PROSPECTUS
OCT. 4, 1978.

DON TULLY ENGINEERING LTD.
SUITE 102 - 2222 BELLEVUE AVENUE
WEST VANCOUVER, BRITISH COLUMBIA
V7V 1C7

REPORT

ON THE

REX ASBESTOS PROPERTY

REX, ASBESTOS AND GINA CLAIMS

WHITE HORSE MINING DISTRICT

HAINES JUNCTION

YUKON TERRITORY

N. Lat. 60°45' W. Long. 137°20'

FOR

GOLDEN GATE EXPLORATIONS LTD.
425 Howe Street
Vancouver, British Columbia

BY

DONALD W. TULLY, P. ENG.

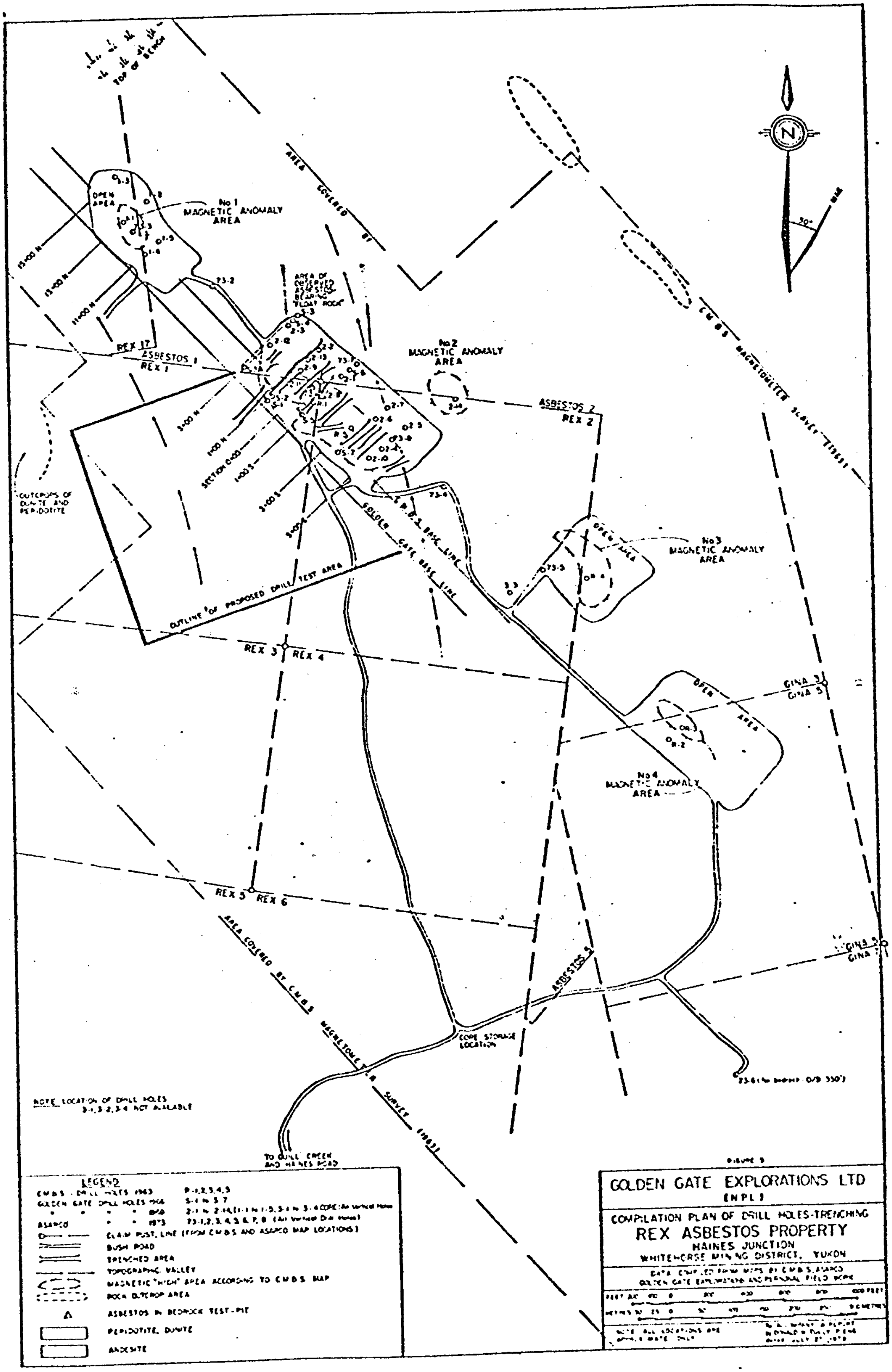
July 27, 1978 West Vancouver, B.C.

TABLE OF CONTENTS

MAPS

APPENDIX

DON TULLY ENGINEERING LTD.
SUITE 102 - 2222 BELLEVUE AVENUE
WEST VANCOUVER, BRITISH COLUMBIA
V7V 1C7


TOP OF BENCH
No 1
MAGNETIC ANOMALY
AREA
OPEN AREA
AREA COVERED BY
AREA OF OBSERVED ASBESTOS BEARING "FLOAT ROCK"
No 2
MAGNETIC ANOMALY
AREA
REX 17
ASBESTOS 1
REX 1
ASBESTOS 2
REX 2
C M B S MAGNETOMETER SURVEY (1963)
OUTCROPS OF DUNITE AND PERIDOTITE
OUTLINE OF PROPOSED DRILL TEST AREA
SECTION 0+00
GOLDEN GATE BASE LINE
No 3
MAGNETIC ANOMALY
AREA
OPEN AREA
REX 3
REX 4
GINA 3
GINA 5
No 4
MAGNETIC ANOMALY
AREA
REX 5
REX 6
AREA COVERED BY C M B S MAGNETOMETER SURVEY (1963)
ASBESTOS 5
CORE STORAGE LOCATION
GINA 5
GINA 7
NOTE LOCATION OF DRILL HOLES
3-1, 3-2, 3-4 NOT AVAILABLE
TO QUILL CREEK
AND HAINES ROAD
LEGEND
C M B S DRILL HOLES 1963 P-1,2,3,4,5
GOLDEN GATE DRILL HOLES 1964 S-1 to S 7
ASARCO 1973 73-1,2,3,4,5,6,7,8 (All Vertical Drill Holes)
CLAIM POST, LINE (FROM C M B S AND ASARCO MAP LOCATIONS)
BUSH ROAD
TRENCHED AREA
TOPOGRAPHIC VALLEY
MAGNETIC "HIGH" AREA ACCORDING TO C M B S MAP
ROCK OUTCROP AREA
ASBESTOS IN BEDROCK TEST-PIT
PERIDOTITE, DUNITE
ANDESITE
GOLDEN GATE EXPLORATIONS LTD
(NPL)
COMPILATION PLAN OF DRILL HOLES-TRENCHING
REX ASBESTOS PROPERTY
HAINES JUNCTION
WHITEHORSE MINING DISTRICT, YUKON

INTRODUCTION

The REX Asbestos property was examined pursuant to a request by Mr. William J. Abraham, President, Golden Gate Explorations Ltd. 425 Howe Street, Vancouver, British Columbia.

The property was examined in the field on July 20, 1978, in company with Mr. Abraham.

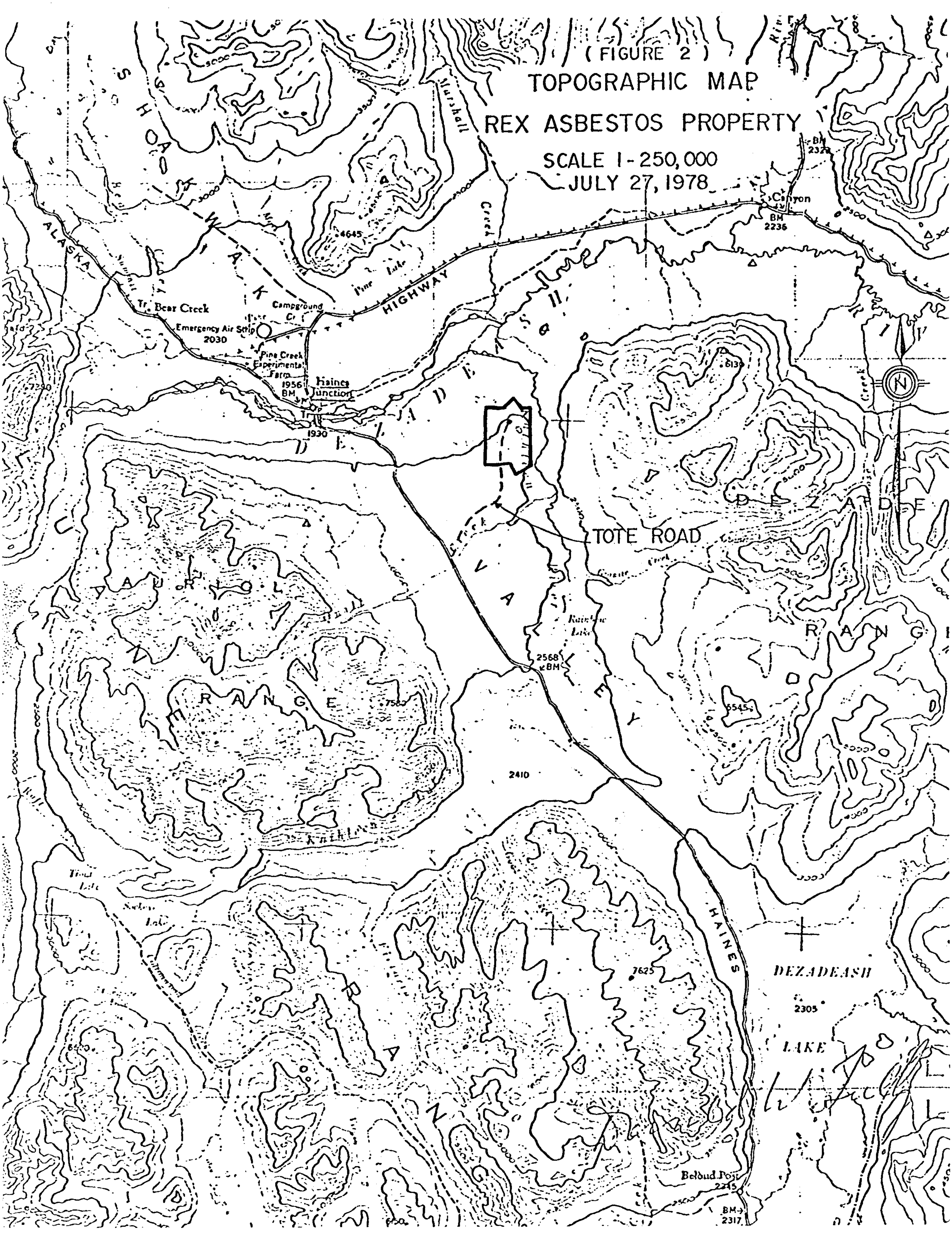
The purpose of this report is to review and summarize the previous development work done on the claims and assess the property for mine-making potential.

A work program is recommended.

SUMMARY AND CONCLUSIONS

The REX Asbestos property is an asbestos prospect. It comprises twenty-six located mineral claims about five miles [8 kilometres] due east of Haines Junction, Yukon Territory [Figure 1].

High-quality asbestos fibre was discovered in ultrabasic rock boulders on the ground now known as the REX property, in 1953. Subsequent programs of trenching and exploratory drilling have located asbestos-bearing serpentinized peridotite in a north trending zone some 210 metres [700 feet] long, 60 metres [200 feet] wide to a depth of at least 95 metres [300 feet]. Tonnage estimates of asbestos-bearing rock carrying 1 - 2 percent fibre vary up to four million tons. Within this zone a central area some 15 metres [50 feet] wide showed a 3-4


(FIGURE 2)
TOPOGRAPHIC MAP
REX ASBESTOS PROPERTY
SCALE 1-250,000
JULY 27, 1978
ALASKA HIGHWAY
Bear Creek
Campground
Emergency Air Strip
2030
Pine Creek Experimental Farm
1956 BM
Haines Junction
1930
Canyon
BM 2236
4645
TOTE ROAD
2568 BM
2410
7560
RANGE
DEZADEASH
LAKE
HAINES
7625
2305
6545
Beloud Post
2215
BM 2317

percent fibre content. The writer saw veinlets of chrysotile cross-fibre up to 16 mm wide exposed in a bedrock trench on the property. Results of tests by the Quebec Department of Natural Resources showed the chrysotile asbestos to be mostly cross-fibre, strong, silky and to fluff readily.

A study of the previous drill results shows asbestos fibre was intersected in the drill holes along the west boundary of the tested area. It is therefore concluded that the area to the west and south of the previous drilling warrants further exploration.

The REX asbestos property is considered to be an excellent exploration bet in a favourable geological environment and warrants a program of drill testing.

The estimated cost of the recommended program of exploration work is $100,815.00.

PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY

The REX Asbestos property consists of twenty-six mineral claims, believed to be contiguously located on the ground, situated in the Whitehorse Mining District, Yukon Territory. The ground lies about 8 kilometres [5 miles] due east of the village of Haines Junction on the Alaska Highway. Haines Junction is about 160 kilometres [100 miles] west of Whitehorse, the capital city of the Yukon [Figure 1].

The property is easily reached by pickup truck, going some 13 kilometres south from Haines Junction, along the Haines Road to mileage 150 at Quill Creek. Thence easterly and northerly along a dirt road along

the north side of Quill Creek some eleven kilometres [7 miles] to the centre of the claim group [Figures 2 and 3].

Topographic elevations over the claim group vary between 2,350 and 3,000 feet above sea-level. The Asbestos showing is about 2,750 feet [Figures 2 and 3]. The terrain is rolling and undulating in aspect. The Kathleen River drains northward about one kilometre east of the claim group.

Overburden covers most of the claim group. It is chiefly composed of glacial till with a shallow layer of sand and gravel on surface. The depth of overburden increases from the northwest portion of the property in the area of No. 1 Magnetic Anomaly where drill records show a variation of 6.5 - 19 metres [21-60 feet]. About 300 metres to the southeast in the area of No. 2 Magnetic Anomaly the depth varies between 1 - 21 metres. Further to the southeast at No. 3 Magnetic Anomaly the average depth is about 30 metres and more than 60 metres [197 feet] in the No. 4 Magnetic Anomaly Area [Figure 4].

Forest cover is rather open and consists mostly of spruce, small softwood and underbrush.

Water for drilling purposes is available from small ponds in the northern sector of the claim group [Figure 3].

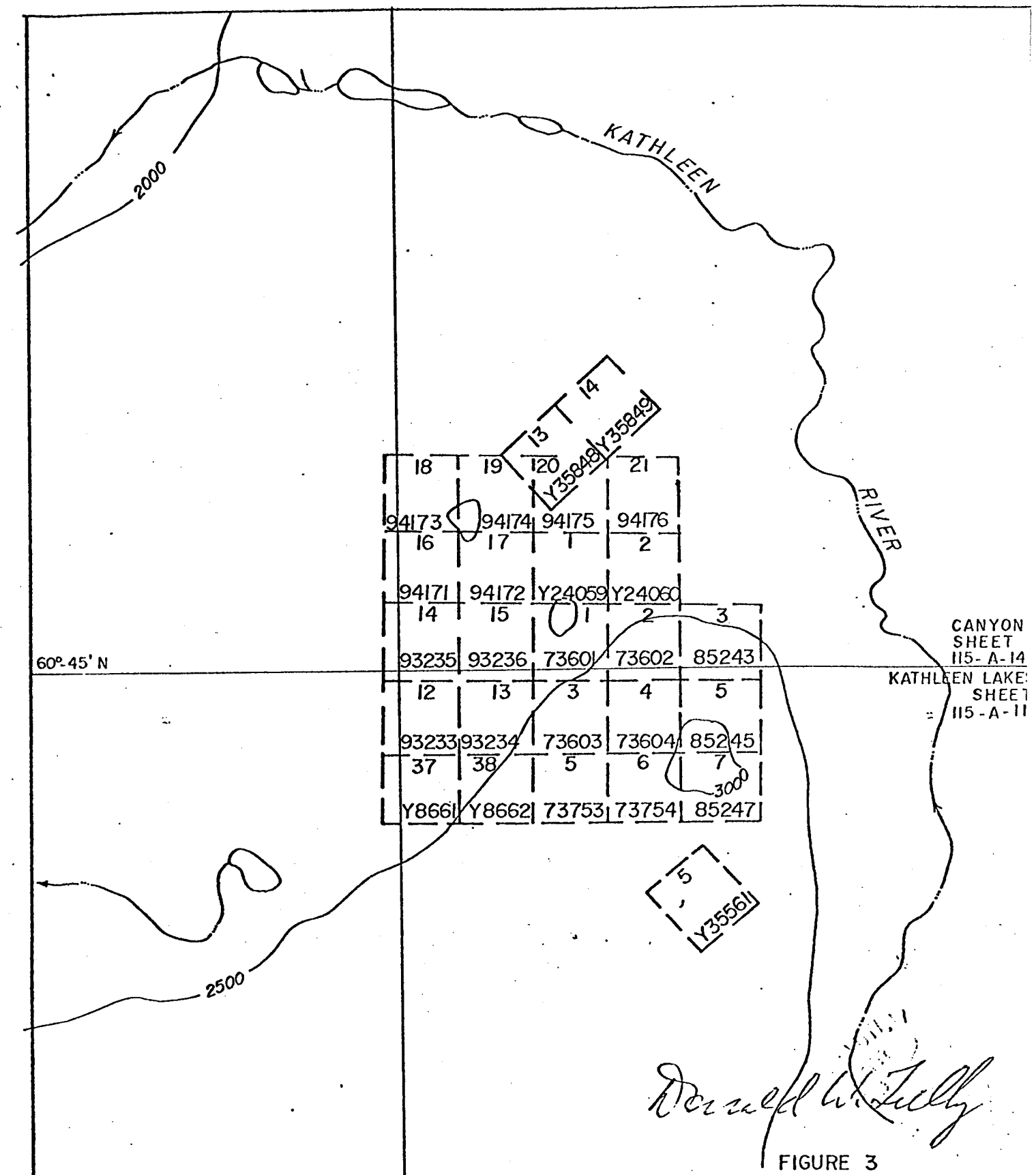


FIGURE 3

CLAIM PLAN

FROM YUKON CLAIM SHEETS
115-A-11 115-A-14

REX ASBESTOS PROPERTY

SCALE - 1" = 1/2 mile

July 27, 1978

CLAIMS

A study of the records in the Mining Recorder's office, Room 220, Federal Building, Whitehorse, Yukon, on July 21, 1978, showed twenty-six mineral claims recorded in the Whitehorse Mining District as follows:

Claim Name	Record Number	Expiry Date	Recorded Holder
Rex 1 - 4	73601-73604	26 October, 1978	Golden Gate Explorations Ltd.
Rex 5 - 6	73753-73754	26 October, 1978	"
Rex 12 - 15	93233-93236	26 October, 1978	100% interest
Rex 16 - 21	94171-94176	26 October, 1978	"
Rex 37 - 38	Y8661-Y8662	26 October, 1978	"
Asbestos 1-2	Y24059-Y24060	26 October, 1978	"
Asbestos 5	Y35561	26 October, 1978	"
Asbestos 13-14	Y35848-Y35849	26 October, 1978	"
Gina 3	85243	26 October, 1978	"
Gina 5	85245	26 October, 1978	"
Gina 7	85247	26 October, 1978	"

The claims are shown on Yukon Claim Sheets 115-A-11 and 115-A-14 [Figure 3].

Claim tags on claim posts were noted in the field as follows:

No. 1 - 73601
No. 1 - 73602
No. 1 - Y24059
No. 1 - Y24060

HISTORY - PREVIOUS DEVELOPMENT

Chrysotile asbestos fibre was reported discovered in ultrabasic rock boulders, on the ground now covered by the REX-ASBESTOS-GINA claim group, in 1953.

In 1954, Bell Asbestos Corporation optioned the property but did not perform any substantial program of exploration work.

Canex Aerial Exploration optioned this ground in 1958 and did considerable surface trenching and ground geophysics under the direction of R. "Scotty" Allan.

Nicolet Asbestos Corporation optioned the property in 1960 but did little exploratory work.

In 1963, The Consolidated Mining and Smelting Company optioned the claims, did surface trenching, a ground magnetometer survey and drilled five diamond drill holes under the direction of P.H. Sevensma, P. Eng. The work program was reported on by R.G. Gifford in March and June, 1964. Asbestos fibre was intersected.

Joseph Sullivan, P.Eng. reported in November 1965 and again in September 1966, on a program of exploration by Golden Gate. W.G. Stevenson, P.Eng., also reported on the claim group for American Smelting and Refining Company [Asarco] in July, 1966.

Newmont Mining Corporation optioned the claim group in September 1966 and did an airborne magnetometer survey before relinquishing the option the following November. About the same time Cassiar Asbestos Corporation tested the asbestos fibre.

In the period June-September, 1969, Golden Gate Explorations Ltd. did surface trenching, drilled a program of hammer drill [Becker] and core drill holes under the direction of P.H. Sevensma, P.Eng., who reported intersections of asbestos fibre in six drill holes and summarized the drilling as follows:

Total depth drilled	-1,277 feet
Total overburden drilled	-1,052 feet
Total bedrock drilled	- 255 feet

Sevensma also had a 128-pound composite sample of the drill core tested for the quality and fibre content at the Quebec Department of Natural Resources Laboratory at Quebec City. The results were favourable and are shown in the APPENDIX to this report.

Asarco drilled eight vertical holes for a total footage of 2,016 feet on the claims during the summer of 1973. Four of these holes were reported to have intersected varying amounts of asbestos fibre.

REFERENCES

The following publications and reports are considered pertinent to the Haines Asbestos property subject of this report:

Geological Survey of Canada Memoir 268, E.D. Kindle, 1953 and Map 1019A

Geological Survey of Canada Paper 67-40 and 67-1A, D.C. Finlay, 1967

Geological Survey of Canada Geophysics Paper 3306 [115-A-11]

Canex Aerial Exploration Ltd. - Report by A. Allan, November 7, 1958

(FIGURE 4)

GEOLOGY PLAN

MODIFIED

AFTER G.S.C. MAP 1019A

REX ASBESTOS PROPERTY

JULY 27, 1978

The Consolidated Mining and Smelting Co., Report by R.G. Gifford, March 6, 1964

Asbestos Corporation Ltd. - Test Reports dated March 6, 1964 and June 2, 1964

Golden Gate Explorations Ltd. - Report by Joseph Sullivan dated November 18, 1965 and September 21, 1966

Asarco, Report by W.G. Stevenson dated July 15, 1966

Cassiar Asbestos Corporation, Test Report dated October 18, 1966

Golden Gate Explorations Ltd. [NPL], Report by P.H. Sevensma dated February 11, 1970

Asarco, The Rainbow Asbestos Prospect, Haines Junction, Assessment Report dated August 31, 1973 and accompanying map dated October, 1973

NTS Topographic Map 115-A-11 and 115-A-14

Yukon Claim Sheets 115-A-11 and 115-A-14

GEOLOGY

Two lithological units are known to underlie the glacial overburden on the property. These are andesitic volcanics and ultrabasic intrusives. A tentative table of formations is as follows:

Formation	Age
Glacial till and fluviatile sediments	Quaternary
Peridotite, dunite intrusives	Mesozoic [?]
Andesitic volcanics	Precambrian - Cambrian

Petrologically, the volcanics have been altered to chloritic schist phases with intercalated veins and veinlets of deuteric quartz. The ultrabasic rocks are partially serpentinized and observed to carry asbestos cross-fibre veinlets in at least two sets of fracture planes trending

in westerly and northerly directions.

Structurally, the rocks trend in a north-north-westerly direction. Shearing, dragfolding and cross-fracturing are in evidence.

MINERALIZATION

Chrysotile asbestos fibre has been found, in surface outcrop as a result of trenching operations and in drill cores, from the No.2 Magnetic Anomaly Area [Figure 5]. P.H. Sevensma Consultants Ltd. submitted a composite test sample in 1969 to the Non-Metallic Minerals Section, Department of Natural Resources, Quebec City, P.Q. for evaluation purposes. The test results were reported as Project No. 610, Sample #1 and are shown in the APPENDIX to this report.

The test results showed high-quality, cross-fibre chrysotile asbestos mineral was present in the sample.

In surface outcrop the asbestos fibre was seen to occur along fracture planes trending on azimuths 236° and 348°.

Asbestos fibre was intersected in drill holes S-1, S-5, R-1, S-7 and S-3A as shown on Figure 5. This indicates the potential zone lies to the west and south of the drilled area and is recommended for drill testing.

RECOMMENDATIONS

A program of exploration is proposed for the REX asbestos property in two stages as follows:

Phase I

A control survey grid on 30 metre [100 foot] centres is recommended in the area west and south of the previously drilled area at No. 2 Magnetic Anomaly as indicated on Figure 5. This grid would provide a base for a limited magnetometer survey and control for the location of drill holes.

A series of drill holes at intervals of 60 metres [200 feet] along west trending profiles, probably 100 metres apart, are proposed to test this potential zone towards the serpentinized peridotite and dunite outcrops lying to the west. Percussion drill holes using reversed circulation would penetrate the overburden and test the bedrock for asbestos fibre. Collecting and examining the cuttings for fibre is part of this process. A cyclone dust collector is recommended to collect cuttings once bedrock is encountered at one metre intervals. Once asbestos fibre has been intersected in bedrock it is proposed to case the drill hole and continue with BQ wireline drill core. In this first phase of work it is proposed to drill holes on average of say 40 metres [125 feet] in depth each, in order to get maximum coverage of the potential area.

Phase 2

Phase 2 would be a recommended follow-up test of any intersections of asbestos fibre encountered with NQ core drilling, for strike, breadth and depth dimensions,

depending on an engineering evaluation of the results obtained in Phase 1.

ESTIMATED COST OF THE PROPOSED WORK PROGRAM

Phase 1

a]	Grid survey of flagged lines measured to assist in locating drill holes and for a detailed magnetometer survey in the area to be drilled [Figure 5].....	$ 1,250.00	
b]	Mobilization of Longyear #38 drill or equivalent and equipment to property from Ross River.....	3,500.00	
c]	2,500 feet of drilling including overburden drilling @ $10.00/foot and diamond drilling when required in bedrock @ $16.00/foot BQ wireline with casing on the basis of a ratio of overburden-bedrock 1:1 and 20 holes, each 125 feet in depth on average [2,500 feet x $13/ft.]	32,500.00	
d]	Cyclone dust collector to gather cuttings of asbestos in bedrock preparatory to core drilling [Longyear model].....	500.00	
e]	Supervision of drilling, panning drill cuttings, logging hole results and establishing drill hole locations [based on an engineer @ $150/day for ten days, helper @ $75/day for 30 days and food-accommodation @ $35/man/day, transportation @ $750/month.....	5,900.00	
f]	Demobilization cost.....	2,500.00	
g]	Engineering report, asbestos fibre evaluation, filing assessment work, air and ground travel and administration.....	1,500.00	
h]	Contingency @ 10% of the above costs.....	4,765.00	
	Estimated total cost of Phase 1.....	C/F	$52,415.00

Brought Forward		$ 52,415.00

Phase 2

Depending upon the results of the work program as outlined in Phase 1 and subject to an engineering evaluation recommending further exploration work, it is proposed that a follow-up program of diamond drilling be done to test any intersections of asbestos for continuity along strike and for breadth and depth proportions. In this phase, NQ size core is proposed since bulk samples of core would be required for test purposes. The overall contract price for NQ wireline core is considered to be $22.00/foot

2,000 feet NQ wireline core x $22.00/ft...	$44,000.00	
Contingency @ 10% of above cost.....	4,400.00	
Estimated total cost of Phase 2.....	$48,400.00	46,400.00
Total Phases 1 and 2.....		$100,815.00

Respectfully submitted

Donald W. Tully

Donald W. Tully, P.Eng.

July 27, 1978

APPENDIX to Report dated 27 July, 1978 by Donald W. Tully, P. Eng.

QUEBEC DEPARTMENT OF NATURAL RESOURCES

Pilot Plant

Project No 610 Customer : P.H. Sevenson

Sample : 1 Hole : _____

Preliminary Evaluation

Weight of Sample 128 lbs. = 2048 oz.

Core recovery at lbs./ft. _____ = _____ %

Fibre recovered 131 oz. 6.4 %

No. 1 Fibre

Weight 28.4 oz. 1.39 %

	1/2	1/4	10	35	Pan	
Quebec Standard Test		10.9	3.4	0.6	1.1	
Points		436 + 34 + 2				= 472

Value per ton fibre $ 326

Value per ton rock 326 X 1.38 = $ 4.53

No. 2 Fibre

Weight 70.2 oz. 3.43 %

	1/2	1/4	10	35	Pan	
Quebec Standard Test		2.1	8.9	2.9	2.1	
Points		84 + 89 + 5				= 178

Value per ton fibre $ 195

Value per ton rock 195 X 3.43 = $ 6.69

No. 3 Fibre

Weight 32.4 oz. 1.53 %

	1/2	1/4	10	35	Pan	
Quebec Standard Test			3.7	6.6	5.7	
Points			37 + 12			= 49.

Value per ton fibre $ 63

Value per ton rock 63 X 150 = $ 0.99

Total Value Per Ton Rock ..... $ 12.21