

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

002947

PROSPECTUS

DATED: October 15, 1987

ARAKIS MINING CORPORATION

(the "Issuer")
2204 - 2075 Comox Street
Vancouver, B.C.
V6G 1S2

GA. ✓
PROPERTY FILE
82FSW052

PUBLIC OFFERING 500,000 Common Shares

<i>Shares</i>	<i>Price to Public</i>	<i>Commission Payable</i>	<i>Proceeds to be received by Issuer</i>
Per Share	\$0.35*	\$0.05	\$0.30
Total	\$175,000	\$25,000	\$150,000**

* The price of the securities has been determined by the Issuer in negotiation with the Agents.

** Before deduction of the cost of this issue estimated to be \$15,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

A purchase of the securities offered by this Prospectus must be considered a speculation. All of the properties in which the issuer has an interest are in the exploration stage only and are without a known body of commercial ore. No survey of any property of the Issuer has been made and therefore in accordance with the laws of the jurisdiction in which the properties are situated, their existence and area could be in doubt. See heading "RISK FACTORS" herein.

No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this Prospectus in connection with the issue and sale of the securities offered by the Issuer.

For comparison of the securities being offered to the public for cash and those issued to promoters, directors and other insiders of the Issuer, reference is made to "PRINCIPAL HOLDERS OF SECURITIES" herein.

One or more of the directors of the Issuer are directors of other reporting companies and have potential conflicts of interest when serving in such capacities. Reference is made to "CONFLICT OF INTEREST".

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange on or before May 30, 1988, including prescribed distribution and financial requirements.

Reference should be made to the heading "DILUTION" herein to ascertain the percentage of dilution in the book value of each share of the Issuer upon completion of this offering.

This Prospectus also qualifies for sale to the public at the market price prevailing at the time of sale any shares of the Issuer which the Agents may acquire pursuant to the brokers' warrants. Please refer to "PLAN OF DISTRIBUTION" herein.

We, as Agents, conditionally offer these securities subject to prior sale, if, as and when issued by the Issuer and accepted by us in accordance with the conditions contained in the agency agreement referred to under the "PLAN OF DISTRIBUTION" herein.

AGENTS:

CANARIM INVESTMENT CORPORATION LTD.
2200 - 609 Granville Street
Vancouver, British Columbia
688-8151

JONES, GABLE & COMPANY LIMITED
4th Floor, 700 West Pender Street
Vancouver, British Columbia
685-1481

EFFECTIVE DATE: December 2, 1987

F. Marshall Smith Consulting Inc.
218-744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A5
Phone: (604)684-2361 or (604)271-6556

REPORT

on the

YELLOWSTONE PROPERTY

(Yellowstone, Dixie, Malwaaz, Midnight fractional,
Pasadena and Rio Tinto fractional mineral claims)

NELSON MINING DIVISION

BRITISH COLUMBIA

NTS 82 F/3E

Latitude: 49° 08' 30"N
Longitude: 117° 08'W

For:

Arakis Mining Corporation
#700-625 Howe Street
Vancouver, B.C.
V6C 2T6

by:

David M. Nelles, B.Sc.

and

F. Marshall Smith, P.Eng.

February 28, 1987

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SUMMARY

The Yellowstone property, located on NTS map 82 F/3E near 49° 08' 30" north latitude, 117° 08' west longitude. It comprises six reverted Crown grants situated in the Sheep Creek valley, approximately 12 kilometers southeast of Salmo, British Columbia.

The Yellowstone vein was discovered 1896, the first of over 40 eventually located in the Sheep Creek camp. The steeply dipping structure was developed on three levels and yielded 5,912 ounces of gold and 4,354 ounces of silver from approximately 17,000 tons of oxide ore. All of this production came from above the intermediate level.

Like most of the veins in the Sheep Creek camp, the Yellowstone occupies a steeply dipping strike slip fault which has displaced sediments belonging to the Lower Cambrian Quartzite Range Formation. While nearly all the production elsewhere in the camp has come from sections of the veins where massive quartzite occupies one or both walls of the system, the north and south walls of the productive part of the Yellowstone vein are occupied by thinly bedded quartzites and argillites respectively. While no generalizations have fully explained the localization of ore shoots within the veins, wallrock lithology appears to be important.

Although bedded quartzites occupy *both* walls of the vein exposed at the east end of the No. 3 level drift, assay results from channel samples taken across this veining confirmed the presence of anomalous precious metal values, and suggested additional testing was required both above and below the drift level. This testing was accomplished in nine diamond drill holes, all of which encountered intersections of mineralized quartz over apparent widths ranging up to 8.53 meters. Unfortunately, assays from these intersections were generally low, despite their mineralogical similarities to the productive vein above.

The low assays appear to indicate that while sulfide rich quartz veining occurs along this section of the fault, the lithological control necessary for the localization of precious metals was not present. This control appears to have played a major role in the localization of ore within the Yellowstone vein. Because there is no reason why the necessary lithological parameters should not continue below the intermediate level, excellent potential exists for the location of the ore shoot east of the north drift on the No. 3 level.

For this reason, a single phase underground program is recommended to further test the Yellowstone vein. This phase should include approximately 325 meters of BQ diamond drilling from the No. 3 level. This phase will take approximately 35 days to complete and has been budgeted at \$75,000.

INTRODUCTION

The Yellowstone property comprises six reverted Crown grants located in the Sheep Creek valley, approximately 12 kilometers southeast of Salmo, British Columbia. The Yellowstone vein, the subject of the program detailed in this report, was located in the late 1800's and led to the discovery of at least 32 additional productive vein systems in what became known as the Sheep Creek camp. Several of these veins produced over 80,000 ounces of gold and were developed over a maximum vertical range of 488 meters (1600 feet). While the Yellowstone vein is known to continue to a considerable depth, however, only limited production has occurred over a short vertical interval.

At the request of the property's operator, Arakis Mining Corporation, a program of underground rehabilitation was undertaken to facilitate the diamond drilling of the Yellowstone vein both above and below the No. 3 level. This report summarizes the results of the subsequent program of diamond drilling and details recommendations for additional work on the property.

LOCATION AND ACCESS

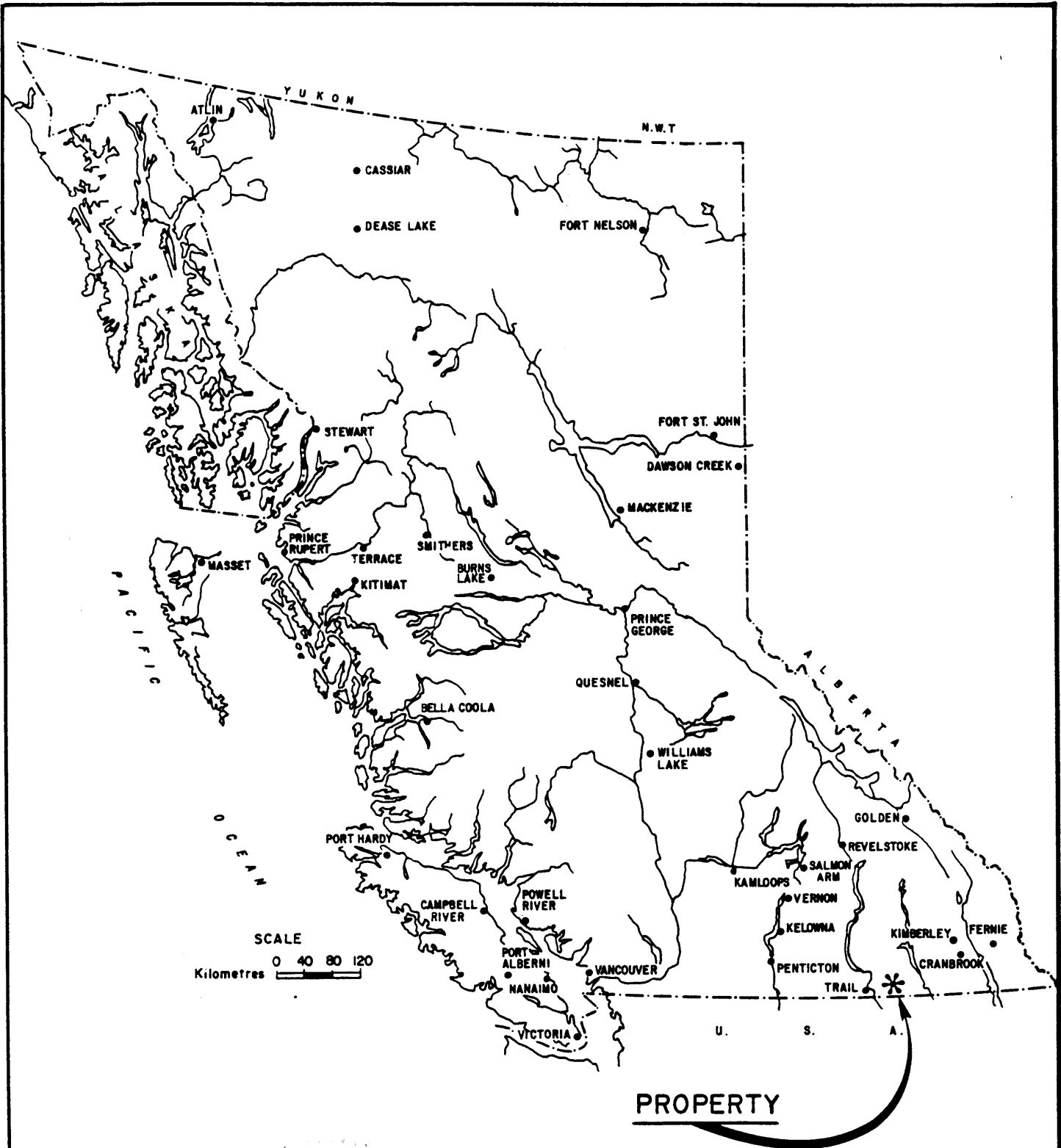
The Yellowstone property is located on NTS map 82 F/3E, near 49° 08' 30" north latitude, 117° 08' west longitude in the Nelson Mining Division of British Columbia (Figure 1). The property is situated approximately 12 kilometers southeast of Salmo, B.C. and can be reached via Sheep Creek road east of former Highway 3. This gravel road, which crosses both the Dixie and Malwaaz claims, is maintained by the Department of Highways and provides access to the Provincial campground on Sheep Creek.

The Yellowstone workings can be accessed by road south of Sheep Creek near its confluence with Waldie Creek. The No. 3 level is presently open and can be reached by vehicle. The upper and intermediate levels are linked by a cat road which traverses the hillside above the No. 3 level. This road would need upgrading to provide vehicle access. The Pasadena and Midnight fractional claims are currently accessed only by foot.

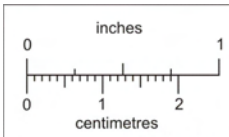
PHYSIOGRAPHY, VEGETATION AND CLIMATE

The Yellowstone property is situated within the Nelson Range of the Selkirk Mountains, in an area characterized by moderate to steep relief ranging from 600 to over 2370 meters. The reverted Crown grants lie on the western flank of Yellowstone Peak, near the confluence of Sheep and Waldie Creeks. Elevations on the property range from 940 meters within the Dixie claim on Sheep Creek to over 1700 meters within the Pasadena claim north of Yellowstone peak.

The property lies within the Interior Cedar Hemlock biogeoclimatic zone which is characterized by moderate precipitation (~125 centimeters), warm summers and cool winters. Vegetation indigenous to the area includes western hemlock, Douglas fir, Larch, western white pine, black cottonwood and western red cedar. Although mature stands of timber are common in some locations, fires and selective logging over the past century have encouraged extensive secondary growth, especially at lower elevations.



PROPERTY



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

ARAKIS MINING CORPORATION		
YELLOWSTONE PROPERTY NELSON MINING DIVISION, B.C.		
LOCATION MAP		
SEARCHLIGHT RESOURCES INC.		
DATE: FEB., 1987	SCALE: 1: 8,000,000	FIGURE No. 1

PROPERTY AND OWNERSHIP

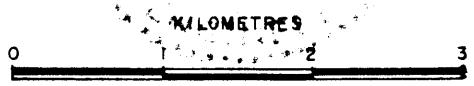
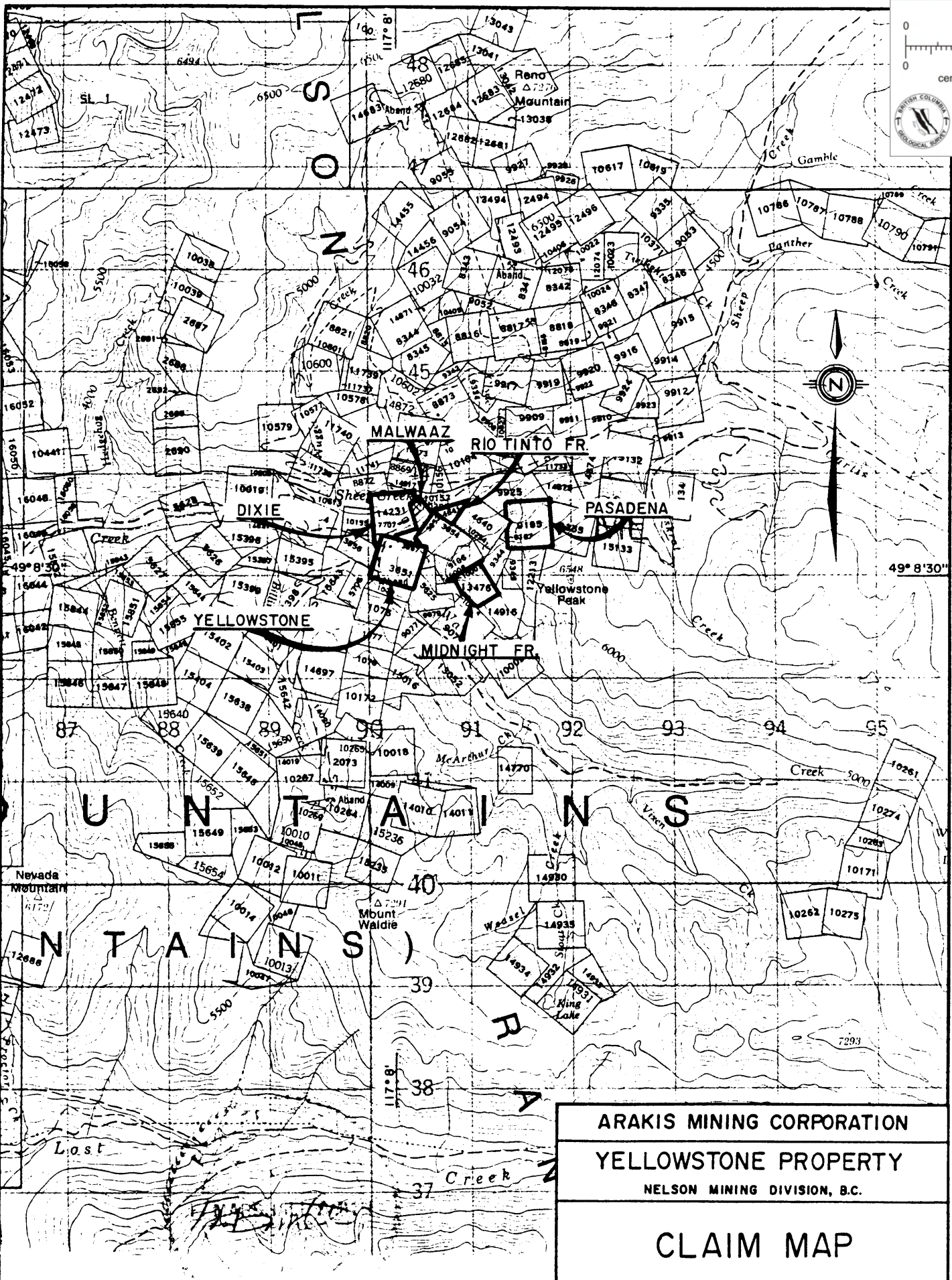
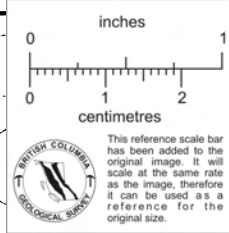
The Yellowstone property consists of six reverted Crown grants, all located in the Nelson Mining Division on NTS map 82 F/3E. Pertinent information regarding these claims is summarized in Table 1:

Table 1

<u>Claim Name</u>	<u>Original Lot Number</u>	<u>Record Number</u>	<u>Area(Ha)</u>	<u>Expiry Date</u>
Yellowstone	3651	840	20.27	Nov. 8, 1988
Dixie	14231	841	18.72	Nov. 8, 1988
Malwaaz	3652	837	5.26	Nov. 8, 1988
Pasadena	9185	839	20.17	Nov. 8, 1988
Rio Tinto fr.	4641	915	3.08	Dec. 29, 1988
Midnight fr.	13476	838	11.36	Nov. 8, 1988

Arakis Mining Corporation is presently operating the Yellowstone property according to the terms of an agreement with Yukon Minerals Corporation, which has entered into a four year option agreement with the claims' owner, A. Higgins of Vernon, British Columbia. Under this agreement, Yukon Minerals can earn a 100% interest in the property subject to a retained 10% net profits interest.

At the time of this report, assessment credit for the work described herein has not been applied to the claims. When this work is filed, the Yellowstone, Dixie, Rio Tinto fractional and Malwaaz claims will be in good standing until 1997.



ARAKIS MINING CORPORATION		
YELLOWSTONE PROPERTY		
NELSON MINING DIVISION, B.C.		
CLAIM MAP		
SEARCHLIGHT RESOURCES INC.		
DATE: FEB., 1987	SCALE: 1:50,000	FIGURE No. 2

HISTORY

The history of the Sheep Creek camp began in July, 1896 with the discovery of the Yellowstone vein. This discovery is generally credited to Thomas Bennett, a well known prospector in the area. The interest generated by this discovery led to the location of the Queen vein, parallel to and 275 meters (900 feet) south of the Yellowstone. It is believed that both these veins outcropped, as they were eventually stoped to the surface.

The Yellowstone vein was developed on three levels, the upper level (elevation 1068 meters) being driven on outcrop and stoped to the surface, approximately 30 meters above at the highest point. The intermediate level (elevation 1034 meters) commenced as a crosscut, eventually drifting on the structure over a distance of 158.5 meters. The ore shoot on this level was developed over a distance of approximately 37 meters and was stoped to the upper level 34 meters above. The No. 3 level (elevation 974 meters) was driven from a point near Waldie creek and commenced in overburden. The drift followed the structure for approximately 270 meters before encountering a cross fault. No further development or production was recorded from the No. 3 level. In 1900, a ten stamp mercury amalgamation mill was erected below the portal of the intermediate level. This mill processed approximately 17,000 tons of oxide ore, yielding 5,912 ounces of gold and 4,354 ounces of silver up to 1902. It is reported that this represented only 50% of the total gold content, a considerable amount being lost in the pyrite.

In 1902, the syndicate operating the Queen mine relinquished their bond to William Waldie who managed, after only a few hundred feet of drifting, to locate a major ore shoot. A tramway was subsequently built between the Queen portal and the Yellowstone mill. Waldie and his successors developed several shoots over the next decade and, by 1915, were working 186 meters below the original vein outcrop.

Although the claims of the original Queen group were staked parallel to the local stratigraphy, efforts soon focused on the location of strike extensions of the structures. This led to the discovery of the Kootenay Belle veins on the Yosemite claim, originally staked in 1898.

Numerous discoveries were made in 1905, including the Navada (6600), Columbia (8200), Motherlode, Nugget, Peggy and Clyde veins. Veins located between 1906 and 1908 proved to be disappointing and it was not until 1912 that the camp's most productive and last important vein, the Reno, was discovered. Although in the less productive Reno formation, the Reno vein produced approximately 147,000 ounces of gold up to 1951.

Production reached a peak in 1913, but began a sharp decline in 1916 due, in part, to war related problems and the depletion of the richer and more easily mined parts of the ore shoots. Rising costs, labour troubles and a cave-in at the Queen mine led to its eventual shut-down in July of that year. Once closed, the mine became flooded and it was not until 1934 that efforts were made to rehabilitate the old workings.

In November 1922, the Nugget mill closed and activity in the camp was limited to a small amount of exploratory work and to the shipment of select ore from several of the mines. By 1928, however, at least two shoots had been exposed on the Reno property as a result of extensive surface and underground development. This prompted the establishment of a 30 ton cyanide mill in 1929. This mill processed ore from the Reno Mine until it was destroyed by fire in 1932.

Following the fire, Reno Gold Mines Limited acquired the Nugget-Motherlode property, reconditioned the Motherlode mill and linked it to the Reno mine by way of a 12,500 foot aerial tramway. At this time, a rise in the price of gold prompted renewed activity at the Kootenay Belle, Queen and several other mines in the camp.

At the Kootenay Belle, a 50 ton mill was established in the autumn of 1934, only to be replaced by a mill with twice the capacity two years later. This new mill operated until the mine closed in 1942. The Queen workings were dewatered and rehabilitated in 1934, and a subsequent re-examination led to the recognition of an important normal fault which had apparently displaced the western shoot. This discovery led to the location of additional ore west of the existing workings and to the decision to build a 150 ton cyanide mill, which operated from May, 1935 until 1950. Around this time, a crosscut from level 7 of the Queen mine was driven north toward the Yellowstone vein. This crosscut intersected a strong, wide but apparently barren vein approximately 275 meters below the upper level workings. No further development is reported to have taken place.

The total recorded production of the Sheep Creek camp from 1899 to 1951, inclusive, amounts to 736,015 ounces of gold and 364,793 ounces of silver from 1,721,580 tons of ore. This ranks the camp as the eighth largest gold producer in British Columbia. A summary of this production can be found in Table 2.

Since 1951, activity in the camp has been limited, and it was not until recently that the potential of several of the major vein systems was reconsidered. Gunsteel Resources Inc., the only company besides Arakis presently active in the camp, is currently testing the Nugget, Calhoun, Fawn and several other veins within their extensive land holdings. Recent results indicate that their goal to develop 100,000 tons of ore averaging better than 0.3 ounces /ton gold will be realized in the near future. And although their plans are temporarily suspended, Gold Belt Mines is intending to dewater the Queen Shaft in an effort to evaluate their holdings.

TABLE 2
Sheep Creek Camp, Production 1900-1951

Year	Motherlode, Nugget, Reno		Queen and Sheep Creek		Kootenay Belle		Gold Belt		Total Production of Camp	
	Ore Milled or Shipped	Gold	Ore Milled or Shipped	Gold	Ore Milled or Shipped	Gold	Ore Milled or Shipped	Gold	Ore Milled or Shipped	Gold
	Tons	Oz.	Tons	Oz.	Tons	Oz.	Tons	Oz.	Tons	Oz.
1900-01 ¹	-	-	-	-	-	-	-	-	16,988	5,421
1902-03 ¹	-	-	4,663	2,658	-	-	-	-	4,663	2,842
1904-05	-	-	10,924	4,773	415	1,252	-	-	11,339	6,025
1906-07 ¹	141	696	15,875	7,512	1,364	1,515	-	-	17,485	9,912
1908-09 ¹	7,148	9,326	20,086	11,543	3,148	1,947	-	-	30,456	22,935
1910-11 ¹	8,964	7,177	26,709	14,372	31	236	-	-	35,857	22,337
1912-13 ¹	42,041	23,924	18,474	6,095	-	-	-	-	60,503	30,164
1914-15 ¹	22,892	10,273	19,350	10,608	-	-	-	-	42,446	21,125
1916-17	-	-	2,060	860	-	-	-	-	2,060	860
1918-19 ¹	-	-	56	8	-	-	-	-	93	18
1920-21	15,577	4,873	-	-	-	-	-	-	15,577	4,873
1922-23	5,645	2,293	-	-	28	170	-	-	5,673	2,463
1924-25 ¹	-	-	-	-	-	-	-	-	4	15
1926-27	-	-	27	65	149	380	-	-	176	445
1928-29	2,008	1,807	1,756	229	282	538	-	-	4,046	2,574
1930-31	21,614	17,530	-	-	-	-	-	-	21,614	17,530
1932-33 ¹	24,055	14,861	1,850	150	915	1,308	-	-	27,102	16,953
1934-35 ¹	66,812	37,507	28,197	9,081	17,924	7,374	318	640	113,255	54,606
1936-37 ¹	88,729	50,895	109,216	40,417	63,464	12,822	-	-	163,327	115,757
1938-39 ¹	66,538	28,410	109,286	53,647	100,904	38,154	67,682	21,006	344,792	142,672
1940-41 ¹	52,016	18,535	110,129	52,312	73,481	22,427	118,868	32,759	354,408	126,041
1942-43	1,949	2,062	85,680	35,572	28,760	10,293	70,145	25,404	186,534	74,331
1944-45	1,713	585	37,688	14,885	248	107	1	14	39,650	15,561
1946-47	1,303	685	48,029	13,924	564	148	-	-	49,895	14,857
1948-49	362	184	53,424	19,126	748	652	154	45	54,688	20,109
1950-51	110	97	15,846	5,203	468	261	170	116	16,594	5,677

Summary

	Ore	Gold	Silver	Lead	Zinc
	Tons	Oz.	Oz.	Lb.	Lb.
Columbia, 1932, 1933	42	31	46	-	-
Fawn, 1915, 1935	74	131	13	-	-
Gold Belt	257,338	79,984	32,761	-	-
Kootenay Belle	292,893	109,937	37,153	-	-
Motherlode, Nugget, Reno ²	429,667	231,932	184,502	-	-
Ore Hill, 1906, 1914-15, 1918, 1936-38, 1940	3,669	2,849	5,415	186,940	166,784
Queen and Sheep Creek ³	719,320	303,711	100,182	-	-
Sumit, 1906, 1908, 1910-11, 1914, 1924, 1938	1,205	870	1,218	30,264	28,634
Vancouver, 1909, 1911-13, 1932-33	383	964	412	-	-
Yellowstone, 1900-02	16,989	5,606	3,091	-	-
Totals	1,721,580	736,015	364,793	377,568⁴	312,633⁴

1 Total for year includes any production from the Columbia, Fawn, Ore Hill, Sumit, Vancouver, and Yellowstone.

2 From 1906 to 1922 production was from the Motherlode and Nugget veins; from 1928 to 1938 production was mainly from the Reno vein; thereafter it includes production from Nugget, Motherlode, Bluestone, and Reno veins.

3 From 1900 to 1938 production was from the Queen vein; thereafter it includes production from other veins mined by Sheep Creek Gold Mines Limited.

4 The lead and zinc totals include lead, 143,033 pounds, and zinc, 92,625 pounds, recorded as recovered from 153,625 tons of ore from the Reno mine and minor quantities from Kootenay Belle, Sheep Creek, and the Nugget Motherlode.

The Yellowstone property was most recently assessed in 1982 by G. Salazar on behalf of Sardon Silver Mines Ltd. The program of underground geological mapping and sampling was successful in outlining several targets subsequently tested during the program described herein. Unfortunately, the assay plan accompanying Salazar's report was unavailable to the writer, who had to rely on written descriptions of the sample and target locations.

SUMMARY OF WORK

The 1987 field program on the Yellowstone property consisted of complete rehabilitation of the No. 3 level drift, including the relaying of rail, geological mapping and channel sampling of this level and 257 meters (843 feet) of underground diamond drilling from two stations. An attempt was also made to reopen the Dixie adit, north of Sheep Creek. A summary of drill hole information appears in Table 3.

Table 3
Drill Hole Summary

<u>DRILL HOLE</u>	<u>CORE SIZE</u>	<u>AZIMUTH</u>	<u>DIP</u>	<u>LENGTH</u>
87-A1	AQ	162 ⁰	+02 ⁰	18.29m
87-B1	BQ	176 ⁰	+45 ⁰	19.51m
87-B2	BQ	176 ⁰	+65 ⁰	21.95m
87-B3	BQ	176 ⁰	+76 ⁰	34.44m
87-A2	AQ	142 ⁰	+67 ⁰	30.18m
87-B4	BQ	142 ⁰	+50 ⁰	16.15m
87-B5	BQ	176 ⁰	-45 ⁰	29.26m
87-B6	BQ	176 ⁰	-55 ⁰	38.71m
87-B7	BQ	160 ⁰	-47 ⁰	27.74m
87-B8	BQ	160 ⁰	-35 ⁰	20.73m

REGIONAL GEOLOGY

The Sheep Creek district is underlain by a thick sequence of sedimentary rocks of Lower to Precambrian age. The oldest rocks exposed are grits and quartzites belonging to the Three Sisters Formation. This unit is conformably overlain by massive white quartzite, argillaceous quartzites, argillites and grits belonging to the Quartzite Range Formation. This unit ranges from approximately 500 to over 700 meters in thickness and has been divided into the Navada, Nugget and Motherlode Members. Overlying the Quartzite Range Formation are argillites, argillaceous quartzites and grits belonging to the Reno Formation, which is in turn overlain by approximately 300 meters of limestone and argillite belonging to the Laib Group. A table of formations prepared by Mathews in 1953 is reproduced as Table 4.

This sedimentary succession has been folded into two tight northerly trending anticlines and an intervening syncline. The Yellowstone, Malwaaz and Dixie claims lie along the western anticline and are underlain by quartzites and argillaceous quartzites belonging to the Nugget and Navada Members of the Quartzite Range Formation. The Pasadena claim lies on the eastern anticline and is underlain by rocks belonging to the Three Sisters Formation. Both the Midnight and Rio Tinto fractional claims are situated along the central syncline.

Subsequent to this deformation, northeasterly trending strike-slip faults cut the sedimentary sequence. Displacements along these structures varies up to 46 meters, and several can now be traced for over 1500 meters on the surface. Gold mineralization in the district generally occurs where these faults cut massive white quartzites of the Quartzite Range Formation.

West of the Sheep Creek camp, granitic stocks and sills contemporaneous with the Cretaceous Nelson Batholith have intruded the Lower Cambrian rocks. Any relationship between these intrusions and the mineralization in the Sheep Creek camp has yet to be established.

TABLE 4

Table of Formations

Age	Formation		Lithology	Thickness in Feet		Remarks		
Lower Cambrian	Laib Group		Argillite.	200 ¹	1,000+ ¹	Pb/Zn Deposits		
			Grey Limestone.	150 ¹				
			Argillaceous in some localities, elsewhere dominantly calcareous.	300-300 ¹				
			Limestone and argillite.	150-300 ¹				
			Argillaceous beds, biotitic and amphibolitic schists.	100-300 ¹				
		Limestone.	0-60 ¹					
Pre-cambrian (?)	Reno Formation	Upper Reno	Impure dark bluish or greenish quartzite with some grit beds.	125 ²	50-900 ¹	Productive only at Reno Mine		
		Lower Reno	Argillite, argillaceous quartzite.	450±2				
	Quartzite Range Formation	Navada Member	Upper Navada	Massive white quartzite.	20-160	120 - 300	Most Productive section at Sheep Creek Gold Camp, specially the massive white Quartzite members.	
			Lower Navada	Dark, thin-bedded quartzites and argillaceous quartzites.	100-140			
		Nugget Member	Upper Nugget	Massive white quartzites.	135-375	540-900		
			Middle Nugget	White, grey and dark quartzites, dark argillaceous quartzites, and argillite.	175-300			
			Lower Nugget	Argillite and dark argillaceous quartzite.	150-225			
		Mother lode Member	Upper Motherlode	Massive white quartzite	370-450	1,000 - 1,100		Productive only at Motherlode Mine
			Middle Motherlode	Argillite, grey grit & green schist	50			
			Lower Motherlode	Massive white quartzite	500-700			
			Three Sisters Formation		Grey grit, white quartzite and grit and green schists.			500+ ¹

¹ Thickness or range in thickness for the northwestern part of the camp, near the Reno mine.

² Average thickness from measurements near Reno mine.

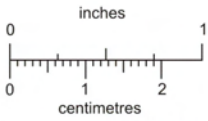
LOCAL GEOLOGY

LITHOLOGY AND STRUCTURE

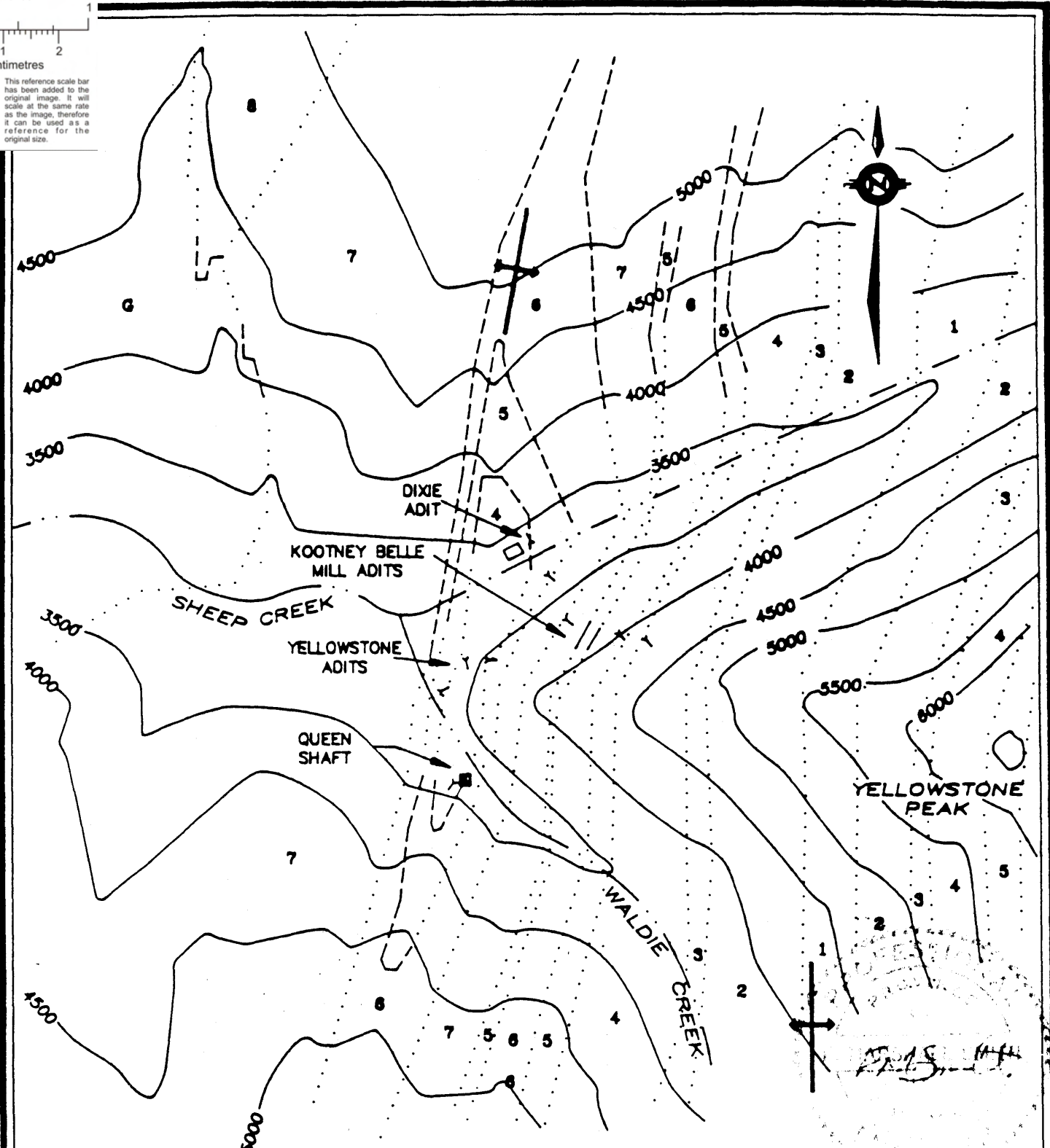
The Yellowstone claim is underlain by massive white quartzite, thinly bedded argillaceous quartzites and argillites belonging to the Nugget and Navada members of the Quartzite Range Formation. These sediments have been folded into a broad anticline whose axis bisects the claim from north to south. The sediments themselves strike just east of north and have been obliquely cut by a steeply dipping strike-slip fault which has displaced the south wall as much as 46 meters to the west. Drag folds, previously interpreted as faults near the No. 3 level portal, are evident in the sediments adjacent to the fault, especially where argillaceous members have been displaced.

This fault was used as the lead on the No. 3 level, and forms either the north or south wall of the drift for its entire length. Where the fault displaces massive quartzite east of station 5, the normally competent sediments have been shattered up to one meter into the north wall. To the north, this zone is bounded by a series of related(?) faults which locally form the opposite wall of the drift. Where structure is discernible, the shattered quartzite appears to parallel the faults, suggesting partial remobilization. This remobilization may have led to open space filling locally along the fault. While previous operators have referred to the remobilized quartzite as *vein*, this term does not differentiate between quartz derived locally and that introduced from some distal source, as may be the case elsewhere in the system. This differentiation may be important in understanding the factors affecting the localization of ore within the vein.

Several meters east of station 10, however, a clearly identifiable quartz vein dilates along the main fault. It is bound to the south by a thin seam of pyritic gouge, and to the north by up to ten centimeters of sericitic schist(?), both of which separate the vein from bedded argillaceous quartzites. Just west of station 11, the vein splays into two. The main vein, which has widened to approximately 1.25 meters, continues into the north wall and is encountered again in a crosscut at station 13. From this cut, the vein continues for approximately 26 meters before encountering a cross fault dipping 45° to the west. It is not certain whether this fault post dates the introduction of the quartz, as the vein does not appear to have been displaced. The width of the vein east of the cross fault does, however, diminish rapidly to the face, where only obscure quartz was observed. The southern and smaller splay, varying from 12 to 28 centimeters in width, continues for 40 meters to the east, following an east-west striking fault for at least part of this distance. Just west of the face, the vein appears to have been displaced by the same cross fault encountered in the north drift. The amount or direction of this displacement is not known, as no veining was observed east of the fault.



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LEGEND

ROCK UNITS

- G GRANITE, GRANODIORITE LAIB GROUP
- 8 ARGILLITE, MINOR ARGILLACEOUS QUARTZITE
- 7 LIMESTONE AND ARGILLITE
- RENO FORMATION
- 6 ARGILLITE, ARGILLACEOUS QUARTZITE, DARK QUARTZITE, AND GYTT

- QUARTZITE RANGE FORMATION
- 5 NAVAGA MEMBER—QUARTZITE ARGILLACEOUS QUARTZITE
- 4 NUGGET MEMBERS—QUARTZITE AND ARGILLACEOUS QUARTZITE
- 3 LOWER NUGGET MEMBER—ARGILLITE, ARGILLACEOUS QUARTZITE
- 2 MOTHERLODE MEMBER—QUARTZITE MINOR ARGILLITE, GYTT, GREEN SCHIST
- THREE SISTERS FORMATION
- 1 GYTT, QUARTZITE, GREEN SCHIST

SYMBOLS

- ANTICLINE
- ADIT
- GEOLOGICAL CONTACT

ARAKIS MINING CORPORATION		
YELLOWSTONE PROPERTY		
NELSON MINING DIVISION, B.C.		
LOCAL GEOLOGY		
SEARCHLIGHT RESOURCES INC.		
DATE: FEB., 1987	SCALE: 1: 20,000	FIGURE No. 3

Although unusual in the Sheep Creek camp, thinly bedded argillites are known to occupy the south wall of the ore shoot down to the intermediate level. As the length of the shoot appears to approximate the displacement along the fault on any given level, it would appear that wallrock lithology has controlled the localization of ore within the veins. If this is the case, the shoot should rake with the dip of the sediments and persist as long as the necessary lithological controls are present.

MINERALIZATION

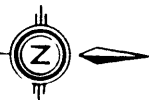
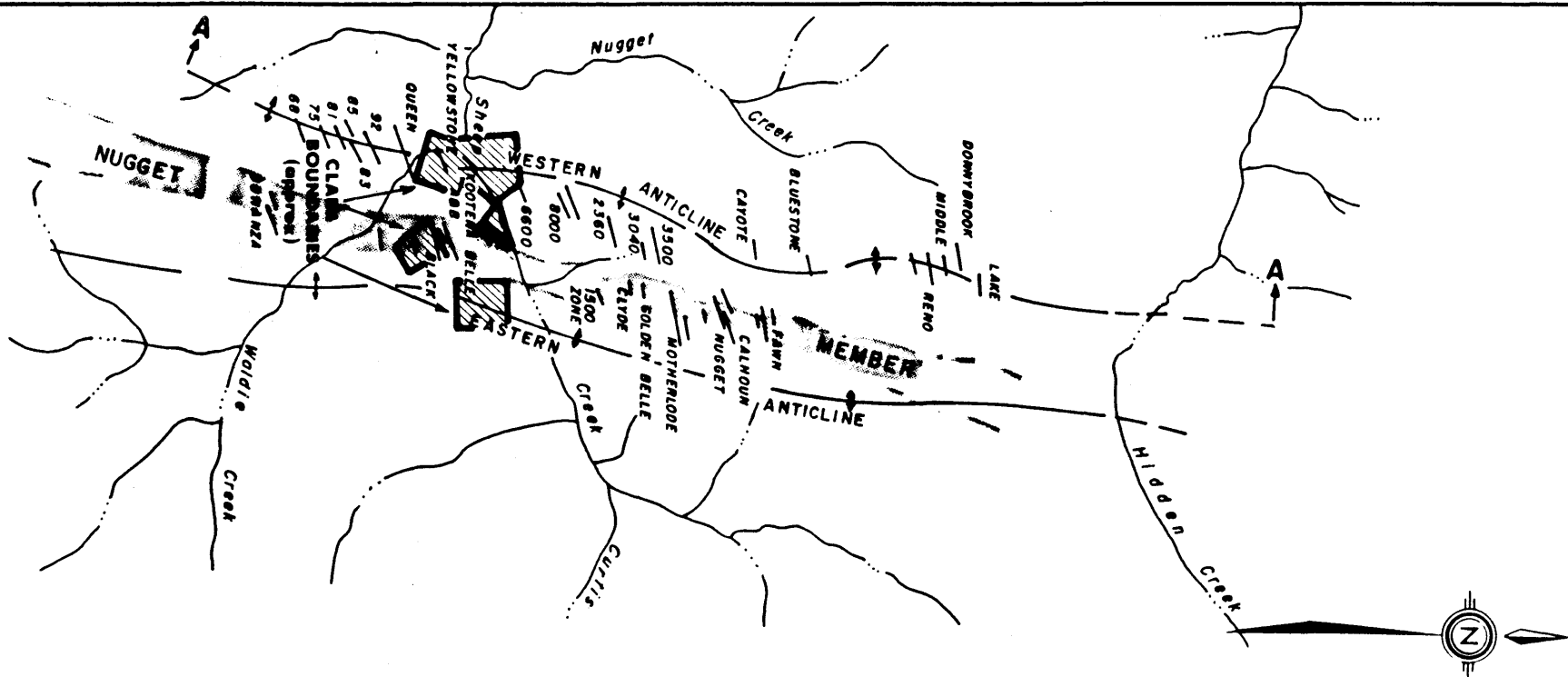
The Yellowstone vein, while typical of many of the more productive veins in the Sheep Creek camp, has seen only limited development over a vertical interval of 65 meters. The vein consists of milky white medium to coarse grained quartz containing accessory muscovite, sericite and ankerite. The quartz has been deformed and recrystallized, possibly by later movement along the fault. Late sulfide minerals, including pyrite and pyrrhotite with lesser marcasite, chalcopyrite and sphalerite, have been introduced into the quartz. The principle sulfides occur as long streaks paralleling the vein walls, in small fractures cutting obliquely across the vein, as irregular, nearly massive patches and as coarse disseminations. The other sulfides occur as fine disseminated grains near or within larger pyrite or pyrrhotite grains.

Gold in the vein occurs in its native form as isolated particles and in association with muscovite, ankerite and sulfides along distinct seams. Silver, in the form of argentite, occurs as subrounded inclusions within sulfide grains and in irregular patches.

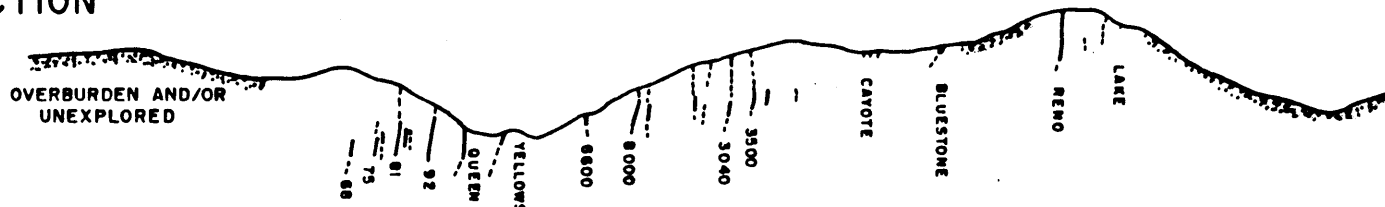
Surface oxidation of the Yellowstone vein has apparently taken place down to the intermediate level drift. Although this has led to the removal of most of the sulfides, it appears to have had little or no effect on the gold. Little oxidation is apparent within either the vein or quartzite along the No. 3 level, except where actually exposed in the drift. Here, sulfides dissolved by groundwater have precipitated on the back and walls as limonite. No evidence of oxidation was observed in any of the drill holes.

West of station 9A sulfide mineralization in the quartzite exposed along the No. 3 level drift occurs as rare veinlets and patchy disseminations. At a point just west of station 9A, however, the pyrrhotite and pyrite content of the quartzite increases markedly, as evidenced by the precipitation of limonite on the back and walls. Local sulfide concentrations within the shattered/remobilized quartzite exceed 40%, but generally average <5%. East of the approximate contact between the Upper Nugget and Lower Nevada members on the north wall of the fault, the majority of the sulfide mineralization becomes confined to the quartz veining, continuing to the face.

PLAN



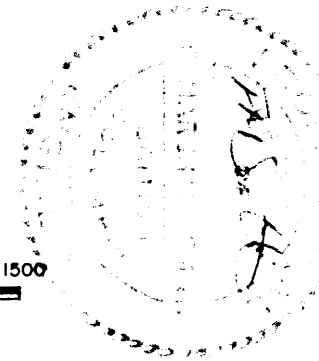
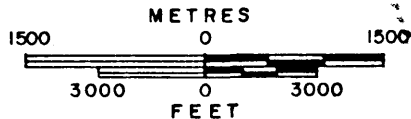
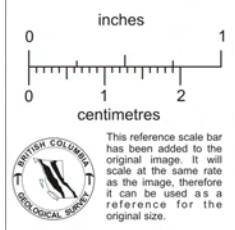
SECTION



ELEV. 2000 FT.

SECTION A - A

ALONG CREST OF WESTERN ANTICLINE



OVERBURDEN AND/OR UNEXPLORED

PRODUCTIVE VEIN

NON-PRODUCTIVE VEIN

SOURCE: GUNSTEEL RESOURCES INC.

ARAKIS MINING CORPORATION

YELLOWSTONE PROPERTY

NELSON MINING DIVISION, BC.

VEIN DISTRIBUTION

SHEEP CREEK DISTRICT

SEARCHLIGHT RESOURCES INC.

DATE:
FEB., 1987

SCALE:
As shown

N.T.S.
82F/3E

FIGURE No.
4

RESULTS

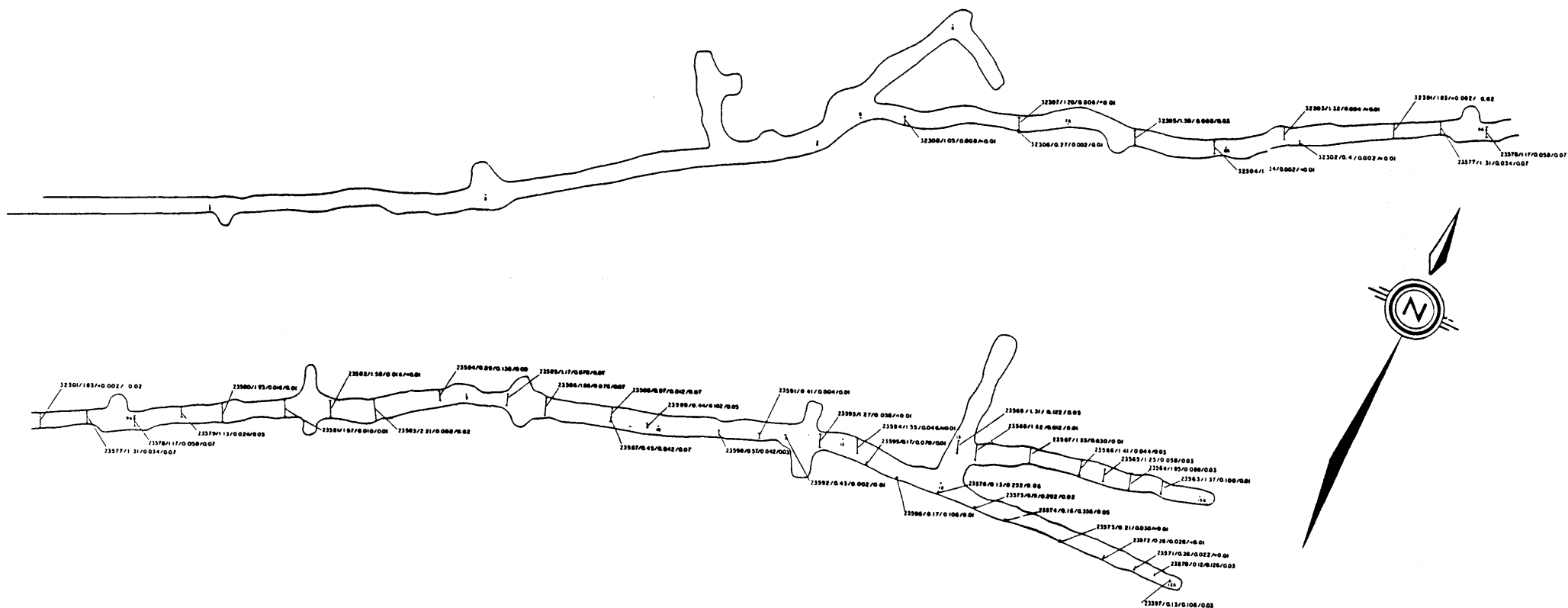
Assay results from channel samples taken along the No. 3 level drift confirmed the presence of elevated precious metal values in both splays of the Yellowstone vein as well as in several samples across shattered quartzite around and east of station 9. The best results were obtained from the south splay, where three consecutive samples graded better than 0.25 oz/T gold, the best returning 0.356 oz/T gold across 16 centimeters. Samples across the main vein also returned anomalous values, including 0.122 oz/T gold across 1.31 meters and 0.100 oz/T gold across 1.37 meters.

As the veins from which these results were obtained were seen as viable drilling targets, nine holes (8 BQ & 1 AQ) were drilled from a station established in the north crosscut to test the grade and width of the shoot. But while significant intersections of pyritic/pyrrhotitic quartz veining up to 8.53 meters were recovered in all of these holes, gold and silver values were generally low. Some of the better intersections include:

<u>DRILL HOLE</u>	<u>INTERVAL</u>	<u>DESCRIPTION</u>	<u>SAMPLE</u>	<u>Oz/T Au</u>	<u>Oz/T Ag</u>
87-B1	10.59 - 11.00	vein	32254	0.110	0.12
87-B4	11.59 - 12.19	vein	32284	0.100	0.01
87-B8	14.63 - 15.24	vein	32350	0.102	0.02
87-B1	9.75 - 11.58	sludge	32351	0.345	0.03
87-B3	32.92 - 35.97	sludge	32368	0.170	0.09
87-A2	28.65 - 29.87	sludge	32378	0.098	0.02
87-B4	11.28 - 12.80	sludge	32381	0.136	0.03
87-B8	13.11 - 14.63	sludge	32409	0.168	0.04
87-B8	14.63 - 16.15	sludge	32410	0.124	0.02

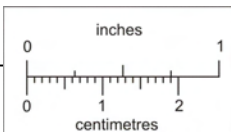
The low assays appear to indicate that while sulfide rich quartz veining occurs along this section of the fault, the lithological control(s) necessary for the localization of precious metals was not present when emplacement occurred.

It is interesting to note, however, that several of the anomalous sludge samples were taken across intervals where the vein itself carried little or no values. This appears to indicate that gold is being lost from the core, a factor that could alter the reliability of the drilling results and should be considered in future drilling programs.



LEGEND

— 23376/0.16/0.396/0.005 Sample No. / Width (m) / Area (sq. m) / Slope



REDUCED FROM ORIGINAL

ARAKIS MINING CORPORATION			
YELLOWSTONE PROPERTY			
NELSON MINING DIVISION, B.C.			
No. 3 LEVEL			
CHANNEL SAMPLE LOCATION			
AND RESULTS			
SEARCHLIGHT RESOURCES INC.			
DATE:	SCALE:	N.T.S.	FIGURE No. 5
FEB. 1987		22P/3E	



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

HOLE 87-83 = 34.44 m @ +76°
 HOLE 87-82 = 21.95 m @ +65°
 HOLE 87-86 = 38.71 m @ -55°
 HOLE 87-85 = 29.26 m @ -45°
 HOLE 87-81 = 19.51 m @ +45°
 HOLE 87-A2 = 30.18 m @ +67°
 HOLE 87-B4 = 16.15 m @ +50°
 HOLE 87-B7 = 27.74 m @ -47°
 HOLE 87-B8 = 20.73 m @ -35°



Station 13



END 87-B3

END 87-B4

END 87-B2

END 87-A2

Station 12



END 87-B1



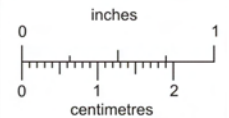
END 87-B8



END 87-B7

END 87-B5

END 87-B6 (@ 22-20 from collar)



ARAKIS MINING CORPORATION			
YELLOWSTONE PROPERTY			
NELSON MINING DIVISION, B.C.			
No. 3 LEVEL			
DRILL HOLE PLAN			
SEARCHLIGHT RESOURCES INC.			
DATE: FEB., 1987	SCALE: 1:100	N.T.S. 82F/3E	FIGURE No. 7

87-B3

87-B2

87-B1



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Stn. 12

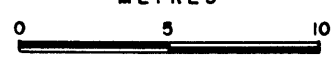
Stn. 13

FALS. TO

LEGEND

-  Lower Nevada Argillaceous Quartzites
-  Yellowstone Quartz Vein

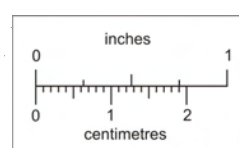
METRES




87-B5

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ARAKIS MINING CORPORATION

YELLOWSTONE PROPERTY

NELSON MINING DIVISION, B.C.

**No. 3 LEVEL
DRILL HOLE SECTION
LOOKING 266°**

SEARCHLIGHT RESOURCES INC.

DATE: FEB., 1987	SCALE: 1:250	N.T.S. 82F/3E	FIGURE No. 8
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87-B6

CONCLUSIONS

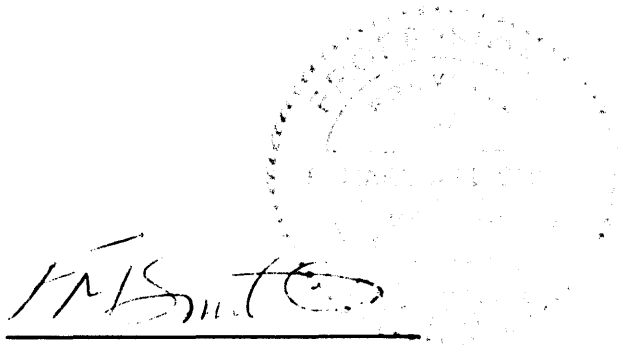
The following conclusions have been derived from both the results of and observations made during the 1987 program on the Yellowstone property:

1. While the Yellowstone vein is known to continue to considerable depth and has been traced along strike for over 1600 meters on the surface, ore has been developed in only one location and over a restricted vertical interval. This ore occurs in a distinct shoot, which has yielded 5,912 ounces of gold and 4,354 ounces of silver to date.
2. As the length of the shoot appears to approximate the displacement along the fault exposed in the upper levels, it would appear that wallrock lithology has controlled the localization of precious metal mineralization within the vein. If this observation is correct, the shoot should rake with the dip of the sediments and persist as long as the necessary lithological controls are present.
3. As there are no reasons why these controls should not persist below the intermediate level, excellent potential exists for the continuation of the ore shoot to depth. This would suggest that the best exploration target lies east of the face of the northern drift on the No. 3 level where argillaceous sediment are projected to occupy the south wall of the fault. Additional drilling will therefore be required in order to test this target.

RECOMMENDATIONS

As excellent potential exists for the continuance of the ore shoot below the intermediate level, a single phase underground program is recommended. This phase should include approximately 325 meters of BQ diamond drilling from a station cut near the end of a short crosscut driven south from the face of the south drift on the No. 3 level. From this station, 10 holes angled both above and below the crosscut level should adequately assess any down-rake extension of the ore shoot mined above. This program will take approximately 35 days to complete and can be commenced at any time.

If the results obtained from this program are sufficiently encouraging, additional exploration can be recommended. This exploration will almost certainly include detailed diamond drilling and underground development.


A handwritten signature in cursive, appearing to read 'F. Marshall Smith', is written over a circular professional seal. The seal is faint and contains text around its perimeter, likely identifying the signatory as a Professional Engineer in British Columbia.

F. Marshall Smith, P.Eng.

February 28, 1987.

BUDGET**PHASE 2**

Mob/demob	\$3,000.00
Underground development 7 meters @ \$1000/m.	\$7,000.00
Preparation of drill station	\$3,000.00
Diamond drilling (BQ core) 325 meters @ \$80/m.	\$26,000.00
Geology and analytical costs	\$10,000.00
Support costs	\$15,000.00
Engineering, supervision and report	\$4,000.00
Contingencies	\$7,000.00
TOTAL PHASE 2	\$75,000.00



F. Marshall Smith, P.Eng.

February 28, 1987.

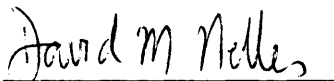
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CERTIFICATE OF QUALIFICATIONS

I, David M. Nelles, do hereby certify that:

1. I am a geologist employed by Searchlight Resources Inc with business offices at 218-744 West Hastings Street, Vancouver, British Columbia.
2. I graduated from the University of British Columbia in 1983 with a Bachelor of Science degree in Geology.
3. I have practiced my profession in Canada and the United States since graduation.
4. I was directly involved with all of the exploration work carried out on the Yellowstone property in January and February, 1987.
5. The program carried out on the Yellowstone property was recommended and supervised by F. Marshall Smith, a Professional Engineer with offices in Vancouver, British Columbia.
6. This report is based on data generated from this program, as well as references obtained from Yukon Minerals Corporation and the Geological Survey of Canada.
7. I presently have no interest in the properties or securities of Arakis Mining Corporation, nor do I expect, at any future time, to receive any.




David M. Nelles, B.Sc.
February 28, 1987

CERTIFICATE OF QUALIFICATIONS

I, F. Marshall Smith, do hereby certify that:

1. I am a consulting geologist and geochemist with offices at 218-744 West Hastings Street, Vancouver, British Columbia.
2. I am a graduate at the University of Toronto with a degree of B.Sc., Honors Geology.
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. I have practiced my profession continuously since 1967.
5. I proposed and supervised the 1987 work program which is described in this report.
6. This report is based on reports by Professional Engineers and others working for the previous owners and operators of the property and on the work program carried out on the Yellowstone property in 1987.
7. I have no interest in the properties or shares of Arakis Mining Corporation or in any of the companies with properties contiguous to the Yellowstone.



F. Marshall Smith


F. Marshall Smith, P.Eng.

February 28, 1987.

CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

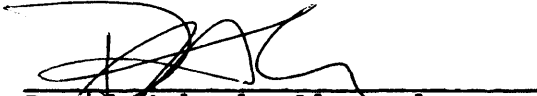
DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of October, 1987.



R. Michael Foley
Chief Executive Officer



David Roberts
Chief Financial Officer



David Malcolm Alexander
Director and Promoter



Hamish Macfarlane
Director

CERTIFICATE OF THE AGENTS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its Regulations.

DATED at the City of Vancouver, in the Province of British Columbia this 15th day of October, 1987.

JONES, GABLE & COMPANY LIMITED

Per: 

CANARIM INVESTMENT CORPORATION LTD.

Per: 