

→ SIB

EXPLORATION HISTORY – ESKAY CREEK



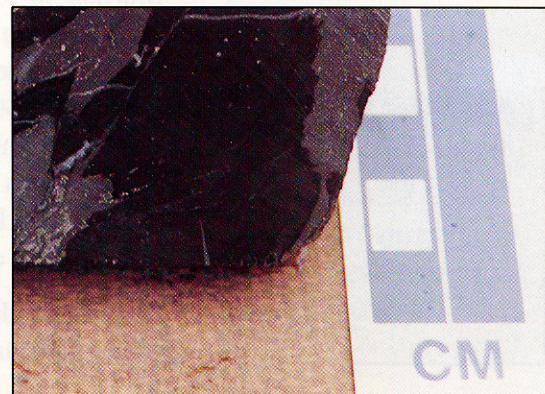
During 1932, prospectors entered the Stikine Valley and staked a number of claims in the Eskay Creek area covering visible quartz-sulphide showings that they perceived to be the heart of the gold bearing zones. The showings from these claims now named Tok-Kay and SIB looked very similar to the then operating giant mines of Premier and Tulsequah some 50 miles to the south.

From 1932 to 1977, extensive exploration and drilling was conducted in the Eskay Creek area by a number of major companies who failed to comprehend the complex geology which would unlock the secret. However, in 1972, events began to change. The northern Tok-Kay claims were acquired by Stikine Resources and the southern SIB Claims were acquired by Silver Butte Resources Ltd. In June 1988, Stikine granted the right to earn

a 50% interest in the Tok-Kay claims to Calpine Resources Ltd. and Silver Butte granted the right to earn a 50% interest in the SIB Claims to American Fibre Corporation. As a result, the SIB Claims are now held 50/50 by American Fibre Corporation and Silver Butte. In September 1988, Calpine/Stikine proved that they were exploring in the right geological setting with hole #109, returning 0.875 oz gold/ton and 0.97 oz silver/ton over 682.2 feet.

Today the Eskay 21 Zone hosts major gold and silver deposits. The Eskay 21 Zone deposits have been traced over 4,600 ft along strike, 800 ft down dip, and range from 16 ft to 150 ft wide. Combined current geological reserves are reported to be 5.6 million tons grading 0.67 oz gold/ton and 22.92 oz silver/ton. This mineralization is hosted by north-east-southwest striking stratigraphy comprising altered volcanic and sedimentary rock units, identical to the volcanic and sedimentary rocks on the SIB Claims. In fact, the American Fibre exploration team has proven that the SIB stratigraphy is an extension of the Eskay 21 Zone stratigraphy and these same rock units are found throughout the SIB Claims.

In September 1991, Placer Dome Inc. announced that it had committed to spend \$240 Million on the



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Common Stock Listed:
NASDAQ
Symbol: AFBVF
Vancouver Stock Exchange
Symbol: AFB.V

Common Stock Authorized:
50,000,000
Outstanding: 10,752,492
Estimated Float: 7,000,000

Registration # with Securities
& Exchange Commission:
#0-14769

Market Bid Price Range (1991)
High: \$1.63 (Cdn.)
Low: \$0.25 (Cdn.)

Stikine property for funding of exploration, development and construction costs in order to earn a 50% interest in the property and bring a mine into production.

EXPLORATION ON THE SIB CLAIMS

In 1988, preliminary soil sampling, ground magnetometer and VLF-EM surveys were carried out on the 840 acre SIB Claims. During 1989, exploration intensified, with geological work consisting of soil and rock chip geochemical sampling, sampling in trenches, orientation induced polarization-resistivity surveying and over 6,000 ft of diamond drilling. Rock chip sampling and diamond drilling returned gold concentrations of up to 0.64 oz gold/ton across 16.4 ft and 0.252 oz gold/ton over 5.8 ft respectively.

Exploration in 1990 escalated further as the complex geology of the property began to unfold. It became apparent that the SIB Claims contained a number of favourable zones of sulphide impregnated volcanic and sedimentary settings.

DIAMOND DRILLING

The 1990 exploration program included a "first pass" 26 hole diamond drill program totalling 13,000 feet. This program tested selected geophysical and mineralized stratigraphic zones at wide intervals along the Central Anomalous Zone that strikes north-south through the length of the claims.

Drill hole 90-30 encountered a carbonaceous mudstone (the LuLu Zone) within the Mount Dilworth Formation which assayed an incredible 0.421 oz gold/ton and 30.91 oz silver/ton over a 46.9 ft interval (a combined grade equivalent to 0.73 oz gold/ton). This mudstone lies above rhyolitic and dactic volcanoclastics – a setting almost identical to the 21 Zone at Calpine/Stikine.

In 1991, an additional diamond drill program of 64 holes totalling 20,000 feet was completed. This

program tested numerous shallow targets including the LuLu Zone. Spectacular barite rich massive sulphide mineralization with high gold and silver grades were intersected in four holes. Significant gold-silver stockworks were encountered in an additional 25 holes. As well, drilling delineated 2,500 feet of the mudstone horizon that hosts the LuLu Zone in the southwest portion of the claims and an additional 3,000 feet of mudstone horizon in the north. This northern mudstone is the same as that hosting the Eskay deposit on the Stikine property.

POTENTIAL

The presence of mineralized horizons has been proven by shallow drilling and surface geology in the north and southwest over a combined strike length of 5,500 feet. In order to prove the rich potential of the SIB Claims, the exploration team is currently compiling and evaluating all results to date in order to identify advanced drill targets that exist at greater depth.

HERITAGE PETROLEUMS INC.

HERITAGE PETROLEUMS INC. TO ACQUIRE A 50% INTEREST IN THE POLO CLAIMS, ESKAY CREEK AREA, BRITISH COLUMBIA

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.....
Common Stock Listed:
Vancouver Stock Exchange
Symbol: HER.V

.....
Common Stock Authorized:
10,000,000
Outstanding: 5,786,969
Estimated Float: 3,000,000

.....
Exemption Pursuant to Rule
12g3-2(b) under the Securities
& Exchange Act of 1934:
#82-1624

.....
Market Bid Price Range (1991)
High: \$0.68 (Cdn.)
Low: \$0.08 (Cdn.)

Heritage Petroleum Inc. has an option to earn a 50% interest in American Fibre Corporation's 10,000 acre Polo Claims by spending \$500,000.00 on exploration and development. To date, \$100,000.00 has been spent on the uncontested Polo 7 Claim. The Polo Claims have been overstaked by a number of other companies and American Fibre is taking every legal action to defend its title to these claims. American Fibre has restaked additional claims over the area in order to preserve its interest in the Polo Claims.

POLO PROPERTY

The emerging exploration significance and potential of the Polo 7 Claim has created an exciting new development in the Eskay Creek area. This claim, which has a clear and undisputed title, is centered about 5.5 miles southeast of the Eskay 21 Zone deposits and 2.5 miles southeast of the SIB Claims, on the east limb of a large synclinal fold. This fold brings the host stratigraphy of the Eskay deposits, which includes the Mount Dilworth Formation, east from the Stikine property and then southwest through the Polo 7 Claim and into the adjacent Coul property.

EXPLORATION ON THE POLO 7 CLAIM

In 1990 and 1991, preliminary rock chip, stream sediment and soil geochemical sampling and reconnaissance geological mapping were carried out on the Polo 7 Claim. This work confirmed the

presence of favourable volcanic and sedimentary stratigraphy extending through the claim. Sulphide impregnated felsic volcanic rocks and rhyolite found in the Mount Dilworth Formation were located. Samples of these rocks were found to contain up to 0.111 oz gold/ton and 2.51 oz silver/ton along with anomalous concentrations of related path finder metals. These elements were instrumental in leading to the discovery of the Eskay deposits.

DRILL INTERSECTIONS TO THE SOUTH

In September and October, 1991, Granges Inc. drilled 26 diamond drill holes on the Coul property which adjoins the southern boundary of the Polo 7 Claim. This drilling intersected several mineralized stockworks located approximately 5,000 feet south, along strike from the Polo 7 Claim. Drill intercepts of up to 1.210 oz gold/ton and 13.38 oz silver/ton across 13.1 feet were reported. At last report, drilling on the Coul claims had advanced to within 1,600 feet of the Polo 7 Claim.

POTENTIAL

The Polo 7 Claim has to date had only limited first pass exploration. Several miles of favourable volcanic/sediment contact horizons have yet to be explored. The prospects that have already been located will be substantially upgraded through detailed geological surveys and diamond drill testing.

LEGEND

MOUNT DILLWORTH
FORMATION



FAULT

POLO CLAIMS
(CLEAR TITLE)



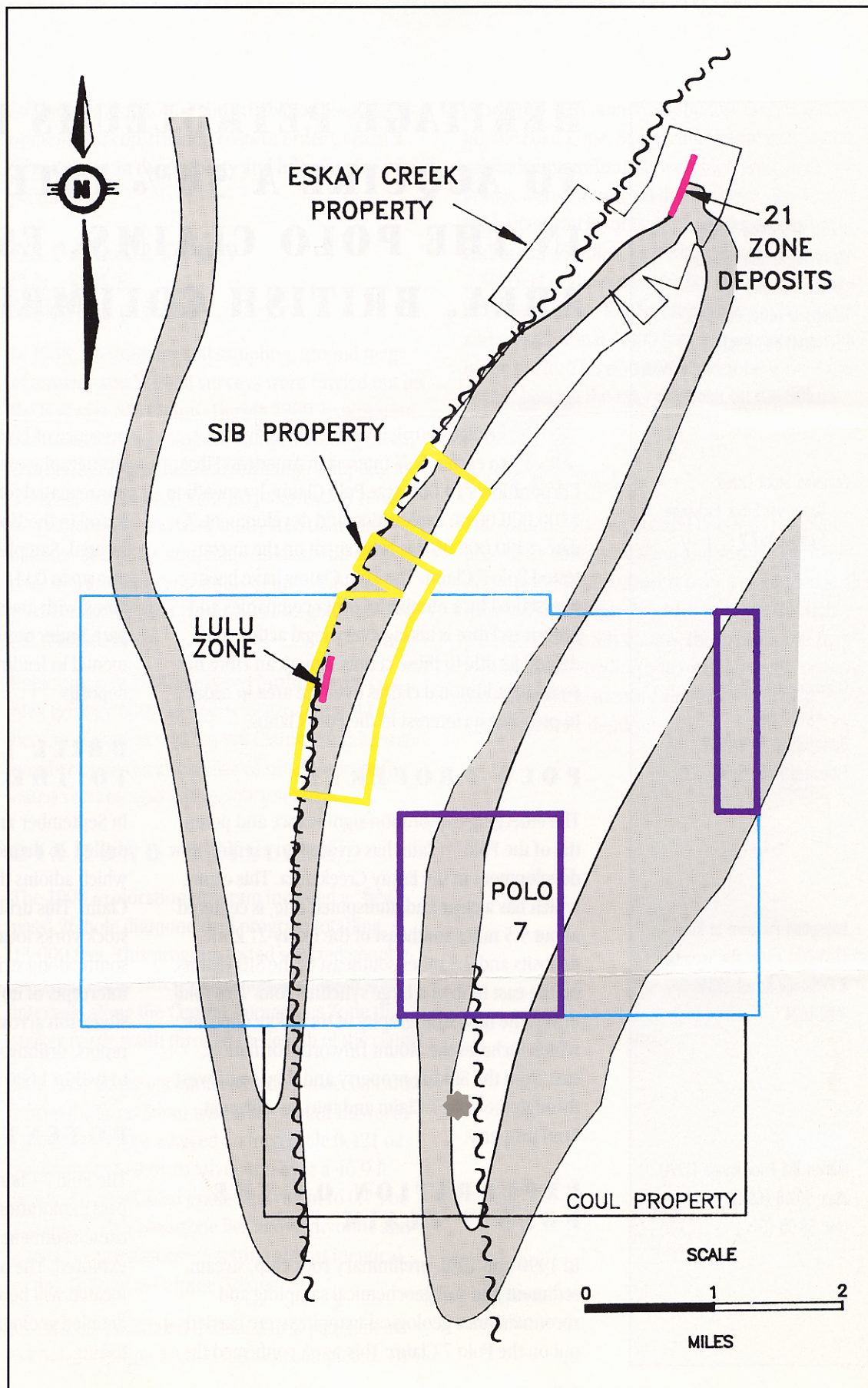
POLO CLAIMS
(DISPUTED TITLE)



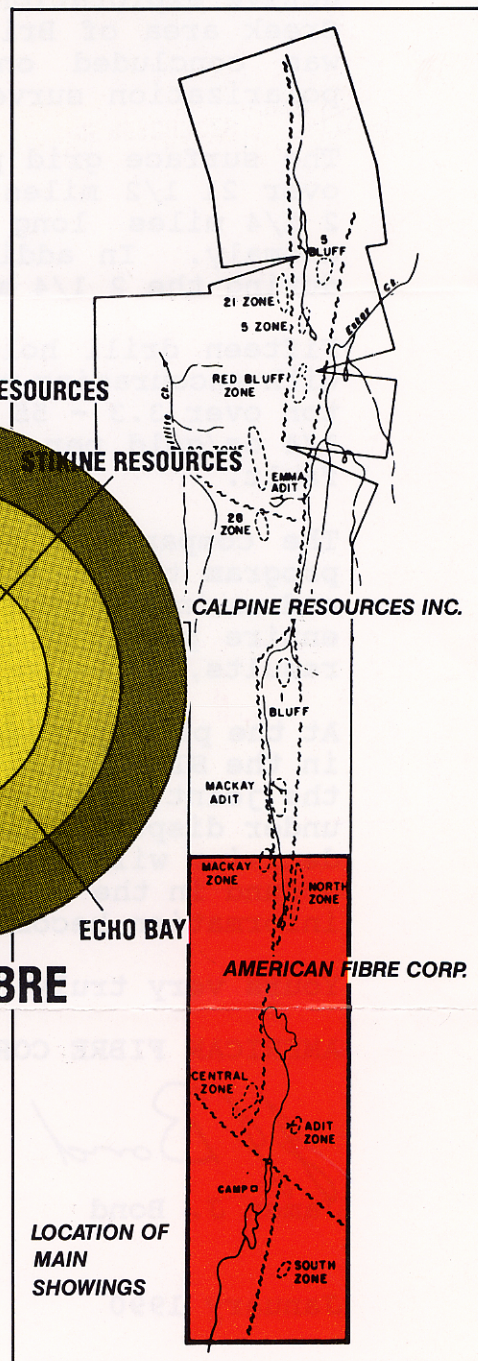
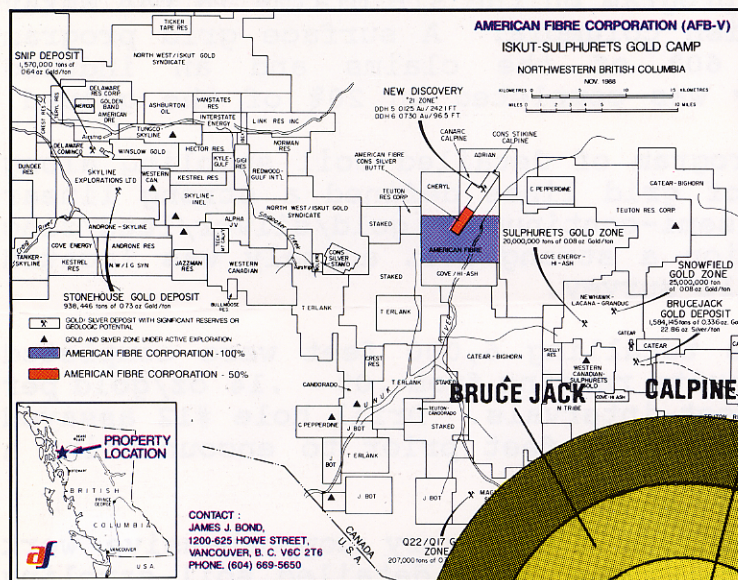
SIB CLAIMS
(50% AMERICAN FIBRE CORPORATION)



AREA OF
GRANGES DRILLING



THE GOLDEN CIRCLE OF OPPORTUNITY



In what may prove to be the biggest gold strike since the famed Hemlo discovery, American Fibre Corporation currently holds 50% interest with Silver Butte Resources Ltd. in a property directly adjacent to the large Stikine Resources strike.

American Fibre Corporation's property lies directly over the same volcanic fault line as the Stikine discovery, making it a prime drill target. A \$400,000 drilling program is now completed which included a minimum of 6000 feet in test holes.

A soil sampling program has been completed on 60% of the claims and an induced polarization survey has been completed on 20% of the claims. This limited work has outlined a minimum of 20 drill targets.

The surface program identified a large north-south trending anomalous gold zone, 9800 feet in length and up to 1300 feet wide. The I.P. Survey has also outlined a large anomaly coincident with the soil anomaly which is 1300 feet long and open both north and south.

Assay results from the first 13 holes drilled into surface anomalies have been encouraging with intervals up to 55 feet and gold ranging from .03 to .14 ounces per ton.

Drilling to date has not tested the strong I.P. anomaly and geochemical anomaly—situated just to the east of the Central zone. Consequently, just prior to being forced to shut down by winter conditions, two drill holes were collared to test part of the geotechnical anomaly south of the Central zone. Assay results have not yet been received. Additional I.P. work and drilling will be continued with the resumption of work next season.

The company has an excellent board of directors headed by Lewis Dillman and James Bond, two well known and respected businessmen who have the capability of maximizing this property's potential.

af American Fibre Corporation

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CORPORATE UPDATE

During the past mining season your Company conducted an active exploration program on the SIB Claims in the Eskay Creek area of British Columbia. A surface grid program was concluded on 60% of the claims and an induced polarization survey was completed on 20% of the ground.

The surface grid program of detailed soil sampling along over 21 1/2 miles of grid lines defined a strong linear 2 1/4 miles long semi-continuous gold/silver/lead/zinc anomaly. In addition a strong I.P. anomaly was located during the 2 1/4 mile survey.

Fifteen drill holes totalling 6,000 feet were completed with encouraging results ranging from .03 - .14 oz/gold per ton over 3.3 - 55 foot intervals. Drill hole #12 assayed 1/4 oz/gold per ton over 6 feet prior to encountering a fault.

The Company is preparing for a very comprehensive work program this coming season. Both detailed soil sampling and an induced polarization survey will be completed on the entire property. Upon completion and analysis of these results, a new drilling program will commence.

At the present time the Company has earned its 50% interest in the SIB Claims and is in the final stages of activating the joint venture partnership. The POLO Claims are still under dispute. Management is confident that a favourable decision will be granted and work will be underway on this ground in the future. We will keep you advised as further information becomes available.

Yours very truly,

AMERICAN FIBRE CORPORATION



James J. Bond

January 1990

LOG NO:	JAN 31 1990	VAN	7
ACTION:	TOS		
FILE NO:	SIB		



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Corporation

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CORPORATE UPDATE

LOG NO:	NOV 09 1990 VAN 16
ACTION:	<i>YGB</i>
FILE NO:	518

S.I.B. Claims, Eskay Creek Area, British Columbia

American Fibre Corporation (the "Company") is pleased to announce that a potentially major gold/silver deposit has been identified on the S.I.B. Claims. Drill hole #90-30 encountered a carbonaceous mudstone which assayed a spectacular 0.421 oz. gold per ton and 30.91 oz. silver per ton over a 46.9 foot interval. This is equivalent to 3/4 oz. gold per ton. The S.I.B. Claims, covering a strike length of some 2.6 miles, are joint ventured with Silver Butte Resources and are situated in the area of British Columbia referred to as the Golden Triangle. The stratigraphy correlates with the Prime/Stikine property which adjoins the S.I.B. Claims to the north and is estimated to contain 5 million oz. gold equivalent in their 21 Zone.

The 1990 exploration program included a "first pass" 26 hole (Holes 90-16 to 90-41) diamond drill program totalling 13,000 feet. This tested selected geophysical anomalies with corresponding soil geochemical and lithochemical anomalies at wide intervals along the Central Anomalous Zone that strikes north-south through the length of the claims.

The discovery hole (Hole #90-30) was drilled on an I.P., VLF-EM anomaly which is approximately 1500 feet in length (the Lulu Zone). Twenty-one holes contained low gold values which are considered significant in view of their geologic setting and their substantiation of widespread mineralization on the S.I.B. property. Holes 90-33, 34 and 38 are of particular interest as although these gold values are low, they are contained in a black carbonaceous mudstone unit considered to be some 300 to 700 feet stratigraphically below the mudstone unit that hosts the precious metal values in the Lulu Zone.

Data from the recently completed exploration program is presently being correlated and interpreted and will be the basis for the 1991 diamond drill program. To expedite the start-up of the 1991 exploration program, six drill set ups have been prepared along the strike of the Lulu Zone (Hole 90-30) and a diamond drill has been left on site. In the 1990 season only one hole was drilled in the Lulu Zone, which is situated some 820 feet west of the Central Anomalous zone near the south end of the 840 acre S.I.B. Claim ground.

Horizontal Drilling, Austin Chalk Formation, Texas

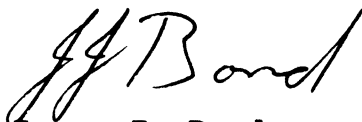
The Company has acquired a 30% working interest, subject to a 23% royalty, of an 817 acre lease block in Bastrop County, Texas.

A horizontal well will be drilled in mid-December to test the Austin Chalk Formation. According to Albert Allong, a Ph.D geologist, initial flow is anticipated to be between 2,000 and 4,000 barrels of oil per day and 300 to 700 thousand cubic feet of gas per day.

Financial Position

The Company is in a strong financial position with \$1.6 Million in working capital, which is more than adequate to finance both the 1991 drilling program and the horizontal drilling program.

AMERICAN FIBRE CORPORATION

A handwritten signature in dark ink, appearing to read "J J Bond". The signature is fluid and cursive, with the first two letters of each name being capitalized and prominent.

James J. Bond
Senior Vice President

November 7, 1990