

EXECUTIVE OFFICE

*Bank of Canada Building
Suite 1201 900 W. Hastings Street
Vancouver, B.C. V6C 1E5*

*Telephone (604) 685-5853
Facsimile (604) 688-0125*

ISSUED SHARE CAPITAL

8,531,153 Common Shares

AUTHORIZED SHARE CAPITAL

*20,000,000 Common Shares without par value
20,000,000 First Preferred Shares without par value*

LISTING - Vancouver Stock Exchange

SYMBOL - SBU

OFFICERS AND DIRECTORS

*Hon. Jack Austin, P.C., Q.C., Chairman of the Board
Louis P. Starck, President and Director
Bernard O. Brynelson, Director
John C. Gibson, Director
Donald A. Hales, Director
Marguerite G. Mackay, Director
Steven A. Sanders, Director
Frank J. Shedwill, Director
Michael H. Altman, Secretary*

SUBSIDIARIES AND AFFILIATES

*Silver Butte Petroleum, Inc. (Texas)
Minera Lluvia De Oro, S.A., de C.V. (Mexico)*

TRANSFER AGENT

Central Guaranty Trust

AUDITORS

Price Waterhouse

THE PROPERTY

While the Company holds interests in a number of mineral prospects of merit, one property, the **SIB CLAIM GROUP**, has recently put the Company's name in the headlines. This property is situated in the Eskay Creek area about 50 miles northwest of Stewart, in northern British Columbia ("B.C.") and some 20 miles west of the boundary of the Alaska panhandle. Access to the property is presently by helicopter, however, work is in progress on the construction of an all season road which will greatly facilitate access to the property and reduce the cost of its exploration and development. The SIB property adjoins the **ESKAY CREEK** property of Prime Resources Group Inc. ("Prime") and Stikine Resources Ltd. ("Stikine") ("Prime/Stikine") that, with its spectacular drill core intersections, has attracted international attention as a world class gold and silver deposit.

Years of exploration interest in the SIB claims may have finally paid off with the drilling of Hole 90-30 in the fall of 1990. This first drill hole test of the Lulu anomaly, which is some 1,500 feet in length, intersected 46.9 feet of carbonaceous black mudstone that assayed 0.421 ounces gold and 30.912 ounces silver per ton. This intersection included a 16 foot interval that assayed 0.869 ounces gold and 50.244 ounces silver per ton.

T.S. (Tom) Mackay, founder of the Company, began his search for a commercial gold deposit in Eskay Creek in 1930 when he became interested in the mineral claims of the Unuk Gold and Unuk Valley Syndicates. These claims were restaked in 1972 as the SIB (Silver Butte/American Fibre) and Tok-Kay (Prime/Stikine) claims. Mackay's faith in the mine making potential of the claims, which covered a zone of highly altered and oxidized sediments and volcanics some six miles in length, has been confirmed by the discovery of the Prime/Stikine deposit with reserves in the order of some three million ounces of gold and 100 million ounces of silver. A discovery which, on the basis of the SIB Hole 90-30, may be duplicated on the Company's SIB claims.

In 1935, the original claims were optioned by Premier Gold Mining Co. Ltd. which, over a three year period, undertook geological mapping, diamond drilling and the excavation of over 100 open cuts. On the expiry of Premier's option, Mackay Gold Mines Ltd. acquired the prospect and drove an adit on the North (Mackay) zone of which part is on the north end of the SIB property. In 1963, Western Resources Ltd. became active in the area and drove the Emma adit near the Prime/Stikine 21 Zone. In 1975, Texasgulf Inc. undertook an exploration program in the area as in subsequent years did Newmont, U.S. Borax, American

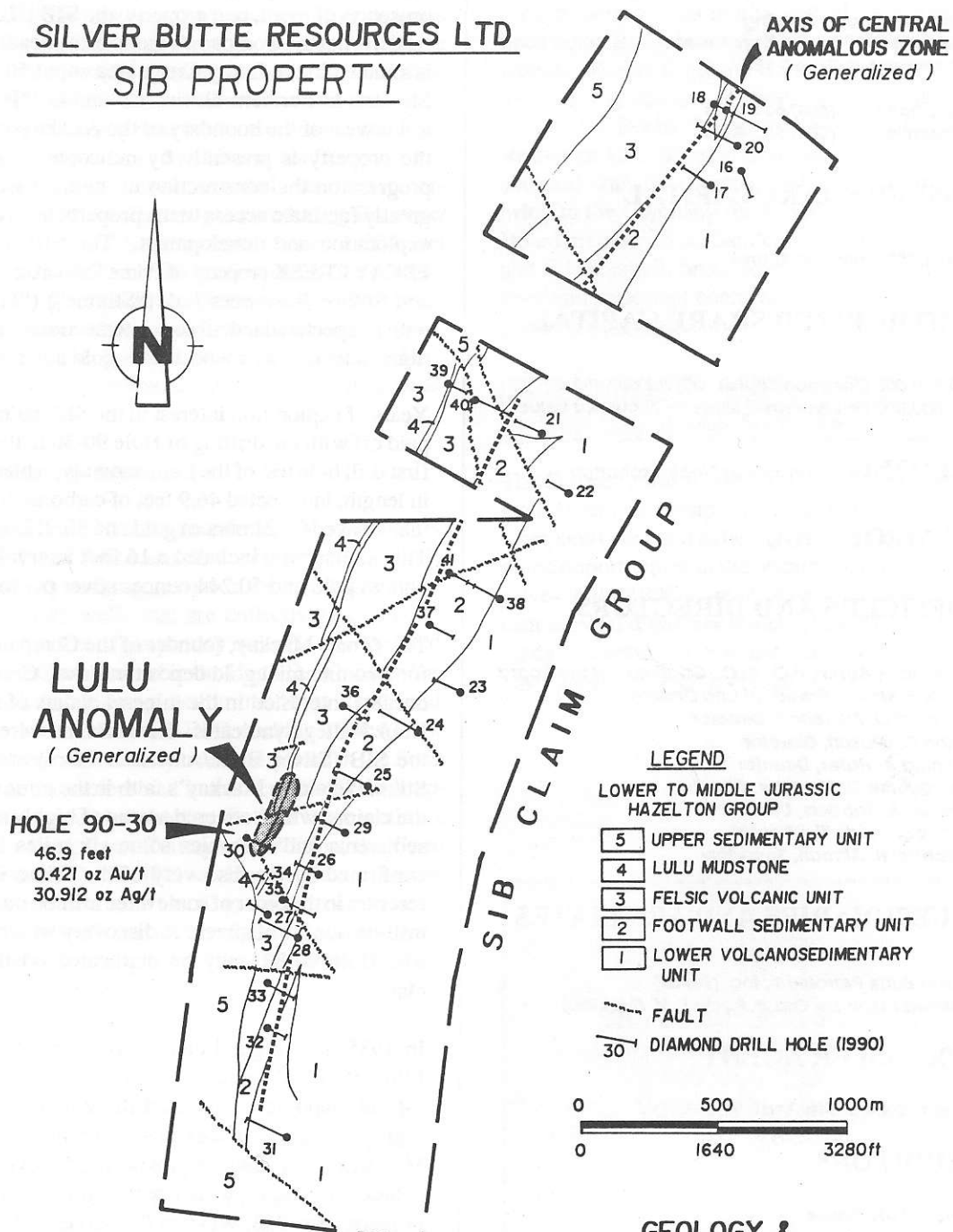
Standard, Canex Aerial, Kalco Valley, May-Ralph, Kerrisdale and others. Most of the exploration work by these companies was concentrated on the Tok-Kay claims now held by Prime/Stikine.

In 1988, the Company granted an option on the SIB Claim Group to American Fibre Corporation ("American Fibre") which gave American Fibre the right to earn a 50% interest in the claims by expending \$450,000 in exploration and property payments. By the fall of 1989, American Fibre fulfilled the terms of the option and exercised its earn-in right. On February 26, 1990, the Company and American Fibre entered into a Joint

Venture Agreement to explore and develop the SIB Claim Group.

Since 1988, the Company and American Fibre have spent some \$1,800,000 to carry out geological mapping, geochemical soil sampling and induced polarization (IP), very low frequency electromagnetic (VLF-EM) and magnetometer surveys of the SIB property. In addition, 15 diamond drill holes were drilled in 1989 and 26 in 1990. In all, 41 holes aggregating 19,052 feet of core drilling have been completed. Thirty-three of these holes disclosed core intersections that contained gold values greater than 0.01 ounces per ton.

**SILVER BUTTE RESOURCES LTD
SIB PROPERTY**

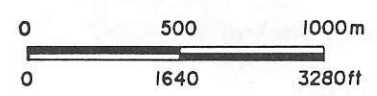


LULU ANOMALY
(Generalized)

HOLE 90-30
46.9 feet
0.421 oz Au/t
30.912 oz Ag/t

LEGEND

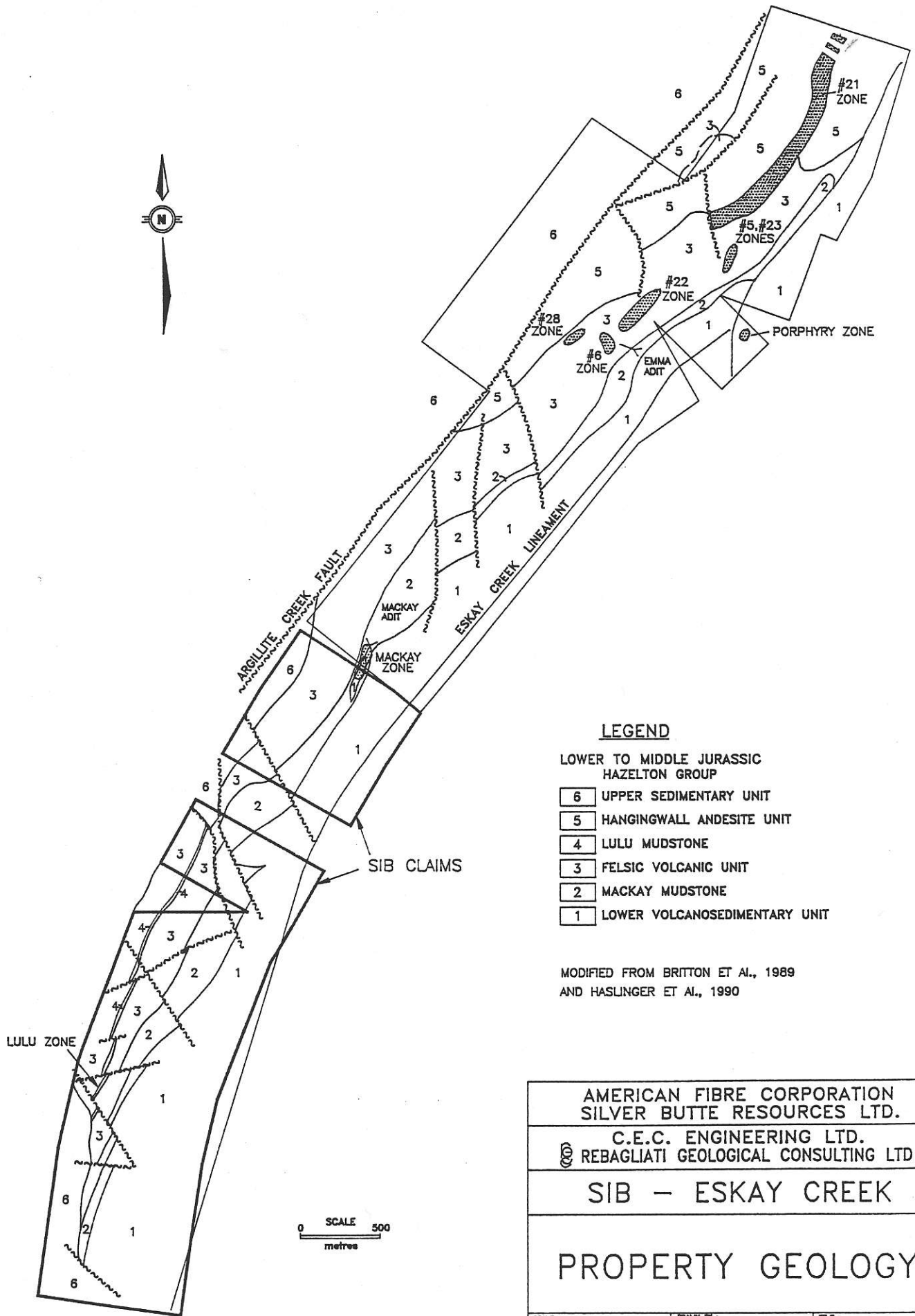
- LOWER TO MIDDLE JURASSIC HAZELTON GROUP
- 5 UPPER SEDIMENTARY UNIT
- 4 LULU MUDSTONE
- 3 FELSIC VOLCANIC UNIT
- 2 FOOTWALL SEDIMENTARY UNIT
- 1 LOWER VOLCANOSEDIMENTARY UNIT
- FAULT
- 30 DIAMOND DRILL HOLE (1990)



**GEOLOGY &
DIAMOND DRILL HOLES**

ESKAY CREEK, B. C.

NOTE:
50% SILVER BUTTE RESOURCES LTD.
50% AMERICAN FIBRE CORPORATION



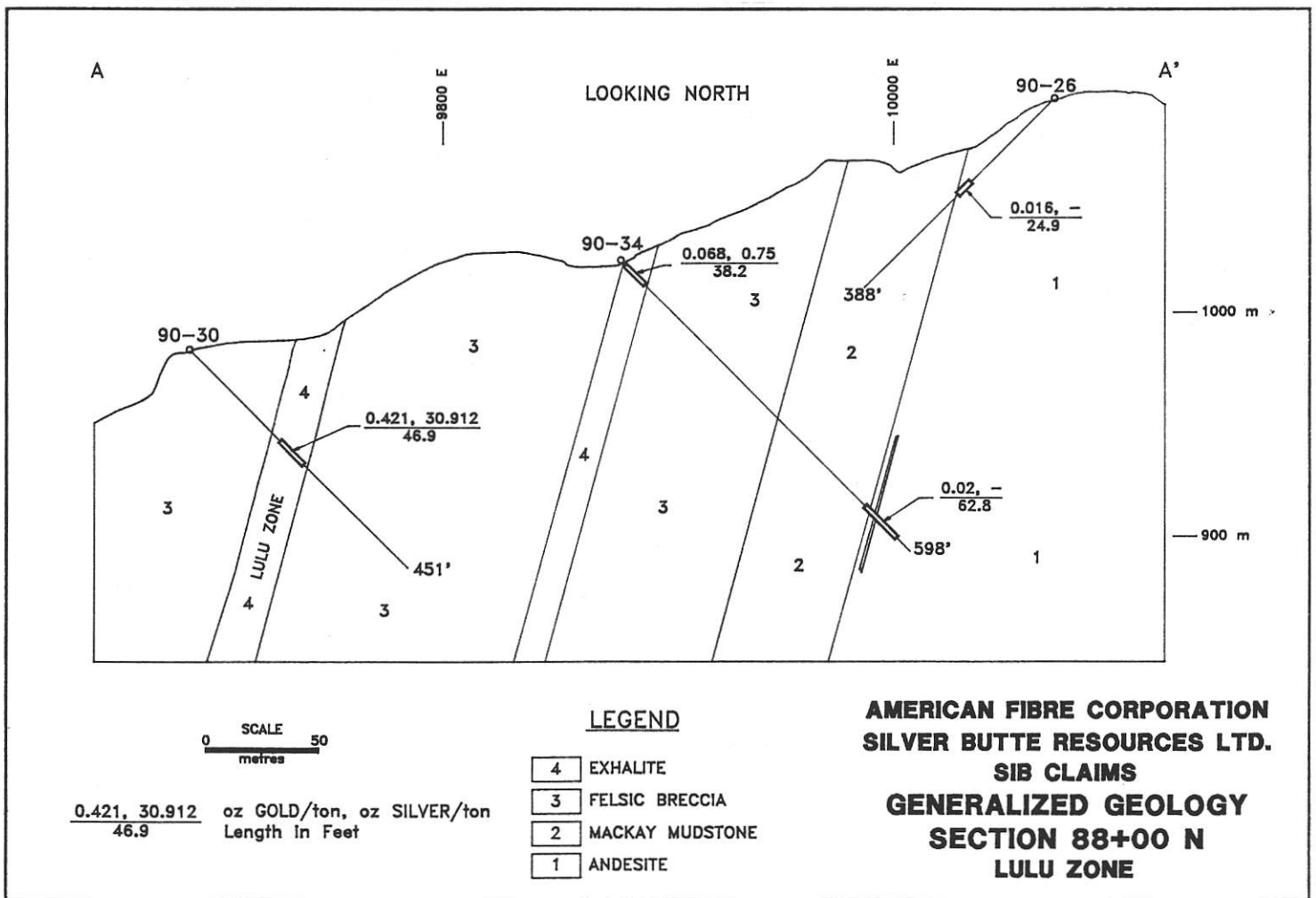
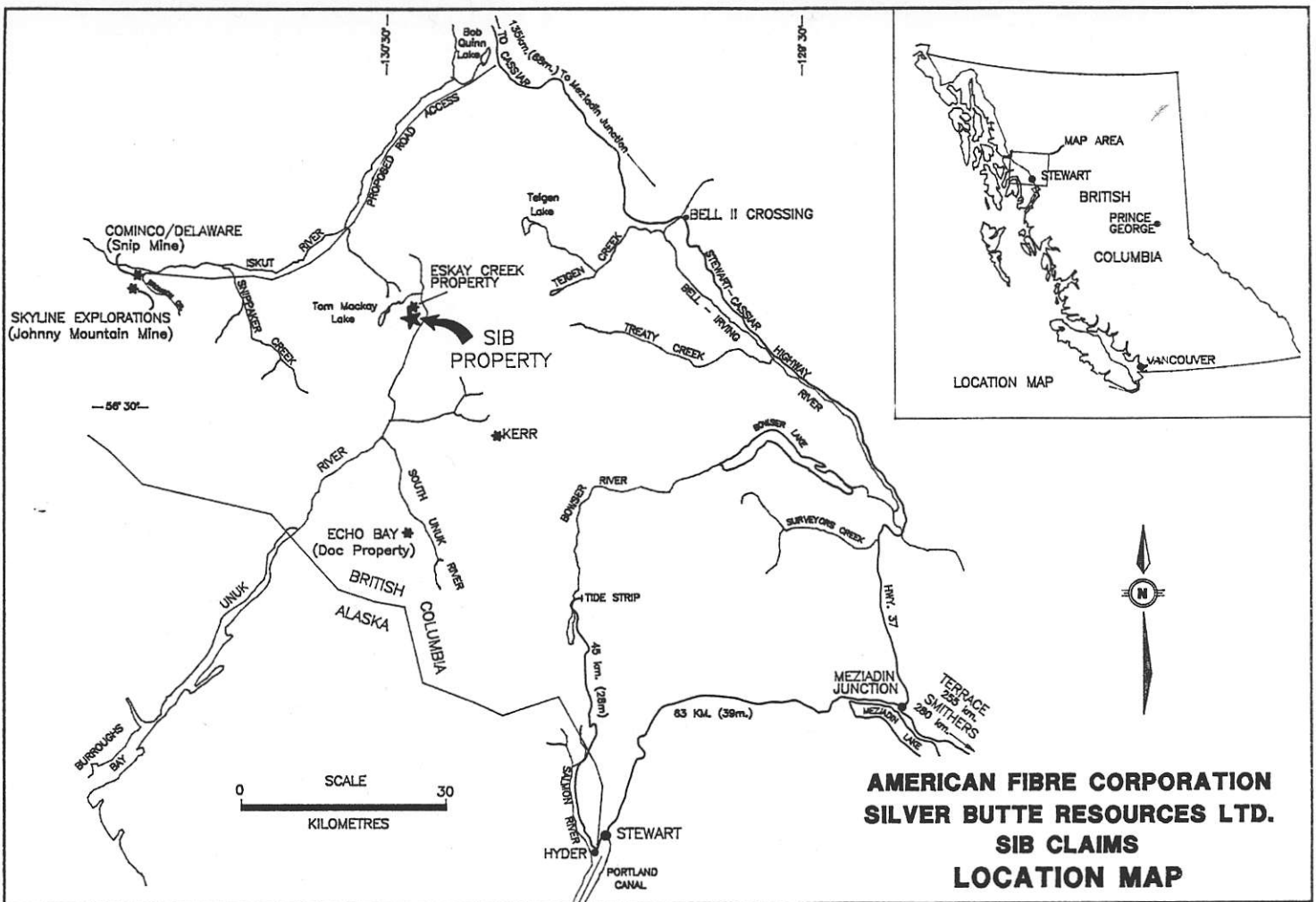
LEGEND

- LOWER TO MIDDLE JURASSIC
HAZELTON GROUP
- 6 UPPER SEDIMENTARY UNIT
 - 5 HANGINGWALL ANDESITE UNIT
 - 4 LULU MUDSTONE
 - 3 FELSIC VOLCANIC UNIT
 - 2 MACKAY MUDSTONE
 - 1 LOWER VOLCANOSEDIMENTARY UNIT

MODIFIED FROM BRITTON ET AL., 1989
AND HASLINGER ET AL., 1990

| | | |
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| AMERICAN FIBRE CORPORATION SILVER BUTTE RESOURCES LTD. | | |
| C.E.C. ENGINEERING LTD. REBAGLIATI GEOLOGICAL CONSULTING LTD. | | |
| SIB - ESKAY CREEK | | |
| PROPERTY GEOLOGY | | |

| | | |
|-------------------|---------------------------------|---------------|
| SCALE: AS SHOWN | DRAWN BY: ProComp GeoDraft Ltd. | FILE: SIBGEO2 |
| DATE: JAN., 15 91 | NO.: 104B/9W,10E | FIGURE: |



The 1989 and 1990 exploration programs identified a number of coincident geophysical, geological and geochemical anomalous zones. The most extensive is the Central Anomalous Zone that is more or less continuous along the 2.6 mile strike length of the claims and encompasses stockwork and vein breccia mineralization within intensely altered volcanic rocks. Surface samples of this mineralization assayed up to 1.33 ounces gold per ton. Exploration to the west of the Central Anomalous Zone disclosed a subparallel zone of stockwork and vein breccia mineralization hosted by mudstone. Surface samples of this zone assayed up to 0.72 ounces gold per ton. These surface samples also contained anomalous concentrations of silver, copper, lead, zinc and other pathfinder elements. The geologic setting of the zones is similar to those found on the adjacent Prime/Stikine property. The results of these exploration programs indicate that precious metal mineralization is associated with certain of the anomalous zones but is not restricted to one stratigraphic unit.

The 1990 drilling of 26 core holes (Holes 90-16 to 41) has provided valuable information on the property and, of course, with the precious metal values in Hole 90-30, a potential major discovery. This hole, which was drilled to test the coincident IP, VLF-EM and soil geochemical Lulu anomalous zone, that is some 1500 feet in length and to the west of the Central Anomalous Zone, intersected a 46.9 foot interval of graphitic mudstone in felsic volcanics that assayed 0.421 ounces gold and 30.912 ounces silver per ton. The orientation and true thickness of the graphitic mudstone unit intersected in Hole 90-30 cannot be determined from this single drill hole. In addition to Hole 90-30, twenty of the 1990 holes intersected low gold values which, although non-commercial, are considered significant as they demonstrate the presence of wide spread mineralization. Also, the low grade gold intersections in Holes 90-33, 34 and 38 that were drilled to the southeast and northeast of the Lulu anomaly are of particular interest as the values are in mudstone considered to be structurally lower than the mudstone unit intersected in the Lulu anomaly. The data from the 1989 and 1990 exploration programs is being correlated and interpreted and will be the basis for the 1991 exploration program. To expedite the commencement of this program, that will begin with step-out drilling of the Lulu anomaly, six drill set-ups have been prepared along the strike of the Lulu anomaly and a diamond drill has been left on one of the set-ups.

THE COMPANY

Yesterday

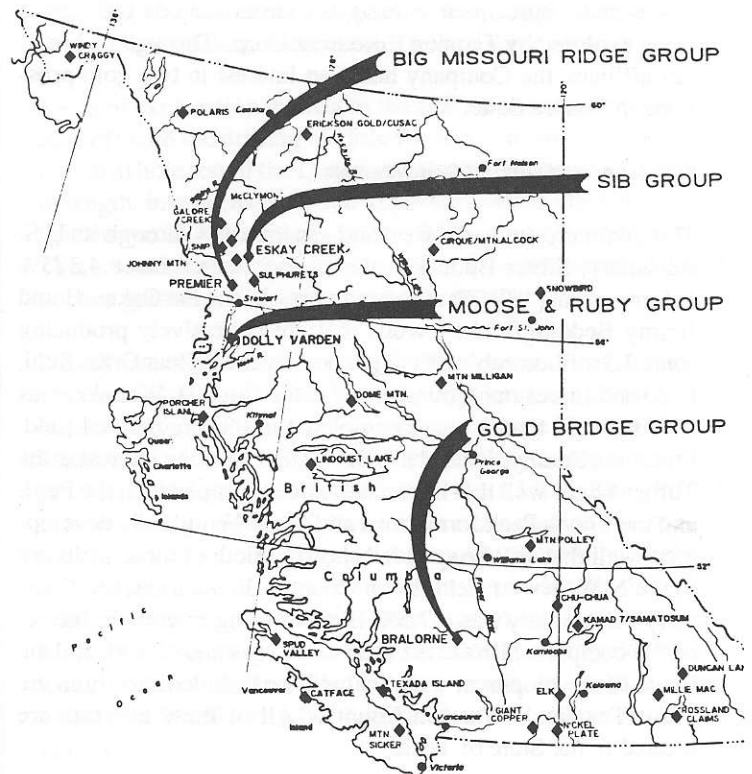
Silver Butte Resources Ltd., which was named after Butte, Montana, was incorporated on December 31, 1957 by T.S. Mackay, whose faith in the discovery of a major gold deposit on the SIB claims was steadfast for over 50 years.

The first Board of Directors of the Company included many well known personalities of the mining industry of Western Canada and the United States including the Lovitt brothers, the

Gibson brothers and Bern Brynelson. Through the years the Company has attracted other outstanding mining people, such as Andy Robertson, Stan McClay and Lou Starck.

From its start, the Company's primary goal has been the discovery and development of a successful producing mine. Through the years, the Company acquired and retains an interest in the Moose and Ruby Claim Groups that adjoin the Dolly Varden and Torbrit mines, in the Alice Arm area, B.C., the Big Missouri Claim Group near Westmin (Premier Gold), in the Stewart area, B.C., the Swayze Claim Group near Gogama, Ontario and the SIB Claim Group. In his 1973 report to the Silver Butte shareholders, T.S. Mackay stated "Your company holds three miles of a very strong structure adjoining Stikine Silver Mines Ltd... The property your Company holds has many showings of quite high grade gold and silver..."

SILVER BUTTE RESOURCES LTD. MINERAL PROSPECTS IN BRITISH COLUMBIA



Today

The Company, with its 50% interest in the SIB Claim Group, may now be close to its primary goal but the Company is not prepared to rest. It continues its search for mineral prospects in B.C., Ontario and Mexico. To obtain an immediate source of income and diversify its interests, the Company is participating in oil and gas ventures in Texas and Alberta.

Mineral Properties

At present the Company holds a 100% interest in five gold prospects comprising 50 unpatented and patented mineral claims in the Chester, Yeo and Osway Townships, Porcupine Mining Division, Ontario (the Swayze Group) and a 100% interest in five Crown Granted mineral claims in the Alice Arm area, B.C. (the Moose and Ruby Groups) near the former silver producing Dolly Varden and Torbrit mines. In addition, the Company has a 50% interest in 19 Crown Granted mineral claims (the Goldbridge Group) in the area of the former gold producing Bralorne/Pioneer Camp, B.C. The Company has retained a 20% net profits interest in the Big Missouri Ridge Group near the producing Westmin open pit gold mine near Stewart, B.C. This property is under agreement to Esso Resources Canada Ltd. and is being explored by Tenajon Resources Corp. Through its Mexican affiliate, the Company holds an interest in two gold prospects in Sonora State.

Petroleum and Natural Gas Interests

The Company entered the oil and gas industry through its U.S. subsidiary, Silver Butte Petroleum, Inc., which has a 4.375% before payout ("BPO") working interest in the Pat Oakes #1 and Jimmy Beddingfield #1 wells that are collectively producing some 2.5 million cubic feet of gas per day in the Bear Grass field, Leon and Limestone Counties and in the Hugh D. Whitaker Gas Unit #1 well, that is being completed in the Trans Reed field, Freestone County. It also has a 3.5% BPO working interest in the Turner #1 gas well that has recently been completed in the Pettit and the Travis Peak formations and in the Fenojlio #1 development well that will be spudded shortly. Both of these wells are in the N.W. Jewett field, Leon County. In addition, the Company's subsidiary has a 7.5% BPO working interest in the recently completed Brothers Cattle Co. #1 gas and oil well and the Hillje #1 development well, that will be spudded shortly in the Trans-Tex field, Wharton County. All of these interests are located in the State of Texas.

Tomorrow

The Company intends to maintain its steady pace in the mining and petroleum and natural gas industries and to continue its search for new mineral and oil and gas prospects throughout North America. Silver Butte, as a western company, is primarily focusing on situations in Alberta, B.C., the Western United States and Texas. The Company relies on its wide network of contacts in the resource field to introduce new ventures.

THE PEOPLE

The Board of Directors of the Company is one of its main assets. The Chairman of the Board, the Honourable Jack Austin, P.C., Q.C., brings to the Company a unique background in both the private sector (Associate Counsel, Swinton & Company) and the public sector (Member of the Senate of Canada, former Deputy Minister, Energy, Mines & Resources Canada). The President, Louis P. Starck, P. Eng., C. Eng., has a broad background of experience as a consultant, administrator and operator in the mining and oil and gas industries. He has been associated with G.M. Resources (the Giant Nickel, Giant Copper, Mascot Gold and Giant Soo mines), Silbak Premier, Western Exploration, Eldorado and other companies. Members of the Board, Marguerite Mackay, President of Stikine Resources Ltd., Bernard Brynelson, P. Eng., who has been associated with the Brenda, Bell Copper and Cannon mines, bring to the Company their expertise in the mining industry. Board members S.A. Sanders, J.C. Gibson, D.A. Hales, C.A. and F.J. Shedwill bring years of diverse professional experience and important contacts that the Company can rely on to further its progress.

THE FUTURE

The Company was founded more than three decades ago, but it would seem the Company's brightest prospects lie ahead. The Company sees itself as being well positioned to take advantage of the opportunities in the resource industry that present themselves in the 1990's - ready to make and develop new significant mineral discoveries such as the SIB property but equally ready to continue the search for that elusive new discovery having mine making potential.

SILVER BUTTE RESOURCES LTD.

Suite 1201 Bank of Canada Building
900 West Hastings Street
Vancouver, British Columbia
V6C 1E5