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RED BIRD PROJECT
BRITISH COLUMBIA

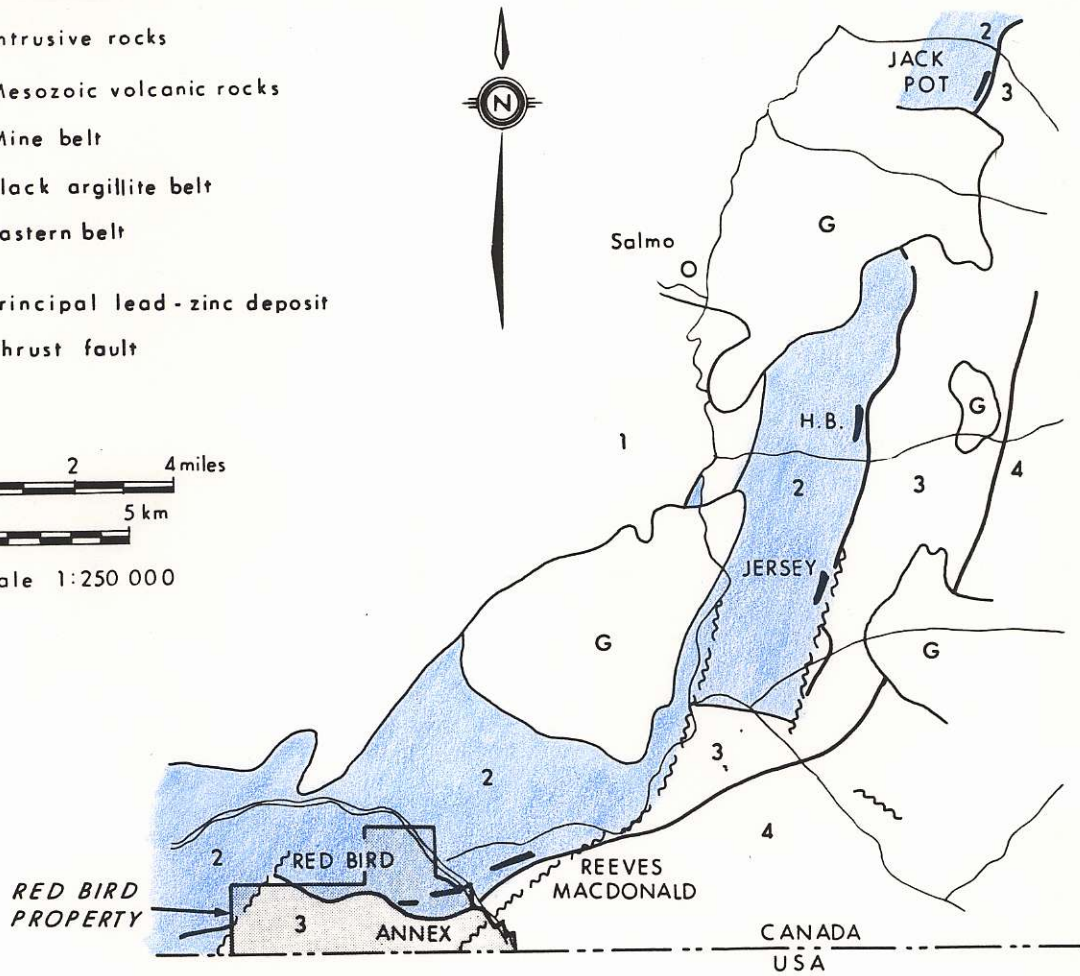
Golden Eye Minerals Ltd.

June 1989

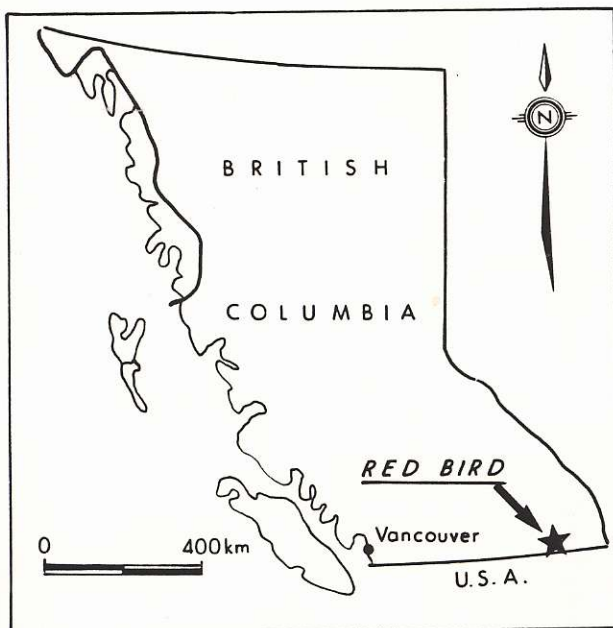
LEGEND

- G Intrusive rocks
- 1 Mesozoic volcanic rocks
- 2 Mine belt
- 3 Black argillite belt
- 4 Eastern belt
- Principal lead - zinc deposit
- Thrust fault

0 2 4 miles
 0 5 km
 Scale 1:250 000



After Fyles, 1959.



LOCATION MAP

GOLDEN EYE MINERALS LTD.

RED BIRD PROJECT
 REGIONAL GEOLOGY

Date JUNE 1989.

FIGURE 1

R.J. Bailes & Associates

RED BIRD PROPERTY

Summary

The Red Bird property, which is controlled by Golden Eye Minerals Ltd., is located in the historic Salmo Mining District in southern British Columbia, adjacent to the Reeves MacDonald Mine (Figure 1). Between 1949 and 1975, the Reeves MacDonald Mine produced 7,200,000 tons of ore. Some of the higher grade ore bodies from the Reeves MacDonald Mine plunge onto the Red Bird property, and their down plunge continuity has been confirmed by recent drilling by Golden Eye Minerals. This drilling intersected widths of 30 to 50' grading about 8% zinc. Additional up-faulted zones are indicated by surface showings as well.

It is concluded that there is excellent potential for the occurrence of about 10 million tons of ore grading 8 to 10% zinc with significant amounts of silver, lead, cadmium and germanium on the Red Bird property. The property occurs adjacent to an historic producer which had very low mining costs. Infrastructure in the area is excellent and the Trail smelter is only 30 miles away.

Geological Setting

The Red Bird property occurs in the Salmo zinc-lead camp (Figure 1). Several past-producing mines are hosted by Cambrian sedimentary rocks referred to as the "Mine Belt". The Zn-Pb deposits occur adjacent to a major thrust fault which has thrust Ordovician argillites over top of the Cambrian sediments. The HB, Jersey, and Reeves MacDonald Mines produced a total of 25 million tons grading about 5% zinc and 1% lead*. The deposits occur as large stratabound shoots in limestone. The host rocks are typically very competent and the mining costs very low.

Ore Zones

Four distinct ore zones were mined from the Reeves MacDonald Mine. These ore zones, which are referred to as the Reeves, Annex, Annex West, and Red Bird (Point), are mineralogically and stratigraphically distinguishable from one another and have distinctive grades and metal ratios. The Annex and Red Bird zones, which occur on the Red Bird property, have historic mining grades of 8% and 10% zinc respectively (Figures 2 and 3).

The ore bodies average 600 feet in length and are 20 to 30 feet wide plunging steeply to the southwest. They have remarkable down plunge continuity: the Reeves ore body has been traced for about 6,000 feet down plunge and remains open at depth (Figure 3). The

* These grades are based on paid metal at the smelter. Geological grades are about 30% higher.

ore zones are structurally repeated to the west by faulting and the potential to find additional down plunge extensions of all four zones on the Red Bird property is excellent.

Annex Zone

In the early 1970's, Reeves MacDonald Mines, under contract with the owners of the Red Bird property, advanced the 800 level drift 700 feet onto the Red Bird property to try and locate the fault offset of the Annex zone which graded 8.5% Zn, 1% Pb, .09% Cd, and 2.5 oz/ton Ag (Figure 3). The zone was located and tested by several holes, but Reeves MacDonald were unable to negotiate a suitable deal with the owners of the Red Bird property and the zone was not investigated further. Shortly thereafter, low zinc prices and high royalties imposed by the N.D.P. government resulted in the shutdown of the Reeves MacDonald Mine.

Recent drilling by Golden Eye Minerals Ltd. intersected the down plunge extension of the Annex zone about 500 feet below the drift. Holes 87-1 and 88-1 graded 8.0% Zn and 1.6 oz/ton Ag over 54 feet, and 7.5% Zn and 3.1 oz/ton Ag over 30 feet respectively* (Figure 3). These two holes represent a major breakthrough because they demonstrate conclusively that the massive sulphide facies of the Annex zone occurs on the Red Bird property at approximately the same grade as that which was mined by Reeves MacDonald (Figures 3 and 4).

* Drilled widths are very close to true widths.

Surface Showings on the Red Bird

Three surface showings occur on the Red Bird property in the Reeves Limestone which is the host for the adjacent Reeves MacDonald ore bodies. The main surface showing is referred to as the Red Bird and was the focus of an underground program by Cominco in 1961. A drift along the Red Bird zone delineated mineralization over a strike length of 600 feet with an average width of 20 feet grading 18.5% Zn and 6.5% Pb. An open cut across the Beer Bottle zone, a faulted equivalent of the Red Bird zone, grades 18.5% Zn and 2.2% Pb over 31 feet. Another zone at the No. 4 adit grades 10.9% Zn across 11.5 feet (Figure 3).

All three of the surface showings on the Red Bird property are completely oxidized, and could be upgraded in zinc and lead (Figure 3). A small tonnage of massive sulphide ore was mined from the Point ore body which is the stratigraphic equivalent of the Red Bird zone. This massive sulphide material graded about 10% zinc, a reasonable minimum estimate for the sulphide facies equivalent of the Red Bird zone.

Down Plunge Potential of the Red Bird Zone

Five diamond drill holes have tested the down plunge potential of the Red Bird zone: 86-2, 86-3, 86-5, 86-6, and 87-2 (Figure 3). Hole 86-5 intersected 59.2 feet of partly oxidized massive sulphides. The upper portion of the zone is a soft limonite mud with poor recovery which yielded about 7 feet of cuttings averaging 5% Zn and 6% Pb. The lower portion of the intercept yielded 5 feet of unoxidized dolomite breccia which graded 5.6% Zn. The intercept is interpreted as being the down plunge equivalent of the Red Bird zone occurring near the limit of oxidation.

Two holes, 87-2 and 86-6, were drilled below 86-5; both intersected "tweedy" dolomitized Reeves limestone containing traces of galena and sphalerite at the Red Bird stratigraphic level. This type of dolomite occurs as an alteration envelope around the ore bodies and it is concluded that the Red Bird zone passes between the two intercepts as shown on Figure 3.

Unexplored Strike Potential

The Red Bird property is underlain by about 2 miles of additional strike length of favourable Reeves limestone under the Active argillite cover (Figures 2 and 3). The zones have been repeated several times over a strike length of three miles and there is a good chance that structural repetition will continue. The Active argillite cover may well have protected this area from oxidation, and because it lies above the Pend D'Oreille River level it could be accessed by a drift.

Additional Showings

There are additional intriguing zinc-lead targets on the Red Bird property in addition to those associated with the Reeves limestone member. The Prospect dolomite (Figure 4) is the folded equivalent of the Reeves member and it contains some encouraging mineralization in drill holes 87-1, 87-3, and 88-1. Hole 87-1 contains 54 feet grading 2.1% Zn and 5 feet grading 11.2% Zn; hole 87-3 intersected 17.2 feet grading 4.6% Zn and 11.8 feet grading 8.2% Zn; and hole 88-1 cut 6.2 feet grading 8.4% Zn. The Prospect dolomite occurs to the south of the Reeves member and so it will be intersected by most surface diamond drill holes which test the Reeves limestone at depth (Figure 4).

The Caviar prospect occurs in the Nelway limestone near the southern boundary of the claim group (Figure 2). Four holes tested this prospect; the best hole intersected 20 feet averaging 6.5% Zn.

Tonnage Potential

The ore bodies in the area have historically yielded about 1,200 tons per vertical foot. The discovery of three lenses each with a down plunge extent of 3,000 feet (the Reeves zone has already been traced for more than 6,000 feet down plunge) would yield approximately 10 million tons.

Mining Costs

The ore zones on the Reeves MacDonald property dip steeply (60 degrees) and average 25 feet in width. The ground is competent and the zones are predictable and continuous down dip. Sub-level benching and blast-hole mining methods were used; and in 1973 mining, milling, and development costs were about \$10 per ton. It is estimated that present day operating costs would be approximately \$25 - \$30 per ton.

Rough Economics

The ore zones which plunge onto the Red Bird property grade between 8 and 10% zinc. At today's metal prices, this represents a gross metal value of about \$150 per ton for zinc, and an additional \$30 per ton for lead, cadmium and silver. The gross metal value per ton would be about \$180. Assuming a 33% drop in metal prices and a 50% smelter charge, this would result in a net smelter return of about \$60 per ton. Operating costs of \$30 per ton would yield an operating profit of \$30 per ton. The target tonnage of 10 m.t. would generate a total operating profit of about \$300 million.

Underlying Agreements

The Crown-granted claims, which cover an area of 1,984 acres (803 hectares) including all of the surface showing, are under lease from Diem Mines Limited (N.P.L.). These claims are subject to a 20% Net Profits Interest payable only when the cumulative revenues exceed the cumulative costs.

An additional 1,732 acres (701 hectares) covering the prospective ground under the Active argillite cover are under option from Gerald Klein. These claims are subject to a 2% N.S.R. of which 1% can be purchased for \$800,000.

Golden Eye owns a further 1,631 acres (660 hectares) outright.

Underground Access

Access to the deep, down dip portions of the Annex and Red Bird zones on the eastern portion of the Red Bird property would be best accomplished via the underground workings on the Reeves MacDonald Mine. In addition, about 2 million tons of low grade ore (about 5% zinc) occur on the Reeves MacDonald property. Golden Eye Minerals Ltd. is currently negotiating with the owners of the Reeves MacDonald Mine for the right to access via these workings. An arrangement whereby Golden Eye could mine the low grade ore on the Reeves MacDonald property during times when zinc prices are high would be advantageous to both parties.

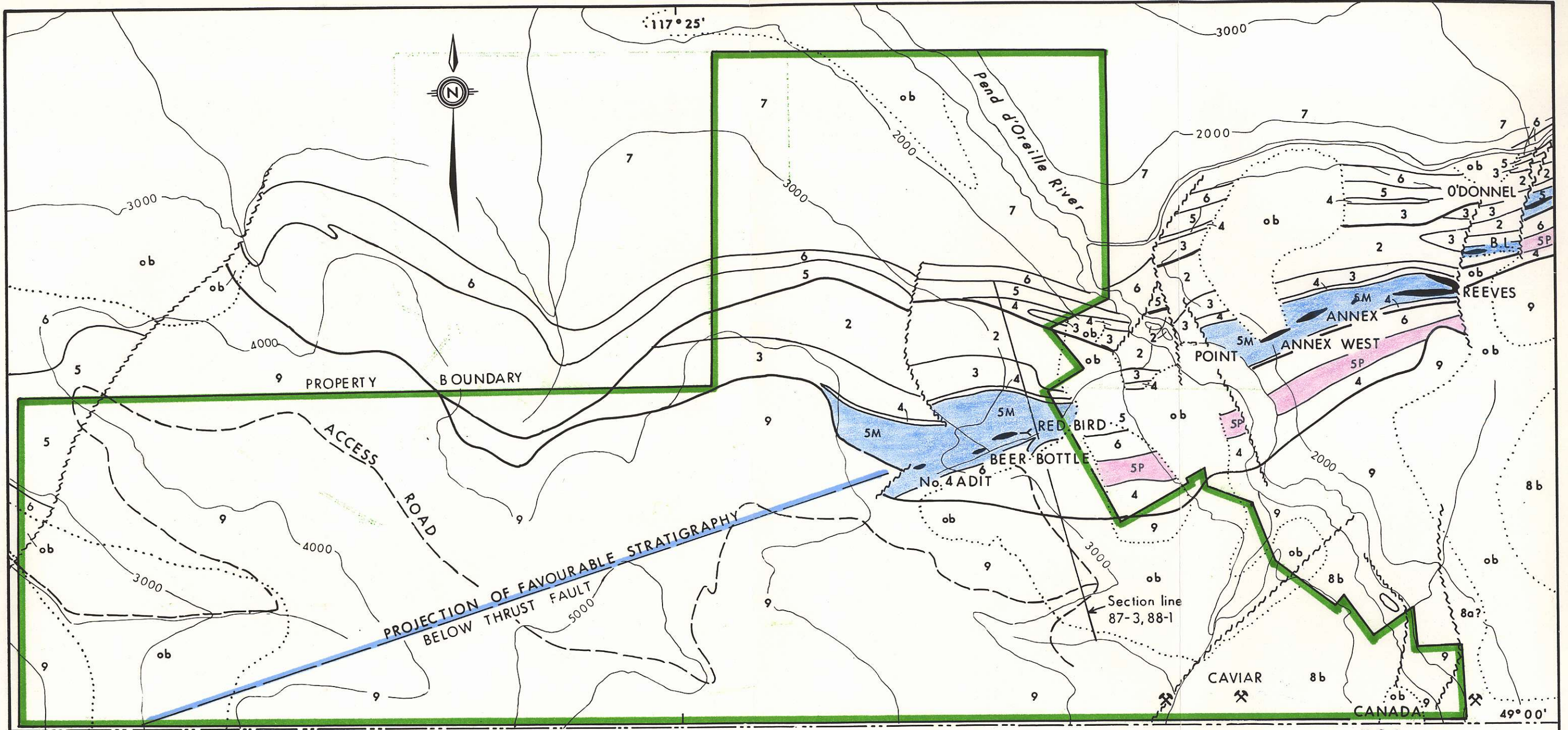
Exploration From Surface

Exploration diamond drilling from surface is costly on the Red Bird property: recent all-up drilling costs have been about \$45 per foot. Once the mineralized zones are discovered by surface drilling, further exploration should be done from underground. Given the mining history and the strong continuity of the ore, this approach is justifiable.

Oxidation

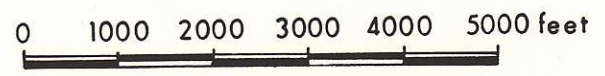
Complete oxidation of the massive sulphides has occurred to depths of as much as 1,500 feet. Unfortunately, this removes much of the near surface massive sulphide tonnage potential and due to possible enrichment during oxidation, makes surface assays suspect. However, oxidation depths appear to be decreasing towards the west and the Active argillite cover may have protected this area from deep oxidation. It is estimated that about 3 million tons of high grade oxides (>20% Zn and Pb) occur on the Red Bird property.

R. J. Bailes & Associates
June, 1989



LEGEND

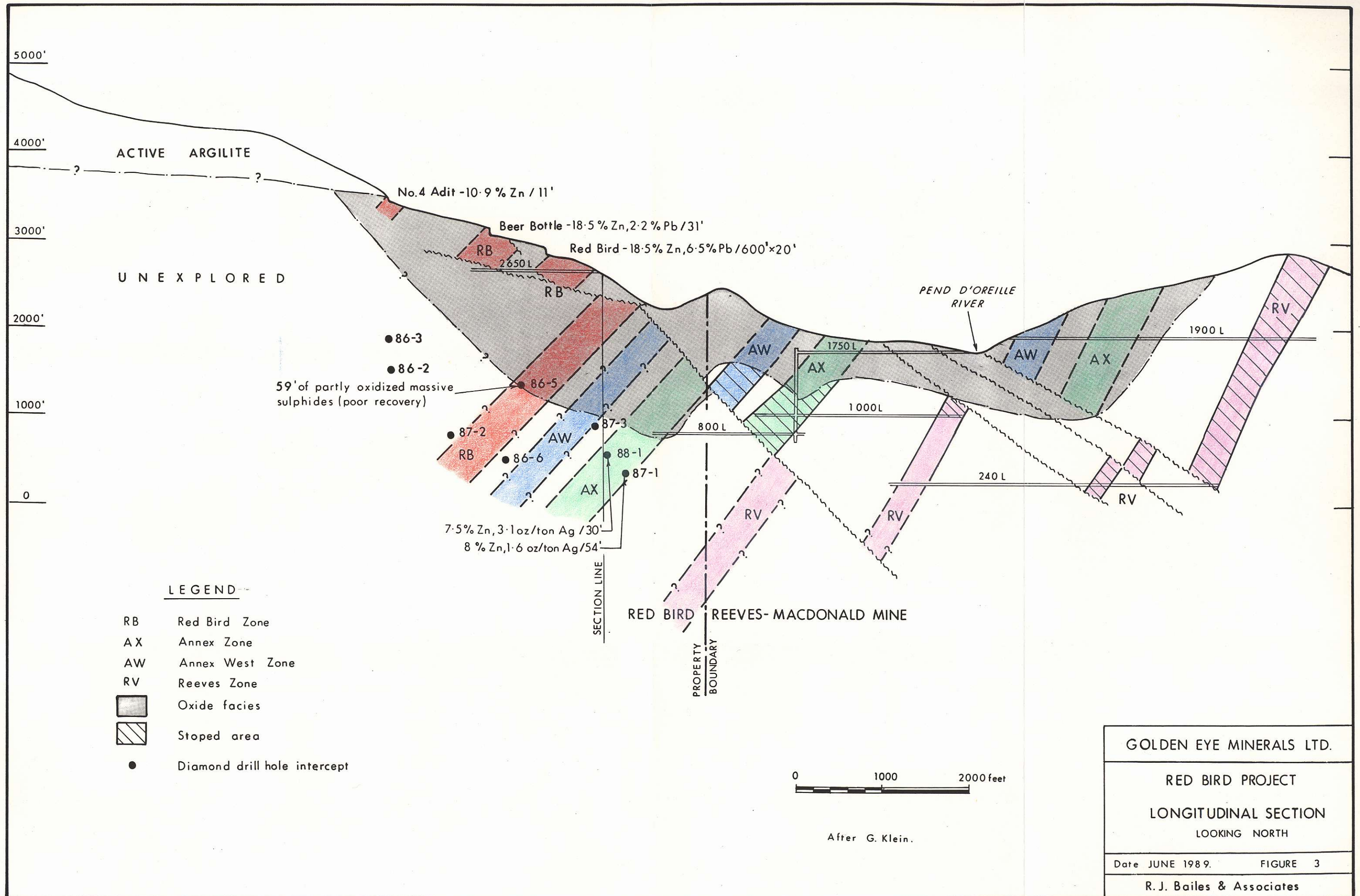
- | | | | |
|----|------------------|------|--------------------|
| ob | Overburden | — | Mineralized zone |
| 9 | Active argillite | └┘ | Adit |
| 8 | Nelway limestone | ⌘ | Prospect |
| 7 | Laib phyllite | --- | Road |
| 6 | Emerald phyllite | ~~~~ | Fault |
| 5 | Reeves Member | — — | Thrust fault |
| 4 | Truman Member | — — | Geological contact |
| 3 | Reno quartzite | ▭ 5M | Mineralized Reeves |
| 2 | Navada Member | ▭ 5P | Prospect Dolomite |
| 1 | Nugget quartzite | | |



Scale 1" = 2000'
1: 24 000

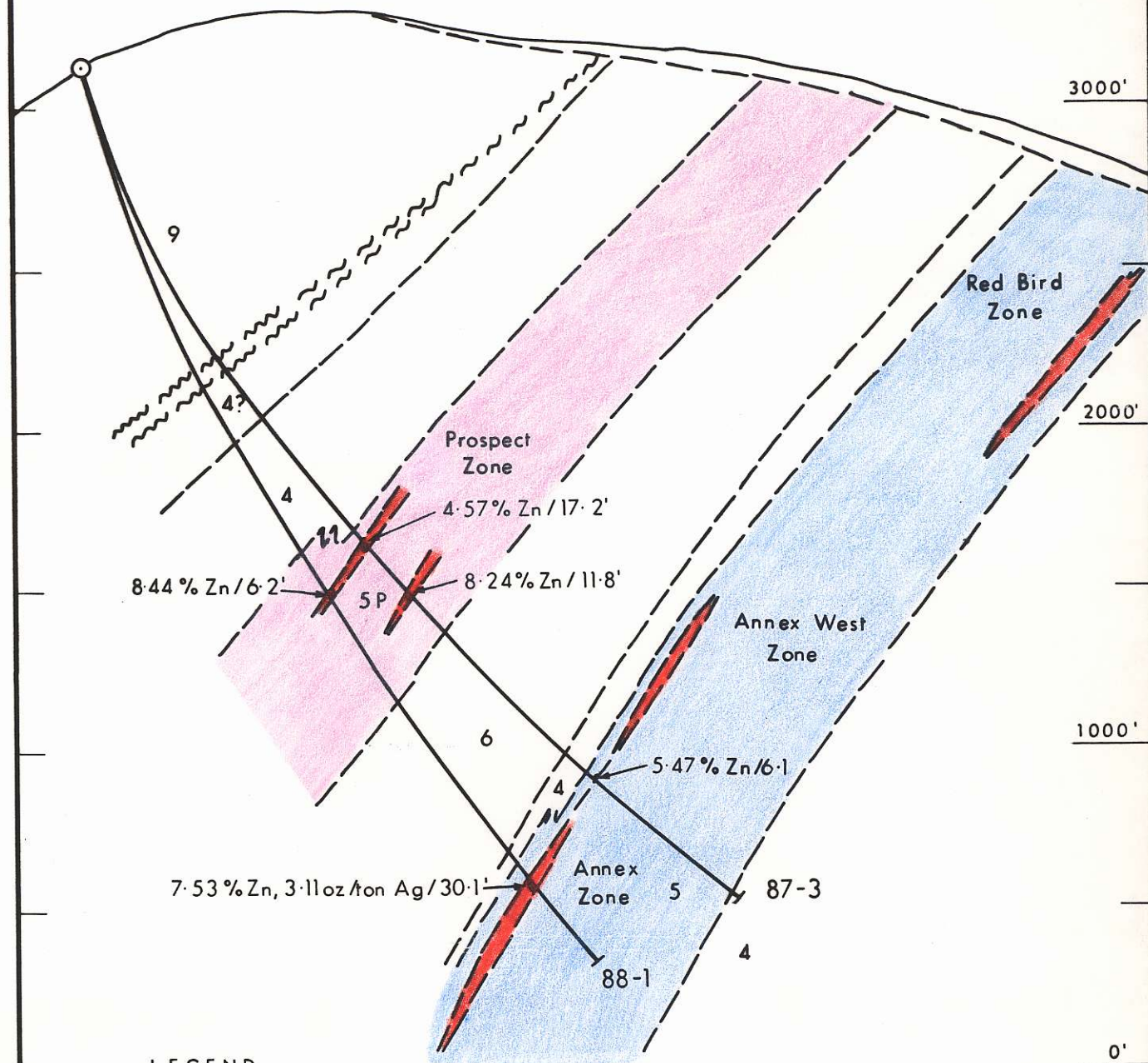
After Fyles, 1959.

GOLDEN EYE MINERALS LTD.	
RED BIRD PROJECT	
PROPERTY GEOLOGY	
NELSON MINING DIVISION, B.C.	
Date: JUNE 1989.	FIGURE 2
R. J. Bailes & Associates	



GOLDEN EYE MINERALS LTD.	
RED BIRD PROJECT	
LONGITUDINAL SECTION	
LOOKING NORTH	
Date JUNE 1989.	FIGURE 3
R.J. Bailes & Associates	

ELEVATION
(A.S.L.)



LEGEND

- 9 Active argillite
- 6 Emerald schist
- 5 Reeves limestone
- 5P Prospect dolomite
- 4 Truman schist
- Diamond drill hole
- ~ Fault, major
- - - Geological contact
- Mineralized intercept

GOLDEN EYE MINERALS LTD.

RED BIRD PROJECT
DIAGRAMMATIC SECTION
DDHS 87-3, 88-1
LOOKING WEST

Date: JUNE 1989. FIGURE 4

R.J. Bailes & Associates