

SULPHURETS

VGS
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FAME

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SUMMARY

The 1986 field season lasted 149 days and consisted of 6,645 meters (21,797 feet) of B.Q. diamond drilling from surface and 404 meters (1325 feet) of 2.4 X 2.7 meters (8 ft.x9ft.) -15% decline, drift, cross-cut, slash and raise.

A total of 1699 fire assays were run for gold and silver on drill core at our Stewart laboratory, and 629 fire assays were run on muck and chip samples taken from underground. A total of 51 check assays were run at Vangeochem and 201 check assays were run at Min-en in Vancouver for a total of 252 checks in all.

The 1986 drilling was directed at more closely defining the West Zone mineralization. It was successful in modifying the ore blocks in some areas and discovering new pods to the south-east. It did not substantially increase the Mineral Reserve Tonnage Estimate of the West Zone. Two holes were drilled to intersect the zone at 244 meters (800 feet) and 305 meters (1000 feet) below the surface. These two holes intersected good widths and grades at this depth indicating that the zone continues to at least 305 meters (1000 feet). When drilled out throughout its length to this depth the West Zone should contain about 1,000,000 tonnes. These two holes increase the previous inferred potential of the deposit by about a factor of 2.

Depth
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The results of the Mineral Reserve calculations, based on underground mining methods and using a cut-off grade of \$100/ton (\$110/tonne) Cdn., are as follows:

Uncut arithmetic mean:

487,059 tonnes @ - 0.365 oz. Au/tonne
 - 23.16 oz. Ag/tonne
 - \$C 406.49/tonne

or

535,765 tons @ - 0.332 oz. Au/ton
 - 21.06 oz. Ag/ton
 - \$C 369.69/ton

LOCATION AND ACCESS

The Sulphurets Property is located 56 km (35 miles) northeast of Stewart, B.C. The property was previously worked by Granduc Mines Ltd., and Esso Minerals Canada Ltd., and covers about one half of a large zone of alteration and mineralization.

Access to the property at the present time is by helicopter out of Stewart, B.C. Mobilization of freight can be lifted by helicopter from the Tide Lake airstrip approximately 12 miles southeast of the property. Long range accessibility for a mining operation in this area would best be by road from Highway 37.

CLAIMS

The Sulphurets property currently consists of 343 units which are owned 40% by Granduc Mines Ltd., 30% by Newhawk Gold Mines Ltd., and 30% by Lacana Mining Corp. No other interest or royalties are held in the claims except as noted below.

A small fraction, 20 meters by 500 meters located near the Red River Lakes is presently being worked by Ed Kruchkowski as a small high-grading operation.

Mr. Kruchkowski's work has not interfered with the development of the rest of the property.