

PEARL RESOURCES LTD.

UNION GOLD PROJECT

PROGRESS REPORT TO DECEMBER 10, 1984

The underground drilling program to date has been successful in outlining existing vein structures in the Main Vein, Gold Stope and Delphim target areas. Assay results for the first 13 holes have been received with only two holes (PU-5 and PU-8) yielding significant potential economic intersections. Comments on significance of results to date follows:

MAIN VEIN

- The fan of 8 drill holes testing for continuity and thickness of gold-silver mineralization between 3 and 4 levels east of the Union Fault confirmed the very low grades obtained in the 4 level sampling and drifting program. Drill holes PU-5 and PU-8 have outlined a tonnage potential of approximately 20,000 tons in what appears to be a mushroom-shaped zone adjacent to the Union Fault. Further future drilling is required to fully outline the tonnage and grade of this target.

GOLD STOPE EXTENSION

- A fan of 6 drill holes was successful in outlining the down dip extension of the Gold Stope to the 4 level. The vein zone varies from 3.0 to 7.5 feet thick but assay results to date are disappointingly low although assay results are pending on drill hole PU-14 which had the highest sulphide content. Hole PU-15 drilled to test for mineralization below the 4 level failed to intersect the vein zone.

DELPHIM ZONE

- Three drill holes fanned from the northwest end of the 4 level drift intersected the anticipated Delphim Zone target 25 feet from the drift wall. All holes intersected at least one vein with the most westerly hole (PU-i8) intersecting four potential mineralized structures. Abundance of silicification and associated sulphide mineralization appears to be increasing westward. Assays are pending. The Delphim Zone appears to be the westward extension of the Gold Stope.

SCHULTZ TARGET

- One drill hole (PU-19) is currently in progress to test for mineralization down dip from the Schultz Stope. Completion of this hole is estimated by December 15th, at which time the drilling program is anticipated to be terminated.

PRELIMINARY LEACH TESTS

In a telephone conversation with Don Kappas, preliminary results of the column tests of dump material appear disappointing. After seven days of leaching on dump material crushed to minus 5/8" with head grades of 0.24 Au and 3.5 Ag only 10% and 16% of the gold and silver, respectively, has been recovered. The recovery rate has also been declining in the past few days.

Centrifuge tube tests on tailings grading 0.052 Au and 0.123 Ag yielded 75% and 60% recoveries of gold and silver respectively.

Column leach tests of the tails will be initiated this week with preliminary results available by year end.

Additional dump material has just arrived in Reno; Don Kappas recommends crushing to minus 1/4" and initiation of column tests.

Total cost of the above is estimated to be \$5,300 Cdn.

CEE FUNDING

It is recommended that the drilling program be terminated at the completion of PU-19, at which time it is estimated that the available CEE funding will be fully expended.

PEARL RESOURCES - GENERAL ACCOUNT

Current balance	\$ 110,282	
<u>Less</u> Outstanding invoices (Kappas)	5,300	
T. Drown (January)	<u>3,600</u>	
Estimated balance for January 31, 1985 (Excluding admin and other misc. costs)		<u><u>\$101,382</u></u>



Wayne J. Roberts
Chief Geologist
December 10, 1984

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DRILL HOLE SUMMARY - AS AT DECEMBER 10, 1984

TARGET - UNION VEIN

Drill Hole	Azimuth	Dip	Total Length	Vein		Vein Thickness	Assays		Cumulative Footage	
				Intersection			Au(oz/t)	Ag(oz/t)		
PU-1	000°	+60°	176'	58.2 - 62.5'		4.3'	No sig. values		176'	
PU-2	000°	+80°	107'	82.0 - 96.0'		14.0'	No sig. values		283'	
PU-3	080°	+55°	125'	101.0 - 106.2'		5.2'	0.016	0.10	408'	
PU-4	080°	+30°	144'	121.3 - 124.3'		3.0'	No sig. values		552'	
PU-5	095°	+55°	235'	172.8 - 176.4'		3.6'	0.284	3.41	787'	
				182.5 - 210.0'		27.5'	0.26	10.44		
				includes includes	182.5 - 193.7'		11.2'	0.36		9.4
				195.1 - 210.0'		14.9'	0.21	11.89		
PU-6	302°	+50°	177'	223.5 - 235.0'		11.5'	0.16	7.52	964	
				64.4 - 69.5'		5.1'	0.018	0.76		
				72.0 - 76.8'		4.8'	0.004	0.19		
PU-7	302°	+75°	114'	78.5 - 81.8'		3.3'	0.024	0.17	1078	
				88.0 - 93.0'		5.0'	0.044	0.87		
PU-8	290°	+45°	123'	101.8 - 109.0'		7.2	No sig. values		1201	
				95.0 - 116.5'		11.5'	0.58	32.40		
		includes		95.0 - 100.4'		5.4'	1.086	62.71		

SUB TOTAL FOR UNION VEIN TARGET. 1201'

TARGET - GOLD-IRON STOPE EXTENSION

PU-9	000°	+45°	200'	123.8 - 129.2'		5.4'	No sig. values		1401'
PU-10	000°	+25°	200'	143.0 - 149.0'		6.0'	No sig. values		1601
PU-11	040°	+45°	210'	105.0 - 108.0'		3.0'	No sig. values		1811
				184.1 - 191.2'		7.1'	No sig. values		
PU-12	050°	+25°	199'	78.0 - 85.5'		7.5'	No sig. values		2010
PU-13	315°	+45°	214'	196.6 - 200.5'		3.9'	No sig. values		2224
PU-14	315°	+25°	213'	195.8 - 200.6'		4.8'	No assays		2437
PU-15	000°	-30°	248'	No vein		-	No assays		<u>2685</u>

SUB TOTAL FOR GOLD-IRON STOPE EXT. TARGET. 1484'

TARGET - DELPHIM ZONE

PU-16	330°	+30°	200'	25.9 - 31.6'		5.7'	No assays		2885'
PU-17	020°	+20°	100'	27.0 - 28.0'		1.0'	No assays		2985
				71.7 - 76.8'		5.1'	No assays		
PU-18	295°	+20°	150'	24.6 - 40.5'		15.9'	No assays		3135
				50.7 - 52.5'		1.8'	No assays		
				56.6 - 64.8'		8.2'	No assays		
				101.4 - 105.6'		4.2'	No assays		

SUB TOTAL FOR DELPHIM ZONE TARGET. 450'

TARGET - SCHULTZ EXTENSION

PU-19	140°	+25°	400'	To be drilled - information awaited				<u>3535'</u>
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SCHEDULE OF EXPENDITURES - 1984 CEE FUNDING

<u>Exploration Function</u>	<u>Costs to</u> <u>Oct. 31/1984</u>	<u>November Costs</u> <u>Paid</u>	<u>Outstanding</u>	<u>December Costs</u> <u>Estimated</u>
	\$	\$	\$	\$
Assays & Geochem	13,707.34	46.50	1,030.10	500.00
Camp Maintenance	29,317.35	8.95	235.52	1,000.00
Consulting Fees	4,215.00	-	4,189.16	-
District Expense	2,291.13	150.02	375.57	200.00
Drilling	-	33,526.25	33,839.50	35,000.00
Field Supplies	19,937.89	147.20	1,101.45	200.00
Fuel	3,595.53	-	383.61	-
Maps, Prints, Drafting	2,359.73	121.32	-	200.00
Salaries	53,803.54	-	6,500.00	10,900.00
Surveys - Other	2,522.51	-	-	-
Transportation Misc.	32,445.94	18.25	250.00	250.00
Trenching and Roads	4,033.98	-	1,300.00	800.00
Underground	241,363.02	3,202.13	-	1,000.00
Misc. Indirect	252.61	-	-	-
Project Management Fee	40,984.55	3,722.00	4,920.00	5,005.00
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Total Costs	\$450,830.00	\$40,943.00	\$54,125.00	\$55,055.00
C.E.E. FUNDS REMAINING	\$149,170	\$108,227	\$54,102	(\$953)

Wayne J. Roberts
Chief Geologist
December 10, 1984

October 31, 1984

PEARL RESOURCES LTD.

PROPOSED 1984 DIAMOND DRILLING PROGRAM

A total of _____ feet of underground diamond drilling is planned for the period November 5th to December 5th, 1984. A summary of refined drill targets follows:

PU = Pearl underground drill hole CPU = Contingent Pearl Underground hole

<u>Target</u>	<u>Hole No.</u>	<u>Section</u>	<u>Elevation</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Length</u>
Main Vein Extension	PU-1	88+50E	2920 ft	000°	+60°	150 ft
	CPU	"	2860	000°	+40°	200*
	PU-2	89+50E	2920	080°	+45°	200
	PU-3	88+00E	2920	317°	+50°	200
	CPU	"	2860	320°	+30°	200*
	PU-4	89+50E	2860	075°	+23°	150
					Subtotal	
				Contingent		400*
				TOTAL		1100
Gold Stope Extension	PU-5	84+00E	2950 ft	000°	+45°	200
	PU-6	83+00E	2900	340°	+30°	250
	PU-7	85+00E	2950	020°	+38°	250
	CPU	84+00E	Contingent	Contingent	Contingent	200*
	CPU	85+00E	"	"	"	200*
					Subtotal	
				Contingent		400*
				TOTAL		1100
Schultz Extension	PU-8	86+00E	3000 ft	140°	+23°	300
	PU-9	86+00E	3100	150°	+45°	400
	CPU	Contingent	Contingent	Contingent	Contingent	400*
				Subtotal		700
				Contingent		400*
				TOTAL		1100
Delphim Zone	PU-10	82+00E	2900	330°	+15°	200
Unallocated contingency footage						1000
				GRAND TOTAL		4500
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*Drill holes contingent on results