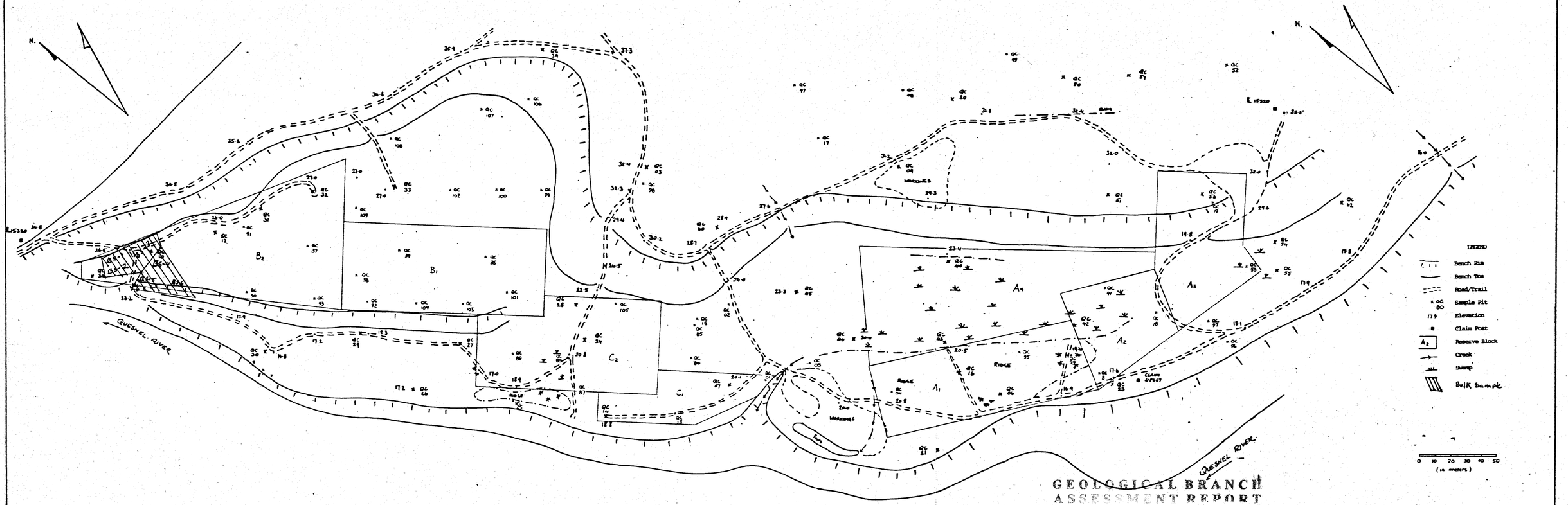


FREEGOLD RECOVERY INC.				
QUESNEL CANYON PLACER GOLD PROJECT				
BRITISH COLUMBIA				
CARIBOO MINING DIVISION				
PLAN OF RESERVE BLOCKS ON PLACER LEASE 15320				
SCALE:	DATE:	NTS:	FIGURE:	DRAFTED BY:
1:1000	June 87	93B/16W	3	MDP
UPDATED	Feb 88			GAB

FREEGOLD RECOVERY INC.

QUESNEL CANYON PLACER PROJECT

CARIBOO MINING DIVISION

1987

FINAL TECHNICAL REPORT

Fame Grant Program - Ref. # 1092 - E 147

TABLE OF CONTENTS

SUMMARY

Two phases of exploration have been completed for 1987 on FreeGold Recovery Inc.'s placer gold property (see FreeGold placer lease listing) on the Quesnel River in the Cariboo Mining Division of British Columbia.

The results from the first phase, which consisted of 3 parts, totalling 94 test samples, have indicated probable reserves of 61,800 cu.m (80,900 cu.yds) with a recoverable grade of .48 g/cu.m (.012 oz/cu.yd) containing 957 raw ounces of gold. In addition there are reserves of 36,000 cu.m (47,200 cu.yd) with a recoverable grade of .38 g/cu.m (.009 oz/cu.yd) containing 436 raw ounces of gold. Only approximately 20% of the properties have been evaluated to date, thus there is good potential to expand these reserves, with the reserve target being 500,000 cubic meters of gold bearing gravels.

Phase two, bulk sampling program, began in mid September and was completed in mid November. The results from a total of 6 samples of approximately 152.92 cu.m (200 cu.yd) each in size, indicated probable reserves and recoverable grade reported from the first phase was consistent through bench area B, located on sample site plan.

1.0 INTRODUCTION

The work described in this report was undertaken by FreeGold Recovery Inc. FreeGold has a lease agreement with CanAlaska Resources Ltd. on four of its seven placer leases located along the Quesnel River in the Cariboo Mining Division of British Columbia.

The Phase I placer evaluation consisting of 3 programs was conducted during April, May, and June 1987, and comprised of excavating samples. These samples delineated sufficient probable and possible reserves to warrant a second phase of exploration/evaluation, bulk sampling. In all the three programs of Phase one were designed to evaluate the potential of the lower bench formation of placer lease 15320 & 15099.

Phase two, bulk sampling program, was conducted from late September through early November. This sampling program indicated that probable and possible reserves reported from the first phase of placer evaluation, were consistent through sampled areas and that the bulk sampling project should continue in the spring of 1988.

This report provides the results from the two sampling programs, discusses the sampling procedures, reserves delineated by the programs and provides conclusions and recommendations for future development.

1.1 Location and Access

The Quesnel Canyon placer leases are nine kilometers due east of Quesnel, British Columbia and are situated within National Topographic Sheet 93 B/16 W at latitude 53' 00' N and longitude 122' 21' W. (refer to figure 1).

The property can be accessed from Quesnel by the Quesnel Canyon Road which branches southeast from Highway 26, five kilometers east of Quesnel. Nine kilometers along the Quesnel Canyon road, which is of good gravel construction. The road bisects placer leases PL 15320 and PL 15099. Trails branching off from the main access route provide access for tracked vehicles to the remaining leases.

The Quesnel Canyon Road is accessible by two-wheel drive between March and November.

1.2 Physiography

The Quesnel River property is located along the north shores of the river on a bench elevated 10 to 15 meters above current river level. There is a small unnamed tributary bisecting the property at approximately the midway point of the claim block. The elevation along the river is 544 meters above sea level, while 556 meters on the upper level benches.

The property is comprised of a series of gravel benches in each case overlying an undulating volcanic bedrock. Vegetation consists of cedar, spruce, fir, birch, cottonwood and deciduous undergrowth.

1.3 Property

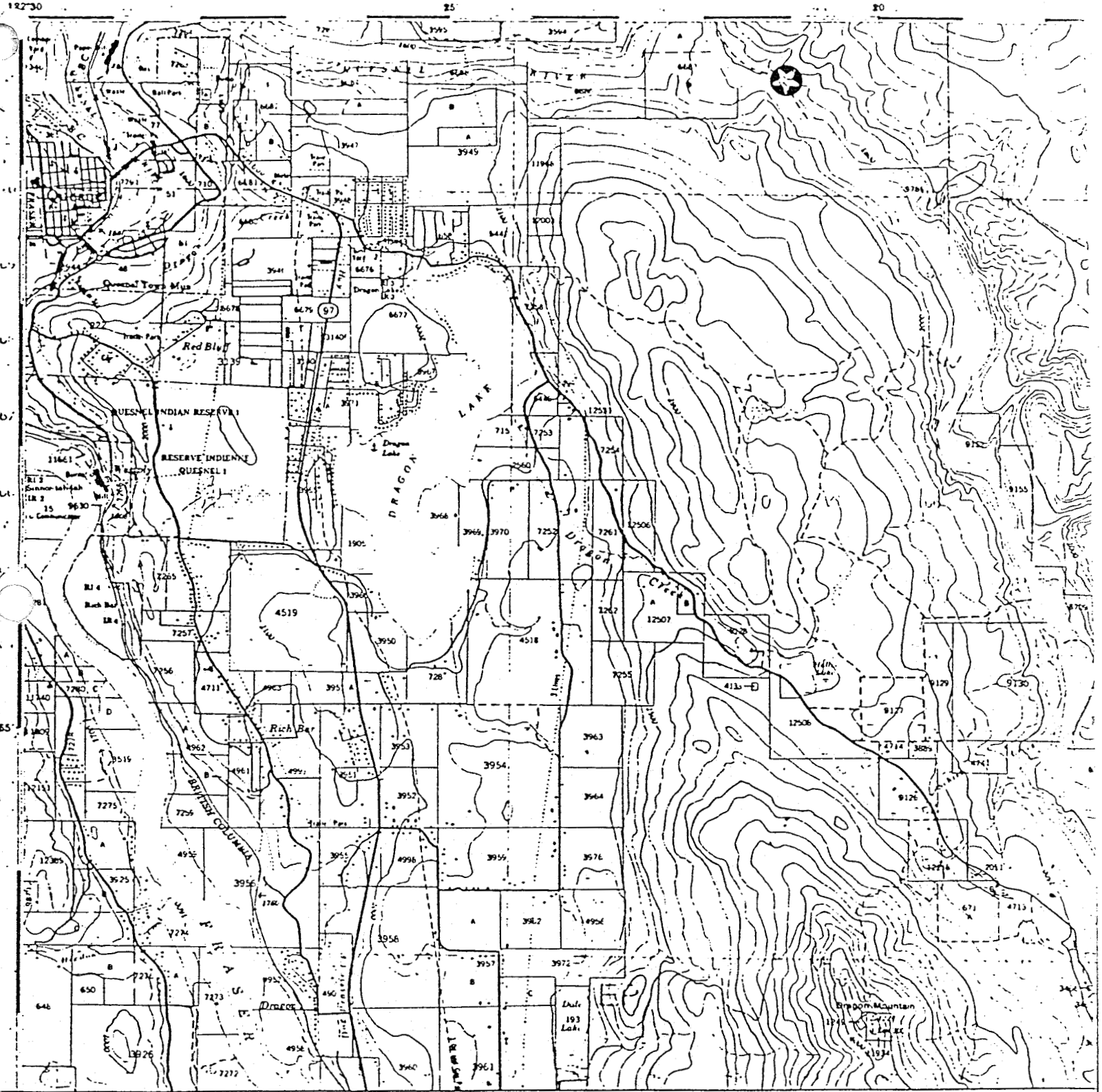
FreeGold Recovery Inc. in Vancouver, British Columbia, is the registered owner of seven contiguous placer leases located along the Quesnel River in the Cariboo Mining District. On May 14, 1987 FreeGold entered into a joint venture agreement with CanAlaska Resources Ltd.

FREEGOLD PLACER LEASE LISTING

Lease #	Location	Registered Owner	Expiry Date
15320	Quesnel River	FreeGold Recovery Inc.	December/88
20704	"	"	"
20705	"	"	"
15099	"	"	"
21091	"	"	November/88
21090	"	"	"
40003	"	"	"

1.4 Location Map - Figure 1

8/16 EDITION 2



LOCATION MAP

Figure 1

QUESNEL RIVER

CARIBOO LAND DISTRICT

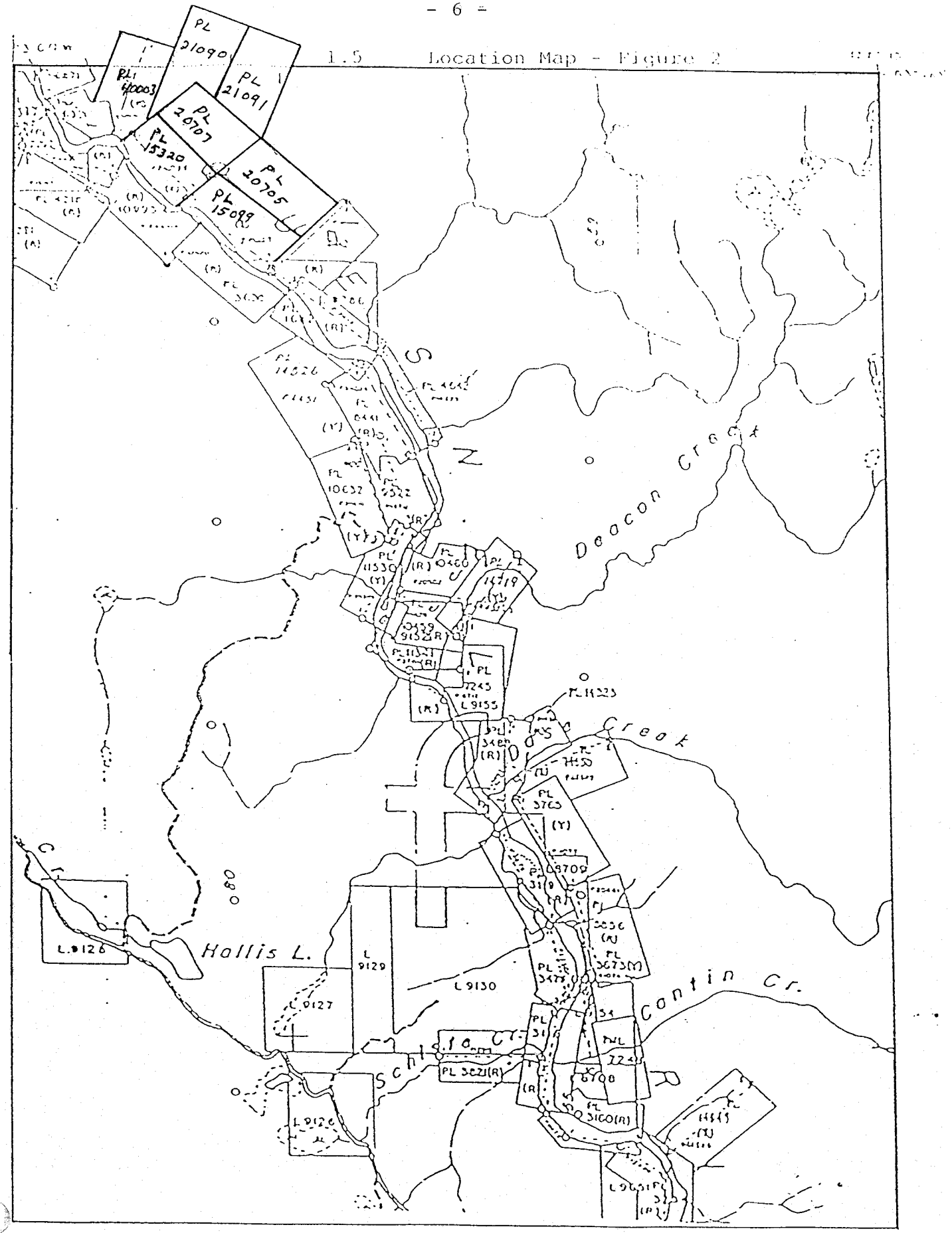
BRITISH COLUMBIA COLOMBIE-BRITANNIQUE

Scale 1:50 000 Échelle

Miles 1 0 1 2 3 Miles

Metres 1000 0 1000 2000 3000 4000 Metres

1.5 Location Map - Figure 2



PROPERTY MAP

Figure 2

1.6 History

There is no apparent documented history regarding this particular property; however, there is sufficient evidence to indicate various forms of development work have been undertaken in the past 100 years. There are frequent test pits within a specific area adjacent to the river which are estimated to be 30 - 50 years old. In the same area there is an area 40 meters by 60 meters that has been worked within the last 10 years.

On the first tier bench considerable effort was undertaken to construct a water control gate on an unnamed tributary to direct and control water via a ditch to hydraulic wash cobble gravels at various locations along the second tier bench. Long rows of washed cobble gravels have been found, covered with 30 - 50 years of deciduous undergrowth.

Downstream of the placer leases a portion of the first tier bench was worked extensively within the past 20 years; while upstream, there is a dragline floating trommel plant currently in operation.

2.0 SURFICIAL GEOLOGY

The appeared sequence of geologic events which have occurred in the area are listed and discussed below:

PRE-GLACIAL EVENTS

The placer evaluation programs have not located any evidence of pre-glacial gravels on the property, however, less than two kilometers downstream there are out croppings on both sides of the river of partially cemented pre-glacial "territory" gravels. These gravels overlie bedrock and are typically comprised of well rounded, quartz dominant, pebble to cobble sized gravel. Panned concentrates of this material yielded minor fine gold and magnetite.

POST-GLACIAL EVENTS

Included in this group are the thick inter-glacial formations which are exposed on both limits of the Quesnel River. Much of the area is masked by varied thicknesses of glacial outwash silt, sand and gravel which display poorly sorted, interbedded and cross bedded features. These deposits are up to 100 to 150 meters thick at various exposures along the Quesnel River.

As the river cut deeper into this glacial material it left a series of bench formations at various elevations above the present active river channel.

Located within the placer lease 15320 on the lower bench, which is elevated 10 meters above the Quesnel River, coarse cobble gravels commonly overlie an undulating volcanic bedrock. Further away from the river, cobble gravels give way to pebble gravels and silt with bedrock unable to be reached in the top 5 meters. The first tier bench roughly parallels the current river and is located up to 100 - 150 meters inland. This bench is elevated 8 - 15 meters above the low lying bench and is typically comprised of silt overlying interbedded pebble to cobble size gravels. In most locations sampled, bedrock was not encountered in the top 5 meters.

3.0 1987 PLACER EVALUATION PROGRAMS

A preliminary evaluation program in phase I , was conducted under the supervision of Michael Philpot during the first week of April 1987. Twenty test pits were sunk on PL 15320, and on the strength of the results a second evaluation program was recommended.

The second program in Phase I, was conducted under the supervision of Angus Woodsend and was completed on April 25, 1987. Forty more pits were dug and sampled during this second program on claims PL 15320 and PL 15099, for a total of 60 pits to date. The results from these preliminary sampling programs are shown in Table I.

The third program in Phase I of sampling, was conducted during the latter two weeks of May 1987. An additional and encompassing possible/probable reserve blocks established by Angus Woodsend. The results of this program are outlined in Table II.

Based on continuing positive results, it was recommended that a second phase of bulk sampling be implemented to establish probable reserves of sufficient volume to merit a major mining operation.

The second phase, bulk sampling program was conducted under the supervision of FreeGold Recovery's Management. Upon completion and delivery of large bulk sampling plant to the Quesnel Canyon Placer property, final assembly and start-up was completed by October 1st. During October and early November, two bulk sampling programs were completed. Each program consisted of 3 individual samples of approximately 152.92 cu.m (200 cu.yd) in size.

Material consisted of interbedded pebble to cobble sized gravel mixed with underlie of undulating volcanic bedrock. The results from this program are outlined in Table III.

3.1 Sampling Procedure - Phase I & II

Samples QC-01 to 20 were taken during the preliminary program of Phase I. A Case 580 Backhoe was used and bedrock was not reached in some of the pits.

Samples QC-21 to 62 were taken during the second program of Phase I and the pits were dug with a Caterpillar 225 Excavator which reached bedrock in all cases.

Samples QC-85 to 112 were taken during the third program of Phase I and were dug by a Hopto 211 excavator and in the majority of holes, reached bedrock. In 6 of the 28 holes excavated, the quality of the sample obtained was poor due to sluffage of the pit and heavy water inflow.

Gravels representative of each pit were stockpiled at the nearest road. Samples ranging from 0.23 to 1.34 bank cubic yards were taken from the stockpile with a rubber-tired loader and transported to the washing plant.

The washing plant, which belongs to FreeGold Recovery Inc., consisted of a Hopper, Trommel, Vibrating Screen, Jig, Sala Pump, Mark VII Reichert Spiral and Gemeni Table.

Sample material was fed to the Trommel by hand. The Trommel screened off the +0.25" fraction which was discarded. The Trommel undersize was further classified by the Vibrating Screen to a +12 mesh - 0.25" fraction which was fed to a duplex water Pulsator Jig, and a -12 mesh fraction which ran to a Sala Pump. This Pump lifted the -12 mesh fraction as slurry to the top of the Mark VII Spiral. The Spiral produced three products, a concentrate that was fed to the Gemeni Table, a middling that was recycled, and a tail that was discarded.

The Spiral's concentrate was further upgraded by the Gemeni Table which produced a "high grade" and a "low grade" concentrate. The contained free gold was amalgamated, the amalgam digested in nitric acid and the gold particles weighed.

The washing plant used is a very efficient recovery system for the fine gold and in the author's opinion, gold losses were negligible.

3.2 Discussion of Results - Phase I

Of the total property only 20% has been evaluated, of which the majority has been concentrated on the lower two benches of placer lease 15320 & 15099. All 112 samples have been processed and a grade determined to provide the necessary data required to define reserves.

All reserves discovered to date are confined to the lower-lying bench adjacent to the Quesnel River. Three main areas designated A, B and C have been identified as shown in Figure 3. These blocks are contiguous, one to another with the exception of a mined out area between A and C.

Identified reserves have been designated as "probable" where there is a good degree of confidence in both volume and grade determined by a minimum of four test pits all located within a distance of 40 meters from one another. Reserves have been designated as "possible" where there is some basis to determine volume and grade, however insufficient to merit any degree of confidence.

The reserves have been calculated as follows:

PROBABLE RESERVES

Reserve Block	Number of Test Pits	Volume (cu.m)	Volume (cu.yd)	Grade (raw) (g/cu.m)	Grade (raw) (oz/cu.yd)	Gold Reserves (g)	Gold Reserves (oz)
A1	5	7,700	10,087	.29	.007	2,208	71
A2	4	4,290	5,620	.57	.014	2,457	79
B1	7	16,200	21,220	.41	.010	6,594	212
B2	9	14,875	19,486	.57	.014	8,490	273
C1	4	6,480	8,439	.85	.021	5,536	178
C2	7	12,240	16,034	.36	.009	4,478	144
	Totals	61,785	80,936	.48	.012	29,763	957

POSSIBLE RESERVES

A3	3	13,500	17,685	.32	.008	4,385	141
A4	1	22,500	29,475	.41	.010	9,175	295
	Totals	36,000	47,160	.38	.009	13,560	436

The stripping ratio is approximately 1:1 for reserve blocks C1, C2, B1 and B2 and .5:1 for reserve blocks A1 and A2.

3.4

TABLE I
QUESNEL CANYON SAMPLE RESULTS - PHASES I & II

Sample Number	Depth to Bedrock (ft)	Bank Vol (cu.yd)	Gold Recovered (raw oz)	Grade (raw oz/ cu.yd)
QC -01	8.5	0.70	.00766	.011
-02	5.5*	0.70	.00078	.001
-03	12.0	1.34	.00074	.001
-04	3.5	0.47	.00384	.008
-05	12.0*	1.34	.00437	.003
-06	2.5	0.35	.00534	.015
-07	11.0*	1.28	.01671	.013
-08	1.0	0.23	.00351	.015
-09	11.0*	0.58	.00454	.008
-10	9.0*	0.52	.00184	.004
-11	3.0	0.23	.00404	.018
-12	9.0*	0.58	.00114	.002
-13	6.5	0.47	.01212	.026
-14	7.0	0.47	.01691	.036
-16	5.0	0.41	.00172	.004
-17	13.0*	0.47	.00119	.003
-18	5.0	0.47	.00795	.017
-19	9.5	0.41	.00419	.010
-20	6.0	0.47	.00032	.001
QC -21	2.5	0.52	.00541	.011
-22	9.5	0.35	.00087	.002
-23	11.0	0.35	.00121	.003
-24	5.0	0.52	.00597	.013
-25	3.0	0.52	.00108	.001
-26	4.0	0.52	.00046	.011
-27	3.5	0.52	.00486	.011
-28	6.5	0.52	.00392	.009
-29	4.5	0.35	.00079	.002
-30	7.0	0.52	.00273	.006
QC -31	6.0	0.52	.00381	.008

3.4

TABLE I - CONTINUED
QUESNEL CANYON SAMPLE RESULTS

Sample Number	Depth to Bedrock (ft)	Bank Vol (cu.yd)	Gold Recovered (raw oz)	Grade (raw oz/ cu.yd)
-32	9.0	0.52	.00275	.006
-33	11.0	0.52	.00037	.001
-34	8.0	0.52	.00423	.009
-35	15.0	0.52	.00431	.009
-36	6.0	0.52	.01084	.024
-37	14.0	0.52	.00726	.016
-38	6.5	0.52	.00069	.001
-39	19.5	0.52	.00100	.002
-40	7.0	0.52	.00222	.005
-41	6.0	0.52	.00825	.019
-42	5.0	0.52	.00273	.006
-44	14.0	0.70	.00030	.001
-45	22.0	0.52	.00017	.001
-47	22.0	0.52	.00100	.002
-48	5.0	0.35	.00147	.004
-49	8.5	0.52	.00033	.001
-50	9.5	0.52	.00071	.002
-51	18.5	0.52	.00065	.001
-52	11.0	0.52	.00124	.003
-53	7.5	0.52	.00265	.006
-54	3.0	0.35	.00049	.001
-55	5.5	0.52	.00069	.001
-56	19.0	0.70	.00497	.007
-57	10.5	0.52	.00196	.004
-58	19.0	0.35	.00136	.004
-59	8.0	0.35	.00070	.002
-60	18.0	0.52	.00128	.003
-61	3.0	0.52	.00677	.015
-62	4.0	0.52	.00151	.003

3.5

TABLE II
QUESNEL CANYON SAMPLE RESULTS

Sample Number	Depth to Bedrock (ft)	Interval of Sample (ft)	Bank Vol (cu.yd)	Gold Recovered (raw oz)	Grade (raw/oz cu.yd)
QC -85	13.0	-	-	-	-
-86	-	12-15.0	.35	.00007	.001
-87	8.0	5- 8.0	.35	.00387	.011
-88*	-	3-13.0	.35	.00186	.005
-89*	5.0	2- 5.0	.53	.00447	.008
-90	6.0	2- 6.0	.35	.00052	.001
-91	5.5	3- 6.0	.35	.00373	.011
-92	9.5	7- 9.5	.35	.01017	.029
-93	10.0	6-10.0	.35	.00339	.010
-94	6.0	0- 3.0	.35	.00076	.002
-95	-	6- 8.0	.35	.00187	.005
-96	-	5-10.0	.35	.00113	.003
-97	-	4- 6.0	.35	.00051	.001
-98	19.5	16-22.0	.35	.00310	.009
-99	19.5	13.5-21.5	.18	.00083	.005
-100	-	15-21.5	.46	.00026	.001
-101A	12.0	1.5- 8.0	.53	.00089	.002
-101B	6.0	16-20.0	.53	.00146	.003
-102*	6.0	-	-	-	-
-103	20.0	7-12.0	.53	.00064	.001
-104	8.0	4-6.0	.18	.00185	.010
-105	13.5	4-6.0	.35	.00305	.009
-106	12.0	14-20.0	.53	.00030	.001
-107	-	6- 8.0	.35	.00082	.002
-108*	-	6-13.5	.35	.00098	.003
-109*	-	10-12.0	.35	.00115	.003
-110A	-	10-14.0	.35	.00093	.003
-110B	-	19-21.5	.35	.00035	.001
-111A	-	9-15	.35	.00108	.003
-111B	-	23-26.5	.35	.00019	.001
-112	-	-	.35	.00056	.001

* Poor Sample Quality
\- Bedrock Not Encountered

3.6 Reserve Potential

The three sampling programs have concentrated on establishing probable reserves with a significant degree of confidence which warranted the bulk sampling program. The sampling programs have been restricted to sampling the lower bench deposit adjacent to the Quesnel River on placer lease 15320 & 15099. The elevated upper bench deposits on placer leases 20704, 20705, 15099, 21091, 21090 and 4003, have not been sampled at this time.

The reserves classifications are as follows:

PROBABLE RESERVES (PL 15320)

61,000 cubic meters @ .48 grams/cubic meter
80,900 cubic yards @ .012 ounces/cubic yard

POSSIBLE RESERVES (PL 15320)

36,000 cubic meters @ .38 grams/cubic meter
47,200 cubic yards @ .009 ounces/cubic yard

POTENTIAL RESERVES (PL 15099, PL 20704, PL 20705)

400,000 - 600,000 cubic meters @ .30-.40 grams/cubic meter
525,000 - 800,000 cubic yards @ .007-.010 ounces/cubic yard

3.7 Bulk Sampling

Bulk sampling was completed with the FreeGold Recovery Inc. large washing plant, consisting of a large hopper with grizzly feeding a 12'x5' duel screen trommel. Oversize cobble, +3/8" (.3750 in), (.9525 cm) is discharged and used as fill for setting ponds. Undersize pebble gravel -3/8" (.3750 in), (.9525cm) is discharged over a static screen where -3/16" (.1875 in), (.4762 cm) drops through screen to holding hopper, and +3/16" (.1875 in), (.4762 cm) is fed into a Pan American Jig. Hutch material from the large Jig is fed into a small YT-12 duplex water Pulsator Jig where any visible gold is panned out and weighed.

Material in holding hopper (-3/16", .4762 cm) is fed into a 5" rubber lined slurry pump, where it is then pumped to the recovery plant.

The recovery plant consists of two (2) Hydrocyclones used to dewater material coming from the slurry pump. Concentrates from the Hydrocyclones is fed directly to a 2" Sala Pump. This pump lifts the -3/16 (.0047 mm) material, as a slurry, to the top of 2 Mark VII triple start Spiral concentrators. These Spirals will handle 18 TPH of solids, giving a reduction ratio of 30:1. The Spirals produce three products, a concentrate that was fed to a 1-1/2" Sala Pump, a middling that was recycled, and a tail that was discarded.

The 1-1/2" Sala Pump lifts that reduced concentrate to the top of a Mark VII single start Spiral, with a capacity of 3 TPH, with a reduction ratio of 30:1 as well.

The Spiral, being the same as the first 2, also produced three products. The concentrate from this Spiral was fed to a Gemeni Gold Table. The middling was recycled, and the tail product was discarded.

The Gemeni Table produced a "clean" free gold concentrate and a "low grade" concentrate. The low grade concentrate was recycled onto the Gemeni Table, and the free gold concentrate was further cleaned, dried and weighed daily.

Taking into account a few mechanical problems, the plant worked very well, producing an overall plant efficiency that had a gold lose factor around .0003 oz/cu.yd. Plant efficiency was monitored continuously by sampling tailings from the Jig, Spiral, and Table, and amalgamating for any gold losses.

3.8

TABLE III
QUESNEL CANYON SAMPLE RESULTS - BULK SAMPLING

Sample Number	Volume		Grade (raw)		Gold Produced
	(cu.m)	(cu.yd)	(g/cu.m)	(oz/cu.yd)	(oz)
BS 1	177.19	231.75	.311	.011	2.54
BS 2	166.87	218.25	.340	.012	2.61
BS 3	148.52	194.25	.255	.009	1.74
BS 4	162.27	212.25	.141	.005	1.06
BS 5	123.29	161.25	.085	.003	0.47
BS 6	172.71	225.00	.255	.009	2.02
Totals	950.85	1,242.75	.231 AVG.	.008 AVG.	10.44

3.9 Gold Sizing

Size	Grams	Ounces	% of Total
+20 Mesh	15.59	0.55	5.28
-20 +40 Mesh	29.75	1.05	10.04
-40 +60 Mesh	47.89	1.69	16.26
-60 +140 Mesh	118.46	4.18	40.04
-140 +200 Mesh	50.72	1.79	17.14
-200 Mesh	33.44	1.18	11.26
Totals	295.85	10.44	100.02

3.10 Daily Production - Raw Data

Sample Number	Date	Buckets from Backhoe (number x .750)	Daily cu.yd
BS 1	Sept 20	10	7.50
	22	15	11.25
	23	5	3.75
	24	8	6.00
	25	30	22.50
	26	25	18.75
	27	70	52.50
	28	36	27.00
	30	65	48.75
	Oct 1	45	33.75
Sub-Total		309	231.75
BS 2	Oct 2	80	60.00
	3	21	15.75
	6	190	142.50
Sub-Total		291	218.25
BS 3	Oct 7	80	60.00
	8	49	36.75
	9	40	30.00
	10	90	67.50
Sub-Total		259	194.25

	Oct 11 thru Oct 16	MOVED PLANT TO NEW LOCATION			
BS 4	Oct 17	143			107.25
	18	140			105.00
Sub-Total		283			212.25
BS 5	Oct 20	90			67.50
	22	20			15.00
	23	105			78.75
Sub-Total		215			161.25
BS 6	Oct 24	85			63.75
	26	115			86.25
	27	100			75.00
Sub-Total		300			225.00
Grand Totals		1,657		(cu.m)	1,242.75
				(cu.yd)	1,950.20

4.0 SUSPECT - UNRELIABLE RESULTS IDENTIFIED

During the process of washing bulk samples BS-4 & BS-5, it was determined that a large volume of tailings from the processing of bulk samples BS-1, -2, & -3 had been mixed into the pile of pay material while moving the plant to its second location. This resulted from a mix up with an outside contractor, operating a Caterpillar D8 Bulldozer, working on the property.

To prevent this type of occurrence in the future, some engineering changes will be made to the plant to better facilitate the discharge and handling of the tailings.

5.0 STATEMENT OF COSTS

During the preliminary evaluation programs a total in excess of $65,000 dollars of funds have been expended on the acquisition of properties and exploration expenses.

Total costs related directly to the Quesnel Canyon Placer Project total $158,832.53 for the year of 1987. All costs are itemized on Table IV.

5.1

FREEGOLD RECOVERY INC. TABLE IV

GRANT INDENTIFICATION NUMBER: 10962-E147

YEAR 1987 / MONTH	APRIL		MAY		JUNE		JULY		AUG		SEPT		OCT		NOV		DEC		TOTAL	
ACTIVITY	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST	ACTUAL ($,000)	FORECAST
GEOLOGY																				
EQUIPMENT RENTAL + FUEL	773.49	600.00	4320.39	1000.00	369.00	5000.00	3314.41	2200.00	21,534.00	25,500.00	21,210.93	25,000.00	8488.67	10,000.00	10,085.41	10,000.00	12,000.00	12,000.00	95,250.98	94,900.00
CONSULTING + WAGES	495.00	500.00	454.70	500.00	2220.00	2500.00	2017.00	2300.00	6650.00	7000.00	8869.50	10,000.00	4936.50	7,000.00	2,960.00	7,000.00	4,089.70	7,000.00	42,814.40	44,000.00
DRILLING	—		—		—		—		—		—		—		—		—		—	
SURVEY	—		—		277.00	400.00	91.95	100.00	327.22	500.00	—		—		—		—		646.17	1000.00
FREIGHT + AIRFARE + PROMOTION	399.89	400.00	—	—	342.25	300.00	1000.00	1500.00	1632.00	2000.00	1171.41	1500.00	249.42	500.00	823.00	500.00	-	500.00	5637.97	7200.00
LODGING/MEAL SUPPLIES + ADMINISTRATO	1603.78	2000.00	—	—	6000.58	7000.00	38.83	60.00	433.275	4000.00	574.50	600.00	1480.78	2000.00	119.74	200.00	—	200.00	14,433.00	16,060.
TOTAL	3272.16	3550.00	4805.09	4500.00	14,755.83	15,200.00	6574.24	6960.00	37,475.97	40,000.00	34,706.34	40,000.00	20,165.37	19,500.00	18987.88	17,700.00	16,089.70	19700.00	158,832.52	163,160.00

6.1 Conclusion - Phase One

It is evident from the programs of Phase one of placer sampling, primarily on placer leases 15320 and 15099, that a discontinuous gold bearing channel associated with an undulating bedrock exists on the lower bench formation adjacent to the Quesnel River.

A total of 94 sample sites were excavated, sampled and processed through a Trommel/Jig/Spiral/Table plant to yield sufficient data to determine probable and possible reserves. On the lower bench formation of placer lease 15320, probable reserves of 61,800 cu.m (80,900 cu.yd) grading .48 grams/cu.m (.012 ounces/cu.yd) and possible reserves of 36,000 cu.m (47,200 cu.yd) grading .38 grams/cu.m (.009 ounces/cu.yd). The area evaluated only represents 20% of the total property area, thus there is a realistic potential to expand these reserves up to 500,000 cubic meters of gold bearing gravels. The defined reserve blocks have a stripping ratio that is consistently less than 1:1 and should not represent any problem with future development.

6.2 Conclusion - Phase Two

After completing the first of two programs, of the Phase 2 bulk sampling, it is evident that the undulating volcanic bedrock, underlying the coarse cobble gravels, has greater potential to increase the probable and possible reserves, than believed, after completion of the Phase I program. Although, at this early stage of the bulk sampling phase, there has not been sufficient data generated, to warrant any changes to probable and possible reserves, reported from Phase I. Bulk sampling will continue through the Spring of 1988

7.0 REFERENCES

Quesnel Canyon Placer Reports:

April, 1987 prepared by Michael Philpot

May, 1987 prepared by Angus Woodsend

July, 1987 prepared by M.D.P. Management Services

8.0 STATEMENT FROM MANAGEMENT

To whom it may concern;

I Kelly Dolphin, being a member of FreeGold Recovery Inc.'s Management, with a business address of 920 - 625 Howe Street, Vancouver, B.C. V6C 2T6, hereby certifies that:

1. From 1978 to the present. I have been actively engaged in various disciplines relating to the mining industry, primarily at locations in western North America.

2. I personally visited and supervised the Quesnel Canyon Placer project, from conception in early April through December, 1987, and I have completed this report detailing all phases of work conducted to date.

Dated in Vancouver, British Columbia this 18th day of 1988.

Kelly Dolphin

9.0 FREEGOLD RECOVERY INC.

QUESNEL CANYON PLACER PROJECT

CARIBOO MINING DIVISION

PHOTO EXHIBIT

FREEGOLD'S MOBILE TEST PLANT APRIL 1987
QUESNEL CANYON PLACER PROJECT

FREEGOLD RECOVERY'S BACKHOE WORKING ON
TAILING PONDS, TRENCHING AND STRIPPING

BEDROCK EXPOSURE CLEANED WITH BACKHOE, CREATING SETTLING POND AREA. MAINTAINING 100% RECYCLE, ZERO DISCHARGE OF WATER

ASSEMBLY OF BULK SAMPLING PLANT, EARLY SEPTEMBER 1987
QUESNEL CANYON PLACER PROJECT

FREEGOLD'S BULK SAMPLING TROMMEL PLANT
SET IN PLACE FOR FIRST BULD SAMPLING
PROGRAM

FREEGOLD'S RECOVERY PLANT, CONSISTING OF
CYCLONS, MARK VII REICHERT SPIRALS
AND GEMINI TABLE

FREEGOLD'S TROMMEL PLANT, STOCK PILING
GRAVEL COBBLE FOR CONSTRUCTION OF
SETTLING PONDS

FREEGOLD'S RECOVERY PLANT, DISCHARGING DIRECT
TO SETTLING POND. MAINTAINING 100% RECYCLE,
ZERO DISCHARGE OF WATER