MAP NO.:	ASSESSMENT REPORT	X	DOCUMENT NO: 092679
	PROSPECTUS		MINING DISTRICT: Dawson
115 N 15	CONFIDENTIAL	X	TYPE OF WORK: Geology, Diamond Drilling
	OPEN FILE		

REPORT FILED UNDER: Croesus Resources Inc.

DATE PERFORMED: July - Aug 1988 DATE FILED: November 18, 1988

LOCATION: LAT.: 63° 55' N AREA: Sixtymile River

LONG.: 140° 44'W VALUE $:4000.00

CLAIM NAME & NO.: PRA 45-56 YA 89118-YA 89129 TONY 1-10 YB 04073-YB 04082
PRA 63 YA 89136 PRA 57 YA 89130
PRA 65 YA 89138 PRA 59 YA 89132
PRA 67 YA 89140 PRA 61 YA 89134

WORK DONE BY: B. Price

WORK DONE FOR: Croesus Resources Inc.

DATE TO GOOD STANDING: | REMARKS: #16 FIFTY

GEOLOGICAL REPORT - 1988 DIAMOND DRILLING
BUTLER GULCH PROPERTY

(Pra 45-56 claims, YA 89118-89129)
(Pra 57,59,61,63,65,67 claims)
(Record Numbers YA 89130,132,134,136,138,140)
Tony 1-10 claims, Record Nos YB 04073-082)
Sixtymile River Area, Dawson Mining District
Yukon Territory

Lat:63 55 North/ Long:140 44 West
NTS Mapsheet 115 N 15

092679

owned by:

KELAN RESOURCES INC.
CROESUS RESOURCES INC.
600 - 890 West Pender Street
Vancouver, B.C.
V6C 1J9

by:

BARRY J. PRICE, M.Sc., F.G.A.C.

Consulting Geologist
2505 West 1st Avenue, Vancouver, B.C.
V6K 1G8 (604) 733-6902

November 5, 1988

This report has been examined by the Geological Evaluation Unit under Section 53 (4) Yukon Quartz Mining Act and is allowed as representation work in the amount of $ 4000.00.

F. J. Bremner

for Regional Manager, Exploration and Geological Services for Commissioner of Yukon Territory.

GEOLOGICAL REPORT - 1988 DIAMOND DRILLING
BUTLER GULCH PROPERTY
(Pra and Tony Claims)
Sixtymile River Area, Dawson Mining District
Yukon Territory

SUMMARY

During July and August, 1988, ten diamond drill holes totalling 1036 feet were drilled on the Pra and Tony claims owned by Kelan Resources Inc. and Croesus Resources Inc. This report describes the drilling program carried out by Caron Diamond Drilling Ltd. and supervised by the writer.

The Butler Gulch property is situated at the headwaters of Butler Gulch, a northerly flowing tributary of Sixtymile River. The property, 70 kilometers southwest of Dawson City, Y.T. and 15 kilometers east of the Alaskan border is reached by a road leading south from the "Top of the World" Highway,two hours driving time from Dawson City, Y.T. The property is between 1,000 meters to 1,400 meters above sea level, mostly above tree-line, in an unglaciated area with permafrost.

The property includes the Pra 45-56 and Pra 57,59,61,63,65 and 67 claims and the Tony 1-10 claims, totaling 28 in all, in the Dawson Mining District.

Geologically, the Sixtymile area is situated between the Tintina Fault and the Denali Fault, in a block of Paleozoic ? rocks known as the "Yukon Cataclastic Complex". Most of the area is underlain by metasedimentary rocks of Paleozoic age, including "Klondike Schist", Nasina Quartzite, Limestone and Marble units, Chert and Metachert units, and undifferentiated schists and gneisses. The gneisses represent metamorphosed intrusive rocks - the Fiftymile Batholith.

On the Pra and Tony claims, several narrow but high grade composite veins carry silver, lead, arsenic, antimony and gold. The central part of the veins are massive galena, which carries silver. The quartz rich margins have arsenopyrite, stibnite and gold. Values obtained in selected samples from the veins are up to 151 oz/ton silver, 79 % lead, 5.40 % Arsenic and 0.088 oz/ton gold.

During the period July 15, 1988 to August 101988, a total of $112,484.77 was expended on the claims. The program included road repairs, cat trenching, drill pad preparation and 1,036 feet of BQ diamond drilling in 10 drill holes.

Soil samples taken during the initial 1987 exploration revealed a strong gold geochemical anomaly, with values up to 9090 ppb, associated with an area of magnetite-chalcopyrite skarn. In addition, strong silver-lead-arsenic-antimony anomalies are associated with vein faults seen on the adjacent property which outcrop on the property boundary and appear to trend on to the Kelan claims.

The first three holes tested the No.9 vein system on the eastern end of the Kelan property and the western part of the Bozo claims of Croesus Resources Inc., in an area of altered quartz monzonite. Porphyry copper and molybdenum mineralization was noted in clay and sericitic altered zones, and later quartz veins in strong fault zones contain small and sub-economic amounts of silver, lead and arsenic mineralization with gold values.

Farther west, in an area of magnetite and quartz-carbonate and diopside skarn, drillholes K-88 4 to 9 tested a zone which was delineated by VLF and soil geochemistry in 1987. The skarn is up to 30 feet thick, and scattered 5 ft sections contain gold values up to 0.219 oz/ton. However, the closely spaced drill holes did not permit delineation of any "geologic reserves", because of the erratic distribution of values.

It was concluded that although several types of mineralization occur on the property, the best drill targets were tested, and further exploration by Kelan or Croesus is not reccommended at this time. However, the vein systems may be worthy of further prospecting along strike, and other skarn zones remain to be explored.

respectfully submitted

Barry J.Price, M.Sc,FGAC.
Consulting Geologist.
November 5, 1988.

GEOLOGICAL ASSOCIATION OF CANADA
B. J. PRICE, M.Sc.
FELLOW

1988 DIAMOND DRILLING REPORT
BUTLER GULCH PROPERTY
Kelan Resources Inc.
Sixtymile River Area, Dawson M.D.
Yukon Territory

TABLE OF CONTENTS PAGE

APPENDICES

LIST OF FIGURES

IN APPENDIX

LIST OF TABLES

GEOLOGICAL REPORT
BUTLER GULCH PROPERTY
Kelan Resources Inc.
Sixtymile River Area, Dawson M.D.
Yukon Territory

INTRODUCTION:

This report summarizes results of a diamond drilling program done by Caron Diamond Drilling Ltd., for Kelan Resources Inc. and Croesus Resources Ltd., on the Pra and Tony claims, under the supervision of the writer in July and August, 1988.

LOCATION AND ACCESS:

The Butler Gulch property of Kelan Resources Inc. and Croesus Resources Ltd. is situated at the headwaters of Butler Gulch, a northerly flowing tributary of Sixtymile River. The property is 70 kilometers southwest of Dawson City, Y.T. and 15 kilometers east of the Alaskan border.

The exploration camp, situated near the mouth of Miller Creek and on the north bank of Sixtymile River, is reached by a short branch road leading south from the "Top of the World" Highway, west of Dawson City, which is two hours driving time by 2 wheel drive vehicle. At times, 4 wheel drive vehicles are preferable. The camp can be reached in one half hour by helicopter from Dawson City. A short airstrip services numerous placer mines in the vicinity of Miller Creek, but is not often used.

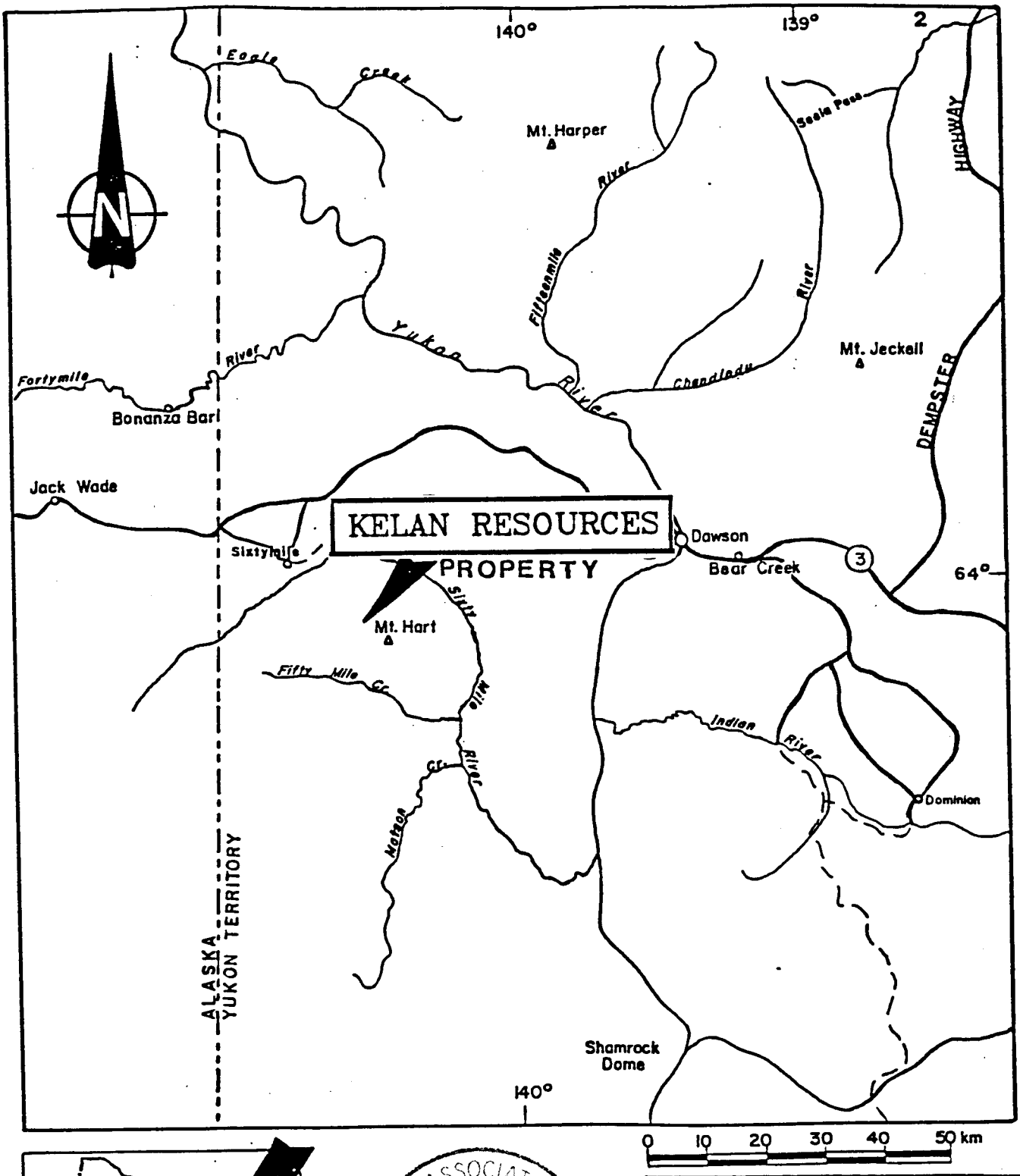
The property is at the height of land, (maximum 1,400 meters ASL.) between Sixtymile River and the headwaters of Fiftymile Creek. A four wheel drive access road crossing the property is a side branch of the Matson Creek and Ladue River access road. The road has been improved but is still rough, with soft areas near springs, and steep slopes in some areas. Areas above tree line can be reached by All Terrain Vehicles.

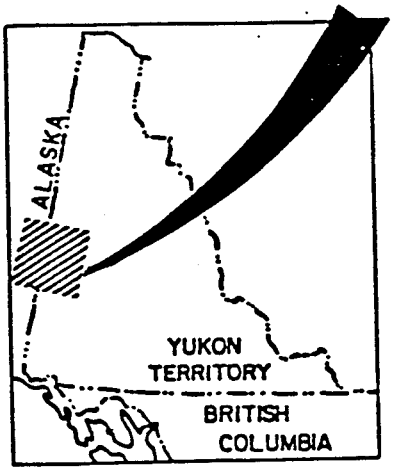
Dawson City, Y.T. is a placer mining and tourist center. Groceries and some hardware supplies are available but most supplies, equipment and parts must be flown in from Whitehorse or trucked in from Whitehorse or Vancouver. Daily aircraft flights from Whitehorse allow access to the property in one day from Vancouver, via Whitehorse. One or more helicopter companies have their base in Dawson City during the summer months.

Heavy equipment and labour are often available locally, as a great number of placer mines operate in the Dawson City area, or from Whitehorse.

PHYSIOGRAPHY, VEGETATION AND CLIMATE:

The property is situated in the northern part of the Dawson Range, which was not subjected to glaciation. Elevations of the property range from 1,000 meters to 1,400 meters above sea level. The ground is mostly above tree-line and has permafrost. Climate has short, warm summers with long cold winters, and low precipitation (about 25 cm annually).





KELAN RESOURCES INC.

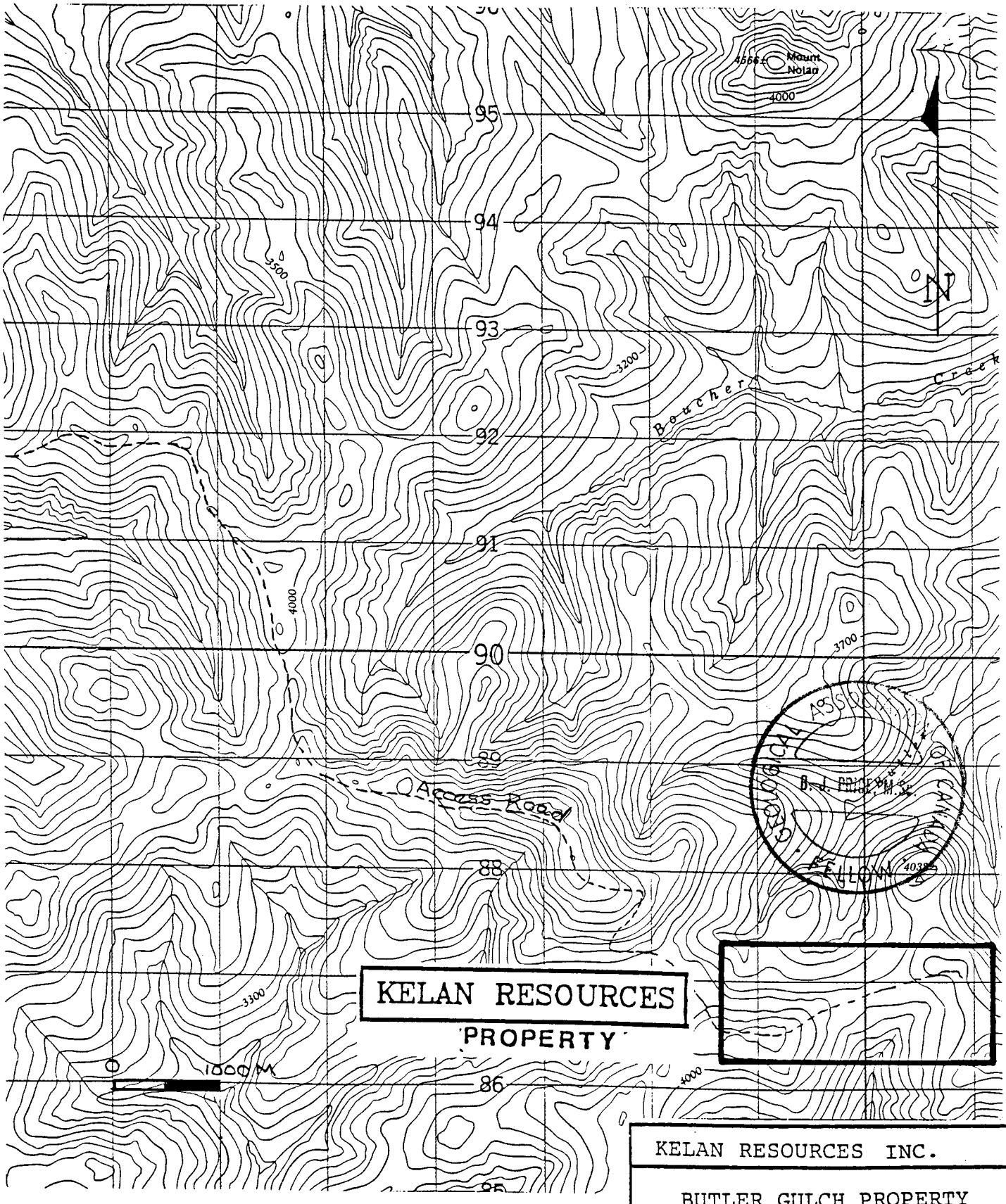
BUTLER GULCH PROPERTY

PRA CLAIMS

Location Map - Yukon

Figure 1.

BARRY J.PRICE, M.Sc. 1988



KELAN RESOURCES INC.

BUTLER GULCH PROPERTY

PRA CLAIMS

Topography, Claims Area

Figure 2.

BARRY J.PRICE, M.Sc. 1988

PROPERTY DEFINITION:

Kelan Resources Inc. has under option from Darrel Krell, of New Westminster, B.C., the following claims in the Dawson Mining District, as shown on the accompanying figure, (Figure 3):

TABLE I - CLAIM DATA.

Claim Names	Record Numbers	Expiry Date
Pra 45-56	YA 89118-129	April 28, 1989 *
Pra 57	YA 89130	April 28, 1989
Pra 59	YA 89132	April 28, 1989
Pra 61	YA 89134	April 28, 1989
Pra 63	YA 89136	April 28, 1989
Pra 65	YA 89138	April 28, 1989
Pra 67	YA 89140	April 28, 1989

Total: 18.Claims

* (2 ADDITIONAL YEARS APPLIED WITH THIS REPORT)

The writer examined a number of claim posts and lines and the claims appear to be staked in accordance with the Quartz Mining Act of the Yukon Territory.

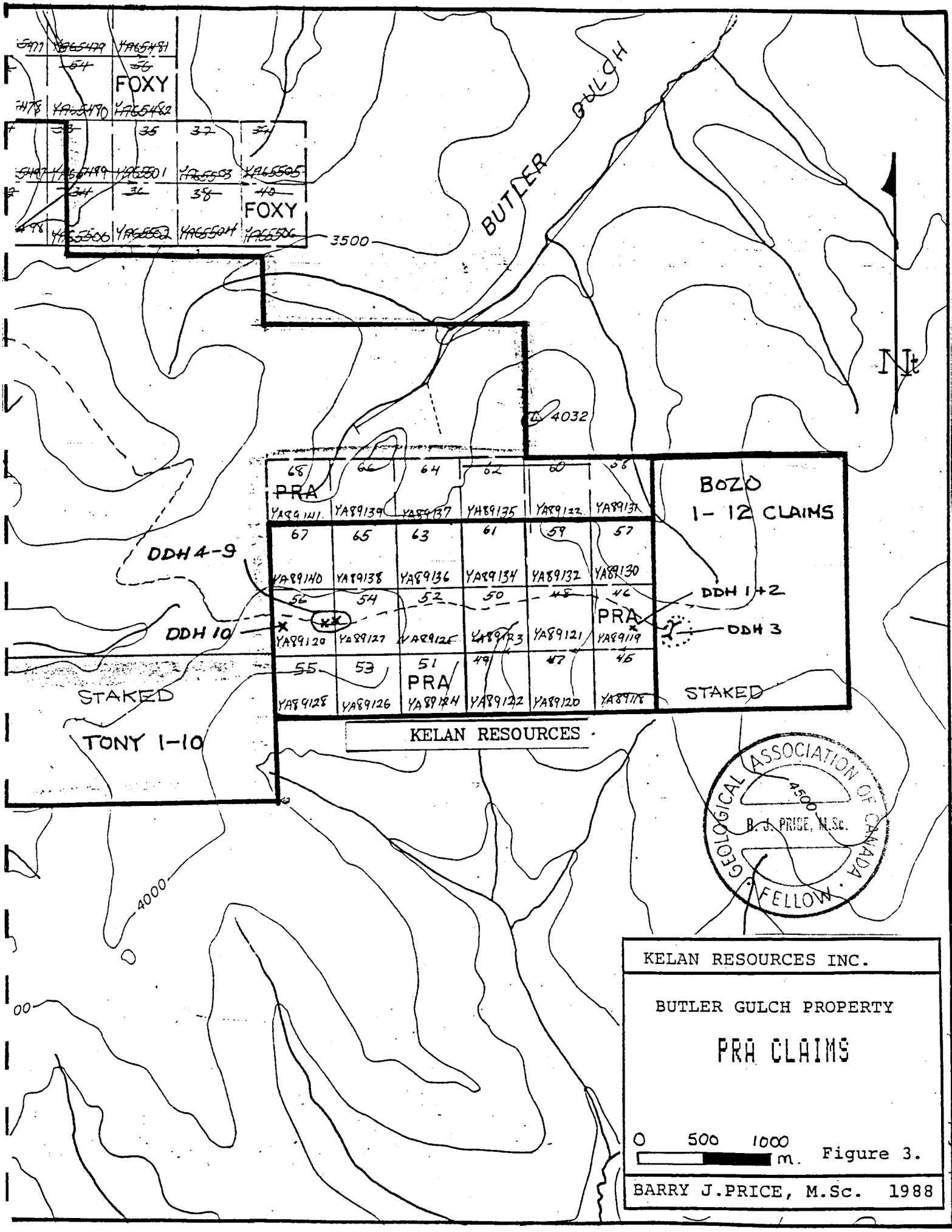
For the purposes of filing assessment work, the Tony 1-10 claims, owned by Croesus Resources Ltd., and situated immediately adjacent to the Pra claims, have been grouped with the Pra claims.

REGIONAL GEOLOGY:

As shown in the accompanying Yukon Tectonic Map, (Figure 4), the Sixtymile area is situated between the Tintina Fault and the Denali Fault, in a block of Paleozoic ? rocks known as the "Yukon Cataclastic Complex", which includes three assemblages of highly sheared and metamorphosed rocks. These are, in structural order (not necessarily stratigraphic) from top to bottom, the Simpson Allocthonous Assemblage, a slice of biotite granodiorite schist which underwent ductile deformation; below which is the Anvil Allocthon, comprising amphibolite and serpentinite and representing a sheared ophiolite; and at the bottom, the "Klondike Schist" (Nisutlin Allocthonous Assemblage), quartz-muscovite and chlorite schists, representing metamorphosed sedimentary and volcanic rocks. (Templeman-Kluit, 1981).

In greater detail, Figure 4 is a simplified version of regional mapping done by Templeman-Kluit in the Stewart River Map area, (Map 18-1963). Most of the area is underlain by Metasedimentary rocks of Paleozoic age, including "Klondike Schist", Nasina Quartzite, Limestone and Marble units, Chert and Metachert units, and undifferentiated schists and gneisses.

North of Boucher Creek and Sixtymile River, the main rock unit is the "Nasina Quartzite" - dark grey to black graphitic and micaceous quartzite


FOXY
FOXY
BUTLER GULCH
3500
4032
N
PRA
BOZO
1-12 CLAIMS
DDH 4-9
DDH 1+2
DDH 10
DDH 3
PRA
STAKED
STAKED
TONY 1-10
KELAN RESOURCES
4000
GEOLOGICAL ASSOCIATION OF CANADA
4500
B. J. PRICE, M.Sc.
FELLOW
KELAN RESOURCES INC.
BUTLER GULCH PROPERTY
PRA CLAIMS
0 500 1000 m.
Figure 3.
BARRY J.PRICE, M.Sc. 1988

with interfoliations of graphitic biotite-muscovite schist, and locally thick lenses of grey marble. The unit, believed to be of Pennsylvanian to Permian age, and represents clastic sediments metamorphosed to the Greenschist facies, possibly in Triassic time. (Hilker, 1981).

In the vicinity of Crag Mountain, the metasediments adjoin a large area of granodiorite to quartz monzonite orthogneiss, mapped as the "Pelly Gneiss", or equivalents, and described by Tempelman Kluit as the "Fiftymile Batholith". Gneissosity strikes east-west to northwest, with moderate northward dip of foliation. Leucocratic sills up to 10 meters thick make up a significant proportion of the rock, and examination of Map 18-1963 and aeromagnetic maps indicates that several true intrusive centers may be present. This supposition was verified during the drill program when it became apparent that Drillholes K-88-1 to 3 were drilled into a porphyritic quartz monzonite intrusive, and another intrusive center was seen north of Drillholes K-88-4 to 10, immediately adjacent to Butler Gulch.

Biotite from the Fiftymile Batholith gave a potassium-argon age of 97.6 Million years, interpreted by Templeman-Kluit as time of cooling following metamorphism, but possibly indicating age of intrusion of porphyryitic stocks in the area.

The nearest economic mineral deposits are the placer workings on Sixtymile River, operated by the Brisebois family, and a separate operation funded by Granges Exploration Ltd. On Miller Creek, across the Sixtymile valley to the north, considerable gold has been produced by a number of operators, including Walter Yaremcio, O.Medby, Territorial Gold Placers, and others.

Placer gold has also been produced on Glacier Creek, Moose Creek, Bedrock Creek, Glacier Creek, Little Gold, Big Gold, Matson Creek, Ten Mile Creek, and Twelve Mile Creek.

It is estimated that total production of placer gold from the Sixtymile area from 1892 to 1965 has been 234,314 ounces.

A variety of epigenetic mineral occurrences are found in the area, including epithermal style mercury mineralization, "porphyry" copper and molybdenite mineralization, skarn magnetite occurrences, and the polymetallic quartz veins present on the subject claims.

BRIEF HISTORY OF HARDROCK EXPLORATION:

In 1948, silver-lead mineralization was found on the Sixtymile River, below Miller Creek, and selected material assayed 75.1% lead and 21.8 ounces silver.

In 1955, 20 claims were staked over a silver-lead prospect on Miller Creek. Traces of silver lead mineralization had been known in this area for many years. Since 1955, cinnabar and scheelite have been recovered from placer workings on the creek, and study of placer gold from the creek

indicates that source of the gold may be epithermal, associated with relatively young clay-silica alteration zones.

Galena mineralization in place is also reported from the headwaters of Miller Creek. In 1957, 40 claims were staked on Miller Creek on what was thought to be a nickel prospect. These claims expired in 1958.

A Silver-lead-zinc-gold showing on the Sixtymile River opposite Miller Creek is a vein from several inches to 2.5 feet wide has been traced for 200 feet. The best assay was 26.4 % Lead, 4.7 % Zinc, 12.5 oz/ton Silver and 0.04 oz/ton gold over 2.5 feet. (Paper 73-41, p 75.). Cinnabar was found in sluice concentrates in this area.

PROPERTY HISTORY AND GEOLOGY:

Claims were staked in the area in the early 1960's as a result of a regional exploration program by Canex Exploration Ltd. A brief history of the Connaught Mines property to 1970 is provided by Craig and Laporte, (1972) and is not reproduced here.

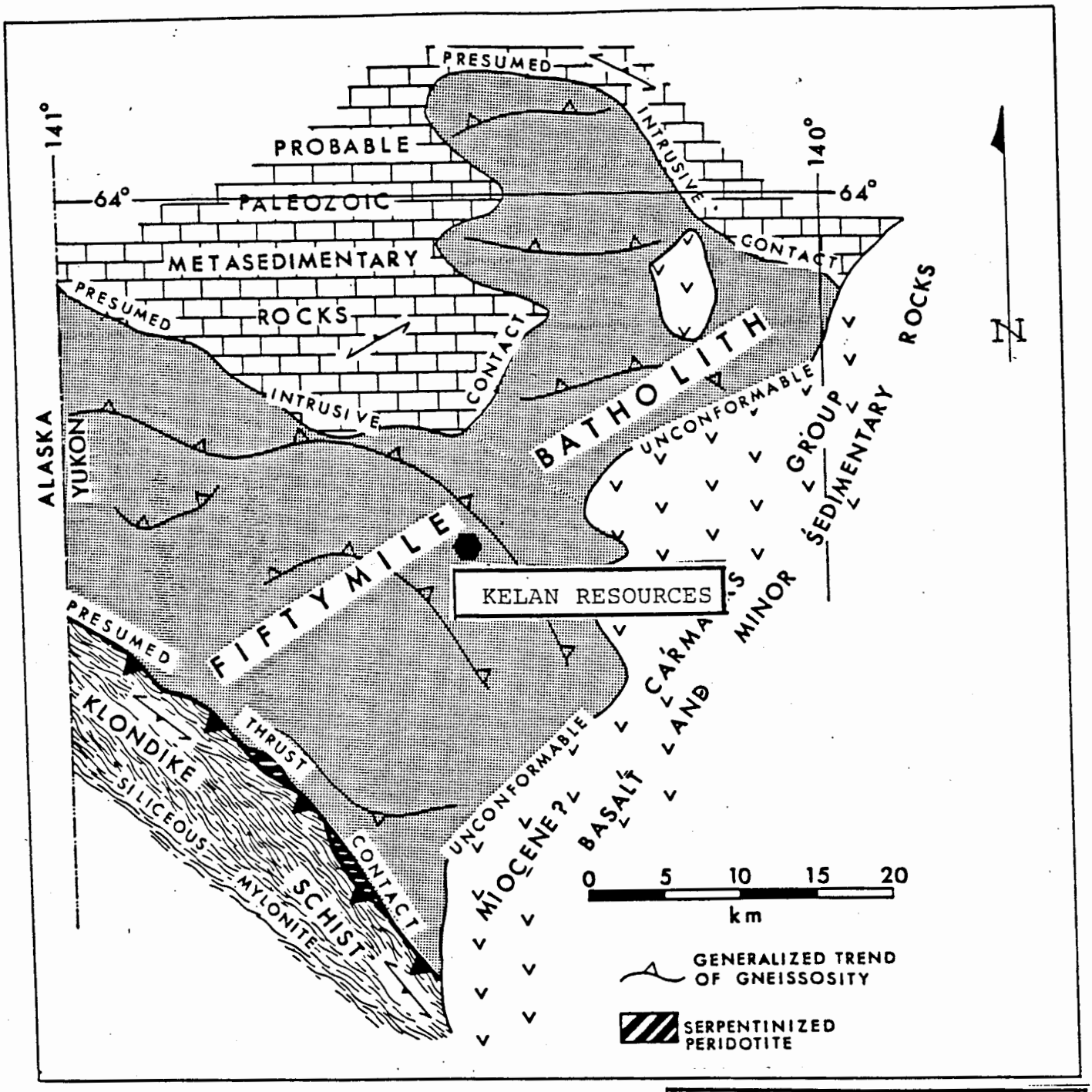
During 1969, a comprehensive silt sampling program in the Sixtymile area and southward to the Ladue area outlined a large multi-element geochemical anomaly centered on the headwaters of Mosquito Creek, Butler Gulch, Boucher Creek, and the north branches of the upper part of Fiftymile Creek. This area was anomalous in copper, molybdenum, silver, and lead, with the Butler Gulch area well-outlined by the samples with greater than 50 ppm lead. A more recent Federal-Territorial regional geochemical survey in the same area has verified this anomaly. Work done by Connaught Mines included considerable soil sampling (11,000 samples), which pinpointed areas in which lead-silver, antimony-arsenic, gold, copper and magnetite mineralization has been found.

The Kelan contains the showing described by Templeman Kluit, (1974); as a chalcopyrite bearing epidote-magnetite skarn , reported to be 50 feet wide and 500 feet long. The skarn is at the contact of marble and a Cretaceous monzonite stock. Location is 63 55 N Lat/ 140 35 W.Long., and appears to coincide exactly with the magnetite occurrence mapped on the Kelan grid by H.Keyser, (1987).

The Kelan claims cover the eastern part of the former Lou 1-4, Ben 51-54, Con 152 and 153, and Brushy Buck claims, explored by Connaught Mines Ltd. in 1968 and 1969, and Moly Ore Mines Ltd. in 1969, as part of the "Mosquito Creek" property.

Scattered trenching was done by Connaught Mines and Moly Ore Mines Ltd., after widely-spaced grid soil sampling by Archer Cathro and Associates indicated broad copper and lead anomalies. (Other elements, except Mo, were not analyzed).

Most of the efforts by Connaught Mines in the area were concentrated on the No. 6 vein, exposed in trenches on the claims immediately west of the Kelan Claims, and the No.9 vein, also exposed in trenches immediately east of the Kelan property, (both veins lie mainly on claims belonging to Croesus Resources Inc.).



FROM: TEMPLEMAN-KLUIT, (1981)

KELAN RESOURCES INC.

BUTLER GULCH PROPERTY

PRA CLAIMS

Geology - Sixtymile Area

Figure 4

BARRY J.PRICE, M.Sc. 1988

Geology of the area covered by the Kelan property is described by Craig and Laporte as follows:

"The geology of the eastern part of the property is quite complex with remnants of minor rock units; quartzite, limestone and skarns of the Nasina Series (op. cit.) occurring within and along the contact of biotite-rich gneisses with Cretaceous granitic intrusions.

1969 Exploration Results are further described by Craig and Laporte as follows:

"The geochemical surveys consisted of a regional stream silt survey and soil surveys over three grids. The stream sediment sampling survey outlined a number of lead, copper and molybdenum anomalies which were then staked as the Con claims.

"The survey also outlined a large copper anomaly, about 4000 feet by 6000 feet, near the center of the grid. Three molybdenum anomalies occur within and slightly to the west of the copper anomalies. Float mapping of the area indicated that the anomalies correspond to a quartz and magnetite rich phase of a highly jointed granitic stock 3 miles in diameter." (NOTE: Some of these anomalies are situated on the Pra claims belonging to Kelan Resources Inc.)

"The geochemical work on the eastern grid outlined several lead anomalies trending east across the southern part of the grid. Trenches were cut across these anomalies and uncovered galena-tetrahedrite-barite veins, samples of which assayed:

WIDTH (FT)	SILVER (OZ/T)	LEAD %	GOLD (OZ/T)
2.0	64.7	62.00	0.005
4.0	166.2	52.5	0.12
0.9	29.1	38.7	0.08
3.3	32.6	24.2	0.04

A review of assays taken by Archer Cathro and Associates in 1969 from this occurrence indicated a 240 foot section averaging 6 feet wide with 5.67 % lead, 12.9 oz/ton silver and 0.011 oz/ton gold. The zone trends westward toward the Kelan claim area and extension of the zone on to the property was suggested by the strong Pb-As-Sb soil geochemistry on the property.

1987 EXPLORATION PROGRAM:

In 1987 the property came open and was staked by Walhalla Explorations Ltd. The claims were optioned to Croesus Resources Inc. The Pra 45-57, and Pra 59,61,63,65, and 67 claims were then farmed out to Darrel Krell, from whom the claims were acquired by Kelan Resources under an option agreement which will allow Kelan to earn 50 % interest in the property by expending $150,000.00.

Aurum geological Consultants Inc. was hired by the claim holders to do a comprehensive exploration program on the entire "Golden Crag" property. Kelan Resources Inc. paid their pro rata share of camp and exploration costs, which amounted to $65,552, for work done on the Butler Gulch area claims.

All 1969-72 base maps, trench plans and drill sections were kindly provided by Archer Cathro and Associates.

The program on the Kelan claims was supervised by Harmen Keyser, B.Sc., F.G.A.C. A comfortable camp suitable for up to 10 men was built by Morley Barker, who also supplied labour for line cutting and grid preparation. The baseline extends east-west for 2.4 km. and cross lines 200 meters apart, with short intermediate lines, and stations at 25 meter spacing comprise a total of 20.8 line-kilometers of grid. On the grid a total of 885. soil samples were taken; these were analyzed by Bondar Clegg for 5 elements, Gold, Antimony and Arsenic, using Neutron Activation method, and Lead and Silver, using Acid Dissolution and Atomic Absorption methods. Rock samples were analysed by Fire Assay methods. A D-8 bulldozer was used for road repairs and maintainance.

Geochemical sampling on the Kelan property in 1987 outlined a zone 300 meters wide and 2400 meters long along the ridge crest which has a number of polymetallic (Pb,Ag,As,Sb) soil geochemical anomalies probably associated with two-stage galena-arsenopyrite-stibnite veins, and one strong gold geochemical anomaly associated with a magnetite skarn outcropping.

1988 EXPLORATION PROGRAM:

In early July, 1988, roadwork was done on the access road by personnel belonging to Brisebois Brothers Construction, using D9 and D4 bulldozers when they were not needed on the Sixtymile River placer mine operated by the same company. Considerable trenching was done on the No. 9 vein area and the "Magnetite Showing" areas, in preparation for the drill program. Both cats were also used to cut drill pads and to move the drill and other equipment from site to site.

The 1987 campsite was used again; several days work by M.E.Elson and M.Ryan were necessary to re-connect water and electrical systems. The camp was managed by M.Elson and cooking was done by M.Ryan.

The diamond drill was mobilized to the initial site with the assistance of Gerry's Trucking, from Dawson City, Y.T, and the two bulldozers mentioned previously.

Drilling began on July 25, 1988, and the writer supervised drilling, logged and split core from July 27 to August 10, 1988. J.Bergvinson was in charge of logistics and acted as "Foreman" from July 20th to August 10.

As the drill was moved August 10 to an adjacent property, Kelan and Croesus were not responsible for costs of demobilization of drill and crew to Whitehorse at the end of the job.

A total of 10 diamond drill holes were completed on the Kelan and Croesus properties, for a total footage of 1036 feet, as shown in the accompanying table.

Samples were shipped via Canadian Airlines and Canadian Freightways to Acme Analytical Laboratories, who assayed split sections by ICP geochemical methods, with well-mineralized sections checked by fire assay for silver.

TABLE II

Tabulation of Diamond Drill Holes
KELAN/RED FOX DRILLING PROGRAM
August 1988

KELAN RES: NO.9 VEIN TARGET

HOLE	AZIMUTH	INCL	LOCATION	DEPTH
K-88-1	00	-45	12872E/255.5N	100'
K-88-2	00	-45	129E /225N	150

CROESUS RES: NO 9. VEIN TARGET

K-88-3	354	-45	13020E/233N	100

KELAN RES. MAGNETITE SKARN AREA

K-88-4	180	-45	11213E/095S	100
K-88-5	235	-45	11178E/120S	100
K-88-6	235	-60	11178E/120S	100
K-88-7	265	-45	11178E/120S	85
K-88-8	207	-45	11213E/095S	58
K-88-9	235	-45	11213E/095S	120

KELAN RES. NO 8 VEIN TARGET

K-88-10	350	-45	SEE PLAN	118
10 HOLES			TOTAL FOOTAGE	1,031 FT.

RESULTS OF THE DRILLING PROGRAM:

KELAN/CROESUS AREA: NO.9 VEIN TARGET

The initial three drill holes were designed to test the continuity of the No.9 vein system, which has impressive surface showings of high grade silver-bearing galena and tetrahedrite with barite, quartz, and arsenic/antimony staining. (Stibnite was seen in samples in 1987). A secondary target was copper/moly "porphyry" mineralization outlined by previous operators in 1969 by extensive soil-sampling.

Hole K-88-1 tested the suspected continuation of the vein below a trench in which mineralized float was discovered. Although no major vein structure was seen in this hole, several clay-sericite altered zones contain MoS2 mineralization, and the interval 93-100 may contain oxidixed arsenic mineralization (small amounts).

Sampled intervals:

Sample	Interval	Description
1	17-20	Fractured rusty QM
2	20-24.5	" "
3	34.5-37	Clay altered QM
4	45-50	Clay altn + Mos2
5	63.5-65.5	Fractured, clay altn.
6	84-88	V.rusty, carbonate, clay
7	93-97	Fault zone, As Mineral??
8	97-100	Clay sericite, Yellow stn, As??

Hole K-88-2 was positioned on the basis of VLF crossovers, which suggested that No.9 vein was actually 25-50 meters south of the previous drill hole. Again no major Pb-Ag_Au vein was intersected, but Clay-sericite alteration was even stronger and several well mineralized MoS2 veinlets were present, particularly from 110.6-115.6. Four samples were taken:

Sample	Interval	Description
1	110.6-11.5	Clay altn w Mos2 veins
2	129-132	" "
3	139-142	Faulted rusty QM
4	142-148	Faulted, clay altn + MoS2.

Hole K-88-3 was drilled directly under the No.9.vein on the Croesus property, in the large stripped area. Copper-Moly mineralization was seen in the trench south of the Pb-Ag vein. Although the vein is about 1 ft wide directly above, and appears strong, no major vein was intersected in the hole. A fault with 2 small pieces of quartz with galena at 70' probably represents the zone. Sam,ples were:

Hole K-88-3 (continued)

Sample	Interval	Description
1	66.5-70	Mn stain, poor recov.
2	70-75	Ozidixed fault zone
3	75-80	rusty fault gouge
4	80-84	Clay-sericite altn, gouge.

Drill holes K88-4 to 9: were drilled on the magnetite-carbonate-pyrite skarn zone previously mapped in 1969 and delineated by 1987 magnetometer traverses. Several strong Au soil samples in the area suggested a nearby source, and 1988 trenching revealed quite an area of carbonate-pyrite underneath the magnetite cap. Drill holes 4 and 9, at right angles to each other, positioned at the east end of the hill near several small magnetite pits intersected thin (4-8 ft) magnetite, but appear to be separated from the thick magnetite, pyrite, carbonbate skarn to the north west by a major fault. Nevertheless, Sb-As yellow stain was seen in both holes, and galena is present in 6" of faulted material, suggesting a "No 9 type" vein goes through the area.

Drillholes 5,6,7 and 8 were drilled from the same set up above the deep 1988 trench which exposed the rusty carbonate-pyrite horizon suspected to be the source of gold. In each hole, magnetite-mica-serpentine-talc? skarn at the top gives way to banded tan (manganiferous) carbonate, coarse radiating quartz, coarse cubic pyrite, and minor amounts of galena, sphalerite, arsenopyrite and othe sulphides. (Sulphides are disseminated, except for narrow massive galena veins), but other sulphides besides pyrite are really quite rare. Thickness of the zone is 20-32 feet with true thickness about 20-25 feet.

Drill hole 9 was drilled roughly on section with drillholes 5 and 6, but from the same set up as DDH-4, some 140 feet away. The drillhole has a thin section of magnetite, but no quartz-carbonate skarn. A thick quartzite and gneiss section indicates little potential for continuation of the mineralized zone at depth, because of two or three strong faults.

Drill hole 10 tested Vein No. 8 underneath a 1969 trench. The vein appears to be faulted off at depth, even though the surface continuity is remarkable.

DISCUSSION OF RESULTS:

Although most of the holes intersected the targetted areas, namely the No. 9 Veins and the Magnetite Skarn areas, only two sections contained economically interesting amounts of gold. These were:

DDH No K-88-6, 25-30.5 (5.5 feet) - 0.118 oz/ton Au.
Check Assay 0.124 oz/ton

DDH No.K-88-8 23.5-25, (1.5 Feet) - 0.219 oz/ton Au
Check Assay 0.213 oz/ton Au

In spite of these interesting assays, no economic reserves are suggested to be present, either in the silver-lead-barite veins or in the Quartz-Carbonate-Pyrite or Magnetite skarn. The gold values noted above do not carry to adjacent drillholes, indicating a strong "Nugget Effect" with probable low overall average.

The theory held by previous operators, that a "porphyry copper-molybdenum system is present in the Butler Gulch Area, has been shown to be valid. Best copper and molybdenum values in any of the drillholes were 0.09 % Copper over 4 feet in Hole K88-1 and 0.075 % MoS2 over 5 feet in the same hole. The drill holes indicate either a weak porphyry system or the lower grade fringe of a system. In any case, a porphyry Cu-Mo target in this area is not economically attractive at this time unless substantial values of precious metal are present.

The Galena-Barite-Quartz veins, with Arsenic-Gold-Silver values have been shown to occur over the whole property. Geochemical results from 1987 and drill results from 1988 suggest that one overall structure may transect the property. This is believed to be a younger event than the porphyry mineralization. Although only a small strike length of the vein-fault zobe has been drilled, certainly the best drill targets have been tested.

CONCLUSIONS:

The drilling program in 1988 established that several types of mineralization previously known on the property; porphyry copper-molybdenum, quartz veins with silver lead and gold, and magnetite skarns, have sub-economic amounts of precious metals. The continuity of the quartz veins is suggested by 1987 soil sampling, but surface high grade shoots are lensoid, and narrow at depth. Continuity of gold mineralization in the magnetite skarn is erratic, and the known dimensions of the skarn bodies are restricted by faulting and topography. Pursuit of the copper-molybdenum zone is hampered by location of the property and oversupply of molybdenum.

RECCOMMENDATIONS:

For the above reasons, no further work is reccommended by Kelan Resources or Croesus Resources on the property at the present time. This does not imply that the property has no further merit, because other targets such as skarn zones on the Tony/Bozo claims were not investigated during 1988.

Further work by the vendors on the No.9 vein or other targets, by surface trenching, geophysics, geochemistry or other methods may delineate further drill targets, at which time the data should be reviewed.

The property is worthy of additional exploration efforts toward this goal. Encouragement at the surface in initial trenching could result, after review of economics, in the decision to trace the veins to greater depth, by another program of drilling.

respectfully submitted

Barry J.Price, M.Sc.,FGAC.
Consulting Geologist.

BIBLIOGRAPHY:

ABBOTT, GRANT, (1986); Geology of the Plata-Inca Gold-Silver Veins, Yukon. Indian and Northern Affairs Canada. Yukon Geology, Vol 1, pp 109-112.

CHOLACH, M.S., (1969); Report on the 1969 Exploration Program in the Sixtymile Area, Yukon Territory. Private Report for Connaught Mines Ltd., Edmonton Alberta, dated December 15, 1969.

COCKFIELD, W.E., (1919); Silver-Lead Deposits of the Twelvemile Area, Yukon. G.S.C.Summ. Rept. 1918, Pt.B, pp 15-17.

COCKFIELD, W.E., (1921); Sixtymile and Ladue Rivers Areas, Yukon; G.S.C. Memoir 123.

CRAIG, D.B., AND LAPORTE, P., (1972); Mineral Industry Report, 1969 and 1970, Vol.1, Yukon Territory and Southwestern Sector, District of Mackenzie, p.32-34.

DEBICKI, R.L. (Ed.), (1983); Yukon Mineral Industry, 1941-1959.

FRANZEN, J.P., (1986); Metal ratio Zonation in the Keno Hill District, Central Yukon. Indian and Northern Affairs Canada. Yukon Geology, Vol 1, pp 98-108.

GREEN, L.H., (1972); Geology of Nash Creek, Larsen Creek, and Dawson Map Areas, Yukon Territory. G.S.C. Memoir 364., 157 pp., with Maps 1282A, 1283A, 1284A.

HILKER, R.G., (1981), Placer Gold Evaluation Report, Sixtymile Gold District, Yukon Territory. Miller Creek and Moose Creek, Dawson Mining District, Yukon Territory. NTS Areas 115-N-15, 116-C-2, Private Report for Territorial Gold Placers Ltd dated March 24, 1981., 48 pp. plus maps.

HUGHES, RHYS L., ET AL., (1986), Placer Gravels of Miller Creek, Sixtymile River Area, 116 B, C. in Yukon Geology; Vol 1, Exploration and Geological Services Division, Yukon, Indian and Northern Affairs Canada., p.50-55.

KEYSER, HARMEN J., (1987); Summary Report on the Golden Crag Property. Dawson M.D., Yukon Territory. Private Report for Croesus Resources Ltd., dated August 11, 1987., 9 pp.

MARSHALL, G.M.T., (1965); Preliminary Report on the Lead-Silver Showings in the Sixtymile River Area. Private Report by Tottrup and Associates, Consulting Engineers, Edmonton Alberta, dated October 1965. 16 pp.

MORIN, J., (1977); Geology, Lode and Placer Gold Mineralization of the Moosehorn Range, 115 N 2. in: Mineral Industry Report, 1976, Yukon Territory, EGS 1977-1. p.33-54.

PRICE, B.J., (1987), Geological report, Golden Crag Property, Sixtymile Area, Yukon Territory. Report for Red Fox Minerals Ltd., dated November 22, 1987.

PRICE, B.J., (1987), Geological report, Butler Gulch Property, Sixtymile Area, Yukon Territory. Report for Kelan Resources Inc., Ltd., dated November 22, 1987.

TEMPELMAN-KLUIT, D.J., (1974); Reconnaissance Geology of Aishihik Lake, Snag, and Part of Stewart River Map Areas, West Central Yukon. G.S.C. Paper 73-41, 97 pp and Maps.

TEMPLEMAN-KLUIT, D.J., (1981); Geology and Mineral Deposits of Southern Yukon., Indian and Northern Affairs Canada. Yukon geology and Exploration, 1979-1980., pp 7-31.

TEMPELMAN-KLUIT, D.J.,and WANLESS, R.K., (1980) Zircon Ages for the Pelly Gneiss and Klotassin Granodiorite in Western Yukon. Canadian Journal Earth Sciences, V.17, No 3, p.297-306.

WATSON, KEN, (1986); Silver-Lead-Zinc Deposits of the Keno Hill-Galena Hill Area, Central Yukon. Indian and Northern Affairs Canada. Yukon Geology, Vol 1, pp 98-108.

CERTIFICATE

I, Barry J.Price, with business address at 2505 W.1st. Avenue, Vancouver, B.C. do hereby certify that:

1) I am a Consulting Geologist registered with the Geological Association of Canada as a Fellow and I am entitled to use their seal, which has been affixed to this report. I am a member of the Canadian Institute of Mining, the Society of Exploration Geologists, and several other professional organizations.

2) I hold a B.Sc. (Honors) Degree in Geology (1965) and a M.Sc. in Geology (1972), both from the University of British Columbia., Vancouver, B.C.

3) I have practised my profession as a geologist continuously since 1965, having worked in Canada, The United States of America, Mexico, and the Republic of the Phillipines, for a number of large and small companies and consulting firms, including Manex Mining Ltd., J.R.Woodcock and Associates, Archer Cathro and Associates and P.A.Christopher and Associates.

4) I have based this report on available geological data and a field examination of the subject property and a literature review of adjacent properties and mineral deposits, and on my personal knowledge of the area.

5) I have no interest in the claims described in the report nor in the securities of Kelan Resources Inc., and will receive only normal consulting fees for the preparation of this report.

6) I do not have any interest in any mineral claims within 100 km. of the subject property. I have 2,000 shares of Croesus Resources Inc., joint-venture partners of Kelan Resources Inc., and owners of adjacent claim blocks. These shares were purchased during the primary issue, before the commissioning of this report.

Barry James Price,M.Sc.
Consulting Geologist.
November 5, 1988.

ITEMIZED COST STATEMENT

1988 Diamond Drilling Project
Butler Gulch Property - Sixty Mile Area, Y.T.

GEOLOGICAL SUPERVISION:		
CONSULTING:	B.Price, M.Sc., (Rapitan Resources Inc.) July 27 - Sept 10, 1988; Rate $350/day. Including Expenses	$4,039.30
CAMP SUPERVISION:		$20,574.60
FOREMAN:	J.Bergvinson, Rate 250./day July 20 to Aug 10.	
CAMP MANAGER:	Michael Elson, Rate 250./day June 15 to Aug 10.	
COOK:	Mona Ryan, Rate: $150/day June 15 to Aug.10,	
E.CARON DIAMOND DRILLING:	Drilling, man-hours and standby Mobilization and supplies	42,319.72
ASSAYS:	Acme Analytical Laboratory, Vancouver, B.C.	1,811.20
CAMP AND SUPPLIES:	Groceries, propane, fuel Rentals, Lumber Hardware etc. Radiotelephone and telephone	5,849.05
MOBILIZATION AND DEMOBILIZATION:	Airlines and charters. Bergvinson, Elson and Ryan.	1,170.90
EQUIPMENT RENTAL AND WAGES:	Brisebois Construction, D4 and D9 bulldozers Backhoe and trucks, Wages. Gerry's Trucking, Dawson City, (Low-bed Truck) 2 ATV's for personnell (15 km to site) Fuel, repairs and maintenance.	36,720.00
TOTAL OF ALL COSTS		$112,484.77

Note: The above accounts have been provided by accountants to Kelan Resources. The writer believes the figures to be a fair summary of costs. Actual Invoices will be supplied on request.

respectfully submitted

Barry J.Price, M.Sc., FGAC
Consulting Geologist.

APPENDIX I

ICP ANALYSES AND CHECK ASSAYS

SAMPLE#	Pb %	Ag OZ/T	Au OZ/T	As %	Sb %
K-88-A-1	22.35	21.09	.047	4.97	.17
K-88-C-1	84.65	55.46	.002	.01	.43
K-88-C-2	78.76	160.35	.004	.09	1.07
K-88-D-1	75.05	47.60	.007	.08	.56
K-88-E-1	72.30	72.91	.019	.78	.24
K-88-F-1	64.03	57.31	.004	.41	.23
K-88-G-1	.76	.66	.001	1.18	.01

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE(604)253-3158 FAX(604)253-1716

DATE RECEIVED: AUG 11 1988

DATE REPORT MAILED: Aug. 25/88.

ASSAY CERTIFICATE

- SAMPLE TYPE: P1 CORE P2 ORE
AU** AND AG** BY FIRE ASSAY FROM 1/2 A.T.

ASSAYER: C. Leong. D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON FILE # 88-3479A Page 1

SAMPLE#	Ag** OZ/T	Au** OZ/T
K-3-1	.71	.002

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: Core AU* ANALYSIS BY ACID LEACH/AA FROM 10 GM SAMPLE.

DATE RECEIVED: AUG 11 1988 DATE REPORT MAILED: Aug 25/88 ASSAYER. C. Leong ..D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON File # 88-3479

SAMPLE#	Mo PPM	Cu PPM	Pb PPM	Zn PPM	Ag PPM	Ni PPM	Co PPM	Mn PPM	Fe %	As PPM	U PPM	Au PPM	Th PPM	Sr PPM	Cd PPM	Sb PPM	Bi PPM	V PPM	Ca %	P %	La PPM	Cr PPM	Mg %	Ba PPM	Ti %	B PPM	Al %	Na %	K %	W PPM	Au* PPB
K-1-1	5	112	18	66	.1	4	6	381	2.74	33	5	ND	25	52	1	2	2	45	.64	.081	35	7	.46	93	.07	2	.83	.02	.18	2	1
K-1-2	2	138	21	53	.1	4	6	431	2.80	3	5	ND	24	43	1	2	2	43	.94	.085	34	6	.54	652	.04	2	1.21	.02	.18	2	1
K-1-3	126	527	10	34	.5	2	6	664	2.38	7	5	ND	24	103	1	2	2	24	2.91	.074	50	4	.27	81	.01	3	1.15	.01	.13	2	3
K-1-4	749	208	13	36	.1	3	5	681	1.93	16	5	ND	17	109	1	2	2	19	3.07	.066	61	4	.29	86	.01	3	.95	.01	.14	1	1
K-1-5	43	81	13	31	.1	3	3	469	1.62	96	5	ND	21	56	1	2	2	14	1.98	.047	45	4	.25	65	.01	2	1.07	.01	.09	3	2
K-1-6	344	419	800	766	5.2	9	19	3228	4.16	146	5	ND	18	18	9	26	2	4	.22	.049	31	2	.08	78	.01	7	.69	.01	.18	1	13
K-1-7	138	888	1108	397	11.1	4	16	154	4.12	7492	9	ND	21	71	3	52	8	11	.13	.044	30	2	.16	160	.01	2	1.07	.01	.15	1	720
K-1-8	207	326	686	177	3.6	1	3	120	3.70	527	5	ND	19	37	1	31	3	4	.03	.051	26	2	.07	137	.01	5	.57	.01	.36	1	4
K-2-1	789	72	21	39	.2	4	4	431	2.22	62	5	ND	23	52	1	2	2	34	1.20	.080	36	5	.59	67	.07	4	.86	.02	.20	2	1
K-2-2	131	138	17	35	.2	3	4	381	1.71	5	5	ND	20	94	1	2	2	19	1.37	.050	41	5	.36	69	.01	3	.84	.02	.14	2	1
K-2-3	90	37	10	32	.1	2	4	277	2.34	14	5	ND	22	152	1	2	2	18	.97	.052	41	5	.30	54	.01	2	1.00	.01	.11	1	2
K-2-4	67	36	12	35	.1	3	3	547	1.87	4	5	ND	20	137	1	2	3	20	2.35	.059	44	4	.33	44	.01	2	.96	.01	.10	1	9
K-3-2	50	281	207	904	1.7	3	12	783	2.60	260	5	ND	22	63	21	26	2	13	.27	.064	44	4	.14	490	.01	5	.91	.01	.19	2	6
K-3-3	61	577	798	877	3.4	3	3	140	3.53	657	8	ND	23	141	29	55	3	10	.17	.063	29	3	.07	202	.01	4	.71	.01	.17	1	19
K-3-4	66	617	3546	488	5.0	2	3	109	4.55	1220	7	ND	24	332	13	45	2	9	.16	.061	40	3	.13	272	.01	3	.77	.01	.27	1	13
K-4-1	1	42	42	253	.5	1	14	2040	40.54	23	5	ND	3	14	1	2	132	28	.50	.005	2	11	.66	4	.01	2	.31	.01	.04	1	104
K-4-2	1	244	55	418	.2	1	9	1419	17.16	81	5	ND	2	12	1	2	20	28	1.37	.042	3	16	1.96	137	.04	3	1.48	.02	.48	1	12
K-4-3	1	314	323	971	7.9	4	9	2913	7.64	7400	5	ND	2	72	9	345	5	13	7.19	.042	8	10	2.39	45	.02	2	.98	.02	.26	1	68
K-4-4	1	324	335	521	2.2	5	11	2399	9.48	410	5	ND	2	54	3	5	3	18	4.61	.031	5	10	2.41	28	.03	2	1.49	.01	.21	1	4
STD C/AU-R	18	59	37	132	6.6	68	28	1043	4.09	38	21	8	37	48	17	16	18	58	.47	.091	40	57	.91	180	.07	34	2.00	.06	.14	12	520

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: Core AU* ANALYSIS BY ACID LEACH/AA FROM 10 GM SAMPLE.

DATE RECEIVED: AUG 18 1988 DATE REPORT MAILED: Aug 23/88 ASSAYER C. Leong ..D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON PROJECT BUTLER GULCH File # 88-3704

SAMPLE#	Mo PPM	Cu PPM	Pb PPM	Zn PPM	Ag PPM	Ni PPM	Co PPM	Mn PPM	Fe %	As PPM	U PPM	Au PPM	Th PPM	Sr PPM	Cd PPM	Sb PPM	Bi PPM	V PPM	Ca %	P %	La PPM	Cr PPM	Mg %	Ba PPM	Ti %	B PPM	Al %	Na %	K %	W PPM	Au* PPB	
K88-5-1	1	95	402	1084	5.5	5	7	15529	19.80	312	5	ND	6	28	10	7	52	18	2.08	.035	5	16	1.29	22	.01	11	1.19	.01	.15	2	102	re-assay
K88-5-2	1	38	91	248	1.2	3	4	7279	27.69	261	5	ND	5	55	5	7	152	14	6.33	.017	3	27	2.74	8	.01	4	.28	.01	.03	1	395	re-assay
K88-5-3	1	281	874	2429	11.6	5	4	37782	31.24	1596	5	ND	10	14	31	40	10	6	.66	.012	2	19	.88	5	.01	10	.24	.01	.03	1	13	
K88-5-4	1	345	924	2110	19.6	1	2	54747	29.09	210	5	ND	12	16	21	33	7	7	1.52	.015	2	14	1.78	5	.01	2	.09	.01	.01	1	5	
K88-5-5	1	337	11082√	15065√	62.2√	2	6	38950	24.14	856	5	ND	6	24	306	110	7	4	2.05	.026	4	14	1.37	4	.01	6	.23	.01	.03	1	27	
K88-5-6	1	340	89	3086	.6	7	17	16057	31.81	70	5	ND	7	8	17	4	2	16	.94	.036	5	17	.75	11	.02	7	.68	.01	.04	3	1	
K88-5-7	1	121	186	394	1.5	7	14	2451	4.97	39	5	ND	2	13	8	2	3	52	2.32	.049	8	14	1.63	106	.08	8	2.34	.02	.63	1	1	
K88-6-1	1	135	704	956	12.5	3	8	22049	11.26	311	5	ND	5	18	11	23	19	18	1.42	.027	7	12	1.01	14	.01	13	.76	.02	.15	1	7	
K88-6-2	1	186	580	319	10.2	2	11	3386	36.78	64	5	2	7	14	3	11	2731	8	1.22	.006	3	14	1.64	14	.01	6	.24	.01	.06	2	4055	re-assay
K88-6-3	1	111	650	1800	4.3	2	5	31387	24.68	656	5	ND	7	34	19	23	11	9	2.91	.006	2	20	1.38	4	.01	5	.14	.01	.02	5	36	
K88-6-4	1	65	582	2597	4.8	1	3	45403	18.34	409	5	ND	4	14	37	2	18	4	1.20	.037	2	9	1.30	3	.01	14	.20	.01	.03	2	29	
K88-6-5	1	121	436	2293	5.2	1	10	34180	18.04	1194	5	ND	5	31	33	44	4	4	3.89	.011	2	13	1.13	3	.01	5	.21	.01	.03	4	39	
K88-6-6	1	463	1168	5122	27.5	1	16	26815	19.34	840	5	ND	5	37	51	146	48	9	3.74	.079	2	15	1.87	5	.01	6	.41	.01	.06	14	18	
K88-6-7	1	185	1924	990	7.6	7	7	4440	6.31	71	5	ND	2	81	9	5	14	36	8.78	.042	9	18	2.08	13	.02	5	2.39	.04	.12	1	14	
STD C/AU-R	18	58	42	132	6.7	67	29	1065	4.13	39	17	8	36	47	19	20	17	57	.48	.090	40	61	.90	171	.07	31	1.97	.06	.15	13	510	

√ ASSAY REQUIRED FOR CORRECT RESULT -

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE(604)253-3158 FAX(604)253-1716

DATE RECEIVED: AUG 26 1988
DATE REPORT MAILED: Sept. 1/88.

ASSAY CERTIFICATE

- SAMPLE TYPE: Pulp AG** & AU** BY FIRE ASSAY FROM 1/2 A.T.

ASSAYER: C. Leong. D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON PROJECT BUTLER GULCH FILE # 88-3704R

SAMPLE#	AG** oz/t	AU** oz/t
K88-5-2	-	.011
K88-5-3	.32	-
K88-5-4	.58	-
K88-5-5	1.82	-
K88-6-1	.39	-
K88-6-2	.32	.124
K88-6-6	.81	-

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP -.500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER. THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: Core AU* ANALYSIS BY ACID LEACH/AA FROM 10 GM SAMPLE.

DATE RECEIVED: AUG 29 1988 DATE REPORT MAILED: Sept 5/88 ASSAYER. C. Leong ..D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

RED FOX MINERALS File # 88-4042

KELAN

SAMPLE#	Mo PPM	Cu PPM	Pb PPM	Zn PPM	Ag PPM	Ni PPM	Co PPM	Mn PPM	Fe %	As PPM	U PPM	Au PPM	Th PPM	Sr PPM	Cd PPM	Sb PPM	Bi PPM	V PPM	Ca %	P %	La PPM	Cr PPM	Mg %	Ba PPM	Ti %	B PPM	Al %	Na %	K %	W PPM	Au* PPB
K-88-8-1	2	924	2942	2177	39.4	13	7	9806	13.08	4295	15	4	7	138	33	137	1808	18	9.19	.034	11	22	1.26	9	.01	13	.89	.01	.16	1	7520
K-88-8-2	1	25	60	157	.6	11	6	2657	12.30	29	5	ND	5	153	5	7	5	29	9.97	.029	16	31	1.60	11	.02	11	1.32	.09	.20	1	104
K-88-8-3	1	95	84	194	1.4	5	9	4631	27.35	336	5	ND	5	51	2	7	199	14	5.42	.007	2	24	2.30	6	.01	2	.26	.01	.03	1	1380
K-88-8-4	1	330	811	1037	13.1	5	5	20640	19.99	294	5	ND	4	45	8	7	20	12	2.77	.032	2	37	2.78	3	.01	8	.32	.01	.04	1	29
K-88-8-5	1	93	653	1125	12.3	3	5	18859	18.46	315	5	ND	5	32	12	23	24	8	3.25	.018	2	17	2.65	4	.01	7	.14	.01	.02	1	12
K-88-8-6	1	455	4358	1005	102.2	7	13	30979	26.16	179	7	ND	6	26	14	71	3090	12	2.35	.015	2	22	2.63	3	.01	7	.38	.01	.02	1	310

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE(604)253-3158 FAX(604)253-1716 DATE RECEIVED: SEP 13 1988
DATE REPORT MAILED: Sept. 19/88.

ASSAY CERTIFICATE

- SAMPLE TYPE: Pulp
AU** AND AG** BY FIRE ASSAY FROM 1/2 A.T.

ASSAYER: C. Leong. D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

RED FOX MINERALS FILE # 88-4042R

SAMPLE#	Ag** OZ/T	Au** OZ/T
K-88-8-1	2.77	.213
K-88-8-3	-	.040
K-88-8-4	.35	-
K-88-8-5	.34	-
K-88-8-6	3.01	.008

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716

GEOCHEMICAL ANALYSIS CERTIFICATE

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: Core AU* ANALYSIS BY ACID LEACH/AA FROM 10 GM SAMPLE.

DATE RECEIVED: AUG 29 1988 DATE REPORT MAILED: Sept 2/88 ASSAYER C. Leong ..D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON PROJECT BUTLER GULCH File # 88-4002

SAMPLE#	Mo PPM	Cu PPM	Pb PPM	Zn PPM	Ag PPM	Ni PPM	Co PPM	Mn PPM	Fe %	As PPM	U PPM	Au PPM	Th PPM	Sr PPM	Cd PPM	Sb PPM	Bi PPM	V PPM	Ca %	P %	La PPM	Cr PPM	Mg %	Ba PPM	Ti %	B PPM	Al %	Na %	K %	W PPM	Au* PPB
K-88-7-1	1	4	430	845	.9	5	3	25731	9.90	357	5	ND	4	12	10	3	2	12	.67	.012	5	3	.82	3	.01	7	1.04	.01	.11	1	1
K-88-7-2	1	315	1805	1521	38.7	6	4	30400	10.99	823	5	ND	2	25	15	73	48	13	1.95	.011	2	3	.84	6	.01	6	.77	.01	.11	1	1
K-88-7-3	1	79	152	277	2.2	4	7	5471	29.23	38	7	ND	6	24	3	2	337	12	2.05	.009	2	12	2.50	2	.01	2	.17	.01	.02	2	460
K-88-7-4	1	109	603	2706	2.8	5	5	45894	16.01	252	5	ND	1	14	29	7	5	6	.67	.001	2	12	.34	1	.01	3	.18	.01	.02	1	2
K-88-7-5	1	88	1107	3575	12.2	8	5	47601	15.64	336	5	ND	1	18	48	12	29	5	.79	.021	2	11	.94	1	.01	2	.17	.01	.01	1	24
K-88-7-6	1	244	18399✓	7944	58.2	3	4	23623	11.56	365	5	ND	1	17	176	99	56	6	1.21	.013	2	10	.91	1	.01	2	.25	.01	.02	1	10
K-88-7-7	1	559	1690	3834	21.5	6	16	18974	16.34	687	8	ND	3	47	43	85	26	11	4.91	.033	2	12	3.06	2	.01	2	.66	.01	.01	1	48
K-88-7-8	1	1458	977	3148	18.3	22	10	15459	11.29	599	6	ND	4	44	34	139	28	28	5.82	.032	5	9	1.13	6	.01	4	1.18	.01	.08	1	1
STD C/AU-R	19	63	44	132	7.5	73	31	1110	4.05	41	23	8	40	53	19	17	19	61	.49	.088	40	61	.90	180	.07	38	2.03	.06	.14	13	525

✓ ASSAY REQUIRED FOR CORRECT RESUL -

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE(604)253-3158 FAX(604)253-1716

DATE RECEIVED: SEP 5 1988

DATE REPORT MAILED: Sept. 8/88

ASSAY CERTIFICATE

- SAMPLE TYPE: Pulp
AU** AND AG** BY FIRE ASSAY FROM 1/2 A.T.

ASSAYER: C. Leong. D.TOYE OR C.LEONG, CERTIFIED B.C. ASSAYERS

J. BERGVINSON PROJECT BUTLER GULCH FILE # 88-4002R

SAMPLE#	Ag** OZ/T	Au** OZ/T
K-88-7-2	1.14	-
K-88-7-3	-	.014
K-88-7-5	.34	-
K-88-7-6	1.65	-
K-88-7-7	.64	-
K-88-7-8	.54	-

APPENDIX II

SAMPLE LOGS, ASSAY RESULTS AND DRILL PLANS AND SECTIONS.

ASSAY RESULTS
1988 DRILLING - KELAN PROPERTY

Drillhole K-88-1

SAMPLE	INTERVAL	DESCRIPTION	MO (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	17-20	Fractured rusty QM	5	18	33	.1	1
2	20-24.5	" "	2	21	3	.1	1
3	34.5-37	Clay altered QM	126	10	7	.5	3
4	45-50	Clay altn + Mos2	749	13	16	.1	1
5	63.5-65.	Fractured, clay altn.	43	13	96	.1	2
6	84-88	V.rusty, carbonate, clay	344	800	146	5.2	13
7	93-97	Fault zone, As Mineral??	138	1108	7492	11.1	720 *
8	97-100	Clay sericite, Yellow stn	207	686	527	3.6	4

(NOTE * - 720 ppb = 0.02 oz/ton)

Drillhole K-88-2

SAMPLE	INTERVAL	DESCRIPTION	MO (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	110.6-11.5	Clay altn w Mos2 veins	789	21	5	.2	1
2	129-132	" "	131	17	14	.2	1
3	139-142	Faulted rusty QM	90	10	4	.1	2
4	142-148	Faulted, clay altn +MoS2	67	12	260	.1	9

Drillhole K-88-3

SAMPLE	INTERVAL	DESCRIPTION	MO (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	66.5-70	Mn stain, poor recov. 2 small pcs qtz + galena	ROCK ASSAY			0.71 (opt)	.002 (opt)
2	70-75	Ozidixed fault zone	50	207	260	1.7	6
3	75-80	Rusty fault gouge	61	798	657	3.4	19
4	80-84	Clay-sericite altn, gouge.	66	3546	1220	5.0	13

Drillhole K-88-4

SAMPLE	INTERVAL	DESCRIPTION	CU (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	6-10.5'	Massive black Magnetite	42	42	23	0.5	104 *
2	10.5-14'	Faulted skarn	244	55	81	0.2	12
3	14-16	Faulted Qtzt and vein Sb-As-Pb min. @ 14.5-15	314	323	7400	7.9	68
4	16-20	Faulted zone	324	355	410	2.2	4

* NOTE: 104 ppb = 0.003 oz/ton

Drillhole K-88-5

SAMPLE	INTERVAL	DESCRIPTION	CU (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	26-29	Fault zone	95	402	312	5.5	102 *
2	29-35	Magnetite/carbonate, fault	38	91	261	1.2	395 *
3	35-37.5	QCPy Skarn, oxidized	281	874	1596	11.6	13
4	37.5-43	Massive QCPy skarn, Minor Asp,Gn,Sph	345	924	210	19.6	5
5	43-47	Massive QCPy skarn	337	11082 *	856	62.2*	27
6	47-52	Mostly Mag Skarn	340	89	70	0.6	1
7	52-56	Qtzite and Skarn	121	186	39	1.5	1

* NOTE: 102 ppb = 0.003 oz/ton
* NOTE: 395 ppb = 0.011 oz/ton
* NOTE: 62.2 ppm = 1.8 oz/ton Ag 11082 ppm Pb = 1.1 % Pb

Drillhole K-88-6

SAMPLE	INTERVAL	DESCRIPTION	CU (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	20-25 Ft	Altered Q.Diorite Minor Gn,Sph	135	704	311	12.5	7
2	25-30.5	Magnetite Skarn	186	580	64	10.2	4055*
3	30.5-35	Buff QCPy Skarn	111	650	656	4.3	36
4	35-40	" " "	65	582	409	4.8	29
5	40-45	"" Mass. Arseno.?+ Sph	121	436	1194	5.2	39
6	45-49	Buff QCPy Skarn	463	1168	840	27.5*	18
7	49-56.5	Skarn, Breccia, Gneiss	185	1924	71	7.6	14

* NOTE: 4055 ppb = 0.118 oz/ton Au 27.5 ppm Ag = 0.80 oz/ton.

Drillhole K-88-7

SAMPLE	INTERVAL	DESCRIPTION	CU (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	23.5-26Ft	Faulted Intrusive	4	430	357	0.9	1
2	26-27.5	Carbonat. Intrusive	315	1805	823	38.7	1
3	27.5-34	Banded Mag Skarn.	79	152	38	2.2	460*
4	34-40	Coarse QCPy Skarn	109	603	252	2.8	2
5	40-45	As Above	88	1107	336	12.2	24
6	45-50	As Above, narrow Gn Vein	244	18399*	365	58.2*	10
7	50-55	As Above, Minor Gn.	559	1690	687	21.5	48
8	55-60	As Above, Fault @ base	1458	977	599	18.3	1

* NOTE: 460 ppb = 0.013 oz/ton Au 58.2 ppm Ag = 1.70 oz/ton.
18399 ppm Pb =1.84 %

Drillhole K-88-8

SAMPLE	INTERVAL	DESCRIPTION	CU (ppm)	PB (ppm)	AS (ppm)	AG (ppm)	AU (ppb)
1	23.5-25	Rusty Py/Carb Skarn	924	2942	4255	39.4	7520
		CHECK ASSAY (OPT)				2.77	0.213
2	25-27	Chlorite Skarn	25	60	29	0.6	104
3	27-33	Massive QCPy Skarn	95	84	336	1.4	1380
		CHECK ASSAY					0.040
4	33-38	As Above	330	811	294	13.1	29
5	38-43	As Above	93	653	315	12.3	12
6	43-48	As Above, Fault @ base	455	4356	179	102.2	310
		CHECK ASSAY (OPT)				3.01	0.008

* NOTE: 7250 ppb = 0.219 oz/ton Au 39.4 ppm Ag = 1.15 oz/ton.

Drillhole K-88-9

(No Samples Taken)

Drillhole K-88-10

(No Samples Taken)

RAPITAN RESOURCES INC.,
2505 W.1st Ave.,
Vancouver, B.C.,
V6R 1W2
August 22, 1988.

KELAN RESOURCES INC.,
600 - 890 West Pender St.,
Vancouver, B.C.

INVOICE RE: DRILL PROGRAM, BUTLER GULCH PROPERTY:

DRILL SUPERVISION:

B.Price, 10 Days @ $350/day (July 27-Aug 18). Plan drill program, supervise, log and split core map drill area and prepare prelim sections.	$3,500.00
Preparation of brief summary.	

DISBURSEMENTS:

B.Price Expenses (as per attached list)	
50 % of airfare and Taxi.	539.30
TOTAL THIS INVOICE	$4,039.30

Respectfully submitted,

Barry J.Price, M.Sc.
Consulting Geologist.

GEOLOGICAL ASSOCIATION OF CANADA
B. J. PRICE, M.Sc.
FELLOW

KELAN
PRA
57

ACCESS ROAD.

APPROX CLAIM BOUNDARY.

CROESUS
BOND

1295

130E

300N

Fresh QMonz.

Vein material in Trench

100'

DDH K-88-I
128+72E
255.5N
-45/800°

128+50

128+75.

150'

129+25

129+50

129+75.

STRIPPED AREA.

FRESH QM.

Bat Gn.

100'

2+50N

Gnt+Tet

Cp, MoS2

K88-3
-45°/348°
100'

Projected Trace of No 9. Vein System.

STRIPPED AREA.

DDH K88-2
129E/2+25N
-45°/000

2+25N

OLD TRENCH
No exposure.

2+00N

0 10M.

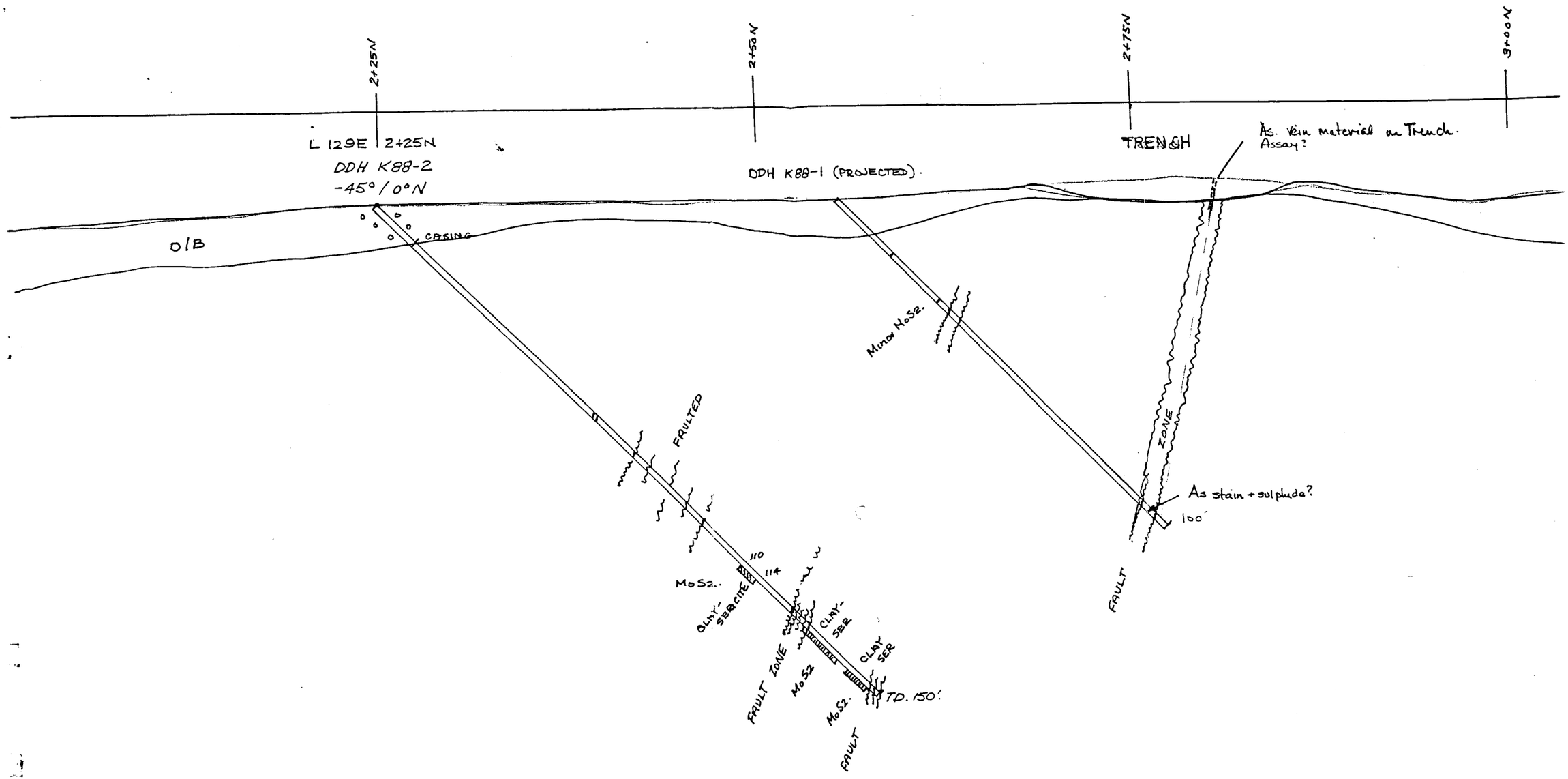
KELAN / CROESUS

PLAN OF 1988 TRENCHING.
1988 DRILL HOLES

B.J. PRICE

AUG 8, 1988.

FIGURE D1



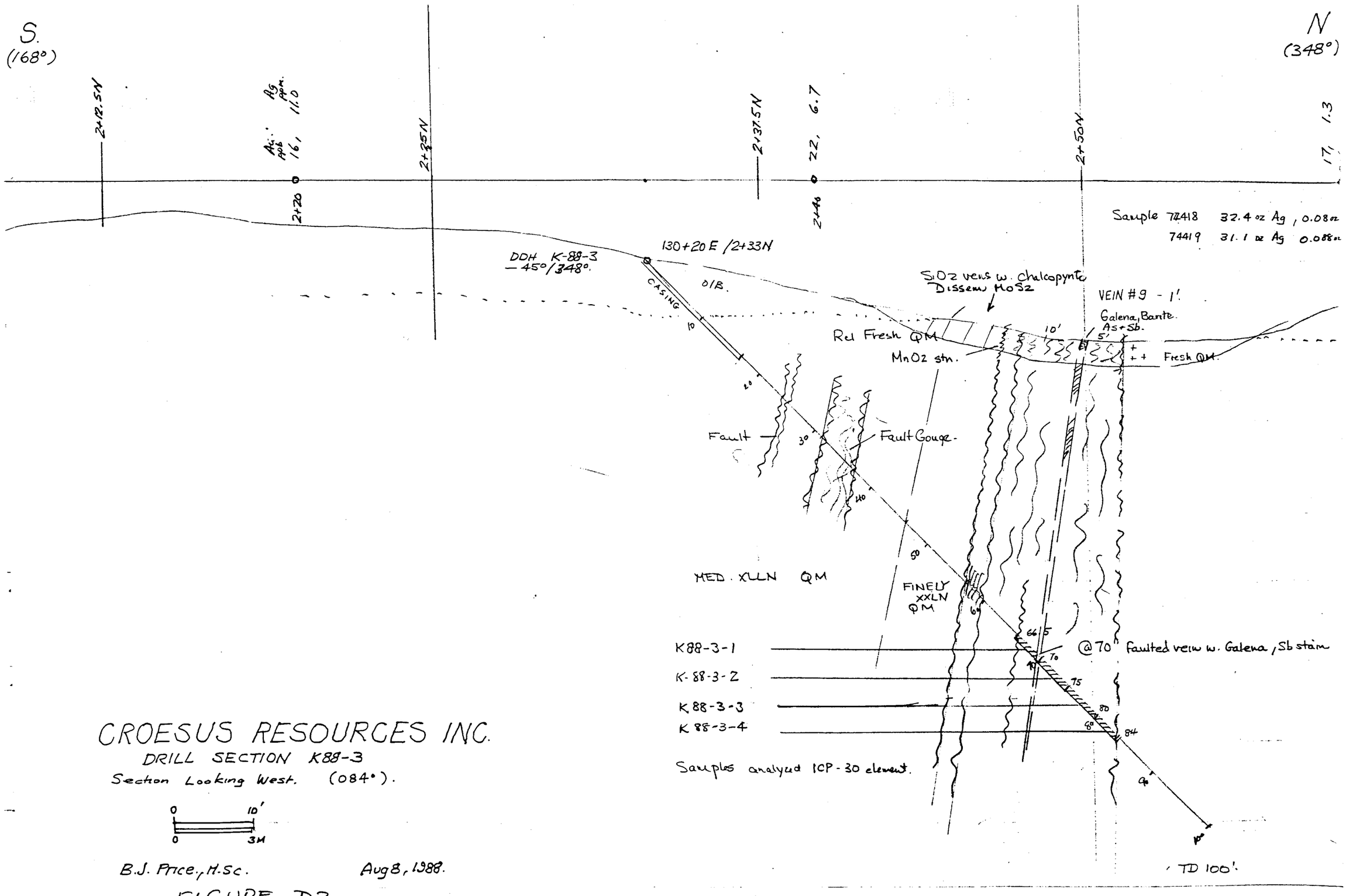
KELAN RESOURCES INC.
DRILL SECTION K-88-1+2

0 10 20 FT
10 M.

B. J. PRICE, M.Sc.

AUG 9 1988.

FIGURE D2



CROESUS RESOURCES INC.

DRILL SECTION K88-3

Section Looking West. (084°).

0 10'

0 3M

B.J. Price, M.Sc. Aug 8, 1988.

FIGURE D3

KELAN RESOURCES LIMITED.

BUTLER GULCH PROPERTY

PRA CLAIMS

PLAN OF DRILLHOLES 4-9
Geology and Gold in Soil

Figure D4

BARRY J.PRICE, M.Sc. 1988

111E

112E

113E

255

50S

75S

100S

125S

150S

Hornfels Qtzt

Qtzt

Hornfels Qtzt. Minor Qtz. Veins

Nt

QTZT

pink QM

DYKE/SILL

Qtzt?

ROAD

DIORITE

112+13E/95S

2180 Mag

Low angle Fault

MAGNETITE

9090

7100

111+78E/120S.

AREA OF CABIN + OLD PITS

Porous Silica + Pyrite

QUARTZITE

GNEISS

SKARN

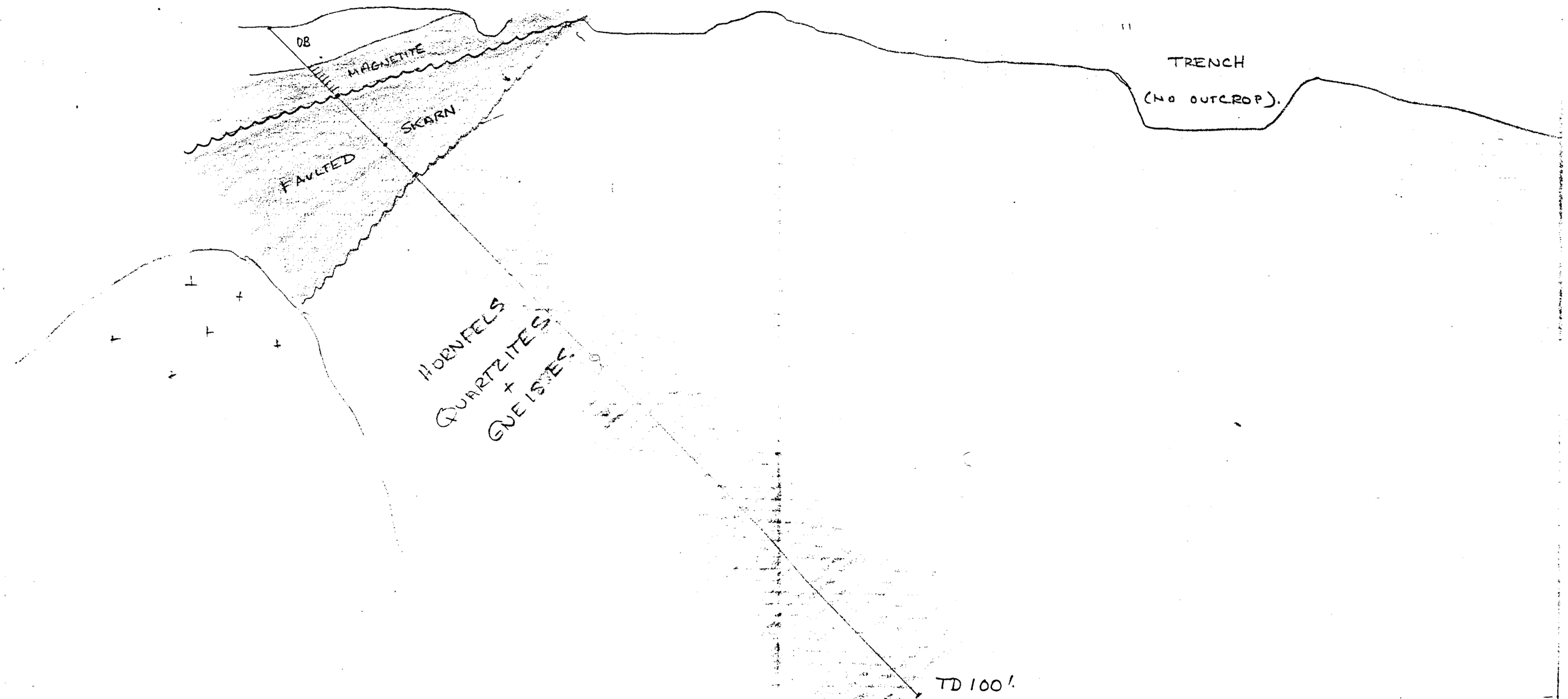
355

140

GOLD ANOMALY > 10 ppb.

0 25M.

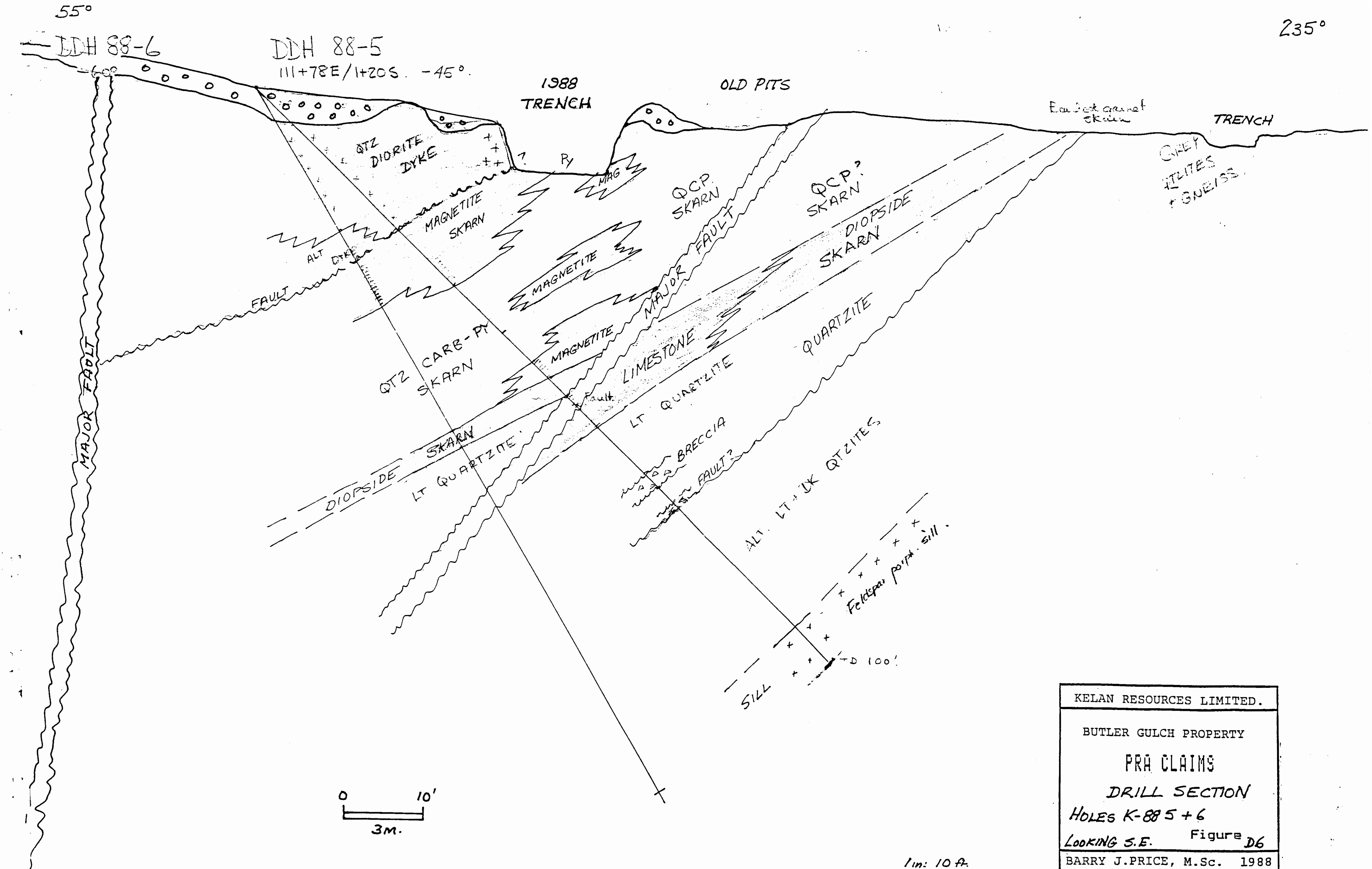
NOTE: Values are Gold in soil (ppb)



KELAN RESOURCES INC.
DRILL SECTION K88-4

FIGURE 25

SCALE 1": 10 FT (1: 120).



KELAN RESOURCES LIMITED.

BUTLER GULCH PROPERTY

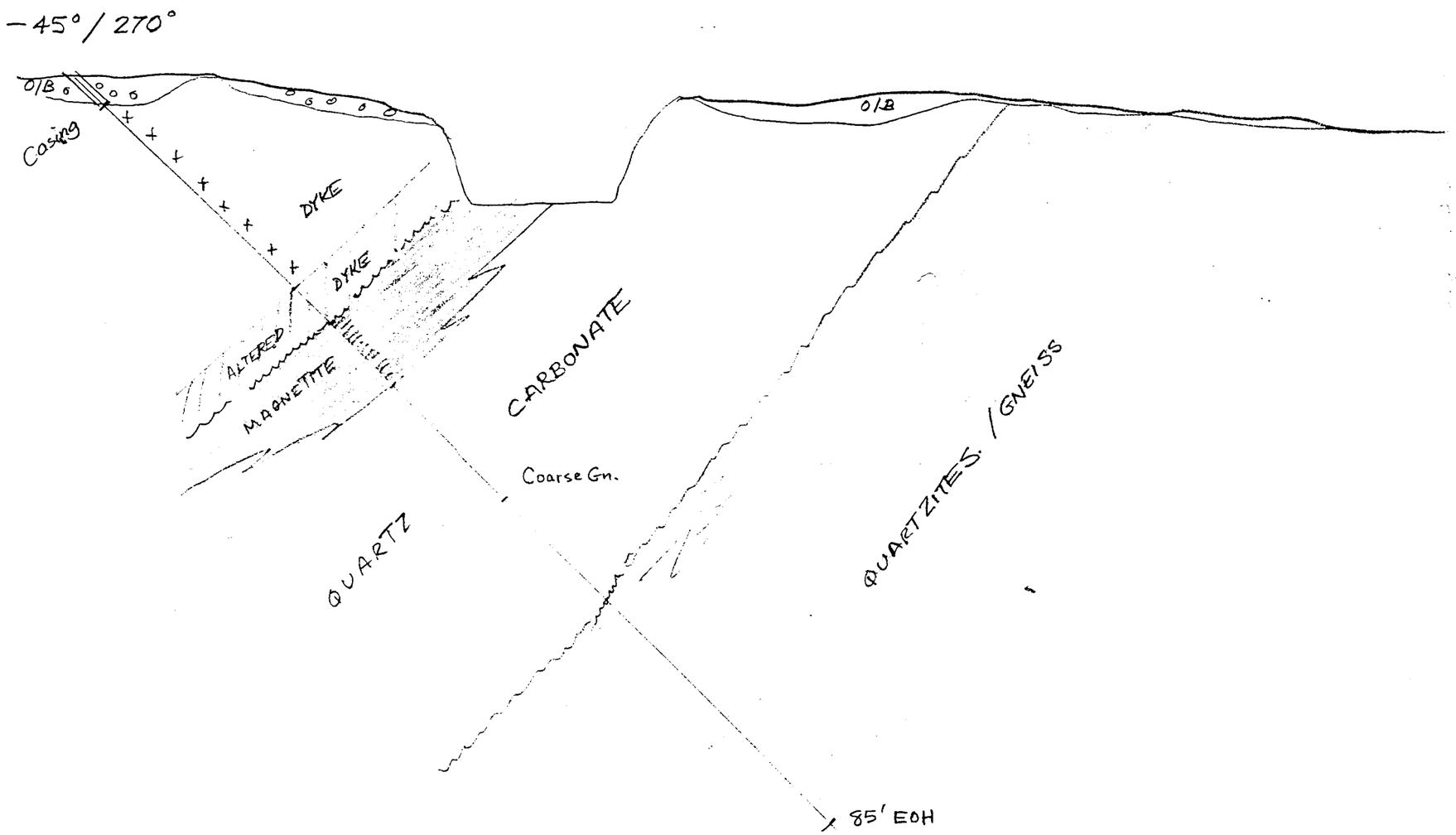
PRA CLAIMS

DRILL SECTION

HOLES K-88 5 + 6

LOOKING S.E. Figure D6

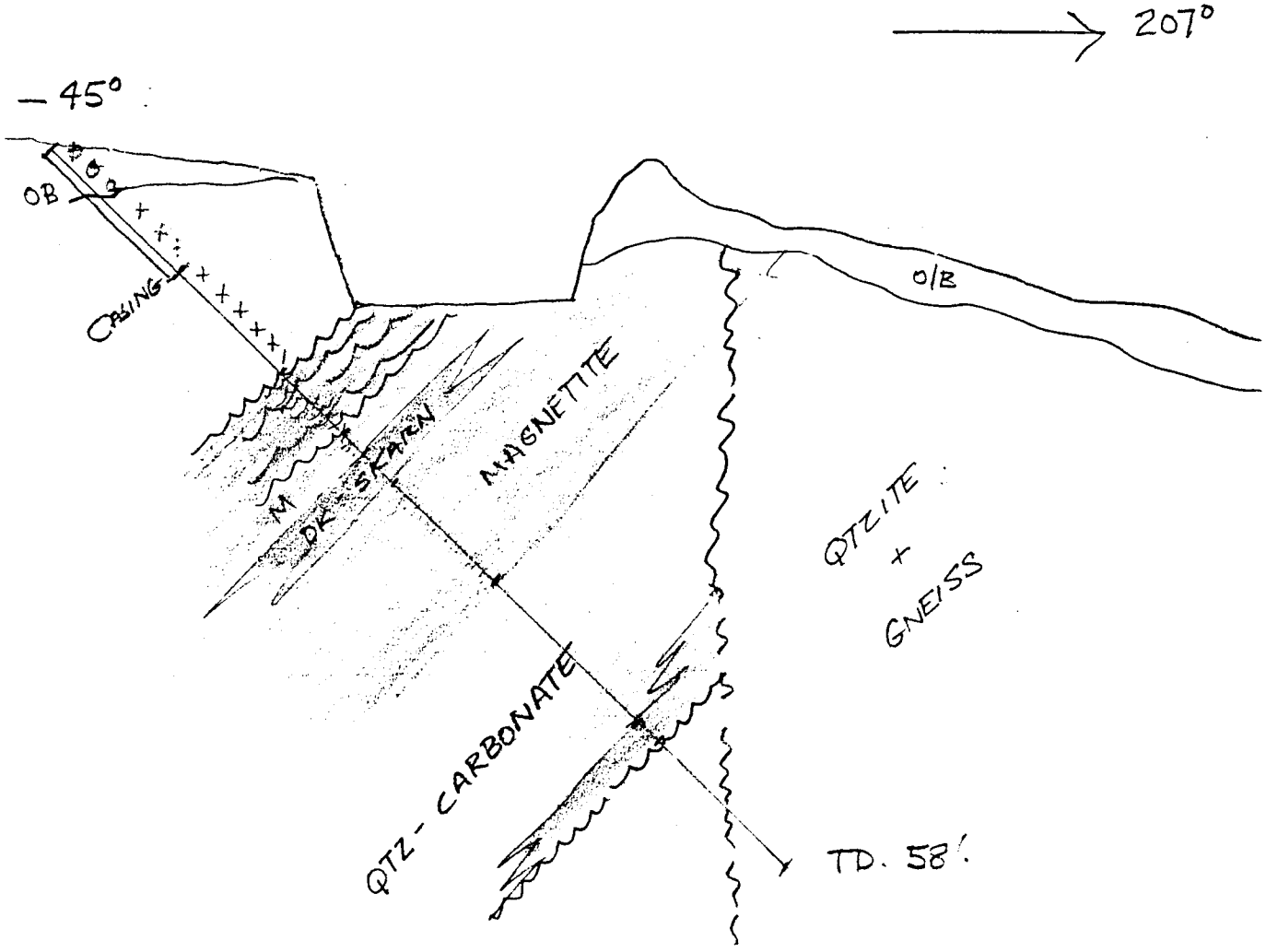
BARRY J.PRICE, M.Sc. 1988



DRILL SECTION K-88-7.

FIGURE D7

SCALE 1:120



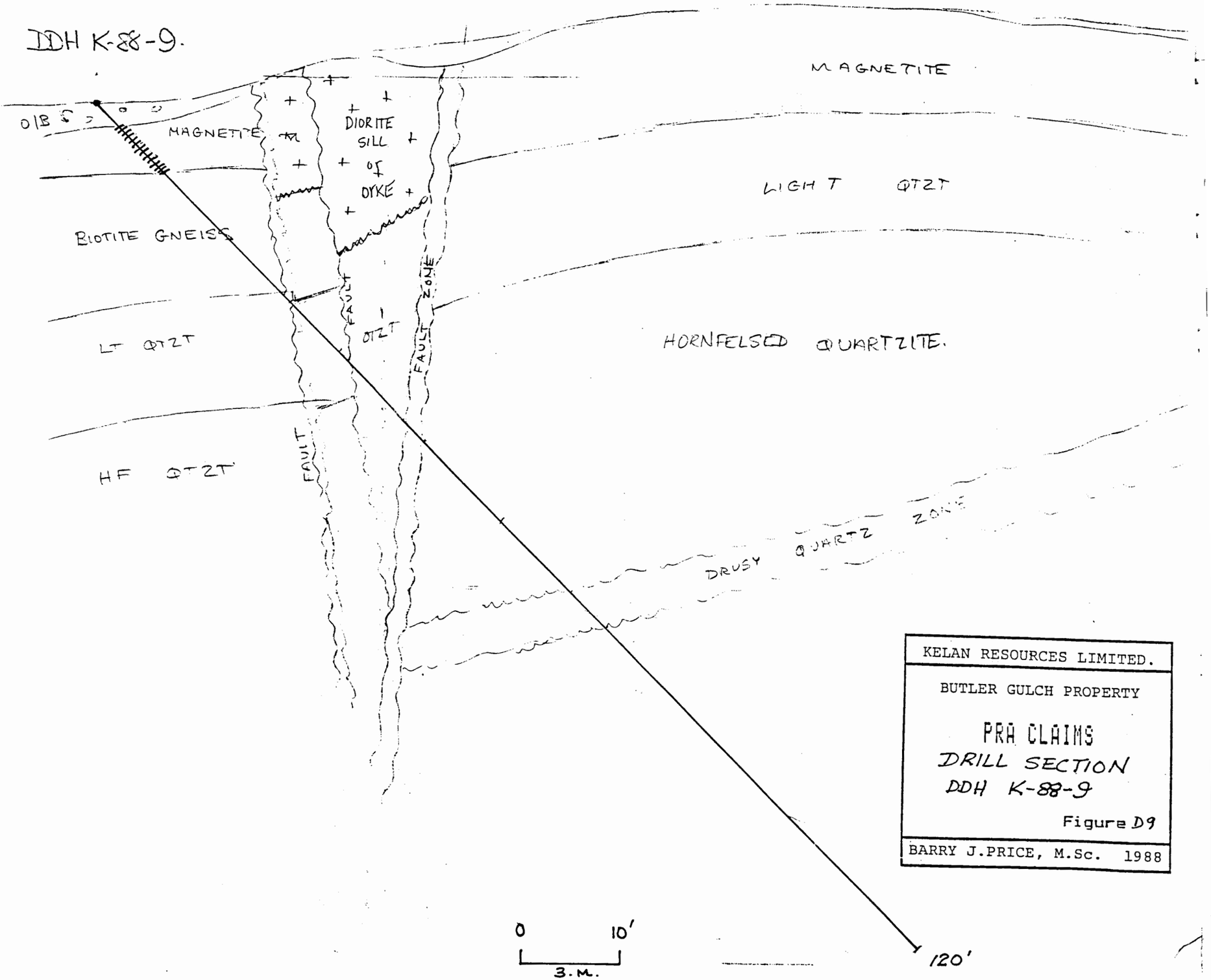
DRILL SECTION K-88-8.

FIGURE 18

SCALE 1:120.

B. PRICE AUG 1988.

DDH K-88-9.



KELAN RESOURCES LIMITED.

BUTLER GULCH PROPERTY

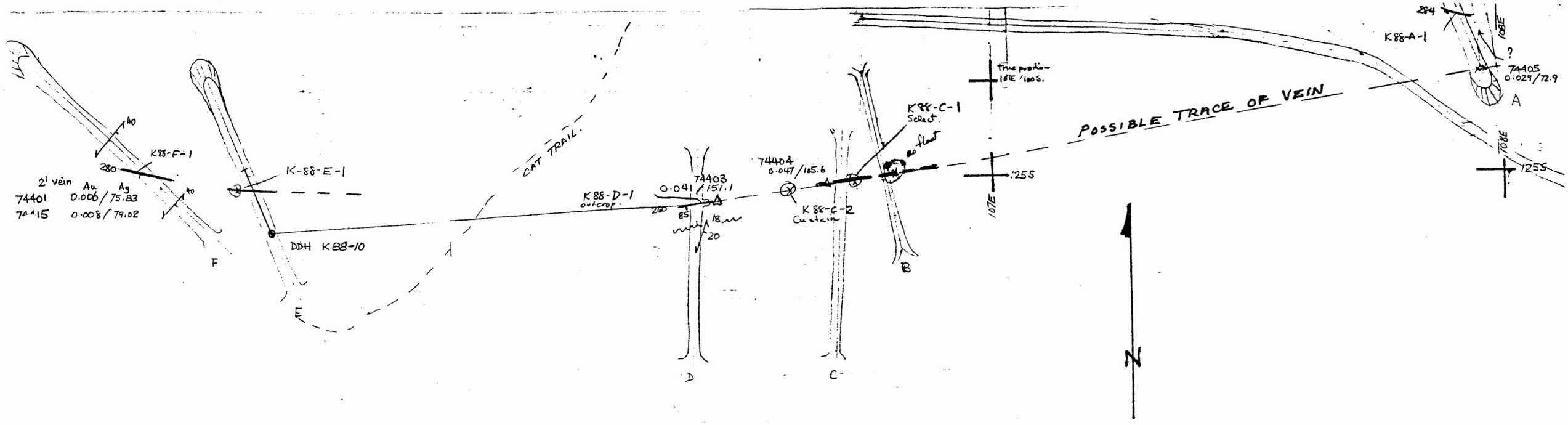
PRA CLAIMS

DRILL SECTION

DDH K-88-9

Figure D9

BARRY J.PRICE, M.Sc. 1988



LEGEND

- Fault
- Vein
- Sample.
- Float
- Drill Hole.
- Foliation.
- Grid Point
- Trench.

0 10 20 25M

KELAN RESOURCES LIMITED.

BUTLER GULCH PROPERTY

PRA CLAIMS

DRILL PLAN

DDH 10

VEIN No. 8. Figure D10

BARRY J.PRICE, M.Sc. 1988