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PRIVATE &amp; CONFIDENTIAL

JANUARY 5, 1989

MARKET TALK NO. 22ESKAY CREEK PLAY

Calpine Res. Inc.			Cons. Stikine Silver Ltd.		
Listed: June 21, 1984			January 8, 1985		
VSE Symbol: CLP			CKI		
Price Range:	H	L	H	L	
December 28, 1988	\$ 2.59	\$ 2.43	\$12-3/8	\$11-3/8	
Last 30 days:	2.70	2.10	12-3/8	5-1/4	
Last 90 days:	2.70	.18	12-3/8	0.28	
Last 52 weeks:	2.70	.18	12-3/8	0.25	
Shares issued:	12,597,000		1,965,000		
Shares escrowed:	750,000		250,000		
Reserves:	700,000 - 1,000,000 tons		50% Calpine Res./50% Cons.		
Grade:	± 0.45 oz Au and ± 1.0 oz Ag per ton		Stikine Silver		

**The Property**

The Eskay Creek gold and silver property, owned equally by Calpine Resources Inc. and Consolidated Stikine Silver Ltd., is currently the subject of a major promotion on the Vancouver Stock Exchange. The objective of this review is to place the Eskay Creek discovery in perspective with regard to other recent gold discoveries in the area. Eskay Creek lies 60 miles northwest of Stewart, B.C. between the Iskut River and Sulphurets Creek gold camps. The Calpine/Cons. Stikine property consists of 33 mineral claims (see attached claim map). Calpine, the operator has earned a 50% interest by expending \$900,000 to date.

**Geology and Mineralization**

The property is underlain by volcanic and sedimentary rocks of Jurassic age which dip under younger sedimentary rocks to the north. The current area of drilling, known as the "21" zone, straddles the north-northeast trending contact between a lower rhyolite and an upper andesite-basalt unit. A lens of graphite-rich shale occurs at the rhyolite-andesite contact.

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Gold and silver mineralization is associated with the black carbonaceous shale which is in contact with the rhyolite and andesite volcanics. The best precious metal grades (+1.0 oz Au per ton) appear to be associated with narrow sections of massive stibnite, characterized by abundant realgar and orpiment. The stibnite mineralization occurs within broader zones of silica and pyrite, which measure several tens of feet in thickness, and grade 0.1 - 0.2 oz. Au per ton. This is enclosed by widths of 75 to 200 ft. of lower grade gold mineralization (+0.03 oz Au per ton). Minor amounts of copper and lead are also present.

### Possible Reserves

At least eight elongated zones with potential gold mineralization have been outlined on the Eskay Creek property by the presence of exposed low grade gold and silver mineralization and by soil geochemistry (+100 ppb Au, +1.0 ppm Ag). Each zone measures several hundreds of feet in length, and occur on strike to the south of or parallel to the "21" zone. Drilling on the "21" zone in 1985 intersected only the shallow upper portions of the low grade gold mineralization with values in the range of 0.03 to 0.13 oz gold per ton. Trenching over a strike distance of 1,000' and a width of 100 ft. returned similar gold values.

Calpine Resources Inc. obtained an option on the Eskay Creek property from Cons. Stikine in early 1988, and in October drilled six holes in the "21" zone. Three of these holes (DDH 88-3, 5 and 6) intersected significant gold mineralization, the best of which was 0.73 oz Au and 1.12 oz Ag across a drill interval of 96.5 feet. A further 6,880 feet were drilled in the same zone between mid-November and mid-December, 1988. Results have been published for two of these holes. Both holes appear to have been drilled on the same cross section as DDH 88-6. Hole DDH 88-9 intersected the "21" zone 60 ft. above and DDH 88-7 cut it 40 ft. below the intersection in DDH 88-6. Hole 88-7 was drilled to a depth of 620 ft.

The significant drill results are as follows:

DDH		From	To	Length (ft)	oz. Au/T	oz. Ag/T
88-5		111.2	354.3	242.1	0.136	2.03
	incl.	112.2	122.0	9.8	0.314	0.70
		189.3	218.8	29.5	0.217	0.91
		251.6	304.1	52.5	0.280	1.14
88-3		283.8	301.1	21.3	0.200	0.29
88-6		294.6	391.1	96.5	0.752	1.13
	incl.	301.2	353.7	52.5	1.330	1.99
88-7		353.4	510.8	157.4	0.163	0.20
	incl.	353.4	387.8	34.4	0.422	0.62
88-9		461.6	510.8	49.2	0.208	0.21
	incl.	201.4	475.3	273.9	0.172	1.47
		201.4	260.4	59.0	0.601	2.77
		450.7	475.3	24.6	0.240	0.98

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The locations and dips of DDH 88-7 to 13 have not been published, but it is known that these holes were drilled in the same area as DDH 88-3, 5 and 6, within a strike distance of 540 ft. The five holes with significant intersections of better than 0.2 oz gold per ton average 0.45 oz. gold per ton over an average width of 58.5 ft. The true thickness is believed to be closer to 40 ft. With these broad parameters it appears that the "21" zone has dimensions of approximately 540 ft. x 40 - 58.5 ft. If a depth of 400 ft. is assumed for the mineralization, the zone may contain possible reserves of 700,000 to 1,000,000 tons with grades of + 0.45 oz gold and + 1.0 oz. silver per ton. On the basis of the number of shares issued this is equivalent to 0.018 oz gold per Calpine share and 0.115 oz. gold per Cons. Stikine share. Because of the long drill intersections of lower grade gold mineralization, possible reserves could easily be doubled by lowering the cut-off grade.

Comparative data on reserves, grades and prices of junior resource companies with gold deposits in the area are tabulated below:

Company	Reserves (Tons)	Grade (oz Au)	Total oz Au	Shares Issued	oz Au per Share	Price 12/28/88	Price per 0.01 oz Au
Skyline Expln Ltd.	1,088,000	0.71	772,480	8,024,000	0.096	10-5/8	\$ 1.11
Delaware Res. Ltd.	628,000	0.64	402,000	24,151,000	0.017	4.40	2.59
Granduc Mines Ltd.	828,000	0.71*	588,880	6,243,000	0.094	2.85	0.30
Newhawk Gold	1,242,000	0.71*	881,820	11,123,000	0.079	3.25	0.41
Calpine Res. Inc.	500,000	0.45	225,000	12,597,000	0.018	2.50	1.39
Cons. Stikine Silver	500,000	0.45	225,000	1,965,000	0.015	12.00	1.04

\* Gold equivalent = Au + Ag/70.

### Management

The prime importance of promotional talent in the management group is reflected in the price of the stock relative to its "in the ground assets". The common denominator in the higher priced stocks listed above is that both Delaware and Calpine are controlled by Murray Pezim, who is a promoter "par excellence". One should note that Skyline is now in production, Delaware, Newhawk and Granduc are at the feasibility stage with possible production in 1990, while Calpine and Consolidated Stikine are only at the exploration stage, and have yet to define a gold orebody. With Mr. Pezim it is virtually impossible to predict what the stock will do, or what deal may be made in the future.

Among the directors of Consolidated Stikine are Andrew Robertson, John Toffan and Alex Briden who have been around the Vancouver exploration scene for a long time.

### Financial Status

With Murray Pezim and Prime Capital in the foreground, Calpine will have whatever funds are required to take the Eskay Creek property to production if necessary. NIM Resources Ltd. Partnership also took down 1,000,000 Calpine



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shares at \$0.40 in mid-1988. Consolidated Stikine is well funded, having completed a private placement in June, 1988 to issue 500,000 shares at \$0.35 each, with warrants for another 500,000 shares at \$0.45. More recently a private placement was announced for the issue of 100,000 shares at \$10.00 each.

### Trading Pattern

The 1988 trading charts for Calpine and Cons. Stikine indicate moderate increases in prices over the summer months, followed by substantial decreases between September and October, 1988. The next move came on the release of the first set of drill results in mid November. Further price increases have followed with the release of each additional drill hole result. In the past six weeks, Calpine has gone from \$2.00 to \$2.50 while Cons. Stikine has gone from \$4.00 to \$12.00. The current prices appear to have moved ahead of possible drill reserves. There are also rumours that Prime Capital (Pezim) has offered to take over Cons. Stikine. This may account for the late move in the price of Cons. Stikine.

### Other Players

Four companies with properties adjacent to Calpine deserve some comment. These companies are:

<u>Company</u>	<u>Shares issued</u>	<u>Price Dec 28/88</u>
Canarc Res.	1,905,000	\$ 0.85
American Fibre Corp.	4,531,000	0.55
Cons. Silver Butte	4,385,276	0.62
Adrian Res.	2,000,000	0.62

Canarc Resource Corp. owns the GNC claims which surround the Calpine/Cons. Stikine property. These claims also include a pie-shaped fractional claim which occurs between DDH 88-6 and 88-3 and covers a portion of the "21" zone. A parallel Au, Ag, Cu, Pb, Zn zone occurs on the Canarc property to the south and east of the "21" zone. Calpine has an option to earn a 50% interest in the Canarc property.

American Fibre Corp. and Cons. Silver Butte jointly hold the SIB claims which lie on strike southwest of the Calpine claims. The gold mineralized structures probably extend onto the Amer. Fibre/Silver Butte property and are indicated by northeast trending gold, silver, antimony and silver geochemical anomalies. Adrian Res. holds the claims adjoining the north boundary of Calpine.

### Possible 1989 Scenario

With additional good drill results early in 1989, the stock prices could be promoted higher. If future drill results are poor the downward price movement will be large. Although I am not brave enough to recommend these stocks at current prices my guess is that DDH 88-8 to 13 will at the worse show long intersections of +0.1 oz. gold per ton. Drilling on the other mineralized zones could provide more good results later in 1989. The property now warrants a major drill program of +20,000 ft., employing more than one drill rig.

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### Conclusions

Economic grade gold mineralization has been encountered on the Eskay Creek property over wide intersections in five drill holes within a strike distance of 540 ft. These results suggest that a gold deposit with reserves of 1,000,000 tons or more will be outlined. Although some geologists feel that the gold mineralization is of a massive sulfide volcanogenic type, the antimony and arsenic mineralogy (stibnite, orpiment, realgar) implies a Tertiary epithermal genesis, localized by north-northeast fault structures. The presence of economic sections of gold mineralization (+0.2 oz. Au) within broader low grade gold areas allows ample opportunity to define a modest tonnage high grade deposit (+0.3 oz. Au) within a large tonnage of near surface open pit ore grading  $\pm$  0.1 oz. gold per ton. The Eskay Creek play could run for a whole year.

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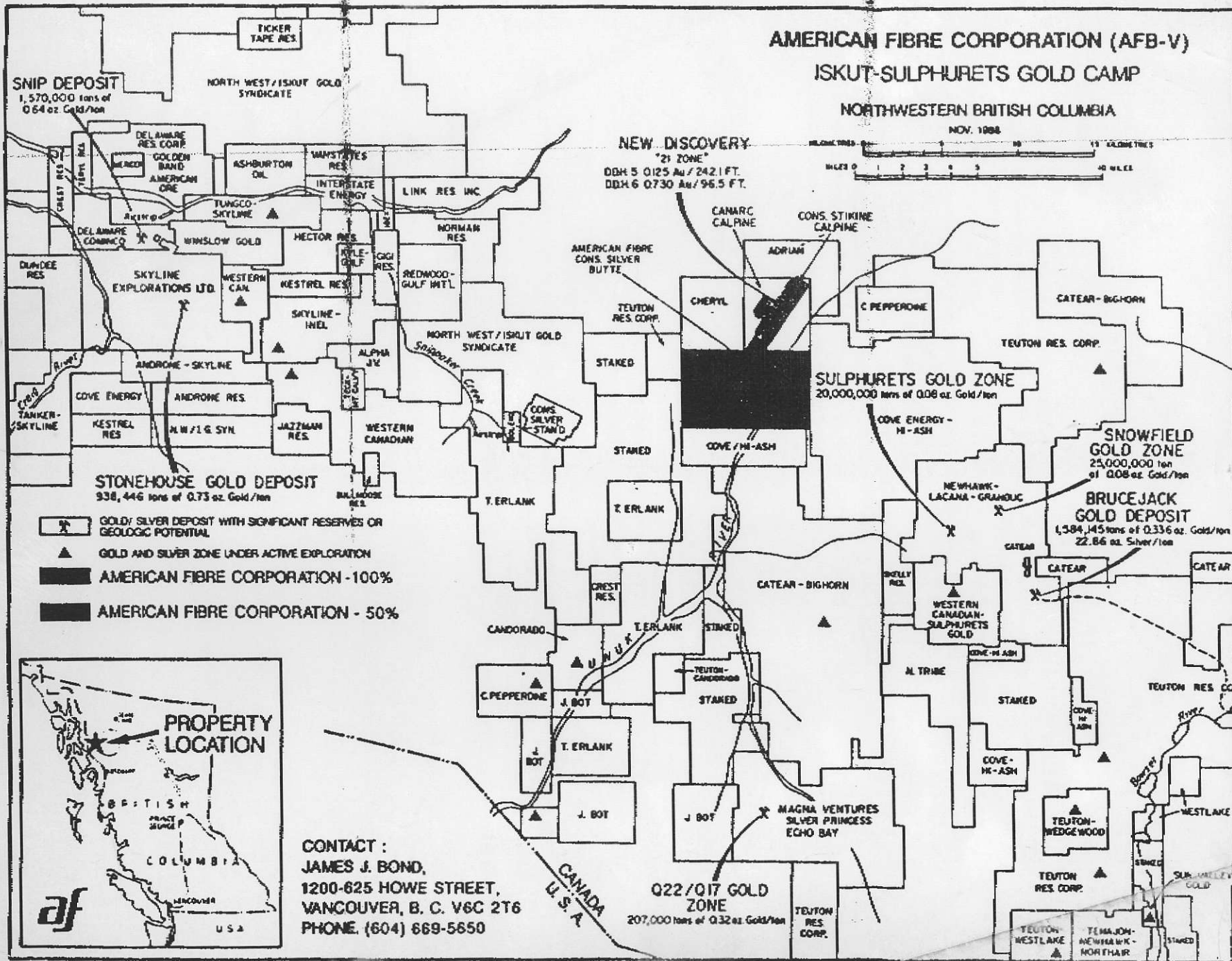
## ISKUT-SULPHURETS GOLD CAMP

NORTHWESTERN BRITISH COLUMBIA

NOV. 1988

### NEW DISCOVERY

"21 ZONE"  
DDH 5 0125 Au / 242.1 FT.  
DDH 6 0730 Au / 96.5 FT.



**SNIP DEPOSIT**  
1,570,000 tons of  
0.64 oz Gold/ton

NORTH WEST / ISKUT GOLD  
SYNDICATE

DELAMARE RES CORP  
GOLDEN BAND  
AMERICAN ORE

ASHBURTON OIL

WAINSTAYES RES

INTERSTATE ENERGY

LINK RES INC

DUNDEE RES

SKYLINE EXPLORATIONS LTD

WESTERN CAN

KESTREL RES

SKYLINE-INEL

REDWOOD-GULF INTL

ANDROME-SKYLINE

COVE ENERGY

ANDROME RES

N.W./I.G SYN

JAZZMAN RES

ALPHA JV

WESTERN CANADIAN

**STONEHOUSE GOLD DEPOSIT**  
938,446 tons of 0.73 oz Gold/ton

- GOLD/SILVER DEPOSIT WITH SIGNIFICANT RESERVES OR GEOLOGIC POTENTIAL
- GOLD AND SILVER ZONE UNDER ACTIVE EXPLORATION
- AMERICAN FIBRE CORPORATION - 100%
- AMERICAN FIBRE CORPORATION - 50%



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**Q22/Q17 GOLD ZONE**  
207,000 tons of 0.32 oz Gold/ton

**SULPHURETS GOLD ZONE**  
20,000,000 tons of 0.08 oz Gold/ton

**SNOWFIELD GOLD ZONE**  
25,000,000 tons of 0.08 oz Gold/ton

**BRUCE JACK GOLD DEPOSIT**  
1,584,145 tons of 0.336 oz Gold/ton  
22.86 oz Silver/ton

CANADA  
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