PROSPECTUS
Sept. 25, 19

062279

REPORT ON THE TAY-LP CLAIMS

WATSON LAKE MINING DIVISION

YUKON TERRITORY

NTS: 105F/7,10

FOR

CINNABAR RESOURCES LTD.

BY

D.W. HEDDLE, P. ENG.

VANCOUVER, B.C.

January 2, 1987

Revised: September 2, 1987

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List of Plates

SUMMARY

The Tay-LP property is located in the Pelly Mountains, Y.T. Gold values occur in quartz-pyrrhotite veins and in adjacent replacement zones somewhat similar to the Ketza River property. Exploration work in 1985 included EM and magnetic surveys and 533 m of diamond drilling. The geophysical work outlined quartz - pyrrhotite veins and zones of pyrrhotite replacement. As drilling encountered only minor gold values, it is concluded that the source of the quartz pyrrhotite boulders carrying the higher gold values has yet to be discovered. It is proposed that additional diamond drilling be carried out in a two phase program. Under a Phase 1 program, drilling would be carried out in eight target areas indicated by the presence of some of the following features:

a) Gold-bearing boulders;
b) well developed EM conductors;
c) magnetic anomalies and
d) intersections of faults with limestone.

A Phase 2 program would consist mainly of more detailed drilling in the more promising localities indicated by the Phase 1 program.

Currently the claims do not contain a known body of commercial ore and the programs to be conducted thereon are an exploratory search for ore.

The estimated cost of the proposed two phase program is $690,000.

INTRODUCTION

The Tay claims (1-21) were staked in 1984 by an independent group of prospectors to cover the possible source area of pyrrhotite-bearing quartz and schist boulders which carried interesting gold values. The boulders had been exposed by road building along the Seagull Creek Valley in the 1960's and 1970's. Cominco staked the adjacent LP (7-63) claims in 1984 and optioned the Tay claims in 1985. An additional 115 LP claims were staked by Cominco in 1985.

Work by Cominco in 1985 consisted of:

1. Airborne magnetic and electromagnetic surveys (161 line km).
2. Mapping and sampling of boulders, geochemical soil sampling and preliminary geological mapping.
3. Horizontal loop EM surveys and ground magnetometer surveys.
4. Diamond drilling consisting of five holes with a total length of 533 m.

Late in 1986 the twenty-five most southerly LP claims were allowed to lapse reducing the total number of claims comprising the property to 168.

Cominco has expended $320,000 on the property to date.

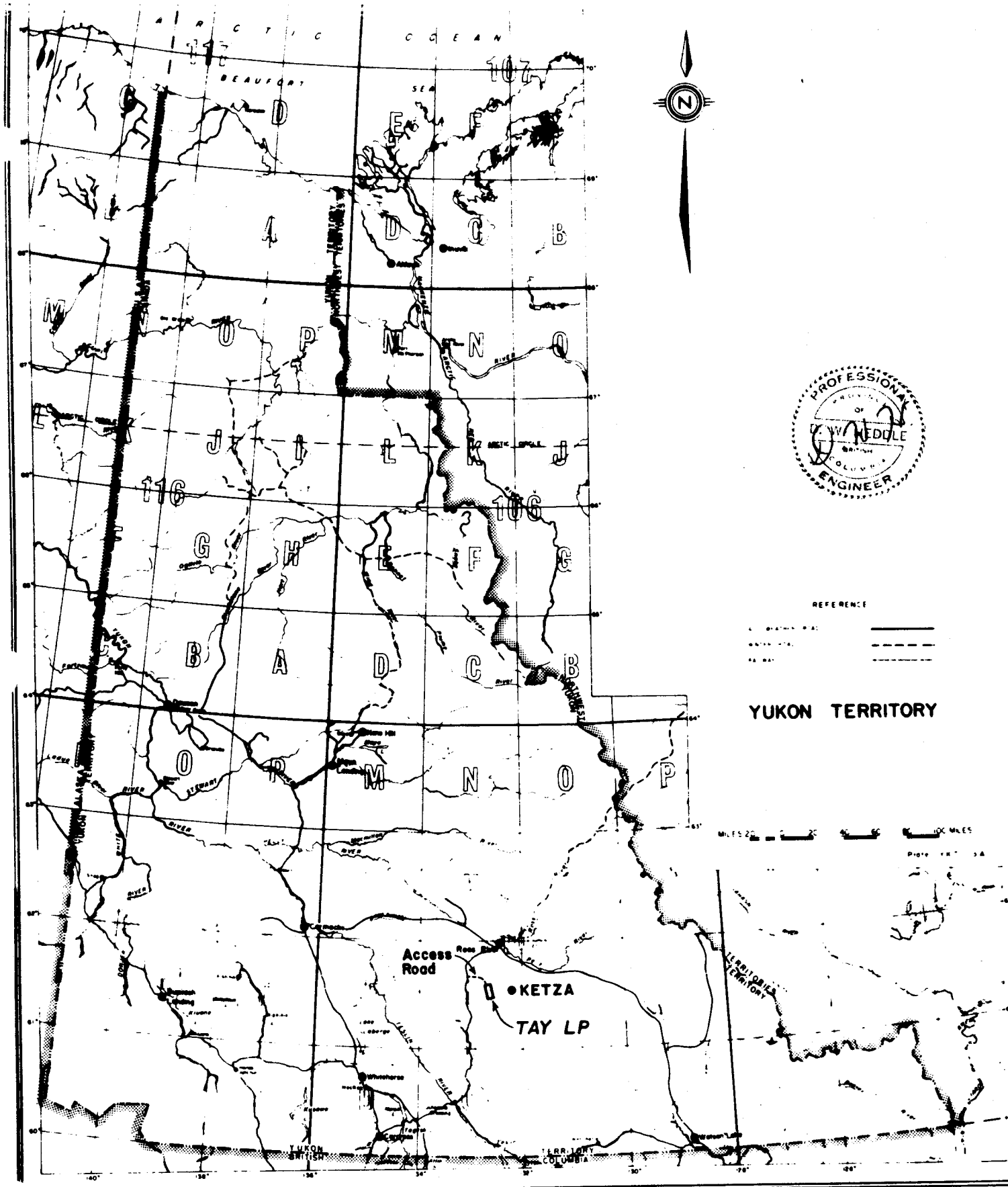
LOCATION AND ACCESS

The Tay and LP claims are located 165 km northeast of Whitehorse and 50 km south of Ross River, Y.T. (Plate 1). A four-wheel drive road provides access to the property from Seagull Lake and the South Canol road. Float plane service is available from outside centres to Seagull Lake.

PROPERTY

As indicated on Plate 2 the property now consists of the following mineral claims:

Claims	Tag Nos.	No. of Claims	Date Recorded	Due Date
Tay 1-21	YA71482-502	21	August 1, 1984	December 7, 1989
LP 1-4	YA90299-302	4	September 27, 1985	December 7, 1990
LP 7-63	YA72530-586	57	December 7, 1984	December 7, 1990
LP 64-93	YA73595-624	30	August 2, 1985	December 7, 1990
LP 103-116	YA73769-82	14	September 12, 1985	December 7, 1990



PROFESSIONAL ENGINEER

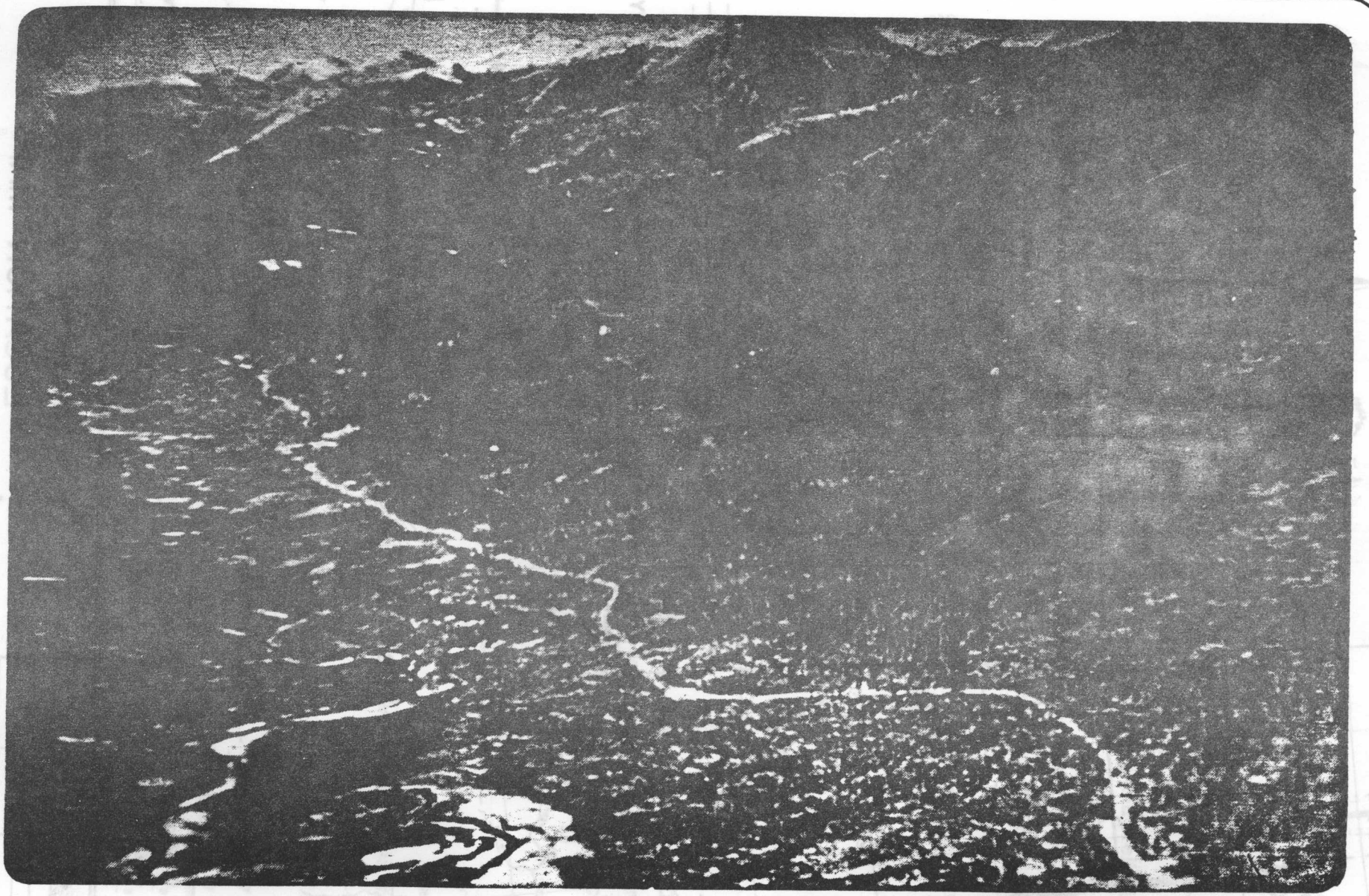
Drawn by:		Traced by: a. m. b.	
Revised by:	Date	Revised by	Date

TAY - LP CLAIMS LOCATION MAP

WATSON LAKE M.D., YUKON

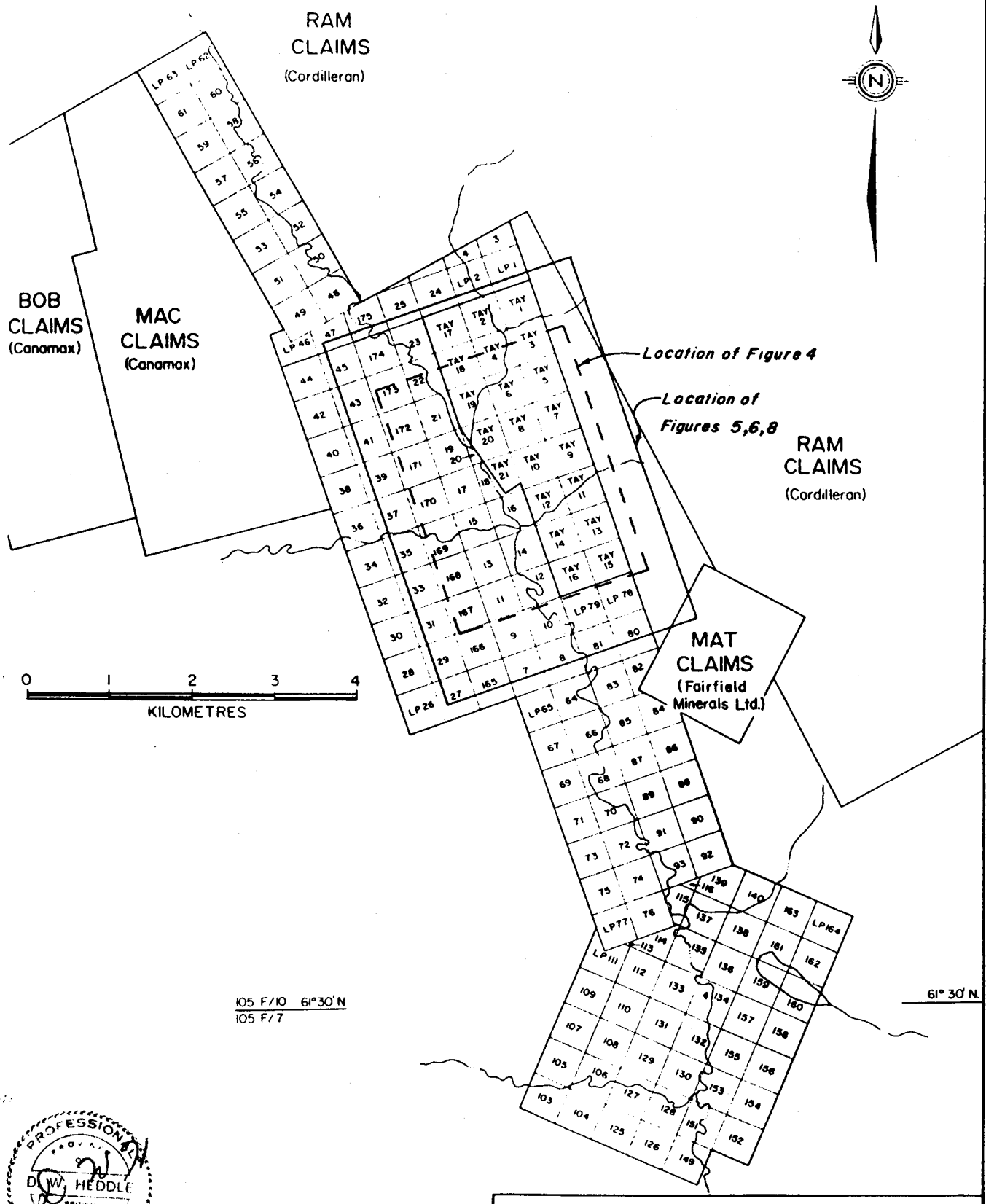
N.T.S. 105 F/I

Scale: 1" = 80 miles | Date: July, 1986 | Figure: 1



TAY - LP PROPERTY

SEAGULL CREEK, LOOKING NORTH



PROFESSIONAL ENGINEER
D. W. HEDDLE
BRITISH COLUMBIA

TAY - L P

105 F/7,10

Drawn by	Traced by
	a m b

CLAIM MAP

WATSON LAKE M.D., YUKON

Scale

Date Dec., 1985

Plate 2

Claims	Tag Nos.	No. of Claims	Date Recorded	Due Date
LP 125-134	YA73791-800	10	September 12, 1985	December 7, 1990
LP 135-140	YA90201-06	6	September 12, 1985	December 7, 1990
LP 149	YA90215	1	September 12, 1985	December 7, 1990
LP 151-175	YA90217-41	25	September 12, 1985	December 7, 1990
	Total:	168 Claims		

Claim Ownership and Tenure

I have checked all pertinent documents in the custody of Cominco Ltd. with respect to claim ownership and tenure. Cominco's title to ownership appears to be free and unencumbered. As indicated on the above list most of the claims are in good standing until at least 1989. Assessment work applied to these claims was accepted by the Mining Recorder in Watson Lake.

An Agreement has been completed with Peter Long, Jim Schnare and Ted Bartsch, owners of the Tay 1-21 claims, whereby Cominco may acquire an 100% interest in the Tay claims. It has been agreed that certain claims located by Cominco will be subject to the terms of the Agreement and are deemed to be part of the property. The option involves (a) staged cummulative cash payments totalling $152,500 by January 10, 1989, (b) $500,000 in work for Cominco to earn a 100% interest in the property and (c) either a $500,000 buy-out of a 2% NSR or cash payments of $50,000 per year as advance payments on the 2% NSR until a production decision is made.

Remaining payments due to the vendors of the Tay claims are as follows:

January 10, 1987	$ 20,000 (optional)
January 10, 1988	$ 50,000 (optional)
January 10, 1989	$ 65,000 (optional)

Under the Option Agreement, an area of "common interest" was established. Accordingly additional claims staked by either party within 2 km of the boundaries of the Tay claims during the subsistence of the Agreement will be included in the Agreement.

Claims subject to the Agreement are:

Tay 1 - 21 (Long, Schnare and Bartsch)

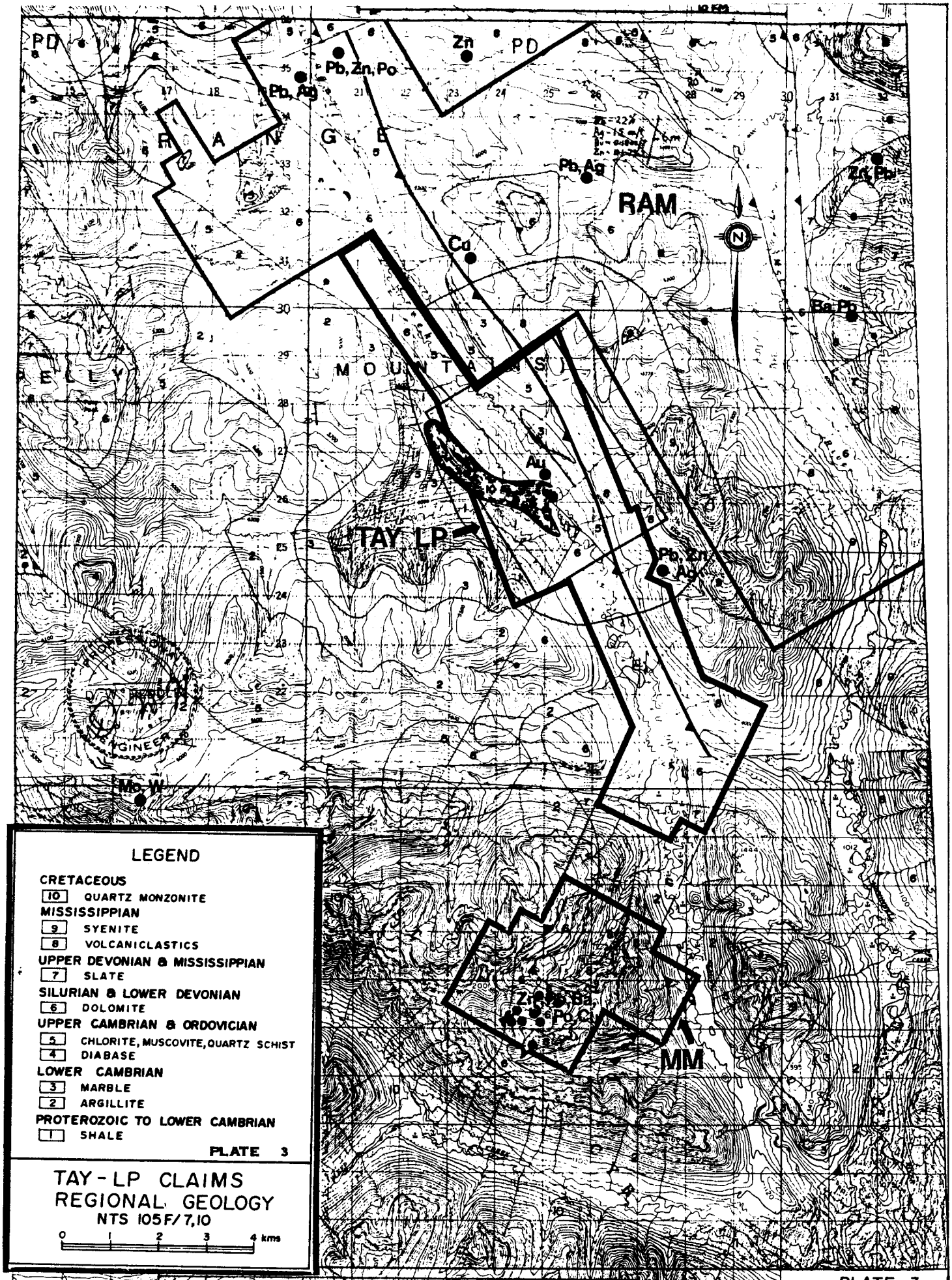
LP 1 - 4
LP 7 - 63
LP 64 - 69 — Cominco
LP 78 - 87
LP 165 - 175

Cominco claims not subject to the Agreement are:

LP 70 - 77
LP 88 - 93
LP 103 - 116
LP 125 - 140
LP 149
LP 151 - 164

REGIONAL GEOLOGY

The regional geology of the area surrounding the Tay-LP claims (Plate 3) has been well described by Tempelman Kluit (1976, 1977). The claims are located on the western margin of the "Pelly Cassiar" platform, a belt of rocks which formed a tectonic high lying to the southwest of the Selwyn Basin during the Cambrian, Ordovician, Silurian and early Devonian periods. The tectonic high may have formed as a result of basic Cambro-Ordovician volcanism along an offshore island chain. Apart from basic volcanics, rock types deposited in this environment included shales, calcareous shales and tuffs.


PD
Pb, Zn, Po
Pb, Ag
Zn
PD
Pb, Ag
RAM
Cu
Zn, Pb
Ba, Pb
MOUNTAINS
Au
TAY LP
Pb, Zn, Ag
Mo, W
Zn, Pb, Ba, Po, Cu
MM
N
LEGEND
CRETACEOUS
10 QUARTZ MONZONITE
MISSISSIPPIAN
9 SYENITE
8 VOLCANICLASTICS
UPPER DEVONIAN & MISSISSIPPIAN
7 SLATE
SILURIAN & LOWER DEVONIAN
6 DOLOMITE
UPPER CAMBRIAN & ORDOVICIAN
5 CHLORITE, MUSCOVITE, QUARTZ SCHIST
4 DIABASE
LOWER CAMBRIAN
3 MARBLE
2 ARGILLITE
PROTEROZOIC TO LOWER CAMBRIAN
1 SHALE
PLATE 3
TAY - LP CLAIMS
REGIONAL GEOLOGY
NTS 105F/7,10
0 1 2 3 4 kms
PLATE 3

In the time interval between the late Ordovician and early Devonian, a sequence of shallow water dolomites, quartzites, siltstones and limestones developed on the Pelly Cassiar Platform over the basic volcanics and shales. To the northeast, a deeper water facies was deposited in an arm of the Selwyn Basin. Rock types included calcareous shales, grapholitic shales and cherts.

During the Middle Devonian there was a period of uplift and erosion and the Selwyn Basin essentially ceased to exist. In the late Devonian and Mississippian a belt of alkalic volcanic rocks characterized by latites, tuffites and cherts formed over the Pelly-Cassiar Platform. The volcanics are intercalated with black shales. A barite horizon, sometimes up to 50 m thick occurs below the cherts or closely associated with the acid volcanics.

Deformation and metamorphism during the Mesozoic mainly affected rocks on the eastern margin of the platform. The metamorphic rocks were then thrust in an easterly direction over the Pelly Cassiar Platform forming a series of stacked thrust sheets of variable metamorphic grade and deformational intensity.

In the middle Cretaceous, quartz monzonite intrusives were emplaced into unmetamorphosed platformal rocks and the metamorphosed thrust sheets.

Gold mineralization in the area is exemplified by the Ketza property belonging to Canamax and Pacific Trans Ocean Resources Ltd. This property is located 19 km to the east of the Tay-LP claims. In their 1985 Annual General Report, Canamax reported a reserve of 340,000 ounces of gold. Combined oxide and sulphide reserves at the end of 1985 were reported as 625,000 tons grading 0.48 ounces gold/ton or alternatively 950,000 tons grading 0.36 ounces gold/ton, if some adjacent lower grade material is included.

Work during 1986 included surface and underground drilling to test for extensions of known reserves and to test other known targets. Two new zones (the Break and the Shamrock) were discovered in 1986. Some excellent gold grades were reported from drilling in the Break Zone. The best hole intersected 32 feet grading 0.93 oz gold/ton. The Break Zone is open to depth. Reported plans for 1986 also included the mining of a test ore zone.

The new zones will be further tested in 1987. It is expected that a production decision will be made early in 1987.

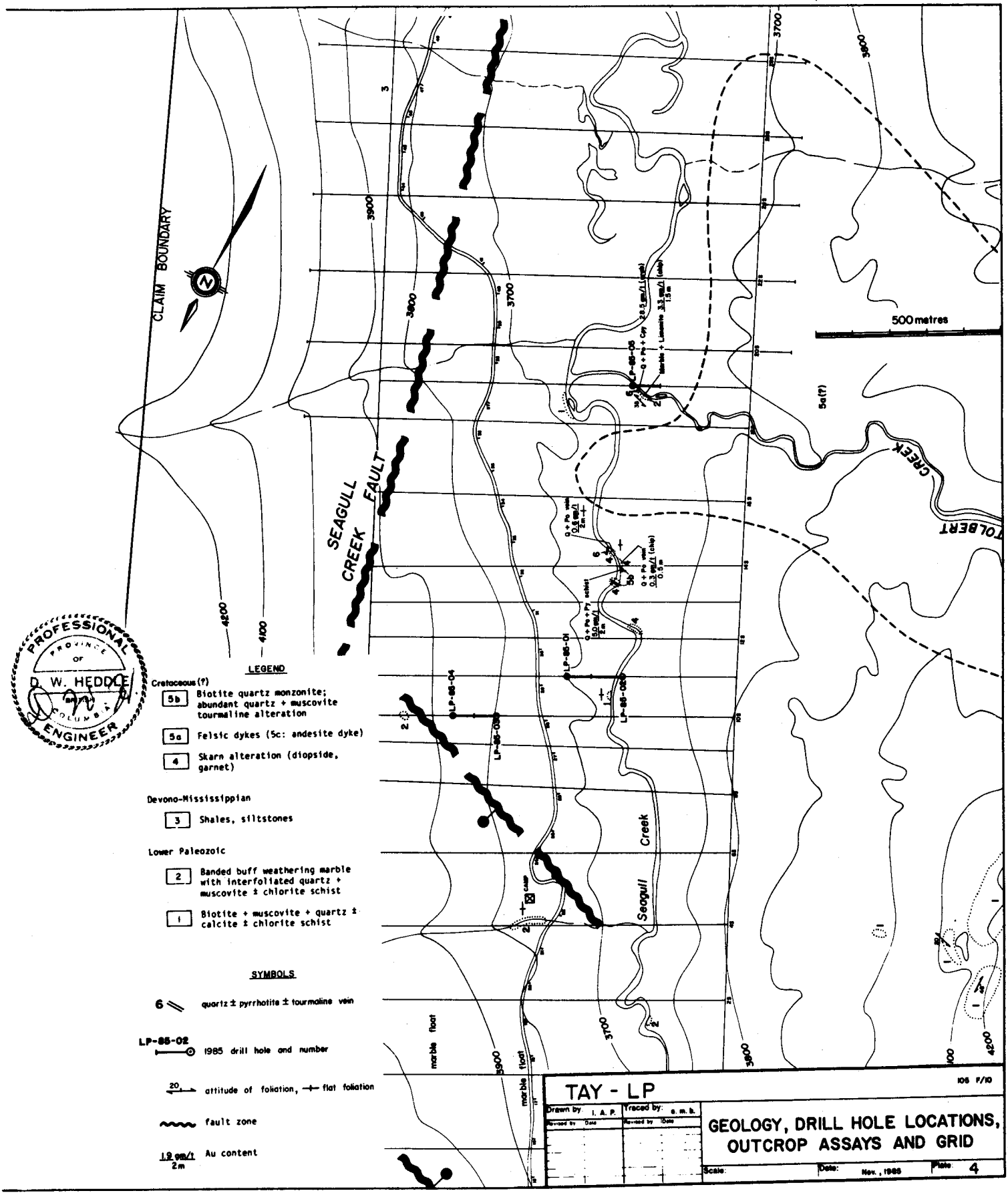
Mineralization at Ketza is predominantly hosted by lower Cambrian limestone, dolostone and minor mudstone. Sulphide mantos occur in the limestone adjacent to an ENE trending fault. These mantos contain pyrrhotite-arsenopyrite-pyrite bodies up to 150 ft thick, 1,500 ft long and 500 ft wide carrying gold values generally in the 0.1 to 0.3 oz/ton range (Parry, 1985). Current exploration models assume that the mineralization is associated with a buried stock which underlies the Ketza area.

PROPERTY GEOLOGY

Sparse bedrock exposure indicates that the Tay-LP property is underlain by flat-lying Cambro-Ordovician quartzite, quartz-biotite-muscovite schist, and buff-weathering banded limestone (Plates 4, 8). To the east, these rocks are brought into contact with Devono-Mississippian shales, volcanics and syenites by the northerly-trending Seagull Creek fault. On the west, the schists are intruded by a plug of Cretaceous quartz monzonite (85 Ma $\pm$ 3). Locally this intrusive body shows phyllic alteration and contains disseminated tourmaline, pyrite and arsenopyrite.

MINERALIZATION

Numerous boulders of quartz-pyrrhotite and pyrrhotite-bearing schist have been located along the road which traverses the property and along the banks of Seagull Creek. Of 202 sampled boulders, 15% contained gold values greater than 3 g/t Au. The maximum gold values indicated in a boulder was 27 g/t. A grab sample from a pyrrhotite-quartz vein, which outcrops adjacent to a metamorphosed limestone unit, returned an assay of 28.5 g/t gold. The occurrence of limestone as the "wall rock" or "cap rock" adjacent to quartz-pyrrhotite veins faults is believed to be an important control in the localization of higher grade gold values. This possible important control remains untested.



LEGEND

Cretaceous (?)

- 5b — Biotite quartz monzonite; abundant quartz + muscovite tourmaline alteration
- 5a — Felsic dykes (5c: andesite dyke)
- 4 — Skarn alteration (diopside, garnet)

Devono-Mississippian

- 3 — Shales, siltstones

Lower Paleozoic

- 2 — Banded buff weathering marble with interfoliated quartz + muscovite ± chlorite schist
- 1 — Biotite + muscovite + quartz ± calcite ± chlorite schist

SYMBOLS

- 6 — quartz ± pyrrhotite ± tourmaline vein
- LP-85-02 — 1985 drill hole and number
- 20 — attitude of foliation, flat foliation
- fault zone
- 1.9 gm/t / 2m — Au content

TAY - LP	105 F/10
Drawn by: I. A. P.	Traced by: e. m. b.
Revised by: Date	Revised by: Date
GEOLOGY, DRILL HOLE LOCATIONS, OUTCROP ASSAYS AND GRID	
Scale:	Date: Nov., 1985
Plate: 4	

The mineralization is believed to be related to a granitic plug which was emplaced adjacent to a major fault (Seagull Fault). Hydrothermal activity during active movements along the fault gave rise to quartz-pyrrhotite veins and replacements along subsidiary faults. Gold mineralization was probably late in the paragenetic sequence and may have been controlled by intersecting faults and adjacent limestone. The presence of tourmaline, arsenopyrite, and muscovite in both the intrusive and the vein structures suggest a close relationship between the two.

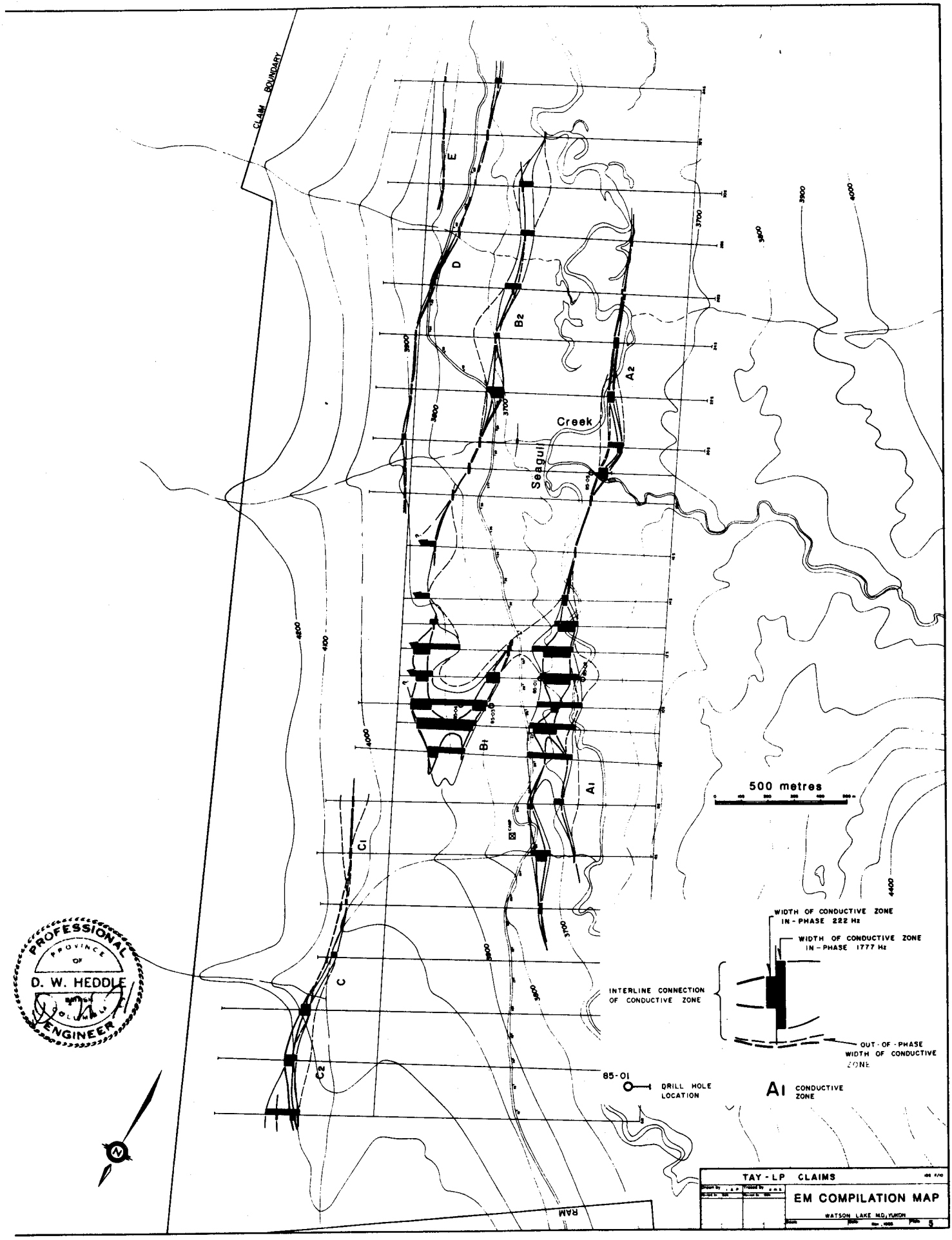
Because of extensive overburden cover in areas adjacent to exposed mineralization and in areas underlying mineralized boulders, geophysics provides the only indication at this time of the possible extent of the mineralized zones. The 1985 program of EM and magnetic surveys was successful in outlining exposed quartz-pyrrhotite veins and zones of pyrrhotite replacement and indicated continuity of anomalies into covered areas. If all of the EM anomalies represent vein mineralization then the aggregate strike length would be 7 to 10 km.

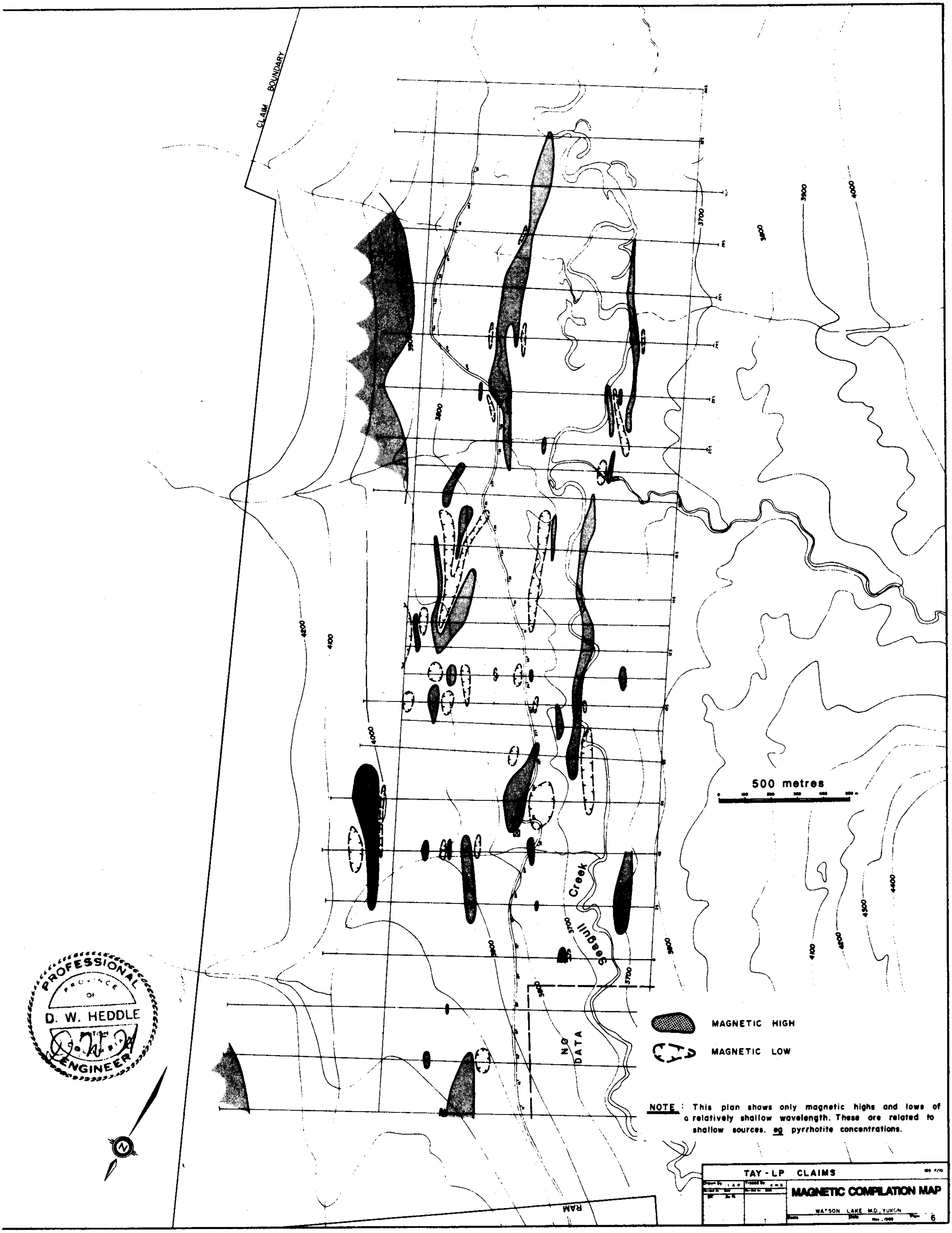
GEOPHYSICAL SURVEYS

A combined airborne EM and magnetic survey was conducted in two directions over the Tay-LP claims with the purpose of indicating the source of the gold-bearing pyrrhotite boulders. A series of near parallel conductors was detected in the Seagull Creek Valley. These are coincident with gold-bearing quartz-pyrrhotite-tourmaline boulders and similar material in small outcrops in creek belts. Positive results from the airborne survey resulted in ground EM and magnetometer surveys being conducted in the areas of airborne anomalies (Plates 5, 6 and 8).

Conductive zones indicated by the ground EM survey in general show a very close relationship to the airborne results.

Correlation between airborne magnetic surveys and ground magnetic surveys is much less consistent than is the case with the two EM surveys but a lack of magnetic correlation cannot, in most cases, be considered as a negative factor in this extensively overburden-covered area.


CLAIM BOUNDARY
E
D
B2
A2
Creek
Seagull
B1
A1
C1
C
C2
4200
4100
4000
3900
3800
3700
3600
4400
500 metres
WIDTH OF CONDUCTIVE ZONE IN-PHASE 222 Hz
WIDTH OF CONDUCTIVE ZONE IN-PHASE 1777 Hz
INTERLINE CONNECTION OF CONDUCTIVE ZONE
OUT-OF-PHASE WIDTH OF CONDUCTIVE ZONE
85-01
DRILL HOLE LOCATION
A1 CONDUCTIVE ZONE
RAM
PROFESSIONAL ENGINEER
PROVINCE OF
D. W. HEDDLE
TAY-LP CLAIMS
EM COMPILATION MAP
WATSON LAKE M.D., YUKON


CLAIM BOUNDARY
PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
D. W. HEDDLE
500 metres
MAGNETIC HIGH
MAGNETIC LOW
NO DATA
Seagull Creek
RAM
NOTE: This plan shows only magnetic highs and lows of a relatively shallow wavelength. These are related to shallow sources. eg pyrrhotite concentrations.
TAY - LP CLAIMS
MAGNETIC COMPILATION MAP
WATSON LAKE M.D., YUKON
6

Follow-up drilling with five holes generally confirmed the validity of the geophysical anomalies. These holes intersected wide zones (up to 35 m) of pyrrhotite stockworks, breccia zones and quartz-pyrrhotite veins.

Although the mineralized intersections in the drill holes carried only low gold values, it is concluded that the 1985 geophysical work was an important tool in providing valid drill targets on the Tay - LP property.

RESULTS OF 1985 DRILLING

Five NQ diamond drill holes totalling 533 metres (1748 feet) were drilled on three east-west sections. Holes are shown in plan on Plates 4 and 8 and in section on Plate 7.

Hole locations were governed primarily by the following factors:

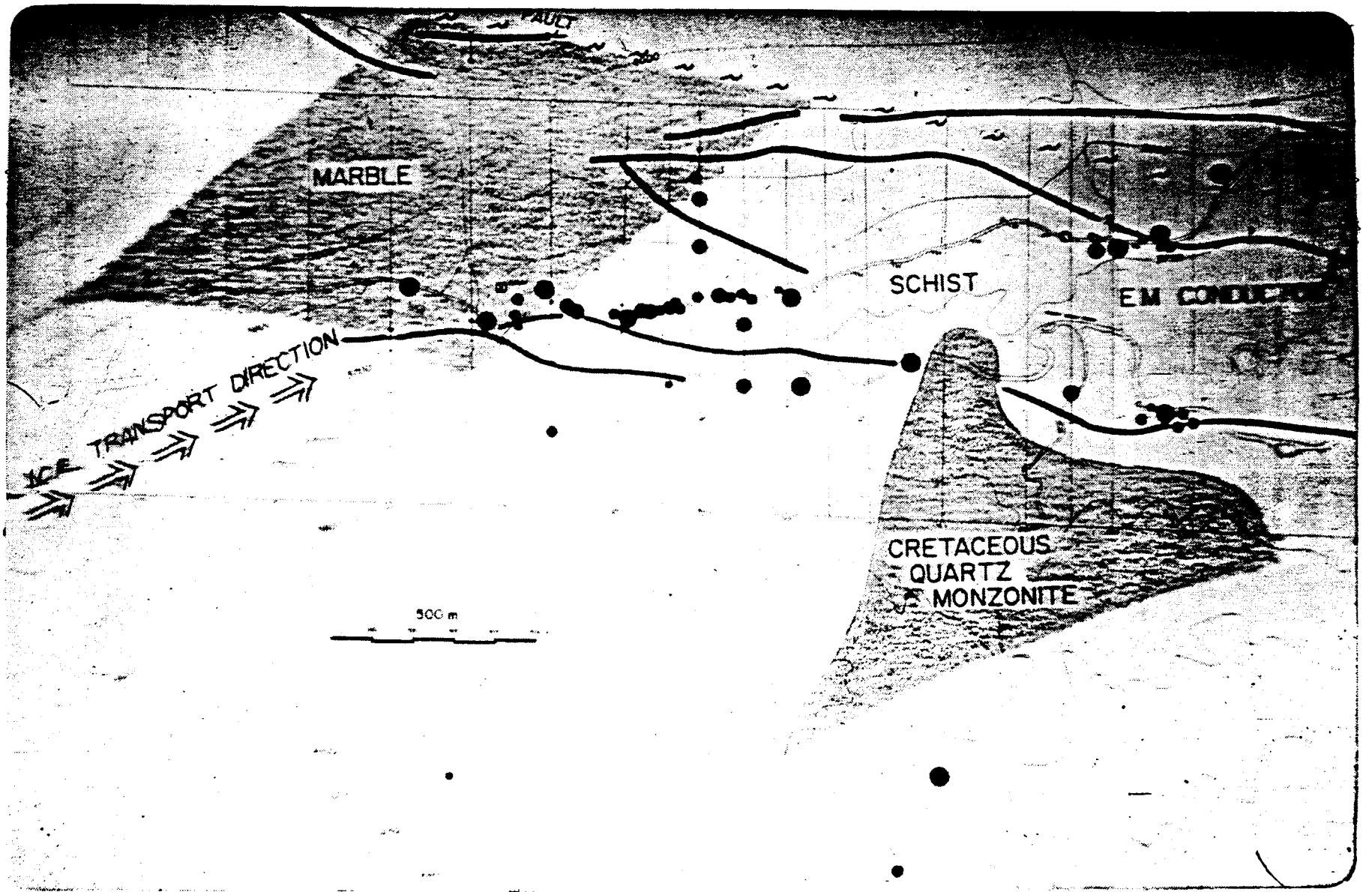
(a) the proximity of mineralized outcrop or boulders,

(b) the presence of EM anomalies with excellent conductivity.

Of the five holes drilled, two were drilled from opposite directions on each of two sections. This was done with the purpose of better defining the nature of the material causing the anomaly and possibly determining the thickness and the attitude of the anomalous body.

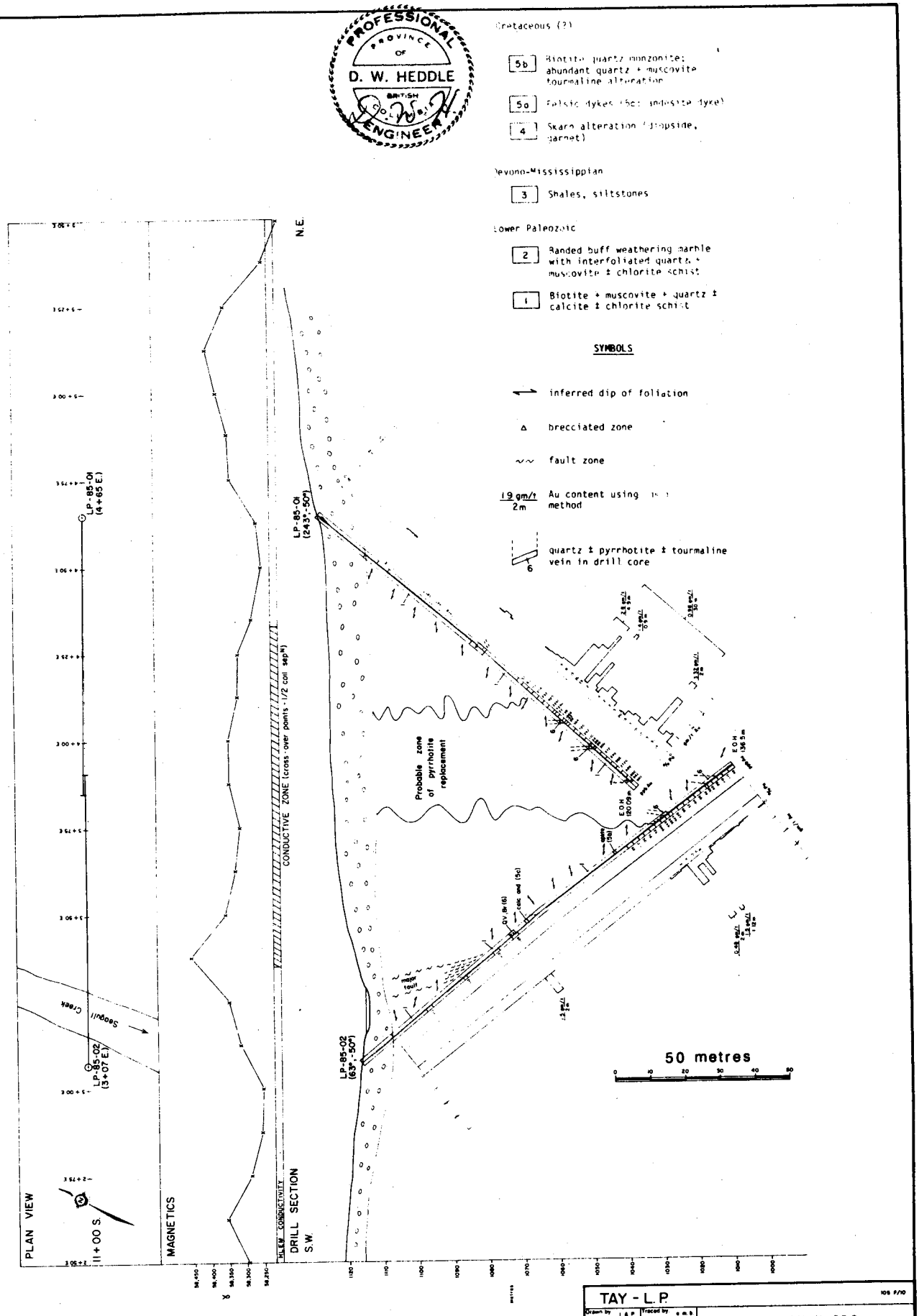
Sections containing quartz and pyrrhotite were intersected in all of the 1985 holes. An intersection was obtained in DDH LP-85-01 which is typical of the lithology and grade of the mineralized schist boulders. The best section of this hole assayed 2.8 g/t gold over 4.9 m (Plate 7).

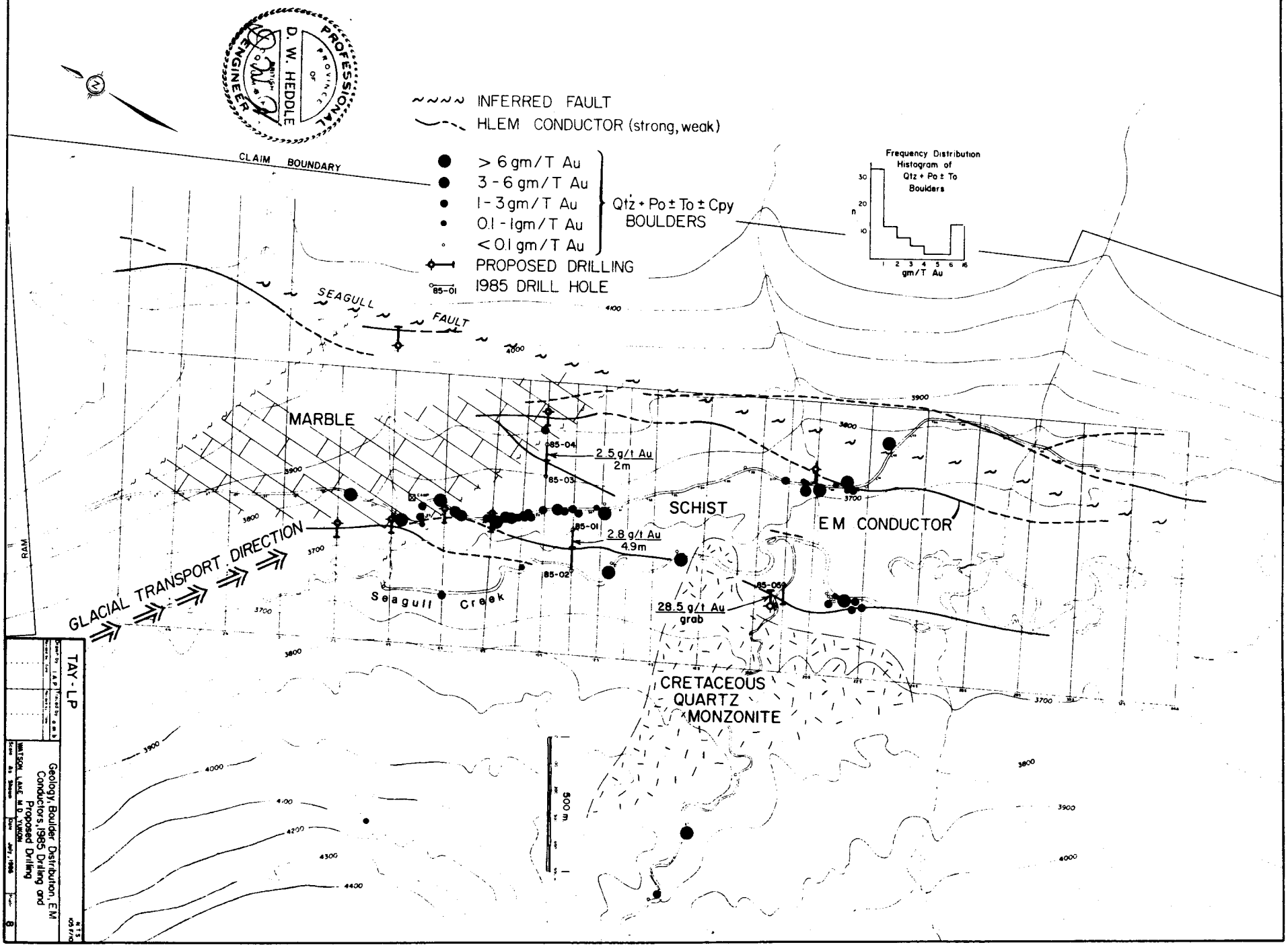
Mineralized intersections were also obtained in DDH's LP-85-02, 03, 04, and 05 but gold values were all disappointingly low compared with those found in samples from quartz-pyrrhotite boulders.



TAY - LP PROPERTY GENERAL GEOLOGY

E.M. CONDUCTORS —— : MINERALIZED BOULDERS ● : AND 1985 DRILL HOLES ●


PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
D. W. HEDDLE
Cretaceous (?)
5b Biotite quartz monzonite; abundant quartz + muscovite tourmaline alteration
5a Felsic dykes (Sec: andesite dyke)
4 Skarn alteration (diopside, garnet)
Devono-Mississippian
3 Shales, siltstones
Lower Paleozoic
2 Banded buff weathering marble with interfoliated quartz + muscovite ± chlorite schist
1 Biotite + muscovite + quartz ± calcite ± chlorite schist
SYMBOLS
inferred dip of foliation
brecciated zone
fault zone
19 gm/t / 2m Au content using (cut) method
quartz ± pyrrhotite ± tourmaline vein in drill core
N.E.
S.W.
LP-85-01 (4+65 E.)
LP-85-01 (243°, -50°)
LP-85-02 (3+07 E.)
LP-85-02 (63°, -50°)
CONDUCTIVE ZONE (cross-over points - 1/2 coil sep.)
Probable zone of pyrrhotite replacement
major fault
E.O.H. 136.5m
E.O.H. 80.0m
Seagull Creek
PLAN VIEW
11+00 S.
MAGNETICS
DRILL SECTION
50 metres
TAY - L.P.
SECTION 11+00 S.
D.D.H. LP-85-1,2


PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
D. W. HEDDLE
INFERRED FAULT
HLEM CONDUCTOR (strong, weak)
> 6 gm/T Au
3 - 6 gm/T Au
1 - 3 gm/T Au
0.1 - 1 gm/T Au
< 0.1 gm/T Au
Qtz + Po ± To ± Cpy BOULDERS
PROPOSED DRILLING
85-01 1985 DRILL HOLE
CLAIM BOUNDARY
Frequency Distribution Histogram of Qtz + Po ± To Boulders
n
gm/T Au
SEAGULL FAULT
MARBLE
SCHIST
EM CONDUCTOR
85-04
2.5 g/t Au
2m
85-03
85-01
2.8 g/t Au
4.9m
85-02
85-05
28.5 g/t Au
grab
GLACIAL TRANSPORT DIRECTION
Seagull Creek
CRETACEOUS QUARTZ MONZONITE
500 m
RAM
TAY - LP
Geology, Boulder Distribution, EM Conductors, 1985 Drilling and Proposed Drilling
WATSON LAKE, N.D. YUKON
July, 1986

None of the 1985 drill hole intersected gold mineralization of economic importance with the possible exception of DDH LP-85-01. The results of drilling, however, do demonstrate the importance of EM anomalies as valid drill targets for locating sulphide zones with which gold values are almost invariably associated.

CONCLUSIONS

(1) The 1985 drilling did not reveal the source of quartz-pyrrhotite boulders carrying the better gold values. The highest grade drill hole intersection was 2.8 g/t gold over 4.9 m whereas quartz and pyrrhotite boulders may contain greater than 6 g/t gold.

(2) Geophysics revealed a number of EM conductors and magnetic anomalies over an aggregate distance of 7 to 10 km. The 1985 drilling program of 5 holes tested EM conductors at only three locations. Sulphides and quartz veins were located in all five holes. EM and magnetic surveys are important exploration tools on the Tay-LP property.

(3) Angular float and sporadic outcrops of metamorphosed limestone are fairly abundant on the property. Near DDH LP 85-01 a grab sample from a quartz-pyrrhotite vein exposed adjacent to metamorphosed limestone assayed 28.5 g/ton gold.

It is concluded that the presence of limestone adjacent to quartz and pyrrhotite vein faults may provide an important control in the localization of higher grade mineralization. This control has not yet been tested.

(4) Mineralization may be related to a granitic plug which was intruded adjacent to the Seagull fault which is a major structure on the property. Significant gold-bearing mineralization may have been localized along subsidiary faults and preferentially deposited in the vicinity of metamorphosed limestone.

(5) The property is still at an early stage of exploration. It must be remembered that (a) outcrop is very poor because of the extensive till cover and (b) gold occurrences in bedrock are intermittently exposed over a distance of at least one kilometre.

Mineralized boulders are found only where they have been exposed by creeks or road building activities.

(6) As the source of the better grade quartz and pyrrhotite boulders has not yet been discovered, further drilling should be carried out to test a number of possible ore-localizing geological features which are associated with geophysical anomalies.

RECOMMENDED PROGRAM

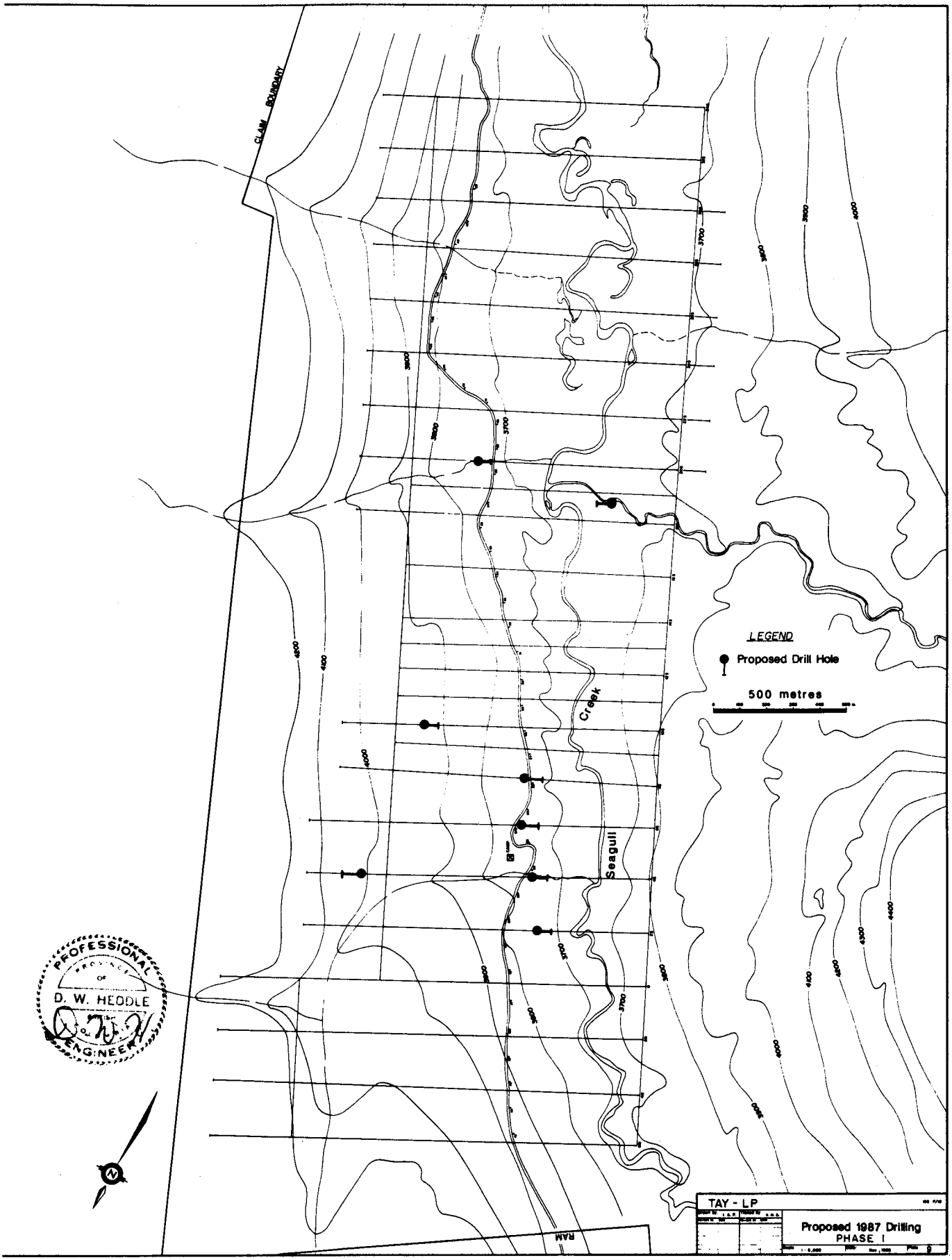
A two-phase program is recommended for 1987. The first phase program would be a firm commitment - chiefly drilling. A second phase program would be contingent upon encouragement in the first.

The two recommended phases of exploration are as follows:

Phase 1

A program of eight holes totalling 1,000 m is proposed within the area covered by the 1985 geophysical survey grid. The proposed holes, as shown on Plate 9, are designed to test for gold mineralization with consideration being given chiefly to the following factors:

(a) The proximity of quartz-pyrrhotite boulder trains;
(b) The presence of EM anomalies;
(c) The presence of magnetic anomalies;
(d) The indicated presence of metamorphosed limestone.


CLAIM BOUNDARY
Seagull Creek
LEGEND
Proposed Drill Hole
500 metres
PROFESSIONAL ENGINEER
PROVINCE OF
D. W. HEDDLE
TAY - LP
Proposed 1987 Drilling
PHASE I

The Phase 1 program will consist essentially of a continuation of broadly spaced drilling similar to that of the 1985 program. Holes are generally spaced at least 200 m apart. The Phase 1 program should be considered successful if at least some of the following features are indicated:

(1) Significant gold values (not necessarily ore grades);
(2) Indications of continuity between mineralized intersections;
(3) Some indication of ore-controlling elements, e.g. lithological units, structures, etc.

Phase 2

A Phase 2 program would consist mainly of fill-in drilling of the most promising areas indicated in the Phase 1 part of the program. The Phase 2 program, while it would not be adequately detailed to provide for a firm ore reserve estimate, should clarify the ore potential of this part of the property (the current grid area).

In the unlikely event that the Phase 2 drilling is unsuccessful in demonstrating any significant ore potential, then consideration should be given to drill testing areas adjoining the 1985 grid area. As a first step, the existing grid should be expanded and additional geophysical surveys should be carried out. Several of the 1985 EM and magnetic anomalies were traced to the north and south boundaries of the existing grid system. Of particular interest are anomalies located near the northeast and southeast corners of the grid block. The above anomalies and possible extensions should be tested under the Phase 2 program.

ESTIMATED COST OF RECOMMENDED PROGRAM

(a) Phase 1 Program

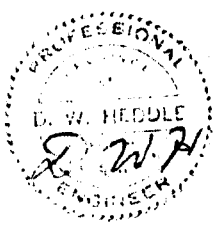
Salaries (geol. 3 mm, tech. 3 mm)	$ 32,000.00
Transportation (truck, helicopter, fixed wing)	14,000.00
Domicile	13,000.00
Mobilization/Demobilization	4,000.00
Assays	5,000.00
Tenure	3,000.00
Bulldozer (trenching, road constr., drill sites)	14,000.00
Drilling (1,000 m @ $115/m (includes mob-demob)	115,000.00
Sub-total	$200,000.00
Management charge due to Cominco (15% approx.)	30,000.00
Total Cost	**$230,000.00**

(Previous expenditures by Cominco = $320,000).

(b) Phase 2 Program

Salaries (geol. 3 mm, tech. 3 mm)	$ 30,000.00
Transportation (truck, aircraft)	24,000.00
Domicile	3,000.00
Mobilization/Demobilization	3,000.00
Assays	8,000.00
Tenure	3,000.00
Linecutting (16 line km @ $350/km)	6,000.00
Geophysical surveys (ground EM, mag)	11,000.00
Bulldozer (trenching, drill sites, road constr.)	25,000.00
Drilling (2,500 m @ $115/km)	287,000.00
Sub-total	$400,000.00
Management charge due to Cominco (15% approx.)	60,000.00
Total Cost	**$460,000.00**

Report by:



D.W. Heddle P. Eng.

2 January, 1987

Revised: Sept. 2/87

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July 20, 1987

Vancouver Stock Exchange
609 Granville Street
Vancouver, B.C.
V7Y 1H1

Dear Sirs:

I, D.W. Heddle, P. Eng, am the writer of the report entitled "Report on the Tay-LP Claims, Watson Lake Mining Division, Yukon Territory" dated January 2, 1987.

I will answer your questions as follows:

(1) The Mat claims are owned by Fairfield Minerals Ltd.

(2) The ground to the north-northwest and south-southeast of the Mat claims, according to government claim maps, is open.

(3) The notation "MM" on Plate 3 points to a block of MM claims which is owned by Curragh Mining properties Inc.

As per your request, the locations of the map areas shown on Plates 4, 5, 6 and 8 have been plotted on Plate 2.

I hope the above modifications will be satisfactory to you.

Yours truly,

D W Heddle

D.W. Heddle, P. Eng.

CERTIFICATE

I, Duncan W. Heddle, residing at 2326 West 14th Avenue, Vancouver, British Columbia, do hereby certify that:

1. I graduated from the University of British Columbia with a M.Sc. degree in Geological Engineering in 1951.

2. I am a registered Professional Engineer of the Province of British Columbia and a member of the Canadian Institute of Mining and Metallurgy.

3. I have practiced my profession as a Geologist for 30 years since my graduation in 1951.

4. I have no interest, direct or indirect, in the Tay-LP claims nor in Cinnabar Resources Ltd., nor do I expect to receive any interest in the future.

5. Although I have not been on the Tay-LP claims, I have spent a considerable amount of time in this geological belt. The information, opinions, and recommendations in the attached report are based mainly on studies of available reports on the area occupied by the Tay-LP claims and on discussions with Dr. I. A. Paterson (P. Eng.) who initiated and supervised Cominco's exploration programs on the Tay-LP claims.

6. I consent to the use of this report, dated January 2, 1987 and revised on September 2, 1987, in a Statement of Material Facts by Cinnabar Resources Ltd.

Dated at Vancouver, British Columbia, this 2nd day of Sept, 1987.

D. W. Heddle

D. W. Heddle, P. Eng.

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
D. W. HEDDLE