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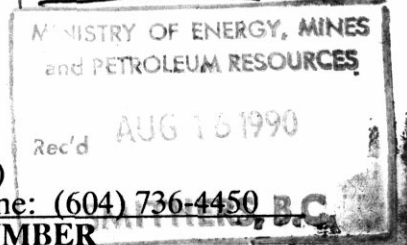
DL

**SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Venture Company)**

GIM claims ✓

104B 292, 293

**STATEMENT OF MATERIAL FACTS (#54/90)
EFFECTIVE DATE: JULY 03, 1990**



CONSOLIDATED KYLE RESOURCES INC. (formerly Kyle Resources Inc.)
1458 West 26th Avenue, Vancouver, British Columbia, V6H 2B4, Telephone: (604) 736-4450, B.C.
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 2200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

MONTREAL TRUST COMPANY
510 Burrard Street, Vancouver, British Columbia, V6C 3B9
**NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA**

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document. Further clarification, if required, may be sought from a broker.

OFFERING : 850,000 SHARES

The Offering may be increased by up to 127,500 shares (15% of the Offering) to meet over-subscriptions (the "Greenshoe Option"). See "Plan of Distribution".

	Offering Price (Estimated)(*)	Agents' Commission	Net Proceeds to be received by the Issuer
Per Share:	\$0.40	\$0.03	\$0.37
Total:	\$340,000	\$25,500	\$314,500

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

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Shares offered hereby which are unsubscribed for on the Offering Day and, as consideration for the Guarantee, have been granted Agents' Warrants (See "Consideration to Agents"). Any Shares acquired by the Agents under the Guarantee, on the exercise of the Agents' Warrants or on the exercise of the Greenshoe Option will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

AGENTS

BRINK, HUDSON & LEFEVER LTD.
1500 Park Place
666 Burrard Street
Vancouver, British Columbia
V6C 3C4

McDERMID ST. LAWRENCE LIMITED
Box 90, Suite 1000
601 West Hastings Street
Vancouver, British Columbia
V6B 5E2

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.

(1730)

July 30/90

1. PLAN OF DISTRIBUTION

A. The Offering

The Issuer, by its Agents, hereby offers (the "Offering") through the facilities of the Vancouver Stock Exchange (the "Exchange"), 850,000 common shares in its capital stock (the "Shares"). The Offering will take place on a day (the "Offering Day"), determined by the Issuer and the Agents, with the consent of the Exchange, which will not be more than one hundred and eighty (180) calendar days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers (the "Effective Date").

The offering price of the Shares (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, and may be at a discount from the average trading price (the "Average Trading Price") of the Issuer's common shares as determined by the Exchange, subject to the agreement of the Issuer and the Agents.

The Issuer, by an agreement (the "Agency Agreement") dated for reference May 31, 1990, appointed the following as its agents (the "Agents") to offer the Shares:

<u>Agents</u>	<u>Number of Shares</u>
Brink Hudson & Lefever Ltd.	450,000
McDermid St. Lawrence Limited	400,000
Total:	<u>850,000</u>

The Issuer has granted to the Agents an option, (the "Greenshoe Option") expiring 60 days after the Offering Day, to distribute up to an additional 15% of the number of Shares offered hereunder at the Offering Price to cover over allotments, if any. The number of Shares subject to the Greenshoe Option will be determined immediately upon the completion of the Offering. Alternatively, the Agents are entitled to cover such over-allotment by making purchases of the Issuer's shares in the open market.

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

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

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

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to date	Planned Expenditure from Funds Available Upon Completion of the Offering
I	Not Applicable	-----	-----	-----
II	GIM Claims	\$ 90,000 acquisition \$ <u>87,636</u> exploration \$ <u>177,636</u> total	10,000 (post-consolidated)	\$105,000
III	Not applicable	-----	-----	-----

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

GIM Claims, Liard Mining Division, British Columbia

By an agreement dated for reference June 26, 1987 and amended on February 24, 1988 (the "Agreement"), with Gulf International Minerals Ltd. of Third Floor, 675 West Hastings Street, Vancouver, British Columbia ("Gulf"), Gulf agreed to grant to the Issuer an option (the "Option") to purchase a 100% interest in and to that certain mineral claim situated in the Liard Mining Division, British Columbia (the "Property"), described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
GIM (20 Units)	3723	December 5, 1990

Gulf is a reporting company whose shares trade on the Vancouver Stock Exchange.

Gulf owns a 100% interest in the Property which it acquired by staking at a cost of approximately \$1,500 and which it has held since November of 1986. No insider or promoter of the Issuer has held any interest in the Property or in Gulf.

In order to exercise the option, the Issuer must pay a total of \$180,000 and issue 10,000 (post-consolidated) shares to Gulf as well as carry out exploration and development work on the Property in the amount of \$1,000,000 before June 26, 1992. To date, the Issuer has issued the required number of shares and has paid a total of \$90,000 to Gulf with the balance of \$90,000 due by payments of \$30,000 each on June 26 in each of the years 1990, 1991 and 1992.

The Agreement further provides that upon the Issuer exercising its option to purchase a 100% interest in the Property, Gulf may elect to earn an undivided 50% interest in the Property by contributing 50% of all future expenditures on the Property. If such election is made, the parties will enter into a joint venture to explore and develop the Property.

The Issuer also paid a finder's fee to Warpax Enterprises Ltd., of Suite 1000 - 601 West Hastings Street, Vancouver, British Columbia, a private company owned by McDermid St. Lawrence Limited of 10,000 (post-consolidated) shares of the Issuer and is obligated to issue an additional 10,000 (post-consolidated) shares upon the expenditure of \$250,000 by the Issuer on exploration of the Property.

The Property consists of 20 units and is located within the Liard Mining Division of British Columbia in the Iskut River gold camp, approximately 110 kilometres northwest of Stewart, British Columbia. The area lies within the Coast Range Mountains. Access to the area is by fixed wing aircraft to one of four servicable gravel airstrips located at Johnny Mountain (site of Skyline Gold Corporation's mine), Bronson Creek, Snippaker Creek and Forrest Kerr Creek. The airstrips located at Johnny Mountain and Bronson Creek can be serviced by Hercules aircraft while the other two can only be accessed by smaller aircraft. A study on possible road access to the Iskut River, Eskay Creek and Sulphurets area was recently completed by the Province of British Columbia. Local access to the Property is by helicopter. Contract helicopters are available locally. It is anticipated that construction of a road from the Stewart-Cassiar Highway at Bob Quinn Lake down the south side of the Iskut River to Bronson Creek will commence in the near future. Such a road would pass some 2 km north of the Property.

The Property is underlain by Unuk River Formation sediments and volcanics which host the Johnny Mountain mine of Skyline Gold Corporation and the Snip deposit of Cominco/Prime Resources. The environment on the Property appears to be favourable for locating similar precious and base metal mineralization as has been found on the Reg and Snip Deposits. The Reg Deposit reports reserves in excess of 700,000 tons grading approximately 0.57 oz. gold per ton. The Snip Deposit reports reserves in excess of 1,000,000 tons grading approximately .875 oz. gold per ton.

Following is a summary of previous exploration carried out on the Property as disclosed in a report on the Property dated April, 1990 prepared by S.L. Todoruk, Geologist and C.K. Ikona, P.Eng. of Pamicon Developments Ltd. (the "Pamicon Report").

The first work known to have occurred on the GIM claim was done in 1980 and 1981 by Du Pont Explorations of Canada. Heavy sediment and silt sampling identified an anomalous creek yielding a high value of 7,000 ppb Au. Du Pont also defined a Au-Cu-Ag soil geochemical anomaly over a 130 metre strike length with values up to 700 ppb Au and 1,470 ppm Cu. It was based on these results that Gulf staked the Property in 1986. Upon the Issuer obtaining an option on the Property it carried out small field programs on the claims in 1987 and 1988 attempting to follow-up both of these anomalous areas as well as to continue prospecting the remainder of the Property for new additional mineral discoveries. Prospecting in the area of the anomalous heavy mineral sample site to date has been unable to explain the 7,000 ppb Au value obtained by Du Pont in 1980 although narrow quartz-pyrite veins have been found in the vicinity. Detailed grid and soil work which was designed to cover the Du Pont Au-Cu-Ag anomaly, (now referred to as the Cave Grid) has also not explained the source to date. Additional values ranging up to 590 ppb Au have been obtained giving some degree of validity to the anomaly's existence. The anomaly possesses a crude northeast trend and extends for approximately 150 metres.

As part of a regionally extensive airborne geophysical survey carried out in 1987 and 1988 covering the Iskut River area, Aerodat Limited flew magnetic and electromagnetic surveys which covered the Property. The magnetic map indicates the presence of intrusives in the northwest and southeast portion of the Property with the lower magnetic values in the central portion corresponding to Jurassic and Permian volcanics and sediments. No electromagnetic conductive zones were noted although it should be noted that the flight lines were widely spaced at approximately 250 metre intervals and the topographic relief in the area makes accurate instrument height control and interpretation of results extremely difficult.

Three new mineral occurrences were discovered on the Property during 1987 and 1988. The first which occurs near the northwest corner of the Property, consists of a 1 to 4 cm wide quartz vein hosting pyrite and visible gold and has produced assays up to 3.707 oz/ton Au. The host volcanics are strongly fractured and as a result offer additional encouragement for finding more and stronger veins. The second occurrence is within the Cave Grid area where a 6 to 8 cm wide quartz vein hosts pyrite, chalcopyrite and magnetite. The vein occurs within an extremely limonitic boxwork zone varying up to 1.0 metre wide. The third mineral occurrence is along the west central side of the claim where grid soil sampling identified an area measuring 200 m x 250 m anomalous in gold, silver, copper and zinc. Follow-up geological mapping has located a zone of quartz vein stockworking and brecciation (the Stringer Zone) hosting pyrite, galena, sphalerite and chalcopyrite mineralization. Although rock chip samples collected from various typically mineralized outcrops have produced disappointing low values in soils up to 400 ppb Au do not yet appear to be explained.

The Pamicon Report concludes that continued prospecting, sampling and geological mapping has good potential for discovering economically attractive exploration targets. As a result, continued investigation and evaluation of the known prospects as well as the search for new occurrences is recommended for 1990. A two-phase work program is recommended with Phase I consisting of geological mapping, prospecting and soil geochemistry surveying along with trenching of known showings at an estimated cost of \$75,000. Contingent upon the results of Phase I, Pamicon Developments Ltd. recommend that an additional \$250,000 be made available for a Phase II program consisting of diamond drilling.

RISK FACTORS

The Shares offered by this Statement of Material Facts must be considered speculative, generally because of the nature of the Issuer's business. In particular:

- 1) There is no known body of ore on the Issuer's GIM Claim. The purpose of the present Offering is to raise funds to carry out further exploration work on the GIM Mineral Claim, located in the Iskut River Area, Liard Mining Division, British Columbia, with the objective of establishing an economic body of ore. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only sources of future funds presently available to the Issuer are the sale of equity capital, or the offering by the Issuer of an interest in its properties to be earned by another party or parties by carrying out further exploration or development thereof.

- 2) Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer on the exploration of its properties as described herein will result in the discovery of commercial quantities of ore.
- 3) The marketability of natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital.
- 4) Mining operations generally also involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
- 5) While the Issuer has obtained the usual industry standard title report with respect to its property, this should not be construed as a guarantee of title. The property may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.
- 6) The Issuer's property consists of recorded mineral claims which have not been surveyed, and therefore, the precise area and location of such claims may be in doubt.
- 7) Reference is made to Item 6 herein concerning possible conflicts of interest involving directors and officers of the Issuer.

4. PARTICULARS ON NON-RESOURCE ASSETS

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

5. CORPORATE INFORMATION

The Issuer was incorporated on October 21, 1980, under the Company Act of the Province of British Columbia by Memorandum and Articles of Association. The Issuer changed its name to Consolidated Kyle Resources Inc. on May 29, 1990.

The authorized share capital of the Issuer is 20,000,000 common shares without par value of which 1,013,851 (post-consolidated) shares are issued and outstanding. On May 29, 1990, the Issuer effected a consolidation of capital on a five old shares for one new share basis.

GEOLOGICAL REPORT on the GIM MINERAL CLAIM

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APPENDICES

Appendix I	Bibliography
Appendix II	Statement of Qualifications
Appendix III	Engineer's Certificate

1.0 INTRODUCTION

The GIM claim is owned by Gulf International Minerals and is under option to Kyle Resources Ltd. The property consists of 20 units located approximately 110 kilometres northwest of Stewart, British Columbia in the Iskut River gold camp and is situated within the Liard Mining Division.

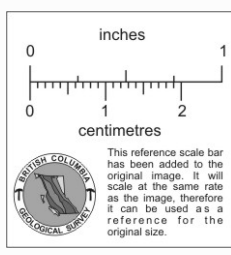
The claim is underlain by Unuk River Formation sediments and volcanics which host the nearby Skyline Gold Corporation's Johnny Mountain mine and Cominco/Prime Resources' Snip deposit. Significant occurrences also occur on claims held by Hector Resources Inc., Kestrel Resources Ltd. and Inel Resources Ltd. immediately north, west and south of the GIM property. Major exploration programs are planned for the 1990 field season on all of the above mentioned properties.

Property work to date has included geological mapping, prospecting, and soil sampling. In 1988 the property was covered in a regional airborne geophysical survey with magnetic and electromagnetic surveys completed. Three areas of interest have been identified: VG grid area, Cave grid area and Stringer grid area. The most significant values obtained have been produced from narrow fracture controlled pyrite/quartz stringers with gold values up to 3.707 oz/ton Au.

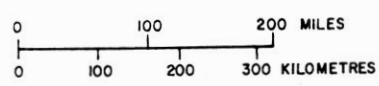
Because of the property's key position within the Iskut River gold camp, it is recommended to continue exploratory prospecting and soil sampling on the GIM claim in 1990. The cost of this program is estimated at \$75,000 as detailed in subsequent portions of this report.

The owner of the property, Gulf International Minerals commissioned a report on Gulf's numerous property holdings by Derry Michener Booth & Wahl in January 1990. That report was prepared in conjunction with the present writers. Some of the figures included in this report are from the DMB&W report and are reproduced here with both their permission and that of Gulf International.

PROPERTY LOCATION



KYLE RESOURCES LTD.			
GIM CLAIM			
PROPERTY LOCATION MAP			
LIARD MINING DIVISION, B.C.			
<i>PAMICON DEVELOPMENTS LTD.</i>			
Drawn	J. W.	N.T.S.	Date. Feb. 1988
			Figure. I.



2.0 PROPERTY DESCRIPTION

The GIM claim is located within the Liard Mining Division of British Columbia and is approximately 110 kilometres northwest of Stewart, B.C. (Figure 1). Figure 2 of this report shows the claim location at 1:50,000 scale.

The property is owned by Gulf International Minerals and consists of 20 units. It is presently under an option agreement to Kyle Resources Ltd.

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Record Date</u>	<u>Year of Expiry</u>
GIM	3723	20	December 5, 1986	1990

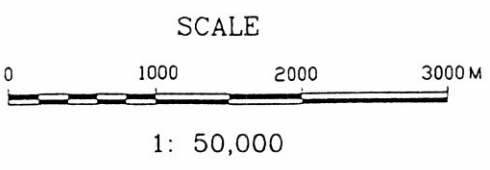
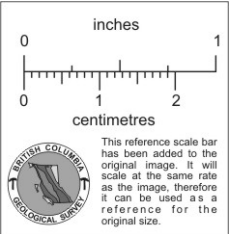
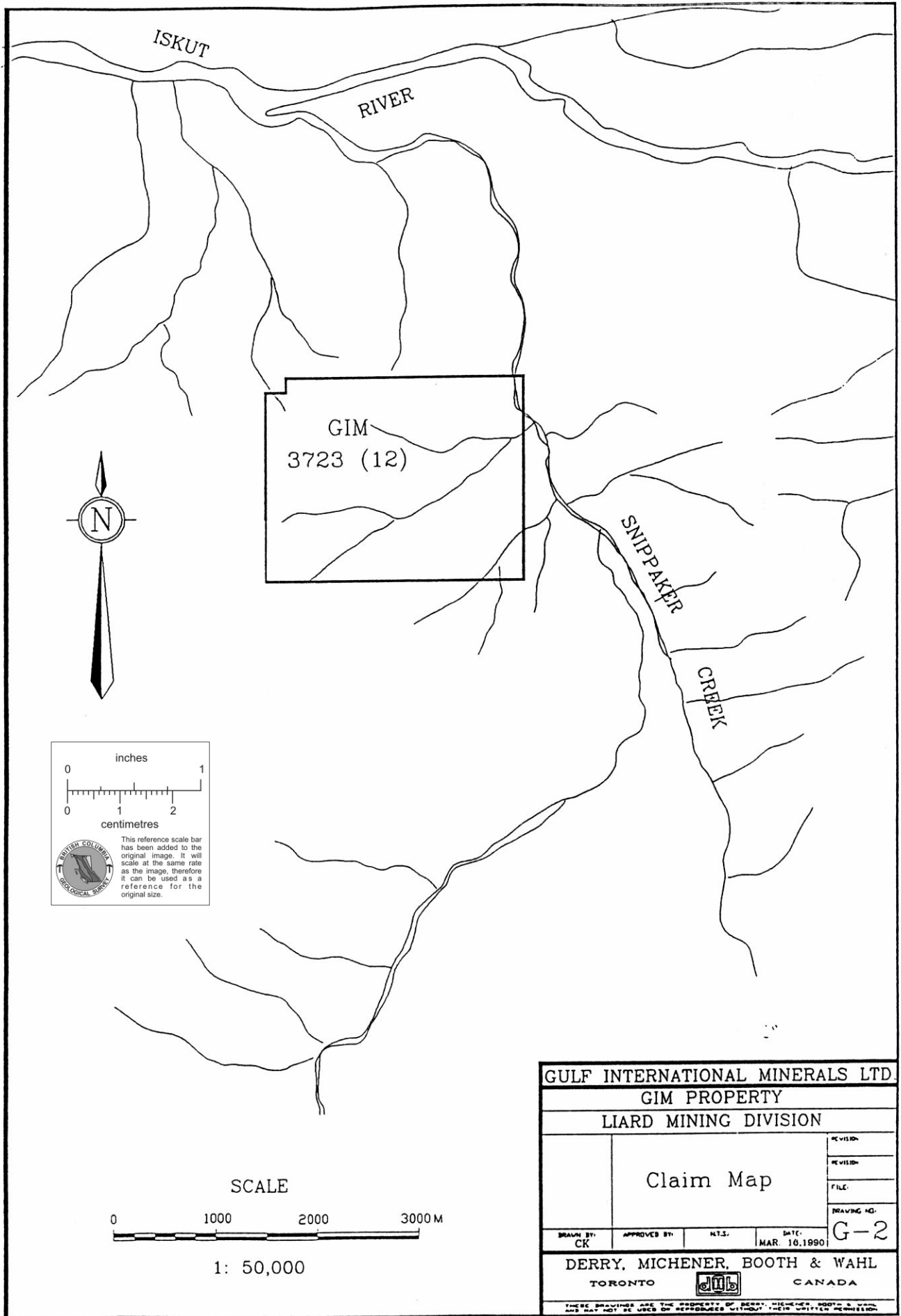
3.0 LOCATION, ACCESS AND PHYSIOGRAPHY

The Iskut River region is located in northwestern British Columbia, east of the Alaska Panhandle. The area of active exploration falls within the Coast Range Mountains which are rugged in the west becoming progressively more moderate toward the east.

Elevations range from less than 100 metres above sea level in the Iskut River valley to in excess of 2700 metres on some of the higher mountains. The majority of mountain peaks would be in the 1500 to 2500 metre range. A significant portion of the higher elevations are occupied by ice sheets and associated active alpine glaciers.

The major drainages including the Iskut, Stikine and Unuk Rivers occupy wide relatively mature valleys with moderate gradients. Smaller drainage systems are characterized by much more extreme gradients and occupy narrow, steeply incised valleys.

Climatic regions within the area vary between west coast temperate at lower elevations to sub-arctic at the highest elevations. Both summer and winter



GULF INTERNATIONAL MINERALS LTD.			
GIM PROPERTY			
LIARD MINING DIVISION			
Claim Map			REVISION:
			REVISION:
			FILE:
			DRAWING NO. G-2
DRAWN BY: CK	APPROVED BY:	M.T.S.	DATE: MAR. 10, 1990
DERRY, MICHENER, BOOTH & WAHL			
TORONTO			CANADA
<small>THESE DRAWINGS ARE THE PROPERTY OF DERRY, MICHENER, BOOTH & WAHL AND SHALL NOT BE USED OR REPRODUCED WITHOUT THEIR WRITTEN PERMISSION.</small>			

FIGURE 2

temperatures are moderate although annual rainfall may exceed 200 cm and several metres of compact snow can be expected at higher elevations.

Access to the area is by fixed wing aircraft to one of four servicable gravel airstrips. These are located at Johnny Mountain (site of Skyline Gold Corp.'s mine), Bronson Creek, Snippaker Creek and Forrest Kerr Creek. The strips at Johnny Mountain and Bronson Creek can be serviced by Hercules aircraft while the other two can only be accessed by smaller aircraft. At present helicopters are employed to reach most of the exploration projects.

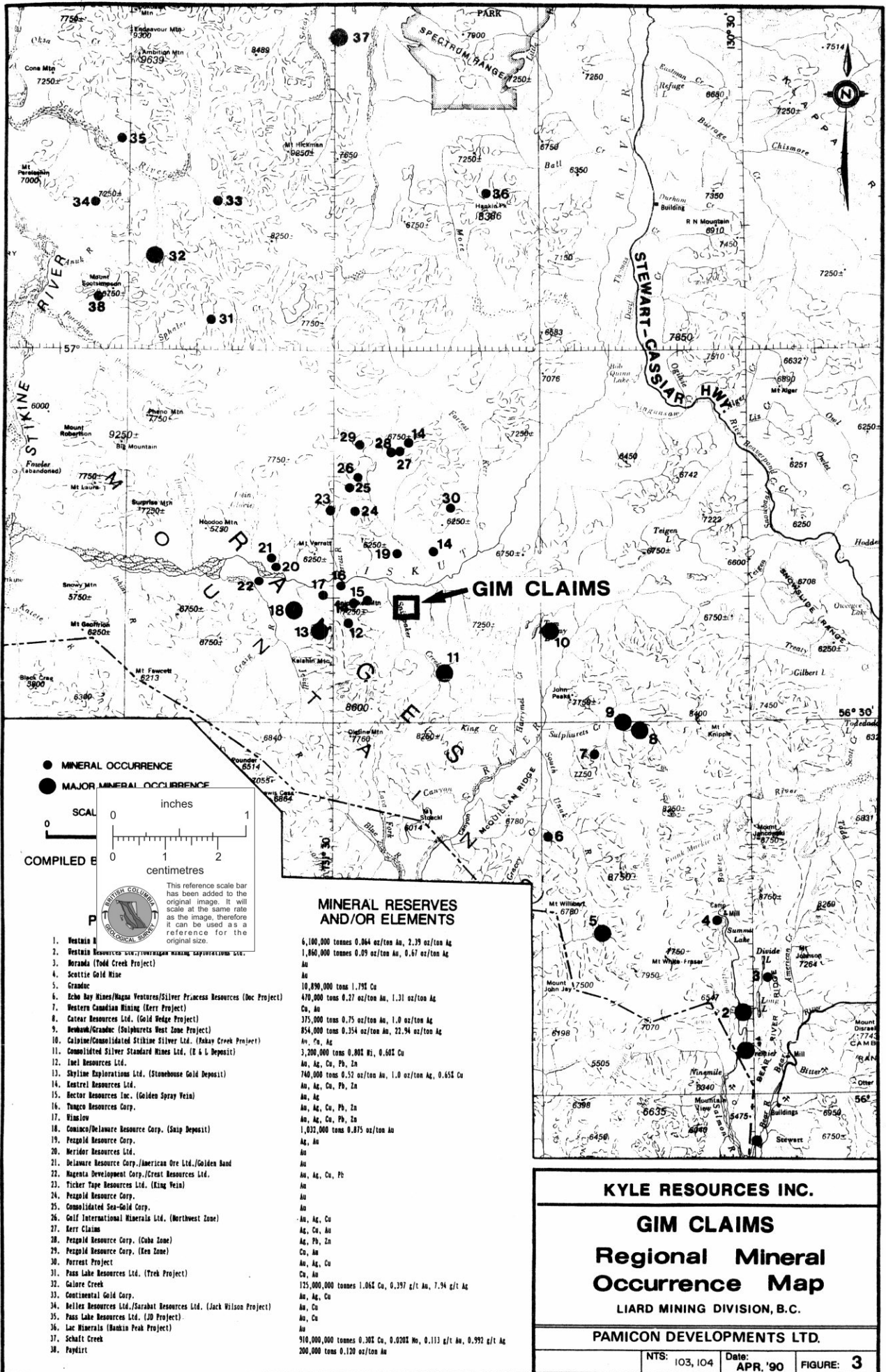
Supply centres servicing the area are Wrangell, Alaska some 110 km west and Stewart, Terrace and Smithers, B.C. some 110 to 150 km to the south and southeast.

The Province of British Columbia has recently completed a study on possible road access to the Iskut River, Eskay Creek and Sulphurets area. Construction of a road from the Stewart-Cassiar Highway at Bob Quinn Lake down the south side of the Iskut River to Bronson Creek is anticipated in the near future. This would be some 60 km in length with a possible branch road at Km 40 allowing access to Eskay Creek and the Unuk River area including Sulphurets. The State of Alaska is actively investigating the possibility of extending this road through the Panhandle to tidewater near Wrangell.

The Bob Quinn/Bronson Creek road would pass some 2 km north of the GIM claim.

4.0 AREA HISTORY

Figure 3 of this report presents a 1:500,000 scale map of northwestern B.C. from the town of Stewart in the south to near Telegraph Creek in the north, a distance of 225 kilometres. Within this area, a semi-arcuate band of Hazelton equivalent volcanic and sedimentary rocks with their metamorphic equivalents trend northwest and contain most of the known mineral occurrences. This group



● MINERAL OCCURRENCE
 ● MAJOR MINERAL OCCURRENCE

SCALE
 0 1 inches
 0 2 centimetres

COMPILED BY

1. Vestas B
2. Vestas Resources Ltd. (Sulphurets West Zone Project)
3. Noranda (Todd Creek Project)
4. Scottie Gold Mine
5. Granduc
6. Echo Bay Mines/Nagna Ventures/Silver Princess Resources (Doc Project)
7. Western Canadian Mining (Kerr Project)
8. Catcar Resources Ltd. (Gold Hedge Project)
9. Newbank/Granduc (Sulphurets West Zone Project)
10. Calpine/Consolidated Stikine Silver Ltd. (Pakay Creek Project)
11. Consolidated Silver Standard Mines Ltd. (E & L Deposit)
12. Inel Resources Ltd.
13. Skyline Explorations Ltd. (Stonehouse Gold Deposit)
14. Eastrel Resources Ltd.
15. Hector Resources Inc. (Golden Spray Vein)
16. Thango Resources Corp.
17. Wamsow
18. Conasco/Delaware Resource Corp. (Skaip Deposit)
19. Pezgold Resource Corp.
20. Meridor Resources Ltd.
21. Delaware Resource Corp./American Ore Ltd./Golden Band
22. Magenta Development Corp./Crest Resources Ltd.
23. Ticker Tape Resources Ltd. (King Vein)
24. Pezgold Resource Corp.
25. Consolidated Sea-Gold Corp.
26. Gulf International Minerals Ltd. (Northwest Zone)
27. Kerr Claims
28. Pezgold Resource Corp. (Cuba Zone)
29. Pezgold Resource Corp. (Ken Zone)
30. Porrest Project
31. Pass Lake Resources Ltd. (Trek Project)
32. Galore Creek
33. Continental Gold Corp.
34. Bellis Resources Ltd./Sarabat Resources Ltd. (Jack Wilson Project)
35. Pass Lake Resources Ltd. (JDJ Project)
36. Lac Minerals (Hankin Peak Project)
37. Scholt Creek
38. Paylist

MINERAL RESERVES AND/OR ELEMENTS

6,100,000 tonnes 0.064 oz/ton Au, 2.39 oz/ton Ag
1,860,000 tonnes 0.09 oz/ton Au, 0.67 oz/ton Ag
Au
10,890,000 tons 1.75 Cu
470,000 tons 0.27 oz/ton Au, 1.31 oz/ton Ag
Cu, Au
375,000 tons 0.75 oz/ton Au, 1.0 oz/ton Ag
854,000 tons 0.354 oz/ton Au, 22.94 oz/ton Ag
Au, Cu, Ag
3,200,000 tons 0.802 Ni, 0.602 Cu
Au, Ag, Cu, Pb, Zn
740,000 tons 0.52 oz/ton Au, 1.0 oz/ton Ag, 0.652 Cu
Au, Ag, Cu, Pb, Zn
Au, Ag
Au, Ag, Cu, Pb, Zn
Au, Ag, Cu, Pb, Zn
1,032,000 tons 0.875 oz/ton Au
Au, Au
Au
Au, Ag, Cu
125,000,000 tonnes 1.064 Cu, 0.397 g/t Au, 7.94 g/t Ag
Au, Ag, Cu
Au, Cu
Au, Cu
910,000,000 tonnes 0.302 Cu, 0.0202 Ni, 0.113 g/t Au, 0.992 g/t Ag
200,000 tons 0.120 oz/ton Au

KYLE RESOURCES INC.

GIM CLAIMS

Regional Mineral Occurrence Map

LIARD MINING DIVISION, B.C.

PAMICON DEVELOPMENTS LTD.

NTS: 103, 104	Date: APR '90	FIGURE: 3
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is bounded by the Coast Range intrusive complex to the west and by the much younger sediments of the Bowser Basin to the east.

This area of approximately 10,000 square kilometres has historically been referred to as the Stikine Arch. Mining activity within it goes back to the turn of the century. Due to the large size of the region it has been referred to in more specific areas which range from the Stewart area to Sulphurets, Iskut and Galore Creek areas. Recent discoveries appear to be filling in areas between these known mineralized camps. It is probable that the entire area can be considered as one large mineralized province with attendant subareas.

The history of the area can be divided into two time periods: circa 1900 to the mid-1970s and the more recent activities of the late 1970s and 1980s.

1900 - 1975

The original discovery of mineralization in the area can be attributed to miners either en route to or returning from the Klondike gold fields at the turn of the century. Rivers flowing through the Alaska Panhandle served as access corridors and mineralization was noted along the Iskut and Unuk Rivers and at the head of the Portland Canal. Highlights of this period were:

- * discovery of copper, gold, silver mineralization at Bronson Creek in the Iskut
- * location of similar mineralization along the Unuk and at Sulphurets Creek
- * discovery of the Silbak-Premier gold-silver mine near Stewart plus a number of other rich silver occurrences along the Portland Canal
- * the location by Tom MacKay of the original mineralization at Eskay Creek near the headwater of the Unuk River

Development and production at this time was largely limited to the area around Stewart where a number of mines produced high grade silver. The most signifi-

cant producer was the Silbak Premier some 12 km north of Stewart which from 1920 until 1936 produced some 2,550,000 tons grading 16.8 g/ton gold and 409.5 g/ton silver.

After World War II the area was explored for base metals, notably copper. This era led to the discovery of the Granduc, Galore Creek and Schaft Creek copper deposits and the E & L copper-nickel deposit. Published reserves of these are listed below and shown on Figure 3.

	<u>Tons</u>	<u>Cu</u> (%)	<u>Au</u> (g/t)	<u>Ag</u> (g/t)	<u>Mo</u> (%)	<u>Ni</u> (%)
Granduc	10,890,000	1.79				
Galore Creek	125,000,000	1.06	0.397	7.94		
Schaft Creek	910,000,000	0.30	0.113	0.992	0.02	
E & L	3,200,000	0.60				0.80

Of these Granduc was taken to production by Newmont Mining but a combination of low copper prices and high operating cost resulted in suspension of activity.

1975 - Present

The more recent activity in the area dates to the rise of precious metal prices in the 1970s. Significant early events at this time were:

- * acquisition by Skyline Explorations of their property on Mt. Johnny near Bronson Creek in the Iskut in 1980
- * continued work by Esso Minerals on Granduc Mining's properties on Sulphurets Creek in the Unuk River area
- * re-organization of the Silbak-Premier property and participation by Westmin Resources Ltd.

Work on these properties led to the following reserves being published for the properties listed below as well as stimulating exploration activity in the

area. This activity led to the definition drilling of the Snip deposit by Cominco/Prime, the reserves of which are also shown.

<u>Company</u>	<u>Deposit</u>	<u>Area</u>	<u>Short Tons</u>	<u>Au</u> (oz/t)	<u>Ag</u> (oz/t)	<u>Ref.</u>
Skyline	Reg	Iskut	740,000	0.52	1.00	Note 1
Cominco/Prime	Snip	Iskut	1,032,000	0.875		Note 2
Newhawk/Lacana	West Zone	Sulphurets	715,400	0.430	19.70	Note 3
	Sulphurets Lake Zone	Sulphurets	20,000,000	0.08		Note 4
Catear Resources	Gold Wedge	Sulphurets	295,000	0.835	2.44	Note 5
Westmin Silbak	Silbak	Stewart	5,770,000	2.06 g/t	86.3 g/t	

Note 1: Pers. Comm., D. Yeager, Skyline Gold Corporation, January, 1990

Note 2: News Release, Vancouver Stockwatch, November 7, 1988

Note 3: News Release, Northern Miner, February 19, 1990

Note 4: News Release, Vancouver Stockwatch, August 24, 1989

Note 5: Pers. Comm., Catear Resources

Of the above properties, Skyline and Westmin/Silbak have entered commercial production within the last year and the Cominco/Prime project is in a final feasibility stage.

These successes have generated extensive exploration activity in the area which has led to the discovery of a large number of mineral occurrences which are in a preliminary stage of evaluation. The most notable of these to date is Tom MacKay's old Eskay Creek showings. The 1988/89 work on this project of Calpine/Stikine Resources indicates a major gold-silver-base metal mineral deposit with a minimum strike length of 1300 metres. Some notable recent results on the project are:

DDH #CA 89-93 91.8 feet 0.453 oz/ton Au and 16.9 oz/ton Ag

DDH #CA 89-101 55.8 feet 0.867 oz/ton Au and 19.92 oz/ton Ag

These intersections are considered to be close to the true width of the mineralization. A great many other excellent intersections have been published by the companies and exploration is continuing. Reserves based on this drilling indicate probable reserves of 1,256,000 tons grading 1.52 oz/ton Au and 38.0 oz/ton Ag. An additional 437,000 tons averaging 0.88 oz/ton Au and 32.8 oz/ton Ag fall in the possible reserve category (The Northern Miner, February 26, 1990).

Drilling on Gulf International Minerals' Northwest Zone near Newmont Lake was conducted in 1987, 1988 and 1989. A few of their more significant intersections are provided below (annual reports and news releases).

<u>Drill Hole</u>	<u>Interval</u> (feet)	<u>Length</u> (feet)	<u>Copper</u> (%)	<u>Silver</u> (oz/ton)	<u>Gold</u> (oz/ton)
87-25	343.0-373.0	30.0	0.23	0.11	0.404
	409.3-412.0	2.7	0.55	0.35	0.250
	470.2-473.8	3.6	0.42	0.19	1.520
87-29	167.0-170.0	3.0	0.001	0.01	0.140
	205.0-241.5	36.5	0.97	39.73	1.605
88-28	213.9-229.0	15.1			0.810
	260.5-276.6	16.1			0.645
	354.0-363.2	9.2			0.319

A major program for 1990 on this property is under consideration by Gulf.

In September 1989 Bond International Gold Inc. announced initial drill results from their Red Mountain project. The location of this project is believed to be some 15 kilometres east of Stewart. A 66 metre intersection on the Marc Zone reportedly graded 9.88 gm/tonne gold and 49.20 gm/tonne silver. On the Willoughby Gossan Zone a 20.5 metre intersection is reported as 24.98 gm/tonne gold and 184.2 gm/tonne silver.

A great many other companies active in the areas have released assays from preliminary trenching and/or drilling. Many of these show excellent values in

gold, silver and base metals and it is anticipated that additional properties with mineral reserves of possible economic significance will emerge.

The locations of a number of these occurrences are indicated in the accompanying figure. At this time these represent only a fraction of the reported results in this rapidly developing area.

5.0 REGIONAL GEOLOGY

The geology of the Iskut-Galore-Eskay-Sulphurets area has undergone considerable study in the past few years by industry, federal and provincial geologists (Figure 4). Much of this work stemmed from Grove's mapping of the Stewart Complex (Grove, 1969, 1970, 1973, 1982, 1987). Earliest geological mapping of the area was carried out by Kerr (1948) during the 1920s and 1930s although Operation Stikine undertaken by the Geological Survey of Canada in 1957 produced the first publications. R.G. Anderson of the Geological Survey of Canada is presently mapping the area covered within NTS 104B.

Grove defined a northwest trending assemblage of Upper Triassic and Jurassic volcanics and sedimentary rocks extending from Alice Arm in the south to the Iskut River in the north as the Stewart Complex. Paleozoic limestone and volcanics underlie the complex while Mesozoic to Tertiary aged intrusives cut the units. Tertiary felsic plutons forming the Coast Plutonic Complex bound the area to the west while clastic sediments of the Spatsizi and Bowser Lake Groups overlap on the east.

Age dating of mineralization within the various mining districts suggests a close cospatial and coeval relationship with early Jurassic volcanics and intrusives within the Hazelton Group. This has directed exploration efforts toward these members.

A stratigraphic column of the area's lithologies along with a simplified regional geology map is presented on the following page.

Stratigraphy of the Iskut River Area
(after descriptions by R.G. Anderson and J.M. Logan)

Stratigraphy	Lithology	Comments
BOWSER GROUP		
M. Jurassic	conglomerate, siltstone, sandstone, shale gradational to unconformable	Successor basin
SPATSIZI GROUP		
L. Jurassic	shale, tuff, limestone unconformable	
HAZELTON GROUP		
E. Jurassic	coeval alkalic/calc-alkalic gradational to unconformable	contractional event? Island Arc rocks
STUHINI GROUP		
L. Triassic	intrusions; mafic volcanic rocks in the east, bimodal in the west polymictic conglomerate basaltic to andesitic volcanics (plagioclase and hornblende)	extensional in western area no Triassic clasts; limestone clasts common
M. Triassic	sedimentary rocks unconformable	contractional event
STIKINE ASSEMBLAGE		
Permian	thin bedded coralline to crystalline limestone (over 1000 m thick), fossiliferous; intermediate flows and volcanoclastics	volcanic units resemble Hazelton Group rocks
E. Permian	rusty argillite unconformable	
	'siliceous' turbidite, felsic lapilli tuff	extensional event
Missis- sippian	mafic meta- volcanics and metasediments unconformable	upper coralline limestone and conglomerate lower limestone with tuff layers thick bedded limestone commonly bioclastic, coarse crinoids, corals
E. Devonian	limestone; intermediate to felsic volcanics	contractional events; rocks highly deformed

Plutonic Rocks - Coast Plutonic Complex

L. Tertiary	granodiorite, diorite, basalt intrusive contacts
E. Tertiary	quartz diorite, granodiorite, quartz monzonite, feldspar porphyry, granite intrusive contact
M. Jurassic	quartz monzonite, feldspar porphyry, syenite intrusive contact
L. Jurassic	diorite, syenodiorite, granite intrusive contact
L. Triassic	diorite, quartz diorite, granodiorite
? Not determined	quartz diorite, ?

PALEOZOIC STIKINE

Paleozoic Stikine assemblage rocks commonly occur as uplifted blocks associated with major intrusive bodies as exposed along the southwest flanks of Johnny Mountain and Zappa Mountain.

At the base of the Stikine assemblage stratigraphic column, at least four distinctive limestone members have been differentiated interlayered with mafic volcanoclastics, felsic crystal tuffs, pebble conglomerate and siliceous shale.

Mississippian rocks consist of thick-bedded limestone members interbedded with chert, pillowed basalt and epiclastic rocks.

Lower Permian units comprise thin- to thick-bedded corraline limestone interbedded with volcanic mafic to felsic volcanic flows, tuffs and volcanoclastics.

MESOZOIC VOLCANICS AND SEDIMENTS

Stuhini Group

Upper Triassic Stuhini Group volcanic and sedimentary rocks are characterized by a distinct facies change from bimodal mafic to felsic flows and tuffs interbedded with thick sections of limestone in the northwest to predominantly mafic volcanics with minor shale members in the southeast.

Hazelton Group

Lower Jurassic Hazelton Group volcanic and sedimentary rocks predominantly occur in the southeast, northwest corners and central portions of the Galore-Iskut-Sulphurets area. Hazelton Group stratigraphy consists of the lowermost

Unuk River Formation (Grove, 1986) comprised of mafic to intermediate volcanics with interbedded shale, argillite and greywacke sediments; the Betty Creek Formation (Grove, 1986) overlying the Unuk River Formation consists of maroon and green volcanic conglomerate and breccia, with the youngest uppermost member of the Hazelton Group consisting of welded tuff and tuff breccia correlative with Grove's (1986) Salmon River Formation and Alldrick's (1987) Mount Dilworth Formation.

Lower Jurassic volcanics of the area are commonly correlated with the Telkwa Formation of the Hazelton Group. A close spatial and coeval relationship has long been recognized (Alldrick, 1986, 1987 and others) between Lower Jurassic volcanism and early Jurassic intrusive activity and its metallogenic importance in precious metal mineralization (Premier porphyry). Because of the relationship, lower members of the Hazelton Group are considered the most favourable targets for exploration.

Spatsizi Group

Spatsizi Group shales, tuffs and limestone of upper Lower and lower Middle Jurassic age overlay Hazelton Group rocks in the eastern part of the map area. Buff, sandy bivalve and belemnite fossil bearing limestone units decrease in abundance in the north parts of the area at the expense of shale. Here, black radiolarian-bearing siliceous shale alternately interbeds with white tuffs giving the units an informal name of 'pyjama beds'. This pyjama bed sequence serves as an important marker for identifying the favourable underlying Hazelton Group.

Bowser Group

Bowser Lake Group Middle and Upper Jurassic clastic sediments cover most of the northeast quadrant of the map area. Interbedded shale and greywacke units predominate in the south while thick-bedded shales dominate toward the north.

Near the highlands toward the northern reaches of the Bowser Basin, basal chert-rich conglomerates identify the Bowser Group as an overlap assemblage.

CENOZOIC VOLCANICS

Recent mafic flows and ash of the Hoodoo Formation, Iskut Formation and Lava Fork Formation cap specific areas within the region.

PLUTONIC ROCKS

The Coast Plutonic Complex, forming the western boundary of the Stewart Complex, is generally characterized by felsic Tertiary plutons. Late Triassic Stuhini Group and Early Jurassic Hazelton Group plutonic styles suggest coeval and cospatial relationships with surrounding volcanics via distinctive porphyritic dykes such as the Premier Porphyry. Tertiary Coast Complex plutons lack these dykes and volcanic equivalents.

6.0 PROPERTY EXPLORATION HISTORY

The first work known to have occurred on the GIM claim was done in 1980 and 1981 by Du Pont Explorations of Canada. Heavy sediment and silt sampling identified an anomalous creek yielding a high value of 7,000 ppb Au. Du Pont also defined a Au-Cu-Ag soil geochemical anomaly over a 130 metre strike length with values up to 700 ppb Au and 1,470 ppm Cu.

Based on these results Gulf staked the property in 1986. The claims were optioned to Kyle Resources Ltd. who carried out small field programs on the claim in 1987 and 1988 attempting to follow-up both of these anomalous areas as well as to continue prospecting the remainder of the property for new additional mineral discoveries. Prospecting in the area of the anomalous heavy mineral sample site to date has been unable to explain the 7,000 ppb Au

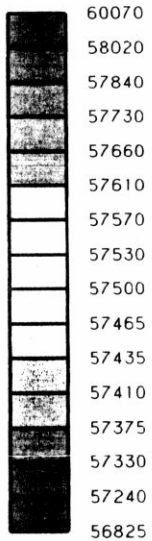
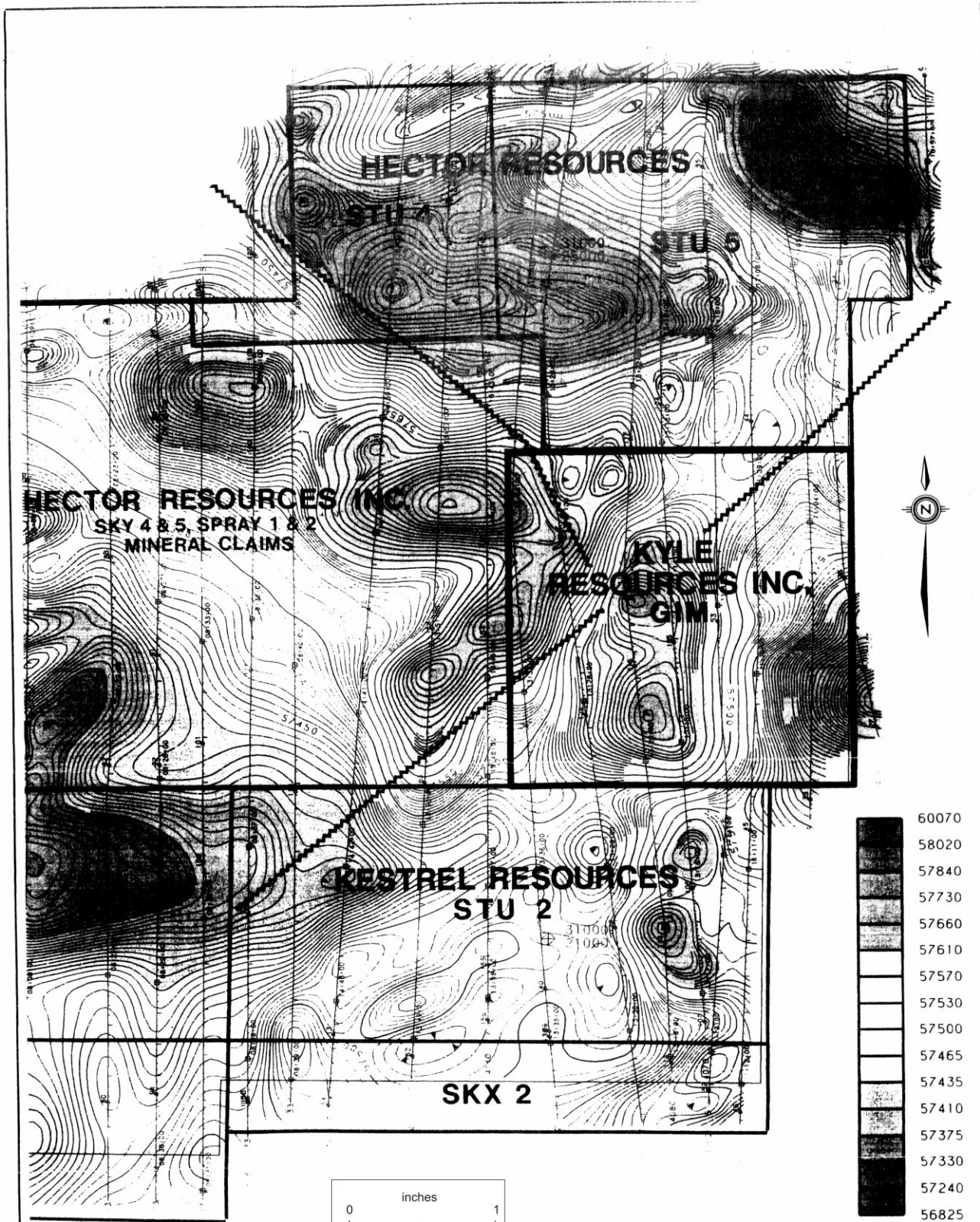
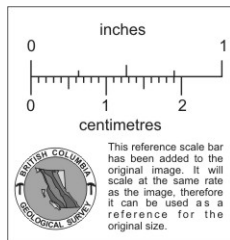


FIG. 5



Magnetics
 Total Field Magnetic Intensity
 Contours in nT
 Cesium high sensitivity
 magnetometer.
 Colours distributed on
 an equal area basis.
 Sensor elevation 45m

Flight Path
 Flight path recovery from
 VHS video tape.
 Average terrain clearance 60m
 Average line spacing 250m

~~~~~ Fault

|                                               |                                           |
|-----------------------------------------------|-------------------------------------------|
| <b>KYLE RESOURCES INC.</b>                    |                                           |
| <b>GIM CLAIMS</b>                             |                                           |
| PAMICON DEVELOPMENTS LTD.                     |                                           |
| TOTAL FIELD MAGNETICS<br>CONTOURS AND COLOURS |                                           |
| AREA 3<br>ISKUT RIVER, B.C.                   |                                           |
| SCALE 1:30,000                                |                                           |
|                                               |                                           |
| AERODAT LIMITED                               | DATE: MAY 88<br>NTS No: 104B<br>MAP No: 4 |
|                                               | JB7100                                    |

value obtained by Du Pont in 1980 although narrow quartz-pyrite veins have been found in the vicinity. Detailed grid and soil work which was designed to cover the Du Pont Au-Cu-Ag anomaly, (now referred to as the Cave Grid) has also not explained the source to date. Additional values ranging up to 590 ppb Au have been obtained giving some degree of validity to the anomaly's existence. The anomaly possesses a crude northeast trend and extends for approximately 150 metres (Figure 7).

#### **7.0 PROPERTY GEOLOGY**

Jurassic Unuk River Formation sediments and volcanics consisting of greywacke/siltstone and andesite to andesite agglomerate cover the majority of the property. The oldest unit found on the claims occur as fault wedges of Paleozoic massive white to grey limestone within the Cave Grid area. A quartz monzonite plug intrudes the volcanic sediments within the Cave Grid area near the limestone unit causing local skarning. Figure 6 presents property geology and sample locations.

#### **8.0 AIRBORNE GEOPHYSICS**

As part of a regionally extensive airborne geophysical survey carried out in 1987 and 1988 covering the Iskut River area, Aerodat Limited flew magnetic and electromagnetic surveys which covered the GIM property. Figure 5 of this report presents the field magnetics and interpreted major faults of the area.

The magnetic map indicates the presence of intrusives in the northwest and southeast portion of the property with the lower magnetic values in the central portion corresponding to Jurassic and Permian volcanics and sediments.

No electromagnetic conductive zones were noted although it should be noted that the flight lines were widely spaced at approximately 250 metre intervals and the topographic relief in the area makes accurate instrument height control and interpretation of results extremely difficult.





## 9.0 MINERALIZATION AND GEOCHEMISTRY

Three new mineral occurrences were discovered on the property during 1987 and 1988. The first which occurs near the northwest corner of the property, consists of a 1 to 4 cm wide quartz vein hosting pyrite and visible gold and has produced assays up to 3.707 oz/ton Au. The host volcanics are strongly fractured and as a result offer additional encouragement for finding more and stronger veins. Select grab sampling of the vein returned the following results.

| <u>Sample<br/>Number</u> | <u>Bi</u><br>(ppm) | <u>Ag</u><br>(ppm) | <u>Au</u> |          |
|--------------------------|--------------------|--------------------|-----------|----------|
|                          |                    |                    | (ppb)     | (oz/ton) |
| 13339                    | 560                | 9.4                | 94,560    | --       |
| 13459                    | 129                | 5.5                | --        | 0.586    |
| 13464                    | 647                | 24.2               | --        | 3.707    |
| 13465                    | 156                | 8.3                | --        | 1.935    |
| 13466                    | 40                 | 2.7                | --        | 0.365    |
| 13468                    | 160                | 2.6                | 960       | --       |

The second occurrence is within the Cave Grid area where a 6 to 8 cm wide quartz vein hosts pyrite, chalcopyrite and magnetite. The vein occurs within an extremely limonitic boxwork zone varying up to 1.0 metre wide. Samples to date have returned only geochemically anomalous values as listed below.

| <u>Sample<br/>Number</u> | <u>Cu</u><br>(ppm) | <u>Pb</u><br>(ppm) | <u>Zn</u><br>(ppm) | <u>Fe</u><br>(%) | <u>As</u><br>(ppm) | <u>Ag</u><br>(ppm) | <u>Au</u><br>(ppb) |
|--------------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| 13418                    | 1,684              | 612                | 376                | 33.13            | 4,429              | 8.0                | 65                 |
| 13419                    | 1,309              | 44                 | 339                | 21.50            | 223                | 1.0                | nd                 |
| 13420                    | 1,141              | 46                 | 242                | 14.00            | 185                | 2.9                | 40                 |
| 13421                    | 2,184              | 386                | 2,883              | 25.09            | 463                | 17.5               | 30                 |
| 13422                    | 1,865              | 134                | 858                | 21.79            | 397                | 3.3                | nd                 |

Approximately 100 metres to the northeast from the above mineralized zone two anomalous samples were collected from a similar gossanous outcrop. Sample

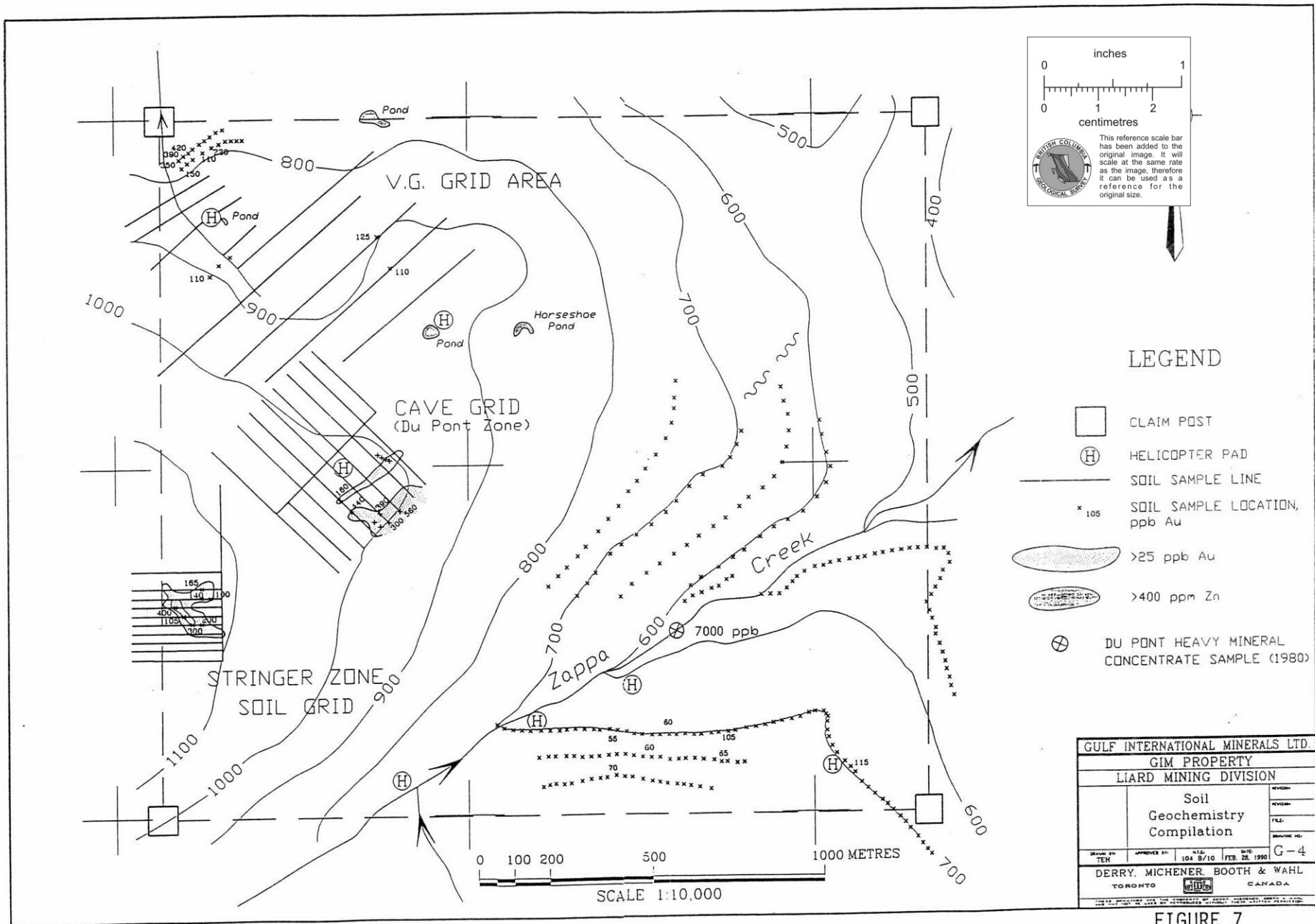


FIGURE 7

assays are as follows:

| <u>Sample Number</u> | <u>Cu</u><br>(ppm) | <u>W</u><br>(ppm) | <u>Fe</u><br>(%) | <u>Ag</u><br>(ppm) | <u>Au</u><br>(ppb) |
|----------------------|--------------------|-------------------|------------------|--------------------|--------------------|
| 13426                | 413                | 101               | 11.74            | 7.5                | 360                |
| 13427                | 718                | 206               | 6.66             | 4.8                | 600                |

The third mineral occurrence is along the west central side of the claim where grid soil sampling identified an area measuring 200 m x 250 m anomalous in gold, silver, copper and zinc (Figure 7). Follow-up geological mapping has located a zone of quartz vein stockworking and brecciation (the Stringer Zone) hosting pyrite, galena, sphalerite and chalcopyrite mineralization. Although rock chip samples collected from various typically mineralized outcrops have produced disappointing low values as is indicated below, the soil anomalies over this area with gold values in soils up to 400 ppb Au do not yet appear to be explained. Continued work should be done to fully investigate the source of this multi-element geochemistry signature.

| <u>Sample Number</u> | <u>Au</u><br>(ppb) | <u>Ag</u><br>(ppm) | <u>Cu</u><br>(ppm) | <u>Pb</u><br>(ppm) | <u>Zn</u><br>(ppm) |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 33009                | 190                | 0.3                | 87                 | 50                 | 100                |
| 33011                | 10                 | 0.1                | 17                 | 123                | 637                |

As mentioned in the Property Exploration History, soil sampling programs carried out in 1980-81 by Du Pont Explorations of Canada and again in 1987 and 1988 by Kyle Resources Ltd. have concentrated on a Au-Cu soil geochemistry anomaly which to date possesses a crude northeast trend. The zone has a strike length of approximately 150 metres. Within the anomaly, Du Pont produced values up to 700 ppb Au and 1,470 ppm Cu. Exact locations of these sample locations is not presently known due to grid deterioration but sampling by Kyle Resources Ltd. in subsequent years has produced anomalous results in the grid area up to 590 ppb Au and 463 ppm Cu. No source has yet explained this anomaly.

## 10.0 EXPLORATION POTENTIAL

The GIM claim block is situated within an area which is drawing intense exploration as a result of the discovery of several exciting gold occurrences on adjacent properties held by Hector Resources Inc. and Kestrel Resources Ltd.

Immediately west of the GIM claim on Hector's Sky 4 & 5 and Spray 1 & 2 claims, an area of auriferous quartz veining up to 2 metres wide is exposed in five trenches over a strike length of 300 metres (B.C. Assessment Report #87-921-16678). This veining occurs in a much longer 1000 metre well defined structural lineament which trends approximately 140° and runs onto the south-west corner of the GIM claim block. Exposed trench showings were drilled totalling 610 metres in 15 diamond drill holes. Interesting drill results are summarized below.

| <u>Drill Hole</u> | <u>From (m)</u> | <u>To</u> | <u>Interval (m)</u> | <u>Ag (oz/ton)</u> | <u>Au (oz/ton)</u> |
|-------------------|-----------------|-----------|---------------------|--------------------|--------------------|
| 87-4              | 14.5            | 16.0      | 1.5                 | 2.51               | 0.062              |
| 87-5              | 17.85           | 18.9      | 1.05                | 0.86               | 0.066              |
|                   | 18.9            | 19.55     | 0.65                | 0.27               | 0.019              |
|                   | 19.55           | 20.03     | 0.48                | 2.18               | 0.206              |
| 87-6              | 22.4            | 23.4      | 1.00                | 4.95               | 0.072              |
| 87-7              | 31.1            | 31.4      | 0.30                | 2.08               | 0.095              |
|                   | 31.4            | 32.6      | 1.20                | 0.05               | 0.088              |
| 87-8              | 17.3            | 18.2      | 0.90                | 36.4 ppm           | 1,230 ppb          |
| 87-9              | 33.0            | 33.7      | 0.70                | 11.2 ppm           | 685 ppb            |

Immediately north and northwest of the GIM claim, also on a Hector Resources Inc. property - the Stu 4 & 5 mineral claims, an area exists near the western side of the Stu 4 claim which possesses several highly anomalous gold soil geochemistry values within an area measuring approximately 500 metres in

diameter (B.C. Assessment Reports 17128 and 18508). To date, Hector reports soil values ranging up to 2,000 ppb Au while quartz veins discovered in close proximity to one of these anomalous areas has assayed up to 1.695 oz/ton Au.

Kestrel Resources Ltd. reports on their Stu 1 & 2 mineral claims, immediately south of the GIM claim, that widespread mineralization has been located occurring in several different styles (B.C. Assessment Report 16930). To date, the most significant form of gold mineralization occurs in iron carbonate/pyrite veins which exceed widths greater than 1.0 metre (Sample 13268 = 0.235 oz/ton Au). Narrower, higher grade veins sampled in place produced values ranging up to 2.202 ounces gold per ton and greater than 3.0 ounces silver per ton. Quartz vein (galena/sphalerite/chalcopyrite/pyrite) and shear zone (chalcopyrite/pyrite/galena) mineralization was also identified.

The property is within close proximity to and is hosted within similar lithological units as Skyline Gold Corp.'s Johnny Mountain gold mine and Cominco/Prime Resource Corp.'s Snip deposit.

Limited exploration programs carried out in 1987 and 1988 on the GIM property have identified three independent areas of anomalous mineralization. The Cave Grid area's gold-copper soil anomaly appears to be the property's strongest exploration target at this time. Values up to 700 ppb Au and 1,470 ppm Cu have been produced along a 150 metre trend. The source of this anomaly has yet to be explained. A 6 to 8 cm wide quartz vein hosting pyrite, chalcopyrite and magnetite also occurs within the Cave Grid but is not associated with the Au-Cu soil anomaly. To date, only geochemically anomalous gold values have been obtained. Fracture controlled, high grade gold mineralization occurs in quartz stringers near the northwest corner of the property in the VG Grid area. Multi-element Au-Ag-Cu-Zn soil anomalies along the west-central part of the property have identified a quartz vein stockwork breccia hosting pyrite, galena, sphalerite and chalcopyrite mineralization.

The heavy mineral stream sediment samples obtained by Du Pont in 1980 with values up to 7,000 ppb Au have yet to be thoroughly explained although small

narrow quartz veins with geochemically anomalous gold values have been found in the general area.

Continued prospecting, sampling and geological mapping has good potential for discovering economically attractive exploration targets. As a result, continued investigation and evaluation of the known prospects as well as the search for new occurrences is recommended for 1990.

#### 11.0 PROPOSED EXPLORATION PROGRAM AND BUDGET

An exploration program costing \$75,000 for Phase I is recommended for the GIM property targeted for gold-bearing quartz sulphide vein type deposits similar to those found on nearby properties. The program would consist of geological mapping, prospecting and soil geochemistry surveying along with trenching of known showings.

The cost of the proposed program is summarized below:

##### PHASE I

##### Wages

Geologist, trenchers and samplers

5 men x 27 days \$29,000

##### Transportation

Vehicles, fixed wing, helicopter and fuel 19,200

##### Camp Support

Rentals, food and supplies 5,175

Equipment Rentals and Field Supplies 2,900



|                                                        |              |
|--------------------------------------------------------|--------------|
| Assay and Analysis                                     |              |
| 30 rock samples @ \$30; 500 geochemical samples @ \$12 | 6,900        |
| Hotel, Meals and Miscellaneous                         | 1,750        |
| Report Preparation and Engineering                     | <u>5,000</u> |
| Subtotal                                               | \$ 69,925    |
| Contingency                                            | <u>5,075</u> |
| Total                                                  | \$ 75,000    |

## PHASE II

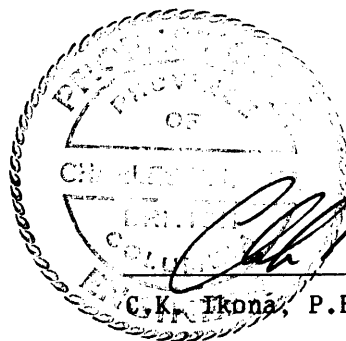
Subject to a review of results generated by the Phase I program detailed above, a Phase II program on the property may be warranted. It is not possible to determine a detailed program or budget for this phase at this time, however, should the project proceed some \$250,000 may be required. This would allow for approximately 5,000 feet of diamond drilling if required.

|               |                  |
|---------------|------------------|
| Phase II      | <u>\$250,000</u> |
| Total Program | <u>\$325,000</u> |

Respectfully submitted,



S.L. Todoruk, Geologist



C.K. Ikona, P. Eng.

**APPENDIX I**

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**APPENDIX II**

**STATEMENT OF QUALIFICATIONS**

**STATEMENT OF QUALIFICATIONS**

I, STEVE L. TODORUK, of Suite 129, 7451 Minoru Boulevard, Richmond, in the Province of British Columbia, DO HEREBY CERTIFY:

1. THAT I am a Geologist in the employment of Pamicon Developments Limited, with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of British Columbia with a Bachelor of Science Degree in Geology.
3. THAT my primary employment since 1979 has been in the field of mineral exploration.
4. THAT my experience has encompassed a wide range of geologic environments and has allowed considerable familiarization with prospecting, geophysical, geochemical and exploration drilling techniques.
5. THAT this report is based on data generated by myself, under the direction of Charles K. Ikona, Professional Engineer.
6. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to receive any such interest.
7. THAT I hereby grant permission to Kyle Resources Inc. for the use of this report in any prospectus or other documentation required by any regulatory authority.

DATED at Vancouver, B.C., this 2 day of April, 1990.



Steve L. Todoruk, Geologist



**APPENDIX III**

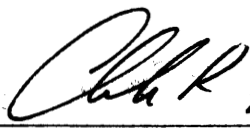
**ENGINEER'S CERTIFICATE**

ENGINEER'S CERTIFICATE

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

1. THAT I am a Consulting Mining Engineer with offices at Suite 711, 675 West Hastings Street, Vancouver, British Columbia.
2. THAT I am a graduate of the University of British Columbia with a degree in Mining Engineering.
3. THAT I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. THAT this report is based on work conducted under my direction in 1988 and on extensive knowledge of the immediate area.
5. THAT I have no interest in the property described herein, nor in securities of any company associated with the property, nor do I expect to acquire any such interest.
6. THAT I consent to the use by Kyle Resources Inc. of this report in a Prospectus or Statement of Material Facts or any other such document as may be required by the Vancouver Stock Exchange or the Office of the Superintendent of Brokers.

DATED at Vancouver, B.C., this 2<sup>nd</sup> day of April, 1990.

  
Charles K. Ikona, P.Eng.

