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Mr. J.K. Newton Southern Lights Resources Ltd. 6017 Larch Street Vancouver, B.C.

Re: RESERVES - YALAKOM PROPERTY, BRITISH COLUMBIA.

During August, 1983 the No. 9 adit of the Yalakom property was systematically sampled under the direction of the writer. A total of 135 back samples was taken at 5 foot intervals covering 685 feet of the adit, beginning at a point 100 feet in from the portal, where previous (1982) sampling carried out by the writer had been completed. A continuous quartz vein exists throughout the 785 foot long drift.

Three separate gold bearing mineral shoots exist as follows:

Zone	<u>Footage</u>	Length	Width	Uncut	Diluted
1	105' -265'	160'	0.893'	2.019	1.294/1.393'
2	365' -415'	50'	1.53'	0.983	.741/2.03'
3	600' -635'	35'	0.93'	.926	.601/1.425'

All values shown above are ounces Au per ton. Diluted widths were calculated by adding an overbreak of 3" on either side of the average sample widths. A method of selective cut and fill - mining (re-suing) is contemplated.

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Reserves are considered to be "proven" as samples were taken at 5.0 foot intervals and projection above and below the "No. 9 level are half the strike length of the mineral shoots (accepted engineering practice). A factor of 10 cubic feet per ton has been applied. Reserves are as follows:

Zone	Location	Length	Width	Height	Tons	oz <u>Au/ton</u>
1	above level	160'	1.393'	80'	1,783	1.294
. 1	below level	160'	1.393'	80'	1,783	1.294
2	above level	50'	2.03'	25'	253	.741
2	below level	50'	2.03'	25'	253	.741
3	above level	35'	1.425'	17.5'	88	.601
3	below level	35'	1.425'	17.5'	88	.601
			Total, ave	4,248	1.199	

R.W. PHENDLER, P. Eng.

