

SIRIUS RESOURCE CORPORATION

Status Report

Frasergold Project

June 1988

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Frasergold Project Gold Zone Status Report

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We are pleased to present this report on the current activities on the Frasergold Joint Venture Project, near Williams Lake, British Columbia, Canada. The project is located in the same Quesnel Trough in which the gold of the historic Barkerville camp was found and which led to one of the world's great Gold Rushes in 1858. This Joint Venture, with partner Southlands Mining Corporation, is well underway towards feasibility study in which the present target is to define 6 million tons of open pit mineable reserves with a total gold content of 600,000 ounces. Ultimately, the gold bearing zone of 10 km in extent is expected to contain more than 20 million tons of similar gold bearing material.

Highlights

- \$1.6 million spent to date by the Joint Venture.
- \$1.1 million in financing arranged for the summer 1988 exploration season which is well underway.
- 20,000 foot surface drilling program commenced on Jay and Grouse Zones in vicinity of underground workings.
- New discovery of highly altered gold bearing zone equivalent to Placer-Dome's QR gold deposit located northwest of Frasergold.
- Adjacent claims acquired.
- Advanced metallurgical work shows that the gold is recovered without difficulty.

Funding

A \$1.1 million exploration program covering the balance of 1988 has commenced. Sirius' and Southlands funding commitment to earn a 50% interest in the joint venture by spending \$3.0 million and completing a feasibility study is expected to be reached by late 1988 well in advance of a previously targetted December 1989. Thereafter each party will contribute according to their working interest.

Underground Bulk Sampling Program

The underground bulk sampling program carried out this winter 1987/1988 and which saw the mining of about 8,000 tons of gold bearing rock was designed to measure the total bulk gold content of this gold bearing zone. During the mining operation much free gold was found in the underground workings. Previous drilling of the area by both diamond core drilling and reverse circulation chip drilling had defined the extent of the gold bearing zone but assay results obtained using the two methods with holes placed side by side showed variances in assay results as much as 400% which is now known to be caused by a combination of the nugget effect and improper sample preparation procedures by the previous operators.

The Joint Venture has been successful in developing a sample preparation procedure from which assay results can now be relied on with a high degree of confidence.

Of particular significance is that the bulk sampling program carried out within the 605 feet of underground workings and across a 60 foot width of the open pitable gold zone had a total measured gold content of 0.076 ounces gold per ton where diamond drilling had indicated 0.068 ounces gold per ton and reverse circulation drilling had indicated 0.02 ounces gold per ton. It has since been learned that the 0.076 ounces gold per ton is further increased by cyanidation assay procedures. The bulk sampling performed to date strongly suggests that the average gold content of this deposit as previously measured by drilling may be significantly increased.

Surface Drill Program and Bulk Sampling Program

A surface drill program presently underway is to be followed by a surface trenching program from which large bulk samples will be taken for test milling at the Frasergold site. In preparation for the trenching work, arrangements are being made with the British Columbia Forest Service to have the entire gold bearing zone logged of heavy timber to facilitate the removal of overburden which covers the gold bearing zone.

Test Milling

The pilot milling of 587 tons of underground bulk sample showed a total gold content of 45 ounces for an average grade of 0.076 ounces gold per ton. An estimated 6,000 tons of gold bearing material is presently stockpiled and available for processing at the Frasergold site. Recovery of the contained gold from the stockpile in the next stage of in-situ pilot milling could generate about \$250,000 in revenue and therefore contribute to at least half the expected cost of the pilot mill facility. Metallurgical studies of this gold bearing material shows that the gold can be easily recovered using conventional cyanidation procedures.

Land Acquisition and New Discoveries

Recent work carried out by Joint Venture geologists have identified a large area of highly anomalous gold in soils content west of the main gold bearing zone. The new zone is found in a volcanic rock assemblage bordering a linear series of porphyry intrusions. The volcanics are very highly altered and pyritized and are identical in character to the Placer-Dome QR gold deposit also found in the Quesnel Trough. This promising zone will be drilled later this summer.

In the meantime an additional 2,400 acres of similar geology bordering the northernmost porphyry intrusive has been acquired by Sirius and Southlands because of the discovery.

On behalf of the Joint Venture.

J. M. Ashton, P.Eng.
Vice President
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June, 1988

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PRESS RELEASE

GOLD DISCOVERY IN BEDDED VOLCANICS AT FRASERGOLD

Sirius Resource Corporation has been informed by its contractor, 1257 Geological Ltd. that significant gold values were found in the last two drill holes of a recently completed 6 hole, 3,000 foot program.

Drill Hole SEP 88-05

<u>Drill Intercept</u> (metres)	<u>Length</u> (metres)	<u>Gold Assay Value</u>	
		<u>ppb</u>	<u>oz/ton</u>
26.82 - 27.74	0.92	295	0.010
28.77 - 29.77	1.00	2700	0.079
32.66 - 33.25	0.59	1530	0.045
33.25 - 33.83	0.58	1330	0.039
33.83 - 34.20	0.37	735	0.021
34.20 - 34.74	0.54	1930	0.056
34.74 - 35.56	0.82	8500	0.248
35.56 - 36.18	0.62	5800	0.169
36.18 - 36.94	0.76	4630	0.135
44.56 - 45.34	0.88	7830	0.228
45.34 - 46.62	1.26	3970	0.116
63.56 - 63.86	0.30	545	0.016
64.36 - 65.21	0.85	1130	0.033
77.92 - 78.74	0.82	830	0.024

DDH-SEP 88-05 - Summary

<u>Drill Intercept</u> (feet)	<u>Length</u> (feet)	<u>Gold</u> <u>Oz/Ton</u>
107.12 - 121.16	14.04	0.117
INCLUDING 112.18 - 121.16	8.98	0.161

Drill Hole SEP 88-06

<u>Drill Intercept</u> (metres)	<u>Length</u>		<u>Gold Assay Value</u>	
	(metres)	(feet)	(ppb)	oz/ton
29.02 - 30.27	1.25	4.1	11000	0.321
30.27 - 31.97	0.70		315	0.009
39.0 - 40.54	1.54		1270	0.037
40.54 - 41.36	0.82		680	0.019

The gold is found in an intensely altered, silicified and pyritized section of bedded volcanic tuff. It is contained within banded conformable disseminated pyrite, locally semi-massive, which has been hydrothermally introduced.

Two holes drilled 330 feet northwesterly contained weakly anomalous gold values with weak alteration whereas two holes drilled 190 feet northwesterly showed moderate to strong alteration and contained highly anomalous gold values up to 0.18 ounces/ton and 0.096 ounces/ton, respectively, over half metre intervals.


The frequency of gold bearing intervals, their widths and grade has increased progressively to the two holes reported here.

The gold zone is open to the south-east and down dip within what appears to be a large unit of volcanic tuff.

Additional drilling is planned.

On Behalf of the Board

SIRIUS RESOURCE CORPORATION


J.M. Ashton, P.Eng.
Vice President

December 6, 1988

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

