PROPERTY FILE

DL

019532

New 1, 5, 6 claims

104B/15

104B 338, 339, 350 ?

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Venture Company)

STATEMENT OF MATERIAL FACTS #87/90
EFFECTIVE DATE: AUGUST 14TH, 1990

COLLINS RESOURCES LTD.
#305, 595 Howe Street, Vancouver, B.C., V6C 2T5 Telephone: 682-7878
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100 - 200 Granville Street, Vancouver, B.C., V6C 1S4
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Pacific Corporate Services Ltd., #830, 625 Howe Street, Vancouver, B.C., V6C 3B8
NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

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

O F F E R I N G : 1,000,000 UNITS

The Offering may be increased by up to 150,000 Units (15% of the Offering) to meet over-subscriptions. See "Plan of Distribution".

Each Unit consists of One Common Share and Two Series "A" Warrants, two such Warrants entitling the holder thereof who exercises such warrants to purchase one additional common share of the Issuer at any time up to the close of business within one year following the Offering Day at a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Offering Price (estimated)*	Commission	Estimated Net Proceeds to be Received by the Issuer
Per Unit	$0.40	$0.03	$0.37
Total	$400,000	$30,000	$370,000

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

A D D I T I O N A L O F F E R I N G

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby for which subscriptions have not been received at the conclusion of the Offering (see "Consideration to Agents"). Any Units acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

(751)

Aug. 29/90

AGENTS

L.O.M. Western Securities Ltd.
#2200, 609 Granville Street,
VANCOUVER, B.C.
V7Y 1H2

McDermid St. Lawrence Limited
#1000, 601 West Hastings Street,
VANCOUVER, B.C.
V6B 5E2

Pacific International Securities Inc.
#1500, 700 West Georgia Street,
VANCOUVER, B.C.
V7Y 1G1

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.

REPORT
ON THE
NEW 1, 5 AND 6 MINERAL CLAIMS
ISKUT RIVER AREA, BRITISH COLUMBIA
LIARD MINING DIVISION
FOR
COLLINS RESOURCES LTD.

NTS 104B/15
LONGITUDE 130° 57'W
LATITUDE 56° 46'N

George Cavey, Consulting Geologist

March 27, 1990

OREQUEST

OREQUEST CONSULTANTS LTD. 306-595 Howe Street, Vancouver, B.C., Canada, V6C 2T5 Telephone: (604) 688-6788 Fax: (604) 688-9727

SUMMARY

Collins Resources Ltd. has the right to earn a 50% interest in the New Project, which consists of the New 1, 5 and 6 mineral claims comprising 60 units and is currently under option to Adrian Resources Ltd. The property is situated within the Liard Mining Division on the east side of the Verrett River and 7 km north of the Iskut River.

Extensive exploration for precious metals is ongoing at a rapid pace in the area and numerous discoveries have been made, of which several are in advanced stages of exploration, development or, in the case of the Skyline Gold Corporation, in production. Calpine Resources Incorporated/Stikine Resources Ltd.'s Eskay Creek 21 Zone is located 32 kilometres to the southeast of the property while Cominco/Prime Resources Corporations's Snip deposit and Skyline Gold Corporation's Johnny Mountain Mine are 12 kilometres and 15 km (respectively) to the west-southwest. Bob Quinn Lake on the Stewart-Cassiar Highway is 50 kilometres to the east.

The North and South grids were established in the northern half of the property over a vein system from which gold values of up to 0.875 oz/t were attained through prospecting in early 1988. The main lithologies on the grids are; rhyolite porphyry (alaskite), diorite and dykes of intermediate and granodioritic composition. A VLF-EM survey of the grids did not delineate the known vein or locate any other conductors. Results from the 1988 detailed sampling program yielded consistent gold assay values of over 1 oz/t for vein samples

on the Paul Showing and over 1000 ppb for 50% of the vein samples on the Number 1 Showing.

As a continuation of the exploration program, the various exposures of the quartz vein at the Number 1 and Paul Showings should be blasted so that fresh, unleached vein samples can be obtained. The veins should also be trenched to determine continuity along strike and to allow for more systematic sampling of the vein.

Detailed prospecting should be carried out to determine the southward extension of the Number 1 Vein and to seek sub-parallel vein systems, on a regional scale, to the west and east.

Finally, diamond drilling is recommended to test the continuity and strength of the Number 1 and Paul Veins at depth. The two phase exploration program is estimated to cost $133,000 for Phase I and $241,500 for Phase II.

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LIST OF FIGURES

INTRODUCTION

This report was prepared by OreQuest Consultants Ltd. at the request of Prime Explorations Ltd. on behalf of Collins Resources Ltd. It presents a geological appraisal of the New Project, which is currently under option to Adrian Resources Ltd.

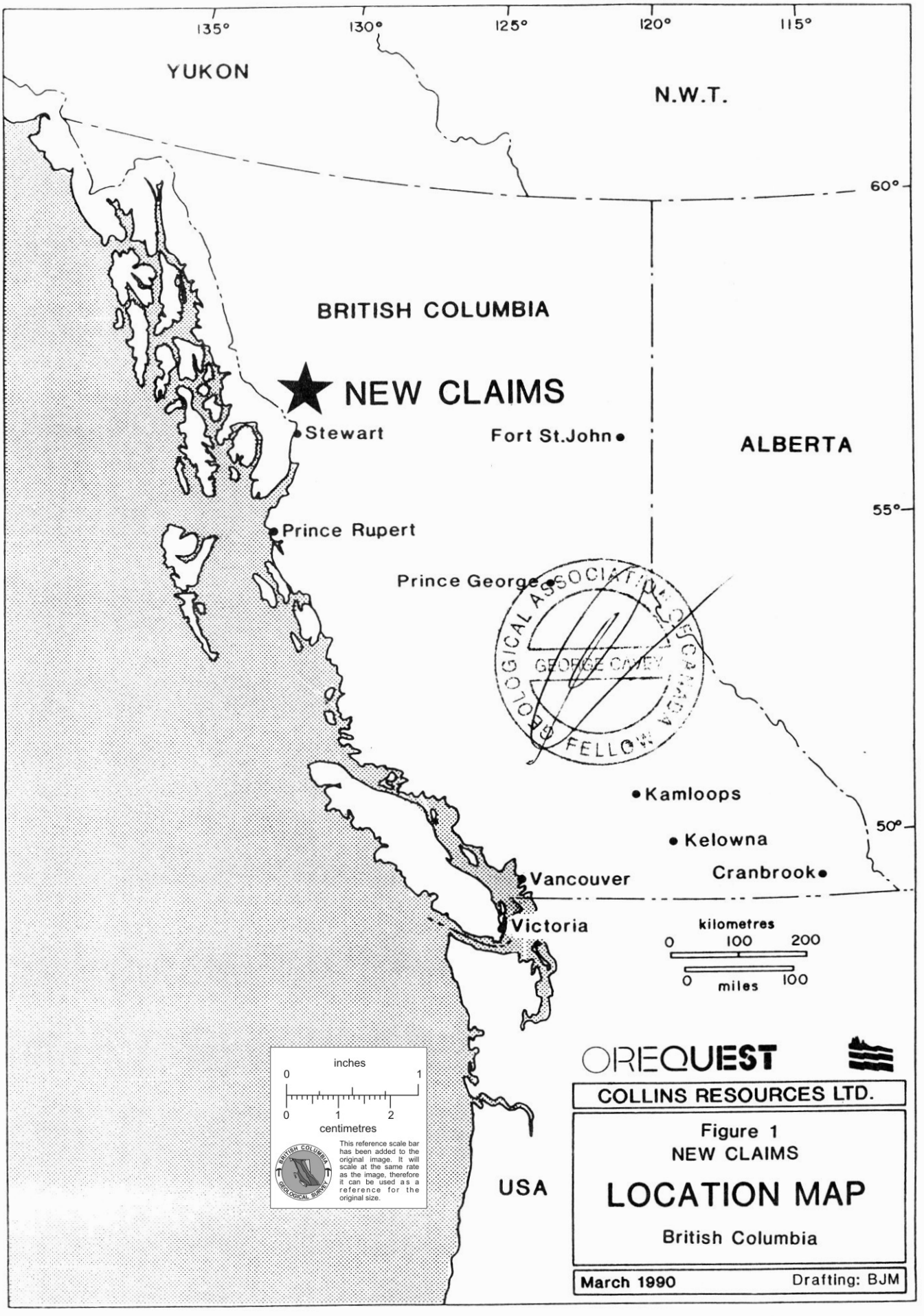
The property is situated in the Iskut-Sulphurets area which has recently experienced a resurgence in exploration activity leading to the redevelopment of several existing gold deposits and the discovery of several new ones.

The information contained herein comes from supervision and execution of the 1988 field program conducted by OreQuest Consultants Ltd. on behalf of Adrian Resources, references cited and familiarity with the Iskut-Sulphurets area gained by OreQuest through work conducted on behalf of various companies in 1987, 1988 and 1989.

PROPERTY DESCRIPTION

Location and Access

The property is located on the eastern edge of the Coast Mountain Range approximately 110 kilometres northwest of Stewart, B.C. (Figure 1). It lies 15 km north of the Cominco - Prime Snip deposit and the Skyline Johnny Mountain Mine. The Verrett River flows through the western edge of the claim group. The centre of the property is located at 130°57'W Longitude and 56°46'N Latitude on mapsheet 104B/15.


135°
130°
125°
120°
115°
YUKON
N.W.T.
60°
BRITISH COLUMBIA
NEW CLAIMS
Stewart
Fort St.John
ALBERTA
55°
Prince Rupert
Prince George
GEOLOGICAL ASSOCIATION OF CANADA
GEORGE CAREY
FELLOW
Kamloops
Kelowna
50°
Vancouver
Cranbrook
Victoria
kilometres
0 100 200
0 miles 100
inches
0 1
0 1 2
centimetres
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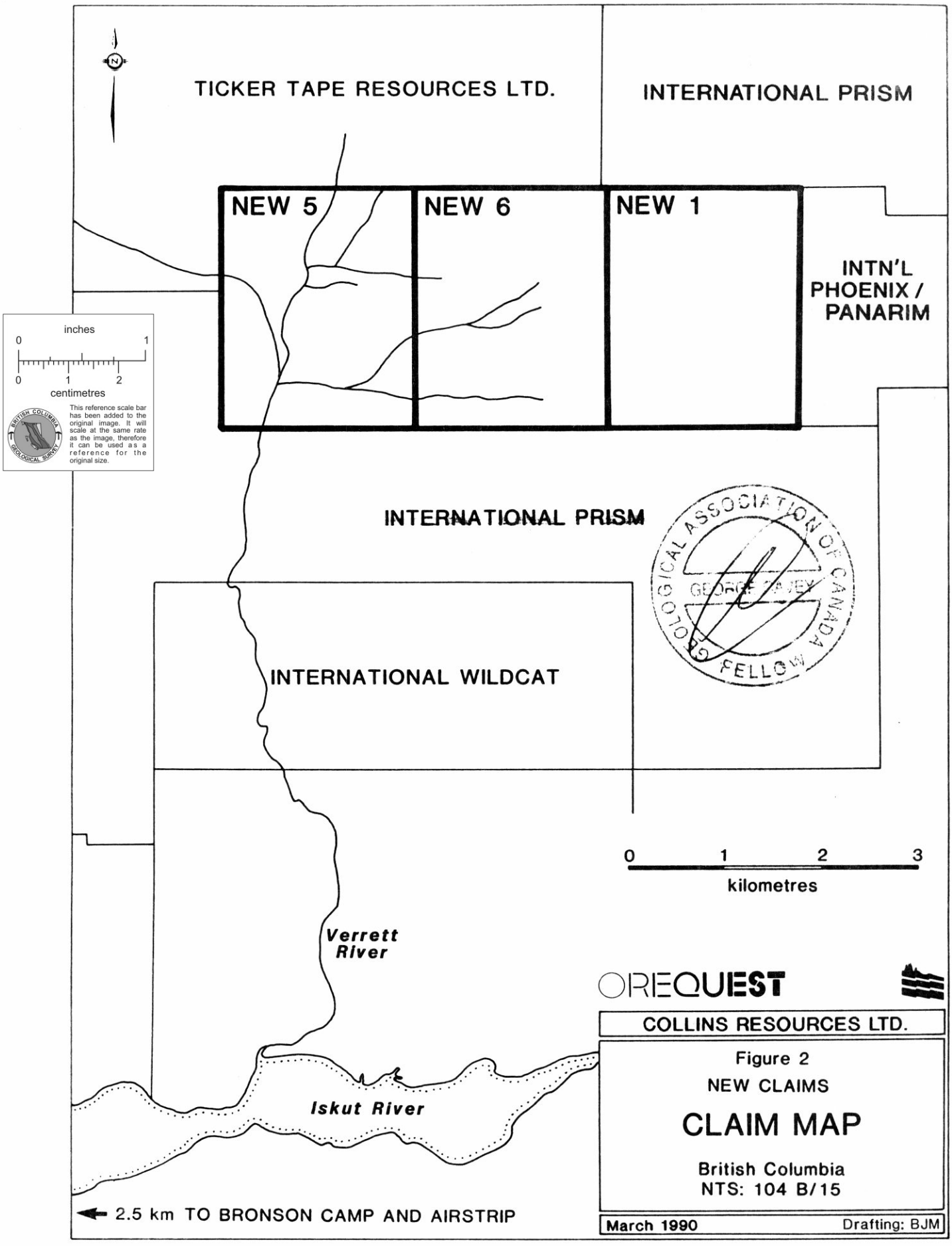
BRITISH COLUMBIA GEOLOGICAL SURVEY
USA
OREQUEST
COLLINS RESOURCES LTD.
Figure 1
NEW CLAIMS
LOCATION MAP
British Columbia
March 1990
Drafting: BJM

Access to the area is from the Bronson Creek gravel airstrip located 12 km southwest of the claims at the confluence of the Iskut River and Bronson Creek. Access is also possible from the Johnny Mountain gravel airstrip situated 15 kilometres to the south or the Forrest Kerr gravel airstrip located 18 km to the north. Base camps at any location require helicopter support for daily setouts on the property.

Frequent scheduled and charter flights from Smithers (330 kilometres to the southeast) to the Bronson Creek strip service the exploration and mining activity in the area. The Johnny Mountain airstrip is serviced regularly from Terrace. Numerous helicopters are generally available in the area for casual charter during the summer field season. The B.C. government has recently announced the construction of a road from the Bob Quinn strip on the Stewart-Cassiar highway, approximately 60 km to the east to the Iskut area. The construction of the first 30 km of road should begin in 1990.

Claim Status

The New Project consists of three mineral claims totalling 60 units (Figure 2). The following is a list of the claim names, record numbers, number of units, record dates, and expiry dates. The claims are currently owned by Ian Hagemoen according to the Government claim records.


TICKER TAPE RESOURCES LTD.
INTERNATIONAL PRISM
NEW 5
NEW 6
NEW 1
INTN'L PHOENIX / PANARIM
inches
0 1
0 1 2
centimetres
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INTERNATIONAL PRISM
GEOLOGICAL ASSOCIATION OF CANADA
FELLOW
INTERNATIONAL WILDCAT
0 1 2 3
kilometres
Verrett River
Iskut River
2.5 km TO BRONSON CAMP AND AIRSTRIP
OREQUEST
COLLINS RESOURCES LTD.
Figure 2
NEW CLAIMS
CLAIM MAP
British Columbia
NTS: 104 B/15
March 1990
Drafting: BJM

TABLE 1

CLAIM INFORMATION

Claim Name	Record Number	No. of Units	Record Date	Expiry Date
New 1	3913	20	Feb. 19, 1987	Feb. 19, 1993
New 5	3917	20	Feb. 19, 1987	Feb. 19, 1993
New 6	3918	20	Feb. 19, 1987	Feb. 19, 1993

Physiography and Vegetation

Elevations on the property range from about 460 metres in the Verrett River valley to 1,500 metres on the east side of the claim group. The lower elevations in the Verrett River valley are covered with vegetation typical of the west coast rain forest. At higher elevations, an alpine plateau prevails with local relief consisting of knolls intersected by gullies of moderate width and depth (tens of metres). Outcrop is exposed on the plateau with some moss and lichen cover.

REGIONAL GEOLOGY AND REGIONAL MINERALIZATION

Regional geological mapping of the Iskut-Sulphurets area (Kerr, 1948, GSC Memoir 246, 9 - 1957 and GSC Map 1418 - 1979) has been expanded by Grove in two recent detailed works which define this area as the Stewart Complex (Grove, 1971, 1986).

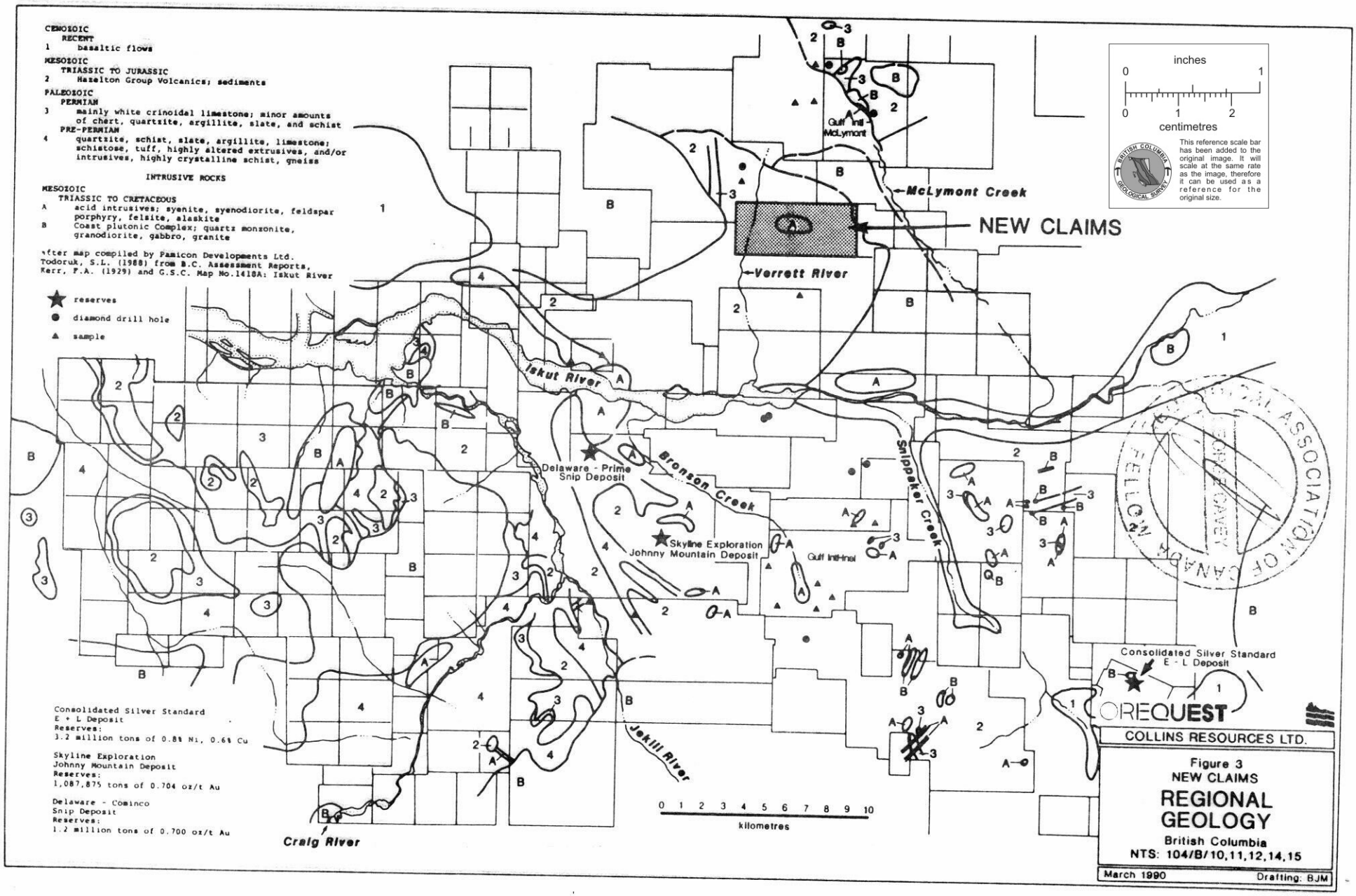
The Stewart Complex is well known as the setting for the Iskut, Sulphurets, Stewart, and Alice Arm (Kitsault) precious metal mining camps (Alldrick et al, 1989, p.233). The oldest units in the Stewart Complex are Upper Triassic epiclastic volcanics, marbles, sandstones,

and siltstones. These are overlain by sedimentary and volcanic rocks of the Hazelton Group.

However, precise nomenclature for early to Middle Mesozoic strata is still evolving and several workers have proposed differing subdivisions within the Hazelton Group (eg. Grove, 1986; Alldrick and Britton, 1988; Alldrick, 1989). Most generally the Group has been subdivided into the Lower Jurassic Unuk River and Betty Creek Formations, Middle Jurassic Salmon River Formation and the Upper Jurassic Nass Formation (Grove, 1986).

More recently the Salmon River Formation has been included in the Middle Jurassic Spatzizi Group (Alldrick, 1989). This underlies the late Middle Jurassic Ashman Formation which is considered part of the Bowser Group (Alldrick, 1989). Upper Jurassic sedimentary rocks were identified as the Nass Formation by Grove (Grove, 1986) and included by him in the Hazelton Group. Alldrick has studied the facies changes within the Stewart Complex, using an andesitic stratovolcano model to establish proximal, intermediate and distal members, which accumulated in both subaerial and submarine environments, and added the Mt. Dilworth Formation between the Betty Creek and Salmon River Formations. The term Nass Formation does not appear.

The Unuk River Formation consists predominantly of volcanic rocks and sediments which include lithic tuffs, pillow lavas with carbonate lenses, and some thin bedded siltstones. It forms an angular


CENOZOIC
RECENT
1 basaltic flows
MESOZOIC
TRIASSIC TO JURASSIC
2 Hazelton Group Volcanics; sediments
PALEOZOIC
PERMIAN
3 mainly white crinoidal limestone; minor amounts of chert, quartzite, argillite, slate, and schist
PRE-PERMIAN
4 quartzite, schist, slate, argillite, limestone; schistose, tuff, highly altered extrusives, and/or intrusives, highly crystalline schist, gneiss
INTRUSIVE ROCKS
MESOZOIC
TRIASSIC TO CRETACEOUS
A acid intrusives; syenite, syenodiorite, feldspar porphyry, felsite, alaskite
B Coast plutonic Complex; quartz monzonite, granodiorite, gabbro, granite
after map compiled by Pamicon Developments Ltd.
Todoruk, S.L. (1988) from B.C. Assessment Reports,
Kerr, F.A. (1929) and G.S.C. Map No.1418A: Iskut River
reserves
diamond drill hole
sample
inches
0 1
0 1 2
centimetres
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NEW CLAIMS
McLymont Creek
Gulf Intl - McLymont
Verrett River
Iskut River
Delaware - Prime Snip Deposit
Bronson Creek
Skyline Exploration Johnny Mountain Deposit
Gulf Intl-Inel
Snippaker Creek
Consolidated Silver Standard E - L Deposit
Jekill River
Craig River
Consolidated Silver Standard
E + L Deposit
Reserves:
3.2 million tons of 0.8% Ni, 0.6% Cu
Skyline Exploration
Johnny Mountain Deposit
Reserves:
1,087,875 tons of 0.704 oz/t Au
Delaware - Cominco
Snip Deposit
Reserves:
1.2 million tons of 0.700 oz/t Au
0 1 2 3 4 5 6 7 8 9 10
kilometres
OREQUEST
COLLINS RESOURCES LTD.
Figure 3
NEW CLAIMS
REGIONAL GEOLOGY
British Columbia
NTS: 104/B/10,11,12,14,15
March 1990
Drafting: BJM

unconformity with the underlying Upper Triassic units. Betty Creek Formation rocks are characterized by bright red and green volcaniclastic agglomerates, with sporadic intercalated andesitic flows, pillow lavas, chert, and some carbonate lenses. These unconformably overlie the Unuk River Formation. The Mt. Dilworth Formation consists of dioritic to rhyolitic lapilli to ash tuffs to flows with argillaceous sediments. The Salmon River Formation is a thick assemblage of intensely folded colour banded siltstones and lithic wackes with a minor basal andesitic unit that form a conformable to disconformable contact with the underlying Betty Creek or Mt. Dilworth Formation. Weakly deformed dark coloured argillites and wackes of the Ashman Formation unconformably overlie the Salmon River Formation.

These volcanic and sedimentary successions were intruded by the Coast Plutonic Complex during the Cretaceous and Tertiary periods. A wide variety of intrusive phases are present including granodiorite, quartz monzonite, and diorite.

Major structural features of the Stewart Complex include the western boundary contact with the Coast Intrusive Complex. The northern boundary is at the Iskut River where extensive deformation has thrust Paleozoic strata south across Middle Jurassic and older units. Younger faulting has also occurred around the Iskut. A line of Quaternary volcanic flows marks the southern limit of the complex and the Meziadin Hinge defines the eastern border.

The Iskut-Sulphurets area has been mined actively since the early 1900's and is one of the most prolific mining districts in British Columbia (Grove, 1971). Mineralization in this camp has been classified into three categories: precious metal bearing fissure and replacement veins, massive sulphide deposits and old-bearing porphyry copper deposits (Grove, 1986).

More recent exploration and development activity has focused on vein and fissure vein gold mineralization in the northern part of the Stewart Complex in the Iskut River-Sulphurets area where several new discoveries have been made. As summarized by Alldrick et al (1989):

> "Country rocks are Upper Triassic to Lower Jurassic Hazelton Group andesitic pyroclastics and related sedimentary rocks. Characteristic ore minerals include electrum, native gold and silver, as well as silver sulphosalts. Base metals are present in recoverable amounts in some deposits. The ore deposits and alteration assemblages are typical of mesothermal to epithermal vein systems in island arc environments. Combined age dates from lead isotope studies indicate that the early Jurassic volcanic and intrusive host rocks and the mineralization are essentially coeval; they formed about 195 million years ago. This age is similar to deposits in the Stewart and Alice Arm mining camps to the south, and the Toodoggone camp to the east - all hosted in Hazelton Group Rocks.
>
> All original discoveries resulted from prospecting programs, although follow-up rock geochemistry surveys have identified additional mineral zones nearby and induced polarization surveys have successfully delineated high-sulphide areas within large alteration zones. Typical prospect evaluation involves initial sampling of blasted bedrock trenches followed by large-diameter diamond drilling. Regionally, the two mining camps stand out as strong geochemical anomalies in gold and silver, but associated or "pathfinder" elements differ between the camps: the Iskut area is anomalous in lead, zinc, copper, and cobalt; the

Sulphurets area is anomalous in copper, arsenic, antimony, mercury, barium, and fluorine."

The Iskut-Sulphurets belt is at a relatively early stage of exploration as new surface showings continue to be found (Figure 3). Despite its frontier status, two new gold mines have begun production (Skyline Gold Corp.'s Johnny Mountain Mine and Catear Resources Ltd.'s Goldwedge) and two more properties are in advanced stages of underground development and in-fill drilling (Cominco Ltd./Prime Resources Corp.'s Snip deposit and Newhawk/Granduc/Corona's West Zone). Reserves of these deposits are to date moderate in tonnage but impressive in grade. All are at least partly open along strike and to depth.

The Iskut area originally attracted interest at the turn of the century when prospectors, returning south from the Yukon goldfields searched for placer gold and staked bedrock gossans. In the 1970's the porphyry copper boom drew exploration into the area. The new era of gold exploration began with the 1979 option of the Sulphurets claim block by Esso Minerals Canada and the 1980 acquisition of the Mount Johnny claims by Skyline Explorations Ltd. Skyline commissioned its mill in July, 1988. Cominco Ltd. and Prime Resources Corp. are projected to announce a feasibility decision on the adjacent Snip deposit in early 1990. There has been limited production from Catear Resources Ltd.'s Goldwedge Zone where the mill was commissioned in June 1988.

Beyond these projects, and except for limited early placer gold recovery from some creeks, the area has had no mineral production history. Since 1979, more than 70 new mineral prospects have been identified, though ground acquisition was relatively slow until the fall of 1987 when the promising results of summer exploration programs became known and the provincial government announced the upcoming release of analytical results from a regional stream sediment survey. By April 1988, all open ground had been staked. More than 60 companies hold ground in the Iskut-Sulphurets belt but to date only small areas within this 40x80 kilometre district have received extensive exploration.

In 1986, drilling and underground work on the Stonehouse gold zone confirmed the presence of high grade gold mineralization with silver and copper also present over minable widths. Reserves in all categories from a August 21, 1989 Skyline news release are estimated at 876,000 tons of .55 oz/ton gold and 1.00 oz/ton silver. Five major areas of gold-bearing sulphide are known. The most important, the Stonehouse Zone, consists of sulphide-potassium feldspar-quartz vein and stockwork systems which have been only partly explored.

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

Zone, a 3 to 25 ft. thick discordant shear vein cuts a thickly bedded sequence of intensely carbonatized feldspathic wackes and siltstones. Twin Zone reserves in all categories have been reported as 1,032,000 tons of 0.875 oz/t ton gold (Prime Resources, 1989). This does not include additional reserves which may be developed outside the Twin Zone when mining begins. Twin zone mineralization occurs in a banded shear zone comprising alternating bands of massive calcite, heavily disseminated to massive pyrite, crackle quartz and thin bands of biotite-chlorite.

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

Gulf International Minerals extended the strike length of the Northwest high grade zone during their 1988 and 1989 surface drilling program on the McLymont claims. Results from the Northwest Zone included 1.420 oz/t gold, 0.21% copper and 0.14 oz/t silver over 3.3

feet (88-32) and 1.060 oz/t gold, 0.85% copper, and 0.27 oz/t silver over 1.6 feet (88-3). Previous drilling in 1987 returned gold values of 1.6 oz/t and silver assays of 39.73 oz/t over 36.5 feet (87-29).

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

In the Sulphurets Creek camp, southeast of the New Project near Brucejack Lake, the West Zone of Newhawk Gold Mines Ltd./Granduc Mines Ltd./Corona Corporation is reported to contain 715,400 tons grading 0.431 oz/t gold and 19.70 oz/t silver (GCNL Feb. 16, 1990) while the Snowfield Gold Zone and Sulphurets Lake Gold Zone are bulk tonnage low grade deposits containing 7.7 million tons of 0.075 oz/t gold and 20 million tons of 0.08 oz/t gold respectively (GCNL August 24, 1989). Catear Resources Ltd.'s Goldwedge Zone is reported to contain 146,437 tons of 0.827 oz/t gold and 2.56 oz/t silver in a similar setting (Canadian Mines Handbook, 1989-90).

The most recently discovered and perhaps the most exciting gold mineralization occurs on the Eskay Creek property, located 30 km to the east of the New Project. At the original 21 Zone discovery gold grading up to 0.73 oz/t over 96.5 ft, occurs in several distinct lithologies in a 300 ft. wide fault zone at a contact between Lower

Jurassic Mt. Dilworth Formation volcanics and sediments (Northern Miner, 1988 p.20; Calpine Resources Incorporated News Release January 6, 1989). More recent results have returned 0.875 oz/t gold over 682.2 ft. (CA89-109), 91.8 ft. of 0.453 oz/t gold and 16.91 oz/t silver (CA89-93) and 55.8 ft of 0.867 oz/t gold and 19.92 oz/t silver (CA89-101 - Calpine news release, August 21, 1989). The 21 Zone has now been traced over a minimum strike length of 1300 m and remains open at depth and to the northeast. A preliminary reserve estimate has been released which indicates a probable geological reserve of 1,256,000 tons grading 1.52 oz/t gold and 38.0 oz/t silver (GCNL Feb. 12, 1990).

The northwest portion of the Stikine Arch, known as the Galore Creek area located approximately 50 km to the northwest was the focus of widespread exploration in the 1950's, 1960's and 1970's for large tonnage porphyry copper deposits. Two major discoveries were made and exploration work defined reserves at the Galore Creek deposit of 138 million tons grading 1.06% copper, 0.397 g/t gold and 7.94 g/t silver, and at Schaft Creek 364 million tons grading 0.40% copper, 0.113 g/t gold, 0.992 g/t silver and 0.036% molybdenum (located 65 km to the north). An additional deposit, the Copper Canyon deposit (located 48 km northwest) contains 27.6 million tons of 0.64% copper. More recently several companies have been restaking ground in this area to evaluate the gold potential. The Galore Creek deposit itself is the subject of renewed interest as it may include potentially gold enriched portions. Gold exploration is still at an early stage

however several prospects are likely to receive further attention in 1990.

PROPERTY

History

Exploration was carried out on behalf of Adrian by OreQuest Consultants in 1988 on the property now under option to Collins Resources and consisted of geological mapping, chip sampling and a VLF-EM survey. All rock sampling results from the 1988 work program were collected by OreQuest personnel who included Ed McCrossan, Walter Egg, Kel Sax, Brett Barnes and Paul Brucciani. Prior to 1988 no previous work has been recorded on the ground now covered by the New claims. The 1988 program led to the discovery of a system of gold bearing quartz veins in the northeast corner of the property. Two small grids were put in to cover these veins. The vein system strikes at 45° and dips steeply towards the west. Two showings are approximately 40 metres apart and appear to be part of the same vein. Both showings feature quartz-carbonate-barite and contain up to 20% sulphide mineralization. The veins vary in size, with widths of 10 to 50 cm observed at the Number 1 showing, and 0.5 to 2 metres at the Paul showing. Gold values exceeding 1.0 oz/ton are common, with the highest channel sample of 3.72 oz/ton gold over 0.25 metre from the Number 1 showing. A southern extension of the vein system, approximately 75 metres south of the Paul showing assayed 11.304 oz/ton gold from a grab sample.

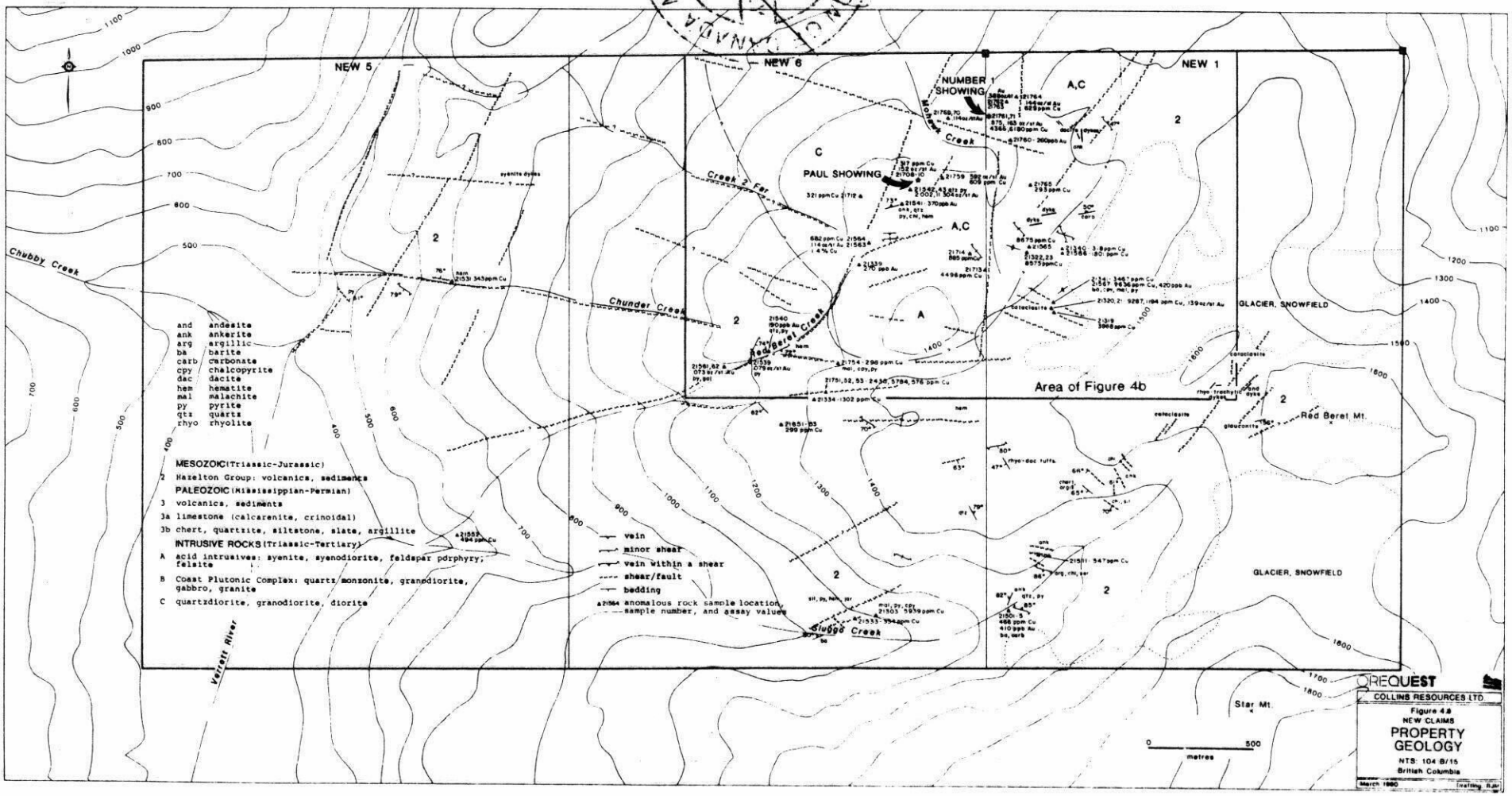
Geology

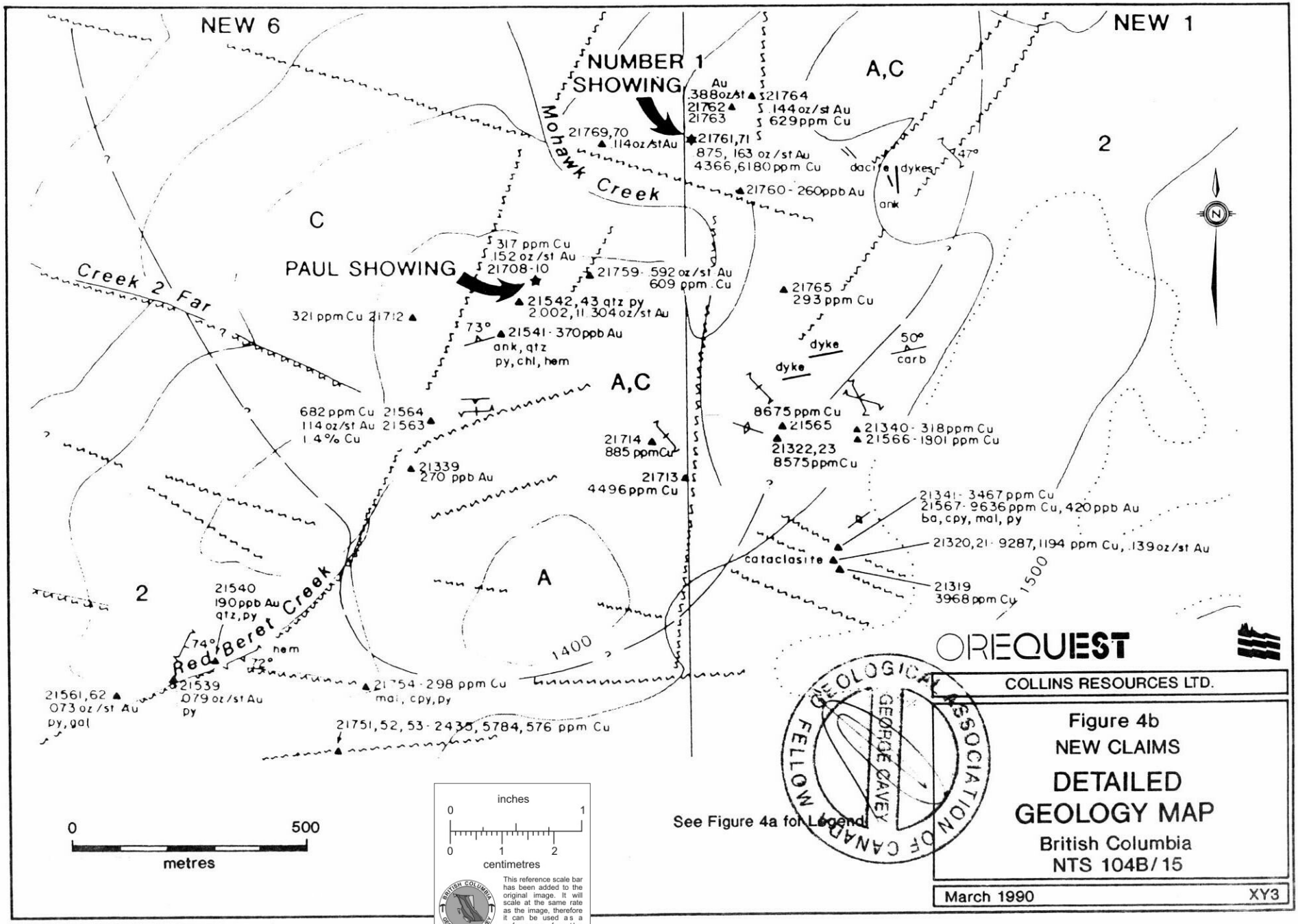
The New 1, 5 and 6 claims are underlain predominantly by Mesozoic volcanics of the Hazelton Group that were intruded during Mesozoic and Tertiary ages (Figures 3 & 4).

The volcanics vary compositionally from rhyodacites to andesites and occur as flows, crystal fragmental tuffs, lapilli tuffs, agglomerates, and epiclastic units. Some glauconitic marine beds of siltstone and wackes, as well as chert and argillite are present in the section.

Stocks and plugs of diorite, feldspar porphyry, and rhyolite porphyry (alaskite) are located in the central and northern portions of the claim group (Figure 4a). A fine to medium grained diorite is the largest, and probably the oldest, intrusion. A feldspar porphyry plug is located in the centre of the property along the southern boundary of the diorite. A rhyolite or rhyolite porphyry mass is situated to the north and appears to have intruded the diorite. It has not been determined whether the feldspar porphyry and rhyolitic intrusions are independent emplacements or different phases of the same event.

Dykes ranging in composition from rhyo-trachyte to andesite are present on the property. Acidic dykes are more prevalent in the north with andesite dykes more common to the south and east. Dacite




NEW 6
NUMBER 1 SHOWING
NEW 1
A,C
Au
.388oz/st
21762
21763
21764
.144oz/st Au
629ppm Cu
21769,70
.114oz/st Au
21761,71
875, 163 oz/st Au
4366,6180ppm Cu
Mohawk Creek
dacite dykes
47°
ank
21760 - 260ppb Au
2
C
PAUL SHOWING
317 ppm Cu
.152oz/st Au
21708-10
21759 - .592oz/st Au
609 ppm Cu
Creek 2 Far
21542,43 qtz py
2.002,11.304oz/st Au
321ppm Cu 21712
73°
21541 - 370ppb Au
ank, qtz
py, chl, hem
21765
293 ppm Cu
dyke
dyke
50°
carb
A,C
682 ppm Cu 21564
.114oz/st Au 21563
1.4% Cu
8675ppm Cu
21565
21340 - 318ppm Cu
21566 - 1901 ppm Cu
21322,23
8575ppmCu
21714
885 ppmCu
21339
270 ppb Au
21713
4496ppm Cu
21341 - 3467ppm Cu
21567 - 9636ppm Cu, 420ppb Au
ba, cpy, mal, py
21320,21 - 9287, 1194 ppm Cu, .139oz/st Au
cataclasite
21319
3968ppm Cu
1500
2
21540
190ppb Au
qtz, py
Red Beret Creek
74°
hem
72°
A
1400
21561,62
.073oz/st Au
py, gal
21539
.079oz/st Au
py
21754 - 298 ppm Cu
mal, cpy, Py
21751,52,53 - 2436, 5784, 576 ppm Cu
0
500
metres
inches
0
1
0
1
2
centimetres
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.
See Figure 4a for Legend
OREQUEST
COLLINS RESOURCES LTD.
Figure 4b
NEW CLAIMS
DETAILED
GEOLOGY MAP
British Columbia
NTS 104B/15
March 1990
XY3
GEORGE CAVEY
FELLOW GEOLOGICAL ASSOCIATION OF CANADA

dykes within the intrusive rocks usually have ankeritic oxidation products on exposed surfaces.

Fault orientations on the property are generally northeast - southwest and east - west. These are visible as lineaments on air photographs and as creek gorges, topographic breaks, and outcrops of cataclasites in the field. Cataclasites are located in the central and southeastern areas of the claim group and are characterized by a shear foliation and a proto-mylonitic texture. Argillic, chloritic, and sericitic alteration of the units is common and they weather from a white or light yellow - brown to a pale green or yellow - green colour. Along the upper reaches of Sluggo Creek, a cataclastic unit attains a width of approximately 75 metres and a discontinuous strike length of 1 km.

DETAILED GEOLOGY of the NORTH and SOUTH GRIDS

Two grids, referred to as the North and South grids, were established in the northeast corner of the New 6 claim, over a massive sulphide bearing vein, which contains the Number 1 Showing and the Paul Showing (Figure 4b). Baselines bearing 040° were set up, with perpendicular lines, between 100 m and 550 m in length, at 50 m intervals. Elevation on the grids ranges from 1150 to 1400 metres. Alpine vegetation is sparse and outcrop is present over 50% of the area.

Rock Units

Alaskite - this rock type forms the dominant unit within the two grids. This unit is fine to medium grained and pink or off white in colour. Feldspar phenocrysts are set in a leucocratic, microcrystalline groundmass and often exhibit a cumulate texture. Mafics form 0-5% of the rock and quartz 5-20%. The presence of cross cutting alaskite bodies, up to 50 square metres in area, within the diorite suggests that the alaskite post-dates the diorite.

At several locations within the alaskite, fine grained, dark grey mafic xenoliths exhibit strong limonitic weathering. Their occurrence bears no relationship with the alaskite/diorite contact on the surface and they may have been derived from another source.

Diorite - this unit is typically dark grey/green in colour and fine grained. Euhedral, tabular feldspar phenocrysts, up to 5 mm in diameter, form 0-50% of the rock. Near the alaskite/diorite contact the feldspar phenocrysts show 0-50% replacement by quartz. Up to 30 m from the contact with the alaskite, limonitic alteration and weak to strong silicification of the diorite has occurred. Related moderate to strong pervasive chloritic alteration within the diorite occurs over a broader halo of 50 m.

Granodiorite Dykes - at the western margin of the North grid a series of parallel granodiorite dykes, 50-100 cm wide, form a zone 3-5 m in width. They are medium grained and contain 15% quartz, 15%

mafics and 70% fine grained plagioclase. These dykes appear to be oversaturated with silica and possess a well developed hydrous, biotite phase.

Major faults, seen on aerial photographs, trend north-south to northeast-southwest while smaller faults are of variable orientation. Faults striking northwest-southeast produce an overall dextral displacement. This can be seen in veins A10 and A11, (Figure 5) where a series of nine subparallel faults produce a dextral shift of 10 m within a 30 m length of vein. On the North grid the Number 1 Showing, which consists of a series of veins striking at 045^{o}, has been dextrally shifted by similar faults, resulting in the vein system striking at 060^{o}.

On the North grid this system is thought to be represented by several veins: A14, A15, A20-28, A30-34 and A48-49. These are generally parallel to the dominant jointing direction, at 045^{o}, and are offset dextrally by a series of northwest-southeast trending faults. Along the strike of the Number 1 Showing, pinching and swelling of the vein from 10 to 50 cm is also observed. The vein system continues for several hundred metres northeastward into the New 3 claim (held by International Prism Resources) and also continues south within the property.

Mineralization and Alteration

Mineralization appears to be confined to the single highly mineralized vein system striking at 045^{o} which contains the Paul and Number 1 Showings. The veins broadly strike at 045^{o} and dip steeply toward the west (Figure 5). They may be of quartz or quartz-carbonate-barite composition with the latter being deposited in two phases. Initial euhedral quartz, growing from the margins of the vein, is superceded by subhedral quartz-barite-carbonate which carries the sulphides present in the vein.

On the two showings, the vein varies between 0.5 and 2 m in width and contains up to 20% sulphides which include pyrite, pyrrhotite, chalcopyrite, and minor specular hematite. The vein often shows a frothy texture due to leaching and weathering of the sulphides. Some chlorite-epidote and limonite-malachite alteration is present.

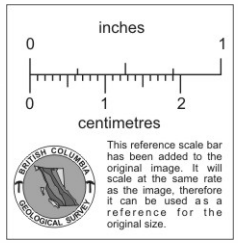
Channel Sampling Program

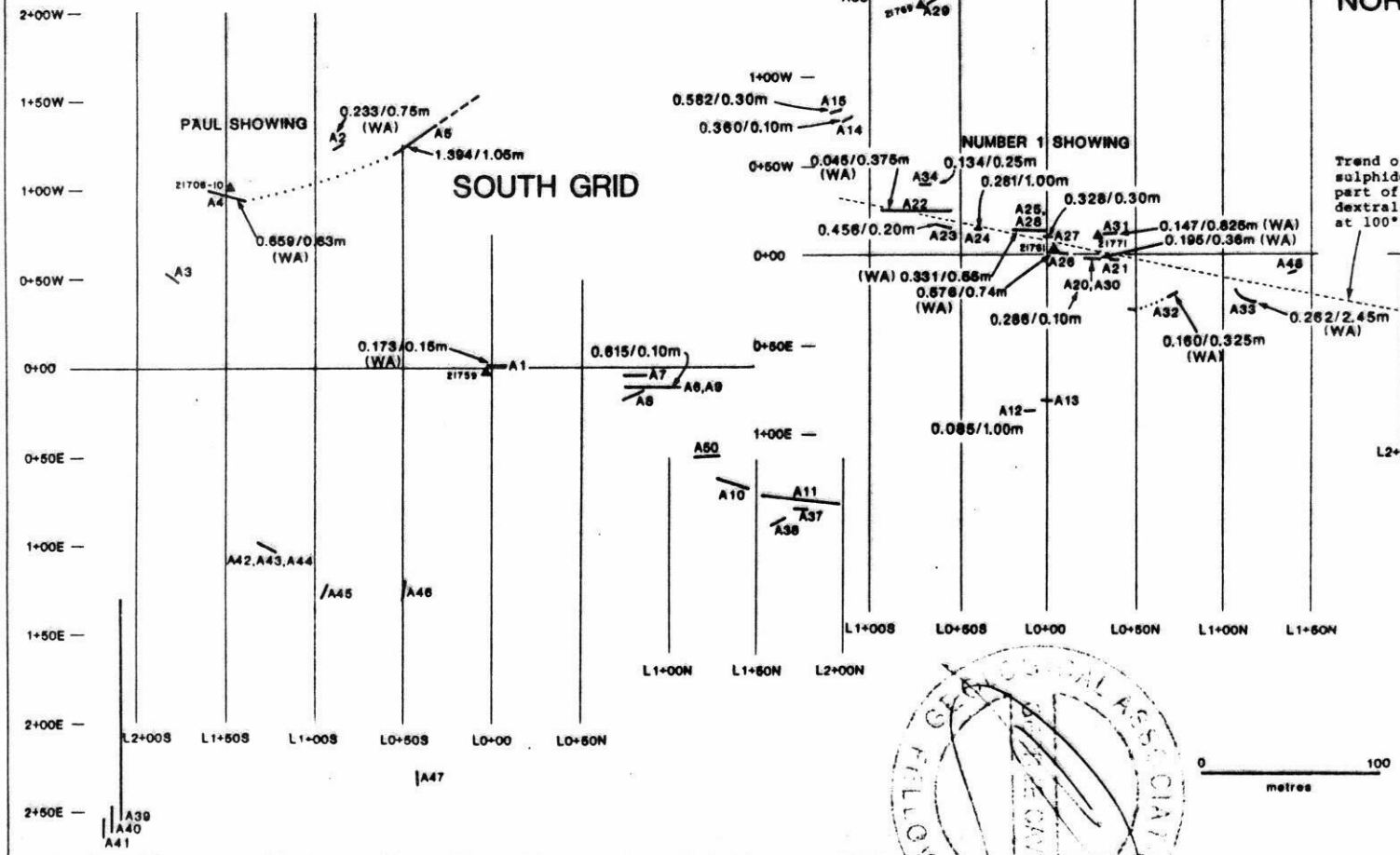
Fifty veins, A1 to A50, were mapped and systematically sampled. Sample intervals were attempted every 3-5 metres along the length of the veins, with three channel samples (of the hanging wall, vein and footwall) taken at each station. Wallrock samples varied from 0.5 to 1.0 metre in length. A total of 274 samples were analyzed for gold by fire assay with an atomic absorption finish. In addition, an ICP suite of 10 elements (Ag, Pb, Zn, Cu, Mo, As, Ba, Bi, Cd, Co) was

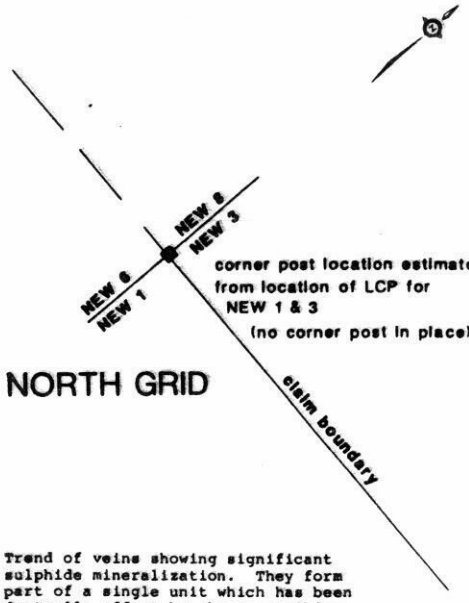
NOTES:

1. Corner post location determined by chain & compass only. Relative positions of NEW6 & 8 not determined by this post. LCP for NEW6 & 8 not located to date.

2. Veins with no indicated values were sampled, producing low values and/or values over widths <0.1m







Trend of veins showing significant sulphide mineralization. They form part of a single unit which has been dextrally offset by shears striking at 100°.

LEGEND.

▲ PROSPECTED SAMPLES LOCATED WITHIN GRIDS

VEIN

0.456/0.20m Gold values (oz/ton / metres)

(WA) Weighted average

OREQUEST

COLLINS RESOURCES LTD.

Figure 6
NEW CLAIMS

VEIN LOCATIONS

British Columbia
NTS: 104 B/15

JULY 1990 Drafting: BJM

obtained. Analysis was performed by Vangeochem Labs Ltd. of Vancouver, B.C.

Gold values exceeding 1.0 oz/t are present in veins A4, A5, and A26. The highest, 3.72 oz/t over 0.25 metres (52496) is in vein A26. Approximately half of the veins contain more than 0.1 oz/t gold. Wallrock assays are as high as 1.043 oz/t gold (52415, A5 over 0.4 m). Other significant wallrock values include 0.582 (21726, A15 over 0.3 m), 0.217 (52567, A30 over 0.3 m) and 0.216 (52412, A2 over 0.5 m) oz/t gold.

Background silver values average 0.2 ppm and anomalous silver values correlate with gold anomalies. Typically, mean silver values of 18 ppm were obtained from samples containing more than 1000 ppb gold. The highest silver value of 25.8 ppm is from vein A26 (52496).

Copper, present in mineralized veins as chalcopyrite and malachite, is closely associated with anomalous gold and yields values of 1000 to more than 20,000 ppm in samples containing greater than 1000 ppb gold.

Elevated values for lead, arsenic and cadmium are also related to anomalous values for gold.

Vein A1, located 130 m east of the Paul Showing, contains up to 10% bornite and sphalerite. A grab sample of a southern extension

of the Number 1 and Paul Showings quartz vein, located 75 m beyond the grid, assayed 11.304 oz/t gold.

VLF-EM Survey

A very low frequency electromagnetic (VLF-EM) survey was carried out over both grids to seek subsurface conductors associated with the Number 1 and Paul Showings. VLF readings were taken at intervals of 10 m, along the gird lines which lie approximately perpendicular to the vein system.

The survey did not delineate the known vein or locate any other conductors.

High relief within the grid created a positive shift in gradient for both the in-phase and quadrature signal directions which may mask the presence of other conductors. Minor inflections of the data may, however, indicate the presence of water-filled faults.

CONCLUSIONS

Gold and silver mineralization is located in the northern half of the Collins property within a large, subvertical fracture filling vein system striking at 045^{o}. The entire system has been offset by predominantly dextral, northwest-southeast faults.

The Paul and the Number 1 Showings represent the most highly mineralized parts of the vein within the grid area. Overall,

mineralization associated with gold values includes chalcopyrite, pyrite, specular hematite, and malachite. Minor amounts of pyrrhotite, bornite and sphalerite also occur. Sulphide and oxide mineralization may form up to 30% of the vein and is most commonly related to second phase quartz-carbonate, epithermal deposition.

Gold assay values of 1.149 oz/t over 0.5 m, 1.088 oz/t over 0.6 m, 0.914 oz/t over 0.7 m and 1.830 oz/t over 1.05 m were recorded across veins A4 and A5 which, together with vein A2 (0.233 oz/t over .75 m weighted average), comprise the Paul Showing. Gold values in excess of 0.1 oz/t are also recorded in five of the fifteen wallrock samples taken from the same veins.

Weighted averages for gold were calculated for each station along the veins that assayed over 1000 ppb. Vein A5 of the Paul Showing has the highest weighted average of 1.394 oz/t gold over 1.05 m. Vein A26 of the Number 1 Showing has a weighted average of 0.576 oz/t gold over 0.74 m and vein A30 has a weighted average of 0.195 oz/t gold over 0.36 m.

The Number 1 Showing comprises veins A14, A15, A20-28, A30-34 and A48-49. Approximately 50% of the vein channel samples yield gold values in excess of 1000 ppb, up to 3.72 oz/t over 0.25 m (A26). Several wallrock samples with values over 1000 ppb are also recorded. The highest of these is 0.582 oz/t over 0.3 m (A15). Overall, gold assay results from the sampling program show a high degree of variance, possibly due to a nugget effect.

The VLF-EM survey conducted over both grids did not reveal any large conducting bodies at depth. The data did however suggest the presence of several minor faults.

A southern extension of the quartz vein, located approximately 75 metres south of the South grid, assayed 11.304 oz/t gold from a grab sample.

The potential for definition of significant gold deposits is good in view of the assay values recorded to date and the apparent persistence of the principal vein system along strike. The multiplicity of the vein occurrences is indicative of a strong and possibly extended mineralizing event.

RECOMMENDATIONS

On the basis of the results from the 1988 field season continuation of the exploration program is recommended. Blasting and trenching of the mineralized veins would allow a more comprehensive and systematic channel sampling of fresh unweathered rock. Delineation of the principal vein system south of the South Grid is also required.

Vein formation is thought to occur in a tensional environment. Thus, a systematic reconnaissance of the area adjacent to the grids should be performed to locate similarly generated vein systems, in

conjunction with continued further prospecting of the claim to locate other anomalous areas.

If results from the channel sampling program are encouraging, then the continuity of the mineralized veins at depth should be tested by a Phase II drilling program. Costs for the two phased program are estimated to be $133,000 for Phase I and $241,500 for Phase II.

BUDGET ESTIMATE

Phase I

Mob/Demob	$ 5,000
Geologists - 2 X 14 days @ $350/day	9,800
Prospector - 14 days @ $265/day	3,710
Assistants - 4 x 14 days @ $225/day	12,600
Camp Costs	23,000
Helicopter Support - 23 hrs. @ $700/hr.	16,100
Fixed Wing Support	5,000
Expediting, Support and Communications	5,000
Equipment Rental	2,000
Geochemical Analyses	
- 600 soil samples @ $15/sample	9,000
- 400 rock samples @ $20/sample	8,000
Report and Drafting	6,000
Contingencies @ 10%	10,520
Subtotal	$115,730
Management Fee @ 15%	17,400
TOTAL PHASE I	**$133,130**
Say	**$133,000**

Phase II

Geological Target Definition	$ 10,000
Diamond Drilling 1000 m @ $200/m (all inclusive)	200,000
Management Fee @ 15%	31,500
TOTAL	**$241,500**

GRAND TOTAL	**$374,630**
Say	**$375,000**

CERTIFICATE of QUALIFICATIONS

I, George Cavey, of 6891 Wiltshire Street, Vancouver, British Columbia hereby certify:

1. I am a graduate of the University of British Columbia (1976) and hold a BSc. degree in geology.

2. I am presently employed as a consulting geologist with OreQuest Consultants Ltd. of #306-595 Howe Street, Vancouver, British Columbia.

3. I have been employed in my profession by various mining companies since graduation, with OreQuest Consultants Ltd. since 1982.

4. I am a Fellow of the Geological Association of Canada.

5. I have been licensed to practice as a Professional Geologist in the Province of Alberta.

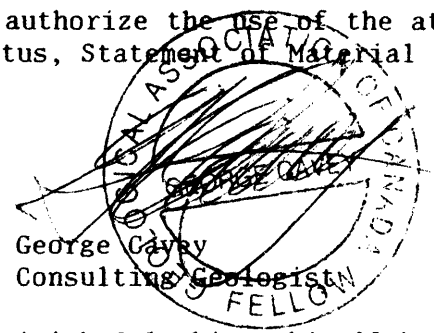
6. I am a member of the Canadian Institute of Mining and Metallurgy.

7. The information contained in this report was obtained as a result of a review of all data listed in the Bibliography and as a result of general area information obtained by supervising many exploration programs in the Iskut camp in 1987, 1988, and 1989 and particularly the 1988 program on the Adrian property. A personal property examination was completed by the author during the 1988 field program.

8. Neither OreQuest Consultants Ltd. nor myself have or expect to receive direct or indirect interest in the property nor in the securities of Collins Resources Ltd., or in Adrian Resources Ltd. nor in Prime Resources Group Inc. or any of its subsidiaries.

9. Neither OreQuest Consultants Ltd. nor myself have any interest in any property within a 10 km radius of the subject property.

10. I consent to and authorize the use of the attached report and my name in the Company's Prospectus, Statement of Material Facts or other public document.



George Cavey
Consulting Geologist

DATED at Vancouver, British Columbia, this 19th day of July, 1990.

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b: Revised Mineral Inventory Map 103P (MI).

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CERTIFICATES

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

July 3rd, 1990.

ISSUER

Leslie R. MacConnell
President
(Chief Executive Officer)

Naren Majithia
Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

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