

PROPERTY FILE

DL/AK/RM

SUPERINTENDENT OF BROKERS AND

Ersey 019071

MINISTRY OF ENERGY, MINES & PETROLEUM RESOURCES. REC'D JAN 11 1991 NELSON, B.C.

VANCOUVER STOCK EXCHANGE AND PETROLEUM RESOURCES KAMLOOPS, B.C. STATEMENT OF MATERIAL FACTS (#123/90) EFFECTIVE DATE: OCTOBER 31, 1990

101B 014

Madison 082FNW 195, 038

MODULE RESOURCES INCORPORATED Suite 603 - 510 West Hastings Street, Vancouver, British Columbia Canada, V6B 1L8 Telephone (604) 683-7665

Suite 1710 - 1177 West Hastings Street Vancouver, British Columbia, Canada, V6E 2L3

PACIFIC CORPORATE TRUST COMPANY Suite 830 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 3B8

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: 600,000 UNITS

The Offering may be increased by up to 90,000 Units (15% of the Offering) to meet oversubscriptions. Reference is made to the sub-heading "The Offering" under Item 1 ("Plan of Distribution") herein.

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

Table with 3 columns: Offering Price to the Public* (estimated), Commission, Estimated Net Proceeds to be received by the Issuer. Rows: Per Unit: \$ 0.50, \$ 0.05, \$ 0.45; Total: \$ 300,000, \$ 30,000, \$ 270,000

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

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. (Reference is also made to the sub-heading "Consideration to Agent" under Item 1 ("Plan of Distribution") herein for particulars of the Agent's Warrants the Issuer has agreed to issue to the Agent as consideration for the Guarantee.) 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. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification.

AGENT: BRINK HUDSON & LEFEVER LTD. 1500 - 666 Burrard Street Vancouver, British Columbia

MINISTRY OF ENERGY, MINES and PETROLEUM RESOURCES Rec'd DEC 12 1990 SMITHERS, B.C.

(788,789)

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. Nov-20/90

MODULE RESOURCES INCORPORATED
STATEMENT OF MATERIAL FACTS

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. PLAN OF DISTRIBUTION	1
- The Offering	1
- The Unit	2
- Consideration to Agent	2
2. HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT	2
3. MATERIAL NATURAL RESOURCE PROPERTIES	3
- Summary of Material Mining Properties	3
- Group J:	
(a) Gracey No. 11 Claim, Skeena Mining Division, British Columbia	4
(b) Madison Claims, Slocan Mining Division, British Columbia	7
(c) Shuttle Claims, Osoyoos Mining Division, British Columbia	9
(d) Sulphide Claim, Similkameen Mining Division, British Columbia	10
4. PARTICULARS OF NON-RESOURCE ASSETS	11
5. CORPORATE INFORMATION	11
6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES	11
- Directors, Officers and Promoters	11
- Audit Committee	13
- Remuneration from Issuer	13
- Items of Value from Issuer	13
- Persons owning more than 10% of the Equity Shares of the Issuer	13
7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER	12
8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS	14
9. PARTICULARS OF ANY OTHER MATERIAL FACTS	14
- Risk Factors	14
- Legal Proceedings	15
- Other Material Facts	15
- Inspection of Documents	15
10. STATUTORY RIGHTS OF RESCISSION	15
- FINANCIAL STATEMENTS PREPARED AS AT OCTOBER 31, 1989 AND THE REPORT OF THE AUDITORS THEREON.....	
- UNAUDITED FINANCIAL STATEMENTS PREPARED AS AT MAY 31, 1990	
- UNAUDITED FINANCIAL STATEMENTS PREPARED AS AT JULY 31, 1990	

GEOLOGICAL REPORT
ON THE
GRACEY #11 PROPERTY

Skeena Mining Division, British Columbia
NTS 104B/7E
Latitude 56°17'N
Longitude 130°33'W

on behalf of

MODULE RESOURCES INCORPORATED
Vancouver, B.C.

by

Barry W. Kyba, P.Geol.
KEEWATIN ENGINEERING INC.
#800 - 900 West Hastings Street
Vancouver, B.C.
V6C 1E5

May 30, 1990
and
Ammended
September 6, 1990

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTION	1
Location and Access	1
Property Status and Ownership	1
Physiography and Climate	2
Previous Exploration	2
REGIONAL GEOLOGY	5
PROPERTY GEOLOGY	5
ECONOMIC GEOLOGY	7
MINFILE DATA	9
NATIONAL GEOCHEMICAL RECONNAISSANCE DATA	10
CONCLUSIONS	10
RECOMMENDATIONS	11
ESTIMATED BUDGET	13
CERTIFICATE OF QUALIFICATIONS	15
BIBLIOGRAPHY	16
APPENDIX I - Claim Recording Documents	

LIST OF FIGURES

	<u>After Page No.</u>
Figure 1. Property Location Map	1
Figure 2. Claim Map	1
Figure 3. Topographic Map and Claim Location	2
Figure 4. Regional Geology	4
Figure 5. Property Map	5
Figure 6. Regional Stream Sediment Sample Location Map	10

LIST OF TABLES

Table 1. Table of Formations and Relationship Between Plutonism, Volcanism and Mineralization	7
Table 2. Analytical Results of Stream Sediment Survey	10

INTRODUCTION

This report on the Gracey #11 property was commissioned by Module Resources Incorporated and is based on the available published information together with historical material in the assessment files. The author has not visited the property but is familiar with the regional geology and geology of numerous prospects in the area.

This report summarizes the geology of the area and presents an evaluation of the property's potential for hosting economic precious metal and polymetallic deposits. Recommendations are made for a systematic exploration program designed to test this potential.

Location and Access

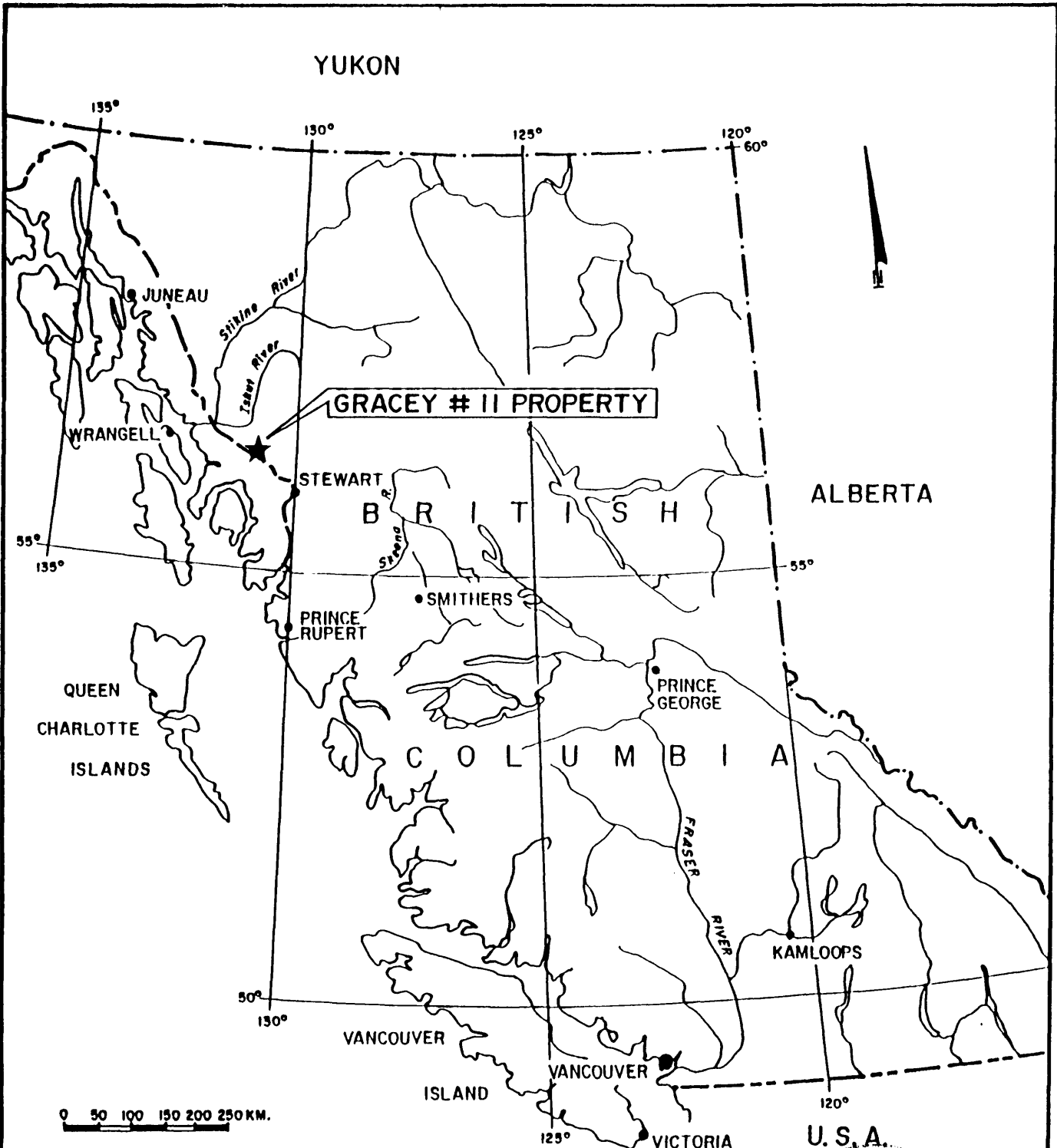
The Gracey #11 property is located in northwestern British Columbia, approximately 80 kilometres northwest of Stewart (see Figure 1). The claims are situated within N.T.S. map sheet 103B/7E and centred about 56°-17' North latitude and 130°-33' West longitude. Access to the property is by fixed-wing aircraft from Terrace, Stewart, or Smithers to various airstrips in the area and then via helicopter to the property. The claims can also be directly accessed by helicopter from Stewart.

At some future date, road access to the area from the Stewart-Cassiar Highway could be obtained via the Upper Unuk River and Tiegen Creek valleys. Just recently, the provincial government has announced that construction on the \$20 million Iskut River access road will begin in 1990.

Property Status and Ownership

The Gracey #11 comprises one mineral claim (20 units) located within the Skeena Mining Division. The recording documents are appended to this report and the claims are shown on Figures 2 and 3. These claims have been found to be in good standing and are more fully described below:

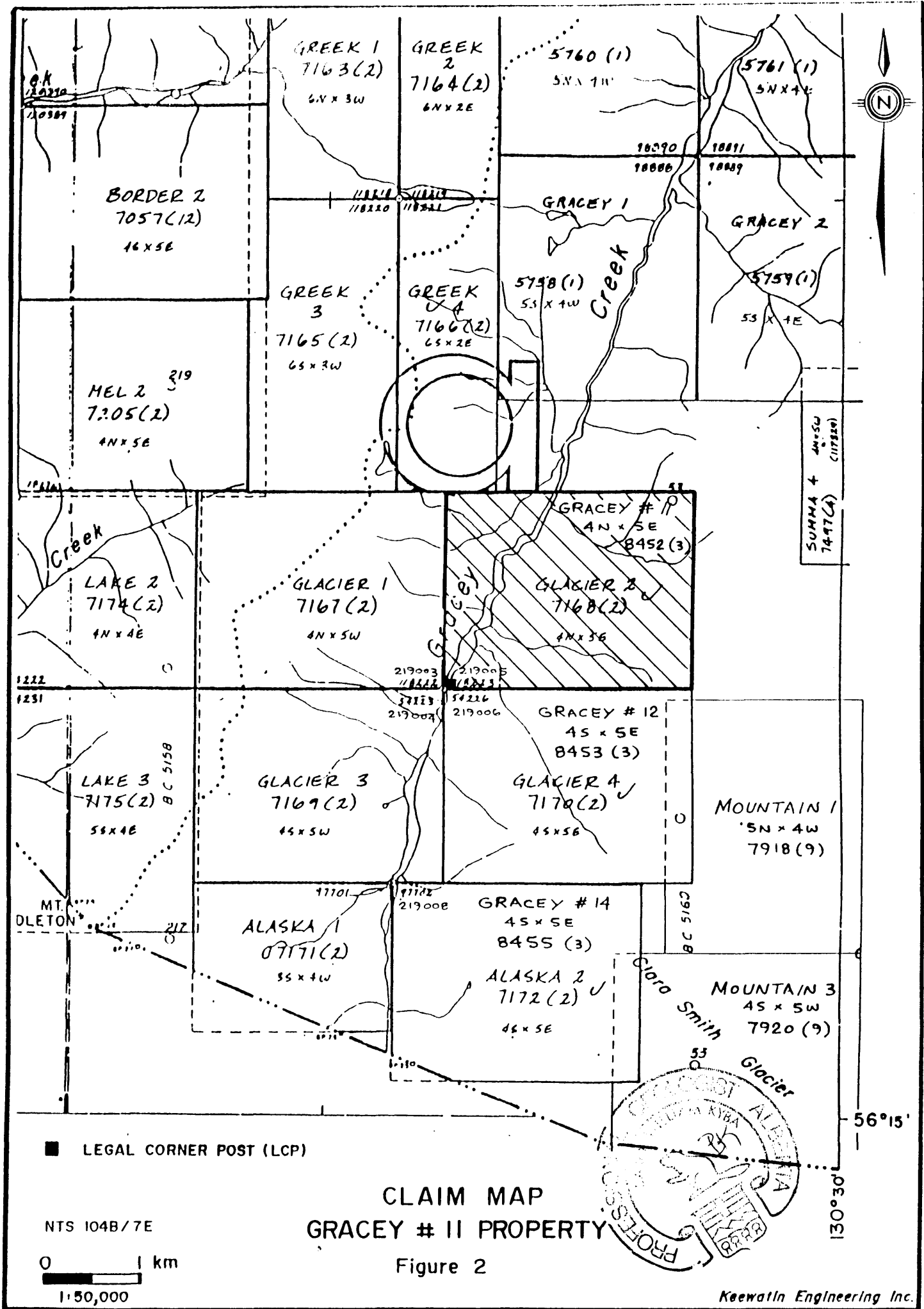
<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry Date</u>
Gracey #11	20	8452	March 21, 1990	March 21, 1991



**PROPERTY LOCATION MAP
GRACEY # II PROPERTY**

Figure 1





In order to keep these claims in good standing, annual assessment work in the amount of \$100.00 per unit (\$2,000.00) is required for the first three years and \$200.00 per unit thereafter.

The above claims are apparently the subject of an agreement between the claim holders and Module Resources Incorporated.

Physiography and Climate

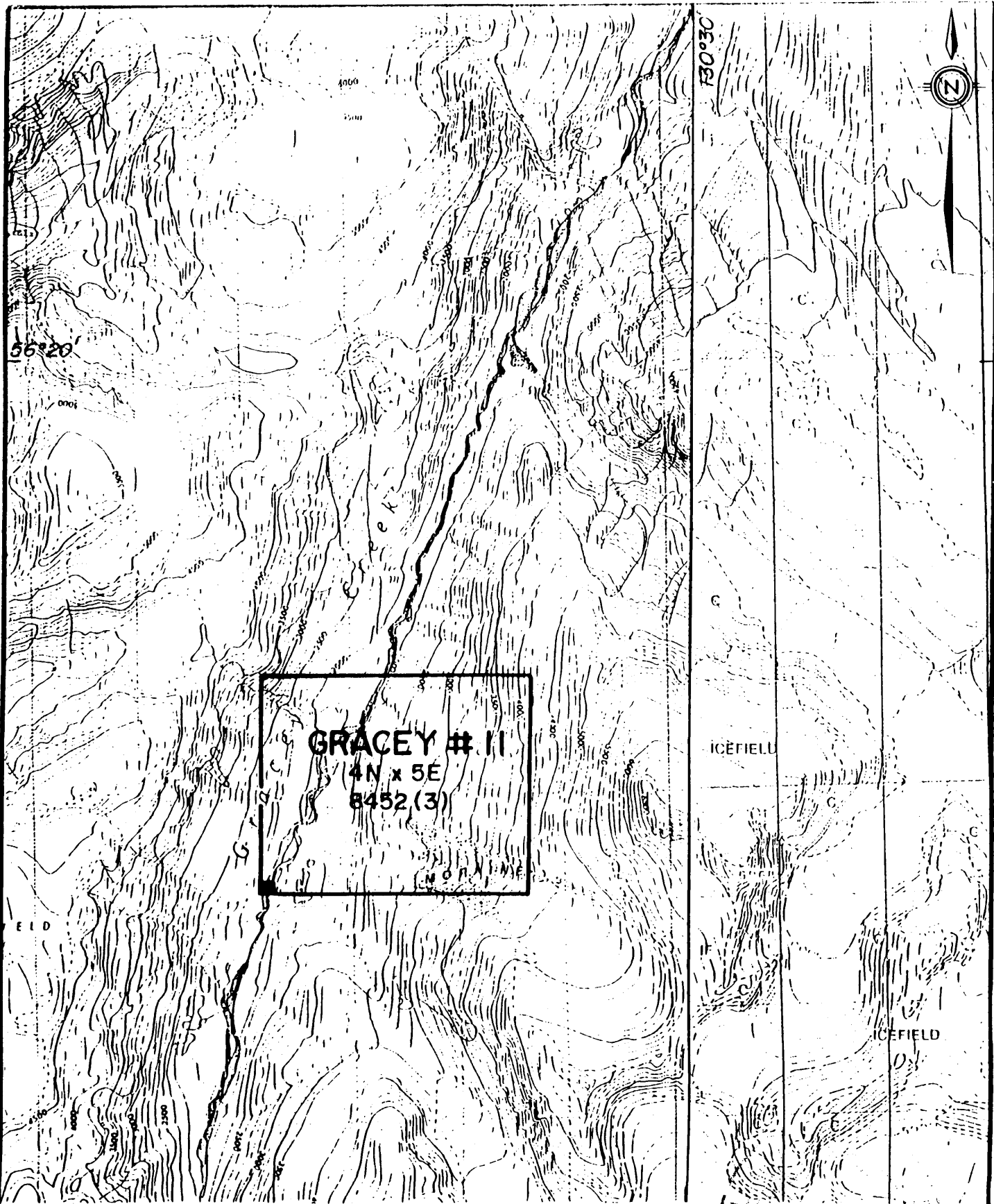
The Gracey #11 property is situated within the Coast Range Physiographic Division and is characterized by northern rain forest and sub-alpine plateaux. The northeast trending U-shaped valley of Gracey Creek transects the western half of the property. Elevations (see Figure 2) range from 1900 feet (580 metres) in the valley of Gracey Creek to 4300 feet (1310 metres) in the southeastern corner of the property. Glaciers cap the ridges of Gracey Creek valley on either side of the property.

A transitional treeline, characterized by dense sub-alpine scrub occurs at approximately the 3000 foot (915 metre) elevation. Terrain above treeline is typified by intermontane alpine flora. Conifers up to 100 feet (30 metres) tall are common below treeline, especially in stream valleys. Water for camp and drilling purposes is generally in good supply from the numerous creeks draining the claim area.

Precipitation is heavy, exceeding 200 cm per annum, with short mild summers but very wet spring and fall periods. Thick accumulations of snow are common during winter. It is seldom possible to begin surface geological work in the area before July and difficult to continue past September.

Previous Exploration

The area drained by the upper reaches of the Stikine, Iskut, Unuk, Craig and Bell-Irving Rivers has been explored for gold since the late 1800's when prospectors passed through the region on their way to the interior. In the 1970's, the porphyry copper boom again brought prospectors and companies into the area. The current gold exploration rush began in 1980 with the option of the Sulphurets property by Esso Minerals Canada and the acquisition of the Johnny Mountain claims by Skyline Explorations Ltd.



GRACEY # II
 4N x 5E
 8452 (3)

■ LEGAL CORNER POST (LCP)

**GRACEY # II PROPERTY
 TOPOGRAPHIC MAP**

Figure 3

NTS 104B/7E



1:50,000



The Eskay Creek deposit, a joint venture between Stikine Resources Ltd. and Prime Resources Ltd., appears to be the most significant discovery found to date. Gold was first discovered in the Eskay Creek area in 1932 and exploration has continued, sporadically, since then throughout the area. Prior to the current Eskay Creek joint venture, eleven companies carried out exploration on the present claim area. This included diamond drilling (over 13,000 feet) and underground development to the south of the most recent discovery (after Idsizzek et al., Mining Magazine, March 1990). In September of 1988, the first significant, high grade gold, silver and base metal mineralization was intersected in a drill hole, on what is called the #21 Zone. Mineralized drill intercepts up to 660 feet long have been reported. In drill hole 109, a 200 foot section averaged 2.9 oz/ton gold, 0.85 oz/ton silver, 1.9% lead and 3.4% zinc. By January 1990, 204 drill holes totalling 151,000 feet had been completed. The #21 Zone has been extended for 4,600 feet along strike and remains open, both along strike and down dip. Preliminary probable and possible reserves of 1,693,000 tons grading 1.35 oz/ton gold and 36.7 oz/ton silver have been calculated in two separate zones, using a 0.25 oz/ton gold cut-off and a 2.76 specific gravity.

The Sulphurets property, southeast of Eskay Creek is presently at the feasibility stage. Proven and probable reserves are reported to be 715,400 tons grading 0.431 oz/ton gold and 19.70 oz/ton silver (George Cross News Letter, March 21, 1990).

The Johnny Mountain and Snip deposits are in the Iskut River area. The Johnny Mountain Gold Mine began production in 1988 and currently has proven and possible ore reserves of 740,000 tons grading 0.52 oz/ton gold, 1.00 oz/ton silver and 0.75% copper (D. Yeager, Skyline Gold Corp., personal communication). The adjacent Snip deposit presently has ore reserves, cut and diluted, of 1.032 million tons grading 0.875 oz/ton gold (Vancouver Stockwatch, November 7, 1989).

The Doc prospect is located 7 km east of the Gracey #11 property boundary. This occurrence is hosted by folded and metamorphosed andesitic tuffs with interbedded sediments that have been intruded by irregular dioritic dykes or sills and small monzodiorite plugs. Several mineralized quartz veins occur in a shear zone that cuts these rocks. The main vein is about 2 m wide and has been traced for 270 m. The total mineral inventory of the Doc prospect is estimated at 426,290 tonnes grading 9.26 grams/tonne Au and 44.91 grams/tonne Ag (Northern Miner, November 7, 1988).

The Unuk River area was covered by regional geological mapping in 1988 as part of the Iskut-Sulphurets project carried out by a B.C. Ministry of Energy, Mines and Petroleum Resources (Britton et al., 1989). The whole of NTS 104-B is currently being mapped by R.G. Anderson of the Geological Survey of Canada (Anderson, 1989).

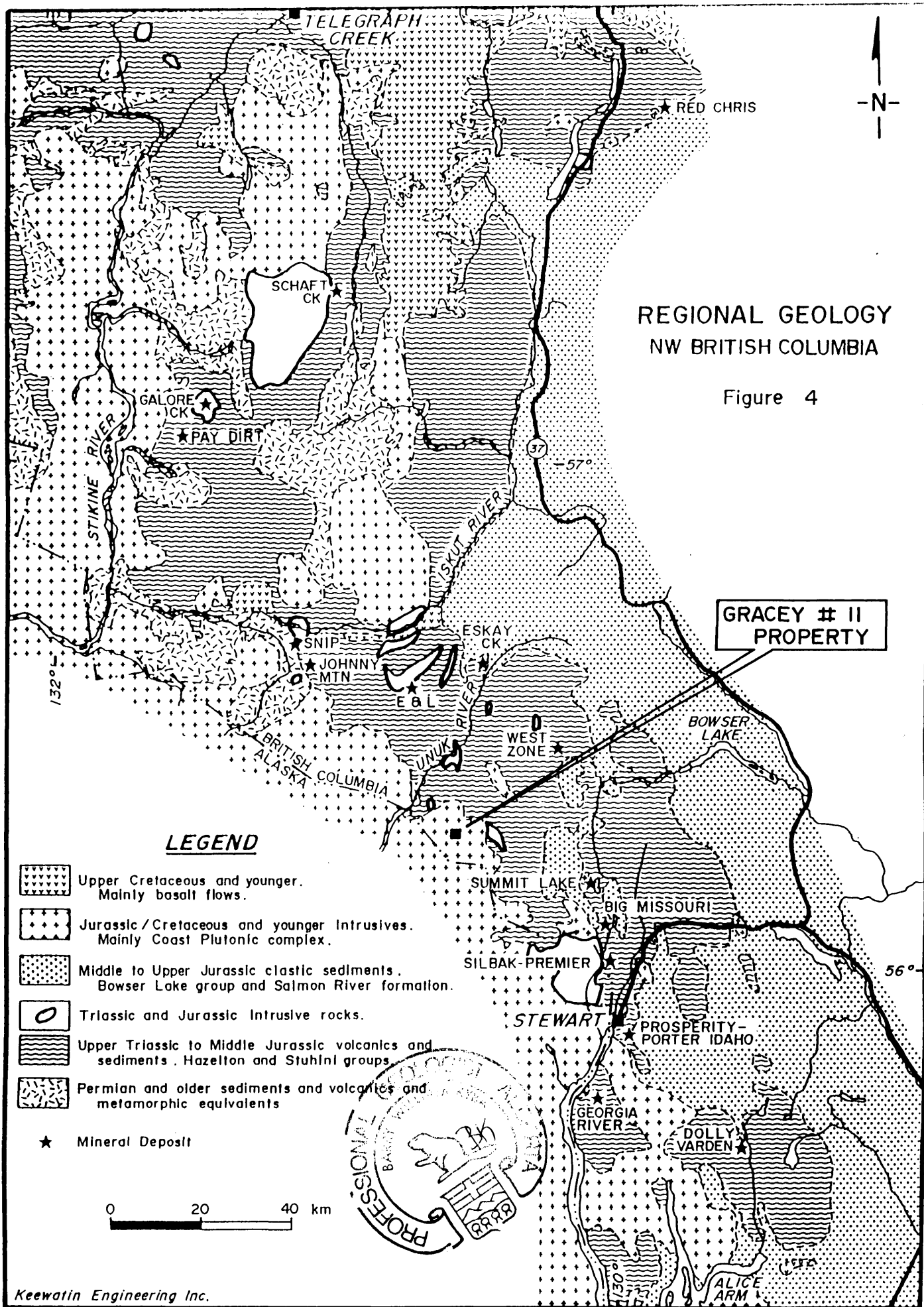
The results of a regional stream sediment sampling program conducted over this area were released in July 1988 (National Geochemical Reconnaissance, 1988). Britton (et al.) report that almost every known precious metal prospect in the Unuk River area is associated with high stream sediment gold values. Known gold deposits are also associated with high but variable values for such pathfinder elements as silver, arsenic, antimony, and barium.

A review of the material in the B.C. Ministry of Energy, Mines and Petroleum Resources assessment report archives indicates that the entire Unuk River area was subjected to reconnaissance geological mapping and prospecting by Newmont Mines Ltd. during the period 1959 to 1962.

Although this work did not discover any showings within the Gracey #11 property area, it did discover several showings in nearby areas. The Gracey Creek copper showing (Minfile #104B-221) is located 3 kilometres northeast of the Gracey #11 property, near the contact with the Tertiary Hyder Pluton of the Coast Plutonic Complex. At the showing, biotite schist and mylonite contain pyritic stringers with chalcopyrite.

In 1988, Quest Canada Exploration Services Ltd. (Hrkac, 1989) completed a limited exploration program on the property immediately to the north of the Gracey #11 property for Kengate Resources Ltd. The program concentrated on prospecting and geochemical sampling and included the collection of six rock samples, 15 soil samples, and 7 heavy mineral sediment samples. Three Cu/Pb/Zn/Ag/As showings were located by the program, the most significant of which is described as a fracture-hosted massive sulphide occurrence within the Upper Triassic banded mylonite.

Most recently, the entire region has been the subject of intense exploration activity as a result of the continuing development of the gold discovery at Eskay Creek, approximately 35 kilometres northeast of the Gracey #11 property.









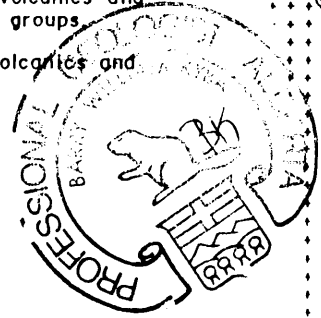
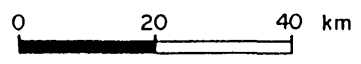
**REGIONAL GEOLOGY
NW BRITISH COLUMBIA**

Figure 4

**GRACEY # II
PROPERTY**

LEGEND

-  Upper Cretaceous and younger. Mainly basalt flows.
-  Jurassic/Cretaceous and younger Intrusives. Mainly Coast Plutonic complex.
-  Middle to Upper Jurassic clastic sediments. Bowser Lake group and Salmon River formation.
-  Triassic and Jurassic Intrusive rocks.
-  Upper Triassic to Middle Jurassic volcanics and sediments. Hazelton and Stuhini groups.
-  Permian and older sediments and volcanics and metamorphic equivalents.
- ★ Mineral Deposit



REGIONAL GEOLOGY

Regionally, the property lies within the Coast Plutonic Complex near its border to the Intermontane Tectono-Stratigraphic Belt (Figure 4).

The Unuk River area is underlain by a thick succession of Upper Triassic to Lower Jurassic volcano-sedimentary arc-complex lithologies capped by Middle Jurassic marine basin lithologies. This package has been intruded by a variety of plutons representing at least four intrusive episodes spanning late Triassic to Tertiary time. These include synvolcanic plugs, small stocks, dyke swarms, isolated dykes and sills as well as batholiths belonging to the Coast Plutonic Complex.

Regionally the Coast Plutonic Complex ranges in composition from biotite granite borders to a hornblende-biotite quartz diorite interior. Small stocks, apophyses and plugs are common along the complex margins.

The stratigraphic sequence has been folded, faulted and weakly metamorphosed during Cretaceous time but some Triassic strata are polydeformed and may record an earlier deformational event. Remnants of Pleistocene to Recent basaltic flows and tephra are preserved locally.

PROPERTY GEOLOGY

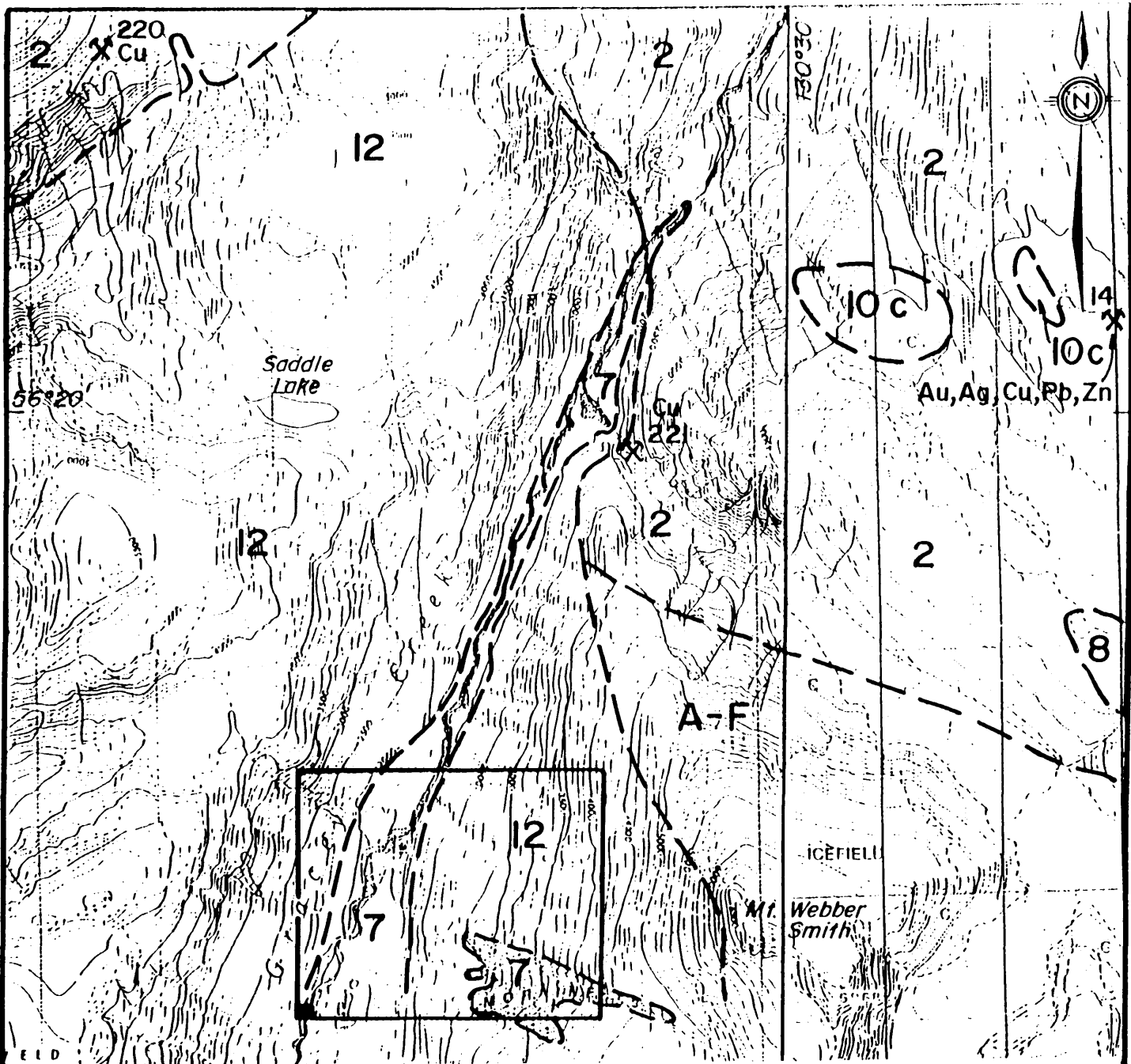
Regional geologic mapping by Alldrick et al. (1989) shows that the Gracey #11 property is underlain by Coast Plutonic Complex biotite granite and hornblende-biotite quartz diorite (Figure 5).

The margin of the Complex has been located immediately to the east of the property and descriptions of the older and volcanic rocks are included here for completeness.

Volcanic and Sedimentary Rocks

Upper Triassic to Lower Jurassic

Unit 2 - Andesite Sequence (Unuk River Formation): green and grey, intermediate to mafic volcanoclastics and flows with locally thick interbeds of fine-grained immature sediments and minor conglomerate and limestone.



LEGEND

- | | | | |
|--|---|---|---|
| INTRUSIVES | | VOLCANICS and SEDIMENTS | --- geological boundary |
| TERTIARY | | RECENT | x mineral occurrence with minfile number |
| 12 Coast Plutonic Complex | 7 unconsolidated sediments | 2 Unuk River Formation andesite sequence | 14 DOC, GRACEY |
| JURASSIC | UPPER TRIASSIC to LOWER JURASSIC | A-F metamorphic rocks | 220 McQUILLAN RIDGE |
| 10c andesite-diorite Complex | | | 221 GRACEY CREEK |
| TRIASSIC | | | ■ LEGAL CORNER POST (LCP) |
| 8 Buckle Glacier Stock quartz diorite | | | |

**GRACEY # II PROPERTY
GEOLOGY AND MINERAL OCCURRENCES**

NTS 104B/7E

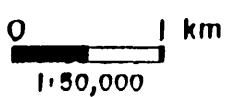
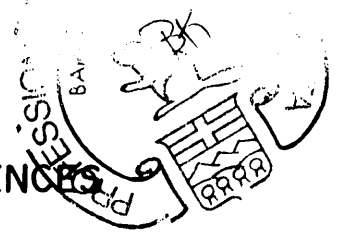


Figure 5

(Reference: Aldrick et al 1989, Open File 1989-10)



Metamorphic Rocks

Units A to F - Metamorphic Equivalents of Unit 2: This unit commonly forms the contact zone between the Coast Plutonic Complex and older volcanic and sedimentary rocks. Regionally, it consists of hornblende-plagioclase mylonite; mylonitic meta-tuffs and hornblende-plagioclase gneiss and agamatic migmatite.

Intrusive Rocks

Triassic

Unit 8 - Bucke Glacier Stock: The Bucke Glacier Stock is located 5 kilometres east of the Gracey #11 property and is described here for report completeness. It consists of light grey, gneissic to foliated, medium-grained hornblende-biotite quartz diorite.

Tertiary

Unit 12 - Coast Plutonic Complex: this is the unit that is mapped as underlying the Gracey #11 property. Alldrick et al. (1989) have identified a biotite-granite phase of the complex on the eastern half of the property. On the rest of the property the Complex has not been differentiated.

Structure

Although not identified on the geological map (Alldrick et al., 1989), the prominent topographical lineament of the valley of Gracey Creek suggests a regional zone of weakness along a northeast-southwest trend. This lineament parallels the Burroughs Bay - Unuk River linear feature that can be traced topographically for over 100 kilometres.

Alteration

Throughout the Coast Plutonic Complex, large alteration zones are known to envelope some of the individual batholiths or stocks. The regional mapping (Alldrick et al, 1989) by the BCDM does not indicate any alteration around the Coast Plutonic Complex which underlies the Gracey #11 property.

ECONOMIC GEOLOGY

Britton et al.(1989) list 55 mineral occurrences in the Unuk map-sheet. These showings are predominantly gold/silver occurrences and are hosted by a number of various lithologies. Most can be classified into one of four categories: stratabound, vein, skarn, and disseminations. Grove (1986) has determined that the age of the mineralizing events is variable and, notably, can be post-Triassic (Table 1).

Stratabound mineralization consists almost exclusively of pyritic zones and lenses contained within a particular stratum or a restricted set of strata. The best example is the Eskay Creek prospect, that was described earlier in this report.

Intrusive-contact (skarn) deposits show a close spatial and temporal relationship with igneous intrusions. Three deposits in this category are the E & L nickel/copper deposit (Minfile #104B-006), the Max copper/iron skarn (Minfile #104B-013), and the Chris-Anne copper/iron skarn (Minfile #104B-125). Britton et al.(1989) stated:

Mineralization at the E & L occurs within two medium- to coarse-grained, olivine-pyroxene gabbro bodies. These roughly triangular plugs are each approximately 1300 square metres in area and are probably connected. They intruded a sequence of argillites, tuffaceous siltstones, and grey dacitic ash tuffs that strike northwest with moderate to steep southwesterly dips. Mineralization consists of pyrrhotite, pentlandite, and chalcopyrite, with lesser amounts of pyrite and magnetite. In the northwestern gabbro, mineralization extends up to the contact with the sediments, whereas in the southeastern gabbro, mineralization is confined to the pluton. Diamond drilling has delineated pipelike pods and disseminations of sulphides to a depth of 120 metres. Drill-indicated reserves are 2.8 million tonnes of 0.7% Ni and 0.6% Cu (Sharp, 1965).

The Max prospect lies on the northwest side of McQuillan Ridge, between the Unuk and South Unuk Rivers, at elevations between 455 and 1500 metres. Massive magnetite with lesser pyrrhotite and chalcopyrite occur in skarn-altered sedimentary rocks adjacent to a diorite stock. Garnet, epidote, actinolite, and diopside characterize the skarn assemblage. Drilling has indicated a reserve of 11 million tonnes at 45% iron (Canadian Mines Handbook 1973-1974, page 432).

The Chris-Anne prospect lies approximately 3 kilometres east of the Max. Skarn mineralization is reported in limestone beds which are up to 10 metres thick and that are interbedded with volcanoclastics. Magnetite and pyrrhotite-rich layers, from 0.5 to 7 metres thick, with minor chalcopyrite, extend over a distance of 1 km. There are minor intrusive bodies reported on the property. Grades range from 0.1% to 0.4% copper (Allan and MacQuarrie, 1981).

PERIOD	EPOCH	TECTONIC EVENT	PLUTONS		VOLCANICS	FORMATIONS	MINERALIZATION
QUAT.	Recent to Miocene	Uplift & Erosion Faulting		Basalt dykes	Flows		
TERTIARY	Oligocene	?		Dykes, sills			Vein deposits; silver, lead, zinc
	Eocene Paleocene	Folding & Faulting		Hyder plutons, etc. Alice Arm intrusions		(SUSTUT)	Vein deposits; silver, lead, zinc Prophyry deposits; molybdenite
CRETACEOUS	Upper	?	?			(SKEENA)	?
	Lower	? Erosion	?	Satellite plutons			Vein deposits; silver, lead, zinc
JURASSIC	Upper	Erosion ? Faulting & Folding		Satellite plutons		NASS	H A Z E L T O N G R O U P ? Silbak Premier deposit; gold, silver Anyox deposits; basalt flows massive sulphides Mitchell Creek; hydrothermal deposits, chalcopyrite, molybdenite
	Middle	Erosion ± Faulting Erosion Faulting		Texas Creek pluton, etc. Unuk River intrusions	Rhyolite and andesitic pillow lavas	SALMON RIVER	
				(Satellite plutons)	Andesite and pillow lavas	BETTY CREEK	
Lower	Erosion Faulting Cataclasis Folding		?	Satellite plutons	Andesites, basalts and rhyolite flows, pillow lavas	UNUK RIVER FM.	
TRIASSIC	Upper	Erosion Faulting Folding		Satellite plutons	Andesite and basalt flows	TAKLA GRP.	Max deposits; magnetite and chalcopyrite
		Faulting		?			
		Erosion		?			
	230						

TABLE 1. Table of Formations and Relationship Between Plutonism, Volcanism and Mineralization (from Grove, 1986)

The gold potential of these skarn deposits does not appear to have been tested. Based on recent skarn studies (Ettliger and Ray, 1988), this area has many features that are associated with gold-enriched skarns elsewhere in the province: sequences of calcareous and tuffaceous host rocks; structural deformation; intrusion by dioritic I-type granitoids; and contact metamorphism and recrystallization. Some auriferous skarns are enriched in cobalt, an element that may be a useful pathfinder.

High-grade precious metal quartz veins are the target of exploration programs at Mount Madge (Minfile #104B-240 and #104B-233) by Bighorn Development Corporation, and at the Doc prospect (Minfile #104B-014) by Echo Bay Mines Limited. Britton et al.(1989) reported:

The Mount Madge prospects are located south of Sulphurets Creek near its confluence with Unuk River, on the east and west sides of Mandy Glacier. Two different targets are being evaluated (Kruckowski and Sinden, 1988). On the west, the C-10 prospect (Minfile #104B-240) is a stockwork of thin quartz veinlets, locally with thicker quartz lenses, in intensely altered, fine-grained tuffaceous andesite or dacite. Quartz veinlets locally form up to 30% of the rock. The alteration assemblage consists of quartz and sericite with up to 10% pyrite. Chalcopyrite and traces of sphalerite are also present. The rocks are strongly foliated to schistose and are very similar to the broad alteration zones seen at Brucejack Plateau 12 kilometres to the northeast (Britton and Alldrick, 1988). Soil samples locally return analyses in excess of 1 ppm gold.

Two kilometres to the east, Ken Konkin discovered a massive pyrite-siderite float boulder with visible gold. Prospecting uphill led to the discovery of the GFJ veins (Minfile #104B-233), apparently flat-lying, zoned siderite-quartz-sulphide veins that returned assays up to 121 grams per tonne gold (Kruckowski and Sinden, 1988). The veins are poorly exposed. Float blocks seen this year display symmetrical zoning from margin to core across vein widths of 10 to 15 centimetres. Vein margins are 1 to 2 centimetres of thin white quartz layers separated by hairline accumulations of very fine-grained tin-white sulphide, probably arsenopyrite. The core is a very coarse-grained intergrowth of siderite, milky quartz, and cubes and clusters of pyrite, with lesser amounts of sphalerite and chalcopyrite as crystals and irregular masses. Rare tetrahedrite and visible gold have been observed (K.Konkin, personal communication, 1988). The veins cut variably foliated andesitic ash tuffs with thin interbeds of foliated to schistose siltstones.

The Doc prospect (Minfile #104B-014) is located at treeline on a ridge overlooking the South Unuk River, opposite the mouth of Divilbliss Creek. The prospect consists of several west-northwest trending quartz veins up to 2 metres wide that have surface strike lengths of up to 275 metres (Gewargis, 1986). The main veins (Q17, Q22) are massive white quartz with sparse sulphide mineralization (5% to 10%) consisting of galena, pyrite, chalcopyrite, and sphalerite, with associated specular hematite and magnetite. Precious metal values are mostly confined to the sheared edges of veins and immediately adjacent wallrock. Shear zones with very little quartz may also return good values. Seraphim (1948) observed that gold was associated with either specular hematite or with galena and pyrite, but not with chalcopyrite and pyrite assemblages. The veins are a true fissure type, crosscutting folded and metamorphosed andesitic tuffs and thin-bedded sediments, including marble, that have been intruded by irregular dioritic dykes or sills and small monzodioritic plugs. The veins are

different from any others seen in the Sulphurets or Unuk map areas. They have very restricted wallrock alteration aureoles, no apparent zoning, and appear to be limited to a few large fluid pathways. In this, they display characteristics of mesothermal veins. Structural control of the vein sets has not been determined but may be due to fractures related to folds in the host rocks. Total mineral inventory of the Q17 and other veins is given as 426,000 tonnes with 9.26 grams per tonne gold and 44.91 grams per tonne silver (*Northern Miner*, November 7, 1988).

Porphyry-type disseminated pyrite, chalcopyrite, and molybdenite mineralization occurs immediately north and south of King Creek, west of Harrymel Creek. Two properties have been worked: the VV to the south and the Cole to the north.

The VV property (Minfile #104B-079) is the site of a heavily weathered monzonitic intrusive body in fault contact, on the east and west, with layered andesitic lapilli tuffs and tuff breccias with minor siltstone and calcareous sandstone interbeds. The stock is 250 metres wide, at least 6 kilometres long, strikes northerly, and dips steeply to the west, parallel to the country rocks. Chalcopyrite occurs in quartz stockworks and as fine disseminations within the monzonite. Molybdenite, sphalerite, malachite, and azurite have also been reported (Winter and McInnis, 1975; Mawer et al., 1977). Representative assays give 0.34% copper, 0.003% molybdenum, 2.1 grams per tonne silver, and 0.8 gram per tonne gold. Maximum gold and silver values obtained were 8.65 grams per tonne gold and 19.54 grams per tonne silver (Mawer et al., 1977).

The Cole prospect (Minfile #104B-209) is situated approximately 4 kilometres north of the VV claims; it appears to be on strike with the same fault system and has similar intrusive and country rocks. Mineralization consists of up to 10% pyrite as disseminations and fracture fillings. Minor chalcopyrite and malachite have been reported but the bedrock source of the gold/silver soil anomalies has not been located (Korenic, 1982; Gareau, 1983). Reported assays range up to 0.43% copper, 7.12 grams per tonne gold, and 13.03 grams per tonne silver. Gold and copper values show a positive correlation on both properties.

Although no showings have been located in the Gracey #11 claim area, it can be seen from the above descriptions that the area has had a long history of mineral development and continues to provide prospects with economic potential for explorationists.

MINFILE DATA

A review of all the available information (Minfile, assessment reports, geological maps, reports, etc.) indicates that no mineralized occurrence is known within the area currently covered by the Gracey #11 property.

The nearest showing is the Gracey Creek copper showing (Minfile #104B-221) and occurs 3 kilometres northeast of the Gracey #11 property near the contact with the Coast Plutonic Complex. Biotite schists of the Triassic gneissic unit and mylonite contain pyritic stringers with chalcopyrite (Figure 5).

The Doc prospect (Minfile #104B-014) is located 7 km east of the Gracey #11 property. This property has been described above in the Economic Geology section of this report.

The McQuillan Ridge prospect (Minfile #104B-220) has also been described above.

NATIONAL GEOCHEMICAL RECONNAISSANCE DATA

A compilation of the relevant data from the reconnaissance program undertaken in 1988 is presented in Table 2.

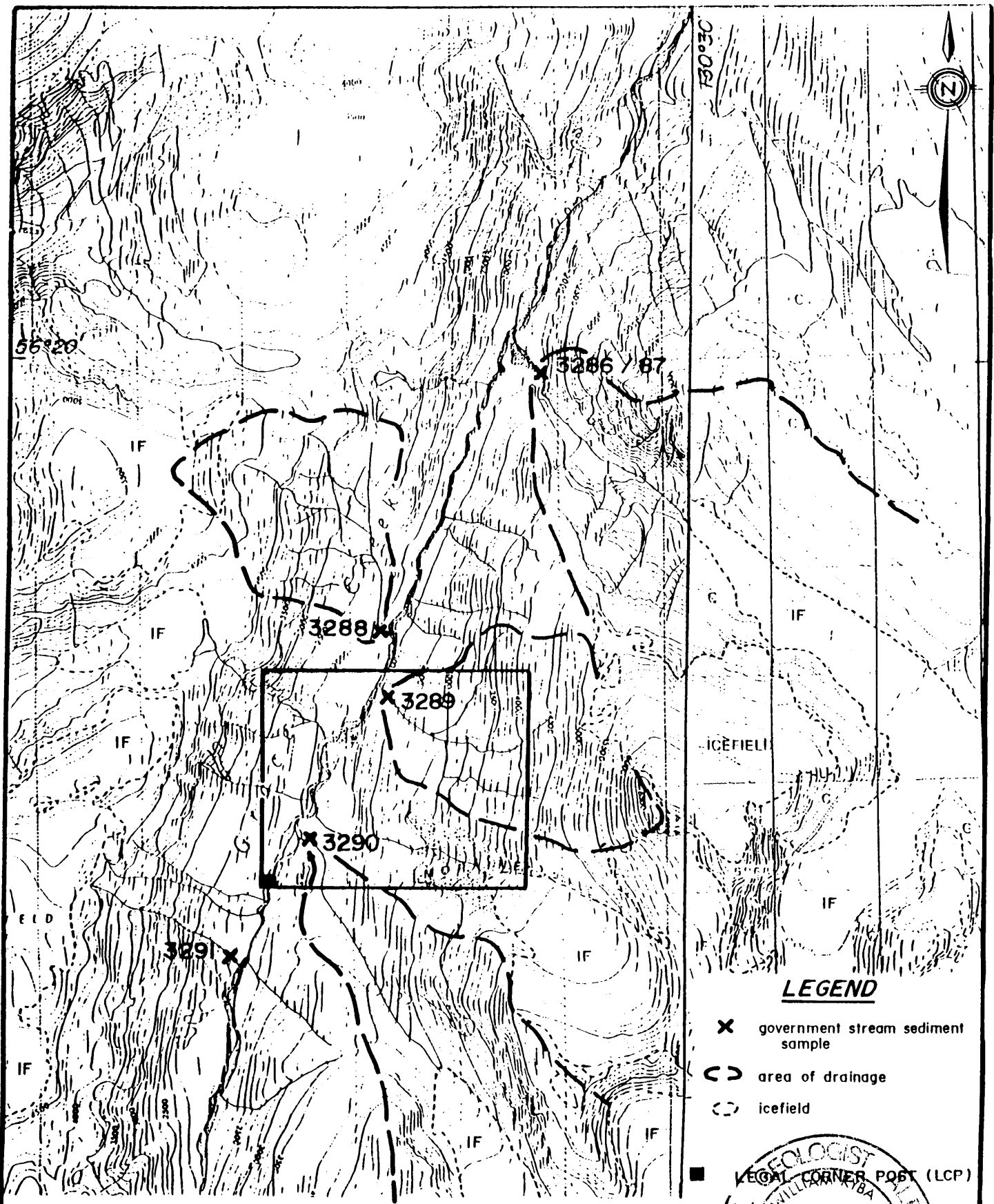
Six samples were collected from the area of the Gracey #11 claims.

Sample locations are presented in Figure 6. Although only partially covered by the stream sediment sample survey, one sample (#3289) contained 50 ppb gold (re-run at 5 ppb gold). The same sample also contained elevated values for copper and slightly elevated values for zinc, lead, cobalt and nickel.

CONCLUSIONS

Regionally, the Gracey #11 property is located in an area of intense mineral exploration activity. The property is 35 kilometres southwest of the Eskay Creek gold discovery and 7 kilometres west of the Doc gold property.

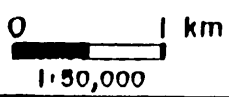
Regional geological mapping shows the property to be underlain by the Coast Range Plutonic Complex near its contact with metamorphosed and unmetamorphosed Upper Triassic and Lower Jurassic volcanic and sedimentary rocks of Unuk River Formation. Within the region, these rocks are host to skarn and shear/vein types of mineralization. This formation also hosts the majority of the gold/silver occurrences in the region. Fieldwork in the area has shown discrepancies in the regional government mapping and may be the case in the location of the actual intrusive contact underlying the Gracey #11 claims.



GRACEY # II PROPERTY
 REGIONAL STREAM SEDIMENT SAMPLE
 LOCATION MAP

Figure 6

NTS 104B/7E



- LEGEND**
- X government stream sediment sample
 - C area of drainage
 - IF icefield
 - LEGAL CORNER POST (LCP)

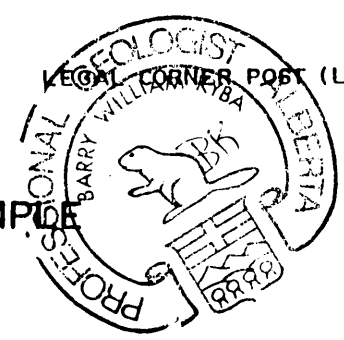


TABLE 2

**REGIONAL STREAM SEDIMENT AND WATER DATA, BRITISH COLUMBIA 1987,
BC RGS 18, GSC OF 1645, NTS 104B - ISKUT RIVER**

SAMPLE	ROCK TYPE	Zn	Cu	Pb	Ag	As	Hg	U	Ba	Au	Au-R
873286	ANDV	44	70	61	0.4	8	5	4.3	710	60	5
873287	ANDV	42	63	58	0.4	7	10	5.6	750	570	140
873288	GRDR	44	8	4	0.1	0	5	8.0	1300	3	
873289	GRDR	72	78	12	0.1	5	35	20.9	710	50	5
873290	GRDR	20	6	4	0.1	0	5	7.0	1400	4	
873291	QTMZ	51	4	10	0.1	0	5	9.1	1200	4	

Symbols: ANDV - Andesite
GRDR - Granodiorite
Au-R - Gold re-run analysis
Note - All values reported in ppm except gold, reported in ppb.

- 4) Soil samples should be collected at 50 m intervals along contours spaced 100 - 200 m apart. This coverage should, initially be restricted to the anomalous drainage in the northeast portion of the property. Favourable silt sample results draining areas supposedly underlain by the Coast Plutonic Complex may dictate additional, selected soil sample coverage.

- 5) It is proposed that reconnaissance geological mapping and prospecting be carried out over the entire property to define the nature and boundary of the Coast Plutonic Complex. Particular attention should be devoted to the following features:
 - 1) the anomalous drainage in the northwestern portion of the property;
 - 2) the geological nature of the topographical lineament of the valley of Gracey Creek;
 - 3) differentiating phases of the Coast Plutonic Complex to identify later acid plugs that may be related to disseminated copper/molybdenum mineralization or later ultrabasic phases that may be related to copper-nickel type mineralization.

Phase I should not take longer than four days; the program should utilize an established camp and helicopter fuel depot outside of the property.

Phase II should be contingent upon favourable results from Phase I. Further detailed exploration of the property should include detailed silt and soil sampling and geological mapping and prospecting and trenching.

The linear nature of the Gracey Creek valley underlying the western half of the property suggests a regional zone of weakness along a northeast-southwest trend.

Samples from a government stream sediment reconnaissance program showed the drainage in the northeast corner of the property to contain elevated values in gold and copper and slightly elevated values for lead, zinc, cobalt and nickel. The presence of these metals in an unexplored drainage may indicate the presence of mineralized zones similar to other showings in the area.

For the above listed reasons, a moderately detailed two phase exploration program is recommended for the Gracey #11 property. The second phase of the proposed program should be contingent upon favourable results from phase 1.

RECOMMENDATIONS

It is recommended that the Gracey #11 property be subjected to a moderately detailed exploration program in order to evaluate its potential for hosting precious metal and/or intrusive associated polymetallic deposits. The field component of this program cannot be initiated until July, as the snow cover will be too great until this time. The following program is recommended:

- 1) An airphoto interpretation is proposed in order to delineate linear features which may be related to prospective faults or shear zones. These should be plotted on a topographical base map (1:5,000) prepared from an enlargement of the government's 1:50,000 topographical mapping.
- 2) A geochemical orientation survey, supervised by a qualified geochemist, is recommended to maximize the effectiveness of the proposed geochemical surveys listed below.
- 3) Stream sediment (silts and heavy mineral concentrates) samples should be collected at 100 m intervals along all streams draining the property. A sample interval of 50 m is recommended along the creek from which sample #3289 was collected. This survey should include replicate sampling of the anomalous, government silt samples in order to check the validity of the original results.

ESTIMATED BUDGET**Phase I****Pre-Field**

Project logistics, permit application, map preparation,
crew and material assembly, air photo interpretation \$ 2,000.00

Field Program**Personnel**

Project Supervision	1 day @ \$425/day	\$ 425.00	
Geochemist	2 days @ \$400/day	800.00	
Project Geologist	4 days @ \$350/day	1,400.00	
Prospector	4 days @ \$275/day	1,100.00	
Field Assistants	2 x 4 days @ \$235/day	<u>1,880.00</u>	
			5,605.00

Camp Support

Food & accommodation	19 man days @ \$ 60/day	\$ 1,140.00	
Communications (radios, telephone, fax)		1,000.00	
Disposable supplies and fuel		500.00	
Expediting, freight		1,000.00	
Field Equipment Rental	12 man days @ \$ 15/day	<u>180.00</u>	
			3,820.00

Transportation

Helicopter support (incl. fuel)	12 hrs @ \$750/hr		9,000.00
---------------------------------	-------------------	--	----------

Geochemical Analyses

Soils/Silts	100 samples @ \$11.30 each	\$ 1,130.00	
Rocks	30 samples @ \$16 each	<u>480.00</u>	
			1,610.00

Contingency Allowance

2,000.00

Post-Field

Data compilation, report writing, secretarial and drafting		<u>2,200.00</u>	
--	--	-----------------	--

TOTAL:**\$ 26,235.00**

ESTIMATED BUDGET

Phase II

Pre-Field

Project logistics, map preparation, crew and material assembly	\$ 2,000.00
--	-------------

Field Program

Personnel

Project Supervision	3 days @ \$425/day	\$ 1,275.00	
Geochemist	3 days @ \$400/day	1,200.00	
Project Geologist	14 days @ \$350/day	4,900.00	
Prospector	14 days @ \$275/day	3,850.00	
Field Assistants	2 x 14 days @ \$235/day	6,580.00	11,480.00

Camp Support

Food and accommodation	65 man days @ \$ 60/day	\$ 3,900.00	
Communications (radios, telephone, fax)		2,000.00	
Disposable supplies and fuel		1,000.00	
Expediting and Freight		1,000.00	
Field Equipment Rental	65 man days @ \$ 15/day	975.00	8,875.00

Transportation

Mobilization/Demobilization		\$ 7,500.00	
Helicopter Support (incl. fuel)	28 hrs @ \$750/hour	21,000.00	28,500.00

Geochemical Analyses

Soils/Silts	200 samples @ \$11.30 ea.	\$ 2,260.00	
Rocks	60 samples @ \$16.00 ea.	960.00	3,220.00

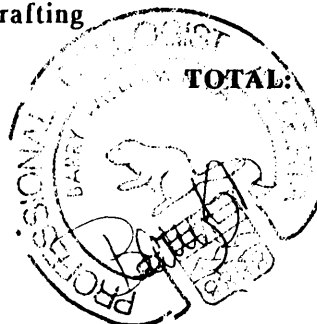
Contingency Allowance

5,400.00

Post-Field

Data compilation, report writing, secretarial and drafting	5,900.00
--	----------

TOTAL: \$65,375.00



STATEMENT OF QUALIFICATIONS

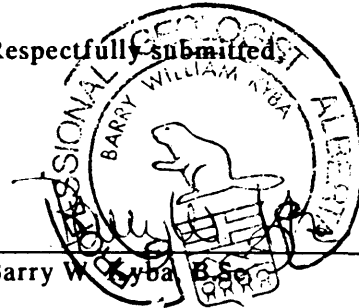
I, BARRY W. KYBA, of R.R. #1 Falkland, in the Province of British Columbia, do hereby certify that:

- 1) I am a graduate of the Faculty of Science, University of Alberta, Edmonton, Alberta 1973, with a B.Sc. degree in Geology.
- 2) I have been a practising geologist in Canada and the United States since 1973.
- 3) I am a Registered Professional Geologist in the Province of Alberta, a Fellow of the Geological Association of Canada, and a Member of the Institute of Mining and Metallurgy.
- 4) I am presently under contract to Keewatin Engineering Inc. of #800 - 900 West Hastings Street, Vancouver, British Columbia.
- 5) I have not visited the property because of winter conditions at the time of writing, but I am familiar with the regional geology and geology of nearby properties.
- 6) I do not own or expect to receive any interest (direct, indirect or contingent) in the property described herein nor in the securities of Module Resources Incorporated, in respect of services rendered in the preparation of this report.
- 7) I consent to and authorize the use of the attached report and my name in the Company's Statement of Material Facts or other public document.

Dated at Vancouver, British Columbia this 15th day of June, A.D. 1990. And ammended this 6th day of September, A.D. 1990.

Respectfully submitted,

Barry W. Kyba B.Sc.



APPENDIX I

Gracey #11 Property - Claim Recording Documents



MAP NO 104B/7E

SECTION 23

RECORD NO 8452

90
909

MINING RECEIPT NO 1000003

LOCATED AT Prince Rupert

DATE OF RECORD March 21

DO NOT WRITE IN THIS SHADED AREA

[Signature]
GOLD COMMISSIONER

Skeena
MINING DIVISION

APPLICATION TO RECORD A 4 POST CLAIM

1. ED CARSON
NAME OF LOCATOR
Box 656
ADDRESS
GRAND FORKS B.C.
442-8600 VOH-1140
TELEPHONE POSTAL CODE

AGENT FOR

NAME

THE INFORMATION ON THIS PHOTOCOPY MUST BE CONFIRMED WITH THE GOLD COMMISSIONER FOR THE MINING DIVISION

VALID SUBSISTING F.M.C. NO 282275
F.M.C. CODE CARSER

VALID SUBSISTING F.M.C. NO.

F.M.C. CODE

hereby apply for a record of a 4 post claim for the location as outlined on the attached copy of mineral titles reference map

No. 104B/7E in the SKEENA

Mining Division.

ACCESS: Describe how you gained access to the location; include references to roads, trails, topographic features, permanent landmarks, and a description of the legal post location.

VIA HELICOPTER FROM STEWART B.C. NORTH TO BORDER LAKE. THE LCP IS 7615 M. SOUTH AND 8315 M. EAST OF THE MOST NORTH EASTERN SHORE OF BORDER LAKE.

I have securely fastened the metal identification tag embossed "LEGAL CORNER POST" to the legal corner post (or witness post) and impressed this information on the tag:

LEGAL CORNER POST

TAG NO. 219005

CLAIM NAME

GRACEY # 11

LOCATOR

ED CARSON

F.M.C. NO.

282275

AGENT FOR

F.M.C. NO.

DATE COMMENCED

MAR 21 90

TIME

11:19 AM

DATE COMPLETED

MAR 21 90

TIME

11:54 AM

NUMBER OF CLAIM UNITS

N 4 S 5 E 5 W

IDENTIFICATION POSTS NOT PLACED

were ALL EXCEPT 4N-2E, 4N-4E WHICH WERE PLACED.

because OF PREVAILING, TOPOGRAPHICAL CONDITIONS AND THE PRESENCE OF GLACIAL ICE.

*If a witness post was placed for the legal corner post:

Bearing from witness post to true position of legal corner post

is _____ degrees,

at a distance of _____ metres.

Bearing from identification post to witness post _____

degrees, at a distance of _____ metres.

NOTE: Legal corner post can be witnessed only if it was not feasible to place any posts.

ACCESS

TAG INFORMATION

ACKNOWLEDGEMENT

I have complied with all the terms and conditions of the Mineral Tenure Act Regulation pertaining to the location of 4 post claims and have attached a plan of the location on which the positions of the legal corner post and all corner posts (and witness and identification posts if applicable) are indicated.

Signature of Locator

[Signature]

PAID
\$100.00
MAR 23 1990
GOVERNMENT AGENT
STEWART
000003
TRANS #
RECORDING STAMP

PROPERTY EXAMINATION REPORT
ON THE
GRACEY #11 PROPERTY

This report discusses a visit to the Gracey #11 claim by the writer on September 19, 1990. The L.C.P., consisting of a single 4" x 4" wood post, was located, securely fastened to a tree in a grove of trees in a gravel bar near the east bank of Gracey Creek. The location of this post is in the position shown on the claim map, N.T.S. 104B/7. This location is 12 kilometres upstream from the confluence of Gracey Creek with the South Unuk River and 3.7 kilometres downstream from the Canada-U.S. border.

An examination of boulder material along Gracey Creek valley and glacially fed tributaries from the east plus examination of outcrop exposures in these drainages and steep cliffed exposures to the northeast of Gracey Creek, indicates that the Gracey 11 claim is underlain by felsic intrusive igneous rocks.

These rocks comprise light to medium grey weathering, coarse crystalline biotite granite (unit 12 a) of the Coast Plutonic Complex as shown on B.C.D.M. Open File Map 1989-10 (Geology and Mineral Deposits of the Unuk River Area, J.M. Britton).

The exploration program, as formulated by Mr. B. Kyba (Keewatin Engineering Inc.), qualifying report on the Gracey #11 claim, is appropriate for evaluating this property.


STATEMENT OF QUALIFICATIONS

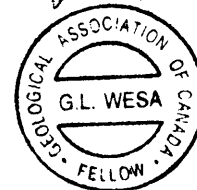
I, Gary L. Wesa, of #309-6669 Telford Avenue in the Municipality of Burnaby, in the Province of British Columbia do hereby certify that:

1. I am a consulting geologist under subcontract to Keewatin Engineering Inc. with offices at Suite 800 - 900 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of Saskatchewan (1974) with a B.Sc. degree in geology and I have practised my profession continuously since graduation.
3. I have been employed in mineral exploration since 1970.
4. I am a Fellow of the Geological Association of Canada.
5. I personally visited and examined the property described herein on September 19, 1990.
6. I have no interest nor do I expect to receive any interest (direct, indirect, or contingent) in the property described herein nor in the securities of Module Resources Incorporated, in respect of services rendered in the preparation of this report.

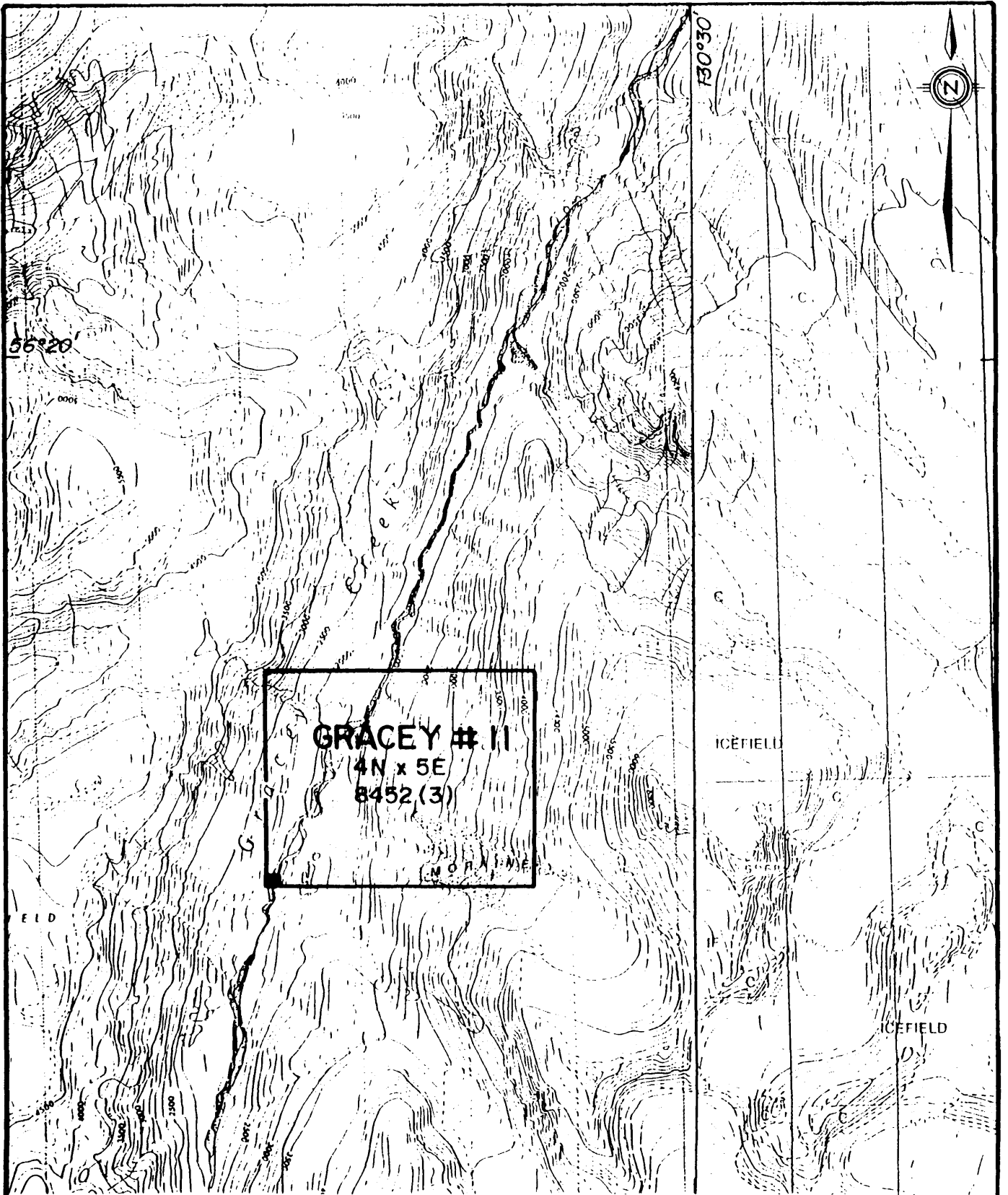
Dated at Vancouver, British Columbia, this 3rd day of October, 1990.

Respectfully submitted,


Gary L. Wesa, B.Sc., FGAC



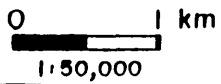
Keewatin Engineering Inc.



■ LEGAL CORNER POST (LCP)

**GRACEY # II PROPERTY
TOPOGRAPHIC MAP**

NTS 104B/7E




Keewatin Engineering Inc.

CERTIFICATE OF THE ISSUER

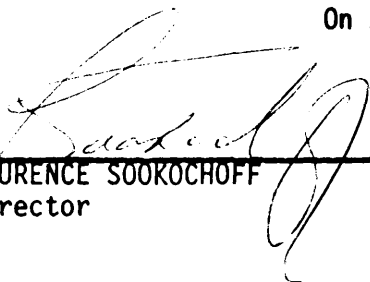
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act (British Columbia) and its regulations.

DATED this 16 day of October , 1990.




WILLIAM J. ANDERSON
President, Chief Executive Officer
and Chief Financial Officer

On behalf of the Board of Directors



LAURENCE SOOKOCHOFF
Director



W. NICK DESJARLAIS
Director

Promoter




WILLIAM J. ANDERSON

CERTIFICATE OF THE AGENT


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

DATED this 16 day of October , 1990.

BRINK HUDSON & LEFEVER LTD.

Per: 

JOHN L. MATHERS

Per: 

BRIAN D. GRAVES