

# PASS LAKE RESOURCES LTD.

NORTH WEST BRITISH COLUMBIA MINING EXPLORATION

## CORPORATE REVIEW

MARCH 1989

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### MINERAL PROPERTY ACQUISITION AND EXPLORATION

Pass Lake Resources Ltd. is a public (VSE) British Columbia mineral exploration company. Pass Lake has assembled and is exploring a large claim holding (128 square kilometres/70 square miles) in the emerging Galore Creek gold camp of northwestern British Columbia.

### GALORE CREEK

Galore Creek lies in the centre of a precious metals belt extending at least 300 kilometres northward from the town of Stewart, B.C. Many exploration geologists have described the area as the most intensely mineralized terrain in all of British Columbia.

The belt is best known for its high grade silver-gold veins such as Golden Bear, Snip, Skyline (Johnny Mountain), Sulphurets, Silbak Premier and the new Calpine discovery. The deposits occur in Upper Triassic to Lower Jurassic volcano-sedimentary rocks along the eastern flank of the Coast Plutonic Complex. Several of the deposits are spatially, and probably genetically, related to porphyry gold-copper orebodies hosted by altered syenite and monzonite intrusions, also of Upper Triassic to Lower Jurassic age.

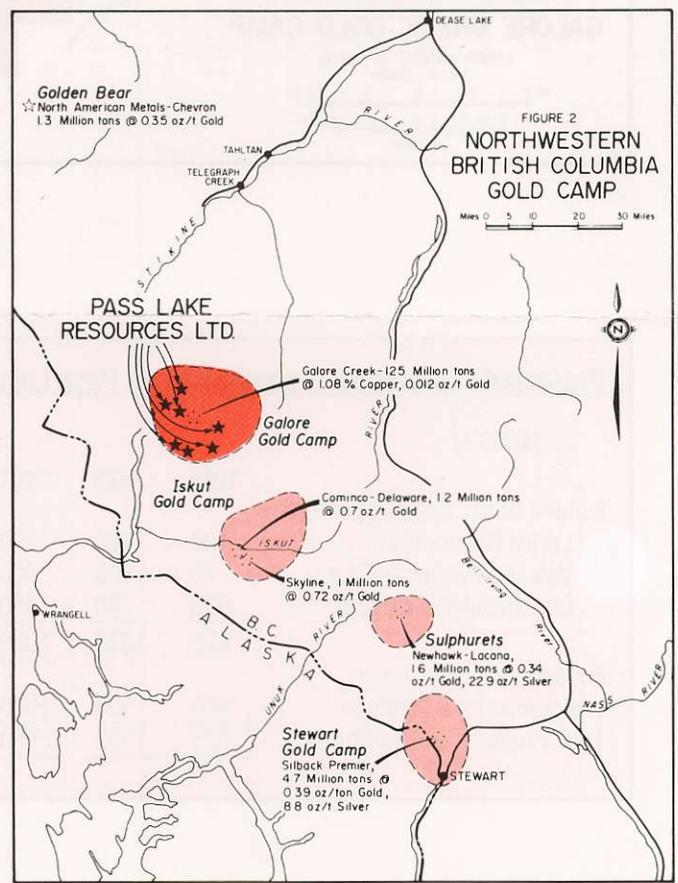


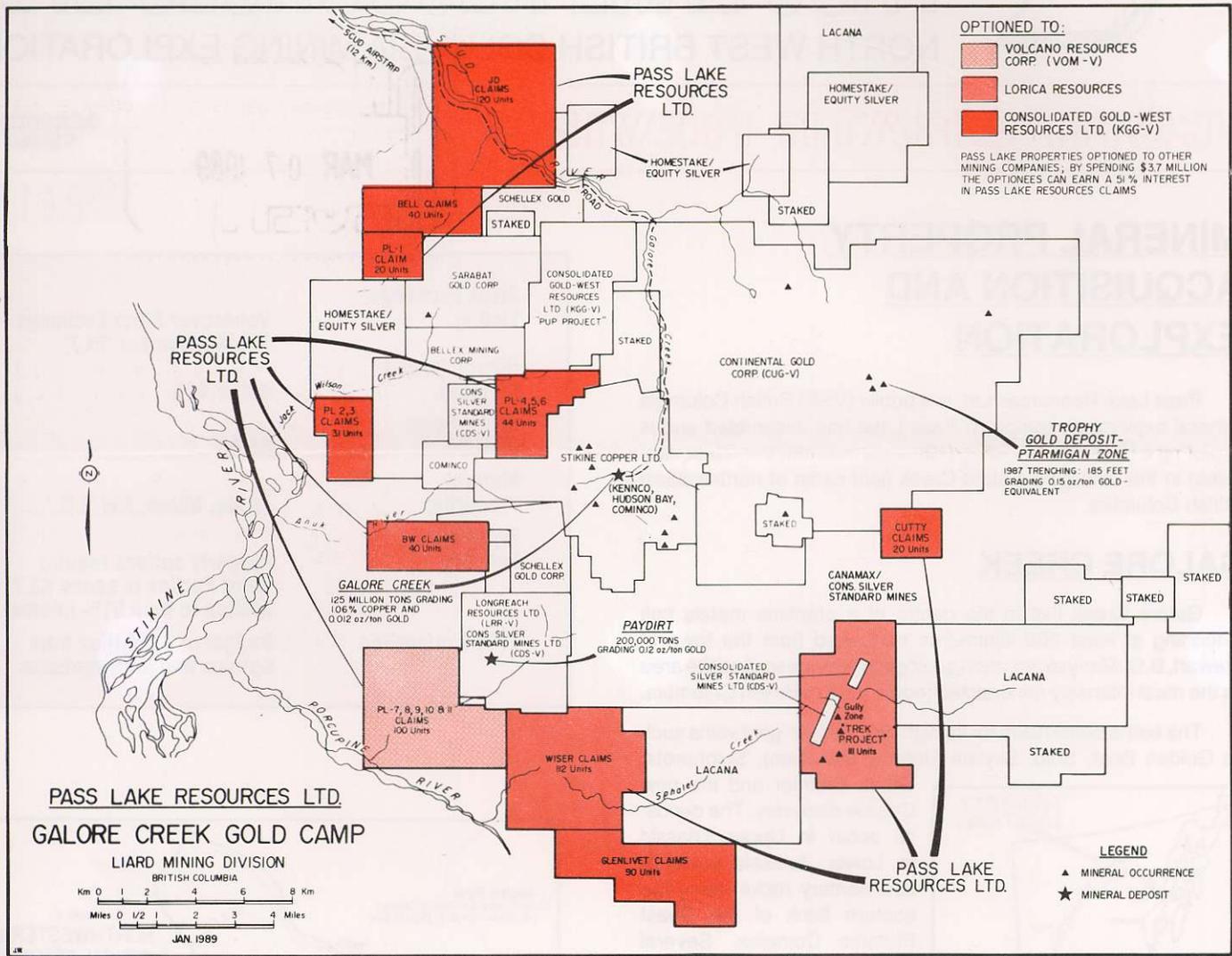
The camp is centered on the large porphyry gold-copper deposit of Stikine Copper, which itself contains some 1.6 million ounces of gold. Numerous vein-type gold and silver showings have been identified in the recent past peripheral to this porphyry system.

Within the last year, Galore Creek has been recognized as the natural northward extension of the Iskut River camp, just 50 kilometres (30 miles) to the south. A staking rush in 1988 and early 1989, involving both major and junior companies, has tied up all of the ground of interest.

Pass Lake's entry into Galore Creek was well timed. In June, 1988, the company acquired the 95-unit TREK property. Since then, the company has increased its claim holdings to 728 units, largely through staking. As of January, 1989, all of the claims had been farmed out to third parties including Lorica Resources, Consolidated Goldwest Resources (Prime Capital Group) and Volcano Resource Corp, with total exploration requirement on Pass Lake's properties amounting to \$3.7 million over the next three years.

<b>Stock Exchange Listing</b>	- Vancouver Stock Exchange Trading Symbol "PLJ"
<b>Shares Issued (Feb/89)</b>	- 4,195,413
<b>Share Price (Feb/89)</b>	- \$0.40
<b>Mineral Properties</b>	- 70 Sq. Miles, NW B.C.
<b>Exploration Funding</b>	- Property options require Third Parties to spend \$3.7 Million to earn 51% interest
<b>1989 Exploration</b>	- Budget of \$1 Million from options and joint ventures





### Projected Exploration Expenditures on Pass Lake Properties

(\$000's)

	1989	1990	1991	TOTALS
Funded under option agreements:				
Lorica Resources	100	120	300	520
Volcano Resource Corp	75	165	400	640
Consolidated Goldwest	500	750	1250	2500
	675	1035	1950	3660
Funded directly or under exploration joint ventures:	300	500	1000	1800
<b>Total Projected Expenditures</b>	<b>975</b>	<b>1535</b>	<b>2950</b>	<b>5460</b>

### Pass Lake Mineral Property Holdings

	Units	Square Miles
June 30, 1988	95	9
Dec.31, 1988	728	70
June 30, 1989*	1,100	106

\* - projected

## TREK PROPERTY

The property is largely underlain by Upper Triassic volcanic rocks transected by a major north-north-east trending pyritic shear zone. The shear zone has controlled the emplacement of several small plugs of feldspar porphyry (syenites) and intrusive breccias. Porphyry gold-copper deposits of modest size are associated with porphyry stocks on the Consolidated Silver Standard claims. Massive gold-copper sulphides and structurally controlled base and precious-metal veins occur in altered volcanic rocks peripheral to the syenite porphyries. These features are analogous to the geological setting of the high grade Snip deposit (Cominco/Delaware) 50 kilometres to the south.

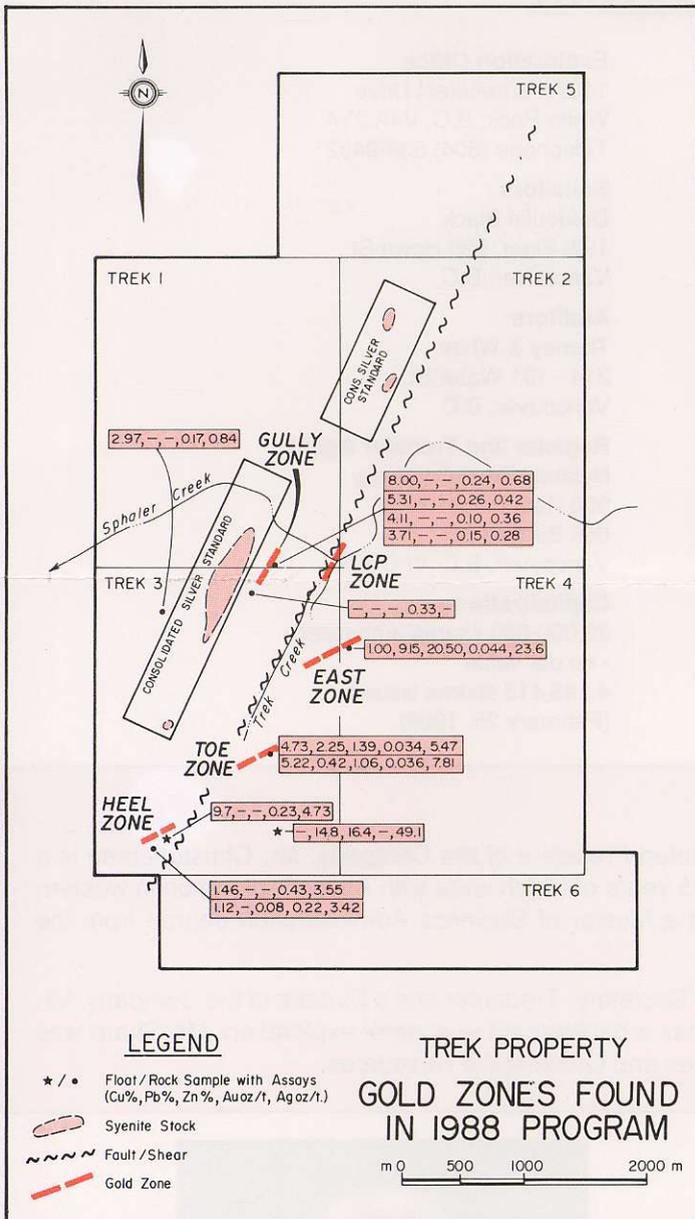
Lorica Resources carried out a full season's program on the TREK property in 1988. Work focussed largely on the southwest quadrant of the property, where prospecting, geochemistry and geophysics identified five new base- and precious-metal targets worthy of follow-up.

The most important target to date is the Gully Zone, a massive sulphide body with a potential strike length of 300 to 800 metres (1,000 to 2,600 feet). Where exposed over 60 metres (200 feet) the ore assays up to 5.3% copper, 0.26 ounces per ton gold and 0.42 ounces per ton silver across a true width of 3.6 metres (11.8 feet). The other zones also report high assays, which require follow-up.

In 1989, it is expected that the high grade and large tonnage potential of the Gully Zone massive sulphide deposit will be tested by drilling once the surface exposures have been more completely defined. In addition, the bulk of the property will be prospected for new gold occurrences.

### JD and Wiser

Limited prospecting carried out on these properties in 1988, both of which comprise part of the large (517 units) package optioned by Consolidated Goldwest Resources, indicated several anomalous precious-metal zones.



## CORPORATE STRATEGY

It has been management's strategy to develop a major land position and exploration expertise in the Galore Creek camp while preserving the company's working capital. The strategy has been implemented successfully in a very short time frame. Pass Lake now has third party funding in place to the extent of some \$3.7 million over the next three years and stands to receive cash equivalents of another \$300,000 in the same period.

The company's working capital balance (late February, 1989) is \$130,000, sufficient to cover overhead costs for two years without any external funds sources. With the funds from property options, Pass Lake can maintain operations in the long term without share dilution or incurring debt.

To increase exploration expenditures on Pass Lake's properties and to increase the cash flow from property options, the company continues to seek new ground acquisitions in the Galore Creek area and other active exploration areas, principally by staking or outright purchase. To broaden this exploration effort, Pass Lake has also recently entered into a joint venture with Queenstake Resources to identify precious-metal targets in north-west British Columbia with a program of archival research combined with regional geological and geophysical data review.

Pass Lake expects that approximately \$1 million will be spent on its mineral properties in 1989. With the continuing regional exploration/reconnaissance and property acquisition program and the escalating expenditures under existing property options, this exploration program will grow rapidly, making Pass Lake a significant participant in base- and precious-metal exploration in British Columbia.

## Corporate Directory

### **Directors**

Jan E. Christoffersen  
Donald D. Sharp\*  
Leonard W. Brownlie\*  
Gerald T. Cook\*  
\* - *Audit Committee*

### **Officers**

President - Jan E. Christoffersen  
Secretary - Donald D. Sharp  
Treasurer - Donald D. Sharp

### **Stock Exchange Listing**

Vancouver Stock Exchange  
- Symbol PLJ

### **Registered and Records Office**

1105 - 1020 Howe St.,  
Vancouver, B.C. V6Z 1R2

### **Administration Office**

1105 - 1020 Howe St.,  
Vancouver, B.C. V6Z 1R2  
Telephone (604) 682-5205

### **Exploration Office**

14070 Greencrest Drive  
White Rock, B.C. V4A 2Y4  
Telephone (604) 536-9452

### **Solicitors**

DuMoulin Black  
10th Floor, 595 Howe St.,  
Vancouver, B.C.

### **Auditors**

Tierney & White  
214 - 131 Water St.,  
Vancouver, B.C.

### **Register and Transfer Agent**

National Trust Company  
900 Park Place Tower  
666 Burrard St.,  
Vancouver, B.C. V6C 2Z9

### **Capitalization**

20,000,000 shares authorized  
- no par value  
4,195,413 shares issued  
(February 25, 1989)

### **MANAGEMENT**

In August, 1988, Jan E. Christoffersen, P.Eng. was appointed President of the Company. Mr. Christoffersen is a geological engineer with 20 years in mineral exploration, 15 years of which were with Amax Exploration in western Europe and Africa. Mr. Christoffersen recently completed a Master of Business Administration degree from the University of British Columbia.

Also in August, 1988, Donald D. Sharp, C.A. was appointed Secretary -Treasurer and a Director of the Company. Mr. Sharp is a financial consultant to mining companies and has a background in mineral exploration. Mr. Sharp was previously chief financial officer of Whitehorse Copper Mines and Queenstake Resources.



**Jan E. Christoffersen**, B.A.Sc., MBA, P.Eng.  
President



**Donald D. Sharp**, C.A.  
Secretary-Treasurer

TO RECEIVE PASS LAKE ANNUAL REPORTS OR NEWS RELEASES, PLEASE CONTACT DON SHARP OR  
JAN CHRISTOFFERSEN AT THE ADDRESSES / PHONE NUMBERS ABOVE.