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GEOLOGICAL REPORT
ON THE 1981 EXPLORATION PROGRAM
OF THE ENGINEER PROPERTY
NEAR TAGISH LAKE, ATLIN MINING DIVISION, B.C.
59° 28' North Latitude
134° 15' West Longitude

FOR

NU-LADY GOLD MINES LTD.

April 6, 1983

J. M. BLACK, Ph.D, P. Eng.
CONSULTING GEOLOGIST

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SUMMARY

Drill programs recommended in 1980 and 1981 for this former mine were almost completed. The drill holes did not intersect any veins recognized as extensions of the productive veins.

During 1981 geochemically anomalous areas were mapped. Based on incomplete geochem results two holes were drilled to explore the possible causes of the anomalous results. One of these holes cored a vein of higher grade than that of any other of the many veins cored in the two season's drilling. The nearby anomalies suggest that it may be near an area with higher grade veins.

After the 1981 season, complete geochem results showed that the two holes were drilled from points too far up a slope to explore the probable cause of the most anomalous results.

A recommended limited drill program is designed to explore the cause of the most anomalous results.

INTRODUCTION

This report replaces one written after the 1981 field season and an addendum to it dated February 10, 1983. This report relates what has happened in the recent past and present recommendations.

The information herein is valid at this date as are the recommendations. The estimate of costs is based on current figures.

PROPERTY

It comprises five Crown granted claims and fractions, #19, 20, 106, 209 and 918 in the Atlin Mining Division. They have been optioned by Nu-Lady Gold Mines Ltd. from Nu-Energy Development Corp., which is now Erickson Gold Mines Ltd.

LOCATION AND ACCESS

The property is at 50 28' North Latitude, 134 15' West Longitude and extends along the east side of Taku Arm of Tagish Lake, in the Atlin Mining Division of B. C.

Access is by boat from Carcross, Yukon, a small center on the White Pass & Yukon Railroad, or from Atlin, B. C. a slightly larger center on Atlin Lake. Planes can land on the lake near the property except when the waves are big. Atlin is connected to the Alaska Highway and Whitehorse, the trading and administrative center for Yukon Territory. Whitehorse is served by daily plane service from Vancouver.

Helicopters are available at Whitehorse and sometimes during the field season at Atlin.

CLIMATE AND LOCAL RESOURCES

The property is east of the Coast Mountains and is in their rain shadow and is relatively dry. It is in the extreme north of B. C. and has a cold winter which is slightly moderated by Tagish Lake, which is a very large body of water.

The area is timbered except on bluffs. Trees on the property can provide mine timbers. Trees in sheltered stands around Tagish and Atlin Lakes can provide construction timber.

A site suitable for hydroelectric generation is about 5 km south of the property and in the 1920's was developed.

HISTORY

The Engineer property was in production intermittently from about 1910 until 1930. Then it was allowed to flood. Since then the upper levels have been hi-graded occasionally.

The veins mined in that early period are not the object of current exploration.

GEOLOGY

The country rock is bedded and comprises mostly fine-grained graywacke and argillite. They are generally grey to near black. Some beds contain volcanic ash and generally have a greenish tinge.

The beds generally strike northwestwards and dip moderately northeastwards. Locally they are complexly folded and faulted. They are cut by dykes of andesite and feldspar porphyry which are older than the veins.

The area is east of the general eastern limit of the Coast Range intrusives, though stocks probably related to these intrusives, intrude the country rock southeast of the property.

Two major shears have been recognized. They strike southeastwards and dip steeply. They contain broken rock, quartz veinlets, pyrite and have been silicified. Where they have been sampled they contain sub-marginal values of gold and silver.

On these shears are wider areas where dark country rock is present as well as vein material. These enlarged areas, called hubs, have been sampled and the results have been below ore grade.

VEINS

These comprise quartz and calcite and brecciated and altered wall rock. They commonly are about two feet wide though widths of as much as thirty feet have been reported. Minerals present are gold, pyrite, possibly calaverite, alledmontite, stibnite, mariposite and arsenopyrite. The veins are vuggy and some vugs were reported to be lined with gold. From the production figures it is known that an appreciable amount of silver is present.

Most of the veins strike about N 30 E or N 60 E and dip steeply. Some of the veins split and the branches follow both directions. Elsewhere a vein changes direction from one strike to the other.

Total production was about 20,000 tons which contained about 21,000 oz of gold and about half that amount of silver.

GRADE

There are many reports of limited shipments containing several ounces per ton. Since the average grade was about 1 oz per ton much of the ore milled must have been substantially less than 1 oz per ton.

RESERVES

Vein of ore grade has been reported on the lower levels though it is not known if this has been mined.

No reserves have been established by the drilling in 1980 and 1981.

The drilling recommended now is designed to discover if the occurrences that cause the geochemically anomalous results are of possible ore grade.

The veins mined previously are not sought by the present program though whatever caused the anomalous results are expected to be similar to those veins.

1980 RECOMMENDATIONS

Based on available reports, it appeared likely that the ore shoots raked westward. The 1980 program was designed to explore down rake from stoped shoots.

The drill cores did not contain any sections that were recognizable as extensions of the productive veins. The writer examined the property when most of the program had been completed and surmised that the shoots make rake eastward.

1981 RECOMMENDATIONS

Accordingly in 1981 it was recommended that holes be drilled to explore an eastward rake. In addition it was recommended that veins beyond a major shear also be drilled. An additional recommendation was that a part of the property with few outcrops be geochemically sampled. Finally it was recommended that any geochemical anomalies be drilled to determine their cause.

1981 RESULTS

The program recommended was completed except for all the drill holes to explore the anomalies. Towards the end of the field season results from a needed detailed geochem survey was not yet available.

Results from widely spaced sample points were available. These points were on a gentle slope and it was concluded that the cause was upslope from the upper limit of the anomalous area. Two holes were drilled to explore this possible target. One of these cored a vein that ran 0.19 oz/ton, which is much higher than the grade of any other vein cored in two seasons of drilling. This suggests that others under the anomalous area may be of higher grade.

At that time the writer made a more detailed geochem survey and reduced the spacing between sample points to half. This survey showed that the highest anomalous values were down slope from the earlier samples. It showed that the cause or causes probably is downslope from the area drilled.

CONCLUSION

A geochemical anomaly in an hitherto unexplored part of the claims is considered to be caused by veins similar to those mined earlier on the property.

RECOMMENDATION

It is recommended that the anomalous areas be drilled to determine if they are caused by such veins.

DRILL PROGRAM

Recommended are three holes, each about 80m long, to test the major anomaly. Two of these to be drilled southwards towards a presumed vein zone on the assumption that the veins dip northwards. If these holes do not core veins of commercial interest, that a third be drilled northwards in case the veins dip southwards.

Two shorter holes are recommended, each about 40m long, to explore the smaller anomaly "C" which has erratically high geochem results and is expected to be caused by veins close to the surface. The first hole to be drilled southwards and if a near commercial vein is not cored, that the second be drilled northwards.

RECAPITULATION

- (a) January 17, 1980, for Nu-Lady Gold Mines Ltd.
Early winter 1980, for Nu-Lady Gold Mines Ltd.
March 13, 1981, for Nu-Lady Gold Mines Ltd.
December 4, 1981, for Nu-Lady Gold Mines Ltd.
- (b) Nu-Lady received a report on March 1981, in which work was recommended. This work was almost completed and is reported in December 4, 1981.
- (c) No company.
- (d) No interest past or present.

RECOMMENDED WORK PROGRAM

The drill program recommended is designed to determine if the causes of geochem anomalies that have been discovered are of economic interest. It is a minimum program to obtain this information.

(9) Obstacles - none known.

(10) Only one property reported on.

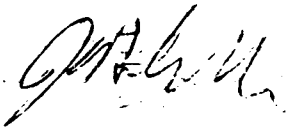
(11) This report is an update of report with recommendations dated December 4, 1981, and an addendum to it dated February 10, 1983. The conclusions and recommendations of the December 1981 report are still valid. Cost estimates are in keeping with current prices.

J. M. Black, Ph.D., P. Eng.
April 6, 1983



ESTIMATED COSTS ON ENGINEER PROPERTY

Drill 5 holes - 320m @ \$200.00/m Includes mobilization, demobilization & assaying	\$64,000.00
Geologist	\$ 5,000.00
Travel	\$ 3,000.00
Consulting and Reports	\$ 4,000.00
	<hr/>
	\$76,000.00
Contingencies	\$ 7,600.00
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	\$83,600.00
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—— drill hole
- - - - vein

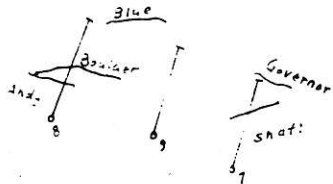
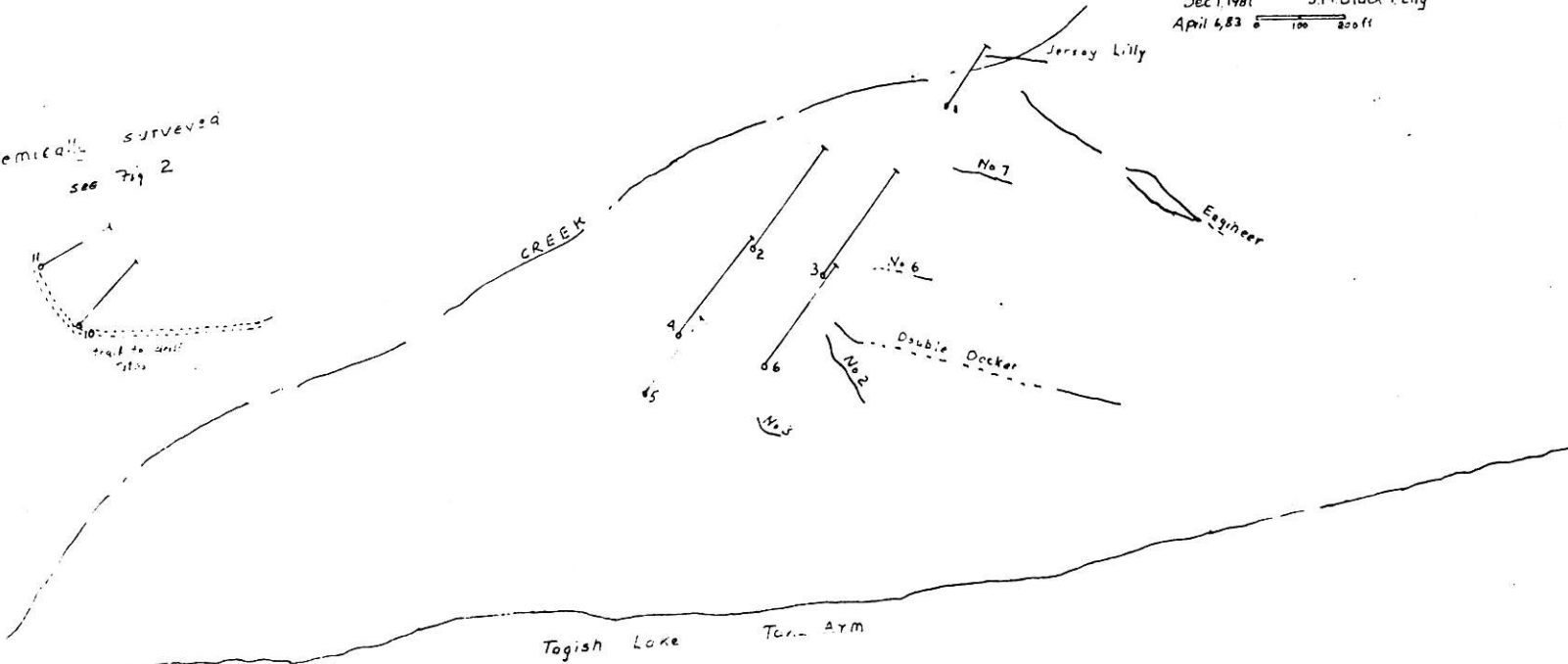
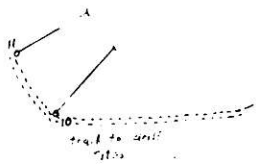


Fig 1
Engineer property
Nu Lady Gold Mines Ltd.
showing holes drilled in 1981
Dec 1, 1981 J.M. Black P.Eng
April 4, 83 200 ft

Area Geochemical¹¹ surveyed
see Fig 2



90h 11i

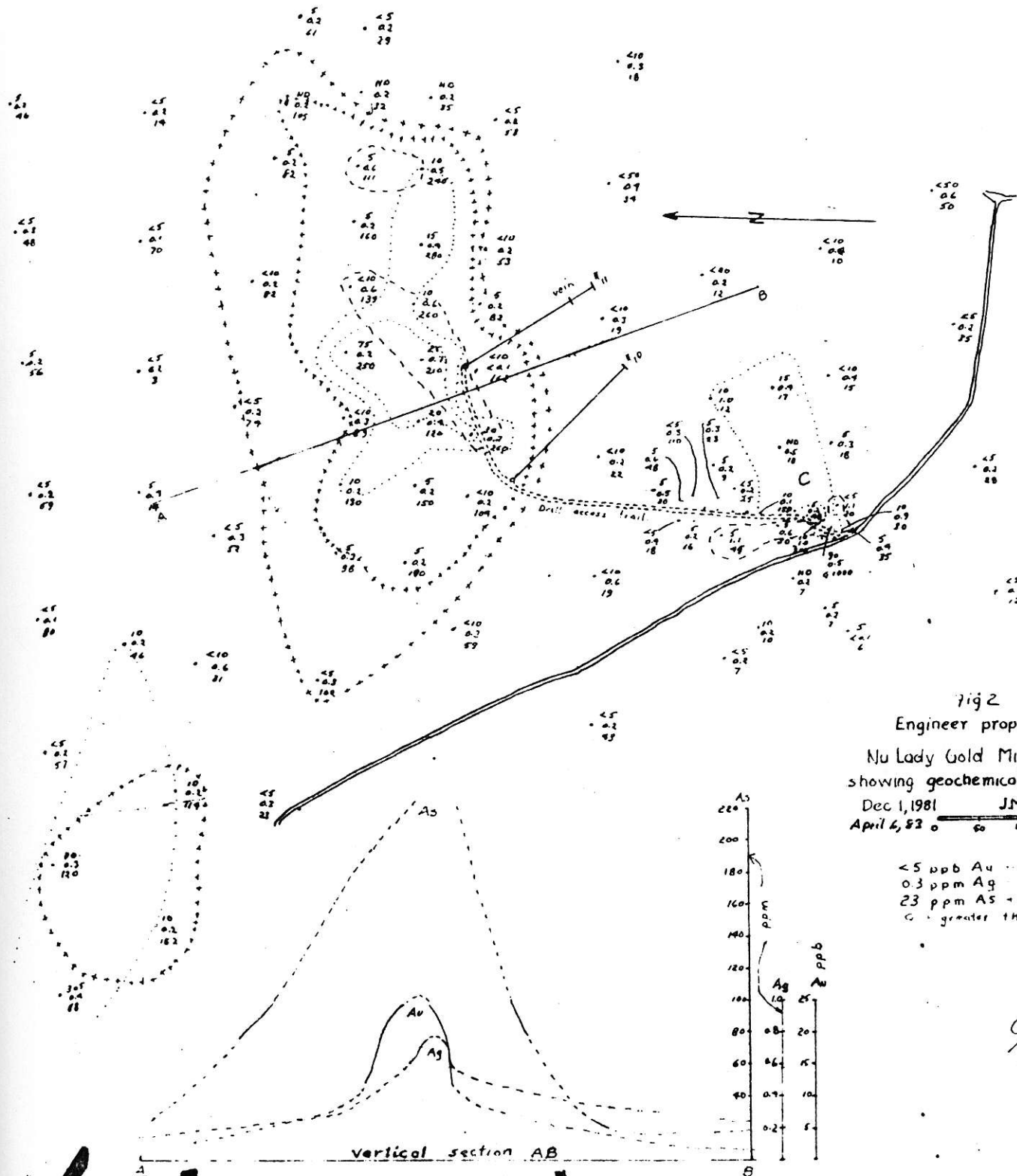


Fig 2
 Engineer property
 Nu Lady Gold Mines Ltd.
 showing geochemical anomalies
 Dec 1, 1981 J.M. Black P.Eng.
 April 6, 82

<math>< 5</math> ppb Au
 0.3 ppm Ag
 23 ppm As
 C = greater than

J.M. Black

DECLARATION

1. I, J. M. Black, am a consulting geologist with an office at 843 Prospect Avenue, North Vancouver, B. C.
2. I am a graduate of U. B. C. with a degree of B.A. Sc. in geological engineering, and from McGill University in 1942, with a degree of Ph.D. in economic geology.
3. I am a member of the Association of Professional Engineers of British Columbia.
4. I have practiced geology for over forty years and have much experience in Cordilleran geology, including properties like the Engineer.
5. I have examined the property in 1980 and again in 1981.
6. I have no interest, directly or indirectly, in the property of the company.

Dated at Vancouver, B. C. this 6th day of April 1983.



J. M. Black, Ph.D, P. Eng.
Consulting Geologist