

Pass Lake Option Proposal for 1124 Mineral Claim Units in the Galore Creek, Telegraph Creek and Iskut Areas, North-west British Columbia

1.0 INTRODUCTION

During 1988 and 1989, Pass Lake Resources Ltd. assembled a large claim holding (1947 units or 487 sq. km.) in the emerging Galore Creek, Telegraph Creek and Iskut gold camps in north western British Columbia. In agreements made from May, 1988 to September, 1989, Pass Lake has optioned 768 of the Galore Creek claims to Consolidated Goldwest Resources Ltd. (Prime Resources group) and several other public and private companies. The Company believes that its properties have the potential to host economic precious-metal deposits equivalent to the high-grade discoveries made in the north-west B.C. gold belt over the last five years.

The Company is now inviting third parties to participate in the early exploration phase of the available 1124 mineral claim units in these camps which are held by Pass Lake. Of the claims, 478 units in the Galore Creek camp and Iskut camp are owned 100% by Pass Lake, and 646 units at Telegraph Creek are owned 50% each by Pass Lake and Golden Sitka Resources.

2.0 REGIONAL SETTING

North-west British Columbia is the focus of the province's most exciting gold belt, which extends at least 300 km (180 miles) from the Stewart camp in the south to the Golden Bear mine in the north. Major developing mines in the belt include Silbak-Premier (Westmin), Sulphurets (Newhawk - Granduc), Eskay Creek (Calpine - Consolidated Stikine), Reg (Skyline), Snip (Cominco - Prime Resources) and Golden Bear (Chevron - North American Metals). Total contained gold in these deposits exceeds ten million ounces based on known ore reserves. Several other promising silver-gold properties are at various stages of exploration.

Most of the deposits occur in an Upper Triassic to Lower Jurassic volcano-sedimentary assemblage along the eastern flank of the Coast Crystalline Complex, which comprises plutonic rocks of Upper Triassic to Tertiary age. Several of the gold deposits are spatially related to Upper Triassic/ Lower Jurassic alkalic intrusions (syenite, monzonite, diorite). A genetic relationship is also strongly suspected.

2.1 Gold Deposit Types

Four types of deposits are recognized within the belt, porphyry gold-copper, volcanogenic massive sulphides (Cu-Au, Cu-Pb-Zn-Au), vein/shear replacement (Au-Ag-base metals) and skarns (Cu-Au-Ag).

(1) Porphyry Gold-Copper

These large low-grade deposits are typified by the Galore Creek gold-copper body owned by Stikine Copper (Kennco - 60%, Hudson Bay Mining and Smelting - 35%, Cominco - 5%). This deposit alone contains 125 million tons grading 1.08% copper and 0.012 ounces/ton gold, equivalent to 1.5 million ounces of gold. Higher-grade gold sections (ie. up to 0.40 ounces/ton) are believed to exist within and around the much larger low-grade body. The discovery of Western Canadian Mining at Sulphurets (66 million tons of 0.84% copper and 0.01 ounces/ton gold) is another good example. Both of these and several smaller porphyry prospects (ie. Copper Canyon, Red Bluff, TREK) along the belt are characterized by their alkalic-suite affinities - syenite,

monzonite porphyries. These alkalic intrusions are believed to be subvolcanic equivalents of the Upper Triassic/ Lower Jurassic volcanic assemblage in which they occur.

(2) Volcanogenic Massive Sulphides

The importance of this type has been recognized only recently in the belt. Two variants exist. The first is gold-copper rich and is associated with mafic to intermediate volcanic rocks of Upper Triassic age. This subtype is exemplified by the Gully Zone on Pass Lake's TREK property at Galore Creek. The Gully Zone was discovered in the summer of 1988 and carries 4-5% copper with 0.2 ounces/ton gold over widths of 2 - 4 metres. Its strike length could reach 800 metres (2600 ft).

The second variety is represented by the rich Calpine gold-silver (copper-lead-zinc) discovery at Eskay Creek announced in November, 1988. The deposit is associated with Lower Jurassic felsic volcanic rocks and overlying sediments. The ore is variable in nature, ranging from disseminated to banded submassive and massive, and contains significant zones locally with considerable free gold. The ore body is zoned, with associated low-temperature epithermal minerals dominant in the south (ie. arsenic, mercury, antimony sulphides) giving way to stratiform base metals in the north. The orebody is unique in this regard and may represent an overlapping combination of epithermal and syngenetic deposit types.

Pre-Permian basement rocks of the Stikine Assemblage are also regarded as favourable hosts for volcanogenic massive sulphides as exemplified by the Tulsequah Chief deposit currently being explored by Cominco/ Redfern.

(3) Vein/Shear/Replacement

This class of deposit has received the most attention in recent years due to the potential for bonanza ore grades. Typical deposits are Snip (1.65 million tons of 0.65 ounces/ton Au), Reg (1.0 million tons of 0.60 ounces/ton Au), Sulphurets (1.6 million tons of 0.34 ounces/ton Au and 22.9 ounces/ton Ag), Silback Premier (4.7 million tons of 0.39 ounces/ton Au and 8.8 ounces/ton Ag) and Doc (207,000 tons of 0.35 ounces/ton Au). Several of these ore bodies occur peripheral to porphyry gold-copper systems associated with syenitic intrusive bodies (ie. Snip, Sulphurets). The deposits represent both mesothermal (Snip, Skyline) and epithermal (Sulphurets) ore environments.

(4) Skarns

This type is associated with the contact of intrusive rocks and carbonate-bearing rocks. The carbonate hosts may lie within the Upper Triassic volcano-sedimentary assemblage or older Paleozoic limestones which underly much of the volcanic belt. Examples include Gulf International's McLymont Creek property in the Iskut River district and Pass Lake's TREK property. In the latter instance, lead, zinc and silver (30% Pb-Zn, 49 ounces/ton Ag) have been found in epidote-garnet-bearing skarn float.

2.2 Summary

Taken as a whole, the entire Upper Triassic package in north western British Columbia appears to have been remarkably productive for precious and base metals throughout the evolution of the belt from

early to late volcanism and sedimentation (volcanogenic deposits) through late-stage plutonism (porphyry gold-copper, skarn gold, vein gold-silver).

3.0 GALORE CREEK CAMP

3.1 Overview

Within the last two years, Galore Creek has been recognized as a natural northward extension of the Stewart, Sulphurets and Iskut gold camps to the south. Major gold exploration projects currently underway include the Trophy project and Pass Lake/Lorica's TREK joint venture. A major staking rush during 1988 and early 1989, involving both major and junior companies, promises that the 1989/1990 seasons will witness a much higher level of activity. Pass Lake's claim holdings now comprise 1,143 mineral claim units of which 823 units are optioned and 320 units are available for joint venture participation.

3.2 Geology and Ore Deposits

The Galore Creek camp is underlain by Upper Triassic intermediate to mafic flows and breccias and related sediments deposited on a basement of Paleozoic carbonates and volcanic and sedimentary rocks. The Coast Crystalline Complex of mainly Jurassic and younger granitoid intrusions dominates the western margin of the map sheet. The large Galore Creek alkalic complex forms the core of the camp. Structurally, the region is very complex, being dominated by major steep-angle faults trending north west, north east and north. Thrust faults are also locally important.

Several mineral occurrences are known in the camp dating from the early days of porphyry copper exploration during the 1950's and 1960's. Foremost among them is the Galore Creek porphyry gold-copper deposit as previously described. Other smaller porphyry-style prospects include Copper Canyon held by Canamax, Goat comprising a small claim block held by Consolidated Silver Standard, completely encompassed by Pass Lake's TREK property, and Sue on Longreach's Paydirt claims.

The Jack Wilson Creek occurrence is reported to have returned gold assays up to 2 ounces/ton from a quartz vein sampled in the early days of exploration in the region. Recent reports by the present property owners (Sarabat, Bellex) confirm high-grade gold (4-6 ounces/ton) from quartz-sulphide veins on the claims.

The Paydirt property of Consolidated Silver Standard/Longreach Resources has drill-indicated reserves of 204,000 tons grading 0.12 ounces/ton gold in silicified and sericitized volcanic rocks adjacent to a syenite stock.

3.3 Recent Exploration Activity

Two major exploration projects were initiated in the camp during 1988. Continental Gold expended about \$1,300,000 on its large Trophy property (184 sq. km/ 71 sq. miles) which has now been optioned to Gigi Resources Ltd. of the Prime Resources group. Drilling focused on two or three wide zones of gold-silver mineralization. Prospecting is believed to have identified at least a dozen other significant precious-metal prospects, which will be followed up late in the 1989 field season. The Trophy property was optioned to Gigi Resources, a Prime Group company, in early 1989.

On Pass Lake's TREK claims (111 units/ 28 sq. km) immediately to the south of the Trophy block, Lorica Resources spent \$93,000 in the first full season of exploration on the property. The program yielded five base/precious-metal targets of significance. Of these, the Gully Zone initially appears to be the most interesting. It is a volcanogenic massive sulphide deposit with a potential strike length of 800 metres (2600 ft) based on geophysics and geochemistry. Where exposed over a 60-metre length, two channel samples assayed as follows:

<u>Width (m/ft)</u>	<u>Cu %</u>	<u>Au (oz/t)</u>	<u>Ag (oz/t)</u>
3.6/11.8	5.31	0.26	0.42
2.0/6.6	4.11	0.10	0.36

The Gully Zone lies within mafic and intermediate volcanic breccias peripheral to a small porphyry gold-copper deposit associated with several stocks of altered syenite and monzonite.

Exploration in 1989 started late. Nevertheless, expenditures by several companies including Consolidated Goldwest, Gigi, Corona, Cominco, Homestake, Equity Silver, Pass Lake, Bellex, Lorica and Mingold probably amounted to about \$1,200,000. Of this total, approximately \$400,000 was spent on Pass Lake's wholly-owned and optioned properties.

THE CLAIMS:

<u>Claim Name</u>	<u>Number of Units</u>	<u>Date Located</u>	<u>Date Recorded</u>
Ginny 1-8	160	Mar 2/ 89	Mar 10/ 89
Cuds 1-8	160	Feb 28 - Mar 2/89	Mar 10/ 89

These two large claim groups are located largely south of the Porcupine River, some 15 km. south of the Galore Creek porphyry gold - copper deposit.

The properties are underlain by Upper Triassic volcanic rocks in the east, passing into pre-Permian greenstones and metasediments of the Stikine assemblage in the west. A granodiorite pluton was mapped by Kerr (GSC, 1948) in the Middle Mountain area. The stock corresponds with a small positive aeromagnetic anomaly.

Aeromagnetic data also point to an important WNW structural lineament occupying the Porcupine River valley. The Snip and Skyline deposits in the Iskut River camp occur within a major WNW-trending shear zone and are associated with small positive aeromagnetic anomalies related to intrusive bodies.

Little previous work is believed to have been carried out in the vicinity of the claims. Government regional geochemical data, released in 1988, cover some of the area of interest and indicates low-order gold anomalies in the eastern part of the claim block, however, sample density in the claim area is low. Some gossanous exposures have been reported in the same vicinity.

Potential ore targets are high-grade gold veins and volcanogenic massive sulphides.

4.0 TELEGRAPH CREEK CAMP

4.1 Overview

Within the last 18 months, exploration for precious metals in north-west British Columbia has extended rapidly northward from the more established Stewart, Sulphurets, Eskay Creek and Iskut gold camps. In 1988, major staking and initial exploration campaigns, including those of Pass Lake, focused largely on Galore Creek, just 50-60 km north of Iskut River. As a result, the 1989/ 1990 exploration seasons at Galore Creek are expected to be active.

Staking in 1989 has continued to tie up large tracts of ground between Telegraph Creek and Galore Creek. In an equal joint venture with Golden Sitka Resources Inc., a VSE company associated with Queenstake Resources, Pass Lake has chosen to focus on Telegraph Creek on the premise of geological and geophysical analogies with Galore Creek, some 80 km to the south, and encouraging government regional geochemical data. It is the companies' belief that thorough exploration in the Telegraph Creek camp will reveal high-grade gold discoveries equivalent to the bonanza deposits further south in the belt and the Golden Bear mine some 40 km to the northwest. This belief is shared by several senior mining companies, which have established significant land positions in the area, in marked contrast to their absence during the early stages of exploration further to the south in the belt, and by Prime Resources, with two companies active in the camp.

Access to the area is reasonably good. Telegraph Creek is serviced by a road from Dease Lake, and there are old bulldozer roads from Telegraph Creek into most of the claim area.

4.2 Geology and Ore Deposits

The Telegraph Creek camp is underlain by Upper Triassic intermediate to mafic flows, breccias and related sediments overlying a basement of Paleozoic clastic and carbonate rocks. A number of small (2-5 Km diameter) discrete alkaline and calcalkaline plutons are intrusive into the volcanic and sedimentary rocks. Some of the intrusive rocks are probably comagmatic with the Upper Triassic volcanics as is the case further south in the belt. Aeromagnetic data interpretation suggests a structural complexity typical of the entire volcanic belt with major faults striking northeast, northwest, northerly and easterly.

Telegraph Creek has witnessed modest mineral exploration and mining in the past. Alluvial gold has been recovered from both the Stikine and Barrington Rivers (see claim map). No hard rock sources have yet been discovered for these occurrences but geochemical data released by the B.C. Geological Survey in 1988 indicates several areas of interest. One hard rock occurrence on the north side of Winter Creek is reported to have assayed 5.8% Cu, 0.12 oz/t Au and 0.92 oz/t Ag. Between Chutine River and Limpoke Creek, there is also a recorded occurrence of gold, silver and copper in small massive sulphide lenses.

There are a number of copper showings in the district. South of Limpoke Creek, near Mt. Barrington, three occurrences of disseminated chalcopyrite, locally with molybdenite, are associated with an altered granodiorite/ syenite intrusion and peripheral volcanic rocks. Old descriptions of these prospects suggest a porphyry style of emplacement

similar to the large Galore Creek ore body further south. More recent exploration work also confirms the presence of gold in soil samples taken from parts of this area.

At Tahltan Lake, three copper-magnetite skarn occurrences are associated with the contact of a small diorite plug and limestones of Upper Triassic age. It is not known whether the skarns have been explored for their gold content. In the Mt. Rowgeen area, north of Shakes Creek, magnetite is associated with altered syenite porphyry and pyroxenite. At Rugged Mountain, west of Kink Creek, widespread disseminated pyrite occurs in strongly sericitized and chloritized syenite and volcanic rocks. The nature and extent of the pyrite suggests a porphyry-type setting, but there is no mention of copper minerals in the vicinity.

During 1989, several companies, including Pass Lake and Golden Sitka, carried out initial reconnaissance exploration programs in the camp. Data is incomplete but preliminary results from Pass Lake's and Golden Sitka's \$65,000 program suggest several targets have emerged, which will require follow-up in 1990.

5.0 TELEGRAPH CREEK PROPERTIES

5.1 Property Acquisition Model

The companies' claims have been located largely on the basis of a geological and geophysical model developed in the Galore Creek and Iskut camps and by supporting regional geochemical and Minfile data. Key features of the model, related to high-grade vein deposits, are that they:

- 1) occur within Upper Triassic / Lower Jurassic volcanic and older sedimentary rocks situated peripheral to porphyritic intrusive rocks, commonly belonging to the alkalic suite;
- 2) are associated with the marginal areas of porphyry gold-copper systems (which are related to alkaline intrusive complexes);
- 3) occur within areas of low magnetic susceptibility (aeromagnetic lows), representing shear zones/ graben structures, adjacent to aeromagnetic highs (intrusive complexes);
- 4) are spatially related to subtle, positive aeromagnetic features interpreted to be small lobe-like intrusive bodies, probably fault controlled, satellitic to the larger plutonic complexes (aeromagnetic highs).

5.2 Property Details

Details of the companies' claim blocks are as follows:

- 1) Glen Group (89 units) is on the southern flank of a strong aeromagnetic anomaly, which correlates well with a granodiorite mass mapped by the GSC north of Winter Creek. The claims cover a narrow subtle magnetic feature extending southward for four Km from the main anomaly. This feature is interpreted to be a small, possibly deep, intrusive body separated from the main mass by a fault structure striking ENE along Winter Creek. The property also lies within a major northeast trending graben as defined by an aeromagnetic low following the Stikine River valley. The claims are shown to be underlain by Upper Triassic volcanic rocks.

The presence of gold in the vicinity is confirmed by the discovery of massive sulphides just north of Winter Creek,

which assayed 0.12 oz/t Au, as noted previously. One stream draining the claim area is also strongly anomalous in gold.

- 2) Kink Group (80 units) is underlain by Upper Triassic volcanic rocks. The claims are situated on the eastern margin of a magnetic anomaly that coincides with strongly altered and pyritic syenite (Rugged Mountain Complex) and volcanic rocks of Upper Triassic/ Lower Jurassic age. The alteration and sulphide mineral assemblage is analogous to a porphyry copper setting. A north-west trending fault is interpreted to traverse the Kink claims. Streams in the Kink Creek drainage are weakly anomalous in base metals and, locally, gold.
- 3) Rattle (100 units) and Roll (120 units) Groups extend over a large area of Upper Triassic volcanic and sedimentary rocks south east of Tahltan Lake. The claims were staked to cover three magnetic perturbations on the margins of discrete magnetic anomalies in the east, south and north west parts of the claim blocks. All of the magnetic anomalies correlate with plutons of granodioritic, dioritic and syenitic composition. Chalcopyrite-magnetite skarns are coincident with the magnetic feature in the north west part of the claims. Regional geochemistry conducted by the BCGS does not indicate any anomalies in the Shakes Creek drainage, which traverses the claims. However, sample sites in the area appear to be largely located on tributaries flowing over fluvio-glacial deposits widely distributed along the Shakes Creek valley.
- 4) Bar (185 units), Ring (36 units) and Ton (36 units) occupy a large area in the Barrington River - Limpoke Creek drainages. The claims cover a major aeromagnetic low lying between positive magnetic anomalies to the south and north, which correlate with mapped intrusions of granodiorite and syenite, locally altered and mineralized. Rocks underlying the properties are Upper Triassic volcanics.

As noted previously, there are a number of porphyry-style mineral occurrences associated with altered syenite and granodiorite south of Limpoke Creek. Furthermore, prior geochemical work by mining companies and the BCGS indicates widespread base- and precious- metal anomalies in streams draining the ground held by Pass Lake and Golden Sitka.

6.0 ISKUT GOLD CAMP

6.1 The Bull Claims

The Bull claim group (158 units) was staked in early September, 1989 and is situated about 50 km. due north of Calpine's Eskay Creek gold deposit. The property lies immediately west of the Iskut River and five km. from the Stewart - Cassiar highway. Elevations range from 750 - 1,000 m. (2,400 - 6,000 ft.), extending over both thickly forested and alpine terrains.

The property occupies the south-eastern extremity of a folded Lower to Middle Jurassic outlier of volcanic and sedimentary rocks deposited upon Upper Triassic volcanic rocks of the Stuhini Group. The Jurassic rocks are probably time-stratigraphic equivalents of the ore hosts at Eskay Creek.

Geological Survey of Canada mapping indicates the presence of felsic volcanic/ intrusive rocks within the Jurassic succession in the vicinity of the property. A copper-lead-zinc-silver-gold prospect is noted at the northern boundary of the claim block. Similar felsic rocks are associated in part with the same metals at Calpine. A major north-west striking fault, transecting the south-western part of the block, brings Upper Triassic volcanic rocks into contact with the Jurassic assemblage.

Several streams draining the area were sampled during the B.C. government geochemical survey in 1987/88. The data indicate that local drainages are variably anomalous in copper, zinc, arsenic, gold and mercury.

CLAIM SCHEDULE

<u>Claim Name</u>	<u>Number of units</u>	<u>Date Located</u>	<u>Date Recorded</u>
Bull 1 - 8	158	September 1/2, 1989	September 13, 1989

GALORE CREEK AND TELEGRAPH CREEK

SUMMARY OF 1989 WORK PROGRAM

During 1989, Pass Lake Resources directly expended \$100,000 on its properties in NW B.C., approximately \$35,000 at Galore Creek and \$65,000 at Telegraph Creek (equal joint venture with Golden Sitka Resources). Including staking costs and allocated overheads, our total investment in the properties available for option (1,124 units) presently totals more than \$300,000.

The objective of the 1989 exploration program was to carry out sufficient work to maintain the claims in good standing for one additional year, to March, 1991, and to identify precious- and base-metal targets for more thorough follow-up in 1990. Fifty claim units at Telegraph Creek (Bar) and 158 units at Iskut River were staked in August and September, 1989, respectively, and have had no work carried out on them in the past season.

Work was carried out between early August and mid- October by Equity Engineering Ltd., a Vancouver-based geological contracting firm with extensive experience in NW B.C. Basic programs on all of the claim blocks comprised stream sediment/ heavy sediment sampling, prospecting and mapping in selected areas. Given the large claim area involved and high mobilization/ access costs, each block received only about eight man-days of work. Notwithstanding these limitations, several targets have emerged as clearly worthy of further exploration.

1) Galore Creek

The Cuds and Ginny claims comprise a large contiguous block of 320 units, which, for the purposes of this proposal, are considered to constitute four 80-unit groups (Cuds 1-4, 5-8, Ginny 1-4, 5-8). The property straddles Porcupine River, a broad drainage issuing into Stikine River. A serviceable 1100 foot airstrip is located along the south side of the river within the claims.

Gold-bearing rocks have been found in widespread parts of the groups. Analytical highlights are listed below:

<u>Claims</u>	<u>Sample No.</u>	<u>Description</u>	<u>ppb</u>	<u>ppm</u>	<u>ppm</u>	<u>ppm</u>	<u>ppm</u>	<u>ppm</u>	<u>ppm</u>
			<u>Au</u>	<u>Ag</u>	<u>Cu</u>	<u>Pb</u>	<u>Zn</u>	<u>As</u>	<u>Sb</u>
Cuds 1-4	459636	20 cm qtz vein in boulder	5900	>200	1885	4190	>1%	>1%	2820
	459636	20-40 cm qtz vein with chl. alteration envelope	750	6				>1%	
Cuds 5-8	172496	10 cm qtz vein	1600	81		>1%	3010	235	
	172499	15 cm qtz vein	3550	26	350	1885	5870	>1%	
	172491	30 cm qtz vein	3690	152		8480	854	530	
	463075	qtz-chl-carb alt'n zone	4020	136	>1%		620		
Ginny 1-4	172482	qtz-chl (float?)	1000	3	2890				180
	459648	stream sediment	3660						145
Ginny 5-8	459125	2.0 m wide chl. shear zone + qtz + pyrite	.54 oz	4	687				

The two-meter-wide chlorite shear zone (459125) strikes NW, parallel to a suspected major structure occupying the Porcupine River valley. Other gold-bearing structures also parallel this direction; a second preferred orientation is easterly.

2) Telegraph Creek

Significant gold-bearing samples were obtained from four of the companies' claims blocks in the camp, including the Bar, Rattle, Roll and Glen groups. No anomalous results were reported from the Ring, Ton and Kink claims.

Highlights are as follows:

<u>Claims</u>	<u>Sample Nos.</u>	<u>Details</u>
Bar	446755-59	N. part of claims: 1040-2080 ppb Au, up to 12.6 ppm Ag, up to 5100 ppm Cu.
	446765-69	SE corner: 3.1 m-wide gossanous zone- Au 85-980 ppb, Pb to 760 ppm, Zn to 690 ppm
	446852	E. central part of claim: boulders- 760 ppb Au, 3290 ppm Cu, 1755 ppm Zn.
Rattle and Roll	446818	Float- 8960 ppb Au, 47.8 ppm Ag.
	446809	2760 ppb Au, 733 ppm Cu
	446810	305 ppb Au, 1160 ppm Cu
Glen	446788	Gossanous structure- 1610 ppb Au, 720 ppm As

The anomalous samples on the Rattle and Roll claims were collected from a wide gossanous alteration zone straddling the E-W boundary between the two claim blocks. Prospecting of the zone was hampered by poor rock exposure.

GALORE CREEK, TELEGRAPH CREEK AND ISKUT RIVER, B.C. PROPERTIES
EXPLORATION OPTION PROPOSAL

A. Pass Lake Resources is seeking exploration financing for the following properties:

1. Iskut River area:

Bull claims	<u>158 units</u>
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2. Galore Creek area:

TREK claims	111 units
Cuds 1-4 claims	80 "
Cuds 5-8 claims	80 "
Ginny 1-4 claims	80 "
Ginny 5-8 claims	80 "
	<u>431 units</u>

3. Telegraph Creek area:

Bar claims (block A)	95 units
Bar claims (block B)	90 "
Ring and Ton claims	72 "
Glen claims	89 "
Rattle claims	100 "
Roll claims	120 "
Kink claims	80 "
	<u>646 units</u>

Total	1235 units =====
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B. Proposed option terms are as follows:

1. All claims except TREK (1,124 units):

a) The basic option proposal for these properties is an exploration program of between \$5,000 and \$10,000 per unit, carried out over three or four years, to earn a 51% interest in the property. The work per unit requirement is variable depending on the results from prior exploration of the properties.

b. Cash payments are requested on a per property basis, with shares accepted where this is of interest to the optionee. An approximate payment schedule is as follows (negotiable):

i) on signing	- \$ 10,000
ii) end of year one	- \$ 20,000
iii) end of year two	- \$ 30,000
iv) end of year three	- \$ 40,000

2. TREK property (111 units):

By completing the following, the optionee can earn a 51% interest in the TREK claims:

a) Cash payments:

i) on signing	-	\$ 50,000
ii) year two	-	\$ 50,000
iii) on exercise	-	\$100,000

b) Exploration requirements:

i) Year one	-	\$ 500,000 *
ii) Year two	-	\$ 500,000
iii) Year three	-	\$ 500,000

* of which \$250,000 would be an obligation