

MAJOR RESOURCES LTD.

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SHAREHOLDERS' PROGRESS REPORT

At an April 18, 1979 meeting, shareholders approved an agreement to acquire 60% interest in the Northern Gem-Little Gem eight Crown Granted claims located six miles north of Goldbridge, Bridge River area of British Columbia.

Part of the agreement is to provide to Major a 75-ton per day capacity milling complex.

The meeting also authorized directors to negotiate the sale of 600,000 shares, with share purchase warrants attached, on a private placement basis.

In a March 12, 1979 report on the Northern Gem property, Thomas R. Tough, P. Eng. states that a reserve of 20,000 tons of high grade cobalt 1.81% and gold 0.527 oz. per ton has been developed as probable ore. The work to establish this reserve has included 4,000 feet of diamond drilling and the driving of three underground levels in a zone which has been traced by pits and trenches over a 700-foot length. A mining width of five feet was used in the reserve calculation. These grades, with current gold prices of approximately \$600 Canadian per ounce and cobalt at \$30.00 Canadian per pound, indicate a gross value of approximately \$1,400 Canadian per ton in the ground. A metallurgical problem which had held up property development for years has recently been solved. Preliminary metallurgical tests using a low temperature leach process show excellent recoveries are obtainable.

Mr. Tough has recommended a \$200,000 exploration development program to include geophysical surveys, 5,000 feet of diamond drilling, and resampling of surface and underground mineralization. The program will seek to add to reserves in favorable geological areas.

Major Resources already holds 80 staked claims which surround the Northern Gem property. The recommended program was started as soon as the regulatory authorities' approvals were obtained.

The Company has been registered in the Province of Alberta and was approved for trading on the Alberta Stock Exchange in Calgary. Effective August 29, 1979 the Company rescinded its Listing Agreement with the Vancouver Stock Exchange and requested that its shares be delisted from the Exchange as of that date.

During the 1979 field season, exploration was carried out on the Aura Group of claims which adjoin the Little Gem Crown Granted claims. The work has consisted of a combined airborne magnetometer, electromagnetometer, and scintillometer survey covering the entire property. A number of anomalous areas were encountered. Geophysical and geochemical surveys were carried out on the ground.

Additional exploration will be carried out on the property as a follow-up to the surveys recently completed.

A diamond drill hole was drilled in the first part of October to a depth of 294 feet to test the possible extension of the main GEM mineralized zone.

Prior to the above programs being initiated, some trenching and road building were carried out in the areas of the old Jewel workings now covered by the Aura claims.

The trench area had not been explored previously.

Sampling of three trenches gave the following results:

<u>Location</u>	<u>Sample No.</u>	<u>Width</u>	<u>Cu %</u>	<u>Au oz/T</u>	<u>Ag oz/T</u>
No. 1 Trench	4980	4.0'	1.92	0.028	1.24
	5153	4.0'	2.76	0.024	0.56
No. 2 Trench	4976	3.0'	1.04	0.090	0.27
No. 3 Trench	4978	2.0'	4.95	0.767	4.66
7' left of 4978	5172-3	3.0'	2.89	0.011	0.34

The trenches cover a strike length of the mineralized zone of approximately five hundred feet.

A 1.5 foot sample was cut from a surface exposure of an old stope in the Jewel workings which assayed 0.05% Cu, 0.492 oz. Au per ton, and 0.12 oz. Ag per ton. Your Directors are very encouraged with this new discovery.

NORTHERN GEM COBALT-GOLD PROPERTY

Since the approval of the regulatory bodies in August 1979, the Company has been negotiating with major companies to participate in the exploration and development of the Northern Gem project.

A private placement of 120,000 shares was completed on December 12, 1979. The shares were sold for \$1.25 per share with an option to purchase an additional 120,000 shares at a price of \$2.00 per share within a period of one year. The monies are to be spent on both the Goldbridge Placer project and the Northern Gem project.

The Company plans to carry out additional exploration on the Northern Gem project and is currently negotiating to acquire an additional 10% interest in the Little Gem Crown Granted claims. The additional 10% will give Major Resources Ltd. a 70% interest in the project.

GOLDBRIDGE PLACER PROJECT

Since the acquisition of the Goldbridge Placer property in the fall of 1977, Major Resources Ltd. has carried out testing on the Dogwood Placer Lease to determine the grade and yardage contained in the deposit.

Various tests have produced the following values:

<u>Yardage</u>	<u>Coarse Gold Recovered</u>	<u>Grade oz/yd³</u>	<u>Value/yd³</u> <u>(\$600/oz. Au Canadian)</u>
240 yd ³	20.50 oz.	0.0854	\$51.24/yd ³
58 yd ³	1.11 oz.	0.01914	\$11.48/yd ³
23 yd ³	0.684 oz.	0.02974	\$17.84/yd ³
1230 yd ³	26.00 oz.	0.02131	\$12.79/yd ³

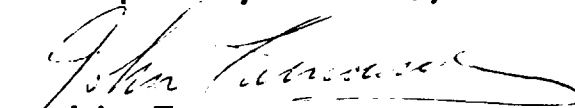
There was no consideration paid to the fine gold content during the testing. The Company is planning to up-grade the production capabilities of the plant to 500 cubic yards per day and to provide facilities for recovering the fine gold.

Previous estimates of the mienable reserves of the Dogwood Placer Leases have been placed at some 150,000 cubic yards.

Major Resources Ltd. holds two additional placer leases adjoining the Dogwood Placer Lease, but no reserve figures have been applied to the gravels located on the other two leases.

The Placer should be able to provide a substantial cash flow for the future.

Respectfully submitted,


John Tancowny
President