
CORPORATE PROFILE

Development and Feasibility Company



NORTH AMERICAN METALS CORP.

- British Columbia's largest gold exploration project-
- exciting exploration results-
- Wright Engineers to complete final feasibility study by May 1987-
- mine construction to be completed and production commenced during 1988-
- strong financial backing from senior European financial institutions-
- top nodge management team with proven mining experience and expertise-

THE COMPANY:

All the above factors are combined in North American Metals Corp.. The selection of a well-advanced gold property, the injection of sufficient and mature capital in combination with contemporary financing methods, and the presence of experienced mining executives have made this mining venture come to prominence within not even one year's time. Directed by **Mr. Robert G. Hunter** as President and **Mr. Robert A. Dickinson** as Secretary and Managing Director of the company, **North American Metals is heading towards the production stage at a rapid pace.**

It was only in mid-1986 that the right to earn a 50% interest in **Chevron Minerals' largest Canadian gold asset**, THE GOLDEN BEAR PROJECT, was acquired. And already this coming May a **final feasibility study** will be completed, most probably leading to the decision to proceed to actual gold production. The production permitting process has already been initiated with the British Columbia Government. **Mine construction is planned to be completed and production commenced during 1988.**

The company is presently conducting an extensive exploration program consisting of surface diamond drilling and underground crosscutting and diamond drilling. The main objective of the program is to prove and expand currently known reserve figures which stand at **1,900,000 tons with an average grade of 0.27 ounces of gold per ton.** The results to date fully indicate that these reserve calculations can be regarded as very conservative. The Golden Bear Project is extensively described in this report.

North American Metals Corp.'s shares are traded on the **Vancouver Stock Exchange** under the symbol NAM-V. At the present time the company has 5,850,000 shares outstanding; as of this writing, on March 5, 1987, the price of the shares is \$ 6.00. The majority of the shares are in solid, longer-term holdings by institutional shareholders and the expectation is justified that the shares of this rapidly and successfully emerging company will continue to gain wider acceptance.

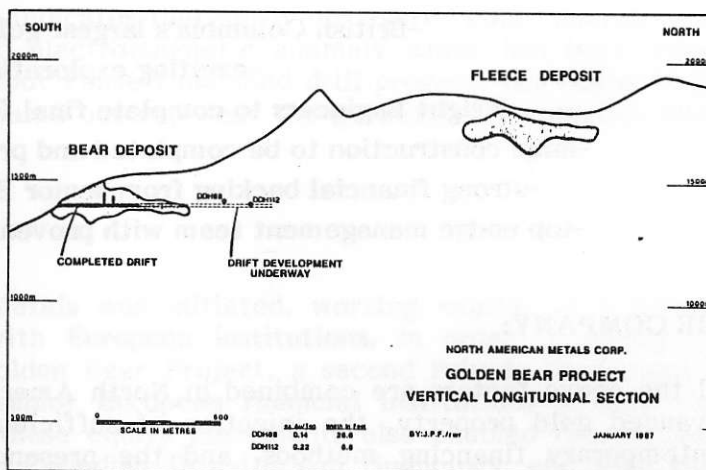
THE GOLDEN BEAR PROJECT:

North American Metals Corp.'s first major precious metal acquisition, the Golden Bear Project is located near Dease Lake, in northwest British Columbia. A joint venture agreement was concluded with **Chevron Canada** whereby North American Metals will operate and earn a 50% interest in the Golden Bear by investing \$ 9 million on its further development. **The project is Chevron's largest Canadian gold asset.**

North American Metals' management considers the Golden Bear an exceptional opportunity. Chevron has invested \$ 12.3 million on its development, completing over 60,000 feet of surface drilling. **Current reserves, within two deposits, are 1,900,000 tons with an average grade of 0.27 ounces of gold per ton; equivalent to 510,000 ounces of gold in the ground.**

The Golden Bear property hosts three known gold zones: named Bear, Fleece and Totem. Chevron's work focused on the Bear zone which with 1,253,000 tons of diluted, probable ore reserves grading 0.31 ounces of gold per ton has immediate potential for production. The Bear reserve is open to expansion and a substantial portion is amenable to low cost open pit mining.

Surface drilling in the Fleece zone area has outlined diluted, inferred reserves of 660,000 tons grading 0.20 ounces of gold per ton. The Totem zone has been intersected by insufficient drilling to calculate ore reserves.



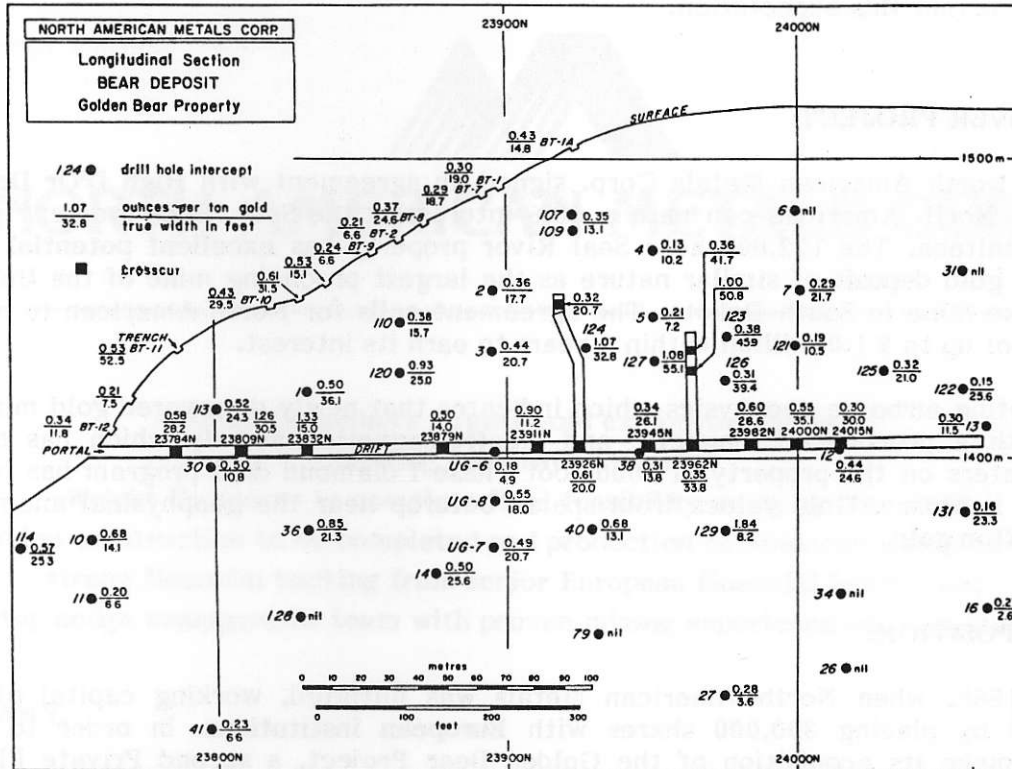
The potential for Golden Bear reserve expansion far exceeds the current reserve base. Therefore, the objective of North American Metals' first working program was to prove and expand reserves at the Bear Deposit. For the obvious reason that ore from this zone is the most readily available for mining purposes. **The current \$ 3.3 million program is expected to conclude with the tabling of a final feasibility study by May 1987.**

Major components of the program to assemble all the ingredients for completion of the final feasibility study include 2800 feet of underground tunneling, 8000 feet of drilling, engineering of an all-weather access road, site and road environmental studies, mine and waste management geotechnical studies, metallurgical bulk sampling and pilot scale testing. **Wright Engineers Limited** will oversee metallurgical design and complete the feasibility study.

The results obtained from the current work program are considered excellent and exceed management's expectations to a significant extent.

Favourable results come from both the surface drilling program as from the underground crosscutting program. Surface diamond drill hole results achieved so far include 35 feet of 0.93 oz/ton gold, 51 feet of 0.38, 37 feet of 1.07, 46 feet of 0.31, and 55 feet of 1.08 oz/ton gold. Assay results for crosscuts and raise headings include 25 feet width of 0.54, 30 feet of 1.27, 15 feet of 1.34, 20 feet of 0.61, 28 feet of 0.60.

The following diagram gives a full review of the results obtained:



These results more than indicate that current reserve figures can be considered obsolete and that new calculations will undoubtedly result in a significant increased tonnage figure. A mine is in the making!

The major underground drill program designed to block out reserves below the 1400 meter level is continuing. Also, further underground development work has now begun, budgeted at \$ 2.5 million and designed to extend the 1400 meter level drift 2000 feet north of the Bear Deposit to test a target area which contains several mineralized drill intercepts. The target area is 2800 feet south of the Fleece Deposit.

In the meantime, production permitting has been initiated with the Provincial Government by presenting a Prospectus proposal to the B.C. Ministry of Energy, Mines and Petroleum Resources. The project requires construction of a mill, mine road, open pit, underground workings, tailings disposal system, a permanent camp and a 125 kilometer access road.

Initial production rates will be optimized by feasibility work, but are expected to be in the 500 to 1000 tons per day range. Production will be applied initially to the Bear zone on an open pit basis followed by bulk underground mining of deeper ore. Based on the present calculated ore reserves at the Bear zone alone, mine life is calculated at a minimum of 8 years.

Further large scale reserves are expected to be developed within the Fleece and Totem zones. In addition substantial further reserves are probable as mining progresses within the 8 kilometer

long, major structure which hosts the three known gold zones. Geological ore models, such as the historical, world class Comstock Lode Deposit with which the Golden Bear has been compared to, favour this expectation.

THE SEAL RIVER PROJECT:

In July 1986 North American Metals Corp. signed an agreement with **High D'Or Developments Ltd.** whereby North American can earn a 50% interest in the Seal River project, located near Churchill, Manitoba. The 122,000 acre Seal River property has **excellent potential for hosting a large scale gold deposit** of similar nature as the largest producing mine of the United States, the Homestake Mine in South Dakota. The agreement calls for North American to make staged expenditures of up to \$ 1.0 million within 4 years to earn its interest.

After completing airborne geophysics which indicates that newly discovered gold mineralization coincides with a pronounced magnetic and electromagnetic anomaly which has been traced for 25 kilometers on the property, a 3000 foot Phase I diamond drill program has begun in the beginning of February. Gold values from sparse outcrop near the geophysical anomalies range up to 0.58 oz/ton gold.

FINANCIAL POSITION:

In October 1985, when North American Metals was initiated, working capital of \$ 225,000 was obtained by placing 300,000 shares with **European institutions**. In order to enable the company to make its acquisition of the Golden Bear Project, a second Private Placement of 1,200,000 shares was completed with **11 senior European financial institutions** in July 1986 to generate \$ 3.9 million. Completion of these equity placements also enabled the company to leverage its program funding under two Canadian flow-through financings, one with **PMX 86 Exploration Limited Partnership** and another structured by **Coopers & Lybrand**; in total \$ 4.0 million of exploration expenditures were transferred for \$ 1.7 million cash return. **No common shares are to be issued under these flow-through financial structures.**

Also this year North American Metals made arrangements to obtain flow-through financing. In January, two arrangements were announced, one with a British Columbia limited partnership involving the trade of up to \$ 950,000 in expenditures for a cash return of approximately \$ 451,250 and another with **Knight's Mineral and Exploration Company Limited Partnership** which agreement provides for making expenditures of \$ 300,000 on each of the Golden Bear Project and the Seal River Project against the issuing of 25,000 shares and 25,000 share purchase warrants exercisable into 50,000 shares with each kind of security having a deemed value of \$ 12.00 each.

In total, **these financings will provide adequate funding through to completion of the feasibility stage of the Golden Bear and first stage drilling at Seal River.** Further financings will be undertaken as required with a minimum of dilution to equity. On completion of the Golden Bear feasibility work around the middle of this year, major production financing will be required. It is estimated that this project financing will require somewhere between \$ 35 million and \$ 40 million, to be raised in a 50/50 ratio by the then equal joint venture partners Chevron Canada and North American Metals.

HJK/March 5, 1987.

