

Vault
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Seven Mile High Resources Inc.

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VSE Trading Symbol

SVH

April 1988

PRESIDENT'S REPORT TO SHAREHOLDERS:

This has been a year of considerable progress for the Company, highlighted by the announcement that Inco Gold exercised its option for 60% of the property; Seven Mile High Resources Inc. owns 40%.

The proposed work program brought forward by Inco Gold for \$1,500,000 of which Seven Mile High Resources Inc.'s commitment was \$600,000.

Seven Mile High Resources Inc. financed its share by selling to Inco Gold 400,000 Seven Mile High Resources Inc. shares at \$1.50 per share for a total of \$600,000. Inco gold also has 2 warrants attached, 1 warrant for 200,000 shares at \$1.75 and 1-B warrant for 200,000 shares at \$2.00 for a total of \$750,000, which will be added to Seven Mile High Resources Inc.'s treasury.

Seven Mile High Resources Inc. and Inco Gold purchased 150 acres of private land adjoining Highway 97, a provincial arterial highway, for \$89,000. Seven Mile High Resources Inc. paid 40% and Inco Gold paid 60%. The purchase of the lands will prevent difficulties which sometimes arise from the development of mining claims on lands, the surface rights of which are owned by other interests. The purchase is, therefore, of considerable benefit to the Company and this venture. The original discovery borehole No. 72408, which returned .31 oz. gold per ton over 27.6 (ft.) or .23 oz. gold per ton over 42.4 (ft.), was discovered on this piece of land.

The diamond drilling to date has outlined a very large epithermal Gold System over an area of 900 meters (east-west) by 500 meters (north-south). The system is open to the east and the south.

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The best values and the widest veins occur where the veins cut a 60 to 100 meters thick pyroclastic unit (the Lower Marama Formation). The highest gold values occur in multi-stage, bonded quartz veins, where repetitive gold deposition has increased the grades. Major intersections range from .18 oz. gold per ton over 66.7 (ft.) up to .289 oz. gold per ton over 44.1 (ft.) also, .22 oz. gold per ton over 49 (ft.), drilling is still continuing.

With no long term debt and the potential for the exercise of outstanding warrants, we will be in a strong position to take on further development of the Vault property and to take advantage of other opportunities which may present themselves.

Your Company has a very exciting future.

The support of the Company's shareholders, employees in 1988 was greatly appreciated and it is hoped that we can recognize the value of this support by continuing to be successful in 1988 and the years ahead.

On Behalf Of The Board,



Maurice G. Hamelin
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
OF THE COMPANY