

November 6, 1989

Corona Corporation
1900-120 Adelaide Street West
Toronto, ON
M5H 1T1

Attention: Mr. Gil Leathley
Sr. Vice President-Operations

Dear Gil:

RE: CANTY PROPERTY

Thank you for your progress reports of October 10 and November 3, 1989. I appreciate being kept up to date and informed.

I enclose for your information a copy of my letter to Peter Steen of September 29, 1989, which is self explanatory, regarding Corona's proposed deal structures of September 13, 1989.

We are currently drilling in the Canty area and have had some initial success on a hole #89-56 located approximately 500 feet northwest of the Canty deposit, which returned .284 ounces of gold per ton over 47 feet from 146-193 feet as well as three other zones. We are continuing drilling in this area which could be a new zone or the possible faulted off extension of the Canty orebody. We will keep you informed.

Yours very truly
GOLDEN NORTH RESOURCE CORPORATION

John S. Godfrey
President



CORONA CORPORATION

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November 3, 1989

Mr. John S. Godfrey
President
Golden North Resource Corporation
1540 - 800 West Pender Street
Vancouver, British Columbia
V6C 2V6

Dear John,

Re: Canty Property

Please find attached a copy of the latest progress report on the Canty Deposit.

We are still not out of the woods yet as far as the M.O.E. are concerned regarding Canty and will keep you informed of our progress.

Any questions please phone.

Yours very truly,

Gil Leathley
Sr. Vice President - Operations

GJL/ss
Enclosure



CORONA CORPORATION

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TO: JOHN LOVERING
FROM: GARY RAYMOND
DATE: OCTOBER 25, 1989
RE: CANTY PROGRESS REPORT FOR JOHN GODFREY

I would suggest the following update on Cauty work should be forwarded to John Godfrey through Gil Leathley, as we did in late August.

Work on obtaining mining permits and preparing for production at Cauty has been continued by Nickel Plate Engineering staff over September and October. A licence to cut was finally obtained at the end of September. Tri-Valley Construction has been actively logging the area over the last three weeks. They expect to complete their work by mid-November. Clearing is being done at no expense to Corona or Golden North.

Preparation of the focussed Stage 1 Report is in progress. If this report is approved by the government review committee, an "approval-in-principal" will be made. With that approval, the project would move to Stage 3, which is the application for permits and licences.

The focussed Stage 1 Report will address the following:

1. Tailings pond cyanide level compliance strategy.

Discussions with the Ministry of Environment are ongoing and further studies and reports will be required. It is hoped that remaining Cauty issues can be resolved independently of the tailings pond issue to speed the process.

2. Sunset Creek Division.

Stephen, Robertson and Kinston have completed their study, and have concluded that a permanent diversion would require an expensive 2300 foot channel of shot-crested ditches and 3 to 5 foot diameter culverts. As an alternative, a proposal for rock drains under waste dumps will be submitted to the review committee. Rock drains are in common use in East Kootenay coal mines but not in B.C. metal mines.

3. Water quality.

SRK's report has concluded that neither acid drainage nor suspended solids, sulphates or nitrates will present problems with water quality. Tests have shown Canty waste to be acid-consuming.

4. Mitigation of grazing losses.

These problems have been resolved through discussions with Forestry and the local rancher concerned. The pit will not have to be fenced during production. A small amount of dozer work will be necessary to improve cattle access to grazing areas.

5. Detailed mine plan.

A slope stability study by Solder Associates concludes that the proposed 60 degree wall slopes should be stable. The south dump has been flattened to 28 degrees by leaving a berm half-way up. Most of the remaining work involved is in producing final drawings and a reclamation plan.

The deadline being worked towards is to have the focussed Stage 1 Report completed and submitted in time for a review by the committee on November 21, 1989.



Gary Raymond
Chief Engineer