019333

PROPERTY FILE
104B126 - McLymont

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

D.L.

STATEMENT OF MATERIAL FACTS (#70/87)

EFFECTIVE DATE: MAY 14, 1987

GULF INTERNATIONAL MINERALS LTD.
301 - 675 West Hastings Street, Vancouver, B.C. V6B 1N2 (604)683-6865
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

16th Floor, 609 Granville Street, Vancouver, B. C. V7Y 1C3
ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

GUARDIAN ESTATES & AGENCIES LTD.
404 - 470 Granville Street, Vancouver, B.C. V6C 1V8
NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 550,000 Shares

	Estimated Price to Public*	Estimated Underwriters' Discount	Proceeds to Issuer
Per Share	$2.10	$0.32	$1.78
Total:	$1,155,000	$176,000	$979,000

* The price to the public will be the market price for the shares at the time of sale.

ADDITIONAL OFFERING

The Underwriters have been granted an option to purchase a total of 250,000 shares. These are hereby qualified for sale to the public. See "ADDITIONAL OFFERING", Page 2 for further information concerning the sale of these shares.

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.

UNDERWRITERS:

CONTINENTAL CARLISLE DOUGLAS
10th Floor, 1055 Dunsmuir Street
Vancouver, B.C.
682-4450

McDERMID ST. LAWRENCE LTD.
1000, 601 West Hastings Street
Vancouver, B.C.
684-9111

BRINK, HUDSON & LEFEVER LTD.
#1500 - 666 Burrard Street
Vancouver, B.C.
688-0133

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.

1. DETAILS OF THE CIRCUMSTANCES RELATING TO THE OFFERING OF SECURITIES

Offering and Appointment of Underwriters

By an agreement dated March 2, 1987 (the "Underwriting Agreement"), the following underwriters (the "Underwriters") have agreed to underwrite Five Hundred and Fifty Thousand (550,000) common shares (the "Shares") of Gulf International Minerals Ltd. of 200 - 675 West Hastings Street, Vancouver, British Columbia (the "Issuer"), as follows:

Continental Carlisle Douglas	as to 200,000 shares
McDermid St. Lawrence Ltd.	as to 200,000 shares
Brink, Hudson & Lefever Ltd.	as to 150,000 shares

The Underwriters have agreed to purchase the Shares at a price of One Dollar and Seventy Eight Cents ($1.78) per Share payable within five (5) business days of the issuance of a receipt for this Statement of Material Facts (the "Effective Date") by the Superintendent of Brokers for British Columbia (the "Superintendent") and the Vancouver Stock Exchange (the "Exchange"). The Shares underwritten and any shares acquired by the Underwriters pursuant to the option hereinafter described are for sale by way of primary distribution to the public at the market price for such shares at the time of the sale.

The Underwriters have been granted an option in proportion to their participation in the underwriting, to purchase up to a further Two Hundred and Fifty Thousand (250,000) common shares of the Issuer at Two Dollars and Three Cents ($2.03) per share, to be exercised within one hundred and eighty (180) days of the Effective Date.

The obligations of the Underwriters under the Underwriting Agreement may be terminated prior to the Effective Date at the Underwriters' discretion on the basis of their assessment of the state of the financial market and may also be terminated at any time upon the occurrence of certain stated events.

Other than the Underwriting Agreement, there is no proposed underwriting, sale or option agreement, and there are no sub-underwriting or sub-option agreements outstanding or proposed to be given in respect of the Shares being offered

GEOLOGICAL REPORT

ON THE

MCLYMONT CLAIM GROUP

ISKUT RIVER AREA
LIARD MINING DIVISION
NTS 104B/15W

Located at:

56° 49' NORTH LATITUDE
130° 55' WEST LONGITUDE

FOR

GULF INTERNATIONAL MINERALS LTD.

BY

D.A. YEAGER, GEOLOGIST
C.K. IKONA, P.ENG.

FEBRUARY 1987

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1.0 Introduction

Gulf International Minerals Ltd. acquired the McLymont claim group in July 1986. Later in October, Gulf drilled three AQ holes totalling 91.6 metres (301 feet) in the center of the claim group near McLymont Creek. These holes were directed toward a quartz-pyrite-chalcopyrite vein that strikes east-southeast and dips steeply north. The holes intersected the vein with significant gold values. Each drill hole was collared 50 feet north of the surface vein exposure. Drilling gave values averaging .164 oz/t Au cross 4.3 feet for all three holes (DDH 1, .118 oz/t Au across 5 feet; DDH 2, .252 oz/t Au across 5 feet; DDH 3, .095 oz/t Au across 3 feet).

Surface mineralization along the strike of the vein gave gold values ranging from .2 to 1.7 oz/t Au. The width of the quartz-pyrite-chalcopyrite vein ranges from 3 to 24 inches wide. The vein system occurs as irregular lenses along McLymont Creek but the overall vein system has an inferred strike length of 1500 feet.

The McLymont property is situated some 20 kilometres northeast of Skyline Explorations Ltd.'s Reg property where published total inferred, drill-indicated and measured mineral reserves were 938,446 tons grading 0.73 oz/ton gold as of January 12, 1987 (Grove). Potential geological reserves of the Reg property are now estimated at 4 million tons grading 0.50 oz/ton gold.

At the request of the directors of Gulf International Minerals Ltd., the writers have reviewed all the available data and prepared a compilation report on which to base further exploration. Although the writers have not visited the property, Mr. Yeager has acted as project geologist on Skyline Exploration Ltd.'s Reg property supervising underground sampling and diamond drilling; and Mr. Ikona is presently co-ordinating engineering services for Skyline on the Reg project. In addition, Mr. Ikona has supervised the exploration of a number of prospects in the Iskut and Stikine River areas over a period of twenty-four years and has acquired a considerable level of familiarity with the types of mineralization found in the region.

This report contains recommendations for an ongoing two stage surface exploration program consisting of mapping, trenching and diamond drilling costing approximately $450,000.


GULF INTERNATIONAL MINERALS LTD.
Key Map
0
50
100
150
KILOMETRES
PROJECT LOCATION
BRITISH COLUMBIA
Vancouver
VICTORIA
MCLYMONT CLAIMS
SKYLINE PROPERTY
NAHLIN
PLATEAU
TANZILLA
SPATSIZI
PLATEAU
Telegraph Creek
MOUNT EDZIZA
Iskut
WRANGELL
Wrangell
Petersburg
Stikine
REVILLAGIGEDO ISLAND
KETCHIKAN
STEWART
Hyder
PRINCE RUPERT
TERRACE
SMITHERS
TELKWA
HAZELTON
New Hazelton
Kitwanga
Kitsault
Alice Arm
Nass Camp
Kincolith
CLARENCE STRAIT
ENTRANCE
PORTLAND INLET
CHATHAM SOUND
Port Simpson
Port Essington
SKEENA
NASS RIVER
Bowser
Meziadin
Kispiox
Metlakatla
Annette
Hydaburg
SHEPPARD PK 2515
MT RATZ 3136
DEVILS THUMB 2767
AMBITION MTN 2328
MT GALLATIN 1554
MT WILLIBERT 2067
MT TYEE 1430
MT REID 1400
MT PATTULLO 2728
LAVENDER PK 2323
MT WEBER 2007
ALDER PK 2320
OSCAR PK 2304
MT KENNEY 2073
EAGLE PK 2093
ANDESITE PK 2379
BLUNT MTN 2286
CUTOFF MTN 1649
KISGEGAS PK 2347
SHELAGYOTE PK 2486
MOTASE PK 2411
BIRD HILL 1856
DEWAR PK 2240
MT THOEN 2291
SNOW PK 1936
MT MEEHAUS 1960

FIGURE I

2.0 Property Ownership

The McLymont project consists of 4 claim blocks totalling 80 units (Figure 2). Documents available from the B.C. Ministry of Energy, Mines and Petroleum Resources indicate that the following claims are wholly owned by Gulf International Minerals Ltd:

Claim Name	Record No.	Units	Next Expiry Date
McLymont 1	3597	20	23 July 1987
McLymont 2	3598	20	23 July 1987
McLymont 3	3599	20	23 July 1987
McLymont 4	3600	20	23 July 1987

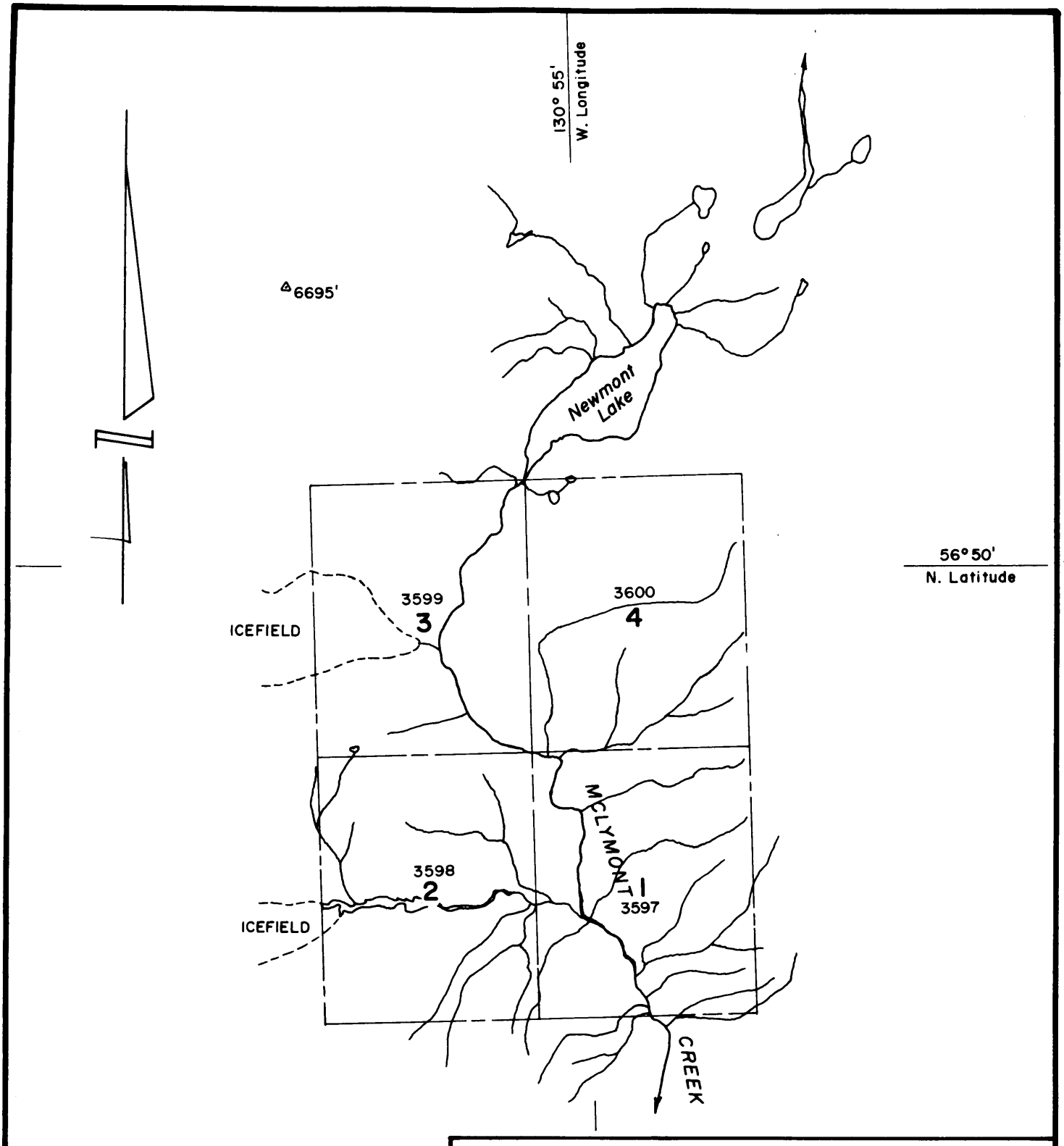
The ground location of legal corner posts has not been checked by the authors.

3.0 Location, Access and Physiography (after Kowalchuk, 1982)

The claims are located in northwestern British Columbia within the Liard Mining Division, NTS 104-B-15W (Figure 1). The property is situated north of the Iskut River between Newmont Lake and the headwaters of the Verrett River, along the upper reaches of McLymont Creek. It is centred by 56°49' north latitude and 130°55' west longitude.

At present, access to the property is via float equipped fixed wing aircraft to Newmont Lake, at the north edge of the claims from Wrangell, Alaska located 100 kilometres to the west-southwest. All parts of the property are accessible by foot from Newmont Lake although a helicopter is presently required to transport heavy loads from the lake to the claims.

The McLymont property is situated within the Northern Boundary Ranges of the Coast Mountains. This geographic province consists of a mountainous and glaciated terrain that exhibits relief in excess of 2000 metres. Tree line varies from 1000 to 1200 metres above sea level. Below this point, particularly within the lower valleys, vegetation predominantly consists of a dense growth of conifers. Active deglaciation is prevalent



GULF INTERNATIONAL MINERALS LTD.

MCLYMONT CLAIMS 1-4
LIARD MINING DIVISION
Ref. N.T.S. 104 B/15

Property Location Map

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 2

in the area, particularly in terrain above 1500 metres.

Elevations over the McLymont claims range from 1500 metres a.s.l. along the ridge to the east, to 600 metres a.s.l. at the junction of the south claim boundary and the main stream draining the property. Tree line is at approximately 1200 metres above sea level and therefore slightly in excess of half the property is situated above tree-line. A toe of the Forrest Kerr Icefield protrudes onto the property from the west. Topographic relief ranges from moderate to rugged.

4.0 History

Earliest reported work done in the general area was in 1907 by Iskut Mining Company on Johnny Mountain where drifting, trenching and stripping had exposed galena-sphalerite and gold-silver mineralized veins. Values returned were $1.20 in gold, 44.2 oz. silver and 12.45% copper per ton for hand cobbed material. More recent work was carried out on Johnny Mountain by Hudsons Bay Mining and Smelting, Cominco and Texas Gulf, culminating in the outstanding technical success of Skyline Exploration Ltd.'s discovery of the Stonehouse Gold Deposit.

During the early 1960's Newmont Mining Corporation of Canada Limited began working in the Iskut area north-northwest of Newmont Lake and off the McLymont claims. Geological mapping, geophysics and diamond drilling on Newmont's Dirk claim group revealed the presence of several copper-bearing skarn zones that occur at the contact of limestone interbeds and a diorite intrusive.

In 1980 DuPont Canada Explorations Ltd. staked the Warrior claims (in the area of what is now the McLymont property) situated south of Newmont Lake on the basis of a regional stream sediment survey. Several quartz-porphyry hosted gold-silver quartz veins were discovered during the ensuing field program. In 1981 mapping, extensive geochemistry and geophysics were conducted around these areas.

In 1983, Skyline Explorations Ltd. and Placer Development Ltd. optioned the Warrior claims from DuPont. Efforts were directed at sampling and extending several

narrow quartz-pyrite-chalcopyrite veins with values ranging from 0.1-3.0 ounces per ton gold. Geophysics and coincident geochem values indicated a significant strike length to the mineralized structure. The claims were allowed to lapse in 1986, at which time Gulf staked the McLymont claims.

5.0 Geology

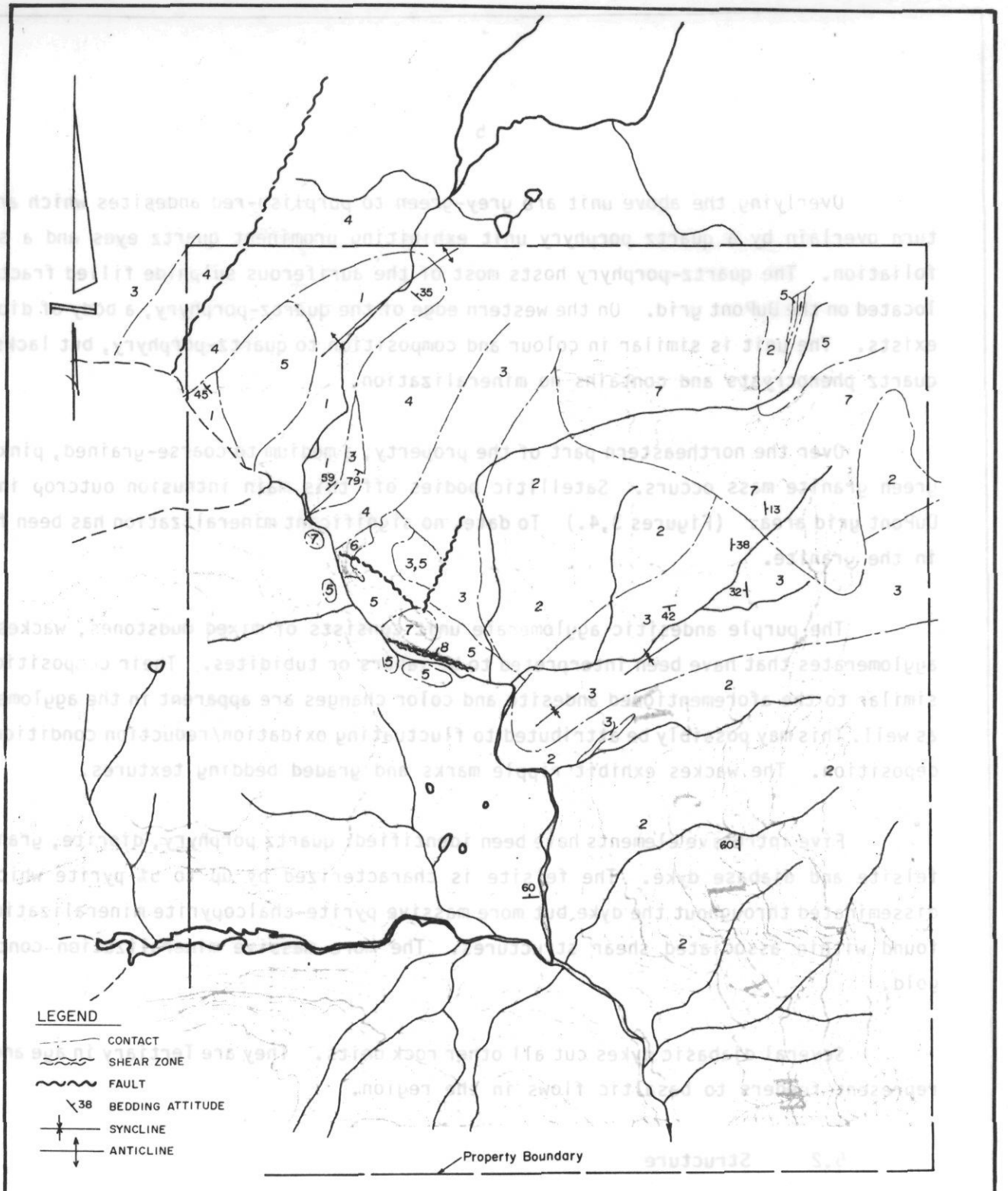
5.1 Lithology

The McLymont claims are underlain primarily by a Paleozoic and Triassic sequence of andesitic flows and sediments which have been intruded by Tertiary (and older) plutons (Dupont 1981, 1982). Regionally, the area lies on the margin of the Coast Plutonic Complex. This general area has been termed the "Stewart Complex" by Grove (1966), who has conducted considerable study in this area of the province for the B.C. Ministry of Energy, Mines and Petroleum Reources, and lately as a consultant for Skyline Explorations Ltd. (see BCDM Bulletin 58, 1972 and Bulletin 63, 1987).

Government mapping through the Iskut River area is both outdated and sketchy, providing little geological detail for the McLymont claims (1948 G.S.C. Memoir 246, GSC Map 9-1957). Geological control was established at a scale of 1:10,000 by DuPont during their 1981 field program. This geology is illustrated on the Figure 3 Local Geology Map. The following geological description is based on DuPont's 1981 work and Gulf International Minerals' 1986 work.

The base of the geological section is a light grey weathering limestone unit of Mississippian age interbedded with buff colored dolomite. The limestone contains crinoid fossils and varies from 30 to 200 metres in thickness.

A volcanic assemblage of rhyolitic and andesitic units unconformably overlie the limetone beds. The "rhyolitic" rocks are normally quite massive, though tuffaceous horizons are common. They are pyritic (up to 5%); however, this mineralization does not appear to carry gold.



LITHOLOGY

CRETACEOUS & TERTIARY

9 MAFIC DYKE - Fine grained, dark green

8 FELSITE - Up to 2m in width, found within shears

7 GRANITE-QUARTZ MONZONITE - Fresh-slightly altered in part magnetite bearing

6 DIORITE - Massive, grey, no significant mineralization

5 QUARTZ PORPHYRY - Intensely altered (argillite) mineralized

PERMIAN &/OR TRIASSIC

4 PURPLE ANDESITIC AGGLOMERATE - (Possibly post-dates units 5-7 a) Flow b) Wacke c) Argillite

3 ANDESITE-Green-grey, pyrite in part tuffaceous

2 RHYOLITE - CHERTY TUFFS - Pyrite, siliceous, gossaneous a) Banded chart

MISSISSIPIAN

1 LIMESTONE - Interbedded with andesite, agglomerate; massive, fossiliferous

GULF INTERNATIONAL MINERALS LTD.

MCLYMONT CLAIMS 1-4
LIARD MINING DIVISION
Ref. N.T.S. 104 B/15

Property Geology Map

(after Dupont Canada Exploration, 1981)

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 3

Overlying the above unit are grey-green to purplish-red andesites which are in turn overlain by a quartz porphyry unit exhibiting prominent quartz eyes and a shear foliation. The quartz-porphyry hosts most of the auriferous sulphide filled fractures located on the DuPont grid. On the western edge of the quartz-porphyry, a body of diorite exists. The unit is similar in colour and composition to quartz-porphyry, but lacks the quartz phenocrysts and contains no mineralization.

Over the northeastern part of the property, a medium to coarse-grained, pinkish-green granite mass occurs. Satellitic bodies off this main intrusion outcrop in the DuPont grid area. (Figures 3,4.) To date, no significant mineralization has been found in the granite.

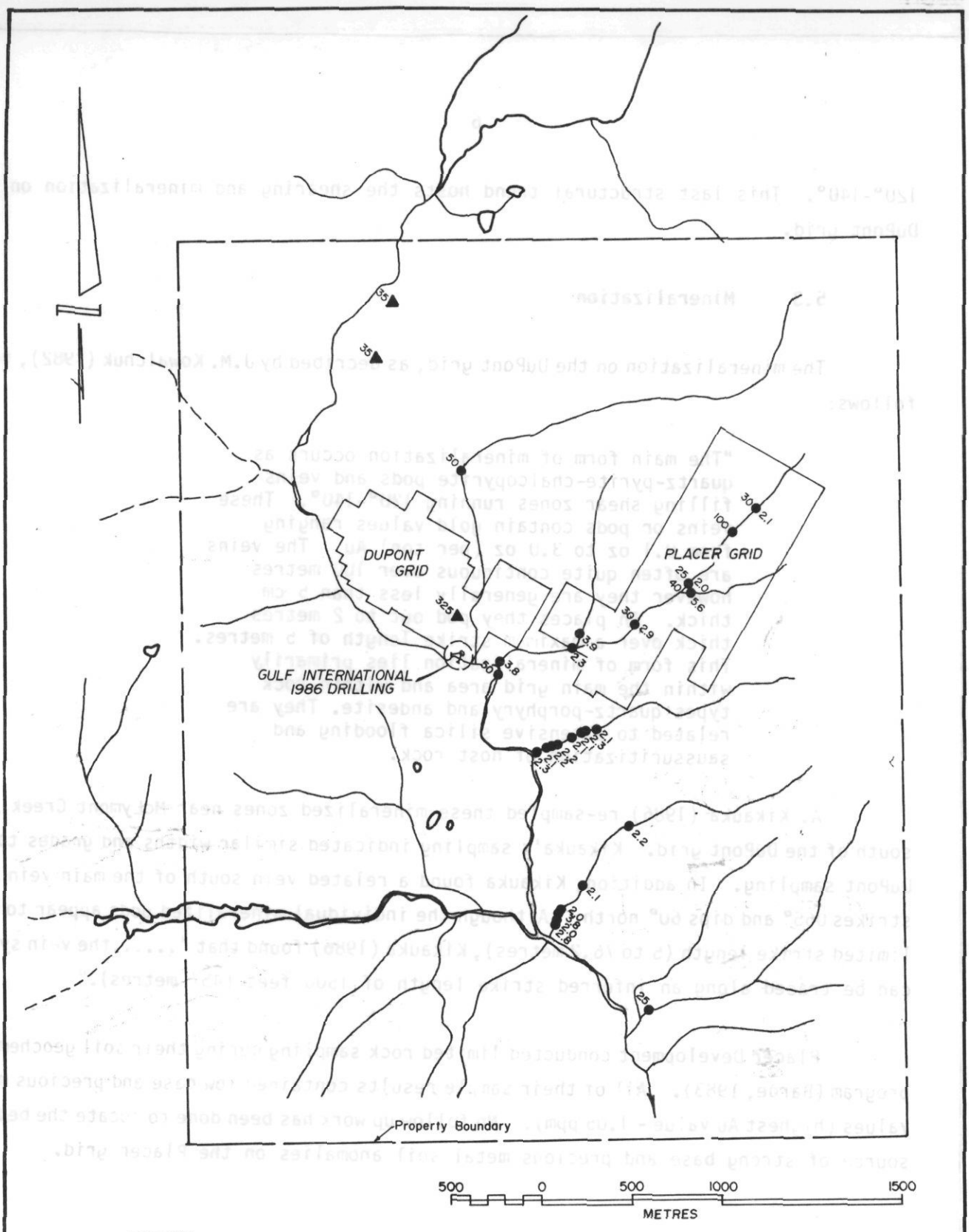
The purple andesitic agglomerate unit consists of mixed mudstones, wackes and agglomerates that have been interpreted to be lahars or tubidites. Their composition is similar to the aforementioned andesite and color changes are apparent in the agglomerate as well. This may possibly be attributed to fluctuating oxidation/reduction conditions of deposition. The wackes exhibit ripple marks and graded bedding textures.

Five intrusive elements have been identified: quartz porphyry, diorite, granite, felsite and diabase dyke. The felsite is characterized by up to 5% pyrite which is disseminated throughout the dyke but more massive pyrite-chalcopyrite mineralization is found within associated shear structures. The more massive mineralization contains gold.

Several diabasic dykes cut all other rock units. They are Tertiary in age and may represent feeders to basaltic flows in the region.

5.2 Structure

The most prominent rock structure is a set of open, northeast plunging folds in the sedimentary strata. This folding is disrupted by faulting indicated by topographical lineaments. A dominant lineament trends 030° and this direction parallels the long axis of Newmont Lake. Other lineaments follow a north-south trend, and a third set strikes



LEGEND

Au ppb ▲ Ag ppm — Soil sample location

Au ppb ● Ag ppm — Silt sample location

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MCLYMONT CLAIMS 1-4
LIARD MINING DIVISION
Ref. N.T.S. 104 B/15

Property Compilation & Geochemistry Map

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 4

120°-140°. This last structural trend hosts the shearing and mineralization on the DuPont grid.

5.3 Mineralization

The mineralization on the DuPont grid, as decribed by J.M. Kowalchuk (1982), is as follows:

> "The main form of mineralization occurs as quartz-pyrite-chalcopyrite pods and veins filling shear zones running 120°-140°. These veins or pods contain gold values ranging from 0.1 oz to 3.0 oz (per ton) Au. The veins are often quite continuous over 100 metres however they are generally less than 5 cm thick. In places they pod out to 2 metres thick over a maximum strike length of 5 metres. This form of mineralization lies primarily within the main grid area and within rock types quartz-porphyry and andesite. They are related to extensive silica flooding and saussuritization of host rock.

A. Kikauka (1986) re-sampled these mineralized zones near McLymont Creek just south of the DuPont grid. Kikauka's sampling indicated similar widths and grades to the DuPont sampling. In addition, Kikauka found a related vein south of the main vein that strikes 065° and dips 60° north. Although the individual mineralized pods appear to have limited strike length (5 to 76.2 metres), Kikauka (1986) found that ".....the vein system can be traced along an inferred strike length of 1500 feet (457 metres)."

Placer Development conducted limited rock sampling during their soil geochemical program (Barde, 1983). All of their sample results contained low base and precious metal values (highest Au value - 1.05 ppm). No follow up work has been done to locate the bedrock source of strong base and precious metal soil anomalies on the Placer grid.

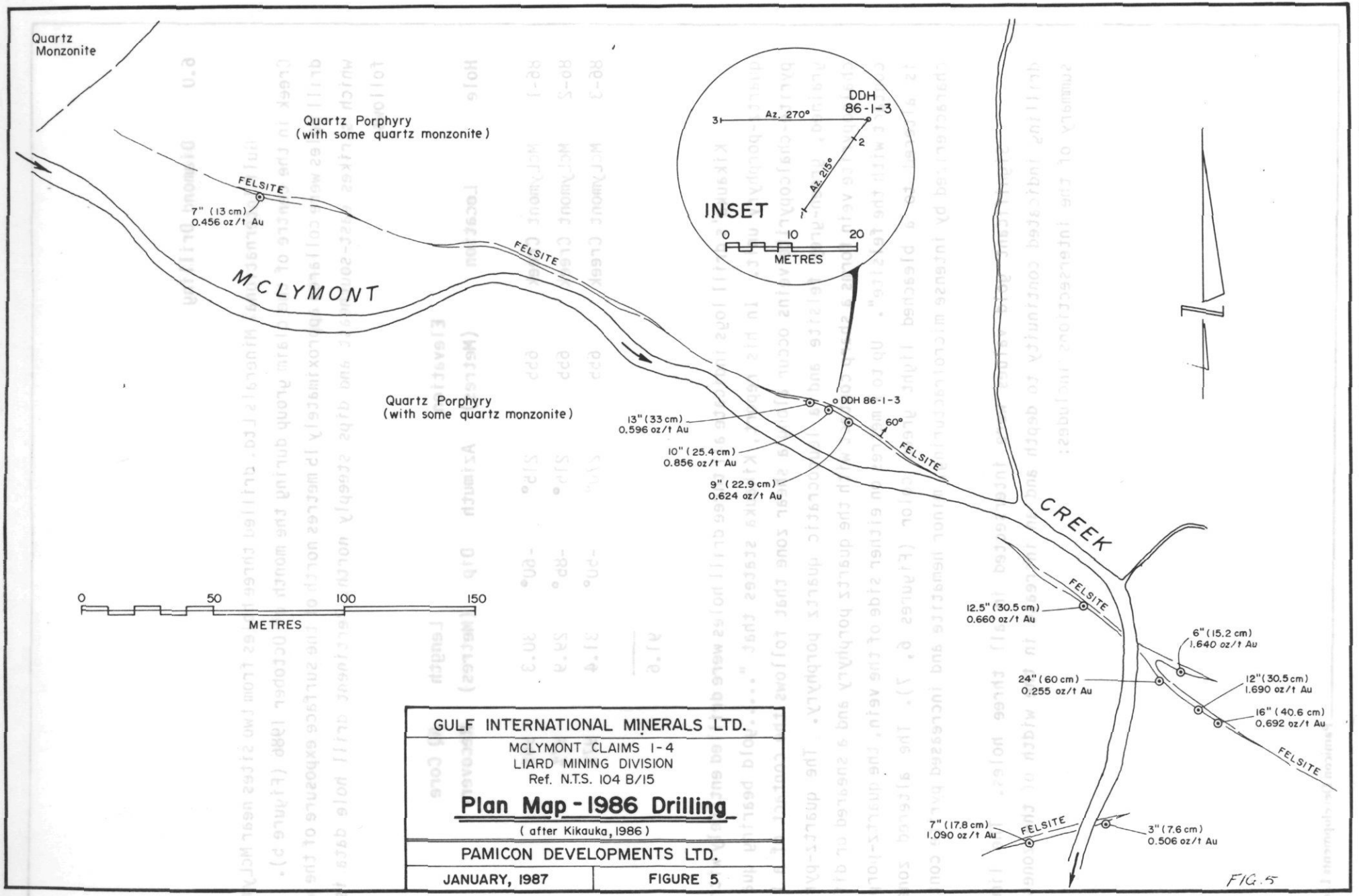
6.0 Diamond Drilling

Gulf International Minerals Ltd. drilled three holes from two sites near McLymont Creek in the centre of the claim group during the month of October 1986 (Figure 5). The drill holes were collared approximately 15 metres north of the surface exposure of the vein which strikes east-southeast and dips steeply north. Pertinent drill hole data is as follows:

Hole	Location	Elevation (Metres)	Azimuth	Dip	Length (Metres)	AQ Core Recovery
86-1	McLymont Creek	655	215°	-60°	30.3	96%
86-2	McLymont Creek	655	215°	-85°	29.9	97%
86-3	McLymont Creek	655	270°	-50°	31.4	97%
					91.6	

Kikauka's drill logs indicate all three drill holes were drilled entirely within a quartz-porphyry unit. In his report, Kikauka states that ".....gold bearing quartz-pyrite-chalcopyrite veins occur along a shear zone that follows the contact of a fine-grained, green-grey felsite and a leucocratic quartz porphyry. The quartz-pyrite-chalcopyrite vein forms a sharp contact with the quartz porphyry and a sheared or diffuse contact with the felsite". Up to 7 metres on either side of the vein, the quartz-porphyry is altered to a bleached light green color (Figures 6, 7). The altered zone is characterized by intense microfracturing, minor hematite and increased pyrite content.

Significant gold values were intersected in all three holes. The limited drilling indicated continuity to depth and an increase in the width of the zones. A summary of the intersections includes:



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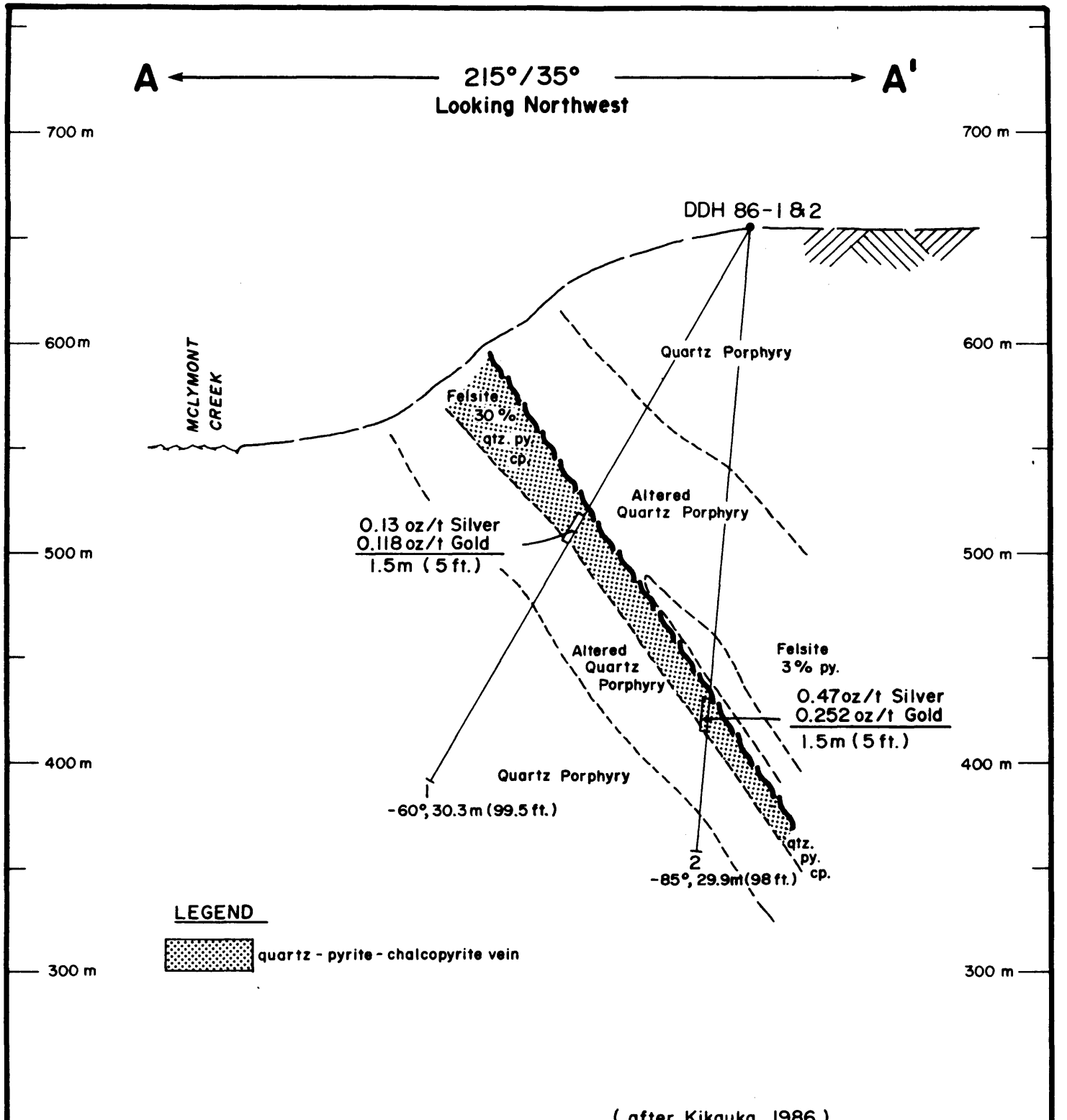
MCLYMONT CLAIMS 1-4
LIARD MINING DIVISION
Ref. N.T.S. 104 B/15

Plan Map - 1986 Drilling

(after Kikauka, 1986)

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 5



(after Kikauka, 1986)

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MCLYMONT CLAIMS 1-4
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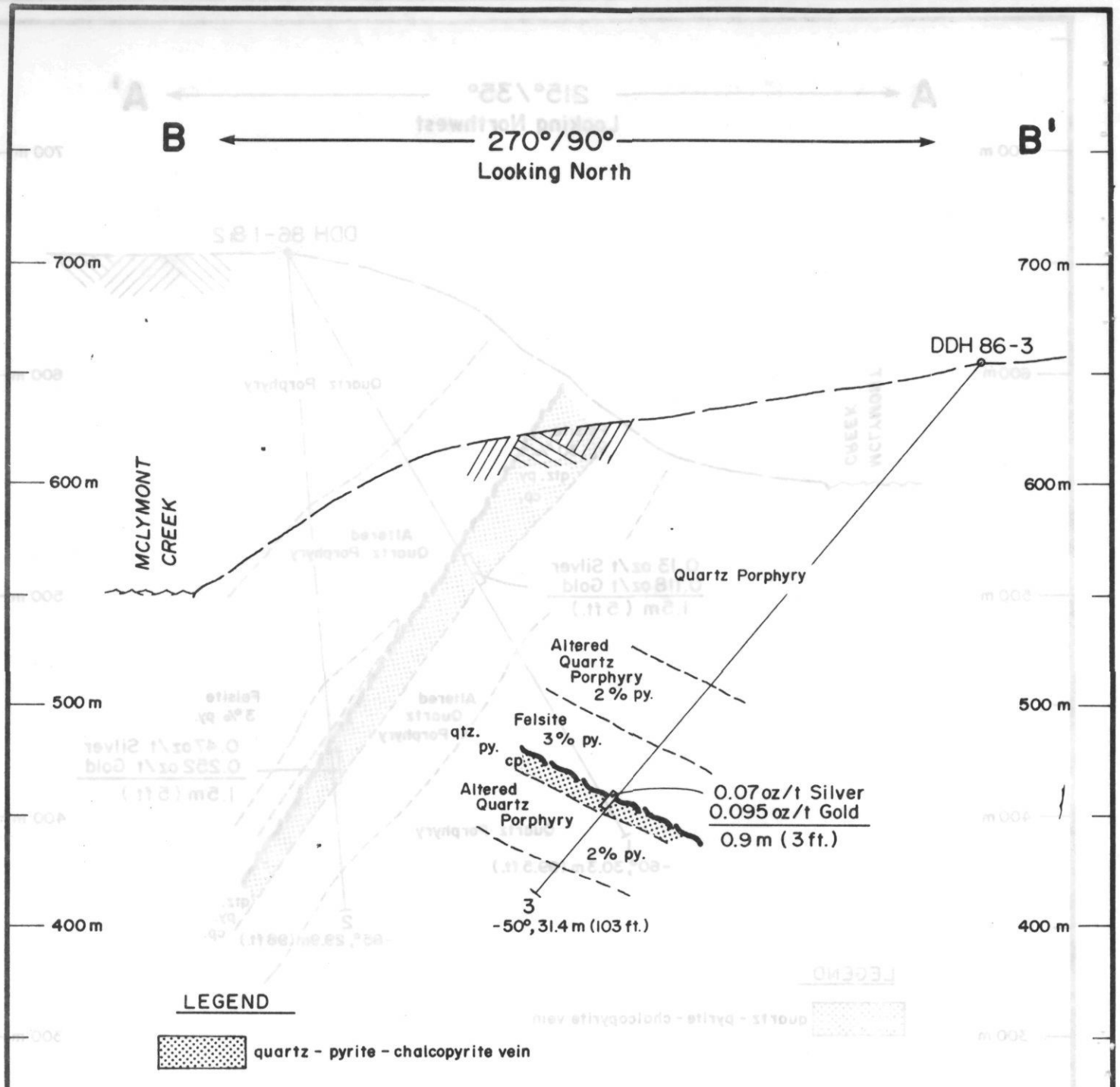
Cross Section A-A'

DDH 86-1&2

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 6



(after Kikauka, 1986)

0 5 10 15
METERS

GULF INTERNATIONAL MINERALS LTD.

MCLYMONT CLAIMS 1-4
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Cross Section B-B'

DDH 86-3

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 7

Hole	Intersection (metres) From	To	Length Metres (feet)	Assay (oz/ton) Gold	Silver
86-1	15.9	17.4	1.5 (5)	0.118	0.13
86-2	22.6	24.1	1.5 (5)	0.252	0.47
86-3	25.6	26.5	1.5 (3)	0.095	0.07

7.0 Geochemistry and Geophysics

7.1 Dupont Grid

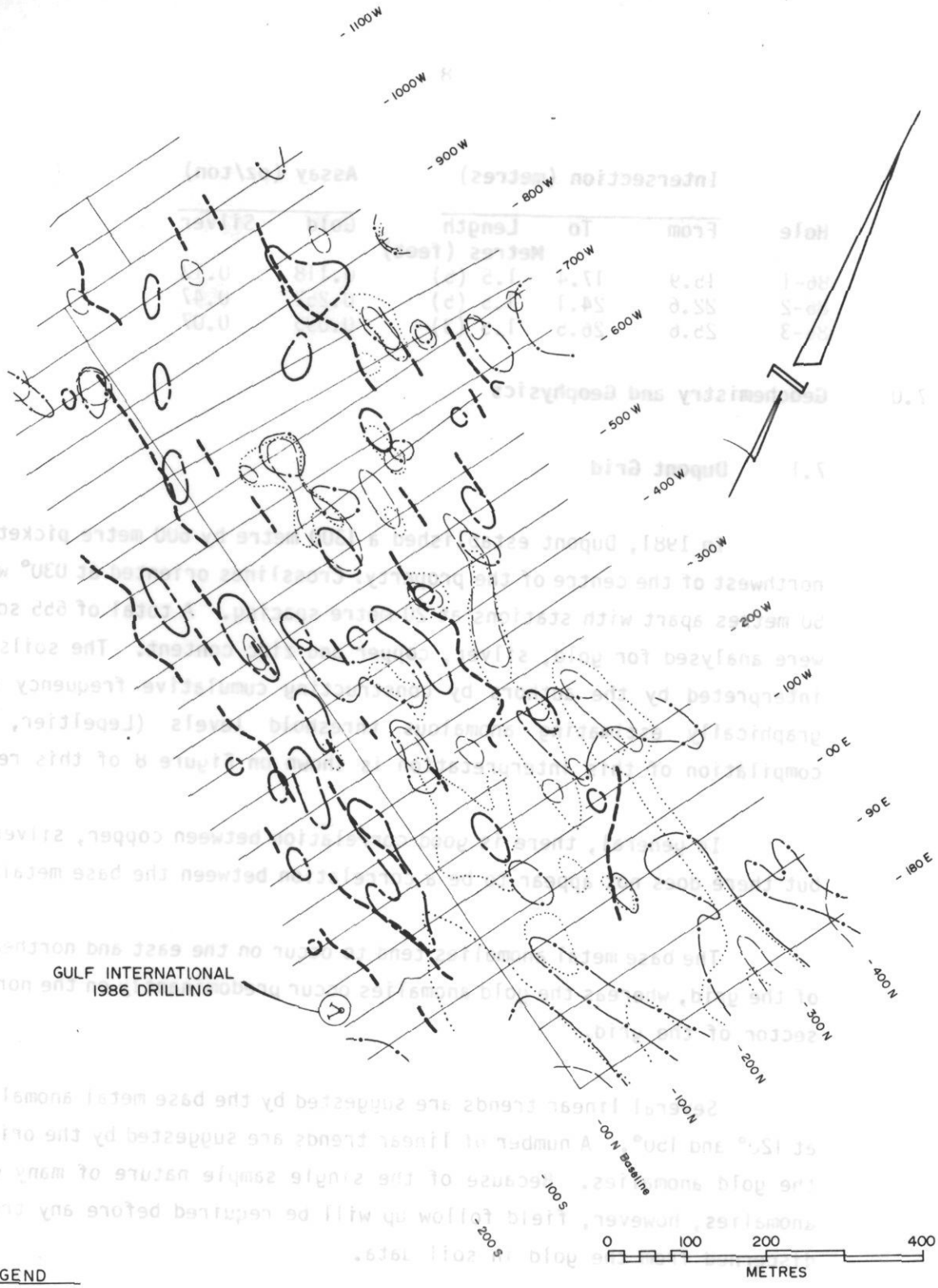
In 1981, Dupont established a 1300 metre by 600 metre picket grid just northwest of the centre of the property. Crosslines oriented at 030° were placed 50 metres apart with stations at 20 metre spacing. A total of 655 soil samples were analysed for gold, silver, copper and zinc content. The soils data were interpreted by the authors by constructing cumulative frequency curves and graphically estimating anomalous threshold levels (Lepeltier, 1969). A compilation of this interpretation is shown on Figure 8 of this report.

In general, there is good correlation between copper, silver, and zinc but there does not appear to be a correlation between the base metals and gold.

The base metal anomalies tend to occur on the east and northeast portion of the grid, whereas the gold anomalies occur predominantly on the north and west sector of the grid.

Several linear trends are suggested by the base metal anomalies, namely at 120° and 150°. A number of linear trends are suggested by the orientation of the gold anomalies. Because of the single sample nature of many of the gold anomalies, however, field follow up will be required before any trends can be discerned from the gold in soil data.

A VLF-EM survey was run by Dupont over the grid and a number of conductive zones were identified. The conductors generally trend at 110° to 120°. There are a number of concident gold in soils/VLF-EM conductor anomalies, namely at the following locations:



LEGEND

Areas of anomalous metal values in soils

- Copper - greater than 140 ppm
- Silver - " " 1.3 ppm
- Zinc - " " 190 ppm
- Gold - " " 25 ppb
- Radem VLF-EM Conductor

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MCLYMONT CLAIMS 1-4
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Dupont Grid Compilation Map

(after Dupont Canada Exploration, 1981)

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 8

1) 250N to 340N, 850W to 900W
2) 180N, 450W
3) 10S, 750W
4) 40S, 500W
5) 40S, 175W to 275W
6) 60S to 100s, 75W to 175W
7) 100S, 350W

These coincident anomalies are felt to be very significant and warrant specific, detailed investigation.

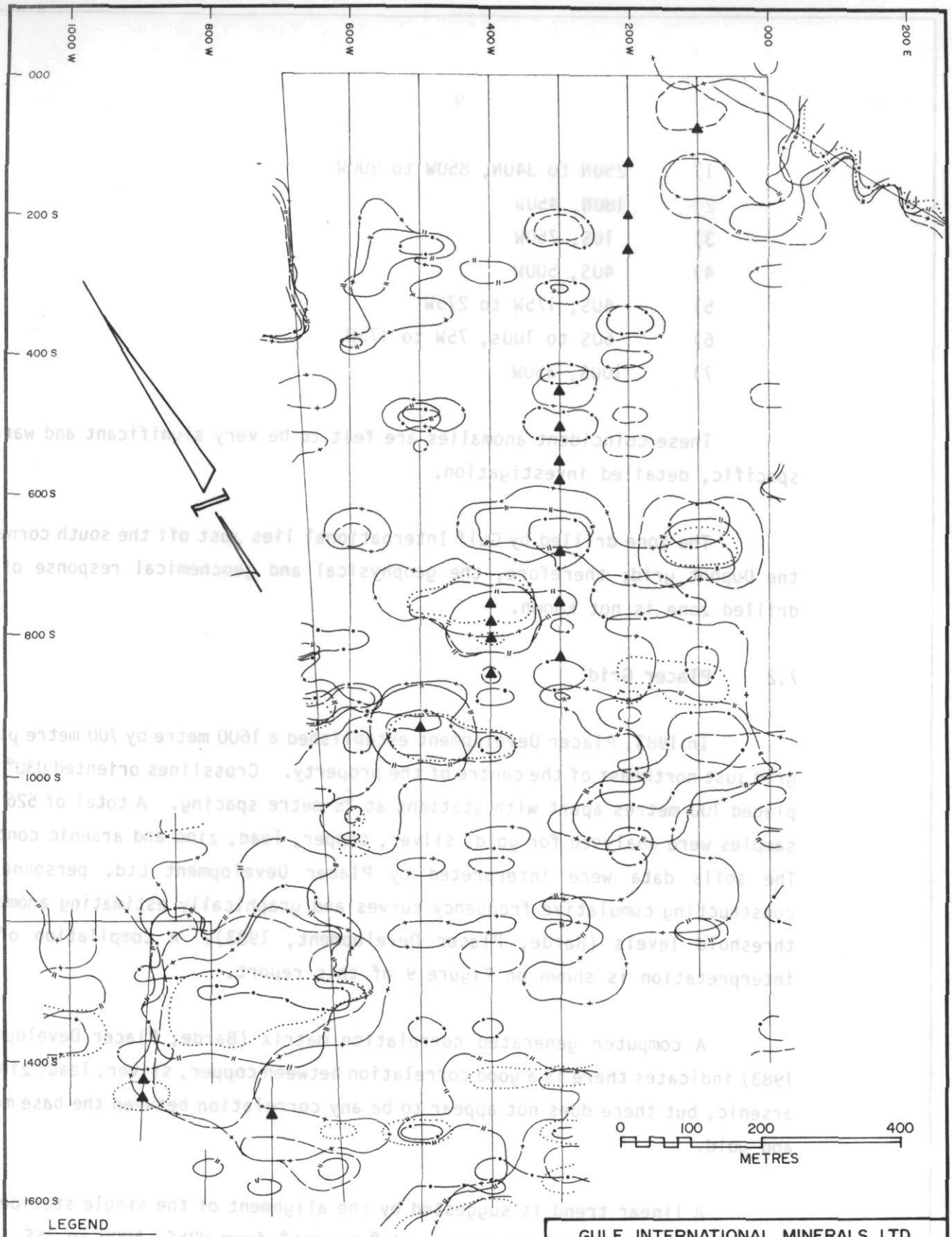
The zone drilled by Gulf International lies just off the south corner of the Dupont grid; therefore, the geophysical and geochemical response of the drilled zone is not known.

7.2 Placer Grid

In 1983, Placer Development established a 1600 metre by 700 metre picket grid just northeast of the centre of the property. Crosslines oriented 030° were placed 100 metres apart with stations at 25 metre spacing. A total of 526 soil samples were analysed for gold, silver, copper, lead, zinc and arsenic content. The soils data were interpreted by Placer Development Ltd. personnel by constructing cumulative frequency curves and graphically estimating anomalous threshold levels (Barde, Placer Development, 1983). A compilation of the interpretation is shown on Figure 9 of this report.

A computer generated correlation matrix (Barde, Placer Development, 1983) indicates there is a good correlation between copper, silver, lead, zinc and arsenic, but there does not appear to be any correlation between the base metals and gold.

A linear trend is suggested by the alignment of the single station gold anomalies. This alignment trends 045° to 055° from 925S, 500W to 75S, 100W. Field follow up will be required to confirm the validity of this trend as caution must be exercised in making projections based on a series of single station highs.



LEGEND

Areas of anomalous metal values in soils

- Copper – greater than 100 ppm
- Silver – " " 1.1 ppm
- Lead – " " 50 ppm
- Zinc – " " 440 ppm
- Arsenic – " " 150 ppm
- ▲ Gold – " " 20 ppb

GULF INTERNATIONAL MINERALS LTD.

MCLYMONT CLAIMS 1-4
LIARD MINING DIVISION
Ref. N.T.S. 104 B/15

Placer Grid Compilation Map

(after Placer Development Ltd., 1983)

PAMICON DEVELOPMENTS LTD.

JANUARY, 1987 | FIGURE 9

Alignment of the multi-element coincident base metal anomalies suggests a primary trend of 135° with a possible secondary trend of 060°.

8.0 Discussion and Conclusions

1. Gulf International Minerals Ltd.'s McLymont property is located in what is becoming one of the most important gold bearing districts in the province. Skyline Explorations' Stonehouse deposit, as well as number of other gold deposits in the northern Coast Range, indicate that the hydrothermal systems in this region typically produce large tonnage, high grade gold deposits.

2. Past exploration on the McLymont property has outlined a number of excellent exploration targets. The 1986 drilling and sampling program has indicated one of these exploration targets to have a significant strike length (450 metres or 1500 feet) and to persist to depth. Further exploration to develop the known targets as well as outline any undiscovered new targets is definitely warranted.

3. A significant amount of geochemical and geophysical prospecting has been done on the McLymont property and good results obtained. However, by far the most important information to date has been obtained by the more direct methods of visually examining bedrock for mineralized vein material, routinely assaying for gold and rapidly testing showings by trenching and drilling. This style of exploration is recommended for the next stage of work on the McLymont property.

4. Electromagnetic surveys have proven to be effective in outlining significant mineralized zones on Skyline Exploration Ltd.'s Key property (R. Gifford, pers. comm.). It is recommended that VLF-EM be used on the McLymont property to track mineralized zones in areas of overburden cover. Of particular importance is the area of anomalous gold in soil results on the Placer grid.

5. A silt sample containing 50 parts per billion gold taken from a creek several hundred metres north of the Dupont grid indictes a possible gold source

upstream of that sample. Similarly, two southwesterly flowing creeks on the east side of McLymont Creek located approximately 100 metres and 700 metres south of the Placer grid, contain high levels of silver in silts. All of these drainages require detailed prospecting, mapping and sampling.

6. The need for a significant amount of surface trenching is indicated by the large number of gold in soil anomalies on the property. The traditional use of gasoline drills for placing blastholes is both labour- intensive and time-consuming, and therefore costly. Thought should be given to acquiring a small, light weight compressor (capable of powering a small plugger) to increase trenching productivity.

7. Materials and supplies can be inexpensively moved to and from the property by float-equipped fixed wing aircraft by way of Newmont Lake. Normally, a helicopter would be employed to transport material from the lake to a campsite central to the property. Considerable cost savings could be made by constructing a narrow tote trail along the two kilometre route capable of accommodating 4-wheel all terrain motorcycles.

8. The gold mineralized felsite/porphyry contact outlined by the 1986 drilling program should be further investigated by trenching, routine sampling at regular close-spaced intervals and continued drilling to outline the location of wider, higher grade sections of the structure.

9.0 Recommendations

The following two phase exploration program is recommended for the McLymont property.

Phase I

Geologic Mapping & Prospect Sampling

- 1 geologist plus 1 prospector for 30 days			
2 men x 30 days x $150/day =	$ 9,000		
- 300 assays @ $15/sample =	4,500		
- support: 60 man days x $35/m/d =	2,100		
	$ 15,600	say	$ 16,000

Trenching

- 1 blaster plus 2 trenchers for 30 days			
3 men x 30 days x $125/day =	$ 11,250		
- powder & supplies	8,000		
- compressor	17,000		
- support: 90 man days x $35/m/d	3,150		
	$ 39,400	say	$ 40,000

Geophysics (VLF-EM)

- 1 geophysicist plus 1 assistant for 15 days			
2 man x 15 days x $125/day	$ 3,750		
- support: 30 man days x $ 35/m/d	1,050		
- machine rental	200		
	$ 5,000		$ 5,000

Camp Construction

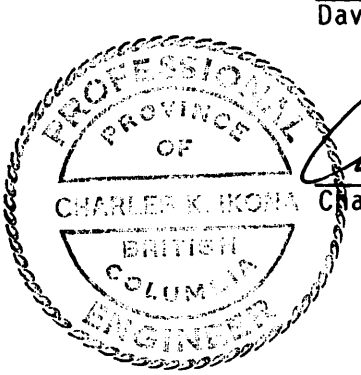
- Tent frame camp for 8 to 12 crew		$ 40,000
Transportation		
- 2 four wheel motorcycles	$ 9,000	
- Airfares, fixed wing, helicopter	25,000	$ 34,000
Diamond Drilling		
-1300 feet @ $50/foot all in =		$ 65,000
Total Phase I		$200,000

Phase II

Diamond Drilling	
- 5,000 feet @ $50 per foot all in	$250,000
Total Phase I plus Phase II	$450,000

Respectfully submitted,

David A. Yeager, Geologist



Charles K. Ikona, P.Eng.

APPENDIX I

LIST OF REFERENCES

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BARDE, B. (November 1983): Geochemical Report on the Warrior 1,2,3,4, & 5. Assessment Report 11319 for Placer Development Ltd.

CASTIN, C.P. (February 1973): Report on Geological, Geophysical and Physical Work - Dirk Claim Group. Assessment Report 4150 for Newmont Mining Corp. of Canada Ltd.

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HARRON, G.A. (March 1981): Geological and Geochemical Report on the Warrior I, II, and III Claims. Assessment Report 9224 for Dupont of Canada Exploration Ltd.

KIKAUKA, A. (November 1986): Geological Report for Gulf International Minerals Ltd. on the McLymont Claim Group.

KOWALCHUK, J.M. (April 1982): Assessment Report (10418) of Geological, Geochemical, and Geophysical Work Performed on the Warrior Claims by Dupont of Canada Exploration Ltd.

LEPELTIER, C. (1969): A Simplified Statistical Treatment of Geochemical Data by Graphical Representation. **Economic Geology**, Vol. 64, pp. 538-550.

APPENDIX II

ASSAY CERTIFICATES

ACME ANALYTICAL LABORATORIES LTD.
352 E.HASTINGS ST.VANCOUVER B.C. V6A 1R6
PHONE 253-3158 DATA LINE: 251-1011

DATE RECEIVED: OCT 21 1986

DATE REPORT MAILED: Oct 23/86

ASSAY CERTIFICATE

SAMPLE TYPE: CRUSHED AU†† AND AG†† BY FIRE ASSAY

ASSAYER: DEAN TOYE. CERTIFIED B.C. ASSAYER.

GULF INTERNATIONAL FILE # 86-3326 PAGE 1

SAMPLE#	Ag** OZ/T	Au** OZ/T
1001	.01	.001
1002	.01	.001
1003	.13	.118
1004	.01	.002
1005	.01	.004
1006	.01	.001
1007	.01	.001
1008	.02	.017
1009	.01	.003
1010	.47	.252
1011	.01	.006
1012	.01	.002
1013	.01	.001
1014	.01	.001
1015	.01	.004
1016	.01	.001
1017	.03	.001
1018	.07	.095
1019	.01	.009
1020	.01	.001
1021	.01	.001

SAMPLE#	Ag** OZ/T	Au** OZ/T
6M3AK-111	.83	1.640
6M3AK-112	.65	.506
6M3AK-113	.10	.037
6M3AK-114	.34	.010
6M3AK-115	.13	.007
6M3AK-116	.03	.015
6M3AK-117	.83	.456
6M3AK-118	.05	.005
6M3AK-119	.13	.001
6M3AK-120	.29	.629
6M3AK-121	.29	.005
6M3AK-122	.32	.006
6M3AK-123	.05	.001
6M3AK-124	.20	.002
6M3AK-125	1.17	.002
6M3AK-126	.27	.009
6M3AK-127	.07	.006
6M3AK-128	.02	.004
6M3AK-129	1.16	1.090
6M3AK-130	.58	.660
6M3AK-131	1.58	.002
6M3AK-132	.84	.003
6M3AK-133	.32	.010
6M3AK-134	.53	.255
6M3AK-135	3.09	1.690
6M3AK-136	1.03	.692

APPENDIX III

STATEMENT OF QUALIFICATIONS

APPENDIX III

STATEMENT OF QUALIFICATIONS

I, DAVID A. YEAGER, of Bowen Bay Road, Bowen Island, in the Province of British Columbia, **DO HEREBY CERTIFY THAT:**

1. I am a Geologist in the employ of Pamicon Developments Ltd. with offices at Suite 215, 543 Granville Street, Vancouver, British Columbia.

2. I am a graduate of the University of British Columbia with a Bachelor of Science Degree in Geology.

3. My primary employment since 1969 has been in the field of mineral exploration, mainly as a Field and Project Geologist.

4. My experience has encompassed a wide range of geologic environments and has allowed considerable familiarization with prospecting, geological, geophysical, geochemical and exploration drilling techniques.

5. This report is based on a re-evaluation of all historical data on the McLymont property.

6. I have no interest in the property nor in the securities of Gulf International Minerals Ltd., nor do I expect to receive any.

7. I hereby grant permission for the use of this report by Gulf International Minerals Ltd. in any Prospectus or Statement of Material Facts required by any regulatory authority.

DATED at Vancouver, British Columbia this 11 day of February 1987.

David A. Yeager

David A. Yeager, Geologist.

APPENDIX IV

ENGINEER'S CERTIFICATE

APPENDIX IV

ENGINEER'S CERTIFICATE

I, **CHARLES K. IKONA**, of 5 Cowley Court, Port Moody, in the Province of British Columbia, **DO HEREBY CERTIFY:**

1. I am a Consulting Mining Engineer with offices at 215, 543 Granville Street, Vancouver, B.C.

2. I am a graduate of the University of British Columbia with a degree in Mining Engineering.

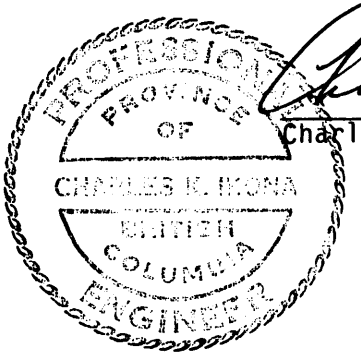
3. I am a member in good standing of the Association of Professional Engineers in the Province of British Columbia.

4. This report is based on all available information on the McLymont property.

5. I have no interest in the property reported on or in the securities of Gulf International Minerals Ltd., nor do I expect to receive any.

6. I hereby grant permission for the use of this report by Gulf International Minerals Ltd. in any Prospectus or Statement of Material Facts required by any regulatory authority.

DATED AT VANCOUVER, BRITISH COLUMBIA, this 11th day of Feb 1987.



Charles K. Ikona, P.Eng.

CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

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

Dated: May 8, 1987

REGINALD EDWARD DAVIS
Chief Executive Officer and Promoter

JOYCE ANN DAVIS
Chief Financial Officer and Director

EDWARD WILLIS GROVE per R. Davis his agent.
Director

DANIEL ROBERT DAVIS
Director