

L.O.M. Western Securities Ltd.

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P.O. Box 10337, Pacific Centre, 2200-609 Granville St., Vancouver, B.C. V7Y 1H2
Telephone (604) 643-7300 • Fax (604) 643-7606



Stikine Arch - Spring Update

Overview

Exploration expenditures now planned for the Stikine Arch in 1990 have exceeded our earlier estimate of \$35 - \$50 million. Our revised estimate stands conservatively at \$65 million. There are now at least 265 companies involved in the area and the number of drilling programs proposed for 1990 stands at approximately 50. Along with development expenditures, planned spending on Stikine Arch projects will exceed \$100 million this year.

The shares of many companies recommended in our original Stikine Arch report dated February 20, 1990 have responded well to interest in the area. As many investors already have positioned themselves for the commencement of exploration activity that has been spurred by last year's Eskay Creek discovery, the focal questions of this year's activity become:

- i) How large is the Eskay Creek deposit?
- ii) Does it extend onto adjoining claims?
- and iii) Which other company (ies) will make the next major discovery?

Prepared by: Matthew Cicci (604) 643-7413
Graeme Currie (604) 643-7405
Stephen Semeniuk, CFA (604) 643-7402

May 15, 1990

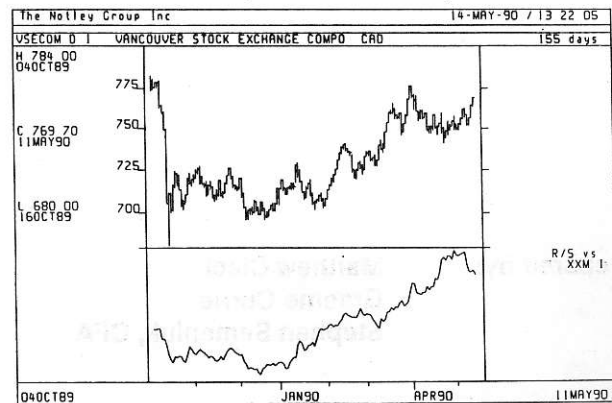
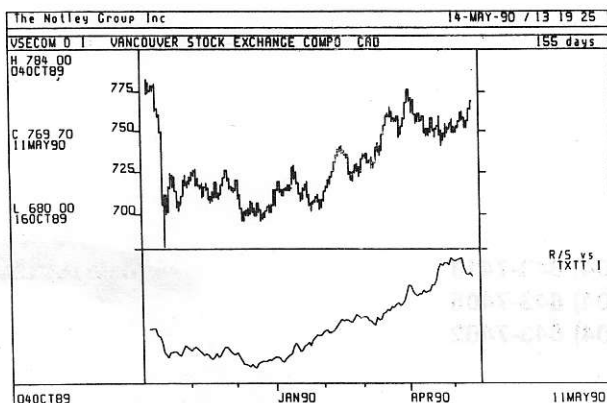
Stikine Arch Update

With the alpine snow cover now in retreat, the focus of exploration activity in the Stikine Arch area of British Columbia has shifted from deal making and finalizing option agreements to the mobilization for field work and drilling programs which have to be completed within the space of the few short months of summer. At the time of writing, two companies, Kenrich and Ambergate had commenced drilling on claims in the Sulphurets area. These drilling programs are to be followed by at least 47 planned by other companies.

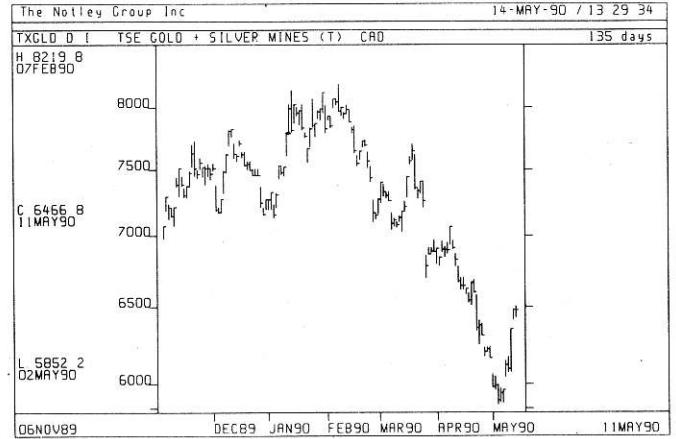
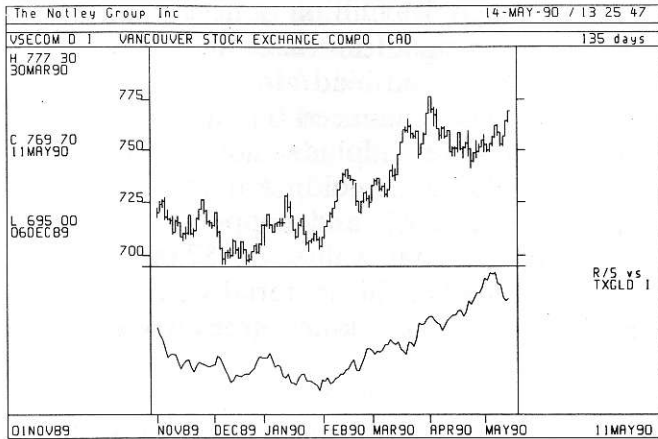
Our original Stikine Arch report dated February 20th named over seventy companies involved in this exciting mineral exploration area of British Columbia. George Cross, publisher of a Vancouver-based mining newsletter, now tabulates that the number of companies in this area play has reached 265. This update report does not purport to name every participant but we have contacted most of the major groups involved in the area and have tried to focus on some of the exploration groups emerging as the major players in the Stikine Arch. If anything, our original estimate of \$35 - \$50 million in exploration expenditures now appears low and we have revised our figure upward to \$65 million. Consequently, we have become even more confident that a new daily record volume level will be achieved on the Vancouver Stock Exchange this year where most of the junior exploration companies involved in the Stikine Arch play are listed.

Vancouver Stock Exchange Performance

Another of our daring predictions made in February was that the VSE would outperform all other Canadian markets in 1990. Unhappily for many investors we are right on track with the VSE now having outperformed the Toronto Stock Exchange Composite Index for the fifth month in a row. We would have hoped, however, that the progress of the VSE would have been measured against rising TSE Composite Index values rather than readings that have been plummeting. For record purposes, VSE charts showing relative performance against the Toronto Composite Index and the Montreal Stock Exchange Market Portfolio Index are shown below.

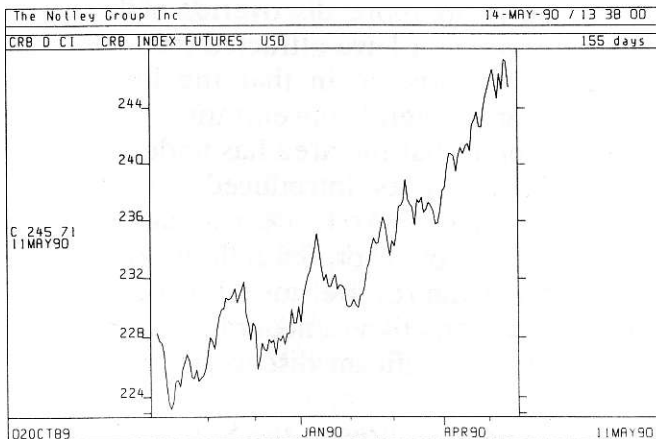


Not only has the VSE Index outperformed the general market indices but even more impressive has been the Vancouver market's relative strength against the Toronto Gold and Silver subgroup. The stocks of the senior gold producers bore the brunt of the \$23.20 U.S. an ounce drop in the price of gold to \$366.20 on Monday, March 26. Unhappily, the TSE gold subgroup dropped by 482 points or 6.7% that day creating a significant gap that traders will need to see filled with conviction before the bull market in gold shares can be viewed as proceeding as normal.

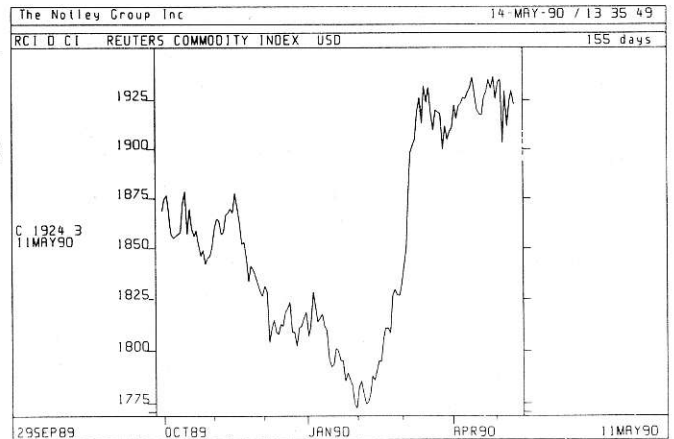


The Price of Gold

Many attempts have been made to explain the price collapse of gold. These reasons range from geopolitical influences (involving alternatively the Japanese, the Soviets, the Arab States, Indian gold smugglers and even the Brazilians) to the confluence of religious and secular holidays around the world as well as simple technical factors such as high interest rates and the continued strength of the U.S. dollar. Because our timing analysis is based on technical indicators, we think that the resumption of the upward movement in gold will likely coincide with weakening of the U.S. dollar, a trend that could be in place by the end of May. While most commodity indicators are now in a bullish mode, it is inconceivable that gold can sustain a move in an opposite direction. The two commodity indicators shown below reflect the performance of about 35 commodities ranging from agricultural commodities, metals and energy products.



Eskay Creek Deposit



There is no denying that the tone of the Vancouver market has been buoyed by the flow

of impressive, if not spectacular, drilling results from the Eskay Creek deposit. This ore body has now been upgraded by Rosco Postle and Associates as containing 1.693 million tons of probable and possible reserves grading 1.34 oz. Au/ton and 36.21 oz. Ag/ton at a cutoff grade of 0.25 oz. Au/ton. With many more drill results having been reported since the calculation of these reserves, further upward revisions to reserves are a certainty as the drilling count has reached 500 holes as of May. In fact, it now seems that when the Eskay Creek deposit is brought into production it will likely rival the Bralorne Pioneer mine as British Columbia's biggest gold producer. Bralorne produced 4.1 million ounces between 1932 and 1971 but the Bralorne orebody did not contain the significant base metal credits which are now being released as typically in the 7-8% combined lead/zinc range in the Eskay Creek deposit. The most spectacular hole to date was announced on April 18th as containing significant coarse visible gold within a massive sulphide horizon which subsequently assayed a total metal content of almost 40% with gold grading at 14.44 oz./ton, silver at 71.40 oz./ton, lead at 9.03%, zinc at 26.23% and copper as 3.5%. Incredibly, one ton of this material would contain a metal value of \$7,000 and (environmentalists please take note!) just one small truck load of this material would have a dollar value equivalent to what the "Carmanah Giant" (Canada's tallest tree) would be worth in terms of lumber.

Despite the impressive assays from Eskay Creek, questions lingered as to the organization and financing required to bring this deposit into production. These issues were clarified with the proposed combination of Eskay Creek interests by Prime, Corona and Stikine Resources. This proposal involves the creation of two new companies: one, effectively controlled by Corona (i.e 44.6%), to hold the Eskay Creek deposit as well as Prime's 40% interest in the Snip deposit, and another company to be distributed to Prime's shareholders, holding all of Prime's other interests. The merger is expected to be completed by July after shareholder and regulatory approvals. The prerequisite rumours persist that another potential bidder lurks in the wings.

Exploration Activity Planned for 1990

In our report of February 20th, we concluded under the heading of Regional Geology that the geologic setting of the region is capable of yielding many more discoveries of both precious and base metals. Unlike most Canadian "area plays" that have attracted investors' interest over the past several decades, the Stikine Arch is unique in that the limited exploration work completed to date has indicated significant mineral concentrations along the entire three hundred mile length of the Arch. It is evident that the area has undergone pervasive deformation involving widespread mineralizing events introduced into the favourable stratigraphy. To date, known reserves in the Stikine Arch are estimated to contain some 12.6 million ounces of gold, 125 million ounces of silver, 8.6 billion pounds of copper and one billion pounds of zinc. To be sure, these figures are not all associated with economic or potentially economic deposits, however, they encourage current exploration hypotheses and suggest the potential for further significant discoveries.

As stated in the introduction, our estimate of exploration expenditures in the Stikine Arch this year has reached \$65 million. By area this spending has been allocated for our purposes as follows:

TABLE I

**Stikine Arch
Proposed Exploration Spending
By Area**

Galore Creek	\$4.5 mm
Kinaska Lake	2.0
Iskut North	6.5
Iskut South	9.0
Eskay Creek	29.0
Sulphurets	8.0
Stewart	<u>6.0</u>
	\$65.0 mm

A significant portion of the expenditures will be made by Prime on the Eskay Creek deposit, of which a substantial portion has already been spent. The company has had six drilling rigs in operation since last fall. Prime also expects to spend another \$9 million, included above, on other projects throughout the Stikine Arch.

Another major group active on behalf of a number of client firms is Keewatin Engineering. Keewatin will be spending up to \$8 million on at least 5 to 6 drilling programs as well as other exploration work. We estimate that up to \$4 million will be spent by the Ecstall/Omega group of companies and their associates. An added \$7 million in spending will be accounted for by Kestrel Resources, Gulf International and Teuton. Skyline, an existing producer, will be spending \$2 million and Newhawk and Tenajon, approximately \$3 million. So far our estimate for the majors is \$7 million - but this figure is low as our tally only includes five companies with disclosed or estimated budgets of \$1 million or more. Of the \$7 million figure, about \$3 million represents Bond's budget for the Red Mountain project near Stewart.

TABLE II

**Stikine Arch
Exploration Reconciliation**

Prime Group	\$29.0 mm
Keewatin	8.0
Ecstall/Omega & Associates	4.0
Kestrel, Gulf, Teuton	7.0
Skyline, Newhawk, Tenajon	5.0
Majors	7.0
Others	<u>5.0</u>
	\$65.0 mm

Development Expenditures and Road Access

Our previous calculations had linked some development expenditures in the Stikine Arch to road access into the Iskut and Eskay Creek areas. The mining industry had proposed a shared cost road into the area at an estimated cost of \$20 million while the Government of British Columbia had suggested that industry provide its own roads. Our position is that the front loading of capital costs into a start-up mining situation plays havoc with the mathematics of finance in terms of required hurdle rates and payback criteria - especially when a major project involves an exploration company with no existing taxable earnings base against which to apply offsetting start-up costs.

At this point, while still awaiting word of road access participation by the Government of British Columbia, Cominco has announced that it is proceeding with the development of the Snip deposit. The company has acquired a hovercraft for support work from Wrangell, Alaska. Cominco indicates that it has budgeted \$35 million for expenditures on the Snip deposit this year with production expected to commence next year at a planned mining and milling rate of 300 tons a day.

As this update is being written there is word of an announcement by the Provincial Government to be made within the coming week. In addition there are reports that the State of Alaska has just approved a \$25 million (US) bond issue to support road access from Alaska to the "golden triangle." Both announcements will accelerate exploration and development expenditures in the Stikine Arch area.

Ancillary Reports

L.O.M. Western Securities has issued a number of reports on participant companies in the Stikine Arch area. Clients who have not yet received copies should contact their registered representatives or Vancouver Research. The reports now available are listed below and some are appended as a supplement to this update.

Prime Resources Group (dated May 11, 1990 published by John Hainey, LOM Toronto)
The Golden Triangle Group (Keewatin)
Ecstall/Omega
Gulf International
Gigi
Avondale
Kestrel
Columbia
Adrian
Iskut Joint Venture
Pass Lake
Teuton
Canarc

In total, these groups and companies represent well over three-quarters of the budgeted exploration spending in the Stikine Arch in 1990.

Conclusion

Over the past few months, there has been active accumulation of shares of many companies holding interests in the Stikine Arch. The market activity in these shares will likely accelerate as the many exploration programs scheduled for the area get underway. As stated in the introduction to this report, the focal questions that investors will direct their attentions to are:

How large is the Eskay Creek deposit?

Does it extend onto neighboring claims?

Which company(ies) will make the next major discovery?

As these questions can only be answered by exploration drilling, investors' attention should be focused on those companies planning drilling programs in 1990, especially those extending previous discoveries. Table III lists those companies planning drilling programs this season.

More drilling programs will likely be added later in the season as dictated by the results of early phase exploration work that will be completed early in the season. L.O.M Western Securities is committed to preparing periodic updates on the exploration activity and other developments in the Stikine Arch as the season advances.

L.O.M. Western Securities Ltd., a leading underwriter of Western Canadian resources issues, has in the past 12 months assumed underwriting liabilities or entered into agency agreements respecting the securities of certain companies mentioned in this report.

TABLE III

Drilling Programs - Stikine Region (Northwestern B.C.)

The following list is of companies which have definitively planned drill programs in the Stikine Arch this coming season. The data was compiled with the assistance of Northern Crown Mines and augmented by L.O.M. Western Securities Ltd.

<u>PROPERTY</u>	<u>COMPANIES</u>	<u>ESTIMATED START TIME</u>
Galore Ck.	Mingold/Kennco/Cominco	N.A.
Trophy	Gigi/Goldbelt/Continental	late July
Paydirt	Silver Std./Pacific Century	late July
Sphaler Ck.	Consol. Gold - West/Pass Lake	late July
Trek	Lorica/Pass Lake	July - August
Galore Ck. area	Bellex	July
Forrest Kerr	Cominco	N.A.
B-1	Kestrel/Crimston Star	July
Ker	Consol. Cap Rock/Florin	N.A.
McClymont	Gulf International	late June - early July
KRL	Kestrel/Clifton Star	July
Forrest Kerr	Avondale	late June
Iskut J.V.	Prime/Golden Band/American Ore	N.A.
Snip	Prime/Cominco	N.A.
Johnny Mtn.	Skyline	June - July
Bronson Ck.	Cathedral Gold/Ecstall	July
Stu	Kestrel	July - August
Inel	Gulf International	July - August
Gossan	Vector	August
Iskut River	Barytex/Placer Dome	N.A.
E & L	Silver Std.	N.A.
Macgold	Ecstall/Omega	late July
Sib	American Fibre/Con. Silver Butte	July
Tom McKay Ck.	Tymar/Akiko Lori	August
Albino Lk.	Euros	August
Eskay Ck.	Prime/Consol. Stikihe	May onward
GNC	Canarc/Prime	N.A.
Eskay Ext.	Adrian	early July
Treaty	Teuton/Tantalus	August
Mikhail	Soloman/Teuten	July
Sulphurets	Newhawk/Granduc	June - July
Sulphurets West	Kenrich/Ambergate	May - June
Goldwedge	Catear	N.A.
Kerr	Sulphurets Gold (Placer Dome)	N.A.
4 J's	Teuton/Maple	August
Iskut New Ice	Tymar/Ticker Tape	August
Unuk	Cove/Springer/Granges	N.A.
Tod Ck.	Goldnev/Noranda/Brenda	N.A.
Scottie Geld	Royal Scot	N.A.
Red Mtn.	Bond Gold	N.A.
Del Norte Ck.	Good Gold/Teuton	N.A.
Homestake	NDU/Noranda	N.A.
Kits	Oliver/Tanquerny/Aber	N.A.
Northstar	Dolly Varden	N.A.
New Project	Adrian	August
Unuk River	Janus	August
Poker	Cominco/Drydmn	August
G.J.	International Curator/Ascot	July
Mineral Hill (Alaska)	Hyder/Roanan	N.A.

* N.A. Not yet announced

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Adrian Resources Ltd.

Symbol: ADL-V

52 Week High-Low: \$4.40-\$0.20

Shares Outstanding: 6,707,723

Current Price: \$2.68

Working Capital: \$2.5 million

Adrian, after extended legal proceedings, appears to have secured ownership of the IKS 1 & 2 claims. The claims are also known as the Ski 1 & 2. The decision in Adrian's favour is still subject to appeal. Nevertheless, Adrian has announced plans to commence drilling on the most sought after prospect in Eskay Creek outside of the Prime/Stikine ground. The property lies north of, and adjoins to, the Eskay Creek property. The closest hole on the 21B zone at 11+50 North lies just 150 metres from Adrian's boundary. The first set of holes are planned to test for the 21B zone's extension at the boundary. All geologic and geophysical indicators appear positive. The negative factors are firstly, that McKay Creek, located along the boundary, may represent a fault. Secondly, topography begins to rise thus the zone will become a deeper target and thirdly, the stratigraphy appears to be dipping or raking at a steeper angle as it extends towards Adrian's claims. Drilling is scheduled to start on or about July 1st.

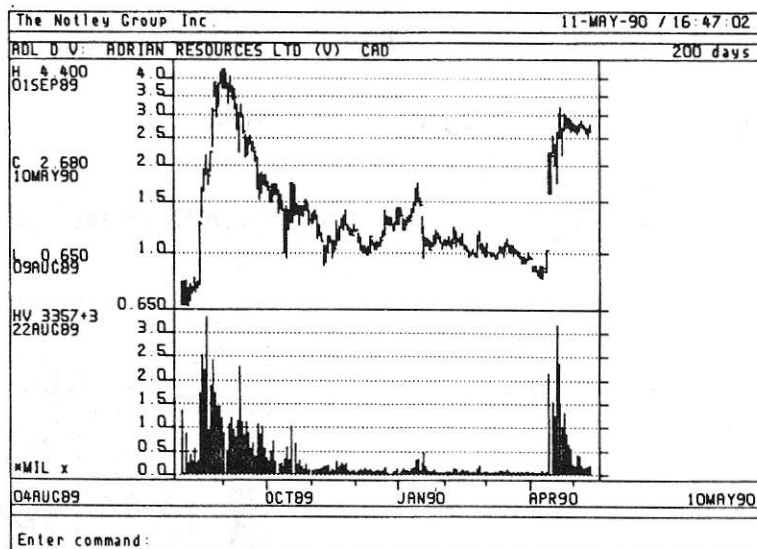
Adrian also holds a small portion of the 21B zone deposit reserve in a wedge claim. Rosco Postle & Associates estimate the reserve at 146,000 tons grading 0.50 oz Au and 18.9 oz Ag/ton. This block will have to be developed by the operators of the 21B zone deposit as a separate access by Adrian would not be feasible.

Complicating the Adrian situation further are two joint venture proposals now outstanding. Prime and Stikine are seeking to option a 50% interest in the IKS 1 & 2 by spending \$5 million over four years. No specifics of the proposal have yet been released. US Precious Metals (USP-V) have submitted a counter-bid to option 50% interest by spending \$6 million over four years. No further details were released. Shareholders of Adrian will be asked to vote on one or the other proposal at an upcoming June 27th A.G.M.

Graeme Currie

May 11, 1990

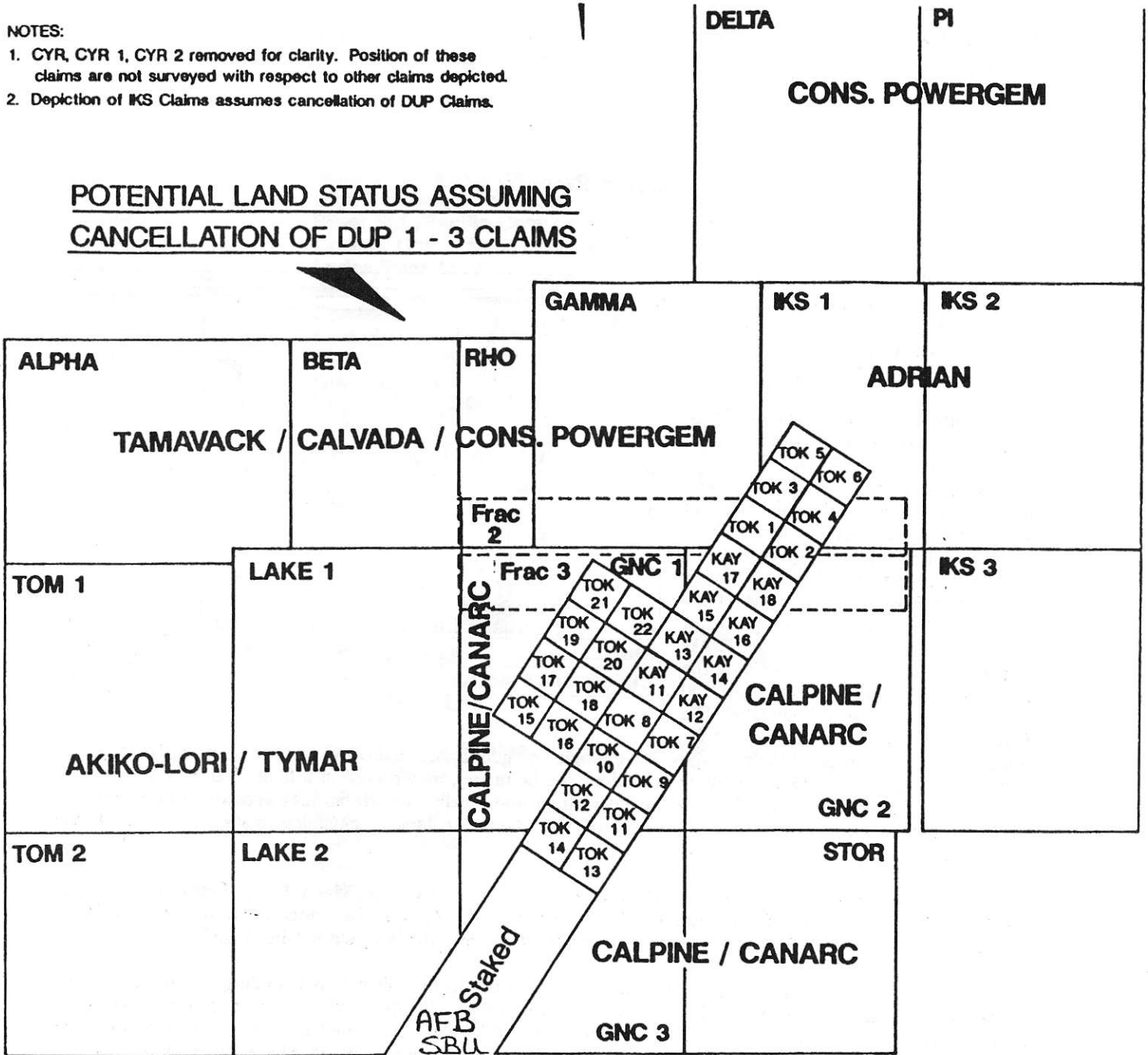
L.O.M. Western Securities Ltd. has, during the past 12 months, assumed an underwriting liability or entered into an agency agreement respecting the securities of Adrian Resources Ltd.



NOTES:

1. CYR, CYR 1, CYR 2 removed for clarity. Position of these claims are not surveyed with respect to other claims depicted.
2. Depiction of IKS Claims assumes cancellation of DUP Claims.

POTENTIAL LAND STATUS ASSUMING
CANCELLATION OF DUP 1 - 3 CLAIMS



NOTE: While we believe this information to have been obtained in accordance with standard industry practices, we make no representation with respect to, nor do we assume any responsibility for the correctness thereof.

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Avondale Resources Ltd.

Symbol: AVD-V

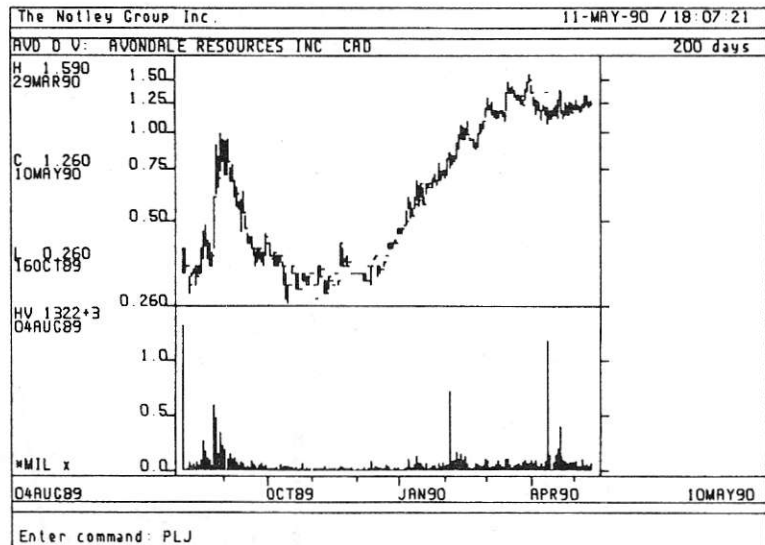
52 Week High-Low: \$1.59-\$0.26

Shares Outstanding: 6,029,000

Current Price: \$1.30

Working Capital: \$1.1 million

Avondale has an option, dated April 4, 1989, to acquire a 100% interest in the Forrest region located in the Iskut River region of northwest British Columbia. The property itself has evolved rapidly from a raw prospect in 1987 to its present status with 19 mineral showings covering a six kilometre strike. Styles of mineralization range from native gold to copper-gold and copper in shear zones. Structures on the property trend dominantly north-northeast with mineral occurrences located west and in close spatial relationship to these faults.



Attention was first drawn to the property by an extensive mega-quartz stockwork known as the Forrest Zone which is well exposed over a 0.25 square km area. While only weakly mineralized at best, initial assessment of the zone's significance was that potential existed for enhanced mineral values at depth. This premise is enhanced by several showings at topographically lower levels carrying significant values of gold, copper and arsenic. Values in these showings include the Triple Creek showing with grab samples to 0.43 oz Au/ton and up to 88,142 ppm arsenic. The Creek showing, located 125 metres east and 50 metres higher than the Triple Creek yielded values ranging from 0.07 to 0.27 oz Au/ton. The VG showing yielded up to 5.8 oz Au/ton and the Tarn show, a lapilli tuff breccia, assayed to 0.35 oz Au and 22.4% Cu/ton. All indicate strong correlation to the Forrest stockwork.

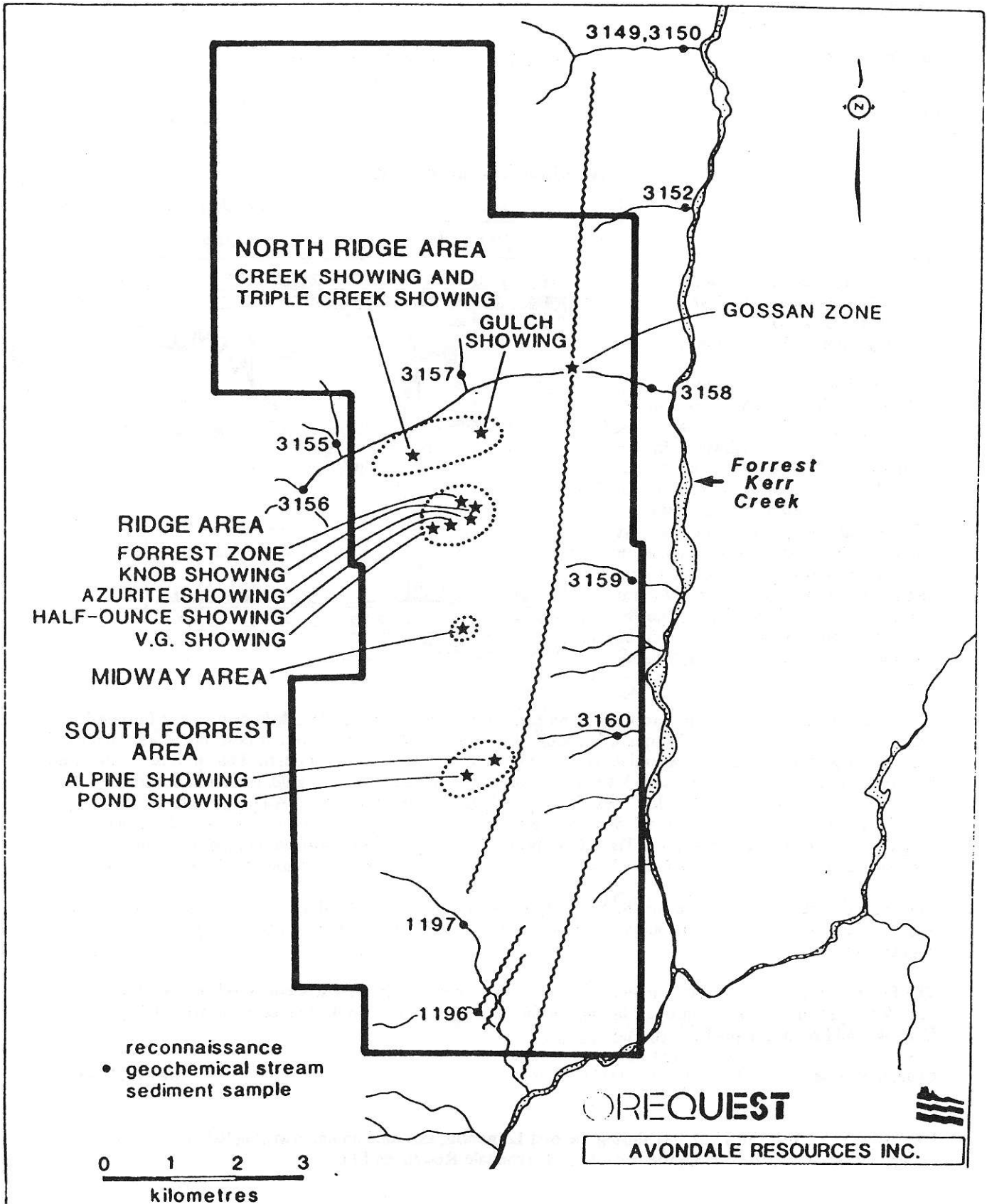
The second area of significance on the property is the South Central Grid area. Geochem and geophysical analysis identified a widely distributed anomalous area. Several showings have also returned values in gold, copper and arsenic.

The Forrest property has several targets, generally located near the Forrest stockwork, which are at drill stage. For 1990, a \$1 million program of additional surface mapping and up to 4,500 metres of drilling is proposed. Drilling could be underway by early July.

Graeme Currie

May 11, 1990

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Gigi Resources Ltd.

Symbol: GIG-V

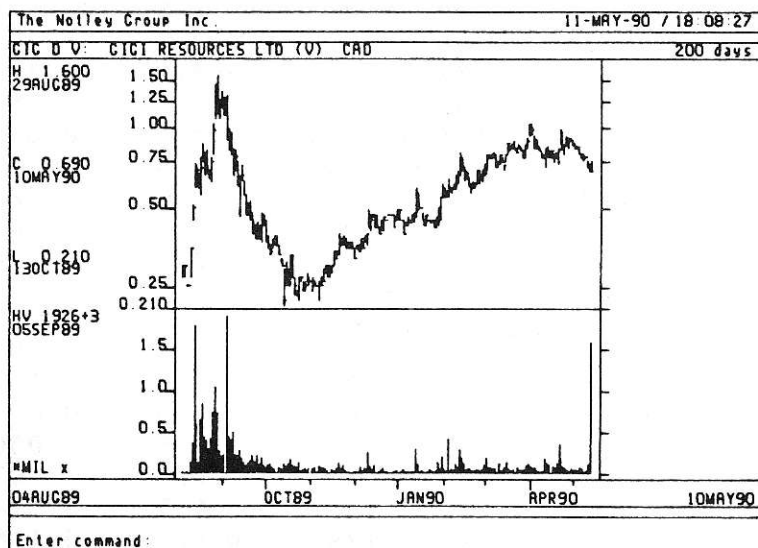
52 Week High-Low: \$1.60-\$0.12

Shares Outstanding: 6,613,492

Current Price: \$0.72

Working Capital: \$2.7 million

Gigi, by an agreement dated January 26, 1989 with Continental Gold, acquired an option to earn up to a 55% interest in the Trophy Project located 80 kilometres southeast of Telegraph Creek in the Galore Creek area of British Columbia. Property access is by helicopter from the Galore Creek (Skud River) airstrip, a distance of 20 kilometres. The property is about 47,000 acres in size. On March 9, 1990 Continental announced that subject to approval it had sold its interest in the Trophy Project to Goldbelt Mines Inc. (GOT-V), exclusive of a 10% n.p.i. Goldbelt has 15.1 million shares outstanding and working capital of approximately \$7 million.



Previous exploration has identified a number of styles of mineralization on over 20 separate occurrences. Primary focus to date has been on the Ptarmigan, Hummingbird and Eagle zones. The Eagle and Ptarmigan consist of mineralized breccia while the Hummingbird is skarn alteration in Middle Triassic limestone. Only one drill hole has tested this latter target, however, the hole did not reach target depth and was abandoned due to drilling difficulties. Limited drilling on the Eagle zone returned values to 0.103 oz Au/ton. The Ptarmigan has received the greatest attention. This tertiary zone is oriented along the northwest trending Ptarmigan fault. The breccia pipe is thought to be a magmatic-hydrothermal intrusive. Data from twelve drill holes is of limited use as all but two holes paralleled the controlling fault (see reverse for values). On several of the other showings vein or vein replacement occurrences have yielded surface samples ranging up to 2.63 oz Au/ton. For this season, a \$1 million program of detailed surface analysis and 1,750 metres of drilling is proposed. Gigi has contracted to Prime Resources Group and drilling is likely to begin by early August.

Graeme Currie

May 11, 1990

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DRILL HOLE SUMMARY: Ptarmigan Zone

Hole Number	Depth (m)	Width (m)	Au (oz/t)	Ag (oz/t)	Zn (%)
TR88-1	37.6-42.6	5.0	0.023	1.29	0.51
TR88-2	56.0-88.9	32.9	0.078	2.43	1.62
incl.	58.9-61.9	3.0	0.163	9.46	4.26
and	72.9-77.9	5.0	0.141	1.27	1.82
TR88-3	90.0-104.7	14.7	0.058	0.56	0.71
	114.4-119.3	4.9	0.014	0.11	0.06
	231.1-231.6	0.5	0.193	0.11	0.11
TR88-4	207.5-208.5	1.0	0.428	0.41	0.01
	213.2-236.5	23.3	0.101	0.75	1.01
incl.	213.2-216.6	3.4	0.224	1.64	1.27
TR88-5	8.9-11.5	2.6	0.018	3.21	0.26
	14.2-20.1	5.9	0.042	2.01	0.14
TR88-6	106.2-107.5	1.3	0.122	0.19	0.54
	124.5-126.3	1.8	0.062	0.32	0.63
TR88-7	72.0-76.0	4.0	0.084	1.91	0.67
	98.8-105.4	6.6	0.050	0.17	0.13
incl.	98.8-100.1	1.3	0.107	0.21	0.18
	120.7-125.2	4.5	0.074	1.01	1.11
	127.2-128.3	1.1	0.116	3.08	2.24
TR88-8	53.8-60.5	6.7	0.054	1.09	0.10
incl.	53.8-56.8	3.0	0.094	1.90	0.16
TR88-13	31.6-35.9	4.3	0.040	0.44	0.25
incl.	32.9-34.2	1.3	0.097	0.18	0.08
	38.3-40.3	2.0	0.040	0.64	0.25
TR88-14	11.2-13.9	2.7	0.076	2.46	0.29
	67.2-69.1	1.9	0.116	4.15	3.08
	81.2-84.1	2.9	0.054	0.20	0.10
	87.2-90.2	3.0	0.055	0.20	0.14
	116.0-117.3	1.3	0.039	2.28	0.49
TR88-15	16.1-18.1	2.0	0.046	2.62	0.67
	20.1-21.2	1.1	0.108	0.63	0.08
	29.2-30.2	1.0	0.033	5.73	4.08
	43.9-45.1	1.2	0.054	4.83	1.32
TR88-16	15.0-17.0	2.0	0.063	1.01	0.28
	19.8-23.5	3.7	0.034	1.67	0.07
	29.5-30.5	1.0	0.072	1.93	0.81
	50.0-51.1	1.1	0.108	0.43	0.12
	62.0-64.0	2.0	0.095	6.20	0.89
	71.0-72.0	1.0	0.098	11.01	0.54
	106.9-108.0	1.1	0.025	3.21	0.45
	110.8-112.0	1.2	0.038	3.38	0.93
	113.5-114.5	1.0	0.051	7.19	1.40
	125.5-127.5	2.0	0.057	8.92	2.31

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Golden Triangle Fund (Keewatin Engineering)

A consortium of ten junior resource companies, known as Golden Triangle Fund, is raising \$4 million through flow through units in a private placement to a small group of investors. The operator for the group is Keewatin Engineering and technical advisor is Ron Netolitsky. In all, the Keewatin companies and their various partners are expected to spend \$6-\$8 million in the Stewart area this coming exploration season. The members of the Golden Triangle Fund and gross proceeds of the financing are as follows:

Company	S/O*	Price/Share (May 11, 1990)	Proceeds
Solomon Res.-SRB	11.44	\$1.43	\$1,003,000
Ascot Res.-AOT	2.79	1.90	805,000
Oliver Gold-OGO	5.38	0.55	392,000
Big M-BIM	4.17	0.42	399,500
Hyder Gold-HGI	9.06	0.99	346,500
Dryden Res.-DRY	5.44	0.73	304,000
Stow Res.-SWW	2.35	1.05	192,000
Loki Gold-LKI	4.71	0.35	198,000
Prolific Res.-POF	8.09	0.36	200,000
Amer. Ore-AOE	23.57	0.25	<u>199,500</u>
* Share data in 000,000's			<u>\$4,039,500</u>

Some of these companies have already been mentioned in our original Stikine Arch report. Solomon holds a number of properties optioned from Winslow Gold, and/or Northwind Ventures and Teuton Resources. Drilling will be conducted on the Mikhail property located about 10 kilometres southeast of the Eskay Creek deposit. The Handel property consists of four claims contiguous to the Snip and Johnny Mountain deposits and the Lance property, about four kilometres east of the Eskay Creek deposit. Of particular interest to us is the amount to be raised by Ascot and Dryden, \$1.1 million, most of which will be spent on their adjoining properties in the Kinaska Lake region. Through a joint venture agreement Ascot can earn a 50% interest in an adjoining property drilled by International Curator which intersected a mineralized stockwork system over an area of at least 2,000 feet by 400 feet with 0.2-0.7% copper, 0.1-1.0 opt silver, and gold values of 0.01-0.09 opt. Keewatin sees the potential as analogous to the nearby Red Chris deposit held by Falconbridge where reserves are now estimated as 38 million tons grading 0.7% copper and 0.01 opt gold. Dryden also has a property about 12 kilometers south of Skyline's Johnny Mountain mine. Most recently, Dryden optioned the Poker claims just north of the Chutine River. Previous exploration by Cominco identified a significant boulder train which originated under a glacier. Sampling of 36 quartz sulphide boulders averaged 0.7 opt gold. Dryden can earn a 49% interest in the property by spending \$600,000 by the end of 1992 or a 70% interest by spending \$1,000,000 by the end of 1994.

Oliver Gold holds a 100% interest in the Fairview/Stemwinder properties near Oliver, B.C. which contain a reserve inventory of 1.5-2.0 million tons grading 0.13 opt gold equivalent. Last fall, Oliver with its joint venture partners Aber Resources (25%) and Tanqueray Resources (25%) acquired the Kitsault property located 40 kilometres south of Stewart and immediately south of claims held by Bond Gold. The property contains known lead, zinc, and silver mineralization.

Stow Resources holds four claim groups roughly 25 to 35 miles north of the Eskay Creek discovery and along the Iskut River. Initial exploration will focus on identifying favourable geological targets. Loki Gold holds two small claim groups, optioned from Teuton Resources, on either side of the Solomon/Teuton Mikhail claims

which are located to the west of the Calpine discovery. American Ore and Big M Petroleum hold large claim areas immediately north of the Cominco/Prime Snip deposit. The Big M/Tungco holdings in the area amount to a 50% or better interest in 180 claim units. The proposed road to the Snip deposit would pass through the Tungco claims.

Funds being raised for Hyder Gold are to be spent on its Canadian claims near Westmin's Premier gold mine. The company also plans drill and will spend about \$600,000 on adjoining claims located on the Alaskan side of the border.

Stephen Semeniuk, CFA

May 11, 1990

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Gulf International Minerals Ltd.

Symbol: GIM-V

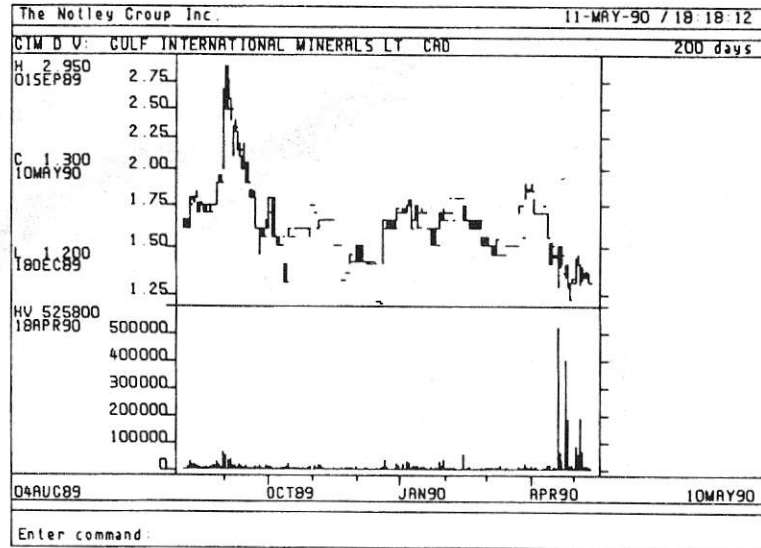
52 Week High-Low: \$3.70-\$1.00

Shares Outstanding: 9,593,864

Current Price: \$1.30

Working Capital: (est.) \$300,000

Gulf has recently completed an amalgamation with an affiliated company, Inel Resources. The merged entity holds 100% interests in two developed prospects in the Iskut River area, both of which are located within a short helicopter flight from Bronson Creek. For 1990, programs of \$2.7 million for the McLymont claims and \$3.8 million for the Inel claims are proposed subject to funding availability. Gulf has not ruled out seeking joint venture participation.



The Inel property is located in very similar geology to that of the Snip and Johnny Mountain deposits. Encouraging gold and base metal values have been identified and drill tested on the property, including the Discovery-Main Sulphide zone, AK zone and 98 zone. There are nine other targets on which limited work indicates economic potential. Although the majority of exploration has been focused on the Discovery Zone, which includes 873 metres of underground development, exploration in 1990 will focus on the AK zone as drilling in late 1989 defined this target to be most encouraging with respect to grade, extent and continuity. Of 19 holes drilled, the average weighted grade of all intercepts reported was 0.356 oz Au/ton across 2.5 metres. Mineralization is associated with pyrite and correlates well to sulphide content. A two stage program is proposed by Derry, Michener, Booth & Wahl. Stage I is a property wide surface reconnaissance program and stage II a 550 metre underground development and drilling program to test and evaluate the AK.

On the McLymont, exploration has focused on the northwest zone, a zone of veins and vein breccias. A total of 111 holes have been drilled along a strike of 300 metres to a depth of 200 metres. The weighted average grade of all auriferous intercepts greater than 0.4 oz Au per metre is 0.586 oz Au/ton over 2.6 metres. The best intercept yielded 8.09 oz Au, 5.5 oz Ag and 2.1% Cu/ton over 1.9 metres. The overall average grade is about 0.3 oz Au/ton over 4.8 metres. An underground program is proposed in order to expand the zone and to gain a greater understanding of the mineralization geometry and controls. Exploration on both properties may be underway by mid-June.

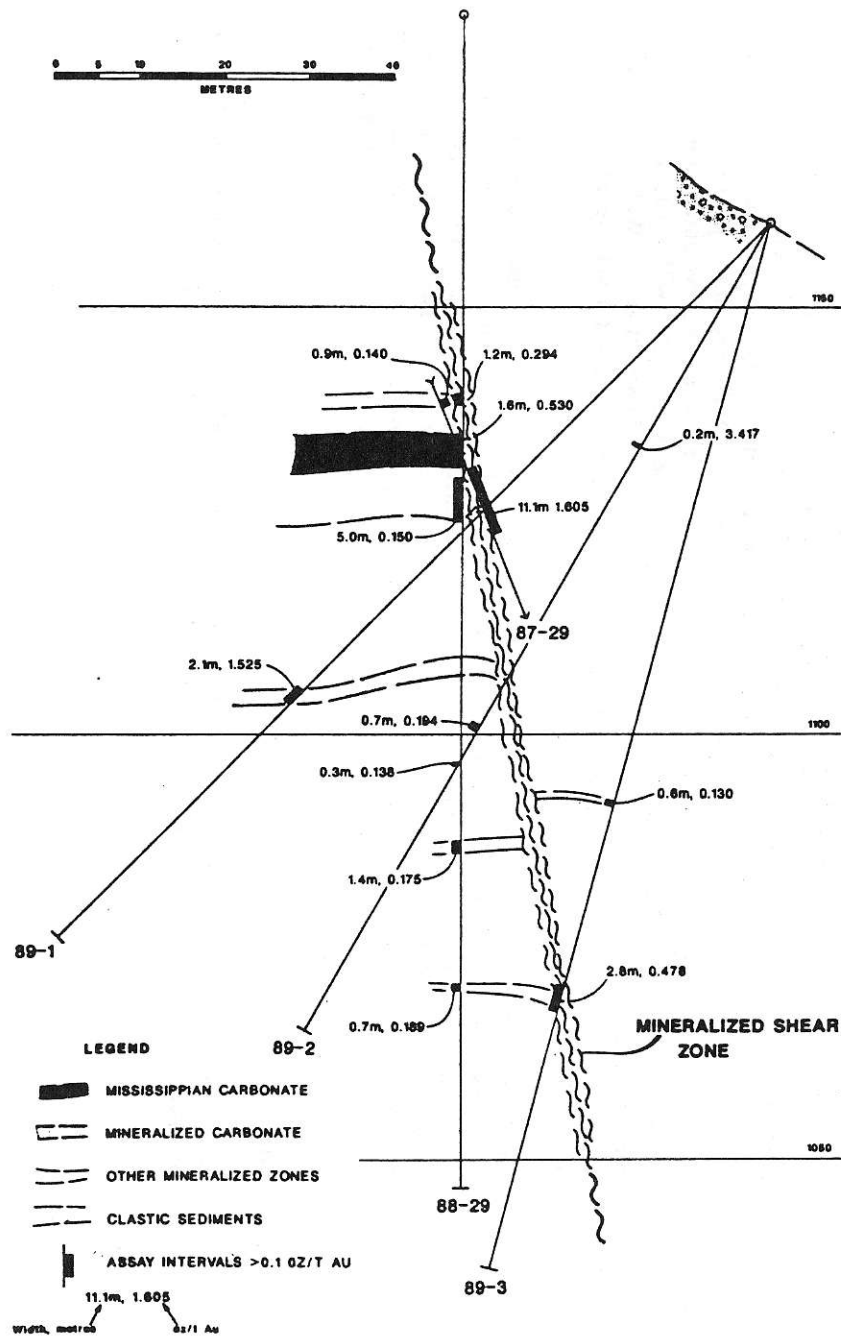
Graeme Currie

May 11, 1990

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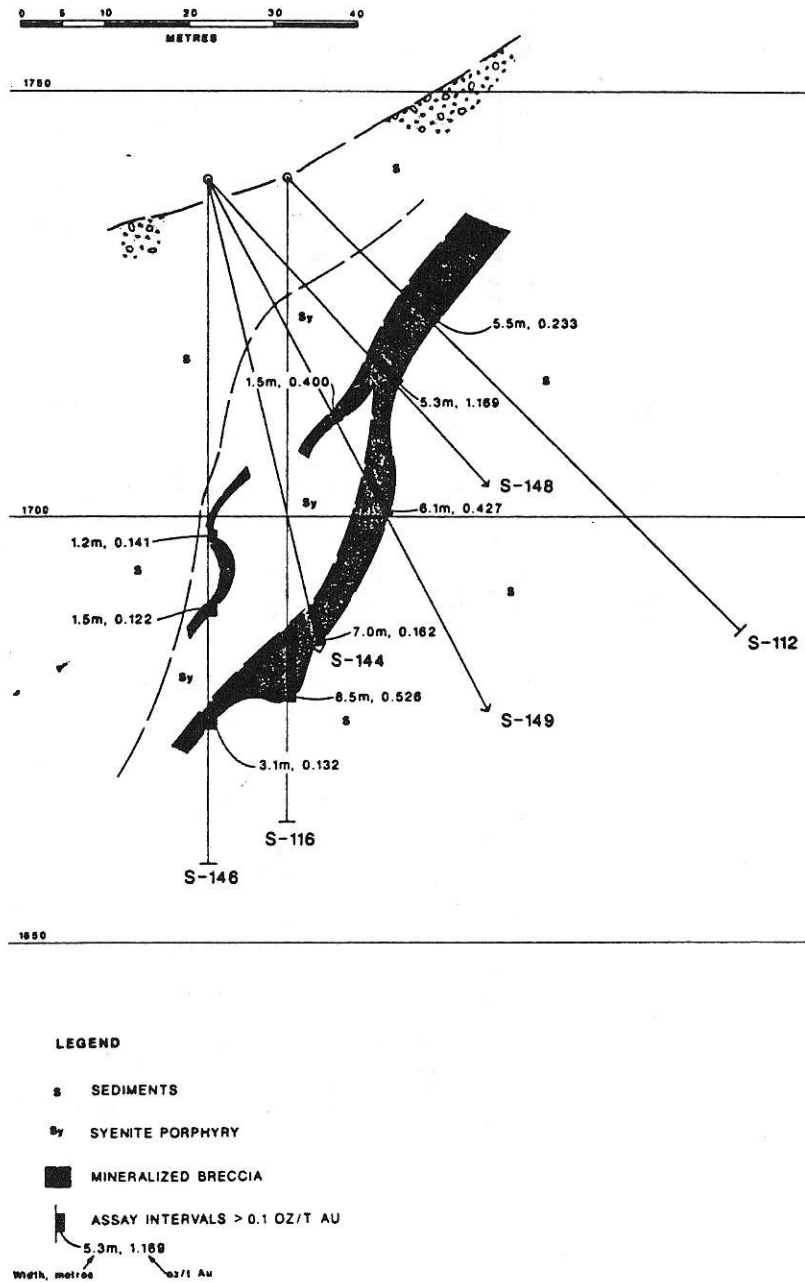
McLymont Creek Property
NORTHWEST ZONE

Section Looking NE



Inel Property
AK ZONE

Section Looking NW



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Iskut Joint Venture Project

Partners:

Prime Resources Group (PRU-V) - 33 1/3%
American Ore Ltd. (AOE-A) - 33 1/3%
Golden Band Resources Ltd. (GBN-V) - 33 1/3%

The Iskut joint venture property is located adjacent to and north of the Snip deposit. Two zones of interest have been identified and drill tested. The RPX zone was discovered in 1989 by drilling a fence of holes designed to provide stratigraphic information across a geologic profile 200 metres west of the known Gorge zone. Values included:

drill hole	feet	Au oz/ton
I 89-3	1.6	0.470
I 89-4	6.6	0.052
I 89-6	6.7	0.146
I 89-7	4.7	0.200
I 89-8	2.0	0.291
I 89-9	3.1	0.188
I 89-10	10.6	0.427

The zone is open in all directions.

On the Gorge zone additional minor drilling was completed in 1989. Hole I 89-1 returned 19.6 feet grading 1.29 oz Au/ton and I 89-2 yielded 5.7 feet of 0.415 oz Au/ton. Although the additional holes drilled last summer assayed only anomalous values they were successful in extending the strike of the zone some 250 metres long. Drilling in 1988 had also intercepted several high-grade values of up to 0.921 oz Au/ton over 15.1 feet.

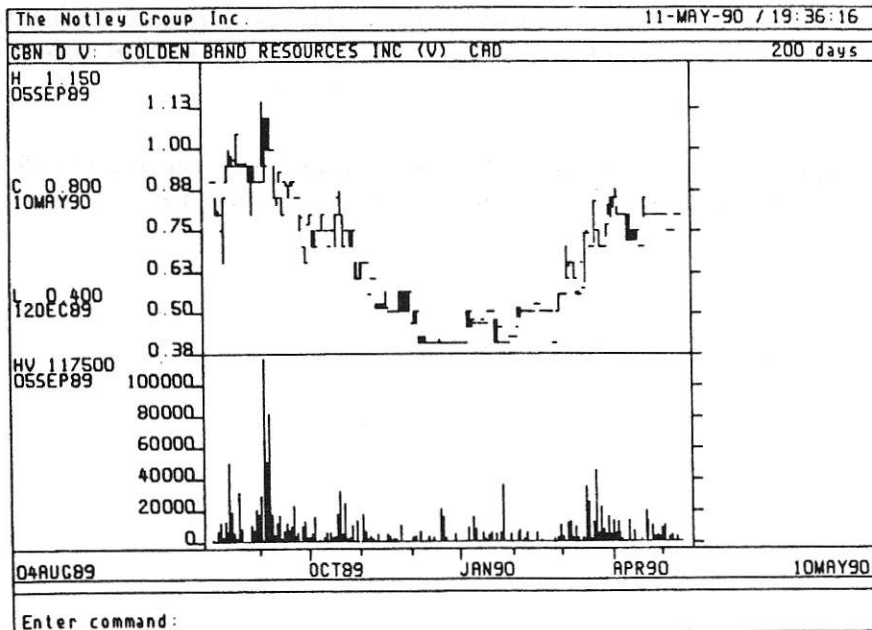
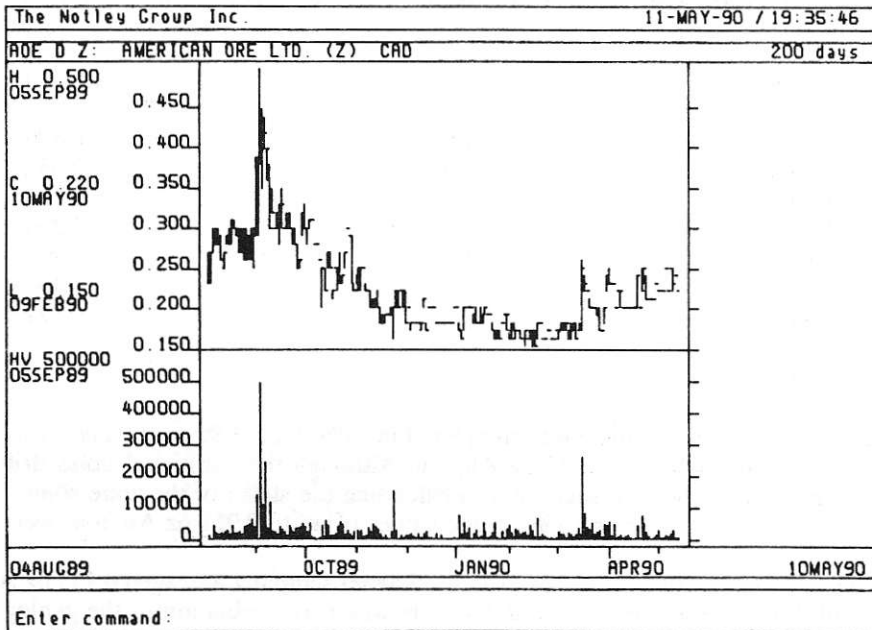
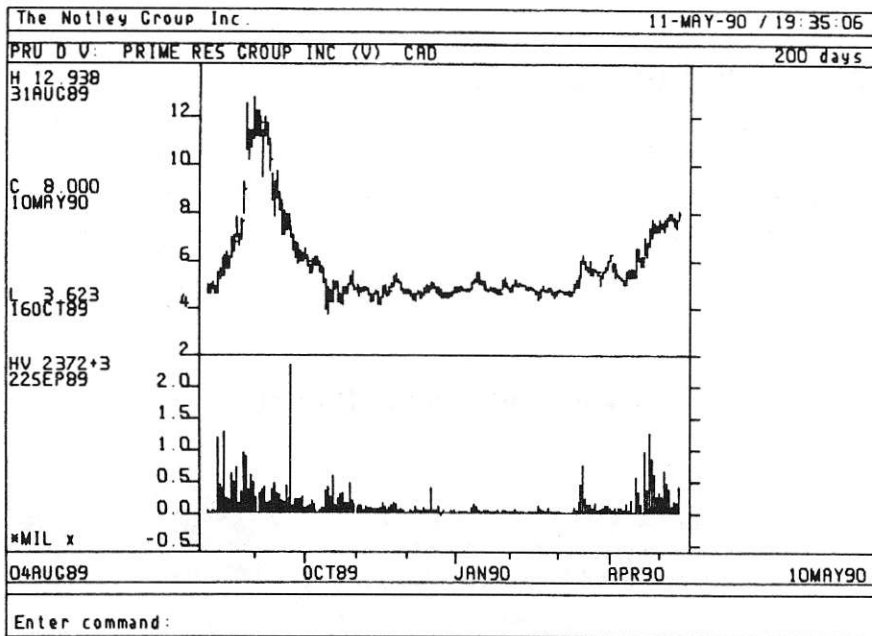
On a third target, the Gregor showing, identified in 1989, channel sampling averaged 0.133 oz Au/ton over 23.0 feet. Two previous drill holes missed this target at depth, however, re-evaluation of the geology suggests these holes were not located correctly.

For 1990, a program budgeted at \$600,000 is proposed and is designed to continue to expand the known targets as well as locate new prospects as much of the property has undergone little detailed exploration.

Graeme Currie

May 11, 1990

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Pass Lake Resources Ltd.

Symbol: PLJ-V
52 Week High-Low: \$1.05-\$0.15
Shares Outstanding: 4,846,000
Current Price: \$0.88
Working Capital: \$250,000

Pass Lake is the largest holder of claim units in the Galore Creek camp. In a nutshell, the company has staked over 225 square miles of ground in 14 properties of which 12 are joint ventured to five juniors. If all budgets are met Pass Lake will be carried on over \$1.6 million in exploration this season. The company has been the focus of a growing interest by Goldbelt Mines (GOT-V) who have accumulated a fully diluted 15% interest in Pass Lake.

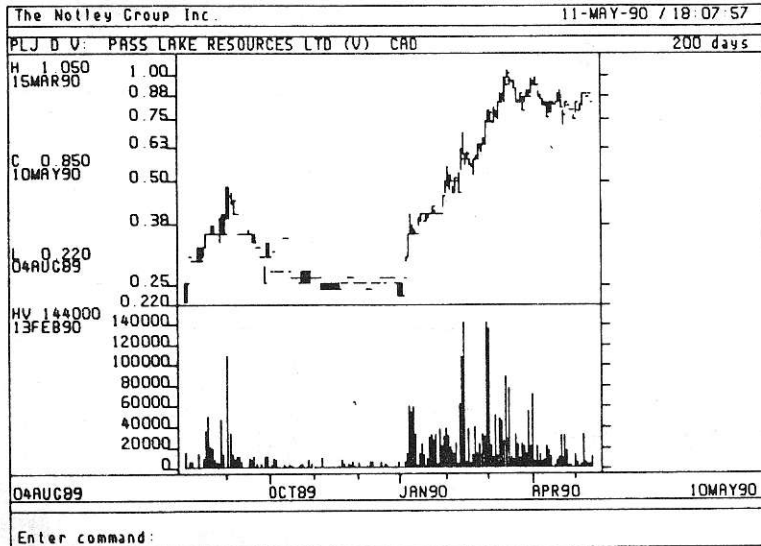
Two prospects of primary interest are the TREK optioned to Lorica Resources (LRS-V) and the Wiser optioned to Consolidated Goldwest (KGG-V).

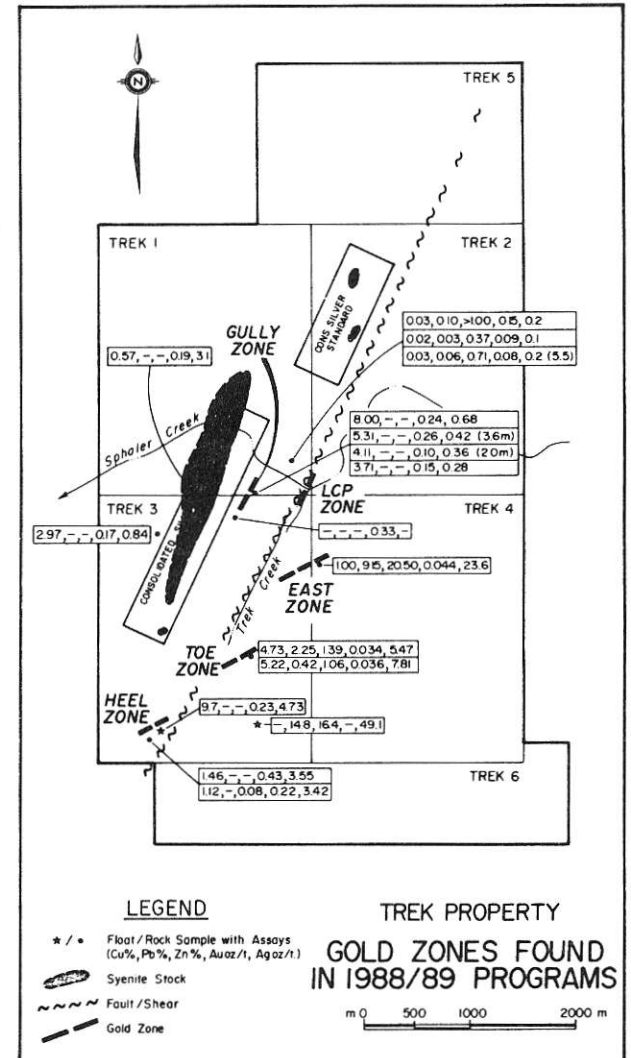
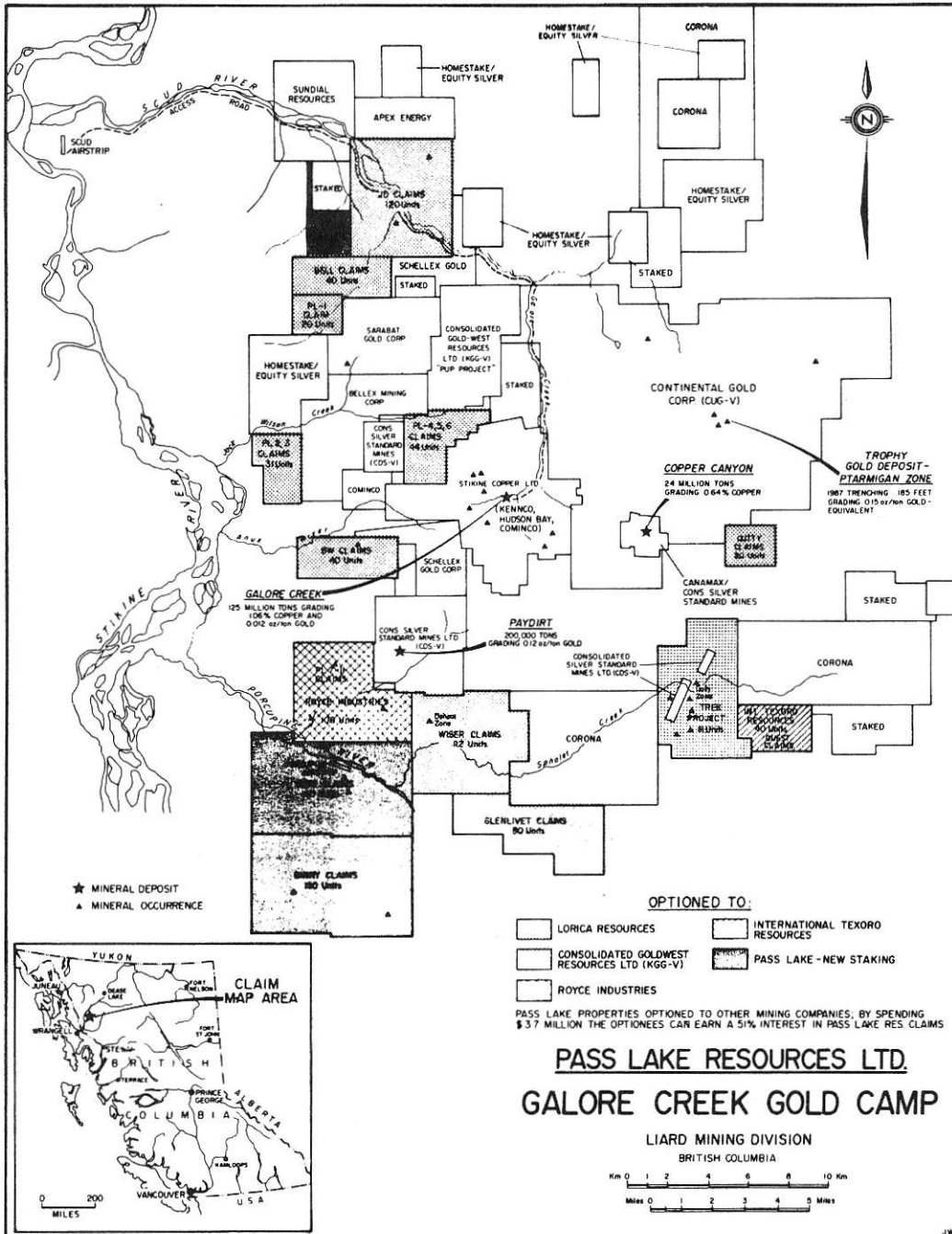
On the TREK, exploration completed last season focused on the massive sulphide Gully zone. Coincident geophysical/geochem soil anomalies cover an area of 400 metres in strike. Outcrop of up to 5.3% Cu and 0.26 oz Au/ton occurs within the anomalous area. For 1990, a drill program with a minimum budget of \$200,000 is proposed.

On the Wiser claims, the Deluxe zone is a quartz-sericite-pyrite alteration zone. Gold values range up to 0.3 oz Au/ton with one higher-grade show of 8.25 oz Au, 20 oz Ag and 4% combined Cu-Zn/ton. The Deluxe zone has a minimum northerly strike of 1,400 feet in a region of difficult topography. Drilling is planned to be underway by late July with a budget of \$750,000 planned for this and several other properties joint ventured to Consolidated Goldwest.

Graeme Currie

May 11, 1990





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Teuton Resources Corp.

Symbol: TUO-V
52 Week High-Low: \$1.98- \$0.40
Shares Outstanding: 4,113,050
Current Price: \$1.65
Working Capital: \$720,000

Teuton Resource Corporation has acquired over 200 square miles of claims in the Eskay Creek and Sulphurets areas in the Stikine Arch establishing it as one of the largest claim holders in the area. Teuton has optioned out most of its property interests in the area retaining NSR in the properties and equity interests in the optionees. If all agreements are maintained in good standing Teuton will be carried in \$2,000,000 of exploration this season.

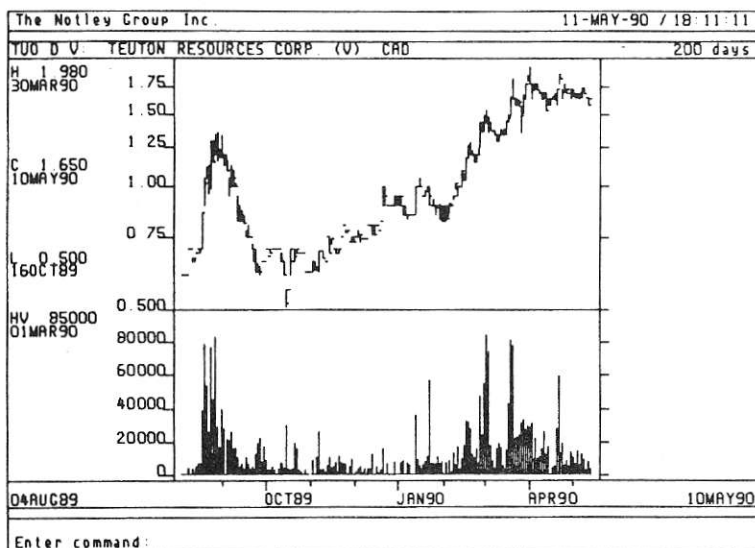
Perhaps the most promising of Teutons prospects are the Treaty Creek property optioned to Tantalus Resources (TTU-V) during March 1989 and the Croesus/Max claims optioned to Goodgold (private) in April 1989.

The Treaty Creek property, located 12 miles east of the Eskay Creek property, was the subject of a \$500,000 1989 exploration program consisting of airborne geophysics, surface exploration and diamond drilling. The recommended program for 1990 is budgeted at \$500,000 which will include diamond drilling on the Konkin Zone to further define the attitude and strike extent of the mineralization encountered during the 1989 exploration program. The best results recorded from drilling on the Konkin Zone during 1989 returned 4.09 meters grading .138 oz. Au/ton.

The Croesus property, located 25 miles east of Stewart, is completely surrounded by Bond Gold's claims where two significant gold discoveries were reported late in the 1989 season. Last September, Bond International announced two discoveries on its 100% owned 3,600 claim units in the Red Mountain area east of Stewart. One intersection of 216 feet grading .28 ounces Au/ton is referred to as the Marc zone. An intersection on the Willoughby Gossan, six kilometers east of Red Mountain, graded .73 ounces Au/ton over 67 feet. A \$200,000 budget is proposed this year to include geophysical exploration, sampling and prospecting.

Matthew Cicci

May 11, 1990



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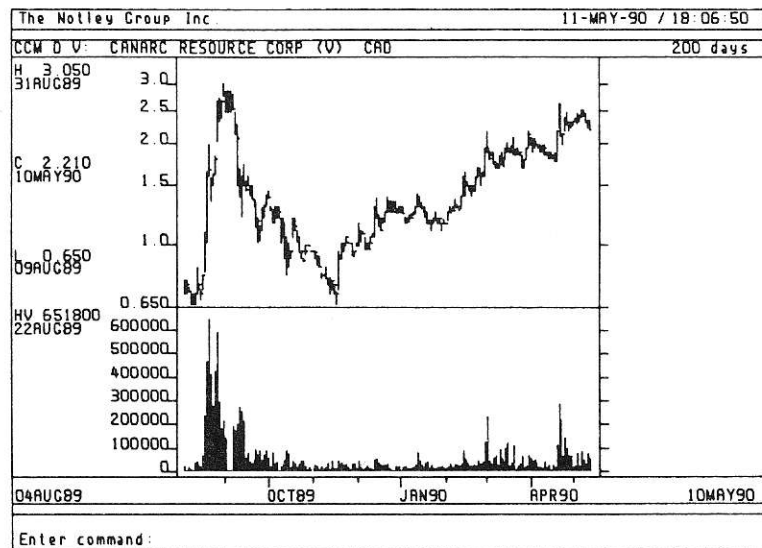
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Canarc Resource Corp.

Symbol: CCM-V
52 Week High-Low: \$3.05-\$0.55
Shares Outstanding: 3,700,000
Current Price: \$2.30
Working Capital: \$500,000

Canarc's major holding in the Stikine Arch is the 4,400 acre GNC property that largely surrounds the Eskay Creek deposit to the east and west. The company has optioned a 66 2/3% interest in the GNC to Prime for total expenditures of \$2.3 million. Exploration to date has consisted primarily of geophysical examination and some surface geologic work. The property is underlain by favourable geology and several geophysical conductors indicate the potential for parallel structures to the Eskay Creek deposits. The key, of course, is whether they are mineralized.

For 1990, a \$500,000 program is planned and may include up to 6,000 feet of drilling in 20 holes.



Graeme Currie

May 11, 1990

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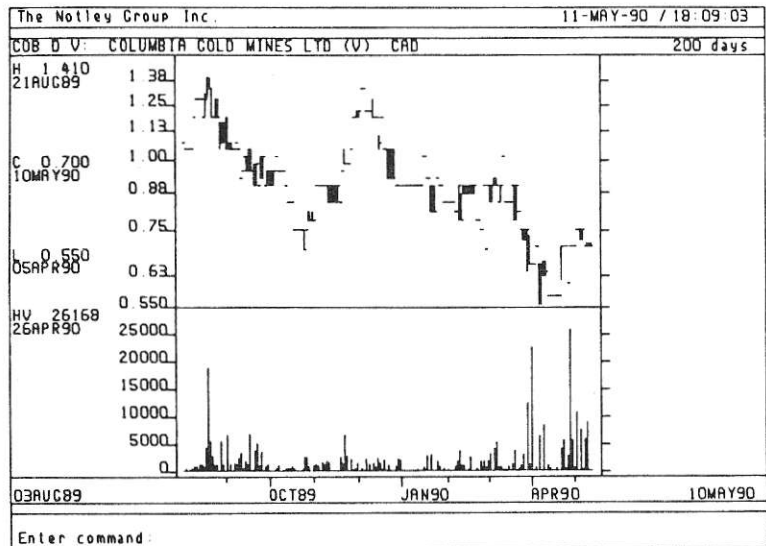
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Columbia Gold Mines Ltd.

Symbol: COB-V
52 Week High-Low: \$1.84-\$0.23
Shares Outstanding: 5,239,000
Current Price: \$0.70
Working Capital: \$700,000

Columbia has just acquired an option to earn up to a 70% interest in the Spectrum project from Calnor Resources (CUU-V). The Spectrum is located in the northeast corner of the Stikine Arch near Kinaska Lake some 25 miles north of the Schaft Creek deposit. Road access is available in the summer months. Previous drilling on the property has demonstrated the potential for two styles of economic mineralization - a large porphyry Au-Cu system and a high-grade gold vein or vein replacement zone. The porphyry target is an open pit prospect and to date neither target has been thoroughly defined nor examined in great detail. Both targets are open in all directions.



The porphyry target is associated with a large altered zone of Stuhini group volcanics measuring 8,300 x 4,300 feet. Previous exploration focused on the most easterly zone, the Red Dog, where reserves of 2.0 million tons of 0.04 oz Au/ton is defined. The balance of the area has only received limited work but has yielded encouraging drill values up to 246 feet grading 0.053 oz Au/ton.

Adjacent to the Red Dog zone are at least two vein systems which appear to be steeply dipping. Sporadic drilling has returned values including 29 feet grading 0.57 oz Au, 19 feet of 0.96 oz Au and 17 feet of 0.38 oz Au/ton.

As well, there are several previously identified targets on the property that merit further exploration including the GR showing which graded 0.33 oz Au and 10 oz Ag/ton on surface. For 1990, a \$600,000 program of surface sampling and 5,000 feet of drilling is planned.

Graeme Currie

May 11, 1990

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Kestrel Resources Ltd.

Symbol: KRZ-V

52 Week High-Low: \$1.65-\$0.27

Shares Outstanding: 4,100,000

Current Price: \$1.25

Working Capital: \$100,000

The management of Kestrel have been actively acquiring claims in the Stikine Arch over the past several years and now the company holds 14 groups of claims covering 122,000 acres. The majority of these properties have been optioned out, thus Kestrel will be exposed to over \$2.2 million in exploration this year as well as being on the receiving end of \$850,000 in option payments.

Four properties are considered at a stage of advanced exploration to merit drilling. The Stu 1 & 2 adjoin to the north of the Inel claims (Gulf International). On the magnetite zone a skarn one kilometre long, and up to 70 metres wide, has yielded up to 10% Cu/ton in an area surrounded by a series of grab samples assaying to 0.9 oz Au/ton. The KRL claims cover a 2.5 kilometre northeast trending structure within which are 11 parallel veins. Numerous samples along several of these narrow veins have graded up to 7.2 oz Au/ton. Both the Stu and KRL are optioned (50%) to Clifton Star Resources (CFO-V). Drilling is planned to be underway by August.

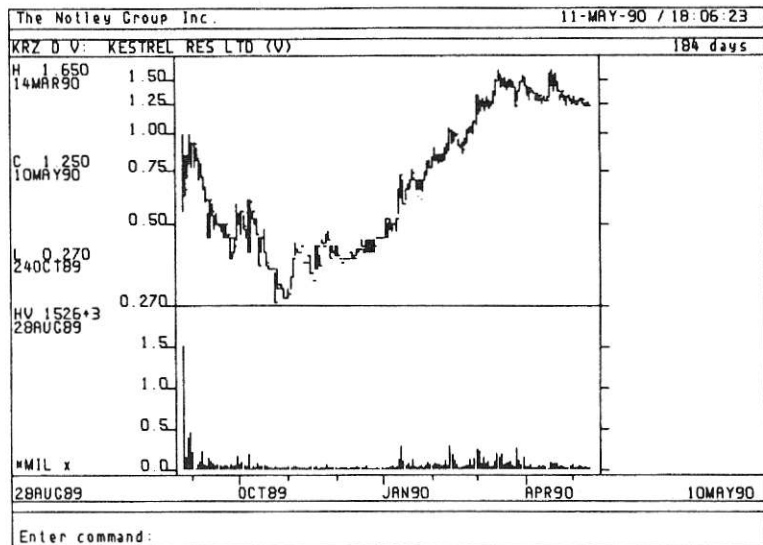
The Ker-Tic claims cover a quartz carbonate stockwork of veins with a high grab sample of 1.2 oz Au/ton. Several other showings have returned very high grade Au-Cu-Ag values. Further surface sampling, mapping and prospecting followed by drilling is proposed by partner Burmac Energy (BUS-V)(50%).

Crimson Star Resources (KRQ-V) have an option to earn a 50% interest in the B1 North claims. Exploration has identified a one kilometre long by a 30 metre wide shear associated with an EM anomaly containing gold quartz veinlets grading to 0.146 oz Au/ton. Further surface exploration prior to an August drill program are proposed.

Graeme Currie

May 11, 1990

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Omega Gold Corp.-OGC-\$0.77 S/O 3.1 mm Ecstall Mining Corporation-EAM-\$0.80 S/O 3.2 mm

Ecstall and Omega jointly hold 1700 claim units in the Eskay Creek and adjoining areas. The companies have been actively forming joint ventures with other parties to have as much work as possible commence on these properties. So far, five deals have been announced, one of the recent with Golden Arrow Resources (GAW), covering the Story claim group located 5,000 feet east of the Eskay Creek gold deposit. Other joint ventures have been completed with Eleven Business Acquisitions (EBA-A) covering the 76 unit ISK North claim group located in the Forrest Kerr creek area; with Metina Developments (METD-COATS) covering the 63 unit Tom claim group located 4 miles northwest of the Eskay Creek deposit with Yellow Band Resources (YBD) for the 76 unit ISK claim group located 12 miles northwest of the Eskay Creek deposit; and again with Golden Arrow Resources for the 70 unit MacGold North claims about 5 miles west of the Eskay Creek deposit. Most recently, Omega and Ecstall jointly announced an option agreement with Manridge Resources (MRG-T) covering the 70 unit Forgold property located over the Forrest Kerr creek fault immediately north of the property of Avondale Resources.

Generally the optionees are being required to pay a cash front end payment and agreeing to perform \$500,000 of work on the properties over a four year period and issuing 100,000 shares to each of Ecstall and Omega. Ecstall and Omega expect to spend \$600,000 on their own retained properties in the Stewart area as well as about \$800,000 worth of exploration expenditures made by their optionees.

Ecstall and Omega will concentrate their own efforts on the Story and MacGold claims. The Story 7 claim is located on Storie Creek off the Unuk River, 3 kilometres southeast of the Calpine discovery. The awarding of the latter property to Ecstall and Omega is under appeal to the B.C. Supreme Court as well as over staking. The Margold is a large massive sulphide showing to the south of the MacGold North claims optioned to Golden Arrow.

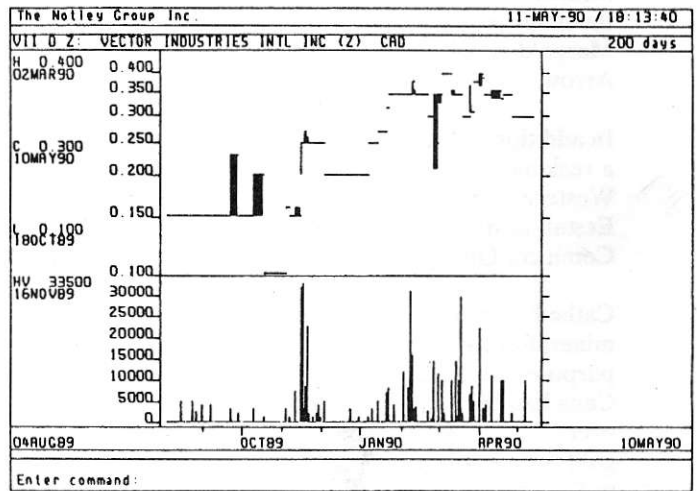
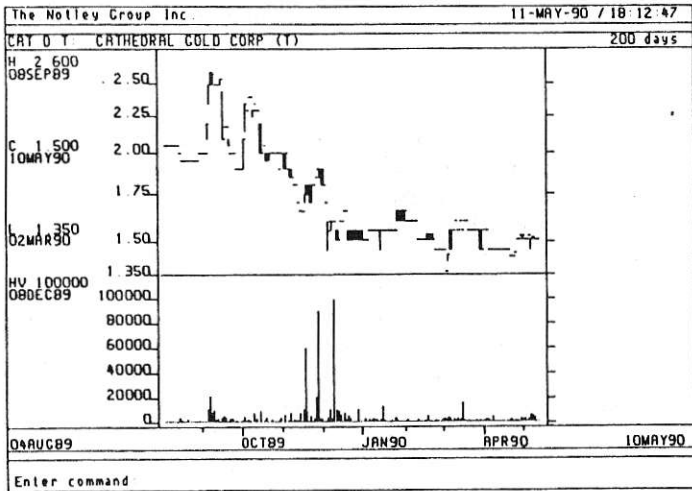
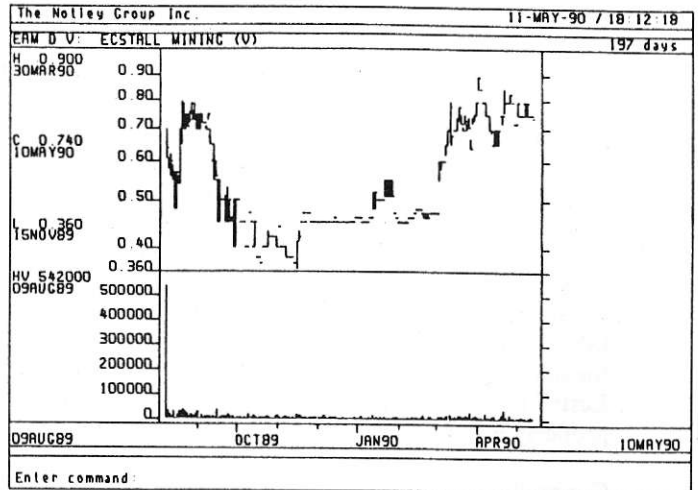
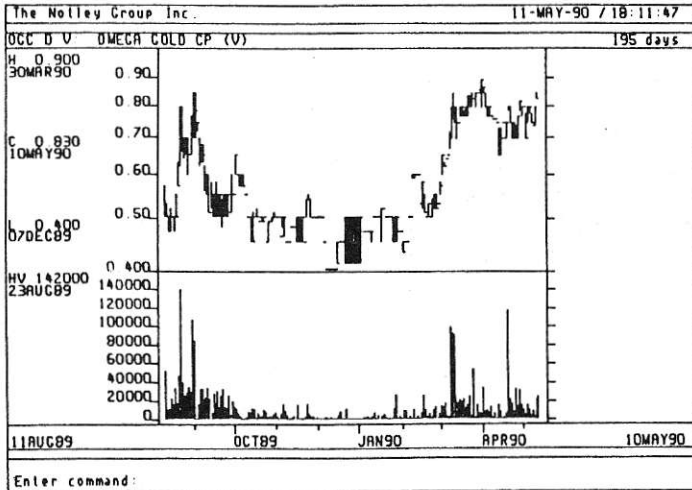
In addition to their joint interest in the Stikine Arch, Ecstall and Omega also hold other properties. Ecstall holds a residual 40% interest in the Bronson Creek and Pelican properties near Johnny Mountain now optioned by Western Canadian Mining Corporation (WCD-V) to Cathedral Gold (CAT-T) (50%) and its partners (10%). Ecstall also holds the Packsack massive sulphide property along the Ecstall River that was recently optioned to Cominco. Omega holds an exploration property near Cranbrook.

Cathedral will again be drilling the Bronson Creek property where drilling last year outlined two zones of mineralization. The best intersection last season graded 0.463 oz. Au/ton over 4.6 metres. For tabulation purposes we have included Vector's (VII-A) Khyber Pass property originally optioned by Chris Graf to Western Canadian Mining. The property was drilled in 1985 and 1987. One hole drilled in 1985 returned 0.064 oz. Au/ton over 245 feet with 10 foot sections of 0.25 oz. Au/ton reported. A hole drilled in 1987 graded 0.092 oz. Au/ton gold over 134 feet with similar higher grade intervals. Cathedral and Vector have each budgetted just under \$1 million for exploration work this season.

Stephen Semeniuk, CFA

May 11, 1990

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