tot. Pages: 2
Date : 12-OCT-88
Invoice # : I-8824685
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8824685

SAMPLE DESCRIPTION	PREP CODE		Au oz/T	Ag oz/T
CZ 4.5-25	207	--	0.113	0.26
CZ 4.75-30	207	--	1.149	1.93
CZ 4.5 55-30	207	--	0.176	0.34
CZ 2.8-20	207	--	0.262	0.29

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY BC CERTIFIED ASSAYERS

CERTIFICATION : W. Ferbrache

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE. NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1

PHONE (604) 984-0221

TO: BEATY GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

Project : 218
Comments: CC: J C FREEZE

Page No. : 1
Tot. Pages: 2
Date : 11-OCT-88
Invoice # : I-8824691
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8824691

SAMPLE DESCRIPTION	PREP CODE		Au FA oz/T	Ag FA oz/T
CZ 1E 82-08	207	--	0.020	0.04
CZ 1E 92-08	207	--	0.002	0.02
CZ 1E 25-12	207	--	0.108	0.19
CZ 1E 70-12	207	--	0.724	0.66
CZ 1E 0-18	207	--	0.120	0.12
CZ 1E 55-18	207	--	0.016	0.02
CZ 1E 20-20	207	--	0.478	0.56
CZ 1.5E 20-18	207	--	0.164	0.32
CZ 1.5E 10-25	207	--	0.182	0.30
CZ 1.5E 05-30	207	--	0.974	0.86
CZ 1.5E 25-30	207	--	0.048	0.13
CZ 1.5W 30-15	207	--	0.054	0.08
CZ 1.5W 45-20	207	--	0.176	0.06
CZ 1.5W 50-25	207	--	0.082	0.07
CZ 1.5W 65-25	207	--	0.560	0.78
CZ 1.5W 05-30	207	--	0.174	0.20
CZ 1.5W 55-30	207	--	0.104	0.15
CZ 1.5W 10-80	207	--	0.034	0.08
CZ 1.5W 0-90	207	--	0.026	0.07
CZ 1.5W 15-95	207	--	0.020	0.06
CZ 1.5W 20-100	207	--	0.014	0.08
CZ 1.5W 35-100	207	--	< 0.002	0.08
CZ 1.5W 25-105	207	--	0.010	0.07
CZ 2E 150	207	--	0.090	0.17
CZ 2E 200-8	207	--	0.014	0.04
CZ 2E 15-12	207	--	0.038	0.16
CZ 2E 05-15	207	--	< 0.002	0.08
CZ 2E 110-18	207	--	0.492	0.47
CZ 2E 10-20	207	--	0.116	0.10
CZ 2E 120-20	207	--	0.042	0.06
CZ 2E 65-35	207	--	0.044	0.07
CZ 2E 26-40	207	--	0.118	0.28
CZ 2E 40-45	207	--	0.284	0.35
CZ 2E 45-45	207	--	0.061	0.10
CZ 2E 130-50	207	--	0.134	0.14
CZ 2E 20-70	207	--	0.526	0.79
CZ 2E 140-80	207	--	0.064	0.11
CZ 2E 30-100	207	--	0.080	0.04
CZ 2E 35-125	207	--	0.014	0.06
CZ 2W 20-20	207	--	0.016	0.08

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY B.C. CERTIFIED ASSAYERS

CERTIFICATION : W. Dieter Brueckner

Chemex Labs Ltd.

Analytical Chemists * Geochemists * Registered Assayers

212 BROOKSBANK AVE. NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1

PHONE (604) 984-0221

TO : BEATT GEOLOGICAL LIMITED

900 - 625 HOWE ST.
VANCOUVER, BC
V6C 2T6

Project : 218
Comments: CC: J C FREEZE

Date : 11-OCT-88
Invoice # : I-8824691
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8824691

SAMPLE DESCRIPTION	PREP CODE		Au FA oz/T	Ag FA oz/T
CZ ZW 05-65	207	--	0.022	0.02
CZ ZW 15-100	207	--	0.042	0.07
CZ ZW 20-110	207	--	0.036	0.02
CZ 3E 120-10	207	--	0.004	0.02
CZ 3E 10-20	207	--	0.104	0.13
CZ 3E 35-25	207	--	0.010	0.01
CZ 3E 40-25	207	--	0.004	< 0.01
CZ 3E 60-25	207	--	0.006	0.14
CZ 3E 126-25	207	--	0.044	0.01
CZ 3E 305-25	207	--	< 0.002	0.05
CZ 3E 15-35	207	--	0.012	< 0.01
CZ 3E 20N-35	207	--	0.170	0.22
CZ 3E 05-55	207	--	0.006	0.05
CZ 3E 25-55	207	--	0.006	0.03
CZ 3E 55-70	207	--	0.016	< 0.01
CZ 3E 50-100	207	--	0.018	0.05
CZ JW 60-18	207	--	0.034	0.02
CZ JW 110-18	207	--	0.168	0.14
CZ JW 45-20	207	--	0.092	0.06
CZ JW 35-22	207	--	0.020	0.14
CZ JW 50-22	207	--	0.060	0.02
CZ JW 30-25	207	--	0.030	0.02
CZ JW 95-25	207	--	0.026	0.04
CZ JW 100-30	207	--	0.030	0.03
CZ JW 105-30	207	--	0.006	0.02
CZ JW 90-65	207	--	0.054	0.06
CZ JW 40-70	207	--	0.010	0.04
CZ 2.1-25	207	--	< 0.002	0.01
CZ 2.2-12	207	--	0.040	0.07
CZ 2.3-32	207	--	0.008	0.05
CZ 2.4-55	207	--	0.038	0.14
CZ 2.5-20	207	--	0.012	0.05
CZ 2.7-15	207	--	< 0.002	0.01
BEN2 55+300W	207	--	< 0.002	0.49

ALL ASSAY DETERMINATIONS ARE PERFORMED OR SUPERVISED BY B.C. CERTIFIED ASSAYERS

CERTIFICATION : W. Glen Brunsini

CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

DATED: August 8, 1989.

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

THE ISSUER

GERD WILLY KONNEMUND
President and
Chief Executive Officer

YVETTE LAURENT KONNEMUND
Secretary and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

ANDREW STASIAK
Director

WALTER E. KAPLAN
Director

THE PROMOTER

GERD WILLY KONNEMUND

CERTIFICATE OF THE AGENT

DATED: August 8, 1989.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act (British Columbia) and its regulations.

GEORGIA PACIFIC SECURITIES CORPORATION

Per: _____
Authorized Signatory
K. C. KAM and R. BRIAN ASHTON

George Cross News Le

NO.202(1988)
OCTOBER 20, 1988

92HSW

BEMA GOLD CORPORATION

AMALGAMATED COMPANY REVEIWED - On Sept.7, 1988, AMIR MINES LTD.(AMM-V,T), NORMINE RESOURCES LTD.(NON-V) and BEMA INTERNATIONAL RESOURCES INC.(BMI-V) announced a proposed amalgamation to form Bema Gold Corporation. The amalgamated company will have working capital of about $3,000,000, no debt, and some 16,500,000 issued shares, and will be listed on the Toronto and Vancouver exchanges. (See GCNL No.173, p.1, for share exchange ratios).

Bema Gold owns direct and, indirect through control of Abo Resource Corp.(ABU-V), 100% interest in Harrison Lake property, 80 miles east of Vancouver, B.C. The 1987 program defined a probable reserve of 2,500,000 tons grading 0.1 to 0.14 oz.gold/t in the Jenner stock. Underground drilling is underway on the Jenner to test the tonnage potential to sea level and below. Mapping and surface sampling has defined drill targets on some of the other 7 quartz diorite stocks, and drilling on the Portal stock is planned for later this year.

The directors of Bema Gold will be Ian D.Johnson, chairman; Clive T.Johnson, president; Richard J.Barcley, secretary/treasurer; Gary D.Nordin; Michael J.Beley; Barry D.Rayment; Anthony J.Williams; and Erwin J.Hass.

092L212

CANALASKA RESOURCES LTD.(CKE-V)

ZEBALLOS SAMPLING PROGRAM REPORTED - Harry Barr, president of CanAlaska Resources Ltd. has reported drilling is scheduled to begin before the end of the year on the Central Zeballos mine, 5 km north of Zeballos, Vancouver Island, B.C. as a result of the success of an underground sampling program.

Based on the results from a back sampling program in 1982, D.Tully, P.Eng. had calculated possible-probable reserves of 9,020 tons based on a density of 12 cubic feet per ton, and a vein width of 1.2 feet. The western most area blocked out in the late 1940's on the No.5 level has been calculated to contain 1,662 tons grading 1.239 ounces gold, and 0.97 oz. silver/ton.

During the recent program, areas not accessed in 1982 were sampled. A review of the recent sampling indicated two ore shoots are existent at the No.6 level. Values from 0.546 to 0.79 oz.gold/t over 8 to 12 inches were obtained from 32 to 43 yards east of the main raise. At the western face of the No.6 drift, a value of 3.856 oz.gold/t over 8.66 inches was obtained. In the western most area blocked out by Mr.Tully on the No.5 level, values of up to 2.826 oz.gold/t over a width of 13.748 inches were obtained. At the western face of the No.5 level samples taken over 13.78 inches assayed 4.616 oz.gold/t.

CanAlaska under a contract with New Impact Resources Inc., has the right to earn up to 50% of the Central Zeballos Gold project by spending $500.000 two years.

HOUSTON METALS CORPORATION (HML-V)

EXPLORATION STARTS ON TAM O'SHANTER - Houston Metals Corporation reports that work will start on the Tam O'Shanter property near Greenwood, B.C. Exploration work in 1979, including a limited diamond drill program, disclosed the presence of a high grade silver vein and an intensely hydrothermally altered zone, located near a major Tertiary fault, typical of epithermal gold-silver systems. Exploration work will consist of an induced polarization survey to be followed by a deep searching UTEM survey on selected lines.

GEDDES RESOURCES LIMITED (GDD-V,T)

PRIVATE PLACEMENT REPORTED - Geddes Resources Limited reported that it has arranged a private placement of 1,032,258 flow-through shares at $1.55 each to Northgate Exploration Limited, subject to regulatory approval. The issue of these shares will bring Northgates interest to 21% of the issued shares of Geddes. The $1,600,000 provided by this private placement will be used for the ongoing exploration program at the company's Windy Craggy copper-gold-cobalt property in northwestern B.C.

ALGO RESOURCES LIMITED(AGO-V)

DRILLING UNDERWAY ON ADAMS LAKE PROPERTY - An 8 drill hole program of a planned 700 meters, approximately, started on Oct.13, 1988 on the OK property of Algo Resources 40% and Minnova Corp. 60%. The claims adjoin holdings of the Minnova-Rea Gold joint venture and also of the Esso-Kamad joint ventures located 35 miles north east of Kamloops, B.C. To earn the 60% interest Minnova must spend $1,000,000 on exploration and development, including a minimum of $100,000 in 1988, and make property payments of $110,000.

The first six holes will test the mineralized quartz vein known as the Scarlet zone. This zone has been exposed over a 30 x 15 meter area.

Panel sampling of the irregular shaped zone has yielded positive results. Sixteen panels were sampled with assays returning values to 23% lead, 6.42 oz.silver/ton. (SEE DETAIL OF THE PANAL SAMPLING RESULTS OVERLEAF)

early 1946. Mining and milling were resumed but continued only until the spring of 1947 due to the disappointing results from 225 feet of drifting on the No. 6 level. Recorded production for the mine is 20,472 ounces of gold and 14,618 ounces of silver from 58,450 tons mined of which 41,655 tons were milled. The average grade of ore is calculated at 0.491 ounces of gold and 0.35 ounces of silver per ton milled.

In addition to the gold bearing quartz veins the Central Zeballos property has been explored intermittently for its copper (+/- gold) skarn and lime silicate (CaCO3) potential. In 1964 the Silver Standard-Granby Prospecting Syndicate optioned the Central Zeballos-Sunny Boy claims and explored surface copper skarn showings by trenching and sampling. Three zones averaging 2.2% copper over an average width of 6.6 feet were outlined.

In 1965 Consolidated Skeena Mines Ltd. optioned the property and carried out geological mapping, geochemical - soil sampling, a magnetometer survey and surface diamond drilling. Mapping outlined a 4,000 foot strike length and 800 foot dip extent to the main gold bearing vein. The magnetometer survey outlined pyrrhotite zones in addition to known skarn mineralization. The diamond drilling programme comprised 3,578 feet in 11 holes drilled on the main copper showing. The best result obtained was 0.10 gold per ton, 3.00 silver per ton , 3.10% copper over a 6.5 foot intersection."

Britannia Holdings

"The Britannia B and M groups of claims were originally staked and explored by the Britannia Mining and Smelting Company. Several gold bearing veins were discovered and investigated by short adits, but were not developed for production."

Recent History

"In 1981 Impact Resources Inc. (now New Impact Resources Inc.) acquired the Central Zeballos property and since that time has carried out exploration programmes comprising back sampling of the old workings, rehabilitation of a portion of the old workings , diamond drilling of a dolomitic limestone body in the No. 9 level crosscut, reconnaissance prospecting and a soil geochemical survey. Results were encouraging and warranted additional exploration and rehabilitation of the old workings.

Both the Spud Valley and Privateer properties have received a renewed interest since 1984 and are currently being developed by McAdam Resources Inc. and New Privateer Mines Ltd., respectively. McAdam Resources reports reserves of 429,533 tons grading 0.25 ounces gold per ton over a 4 foot mining width.

In the Fall of 1988 CanAlaska Resources Ltd. optioned the Central Zeballos property from New Impact Resources Inc. and carried out an exploration programme comprising the following: rehabilitation of the No. 9 level crosscut; back sampling and geological mapping of the accessible levels of the mine; surface prospecting and geological mapping, geophysical surveys; geochemical sampling and a compilation of all data previously collected. These surveys are discussed in assessment reports covering these programmes. Neither the geochemical sampling nor the geophysical surveys proved to be useful exploration tools on the Central Zeballos Property.

The Central Zeballos Mine

By C. C. STARR

THE property of the Central Zeballos Gold Mines Ltd. consists of a block of ten claims situated about six miles northeast of the town of Zeballos, beginning immediately south of the forks of the Zeballos River, and extending well up toward the summit of the mountain.

The town of Zeballos, situated at the head of Zeballos Arm on the west coast of Vancouver Island, is the point of entry for the district and has tri-monthly freight and passenger service by C.P.R. boat from Vancouver and Victoria, and almost daily airplane service. The town was started in 1936 after rich strikes of gold ore had been made on the Privateer and other claims, and has progressed rapidly. At the present time it is the largest town on the west coast of the Island north of the Alberni Canal, and has comfortable hotels, stores, post office, radio-phone, etc., and a hospital and church are nearing completion.

From the town, a gravelled road extends up the east side of the river for about four miles and thence up Spud Valley a further two miles, past the Privateer and other mines, to the Spud Valley Mines (Trites). At the lower end of Spud Valley, the Central Zeballos trail branches off from the road and extends to the mines, a distance of slightly more than two miles. This is a good pack-trail for horses and could be made into a light tractor road without great expense.

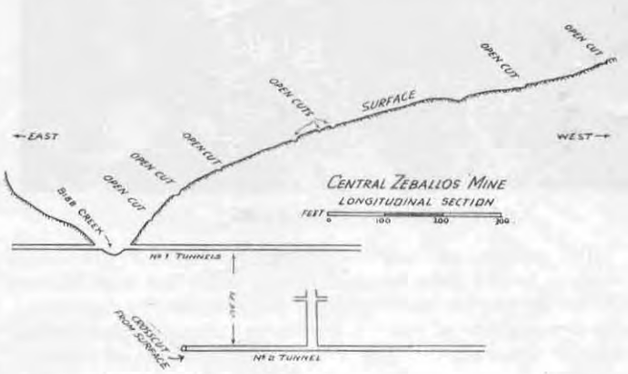
The Central Zeballos camp is situated on Bibb Creek about a half mile below the mine workings and can comfortably house about thirty men; the altitude is 700 feet. Below the camp the topography is comparatively smooth but, above, the slopes are steep and rugged and Bibb Creek flows through a steep walled gorge.

Air is compressed at the camp site by a Broom-Wade compressor of about 300 cu. ft. capacity, driven by a Ruston-Hornsby Diesel engine of 70 h.p., and is conveyed to the mine by 2700 feet of 4-inch pipe. An aerial tramway connects the camp and the lower tunnel. This is designed to be of the two-bucket, jig-back type, but at present is rigged as a single track, single bucket tram, operated by a hoist powered by an 85-h.p. Ford engine. This is used to take supplies up to the mine, and to take ore down—both high-grade for shipping and mill-grade ore for storage. This is necessary as the tunnels are driven into the steep wall of Bibb Creek where there is no place to store ore in safety from the torrential floods that occasionally fill the creek.

Geology and Veins

The claims of the Central Zeballos Company lie near the northeastern margin of the granodiorite batholith with which the ores of the district are generally associated, and which is intrusive into the volcanics and sediments of the Vancouver Group which are of Triassic age. They have been subdivided by H. C. Gunning of the Geological Survey into the Karmutsen Volcanics, which are overlain by the Quatsino Limestones, and they, in turn, by the Bonanza Volcanics.

The northern, or lower, part of the property is covered by the Quatsino Limestones and a small area of the underlying Karmutsen Volcanics. The southern, or upper, two thirds of the property covers an area of granodorite, except for a tongue of limestone which pojects from the eastward approximately to the centre of the property. Between the main body



of the limestone and the tongue there is a large "bay" of granodiorite extending a couple of thousand feet to the eastward. The granodiorite is rather fine grained, hard, and massive. It shows frequent joints and narrow shears, the most most prominent ones striking in a northeasterly direction, and is cut by a number of dikes of varying strike.

Most of the dikes belong to two types, an andesitic type in which prominent feldspar phenocrysts occur in a finely granular ground-mass, and an aplitic type which is light colored and fine-grained. The former is the older and appears to have approximately the composition of the granodiorite, while the latter appears to be chiefly feldspar with a little quartz and no ferro-magnesian minerals. Both series of dikes are older than the veins.

Some of the granodiorite contains numerous large inclusions of basic rock which are probably engulfed fragments of the originally overlying volcanics; these are more noticeable along the vein than elsewhere, though possibly only on account of better exposures there.

A portion of the Central Zeballos camp. The power-house, new cook-house, and terminal of the aerial tramway are not shown in the picture.

Looking Across the Central Zeballos Property

The tongue, or very likely roof-pendant, of limestone which is two or three hundred feet in width has been highly altered by the emanations from the granodiorite intrusion, and now consists of marble, garnet, epidote, and other metamorphic minerals, together with varying amounts of metallic sulphides.

The gold vein, on which all the work on the property has been done, was discovered by Mr. O. T. Bibb in the bluffs along Bibb Creek; it has been traced west on the surface for about 700 feet by open-cuts, and has been found at one or two points to the eastward. The vein lies in granodiorite near the centre of the "bay," strikes east and west, and dips 75 degrees south. It more or less closely follows an irregular aplite dike which varies from a few inches to several feet in thickness. This dike has been traced on the surface considerably further to the west than the vein has, but has not been opened up sufficiently to show whether the vein still continues near it.

Development Operations and Results

Underground development on the vein is through three tunnels. Tunnels No. 1 East and No. 1 West are driven east and west from Bibb Creek at 1550 feet elevation for 125 feet and 408 feet respectively; the East tunnel apparently leaves the vein near the portal, but the West tunnel follows it continuously to the face. No. 2 tunnel is a crosscut from the west bank of Bibb Creek at 1375 feet elevation, which intersects the vein at 300 feet from the portal; from the point of intersection the vein has been followed westward for 528 feet, and a raise started at 220 feet from the crosscut.

In the No. 1 West and the No. 2 tunnel the vein proper varies from four inches to a foot and a half in width, and consists of from two to twelve inches of gouge, sometimes black with fine sulphides, zero to eight inches of crystalline quartz often showing comb structure, and containing pyrite, arsenopyrite, and sphalerite, often partially banded. Where greater width than one and a half feet of ore occur, the extra width is usually made up of stringers in highly altered granodiorite, or more commonly through partial replacement of shattered aplite with gold-bearing sulphides.

In the No. 1 tunnel the vein follows the aplite dike quite closely for most of the length opened, being sometimes in the dike, and sometimes on either wall. In the No. 2 tunnel the vein where first cut is ten feet south of the dike, but intersects it at fifty feet, and after following it for a short distance, crosses to the north side of the dike and thereafter parallels it about the drift width away. There is a little highly decomposed aplite in the vein west of the intersection, but whether it is the remains of a narrow offshoot from the dike, or fragments dragged into the vein fissure by faulting along the plane of the vein is not clear.

Alteration and bleaching of the granodiorite along the walls of the vein is very limited and seldom extends more than an inch or two from the fissure. There are several shears, or sheeted zones, in the granite, appearing both on the surface and in the tunnels, which strike northeast but do not offset the vein, nor are they themselves offset appreciably by the vein. They do not affect the value of the ore, but do tend to increase the width of pay-ore where they meet the vein. At a number of places in the drifts there are irregular bodies of somewhat altered, fine grained, black rocks which are probably included fragments of the volcanics into which the granodiorite was intruded. They do not appear to have any influence on the size and value of the vein.

To date, two shoots of commercial ore have been partially developed, one 35 feet long by 26 inches wide, and the other 205 feet long by 14 inches wide. From these, a few tons of ore have been shipped, but on account of the friable and gougy character of the ore it does not lend itself to efficient sorting, and, as transportation costs are high, no large shipments have been made. The average grade of the ore-shoots is, however, sufficiently good to make excellent mill ore, even after allowing for dilution by barren wall-rock in stoping. As an example of the grade of ore encountered, take the last few rounds of current work in the raise, which shows an average assay of 3.8 oz. gold per ton over a width of 14 inches. This is somewhat higher than the average of the mine, but is not an unusual occurrence.

Besides the vein on which the work has been done, a number of small veins two inches and less in width are known on other parts of the property, and especially to the westward of the known outcrop of the main vein, where there are several parallel veins striking northeasterly. It is not known that these veins carry important values, but they are worth prospecting.

A thousand feet south of the main vein at about 2300 feet elevation there is a contact-metamorphic deposit around the borders of the limestone tongue, and especially strong mineralization along the north border. No work has been done on this deposit, but it is imperfectly exposed at several points where disseminated chalcopyrite, bornite, pyrite, and magnetite in considerable amounts occur in a gangue of garnetized limestone; it is also said to carry small amounts of gold. Neither the dimensions of this deposit nor the values in gold and copper are known, but the showing warrants exploration.

General geological conditions and the character of the mineralization at the Central are similar to those at most of the other mines of the district, although there are minor differences such as the occurrence of the vein at the Central along the aplite dike.

While not yet out of the prospect class, there is reason to expect that with further development the Central may become a substantial producer.

[Editor' Note: Reno Gold Mines Ltd. has now acquired control of the Central Zeballos mine and since March 16th has directed and financed operations.]

Head of Zeballos Arm, West Coast of Vancouver Island

GCNL #229 27-11-80 IMPACT RESOURCES INC. 92L/2W 092L 018

ACQUISITION OF OLD B.C. - Impact Resources Inc.have signed an agreement to acquire 100% interest in the Central Zeballos gold mine on northern Vancouver Island, B.C., subject to regulatory approval.

GOLD PRODUCER PLANNED

The history of this mine dates back to the 1938 - 1947 era. A small mining operation then produced a gross yield of 20,472 ounces of gold and 14,618 ounces of silver. An additional 3,578 ft. of drilling was done in 1966. High-grade copper mineralization along with gold and silver values was present in all holes.

placement.

92L/2W SW. Esl. - /87

New Impact Resources Inc. **NIP**

Shares issued: 1,439,112 **Jul 2 close: $0.47**

92L039

News Release

Mr. Geoffrey Wood reports:

The company announces that the first phase of an integrated two phase work program is scheduled to commence this summer at its Zeballos gold property on Vancouver Island. The company is the owner of 35 crown granted and reverted crown granted mineral claims at Zeballos consisting of four claim groups: Central Zeballos, Britannia B, Britannia M and Scafe. The property is a former producer and has had an extensive history of gold exploration and development.

Major objectives of the initial work phase will be to fully explore the Central Zeballos Main vein on surface, to test other vein structures on the Scafe and Central Zeballos claims, and to advance exploration on the eight other known veins on the Britannia B and M claims. Selection of drill targets will follow.

Stockwatch

212

GCNL #53 18 MAR 81 IMPACT RESOURCES INC. 92L/2W (092L 018) F

ADITS ARE BEING OPENED AT OLD ZEBALLOS GOLD PRODUCER - Impact Resources Inc. director R.F.Kent reports that the company have received regulatory approval to acquire the former gold producer, Central Zeballos Mine, located on the northwest coast of Vancouver Island, B.C. (GCNL 44(81) refers).

Reviewing past records, Donald Tully, P.Eng., says, "By 1947, when operations ceased, the Central Zeballos Mine had treated 41,655 tons of ore yielding 20,472 ounces of gold, 14,618 ounces of silver. The average grade was calculated at 0.491 ounce gold per ton valued at $292 using a price of $550 Canadian per ounce and 0.35 ounce of silver per ton valued at $4.91 using $14.00 Cdn. per ounce.

"Geological mapping in 1965 indicated the strike length of the main gold vein zone to be about 4,000 feet with an indicated dip length of 800 feet. The potential for developing new areas of gold ore in the plane of the main vein along the rake of the former stoped out zones appears to be favorable, particularly dOwn the dip and plunge of the ore zone towards the east.

Mr.Tully notes that, in 1964, W.M.Sharp,P.Eng., examined a surface copper showing about 600 feet south and some 700 feet above the top adit by surface trenching and sampling and that, in 1965, 3,578 feet were diamond drilled in 11 holes on the copper showing. The best drill results showed a value of 0.10 oz.gold and 3.00 oz.silver per ton plus 3.10% copper over a core intersection of 6.5 feet in Hole 3 at a depth of 291 feet. A megnetic survey indicated other anomalous zones of pyrrhotite. Mr.Tully concludes that the property is an excellent exploration bet in a geological environment favorable for development of new zones of gold, silver and copper. He recommends mine rehabilitation and diamond drilling to search for new ore. Mr.Kent reports that a crew will be on the property in mid-March to open the number 1 (top) and number 2 adits for underground investigation.

Mr.Kent adds that Impact's oil operations are continuing and management are reviewing new situations.

Impact's head office is at 1480-1055 W.Hastings St., Vancouver, phone 669-2799.

GCNL #128 7 JULY 81 IMPACT RESOURCES INC. (92L/2W) (092L 018)

INSPECTION STARTS IN OLD UNDERGROUND GOLD WORKINGS - The initial $25,000 program of Impact Resources Inc. has started on their former gold producer, the Central Zeballos mine on Vancouver Island. Contract miners R.F.Fry and Associates Ltd. are inspecting a substantial part of the mine to determine the condition of the underground workings. F

Impact recently obtained old maps including extensive assay results from the first three levels of underground workings dating back to the 1936 to 1949 era. This information will prove invaluable as development proceeds.

The next phase will be back sampling of existing and open levels of the mine and 4,000 feet of underground diamond drilling.

NO.42(1982)
MARCH 2,1982

GCNL #42
2MAR82

IMPACT RESOURCES INC. 92L/2W 092L 018

PROGRESS REPORTED ON B.C. GOLD & DOLOMITE PROPERTY - Richard F. Kent, secretary of Impact Resources Inc. reports that the president, Henry Roethel, has funded the company to the extent of $100,000 by way of a private placement at 35¢ per share which has enabled the company to initiate the second phase of their redevelopment program on the Central Zeballos mine located in the northwestern part of Vancouver Island. As reported earlier, this property was in production in the late 1930's and early 40's, producing over 20,000 ounces of gold at an average grade of 0.491 oz/per ton.

Impact have [illegible] the access to the 4,5,6,7,8 and 9 levels where the main vein is exposed on the backs, on the faces and on the floor of all drifts. On 16Feb82, an underground crew from R.F. Fry & Associates started extensive sampling under the supervision of consultant Don Tully, P.Eng.

Market research on the potential of the property's white dolomite deposit (magnesium carbonate) has progressed to the stage where seriously interested buyers now want proof of consistency of quality and reserves. To accommodate this, Aldi Enterprises Ltd. are now diamond drilling the deposit where No.9 level cross cuts the dolomite for a length of over 300 feet. The core will be analyzed by B.C. Research for purity, brightness, abrasion loss, viscosity, hardness, oil absorption, etc.

42N 212

GCNL 45(1989)

CANALASKA RESOURCES LTD. (CKE-V)

CENTRAL ZEBALLOS UPDATE - Results to date from diamond drilling at the Central Zeballos mine, 5 km north of Zeballos, northwestern Vancouver Island, B.C., has identified gold mineralization in the main vein structure ranging from 0.014 to 1.14 oz.gold/ton above the No.9 main crosscut level, and from 0.013 to 2.07 oz.gold/t below the No.9 level, reported Canalaska Resources president Harry Barr.

Drilling intersected the vein west of the No.4 and No.5 level drifts and on the No.6 and No.7 levels below the known western ore shoots on the No.5 level.

Drilling below the No.9 level intersected the vein to a depth of 120 feet below the main crosscut and below the raise. The intersection carrying 2.878 oz.gold/t is 120 feet below a zone near the raise rated as commercial grade in old mine records. Together this evidence indicates the existence of a new ore shoot, he said.

The geological examination and sampling of drill core is still in progress. Additional analytical results are expected to be received over the next six weeks.

Management is finalizing a $300,000 private placement for exploration of the Central Zeballos mine; and is negotiating a possible joint venture agreement on Canalaska's Rainbow Hill lode gold prospect in Alaska.

MANHATTAN MINERAL CORP. (MHN-V)

SHAREHOLDERS APPROVE CHANGE OF DIRECTION - Dennis L. Higgs, president of Manhattan Mineral Corp. reported that shareholders have approved the acquisition of 100% of the issued shares of and name change to Safety-Ject Medical Products Ltd. The company will take immediate steps to effect these changes. (SEE GCNL NO.24, P.2, 3FEB89 FOR DETAILS).

The company's interest in the Border Mine property, Arizona has been dropped due to marginal exploration results. An interest has been earned in the Golden Sidewalk property, Bralorne area B.C., and Manhattan is evaluating its future plans for this property.

George Cross News Letter

NO.52(1989)
MARCH 15, 1989

92L2/2 92H5E

CANALASKA RESOURCES LTD. (CKE-V)

PHASE 3 DRILLING TO BEGIN IN ZEBALLOS - CanAlaska Resources Ltd. reported an agreement with C.M.P. 1989 Resource Partnership & Company Ltd. for a private placement of shares totalling $190,000. The proceeds will fund the third phase of drilling to begin immediately and targeted for a section below the No.9 level at the Central Zeballos mine at Zeballos, Vancouver Island, B.C. with an over-all objective of defining proven ore reserves of between 250,000 and 500,000 tons averaging 0.35 oz.gold/ton.

Previous results from diamond drilling have identified gold mineralization in the main structure ranging from 0.014 to 1.14 oz.gold/t above the No.9 level, and from 0.013 to 2.070 below the No.9 level.

104B

SILVER PRINCESS RESOURCES INC.(SVP-V) reports that NIM and Company, Limited Partnership - 1989 has agreed to a private placement purchase of up to 680,000 flow through shares at 50¢ each for proceeds of $340,000. The proceeds will be used for exploration of the Dunwell gold-silver property about 4 miles north of Stewart, B.C.

CORONA CORPORATION (ICR.A,ICR.B-T,V,M,AMEX)

WITHOUT THE WILLIAMS MINE	15 MONTHS ENDED DEC.31/88	12 MONTHS ENDED SEPT.30/87
Operating Revenues	$187,500,000	$82,300,000
Earnings Bef.Extra Item	26,500,000	19,000,000
Net Earnings (loss)	(82,000,000)	45,200,000
Per Share	(67¢)	41¢
Shares Issued	129,300,000	102,500,000
WITH THE WILLAIMS MINE		
Operating Revenues	$306,000,000	$149,300,000
Earnings Bef.Extra Item	53,100,000	33,800,000
Net Earnings (loss)	(55,400,000)	60,100,000
Per Share	(47¢)	55¢

* The company changed its year end from Sept.30 to Dec.31 resulting in a five-quarter fiscal period.

FIRST DIVIDEND DECLARED - Corona Corporation has declared its first common share dividend of 5¢ payable to Corona Class A and B shareholders on May 31,1989, record May 15,1989.

Corona has adjusted the ore reserves at the Nickle Plate property near Hedley, B.C. from 9,400,000 tons of 0.133 oz.gold/ton at Sept.30,1987 to 9,100,000 tons of 0.088 oz.gold/t at Sept.30,1988; and the carrying value of the Nickle Plate mine has been written down by $108,000,000 to $51,000,000 and recorded as an unusual item in the latest fiscal period. A gain associated with the sale of Mascot Gold Mines Limited, a predecessor company, was recorded as an unusual item for the 12 months ended Sept.30,1987.

Exploration at Nickle Plate and on neighbouring properties in which Corona or associated companies have interests has been accelerated. At the Canty deposit, a previously indicated geological reserve of 650,000 tons of 0.154 oz.gold/t has been redrilled and an economic evaluation of an open pit reserve will start in March.

At Corona's 50% owned David Bell mine reserves have increased to 8,100,000 tons, grading 0.373 oz.gold/t at Dec.31/88.

Effective Jan.1,1989, Corona exercised its option to buy a further 5% interest in the Renaibe mine for $1,160,000 and now owns 55% of the mine.

Including production from the Williams mine, gold production for 1989 is forecast at some 635,000 ounces at an average production cost of about US $210 per oz. gold.

Underground diamond drilling was carried out from December 1, 1988 to April 3, 1989. A total of 2,211 metres (7,253 feet) were drilled in 21 holes. The drilling tested the main vein structure between the No. 5 and 9 levels as well as below the No. 9 level. The two programmes carried out by CanAlaska were completed at a total cost of approximately $600,000.00."

Geology

The Report then discloses, at pages 7 through 15, the following:

Regional Geology

"The Zeballos River area was mapped initially by H.C. Gunning of the Geological Survey of Canada ("G.S.C.") in 1932 as part of a regional map covering an area of 142 square miles. Gunning's report and map are a part of the G.S.C. Summary Report 1932. The most recent geological work in the area was compiled in 1977 by J.E. Muller as G.S.C. Open File 463....

The oldest rocks in the area are Triassic volcanics and sediments correlated with the Vancouver Group in the Nimpkish Lake region. In the Zeballos area the group is represented by two formations. The lower is the Karmutsen Formation comprising mafic to intermediate volcanics and volcaniclastics; overlying the Karmutsen volcanics is the Quatsino limestone. These rocks lie in fault contact along the northern branch of the Zeballos River north of the property. Early Jurassic Bonanza Group volcanics overlie the Vancouver Group on the southwest portion of the Britannia Claims.

The volcanic and sedimentary rocks were intruded in part and replaced by a Jurassic Island intrusion of granodioritic to quartz dioritic composition which outcrops in a northwesterly trending body predominantly north of the Zeballos River. A younger intrusive named the Zeballos (quartz diorite) Batholith, which has been dated at 38 Ma (Tertiary - Oligocene/Eocene) intrudes all older rocks and outcrops in a southeasterly trending body south of the Zeballos River.

The gold bearing quartz veins are believed to have been emplaced during the late stages of the Tertiary quartz diorite intrusion along with mafic and felsic dykes which are seen both to crosscut and be crosscut by the veins."

Regional Mineralization

"The mineral deposits of the Zeballos Camp have been investigated and described by geologists of the Minister of Mines of B.C. and the Geological Survey of Canada since 1908. Descriptions given by J.S. Stevenson (1935 to 1948) and by Bancroft (1940) have been found to be accurate and informative. The Zeballos camp is well known for its' rich gold bearing quartz veins which produced a total of 287,811 ounces of gold between 1934 and 1948."

Vein Structure

"These veins comprise quartz and sulphides in well defined fault fissures which are rarely more than a foot in width but maintain fairly uniform strikes and dips for considerable distances. The gold bearing material occurs as lenticular bodies,

often referred to as ore shoots, within the consistent structures making reserves difficult to block out by diamond drilling.

Some of the gold bearing veins occur in sheeted zones comprised of joints spaced 2 to 8 inches apart over widths of up to 4 feet. Although narrow gouge films and quartz sulphide stringers line these joints the gold grades over the 4 foot width are often less than in the narrower but solid veins. These sheeted zones often grade into narrow shears containing high grade lenticular quartz sulphide veins."

Vein Composition

"The vein material comprises sulphides and gold occurring in a gangue of quartz and minor carbonate. Gold grades appear to have an inverse relationship to the amount of carbonate in the gangue. Films of gouge usually line the walls to the quartz sulphide veins. Banding occurs both between the quartz and sulphides and between the sulphides themselves indicating a sequential deposition. The quartz occurs in a comb texture made up of pyramid shaped crystals with sulphides often occurring between crystals. Sulphides comprising pyrite, sphalerite, arsenopyrite, chalcopyrite, galena, pyrrhotite and minor marcasite make up from 10 to 50%, averaging 25%, of the vein material.

Crushed country rock occurring in vein shears with gold bearing stringers and disseminated pyrite are usually low in gold content. Brecciated vein matter characterizes many of the parts of the veins and includes fragments of wall rock up to 10 inches across. Some of the wall rock fragments have been totally replaced by silicification. Where this has not occurred the wall rock tends to dilute the mineralization. Visible gold often occurs in the veins but commercial ore may not contain any gold visible to the naked eye. The Privateer and the Goldfield veins are the best known for gold crystals and hackly masses of visible gold. Gold distribution in the quartz sulphide ore is directly proportional to the sphalerite and galena content. This evidence suggests that these materials were precipitated from the same solutions although banding evidence indicates that the gold was deposited slightly later than the base metals. As a rule quartz veins containing pyrite and arsenopyrite without sphalerite and galena do not contain very much gold. The entire depositional sequence is believed to have started with pyrrhotite and some sphalerite followed by arsenopyrite, pyrite, sphalerite, chalcopyrite, galena, and gold. Mineral associations with gold are varied: it replaces arsenopyrite, pyrite, and galena and occurs along the contact of quartz and the various sulphides, galena, sphalerite and pyrite. It also occurs entirely surrounded by quartz or moulded around the ends of prismatic quartz crystals.

The deposition of quartz appears to have started soon after the pyrrhotite and to have been repeated several times before the final stages of mineralization. The earliest quartz is dark grey and contains fine grained arsenopyrite and pyrite. This grey quartz forms the wall to most gold bearing veins as well as most of the gangue in narrow veins. A second stage quartz is white while a third and last stage quartz is white and barren of both sulphides and gold."

(...)

Property Geology

"The Triassic Karmutsen volcanics underlie the northern portion of the Scafe and Britannia B claim groups just south of the Zeballos River. These volcanics comprise basaltic lava, pillow lava, breccia and tuff.

PROPERTY FILE

Zeballos
92L/2W 012799
92L 212

SUPERINTENDENT OF BROKERS
- AND -
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS #43/89

EFFECTIVE DATE: August 18, 1989

CONSOLIDATED IMPACT RESOURCES INC. (formerly "New Impact Resources Inc.") (the "Issuer"), of 1840 - 200 Granville Street, Vancouver, British Columbia, V6C 2R6; Telephone: (604) 683-8386

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

2550 - 555 West Hastings Street, Vancouver, British Columbia, V6B 4N5

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

MONTREAL TRUST COMPANY OF CANADA, of 510 Burrard Street, Vancouver, British Columbia, V6C 3B9

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

OFFERING

1,800,000 COMMON SHARES WITHOUT PAR VALUE

	Price to Shareholder (estimated)(1)	Costs (estimated)(3)	Estimated Net Proceeds to the Issuer from Offering
Per Share:	$ 0.30	$ 0.04	$ 0.26
Total:	$540,000(2)	$72,000	$468,000

(1) To be calculated in accordance with the Rules of the Vancouver Stock Exchange.
(2) In addition, the Agent will be granted 900,000 Agent's Warrants as described in the section captioned "Plan of Distribution" herein.
(3) Before deducting the costs of this Offering, estimated to be $20,000, which will be paid by the Issuer.

THE ISSUER IS, UNDER THE RULES OF THE VANCOUVER STOCK EXCHANGE, A DEVELOPMENT COMPANY.

Rcvd 10/04/89