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BACON & CROWHURST LTD.

1720-1055 West Hastings Street
Vancouver 1, B.C.

REPORT

on the

HYDRAULIC LAKE URANIUM PROPERTY

KELOWNA AREA, BRITISH COLUMBIA

for

TYEE LAKE RESOURCES LTD

by

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

Vancouver, B.C.

April 2nd, 1976

FIGURE 1.

TYEE LAKE RESOURCES LTD.

LOCATION MAP

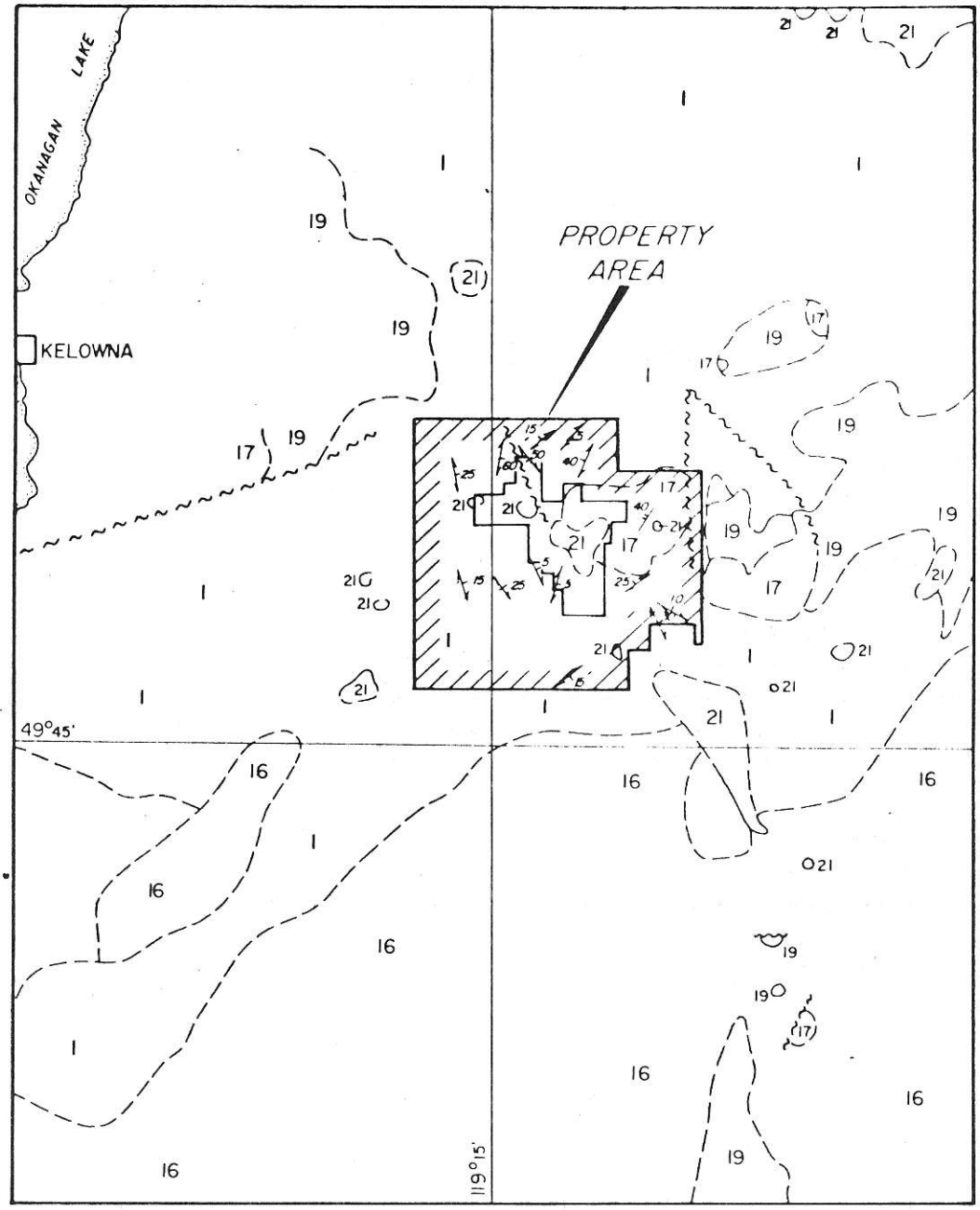
HYDRAULIC CREEK AREA

McCULLOCH, B.C.

MILES

0 50 100 200 300 400

ALTAIR drafting services ltd.



TERTIARY MIOCENE ?

21 — Plateau basalt, minor olivine basalt

EOCENE OR OLIGOCENE

19 — Andesite, trachyte, minor basalt; locally, interbedded tuff and shale

PALEOCENE OR EOCENE

17 — Conglomerate, sandstone shale, tuff

CRETACEOUS (?)

16 — Valhalla Plutonic Rocks, granite, granodiorite

MONASHEE GROUP

1 — Layered gneiss, minor schist, amphibolite Quartzite

Geological contact, defined, assumed

Bedding inclined

Gneissocity, inclined

FIGURE 3

TYEE LAKE RESOURCES LTD.

REGIONAL GEOLOGY

HYDRAULIC CREEK AREA

McCULLOCH, B.C.

MILES

0 2 4 8 12

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CONCLUSIONS

Tyee Lake Resources Ltd. has acquired 320 mineral claims in the Hydraulic Lake area about 14 air miles east of Kelowna in southern British Columbia. Part of these claims completely surrounds a group of claims owned by Nissho-Iwai Canada Ltd. and the remainder are situated between this property and another Nissho group to the south.

Sufficient information is given in the British Columbia Provincial Government assessment reports filed by the Power Reactor & Fuel Development Corporation - Japan (who acted as agent for Nissho-Iwai) to establish the presence of significant quantities of uranium on both of the Nissho claim groups.

This mineralization is reported by the British Columbia Department of Mines to consists largely of secondary uranium minerals (autunite) occurring in flat-lying unconsolidated conglomerate and sandstone beds which form the lower part of what has been termed the Plateau Basalt formation. This is summarized later in this report, but it can be noted here by way of reference that Hole No. 10 cut 3.0 metres (9.85 feet) of uranium mineralization grading 0.40% eU_3O_8 in a flat-lying pebble conglomerate bed about 125' below the surface. This is the best intersection, but enough other intersections were obtained to establish an attractive pattern.

It would appear that correlation exists between this uranium mineralization and the Valhalla plutonic intrusions as a possible source, and that ancient stream valley positions controlled to some extent the subsequent deposition in the sediments.

Oxidation and weathering of uranium-bearing veins or pegmatites or low-grade disseminated uraninite in basement rocks (for example the Carmi molybdenum prospect) is quoted by the Department of Mines as a possible source for this secondary mineralization.

The available regional geological mapping by the Geological Survey of Canada is, of necessity, general in nature (see Figure 3). For example, several buried tongues and masses of Valhalla plutonic rocks are noted in the Nissho-Iwai diamond drilling logs, a considerable distance to the north of the contact area shown on the G.S.C. maps. Many hitherto undetected small plugs and extensions of the main stock no doubt exist on the Tyee Lake holdings. It is also not known whether the Valhalla intrusive contact dips under the Tyee property area.

Similarly, other sections of the "Plateau" conglomerate and sandstone beds could perhaps be found by detailed geological mapping, as could the ancient stream pattern be studied and explored.

Access is very favourable; an all-weather road leads through the centre of the property. Elevations are less than 4500 feet above sea level.

The present price of uranium (latest sales are reported to be in the $35 to $40 per lb. of U_3O_8 range) and the ever increasing excess of demand over current supply intensifies the attractiveness today of exploration for this material.

The use of modern geochemical and geophysical methods (such as "Track Etch") can be cheaply and effectively applied as a follow-up to geological mapping and interpretation in the Hydraulic Lake area.

The Tyee Lake Resources Ltd. mineral claim properties in this area east of Kelowna in southern British Columbia, therefore, present, in our opinion, an attractive exploration target directed at the discovery of economic uranium mineralization .

RECOMMENDATIONS

It is recommended that the sum of $30,700 be provided, as soon as may be arranged, to cover the costs of preliminary exploration work as detailed below:

Study of existing information and appraisal	$1,000
Geological mapping - one geologist and one helper - salary and wages	6,000
Supplies and support field costs	1,500
Linecutting - 30 miles @ $150 per line mile	4,500
Track Etch survey - 750 cup program - base price $12,000 plus extra handling and contour mapping for second and third areas	12,900
Consulting advice re program - Terradex Corp., California	1,000
Evaluation of results and recommendations	1,000
	$27,900
Plus contingencies @ 10%	2,800
	$30,700

Respectfully submitted,

BACON & CROWHURST LTD.

J.J. Crowhurst

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

LOCATION, ACCESS AND TOPOGRAPHY

The Tyee Lake Resources property is located at approximately 49°50'N, 119°12'W, about 14 air miles east of Kelowna, B.C.

Highway #33, which leads east out of Rutland and Kelowna, passes through the property, then proceeds southerly 28 to 30 miles down the West Kettle River valley to Beaverdell and on to Rock Creek, B.C. This highway is partially paved and otherwise is a good gravel road. Travel time from Kelowna is approximately 30 minutes.

Elevations range from 3500' to 4300' above sea level. The weather is moderate; from two to four feet of settled snow can be expected during winter. Field work can usually commence in May.

Overburden is extensive but is usually less than 10'-12' thick. Outcrops are plentiful so that reasonably accurate surface geological mapping can be completed. Some swampy areas exist, but these are not numerous.

PROPERTY

Tyee Lake Resources Ltd. has recently acquired 320 mineral claims almost surrounding, in between and adjacent to the properties owned by Nissho-Iwai Canada Ltd. in the Hydraulic Lake area, east of Kelowna, British Columbia. These claims are variously in the Vernon, Greenwood and Osoyoos Mining Divisions and are summarized in the following table. (See Figure 2)

Kettle Group Nos.	No. of Units	Uranus Group Nos.	No. of Units
1	20	1	20
2	8	2	15
3	4	3	14
4	2	4	20
5	20	5	10
6	20	6	20
7	10	7	8
8	6	8	20
9	20	9	4
10	12	10	16
11	18	11	12
		12	3
		13	18
Totals	140		180

HISTORY

(a) GENERAL

A study of several assessment reports obtained recently from the Department of Mines and Petroleum Resources, Victoria, B.C., for the years 1972-73 and 1974 discloses that two main groups of claims (see Figure 2) had been staked in 1972 in the Hydraulic Lake area about 20 miles east of Kelowna, B.C. (owner - Nissho-Iwai Canada Ltd.)

During 1973-1974 geological mapping and diamond drilling consisting of 28 vertical holes totalling 5295 feet, was carried out by Power Reactor and Nuclear Fuel Development Corporation of Japan (hereinafter called 'Power Corporation - Japan'). This work continued in 1975.

Interesting radioactivity was discovered in flat-lying conglomerate and sandstone beds underneath Tertiary basalts. It is reported autunite (calcium uranium phosphate) was responsible.

It has also been reported that more extensive diamond drilling was completed in 1975 by the Power Corporation - Japan. It is believed encouraging results were encountered.

The 1973-1974 diamond drilling is summarized in the following table. The holes were logged and probed using a TCS-603R G.P. 27 (background 35 cpm) geiger counter made by Nippon Musen, Japan. Core size was BQ.

Period	Mineral Claim Group	No. of Claims	No. of Holes	Total Feet Drilled	Assessment Report Number
25 July - 21 Aug. 1973	Lane	30	4 (#7-10 incl.)	961	4629
	Cindy	30	4 (#11-14 incl.)	1001	4629
20 June - 21 June 1974	Lane	30	2 (#15+16 incl.)	269	5115
7 June - 30 June 1974	Star	39	5 (#6 & 17-20 incl.)	823	5115
1 July - 10 Aug. 1974	Sun	40	8	1538	5090
	Moon	28	5	703	5090
Total			28	5295	

The background count for the geiger counter used to probe the core was recorded as being from 35 to 55 counts per minute.

Details are summarized as follows:

(b) MINERAL CLAIM GROUPS LANE AND CINDY (10 holes - #7-16 incl.)

Quoting from Power Corporation - Japan - September 1973 report

"Though there has been no radiometric anomaly clarified at the ground surface in the area, some radiometric anomalies were found, especially in No. 10 hole (13,000 cpm) (0.4% eU_3O_8) was noteworthy."

The drill hole log for Hole No. 10 shows abnormal radioactivity from 34 metres (111 feet) to 37 metres (121 feet) or over a thickness of 3 metres (9.8 feet).

The intersection was in a flat pebble conglomerate bed lying underneath the Tertiary Kallis Creek basalt (Map Unit No. 21 - see Figure 3) and top of a 3.7 m thick (12.1 feet) tongue of the Valhalla intrusive rocks (Map Unit 16 - Cretaceous?).

The same conglomerate bed was intersected in seven of the other holes, namely #7, 8, 11, 13, 14, 15 and 16, in thicknesses varying from 0.2 m (0.66 feet) in Hole #7 to 35.8 metres (117.5 feet) in Hole #14. Little or no radioactivity was found in the conglomerate in Holes #14 and 16, but in the remaining holes radioactivity varies from 50 cpm in Hole #8 to 250 cpm in Hole #15.

In five holes, Nos. 7, 8, 13, 14 and 16, a sandstone layer varying from 2.5 metres in Hole #16 to 17.7 metres in Hole #13 (8.2 ft. to 58.1 ft.) lies immediately above or within the conglomerate bed, while in Holes #9 and #12 no conglomerate was encountered but thin layers of sandstone were intersected. The sandstone is logged as "coaly" in Holes 7, 8 and 12. In Holes 7, 12 and 16, the sandstone showed 520 cpm, 615 cpm and 400 cpm respectively.

(c) MINERAL CLAIM GROUP STAR (5 holes - #6, & #16-20 incl.

Quoting from Power Corporation - Japan - August 1974:

"There has been radiometric anomalous zones clarified on the Star group. Though the radioactivity was not so high, its distribution varied widely."

Little or no radioactivity is shown in the logs for Holes #6, 18 and 20, although a comment is made in the report that "Chemical assay is not done yet, but it is estimated at 0.01% eU_3O_8 (Drill Hole BCP-20)."

Holes #19 and 20 intersected Monashee gneisses intruded by tongues of Valhalla granite and the radiactivity appears to be in pegmatitic phases of the granite. No significant radioactivity is shown in the conglomerate overlying the granite in Hole 19; Hole 20 was in granite and gneiss throughout its length.

Conglomerate and sandstone layers were intersected in all of the holes except #20. Radioactivity is reported from 150 cpm up to 300 cpm in sandstone in Hole #17 but no abnormal radioactivity is shown in the conglomerate intersections.

(d) MINERAL CLAIM GROUPS SUN AND MOON (13 holes - #21-33 incl.)

Quoting from Power Corporation - Japan - August 1974:

"Though there has been no radiometric anomaly clarified on the ground surface in the area, some radiometric anomalies were found in drill holes, especially in Hole BCP-31, which counts 1980 cpm (0.07% eU_3O_8) at the highest.

These anomalies occur at the bottom of the Plateau Basalt Formation on the base of the Valhalla plutonic rocks. No anomaly was found on the base of the Kettle River formation."

The same general sequence of flat-lying volcanics and sediments over the Monashee basement gneisses was found, with the exception that in the northerly

part of the claim group, the Kettle River formation occurs underneath the conglomerate and sandstone layers, on top of the Valhalla intrusives or on top of the Monashee gneisses.

Extremely interesting radioactive zones were found in the lower sections of the conglomerate-sandstone formation (total thickness from 6.4 m or 21 feet to 73.2 m or 240 feet) under the basalt in Holes 21, 22, 30, 31 and 32. All of these holes are in the southern part of the claim group. These zones can be summarized as follows:

Hole No.	Rock Type	Intersection (metres)	Thickness Metres	Thickness Feet	CPM
21	Conglomerate	3.5- 6.0	2.5	8.2	200
22	Conglomerate & sandstone (some 'coaly')	30.0-31.5	1.5	4.9	650
30	Conglomerate	38.0-39.0	1.0	3.3	500
31	Coarse sandstone	52.0-53.5	1.5	4.9	Up to 1100
	'Coaly' sandstone	61.5-62.8	1.3	4.3	Up to 1980
	Coarse sandstone & boulder conglomerate	69.8-74.4	4.6	15.1	Up to 1350 (average 800)
32	'Coaly' sandstone (medium) and conglomerate	53.0-62.0	9.0	29.5	Up to 600 (average 400)
	Conglomerate	67.0-70.0	3.0	9.8	Up to 900 (average 690)
	Boulder conglomerate & 'coaly' sandstone - fine	72.0-76.0	4.0	13.1	Up to 1200 (average 750)

It is noted, however, that in Holes #23 and 33, which are situated close to the holes quoted above, no significant radioactivity was discovered in the conglomerate-sandstone formations.

(e) TYEE LAKE RESOURCES LTD.

Tyee Lake Resources Ltd. has now acquired nearly all (if not all) of the more attractive surrounding ground. The "Sun" and "Moon" groups, on which the Power Corporation - Japan work was done, are completely enveloped and ground adjacent to the "Lane", "Cindy" and "Star" groups has been secured by Tyee.

GEOLOGY

GENERAL (See Figure 3)

All of the area under consideration is no doubt underlain by the Monashee Group (Map Unit #1) which is considered to be PreCambrian in age (H.W. Little). This group consists locally of layered gneiss (paragneiss) and biotite gneiss. Some minor schist is reported.

This Monashee group has been intruded by Cretaceous (?) Valhalla plutonic rocks (Map Unit #16) consisting mainly of biotite granite. Pegmatitic phases and aplite are noted at the contact areas.

It is noteworthy that radioactivity (up to twice background) has been detected in the pegmatitic zones; this was noted by the Power Corporation - Japan in the logs for Holes #19 and 20 drilled on the Star group immediately to the north-west of Hydraulic Lake.

This suggests that the Valhalla plutonics could have a greater than average uranium content.

In the northerly part of the "Sun" and "Moon" groups, rocks belonging to the Kettle River formation have been logged by the Power Corporation - Japan

as resting unconformably on top of the Monashee Group. The Kettle River rocks consist of acidic tuff, tuffaceous sandstone and conglomerate. It is assumed this corresponds to Map Unit #17 (Paleocene or Eocene). This formation was not encountered by the diamond drilling south of the north end of Hydraulic Lake, nor have outcrops been mapped as such for about 10 miles southerly.

No significant radioactivity was found in the Kettle River formation by the Power Corporation - Japan diamond drilling.

Overlying all of these rocks mentioned is the Plateau Basalt formation (Map Unit #21).

This can be divided into two parts. The lower section consists of 'coaly' sandstone, sandstone and conglomerate. The upper part is olivine-basalt lava in which numerous gas cavities exist ("Kallis Creek" basalt).

The average thickness of both sections is quoted as being about 160 feet; it is not believed the lower part outcrops in the area, except in isolated locations, but it no doubt exists as an extensive buried layer.

A second type of intrusive, Oligocene in age, designated as Coryell granite, is shown on the Power Corporation - Japan surface mapping. Outcrop areas are small, however, in comparison to the Valhalla stock shown, and appear almost to be dykes.

Mention is made of Cache Creek group rocks as being closely associated with the Monashee group. It is believed this is also local in nature.

MINERALIZATION

The Victoria, B.C., Department of Mines, in their publications, mention that a possible source for the radioactive minerals (largely autunite) would be the oxidation and weathering of uranium-bearing veins or pegmatites or low-grade disseminated uraninite in basement rocks.

The most significant uranium mineralization to date has been found in the coarse and/or 'coaly' sandstones. Second in importance are the boulder conglomerate occurrences. These two groups of sediments form the lower section of Map Unit #21 and probably grade in and out of each other. They are always adjacent but reverse upper and lower position in the drill holes and occur between each other.

The presence of radioactive minerals also appears to be directly related to the Valhalla intrusives. It can be postulated that these intrusives formed the source and the uranium minerals migrated into the favourable sediments, then were redeposited, aided by the presence of carbon as in the 'coaly' sandstones.

This can be compared with the origin of the Dawn Uranium Mine deposits on the Spokane Indian Reservation northeast of Spokane. Here the Loon Lake porphyritic quartz monzonite stock (Cretaceous in age?) has been shown to possess an unusually high uranium content.

The uraninite orebodies, grading approximately 0.18% U_3O_8, occurred [illegible] in the adjacent sheared and rusty argillites (Purcell in age) where [illegible] in the Loon Lake granite existed. Weathering and oxidation converted the upper parts of the mineralization to autunite, a calcium uranium phosphate.

The control that the old stream channels in the Monashee formation may have on the concentration of uranium mineralization is mentioned in the Power Corporation - Japan reports. It is interesting to note that their best uranium mineralization occurred along lines parallel to the present Hydraulic Creek valley; this valley may reflect the position of an ancient underlying valley, as may also the many streams (and tributaries, some of which enter the Hydraulic River) on the Tyee Lake Resources property.

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 Tyee Lake Resources Ltd.

J.J. Crowhurst

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

Vancouver, Canada,
April 19

Phone 688-5485

BACON & CROWHURST LTD.
CONSULTING ENGINEERS

June 23, 1976.

Mr. H. Ogata, President,
Tyee Lake Resources Ltd.,
205 - 850 W. Hastings St.,
Vancouver, B.C. V6C 1E2

Dear Mr. Ogata:

I have reviewed Mr. L. Trenholme's Progress Report No. 1 dated June 19th, 1976, concerning the recent exploration carried out on your Hydraulic Lake uranium property. This property is situated some 14 air miles southeast of Kelowna in southern British Columbia. The text of Mr. Trenholme's report is reproduced herewith:

"GENERAL

The Company is testing by diamond drilling the uranium potential of Tertiary stream channel deposits in the vicinity of Hydraulic Lake, some 20 miles southeast of Kelowna, B.C. The Company has acquired extensive claim holdings surrounding claims of Nissho-Iwai Canada Ltd. including 2 miles of strike length between areas drilled by Power Reactor and Nuclear Fuel Development Corporation of Japan. In assessment reports of the B.C. Department of Mines and Petroleum Resources, this Company cites the intersection of significant amounts of uranium oxide (as radiometric equivalent).

A diamond drill capable of recovering NQ (1-7/8") core was moved to the Tyee property on June 7th and commenced drilling on June 8th, 1976.

To date, three holes have been completed with a combined depth of 464 feet and a fourth hole has been started. Radiometric testing is being done with the scintillation counter probe equipment supplied by Scintrex Ltd. of Thornhill, Ontario.

Geophysical consultants to the Company are Richard Crosby and Associates of Vancouver. Geological consulting is provided by Dr. Toru Kikuchi of Vancouver, whose geological mapping has indicated several promising areas on Tyee ground in addition to the area currently being drilled.

RESULTS OF DRILLING AND PROBING (Vertical Boreholes)

Hole 76-1 was collared in the northwest part of claim Kettle 6. One foot of the host conglomerate was encountered at a depth of 71 feet between Tertiary basalt and the basement rocks (quartzite and granite). Although radiometric readings of 2x to 4x background were obtained in the vicinity of the contact, it is concluded that the hole is probably near the eastern margin of the depositional channel.

Hole 76-2 was collared 3500 feet northwest of 76-1 and encountered 52 feet of weakly anomalous sediments above the basement granite (at depth of 82 feet). It is tentatively concluded that Hole 76-2 was drilled west of the main trend of uranium mineralization.

Consequently, Hole 76-3 was collared 700 feet due east of 76-2 and, from results of probing and core examination, appears to have been well located in the main depositional channel. Continuous anomalous readings were obtained throughout a thickness of 126 feet of sandstone, mudstone and conglomerate overlying the granite

basement which was reached at a depth of 213 feet. These readings ranged up to 33x background over 22 feet, with individual highs up to 46x background. Core recovery ranged from 14% in the upper part of the zone to 70% near the basement.

Hole 76-4 was spotted 450 feet southeast of 76-3 and should be completed on or about June 22nd.

As a guide to future drilling, the Company is considering the use of near-surface radon detection equipment to help delineate the extent of the radioactive deposits and is also considering the use of seismic surveys to obtain profiles of the paleo-stream channels.

In spite of elaborate precautions, recovery of the important carbonaceous mudstone with present equipment is not sufficient to provide representative material for chemical assays. It is, therefore, concluded that large diameter drills must eventually be employed for this purpose.

In the meantime, analysis of the scintillometer probe results, taking into account the very low response in the thorium and potassium ranges, indicates that the anomalous readings are primarily due to uranium minerals."

I concur with Mr. Trenholme's statements and conclusions. Please note, however, my additional observations:

(1) A close study of the probe results in Hole 76-3 (which were recorded by a Scintrex Gamma Analyzer Model GAM-1) shows that the section of the hole between 121' and 180' (59') showed an average of 322 cps, or more than 10 times the background of 30 cps.

The succeeding section from 180' to 211' (31') recorded an average of 928 cps, or more than 30 times the same background of 30 cps.

This abrupt increase in radioactivity is impressive and can be interpreted to represent a substantial amount of uranium mineralization.

(2) The anomalous readings in Hole 76-3, which it is determined can be attributed mainly to uranium and not thorium or potassium, have been recorded throughout a total thickness of 90' of favourable sediments.

Study of all the available Power Reactor & Nuclear Fuel Development Corporation - Japan assessment reports in this area of southern British Columbia show that the Tyee hole 76-3 results have intersected the greatest thickness by far found to date in what must now be considered to be an extensive flay-lying layer of intermixed conglomerates, sandstones and mudstones, occurring at various localities in the district.

(3) The horizontal strike distance between Tyee Hole No. 76-1 and the Power Reactor & Nuclear Fuel Development Hole No. 32 (or No. 31) is approximately 3000'±. Tyee Hole No. 76-3 was drilled in an intermediate location.

In all of these holes the favourable sedimentary sequence was encountered; albeit the intersection in Hole 76-1 amounted to only 0.7' of "grit: clay, sand, red and yellow specks". This, however, indicates that the potential length of the buried stream channel could be more than 4000 feet.

The possible width is indeterminate at present, because insufficient drilling has been completed.

(4) The chances of finding other tributary buried sediment filled channels in the favourable sedimentary sequence and thereby discovering other substantial uranium deposits should not be overlooked.

This could be first detected by the use of near surface radon gas detection equipment, as suggested by Mr. Trenholme, P.Eng., and subsequently delineated by short hole, large diameter core diamond drilling.

(5) Proper core recovery is very difficult and has not been satisfactory; the sediments are loosely consolidated and very friable. Uranium values in the form of autunite, in particular, may well be washed away by the diamond drill mud fluids used.

Sufficient diamond drill core has been recovered, however, to permit microscopic identification of the uranium minerals and to obtain tentative chemical assay results. Interpretation of these results depends on further diamond drilling information from much larger size core, and perhaps other drilling techniques, as Mr. Trenholme recommends.

RECOMMENDATIONS

The diamond drilling results to date have confirmed a significant strong extension southward of the known uranium mineralization found north of McCullough, B.C., by the Power Reactor & Nuclear Fuel Development Corporation - Japan in preceding years.

Further NQ size or larger diamond drilling is, therefore, recommended to continue with the exploration of this extension.

Radon gas detection, aimed at the discovery of other uranium-bearing zones on the extensive Tyee property, is also recommended. This would be conducted by, first, calibrating the equipment over the known uranium mineralization, and then moving to other selected areas.

It is proposed, for example, that this equipment would then be used to explore the possibilities in the sedimentary sequence lying westerly of the zone now under investigation. This is approximately 13,000 feet north-south and about 2200 feet east-west; any part of which may contain promising uranium-bearing zones.

Funds should, therefore, be provided, as soon as may be arranged, to cover the cost of the following:

Phase 1

(1)	Diamond drilling - 15 holes x 200' hole coverage x $20/ft. - NQ size	$60,000
(2)	Assaying and probe equipment cost	6,000
(3)	Radon gas detection survey	10,000
(4)	Support field engineering - 1 geologist	4,000
(5)	Travel expense and miscellaneous field costs	2,500
(6)	Evaluation of results	2,500
		$85,000
	Contingencies @ 10%	8,500
		$93,500

Phase 2

Further diamond drilling and exploration for new favourable areas would be as dictated by the results of Phase 1.

Respectfully submitted,
BACON & CROWHURST LTD.

J.J. Crowhurst, P. Eng.

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 Tyee Lake Resources Ltd.

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

Vancouver, Canada,
June 23, 1976.

TYEE LAKE RESOURCES LTD.

Vancouver, British Columbia

Financial Statements - May 31, 1976.

TYEE LAKE RESOURCES LTD.

Balance Sheet

May 31, 1976

(With figures for September 30, 1975)

Assets

	May 31, 1976	September 30, 1975
	$	$
Current assets:		
Cash	2,474	303
Term Deposits	5,000	-
Accounts receivable	1,951	1,951
Total current assets	9,425	2,254
Office furniture and equipment, at cost	602	602
Less accumulated depreciation	312	312
	290	290
Mineral claims and oil and gas leases (Notes 2 and 3)	198,750	139,850
Deferred exploration and administration costs, per accompanying statement	221,330	361,727
Incorporation costs	1,618	1,618
	$ 431,413	$ 505,739

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued charges	$ 17,766	$ 12,203
Due to shareholders	2,818	8,321
Bank loan	27,000	-
Total current liabilities	47,584	20,524
Shareholders' equity:		
Capital stock (Notes 4 and 5):		
Authorized 5,000,000 shares without par value; issued 3,435,700 shares	654,195	591,445
Contributed surplus	20,610	20,610
	674,805	612,055
Deficit, per accompanying statement	290,976	126,840
Net shareholders' equity	383,829	485,215
	$ 431,413	$ 505,739

See accompanying notes to financial statements:

On behalf of the Board:

Director Director

TYEE LAKE RESOURCES LTD

Statement of Deferred Exploration and Administration Costs

Eight months ended May 31, 1976
(With figures for the eighteen months ended September 30, 1975)

	May 31, 1976	September 30, 1975
Exploration:		
Claim staking and recording	$ -	$ 779
Consultants' fees	12,075	4,373
Engineering and geological surveys	200	-
Field equipment and rentals	240	-
Maps and photographs	389	129
Miscellaneous	350	-
Travel	1,332	194
	14,586	5,475
Administration:		
Interest	1,416	-
Legal and audit	3,490	2,880
Management fees	-	2,400
Miscellaneous	618	709
Office operating costs	5,930	7,607
Printing	-	833
Transfer agent and stock exchange fees	2,972	2,797
Travel	1,522	477
	15,948	17,703
Expenditures for the period	30,534	23,178
Less Gas well income	6,895	-
	23,639	23,178
Balance deferred at beginning of the period	361,727	418,016
	385,366	441,194
Deduct expenditures applicable to properties abandoned during the period	164,036	79,467
Balance deferred at end of the period	$ 221,330	$ 361,727

Allocation claims and leases:

	Balance at beginning of period	Expenditures during the period	Expenditures written-off during the period	Balance a end of period
Claims:	$			
McLeese Lake	165,585	7,062	-	172,647
Duckling Creek	164,036	-	164,036	-
Ken	29,536	1,260	-	30,796
Hydraulic Lake	-	15,208	-	15,208
Leases:				
Wainwright	2,570	109	-	2,679
	$ 361,727	23,639	164,036	221,330

See accompanying notes to financial statement.

TYEE LAKE RESOURCES LTD.

Statement of Deficit

Eight months ended May 31, 1976.

(With figures for the eighteen months ended September 30, 1975)

	May 31 1976	September 30 1975
Balance at beginning of period	$ 126,840	$ 44,563
Deferred exploration and development costs written off	164,036	79,467
Mineral claims abandoned	100	2,810
	164,136	82,277
Balance at end of period	$ 290,976	$ 126,840

See accompanying notes to financial statements

TYEE LAKE RESOURCES LTD.

Statement of Changes in Financial Position

Eight months ended May 31, 1976

(With figures for the eighteen months ended September 30, 1975)

	May 31, 1976	September 30, 1975
Funds provided from:		
Shares issued for cash	$ 3,750	$ 24,820
Sale of leases	-	4,065
Total funds provided	3,750	8,885
Funds applied to:		
Claims and leases	59,000	36,000
Less shares issued therefor	59,000	36,000
	-	-
Exploration and administration costs less items not requiring use of funds	23,639	22,867
Total funds applied	23,639	22,867
Increase (decrease) in working capital	(19,889)	6,018
Working capital deficiency at beginning of year	18,270	24,288
Working capital deficiency at end of period	$ 38,159	$ 18,270

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements

May 31, 1976

1. Significant accounting policies:

   Mineral claims and oil and gas leases:

   Mineral claims and oil and gas leases are recorded at cost with the exception of the Duckling Creek claim which is at nominal value.

   When an area of claims is abandoned the cost is written off.

   Deferred exploration and administration costs:

   Exploration costs are allocated to the approporiate properties and deferred. Administration costs are allocated in proportion to exploration costs for the period to the approporiate properties and deferred. Deferred exploration and administration costs are written off as an area of interest is abandoned. In the event of production commencing on a property, these costs will be amortized on the unit of production basis.

2. Mineral claims and oil and gas leases:

   (a) The company holds or has an interest in the following:

(i)	10 claims in the McLeese Lake area, Cariboo Mining Division, British Columbia, acquired for 750,000 shares of the company's capital stock	$75,000
(ii)	320 claims in the Hydraulic Lake area, Vernon, Osoyoos and Greenwood Mining Divisions,British Columbia, acquired from Reco Management Enterprises Ltd. for 500,000 shares of the company's capital stock of which 100,000 shares have been issued. The balance will be issuable 100,000 shares by November 30, 1976, or after spending $20,000, if sooner; 150,000 by April 30, 1977, or after spending a total of $60,000, if sooner; and 150,000 by November 30, 1977, or after spending $120,000, if sooner.	20,000
(iii)	50% interest in 30 claims in the Mayo Mining District, Yukon Territory and 50% interest in 23 claims in the MacKenzie Mining District, Northwest Territories acquired for 125,000 shares of the company's capital stock and $10,000 cash (Ken claims)	28,750

2. (iv) 50% interest in certain oil and gas leases in Alberta held by Redco Exploration Ltd. of Calgary including the drilling acquired for 500,000 shares of the company's capital stock at a deemed price of 15 cents per share 75,000

$ 198,750

(b) Gas lease:
In February 1976, a well on the company's gas lease has started commercial production at a daily capacity of approximately 500,000 cubic feet. The company owns a 50% interest in the well.

3. Agreements relating to claims and leases:
The option agreement on the Ken claims in Yukon & Northwest Territories, dated February 1, 1974, with Canada Tungsten Mining Corporation has been terminated.

4. Capital Stock:
Shares issued during the year:

	Number	Amount
Balance at September 30, 1975		
For mineral claims and interests in claims and oil, gas and mining leases	1,167,500	139,625
For cash	1,883,200	451,820
	3,050,700	591,445
Issued during period:		
For interests in oil, gas and mining leases	360,000	59,000
For cash	25,000	3,750
	385,000	62,750
Balance at May 31, 1976:		
For mineral claims and interests in claims and oil, gas and mining leases	1,527,500	198,625
For cash	1,908,200	455,570
	3,435,700	654,195

5. The following share options are outstanding:

25,000 shares at 20¢ per share to L. S. Trenholme, exercisable on or before February 28, 1978.

25,000 shares each to D. M. Alexander and S. Hamada, exercisable as follows:
12,500 shares or any part thereof at 40¢ per share on or before April 30, 1977.
12,500 shares or any part thereof at 50¢ per share at any time after April 30, 1977, but on or before April 30, 1978.

6. Subsequent Events:

Under two Agreements dated May 24, 1976, the Company has sold 140,000 and 60,000 of its Treasury Shares at 35 cents per share, netting the Treasury $70,000.00 on June 3, 1976, the purchaser in both agreements is Peregrine Petroleum Ltd. of 420 Three Calgary Place, 355-4th Avenue S.W., Calgary, Alberta.

PEAT, MARWICK, MITCHELL & CO.
CHARTERED ACCOUNTANTS
Suite 2100, One Bentall Centre
505 Burrard Street
Vancouver, British Columbia
V7X 1M1

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Tyee Lake Resources Ltd. as of September 30, 1975 and the statements of deferred exploration and administration costs, deficit and changes in financial position for the eighteen months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at September 30, 1975 and the results of its operations and the changes in its financial position for the eighteen months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Peat, Marwick, Mitchell & Co.

Vancouver, British Columbia
October 17, 1975

Chartered Accountants

TYEE LAKE RESOURCES LTD.

Balance Sheet

September 30, 1975

(With comparative figures for March 31, 1974)

Assets

	September 30, 1975	March 31, 1974
Current assets:		
Cash	$ 303	1,202
Accounts receivable	1,951	1,275
Total current assets	2,254	2,477
Office furniture and equipment, at cost	602	1,004
Less accumulated depreciation	312	403
	290	601
Mineral claims and oil and gas leases (Notes 3 and 4)	139,850	110,725
Deferred exploration and administration costs, per accompanying statement	361,727	418,016
Incorporation costs	1,618	1,618
	$ 505,739	533,437

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued charges	$ 12,203	20,765
Due to shareholders	8,321	6,000
Total current liabilities	20,524	26,765
Shareholders' equity:		
Capital stock (Notes 3 and 5):		
Authorized 5,000,000 shares without par value; issued 3,050,700 shares	591,445	530,625
Contributed surplus	20,610	20,610
	612,055	551,235
Deficit, per accompanying statement	126,840	44,563
Net shareholders' equity	485,215	506,672
	$ 505,739	533,437

See accompanying notes to financial statements.

On behalf of the Board:

Director L.S. Trenholme Director

TYEE LAKE RESOURCES LTD.

Statement of Deferred Exploration and Administration Costs

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, 1975	March 31, 1974
Exploration:		
Assay	$ -	140
Camp and accommodation expenses	-	23
Claim staking and recording	779	1,633
Communications	-	41
Consultants' fees	4,373	22,072
Engineering and geological surveys	-	520
Field equipment and rentals	-	166
Maps and photographs	129	574
Miscellaneous	-	188
Prospecting	-	148
Travel	194	560
Marsden lease drilling	-	10,000
	5,475	36,065
Administration:		
Insurance	-	150
Legal and audit	2,880	2,679
Management fees	2,400	8,700
Miscellaneous	709	2,768
Office operating costs	7,607	14,971
Printing	833	901
Transfer agent and stock exchange fees	2,797	3,832
Travel	477	1,031
	17,703	35,032
Expenditures for the period	23,178	71,097
Less proceeds of options granted during the period	-	2,666
	23,178	68,431
Balance deferred at beginning of the period	418,016	370,298
	441,194	438,729
Deduct expenditures applicable to properties abandoned during the period	79,467	20,713
Balance deferred at end of the period	$ 361,727	418,016

Allocation to claims and leases:

	Balance at beginning of period	Expenditures during the period	Expenditures written-off during the period	Balance at end of period
Claims:				
McLeese Lake	$ 157,792	7,793	-	165,585
Duckling Creek	152,906	11,130	-	164,036
Princeton	63,864	-	63,864	-
Ken	27,851	1,685	-	29,536
Others	5,603	-	5,603	-
Leases:				
Marsden	10,000	-	10,000	-
Wainwright	-	2,570	-	2,570
	$ 418,016	23,178	79,467	361,727

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Statement of Deficit

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, 1975	March 31, 1974
Balance at beginning of period	$ 44,563	15,850
Deferred exploration and development costs written off	79,467	20,713
Mineral claims abandoned	2,810	8,000
	82,277	28,713
Balance at end of period	$ 126,840	44,563

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Statement of Changes in Financial Position

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, 1975	March 31, 1974
Funds provided from:		
Shares issued for cash	$ 24,820	30,000
Sale of leases	4,065	-
Total funds provided	28,885	30,000
Funds applied to:		
Claims and leases	36,000	43,625
Less shares issued therefor	36,000	28,625
	-	15,000
Purchase of furniture	-	168
Exploration and administration costs less items not requiring the use of funds	22,867	68,297
Total funds applied	22,867	83,465
Increase (decrease) in working capital	6,018	(53,465)
Working capital deficiency at beginning of year	24,288	(29,177)
Working capital deficiency at end of year	$ 18,270	24,288

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements

September 30, 1975

1. Change of name:

On September 10, 1974, the company converted from a specially limited company to a limited company under the name Tyee Lake Resources Ltd.

2. Significant accounting policies:

Mineral claims and oil and gas leases:

Mineral claims and oil and gas leases are recorded at cost with the exception of the Duckling Creek claim which is at nominal value. When an area of claims is abandoned the cost is written off.

Deferred exploration and administration costs:

Exploration costs are allocated to the appropriate properties and deferred. Administration costs are allocated in proportion to exploration costs for the period to the appropriate properties and deferred. Deferred exploration and administration costs are written off as an area of interest is abandoned. In the event of production commencing on a property, these costs will be amortized on the unit of production basis.

3. Mineral claims and oil and gas leases:

(a) The company holds or has an interest in the following:

(i)	10 claims in the McLeese Lake area, Cariboo Mining Division, British Columbia, acquired for 750,000 shares of the company's capital stock	$ 75,000
(ii)	48 claims in the Duckling Creek area, Omineca Mining Division, British Columbia, at nominal value	100
(iii)	50% interest in 30 claims in the Mayo Mining District, Yukon Territory and 50% interest in 23 claims in the MacKenzie Mining District, Northwest Territories acquired for 125,000 shares of the company's capital stock and $10,000 cash (Ken claims)	28,750
(iv)	50% interest in certain oil and gas leases in Alberta held by Redco Exploration Ltd. of Calgary including the drilling acquired for 240,000 shares of the company's capital stock at a deemed price of 15 cents per share	36,000
		$ 139,850

(b) Gas lease:

On September 30, 1975, a well on the company's gas lease was perforated and the subsequent gas flow indicated commercial production. Management expects production to commence in early December, 1975.

The company is committed to pay fifty percent of the estimated cost of completing the well and tying it into production facilities at a cost not to exceed $39,000. This amount is to be paid by the issue of 260,000 shares without par value at a price of 15 cents per share.

4. Agreements relating to claims and leases:

Under an agreement dated February 1, 1974, Canada Tungsten Mining Corporation Limited was granted an option to acquire a 60% interest in the Ken claims in the Mayo and MacKenzie Mining Districts. This option is conditional on expenditures being made by Canada Tungsten Mining Corporation Limited on or in connection with these claims of $23,000, $50,000, $100,000 and $125,000 on or before December 31, 1974, 1975, 1976 and 1977 respectively for a total of $298,000. Expenditure of $90,000 was reported by Canada Tungsten Mining Corporation Limited in 1974.

The agreement provides that if the option is exercised, net proceeds from operations will be paid first to repay both parties to the agreement, their pre-production expenditures and thereafter in proportion to their respective interests.

5. Capital stock:

Shares issued during the year:

	Number	Amount
Balance at March 31, 1974:		
For mineral claims and interests in claims and oil, gas and mining leases	927,500	$ 103,625
For cash	1,635,000	427,000
	2,562,500	530,625
Issued during period:		
For interests in oil, gas and mining leases	240,000	36,000
For cash	248,200	24,820
	488,200	60,820
Balance at September 30, 1975:		
For mineral claims and interests in claims and oil, gas and mining leases	1,167,500	139,625
For cash	1,883,200	451,820
	3,050,700	$ 591,445