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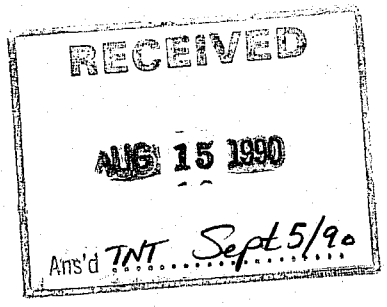

August 8, 1990

Minnova Inc.
3rd Floor - 311 Water St.
Vancouver, B.C.
V6B 1B8

Dear Sir:

Re: First Yukon Silver Resources Inc.

I am the solicitor for the above noted company. In the absence of the officers of the company who are in the field, I enclose a report of R.E. Gail and Associates dated October 16, 1989 in connection with a resource property owned by First Yukon.

Since the date of this report the Dan showing has been substantially enlarged through power stripping. The zinc has been consistent throughout the showing.

Douglas Schellenberg, a Consulting Geologist and President of First Yukon Silver has supervised all field exploration to date.

We are, at this time, advising select major mining corporations whom we believe may be interested in viewing our showing during the months of August and September 1990.

I might add that Trevor Bremner, Regional Geologist for the Yukon has also viewed the showing and is quite positive about its prospects.

At this time I request that any further information with respect to this property be communicated through me. If you are interested in pursuing this matter further, please contact me at the above noted phone number at your earliest convenience.

Yours very truly,

Douglas J. Livesey

DJL/hp

R.E. GALE AND ASSOCIATES INC.
4338 RUTH CRESCENT
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PRELIMINARY REPORT-GEOLOGY DAN SHOWING PARK CLAIMS-WATSON LAKE M.D.-YUKON 105B/3 FIRST YUKON SILVER RESOURCES INC.

By R.E. Gale, Ph.D P.Eng.
R.E. Gale and Associates Inc.
October 16, 1989

INTRODUCTION

At the request of Mr. Gregory Anders of First Yukon Silver Resources Inc., a geological examinination and sampling of the Dan Showing on the Park claims, Watson Lake M.D., was carried out by the author during the period September 15 through September 22, 1989.

Thirty samples were collected in the general area, of which 28 are from the Dan showing and immediate vicinity. Samples were submitted to Min-En Labs. with assay results being received October 1. These results confirmed the presence of significant zinc values in the majority of the samples.

Further exploration of the area of the Dan showing and the whole Park claim group is strongly recommended.

LOCATION AND ACCESS

Figure one is a copy of a portion of the Wolf Lake Sheet, GSC Map 10-1960, showing the approximate location of the Dan showing and the Park claims.

Access to the area, which lies about 14 kms. northwest of Pine Lake airstrip near the Alaska Highway, is provided by excellent gravel roads, normally suitable for 2 wheel drive pickups. A crossing of the Swift River, presently made by fording the river, may require provision of a bridge during periods of heavy runoff.

CLAIMS

The Park 42 and 46 claims are noted as the location of the Dan showing. They are 2 claims within the group of 64 Park claims held by

Mississippian sedimentary and greenstone volcanic rocks (Units 7 and 7A) mapped near the southeast end of the claims. The contact relationships between most units are obscured by overburden cover. It is conceivable that Unit 7 and 7A rocks, including greenstone and possibly more felsic volcanics, could extend farther northwest than they are shown in Figure one, to the vicinity of the Dan showing. Outcrops of greenstone were noted near the Dan showing in the present examination, suggesting that Unit 7 or 7A rocks do in fact extend NW to the area of the Dan showing.

The Cambrian-Ordovician and Mississippian rocks lie along the southwest side of the Cretaceous-age Cassiar batholith (Unit 15A). A major regional fault zone, involving either strike-slip and / or normal type faulting, forms the contact with the intrusive rocks in the overburden-filled valley of the Swift River, just northeast of the Park claims.

Other intrusive rocks are present as stocks and sills of Cretaceous Diorite (Unit 14) which intrude the rocks of Unit 8 about 1 km. southwest of the Dan showing.

The youngest intrusive rocks in the area are Upper Cretaceous to Lower Tertiary monzonite and alaskite of the Seagull Batholith type (Unit 16).

Unit 18, Pleistocene to Recent sands, gravel and silts forms abundant overburden in the area, masking the bedrock relationships.

An important regional northeast-trending fault and fracture system which appears to be related in time of formation to vein mineralization here in the Swift River and also the Rancheria area to the west, intersects northwest-trending faults and other structures near the Dan showing, and has probably played an important part in forming the mineral deposits on the Park claims.

GEOLOGY OF THE DAN SHOWING

Figure Two is a sketch map of the geology of the Dan showing, based on a compass and topofil chain survey. Location of 23 samples, 61351 through 61370 and 61378 is also shown on the sketch.

ROCK TYPES

Rhyolite Tuff ?

Central to the Dan showing is a 15 metre wide band of extremely thin bedded, white weathering rock which has been previously called silicified argillite. This rock may be tuffaceous and on Figure Two is designated as WBR for white banded rhyolite. A thin section and possibly a rock analysis may be required to accurately determine the identity of this rock.

Layering in the rock strikes WNW and dips SW at 45° to 70°. Near the northwest end of the showing near northeast-striking faults, the rhyolite tuff is drag-folded and shows steep dips and some isoclinal folds.

Marble

White marble (MB)showing a few mineralized fractures is exposed at the northeast corner of the showing and also in patches associated with garnet alteration and zinc mineralization in a sink, which is also partly mud and water-filled, at the eastern end of the showing. A similar looking sink structure occurs along the Main Fault near the cental part of the showing and may be another area of marble and sulfides which has been leached out by water running through the marble.

Garnet Skarn

Numerous patches and bands of brown to green garnet and other calc-silicate minerals (GAR) occur along the contacts of the rhyolite

tuff, and are probably formed mainly through alteration of the limestone or marble, although some of the calc-silicate alteration also replaces the tuffaceous rock.

The attitude of the garnetized zones conforms closely to the attitudes of faults, fractures and primary bedding in the marble. Bands of garnetized rock strike WNW and dip southerly at angles of 20° to 60°. Near faults at the northwest end of the showing, some calc-silicate rocks dip flatly to the north.

Banded Chlorite Rock

Thin banded chlorite-epidote-feldspar rock (BCR) which was possibly a calcareous andesitic rock or impure limestone prior to its alteration occurs near the southwest side of the showing and shows a NW strike and south dip similar to the other rocks.

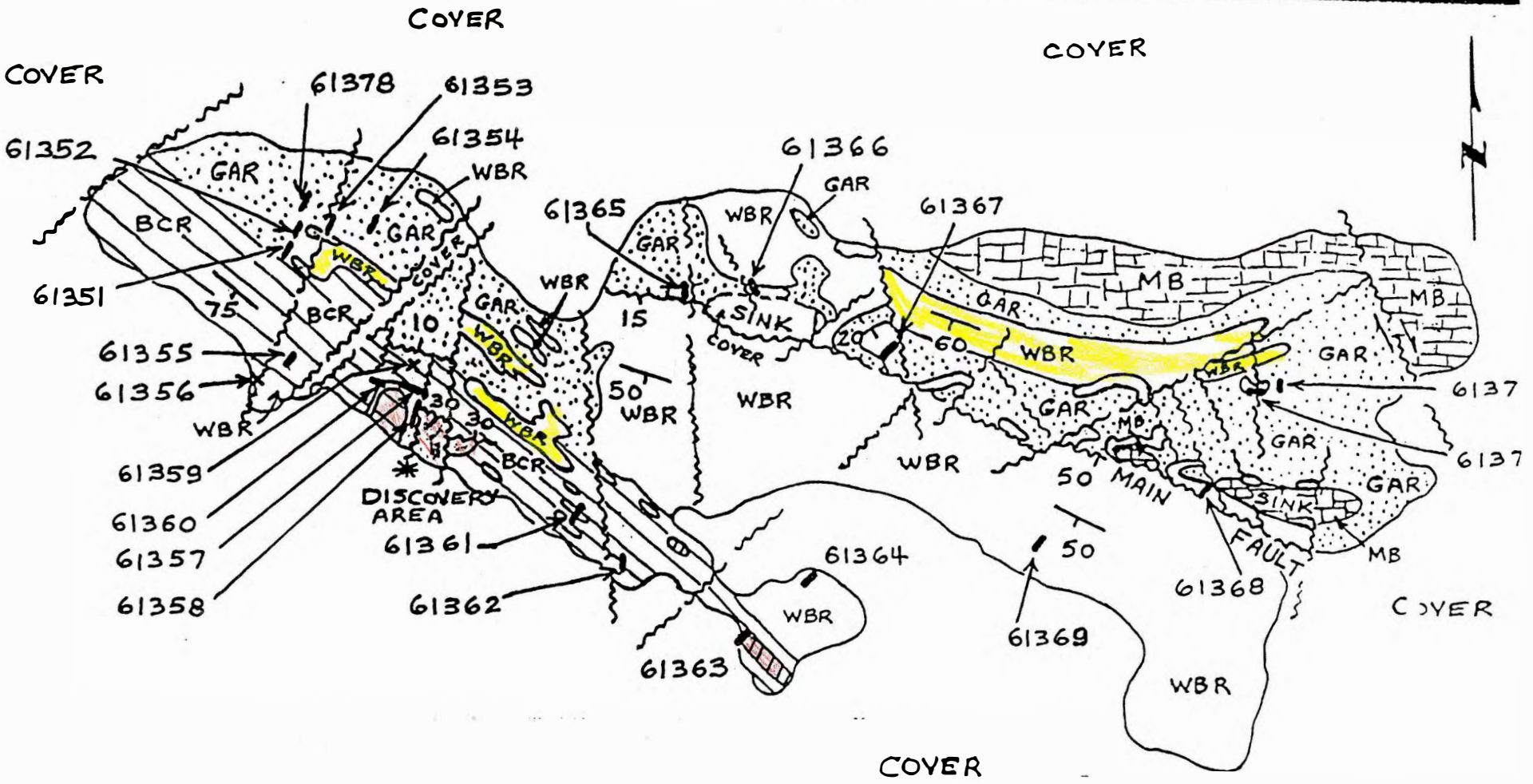
Thin bands or disseminations of sphalerite, pyrite, pyrrhotite, magnetite and copper sulfides, including bornite occur in patches within these chloritic rocks. Highly sheared and deformed greenstone schist, some of which carries strong magnetite, occurs in outcrops about 75-100 metres southeast of the Dan showing. The latter outcrops may represent fresher equivalents of the banded chloritic rocks in the showing.

STRUCTURE

The predominent attitude in all rocks in the showing is WNW strike with dips of 40° - 50° SW. Numerous north to northeast-trending faults and fractures intersect and often offset the WNW trend.

An early prominent WNW fault (Main Fault) dips 15° to 40° south and forms a major contact between garnet alteration to the north and pods of massive sulfide and rhyolite tuff to the south.

Another similar south-dipping fault, dipping 30° south, forms a



WBR WHITE BANDED RHYOLITE TUFF
MB MARBLE
GAR GARNETIZED ROCK
BCR BANDED CHLORITE ROCK
FAULT
MASSIVE SPHALERITE
MASSIVE PYRRHOTITE
MASSIVE MAGNETITE
CHIP SAMPLE SITE
CHARACTER SAMPLE SITE
61370

APPROXIMATE SCALE-METRES
0 5 10

R.E. GALE AND ASSOCIATES INC.

FIRST YUKON SILVER RESOURCES INC.	
YUKON 105-B/3	GEOLOGY-DAN SHOWING
Scale (APPROX) 1:250	Date Oct/89
Approved	File No. Figure Two

footwall to massive sphalerite mineralization at an intersection with several steep-dipping northerly striking faults near the "Discovery Area" which is part of the original zinc showing sampled by Boswell River Mines Ltd.

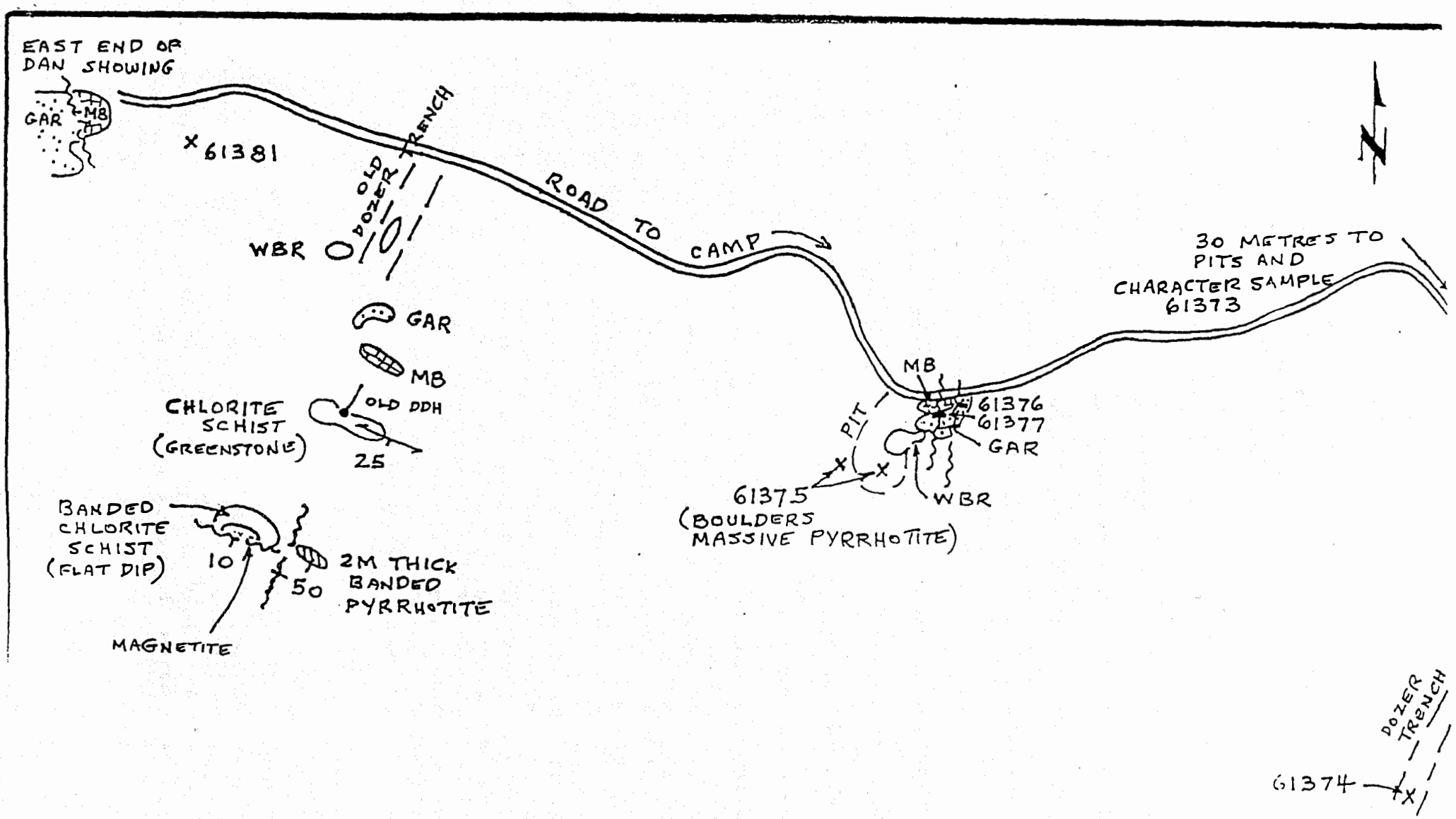
MINERALIZATION

Mineralization consists of disseminated and massive sphalerite accompanied by pyrrhotite along with lesser pyrite, magnetite and copper sulfides. Massive pyrrhotite occurs near the southeast side of the showing. The sulfides are closely associated with zones of strong garnet alteration or banded chlorite-epidote rock and to a lesser extent with weakly altered rhyolite. Two small bands of massive magnetite in garnet occur in the north-central part of the showing

A small piece of float discovered in overburden beyond the southeast end of the showing(sample 61381) contained a small percentage of galena with the massive sphalerite and has interesting silver values. The presence of this float indicates that some areas of the Dan showing as yet not exposed may be relatively rich in lead and silver.

It is evident that both low angle faults, bedding and steep-dipping northerly-trending faults and fractures have all played a part in localizing both massive and disseminated mineralization, with the best massive mineralization often forming at intersections of the steep north to northeast fractures with the WNW-trending Main Fault.

Massive sphalerite occurs as lenses and pods 0.5 to 1.5 metres thick and up to 10 metres long, which tend to thicken or thin at major fault intersections. Disseminated mineralization tends to form a halo in the footwall of the high grade mineralization.



FIRST YUKON SILVER RESOURCES INC.	
YUKON 105B/3	GEOLOGY-EAST OF DAN SHOWING PARK CLAIMS

Scale	Date	Approved	File No.
1:1000 (APPROX)	Oct/89		Figure Three

R.E. GALE AND ASSOCIATES INC.

The strike extent of the zinc-mineralized zone presently exposed at the Dan showing is 50 to 70 metres and the width, including disseminated mineralization, varies from 5 to 15 metres, averaging 10 metres. Depending on how much of the massive high grade mineralization may occur in a given area of the showing, grades of 2-3% zinc could occur across widths of 10 metres.

As shown in Figure Three, other zinc mineralization has been exposed about 250-300 metres to the southeast of the Dan showing, and extensions are also likely to occur to the northwest of the showing along the strike of the mineralized zone. The total extent of the zone northeast and southwest from the showing was also not exposed at the time of my examination, so that to a large extent, the showing is still partially open to extension in all directions.

It is likely that the mineralization should continue down dip to the southwest to a depth at least equivalent to half of its strike length, but the total extent of the showing and its zinc content can only be determined by diamond drilling.

SAMPLE RESULTS

A description of samples taken from the Dan showing is listed below and the location of samples is shown on Figure Two and Figure Three. A copy of the assay results from Min-En Labs is included with this report.

SAMPLE NUMBER	WIDTH	DESCRIPTION
61351	1 metre	Banded chlorite-feldspar rock, some garnet and massive pyrrhotite-sphalerite
61352	1 metre	Adjoins 61351 to the north-similar rock.
61353	1 metre	Garnet rock with disseminated sulfides.

between Upper and Lower showings.

61380 Fault material-float from area S.E. of First Yukon Camp.

CONCLUSIONS AND RECOMMENDATIONS

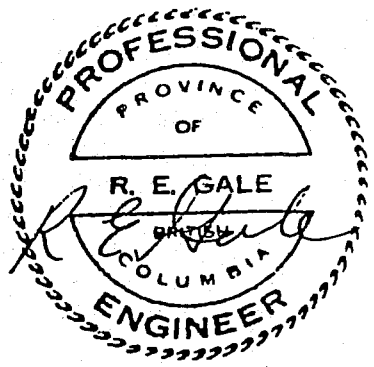
The best potential for the Dan showing as it is now known is for a large deposit of low grade zinc mineralization mineable by open pit methods. There is also lesser potential for deposits of high grade zinc mineable underground, if the lenses of massive sphalerite mineralization coalesce along strike or down dip at depth to the south to form larger mineable bodies.

The Dan showing as it is now exposed is an important new showing which deserves serious exploration through ground magnetic and I.P. surveys and a diamond drilling program. At least three short 45°-60° diamond drill holes 100 metres long should be drilled northeasterly across the exposed zone at 50 metre intervals from the southwest side of the showing, in order to determine the width and grade of the zone at different points along its strike.

The origin of the deposit is still problematic. Much of the zinc mineralization occurs in or at the margins of garnetized rock and could therefore be classed as skarn mineralization, however there is no obvious relationship between the garnet alteration and any intrusive rock, which is unusual for such deposits.

The presence of greenstone volcanic rocks in the area of the showing suggests that volcanic rocks are intermixed with the sedimentary rocks in the showing. An unusual thin bedded rock which may be tuffaceous rhyolite is closely associated with the massive sphalerite mineralization which occurs at contacts with the bedded rock. It is possible that the sulfides were deposited during a period

of Mississippian volcanism in association with deposition of rhyolite and andesite and that all of the rocks were later subjected to regional metamorphism and recrytallization, forming skarn during a later period. If thin section work shows the white weathering thin banded rock to be tuffaceous, then the hypothesis of the volcanic origin of the sulfides would be strengthened.



R.E. Gale, PhD., P.Eng.

R.E. Gale and Associates Inc.

October 16, 1989

MIN
• EN
LABORATORIES

SPECIALISTS IN MINERAL ENVIRONMENTS
CHEMISTS • ASSAYERS • ANALYSTS • GEOCHEMISTS

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TIMMINS, ONTARIO CANADA P4N 7G7
TELEPHONE: (705) 264-9996

Assay Certificate

9V-1208-RA1

Company: FIRST YUKON CO. (DAN SHOWING-PARK CLAIMS) Date: OCT-01-89
Project:
Attn: DOUG SCHELLENBERG

Copy 1. FIRST YUKON CO., VANCOUVER, B.C.
2. BOB GAIL, NORTH VANCOUVER, B.C.

We hereby certify the following Assay of ROCK samples submitted SEP-27-89 by DOUG SCHELLENBERG.

Sample Number	AU G/TONNE	AU OZ/TON	AG G/TONNE	AG OZ/TON	AS %	CU %	PB %	SB %	ZN %
61351	.02	.001	2.6	.08		.024	.02		2.49
61352	.02	.001	5.7	.17		.040	.02		1.50
61353	.09	.003	2.8	.08		.011	.01		.44
61354	.03	.001	2.9	.08		.021	.02		.72
61355	.09	.003	4.2	.12		.036	.02		4.13
61356	.01	.001							
61357	.03	.001	6.4	.19		.051	.01		11.15
61358	.04	.001	7.4	.22		.088	.02		13.00
61359	.02	.001	9.6	.28	.01	.099	.07	.04	8.61
61360	.03	.001	14.3	.42		.170	.04		15.00
61361	.02	.001	6.3	.18		.060	.02		5.00
61362	.21	.006	4.9	.14		.091	.02		5.37
61363	.03	.001							
61364	.03	.001	2.8	.08		.044	.01		2.51
61365	.02	.001	2.7	.08		.033	.01		5.30
61366	.01	.001	2.2	.06		.014	.02		6.53
61367	.06	.002	4.0	.12	.01	.100	.01	.03	13.30
61368	.02	.001	18.1	.53		.133	.02		16.30
61369	.02	.001							
61370	.02	.001							
61371	.04	.001	10.2	.30		.037	.01		6.39
61372	.02	.001							
61373	.04	.001							
61374	.44	.013							
61375	.02	.001							
61376	.05	.001							
61377	.07	.002	3.4	.10		.010	.01		15.90
61378	.01	.001	2.0	.06		.012	.01		.87
61379	.01	.001	CRESCENT LAKE AREA - SHEAR ZONE - FLOAT						
61380	.06	.002	SHEAR ZONE SOUTHEAST OF YUKON SILVER CAMP						
61381	.20	.006	630.0	18.38		.174	2.82		16.35

NOT DAN SHOW

Certified by

MIN-EN LABORATORIES

COMP: FIRST YUKON CO. (DAY SHOWING -PARK CLAIMS)
PROJ:
ATTN: DOUG SCHELLENBERG

MIN-EN LABS — ICP REPORT

705 WEST 15TH ST., NORTH VANCOUVER, B.C. V7M 1T2
(604)980-5814 OR (604)988-4524

FILE NO: 9V-1208-RJ1
DATE: OCT-01-89
* TYPE ROCK GEOCHEM * (ACT:F31)

SAMPLE NUMBER	AG PPM	AL PPM	AS PPM	B PPM	BA PPM	BE PPM	BI PPM	CA PPM	CD PPM	CO PPM	CU PPM	FE PPM	K PPM	LI PPM	MG PPM	MN PPM	MO PPM	NA PPM	NI PPM	P PPM	PB PPM	SB PPM	SR PPM	TH PPM	U PPM	V PPM	ZN PPM	GA PPM	SN PPM	W PPM	CR PPM
61356	2.3	11650	1	12	126	1.1	9	11310	40.0	23	85	39650	1530	13	6370	599	4	890	12	710	51	7	20	1	1	64.5	4090	1	2	1	48
61363	1.1	7410	186	12	18	1.1	1	4660	.1	120	1042	294920	280	3	1270	1	1	1010	1	140	4	1	7	1	1	18.0	656	1	1	1	1
61369	2.0	10620	69	3	30	.8	9	10450	31.6	43	161	47290	420	6	2700	1	2	1320	14	970	16	1	21	1	2	57.0	3504	1	1	1	27
61370	4.3	4850	148	808	6	1.5	1	33560	.1	379	1345	228580	130	1	1500	1022	1	60	1	350	18	1	1	1	1	14.9	798	1	2	1	1
61372	2.2	12790	25	2880	20	1.8	6	107030	124.6	54	188	121110	380	5	5100	3928	3	80	1	610	36	3	1	1	1	42.9	12989	1	2	1	1
61373	1.1	15230	58	610	31	.8	6	48230	76.6	26	85	59810	1210	16	4270	1824	4	830	2	570	20	1	5	1	1	35.9	8373	1	3	1	22
61374	2.2	11820	1155	178	27	1.4	4	17930	117.7	134	468	148530	490	2	1310	657	29	2340	1	470	21	5	70	1	1	20.1	19572	1	1	1	1
61375	1.9	4660	52	29	32	1.3	1	7170	.1	82	1286	264570	180	2	1580	71	1	620	1	270	98	12	1	1	1	14.9	662	1	1	1	1
61376	1.3	22840	22	230	41	.9	7	43930	27.5	15	63	60820	740	13	2320	2282	2	980	1	670	25	3	75	1	1	52.3	3191	1	1	1	32
61379	78.2	28670	5	52	59	2.5	12	41790	92.7	49	5048	91160	2540	39	9670	2426	3	60	34	760	6165	19	101	2	1	48.0	11250	2	4	1	51
61380	4.8	5390	60	7	97	1.0	5	93760	6.4	13	314	33770	1600	3	19270	1486	7	400	17	440	219	1	88	1	1	15.0	454	2	1	2	96