

L.O.M. Western Securities Ltd.

MEMBERS: The Toronto Stock Exchange • The Montreal Exchange • Vancouver Stock Exchange • The Alberta Stock Exchange
Investment Dealers Association of Canada

P.O. Box 10337, Pacific Centre, 2200-609 Granville St., Vancouver, B.C. V7Y 1H2
Telephone (604) 643-7300 • Fax (604) 643-7606



STIKINE ARCH

820021

CANADA'S GOLDEN TRIANGLE

Summary

A major \$100 million gold exploration and development effort is underway in a remote, mountainous region of the Canadian Province of British Columbia. Most of the exploration funding has been raised in Western Canada. With the price of gold in a cyclical upturn and with more exploration programs underway involving many more junior as well as senior mining companies, it is predicted that trading on the Vancouver Stock Exchange will likely establish new daily volume records and that the VSE Index, which is already outperforming the Toronto Stock Exchange Composite Index on a relative basis, could outgain all other Canadian markets in 1990.

This prediction is based on the increase in separate drilling programs, now numbering at least 20, involving more than 35 companies; the impact of which will augment the successes of the 1989 season that established the Eskay Creek gold discovery as a multi-million ounce gold deposit. Also auguring well is the better understanding of the geology, the so-called "learning-curve effect" and the extended season over which the exploration expenditures will be made. Additionally, the increased participation of the major mining companies has facilitated financing. From a simple technical perspective all trading on the Vancouver Stock Exchange is now computerized and trading liquidity has observably improved as well as removed any remaining impediments to establishing higher trading volumes.

L.O.M. Western Securities advises its clients to keep abreast of the developments in the Stikine Arch and, subject to individual investment objectives, to participate in what could become a major gold exploration and development opportunity - much like Hemlo was in the early 1980's. There are a number of alternate ways to participate in the area and our choices and the bases of their selection are listed on page 18.

Prepared by:

Matthew Cicci

(604) 643-7413

February 20, 1990

Graeme Currie

(604) 643-7405

Stephen Semeniuk, CFA

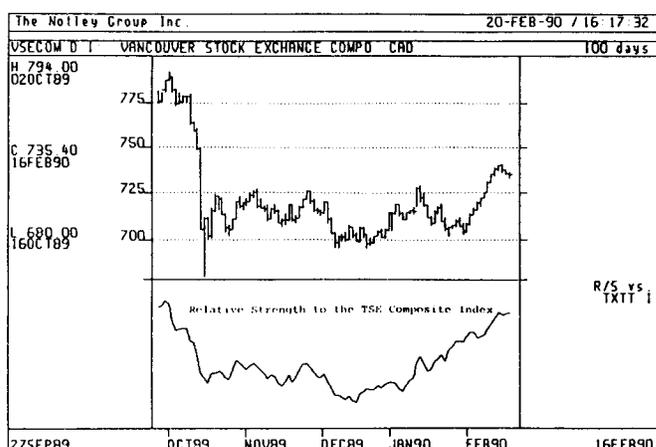
(604) 643-7402

L.O.M. Western Securities Ltd. is affiliated with Loewen, Ondaatje, McCutcheon & Company Limited and Loewen, Ondaatje, McCutcheon & Company S.A. The information contained in this report is drawn from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does L.O.M. Western Securities Ltd. assume any responsibility or liability. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any securities. The inventories of L.O.M. Western Securities Ltd., its affiliated companies and the holdings of their respective directors and officers and companies with which they are associated, may from time to time include the securities mentioned in this report. L.O.M. Western Securities Ltd. is a wholly owned subsidiary of Loewen, Ondaatje, McCutcheon Inc.

Introduction

Within this past decade, a major gold exploration effort has been unfolding in a remote rugged section of northwestern British Columbia. It is expected that 1990 will mark the emergence of the Stikine Arch as Canada's Golden Triangle. Investors should devote much time and effort to acquaint themselves with the area and the opportunities that are developing amongst a select number of gold oriented exploration companies. To this end, the following report has been compiled to facilitate the familiarization process. It incorporates brief overviews on those companies planning exploration during the coming season as well as other pertinent background information.

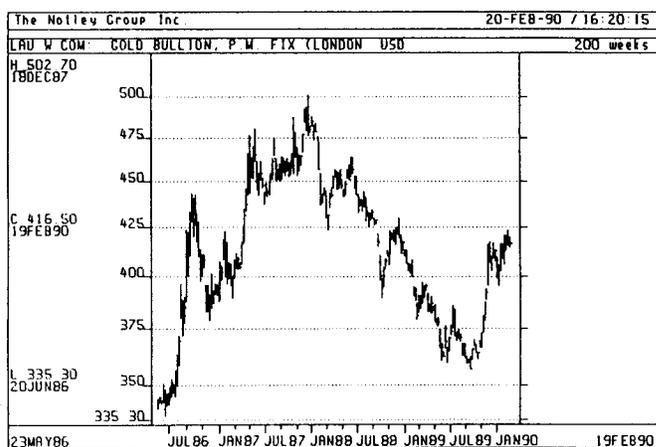
Many of the junior exploration companies involved in the Stikine Arch have raised funds through the facilities of the Vancouver Stock Exchange. The VSE Index now seems to have reversed a bearish trend that began with the crash of October 1987. After an extended period of somnolence, the Vancouver Stock Exchange Index has begun to improve relative to its Toronto counterpart, largely fueled by the rise in the price of gold and anticipation of activity planned within the Golden Triangle this coming summer. We unabashedly predict that in the coming months trading on the Vancouver Stock Exchange will likely once again establish new daily volume records in response to exploration successes in British Columbia as well as in other areas of North America.



Furthermore, we anticipate that the Vancouver Stock Exchange could outperform all other Canadian markets in 1990.

Such predictions are not made without considerable technical and fundamental reasons which support such bold statements.

First and foremost, any stock, and for that matter any resource driven market, cannot sustain above average relative performance unless the underlying commodities are in support of this trend. The price of gold, the commodity driving the mining-oriented VSE Index, reached an intermediate cyclical low of U.S. \$356 an ounce in mid-September 1989.



The trend is now clearly upwards with gold having neared U.S. \$425 an ounce at the time of writing. Within the context of an intermediate cycle, a target of \$550 to \$650 an ounce within the next 12-18 months is not unreasonable.

The shares of senior gold producers have already made significant gains. The Toronto Stock Exchange Gold Subgroup, weighted heavily with the senior producers, has moved from 5,587 in mid-October to a recent high of 8,166. This gain of over 46% is astounding when considered in light of the hundreds of millions of dollars in increased market capitalizations of companies such as Placer Dome, Echo Bay, American Barrick, and Lac Minerals. In the United Kingdom the Financial Times Gold Group has more than doubled in the same period. Gains of such magnitude over a short period of time cannot be sustained, and thus, it is only a matter of time that the focus of investors as well as the major producers themselves will be redirected to the junior gold producers and to the advanced and well-financed junior exploration companies. This trickle-down of investment interest has already begun. It is within such an environment that the Vancouver Stock Exchange will again become the prime conduit of venture capital into a major precious minerals discovery - possibly like a replay of the Hemlo excitement of the early 1980's.

The question of why northwest British Columbia will become the next big area play has many underlying fundamentals all of which support this region becoming a hotbed of investor interest. This is based, in part, on the now established fact that the Stikine Resources/Calpine Resources discovery at Eskay Creek is a gold deposit of world significance. A number of major mining companies have examined the Eskay Creek deposit and have come away as believers in this area. What was just months ago dismissed as a promotion by junior exploration companies of little substance now has attracted international attention. Major mining companies now active in the area include Bond Gold, subsequently acquired by Lac Minerals, after having announced a major discovery late last year at Red Mountain. Corona is represented directly as well as through its holdings in Prime Resources, a major player in the area. Prime in turn is developing the Snip deposit in joint venture with Cominco Ltd. Placer has assumed control of the Kerr porphyry copper-cold deposit via the acquisition of Sulphurets Gold Corp. To the north, Mingold, an operating subsidiary of Hudson Bay Mining & Smelting and Minorco, continues to drill the large copper-gold Galore Creek deposit. Reserves here are estimated at 138,000,000 tons grading over 1% Cu/ton. The involvement of such players not only adds credibility, it brings the experienced input of major companies coupled with the aggressively inclined management of junior resource companies. This environment facilitates financing and greatly enhances the probability and pace of further discoveries.

Further ingredients that can be attributed to the development of the Stikine Arch as a major area play this coming season are the nature of the geologic environment enhanced by the fact that the region has hosted a number of producing orebodies. A detailed reference to the growing understanding of the regional geology of the Stikine Arch begins on page 5 of this report.

Historically, the first gold in the Stewart area is said to have been discovered by prospectors en-route to the Klondike in the late 1890's. The area does not host any significant placer deposits but mineralized float led to the discovery of a number of gold deposits. Over the years, there were as many as 50 producers in the area, although in most cases these were small, marginal or operations were interrupted by World War II. The exception is the Silbak Premier deposit originally found in 1910. Post World War II exploration and development, for the most part, centred within a 15 mile radius of Stewart. The two most noted mined deposits were Granduc Copper and Summit Lake.

In the late 1970's and into the 1980's, this region has been transformed from a very intermittently prospected territory, to one which today is fast becoming far better understood. Recent activity has led to a number of significant, and high-grade, discoveries such as the Eskay Creek deposit. Others include the producing Johnny Mountain mine (Skyline Gold), Sulphurets (Newhawk/Granduc), Snip deposit (Prime/Cominco), S.B. (Tenajon) and Kerr (Placer Dome), as well as the re-development of the Silbak Premier/Big Missouri mines (Westmin/Pioneer/Canacord).

As previously predicted, the 1990 field season in the Stikine Arch will be the largest concentrated effort employing modern exploration techniques ever seen in the region. Well in excess of \$35 million could be spent

on exploration and up to \$70 million on development. Over 20 drill programs are planned. This level of exploration and development activity is coinciding with strong positive technical support for gold which bodes well for informed investors.

Area Description

The Iskut - Eskay - Sulphurets - Galore Creek areas, or as the region has now been called "The Golden Triangle", is located in northwestern British Columbia, just east of the Alaskan Panhandle. The region stretches south of Stewart and northwest along the United States - Canada border and northeast along the Stewart - Cassiar Highway. The northern boundary occurs at longitude 57°15'. All active exploration falls within the Coast Range Mountains along the western boundary and extends approximately 30 to 35 miles eastward.

The topography is rugged. Elevations range from approximately 300 feet above sea level to over 9000 feet. Drainage systems generally occupy steep valleys with extreme gradients. The region is subject to massive rock and ice landslides and outburst floods. Heavy snowfalls are the norm during the six month alpine winter period.

Access into the general area is by fixed wing aircraft to one of six airstrips at Johnny Mountain, Bronson Creek, Snippaker Creek, Forrest Kerr Creek, Bowser River or Scud River. Individual exploration properties are then reached by helicopter. The Sulphurets project is road accessible along the Bowser River basin with a toe-up onto and along the Knipple Glacier.

Road Access Proposal

At the present time discussions are continuing between mining industry partners and the British Columbia Ministry of Energy, Mines and Petroleum Resources regarding a proposed shared cost road through the Iskut Valley. The primary corridor would commence at the Stewart-Cassiar highway near Bob Quinn Lake and run to the Ningunsaw River and turn southwest into the Iskut Valley. The first phase of the route would be about 43 miles long ending at the Bronson Creek airstrip. The estimated cost of the road is \$12 million. Additional routes have been examined extending west from Bronson Creek to the Stikine River, southwest from Bronson and up the Craig River and south from Volcano Creek to access the Eskay Creek, Kerr and Sulphurets projects.

Although no agreement has yet been reached, the industry is optimistic that road construction on the Iskut corridor could be underway by as early as the summer of 1990. The road is necessary not only to reduce costs but as well as for reasons of safety and access. This point was tragically highlighted in human terms when a helicopter crash in early February resulted in six fatalities amongst a crew rotation from Skyline's Johnny Mountain mine.

Regional History

The Golden Triangle covers an area of approximately 6000 square miles. Although the region is more often referred to by specific areas such as Eskay Creek or Iskut River, historically the region has been referred to as the Stikine Arch. The term Golden Triangle came into common usage after last summer's Eskay Creek discovery. The entire area, however, can be considered as one large mineralized province.

The Stikine Arch has not been explored as extensively as most other geologic provinces within British Columbia due to the lack of infrastructure and associated costs of exploration within such a remote and rugged region. Despite this, the region has yielded numerous finds. The first mineral discoveries in the area occurred around the turn of the century with mineralization noted along the Iskut and Unuk Rivers within close proximity to the town of Stewart.

Prior to World War II many small precious metal mines produced gold and silver intermittently. The most significant producer during this period was the Silbak Premier some 7 miles north of Stewart. This mine, unlike all others in the region, developed into one of British Columbia's largest deposits of gold. Production yielded over 1.3 million ounces of gold and 32 million ounces of silver from 1920 to 1936.

In the post-war period the area once again became an active exploration area, but focus was directed towards

large tonnage base metal deposits. Six of these were subsequently identified but only one, Granduc, achieved production. Published reserves for the six major base metals deposits are:

	Tons(million)	Cu(%/ton)	Ni(%/ton)	M ₃ S ₂ %/ton	Comments
Granduc	10.9	1.79	-	-	Mined out
E & L	3.2	0.60	.80	-	-
Galore Creek	125.0	1.06	-	-	-
Schaft Creek	364.0	0.40	-	0.036	-
Kerr	66.00	0.86	-	-	1987-8 discovery
Copper Canyon	27.6	0.64	-	-	-

With the increase in the price of gold through the late 1970's, exploration in the region then increased. Recent activity in the area is by far the most concentrated ever to have occurred in the Stikine Arch and has been enhanced by such factors as flow-through financing, increased interest in precious and base metals exploration in British Columbia and an improving understanding of the geologic setting(s) of the region and its mineral bearing potential. In addition to the previously mentioned base metal deposits, the following mines or precious mineral inventories have been developed:

Deposit	Ownership	Tons	Au(oz/ton)	Ag(oz/ton)
Big Missouri	Westmin/Pioneer/ Canacord	1,900,000	0.091	0.67
Silbak	Westmin/Pioneer/ Canacord	5,700,000	0.065	2.7
Reg	Skyline	740,000	0.52	1.0
Snip	Cominco/Prime	1,032,000	0.875	
West Zone	Newhawk/Granduc	715,400	0.431	19.7
Goldwedge	Catear	295,000	0.63	2.44
Summit Lake	Royal Scott	132,000	0.56	
Doc	Magna/Silver Princess	470,000	0.27	
Paydirt	Cons. Silver Standard	200,000	0.12	
S.B.	Tenajon	308,000	0.51	
Eskay Creek	Calpine/Stikine	1,693,000	1.354	35.0

Through the past decade many more companies became involved in the area resulting in many surface expression discoveries. Most of the discoveries show anomalous to economic values in precious and base metals. As stated in the introduction of this report, the high level of exploration activity expected in the summer of 1990 will likely result in additional discoveries.

Regional Geology

The geology of the "Golden Triangle" has undergone considerable study in the past few years by industry as well as government geologists. Again this season the Geologic Survey of Canada as well as the British Columbia Ministry of Energy, Mines and Petroleum Resources will be continuing their studies in the general region.

The accepted general description of the region is provided by Dr. E.W. Grove, now an independent consultant who has been active in the area for over 20 years. Generally the area consists of a northerly trending succession of Upper Triassic and Jurassic volcanic and sedimentary rocks underlain in part by Paleozoic marble, volcanic and other sedimentary units. All of these units have been intruded by Mesozoic and Tertiary intrusive rocks and cut by extensive fault zones. These country rocks form the Stewart Complex bounded on the west by the main Coast Plutonic Complex and on the east by Bowser Assemblage sedimentary rocks.

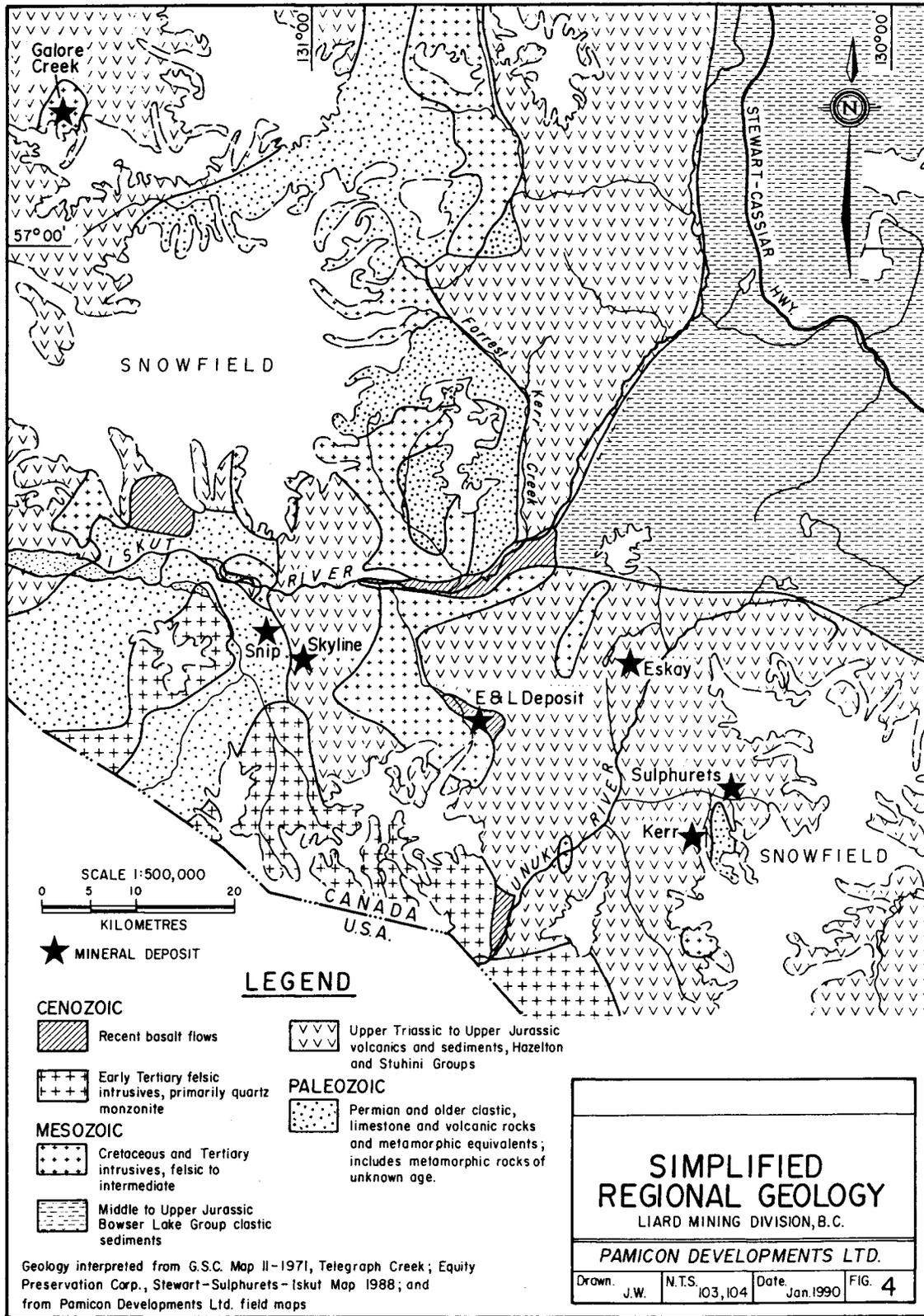
Amongst industry specialists, a hypothesis has emerged suggesting that the Stikine Arch geologic province may form the western half of an upper Triassic and Jurassic volcanic and sedimentary belt. This belt may form a horseshoe shaped province which may incorporate the Telegraph Creek and Golden Bear districts to the north

and the Toodoggone to the east. Simply put, the Golden Triangle could be the western side of the Golden Horseshoe.

The growing attraction to the Stewart area stems, in part, from evidence that the Stikine Arch assemblage has undergone pervasive large scale deformation related to late Jurassic orogenesis. Lower Jurassic volcanics are often correlated with formations of the Hazelton Group. In particular, spatial relationship is evident between the Lower Jurassic volcanism and early Jurassic intrusive activity. Geologists consider that this intrusive activity may be the primary mineralizing event for the region. Therefore, at this time, the lower members of the Hazelton Group (Unuk River and Telkwa Formations) are considered favourable targets for exploration. The uppermost members of the Hazelton, which include the Salmon River and Mount Dilworth Formations as well as the Permian and older clastic and volcanic units, are also highly favourable.

Enhancing what can be best described as a region well prepared for numerous mineralized targets are the styles of gold mineralization identified. The broad distribution of skarn, volcanogenic massive sulphide, porphyry, mesothermal and epithermal structures support the perception of the region as capable of yielding many more discoveries of both precious and base metals.

Stratigraphy of the Iskut River Area			
Stratigraphy	Period	Formation	Comments
Bowser Group	Middle Jurassic	Ashman	Successor Basin
gradational to unconformable			
Spatsizi Group	Lower Jurassic	Salmon River	
unconformable			
Hazelton Group	Early Jurassic	Mount Dilworth Betty Creek Unuk River	Island Arc Rocks
gradational to unconformable			
Stuhini Group	Lower Triassic		extension in western area
unconformable			
Stikine Assamblage	Permian		volcanic units resemble Hazelton Group rocks
unconformable			
	Mississippian		thick bedded



Geology interpreted from G.S.C. Map II-1971, Telegraph Creek; Equity Preservation Corp., Stewart-Sulphurets-Iskut Map 1988; and from Pamicon Developments Ltd. field maps

Corporate Summaries

The following list of companies and attached summaries is intended to briefly highlight the key aspects of the properties and the proposed programs for this coming season. Several points should be kept in mind when reviewing the data since space does not allow a complete set of individual notes.

- a) All units are in short tons and troy ounces. Financial data are in Canadian dollars.
- b) All information is from public documents or derived from discussions held with individual company's management and is believed to be accurate at the time of writing.
- c) In many cases, the exploration budgets proposed are preliminary and may change significantly due to external conditions or if results alter a project's status.
- d) The region is remote and exploration costs are relatively high.
- e) For the most part, the exploration season begins in May/June and terminates in October/November. The exceptions are generally those companies which have developed reserves and where camps are fully winterized.
- f) The market prices of the various stocks are as of the close on February 20, 1990.
- g) Although an attempt has been made to include all public companies involved in the region, omissions may have occurred. Such companies are requested to contact L.O.M. Western Securities for inclusion in subsequent revisions of this report.
- h) Updates on the status of exploration programs within the region will be prepared on a regular basis throughout the 1990 exploration season.

Adrian Resources Ltd. (ADL-V-\$0.99, 6,200,000 O/S)

Adrian holds various option agreements on disputed claims adjacent to and north of the Eskay Creek deposit. At the present time, no significant work program is proposed until the disputes are settled. For reference see the various news releases of the companies involved (Silver Princess-SVP-\$0.61, 7,911,000 O/S), (Swift Minerals Ltd.-SWS-V-\$1.00, 3,100,000 O/S), (Tamavack - see) and the Northern Miner of February 12, 1990.

Adrian also holds several claims in the Snip area on which preliminary surface programs are planned at a budgeted cost of about \$200,000. The company has \$2.5 million in working capital.

Avondale Resources (AVD-V-\$0.90, 4,000,000 O/S)

Avondale can earn a 100% interest in the Forrest Kerr project. Comprising 278 units, exploration has outlined a major mineralized hydrothermal system with a strike length of more than three miles and known to host at least 19 showings or zones of precious and base metals. At the north end of the system, peripheral to a stockwork intrusive (Forrest Zone), several gold showings indicate that gold and silver values may be enhanced at depth. In the Ridge area, values to 5.8 oz Au/ton were recorded. On the SW7 showing, which may be part of the mineralizing event related to the large South Central Grid, a one metre square panel sampled 9.5% Cu and 3.6 oz Ag/ton. For 1990 a program of drilling and ground exploration budgeted at \$1.5 million is planned. Avondale has working capital of \$250,000.

Barytex Resources Corp. (BTX-V-\$0.32, 3,500,000 O/S)

The company holds a 50% interest in the Mystery and Chance claims located south of the Forrest Kerr project. Exploration has identified anomalous values to 7.8% Cu and 0.118oz Au/ton. For 1990 neither a budget nor an exploration program have yet been set.

Bellex Mining Corp. (BEL-V-\$0.74, 1,700,000 O/S)

Bellex holds a 100% interest in the J.W. claims, Galore Creek. Exploration has outlined a large gold soil anomaly in the North Fork area with a co-incident geophysical anomaly. On the western extent of the anomaly a 100 foot trench yielded a weighted average of one meter panel samples of 1.16% Cu and 0.02 oz Au/ton. For 1990, a \$750,000 program of surface exploration to be followed by drilling is proposed for this bulk tonnage gold-copper target. In addition to the North Fork, numerous gold showings on the Saddle Ridge zone will also be tested in 1990. Surface samples include 0.196 oz Au/ton over two feet. Bellex has working capital of about \$75,000.

Big M Petroleum (BIM-V-\$0.33, 4,200,000 O/S)

Big M has an option to earn a 10% interest from Tungco Resources, a company with common management, in the WIN and ROB mineral claims in the Iskut River area. A reconnaissance exploration program is planned for the property and may involve drilling, contingent on results from the initial program.

Plans to raise \$220,000 through an equity offering have been finalized. When completed, the company will be adequately financed for their work commitment.

Blue Gold Resources (BLQ-V-\$0.20, 2,100,000 O/S)

Blue Gold has two properties in the Iskut River area: the Rust 1-4 claims comprising 71 units and the 80 unit Gold claims. The Rust claims which are bounded on three sides by Link Resources/Corona, were the subject of a 1988 exploration program that identified two gossans and anomalous gold, silver, lead and zinc values. An exploration program is planned for this season which may include drilling. The company is earning a 50% interest in the Gold claims under option from Cardinal Resources. A small program is planned which may include diamond drilling. Blue Gold has working capital of \$100,000.

Bond International Gold (BG-T-\$11.75, 57,643,000 O/S) Lac Minerals-65% (LAC-T-\$15.12, 113,300,000 O/S)

Last September Bond International Gold announced two discoveries on its 100% owned 3,600 claim units (225,000 acres) in the Red Mountain area east of Stewart. The best intersection in what the company calls the Marc zone was 216 feet averaging 0.28 oz Au/ton and 1.4 oz Ag/ton. The intersection was from one of five holes drilled from a single drill station on the slope of Red Mountain. Another nearby zone called the Brad was discovered by surface sampling. In another area six kilometres to the east of Red Mountain, where the company is said to be focusing its efforts, an intersection on the Willoughby Gossan graded 67 feet of 0.73 oz Au and 5.3 oz Ag/ton.

In October Lac Minerals announced that it had agreed to acquire a 65% controlling interest in Bond Gold from the Bond family holding company. The acquisition has created some change within the Bond exploration department and the company has not been forthcoming with plans and exploration budgets for the Stewart area. Industry sources estimate that the company spent about \$800,000 in the Stewart area last year and based on the company's successes an increased level of expenditure for 1990 is expected - possibly over the \$1 million level. Lac Minerals also holds direct property interests in the area, but at this time the company's planned level of expenditures is not known.

Calpine Resources Inc. 50% (CLP-V-\$5.00, 21,900,000 O/S)
Stikine Resources Ltd. 50% (SKZ-V-\$38.12, 2,900,000 O/S)

Clearly, the Eskay Creek stratabound deposit is the outstanding orebody of the Stikine Arch in terms of size, continuity and contained ounces of gold. The 21 Zone deposit contains three zones, roughly contiguous to one another, the South, Central and North. Gold as well as silver and base metal values occur within a stratabound sheet which has been traced roughly 4600 feet along strike and to a maximum depth of 950 feet. Widths range up to 150 feet with the zones containing several large high-grade areas. At the present time, six drill rigs are employed in order to in-fill, on minimum 25 metre centres, the entire known strike of the deposit. A total of 250,000 feet of drilling is planned.

The result of this work, which will likely continue to July will allow for detailed reserve calculations and provide preliminary data for mine development. Preliminary reserve calculations have just been released. Probable and possible reserves in the geologic category employing a 0.25 oz Au/ton cut-off are 1,693,000 tons at 1.354 oz Au/ton (uncut), 35.0 oz Ag, 2% Pb and 5% Zn/ton. Subsequent to the current drill program underground access may be developed. The budget for the first half of 1990 alone could exceed \$15 million. Mining will likely be a combination of open pit and underground extraction. At present, an amalgamation between Calpine and its major shareholder Prime is proposed subject to an independent fairness opinion which is still awaited at the time of writing.

Canarc Resource Corp (CCM-V-\$1.45, 3,353,000 O/S)

Canarc's GNC claims surround the Eskay Creek property. While some of the units in the claim group have been disputed, 85% of the property is not in dispute. Canarc has granted an option to Calpine to earn a 66 2/3% interest in the property by making \$2 million in property expenditures over three years. Canarc recently received the report on last season's work confirming much of the same geology as exists on Calpine's ground. It is anticipated Calpine will satisfy its exploration requirements for this year.

Catear Resources (CAA.A-V-\$0.24, 14,400,000 O/S)

Catear's Goldwedge mill operation is on hold pending the completion of additional metallurgical analysis to improve the recovery of its free milling mineralization. Based on surface and underground exploration the present drill indicated and inferred reserves in the Golden Rocket and Discovery zones are 295,000 tons grading 0.63 oz Au and 1.08 oz Ag/ton. At present no work is planned for 1990 as the company's working capital position is nominal. The company has stated it is seeking farm-out arrangements on its holdings in the Sulphurets area.

Cathedral Gold Corporation (CAT-T-\$1.45, 6,970,000 O/S)

Cathedral Gold and two Imperial Metals Group drilling funds are earning a 60% interest in two properties, one of which - Bronson Creek, adjoins Skyline's Johnny Mountain property. Ecstall Mining Corporation holds the remaining 40% interest. Two parallel gold zones, 300 feet apart, have been discovered on the property. Last season, the S Zone was tested by 16 drill holes over a strike length exceeding 1000 feet. The best hole measured 15 feet and averaged 0.46 oz Au/ton. Cathedral spent \$350,000 on its exploration work last year and will likely budget up to \$500,000 for additional work in 1990.

Exploration work at Bronson Creek and at adjoining properties has indicated the presence of a through-going mineralized trend - the Bronson Trend extending NW-SE across the Snip, Bronson, Inel and Pelican properties. This trend is believed to encompass gold mineralization along a 10 mile strike. On Cathedral's Bronson Property, geochemical and geophysical surveys, prospecting and diamond drilling have confirmed two mineralized structures referred to as the S and T Zones. These zones are 300 feet apart, strike NW-SE, are steeply dipping and host quartz mineralized with gold, pyrite, pyrrhotite, sphalerite and chalcopyrite.

Consolidated Caprock Resources (CCU-V-\$0.77, 2,000,000 O/S)

Caprock has recently acquired a 100% interest in the Gab 1-4 and Kerr 1-6 claims located west of the Forrest Kerr project. Subsequently, an agreement in principle was signed whereby Florin Resources (FLN-V-\$0.65, 4,500,000 O/S) may acquire a 50% interest. Exploration by previous optionors identified several large gold geochem targets with follow-up trenching returning values in excess of 1.0 oz Au/ton. A \$600,000 program is proposed and will include drilling. Florin has also recently acquired the Can 5-6 and Joy 5-6 claims. Florin plans to also drill test previously identified gold targets on these two prospects.

Consolidated Goldwest Resources Ltd. (KGG-V-\$0.51, 4,100,000 O/S)

Consolidated Goldwest can earn a 51% interest in eight separate claim groups located in the Galore Creek area from Pass Lake Resources (see). Total expenditures for the 1990 season could exceed \$750,000. The prospect of primary interest appears to be the Sphaler Creek, located due south of the Paydirt deposit. On the property the Deluxe Zone has been traced at surface for over 1400 metres and appears to extend towards the Paydirt. Results from last year's program include 8.2 oz Au, 20.5 oz Ag, 1.8% Cu and 1.9% Zn/ton in outcrop. For 1990 additional ground work is planned to be followed by diamond drilling. Consolidated Goldwest presently has working capital of \$100,000.

Consolidated Sea Gold (CDE-V-\$0.20, 4,514,360 O/S)

The company has negotiated a joint venture agreement on its GAB claim group property. The GAB claim group, comprised of 120 units, is located immediately to the west of Gulf International Minerals' "Northwest Zone" discovery. Through an option agreement with Bryndon Ventures Inc., Bryndon can earn a 50% interest by expending \$1,500,000 over the next three years.

The Stu claims located to the east of the Prime/Golden Band/American Ore claim block has seen limited exploration previously with a limited program planned for this season.

Consolidated Silver Standard Mines (CDS-V-\$0.82, 3,400,000 O/S)

Taking the position of the optioner on its entire portfolio of Stikine Arch properties has allowed Consolidated Silver Standard to retain interests in five prospects in the area. The company's primary property interests in the area include:

Paydirt Property - a 4000 acre property with a drill indicated resource of 200,000 tons grading 0.12 oz Au/ton. A farm out option agreement is currently being negotiated whereby the optionee may earn a 60% interest in the claims by expending \$2.4 million over 5 years.

Nickle Mountain - reserves are estimated at 3.2 million tons grading 0.8% Ni and 0.6% Cu/ton. A farm-out option is presently under negotiation. The company has working capital of \$2.3 million.

Crest Resources Ltd (CQR-V-\$0.22, 3,500,000 O/S)
Magenta Development Corp. (MGT-V-\$0.13, 5,200,000 O/S)

Crest and Magenta (50/50) hold the Phiz project located west of the Snip deposit. Previous drilling and sampling has outlined a narrow shallow vein system with results ranging up to 1.4 oz Au and 3.9 oz Ag/ton in channel samples. Plans for 1990 include further surface exploration which may lead to a drill program. A budget of \$150,000 is proposed. Crest has optioned its King Consoat project to **Corptech Industries (CH-V-\$0.14, 3,600,000 O/S)**. Drill results from the Val zone, a well altered intrusive, have returned anomalous gold-copper values. Additional surface exploration is required prior to further drilling. A budget of \$150,000 is proposed. The three companies have working capital of \$15,000, \$40,000 and \$3,000 for Crest, Magenta and Corptech respectively.

Ecstall Mining Corporation (EAM-V-\$0.45, 2,400,000 O/S)

Ecstall, a small exploration company, holds a 40% interest in the Bronson Creek and Pelican properties being explored by Cathedral Gold. The latter consist of 17 claims covering 14,650 acres to the south and east of Skyline's Johnny Mountain mine. The company also holds a 50% interest (**50% Omega Gold-OGC-V-\$0.53, 3,100,000 O/S**) in 10 claim groups totalling 440 units in the Eskay Creek area. Many of the claims host gold-silver-arsenic-copper-zinc stream silt geochemical anomalies that were outlined in an extensive Provincial Government supported survey conducted throughout the area in 1988. Ecstall's Story 1 and 2 claims directly adjoin Adrian Resources but have been subject to dispute mentioned elsewhere in this report. The company expects to drill this season with \$200,000 being committed to the MacGold claims to the north of Silver Standard's Nickel Mountain claims. Ecstall's property contains an extensive zone of quartz stockwork and sulphide mineralization from which one chip sample assayed 10% copper, 22% zinc and 1.5 oz silver.

Gigi Resources Ltd. (GIG-V-\$0.62, 5,650,000 O/S)
Continental Gold Corp. (CNT-V-\$8.62, 7,900,000 O/S)

Gigi holds an option to earn up to a 55% interest in Continental's Trophy project. Located in the Galore Creek area, prospecting has identified in excess of 13 mineralized targets. The most advanced are the Ptarmigan, Eagle and Hummingbird. The Ptarmigan, a shear-zone structure, returned drill values to 0.16 oz Au/ton over 36 feet. The Hummingbird, a gold-copper skarn target and an associated massive sulphide horizon has yielded grab samples to 0.156 oz Au; 1.4 oz Ag and 4.2% Cu/ton. For 1990 an extensive program of additional surface sampling, mapping and reconnaissance is planned. Additional drilling is targeted to examine several more of the property's numerous targets. In excess of \$1.0 million in exploration is budgeted. Gigi has working capital of about \$1.65 million.

Glendale Resources (GDU-V-\$0.35, 2,072,000 O/S)

The company owns 85 units in the Iskut River area. The property is tied on to the eastern boundary of Avondale's Forrest Kerr prospect. Glendale plans to spend a minimum of \$250,000 on a Phase 1 Work Program, consisting of line cutting, soil sampling, and trenching. Currently Glendale has approximately \$50,000 in working capital.

Goldbelt Mines Inc. (GQT-V-\$0.69, 11,515,000 O/S)

Goldbelt has recently acquired a 100% interest in over 440 units located to the north and east of the Trophy project (Gigi-Continental Gold) in the Galore Creek area. For 1990 a program of surface sampling, mapping and geophysics is planned. A preliminary budget of \$150,000 has been set, and contingent on favourable results, may be expanded to include drilling late in the season. Goldbelt also holds, on a fully diluted basis, 14% of Pass Lake Resources. Goldbelt's working capital is approximately \$7.1 million.

Golden Band Resources (GBN-V-\$0.40, 4,700,000 O/S)

In joint venture with **American Ore Ltd. (AOE-A-\$0.16, 23,600,000 O/S)** and Prime Resources Group (each with 33 1/3%), additional drilling is to be proposed for the 1990 season. The two targets of primary interest are the RPX zone and Gorge showing. During 1989 drilling on the RPX identified disseminated arsenopyrite

mineralization returning values to 0.427 oz Au/ton across 10.6 feet. The RPX zone is open in all directions. The Gorge showing, identified in 1988, received further drilling last season. The zone has been tested 250 metres along strike and remains wide open. The best intercepts to date include 15.1 feet grading 0.921 oz Au/ton and 19.6 feet assaying 1.293 oz Au/ton.

Goldnev Resources Inc. (GNZ-V-\$0.84, 6,200,000 O/S)

Goldnev may acquire up to a 50% interest in the Tod Creek property from Noranda. Exploration, budgeted at \$250,000, will follow-up on several showings on the property and will include drilling. Past results on the South Zone included drill assays of 0.20 oz Au/ton across 20 feet and 0.349 oz Au/ton across 5 feet. The company also holds a 50% interest in the Julian Lake property (see Ravenroc). Goldnev has working capital of approximately \$30,000.

Gulf International Minerals (GIM-V-\$1.50, 4,618,000 O/S)

Gulf holds a 100% interest in the McClymont Creek property. Exploration has, over the past two seasons, focused on the Northwest zone, a zone of skarn-like mineralization. A strike length of some 300 metres to a depth of 200 metres has been drill identified from over 60 core holes. Results include a 7 foot interval assaying 1.5 oz Au/ton, 10 feet grading 0.62 oz Au/ton and 6.5 feet grading 3.55 oz Au/ton. For 1990, a \$2.1 million program of underground drifting to be followed by a minimum of 20,000 feet of drilling is proposed. Gulf has current working capital of approximately \$350,000. A proposed amalgamation of Inel Resources with Gulf on the basis of 2.5 Inel for each Gulf is subject to shareholder approval.

Harrisburg-Dayton Resource Corp. (HRU-V-\$0.20, 2,400,000 O/S)

The company has an option to earn a 75% interest in the Jack Claim, Galore Creek from Consolidated Silver Standard. The property consists of 36 claim units that cover favourable geology. Gold values up to 3.5 oz/ton have been obtained from an altered volcanic unit on the property. A minimum budget of \$60,000 is proposed for the 1990 field season.

Hector Resources (HEC-V-\$0.34, 3,650,000 O/S)

Hector is presently negotiating joint venture agreements for its two Iskut River properties located approximately 8 miles northeast of Skyline's Johnny Mountain Mine. Previous exploration on the claims identified an anomolous area of auriferous quartz pyrite veining which has a strike length of 3000 feet where drilling has been recommended. A joint venture agreement, if completed, could require \$2 million in work expenditures be spent over 3 years to earn an interest in the property.

Hyder Gold Corporation (HGI-V-\$0.80, 9,100,000 O/S)

Hyder holds a 65% interest in the Mineral Hills claims. The company is in the unique position of holding the only Alaskan property included in this report. For 1990 a preliminary budget of \$900,000 is proposed and will include further surface exploration and drilling. Hyder has working capital of \$50,000.

Inel Resources Ltd. (ILE-V-\$0.53, 12,200,000 O/S)

Mineralization on the Inel property appears to be related to local dioritic plutons. Exploration has outlined nine major showings anomalous in both precious and base metals. The newly discovered A-K zone has been recommended as the primary target of a \$2.5 million 1990 program of underground development and drilling. Exploration on this target indicates that the zone may extend to depth and laterally along the main NW-SE trending contact with which it is associated. The surface drill results from the 1989 program of 19 core holes returned several high-grade intercepts of up to 1.169 oz Au/ton across 17.4 feet. Inel currently has working capital of approximately \$150,000. Shareholder approval is to be sought for a proposed amalgamation between Inel and Gulf International Minerals.

Jazzman Resources Inc. (JZM-V-\$0.30, 3,300,000 O/S)

Jazzman has a 100% interest in the GAB 9 mineral claim comprised of 20 units located in the Iskut River area, butting Gulf International Mineral's McLymont claims to the north. It is postulated that the Northwest zone of mineralization on Gulf's property extends on to the GAB 9 claims. Jazzman is presently negotiating an option agreement on the property where a joint venture partner may earn an interest.

Kenrich Mining Corporation (KRC-V-\$1.59, 2,344,300 O/S)
Ambergate Explorations (AGQ-V-\$1.58, 1,800,000 O/S)

Sharing common management, these related companies acquired 100% interest in two claim blocks located approximately 30 miles northeast of Stewart, directly west and adjacent to Newhawk's Sulphurets property. Surface exploration was conducted late last season identifying several excellent drill targets. The companies are presently negotiating flow through funding for exploration programs which may include drilling scheduled to commence during March this year.

Kestrel Resources Ltd. (KRZ-V-\$0.89, 4,002,000 O/S)

Kestrel is one of the larger land holders within the Stikine Arch with nine properties covering some 2000 units. For 1990 the budgeted expenditures by joint venture partners on Kestrel ground is \$2.25 million. The company also intends to spend \$300,000 in exploration on its wholly-owned properties. **Clifton Star (CFO-V-\$0.73, 3,400,000 O/S)** has an option to earn 50% interests in the KRL and Stu 1 & 2 claims. Drilling is planned on the KRL claims to follow up on channel samples from veins which returned grades to 7.28 oz Au/ton. A drill program is also budgeted for the Stu claims where work in 1989 identified a copper-gold skarn which yielded selected assays up to 2% Cu and 0.9 oz Au/ton. The B1 North claims have been joint ventured to **Crimsonstar Resources (KRQ-V-\$0.41, 2,300,000 O/S)** which may earn a 50% interest. Drilling is planned to test a 1.1 km long zone of anomalous precious and base metal mineralization. **Dundee Resources (DNU-V-\$0.27, 2,000,000 O/S)** may earn a 50% interest in the Ron and Glo Group. Additional surface exploration is proposed for this summer to include sampling and reconnaissance work. **Burmac Energy (BUS-V-\$0.55, 7,600,000 O/S)** may earn a 50% interest in Kestrel's Mon, Rest, Tic & Ker claims. Additional surface work is proposed and will further examine in particular a 150 oz Ag/ton showing on the Ker. Kestrel has working capital of \$150,000 and is the operator of the above projects.

Kirby Energy (KEC-V-\$0.20, 2,600,000 O/S)

Kirby Energy has a 100% interest in the GAB 5 mineral claim, located in close proximity to Gulf International Mineral's McLymont claims. A limited work program consisting of surface work was completed during 1988 confirming high grade mineralization does exist on the property. A small scale surface program is planned for this season which at this time will not include drilling. Kirby's working capital position is \$150,000.

Link Resources Inc. (LR-V-\$0.53, 3,500,000 O/S)

Link holds an extensive land position in five separate claim blocks located in the Iskut area. The company has granted **Corona Corp.** an option to earn a 50% interest in each of the prospects. Preliminary geologic work completed to date has outlined several targets which warrant further exploration. As yet, for 1990 Corona Corp. has not yet advised Link of a proposed program or budget.

Lorica Resources Ltd. (LRS-V-\$0.37, 2,100,000 O/S)

Lorica may earn a 51% interest in the TREK property, Galore Creek. Exploration has identified a 400 metre long target called the Gully Zone. High grade copper-gold in outcrop has been identified (up to 5.3% Cu and 0.26 oz Au/ton across 12 feet). For 1990, a minimum \$200,000 program to include drilling is planned to test this massive sulphide target. As well, additional work is planned for five other precious and base metal showings. Lorica, may also earn interests in several other claims under option from Pass Lake.

Magna Ventures (MVN-V-\$0.08, 9,300,000 O/S)
Silver Princess Resources (SVP-V-\$0.61, 7,911,000 O/S)

Magna and Silver Princess each own a 50% interest in the Doc prospect. Exploration has focused on the Q17 vein which has also been accessed via an adit. Drill results include 3 feet grading 0.43 oz Au/ton and 4.9 feet of 0.411 oz Au/ton. In 1988 Echo Bay was granted an option to earn into the Doc prospect, however, Echo Bay has since terminated this option.

Newhawk Gold Mines Ltd. (NHG-T-\$2.95, 12,100,000 O/S)
Granduc Mines Ltd. (GDC-T-\$2.30, 7,450,000 O/S)

Newhawk 60% and Granduc 40% are completing a feasibility study on the West Zone of their Sulphurets project. Geologic proven and probable reserves as calculated by Watts Griffis McOuat are 715,400 tons grading 0.431 oz Au and 19.7 oz Ag/ton. Additional reserves are also indicated in the possible category as well as on several other zones within the property. Upon delivery of the feasibility study, mill construction could begin this summer, subject to financing. Preliminary estimates suggest a 350 t.p.d. operation. Stage I approval has been received and Stage III is ongoing. Newhawk's largest shareholder is Corona Corp. while Granduc is controlled by Hecla. Working capital positions are approximately \$5.5 million for Newhawk and \$4.2 million for Granduc.

Pass Lake Resources Ltd. (PLJ-V-\$0.58, 4,480,000 O/S)

Pass Lake holds 13 separate claim groups all located in the Galore Creek area. Eight are joint ventured to Consolidated Gold West (see for details) with the balance under joint venture to Lorica and Prime (see for details). For 1990, it is estimated that these partners will cumulatively expend a minimum of \$1.3 million on exploration. Pass Lake presently has working capital of about \$250,000. On a fully diluted basis Goldbelt Mines will be the largest shareholder of Pass Lake with 14%.

Prime Resources Group Inc. (PRU-V-\$4.70, 28,400,000 O/S)

Prime, directly and indirectly, has the greatest exposure within the Stikine Arch. Directly the company's two largest assets are its 40% ownership of Calpine (see for details) and its 40% interest in the Snip deposit. At the Snip, reserves are 1,032,000 tons grading 0.875 oz Au/ton. Prime is awaiting a final feasibility study from its partner, Cominco Ltd. Estimated capital costs range between \$40 and \$50 million. Prime estimates a daily throughput of between 250 and 300 t.p.d. A production decision is contingent on a road connection. If the decision proceeds, it is possible that Snip could achieve production by early 1991.

Indirectly, Prime holds significant share positions in many of the companies involved in exploration within the camp. Some of the larger positions include: Avondale (18.7%), Adrian (12.4%), Consolidated Goldwest (16.8%), Crest (22.0%), Goldnev (50.1%), Link (22.3%), Thios (29.4%), and U.S. Grant (28.1%). Prime has an additional direct 33 1/3% interest in the RPX/Gorge prospect (see Golden Band).

Ravenroc Resources (RRC-V-\$0.28, 4,900,000 O/S)
Thios Resources (THI-V-\$0.37, 5,000,000 O/S)

Ravenroc and Thios may each earn 25% interest from Godnev in the Julian Lake project. Airborne geophysics is completed and for the 1990 season a \$250,000 budget to include surface examination, mapping and sampling is proposed. Thios also holds several claims in the Stewart area on which preliminary exploration is under consideration. Ravenroc and Thios have working capital of \$80,000 and \$1.0 million respectively.

Royal Scot Resources (RST-V-\$0.55, 2,500,000 O/S)

Royal Scot (formerly Scottie Gold) holds the former producing Summit Lake (Scottie) gold mine. The company is presently finalizing a restructuring of its debt in order that it may begin re-development of Summit Lake. The reserves at this deposit in all categories are 132,000 tons grading 0.56 oz Au/ton. The deposit is accessed by underground tunnel from the north end of the Granduc Road and includes an underground 200 t.p.d. mill.

Premier and Big Missouri properties. After considerable re-exploration Westmin delineated reserves amounting to 6.2 million tons grading 0.064 oz/ton gold and 2.39 oz/ton silver at Silbak Premier and 1.9 million tons at Big Missouri grading 0.091 oz/ton gold and 0.67 oz/ton silver. Production commenced in mid-1989 on completion of a 2000 t.p.d mill at a total cost of \$92 million. It is understood that the start-up process encountered problems in terms of grade, dilution and metallurgy. These difficulties have been compounded by Westmin's claim that its joint venture partners, Pioneer Metals and Canacord Resources, are in arrears \$11 million and \$3 million respectively, on required cash contributions currently owed to the project.

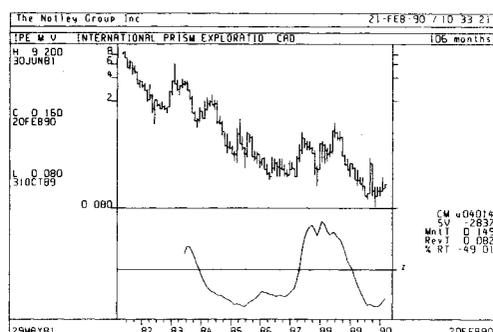
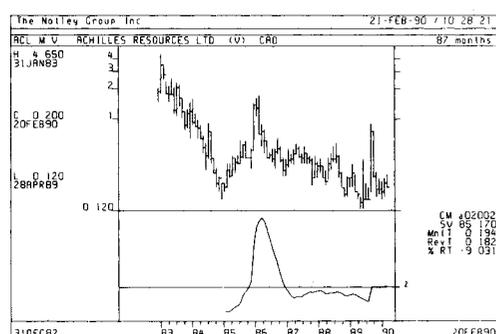
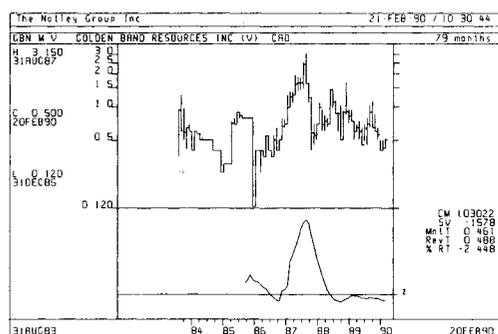
Recommendations

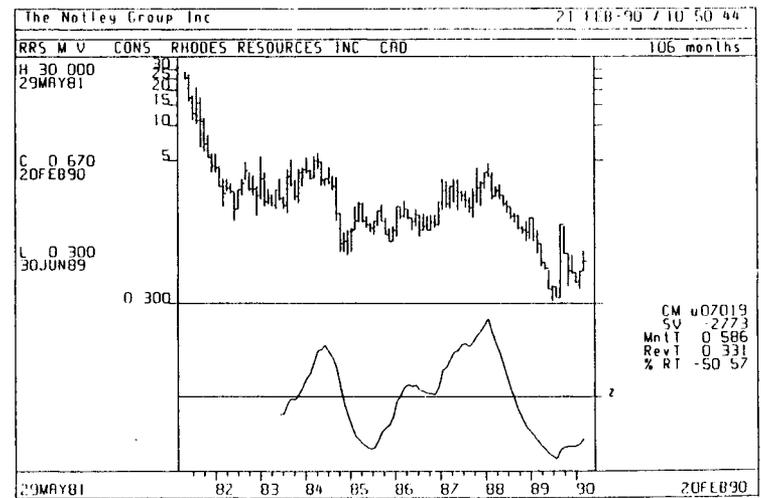
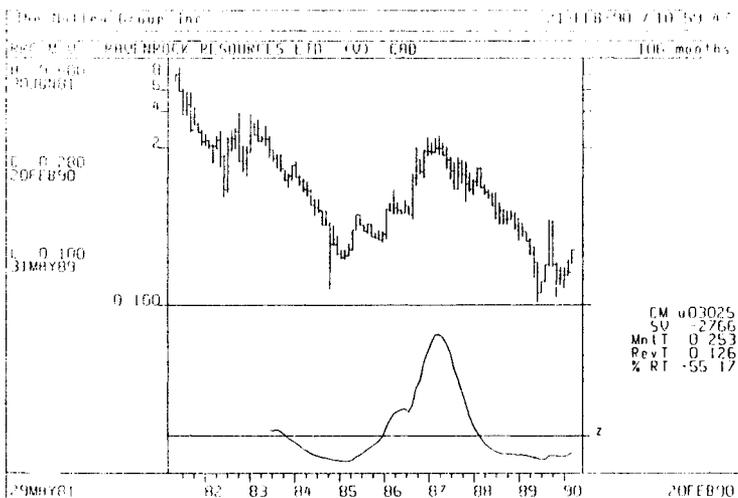
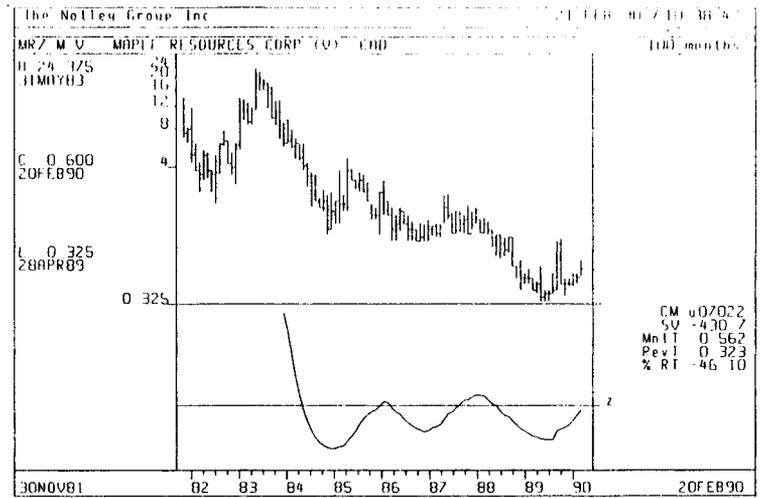
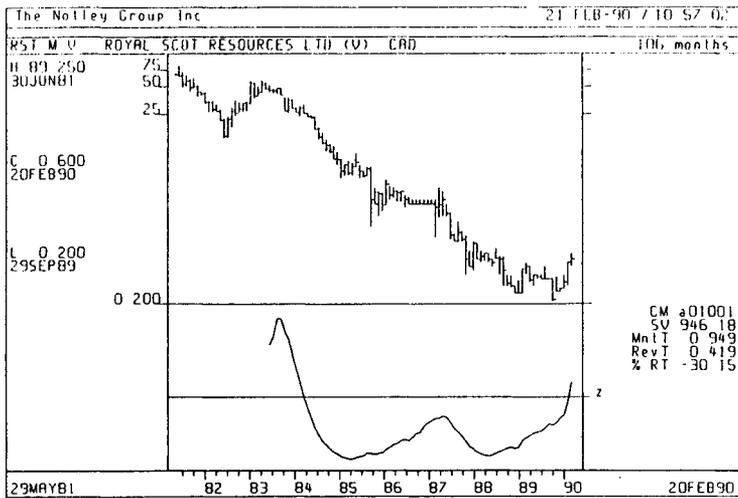
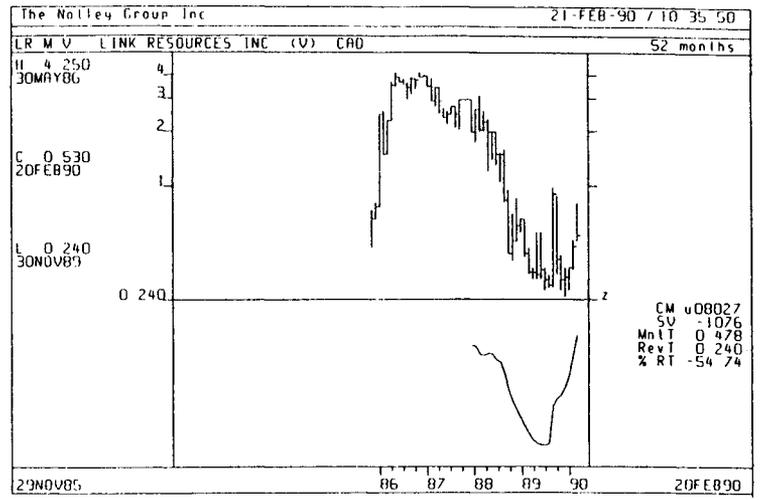
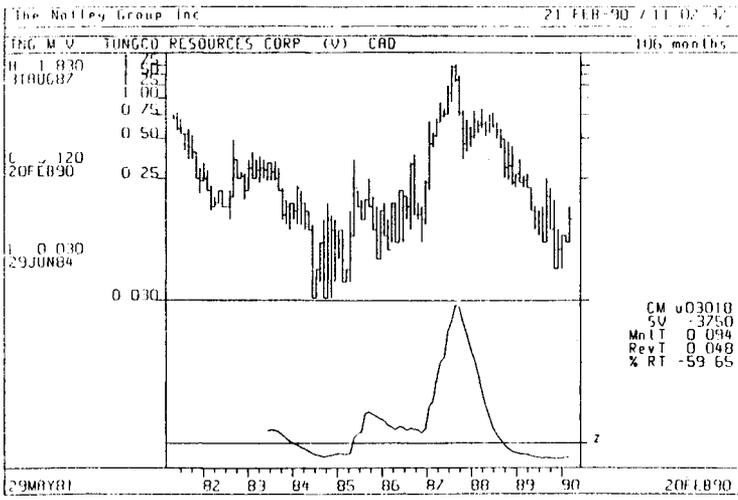
There are several directions in which investors may wish to focus their attention. To accommodate various investment objectives a selected group of companies has been divided into four categories: development, exploration, area play, and technical. The first two categories are based primarily on fundamentals - basically those companies advancing projects to the feasibility stage or those with good geologic targets at drill stage. The third group was selected on the basis of location and land exposure relative to shares outstanding. The fourth group was selected on the basis of technical merit only.

- I Development: (Sulphurets) Newhawk/Granduc; (Eskay Creek) Calpine/Stikine/Prime
- II Exploration: Avondale, Kestrel, Gigi, Consolidated Goldwest, Pass Lake, Teuton, Solomon, Inel, Gulf, Golden Band, Tantalus
- III Area Play: Teuton, Link, Pass Lake, Kestrel, Consolidated Silver Standard, Springer.
- IV Technical: - Selections by Brent Woyat and Ian Notley.

From a technical perspective for those investors following L.O.M. Western Securities' Cycles System, the following stocks are entering a new bull market and display exceptional cyclic bottom phase accumulation characteristics with strongly improving relative market performance. While there are several companies that are already in established bull markets, the stocks listed here, however, have just started to move off a prolonged bottom. These stocks should be aggressively accumulated into any weakness over the next few weeks.

Achilles, Golden Band, International Prism, Link Resources, Maple Resources, Ravenroc, Tungco, Royal Scott, Consolidated Rhodes.





Complicated claim disputes spread in Eskay Creek area

VANCOUVER — Complicated and messy claim disputes are spreading like wildfire through the Eskay Creek region, north of Stewart, B.C., a rugged and remote area brought to prominence by a significant gold-base metals discovery by Calpine Resources (VSE).

According to Byron Hosking, deputy gold commissioner, a large number of Section 35 claim disputes are before, or are expected to be brought before, the Chief Gold Commissioner for resolution. What's making the situation so unusual, he said, is that ownership of some properties is challenged by as many as three or four layers of competing claim holders, all alleging the previous claims were located or recorded contrary to the Mineral Tenure Act.

Hosking told *The Northern Miner* it is likely to be next summer before some of the cases can be resolved as winter conditions prohibit the commissioner from conducting inspections. In addition, he said, some of the more hotly contested disputes will likely find their way to the law courts and then possibly into the appeals process.

At the suggestion of the Vancouver Stock Exchange, Calpine, Adrian and Tamavack Resources (VSE) released a chronology of events to ensure shareholders are up to date on the status of certain key properties. Copies are available at the Prime group in Vancouver, B.C.

The cornerstone project in the area is the TOK and KAY claims that make up the Eskay Creek property, owned equally by Calpine and Stikine Resources (TSE). Prime noted that these claims were surveyed in the summer of 1989 and found to lie further to the north and west with respect to surrounding modified grid claims than was shown in maps released by the company.

Chet Idziszek, president of Prime Explorations, said the survey has since been sent to the Surveyor General, although it has not yet been reviewed and approved. But he stressed the 21 zone as explored to date is contained within the surveyed property boundary of the key TOK and KAY claims. Because these are old claims in good standing, they remain untouched by Section 35 complaints.

But the survey did find a gap among several of the TOK claims (staked under the old 2-post system), measuring about 920 metres long and 30-50 metres wide from west to east, and overlying a portion of the Central zone of the 21 zone discovery. Ownership of this "gap" is in question because of underlying claim disputes, so the affected portion of the 21 zone won't be included in reserve calculations.

The most prominent dispute involves claims held by Adrian Resources (VSE) that are considered likely to have the northern

strike extension of the 21 zone discovery. Status of this ground is complicated because the Gold Commissioner has cancelled one layer of claims (SKI) optioned from ARC Resources Group, and inspectors have recommended cancellation of two others. No work is planned until the matter is resolved.

With the SKI claims cancelled, Adrian has agreements whereby it (and partner Stikine) could end up with a 50% interest in the DUP claims under an agreement with Alex Briden and Paul Dupras, individuals associated with Silver Princess Resources (VSE), or a 100% interest in the IKS claims under an agreement with ARC.

But claims inspectors have recommended that both the DUP claims and IKS claims be cancelled, although both parties plan to appeal under Section 34 of the Mineral Tenure Act. (Several other properties, including ones optioned to companies outside the Prime group, are subject to disputes between these same parties.)

But another complicating factor has emerged. In September, 1989, the Afom claims were staked on behalf of Tagish Resources to cover not only much of the land currently subject to the various agreements of Adrian, Calpine and Tamavack, but nearby claims held by other companies.

In January alone, Prime companies Tamavack, Consolidated Powergem Resource (VSE), Giga Resources (VSE) and Achilles Resources (VSE) all reported receiving copies of Section 35 complaints that dispute the validity of title to their respective properties.

These complaints were all made by Ken McKenzie, believed by Prime to be acting on behalf of Tagish Resources. Of obvious concern to Prime is the fact that McKenzie has filed Section 35 complaints against the previous layer of staking (IKS) on the Adrian property.

The possibility, however slim, does now exist for Adrian to be out of the picture completely, and McKenzie in, should the DUP and then IKS claims be cancelled by the Gold Commissioner as recommended by the inspectors. It is still not known if McKenzie's complaints will impact on the TOK claims gap covering a portion of the 21 zone, although that appears to be a possibility.

But Prime intends to contest "vigorously" all complaints by McKenzie. In addition, the still battling Silver Princess and ARC Resource Group are very much in the picture as both plan to challenge recommendations that their respective DUP and IKS claims be cancelled. Both insist that a bona fide effort to stake their respective claims was made, in some cases

under difficult weather conditions. As it stands now, Dupras still has title to the DUP claims.

Until the matter is resolved, no exploration and development work will be done on any of these claims.

Although the accusation of claim jumping is not formally used, the Prime group has initiated a lawsuit against McKenzie "as a further step in protecting its interest in these claims."

Little is known locally about McKenzie or Tagish Resources, but speculation is rife that McKenzie may be acting on behalf of a major mining company. Several sources tell *The Northern Miner* that McKenzie's staking effort was well financed and managed, employing professional mountain climbers to ensure proper staking in the most inaccessible areas. None of these reports could be substantiated.

The Northern Miner
February 12, 1990
Reprinted with permission.

Stop delaying Iskut road construction

It should not take the death of six men in a recent helicopter crash to make clear the immediate need for an all-weather access road into the rugged Iskut River mining camp of northwestern British Columbia.

Officials and employees of Skyline Gold are still mourning the five miners and a flight crew member who died when their helicopter went down in Alaskan territory, west of Skyline's Johnny Mountain gold mine. The men were en route to Wrangell, Alaska, after their shift at the mine, which can only be reached by airplane.

In view of this latest tragedy, it is difficult to understand the prolonged haggling over the construction of an access road into the region. This mineral-rich area has one operating mine, another in the feasibility stage, and is the focus of intense exploration and development for precious and base metals. Because of the current level of activity, the rugged terrain and notoriously bad weather, the risk of air-transport accidents is a constant threat.

Last fall, Energy, Mines and Resources Minister Jake Epp and British Columbia's Energy, Mines and Petroleum Resources Minister Jack Davis released a study of road access options to the Iskut River mining camp.

Funded by 19 mining companies and federal and provincial governments, the study showed that for \$12.5 million, an all-weather industrial road could be built from Hwy. 37 to the Bronson airstrip at the base of Johnny Mountain. A number of routes were examined, but the Iskut Valley route was found to be preferable for economic, environmental and regional development reasons.

More importantly, the study showed that the economic benefits would result in more efficient mineral exploration, development and extraction. And the report clearly stated the road would provide a catalyst for expanded forestry operations, new tourism opportunities and benefits for businesses in the communities of Stewart, Terrace and Smithers.

Jack Davis indicated last fall the province was studying the

cost-benefit situation to see if it should participate with mining companies in the cost of building the road. Although a decision in this respect was expected by the end of 1989, there is still no word on when, or if, a road will be built.

The government is said to favor the idea of having the two dominant companies in the area — Skyline Gold and Cominco — bear most of the costs for building and maintaining what would be a private road on public lands built by a combination of public and private funds. The mining companies want the government to build the road, put in a toll booth for commercial enterprises, and let the public in for free.

The Ministry of Forests and the forest industry have constructed thousands of kilometres of roads in British Columbia to develop timber resources, without fanfare and delays, and with costs written off against stumpage revenue generated by timber harvest. The mining industry deserves an equally workable road building policy to gain access to mineral resources.

Alternatively, the British Columbia government should entertain the concept used by the Alaskan government to bring about construction of an access road to the Red Dog base-metals mine operated by Cominco in that state. The costs of the US\$150-million road and port facilities were paid by the Alaskan government. But it will be paid back, with a 6.5% return on its investment, by Cominco through a toll arrangement over the life of the mine.

Perhaps the most telling observation of the differences between Alaskan and British Columbian government support of mining is the conclusion of a recent Alaskan study for a US\$22.3-million, 31-mile route into the Iskut area from the Bradfield Canal in that state. "This project should be looked upon, not as an expense, but as a viable investment in the future of southeast Alaska," says the study.

The British Columbia government would do well to adopt such an attitude. Further delay only prolongs the unnecessary risks facing those who already are developing the area's mineral wealth.

The Northern Miner
February 19, 1990
Reprinted with permission.