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Yalakom 013153
920/2E

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS (#01/90)

EFFECTIVE DATE: JANUARY 18, 1990

THIS IS A VENTURE COMPANY

920 012

CONSOLIDATED BALSAM RESOURCES INC. (formerly "Balsam Resources Inc.")
6017 Larch Street, Vancouver, British Columbia, V6M 4E5, (604)263-4681
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

1600 - 609 Granville Street, Vancouver, British Columbia V7Y 1C3
ADDRESS OF REGISTERED AND RECORDS OFFICE FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

MONTREAL TRUST COMPANY
510 Burrard Street, Vancouver, British Columbia, V6C 3B9
NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 1,300,000 Shares

	Estimated Price to Public*	Estimated Agent's Commission	Net Proceeds to Issuer
Per Share	\$0.16	\$0.01	\$0.15
Total:	\$208,000	\$13,000	\$195,000**

* To be calculated in accordance with the rules of the Vancouver Stock Exchange.
** Before deduction of the cost of this Offering estimated to be \$10,000.

THE ISSUER HAS RECENTLY CONSOLIDATED ITS SHARE CAPITAL ON THE BASIS OF ONE NEW SHARE FOR TWO OLD SHARES AND CHANGED ITS NAME TO "CONSOLIDATED BALSAM RESOURCES INC." APPROVAL FOR THIS NAME CHANGE AND SHARE CONSOLIDATION WAS OBTAINED PURSUANT TO THIS STATEMENT OF MATERIAL FACTS. THE ISSUER ALSO RECEIVED APPROVAL FOR THE ISSUANCE OF 572,979 POST-CONSOLIDATION ESCROWED PRINCIPALS SHARES PURSUANT TO THIS STATEMENT OF MATERIAL FACTS. THESE SHARES WILL NOT BE ISSUED UNTIL COMPLETION OF THE OFFERING HEREUNDER. ALL REFERENCES HEREIN ARE TO CONSOLIDATED SHARES UNLESS OTHERWISE STATED. REFER TO THE HEADINGS "CORPORATE INFORMATION" AND "PARTICULARS OF ANY OTHER MATERIAL FACTS".

MR. KEN NEWTON, PRESIDENT AND DIRECTOR OF THE ISSUER, HAS AGREED TO PURCHASE 300,000 SHARES FROM THE OFFERING. REFER TO THE HEADING "PLAN OF DISTRIBUTION".

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.

MINISTRY OF ECONOMIC DEVELOPMENT
AND ENERGY RESOURCES

AGENT

HAYWOOD SECURITIES INC.
Suite 1100, 400 Burrard Street
Vancouver, British Columbia
V6C 3A6
(604)643-1100

Rec'd Feb. 26/90

MAR 1 1990

KAMLOOPS B.C.

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 representation to the contrary is an offence.

1. PLAN OF DISTRIBUTION

Offering

The Issuer by its Agent hereby offers (the "Offering") through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,300,000 common shares (the "Shares"). The Offering will be made on a day (the "Offering Day") within the period of one hundred eighty (180) days following the Effective Date of this Statement of Material Facts (the "Effective Date" being the date of acceptance of this Statement of Material Facts by the Exchange and Superintendent of Brokers for British Columbia as noted on the cover page of this Statement).

The price of the Shares (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, at a discount from the average trading price (the "Average Price") of the Issuer's common shares as traded on the Exchange and as determined by the Exchange, but not less than \$0.16 per Share.

The purchaser of any Shares will be required to pay commission rates at the Agent's rate or at the rate charged by other Exchange members.

The Offering is to be done on a "best efforts" basis. The Offering is subject to a minimum subscription of 1,300,000 shares.

Mr. Ken Newton, President and Director of the issuer, has agreed to purchase 300,000 Shares from the offering. The proceeds from the sale of these Shares will be used to repay liabilities to Mr. Newton in the amount of \$44,997 as of October 31, 1989.

Appointment of Agent

The Issuer, by an Agreement dated August 29, 1989 as amended December 1, 1989 (the "Agency Agreement"), appointed Haywood Securities Inc. as its agent (the "Agent") to offer through the facilities of the Exchange the one million three hundred thousand (1,300,000) Shares.

The Issuer will pay the Agent a commission of \$0.01 per Share.

The Issuer has granted the Agent a right of first refusal with respect to any future equity financing it may require during the twelve (12) month period following the Offering Day.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated at any time prior to the opening of the market on the Offering Day, at the Agent's discretion, on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

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

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

The Agent may be considered the market maker of the shares of the Issuer during the period of distribution of the Shares offered by this Statement of Material Facts and may, subject to the by-laws of the Exchange, make purchases and sales of the shares of the Issuer for the purpose of maintaining an orderly market for the shares of the Issuer and to assist in the distribution of the Shares.

REPORT ON THE
YALAKOM PROPERTY

Lillooet Mining Division

N.T.S. Map - Sheet 92 0/2E

for

BALSAM RESOURCES INC.

by

R.R. Culbert, Ph.D., P. Eng.
D.G. Leighton, B.Sc., F.G.A.C.

July 27, 1989

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YALAKOM PROPERTY
Lillooet Mining Division, B.C.

SUMMARY

The Yalakom property consists of eight claims located about 240 kilometres north of Vancouver, B.C. These are part of the Elizabeth gold camp explored by Bralorne Mines Ltd. in the late 1940's. The No. 9 vein on the Yalakom claims was developed in 1949 and 1950 with 980 feet of drifting. At that time a 165 foot length was reported to average 0.94 oz. gold per ton (cut) across a 1.21 ft. width or 0.38 oz. gold per ton across a mining width of 3.28 ft. (Thompson, 1957).

More recent work by Phendler (1982) has indicated present reserves of over 4000 tons with an average diluted grade of 0.77 oz. gold per ton. Sampling carried out in 1983 suggested that gold mineralization occurs in three zones or shoots. Zone 1 grades 1.294 oz. gold per ton over 1.403 ft. for 160 ft. Zone 2 grades 0.741 oz. gold per ton over 2.03 ft. for 50 ft. and Zone 3 grades 0.601 oz. gold per ton over 1.43 ft. for 35 ft. (Phendler, 1983).

Subsequent surface drilling showed that the veins are multiple, some with appreciable gold content (Culbert & Leighton, 1987). Surface drilling in 1987 demonstrated the continuity of the quartz vein system along strike but, due to practical difficulties, did not reach the area projected to be the down-dip continuation of the main ore shoot.

It is known from previous results that gold mineralization on the Yalakom property occurs in irregular shoots within a complex quartz vein system. Little is known however, about the attitude of the veins and the mode of gold occurrence within the veins. Erratic but extremely high grades are present in at least three distinct zones and multiple veins exist with appreciable gold content. The steep nature of existing topography limits the value of further surface diamond drilling.

A program involving detailed mapping, adit rehabilitation and underground work is recommended at an estimated cost of \$30,000.

INTRODUCTION

At the request of Mr. J.K. Newton, President of Balsam Resources Inc., the writers reviewed current and past data on the Yalakom property. Since the writers last reported on the claims there have been a number of developments.

A surface drilling program was completed in June, 1987 and the No. 9 adit was rehabilitated. Also, surface and underground exploration work carried out on the adjoining Elizabeth Mine property in 1989 produced a number of significant new gold discoveries.

This report summarizes results of the above work and recommends a follow-up program for a total cost of \$80,000. The recommended work program is comparable to that suggested by geologists M.F. Lancaster and J.L. Hardy in a report dated July 10, 1987.

Location and Access (see figure 1)

The Yalakom property is located approximately 240 kilometres north of Vancouver and 40 kilometres northeast of the Bralorne gold mine. It is situated at an elevation of about 2,300 metres (7550 feet) on the eastern slope of Big Dog Mountain. Road access is from Lillooet along the Gold Bridge Road for 22 kilometres to Moha, then up the Yalakom River Road for 58 kilometres to a rough road which runs along Blue Creek to the claims and the Elizabeth Mine.

The Elizabeth Mine workings are at an elevation of 1994 metres. The No. 9 adit of the Yalakom property is situated about 280 vertical metres above and 1.5 kilometres to the west at 2274 metres elevation. A rough road extends between Elizabeth Mine and the No. 9 adit portal.

The high elevation of the Yalakom property limits access to the summer and early fall months.

BALSAM RESOURCES INC.

YALAKOM PROPERTY

LILLOOET MINING DIVISION

NTS: 92 0/2E

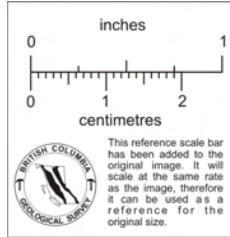
BRIDGE RIVER AREA

LOCATION MAP

BY: D.G.L.

JULY, 1989

FIGURE: 1



[Handwritten signature]

Property (see figure 2)

The Yalakom property consists of the following reverted crown granted mineral claims all located in the Lillooet Mining Division.

Claim	Record No.	Lot No.	Expiry Date	Acreage
Yalakom 1	594	7408	March, 1990	36.84
Yalakom 2	595	7409	March, 1990	47.96
Yalakom 3	596	7410	March, 1990	42.03
Yalakom 4	597	7411	March, 1990	48.99
Plateau 5	598	7416	March, 1990	50.30
Plateau 6	599	7417	March, 1990	51.65
Plateau 7	600	7418	March, 1990	31.82
Plateau 8	601	7419	March, 1990	45.98
			Total	355.57

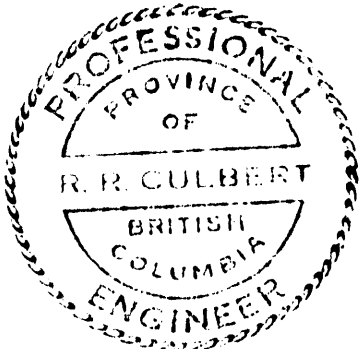
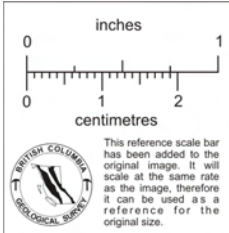
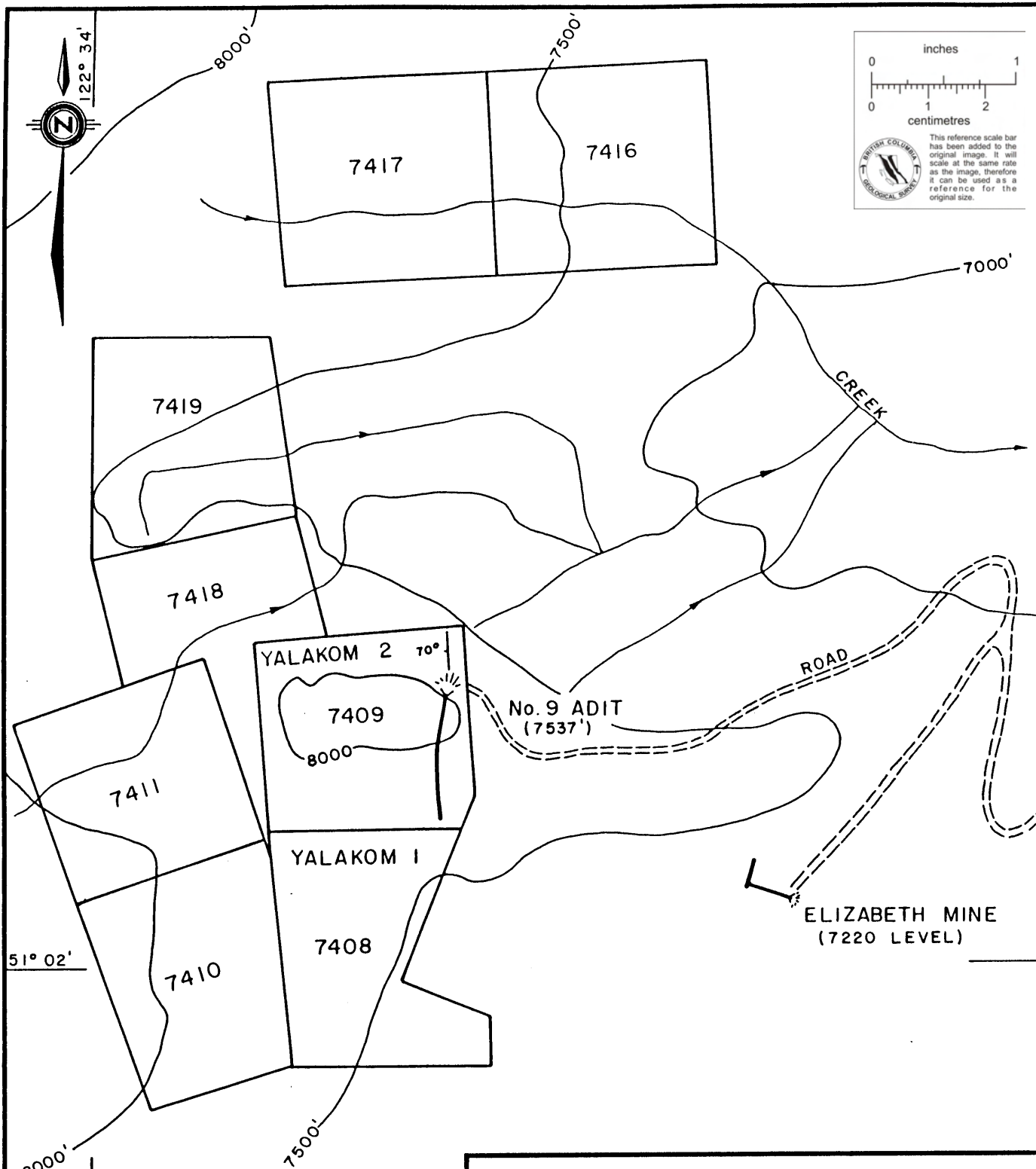
Physiography

The Yalakom property is entirely above tree line on the eastern side of Big Dog Mountain. Slopes are mainly talus covered permafrost soil with occasional outcrop. This creates considerable practical difficulties to surface exploration beyond the No. 9 adit portal.

History

In 1948 Bralorne Mines discovered boulders of high grade gold float on a talus slope on what is now the Yalakom 2 claim. Trenching exposed a 2-3 foot wide north-striking vein traceable for 200 feet. A total of 807 feet of drifting was completed on this No. 9 vein in 1949 and 1950. Although the drift contained encouraging values in gold, it did not produce the spectacular free gold which had characterized the float. A reserve of 800 tons containing 1770 oz. of gold was calculated by W. H. White in 1956, based on an earlier undated assay plan, (White, 1957).

Bralorne assay plans appear to record only significant gold assays and cover only 164 feet of the total 820 foot length of the adit. Assays reported showed 1.23 feet of uncut 1.45 oz. gold per ton or diluted 3.0 foot width of 0.38 oz. gold per ton with high grades cut to 3 oz. gold (Thompson, 1957).



DR

BALSAM RESOURCES INC.	
YALAKOM PROPERTY	
LILLOOET MINING DIVISION, B.C.	NTS: 92 0/2E
BRIDGE RIVER AREA	
CLAIM MAP	
SCALE 1:12 500	
DATE: JULY, 1989	FIGURE No. 2
BY: D.G.L.	

Based on Bralorne's sampling, Phendler (1982) estimated reserves over 4000 tons grading 0.77 oz. gold per ton (assuming 20% dilution on the 1.23 feet vein) calculated as follows:

a) Tonnage calculation (above the level):

$$\frac{165\text{ft.} \times 165\text{ft.} \times 1.50\text{ft.}}{10 \text{ cubic feet per ton}} = 4,083 \text{ tons}$$

b) Grade calculation:

$$0.94 \text{ oz Au/ton diluted } 20\% = 0.77 \text{ oz/ton}$$

Phendler proposed extraction by resuing, a type of cut-and-fill stoping wherein the vein is extracted first and the stope is widened to a practical working width with the material remaining in the stope.

In 1983, the backs of No. 9 adit were systematically sampled under Phendler's supervision (Phendler: August 22, 1983). A continuous quartz vein exists throughout. Results are tabled below.

Zone	Footage from Portal	Length	Width	Uncut Grade (oz/t Au)	Diluted Grade (oz/t Au)
1	105'-265'	160'	0.89'	2.019	1.294/1.40'
2	365'-415'	50'	1.53'	0.983	0.741/2.03'
3	600'-635'	35'	0.93'	0.926	0.601/1.43'

Overall 13 of 135 samples assayed more than one ounce gold per ton. These results indicated that the gold bearing quartz vein is continuous throughout about 800 feet of the adit.

A bulk (175 kg) sample of selected vein material indicated no problems with treatment, and recovery in the 85-90 percent range (Phendler, 1982). Limited surface work by Phendler (1982) suggested that the vein can be traced for 400 metres on surface.

In 1984 three diamond drill holes explored the No. 9 vein below the adit level. Several gold-bearing quartz veins were intersected with the best reported intersection of 1.09 oz. gold per ton across 0.7 feet in hole 84-1. Phendler (1984) concluded that mineral Zone 1 rakes to the south and projects down dip for at least 115 feet, and estimated an additional

1670 tons of drill indicated reserves at 0.38 oz. gold per ton. More generally the drilling showed that the veins are present, some with appreciable gold content.

In July 1987 a program of surface diamond drilling as outlined by Culbert and Leighton (1987) was initiated. This program had the objective of approximately outlining the downward continuation of main ore shoots within the No. 9 vein. This drilling demonstrated the continuity of the quartz vein system but, due to practical difficulties, the holes did not reach the target - the projected down-dip ore shoot extension area.

Figure 3 entitled "Composite Assay Plan - No. 9 Adit" is a compilation of all assay information that the writers have been able to acquire from the Yalakom property tunnel area. Also shown is the location of the 1984 diamond drill holes (DDH 84-1 to DDH 84-3) relative to the underground workings.

GEOLOGY AND MINERALIZATION

The claims are underlain by peridotite intruded by dioritic porphyries, chiefly quartz diorite. The vein explored is in porphyry. Bedrock is at or close to the surface on the upper flanks of the ridge but is obscured by loose rock. Outcrops are scarce on the rubble-covered lower slopes.

The peridotite is typical of that in the rest of the Shulaps ultrabasic complex. Most of it is intensely serpentinized.

A zone of silica-carbonate alteration of serpentinized peridotite is exposed at intervals over 1,000 metres, from the northwest corner of Yalakom No. 1 claim to the northern part of Plateau No. 2 claim. The silica-carbonate rock resists erosion and stands as a rusty uneven rib on the hillside. This is referred to locally as "the Bralorne dyke." The exposed parts range from 10 to 30 metres in width and appear to be vertical. It lies between serpentinized peridotite on the west and quartz-diorite porphyry on the east. The alteration of the porphyry along parts of the zone, especially at its northern end, is due to the action of hydrothermal solutions guided by what may be a fault or merely the intrusive contact of porphyry against peridotite.

Typical porphyry in the main outcrop area is grey on both fresh and weathered surfaces. Crystals of plagioclase and hornblende, the most conspicuous constituents, are surrounded by smaller (medium to fine) grains of the same minerals. Quartz occurs in considerably lesser amounts and is not

everywhere visible. Biotite is present in some of the rocks, which differ in appearance because the groundmass is finer and darker.

Smaller outcrops, some of which may be continuous with the main masses, range in appearance from distinctly porphyritic to equigranular, and in composition from quartz-rich diorite to diorite. Some contain introduced quartz.

Historic reports suggest (White, 1957) that the No. 9 vein is substantially narrower than the Elizabeth vein, but it is higher grade and a greater part of its length contains gold. The best mineralized shoots were believed to occur in places of cross fracturing and small strike deflections, and the vein was reported to dip at approximately 70° west.

PROGRAM RESULTS 1987

In the summer of 1987 an attempt was made to extend the Yalakom property access road to the southwest. The aim was to construct a series of drill stations opposite and immediately west of the Zone 1, 2 and 3 ore shoots. Permafrost in the steep talus slopes involved made it impossible to achieve this objective without undue risk to the equipment operators. Nevertheless, one long hole was drilled toward Phendler's Zone 1 shoot. Although this hole (DDH 87-2) failed to reach the target it did intersect a series of narrow quartz veins which are interpreted to be the subsidiary systems to the main structure containing the Zone 1, 2, and 3 shoots, based on a comparison to secondary veins seen adjacent to the main structure in the 1984 drill holes. The relative location of the 1987 drill hole is shown on figure 3; however, since the target structure was not intersected and no significant assay results were returned, nothing economically significant was achieved. The presence of the secondary veins at depth does, however, suggest a probable downward extension to the main gold-rich vein.

CONCLUSIONS

Gold mineralization in the No. 9 adit has good continuity over substantial lengths in three known zones. There is little recent information about the habit of gold mineralization, vein attitude or gold continuity up and down dip; however, good possibilities exist for the discovery of additional gold-bearing sections within the No. 9 adit to the south. As surface work has been limited to date, little is known regarding the potential of other parts of the property for hosting additional gold-bearing veins.

The surface portion of the recommended program coupled with mapping of the No. 9 adit are designed to provide further information on the vein. These data will be used to direct placement of subsequent underground diamond drill holes.

RECOMMENDATIONS

Based on the conclusions stated, the following exploration program is recommended.

Following geological mapping combined with a survey of vein attitudes and morphology, underground drill stations should be constructed. Upon completion of sub-drift development to enable drill testing of vein extension to the south a series of short fanned holes should be drilled. This will test for possible increases in vein thickness of the high grade 1, 2, and 3 zones, and test for the possibility of similar zones to the south.

COST ESTIMATE

I. SURFACE WORK

a.	GENERAL		
	Mobilization and camp		\$ 4,500.00
b.	GEOLOGICAL MAPPING,		
	Specifically to provide additional		
	data on vein attitude & morphology.		
	geologist, assistant	10 days	4,250.00
	room & board	20 days @ \$25	500.00
	transport	10 days @ \$25	500.00
	supplies		500.00
	assays	120 @ \$15	1,800.00
	base map		500.00
	petrographic work		<u>500.00</u>
			8,550.00
c.	GEOLOGICAL MAPPING NO.9 ADIT		
	geologist	5 days @ \$275	1,275.00
	assistant	8 days @ \$150	1,200.00
	assays: checks & other	50 @ \$15	<u>750.00</u>
			3,225.00

II.	ADIT and PORTAL REHABILITATION		
	improvement of portal and station		
	construction to facilitate		
	underground drilling		20,000.00

III.	UNDERGROUND WORK		
	sub-drift development; series of		
	short fanned holes to the south;		
	underground diamond drilling;		
	assays 665 m @ \$50/m		<u>33,225.00</u>

TOTAL			69,500.00
CONTINGENCIES 15%			<u>10,500.00</u>

GRAND TOTAL			<u>\$80,000.00</u>
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CERTIFICATIONS

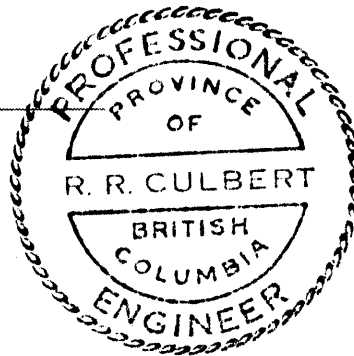
I, R. R. Culbert, hereby certify that:

1. I am a practicing Professional Geological Engineer with offices at 900 - 625 Howe Street, Vancouver, BC.
2. I am a graduate of the University of British Columbia, B.Sc. (1964), Ph.D. (1971).
3. I have practiced mining exploration for twenty-two years, most of which was based in British Columbia.
4. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
5. I have no interest, directly or indirectly, in the properties or securities of Balsam Resources Inc.
6. I have personally examined the Balsam Resources Inc. property on which this report is based.

DATED at Vancouver, British Columbia, this 27th day of July, 1989.

R. R. Culbert

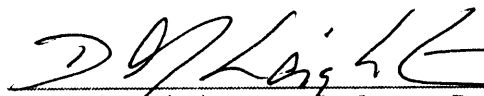
R. R. Culbert, Ph.D., P. Eng.

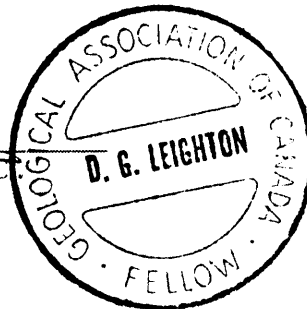


I, D. G. Leighton, hereby certify that:

1. I am a Professional Geologist with offices at 3155 West 12th Avenue, Vancouver, BC.
2. I am a graduate of the University of British Columbia, B.Sc. (1968).
3. I have practiced mining exploration for twenty-five years, most of which was based in British Columbia.
4. I am a member (Fellow) in good standing of the Geological Association of Canada.
5. I have no interests, directly or indirectly, in the properties or securities of Balsam Resources Inc.
6. I have personally visited the Yalakom property, on which this report is based, and supervised the most recent phase of work carried out.

Dated at Vancouver, British Columbia, this 27th day of July, 1989


D. G. Leighton, B.Sc., F.G.A.C.



REFERENCES

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DDH 87-2
-70°

DDH 84-3
-40°

DUMP

PORTAL

DDH 84-1
-45°

DDH 84-2
-40°

BRALORNE
MINES

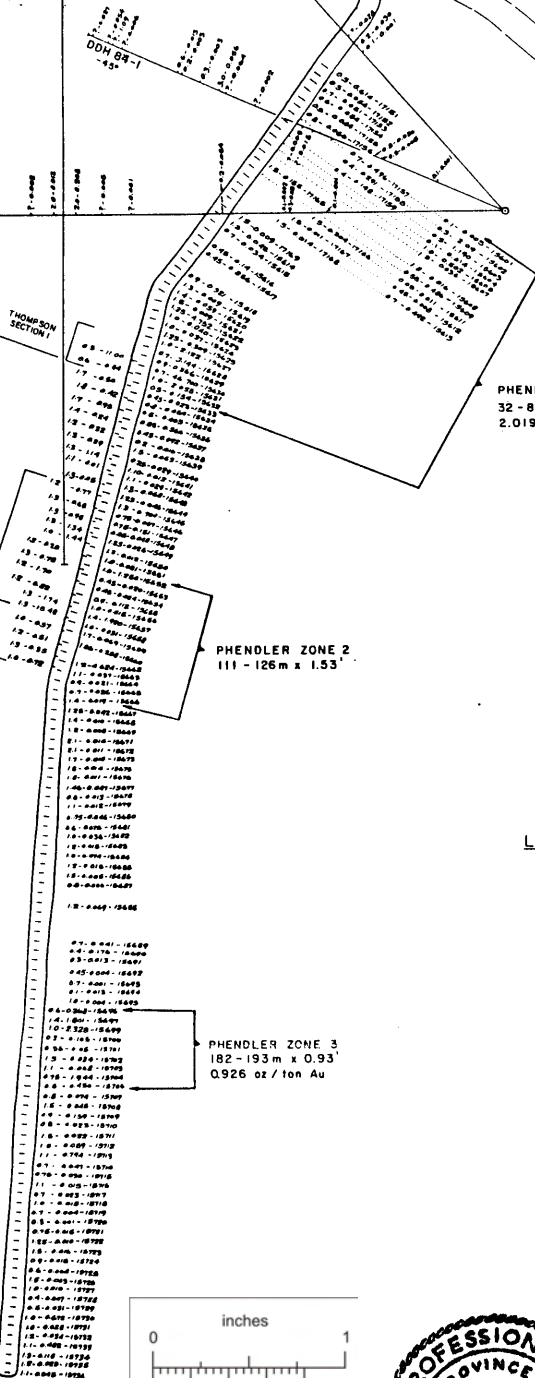
THOMPSON
SECTION 1

THOMPSON
SECTION 2

PHENDLER ZONE 1
32 - 80.7 m x 0.893'
2.019 oz / ton Au

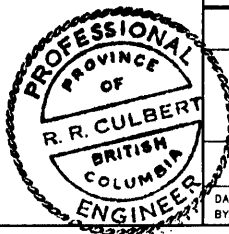
PHENDLER ZONE 2
111 - 126 m x 1.53'

PHENDLER ZONE 3
182 - 193 m x 0.93'
0.926 oz / ton Au



LEGEND:

- DIAMOND DRILL COLLAR
- SAMPLE LOCATION
- WIDTH IN METRES
- GOLD IN oz / ton
- SAMPLE NUMBER



BALSAM RESOURCES INC.

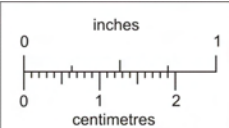
YALAKOM PROPERTY
BRIDGE RIVER AREA NTS: 92 0/2E

COMPOSITE ASSAY PLAN
No. 9 ADIT

DATE: JULY, 1989
BY: D.G.L.

SCALE 1:500

FIGURE No. 3




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

CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

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 and its regulations.

Dated: January 15, 1990

THE ISSUER




JOHN KENNETH NEWTON
Chief Executive Officer



ROBERT BLAIR NEWTON
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS



GORDON FISH, Director

PROMOTER



JOHN KENNETH NEWTON

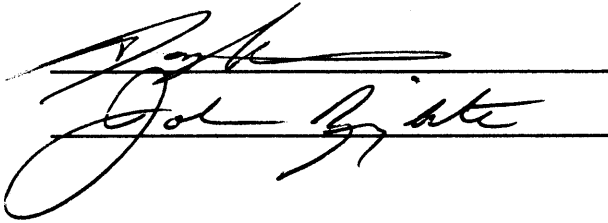
CERTIFICATE OF THE AGENT

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

Dated: January 15, 1990

HAYWOOD SECURITIES INC.

Per:



Handwritten signature of John Byrte, written in cursive and underlined with two horizontal lines.