

Report on
HYDRAULIC LAKE URANIUM PROPERTY
for Tye Lake Resources Ltd.
by J.J. Crowhurst, P.Eng.

672475 October 19, 1976

BACON & CROWHURST LTD.
CONSULTING ENGINEERS
VANCOUVER, B. C.

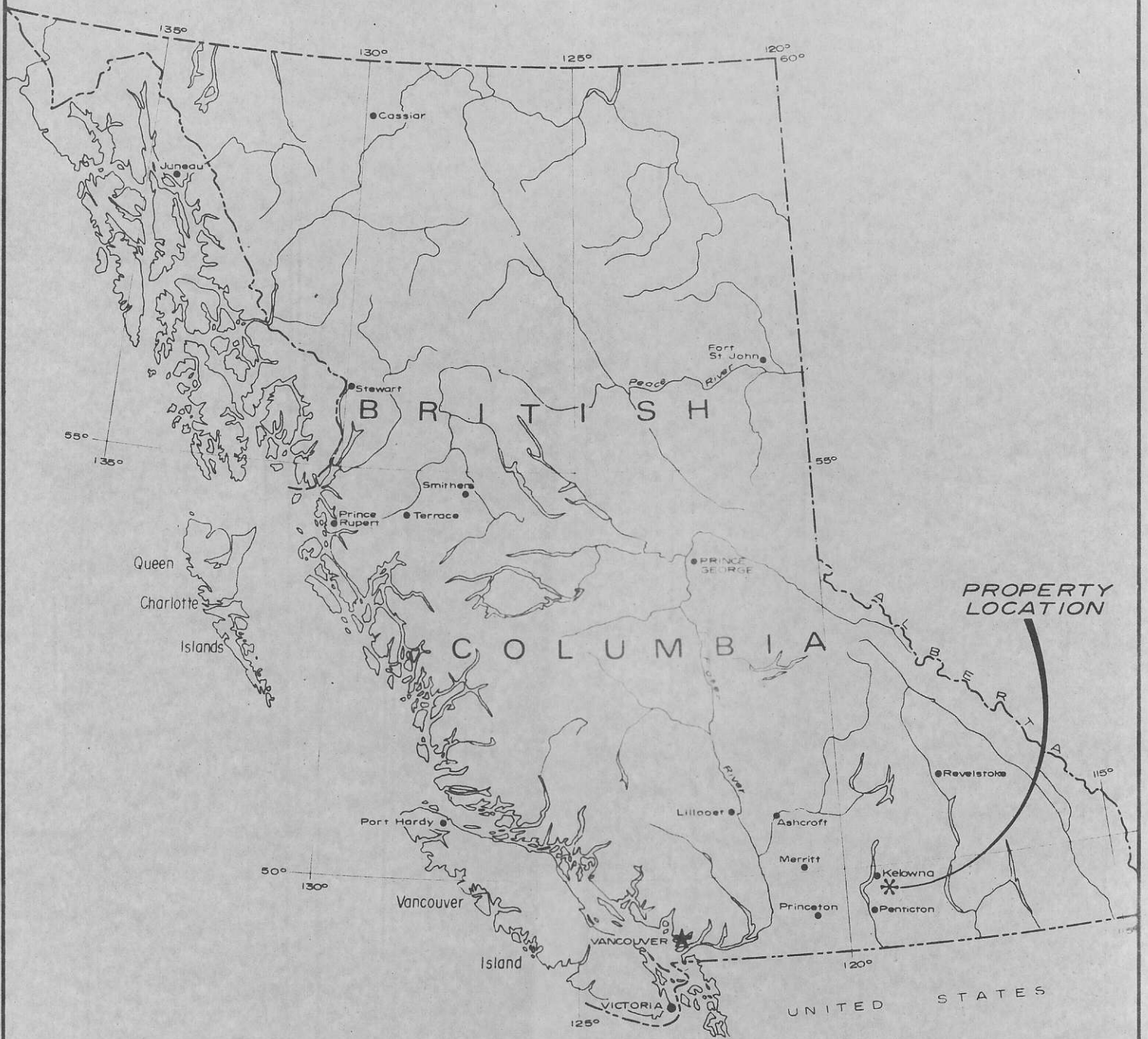


FIGURE 1
TYEE LAKE RESOURCES LTD.
 LOCATION MAP

HYDRAULIC CREEK AREA
 McCULLOCH, B.C.



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CONSULTING ENGINEERS

October 19, 1976

Mr. H. Ogata, President,
Tye Lake Resources Ltd.,
305 - 850 W. Hastings St.,
Vancouver, B.C.

Dear Mr. Ogata:

Pursuant to your recent request, I have reviewed the information concerning the exploration work carried out at your Hydraulic Lake uranium property situated east of Kelowna, British Columbia.

Based on this review and on my own personal observations during my visits to the area on July 9th to 12th inclusive and again on the 21st and 22nd of July, 1976, I am pleased to recommend that Tye Lake Resources should immediately complete the acquisition of the property from Reco Management Enterprises Ltd. of Calgary, Alberta.

The property referred to consists of the Kettle Group claim blocks and the Uranus Group claim blocks, and amounts to 320 claims in total. These claims are variously in the Vernon, Greenwood and Osoyoos Mining Divisions.

Our report dated April 2nd, 1976, recommended the completion of geological mapping, possible radon gas surveying, if deemed applicable, and study of these results together with other known information. An expenditure of \$30,700, including a 10% contingency factor, was involved.

Our report included a review of the assessment reports filed with the British Columbia Provincial Government by the Power Reactor and Nuclear Fuel

Development Corporation - Japan concerning work carried out by that organization during the years 1972-3-4 on behalf of Nissho-Iwai Canada Ltd. on ground adjacent to the Reco Management mineral claim blocks at Hydraulic Lake. The introductory letter in the report stated that there were "excellent possibilities to discover economic zones of uranium mineralization as either extensions of known flat-lying sedimentary deposits in adjacent ground or, alternatively, to discover other similar uranium deposits not now known".

Preliminary work consisting of geological mapping and prospecting plus an intensive study of all the available information subsequently led to a decision by Tyee to forego a radon gas survey for the time being and initiate a modest diamond drill program directed at selected areas.

Accordingly, on June 8th, 1976, NQ core diamond drilling was initiated at the property and four holes, all vertical and relatively short in extent (less than 300') were drilled.

A review of the exploration work was carried out by Bacon & Crowhurst Ltd., and a report submitted on June 23rd, 1976. This report summarized the results obtained from these first four diamond drill holes, and noted that "a significant strong extension southward of the known uranium mineralization found north of McCulloch, B.C., by the Power Reactor and Nuclear Fuel Development Corporation - Japan in preceding years" had been outlined.

The June 23rd report also noted, however, that recovery of the important carbonaceous mudstone with the equipment employed had not been sufficient to provide representative material for chemical assays, but an analysis of the drill hole

scintillometer probe survey results had indicated that the radioactive anomalous results were due to uranium minerals, and not potassium or thorium.

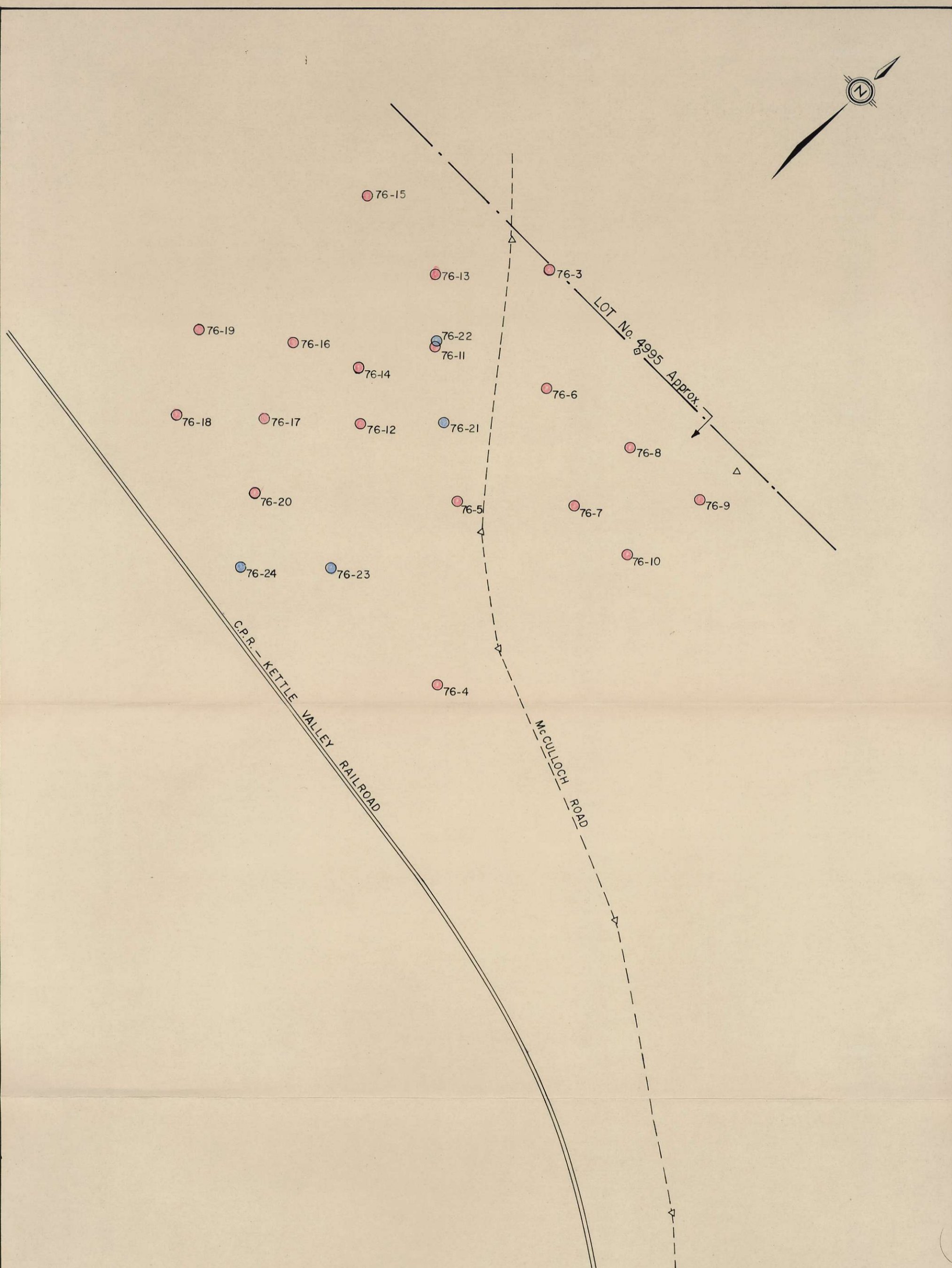
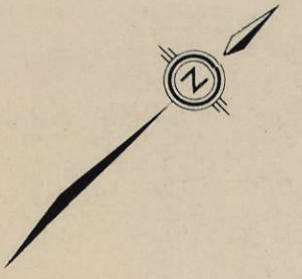
Further diamond drilling was therefore recommended in the report, including some larger diameter holes, to obtain proper material for chemical assaying. From these chemical assay results, a correlation could be established to identify quantitative values for the probe readings in the other holes.

This June 23rd Bacon & Crowhurst report also recommended that the sum of a further \$93,500 be provided, as soon as could be arranged, to continue the exploration work in the Hydraulic Lake area. Part of this could be used to search for other uranium zones similar to the one on which most of the exploration had been conducted.

By "Report to Shareholders" dated July 20th, 1976, therefore, Tyee Lake Resources notified the shareholders that a total of twenty diamond drill holes would be drilled pursuant to the Bacon & Crowhurst recommendations. In addition, this Shareholders' Report noted that a boundary survey had been carried out on the property and, as a result, a substantial number of additional claims had been acquired.

The twenty drill holes, NQ in size, were subsequently completed and an additional four holes, HQ in size, were drilled in strategic locations. Core recovery for the HQ size holes was excellent; chemical assay results for the uranium content are expected shortly. Preliminary radiometric probe readings indicate, however, that these assays will be comparable to the better NQ holes.

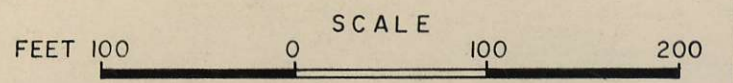
Table 1 (attached) has been compiled to show the locations and radiometric probe readings as reported by Tyee Lake Resources Ltd. to the shareholders on September 3rd, 1976.



LEGEND

- NQ DD HOLES
- HQ DD HOLES assay results available shortly

FIG. 3
 TYEE LAKE RESOURCES LTD.
 HYDRAULIC LAKE PROJECT-76
DIAMOND DRILL HOLE MAP
 CLAIM-KETTLE "12
 OSOYOOS-M.D.



TO ACCOMPANY A REPORT BY BACON & CROWHURST LTD.
 OCT. 1976

Table 2 has been calculated by selecting certain continuous sections of particular drill holes, and shows their estimated pounds of eU_3O_8 per ton.

These estimated pounds have been attained by constructing a graph showing the results of 103 chemical assays plotted against corresponding down hole radiometric probe readings. The chemical assays were checked and confirmed by the Atomic Energy Commission of Canada using the Neutron Activation/Delayed Neutron counting method. After discarding a small number of erratic readings and averaging the remainder which fell within a very narrow range, a factor of 1000 counts per second has been determined to represent one pound of eU_3O_8 .

It is to be noted that the average calculated uranium content for the selected sections in Table 2 amounts to 1.327 pounds of eU_3O_8 per ton, representing an average thickness of 33 feet.

It can be seen from Figure 3, 'Diamond Drill Hole Map' as attached, that the diamond drill holes are located in the central part of a relatively uniform flat-lying uranium deposit, which is open in all directions. Results from Holes 76-15 and 76-19 to the west, and Holes 76-4, 76-7, 76-8, 76-9 and 76-10 to the east (see Table 1) reported lower values than those obtained from the selected holes in Table 2, but enough radioactivity was discovered in these outlying holes to be of significance and to preclude delimitation at this stage.

The total expenditure on exploration to date is in excess of \$150,000. Results obtained enabled Tyee Lake Resources Ltd. to enter into an option agreement dated September 3, 1976, with Noranda Exploration Company and Kerr-Addison Mines Ltd. In our opinion, the terms of this option must be considered as being very favourable to the Tyee Lake shareholders.

Future work on the Hydraulic Lake property is to be carried out by Noranda and Kerr-Addison jointly. A winterized camp, consisting of 3 trailers plus accessory services as required, has already been erected on-site and 5 field geologists have been assigned to the project. Geological mapping, linecutting and induced polarization surveys will all be carried out promptly. Further diamond drilling on a much broader and larger scale is then contemplated.

In view of the success obtained to date by Tye Lake Resources' exploration procedures, as determined by recommendations from Bacon & Crowhurst Ltd., it is therefore our firm opinion that Tye Lake Resources Ltd. should complete forthwith the acquisition of the 320 mineral claims from Reco Management.


We believe that the extensive knowledge and expertise obtained by Tye Lake Resources Ltd. from their success in the Hydraulic Lake venture will most likely result in further similar uranium discoveries of economic importance.

It is to be noted that Tye Lake has been and still is actively engaged in looking for and acquiring other uranium properties in potentially promising areas of British Columbia.

We sincerely recommend that this policy be pursued and that Tye Lake continue with their same methods of approach to uranium exploration and acquisition.

Respectfully submitted,

BACON & CROWHURST LTD.


J.J. Crowhurst, B.A.Sc., P.Eng.

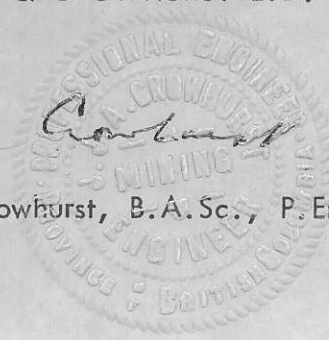


TABLE #1

<u>Hole No.</u>	<u>Location</u>		<u>From</u>	<u>To</u>	<u>Feet</u>	<u>Average</u>	<u>Highest</u>
	<u>South</u>	<u>East-West</u>				<u>Total Counts</u>	<u>Total Counts</u>
76-3	0'	00'	180' -	211'	31'	928 cps	1,380 cps
76-4	410'	235' E	127' -	202'	75	181	
			incl. 185' -	190'	5	306	340
76-5	252'	110' E	152' -	203'	51	419	600
76-6	90'	90' E	145' -	209'	64	1,242	
			incl. 195' -	209'	14	2,900	4,200
76-7	165'	204' E	188' -	212'	24	276	345
76-8	75'	202' E	199' -	211'	12	484	650
76-9	65'	296' E	168' -	180'	12	575	730
76-10	160'	280' E	74' -	98'	24	239	
76-11	165'	31' W	140' -	172'	32	818	
			and 172' -	192'	20	3,790	7,900
76-12	320'	22' W	99' -	126'	27	420	
			and 126' -	167'	41	1,300	2,730
76-13	110'	95' W	136' -	166'	30	578	
			and 166' -	186'	20	2,315	3,800

TABLE #1 (cont'd.)

Hole No.	Location		From	To	Feet	Average	Highest
	South	East-West				Total Counts	Total Counts
76-14	230'	71' W	104' -	131'	27'	460 cps	1,580 cps
			and 131' -	171'	40'	874	
76-15	85'	200' W	115' -	130'	15'	210	280
76-16	258'	142' W	124' -	141'	17'	550	6,000
			and 162' -	178'	16'	2,660	
76-17	340'	104' W	128' -	148'	20'	856	7,520
			and 148' -	156'	8'	343	
			and 156' -	171'	15'	2,967	
76-18	408'	173' W	90' -	111'	21'	525	2,210
			and 111' -	118'	7'	166	
			and 118' -	139'	21'	485	
76-19	320'	223' W	105' -	132'	27'	183	323
76-20	404'	50' W	125' -	143'	18'	991	1,500

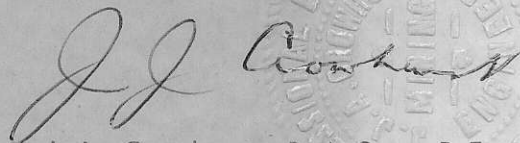
TABLE #2

<u>Hole No.</u>	<u>From</u>	<u>To</u>	<u>Thickness (feet)</u>	<u>Lbs. eU₃O₈ per ton</u>
76-3	185'	213'	28.0'	0.960
76-5	182'	203'	21.0'	0.452
76-6	124'	209'	85.0'	1.066
76-11	160'	193'	33.0	2.607
76-12	126'	167'	41.0	1.292
76-13	160'	191'	31.0	1.490
76-14	130'	170'	40.0	0.873
76-16	163'	177'	14.0	3.065
76-17	123'	169.5'	46.5	1.459
76-18	118'	122'	4.0	1.397
76-20	121'	141'	20.0	0.947
TOTAL 11 holes			AVERAGE 33.0'	1.327

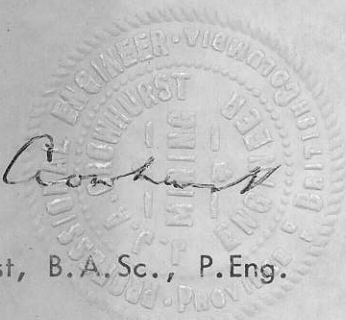
CERTIFICATE

I, John James Crowhurst, DO HEREBY CERTIFY THAT

1. I am a practising mining engineer with Bacon & Crowhurst Ltd.,
1720 - 1055 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia and have been granted
the degree of Bachelor of Applied Science.
3. I have been practising my profession as a mining engineer for 35 years.
4. I am a member of the Association of Professional Engineers of British
Columbia, Registration No. 2120.
5. I was the General Manager of the Newmont Mining Corporation
Dawn Uranium property, situated on the Spokane Indian Reserve, Ford,
Washington, during 1958 and 1959.
6. I nor any member of my firm have directly or indirectly received or expect
to receive any interest direct or indirect in the property or securities of
Tye Lake Resources Ltd.



J. J. Crowhurst, B.A.Sc., P.Eng.



Vancouver, Canada,
October 19, 1976.