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AN INITIAL REPORT
ON THE
EPI GROUP OF MINERAL CLAIMS
"AN EPITHERMAL GOLD PROSPECT"

TWIN LAKES AREA
SOUTH OKANAGAN GOLD BELT
OSOYOOS MINING DIVISION
BRITISH COLUMBIA

82E/4&5

CONFIDENTIAL

FOR
GRANT F. CROOKER
P.O. BOX 234
KEREMEOS, B. C.
V0X 1N0

BY

LEONARD W. SALEKEN, B.Sc., F.G.A.C.
CONSULTING GEOLOGIST

JUNE 12, 1989

geotec

GEOTEC CONSULTANTS LTD., 6976 Laburnum Street, Vancouver, British Columbia V6P 5M9 (604) 261-7477

July 5, 1989

Mr. Alex Davidson
Minova Inc.
311 Water Street, 4th Floor
Vancouver, B.C. V6B 1B8

Dear Alex:

RE: EPI CLAIMS, SOUTH OKANAGAN GOLD BELT,
OSOYOOS MINING DIVISION, B.C.

The EPI Claims (210 units, 5250 ha.) were recently staked by Grant F. Crooker for their epithermal gold and silver potential. The impetus to acquire the EPI Claims is based on favourable Tertiary geology and prominent structural trends that traverse the the property. The EPI Claims are located 8 kms southwest of the Vault property where Inco has discovered significant gold and silver mineralization within an epithermal setting.

The initial investigation of the EPI Claims has returned encouraging results. Two epithermal-type alteration systems have been identified. The accompanying report documents the results of this investigation.

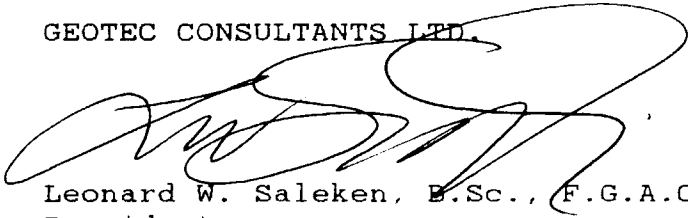
Geotec Consultants Ltd. is acting on behalf of Grant F. Crooker as advisors and wishes to inform your Company that the EPI Claims are available for option.

For additional information on the current status of the EPI Claims, please contact Geotec at the following address:

Geotec Consultants Ltd.
Suite 1505 - 409 Granville Street
Vancouver, B. C. V6C 1T2
Phone: (604) 685-5685
Fax: (604) 662-3710

Yours Truly,

GEOTEC CONSULTANTS LTD.



Leonard W. Saleken, B.Sc., F.G.A.C.
President

Encl.

cc: Grant F. Crooker, Keremeos, B.C.

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Photo 2	Manuel Zone - North Alteration
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EPI PROJECT(0001)
INITIAL REPORT

PROJECT PROFILE

Target: Gold/Silver (Epithermal)
Location: NTS 82E/4&5, Osoyoos M.D., Twin Lakes Area,
Between Keremeos and Penticton, B.C.
Holdings: 5250 ha in 13 claims (210 units)
Ownership: Grant F. Crooker (100%)
Operator: Grant F. Crooker, B.Sc., F.G.A.C., Consulting Geologist
Option Terms: Earn-in subject to payments and work commitments

SUMMARY AND RECOMMENDATIONS

THE EPI CLAIMS ARE FAVOURABLY LOCATED IN TERTIARY GEOLOGY TO HOST EPITHERMAL GOLD DEPOSITS OF A WORLD CLASS SIZE. THE CLAIMS HAVE NOT BEEN ACTIVELY EXPLORED SINCE 1978 DUE TO THE URANIUM MORATORIUM. THE CLAIMS WERE RECENTLY ACQUIRED BY GRANT F. CROOKER AND ARE AVAILABLE FOR OPTION.

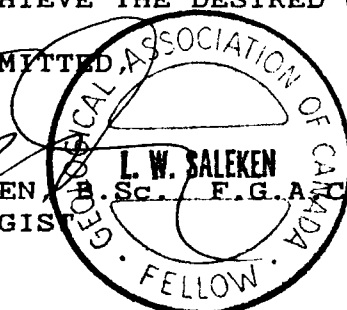
PRELIMINARY PROSPECTING HAS LOCATED TWO EPITHERMAL SYSTEMS ON THE CLAIMS. THE SHOWINGS HAVE ALL THE GEOLOGICAL AND GEOCHEMICAL INDICATIONS OF CONTAINING DEPTH RELATED EPITHERMAL GOLD MINERALIZATION.

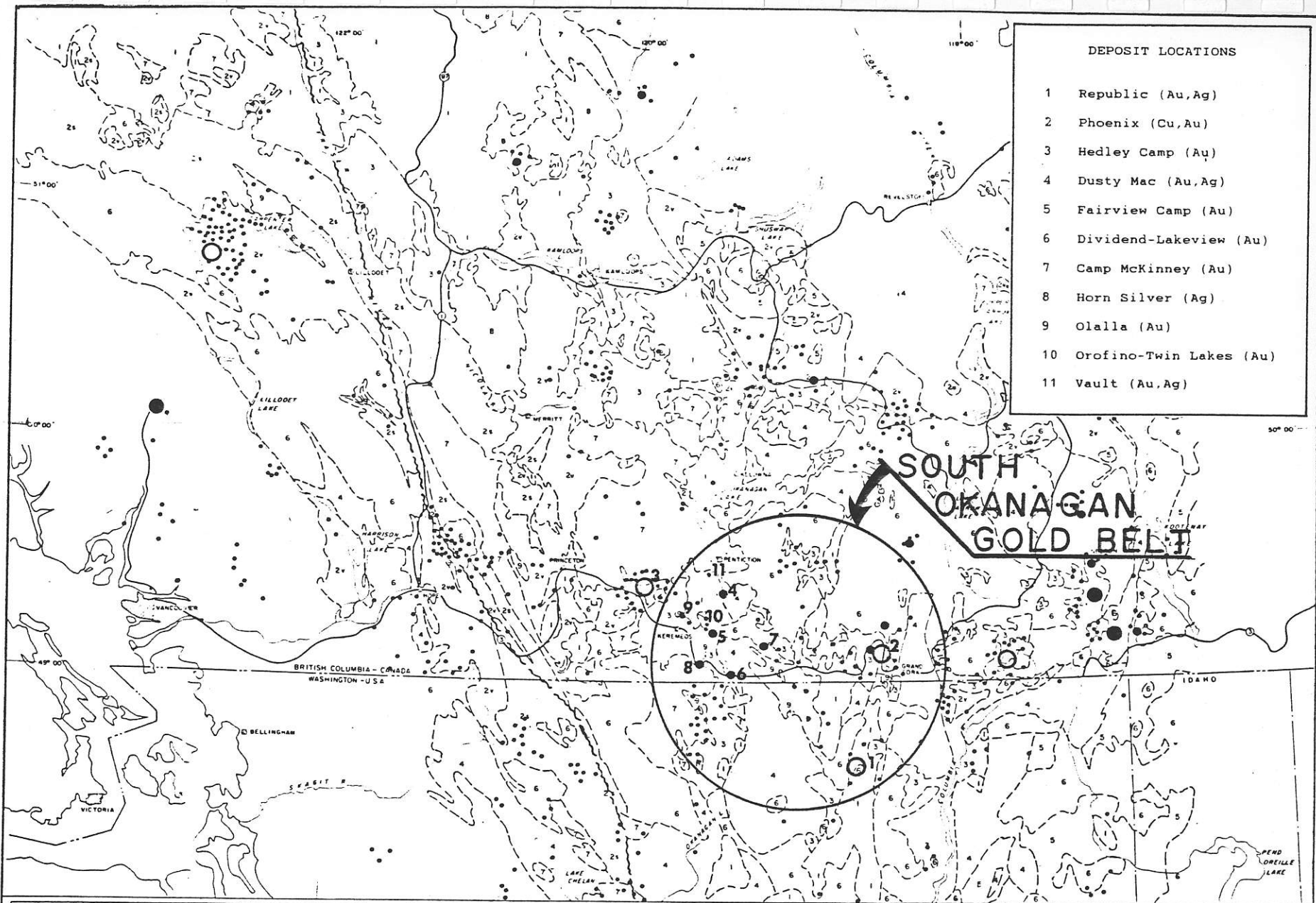
BASED ON THE SIZE OF THE CLAIMS (5250 HA), AN EXTENSIVE EXPLORATION PROGRAM IS REQUIRED TO FULLY EVALUATE THE POTENTIAL OF THE HOST GEOLOGY. THE STAGED EXPLORATION PROGRAM IS WARRANTED WITH THE INITIAL STAGE ESTIMATED TO COST \$ 500,000.

THE EXPLORATION OF THE EPI CLAIMS IS RECOMMENDED AND WILL REQUIRE AN INTEGRATED EXPLORATION APPROACH TO ACHIEVE THE DESIRED GOALS

RESPECTFULLY SUBMITTED,

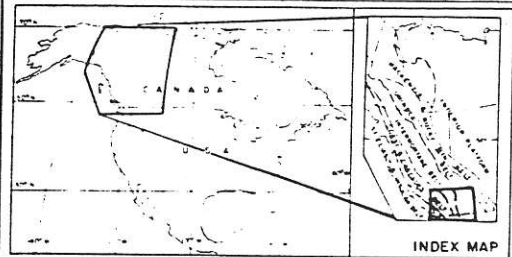

LEONARD W. SALEKEN,
CONSULTING GEOLOGIST





DEPOSIT LOCATIONS	
1	Republic (Au,Ag)
2	Phoenix (Cu,Au)
3	Hedley Camp (Au)
4	Dusty Mac (Au,Ag)
5	Fairview Camp (Au)
6	Dividend-Lakeview (Au)
7	Camp McKinney (Au)
8	Horn Silver (Ag)
9	Olalla (Au)
10	Orofino-Twin Lakes (Au)
11	Vault (Au,Ag)

**SOUTH
OKANAGAN
GOLD BELT**



LEGEND			
ROCK	TIME	UNITS	
VOLCANIC & SEDIMENTARY	1	TERTIARY	Basalts & Sandstones
	2	CRETACEOUS	Greywackes, Sandstones
	2*	CLASSIC JURASSIC	Andesitic flows & Limestone
METAMORPHIC	3	PERMIAN	Limestones & Greenstone
	4	CAMBRIAN	Paysonites
	5	HELVETICAN	Gneiss
PLUTONIC	6	CRETACEOUS TERTIARY	Monzonites
	7	JURASSIC	Granodiorites
	8	TRIASSIC	Syenites
	9	MESOZOIC	Ultramafites
GOLD PRODUCTION (OUNCES)	11 MILLION	100,000	SHOWING
	●	●	●
	●	●	●
	●	●	●

FIGURE I

FOR COPIES: LEONARD W. SALEKEN
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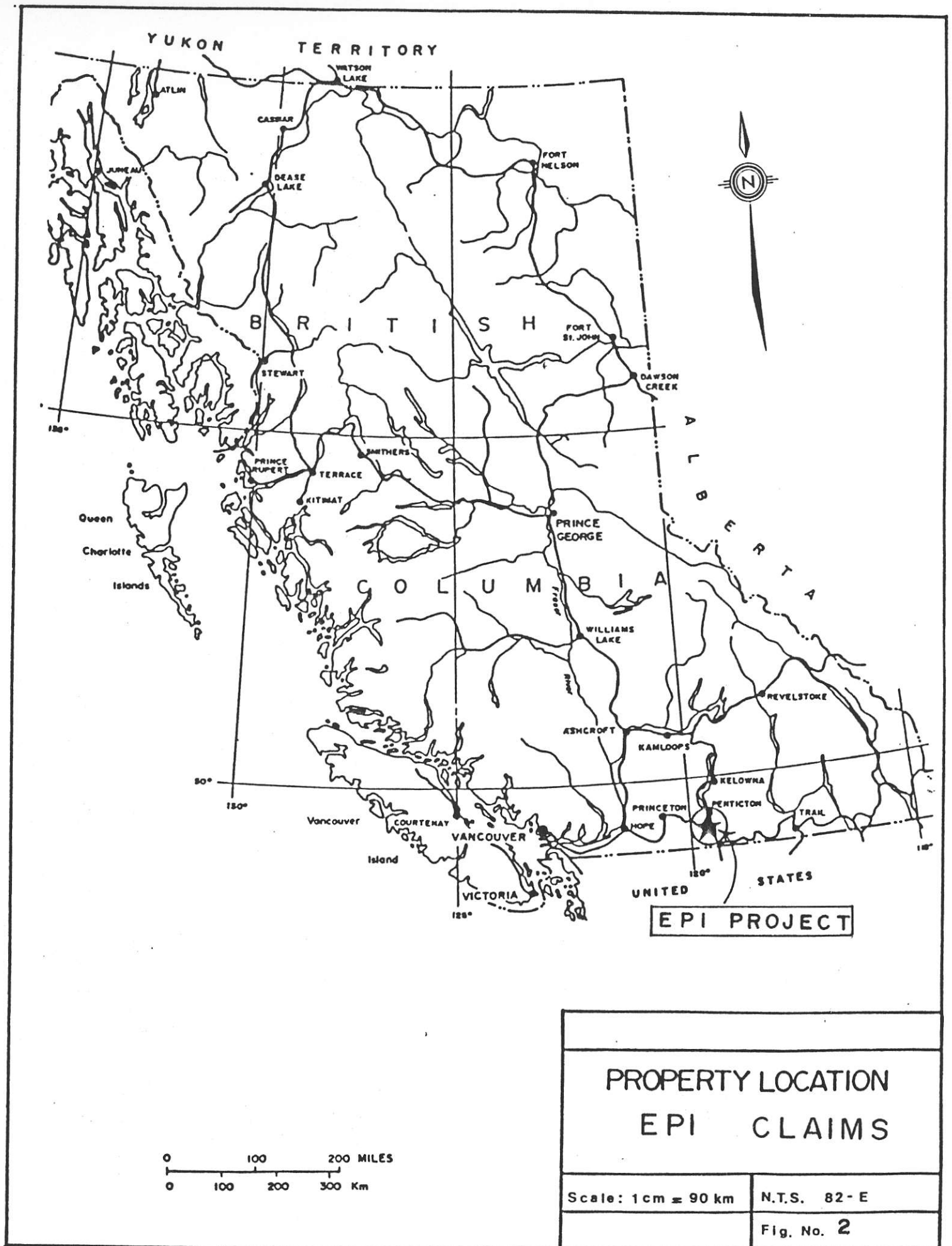
GEOTEC CONSULTANTS LTD.

**THE CORDILLERAN
NORTH CENTRAL
GOLD BELT**

SCALE 1:100,000

0 20 40 80 KM

©geotec 1988



PROPERTY LOCATION
EPI CLAIMS

Scale: 1 cm = 90 km

N.T.S. 82-E

Fig. No. 2

HISTORY

The Twin Lakes area (Figure 2) has an extensive exploration history for all metals including uranium. The EPI claims (Figure 3) are a restaking of ASTRO claims of Pacific Petroleum. The ASTRO claims were staked in 1976 for uranium and were last explored in 1978. The uranium moratorium prevented activity on the claims until their release in late 1988.

The EPI claims are situated in British Columbia's most active gold belt, the South Okanagan (Figure 1). The EPI claims (Figure 4) are in an excellent geological environment for the discovery of epithermal gold deposits.

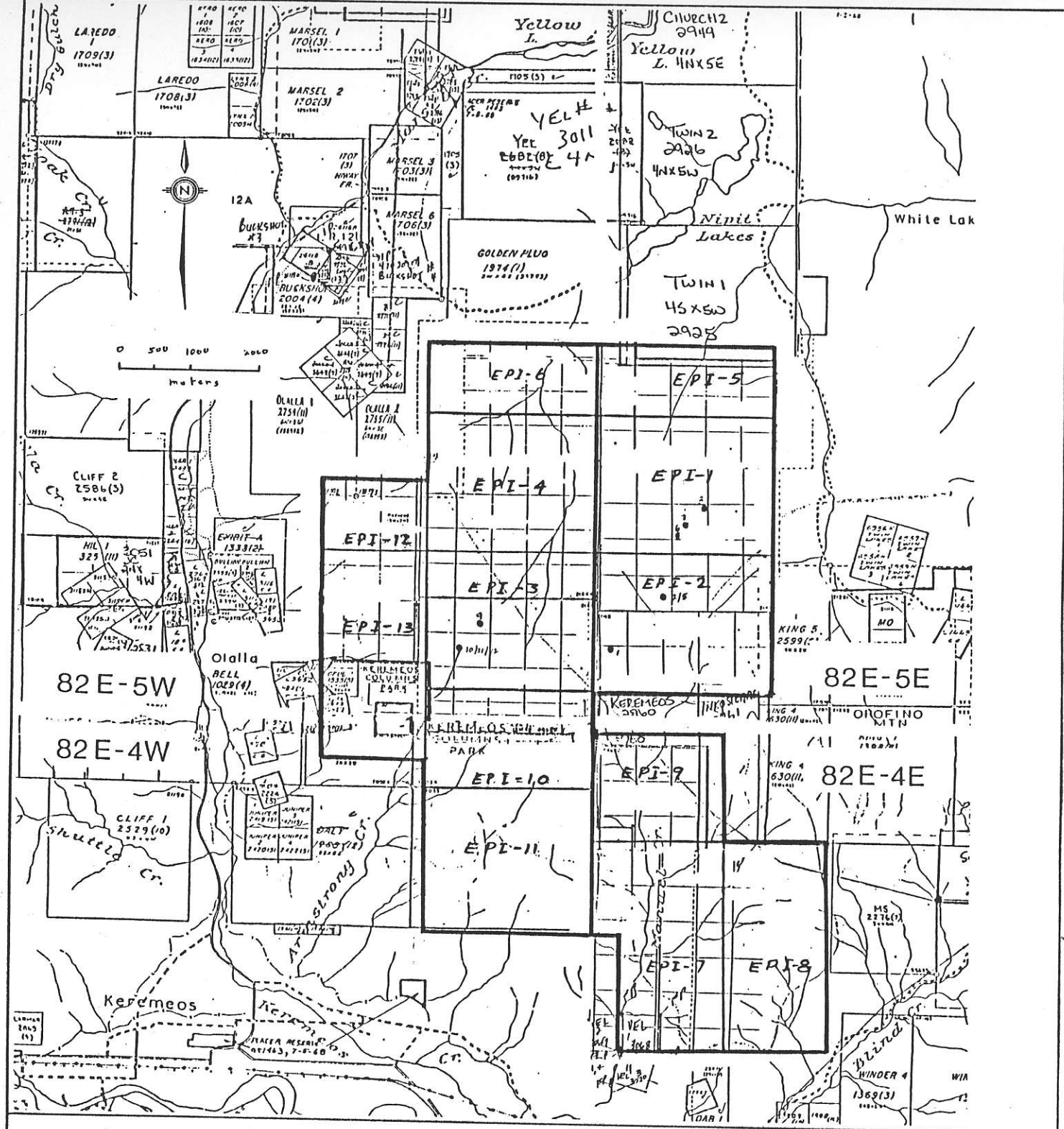
The South Okanagan is part of the Cordilleran North Central Gold Belt (Figure 1) and is very active with exploration being conducted by companies such as Inco, Brenda, Minova, Echo Bay, Corona and several junior resource groups. The key properties and camps for epithermal gold occurrences are the VAULT, DUSTY MAC, FAIRVIEW, OLALLA, KETTLE VALLEY and REPUBLIC. The historic producer of epithermal gold and silver is the Republic Mine of Hecla Mining Co. Washintong where over 2.0 million ounces of gold have been produced to date. The South Okanagan hosts the equivalent geology to Republic and at Dusty Mac production of 30,000 ounces gold has occurred.

The VAULT is the focus of activity in the area. Inco has optioned the property from Seven Mile High Resources Inc. and has spent over \$ 2.0 million since 1987. The VAULT property has a very recent but impressive exploration history (Appendix I & II):

- staked March 1982 by M Morrison, gossanous area
- optioned May 1982 by Riocanex, drilled 927 metres with mineralized intercepts
- Dome acquires in 1983, drills 7 holes with anomalous gold intercepts
- Seven Mile High options in 1984, discovers new zone and drills 491 metres
- Inco options (1987), discovers ore grade gold values hole 77422, 12.5 metres of 0.298 oz Au and 0.374 oz Ag
- Inco/Seven Mile High continue to be explored

The EPI claims were last explored in 1978 by Pacific Petroleum for uranium. In 1976, Pacific conducted a regional geochemical and geological program for U, Cu, Mo and F. Detailed grid follow up and drilling occur in 1977 and 1978. Although radioactive deposits were not found, several copper, molybdenum and fluorine anomalies were located.

Crocker staked the EPI claims in early 1989 to cover the most favourable Tertiary rock units. Reconnaissance prospecting has located two alteration zones (Figure 5) located along major fault structures. A compilation of all data is in progress.



EPI CLAIMS
FIGURE 3

GEOLOGY

The geology of the EPI claims is after B.N. Church, Preliminary Map 35 (1979) and is shown on Figure 5. The claims are mainly underlain by Tertiary Marron formation mainly Kitley Lake member trachyandesite lava. The base of the volcanic pile is Springbrook conglomerates and breccias. Several structural features cross cut the claims.

MINERALIZATION AND ALTERATION

Two zones of mineralization and alteration have been discovered during reconnaissance prospecting located along the Armstrong and Manuel Faults (Figure 5):

Manuel Zone

The zone has been traced for 2500 metres in road cuts. The southern end of the zone (Photo 1) is weakly to moderately altered to clays and sericite with weak silica. The width is approximately 50 metres. Pyrite is pervasive. The northern end of the zone (Photos 2&3) is intensely altered to clay with moderate silica. The width of the zone is not known due to overburden. Sulphides are not present in outcrop.

Armstrong Zone

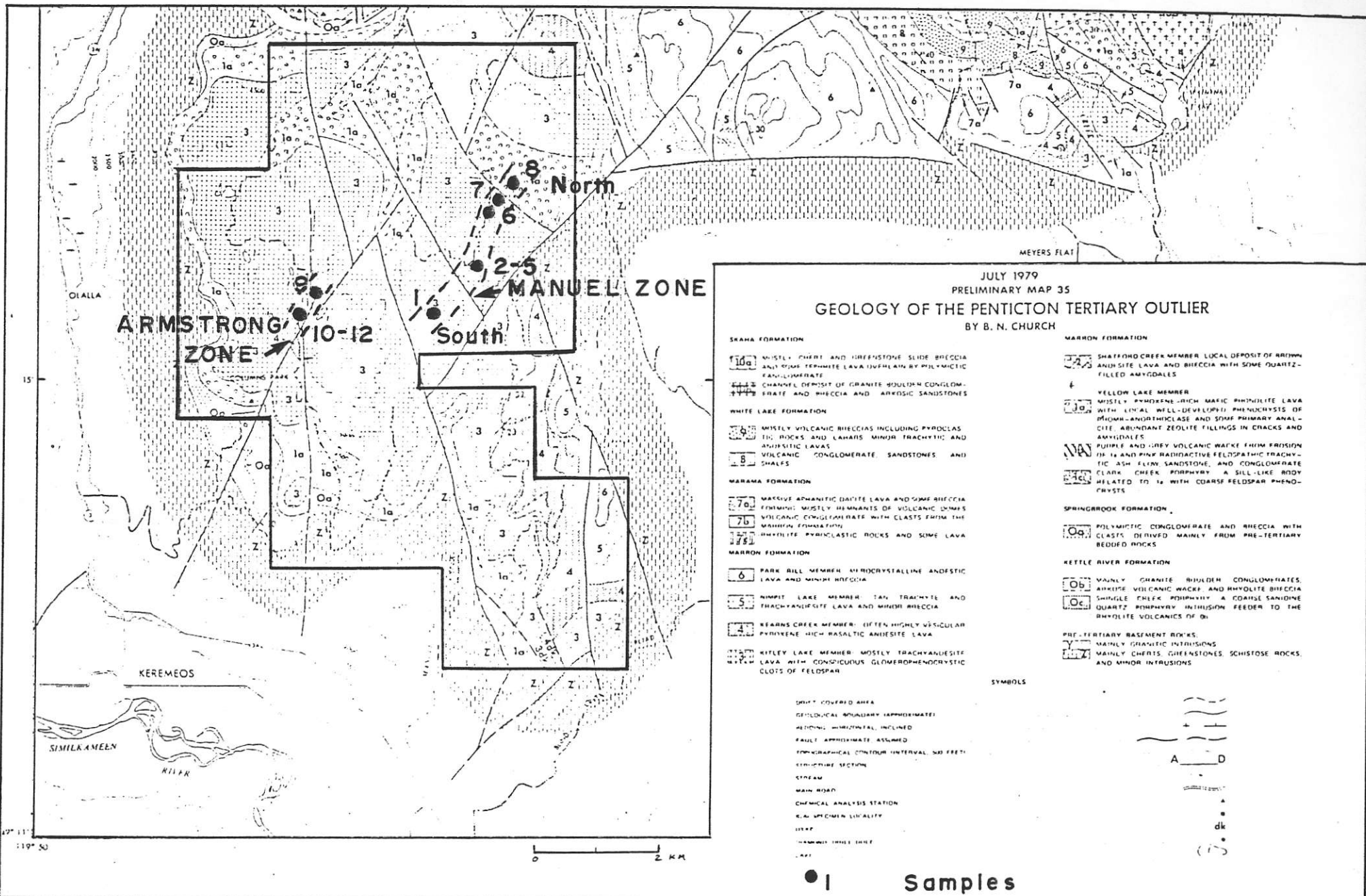
The zone has been traced for 500 metres in road cuts. The overall extent of the zone has not been determined. The zone where observed is strongly sheared and weakly clay altered with abundant pyrite. Structurally, several fracture systems both flat and steeply dipping are prominent.

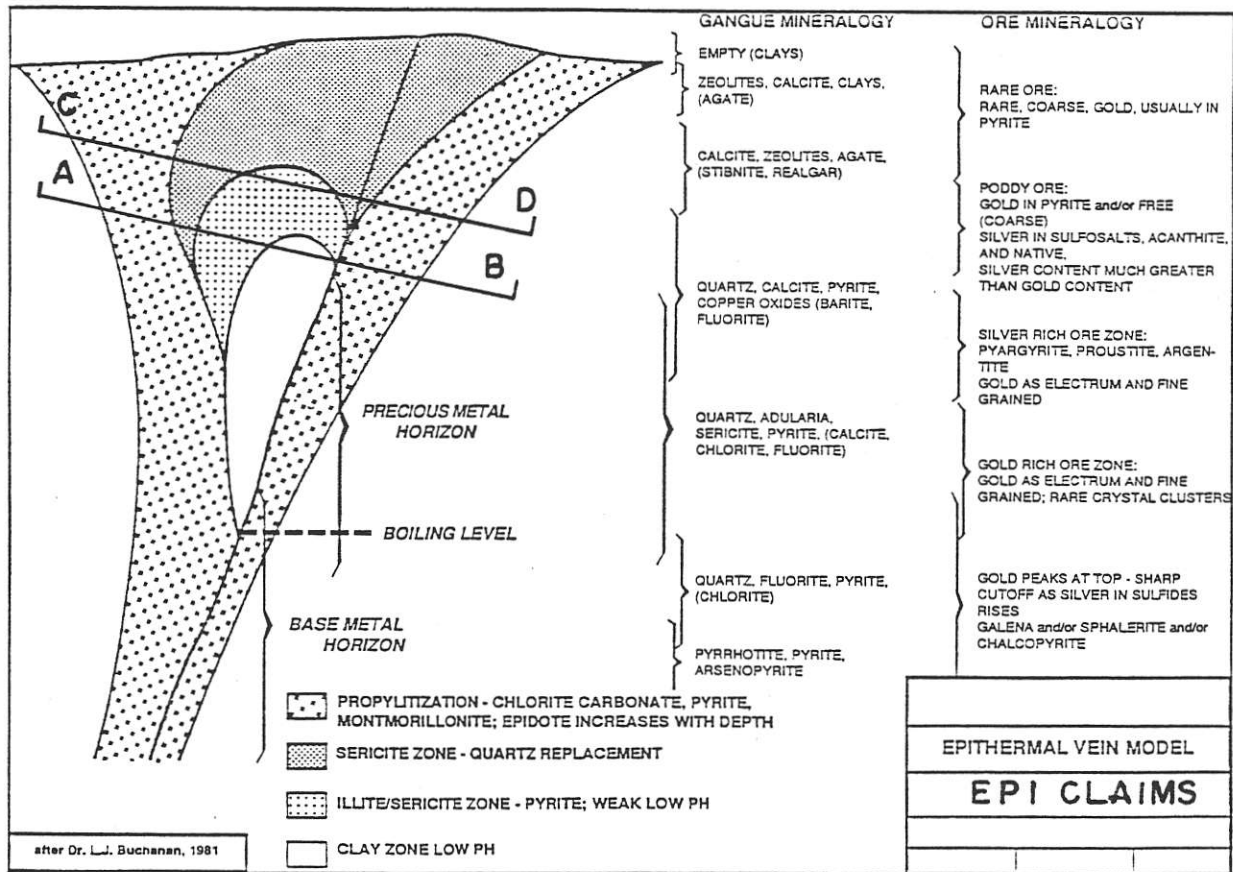
EPITHERMAL MODEL

The epithermal model is standard knowledge in the exploration industry and a sketch after Buchanan is Figure 6. The theoretical section of the Manuel zone is A-B and of the Armstrong zone is C-D. A total of 12 samples were taken from the zones (Figure 5) and the results are in Appendix III. The sampling is preliminary and the results show definite epithermal trends.

DISCUSSION

Epithermal gold exploration in the South Okanagan Gold Belt is at its infancy. The VAULT discovery is the first epithermal system to indicate size potential. The VAULT property has features in common with two recently discovered large epithermal gold deposits in widely separate regions of the world - the Hishikari Mine in Japan and the Cannon Mine at Wenatchee, Washington. These deposits do not preclude the importance of the Republic Mine of Hecla and the Kettle Valley deposits of Echo Bay located in northern Washington.





A B MANUEL XS

C D ARMSTRONG XS

FIGURE 6

The discovery of the various epithermal gold deposits in the world has taken various forms. The Hishikari deposit was discovered by an airborne EM survey conducted in 1978. The survey identified a large resistivity low, caused by intense clay alteration of Tertiary rocks. The ore was discovered at depths 250 to 500 metres below surface or 100 to 300 metres below the intense clay alteration. By 1980, 3.86 million ounces were discovered by drilling. Mining began in 1985 in a high grade core averaging 80 grams/tonne (2.34oz./ton).

The main parallel of interest between the Hishikari deposit and the EPI claims is the indications of two large clay alteration systems exposed on surface. The use of airborne geophysics has the potential of discovering additional systems.

The EPI claims also lie within host rocks similar to the the Cammon Mine where reserves of 1.26 million ounces gold were discovered in 1985 and placed into production. The EPI claims also have similar geology to the Republic Mine where over 2.0 million ounces of gold have been produced to date. The geology of the EPI claims is equivalent to the VAULT property that is located 7.5 kms to the north east.

CONCLUSIONS

The EPI claims are favourably located in Tertiary geology and have excellent potential for the discovery of epithermal gold deposits.

Epithermal-type indicators have been located in two major structural systems on the claims. The geological and geochemical indicators are consistant with known epithermal deposits world wide.

Gold mineralization (Dusty Mac) has been located and mined from epithermal systems within the area of interest. On a more regional scale, these deposits are more common and are being discovered and mined in Washington State (Kettle Valley deposits of Echo Bay).

From an exploration standpoint, integrated geological, geophysical and geochemical investigations and drilling are required to reach the desired goals. The discovery of an epithermal precious metal system often leads to bonanza deposits.

The EPI claims are at an early discovery stage and require considerable exploration funding to evaluate the claims to their full potential. Expenditures of \$ 1.0 to 2.0 over the next 3 to 5 years will be required to achieve this goal.

RECOMMENDATIONS

The EPI claims warrant extensive exploration. The recommended exploration program is staged over the next few years and is contingent on the success of each proceeding stage:

Stage I - Compilation and Prospecting

Compile all public data and investigate promising areas. At present, two zones have been identified. The exploration is to include airborne geophysics, geochemical sampling, geological mapping and prospecting. The estimated cost is \$ 500,000

Stage II - Detailed Ground Follow-up

Grid surveying of anomalies with trenching and/or drilling depending on the targets located in Stage I, a budget of \$ 1.0 million will be required.

Stage III - Drilling


Allowing for a normal success rate - allow for detailed drilling to explored the key targets a budget of \$ 2.0 million will be required.

Stage IV - Development

The success of locating an epithermal system with economic ore grades requires serious exploration by drilling and underground development. The forcast for such a program is estimated at \$ 5.0 million.

If the staged exploration and development are completed to establishing an ore body, the estimated expenditures are \$ 8.0 million.

Respectfully Submitted


Leonard W. Saleken, B.Sc. F.G.A.C.
Consulting Geologist



A P P E N D I X I

HISTORY AND PREVIOUS WORK

The Vault property has a very recent but impressive exploration history. The Vault 1 mineral claim was staked in March 1982 by M. Morrison to cover a gossanous area of silicified breccias that carried anomalous values in gold. The property was promptly optioned in May 1982 to Riocanex Inc. They increased the size of the property by staking Vault 2-5 claims, then carried out geological and geochemical surveys on the Vault 1 mineral claim. (See Figure 3.)

Late in 1982 Riocanex drilled four percussion drill holes totalling 295 metres to test the silicified "Discovery Zone" on Vault 1 claim. During April 1983 a follow-up program of four NQ diamond drill holes totalling 632 metres were drilled to further test the zone. The main mineralized intercepts encountered during the 1982-83 drilling programs were:

DRILL HOLE	INTERVAL (cm)	(cm) WIDTH	GOLD GRAMS/TONNE	SILVER GRAMS/TONNE
PDH 1			<0.3	most <1.0
PDH 2	70.1- 91.5	21.4	0.7	3.8
includes	73.2- 79.3	6.1	0.9	5.2
includes	88.4- 91.5	3.1	0.9	3.3
PDH 3	57.9- 67.1	9.1	1.0	4.7
includes	54.9- 61.0	6.1	1.1	4.4
includes	64.0- 67.1	3.1	1.3	4.1
PDH 4	18.3- 21.3	3.0	0.4	3.3
DDH 83-1	82.0- 84.0	2.0	1.5	15.0
	98.0- 102.0	4.0	1.6	12.5
DDH 83-2	76.0- 82.0	6.0	1.26	9.07
	82.0- 84.0	2.0	1.25	5.8
includes	78.0- 80.0	2.0	2.3	13.8
DDH 83-3	88.0- 90.0	2.0	0.5	2.3
	94.0- 96.0	2.0	0.5	1.9
DDH 83-4	64.0- 68.0	4.0	1.8	6.2
includes	66.0- 68.0	2.0	2.6	6.5

**HAROLD M. JONES, P.ENG.
CONSULTING GEOLOGIST**

Although the mineralized intercepts represented anomalous values in gold and silver, they fell short of Riocanex's expectations. They terminated their option on the property in 1983.

In late 1983 Dome Exploration (Canada) Ltd. optioned the Vault property. In early 1984 they conducted 3.0 line kilometres of induced polarization and magnetometer surveys over the Discovery Zone on Vault 1 claim.

Dome followed-up on their geophysical surveys with seven BQ diamond drill holes, testing some of the gaps in the data left by Riocanex in their drilling of the large (250 by 500 metre) Discovery Zone.

The best of the Dome's intersections are as follows:

DRILL HOLE	INTERVAL (cm)	(cm) WIDTH	GOLD GRAMS/TONNE	SILVER GRAMS/TONNE
138-1	33.0- 38.6	5	0.61	1.3
includes	33.0- 34.0	1	1.05	0.5
includes	37.0- 38.0	1	1.40	4.5
138-2	44.0- 46.0	2	0.60	5.0
	54.0- 58.0	4	0.78	0.6
138-4	71.0- 75.0	4	0.59	5.6
includes	71.0- 72.0	1	1.40	18.5
138-5	43.0- 50.0	7	0.94	5.0
includes	47.0- 48.0	1	2.50	7.0

Dome concluded that the precious metals and associated arsenic, mercury and antimony values are related to a zone of multi-stage silicification, pyritization, and brecciation accompanied by argillic alteration along and above a major southerly dipping fault zone which separates the Marron Formation from the overlying Marama Formation. They also concluded that the mineralization appeared to be sub-economic. They terminated their option in 1984.

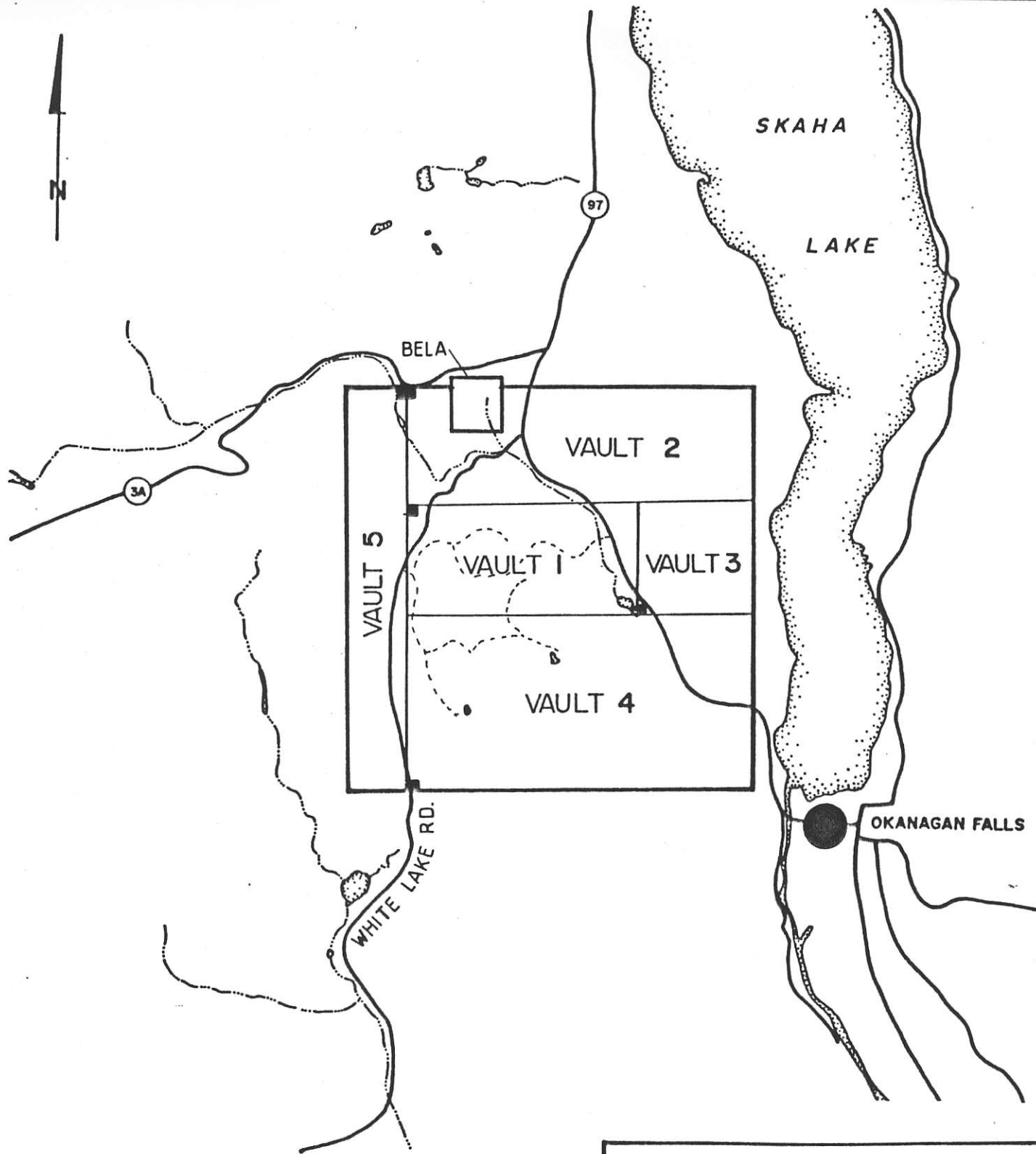
Seven Mile High Resources Inc. optioned the Vault property in November 1984. During April (1985), Seven Mile High Resources conducted a program of geological mapping and geochemical soil surveying. Most of this work was on Vault 4 claim, and lying to the south of the area examined by RioCanex in 1982. Approximately three square kilometres were covered by this work. (See Figure 3.)

During the same period, Seven Mile High Resources Inc. conducted VLF-EM and magnetometer surveys over the above area as well as over the Discovery area on Vault 1 claim. These surveys covered approximately five kilometres.

The above work by Seven Mile High Resources Inc. resulted in the discovery of a new, large, gossanous, silicified and clay-altered zone which was named the MH Zone. Reports on the above work by Seven Mile High Resources Inc. were prepared by Wilmot, A.D. (1984, 1985) and filed with the Regulatory Authorities.

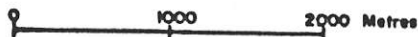
In August 1985 Seven Mile High Resources Inc. drilled eight percussion holes totalling 491 metres. Two holes were designed to test the eastern extension of the Discovery Zone, while the other six holes were drilled into the new MH Zone. No economic intersections were made during this drill program. However, wide intercepts of intense clay alteration and silicification of rhyodacite tuff, believed to be peripheral to a large epithermal system, were encountered.

Exploration costs on the Vault property have exceeded \$200,000.00 up to the present date.



■ LEGAL CORNER POSTS

- - - DIRT ROADS



SEVEN MILE HIGH RESOURCES

CLAIM MAP

VAULT 1 - 5 M.Cs.

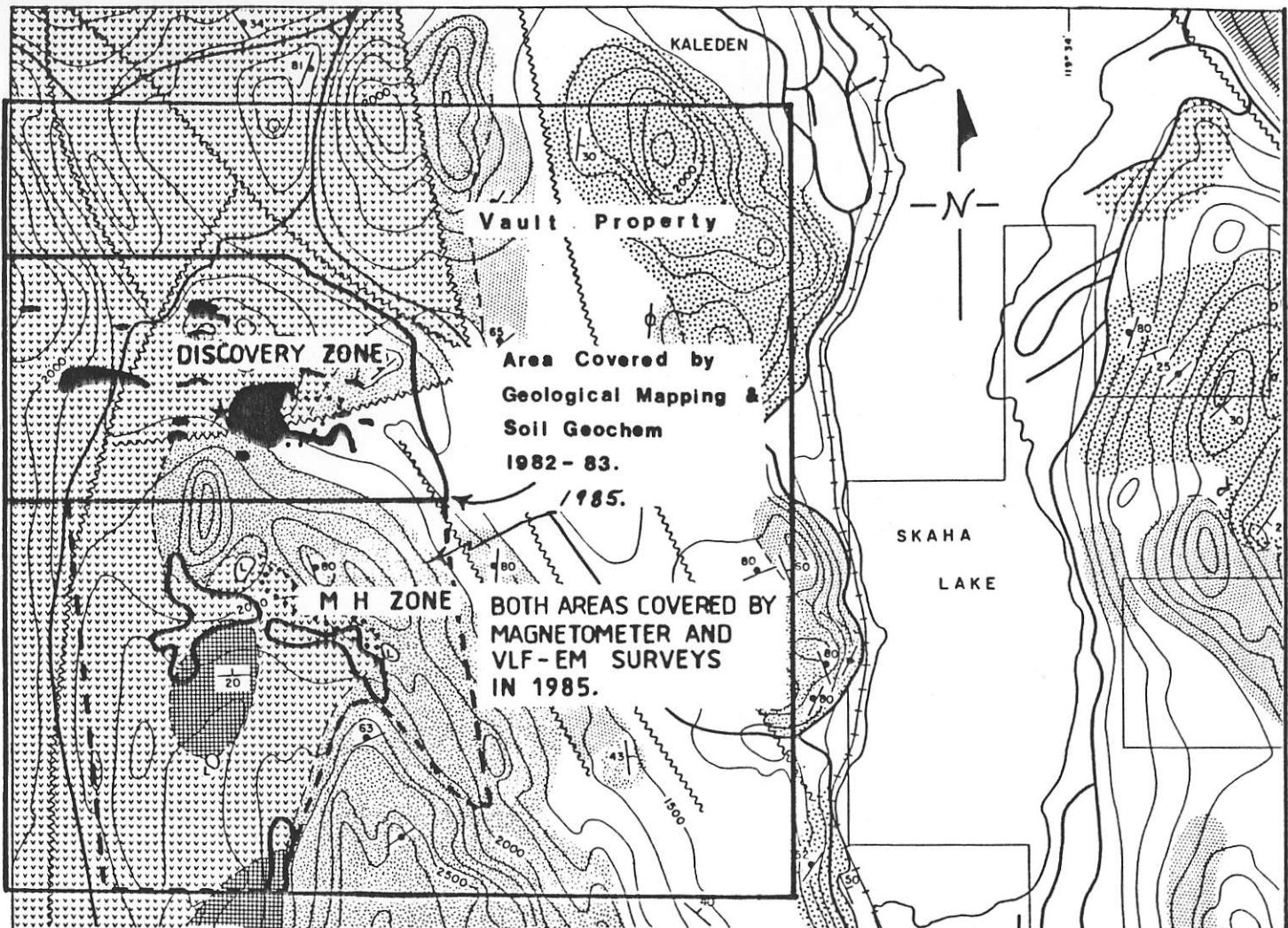
Okanagan Falls Area - Osoyoos M.D.

Scale: 1: 50,000

N.T.S. 82 - E - 5

NOV. 1984

Fig. No. 2



EARLY TERTIARY UNITS

WHITE LAKE FORMATION

- Tuff and agglomerate
- Lahar and stream sediments

MARAMA FORMATION

- Rhyodacite volcanics
- Basal conglomerate

MARRON FORMATION

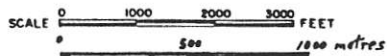
- Andesite and trachyte

PRE-TERTIARY ROCKS

- Shuswap gneiss

LEGEND

- Beds
- Main joint directions
- Fault
- Gossan
- Glacial striae
- Road
- Stream
- Contour interval 100 feet -2500-
- Approximate boundary of claim group



GEOLOGY BY N. CHURCH, 1969 B.C. DEPT. OF MINES

GEOCHEMICAL ANOMALIES IN SOIL

- 1982 SURVEY
- 1985 SURVEY
- As > 15 ppm and/or Sb > 1.4 ppm and/or Hg > 60 ppb
- DRILLED AREAS 1982 - 85

SEVEN MILE HIGH RESOURCES

PREVIOUS COVERAGE
VAULT 1 - 5 M.C.s.

Okanagan Falls Area - Osoyoos M.D.

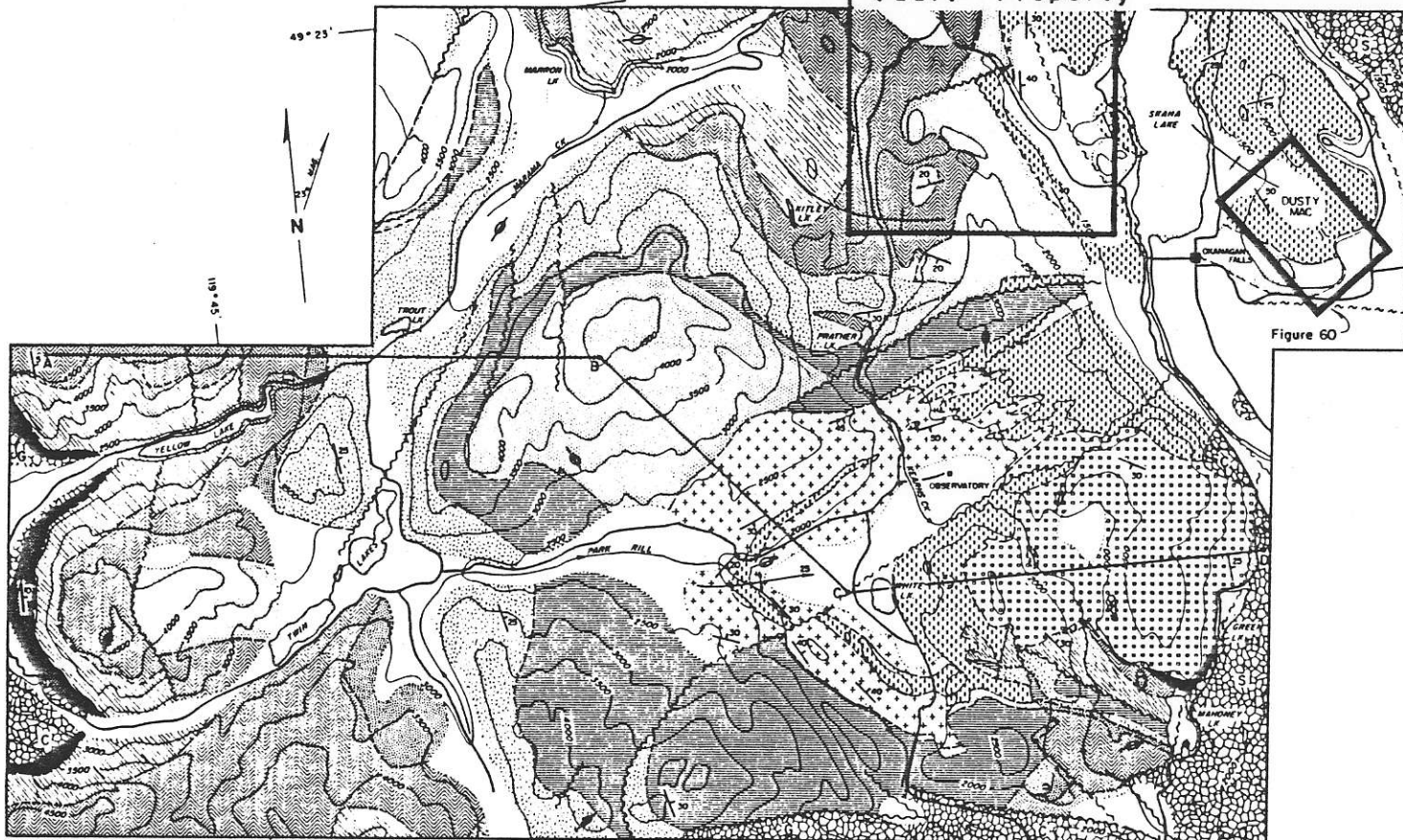
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NOV. 1984




Fig. No. 3







Vault Property



LEGEND

EARLY TERTIARY ROCKS











- 
SKAHA FORMATION
 UPPER MEMBER - MIXED BOULDER CONGLOMERATE
 LOWER MEMBER - MAINLY GRANITE, CHERT, AND
 GREENSTONE SLIDE BRECCIAS WITH INTERCALATED
 CONGLOMERATE AND SOME AUGITE-PORPHYRY
 (TEPHRITE) LAVA
- 
WHITE LAKE FORMATION
 MUDSTONE, SANDSTONE, CONGLOMERATE, COAL, AND
 MINOR PYROCLASTIC ROCKS INTERCALATED/
 WITH TRACHYTE AND TRACHYANDESITE VOLCANIC
 BRECCIA, PYROCLASTIC ROCKS, AND LAHAR
- 
MARAMA FORMATION
 UNDIVIDED RHYODACITE AND RHYOLITE LAVA, SOME
 VOLCANIC BRECCIA AND PYROCLASTIC ROCK AND
 MINOR BASAL CONGLOMERATE
- MARRON FORMATION**

 - 
PARK RILL MEMBER - MAINLY MEROCRYSTALLINE AND
 VITRIC ANDESITE LAVA
 - 
NIMPIT LAKE MEMBER - MAINLY ROSETTE PORPHYRY,
 SANIDINE-PLAGIOCLASE BEARING TRACHYTE LAVA
 - 
KEARNS CREEK MEMBER - MAINLY PYROXENE
 PORPHYRY, VESICULAR BASALTIC ANDESITE LAVA
 - 
KITLEY LAKE MEMBER - MAINLY CLOT PORPHYRY,
 SANIDINE-PLAGIOCLASE BEARING TRACHYTE AND
 TRACHYANDESITE LAVA
 - 
YELLOW LAKE MEMBER - RHOMB PORPHYRIES,
 AUGITE-ANORTHOCLASE LAVA, VOLCANIC BRECCIA, AND
 PYROCLASTIC ROCK
- 
SPRINGBROOK FORMATION
 PEBBLE AND BOULDER CONGLOMERATE, BRECCIA,
 AND SANDSTONE

PRE-TERTIARY ROCKS

- 
G-OLD TOM FORMATION - MAINLY GREENSTONE
- C-SHOEMAKER FORMATION** - MAINLY CHERT
- S-SHUSWAP FORMATION** - GNEISSIC BASEMENT COMPLEX

SYMBOLS

- 
BEDDING ATTITUDE
- 
ANTICLINAL AXIS
- 
SYNCLINAL AXIS
- 
GEOLOGICAL CONTACT
- 
FAULT ZONE
- 
BOUNDARY OF BEDROCK EXPOSURE
- 
TOPOGRAPHIC CONTOUR, 500' INTERVAL
- 
ROAD
- 
POSITION OF STRUCTURE SECTION
- 
GLACIAL STRIAE

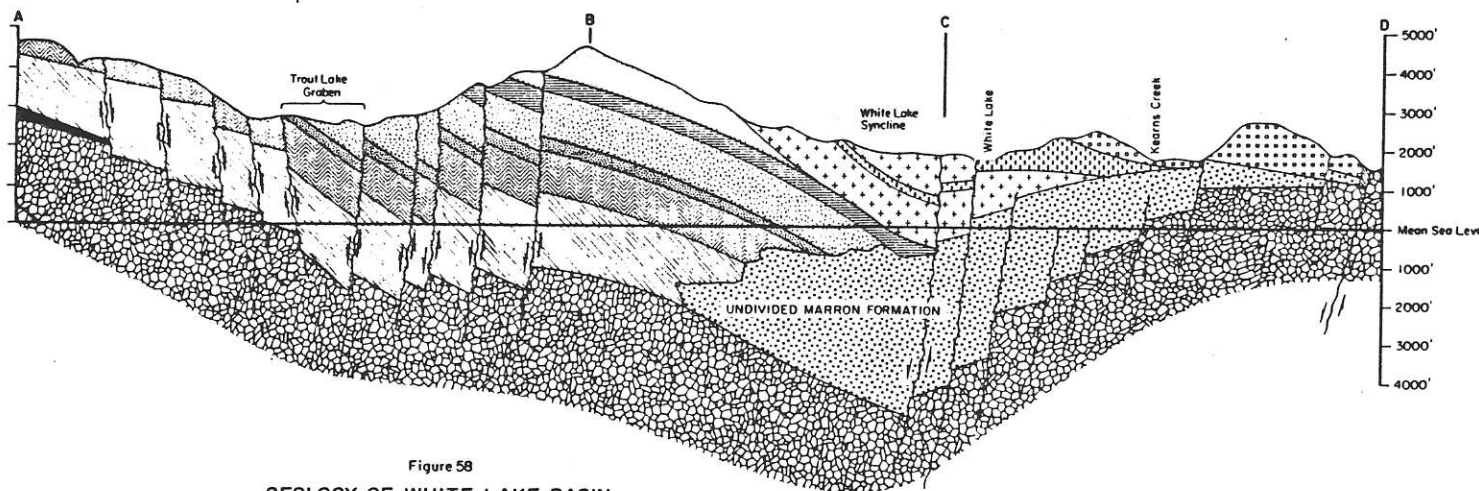
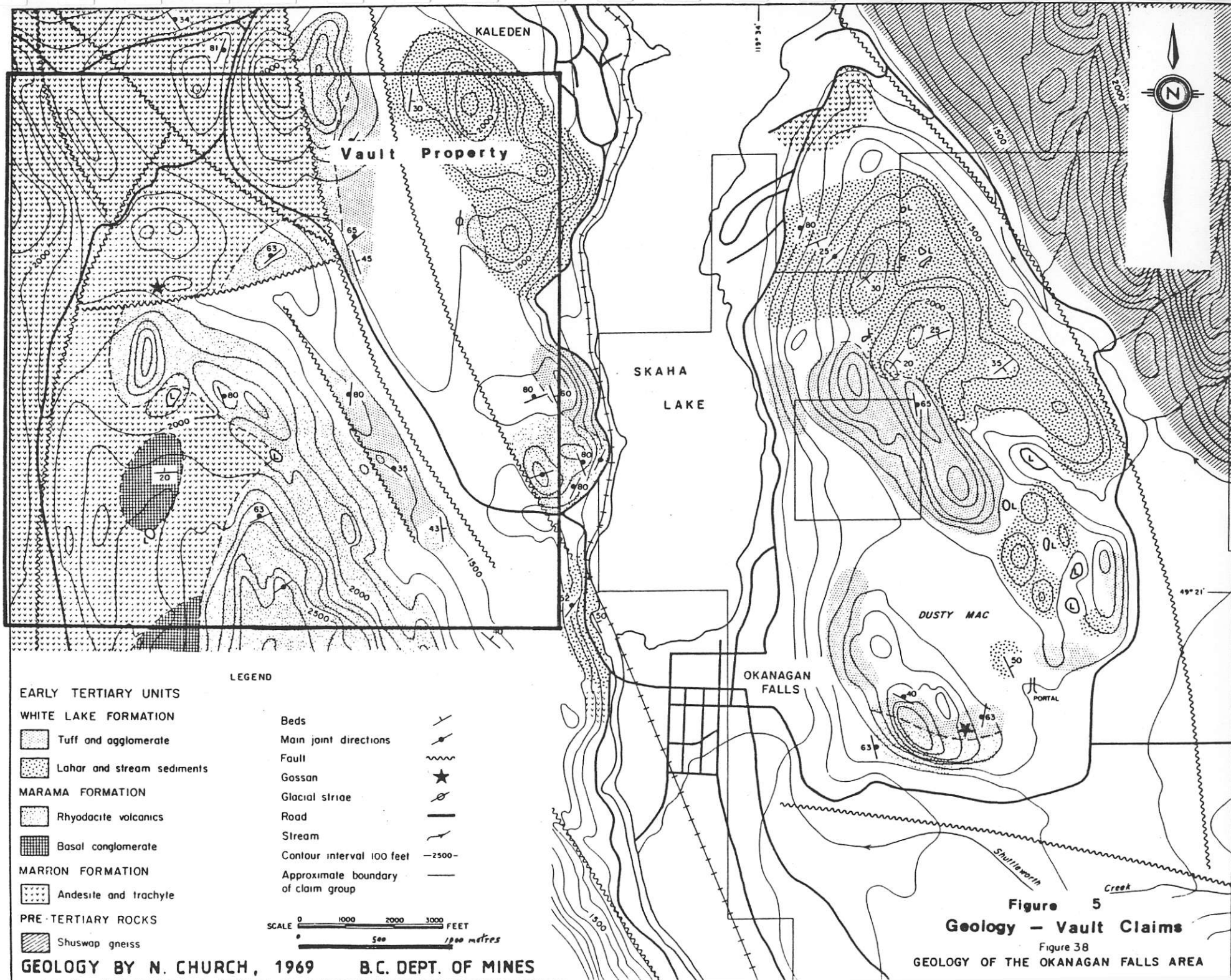


Figure 58
GEOLOGY OF WHITE LAKE BASIN

GEOLOGY BY - N CHURCH, 1970
SCALE - MILES
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0 1 2 Km



CANARIM RESEARCH

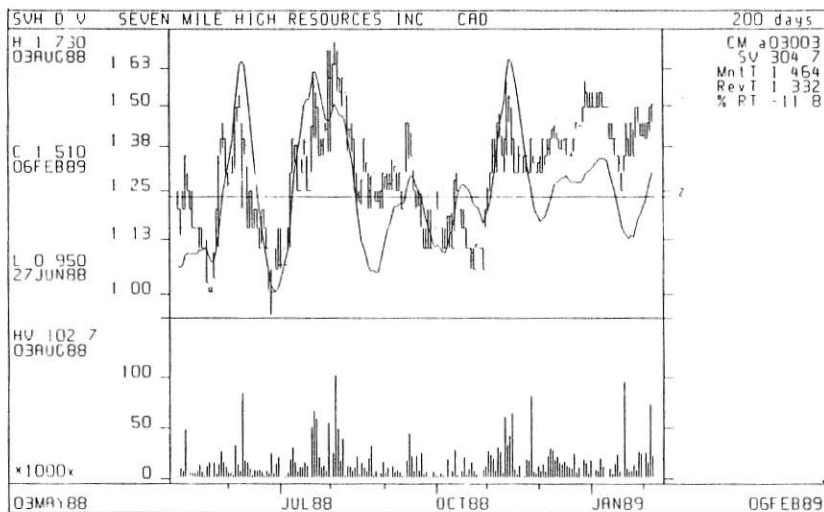


Seven Mile High Resources Inc.

Shares O/S 3,508,693
 (fully diluted) 5,373,966
 Listed: VSE-SVH
 Current Price: \$1.45
 Market Capitalization: \$5.1 million

Working Capital: \$500,000
 *To be increased by over \$2 million fully diluted
 Long Term Debt: nil

Trading History:	1986	1987	1988	1989
High	0.70	2.33	1.90	1.59
Low	0.28	0.28	0.70	1.20

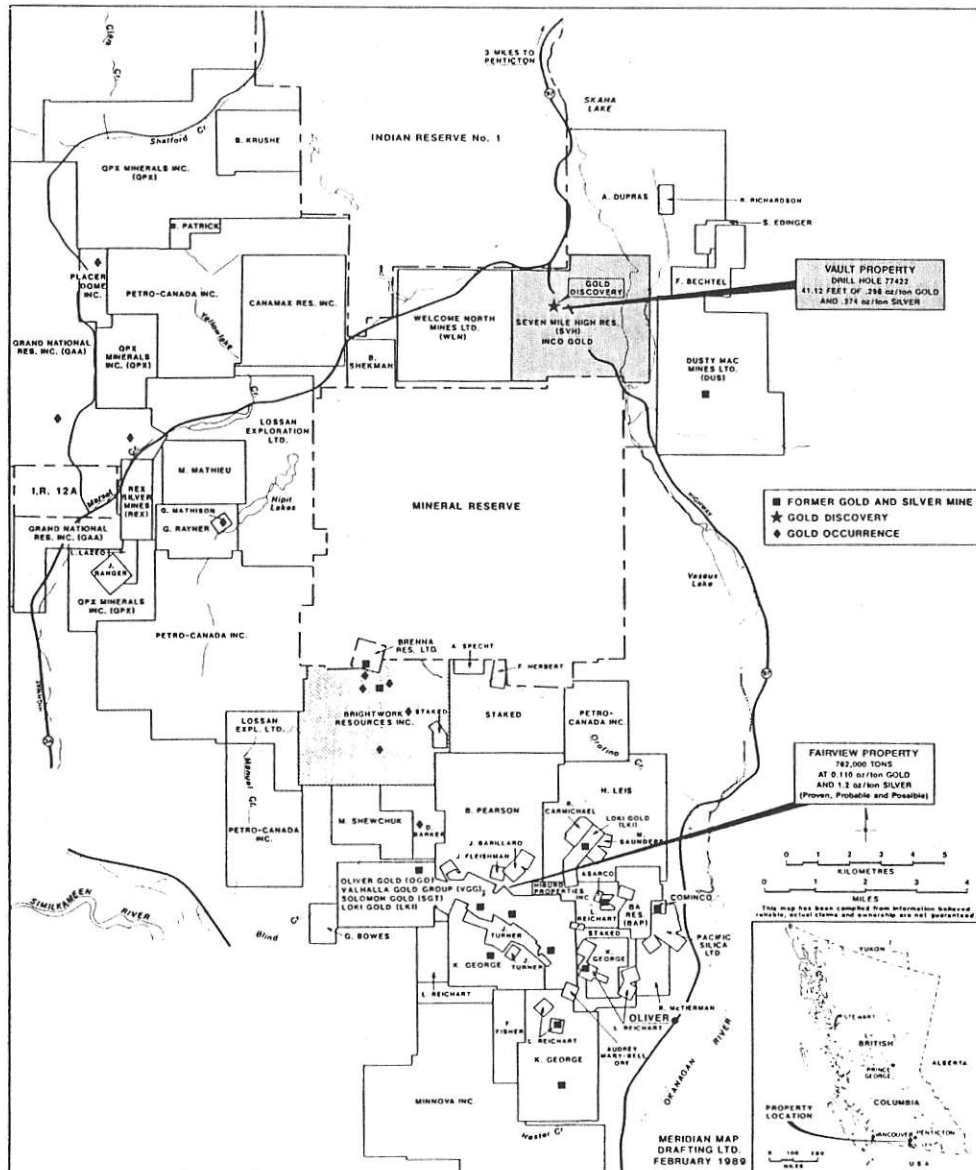


Seven Mile High Resources is in joint venture (40/60) with Inco Gold, a business unit of Inco Ltd., on the Vault property located near Okanagan Falls, British Columbia (see Table I). The property covers approximately 4,200 acres with exploration having outlined a large epithermal gold-bearing system over a surface area measuring 2700 feet by 1500 feet. At the present time Inco, as operator, has initiated the next phase of exploration, a \$1.2 million program to consist of a minimum 40,000 feet of diamond drilling as well as further geologic reconnaissance work. Funding for Seven Mile High's pro-rata proportion of the program will come from current working capital augmented by a just completed private placement.

The Vault project consists of five mineral claims located at the southern end of Skaha Lake in British Columbia's Okanagan Region. Infrastructure is considered to be excellent, with Highway 97 passing through the claim block allowing for ease of access. The project is some 35 miles east of the Nickle Plate Mine operated by Corona Corp. The property was originally acquired in November of 1984 and in May 1986 Inco acquired an option to earn its 60% interest. Over the past two years the partners have cumulatively spent in excess of \$2 million on the project. Exploration has included, along with detailed surface work, over 75,000 feet of diamond drilling in 65 holes.

Geologically, the Vault claims cover a portion of one of the volcanic-sedimentary basins that are common in the Okanagan. The drill tested region of the project appears to form the north end of an easterly plunging severely faulted synclinal structure. Successive faulting has effectively down-dropped the gold bearing epithermal horizon so that identification by surface exposure is virtually non-existent. The system is, in effect, a hidden deposit. This horizon, characterized by abundant silica occurring as veins and pervasive flooding, appears to be the main body of the epithermal system. Although the ultimate source has not yet been identified, recently completed drilling may lead to identification of the feeder, or bonanza, zone.

TABLE I



As previously mentioned, exploratory drilling has defined a mineralized horizon measuring 2700 feet by 1500 feet and drilled to a depth of 1200 vertical feet. This target is still open in two directions. Within the area a central zone containing three horizons with economic gold values has been identified and tested along 1200 feet of strike. As yet, a preliminary reserve calculation has not been publicly released, however, we understand that inferred reserve tabulations are underway and are forthcoming. Drill results to date include:

Hole No.	Dip	Core Length (ft.)	oz. Au/ton
72408	-63°	29.9	0.264
includes		4.9	0.974
72422	-53°	27.7	0.484
includes		6.6	1.188
72433	-55°	9.3	0.269
72434	-53°	66.7	0.164
includes		13.6	0.305
		11.7	0.330
72446	-46°	13.9	0.278
72460	-90°	6.3	0.347
and		3.4	0.508
72462	-90°	11.5	0.266
72471	-90°	9.6	0.229

As well, just released drill holes from a 1988 year-end program returned some encouraging values 800 feet to the south of the main body. Although narrow (see below), the values are important in that based upon preliminary stratigraphic evaluation they may point to the feeder stem of the system.

Hole No.	Core Length (ft.)	oz. Au/ton
72464	3.1	0.689
72465	1.8	8.10

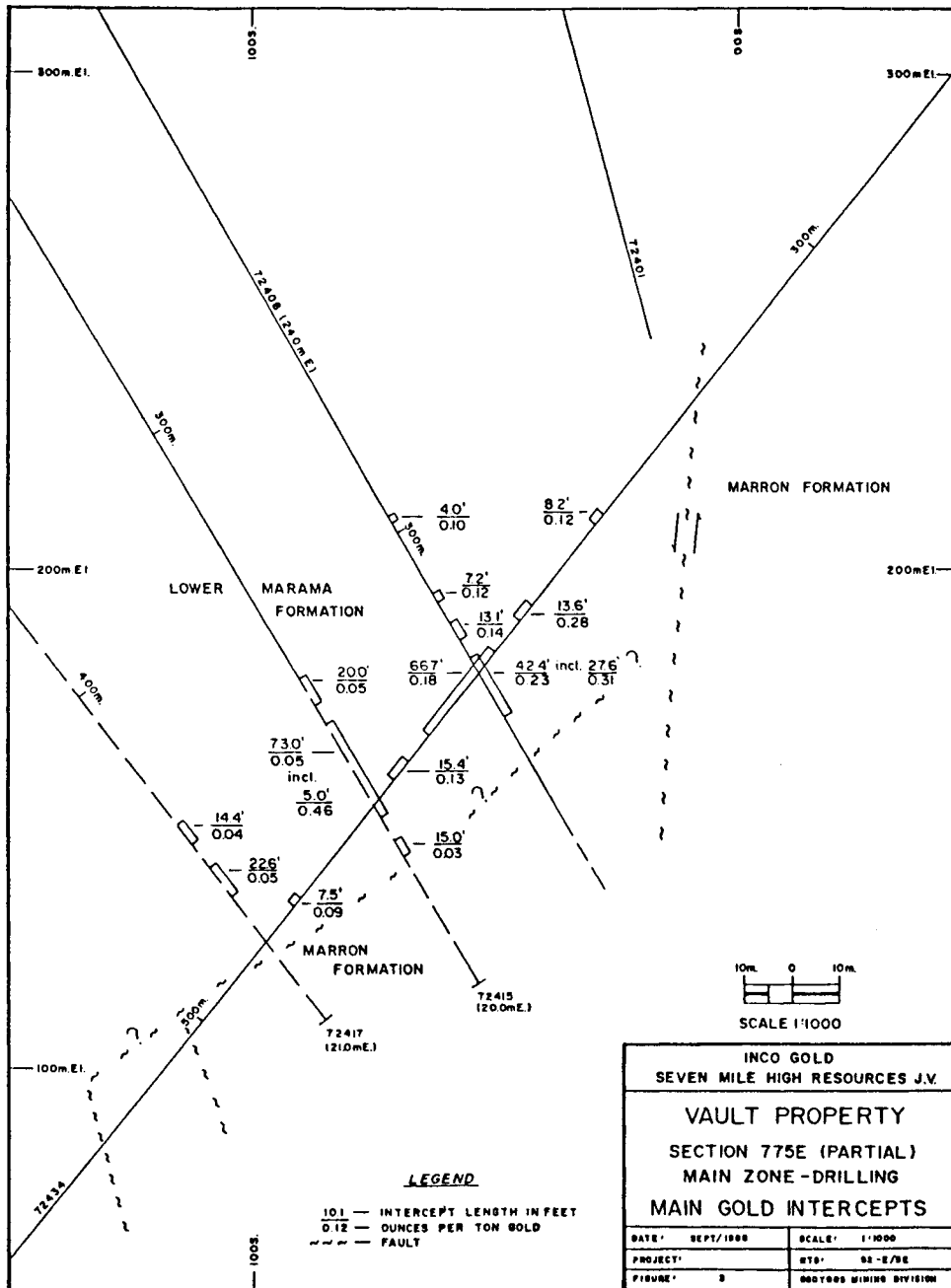
One of the more interesting, and largely untested, targets on the property lies west of hole 72422. The area strikes for over 500 feet. Two holes have been drilled in this region with one hole (72433) returning 22 feet grading 0.14 oz. Au/ton. Of greater significance, though, is that geochemical analysis indicated that the hole intercepted 180 feet containing greater than 1000 ppb gold. This intercept, along with additional data, indicate that the area is clearly highly anomalous and further work is necessary.

The current program will focus on the areas surrounding holes 72433 and 72464/72465. On completion we feel it likely that the next phase of exploration (this summer) could include initiation of an underground program.

Conclusion

Seven Mile High's Vault project represents one of the better exploration targets in British Columbia. The drill indicated potential of the epithermal system is such that, ultimately, gold bearing reserves could be in the millions of tons. Currently, a great deal of additional work is required, however, given the project status, target potential and speculative leverage we rate Seven Mile High Resources a strong speculative buy.

Canarim Investment Corp.
 Graeme Currie
 February 6, 1989



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PROJECT NO: EPI CLAIMS

705 WEST 15TH ST., NORTH VANCOUVER, B.C. V7M 1T2

FILE NO: 9/V/0374/R/J/001

ATTENTION: G. CROOKER/L. SALEKEN

(604)980-5814 OR (604)988-4524

* TYPE ROCK GEOCHEM * DATE: 06-01-1999

(PPM)	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-00	B9-ER-01	B9-ER-01	B9-ER-01
	1	2	3	4	5	6	7	8	9	0	1	2
AG	.9	.7	1.0	.7	.8	.8	.9	.1	.9	1.0	.9	.9
AL	14680	10500	7460	7790	8760	6630	11520	10320	9790	22630	24910	21490
AS	1	4	9	6	12	9	6	6	6	5	3	14
B	1	1	1	1	1	1	1	1	1	1	1	1
BA	285	200	182	152	178	215	400	64	248	1926	491	709
BE	1.0	1.3	.5	.5	.6	.7	1.1	.4	.8	.8	2.5	1.9
BI	4	3	4	2	1	4	3	1	3	4	4	4
CA	5070	4630	4570	3800	3900	3670	4440	1950	4070	6300	10910	5820
CD	.2	.2	.2	.5	.2	.2	.2	.2	.2	.2	.2	.2
CC	10	10	8	7	8	9	10	2	8	8	10	11
CU	12	12	9	7	9	8	8	5	10	8	10	11
FE	20700	23100	15150	17380	19440	17100	22390	3470	18600	15220	17910	29460
K	2060	2150	2090	1970	1930	2000	2280	1120	2160	4090	3000	2860
LI	4	8	6	4	6	3	2	1	10	17	21	14
HG	4660	3980	3560	3240	3520	2960	3640	1710	3830	5260	6760	5030
NH	361	799	215	90	334	491	627	74	217	162	489	473
NO	1	2	1	2	2	3	1	1	3	2	1	1
NA	740	1000	1140	610	810	930	860	570	920	540	640	450
NI	2	4	3	2	1	2	1	1	1	2	2	1
F	1170	1330	1320	1280	1290	1290	1370	120	1270	1170	1240	1270
PP	20	23	25	15	15	16	23	9	31	41	35	35
SB	1	1	1	1	1	1	1	1	1	2	4	4
SR	292	82	59	44	60	49	236	85	78	751	515	440
TH	1	1	1	1	1	1	1	1	1	1	1	1
U	3	2	2	1	2	2	3	1	2	6	4	4
V	40.2	48.1	45.6	38.7	45.0	32.2	45.9	3.9	45.3	40.0	43.0	56.2
ZN	66	64	71	36	45	46	59	20	63	42	70	63
GA	1	3	1	1	1	1	2	1	3	2	4	2
SN	2	3	2	2	2	1	2	1	1	2	3	3
W	1	2	2	2	2	2	2	1	2	1	2	2
OR	40	43	56	54	47	58	51	42	50	32	37	36
AU-PPB	5	5	10	5	5	5	10	5	5	5	10	5
HG-PPB	5	10	5	5	15	5	5	10	5	5	5	5
F	800	980	990	790	950	675	865	125	990	795	660	540

A P P E N D I X III



Photo 1: MANUEL ZONE - SOUTH
Looking west across zone 50 metres wide
Altered trachyandesite with sericite-clay-pyrite
Samples 2,3,4,5



Photo 2: MANUEL ZONE - NORTH
Intense clay with silica alteration
Rock unknown, flat bedding, steep fracturing
Sample 8



Photo 3: MANUEL ZONE - NORTH (Close-up)
Intense clay with silica alteration, steep fracturing
Note gas streaming, rock unknown,
Sample 8



Photo 4: ARMSTRONG ZONE
Flat structure, strong alteration
Sericite - clay - pyrite
Samples 10,11,12