

DL

Mayflower (55) main Reef
Tye (54) Victoria (67)
Empress Silver Ledge
Superior (58) Gold Bar (53)
SUPERINTENDENT OF BROKERS

} = MM Property (New?)
104A/4

018874

MINISTRY OF ENERGY, MINES
and PETROLEUM RESOURCES
Rec'd MAR 11 1991
SMITHERS, B.C.

AND
VANCOUVER STOCK EXCHANGE
(Venture Company)

STATEMENT OF MATERIAL FACTS (#16/91)
EFFECTIVE DATE: FEBRUARY 21, 1991

Refus Claims (104A 019?)
Med claims (New?)
[Sea & Sea claims]
(104A 024?)

KRL RESOURCES CORP.

Suite 1022 - 470 Granville Street, Vancouver, British Columbia, V6C 1V5 Phone: (604) 689-0299

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 2200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

MONTREAL TRUST COMPANY

510 Burrard Street, Vancouver, British Columbia, V6C 3B9

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

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.

OFFERING : 1,000,000 UNITS

The Offering may be increased by up to 150,000 Units (15% of the Offering) to meet over-subscriptions (the "Greenshoe Option"). See "Plan of Distribution".

Each Unit consists of One Common Share and Two Series "A" Share Purchase Warrants, two such Warrants entitling the holder thereof who exercises such warrants to purchase one additional common share of the Issuer at any time up to the close of business within one year following the Offering Day at the Offering Price.

	Offering Price (Estimated)(*)	Agent's Commission	Estimated Net Proceeds to be Received by the Issuer
Per Unit:	\$0.75	\$0.05625	\$0.69375
Total:	\$750,000	\$56,250	\$693,750

(*) To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby for which subscriptions have not been received at the conclusion of the Offering and, as consideration for the Guarantee, have been granted Agents' Warrants (See "Consideration to Agents"). Any Units acquired by the Agents 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.

AGENTS

L.O.M. WESTERN SECURITIES LTD.

2200 - 609 Granville Street
Vancouver, British Columbia
V7Y 1H2

HAYWOOD SECURITIES INC.

1100 - 400 Burrard Street
Vancouver, British Columbia
V6C 3A6

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.

Mar. 6/91



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1. **PLAN OF DISTRIBUTION**

A. **The Offering**

The Issuer by its Agents hereby offers (the "Offering") through the facilities of the Vancouver Stock Exchange (the "Exchange"), 1,000,000 Units (the "Units"). The Offering will take place on a day (the "Offering Day"), determined by the Issuer and the Agents with the consent of the Exchange, which will not be more than one hundred and eighty (180) calendar days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Units (the "Offering Price") will be determined by the Issuer and the Agents in accordance with the rules and policies of the Exchange, at a premium over the average trading price (the "Average Trading Price") of the Issuer's common shares as traded on the Exchange and as determined by the Exchange.

The Issuer, by an agreement (the "Agency Agreement") dated for reference February 13, 1991, appointed the following as its agents (the "Agents") to offer the Units:

<u>Agent</u>	<u>Number of Units</u>
L.O.M. Western Securities Ltd.	500,000
Haywood Securities Inc.	<u>500,000</u>
Total	<u>1,000,000</u>

The Agents may over allot Units of the Issuer to cover oversubscriptions up to an amount being the lesser of the number oversubscribed or 15% of the Offering and, in such case, has an option for 60 days from the Offering Day to acquire Units from the Issuer at the Offering Price less commissions to cover such over allotment (the "Greenshoe Option"), or alternatively, the Agents may cover by making purchases of the Issuer's shares and Series "A" Warrants in the market through the facilities of the Exchange. The number of Units subject to the Greenshoe Option will be determined on the Offering Day.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other registered dealers, brokers and investment dealers who may or may not be offered part of the commissions or Agents' Warrants derived from this Offering.

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

The Issuer has agreed to notify the Agents of any further public equity financing that it may require or propose to obtain during the twelve month period following the Effective Date and the Agents shall have the right of first refusal to provide such financing.

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	Not Applicable	-----	-----	-----
II	(a) Bear and Sea Claims, British Columbia	\$10,000 acquisition \$43,053 exploration	50,000	Nil
	(b) Med Claims, British Columbia	\$10,000 acquisition \$65,173 exploration	50,000	Nil
	(c) MM100 Claim Group, British Columbia	\$6,000 acquisition (*) exploration	41,667	\$150,000
	(d) Rufus Claim Group, British Columbia	\$10,000 acquisition (*) exploration	250,000	Nil
III	Not applicable	-----	-----	-----

(*) A total of \$346,328 has been spent by the Issuer over the years on its MM 100 and Rufus Claims as a group.

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

(a) Bear and Sea Claims, Atlin Mining Division, British Columbia

By an agreement dated for reference March 1, 1990, as amended by agreement dated for reference December 31, 1990 (collectively the "Agreement"), with Georgia Resources Inc. of 2200 - 885 West Georgia Street, Vancouver, British Columbia (the "Vendor"), the Issuer acquired an option to purchase a 100% legal and beneficial interest in and to 11 mineral claims comprising 175 units located in the Tulsequah area, Atlin Mining Division, British Columbia (the "Property"), described as follows:

<u>Claim Name</u>	<u>Number of Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Bear 1	16	2854	April 03, 1991
Bear 2	20	2855	April 03, 1991

Bear 3	16	2856	April 03, 1991
Bear 4	20	2857	April 03, 1991
Bear 5	15	2858	April 03, 1991
Bear 6	08	2859	April 03, 1993
Bear 7	18	2860	April 03, 1992
Sea 1	10	3240(5)	May 26, 1992
Sea 2	20	3241(5)	May 26, 1992
Sea 3	16	3242(5)	May 26, 1992
Sea 4	16	3243(5)	May 26, 1992

The "Bear" claims are contiguous and the "Sea" claims are contiguous.

The consideration payable by the Issuer for the Property is \$10,000, the retention by the Vendor of a 2% net smelter return, and the issuance of 200,000 common shares in the capital of the Issuer to the Vendor. The \$10,000 has been paid and 50,000 of the shares have been issued to the Vendor. The Issuer must issue and deliver the additional 150,000 shares in blocks of 50,000 each on completion of exploration work programs of \$25,000, \$50,000 and \$75,000 on the Property.

The Agreement provides that in the event that at least 150,000 shares are not issued to the Vendor by July 31, 1991 and the final 50,000 shares are not issued to the Vendor by October 1, 1991, the Agreement shall terminate. The Agreement further provides that title to the Property shall be transferred to the Issuer upon the issuance and delivery of the said 200,000 shares to the Vendor.

The Vendor, Georgia Resources Inc., is a non-reporting British Columbia company owned by Messrs. Seamus Young and William A. Rand, directors of the Issuer.

The Tulsequah area in the Atlin Mining District lies astride the Taku River, adjoining the Alaska-British Columbia border. The closest centres of communication and supply are Juneau, Alaska located 50 kilometres southwest of the Tulsequah area, and Atlin, British Columbia, situated 100 kilometres due north of the heart of the Tulsequah area at the mouth of the Tulsequah River. Access to the Property can be undertaken year round by boat up the Taku River to the confluence of the Tulsequah and Taku Rivers, or by fixed wing float aircraft from Atlin, British Columbia or other Canadian communities to the south and east of the Tulsequah area. Access to the Property for exploration purposes is by helicopter.

Other than an airborne geophysical survey of the Property there has been no recent exploration work done on the Property except for an exploration program which was carried out in 1988 as part of a program centred on the Ericksen-Ashby property. At that time, the Bear 1-7 claims were part of the Ericksen-Ashby claim group. The work undertaken on the Bear 1-7 claims then was essentially of a reconnaissance nature and consisted primarily of visual prospecting supported by stream sediment and local rock chip geochemical sampling.

Dighem Surveys & Processing Inc. conducted an airborne geophysical survey of the Property for the Issuer in the Spring of 1990 at a cost to the Issuer of \$36,800.

On the "Sea Claims", the airborne geophysical survey identified numerous electromagnetic anomalies. Most have been interpreted to be caused by conductors in bedrock. Except for four distinct anomalies, most anomalies are quite broad in character and generally occur in one of three zones of low resistivity. They also occur in areas of relatively moderate magnetic intensity. Although the anomalies are widespread, in general most are concentrated in six areas. Three of these areas or geophysical zones lie east of the indicated fault, apparently in Paleozoic rocks; the other three zones lie west of the fault evidently in Precambrian rocks.

On the "Bear Claims", the airborne geophysical survey located a number of electromagnetic anomalies. A few were recognized as potential bedrock conductors. The remainder were interpreted as either broad conductive zones, unlikely to be signifying mineral deposits, or surficial expressions. The more unique bedrock anomalies could conceivably be caused by massive sulphides. Three of the anomalies occur in the more highly prospective, Paleozoic age sequence. Two other anomalies occur in the Mesozoic sequence.

There are no known commercial ore reserves on the Property. An engineering report on the Property has been prepared by Orcan Mineral Associates Ltd. dated July 25, 1990 which recommends a work program on the Property estimated to cost \$65,000, however management of the Issuer shall have the discretion to utilize the balance of its working capital after completion of the recommended work program on the MM100 Claim Group as it determines appropriate which may or may not include incurring expenditures on this Property.

(b) Med Claims, Skeena Mining Division, British Columbia

By an agreement dated for reference March 1, 1990, as amended by agreement dated for reference December 31, 1990, (collectively the "Agreement"), with Georgia Resources Inc. of 2200 - 885 West Georgia Street, Vancouver, British Columbia (the "Vendor"), the Issuer acquired an option to purchase a 100% legal and beneficial interest in and to 16 mineral claims comprising 320 units located in west central British Columbia, in the Skeena Mining Division, 30 km east of Stewart, British Columbia (the "Property"), described as follows:

<u>Claim Name</u>	<u>Number of Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Med 1	20	7997	October 06, 1992
Med 2	20	7998	October 06, 1992
Med 3	20	7999	October 06, 1992
Med 4	20	8000	October 06, 1992
Med 5	20	8001	October 06, 1992
Med 6	20	8002	October 06, 1992
Med 7	20	8003	October 06, 1992
Med 8	20	8004	October 06, 1992
Med 9	20	8005	October 07, 1992
Med 10	20	8006	October 07, 1992
Med 11	20	8007	October 07, 1992
Med 12	20	8008	October 07, 1992
Med 17	20	8013	October 07, 1992
Med 18	20	8014	October 07, 1992
Med 19	20	8015	October 07, 1992
Med 20	20	8016	October 07, 1992

The Med 1-12 claims, inclusive, are contiguous to each other, as are the Med 17-20 claims.

The consideration payable by the Issuer for the Property is \$10,000, the retention by the Vendor of a 2% net smelter return, and the issuance of 200,000 common shares in the capital of the Issuer to the Vendor. The \$10,000 has been paid and 50,000 of the shares have been issued to the Vendor. The Issuer must issue and deliver the additional 150,000 shares in blocks of 50,000 each on completion of exploration work programs of \$25,000, \$50,000 and \$75,000 on the Property.

The Agreement provides that in the event that at least 150,000 shares are not issued to the Vendor by July 31, 1990 and the final 50,000 shares are not issued to the Vendor by October 1, 1991, the Agreement shall terminate. The Agreement further provides that title to the Property shall be transferred to the Issuer upon the issuance and delivery of the said 200,000 shares to the Vendor.

The Vendor, Georgia Resources Inc., is a non-reporting British Columbia company owned by Messrs. Seamus Young and William A. Rand, directors of the Issuer.

The Med 1-12 claims and the Med 17-20 claims are located 35 kilometres northeast and east-northeast of Stewart and are accessible only by helicopter. Paved highway 37A, however, traverses the gap between the Med 1-12 claims and the Med 17-20 claims and lies within three kilometres north of the Med 1-12 claims and six kilometres south of the Med 17-20 claims.

The Med 1-12 claims are underlain by Middle and Upper Jurassic sediments of the Hazelton Group. Most of the area north and south of Meziadin Lake and east of Nelson Creek is interpreted to lie within the Bowser Basin, which is primarily underlain by a monotonous succession of Upper Jurassic sediments of the Nass Formation. The contact between this unit and the underlying Middle Jurassic Salmon River Formation trends diagonally from southeast to northwest across the southern part of the Med 1-12 claims. The strata of both units dip moderately (45-60°) to the east. The nearest intrusive is an Eocene, augite-diorite stock approximately two kilometres northwest of the Med 1-12 claims.

The Med 17-20 claims are largely ice covered but regional mapping shows they are underlain by three formations of the Hazelton Group. Approximately 80% of the claims area is underlain by crystal lithic tuff of the Lower Jurassic Unuk River Formation which is overlain on the east by Middle Jurassic sediments of the Salmon River Formation and on the southwest corner by Middle Jurassic volcanics and sediments of the Betty Creek Formation. There are no prominent structures mapped on the Med 17-20 claims but the general trend of the contacts and strata is north-northwest.

Other than some regional prospecting and a small soil and rock geochemical sampling program conducted in 1987, there has been no recorded history of any work on the Property. Dighem Surveys & Processing Inc. conducted an airborne geophysical survey of the Property, which included the MM100 Claim Group and the Rufus Claim Group described below in Items 3(c) and (d), for the Issuer in the Spring of 1990 at a cost to the Issuer of \$60,000.

Preliminary results of the airborne survey conducted on the Med 1-12 claims indicate the best EM conductors are located on the extreme western edge of the claims near the headwaters of Nelson Creek. In addition, one moderately strong and several weaker EM anomalies occur along Del Norte Creek in the southwest corner of the claims. As well, there is a single strong EM conductor at the extreme north end of the claims. While the total aeromagnetic results do not appear to indicate anything particularly significant, the broad magnetic high trending northwesterly across the central part of the claims area roughly coincides with the general trend of the zone of weak EM conductors. The magnetic high at the extreme northern end of the claims may be reflecting the southern limit of the large Tertiary intrusion mapped by Grove just west of Meziadin Lake.

Preliminary results of the airborne survey conducted on the Med 17-20 claims indicate there are several strong EM conductors on the claims, particularly on the east side which is mostly ice-free. While the total aeromagnetic maps do not appear to express anything which is obviously significant, the magnetic readings fall off rapidly at the east ends of the flight lines indicating that the eastern part of the claims is probably underlain by sedimentary rocks of the Bowser Basin.

According to the Orcan Report (as hereinafter defined) the presence of known mineral occurrences on and west of the Property and the new gold-silver discoveries announced last fall by Bond International Gold Inc. a few kilometres to the west at Red Mountain make this property an attractive exploration project. A comprehensive exploration program over the entire property is warranted to identify areas with the best mineral potential.

There are no known commercial ore reserves on the Property. An engineering report dated July 31, 1990 has been prepared on the Property by Orcan Mineral Associates Ltd. (the "Orcan Report") which recommends a work program estimated to cost \$159,000 for Stage I, however management of the Issuer shall have the discretion to utilize the balance of its working capital after completion of the recommended work program on the MM100 Claim Group as it determines appropriate which may or may not include incurring expenditures on this Property.

(c) MM100 Claim Group, Skeena Mining Division, British Columbia

By an agreement dated October 31, 1980 and amended July 7, 1981, made between the Issuer and Messrs. Douglas Hopper and John Lunic (the "Vendors"), the Issuer acquired the MM100 mineral claim, located in the Skeena Mining District and comprising 18 units, subject to the retention by the Vendors of a 5% net smelter return on any commercial production from the said mineral claim. The consideration paid by the Issuer for the claim was the sum of \$6,000 and the issuance of 41,667 (post-consolidation) shares of the Issuer. The MM 100 mineral claim, record number 1594, has an expiry date of July 11, 1997. By an agreement dated February 04, 1991 made between the Issuer and the Vendors, the Issuer acquired the right to purchase all or a portion of the said 5% net smelter return.

The Issuer also staked the following ten claims in the proximate area of and contiguous to the MM100 mineral claim, which are not subject to the net smelter return royalty to which the MM100 claim is subject:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Buck 709(3)	3138	July 23, 1997
Buck	8034	October 5, 1997

Lake 16	3139	July 23, 1997
Lake 17	3140	July 23, 1997
MM #1 Fraction	3314	November 24, 1997
MM #2	3311	November 23, 1997
MM #3	3312	November 23, 1997
MM #4 Fraction	3315	November 24, 1997
MM #5	3313	November 23, 1997
MM #6 Fraction	3316	November 24, 1997
Dunwell #4 Fraction	5871	March 9, 1997

Access to the MM100 Claim Group is by helicopter only to the upper areas but the lower western portion can be reached by trail from the Stewart Highway. The MM100 Claim Group is located on the hillside east of Bear River about five miles north of Stewart, British Columbia between Glacier and Bitter Creeks.

Early history of work on MM100 Claim Group area is somewhat confused by the large number of property, prospect and operator names, but the earliest mention of the active prospecting is in the 1908 BCMM Report where the Main Reef Vein is referred to. This is most probably the Victoria-Silver Ledge section of Victoria Creek.

The properties appear to have lain dormant until about 1920 and from 1920 to 1928 almost all of the workings on the claim were driven and several small high-grade shipments made. One shipment in 1925 from the Dandy (Main Reef) of 7 tons returned a total of 7 oz. gold, 215 oz. silver, 4915 lbs. lead and 1499 lbs. zinc from the smelter.

After the late 1920's interest in the area waned and activity seems to have been limited to occasional high-grading operations. The claims covering the various showings and workings on the present MM100 claim were allowed to lapse, their surveys cancelled. Nothing is known on the activities in recent years until staked in 1980 by D. Hopper and Associates. Since current management acquired control of the Issuer, other than assessment work required in order to maintain the MM100 Claim Group in good standing, no exploration work has been done other than an airborne geophysical survey of the MM100 Claim Group conducted by Dighem Surveys & Processing Inc. for the Issuer in the Spring of 1990.

The MM100 claim extends over three major rock units previously mapped. A major feature on the claim conforms generally with the expected northern extension of the so called "Portland Canal Shear Zone" in or near which were found the Dunwell, George E, Glacier Creek, Sunbeam and Little Wonder mines and prospects immediately to the south of the MM100 claim.

Dighem Surveys & Processing Inc. conducted an airborne geophysical survey of the MM100 Claim Group in the Spring of 1990. Preliminary results of the survey indicate there are several strong EM conductors over the central part of the claim group which are aligned in a northeasterly trending zone which appears to correlate with a possible northeastern extension of the Dunwell-Sunbeam vein system and includes the Victoria and Silver Ledge prospects. A second zone can be roughly outlined on the extreme eastern side of the claim group over the Emperor and Superior Prospects which contains nine conductors and three prospect adits aligned in a north-northeast direction more or less parallel to the first zone.

According to the Orcan Report (as hereinafter defined) the MM100 Claim Group definitely warrants further exploration based on its favourable geologic setting and the presence of at least ten known mineral occurrences on and around the property. There is a strong possibility that extensions to some of the known vein deposits or new veins may be found, based on soil geochemistry done in 1981-83 and on more recent airborne geophysical results.

There are no known commercial ore reserves on the MM100 Claim Group. An engineering report dated October 31, 1990, a copy of which is attached hereto, has been prepared on the MM100 Claim Group by Orcan Mineral Associates Ltd. (the "Orcan Report") which recommends a work program on the MM100 Claim Group estimated to cost \$150,000 for Stage I, which will be carried out from the proceeds of this Offering. The Stage I program would consist of geological mapping, trenching, rock and soil sampling and assaying, road and drillsite construction, diamond drilling, extending the grid east and west for 18 kms, and extending ground geophysics.

(d) Rufus Claim Group, Skeena Mining Division, British Columbia

By an agreement dated May 31, 1980 made between the Issuer and Messrs. Art Becker, Douglas H. Moffat, David N. St. John, Walter L. Fowler and John Wilson (the "Vendors"), the Issuer acquired the Rufus claim group, consisting of 24 reverted Crown Grants and one claim of 16 units, in consideration for the sum of \$10,000 to Mr. Walter L. Fowler to cover in part the monies advanced by him towards costs of acquisition of the mineral claims and all costs associated therewith. In addition, the Issuer issued a total of 250,000 (post-consolidation) escrow shares to the Vendors of which 112,500 (post-consolidation) escrow shares have been released from escrow.

By an agreement dated January 15, 1991 made between Tournigan Mining Explorations Ltd. ("Tournigan") and the Issuer (the "Tournigan Agreement"), the Issuer agreed to sell to Tournigan a 100% legal and beneficial interest in and to the Rufus mineral claims in consideration of 90,000 common shares in the capital stock of Tournigan. Of the 90,000 shares, 45,000 have been issued to the Issuer and the balance are due to be issued to the Issuer on or before September 1, 1991. Title to the Rufus mineral claims will be transferred to Tournigan upon the issuance and delivery of the 90,000 shares. The Issuer will retain a 2% net smelter return interest in the Rufus mineral claims. If Tournigan fails to issue the second tranche of 45,000 shares on or before September 1, 1991, the Tournigan Agreement shall terminate.

The following is a list of the claim names, record numbers and expiry dates of the Rufus mineral claims:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Comet #4	522	March 1, 1991
Veteran	523	March 1, 1991
Veteran #3	524	March 1, 1991
Rufus #1	525	March 1, 1991
Rufus #2	526	March 1, 1991
Rufus #4	527	March 1, 1991
Rufus #6	528	March 1, 1991
Argyle Fraction	520	March 1, 1991
Baby Rufus Fraction	529	March 1, 1991
Wide Fraction	530	March 1, 1991

Silver Fraction	531	March 1, 1991
Long Fraction	532	March 1, 1991
Argyle #1	534	March 1, 1991
Argyle #2	535	March 1, 1991
Argyle #3	536	March 1, 1991
Argyle #4	537	March 1, 1991
Argyle #5	538	March 1, 1991
Argyle #6	539	March 1, 1991
Duke Fraction	540	March 1, 1991
Rufus	2140	March 14, 1991
Rufus #3	2141	March 14, 1991

All of the claims comprising the "Rufus Claim Group" are contiguous except for the Comet #4, Veteran and Veteran #3 which are not contiguous.

The Rufus Claim Group is located on the north slope of Bear Pass about 25 km NNE of Stewart, British Columbia. Elevations range from 305 m (1,000') in Bear Pass to 1,525 m (5,000') on the icefield along the north side of the claims. Access is by helicopter only to the upper elevations but the lower claims can be reached from the Stewart Highway. No trails exist and heavy underbrush and rugged topography make travel difficult.

Data from reports dating back to 1925 indicate numerous veins have been reported on the Rufus Claim Group of varying widths and lengths. A 244-metre crosscut tunnel was driven to explore the Veteran vein and some other veins at depth. Considerable work consisting of short underground tunnels, shafts, and surface cuts was done on the Comet claims and a 427-metre tunnel to intersect the Veteran vein was driven at about the same time. The last underground work is reported in the 1937 B.C. Department of Mines annual report where a further 45 metres of underground tunnel was contracted for but it is not known whether or not this work was actually completed. When the Issuer acquired the Rufus Claim Group some preliminary prospecting was done which was followed by a brief prospecting program in 1982. There was no further work done on the Rufus Claim Group until the Spring of 1990 when an airborne geophysical survey of the Rufus Claim Group was conducted by Dighem Surveys & Processing Inc. for the Issuer at a cost to the Issuer of \$15,000.

Preliminary results from the airborne survey indicate that there are no significant EM conductors on the Property except for one isolated conductor on the western edge of the Veteran 3 claim on the east side of the claim group, and one weak conductor at the head of West Rufus Creek on the extreme western edge of the claim group. The strong conductor on the Veteran 3 claim appears to be coincident with a well mineralized, northerly trending vein described in old reports as the Erickson vein.

Other than a small program of follow-up soil geochemistry and prospecting to try to identify the source of some anomalous geochemical zinc values in soil on the southern border of the Property, no other work is warranted. The 12 known veins in the very steep upper parts of the claim group have been well explored in the past and many of them plus some of the best mineral occurrences on the eastern part of the Property are presently located on claims not held by the Issuer. Recent airborne geophysical results indicate that it is unlikely that anything of interest has been missed by previous workers.

There are no known commercial ore reserves on the Rufus Claim Group. An engineering report dated July 31, 1990 has been prepared on the Rufus Claim Group by Orcan Mineral Associates Ltd. which recommends a work program estimated to cost \$3,000, however management of the Issuer shall have the discretion to utilize the balance of its working capital after completion of the recommended work program on the MM100 Claim Group as it determines appropriate which may or may not include incurring expenditures on the Rufus Claim Group.

RISK FACTORS

The Units 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 is no known body of ore on any of the Issuer's properties described herein. The purpose of the present Offering is to raise funds to provide general working capital which may be used by the Issuer as management deems appropriate including expenditures on the Issuer's various mining properties. If the Issuer carries out exploration programs which are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only sources of future funds presently available to the Issuer are the sale of equity capital, or the offering by the Issuer of an interest in its properties to be earned by another party or parties by carrying out further exploration or development thereof.
- 2) Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer on the exploration of its properties as described herein will result in the discovery of commercial quantities of ore.
- 3) The marketability of natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. 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) Mining operations generally also involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. 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 reports with respect to its properties, this should not be construed as a guarantee of title. The Issuer's 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 properties consist of recorded mineral claims which have not been surveyed, and therefore, the precise area and location of such claims may be in doubt.
- 7) Reference is made to Item 6 herein concerning possible conflicts of interest involving directors and officers of the Issuer.

4. **PARTICULARS ON NON-RESOURCE ASSETS**

The Issuer is not engaged nor does it propose to engage, in whole or in part, in a business other than for the exploration and development of natural resources.

5. **CORPORATE INFORMATION**

The Issuer was incorporated on July 10, 1978 under the laws of the Province of British Columbia by registration of its Memorandum and Articles under the name of Kingdom Resources Ltd. The Issuer changed its name to KRL Resources Corp. on September 27, 1989.

The authorized share capital of the Issuer is 10,000,000 common shares without par value of which 3,781,121 shares are issued and outstanding. On exercise of the share purchase warrants by Goldbelt Mines Inc., there will be an additional 1,000,000 shares issued and outstanding for a total of 4,781,121 shares (see Item 7 hereof for more disclosure). On September 27, 1989, the Issuer effected a consolidation of capital on a three old shares for one new share basis.

Holders of the common shares are entitled to one vote per share on all matters to be voted on by shareholders. All common shares without par value rank equally within their class as to dividends, voting rights, participation and assets and in all other respects. There are no conversion rights, special liquidation rights, pre-emptory rights or subscription rights attached to the shares of the Issuer. In the event of liquidation, dissolution or winding up of the Issuer, holders of common shares are entitled to share ratably in all assets remaining after payment of liabilities.

Since the date of the Issuer's financial statements dated November 30, 1990, a copy of which are attached hereto and form part of this Statement of Material Facts, there have been no shares of the Issuer issued from treasury.

ORCAN MINERAL ASSOCIATES LTD.
CONSULTING ENGINEERS

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**KRL Resources Corp.
Vancouver, B.C.**

EXPLORATION REPORT

on the

MM PROPERTY

Bear River, British Columbia

**Skeena Mining Division
56°01'N Lat.; 129°55'W Long.
(NTS 104 A/4)**

October 31, 1990

**David R. Budinski, P.Geol.
Robert S. Adamson, P.Eng.**

Consultants

Vancouver, Canada

.../6

6. RELATED PARTY TRANSACTIONS (CONT'D)

- d. Legal fees totaling \$33,834 were paid, during the current year, to a law firm in which a Director of the subject company is a partner.
- e. The private placement described in Note 4b above for 1,000,000 units was completed by Goldbelt Mines Inc., a company related by common Directors.

7. ADDITIONAL INFORMATION

The company is planning to offer a public financing consisting of up to 600,000 units at an estimated price of \$0.50 per unit to net the corporate treasury \$277,500 after a commission of \$22,500 is deducted. Each unit consists of one (1) share and two (2) share purchase warrants which may be exercised to acquire an additional share at the offering price for a period of one year following the Offering Day.

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SUMMARY

The MM mineral property, comprising 42 contiguous claim units, is located in rugged mountainous terrain near Stewart in northwestern British Columbia. The claims are owned by KRL Resources Corp. of Vancouver and paved Highway 37A provides good access to the western part of the claim group.

On a regional scale, the MM claims are underlain by rocks of the Stewart Complex which is a thick, folded volcanic and sedimentary assemblage of Triassic-Jurassic age strata intruded by a succession of small Triassic and Tertiary plutons. There are a large number of mineral deposits and several producing mines associated with Jurassic Hazelton Group rocks of the Stewart Complex and past exploration successes have provided a stimulus to periods of intense exploration activity such as is currently underway in the so called "Golden Triangle". Three major types of mineral deposits occur in the region; fissure and replacement veins, stratiform massive sulphides and porphyry deposits but the main targets on the MM property are fissure veins carrying zinc-lead-silver-gold.

The property has a long history of sporadic mineral exploration and development dating back to the turn of the century. There are several old mineral prospects, adits, pits and trenches on and adjacent to the property from which several small shipments of silver-lead-zinc-gold ore were recorded in the early 1900's. Production from the Dunwell mine, located just south of the present MM property boundary, was reported to be about 50,000 tons grading 0.02 opt gold, 6.0 opt silver, 2.4% zinc, and 1.65% lead.

Recent (1990) work by KRL Resources Corp. consisting of geophysics, rock geochemistry and geological interpretation has substantially enhanced the exploration potential of the property. Several strong, well defined airborne and ground EM anomalies and a large

number of highly anomalous metal values in rock and soil samples indicate that mineralization is probably related to major structural features. The Victoria structure, a prominent northeasterly striking fault zone in the centre of the property contains several known mineral prospects. Also, geophysical anomalies and anomalous precious and base metal values along a 1,000-metre section of Victoria Creek makes this a high priority target for preliminary drilling. Two other parallel structures a few hundred metres to the east also exhibit anomalous geophysical and geochemical values and may represent extensions to known deposits or buried veins.

The presence of at least ten known mineral prospects, four strong structures, several geophysical conductors, anomalous metal values in soil and rock samples and favourable geology on and around the MM claim group presents an attractive exploration target for both precious and base metal deposits. The property definitely warrants further exploration and a two-stage, \$354,000 program is recommended as follows:

Stage I	<u>Estimated Cost</u>
Evaluate Victoria Structure & Explore Other Areas for Drill Targets	\$ 150,000
Stage II (Contingent on Stage I Results)	
Diamond Drilling - 1,200 metres @ \$170	<u>204,000</u>
TOTAL STAGES I & II	\$ <u>354,000</u>

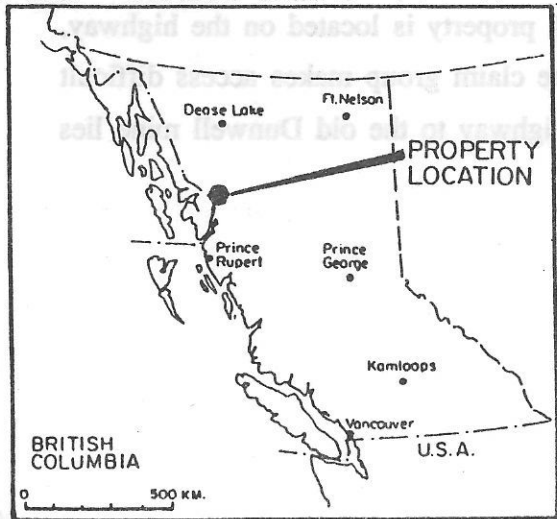
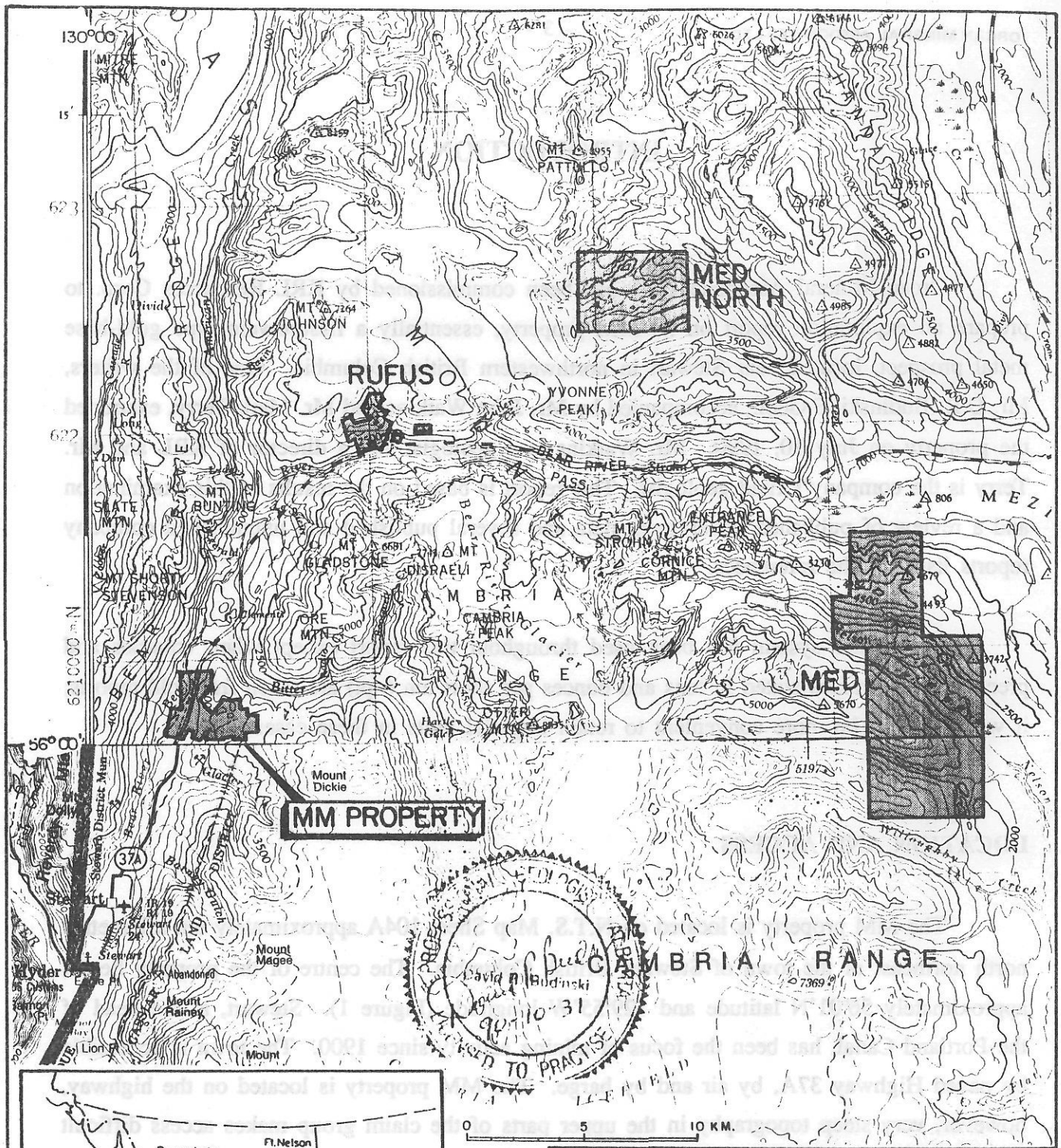
INTRODUCTION

Orcan Mineral Associates Ltd. has been commissioned by KRL Resources Corp. to prepare an exploration report on its MM property, essentially a fissure-vein type gold-base metal prospect, located near Stewart in northwestern British Columbia. One of the writers, Mr. D.R. Budinski, P.Geol., accompanied by Mr. John Watkins and Mr. Mark Terry, examined the property on July 10, 1990. Mr. Watkins is a geologist and a director of KRL and Mr. Terry is the company's field geologist. This report is based on the results of this examination and a review of published government data and several published and unpublished company reports listed in the references.

The metric system has been used throughout this report except when volumes and precious metal values stated in tons and ounces per short ton (opt) are taken from old reports; it was found to be more convenient to retain imperial units in these cases.

LOCATION AND ACCESS

The MM property is located on N.T.S. Map Sheet 104A approximately ten kilometres north northeast of the town of Stewart, British Columbia. The centre of the property lies at approximately 56°01'N latitude and 129°55'W longitude (Figure 1). Stewart, at the head of the Portland Canal, has been the focus of mining activity since 1900. The town is accessible by paved Highway 37A, by air and by barge. The MM property is located on the highway, however, very steep topography in the upper parts of the claim group makes access difficult and a helicopter is usually required. A road from the highway to the old Dunwell mine lies only 400 metres from the southern property boundary.



ORCAN MINERAL ASSOCIATES LTD. CONSULTANTS VANCOUVER, CANADA	
KRL RESOURCES CORP.	
MM PROPERTY	
LOCATION MAP	
SKEENA M.D., B.C.	N.T.S. 103P, 104A
SCALE 1:250,000	OCT. 1990
	FIG. 1

PROPERTY

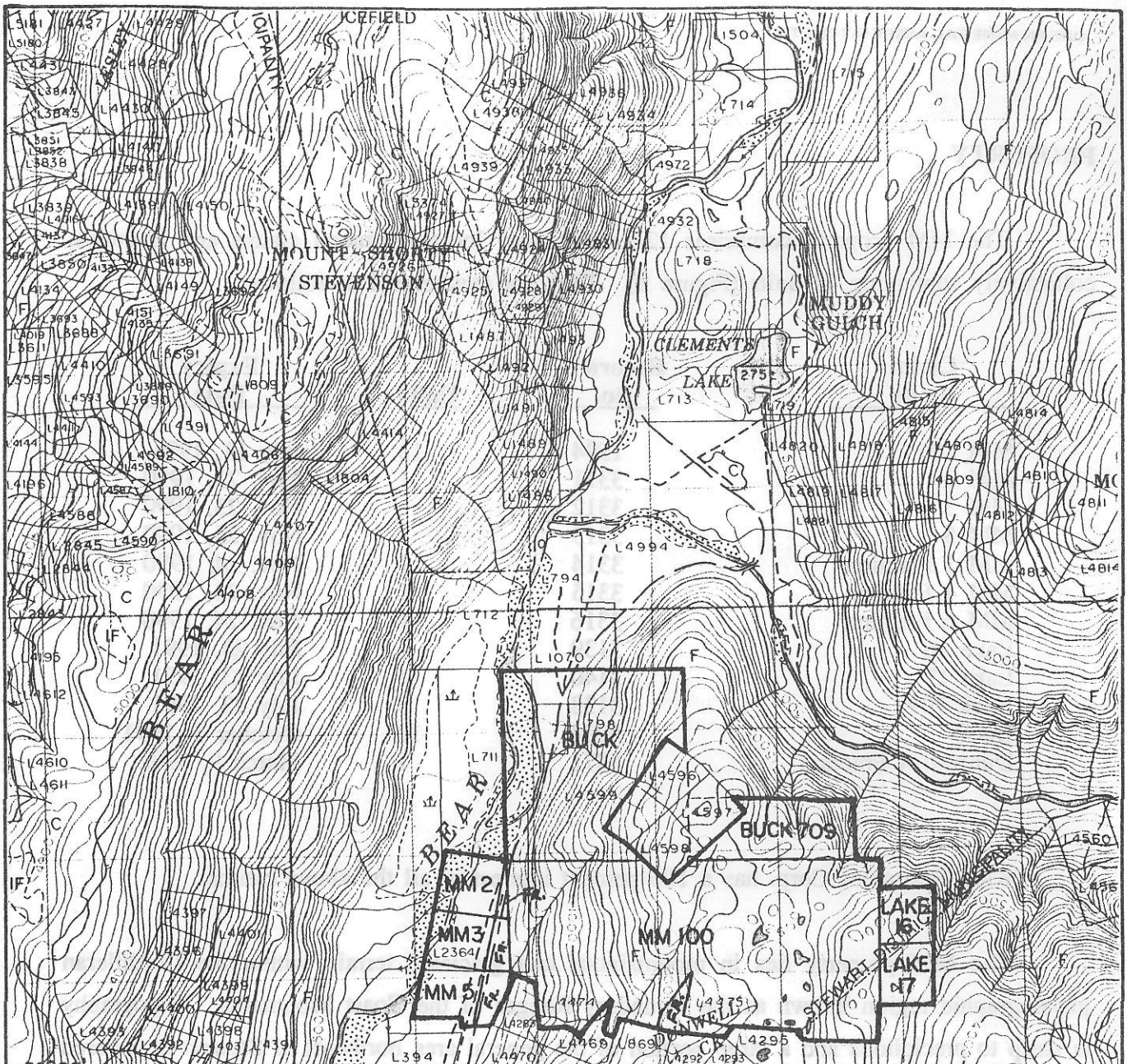
The MM property comprises 12 contiguously located mineral claims and fractions, collectively containing 42 units (Figure 2). They are enumerated as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Expiry Date</u>
MM 100	1594	18	July 11, 1991
MM 2	3311	1	Nov. 23, 1990
MM 3	3312	1	Nov. 23, 1990
MM 5	3313	1	Nov. 23, 1990
MM 1 Fraction	3314	1	Nov. 24, 1990
MM 4 Fraction	3315	1	Nov. 24, 1990
MM 6 Fraction	3316	1	Nov. 24, 1990
Lake 16	3139	1	July 23, 1991
Lake 17	3140	1	July 23, 1991
Buck 709	3138	3	July 23, 1991
Buck	8034	12	October 5, 1991
Dunwell 4 Fraction	5871	1	March 9, 1992

KRL Resources Corp. has a 100 percent interest in all the above claims.

The MM property lies in mountainous and glaciated terrain within the Cordilleran physiographic region known as the Boundary Ranges of the Coast Mountains. Topography is steep to precipitous and a large portion of the general area northeast of Stewart is covered by permanent icefields. Maximum elevations on the property range up to 1,000 metres.

The west half of the property contains the floor and steep eastern slope of the Bear River valley; the east half comprises an upland plateau, ranging in elevation from 730 to 930 metres, with open meadows, small lakes, and open stands of timber. Heavy timber with tangled underbrush occurs on the lower reaches of the property making travel and prospecting difficult.



56°00' 138000m E. 39 40 41 42 43 44 45 46 129°55'

STEWART
8 km

The west half of the property contains the floor and steep eastern slope of the Bear
 elevation from 730 to 930
 level and prospecting



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MM PROPERTY

CLAIM MAP

SKENA M.D., B.C.

N.T.S. 104A-4

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FIG. 2

While the climate is relatively mild year-round, snowfall is very heavy in the winter. Consequently, surface exploration is severely inhibited for much of the year.

HISTORY

Mineral exploration in the Stewart area started in the late 1800's when placer miners from the Cariboo, followed later by hard rock prospectors, settled in the area. During the next few years, work by these early explorers led to the discovery of bonanza gold-silver deposits at Premier, massive sulphide deposits at Anyox, and high-grade silver vein deposits at Prosperity-Porter-Idaho. These early successes provided the incentive for exploration and development which is still continuing today. Mineral production from this geological environment defined by Grove as the "Stewart Complex", has included gold, silver, copper, lead, zinc, cadmium, tungsten, molybdenum, iron, arsenic, antimony, and selenium.

The earliest recorded work on the MM property is mentioned in the 1908 B.C. Minister of Mines report where reference is made to prospecting on the Main Reef vein. This is believed to be the Victoria-Silver Ledge section of Victoria Creek which is located near the south boundary of the present MM property. Other closely spaced occurrences along the southern edge of the MM property include Tyee, Mayflower, Ben Ali, Emperor, Sunbeam, and Superior. Old provincial government reports in 1909 and 1911 mention that a sample from Tyee assayed 4.92 ounces per ton (opt) Au and 20.68 opt Ag and a 214-metre tunnel with a short winze on the Main Reef vein averaged 0.75 opt Au.

No further work on the properties is reported until the 1920's when several small high-grade shipments were made from a number of the workings during an eight-year period. In 1925, a 7-ton shipment from the Main Reef returned 7 oz Au, 215 oz Ag, 4,915 lbs. Pb, and 1,499 lbs. Zn.

Activity and interest in the area waned after the late 1920's except for sporadic high grading operations, and most claims were allowed to lapse. There is no record of exploration in this area again until 1980 when most of the present claim area was staked by D. Hopper and Associates and subsequently acquired by Kingdom Resources Ltd., a predecessor company of KRL Resources Corp.

In 1981, 1982, and 1983, Kingdom Resources conducted programs of geochemical soil and rock sampling, geological mapping, prospecting, trenching, and locating and sampling of old workings. Geochemical soil sampling analyses indicated the presence of several anomalous copper-zinc-lead zones trending north-northeast and conforming generally with the expected northern projection of the "Portland Canal Shear Zone". The old Dunwell, George E, and Sunbeam mines, which are located just south of the MM property, are located within this shear system and these anomalies may indicate mineralization associated with the structure.

The 1983 exploration program included trenching and test pitting on the Mayflower and Tyee zones but results were erratic and inconclusive.

No further work was done on the property until this year when KRL Resources implemented a preliminary exploration program.

RECENT WORK

In May, 1990, an airborne geophysical survey was carried out over the area by Dighem Surveys on behalf of KRL Resources Corp.

A cut-line grid was laid out over the centre of the property this past summer and VLF electromagnetic and magnetometer surveys were conducted over the grid. Geological mapping was done in a reconnaissance fashion and the gorge hosting a section of Victoria Creek was thoroughly prospected. A large number of rock samples were collected for geochemical

analyses from scree material, old mine dumps, and outcrops; most of these were taken along the Victoria Creek structure in the valley of Victoria Creek.

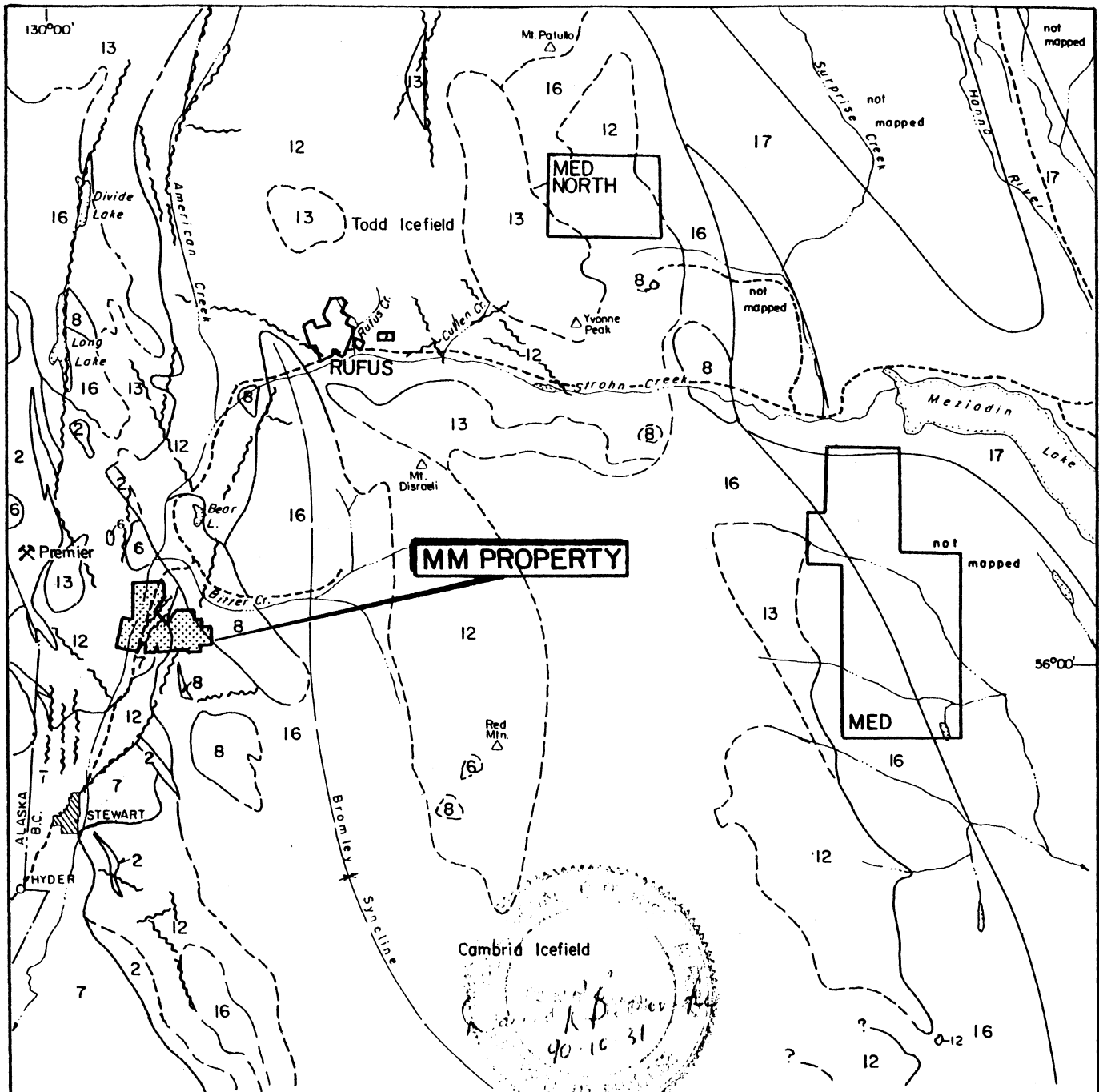
GEOLOGICAL SETTING

REGIONAL GEOLOGY

The geology of the Stewart area has been mapped and described by Edward W. Grove in considerable detail in B.C. Ministry of Mines and Petroleum Resources Bulletins 58(1971) and 63(1986). Regional geology is shown on Figure 3. In general, the Stewart-Anyox area is underlain by a thick, moderately folded, volcanic, sedimentary and metamorphic assemblage which Grove has named "the Stewart Complex". This package of rocks ranges in age from Triassic to Quaternary and is intruded by a succession of relatively small Upper Triassic to Oligocene plutons and dykes. Regional deformational metamorphism which formed cataclastite and shear zones is an important structural feature in the Stewart Complex. These zones of weakness, which are largely restricted to competent Triassic and Jurassic rocks, are generally marked by extensive alteration and were the loci of metallic mineralization.

The oldest rocks within the Stewart Complex are Upper Triassic green epiclastic volcanic units which include volcanic breccia, siltstone, marble, and sandstone. The Triassic section in this area is at least 900 metres thick and has been tentatively correlated with Takla Group rocks in the Smithers area to the south.

Triassic rocks in the Stewart area are overlain by volcanic sedimentary and epiclastic rocks of the Jurassic Hazelton Group. The Hazelton Group is divided into four major formations: Lower Jurassic Unuk River green, red and purple volcanic breccia, conglomerate, sandstone, and siltstone; lower Middle Jurassic Betty Creek red and green epiclastic volcanics, purple and black volcanic breccias, conglomerate sandstone, siltstone, crystal tuffs, and pillow lavas; upper Middle Jurassic Salmon River thin bedded marine siltstones, greywackes, sandstones, some calcarenite, minor limestone, argillite and conglomerate, and Upper Jurassic Nass Formation marine siltstones, greywackes, sandstones, calcarenite, argillite, conglomerate, minor limestone and coal. The Nass Formation forms most of the outcrops in the Western Bowser Basin, but elsewhere in the Basin the Nass River sediments are overlain by a thick



After Edward W. Grove, B.C.M.E.M.P.R. BULLETIN 63 (1986)

- UPPER JURASSIC
 - 17 Nass Formation
 - MIDDLE JURASSIC
 - 16 Salmon River Formation
 - 13 Betty Creek Formation
 - LOWER JURASSIC
 - 12 Unuk River Formation
 - PLUTONIC ROCKS
 - EOCENE
 - 8 Quartz diorite
 - 7 Coast plutonic complex
 - MIDDLE JURASSIC & YOUNGER
 - 6 Granodiorite
 - METAMORPHIC ROCKS
 - JURASSIC
 - 2 Hornfels
- Geological contact defined, approx. (dashed line)
 Creek (solid line)
 Road (dashed line)
 Fault (wavy line)

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MM PROPERTY

REGIONAL GEOLOGY



SKEENA M.D., B.C.

N.T.S. 1044-4

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OCT. 1990

FIG. 3

sequence of marine and continental sedimentary rocks of the Cretaceous or Tertiary Skeena Group.

Quaternary rocks consisting of small volcanic piles and flows of basalt, cinder and ash are scattered throughout the map area.

Major intrusions of the Coast Plutonic Complex of Middle Jurassic and Tertiary age dominate the western margin of the Stewart Complex, but smaller satellitic plutons named Skeena Intrusions (Grove, 1968) occur on the flanks of the major intrusive bodies. Skeena plutons range from Late Triassic to Tertiary in age. Other intrusive rocks that appear to have a close relationship to known mineral occurrences in the Stewart area are the extensive northerly and northwesterly trending diorite and quartz diorite Portland Canal dyke swarms of Upper Jurassic to Tertiary age.

Many structural features of the Stewart Complex are relatively simple. The trend of the major rock formations is north-northwesterly and both Hazelton and younger rocks have been folded with anticlinal and synclinal axes striking north-northwest and plunging gently north-northwest and south-southeast. All rock units are cut by transverse and longitudinal faults usually marked by considerable deformation, mylonitization and alteration.

Mineralization on a regional scale has been studied and classified by several workers. It is believed that metallogenesis may be related to repeated cycles of vulcanism, sedimentation, and plutonism during each major tectonic phase of the evolution of the Stewart Complex. This has produced broad mineral zoning and a wide variety of mineral deposits. There are three main types of mineralization in the region; vein deposits (both fissure and replacement), stratiform massive sulphides, and porphyry deposits. Vein deposits are by far the most common where gold and/or silver occur in en echelon quartz veins and lenses, usually within or along major shear zones or dyke swarms. Massive sulphide deposits occur in and are conformable with volcanic-sedimentary units while porphyry deposits are restricted to small satellitic intrusions.

PROPERTY GEOLOGY

The MM property is underlain by Jurassic Hazelton Group volcanic and sedimentary rocks with Lower Jurassic Unuk River Formation strata on the west side overlain by Middle Jurassic Salmon River Formation strata over the central portion of the claims (Figure 4). The strata strike north northeasterly and dip moderately to the west. These units are intruded by a large Eocene pluton (the Bitter Creek quartz monzonite) along the eastern side of the claim group, and by a smaller pluton of quartz monzonite at the southwestern corner of the property. All of these rocks form part of the Stewart Complex as defined and described by Grove (1986).

There are apparently at least four strong northeasterly trending faults cutting across the property (Victoria, Creek, Dunwell, and Lakes Structures). A number of old mineral prospects, adits, and mine workings are located along or adjacent to these structures, indicating that the vein type mineral deposits in the area are probably structurally controlled. Another major structural feature important to the economic geology in this area is the northwesterly trending Portland Canal Dyke Swarm which Grove has projected to cut across all other rock units. These closely spaced Eocene dykes consisting of granite, quartz monzonite, quartz diorite, and granodiorite are equiangular or porphyritic in texture and are spatially related to the margin of the Coast Plutonic Complex. Although possibly existing on the property, initial mapping has not yet firmly identified any of these dykes. In the Stewart district, the Portland Canal Swarm was responsible for localizing quartz sulphide mineralization where many of the dykes have been fractured and faulted and later filled with pods and lenses of quartz and silver-bearing sulphides. These deposits have not been large producers, but the relatively high silver grades have made them attractive exploration targets.

MINERAL OCCURRENCES

Mineralization occurs in quartz-calcite brecciated fissure veins where lenses of sulphides have been localized. Sulphides include galena, sphalerite, pyrite, chalcopyrite with minor tetrahedrite and rare ruby silver and argentite. The sulphide minerals usually occur as fine wisps and streaks and as irregular coarse-grained clots in fractured quartz veins which in turn are found in faults and shear zones.

While most of the old prospect pits and adits are now overgrown, caved and otherwise inaccessible or unlocatable, brief descriptions of some of these mineral occurrences can be gleaned from government and more recent industry reports.

TYEE

Workings include a large cut with a shaft reported to be 12 metres deep, a series of pits extending north of the shaft and one or more adits driven on a southerly extension of a shear zone in the canyon of Victoria Creek. Mineralization occurs in a north striking steeply dipping silicified shear zone in granite. The mineralized zone is 30 cm - 90 cm wide in the underground workings and up to 2.4 metres in the trenches to the north. Lenses and pods of pyrite, chalcopyrite and galena are the main sulphide minerals of economic interest although flakes of molybdenite have also been noted in the enclosing granitic country rock. The best assay values obtained from surface sampling of dumps and pits by Harris (1981) are 0.22 opt Au from a dump and 0.131 opt Au and 6.39 opt Ag from part of an old pit 12 metres north of the shaft. A 1909 government assay report mentions a sample from Tyee that returned 4.92 opt Au and 20.68 opt Ag, but the sample width or location is not known.

MAYFLOWER

Several northwest striking, southwest dipping quartz-carbonate fissure veins in the canyon of Mayflower Creek with erratic sulphide mineralization were explored by three short adits many years ago. Sampling of freshly blasted material from surface test pits and of some of the old underground workings by Kingdom Resources in 1981-83 yielded interesting but inconclusive assay results across narrow widths. High grade loose material from one of the adits (No. 1) ran 2.28 opt Au and 57.2 opt Ag and a 20-cm shear in the creek bed assayed 0.128 opt Au and 1.01 opt Ag. Another shear in the creek bed just below the portal of the adit ran 3.10 opt Au and 18.8 opt Ag across 0.9 metres. In the vicinity of one of the other adits, no vein was found but an outcrop just downstream assayed 2.72 opt Au and 12.30 opt Ag across an 18-cm wide sulphide vein. Due to heavy overburden and steep topography, prospecting in this area is difficult. Most of these veins cannot be traced very far on surface but, for the most part, their trend is northwesterly, roughly parallel to the strike of the Portland Canal Dyke Swarm but transverse to the major faults mapped in this area.

VICTORIA

The Victoria adit located at the extreme southern boundary of the MM property was driven on a northwesterly trending quartz-sulphide vein known as the Main Reef Vein. The earliest recorded work in this area is described in the 1908 B.C. Minister of Mines Annual Report where reference is made to prospecting on the Main Reef Vein. 1909 and 1911 government reports mention samples from a 214-metre tunnel and a short winze on the Main Reef Vein that averaged 0.75 opt Au. Shipments of ore from the Victoria mine are reported to be 11 tons grading 0.65 opt Au, 25.0 opt Ag, and about 25% Pb and 5% Zn. Another shipment of 7 tons from the Main Reef Vein which returned 7.0 ozs Au, 20.68 ozs Ag, 4,915 lbs Pb, and 1,499 lbs Zn was reported in 1925, but this may be part of the 11 tons shipped from the Victoria mine.

No! The Main Reef vein
was drilled on in Adit 2
(N-trending!)

SILVER LEDGE

Two old adits, now caved and inaccessible, on the west side of Victoria Creek about 300 metres northeast of the Victoria adit, are believed to be the Silver Ledge workings mentioned in old government reports. The adits were driven northwest on silicified shears carrying heavy sulphide mineralization and a sample of caved adit material by Harris (1981) across a 20-cm wide quartz vein returned an assay of 0.36 opt Au, 5.04 opt Ag, 5.40% Pb, and 0.65% Zn. A sample of dump material by KRL in 1990 returned 555 ppb Au, 34.5 ppm Ag, 7,100 ppm Pb, and 7,230 ppm Zn, and a bedrock sample a few metres away returned 2.46 g/t Au, 30.4 ppm Ag, 6,700 ppm Pb, and 6,400 ppm Zn. The zone cannot be traced on surface due to heavy overburden but it is believed that mineralization is probably related to and localized where the Portland Canal Shear Zone is intersected by the Victoria Structure.

EMPEROR

Two old adits at the southeast corner of the property, about which little is known, were located by Kingdom Resources in 1981, but only one, the upper adit, was accessible for sampling. Values were generally low although it was reported that some significant assays were obtained from dump material from the lower adit. The best values shown in a 1981 report are 0.157 opt Au and 2.58 opt Ag. KRL's 1990 work did not include any rock sampling near the Emperor adits, but a strong northeasterly striking vein is shown on the compilation map accompanying Watkins' October 1990 report.

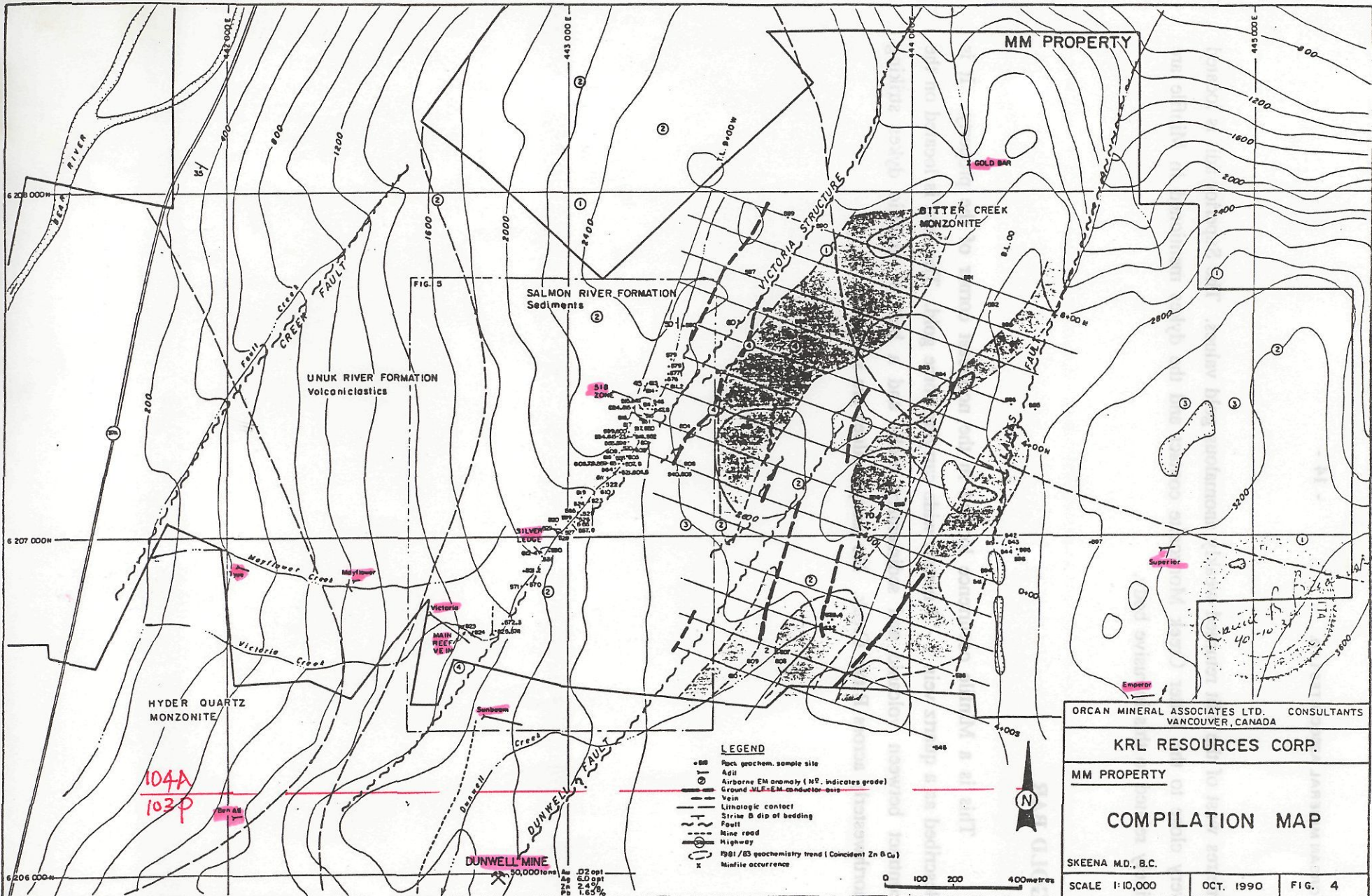
SUPERIOR

Little is known about this occurrence other than a brief reference in Minfile which describes it as good silver values in two narrow mineral bodies adjacent to a light-coloured dyke. No assays or dimensions are stated, but two scree samples by KRL about 200 and 500

metres west of the adit returned weakly anomalous gold values. The Superior adit is located very close to the Bitter Creek Monzonite contact and the dykes mentioned in Minfile are likely related to this intrusive body.

GOLD BAR

This is a Minfile occurrence located in the northeast corner of the property. It is described as a quartz vein 1 - 3 metres wide carrying some gold. The vein is located on the contact between volcanic and sedimentary rocks and a belt of granitic dykes striking northwesterly across Bitter Creek. No assays values are stated.



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MM PROPERTY	
COMPILATION MAP	
SKEENA MD., B.C.	
SCALE 1:10,000	OCT. 1990 FIG. 4

- LEGEND**
- SB Pct. geochem. sample site
 - AdH Airborne EM anomaly (NR. indicates grade)
 - Ground MLE-EM conductor axis
 - Vein
 - Lithologic contact
 - Strike & dip of bedding
 - Fault
 - Mine road
 - Highway
 - 1981/83 geochemistry trend (Concentric Zn & Cu)
 - X Native occurrence

104A
103P

DUNWELL MINE
50,000 tons
Au .02 opt
Ag 6.0 opt
Zn 7.4%
Pb 1.6%

VICTORIA STRUCTURE

Recent work by KRL Resources indicates that known mineralization along a 1,000-metre long section of Victoria Creek may be related to a strong northeast trending structure which forms the canyon of Victoria Creek. This structure which is shown on Figures 4 and 5 and is referred to in this report as the "Victoria Structure" dips approximately 60°NW at the north end near the headwaters of Victoria Creek. Its strike is transverse and nearly at right angles to the strike of the Main Reef Vein, suggesting that mineralization may have been localized in shoots where this structure intersects northwesterly striking fractures and dykes associated with the Portland Canal Shear zone.

In July, 1990, KRL Resources completed a rock geochemical survey over a new geophysical grid and along the Victoria structure. Samples were taken wherever bedrock outcropped on the grid lines but scree and old mining dumps were also sampled along Victoria Creek, wherever rock was found.

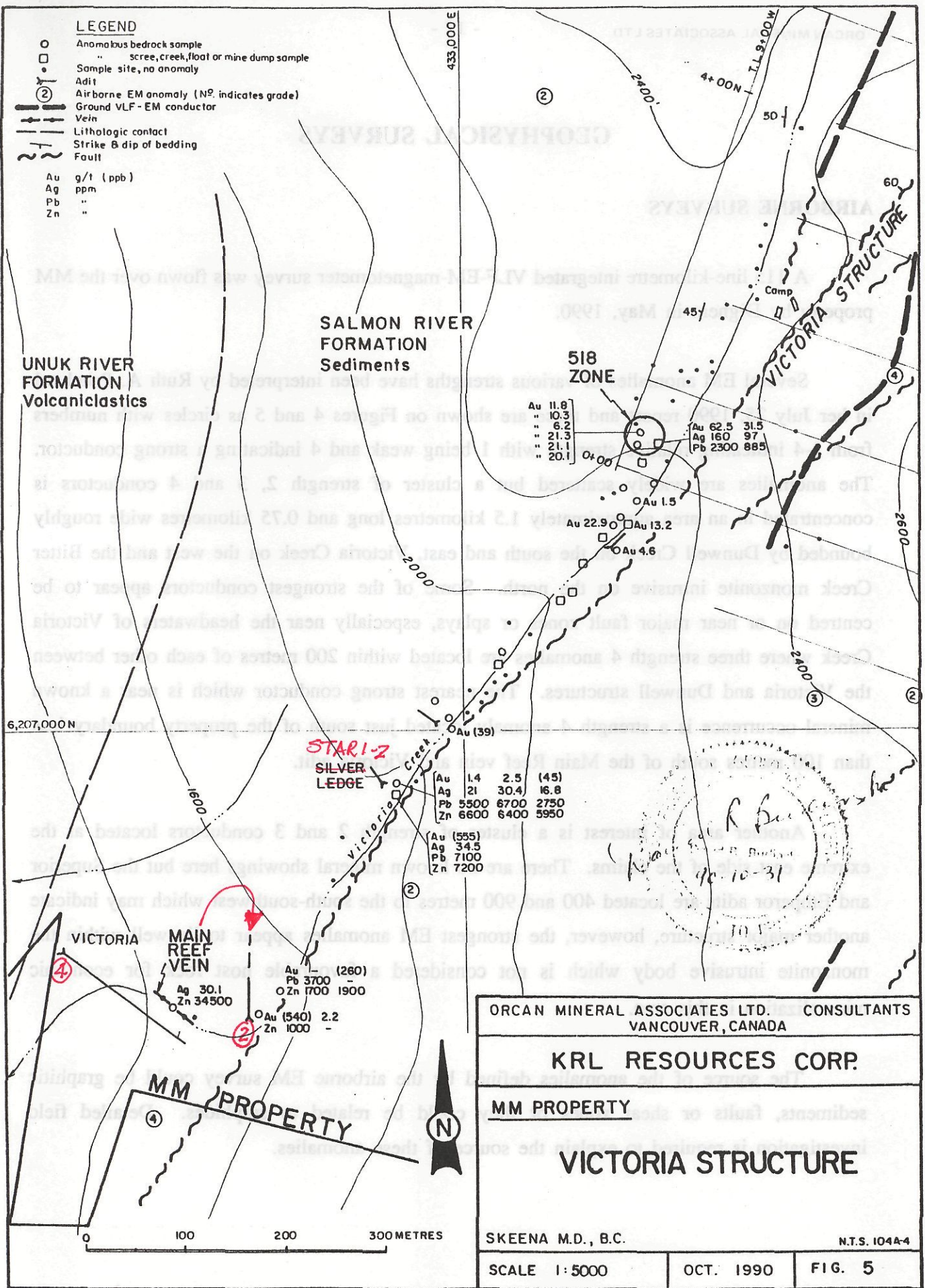
The Victoria structure is of potential economic importance because at least six known mineral occurrences are located along its projected strike length although two of these, the Ben Ali and Sunbeam, are just off the MM property to the south. The Victoria, Main Reef, and Silver Reef deposits have all been described individually under the Mineral Occurrences Section of this report and will not be discussed further here. The '518' Zone is a new mineral occurrence located approximately 750 metres upstream from the Victoria adit. It was discovered by rock sampling in July, 1990 in a cliff face where several samples of bedrock returned assays of 11.8, 10.3, 6.2, 21.3, 21.1 and 20.1 g/t Au. A sample of scree immediately below the bedrock occurrence returned values of 62.5 and 31.5 g/t Au, 160 and 97 ppm Ag and 2,300 and 885 ppm Pb (Figure 5). Other rock samples just a few metres downstream returned 22.9 and 4.6 g/t Au in bedrock and 13.2 g/t in scree.

Mineralization at the Victoria - Main Reef Vein is mainly in arsenopyrite - quartz veins carrying high gold and anomalous Pb-Zn whereas Dunwell mineralization 500 metres to

the southeast is mainly in silver-rich-sphalerite-galena quartz veins, low in gold and arsenic. Most of the rock sampling by KRL was concentrated along Victoria Creek because of higher gold values, however many of the rock samples collected were from scree and old mine dumps where bedrock was absent or inaccessible. A one-metre wide quartz fissure vein exposed in Victoria Creek at 1,420 feet elevation (sample no. 502823) returned values of 3.45% Zn, 30 ppm Ag, and 0.55% Pb. It may be an upward projection of the Main Reef Vein.

LEGEND

- Anomalous bedrock sample
 - scree, creek, float or mine dump sample
 - Sample site, no anomaly
 - Adit
 - ② Airborne EM anomaly (Nº indicates grade)
 - Ground VLF-EM conductor
 - Vein
 - Lithologic contact
 - Strike & dip of bedding
 - Fault
- Au g/t (ppb)
 Ag ppm
 Pb "
 Zn "



SALMON RIVER FORMATION Sediments

UNUK RIVER FORMATION Volcaniclastics

VICTORIA STRUCTURE

518 ZONE

STAR 1-2 SILVER LEDGE

MAIN REEF VEIN

MM PROPERTY

Au 11.8
 " 10.3
 " 6.2
 " 21.3
 " 21.1
 " 20.1

Au 62.5 31.5
 Ag 160 97
 Pb 2300 885

Au 22.9
 Au 13.2
 Au 4.6

Au (39)

Au 1.4 2.5 (45)
 Ag 21 30.4 16.8
 Pb 5500 6700 2750
 Zn 6600 6400 5950

Au (555)
 Ag 34.5
 Pb 7100
 Zn 7200

Au (260)
 Pb 3700
 Zn 1700 1900

Au (540) 2.2
 Zn 1000

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KRL RESOURCES CORP.

MM PROPERTY

VICTORIA STRUCTURE

SKEENA M.D., B.C.

N.T.S. 104A-4

SCALE 1:5000

OCT. 1990

FIG. 5

GEOPHYSICAL SURVEYS

AIRBORNE SURVEYS

A 115 line-kilometre integrated VLF-EM-magnetometer survey was flown over the MM property by Dighem in May, 1990.

Several EM anomalies of various strengths have been interpreted by Ruth A. Pritchard in her July 25, 1990 report and these are shown on Figures 4 and 5 as circles with numbers from 1-4 indicating relative strength with 1 being weak and 4 indicating a strong conductor. The anomalies are widely scattered but a cluster of strength 2, 3 and 4 conductors is concentrated in an area approximately 1.5 kilometres long and 0.75 kilometres wide roughly bounded by Dunwell Creek on the south and east, Victoria Creek on the west and the Bitter Creek monzonite intrusive on the north. Some of the strongest conductors appear to be centred on or near major fault zones or splays, especially near the headwaters of Victoria Creek where three strength 4 anomalies are located within 200 metres of each other between the Victoria and Dunwell structures. The nearest strong conductor which is near a known mineral occurrence is a strength 4 anomaly located just south of the property boundary less than 100 metres south of the Main Reef vein and Victoria adit.

Another area of interest is a cluster of strength 2 and 3 conductors located at the extreme east side of the claims. There are no known mineral showings here but the Superior and Emperor adits are located 400 and 900 metres to the south-southwest which may indicate another major structure, however, the strongest EM anomalies appear to lie well within the monzonite intrusive body which is not considered a favourable host rock for economic mineralization in this area.

The source of the anomalies defined by the airborne EM survey could be graphitic sediments, faults or shear zones or they could be related to sulphides. Detailed field investigation is required to explain the source of these anomalies.

The results of the airborne magnetometer survey did not indicate anything significant regarding geology or possible mineralization.

GROUND SURVEYS

In July, 1990, KRL Resources contracted Orequest Consultants Ltd. to conduct a 14 line-kilometre ground VLF-EM and magnetometer survey over a newly established grid roughly covering an area 1,000 metres wide by 1,300 metres long. This grid is oriented north-northeast and is bounded by Victoria Creek on the west and the Lakes fault on the east (Figure 4). Survey lines were regularly spaced 100 metres apart but some of the southern cross lines did not extend far enough to the west to reach the Victoria structure due to steep topography (canyon of Victoria Creek). All of the lines did cross the Dunwell structure and the northeastern part of the grid extended well onto mapped limits of the Bitter Creek monzonite intrusive. Instruments used in this survey were a Geonics EM-16 receiver using the Seattle transmitter (24.8 Khz) and magnetic readings were obtained using a Scintrex MP-2 magnetometer.

The results of the VLF-EM survey were plotted on a series of profiles and a set of Fraser-filtered values were also plotted on a contour map. These maps were included with the Watkins October 1990 report but, for the purposes of this report, VLF-EM conductors have been shown as linear conductors on Figure 4. In general, the VLF anomalies are reasonably well defined and are oriented in a north-northeasterly direction more or less parallel to the major structures as interpreted by Watkins. The strongest anomalies lie in an area bounded by the Victoria structure on the west and the base-line on the east, however, there is one strong conductor west of the Victoria structure in the northwest corner of the grid. Lack of detailed geological mapping of outcrop makes it difficult to interpret or postulate possible sources for these conductors. They could be caused by mineralized faults, shears or dykes but other likely sources may include water in faults and shear zones, conductive overburden or

graphitic sediments. According to Watkins, these VLF anomalies probably represent fault zones which are northeasterly extensions of structures that host many of the mineral deposits related to the Portland Canal Fissure Zone. The strong (No. 4) airborne EM anomalies and coincident VLF anomalies on lines 0+00 to 5+00N just east of and parallel to the Victoria structure are of particular economic importance. Also, the series of conductors located along the Dunwell fault in the southeast corner of the grid warrant some careful attention to see if they may possibly be caused by sulphide mineralization similar to the Dunwell mine.

Results of the ground magnetometer survey were relatively flat with only a few one-line highs. These may be reflecting patches or lenses of disseminated pyrrhotite similar to a known occurrence exposed in volcanoclastic rocks along Highway 37A near the contact with the Hyder Quartz Monzonite.

GEOCHEMISTRY

Soil geochemical sampling over widely spaced east-west grid lines east of Victoria Creek was conducted by Kingdom Resources Ltd. in 1981 and 1983 under the direction of C.R. Harris, P.Eng. A few rock samples were also collected from known prospects. The results of this survey indicated the presence of several north northeasterly trending zones of anomalous copper and zinc values along with a few weakly anomalous and coincident lead values. Silver values were generally not anomalous and no analyses were done for gold. The general trend of the coincident zinc-copper anomalies is shown on Figure 4 and according to Harris in his November 23, 1983 report, the anomalous zones may indicate buried vein systems representing northeasterly extensions of the Dunwell, George E and Sunbeam mineral deposits which were mined to the south. Diamond drilling was recommended but this was not followed up.

During the recent rock geochemical survey by KRL Resources, samples were collected wherever bedrock was found but scree and old mining dumps were also sampled. A total of 137 rock samples were collected and submitted to Min-En Laboratories in Vancouver for analysis. All samples were analyzed for gold, silver, copper, arsenic, lead and zinc and 25 were also analyzed for barium. Analytical certificates are included in the Appendix and all results are shown in the table on page 22. Anomalous values arbitrarily selected as over 100 ppb gold, 5 ppm silver, 500 ppm arsenic, 200 ppm copper, 100 ppm lead and 200 ppm zinc are highlighted in bold print in the table. All numbered sample locations are shown on Figure 4 and selected strongly anomalous values along the Victoria structure are illustrated on Figure 5.

The results of the recent rock geochemistry sampling program indicate that there are probably at least two types of mineralized veins of economic importance on the MM property. Based on mineral associations, these are quartz veins carrying silver-zinc-lead cutting sedimentary rocks of the Salmon River Formation. An example of this is the Dunwell mine deposit but the Main Reef and Sunbeam deposits are probably similar. The second type are

quartz veins which carry high gold and arsenic values and anomalous silver and lead. The Silver Ledge and 518 zone are examples; these veins are usually associated with fine to medium-grained feldspar intrusive dykes of the Portland Canal Swarm. There may be other important mineral vein types on the property but more detailed geological and geochemical work is required to identify and classify them as to mineralogy, attitude, alteration, host rock and potential economic importance.

Table - Analytical Results

ORCAN MINERAL ASSOCIATES LTD.														
Sample No.	Au ppb	Ag ppm	As ppm	Cu ppm	Pb ppm	Zn ppm	Sample No.	Au ppb	Ag ppm	As ppm	Cu ppm	Pb ppm	Zn ppm	Ba ppm
502513	2	1.0	6	90	22	41	502582	10	0.5	6	40	20	45	
514	17	1.1	5	87	19	31	583	5	0.7	7	34	21	64	
515	56	0.9	6	74	16	24	584	5	1.2	5	152	27	63	
516	3	0.8	39	150	21	41	585	5	0.8	6	169	30	261	
517	6.42gm/t	61.0	500000	285	605	13	586	175	1.2	1450	23	32	32	
518	62.5gm/t	160.0	38.50%	57	2300	31	587	65	1.0	750	51	32	77	
519	1.05gm/t	5.4	5000	580	64	2680	588	10	1.1	69	35	27	112	
520	167	5.0	950	92	160	104	589	35	1.4	46	23	31	129	
521	3.28gm/t	23.0	5625	125	460	91	590	5	0.9	32	86	25	51	
522	362	14.0	26250	124	460	28	591	20	1.0	18	73	24	110	
523	25	1.8	90	170	62	68	592	15	0.9	13	255	18	41	
524	16	0.6	72	23	34	71	593	10	0.4	15	18	14	7	
525	1	1.4	19	123	24	99	594	10	0.8	18	79	24	41	
526	3	0.7	21	83	21	58	595	5	0.5	250	81	22	39	
527	3	1.6	41	78	35	54	596	60	0.6	78	13	16	8	
528	39	4.8	350	15	20	33	597	14.60gm/t	44.8	104300	58	660	37	
529	32	1.7	65	20	19	19	598	3.18gm/t	20.0	4.19%	220	132	19	
530	12	1.6	17	82	19	40	599	12.40gm/t	32.2	5.97%	355	185	29	
531	555	34.5	19375	93	7100	7230	600	10.35gm/t	50.3	11.67%	540	801	41	
532	3	1.4	1875	210	14	54	601	1	0.6	12	108	10	20	
533	1	1.6	1450	270	16	64	602	4	1.2	800	140	26	36	
534	16	1.0	375	175	12	142	603	1.49gm/t	19.6	33900	330	192	303	
535	1	3.4	375*	1000	62	44	604	4.56gm/t	61.3	23100	102	360	14	
536	1	0.2	375*	16	3	8	605	2	1.8	550	28	22	24	
537	1	0.2	375*	9	5	6	606	5.22gm/t	61.9	128500	29	780	104	
538	24	2.8	125*	1050	52	46	607	104	4.0	2250	38	35	19	
539	1	1.3	125*	170	24	64	608	7	9.9	575	42	1420	163	
540	1	0.9	150*	62	16	92	609	15.70gm/t	63.1	7450	464	760	68	
541	214	6.4	425*	120	245	184	610	430	24.0	67600	386	1435	25	
542	11	2.0	200*	13	36	30	611	38	1.1	1525	21	40	22	
543	1	1.8	300*	64	30	89	612	1.44gm/t	21.0	127000	82	9500	8600	
544	1	2.5	125*	215	19	134	613	2.46gm/t	30.4	86900	370	6700	6400	
545	3	1.4	250*	64	20	54	614	45	16.8	5400	408	2750	5950	
546	10	1.5	275*	180	19	46	615	11.80gm/t	21.0	107700	530	380	134	
547	5	1.1	250*	60	14	28	616	10.25gm/t	21.5	115500	274	234	29	
548	2	1.0	325*	96	16	66	617	81	1.1	1875	336	58	52	
549	1	1.1	350*	58	10	31	618	6.18gm/t	22.0	57900	600	164	28	
550	490	2.4	375*	275	24	38	619	21.30gm/t	270.0	144700	955	3550	127	
551	2	1.9	300*	63	18	72	620	21.10gm/t	21.0	148900	540	140	23	
552	31.50gm/t	97.0	18.90%	98	885	37	621	20.06gm/t	18.1	162500	805	69	19	
553	28.00gm/t	85.0	29.50%	88	1030	60	622	3.48gm/t	45.6	106700	98	268	26	
554	165	1.4	1975	63	31	18	623	1.17gm/t	11.8	124800	22	130	13	
555	1.46gm/t	96.0	4375	10	710	16	624	19	0.8	1350	34	17	24	
556	703	32.0	48125	174	430	137	502801	10	1.7	26	31	22	63	196
557	3.72gm/t	32.0	60000	38	215	29	802	5	2.1	61	145	10	85	479
558	13.20gm/t	45.0	270000	27	775	159	803	10	0.5	56	66	16	16	27
559	137	1.0	625	54	58	36	804	5	2.5	62	98	27	31	39
560	200	2.2	925	12	44	26	805	5	2.7	24	63	13	88	125
561	22.90gm/t	124.0	850	84	295	17	806	5	1.3	66	61	21	37	44
562	2.97gm/t	16.0	625	1070	1775	39	807	10	0.9	45	25	15	36	42
563	18	0.8	275	28	12	38	808	5	1.5	21	131	14	26	56
564	3.14gm/t	41.0	20625	2800	3550	105	809	5	1.0	15	32	16	7	6
565	105	2.5	9375	83	370	849	810	5	1.6	383	146	15	38	28
566	15	2.1	31	172	36	111	811	5	2.1	44	156	24	31	168
567	5	2.9	10	74	82	240	812	5	2.1	38	30	25	87	95
568	20	0.6	9	9	18	73	813	10	1.6	38	76	27	46	49
569	5	1.6	18	76	26	36	814	5	3.0	84	11	41	59	5
570	10	2.0	8	143	28	540	815	5	1.5	47	38	21	36	54
571	5	0.7	4	10	23	162	816	5	1.3	47	73	18	18	35
572	5	16.5	18	195	3700	1700	817	5	1.1	66	34	16	78	63
573	260	12.6	6	107	230	1900	818	5	1.5	19	103	19	18	63
574	540	5.7	16	360	127	10000	819	5	1.9	69	172	23	52	87
575	15	4.5	6250	1960	1000	9500	820	20	2.5	59	124	14	42	72
576	10	2.9	59	125	84	212	821	5	3.5	38	117	49	39	52
577	5	0.8	25	39	30	208	822	5	0.9	46	27	21	23	32
578	10	0.8	8	11	26	93	823	15	30.1	64	361	5473	34553	43
579	15	1.0	7	48	22	53	824	5	3.2	219	150	125	542	12
580	20	0.8	6	9	49	73	825	2.21gm/t	18.7	175	99	409	495	48
581	5	0.9	5	10	21	83								

* Assumed Analytical Error

CONCLUSIONS

The presence of at least ten known mineral occurrences/prospects, four strong prospective structures, several strong airborne and ground/electromagnetic conductors, a large number of anomalous metal values in both rock and soil samples and favourable geology on and around the MM claim group makes this an attractive prospect for both precious and base metal deposits. There is also recorded mineral production from the Dunwell, Sunbeam, Victoria and Main Reef deposits so the area is considered to have reasonably good potential to contain economic mineralization in extensions of known deposits or in other parallel veins, shears or dykes which may be buried. The potential for discovering replacement type, polymetallic deposits and/or fissure vein deposits carrying precious and base metals is considered good, therefore, further exploration is definitely warranted. Furthermore, the fact that the property is well located adjacent to a paved highway and only a few kilometres from the town of Stewart provides easy access and fieldwork should be very cost effective since only minimal helicopter support is required.

Based on presently available information, the best exploration targets, in order of priority, are:

1. Victoria Structure - considered highly prospective because of high gold values, strong geophysical conductors, known deposits and strong structures.
2. Dunwell Fault - rated as second most important target because of production from the Dunwell mine located less than one kilometre to the southwest, several strong EM conductors, strong structure parallel to Victoria structure and anomalous zinc-copper trends in soils.
3. Eastern Area - target area includes everything south of the Bitter Creek Monzonite and east of the Dunwell Fault Zone - considered prospective because of strong structure (Lakes Fault) parallel to Victoria and Dunwell structures, a few moderately strong geophysical conductors, presence of Emperor and Superior adits, favourable geology

(intrusive contact), and anomalous zinc and copper in soils out to eastern limits of the soil grid.

4. Western Area - includes everything west of the Victoria structure to Highway 37A - prospective because of known deposits (Tyee and Mayflower), scattered airborne EM anomalies at north end of property, strong structure parallel to Victoria structure (Creek Fault) and favourable geology (Hyder Quartz Monzonite intrusive contact).

RECOMMENDATIONS

A two-stage exploration program to fully evaluate the mineral potential of the MM property is recommended. Stage I should be directed at detailed exploration and preliminary drilling of the best targets along the Victoria structure followed by systematic exploration in order of priority on the remainder of the property. Stage II would be contingent on results of Stage I and would consist mainly of diamond drilling the best targets on the property.

ESTIMATED COSTS

Stage I - Part A (*Evaluation of Victoria Structure*)

Geological mapping - 15 days @ \$500	\$ 7,500
Trenching (bulldozer and hand) - (Victoria Structure)	5,000
Rock sampling and assaying - outcrops and trenches (100 samples)	3,000
Road and drillsite construction (Victoria Structure)	20,000
Diamond drilling (Victoria Structure) (200 m @ \$150)	30,000
Camp and vehicle costs (15 days @ \$200)	3,000
Helicopter (5 hrs. @ \$700)	<u>3,500</u>
Total Part A	\$ 72,000

Stage I - Part B (Remainder of MM Property)

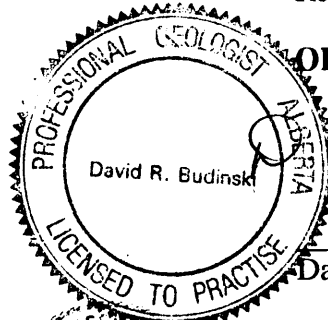
Extend grid east and west (18 kms @ \$400)	\$ 7,200
Geological Mapping (15 days @ \$500)	7,500
Soil sampling and analyses (1,100 samples)	19,200
Extend ground geophysics (18 kms @ \$1,500)	27,000
Camp & Vehicle Costs (25 days @ \$200)	5,000
Helicopter (3 hrs. @ \$700)	<u>2,100</u>
Total Part B	\$ <u>68,000</u>
Total Parts A & B	140,000
Contingency	<u>10,000</u>
Total Stage I	\$ <u>150,000</u>

Stage II (Contingent on Stage I Results)

Diamond Drilling (1,200 m @ \$170/m, all inclusive)	\$ <u>204,000</u>
Total Stage II	\$ <u>204,000</u>
ESTIMATED TOTAL COST - STAGES I & II	\$ <u>354,000</u>

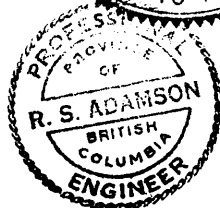
Respectfully submitted,

ORCAN MINERAL ASSOCIATES LTD.



David R. Budinski
90-10-31

David R. Budinski, P.Geol.



90/10/31
Robert S. Adamson

Robert S. Adamson, P.Eng.

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- Map 307A (1935): Canada Department of Mines, Bureau of Economic Geology, Geological Survey, Geology Portland Canal Area, British Columbia.
- Open File Map 1986-2: B.C.M.E.M. & P.R., Geology of the Kitsault River Area, N.T.S. 103P by D.J. Alldrick, G.L. Dawson, J.A. Boshier and I.C.L. Webster.
- Preliminary Map No. 8: Geological Compilation Map of the Stewart, Anyox, Alice Arm and Terrace Area by N.C. Carter and E.W. Grove.
- Open File Map. 1988-4: Geology and Mineral Deposits of the Sulphurets Area, N.T.S. 104A/5/12, 104B/8/9 by D.J. Alldrick and J.M. Britton.
- Open File Map 1987-22: Geology and Mineral Deposits of the Salmon River Valley, Stewart Area, N.T.S. 104A & 104B by D.J. Alldrick.

Map 7769G: Aeromagnetic Map, 103P, Nass River, B.C., 1:250,000, B.C.M.M. & P.R.,
G.S.C.

Map 7779G: Aeromagnetic Map 104A, Bowser Lake, B.C., 1:250,000, B.C.M.M. & P.R.,
G.S.C.

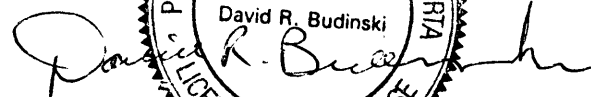
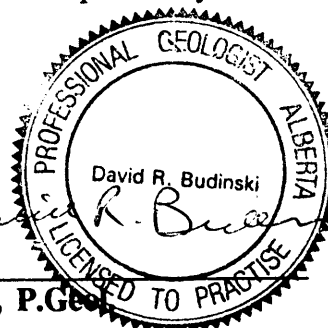
Minfile Maps 104A and 103P: Also Minfile descriptions of the various occurrences on or
near the property.

CERTIFICATE

I, **David R. Budinski**, of 219 Sandringham Crescent, North Vancouver, Canada, do hereby certify that:

1. I am a graduate of the University of Alberta (B.Sc. in Geology, 1955).
2. I am a registered Professional Geologist of the Province of Alberta (registration number 6221) and a Fellow of the Geological Association of Canada.
3. From 1955 until 1989, I was engaged in mining and mineral exploration in Canada for a number of companies; positions included Mine Geologist, Chief Geologist and Exploration Manager. Since 1989, I have been practising as a consulting geologist in minerals exploration, property development and deposit evaluation.
4. I examined the MM property on July 10, 1990.
5. I have not received, nor do I expect to receive, any interest, directly or indirectly, in the properties or securities of KRL Resources Corp. or any associate or affiliate of KRL Resources Corp.
6. I do not have a direct or indirect interest in, nor do I beneficially own, directly or indirectly, any securities of KRL Resources Corp. or any associate or affiliate of KRL Resources Corp.

Respectfully submitted,

Vancouver, Canada

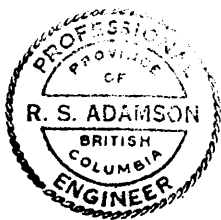
David R. Budinski, B.Sc., P. Geol.

90-10-31

CERTIFICATE

I, **Robert S. Adamson**, with business and residential address in Vancouver, British Columbia, do hereby certify that:

1. I am consulting geological engineer.
2. I am a graduate of the University of British Columbia (B.A.Sc. in Geological Engineering, 1957).
3. I am a registered Professional Geologist of the Province of British Columbia.
4. From 1957 until 1967, I was engaged in mineral exploration in Canada for a number of companies. Positions included Senior Geologist, Chief Geologist, and Vice-President, Exploration. Since 1967, I have been practising as a consulting geological engineer and, in this capacity, have examined and reported on numerous mineral properties in Africa, Europe, and North and South America.
5. I have not examined the MM property.
6. I have not received, directly or indirectly, nor do I expect to receive any interest, direct or indirect, in the properties of KRL Resources Corp. or any affiliate thereof, nor do I beneficially own, directly or indirectly, any securities of KRL Resources Corp. or any affiliate thereof.



Vancouver, Canada

Respectfully submitted,

90/10/31

A handwritten signature in cursive script, appearing to read "R. S. Adamson", written over a horizontal line.

Robert S. Adamson, B.A.Sc., P.Eng.

APPENDIX

Analyses



MIN-EN LABORATORIES
(DIVISION OF ASSAYERS CORP.)

SPECIALISTS IN MINERAL ENVIRONMENTS
CHEMISTS • ASSAYERS • ANALYSTS • GEOCHEMISTS

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THUNDER BAY LAB.:
TELEPHONE (807) 622-8958
FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Geochemical Analysis Certificate

OS-0146-RG1

Company: **K.R.L.**
Project:
Attn: **SEAMUS YOUNG**

Date: **JUL-23-90**

Copy 1. KRL, VANCOUVER, B.C.
2. KRL, C/O MIN-EN LABS.

We hereby certify the following Geochemical Analysis of 23 ROCK samples submitted JUL-17-90 by S.YOUNG.

Sample Number	AU-FIRE PPM	AG PPM	AS PPM	CU PPM	PB PPM	ZN PPM
502509	24	1.2	18	32	195	56
502510	4	1.1	6	295	30	46
502511	18	1.3	6	258	18	31
502512	39	1.4	4	270	12	24
502513	2	1.0	6	90	22	41
502514	17	1.1	5	87	19	31
502515	56	0.9	6	74	16	24
502516	3	0.8	39	150	21	41
502517	4870	61.0	500000	285	605	13
502518	52000	160.0		57	2300	31
502519	1000	5.4	5000	580	64	2680
502520	167	5.0	950	92	160	104
502521	3050	23.0	5625	125	460	91
502522	362	14.0	26250	124	460	28
502523	25	1.8	90	170	62	68
502524	16	0.6	72	23	34	71
502525	1	1.4	19	123	24	99
502526	3	0.7	21	83	21	58
502527	3	1.6	41	78	35	54
502528	39	4.8	350	15	20	33
502529	32	1.7	65	20	19	19
502530	12	1.6	17	82	19	40
502531	555	34.5	19375	93	7100	7230

Certified by

Benjiab
MIN-EN LABORATORIES



MIN-EN LABORATORIES
(DIVISION OF ASSAYERS CORP.)

SPECIALISTS IN MINERAL ENVIRONMENTS
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FAX (807) 623-5931

SMITHERS LAB:
TELEPHONE/FAX (604) 847-3004

Geochemical Analysis Certificate

OS-0185-RG1

Company: **KRL RESOURCES**
Project: **RKL-MM**
Attn: **SEAMUS YOUNG**

Date: **JUL-30-90**

Copy 1. KRL RESOURCES, VANCOUVER, B.C.
2. KRL RESOURCES, C/O MIN-EN LABS.

We hereby certify the following Geochemical Analysis of 13 ROCK samples submitted JUL-24-90 by SEAMUS YOUNG.

Sample Number	AU-FIRE PPB	AG PPM	AS PPM	CU PPM	PB PPM	ZN PPM
502 532	3	1.4	1875	210	14	54
502 533	1	1.6	1450	270	16	64
502 534	16	1.0	375	175	12	142
502 535	1	3.4	375	1000	62	44
502 536	1	0.2	375	16	3	8
502 537	1	0.2	375	9	5	6
502 538	24	2.8	125	1050	52	46
502 539	1	1.3	125	170	24	64
502 540	1	0.9	150	62	16	92
502 541	214	6.4	425	120	245	184
502 542	11	2.0	200	13	36	30
502 543	1	1.8	300	64	30	89
502 544	1	2.5	125	215	19	134

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FAX (604) 980-9621

THUNDER BAY LAB.:
TELEPHONE (807) 622-8958
FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Geochemical Analysis Certificate

OS-0221-RG1

Company: **KRL RESOURCES**
Project:
Attn: **S. YOUNG**

Date: **AUG-16-90**
Copy 1. KRL RESOURCES, VANCOUVER, B.C.
2. KRL RESOURCES, C/D MIN-EN LABS

We hereby certify the following Geochemical Analysis of 30 ROCK samples submitted JUL-31-90 by S. YOUNG.

Sample Number	AU-FIRE PPB	AG PPM	AS PPM	CU PPM	PB PPM	ZN PPM
5025565	105	2.5	9375	83	370	849
5025566	15	2.1	31	172	36	111
5025567	5	2.9	10	74	82	240
5025568	20	0.6	9	9	18	73
5025569	5	1.6	18	76	26	36
5025570	10	2.0	8	143	28	540
5025571	5	0.7	4	10	23	162
5025572	5	16.5	18	195	3700	1700
5025573	260	12.6	6	107	230	1900
5025574	540	5.7	16	360	127	10000
5025575	15	4.5	6250	1960	1000	9500
5025576	10	2.9	59	125	84	212
5025577	5	0.8	25	39	30	208
5025578	10	0.8	8	11	26	93
5025579	15	1.0	7	48	22	53
5025580	20	0.8	6	9	49	73
5025581	5	0.9	5	10	21	83
5025582	10	0.5	6	40	20	45
5025583	5	0.7	7	34	21	64
5025584	5	1.2	5	152	27	63
5025585	5	0.8	6	169	30	261
5025586	175	1.2	1450	23	32	32
5025587	65	1.0	750	51	32	77
5025588	10	1.1	69	35	27	112
5025589	35	1.4	46	23	31	129
5025590	5	0.9	32	86	25	51
5025591	20	1.0	18	73	24	110
5025592	15	0.9	13	255	18	41
5025593	10	0.4	15	18	14	7
5025594	10	0.8	18	79	24	41

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FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Geochemical Analysis Certificate

OV-1070-RG1

Company: **KRL RESOURCE CORP.**
Project: **KRL MM**
Attn: **S. YOUNG**

Date: **AUG-14-90**
Copy 1. KRL RESOURCE CORP., VANCOUVER, B.C.

We hereby certify the following Geochemical Analysis of 30 ROCK samples submitted AUG-04-90 by S. YOUNG.

Sample Number	AU-FIRE PPB	AG PPM	AS PPM	CU PPM	PB PPM	ZN PPM
502601	1	0.6	12	108	10	20
502602	4	1.2	800	140	26	36
502603	1430	19.6	33900	330	192	303
502604	4300	61.3	23100	102	360	14
502605	2	1.8	550	28	22	24
502606	5200	61.9	128500	29	780	104
502607	104	4.0	2250	38	35	19
502608	2	9.9	575	42	1420	163
502609	15000	63.1	7450	464	760	68
502610	430	24.0	67600	386	1435	25
502611	38	1.1	1525	21	40	22
502612	1410	21.0	127000	82	9500	8600
502613	2150	30.4	86900	370	6700	6400
502614	45	16.8	5400	408	2750	5950
502615	11300	21.0	107700	530	380	134
502616	9500	21.5	115500	274	234	29
502617	81	1.1	1875	336	58	52
502618	5900	22.0	57900	600	164	28
502619	20000	270.0	144700	955	3550	127
502620	19500	21.0	148900	540	140	23
502621	18500	18.1	162500	805	69	19
502622	3210	45.6	106700	98	268	26
502623	1100	11.5	124800	22	130	13
502624	19	0.8	1350	34	17	24
502625	2	0.5	98	18	32	123
502626	14	4.7	23	64	28	115
502627	3	0.5	33	24	5	25
502628	32	0.6	52	83	6	28
502629	1	1.1	19	17	82	69
502630	2	0.8	12	73	41	125

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TELEPHONE (807) 622-8958
FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Geochemical Analysis Certificate

OV-1070-RG2

Company: **KRL RESOURCES CORP.**
Project: **KRL MM**
Attn: **SEAMUS YOUNG**

Date: **AUG-11-90**
Copy 1. **KRL RESOURCES, VANCOUVER, B.C.**

We hereby certify the following Geochemical Analysis of 5 ROCK samples submitted AUG-04-90 by MARK TERRY.

Sample Number	AU-FIRE PFB	AG PPM	AS PPM	CU PPM	PB PPM	ZN PPM
502631	2	1.8	16	36	33	219
502632	3	0.2	24	14	17	125
502633	2	0.2	15	96	5	8
502634	2	6.8	26	48	1140	1640
502635	1	9.1	38	131	2780	87

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THUNDER BAY LAB.:
TELEPHONE (807) 622-8958
FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Assay Certificate

OS-0146-RA1

Company: K.R.L.
Project:
Attn: SEANUS YOUNG

Date: JUL-23-90
Copy 1. KRL, VANCOUVER, B.C.
2. KRL, C/O MIN-EN LABS.

We hereby certify the following Assay of 1 ROCK samples
submitted JUL-17-90 by S.YOUNG.

Sample Number	AU g/tonne	AU oz/ton	AS %
502517	6.42	.187	
502518	62.50	1.823	38.50
502519	1.05	.031	
502521	3.20	.096	

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FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Assay Certificate

OS-0221-RA1

Company: **KRL RESOURCES**
Project:
Attn: **SEAMUS YOUNG**

Date: **AUG-16-90**
Copy 1. KRL RESOURCES, VANCOUVER, B.C.
2. KRL RESOURCES, C/O MIN-EN LABS.

We hereby certify the following Assay of 4 ROCK samples submitted AUG-02-90 by SEAMUS YOUNG.

Sample Number	AU g/tonne	AU oz/ton	AS %
502797	18.60	2.26	
502798	3.10	0.33	4.19
502799	12.40	1.67	5.97
502800	10.35	1.32	11.67

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FAX (807) 623-5931

SMITHERS LAB.:
TELEPHONE/FAX (604) 847-3004

Assay Certificate

OV-1070-RA1

Company: KRL RESOURCE CORP.
Project: KRL MM
Attn: S. YOUNG

Date: AUG-14-90
Copy 1. KRL RESOURCE CORP., VANCOUVER, B.C.

We hereby certify the following Assay of 14 ROCK samples submitted AUG-04-90 by S. YOUNG.

Sample Number	AU g/tonne	AU oz/ton
502603	1.49	.043
502604	4.56	.133
502606	5.22	.152
502609	15.70	.458
502612	1.44	.042
502613	2.46	.072
502615	11.80	.344
502616	10.25	.299
502618	6.18	.180
502619	21.30	.621
502620	21.10	.615
502621	20.06	.585
502622	3.48	.102
502623	1.17	.034

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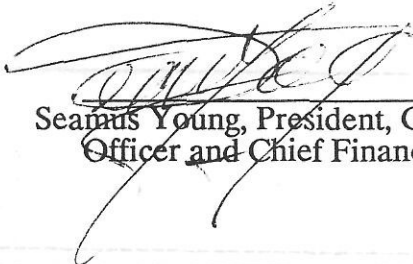
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CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

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.

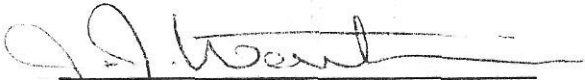
DATED: February 13, 1991

EXECUTIVE OFFICERS

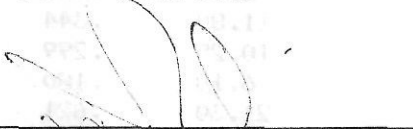


Seamus Young, President, Chief Executive Officer and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

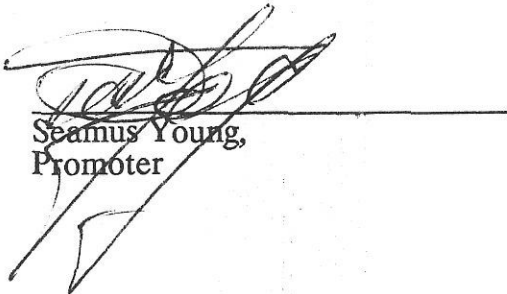


John Watkins,
Director

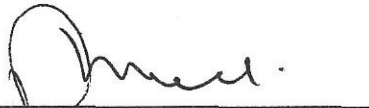


William A. Rand,
Director

PROMOTERS



Seamus Young,
Promoter



Douglas E. McRae,
Promoter

