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REPORT ON THE
YALAKOM PROPERTY

Lillooet Mining Division

for

SOUTHERN LIGHTS RESOURCES LTD.

Now Balsam Resources

by

R. R. Culbert, Ph.D, P.Eng.
D.G. Leighton, B.Sc., F.G.A.C.

October 7, 1986
(Revised February 6, 1987)

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YALAKOM PROPERTY

CONCLUSIONS & RECOMMENDATIONS

A drilling program is recommended on the Yalakom property of Southern Lights Resources Ltd., with three objectives:

- 1) To approximately outline the main ore shoots downward continuation within the vein.
- 2) To evaluate the adjacent vein systems and determine if they should be included in detailed exploration and evaluation plans.
- 3) To test the veins continuity to greater depth in order to evaluate plans for a lower adit.

The vein dips at approximately 70 degrees westward, so that
the access road must be continued across the steep slope beyond the adit to establish a drill site from which the vein may be tested at depth. Approximately 60 meters of road extension is recommended, which will allow intersections below the first ore shoot and north thereof.

In all, 600 meters of drilling is recommended at this time, including three holes from the extended road and three or four fans of short holes from alcoves in the western wall of the tunnel. Two alcoves are planned in the first ore shoot, one in the second, and if funds permit, a fourth placement to test the veins beyond the present tunnel termination in view of erratic high gold results in that area. The 600 meters will be divided approximately evenly between surface and underground drilling.

In addition, the tunnel portal should be improved and extended outward to prevent ice from plugging the entrance in winter.

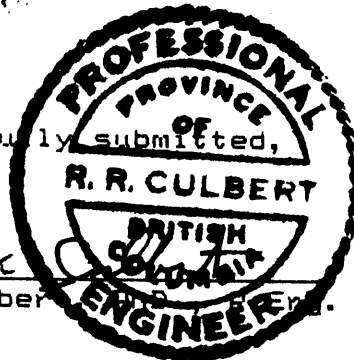
COST ESTIMATES

Mobilization and camp	\$ 4,500.
Portal and tunnel preparation	8,000.
Road extension and improvement	25,000.
800 meters of diamond drilling, assay etc.	50,000.
Core logging and geological supervision	3,500
Contingency	<u>9,000.</u>
TOTAL	\$100,000.

Respectfully submitted,

R. R. CULBERT

Dick Culbert
R. R. Culbert, Eng.



D. G. Leighton
D. G. Leighton, B.Sc., F.G.A.S.T.



February 6, 1987

YALAKOM PROPERTY

INTRODUCTION

The Yalakom property consists of eight mineral claims located near Gold Bridge, B.C. owned by Southern Lights Resources Ltd. At the request of Mr. J.K. Newton, president of Southern Lights, the writers reviewed data and reports related to this property and in mid June one of us (R.R.C.) carried out a brief examination and sampling program. This report summarizes the results of this work together with recommendations for a follow-up exploration program.

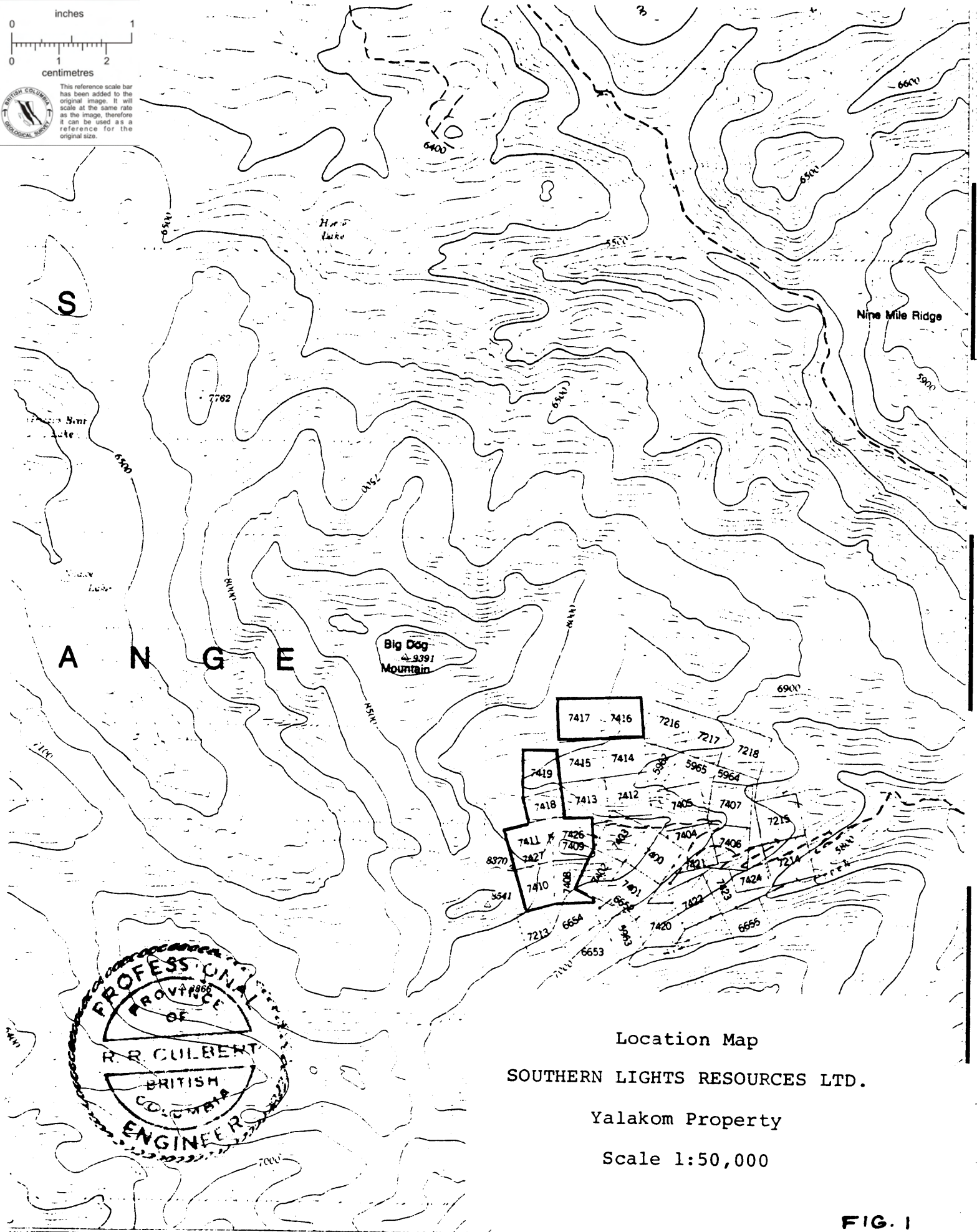
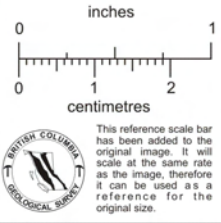
LOCATION AND ACCESS

The Yalakom claims are located at an elevation of 2300 meters, approximately 240 km north of Vancouver, in the Bridge River area of B.C. The property is about 15 km north of Carpenter Lake. It can be reached by Yalakom River road.

PROPERTY

The Yalakom property consists of the following eight recorded crown grant mineral claims:

<u>Claims</u>	<u>Lot No.</u>	<u>Acreage</u>
Yalakom #1	7408	36.84
Yalakom #2	7409	47.96
Yalakom #3	7410	42.03
Yalakom #4	7411	48.99
Plateau #5	7416	50.30
Plateau #6	7417	51.65
Plateau #7	7418	31.82
Plateau #8	7419	45.98



A N G E

Big Dog Mountain
9391

Nine Mile Ridge

Horseshoe Lake

S

Location Map

SOUTHERN LIGHTS RESOURCES LTD.

Yalakom Property

Scale 1:50,000

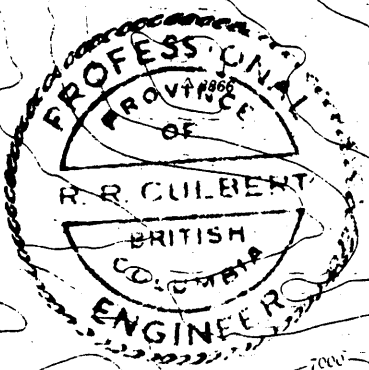


FIG. 1

All the above claims are presently held in good standing by Southern Lights Resources Ltd.

HISTORY

The earliest recorded work on the Yalakom property consisted of a tunnel constructed by Bralorne Mines Ltd. in 1948. Bralorne drifted in about 250 meters on a gold bearing quartz vein (No. 9 adit). This adit was rehabilitated by Southern Lights Resources Ltd. in 1983 and resampled, finding three separate gold bearing mineral shoots as follows (from report by R.W. Phendler, P.Eng., 1984):

Three zones along drift #9 (1983)

<u>Zone</u>	<u>Footage</u>	<u>Length</u>	<u>Thickness Width</u>	<u>oz/ton Uncut</u>	<u>Diluted</u>
1	105' - 265'	160'	0.893'	2.019	1.294/1.393'
2	365' - 415'	50'	1.530'	0.983	0.741/2.030'
3	600' - 635'	35'	0.930'	0.926	0.601/1.425'

All values shown above are ounces Au per ton. Diluted widths were calculated by adding an overbreak of 3 inches on either side of the average sample widths. A method of selective cut and fill - mining (re-suing) was contemplated by Mr. Phendler.

(1984) Three holes drilled on surface to intersect vein

In 1984, three holes were drilled to test the continuity and form of the veins at depth, with the following result:

<u>Hole No.</u>	<u>Vein Intersection</u>	<u>Vein Width</u>	<u>Au (oz/T)</u>
84-1	313'	0.7'	1.090 (0.7')
84-2	290-292'	2.0'	0.208 (2.0')
84-3	250-257'	2.0'	0.006 (2.0')

Of more importance, this drilling showed that the vein system is multiple, and that parallel veins exist with appreciable gold content. The situation is hence not as simple as had been expected, and further drilling is recommended before underground work is planned.

GEOLOGY (after Phendler)

The region in which the Yalakom property is located is underlain by two principal rock types; quartz diorite porphyry and serpentine. These rocks intrude folded schistose sediments and minor volcanics of Triassic to Tertiary age. All known veins in the area occur within the diorite, which is considered competent and should present no difficult mining problems.

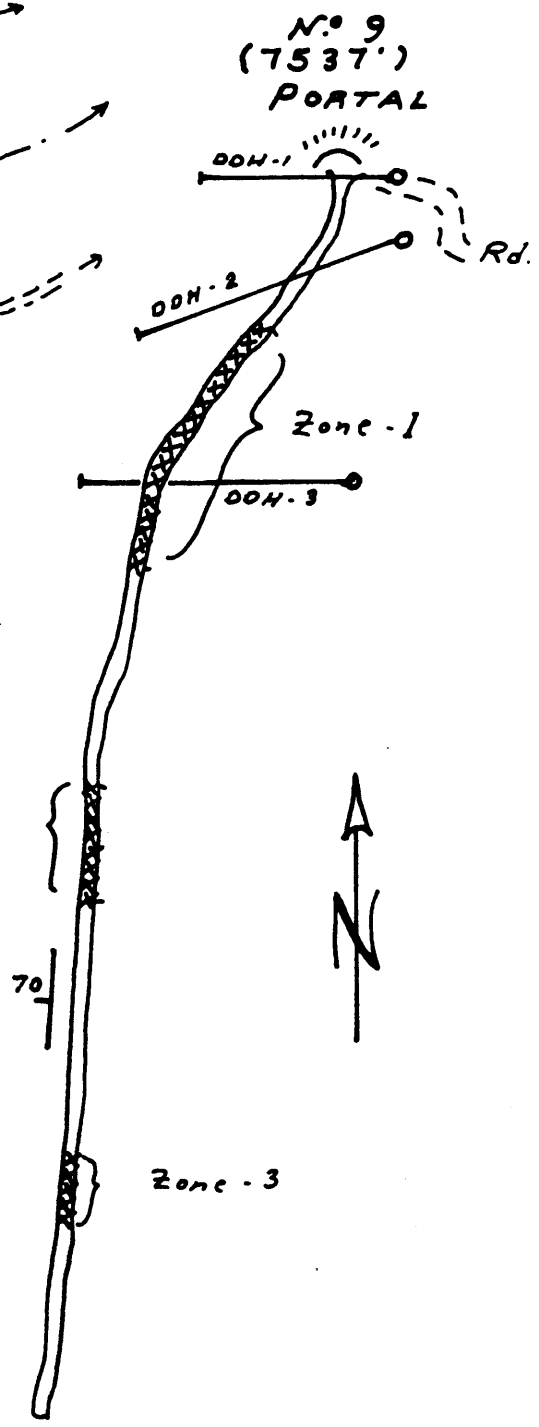
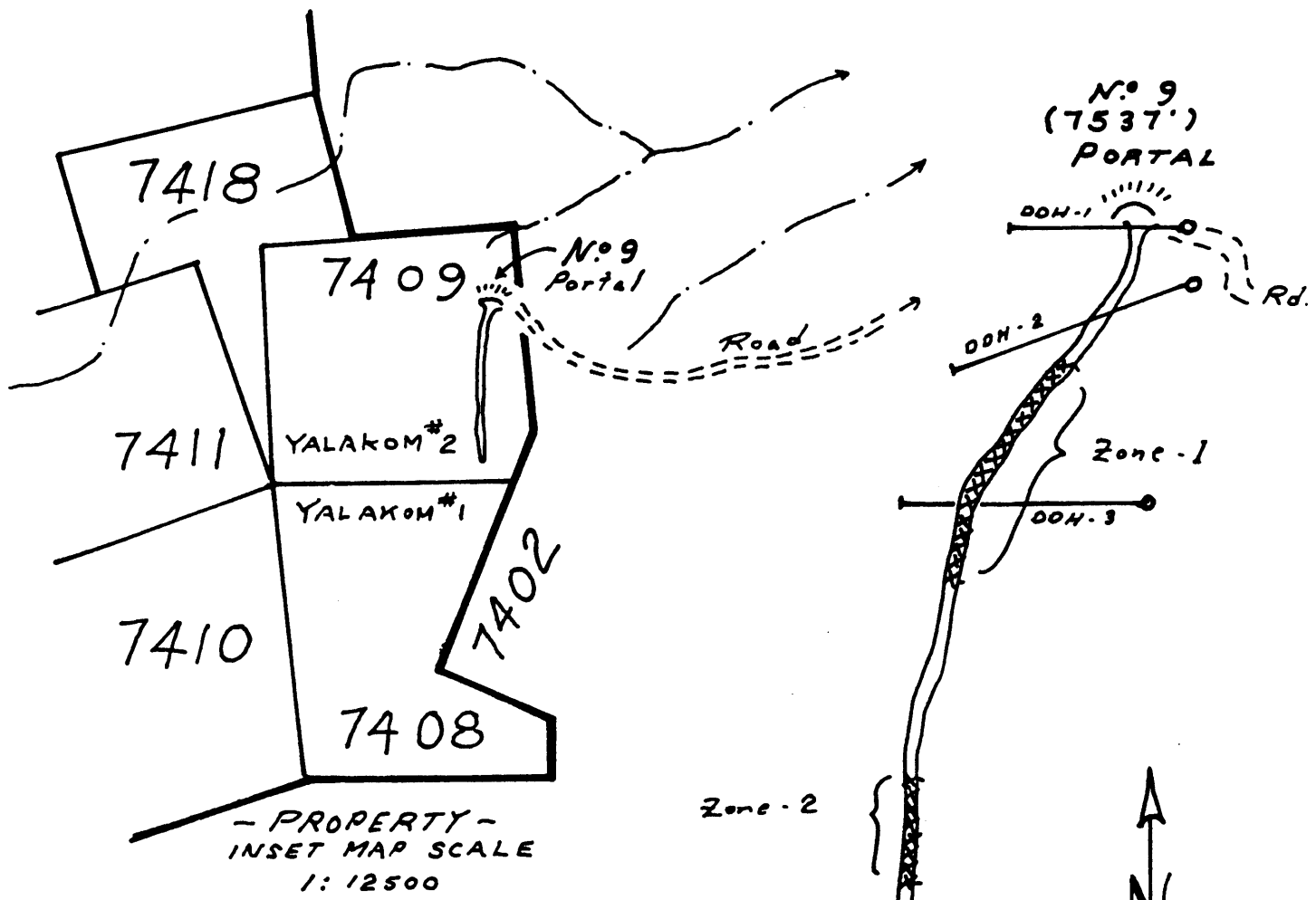
imply that serpentine is intrusive rock!

The original discovery of the "high-grade" gold quartz was made by Dr. W. H. White (later head of the Department of Geology at the University of British Columbia and now deceased) in 1947. Dr. White states in his report on the property in 1957 that the No. 9 vein is very much narrower than the Elizabeth West vein (2 - 3 feet) but it is higher grade than the West vein and a greater part of its developed length (807') is gold bearing. A comparison of the geological and assay plans (by Dr. White) suggested that ore shoots occur in places of cross fracturing and small strike deflections. The Bralorne Mines Ltd. assay plan of the No.

2 veins
hence:
"vein system"

High grade
West vein
2-3 feet

#9
< 2 feet
high grade
807' long
much of which
is gold bearing



Legend

	DRILL HOLE
	ORE SHOOT
	VEIN ATTITUDE
	DRIFT

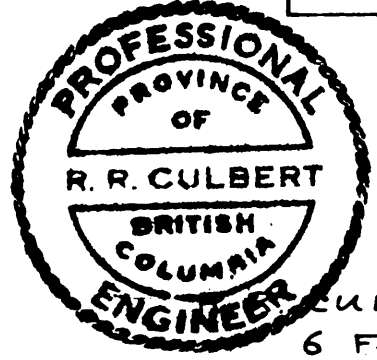
inches

0 1

centimetres

0 1 2

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R. R. CULBERT PH.D., P. Eng.
6 Feb. 1987

SOUTHERN LIGHTS RESOURCE
No 9 ADIT-YALAKOM CLAIMS

0 10 20 30 40 50 m

FIG. 2

DC

9 adit appears to show only the significant gold assays covering on 50 meters length of th total 250 meters. Assays reported are as follows:

<u>Width (ft.)</u>	<u>Au oz/T</u>	<u>Width (ft.)</u>	<u>Au oz/T</u>
0.5	11.00	1.3	0.98
0.6	0.84	1.3	1.34
1.7	0.50	1.0	1.44
1.8	0.42	1.2	0.28
1.7	0.35	1.3	0.78
1.4	0.24	1.2	1.70
1.2	0.32	1.2	0.82
1.3	0.29	1.3	1.74
1.3	1.14	1.3	15.48
1.1	0.01	1.0	0.57
1.3	0.05	1.2	0.51
1.2	0.77	1.3	0.35
1.3	0.68	<u>1.0</u>	<u>0.72</u>
		1.23'	1.45 uncut
	undiluted	1.23'	0.94 cut to 3.0 oz.
	diluted	3.00'	0.38 oz. Au per ton

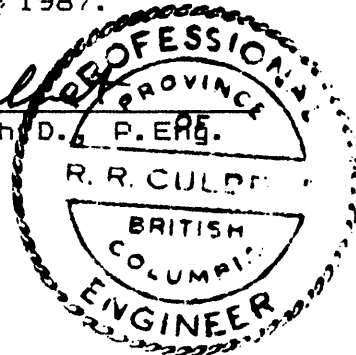
CERTIFICATION

I, R.R. Culbert, hereby certify that:

1. I am practicing Professional Geological Engineer with offices at 3155 West 12th Avenue, Vancouver, B.C.
2. I am a graduate of the University of British Columbia, B.Sc. (1964), Ph.D. (1971).
3. I have practiced mining exploration for twenty-two years, most of which was based in British Columbia.
4. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
5. I have no interest, directly or indirectly, in the properties or securities of Southern Lights Resources Ltd.
6. I have personally examined the Yalakom property on which this report is based.

DATED at Vancouver, British Columbia, this 6th day of February, 1987.

Dick Culbert
R.R. Culbert Ph.D.

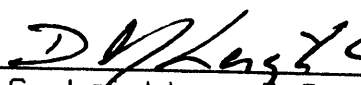


CERTIFICATION

I, D.G. Leighton, hereby certify that:

1. I am a Professional Geologist with offices at 3155 West 12th Avenue, Vancouver, B.C.
2. I am a graduate of the University of British Columbia, B.Sc. (1963).
3. I have practiced mining exploration for eighteen years, most of which was based in British Columbia.
4. I am a member (Fellow) in good standing of the Geological Association of Canada.
5. I have no interest, directly or indirectly, in the properties or securities of Southern Lights Resources Ltd.
6. I am personally familiar with the Yalakom property on which this report is based.

DATED at Vancouver, British Columbia, this 6th day of February, 1987.


D.G. Leighton, B.Sc.,



REFERENCES

Culbert, R.R. (1984)

Brief report on examination of the Yalakom property,
Lillooet M.D., June 28.

Phendler, R.W. (1982)

Report on the Yalakom claim group, Lillooet Mining
Division, British Columbia, June 18.

Phendler, R.W. (1982)

Report on diamond drill program on the Yalakom claims
of Southern Lights Resources Ltd., October 20.

R. R. CULBERT
Consulting Geologist
3155 West 12th Avenue
Vancouver, BC
V6K 2R6

February 1987

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The Directors
Southern Lights Resources Ltd.
6017 Larch Street
Vancouver, BC

Dear Sirs:

I hereby consent to the use of my report on the YALAKOM property, located in the Lillooet Mining Division, dated 7th October 1986 (revised February 6th, 1987), in your prospectus and/or statement of material facts.

Yours truly,

Dick Culbert
R. R. Culbert, P. Eng.

