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MINISTRY OF ENERGY, MINES
and PETROLEUM RESOURCES
APR 28 1991
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SMITHERS, B.C.

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GAB claims 104B
27, 282, 333-
to 339
Graveyard Property
Hixon Creek Property 9.35015
Mount Milligan 0930 194

SUPERINTENDENT OF BROKERS AND VANCOUVER STOCK EXCHANGE
STATEMENT OF MATERIAL FACTS (#5/91)
EFFECTIVE DATE: FEBRUARY 28, 1991
HIDDEN GOLD RESOURCES INC., #410, 1122 - 4TH STREET, S.W., CALGARY, ALBERTA,
T2R 1M1 TELEPHONE: (403) 233-7898
Name of Issuer, Address of Head Office and Telephone Number

12TH FLOOR, 1190 HORNBY STREET, VANCOUVER, BRITISH COLUMBIA, V6Z 2L3
Address of Registered and Records Offices of Issuer

MONTREAL TRUST COMPANY OF CANADA, 510 BARRARD STREET, VANCOUVER, BRITISH
COLUMBIA, V6C 3B9
Name and Address of Registrar and Transfer Agent for Issuer's Securities in
British Columbia

OFFERING: 600,000 UNITS * - each unit consisting of one common share
without par value and one Series "B" share purchase warrant. Two
Series "B" share purchase warrants entitle the holder to purchase
one common share of the Issuer.

* The Offering may be increased by up to 15% (or 90,000 units) to meet
oversubscriptions. See "Plan of Distribution".

Units	Estimated Price to Public(1)	Estimated Commission	Estimated Net Proceeds to be received by the Issuer(2)
Per Common Share	\$ 0.50	\$ 0.0375	\$ 0.4625
Total	\$300,000.00	\$ 22,500.00	\$277,500.00

- (1) The actual price to the public will be determined by the Issuer and the Agent in accordance with the rules of the Vancouver Stock Exchange but will not be less than \$0.40 per Unit.
- (2) Before deduction of the balance of the costs of the issue estimated to be \$20,000.00.

ADDITIONAL OFFERING: The Agent has agreed to purchase (the "Guarantee") any of the Units offered hereby for which subscriptions have not been received at the conclusion of the Offering Day (see "Consideration to Agent"). Any Units purchased by the Agent from the Offering under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

The Issuer is, under the rules of the Exchange, a "Venture Company".
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.

AGENT: L.O.M. WESTERN SECURITIES LTD.
STOCK EXCHANGE TOWER
2200 - 609 GRANVILLE STREET
VANCOUVER, B.C. V7Y 1H2

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.

DATED: February 1, 1991
March 25/91

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The directors, officers and other insiders of the Issuer may purchase Units from this Offering.

Additional Offering

This Statement of Material Facts also qualifies the sale, through the facilities of the Exchange at the market price at the time of sale, of any Units acquired by the Agent pursuant to its guarantee. The Agent will receive the proceeds from the sale of such Units and none of these proceeds will accrue to the Issuer.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

The Issuer cannot estimate with certainty the price at which the Units will sell, but if all the Units are sold at a price of \$0.50 per Unit, the Issuer will receive gross proceeds of \$300,000.00 which, after deduction of commissions of \$22,500.00 will net the Issuer \$277,500.00. If all the Units are sold at the minimum price of \$0.40 per Unit, the Issuer will receive gross proceeds of \$240,000.00 which, after deduction of commissions of \$18,000.00 will net the Issuer \$222,000.00.

The principal purposes for which the estimated net proceeds of \$277,500.00 together with working capital as at December 31, 1990 of approximately \$15,369.00 and the estimated amount to be spent on each are:

(a) To pay the balance of the cost of this Statement of Material Facts	\$ 20,000.00
(b) To pay accounts payable as at December 31, 1990 (approximately) and demand note to Golden Rule Resources Ltd.	\$ 67,962.00
(c) To repay Golden Rule Resources Ltd.	\$ 85,000.00
(d) For general working capital	<u>\$119,907.00</u>
	<u>\$292,869.00</u>

In the event only the minimum net proceeds of \$222,000.00 are received by the Issuer, the Issuer's general working capital will be reduced to \$64,407.00.

Any monies received from the exercise of the Warrants, Agent's Warrants or Greenshoe Option described in Item 1 will be added to the Issuer's general working capital.

The Issuer intends to continue its search for resource properties

worthy of exploration and development. To this end, a portion of the Issuer's working capital may be applied to the acquisition of resource properties and their subsequent exploration and development. The Issuer will not commit itself to such expenditures without the prior approval of the Exchange, except as may be permitted by the policies of the Exchange.

None of the proceeds from the Offering will be spent on any properties other than those referred to above without the prior approval of the Exchange where (a) such expenditure totals in excess of \$300,000.00, (b) such expenditure is in excess of \$300,000.00 and involves the issuance of securities of the Issuer, (c) the acquisition involves the issuance of more than 100,000 shares of the Issuer, or (d) the acquisition is not arms length being with a director, officer or other insider of the Issuer or with a company having common insiders with the Issuer.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditure from Funds Available upon Completion of the Offering
I	None	N/A	N/A	N/A
II(a)	GAB Claims Iskut River, B.C.	Acquisition - \$ 60,300.00 Exploration - \$ 0.00	Nil	Nil
II(b)	Graveyard, B.C.	Acquisition - \$ 31,873.00 Exploration - \$ 10,557.00	Nil	Nil

II(c)	Hixon Creek, B.C.	Acquisition - \$235,548.00 Exploration - \$ 25,260.00	1,340,800	Nil
II(d)	Isle Dieu, P.Q.	Acquisition - \$ 0.00 Exploration - \$107,388.00	Nil	Nil
II(e)	Mt. Milligan, B.C.	Acquisition - \$115,489.00 Exploration - \$273,967.00	Nil	Nil

III	None	N/A	N/A	N/A
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Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts

None.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year

A. GAB Claims, Liard Mining Division, British Columbia

Pursuant to an agreement between International Prism Exploration Ltd. ("International Prism") and the Issuer dated July 18, 1990, and approved by the Vancouver Stock Exchange on September 10, 1990, the Issuer was granted an option to purchase a 50% undivided interest in and to three 20 unit claims, being the GAB 7 (Record No. 3832), GAB 8 (Record No. 3833), and GAB 10 (Record No. 3823) claims, situated in the Liard Mining Division, Province of British Columbia, (the "GAB Claims"). To exercise the option, the Issuer is required to pay International Prism the sum of \$120,000.00, \$60,000.00 of which has been paid, and an additional \$60,000.00 which must be paid on or before December 31, 1991. The Issuer is also required to incur exploration expenditures in the sum of \$1,500,000.00 on or prior to December 31, 1993 as follows:

- (i) \$150,000.00 on or before December 31, 1990;
- (ii) an additional \$350,000.00 before December 31, 1991 for a cumulative total of \$500,000.00;

- (iii) an additional \$500,000.00 before December 31, 1992 for a cumulative total of \$1,000,000.00;
- (iv) an additional \$500,000.00 before December 31, 1993 for a cumulative total of \$1,500,000.00.

To date, Golden Rule Resources Ltd. ("Golden Rule") has expended \$78,216.00 on exploration on the GAB Claims and \$60,300.00 has been paid to International Prism by the Issuer.

The following is a summary of an engineering report dated January, 1991 prepared by S.L. Todoruk, Geologist and C.K. Ikona, P. Eng. of Pamicon Developments Ltd. The report is not reproduced in this Statement of Material Facts but it is available for review at the Issuer's registered and records office and its head office.

The GAB Claims are situated in the Iskut River area of northwestern British Columbia, approximately 120 kilometres northwest of Stewart, British Columbia. Access to the GAB Claims is via fixed wing aircraft to local gravel airstrips and via helicopter from those airstrips to the GAB Claims themselves.

The area in which the GAB Claims are located has historically been referred to as the Stikine Arch. Mining activity within it goes back to the turn of the century. Due to the large size of the region, it has been referred to in more specific areas which range from the Stewart area to Sulphurets, Iskut and Galore Creek areas. Within these areas, a semi-arcuate band of Hazelton Group equivalent volcanic and sedimentary rocks (Unuk River Formation, Betty Creek Formation, Salmon River Formation), with their metamorphic equivalents trend northwest and contain most of the known mineral occurrences. This group is bounded by the Coast Range intrusive complex to the west and by the much younger sediments of the Bowser Basin to the east. Regionally in the area, much excitement has been created over the discoveries of significant gold deposits at the Prime Resources Group Inc./Stikine Resources Ltd.'s Eskay Creek Project and Cominco/Prime Resources Group Inc.'s Snip mine. These deposits each have the potential of producing in excess of one million ounces of gold. Recent activity includes a winter drill program 7 kilometers west of the Snip Mine on Thios Resources Inc./Eurus Resource Corp.'s Rock & Roll project where Kuroko-style polymetallic volcanogenic massive sulphides mineralization was discovered and successfully drill tested in 1990.

Government geological mapping in the property area indicates the western parts (GAB 10 claim) to be covered by Mississippian thick bedded crinoidal limestone, mafic to intermediate lapilli tuffs and siltstone-sandstone turbidites while the eastern GAB 7 and 8 claims are underlain by a structurally complex sequence of Permian thick bedded, boulder to pebble conglomerate, bioclastic

limestone with cherty interbeds, andesite breccia flows, dark grey to black, thin-laminated algal limestone and lapilli and plagioclase crystal tuffs, rhyolite flows and volcanic sandstone, siltstone and maroon shallow water conglomerates.

During the 1990 field program, as the focus of attention was directed toward specific areas and targets on the property, only brief examinations and time were spent verifying the government geological mapping. Only minor discrepancies were noted.

As well, geological mapping carried out on the property during 1988 corresponds well with government mapping.

The GAB Claims were explored by Pezgold Resource Corp. in late 1987 and during the summer of 1988. Work conducted included an airborne geophysical magnetics and electromagnetics survey on the claims between November, 1987 and June, 1988. This airborne survey identified several anomalous magnetic features which have been subsequently linked to mineralized structures. These anomalous features are known as the Ken Zone, the Glacier Zone, the McLymont Fault and the North and South Cuba Showings. During the 1988 field season geological mapping, prospecting, trenching, rock chip sampling and drilling were carried out on the GAB Claims to test the strength and continuity of the various zones. In total, a total of 398 rock chip samples were collected from the GAB Claims and a modest drill program of 760 metres was carried out along with the exploration of various trenches on the property.

Samples were analyzed for gold ("Au") and other minerals by Vangeochem Lab Limited of Vancouver, British Columbia using a combined fire assay and atomic absorption technique. On the Ken Zone, the average mineral value of the rock chip samples taken was 0.113 oz./ton Au. Trenching in the Ken Zone produced similar values of 0.111 oz/ton Au. Values between 0.082 and 0.131 oz./ton Au were determined by diamond drilling on the Ken Zone.

On the Glacier Zone chip sampling returned a high value of 0.112 oz./ton Au and trench sampling returned anomalous Au values of greater than 100 ppb Au. Copper mineralization was also determined, ranging up to 32,696 ppm.

On the Cuba Showing silver ("Ag"), lead ("Pb") and zinc ("Zn") mineralization was found. Values in the North Cuba Showing ranged up to 3.11 oz./ton Ag, 23,520 ppm Pb and 95,599 ppm Zn. In the South Cuba Showing trenching revealed mineralization of up to 34.3 ppm Ag, 4,923 ppm Pb and 92,229 ppm Zn. Diamond drilling on the South Cuba Zone did not result in mineralization comparable to that on the surface. Average results from drilling were 1.64 oz./ton Ag and 4,884 ppm Zn.

The Issuer has recently completed a limited exploration program

consisting of a MAG/VLF-EM airborne geophysical survey, a surface geophysical survey and geological evaluation on the GAB Claims. The majority of the program was directed at establishing a grid over the McLymont Fault Zone (previously referred to as the Camp Ridge Zone) and carrying out geophysical surveys.

The McLymont Fault Zone was targeted for gold skarn potential similar to that found at Gulf International Minerals' Northwest Zone or to that at the Ken Zone approximately 2 kilometers to the west. Geophysical surveys have traced an east-west trending felsic intrusive body which is seen to intrude a thick unit of Paleozoic crinoidal limestone. Throughout the unit in this area, the limestone is host to strong iron carbonate vein swarms which at Gulf International Minerals' Northwest Zone appear to be a component of the overall mineralizing event. This same spatial relationship is known to occur on Jazzman Resources Ltd.'s GAB 9 claim immediately south of the Issuer's GAB 10 claim. As well in this area, chalcopyrite + magnetite mineralization has been identified occurring sporadically throughout the limestone yielding values in gold-silver-copper and arsenic. Possibly related to this mineralizing event are indicated VLF-electromagnetic conductive zones within the limestone stratigraphy to the north and south of the intrusive body.

Additional prospect sampling in 1990 from the Ken Zone, Glacier Zone, Rope Showing garnet-calcite-magnetite-pyrite-chalcopyrite skarn mineralization again verified the presence of high-grade gold mineralization. Sampling of values up to 2.660 oz/ton Au, 4.35 oz/ton Ag and 12.0% Cu. Airborne geophysical surveys carried out in 1988 and again in more detail in 1990 suggest that possible presence of an extensive skarn body.

For 1991, a program of continued evaluation is recommended by Messrs. Todoruk and Ikona on the GAB Claims. According to Messrs. Todoruk and Ikona in-fill geophysical surveys, detailed geological mapping with contingent trenching is warranted on the McLymont Fault Zone, which may be followed by a modest diamond drill program to test for favourable mineralized zones.

At the Ken Zone, Glacier Zone, Rope Showing skarn prospect Messrs. Todoruk and Ikona have recommended a diamond drill program to expand on 1988 drill hole knowledge and to test any anomalous areas identified in the 1990 airborne geophysical surveys. Several holes should be allocated to test deeper sections of stratigraphy which would result in holes being drilled from the east of the Glacier and Rope Showing areas toward the west through Ken Zone level stratigraphy.

There is no underground or surface plant or equipment located on the GAB Claims nor is there any known body of commercial ore.

The Issuer has no plans to further explore the GAB Claims with the proceeds from this offering.

B. Graveyard, Clinton Mining Division, British Columbia

Pursuant to an agreement between Golden Rule and the Issuer dated September 1, 1987, the Issuer acquired a 100% working interest, subject to a 5% Net Smelter Return Royalty, in one 12 unit claim covering 740 acres, record number 334(5), situated in the Clinton Mining Division, British Columbia, and known as the Graveyard Property. The Issuer paid Golden Rule the sum of \$29,233.00 for its 100% working interest, which amount represented Golden Rule's out of pocket expenses in acquiring and exploring the Graveyard Property to August 30, 1987. Golden Rule is a public company whose shares are listed for trading on the Toronto Stock Exchange and Montreal Stock Exchange.

The Graveyard Property is situated in the Chilcotin area of southwestern British Columbia approximately 220 kilometres north of Vancouver, British Columbia. Access to the Graveyard property is via helicopter from Williams Lake, or from Goldbridge. Alternate access is via a network of good horse trails and cattle drive routes used by local ranchers. The Graveyard Property was previously explored by Chevron Standard Ltd. in the mid 1970s. Work conducted included wide spaced soil and stream sediment geochemical sampling and reconnaissance geochemical mapping. In 1981, a similar style program was undertaken by Pan Ocean Oil Ltd. (Aberford Resources Ltd.). This latter program confirmed previously reported anomalous Au, copper ("Cu"), arsenic ("As") and antimony values in the streams draining the northwesterly trending ridge in the centre of the Graveyard Property. A total of 334 soil samples were collected in 1981 from the Graveyard Property and 22 rock samples. Samples were analyzed for Au by TerraMin Research Labs Ltd. of Calgary, Alberta using a combined fire assay and atomic absorption technique. The rock samples were also analyzed for arsenic by atomic absorption. The soil sampling grid defined a 300 metre by 300 metre anomalous zone open to the southeast. The maximum soil value was 2940 ppb Au or 0.10 oz. per ton. A total of 13 rock samples were collected within the anomalous zone. Only one rock sample returned an anomalous Au value of 106 ppb.

There is no underground or surface plant or equipment located on the Graveyard Property. There is no known body of commercial ore on the Graveyard Property and the proposed work program is an exploratory search for ore. Mineralization consists primarily of gold.

C. Hixon Creek Property, Cariboo Mining Division,
British Columbia

The Issuer has a 50% working interest in 10 recorded mineral

claims comprising 56 units located in the Cariboo Mining Division and legally described as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record #</u>	<u>Expiry Date</u>
HQ	4	856(9)	Sept. 25, 1991
HQ2	20	969(4)	Apr. 9, 1992
HQ3	6	970(4)	Apr. 9, 1992
HQ4	20	1846(7)	July 29, 1991
Hixon Quartz 1	1	61413(12)	Dec. 16, 1994
Hixon Quartz 2	1	61414(12)	Dec. 16, 1994
Hixon Quartz 3	1	821(9)	Sept. 1, 1991
Hixon Quartz 4	1	822(9)	Sept. 1, 1991
Hixon Quartz 5	1	823(9)	Sept. 1, 1991
Hixon Quartz 6	1	824(9)	Sept. 1, 1991

("Hixon Creek Property").

The Hixon Creek Property is subject to royalty burdens totalling 5% of net smelter returns.

The Hixon Creek Property is subject to the following royalties:

- (a) A royalty of 2.5% of net smelter returns payable to Victor Guinet of Box 1132, Prince George, British Columbia and Andrew Harman of 2293 West 33rd Avenue, Vancouver, British Columbia, jointly.
- (b) A royalty of 2.5% of net smelter returns (or 5% if the Guinet - Harman royalty described in paragraph (a) above is discharged) payable to Esperanza Explorations Ltd. of Suite 1027 - 470 Granville Street, Vancouver, British Columbia.

Pursuant to an Option Agreement dated August 24, 1987, the Hixon Creek Property is now owned as follows (subject to the 5% net smelter royalty described above):

- (a) The Issuer - 50% working interest
- (b) Norex - 50% working interest

A joint venture between the Issuer and Norex has been formed and a Management Committee consisting of one representative of the Issuer and one representative of Norex has been appointed.

The Hixon Creek Property is located in central British Columbia approximately 90 kilometres south of Prince George, British Columbia. Access to the property is via a good road to the property. The Hixon Creek Property and the surrounding area has a long placer mining history. Several narrow quartz veins occurring near the confluence of the main creek and Little Dixon Creek are evidently the source of some of the placer deposits. Since the 1870s the veins have been explored sporadically for

their lode Au potential. A few hundred tons of ore were ultimately produced from several local underground entries but in the late 1930s, operations were terminated. In the early 1970s, Bethlehem Copper Corporation staked the surrounding area. Bethlehem Copper Corporation carried out reconnaissance geological mapping and geochemical soil surveys in 1971 and in the following year drilled four core holes for a total of 449 metres. In 1979, Golden Rule acquired the Hixon Creek Property and, carried out geological, geochemical and geophysical surveys in 1980 and 1981. In 1983, Taiga Consultants Ltd. drilled four core holes for a total of 353 metres beneath the old workings. The work done by Golden Rule confirmed a magnetic anomaly initially identified from a government supported aeromagnetic survey. The anomalous magnetic response is interpreted as being caused by interbedded greenstone rocks. This interpretation is derived from a combination of drill core, old underground maps and the few outcrops exposed in the area. VLF conductors are common. The strongest and most persistent strike northerly across the greenstone body whereas a few short conductors parallel the magnetic trend. They are interpreted to reflect faults and/or shear structures. Soil samples were collected at 25 metre stations along lines based at 100 and 200 metre intervals, the shorter spacing being between lines 2400 metres north and 3400 metre north. Samples were analyzed for Au and 24 other elements. Anomalous Au values (plus 40 ppb) are wide spread over the grid; however, most of them occur in the vicinity of the old workings probably because of mine contamination and thinner soil cover flanking Hixon Creek.

In late 1987 and early 1988, Norex carried out geological, geophysical and geochemical surveys as well as trenching and drilling programs on the Hixon Creek Property. The work focused on two areas, the Pedley Lake Grid at the south end of the property and the North Grid covering parts of the central and northerly portions of the property. Certain old workings are located within the North Grid area.

1987 Trenching

A total of 23 trenches were completed. A total of five trenches were completed on the Pedley Lake grid and of those only one trench returned significant results. This trench exposed a large area of moderate to very strong quartz-carbonate altered basalt. A very prominent set of north-northeast trending quartz veins to three centimetres wide occurs over a 12 metre width in the northeast corner of the trench. During the excavation of this trench, a piece of quartz vein rubble was observed to contain visible Au. Due to the very hard, smooth nature of the outcrop, it was not possible to collect chip samples and therefore each vein was individually sampled in order to determine if one or all of the veins were carrying Au. The results showed that in fact all the veins carried Au with assay values ranging from .23 to

109.85 grams per ton. During assaying, two size fractions (-150 mesh and +150 mesh) were assayed and the results were then combined to give a total assay. The results clearly indicate the presence of coarse Au in at least seven of the samples.

On the North Grid, a total of 18 trenches were completed. These trenches lie from two to three kilometres north of the Pedley Lake trenches. Five trenches and an old trench returned significant results. Of the chip samples taken, assays ranged from .89 grams per ton over three metres width to 13.52 grams per ton over 1.5 metres width. Mineralization in these trenches represent new occurrences and are scattered over an area of approximately 500 metres by 1,000 metres.

1987 Drilling

During 1987, three drill holes were completed on the north grid area. Holes 1 and 2 tested a portion of the Main Zone, the area of the old mine workings and hole 3 tested mineralization in the old 1981 trench. This mineralization is also known as the Raven Zone. Of the two Main Zone drill holes, one encountered mineralization over an aggregate of 22.52 metres ranging in assays from trace to 5.11 grams/ton. The other encountered mineralization over an aggregate of 4.5 metres assays ranging in assays from trace to 2.71 grams/ton. The hole drilled in the Raven Zone encountered mineralization over an aggregate of 8.28 metres. Assays sampled from 150 ppb of Au to 580 ppb of Au and 11 ppm Ag to 14 ppm Ag. Ag was also encountered in the two holes drilled on the Main Zone.

1988 Trenching

Eleven trenches and two extensions were completed in 1988, seven of which exposed bedrock. Of these trenches, four exposed areas of deeply leached, weathered clay altered volcanic. Au values were generally low but the samples were moderately to strongly anomalous in Cu, Zn, Ag and As.

1988 Drilling

During 1988 a total of five drill holes were completed on the property. Four drill holes (HQ88-4-7) tested the Main and East zones. One drill hole (HQ88-8) was completed as a test of the RAVEN Zone. Results of the 1988 drilling are as follows:

<u>Drill Hole</u>	<u>Intersection</u>
HQ88-4	Intercepted underground workings
HQ88-5	4.9 gmt Au/3.0 m 2.5 gmt Au/1.0 m

	2.2 gmt Au/1.0 m
HQ88-6	1.1 gmt Au/1.0 m
HQ88-7	No significant intercept
HQ88-8	No significant intercept

The Issuer raised net proceeds of \$240,000.00 from the sale of 200,000 units, each unit consisting of one common share and two Series "A" share purchase warrants and 400,000 units, each unit consisting of one "Flow-Through" common share and two Series "A" share purchase warrants (the "Prospectus Offering") qualified by its prospectus dated November 18, 1988. The Issuer constituted an exploration fund of \$160,000.00 from the net proceeds of the "Flow-Through" portion of the Prospectus Offering. Of this amount, the Issuer reserved \$115,000.00 to fund its share of a work program consisting of drilling six to eight holes to further test the Main Zone and the East Zone along strike and to depth. Norex, the Operator of the joint venture, did not receive budget approval to commence the work program and therefore the Issuer determined to expend the exploration fund on its other properties eligible for Canadian Exploration Expense ("C.E.E.") so as to properly renounce the C.E.E. to the subscribers of the "Flow-Through" shares. The Issuer subsequently completed the flow-through private placements described in Item 9 hereof, to re-establish its exploration fund.

There is no underground or surface plant or equipment located on the Hixon Gold Property; however, underground workings were completed on the property between 1878 and 1939.

There is no known body of commercial ore located on the Hixon Gold Property and the program of exploration to be carried out by Norex is an exploratory search for ore. Mineralization in the area consists primarily of Au.

D. Isle Dieu, Quebec

The Issuer entered into a joint venture agreement with Northern Abitibi Mining Corp. ("Northern Abitibi"), to explore Northern Abitibi's Isle Dieu Township Claims (the "Isle Dieu Claims"). The Isle Dieu Claims are located in the northeast corner of the Isle Dieu Township, near the town of Matagami, Quebec and are bordered to the east by Baie Dunlop and to the north by Lac Matagami. The Isle Dieu Claims consist of the following 25 contiguous claims, covering approximately 400 hectares:

<u>Mining License No.</u>	<u>Claim No.</u>
203492	1 to 5
203493	1 to 5

293602	1 to 3
281622	2 and 3
310442	1 to 5
310443	1 to 5

The Isle Dieu Claims are located approximately 8.5 kilometres northeast of the town of Matagami and are accessible via a gravel road that heads north from the Baie James Highway.

The Isle Dieu Claims are located approximately 19 kilometres from the Isle Dieu Matagami Mine of Noranda Inc. which recently began production of its high grade zinc reserves. Northern Abitibi has owned the Isle Dieu Claims since 1972 as its original escrow property. Noranda Inc. diamond-drilled several holes on a geophysical conductor and reported mineralized intersections over significant widths, such as 45 feet which assayed 1.5% copper.

The Issuer has funded approximately \$107,400.00 of exploration on the Isle Dieu Claims and has earned an initial 50% participating interest. The following is a summary of an Engineering Report dated July, 1990 prepared by Ian R. Fraser, B.Sc. Geologist, for the Issuer. The report is not reproduced in this Statement of Material Facts but is available for review at the Issuer's head office. The Isle Dieu Claims lie in the northern part of the Abitibi Greenstone Belt. The geology is dominated by steeply dipping Archean volcanic and sedimentary rocks locally intruded by various types of basic and granitic bodies. The regional trend is east-west to northeast-southwest. The geology of the property is characterized by folded and faulted sequences of acid tuffs and agglomerates, comprised in a mafic volcanic environment of the Wabasse group. The property lies along the west margin of the younger Dunlop Bay Granite. Sulphide mineralization, consisting of disseminated to semi-massive pyrite, pyrrhotite, chalcopyrite and sphalerite, is mostly confined to the rhyolite tuff horizon (which contains numerous graphitic layers). In addition, fracture filling Cu-Mo-Pb mineralization in granitic dykes and volcanic rocks could also suggest a later (epigenetic) episode of mineralization, genetically related to the nearby granitic pluton. Several gabbro, diorite and syenite-monzonite intrusions occur and complicate the geological framework.

The 1990 drill program concentrated on the Ghislau Copper Showing in the southwest corner of the claim block. The geology of the showing as described by Lee, is that of a rhyolite or tuffaceous rhyolite, that has been strongly fractured and brecciated, and contains disseminated to semi-massive sulphides (pyrite, pyrrhotite) with associated chalcopyrite.

In February and March, 1990 five holes totalling 847 metres were drilled on the southwest corner of the Isle Dieu Claims. Anomalous copper-zinc values were encountered. Down-hole EM surveys were conducted on all five holes. Drill Hole GC90-4

produced the best response, indicating that the drill hole passes within 30 to 50 m from the edge of a large and moderately-to-highly conductive metallic body. This anomaly could be the result of either a well-connected graphitic material or a mining-size massive sulphide deposit. Further drilling will be necessary to test the results encountered in this drill hole.

There is no underground or surface plant or equipment located on the Isle Dieu Claims, nor is there any known body of commercial ore.

E. Mount Milligan, Omineca Mining Division,
British Columbia

The Issuer staked a 518 unit (12,950 hectare) property (the "Mill Property") contiguous to the Mount Milligan property held by Continental Gold Corp. and BP Resources Canada Ltd. together with a 60 unit (1,500 hectare) property (the "Skidoo Property") to the southwest (collectively the "Mount Milligan Property"). The Mount Milligan Property is underlain by Takla volcanic rocks.

During the summer of 1990 Golden Rule on behalf of the Issuer conducted Phase I of an exploration program on the Mount Milligan Property. The following is a summary of an Engineering Report dated December, 1990 prepared by Dr. S.J. Hoffman, Consulting Geochemist and R.D. Cruickshank, P.Geol., Consulting Geologist. The report is not reproduced in this Statement of Material Facts but is available for review at the Issuer's registered and records office and its head office.

The Phase I exploration program consisted of a high resolution airborne MAG/VLF/EM geophysical survey to accurately map the intrusives, concurrent topographic mapping and geological and soil geochemical surveys to provide baseline information in preparation for second phase soil and stream sediment geophysical surveys. On the Mill Property, mineralization was not encountered in outcrop, but exposures were limited, and intense prospecting was not undertaken. Many aeromagnetic anomalies were present; most are postulated to be caused by mafic volcanic flows but some may be related to unexposed intrusive bodies.

A reconnaissance soil and moss mat geochemical survey was undertaken over the claim group to locate significant Au, Cu, As and other pathfinder element anomalies. A total of 167 moss mats and 2,328 soil samples, including 1,265 samples taken at base of slope regions along drainages on the claims, 539 samples on the Sylvester Creek Grid, and 357 samples taken on the Nation River Grid south of the river, were collected. A large number of geochemical anomalies were defined following return of results, in association with a variety of overburden units.

The surficial geology on the claims consists of thick deposits of

glacial outwash along the Nation River, which thin away from the valley, overlie bedrock and pockets of locally derived till, and pass laterally into a broad till blanket. Both outwash and till contain a wide variety of clast lithologies, and are (in whole or in part) of distant derivation. These surficial deposits may appear unfavourable for soil geochemistry, but strong Au anomalies are detected in them nevertheless.

Moss mat and soil Au anomalies, many exceeding 100 ppb to in excess of 1,000 ppb, characterize fluvial deposits along the Nation River. Many have no immediate base or pathfinder element association, suggesting placer Au accumulations. Four (4) targets, of the total of nine (9) outlined for follow-up, have been selected to assess this possibility or determine if Au values are locally derived. These include an area over the southern portion of the Sylvester Creek Grid, areas east of Basalt and Dead End hills, and a zone east of Beaver Creek.

Au, Cu and/or As anomalies in morainal areas, including an anomaly over the northern portion of the Sylvester Creek Grid, a zone along Ampitheatre Creek and the southernmost portion of Nation River Grid have also been outlined for detailed follow-up. Two (2) additional targets lie along the canyon of Sylvester Creek and require a combination of soil sampling and detailed prospecting to locate sub-outcropping Au-Cu prospects.

A preliminary program costing approximately \$100,000.00 comprising of detailed soil geochemical evaluation of the anomalous zone and the region up-ice and/or up-slope has been recommended.

The exploration program on the Skidoo Property resulted in the discovery of three (3) unexplained aeromagnetic anomalies. The following is a summary of an Engineering Report dated October, 1990 prepared by Dr. S.J. Hoffman, Consulting Geochemist and R.D. Cruickshank, P.Geol., Consulting Geologist. The report is not reproduced in this Statement of Material Facts but is available for review at the Issuer's registered and records office and its head office.

At least one of these could be caused by an intrusive stock which does not outcrop. An example of strongly magnetic hornblende porphyry float carried geochemically anomalous quantities of Cu (372 ppm) and Au (63 ppb), and may originate from the area of the aeromagnetic anomaly. No mineralization was located in outcrop, but bedrock exposures only account for about 1% of the property area. A soil survey comprising 1,547 samples was conducted in an area of rolling topography. Anomalous concentrations of Au exceeding 10 ppb (to maxima of 50 to 200 ppb), Cu exceeding 85 ppm (to maxima of 100 to 250 ppm), As exceeding 15 ppm (to maxima of 25 to 200 ppm) and Mo exceeding 6 ppm (to maxima of 20 ppm) were outlined. The Molybdenum ("Mo")

distribution is most outstanding, defining a 3 km long, discontinuous zone trending east-west from the centre of the claims.

With the exception of Mo, none of the other usual elements of interest define an exceptionally outstanding anomaly pattern. Rather, Cu and As distributions define a 2.5 square kilometre area where zonation around a Mo core is apparent. Although Au anomalies are widespread, six source zones trend primarily parallel to the Mo feature or to the northwest. Three source areas for Ag are outlined, these being coincident or close to the predicted Au sources. A program consisting of fill-in grid establishment and soil sampling at a cost of approximately \$20,000.00 has been recommended together with ground magnetic survey and boulder prospecting for mineral occurrences, alteration, sulphides and rock type.

There is no underground or surface plant or equipment located on the Mount Milligan Property, nor is there any known body of commercial ore.

**Group III Other presently held properties upon which the
Issuer's acquisition and exploration costs to date
exceed \$100,000.00**

None.

Risk Factors

The securities offered by this Statement of Material Facts must be considered speculative, generally because of the nature of the Issuer's business. In particular:

1. There are no known bodies of ore on the Issuer's mineral properties. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of economic ore bodies and to place them in commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.
2. Exploration for minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures to be made by the Issuer in the acquisition of the interests described herein will

result in discoveries of commercial quantities of ore.

3. The mining industry, in general, is intensively competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital.
4. Hazards such as unusual or unexpected formations and other conditions are involved in mineral exploration and development. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
5. While the Issuer has obtained the usual industry standard title report with respect to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.
6. The Issuer's mining properties have not been surveyed and therefore, the precise locations and areas of the properties may be in doubt.
7. The Agent's guarantee to purchase any of the securities which have not been sold at the conclusion of the Offering may not apply to securities in respect of which a purchaser exercises his right under the Securities Act (British Columbia) to withdraw from the purchase of such securities within two days of the receipt or deemed receipt of this Statement of Material Facts. If this were to occur the Issuer may not receive sufficient funds to meet its financial requirements as set out under "How the Net Proceeds of the Issuer Are to be Spent".

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged nor does it propose to engage, in whole or in part, in a business other than the exploration and