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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Venture Company)

STATEMENT OF MATERIAL FACTS (75/89)
DATED: DECEMBER 14, 1989
EFFECTIVE DATE: DECEMBER 20, 1989

MINISTRY OF ENERGY, MINES
and PETROLEUM RESOURCES
Rec'd FEB 20 1990
SMITHERS, B.C.

SUNTAC MINERALS CORPORATION

11th Floor, P.O. Box 10, 808 West Hastings Street, Vancouver, B.C., V6C 2X4
Phone: (604) 687-7463

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Suite 550 - 999 Canada Place, Vancouver, B.C., V6C 3C8

ADDRESS OF REGISTERED OFFICE OF ISSUER

PACIFIC CORPORATE SERVICES LIMITED

#830 - 625 Howe Street, Vancouver, B.C., V6C 3B8

NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA AND RECORDS OFFICE OF ISSUER

OFFERING: 1,800,000 units, (the "Units")

NON-FLOW-THROUGH OFFERING: 800,000 Units, each Unit comprising one common share and one Series "C" share purchase warrant, each warrant entitling the holder to purchase one additional common share at the offering price at any time up to one year following the offering day. (The Non-Flow-Through Offering may be increased by up to 15% (120,000 Units) in the event of over subscription. See heading "Plan of Distribution".)

Non-Flow-Through Unit	Estimated (1) Price to Public	Estimated Agents' Commission(2)	Estimated Net Proceeds to be received by the Issuer(3)
Per Non-Flow-Through	\$0.40	\$0.03	\$0.37
Total Non-Flow-Through	\$320,000	\$24,000	\$296,000

(1) The actual offering price will be calculated in accordance with the rules of the Vancouver Stock Exchange.

(2) In addition, the Agents will be granted Agents' Warrants entitling them to purchase common shares in return for guaranteeing the sale of the Units offered hereby. See heading "Plan of Distribution".

(3) Before deduction of the costs of this Offering. See heading "How the Net Proceeds of the Issuer are to be Spent".

FLOW-THROUGH OFFERING: 1,000,000 Units, each Unit comprising one "flow-through" common share and one Series "C" share purchase warrant, each warrant entitling the holder to purchase one further non-flow-through common share at the offering price at any time up to one year following the offering day. Ninety-five percent of the offering price of the flow-through Units will qualify for "flow-through" tax treatment. See heading "Details of Flow-Through Offering".

Flow-Through Units	Estimated (1) Price to Public	Estimated Agents' Commission(2)	Estimated Net Proceeds to be received by the Issuer(3)
Per Flow-Through	\$0.40	Nil(4)	\$0.40
Total Flow-Through	\$400,000	Nil(4)	\$400,000

(1) The actual offering price will be calculated in accordance with the rules of the Vancouver Stock Exchange.

(2) In addition, the Agents will be granted Agents' Warrants entitling them to purchase common shares in return for guaranteeing the sale of the Units offered hereby. See heading "Plan of Distribution".

(3) Costs of the offering of Flow-Through Units will be paid from the Issuer's working capital or from the proceeds of the Non-Flow-Through Offering. See heading "How the Net Proceeds of the Issuer are to be Spent".

(4) The Issuer will pay a fee to the Agents equal to 7.5% of the gross proceeds of the sale of the Flow-Through Units, from its working capital.

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. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND NONE OF THE ISSUER'S PROPERTIES CONTAIN A KNOWN BODY OF COMMERCIAL ORE. EXCEPT FOR THE POLARIS-TAKU PROPERTY NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby which have not been sold at the conclusion of the Offering. Any shares or Series "C" Warrants 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.

AGENTS

L.O.M. WESTERN SECURITIES LTD.
2200-609 Granville St., Vancouver, B.C. V7Y 1H2
YORKTON CONTINENTAL SECURITIES INC.
10th Floor, 1055 Dunsmuir Street, Vancouver, B.C. V7X 1L5
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.

(KAC:883-rvSMF)

- (a) continue to make annual cash payments to Rembrandt until commencement of commercial production;
- (b) upon commencement of commercial production issue 250,000 shares to Rembrandt (as described below); and
- (c) following commencement of commercial production, pay a 15% net profits royalty or minimum royalty, whichever is the greater, to be calculated and paid in accordance with the terms of the Option Agreement.

Upon commencement of commercial production and subject to regulatory approval the Issuer must issue a total of 250,000 common shares in its capital, as such shares are presently constituted, to Rembrandt.

If commercial production has not occurred within 12 months after Rembrandt has made its election then the subsequent annual August 1 cash payment to Rembrandt shall be increased from \$100,000 to \$150,000 and for every year thereafter that the Issuer has not substantially commenced to place the property into commercial production the cash payments shall be increased by a further 50%.

The Issuer separately arranged with Rembrandt to lease certain equipment located on the property for aggregate rental payments of \$12,500 per month commencing September 30, 1988 for a minimum of four rental months during the first year of the lease agreement. To August 31, 1989, the Issuer has paid \$75,000 representing rental payments for October through December 1988 and April through June of 1989. The Issuer expects to continue to rent the equipment for the purpose of conducting the further recommended program.

Engineering Reports

The Issuer's consulting engineers Beacon Hill Consultants Ltd. recommended a Phase I exploration program in a Geology Review and Exploration Program Report (the "Report") prepared for the Issuer and dated September 1988, and recommended a Phase II exploration program in a letter report (the "Letter Report") dated December 16, 1988. The Issuer completed the recommended Phase I and Phase II work programs during the fall of 1988 and the summer of 1989.

The Issuer's consulting engineers have now prepared a further report to evaluate the property, assess the mining reserve potential and make recommendations for further work, entitled "Conceptual Study" and dated August 1989 (the "Conceptual Study"). A summary of the Conceptual Study, entitled "Polaris-Taku Mine Conceptual Study Summary" dated December 1, 1989 (the "Conceptual Study Summary"), is attached to and forms part of this Statement. Based on the Conceptual Study findings, the Issuer's consulting engineers have recommended a further two phased exploration program estimated to cost a total of \$5 million, details of which are set out in the attached Conceptual Study Summary. A letter dated December 11, 1989, from the Issuer's consulting engineers is also attached to this Statement which letter sets out the engineers revised estimates for Phases III and IV. The Issuer intends to carry out the revised Phase III program using the proceeds of this Offering.

The following information on the Polaris-Taku property is extracted from the Report, the Conceptual Study and the Conceptual Study Summary. The Report, the Letter Report and the Conceptual Study may be viewed at the office of the Issuer, 11th Floor - 808 West Hastings Street, Vancouver, British Columbia, during normal business hours while primary distribution of the securities offered hereunder is in progress and for a period of 30 days thereafter.

History of the Property

The former Polaris-Taku gold mine is located on the property. The former mine workings are located in the north-west quadrant of the claims area. Gold mineralization was first discovered in 1929 and surface exploration was carried out from 1929 to 1932 and underground development commenced in 1933. The mine on the property operated from 1938 to 1942 and again from 1946 to 1951 and produced a total of 760,000 tons of ore yielding some 231,000 ozs of gold at an average grade of 0.30 oz/ton Au. The mine was closed because of increasing operating costs and a relatively low gold price. Mine records indicate the mining grade increased during the final years of operation and that in a number of areas ore grade material remains undeveloped.

The upper part of the mine was developed on five levels - Canyon (elev. 580 ft. above sea level), C (elev. 482 ft.), B (elev. 364 ft.), AJ (elev. 246 ft.) and Polaris (elev. 136 ft.) All levels, except C were developed from adits. Prior to the suspension of operations during wartime the majority of the production was derived from the upper levels of the mine. In 1940 a vertical three compartment timbered shaft was sunk from AJ level to a depth of 900 feet, from which five levels, namely the 150, 300, 450, 600 and 750 were excavated. The 750 level is some 620 feet below sea level. After the war, the production rate gradually increased and most of the ore was mined from the levels below Polaris and at grades notably higher than had previously been obtained from the upper levels of the mine.

The following data, obtained from the B.C. Ministry of Energy, Mines and Petroleum Resources is a record of the annual mine production during the operating period 1938 - 1951:

<u>Year</u>	<u>Tons Mined</u>	<u>Tons Milled</u>	<u>Ozs Gold (net)</u>	<u>Av. Gold Grade (oz/t)</u>	<u>Ozs Silver (net)</u>	<u>Av. Silver Grade (oz/t)</u>
1938	52,678	58,759	12,765	0.22	495	0.008
1939	69,044	68,967	16,995	0.25	874	0.012
1940	80,320	80,364	22,954	0.29	1371	0.017
1941	89,684	89,609	19,091	0.21	1212	0.014
1942	30,966	31,335	17,506	0.56	1175	0.037
1946	25,724	25,724	3,267	0.13	486	0.019
1947	92,039	92,039	22,714	0.25	1589	0.017
1948	102,622	102,622	29,156	0.28	1311	0.013
1949	93,806	93,806	39,345	0.42	1384	0.015
1950	95,666	95,666	33,228	0.35	1182	0.012
1951	<u>20,700</u>	<u>20,700</u>	<u>14,583</u>	<u>0.70</u>	<u>681</u>	<u>0.033</u>
	753,249	759,600	231,604	0.30	11,760	0.015

Up until 1949 the concentrates produced by the mill were stored on site over the winter and shipped in summer to a freight anchorage at the head of the Taku Inlet. In an attempt to improve gold recoveries and reduce the high cost of shipping, an "Edwards" roaster and cyanide plant were installed and tested in 1949 and commenced commercial operation in September of 1950. Although the addition of the roaster helped to improve the economics of the operation it could only treat approximately 45% of the concentrates produced from the flotation plant. The mine and mill ceased operation in March of 1951.

Prior to completion of the Phase I and II work programs by the Issuer, and based on available historical data, the Issuer's consulting engineers, Beacon Hill Consultants Ltd., in its Report, had estimated reserves on the property of 244,000 tons grading 0.33 ounces of gold per ton using a .15 ounce per ton cutoff grade and a minimum five foot mining width. The reserve consisted of 132,000 tons in the "probable" category and 112,000 tons classified as "possible".

Issuer's 1988 Exploration Work

During 1988 the Issuer completed an initial Phase I exploration program which was designed to provide an initial evaluation of the property and consisted of surface diamond drilling, rehabilitation of the AJ Portal and other existing underground workings on the property, geochemistry, an environmental study and re-establishment of the old townsite as a camp facility, at an approximate cost of \$482,769. A total of eight surface drill holes were completed for a total of 3,373 feet to test targets within the old mine workings but in areas outside of the present delineated ore reserves. Results of this drilling program included:

Drill holes 88-1 and 88-2 intercepted a vein system at the bedrock-overburden contact. The vein is up to 21 feet thick and could represent a faulted or folded splay of the same "Y" vein system;

Drill holes 88-3 and 4 intercepted several vein systems which were generally narrower but with some very high grades; hole 88-3 intersected three feet of 1.190 oz/ton Au;

Drill hole 88-5 - an intercept of 6.0 feet from 172 to 178 feet graded .480 oz/ton Au;

Drill hole 88-6 did not encounter any economic values;

Drill hole 88-7 - an intercept of 10.3 feet from 202.0 to 212.3 feet graded 0.569 oz/ton Au, and

Drill hole 88-8 - an intercept 11.0 feet from 257 to 268 feet graded 0.510 oz/ton Au.

Issuer's 1989 Exploration Work

During the 1989 season the Issuer completed the Phase II exploration program recommended by its consulting engineers, Beacon Hill Consultants Ltd., in the Letter Report for the purpose of further exploring and gathering data in respect of the area above the Polaris level and to upgrade the level of reserves previously estimated.

The Phase II program cost approximately \$1,032,000 to complete and included a further 18 surface drill holes totalling 13,377 feet, assays, geophysics, line cutting, sampling, surveying, mapping, logging and opening of the AJ portal for preliminary inspection.

All 26 drill holes, totalling 16,750 feet, were confined to the lower elevations of the property, due to limited availability of road building equipment. All of the holes were designed to test the Y vein system either down-dip or along strike from the old workings. The Y vein system produced a large portion of the ore in the previous operation.

The important intercepts resulting from the Phase II drilling program are as follows:

Drill hole 89-1 - 8.0 feet from 52.0 to 60.0 feet graded 1.175 oz/ton Au;

Drill hole 89-2 - 18.0 feet from 92.0 to 110.0 feet graded 0.548 oz/ton Au and 44.2 feet from 157.8 to 202.0 feet graded 0.592 oz/ton Au;

Drill hole 89-3 - 3.9 feet from 100.5 to 104.4 feet graded 0.512 oz/ton Au; 1.8 feet from 111.2 to 113.0 feet graded 0.419 oz/ton Au; 11.8 feet from 127.5 to 139.3 feet graded 0.412 oz/ton Au; 11.0 feet from 386.4 to 397.4 feet graded 0.209 oz/ton Au and 11.6 feet from 413.5 to 425.1 feet graded 0.360 oz/ton Au;

Drill hole 89-4 - 12.0 feet from 113.0 to 125.0 feet graded 0.327 oz/ton Au;

Drill hole 89-4a - 3.0 feet from 114.2 to 117.2 feet graded 1.410 oz/ton Au; 2.0 feet from 187.5 to 189.5 feet graded 1.300 oz/ton Au and 6.0 feet from 251.6 to 257.6 feet graded 0.250 oz/ton Au;

Drill hole 89-6 - 4.2 feet from 114.3 to 118.5 feet graded 0.377 oz/ton Au; 6.0 feet from 171.6 to 177.6 feet graded 0.274 oz/ton Au; 4.5 feet from 225.0 to 229.5 feet graded 1.845 oz/ton Au; 4.4 feet from 254.5 to 258.9 feet graded 0.778 oz/ton Au; 3.5 feet from 352.0 to 355.5 feet graded 0.282 oz/ton Au and 4.5 feet from 383.9 to 388.4 feet graded 1.980 oz/ton Au;

Drill hole 89-7 - 9.0 feet from 180.5 to 189.5 feet graded 1.041 oz/ton Au and 6.5 feet from 497.2 to 503.7 feet graded 1.122 oz/ton Au;

Drill hole 89-8 - 4.4 feet from 148.0 to 152.4 feet graded 1.165 oz/ton Au; 2.4 feet from 237.6 to 240.0 feet graded 0.340 oz/ton Au; 4.0 feet from 377.4 to 381.4 feet graded 0.444 oz/ton Au and 8.0 feet from 397.0 to 405.0 feet graded 0.350 oz/ton Au;

Drill hole 89-9 - 9.0 feet from 232.7 to 241.7 feet graded 0.293 oz/ton Au;

Drill hole 89-10 - 2.2 feet from 305.0 to 307.2 feet graded 0.787 oz/ton Au and 5.5 feet from 321.0 to 326.5 feet graded 0.325 oz/ton Au;

Drill hole 89-11 - 10.4 feet from 525.0 to 535.4 feet graded 0.858 oz/ton Au;

Drill hole 89-12 - 2.4 feet from 943.5 to 945.9 feet graded 0.309 oz/ton Au and 3.0 feet from 989.1 to 992.1 feet graded 1.304 oz/ton Au;

Drill hole 89-13 - 3.9 feet from 724.0 to 727.9 feet graded 0.276 oz/ton Au and 2.2 feet from 781.6 to 783.8 feet graded 0.562 oz/ton Au;

Drill hole 89-14 - 8.9 feet from 584.7 to 593.6 feet graded 0.170 oz/ton Au and 2.9 feet from 600.1 to 603.0 feet graded 0.615 oz/ton Au;

Drill hole 89-15 - 9.1 feet from 1109.0 to 1118.1 feet graded 0.362 oz/ton Au;

Drill hole 89-16 - 4.1 feet from 419.2 to 422.3 feet graded 0.324 oz/ton Au; 5.3 feet from 454.8 to 460.1 feet graded 1.045 oz/ton Au; 2.3 feet from 516.8 to 519.1 feet graded 1.718 oz/ton Au and 9.4 feet from 723.1 to 732.8 feet graded 0.434 oz/ton Au;

Drill hole 89-17 - 4.5 feet from 258.5 to 263.0 feet graded 0.502 oz/ton Au and 6.5 feet from 516.3 to 522.8 feet graded 0.225 oz/ton Au;

Drill hole 89-18 - 3.6 feet from 562.0 to 565.6 feet graded 0.304 oz/ton Au and 28.1 feet from 637.9 to 666.0 feet graded 0.685 oz/ton Au.

A computerized geologic data base has been compiled from information obtained from the mine production period and the Phase I and Phase II exploration programs. The data base was compiled to aid in the interpretation of the deposit and provide a sound geological base from which to proceed with further exploration.

Based on the currently available data, the Issuer's consulting engineers now estimate the reserve potential of the deposit to be at least 1,450,000 tons at a grade of 0.38 oz of gold per ton in the area between the surface and the bottom of the existing shaft at the 750 level. They also suggest there is considerable potential below the 750 level, as indicated by the 10 foot intersection of the A-B vein at 0.32 oz of Gold per ton. It appears that several structural knots were encountered to the southeast along the A-B vein system and that the frequency of intersections continues to the southeast. This again increases the potential for additional reserves.

Upstream and downstream water quality data indicate that the area of the Polaris-Taku Mine is a source that contributes metals to the local river water. It is not possible at this time to determine whether these evaluated levels are emanating from the former mine site itself or as a consequence of higher than normal localized background levels attributable to the geology of the area. Further study has been recommended to identify specific sources of metals. Recommended studies include a site inventory and the collection of soils and/or water samples in selected locations. Sample collection locations would include areas with surface evidence of spills, areas of tailings and waste rock deposition and areas of reagent storage. These studies together with the necessary background information will provide the

basis for the Stage 1 report required as part of the Environment and Land Use Committee guidelines for government approval of a mining project on the property.

The Issuer's consulting engineers have developed a conceptual mine plan on the basis of mining the reserves projected to the 750 level at a production rate of 600 tons per day of ore for 350 days per year and have recommended a two phased exploration program estimated to cost \$5 million for the purpose of delineating the required reserves and establishing the criteria for a project feasibility study. The two phases are designated Phase III and Phase IV. The Issuer's consulting engineer advises that Phase IV will be carried out in stages the total cost of which are expected to be approximately \$4,550,000.

The recommended Phase III program is estimated to cost a total of \$450,000 and will consist of metallurgical testing, surface drilling and some underground exploration in those areas which have been rehabilitated and are readily accessible.

The Phase III program will increase the degree of confidence that can be placed on the present reserve estimate; provide information which may allow for increasing the reserve estimate; provide data which will enable the future underground exploration program to be more effective and cost efficient and provide data that will enhance the geological model definition and thus give a greater understanding of the deposit.

The results of the revised Phase III program will determine whether further work is required and also the size and scope of future exploration phases. The revised Phase IV sets out the overall scope of work and cost estimate and will include surface geological work, 5,000 ft. of surface drilling, rehabilitation of underground workings, underground exploration drilling, environmental studies and a full project exploration at a total estimated cost of \$4,550,000.

The Issuer proposes to use the bulk of the proceeds raised under this offering to carry out the revised Phase III program.

**GROUP III - Other presently held properties upon which
the Issuer's acquisition and exploration costs to date exceed \$100,000**

The Issuer at present does not hold any other properties upon which its acquisition and exploration costs to date exceed \$100,000.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer does not own or have any interest in any non-resource assets.

5. CORPORATE INFORMATION

The Issuer was incorporated on October 6, 1987, under the laws of the Province of British Columbia by filing a Memorandum and Articles of Association with the British Columbia Registrar of Companies.

POLARIS-TAKU MINE
CONCEPTUAL STUDY SUMMARY
SUNTAC MINERALS CORPORATION

Prepared by: Beacon Hill Consultants Ltd.
December 1, 1989

Suntac Minerals Corporation

Notes to Interim Financial Statements

31 August 1989

Canadian Funds

Prepared Without Audit

4. Share Capital - Continued

- d) As at 31 August 1989, the following share purchase warrants were outstanding:

	Number of Warrants	Number of Shares Reserved	Price Per Share	Exercise Date
Brokers	675,000	675,000	\$ 0.84	By 12 March 1990
Shareholders	2,775,000	1,387,500	\$ 0.84	By 12 March 1990
Shareholders	200,000	200,000	\$ 0.80	By 7 December 1989
		2,262,500		

- e) During the period ended 31 August 1989 the company issued 453,069 treasury shares for cash in the amount of \$419,000 pursuant to flow through share agreements. The tax advantages applicable for the \$419,000 are available to the subscribers of the shares.

5. Related Party Transactions

- a) Management fees in the amount of \$20,000 were paid or credited to a director and officer of the company.
- b) Consulting fees in the amount of \$54,000 were paid to a company controlled by a director of the company in respect of the public offering conducted during the period (Note 4a{iii}).
- c) The vendors, referred to in Note 3(a), are related parties (a director, his father and a corporation controlled by the family of two directors).
- d) Marketable securities of \$50,000 represents 200,000 shares of Sunport Metals Corporation a company with directors in common with Suntac Minerals Corporation.

6. Continued Operations

These interim financial statements are prepared on a going concern basis which assumes that the company will be able to realize assets and discharge liabilities in the normal course of business. As at 31 August 1989 the company has a working capital deficiency of \$118,612. The ability to continue as a going concern is dependent on its ability to:

- a) Generate profitable operations in the future.
- b) Obtain additional financing.
- c) Develop a debt re-structuring plan that is acceptable to the debt holders.
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POLARIS-TAKU MINE

CONCEPTUAL STUDY SUMMARY

1.1 General

Suntac Minerals Corporation requested Beacon Hill Consultants Ltd. to complete a "Conceptual Study" of the Polaris-Taku property, a former producing gold mine located in the Atlin District of northwestern British Columbia. The purpose of the study was to evaluate the property, assess the mining reserve potential, and make recommendations for further work.

The study reviews the technical merits of the project, estimates the reserve potential, develops a conceptual plan for the mine, mill and associated facilities, estimates capital and operating costs, and conducts a series of financial analyses.

This report is a summary of the "Conceptual Study" completed in August 1989.

1.2 Introduction

The mine is located in the Coast Range Mountains approximately 40 miles northeast of Juneau, Alaska, and 60 miles south of Atlin, B.C. The property is situated on the west side of the Tulsequah River Valley, about 6 miles upstream from the confluence of the Tulsequah and Taku rivers.

Access to the site is currently by air, with service available from both Juneau and Atlin. A 4000 foot airstrip, located 4 miles south of the mine, can accommodate DC-3 aircraft, while an airstrip at the mine will support smaller aircraft.

The property consists of 61 contiguous Crown-granted mineral claims covering an area of approximately 2100 acres. The claims, held by Rembrandt Gold Mines Ltd., are under option to Suntac Minerals Corporation.

The property was originally staked in 1929, and following several years of surface and underground exploration by various operators, the mine was placed into production in 1938 by the Polaris-Taku Mining Company. The mine operated continuously until 1942, and again from 1946 to 1951, when it was closed permanently because of high operating costs. The mine produced a total of 760,000 tons of ore grading 0.30 oz Au/t during the 11 years of operation.

The mine has been developed on 10 levels over a vertical range of approximately 1200 feet. The upper five levels were accessed via adits, while access to the lower levels was provided by an internal three - compartment vertical shaft. The ore veins were mined predominantly by shrinkage methods, with some cut-and-fill and open stoping in certain areas.

The ore was processed in a surface concentrator, which produced a gold-bearing arsenopyrite flotation concentrate for shipment to the Tacoma smelter. In the later years of operation, an Edwards roaster and cyanidation circuit were installed to improve gold recoveries and reduce the high concentrate shipping charges.

1.3 Geology and Mineralization

The Polaris-Taku property is underlain by Upper Paleozoic volcanic and sedimentary rocks, which form a portion of the west limb of the Tulsequah synclinorium. The sequence comprises basal sediments, quartzites, and schists, irregularly occurring limestone, and volcanics that host the deposit. The greenstone assemblage includes fragmentals, andesite flows, and minor intrusions. The property is within 5 miles of the Coast Range Intrusives that form the Alaska - B.C. border.

The deposit is confined to a wedge-shaped zone of volcanics trending southeast and apexing to the northwest. It is bounded on the southwest by limestone and on the north by a belt of amphibolite and serpentine. The mine wedge is thought to be a syncline plunging gently to the southeast, composed mainly of thin-bedded tuffs and more massive pyroclastics with limited continuity.

Gold mineralization is in quartz veins and associated altered volcanics. The best gold values are from fine needles of arsenopyrite disseminated in carbonitized greenstone adjacent to fractures. Late carbonate veins with stibnite occur in some fractures.

It is proposed that the deposit is confined to a major shear zone with the veins following principal shear fractures, extension fractures, and low angle Riedel shear fractures. The deposit is a result of the combination of this structurally prepared ground and chemically attractive host rock and can be classified as a mesothermal lode gold deposit.

1.4 1988-1989 Exploration Program

Recent exploration work on the property, carried out in two phases by Suntac, has consisted of a surface diamond drill program totalling 16750 feet (26 holes), geophysical and geochemical surveys, and opening of the AJ portal for preliminary inspection of the underground workings.

All the drill holes were confined to the lower elevations of the property and were designed to test the Y vein system down-dip or along strike from the old workings. The Y vein system produced a large portion of the ore in the previous operation.

A computerized geologic data base has been compiled from information obtained from the mine production period, utilizing the Geo-Model and PC-Xplor software packages of Gemcom Services Inc. The data base was compiled to aid in the interpretation of the deposit and provide a sound geological base from which to proceed with further exploration.

1.5 Reserves

The reserves remaining within the developed area of the mine have been calculated from underground sampling data and are based on a cut-off grade of 0.15 oz Au/t and a minimum width of 5 feet, as reported in Beacon Hill Consultants Ltd. report "Geology Review and Exploration Program", dated September 1988. Additional "drill indicated" reserves have also been estimated utilizing assay data from all of the old and new drill hole intercepts. These reserves are classified as probable and possible and have been calculated at cut-off grades of 0.15 oz Au/t and 0.25 oz Au/t using a 5 foot minimum width.

A summary of the reserve estimate is tabulated below:

GEOLOGICAL RESERVES (UNDILUTED)

Cut-off Grade (oz/t)	Probable		Possible		Remarks
	Tons	Au oz/t	Tons	Au oz/t	
0.15	104,000	0.43	86,000	0.42	Remaining Reserves
0.15	432,000	0.36	1,168,000	0.36	Drill Indicated
Totals	536,000	0.37	1,254,000	0.36	
0.25	328,000	0.45	712,000	0.45	Drill Indicated

DILUTED MINING RESERVES

Cut-off Grade (oz/t)	Probable		Possible		Remarks
	Tons	Au	Tons	Au	
0.15	132,000	0.33	112,000	0.32	Remaining Reserves
0.15	497,000	0.31	1,343,000	0.31	Drill Indicated
Totals	629,000	0.31	1,455,000	0.31	
0.15	132,000	0.33	112,000	0.32	Remaining Reserves
0.25	380,000	0.39	820,000	0.39	Drill Indicated
Totals	512,000	0.37	932,000	0.38	

Note a) The drill indicated mining reserves contain a dilution allowance equivalent to 15% of the geological reserve tonnage.

b) The previously estimated reserve remaining in the mine was not re-estimated at the 0.25 oz/t cut-off.

1.6 Reserve Potential

Based on the currently available data, the reserve potential of the deposit is estimated to be at least 1,450,000 tons at a grade of 0.38 oz Au/t, in the area between surface and the bottom of the existing shaft, at 750 level. There is also considerable potential below the 750 level, as indicated by the 10 foot intersection of the A-B vein at 0.32 oz Au/t. It appears that several structural knots were encountered to the southeast along the A-B vein system and that the frequency of intersections continues to the southeast. This again increases the potential for additional reserves.

It has also been indicated that the grade of the veins increases with depth. Although this cannot be verified from the existing data, a minor change in grade does enhance project viability substantially. This provides the potential for increased reserves.

1.7 Mine Plan

A conceptual mine plan has been developed on the basis of mining the reserves projected to the 750 level at a production rate of 600 tpd of ore for 350 days/year.

The ore is to be mined by methods similar to those used in the previous operation; the predominant method is shrinkage, with cut-and-fill and sub-level blasthole stoping where appropriate.

The existing development drifts will be widened on each level to accommodate trackless haulage equipment, and the present shaft will be refurbished and re-equipped to hoist ore from the lower levels of the mine.

Polaris level will be utilized as the main haulage level to transport ore to the mill.

1.8 Metallurgy and Process Plant

The flowsheet selected for this study is based on 600 tpd, 350 days/year, and follows the antimony flotation, arsenopyrite flotation, concentrate roasting, and calcine cyanidation concept adopted in the later stages of the previous operation, with the exception that a modern fluids roaster would be used in place of the Edwards hearth roaster.

The flotation circuit will produce two concentrates, a high grade antimony concentrate that will be shipped to a smelter for further treatment, and a low antimony arsenical concentrate that will be roasted prior to cyanidation to produce gold bullion.

The roaster option has been selected in this study mainly because all the available metallurgical test data are with reference to this process. It is expected, however, that higher gold recoveries and lower operating costs will be obtained by using the pressure oxidation process, and future metallurgical work should be focussed on this option.

1.9 Tailings Disposal

A preliminary review of tailings sites has been made and a conceptual tailings system design prepared on the basis of a required capacity of approximately 1.5 million tons. The site selected for this study is located on the edge of the Tulsequah River Valley approximately 1/2 mile from the mine site, and allows for the provision of a liner on the bottom of the impoundment area.

1.10 Environmental

A proposed environmental work program, prepared by Norecol Consultants Ltd., has been summarized in this report. This program is intended to cover the work required to complete a Stage 1 submission.

1.11 Project Schedule

An overall schedule has been prepared, which indicates mine development for a production rate of 600 tpd (210,000 tpy) will take approximately 3 years, including the time required to complete the next phases of exploration. Design and construction of the project are expected to take about 15 months following the decision to proceed.

1.12 Capital and Operating Costs

Capital and operating costs are summarized in the following tables. The capital costs include a contingency allowance equal to 10% of total costs, excluding working capital. Working capital is equivalent to two months' operating cost.

The operating costs are based on 3 shifts/day, 7 days/week operation for both the mine and process plant.

CAPITAL COST SUMMARY

Exploration	\$4,546,000
Mine Pre-Production Development	1,432,000
Mine Equipment	2,199,000
Process Plant	16,541,000
Surface Facilities and Camp	3,650,000
Tailings Disposal	3,939,000
Engineering and Procurement	1,943,000
Contingency	3,424,000

Total	\$37,674,000
On-going Capital	1,280,000
Working Capital	3,290,000
Salvage Value	4,000,000

OPERATING COST SUMMARY

	Cost/ton
Mine	\$49.49
Process Plant	30.82
Tailings Disposal	0.08
Yards & Services	1.04
Administration	3.17
Camp Operation	6.80

Total	\$91.40

1.13 Financial Analysis

The project has been evaluated using the discounted cashflow method of financial analysis.

The initial evaluations were based on a projected mining reserve of 1,433,000 tons grading 0.33 oz Au/t utilizing gold prices of \$400 U.S./oz and \$375 U.S./oz. A number of sensitivity analyses were performed, and in some cases reserve tonnage and grades were increased to achieve a specified minimum rate of return.

The results of the evaluation indicate that it will be necessary to delineate a mining reserve of approximately 1.5 million tons grading in the range of 0.39 - 0.42 oz Au/t in order to realize a viable project, based on current projections of mining widths, metallurgical recoveries and costs.

The project is most sensitive to changes in mining grades, recoveries and operating costs, and to a lesser degree, capital costs. Variances in any one of these parameters have a significant impact on the project economics and, consequently, on the minimum reserve requirements.

1.14 Conclusions

The conceptual study for the Polaris-Taku property indicates the following:

- There is potential to realize at least 1,500,000 tons of reserves at a grade of 0.38 oz Au/t or higher in the area down to 750 level.
- There is the potential for further enhancement of the reserves below the 750 level as indicated by the 10 foot intersection of the A-B vein at 0.32 oz Au/t and the overall geological interpretation of the veins, since there is every indication of continuance of the veins at depth.
- The existing openings, which are extensive and in excellent condition, can be used, with suitable modifications, for mining the above reserves. Obviously, additional excavations would be required. Upon rehabilitation, the shaft can be expected to be used for access to the lower levels. This has the result of reducing not only exploration costs but also overall capital costs.
- The above reserves, once delineated, are amenable to shrinkage mining methods as outlined in this study. Based upon previous mining operations and drill intersections, there is potential for utilizing more productive, cost effective methods, e.g., blasthole, thus reducing the overall operating costs.
- There is the potential for enhancing metallurgical recoveries of gold and reducing environmental concerns by incorporating pressure oxidation instead of roasting. It can be expected, dependant on further metallurgical investigations, that overall recoveries could improve by some 5 - 10%.
- The study clearly shows that the project is sensitive to mineable grade, gold price, operating costs, and, to a lesser degree, capital costs. It appears from the work completed to date that there is potential for improvement of at least two of the above factors, mineable grade and operating costs.

- The conceptual study establishes a mineable tonnage of 1,500,000 tons at a grade 0.39 oz Au/t to 0.42 oz Au/t, depending on whether \$400/oz or \$375/oz (US funds) is used in the evaluation. The property is viable at this reserve level based upon the criteria used in the study. The optimized case, which incorporates mining of the higher grade areas initially, gives a considerable improvement in rate of return; this is an attractive result. While it is not possible due to lack of information to define this approach, it is standard practice to optimize mining grades to establish the most attractive financial criteria.

It can be concluded from the above that the Polaris-Taku is a property of outstanding merit with considerable potential to realize the reserves that will make it a viable mining entity.

1.15 Recommendations

It is recommended that a phased exploration program be implemented in order to delineate the required reserves and establish the criteria for a project feasibility study. The cost of this program is estimated at \$5.0 million, and is to be carried out in two stages, which are designated Phase III and Phase IV.

The Phase III program, costing \$750,000, will consist of metallurgical testing, further surface exploration work, and some underground exploration in those areas which have been rehabilitated and are readily accessible.

This program takes into account additional facilities provided at the site during Phase I and II exploration programs, and supplies and equipment remaining in storage.

The Phase III work will:

- (a) increase the degree of confidence that can be placed on the present reserve estimate.
- (b) provide information which may allow for increasing the reserve estimate.
- (c) provide data which will enable the future underground exploration program to be more effective and cost efficient.
- (d) provide data that will enhance the geological model definition and thus give a greater understanding of the deposit.

Contingent upon obtaining positive results from Phase III, the Phase IV program will be recommended, and this will include rehabilitation of underground workings, underground exploration drilling, environmental studies, and a full project evaluation. The estimated cost of Phase IV is \$4,250,000.

Details of the estimated costs for each phase are shown in Table 1.

TABLE 1
EXPLORATION PROGRAM

			Costs
1.	Mobilization and Demobilization		\$10,000
2.	Exploration		
	a) Seismic survey	- 2 lines, 1.5 km	7,000
	b) Geochemistry	- soil assays, 250 x \$15.25 - check assays, 120 x \$25.75	4,000 3,000
	c) Geophysics	- total 5 km x \$860/km - (incl. ground mag. and base station, VLF-EM, filtering and interpretation	4,000
	d) Surface geology	- 10 days x \$350/day	4,000
	e) Line cutting	- 5 km x \$750/km	4,000
	f) Surface drilling	- 10,000 ft x \$33/ft - 1,200 samples x \$25.75	330,000 31,000
	g) U/G mapping	- total 20,000 ft - 500 ft/day, 40 days @ \$350/day	14,000
	h) U/G sampling	- total 3,000 ft - 300 samples x \$25.75	8,000
	i) Ore petrography	- 15 samples x \$70.00	1,000
	j) Petrography	- 50 samples x \$70.00	4,000

			\$414,000
3.	Metallurgy		30,000

4.	Manpower		
	1 Project Geologist	60 days @ \$450/day	\$27,000
	1 Geologist	60 days @ \$300/day	18,000
	1 Shift Boss	60 days @ \$335/day	20,100
	1 Mechanic/Electrician	60 days @ \$285/day	17,100
	1 Cook	60 days @ \$200/day	12,000
	1 Miner	60 days @ \$285/day	17,100
	2 Helpers	60 days @ \$150/day	18,000
	--		-----
	8		\$129,300
5.	Camp - 12 men, 60 days @ \$35/day		\$25,200
6.	Equipment Rental		
	Generators, 40 kW	1 required @ \$5,500/month	\$11,000
	Compressors, 450 cfm	1 required @ \$6,000/month	12,000
	Radio		1,000
	Fans 4 @ \$300/month		1,200
	Miscellaneous		2,000

			\$27,200
7.	Materials and Supplies allowance		\$5,000
8.	Environmental Studies		\$20,000
9.	Evaluation and Report		\$22,000

	Sub-total		\$682,700
	10% Contingency		\$68,000

	Total Phase III Exploration Program		\$750,700
	Say		\$750,000

B. PHASE IV**1. Mobilization and Demobilization**

Fly-in materials, supplies, and equipment		
- 60 loads @ \$1,500/load		\$90,000
Labour, 4 men, 18 days @ \$250/day		18,000
Miscellaneous		5,000

		\$113,000

2. Exploration

a) U/G drilling	- 50,000 ft x \$33/ft	1,650,000
	- 6,000 samples x \$25.75	155,000
	- downhole survey, \$1,800/month x 5 months	9,000
b) U/G mapping	- total 23,000 ft - 500 ft/day, 46 days @ \$350/day	16,000
c) U/G sampling	- total 3,000 ft - 300 samples x \$25.75	8,000

		1,838,000

3. Access Roads, 6 miles @ \$10,000/mile \$60,000

4. Survey, 2 men, 15 days @ \$200/day \$6,000
Equipment rental, 25 days @ \$100/day 2,500

\$8,500

5. Dewatering (allowance) \$150,000

6. Hoist Installation/Rehabilitation (allowance) \$200,000

7. Shaft Rehabilitation (allowance) \$100,000

8. Manpower

1 Project Geologist	170 days @ \$450/day	\$76,000
2 Geologists	170 days @ \$300/day	102,000
1 Shift Boss	170 days @ \$335/day	57,000
1 Mechanic/Electrician	170 days @ \$285/day	48,000
1 Cook	170 days @ \$200/day	34,000

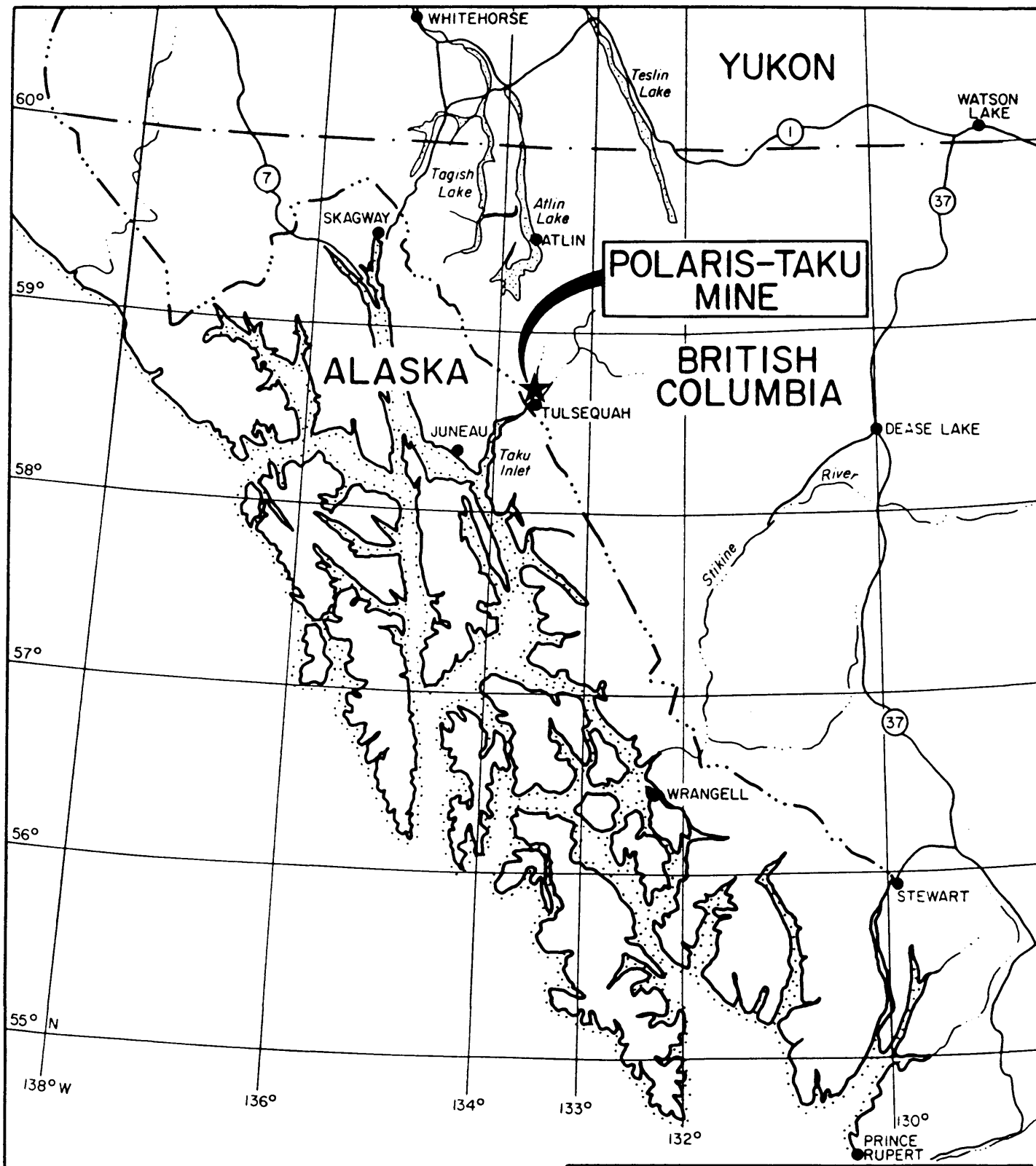
	1 Cat Operator	170 days @ \$285/day	48,000
	4 Miners	170 days @ \$285/day	194,000
	6 Helpers	170 days @ \$150/day	153,000
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	17		\$712,000
9.	Camp - 17 men	170 days @ \$35/day	\$101,000
10.	Equipment Rental		
	Generators, 40 kW	4 required @ \$5,500/month	\$110,000
	Compressors, 450 cfm	2 required @ \$6,000/month	60,000
	Scooptram	1 yd machine @ \$2,000/month	10,000
	Pumps	4 @ \$300/month	6,000
	Radio		1,000
	Fans	4 @ \$300/month	6,000
	Miscellaneous		10,000

			\$203,000
11.	Materials and Supplies		
	Spare Parts	10% of equipment rental	\$20,000
	Vent Duct	5,000 ft @ \$5.00/ft	25,000
	Pipe	3,000 ft @ \$5.00/ft	15,000
	Miscellaneous		8,000

			\$68,000
12.	Environmental Studies		\$130,000
13.	Feasibility Study		\$180,000

	Sub-total		\$3,863,500
	10% Contingency		\$386,600

	Total Phase IV Exploration Program		\$4,249,900
	Say		<u>\$4,250,000</u>
	Total Phase III and Phase IV		<u>\$5,000,000</u>



**POLARIS-TAKU
MINE**

**SUNTAC MINERALS CORPORATION
POLARIS-TAKU MINE**

LOCATION MAP

BEACON HILL CONSULTANTS LTD.

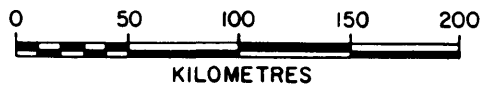
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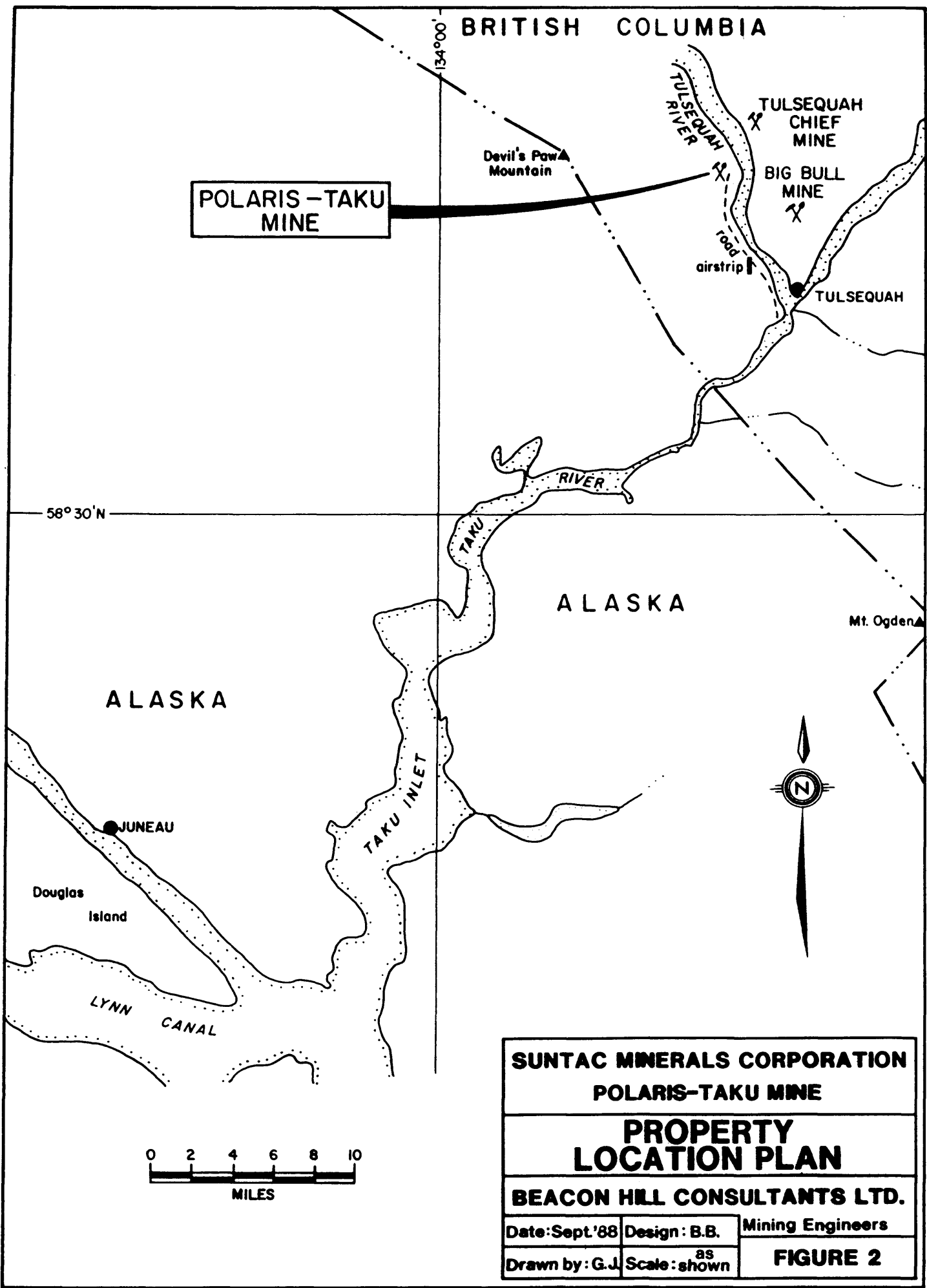
Mining Engineers

Drawn by: G.J.

Scale
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FIGURE 1





**POLARIS-TAKU
MINE**

**SUNTAC MINERALS CORPORATION
POLARIS-TAKU MINE**

**PROPERTY
LOCATION PLAN**

BEACON HILL CONSULTANTS LTD.

Date: Sept '88	Design: B.B.	Mining Engineers
Drawn by: G.J.	Scale: as shown	FIGURE 2

CERTIFICATE

I, W.P. Stokes, P.Eng., Principal, Beacon Hill Consultants Ltd., 860, 789 W. Pender St., Vancouver, B.C., do hereby certify that:

1. I have co-authored the "Conceptual Study Summary", Polaris-Taku Mine, prepared on behalf of Suntac Minerals Corporation in conjunction with the report "Polaris-Taku, Conceptual Study" by Beacon Hill Consultants Ltd.
2. I hold a H.N.D. in Mining Engineering from the North Staffs College of Technology, Stoke-on-Trent, Staffordshire, England.
3. I have been practicing my profession for more than 25 years.
4. I am a registered Professional Engineer in the Province of British Columbia.
5. This report has been prepared with assistance of other professional engineers and other qualified persons. This report is based on a review of property information, Phase I and II exploration programs, site visits, and data provided by Suntac.
6. I have no direct or indirect interest in the subject property or in the securities of Suntac Minerals Corporation, Rembrandt Gold Mines Ltd. or their affiliates.
7. Permission is hereby granted to use this report in a statement of material facts or prospectus to be filed with Canadian Securities or Exchange Commissions provided that no material is extracted out of context or used for other purposes.

Dated in Vancouver, British Columbia, on this date, 1st December, 1989.

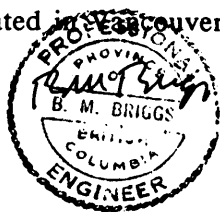


CERTIFICATE

I, B.M. Briggs, P.Eng., President, Beacon Hill Consultants Ltd., 860, 789 W. Pender St., Vancouver, B.C., do hereby certify that:

1. I have co-authored the "Conceptual Study Summary", Polaris-Taku Mine, prepared on behalf of Suntac Minerals Corporation in conjunction with the report "Polaris-Taku, Conceptual Study" by Beacon Hill Consultants Ltd.
2. I hold a B.Sc. (Honours) Degree in Mining Engineering from the University of Nottingham, England.
3. I have been practicing my profession for more than 20 years.
4. I am a registered Professional Engineer in the Province of British Columbia.
5. This report has been prepared with assistance of other professional engineers and other qualified persons. This report is based on a review of property information, Phase I and II exploration programs, site visits, and data provided by Suntac.
6. I have no direct or indirect interest in the subject property or in the securities of Suntac Minerals Corporation, Rembrandt Gold Mines Ltd. or their affiliates.
7. Permission is hereby granted to use this report in a statement of material facts or prospectus to be filed with Canadian Securities or Exchange Commissions provided that no material is extracted out of context or used for other purposes.

Dated in Vancouver, British Columbia, on this date, 1st December, 1989.



B.M. Briggs, P.Eng.



**BEACON HILL
CONSULTANTS LTD.**
MINING ENGINEERS

Suite 860 - 789 West Pender St., Vancouver, B.C. V6C 1H2 Phone: (604) 681-4100 Fax: (604) 681-8663

December 11, 1989

Suntac Minerals Corp.
860, 625 Howe Street
Vancouver, B.C.
V6E 2T6

Attention: Mr. C.A. Angus, President

Subject: Polaris-Taku Mine. Phase III and IV Exploration Program

Dear Sir,

As per your request, I have reviewed the scope of the Phase III exploration program for the Polaris-Taku mine in order to provide a program that meets the criteria established in the Conceptual Study Summary dated December 1, 1989, but reduces the estimated cost.

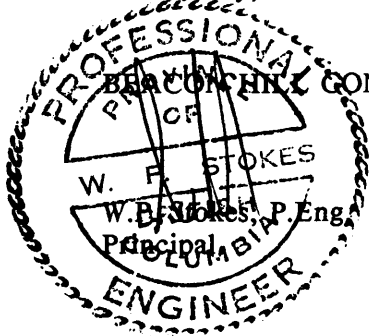
The overall program objectives in Phase III were to complete the underground mapping and sampling, evaluate the metallurgy, complete a small surface drilling program, establish the basic environmental studies, and evaluate the dewatering and rehabilitation requirements.

The scope of the program has been reduced by reassigning surface geological work, and 5,000 ft of surface drilling, to Phase IV. This allows the basic program objectives of Phase III to be met while reducing the estimated cost from \$750,000 to \$450,000. The estimated cost of both phases remains at \$5,000,000.

The results of the Phase III program will determine whether further work is required and also the size and scope of future exploration phases. Phases IV is included at this time to give an overall scope of work and cost estimate.

The revised estimate for both Phase III and IV is enclosed.

Yours truly,



BEACON HILL CONSULTANTS LTD.

Enclosure

TABLE 1
EXPLORATION PROGRAM

A. PHASE III

		Costs
1.	Mobilization and Demobilization	\$10,000
2.	Exploration	
	a) Surface drilling	
	- 5,000 ft x \$33/ft	165,000
	- 600 samples x \$25.75	15,500
	b) U/G mapping	
	- total 20,000 ft	
	- 500 ft/day, 40 days @ \$350/day	14,000
	c) U/G sampling	
	- total 3,000 ft	
	- 300 samples x \$25.75	8,000
	d) Ore petrography	
	- 15 samples x \$70.00	1,000
	e) Petrography	
	- 50 samples x \$70.00	4,000

		\$217,500
3.	Metallurgy	30,000
4.	Manpower	
	1 Project Geologist	40 days @ \$450/day
	1 Geologist	40 days @ \$300/day
	1 Shift Boss	40 days @ \$335/day
	1 Mechanic/Electrician	40 days @ \$285/day
	1 Cook	40 days @ \$200/day
	1 Miner	40 days @ \$285/day
	2 Helpers	40 days @ \$150/day
	--	
	8	-----
		\$86,200
5.	Camp - 12 men, 40 days @ \$35/day	\$16,800

6.	Equipment Rental		
	Generators, 40 kW	1 required @ \$5,500/month	\$5,500
	Compressors, 450 cfm	1 required @ \$6,000/month	6,000
	Radio		500
	Fans 4 @ \$300/month		1,200
	Miscellaneous		1,000

			\$14,200
7.	Materials and Supplies allowance		\$5,000
8.	Environmental Studies		\$20,000
9.	Evaluation and Report		\$22,000

	Sub-total		\$411,700
	10% Contingency		\$41,300

	Total Phase III Exploration Program		\$453,000
	Say		\$450,000

B. PHASE IV

1. Mobilization and Demobilization

Fly-in materials, supplies, and equipment	
- 60 loads @ \$1,500/load	\$90,000
Labour, 4 men, 18 days @ \$250/day	18,000
Miscellaneous	5,000

	\$113,000

2. Exploration

a)	Seismic survey	- 2 lines, 1.5 km	7,000
b)	Geochemistry	- soil assays, 250 x \$15.25	4,000
		- check assays, 120 x \$25.75	3,000
c)	Geophysics	- total 5 km x \$860/km	4,000
		- (incl. ground mag. and base station, VLF-EM, filtering and interpretation)	
d)	Surface geology	- 10 days x \$350/day	4,000
e)	Line cutting	- 5 km x \$750/km	4,000
f)	Surface drilling	- 5,000 ft x \$33/ft	165,000
		- 600 samples x \$25.75	15,500
g)	U/G drilling	- 50,000 ft x \$33/ft	1,650,000
		- 6,000 samples x \$25.75	155,000
		- downhole survey, \$1,800/month x 5 months	9,000
h)	U/G mapping	- total 23,000 ft	
		- 500 ft/day, 46 days @ \$350/day	16,000
i)	U/G sampling	- total 3,000 ft	
		- 300 samples x \$25.75	8,000

			2,044,500

3. Access Roads, 6 miles @ \$10,000/mile \$60,000

4. Survey, 2 men, 15 days @ \$200/day \$6,000
Equipment rental, 25 days @ \$100/day 2,500

\$8,500

5.	Dewatering (allowance)		\$150,000
6.	Hoist Installation/Rehabilitation (allowance)		\$200,000
7.	Shaft Rehabilitation (allowance)		\$100,000
8.	Manpower		
	1 Project Geologist	190 days @ \$450/day	\$85,500
	2 Geologists	180 days @ \$300/day	108,000
	1 Shift Boss	190 days @ \$335/day	63,650
	1 Mechanic/Electrician	190 days @ \$285/day	54,150
	1 Cook	190 days @ \$200/day	38,000
	1 Cat Operator	170 days @ \$285/day	48,000
	4 Miners	175 days @ \$285/day	199,500
	6 Helpers	180 days @ \$150/day	162,000
	--		-----
	17		\$758,800
9.	Camp - 17 men	190 days @ \$35/day	\$101,000
10.	Equipment Rental		
	Generators, 40 kW	4 required @ \$5,500/month	\$115,500
	Compressors, 450 cfm	2 required @ \$6,000/month	66,000
	Scooptram	1 yd machine @ \$2,000/month	10,000
	Pumps	4 @ \$300/month	6,000
	Radio		1,000
	Fans	4 @ \$300/month	6,000
	Miscellaneous		10,000

			\$214,500
11.	Materials and Supplies		
	Spare Parts	10% of equipment rental	\$21,500
	Vent Duct	5,000 ft @ \$5.00/ft	25,000
	Pipe	3,000 ft @ \$5.00/ft	15,000
	Miscellaneous		8,000


			\$69,500

12.	Environmental Studies	\$130,000
13.	Feasibility Study	\$180,000
	Sub-total	<u>\$4,129,800</u>
	10% Contingency	\$413,000
	Total Phase IV Exploration Program	<u>\$4,542,800</u>
	Say	<u>\$4,550,000</u>
	Total Phase III and Phase IV	<u>\$5,000,000</u>


CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

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

DATED: December 14, 1989




Craig Andrew Angus,
Chief Executive Officer,
Chief Financial Officer,
President, Director
and Promoter

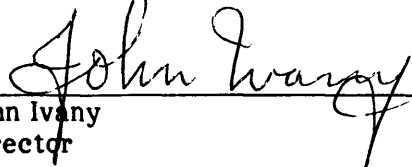


Scott Edmonds Angus
Director and Promoter

On behalf of the Board of Directors:



Murray Pazim
Director



John Ivany
Director


(KAC:883-rvSMF)

CERTIFICATE OF THE AGENTS

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

DATED: December 14, 1989

L.O.M. WESTERN SECURITIES LTD.

Per: 

YORKTON CONTINENTAL SECURITIES INC.

Per: 

PACIFIC INTERNATIONAL SECURITIES INC.

Per: 

(KAC:883-rvSMF)