ARIS SUMMARY SHEET

District Geologist, Smithers | Off Confidential: 90.03.16

ASSESSMENT REPORT 18628 | MINING DIVISION: Omineca

PROPERTY: Saunders
LOCATION: LAT 57 21 00 LONG 127 05 00
UTM 09 6357760 615333
NTS 094E06E

CAMP: 051 Toodoggone Camp

CLAIM(S): Saunders 1-4
OPERATOR(S): Golden Rule Res.
AUTHOR(S): Evans, B.T.;Komarevich, M.P.
REPORT YEAR: 1989, 26 Pages
COMMODITIES
SEARCHED FOR: Gold,Silver
KEYWORDS: Jurassic,Toodoggone Volcanics,Tuff,Dacite,Feldspar Porphyry
Trachyte
WORK
DONE: Geological,Geochemical
GEOL 2000.0 ha
Map(s) - 1; Scale(s) - 1:1000
ROCK 30 sample(s) ;AU,AG
RELATED
REPORTS: 03314,03362,03366,03417,04065,09236,10349,12716,15922
MINFILE: 094E 017

1988 GEOLOGICAL AND GEOCHEMICAL REPORT
on the
SAUNDERS 1 through 4 MINERAL CLAIMS
BRITISH COLUMBIA

March 1989

for

GOLDEN RULE RESOURCES LTD.

by

Michael P. Komarevich, B.Sc.
and
Bruce T. Evans, P.Geol.

GEOLOGICAL AND GEOCHEMICAL REPORT

on the

SAUNDERS 1 through 4 MINERAL CLAIMS

LATITUDE 57 deg. 21′ NORTH

LONGITUDE 127 deg. 05′ WEST

NTS 94E/6E

OMINECA MINING DIVISION

BRITISH COLUMBIA

March, 1989

by

Michael P. Komarevich, B.Sc.

and

Bruce T. Evans, P.Geol.

for

GOLDEN RULE RESOURCES LTD.
#410, 1122-4th STREET SW
CALGARY, AB T2R 1M1

CERTIFICATE

I, Bruce Thomas Evans, of 120 Strathdale Close S.W., in the City of Calgary, in the Province of Alberta, do hereby certify that:

1. I am a Senior Exploration Geologist with the firm of Golden Rule Resources Ltd., with offices at #410, 1122-4th Street S.W., Calgary, Alberta;

2. I am a graduate of Queen's University, B.S.C. (Honours) Geological Science (1982) and have practiced my profession continuously since graduation;

3. I am a member in good standing of the Association of Professional Engineers, Geologists, and Geophysicists of Alberta;

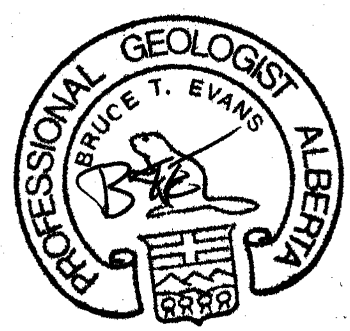
4. Exploration work conducted on the Saunders 1 through 4 Mineral Claims during 1988 was done so under my supervision. Work and recommendations described herein are based upon my interpretation and observations of the Saunders Property and knowledge of the region;

5. I do not own and do not expect to receive any interest (direct, indirect, or contingent) in the property described herein, and securities I own of Golden Rule Resources Ltd. are through Employee Stock Option Plans or private market acquisitions by myself.

Dated at Calgary, Alberta this 9 day of March, 1989.

Respectfully submitted,

Bruce Evans



Bruce T. Evans, P.Geol.

CERTIFICATE

I, Michael Peter Komarevich of 3715 Richmond Road S.W., in the City of Calgary, Province of Alberta do hereby certify that:

1. I am an Exploration Geologist with the firm of Golden Rule Resources Ltd. with offices at #410, 1122 - 4th Street, S.W., Calgary, Alberta;

2. I am a graduate of the University of Saskatchewan, B.Sc. (ADV.) Geology (1987) and have practiced my profession continuously since graduation;

3. Work contained within this report was conducted by myself;

4. I do not own and do not expect to receive and interest (direct, indirect or contingent) in the property described herein nor in the securities of Golden Rule Resources Ltd.

Dated at Calgary, Alberta this 9 day of March, 1989.

Respectfully submitted,

Michael P. Komarevich, Geol.

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1. SUMMARY

The objective of the August 1988 exploration program carried out on the Saunders 1 through 4 mineral claims was to evaluate the gold potential of epithermal vein systems present in the area. Previous geochemical sampling carried out on the property had outlined several areas of interest which were the starting point for this program.

As part of the evaluation, thirty (30) lithogeochemical samples were collected primarily from quartz veins, quartz breccia systems, and altered andesite located on the claims. The most significant results obtained from this sampling were from a 3 m to 4 m wide quartz breccia zone assaying up to 0.041 oz/ton Au and 4.80 oz/ton Ag.

The exploration work suggest there exists a potential for the property to host gold mineralization in epithermal quartz breccia zones. Further exploration on the property should be directed towards delineating additional gold mineralization by detailed lithogeochemical sampling and trenching of occurrences discovered to date. With continued encouragement, a limited diamond drilling program would constitute the next exploration phase.

2. LOCATION AND ACCESS

The Saunders 1 through 4 mineral claims form a contiguous property located within NTS map area 94E/6E. The approximate coordinates of the claims area 57 deg. 21′ North latitude and 127 deg. 05′ West longitude (Figure 1).

The property encompasses the area around Saunders Creek, approximately 2 km south of the confluence of this creek with Toodoggone River. The property is situated approximately 300 km north of Smithers, the normal supply centre.

Access to the property is via fixed-wing aircraft to the Sturdee Airstrip, then by helicopter to the property.

3. PROPERTY AND OWNERSHIP

The Saunders 1 through 4 mineral claims are located in the Omineca Mining Division and are entirely owned by Golden Rule Resources Ltd. of Calgary, Alberta. The claims are described more specifically as follows:

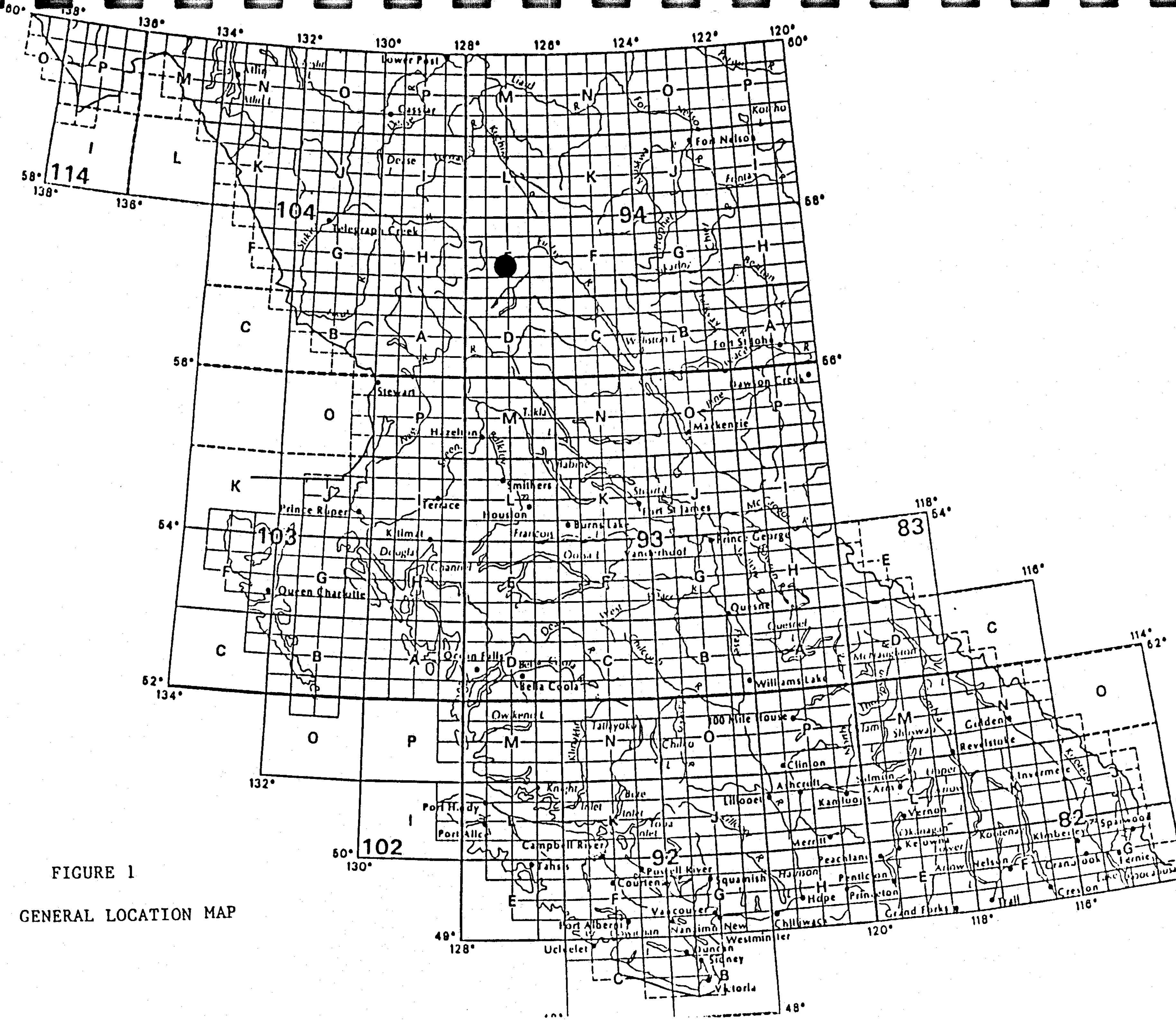

FIGURE 1

GENERAL LOCATION MAP

Claim Name	No. of Units	Record Number	Date of Record
Saunders 1	12	7603	May 2, 1986
Saunders 2	12	7604	May 2, 1986
Saunders 3	20	7605	May 2, 1986
Saunders 4	20	7606	May 2, 1986
	64		

Figure 2 illustrates the location and extent of the Saunders claims. The common legal corner post was located in the field and has been surveyed in by another exploration crew working in the area.

4. PHYSIOGRAPHY AND GLACIATION

The claims lie within the Cassiar Mountains physiographic subdivision of the Interior Plateau. The region is entirely glaciated and is characterized by wide U-shaped drift-filled valleys and deeply-cup V-shaped upland valleys. Mountain peaks in the area average 1,980 m ASL, and rise fairly abruptly from the major valleys. The topographic expression of the Toodoggone Volcanics is considerably more subdued as compared to the more rugged topography in areas underlain by Takla Group volcanic rocks.

On the Saunders claims, the maximum relief from the valley of Saunders Creek to the highest mountain in the area is 665 m. Lowlands are present along Saunders Creek and its tributaries; the Saunders 1 claim encompasses the flanks of the Toodoggone River Valley. The upland ridges and mountains tend to be serrated into aretes by Pleistocene valley glaciation. Bedrock exposures are confined to the upland areas and along the headwaters of tributaries to Saunders Creek.

5. PREVIOUS WORK

The initial exploration within the boundaries of the current Saunders claims was carried out by Denison Mines Limited during 1969-1972. This work was designed to evaluate the gold, silver, and copper potential of the area. Work completed included air photogeology; geological mapping; and silt, soil, and rock geochemistry. This exploration resulted in the location of the SOM chalcopyrite showing (see Map 1).

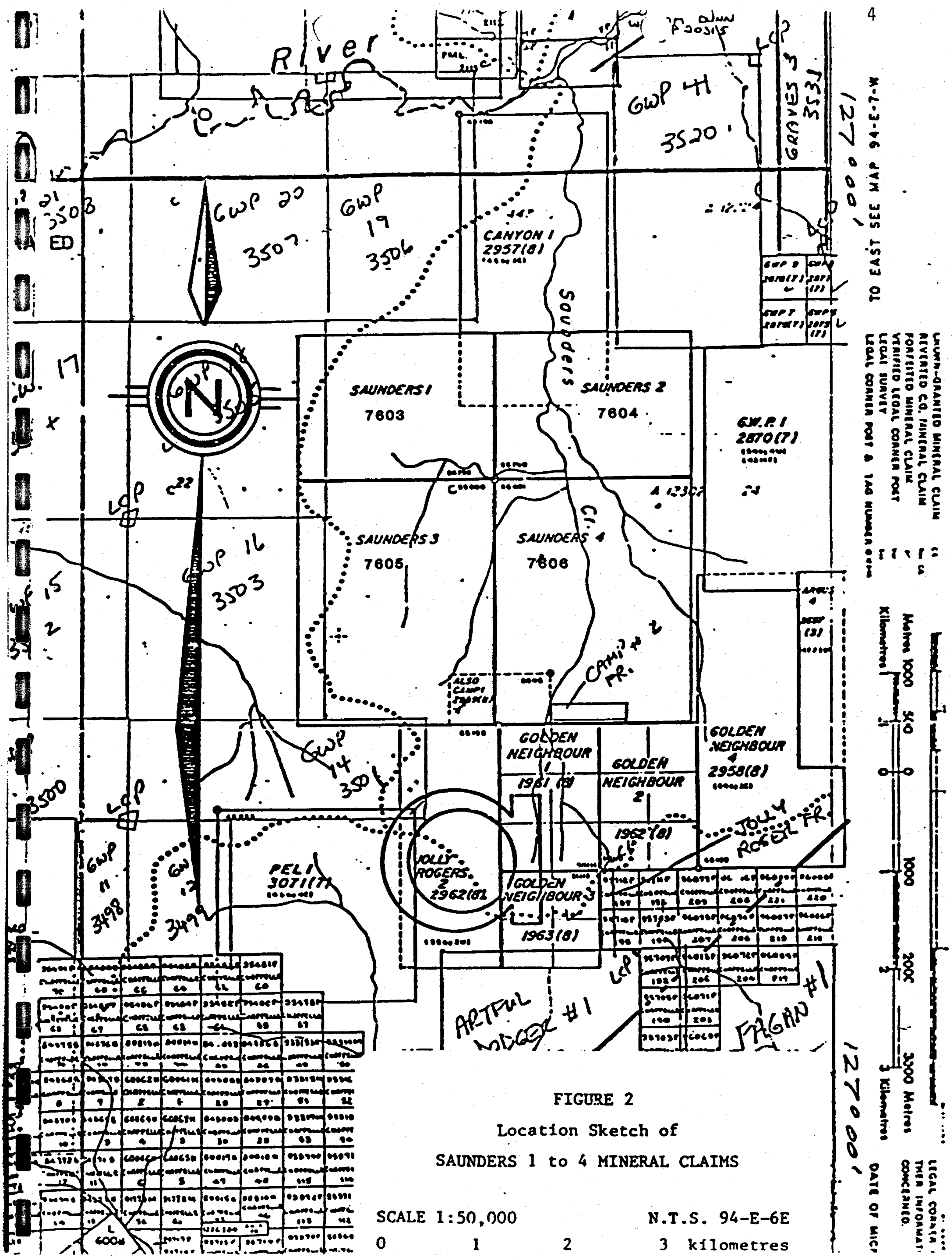

FIGURE 2

Location Sketch of

SAUNDERS 1 to 4 MINERAL CLAIMS

SCALE 1:50,000 N.T.S. 94-E-6E

0 1 2 3 kilometres

In addition to exploration carried out by Denison Mines, Kennco Exploration (Western) Limited staked the original Saunders claims and carried out an exploration program in 1971. This work included geological mapping along with limited silt, soil, and rock geochemical sampling. This work was directed towards both base and precious metals.

In 1980, Golden Rule Resources Ltd. performed limited silt and soil sampling over the claim area. In 1981, a helicopter-borne VLF-EM and magnetometer survey was completed, followed by ground VLF-EM and magnetometer surveys. A number of gold and/or silver geochemical anomalies were delineated. Nine of these anomalies could be related to strong fracture systems which transect the property.

In 1983, a limited geochemical program consisting of close-spaced grid sampling, was carried out in the area previously identified as anomalous.

In 1985, a limited exploration program was aimed at evaluating the gold potential of epithermal vein systems present in the area. A 3 m to 4 m wide quartz barite breccia system assaying 0.210 oz/ton Au was identified on the Saunders 3 claim. Other localized geochemically anomalous Au/Ag in rock values were identified.

6. REGIONAL GEOLOGY

Regional mapping of the Toodoggone area has been carried out by both the Geological Survey of Canada and the British Columbia Ministry of Energy, Mines and Petroleum Resources.

During 1971-1975, the regional geology was mapped by the Geological Survey of Canada at scale of 1:250,000 under the direction of Dr. H. Gabrielse, with the results published in 1977 as G.S.C. Open File 483.

The British Columbia Department of Mines carried out an ongoing mapping program in the Toodoggone area from 1971 to 1984. In 1985, a compilation map was published at a scale of 1:50,000 as Preliminary Map 61. This mapping, completed under the direction of T. G. Schroeter, details the units of the Toodoggone Volcanics which had become the focus of gold exploration in the district. The following description of the regional geology is excerpted from his 1982 report:

The Toodoggone area lies within the eastern margin of the Intermontane Belt. The oldest rock exposed area wedges of crystalline limestone more than 150 m thick that have been correlated with the Asitka Group of Permian age. The next oldest rocks consist of andesitic flows and pyroclastic rocks including augite-tremolite andesite porphyries and crystal and lapilli tuffs that belong to the Takla Group of Lake Triassic age. The Omineca intrusions of Jurassic and Cretaceous age (potassium-argon age of 186 to 200 Ma obtained by the Geological Survey of Canada) range in composition from granodiorite to quartz monzonite. Some syenomonzonite bodies and quartz feldspar porphyry dykes may be feeders to the Toodoggone rocks which unconformably overlie the Takla Group. The 'Toodoggone' volcanic rocks (named informally by Carter, 1971) are complexly intercalated volcanic and volcanic-sedimentary rocks of Early and Middle Jurassic age, 500 m or more in thickness, along the west flank of a northwesterly trending belt of 'basement' rocks at least 90 km in length by 15 km in width. A potassium-argin age of 186+/-6 Ma was obtained by Carter (1971) for a hornblende separate from a sample collected from a volcanic sequence 14 km southeast of Drybrough Peak. Four principal subdivisions of 'Toodoggone' rocks have been recognized:

1) Lower Volcanic Division - dominantly pyroclastic assemblage including purple agglomerate and grey to grey to purple dacitic tuffs.

2) Middle Volcanic Division - an acidic assemblage including rhyolites, dacites, 'orange' crystal to lithic tuffs, and quartz feldspar porphyries; includes welded tuff. The 'orange' colour of the tuffs resulted from oxidation of the fine-grained matrix while the rock was still hot. A coeval period of explosive volcanism included the formation of 'laharic' units and intrusion of syenomonzonite bodies and dykes. This event was accompanied by explosive brecciation along zones of weakness, predominantly large-scale faults and attendant splays, followed by silicification and deposition of precious and base metals to varying degrees in the breccias. Rounded fragments of Omineca intrusive rocks are rare components in Toodoggone tuffs.

3) Upper Volcanic-Intrusive Division - grey to green to maroon crystal tuffs and quartz-eye feldspar porphyries.

4) Upper Volcanic-Sedimentary Division - lacustrine sedimentary rocks (sometimes varved), stream bed deposits, and possible local fanglomerate deposits and interbedded tuff beds.

Many Toodoggone rocks have a matrix clouded with fine hematite dust implying a subaerial origin, however, some varieties may have accumulated in shallow water. The host rock for mineralization (division 2) is an orange to chocolate brown coloured crystal tuff with varying minor amounts of lithic and vitric ash. Broken crystals of plagioclase and quartz are set in a fine-grained 'hematized' matrix of quartz and feldspar. The exact chemical composition(s) and rock name(s) await chemical analyses. Carter (1971) determined the composition of a suite of rocks collected from the Toodoggone area to range from latites to dacite.

To the west, Upper Cretaceous to Tertiary pebble conglomerates and sandstones of the Lower Tango Creek Formation of the Sustut Group unconformably overlie both Takla Group volcanic rocks and Toodoggone volcanic rocks.

The structural setting was probably the most significant factor in allowing mineralizing solutions and vapours to migrate through the thick volcanic pile in the Toodoggone area. The entire area has been subjected to repeated and extensive normal block faulting from Jurassic to Tertiary time. It is postulated that a north-westerly trending line of volcanic centres along a gold-/silver-rich 'province' marks major structural breaks, some extending for 60 km or more (for example, McClair Creek system, Lawyers system). Prominent gossans area often associated with structural zones but many contain only pyrite; sulphides occur as disseminations and fracture fillings in Toodoggone and Takla Group rocks. Thrusting of Asitka Group limestones over Takla Group rocks probably occurred during Middle Jurassic time.

Today Toodoggone rocks display broad open folds with dips less than 25 deg. The Sustut Group sedimentary rocks have relatively flat dips and do not appear to have any major structural disruptions.

7. PROPERTY GEOLOGY

The oldest rock units are the trachyte and trachy-andesite flows and tuffaceous rocks designated as Unit 3. This is the same unit which hosts the Lawyers deposit, making the Saunders claims a prime exploration target. As can be observed on the accompanying geological map of the property, this unit is exposed over much of the area.

Overlying Unit 3 in the southeast and northeast parts of the Saunders claims are the basaltic flows and tuffs belonging to Unit 4. Towards the southwest are flows and welded tuffs of andesitic or dacitic composition belonging to Unit 2.

Prominent structures within the claims area include both northwest- and northeast-trending faults, and minor east-west trending open folds. Quartz breccia zones and quartz veins are present throughout the area and are emplaced in tensional fracture systems generally parallel-to-subparallel to the predominant fault directions. These tensional fracture systems acted as conduits for hydrothermal solutions which form the epithermal gold/silver deposits of the Toodoggone district.

8. EXPLORATION TARGETS

The focus of exploration in the Toodoggone district is the epithermal gold mineralization associated with subaerial Early Jurassic intermediate to acidic volcanism (Toodoggone Volcanics). Gold mineralization also occurs within the Late Triassic alkaline andesitic rocks (Takla Group) and the Early Jurassic calc-alkaline volcanic rocks (Hazelton Group). However, this gold mineralization is viewed as being in the "root zone" of the epithermal event related to Toodoggone volcanism (e.g., the Baker Mine).

The structural setting of these epithermal vein systems is of primary importance in the development of gold mineralization within the Toodoggone Volcanics. Faulting and concomitant brecciation form the conduits for ascending hydrothermal solutions and vapours. It is often secondary tensional fractures in crudely concentric fracture systems related to collapse structures, major faults, or dilatant zones within major fault systems, which supply the necessary plumbing system for gold mineralization in this camp. It is also necessary that repeated fault movements and hence brecciation occur, allowing multiple hydrothermal solutions to continue to circulate. If only a single brecciation occurs, the ascending solutions carrying silica will eventually heal the fractures and restrict the passage of additional gold-bearing solutions. Only by recurrent faulting and brecciation can the process of gold mineralization be carried to the stage where economic concentrations of gold can be anticipated.

Adjacent to these epithermal deposits, there exists both lateral and vertical alteration patterns. The outer propylitic zone consists of chlorite, epidote, calcite, and pyrite, which grades inward to an argillic-phyllic zone consisting of sericite, montmorillonite, illite, and silica. Finally, there is the silicified core zone immediately adjacent to the vein system that consists of silica, adularia, and/or albite.

Hematite and manganese oxides are normally abundant in mineralized zones. Native gold, electrum, barite, and minor pyrite have been found within these silica-rich zones along with amethystine quartz. In addition to gold, anomalous silver, lead, zinc, and copper values have been found associated with these epithermal vein systems. However, these systems appear to be relatively free of contaminants such as arsenic and antimony.

As with the alteration patterns, the pattern of gold mineralization exhibits both vertical and lateral variations. These variations are controlled by temperature and pressure conditions within the breccia zones which in turn control the boiling point levels for the mineralizing solutions. The upper levels of these systems are characterized by a barren silica cap with increasing gold values with depth. This simple model is complicated by re-brecciation which changes the physical characteristics of the system and the changing chemical composition of hydrothermal solutions during the various pulses of mineralization.

9. ANALYTICAL METHODS

A total of thirty (30) rock geochemical samples were collected from the Saunders claims. Samples were assayed for gold and silver using conventional Fire Assay Methods at Min-EN Laboratories in Vancouver, BC. Sample descriptions are listed in Appendix I and assay results are listed in Appendix II.

10. RESULTS

The 1988 exploration program carried out on the Saunders 1 through 4 mineral claims consisted of thirty (30) lithogeochemical samples being collected. Exploration was focused on and around a 3 m to 4 m wide quartz breccia system trending 170 deg., located in the south-central part of the Saunders 3 claim. Three (3) samples of the quartz breccia proved anomalous returning values of up to 0.041 oz/ton Au and 4.80 oz/ton Ag.

11. RECOMMENDATIONS

Based on the rock geochemical results delineated by the 1988 exploration program and previous work, the Saunders claims appear to have a good potential for developing epithermal vein type deposits. In particular, the 3 m to 4 m wide quartz breccia system identified on the south-central part of the Saunders 3 claim requires additional work. This zone and others returning geochemically anomalous Au/Ag-in-rock values require detailed sampling and trenching to further evaluate the extent and grade of precious metals mineralization present.

Geological mapping, prospecting, and lithogeochemical sampling are required to delineate additional targets within the property.

If sufficient encouragement is received from detailed geochemical sampling and trenching of prospective epithermal vein systems on the property, limited diamond drilling would be considered as the next phase in the evaluation of this property.

Respectfully submitted:

Bruce Evans

Bruce T. Evans, P.Geol.

March, 1989

PROFESSIONAL GEOLOGIST
BRUCE T. EVANS
ALBERTA

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A P P E N D I X I

ROCK SAMPLE DESCRIPTIONS

APPENDIX I

ROCK SAMPLE DESCRIPTIONS

SAMPLE NO.	ASSAY NO.	Au ppb	Ag ppm	DESCRIPTION
GWM-88-275	36101	20	16.5	Quartz Breccia - material i totally quartz flooded, locally vuggy and drusy
GWM-88-276	36102	1410	164.6	Quartz Breccia - same as #3610
GWM-88-277	36103	90	24.3	Quartz Breccia - same as #3610
GWM-88-278	36104	10	1.7	Quartz Breccia - same as #3610
GWM-88-279	36105	20	2.9	Quartz Breccia - same as #3610
GWM-88-280	36106	400	34.0	Quartz Breccia - same as #3610
GWM-88-281	36107	10	1.8	
GWM-88-282	36108	10	0.8	Quartz, locally vuggy an hematized.
GWM-88-283	36109	30	25.6	Quartz Vein - same as #36108
GWM-88-284	36110	20	3.8	Quartz Vein - same as #36108
GWM-88-285	36111	10	4.2	Quartz Vein - same as #36108
GWM-88-286	36112	10	0.4	Quartz Vein - same as #36108
GWM-88-287	36113	10	0.3	Andesite - fresh, unaltered microveining
GWM-88-288	36114	10	0.7	Andesite - bleached an hematized rubble
GWM-88-289	36115	10	0.2	Andesite - red hematized quartz flooded with pyrite

SAMPLE NO.	ASSAY NO.	Au ppb	Ag ppm	DESCRIPTION
GWM-88-290	36116	10	0.6	Andesite - unaltered, weakl hematized surfaces, 5% epidote along fractures.
GWM-88-291	36117	10	1.7	Andesite - unaltered, mino hematization
GWM-88-292	36118	10	1.4	Andesite - fresh, unaltere porphyritic, composition as in #36116
GWM-88-293	36119	20	0.8	Andesite - fresh unaltere porphyritic, weakly hematized
GWM-88-294	36120	10	0.5	Andesite - fresh unaltere porphyritic, weakly hematized, 2% to 5% epidote locally
GWM-88-295	36121	50	0.6	Andesite - same as #36118
GWM-88-296	36122	10	1.5	Andesite - same as #36118
GWM-88-297	36123	10	0.9	Andesite - strongly altered red-orange-yellow, calcite veins, rare sulphides, most sulphides are oxidized.
GWM-88-298	36124	10	0.4	Andesite - same as #36123
GWM-88-299	36125	10	0.3	Andesite - same as #36123
GWM-88-300	36126	40	0.8	Andesite - same as #36123
GWM-88-301	36127	50	0.7	Andesite - same as #36123
GWM-88-302	31628	20	0.3	Andesite - same as #36118
GWM-88-303	36129	10	0.2	Andesite - bleached, altere and brecciated, strongly hematized with trace pyrite
GWM-88-304	36130	10	0.5	Andesite - same as #36128 except it is strongly argillically altered

A P P E N D I X   II

CERTIFICATES OF ANALYSIS

MIN • EN LABORATORIES LTD.

SPECIALISTS IN MINERAL ENVIRONMENTS
CHEMISTS • ASSAYERS • ANALYSTS • GEOCHEMISTS

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Certificate of ASSAY

Company: GOLDEN RULE RESOURCES
Project: BC-22
Attention: LARRY LAHUSEN

File: 81-142/P9
Date: SEPT 19/88
Type: ROCK ASSAY

We hereby certify the following results for samples submitted.

Sample Number	AU G/TONNE	AU OZ/TON	AG G/TONNE	AG OZ/TON
36 101	.02	0.001	16.5	0.48
36 102	1.41	0.041	164.6	4.80
36 103	.09	0.003	24.3	0.71
36 104	.01	0.001	1.7	0.05
36 105	.02	0.001	2.9	0.08
36 106	.40	0.012	34.0	0.99
36 107	.01	0.001	1.8	0.05
36 108	.01	0.001	.8	0.02
36 109	.03	0.001	25.6	0.75
36 110	.02	0.001	3.8	0.11
36 111	.02	0.001	4.2	0.12
36 112	.01	0.001	.4	0.01
36 113	.01	0.001	.3	0.01
36 114	.01	0.001	.7	0.02
36 115	.01	0.001	.2	0.01
36 116	.01	0.001	.6	0.02
36 117	.01	0.001	1.7	0.05
36 118	.01	0.001	1.4	0.04
36 119	.02	0.001	.8	0.02
36 120	.01	0.001	.5	0.01
36 121	.05	0.001	.6	0.02
36 122	.01	0.001	1.5	0.04
36 123	.01	0.001	.9	0.03
36 124	.01	0.001	.4	0.01
36 125	.01	0.001	.3	0.01
36 126	.04	0.001	.8	0.02
36 127	.05	0.001	.7	0.02
36 128	.02	0.001	.3	0.01
36 129	.01	0.001	.2	0.01
36 130	.01	0.001	.5	0.01

Certified by ________________

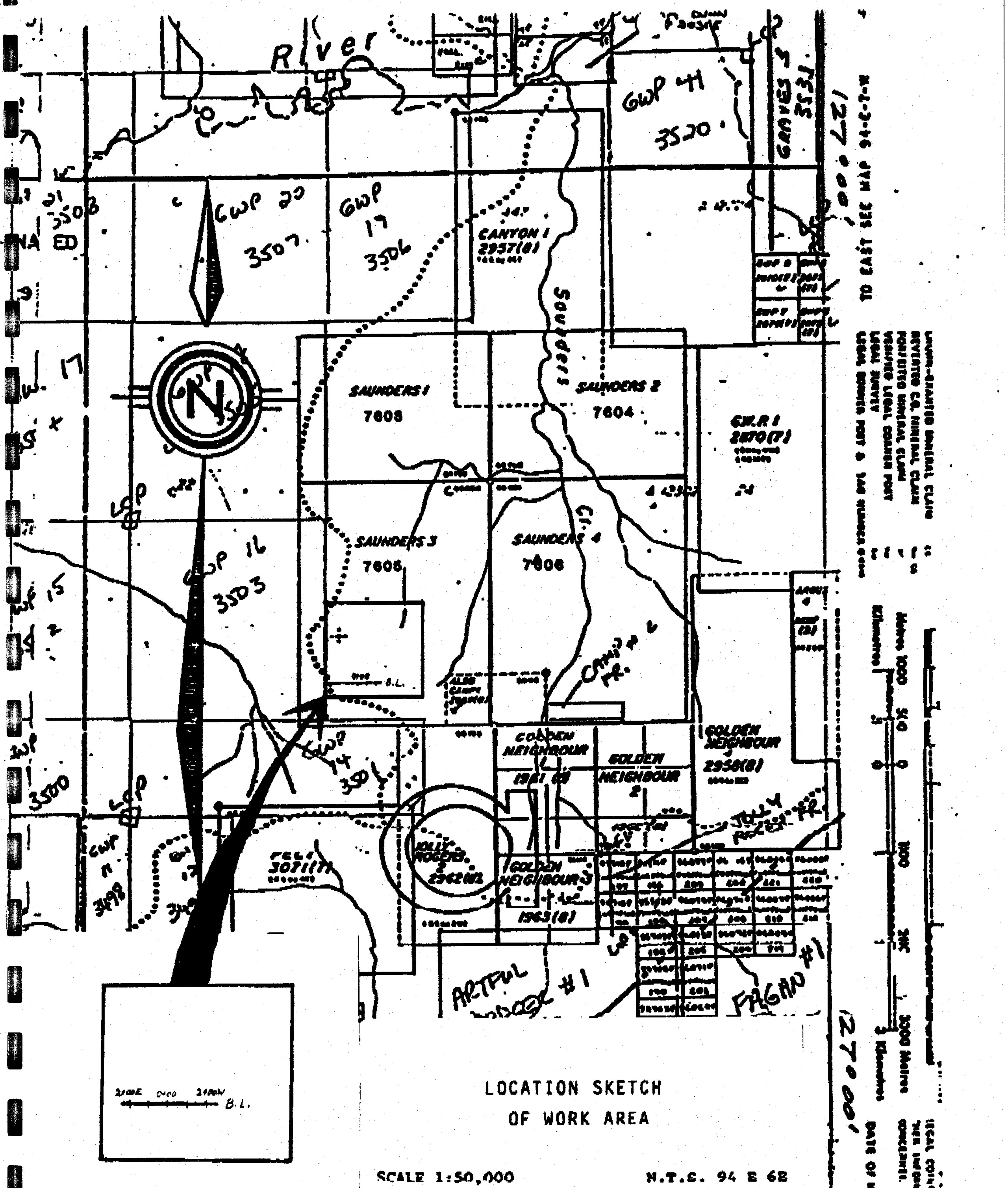
A P P E N D I X   III

SUMMARY OF 1988 EXPENDITURES

APPENDIX III

SAUNDERS PROJECT
SUMMARY OF 1988 EXPENDITURES

DESCRIPTION			1988 EXPEND
PERSONNEL:			
SUPERVISORY GEOLOGICAL	1.5 days	$	435.00
GEOLOGICAL	3.5 days		645.00
PROJECT SUPPORT	4.0 days		540.00
PROJECT FIELD COSTS:			60.00
6 MAN DAYS @ $10.00/DAY			
PROJECT CAMP COSTS:			398.10
6 MAN DAYS @ $66.35/DAY			
GENERATOR			
CHARTER AIR SUPPORT:			
FIXED WING			874.50
HELICOPTER			1,100.39
MOBE/DEMOBE			1,500.00
GEOCHEMICAL ANALYSES:			1,233.75
MAPS/DRAFTING/REPRODUCTIONS			154.85
DIGITAL MAPPING			294.32
			$7,235.91

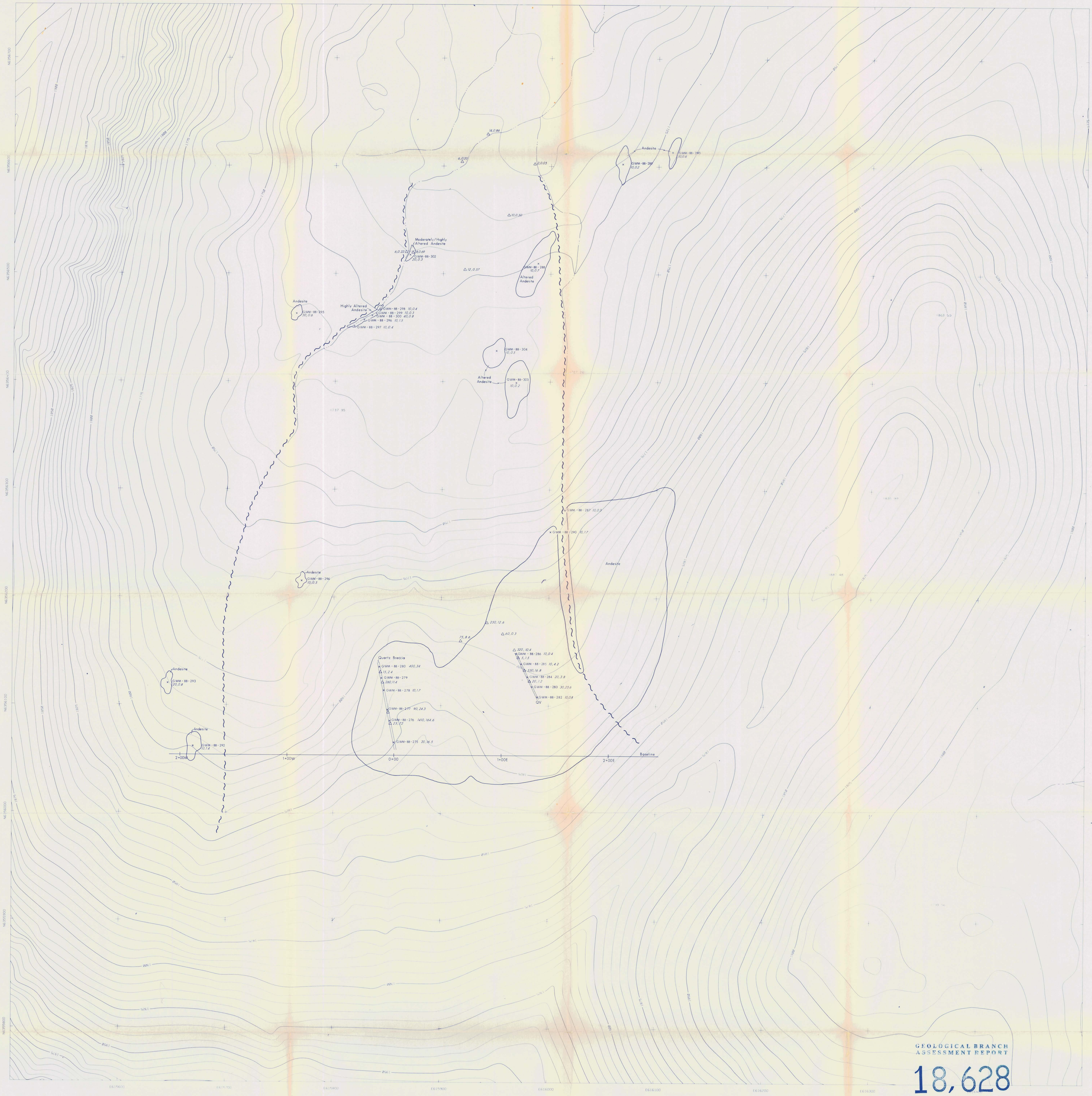


LOCATION SKETCH
OF WORK AREA

SCALE 1:50,000

N.T.S. 94 E 6E

0 1 2 3 kilometres



Legend

Road		Lake	
Track, Trail		River	
Cut Line		Stream	
Treed Area		Intermittent Stream	
Contours		Drill Hole	
Spot Height	1592 59	Trench	

LEGEND

Inferred Fault		Quartz Vein	QV
Vein		Outcrop	
Sample # (Au ppb, Ag ppm)	× GWM - 88 - 288 10,0.7		
1985 Samples (Au ppb, Ag ppm)	△ 20,16.5		

GEOLOGICAL BRANCH
ASSESSMENT REPORT

18,628

GOLDEN RULE RESOURCES LTD.

SAUNDERS PROJECT

GEOLOGY AND SAMPLES

PROFESSIONAL GEOLOGIST
BRUCE T. EVANS
ALBERTA

Date: SEPT. 1988	N.T.S.:
Revised:	
Scale: 1:1000	