

Tillicum

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Alpine Project



Staking additional acreage



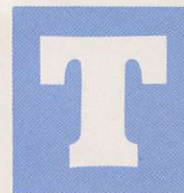
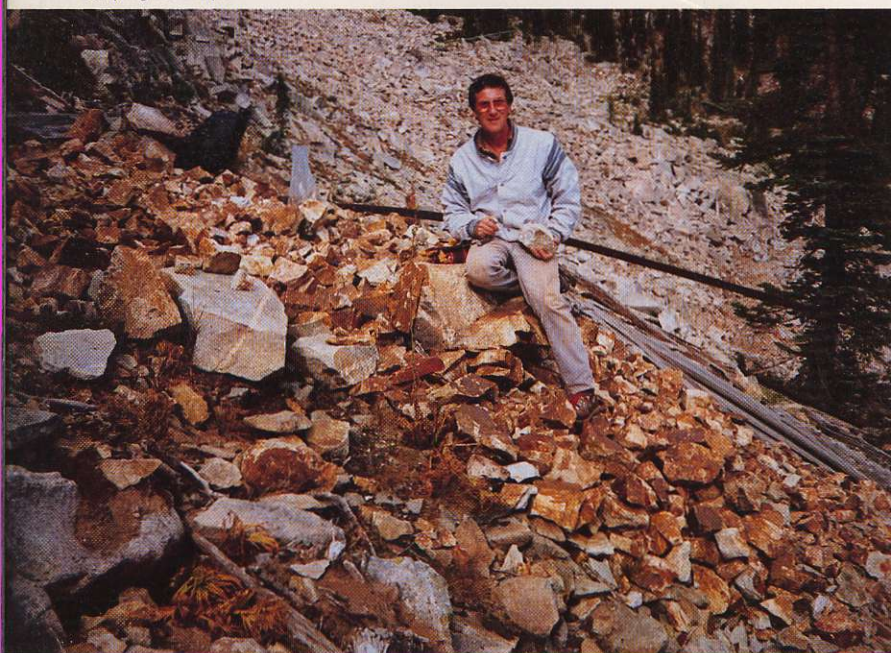
Sampling between the 6 and 8 levels



Landing on the 14,000 ton main dump



Sampling ore dumps



The Kootenay region of southern British Columbia has long been known for its rugged beauty as well as its extensively-mineralized terrain. Outcrops of quartz-laden, porphyritic granites attracted prospectors and miners to the favourable geologic sequences existing in the area from the time settlers began to arrive or pass through in the late 1800's.

Gold lured both novice and veteran fortune seeker. Precious metal lodes were discovered and exploited through to the beginning of World War II when the call of duty lured the men of the Kootenays to far-off lands.

Small gold and silver mining operations such as the Alpine and Noonday and those named to reflect the dreams of their founders, such as the King Solomon and the Gold Crown, were idled. Despite sporadic attempts to renew the operations in the early post-war years, those efforts failed because of higher costs and flat gold prices. Temporarily, the spirit was gone. Ownership changed, memories dimmed and dreams were forgotten while estate litigation precluded further development.

In time, issues related to ownership were resolved but still the properties lay dormant until mid-1987 when management of Cove Energy Corp., a Canadian junior mining company based in Vancouver, negotiated the acquisition of the Alpine, Gold Crown and King Solomon mines, located approximately 12 miles north of Nelson, and of the Noonday high grade gold-silver project located a further 18 miles north.

Provincial government mining records and old smelter return records confirmed that the operations, while small, produced high grade material. One 39 ton shipment of hand mined ore yielded 36 ounces of gold and 28 ounces of silver. A report from the King Solomon revealed that a 23 ton hand-cobbed shipment yielded 20 ounces of gold, 23 ounces of silver and 108 pounds of lead.

The early miners went after what they could see. The Alpine itself, from only 17,095 recorded tons of production, yielded 11,413 ounces of gold, 7,027 ounces of silver, 104,761 pounds of lead, and 37,667 pounds of zinc.

Further research by Cove also confirmed that the area of the Alpine project has never had the benefit of modern geological examination. Recognizing the potential for possibly linking up exposed gold bearing structures nearly a mile apart, the company quietly began to expand its holdings by staking and Cove now controls an area in excess of 10,000 acres.

Examination of some of the underground workings at the original Alpine mine revealed a project that temporarily had been placed on hold. Hand mining tools rested against walls or pillars, dynamite boxes lay stored for ready access in the next round of blasting. The mine had not run out of ore.

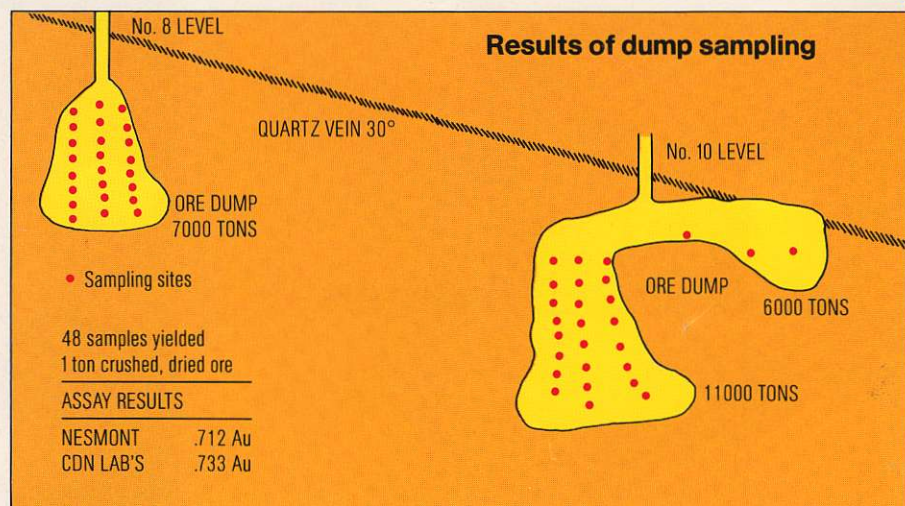
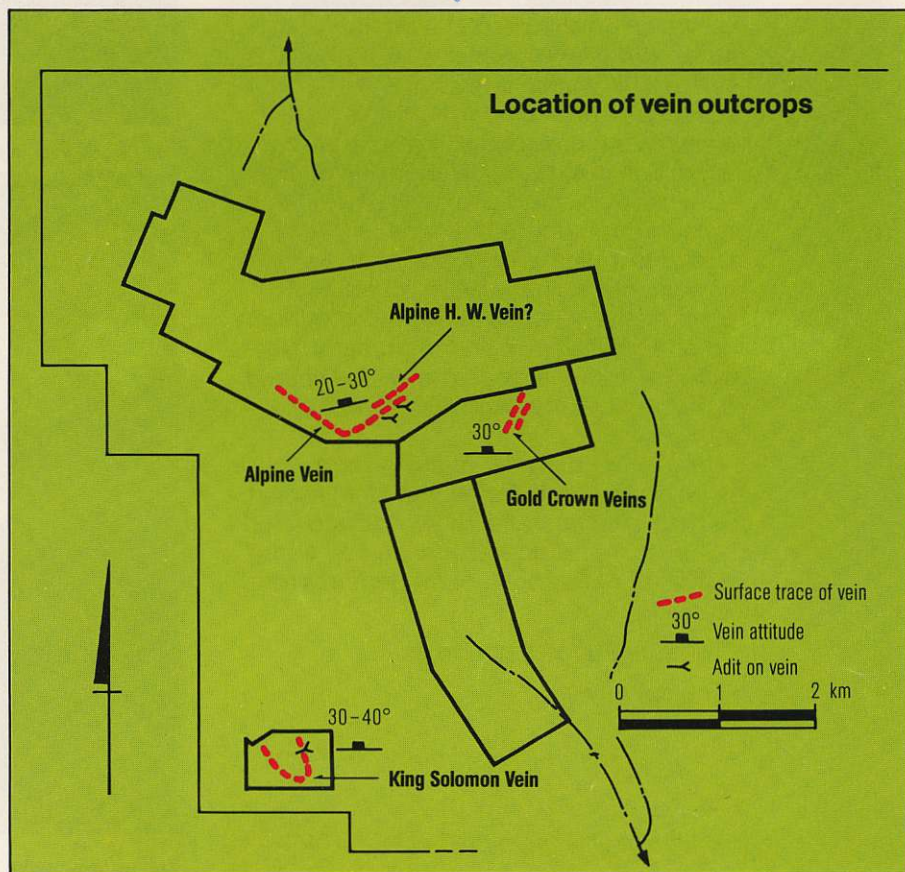
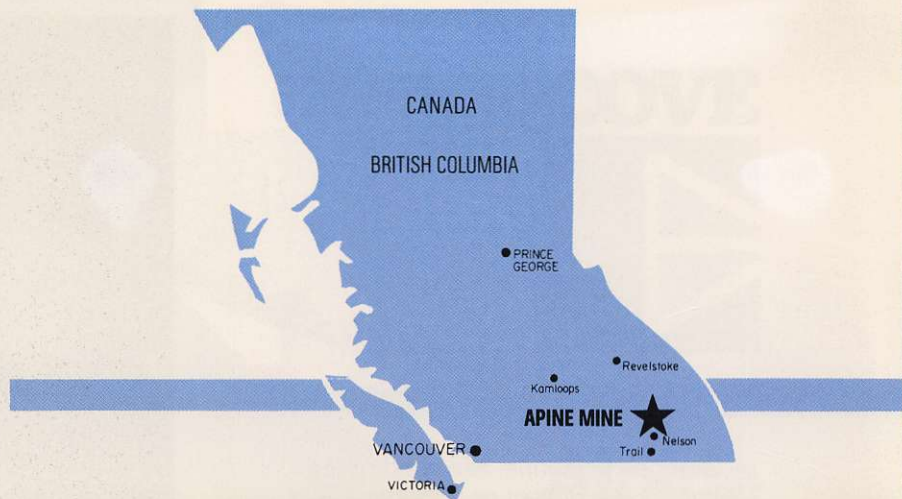
Further surprises were in store. Mine dump material, apparently never processed and subsequently determined to contain some 25,000 tons, was systematically sampled with assays from two laboratories returning values in the range of 0.7 ounces gold per ton.

Examination of the project by Vancouver-based Minequest Exploration Associates', G.R. Peatfield, P.Eng., resulted in a report recommending a \$2.0 million development program.

A "threshold target" for the former Alpine mine is suggested to be in the range of 200,000 tons of 0.40 ounces gold per ton. Additional veins also are thought to exist, arranged perhaps in a shingle pattern. A bigger picture envisions a project with target reserves in excess of 2.0 million tons.

In the continuing sampling and evaluation process, Cove concluded that significant additional potential was highly probable. The company also determined that systematic, professional development of the potential required an exceptional operation team.

In late September, 1987, the company negotiated a joint venture with Granges Exploration Ltd., a highly regarded, internationally known mine developer.



Sampling pillar in stope



Granges personnel assumed operation control of the project on October 1 and will oversee an initial \$850,000 program funded largely with the proceeds of tax-assisted, flow-through shares issued by Cove.

Granges can then earn a 50 percent interest in the project by funding a further \$2.0 million in exploration and development.

Evaluation of alternatives regarding the processing of the 25,000 tons of dump material is a high priority and may lead to shipment of ore to a smelter located approximately 40 miles away or to acquisition and erection of a mill on the property. Net proceeds from the stock pile will be shared 70 percent by Cove and 30 percent by Granges.

Now, after nearly 50 years of dormancy, the potential of the Alpine, the Gold Crown, the King Solomon and as yet undiscovered and un-named structures, will be fully tested, but with the assistance of modern mining technology.

The allure of gold continues.

The spirit lives.

Loose ore not yet mucked out



Exposed quartz veining



Suite 1730, 999 West Hastings St.
Vancouver, B.C., Canada V6C 2W2
Telephone (604) 683-6611
Fax (604) 662-8524
Telex 04-51556