

DL/4D

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Development Company)

Forrest Prop.
104B/15

STATEMENT OF MATERIAL FACTS #31/1989
EFFECTIVE DATE: JULY 11, 1989

AVONDALE RESOURCES INC.

11th Floor, 808 West Hastings Street, Vancouver, B.C. V6C 2X2

Telephone: 687-7463

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 100, 200 Granville Street, Vancouver, B.C., V6C 1S4

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Pacific Corporate Services Limited

Suite 830, 625 Howe Street, Vancouver, British Columbia, V6C 3B8

NAME AND ADDRESS OF REGISTRAR & 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 : 1,250,000 UNITS

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 a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Offering Price (estimated)*	Commission	Estimated Net Pro- ceeds to be Received by the Issuer
Per Unit	\$0.55	\$0.04125	\$0.50875
Total	\$687,500	\$51,563	\$635,937

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange; \$0.40 is the minimum price per Unit allowed thereunder.

ADDITIONAL OFFERING

The Agent has agreed to purchase (the "Guarantee") any of the Units offered hereby which have not been sold at the conclusion of the Offering (see "Consideration to Agent"). Any Units acquired by the Agent 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.

AGENT

Canarim Investment Corporation Ltd.
Suite 2200, 609 Granville Street
Vancouver, British Columbia
V7Y 1H2

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

Aug. 24/89

1. PLAN OF DISTRIBUTION

A. THE OFFERING

By Agreement dated for reference May 3, 1989 (the "Agency Agreement"), Avondale Resources Inc. (the "Issuer") appointed the following as its agent (the "Agent") to offer through the facilities of the Vancouver Stock Exchange (the "Exchange") 1,250,000 Units of the Issuer at a fixed price in the amounts set opposite its name (the "Offering"):

<u>Agent</u>	<u>No. of Units</u>
Canarim Investment Corporation Ltd.	1,250,000

The Offering will take place on the "Offering Day" which will be not more than one hundred 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 in accordance with the rules of the Exchange, at a premium over the average trading price of the Issuer's shares as determined by the Exchange, subject to the agreement of the Issuer and the Agent. The purchasers of any Units under the Offering will be required to pay regular commission rates as specified by the by-laws and rules of the Exchange.

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

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

The Issuer has agreed to notify the Agent 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 Agent shall have the right of first refusal to provide such financing.

Except as set out in this Statement of Material Facts, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or other person or company in connection with the Offering. The directors, officers

REPORT
ON THE
FORREST 1-15 MINERAL CLAIMS
ISKUT RIVER AREA, BRITISH COLUMBIA
FOR
AVONDALE RESOURCES INC.

NTS 104B/15E
LATITUDE 56° 46'N
LONGITUDE 130° 51'W

Bernard Dewonck
January 27, 1989

4. Capital stock (continued)

b. As at March 31, 1989, outstanding directors' and employees stock options were as follows:

<u>Number of shares</u>	<u>Exercise price</u>	<u>Expiry date</u>
75,000	\$ 0.61	March 16, 1994

5. Related party transactions

a. During the period, the Company:

- (i) paid administration and accounting fees of \$5,750 (1989 - \$17,500) to companies with directors in common;
- (ii) paid legal fees of \$3,493 (1989 - \$5,198); and
- (iii) paid consulting fees of \$1,200 (1989 - Nil).

6. Comparative figures

The comparative figures are for the year ended February 28, 1989 as one month figures at March 31, 1988 are not available.

7. Subsequent events

Subsequent to March 31, 1989 the Company proposes to make a public offering of up to 1,250,000 units. Each unit is to consist of one share and two share purchase warrants. Two warrants will entitle the holder to purchase one additional share of the Company. The offering price of the units and the exercise price and expiry date of the warrants have not been determined.

SUMMARY

Avondale Resources Inc. has the right to acquire a 100% interest in the Forrest 1-15 mineral claims, located in the Iskut River area of northwestern British Columbia. The general area is undergoing extensive exploration for gold and the property lies some 30 kilometres northeast of Skyline Explorations' Stonehouse deposit (in production) and Cominco Ltd. - Delaware Resources Corporation's Snip deposit (under development), 40 kilometres northwest of the very active Sulphurets gold camp and 15 kilometres northwest of the Calpine Resources Inc./Consolidated Stikine Silver Eskay Creek property.

Exploration in the Iskut River area dates back to 1907 but no work was done nor were mineral occurrences known to occur in the claim area prior to staking of the Forrest 1-4 claims in October, 1987. A limited assessment work program in 1988 led to the identification of an extensive mineralized hydrothermal quartz vein and alteration system and precipitated the staking of the Forrest 5-15 claims, within which a number of other occurrences were identified.

The claims are essentially unmapped geologically, however volcanic, sedimentary and metamorphic rocks have been observed during the limited evaluations carried out to date. Intrusive phases include a syenite sill, plagioclase porphyry and hornblende porphyry dykes and a diorite plug.

The single most striking feature is a prominent 400 m x 600 m quartz vein and associated alteration system, identified initially within the Forrest 3 claim. Additional occurrences were later located further south within the Forrest 5 and 7 claims. The possibility that all these occurrences are part of one mega-

hydrothermal system with a strike length in excess of 5 kilometres is postulated, however continuity between individual showings remains to be established.

Sulphide mineralization with associated gold (+/- silver) values is widespread and is presently documented in four main areas. It occurs in several styles, hosted primarily but not exclusively by the quartz veins and shear zones, and currently is summarized as:

- arsenopyrite bearing quartz veins/shears (+/- chalcopyrite)
- chalcopyrite bearing quartz veins/shears
- chalcopyrite and galena-bearing quartz vein float
- bornite and hematite-bearing quartz vein float with visible gold
- semi-massive chalcopyrite-bearing bedded massive sulphide or flat-lying shear

Values up to 5.820 oz/t gold, 3.72 oz/t silver, >10% copper, 26,488 ppm lead and 88,142 ppm arsenic, each from different samples, have been recorded.

Observations to date suggest mineral zonation may occur on the property and is reflected in varying mineralogy between showings that occur topographically lower or higher than others, differential erosion of the claim area having partially exposed various levels of emplacement of the hydrothermal system. The host veins and shears appear to have a spacial (and probably structural) relationship to a major northerly trending fault zone (the Forrest Fault) which passes through the entire eastern portion of the property.

A comprehensive, multi-phased exploration program is recommended to fully evaluate the Forrest claim, on which there exists the potential for a large mineralized hydrothermal system. Phase I, which would include an airborne geophysical survey, orthophoto base map preparation, extensive grid controlled geological, geochemical and geophysical surveys, trenching and a limited amount of

diamond drilling is estimated to cost \$1,000,000. Phase II, contingent on the results of Phase I, would include both trenching and extensive diamond drilling at a cost of \$1,500,000. Phase III, also contingent on favourable results in Phase II, would be directed at detailed diamond drilling for the purpose of reserve definition, at a cost of \$2,000,000. All budgets incorporate contingencies and management fees.

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Bernard Dewonck, Geologist	
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INTRODUCTION

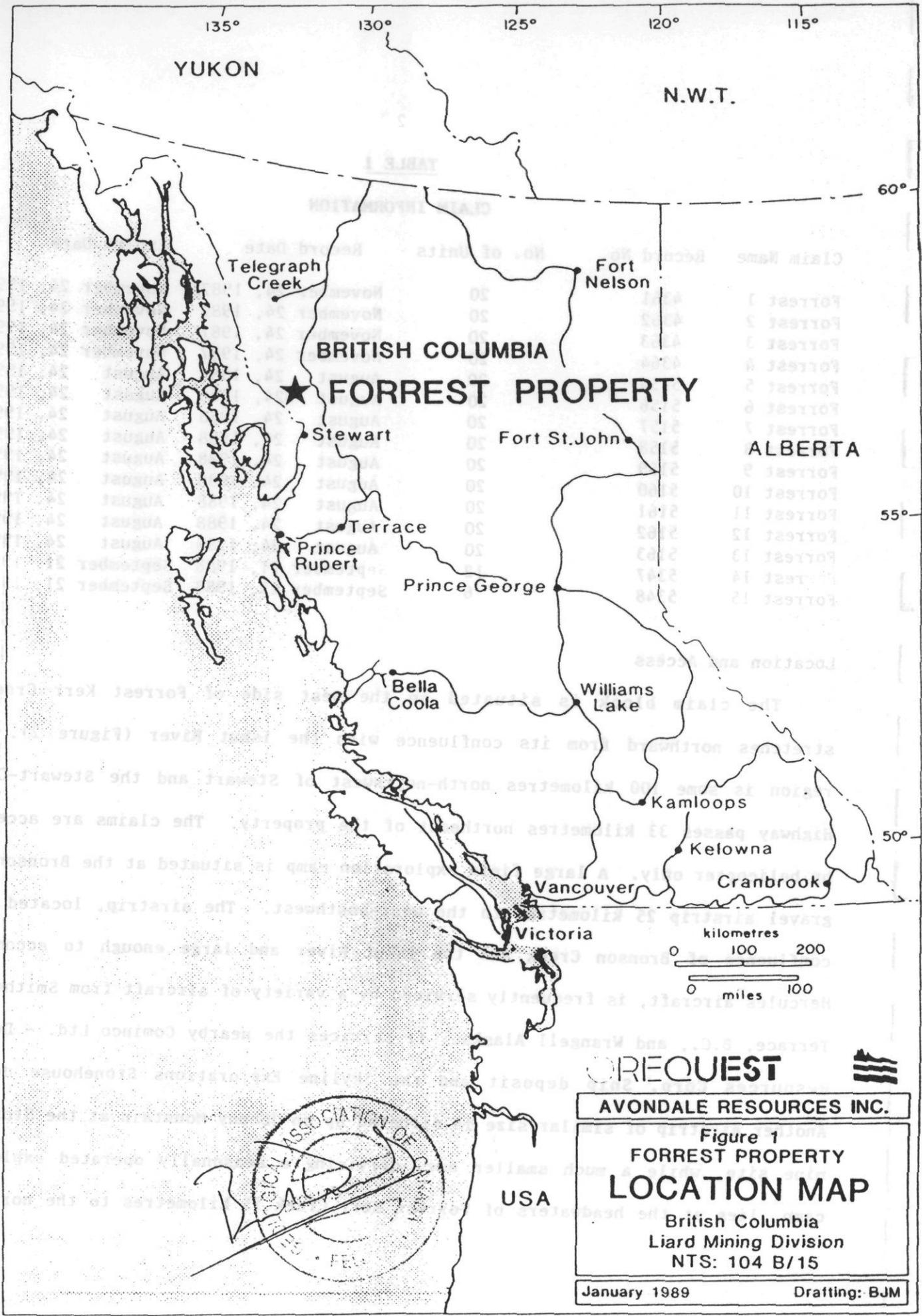
Avondale Resources Inc. has the right to acquire a 100% interest in the Forrest 1-15 mineral claims, totalling 278 units, located in the Iskut River area of northwestern British Columbia (Figure 1). The general area of the claims is the focus of extensive exploration for gold deposits and includes properties in production, under development or with significant occurrences.

This report is based on information obtained by OreQuest Consultants Ltd. during a property evaluation in September, 1988 (Raven, 1988), limited exploration work conducted by Pamicon Developments Ltd. (Todoruk and Ikona, 1988) a visit to the property by the author in October, 1988, and a review of material listed in the bibliography. OreQuest Consultants Ltd. has carried out numerous exploration programs in the Iskut River area during 1987 and 1988.

PROPERTY DESCRIPTION

Claim Status

The subject property consists of 15 claims totalling 278 units, all within the Liard Mining Division (Figure 2). The claims' owner of record is Steve Todoruk and pertinent claim information, from the records of the British Columbia Ministry of Energy Mines and Petroleum Resources, is summarized in Table 1.



OREQUEST 
AVONDALE RESOURCES INC.

Figure 1
FORREST PROPERTY
LOCATION MAP
 British Columbia
 Liard Mining Division
 NTS: 104 B/15

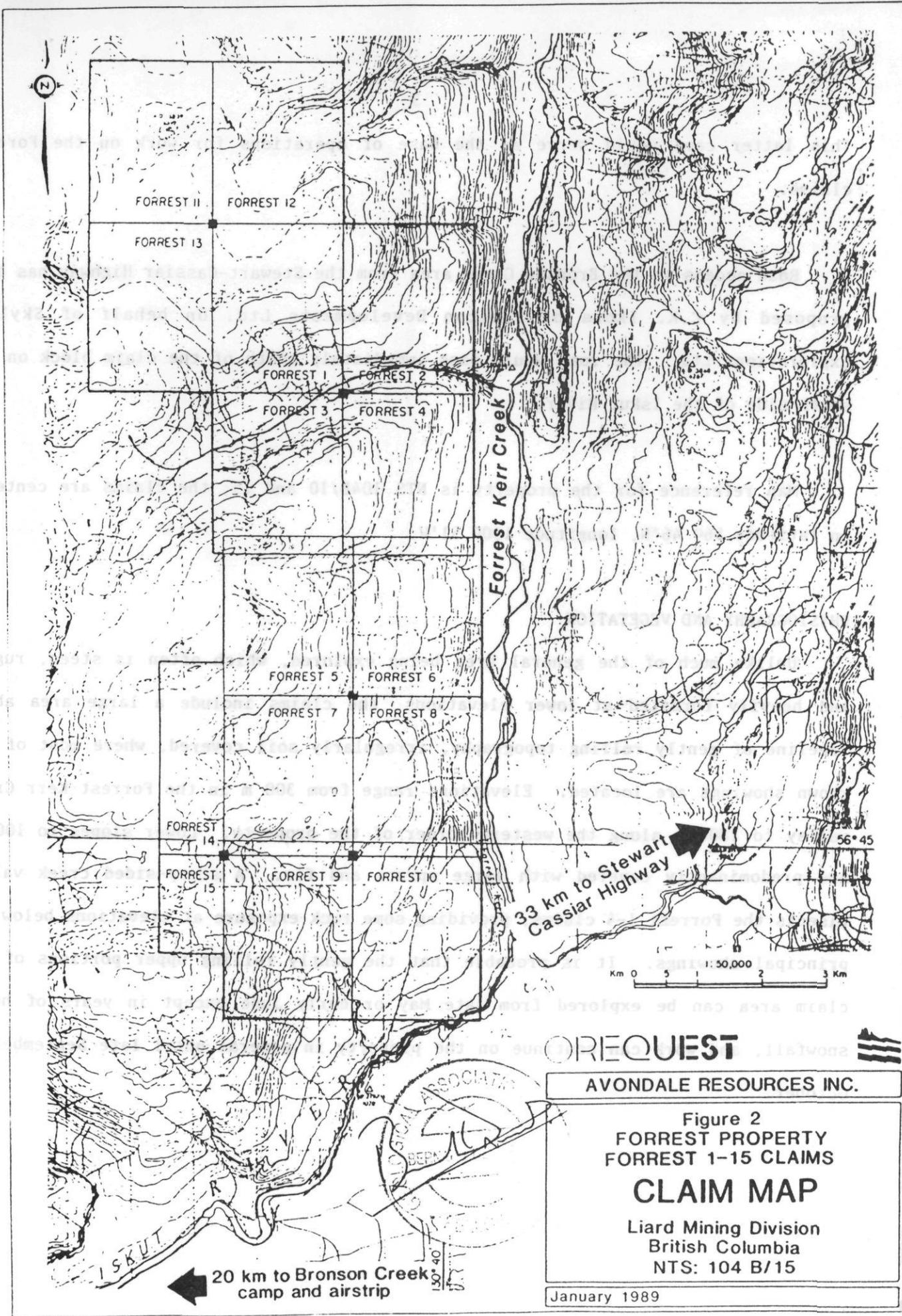
January 1989 Drafting: BJM

TABLE 1**CLAIM INFORMATION**

Claim Name	Record No.	No. of Units	Record Date	Expiry Date
Forrest 1	4361	20	November 24, 1987	November 24, 1990
Forrest 2	4362	20	November 24, 1987	November 24, 1990
Forrest 3	4363	20	November 24, 1987	November 24, 1990
Forrest 4	4364	20	November 24, 1987	November 24, 1990
Forrest 5	5155	20	August 24, 1988	August 24, 1991
Forrest 6	5156	20	August 24, 1988	August 24, 1991
Forrest 7	5157	20	August 24, 1988	August 24, 1991
Forrest 8	5158	20	August 24, 1988	August 24, 1991
Forrest 9	5159	20	August 24, 1988	August 24, 1991
Forrest 10	5160	20	August 24, 1988	August 24, 1991
Forrest 11	5161	20	August 24, 1988	August 24, 1991
Forrest 12	5162	20	August 24, 1988	August 24, 1991
Forrest 13	5163	20	August 24, 1988	August 24, 1991
Forrest 14	5347	12	September 21, 1988	September 21, 1991
Forrest 15	5348	6	September 21, 1988	September 21, 1991

Location and Access

The claim block is situated on the west side of Forrest Kerr Creek and stretches northward from its confluence with the Iskut River (Figure 2). This region is some 100 kilometres north-northwest of Stewart and the Stewart-Cassiar Highway passes 33 kilometres northeast of the property. The claims are accessible by helicopter only. A large field exploration camp is situated at the Bronson Creek gravel airstrip 25 kilometres to the west-southwest. The airstrip, located at the confluence of Bronson Creek and the Iskut River and large enough to accommodate Hercules aircraft, is frequently serviced by a variety of aircraft from Smithers and Terrace, B.C., and Wrangell Alaska. It services the nearby Cominco Ltd. - Delaware Resources Corp. Snip deposit and the Skyline Explorations Stonehouse deposit. Another airstrip of similar size is situated up on Johnny Mountain at the Stonehouse mine site, while a much smaller one, servicing a seasonally operated exploration camp, lies at the headwaters of Forrest Kerr Creek 15 kilometres to the northwest.



OREQUEST
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Figure 2
FORREST PROPERTY
FORREST 1-15 CLAIMS
CLAIM MAP
 Liard Mining Division
 British Columbia
 NTS: 104 B/15

January 1989

This latter camp would serve as the base of operations for work on the Forrest claims.

Road access to the Bronson Creek area from the Stewart-Cassiar Highway has been proposed by C.K. Ikona of Pamicon Developments Ltd. on behalf of Skyline Explorations Ltd. The road would pass immediately south of the claim block on the south side of the Iskut River.

Map reference for the property is NTS 104B/10 and 15; the claims are centered on latitude 56° 46'N, longitude 130° 51'W.

PHYSIOGRAPHY AND VEGETATION

Unlike much of the general area being explored, which often is steep, rugged and heavily forested at lower elevations, the claims include a large area above treeline of gently rolling topography, irregularly soil covered, where most of the known showings are located. Elevations range from 300 m in the Forrest Kerr Creek valley to 1800 m along the western border of the property. Lower slopes to 1000 m are predominantly covered with large spruce and fir. A steep-sided creek valley bisects the Forrest 1-4 claims, providing some rock exposure at elevations below the principal showings. It is probable that the gently rolling upper portions of the claim area can be explored from late May or early June except in years of heavy snowfall, and work can continue on the property in general until late September or October.

GENERAL AREA HISTORY

The first recorded work in the Iskut region was in 1907 when a group from Wrangell, Alaska, staked nine claims north of Johnny Mountain. Crown granted claims along Bronson Creek and on the north slope of Johnny Mountain were subsequently worked by the Iskut Mining Company. By 1920, a 30 foot adit revealed gold, silver, and galena mineralization in a number of veins and stringers. Activity carried on into the 1930's when interest in precious metals was concentrated in the Stewart area. Some sporadic placer operations were also located in the Unuk River Valley.

In 1954, Hudson's Bay Mining and Smelting found the Pick Axe showing and some high grade gold-silver-lead-zinc float on the upper slopes of Johnny Mountain. The claims were worked and allowed to lapse and are now part of the Skyline Exploration Ltd. Reg property.

Porphyry copper-molybdenum deposits were of interests in the 1960's when several major mining companies undertook reconnaissance exploration programs in the area. As a result, claims were staked on Johnny Mountain and Sulphurets Creek.

From 1965 to 1971, Silver Standard Mining and later Sumitomo worked the E & L prospect on Nickel Mountain at the headwaters of Snippaker Creek. Trenching, drilling, and 460 m of underground development proved reserves of 3.2 million tons of 0.8% nickel and 0.6% copper.

Massive sulphide float originating from the head of the Bronson Creek glacier resulted in Skyline staking the Inel property in 1969. Skyline also restaked the Reg property in 1980. Between 1981 and 1985, various exploration program were

conducted on both properties for high grade gold and polymetallic massive sulphide mineralization.

In 1986, drilling and underground work on the Stonehouse gold zone confirmed the presence of high grade gold mineralization with silver and copper also present over mineable widths. Reserves from a January 15, 1988 Skyline news release are as follows:

Stonehouse Zone	Au (oz)	Tons
Total Measured	1.246	121,000
Total Drill Indicated	0.556	236,875
Total Inferred	0.57	700,000
TOTAL	<u>0.644</u>	<u>1,057,875</u>

Inel Resources Ltd. has driven an exploratory adit below the Main Sulphide Zone on their property. The North, Center, and South underground workings have crosscut nine distinct quartz-sulphide gold veins to date. One vein contains 1.46 oz/t gold (over 2.3 feet) and another carries 0.26 oz/t gold (over 7.5 feet). During 1988, underground drilling intersected 0.769 oz/t gold over 13.3 feet (U88-3) and surface drilling on the Ridge Zone, located 250 m east of the Center section working, reported 0.868 oz/t gold over 7.4 feet (S88-12). Previous drill results from 1984 returned gold values up to .940 oz/t over 6.9 ft and silver values as high as 20.22 oz/t over 4.3 ft. As of November, 1988, 730 m of underground development has been completed in the area of the Discovery Zone.

In 1965, Cominco discovered mineralization on the ground now held jointly by Cominco Ltd. and Delaware Resources Corp. The work prior to 1986 consisted of mapping, sampling and trenching. In 1986, Delaware provided funds under an earn-in option agreement with Cominco and began an extensive drill program. The joint

venture partners have announced an ore reserve of 1.57 million tons of 0.64 oz/t in indicated and inferred categories, including 25% mining dilution, from the Twin Zone, Snip deposit (Northern Miner Magazine, January, 1989). Underground work began in April, 1988, and production is scheduled to begin in late 1989.

Gulf International Minerals extended the strike length to the Camp Zone and tested the Northwest high grade zone during their 1988 surface drilling program on the McLymont claims. This property was originally staked as the Warrior claims by Dupont Canada Explorations Ltd. in 1980, optioned by Skyline Explorations and Placer Developments Ltd. in 1983, then acquired by Gulf as the McLymont claims in 1986. Results of 1987-1988 exploration from the Northwest Zone include:

Drill Hole	Interval (feet)	Length (feet)	Copper (%)	Silver (oz/t)	Gold (oz/t)
87-25	343.0-373.0	30.0	0.23	0.11	0.404
	409.3-412.0	2.7	0.55	0.35	0.250
	470.2-473.8	3.6	0.42	0.19	1.520
87-29	167.0-170.0	3.0	0.001	0.01	0.140
	205.0-241.6	36.5	0.97	39.73	1.605
88-28	213.9-229.0	15.1	0.41	0.29	0.810
	260.5-276.6	16.1	0.24	0.29	0.645
	353.0-363.2	10.2	1.02	0.22	0.288
88-32	301.8-305.1	3.3	0.01	0.03	0.186
	312.3-315.6	3.3	0.21	0.14	1.420
	335.3-340.9	5.6	1.08	0.19	0.218
	378.0-384.5	6.5	0.87	0.87	0.255
88-33	388.8-390.4	1.6	0.85	0.27	1.060
	450.8-457.7	6.9	2.66	1.77	0.288
88-35	69.9-77.1	7.2	0.52	1.13	0.324
	128.9-135.7	6.9	0.58	1.80	3.551
	192.9-196.2	3.3	0.15	0.44	0.156

During 1988, Meridor Resources Ltd. performed a comprehensive trenching and surface drilling program on a property located 3.5 kilometres northwest of the

Bronson airstrip. Phase I trenching efforts obtained 0.396 oz/t gold from a quartz-sulphide vein (3.0 ft chip sample). Diamond drilling recovered 0.260 oz/t gold over 2.0 feet (hole 88-17) and 0.254 oz/t gold over 6.6 feet (hole 88-21) from quartz-carbonate-sulphide veins. A Phase II, 10,000 foot, surface drilling program was also completed during the fall of 1988 in which several mineralized intervals were recorded, including 0.240 oz/t gold over 3.0 feet (hole 88-59) and 0.337 oz/t gold over 22.6 feet (hole 88-60). A third phase of drilling is presently underway.

Other companies who conducted drilling programs in the area include Pezgold Resources Corp., Ticker Tape Resources Ltd., Tungco Resources Corporation, Winslow Gold Corporation and Magenta Development Corp.

Exploration activity is equally intense in the Sulphurets Creek area, some 40 kilometres to the south-southeast, where Newhawk Gold Mines and Granduc Mines are nearing production status at their Brucejack Lake West Zone deposit (854,000 tons grading 0.35 oz/t gold and 22.84 oz/t silver, Northern Miner Magazine, January, 1989). Several other zones on their property are also producing significant values, including a 30 foot drill intercept in the UTC zone grading 11.937 oz/t gold and 45.84 oz/t silver.

Western Canadian Mining has recently announced the definition of a large porphyry copper-gold deposit on their Kerr property adjacent to the Newhawk property. Drilling to date has inferred some 66 million tons averaging 0.84% copper, 0.01 oz/t gold and 0.006 oz/t silver (The Northern Miner, October 10, 1988).

In late 1988, Calpine Resources Inc./Consolidated Stikine Silver reported several high grade drill intercepts from their Eskay Creek Project at Tom McKay

Lake, 15 kilometres to southeast of the Forrest claims. Drill hole CA88-6 produced a 96.5 foot intercept grading 0.730 oz/t gold (Calpine News Release, November 2, 1988).

The various properties mentioned above, as well as several others not referred to, are plotted on Figure 3 to illustrate the increasing number of showings being discovered within and between historically defined camps such as Galore Creek, Iskut River and Sulphurets Creek.

REGIONAL GEOLOGY

Regional geological mapping of the Iskut River area (Kerr, 1948, GSC Memoir 246, and GSC Map 1418 - 1979) has been expanded by Grove in two recent detailed works which define this area as the Stewart Complex (Grove, 1971, 1986). A generalized compilation of regional mapping efforts has been included in this report (Figure 4).

The Stewart Complex lies south of the Iskut River and north of Alice Arm. It is bounded by the Coast Plutonic Complex on the west and the Bowser Basin to the east. It is composed of Late Paleozoic and Mesozoic volcanics and sediments which were intruded during Mesozoic and Tertiary times.

The oldest units in the complex are Mississippian or Permian carbonates and other marine sediments. Upper Triassic epiclastic volcanics, marbles, sandstones and siltstones lie unconformably above the Permian. These are overlain by sedimentary and volcanic rocks of the Jurassic Hazelton Group which are lithologically similar to the Triassic section. The Hazelton Group has been



LEGEND FOR FIGURE 3

PROPERTY OWNER	MINERAL RESERVES AND/OR ELEMENTS
1. Vestmin Resources Ltd./Silbak Premier Mines	5,900,000 tonnes 0.063 oz/ton Au, 2.3 oz/ton Ag
2. Vestmin Resources Ltd./Tournaigan Mining Explorations Ltd.	1,600,000 tonnes 0.110 oz/ton Au, 0.86 oz/ton Ag
3. Noranda (Todd Creek Project)	Au
4. Scottie Gold Mine	Au
5. Granduc	10,890,000 tons 1.79% Cu
6. Echo Bay Mines/Magna Ventures/Silver Princess Resources (Doc Project)	470,000 tons 0.27 oz/ton Au, 1.31 oz/ton Ag
7. Western Canadian Mining (Kerr Project)	Cu, Au
8. Catear Resources Ltd.	291,916 tons 0.835 oz/ton Au, 2.44 oz/ton Ag
9. Newhawk/Lacana/Granduc (Sulphurets Project)	2,000,000 tons 0.462 oz/ton Au, 21.78 oz/ton Ag
10. Calpine/Consolidated Strike Silver Ltd. (Eskay Creek Project)	Au, Cu, Ag
11. Consolidated Silver Standard Mines Ltd. (E & L Deposit)	3,200,000 tons 0.80% Bi, 0.60% Cu
12. Inel Resources Ltd.	Au, Ag, Cu, Pb, Zn
13. Skyline Explorations Ltd. (Stonewall Gold Deposit)	1,100,000 tonnes 0.700 oz/ton Au, 1.0 oz/ton Ag, 1% Cu
14. Kestrel Resources Ltd.	Au, Ag, Cu, Pb, Zn
15. Hector Resources Inc. (Golden Spray Vein)	Au, Ag
16. Tongco Resources Corp.	Au, Ag, Cu, Pb, Zn
17. Vinslow	Au, Ag, Cu, Pb, Zn
18. Cominco/Delaware Resource Corp. (Snip Deposit)	1,200,000 tons 0.700 oz/ton Au
19. Pezgold Resource Corp.	Ag, Au
20. Meridor Resources Ltd.	Au
21. Delaware Resource Corp./American Ore Ltd./Golden Band	Au
22. Magenta Development Corp./Crest Resources Ltd.	Au, Ag, Cu, Pb
23. Ticker Tape Resources Ltd. (King Vein)	Au
24. Pezgold Resource Corp.	Au
25. Consolidated Sea-Gold Corp.	Au
26. Gulf International Minerals Ltd. (Northwest Zone)	Au, Ag, Cu
27. Kerr Claims	Ag, Cu, Au
28. Pezgold Resource Corp. (Cuba Zone)	Ag, Pb, Zn
29. Pezgold Resource Corp. (Ken Zone)	Cu, Au
30. Pass Lake Resources Ltd. (Trek Project)	Cu, Au
31. Galore Creek	125,000,000 tonnes 1.06% Cu, 0.397 g/t Au, 7.94 g/t Ag
32. Continental Gold Corp.	Au, Ag, Cu
33. Bellez Resources Ltd./Sarabat Resources Ltd. (Jack Wilson Project)	Au, Cu
34. Pass Lake Resources Ltd. (JD Project)	Au, Cu
35. Lac Minerals (Bankin Peak Project)	Au
36. Schaft Creek	910,000,000 tonnes 0.30% Cu, 0.020% Mo, 0.113 g/t Au, 0.992 g/t Ag
37. Paydirt	200,000 tons 0.120 oz/ton Au

CENOZOIC

RECENT

1 basaltic flows

MESOZOIC

TRIASSIC TO JURASSIC

2 Hazelton Group Volcanics; sediments

PALEOZOIC

PERMIAN

3 mainly white crinoidal limestone; minor amounts of chert, quartzite, argillite, slate, and schist
4 PRE-PERMIAN
quartzite, schist, slate, argillite, limestone; schistose, tuff, highly altered extrusives, and/or intrusives, highly crystalline schist, gneiss

INTRUSIVE ROCKS

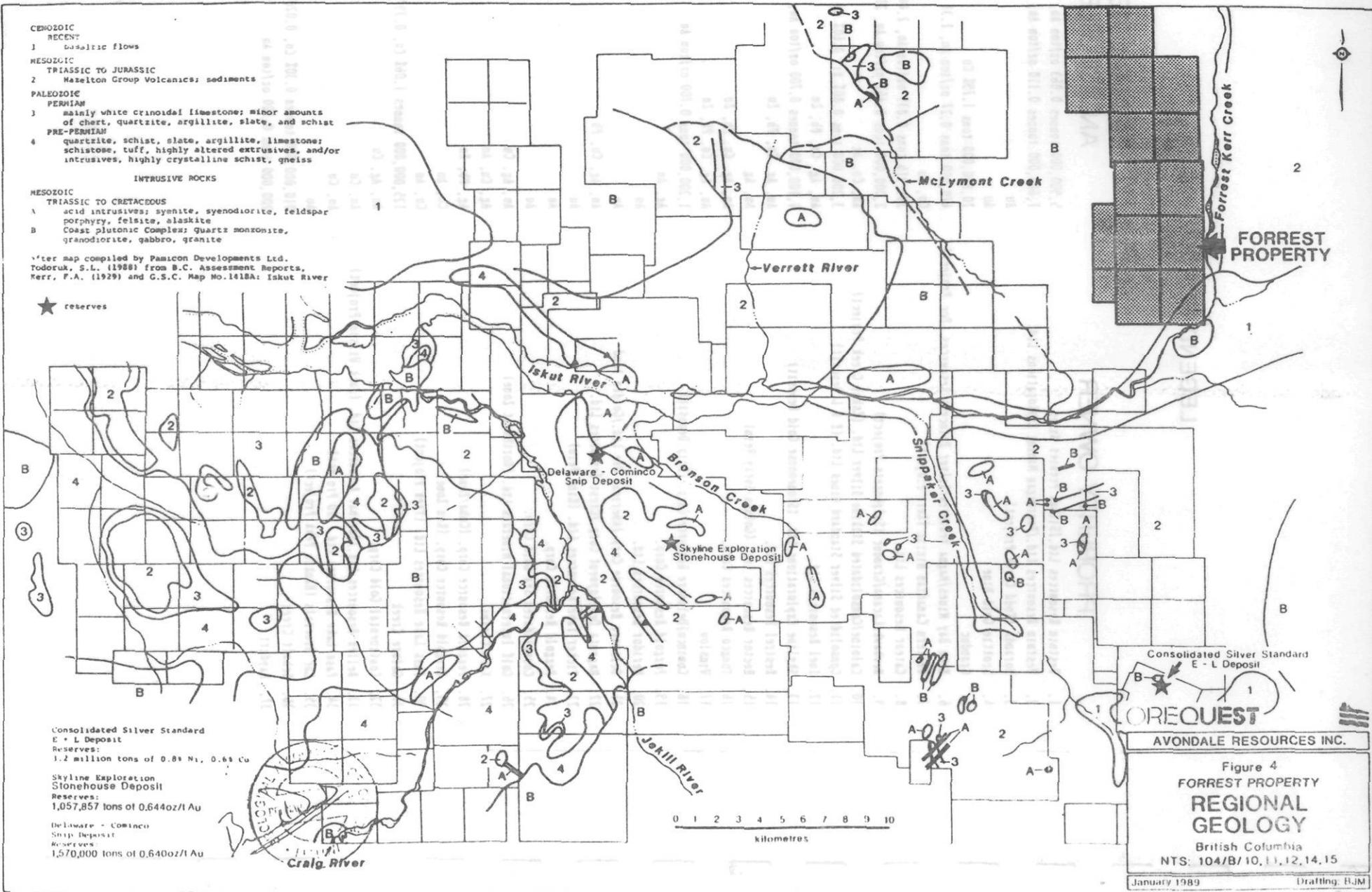
MESOZOIC

TRIASSIC TO CRETACEOUS

A acid intrusives; syenite, syenodiorite, feldspar porphyry, felsite, alaskite
B Coast plutonic Complex: Quartz monzonite, granodiorite, gabbro, granite

After map compiled by Panicon Developments Ltd. Todoruk, S.L. (1988) from B.C. Assessment Reports, Kerr, F.A. (1929) and G.S.C. Map No. 1418A: Iskut River

★ reserves



Consolidated Silver Standard
E - L Deposit
Reserves:
1.2 million tons of 0.8% Ni, 0.6% Cu

Skyline Exploration
Stonehouse Deposit
Reserves:
1,057,857 tons of 0.644oz/t Au

Delaware - Cominco
Snip Deposit
Reserves:
1,570,000 tons of 0.640oz/t Au

Craig River

0 1 2 3 4 5 6 7 8 9 10
kilometres

Consolidated Silver Standard
E - L Deposit

OREQUEST

AVONDALE RESOURCES INC.

Figure 4
FORREST PROPERTY
REGIONAL
GEOLOGY

British Columbia
NTS: 104/B/10, 11, 12, 14, 15

subdivided (Grove, 1986) into the Lower Jurassic Unuk River Formation, the Middle Jurassic Betty Creek and Salmon River Formations, and the Upper Jurassic Nass Formation.

The Unuk River Formation lies unconformably on Late Triassic rocks and consists of volcanic rocks and sediments which include lithic tuffs, pillow lavas with carbonate lenses and some thin bedded siltstones. Betty Creek rocks unconformably overlie the Unuk River Formation and are characterized by bright red and green volcanoclastic agglomerates with sporadic, intercalated andesitic flows, pillow lavas, chert, and carbonate lenses. The Salmon River Formation is a thick assemblage of colour banded andesitic siltstones and lithic wackes that form a conformable to disconformable contact with the underlying Betty Creek Formation. The Nass Formation consists of weakly deformed argillites, siltstones, and greywackes which unconformably overlie the Salmon River Formation.

These volcanics and sedimentary successions were intruded by the Coast Plutonic Complex during the Mesozoic and Tertiary periods. A wide variety of intrusive phases are present including granodiorite, quartz monzonite, and diorite. Small satellite plugs and dyke systems range in age from Late Triassic to Tertiary.

In general the mineral deposits and alteration assemblages in the area are typical of mesothermal to epithermal vein systems in island arc environments. Age dating studies suggest that mineralization is essentially coeval with early Jurassic volcanics and intrusives. Thus much of the attention is directed at lower portions of the Hazelton Group, as the association has been demonstrated elsewhere in the Sulphurets, Stewart, Alice Arm and Toodoggone mining camps. A comparative chart of

TABLE 2. COMPARATIVE CHART OF MINERALIZED OCCURRENCES IN THE ISKUT GOLD CAMP, B.C. (After Hudson, Cavey, 1988)

FIG 4 REF No.	NAME	LOCATION	OWNER	CLASSIFICATION	ORE MINERALS	ASSOCIATED MINERALS	ASSOCIATED ALTERATION	ASSOCIATED STRUCTURES	ASSOCIATED INTRUSION	HOST ROCKS
18	SNIP	Bronson Cr	Cominco- Delaware	SHEAR VEIN	gold tellurides(Pb-Bi) chalcopryrite sphalerite galena	quartz carbonate pyrite pyrrhotite molybdenum arsenopyrite	biotite pyritic kspars	110-120/65W shear	orthoclase porphyry (Red Bluff only)	Feldspathic wackes, siltstones, pebbly wacke
13	REG	Johnny Mt	Skyline	VEIN MASSIVE SULF	gold electrum chalcopryrite sphalerite galena	quartz sulfosalts	kspars chloritic	070/70N shear, fract	feldspar porphyry	voicaniclastics, porphyritic flows (Unuk Fm?)
12	INEL	Snippaker Mt Inel		VEIN SHEAR	gold silver chalcopryrite sphalerite galena	quartz pyrrhotite k-feldspar pyrite	kspars silicic chloritic	shear stockwork	kspars bearing syenodiorite, alaskite, mafic dikes	basalt- siltstone contact (Unuk-Betty Cr Fm)
	DAN- BURNIE	Jekill R	Skyline Pezgold	VEIN SHEAR BRECCIA	silver gold galena	quartz pyrrhotite pyrite	pyritic argillic sericitic propylitic	NW +/- NE faults		argillites, siltstones, andesitic volcaniclastics
	CAM, JP	Iskut R	Norman Pezgold	SKARN VEIN	galena sphalerite chalcopryrite	pyrite			hornblende granodiorite	granite-arkose contact=vein limestone=skarn
16	WARATAH	Iskut R	Tungca Res	VEIN	gold chalcopryrite galena sphalerite silver	magnetite arsenopyrite	propylitic	145/65NE 155/70 SW 170/45 W vein	kspars porphyry, monzonite	monazite, agglomerate (Unuk Fm ?)
26	McCLYMONT	McClymont Cr	Gulf International	VEIN SHEAR SKARN	gold chalopryrite galena sphalerite	pyrite magnetite arsenopyrite	silicic	120-140 shear	quartz monzonite	quartz porph, chert-marble, sst-marbie contacts

TABLE 2. COMPARATIVE CHART OF MINERALIZED OCCURRENCES IN THE ISKUT GOLD CAMP, B.C. (After Hudson, Cavey, 1988)

FIG & REF No.	NAME	LOCATION	OWNER	CLASSIFICATION	ORE MINERALS	ASSOCIATED MINERALS	ASSOCIATED ALTERATION	ASSOCIATED STRUCTURES	ASSOCIATED INTRUSION	HOST ROCKS
15	SKY, SPRAY	Snippaker Cr	Hector Res.	VEIN	gold	galena sphalerite chalcopryrite pyrite magnetite arsenopyrite	chloritic	102/90 120/75NE	hornblende porphyry dike (?)	greywacke, siltstone
29	GAB (Ken Showing)	northwest of Newmont Lk	Pezgold (Prism)		gold silver chalcopryrite galena sphalerite	pyrite arsenopyrite Fe carbonate magnetite	chloritic pyritic	065/72W vein 70 lineament	quartz feldspar porphyry, syenodiorite to syenite plug	carbonate, andesite, agglomerate
20	MERIDOR	Iskut R	Meridor	SHEAR VEIN	gold chalcopryrite sphalerite molybdenum	pyrite pyrrhotite barite magnetite	biotite sericitic silicic kspar	080-090/90 shear	syenite porphyry	greywacke, argillite, limestone, minor siltstone
	WINSLOW	Upper Branson Cr	Winslow	SHEAR VEIN	gold silver chalcopryrite	pyrite magnetite	chloritic biotite	120/80N		greywacke, siltstone
17	WINSLOW	Iskut R	Winslow	SHEAR VEIN	chalcopryrite sphalerite	pyrite pyrrhotite arsenopyrite	sericitic carbonate	110/70-80W		felsic volcanic argillites in fault contact
23	KING VEIN	Verrett R	Ticker Tape Res	VEIN	gold bornite chalcopryrite stibnite (?)	quartz pyrite magnetite	chloritic potassic silicic argillic	flat vein		granodiorite
	NORTH ZONE	Verrett R	Ticker Tape Res	SKARN	silver galena sphalerite gold	chlorite magnetite fspar pyrite	silicic chloritic kspar		intermediate subvolcanic	limestone

NOTE: Above table is a compilation based on informal discussions with explorationists in the Iskut Camp.

several occurrences in the Iskut River area appears in Table 2 (after Hudson and Cavey, 1988). It is based on informal discussions held by OreQuest personnel with several explorationists active in the area and is not intended to be a comprehensive or definitive compilation of data on these properties. Reference numbers in the table correspond to locations on Figure 3.

Major structural features of the Stewart Complex include the western boundary contact with the Coast Intrusive Complex and the northern thrust fault along the Iskut River where Paleozoic strata has moved southward across Middle Jurassic and older units. Regional tectonic normal faults also border the complex to the south and east (Grove, 1986).

PROPERTY GEOLOGY

Geology

The Forrest claims are essentially unmapped since field work to date, both by Pamicon Developments Ltd. and OreQuest Consultants Ltd., has focussed on preliminary evaluations of mineralized occurrences scattered over a large area.

While Geological Survey of Canada mapping of this area suggests it is underlain almost entirely by quartz monzonite, this is apparently not the case. Intrusive rocks noted to date include an east-west trending syenite sill, a plagioclase porphyry and a hornblende porphyry dyke, all located in the central portion of the Forrest 3 claim, and a diorite plug on the Forrest 12 claim. Abundant diorite and quartz monzonite intrusive float is found at the mouth of Gossan Creek at Forrest Kerr Creek.

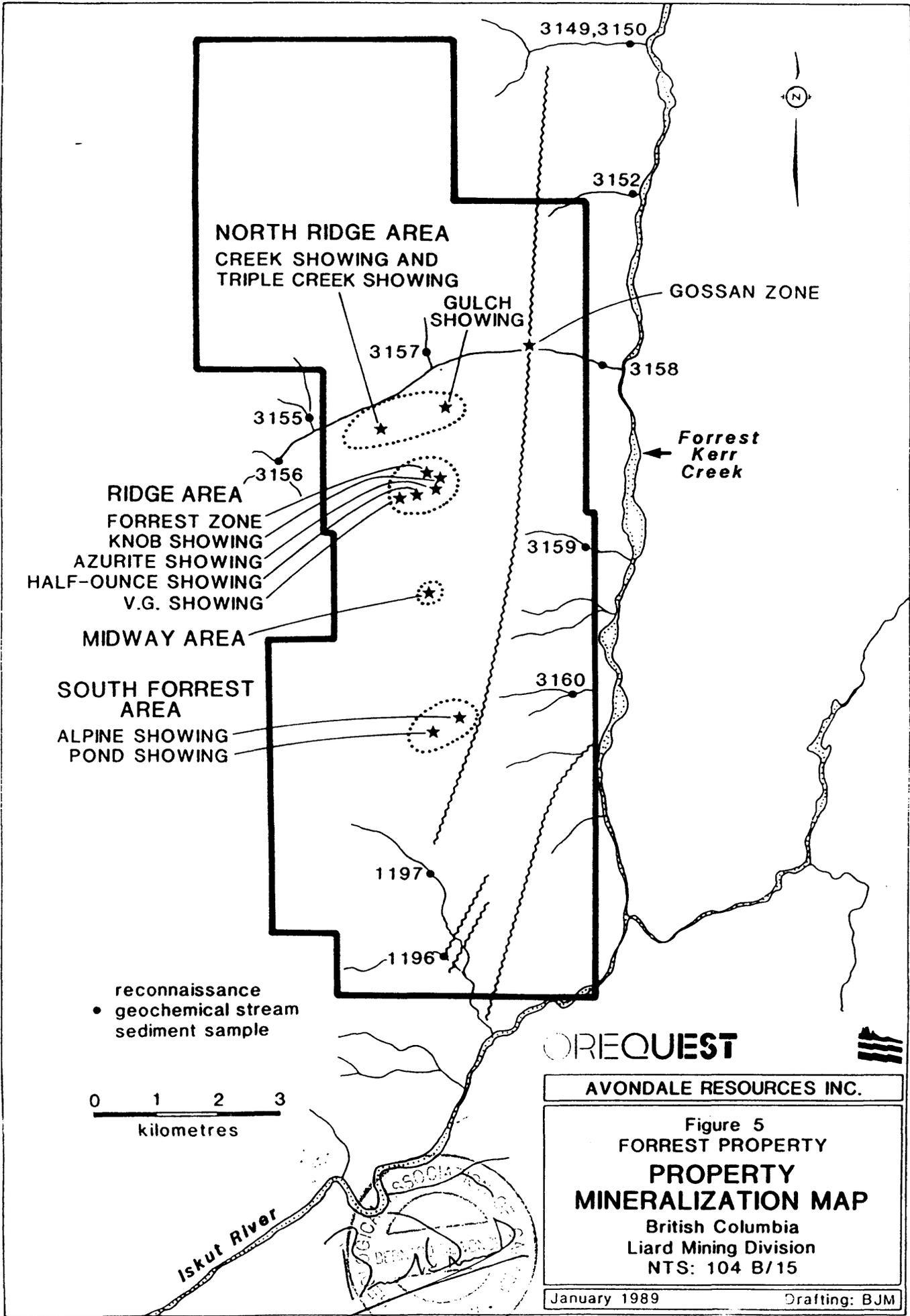
In broad terms, the Forrest 1 claim is at least partially underlain by argillite, greywacke, mudstone, chert and limestone. These lithologies were noted along the northern boundary of the Forrest 3 claim but volcanic rocks comprising andesitic agglomerates and tuffs extend southward into the Forrest 7 and 8 claim boundary area.

An extensive limestone unit passes through the west side of the Forrest 5, 7 and 14 claims and is seen to be altered to a pyrite-magnetite skarn west of Forrest 3. Also in this general area are metamorphic rocks consisting of phyllites and schists.

Structural data is minimal, however a major northerly trending fault, referred to as the Forrest Fault (Figure 5), is apparent both on air photos and as a topographic linear. Similar subparallel to parallel linears are suspected, as shown in the Forrest 8, 9 and 10 claims, and the Forrest Kerr Creek valley may also reflect a major structure paralleling the Forrest Fault. A particularly sharp escarpment is evident across from the mouth of Gossan Creek, east of the Forrest 2 claim.

Mineralization

The most striking feature on the Forrest claims is a prominent sulphide-bearing quartz vein and associated alteration system identified initially within the Forrest 3 claim. Additional vein occurrences are situated further south within the



3149,3150

3152

NORTH RIDGE AREA
CREEK SHOWING AND TRIPLE CREEK SHOWING

GULCH SHOWING

GOSSAN ZONE

3157

3158

Forrest Kerr Creek

3155

3156

RIDGE AREA

FORREST ZONE
KNOB SHOWING
AZURITE SHOWING
HALF-OUNCE SHOWING
V.G. SHOWING

MIDWAY AREA

3159

SOUTH FORREST AREA

ALPINE SHOWING
POND SHOWING

3160

1197

1196

reconnaissance
• geochemical stream sediment sample

0 1 2 3
kilometres

Iskut River

OREQUEST

AVONDALE RESOURCES INC.

Figure 5
FORREST PROPERTY
PROPERTY MINERALIZATION MAP
British Columbia
Liard Mining Division
NTS: 104 B/15

January 1989 Drafting: BJM

Forrest 5 and 7 claims and the possibility that all these occurrences are part of one mega-hydrothermal system, extending in excess of 5 kilometres, is postulated. It remains, however, for continuity between individual showings to be demonstrated.

Four main groupings of showings have been outlined to date by Pamicon Developments Ltd., which are indicated on Figure 5 as the North Ridge, Ridge, Midway and South Forrest Areas. OreQuest Consultants Ltd. prospected and sampled portions of the North Ridge, Ridge and South Forrest areas; additional discoveries were made by Pamicon subsequent to OreQuest's visits to the property (Todoruk, personal comm.) Specific samples and values are referred to below. Analytical results and certificates for samples collected by Pamicon Developments Ltd. are documented in the report by Todoruk and Ikona (1988) while those for samples collected by OreQuest Consultants Ltd appear in the report by Raven (1988). Assay certificates for samples collected by the author appear in Appendix I.

North Ridge Area

Nine grab samples from arsenopyrite-bearing, southeasterly trending quartz veins in the Triple Creek Showing produced gold assays ranging from 60 ppb to 0.438 oz/t gold and arsenic values from 121 to 88,142 ppm (Todoruk and Ikona, 1988). Subsequent chip sampling by the author at the site of the highest sample (Pamicon #23665), across 40 cm, produced 0.068 oz/t gold and >2000 ppm arsenic (OreQuest #22703). Another Pamicon grab sample site (#23664 - 0.347 oz/t gold) was resampled by Pamicon, returning 0.066 oz/t (Todoruk, personal comm.) and chip sampled by the author across 30 cm (OreQuest #22701 - 0.038 oz/t). Several veins are exposed in three creek draws across 125 to 150 m.

The Creek Showing immediately east of the above comprises a shear zone up to 1.5 m wide, trending $045^{\circ}/90^{\circ}$, hosting massive chalcopyrite. Five Pamicon grab samples ranged from 0.073 to 0.274 oz/t gold, 15,046 ppm to >10% copper and 18.5 ppm to 3.72 oz/t silver. A grab sample taken by the author (OreQuest #22704) assayed 0.190 oz/t gold and 8.61% copper, as well as 3.92 oz/t silver.

The Gulch Showing (referred to by Raven as the "chute"), located some 300 to 500 m further east, comprises a narrow (10 to 20 cm) arsenopyrite bearing shear, within a larger pyritic zone several metres wide, which assayed 0.066 oz/t gold (OreQuest sample #52665). A rusty zone adjacent to a malachite stained quartz vein above the arsenopyrite assayed 0.193 oz/t gold and 15.5 ppm silver and anomalous arsenic and copper values (OreQuest sample #52661). The latter results indicate that anomalous values are not limited to quartz veins but are possible in wallrock material as well.

Ridge Area

The area encompasses numerous showings including what is perhaps the most striking feature of the property, a 400 metre by 600 metre mega-quartz vein stockwork system referred to as the Forrest Zone. This zone comprises hundreds of veins commonly 10 to 30 cm wide but also exceeding this range up to widths of 6 m. Predominant trends are $130^{\circ}/60-85^{\circ}$ NE and $000^{\circ}/90^{\circ}$ however the intertwining of other veins at variable orientations produces a stockwork effect. The wider veins are primarily northerly trending, parallel to the Forrest Fault.

Mineralization and alteration are highly variable from vein to vein. Chalcopyrite is the most common sulphide, with minor pyrite observed in wallrock on

occasion. Alteration occurs in the form of chlorite and weak to moderate limonite; carbonate occasionally infills vugs within the quartz veins. Twenty-three rock chip samples collected by Pamicon (Todoruk and Ikona, 1988) produced copper values ranging from 0.30% to 5.12% in obviously mineralized veins, with low precious metal values.

The area referred to by Pamicon as the Knob Showing, situated immediately southeast of the Forrest Zone, features similar but more strongly mineralized veining in a gossanous outcrop. Eleven grab samples from this area have copper values ranging from 0.61% to 6.90%, silver ranging from 0.18 oz/t to 2.02 oz/t and gold ranging from <0.005 oz/t to 0.026 oz/t (Todoruk and Ikona, 1988).

Channel, chip and grab sampling in this area by OreQuest of both vein and wallrock over a 45 metre interval (referred to as the Blowout Showing by Raven) produced these results: copper values exceeding 2% in vein material (grab sample #52159) and of 13,994 ppm across 1 m of wallrock adjacent to the vein, silver values of 42.4 ppm from the above mentioned vein and 34.1 ppm from grab sample #52161, taken from a 20 cm wide quartz vein. A chip sample across a 20 cm quartz vein produced the highest gold value - 420 ppb.

Pamicon's Azurite Showing, located 50 to 75 m south of the Knob Showing and referred to as the Copper Showing by RavenOreQuest, appears to be a bedded semi-massive to massive chalcopyrite zone or a flat lying shear. It is at least 5 metres by 8 metres in area and at least 30 cm thick, hosted by heavily gossanous andesitic rocks. Five grab samples collected by Pamicon (Todoruk and Ikona, 1988) produced

copper values ranging from 3,318 ppm to >10%, silver from 7.1 ppm to 76.6 ppm and gold from 40 ppb to 740 ppb. Five channel samples were collected by OreQuest (Raven, 1988), all across 1 m except for one across 0.72 m (#52174). Copper values range from 4,256 ppm to >20,000 ppm and gold ranges from 120 ppb to 400 ppb. The nature of this occurrence is in contrast to the more common vein hosted mineralization but snow cover prevented more extensive examination.

Visible gold was observed and sampled by Pamicon at the V.G. Showing in two blocks of quartz vein talus some 50 m apart, uphill and southwest of the Azurite Showing. The gold is associated with bornite, hematite, malachite and azurite and assay values of 0.040, 0.168 and 5.820 oz/t gold were reported (Todoruk and Ikona, 1988). OreQuest resampled the material which assayed 0.168 oz/t and, analyzing both coarse and fine fractions, received a value of 0.122 oz/t gold. The vein material lies on a shale talus covered hillside below a semi permanent snow field and its source has not yet been determined.

Another elevated gold value was reported by Pamicon from the Half-Ounce Showing, where they obtained a 0.504 oz/t gold assay from a 20 cm flat lying quartz vein with limonite alteration and malachite staining. It is suggested that this occurrence is related to a plagioclase porphyry intrusive. A nearby subparallel vein of similar size produced only 120 ppb gold (Todoruk and Ikona, 1988).

Midway Area

This area has been briefly examined by Pamicon and noted from the air by OreQuest personnel. Located in the northeast corner of the Forrest 5 claim, it comprises several quartz veins 2 to 3 m wide containing chalcopyrite and malachite.

Local iron carbonate veining post dates the quartz and calcite is found in open spaces within the veins.

South Forrest Area

Continuous quartz veining is evident between the Alpine and Pond Showings which are some 300 m apart. The Alpine Showing includes intense quartz veining varying from 10 cm to 1 m in thickness, carrying arsenopyrite pods, disseminated chalcopyrite, pyrite and malachite/azurite with associated limonite alteration. Occasionally veins achieve 4 m in width but are milky white with only trace amount of sulphides. Pamicon's seven grab samples ranged from 520 ppb to 0.356 oz/t gold and no value to 57,377 ppm arsenic. Five grab samples collected by OreQuest yielded highest values of 400 ppb gold (#52151), 9.7 ppm silver (#52153), 8,253 ppm copper (#51253) and >1000 ppm arsenic (#52154).

The Pond Showing, not examined by OreQuest, is reported by Pamicon to include veining similar in character to those in the Alpine showing except for the presence of considerable galena and increased chalcopyrite. Their sampling produced values ranging from 1,486 ppm to 24,949 ppm copper, 175 ppm to 26,488 ppm lead, 6.1 ppm to 3.01 oz/t silver and no value to 685 ppb gold.

A gossan zone occurs prominently in suitably named Gossan Creek where the trace of the Forrest Fault cuts across the valley. The precipitous nature of the area has inhibited even cursory inspection of the gossan, however, strongly arsenopyrite-mineralized quartz vein float with silicified wallrock was sampled at the confluence of Gossan Creek and Forrest Kerr Creek, yielding 0.300 oz/t gold (Todoruk and Ikona, 1988).

In 1988, the British Columbia Department of Energy, Mines and Petroleum Resources, in conjunction with the Geological Survey of Canada, released the results of a reconnaissance geochemical stream sediment survey conducted over the Iskut mapsheet in 1987 (MEMPR BCRGS 18, GSC open File 1645). Ten sample sites are located within or are potentially influenced by ground covered by the Forrest property (Figure 5). Values for copper, arsenic, silver and gold are reproduced in Table 3.

TABLE 3

REGIONAL GEOCHEMICAL STREAM SEDIMENT DATA

Sample No.	Cu (ppm)	As (ppm)	Ag (ppm)	Au (ppb)
1196	194	25	0.3	14
1197	181	23	0.3	20
3149	49	15	0.1	487
3150	60	13	0.1	9
3152	76	31	0.1	28
3155	19	1	0.1	1
3157	107	41	0.3	55
3158	43	9	0.1	11
3159	90	34	0.3	5
3160	48	11	0.1	8

Anomalous copper and gold values, together with moderate arsenic, are recorded in the southern portion of the property (samples 1196 and 1197). The area of influence adds potential southerly strike extension to the mineralized trend. Similarly, elevated to anomalous gold values in samples at the north end of the trend (sample 3149, 3152, 3257 and 3258) indicate excellent exploration potential in this region as well. Considerable quartz veining is evident from the air in the north wall of Gossan Creek, west of the Forrest Fault in the area of sample 3157. This sample is also anomalous in copper and arsenic.

The limited exploration done to date has already laid some groundwork for future comprehensive exploration. The Forrest Fault is viewed as a major structural feature to which the widespread quartz vein occurrences are intimately related. The fault is suspected as the hydrothermal conduit and as such offers considerable potential for extensive and perhaps continuous mineralization.

In addition, the occurrences documented to date are situated at varying elevations topographically and, if they are in fact part of the same system, may reflect mineral zonation within it. The Ridge Area encompasses showings at or above 1400 m where mineralization is predominantly chalcopyrite, erratically distributed, with equally erratic gold ranging from very low grade in the Forrest Zone to visible gold-bearing float several tens of metres uphill. The quartz vein network, as represented in the Forrest Zone, in general appears to carry relatively low gold. The North Ridge and South Forrest Areas, which are situated at approximately 1130 m and 1220 m elevation respectively, display an enrichment in arsenic, copper and silver with gold values more commonly in excess of 0.100 oz/t. It is reasonable, therefore, to examine downdip extensions of the large vein system in the Forrest Zone in particular, and occurrences throughout the property in general for potentially similarly enriched environments.

CONCLUSIONS AND RECOMMENDATIONS

The Forrest 1-15 mineral claims are located in the northeastern portion of the Iskut River area, 30 kilometres from Skyline Explorations' Stonehouse deposit (in production) and Cominco Ltd./Delaware Resources Corp.'s Snip deposit (under development). The area in general is presently undergoing extensive exploration, resulting in the discovery of numerous showings which are gradually filling in the

gaps between historically recognized mineral camps such as Galore Creek to the northwest, Iskut River and Sulphurets Creek to the south. No exploration or mineral occurrences were recorded prior to location of the claims in 1987 and 1988.

Limited exploration to date has already identified eleven mineral occurrences, in four main areas, thought to be intimately related to a suspected northerly trending fault structure referred to as the Forrest Fault. Precious metal bearing sulphides occur primarily in quartz veins, exposed along a trend in excess of 5 kilometres long, which may constitute one vast hydrothermal system whose conduit is the Forrest Fault. Continuity between the occurrences has yet to be demonstrated.

No geological mapping has yet been done but metamorphic, sedimentary and volcanic rocks were noted in the course of evaluation of the various showings. Several intrusive phases in the form of sills, dykes and plugs have been identified locally. Previous government regional mapping suggests that the property area is virtually completely underlain by quartz monzonite of the Coast Range Plutonic Complex but this will no doubt be revised as more detailed work progresses.

The four main areas of mineralization are referred to as the North Ridge, Ridge, Midway and South Forrest Areas, where gold values in quartz are associated with at least three styles of mineralization:

- in arsenopyrite bearing quartz veins/shears (+/- chalcopyrite)
- in chalcopyrite bearing quartz veins/shears
- in chalcopyrite-galena bearing quartz veins/shears

In addition, gold mineralization is found in other forms, peripheral to the stockwork system but possibly related to it:

- semi-massive, chalcopyrite-bearing, flat-lying shear or bedded sulphide zone
- quartz veins associated with plagioclase porphyritic intrusives
- quartz vein talus containing visible gold with associated bornite and hematite

The various stockwork-related occurrences appear to exhibit a vertical mineral zonation, assuming they constitute a single hydrothermal system. Upper levels of the system (Ridge Area) carry predominantly erratically distributed chalcopyrite with low gold values but deeper levels (North Ridge and South Forrest Areas located topographically lower) contain arsenopyrite and galena (South Forrest Area only to date) as well as increased chalcopyrite, with gold values more commonly in excess of 0.100 oz/t.

An aggressive and comprehensive exploration program is recommended to pursue the theories that a) the known widespread quartz vein stockwork occurrences are related to each other to form a continuous system; b) the mineralization is associated with a major structural feature - the Forrest Fault being a major hydrothermal conduit; and c) the peripheral occurrences may also be related to this major system. Areas to the north and south along the trend of the showings remain to be evaluated allowing for potential significant strike extension of the system.

A phased work program is proposed, Phase Ia consisting of an airborne magnetometer, electromagnetic and VLF-EM survey over the entire claim block; orthophoto base map preparation; grid controlled geological, geophysical and geochemical surveys as topography and/or exposure permits; detailed stream sediment sampling, both as a base study around areas of known mineralization and as a survey of unexplored areas; Phase Ib consisting of trenching and a limited amount of diamond drilling. The budget for both Phase Ia and Ib would total \$1,000,000.

Phase- II, contingent on favourable results in Phase I, would include both trenching and extensive diamond drilling throughout the property and be carried out at a cost of \$1,500,000. If further work is warranted, Phase III diamond drilling would be directed at reserve definition and be budgeted at \$2,000,000.

BUDGET ESTIMATE

Phase Ia

Airborne Survey	\$ 64,000
Orhtophoto Preparation	15,000
Mobilization	15,000
Field Costs	160,000
Support Costs:	
Fixed Wing 15 flights @ \$1100	16,500
Helicopter 100 hrs @ \$600/hr	60,000
Communications	8,000
Freight	8,000
Equipment Rental	15,000
Contract Services:	
Linecutting 150 km @ \$300/km	45,000
Geophysics	20,000
Analyses:	
Soils/Silts 5000 @ \$15/sample	75,000
Rocks 1000 @ \$18/sample	18,000
Preliminary Compilation and Report Writing	15,500
Contingency @ 10%	<u>53,500</u>
Subtotal	<u>\$588,500</u>

Phase Ib

Trenching	\$ 31,500
Diamond Drilling (3200' @ \$70/ft all incl.)	224,000
Contingency @ 10%	<u>25,000</u>
SubTotal	\$ 281,050
Total	\$ 869,550
	Say
Management Fee @ 15%	\$ 870,000
GRAND TOTAL	<u>\$ 1,300,000</u>

Phase II

Trenching	\$ 44,500
Diamond Drilling (16,300 ft @ \$70/ft all Incl.)	1,141,000
Contingency @ 10%	<u>118,500</u>
Subtotal	\$1,304,000
Management Fee @ 15%	<u>196,000</u>
GRAND TOTAL	<u>\$1,500,000</u>

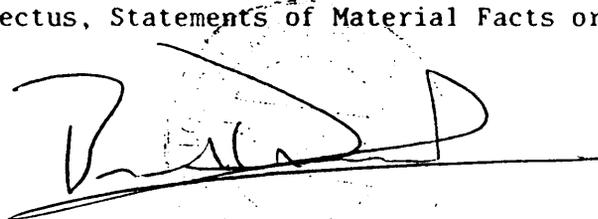
Phase III -

Diamond Drilling (22,600' @ \$70/ft)	\$1,582,000
Contingency @10%	<u>158,000</u>
Subtotal	\$1,740,000
Management Fee @ 15%	<u>260,000</u>
GRAND TOTAL	\$2,000,000

CERTIFICATE of QUALIFICATIONS

I, Bernard Dewonck, of 11931 Dunford Road, Richmond, British Columbia hereby certify:

1. I am a graduate of the University of British Columbia (1974) and hold a BSc. degree in geology.
2. I am an independent consulting geologist retained by OreQuest Consultants Ltd. of 404-595 Howe Street, Vancouver, British Columbia.
3. I have been employed in my profession by various mining companies since graduation.
4. I am a Fellow of the Geological Association of Canada.
5. I am a member of the Canadian Institute of Mining and Metallurgy.
6. This report is based on an evaluation of the property conducted by OreQuest Consultants Ltd., including a visit to the property by the author on October 5, 1988, and a review of material in the bibliography.
7. Neither OreQuest Consultants Ltd. nor myself have or expect to receive direct or indirect interest in the property or in the securities of Avondale Resources Inc.
8. I consent to and authorize the use of the attached report and my name in the Companies' Prospectus, Statements of Material Facts or other public document.



Bernard Dewonck
Consulting Geologist

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

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APPENDIX I
ASSAY CERTIFICATES



VANGEOCHEM LAB LIMITED

MAIN OFFICE
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NORTH VANCOUVER, B.C. V7P 2S3
(604) 986-5211 TELEX: 04-352578

BRANCH OFFICE
1630 PANDORA ST.
VANCOUVER, B.C. V5L 1L6
(604) 251-5656

REPORT NUMBER: 881635 AA

JOB NUMBER: 881635

OREQUEST CONSULTANTS LTD.

PAGE 1 OF 1

SAMPLE #	Cu %	Ag oz/st	Au oz/st	
22701	.01	.06	.038	
22702	.01	.04	.020	
22703	.20	.14	.068	
22704	8.61	3.92	.190	
22705	.26	.12	.018	(not from Forrest)
22706	.29	.18	.010	"

DETECTION LIMIT

1 Troy oz/short ton = 34.28 ppa .01 .01 .005
 1 ppa = 0.0001Z ppa = parts per million < = less than

signed: _____

VANGOCHEM LAB LIMITED
 1988 TRIUMPH STREET
 VANCOUVER, B.C. V5L 1K5
 (604) 251-5656 FAX (604) 254-5717

REPORT #: 881635 PA OREQUEST Proj: KING CREST Date In: 88/10/11 Date Out: 88/10/17 Att: B. DEWDNCK VGC ICP REPORT Page 1 of 1

Sample Number	Ag	Al	As	Au	Ba	Bi	Ca	Cd	Co	Cr	Cu	Fe	K	Mg	Mn	Mo	Na	Ni	P	Pb	Pd	Pt	So	Sn	Sr	U	W	Zn
	ppm	I	ppm	ppm	ppm	ppm	I	ppm	ppm	ppm	ppm	I	I	I	ppm	ppm	I	ppm	I	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
22701	0.1	1.16	>2000	<3	11	<3	2.47	0.1	29	27	138	7.31	0.58	0.64	888	6	0.02	10	0.19	36	<3	<5	<2	<2	62	<5	<3	28
22702	0.3	0.43	>2000	<3	13	<3	1.59	0.1	6	89	66	2.13	0.29	0.25	550	4	0.01	4	0.03	19	<3	<5	<2	<2	52	<5	<3	17
22703	4.9	1.75	>2000	<3	11	<3	1.40	0.1	19	56	1585	7.38	0.44	1.01	1049	6	0.02	2	0.19	39	<3	<5	<2	<2	35	<5	<3	45
22704	>50.0	0.30	610	4	6	<3	0.04	5.3	32	64	>20000	>10.00	0.38	0.12	209	12	0.02	57	0.01	44	<3	<5	<2	2	2	<5	<3	122
22705	4.1	1.06	247	<3	42	<3	0.16	1.8	41	58	2848	5.89	0.21	0.76	161	19	0.02	117	0.14	30	<3	<5	<2	<2	4	<5	<3	21
22706	3.9	2.42	210	<3	14	7	0.11	4.7	56	55	2717	>10.00	0.55	1.77	439	19	0.04	40	0.14	50	<3	<5	<2	<2	3	<5	<3	29
Minimum Detection	0.1	0.01	3	3	1	3	0.01	0.1	1	1	1	0.01	0.01	0.01	1	1	0.01	1	0.01	2	3	5	2	2	1	5	3	1
Maximum Detection	50.0	10.00	2000	100	1000	1000	10.00	1000.0	20000	1000	20000	10.00	10.00	10.00	20000	1000	10.00	20000	10.00	20000	100	100	2000	1000	10000	100	1000	20000

< = Less than Minimum is = Insufficient Sample ns = No sample > = Greater than Maximum AuFA = Fire assay/AAS

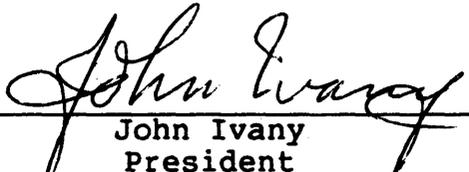
**ANOMALOUS RESULTS:
 FURTHER ANALYSES
 BY ALTERNATE
 METHODS SUGGESTED**

CERTIFICATES

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.

May 31, 1989.

ISSUER

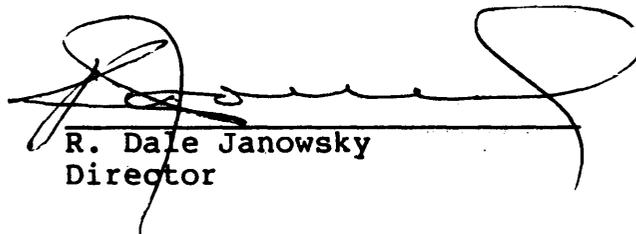


John Ivany
President
(Chief Executive Officer)

ON BEHALF OF THE BOARD OF DIRECTORS



Lawrence Page
Director



R. Dale Janowsky
Director