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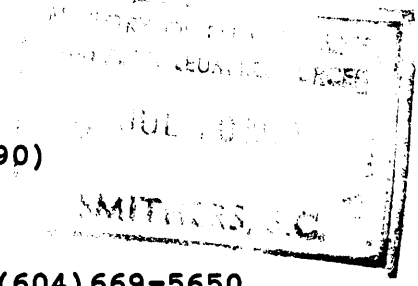
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Sib 104B 008
Polo ~~104B~~

PROPERTY FILE

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS (36/90)
EFFECTIVE DATE: June 26, 1990



AMERICAN FIBRE CORPORATION
#701, 475 Howe St., Vancouver, B.C. V6C 2B3 (604)669-5650
NAME OF ISSUER, ADDRESS OF HEAD OFFICE & TELEPHONE NUMBER

#1600, 609 Granville Street, Vancouver, B.C. V7Y 1C3
ADDRESS OF REGISTERED AND RECORDS OFFICE OF THE ISSUER

MONTREAL TRUST COMPANY, 510 Burrard St., Vancouver, B.C. V6C 3B9
NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA

OFFERING: 450,000 Non-Flow-Through Shares and 350,000 Flow-Through Shares

NON-FLOW-THROUGH OFFERING: 450,000 Non-Flow-Through Shares

* THE OFFERING MAY BE INCREASED BY UP TO 15% (OR 67,500 NON-FLOW-THROUGH SHARES) TO MEET OVERSUBSCRIPTIONS. SEE "APPOINTMENT OF AGENT".

	Estimated Price (1) to the Public	Estimated Agent's Commission (2)	Estimated Minimum Net Proceeds to the Issuer (3)
Per Non-Flow- Through Share	\$1.25	\$0.09375	\$1.15625
Total Non-Flow- Through	\$562,500.00	\$42,187.50	\$520,312.50

- (1) The actual offering price will be calculated in accordance with the rules of the Vancouver Stock Exchange.
- (2) In addition, the Agents will be granted Agent's Warrants entitling them to purchase common shares in return for guaranteeing the sale of the Shares offered hereby. See heading "Plan of Distribution".
- (3) Before deduction of the costs of this Offering. See heading "How the Net Proceeds of the Issuer are to be Spent".

FLOW-THROUGH OFFERING: 350,000 Flow-Through Shares

* THE OFFERING MAY BE INCREASED BY UP TO 15% (OR 52,500 FLOW-THROUGH SHARES) TO MEET OVERSUBSCRIPTIONS. SEE "APPOINTMENT OF AGENT".

	Estimated Price (1) to the Public	Estimated Agent's Commission (2)	Estimated Minimum Net Proceeds to the Issuer (3)
Per Flow- Through Share	\$1.25	Nil(4)	\$1.25
Total Flow- Through	\$437,500.00	Nil(4)	\$437,500.00

July 4/90

(1) The actual offering price will be calculated in accordance with the rules of the Vancouver Stock Exchange.

(2) In addition, the Agents will be granted Agent's Warrants entitling them to purchase common shares in return for guaranteeing the sale of the Shares offered hereby. See heading "Plan of Distribution".

(3) Costs of the offering of Flow-Through Shares will be paid from the Issuer's working capital or from the proceeds of the Non-Flow-Through Offering. See heading "How the Net Proceeds of the Issuer are to be Spent".

(4) The Issuer will pay a fee to the Agents equal to 7.5% of the gross proceeds of the sale of the Flow-Through Units, from its working capital.

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. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND NONE OF THE ISSUER'S PROPERTIES CONTAIN A KNOWN BODY OF COMMERCIAL ORE.

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Shares offered hereby which have not been sold at the conclusion of the Offering. Any shares 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.

AGENT: L.O.M. WESTERN SECURITIES LTD.
#2200, 609 Granville Street
Vancouver, B.C.

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

Group II

SIB 1 - 16 CLAIMS

SKEENA MINING DIVISION, BRITISH COLUMBIA

Pursuant to an option agreement between the Issuer as Optionee and Silver Butte Resources Ltd. (formerly Consolidated Silver Butte Mines Ltd. (N.P.L.)) (a British Columbia reporting company listed on the Vancouver Stock Exchange) of #1201-900 West Hastings Street, Vancouver, British Columbia as Optionor, dated the 30th day of June, 1988, the Issuer acquired the right to earn an undivided 50% interest in the mineral claims (the "Property") described below, which is located in the Unuk River area of northwestern British Columbia.

The mineral claims are described as:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
S.I.B. # 1	37223	May 31, 1995
S.I.B. # 2	37224	May 31, 1995
S.I.B. # 3	37225	May 31, 1995
S.I.B. # 4	37226	May 31, 1995
S.I.B. # 5	37227	May 31, 1995
S.I.B. # 6	37228	May 31, 1995
S.I.B. # 7	37229	May 31, 1995
S.I.B. # 8	37230	May 31, 1995
S.I.B. # 9	37231	May 31, 1995
S.I.B. #10	37232	May 31, 1995
S.I.B. #11	37233	May 31, 1995
S.I.B. #12	37234	May 31, 1995
S.I.B. #13	37235	May 31, 1995
S.I.B. #14	37236	May 31, 1995
S.I.B. #15	37237	May 31, 1995
S.I.B. #16	37238	May 31, 1995

In order to earn its participating interest, the Issuer (a) paid \$50,000.00, and (b) expended \$400,000.00 on exploration work on the property as follows:

(a) Cash:

- (i) \$ 7,500.00 on June 30, 1988 (paid);
- (ii) \$10,000.00 on June 30, 1989 (paid);
- (iii) \$10,000.00 on June 30, 1990 (paid)
- (iv) \$10,000.00 on June 30, 1991 (paid) and
- (v) \$12,500.00 on June 30, 1992 (paid).

(b) Expenditure of funds on exploration:

- (i) \$ 50,000.00 no later than June 30, 1989 (expended);
- (ii) \$ 50,000.00 no later than June 30, 1990 (expended);

- (iii) \$ 75,000.00 no later than June 30, 1991 (expended);
- (iv) \$ 75,000.00 no later than June 30, 1992 (expended); and
- (v) \$150,000.00 no later than June 30, 1993 (expended).

The Issuer has made all of the requisite property payments and expenditures to earn its 50% interest, and as at February 26, 1990, the parties entered into an agreement (the "J.V. Agreement") to further develop the Property as a 50/50 joint venture (the "Joint Venture"), to be managed in accordance with the directions of a management committee comprised of one representative of each party. In the event that a party defaults in its obligations under the J.V. Agreement (except for its obligation to pay its pro-rata shares of project costs) the other party will, in addition to its right to commence legal action, have the right to acquire the defaulting party's interest in the Property at a fifteen (15%) percent discount from an independently appraised value of the defaulting party's Property interest.

In the event that a party fails to pay its proportionate share of Joint Venture costs, its percentage interest in the Property will be reduced to that percentage which is a proportion of the total Joint Venture expenditures which it has paid, to the total of those which have been paid by both parties. In the event that a party's interest is reduced to fifteen (15%) percent or less, its interest shall automatically be converted to a fifteen (15%) percent net profit interest. A party holding a net profits interest, as such will be entitled to a minimum of \$10,000 per year once the Property is in production, provided that if such payment exceeds fifteen (15%) percent of net profits, the excess will be deducted from future net profits.

The J.V. Agreement contains a right of first refusal provision which stipulates that a party may not make an offer to sell its Property interest without first making such offer to the other party to the Joint Venture.

The Issuer overstaked the Sib 1-16 Claims with the Sib 20-39 Claims prior to having a survey done which will be conducted during the coming season. The original Sib 1-16 claims were staked in 1972.

The mineral claims are described as:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Sib 20	7650	June 29, 1990
Sib 21	7651	June 29, 1990
Sib 22	7652	June 29, 1990
Sib 23	7653	June 29, 1990
Sib 24	7654	June 29, 1990
Sib 25	7655	June 29, 1990
Sib 26	7656	June 29, 1990
Sib 27	7657	June 29, 1990

Sib 28	7658	July 5, 1990
Sib 29	7659	July 5, 1990
Sib 30	7660	July 5, 1990
Sib 31	7661	July 5, 1990
Sib 32	7662	July 5, 1990
Sib 33	7663	July 5, 1990
Sib 34	7664	July 5, 1990
Sib 35	7665	July 5, 1990
Sib 36	7666	July 5, 1990
Sib 37	7667	July 5, 1990
Sib 38	7668	June 30, 1990
Sib 39	7669	June 30, 1990

Assessment work will be filed in due course to extend the expiry date of the Sib 20-39 claims.

The Issuer and Silver Butte Resources Ltd. do not have common directors and/or officers.

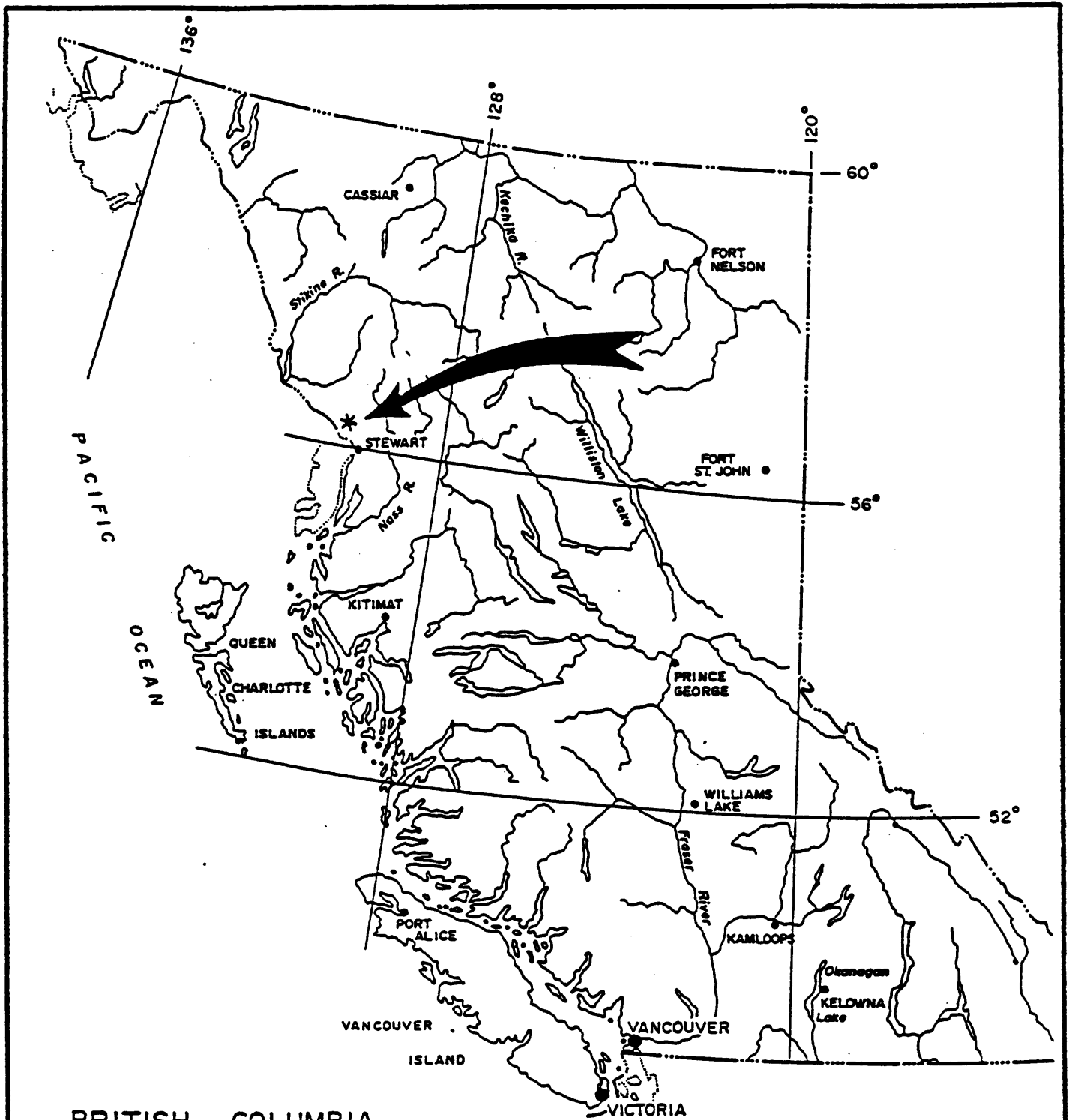
The following is a summary of a report prepared by David J. Copeland, B.Sc., P. Eng., and Robert M. Cann of CEC Engineering Ltd., dated December, 1989. The authors have read the summary and find it to be acceptable. The complete report is available for inspection during normal business hours at #701, 475 Howe Street, Vancouver, British Columbia.

The Sib 1-16 2-post claims are located in the Unuk River region, 80 km north of Stewart and 290 km northwest of Smithers, B.C. (Fig. 1). The claims cover a four kilometre length of mineralized and altered volcanic stratigraphy adjoining Calpine's polymetallic Eskay Creek property (Fig. 2). Work to date demonstrates the claims have excellent exploration potential. Preliminary surface exploration by American Fibre Corporation in June and July, 1989 identified four extensive quartz-sericite-pyrite alteration zones within a similar geological environment to that on the adjoining Calpine Tok-Kay claims. Sampling of intensely silicified zones, within the quartz-sericite zones, returned values up to 0.64 oz/t gold over 5.0 m.

Between 1934 and 1939, the McKay Syndicate reached an agreement with Premier Mines, whereupon a good trail was established between Tom McKay Lake and the headwaters of Eskay Creek. An assay lab was set up and extensive trenching was carried out on both the Tok-Kay and Sib Claims. Ten diamond drill holes were put down on the Tok-Kay ground in the area of the #21, 22 and #5 zones.

Between 1980-83, Ryan Explorations (U.S. Borax) carried out soil and rock geochemical surveys on the Sib claims while drilling and mapping on the Tok-Kay claims.

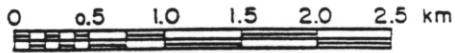
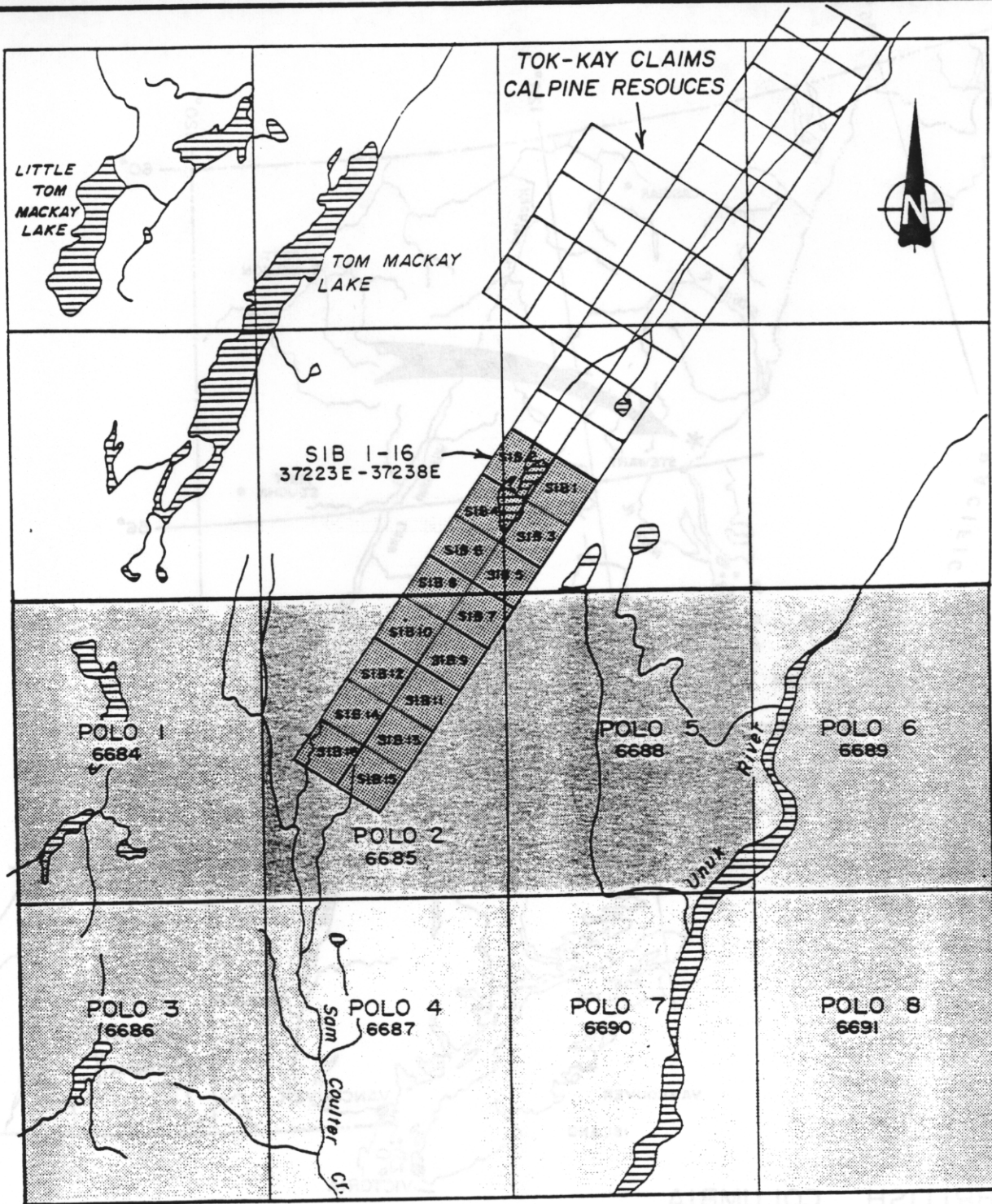
Most work was concentrated on the adjoining Tok-Kay claims. Recent drilling by Calpine Resources totalling some 160 holes in an area





BRITISH COLUMBIA

Scale 1 : 7,500,000 approx.

AMERICAN FIBRE CORP.		
SIB PROPERTY		
GENERAL LOCATION		
SKEENA M.D., B.C.		SOUTH UNUK RIVER
REBAGLIATI GEOLOGICAL LTD.		
Scale see above	Drawn by	Figure
N.T.S. 104 B/8W	Date Aug 1988	1



 SIB property
 POLO property

AMERICAN FIBRE CORP.		
SIB and POLO PROPERTIES		
CLAIMS LOCATION		
SKEENA M.D. - SOUTH UNUK RIVER AREA		
COASTAL MOUNTAIN ENGINEERING LTD.		
N.T.S.	104 B / 8 W	SCALE 1 : 50 000
DATE	AUG 1988	DRAWN
		FIGURE 2

known as the #21 Zone has resulted in the discovery of a major gold deposit. Results have included as much as 0.875 oz gold/ton and 0.97 oz silver/ton over 682.2 ft., (hole 89-109). The "21 Zone" has been traced over 3,600 ft., and has a width averaging 50 ft. Current literature estimates geologic reserves in the order of three million ounces of gold at an early stage of exploration drilling.

This mineralization occurs in a series of northeast-southwest striking shear zones contained within altered volcanic fragmentals, tuffs, rhyolites and shales.

The same series of shear zones, and a very similar assemblage of volcanoclastic rocks is traceable from the Tok-Kay claims through the Sib claims, where many old trenches are located in areas of intense silicification and cross fracturing in these volcanoclastics.

Geologically the Sib Claims are located within an area of folded Lower Jurassic to Middle Jurassic volcanic and sedimentary rocks. Regionally the stratigraphy has been divided into a lower mafic to intermediate maroon volcanic unit (Unuk River Fm); medial intermediate and green volcanoclastics (Betty Creek Fm); and an uppermost extensive felsic tuff package (Mount Dilworth Fm) which marks the end of Lower Jurassic volcanic activity (Anderson, 1989; Britton *et al*, 1989). Lower Jurassic volcanics are unconformably overlain by Middle Jurassic sediments. The Mount Dilworth Formation appears to be spatially associated with numerous gold-silver-lead-zinc prospects, including those on the Sib property.

Current Work

In 1988, 679 soil samples were collected at 25 metre intervals along grid lines 200 metres apart, a magnetometer survey was undertaken using a MP2 Scintrex magnetometer, and a VLF survey was done with a Sabre M27 ultramodernistic. Most of this work was done on the Polo claims that adjoin to the east by Bradford J. Cooke, professional geologist.

The June/July 1989 work program saw the establishment of a semi-permanent camp, a picketed grid with lines 100 metres apart and stations at 25 metre intervals.

Three simultaneous programs were carried out including: geological mapping on a scale of 1:5000; a detailed soil geochemical survey; and in areas of high geological potential litho-geochemical sampling (Copeland, 1989). The litho-geochemistry program, in addition to reconnaissance sampling, included locating and resampling old trenches in altered and mineralized areas.

As a result of this field work five volcanic and sedimentary units were identified that form a north-northeast trending homoclinal

sequence which dips 50 degrees to 85 degrees to the west. The eastern-most, and presumably stratigraphically lowest unit consists of andesitic flows and fragmentals (Unit 1) which are overlain (gradationally) by dacitic tuffs and fragmentals (Unit 2). Unit 3 consists of dominantly epiclastic, commonly carbonaceous sediments and tuffs which are abruptly overlain by rhyolitic tuffs and breccias and intermediate dykes and sills of Units 4 and 6. (Mount Dilworth Fm. regionally or Adit Ridge Fm. as Eskay Creek). The above units are apparently unconformably overlain by Middle Jurassic sediments of Unit 5.

Large linear areas of quartz-sericite-pyrite alteration appear to be spatially associated with carbonaceous, epiclastic units and possibly shear zones. Zones of intense silicification and precious metal mineralization appear related to cross-structures.

Between September 15 and October 22, 1989 a programme of diamond drilling was carried out to further investigate precious metal mineralization located in June and July. During this same period a short test (approx. 2.k) IP survey was conducted to investigate the usefulness of this exploration technique on the Sib claims.

Conclusions

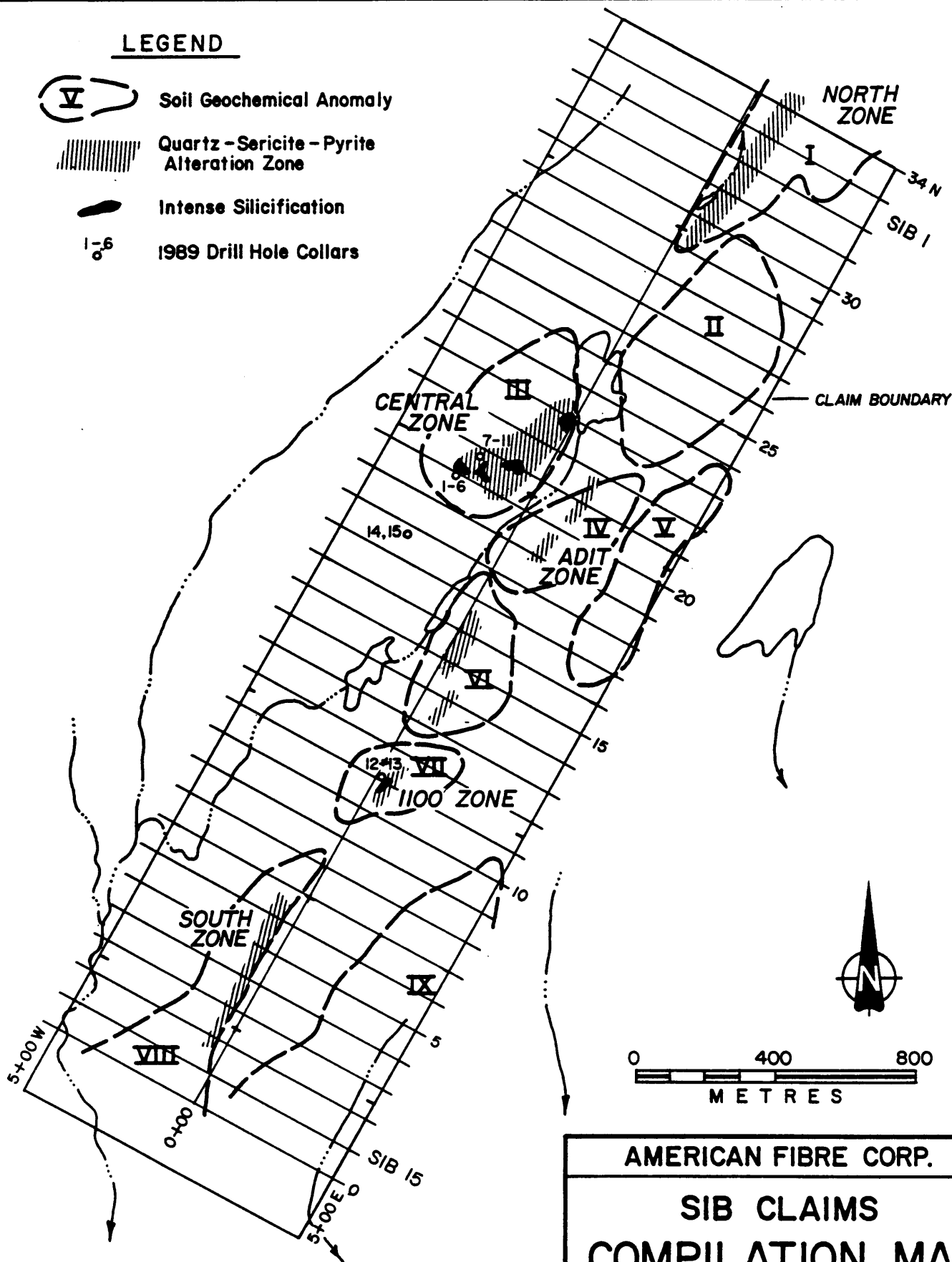
Detailed soil geochemistry has outlined nine multi-element anomalies (Fig. 3) which together form a linear, semi-continuous anomaly over 3.5km long. Three of the anomalies (I, III and VII) are readily explained by known mineralized surface exposures and are confirmed by rock sampling (North, Central and 1100 Zones). The remaining anomalies are either totally unexplained (II, V, IX) or are associated with surface showings requiring further investigations (anomalies IV, VI, VIII).

A test IP survey 2.7 line km conducted by P. Walcott & Assoc. confirmed that IP is a viable exploration tool. Widespread talus and outcrop, and thin overburden require the utilization of a pole-dipole array with a large (+ 10 Kw) transmitter. An extensive IP survey would help define pyritic, altered zones and help define lithological contacts.

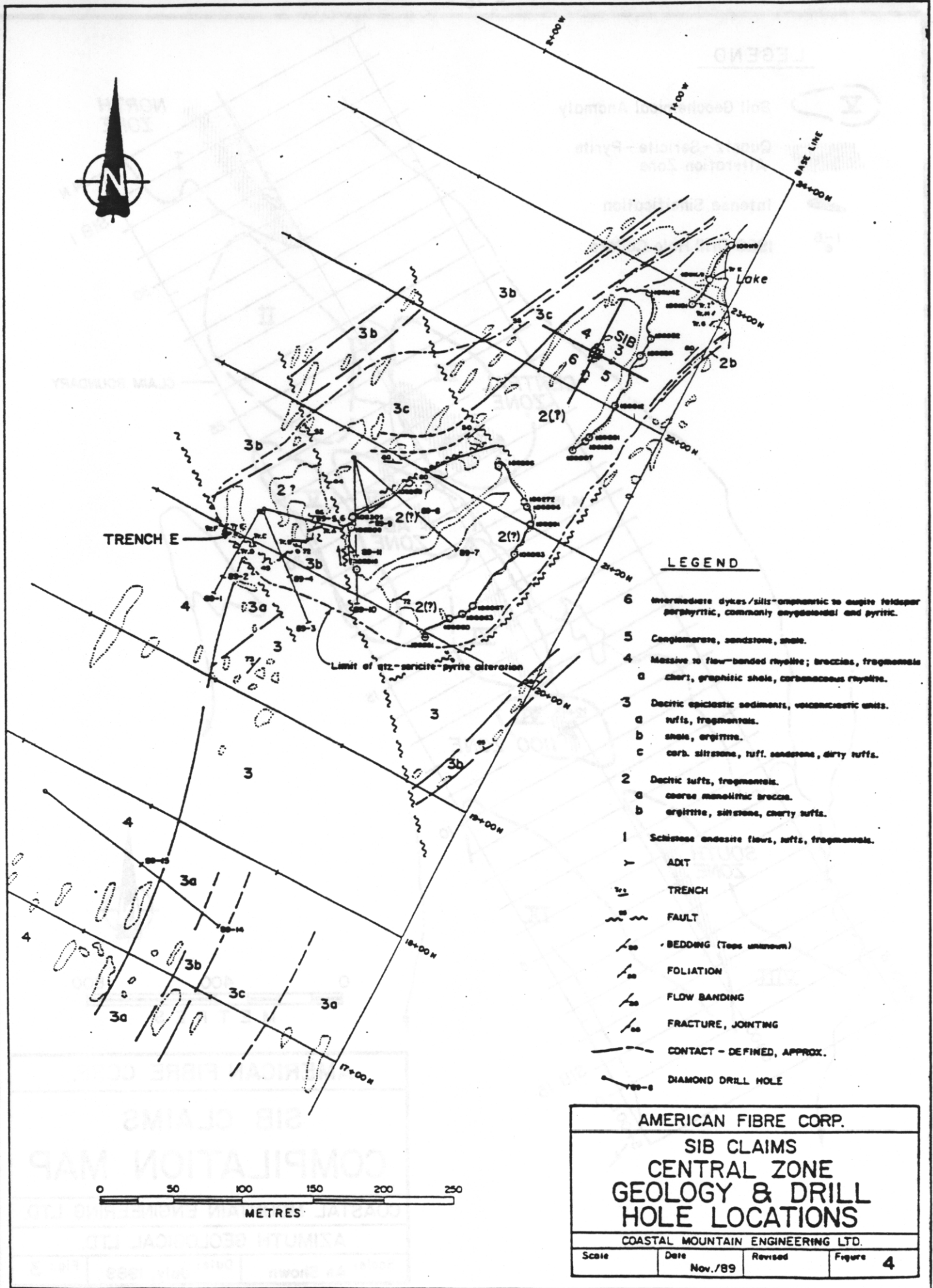
Diamond drilling further defined and aided in understanding mineralization identified in surface showings. As indicated by previous work, mineralization appears to have both a structural and a lithological control. Drilling in the Central Zone (Fig. 3 and 4) revealed that significant gold values (up to 0.092 oz/t Au over 3m hole 89-7 Fig. 6) are associated with sheared, silicified and pyritic tuff, and commonly with discrete southeast dipping structures within these units. Strong gold assays from July 1989 surface sampling (e.g. Trench E: 0.64 oz/t Au over 5m Fig. 4) could not be correlated with drill hole assays. This is believed to result partly from the erratic nature of epithermal mineralization, partly from the highly faulted, broken nature of

LEGEND

-  Soil Geochemical Anomaly
-  Quartz-Sericite-Pyrite Alteration Zone
-  Intense Silicification
-  1989 Drill Hole Collars



AMERICAN FIBRE CORP.		
SIB CLAIMS COMPILATION MAP		
COASTAL MOUNTAIN ENGINEERING LTD.		
AZIMUTH GEOLOGICAL LTD.		
Scale: As Shown	Date: July, 1989	Fig.: 3



LEGEND

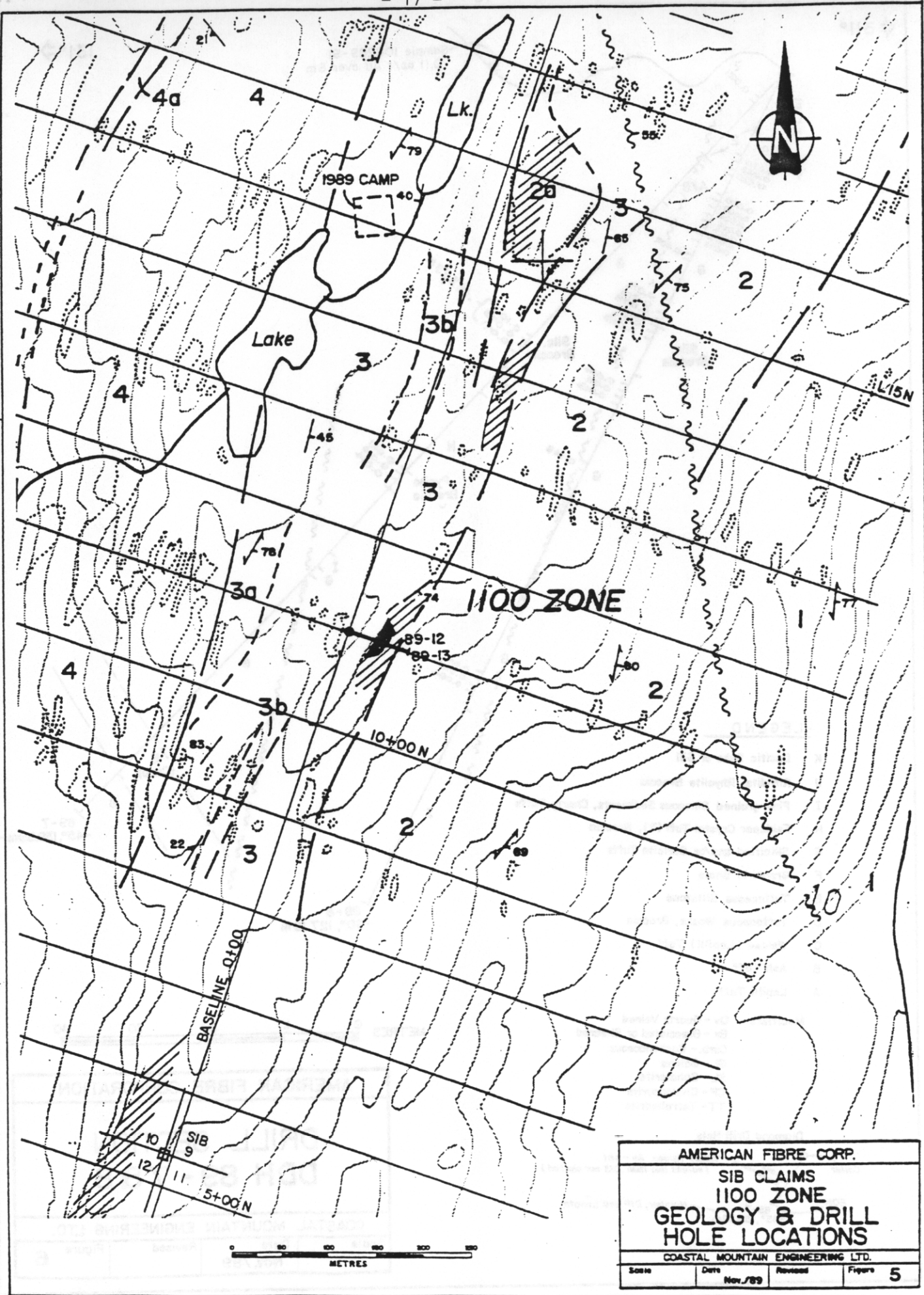
- 6 Intermediate dykes/sills - orthogneiss to augite feldspar porphyritic, commonly oxybenicoidal and pyritic.
 - 5 Conglomerate, sandstone, shale.
 - 4 Massive to flow-banded rhyolite; breccias, fragmentals
 - a chert, graphitic shale, carbonaceous rhyolite.
 - 3 Dacitic epiclastic sediments, volcanoclastic units.
 - a tuffs, fragmentals.
 - b shale, argillite.
 - c carb. siltstone, tuff. sandstone, dirty tuffs.
 - 2 Dacitic tuffs, fragmentals.
 - a coarse monolithic breccia.
 - b argillite, siltstone, cherty tuffs.
 - 1 Schistose andesite flows, tuffs, fragmentals.
- > ADIT
 - ≡ TRENCH
 - ~ FAULT
 - BEDDING (Top unknown)
 - FOLIATION
 - FLOW BANDING
 - FRACTURE, JOINTING
 - - - CONTACT - DEFINED, APPROX.
 - DIAMOND DRILL HOLE

AMERICAN FIBRE CORP.

**SIB CLAIMS
CENTRAL ZONE
GEOLOGY & DRILL
HOLE LOCATIONS**

COASTAL MOUNTAIN ENGINEERING LTD.

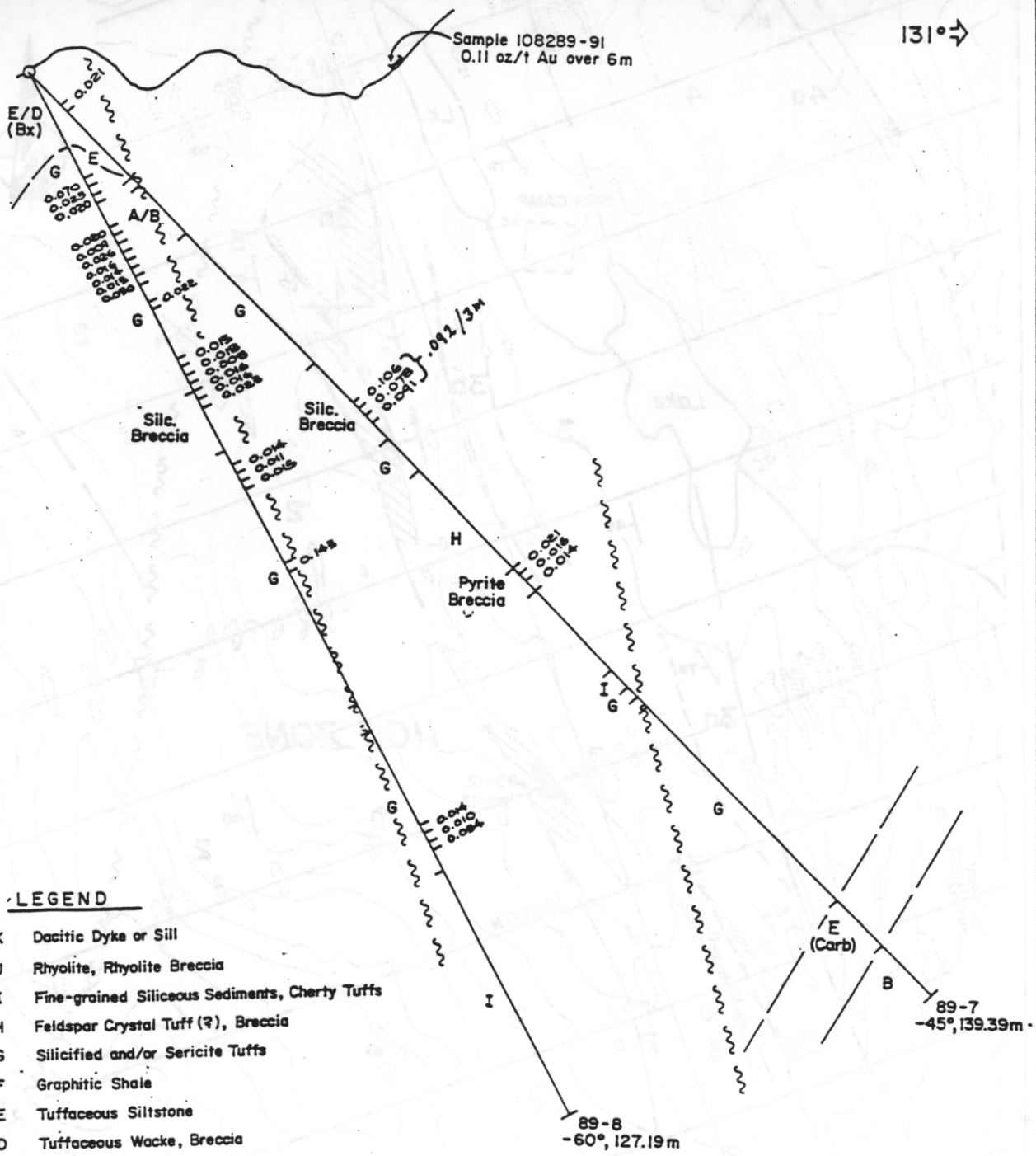
Scale	Date	Revised	Figure
	Nov./89		4



AMERICAN FIBRE CORP.			
SIB CLAIMS			
1100 ZONE			
GEOLOGY & DRILL			
HOLE LOCATIONS			
COASTAL MOUNTAIN ENGINEERING LTD.			
Scale	Date	Revised	Figure
	Nov./89		5

← 311°

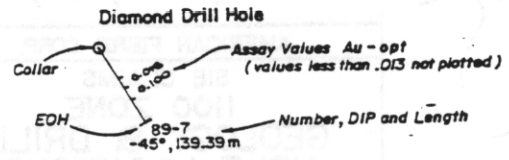
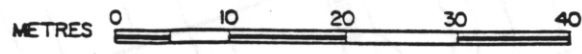
131° →



LEGEND

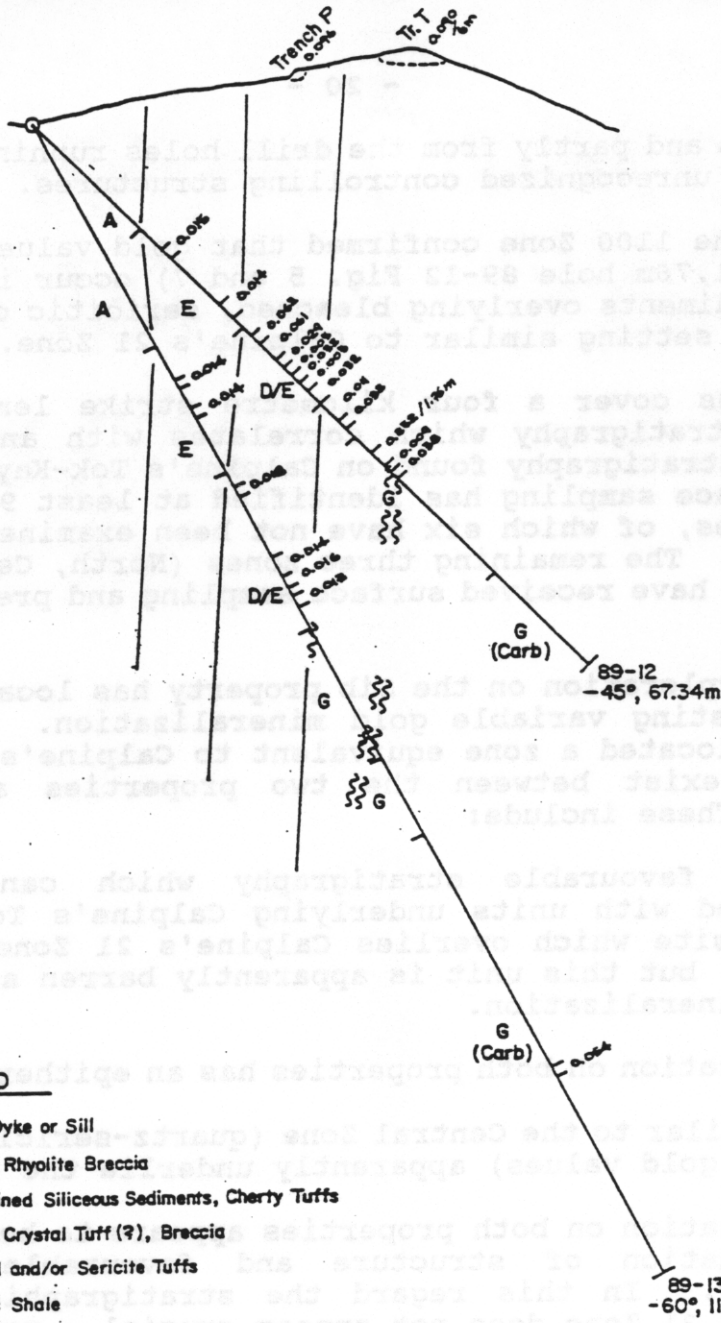
- K Dacitic Dyke or Sill
- J Rhyolite, Rhyolite Breccia
- I Fine-grained Siliceous Sediments, Cherty Tuffs
- H Feldspar Crystal Tuff (?), Breccia
- G Silicified and/or Sericite Tuffs
- F Graphitic Shale
- E Tuffaceous Siltstone
- D Tuffaceous Wacke, Breccia
- C Welded (Lapilli) Tuff
- B Ash Tuff
- A Lapilli Tuff

Modifiers: Qv - Quartz Veined
 Bx - Brecciated or Sheared
 Carb. - Carbonaceous:
 GL - Galena
 SL - Sphalerite
 CP - Chalcopyrite
 TT - Tetrahedrite



AMERICAN FIBRE CORPORATION			
DRILL SECTION DDH 89-7 & 8			
COASTAL MOUNTAIN ENGINEERING LTD.			
Scale	Date Nov. /89	Revised	Figure 6

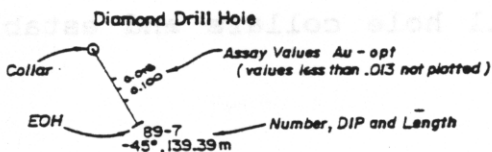
← 298° 118° →



LEGEND

- K Dacitic Dyke or Sill
- J Rhyolite, Rhyolite Breccia
- I Fine-grained Siliceous Sediments, Cherty Tuffs
- H Feldspar Crystal Tuff (?), Breccia
- G Silicified and/or Sericite Tuffs
- F Graphitic Shale
- E Tuffaceous Siltstone
- D Tuffaceous Wacke, Breccia
- C Welded (Lapilli) Tuff
- B Ash Tuff
- A Lapilli Tuff

- Modifiers:
- Qv - Quartz Veined
 - Bx - Brecciated or Sheared
 - Carb. - Carbonaceous
 - GL - Galena
 - SL - Sphalerite
 - CP - Chalcopyrite
 - TT - Tetrahedrite



METRES 0 10 20 30 40

AMERICAN FIBRE CORPORATION			
DRILL SECTION DDH 89-12 & 13			
COASTAL MOUNTAIN ENGINEERING LTD.			
Scale	Date Nov./89	Revised	Figure 7

the rock units and partly from the drill holes running sub-parallel to previously unrecognized controlling structures.

Drilling on the 1100 Zone confirmed that gold values (up to 0.252 oz/t Au over 1.76m hole 89-12 Fig. 5 and 7) occur in transitional tuffaceous sediments overlying bleached, sericitic dacitic tuffs - a geological setting similar to Calpine's 21 Zone.

The Sib claims cover a four kilometre strike length of highly prospective stratigraphy which correlates with and is a direct extension of stratigraphy found on Calpine's Tok-Kay (Eskay Creek) claims. Surface sampling has identified at least 9 geochemically anomalous zones, of which six have not been examined in more than a cursory way. The remaining three zones (North, Central and 1100 Zones, Fig. 3) have received surface sampling and preliminary drill testing.

Preliminary exploration on the Sib property has located widespread alteration hosting variable gold mineralization. Although this work has not located a zone equivalent to Calpine's 21 Zone, many similarities exist between the two properties and should be emphasized. These include:

1. Similar, favourable stratigraphy which can be directly correlated with units underlying Calpine's Tok-Kay claims. The andesite which overlies Calpine's 21 Zone has not been observed, but this unit is apparently barren and not related to the mineralization.
2. Mineralization on both properties has an epithermal character.
3. Zones similar to the Central Zone (quartz-sericite-pyrite with moderate gold values) apparently underlie the 21 Zone.
4. Mineralization on both properties appears to be controlled by a combination of structure and favourable carbonaceous lithology. In this regard the stratigraphic location of Calpine's 21 Zone does not appear crucial - rather it is the fortuitous combination of strong structure and favourable host rock. Similar zones may occur elsewhere in the stratigraphic package, such as in the mudstones separating the Betty Creek and Mount Dilworth Formations.

Recommendations

- a) Utilize low level air-photos (taken in mid-July at the earliest) to prepare a detailed topographic base map and orthophoto.
- b) Survey all claim post and drill hole collars and establish points for future control.

- c) Undertake extensive systematic rock sampling of all gossanous zones not previously sampled (especially South Zone and north-south extensions of Adit Zone, Fig. 1).
- d) Prospect, sample and geologically map all unexplained soil anomalies.
- e) Extend geological mapping to south end of property.
- f) Map mineralized areas in more detail (1:2000 and 1:5000).
- g) Undertake a detailed structural study.
- h) Extend the IP survey to cover all of the soil grid (line-cutting required south of L1100N).
- j) As the nature of the precious metal mineralization on the adjoining Calpine property and in the Eskay Creek-Iskut district as a whole is highly variable, all targets identified by the foregoing surveys require systematic diamond drilling.

The estimate of the proposed 1990 work program on the Sib 1-16 claims is as follows:

Proposed Budget

Phase I

Personnel:

2 x Geologist (55 days estimated July and Aug.)	
Cook	
Senior Consultant (25) days	\$ 75,000.00
Structural Study	15,000.00
Camp Costs:	
Food, fuel, freight	20,000.00
Helicopter:	
Fixed wing, travel, rental trucks	50,000.00
Analyses:	
Soil (400 @ \$12)	5,000.00
Rock (620 @ \$14)	8,680.00
Soil Sampling, Grid Preparation (20 km)	10,000.00
Trenching; Drills, Steel, Powder, Labour	15,000.00
IP and line-cutting (45 km - average 2 km/day)	60,000.00
Surveying Claims and Exploration Control	25,000.00
Base-map, airphotos (digitized, contours)	20,000.00
Report	10,000.00
Contingency	<u>32,000.00</u>

SUB-TOTAL \$345,680.00

ISSUER'S SHARE OF COST: \$172,840.00
=====

Phase II

Diamond Drilling (16,000 ft. @ \$40/ft.)	\$640,000.00
Helicopter	100,000.00
Camp, misc.	60,000.00
Contingency	<u>40,000.00</u>
SUB-TOTAL	\$840,000.00
	<hr/>
ISSUER'S SHARE OF COST:	\$420,000.00
	<hr/>
ESTIMATED TOTAL COST:	\$1,185,680.00
	<hr/>
ESTIMATED TOTAL ISSUER'S SHARE OF COST:	\$ 592,840.00
	<hr/>

Details of expenses incurred to March 31, 1990 are as follows:

**SUMMARY OF EXPLORATION EXPENDITURES
AS AT MARCH 31, 1990**

Acquisition - Option cash payments	\$ 81,500
Geological	247,960
Drilling	206,665
Transportation & accommodation	91,969
Geophysical	61,035
Assaying and sampling	58,462
Staking	14,683
Other	10,861
	773,125
Joint Venture Partner's Share	(92,146)
	<hr/>
	\$680,979
	<hr/>
Allocated as follows:	
Sib	\$543,145
Polo	<u>137,834</u>
	\$680,979
	<hr/>

Group III

**POLO 1-8 CLAIMS
SKEENA MINING DIVISION, BRITISH COLUMBIA**

By agreement dated June 29, 1988 between the Issuer and Fred Schomig of 41360 Meadow Avenue, Box 675, Squamish, British Columbia (the "Optionor"), the Issuer was granted an option to acquire a 100% right, title and interest the Polo 1-8 Claims, subject to a

2% of net smelter returns royalty to Fred Schomig. A description of the property is as follows:

<u>Claim Names</u>	<u>Record Numbers</u>	<u>Expiry Date</u>
Polo 1-8	6684 - 6691	May 18, 1993

In order to earn the 100% interest, the Issuer must (a) pay \$25,000.00, and (b) issue 200,000 fully paid and non-assessable common shares in the capital stock of the Issuer, as follows:

(a) Cash:

- (i) \$5,000.00 on June 29, 1988 (paid);
- (ii) \$5,000.00 on June 29, 1989 (paid)*;
- (iii) \$5,000.00 on June 29, 1990;
- (iv) \$5,000.00 on June 29, 1991; and
- (v) \$5,000.00 on June 29, 1992.

* The \$5,000.00 cash option payment has been paid into trust with the Issuer's solicitors until such time as the dispute referred to below has been settled.

(b) Shares:

- (i) 50,000 common shares upon approval of the agreement (issued);
- (ii) 50,000 common shares upon completion of Phase I of an engineering program and providing satisfactory report to the Vancouver Stock Exchange;
- (iii) 50,000 common shares upon completion of Phase II of an engineering program and providing satisfactory report to the Vancouver Stock Exchange; and
- (iv) 50,000 common shares upon completion of Phase III of an engineering program and providing satisfactory report to the Vancouver Stock Exchange.

In addition the Issuer is required to pay a royalty equal to two (2%) of net smelter returns.

During 1988 a third party (Mr. Dupras) overstaked the Polo claims and filed a complaint with the Ministry of Energy, Mines and Petroleum Resources in British Columbia pursuant to Section 35 of the Mineral Tenure Act which resulted in cancellation of the Polo claims.

No work will be conducted on the Polo 1-8 Claims by the Issuer until such time as the complaint under Section 35 of the Mineral Tenure Act and the appeal is resolved.

In order to preserve its mineral land position, the Issuer caused Mr. John McCaffrey on its behalf to overstate the complainants claims and filed a complaint pursuant to Section 35 of the Mineral Tenure Act with the Ministry of Energy, Mines and Petroleum

Resources of British Columbia. This complaint alleged that the complainant did not properly overstate the Polo claims in the first instance. The Issuer has been advised by the area title manager that the inspection under Section 35 of the Mineral Tenure Act against the overstaked claims will likely occur in mid June of 1990. After the inspection a report is provided to the parties and they have thirty days to comment on it before the Chief Gold Commissioner renders a decision. In addition, the Issuer has filed an appeal of the cancellation of the Polo claims with the Supreme Court of British Columbia. The appeal of the cancellation of the original "Schomig claims" to the Supreme Court of British Columbia has been commenced but no hearing date has yet been set for the hearing of the appeal.

A description of the overstaked claims is as follows:

<u>Claim Names</u>	<u>Record Number</u>	<u>Expiry Date</u>
Polo 1	7802	Sept. 5, 1990
Polo 2	7803	Sept. 5, 1990
Polo 3	7804	Sept. 5, 1990
Polo 4	7805	Sept. 5, 1990
Polo 5	7806	Sept. 4, 1990
Polo 6	7807	Sept. 4, 1990
Polo 7	7808	Sept. 4, 1990
Polo 8	7809	Sept. 4, 1990
Polo 9	7810	Aug. 30, 1990
Polo 10	7811	Aug. 31, 1990
Polo 11	7812	Sept. 4, 1990

Management is of the opinion that its complaint with respect to the claims as overstaked by Mr. John McCaffery on behalf of the Issuer will be upheld and title to the mineral lands will be restored to the Issuer.

Although Phase I of the recommended engineering program has been completed, the shares have not yet been issued pending settlement of complaint forms filed by Mr. Dupras with the Ministry of Energy, Mines and Petroleum Resources of British Columbia. The \$5,000.00 due to be paid on June 29, 1989 is being held in trust by the Issuer's solicitor pending a decision regarding said complaint forms. See Item 9 for details.

Pursuant to a letter of intent between the Issuer and Heritage Petroleum Inc. (a British Columbia reporting company listed on the Vancouver Stock Exchange) of #701, 475 Howe Street, Vancouver, British Columbia as Optionor, dated the 25th day of August, 1989, the Issuer granted the Optionor the right to earn an undivided 50% interest in the Polo 1-8 claims, as described above.

In order to earn this 50% undivided interest, the Optionor must expend \$500,000.00 on exploration and development work on the

property within three years from the date of settlement of the dispute.

Lewis Dillman, James J. Bond and Donald Shwery are common directors of both the Issuer and Heritage Petroleums Inc.

THERE ARE NO KNOWN RESERVES OF COMMERCIAL ORE ON THE PROPERTIES AND THIS PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.