

An Independent Examination of
AGC Americas Gold Corporation's
J. D. Property
Toodoggone River Area, B.C.
Omineca Mining District

January 8, 1996.

This report covers the 7347 hectares (18,154 acres) in 26 mineral claims held by AGC Americas Gold Corporation centred on 57°26' N 127° 09' W in NTS Map Sheet 94E/06.

JM	238216	Big Bird	238517
JD	238127	Grover Fraction	238674
JR	238295	GAS-1	238675
McClair 1	238316	WAS-1	239025
JK Fraction	238326	WAS-2	239026
JC Fraction	238327	New Moose 2A	303799
JU Fraction	238328	New Moose 2B	303800
JS	238332	New Moose 2C	303801
JB	238333	New Moose 2D	303802
Antoine Louis	238474	New Moose 4	303823
Furlong	238514	New Moose 5	303824
Tour	238515	KAD 1	325956
Sturdee	238516	KAD 2	325957

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Report #95-065-4

An Independent Examination of AGC Americas Gold Corporation's

J. D. Property

Toodoggone River Area, B.C.

Executive Summary

AGC Americas Gold Corporation (AGA-V) holds an 100% interest in the J.D. claims located in the Toodoggone Gold Camp. The property hosts a very large epithermal gold-silver system with significant potential. Past exploration focused on postage stamp sized map areas along major weakly or unmineralized faults without putting the larger picture together. Recent exploration has discovered several structurally controlled zones of gold-silver mineralization previously overlooked. The principal focus of drilling has been the Finn zone which has defined geological resources of 369,000 oz. of gold. The Finn zone occurs as a tabular shallow dipping body with an average grade of 0.146 oz. Au / ton over a width of 45 ft. Higher grade zones are evident along zones of maximum dilation and fault intersections. Several parallel zones have been intersected below the Finn zone but have only been tested by seven holes. Additional multiple zones have been located with soil geochemistry and Induced Polarization surveys along a strike length of 2 miles. The proliferation of numerous mineralized showings even with the localized grade variations (Nugget Effect) suggests the property may have the potential to host a world class ore body suitable for development by open pit or bulk tonnage mining methods. There is excellent potential on the property for the development of sufficient ore reserves on the property to make it a viable 2500 ton per day operation.

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1.0 Introduction

In October 1995, Henry Meyer President of AGC Americas Gold Corporation (AGC) directed Paul A. Hawkins & Associates Ltd. (PAH) to prepare an independent examination of the J.D. property. Previous to this, PAH had been retained by Genis Fund International to complete a due diligence examination in preparation for a large private placement. Concurrent with the due diligence examination PAH provided Investor Relations of AGC with a Property Profile (Hawkins, 1995). In 1989 PAH had completed a due diligence review on the Cheni Gold Mine in support of an IPO and is thus familiar with the property area and economic geology.

During the course of the preparation of this report company management provided access to all essential data. Project staff provided an acceptable level of co-operation which would be considered within minimum industry standards given the outside nature of this examination and compliance with securities regulations. Several reports prepared by Nick Carter (Carter, 1995a & 1995b, Carter, 1993) and Robert Krause (Krause, 1994) were relied upon heavily and used in the preparation of this report. The assistance of the Engineer of Record for the property (Nick Carter) and the Project Manager (Robert Krause) is hereby acknowledged.

1.1 Location and Access

The J.D. property consists of a single claim group of 294 units covering 18,154 acres located in the Toodoggone area of the Omineca Mining District of north-central British Columbia, approximately 180 miles north of the town of Smithers as shown on Drawing A95-065-01. The property lies within the Omineca Mountains in N.T.S. 94E/06 and is centred on 57°26' N 127° 09' W.

At present, the property is accessible only by helicopter off the northern end of the Omineca mining access road near the Cheni Mine site. A cat track off a spur road north from the mine access road was used to move heavy equipment into the site in 1994. The camp located on the property is serviced weekly by fixed wing aircraft using the nearby 5,300 ft. Sturdee gravel strip which is capable of handling aircraft up to the size of a Hercules. Fuel and heavy equipment are trucked in from Fort St. James to the end of the road while weekly supplies are flown in from Smithers.

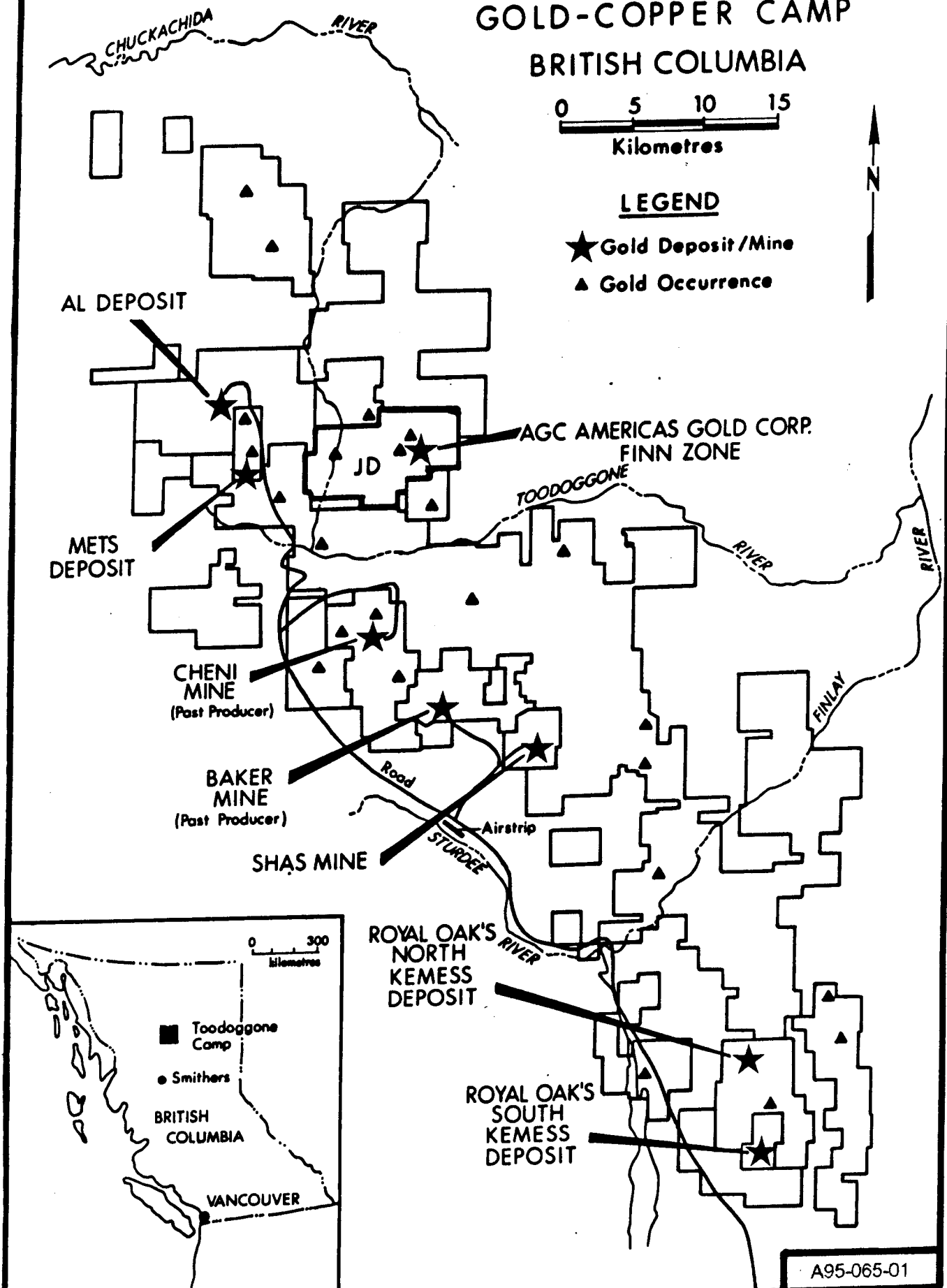
The main area of drilling (Finn Zone) is located in a previously disturbed area at an elevation of 5200 - 5900 ft. well above tree line. The area consists of rounded hills with steep talus and overburden covered slopes. Some permanent ice is present on the property. The Finn Zone is linked to the campsite by cat track. The use of a Bell 206 Jet Ranger III and ATV limits terrain disturbance. A D-6 Caterpillar Tractor is used for drill moves. Operations are based out of a 28 men camp which is located in an alpine meadow just at tree line and is equipped with a satellite telephone and Fax machine.

TOODOGGONE GOLD-COPPER CAMP BRITISH COLUMBIA



LEGEND

- ★ Gold Deposit / Mine
- ▲ Gold Occurrence



The Toodoggone area has over the last two decades been one of the most actively explored areas of B.C. for Gold-Silver Deposits. Deposits present in the area range from gold-rich porphyry-style deposits, to deep-seated precious and base metal bearing stockwork and veins, to near-surface replacement type gold mineralization. The district contains several past producers including the Cheni Mine as well as smaller scale Shasta and Baker mines. Several other gold deposits have drill-indicated reserves and await further exploration and production decisions. Another major development in the area is Royal Oak's Kemess Deposit which is located 40 miles to the south and is in the final feasibility stage.

1.2 Land Status and Environmental Concerns

The J.D. property consists of 26 minerals claims held 100% by AGC under the terms of the Mineral Tenure Act Regulations. The claims were acquired from Energex Minerals Ltd. in 1993 with additional claims being added in the summer of 1995. The claims appear in good standing into 1996. Exact details of claim status is beyond the scope of this examination but we believe they are in good order. The claims covered by this report are listed in Table 1.

Much of the project area and current camp site is located in alpine areas which are Environmentally Sensitive. Access to the campsite from the Sturdee Airstrip on the Cheni Mine Access Road is by Helicopter although a cat track has been used in the past to move some heavy equipment in. The company will likely be discouraged from using the cat track and put under pressure to develop road access into the site. Current operations appear to be carried out in a responsible manner in compliance with regulations. The close proximity of the property to Spatsizi Wilderness Park and the Alpine Environment in which the property is located will require careful concern for the environment in any mine development.

Table 1
I. D. Property Claims

<u>Claim Name</u>	<u>Record #</u>	<u>Units</u>	<u>Expiry Date</u>
JM	238216	20	June 12, 1999.
JD	238127	20	June 12, 1998.
JR	238295	6	July 18, 1996.
McClair 1	238316	4	Sept 03, 1996.
JK Fraction	238326	1	Sept 03, 1998.
JC Fraction	238327	1	Sept 03, 1998.
JU Fraction	238328	1	Sept 03, 1998.
JS	238332	6	Sept 03, 1996.
JB	238333	20	Sept 03, 1996.
Antoine Louis	238474	10	Sept 08, 1996.
Furlong	238514	6	Sept 08, 1996.
Tour	238515	18	Sept 08, 1996.
Sturdee	238516	18	Sept 08, 1996.
Big Bird	238517	6	Sept 08, 1996.
Grover Fraction	238674	1	Sept 08, 1996.
GAS-1	238675	20	Sept 08, 1996.
WAS-1	239025	8	August 29, 1996.
-WAS-2	239026	8	August 29, 1996.
New Moose 2A	303799	1	August 23, 1996.
New Moose 2B	303800	1	August 23, 1996.
New Moose 2C	303801	1	August 23, 1996.
New Moose 2D	303802	1	August 23, 1996.
New Moose 4	303823	15	August 23, 1996.
New Moose 5	303824	9	August 23, 1996.
KAD 1	325956	20	May 26, 1997.
KAD 2	325957	20	May 26, 1997.

1.3 History of the Property Area

The Toodoggone is a well recognized major precious metal mining camp with a poorly deserved bad reputation. Prior to 1966, the camp had a limited history of small scale placer and lode operations with the usual romance of big discoveries and failed dreams. In the late 1960's porphyry copper exploration in the area utilizing modern techniques of geochemical exploration (stream sediments) led to the discovery of several precious metal prospects including the Chappelle (Baker Mine), Shas and Lawyers (Cheni). Several other porphyry prospects were discovered including what was to become Royal Oak's Kemess Deposit which is currently under mine development review.

Gold was discovered in quartz veins on the Chappelle prospect in 1969. The property which is located 9 miles south of the J.D. was placed into production by Du Pont as a 120 ton per day high grade underground operation between 1981-83 producing 34,000 oz. Au and 673,000 oz. Ag from 85,000 tons. Exploration had failed to prove up additional reserves to extend the life of the mine. Operations ceased in 1983 as reserves were exhausted. Further later drilling resulted in the definition of two zones:

"A" zone with 10,000 tons @ 0.247 oz. Au / ton

"B" zone with 50,000 tons @ 0.570 oz. Au / ton

These new zones although interesting were not significant to re-open the mine. Some further exploration has been undertaken recently but the property remains idle. The Baker Mine was the first mine to open and the first to close.

The Shas property located 12 miles south of the J.D. was explored between 1973-1988 and hosts 2,500,000 @ 0.055 oz. Au/ ton (GCNL, 1988b) in a quartz stockwork. Internal problems and a claim dispute has hampered the development of this property.

Gold on the Lawyers prospect located 8 miles south of the J.D. was discovered in 1973. Three zones were defined by 1989 when the property was put into production as a 550 ton per day underground operation with a projected life of ten years. Proven and probable reserves at opening were 1,037,600 @ 0.209 oz. Au / ton and 7.57 oz. Ag / ton. Mineralization is hosted in a quartz vein stockwork and breccia zones. Between 1989 and 1992 The Cheni mine produced 171,177 oz. Au and 3,548,459 oz. Ag as shown in Table 2 .

Golden Rule's Belle property which adjoins the J.D. on the southeast also hosts similar quartz barite breccia zones. Some of the mineralization present on the Belle may extend northwest onto the J.D. This property remains relatively untested.

The AI property located 10 miles west-north-west of the J.D. was once part of Energex's large holdings in the Toodoggone which included the J.D. Energex had defined a geological resource on the property of 1,900,00 at 0.16 oz. Au / ton including 374, 680 tons @ 0.28 oz. Au / ton (uncut, undiluted, 0.12 oz. Au / ton cut-off). In 1987-88 the company carried out pilot mill tests, feasibility and heap leach tests funded largely by through flow through-funding with the aim of self-financing development. With the end of the tax driven nature of flow through shares in 1989 the company fell on hard times. In 1991 Cheni optioned the property and calculated ore reserves of only 110,000 tons @ 0.307 oz. Au / ton. The economics of the day and site specific operating costs resulted in Energex resources disappearing. In 1992 Cheni mined a bulk sample from several zones totalling 34,214 tons @ 0.277 oz. Au / ton. Cheni with the results of the bulk sample, actual operating costs and perceived problems with acid mine drainage concluded the AI property uneconomic. The ore reserve disappearance on the Energex AI property was the third blow to the Toodoggone's reputation.

The J.D. property area was previously explored by Energex Minerals and Kidd Creek Mines Ltd. under option between 1974-1988. Kidd Creek returned the property back to Energex after a corporate restructuring relating to the take-over of Texasgulf by a Crown Corporation (CDC Energy) during the Liberal Federal Government of the day's National Energy Program. The J.D. property was one of three claims held by Energex and received only modest exploration consisting of prospecting, geological mapping, soil and rock sampling, trenching and 16 diamond drill holes totalling 6,000 ft. Results although interesting, were not sufficient to enable project funding given the end of the tax driven nature Flow Through Shares in 1988. With the closing of the nearby Cheni Mine in 1992 and other factors, Energex sold the J.D. property to AGC Americas Gold Corporation in 1993.

In 1994 AGC carried detailed geological mapping, soil and rock sampling, Induced Polarization surveys and 32 diamond drill holes totalling 6,800 ft. This program resulted in the discovery of the Epithermal Gold-Silver Finn zone. Seventeen holes partially outlined a tabular, shallow-dipping body with an average width of 45 ft. Markedly higher grades were present in both the hangingwall and footwall of the zone.

1.4 Regional Geology

The J.D. property is located in the central part of a northwest-trending, 50 x 20 mile belt of early Jurassic volcanic rocks known as the Toodoggone Formation (Carter, 1972). The Toodoggone Formation is a sub-aerial pyroclastic assemblage of andesitic to dacite composition which hosts a number of epithermal gold-silver deposits. These deposits occur as fissure veins, quartz stockwork, breccia zones and zones of silicification. Principal ore minerals include argentite, electrum, native gold and silver and lesser chalcopyrite, galena and sphalerite.

Table 2

Cheni Gold Mine Production

Year	Gold (Au oz.)	Silver (Ag. oz.)	Operating Cost (\$US) per oz. gold equivalent
1989	48,500	918,000	215
1990	52,630	1,160,426	230
1991	38,530	720,706	348
1992	31,517	749,327	393
Total	171,177	3,548,459	

In 1991 metal prices were at historical lows and a strong Canadian dollar forced the increase of the cut off grade to 0.20 oz. per ton of gold equivalent. This change resulted in over a 50% reduction in Ore Reserves. The zones were still there but were now considered uneconomic. Cash operating costs in 1991 were \$US98 per ton with a production cost of \$US348 per oz. Au. The Cheni mine closed in 1992 due to unprofitable conditions and exhaustion of economic ore reserves. Cheni closure and ore reserve reduction was the second major blow to the Toadogone's reputation. Our report in 1989 recommended caution as we felt the reserves were not fully drilled off.

Royal Oak's Kemess Project located 30 miles to the south of the J.D. is currently in the Mine Development Review Process. The property hosts several porphyry copper-gold mineralized zones. The best of which is the Kemess South with mineable reserves of 221,000,000 tons @ 0.018 oz. Au / ton and 0.224 % Cu which translates into 4.1 million oz. of gold and 990 million pounds of copper. The mine is planned as a large open pit operation at a rate of 40,000 tons per day with a 15 year life. The project has a projected capital cost of \$350 million. A further \$50 million is expected from the Province of B.C. for infrastructure improvements. Royal Oak acquired the property from El Condor Resources Ltd. and St. Philips Resources Inc. for \$67.6 million plus 20.9 million shares of Royal Oak mid 1995. It is interesting to note that in Royal Oak or El Condor written material no where is the word "Toadogone" mentioned.

The Mets Property located 9 miles west of the J.D. property was found by Golden Rule Resources Ltd. in 1980. The property hosts several quartz barite breccia zones characteristic of epithermal systems. Golden Rule defined between 1985-88 a geological resource of 158,500 tons @ 0.330 oz. Au / ton. Cheni Gold Mines optioned the property in 1992, and in the closing months of its operation mined 53, 518 tons @ 0.339 oz. Au / ton from the property. The property was subsequently returned to Golden Rule.

1.5 Property Geology

The J.D. property is underlain by a north to northwest striking, shallow to moderately dipping sequence of the Toodoggone Volcanic Sequence. The two principal lithologic units (McClair Creek Formation and Tuff Peak Formation) which consist of intermediate volcanic flows and tuffs on the property are separated by a northwest-trending low angle fault (LAF) which consists of siliceous breccia and sheared andesites, quartz stockwork and gouge. The McClair Formation flows are the footwall of the LAF with the Tuff Peak as the hanging wall. The LAF hosts most of the mineralization on the J.D. property. Mafic and felsic dikes also cut the older volcanic rocks.

The lower Jurassic McClair Creek Formation consists of intermediate flows with related flow breccias and lesser lapilli and ash tuffs. Mappable units also include andesitic feldspar-hornblende porphyry, flow breccia and minor beds of lapilli, ash and crystal tuff. These rocks are overlain stratigraphically by more massive intermediate flows of the Tuff Peak Formation. The younger Tuff Peak Formation rocks are compositional and texturally similar to the McClair Formation.

The Tuff Peak Formation consists of largely feldspar-hornblende porphyry with minor biotite. The younger Tuff Peak Formation rocks are compositional and texturally similar to the McClair Formation. Similar flow breccia to those present in the McClair Creek Formation also occur here and have been noted mostly in the hanging wall of the LAF. The flow breccias show similar composition to the porphyric flows. Lapilli, ash and crystal tuff beds occur less frequently here than in the McClair Formation.

Two fault orientations appear present on the property. The earliest is a low angle thrust fault (LAF) which varies from near horizontal to 5 - 35° ENE dip with a northwesterly trend. The LAF has been traced over 4.5 km. and ranges in width from 2-5 metres. The LAF varies from a single gouge zone to a set of several sub-parallel splays. The second later set appears as conjugate cross cutting faults. These are near vertical and trend north-south (345°-015 °) and easterly (060°-130°). Both sets cross cut and appear to offset all lithologies and mineralization. In some instances these late faults also carry some mineralization.

Past work has indicated a number of mineralized zones within or proximal to the low angle fault in the central part of the property. Mineralization appears associated with quartz-clay alteration in close proximity to the LAF which hosts quartz-carbonate veins in the intensely silicified propylitic andesite of the Footwall McClair Creek Formation. Mineralization appears largely structurally controlled by fault intersections and mechanical behaviour competency contrasts of the host rocks. Deformation and mineralization is likely concentrated in the more tuffaceous units where maximum dilatancy occurs.

Recent work has discovered several other zones in the southeastern part of the property. Soil Geochemistry and Induced Polarization Surveys define a number of zones, some of which appear offset by cross-faulting. The best of these zones is the Finn zone which was discovered in 1994. This structurally controlled silicified zone is tabular in form and has an apparent east-northeast strike and dips gently to moderately north.

1.6 Previous Work

The area which now comprises the J.D. property was staked by Sumac Mines Ltd. in 1971 following a reconnaissance geochemical survey. This early work consisted of soil and rock geochemistry, geophysical surveys (induced polarization, self potential and magnetometer), geological mapping, hand trenching and one 400 ft. (122 m.) diamond drill hole. This work was focussed on several of the many gossans on the property looking for porphyry style mineralization. This work is documented in several assessment reports between 1971-74.

The property was allowed to lapse and was restaked in 1978 as the J.D. property by T.C. Scot and Petra-Gem Exploration. Energex Minerals Ltd, a junior VSE company optioned the property and carried out a program of prospecting, trenching and sampling. Within a year Energex had farmed the property out to Texasgulf Canada Ltd. Texasgulf shortly thereafter became Kidd Creek Mines Ltd. Kidd Creek explored the property between 1979-84, carrying out geological mapping, geochemical and geophysical surveys (induced polarization and magnetometer), trenching and 15 diamond drill holes totalling 6233 ft. (1900 m). The property was returned to Energex after a corporate decision of management to restructure the company's operation in spite of recommendations for further work. Majority ownership of Kidd Creek at this time was with CDC Energy who had acquired control of Texasgulf as a side-effort of the National Energy Program during the take-over of Aquitaine by the Liberal Federal Government of the day. Kidd Creek's work is documented in several assessments between 1979 and 1984.

Energex resumed work on the property in 1988 carrying out backhoe trenching, geological mapping, soil and rock geochemistry. Energex carried out no drilling on this property as their efforts were focussed on the adjacent Al property. Energex was in 1988 actively seeking a joint venture partner to fund further exploration on the J.D. Exploration results although interesting, on both properties were not sufficient to enable project funding given the end of the tax driven nature of Flow Through Shares in 1989. With the closing of the nearby Cheni Mine in 1992 and other factors, Energex sold the J.D. property to AGC Americas Gold Corporation in 1993.

In 1994 AGC carried detailed geological mapping, soil and rock sampling, Induced Polarization surveys and 32 diamond drill holes totalling 6,800 ft. This program resulted in the discovery of the Epithermal Gold-Silver Finn zone. Seventeen holes partially outlined a tabular, shallow-dipping body with an average width of 45 ft. Markedly higher grades were present in both the hangingwall and footwall of the zone.

2.0 Toodoggone Gold / Silver Camp Mineral Deposits

Several styles of mineralization have been identified in the Toodoggone River Area (Carter, 1972) of which the most important are epithermal precious and base metal deposits related to volcanic processes associated with the eruption of Toodoggone formation volcanic rocks. Known deposits occur as fissure veins, quartz stockwork, breccia zones and areas of silicification in which principal ore minerals include argentite, electrum, native gold, silver and lesser chalcopyrite, galena and sphalerite. Alteration suites are typical of epithermal environments with an inner zone of intense silicification, clay minerals and locally alunite, grading outward to sericite and clay minerals, chlorite, epidote and pyrite.

Diakow (Diakow et al, 1991) classify the epithermal deposits on the basis of ore and alteration mineralogy into two types. Most of the known Toodoggone deposits are of the adularia-sericite type. The Baker Mine (Chappelle Property) includes at least six fissure vein systems developed in late Triassic Stuhini Group volcanic rocks although the known veins are spatially related to dikes believed to be feeders for nearby Toodoggone formation volcanic rocks. Virtually all of the other known adularia-sericite type epithermal deposits are hosted by various volcanic members of the Toodoggone formation including the Lawyers (Cheni mine) deposits in which gold-silver mineralization occurs in banded quartz-chalcedony stockwork and breccia zones.

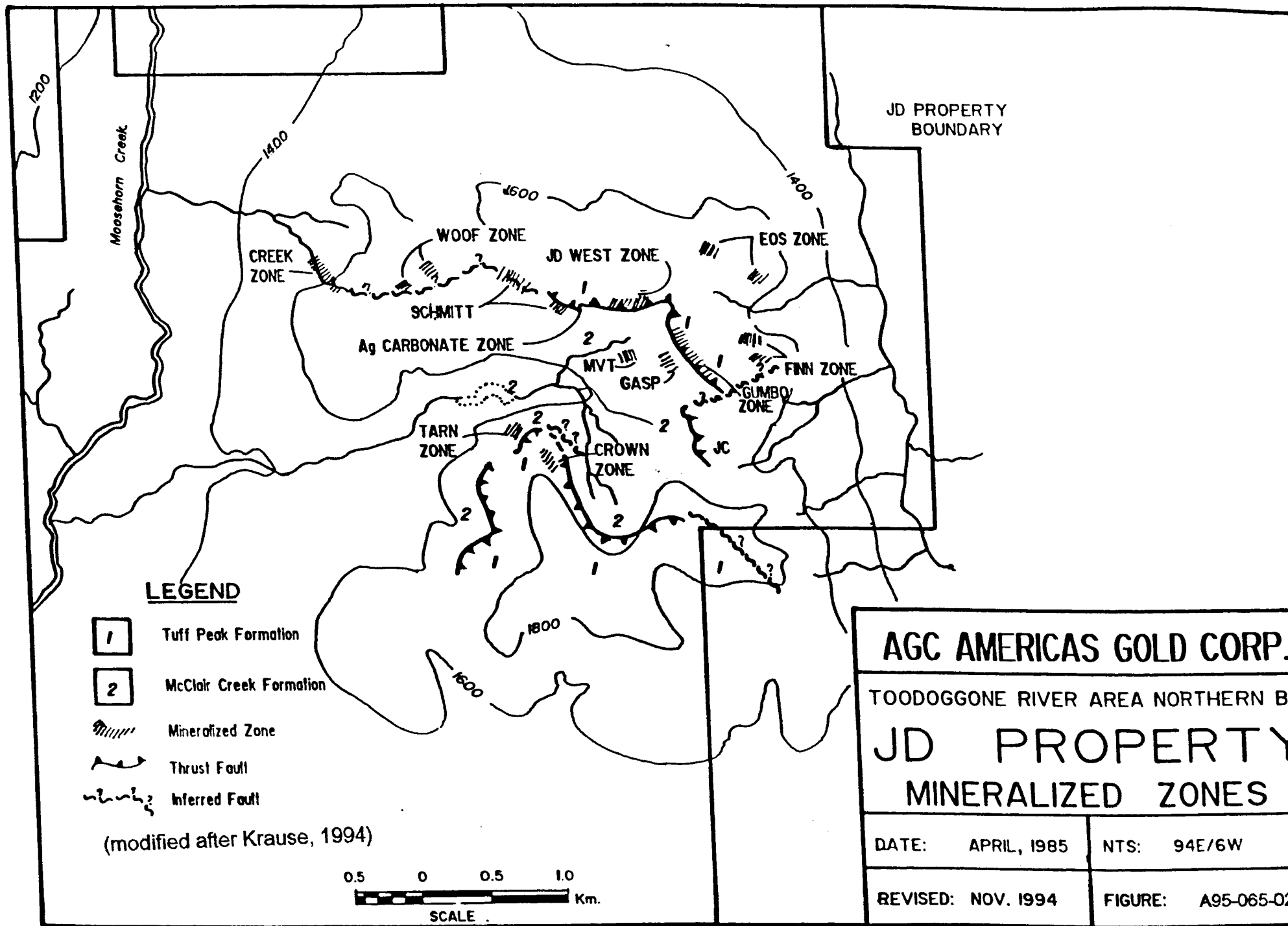
Epithermal deposits of the adularia-sericite type in the Toodoggone area exhibit a wide range of depths and temperatures of formation based on silver:gold ratios, gangue and alteration mineralogy and the presence or absence of base metals mineralization. Baker Mine and the J.D. mineralized zones, with a high silver:gold ratio and base metals content, are examples of deeper level mineralization.

2.1 J. D. Property Mineral Deposits

On the J.D. property, past work resulted in the discovery of a number of mineralized zones within or proximal to the low angle fault (LAF) in the central part of the property as shown on Drawing A95-065-02. These zones are characterized by the presence of galena, sphalerite, chalcopyrite, gold and silver. Some of these zones are marked by clearly visible gossan zones while others are not.

Several styles of mineralization are present on the property and include: steeply dipping quartz carbonate sulfide veins (Gasp, MVT, EOS); breccia zones developed at intersections between high angle faults and the LAF (Schmitt, AG-Carbonate, Woof); and the structurally controlled silicified zones (Finn). The most important of these to date is the Finn which was discovered by drilling in 1994. The Finn is a structurally controlled silicified zone which is tabular in form and has an apparent east-northeast strike and dips gently to moderately north.

The three principal lithologic units (Carter, 1995a) which predominate with the zone consist of an upper feldspar porphyry flow-crystal tuff unit which is gradational downward to a middle lapilli tuff breccia characterized by angular to sub-rounded 0.2 to 0.8 inch lithic fragments. A generally sharp and/or sheared contact separates this unit from a basal maroon ash tuff unit.

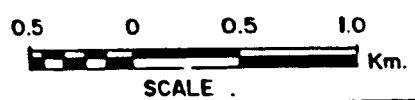


JD PROPERTY
BOUNDARY

LEGEND

- 1 Tuff Peak Formation
- 2 McClair Creek Formation
- Mineralized Zone
- Thrust Fault
- Inferred Fault

(modified after Krause, 1994)



AGC AMERICAS GOLD CORP.

TOODOGGONE RIVER AREA NORTHERN B.C.

**JD PROPERTY
MINERALIZED ZONES**

DATE: APRIL, 1985

NTS: 94E/6W

REVISED: NOV. 1994

FIGURE: A95-065-02

The Upper two rock units host most of the gold mineralization encountered to date in the zone. Gold values have been obtained from silicified sections in the basal portion of the upper flow unit. These sections feature narrow quartz veinlets and pervasive silicification (commonly including jasper) both of which contain fine-grained pyrite and other sulfide minerals including galena, sphalerite, chalcopyrite and possibly argentite.

The most distinctive mineralized unit is a quartz breccia zone which essentially is a product of intense silicification of the middle lapilli tuff unit. Multiple stages of silicification are evident and pyrite and other sulfides are widespread. In the central and western sections of the zone, this unit is locally intensely sheared and contains abundant white mica and clay mineral gouge zones.

Visible gold, mainly in the form of fine flakes, has been noted in late stage quartz veinlets in at least five holes. Visible gold has created some problems with assaying but further metallic gold assaying procedures should partially resolve some of these issues in time. Processing of the material from zone will likely present no serious metallurgical problems and recoveries of 95% for gold and 70% for silver values should be possible but will require testing to confirm. The presence of sulfides raises environmental concerns regarding acid mine drainage which will have to be addressed.

Poor core recovery in the shallow part of the zone and in broken-up areas has hampered a full assessment of the zone even with NQ core.

2.2 1995 Drill Program

The 1995 drill program was focused on the definition of the Finn Zone and adjacent areas. A total of 99 holes have been completed to date on the Finn Zone totalling 26,498 ft. The zone has been tested over a strike length of 1,000 ft. to a vertical depth 400 ft. The Finn zone appears to be a tabular body with a true thickness of 45 ft. Much of the drilling has been done on 50 ft. centres to prove up the grade which is sometimes erratic in the Toodoggone area deposits. Other drilling has been done at much wider spacing. A zone 200 ft. below the Finn has also been located but only seven holes have been completed. A third zone may also be present at depth. It appears that overall grade will be near 0.146 oz. Au / ton with higher grade zones within the low grade of 0.344 oz. Au / ton.

An additional four holes were completed on the Woof-Schmit zone with marginal results. Other work in 1995 included 30 line miles of induced polarization surveys on the Finn and several other mineralized zones. Mapping and prospecting was carried out elsewhere on the property. For the purpose of this report this work was not reviewed in detail.

2.3 Cut-off Grade

The cut off grade applicable to an individual deposit is dependant on a number of site specific factors once the economic parameters for the operations have been derived to determine the break even point for the minimum acceptable cut-off grade. Changes in cut-off grade may be necessitated by changes in the price of gold, operating expenses and exchange rates.

The Cheni Mine located 8 miles to the south used a cut-off grade of for ore reserve calculations completed in 1988 and 1989 of 0.15 oz. Au / ton of gold equivalent. In 1991 metal prices were at historical lows and a strong Canadian dollar forced the increase of the cut off grade to 0.20 oz. per ton of gold equivalent. This change resulted in over a 50% reduction in Ore Reserves. The zones were still there but were now considered uneconomic. Cash operating costs in 1991 were \$US98 per ton with a production cost of \$US348 per oz. Au. The Cheni mined closed in 1992 due to unprofitable conditions and exhaustion of economic ore reserves.

For the purposes of this report cut-off grades of between 0.04 and 0.20 oz. Au / ton were used to calculate Geological Resources for the property. Cut-off grades of between 0.04 and 0.10 oz. Au / ton would be typical cut-off grades used for open pit mining operations. Higher grade underground mines would use cut-off grades of between 0.10 and 0.20 oz. Au / ton. Gold equivalent was not used principally to simplify calculations and secondarily because as Gold/Silver ratios on the J.D. property were higher and would likely only contribute a further modest amount to cash flow if the silver was in fact recoverable.

2.4 Tonnage Potential of J.D. Property

For the proposes of this report we classify reserves under the following definitions as listed below:

Ore Reserves: Reserves that are proven, probable, or possible, are physically mineable or leachable and can be profitably recovered under conditions specified at the time of the appraisal. This includes operating mines and properties at the development or pre-development stage, based on a feasibility study. These reserves include material in place and on stock-piles, with allowances for mining recovery and dilution.

Geological Resources: Resources that are either proven, probable or possible to which no allowance for mining recovery nor for dilution has been applied and for which no feasibility study has yet been completed. They are a potential from which mineable reserves could be defined.

Proven Resources: Resources for which tonnage is estimated from dimensions revealed in close spaced drill holes, trenches or mine workings and for which grade is estimated from adequate detailed sampling. The sites for inspection, sampling and measurement are so clearly spaced and geological character is so well defined, that the size, shape and mineral content are well established and economic value is regarded as nearly certain at

time of appraisal.

Probable Resources: Resources for which tonnage is estimated from dimensions revealed in outcrops, trenches, mine workings or drill holes and for which the grade is estimated from adequate sampling. The sites for inspection, sampling and measurement are closely spaced and the geological character is so well defined, that the size, shape and mineral content are fairly well established and the economic value is regarded as almost certain at the time of appraisal.

Possible Resources: Resources for which tonnage and grade are estimated partly from specific measurements, samples or production data and partly from projection for a reasonable distance on geological evidence. The openings or exposures available for inspection, measurement and sampling are too widely or inappropriately spaced to outline the quantities completely or to establish the grade throughout, or the economic value of the area is questionable at the time of appraisal.

A preliminary resource estimate was undertaken for the Finn Zone. At present no ore reserves exist on the property. The scope of this examination permitted only calculations based largely on assay determined ore-waste boundaries. Other geological based calculations using different parameters may produce significantly different results. Further engineering work and metallurgical testing will be required to upgrade these resources into ore reserves. Calculations of tonnages and grade were done by section using various cut-off grades diluting to maximum mineralized widths. No consideration was given to the known silver values or base metal values present at this time. Some multiple ounce values have been reported but all have been cut to 1.0 oz. / ton for calculations. Visible gold has created some problems with assaying but further Metallic gold assaying should resolve these issues in time. No allowances were made for mill recovery or mine dilution or mining losses. Preliminary estimates are listed below in Table 3 and are based on the data provided to us.

Table 3.

Resource Tonnage Cut-off Grade Variation

(oz. Au / ton)	0.04	0.05	0.10	0.15	0.20
Proven Resources	487,000 tons @ 0.147	441,000 tons @ 0.158	337,000 tons @ 0.195	182,000 tons @ 0.251	116,000 tons @ 0.300
Probable Resources	682,000 tons @ 0.166	587,000 tons @ 0.186	514,000 tons @ 0.207	343,000 tons @ 0.243	142,000 tons @ 0.334
Possible Resources	1,348,000 tons @ 0.137	1,112,000 tons @ 0.157	856,000 tons @ 0.192	591,000 tons @ 0.225	184,000 tons @ 0.380

3.0 Summary and Discussion

Drilling has been very tightly spaced. The majority of the mineralization defined to date averages 0.146 oz. Au / ton. This grade is not economic for a high grade underground operation in the Toodoggone. Cheni's opening ore reserve of 1,000,000 tons @ 0.20 oz. Au / ton if found today is likely not economic at this time. Several very high grade intervals have been intersected and one of these intervals may turn into a very sweet high grade zone. Significant additional high grade material will have to be added to inventory before being considered economic. Further analysis will be required to determine the correct cut-off grade for the J.D. property. For the purposes of discussion for this report 0.04 oz. Au / ton was considered acceptable. The tight spaced drilling has failed to locate sufficient tonnage to even consider making a production decision at this time.

Grades are such that they are economic only for open pit or bulk mining operation. Given the numerous mineral occurrences over the strike length of two miles and the multiple parallel and cross cutting structures apparent from soil geochemistry and induced polarization surveys, the property could host a world class gold deposit. Further wider spaced drilling will be required to prove up this potential. The finding cost to prove up reserves at this exploration stage is uneconomic. A re-focussing of the exploration program in 1996 is required to locate and block out sufficient tonnage in the right order of magnitude for a bulk tonnage type deposit. Data must be compiled for the entire property at both detailed and property level scales to enable a comprehensive integrated exploration program to be carried out which is responsive to ongoing successes on a hole to hole basis.

The property hosts a very large Epithermal mineralizing system. The mineral inventory made to date likely represents testing of a very modest portion of the property. Past exploration focussed on postage stamp sized map areas along weakly or unmineralized faults without putting the larger picture together. Recent exploration has discovered several structurally controlled zones of gold-silver mineralization previously overlooked. The principal focus of drilling has been the Finn zone which has geological resource of 369,000 oz. of gold. The Finn zone occurs as a tabular shallow dipping body with an average grade of 0.146 oz. Au/ton over a width of 45 ft. Higher grade zones are evident along zones of maximum dilation and fault intersections. Several parallel zones have been intersected below the Finn zone but have only been tested by seven holes. Additional multiple zones have been located with soil geochemistry and Induced Polarization surveys along a strike length of 2 miles. The proliferation of numerous mineralized showings even with the localized grade variations (Nugget Effect) suggests the property may have the potential to host a world class ore body suitable for development by open pit or bulk tonnage mining methods.

3.1 Horseback Pre-feasibility

A Horseback Pre-feasibility is a quick review of economic parameters of a mineral deposit using the admittedly limited property data, other adjacent property data and applying industry rules of thumbs to derive a preliminary order of magnitude for the economics of a particular property. A Horseback Pre-feasibility is a metaphor for a quick, dirty and cheap first pass Pre-feasibility study.

The property is located in the relatively remote Toodoggone area of north central B.C. and is 250 miles by road from the south end of Williston Lake. The principal area of interest (Finn Zone) is located above the tree line at an elevation of between 5200 and 5900 ft.

Grade of the Finn zone appears to be in the order of 0.146 oz. Au / ton including some high grade which runs up to 0.344 oz. Au / ton. Some material may be near surface and readily open pitable with a minimum of development. Any surface mining will likely have to be seasonal. Grades of 0.146 oz. Au / ton indicate operations will have to be open pit or by bulk mining techniques to be economic. Cash operating costs will likely have to be well under \$US40 a ton for the operation to be profitable. Operating costs at Cheni just before closing were just under \$US100 per ton. At the nearby Kemess deposit Royal Oak's operating cost should be well under \$US10 per ton. Significantly more tonnage will have to be defined for a bulk tonnage type operation. A minimum of 5,000,000 tons is likely required to support a 2,500 ton per day seasonal operation. Additional tonnage would ensure a good pay out. The actual mining will likely be able to be contracted out reducing capital cost of the project.

Past production at Cheni, Al and Mets indicates that the nugget effect adversely inflates high grade reserves which tend to result in an unacceptable high degree of grade variation. Grade control in this situation is expensive to define and risky to depend on. This is the main reason for the Toodoggone's bad reputation. A bulk tonnage approach may better deal with these problems although full recovery of very high grade where present may still be a problem.

Given the grade and tonnages involved onsite milling capacity will have to be development using conventional cyanidation or the new Inco environmental acceptable process. The presence of sulfides and resulting acid mine drainage from any tailing or waste will have to be addressed.

Improved infrastructure will have to be developed onto the property. Developments at the Kemess deposit to the south may help to reduce some of these costs. Road access permitting should be undertaken as soon as possible to reduce operating costs.

Significant exploration is still required. A minimum 50,000 ft. of drilling should be planned for 1996 to bring the project into Feasibility in 1997. Exploration should focus on delineation drilling with follow-up definition drilling. A budget of \$CAN3,000,000 for 1996 and \$CAN2,500,000 for 1997. Projected Initial Capital Costs for a 2,500 ton per day operation is likely in the order of \$CAN50 to \$CAN80 million.

3.2 Conclusion

The property hosts a very large epithermal system with significant potential. The proliferation of numerous mineralized showings along persistent mineralized structures even with localized grade variations suggests the property may have the potential to host a world class ore body suitable for development by open pit or bulk tonnage mining methods. A large aggressive exploration and development program is required to double proven and probable geological resources on the property and to assess the large potential of the property and bring the project to Pre-feasibility in late 1996.

Proven and probable geological resources will have to be in the order of 5 million tons with an additional possible 5 million tons in order for reasonable chance of a positive pre-feasibility study which will upgrade these resources in ore reserves. Care will have to be taken to avoid the problems encountered by other companies in the area where ore reserves disappear after a production decision.

The Finn Zone appears to show remarkable persistence beyond that of other deposits of the area. How much of the Finn Zone that will be open pit mineable is unclear at this time. The current grade of the deposit (0.146 oz. Au / ton) using a cut-off grade of 0.04 oz. Au / ton is such that it is only economic for bulk tonnage types operation. High grade zones of sufficient tonnage may exist on the property but it appears likely that most tonnage of economic mineralization on the property will be in the order of 0.14 to 0.20 range. Improved infrastructure into the area and improved bulk mining operating costs (as illustrated by Royal Oak's proposed mean and lean operating costs of well under \$US10 per ton for the Kemess) should make the J.D. property a world class gold deposit. Even with the higher capital costs payout may be possible within five years.

The property hosts a very large epithermal system with significant potential. Numerous undeveloped mineral showings occur over a strike length of two miles and multiple parallel and cross-cutting structures apparent from soil geochemistry and induced polarization surveys are relatively untested and will require diamond drilling. The property may have the potential to host a world class ore body suitable for development by open pit or bulk mining methods. There is excellent potential on the property for the development of sufficient ore reserves to make a viable 2,500 ton a day operation.

4.2 Recommendations

The following program is recommended to double proven and probable geological resources on the property in order to move the project towards a fast track development and permit a Pre-feasibility study to be undertaken in late 1996.

In preparation for the 1996 field program preliminary metallurgical testing should be undertaken of representative composites of high grade, average grade, silicified zone material and waste material from sample rejects. The main aim of this testing is to determine any red flag areas of concern.

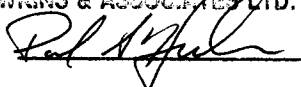
Baseline Environmental Data and sampling should continue to be collected. Developments at the Kemess project should be closely monitored. Permits for the development of road access into the property should be prepared and submitted. Critical wildlife and fisheries habitat should be identified. Reclamation activities of previous disturbed sites should be continued if possible to maintain access as permitted.

A drill program of 50,000 ft. of diamond drilling using three machines (one equipped with a "H" head and two others classed as heli-portable fly machines). The program should consist of delineation drilling on the Finn at depth and along strike at wider spaced intervals. Later definition drilling will be carried out in 1997. Further exploration drilling should be carried out on adjacent zones.

Future drill hole data should be digitized in the field and transmitted to the office by modem. Assay data should also be transmitted by modem. This data entry should be done in the field and digital transmission of data should reduce the numerous errors seen in 1995. A multi-site license for appropriate technical software should be acquired for both field and office for data compilation and preparation of sections and plans. Care should be taken to select an industry standard suite of software modules from which follow-on engineers preparing the pre-feasibility study may then be able to import drill data directly with a significant cost saving..

A digital terrain model should be developed for the property in conjunction with the existing drill collar co-ordinates and other property level data. A legal survey of the LCPs should also be conducted to ensure no further internal fractions exist and to tie onto adjacent properties especially to the south east.

The search for an engineering firm should be undertaken in mid-1996 to prepare the Pre-feasibility Study in co-operation with ongoing exploration. A fast track development would see a Pre-feasibility completed in early 1997 with a full Feasibility Study underway and application for Mine Development Permits in 1998. Production could be as early as 1999 assuming a positive Feasibility Study Report..

PERMIT TO PRACTICE	
PAUL A. HAWKINS & ASSOCIATES LTD.	
Signature	
Date	January 8, 1996
PERMIT NUMBER: P 4521	
The Association of Professional Engineers, Geologists and Geophysicists of Alberta	

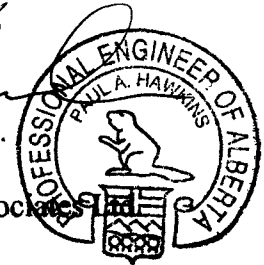
Respectfully Submitted,



Paul A. Hawkins, P.Eng.

Principal

Paul A. Hawkins & Associates



Certification

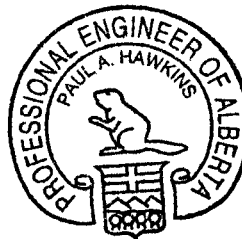
I, Paul A. Hawkins, of 72 Strathlorne Crescent S.W., in the City of Calgary, Province of Alberta, hereby certify:

1. That I am a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.
2. That I am the Principal of the firm of Paul A. Hawkins & Associates Ltd. which holds Permit #P4521 to practice Engineering in Alberta.
3. That I am a graduate of Queen's University with a Bachelor of Science degree in Geological Engineering.
4. That I have worked continually as a practicing geological engineer for the past 18 years.
5. That I have not received, nor do I expect to receive, any direct or indirect interest in the property of AGC Americas Gold Corporation or any of its associates or affiliates.
6. That I do not have any direct or indirect interest in, nor do I beneficially own directly or indirectly, any securities of AGC Americas Gold Corporation or any of its associates or affiliates.
7. That I have visited the subject property and conducted other Due Diligence examinations on other properties (Cheni Mine in 1987) in the area.
9. That I am familiar with the Toodoggone Gold / Silver Camp and the area geology and mineral potential.
10. That I hereby consent to the publication of this report or parts thereof in a Statement of Material Facts or publication of this report in its entirety for the purpose of raising funds to finance my recommendations.

Dated at Calgary, Alberta this 8th day of January, 1996



Paul A. Hawkins, P.Eng.
Principal
Paul A. Hawkins & Associates Ltd.



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