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**REPORT ON THE
YALAKOM PROPERTY**

Lillooet Mining Division

N.T.S. Map - Sheet 92 O/2E

for

BALSAM RESOURCES INC.

by

**R.R. Culbert, Ph.D., P. Eng.
D.G. Leighton, B.Sc., F.G.A.C.**

July 27, 1989

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YALAKOM PROPERTY
Lillooet Mining Division, BC

SUMMARY

The Yalakom property consists of eight claims located about 240 kilometres north of Vancouver, BC. These are part of the Elizabeth gold camp explored by Bralorne Mines Ltd. in the late 1940's. The No. 9 vein on the Yalakom claims was developed in 1949 and 1950 with 980 feet of drifting. At that time a 165 foot length was reported to average 0.94 oz. gold per ton (cut) across a 1.21 ft. width or 0.38 oz. gold per ton across a mining width of 3.28 ft.. (Thompson, 1957).

More recent work by Phendler (1982) has indicated present reserves of over 4000 tons with an average diluted grade of 0.77 oz. gold per ton. Sampling carried out in 1983 suggested that gold mineralization occurs in three zones. The highest assay recorded was 46.70 oz. gold per ton over 0.7 ft. in Zone 1, which grades 1.294 oz. gold per ton over 1.403 ft. for 160 ft. Zone 2 grades 0.741 oz. gold per ton over 2.03 ft. for 50 ft. and Zone 3 grades 0.601 oz. gold per ton over 1.43 ft. for 35 ft. (Phendler, 1983).

Subsequent surface drilling showed that the veins are multiple, some with appreciable gold content (Culbert & Leighton, 1987). Surface drilling to test down dip continuation of the main ore zone in 1987 failed to reach the target area.

From previous results gold mineralization on the Yalakom property occurs in irregular shoots within a complex quartz vein system. Little is known however, about the attitude of the veins and the mode of gold occurrence within the veins. Erratic but extremely high grades are present in at least three distinct zones and multiple veins exist with appreciable gold content. The steep nature of existing topography limits the value of further surface diamond drilling.

A program involving detailed mapping, adit rehabilitation and underground work is recommended at an estimated cost of \$80,000.

1. INTRODUCTION

At the request of Mr. J.K. Newton, President of Balsam Resources Inc., the writers reviewed current and past data on the Yalakom property. Since the writers last reported on the claims there have been a number of developments.

A surface drilling program was completed in June, 1987 and the No. 9 adit was rehabilitated. Also, surface and underground exploration work carried out on the adjoining Elizabeth Mine property in 1989 produced a number of significant new gold discoveries.

This report summarizes results of the above work and recommends a follow-up program for a total cost of \$80,000. The recommended work program is comparable to that suggested by geologists M.F. Lancaster and J.L. Hardy in a report dated July 10, 1987.

1.1. Location and Access

The Yalakom property is located approximately 240 kilometres north of Vancouver and 40 kilometres northeast of the Bralorne gold mine. It is situated at an elevation of about 2,300 metres (7550 feet) on the eastern slope of Big Dog Mountain. Road access is from Lillooet along the Gold Bridge Road for 22 kilometres to Moha, then up the Yalakom River Road for 58 kilometres to a rough road which runs along Blue Creek to the claims (as well as the Elizabeth Mine).

The Elizabeth Mine workings are at an elevation of 1994 metres. No.9 adit of the Yalakom property is situated about 280 vertical metres above and 1.5 kilometres to the west at 2274 metres. A rough road extends between Elizabeth Mine and the No. 9 adit portal.

The high elevation of the Yalakom property limits access to the summer and early fall months.

BALSAM RESOURCES INC.

YALAKOM PROPERTY

LILLOOET MINING DIVISION

NTS: 92 0/2E

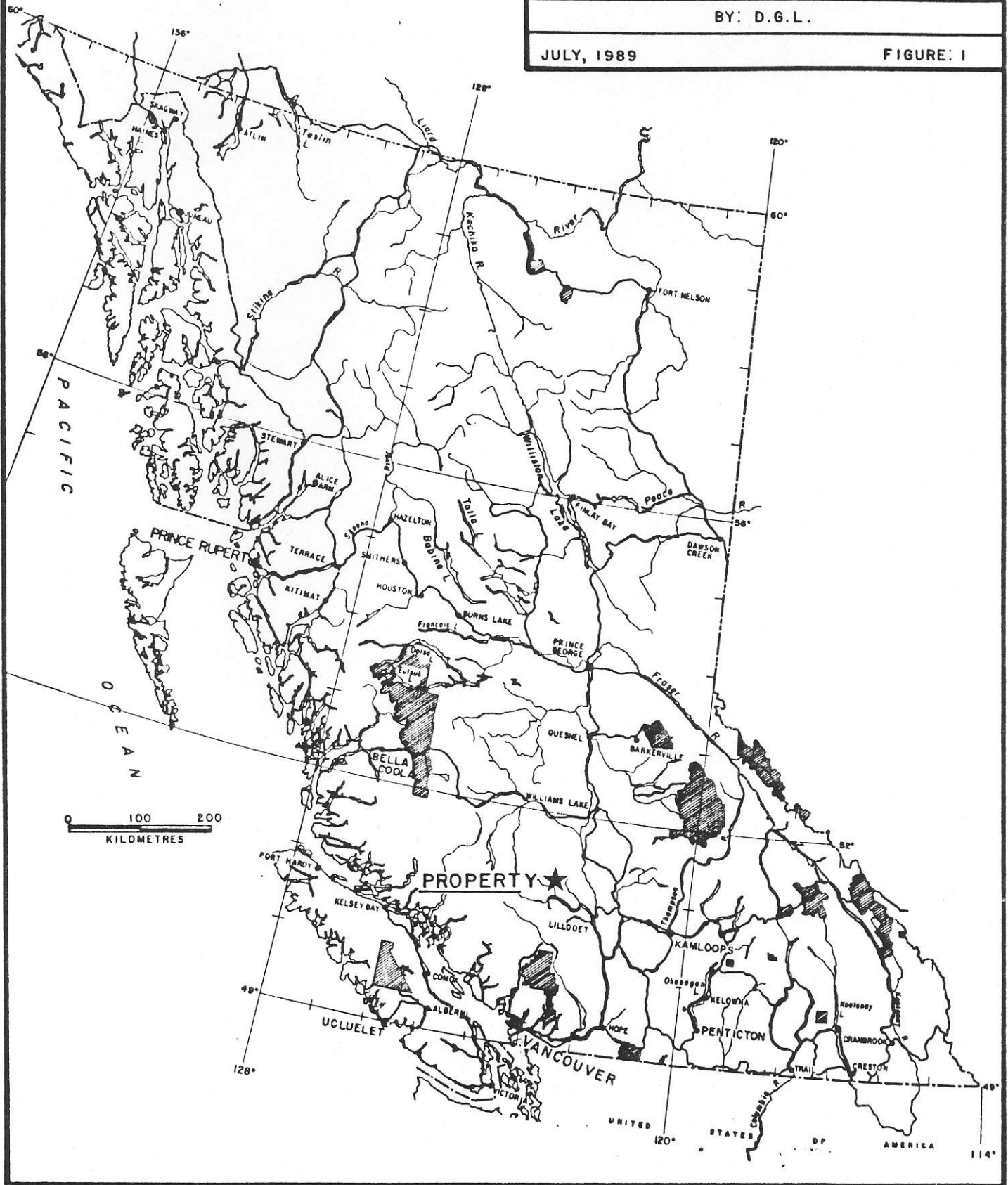
BRIDGE RIVER AREA

LOCATION MAP

BY: D.G.L.

JULY, 1989

FIGURE: 1



1.2. Property (see figure 2)

The Yalakom property consists of the following reverted crown granted mineral claims all located in the Lillooet Mining Division.

Claim	Record No.	Lot No.	Expiry Date	Acreage
Yalakom 1	594	7408	March, 1990	36.84
Yalakom 2	595	7409	March, 1990	47.96
Yalakom 3	596	7410	March, 1990	42.03
Yalakom 4	597	7411	March, 1990	48.99
Plateau 5	598	7416	March, 1990	50.30
Plateau 6	599	7417	March, 1990	51.65
Plateau 7	600	7418	March, 1990	31.82
Plateau 8	601	7419	March, 1990	45.98
			Total	355.57

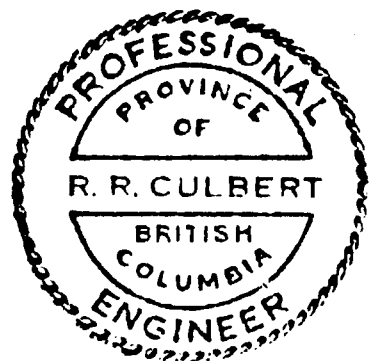
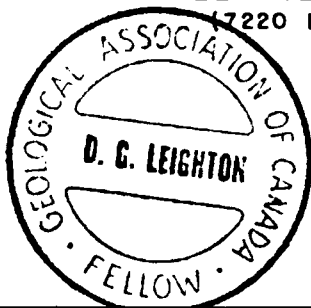
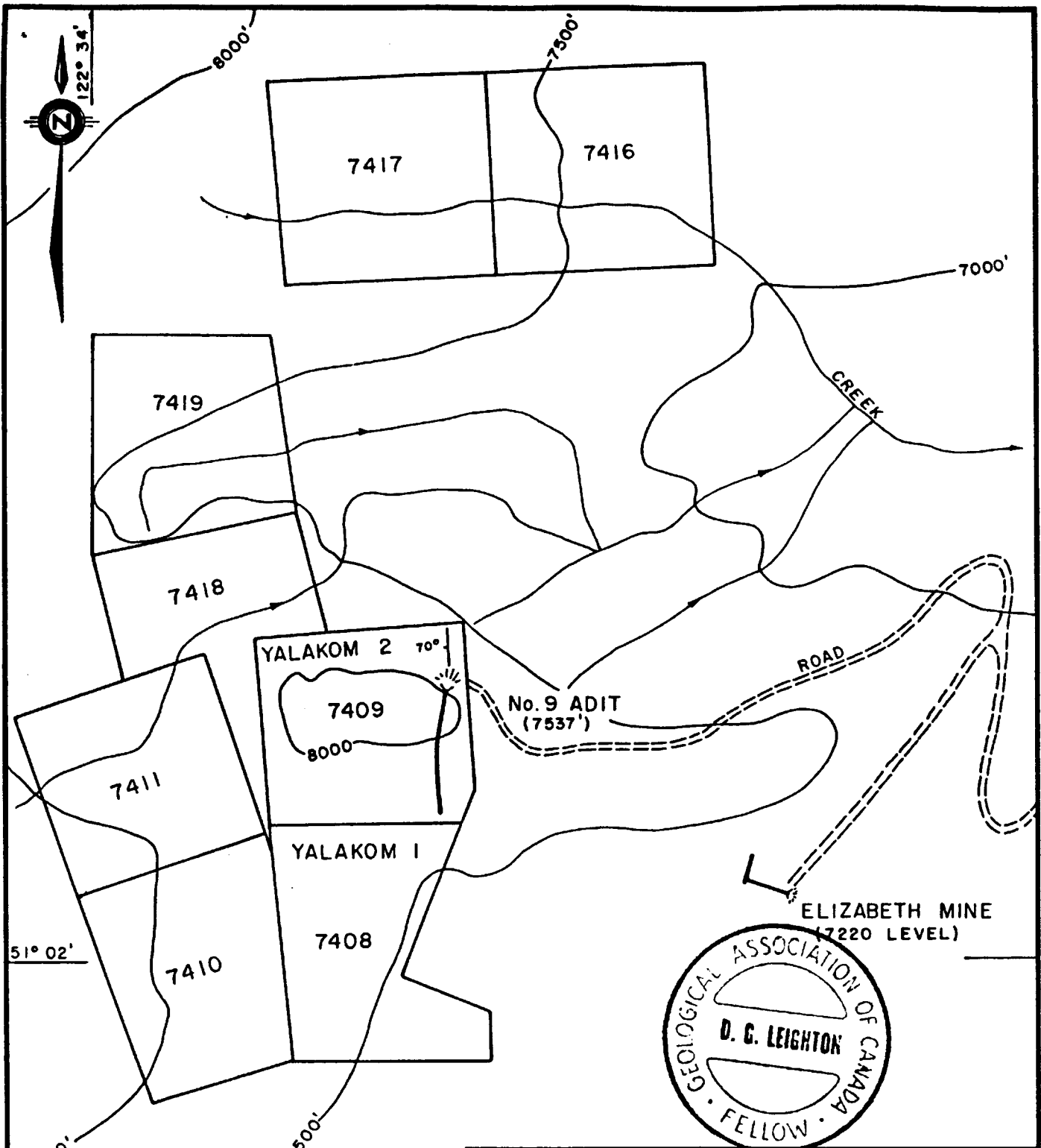
1.3 Physiography

The Yalakom property is entirely above tree line on the eastern side of Big Dog Mountain. Slopes are mainly talus covered permafrost soil with occasional outcrop. This creates considerable practical difficulties to surface exploration beyond the No. 9 adit portal (which can be reached by road).

1.4 History

In 1948 Bralorne Mines discovered boulders of high grade gold float on a talus slope on what is now the Yalakom 2 claim. Trenching exposed a 2-3 foot wide north-striking vein traceable for 200 feet. A total of 807 feet of drifting was completed on this No. 9 vein in 1949 and 1950. Although the drift contained encouraging values in gold, it did not produce the spectacular free gold which had characterized the float. A reserve of 800 tons containing 1770 oz. of gold was calculated by W. H. White in 1956, based on an earlier undated assay plan, (White, 1957).

Bralorne assay plans appear to record only significant gold assays and cover only 164 feet of the total 820 foot length of the adit. Assays reported showed 1.23 feet of uncut 1.45 oz. gold per ton or diluted 3.0 foot width of 0.38 oz. gold per ton with high grades cut to 3 oz. gold (Thompson, 1957).



BALSAM RESOURCES INC.	
YALAKOM PROPERTY	
LILLOOET MINING DIVISION, B.C.	NTS: 92 0/2E
BRIDGE RIVER AREA	
CLAIM MAP	
SCALE, 1:12 500	
DATE: JULY, 1989	FIGURE No. 2
BY: D.G.L.	

vein attitude or gold continuity up and down dip, however, good possibilities exist for the discovery of additional gold-bearing sections within the No. 9 adit to the south. As surface work to date has been limited, little is known regarding the potential of other parts of the property for hosting additional gold-bearing veins.

The surface portion of the recommended program coupled with mapping of the No. 9 adit are designed to provide further information on the vein. These data will be used to direct placement of subsequent underground diamond drill holes.

RECOMMENDATIONS

Based on the conclusions stated, the following exploration program is recommended.

Following a survey of vein attitude and morphology combined with geological mapping underground drill stations should be constructed. Upon completion of sub-drift development to enable drill testing of vein extension to south a series of short fanned holes should be drilled. This will test for extension and possible increase in vein thickness of the high grade 1,2, and 3 zones and test for the possibility of similar zones to the south.

COST ESTIMATE

I. SURFACE WORK

a. GENERAL		
Mobilization and camp		\$ 4,500.00
b. GEOLOGICAL MAPPING,		
Specifically to provide additional data on vein attitude & morphology.		
geologist, assistant	10 days	4,250.00
room & board	20 days @ \$25	500.00
transport	10 days @ \$25	500.00
supplies		500.00
assays	120 @ \$15	1,800.00
base map		500.00
petrographic work		500.00
		<u>8,550.00</u>
c. GEOLOGICAL MAPPING NO.9 ADIT		
geologist	5 days @ \$275	1,275.00
assistant	8 days @ \$150	1,200.00
assays: checks & other	50 @ \$15	750.00
		<u>3,225.00</u>

II. ADIT and PORTAL REHABILITATION		
improvement of portal and station construction to facilitate underground drilling		20,000.00

III UNDERGROUND WORK		
sub-drift development; series of short fanned holes to the south underground diamond drilling		
assays 665m @ \$50/m		<u>33,225.00</u>

TOTAL		69,500.00
CONTINGENCIES 15%		<u>10,500.00</u>

GRAND TOTAL		<u><u>\$80,000.00</u></u>
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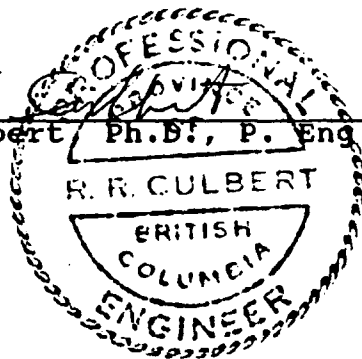
CERTIFICATIONS

I, R. R. Culbert, hereby certify that:

1. I am a practicing Professional Geological Engineer with offices at 900 - 625 Howe Street, Vancouver, BC.
2. I am a graduate of the University of British Columbia, B.Sc. (1964), Ph.D. (1971).
3. I have practiced mining exploration for twenty-two years, most of which was based in British Columbia.
4. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
5. I have personally examined the Balsam Resources Inc. property on which this report is based.

DATED at Vancouver, British Columbia, this 27th day of July, 1989.

Dr. R. R. Culbert
R. R. Culbert, Ph.D., P. Eng.




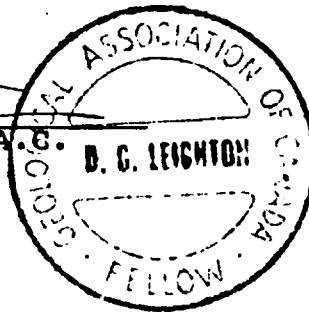
The seal is circular with a double-line border. The outer ring contains the text "PROFESSIONAL ENGINEER" at the top and "BRITISH COLUMBIA" at the bottom. The center of the seal contains the name "R. R. CULBERT" and the title "ENGINEER".

I, D. G. Leighton, hereby certify that:

1. I am a Professional Geologist with offices at 3155 West 12th Avenue, Vancouver, BC.
2. I am a graduate of the University of British Columbia, B.Sc. (1968).
3. I have practiced mining exploration for twenty-five years, most of which was based in British Columbia.
4. I am a member (Fellow) in good standing of the Geological Association of Canada.
5. I have no interests, directly or indirectly, in the properties or securities of Balsam Resources Inc.
6. I am personally familiar with the Yalakom property on which this report is based.

Dated at Vancouver, British Columbia, this 27th day of July, 1989


D. G. Leighton, B.Sc., F.G.A.C.



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