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019692

Paydirt Prop.

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

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STATEMENT OF MATERIAL FACTS #105/90
EFFECTIVE DATE: 5th September 1990

PACIFIC CENTURY EXPLORATIONS LTD.

205 - 700 West Pender Street, Vancouver, B.C., V6C 1G8 Telephone: (604) 681-9212
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

Central Guaranty Trust Company
800 West Pender Street, Vancouver, B.C., V6C 2V7
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.

OFFERING: 800,000 UNITS

The Offering may be increased by up to 120,000 Units (15% of the Offering) to meet oversubscriptions. 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 the offering price of the Units.

	Offering Price (estimated)*	Commission	Estimated Net Pro- ceeds to be Received by the Issuer
Per Unit	\$1.40	\$0.105	\$1.295
Total	\$1,120,000	\$84,000	\$1,036,000

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

SHAREHOLDER OFFERING

This Statement of Material Facts also qualifies for sale, at the market price for the shares of the Issuer at the time of sale, 1,472,400 common shares of the Issuer which the Issuer has previously issued to the Shareholder described herein (see "Shareholder Offering" herein). None of the proceeds of sale from the Shareholder Offering will be received by the Issuer.

ADDITIONAL OFFERING

The Agent has agreed to purchase (the "Guarantee") any of the Units offered hereby which are unsubscribed for on the Offering Day and, as consideration for the Guarantee, has been granted an Agent's Warrant entitling the purchase of up to 400,000 shares of the Issuer (see "Consideration to Agent"). Any Units acquired by the Agent under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

AGENT

759

L.O.M. WESTERN SECURITIES LTD.
2200 - 609 Granville Street
Vancouver, B.C., V7Y 1H2

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.

Sept-11/90

1. PLAN OF DISTRIBUTION

A. THE OFFERING

By Agreement dated for reference July 5, 1990 (the "Agency Agreement"), **PACIFIC CENTURY EXPLORATIONS LTD.** (the "Issuer") appointed as its agent L.O.M. Western Securities Ltd. (the "Agent") to offer, through the facilities of the Vancouver Stock Exchange (the "Exchange"), 800,000 Units of the Issuer at a fixed price (the "Offering").

The Offering will take place on the "Offering Day", which will be not 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 for the Province of British Columbia (the "Effective Date").

The offering price of the Units (the "Offering Price") will be determined in accordance with the rules of the Exchange, at a premium over the average trading price of the Issuer's shares as determined by the Exchange, subject to the agreement of the Issuer and the Agent. The purchasers of any Units under the Offering will be required to pay commission at the rates charged by their brokers.

The Agent may overallocate Units of the Issuer to cover oversubscriptions up to an amount equal to the lesser of the number oversubscribed or 15% of the Offering and, in such case, has an option for 60 days from the Offering Day to acquire Units from the Issuer at the Offering Price less commission to cover such overallocation (the "Greenshoe Option"). Alternatively, the Agent may cover by making purchases of shares (and warrants) in the market through the facilities of the Exchange. The number of Units subject to the Greenshoe Option will be determined on the Offering Day. The Issuer has the right to terminate the Greenshoe Option at any time prior to 12:00 noon on the day prior to the Offering Day.

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

The obligations of the Agent under the Agency Agreement may be terminated prior to opening of the market on the Offering Day at its discretion on the basis of its 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 Agent 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 Agent has the right of first refusal to provide such financing.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

- Group I: Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II: Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III: Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditures from Funds Available upon Completion of the Offering
I.	-----N/A-----			
II.	Pay Dirt Property	Acquisition: \$62,500 Exploration: \$37,860	50,000	\$487,140*
	Gold Claims	Acquisition: \$ 4,000 Exploration: \$15,025	Nil	Nil
III.	-----N/A-----			

* Of this amount, \$315,000 is contingent upon the results of the Phase I exploration program.

GROUP II

Pay Dirt Property

Pursuant to an agreement dated March 22, 1990 (the "Option Agreement") between the Issuer and Consolidated Silver Standard Mines Limited, of Suite 400 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5 ("Silver Standard"), Silver Standard agreed to grant to the Issuer an option to acquire up to a 60% undivided interest in seven mineral claims located in the

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

Although it is not possible to determine the actual net proceeds from the Offering, in the event that the 800,000 Units are sold at an estimated price of \$1.40 per Unit, the proceeds would be \$1,120,000 less commissions of \$84,000, to net the Issuer \$1,036,000, which, when added to the Issuer's working capital as at July 31, 1990 of \$11,906 would make \$1,047,906 available to the Issuer on completion of the Offering.

The principal purposes for which the total available funds are to be allocated, in order of priority, are as follows:

(a)	To pay the estimated costs of this issue..	\$ 25,000
(b)	To pay the estimated cost of the Phase I exploration program as set out in the Geological Report of Sorbara Geological Consulting Ltd. dated December 13, 1989.....	\$ 172,140
(c)	To pay the estimated cost of the Phase II exploration program as set out in the Geological Report of Sorbara Geological Consulting Ltd. dated December 13, 1989.....	\$ 315,000
(d)	To provide for working capital.....	\$ <u>535,766</u>
	TOTAL:	<u>\$1,047,906</u>

All proceeds derived from the exercise of the Series "A" Warrants, the Agent's Warrant and the Greenshoe Option will be added to working capital of the Issuer.

The Issuer proposes to use the proceeds of the Offering, together with its working capital, to fund the exploration and development of natural resource properties presently held, as well as the acquisition of new assets or properties. Should the Issuer wish to spend all or part of the funds on the exploration and development of its present resource properties, it will, if such expenditure is material, do so only upon the recommendations of a qualified engineer or geologist. Should the Issuer wish to spend all or part of the funds on the acquisition of new assets or resource properties, it will do so only with the prior approval of the Exchange where such approval is required.

Liard Mining Division, British Columbia (the "Pay Dirt Property"), more particularly described as follows:

<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Split	8	1917(6)	June 12, 1997
Creek	15	1918(6)	June 12, 1997
Wife	20	1961(7)	July 23, 1997
Father	12	1962(7)	July 23, 1997
Mother	20	1963(7)	July 23, 1997
Paydirt	12	1964(7)	July 23, 1996
Daughters	12	1965(7)	July 23, 1997

The Option Agreement provides that Silver Standard shall grant to the Issuer a right to acquire up to a 50% interest in the Pay Dirt Property upon incurring a minimum expenditure on exploration and development in the amount of \$1,315,000 and paying to Silver Standard an aggregate sum of \$125,000 and issuing an aggregate of 100,000 common shares of the Issuer in the amounts and on or before the dates set out below:

<u>Date</u>	<u>Option Payments to Silver Standard</u>	<u>No. of Shares to Silver Standard</u>	<u>Minimum Expenditures on Pay Dirt Property</u>
Execution of the Option Agreement	\$ 15,000	Nil	Nil
Approval Date	Nil	50,000	Nil
First Anniversary of the Option Agreement	\$ 20,000	50,000	\$ 210,000
Second Anniversary of the Option Agreement	\$ 30,000	Nil	\$ 315,000
Third Anniversary of the Option Agreement	\$ 60,000	Nil	\$ 370,000
Fourth Anniversary of the Option Agreement	Nil	Nil	\$ 420,000
	<u>\$125,000</u>	<u>100,000</u>	<u>\$1,315,000</u>

The Approval Date for the purposes of the Option Agreement is April 23, 1990.

The payment of \$15,000 upon execution of the Option Agreement and the exploration expenditure of \$210,000 to the first anniversary of the date of the Option Agreement is a firm and binding commitment of the Issuer. If the first year's expenditures are

not made, the Option Agreement shall terminate; however, the Issuer shall remain liable to Silver Standard for the payment of the full amount by which the Issuer is in default.

The Option Agreement further provides that the Issuer has an option to acquire a further 10% interest in the Pay Dirt Property upon exercising the first option to acquire a 50% interest, paying to Silver Standard an initial sum of \$50,000 within 60 days of the exercise of the first option and incurring a further minimum expenditure on exploration and development in the amount of \$1,050,000 on or before the fifth anniversary of the date of the Option Agreement.

The further exploration expenditure of \$1,050,000 is required upon the Issuer exercising its right to acquire a further 100% interest in the Pay Dirt Property and, upon such exercise, it will become a firm commitment by the Issuer. If the Issuer does not spend the minimum expenditure of \$1,050,000 within the time provided, it may pay one-half of the amount by which it is deficient to Silver Standard in full and final satisfaction of its work commitment.

If the Issuer exercises the first option (i.e. acquires a 50% interest in the Pay Dirt Property), then the parties shall associate as a joint venture for the purpose of continued exploration and development of the Pay Dirt Property with their initial joint venture interests being 50/50. However, should the Issuer also exercise its second option giving the Issuer a total 60% interest in the Pay Dirt Property, then the parties shall associate themselves as a joint venture for the purpose of continued exploration and development of the Pay Dirt Property with their initial joint venture interests being the Issuer as to 60% and Silver Standard as to 40%.

If a party to the joint venture elects or is deemed to have elected not to contribute to the exploration costs of any program of exploration on the Pay Dirt Property, the interest of that party shall be decreased and the interest of the party contributing to the exploration costs shall be increased so that at all times the interest of each party to the joint venture will be that percentage which is equivalent to the sum of a party's contribution to exploration costs at the time the joint venture is formed divided by the sum of the exploration costs incurred by all parties after the joint venture is formed, multiplied by 100. If any party's interest is reduced to 10% or less, that party's interest will be forfeited and it shall receive in lieu thereof a 10% net profits royalty.

Silver Standard is the owner of a 100% interest in the Pay Dirt Property, which was acquired by Silver Standard pursuant to an agreement dated April 4, 1985, as amended June 20, 1985, between Silver Standard and Teck Corporation (the "Teck Agreement"). Teck Corporation has granted its consent to Silver Standard to grant the further option to the Issuer pursuant to the Option

Agreement. The Teck Agreement provides Teck with a right of first refusal on any financing of commercial production of the Pay Dirt Property and if Teck does not exercise its right to finance the commercial production, it shall receive an irreducible 10% net profits royalty.

The Issuer has entered into an agreement dated March 30, 1990 with Prime Explorations Ltd. ("PEL"), whereby PEL has agreed to provide management services to carry out the proposed program of exploration on the Pay Dirt Property. In consideration of the provision these services, the Issuer has agreed to pay to PEL a management fee equal to 15% of all salary disbursements and other disbursements.

J.P. Sorbara, of Sorbara Geological Consulting Ltd., has prepared a geological report dated December 13, 1989 (the "Geological Report") of the Pay Dirt Property, a copy of which is included in this Statement of Material Facts. The Geological Report reports on the location and history of the Pay Dirt Property and recommends an exploration program thereon. The Geological Report concludes that the Pay Dirt Property hosts both copper and gold mineralization. Previous exploration work, including diamond drilling, has defined a body of gold mineralization characterized by silica, sericitic and argillic alteration. The Geological Report states that further exploration of the Pay Dirt Property is warranted and a success-contingent, multi-phase program of diamond drilling and completion of the exploration adit is recommended.

The Geological Report recommends a Phase I exploration program at an estimated cost of \$210,000 consisting of approximately 2,500 feet of diamond drilling contingent on the results of the Phase I exploration program, and a Phase II exploration program at an estimated costs of \$315,000 consisting of approximately 4,000 feet of diamond drilling.

Preliminary assessment work has commenced on the Pay Dirt Property at an estimated cost to date of approximately \$37,860. No significant results are available.

THE PAY DIRT PROPERTY IS WITHOUT KNOWN COMMERCIAL ORE RESERVES.

Gold Claims

Pursuant to an agreement dated October 27, 1989 between the Issuer and Craig A. Angus, of Suite 860 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6, the Issuer purchased a 100% interest in four mineral claims located in the Atlin Mining Division, Province of British Columbia. The consideration for the purchase of the mineral claims was \$4,000, which has been paid by the Issuer. The Gold Claims are more particularly described as follows:

<u>Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Gold 1	3740	September 23, 1990
Gold 2	3741	September 23, 1990
Gold 3	3742	September 23, 1990
Gold 4	3743	September 23, 1990

Preliminary assessment work has commenced on the Gold Claim Property at an estimated cost to date of approximately \$15,025. No significant results are available.

THE GOLD CLAIM PROPERTY IS WITHOUT KNOWN COMMERCIAL ORE RESERVES.

RISK FACTORS

The Units offered hereby must be considered speculative due to the nature of the Issuer's business. In particular:

1. To the knowledge of the Issuer, the Issuer's properties are without a known body of ore and any program conducted on the properties with the proceeds from the Offering would be an exploratory search for ore.
2. If the Issuer's exploration programs are successful in establishing ore of commercial tonnage and grade, additional funds will be required for the development of the ore body and to place it in commercial production. One source of future funds presently available to the Issuer is through the sale of equity capital. Another alternative for the financing of further exploration would be the offering by the Issuer of an interest in the properties to be earned by another party or parties carrying out further exploration or development thereof.
3. Resource exploration and development is a speculative business and involves a high degree of risk. 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 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

REPORT ON GYPSY RESOURCES'
PAYDIRT CLAIM GROUP
LIARD MINING DIVISION, B.C.

NTS 104 G/4E, 3W

Latitude $57^{\circ} 04'N$ Longitude $131^{\circ} 32'W$

FOR

GYPSY RESOURCES LTD.
11TH FLOOR, 808 WEST HASTINGS ST.
VANCOUVER, B.C.
V6C 2X6

BY

J. PAUL SORBARA, M.Sc. F.G.A.C.
SORBARA GEOLOGICAL CONSULTING LTD.
6703 NICHOLSON RD.
DELTA, B.C.

DECEMBER 13, 1989



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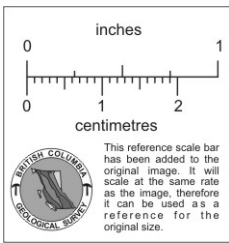
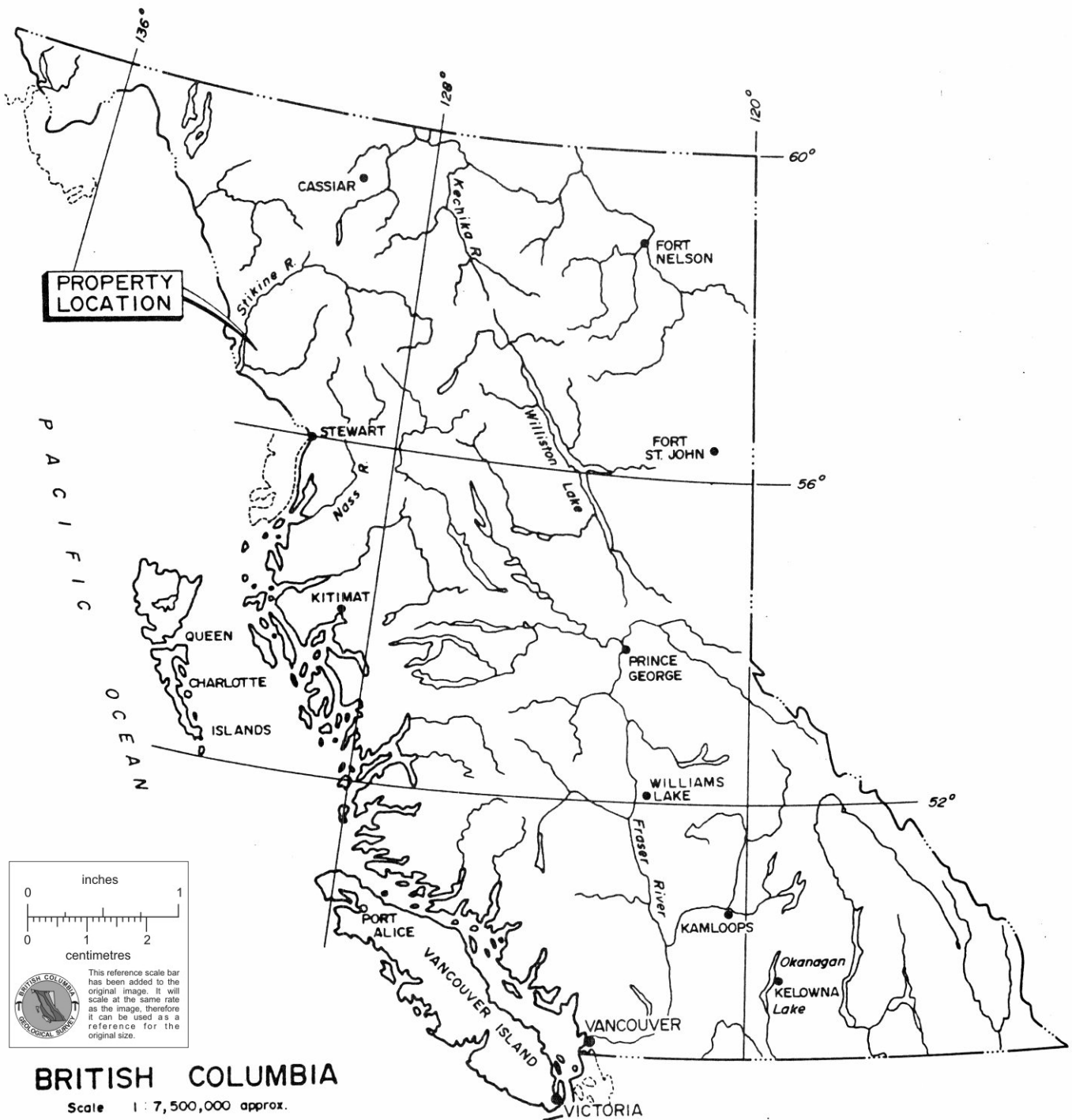
SUMMARY

The Paydirt property is located on the east side of the Stikine River in Northwestern British Columbia. The property was first staked for its copper showings which were explored by several groups during the 1960's.

In the early 1980's Teck Corporation acquired the ground and discovered gold mineralization. Exploration activities by various option holders during the 1980's resulting in the definition of a silicified and variously altered body of gold mineralization with drill indicated reserves of 204,000 tons averaging 0.12 oz Au/ton (185,000 tonnes @ 4.11 gm Au/tonne).

The property, which is presently owned 100% by Consolidated Silver Standard Mines Ltd., was optioned in 1987 to Longreach Resources Ltd. who attempted to drive an exploration adit into the gold zone. Insufficient funds for timbering caused this tunnel to be terminated 180 feet short of the target.

The writer concludes that the property warrants further exploration of its precious metal potential. More surface diamond drilling should be completed in order to better define reserves prior to completion of the exploration adit.



BRITISH COLUMBIA

Scale 1 : 7,500,000 approx.



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY LIARD M.D. B.C.		
GENERAL LOCATION MAP		
Scale see above	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 1

INTRODUCTION

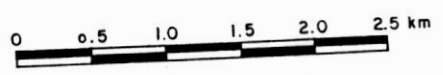
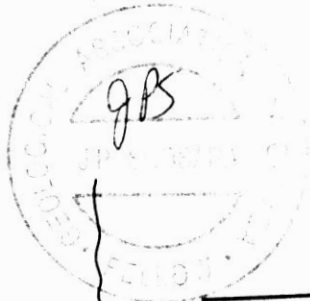
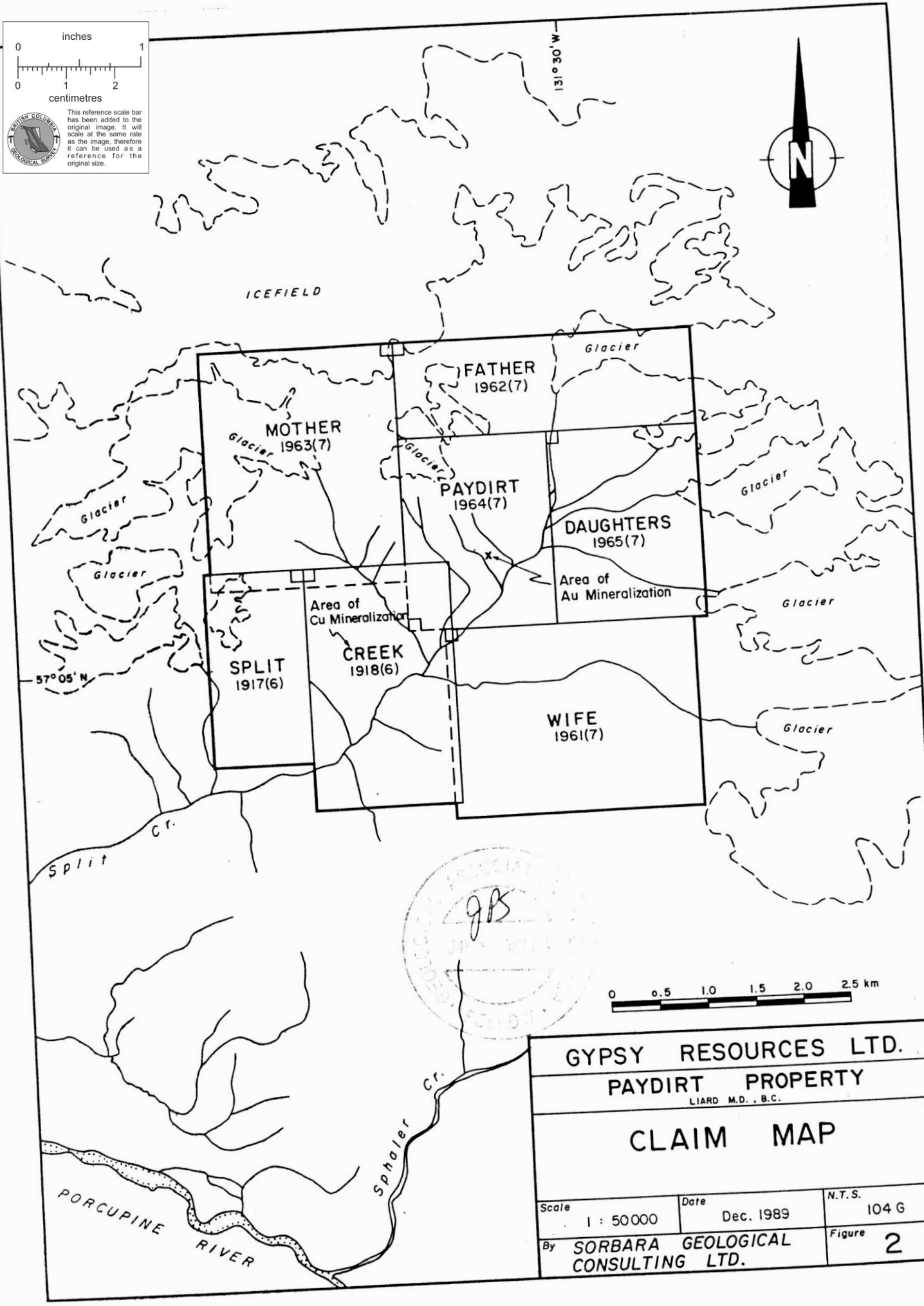
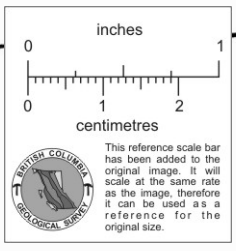
This summary and evaluation of the Paydirt claim group is done at the request of the Directors of Gypsy Resources Ltd. The purpose of this report is to summarize the exploration data already obtained from the property, evaluate it, and if warranted, propose an exploration program designed to further test the potential of the property for hosting economic precious metal deposits.

The present report is based upon a thorough review of all recent work on the property and personal knowledge of the area and regional mineral deposits. The writer visited the property and several nearby mineral showings and deposits including Galore Creek while working in the area for Cominco Ltd.

PROPERTY AND OWNERSHIP

The subject property comprises 7 located mineral claims totalling 99 units situated within the Liard Mining Division of British Columbia (Figure 1 & 2). The property is referred to as the Paydirt claim group, and a list of the claim names, size, etc. is given below:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry</u>
Split	8	1917	12 June	1991
Creek	15	1918	12 June	1991
Wife	20	1961	23 July	1997
Father	12	1962	23 July	1997
Mother	20	1963	23 July	1997
Paydirt	12	1964	23 July	1997
Daughters	12	1965	23 July	1997



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY		
LIARD M.D. - B.C.		
CLAIM MAP		
Scale 1 : 50000	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 2

The subject property is presently owned 100% by Consolidated Silver Standard Limited Mines Limited. An option has been granted to Gypsy Resources Ltd. whereby they can earn a 50% interest in the property by making cash payments of \$125,000, issuing 100,000 shares and expending \$1.315 Million on exploration over a period of 4 years.

LOCATION AND ACCESS

The Paydirt claim group is located 155 kilometres northwest of Stewart B.C. The claims are situated on the north side of the Porcupine River along Split Creek. The Porcupine flows into the Stikine approximately 32 kilometres north of the junction of the Iskut River with the Stikine.

Access to the property is by helicopter from the airstrip at Snippaker Creek or the Scud River to the north. The Stikine is navigable by barge to the junction of the Porcupine, which is only 15 km west of the claim group. Rehabilitation of a 1960's bulldozer trail would allow road access to the centre of the claims.

HISTORY AND PREVIOUS WORK

In the early 1960's the first claims covering the Paydirt group area were held by Julian Mining Co. This group conducted geological mapping, Induced Polarization geophysical surveys, trenching and 2200 meters of diamond drilling on an extensive copper showing which is presently exposed on the western half of the subject property. Concurrent with Julian's work, Stikine River Mines Ltd.

worked on adjacent claims which are presently covered by the eastern half of the subject property. That work consisted of mapping and geochemical surveys.

These earliest workers allowed their claims to lapse and the copper showings were subsequently restaked and worked by a series of companies. A short chronology of these holders is given below:

1. (ca.1963) Julian Mining co. - Ann and Su claims, I.P. surveys, geological mapping, trenching and 2200 m of diamond drilling.
2. (ca. 1963) Stikine River Mines Ltd. - A.C. and Alpha claims. Geological mapping and geochemical surveys.
3. (1969) Silver Standard Mines Ltd. - Staked - no recorded work.
4. (1974) Great Plains - As claims. Geological and geochemical surveys.
5. (1981) Teck Explorations Ltd. - Paydirt Claims. Geological mapping, soil and silt geochemical sampling, magnetometer survey, trenching, and 49 m of diamond drilling.
6. (1985) Consolidated Silver Standard Mines Ltd. - Paydirt option. Geological mapping, soil sampling, diamond drilling, and trenching.
7. (1987) Longreach Resources Ltd. - Exploration adit totalling 181 feet and 124 feet of underground diamond drilling in 4 holes.

The 1981 work by Teck Corporation expanded the property to its present size and uncovered a new gold showing. Teck carried out geological mapping and prospecting, a magnetometer survey, soil and silt geochemistry, trenching and 49 m of diamond drilling in the Discovery Creek area.

Teck then optioned the property to Consolidated Silver Standard Mines Ltd. who completed further geological and geochemical surveys, trenching and surface diamond drilling. By the end of their work a body of gold mineralization hosted in altered volcanics had been drill-indicated to host 204,000 tons averaging 0.12 oz Au/ton (185,000 tonne @ 4.11 gm Au/tonne). The 1987 work by Longreach Resources Ltd. included 181 feet of tunnelling designed to intersect the gold mineralization. Incompetent rock and lack of timber for tunnel support were the apparent reasons why the tunnel was terminated 180 feet short of the targeted mineralization.

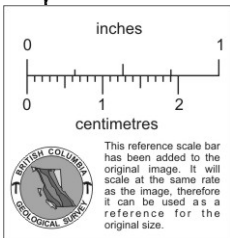
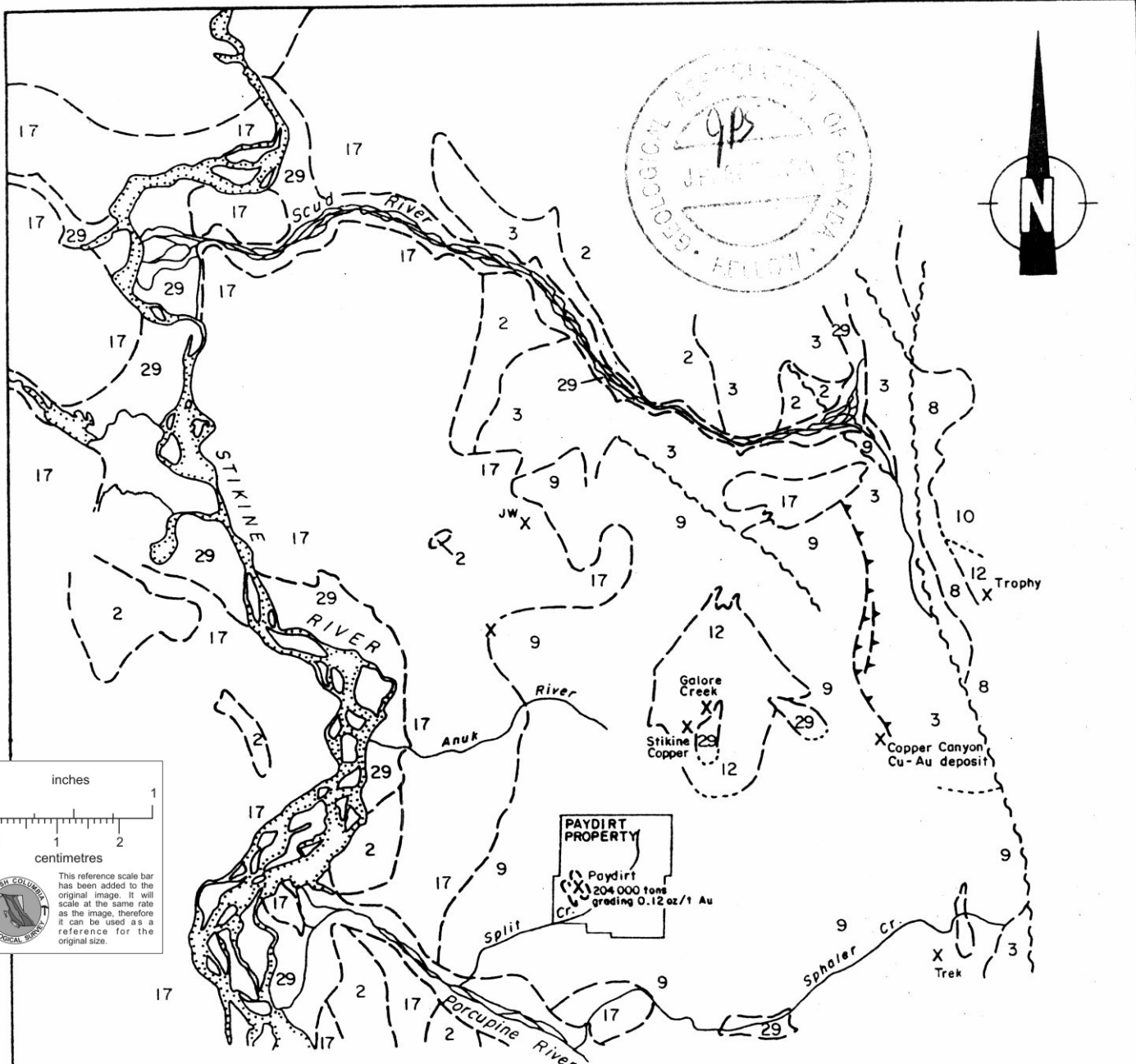
No further work has been done on the property since 1987.

REGIONAL GEOLOGY

The Paydirt claim group lies on the eastern margin of the Coast Plutonic Complex in a series of Upper Triassic eugeosynclinal sedimentary and volcanic rocks. This volcanic-sedimentary package has been cut by Triassic and Jurassic age intrusions of syenite, as well as diorite and granodiorite which are of Jurassic and Cretaceous age.

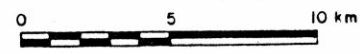
The syenitic intrusions are known to host significant porphyry copper mineralization, similar to that at Galore Creek (113 million tonnes @ 1.06% Cu) which is 10 km northeast of the Paydirt group (Figure 3).

Strong north-south faults are outlined by drainage in the property area and are thought to represent deep-seated structures related to the accretionary process of this terrain.



LEGEND

- 29 Quaternary
- 17 Jurassic granodiorite
- 12 Triassic/Jurassic syenite
- 10 Hickman batholith (Triassic)
- 9 Undifferentiated volcanic/sedimentary rocks
- 8 Volcanoclastic rocks (Permian or older)
- 3 Limestone
- 2 Phyllite/argillaceous quartzite
- geological contact
- ~~~~~ fault
- ▾ thrust fault
- X mineral showings



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY		
<small>LIARD M.D., B.C.</small>		
REGIONAL GEOLOGY & MINERAL SHOWINGS		
Scale 1 : 250 000	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 3

In the Galore Creek area, Souther (1971) mapped the Upper Triassic Hazelton Group as an undifferentiated sequence of island arc volcanics and sediments. The Paydirt gold deposit is hosted within silicified, sericitized and pyritized Upper Triassic volcanics (Holtby, 1985) and is correlated with the sequence which hosts the Snip and Stonehouse gold deposits at Bronson Creek.

In the Coast Crystalline Tectonic Belt, and in the Galore Creek area, Paleozoic and Mesozoic sequences are intruded by Upper Triassic to Lower Jurassic syenitic stocks and also by Jurassic to Lower Cretaceous plutonic rocks of quartz monzonite to quartz diorite composition. The Galore Creek copper-gold porphyry deposit is hosted by Upper Triassic volcanics intruded by syenitic stocks. On a regional basis, the most significant polymetallic (including precious metals) deposits including the Sulphurets and Iskut River camps, are commonly associated with the presence of orthoclase porphyry or syenitic stocks.

The large tonnage - low grade Schaft Creek deposit, located 50 km northeast of the Paydirt property, is reported to contain 910 million tonnes grading 0.3% Cu, 0.03% M_0S_2 , 0.113 gm Au/tonne and 0.992 gm Ag/tonne.

PROPERTY GEOLOGY AND MINERALIZATION

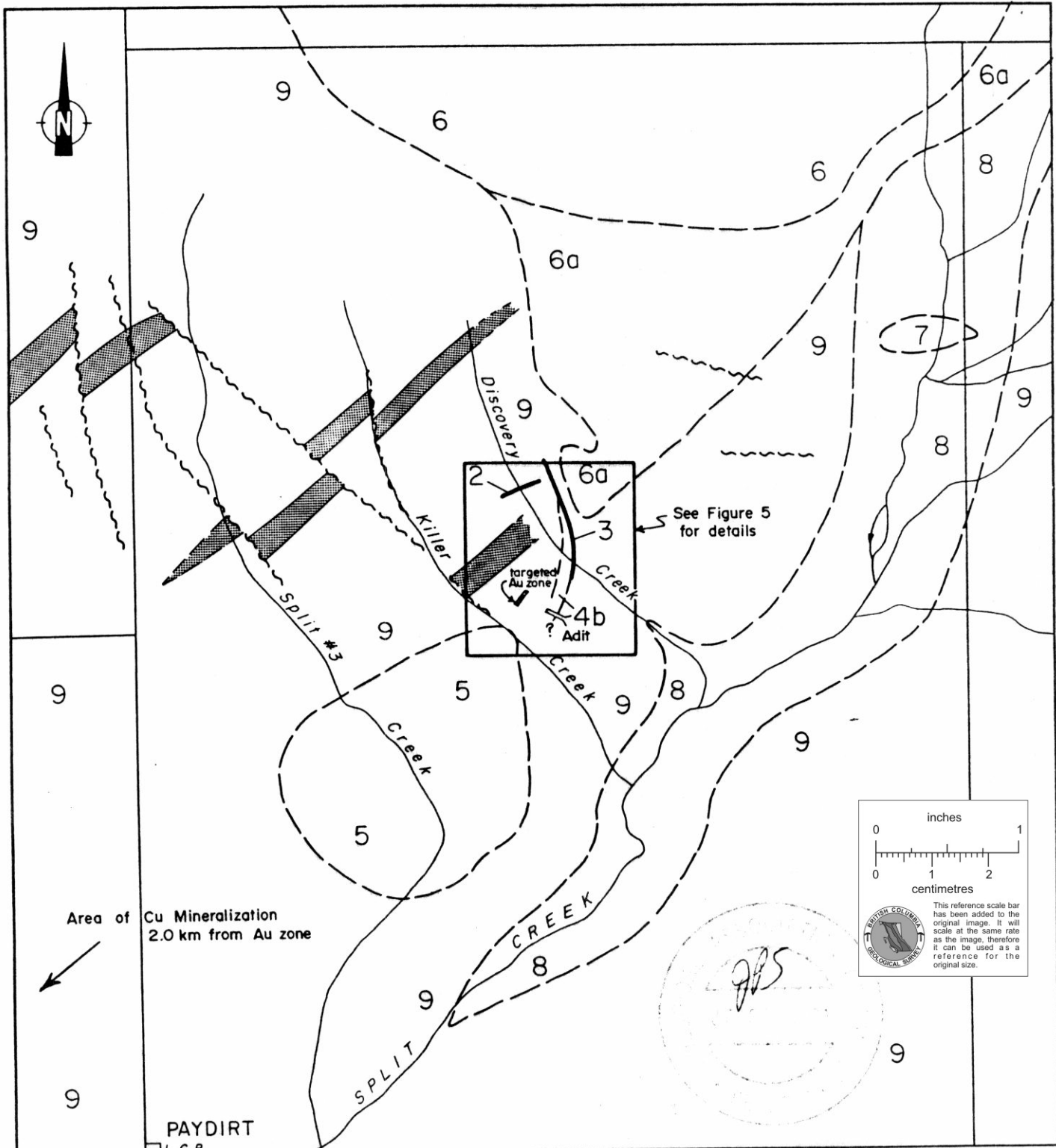
The property is largely underlain by andesitic pyroclastics which have been intruded by related hornblende diorite and amphibolite stocks along with younger bodies of syenite and diorite to granodiorite. This package has, in turn, been intruded by younger dykes, andesitic to lamprophyric in composition.

With the exception of the later stage dyke rocks, the lithology of the subject property exhibits regional propylitic alteration and wide spread pyritization. The pyrite mineralization is centered on the Paydirt claim itself between the tops of pup streams referred to as Split #1 Creek and Split #2 Creek. This is the area of strongest copper mineralization where most of the work in 1960's and 1970's was carried out. There is abundant malachite staining in most of Split #1 Creek and in the canyon in the lower part of #2 Creek. Strong chalcopyrite-chalcocite mineralization can be found over widths up to 10 m. The mineralization is, in part, structurally controlled and associated with diabase dykes. Anomalous gold values up to 1270 ppb are found associated with the copper mineralization.

The main area of gold mineralization is located on Discovery Creek, 2 km northeast of the centre of the copper mineralization, at an elevation of 1000 m. This zone of silica-pyrite alteration in andesite pyroclastics is associated with a north-south striking structure. Gold occurs in the more intensely silicified portion of this alteration zone which is also characterized by strong sericitization, bleaching and argillization.

This gold-bearing zone (shown in cross section on Figures 6a & b) is the lower half of a two-part alteration zone. Alteration consists of silicification, sericitization and pyritization with the gold occurring in the more intensely silicified portion. The upper half of the alteration zone has weaker silicification and stronger sericitization.

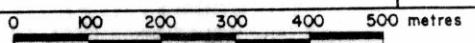
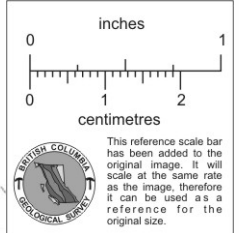
A detailed description of this gold zone is taken from Holtby (1985):



Area of Cu Mineralization
2.0 km from Au zone

LEGEND

- 2 Diorite dyke
- 3 Andesite dyke
- 4b Alteration zone not associated with shearing
- 5 Granodiorite
- 6 Syenite to monzonite (Triassic/Jurassic)
- 6b Granodiorite to monzonite (Triassic/Jurassic)
- 7 Amphibolite (Triassic/Jurassic?)
- 8 Hornblende diorite (Triassic/Jurassic)
- 9 Volcanic rocks (Upper Triassic)
- Silicified, pyritized zone
- Contact
- Fault



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY		
LIARD M.D., B.C.		
PROPERTY GEOLOGY		
Scale 1:10000	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 4

(after Holthby 1985)

The alteration zone and the gold-bearing zone are bounded on their footwall, for the most part, by an andesite dyke. This so-called footwall dyke is distinctively unaltered, has gouge along both contacts and is considered post alteration and mineralization. Gold mineralization found in the zone above the dyke is not associated with copper while gold found beneath the dyke in holes 85-1 and 85-3 is associated with copper. As well the two short intervals in the upper part of hole 85-3 that have been included in the gold-bearing zone are associated with copper. Those portions of the zone with copper associated gold have a weaker silicification but not as weak as the essentially barren upper half of the alteration zone.

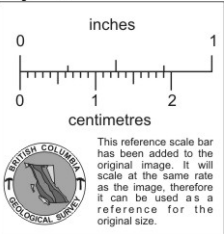
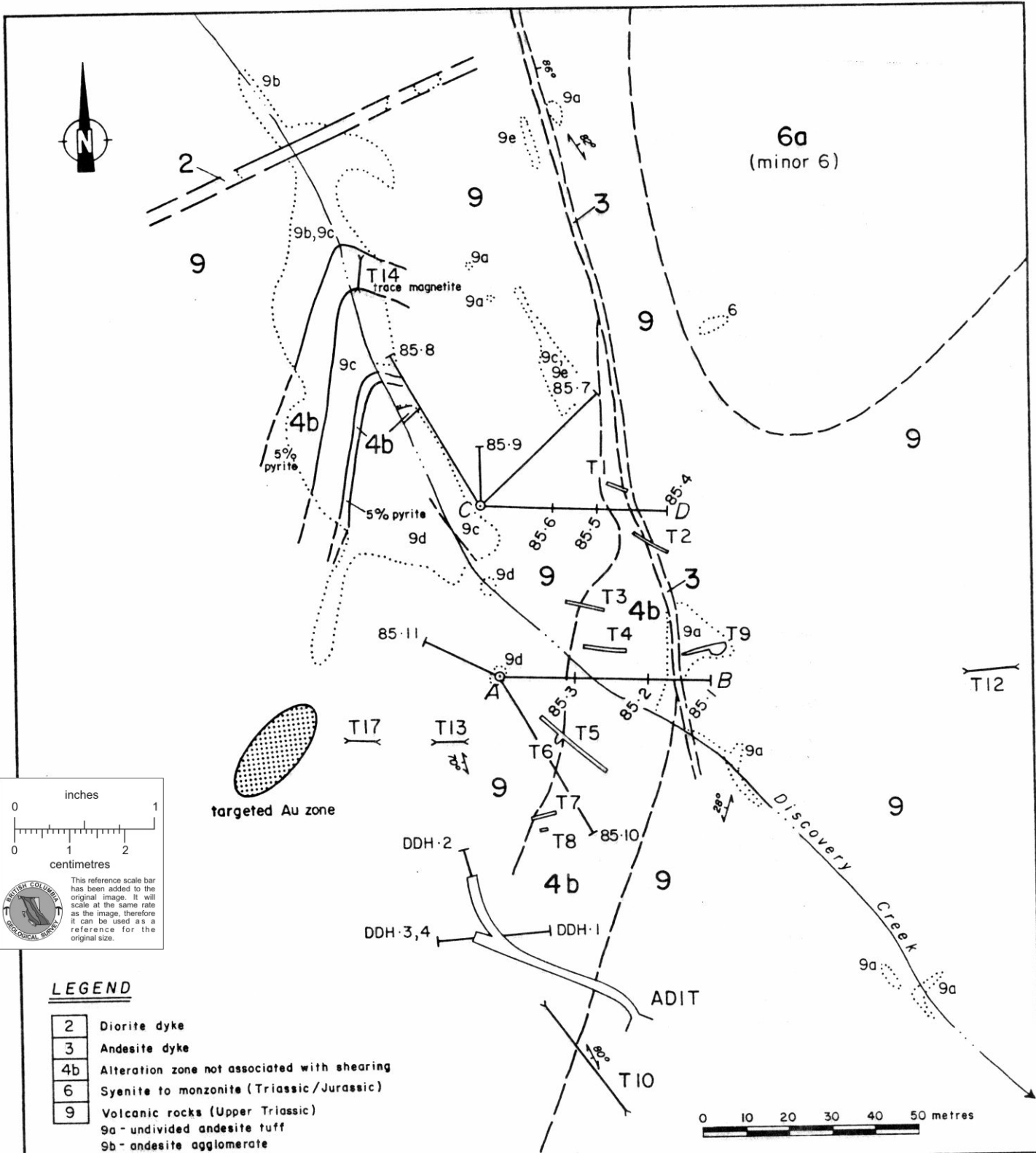
All drill holes intersected gold mineralization. Averaging assays for intercepts in the 2 fans of drill holes and calculating the volume and tonnage (using a s.g. of 2.65) between these fans indicates reserves of 204,000 tons averaging 0.12 oz Au/ton.

With known outcrops south of the southern fan of drill holes (cross section A-B) and drill intersections in hole 7 and possible hole 8 north of the northern fan of drill holes (cross section C-D) a further 200,000 tons may be inferred. Hole 85-8 intersected gold mineralization with weak associated copper. It is not known at this stage whether this is the main gold zone or another zone.

The average of 0.12 oz Au/ton is for the gold zone as shown on Figure 6a & b, excluding the footwall dyke. Higher grades over significant widths were found. Drill intercepts and assays for the gold zone are given in Table 1.

Elsewhere on the claim block 19 rock samples with greater than 0.01 oz au/ton were collected, including three with greater than 0.2 oz au/ton. By geographic area these samples (* samples with greater than 0.2 oz au/ton) are:

- (a) Split Creek:
Sample no. 630; 0.092 oz Au/ton. This is a minor chalcopyrite mineralized zone in sericitized syenite. The extent of copper mineralization is not considered significant.
- (b) Killer Creek:
Sample no. 285 b; 0.030 oz Au/ton, 0.16% cu. This weakly mineralized quartz vein occurs sporadically in a shear zone extending along Killer Creek.



LEGEND

- 2 Diorite dyke
- 3 Andesite dyke
- 4b Alteration zone not associated with shearing
- 6 Syenite to monzonite (Triassic/Jurassic)
- 9 Volcanic rocks (Upper Triassic)
 - 9a - undivided andesite tuff
 - 9b - andesite agglomerate
 - 9c - andesite lapilli tuff
 - 9d - andesite crystal tuff & crystal-lapilli tuff
 - 9e - andesite fine ash tuff
- contact (observed, inferred)
- ... outcrop
- 85-2 Diamond Drill Hole
- trenches
- foliation
- A—B cross sections
- C—D

APS

(after Holth 1985)

GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY		
<small>LIARD M.D., B.C.</small>		
DETAILED GEOLOGY OF MAIN GOLD ZONE		
Scale 1 : 1250	Date Dec. 1989	N.T.S. 104G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 5

Sample no. 614; 0.025 oz Au/ton. A sample of the bleached and weakly pyritized shear zone along Killer Creek. This shear zone is not considered to have an economic potential.

Sample no. 355; 0.035 oz Au/ton. A strongly chloritized andesite lapilli tuff with pyrite along fractures.

(c) Split #3 Creek:

Sample no. 341; 0.078 oz Au/ton. Talus.

* Sample No. 342; 0.270 oz Au/ton. Bedrock
Both samples are of a chloritized tuff with siliceous alteration.

Five percent pyrite occurs as masses in the tuff.

Sample no. 344; 0.068 oz Au/ton. A 20 cm wide quartz vein with 5% galena and chalcopyrite.

* Sample no. 345; 0.294 oz Au/ton. Talus sample of andesite tuff with siliceous alteration and 1% pyrite finely disseminated.

Sample no. 346; 0.063 oz Au/ton. Sample of gossanous material in 3 m wide alteration zone cutting andesite lapilli tuff.

(d) West of head of Split #3 Creek:

Sample no. 337; 0.053 oz Au/ton.

Sample no. 339; 0.026 oz Au/ton.

Both samples of silicified and pyritized gossanous zone that is centered at the head of Split #3 Creek and includes area sampled along Split #3 Creek.

(e) Split #2 Creek:

Sample no. 261; 0.036 oz Au/ton, 1.59% cu. A 50 cm quartz-carbonate vein with up to 10% combined pyrite, galena and chalcopyrite. This vein is not considered to have economic potential.

Sample no. 318; 0.033 oz Au/ton.

Sample no. 319; 0.022 oz Au/ton.

Sample no. 320; 0.026 oz Au/ton.

* Sample no. 321; 0.202 oz Au/ton.

All pyritized and silicified zones in tuff. Pyrite 1%-3% with chalcopyrite. These samples are in the vicinity of the malachite stained cliffs along the lower section of Split #2 Creek.

(f) Split #1 Creek:

Sample no. 288; 0.038 oz Au/ton

Sample no. 289; 0.011 oz Au/ton

Both samples of pyritized and silicified shear zone cutting chloritized andesite tuff. The shear zone extends along Split #1 Creek.

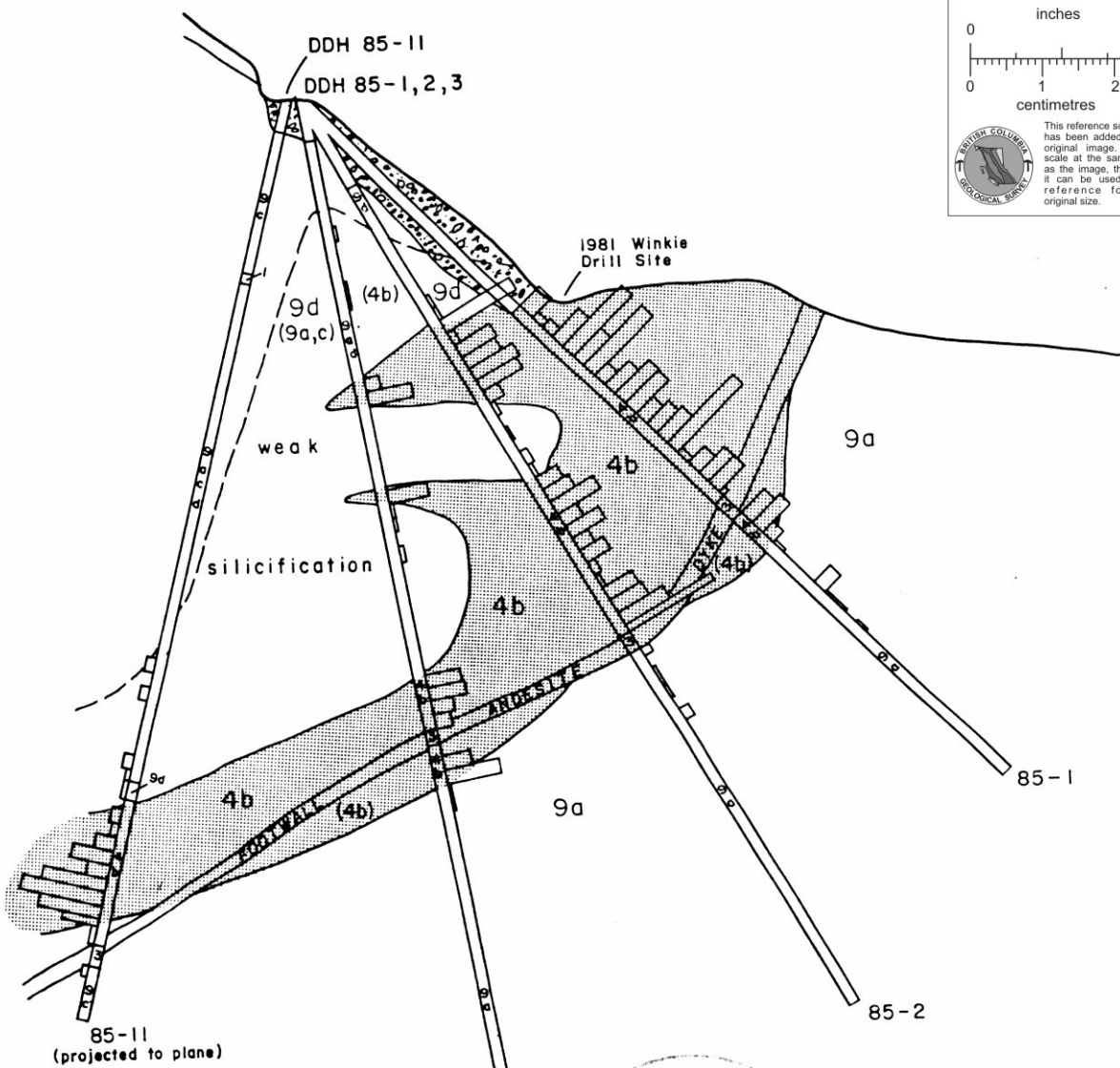
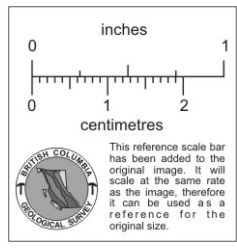
Sample no. 270; 0.036 oz Au/ton, 6.36% cu.

Sample of massive pyrite and chalcopyrite beside a quartz vein that occurs in the shear zone along Split #1 Creek. The shear zone is not considered to have an economic potential.

Most of these samples occur in a pyritized alteration zone exposed along Split #2 Creek and extending to the headwaters of Split #3 Creek.

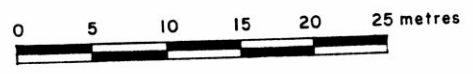
During the 1987 work by Longreach Resources Ltd., four underground drill holes totalling only 124 feet were completed from the exploration adit (Figure 5). These holes did not intersect the mineralized zone, however a summary of the logs is given below:

- Hole 1: 47.5' Drilled easterly at -70⁰ - lapilli tuff and dyke - grey carbonate - sparse sulfide.
- Hole 2: 18.0' Drilled northerly from north face - flat-broken core, 40 to 50% recovery, grey siliceous alteration with up to 15% pyrite locally.
- Hole 3: 33.5' Drilled westerly - flat - from west face 60 to 70% recovery - siliceous fragments rimmed with 10 to 15% pyrite and with black argillaceous rock.
- Hole 4: 25' Drilled westerly from west face - 60 to 70% recovery - siliceous breccia with abundant pyrite.



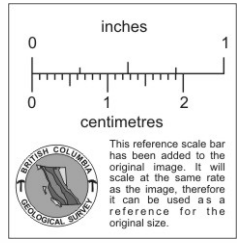
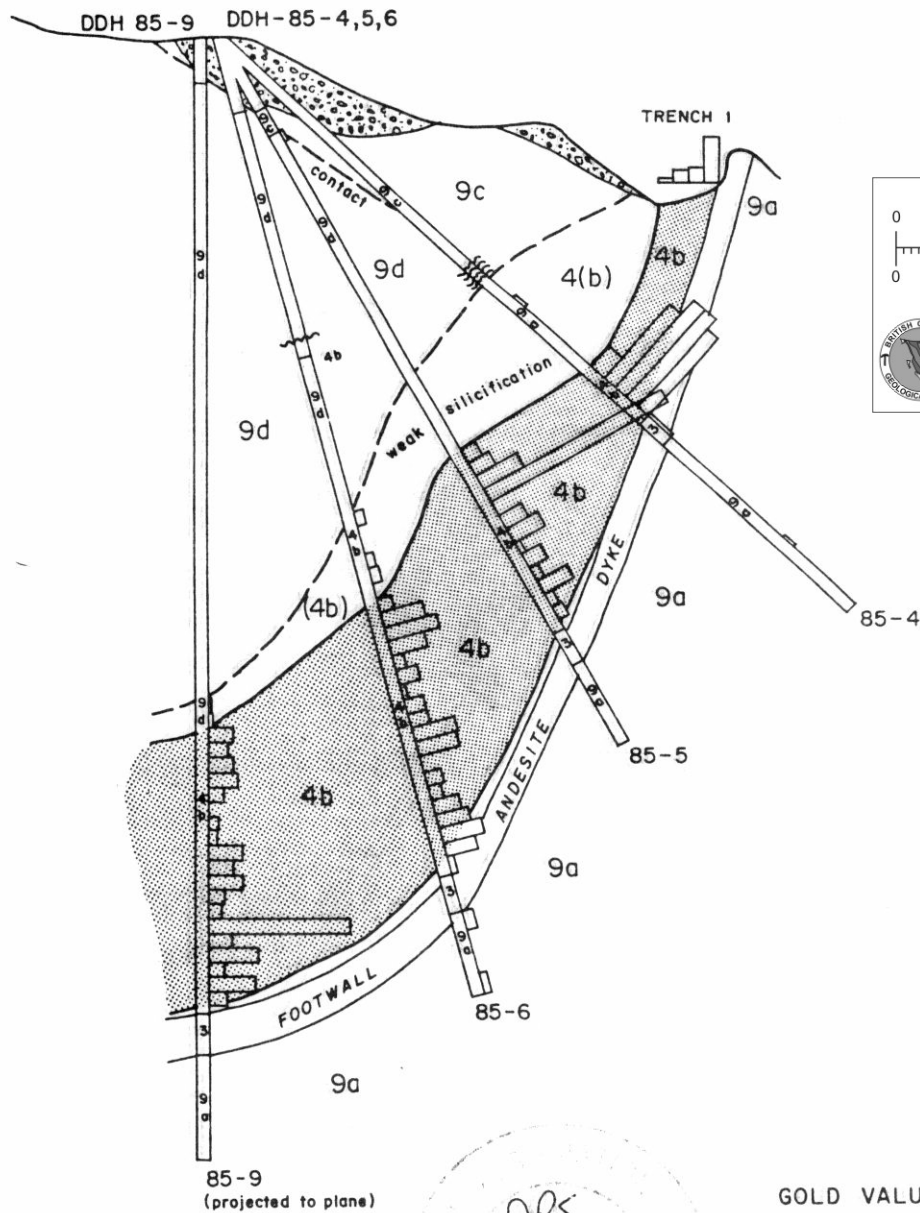
LEGEND

- 1 Lamprophyre dyke
 - 3 Andesite dyke
 - 4b Gold bearing alteration zone, strong silicification, sericitization, pyritization.
(4b) Weak silicification
- UPPER TRIASSIC
- 9a Andesite tuff
 - 9c Andesite lapilli tuff
 - 9d Andesite crystal & crystal lapilli tuff
 - 9e Andesite fine-grained ash tuff
- Gold bearing zone
 - Alteration zone
 - Overburden



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY		
LIARD M.D., B.C.		
MAIN GOLD ZONE		
CROSS SECTION A - B		
Scale 1 : 500	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 6a

(after Holtby, 1985)



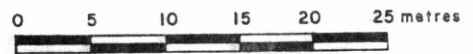
LEGEND

- 1 Lamprophyre dyke
- 3 Andesite dyke
- 4b Gold bearing alteration zone, strong silicification, sericitization, pyritization.
(4b) Weak silicification

- UPPER TRIASSIC
- 9a Andesite tuff
 - 9c Andesite lapilli tuff
 - 9d Andesite crystal & crystal lapilli tuff
 - 9e Andesite fine-grained ash tuff

- Gold bearing zone
- Alteration zone
- Overburden
- Fault

(after Holtby, 1985)



GYPSY RESOURCES LTD.		
PAYDIRT PROPERTY LIARD M.D., B.C.		
MAIN GOLD ZONE CROSS SECTION C-D		
Scale 1 : 500	Date Dec. 1989	N.T.S. 104 G
By SORBARA GEOLOGICAL CONSULTING LTD.		Figure 6b

Table 1

Drill Intercepts of Gold-Zone

Drillhole	From (m)	To (m)	Interval (m)	Average	
				ounces gold/ton	gm Au/tonne
85-1	20.8	40.39	19.59	0.133	4.56
	incl. 24	36	12	0.171	5.86
	42.05	44	1.95	0.131	4.49
85-2	18	43.58	25.58	0.098	3.36
	incl. 18	24	6	0.160	5.49
	incl. 32	36	4	0.123	4.22
	incl. 40	43.58	3.58	0.175	6.00
85-3	20	22	2	0.109	3.74
	28	29	1	0.146	5.01
	41.1	45.11	4.01	0.098	3.36
	47	49	2	0.149	5.11
85-4	33	37.95	4.95	0.309	10.59
85-5	32	43	11	0.125	4.29
	incl. 34	39	5	0.206	7.06
85-6	39	57	18	0.090	3.09
	incl. 40	43	3	0.149	5.11
	incl. 48	50	2	0.142	4.87
	incl. 54	57	3	0.120	4.11
85-7	31	34.14	3.14	0.055	1.89
85-8	69	83	14	0.087	2.98
	incl. 74	76	2	0.453	15.53
85-9	47	66	19	0.097	3.33
	incl. 55	58	3	0.104	3.57
	incl. 60	65	5	0.187	6.41
85-10	34	37.49	3.49	0.070	2.40
	57	57.6	0.6	0.162	5.55
	59.25	62	2.75	0.031	1.06
85-11	53	59.4	6.4	0.165	5.66
	incl. 56	59	3	0.244	8.37

As previously stated the tunnelling program was terminated 180 feet short of the mineralized zone due to incompetent rock and lack of funds to bring in the required support timber. No further work has been done on the property since that time.

CONCLUSIONS AND RECOMMENDATION

The Paydirt claim group hosts both copper and gold mineralization. The copper showings were discovered in the early 1960's and were worked intermittently thereafter.

In 1981 Teck Corporation acquired the property and discovered a new gold showing. Work, including diamond drilling, by various options since that time has defined a body of gold mineralization characterized by silica, sericitic and argillic alteration. Holtby (1985) has calculated the drill-indicated reserves of this body to be 204,000 tons averaging 0.12 oz au/ton (185,000 tonnes @ 4.11 gm au/ton).

A tunnel designed to intersect the gold mineralized zone, in order to facilitate bulk sampling and underground drilling, was abandoned in 1987, 180 feet short of the target zone. The premature termination was due to incompetent ground and lack of funds for timbering.

The Paydirt exploration program now awaits completion. Renewed interest is rapidly growing with respect to the association of porphyry copper and gold mineralization such as is found at Mount Milligan B.C. The writer believes that further exploration of the Paydirt property is warranted and a success-contingent, multi-phase program of diamond drilling and completion of the exploration adit is recommended.

A breakdown of the estimated costs of the proposed exploration phases is given in Appendix I.

RESPECTFULLY SUBMITTED

SORBARA GEOLOGICAL CONSULTING LTD.



J. PAUL SORBARA, M.Sc. F.G.A.C.



REFERENCES

- Dunn, D. St.C., 1986; Report on Geological Mapping, Geochemical Sampling and Trenching Programs on the Paydirt Claim Group. Assessment report for Consolidated Silver Standard Mines Limited.
- Folk, P., 1982; Report on the Geological, Geochemical, Geophysical Surveys and Diamond Drilling Conducted on the Paydirt Claim Group. Assessment report for Teck Exploration Ltd.
- Garratt, G.L., 1976; Geochemical Report on the AS 1-12 claims Assessment report for Great Plains Development Company of Canada Ltd.
- Holtby, M.H., 1985; A Geological, Soil Geochemical, Trenching and Diamond Drilling Programme on the Paydirt Claim Group. Assessment report for Consolidated Silver Standard Mines Limited.
- Seraphim, R.H., 1988; Summary report on the Paydirt Claim Group.

APPENDIX I
ESTIMATED COSTS OF PROPOSED PROGRAMS

Phase I - Surface Diamond Drilling

Salaries

1 Geologist 25 days @ 300	\$	7,500
1 Technician 25 day @ 175		4,375
Mobilization/Demobilization (Incl Drill)		30,000
Helicopter Support		10,000
Diamond Drilling (inclusive) 2500 Feet @\$40/ft		100,000
Assays (700 @ 15.50)		10,850
Domicile		4,000
Report Compilation		5,000
Contingencies		12,000
Project Management @ 15%		26,000
	\$	<u>209,725</u>
SAY	\$	210,000

Contingent upon a successful Phase I Program, a Phase II Program of more detailed drilling should be conducted before further underground work is completed.



Phase II

Salaries

1 Geologist 40 days @ \$300	\$ 12,000
1 Technician 40 days @ \$175	7,000
Mobilization/Demobilization	30,000
Helicopter Support	20,000
Diamond Drilling (inclusive) 4,000 ft @ \$40/ft	160,000
Assays (1000 @ \$15.50)	15,500
Domicile	6,000
Report Compilation	5,000
Contingencies	21,500
Project Management @ 15%	<u>38,000</u>
	\$315,000

If the results of Phase II are sufficiently encouraging a Phase III program designed to complete the exploration adit in order to provide a bluk sample would be appropriate. It is difficult to anticipate exact costs of underground development two years from now, however, an estimate is approximately \$350,000 to \$400,000 is reasonable.



APPENDIX II
STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, J. PAUL SORBARA, of 6703 Nicholson Road, in the Municipality of Delta, in the Province of British Columbia, hereby certify:

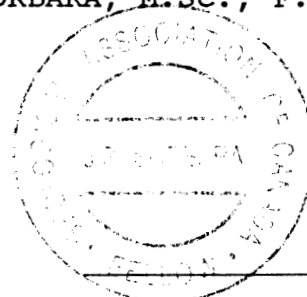
1. THAT I am a geologist residing at 6703 Nicholson Road, in the Municipality of Delta, in the Province of British Columbia.
2. THAT I graduated with a B.Sc., in geology from the University of Toronto, in the City of Toronto, in the Province of Ontario, in 1976, and with a M.Sc. in geology from the University of Toronto in 1979.
3. THAT I practiced geology professionally from 1979 to 1989, including 5 years as an Exploration Geologist with Cominco Ltd.
4. THAT I am a registered Fellow of the Geological Association of Canada.
5. THAT this report is based upon a thorough review of published and printed reports and maps on the subject property and the surrounding area. The writer has visited the property personally.
6. THAT I have not received, nor do I expect to receive any direct or indirect interest in the mineral claims that are the subject of this report or any other claims within a radius of 10 kilometers.
7. THAT I do not have, nor do I expect to receive any direct or indirect interest or securities in Gypsy Resources Ltd. or any of the companies involved in the subject property.
8. THAT I consent to the use of this report in a Prospectus or Statement of Material Facts for the purpose of a private or public financing.

SIGNED: _____

J. Paul Sorbara

J. PAUL SORBARA, M.Sc., F.G.A.C.

December 19, 1989



CERTIFICATE OF THE DIRECTORS

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

DATED: August 28, 1990.

ISSUER

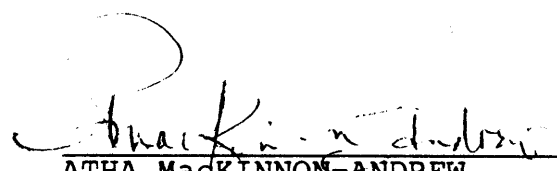


ARTHUR CLEMISS
Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS



MURRAY PEZIM
Director



ATHA MacKINNON-ANDREW
Director

CERTIFICATE OF THE AGENT

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

DATED: August 28, 1990.

L.O.M. WESTERN SECURITIES LTD.

By: 
