

810,633

GLENWOOD MOTEL
TRAIL, B.C.
NOV 26/86 +5°C

DEAR MR. FOREGAARD:

Since you have worked on the Red Bird
I thought you would be interested in our current
program, hence the enclosed project and company
description. I act as consultant on this project.

The first hole, designed to test at depth the
strong but oxidized mineralization discovered
earlier this year, is currently drilling.

Kindly disregard the somewhat promotional
nature of this description. It is, in fact,
a fine project.

Yours truly

Cerald Klein.



September 18, 1986

C O M P A N Y R E V I E W

Golden Eye Minerals Ltd. was formed in 1983 to acquire, explore and develop mineral properties of merit.

C O R P O R A T E I N F O R M A T I O N

MANAGING DIRECTORS AND OFFICERS

Victor Guinet - President
Michael S. Elson, Secretary & Director
Barry J. Price, M.Sc. - Director
Jon G. Bergvinson - Director

TRANSFER AGENT

Guardian Estates and Agencies
404-470 Granville Street
Vancouver, B.C.

HEAD OFFICE

411 - 850 West Hastings Street
Vancouver, B.C.
V6C 1E1
Telephone: 604-669-2449

BANK

Toronto Dominion Bank
700 West Georgia
Pacific Centre
Vancouver, B.C.

SHARE CAPITAL

Authorized: 10,000,000.
Issued: 2,459,000 (Includes 750,000 escrowed)

SOLICITOR

DuMoulin Black
10th Floor - 595 Howe Street
Vancouver, B.C.

AUDITORS

Bruce Hamilton
818 - 470 Granville Street
Vancouver, B.C.

LISTING

Vancouver Stock Exchange
Trading Symbol: GOM

PROPERTIES

The company presently maintains four mineral properties at various stages of development:

1. Our major exploration effort is now directed towards development of the Red Bird Project, a base metals-silver-germanium prospect located 22 miles east of Trail, B.C. An in-depth review of the project is included with this material.

2. The company owns six separate gold properties (total 175 units) on Banks Island, approximately 70 miles south of Prince Rupert, B.C. Two of these claim groups are contiguous to Trader Resource Corporation's Yellow Giant project, which is in the pre-production stages of development.
3. The 1800 acre Gold Hill property, located 7 miles south of Nelson, B.C., is 100% owned by the company. Gold value of up to 3.75 oz. gold/ton over widths of 30 inches have been obtained from underground workings on the property.
4. Golden Eye owns twelve claims in the Wheaton River area of southern Yukon. These claims are favourably located with respect to Agip-Erickson's Skukum Creek gold deposit, which is now in production. Other major exploration programs are in progress in the area.

BOARD OF DIRECTORS

The directors of Golden Eye form a strong management team with a cumulative total of more than 50 years of experience in western Canadian mining exploration.

Victor Guinet, President

Mr. Guinet has been continuously involved in the mining industry in western Canada since 1971 as a prospector-developer. He has been exposed to a wide range of experience in all phases of exploration and has managed hard-rock and gold placer operations.

Jon Bergvinson

Mr. Bergvinson entered the investment business in 1961 with Pemberton Securities, and worked as a stock broker with two Vancouver securities firms in the period 1966-1977. In the period 1977-80, he worked in the field of real estate development and leasing, and, since 1980, has been employed as project manager and as a director of several VSE-listed public companies.

M.S. Elson, B.Sc., Zoology, University of Alberta

President of Northern Natural Resource Services Ltd., environmental consultants to government and industry, with specialization in freshwater fisheries biology. Mr. Elson has authored more than 30 scientific reports, several related to the conflicts between mining and the environment. He has been involved in mining exploration projects in B.C. and the Yukon Territory totalling over 10 years of field experience, and was a member of the exploration team responsible for the discovery of the Faro orebody in Yukon Territory.

Barry J. Price, M.Sc. Geology, University of B.C.

Mr. Price has been involved in mining exploration throughout Western Canada since graduation in 1965. As vice-president and managing director of Petra Gem Explorations of Canada Ltd., he has explored for jade and kimberlite in Mexico and in the Republic of Phillipines. He is president of Rapitan Resources Inc., consulting geologists to major mining and speculative junior exploration companies. Mr. Price maintains several professional memberships, including a fellowship in the Geological Association of Canada, and membership in the Canadian Institute of Mining, the Engineers Club, and the B.C. Yukon Chamber of Mines.

CAPITALIZATION AND MAJOR SHAREHOLDERS

Authorized:	10,000,000 shares
Issued:	2,459,000 shares
Escrowed:	750,000 shares

Directors Holdings	1,100,000 (750,000 escrow, 350,000 free trading)
Teck Corporation	400,000
Approximate Float	960,000

RED BIRD PROJECT

Introduction

In 1985, **Golden Eye Minerals Ltd.** assembled a package of mineral claims (Figure 1) located 22 miles east of Cominco's smelter at Trail, B.C. The properties are adjacent to the abandoned Reeves MacDonald Mine from which approximately 7 million tons of ore containing zinc, lead, silver and cadmium were produced in the period 1949 to 1975. The area is serviced by an excellent infrastructure of roads and hydro-power, and is situated in one of B.C.'s oldest mining camps.

Property Description

The property comprises several groups of claims acquired by staking, and by option to purchase and lease agreement with Hecla Mining Company of Coeur d'Alene, Idaho, and with Mr. G.H. Klein of Prince George, B.C.

Geology and Recent Exploration

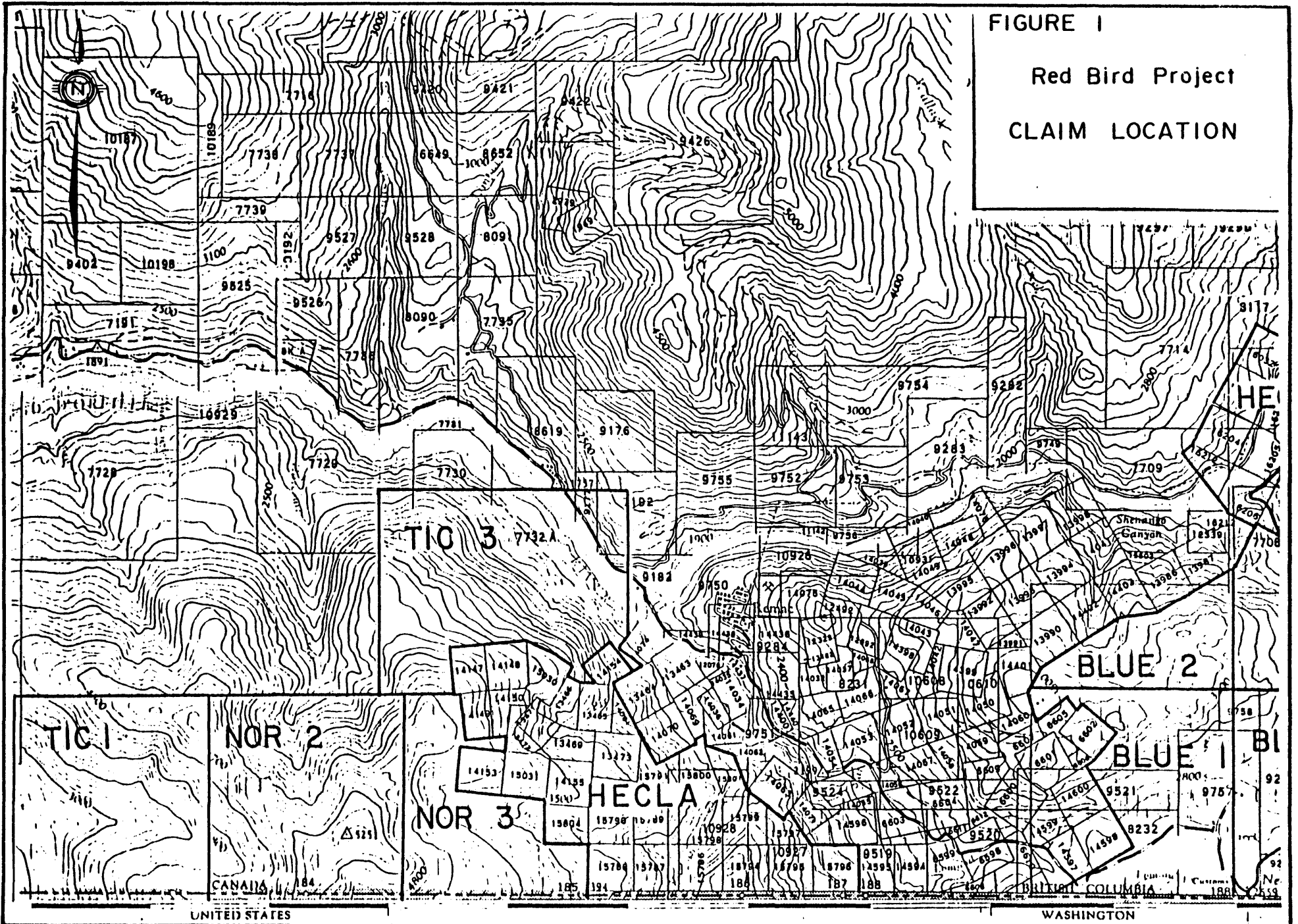
Exploration of the project is by diamond drilling, designed to test the Red Bird and Annex zones in the Reeves Limestone stratigraphic unit, which is host to several large tonnage lead-zinc-silver deposits along the productive mine belt of the "Kootenay Arc". Geology of the area is described by Klein (1985), in his report to Golden Eye Minerals.

Recent exploration of the project is best described with reference to a longitudinal section through the Reeves Limestone (Figure 2). In the period of November 1985 to March 1986, under an arrangement with Teck Explorations Ltd., of Vancouver, three diamond drill holes were completed (total footage 7,021 feet) through the Reeves Limestone unit. Holes 86-2 and 86-3 (Figure 2) demonstrated that the Reeves Limestone unit continues westerly under the capping of Active Argillite. Economic mineralization was not encountered in these holes. Hole 86-5 was successful in locating the down plunge extension of the Red Bird zone, still in oxidized mineralization, at the 1,300 foot elevation. The mineralized zone here is indicated to be over 44' in width, but accurate determination of grades was not possible because of oxidation.

Drilling to date indicates that the Red Bird, Annex West and Annex zones (Figure 2) continue unbroken down plunge on the Hecla ground, contained in a strike length of 2,500 feet. Two of these zones, the Red Bird and the Annex,

FIGURE 1

Red Bird Project
CLAIM LOCATION



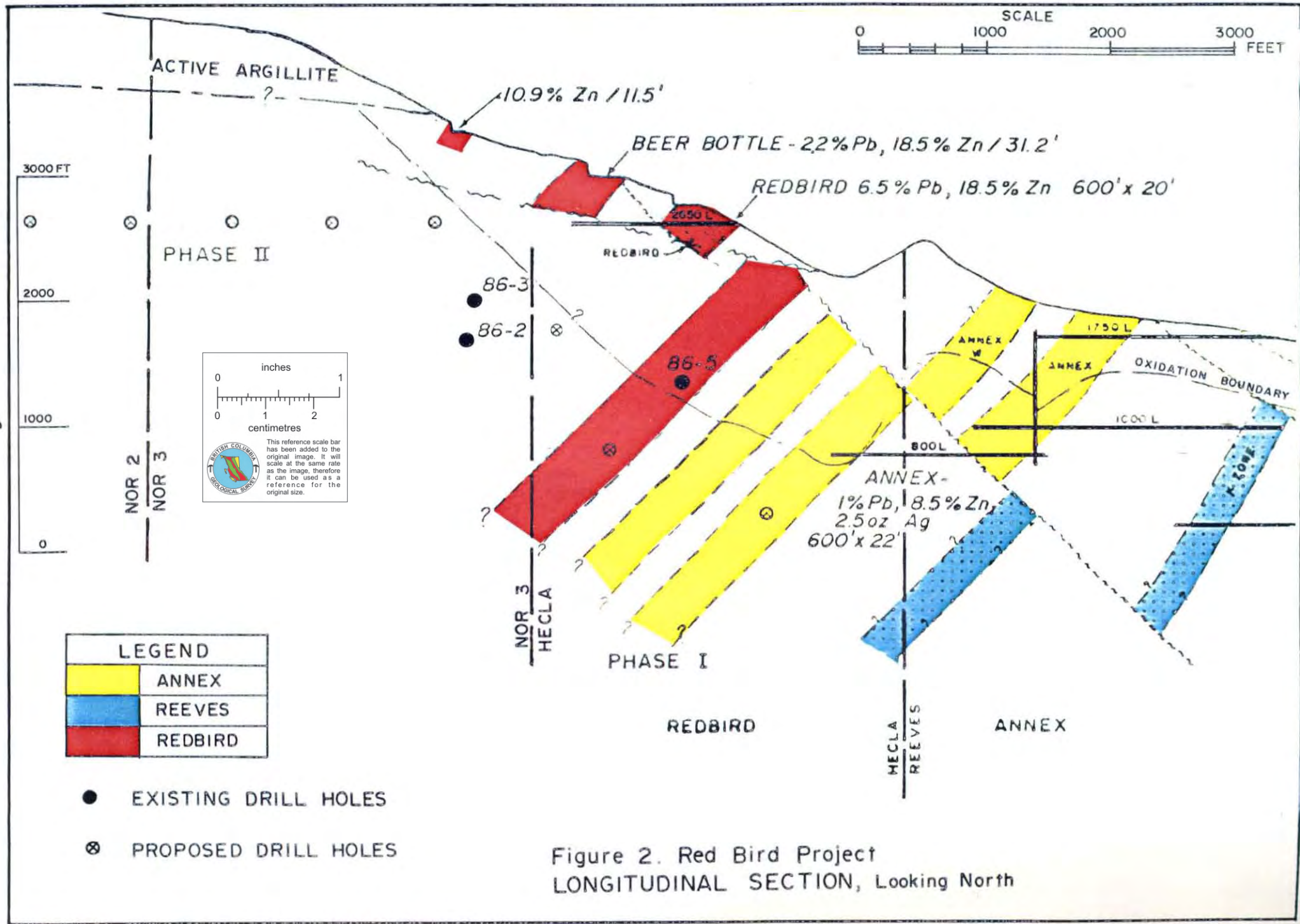


Figure 2. Red Bird Project
LONGITUDINAL SECTION, Looking North

are of excellent grade (based on previous mining results) and represent a combined tonnage of approximately 2,400 tons per vertical foot. The Annex West zone contributes an additional 700 tons per vertical foot of lower grade material.

Gross Metal Value and Tonnage Potential

Zinc, described by the Northern Miner (September 15, 1986) as the gold of the base metals, is the major contributor to overall values in the target zones. Other significant credits are provided by values in lead, silver and cadmium. The tonnage potential and Gross Metal Value (G.M.V.) for each of the three target zones on the Red Bird project are summarized in the following table.*1 Grades of the mineralized zones were established from diamond drilling and from mining operations at the Reeves MacDonald Mine.

	MINERALIZED ZONE/TONS PER VERTICAL FEET					
	Red Bird/1200		Annex/1200		Annex West/700	
	<u>Grade</u>	<u>(Value)</u>	<u>Grade</u>	<u>(Value)</u>	<u>Grade</u>	<u>(Value)</u>
Lead(%)	6.5	\$ 29.90	1.0	\$ 4.60	3.5	\$ 16.10
Zinc(%)	18.5	162.80	8.5	74.80	3.5	30.80
Cadmium(lb/ton)	-	-	0.09	1.80	0.02	0.40
Silver(oz/ton)		-	2.5	14.18	1.0	5.67
G.M.V. US\$/TON		<u>\$192.70</u>		<u>\$ 95.38</u>		<u>\$ 52.97</u>
G.M.V. US\$ PER VERTICAL FT.		\$231,240		\$114,456		\$37,079

An additional exciting possibility is the presence of significant amounts of germanium in the ore zones. Germanium was detected during mining operations at the Reeves. Recent assaying of oxide and sulphide material by Golden Eye personnel have ranged up to 0.05% germanium, which represents an additional value of \$500/ton. (Ge=\$1,060/Kg, Bernstein,1986)*2 Germanium is

1* Metal prices used in the calculation are from most recent quotations (Northern Miner, September 15, 1986) in U.S. Dollars per unit: Zinc \$.44/lb - Lead \$.23/lb - Cadmium \$1.00/lb - Silver \$5.67/oz.

2* Gallium and Germanium Exploration Opportunities, L.R. Bernstein, 1986.

recovered almost exclusively as a by-product of sphalerite (zinc) processing, and Bernstein (1986) presents reasons for an expected increase in its value.

The tonnage potential of the ore zones is substantial. Assuming that the three zones continue unbroken down plunge on the Hecla ground, the tonnage and Gross Metal Value*3 of the three zones are as indicated in the following table.

	MINERALIZED ZONE		
	<u>Red Bird</u>	<u>Annex</u>	<u>Annex West</u>
Down Plunge Potential	2000'	2000'	2000'
Tons Per Vertical Foot	1200	1200	700
Total Tonnage	2.4 million	2.4 million	1.4 million
G.M.V. Per Ton (\$US)	\$192.70	\$ 95.38	\$ 52.97
Total Value (\$US)	\$462 million	\$229 million	\$ 74 million

The main Reeves orebody had a plunge continuity of over 6500', and our estimate of down plunge potential (2000') is therefore believed to be conservative. For comparative purposes, the gold equivalent value of the Red Bird zone is similar to a deposit of 2.4 million tons grading 0.47 oz. gold/ton.

Development of the Red Bird deposits compares favourably with other similar deposits. For example, the Winston Lake orebody, near Schreiber in northwestern Ontario, being developed by Corporation Falconbridge Copper is approaching production. This orebody has possible and probable reserves of 3.4 million tons grading 1.0% copper, 16% zinc, 0.96 oz. silver and .03 oz. gold per ton for a G.M.V. of \$171.34 US/ton (calculated from data in Northern Miner, September 8, 1986).

Further Exploration

The next stage of exploration of the Red Bird project is to establish sulphide reserves in the high grade Red Bird and Annex zones. It is known

3* Excluding values in germanium.

that sulphides exist at the 800 level of the Annex zone on Hecla Ground and it is probable that the Red Bird zone is also sulphides at this elevation. Each of these zones can be reached by diamond drill holes of 3,000'. High potential also exists immediately to the west of the Red Bird zone and a hole of 2000' is proposed here. Holes designed to intersect the Annex and Red Bird zones are considered to have a very high probability of success, since both are designed to intersect extensions of known mineralization. Subsequent to the successful completion of Phase I, drilling should be carried out at approximately 800 foot centres, to test the Reeves Limestone to the West (Phase II). The costs of Phases I and II of the proposed drilling program follow, and the locations of the proposed drill holes are indicated on Figure 2.

PROPOSED PROGRAM

Phase I **2 NQ Diamond Drill Holes at 3,000 feet
1 Hole at 2,000 feet,
TOTAL 8,000 feet.**

Rebuild access road, site preparation 12 days @\$1,000/day	\$ 12,000
Dozer mob and demob	2,000
Drill 8,000 feet @\$35/foot	280,000
Drill mob and demob	2,500
Assaying	1,000
Supervision, core logging - 75 days @\$250/day	18,750
Core grabber - 30 days @\$150/day	4,500
Accommodation & Meals - 75 days @\$50/day	3,750
Truck Rental and Fuel - 75 days \$60/day	4,500
Report Preparation and Drafting	<u>2,500</u>
Sub Total	\$ 331,500
Contingencies 20%	<u>66,300</u>
TOTAL	\$ 397,300
Say	<u>\$ 400,000</u>

Phase II **Drill 5 NQ Diamond Drill Holes at 2,000 feet
for a total of 10,000 feet
Assumed in direct continuation with Phase I.**

Drill access and sites - 15 days @\$1000/day	\$ 15,000
Drill 10,000 feet @\$35/foot	350,000
Assaying	3,000
Supervision, core logging - 75 days @\$250/day	18,750
Core grabber - 30 days @\$150/day	4,500
Accommodations & Meals - 75 days @\$50/day	3,750
Truct Rental & Fuel - 75 days @\$60/day	4,500
Report Preparation and Drafting	<u>2,500</u>
Sub Total	\$ 402,000
Contingencies 20%	<u>80,000</u>
TOTAL	\$ 482,000
Say	<u>\$ 500,000</u>